

Portugal Cove-St.Philip's Water & Sewer Capital Works Cost Recovery Policy (2017)

Policy Statements:

1. Intent of Policy

It is the intent to provide a policy under which citizens of the Town are equitably charged local improvement assessments and service levies in order to recover the costs of constructing water and sewer infrastructure necessary to improve or expand services benefiting those citizens.

This policy applies to the installation of new water or sanitary sewer infrastructure. It does not apply to similar works performed by independent developers during the development of subdivisions or other types of work that municipalities have the ability to charge assessments or levies.

2. Legal Empowerment

The Municipalities Act , SNL 1999, c.M-24, Part VI is the enabling legislation that provides to the Town of Portugal Cove-St.Philip's its duties and powers respecting local improvement assessments and service levies.

3. Recovery Methods

The enabling legislation does not allow a municipality to recover from its citizens more cost than it incurred to perform the work. This policy considers how to fairly calculate and distribute Service Levies and Local Improvement Assessments. In doing so it will provides a means to allocate portions of the municipal share of the project cost to other traditional funding sources such as permit assessment fee funds, water & sewer taxes, and general taxes. This policy does not contemplate how those funding sources are impacted by the allocation. For the purpose of this policy, the cost to be recovered by means of Service Levies and Local Improvement Assessments will be the municipal share of the project cost minus the allocations to the other municipal funding sources appropriate for the project.

4. Costs

The Total Project Cost includes all required for labour, material, and professional services. Financing charges are a recoverable cost but will not be included in the calculations until collection options are considered. For the purpose of this policy, costs will include applicable taxes.

4.1. Project Estimates

Project estimates can be used in the project decision making process. Estimates can be used in place of total project costs to calculate estimated assessments and levies. When decisions are made by council it should be noted which project estimate was used in making the decision.

4.1.1. Feasibility Estimates

These are total project estimated costs that are used to compare project priority and make decisions about project feasibility. The feasibility estimates are used in applications for project funding arrangements. These estimates would have the greatest degree of uncertainty.

4.1.2. Pre-Tender Estimates

These are generated throughout the design stage of the project and are expected to become more accurate as the design is completed and are primarily only subject to market uncertainty by the time the project is issued for tender.

4.1.3. Award Estimates

These are based on the awarded construction contract and should be the most accurate estimate of total project cost.

4.2. Project Cost Sharing

Many projects that may be subject to this cost recovery policy are partially funded by the Provincial or Federal Governments or other non-government bodies. The portion of the project cost that is funded by these external entities is not a municipal cost and therefore is not recoverable and must be subtracted from the Total Project Cost. The remainder can be called the Municipal Project Cost.

4.3. Municipal Allocations

Not all the municipal project costs attribute to benefits received by land owners in the service area due to the new service or infrastructure improvement. All the following cost allocations should be quantified as a percentage of the project municipal cost and subtracted from it to obtain a Recovery Cost. Rationale for the allocations should be provided by council when considered.

4.3.1. Permit Assessment Fee Allocation

Development Permit Assessment Fees are obtained from every residential and commercial lot that is developed. It is collected to contribute toward capacity building infrastructure improvements that become necessary as a result of added development. An example project would be increasing the size of an existing sewer main to cope with increased capacity needs.

4.3.2. General Tax Base Allocation

When the work being performed has benefit to the municipality as a whole, the portion of the cost suitable for the benefit should be allocated. Some project examples would be ones with significant economic development benefit or ones that require the reconstruction of a municipal collector road as a necessity of the new service or infrastructure improvement. Collector roads serve a benefit to the overall community.

4.3.3. Water or Sewer Tax Base Allocation

Some projects will improve the function, reliability, or effectiveness of the water or sewer system. This benefit should be allocated to the repair, maintenance, and operating cost of the respective system to be recovered through the Water and Sewer taxes that all recipients of the service receive.

4.4. Recovery Cost

The Recovery Cost can also be represented as a rate. The Recovery Cost Rate is simply Recovery Cost divided by the Service Area.

