



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: July 9, 2024

Report Number: PWES-2024-37

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

Recommendations

It is recommended:

That Report PWES-2024-37 8th Concession Road Sanitary Sewer Outlet Area, Main and Lateral Charges Part XII Cost Recovery By-Law, Final Report and Recommendation, **be received**;

And that the cost of the sanitary sewer system for the 8th Concession Road Sanitary Sewer Outlet Area **be assessed** against the benefitting lands within that area based on the Main and Lateral Charges in accordance with Part XII of the *Municipal Act*;

And further that consideration **be given** to the first, second, third and final readings of By-law 2024-060, a by-law for the 8th Concession Road Sanitary Sewer Outlet Area Main and Lateral Charges that outlines the charges to the benefitting lands for the construction of the sanitary sewer system within the 8th Concession Road Sanitary Sewer Outlet Area.

Executive Summary

The purpose of this report is to provide Council with information on the comments and concerns received at the Public Information Centre (PIC) that detailed the proposed

sanitary sewer extension project within the 8th Concession Road Sanitary Sewer Outlet Area. The PIC also highlighted the Town's past practice for the funding of major capital servicing infrastructure where there is a derived benefit to properties including full cost recovery against those benefitting lands.

Background

At the November 28, 2023 Regular Council Meeting, council approved the recommendations (Motion: RCM-311/23) of Report [PWES-2023-73](#) titled "8th Concession Road Sanitary Sewer Outlet Area, Main and Lateral Charges Cost Recovery Part XII By-Law", which included:

That Report PWES-2023-73 entitled "8th 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 8th 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 8th Concession Road Sanitary Sewer Outlet Area Main and Lateral Charges Cost Recovery Part XII By-Law.

Report PWES-2023-73 highlighted pertinent information to provide support for the implementation of the project and cost recovery by-law, including:

- Broad policy basis supporting municipal sanitary sewage servicing such as the Provincial Policy Statement, County of Essex Official Plan, and the Tecumseh Official Plan.
- Town studies which warrant the advancement of sanitary sewage servicing such as the Water and Wastewater Master Plan, Development Charges Background Study and the Water and Wastewater Rate Study.
- A detailed history of previous cost-recovery sanitary sewage servicing projects completed by the Town from the 1970's to present times.
- The recommended cost recovery method being a cost recovery by-law under Part XII of the *Municipal Act*.

Comments

Virtual Public Information Centre Summary

A Notice of Virtual Public Information Centre (PIC) was mailed to all property owners within the 8th Concession Road Sanitary Sewer Outlet Area on January 12, 2024. The Virtual PIC was posted to the Town's website on January 12, 2024, with an invitation for comments and questions to be submitted electronically or by mail to the Town on or before February 16, 2024. A copy of the PIC Presentation ([PDF](#) and [Video](#)) is located on the Town's website and outlines the following sections: Background, Legislative Framework, Service Area, Capital Cost Summary, Calculation of Capital Charge, Special Considerations, Frequently Asked Questions, Next Steps and Implementation.

Administration received comments and inquiries from sixteen (16) property owners throughout the public consultation period. A summary of the PIC comments received with responses is provided within the cover letter provided by Watson & Associates Economists Ltd. (Attachment 5).

In general, the comments and questions related to the specific charge that would apply to individual properties, the amount of the charge calculated, and the timing of connection to the sanitary sewer system.

Revisions Following Public Comment

Based on the public feedback received, a number of updates have been made to the capital calculations. The final report provided by Watson & Associates Economists Ltd., as contained within Attachment 6, has been updated to incorporate these changes.

- 1) Adjustments to Assessments.** Adjustments related to specific properties based on further review. This includes changes to assumed densities, the number of single detached equivalents applied, and changes in land use.
- 2) Properties with Existing Sanitary Service.** There are a number of properties within the 8th Concession Road Sanitary Service Area that are serviced by existing sanitary sewers. These flows have been diverted on a temporary basis into the North Talbot Road Sanitary Service Area, until such time that they can be diverted into the 8th Concession Service Area. These properties are not subject to a charge, however, the portion of capital costs that relate to these properties will be funded by the Town. The portion of the costs related to these properties has been allocated as a Town-funded component to ensure that the costs related to properties already receiving wastewater services are not allocated to the properties that are subject to the Part XII charge.

- 3) Updated Capital Cost Estimates.** Updated capital cost estimates for the trunk sewer infrastructure were used based on the revised capital costs included in the Town’s 2024 development charges background study, dated May 23, 2024.

Consultations

Development Services
Financial Services
Legislative Services & Clerk
Dillon Consulting Limited
Watson & Associates Economists Ltd.

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 8th 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 6 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	\$21.1M
City of Windsor	\$11.5M
Town of Tecumseh	\$46.9M
TOTALS	\$79.5M

For the Town’s Trunk Sanitary Sewer costs of \$46.9M, this can be further broken down into:

- a) \$34.8M – growth related costs funded through the Town’s Development Charges (DCs);
- b) \$0.3M – benefits existing development in other areas (outside of the 8th Concession Road Sanitary Outlet Area);
- c) \$4.2M – subsidies and other contributions related to local service works;
- d) **\$7.6M – benefits existing development within the 8th 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 6 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	\$ 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

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) A	Area of Property (Ha) B	Assumed Population A x B = C	S.D.E. Assumption D	Total S.D.E.s for Property 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)	\$7,630,392	2,124	\$3,592
Local	\$14,758,951	2,829	\$5,218
TOTALS	\$22,389,343	---	*\$8,810

*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 8th Concession Road Sanitary Sewer Outlet Area are contained within Appendix A of Attachment 6.

Town of Tecumseh Assessed Costs

It is noted that the Town-funded component for properties that are temporarily discharging into the North Talbot Road Sanitary Sewer Outlet equates to approximately \$970,000. In addition, the Town will also be required to fund the charge applicable to Town-owned facilities in the sewer outlet area. This amount equates to approximately \$330,000. In total, the Town is responsible for funding \$1.3M in capital costs related to the sanitary sewers, which will be funded from the Wastewater Sewers Reserve Fund at the time of those future construction phases.

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:

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

Reviewed by:

Brian Hillman, MA, MCIP, RPP
Director Development Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Reviewed by:

Robert Auger, LL.B.
Director Legislative Services & Clerk

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1	8 th Concession Road Sanitary Outlet Area – Map
2	Trunk Sanitary Sewer to Little River Pollution Control Plant
3	Trunk Sanitary Sewer Assessment Map

Attachment Number	Attachment Name
4	Local Sanitary Sewer Assessment Map
5	Watson & Associates Memo – Summary of Feedback Received from Public re: 8 th Concession Road Area (Oldcastle) Capital Charges
6	8 th Concession Road Area (Oldcastle), Capital Charges Background Study June 2024, Watson & Associates Economists Ltd. (Appendix B available upon request)
7	Watson & Associates Economists Ltd., July 9, 2024 Council Presentation