




Hamilton

INFORMATION UPDATE

TO:	Mayor and Members City Council
DATE:	January 30, 2020
SUBJECT:	Hamilton Transportation Task Force Update (City Wide)
WARD(S) AFFECTED:	City Wide
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department  Dan McKinnon General Manager Public Works Department

As you know, the Hamilton Transportation Task Force held its first meeting on Tuesday, January 28. Yesterday, the Secretariat for the Task Force (a representative from the Ministry of Transportation) contacted us to formally request materials from the City of Hamilton for their review and consideration on the following:

- City of Hamilton’s transportation and infrastructure planning
- City of Hamilton’s transportation master plan (TMP)
- Potential City of Hamilton projects/concepts

Attached for your reference, please find the list of previously Council-approved reports, plans and studies we sent back to the Secretariat today. This list is consistent with the preliminary list that was provided to Council on January 22 in the Memorandum from City Manager Janette Smith about the Transportation Task Force, including the addition of the Climate Change Action Plan which was suggested at the Council meeting. Council will note that we have also provided report and date references to this list, as we noted we would do at Council last week.

The Secretariat also indicated that they may request presentations from City staff in the near future (as early as next week) to provide more detail on the City’s transportation plans. We advised the Secretariat that City staff would be happy to share with the Task Force the same overview presentation that was delivered to Council respecting our TMP last year. It would be our intent that any presentations would be in the form of technical briefings on reports, studies or plans previously approved by Council. We also

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indicated that our preference would be that any City staff presentations be open to the public.

We'll continue to keep you informed about these information requests. If you have any questions please feel free to contact Jason Thorne, General Manager, Planning and Economic Development Department, by email or at Ext. 4339, or Dan McKinnon, General Manager, Public Works Department by email or at Ext. 2313.

- Appendix "A" - Transportation Task Force List of Council-Approved Projects and Plans
- Appendix "B" - 2007-08 Funding Methodology for Municipal Infrastructure Extensions Review & Update
- Appendix "C" - 2002-04 Funding Methodology for Municipal Infrastructure Extensions TOE02005FCS02026

JT/DM/lem

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**Hamilton Transportation Task Force
List of Council-Approved Projects and Plans**

**City Wide Transportation Master Plan Review & Update (PED 18137) and
Supplementary Report (PED18137a)**

Approved by Council August 17, 2018

Both Staff reports:

<https://www.hamilton.ca/sites/default/files/media/browser/2018-10-24/tmp-review-update-gicreport-aug2018.pdf>

Project web page:

<https://www.hamilton.ca/city-planning/master-plans-class-eas/city-wide-transportation-master-plan>

**Hamilton Light Rail Transit (LRT) Environmental Project Report (EPR) Addendum
for B-Line (PED17056)**

Approved by Council April 26, 2017

Staff report:

<https://pub-hamilton.escrimemeetings.com/filestream.ashx?DocumentId=125295>

Project web page:

<https://www.hamilton.ca/city-initiatives/priority-projects/2017-environmental-project-report-addendum>

Rapid Ready – Expanding Mobility Choices in Hamilton (PW13014)

Approved by Council February 27, 2013

Staff report:

http://www2.hamilton.ca/NR/rdonlyres/76D38C17-DC96-4C54-8E55-3A6EA1C71D73/0/Feb25EDRMS_n414203_v1_5_1_PW13014.pdf

Project web page:

<https://www.hamilton.ca/city-initiatives/priority-projects/rapid-ready>

Ten-Year (2015-2024) Local Transit Strategy (PW14015a)

Approved by Council March 11, 2015

Staff report:

<https://www.hamilton.ca/sites/default/files/media/browser/2015-07-19/transit-strategy-report-march-6-2015.pdf>

Project web page:

<https://www.hamilton.ca/city-initiatives/priority-projects/ten-year-local-transit-strategy>

January 24, 2020 "Transit Day" Budget – General Issues Committee

Appendix "A" to Report PW20005 – Service Quality and Consumers' Preferences for Hamilton Street Railway (HSR) Executive Summary (starts on page 61)

<https://pub-hamilton.escribemeetings.com/FileStream.ashx?DocumentId=215124>

2019 Development Charges By-law and Background Study (FCS19050)

Approved by Council June 12, 2019

Staff report:

<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=194671>

Development Charges Background Study:

<https://www.hamilton.ca/sites/default/files/media/browser/2019-03-13/2019-development-charges-background-study-v2.pdf>

Recreational Trails Master Plan

June 13, 2016

*The Trails Master Plan was presented to Public Works Committee and was 'received' by the Committee. As projects come forward Council will approve them as part of the capital budget process. It's also identified as a guiding document in the Transportation Master Plan.

Master Plan document:

<https://www.hamilton.ca/sites/default/files/media/browser/2016-06-27/hamilton-recreational-trails-master-plan-2016.pdf>

Project web page:

<https://www.hamilton.ca/city-planning/master-plans-class-eas/recreational-trails-master-plan>

Mountainbrow Trail Feasibility Study (PW18053)

July 12, 2018

*Council received the report and implementation strategy and directed staff to refer projects to future capital budget processes.

Staff report:

<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=160074>

**Lincoln M. Alexander Parkway (LINC) and Red Hill Valley Parkway (RHVP)
Transportation and Safety Update (PW18008a)**

Approved by Council February 13, 2019

Original Staff report:

<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=178862>

GIC report with amended recommendations:

<https://pub-hamilton.escribemeetings.com/FileStream.ashx?DocumentId=186320>

*An amending motion that directed staff to do a functional design "That staff be directed to report to the Public Works Committee to present the results of the Request for Proposals, for a functional design of the Lincoln M. Alexander Parkway and the Red Hill Valley Parkway, for consideration, prior to awarding the project"

Highway 403 Westbound On-Ramp at Mohawk Road (PW12051(a))

Approved by Council September 24, 2014

**Mohawk Road to Brantford-bound King's Highway 403
Ramp Update (PW12051b)**

Approved by Council February 22, 2017

Staff report a:

<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=113929>

Staff report b with appendix:

<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=123822>

<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=123823>

Project web page:

<https://www.hamilton.ca/city-planning/master-plans-class-eas/mohawk-road-ramp>

City Council – February 13/14, 2019

Motion from Councillor Ferguson asking for an update on the environmental assessment for the widening of Highway 403 (item 7.11, page 35)

<https://pub-hamilton.escribemeetings.com/FileStream.ashx?DocumentId=184831>

Attached response letter from Minister of Transportation to Mayor Eisenberger who had requested an update on the EA for the widening of Highway 403 from Highway 52 to Highway 6.

April 15, 2019

Hamilton Pedestrian Mobility Plan

December 2012

This is a resource document that outlines an approach to implementing projects, but no specific projects are identified. It's also identified as a guiding document in the Transportation Master Plan.

Pedestrian Mobility Plan:

<https://www.hamilton.ca/sites/default/files/media/browser/2014-12-17/hamilton-pedestrian-mobility-plan.pdf>

Project web page:

<https://www.hamilton.ca/city-planning/master-plans-class-eas/hamilton-pedestrian-mobility-plan>

Missing links/city-wide sidewalk network

There is no specific Council-approved report related to the completion of the urban sidewalk network. Council has endorsed policies related to the extension of municipal infrastructure and has identified procedures for prioritization. Sidewalk extensions (or missing links) would be included as part of these general policies.

Existing reports:

Funding Methodology for Municipal Infrastructure Extensions (TOE02005/FCS02026)

April 17, 2002

Funding Methodology for Municipal Infrastructure Extensions and Update (TOE02005b/FCS02026b/PED07248)

August 28, 2007

*Reports are attached (cannot find links for these as they are quite old and those committee no longer exist).

Corporate Goals and Areas of Focus for Climate Change Mitigation and Adaptation (CMO19008/HSC19073)

Approved by Council December 11, 2019

Staff report:

<https://pub-hamilton.escribemeetings.com/FileStream.ashx?DocumentId=212441>

CITY OF HAMILTON

***PUBLIC WORKS DEPARTMENT
Capital Planning & Implementation Division***

and

***CORPORATE SERVICES DEPARTMENT
Budgets & Finance Division***

and

***PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Development Engineering Division***

Report to: Chair and Members Public Works Committee	Submitted by: Scott Stewart, C.E.T. General Manager Public Works Department Joseph L. Rinaldo General Manager Finance & Corporate Services Department Tim McCabe General Manager Planning and Economic Development Department
Date: August 28, 2007	Prepared by: Harold Groen Extension 4278 Tony Sergi Extension 2274 Joe Spiler Extension 4519

SUBJECT: Funding Methodology for Municipal Infrastructure Extensions Review and Update (City Wide) - (TOE02005b/FCS02026b/PED07248)

RECOMMENDATION:

- (a) That the Funding Methodology for Municipal Infrastructure Extensions Policy contained in Appendix "A" to Report TOE02005b/FCS02026b/PED07248, be approved as the City of Hamilton's cost recovery policies and procedures for extensions of water, sanitary sewer and storm sewer services for **existing** residences and businesses;

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(City Wide) (TOE02005b/FCS02026b/PED07248) - Page 2 of 14**

