



## 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:** November 28, 2023

**Report Number:** PWES-2023-73

**Subject:** 8th Concession Road Sanitary Sewer Outlet Area  
Main and Lateral Charges Cost Recovery Part XII By-Law.

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### Recommendations

It is recommended:

**That** Report PWES-2023-73 entitled “8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area Main and Lateral 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 8<sup>th</sup> Concession Road Sanitary Sewer Outlet 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 8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area Main and Lateral Charges Cost Recovery Part XII By-Law.

### Background

At the September 26, 2017 Special Meeting of Council, Council approved the recommendations (Motion SCM-13/17) of [PWES Report No. 45/17](#) entitled “8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area, Main and Lateral Charges Cost Recovery By-Law” and authorized Administration to proceed with a Public Information Centre (PIC) to communicate estimated charges to affected landowners.

On November 1, 2017, Administration held a PIC to present background information and estimated charges to benefiting property owners within the 8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area.

Subsequently, at the February 13, 2018 Special Meeting of Council, Council received report [PWES-2018-01](#) titled “8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area, Main and Lateral Charges Cost Recovery Part XII By-Law” and authorized the cost of the sanitary sewer system against benefitting lands in accordance with Part XII of the *Municipal Act* (Motion SCM-02/18).

## **Project Updates**

Following the February 2018 Special Meeting of Council there have been a number of changes that impacted the assessment valuations, which include:

- Water and Wastewater Master Plan Update (2018)
- Development Charges Background Study and By-Law (2019)
- Oldcastle Hamlet Sanitary Servicing – 8<sup>th</sup> Concession Road Trunk Sanitary Sewer Outlet Preliminary Design Report, Addendum (2020)
- Part XII Assessment Rationale.

## **Water and Wastewater Master Plan Update (2018)**

The 2018 Water and Wastewater Master Plan Update was adopted by Council on March 10, 2020 under report [PWES-2020-15](#) (Motion: RCM-87/20) and builds upon information contained within the previous 2002 Master plan, 2005 amendment to the Water Servicing Plan, and the 2008 Update.

This latest Master Plan Update revised the servicing strategy for the Oldcastle Hamlet area based on the Oldcastle Hamlet Sanitary Servicing – 8<sup>th</sup> Concession Road Trunk Sanitary Sewer Outlet, Preliminary Design Report (2018, amended 2020). Additionally, the 2018 Master Plan Update revised long-term planning, phasing, and cost estimation for capital wastewater projects.

## **Development Charges Background Study & By-Law**

At the August 13, 2019 Regular Meeting of Council, Council received Report [PBS-2019-26](#) “Development Charges, Results of Public Meeting and Final Recommendations” and approved the Development Charges Background Study (Motion RCM-243/19).

This study highlighted future buildout for trunk wastewater infrastructure including updated projects, cost estimates, benefit to existing development costs, and potential Development Charge recoverable costs.

## **Oldcastle Hamlet Sanitary Servicing – 8<sup>th</sup> Concession Road Trunk Sanitary Sewer Outlet, Preliminary Design Report (2018, amended 2020)**

The Town undertook a functional servicing study of the 8<sup>th</sup> Concession Road trunk sanitary sewer in 2016 which resulted in the completion of the “Oldcastle Hamlet Sanitary Servicing – 8<sup>th</sup> Concession Trunk Sanitary Sewer Outlet – Preliminary Design Report” (2018). This report outlined the proposed sanitary sewer system including:

- Design criteria and parameters used in the development of the preliminary design;
- General layout, invert elevations, and size of the sanitary sewer system, including the need for sanitary pump stations;
- Confirmation of property requirements; and
- Preparation of construction cost estimates for trunk and local sanitary sewer system components.

Subsequently, on June 23, 2020, the Town received an addendum to the Oldcastle Hamlet Sanitary Servicing – 8<sup>th</sup> Concession Trunk Sanitary Sewer Outlet – Preliminary Design Report to reflect changes seen in the Development Charges Study (2019) and Water and Wastewater Master Plan Update (2018). These revisions include updates to cost estimates and servicing area changes.

