

A row of large industrial pumps in a water treatment plant. The pumps are blue and white, with large pipes and valves. The background shows a long row of similar pumps receding into the distance.

# Securing the Future of the Elizabethtown-Kitley Water System

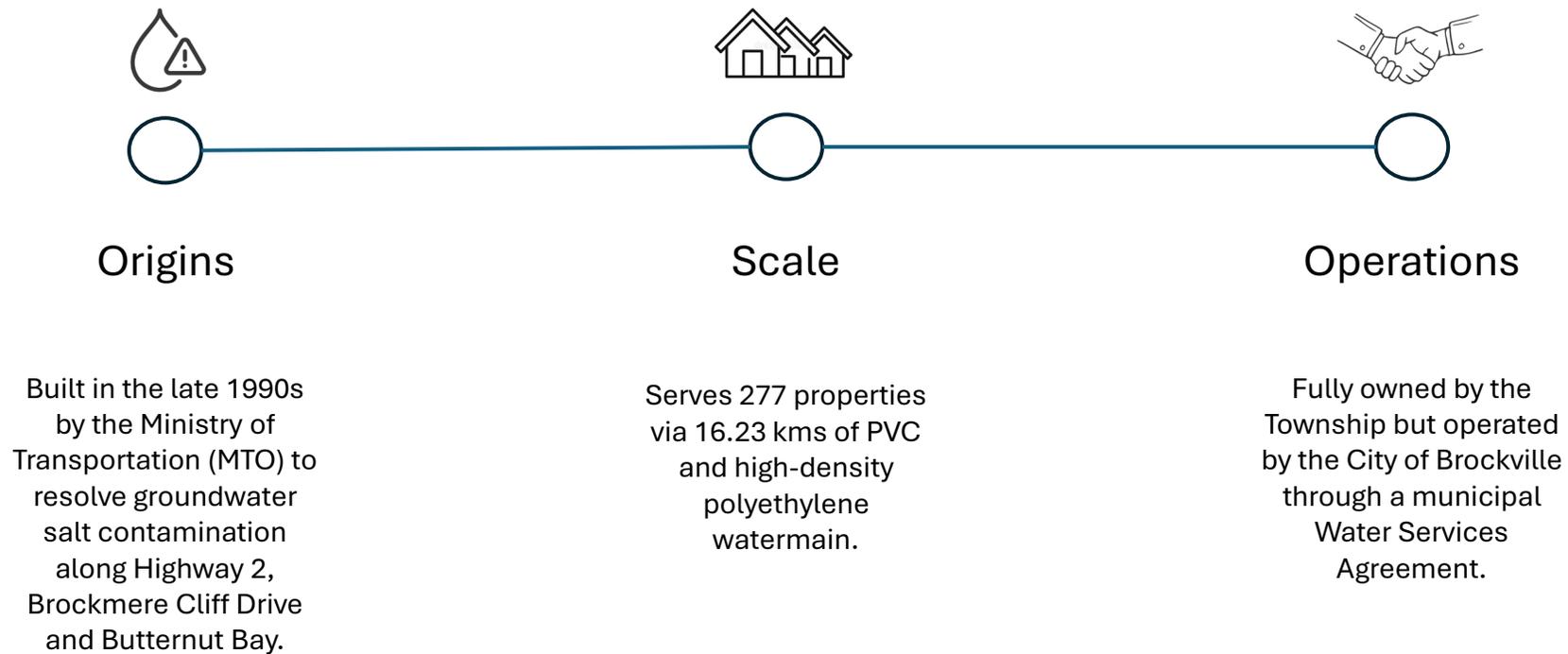
## Capital Replacement Funding Strategy

Rob Nolan

