

# **The Corporation of the City of Kawartha Lakes**

## **Committee of the Whole Report**

**Report Number WWW2020-003**

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**Meeting Date:** March 10, 2020

**Title:** Water and Wastewater Services Costing Review

**Description:** Costing review for the installation of laterals from municipal infrastructure to the property line for properties required to connect to municipal services.

**Ward Number:** All

**Author and Title:** Robert MacPherson, Water and Wastewater Technician

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### **Recommendation(s):**

**That** Report WWW2020-003, Water and Wastewater Services Costing Review, be received; and

**That** this recommendation be brought forward to Council for consideration at the next Regular Council Meeting.

**Department Head:** \_\_\_\_\_

**Financial/Legal/HR/Other:** \_\_\_\_\_

**Chief Administrative Officer:** \_\_\_\_\_

## **Background:**

Over the last three years 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”, known as the “Mandatory Connection By-law” has been reviewed by Council through various reports and presentations (Reports WWW2019-003, WWW2019-007, WWW2019-011, WWW2018-008, WWW2018-010, WWW2017-009, and WWW2017-005). Through this process the by-law has undergone a number of modifications.

One of the changes adopted by Council is to have properties that qualify under the by-law connect at the time of failure of their private infrastructure (drinking water well and/or septic system). This adjustment was to accommodate residents with a more manageable approach. Although these properties have been granted a reprieve from the original 18-month time line to connect to municipal services, they are still required to pay a fixed Mandatory Connect Fee in lieu of the regular Water and/or Sewer Fixed Rate. This Mandatory Connect Fee is used towards the maintenance and replacement of the infrastructure available to their properties, but at a reduced rate, recognizing that they are not receiving an equal amount of benefits to those already connected.

At the Regular Council Meeting on September 24, 2019, Council directed staff to implement a fee for the property owners that meet the requirements for mandatory connection but have not yet connected in the amount of \$200 per year for water and \$200 per year for wastewater services available to their specific property.

### **CR2019-541**

Moved by Deputy Mayor Elmslie

Seconded by Councillor O'Reilly

**That** Report WWW2019-007, **Requirement to Connect to Municipal Services Review**, be received;

**That** Alternative 1 outlined within Report WWW2019-007 be endorsed;

**That** staff be directed to prepare the necessary amendment to By-law 2014-255, being the Mandatory Connection By-law, to reflect Alternative 1 within Report WWW2019-007; and

**That** staff be directed to prepare an amendment to By-law 2018-039, being the by-law to Regulate Water and Wastewater Services, to require property owners who meet the requirements for mandatory connection to

pay a fixed rate of \$50.00 per quarter for water services and \$50.00 per quarter for wastewater services; and

**That** the revised fee structure be implemented effective January 1, 2020

**Carried**

At the time of this amendment Council directed staff to conduct a cost review and budget implications on the feasibility of the City paying for and installing water and wastewater infrastructure up to the property line for the properties currently paying the special fixed rate.

#### **CR2019-542**

**Moved** by Councillor Veale

**Seconded** by Deputy Mayor Elmslie

**That** staff be directed to bring forward a costing report by end of Q1 2020 to assess the costs associated with the City installing water and wastewater infrastructure to the property lines for those properties required to connect under the Mandatory Connection By-law.

**Carried**

This report addresses that direction.

#### **Rationale:**

The City assuming fiscal responsibility for installation of water and sewer infrastructure to property lines for those properties required to connect to City services through Mandatory Connection will vary significantly for each property connecting. Cost factors that can influence the price include:

- Location and size of the of watermain in right of way
- Road profile and surface type (urban, rural, sidewalk, presence of curb)
- Depth of main infrastructure (possible rock excavation, dewatering requirements)
- Time of year (winter work can impact completion of road restoration; road cuts are to be maintained until restoration completed)
- Amount of services being installed at once (water, sewer, both, number of homes in a row along the street)

Taking into account these factors, the average price range quoted by local vendors for installation of water and sanitary sewer infrastructure to the property line from existing mains within the road allowance is \$10,000 to \$15,000 per service (averaged to \$12,500). Using this average estimated cost, for the 134

properties that currently have access to municipal services this represents a cost of \$2,025,000. This amount is based on 106 single service properties and 28 properties with access to both water and wastewater services. A further breakdown can be reviewed in the Financial Impacts section of this report.