### **Part XII Assessment Rationale**

As presented in the November 1, 2017 PIC and subsequent Council Meetings, the initial assessments for the 8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area were based on a per area rate as used in recent sanitary sewer cost recovery projects (i.e. the North Talbot Road Sanitary Outlet where the land use designation was consistent throughout, non-residential).

Upon further review of the 8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area, due to the wide variation of land uses (residential, commercial, industrial, institutional) within the study area that would be subject to the proposed By-law, it was determined that this method may not be the most equitable approach.

### **Broad Policy Basis Supporting Municipal Sanitary Sewage Servicing**

There are three policy documents which support municipal sanitary sewers within the current study area, as follows:

- **Provincial Policy Statement, 2020 (PPS)** provides policy direction on matters of provincial interest related to land use planning, development, and servicing. The PPS includes polices 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 current 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 current study area is within a Primary Settlement Area as identified in the County OP;
- **Local Official Plan (Local OP)** provides servicing policy direction under Section 8 Municipal Services. The following policies within this section that are most relevant include:

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

## 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:

- 1) **Private Developers** install full municipal services (water, storm, sanitary, roads) as part of their development, for which those costs are incorporated into the cost of each lot serviced and passed on to the eventual landowner.
- 2) **The Town of Tecumseh** would install new wastewater infrastructure and recover the costs through:
  - a) **Development Charges**, collected for the means to fund larger/oversized (trunk) 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.
  - b) **Under the *Municipal Act*** (Local Improvement Charges or Part XII Charges), for which these costs are assessed to the benefiting property owners through a cost recovery by-law.

Water and wastewater services are funded through water and wastewater rates exclusively. The amounts charged on water/wastewater bills 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 benefiting 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 benefiting 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 benefiting 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 benefiting lands in 1994 for approximately 291- meters of sanitary sewers, 786-meters of force main 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 benefiting lands in 2011 for approximately 8.3-kilometers of sanitary sewers (North Talbot Road Outlet, Oldcastle Hamlet).
- **The Corporation of the Town of Tecumseh** passed a cost recovery by-law (under the *Municipal Act*) against the benefiting lands in 2023 for approximately 625 meters of sanitary sewers and a sanitary pump station (Sylvestre Drive Sanitary Sewer Extension).

## Comments

At the January 25, 2022 Regular Council Meeting, Council approved the recommendations contained within report [PWES-2022-03](#) for the implementation of the PWES 2022 Capital Works Projects, including the 8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area Cost Recovery By-law (Motion: RCM-23/22). Due to the number of changes that impacted the original assessment valuation (as described earlier in this report), Watson & Associates Economists Ltd. was retained to assist Administration with the preparation of the cost recovery By-law.

## Project Cost Recovery

The Town's past practice for the funding of major capital servicing infrastructure where there is a derived benefit to the property, has been full cost recovery against those benefiting lands. Administration has reviewed cost recovery mechanisms with the Town Solicitor and Watson & Associates Economists Ltd., and recommend proceeding under Part XII of the *Municipal Act*.

The Town has previously utilized Part XII By-Laws under s.391 of the *Municipal Act* to recover capital costs for the North Talbot Road Trunk Sanitary Sewer Outlet in the Oldcastle Hamlet, and the Sylvestre Drive Sanitary Sewer Extension.

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 of 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.

### **November 28, 2023 Regular Council Meeting Presentation**

Watson & Associates Economists Ltd. will be in attendance at the November 28, 2023 Regular Council Meeting to make a presentation on their Capital Charges Background Study for the 8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area. This report will provide:

- an outline of the study area and affected properties;
- identification of the capital costs required to accommodate growth and existing properties;
- the calculation of the capital charges;
- next steps/considerations for staff and Council.

### **Next Steps**

While not required under Part XII of the *Municipal Act*, Administration recommends holding a Second Public Information Centre (PIC) with benefiting landowners of the 8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area to present the recommendations from Watson & Associates Economists Ltd. report, the updated costs and address any questions or concerns that they may have on the revisions to this project.

