

Request for Recommendation Priorities Committee



Type of Decision									
Meeting Date	March 8, 2006				Report Date	March 1, 2006			
Decision Requested		Yes	x	No	Priority	x	High		Low
	Direction Only				Type of	x	Open		Closed

Report Title
Public Notification Procedures - Fees By-law - Montée Principale/Sainte Agnes Street Water Forcemain (Lionel E. Lalonde Centre)

Budget Impact & Policy Implication
This report has been reviewed by the Finance Division and the funding source has been identified.

Recommendation


<p><u>Policy Implications</u></p> <p>The Municipal Act, 2001 requires the City to provide notice to the public of its intention to pass certain by-laws, the holding of certain required public meetings and of other matters. Schedule "A" of the City of Greater Sudbury's By-law 2003-2 sets out the form, manner and times the Notice shall be given, unless specified by the Municipal Act, 2001, another Act or a regulation or if Council directs that other public notice is to be given.</p> <p><u>Financial Impact:</u></p> <p>There is no financial impact associated with this Report.</p>
Background Attached

<p>This is a compliance report detailing how the notice requirements for the public meeting have been satisfied and appears for information only.</p> <p>At the close of the Agenda on Thursday, March 2, 2005, the City Clerk's Office received one request to address the Priorities Committee concerning this matter.</p>
Recommendation Continued

Recommended by the Department
 Caroline Hallsworth Executive Director of Administrative Services

Recommended by the C.A.O.
 Mark Mieto Chief Administrative Officer

Date: March 1, 2005

Report Prepared By	Division Review
Angie Haché City Clerk 	

Background Information

The Priorities Committee at its meeting of January 18, 2006 passed the following resolution:

Resolution 2006 - 81

"That Council approve, subject to a public hearing to be held on March 8th, 2006, a fee in the amount of \$495 per single family dwelling, to recover a portion of the costs of installing a water forcemain on Ste. Agnes Street and Montée Principale, for new homes that will be constructed on the benefiting properties;

And that these fees be collected at the building permit stage;

And that the fees be credited back to the Capital Financing Reserve Fund - Water;

All in accordance with the details outlined in the report dated January 11, 2006 from the CFO/Treasurer and the report dated November 2005 from Hemson Consulting Ltd."

Attached is a copy of the report from the Chief Financial Officer/Treasurer, as well as the presentation made to the Priorities Committee on January 18, 2006 by Mr. John Hughes, Hemson Consulting Limited.

Compliance of Notice Requirements

In accordance with the above resolution and as required by the Municipal Act, 2001 and Council's Notification By-law 2003-2, the attached Notice of a Public Meeting regarding a proposed fee of \$495 per single family dwelling to recover of a portion of the costs of installing a water forcemain on Ste. Agnes Street and Montée Principale, for new homes that will be constructed on the benefiting properties, was published in local newspapers as well as on the City's web page:

Sudbury Star - February 15, 2006 and March 1, 2006
Le Voyageur - February 22, 2006

Public Hearing

At the close of the Agenda on Thursday, March 2, 2006 at 4:30 p.m., the City Clerk's Office received one letter from the Greater Sudbury Chamber of Commerce, one letter from B & J Holdings Limited (copies attached) and one request to address the Committee from the President of the Sudbury & District Home Builders' Association.

Map

Enclosed for the information of the Committee is a map indicating the benefiting properties.

Azilda



1:8,000



Projection: UTM NAD 83 Zone 17

Rem.
Pcl 6889
Pt 1

Pcl 9229

Pcl 2120 Pt 1

PUBLIC HEARING - FEES BY-LAW - LIONEL E. LALONDE CENTRE

[illegible]



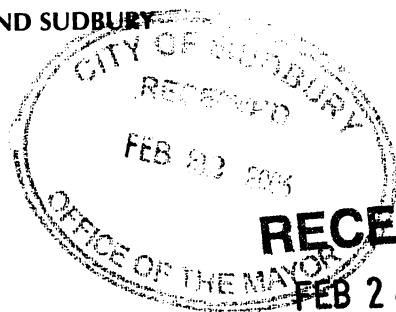
GREATER SUDBURY CHAMBER OF COMMERCE
LA CHAMBRE DE COMMERCE DU GRAND SUDBURY

"VOICE OF BUSINESS"

cc Council
CAO
GMS
Bill Lautenbach
Angie Hackett

February 17, 2006

Mayor David Courtemanche
Members of City Council
Members of the Development Liaison Committee
City of Greater Sudbury
Box 5000, Station A
Sudbury, ON P3A 5P3



RECEIVED

FEB 24 2006

CLERK - DEPT.

