

DATE: December 9, 2016

TO: MAYOR AND COUNCIL

NAME AND TITLE: Dave Dyer, General Manager, Engineering and Public Works

SUBJECT: Hart Highlands Sanitary Sewer Local Area Service (LAS) Phase 4

ATTACHMENT(S): Map of the proposed Phase 4 local service area

RECOMMENDATION(S):

That council authorize staff to facilitate a formal petition for the Hart Highlands Sanitary Sewer Local Area Service Phase 4.

PURPOSE:

This report outlines the terms of the proposed Hart Highlands Sanitary Sewer Local Area Service (LAS) Phase 4, and requests authorization to move forward with a formal petition.

STRATEGIC PRIORITIES:

This initiative falls within City Council's Priorities of Sustainable Fiscal Management, Sustainable infrastructure, Customer Oriented Service, Organizational Excellence and Safe Environment.

POLICY / REGULATORY ANALYSIS:

Division 5 of Part 7 of the *Community Charter* gives municipalities the authority to provide a local area service within part of the municipality. It sets out the legal framework for the establishment of a local service area and for any borrowing in relation to a local area service.

Section 212 of the *Community Charter* outlines the requirements for a petition for a local area service. In order to be certified as sufficient and valid, the petition must be signed by the owners of at least 50% of the parcels in the proposed LAS. These parcels must represent at least 50% of the total assessed value of land and improvements that would be subject to the local service tax.

Section 216 of the *Community Charter* provides authority for a municipality to levy a parcel tax to recover all of the costs of a service provided within a local service area.

Section 217 of the *Community Charter* states that "if all of the costs of borrowing for the purposes of a local area service are to be recovered by a local service tax, the loan authorization bylaw does not require the approval of the electors under section 180 [elector approval required for some loan authorization bylaws], but it may only be adopted if the borrowing has been proposed by petition in accordance with section 212."

BACKGROUND:

The LAS project was initiated at the request of homeowners who were concerned about their aging septic systems. Like most municipalities in the Province, the City does not contribute to the installation of sanitary sewers in residential areas, and these types of projects are undertaken as local area service (LAS) agreements. Local area services are improvement projects that benefit a particular area, and are paid for by the benefiting property owners.

The proposed local service area includes 106 parcels in the Hart Highlands area, as shown on the attached map. This project is the final phase of sanitary sewer extensions and includes all of the remaining properties without sanitary connections in the Hart Highlands area.

The City recently surveyed residents in the neighbourhood about their priorities for this project. From the 43 survey responses received, the majority of property owners (56%) agreed or strongly agreed that they would support the LAS project.

If this LAS proceeds, the City will upgrade the existing water network alongside the sanitary sewer installation. This will reduce the expense to homeowners by splitting some costs (such as the geotechnical investigation, and road and boulevard restoration work) between the two projects.

FINANCIAL CONSIDERATIONS:

The estimated cost for the Hart Highlands Sanitary Sewer Phase 4 LAS is between \$2,332,000 and \$2,808,000. This amount represents an estimated highest probable project cost based on the costs of previous phases of construction by City crews, and includes a 20% contingency to account for circumstances such as bad weather or difficult soil conditions. A more detailed cost estimate will be prepared for the formal petition.

If the actual project expenses are lower, then any savings will be reflected in the amount paid by homeowners. The total cost of the sanitary sewer project will be divided equally among the benefiting parcels, and charges will be applied through a parcel tax levy. The estimated highest probable cost per lot is between \$22,000 and \$27,000 plus interest.

The improvements under the LAS will be amortized over a twenty year period with interest. Individually, homeowners will also have the option to repay the remainder of their debt in its entirety at any point during the twenty year repayment period. LAS charges will be applied the year after all construction is completed, so if the project is not completed until 2020, then LAS charges will be applied to homeowners beginning 2021.

The City will contribute the engineering design and facilitate the LAS process.

The City will borrow funds from the Municipal Finance Authority (MFA) to fund the project construction. Repayment from the property owners will cover repayment of the MFA loan.

SUMMARY AND CONCLUSION:

Administration is requesting authorization to facilitate a formal petition for the Hart Highlands Sanitary Sewer LAS Phase 4. If property owners successfully petition for a local area service (LAS), then construction is planned start in 2018. The estimated cost for the project is between \$2,332,000 and \$2,808,000. The benefitting homeowners will repay the actual project cost through a parcel tax over a twenty year period. The range of cost per lot is estimated to be between \$22,000 and \$27,000 per parcel.

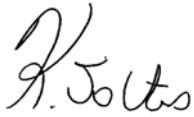
RESPECTFULLY SUBMITTED:



Dave Dyer, General Manager, Engineering and Public Works

PREPARED BY: Ian Sinclair, Engineering Assistant

APPROVED:



Kathleen Soltis, City Manager
Meeting date: December 19, 2016