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

## Consultations

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

## Financial Implications

### Summary of Capital Costs

There are three main components of infrastructure to consider as part of the Part XII charge: the **Main (Trunk)** component, **Local** component, and the **Lateral** component.

- 1) **Sewer Main Capital Costs (Trunk Component)**. The Main charge refers to capital costs related to sanitary sewers greater than 375mm in diameter, pump stations and force mains. The approximate length of the trunk sanitary sewers is 23-kilometers, which includes those trunks within the 8<sup>th</sup> Concession Road Sanitary Outlet Area and the trunks from Oldcastle Hamlet to the Little River Pollution Control Plant (see Attachment 2).

'Table 3-1 Summary of Total Project Costs – Trunk Sewers' contained within Attachment 5 provides a detailed project listing with their associated costs (actual and estimated). A summary of the trunk sewer costs is provided below.



| Funding Partners            | Trunk Sanitary Sewer Costs |
|-----------------------------|----------------------------|
| Federal / Provincial Grants | \$25.6M                    |
| City of Windsor             | \$11.5M                    |
| Town of Tecumseh            | \$26.4M                    |
| <b>TOTALS</b>               | <b>\$63.5M</b>             |

For the Town's Trunk Sanitary Sewer costs of \$26.4M, this can be further broken down into:

- a) \$21.3M – growth related costs funded through the Town's Development Charges (DCs);
- b) \$0.3M – benefits existing development in other areas (outside of the 8<sup>th</sup> Concession Road Sanitary Outlet Area);
- c) **\$4.8M – benefits existing development within the 8<sup>th</sup> Concession Road Sanitary Outlet Area. This is the amount proposed to be recovered through the capital charge for the Main component of the works.**

2) **Local Sewers Capital Costs (Local Component).** The Local charge relates to capital costs for sanitary sewers less than 375mm in diameter. Under the Town's Local Service Policy, the costs associated with the construction of localized sanitary sewers would not be included in the Development Charge. As such, these costs would be funded by the Part XII Local charge.

'Table 3-3 Summary of Total Costs Related to Local Sewers' contained within Attachment 5 provides a detailed project listing with their associated costs, with an estimated total of **\$14.8M**.

3) **Lateral Capital Costs.** Costs related to the Lateral component of the works are to be assessed on a per property basis as provided for in the following table, based on the type of lateral:

| Lateral Description                      | Cost             |
|--|------------------|
| 150 mm (6 inch) no inspection manhole    | <b>\$ 3,974</b>  |
| 150 mm (6 inch) with inspection manhole  | <b>\$ 11,124</b> |
| 200 mm (8 inch) with inspection manhole  | <b>\$ 12,399</b> |
| 250 mm (10 inch) with inspection manhole | <b>\$ 14,306</b> |

## Conversion of Properties to a Single Detached Equivalent (S.D.E.s)

To provide an equitable method of charging each existing property, Watson & Associates is proposing that the Part XII charge be assessed on a Single Detached Equivalent basis. **This is preferred to an area basis, given that population densities are more closely related to shares of sanitary flows rather than area of a property, especially when varying land use designations exist (i.e. residential, commercial, industrial, institutional, etc.) – which variety exists in the area subject to the proposed By-law.** The S.D.E. approach seeks to normalize the wastewater use of all types of development (residential and non-residential) relative to the use of a single detached home.

Residential and non-residential population densities were taken from the Town’s 2019 D.C. Study Background Study and the Town’s Water & Wastewater Master Plan Update 2018. An example calculation of the S.D.E. for a non-residential business park is provided below:

| Property Type | Population Density (ppl/Ha)<br>A | Area of Property (Ha)<br>B | Assumed Population<br>A x B = C | S.D.E. Assumption<br>D | Total S.D.E.s for Property<br>C / D = E |
|---------------|----------------------------------|----------------------------|---------------------------------|------------------------|---|
| Business Park | 35.0                             | 0.52                       | 18.2                            | 3.2                    | 5.7                                     |

Based on the above table, this business park property would be charged 5.7 times the amount of one single detached home, based on the size of the property and population density assumptions. Once all properties are converted to this common S.D.E. basis, the total capital costs can be divided on an equitable basis.