Dear Mayor Courtemanche;

Recently, we were apprised by the Sudbury & District Homebuilders' Association of proposed area specific new housing development charges for the South End Rock tunnel and forcemain to the Lionel E. Lalonde Centre. As Advocates for 800 businesses in our City, we were asked to provide comments on this proposal.

The Greater Sudbury Chamber of Commerce has reviewed the intent of these new charges and would like to provide these comments:

- 1) Setting additional area specific charges to offset budget shortfalls of a project is setting a precedent that may hamper future growth or become the normal process to fund infrastructure projects when they do not have the adequate funding available.
- 2) In the past, Council wisely removed development charges on Industrial, Commercial and Institutional (ICI) Sectors to attract and encourage growth in the sectors that provide the majority of employment in our community and pay a significant portion of property taxes. Adding new development charges to the ICI sectors will impose costs that could exclude the selection of our city for new ICI growth.
- 3) We believe that a close scrutiny of projects of this magnitude could result in savings possibly covering the shortfall. We would encourage the City to solicit an independent review of costs to see if the savings can be found within the projects.
- 4) We would encourage the City to review all funding opportunities from various sources including the Federal Government to cover the shortfall. These projects and growth resulting from these projects would benefit the City as a whole and must be viewed in that light.

Thank you for the opportunity to provide you with the chamber's comments and we look forward to the Public Consultation process.

Yours truly,

Vicki Smith
CHAIR

cc: Greater Sudbury Development Corporation Board of Directors

40 RUE ELM STREET, SUITE 1, SUDBURY, ON P3C 1S8
PHONE: (705) 673-7133 FAX: (705) 673-2944 E-MAIL: cofc@sudburychamber.ca
www.sudburychamber.ca

03/03/2006 07:32 7055240077 B AND J HOLDINGS LTD PAGE 02

B&J Holdings Limited
434 Westmount Ave, Unit B
Sudbury, Ontario
P3A 5Z8
705-524-0333
705-524-8877

February 28, 2006

City of Greater Sudbury
Priorities Committee
200 Brady Street
P.O. Box 5000, Station A
Sudbury, Ontario
P3H 5P3

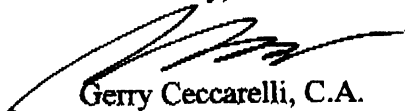
Dear Members of Council:

This will confirm that, as developers of Spruce Meadows Subdivision in Azilda, we are opposed to any fee, such as the \$495 fee proposed in the Committee's decision of January 18, 2006, that would add significantly to the cost of obtaining a building permit.

In our view, major infrastructure upgrades anywhere in the Municipality should be planned for on a long term basis and should be debentured by the City.

Development should not be stagnated by ever increasing building permit fees just as a recovery is underway.

Yours truly,


Gerry Ceccarelli, C.A.

Civic Information

PO BOX 5000 STN A
200 BRADY STREET
SUDBURY ON P3E 5K3

671.CITY

www.city.greatersudbury.on.ca

Tenders, Quotations, Proposals and Sales are advertised on the City's Web Page at:
www.city.greatersudbury.on.ca and MERX at www.merx.cebra.com

Public Meetings

NOTICE OF PUBLIC MEETING PROPOSED MONTEE PRINCIPALE/ SAINTE AGNES STREET FORCEMAIN SECTION 391 CHARGE BY-LAW

TAKE NOTICE that the Council of the City of Greater Sudbury proposes to pass a By-law to recover a portion of the costs of installing a water forcemain on Ste. Agnes Street and Montee Principale, Azilda, for new homes that will be constructed on the benefitting properties;

AND TAKE NOTICE that a public meeting will be held at which any person who attends will have an opportunity to make representation with respect to the proposed By-law;

Date of the Public Meeting:

Wednesday, March 8, 2006

Location:

**Council Chamber, Tom Davies Square,
200 Brady Street, Sudbury**

Time:

7:00 p.m.

