



The Corporation of the Town of Tecumseh

Public Works & Engineering Services

To: Mayor and Members of Council

From: Phil Bartnik, Director Public Works & Engineering Services

Date to Council: January 25, 2022

Report Number: PWES-2022-05

Subject: Sylvestre Drive Sanitary Sewer Extension Main, Lateral and Easement Charges Cost Recovery Part XII By-Law

Recommendations

It is recommended:

That Report PWES-2022-05 entitled "Sylvestre Drive Sanitary Sewer Extension Main, Lateral and Easement Charges Cost Recovery Part XII By-Law," **be received;**

And that Administration **be authorized** to proceed with a Public Information Centre to communicate estimated charges to the property owners within the Sylvestre Drive Sanitary Sewer Extension Study Area;

And further that Administration **report back** to Council with a summary of the comments received at the Public Information Centre for consideration in preparing the Sylvestre Drive Sanitary Sewer Extension, Main, Lateral and Easement Charges Cost Recovery Part XII By-Law.

Executive Summary

The proposed Sylvestre Drive Sanitary Sewer Extension provides a sanitary sewer outlet for approximately 15 Business Park properties within the vicinity of the County Road 19/Sylvestre Drive intersection. The Town's past practice for the funding of major capital servicing infrastructure where there is a derived benefit to properties has been full cost recovery against those benefitting lands. This Administrative report and the

attached presentation details the proposed cost recovery method, the proposed main, lateral and easement charges, and the preliminary assessment schedule.

Background

Administration had identified the need to provide sanitary services to approximately 15 Business Park properties within the vicinity of the County Road 19/Sylvestre Drive intersection.

At the December 12, 2017 Regular Meeting of Council, Council approved the recommendation (Motion: RCM-441/17) of PWES Report No. 57/17 titled “2018-2022 Public Works & Environmental Services Capital Works Plan” and authorized Administration to proceed with the completion of the Municipal Class Environmental Assessment and the detailed design for the sanitary sewer extension on Sylvestre Drive.

On July 23, 2019, Council received report PWES-2019-31 and authorized (Motion: RCM 232/19) that the Notice of Study Completion for the Sylvestre Drive Sanitary Sewer Extension Municipal Class Environmental Assessment, Schedule B be advertised in accordance with the mandatory 30-day public review period.

Subsequently, at the December 10, 2019 Regular Meeting of Council, Council received report PWES-2019-51 and adopted (Motion RCM-403/19) the Sylvestre Drive Sanitary Sewer Extension, Municipal Class Environmental Assessment, Schedule B.

On-going and anticipated work on this project includes the following:

- Detailed design of the pump station and sanitary sewers
- Final design of the road improvements
- Preparation of final design drawings, specifications, and tender documents
- Obtaining required approvals
- Relocation of utilities that are in conflict with the proposed sanitary sewer installation (if required)
- Obtaining required easements

Subject to the completion of the above and obtaining Council approval, this project would then be in a position to proceed to construction, as scheduled within the Public Works & Engineering Services (PWES) Capital Works Plan.

Broad Policy Basis Supporting Municipal Sanitary Sewage Servicing

There are three policy documents that support the extension of the existing municipal sanitary sewers within the current study area, as follows:

- **Provincial Policy Statement (PPS)** provides policy direction on matters of provincial interest related to land use planning, development and servicing. The PPS includes policies to ensure that coordinated, efficient, cost-effective and environmentally sound servicing solutions are implemented at the municipal level. More specifically, subsection 1.6.6.2 establishes that “municipal sewage services and municipal water services are the preferred form of servicing for settlement areas”. The study area is located within a designated Settlement Area;
- **County of Essex Official Plan (County OP)**, as with the PPS, subsection 2.10 a) of the County OP establishes a preference for full municipal services for all settlement areas. The County OP further establishes in subsection 2.10 d) that “public or private investment in upgrading or expanding municipal sewage services or municipal water services should be focused within the Primary Settlement Areas”. The study area is within a Primary Settlement Area as identified in the County OP;
- **Tecumseh Official Plan (Tecumseh OP)** provides servicing policy direction under Section 8 Municipal Services. The following policies within this section are most relevant:

“8.1 General

It is the intent of this Plan to recognize the key role that infrastructure plays in shaping the future growth and development of the Town. Provision of infrastructure must be provided in a responsible, efficient and cost-effective manner to ensure long-term fiscal and environmental sustainability. The objectives of this Plan related to infrastructure include:

- i. provide infrastructure in a coordinated, efficient and cost-effective manner that is integrated with planning for growth so that these necessary services are available to meet current and projected needs;

8.2 Municipal Water and Sanitary Sewer Service

8.2.2 Policies

- i. in general, new development will be directed to the Settlement Areas, as identified on Schedule “B”. Higher order forms of servicing, including full municipal water and

sanitary sewer services are the preferred form of service infrastructure, and will be required for all development in the Town's Settlement Areas. The only exception is for lands which were previously designated and zoned for development and the approved form of servicing at the time was municipal piped water and individual on-site sewage services. This level of servicing may continue on these lands until full municipal services are extended to these areas by the Town;

- ii. the extension of municipal sewer and water services should take place only within lands in the Settlement Areas as identified on Schedule "B". Such extensions shall be consistent with the Town's Water and Wastewater Master Plan (as amended), Municipal Class."

The study area is within the Tecumseh North Settlement Area of the Tecumseh OP. The extension of municipal sewer and water services for urban land uses within the Town's settlement areas is encouraged.

Studies and Agreements

The Town's Water and Wastewater Master Plan (2002, and Updated in 2005, 2008, and 2018) had identified a preferred strategy for providing wastewater servicing and treatment capacity to meet the Town's present needs and future growth within the settlement areas consisting of Tecumseh, Tecumseh Hamlet, St Clair Beach, Oldcastle Hamlet and Maidstone Hamlet.

In 2004, the Town and City of Windsor entered into a Wastewater Agreement (By-Law 2004-70) which identified cost sharing arrangements for:

- Future expansions at the Lou Romano Water Reclamation Plant and the Little River Pollution Control Plant.
- For each of the trunk sanitary sewer phases through the city in order to service part of Oldcastle Hamlet.

Additional studies completed to warrant the advancement of wastewater servicing of the study area include:

- Development Charges Background Study (2004, 2009, 2014, 2019)
- Water and Wastewater Rate Study (2007, 2015)
- Sylvestre Drive Sanitary Sewer Extension Class Environmental Assessment (2019)

Historical Cost Recovery – Wastewater Projects

The installation of new wastewater infrastructure for the purpose of extending the service area is typically implemented by the following means:

- **Private Developers** install full municipal services (water, storm, sanitary, roads) as part of their development, the costs of which are incorporated into the cost of each lot serviced and passed on to the eventual landowner.
- **The Town of Tecumseh** would install new wastewater infrastructure and recover the costs through:
 - **Development Charges**, collected for the means to fund larger/oversized infrastructure projects. (The basis for the *Development Charges Act* is to allow municipalities to recover the growth-related capital cost of infrastructure necessary to accommodate new growth within the municipality).
 - **Under the *Municipal Act*** (Local Improvement Charges or Part XII Charges), for which these costs are assessed to the benefitting property owners through a cost recovery by-law.

Water and wastewater services are funded through water and wastewater rates exclusively, the amounts charged on your water/wastewater bill provide for the maintenance, operation, improvement and future replacement of existing infrastructure only. General tax levy funds (property taxes) cannot be used to support water and wastewater services.

Cost recovery of wastewater infrastructure where there is a derived benefit to properties has been the past policy and practice of the Municipality. Past projects have included the following:

- **The Former Town of Tecumseh** passed a cost recovery by-law (under the *Municipal Act*) against the benefitting lands in 1971 for approximately 22.8-kilometers of sanitary sewers that were installed in 1972-1974.
- **The Former Village of St. Clair Beach** passed a cost recovery by-law (under the *Ontario Water Resources Act*) against the benefitting lands in 1971 for approximately 11.9-kilometers of sanitary sewers that were installed in 1973-1974.
- **The Former Township of Sandwich South** passed a cost recovery by-law (under the *Ontario Water Resources Act*) against the benefitting lands in 1974 for approximately 12.1-kilometers of sanitary sewers that were installed in 1975-1977 within Tecumseh Hamlet.

