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The Regional Municipality of Durham Report

To: Works Committee
From: Commissioner of Works
Report: #2023-W-6
Date: January 11, 2023

Subject:

Adoption of the Regional Legacy Area Servicing Policy - and Update on Servicing Options for Property Owners on Bickle Drive and Roselawn Avenue, including the Sun Valley Heights Homebuilders Co-op, in the City of Oshawa

Recommendations:

That the Works Committee recommends to Regional Council

- A) That the Regional Legacy Area Servicing Policy included as Attachment #1 to this report be approved and adopted;
 - B) That a review of payment terms related to frontage charges for the extension of water supply and sanitary sewerage services to service legacy areas be reviewed as part of the 2024 User Rate Study; and
 - C) That a copy of this report be provided to the residents of Bickle Drive and Roselawn Avenue, Sun Valley Heights Homebuilders Co-op in the City of Oshawa, and the York Durham Ministry of the Environment, Conservation and Parks office.
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Report:

1. Purpose

1.1 The purpose of this report is to:

- a. Recommend that Regional Municipality of Durham (Region) Council adopt a Regional Legacy Area Servicing Policy (Attachment #1, including alternative financing terms for servicing legacy areas); and

- b. Provide Regional Council with an update to Works Committee Report #2022-W-40 - Servicing Options for Property Owners on Bickle Drive and Roselawn Avenue, including the Sun Valley Heights Homebuilders Co-op, in the City of Oshawa (Attachment #2 - Map of Sun Valley Heights Homebuilders Co-op).

2. Background

- 2.1 The primary goal of the Regional Official Plan related to water supply and sanitary sewerage infrastructure is sequential development. There are very few legacy areas within the Region's urban boundary where residential development consisting of more than one sequential property occurred prior to water supply and/or sanitary sewerage infrastructure being available.
- 2.2 Legacy areas are serviced by the Region via a successful petition in keeping with Ontario Regulation 586/06 under the Municipal Act, 2001, S.O. 2001, C. 25 (Act). In the absence of available Federal/Provincial grant funding and/or where private services are failing for most of the property owners within the legacy area, petitions have a low success rate.
- 2.3 While the costs for servicing may be reduced by servicing a large area rather than an individual property, petitions still tend to fail as there is a requirement for property owners to pay frontage fees on the date the service becomes available, even if they choose not to connect to the municipal system at that time. When a service is extended past legacy areas through the traditional development process, frontage fees are not required until the property owner chooses to connect to the service.

3. Proposed Regional Legacy Area Servicing Policy

- 3.1 A Regional legacy area can be defined as an area within the urban boundary where the existing properties are serviced by private wells and private sewage disposal systems.
- 3.2 When a road within a legacy area is scheduled for reconstruction, there are economies of scale for installing watermains and/or sanitary sewers infrastructure at the same time.
- 3.3 When the conditions of the proposed Regional Legacy Area Servicing Policy are met, the Region will plan to include the extension of watermains and/or sanitary sewers within a capital road reconstruction project within a legacy area. These conditions include: 1) the local municipality has identified that the local road requires reconstruction based on a condition assessment; and 2) the local

- municipality has approved the road reconstruction and associated funding to proceed with the road project.
- 3.4 To recover costs, current frontage and connection charges shall be applicable in conformance with Water Supply System By-Law Number #89-2003 and Sewer System By-Law Number #90-2003.
- 3.5 Funding for the construction of the work shall be to the satisfaction of the Commissioner of Finance. Projects related to servicing legacy areas shall be approved within the annual Water Supply and Sanitary Sewerage Budgets.
- 3.6 Section 326 under the Act permits a municipality to pass a by-law that would:
- a. identify a special service¹;
 - b. determine which of the costs, including capital costs, debenture charges, charges for depreciation or a reserve fund, of the municipality are related to that special service;
 - c. designate the area of the municipality in which the residents and property owners receive or will receive an additional benefit from the special service that is not received or will not be received in other areas of the municipality;
 - d. determine the portion and set out the method of determining the portion of the costs determined in clause (b) which represent the additional costs to the municipality of providing the additional benefit in the area designated in clause (c); and
 - e. determine whether all or a specified portion of the additional costs determined in clause (d) shall be raised under subsection (4). 2001, c. 25, s. 326 (1); 2006, c. 32, Sched. A, s. 136 (1).
- 3.7 By approving a by-law in accordance with this provision in the Act where appropriate, the Region could recover costs immediately from property owners through the imposition of frontage and connection charges to recover the costs to install the water and/or sanitary sewerage infrastructure, any decommissioning costs related to the private communal system and require immediate connection

¹ The Act defines a special service as a service or activity of a municipality or a local board of the municipality that is: (a) not being provided or undertaken generally throughout the municipality; or (b) being provided or undertaken at different levels or in a different manner in different parts of the municipality.

to the services installed. This condition will be necessary and applicable under circumstances where the private communal system must be decommissioned.