Persons interested in making verbal representations may have their name added to the speakers list by telephoning the City Clerk's Office at 705-671-2489 Ext. 2471; by fax at 705-671-8118 or by e-mail at corriejo.caporale@greatersudbury.ca. Speakers may also register on the evening of the public meeting.

Persons interested in submitting written comments may:

- (a) mail their comments to: City of Greater Sudbury, Box 5000, Station A, Sudbury, Ontario, P3A 5P3, Attention: City Clerk;
- (b) fax their comments to the attention of the City Clerk at 705-671-8118; or
- (c) e-mail their comments to the attention of the City Clerk at corriejo.caporale@greatersudbury.ca

Written comments may be submitted to the City Clerk not later than 4:30 p.m. on March 8, 2006. Written submissions received prior to the printing of the agenda will be included and comments received after the printing of the Agenda will be tabled. All submissions received will form part of a public record.

City Council approved the recovery of a portion of the costs of installing a water forcemain on Ste. Agnes Street and Montee Principale, for new homes that will be constructed on the benefitting properties. It is proposed that a fixed per dwelling fee of \$495 be applied. This charge will be collected at the building permit stage. The charge would be in addition to Development Charges.

A report has been prepared outlining the rationale for imposing the charge. A copy of the report is available on the City's website at www.greatersudbury.ca under "Public Notices" or may be picked up in person at the City Clerk's Office. There is no charge for these documents.

The City Clerk's Office is located at Tom Davies Square and is open to the public during normal business hours of 8:30 a.m. to 4:30 p.m., Monday to Friday.

Any personal information contained in the submissions is collected therein pursuant to the *Municipal Act, 2001* for the purpose of providing an opportunity for public comment on the proposed charges. Questions can be directed to the office of the Freedom of Information Corporate Records Co-Ordinator, 200 Brady Street, Box 5000, Station A, Sudbury, Ontario, P3A 5P3.

If this matter is deferred at the above noted meeting or is considered at subsequent meetings, no additional notice will be provided other than the information on subsequent agendas. Please contact the City Clerk's Office at 671-2489, Ext. 2471, if you require notice in these cases.

Dated this 15th day of February, 2006.

THE SUDBURY
STAR
Feb 15/06 +
Mar 1/06

LE VOYAGEUR
Feb 22/06

Avispublics

**AVIS DE RÉUNION PUBLIQUE
CONDUITE MAÎTRESSE PROPOSÉE
DE LA MONTÉE PRINCIPALE
ET DE LA RUE SAINTE AGNES
SECTION 391 DU RÈGLEMENT SUR LES FRAIS**

SACHEZ QUE le Conseil de la Ville du Grand Sudbury propose d'adopter un règlement afin de recouvrer une partie des frais de l'installation d'une conduite maîtresse dans la rue Ste. Agnes et la montée Principale, à Azilda, pour de nouvelles maisons qui seront construites sur les terrains ainsi desservis;

ET QU'UNE réunion publique aura lieu où toute personne présente aura l'occasion de faire des observations au sujet du règlement proposé;

Date de la réunion publique : le mercredi 8 mars 2006
Lieu : salle du Conseil, place Tom Davies,
200, rue Brady, à Sudbury
Heure : 19 h

Les personnes intéressées à faire des observations verbalement peuvent faire ajouter leur nom à la liste des orateurs en faisant parvenir leur demande par téléphone au Bureau du greffier au (705) 671-2489, poste 2471, par télécopie au (705) 671-8118 ou par courriel à l'adresse corriejo.caporale@grandsudbury.ca. Les orateurs peuvent aussi s'inscrire le soir même de la réunion publique.