- **The Former Township of Sandwich South** passed a cost recovery by-law (under the *Local Improvement Act*) against the benefitting lands in 1994 for approximately 291-meters of sanitary sewers, 786-meters of forcemain and a sanitary pump station (Sylvestre Drive Sanitary Pump Station) that were installed in 1994 within Tecumseh Hamlet.
- **The Corporation of the Town of Tecumseh** passed a cost recovery by-law (under the *Municipal Act*) against the benefitting lands in 2011 for approximately 8.3-kilometers of sanitary sewers (North Talbot Road Outlet, Oldcastle Hamlet).
- **The Corporation of the Town of Tecumseh** continues to work on passing a cost recovery by-law (under the *Municipal Act*) against the benefitting lands for approx. 32.7-kilometers of sanitary sewers (8th Concession Road Outlet, Oldcastle Hamlet).

Comments

Project Cost Recovery

The proposed Sylvestre Drive Sanitary Sewer Extension provides a sanitary sewer outlet for approximately 15 Business Park properties within the vicinity of the County Road 19/Sylvestre Drive intersection. The Town's past practice for the funding of major capital servicing infrastructure where there is a derived benefit to property, has been full cost recovery against those benefitting lands. Administration has reviewed cost recovery mechanisms with the Town Solicitor and Watson & Associates Economists Ltd., and we are recommending proceeding under Part XII of the Municipal Act.

The Town has recently utilized a Part XII By-Law under s.391 of the Municipal Act to recover capital costs for the North Talbot Road Trunk Sanitary Sewer Outlet in the Oldcastle Hamlet.

Part XII of the Municipal Act provides municipalities with the authority to impose fees and charges via passage of a by-law. Municipal Act, s.391(1) authorizes a Municipality to impose fees or charges on persons,

- for services or activities provided or done by or on behalf of it;
- for costs payable by it for services or activities provided or done by or on behalf of any other municipality or any local board; and
- the use of its property including property under its control.

Furthermore, s.391(2) states that a fee or charge imposed for capital costs related to services or activities may be imposed on persons not receiving an immediate benefit from the services or activities but who will receive a benefit at some later point in time.

Next Steps

While not a requirement under the Municipal Act, Administration recommends holding a Public Information Centre (PIC) with benefiting landowners of the proposed extension to present the preliminary costs and address any questions or concerns that they may have.

Administration has prepared the Sylvestre Drive Sanitary Extension Presentation (Attachment 2) and a preliminary schedule of assessment (Attachment 3) that will be presented and discussed in detail at the PIC.

Once the PIC has been held, Administration will report back to Council on any comments received and present the proposed cost recovery By-Law to Council for consideration.

Consultations

Financial Services
Development Services
Dillon Consulting Ltd.
Watson and Associates Economists Ltd.
Wolf Hooker Professional Corporation

Financial Implications

On September 24, 2021, Dillon Consulting Ltd. (Dillon) provided the Town with an updated sewer main estimate inclusive of construction and engineering of \$897,900. The updated total project cost estimate, which is exclusive of road and stormwater work, is shown in the table below.

Description	Cost
Sanitary Main	\$ 757,338.53
Sanitary Lateral	\$ 126,390.00
Easements	\$ 14,171.47
Total	\$ 897,900.00

Assessment Basis Review

Four different assessment methods were considered to determine the most appropriate way to recover project costs for the sanitary sewer extension. These assessment methods were:

- Properties Serviced (Each)
- Frontage Serviced
- Area Serviced
- Area Serviced with Easement Charge

1. Property Serviced (Each)

This basis is derived by taking the total cost of the sewer main and dividing it by the total number of properties that are being serviced by the sewer main. This results in a consistent main charge of \$51,434.00 for each property regardless of location, area or frontage.

2. Frontage Serviced

This basis is derived by taking the total cost of the sewer main and dividing it by the total frontage of all properties serviced by the sewer main. This charge rate is then multiplied by each properties' total frontage to determine individual main charges. This results in a frontage charge of \$850.71 per meter regardless of location, or area.

3. Area Serviced

This basis is derived by taking the total costs of the sewer main and dividing it by the total area that is serviced by the sewer main to get a charge rate per area. This charge rate is then multiplied by each property's total area to determine each property's main charge. This results in an area charge of \$92,254.07 per Hectare regardless of frontage or location.