Chief Administrative Officer / Clerk

# Background

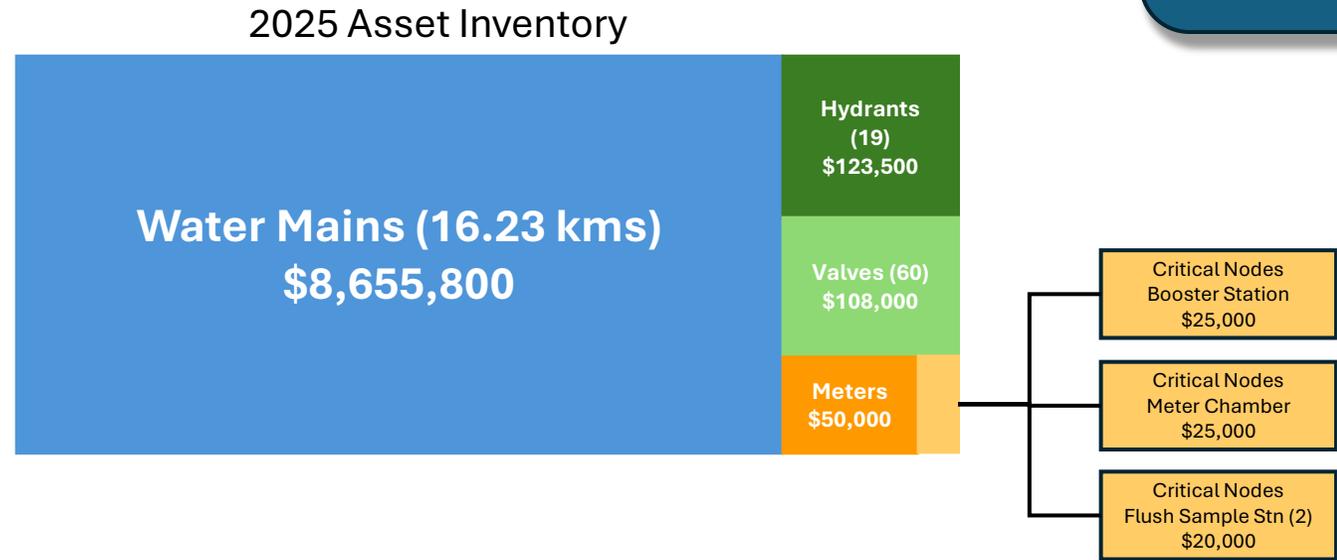
A system built for safety, managed through partnership



# Township Asset Management Plan

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

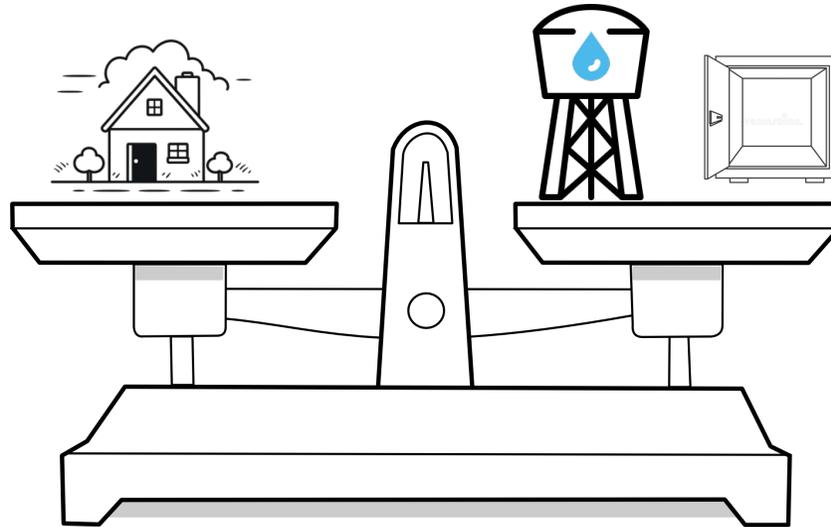
Total 2025 Replacement Cost:  
\$8,997,300