Les personnes intéressées à présenter leurs commentaires par écrit peuvent :

- a) poster leurs commentaires à l'adresse suivante :
Ville du Grand Sudbury, C. P. 5000, succursale A, Sudbury (Ontario)
P3A 5P3, À l'attention de la greffière municipale;
- b) télécopier leurs commentaires à l'attention de la greffière municipale au (705) 671-8118;
- c) expédier leurs commentaires par courriel à l'attention de la greffière municipale à l'adresse corriejo.caporale@grandsudbury.ca.

Les commentaires écrits peuvent être présentés à la greffière municipale au plus tard à 16 h 30 le 8 mars 2006. Les observations écrites reçues avant l'impression de l'ordre du jour y seront incluses et les commentaires reçus après l'impression de l'ordre du jour seront déposés lors de la réunion. Tous les commentaires reçus feront partie d'un document public.

Le Conseil municipal a approuvé le recouvrement d'une partie des frais de l'installation d'une conduite maîtresse dans la rue Ste. Agnes et la montée Principale pour de nouvelles maisons qui seront construites sur des terrains ainsi desservis. Il est proposé que des frais fixes par habitation de 495 \$ soit imputés. Ces frais seront perçus à l'étape du permis de construction. Ces frais seront en sus des frais d'aménagement.

Un rapport a été rédigé décrivant la justification d'imposer ces frais. Vous pouvez consulter un exemplaire du rapport au site Web de la Ville à l'adresse www.grandsudbury.ca sous « Avis publics » ou vous pouvez venir en chercher un au Bureau du greffier. Il n'y a pas de frais pour vous procurer ces documents.

Le Bureau du greffier municipal est situé à la place Tom Davies et il est ouvert au public pendant les heures normales de bureau, soit de 8 h 30 à 16 h 30, du lundi au vendredi.

Tout renseignement personnel contenu dans les commentaires est recueilli en vertu de la *Loi de 2001 sur les municipalités* afin de donner l'occasion de faire des commentaires publics sur les frais proposés. Vous pouvez adresser vos questions au bureau de la coordonnatrice de l'accès à l'information et des dossiers corporatifs, 200, rue Brady, C. P. 5000, succursale A, Sudbury (Ontario) P3A 5P3.

Si cette question est reportée lors de la réunion mentionnée ci-dessus ou si on délibère à son sujet lors de réunions ultérieures, aucun autre avis ne sera émis à part les renseignements figurant dans l'ordre du jour des réunions ultérieures. Veuillez communiquer avec le Bureau du greffier municipal au 671-2489, poste 4271, si vous avez besoin d'un avis en pareil cas.

Fait ce 15^e jour de février 2006.

Request for Recommendation Priorities Committee



Type of Decision

Meeting Date	January 18, 2006				Report Date	January 11, 2006			
Decision Requested	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High	<input type="checkbox"/>	Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open	<input type="checkbox"/>	Closed

Report Title

Fees By-laws for the Lionel E Lalonde Centre

Policy Implication & Budget Impact

<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
<input checked="" type="checkbox"/>	Background Attached

Recommendation

That Council approve, subject to a public hearing to be held on March 8th, 2006, a fee in the amount of \$495 per single family dwelling, to recover a portion of the costs of installing a water forcemain on Ste Agnes Street and Montee Principale, for new homes that will be constructed on the benefitting properties; and

That these fees be collected at the building permit stage; and

That the fees be credited back to the Capital Financing Reserve Fund - Water;

All in accordance with the details outlined in the following report and the attached report from Hemson Consulting Ltd.

Recommendation Continued

Recommended by the Department


L. Hayes
Chief Financial Officer/Treasurer

Recommended by the C.A.O.


Mark Mieto
Chief Administrative Officer

Date: January 11, 2006

Report Prepared By

Cheryl Mahaffy
Manager of Financial Planning & Policy

Division Review

Name
Title**BACKGROUND**

At its meeting of May 26th, 2005 Council approved the recovery of a portion of the costs of water servicing the Centre Lionel E. Lalonde Centre through a fees by-law. At that time, it was thought that only about 35 homes could be developed and the suggested fee was \$3,000. It would appear that about 380 single-family homes could potentially be developed on the benefitting properties over the next number of years.