4. Area Serviced with Easement Charge

This basis is broken up into two charges, the main charge and the easement charge. The main charge is derived in the same way as the "Area Serviced" basis but excludes the cost to acquire any easements in the total cost of the sewer main. The easement charge is the charge for acquiring the necessary easements for the installation of the sewer main. It is derived by taking the cost of the easement and placing it on the benefiting land of that easement. For this basis, each property would be charged \$90,559.51 per Hectare of land owned. For properties requiring an easement, each property will be charged a separate rate of \$247,105 per Hectare of easement required.

The table below depicts the four different assessment options discussed above against four properties within the study area.

Property	Assessed Area (Ha)	Frontage (m)	Easement Area (Ha)	Property	Frontage	Area	Area + Easement
Property A	0.59	108.4	0.01	\$51,434.00	\$92,217.10	\$54,088.33	\$56,754.43
Property B	0.67	75.4	-	\$51,434.00	\$64,143.63	\$62,025.29	\$60,885.98
Property C	0.32	36	-	\$51,434.00	\$30,625.60	\$29,333.25	\$28,794.44
Property D	1.68	27	0.01	\$51,434.00	\$22,969.20	\$154,562.58	\$153,725.05

Administration is recommending that the “Area Serviced with Easement” basis be used as the preferred method of cost recovery. This method appears to be the most equitable cost recovery method as only those lands which benefit from the easement will receive the additional charge.

Main Charge

The Main Charge is the charge for the capital cost of the sewer main. Each benefitting property receives this charge regardless of location, area or if they require an easement.

Utilizing the “Area Serviced with Easement” basis, the current sanitary main cost estimate of \$757,338.53 can be divided by the total area (8.36 Ha) for a charge rate per land size. The following table details the main charge rate based on area.

Total Area	Main Charge
20.67 Acres	\$ 36,648 Per Acre
8.36 Hectares	\$ 90,560 Per Hectare

It should be noted that these are preliminary charge rates based on the current estimate provided by the Town’s Consultant exclusive of Lateral and Easement Charges.

Lateral Charge

The Lateral Charge is the charge for the installation of a sewer lateral which connects to the sewer main. Lateral Charge rates have been derived from By-Law 2014-85 within the Oldcastle Hamlet area as these values have been seen as a fair representation of construction costs. These charges have been indexed for the 2021 calendar year in the following table.

Lateral Description	Cost
150 mm (6 inch) no inspection manhole	\$ 3,010
150 mm (6 inch) with inspection manhole	\$ 8,426
200 mm (8 inch) with inspection manhole	\$ 9,392
250 mm (10 inch) with inspection manhole	\$ 10,836

Easement Charge

The Easement Charge is the charge for acquiring the necessary easements for the installation of the sewer main. In this project, four easements are required on the four separate properties fronting County Road 19 immediately north of Sylvestre Drive.

These costs have been estimated from previous projects where easement were acquired based on a rate of \$100,000 per Acre (\$247,105 per Hectare). Each easement will have an independent charge rate based on the cost to acquire each individual easement.

Easement Description	Cost
Easement 1 (E1-13480 Sylvestre Drive)	\$ 100,000 / Acre (\$ 247,105 / Ha)
Easement 2 (E2-1847 Manning Road)	\$ 100,000 / Acre (\$ 247,105 / Ha)
Easement 3 (E3-1855 Manning Road)	\$ 100,000 / Acre (\$ 247,105 / Ha)
Easement 4 (E4-1865 Manning Road)	\$ 100,000 / Acre (\$ 247,105 / Ha)

Preliminary Assessment Schedule

The rationale listed in this report and displayed in the Public Information Centre Presentation (see Attachment 2) has been used to generate preliminary assessments based on current known estimates relating to the Main, Lateral, and Easement Charges. A copy of the preliminary assessment schedule is included in Attachment 3.

It is intended that upon completion of construction and once the final costs have been tabulated, that the Part XII Cost Recovery By-law would be revised to reflect the actual costs.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable ☒

Website ☐ Social Media ☐ News Release ☐ Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

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Reviewed by:

Brian Hillman, MA, MCIP, RPP
Director Development Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
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Reviewed by:

Phil Bartnik, P.Eng.
Director Public Works & Engineering Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1	Study Area Map
2	Public Information Centre Presentation
3	Preliminary Assessment Schedule