



Staff Report

Finance

Report To: COW_Finance_Admin_Fire_Community_Services
Meeting Date: December 9, 2024
Report Number: FAF.24.131
Title: Capital Charges - Drake's Path Wastewater Servicing
Prepared by: Amy Moore, Manager of Revenue, Corporate and Financial Services

A. Recommendations

THAT Council receive Staff Report FAF.24.131, entitled "Capital Charges for Drake's Path Wastewater Servicing";

AND THAT Council enact a By-law to impose Capital Charges for the use of the Town's Sanitary Sewage System (Craigleith Service Area – Drake's Path)

B. Overview

This report outlines the capital costs of the wastewater servicing completed on Drake's Path and the impact on the 20 benefitting units. A draft by-law outlining the payment terms (Attachment 1) is included with the report.

C. Background

The project was formally approved by Council through the 2019 budget process but was delayed due to transportation concerns in the area. Preliminary estimated cost of \$36,231 for each benefitting property share were communicated to property owners in March 2022. Public information sessions were held on April 22 and November 25, 2021. The project reached substantial performance on October 25, 2022 which means the construction contract requirements were fulfilled and property owners could connect to the new sewer.

D. Analysis

With all costs finalized, staff are recommending that the process to levy the wastewater capital charges on the benefitting property owners begin. Letters were sent on November 28, 2024 (via email) to all benefitting owners to inform them of the upcoming dates and proposed payment options. At the December 16, 2024 Council meeting the Draft By-law (Attachment 1) will be presented to Council for approval. After Council approval, a package will be mailed to the benefitting property owners. Included will be a copy of the By-law along with a form for them to complete indicating which payment method they will elect. These payment methods will include the option to pay upfront in full by January 31, 2025 or pay the loan over a 10-year

or 25-year period at the prevailing lending rate at the time of the By-law passing. The affordability policy for water and wastewater extensions defines affordable annual payments to be less than 5% of the median after-tax single household income, or between 5-10% given further consideration. The annual payment in the 25 year option allows for a payment of \$2,138.67, which is 5.04% of the median after-tax single household income. The local support for the project warranted the slightly higher threshold. Annual payments are levied with the property tax billings over four installments per year.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

None.

G. Financial Impacts

The final cost to the benefitting property owners is shown below. The cost is broken down by the capital cost of the sewer work and the development charge equivalent to service the Craigeith wastewater collection and treatment plant.

Capital Cost of the New Sewage Works

Construction Costs	\$459,538.77
Engineering Cost	\$75,518.06
Total	\$535,056.83
Benefitting Units	20
Capital Costs-Sewer Extension Incurred per unit	\$26,752.84

Capital Charge Wastewater Treatment Plant

Craigleith Wastewater Treatment Plant (per unit cost)	\$3,628.00
Craigleith Wastewater Collection (per unit cost)	\$1,694.00
Total Capital Sewer Charges Imposed per unit	\$5,322.00

Total Cost per Benefitting Owner	\$32,074.84
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H. In Consultation With

Monica Quinlan, Director of Corporate & Financial Services
Vicky Bouwman, Asset Management Specialist
Pruthvi Desai, Manager of Capital Projects
Jason Petznik, Communications Coordinator
Corrina Giles, Town Clerk

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Monica Quinlan, Director of Corporate and Financial Services mquinlan@thebluemountains.ca.

J. Attached

1. Draft By-law to impose Capital Sewer Charges for the use of the Town's Sewage System (Craigleith Service Area –Drake's Path)

Respectfully submitted,

Monica Quinlan
Director of Corporate and Financial Services

For more information, please contact:
Monica Quinlan, Director of Corporate and Financial Services
mquinlan@thebluemountains.ca
519-599-3131 extension 231

Report Approval Details

Document Title:	FAF.24.131 Drake's Path Wastewater Servicing.docx
Attachments:	- By-law 2024-XX Wastewater Servicing - Drake's Path.pdf
Final Approval Date:	Nov 28, 2024

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Amy Moore was completed by workflow administrator Amy Moore

Amy Moore - Nov 28, 2024 - 2:50 PM

Monica Quinlan - Nov 28, 2024 - 3:02 PM

The Corporation of The Town of The Blue Mountains

By-law Number 20XX – XX

Being a By-law to impose Capital Sewer Charges for the use of the Town's Sewage System (Craigleith Service Area –Drake's Path)

Whereas sections 9, 11 and Part XII of the Municipal Act, 2001, as amended, (the Act) and the Regulations thereto enables a municipality to impose by By-law, fees or charges for the use of a sewage system;

And Whereas Ontario Regulation 581/06 provides that fees or charges imposed for the use of a sewage system under the Act and added to the tax roll under subsection 398(2) of the Act have priority lien status as described in section 1 of the Act;

And Whereas the sewage system which consists of the sewage collection works and the sewage plant will provide a benefit to the benefitting owners;