The estimated cost for the watermain which is required to service the Centre Lionel E. Lalonde (LEL) Centre is \$420,000. Under the (former Regional) policy for cost recovery for water and wastewater extensions, benefitting property owners are expected to pay for 50% of the net costs of such extensions. However, this watermain is being installed for the immediate benefit of the LEL Centre. Rather than recovering half of the total costs of the project from future benefitting property owners, the assumption has been made that about half of the costs of the watermain are strictly attributable to the LEL Centre. Consequently only 25% (half of half) of the costs or \$105,000 is the amount the City should be recovering for this project. Normally extensions are put in to service existing dwellings, and a per lot charge is calculated. However, this water extension will benefit future dwellings and must be treated slightly differently. At present there is no development in the parcel that this watermain will service, but there is the potential for up to 382 single family homes to be built on the benefitting lands.

As requested by Council, a report has been prepared by Hemson Consulting Ltd. The Hemson report first details the information as to what section of the Municipal Act provides the authority for such recoveries, and outlines the requirements before a by-law can be enacted. Hemson has calculated that borrowing (debenturing) the \$105,000 over 20 years at 6.5% would result in repayments which would total \$189,000 over this time. Two options have been presented in the report, both of which would recover the \$189,000 over time.

The first option would be to have a set per lot charge of \$495 for each home built on the benefitting properties over the next 20 years. The calculation would be $\$495 \times 18 \text{ lots per hectare} \times 21.2 \text{ hectares} = \$188,892$.

The second option would be to have a charge which increases annually over the 20 years. In the first year of the project, for each home built, the charge would be \$275. The per lot charge would increase annually over the twenty years (for example in Year 4 the charge would be \$332, in Year 9 the charge would be \$455, in Year 14 the charge would be \$624 and in Year 20 the charge would be \$910). Over the 20 years, the recovery would be the same \$189,000 as interest is added to the outstanding balance annually.

Date: January 11, 2006

1. RECOMMENDATION

It is anticipated that much of the development will occur in the future, and not immediately. For this reason, and for ease of administration, it is recommended that the fixed per dwelling fee of \$495 be approved. This charge would be collected at the building permit stage. The charge would be in addition to Development Charges which for a single family dwelling on a lot serviced with only water is about \$1,970.

Once the \$105,000 plus accumulated interest has been recovered, the fees by-law can be rescinded.

The report from Hemson Consulting Ltd is attached.

**PROPOSED MONTEE PRINCIPALE /
SAINTE AGNES STREET FORCEMAIN
SECTION 391 CHARGE BY-LAW**

City of Greater Sudbury

HEMSON Consulting Ltd

November 2005

TABLE OF CONTENTS

	<u>Page</u>
I BACKGROUND	1
II A CHARGE UNDER PROVISIONS OF S.391 OF THE MUNICIPAL ACT IS BEING PROPOSED	2
III CHARGE COULD BE CALCULATED AND APPLIED IN VARIOUS WAYS.	4
A. A PER HECTARE CHARGE IS MOST DEPENDABLE	4
B. ALTERNATIVE CHARGE OPTIONS	5
IV CALCULATED CHARGE RATES BASED ON SELECTED OPTIONS	6
A. FIXED CHARGE OPTION	6
B. VARIABLE RATE OPTION	6
V ADMINISTRATIVE ISSUES	9
A. MAP	9
B. COLLECTION	9
C. SERVICE-IN-LIEU AGREEMENTS	9
D. ANNUAL BY-LAW RENEWALS	9
E. WATER & SEWER RATE CREDITS	10

I BACKGROUND

At the May 26, 2005 meeting, Council approved the relocation to the Lionel E. Lalonde parts of the City's Emergency, Medical, Fire and Police services. An element of the overall project will be a watermain upgrade. The new 300mm main will run from an elevated water storage tank located at the south-west corner of Ste. Agnes Street and Brabant Street west along Ste. Agnes and then north along Montee Principale to the Lionel E. Lalonde Centre.

While the principle role of the watermain is to provide additional service to the Lionel E. Lalonde Centre, it will also benefit adjacent parcels of land. In recognition of this benefit, the motion of Council approving the project specified that:

"... the water servicing necessary to ensure adequate water pressure proceed, by way of a Fees By-law to provide for partial cost recovery from abutting benefiting property owners, with future recoveries to be credited to this project..."

