

Mayor and Councilors of the Town of Blue Mountains

cc Camperdown Area Residents Group

R. Russwurm, Director of Engineering & Public Works

Re: A fair and equitable solution to the Town's Hoover Lane & Teskey Drive sewage proposal

My wife and I are the owners of 128 Teskey Drive. This property has been in our family since 1973.

In Mr. Russwurm's letter dated October 21, 2013 the Town of Blue Mountains informed the 56 "benefiting" residents of Hoover Lane and Teskey Drive that they would be faced with a future tax bill of \$21,305 (subject to increase) for the sewer system you are proposing.

There are a number of problems with what you are proposing, that are addressed by the solution described later in this letter. Those problems being:

(1) Not all of 56 so called "benefiting" residents will actually benefit from the service that you are imposing on them, as many of these 56 residents have perfectly functioning septic systems that have many years of useful life left, and abandoning these systems means a loss of capital investment.

(2) Many of the residents are adamantly opposed to your proposed system, and yet the minority may be in favour of what you are proposing, creating a dichotomy of those who really benefit and those who do not benefit.

(3) The sum of \$21,305 (subject to increase) is an extraordinarily large sum of money (regardless of how it is collected) for a service that people neither need, want, nor asked for.

(4) Of that \$21,305 (subject to increase), \$11,856 represents costs that have already been incurred by the Town for building sewage infrastructure for real estate projects that did not materialize, and for projects that, when conceived by the Town never contemplated the 56 residents of Hoover Lane or Teskey Drive.

Furthermore, had the 56 residents been contemplated at the outset as beneficiaries of these past projects, why was their approval not sought at the time those projects were embarked upon, given the future liability that it represented to them?

In this regard you have exceeded the powers you are invoking in The Municipal Act. The Municipal Act was never meant to be a mechanism to amortize, after the fact, the costs of a Town's failed public works planning, nor was it ever meant to be a mechanism to bail out a group of unsuccessful real estate developers, on whose behalf these capital expenditures were made. This is made clear from a reading of The Municipal Act.

Speaking of the interests of real estate developers in this whole matter, it should also be noted there are a number of conflicts of interest on the Town's Council with respect to economic ties to the real estate industry. I will cite but one in the attached, Councilor Joe Halos, Chair of the Engineering and Public Works & Recreation Committee who states in his bio:

"Presently I make my living as a real estate investor, broker and consultant to the industry"

How can the Chair of the Public Works committee, who "makes his living" as a real estate investor, broker and advisor to real estate interests, not possibly be in a position of conflict on a matter that clearly is to the benefit of real

estate interests, and diametrically opposed to the interests of the 56 residents so affected? At the very least, there is the perception on the part of the public, on whose behalf you act, that a conflict exists between how the Chair of Public Works committee "makes his living" and the decisions that are rendered by that committee, especially in circumstances such as this matter.

(5) However, it could be argued that the monies yet to be spent, namely the estimated cost of \$9,449 per property owner, do fall within the ambit of the powers vested in you by The Municipal Act. It could be argued that there is benefit to these 56 arising from the notional increase in the value of their property, since their property will be located on a street that will now have a sewer line, thereby providing them with the option of hooking up when doing so would actually be to their benefit.

(6) There is also the issue of the ongoing costs of sewer service that you no doubt intend to impose on the 56 property owners irrespective of whether they are hooked up to it or not. I think you got a sufficient ear full on that matter when you conducted the following survey:

http://www.thebluemountains.ca/public_docs/events/B.2.5%20FIT.13.57-Public-Comments-Unconnected-Vacant-Lots.pdf

Proposed Solution:

I am proposing the following solution, that represents a compromise on what the Town is seeking to achieve (i.e. full recapture of sunk costs from overdeveloping the sewer system on behalf of failed real estate developments) and what is fair and equitable for those of the 56 affected property owners who actually want sewer service as well as those of the 56 property owners who are opposed to such costs, as they will not benefit.

Meanwhile this proposed solution is within the ambit of The Municipal Act, whereas the current proposal is not.

The proposed solution is as follows:

(1) All 56 property owners will pay their pro-rata share of the actual costs associated with the new construction required to service Hoover Lane and Teskey Drive with sewers, estimated to be \$9,449, per property (subject to increase). As such, all 56 property owners will be underwriting the basis on which the Town will be able to recapture its sunk costs, and underwriting the costs by which those 56 property owners who wish to hook up to the town's sewer system, will be able to do so.

(2) Those wishing to connect to the sewer service will pay the following additional charges:

- (a) Pro-rata share of Trunk Sewer Main \$6,546
- (b) Pro-rata share of Waterwater Plant \$5,310
- (c) Ongoing sewer usage charges

Whereas those who chose not to connect to the sewer system will not be faced with these charges, unless at a later date they decide to hook up, and they will pay the additional costs noted above.

(3) Conclusion:

If the Town is so convinced of their position that the 56 affected property owners will in fact benefit from this service, as is argued at great length in the Town's letter of October 21, 2013, then the Town should expect to get a very high level of acceptance of hook up to the sewer service, which means:

(a) The Town will have been successful in recapturing some or all of the sunk costs associated with over building the sewer system on behalf of failed real estate developments.

(b) The Town will not have abused the powers conferred on the Town by The Municipal Act, by imposing large costs (\$21,305 subject to increase) on property owners on the false pretense that all these property owners will "benefit", when many clearly will not. The proposed solution avoids this problem by allowing those who actually benefit to pay in full (sunk costs and new costs), and those who do not benefit to pay their share of the new costs.

(c) The Town will have mediated a solution to the costs it incurred as a result of overbuilding its sewage system in a manner that is fair and equitable to all parties concerned and will not be met with property owner backlash from the 56 property owners so affected.

Yours truly,

Brent Fullard