

A row of large industrial water pumps in a facility. The pumps are blue and arranged in a line, receding into the distance. They are connected to large pipes and have various mechanical components. The background shows a large industrial building with a high ceiling and structural beams.

# Securing the Future of the Elizabethtown-Kitley Water System

## Capital Replacement Funding Strategy

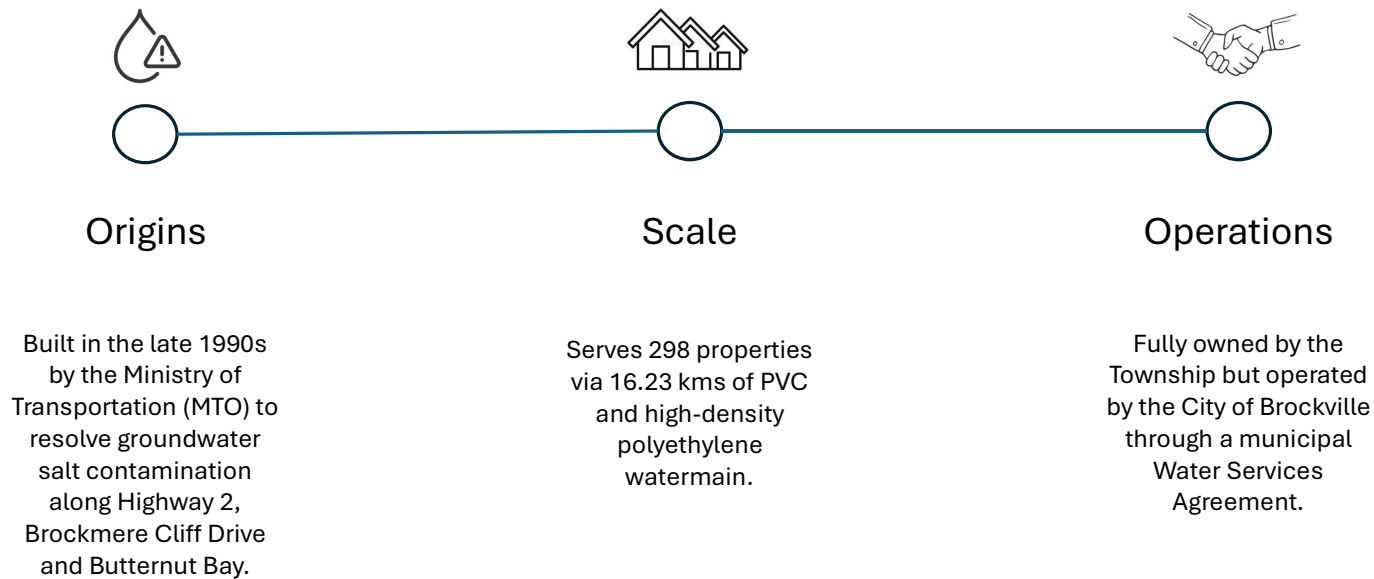
May 19, 2026

Rob Nolan

