

**To:** COUNCIL

**Meeting Date:** 5/30/2023

**Subject:** **Blenheim Road Local Improvement - Sanitary Servicing Extension**

**Submitted By:** Kevin De Leebeeck, Director of Engineering

**Prepared By:** Jamie Croft, Manager of Infrastructure Engineering

**Report No.:** 23-226-CD

**File No.:** A/00514-30

**Wards Affected:** Ward 5

### **RECOMMENDATION(S):**

THAT Report 23-226-CD Blenheim Road Local Improvement - Sanitary Servicing Extension be received;

AND THAT Council direct staff to notify impacted property owners of the City's intention to proceed with Local Improvement Charges Option 2 for the extension of municipal sanitary sewer on Blenheim Road in accordance with the Ontario Regulation 586/06;

AND FURTHER THAT Council authorizes the Director of Engineer to issue a separate Notice pursuant to Mandatory Connection By-law 6-13 upon substantial completion of the project.

### **EXECUTIVE SUMMARY:**

#### **Purpose**

- Staff are seeking Council authorization to proceed with Local Improvement Charges for the extension of sanitary sewer on Blenheim Road.

#### **Key Findings**

- The City will be proceeding with the reconstruction of Blenheim Road (Devils Creek to Mount view Cemetery) in 2024, subject to budget approval.
- There are currently nine (9) properties between 134 and 160 Blenheim Road which are not serviced by municipal sanitary sewer.

- Local improvement charges are being proposed to fund the sanitary sewer extension to lots which are not currently serviced by municipal sanitary sewer.

### **Financial Implications**

- The estimated cost of sanitary sewer extension on Blenheim Road is \$300,000.
- Recommended Option 2 would recover an estimated \$180,000 through local improvement charges paid by benefiting property owners. The remaining estimated \$120,000 of funding would be required from the City's wastewater reserves.

### **STRATEGIC ALIGNMENT:**

- ☐ Strategic Action; or  
☒ Core Service

**Objective(s):** Not Applicable

**Strategic Action:** Not Applicable

**Program:** Wastewater

**Core Service:** Wastewater Network Maintenance

The City provides reliable and environmentally responsible wastewater conveyance through a network of over 538km of sanitary sewers. Within an urban environment it is in the best interest of the public to have municipal sewage service for the protection of human health, safety, and the environment.

### **BACKGROUND:**

The City will be proceeding with the reconstruction of Blenheim Road (Devil's Creek to Mountview Cemetery) in 2024 subject to budget approval. This project is required to replace watermain that has reached its end of service life, with several watermain breaks over the past few years. This project also addresses active transportation needs identified in the City's Cycling Master Plan (2020) with the addition of an all ages and abilities multi use trail (MUT).

Within a section of the project limits there is no municipal sanitary sewer resulting in the use of septic systems by nine (9) properties along Blenheim Road. To service these lots, a sanitary sewer extension is being reviewed as part of the project scope of work. Wastewater funds from municipally serviced rate payers finance the replacement of

existing wastewater infrastructure; however, in instances where new infrastructure is being installed, alternate funding models should be employed, especially considering that benefiting properties have not contributed to the Wastewater fund through the rate payer fee collection system. The local improvement process of Ontario Regulation 586/06 made under the Municipal Act provides municipalities with a funding source for such infrastructure expansions by assessing charges to benefiting property owners where such infrastructure does not exist.

## **ANALYSIS:**

Local improvement charges are being proposed to fund the sanitary sewer extension from 134 Blenheim Road to 160 Blenheim Road. Charges would be assessed based on property frontage bordering the work in accordance with O.Reg. 586/06. Section 16(4) of the regulation outlines an optional 30m frontage threshold which may be considered for capping assessed charges where the benefit is considered equitable to all properties receiving the service. Based on the current estimated cost of the sanitary sewer extension, the following options are provided for consideration and are outlined in Table 1 of **Appendix A**. Note that assessed costs can be financed over a period of time (typically 15 years) as specified in a subsequent special charges by-law, to form annual payments over the payback period. Any local improvement charge would be in addition to any private side costs required to re-route private sanitary laterals out to the public property line connection point.

**Option 1: No frontage threshold:** This option does not include a threshold and applies the estimated \$766/m of frontage cost, based on the actual property frontage bordering the work. The maximum local improvement charge assessed under this option is estimated at \$65,239. This option provides full cost recovery of the sanitary sewer extension.

**Option 2: 30m frontage threshold:** This option applies the estimated \$766/m of frontage cost up to a maximum frontage threshold of 30m. Any additional property frontage above the 30m threshold would not result in additional local improvement charges. The maximum local improvement charge assessed under this option is estimated at \$22,973. This option provides 60% cost recovery of the sanitary sewer extension costs and is being recommended to reduce the amount of local improvement charges per property owner to offer comparable costs to a septic system replacement when considering the required private sanitary lateral re-routing costs.

**Option 3: Wastewater Reserves:** This option would provide full subsidization of the sanitary sewer extension with no upfront cost to the nine (9) benefiting property owners, who have historically not provided any contributions to the Wastewater Reserve. The Council controlled Wastewater Reserve fund is intended to provide long term sustainable funding for the replacement and major rehabilitation of wastewater

infrastructure, it is not intended to fund expansions to the sanitary sewer network. Past projects, such as the water and sanitary main extensions on Townline Road in 2009 and on Dundas Street in 2013, required servicing payments from benefiting property owners. For these reasons staff do not recommend this option.

