

The Corporation of the City of Kawartha Lakes

Council Report

Report Number WWW2018-008

Date: September 25, 2018

Time: 2:00 p.m.

Place: Council Chambers

Ward Community Identifier: All

Title: Water Wastewater Service Connection Strategy

Author and Title: David Kerr, Manager, Environmental Services

Recommendation(s):

RESOLVED THAT Report **WWW2018-008, Water Wastewater Service Connection Strategy**, 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 require property owners who meet requirements of mandatory connection process to connect to available municipal water and/or wastewater services upon failure of their private infrastructure.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

The City of Kawartha Lakes (CKL) has 21 drinking water systems and 6 wastewater systems. The majority of these systems do not generate enough revenue to cover the operating costs required to run the systems. In an effort to make the systems more financially sustainable CKL adopted By-Law 2005-75 “A By-Law to Require Owners of Buildings to Connect such Buildings to Water Works and Wastewater Works in the City of Kawartha Lakes” on April 12, 2005. The general intent of the by-law was to ensure that the City adequately captured and maximized the number of potential connections to municipal water and wastewater services.

With the exception of properties in Oakwood being connected to and serviced by the expanded Lindsay Drinking Water System infrastructure, By-law 2005-75 was not actively enforced within other regions of CKL as staff had restricted powers of enforcement due to gaps in the by-law wording. A number of the definitions were ambiguous, powers of entry were not included, and the penalties for non-compliance were inadequate. As part of the Lean Six Sigma Black Belt project, the by-law was reviewed in 2014 by staff in multiple departments (Office of Strategy Management, Public Works, Engineering and Corporate Assets, Property & Building, Revenue & Taxation and Municipal Law Enforcement) to determine if it could be improved upon. A number of informational gaps were identified within. Due to the extent of the proposed improvements, a new by-law was adopted by Council on Sept 9, 2014 to address the identified deficiencies. The By-law was adopted as 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”, referred to as the “Mandatory Connection by-law”.

As a result of the large number of properties required to connect, the City’s various departments did not have the necessary resources to administer the immediate connection of all eligible users. City staff organized a pilot project in Fenelon Falls to strategically phase in the connection of properties to the municipal systems before implementing the policy into the rest of CKL. During the initial phase of the pilot project, a survey was completed that identified 36 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. Eleven (11) of the 36 properties were removed from the pilot due to restrictions on wastewater capacity at the time, leaving 25 properties that formed the pilot study.

During the pilot study over the course of 2016 and 2017, Council made several decisions to conditionally exempt properties from the requirements to connect to a municipal system in Fenelon Falls. This led to 22 of the eligible properties becoming exempted from the connection process until such time as both Water and Wastewater services becomes available to the properties. Of the three remaining properties, two have complied with the by-law and connected, and the final property is currently with by-law enforcement due to non-compliance.

The properties were conditionally exempted by Council through the following resolutions:

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

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

10.1.3 CC2017-20.10.1.3

Doug Elmslie, Councillor
Memorandum
Exemption for Mandatory Hook Up

CR2017-635

RESOLVED THAT the memorandum from Councillor Elmslie dated July 11, 2017 regarding Exemption for Mandatory Hook Up, be received;
THAT the exemption request to the Mandatory Connection By-law 2014-255 for 118 Clifton Street , 67 Wychwood Crescent, 71 Wychwood Crescent and 79 Wychwood Crescent, Fenelon Falls, be approved;
THAT the Fixed Rate and Capital Levy to properties along County Rd. 121, between Clifton St. and Northline Rd. to commence immediately as part of this decision, be applied; and
THAT the exemption remains in effect until such time as both municipal water and sanitary servicing is available in accordance with the Mandatory Connection By-law.

CARRIED

10.1.1 CC2017-29.10.1.1

Doug Elmslie, Councillor
Exemption from Mandatory Hook Up

CR2017-904

RESOLVED THAT the memorandum from Councillor Elmslie dated October 24, 2017 regarding Exemption for Mandatory Hook Up be received;
THAT the exemption request to the Mandatory Connection By-law 2014-75 Wychwood Crescent , Fenelon Falls, be approved; and
THAT the Fixed Rate and Capital Levy to the property, 75 Wychwood Crescent , Fenelon Falls, commence immediately.

CARRIED

The properties that were granted conditional exemption to connect were still expected to pay for the capital and fixed rate portion of the user rates (now combined as fixed rate). The properties are receiving the benefits from the services available to them such as increased property values, reduced insurance rates for fire protection, and a guaranteed safe drinking water source. As a result of the exemption decisions, the by-law was amended in September 2017 to charge those properties that meet the requirements of the mandatory connection by-law the Fixed Rate and Capital Levy charges (now combined as Fixed Rate) prior to connection as their properties were receiving the same benefit as those identified in the Fenelon Pilot. The amendment allowed the Water and Wastewater Division to collect revenue to help reduce the financial pressures on the current users, help offset any required increase to the user rates and also aid in supporting Council's initiative to make our municipal systems financially sustainable.

As the pilot project in Fenelon Falls has reached its conclusion it is important for Council and staff to review the project results. The goal is to determine if any potential changes are required to increase the effectiveness of the program before the phased in implementation occurs with the remaining properties eligible to connect to the municipal water/wastewater services in CKL. That is why at the Council Meeting on April 24, 2018, Council adopted the following resolution:

THAT Staff be directed to provide a report updating Council on the results of the Pilot Project for Mandatory Connections in Fenelon Falls and a review of alternatives for addressing physical connection requirements outlined in By-Law 2014-255; and

THAT Staff report to Council no later than the end of Q3, 2018.

