



STAFF REPORT

Department/Function: Public Works

Chair: Councillor Jim Crawford

Meeting Date: August 9, 2017

Report No: **PW-2017-74**

Report Title: **Grandview Beach and Paradise Point Connection Costs Update**

RECOMMENDATION:

That report PW-2017-74 regarding the water system connection costs update for Grandview Beach and Paradise Point water servicing be received;

And that Schedule 1 – Grandview Beach and Paradise Point Water System Connection Costs be appended by changing the cut off date for the cost cap from January 1, 2007 to January 1, _____;

And that the by-law to implement this be brought forward to the next Council meeting.

INTRODUCTION/BACKGROUND:

This report provides an update on the Grandview Beach and Paradise Point water servicing connection costs. This follows report PW-2017-22 that was considered at the March 8, 2017 Committee of All Council meeting and report PW-2017-53 that was considered at the May 24, 2017 Council meeting. PW-2017-53 included the recommendation:

“That Schedule 1 - Grandview Beach and Paradise Point Water System Connection Costs be approved;

And that the affected property owners be advised of the intention to pass a Fees and Charges By-law, pursuant to the Municipal Act, 2001,

S.O. 2001 c.25 Section 391, at the June 28 Council meeting to implement the fees and charges set out in Schedule 1.”

Explanation letters and Schedule 1 were mailed to all affected property owners on May 30, 2017. Just prior to the June 28, 2017 meeting, correspondence addressed to Mayor and Council from an area resident was received (letter dated June 22, 2017 is attached). In addition, an email was sent to the ward Councillors and Mayor. Council deferred the decision on the issue pending consideration of the concerns raised.

ANALYSIS:

Connection Cost

The primary concern relates to the connection cost for those properties not currently connected to the system. As noted in the previous reports, this was capped at what the property owner would have paid in water rates had they not disconnected, to a maximum of ten years’ worth of fees (\$5,831.20). This was framed as a contribution equivalent to the connection fee and a portion of the cost of the service lateral installation.

As noted, residents who disconnected from the system were provided a letter outlining costs to reconnect. There have been various iterations of this letter with the more recent versions not specifying dollar values but just noting the cost items. These letters also noted that there could be significant charges if a new system were to be installed. The letters also noted that this was a permanent disconnection (although a contradiction of providing costs to reconnect).

Clearly, costs quoted long ago in a letter (in the example provided - 1995) should be expected to be updated and changed from time to time. In this case the \$500 fee noted as a connection charge was set in a time when there was significant Provincial support for water and wastewater infrastructure. Since then the funding situation has changed significantly. Our current connection charge is \$4,556. In addition, a \$100 inspection fee was noted for a total of \$600 in 1995.

If the combined \$600 connection charge from 1995 was inflated to today it would be approximately \$1200 using the indices for historical cost reference table put out by MFOA (Municipal Financial Officers Association) for estimating costs of capital assets.

In report PW-2017-53 the following option was provided. “There was some discussion of this at the April 22, 2017 Public Information Centre. If there is a desire to reduce the cost for those who have not paid throughout the January 1, 2007 to January 1, 2017 period, it is suggested that the start date for the eligibility period be advanced. This would result in a savings of about \$580 per year of change.”

Options

In review of this issue, there are generally four options: eliminate the connection fee; no change to Schedule 1; reduce the \$5,831.20 cap to an inflated version of \$600 (i.e. \$1,200); and, picking a point in between. To implement this, it is recommended that the eligibility year be advanced from 2007 to a more current year. A table is provided below with approximate cut off years and connection charges.

Year	Cost
2007	\$5,800.00
2008	\$5,220.00
2009	\$4,640.00
2010	\$4,060.00
2011	\$3,480.00
2012	\$2,900.00
2013	\$2,320.00
2014	\$1,740.00
2015	\$1,160.00

Deemed Connection

The letter of concern included typographical error for the deemed connection date (showing January 1, 2018). An earlier report had suggested January 1, 2020 and the current Schedule 1 provides the date of January 1, 2021.

The letter of concern also suggests that Grandview Beach and Paradise Point residents should only pay a small fee until they choose to connect and mentions the Robins Point area and 'Midland Bay Woods'. Across the Township water rates are paid by properties with dwellings that have access to a watermain. The situation in Robins Point and the Grandview Beach and Paradise Point area are very similar.

When the Midland Bay Woods water supply was eliminated, the trunk watermain to replace that supply was routed on Triple Bay Road and Bayview Avenue. Those properties adjacent to the trunk were an exception to the policy. While that makes sense for most of the rural nature of Triple Bay Road, it is less logical for the Bayview properties between Triple Bay Road and Midland Bay Woods.

It is recommended that no change be made to the deemed connection section.

Sections of Report PW-2017-53

Some related sections of the most recent report are copied below.

"Midland Bay Woods / Trunk Watermain

At the Public Information Centre a question was asked about the status of the properties west of Triple Bay Road and the water servicing in the area. We were not able to comment at the time but noted the question and advised that we would update Council as part of a future report.