And Whereas the Council deems it necessary to impose upon the benefitting owners a capital sewer charge for the use of the sewage system to pay a portion of the capital cost of the sewage collection works and to pay a portion of the capital cost of the sewage plant;

Now therefore the Council of The Corporation of the Town of The Blue Mountains enacts as follows:

Definitions

1. In this By-law, including the recitals thereto:

“Act” means the Municipal Act, 2001, as amended;

“benefit” means an immediate benefit accruing to the benefitting owners which is derived or derivable from the sewage system;

“benefitting owner” means the registered owner of an estate in fee simple of a benefitting property;

“benefitting property” means each separately assessed property connected to or fronting on the sewage system as set out in Schedule “A”;

“capital cost” means the cost of constructing the sewage collection works and the sewage plant, inclusive of all items of cost usually and properly chargeable to a capital account, and where applicable, the interest amounts payable on the debentures to be issued for these works and the imputed interest cost on the money supplied from the funds of the Town to finance the benefitting owners' share of the cost of these works;

“capital sewer charge” means the capital sewer charge on a per unit basis in the amount set out in Schedule “D” which includes the capital sewer charge (sewage collection works) and the capital sewer charge (sewage plant) as set out in Schedule “D”;

“Council” means the Council of The Corporation of the Town of The Blue Mountains;

“sewage plant” means the Craigleith Wastewater Treatment Plant for the treatment and disposal of sewage;

“sewage system” means the sewage plant and the sewage collection works, all of which are necessary for the collection, transmission, treatment and disposal of sewage;

“Town” means The Corporation of the Town of The Blue Mountains;

“Treasurer” means the person appointed by Council, as the Treasurer for the Town or their designate;

“unit” means a residential dwelling unit.

Unless the context otherwise requires in this By-law, words importing the singular include the plural and vice versa and words importing gender includes all genders.

Capital Costs

2. The capital cost of the sewage collection works and the portions of this capital cost to be paid by the benefitting owners are set out in Schedule “B”.
3. The capital charge of the sewage plant to be paid by the benefitting owners are set out in Schedule “C”;

Charges Imposed

4. The roll number and description of each benefitting owner’s benefitting property and the number of units on each benefitting property for which a capital sewer charge is imposed by this By-law are set out in Schedule “A”. Any benefitting property shown as vacant land on the latest revised assessment roll shall be deemed to have one unit on it for the purposes of this By-law.
5. A capital sewer charge for the use of the sewage system on a per unit basis in the amounts set out in Schedule “D” is hereby imposed on each of the benefitting owners to pay for a portion of the capital cost of the sewage collection works and to pay for a portion of the capital cost of the sewage plant.
6. In accordance with section 90(3) of the Act, if new parcels of land are created from existing benefitting properties or new units are constructed on existing benefitting properties, the capital sewer charge as set out in Section 5 is imposed on the benefitting owner of the new parcel of land or of the new unit in the manner set out in this By-law.

Notification

7. The Treasurer shall forthwith after the enactment of this By-law mail to the benefitting owners, by prepaid regular mail or by email, a copy of this By-law together with an explanation of this By-law and a payment election form prescribed by the Treasurer for the purpose of the benefitting owners making the election referred to in section 11.

Charges Due and Payable

8. The capital sewer charges imposed by this By-law constitute a debt of the benefitting owners to the Town and subject to Section 9, are hereby due and payable on January 31, 2025.
9. In the event a benefitting owner makes the election provided for in section 11 by January 31, 2025, the capital sewer charge imposed on that benefitting owner by this By-law shall become due and payable in the amounts, at the times and in accordance with Section 11 and the installment provisions as set out in Schedule “D”.
10. In the event a benefitting owner fails to make an election provided for in Section 11 by January 31, 2025 the payment option over a 25-year period, payable with property taxes will be elected as set out in Schedule “D” option (a).

Payment Option

- 11.(1) A benefitting owner may elect, by notice of election delivered to the Treasurer by no later than January 31, 2025, in the form prescribed by the Treasurer in accordance with Section 7, to pay the capital sewer charge in installments, with interest thereon as set out in Schedule “D”.
- (2) Subject to Section 11(3), a benefitting owner may at any time pay the whole of the unpaid balance of the capital sewer charge together with interest thereon to the date of payment.

(3) In the event of a benefitting owner selling, conveying or transferring title to the benefitting property to any person or corporation the unpaid balance of the capital sewer charge and interest thereon shall forthwith become due and payable.

Collection of the Capital Sewer Charges

12. The Treasurer is hereby authorized and directed to add the capital sewer charges to the tax rolls for the benefitting properties set out in Schedule "A" in accordance with Subsection 398(2) of the Act and to collect the capital sewer charges in the same manner as municipal taxes.