4. Sun Valley Servicing Update and Policy Application

- 4.1 There is a joint benefit to the Region and the Sun Valley Heights Homebuilders Co-op (Sun Valley) property owners to extend water supply services into the community and decommission the existing private communal well that is operated by the Region. As noted previously in Works Committee Report #2022-W-40, the existing private communal well is at risk of failing which would leave 17 property owners without potable water.
- 4.2 The extension of municipal services is planned with the reconstruction of Thornton Road North from Conlin Road to the north of Bickle Drive, in the City of Oshawa, which will bring municipal services adjacent to the Sun Valley system.
- 4.3 The Sun Valley service area would meet the definition of a legacy area under the proposed Regional Legacy Area Servicing Policy.
- 4.4 Through the proposed Policy, a watermain could be constructed within the future local road project issued by City of Oshawa staff for the reconstruction of Bickle Drive and Roselawn Avenue.
- 4.5 By Regional Council approving a by-law for the Sun Valley property owners in accordance with Section 326 under the Act, the Region would recover costs immediately from the Sun Valley property owners once the infrastructure is available to connect to through the imposition of current frontage and connection charges to cover their share of the cost of the watermain, the imposition of the full cost of the decommissioning of the communal well, and would require that all Sun Valley property owners connect within three months to the watermain to allow for the decommissioning of the private communal well.

5. Estimated Costs for Sun Valley Property Owners

- 5.1 The majority of lots within Sun Valley have a frontage of 30.48 metres. The 2022 frontage fee for a 150-millimetre (mm) watermain is \$460 per metre and the current connection fee for a 19-mm water service is \$3,700. The frontage fee is subject to annual adjustments made during the approval of the Water Supply and Sanitary Sewerage Budgets.
- 5.2 The estimated cost of decommissioning the private communal well, shared equally amongst the Sun Valley property owners, is approximately \$5,000 per property. It is important to note that this estimate is subject to change based on

actual project tender costs, project timing, local construction activity and supply chain issues, etc.

- 5.3 Work on private property for Sun Valley property owners to connect to the new water service is estimated to range between \$1,000 to \$5,000 depending on the condition and/or location of their existing water service connection in the home. Estimated costs will be higher should the existing water service connection on private property need to be fully replaced. This estimate is subject to change based on project timing, local construction activity, supply chain issues, or other influencing factors.
- 5.4 A watermain is planned within the Thornton Road reconstruction project. The Sun Valley owners are serviced with a private communal well within the urban area. Due to the condition of the Sun Valley private well and potential failure, it is recommended that water frontage and connection charges be applied when the watermain is operational.
- 5.5 The estimated average cost to Sun Valley property owners based on 2022 frontage and connection charges, including their equal share to decommission the private communal well and work on private property to reconnect their water service connection is summarized in the table below and is subject to change based on project timing as identified above.

Element	Estimated Cost Per Lot (\$ 2022)
Frontage charges (30.48 metres x \$460 per metre) (rounded)	14,100
Service Connection Fee	3,700
Well Decommissioning - estimated cost share	5,000
Work on Private Property (average)	3,000
Total Estimated Average Cost per Lot	25,800

6. Relationship to Strategic Plan

- 6.1 This report aligns with the following strategic goals and priorities in the Durham Region Strategic plan:

a. Goal 5 – Service Excellence

Objective 5.1: Optimize resources and partnerships to deliver exceptional quality services and value.

7. Conclusion

- 7.1 It is recommended that this Regional Legacy Area Servicing Policy be approved and adopted by Regional Council.
- 7.2 With the approval of the proposed Policy, a by-law will be prepared and presented to Regional Council for the construction of a watermain along Bickle Drive and Roselawn Avenue, including the Sun Valley Heights Homebuilders Co-op, imposing immediate connection to the watermain, authorizing the decommissioning of the existing private communal well, and imposing current frontage and connection fees payable by the property owners so that Regional costs are immediately recovered.
- 7.3 This Report has been reviewed by the Finance Department and Legal Services. Both the Commissioner of Finance and Regional Solicitor concur with the recommendations.
- 7.4 For additional information, contact: Mike Hubble, Manager of Environmental Services Design, at 905-668-7711 extension 3460.

