



Staff Report

Operations

Report To: Committee of the Whole Meeting
Meeting Date: September 13, 2022
Report Number: CSOPS.22.061
Title: East Ridge GCC 63 Water Distribution System Follow-up
Prepared by: Shawn Carey, Director of Operations

A. Recommendations

THAT Council receive Staff Report CSOPS.22.061, entitled “East Ridge GCC 63 Water Distribution System Follow-up”;

AND THAT Council endorses a By-law to assume the GCC 63 private water distribution system as a public work, which shall come into force upon the execution of an agreement and the fulfillment of the conditions set out therein, all as outlined in this report”.

B. Overview

Grey Condominium Corporation (GCC) 63 has approached the Town about operating and assuming the private water system within GCC 63’s lands. This report outlines the terms and conditions and financial implications of assuming the private water distribution system and includes next steps for Council consideration.

C. Background

This report is a follow up to Staff Report CSOPS.22.030 “East Ridge GCC 63 Water Distributions System” whereby Council directed staff to consider the terms and conditions and financial implications should the Town assume ownership of the private water system at East Ridge GCC 63.

As identified in the Town’s approved Asset Management Plan (AMP), the Town operates 121,742m of water pipes with a replacement cost of \$68.7M. There are approximately 6,900 users that contribute to the Water Asset Replacement Reserve Fund.

There are 127 homes in GCC 63 and 25 villas for a total of 152 units. 39 of the 127 homes front the Town owned watermain in addition to 16 villas. GCC 63 has a total of 1,709m of 150mm private watermain, 91 water services (laterals) and 13 fire hydrants. As per the Town’s approved AMP, the type of watermain (PVC DR18) has a proposed life cycle of 100 years and the condition rating is considered based on service area, material type, history of watermain breaks and useful life consumed.

D. Analysis

The pros and cons of assuming the private watermains are outlined in Staff Report CSOPS.22.030 “East Ridge GCC 63 Water Distributions System”. There are a number of factors to be considered and addressed if Council directs staff to assume a 17-year-old private water distribution system. Terms and conditions and financial implications of assuming this private system are outlined below:

TERMS & CONDITIONS

1. Confirmation of continuity of the tracer wire to confirm the system can be properly located;
2. Undertake a leak detection survey and address all leaks;
3. Air relief valves and chamber assessment including repairs as needed;
4. Inspection and assessment of isolation valves including repairs as needed;
5. Establish Easements
 - a. Confirm easements are wide enough to complete repairs (e.g. 150mm watermain between 111 & 109 McMullen Crt) and what is currently in the easements (identify encumbrances);
 - b. Survey and legal fees to be funded by GCC63.

FINANCIAL IMPLICATIONS

Annual Operating Budget

Consideration of potential impacts on the annual operating budget would only apply to the private watermains and associated works. GCC 63 currently has an agreement with the Town to conduct hydrant maintenance and flushing. If the private works are assumed, this agreement would cease and GCC 63 would no longer be required to pay the \$1152 annual fee to the Town. This would see no change in operating cost to the Town.

It is challenging to provide specific details on what impacts a potential assumption would have on the Water Division’s annual operating budget. It is generally assumed that as infrastructure ages the related maintenance and repair activities increase as well and the overall condition rating will decrease (as described in the Town’s Asset Management Plan). At this time, GCC 63’s private water distribution system would be classified as “Good” condition rating. Fulfillment of the terms and conditions outlined above will assist in minimizing future maintenance and operating costs.

Capital Replacement Cost

If the Town assumes ownership, the system’s replacement value would need to be added to the Town’s Asset Management Plan. Staff have consulted with GCC 63 regarding the capital replacement cost of their private water distribution system. GCC 63 had an engineering consultant assess the capital replacement cost of their private water distribution system which includes:

- 1,709m of 1500mm Watermain;
- 13 Fire Hydrants;
- 91 Water Service Laterals.

The replacement costs of these works are estimated at \$3,003,275. Town staff agree with the replacement cost estimates as they are built upon recent and similar capital project costs in the region. It is important to note that these estimates do not include costs associated with the new excess soils regulation, engineering and contract administration, nor does it include restoration of the road base (e.g. road base granular and asphalt restoration).

There has been no contribution to the Town's Water Asset Replacement Reserve Fund since the installation and commissioning of GCC 63's private system in 2005, for these works. The property owners fronting the private system have been paying the fixed charge (similar to all private systems that obtain their drinking water from the Town's water distribution system) however that charge did not accommodate or factor in GCC 63's private water system. The fixed charge is applied in order to support the infrastructure/assets to get safe drinking water to their property line (i.e. in this case to the connection points to the Town owned watermain). In order to assume the private water system, staff are recommending that GCC 63 make the Town whole given that staff have not collected any funds from the property owners for the privately owned portion for the last 17 years.

Assuming a current year capital replacement cost of \$3,000,000 and a life cycle expectancy of 80 years then GCC 63 would need to contribute \$637,000 to the Water Asset Replacement Fund.

RECOMMENDATION

Subject to Council direction on assuming GCC 63's private water system, Staff recommends the Town enter into a legal agreement with GCC 63 that includes the terms and conditions listed above including the payment of \$637,000 to the Water Asset Replacement Reserve Fund. Details of the payback terms would be addressed through the conditions of the binding agreement. Once the terms of the agreement have been successfully executed then the Town would assume GCC 63's private water system.

Staff have discussed this recommendation including the terms and conditions and the \$637,000 contribution to the Water Asset Replacement Fund with GCC 63 and they agree with this approach.

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

Ensuring the Town's Drinking Water System is secure to protect health of the users.

G. Financial Impacts

There are no upfront costs with the assumption of the private water assets currently under the responsibility of GCC 63 however adjustments will be required to the monthly fixed charge. If assumed, the fixed charge will need to be increased by \$1 per bi-monthly bill (\$6 annually).

H. In Consultation With

Ruth Prince, Director of Finance & IT Services

Will Thomson, Director of Legal Services

Allison Kershaw, Manager of Water & Wastewater Services

Scott Hill, Water Supervisor

Sam Dinsmore, Deputy Treasurer / Manager of Accounting & Budgets

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 Shawn Carey, Director of Operations directorops@thebluemountains.ca.

J. Attached

1. Attachment 1 Map of GCC 63 and GCC 73.

Respectfully submitted,

Shawn Carey
Director of Operations

For more information, please contact:
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Report Approval Details

Document Title:	CSOPS.22.061 East Ridge GCC 63 Water Distribution System Follow-up.docx
Attachments:	- Attachment 1 Map of GCC 63 and GCC 73.pdf
Final Approval Date:	Sep 2, 2022

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

Shawn Carey - Sep 1, 2022 - 12:06 PM

No Signature found

Shawn Everitt - Sep 2, 2022 - 11:26 AM