

Special Council Meeting Minutes – July 19<sup>th</sup>, 2008

The Corporation of the Township of Lake of Bays  
**MINUTES**

There was a special scheduled meeting of Council held at 9:30 a.m., on Saturday, July 19<sup>th</sup>, 2008, in the Council Chambers of the Township of Lake of Bays Municipal Offices, Dwight, Ontario, however, the venue was changed to the Dwight Community Centre due to number of attendees, therefore the meeting proceeded at 10:00 a.m.

**Attendance**

Mayor  
Councillors

Janet Peake  
Ben Boivin  
Margaret Casey  
Virginia (Ginny) Burgess  
Nancy Tapley  
Philip Cote  
Don Chevalier  
Yvonne Aubichon  
Mike Durnan

CAO/Treasurer  
Deputy Clerk  
(DMM) Director of Finance

**Regrets**

Councillors Ruth McEachern Ross

**1. MEETING CALLED TO ORDER**

The meeting was called to order at 10:00 a.m., on July 19<sup>th</sup>, 2008, by Mayor Janet Peake

**2. APPROVAL OF AGENDA**

**Resolution # 2(a)/07/19/08**

**Councillor Cote and Councillor Boivin**

**Be it resolved that the Council Meeting Agenda dated July 19<sup>th</sup>, 2008, be adopted as circulated.**

**Carried.**

Mayor Peake thanked everyone for their attendance to discuss this important topic, and then requested Mr. Durnan to address the Debt Reduction Initiative Report as the Director of Finance, District Municipality of Muskoka.

**3. DISCLOSURE OF PECUNIARY INTEREST**

Nil

**4. TENDERS**

**5. DELEGATIONS**

Mr. Durnan provided a summary of the Debt Reduction Initiative Snap Shot report, after which Mayor Peake opened the floor for public questions and comments.

The following questions and/or comments were expressed by the public:

Tony Zekuun Tasso Lake

Is water being charged on a per use basis or a flat rate?

Mr. Durnan responded that water meters are used throughout Muskoka representing approximately 99%. The problem is the nine (9) small water treatment plants throughout the District, due to the geography, makes the cost high in comparison to other municipalities in Ontario with a small user base of only approximately 11,000 connections. The user fees pays operations costs and part of capital costs and the urban community pays on the tax bills the balance on an assessment basis in urban boundaries.

Burr Atkinson Tasso Lake

What percentage of cost does ratepayer pay? According to the report 100% hook up costs are not being recovered, but there is movement to attain 100%.

Mr. Durnan responded that initially the thought process was that if the cost were kept low people would be prepared to hook up, but this did not happen. Now under the mandatory hook up, 100% hook up will be attained.

David Mock Tasso Lake

How does Muskoka rate to comparable areas and what have we done to make the debt so high?

**Mr. Durnan responded that Mr. Cairns would have this information through his research in preparing the report and indicated that Mr. Cairns contact information was on the report.**

Bill Ramsay Tasso Lake

Why did we embark on such an ambitious program and not spread it over two to three years?

**Mr. Durnan responded that in the 1980's the District Municipality of Muskoka and the Province did a lot of capital construction to provide water and sewer to Muskoka which was primitive at best. In the mid 1990's the province stopped providing high percentage grant by the time Baysville got going. Walkerton hit, Baysville obtained a grant of 80-85% of costs but that program was replaced. The costs went from \$14,000,000 to over \$20,000,000 with increases in certification and requirements due to regulations. At the end of ten (10) years the systems now have to be upgraded, so the requirements are much greater and the costs of construction have increased. So the long-term financial planning failed, as it was not recognized fast enough that government was not coming to the table.**

**The Baysville project was originally discussed in the late 1980's and early 1990's. The \$10,000,000 budget in 1996 was with the District expecting to receive 85% funding. By the time all the approvals were in place, the Walkerton episode occurred which required a reengineering of the project and construction costs greatly increased. Unfortunately, the Province would provide any additional funding so instead of an 85% grant Muskoka ended up with 30% grants as costs escalated to \$21,000,000 our debit issue was much higher. Other projects in Muskoka also experienced the same fixed grant versus rising costs problems.**

Mary McCulley Huntsville Lakes Council

Are residents using lagoons? They usually come out of the tax levy. The agreement was that users should pay more; however, the other side of that is, that septic systems would be neglected and fail.

How would Development Charges compare to new charges in comparable areas.