# 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

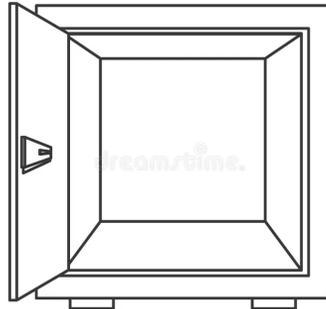
Average System Condition: 57% (Good)



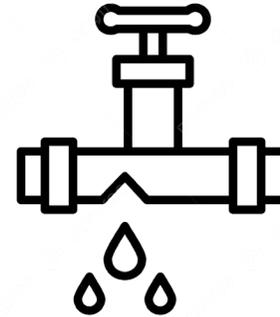
Based on aging of assets not an engineering assessment

# Capital Reserves

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



\$0

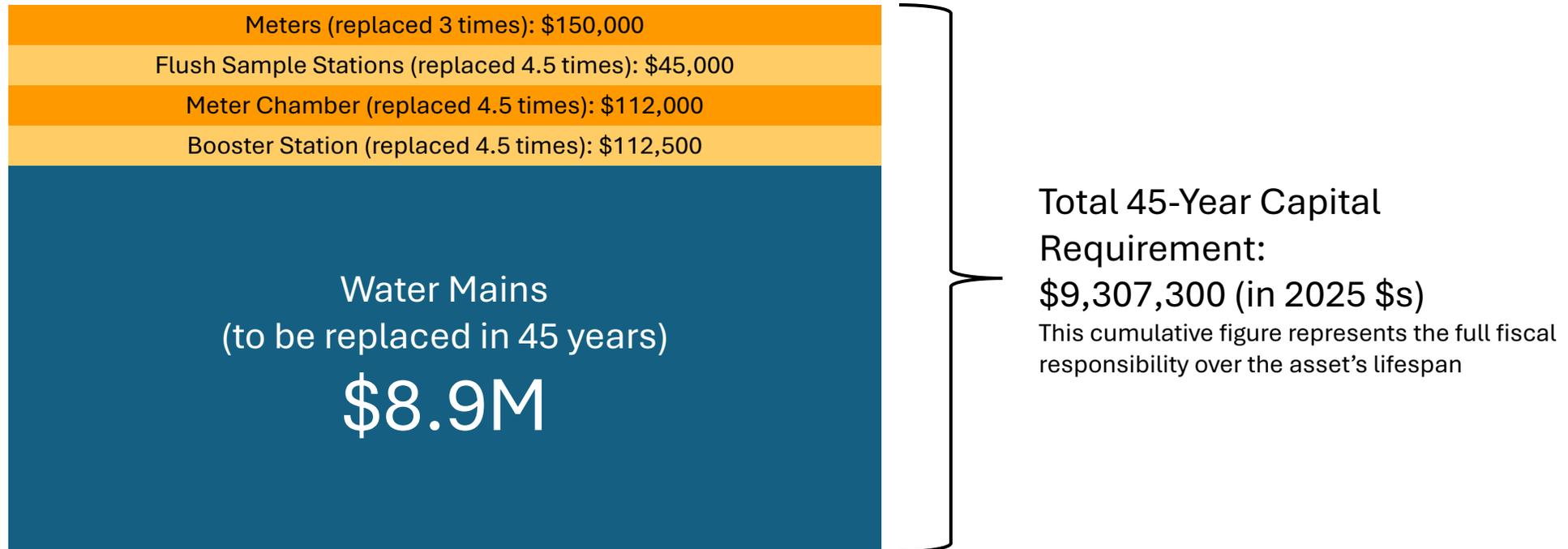


- No existing plan for network replacement
- Small operating surpluses have been used for minor capital replacement
- No reserves for major capital system replacement

