

# Town to dip into reserves to fund sewer costs

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by Rob Gowan

### Council told town has \$6.9 million in reserves

South Bruce Peninsula council is looking at a plan that will see the town pay back over 10 years the money it has already spent on the now scuttled Sauble Beach sewer project.

At a budget meeting Friday, council directed staff to come up with a plan that will see the close to \$410,000 in provincial and federal grants it will have to return paid back with reserves.

Staff was also asked to come up with a reserves repayment plan spread over 10 years for the almost \$690,000 in unfinanced capital the town currently has tied up in the project. Those costs include \$450,000 from a land purchase in 2009 and legal fees and interest costs that are ineligible for grant money.

The plan still has to be reviewed and approved by council in its budget deliberations, which are currently ongoing.

Tracey Neifer, the town's manager of financial services, said if it is approved the repayment plan would begin in 2013 with just under \$69,000 financed through the tax levy.

"We will make budget amendments before we bring it forward again on (Feb.) 19," Neifer said. The town has scheduled a public meeting for Feb. 19 at 6 p.m. to permit public comment prior to the adoption of this year's tax levy bylaw.

If the property bought for the project is sold, the money paid in the remaining nine years would be reduced or council could decide to reduce the timeline for replenishing the reserves, Neifer said.

Council decided Tuesday it would not continue with a proposed \$70-million sewer system that would be built in phases at Sauble Beach.

An environmental study report, completed for the previous council in 2010, included a "preferred" option that would see the town begin with a \$27.8 million system serving 719 lots. The system would be expanded over three subsequent phases to eventually service 2,435 lots.

That option replaced a previous proposal that would serve just over 300 lots in the downtown core.

In 2009, the town signed an agreement with the federal government under the Building Canada Fund for a proposed sewage system at a cost of about \$ 10 million and received approval for provincial and federal grants totalling \$6.24 million. The current council, elected in late 2010, decided to revisit the issue and in late 2011 put the project on hold until more information was gathered. An an hoc committee was formed with the task of helping council determine if sewers are needed at Sauble. But before the decision was made to put the project on hold more than \$1.1 million had been spent.

Council was told Friday the town's reserve funds were fairly healthy, totalling about \$6.9 million after projected withdrawals in 2013. That is when the decision was made to pay back the provincial and federal governments with current reserves was made.

"I think through all our departments, the municipality is sitting not too bad with \$ 6.9 million total reserves," Coun. Jay Kirkland said. "That is a big figure that has been taken from the taxpayers over the years."

Coun. Paul McKenzie said he had no problem using reserves. "This is the problem we have inherited and we have to deal with it," he said.

The decision to scuttle the sewer project came after council was presented with a pollution study of wells and beach drains at Sauble that showed very little contamination in the community's wells. Of the 100 wells sampled, E. coli bacteria was detected in two "at a very low level."