



 Watson
& Associates
ECONOMISTS LTD.

8th Concession Road Area (Oldcastle) Capital Charges

Council Meeting
November 28, 2023

Agenda

- Background
- Legislative Framework
- Service Area Description
- Capital Cost Summary
- Calculation of Capital Charge
- Special Considerations
- Next Steps and Implementation



Background



- Properties within the Oldcastle Hamlet have traditionally been serviced by private on-site systems, some of which are inadequate, malfunctioning, and have caused land and surface water pollution
- The Town and Ministry of Environment have identified the need for proper treatment of wastewater in the Hamlet
- A preferred strategy has been identified through the 2018 “Oldcastle Hamlet Sanitary Servicing 8th Concession Road Trunk Sanitary Sewer Outlet Preliminary Design” Report
 - Report outlined trunk and local sewer projects and cost estimates
 - Cost estimates were updated in 2020 and 2022 to reflect current costs

Background



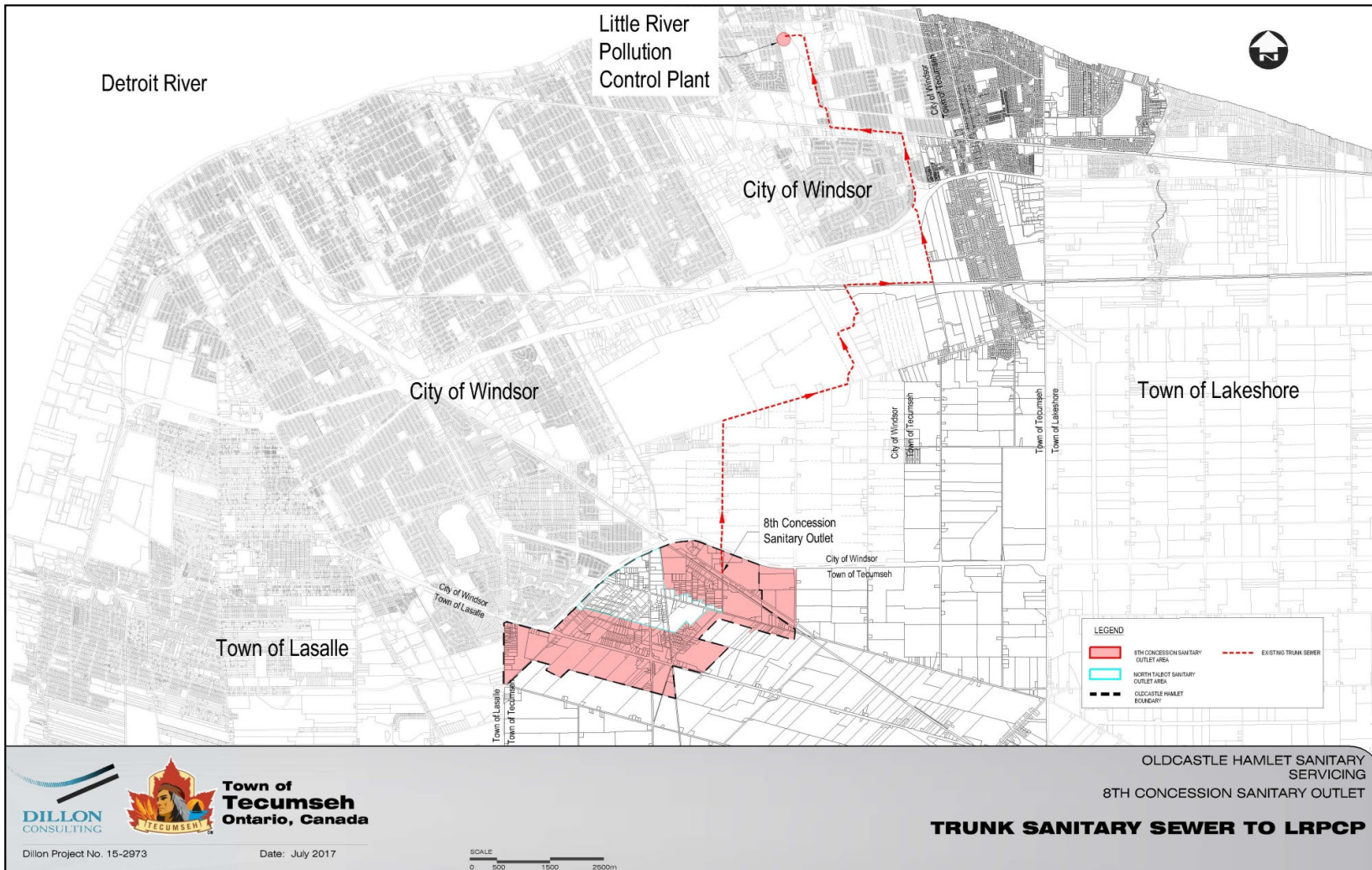
- New development in the Oldcastle area would be subject to development charges (D.C.s) under the *Development Charges Act*
 - D.C.s will be paid by new development for their share of the costs for wastewater infrastructure
- The recovery of costs for wastewater servicing related to existing properties is proposed to be recovered through a capital charge via Part XII of the *Municipal Act*
- The Town retained Watson to undertake the calculation of these capital charges through this study process