The full cost of the watermain is \$420,000. Of this amount, half is being directly attributed to the Lionel E. Lalonde Centre. In accordance with the City's existing policy, 50% (\$105,000) of the remaining portion of \$210,000, is to be subject to recovery from benefiting landowners.

This report addresses how the decision of Council can be implemented in a practical way and what an appropriate charge would be. The report describes the legislative basis for the suggested approach, the charge options and amounts, and finally administrative issues.

II A CHARGE UNDER PROVISIONS OF S.391 OF THE MUNICIPAL ACT IS BEING PROPOSED

A charge established according to the provisions of S.391 of the Municipal Act is a practical and appropriate approach for recovering costs given the nature of the watermain project. S.391 is within Part XII of the Act which governs Fees and Charges. Additionally, S.391 is subject to regulations contained in Ontario Regulation 244/02.

Section 391(1) provides municipalities with the power to impose fees and charges. In addition, Section 391(2) specifically allows a municipality to impose a charge for capital costs related to sewage or water services on persons who do not receive immediate benefit but will receive benefit at some point in time.

Part XII of the Municipal Act which covers Fees and Charges together with OR 244/02 set out conditions under which fees and charges may be applied. The key conditions are as follows:

1. Part XII: Fees & Charges

Section 392 requires the municipality to maintain a list of the services for which fees and charges are applicable, the properties to which they apply and the amount of the fee or charge. Section 396 provides authority and direction to the municipality regarding items such as interest charges and penalties, discounts and exemption.

2. Ontario Regulation 244/02

Section 2 of the Regulation prohibits municipalities from imposing fees or charges for capital costs already being recovered through a Development Charge. This is not an issue since none of the costs of the proposed watermain are included in the current D.C. By-law.

In order to pass a by-law it will be necessary to hold a public meeting. S. 14(1) requires that notice be given of a municipality's intention to pass a general charges by-law to every person or organisation within the last five years that has requested to be kept informed. S. 12 of the Regulations relates specifically to the "use of... a sewage system..." This is a section under which water and sewer rates are required to be set on an annual basis. Assuming that the term "use" is intended to encompass payments for the initial capital costs, any proposed S. 391 by-law would need to be renewed annually in conjunction with the annual rating by-law. The particular requirements of S.12(6) of the Regulation are as follows:

- a. hold a public meeting;
- b. give 21 days notice;
- c. ensure that notice specifies the intention to pass the by-law and addresses the availability of required information
- d. the information that must be provided is a description of the service, the cost, the amount of the charge and the rationale.

Assuming that once set the charge will not change from year to year, adhering to these requirements of the regulation would be a formality. Even if the charge were to be amended, the annual review would not be complex.

The power provided to municipalities under Section 391 of the Municipal Act is well suited to the recovery of a share of the cost of the watermain that is not being funded from other sources. The associated provisions contained elsewhere in Part XII of the Municipal Act and in OR 244/02 are not overly prescriptive. Accordingly, the City can develop and implement a by-law designed to recover costs from owners of properties that will benefit reasonably quickly. Also to be noted is that neither Part XII of the Act nor Regulation 244/02 provide for an appeal of any associated by-law to the OMB.

In the next section of the report, various options for calculating the charge are reviewed.

III CHARGE COULD BE CALCULATED AND APPLIED IN VARIOUS WAYS

As noted in the Background section, the proposed charge is designed to recover a portion of the total cost of the watermain project. Specifically, it is to recover \$105,000 of the overall \$420,000 cost of the watermain. Since the new development that will obtain service from the watermain is likely to occur over a long period, the portion to be funded from charges will initially be paid for through the water reserve fund. In order to calculate the amount of the charge, it is necessary to decide about two factors:

- what is the appropriate form for the charge to take;
- on what period should the charge calculation be based.