13. The capital sewer charges added to the tax rolls under Subsection 398(2) of the Act have priority lien status as described in Section 1 of the Act, and the capital sewer charges, including interest:

(1) may be collected in the same manner as taxes on the benefitting property;

(2) may be recovered with costs as a debt due to the Town from the assessed owner of the benefitting property at the time the capital sewer charges are added to the tax roll and from any subsequent owner of the benefitting property or any part of it;

(3) are a special lien on the property in the same manner as are taxes under Subsection 349(3) of the Act; and

(4) may be included in the cancellation price under Part XI of the Act in the same manner as are taxes on the benefitting property.

Non-payment of Charges

14. Penalty will be charged on all Capital sewer charges which are in default in the same manner as property taxes.

Application to the Ontario Municipal Board

15. No application shall be made to the Ontario Municipal Board under clause 71 of the Ontario Municipal Board Act on the grounds that the capital sewer charges imposed under this By-law are unfair or unjust.

Administration

16. This By-law shall be administered and enforced by the Treasurer.

Schedules

17. Schedules "A", "B", "C" and "D" are hereby declared to form part of this By-law.

18. This By-law shall come into force and take effect upon the enactment thereof.

Enacted and passed this 16th of December, 2024.

Andrea Matrosovs, Mayor

Corrina Giles, Town Clerk

The Corporation of The Town of The Blue Mountains

By-law Number 20XX – XX

Schedule “A”

Benefitting Properties

ROLL NUMBER	LEGAL DESCRIPTION	NUMBER OF UNITS
000003182010000	CON 2 PT LOT 18 RP 16R1329 PART 2	1
000003182000000	CON 2 PT LOT 18 RP 16R2176 PART 1	1
000003181010000	CON 2 PT LOT 18	1
000003181000000	CON 2 PT LOT 18	1
000003180000000	CON 2 PT LOT 18	1
000003179100000	CON 2 N PT LOT 18 RP 16R5133 PART 1	1
000003179050000	CON 2 N PT LOT 18 RP 16R5133 PART 2	1
000003179000000	CON 2 N PT LOT 18 RP 16R5133 PART 3	1
000003178000000	CON 2 N PT LOT 18	1
000003177010000	CON 2 N PT LOT 18	1
000003177000000	CON 2 PT LOT 18	1
000003176030000	CON 2 PT LOT 18 RP 16R2918 PART 1	1
000003176020000	CON 2 PT LOT 18 RP 16R2918 PART 2 & 3	1
000003176010000	CON 2 PT LOT 18 RP 16R2918 PART 4	1
000003176000000	CON 2 N PT LOT 18 RP 16R899 PART 1	1
000003175000000	CON 2 PT LOT 18	1
000003174000000	CON 2 N PT LOT 18	1
000003173000000	CON 2 PT LOT 18	1
000003172000000	CON 2 N PT LOT 18	1
000003171000000	CON 2 E PT LOT 18	1

The Corporation of The Town of The Blue Mountains

By-law Number 20XX – XX

Schedule “B”

Capital Cost of the New Sewage Works

Construction Costs	\$459,538.77
Engineering Costs	<u>\$75,518.06</u>
TOTAL	\$535,056.83
Total Benefitting Units (as per Schedule A)	20
Capital Costs incurred per unit	\$26,752.84

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The Corporation of The Town of The Blue Mountains

By-law Number 20XX – XX

Schedule “C”

Description and Capital Cost of the Existing Sewage Works

Based on the Master Servicing Plan and as identified in the Development Charges Background Study, each benefitting property owner has been imposed with the Craigleith Wastewater Treatment Plant capital infrastructure cost equivalent as follows:

Craigleith Wastewater Treatment Plant per Unit Cost	\$3,628.00
Craigleith Wastewater Collection per Unit Cost (Detailed under by-law 2019-17 and further indexed each year)	<u>\$1,694.00</u>
Total Capital Sewer Charges Imposed	
Per Unit Cost	\$5,322.00

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The Corporation of The Town of The Blue Mountains

By-law Number 20XX – XX

Schedule “D”

Capital Sewer Costs –Local Servicing (per unit)

New Sewage Works \$26,752.84 (Interest Bearing)

Capital Sewer Charge –Sewage Plant (per unit)

\$3,628.00 (Interest Bearing)

Capital Sewer Charge –Craigleith Area Specific Sewage Collection Works (per unit)

\$1,694.00 (Interest Bearing)

Total Capital Sewer Charge Imposed (per unit)

\$32,074.84

Payment Options

A benefitting owner may elect, by notice of election delivered to the Treasurer by no later than January 31, 2025, in the form prescribed by the Treasurer in accordance with Section 7, to pay the capital sewer charge in instalments over either a 25-year period or a 10-year period as follows:

- (a) the total capital sewer charge of \$32,074.84 together with interest thereon at the rate of 4.39% per annum over a period of twenty-five (25) years. Annual payment of \$2,138.67 will be collected through the municipal property tax billings, each year spread over the four tax installment due dates.
- (b) the total capital sewer charge of \$32,074.84 together with interest thereon at the rate of 3.97% per annum over a period of ten (10) years. Annual payment of \$3,948.63 will be collected through the municipal property tax billings, each year spread over the four tax installment due dates.