

Since the Georgian Gate Development is much closer to fruition, County and Town Staff worked with the development group to look at options and find a compromise if available. The proposal considered is for the:

- County to fully reconstruct GR21 from GR19 northward for approximately 700m and then to undertake some re-surfacing and other minor improvements to extend the surface life of the remainder of the road to Hwy 26 for at least five years to avoid immediate needs for full reconstruction , and
- Town to finance and install approximately 420m of 600mm diameter trunk sanitary sewer from a point where the sanitary sewer can be installed parallel to, but off of, the road in a block dedicated to the Town or future road widening to the end of the reconstruction works.

County Staff are seeking a resolution of County Council to not undertake works on GR21 for a period of five years to assure the Town some certainty in planning the sewer works if necessary. Should the Town not proceed with the Phase 1 sewer works, the County may reconsider the timing of the road reconstruction.

A graphical description of the limits of the sewer works is shown in Attachment #1. Since the sewer will not be connected to an outlet, there will not be any connections to live sanitary services.

The Combined Environmental Assessment (EA) Master Plan for Craigleith, Castle Glen and Osler Phase 2 Final Report contemplated that only a portion of the Georgian Gate Development would be serviced through the Osler Bluff Road Trunk Sanitary Sewer. In the preliminary design work prepared for the Second Nature Development to the north of Georgian Gate, up to 293 of the total 747 units in Georgian Gate were to be serviced through the Second Nature sanitary collection system. This limit is based on downstream sewer capacity restraints. Since the Second Nature Development is not proceeding in the near term, Georgian Gate wishes to re-phase their development to start servicing via Osler Bluff Road thereby necessitating the new sewer sooner than anticipated. The transfer of all or a portion of the 293 units to the Osler Bluff Road Trunk Sanitary Sewer is not considered a significant departure from the EA and an addendum is not warranted for the realignment of an internal sewer catchment area. The EA also estimated the size of the sewer on Osler Bluff Road to be 525mm diameter. Given the additional service area and that a 525mm sewer would be near design capacity, Staff recommend a one pipe size increase to 600mm at about a cost of \$50/m in order provide spare capacity in the sewer to not restrict the long term service area growth.

Since the installation of sewer works on Osler Bluff Road was not anticipated during the preparation of the 2009 Capital Budget, a project budget must be initiated and is recommended to be established at \$300,000 as outlined in the table below.

**Osler Bluff Road Trunk Sewer Phase 1
Project Budget**

Construction	\$250,000
Preliminary Design	\$6,000
Final Design and Contract Administration	\$28,000
Geotechnological	\$3,500
Application Fees	\$1,500
Advertisements, etc	\$2,000
Contingency	\$9,000
Total	\$300,000

There are several reasons for and against proceeding with the sewer works.

Pro:

- It is better for the long term life of the road structure to install the sewer now than reinstating a portion of the road later on.
- The cost of the sewer installation will be much less without the cost of reinstating the road structure later. The cost of reinstating the road at a later date has been confirmed with the County at approximately \$500/m or \$210,000 for the 420m length of the sewer. For comparison, the cost of only the sewer is \$300,000. This amounts to a 40% surcharge to re-instate the road over the cost of the sewer. By reducing the cost of the works, it ultimately aids the Town's future residents by reducing the overall cost of a residential lot or unit.

Con:

- The Town will need to debt finance the cost of the sewer works (\$300,000) due to a current short fall in collected Development Charges. Financing costs will be added to the ultimate cost recovery via the charging of Development Charges.
- There is a risk that an unconnected sewer will be installed such that options are limited in the future. Staff have reviewed the preliminary design notes prepared by the Consultant and verify the design configuration is suitable.
- The County should be expected to proceed with the remaining road works following the five year commitment. If the development community is not prepared to frontend the rest of the sewer installation estimated to be \$1,400,000 (2,000m at \$700/m, 2009\$), there will be pressure on the Town to install and finance additional sections of the trunk sewer to coordinate with the County road works even if there are no immediate development needs. By undertaking the future sewer in advance of the road reconstruction, \$1,000,000 (200m x \$500/m) additional costs would be avoided. The current version of the Draft 2009 Development Charges Background Study (DC Study) allocates DC funding for this project not starting until 2015 with the understanding that the Castle Glen Development will be registering numerous

phases at that time. The Draft 2009 DC Study also anticipates front-ending by the area developers to ensure this outlet is constructed.

- There are some operational concerns with a sewer without an outlet. Periodic pumping may be required if infiltrated water is stagnate. Also, the in-use pipe life expectancy is diminishing albeit not at a rate of an active sewer. The impact on life expectancy is difficult to estimate.

The Town may proceed with the installation of the trunk sewer at this time primarily for the reasons that the road structure is maintained intact and the cost premium to reinstate the road is avoided even with the financing costs outlined in the budget impact discussion below.