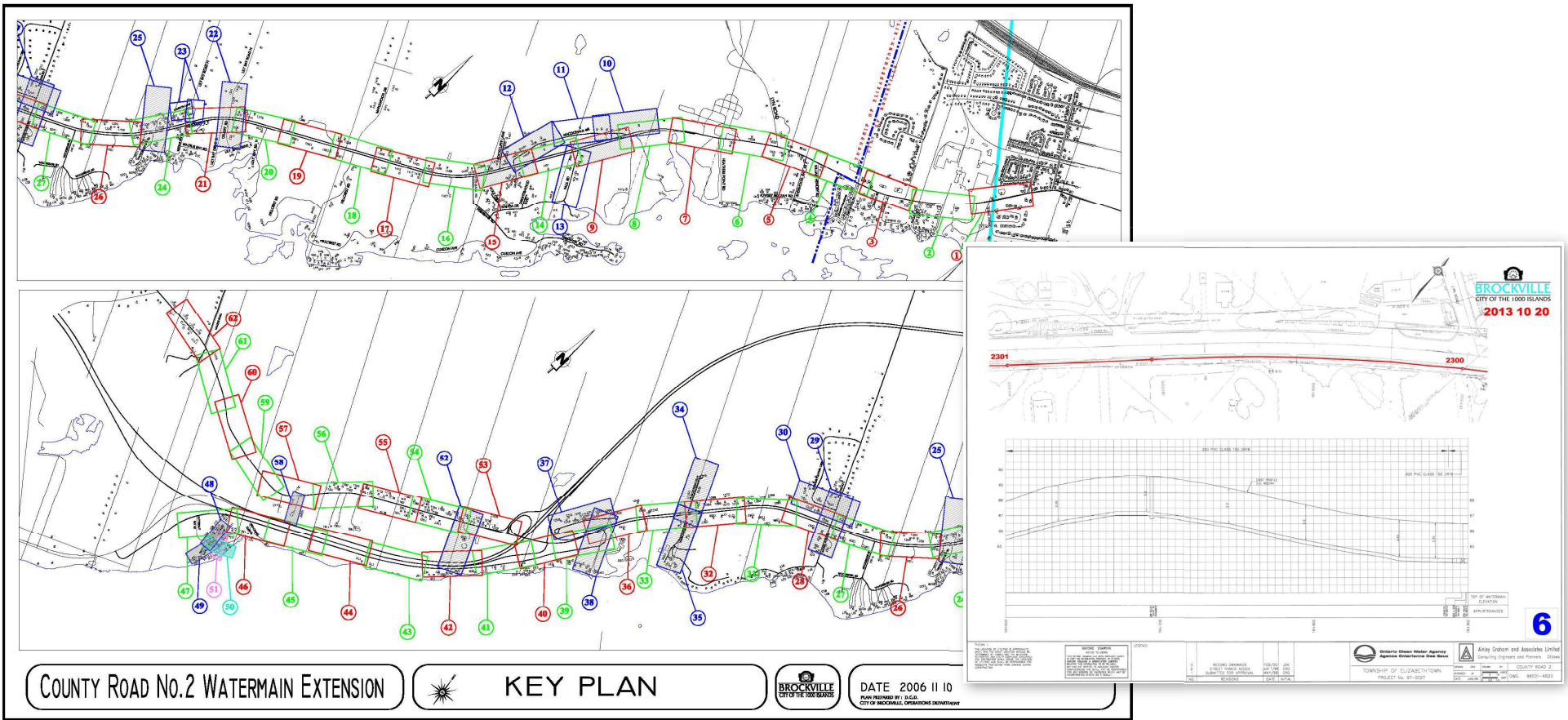
Chief Administrative Officer / Clerk

# Background

A system built for safety, managed through partnership



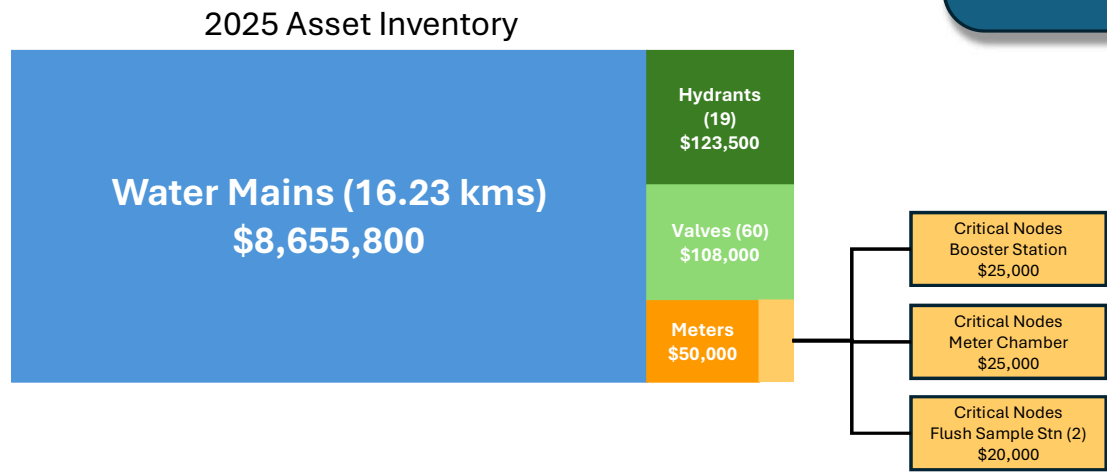
# Watermain System



# Township Asset Management Plan

The Township owns just under \$9 million in active water infrastructure

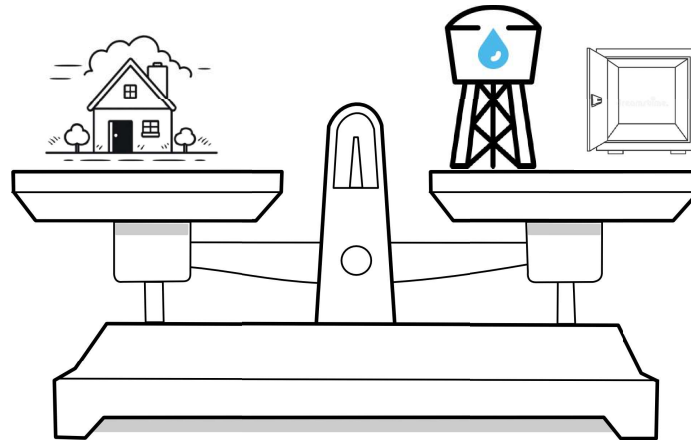
Total 2025 Replacement Cost:  
\$8,997,300



# User Responsibility

Infrastructure costs must be borne by system users

