

The Corporation of the City of Kawartha Lakes

Council Report

Report Number WWW2017-005

Date: July 11, 2017
Time: 2:00 p.m.
Place: Council Chambers

Ward Community Identifier: All

Subject: Mandatory Connection Compliance and User Rate Cost Recovery

Author Name and Title: Amber Hayter, Supervisor, Water & Wastewater Operations

Recommendation(s):

RESOLVED THAT Report WWW2017-005, Mandatory Connection Compliance and User Rate Cost Recovery, be received; and

THAT staff be directed to prepare the necessary amendments to By-Law 2014-255 "A By-Law To Require Owners Of Buildings To Connect Such Buildings To Drinking Water Systems And/Or Wastewater Collection Systems In The City Of Kawartha Lakes" to begin charging qualifying properties the Fixed Rate and Capital Levy for Water and/or Sewer as per By-law 2011-260 following three (3) months' written notice.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

The Water & Wastewater Division continually strives to find efficiencies, cost saving measures and alternative revenue sources to bring the City's twenty-one (21) drinking water systems and six (6) wastewater systems closer to financial sustainability. Most of these systems do not generate enough revenue to cover all of the operating costs and are therefore not financially sustainable on their own.

Historically, it has been recognized that there are a number of properties located throughout the City within the settlement/servicing boundaries of various communities that have the ability to be connected to a municipal water and/or wastewater system. In April 2005, the City adopted By-law 2005-75 titled "A By-Law to Require Owners of Buildings to Connect such Buildings to Water Works and Wastewater Works in the City of Kawartha Lakes".

Additional revenue, through full community servicing, will help lower the average overall cost to property owners paying for municipal water and wastewater services by ensuring servicing costs are shared equally among those who benefit from the infrastructure available.

In 2014, as part of a Lean Six Sigma Black Belt project this original by-law for mandatory connection was reviewed in detail. There were a number of gaps identified in the original by-law that restricted the ability of Staff to maximize user connections and lacked the ability to enforce compliance of the by-law. On September 9, 2014, By-Law 2014-255 "A By-Law To Require Owners Of Buildings To Connect Such Buildings To Drinking Water Systems And/Or Wastewater Collection Systems In The City of Kawartha Lakes", herein referred to as the "Mandatory Connection By-Law", was updated and adopted by Council.

Led by the City's Initiative Management division, staff organized a pilot project in Fenelon Falls to strategically phase in the implementation and enforcement of the by-law. During the initial phases of the pilot project, a survey was completed that identified approximately thirty (30) properties that were serviced by private water and/or septic systems and which fronted municipal water mains and/or sewer mains connected to the Fenelon Falls Drinking Water System and Wastewater System. Due to existing capacity restrictions to the Fenelon Fall's Wastewater System, the scope was narrowed further to identify properties with only municipal water available.

In addition to the properties captured in the pilot project in Fenelon Falls, properties for which an application is made through the development process or building permit process (ie. Septic system approval) are required to comply with the Mandatory Connection By-law.

As part of the pilot project in Fenelon Falls twenty-five (25) properties were provided notice on May 26, 2016 to connect to the municipal water system no

later than November 26, 2017, eighteen (18) months from date of notice. If residents don't comply, they may be subject to fines.

On November 22, 2016, a group of approximately fifteen (15) property owners, represented by one resident, presented a deputation to Council seeking an exemption to the mandatory connection requirements for municipal water services. In response to the deputation and some discussion by Council the following resolution was adopted:

10.1.3 CC2016-34.10.1.3

Councillor Doug Elmslie

Mandatory Hook Up - Properties along County Road 121, Fenelon Falls

CR2016-1147

Moved By Councillor Breadner

Seconded By Councillor Yeo

RESOLVED THAT the memo from Councillor Elmslie regarding **Mandatory Hook Up – Properties along County Road 121**, be received; **THAT** the matter be forwarded to staff for review and report back in the first quarter of 2017; and **THAT** the mandatory deadline for properties along County Road 121 to connect to municipal water services be extended by three months.

CARRIED

Prior to the deputation received in November, 2016 by the fifteen (15) residents along County Rd. 121, Council had already received and approved exemptions from the By-law for two other properties that were subject to the requirements of the Mandatory Connection By-law.

One property, also located on County Rd. 121, was granted an exemption by Council from the by-law because although the property fronted a municipal water main, the actual foot print of the residence building was located outside of the Fenelon Falls urban settlement area. The following resolution was adopted by Council for this exemption request:

10.3.15 WWW2016-007

David Kerr, Manager, Environmental Services

Exemption Request to By-law 2014-255 (Mandatory Connection)

CR2016-752

RESOLVED THAT Report WWW2016-007, **Exemption Request to By-Law 2014-255 (Mandatory Connection)**, be received; and **THAT** an exemption from By-Law 2014-255, A By-Law to Require Owners

of Buildings To Connect Such Buildings To Drinking Water Systems and/or Wastewater Collection Systems in The City of Kawartha Lakes, requested by the property owner of 765 County Rd 121, Fenelon Falls (Property Tax Assessment Roll No. 1651-210-06007700.0000) on the grounds that the foot print of the residence building is outside of the Fenelon Falls urban settlement area be approved, with acknowledgement that any future development on this property within the urban settlement boundary will require connection to full municipal services.

