



Corporate Report

NO: R292

COUNCIL DATE: December 6,

2004

REGULAR COUNCIL

TO: Mayor & Council DATE: November 30,
2004

FROM: General Manager,
Engineering FILE: 5250-00, 5600-50, 5340-
30,
3900-20 (2240), 3900-20
(2932)

SUBJECT: Revisions to Standard Charges for New Sewer and Water
Connections

RECOMMENDATIONS

1. That where a water or sewer connection physically exists, the fronting lot may use this connection for its initial connection to the main for an updated set fee of \$1,800.
2. That where a water or sewer connection needs to be installed for a property to connect to the main, the cost of connection shall be the actual cost of construction.
3. That staff bring forward the necessary changes to the water and sewer by-laws for recommendations 1 and 2.

INTENT

To establish a charge based on the actual cost for the first service connections where a connection is not already available.

BACKGROUND

Currently, the City charges a fixed fee of \$1,500 for each sewer and water connection for the first time (i.e., new) base size connection to an existing main. For all other connections, including first time storm sewer connections, the charge is based on actual cost. The set fee of \$1,500 has been in place for over 10 years.

With the passage of time and an increase in construction cost, this approach of charging a standard fee regardless of whether the connection already exists or has to be specially constructed has become outdated and needs to be reviewed.

DISCUSSION

Connections to Developer Installed Mains

Where a land developer extends a sewer or water main as part of their development servicing, the City front-ends the cost to provide connections to all adjacent lots (i.e., lots that are not part of the development). This front-ending avoids the future cutting of the road pavement for new connection and, also, achieves cost savings through having the contractor already mobilized on-site and other economies of scale. These adjacent lots pay the City a standard fee, currently \$1,500, when they connect, thereby reimbursing the City for its initial front-ending cost. A review of costs indicated the current charge of \$1,500 needs to be increased to \$1,800 to cover the initial cost of construction plus an interest allowance to cover the cost of financing. This set fee will be reviewed periodically and recommendations for adjustment brought forward as needed.

Connections to Mains Installed Under City Capital Programs

Where mains are extended under local improvement programs or other cost recovery mechanisms, and the costs of the connections are included in the overall cost of the works, the connection charge would not apply.

New Connections Requiring Construction

In certain infrequent circumstances, a property exists that fronts a sewer or water main but no connection currently exists. The existing by-law sets a standard fee of \$1,500 for the City to provide a new connection. The costs for the City to provide such a connection vary with the physical circumstances; however, recent experience indicates that the actual construction cost exceeds, sometimes substantially, the current set fee of \$1,500. It is proposed that in the circumstances outlined above, the cost for the connection would be actual construction cost. Such construction could be carried out by the City or a private contractor at the choice of the owner.

The proposed approach of using the actual cost of construction is used by almost all other neighbouring municipalities.

CONCLUSION

To introduce a fairer and more user pay type system, we recommend that, where no connection currently exists, the connection charges be changed from a fixed fee of \$1,500 per connection to the actual cost of construction. Where the connection exists, and the works are not related to local improvement or other cost recovered project, the cost to utilize this connection shall be increased to \$1,800 to reflect average current costs.

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