

1. CARLSBAD SPRINGS WATER SUPPLY - FARMERS WAY - FINANCING OPTIONS

COMMITTEE RECOMMENDATIONS AS AMENDED

That Council approve the following:

- 1. That an extension of Carlsbad Alternative Standards Water Supply System be constructed along Farmers Way from Ninth Line Road to Eighth Line Road;**
- 2. That with respect to the lot having frontage of 340 metres in the local improvement area, a grant be provided to the owner to the extent that the local improvement charges for this lot is in excess of \$9,000;**
- 3. That the grant be conditional upon the portion of the local improvement charge equivalent to the grant being paid by that owner as a lump sum;**
- 4. That capital authority of \$300,000 be established for the project with a net Regional requirement not to exceed \$160,000;**
- 5. That debenture authority in the amount of \$300,000 be established;**
- 6. That with respect to the extension of the water service from the end of the local improvement area to Eighth Line Road, a charge be imposed under the *Municipal Act*, section 221 of \$9,000 per lot fronting on Farmers Way;**
- 7. That the owners in the local improvement area and those in the area subject to the *Municipal Act*, section 221 charge have the option of paying the amount owing as a lump sum or over a period of 20 years;**
- 8. That the owners in the local improvement area and the owners subject to the *Municipal Act*, section 221 charge who amortise their charges be eligible to commute such charges based upon the difference between the rate of interest payable on the debentures issued for the project and the rate of interest being earned by the Region/new City of Ottawa at the time of the application for commutation; and,**
- 9. That staff be directed to make all efforts to recover the Regional contribution for the extension of the water main north of the local improvement area from the pending infrastructure financing program.**

DOCUMENTATION

1. Planning and Development Approvals Commissioner's, Acting Finance Commissioner's, Acting Regional Solicitor's and Environment and Transportation Commissioner's joint report dated 4 July 2000 is immediately attached.
2. An Extract of Draft Minute, 11 July 2000, follows and includes a record of the vote.

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. Your File/V/Réf.	W.1.2.152
DATE	4 July 2000
TO/DEST.	Co-ordinator, Planning and Environment Committee
FROM/EXP.	Planning and Development Approvals Commissioner Acting Finance Commissioner Acting Regional Solicitor Environment and Transportation Commissioner
SUBJECT/OBJET	CARLSBAD SPRINGS WATER SUPPLY FARMERS WAY FINANCING OPTIONS

DEPARTMENTAL RECOMMENDATIONS

That the Planning and Environment Committee recommend that Council approve the following:

1. That an extension of Carlsbad Alternative Standards Water Supply System be constructed along Farmers Way from Ninth Line Road to Eighth Line Road;
2. That with respect to the lot having frontage of 340 metres in the local improvement area, a grant be provided to the owner to the extent that the local improvement charges for this lot is in excess of \$9,000;
3. That the grant be conditional upon the local improvement charge being paid by that owner as a lump sum;
4. That capital authority of \$300,000 be established for the project with a net Regional requirement not to exceed \$160,000;
5. That debenture authority in the amount of \$300,000 be established;
6. That with respect to the extension of the water service from the end of the local improvement area to Eighth Line Road, a charge be imposed under the *Municipal Act*, section 221 of \$9,000 per lot fronting on Farmers Way;

7. That the owners in the local improvement area and those in the area subject to the *Municipal Act*, section 221 charge have the option of paying the amount owing as a lump sum or over a period of 20 years;
8. That the owners in the local improvement area and the owners subject to the *Municipal Act*, section 221 charge who amortise their charges be eligible to commute such charges based upon the difference between the rate of interest payable on the debentures issued for the project and the rate of interest being earned by the Region/new City of Ottawa at the time of the application for commutation;
9. That staff be directed to make all efforts to recover the Regional contribution for the extension of the water main north of the local improvement area from the pending infrastructure financing program.

BACKGROUND

At its meeting of 27 June 2000, Planning and Environment Committee adopted the following amendment to the recommendation respecting the adoption of Regional Official Plan Amendment No. 13:

That staff be directed to prepare a report on possible equitable financing scenarios for funding the water main between 8th Line Road and 9th Line Road;

DISCUSSION

As noted in the report recommending the adoption of Regional Official Plan Amendment No. 13, a petition for the extension of the Carlsbad Springs Alternative Standards Water System from Ninth Line Road 830 metres north has been submitted to the Region and certified as valid by the Regional Clerk. As a result, should Official Plan Amendment No. 13 be adopted and come into force, the Region is obliged to construct this water main extension with the costs of it to be recovered from the owners who front along the extension of the water main.