To complete the trunk sewer works, Staff recommend that C.C. Tatham and Associates Ltd. be retained to provide engineering services to undertake the design and contract administration services for the Osler Bluff Trunk Sanitary Sewer Phase 1 for an upset fee of \$25,000, plus a \$3,000 fee contingency for a total fee cost of \$28,000.

C.C. Tatham has been involved for many years in the planning and design of the Osler Bluff Road Trunk Sanitary Sewer through their involvement with the Castle Glen and Georgian Gate Developments, and their previous successful proposal to undertake the design work in 2007. Since Castle Glen Development was not prepared to frontend the design assignment at that time, the design work did not proceed. Staff requested C.C. Tatham to prepare a workplan and fee estimate to provide design and contract administrative services for Phase 1 of the sewer. A proposal was received that satisfied the scope of work for an upset fee limit of \$31,000. Staff are recommending a \$3,000 fee contingency for works that may arise outside of the anticipated work plan. By previous arrangement, C.C. Tatham has been retained for \$6,000 to prepare and submit a Certificate of Approval Application to the Ministry of Environment for the Phase 1 sewer works. This was done to ensure that the critical timelines for the installation of the sewer are satisfied ahead of the road works scheduled to begin in early September, 2009. Therefore, the fees remaining to complete the engineering assignment is \$25,000 (\$31,000 - \$6,000) as outlined in the following table.

Task	Fee
Design	\$6,000
Tender Package Preparation	\$6,000
Contract Administration	\$17,000
Disbursements	\$2,000
Subtotal	\$31,000
Less Fees Paid to Date	\$6,000
Remaining Fees	\$25,000
Fee Contingency	\$3,000
Fee Total	\$28,000

Once the tenders are received for the Phase 1 sewer work, Staff will report to Council for approval to proceed with the construction activities.

C. The Blue Mountains' Strategic Plan

The recommended action in this report furthers the Town Strategic Plan Goal # 2, "Addressing the Town Municipal Infrastructure Needs".

D. Environmental Impacts

During the construction of the works, green house gases will be produced and environmental protection measures will be taken as typical for construction activities.

E. Budget Impact

Since the Osler Bluff Road Trunk Sanitary Sewer was not anticipated in the 2009 Capital Budget, a new project budget is required for \$300,000 to undertake the works and finance funding is required until the projected can be funded by Development Charges.

The current draft of the 2009 Development Charges Background Study allocates DC funding for this project into three service areas, Craigleith 60.58%, Castle Glen 33.66% and Osler 5.76%. With this in mind the current reserves for each service area are as follows; Craigleith \$56,580, Castle Glen \$0, Osler \$1,249. The current Draft of the DC Study would generate a Craigleith Sewer DC of approximately \$4,000 with \$2,300 earmarked for plant expansions and the remaining \$1,700 for infrastructure expansion. Under the current project of \$300,000, approximately \$118,250 would be directly benefitting Castle Glen and Osler and would be all but completely unfinanced. Craigleith's share of \$181,750 would be mainly unfinanced and would take 74 new units within the Craigleith Area paying development charges (\$1,700) to clear the debt. The future project of \$1.4M would be split \$551,900 to Castle Glen & Osler and \$848,100 to Craigleith. The Craigleith Area would need to create 500 new units to pay down this unfinanced expenditure at \$1,700 per unit.

Within the Draft 2009 DC Study, it is anticipated that the Craigleith Area will be experiencing total growth over the next ten years of a potential 970 units. It is not anticipated to see any real growth within the Osler or Castle Glen areas. The unfinanced costs associated with the entire sewer to Hwy 26 would amount to \$670,150 for Castle Glen and Osler and \$1,029,850 for Craigleith. It could be anticipated that the Craigleith share would be recouped within the ten year period and as such total financing expecting a 10 year payback at 5.5% would be \$336,000.

Of more concern is the unfinanced portion of \$670,150 allocated to the Castle Glen & Osler Areas which has no immediate horizon for repayment and would amass almost \$37,000 in annual interest expenses compounding year over year until, or if, the Town services the Castle Glen and Osler Areas. At this rate, the Town could reasonably expect to see the total debt increase to in excess of \$1.15 million before reimbursement would reasonably start to occur with a ten to twenty year repayment period. This would incur a further \$300,000 to \$500,000 in financing costs.

The original intent in the Draft 2009 DC Study was to ensure that the Castle Glen Area would develop before infrastructure was placed in the ground. In the event that there was a need for an outlet from other development before such time, front ending by that development group is desirable to mitigate the potential risk to the Town. In the event the Phase 1 sewer project goes ahead and of more importance, the remainder of the sewer to Hwy 26 has to be constructed in five years the Town could reasonably see financing costs recoverable from Development Charges from Craighleith (\$336,000) and Osler/Castle Glen (over \$475,000 prior to repayment and \$375,000 during repayment) totalling some \$1,186,000 in interest charges alone.

F. Attached

1. Osler Bluff Road Trunk Sanitary Sewer Phase 1 Location Map.

Respectfully submitted,

Reg Russwurm
Director of Engineering and Public Works

