

15 Combermere Crescent,  
Waterloo, ON N2L 5B2  
March 2, 2021

Mayor Twolan and Council,  
Township of Huron-Kinloss,  
P.O. Box 130, 21 Queen Street,  
Ripley, ON N0G 2R0

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TOWNSHIP OF HURON-KINLOSS

Mayor Twolan and Council:

We received Council's letter of reply dated Sept. 22, 2020 to our letter to Council dated Aug. 31, 2020 regarding the new policy of paying for Point Clark water system upgrades (Treasurer MacArthur replied on behalf of Council). I have enclosed a copy of each letter.

We were disappointed Council does not agree the new policy treats those who had a recent upgrade inequitably. No attempt was made to refute any of the calculations we presented.

The last sentence of paragraph two of Council's reply is noteworthy: "Delaying the implementation by 50% for ten years for residents who have made a lump sum payment is not meant to compensate the owner fully for the previous upgrade, but to recognize that since your system was recently upgraded it will not require additional improvements for some time."

The first part of that statement seems to confirm what our Aug, 31 letter suggested, that Council did not consider compensation for recently-upgraded property owners much of an issue. (This first part also, we trust, contains an error. Council's August 2020 mailing announcing the new policy says, as we read it, that those upgraded since 2010 pay 0% of the new annual fee up to and including 2028, then 50% up to and including 2038.)

The second part of that statement also seems to confirm more thought should have been put into compensation. It doesn't matter whether our street's water system will not require improvements for some time. What matters is the dollars we had to and will have to lay out. We paid \$6705 in one lump sum in January 2017 for our 2016 upgrade (\$7376 in today's dollars with 10% for inflation). We will pay \$1150 for the 2020-2038 period (\$115 for each year 2029-2038). \$6705 + \$1150 totals \$7855, which converts to an annual fee of \$413 over the 19 years 2020-2038, not an annual fee of \$230. \$7376 + \$1150 totals \$8526, which converts to an annual fee of \$448 over the 19 years 2020-2038 – nearly double the \$230 fee (and the \$6705 amount should actually be seen as worth more than \$7376, since those 2017 dollars would buy progressively more as years pass).

\$6705 by itself converts to an annual fee of \$353 over the 19 years 2020-2038.

The new policy disadvantages property owners who had the 2016 upgrade to the tune of several thousand dollars (and similarly disadvantages others recently upgraded).

Council still could make the new policy at least somewhat more equitable by adding additional years of fee relief for those recently upgraded.

Ms. Joan Joyce, who owns the cottage at 305 Ojibwa, Point Clark, has asked to have her name added to this letter. Her mailing address is Apt. 510, 185 Kehl St., Kitchener, ON, N2M 5B9.

Thank you again for your efforts on Council.  
George and Helen Hewitt

  


15 Combermere Crescent,  
Waterloo, ON N2L 5B2  
August 31, 2020

Mayor Twolan and Council,  
Township of Huron-Kinloss,  
PO Box 130, 21 Queen Street,  
Ripley, ON N0G 2R0

Mayor Twolan and Council:

We own property in Point Clark (326 Ojibwa Trail) and received the "Notice to Users of the Lakeshore Water System" about the new method of paying for water system upgrades. Ojibwa and nearby streets had a 2016 upgrade with a \$6,705 per-lot assessment. We were shocked the cost was so high, so see the need to switch to a \$230 per-lot annual fee to fund future upgrades.

However, the method devised to compensate property owners who have had an upgrade and therefore had to pay the full cost of it does not sufficiently compensate them. Those of us who had an upgrade in the last ten years pay no annual fee until 2028, then \$115 a year up to and including 2038, so in the 19 years of 2020-2038 pay a total of \$1150. Those who have not had an upgrade but will get one at some point pay \$230 from 2020 on, so in the same 19 years pay \$4,370 (19 x \$230).

But in the time period 2017-2038, we on Ojibwa etc. will have paid out \$6705 plus the \$1150 for a total of \$7855, and there is more to consider. First, we could not spread the \$6705 equally over the whole 2020-2038 time period, but had to pay it up front or pay a fee/interest charges. Second, the 2016 \$6,705 figure should be translated into today's dollars since the \$230 fee is in today's dollars. An adjustment of 10% seems reasonable: 10% makes the \$6705 figure \$7,376 in today's dollars.

The \$6705 we paid out in 2017, at \$230 per year, by itself should mean 29 years annual fee paid for (\$6705 divided by \$230). The \$7,376 figure would mean 32 years paid for.

To put it another way, \$6,705 spread equally over the 19 years of 2020-2038 is an annual fee of \$353, not \$230; \$7,376 an annual fee of \$388. When the \$1150 for 2029-2038 is added to the \$6,705, the annual fee becomes \$413 ( $\$6,705 + \$1150 = \$7,855$ , divided by 19 = \$413); if added to the \$7,376, the annual fee becomes \$448 ( $\$7,376 + \$1150 = \$8,526$ , divided by 19 = \$448) – close to double the \$230 fee.

Another way to compare: a neighbour who used the 10-year payment plan (with its 4% interest charge) will pay \$826.67 for each of the years 2020-2026 = \$5,787, and thus in those seven years alone will have paid out over \$1,400 more than the \$4,370 those not yet upgraded will pay in the whole 19-year 2020-2038 time period – and the neighbour still will have to pay \$115 x 10 for 2029-2038, and already has paid out  $\$826.67 \times 3$  (2017-2019 payments) = \$2,480.

We ask you to reconsider the method to compensate property owners who have had an upgrade so to devise something more equitable. The most equitable method we can think of is this: take the amount assessed a property owner for an upgrade done since 2000, apply an index that tracks inflation to translate that assessment into 2020 dollars, then divide the resultant figure by \$230 to arrive at the number of years the property owner is excused from paying the \$230 annual fee, starting with the year his/her upgrade was done and going into the future.

Thank you for your efforts on council on behalf of the municipality of Huron-Kinloss.

George and Helen Hewitt



## The Corporation of the Township of Huron-Kinloss

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September 22, 2020

George and Helen Hewitt  
15 Combermere Crescent  
Waterloo, ON N2L 5B2

Dear Mr. and Mrs. Hewitt,

Thank you for your recent letter regarding the introduction of the new lakeshore area waterworks distribution rate. Your concerns were presented to Council at their September 21, 2020 meeting.

The purpose of establishing the new fee is to prepare for the future costs of replacing the water system infrastructure. The fee was determined based on the estimated future capital costs, not on the actual cost of past projects. Delaying the implementation by 50% for ten years for residents who have made a lump sum payment is not meant to compensate the owner fully for the previous upgrade, but to recognize that since your system was recently upgraded it will not require additional improvements for some time.

As illustrated in your example, you can see the benefit of collecting a smaller fee each year and investing funds to earn interest towards future capital projects as opposed to funding them after completion, requiring owners to come up with large sums and potentially having to add interest to carry the charges over time.

We expected that a change in policy, such as this would result in some difficulties in practical application. A phased in approach was proposed for ease of administration and to try and keep the methodology simple and consistent. We will continue to review the financial needs of the water system on an annual basis and will take your comments into consideration as we move forward.

We appreciate you taking the time to share your thoughts on how to improve the application of the lakeshore area waterworks distribution rate. Township Council and staff find this helpful to reaching our goal to provide safe, clean, reliable drinking water, while ensuring the financial sustainability of our infrastructure.

Best regards,

Jodi MacArthur  
Treasurer