5. Service Areas

The area within five hundred meters (500m) of the new or improved sanitary sewer main that drains to the main, as determined by the Town Engineer, shall be used for the project's Total Service Area. This area shall be used for the water service as well, even when the project is limited to water only. In this case, the water main will be used as an approximation of a sanitary sewer main for the purpose of determining the area.

The proportions of the Recovery Cost that is directed to Service Levies and Local Improvement Assessments is to be determined respectively by the ratio of Service Levy Area and Local Improvement Area to the Total Service Area.

5.1. Service Levy Area

The area of land subject to a Service Levy is the Total Service Area minus the Local Improvement Assessment Area.

5.2. Local Improvement Assessment Area

The area of land subject to a Local Improvement Assessment within the service area shall be approximated by the total serviced frontage times the minimum lot depth for the land use zone plus the area of the serviced length of the road. The minimum lot depth is calculated by dividing the minimum lot area by the minimum lot frontage. Minimum lot area and minimum lot frontage are obtained from the land use zone tables in the Municipal Development Regulations for the land use zone that is present in the service area at the time that the project starts. The area of the road is approximated by multiplying a standard 15m road reserve by half of the total serviced frontage.

6. Service Levy

Service levies are applied to all parcels of land, within the service area of new or improved water and sewer infrastructure, which do not have frontage on the way containing the piped infrastructure or are deemed unserviceable. As existing parcels of land with frontage are subdivided to contain parcels without frontage, the service levy will apply to the ones without serviceable frontage.

6.1. Service Levy Rate

The service levy rate is the same as the Recovery Cost Rate.

6.2. Service Levy Calculation

A service levy is calculated by multiplying the area of the parcel of land to be developed within the service area by the service levy rate.

6.3. Application

The service levy rate will be added to the annual schedule of fees as a development fee to be applied during the development permit process. A service levy must be paid with other development fees prior to the issuance of a development permit.

7. Local Improvement Assessments

Local improvement assessments are applied to all existing parcels of land with frontage on the way containing the new or improved infrastructure and are deemed serviceable and developable. Local Improvement Assessments for water and sewer projects will be comprised of two separate parts: a Service Lateral Assessment and; a Main Assessment.

7.1. Total Local Improvement Assessment

The total local improvement assessment is calculated by multiplying the Local Improvement Assessment Area by the Recovery Cost Rate.

7.2. Service Lateral Assessment

Parcels of land will be charged a Service Lateral Assessment if the land is serviced by installing any service laterals up to the front property boundary.

7.2.1. Service Lateral Assessment Rate

The Total Service Lateral Assessment for a project is determined by multiplying the Recovery Cost by the percentage of the total project cost dedicated to the installation of service laterals. This percentage is approximated by the Town Engineer from the project cost data. The Service Lateral Assessment Rate is calculated by dividing the Total Service Lateral Assessment by the number of planned service laterals.

7.2.2. Service Lateral Assessment Calculation

A service lateral assessment is calculated by multiplying the number of installed service laterals by the Service Lateral Assessment Rate.

7.2.3. Application

The service lateral assessment is applied as soon as the project is complete and the property is serviced by the lateral. All principle buildings on a parcel of land deemed to be serviceable will receive service mains for each service being provided with the project. Properties installing service

laterals after the project will pay the assessment as a development fee when a permit to install the lateral is obtained.

7.3. Main Assessments

Parcels of land will be charged a Main Improvement Assessment if the project includes the installation of new or improved service mains.

7.3.1. Main Assessment Rate

The Total Main Assessment will equal the Total Local Improvement Assessment minus the Total Service Lateral Assessment. The Main Assessment Rate is the Total Main Assessment divided by the Total Serviced Frontage.

7.3.1.1. Determination of Frontage

The total frontage of the land serviced by the local improvement must be determined. It will be equal to the sum of the frontage for each parcel of property that is serviced by the local improvement. For the purpose of this policy only frontage is defined as the shortest property boundary line that fronts on a public street or way containing the service infrastructure. Where the front property boundary of the parcel being assessed is curved, the length of the chord will be used in the determination of frontage.

7.3.1.2. Partial Frontage

Where local improvement works have not been installed across the entire frontage of a property, the frontage to be used in determining the assessment will be the frontage along which the works have been installed, with the exception that minimum frontage requirements shall apply.