- (b) That the Funding Methodology for Municipal Infrastructure Extensions Policy contained in Appendix "A" to Report TOE02005b/FCS02026b/PED07248 replace the "Policies for Cost Recovery of Municipal Infrastructure Extensions under Section 221 of the Municipal Act", approved by City Council May 15, 2002 as part of Item 39 of Report 02-019 of the Committee of the Whole, and as amended by Item 19 of Report 02-027 of the Committee of the Whole approved by City Council on July 10, 2002;
- (c) That the procedures and policies outlined in Report TOE02005/FCS02026, approved by City Council on May 15, 2002, as part of Item 39 of Report 02-019 of the Committee of the Whole, for sidewalk projects, continue unchanged;
- (d) That the following projects identified in subsection (c) of Item 39 of Report 02-019 of the Committee of the Whole, which was approved by City of Hamilton Council on May 15, 2002 no longer be grandfathered under the Funding Methodology for Municipal Infrastructure Extensions Policy:
 - (i) Miles Road - 265m south of Rymal to 314m south: Sanitary \$35,000 and Storm \$64,000,
 - (ii) Nebo Road - Sanitary \$400,000;
- (e) That the General Manager of Finance and Corporate Services be authorized and directed to prepare the necessary cost recovery by-laws in accordance with the Funding Methodology for Municipal Infrastructure Extensions Policy contained in Appendix A to Report TOE02005b/FCS02026b/PED07248 for the following sanitary sewer construction projects:
 - (i) West 5th Street - 40 metres north of Rymal Road to 120m south of Stone Church Road,
 - (ii) Rymal Road East - Dakota Drive to west of Glover Road;
- (f) That in cases where Development Charges have **fully** funded the municipal servicing infrastructure construction project, the General Manager of Finance and Corporate Services is hereby authorized and directed to prepare the necessary cost recovery by-laws in accordance with the approved flat fee charges in force at the time;
- (g) That the City Solicitor be authorized and directed to prepare the appropriate by-law to reflect the flat fees set out in Schedule 1 to the Funding Methodology for Municipal Infrastructure Extensions Policy attached as Appendix "A" to Report TOE02005b/FCS02026b/PED07248.

Scott Stewart, C.E.T.
General Manager
Public Works Department

Joseph L. Rinaldo
General Manager
Finance & Corporate
Services Department

Tim McCabe
General Manager
Planning and Economic
Development Department

**SUBJECT: Funding Methodology for Municipal Infrastructure Extensions Review and Update
(City Wide) (TOE02005b/FCS02026b/PED07248) - Page 3 of 14**

EXECUTIVE SUMMARY:

The Municipal Act, 2001 authorizes any municipality or local board to pass by-laws imposing fees or charges on any class of persons for services or activities provided or done by or on behalf of it. On May 15, 2002 City Council adopted the procedures and policies outlined in Report TOE02005/FCS02026 entitled "Funding Methodology for Municipal Infrastructure Extensions Policy".

The Policy is a full cost recovery mechanism for the capital costs of extension projects including water main, sanitary sewer, or storm sewers or any combination thereof, that are not funded by land owners through the development process. To date the Policy has been successful in recovering the actual project costs for municipal service extensions that the City has constructed as a result of the petition process.

The original Policy contained references to the body of the staff report which had to be reviewed each time the Policy was read. Therefore, to make the Policy more user-friendly, the Policy has been re-formatted so that all of the policies and procedures are now contained in one stand-alone document. Some wording has also been added to clarify the meaning of the original Policy wording.

In addition, it is proposed that the following items be addressed in the Policy:

1. The removal of all remaining "Grandfathered Projects" from the Policy.
2. The addition of a clause which will permit the City to collect monies for "Developer Initiated" projects on behalf of the developer. This would include municipal services constructed by the developer external to the development land.
3. The introduction of a flat fee for existing residences/businesses to connect to the municipal service where the project is wholly or partially funded by Development Charges.
4. The removal of Plant Infrastructure Recovery Costs from the Policy.

Items with regard to sidewalks in the previous Report TOE02005/FCS02026, approved by Council on May 15, 2002, remain unchanged.

It is therefore recommended that the Funding Methodology for Municipal Infrastructure Extensions Policy, attached as Appendix "A" to this report, be approved by Committee and Council.

BACKGROUND:

The Municipal Act, 2001 authorizes any municipality or local board to pass by-laws imposing fees or charges on any class of persons for services or activities provided or done by or on behalf of it. On May 15, 2002, City Council approved the Policy. The Policy was adopted by Council to implement a consistent and fair funding approach across the City for water and sanitary and storm sewer extension works. Under the previous Local Improvement Act, the previous Municipalities only collected an estimated 50% or less of the cost of installing the municipal service. In order to limit the City's financial exposure with regards to water, sanitary and storm extension projects, the City adopted the Policy in 2002. Since that time, there have been a number of municipal infrastructure extension projects constructed and there have been several changes suggested by staff to improve

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the Policy to become more inclusive of municipal works and opportunities for cost recovery.

ANALYSIS/RATIONALE:

On May 15, 2002 City Council adopted the Policy which outlined a full cost recovery mechanism for the capital costs of extension projects including water mains, sanitary sewers, water services or storm sewers, or any combination thereof, that are not funded by the land owners through the development process.

There are sections of the previously approved Policy that can be deleted since they are no longer applicable. The proposed changes to the Policy are outlined as follows:

Municipal Servicing Costs for "Developer Initiated" Works

Through the approval of Planning Act applications, a number of municipal services are constructed either on public roadways or within easements outside of the actual development lands. These services are sized and constructed to also benefit the adjacent property owners on these roadways that are external to the development lands. At present, the agreements between the City and the "developer" contain schedules which require that the City use best efforts to collect from the owners located outside the development lands but adjacent to the new services. The City currently uses the guidelines in the Policy to assign the costs outlined in the development agreement and to prepare the report to Committee accompanied by the appropriate Municipal Act By-law. The benefiting owners external to the development lands would pay the City the outstanding costs, as outlined in the Municipal Act by-law upon connection to the service. Upon receipt of these monies, the City would then reimburse the "developer" as per the conditions of the development agreement.

This proposed amendment would incorporate this current practice into the actual Policy.

Municipal Servicing Costs funded through Development Charges

A number of municipal services are constructed outside of a development or Planning Act application. Specifically, the Development Charges By-law identifies municipal services that will be wholly or partially funded by Development Charges. These municipal services may be constructed on existing roadways with existing development adjacent to the municipal service being constructed.

When costs for the municipal service are fully funded by Development Charges, currently the cost of the municipal services to the adjacent existing residence/business is nil. In fairness to other property owners that pay for the entire cost of the mainline municipal service extensions, it is appropriate to also charge these adjacent owners for this benefit when they connect to the municipal service. This would be charged as a flat fee and would be based on the average cost between "green field development" construction and construction on an existing roadway. These flat fees would be reflected in a cost recovery by-law and the monies collected would be placed in the appropriate City Development Charges account.

In cases where Development Charges have partially funded the main line service construction, the apportioned share of the construction cost to the adjacent owner will be their share of the actual construction cost or the flat fee, whichever is the greatest. With

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this funding proposal, all existing residents/businesses connecting to the municipal service will pay their equitable share. Again, these fees would be reflected in a cost recovery by-law and the monies collected would be placed in the appropriate City account.

The current proposed flat fee charges are:

Sanitary Sewer Main line Fee:	\$6,000.00
Storm Sewer Main line Fee:	\$7,000.00 (larger pipe size for storm sewer)
Water Main Main line Fee:	\$4,200.00

As noted above, these flat fees have been calculated based on the average cost between "green field development" construction and construction on an existing roadway. The flat fees will be adjusted annually by the Construction Data Index. In addition to any cost recovery by-laws, the flat fees will be reflected in the appropriate City fees and charges by-law.

These flat fees exclude the following items: sewer lateral – public portion construction cost within the municipal right of way, water service lateral construction cost within the municipal right of way, Permit Connection fee and all works on private property.

Future Plant Infrastructure Recovery Costs

The Committee report in 2002 stated that a future cost for plant infrastructure (including reservoirs and outstations) will be charged when existing development would connect to the water and waste water services. This charge would be based on the water and sewage capacity component of Hamilton's Development Charge as updated from time-to-time. The justification for this charge at that time stemmed from the fact that every time an additional unit connects to the water/sewage system, future capacity for that service is diminished by that unit. In 2002, it was stated that Council would be updated on this matter once the development charges component for this infrastructure had been determined.

Staff has again reviewed this matter and now recommend that this "future plant infrastructure recovery cost" not be implemented or charged to existing development connecting to the water and waste water services based on the following rationale:

- Much of the existing municipal servicing infrastructure has been funded by many different sources in the past and it is difficult to determine which source funding the monies should be credited to.
- There was adequate capacity in the water/waste water system when most of the existing development now connecting to the municipal services was constructed.
- We estimate that 100 to 200 existing residences would be included in this charge. It is difficult to justify a charge to previous development that could not take advantage of the "plant infrastructure" since the water or sewers in their street may not have been available when the residence was constructed.