277 Connected  
Homes



Operating Costs

Capital Replacement

## Provincial Legislation

The Municipal Act and O.Reg. 453/07 require full cost recovery for water systems, including capital costs and prohibits subsidization by general taxation.

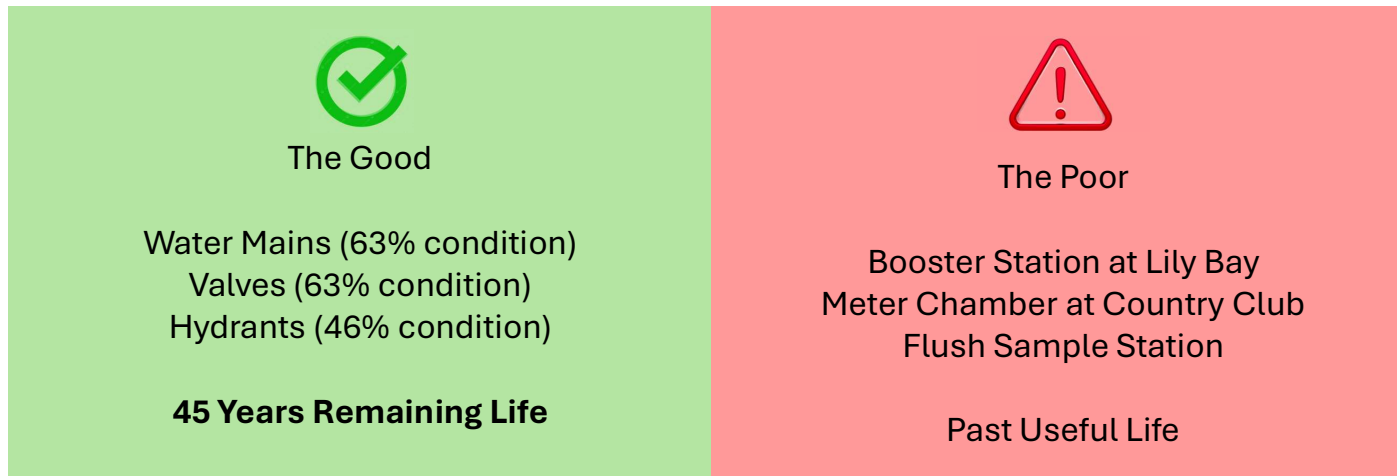
## City Agreement

The Service Agreement with Brockville permits the Township to “impose area rating charges to users, in addition to those levied by the City.”

