



# CORPORATION OF THE TOWNSHIP OF ESQUIMALT

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## Legislation Details (With Text)

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## REQUEST FOR DIRECTION

**DATE:** December 10, 2018      Report No. EPW-18-036

**TO:** Laurie Hurst, Chief Administrative Officer

**FROM:** Jeff Miller, Director of Engineering and Public Works

### **SUBJECT:**

Inflow and Infiltration Strategy

### **ESSENTIAL QUESTION:**

Is Council in agreement with the proposed methodology to obtain funding and electoral consultation for the Inflow and Infiltration Program?

### **RECOMMENDATION:**

That the COTW receive Staff Report EPW-18-036 for information, provide any additional direction to staff as the COTW considers advisable, and direct staff to prepare a report for Council's consideration.

### **BACKGROUND:**

In the Liquid Waste Management Plan (LWMP) for the Capital Regional District (CRD), two requirements must be met. These are:

1. Reduce the maximum daily wet weather flow to less than four times the average dry weather flow (4xADWF) by 2030; and
2. Eliminate overflows in a 5 year return period.

The Township has been carrying out activities to achieve these requirements.

One of the ways to do achieve these requirements is the control of inflow and infiltration into the sanitary collection system. Inflow is defined as rainwater that enters the sewer through cross connections (i.e. catch basin, roof drain). Infiltration is defined as trench water and groundwater entering into the sewers through cracks, leaky joint, etc. Please see reports EPW-17-046 and EPW-17-064 for additional information.

Staff is currently developing a bylaw and policy to deal with inflow and infiltration. The current work focuses on:

1. Legal requirements to access the private portion of the service lateral for visual inspection (camera).
2. The liability, if any, introduced to the homeowner based on the results of the visual inspection.
3. The requirements to carry out work, whether by Contractor or Township forces, on the private portion of the service lateral.
4. To develop a funding mechanism for the work contained within the Inflow and Infiltration Program.

These issues will be a focus of a discussion with Council in early 2019.

It is important to remember that all properties within the Township have the potential to require work on the public and private portions of the service lateral. Properties that have recently been constructed or upgraded will not need this service until the end of the anticipated lifespan of the service lateral. The vast majority of service laterals however are entering the last phase of their serviceable lifespan. This will result in a number of service laterals that will require repair/upgrade over the next number of years, in addition to the ones that are already in near failure or failure condition.

## **ISSUES:**

The main issues with funding and electoral engagement include:

1. How will the inflow and infiltration improvement service be initially funded?
2. What portion of costs would be recovered from general electorate versus individual private land owners where work is done?
3. For the portion recovered from individual private land owners where the work is done, will they be required to reimburse the Township all at once, or can the recovery occur over time?
4. As the options to address each of the above have statutory procedural requirements, to ensure the electorate engagement for the approach chosen is sufficient.

## **ALTERNATIVES:**

Previously Council provided staff with direction that they would like to see a 50/50 split of the cost between the Township and the land owner for dealing with inflow and infiltration activities that occur in both the public and private realms. This is reasonable as, by lowering the maximum daily wet weather flow, the amount of flow to the waste water treatment plant would be decreased resulting in a lower operational cost being charged back to the Township by the CRD. This would result in lower taxation for the property owners. However, there are several approaches to achieve this, each with different requirements for electoral engagement.

Under the 50/50 cost splitting mechanism, the costs would be broken down in the following manner. The "Township's" 50% of the cost would be collected through taxation. Section 192 of the Community Charter lays out the potential methods a municipality can collect revenue (i.e. General Property Tax, Parcel Tax). This tax would be applied to all the properties within the Township. The primary purpose of this tax would be to pay for the public portion of the service lateral repair/upgrade and a portion of the private side of the service lateral. The annual costs would be included in the Financial Plan for a minimum of 10 years and the revenue collected would provide the funding to initiate and carry out work.

Additional funding for the first 50% of the cost could also be obtained through debt borrowing. If this approach was taken, the Alternate Approval Process (AAP) would have to be followed to obtain electoral approval, unless the request for external funds met certain criteria. The borrowing of external funding would increase the amount of funds available to carry out the work. It would increase the Township's debt servicing amount and have budget implications as the borrowed funds are repaid.

The remaining 50% (private) cost would have to be paid by the property owner who's service lateral requires repair/upgrade. This cost could be collected in several ways which are:

1. At completion of work for the entire cost;
2. At the completion of work, a portion of the cost would be collected over a number years; or
3. The Township borrows funds to pay for the property owners' 50% portion.

#### Option 1

Under Option 1, the property owner pays for the entire cost of the repair/upgrade on the private portion of the service lateral upon completion of the work. Once the amount has been paid, there are no additional requirements on the property owner.

#### Option 2

For Option 2, a form of taxation will be created by bylaw. This bylaw will then have exemptions built into it in order to focus the charge of the work back the properties that are benefiting from the repair/upgrade to the service lateral. Upon completion of the payback period, the additional taxation would be removed. There are two options for imposing this tax. It can either be a Parcel Tax or Local Area Service (LAS).

With a Parcel Tax approach, a tax is levied against the specific properties where work must take place. This tax would apply throughout the Township with exceptions being built into it. The property owner is then required to pay this tax over the payback period if work is carried out. There is a dispute mechanism which would be used to resolve complaints.

The LAS approach would involve the establishment of areas within the Township (4 to 10). The initiative would be brought to the attention of the property owners in the areas. They would have the ability to voice their opposition. If the opposition to the initiative meets the statutory requirements, the LAS would fail. The initiative could not be brought back to the area for one year. During that time no work could occur on the private portion of the service lateral.

### Option 3

Option 3 could see the 50% on the private portion of the service lateral repair/upgrade being paid by the Township. The cost for this would have to be collected through taxation or borrowed funds. This approach could require undertaking an AAP process.

Based on the above considerations and available options, staff is requesting direction from the COTW, on the following alternatives:

1. That the COTW receive Staff Report No. EPW-18-036 for information, provide any additional direction to staff as the COTW considers advisable, and direct staff to prepare a report for Council's consideration.
2. That the COTW provide alternative direction to staff.
3. That the COTW request further information from staff.