There are also approximately 500 undeveloped properties that will meet the requirement of the Mandatory Connect By-law to connect to municipal services once developed. Some of these properties have significant subdivision potential. The estimate provided below is only based on approximately 500 of properties as they currently sit, and does not factor in the potential for properties being subdivided to accommodate large subdivisions. The estimated cost below would increase exponentially as properties begin to subdivide and develop. The cost to install infrastructure to the property line for the ~500 properties represents an additional \$5,000,000 to \$10,000,000 (averaged to \$7,500,000) based on services available to them at the time of development. This cost must also be accounted for if the precedence is set for the properties currently required to connect.

As mentioned in a previous report, Section 106 of the Ontario *Municipal Act, 2001* specifically prohibits the municipality from directly or indirectly assisting industrial, commercial, and institutional properties through “Bonusing” (authorizing the usage of tax payer dollars to “...provide a business an exemption, a charge or a levy”).

The City’s mandatory connection process is consistent with most other Ontario based municipalities, as they all base their current practices on *The Planning Act, 1990* and *2014 Provincial Policy Statement* emphasizing efficient use and optimization of existing municipal services. The by-law meets this effort in a reliable and practical manner for the residents to contribute their fair share of the cost to maintain and optimize the municipal water and wastewater services, while still protecting the environment for current and future generations residing in Kawartha Lakes.

Staff does not recommend subsidizing the cost of connection as it would place an unfair burden on the rest of the users as none of the other ~ 24,000 municipal service users received this selective subsidy to extend the infrastructure to their property line.

### **Other Alternatives Considered:**

There are no other alternatives to consider. This report was created with the purpose to review the feasibility and potential of the City to absorb costs associated with installing water and sewer laterals up to the property line for the properties currently required to connect to municipal services.

## **Financial/Operation Impacts:**

Based on the average estimated cost of \$12,500 for service lateral installation on developed roads, the expected cost for the 134 properties that currently meet the requirements of the Mandatory Connection By-law to have services brought to their property line is \$2,025,000. The recently implemented Mandatory Connect Fee of \$200/year per service represents an annual revenue of \$32,400 from the 134 properties, or 1.6% of the cost required to run the services to the property line. If we were to assume their current private infrastructure lasts for another 10 years, \$324,000 will have been collected in total revenue from these properties to offset the initial cost of installation; leaving \$1,701,000 in remaining expenses to be paid for by the remaining users contributions.

If the same timeline of 10 years is followed the Division will need to budget an additional \$170,000 per year to have the reserve required for this project. This does not take into account the 500 undeveloped properties within Kawartha Lakes that will be eligible to connect to services once developed. If Council subsidizes the cost for those currently required to connect, an additional \$7,500,000 will need to be accounted for to apply the by-law in a uniform and consistent manner moving forward.

If Council does decide to pay for the laterals for the 134 properties, the remaining ~ 13,000 water users and 11,000 wastewater users Fixed Rate charges will increase by a minimum of \$7.08 annually per service. If the 500 undeveloped properties are also included in this reserve, the price rises to \$38.33 annually per service over the same 10-year span.

## **Relationship of Recommendation(s) To The 2020-2023 Strategic Plan:**

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

“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.

“Good Government” – will be met through increasing the efficiency and effectiveness of service delivery by streamlining rate adjustments within the by-law and ensuring that the municipal assets are well maintained and managed.

This Report is also in line with the City’s values as it reviews and analyzes the sustainability of the municipal drinking water systems and wastewater systems in an transparent and accountable way.

## **Consultations:**

Director of Public Works, Public Works,

Supervisor, Water and Wastewater Operations, Public Works

Manager, Programs and Research, Institute on Municipal Finance & Governance

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**Department Head: Bryan Robinson**