# Network Health

While the main network remains healthy, critical nodes require immediate replacement

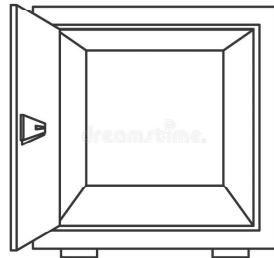
Average System Condition: 57% (Good)



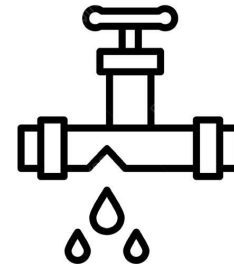
Based on aging of assets not an engineering assessment

# Capital Reserves

The Township currently has no capital reserves for major water network replacement



\$0

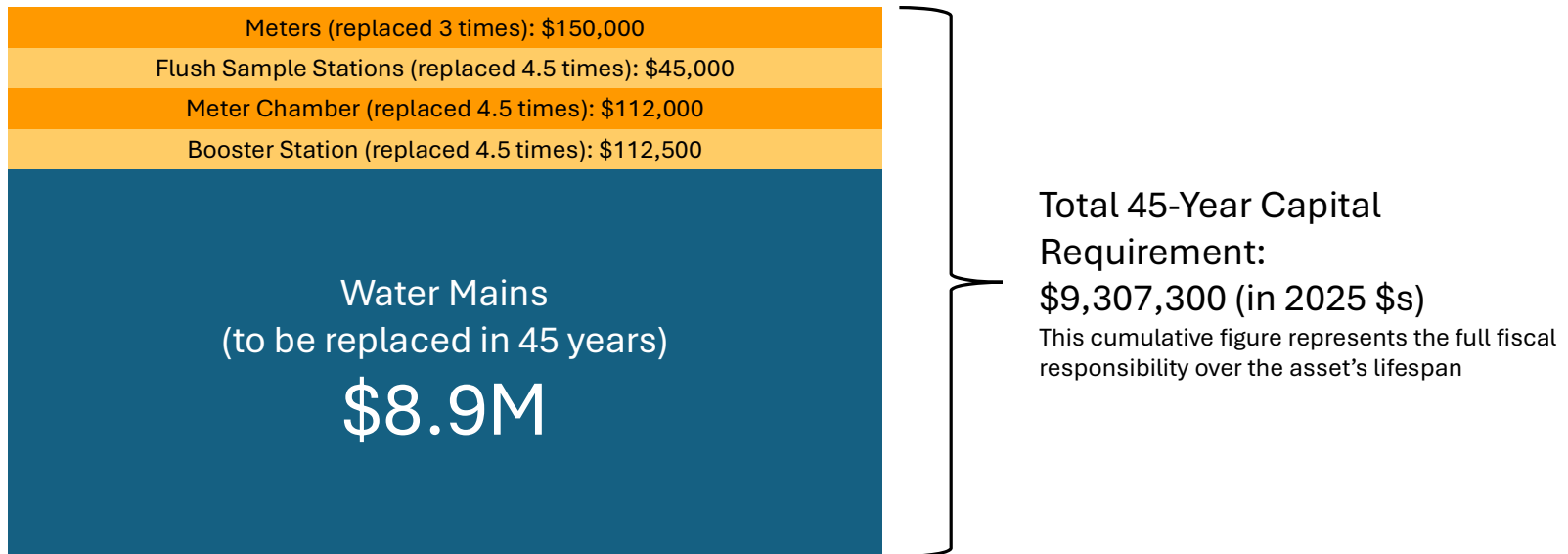


- No existing plan for network replacement
- Small operating surpluses have been used for minor capital replacement
- No reserves for major capital system replacement