CARRIED

The second exemption request was for a property located in Bobcaygeon whereby the existing septic system located at 46 Boyd Street was failing. Although the property owner was only seeking for exemption from wastewater servicing at the time, in order to avoid future confusion, both water and sewer were reviewed at the same time. The property presented many unique complexities for connection to the municipal water main and sewer main, and the owner presented additional details and rationale to support the exemption. Council adopted the following resolution below granting an exemption to the Mandatory Connection By-law:

10.3.1 WWW2016-008

David Kerr, Manager, Environmental Services
Request for Exemption from Mandatory Connection By-law 2014-255, 46 Boyd Street, Bobcaygeon

CR2016-952

Moved By Councillor Seymour-Fagan

Seconded By Councillor Junkin

RESOLVED THAT Report WWW2016-008, **Request for Exemption from Mandatory Connection By-Law 2014-255, 46 Boyd St, Bobcaygeon**, be received;

THAT the request for exemption from the requirement to connect to municipal water and sewer under the Mandatory Connection By-Law 2014-255 for 46 Boyd Street, Bobcaygeon, based on the unique circumstances of this situation for the existing development on the property, be approved;

THAT the 5/8" to 3/4" Meter Size Fixed Rate and Capital Levy for Water and Wastewater services in the Water and Wastewater Services By-law 2011-260, and any applicable administration fees, be applied to 46 Boyd Street to commence immediately; and

THAT effective the date the property known as 46 Boyd Street, Bobcaygeon, receives approval for more intensive uses under the

Planning Act, the exemption to connect municipal water and sewer is no longer valid and the fees revert to all applicable fees and charges.

CARRIED

Excluding the properties that have been granted exemptions by Council (reviewed above), all other properties have been provided a twelve (12) month notice and a six (6) month notice. To date there has only been one property on Wychwood Cres that has connected and a second property has gone through the serviceability process, but has not yet made payment or been connected.

Rationale:

As a result of the passing of the “Mandatory Connection By-law”, property owners are required to connect to municipal water and sewer infrastructure if available and pay for the required connections from the water and/or sewer mains to their private residence or building.

There are currently approximately 160 properties throughout the City that have buildings that are located on properties fronting a municipal right-of-way containing a municipal water and/or sewer mains. Due to the large number of properties, the City's various departments involved in the connection process do not have adequate resources to administer the immediate implementation of connecting to the water and/or sewer mains. The implementation therefore is being completed in a phased-in approach. Currently, the pilot program for Fenelon Falls is in its final stages. Following completion of the pilot the internal stakeholders involved in the process will review the pilot program and update any processes deemed necessary. The full implementation may take many years to complete.

It is realized the properties adjacent to but not connected to the existing water and/or sewer mains are currently benefitting from the infrastructure available to them with increased property values and in some cases readily accessible fire protection. Those properties within areas which are fire rated receive reduced insurance premiums. In addition the owners have a readily available source of safe and reliable drinking water. Although these properties are benefitting from the services available to them, they are not contributing financially to the operations, maintenance, or capital renewal of the infrastructure.

Amending the current “Mandatory Connection By-law” to allow staff to provide a three (3) month notice to all those benefitting properties (included in Appendix A) and begin charging them the applicable Fix Rate and Capital Levy for Water and/or Sewer as set out in By-law 2011-260 at the expiry of the notice would result in approximately \$62,784 of additional revenue to the Water and Wastewater User Rate budget annually. This revenue would help reduce the financial pressures on the current users, would offset any required increase to

the user rates and would support Council's initiative to make our municipal systems financially sustainable.

Staff will continue to implement the requirements of the By-Law, but residents can connect their property at any time to the municipal infrastructure prior to receiving their notice to connect.

Council should be aware in addition to the developed properties there are also approximately 500 undeveloped properties with municipal servicing available. Those properties are also benefitting from the installation of this infrastructure in form of increased property value and availability of safe, reliable drinking water. There is no current mechanism to collect fees from benefitting vacant lands, however when developed those properties will be subject to the mandatory connection By-Law.

Other Alternatives Considered:

If Council decides not to accept the proposed resolution directing staff to make any necessary amendments to the mandatory connection By-Law, staff will continue with the implementation of the Mandatory Connection Program as originally planned.

The program will involve phasing the implementation of the Mandatory Connection By-law and will take many years to complete.

Financial/Operation Impacts:

There are approximately 160 properties within the City that front along a municipal right-of-way that has municipal water and/or sewer infrastructure available. Of the 160 properties, 94 have only municipal water available to them and 31 have only municipal sewer available to them. The remaining 35 properties have both water and sewer available. Below is a summary of the estimated additional monthly revenue that would be received if the Mandatory Connection By-law is amended as recommended. These estimates are based on the fees included as Schedule B to By-law 2011-260 "Water and Wastewater Services in the City of Kawartha Lakes" for a 5/8" – 3/4" meter size.

Because the properties are currently not serviced it is unknown what the actual size of water meter they would require. Once properties are serviced they would be billed according to the meter size they install.

Estimated Monthly Revenue			
Water Fixed Rate	Water Capital Levy	Sewer Fixed Rate	Sewer Capital Levy
\$2668	\$871	\$1284	\$410

The total estimated monthly revenue to the Water & Wastewater Budget would be \$5,232.00 per month, which is \$62,784 per year. This equals about 0.3% of the total User Rate Budget.

The annual cost to residents would be \$329.16 for water and \$307.80 for sewer, based on the 2017 rates. If a property is serviceable by both there would be a charge of \$636.96 for the year. Once connected the property owner would also be responsible for the consumption portion of the rates.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

Both recommendations are consistent with the Council Adopted Strategic Plan. Specifically, the recommendations ensure that Goal1, a Vibrant and Growing Economy, is met through the proper servicing and collection of appropriate user fees to fund the maintenance, capacity and growth of the municipal water and wastewater systems. The recommendations will also ensure that Goal Three (3), a Healthy Environment, will be met by ensuring that the necessary funds are in place to sustain water and wastewater infrastructure necessary to protect the health of the Environment.

Consultations:

Corporate Services

Attachments:

Appendix A – List of developed properties subject to Mandatory Connection



Appendix A -
Mandatory Connection

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Department Head: Bryan Robinson