Project Cost and Financing

Frequently Asked Questions

1. Why are we now talking about a residential population of over 14,500 when the Servicing and Settlement Master Plan (SSMP) completed in 2014 was talking about a wastewater servicing limit of 6,000 persons?
	* Technologies are available to achieve much better water quality after treatment so we can actually discharge three times the flow to the river that was identified in the SSMP.
2. Who will be serviced by this Wastewater Project?
	* The Environmental Assessment (EA) has identified the existing areas in Erin Village and Hillsburgh that will be serviced including all vacant lots within these areas.
	* In addition, the EA has identified the potential to service all of the development lands outlined in the Town’s Official Plan.
	* If all the existing areas and new development areas were fully built out the system could service over 14,500 people.
	* After the EA, the Town is going to conduct an Official Plan Review to confirm the desired extent and type of development that will be allowed.
3. How much will this project cost to construct?
	* The costs identified by the project team represent the cost to service both the existing two communities and all of the growth areas indicated in the Town’s present Official Plan. A total cost of $118 million has been identified to service everyone representing a residential population of just over 14,500.
4. What will the existing communities’ share of the construction cost be?
	* The project team has identified that the existing communities share of the construction cost would be between $50 and $60 million.
5. What will the Developers have to pay for?
	* The developers will have to pay for a share of the trunk sewers to convey the sewage to the treatment plant and for a share of the treatment plant and outfall cost, based on the proportion of estimated sewage flows. This is estimated to be between $58 million to $68 million. In addition to this, the developers will also have to pay for the cost of the local sewers in their own development areas.
6. What’s the benefit of having developers involved?
	* There is an economy of scale with the larger system costing less per household to build than the smaller system.
7. What would the construction cost be if the project was just built to service the existing communities with a small amount of growth up to a population of 6,000?
	* It is estimated that the construction cost for this size of system would be over $72 million which would need to be paid for by the existing communities connected to the system.
8. How much can I expect to pay for the construction of the system?
	* Although the Town’s share of the cost would be between $50 and $60 million, the Town has no means to finance this amount. In fact the Town can only finance approximately $18 to $20 million. The balance of the funding will have to come from government grants or other funding sources. Based on a Town net cost of $20 million and anticipating servicing 2672 lots in the existing communities including infill and intensification, this means that the average capital cost for each property would be $7,500 for the construction on public streets.
	* Based on this, the Town could finance between 33% and 40% of their $50 to $60 million share of the project cost, with the balance of between 60% and 67% of the cost coming from a government grant or other funding sources.
	* Unless the Town can secure sufficient grant/other money and reach a cost sharing agreement with developers, the project would not be able to proceed as outlined in the EA.
9. Why can’t you identify a more accurate cost for the Town’s share?
	* In order to identify a more accurate cost the Town needs to:
		+ Undertake an Official Plan Review and complete all planning approvals for the proposed developments.
		+ Secure drinking water supplies to service the new development areas.
		+ Agree with the developers how their lands would be serviced and how the cost will be shared with the Town.
		+ The Town will also have to secure financing for its share of the project through external funding sources.
		+ The Town would then enter into a cost sharing agreement with developers.
		+ When the above is complete the Town will have a more accurate cost estimate to give property owners before agreeing to proceed with the project.
	* The Town will not proceed with the project until all of this is in place.
	* It should be noted that government grants do not cover developer costs.
10. Why can’t the Town get a government grant before approving the EA?
	* Grant programs typically need all planning studies to be completed.
	* Filing of the Environmental Study Report does not commit the Town to proceeding with the project.
11. I do not live in the planned wastewater service areas. Will I have to pay any of the construction or operating costs for this system?
	* No. You will not pay anything and will benefit from having a local facility to dispose of and treat septic tank waste.
12. How much will it cost me to connect to the sewer in the street?
	* The EA Team has identified that the cost for most properties to connect will be between $4,000 for a simple connection with minor landscaping impact to $8,000 for a longer connection and landscaping impact. The EA team has indicated an average cost of $6,000.
13. Will everyone in the planned service areas have to connect?
	* Yes. Everyone in the service area will have to connect including presently vacant lots when they are developed. Most Municipalities allow flexibility in the timing of connection, however, in order to pay for the system it is necessary for everyone to connect and pay their share.
14. Will businesses pay more?
	* Yes. Commercial and Industrial properties will pay a higher connection cost for construction depending on the size of the connection.
15. Will the Town finance the connection from the street into my property?
	* No. The Town will not finance work on private property.
16. How much is it going to cost me every year to use the sewer system?
	* A review of the wastewater rates in nearby municipalities indicates that the annual wastewater charges may be around $500 to $600 per year (approx. $40 to $50 per month). Wastewater rates should reduce as the system approaches full build out.
17. So in total what this all going to cost me?
	* You will have to pay for your share of the construction cost which will be around $7,500.
	* You will have to pay to connect your property to the sewer in the street with most properties costing between $4,000 and $8,000.
	* So each property would have to pay for the $7,500 construction cost and $4,000 to $8,000 connection cost. A total of $11,500 to $15,500.
18. When will I have to pay for these charges?
	* You can pay the construction cost as a lump sum to the Town or finance it through a loan with the Town for an agreed time up to 15 years.
	* You will have to pay the connection charge on private property directly to the contractor you hire to do the work either as a lump sum or through a bank loan. The Town may assist in helping residents get good pricing from contractors.