Legislative Framework

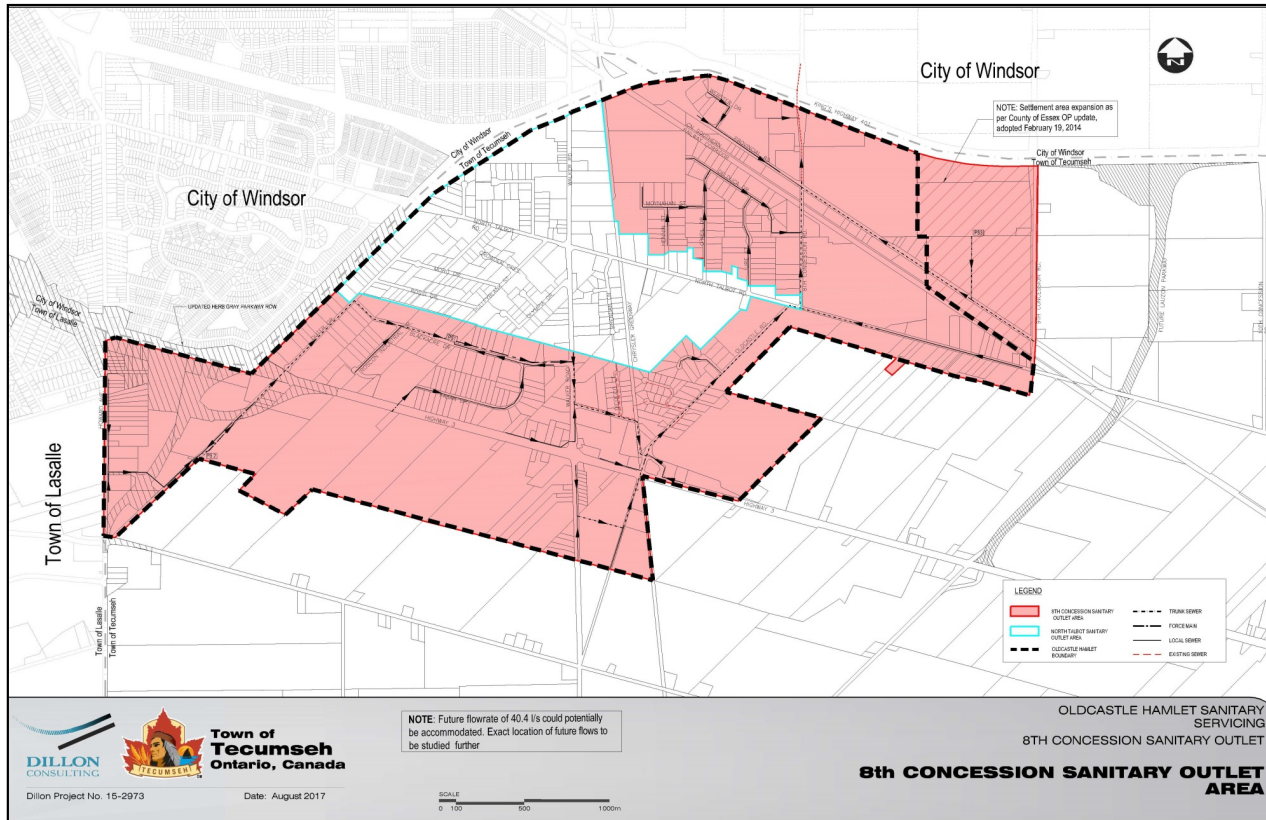


- Part XII of the *Municipal Act* provides municipalities with broad powers to impose fees and charges via by-law as follows:
 - “For services or activities provided or done by or on behalf of it;
 - for costs payable by it for services or activities provided or done by or on behalf of any other municipality or local board; and
 - for the use of its property including property under its control.”
- It is proposed that existing properties will pay the non-growth-related costs of the infrastructure through capital charges imposed under Part XII
 - Note: Future development will pay the growth-related costs of the infrastructure through D.C.s

Service Area



Service Area



Summary of Properties within Study Area

Total Properties	Existing	New
Residential	94	20
Non-Residential	226	49
Total	320	69

Summary of Total Area by Property Type within Study Area

Total Area (Ha)	Existing	New
Residential	44.8	114.6
Non-Residential	179.3	287.6
Total	224.1	402.2



Methodology – Conversion of Properties to Single Detached Equivalents (S.D.E.s)