Grandfathered Projects

In 2002, Council also approved a number of "grandfathered" municipal service extension projects. The term "grandfathered" project means that the sewer and water extension will be installed by the City and that adjacent owners would pay their apportioned share of

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the work upon connection to the municipal service, instead of upon completion of construction. The current status of these projects is outlined below.

Constructed Projects

1. Seabreeze - Glover to McNeilly and McNeilly - Seabreeze to South Service: Sanitary \$804,000.
2. Lochside - McCollum to end: Sanitary \$187,300.
3. Stone Church - West 5th to Upper James: Sanitary \$125,600 and Storm \$64,000.
4. Glancaster Road - Sanitary \$700,000. Since the initial approval, the funding was modified and the benefiting owners would pay upon the completion of construction.
5. West 5th - 40 m north of Rymal to Stone Church. On December 15,2004, Council approved the following resolution:

"That the grandfathered Municipal Act Project ID 5169880833 (MA –West 5th-40m north of Rymal) be repealed and a new capital Project ID 5160480483 (Mewburn and Sheldon Neighbourhood Sanitary Trunk) be set up and funded 100% from Development Charges. This project is currently under construction."

Projects Not Constructed through "Grandfathered" Provisions to date:

1. Miles Road - 265m south of Rymal to 314m south: Sanitary \$35,000 and Storm \$64,000.

This project will no longer be "grandfathered". Instead, it will be included as a condition of subdivision approval at such time as lands on the west side of Miles Road develop and extend the services from the east. The cost recovery for this work will be a best effort by the City on behalf of the developer. The residents outside the plan of subdivision and adjacent to the municipal services will pay upon connection to the municipal service.

2. Nebo Road - Sanitary \$400,000.

This project will no longer be "grandfathered" as the owner on the west side of Nebo Road has constructed the "sanitary sewer" through a Special Service Agreement with the City.

Items with regard to sidewalks in the previous Council Report approved on May 15, 2002 remain unchanged.

ALTERNATIVES FOR CONSIDERATION:

In reviewing the update for the City's Funding Methodology of Municipal Service Extensions, the options are:

Retain the Current Policy

This would require that the City use an alternative mechanism to recover "Developer Initiated" municipal services installed by the developer outside of the development plan.

The City would not collect the proposed flat fee for municipal mainline service extensions that are funded by "Development Charges" or other funding mechanisms and the current inequities in the method of charging adjacent existing development for municipal services would be retained.

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There is a potential revenue loss of \$100,000 to \$200,000 should the City not include a provision to charge a fee for future plant infrastructure recovery costs for infrastructure capacity which is diminished by the connection of existing development to the water/wastewater service.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial Implications

The City is expected to recover an equitable share of the resident contribution to the mainline municipal service where services are funded and constructed by other parties. The amount of the flat fee monies to be collected is not exactly known but could range between \$100,000 to \$200,000 depending on the number of adjacent owners on existing roadways still on private water and septic systems.

Staffing Implications

None

Legal Implications

This report updates the authority under the new Municipal Act, 2001 by which the City can charge these costs and impose fees. It is appropriate to approve the Funding Methodology for Municipal Infrastructure Extension Policy attached as Appendix "A" to this report so that all of the policies and procedures are contained in one stand-alone document and so that the proposed changes set out in this report are also reflected in the document. Cost recovery by-laws will continue to be passed and enacted in order to recover the costs identified in the Funding Methodology for Municipal Infrastructure Extensions Policy from existing residences and businesses. In addition, the flat fees will be reflected in the appropriate City fees and charges by-law.

POLICIES AFFECTING PROPOSAL:

This report updates the current Policy approved by Council on May 15, 2002 and as amended on July 10, 2002.

This report removes the two remaining grandfathered projects from the list of projects approved by City Council on May 15, 2002.

This report supports the Public Works Strategic Plan visions of; Communities - Services our Communities connect with and trust; Finances - Sound financial management for the long haul; and Processes - Smart processes to match our needs; by providing critical municipal services and recovering a fair cost through a simplified process.

RELEVANT CONSULTATION:

Corporate Services - Budgets and Finance - Capital Budgets and Development
Public Works - Water and Waste Water / Capital Planning and Implementation
Planning and Economic Development - Development Engineering
City Managers Office - Legal Services - Commercial/Development/Policy Group
Hamilton Halton Home Builders Association

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CITY STRATEGIC COMMITMENT:

By evaluating the "Triple Bottom Line", (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. Yes No

Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.

Environmental Well-Being is enhanced. Yes No

Human health and safety are protected.

Economic Well-Being is enhanced. Yes No

Hamilton's high-quality environmental amenities are maintained and enhanced.

Does the option you are recommending create value across all three bottom lines?

Yes No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?

Yes No

N/A

APPENDIX "A"

**City of Hamilton
Funding Methodology for Municipal Infrastructure Extensions Policy ("Policy")**

Under sections 9 and 10 of the Municipal Act, 2001, as amended, the City of Hamilton is empowered to impose fees or charges for services or activities provided or done by or on behalf of the City of Hamilton. These fees and charges include the capital costs related to services or activities and may also include the imposition of such fees and charges on persons not receiving an immediate benefit from the services or activities.

1. Owner Initiated Projects - Petition

Property owners have the opportunity to request the extension of municipal waterworks, sanitary sewers and storm sewers by way of petition. The sufficiency threshold shall be two thirds of affected property owners, representing at least 50% of the total assessed value of the lots liable to pay in accordance with this Policy. The petition and estimated cost is prepared by City staff and sent to the person requesting the petition ("Petitioner").

A petition that meets the sufficiency test does not by itself guarantee that a project will be completed. The project is subject to all necessary approvals, including but not limited to City Council ("Council") approval and the enacting of a cost recovery by-law.

2. City Initiated Projects

City-initiated water, sanitary sewer and storm sewer extension projects would split into 2 categories:

- a. City-initiated projects whereby abutting landowners would be required to pay only as they connect. These City-initiated projects will be limited only to critical water main looping projects or projects which ensure security of supply, to be approved by Council.
- b. City-initiated projects whereby all abutting landowners would have to pay their assessed costs upon completion of construction. This would include all projects not required in "a." above such as storm sewers to mitigate flooding, sanitary sewers to mitigate health concerns and works solely coordinated with road resurfacing. These water and sanitary and storm sewer capital projects initiated by the City for health, environmental and asset management reasons would be undertaken under Sections 9 and 10 of the Municipal Act, 2001, as amended, with impacted area ratepayers subject to special assessment charges. Adjacent landowners wishing to contest such an initiative, would have to submit a petition signed by a minimum of 50% of the impacted ratepayers representing at least 50% of the assessment in order to have the project halted.

3. Project Costs – Owner Options

Once the sufficiency test is met for an owner petition and the work is approved by Council, City staff will undertake detailed design and

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estimation of related costs. If the costs are lower or higher than 20% of the original estimate, owners will be notified of the revised costs. Significantly higher costs may change the opinion of those wishing to proceed with a project.

With respect to a City-initiated project, notification of changes to the estimated cost serves as useful information to owners in their determination of whether they wish to connect to the service (2a), or object to the installation (2b).

4. Public Consultation Process

In the case of a project initiated by owner petition or City-initiated, where owners are assessed the cost of the project upon its completion, an Information Meeting will be held to discuss the financial and technical implications of the project. These meetings provide an efficient forum in which to communicate with owners and ensure that consistent information is relayed. These meetings will give staff time to explain the project and answer the same questions posed by various owners and give the property owners a greater understanding of the project and the process.

Following public consultation, a 30 calendar day period will be invoked during which time affected property owners can withdraw their petition. In the case of a City initiative (2b), abutting landowners wishing to contest such an initiative, would have to submit a petition signed by a minimum of 50% of the impacted ratepayers representing at least 50% of the assessment in order to have the extension project halted. At the end of this period, the project will progress to the next stage, if the original sufficiency test is met.

5. Authorization to Proceed with the Project

Upon completion of the detailed design, notice to owners and the 30 calendar day review period (if necessary), staff will prepare a report to Council requesting authorization and approval of the project and the draft by-law. The by-law sets out the methodology for assessing charges for a specific project.

6. Assessment of Costs

For owner-initiated projects and City-initiated projects under (2b), the cost recovery will be initiated immediately following the completion of the construction of the project in accordance with the cost recovery by-law. The cost recovery for City-initiated projects (2a) commences as owners connect to the service.

7. Appeal Process

There is no appeal process contained in the Municipal Act, 2001, as amended, nor in this Policy.

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8. Costs to be Recovered from Abutting or Benefiting Property Owners

In accordance with Sections 9 and 10 of the Municipal Act, 2001, as amended, the City will recover the following capital costs from properties benefiting from a water and/or sanitary and storm sewer servicing project; including but not limited to:

- (a) All costs related to the design and construction of the municipal mainline service extension. This includes Municipal Class EA studies, soil testing, borehole testing, tree preservation and replacement plans, etc.
- (b) Laterals and sewer laterals – public portion from the municipal mainline service extensions to the property line
- (c) Costs associated with fire hydrants and the increased sizing of water mains to conform with municipal fire flow requirement;
- (d) Costs for all intersection work incurred in the course of constructing the extended water and wastewater services; and
- (e) Property acquisition costs.