Following upon the Planning and Environment Committee meeting, an estimate of the costs of the construction of this water main extension was made. The total cost is estimated to be \$155,000 which is broken down as follows:

Construction	\$ 95,000
Contingency	\$ 20,000
Engineering	\$ 25,000
<u>Inspection Costs</u>	<u>\$ 15,000</u>
TOTAL	\$155,000

The total frontage of the lots which front along the area subject to the local improvement petition is approximately 802 metres. (Certain of the lots which abut this 830 metre portion of Farmers Way have frontage on either Eighth or Ninth Line Roads and thus are not part of the local improvement area). Local improvement charges are imposed upon the basis of frontage. Therefore the cost per metre of frontage will be approximately \$195. The cost to the individual owners are estimated to be as follows:

11 lots with approximately 31 m frontage	\$ 6,045 per lot
1 lot with approximately 35 m frontage	\$ 6,825
2 lots with approximately 46 m frontage	\$ 8,970 per lot
1 lot with approximately 340 m frontage	\$66,300

The actual costs to be imposed in the local improvement area will be based upon the actual construction, engineering and inspection costs.

EXTENSION FROM LOCAL IMPROVEMENT AREA TO EIGHTH LINE ROAD

Subsequent to the Planning and Environment Committee, an estimate of the construction of an extension of the water main from the local improvement area north to Eighth Line Road was also prepared. The costs are as follows:

Construction	\$ 85,000
Contingency	\$ 17,000
Engineering	\$ 8,000
<u>Inspection</u>	<u>\$ 5,000</u>
TOTAL	\$115,000

There are four lots of record which would benefit from this extension of the Carlsbad Alternative Standards Water Supply System. On a per lot basis, the cost of this extension would be approximately \$29,000.

The total cost of the extension from Ninth Line Road to Eighth Line Road is estimated to be \$270,000. Capital authority in the amount of \$300,000 is recommended in case the costs of the project should be higher than expected.

REGIONAL FINANCIAL ASSISTANCE - LOCAL IMPROVEMENT AREA

The circumstances of the lot with 340 metres frontage within the local improvement area are such as to justify, in the opinion of staff, financial assistance to the land owner. This lot, as shown on the map to be distributed at Committee, is located upon the east side of Farmers Way and presently has no dwelling located on it. It would be possible to service this lot by an extension that only proceeds a few metres north of its southerly boundary. In other words, there is very little benefit, beyond increased flexibility as to where a future dwelling can be located, to the owner of this lot from having the water main extend 340 metres in front of it. The presence of the water main will not permit development to take place on this lot beyond the construction of one dwelling. Rather, the extension of the water main along the frontage of this lot is required to serve five lots located on the westerly side of Farmers Way.

A local improvement charge for this lot would likely exceed the assessed value of the lot. Given the marginal benefit to the lot of the water main running along 340 metres of its frontage, this is a manifestly inequitable situation. The *Local Improvement Act* permits the Region to assume a portion of the cost where the capacity of the water main is in excess of that required by the abutting land. In the opinion of the Legal Department, this provision in the Act permits the Region to assume, through a grant, a portion of the cost that would otherwise be borne by the owner in question. Given that other lots within the local improvement area with approximately 46 metres of frontage will be required to pay \$8,970, it is in the opinion of staff reasonable to require a lot with 340 metres of frontage to make a similar contribution, i.e. \$9,000, but a no greater amount. Based upon current estimates the amount of the grant would be approximately \$57,300

The purpose of the third recommendation is to ensure that the grant by the Region is immediately applied to the local improvement charge incurred by the owner.

Voting Requirement

The *Local Improvement Act* requires that the assumption of a portion of the cost of a local improvement on the account on capacity that exceeds that requirement for the abutting works be approved by three-quarters of the members of Council regardless of the number present at the meeting, i.e. in the instance of the Region, the affirmative vote of 15 members of Council. This special voting requirement only applies to the second recommendation.

REGIONAL FINANCIAL ASSISTANCE - NORTH OF LOCAL IMPROVEMENT AREA

It has been the consistent position of Regional Council that the Region will not provide financial assistance for the extension of services to the rural area. The Regional Official Plan states in section 10.3.8, policy 2:

2. Require that the cost of services provided to implement the above [extension of central services or installation of communal services on a large scale] be funded from available grants or other funding available from senior levels of government or other agencies and from local municipalities. The services constructed shall be owned and operated by the RMOC.

The extension of central services or installation of communal services for the Villages of Carp, Manotick, Marionville, and Vars were installed without financial assistance from the Region. Rather, these works were financed through a combination of funding from the province and present and future residents and businesses with the only assistance of the Region being the front-ending of the amounts to be collected from future residents and businesses. Regional funding of the extension of the Carlsbad Springs Alternative Standards Water Supply would be a significant deviation from past decisions of Regional Council.

