

## **Township of Leeds and the Thousand Islands Grapples with Water Rate Costs**

**By Heddy Sorour,  
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Residents in small municipalities with water and sewer systems constantly feel the pain of ever-increasing rates, a problem the Township of Leeds and the Thousand Islands wants to take up with the province.

Township council members are struggling to keep rates at a level that residents can afford, but with only 300 users on their system it's a losing battle, unless they can successfully lobby the Ontario government.

"The legislation is that rates must recover operation and capital costs of a water and wastewater system; it cannot come out of taxes," said Kate Tindal, director of finance.

Right now the township is looking to increase water and wastewater rates by 3.5 per cent, well below the 10 per cent annual increase recommended by the water and wastewater study completed by Watson and Associates in 2020.

"These water and wastewater systems were put in by a very zealous (at the time) provincial government and the ultimate unintended consequence is in the magic word 'unaffordable' for small communities. I think we as a township have to knock on the provincial door and say 'you constructed this thing for us generously but didn't think it through' – how is a community of 300 households going to pay for a \$20-million asset?" asked Coun. Brock Gorrell.

As Tindal warned council at the outset, adopting lower than recommended rate increases will put the township behind in achieving full cost recovery as per the provincial mandate.

"Ultimately rates are going to get beyond what our folks can afford. We have a policy issue that users have to pay for the system, so we should take the initiative to open the dialogue with the provincial government to see what remedies there might be in the mid-term," agreed Coun. Mark Jamison.

Leeds and the Thousand Islands is not alone. There are numerous other small rural municipalities in the same boat.

As things stand under the Ontario Safe Drinking Water Act, there is an expectation that only users pay for the system.

If there is a catastrophic failure within a system that needs to be addressed in a single year, a municipality would have to borrow money to pay for the repairs and then recover that outlay from the ratepayers. Water and Wastewater are not and cannot be tax-supported under provincial legislation.

"The way the legislation is written, it's intended that the rates recover the money necessary to fund operating and capital operations, and yes it's going to be very challenging with the number of users on the system," said Tindal.

Water and wastewater users in Lansdowne already pay on average \$1,751 per year for the service. If the township adopted the Watson and Associates recommendation of 10 per cent increases per year for 10 years, those same ratepayers would have to pay \$3,639 a year by the year 2030 – more than double what they're paying today.

During budget deliberations last month, council members balked at such a hefty increase and opted for a much lower 3.5 per cent increase to be reviewed within two years once the asset management plan gets caught up with the projected needs of the system.

But as the township gets ready to ratify the increase, councillors are realizing that user rates are not a reasonable solution for systems that cost tens of millions.

“Perhaps we can do some outreach through AMO (the Association of Municipalities of Ontario) and see if they have a working group addressing this issue. I will undertake that,” said township CAO Stephen Donachey.