### **EXISTING POLICY / BY-LAW(S):**

The local improvement charges to fund a sanitary sewer extension for certain residents are being proposed in accordance with O. Reg. 586/06 Local Improvement Charges - Priority Lien Status made under the Municipal Act, 2001, S.O. 2001, c. 25. A general overview of the process for a municipally initiated local improvement charges bylaw is outlined below, in accordance with the regulation:

1. The Municipality provides official notice to the owners of its intention to pass a by-law to undertake the proposed work as a local improvement, including an estimate of the cost and other pertinent details.
2. After receiving the official municipal Notice of Intention, owners have thirty (30) days in which they may submit a petition to the City's Clerks Division for or against undertaking the work. A sufficient petition against undertaking the work as a local improvement requires the signature of the majority of the owners representing one-half (1/2) of the total value of the lots that are liable to be assessed.
3. Where a sufficient petition against undertaking the work as a local improvement is received, the municipality may not proceed with the work as a local improvement, without approval of the Ontario Land Tribunal.
4. Council may pass a local improvement charges by-law may if no petition is received against undertaking the work as a local improvement.
5. The infrastructure improvements are implemented. After the completion of the project, the Director of Engineering and Chief Financial Officer (CFO) prepare a statement of the actual costs of the infrastructure improvements. The CFO prepares a local improvement roll, detailing the special charges to be imposed on the owners.
6. Once the local improvement roll has been certified by the Chief Financial Officer, if no objections are made to the Committee of Revision, Council passes a special charges by-law pursuant to the regulation. The special charges by-law specifies the amortization period, allowing for charges to be spread across a multiple year payback period (typically 15 years).

7. After the special charges by-law is passed, special charges are imposed on the owner's property tax rolls in the following year and annual charges are applied over the specified term.

The City's Mandatory Connection By-law 6-13 restricts the use of septic systems where municipal infrastructure exists for wastewater conveyance and requires connection thereto within three (3) years of a separate Notice having been issued by the City through registered mail. Subject to Council approval, it is staff's intention for the Director of Engineering to issue the separate Notice upon substantial completion of the project.

### **FINANCIAL IMPACT:**

The cost of municipal sanitary sewer extension on Blenheim Road is estimated at \$300,000. The total length of benefiting property frontage is 392m resulting in a per metre estimated cost of \$766. Under Option 1 (No frontage threshold) the full cost of municipal sanitary sewer extension would be recovered through local improvement charges with the maximum assessed property estimated at \$65,239.

To reduce the financial burden on individual property owners, staff are recommending the implementation of Local Improvement Charges Option 2 (30m frontage threshold). Under this option the estimated cost assessed to a property owner with 30m of frontage or greater would be capped at \$22,973 resulting in a total of \$180,000 in local improvement charge funding for the sanitary sewer extension with the remaining \$120,000 to be funded from the City's wastewater reserves. It should be noted that the assessed costs can be financed over a period of time (typically 15 years) to form annual payments over the payback period, as specified in a subsequent special charges by-law.

A special charges by-law would be required to outline the amortization period and annual charges. The annual charges would be calculated using the amortization period and the interest rates available at the time of passing the special charges by-law. It should be noted that wastewater base rate charges would commence upon connection thereto or would commence three (3) years after the separate Notice has been issued by the City for those properties that have not connected, whichever occurs first.

### **PUBLIC VALUE:**

In support of the City's public value principle of sustainability and to ensure that the City's wastewater reserve continues to primarily fund replacement of existing sanitary infrastructure, the partial cost of extending sanitary sewers on Blenheim Road is

proposed to be assessed to benefiting property owners through Local Improvement Charges O. Reg. 586/06.

#### **ADVISORY COMMITTEE INPUT:**

Not Applicable

#### **PUBLIC INPUT:**

City staff held both virtual and in-person public information centres (PIC) on February 27<sup>th</sup> 2023 to share the project plans for the overall Blenheim Road reconstruction project. The proposed extension of sanitary sewer forms only a part of the proposed project and impacts nine (9) of the approximate 32 property owners within the project limits. These nine (9) property owners were made aware that City staff were reviewing the potential for local improvement charges to fund the sanitary sewer extension. It was noted as part of the newspaper ad and distributed notices that additional detail regarding local improvement charges would be forthcoming for Council consideration and that impacted property owners would be kept informed. Additional letters notifying impacted property owners of this Report were distributed on May 15, 2023 outlining options to delegate on this matter. Comments received from the February 2023 PIC related to the potential of local improvement charges have been included in **Appendix B**.

With the support of Council, official municipal Notice of Intention, with estimated charges would be provided to impacted property owners. Additional notification letters would continue to be provided for each subsequent report considered by Council in accordance with Ontario Regulation 586/06.

#### **INTERNAL / EXTERNAL CONSULTATION:**

Engineering staff have consulted with the City's Finance, Clerks and Legal divisions in consideration of Local Improvement Charges on Blenheim Road for the municipal sanitary sewer extension.

#### **CONCLUSION:**

The City will be proceeding with the reconstruction of Blenheim Road (Devils Creek to Mount view Cemetery) in 2024, subject to budget approval. There are nine (9) properties within the project limits that currently do not have municipal sanitary service. A sanitary sewer extension is being proposed as part of the project scope of work with partial funding through Local Improvement Charges. Staff are recommending local

improvement charge Option 2 to reduce the financial burden on individual property owners for the municipal sanitary sewer extension with the remaining costs to be funded from the City's wastewater reserves.

#### **REPORT IMPACTS:**

Agreement: **No**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

#### **APPROVALS:**

**This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:**

**Director**

**Deputy City Manager**

**Chief Financial Officer**

**City Solicitor**

**City Manager**

#### **ATTACHMENTS:**

1. 23-226-CD Appendix A – Summary of Estimated Local Improvement Charge Options
2. 23-226-CD Appendix B – PIC Comments Relating to Potential Local Improvement