8. Attachment

Attachment #1: Regional Legacy Area Servicing Policy

Attachment #2: Map of Sun Valley Heights Homebuilders Co-op

Respectfully submitted,

Original signed by:

John Presta, P.Eng., MPA
Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer

Regional Legacy Area Servicing Policy

1. Purpose

- 1.1 This policy provides a procedure for the extension of water supply and sanitary sewerage infrastructure to Legacy Areas.

2. Background

- 2.1 The primary goal of the Regional Municipality of Durham (Region) Official Plan related to water supply and sanitary sewerage infrastructure is sequential development. There are legacy areas within the Region's urban boundary where residential development consisting of more than one sequential property occurred prior to water supply and/or sanitary sewerage infrastructure being available.
- 2.2 Legacy Areas are serviced by the Region via a successful petition in keeping with Ontario Regulation 586/06 under the *Municipal Act, 2001, S.O. 2001, C. 25*. In the absence of available Federal/Provincial grant funding and/or where private well and sewage disposal systems are in poor condition or failing for the majority of the property owners within the legacy area, petitions have had a historical low success rate.
- 2.3 While the costs for servicing may be reduced by servicing a large area rather than an individual property, petitions still tend to fail as there is a requirement for property owners to pay frontage fees on the date the service becomes available, even if they choose to not connect to the municipal system at that time. When a service is extended past legacy areas through the traditional development process, frontage fees are not required until the property owner chooses to connect to the service.

3. Policy

- 3.1 There are economies of scale for installing water supply and/or sanitary sewerage infrastructure where a road within a legacy area is scheduled for reconstruction.
- 3.2 The Region shall include the extension of watermains and/or sanitary sewers to service a legacy area when the Region or a local municipality identifies the need for a full road reconstruction under the following conditions:

- a. The project is within the urban boundary as identified by the Regional Official Plan;
 - b. Watermains and/or sanitary sewers do not currently exist within the project limits; and
 - c. It is sequential and technically feasible to include watermains and/or sanitary sewers within the road reconstruction project.
- 3.3 Funding for the construction work shall be to the satisfaction of the Commissioner of Finance. Projects related to servicing legacy areas shall be approved within the annual Water Supply and Sanitary Sewerage Budgets.
- 3.4 Current Frontage and Connection Charges shall be applicable in conformance with Water Supply System By-Law Number 89-2003 and Sewer System By-Law Number 90-2003.
- 3.5 Where the conditions of this policy are met, and where appropriate, Regional Council will pass a by-law in accordance with Section 326 under the *Municipal Act, 2001, S.O. 2001, C. 25*, to:
- a. Authorize the construction of a watermain and/or a sanitary sewer;
 - b. Authorize the decommissioning of any existing infrastructure (i.e., private communal well and/or private sewage disposal system);
 - c. Authorize, immediately upon the completion of the water supply and/or sanitary sewerage works system, the imposition of current frontage and connection charges and the communal system decommissioning costs upon the property owners impacted; and
 - d. Require that all property owners connected to the communal system disconnect within 3 months to allow for the decommissioning of the existing private communal system.
- 3.6 A by-law will be necessary and applicable under circumstances where the communal or private system must be decommissioned.

4. Definition of Terms

Connection Fee	Shall be the fee outlined in the latest version of the Regional Municipality of Durham Water Supply System and Sanitary Sewerage System Fees and Charges schedule, updated annually;
Frontage Fee	Shall be the fee outlined in the latest version of the Regional Municipality of Durham Water Supply System and Sanitary Sewerage System Fees and Charges schedule, updated annually;
Individual service connection	Shall refer to a water or sanitary service connection that services an individual property and is located within the municipal right-of-way; and
Legacy Area	Located within the Region's urban boundary where residential development consisting of more than one sequential property occurred prior to water supply and/or sanitary sewerage infrastructure being available and where water supply and/or sanitary sewerage is now adjacent to or abuts the legacy area and is sequentially available.

