

STAFF REPORT: Finance & IT Services



REPORT TO: Council
MEETING DATE: July 15, 2013
REPORT NO.: FIT.13.42
SUBJECT: Grey Condominium Corporation No. 28- By-law to undertake private sewage works
PREPARED BY: Renee Ouellette, Financial Accountant

A. Recommendations

THAT Council receive Staff Report FIT.13.42 “Grey Condominium Corporation No. 28 – By-law to undertake private sewage works”; and,

THAT Council enact a “By-law to authorize the undertaking of private sewage works as a local improvement on private property – Grey Condominium Corporation No. 28”; and,

THAT Council authorize Grey Condominium Corporation No. 28 to commence the private sewer works as a Local Improvement project in accordance with section 36.6 of Ontario Regulation 586/06 and provisions of the Financing Agreement.

B. Background

History

At the Council Meeting on February 11, 2013, Council authorized staff to prepare an Agreement with Grey Condominium Corporation No. 28 (GCC 28) and all the Unit Owners, in accordance with Ontario Regulation 586/06. This agreement will permit the Town to raise the cost of undertaking the sewer works as a local improvement on private property by imposing special charges upon all of the units based on the approved financing option.

At the June 17, 2013 Council Meeting, Council authorized staff to prepare a draft By-law (Attachment 1) to undertake the Local Improvement project. Staff has provided the required Public Notice under section 36.6 of Ontario Regulation 586/06. Public Notice included advertisements in the local papers and a draft By-law posted on the Town’s website. To date, no public comments have been received regarding the draft By-law.

At the same meeting, Council also authorized the execution of the Financing Agreement with GCC 28 in the form satisfactory to the Town’s Solicitor and Treasurer. Upon passage of the By-law, the financing agreement will be executed by all 38 unit owners and the Town. The Financing Agreement extends financing up to \$850,000 for related construction, legal and administrative costs.

Current Status

Upon enactment of the proposed By-law, executed Financing Agreement and permit approvals, GCC 28 can begin construction. The Financing Agreement extends up to \$850,000, with an estimated project completion date of November 2013 to allow for the assessment of special charges under Ontario Regulation 586/06 by 2014. Presented below is a timeline of the process required under Ontario Regulation 586/06 to assess special charges for local improvements:

Local Improvement Process	Timeline
Public Notice of intention to pass a By-law to undertake the Local Improvement Servicing project	Completed
Signed Financing Agreement	Completed
Enactment of By-law to undertake work	July 15, 2013
Construction	July – November 2013
Notice and certification of the proposed local improvement roll	Upon completion of the local servicing project with final costs known. (Late 2013 – Early 2014)
Public Notice and Meeting of Intention to pass a special charges By-law	Early 2014
Enactment of a special charges By-law to establish amounts due on each roll and annual payments	Upon certification of the proposed local improvement roll (Early 2014)
Collection of special charges as per approved Financing agreement	Collected on tax installment due dates (June 2014)

C. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government.

D. Environmental Impacts

N/A.

E. Financial Impact

The Financing Agreement extends financing for costs related to GCC 28's internal servicing works. Construction costs for the internal servicing project have been tendered by GCC 28 at \$783,330. The Financing Agreement has extended an upset limit of \$850,000 to include construction costs, the costs of obtaining easements, advertising and administration. GCC 28 will be responsible for administering the construction contract, with the Town advancing payments based on payment certificates. Any costs exceeding \$850,000 will be the responsibility of GCC 28.

In addition, each unit will be responsible for the Trunk Sewer and Plant charges. These charges are typically financed by the Town based on the affordability guidelines. Private owner costs for the septic decommissioning are typically not financed by the Town, and will be the responsibility of each owner at GCC 28.

As illustrated in the Table below, each unit owner within GCC 28 will be responsible for estimated total costs of \$40,224 (\$22,368 + \$11,856 +\$6,000). Financing will be extended for the internal servicing costs of \$22,368 and wastewater infrastructure costs of \$11,856.

Cost Description	Internal Servicing Project Costs	Wastewater Infrastructure Related	Private Owner Costs
Construction Costs – Internal Servicing	\$ 20,614		
	\$ 1,754		
Highway 26 Trunk Sewer Main*		\$ 6,546	
Thornbury Wastewater Treatment Plant*		\$ 5,310	
Septic decommissioning			\$ 6,000
Total Unit Costs	\$ 22,368	\$ 1,856	\$ 6,000
Number of Units	38	38	38
Total Costs	\$ 850,000	\$ 450,528	\$ 228,000
Financing Request – Internal Servicing	\$ 850,000		

*** Costs are traditionally financed by the Town Capital Charge By-Law**

In order to provide financing to GCC 28, the Town will have to apply for financing from Infrastructure Ontario in order to raise the funds. The Town would draw up an agreement and a Special Charges By-law, as required by the Regulation, which would apply an equal special charge to each unit in GCC 28, subject to the financing option selected by the unit owner. The Town would then complete the administrative and legal work required for a loan application to Infrastructure Ontario.