- S.D.E. approach normalizes wastewater use of all types of development (res and non-res) relative to the use of a single detached home
- S.D.E. basis is preferred to an area basis given that population densities are more closely related to shares of sanitary flows vs. property area
- 3.2 persons per single family home is assumed for this calculation (based on 2019 DC Study)
- Example calculation to convert a business park to S.D.E.s is provided as follows:

Property Type	Population Density (persons/hectare)	Area of Property (hectares)	Assumed Population	S.D.E. Assumption	Total S.D.E.s for Property
	<i>A</i>	<i>B</i>	$A \times B = C$	<i>D</i>	$C / D = E$
Business Park	35.0	0.52	18.2	3.2	5.7

Summary of S.D.E.s within Study Area



Total S.D.E.s	Existing	New
Residential	122	1,264
Non-Residential	1,999	3,340
Total	2,122	4,604

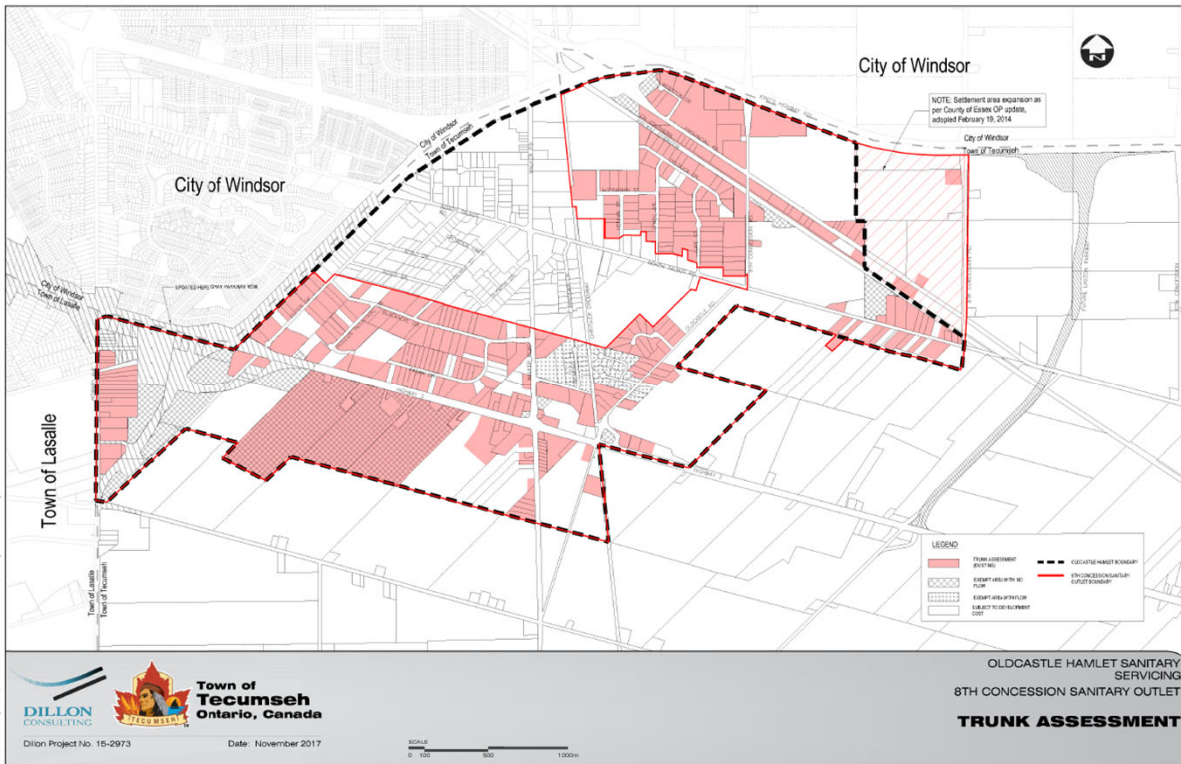
- Total existing S.D.E.s are used in the denominator of the Part XII charge calculation
- Numerator is the capital cost (identified in the next section)

