

STAFF REPORT: Financial & Information Services



REPORT TO: Council
MEETING DATE: December 14, 2009
REPORT NO.: FIS.09.74
SUBJECT: Camperdown Water and Sewer Capital Charge By-Laws
PREPARED BY: Darcy Chapman, Capital Accountant

A. Recommendations

THAT Council receive Staff Report FIS.09.74 "Camperdown Water and Sewer Capital Charge By-Laws" for information purposes.

B. Background

Through this report, staff has listed a number of common questions with answers that have been posed through the Public Information Centre, Public Meetings, emails and phone calls regarding the Camperdown Water and Sewer Capital Charge By-laws.

1. *I already have water. Why do I have to pay?*

The water capital charge relates to the construction of a reservoir. Previously, the Town provided partial water storage and fire protection for the service area however additional storage was needed to bring the level of service to municipal standards. The new reservoir meets the needs of the residents for fire protection and storage which therefore provides an enhancement to the water service.

2. *We didn't ask for a reservoir. This is being driven by new development. Why do the local residents have to pay for a development required project?*

The Town underwent an Environmental Assessment in 1999 that established service areas and outlined the required upgrades for water and sewer services. The report established the long term need for sanitary services in the Camperdown Area. The report also indicated that a reservoir was required in the near future to service the already existing 700 users. This report was generated years before the Camperdown Developers required the servicing to develop their lands. The need for the reservoir and sanitary services was not solely generated by development.

3. *I live on a street with reduced water pressure and/or no fire hydrants. How does the reservoir benefit me?*

The initial benefit will be found in increased security of the water supply system. The reservoir allows for redundancy in supply in the event of a trunk water main break from the Water Treatment Plant. A secondary benefit will be seen when the Town reconstructs the services to allow for higher pressures and provision of fire hydrants.

The reservoir will then also act as a storage facility during high flow demands for fighting fires.

4. *Why doesn't my current water and sewer bill cover these costs?*

The monthly usage bill relates to the annual operating and maintenance of the systems. The bill also includes a capital replacement component however the capital charges contemplated by the by-laws relate to new infrastructure, not replacement of existing infrastructure.

5. *Are you required to pay the Capital Charge even if you do not connect?*

Yes. All benefitting properties will be required to pay upon passage of the by-laws. All future benefitting properties will be required to pay after the Town extends services past their property.

6. *If the services are going past my property will I need to connect?*

No. The Town does not force a resident to connect to the services provided. However, if a resident chooses not to connect within 11 months from the billing of the capital costs, the Town will start to bill the property a monthly usage amount based on an average residential charge.

7. *My lot is vacant. Do I still have to pay now? If so, why am I not considered a future benefitting property?*

Vacant lots will have to pay now. A vacant lot is not considered a future benefit as the lot has services available now and sewer collection and treatment capacity must be available for use when a building is constructed.

8. *As a one-time payment the costs are burdensome, however the Town has provided a repayment option of 4 years for the water charge and 20 years for the sewer charge. How was this term established?*

The Town established an affordability guideline in 2006. This set an annual repayment amount of approximately \$1,500 over an extended term. The repayment terms were established with this policy in mind for those properties affected by both By-laws. Under the current charges, the annual repayment would be less than \$1,400 per unit for both water and sewer repayments.

9. *Can the Town extend the repayment terms?*

Council can make the decision to extend or shorten the repayment terms.

10. Can the Town provide for repayment to start in 2011 or 2012 instead of 2010?

The Town, by agreement, must use best efforts to start collecting the local resident share of the works to repay the Camperdown Developers for the monies which were prepaid for the construction of the works. If the Town were to defer the repayment, the Town would have to finance the deferred costs (1 to 2 years) over the repayment period.

11. How was the 5.5% interest charge established in the By-law?

The interest is established using current rates for 20 year guaranteed loans through the Ontario Strategic Infrastructure Funding Authority (OSIFA). The current draft of the by-law reflects a rate of 4.8% based on the latest November 2009 rate. The by-law will be adjusted one week before passage to reflect the most current rate available to the Town.

12. Why do I have to repay any outstanding balance upon sale or transfer of my property? Why can this charge not be transferred to the new owner?

Through the passage of the by-laws, the capital charge, if financed, is added to the tax roll and is considered in the same manner as property taxes. When a lawyer requests a tax certificate upon sale of a property this outstanding charge will register on the certificate as a liability to the Town. It has long been the policy of the Town to require repayment at time of sale to ensure there is a clear break in the liability from the existing owner to the new owner and to reduce the Town's debt burden to allow other projects to be undertaken.

13. Why do I have to pay the same charge as a new development unit? Should the developers not have to contribute more as a benefit to local residents?

The costs relating to Development Charges are calculated based on the Development Charges Act. The Town has utilized the legislation to its full potential. With that being said the Town cannot "overcharge" the development community. Costs associated with servicing existing units must be subtracted from the overall project costs and collected in another manner – namely the Capital Charge By-Laws.

14. The costs for services have ballooned from \$9.2 million in 2005 to \$12.96 million by the end of the project. How did this happen? Who was responsible for this project?

The original price from 2005 was merely an engineering estimate contained in the Development Charges Background Study based on a 2004 calculation. By the time the project was started, the tendered prices for engineering and construction came in at \$12.16 million. Upon completion of the project an additional \$805,000 was required to finalize the construction. This overage in costs was due mainly to additional rock excavation and dewatering requirements that were not foreseen in the original tender call. The Town was responsible for this project.

15. Why has the estimated charge increased so much from earlier correspondence sent to Georgian View Estates residents?

The original correspondence would have estimated a charge for reservoir and sewer trunk works based on the 2005 Background Study. The capital costs for plant charges are indexed annually based on the Canadian Construction Price Index.

16. I am considered a future benefitting property under the sewer by-law. When does the Town anticipate servicing my street?

The current anticipated works schedule for the future benefitting properties is as follows:

- Georgian View Estates – 2009-2010
- Peaks Road – 2010
- Wensley Drive – 2011
- Teskey Drive, Hoover Lane, Gibson Way, Hidden Lake Road, James Street – 5 to 10 years
- Barclay Boulevard, Wards Road, Old Lakeshore Road, Bayview Avenue, Parkway Street, Fieldcrest Court, Lakeshore Road – 10 to 20 years

17. What can I do if I want services earlier?

The Town has a current strategy to service all of the Town within a 20 year period. There are currently more than 25 local servicing projects to complete in that time frame whereby the Town anticipates completing at least one per year. Local residents could make a deputation to Council asking that their project be moved forward in the servicing plan.

18. What can I do if I don't want services on my street?

The Town has a current strategy to service all of the Town within a 20 year period. Before any project would move to construction ready status, Public Information Centres will be held to inform the local residents of the Town's intention and to gauge the desire for services of those property owners affected.

19. What percentage of the residents are required to stop or start a project?

There is no longer a provision in the Municipal Act relating to local servicing projects. It will be the decision of the Council of the day to determine the desire of the residents affected. Unless the Town is required to provide services due to a Ministry of the Environment order, Public Meetings will be held to ensure the project is desired and will benefit the majority of those involved.

C. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government.

D. Environmental Impacts

N/A

E. Budget Impact

N/A

F. Attached

Respectfully submitted,

Signature

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