A. A PER HECTARE CHARGE IS MOST DEPENDABLE

The properties that will benefit from the watermain are currently vacant and in total, contain approximately 21.2 hectares. Under the City's Official Plan they are designated "Low Density Residential" which permits single family lots. The zoning would be R1 D18 which would permit up to 18 lots per hectare with a minimum frontage of 50 feet. Based on this maximum density, up to 382 lots could be developed on the benefiting properties. However, it is quite likely that only some of the land would be developed at the maximum density. In view of this uncertainty and given the need to form the perspective of establish a charge to recover a full share of costs, a per hectare charge is considered more appropriate. Under this approach, the potential to recover the full portion will be maintained irrespective of the specific number of lots achieved from the benefiting properties.

Accordingly, it is recommended that the proposed charge be a rate per gross hectare.

B. ALTERNATIVE CHARGE OPTIONS

In calculating the charge, the second issue to be considered is the period over which it is to be applied. Two options are logical for consideration. The first option would be to apply a charge over the term it would take to repay a long term loan. Although the costs are to be paid from the water reserve fund, if a debenture loan were to be issued for the \$105,000, it would be for a term not exceeding 20 years.

The second option is to apply the charge for the time required to develop the properties benefiting from the watermain. Given the location and small size of the area, it is however extremely difficult to project how long this would be. It is especially difficult to estimate the annual take up rate. For this reason, an approach where the charge is set annually based on the original cost plus accrued interest is considered the most practical.

In summary, after reviewing the potential options, two are judged practical.

- 1) Fixed charge amount based on the cost of a long term debenture (20 years).
- 2) Annually set charge based on original costs and accrued interest.

IV CALCULATED CHARGE RATES BASED ON SELECTED OPTIONS

As discussed previously two charge options that are considered practical.

A. FIXED CHARGE OPTION

The first would be to set the charge to recover the \$105,000 share of the watermain based on the cost of a 20 year debenture. This is the longest term for which such a debenture would normally be issued.

For the purposes of determining the charge amount, an interest rate of 6.5% was used. This rate, while at the upper end of the range at which municipalities can currently borrow, is realistic given the long term assumption underlying the calculation. Based on this rate, the full cost of the debenture for the \$105,000 would be \$189,000 over the 20 year period.

Based on this amount, the indicated rate per hectare for the charge would be \$8,915.¹ Based on the maximum development potential of 18 units per hectare this charge would equate to \$495 per lot. Under this option, once the rate has been set, it would not need to be adjusted unless the annual revenues generated from charges were to differ substantially from the \$9,450 amount which would be the annual cost of the 20 year debenture. If this were to occur, Council could change the charge rate.

B. VARIABLE RATE OPTION

The second option would be to recover the share of cost over the length of time it would be to utilise the development potential of the benefiting lands. It is not however practical to establish a specific number of years since the take up rate of development

¹ \$189,000 / 21.2 hectares

is too uncertain. Instead, it is suggested that the charge rate be set annually based on the original cost (\$105,000) and accrued interest.

Under the second option, assuming an annual review, the charge rate would be increased each year depending upon the cost of accrued interest. The table below illustrates the per lot charge rate that would apply over twenty years, assuming an interest rate of 6.5%. The charge is comprised of a base charge of \$4,953 per hectare (\$105,000 / 21.2 hectares) plus accrued interest.

	Base Charge (\$ per ha)	Interest (\$)	Total Charge (\$ per ha)
Year 1	4,953	0	4,953
Year 2	4,953	322	5,275
Year 3	4,953	343	5,618
Year 4	4,953	365	5,983
Year 5	4,953	389	6,372
Year 6	4,953	414	6,786
Year 7	4,953	441	7,227
Year 8	4,953	470	7,697
Year 9	4,953	500	8,197
Year 10	4,953	533	8,730
Year 11	4,953	567	9,297
Year 12	4,953	604	9,902
Year 13	4,953	644	10,545
Year 14	4,953	685	11,231
Year 15	4,953	730	11,961
Year 16	4,953	777	12,738
Year 17	4,953	828	13,566
Year 18	4,953	882	14,448
Year 19	4,953	939	15,387
Year 20	4,953	1,000	16,387

HEMSON

Under this assumption and using the maximum 18 units per hectare development density, the per lot rate would increase from \$275 in the first year to \$485 by year 10. By year 20, the rate would be \$910 per lot. If interest rates were to be higher than the 6.5% used for the illustration, the rate of increase would be higher.

