

COMMITTEE REPORT: FINANCE AND ADMINISTRATION COMMITTEE

MEETING DATE: December 15, 2009
LOCATION: The Blue Mountains Committee Room
PREPARED BY: Stephen Keast, Clerk

A. Recommendations**3. Camperdown Water and Wastewater Capital Charges By-laws, FIS.09.77**

THAT Council receive Staff Report FIS.09.77 "Camperdown Water and Wastewater Capital Charges By-laws" for information purposes;

AND THAT Council direct Staff as to the methodology to use to calculate the rate for each By-law, that being a unit is a unit;

AND THAT Council direct Staff as to the length or repayment period for each By-law, that being six years for water and twenty years for wastewater;

AND THAT Council direct Staff as to the effective date for first financing payment being the due date for the third instalment of 2010 property taxes projected to be August 25, 2010;

AND THAT Council authorize Staff to provide final drafts of the Capital Charge Water and Sewer By-laws for Council passage at the regular scheduled meeting of January 25, 2010.

AND THAT Staff in the intervening period review the fire protection service for any property within 100 metres of a fire hydrant, **Carried.**

STAFF REPORT: Financial & Information Services



REPORT TO: Finance & Administration
MEETING DATE: December 15, 2009
REPORT NO.: FIS.09.77
SUBJECT: Camperdown Water and Wastewater Capital Charges By-laws
PREPARED BY: Darcy Chapman, Capital Accountant

A. Recommendations

THAT Council receive Staff Report FIS.09.77 "Camperdown Water and Wastewater Capital Charges By-laws" for information purposes;

AND THAT Council direct staff as to the methodology to use to calculate the rate for each By-law;

AND THAT Council direct staff as to the length or repayment period for each By-law;

AND THAT Council direct staff as to the effective date for first payment being 2010 or 2011 for each By-law;

AND THAT Council authorize staff to provide final drafts of the Capital Charge Water and Sewer By-laws for Council passage at the regular scheduled meeting of January 11, 2010.

B. Background

The Camperdown Service Area By-Laws have been under construction since early 2009. Public Information Sessions and Public Meetings have been completed as per the required legislation. The Town is now in a position to complete the by-laws for passage in January 2010 to ensure that collection of the charges can be billed to affected residents and the Camperdown Development Group can start to recoup some of the up-fronted capital costs.

In order to finalize the Capital Charge By-Laws for the Camperdown Service Area staff is requesting direction on three outstanding issues.

Methodology Used to Calculate the Rate

The current Town practice when billing capital charges is to establish a single uniform rate and charge each affected property on a unit per unit basis. The chart below, as presented to Council previously, outlines various other alternatives that could possibly be used to assess a charge.

Method of Calculation	Pros	Cons
<p>Determined by Assessment Value and broken into 4 groups</p>	<ul style="list-style-type: none"> • Fair Method of assessing properties assuming those with higher assessment have the potential for larger homes • Assessment information allows for easy access to public information for the calculations and comparisons • Assessment considers size, bathrooms and bedrooms in its formula 	<ul style="list-style-type: none"> • Assessment information can be stale-dated as much as 3 years • Strong possibility of missing assessment changes due to new construction, demolition or requests for reconsiderations • Establishes a 100% charge for vacant lots with no potential consideration for future uses when built on • Charge established provides for a higher cost to 55% of the properties including all vacant and commercial units than as calculated by unit (range of \$1207-\$3888 for water and \$3697-\$11366 for sewer) • Potential to charge large lots and waterfront properties at a higher rate due to assessment of land not size of house
<p>50% Flat Rate & 50% Determined by Assessment Value and broken into 4 groups</p>	<ul style="list-style-type: none"> • Assessment information allows for easy access to public information for the calculations and comparisons • Allows for a smoothing of rate between lowest and highest assessments • Assessment considers size, bathrooms and bedrooms in its formula 	<ul style="list-style-type: none"> • Assessment information can be stale-dated as much as 3 years • Strong possibility of missing assessment changes due to new construction, demolition or requests for reconsiderations • Establishes a 100% charge for vacant lots with no potential consideration for future uses when built on • Charge established provides for a higher cost to 55% of the properties including all vacant and commercial units than as calculated by unit (range of \$1805-\$2526 for water and \$5151-\$8986 for sewer) • Potential to charge large lots and waterfront properties at a higher rate due to assessment of land not size of house