**Mr. Durnan advised that Barrie just approved \$30,000 for a single family dwelling and Innisfil is considering \$35,000, but there is an expectation that the construction industry will be vocal. These Development Charges were previously suppressed as the area wanted to encourage development. Development charges are not prevalent in smaller northern communities.**

Ed McRobbie Oxbow Lake

**Special Council Meeting Minutes – July 19<sup>th</sup>, 2008**

Mr. McRobbie expressed the following:

- Was very impressed and supportive of the majority of Mr. Cairn's recommendations, that if implemented will improve the District Municipality of Muskoka's financial health;
- Concern with suggestion that the District look at possibly sharing the water and sewer debt created by the urban users.
- He has already installed and maintained his own water system and septic waste system for many years, without the expectation of government assistance.
- District says costs to install and maintain a rural water and sewage treatment system is comparable to the costs of water and sewer installs and maintenance for the urban resident.
- Aware of his obligation to assisting in the Environmental Fund, which was originally set up to maintain and expand, if necessary, the lagoons for septic waste.
- District has been taking money out of the Environmental Fund for water and sewer projects or expenses.
- Fund is now under-funded and an increase is recommended, but became under-funded partially due to the District's using it for water or sewer projects.
- Report only mentioned the key point to most rural residents in one sentence.
- District has been unfairly taxing the rural residents for water and sewer projects or expenses for years.
- Rural residents should not be paying any portion of the recommended bridge financing through the general tax levy to assist in water sewer projects.
- The ODSP money previously collected by the District from all taxpayers and paid to the Provincial government will no longer be forwarded to Queen's Park. The recommendation is to still collect it from all taxpayers and put it towards the water and sewer debt.

**Special Council Meeting Minutes – July 19<sup>th</sup>, 2008**

- Residents will all be expected to pay the new Debt Reduction Reserve Fund, which will assist in funding water and sewer projects and paying down the debt on these services.
- The Federal Gas Tax Rebate represents \$11,177,427. over the next 9 years is being used for sewage capital works and is recommended to continue. This means that all of the revenues flowing to the District through this rebate which could have been used to improve the Districts infrastructure that we all benefit from is being used for sewer work for urban users.
- The development and connection charges have intentionally been kept well below the actual costs to deliver them by the District. Any shortfall in development charges is by default picked up as either increased debt charges or increased reserve contributions and is financed through the special services area.
- The Pollution Control Fund which we all pay into has been amended to permit the fund to be used for waterworks projects.
- Does not agree that the District should have ever used any of the taxes he and other rural residents paid to assist in paying anything towards water and sewer and wet waste services.
- As a rural/waterfront owner he was informed by Stephen Cairns that the rural resident of the District of Muskoka pays \$45,000,000. of the \$54,000,000. total District General Tax Levy. That's 83% of the total tax bill. The rural residents of Muskoka are already being taxed unfairly by a flawed Provincial assessment procedure. Are also the residents of Muskoka who receive the least of the services offered by Lake of Bays and the District.
- Feels that the new found revenue coming to District from the ODSP, the gas tax rebate dollars, the increased development and connection charges and the other recommendations in Mr. Cairn's report, if implemented, would greatly assist in bringing the Districts debt lower. Mr. Cairn's report has tremendous potential. It suggests that the District operate more like a business operation.
- For the District to consider taxing the rural residents for water and sewer and wet waste programs that they do not and can not use is strictly a tax grab.
- Believes that the Lake of Bays District Councillors' should carry out their constituents' wishes and not support the transferring of any costs or debt related to water and sewer and wet waste programs.

**Special Council Meeting Minutes – July 19<sup>th</sup>, 2008**

- Requested that the District Councillors' let their constituents know where they stand and what they intend to support with respect to this matter.

Mr. McRobbie thanked everyone for taking the time to listen to his concerns.

Richard Newman Seabreeze Road

Expressed that others should not have to pay for benefits of other people.

Richard Moffat Peninsula Lake

Endorse comments but wished to also add that many people use treatment plants for water source and have their septege system pumped out and transported to a lagoon and benefit from healthy water in lakes. Cottagers do benefit in many ways, as he can remember when lakes were brown.

Brian Tapley Bondi Village Resort

Agree 100% that the people who benefit should pay. Feels he pays when he uses a business in Huntsville that is charged and subsequently pays through what they charge the customer.

Development Charges should be a percentage of cost of a building – expecting people to pay is unfair to people who are building these cottages on private roads, as they are not expecting anything from the District only to service the District Road that their cottage road is off.

