



Staff Report

Finance and IT Services

Report To: Committee of The Whole
Meeting Date: August 22, 2016
Report Number: FAF.16.76
Subject: Local Improvement – Slalom Gate Shop Limited
Prepared by: Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets

A. Recommendations

THAT Council receive Staff Report FAF.16.76, entitled “Local Improvement – Slalom Gate Shop Limited”; and

THAT Council uphold By-Law 2016-30 and charge three equivalent units to Slalom Gate Shop Limited for the wastewater servicing done on Wensley Drive and Peaks Road.

B. Overview

At the June 27, 2016 Committee of the Whole meeting a deputation was made on behalf of Slalom Gate Shop Limited requested that the commercial unit located at the corner of Wensley Drive and Peaks Road be charge one unit rather than three equivalent units. In April 2016, letters were sent to all property owners on Wensley Drive and Peaks Road outlining the process that the Town was going through to levy capital charges for the new sewer system installed along these road ways. The letters sent to the units were uniform with only the property information changed; unfortunately the letters did state that this commercial property was to be levied as one unit. Due to the incorrect unit count on the letter, the property owners did not attend and voice their concerns at the statutory Public Meeting held on April 18, 2016.

During the Public Meeting, it was questioned if the Town would charge two units for a property that had one building but multiple residential units (for example, a basement apartment); and it was noted that the Town would charge two units in this situation.

C. Background

Project Background

In 2012 the Town started the process of servicing and connecting Wensley Drive and Peaks Road to the Town’s sewer collection and treatment system. At this time a letter was sent out to all property owners introducing the project and giving an estimated cost per unit. At the January 17, 2012 Infrastructure and Recreation Committee meeting the Town’s engineering

firm for this project made a presentation that outlined all units that were being serviced; in this presentation it was indicated that Slalom Gate would be charged as three equivalent units.

On October 3, 2012 a Public Information Centre was held and the project was explained to any residents that wanted information. At this time, the Town's engineer had display material outlining the project and the units being charged. Slalom Gate was shown as three equivalent units. Although the last letter sent was erroneous, it should be noted that through the project all other public information, including reports, presentations to Council, and during Public Information Centres, the Slalom Gate property has been shown as three equivalent units.

Equivalent Unit Background

As per the Town's historical method when a servicing project such as this is initiated, staff attempt to visit any commercial units that will be affected in order to calculate the equivalent units that will be charged. In regards to the Slalom Gate property, two staff members were able to gain access to the unit and noted that there was a kitchen and bathroom in the upstairs of the building and could easily be converted to an apartment, although it is not currently being used as one.

To calculate equivalent units the Town had an engineering firm create a calculation method that takes into account the size of the building, what it is being used for, and the capacity in the case of a restaurant. This method has historically been used by the Town for all commercial units when such units are being serviced and connect to either the Town's water or wastewater system.

The Town levied three equivalent units for this particular unit as it was deemed a commercial unit under 7,000 square feet with an attached residential unit. The calculation method states that a commercial unit under 7,000 square feet is levied two units and the additional residential unit is levied one more unit to give a total of three units. Although as stated in the deputation, that the residential unit is not currently rented out, the unit contains a kitchen and washroom, and therefore, with minimal retrofitting and possibly no building permit, can be rented as a residential unit.

D. Analysis

Staff have compiled three options for Council's consideration in respect to what number of equivalent units Slalom Gate should be levied.

Option #1

Staff recommend that Council levy the three equivalents for the Slalom Gate property in accordance with By-Law 2016-30.

Option #2

A second option for Council is to reduce the equivalent units to one and levy Slalom Gate \$16,077.11. If Council approves this option \$11,740.22 will need to be funded by the Town to

cover the capital costs for the two units that have been removed. The additional equivalent Development Charges would not be applicable if this property is deemed one unit and therefore the Town would only need to fund the direct capital charges. This funding can come from Wastewater Operations savings for 2016 or the Wastewater Rate Stabilization Reserve depending on the year-end outcome for the Wastewater Division. A recommendation has been written for Council to consider:

THAT Council approve reducing Slalom Gate Shop Limited Wastewater Servicing levy to one equivalent unit and fund \$11,740.22 from Wastewater operational savings.

Option #3

A third option for Council is to levy two units at this time, for the commercial component, and defer the other unit until the residential unit is rented out and in use. As done with other properties that are waiting for development, the capital charges can be deferred until such time that the development takes place; Council could approve this model for this circumstance.

The issue with this option is there is no trigger for the Town to know when the apartment is rented out; with a kitchen and washroom already on site, a building permit may not be required and therefore, the Town will not be informed if the residential unit is in use. A recommendation has been written for Council to consider:

THAT Council approve levying two equivalent units to Slalom Gate Shop Limited and deferring the last unit until such time that the apartment is rented out.

E. The Blue Mountains' Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None.

G. Financial Impact

Option #1

There is no financial impact on the Town if Council approves Option #1.

Options #2

The Town will need to fund \$11,740.22 towards the capital project; staff are recommending that any 2016 Wastewater operational savings be used and if there is insufficient savings, then the Wastewater Rate Stabilization Reserve be used for the funding.

Option #3

The \$5,870.11 (cost for one unit) that the Town has paid out to the contractor for the installation of the capital works will remain in the Town's unfinanced until such time that the residential unit is put in use and then levied back to the property owner. This situation poses more of a cash flow issue for the Town than a funding issue.

H. In consultation with

John Caswell, Manager of Water and Wastewater Services
Ruth Prince, Director of Finance and IT Services
Troy Speck, Chief Administrative Officer

I. Attached

None

Respectfully Submitted,

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