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

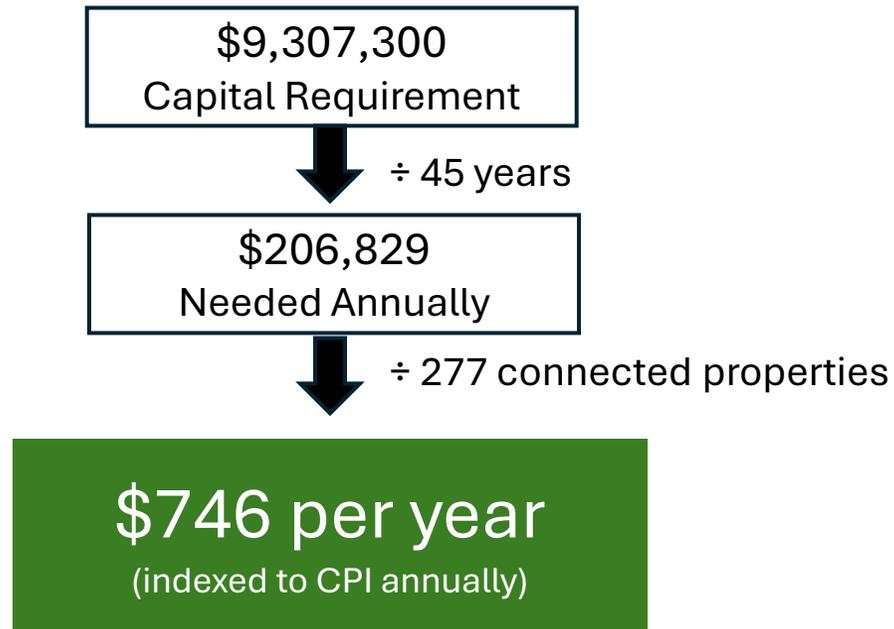
# Total Capital Replacement

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



# Area Rating Charge

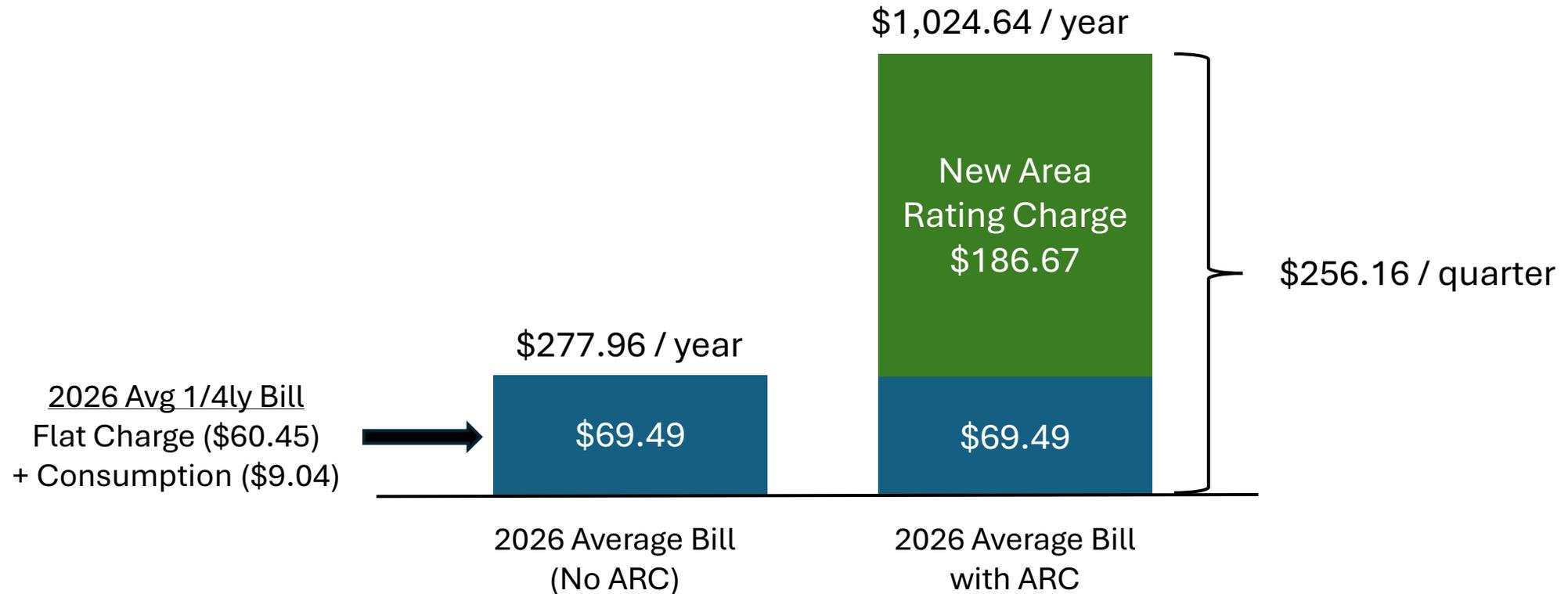
## Estimating an Area Rating Charge



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.

# Impact on Billing

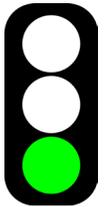
Estimating the impact on the average user's 2026 quarterly bill



# Options

Some options for funding future capital replacement costs

## Full ARC

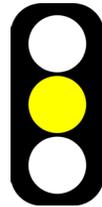


Implement fully the annual ARC (indexed to CPI)

Build a complete capital reserve

Avoid future debt

## Hybrid

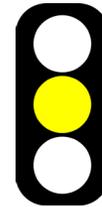


Impose a lower ARC (indexed to CPI)

Build a partial reserve

Shortfall will require future debt financing