Total financing requested is an amount up to \$850,000 for the estimate of construction and other related costs of internal works on GCC 28 lands. This will increase the Town's 2013 debt to about \$7.1 million. There is adequate debt capacity today for this financing.

Estimated annual repayments for the internal servicing costs are provided in the table below, based on an upset cost of \$850,000 and the approved financing options to be extended to unit owners. The prevailing Town borrowing rates as provided by

Infrastructure Ontario (see website <http://www.infrastructureontario.ca>) are 3.62% over 15 years or 3.89% over 20 years.

Internal Servicing – Estimated Annual Repayments		
15 years @ 3.62% + 1%	=	\$ 2,100
20 years @ 3.89% + 1%	=	\$ 1,780

F. In Consultation With

Robert Cummings, Director of Finance & IT Services
Ruth Prince, Manager of Revenue
John Metras, Town Solicitor

G. Attached

Attachment 1 – By-law to undertake private sewage works

Respectfully submitted,

Renee Ouellette, CMA
Financial Accountant

Robert Cummings, CMA
Director of Finance & IT Services

For more information, please contact:

Renee Ouellette
rouellette@thebluemountains.ca
519-599-3131 x250

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

By-law No. 2013-

Being a by-law to authorize the undertaking of private sewage works as a local improvement on private property – Grey Condominium Corporation No. 28

WHEREAS Part XII of the Act and the Regulation enables a municipality to undertake local improvements on private property by agreement;

AND WHEREAS the Corporation and all of the Unit Owners have made an application to the Town for the Town to undertake the private sewage works as a local improvement on private property;

AND WHEREAS the Town has agreed to undertake the private sewage works as a local improvement on private property and to provide financing for the installation costs of the private sewage works in accordance with the provisions of an agreement between the Corporation, the Town and the Unit Owners made pursuant to section 36.2 of the Regulation;

AND WHEREAS the Regulation provides that the Town may raise the cost of undertaking the private sewage works as a local improvement on private property by imposing special charges on all of the units and that the special charges imposed in accordance with the Regulation have priority lien status as described in Section 1 of the Act;

AND WHEREAS the Corporation, the Town and the Unit Owners have entered into an agreement in accordance with section 36.2 of the Regulation and the Town Clerk has certified this agreement as sufficient in accordance with section 36.4 of the Regulation;

AND WHEREAS the Town has given public notice of its intention to pass this by-law in accordance with section 36.6 of the Regulation;

NOW THEREFORE the Council of The Corporation of the Town of The Blue Mountains hereby enacts as follows:

1. In this By-law, including the recitals thereto:

“Act” means the Municipal Act, 2001, as amended;

“agreement” means the agreement between the Corporation, the Town and the Unit Owners made pursuant to section 36.2 of the Regulation certified by the Town Clerk as sufficient in accordance with section 36.4 of the Regulation;

“Corporation” means Grey Condominium Corporation No. 28 consisting of thirty eight (38) units and the common elements all as described in the condominium declaration for the Corporation registered in the Grey Registry Office No. 16 as Instrument No. 287715;

“Council” means the council of the Town;

“private property” means all of the units and the common elements of the Corporation;

“private sewage works” means the sewage works described in Building Permit No. PRSS20120000434 issued by the Town for the installation of the private sewage works which includes the plans, specifications and drawings and any other information on the basis of which the permit was issued;

“Regulation” means Ontario Regulation 586/06, as amended;

“Town” means The Corporation of the Town of The Blue Mountains;

“Treasurer” means the person appointed by Council, as the Treasurer for the Town or his designate;

“unit” means a unit described in the condominium declaration for the Corporation;

“Unit Owner” means the registered owner of an estate in fee simple of a unit;

Unless the context otherwise requires in this By-law, words importing the singular include the plural and vice versa and words importing gender includes all genders.

2. The Council hereby authorizes the property sewage works to be undertaken as a local improvement on private property in accordance with the provisions of the Regulation and the agreement at an estimated installation cost of \$795,000.
3. The installation costs of the private sewage works shall be raised by imposing special charges on all of the units by a special charges by-law passed pursuant to section 36.14 of the Regulation and the special charges shall be paid by the Unit Owners in the manner set out in the agreement and the special charges by-law.
4. The special charges imposed by the special charges by-law shall have priority lien status as described in Section 1 of the Act.
5. This By-law shall be administered by the Treasurer.
6. This By-law shall come into force and take effect upon the enactment thereof.

ENACTED AND PASSED this 15th day of July, 2013

The Corporation of the Town of The Blue Mountains

.....
Ellen Anderson, Mayor

.....
Corrina Giles, Clerk