Infrastructure



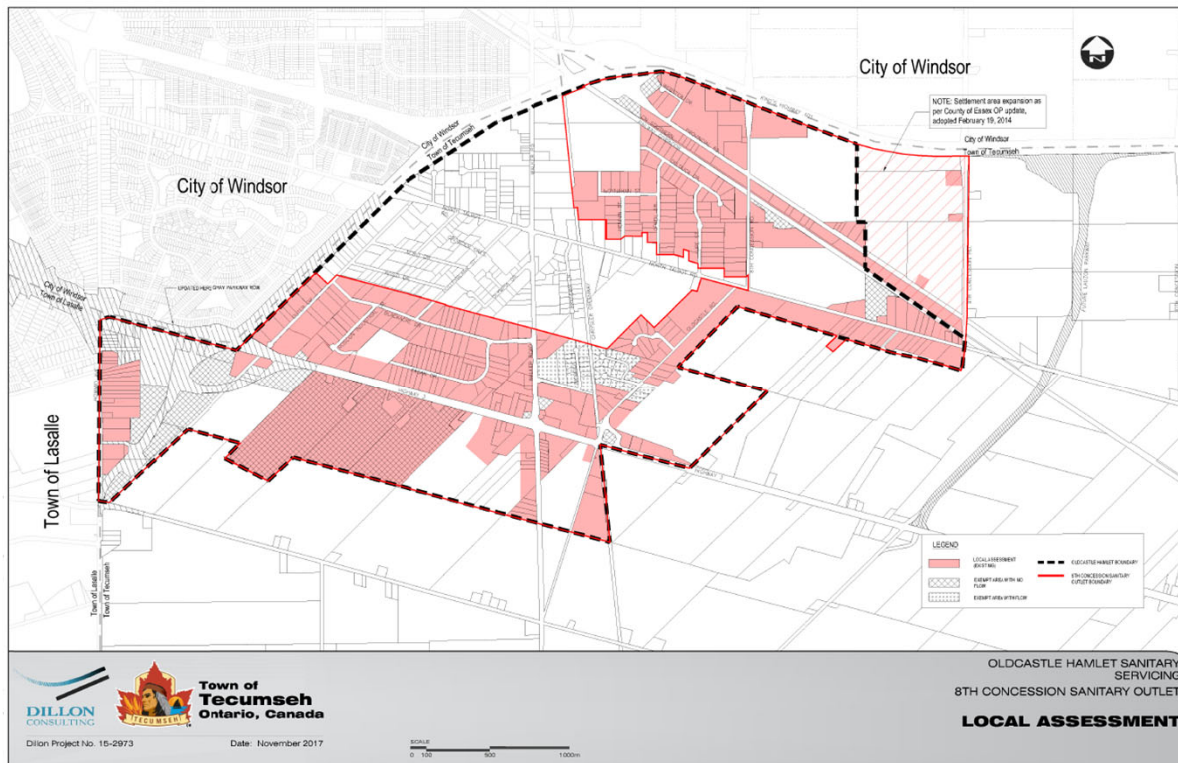
- Three components of infrastructure:
 1. **Main (Trunk) charge:** sanitary sewers greater than 375mm in diameter, pump stations and forcemains
 2. **Local charge:** sewers <375 mm in diameter
 3. **Lateral charge:** cost related to connect the sewer to a property

