

Water plan slowed to level off tax hike

December 05, 2009

Emma Reilly
The Hamilton Spectator
(Dec 5, 2009)

The city has to put the brakes on an ambitious multibillion-dollar plan to upgrade the city's water system because it's too expensive.

The slowdown will mean several key projects -- including harbour cleanup, the opening up of airport industrial lands and flooding control -- can't be finished as quickly as the city hoped.

At the centre of the city's \$2-billion, 10-year plan is the \$700-million upgrade to the Woodward Avenue wastewater treatment plant.

Right now, the aging plant is running at full capacity. Any development plans -- including the aerotropolis employment lands -- hinge on revamping the facility.

But Rob Rossini, the city's general manager of finance, says if the city moves forward with its plan to overhaul the water, wastewater and sewage system, it would mean \$922 million worth of debt.

Rossini says the water upgrade plans, which load \$1 billion of the \$2 billion price tag into the first three years, will be too expensive for the city to handle.

"It's just too much, too fast," he said.

The city plans to rely on development charges to help pay off the debt. However, Hamilton is currently only meeting about 60 per cent of its provincially mandated development targets. Even if development falls 20 per cent short of the target, water fees could skyrocket from \$632 for the average household to \$1,236.

Rossini says the city needs to reconsider how the plan is phased in and rein in its spending in the first few years, even if it means pulling back on several of the city's major projects. The slowdown of water upgrades leaves Hamilton Harbour vulnerable to sewage overflow.

It may also mean Hamilton won't meet the goal of delisting the harbour as a Great Lakes pollution hot spot by 2015.

The city is still hoping for \$100 million from the federal government and another \$100 million from the province.

At yesterday's committee of the whole meeting, Councillor Brad Clark moved to alert Ottawa and the province that if Hamilton doesn't see cash by next year, it will consider freezing development. The committee agreed.

As the city tries to move forward with infrastructure upgrades, its water budget has also taken a hit.

A wet summer and a dip in consumption have led to a \$7.5 million revenue shortfall in 2009.

To help generate revenue, a 4 per cent hike to water and wastewater rates was approved. That means the average home will pay a \$607 water bill next year, compared to \$584 this year.

Council also moved forward with a plan to create a stormwater fee that would put a surcharge on rainwater sent into the sewers.

Staff have proposed a base charge of \$6 that would apply to each household.

That fee would climb based on the area of concrete or other impermeable surface on each property. A big box store development complex could face fees of about \$4,600.

ereilly@thespec.com

905-526-2452