In certain circumstances a project may have extraordinary costs associated with it (i.e. local topography, extensive rights of way, health concerns). On a project specific basis, the City may opt to incur some or all of the extraordinary costs, thereby providing relief to the impacted ratepayers.

In circumstances where the 'oversizing' costs of municipal mainline service extensions is required to accommodate future growth, this extra cost will be paid by development charges. In this way local ratepayers are not charged for infrastructure sizing that is beyond that needed to service their local area.

9. Hardship Cases

In recognition of legitimate hardship cases, the City may defer all or part of the charges until such time as the property is either sold or a change in ownership by other means occurs. The charges, if deferred, would be registered on title and would become a lien against the property. It would be incumbent upon individual homeowners to demonstrate to Council's satisfaction, the basis of their request (i.e. financial need).

10. Projects funded from Development Charges

In cases where Development Charges have fully funded the water main, sanitary sewer or storm sewer infrastructure, the existing adjacent owners to this service will be required to pay the applicable flat fee upon connection to the municipal service in addition to the normal connection permit charge at the time of connection. The flat fees are shown as Schedule 1 to this Policy. These flat fees would be reflected in a cost recovery by-law and the monies collected would be placed in the appropriate City Development Charges account.

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In cases where Development Charges have partially funded the water, sanitary or storm sewer mainline service construction, the adjacent owner will pay their apportioned share of the actual outstanding construction costs of the main line service or the flat fee, whichever is the greatest. The determination of the time of payment (upon completion of construction or upon connection) and apportioned share of the cost will be in accordance with this Policy. Again, these flat fees would be reflected in a cost recovery by-law and the monies collected would be placed in the appropriate City account.

11. Cost Recovery for “Developer Initiated” Municipal Service Construction

In cases where “Developer Initiated” municipal services are constructed outside of the development lands, the City can use best efforts to collect the outstanding municipal servicing costs on behalf of the developer. The adjacent property owners would pay their apportioned share upon connection to the municipal service in accordance with section 12 of this Policy (Method of Cost Recovery).

12. Method of Cost Recovery

The costs are apportioned as follows:

- (a) That for projects benefiting both residential and non-residential premises, total assessable costs be first apportioned between these two groups on a basis equal to the percentage split of the total actual frontage of the impacted assessable properties;
- (b) That project costs assessable to residential premises be apportioned on a per lot basis, with residential lots having multiple services assigned additional costs related to the lateral charge for each additional service connection;
- (c) For owner petition projects and approved City-initiated projects (2b), all abutting properties are subject to the special assessment of charges whether or not they elect to connect to City water and/or wastewater services;
- (d) The costs associated with the sewer laterals – public portion and water service laterals for each project shall be identified separately for each property and are not considered as part of the mainline municipal service;
- (e) That project costs attributable to non-residential premises benefiting from the project will have costs apportioned between them on a basis of lot-specific area. This alternate apportionment formula for non-residential premises and lands will take into account the potentially more significant water demands that larger properties may ultimately place on the water and/or sanitary and storm sewer systems;
- (f) For the purposes of this Policy, non-residential properties include nursing homes, schools, parks and businesses. Farms are considered to be residential. Churches are exempt from the cost recovery provisions of this Policy and the funding shortfall will be recovered from another source.

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- (g) Parks are assessable and chargeable, but acreage-based apportionment charges would be determined using the actual frontage and a depth measurement capped at a maximum of 30 metres;
- (h) In the case of exceptional circumstance, where lot configurations vary widely, the City reserves the right to alter the allocation of costs against a particular property in the interests of equity and fairness to the other benefiting properties (e.g. a lot that is clearly significantly larger than others or that is far removed from a grouping of other properties);
- (i) Properties that cannot take advantage of the municipal service (re: utility lands or lands that are undevelopable for reasons such as being designated hazard lands) would be exempt from the process and charges set out in this Policy.
- (j) New lots that are created through the severance process after the cost recovery bylaw has been passed would not be required to participate in the project recovery process and would be exempt from the process and charges. However, due to the fact that cost recovery is based on a per lot basis, in the issue of fairness, newly created lots would be subject to the total Development Charge in effect at the time of building permit application.
- (k) For projects that include blocks of land that have development potential, that the cost apportionment proceed as if the development is in place, (based on existing planning documentation) however that the cost recovery for said block be initiated only as a condition of development or subdivision agreement;

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Schedule 1 to Funding Methodology for Municipal Infrastructure Extensions Policy

1. Flat Fee Charges

The fee derived from the benefit of connecting to a municipal infrastructure extension which is funded wholly or partially by Development Charges shall be either the actual cost to each benefiting owner or the flat fee noted below – whichever is the larger amount. The flat fees will be annually adjusted in accordance with the Construction Data Index.

2007 Single Family Residential Unit:

Sanitary Sewer Main line Fee:	\$6,000.00
Storm Sewer Main line Fee:	\$7,000.00 (larger pipe size for storm sewer)
Water main Main line Fee:	\$4,200.00

Cost excludes the following items, which are the property owners additional costs: sewer lateral – public portion construction cost within the public right of way, water service lateral construction cost within the public right of way, permit connection fee and all works on private property.

Uses other than Single Family Residential

It is recommended that the residential flat fee be applied to all other existing land uses and/or buildings constructed prior to the approval of this Policy by Council.

The majority of existing land uses without municipal services on existing roadways appear to be single family residential. Generally, a more intense use or commercial use would not be permitted without municipal services first being installed and as such these lands would be connected to the system already.

Flat Fee charges based on:

1. The average cost per metre between constructing a local service in “greenfield development” and on an existing roadway.
2. The average frontage of existing residences on private services being approximately 18m.
3. Design, Engineering, GST and Administration Fees included.
4. 2004 Construction Costs - adjusted to 2007

CITY OF HAMILTON

TRANSPORTATION, OPERATIONS & ENVIRONMENT
Infrastructure & Environment Planning

and

FINANCE & CORPORATE SERVICES
Budgets & Fiscal Policy Services

Report to: Mayor and Members Committee of the Whole	Submitted by: Peter M. Crockett, P.Eng. General Manager Joseph L. Rinaldo General Manager
Date: April 17, 2002	Prepared by: Paul Cripps, Extension 3720 Joe Spiler, Extension 4519

**SUBJECT: Funding Methodology for Municipal Infrastructure Extensions -
TOE02005/FCS02026 (City Wide)**

RECOMMENDATION:

- a) That the City of Hamilton adopt the procedures and policies outlined in Report TOE02005/FCS02026 associated with the funding mechanism for the construction of new water, sanitary sewer, storm sewer and curb and sidewalk municipal infrastructure for existing residences and businesses, namely that:
- (i) Section 221 of the Municipal Act be utilized as a full cost recovery vehicle for the capital costs of extension projects including water main, sanitary sewers (excluding private drains), water services or storm sewers, or any combination thereof, that are not funded by land owners through the development process in accordance with policies as shown in Appendix "A".
 - (ii) Section 210(85) of the Municipal Act be utilized as a full cost recovery vehicle for the capital costs of private drains that are not funded by land owners through the development process; and
 - (iii) That an annual allocation be incorporated into the Capital Budget to fully fund the capitals costs of the construction of municipal curbs and sidewalks that are not funded by land owners through the development process.
- (b) That staff be directed to develop an information package explaining the policy and procedures associated with public and municipally initiated infrastructure projects that can be forwarded to any property owner that may be involved in a request for the extension of Municipal services.

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- c) That the current procedures of requiring abutting landowners' to pay for project costs only as they connect to the system be grandfathered for the following Municipal Infrastructure Extension projects:
- (i) Seabreeze - Glover to McNeilly and McNeilly - Seabreeze to South Service: Sanitary \$804,000
 - (ii) Lochside - MacCollum to end: Sanitary \$187,300
 - (iii) Stone Church - West 5th to U James: Sanitary \$125,600 and Storm \$244,000
 - (iv) Miles Road - 265m S. of Rymal to 314m south: Sanitary \$35,000 and Storm \$64,000
 - (v) West 5th - 40m north of Rymal to 130m S of Stone Church: Sanitary \$1,157,000
 - (vi) Glanaster Road - Sanitary \$700,000
 - (vii) Nebo Road - Sanitary \$400,000
- d) That the City of Hamilton adopt the priority rating system contained in report TOE02005/FCS02026 for the recommendation of sidewalk projects based on safety, needs and coordination with other infrastructure replacement/installation.

Peter M. Crockett, P.Eng., General Manager
Transportation, Operations & Environment

Joseph L. Rinaldo, General Manager
Finance & Corporate Services

EXECUTIVE SUMMARY:

Section 221 of the Municipal Act, incorporating the principles of full cost recovery, in addition to grand-fathered Local Improvement Act works, has been employed for water and sanitary and storm sewer extension works since 1998 on a case by case basis.

In response to the fiscal limitations constraining the New City of Hamilton and public demands for increased fiscal accountability at all levels of government, the purpose of this report is to propose recommendations intended to implement a consistent and fair funding approach across the amalgamated City for water and sanitary and storm sewer extension works.