Method of Calculation	Pros	Cons
<p>Weighted Assessment using 60%, 80%, 100% and 120% of average property charge</p>	<ul style="list-style-type: none"> • Assessment information allows for easy access to public information • Allows for a smoothing of rate between lowest and highest assessments • Percentage charge mirrors new Town Wide Development Charges 	<ul style="list-style-type: none"> • Assessment information can be stale-dated as much as 3 years • Strong possibility of missing assessment changes due to new construction, demolition or requests for reconsiderations • Establishes a 100% charge for vacant lots with no potential consideration for future uses when built on • Charge established provides for a higher cost to 55% of the properties including all vacant and commercial units (range of \$1442-\$2884 for water and \$4382-\$8765 for sewer) • No logical basis for establishing weighting other than to mirror Development Charge • Potential to charge large lots and waterfront properties a higher rate due to assessment of land not size of house
<p>Building Size (square footage)</p>	<ul style="list-style-type: none"> • Fair method of assessing properties assuming larger footprint allows for more residents in a single home • Mirrors new Town Wide Development Charges 	<ul style="list-style-type: none"> • Building size is not considered public information by MPAC • Without being able to release building sizes it is very hard to validate the charge on each property to the public • No guarantee the MPAC information is correct, especially on older buildings
<p>Number of Bathrooms</p>	<ul style="list-style-type: none"> • Fairest method of assessing properties with more bathrooms assuming potential for more use of system 	<ul style="list-style-type: none"> • Number of washrooms is not considered public information by MPAC • Without being able to release washrooms in each building it is very hard to validate the charge on each property to the public • No guarantee the MPAC information is correct, especially on older buildings

Lot Frontage	<ul style="list-style-type: none"> • Frontage measurements are readily accessible information • Frontage information is highly accurate information available to the Town with less chance for incorrect data 	<ul style="list-style-type: none"> • Due to the many winding streets and cul-de-sacs in the Town there is no standard lot frontage • Would penalize larger lots with smaller homes • Would provide an unfair advantage to smaller or pie shaped lots with larger homes
Total Lot Size	<ul style="list-style-type: none"> • Total Square feet measurements are readily accessible information • Total square feet measurements are highly accurate information available to the Town with less chance for incorrect data 	<ul style="list-style-type: none"> • Would penalize larger lots with smaller homes • Would provide an unfair advantage to smaller or pie shaped lots with larger homes

Length of Repayment Terms

Staff has also completed an analysis surrounding the current repayment terms of the By-laws to bring forward alternate options for financing arrangements.

The chart below outlines the annual and quarterly repayments if the length of repayment is changed for the Water Capital Charge;

Repayment Length	Annual Repayment	Quarterly Repayment
2 years	\$ 1,085.50	\$ 271.38
3 years	\$ 723.67	\$ 180.92
4 years (original by-law)	\$ 542.75	\$ 135.69
5 years	\$ 434.20	\$ 108.55
6 years	\$ 361.83	\$ 90.46
10 years	\$ 217.10	\$ 54.28

The chart below outlines the annual and quarterly repayments if the length of repayment is changed for the Sewer Capital Charge:

Repayment Length	Annual Repayment	Quarterly Repayment
10 years	\$ 1,423.84	\$ 355.96
15 years	\$ 1,006.48	\$ 251.62
20 years (original By-law)	\$ 800.47	\$ 200.12
25 years	\$ 678.92	\$ 169.73

Deferral of Payment

Council can also defer the payment by an additional year starting January 2011. Since the developers have front-ended the costs, the Town would pay the developer group a sum equal to the total owing for the first year of payments. For the water capital charge the Town's payment to the Developer would be approximately \$379,400. For the waste water capital charge the Town's payment to the Developer would be approximately \$51,700. The Town would ultimately recover its early contribution from the last payment of each lot (year five for water and year 21 for sewer). In this scenario the Town would also defer the payment of the Sewer Plant Capital charge for the first year. It should be noted that the Town would incur some carrying costs to finance the late payment of charges under this option.

C. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government.

D. Environmental Impacts

N/A

E. Budget Impact

As the billing of local improvements are based on actual construction costs and are to be considered as full cost recovery, there is no adverse impact on the current or future budgets.

F. Attached

Respectfully submitted,

Darcy Chapman

For more information, please contact:

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