- Brockville manages daily operations and billing
- Capital replacement costs are responsibility of Township
- Service Agreement permits Township to establish Area Rating Charges

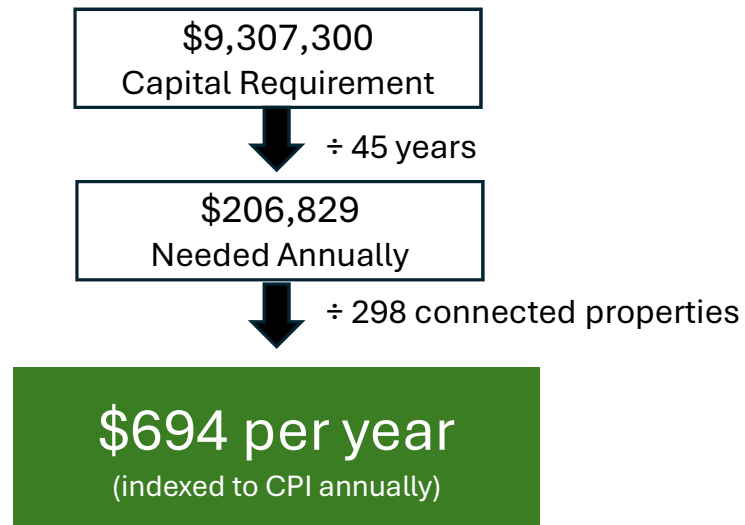
# Total Capital Replacement

Projecting the cost of the network over its remaining 45-year lifespan



# Area Rating Charge

## Estimating an Area Rating Charge



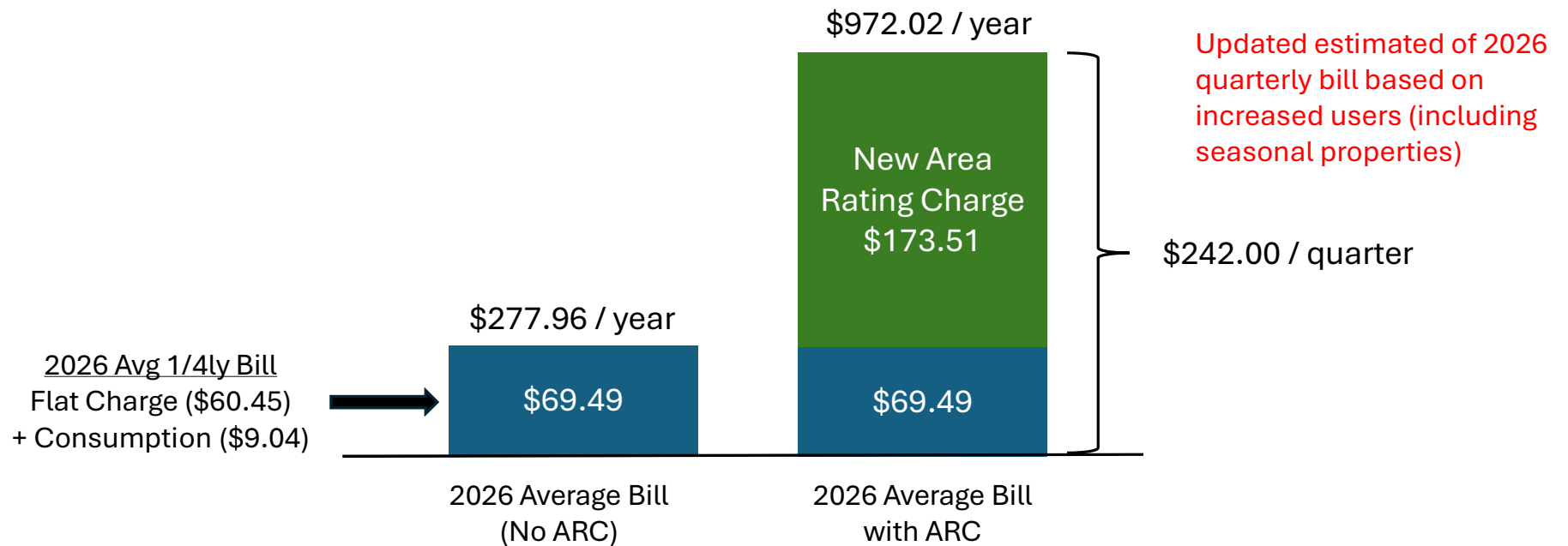
The Municipal Act permits municipalities to apply special levies for “additional benefits” to recover the extra costs of providing services from which certain residents and property owners receive benefits above and beyond those received by everyone else.