Under the Local Improvement Act (Table 2), the former Region of Hamilton-Wentworth recovered approximately 50.8% of total costs from abutting landowners. Abutting landowners were required to pay their assessed costs unless they were exempt as per the legislation.

Those water and sanitary and storm sewer extension projects which the former Region constructed under Section 221 of the Municipal Act (Table 3) have only recovered 38% (to date) of total project costs since abutting landowners are required to pay only upon connection to the system.

The Local Improvement Act will no longer be available as a funding mechanism with the passing of the new Municipal Act and therefore the recommendations contained in this report have been made in order to minimize the City's financial exposure.

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In order to limit the City's financial exposure with regards to water and sanitary and storm sewer extension projects, staff are recommending (Appendix A):

- i) For Owner initiated water and sanitary and storm sewer extension projects, abutting landowners will be required to pay their assessed amount at project.
- ii) That for City initiated water and sanitary and storm sewer extension projects initiated for health, environmental and road right of way (ROW) construction purposes, abutting landowners must pay their assessed cost at project completion.
- iii) That for City initiated water and sanitary and storm sewer extension projects required for critical watermain looping or projects which ensure security of supply, abutting landowners pay only as they connect to the service or system.

Implementation of the policies as outlined in this report will move the City of Hamilton towards greater cost recovery for storm sewer, sanitary sewer and water main projects. Savings cannot be accurately estimated due to the annual variances in the request process. Information for the years 1995 – 1997 where the Local Improvement Act was utilized exclusively; however, indicates that the municipal expenditures amounted to approximately \$7.5 million or \$2.5 million annually. The proposed policies would dramatically reduce this value by limiting the number of projects where abutting landowners are not required to pay unless they connect. The aforementioned recommendations are intended to implement a consistent and fair funding approach across the amalgamated City based on the principle of 'user pay'. The City would treat all property owners, who benefit from new water and sewer infrastructure, in the same manner regardless of whether the servicing is constructed as part of a greenfield development or a service extension within existing neighbourhoods. The City's liabilities would be limited to costs associated with City property and costs related to unconnected abutting landowners where future development is anticipated.

In regards to the installation of curbs and sidewalks, for a variety of reasons as presented below, it is recommended that the past practice related to the installation of sidewalks and curbs under the Local Improvement Act be abandoned and that these costs be allocated to the annual capital budget program. For the 2002 Capital budget, the proposed new sidewalk costs total \$250,000, and for replacement of existing deteriorated sidewalks, the proposed submitted budget amount totals \$250,000.

BACKGROUND:

The information/recommendations contained within this report have City wide implications and relate to programming throughout the municipality.

At the current time, as a result of the amalgamation, a variety of policies and practices exist regarding the funding of capital costs for the construction of certain municipal infrastructures, which are not funded through the development process, that are for the benefit of existing development in specific areas. In particular, inequities exist in regards to the funding process related to the installation of sidewalks and curbs across the former Municipalities. Further, changes in the Municipal Act eliminate the Local Improvement Act as a funding mechanism for these and other types of municipal projects. This report is intended to present to Council a synopsis of current policies and make a comprehensive recommendation as to the new policy that can be implemented City-wide related to the funding of new, non-development related municipal services.

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CURRENT POLICIES

A) Funding Mechanisms

A.1 Local Improvement Act

The above legislation has been used in the past to recover a portion of the costs associated with the installation of sanitary sewers, storm sewers and water mains across the former Region. Sidewalks, curbs, alleys and land drainage related works in the former City of Hamilton were also constructed under this legislation. Projects would be initiated by a variety of means, which included public petitions for the works and municipally initiated projects to address safety and/or health concerns. For projects initiated under the Local Improvement Act, while the costs eligible to be recovered averaged approximately 50 percent, abutting landowners were required to pay for their assessed costs. Therefore, the cost recovery rate was approximately 50 percent.

A.2 Municipal Act Section 221

The former Region utilized section 221 on a project by project basis, for several sanitary sewer, storm sewer and water main projects since 1998.

In addition, the former Cities of Stoney Creek and Hamilton undertook several land drainage projects utilizing this legislation for cost recovery purposes.

Table 3 shows that to date, the recovery rate for Municipal Act projects carried out by the former Region has averaged approximately 38 percent, as abutting landowners were required to pay only as they connect to the services.

A.3 Capital Budget

In the vast majority of cases for municipalities outside the former City of Hamilton, the installation of storm sewers, sidewalks and curbs were funded through the Capital Budget process.

The funding mechanisms information has been summarized below:

TABLE 1 – FUNDING MECHANISM – EXISTING DEVELOPMENT

Type of Project	FORMER MUNICIPALITY						
	Region	Hamilton	Stoney Creek	Ancaster	Dundas	Flamborough	Glanbrook
Sanitary Sewer	LIA & 221	N/A	N/A	N/A	N/A	N/A	N/A
Watermain	LIA & 221	N/A	N/A	N/A	N/A	N/A	N/A
Storm Drainage	LIA & 221	LIA & 221	CB & 221	CB	CB	CB	CB
Sidewalks	N/A	LIA & CB	CB	CB	CB	CB	CB
Curbs	CB	LIA & CB	CB	CB	CB	CB	CB

LIA – Local Improvement Act, 221 – Section 221 of Municipal Act CB – Capital Budget
Majority of projects, prior to 1998

B) Official Plan Policies

Currently Regional Official Plan Policy 4.2.1 identifies where the installation of sanitary and storm sewers and water mains is permitted. In general terms, the

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only allowable location is within the urban boundary with the following exemptions:

- 1) If a health hazard exists that cannot be rectified by other means or,
- 2) Under Section 4.2.1.2, where the lands in question front onto the Urban/Rural boundary road, subject to other conditions as stated in the Official Plan.

The Official Plan attempts to minimize development pressures on the rural lands by restricting urban services to the urban areas, or the lands immediately adjacent to the Urban boundary, provided that servicing is available and that the servicing will not be used as justification for urban expansion.

In regards to pedestrian traffic, the Official Plan (4.3.4) clearly supports the construction of sidewalks and pedestrian links to encourage and promote walking in a safe and pedestrian friendly environment. This could be interpreted, as ensuring that a continuous network is available for residents recognizing that sidewalks serve all members of a neighbourhood and not just the abutting property owners.

C) Project Initiation

Under the current policies, projects can be initiated or requested by several methods.

- Local Improvement Act-Resident Petition - Petitions requesting and agreeing to pay for works that are signed by and therefore represent two-thirds (2/3) of the registered property owners and further represent at least fifty percent (50%) of the assessed land value are presented to Council for consideration.
- Local Improvement Act-Municipal Initiatives – Projects identified as being necessary by the Municipality can go forward and have costs recovered through the Local Improvement Act, if a majority of the affected property owners, representing at least 50% of the assessed value, do not petition against the project.
- Capital Budget – Municipal infrastructure installation subject to environmental and Council approvals and availability of sufficient municipal funds.
- Development Driven – In many instances Capital projects, or the oversizing of infrastructure, are required in conjunction with development initiatives and as such are funded through the development charges or by the development community.
- Municipal Act - Projects that are identified by the municipality or requested by the property owners can be initiated by the municipality similar to the Local Improvement Act above, but without the formal objection process before the Court of Revision.

D) Problems with Existing Process

D.1 Cost Recovery

The Local Improvement Act has a number of administrative limitations that result in a large percentage of the actual cost not being recovered by the

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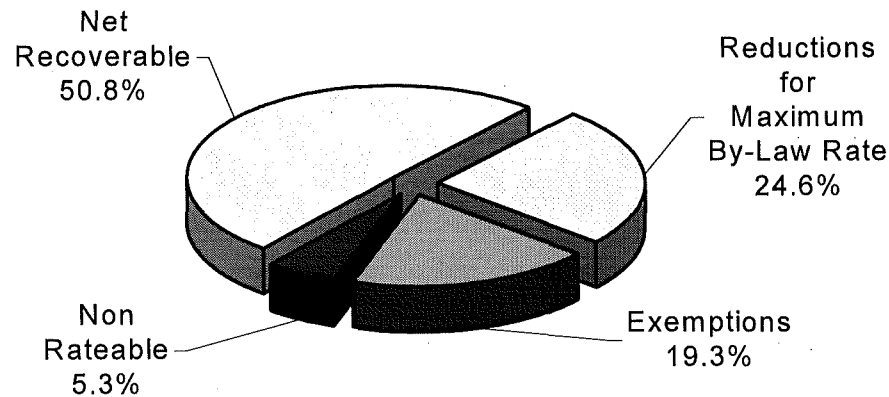
municipality. The chart below provides the historic record of former Regional projects identifying total project cost along with a breakdown of exemptions granted and the net recoverable cost. As can be seen for the year 1995 through 1997 only 50.8% of costs were recoverable.