CR2018-233

This report addresses that direction. As well this is summarized in a slide show that was presented to Council on September 18, 2018 and is attached as Appendix A

Rationale:

The purpose of the pilot study in Fenelon Falls was for staff to review and improve the program outlined in the by-law before widespread implementation within the rest of CKL. Of the eligible properties under the pilot project 92% were granted a conditional exemption from the by-law through four separate Council reports, potentially indicating that the program as is, is not as effective as it could be. Staff believes amending the by-law to require qualifying properties to connect to available municipal water and/or wastewater services when their private infrastructure (private wells or septic systems) fails would be the most efficient way to increase the overall effectiveness of the program moving forward. This

amendment would be the most beneficial for the residents that meet the criteria to connect to municipal services as well as City staff in the following ways:

- One of the largest concerns by the residents of the eligible properties is the financial pressure associated with the process to connect. The requirement to connect at time of private system failure makes the most logical sense because the property owner will already be required to make a financial investment whether it is towards a new private system or connecting to the municipal services available to them;
- The CKL would still collect the Fixed Rate portion of the user fees from qualifying properties to ensure that each property is contributing towards the base costs associated with the maintenance and replacement of the existing infrastructure, significantly aiding the financial sustainability of the systems within CKL; and
- Time and resources pressures on departments from Engineering, Water & Wastewater, Building and Municipal Law Enforcement will be reduced as there would be no need for continuation of the connection pilot program.

Challenges with this recommendation could be ensuring that property owners are conforming with the by-law when their private system does fail. Septic systems will be identified through Building Services as the property owner must obtain a permit for a new septic system. There is currently no permitting process for new drinking water wells, which would require the City to rely on the property owners to notify staff of the plan for a new system. This risk can be reduced through public awareness and education initiatives such as including material on the City's website and providing information packages to properties that meet the requirements for the mandatory connection process. This option has the least financial impact on residents and is also manageable with current departmental resources without effecting other day to day obligations.

It is noted that in the recommended option and both alternatives identified in the report, staff are recommending that the City continue to collect the Fixed Rate from properties that qualify under the definition in the by-law. This solution adopted by Council provides the required resident contribution to the water and wastewater systems to help drive sustainability of the water and wastewater systems.

Other Alternatives Considered:

Alternative 1: Status Quo

The first alternative considered would be if Council decides not to accept the proposed resolution to make the necessary amendment to the Mandatory Connection By-law. Staff would continue with the implementation of the program as originally piloted with the remaining properties in CKL. Notices will be provided to approximately 25-30 properties at a time. It is expected that this

option will be the least favourable to CKL residents and places the most pressures on staff time and resources.

Council will likely continue to receive multiple requests for conditional exemptions from eligible properties, requiring additional time for staff to prepare the Council reports as well as Council's time required to review the requests. The Public Works Department has received multiple requests for exemptions to connect from properties within CKL but has informed the property owners to hold off until such time that this report could be reviewed by Council and any potential decisions that could result in amendments to the by-law.

Residents would still only be granted 18 months from time of notification to connect if either municipal service is available to them, giving the owners the least amount of time to prepare for the potential financial encumbrance of the three options listed in this report.

Alternative 2: Extended Timeframe for Connection

The mandatory connection process would continue in place as is, however the current 18 month timeframe given to properties to comply would be extended to 36 months. The pressures on staff resources and requests for exemptions would be relatively consistent; however, a longer time period would allow residents more time to obtain the required quotes and to have construction completed. The longer timeframe would also assist in making sure the appropriate finances are put in place by the residents, placing less pressure financially on them. This option will also require additional staff time to prepare reports to Council as Council will still receive multiple requests for exemption.

Financial/Operation Impacts:

Based on the 2018 rates and assuming it is a standard water service size, the annual fixed rate cost for water services will be \$349.20 and \$331.56 for sewer. If a qualifying building is serviceable by both the total cost for both services is \$680.76. Once connected to the services, the property owner would also be responsible for the consumption portion of the user rates.

There are approximately 140 properties within the City that front along a municipal right of way that has municipal water and/or sewer infrastructure available. Of the 140 properties, 85 have only municipal water available to them, 27 have only municipal sewer available, while both water and sewer are available to the remaining 28 properties. The estimated additional revenue to the Water & Wastewater Budget will be ~ \$57,695.40 based on the 2018 rates in Schedule A of By-Law 2018-039 and assuming each residential property uses a standard 5/8-3/4" sized meter.

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

The recommendation to Council is consistent with the Council Adopted Strategic Plan in several ways:

Goal 1 “Vibrant and Growing Economy” – will be 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.

Goal 3 “Healthy Environment” - will be met through community preparedness by ensuring that the necessary funds are secured in order to sustain water and wastewater infrastructure necessary to protect and prevent any adverse impacts towards the environment.

Enabler 3 “Municipal Service Excellence” – E3.3 Service Excellence – E3.3.1 – Review and adopt best municipal practices (and continue to review operational efficiencies using lean methodology).

This Report is also in line with the City’s values, specifically continuous improvement and excellence, as this amendment will aid in sustainability of the municipal drinking water systems and wastewater systems as well as provide excellent, efficient, and safe services for the public of Kawartha Lakes.

Servicing Implications:

The above recommendations will continue to fund the maintenance of existing water and wastewater infrastructure and accounts for the municipal services available to property owners. This recommendation is consistent with the 2014 Provincial Policy Statement under the *Planning Act, 1990*. The Policy highlights the preference for municipal water and wastewater services for servicing settlement areas while emphasizing the efficient use and optimization of existing municipal services.

Consultations:

Director of Public Works, Public Works
Supervisor of Water and Wastewater Operations, Public Works
Other municipalities within Ontario

Attachments:

Appendix A-



Water Wastewater
Service Connection S

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Department Head: Bryan Robinson