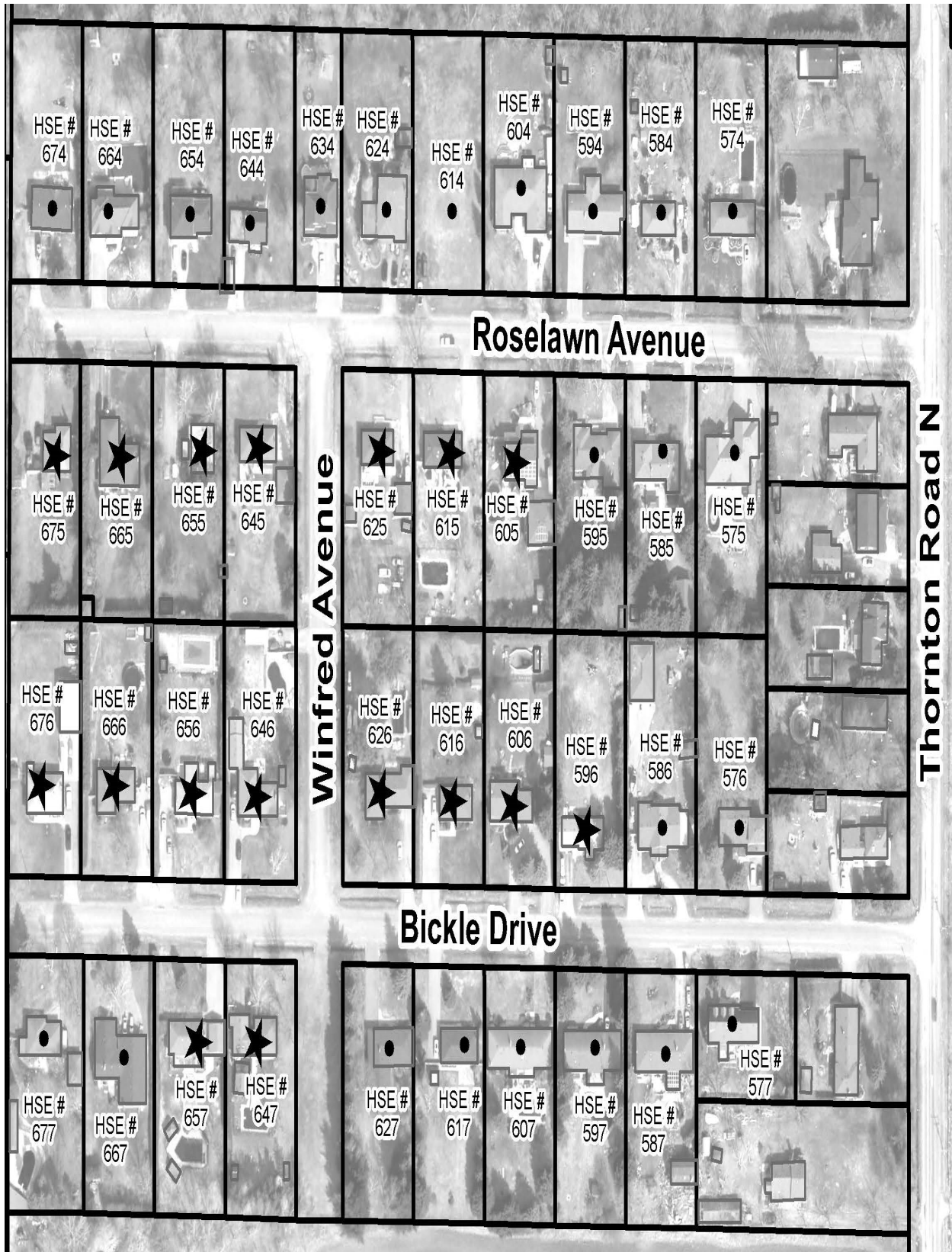
5. Procedure

- 5.1 As part of the local area municipality's or the Region's road reconstruction program, water supply and/or sanitary sewerage infrastructure will be included to service properties within legacy areas.
- 5.2 Individual services connection(s) will be provided by the Region from the watermain or sanitary sewer to the property line only.
- 5.3 Prior to connecting to the new individual service connection, the property owner must apply for a new service connection permit from the Region and pay the current applicable Frontage and Connection Fees in accordance with Regional Municipality of Durham Water Supply System By-law #89-2003 and Sanitary Sewerage System By-law #90-2003. Service Connection permits will be issued once the local service is in operation.
- 5.4 Where a by-law is passed related to the legacy area, the property owners must connect to the municipal system within the timeframes in the by-law to allow for the decommissioning of any communal infrastructure.

6. References

- *Municipal Act, 2001, S.O. 2001, C. 25*
- Regional Municipality of Durham Water Supply System By-Law Number #89-2003
- Regional Municipality of Durham Sewer System By-Law Number #90-2003

Map of Sun Valley Heights Homebuilders Co-op



Note: Star denotes homes currently connected to the Private Communal Well