7.3.1.3. Minimum Frontage

A minimum frontage will be applied to back lots or other parcels that have less frontage than is required by the zone standards. The minimum frontage will be equal to the zone's minimum frontage standard. The zone and frontage standard that will be used in the determination are those in effect at the time of the start of the work.

7.3.2. Main Assessment Calculation

A main assessment is calculated by multiplying the parcel's frontage, partial frontage, or minimum frontage by the Main Assessment Rate.

7.3.3. Application

The main assessment is applied as soon as the project is complete and the property becomes capable of being serviced by the mains. If the parcel is deemed undevelopable or unserviceable the

application of the main assessment may be deferred indefinitely or until the status of the parcel development or servicing potential changes.

8. Use of Estimates/notices

All the Levy and Assessment Calculations will be run with feasibility estimates when making the decision to proceed with a project.

First notice to land owners expected to receive an assessment will be given assessment estimates prior to the start of construction. This letter will use the most accurate pre-tender or tender award estimates available.

The notice giving the landowners their assessments shall use award estimates in the calculations.

Assessments and levies will use award estimates and not actual costs.

Impacted land owners will be notified of levies through public notice and fee schedules which will only be applied when owners apply for a development permit on parcels of land within the service area

9. Third Party Assessments

Infrastructure improvements by developers are not recovered by the Town. 3rd party assessments are incorporated into the sales price of land that they service and develop. If the Town does not incur a cost in providing or improving water or sewer service infrastructure, the Town will not charge levies or assessments.

10. Adoption by Council

All the calculations for a project will be saved in the project file and when the assessment rates are finalized they will be adopted by council for implementation. Council will adopt the: Service Levy Rate; Main Assessment Rate, and; Service Lateral Rate for the project.

The rates will be recorded in future annual fee schedules for continued application.

11. Property Already Serviced

Properties already serviced or capable of being serviced by water and sewer infrastructure installed prior to the implementation of this policy will be subject to a connection fee to be paid at the time an application to connect to the water or sanitary sewer is made.

The connection fees for pre-recovery connections will be recorded in the schedule of fees and subject to annual review during the budget process.

12. Formula (Water and Sewer Projects):

Municipal Project Cost = Project Cost – Cost Share

Recovery Cost = Municipal Project Cost - Permit Assessment Fee Allocation - General Tax Base Allocation - Water or Sewer Tax Base Allocation

Recovery Cost Rate = Recovery Cost / Total Service Area

Service Levy Rate = Recovery Cost Rate

Service Levy Area = Total Service Area – Local Improvement Assessment Area

Local Improvement Assessment Area = Total Serviced Frontage x Minimum Lot Depth + 15m x 0.5 x Total Serviced Frontage

Minimum Lot Depth = Minimum Lot Area/Minimum Lot Frontage

Service Levy = Service Levy Rate x Land Parcel Area

Total Local Improvement Assessment = Recovery Cost Rate x Local Improvement Assessment Area

Total Service Lateral Assessment = (Approximate Total Lateral Cost/Project Cost) x Recovery Cost

Service Lateral Assessment Rate = Total Service Lateral Assessment/Number of project's planned laterals

Service Lateral Assessment = Number of Service Laterals to Parcel x Service Lateral Assessment Rate

Total Main Assessment = Total Local Improvement Assessment – Total Service Lateral Assessment

Main Assessment Rate = Total Main Assessment/Total Serviced Frontage

Main Assessment = Parcel Frontage x Main Assessment Rate

Local Improvement Assessment = Service Lateral Assessment + Main Assessment

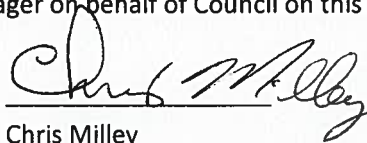
13. Effective Date

This policy has been adopted and came into effect on 1st day of August, 2017 through resolution of council #2017-372.

In witness whereof the Seal of the Town of Portugal Cove - St Philip's has been affixed hereto and this Policy has been signed by the Mayor and the Town Manager on behalf of Council on this 17th day of August, 2017.



Moses Tucker
Mayor



Chris Milley
Town Manager