**TABLE 2 - Local Improvement Ratings
(\$000's)
Water and Sewer Only**

Year	Gross Cost	Non-Rateable	Exemptions	Reductions for Max. By-law Rate	Net Recoverable Cost	Percentage Recovery
1995	4,087	(311)	(685)	(1,478)	1,613	39.5%
1996	7,647	(202)	(1,400)	(1,472)	4,573	59.8%
1997	3,475	(289)	(847)	(794)	1,545	44.5%
TOTAL	15,209	(802)	(2,932)	(3,744)	7,731	50.8%

Non-Rateable – costs not assessable per the Local Improvement Act
 Exemptions - per Regional Policies and the Local Improvement Act
 Max. By-law Rate – maximum rate chargeable per Regional Council

The non-rateable items referred to as ineligible costs, identified under the Local Improvement Act, include hydrants, culverts, catch basins and work incurred at street intersections. The exemptions include mandated items under the Local Improvement Act along with former Regional policy exemptions such as corner and irregularly shaped lots and deferrals for churches and farmland. The final element of non-recoverable items, relates to the cost incurred above the maximum limit for local improvement rates as set annually by the former Regional Council.



**Water and Sewer
Local Improvement Ratings
(1995 - 1997)**

The diagram illustrates the factors which prevent full cost recovery under the Local Improvement Act as they relate to Regional projects undertaken between 1995 - 1997. The costs not recovered from abutting property

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owners were absorbed by the former Region of Hamilton-Wentworth and funded primarily through water and sewer rates. A similar breakdown would be expected for sidewalk installation, where approximately 30% of the costs were not recoverable.

D.2 Changes to the Municipal Act

On December 12th, 2001, Bill 111 received Royal Assent creating a new Municipal Act that has been under discussion for many years. The new Act will retain the municipality's ability to recover costs for sanitary and storm sewer and water main projects in a similar fashion as the old Act. There are no provisions for recovery of costs in association with sidewalk projects. In addition, as part of the passing of Bill 111, the Local Improvement Act will be repealed, eliminating it as a financial option for the City. It should be noted that references to the Municipal Act contained in this report refer to the current legislation, unless otherwise indicated. Once the new Act comes into effect, all references to individual sections of the current Act, would apply to the appropriate section of the new Municipal Act.

D.3 Connection Rates

As a result of the Councillor workshop that was convened on October 31st, 2001, regarding this report, additional information has been gathered related to the actual connection rates for various projects. These numbers indicate how many property owners have connected to a system once it has been established. Given the current practice of not requiring property owners to pay until they connect to the system, this also gives an indication of the financial exposure the municipality has experienced through the carrying of the construction cost.

**TABLE 3 - REGION OF HAMILTON-WENTWORTH
MUNICIPAL ACT PROJECT CONNECTION RATES**

PROJECT	CONSTRUCTION DATE	TOTAL COST TO BE RECOVERED (\$)	TOTAL NUMBER OF PROPERTIES ELIGIBLE TO CONNECT	TOTAL NUMBER OF CONNECTIONS TO DATE	% OF CONNECTIONS TO DATE	APPROX VALUE OF WORKS BEING RECOVERED BY MUNICIPALITY	% OF TOTAL RECOVERABLE COST
Freelton I	1997	138,855	85	18	21	101,000	73
Freelton II	1997	75,811	28	9	32	43,000	57
Allison Survey	1997	1,799,770	127	77	60	427,000	24
Glover/Seabreeze	2001	295,437	21	4	20	255,000	86
Trillium	2001	182,963	19	7	37	112,000	61
2nd Road West	2001	78,188	12	4	33	50,000	64
TOTAL		2,571,024	292	119	41	988,000	38

These numbers indicate that the municipality has spent almost \$2.6 million to service 292 properties, and that to date, we only have agreement from 41% of the owners to repay the costs which amounts to just less than \$1.0 million, or 38% of the expenditure.

In order to minimize the financial burden to the City of Hamilton, the objective is to limit the number of Municipal Act projects which do not

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force reimbursement from all abutting landowners. The City cannot afford to carry significant amounts of unfunded infrastructure projects which had occurred under both the previous Local Improvement Act and Municipal Act projects whereby residents were assessed recoverable costs only as they connected to the infrastructure.

ANALYSIS OF ALTERNATIVES:

Given the pending repeal of the Local Improvement Act, along with the existing financial shortfalls associated with its use, and the municipality's move towards full cost recovery for water and sewer services, other alternative processes were examined. Under current provincial legislation, limited numbers of choices are available including Section 221 of the Municipal Act and, Capital Budget allocations (rate or levy based).

Municipal Act (Section 221)

Under this legislation, a great deal of flexibility is available to the Municipality for the cost recovery of "Local Improvement" type projects. The Municipality can impose a cost recovery system that is fair and is not tied to arbitrary physical property dimensions. In addition the Municipality may implement a system that recovers costs associated with all of the elements of the construction works as opposed to only selected items as per the Local Improvement Act. The Municipality may also use its discretion, in establishing the desired proportion of the costs to be recovered. A survey of municipalities has indicated that the Municipal Act Section 221 is quickly becoming the method of choice for these types of projects.

Capital Budget

Another funding mechanism available to Municipalities is the Capital Budget program. This would spread costs associated with the infrastructure installation across all ratepayers or taxpayers as applicable. Utilizing this method would lead to an increase in taxes or rates, in direct proportion to the size of the program each year. We would suggest this method be reserved for items that benefit the ratepayers in general, rather than measures that are enjoyed by individual and select property owners.

To modify and increase water and/or sewer rates to include installation of new services would require a significant change in rate structure philosophy and could be considered unfair to those existing ratepayers that have previously paid for the infrastructure component either through Local Improvement charges or as part of real estate costs in new developments.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

After reviewing current practices throughout the existing City and the approaches that have been undertaken by the former Municipalities, it is being recommended that:

- 1) Given the localized benefits, and the need for full cost recovery for the installation of local sanitary sewers, storm sewers and water mains and all related works, that the Municipal Act Section 221 be utilized as the cost recovery mechanism for same. The only exception would be for the construction of private drains associated with sanitary and storm sewer projects, whereby the authority for recovering the capital costs for such private drains is found in subsection 210(85) of the Municipal Act. This distinction is important as Section 221 of the Municipal Act deals with public sewage works, whereas private drains,

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as the name suggests and in accordance with Council policy, are the responsibility of property owners.

- 2) Given that the benefits extend beyond the limits of the abutting property owners and that in keeping with the Official Plan Policies for development of a safe and continuous pedestrian friendly environment, it is recommended that sidewalk installations be funded through the capital budget.

DETAILS OF NEW RECOMMENDED PROCESS – Sanitary & Storm Sewer and Water Main Projects

A) Process Under the Municipal Act

Section 221 of the Municipal Act provides the legislative authority for the recovery of costs related to the construction of water works and sanitary and storm sewage works. The method by which projects are initiated is not mandated, but rather left to the discretion of municipalities. Recognizing that both the City and property owners will want to communicate their desire for project initiation, and in an effort to foster customer service through public input, the following process is recommended. It is also proposed that the same process be followed for the initiation of the construction of private drains associated with such sewer projects.

- A.1 Owner Petition: It is recommended that property owners be given the opportunity to request the extension of City waterworks and sewage works by way of petition. The threshold established under the Local Improvement Act is set at a minimum of two thirds of affected property owners, representing at least 50% of the total assessment. This 'sufficiency test' has worked well in the past and it is recommended that it be adopted as the threshold for future projects constructed under the Municipal Act. The petition is accompanied by an estimated cost prepared by City staff.

A petition that meets the sufficiency test does not by itself guarantee that a project will be completed. The project is subject to Council, Cost Recovery By-law and all other necessary approvals.

- A.2 City Initiatives: City initiated water and sanitary and storm sewer extension projects would split into 2 categories:

- A.2.1 City-initiated projects whereby abutting landowners would be required to pay only as they connect. Due to the financial constraints on the City and the relatively low connection rates of Municipal Act projects to date, staff recommend that these City initiated projects, be limited only to critical water main looping projects or projects which insure security of supply, to be approved by Council.

- A.2.2 City-initiated projects whereby all abutting landowners would have to pay their assessed costs upon completion of construction. This would include all projects not required in A.2.1 above such as storm sewers to mitigate flooding, sanitary sewers to mitigate health concerns and works solely coordinated with road resurfacing. These water and sanitary

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and storm sewer capital projects initiated by the City for health, environmental and asset management reasons would be undertaken under Section 221 of the Municipal Act with impacted area ratepayers subject to special assessment charges. Abutting landowners wishing to contest such an initiative, would have to submit a petition signed by a minimum of 50% of the impacted ratepayers representing at least 50% of the assessment in order to have the project halted. This is similar to a provision contained in the Local Improvement Act.

- A.3 Detailed Design: Once the sufficiency test is met for an owner petition, City staff will undertake detailed design and estimation of related costs. It is recommended that if the costs are lower or higher than 20% of the original estimate, owners be notified of the revised costs. Significantly higher costs may change the opinion of those wishing to proceed with a project.

With respect to a City initiative, notification of changes to the estimated cost serves as useful information to owners in their determination of whether they wish to connect to the service (A.2.1), or object to the installation (A.2.2).

- A.4 Public Consultation: In the case of a project initiated by owner petition or City initiated (A. 2.2), where owners are assessed the cost of the project upon its completion, it is recommended that an Information Meeting be held to discuss the financial and technical implications of the project. Such meetings are not normally held under the Local Improvement Program, but they provide an efficient forum in which to communicate with owners and ensure that consistent information is relayed. It is anticipated that a few hours spent at the public meetings would substantially reduce the time spent by staff answering the same questions, posed by various owners and give the property owners a greater understanding of the project and the process.

