

Town's debt burden high risk, says province

BY ANDY COMBER

High debt burden and high debt charges combined to result in a high risk level for the Town of Essex, according to the provincial 2006 Financial Indicator Review.

"Significantly high debt load should be explored further," the review, which is forwarded to each municipality from the Ministry of Municipal Affairs and Housing (MMAH), notes.

The ministry conducts an annual review of the financial information returns and financial statements submitted by municipalities. Using several key financial indicators, municipal financial performance is assessed in relation to established provincial thresholds to produce a financial review for each municipality.

Both debt burden and debt charges must be high in

order to result in a high risk level for the total debt burden.

For the Town of Essex, total debt burden per household was recorded as \$2,859 for 2005, significantly higher than the provincial average of \$533 for that year. The MMAH considers any amount over \$1000 as a high-risk level.

The town's own purpose debt charges, as a percentage of municipal operating expenditures, improved to 12.85 percent in 2005, from 13.13 percent in 2004, but still exceeded the MMAH's threshold of 10 percent.

Town Treasurer Donna Hunter expressed concerns over how the ministry reports numbers on a per household basis in the financial review.

"Their household numbers include close to 50 percent of the town's debt that is not financed by the gener-

al population," said Hunter, speaking of the methods used in determining total debt per household. The MMAH took the town's total long-term debt – just over \$24 million – and divided it by the number of residential households in the town, which was 8,445 in 2005.

"We have so many components of debt," said Hunter, who created a report of the debt figures for council in response to the review.

In her summary, Hunter divided the town's total long-term debt into categories: debt supported by taxation, debt-supported user rates, such as those related to water and sewage upgrades, and debt supported by other means, such as development charges.

"People need to understand that we are working to reduce the debt," said Hunter, who feels that only

debt supported by taxation, just over \$3.7 million in 2005, should have been used to calculate the debt load per household. That would work out to about \$448 per household, she said.

About 49 percent of the town's debt in 2005 was supported by development charges benefiting property owners, including charges related to water, sewage, drainage and streetlight projects.

Hunter acknowledged that all the municipalities are subject to the same calculations by the MMAH. However, she noted that many municipalities have not yet faced the major cost of water and sewage upgrades, and the need for lifecycle reserves. Over 35 percent of the town's total debt is supported by water and sewage rates.

The town will have to

address the shortfall of development charges, especially over the last year. According to Hunter, the equivalent of 80 homes, 10 townhouses, four apartments and 35,000 square feet of non-residential development is needed each year to support the town's sewage treatment expansions. Developments in the municipality are not expected to exceed 30 for 2006.

Total debt burden for

Essex in 2005 increased \$357 per household from 2004 levels, and \$987 from 2003 to 2005 levels. Average total debt burden per household for municipalities across the province was \$533, up \$98 from 2004.

Total reserves and discretionary reserve fund per household were assessed at a low risk level at \$1,111 for 2004, close to the provincial average of \$1,024.

ONTARIO MINISTRY OF TRANSPORTATION (MTO) AND THE COUNTY OF ESSEX CLASS ENVIRONMENTAL ASSESSMENT AND PRELIMINARY DESIGN *Let's Get Windsor-Essex Moving Strategy* COUNTY ROAD 19 (MANNING ROAD) AND COUNTY ROAD 22 IMPROVEMENTS NOTICE OF STUDY COMMENCEMENT

THE STUDY

Dillon Consulting Limited has been retained by the Ontario Ministry of Transportation (MTO) and the County of Essex, to complete the Preliminary Design and Environmental Assessment (EA) to improve County Road 19 (Manning Road). These improvements include 13 km of County Road 19, from Highway 3 to the VIA rail line and 3 km of County Road 22, from the City of Windsor boundary to Lakeshore Boulevard. The study will also include improvements to the County Road 19/ Highway 401 interchange.

This project is part of the *Let's Get Windsor-Essex Moving* (LGWEM) strategy, a joint commitment by the federal and provincial governments to invest \$300 million at the Windsor Gateway. Funding is being provided under the Canada-Ontario Border Infrastructure Fund.

THE PROCESS

This study is subject to *Ontario's Environmental Assessment Act* and will be carried out in accordance with the requirements of both the Municipal Class Environmental Assessment (June 2000) and the Class Environmental Assessment for Provincial Transportation Facilities (2000). The proposed improvements to County Road 19 and County Road 22 are classified as a Schedule "C" undertaking in the Municipal Class Environmental Assessment (June 2000). Improvements to the County Road 19/ Highway 401 interchange have been categorized as a Group "B" undertaking in the Class Environmental Assessment for Provincial Transportation Facilities (2000). The *Canadian Environmental Assessment Act (CEAA)* also applies to the study.

The EA process involves the collection and integration of input from various engineering, social science and scientific studies, as well as public and agency consultation. When completed, an environmental study report/preliminary design report describing the preferred preliminary design and the environmental mitigating measures and provisions that will be incorporated into the design will be prepared for public review and comment.

PUBLIC INFORMATION CENTRES

Public consultation is an important part of the environmental assessment process. We encourage everyone who has an interest in this project to provide input. Two Public Information Centres (PICs) will be held to obtain public and agency input on the study, with the first scheduled for Spring 2007. Notices of the PIC will be placed in the local newspapers and sent to any individuals on the study mailing list.

COMMENTS

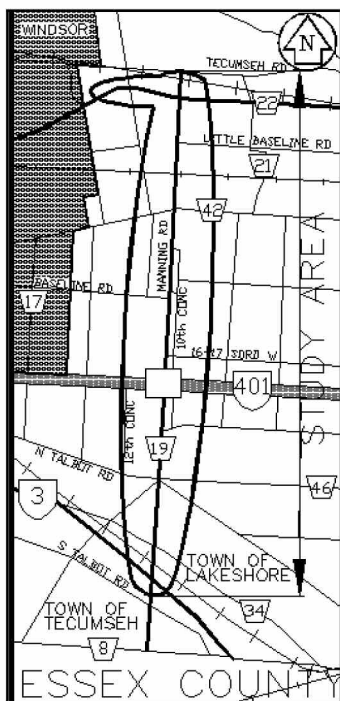
Information collected will be used in accordance with the *Freedom of Information and Protection of Privacy Act* and the *Access to Information Act*. With the exception of personal information, all comments will become part of the public record.

For further information or to be added to the mailing list, please contact:

John Zangari, P. Eng.
Project Manager
Dillon Consulting Limited
608 - 3200 Deziel Drive
Windsor, Ontario, N8W 5K8
Telephone: 519-948-5000
Voicemail: 519-948-4243
Fax: 519-948-5054
E-mail: jzangari@dillon.ca

Jaime Garcia, P. Eng.
Project Manager
County of Essex
360 Fairview Avenue West
Essex, Ontario, N8M 1Y6
Telephone: 519-776-6441, ext. 385
Fax: 519-776-4455
E-mail: jgarcia@countyofessex.on.ca

Rakesh Shreewastav, P. Eng.
Senior Project Engineer
Ministry of Transportation, Ontario
Windsor Border Initiatives Implementation Group
Project Delivery Office
659 Exeter Road
London, Ontario, N6E 1L3
Telephone: 519-873-4829
Toll-free: 1-800-265-6072
Fax: 519-873-4789
E-mail: rakesh.shreewastav@ontario.ca



KEEPING TRACK OF THE PROJECT

The Ministry of Transportation and The County of Essex websites are valuable sources of information on the project. Additional information can be found online at: www.mto.gov.on.ca and www.countyofessex.on.ca.

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