Existing Properties Benefiting from Trunk Infrastructure



Existing S.D.E.s benefitting from trunk infrastructure: 2,122

Existing Properties Benefiting from Local Infrastructure



Existing S.D.E.s benefiting from local infrastructure: 3,027

Note: S.D.E.s for local charge is higher than trunk infrastructure, given that the Town is installing the local infrastructure for certain new developments where a D.C. would otherwise apply.

Capital Costs



Component	Total Cost	Town Share	Growth-Related (D.C.s)	Non-Growth-Related (Part XII)*
Trunk Sewers	\$63.5 million	\$26.43 million	\$21.37 million	\$4.79 million
Local Sewers	\$14.76 million	\$14.76 million	N/A**	\$14.76 million

- Lateral capital costs are assessed on a per property basis based on the type of lateral installed:

Description	Capital Cost (\$)
150 mm (6 inch), without inspection manhole	\$3,974
150 mm (6 inch), with inspection manhole	\$11,124
200 mm (8 inch), with inspection manhole	\$12,399
250 mm (10 inch), with inspection manhole	\$14,306

*Note: a minor component of the works (approximately \$300,000) benefits existing development in other areas, not included as part of this calculation

**Under the Town's Local Service Policy, the construction of these works is direct developer responsibility and not included in the DC. Costs identified above do not include local sewers to be installed by developing landowners

Calculation of Capital Charge



Calculation of Main Charge per S.D.E.

Total Capital Costs (\$)	\$4,785,103
Total S.D.E.s	2,122
Main Charge per S.D.E.	\$2,255

Calculation of Local Charge per S.D.E.

Total Capital Costs (\$)	\$14,758,951
Total S.D.E.s	3,027
Local Charge per S.D.E.	\$4,876

Total Part XII Charge per S.D.E.

Component of Charge	Charge (\$)
Main Charge per S.D.E	\$2,255
Local Charge per S.D.E.	\$4,876
Total	\$7,131

- Note: S.D.E.s for local charge is higher, given that the Town is installing the local infrastructure for certain new developments where a D.C. would otherwise apply.
- These properties would pay the D.C. to fund the Main trunk infrastructure and a Part XII charge for the local infrastructure

- The above charge is applied to each property based on the total number of S.D.E.s for the property
- Calculations of the charge for each property in the study area are provided in the report

Special Considerations



Properties not subject to the charge:

- Existing Sanitary Sewers
 - Properties within the Sewer Outlet area that are currently serviced by existing sewers and have been temporarily discharging into North Talbot Road Sanitary Sewer until they can connect to 8th Concession Rd sewer
- 'Frozen' Areas
 - There are a number of properties that are fully or partially 'frozen'
 - Not intended to be serviced/do not have any sewage capacity allocated
- D.C. Recoverable
 - Undeveloped properties are not subject to the charge as growth-related capital costs are included in the D.C. calculation
 - These properties are subject to the D.C. to recover capital costs related to the development of the land

Next Steps and Implementation



- The Town will receive and consider feedback from Council
- Undertake a Public Information Centre to receive feedback from the public and local stakeholders
- Report back to Council on the issues and questions raised
- Council to consider a by-law under the *Municipal Act* which sets out the total capital charges for each property
- Staff and Council may consider providing financing assistance to allow charges to be paid in installments



Questions?