Following public consultation, it is recommended that a 30-day period be invoked during which time, affected property owners can withdraw their petition. In the case of a City initiative (A.2.2), abutting landowners wishing to contest such an initiative, would have to submit a petition signed by a minimum of 50% of the impacted ratepayers representing at least 50% of the assessment in order to have the extension project halted. At the end of this period, the project will progress to the next stage, if the original sufficiency test is not met.

- A.5 Authorization to Proceed: Upon completion of the detailed design, notice to owners and the 30 day review period (if necessary), staff will prepare a report to Council requesting authorization and approval of the project and the draft by-law. The by-law sets out the methodology for assessing charges for a specific project.
- A.6 Assessment of Costs: For owner-initiated projects and City initiated projects under (A.2.2), it is recommended that cost recovery be initiated immediately following the construction of the service, in accordance with the by-law. Other options do exist for the timing for the start of the cost

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recovery process (see following). It is further recommended that the cost recovery of projects constructed under a City initiatives outlined in (A.2.1) commence as owners connect to the service, as per the existing procedures.

A.7 Appeal Process: There is no appeal process contained in the current Section 221 of the Municipal Act.

B) Status of Existing Municipal Infrastructure Extension Projects

- Seabreeze - Glover to McNeilly and McNeilly - Seabreeze to South Service: Sanitary \$804,000
- Lochside - MacCollum to end: Sanitary \$187,300
- Stone Church - West 5th to U James: Sanitary \$125,600 and Storm \$244,000
- Miles Road - 265m S. of Rymal to 314m south: Sanitary \$35,000 and Storm \$64,000
- West 5th - 40m north of Rymal to 130m S of Stone Church: Sanitary \$1,157,000
- Glancaster Road - Sanitary \$700,000
- Nebo Road - Sanitary \$400,000

Staff are recommending that the abutting landowner payment methodology for projects identified above be subject to the former Regional procedures for similar projects. That is, that the abutting landowners pay for their assessed project costs as they connect to the service/system. This is advisable as many of the abutting landowners have been informed of their respective projects and that payment will not be required until connection occurs.

C) Recoverable Costs

The primary reason for staff's review of the current "local improvement" process in Hamilton, concerns the issue of project and system infrastructure costs and their eligibility for recovery from benefiting properties. As already noted, the Local Improvement Act specifically delineates project cost, which can be recovered from properties abutting/benefiting from infrastructure service extensions. These limitations are in turn extended by Hamilton's current Local Improvement By-law, which further limits the project recovery opportunities.

Under Section 221 of the Municipal Act however, Council is empowered to recover from all benefiting properties, virtually all direct and indirect capital costs related to non-development related construction of water and sanitary and storm sewer infrastructure. This provision not only addresses important fiscal concerns as already identified, but in addition, improves the fairness through a user pay concept that is already in place for new development joining the water and/or sanitary and storm sewer system(s). A "capped" lineal project charge would no longer be applicable, as a charge rate would be developed on a comprehensive project-specific cost basis.

Staff are recommending that in accordance with Section 221 of the Municipal Act, Hamilton recover the following capital costs from properties abutting or benefiting from a water and/or sanitary and storm sewer servicing project; including but not limited to:

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- All costs related to the design and construction of the local mains;
- Laterals from the local mains to the property line (except that in the case of private drains, the capital costs will be recovered pursuant to Subsection 210(85) of the Municipal Act);
- Costs associated with fire hydrants and the increased sizing of water mains to conform with municipal fire flow requirement;
- Costs for all intersection work incurred in the course of constructing the extended water and wastewater services; and
- Property acquisition costs.
- A future provision for plant infrastructure (including reservoirs and outstations) based on the water and sewage capacity component of Hamilton's Development Charge as updated from time-to-time. The justification for this charge stems from the fact that every time an additional unit connects to the water/sewage system, future capacity for that service is diminished by that unit. This cost component is not determinable at this time but will be added to future projects (excluding the grandfathered projects listed in recommendation (c)) once the City Development charges By-law has been formulated. Council will be updated once this cost component has been determined.

It should be noted that in the past, certain circumstances have arisen whereby a project may have had extraordinary costs associated with it (i.e. local topography, extensive rights of way, health concerns). When these situations occurred, the City absorbed all or most of these special costs. Under the revised policies staff are continuing to recommend that these special circumstances be reviewed and assessed on project-specific basis. In response to these circumstances, the City may opt to incur some or all of the extraordinary costs thereby of providing relief to the impacted ratepayers.

Another example of where the City would become involved in financing these types of projects relates to oversizing to accommodate the future development. It is recommended that the existing practice of paying for oversizing of "Local" projects to accommodate future growth from development charges remain intact. In this way local ratepayers are not charged for infrastructure sizing that is beyond that needed to service their local area.

An attempt has been made under this new policy to increase the level of cost recovery for connecting existing premises to the City water and sanitary and storm sewer systems. This will put the connection of new premises (i.e. new growth) and existing premises on a more comparable basis since both represent a net new impact to Hamilton's rate supported utility system.

D) Method of Recovery

D.1 Cost Apportionment Recommendations

Unlike the Local Improvement Act, subsection 221 (9) of the Municipal Act is very permissive with respect to the apportionment of project costs to abutting/benefiting properties.

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Under the apportionment policies contained in Hamilton's Local Improvement Policy, recoverable project costs have been apportioned on the basis of assessable frontage. In a conventional survey setting (i.e. a series of regular shaped/configured lots), the application of the apportionment formulas works out satisfactorily with most properties assigned costs on an assessed frontage that is equated to their actual frontage.

In recent years, staff have identified an increasing number of lots characterized by an irregular configuration, as more and more of the areas being serviced as local improvement projects are taking on an increasingly rural character. As a consequence, a disproportionate number of premises are being identified and treated as exceptions to the more straightforward assessable frontage criteria. Despite some very involved and elaborate calculations, the public do not believe that the outcome is always fair and equitable. The calculations may be arithmetically correct but the essence of some of these adjustments and approximations are not always perceived as fair.

To address this problem, it is being recommended that apportionment of project costs be significantly simplified on the basis of overall benefit resulting from water and/or sanitary and storm sewer service availability. The following apportionment methodology is being recommended:

- D.1.1 That for projects benefiting both residential and non-residential premises, total assessable costs be first apportioned between these two groups on a basis equal to the percentage split of the total actual frontage of the impacted assessable properties;
- D.1.2 That project costs assessable to residential premises be apportioned on a per lot basis, with residential lots having multiple services assigned additional costs related to the lateral charge for each additional service connection;
- D.1.3 For owner petition projects, all abutting properties are subject to the special assessment of charges whether or not they elect to connect to City water and/or wastewater services;
- D.1.4 The costs associated with the Private Drains for each project shall be identified separately for each property in accordance with Subsection 210 (85) of the Municipal Act;
- D.1.5 That project costs attributable to non-residential premises benefiting from the project will have costs apportioned between them on a basis of lot-specific area. This alternate apportionment formula for non-residential premises and lands will take into account the potentially more significant water demands that larger properties may ultimately place on the water and/or sanitary and storm sewer systems;
- D.1.6 For the purposes of this policy, non-residential properties would include churches, nursing homes, schools, parks and businesses. Farms would be considered residential;

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- D.1.7 Parks are assessable and chargeable, but acreage-based apportionment charges would be determined using the actual frontage and a depth measurement capped at a maximum of 30 metres;
- D.1.8 In the case of exceptional circumstance, where lot configurations vary widely, the City reserves the right to alter the allocation of costs against a particular property in the interests of equity and fairness to the other benefiting properties (e.g. a lot that is clearly significantly larger than others or that is far removed from a grouping of other properties); and
- D.1.9 Properties that cannot take advantage of the municipal service (re: utility lands or lands that are undevelopable for reasons such as being designated hazard lands) would be exempt from charges.
- D.1.10 New lots that are created through the severance process after the cost recovery bylaw has been passed, would not be required to participate in the project recovery process. However, due to the fact that cost recovery is based on a per lot basis, in the issue of fairness, newly created lots would be subject to the total Development Charge in effect at the time of building permit application.

D.2 Cost Apportionment Options

In addition to the above noted, other options are available and are listed below for Councils information, as per the request that was received at the Council Workshop, October 31st, 2001.

- D.2.1 For residential properties, costs could be distributed based on lot area or frontage, resulting in a greater percentage of costs being apportioned against larger properties. This philosophy would assist in assigning cost to properties that have the potential for future severances.
- D.2.2 In regards to apportioning costs for future residential development blocks, three options exist.
 - D.2.2.1 Treat the property as a single residential lot, thereby limiting the expense for a property owner that may or may not be interested in developing their lands.
 - D.2.2.2 Identify the potential for development based on existing planning documentation (i.e. Secondary Plans) and charge the owner based on the potential for future development as if the development existed.
 - D.2.2.3 Identify the potential for development based on existing planning documentation as per option D.2.2.2, but delay the cost recovery until such time as the property owner enters into a development

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agreement. At such time, the cost recovery shall be a condition of development. It should be noted that this process does expose the City to a certain degree of risk. If the identified lands never develop, the municipality would be responsible for the unrecoverable portion of the project costs (recommended).