## Calculation of Capital Charge

The Main (or Trunk) component of the charge is to be assessed to those existing developed properties within the study area. Those properties that are undeveloped would not pay a Main component as they would be subject to a Development Charge once developed.

The Local component of the charge is assessed to existing developed properties and undeveloped properties that are unable to install their own local sewers (smaller vacant infill lots).

Each property would also be subject to the Lateral charge based on the type of lateral that is installed.

A summary of the Main (Trunk) and Local charges per S.D.E. are provided in the Table below:

| Charge        | Capital Costs       | Total S.D.E.s | Charge per S.D.E. |
|---------------|---------------------|---------------|-------------------|
| Main (Trunk)  | \$4,785,103         | 2,122         | \$2,255           |
| Local         | \$14,758,951        | 3,027         | \$4,876           |
| <b>TOTALS</b> | <b>\$19,544,054</b> | <b>---</b>    | <b>*\$7,131</b>   |

\*For those properties that would be assessed for the Main (Trunk) and Local charges

### Detailed Calculations and Assessments

Detailed Calculations and Assessments for properties within the 8<sup>th</sup> Concession Road Sanitary Sewer Outlet Area are contained within Appendix A of Attachment 5. Assessment examples for both Residential and Non-Residential properties are depicted below:

#### Residential Lot on North Talbot Road (already developed)

| Area    | S.D.E. | Main (Trunk) | Local   | Lateral | Total    |
|---------|--------|--------------|---------|---------|----------|
| 0.89 Ha | 1.0    | \$2,255      | \$4,876 | \$3,974 | \$11,105 |

#### Residential Lot on North Talbot Road (vacant)

| Area    | S.D.E. | Main (Trunk) | Local   | Lateral | Total   |
|---------|--------|--------------|---------|---------|---------|
| 0.50 Ha | 1.0    | *N/A         | \$4,876 | \$3,974 | \$8,850 |

\*Vacant lot would be subject to Development Charges once developed

#### Non-Residential Lot on Hennin Drive (already developed)

| Area    | S.D.E. | Main (Trunk) | Local    | Lateral  | Total    |
|---------|--------|--------------|----------|----------|----------|
| 0.57 Ha | 6.2    | \$14,061     | \$30,398 | \$11,124 | \$55,583 |

#### Non-Residential Lot on Fasan Drive (vacant)

| Area    | S.D.E. | Main (Trunk) | Local    | Lateral  | Total    |
|---------|--------|--------------|----------|----------|----------|
| 0.42 Ha | 4.6    | *N/A         | \$22,398 | \$11,124 | \$33,522 |

\*Vacant lot would be subject to Development Charges once developed

## Link to Strategic Priorities

| Applicable                          | 2023-2026 Strategic Priorities  |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.                                |
| <input type="checkbox"/>            | Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do. |
| <input type="checkbox"/>            | Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.   |

## 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:

Cameron Hedges, P.Eng.  
Engineering Project Manager

Reviewed by:

Tom Kitsos, CPA, CMA, BComm  
Director Legislative Services & Clerk

Reviewed by:

Brian Hillman, MA, MCIP, RPP  
Director Development Services

Reviewed by:

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

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

| <b>Attachment Number</b> | <b>Attachment Name</b>                               |
|--------------------------|--|
| 1                        | 8 <sup>th</sup> Concession Road Sanitary Outlet Area |
| 2                        | Trunk Sanitary Sewer to LRPCP                        |
| 3                        | Trunk Sanitary Sewer Assessment Map                  |

| <b>Attachment Number</b> | <b>Attachment Name</b>   |
|--------------------------|--|
| 4                        | Local Sanitary Sewer Assessment Map  |
| 5                        | 8 <sup>th</sup> Concession Road Area (Oldcastle), Capital Charges Background Study 2023, Watson & Associates Economists Ltd. (Appendix B available upon request) |
| 6                        | Watson & Associates Economists Ltd. November 28, 2023 Council Presentation   |