Updated with seasonal properties

Amended Estimated ARC

# Impact on Billing

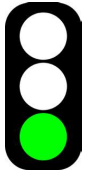
Estimating the impact on the average user's 2026 quarterly bill



# Options

Some options for funding future capital replacement costs

## Full ARC



Implement fully the annual ARC (indexed to CPI)

Build a complete capital reserve

Avoid future debt

## Hybrid



Impose a lower ARC (indexed to CPI)

Build a partial reserve

Shortfall will require future debt financing

## Phased in Hybrid



Phase in a lower ARC (indexed to CPI)

Build a partial reserve

Shortfall will require future debt financing

## No ARC



No ARC

Zero reserves built up

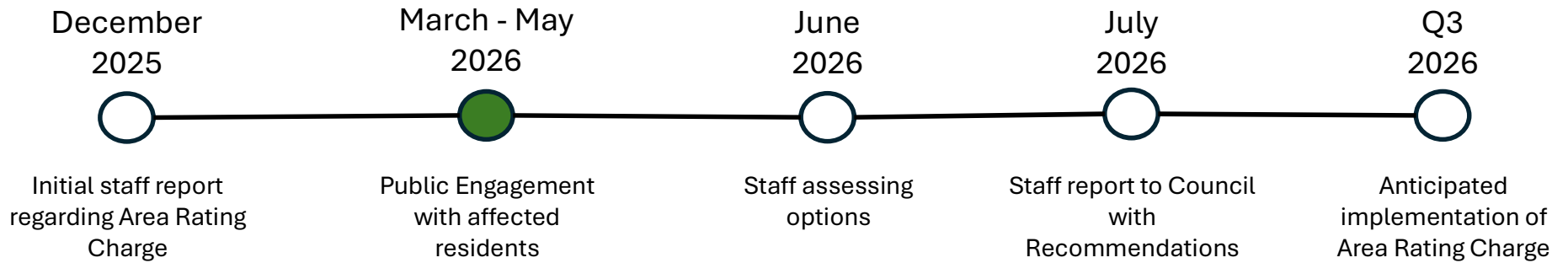
100% of future capital replacement costs financed through debt

# Next Steps

- Since first two public meetings
  - Review of Township records
  - Outreach to MPP Clarks office and MTO
  - Neither Township nor MTO can find any Agreements regarding the transfer of ownership to the Township and/or future responsibility
- Next Steps
  - Reached out to Ontario Clean Water Agency and Township solicitor requesting they review their records
  - Township requesting a meeting with Minister Sarkaria
  - Township seeking further public meetings with residents and MPP/MTO/Township

# Timeline

## Next steps and implementation timeline



# Community Engagement

Township will continue to seeking resident's input to this important decision



**Questions &  
Feedback**



## Public Meetings

The Township has held 3 public meetings with residents in March, April and May

Township is seeking to set up further public meetings with residents the MPP, MTO and Township

Once meeting dates have been set all affected residents will be informed by mail

## Questions or Feedback tonight

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