D.3 Relief for Hardship Cases:

Certain households may experience undue hardship under the proposed level of recoveries. In recognition of legitimate hardship cases, staff recommend that the City defer all or part of the Section 221 Municipal Act charges until such time as the property is either sold or a change in ownership by other means occurs. The charges, if deferred, would be registered on title and would become a lien against the property. It would be incumbent upon individual homeowners to demonstrate to Council's satisfaction, the basis of their request (i.e. financial need).

D.4 Method of Collecting Charges

Under the provisions of Section 221 (25) of the Municipal Act, a number of alternative methods for the collection of the assessed charges are available. Staff are recommending that Hamilton retain its current collection method; that being the addition of special assessment charges to the municipal tax rolls. Charges would be spread over a fifteen year period with interest calculated based on Hamilton's cost of borrowing capital at the time of the addition of these charges to the tax rolls. Outstanding balances could be paid off at any time without penalty.

To-date, this arrangement, which has been employed in accordance with the provisions of the Local Improvement Act, has worked most satisfactorily. Once again this approach will prevent undue collection complications and duplication of mailing lists and collection efforts. Further, there is less likelihood of these charges ever being overlooked in the case of a sale of a specially assessed property as they are an integral component of the tax bill.

DETAILS OF NEW RECOMMENDED PROCESS - SIDEWALK PROJECTS

A list of potential sidewalk projects has been compiled from a variety of sources, including old requests that were received through the Local Improvement Act process and from recent requests received from the public. Each of these projects has its own merits and in order to establish a capital program, a set of guidelines has been developed in order to prioritize or rank the projects.

The key elements in establishing a prioritization system are safety and economics. Each project would be scored in accordance with the factors through a variety of weighed criteria as listed below:

Roadway Classification

Roadways ranked higher in the hierarchy (i.e. arterial and collectors) should be given priority over local roads given the higher traffic speeds and greater potential for injury.

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Traffic Volumes – Both Pedestrian and Vehicular

Roadways with higher pedestrian and vehicular volumes must be given a higher priority due to the greater potential for incidence.

Continuity

Missing links in sidewalks should be completed in order to establish a continuous network and to give pedestrians a consistent level of safety.

Proximity to Public Facilities

Public facilities that naturally attract pedestrian activity, particularly children, should be given a higher rating.

Transit Routes

In order to encourage transit usage, priorities should be given to those sidewalk projects, which improve access to transit operations.

In addition to the above, the economics and feasibility of a project must be considered when developing the annual capital program. Sufficient funds must be in place to complete the projects and it must be physically feasible to complete the works (i.e. sufficient property must be available within the public right-of-way). In order that the policy addresses local issues and be sensitive to the requirements of the local communities, it is proposed that the capital budget be separated into two portions, the first representing 60% of the total budget, be utilized for projects on arterial and collectors and the balance of the budget (40%) being assigned to fund sidewalks on local roadways, addressing local issues and concerns.

The following scoring systems has been developed for the purpose of ranking sidewalk projects in order that they can be prioritized and presented in the annual Capital Budget.

For the proposed 2002 Transportation, Operations and Environment Capital Roads Budget, the submitted new sidewalk projects total \$250,000, and for replacement, the submitted budget amount totals \$250,000.

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PRIORITIZATION SYSTEM FOR SIDEWALK INSTALLATION

CRITERIA	CLASSIFICATION	SCORE
Roadway Classification	i) Arterial	5
	ii) Collector	3
	iii) Local	1
Traffic Volumes (AADT*)	i) >10,000	5
	ii) 5,000 -10,000	4
	iii) 2,000 -5,000	3
	iv) 1,000 – 2,000	2
	v) < 1,000	1
Pedestrian Activity	High	5
	Medium	3
	Low	1
Connectivity	Closes Connection in System	3
Proximity to Public Facilities (Parks, Schools, etc.)	i) < 500 m	5
	ii) 500m – 1,000m	3
	iii) > 1,000m	1
Transit Routes Proximity/Connection	i) < 500m	3
	ii) 500m – 1,000m	2
	iii) > 1,000m	1

*AADT – Average Annual Daily Traffic

All potential sidewalk projects are to be screened based on the projected capital program to ensure that no conflicts exist with future works and to allow for the co-ordination of sidewalk installation with other capital works. Then utilizing the scoring system above and the 60/40 split of the capital funds, a list of projects shall be compiled for inclusion in the annual Capital Budget.

POLICIES AFFECTING PROPOSAL:

As noted above.

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**CONSULTATION WITH RELEVANT
DEPARTMENTS/AGENCIES:**

This report was jointly prepared by the Transportation, Operations & Environment Department and Finance and Corporate Services with input from Legal Services and the Planning and Development Department

CITY STRATEGIC COMMITMENT:

Provisions within this report are in keeping with Council's Draft Strategic Plan and in particular the following items:

- 3.d.i A sustainable water/sewer system
- 2.f.i Vision 2020, a sustainable City
- 5.b.iv Financial Sustainability for programs, services and projects

**APPENDIX "A"
Policies For Cost Recovery Of Municipal
Infrastructure Extensions Under Section 221 Of The Municipal Act**

Report Reference

Details of Recommended Process
(A.1)

Details of Recommended Process
(A. 2)

Details of Recommended Process
(A.6)

Details of Recommended Process
(C)

Details of Recommended Process
(D.1)

(D.1.1.)

- (1) The sufficiency threshold shall be two thirds of affected property owners, representing at least fifty percent of the total assessed land value for Owner Petition projects; and
- (2) There are 2 types of City Initiated projects regarding abutting landowner cost recovery methods:
 - (a) For projects required for critical water main looping or projects which insure security of supply, abutting landowners pay only as they connect to the service or system.
 - (b) For all other City Initiated projects, benefiting owners shall be required to commence the repayment process once the construction has been completed; and
- (3) For Owner initiated projects, benefiting owners shall be required to commence the repayment process once the construction has been completed;
 - (a) That for City initiated water and sanitary and storm sewer extension projects initiated for health, environmental and road right-of-way (ROW) construction, abutting landowners must pay their assessed cost at project completion.
 - (b) That for City initiated water and sanitary and storm sewer extension projects required for critical watermain looping or projects which ensure security of supply, abutting landowners pay only as they connect to the service or system; and
- (4) Oversizing of Municipal services to accommodate future development be funded through Development Charges; and
- (5) The following cost apportionment methodology be employed in the cost recovery mechanism; and
 - That for projects benefiting both residential and non-residential premises, total assessable costs be first apportioned between these two groups on a basis equal to the percentage split of the total actual frontage of the impacted assessable properties;

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Report Reference

- (D.1.2) • That project costs assessable to residential premises be apportioned on a per lot basis, with residential lots having multiple services assigned additional costs related to the lateral charge for each additional service connection;
- (D.1.5) • That project costs attributable to non-residential premises benefiting from the project will have costs apportioned between them on a basis of lot-specific area. This alternate apportionment formula for non-residential premises and lands will take into account the potentially more significant water demands that larger properties may ultimately place on the water and /or wastewater systems;
- (D.1.4) • The costs associated with the Private Drains for each project shall be identified separately for each property in accordance with Subsection 210 (85) of the Municipal Act;
- (D.1.6) • For the purposes of this policy, non-residential properties would include churches, nursing homes, schools, parks and businesses. Farms would be considered residential;
- (D.1.7) • Parks are assessable and chargeable, but acreage-based apportionment charges would be determined using the actual frontage and a depth measurement capped at a maximum of 30 metres;
- (D.1.8) • In the case of exceptional circumstance, where lot configurations vary widely, the City reserves the right to alter the allocation of costs against a particular property in the interests of equity and fairness to the other benefiting properties (e.g. a lot that is clearly significantly larger than others or that is far removed from a grouping of their properties); and
- (D.1.9) • Properties that cannot take advantage of the municipal service (re: utility lands or lands that are undevelopable for reasons such as being designated hazard lands) would be exempt from process and charges.
- (D.1.10) • New lots that are created through the severance process after the cost recovery bylaw has been passed, would not be required to participate in the project recovery process and therefore would be exempt from this process and charges.

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Report Reference

Details of Recommended Process
(D.2.2.3)

(6) For projects that include blocks of land that have development potential, that the cost apportionment proceed as if the development is in place, (based on existing planning documentation) however that the cost recovery for said block be initiated only as a condition of development or subdivision agreement; and

Details of New Recommended Process
(D.3)

(7) For hardship cases the cost recovery charges be held in abeyance until such time as the property is sold or changes ownership.

Details of New Recommended Process
(sidewalk projects)

(8) For capital sidewalk construction projects, the available capital funds be divided 60% and 40% for projects on arterial/collector and local roads respectively.

(9) That the City of Hamilton adopt the priority rating system contained in report TOE02005/FCS02026 for the recommendation of sidewalk projects based on safety, needs and coordination with other infrastructure replacement/installation.