Regional staff are aware of ongoing discussions concerning the possibility of a new infrastructure program. Such a program, if announced, would likely include as eligible projects for the works involving the installation of water services. While it is unknown for certain if and when such an infrastructure program will be announced, and whether it will include projects approved before the announcement date, there is some basis to proceed with the extension of the Carlsbad Springs water main north of the local improvement area, should Amendment No. 13 come into force. This is based upon the following factors:

1. The local improvement petition will require the construction of the water main along 830 metres of Farmers Way.
2. A completion of the water main between Eighth and Ninth Line Roads will provide additional integrity to the system and security of supply.
3. Even if funding from other levels of government is not achieved, the net cost to the Region of the extension north of the local improvement area, at approximately \$80,000, (\$115,000 cost less \$36,000 recovery) sets this project aside from other areas where water problems are known to exist, the solutions to which would likely involve a much more significant financial expenditure.

A charge of \$9,000 per lot is recommended for the four lots north of the local improvement area as a reasonable balance of the cost to service this area (\$115,000) while taking into account the amounts to be paid within the local improvement area.

CONSULTATION

Notice of Official Plan Amendment No. 13 was given to all the property owners along Farmers Way. Staff intend during the week of 4 July to make every effort to advise the owners of the 4 lots north of the local improvement area of the consideration by Committee of this report on 11 July 2000.

NEW CITY IMPACT

The construction of the water main along Farmers Way from Eighth Line Road to Ninth Line Road is not anticipated to have any negative impacts for the new City.

OTTAWA TRANSITION BOARD

Should the recommendations proposed by staff be adopted, the net cost to the Region will exceed \$100,000, until and unless such time as financial assistance from the Provincial and/or Federal Government can be secured. Therefore approval of the Ottawa Transition Board will be required.

FINANCIAL STATEMENT

Funding in the amount of \$300,000 will be established in the 2000 Capital Budget, once Regional Council and Ottawa Transition Board have approved this report.

Approved by
N. Tunnacliffe
Commissioner, Planning & Development Approvals

Approved by
K. Kirkpatrick
A/Finance Commissioner

Approved by
E. A. Johnston
A/Regional Solicitor

Approved by
M. J. E. Sheflin, P. Eng.
Environment and Transportation
Commissioner

TCM/EAJ/pc

Extract of Draft Minute
Planning and Environment Committee
11 July 2000

5. **CARLSBAD SPRINGS WATER SUPPLY
FARMERS WAY - FINANCING OPTIONS**
- Planning and Development Approvals Commissioner's, Acting
Finance Commissioner's, Acting Regional Solicitor's and Environment and
Transportation Commissioner's joint report dated 4 July 2000

Councillor van den Ham indicated he was moving the following motion on behalf of Councillor Beamish, who had to leave the meeting early.

Moved by R. van den Ham

That the third recommendation be amended to read:

- 3. That the grant be conditional upon the portion of the local improvement charge equivalent to the grant being paid by that owner as a lump sum;**

CARRIED

The Committee then considered the staff recommendations, as amended.

That the Planning and Environment Committee recommend that Council approve the following:

- 1. That an extension of Carlsbad Alternative Standards Water Supply System be constructed along Farmers Way from Ninth Line Road to Eighth Line Road;**
- 2. That with respect to the lot having frontage of 340 metres in the local improvement area, a grant be provided to the owner to the extent that the local improvement charges for this lot is in excess of \$9,000;**
- 3. That the grant be conditional upon the portion of the local improvement charge equivalent to the grant being paid by that owner as a lump sum;**
- 4. That capital authority of \$300,000 be established for the project with a net Regional requirement not to exceed \$160,000;**
- 5. That debenture authority in the amount of \$300,000 be established;**

6. That with respect to the extension of the water service from the end of the local improvement area to Eighth Line Road, a charge be imposed under the *Municipal Act*, section 221 of \$9,000 per lot fronting on Farmers Way;
7. That the owners in the local improvement area and those in the area subject to the *Municipal Act*, section 221 charge have the option of paying the amount owing as a lump sum or over a period of 20 years;
8. That the owners in the local improvement area and the owners subject to the *Municipal Act*, section 221 charge who amortise their charges be eligible to commute such charges based upon the difference between the rate of interest payable on the debentures issued for the project and the rate of interest being earned by the Region/new City of Ottawa at the time of the application for commutation; and,
9. That staff be directed to make all efforts to recover the Regional contribution for the extension of the water main north of the local improvement area from the pending infrastructure financing program.

CARRIED as amended