In summary, the two options proposed for consideration would be:

1. A fixed charge based on an assumed 20 year debenture @ 6.5%
\$8,915 per hectare
2. A charge varying annually, calculated according to the base charge plus accrued interest
\$4,953 per hectare (for year 1)

V ADMINISTRATIVE ISSUES

There are a number of administrative considerations that should be taken account of within the implementation of S.391 Charges By-law.

A. MAP

As part of the implementing by-law, it will be necessary to prepare a map clearly delineating the benefiting lands upon which new residential development will be subject to the charge.

B. COLLECTION

It is suggested that the charge be collected at the building permit stage as is the case with Development Charges.

C. SERVICE-IN-LIEU AGREEMENTS

Council could consider the use of "Service-in-Lieu" agreements under which developers would be permitted to undertake work that the City would otherwise be paying for in exchange for credits against the watermain charge.

D. ANNUAL BY-LAW RENEWALS

Should Council choose to adopt the variable charge rate option or under either option, the proposed charge would be subject to the provisions of S.12 of OR 244/02, the enabling by-law will need to be renewed annually and dealt with through a public hearing. This requirement would logically be addressed as part of the annual water and sewer rate by-law process.

E. WATER & SEWER RATE CREDITS

The City should credit all charge payments to the water reserve fund from which the funds to pay the initial \$105,000 share of costs are drawn. Records should be maintained of the outstanding balance (taking into account allowance for accumulated interest). Once the \$105,000 together with accumulated interest has been paid through the collection of charges, Council should rescind the by-law.

HEMSON

CITY OF GREATER SUDBURY PROPOSED SECTION 391 CHARGE BY-LAWS

Montée Principale/Ste. Agnes Street Forcemain

Presentation To Priorities Committee

John Hughes

HEMSON Consulting Ltd.

January 18, 2006

THIS EVENING'S PRESENTATION WILL COVER

- **What Is Being Proposed & Why?**
- **What Do "Section 391" By-Laws Involve?**
- **Charge Options And Potential Rates For
The Montée Principale Forcemain**
- **Administrative Items**

PROPOSED CHARGES WOULD HELP PAY FOR SEWER & WATER PROJECT

- **In May 2005, Council:**
 - **Approved the EMS plan for the Lionel E. Lalonde Centre & required forcemain**
 - **Approved “partial cost recovery from benefiting property owners...”**
 - **Recovery target is \$105,000**

SECTION 391 BY-LAW IS PRACTICAL COST RECOVERY APPROACH

- **Well Suited To Area Specific Water & Sewer Project**
- **More Straight Forward Than DC's Or Local Improvement Charges**
- **Applied To New Development Until Costs Are Recovered**
- **Requires Initial By-Law With Public Meeting And Annual Renewal**

**MONTEE PRINCIPALE/STE. AGNES
FORCEMAIN
PROPOSED S. 391 CHARGE**

MONTEÉ PRINCIPALE/STE AGNES WATERMAIN CHARGE

- **Two Charge Options Considered To Recover \$105,000**
 - Option 1:** Fixed charge based on 20 year debenture
 - Option 2:** Varying charge calculated annually according to outstanding balance and accrued interest
- **A Per Hectare Charge Is Best Approach Given Uncertain Number Of Lots**

MONTÉE PRINCIPALE/STE AGNES WATERMAIN CHARGE (cont'd)

■ **Option 1 Charge Would Be:
\$8,915 Per Hectare**

■ **Option 2 Charge Would Be:
\$4,953 Per Hectare In Year 1**

By Year 10 - \$8,730 per hectare

By Year 20 - \$16,387 per hectare

ADMINISTRATIVE DETAILS

- **Public Information Meeting Required Before By-Law Implemented**
- **Charge Amounts Must Be Confirmed/Updated Each Year**
 - **Part Of Annual Rate Setting Process**
- **Charge Revenue And Accrued Costs Must Be Carefully Accounted For**