**Mr. Durnan responded that rural is \$6,000 for development charge, which includes road development and lagoon.**

Rob Milligan Baysville

Never expected to have to pay water and sewer, but currently pays and understands the benefit to lakes, surface water and chain of Muskoka's watershed. 2007 Muskoka Watershed report card was issued and spoke eloquently to air, water and land in Muskoka and asked those present what are you prepared to pay for this; noting that \$17.00 per annum for common shared value is not a lot.

Tony Zekuun Tasso Lake

Do we expect to see the same increase over the years or will it level out?

If we go to a completely user pay system we are going to drive providers away because their taxes have gone up. We need to accept common costs, capital costs is it a one time?

**Mr. Durnan responded that this cost is expected to peak in 2012 and start to drop off.**

Merryl Mason Camp Lake

Happily paid taxes for forty (40) years, but cannot afford to keep paying these increases. Maybe need to look at Councillors' terms of Council if they do not voice constituents' opinions.

**Mr. Durnan noted that the majority of capital facilities to be done are complete and most are fairly new so if they are kept up to date there should not be a huge capital cost in the future. The 3 remaining major projects are the Bracebridge Sewer Plant, an updated Port Carling Sewer Plant and an expansion of Huntsville sewer facilities.**

Lucille Firth Lake of Bays/Huntsville Resident

Requested total property breakdown on how many are rural and urban, but believe 70% are urban and requested to know why we are not paying fair share of lagoons. Tired of paying on assessment as the same properties are getting increased assessments year after year.

Dan Fisher Menominee Lake

Fear that debt reduction will never go down and will be there forever.

**Mr. Durnan and Mayor Peake advised the it will peak but will never be debt free, but District will finance debt internally rather than debenture.**

David Johnstone Menominee Lake

What will the peak amount be in 2011/2012?

**Mr. Durnan responded that he did not know exactly, but advised Mr. Johnstone that it is noted in the longer report?**

Ross McKinnon Pine Ridge Road

Thanked Ed McRobbie for his points. Understands that we need to do things better with proper cost controls, but if we look at the infrastructure financially it is not too drastic.

Special Council Meeting Minutes – July 19<sup>th</sup>, 2008

Shane Baker Tasso Lake

What goes through your mind when you approve these items that the interest cannot even be paid?

**Mayor Peake advised that these were of benefit to the environmental impact and feels that they were responsible decisions.**

Arthur Lesser Bella Lake

We have heard the public concerns and now would like to know where the elected officials stand on these issues.

**Mayor Peake noted that Council would speak to the report, but wanted to ensure that all public comments had been heard first.**

Garth Burron Peninsula Lake

Why is it taking so long to get other people connected to water and sewer in relation to the two (2) year limit for people to comply?

**Mr. Durnan noted that the statistics relating to this compliance includes MacTier and Huntsville which are new, so next spring the statistics will be closer to 100%.**

David Burgess Bella Lake

Expressed concern about the debt management accumulating rapidly over last four (4) years; noting interest rates have been low; however, inflation is resurfacing so there will be much higher interest rates in the next five (5) years and asked what interest rates does District project?

**Mr Durnan advised they used about 7% for estimating future projects. It still may not be enough, but is an estimate at best.**

John Park Dottie Lake

Member of Ben Boivin's District Advisory Committee

Overall local Council is very responsible as they held the budget at 3% this year which was the best in Muskoka. Being double taxed when paying on own system and District water and sewer system is a concern.

Andrew West Peninsula Lake  
Third Generation Resort Owner

Stated that he is all for protecting the watershed, but is there a mechanism in place for a recorded vote at District to ensure Council is supporting the public's interest.

**Special Council Meeting Minutes – July 19<sup>th</sup>, 2008**

What is the expectation of the people who use the water and sewer system, as we are not hearing about that and need to hear it before hearing anything else?

**Mayor Peake advised that she would request a recorded vote when the matter was dealt with at District Council.**

Shane Baker Tasso Lake

If District levied a \$100. fee, would the District be happy with that and is it legal?

**Mr. Durnan advised that he did not think this could be done pursuant to the Municipal Act.**

The basic amount is \$3,000,000 and property only to increase by inflation and has been part of your levy since 1971. District chose to continue the Pollution Control Fund which is the major impact on residents, so we are not talking new money.