There is a section of Bayview Avenue that was serviced when the trunk watermain was added in 2006, which allowed for the decommissioning of the Midland Bay Woods water plant (Triple Bay Road/Bayview Avenue/Talbot Street). For that section, properties with dwellings were not required to connect but pay a levy of \$64 per year (2017 rates). This is the one exception to the Township policy which requires properties with dwellings that are not connected to the water system to pay water rates.

Properties on Bayview Avenue that connected immediately paid a total of \$3,181 in connection fees. The line, service and connection costs have been inflated annually by the average interest rate earned on Township-held funds for the previous year. The Development Charge applicable is based on the current charge when the property owner elects to connect. For 2017, property owners connecting to the system are required to pay line, service and connection costs at the time of connection (\$7,151.78, 2017 rates) plus the \$100 building permit fee.

Robins Point Road (2002)

The work to construct year round water services to properties on Robins Point Road was substantially completed in November, 2002. Properties were deemed to be connected as of December 1, 2003. Due to both Federal and Provincial grant funding the cost of the project to property owners was substantially lower than anticipated. All residents paid both a reduced lateral connection cost and frontage cost. The Development Charge rate in effect during this time was \$1,670. As a result, a property with a single lateral installed, having a frontage of 15.24 meters, paid a total of \$3,215.53. Property owners had the option of paying the connection costs upfront or financing the charge over 10 years, with the annual levy showing on their final tax bills.

Vacant Properties where an existing watermain exists (2017)

Vacant properties within the Township looking to have water laterals installed today are subject to a \$5,000 deposit held by the Township. A contractor is then obtained to perform the service. Costs of installation may vary greatly, and are dependent upon the contractor's availability and the ground conditions (sand vs. rock). Recent costs for the installation of a single water lateral have been in the \$9,000 range. The Development

Charge applicable is based on the current charge when the property owner elects to connect (\$4,556 in 2017)."

FINANCIAL/BUDGET IMPACT:

The financial impact will range from \$584,925 if the connection cost is dropped to zero. At the \$1,200 level the impact is \$446,392. This affects the water reserve as a combination of lower contributions to the reserve and a larger contribution to the project from the reserve.

CONCLUSION:

Concerns were raised about the costs for residents who are currently not connected. Council has the option of adjusting these costs. There will be an impact on the water reserve.

Prepared by: Peter Dance, P.Eng, Director of Public Works

Recommended by: Date: August 2, 2017

Peter Dance
Director of Public Works

Reviewed by: Date:

Robert Lamb
Chief Administrative Officer

Att.: Schedule 1 – Grandview Beach and Paradise Point Water System
Connection Costs

Letter of Concern – June 22, 2017

Schedule 1 - Grandview Beach and Paradise Point Water System Connection Costs

1. Properties Connected from January 1, 2007 to January 1, 2017

For properties continually connected to the seasonal system from January 1, 2007 to January 1, 2017 and paying water rates there will be no project costs assigned.

The project will provide a year round water connection to the property line, and, connect this to the existing connection on the property in the most direct way, including if the existing connection is rear-yard.

2. All Other Non-vacant Properties

All non-vacant properties that have not been continually connected to the seasonal system from January 1, 2007 to January 1, 2017 will be assigned a cost of \$5,831.20 less actual water rates paid for that period.

The project will provide a year round water connection to the property line.

For those properties that were connected to the system and paying water rates as of January 1, 2017, a seasonal quality connection from the property line to the existing connection on the property in the most direct way, including if the existing connection is rear-yard, will be completed as a project cost.

For those properties that were not both connected to the system and paying water rates as of January 1, 2017, connection from the property line to the dwelling water system will be completed by the property owner at their cost.

3. Vacant Properties

Vacant properties will not have laterals constructed in the current project, will not pay frontage/area charges in the future but will pay for their laterals and the connection charge at the future rates if dwellings are constructed. However, once the year round water system is installed, these properties will be subject to the vacant lot levy of \$64 (2017 rates).

4. Applicable Water Rates

While connected to the seasonal water system properties will continue to pay seasonal water rates (\$583.12 per year for 2017).

Following connection, or deemed connection, to the year round water system full year round water rates will apply (\$833.00 per year 2017).

5. Connection Requirement / Deemed Connection

Property owners will not be forced to connect to the water system.

However based on a 2018 contract completion, as of January 1, 2021, those non-vacant properties not connected to the water system will be deemed to be connected and be responsible for all applicable costs in a like manner to those properties that are connected.

6. Project Work on Private Property

The project contract will include pricing for installation of year round water service pipe on private property at the option and cost of the property owner.

7. Payment / Financing by the Township

The payment of non-rate costs identified in Item 2 and Item 6 shall be due at the time of connection to the year round water system. Payment may be made in cash at that time. Alternatively, the Township will provide financing of these costs in a like manner to taxes over a ten year period at infrastructure lending rates (currently about 3% from Infrastructure Ontario). Such payments will commence in the tax year following connection.

8. Seasonal Shut-off

Upon completion of a property owner waiver, seasonal shut-off will be offered similar to the arrangement for Robin's Point properties.