## Phased in Hybrid

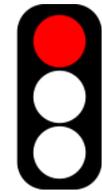


Phase in a lower ARC (indexed to CPI)

Build a partial reserve

Shortfall will require future debt financing

## No ARC



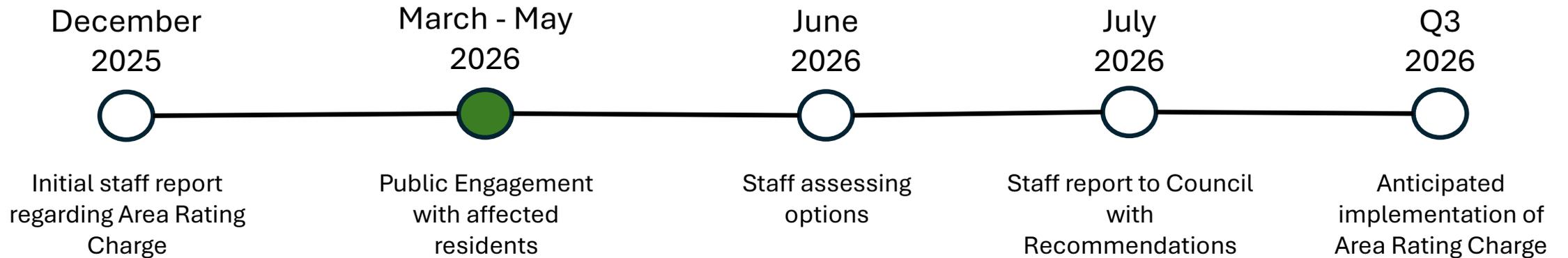
No ARC

Zero reserves built up

100% of future capital replacement costs financed through debt

# Timeline

## Next steps and implementation timeline



# Community Engagement

Township is seeking resident's input to this important decision



**Questions &  
Feedback**



## Public Meetings

Monday, March 23rd, 2026, at 6:00 PM [In-person]

Monday, April 20th, 2026, at 1:00 PM [In-person]

Tuesday, May 19th, 2026, at 6:00 PM [Virtual]

Register at <https://www.ektwp.ca/town-hall/council/public-consultation-waterline/>

Questions or Feedback tonight

Email: [rnolan@ektwp.ca](mailto:rnolan@ektwp.ca)