Paul Hutchison Peninsula Lake

Extra charge and local improvement are a recommendation not yet implemented and has not come to reality, so let's make it reality. ODSP has been paid by general levy and why not stay there.

John Casey Lake of Bays

A lot of people cannot afford to pay hookup, so we need to deal with this situation. If we don't chip in what equates to a few cases of beer and stop being so self centered and keep this environment pristine.

Jeff Conner

A disproportionate amount of services being provided to people/areas.

Mayor Peake

Mayor Peaks addressed the public as follows:

- Asked ratepayers to allow her to vote as their representative at the District Municipality of Muskoka.
- We need to look after the existing debt.
- Initial funds versus debenture envelope fund should be maintained at this level.
- Growth should pay for itself.
- Lagoon charges to be increased.
- Leave ODSP funds at the District to reduce charges we are paying; and
- Will not vote for the downloading of item 2.2 in the report as follows:

**Special Council Meeting Minutes – July 19<sup>th</sup>, 2008**

- “2.2 Increase sewer and water revenue by enforcing the mandatory connection bylaw, avoiding or delaying new capital costs where possible and utilizing the existing system capacities for new growth. Limit extensions to the service areas until sufficient growth demands support the return on investment. Investigate a non-urban tax levy contribution to water and sewer costs.”

Councillor Boivin

Councillor Boivin addressed the public as follows:

- Recognizes as a body there is a debt, but “ruralites” should not pay for urban water and sewer; however, have a responsibility for lagoons and the Pines and accept that responsibility, as we all collectively benefit.
- Most projects were mandated by the Province; we were told by the province to do these things.
- Know what you are talking about before telling me that I am not responsible.
- Environmental fund is not to be used exclusively for water and sewer, think about the broader picture.
- Most reflect the true costs.
- Lagoons have not been paying – should we be – of course we should, what we are paying is minimal; and
- Of course, The Pines Long Term Care Residence is a social issue.

Councillor Casey

Councillor Casey addressed the public as follows:

- Hardest job she will ever have to do.
- Have learned a lot from serving as District Councillor and have come to understand and experience the issues by constantly listening to ratepayers.
- Swore an oath to protect the broader public interest.
- This report looked at entire issues.
- How many corporations that you serve on have to conduct strategic planning in open session with the media in attendance. Under the Municipal Act; that is what Councillor’s are expected to do; discuss ideas in open session.
- At the open session, the media translated debt into water and sewer, when in reality the actual report with the facts did not come forth until July.
- Running a board is complex, sometimes we have to make hard decisions and have worked hard to understand the issues in order to make these decisions.
- The District has been responsible for this debt.

**Special Council Meeting Minutes – July 19<sup>th</sup>, 2008**

- It is difficult to make a living in this community, as Muskoka has a much lower average income and it is a privilege to own a second home here.
- Have a responsibility to help the community, as it is fast becoming difficult to hire people or attract people to the area. Will be voting yes because it is my responsibility to the broader public interest.

**Mayor Peake thanked every one for attending and sharing their comments and concerns.**

**6. MINUTES**

Nil

**7. COMMITTEE RESOLUTIONS FOR CONSIDERATION**

**8. REPORTS AND BY- LAWS**

- (a) Report re: Debt Reduction Initiative
- (b) Report re: Snap Shot of Debt Reduction Initiative

**9. CORRESPONDENCE**

- (a) Brenda Turnbull and Dorothy Johnstone, Co-Presidents, Menominee Lake Association

**10. MUNICIPAL COUNCILLORS' REPORTS**

**11. MAYOR'S REPORT**

**12. UNFINISHED BUSINESS**

**13. CLOSED SESSION**

- (a) A closed session, if deemed necessary, is scheduled to commence at the end of the meeting.

**14. BUSINESS ARISING FROM CLOSED SESSION**

**15. CONFIRMING BY- LAW**

- (a) By-law #08-95, being a by-law to confirm the proceedings of the special meeting of Council held on July 19<sup>th</sup>, 2008.

**By-law #08-95 was read a first, second and third time and finally passed**

**16. ADJOURNMENT**

**Resolution #16(a)/07/19/08**

**Councillor Tapley and Councillor Casey**

**Be it resolved that the Council of the Corporation of the Township of Lake of Bays adjourn at 12:00 a.m. to meet again on July 22<sup>nd</sup>, 2008, at 9:00 a.m. in the Council Chambers of the Municipal Office, Dwight, Ontario.**

**Carried**

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Mayor

\_\_\_\_\_  
Clerk

DRAFT