

<b>TO:</b>	<b>CHAIR AND MEMBERS PLANNING &amp; ENVIRONMENT COMMITTEE</b>
<b>FROM:</b>	<b>JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER KELLY SCHERR MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>REQUEST FROM MUNICIPALITY OF MIDDLESEX CENTRE: ARVA SANITARY SERVICING AND DELAWARE WATER SERVICING September 25, 2017</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Planning and City Planner and Managing Director, Environmental and Engineering Services and City Engineer, regarding the request by the Municipality of Middlesex Centre for an amendment to the servicing agreement between the Municipality and the City to increase servicing capacity for the community of Arva to accommodate growth in that area, the following report **BE RECEIVED** for information.

It being noted that should Municipal Council wish to proceed with an amendment to the servicing agreement between the City of London and the Municipality of Middlesex Centre, that Staff **BE DIRECTED** to prepare an amended agreement to be considered at a future meeting of the Planning and Environment Committee.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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August 15, 2011 - Report to Built and Natural Environment Committee; Information report on "Request from Municipality of Middlesex Centre - Sanitary Servicing for Arva".

September 27, 2010 - Report to Planning Committee; Information report on "Sanitary Servicing for Arva".

July 19, 2010 - Report to Environment and Transportation Committee; "Consolidated Water Supply Agreement with the Municipality of Middlesex Centre".

March 22, 2010 – Report to Environment and Transportation Committee; “Wastewater Treatment Agreement for Arva, delegation and written communication. (A. Edmondson, Mayor) (item 22)

March 17, 2008 – Report to Environment and Transportation Committee; “Water Supply to Kilworth-Komoka and Mount Brydges”. (item 5)

March 31, 2003 – Report to Environment and Transportation Committee; “Principles for Future Negotiation for Water Supply to Areas Outside the City of London from the City’s Distribution System and Amendment to the Delaware Water Supply Agreement”.

May 23, 2000 - Report to Planning Committee; "Arva Sanitary Sewer System Agreement; Provision for Staging of Development".

Additional: the Sewage Treatment Agreement for the Arva Sewage Service Area, executed April 3, 2000 (as amended, June 21, 2000) – relates to the Arva Water Area.

March 27, 2000 - Report to Planning Committee and ETC; "Connection of Arva to the Sanitary Sewer System".

## BACKGROUND

### Purpose

The purpose of this report is to report back on a 2013 resolution of Council related to a delegation by the Municipality Middlesex Centre requesting that their current Sanitary Service Agreement with the City of London be amended. Since that time, the Municipality of Middlesex Centre has requested comments related to their ongoing Delaware Water Supply and Storage Municipal Class Environmental Assessment study.

### Context

The City of London provides servicing to several communities within the Municipality of Middlesex Centre. Water servicing is provided through the agreement with the City of London Water System to the communities of Arva, Ballymote and Delaware.

Wastewater Servicing is also provided by the City of London by agreement to the Village of Arva via a pumping station owned and operated by Middlesex Centre that discharges to the City of London sanitary sewer collection system. In October 2013 the Mayor of Middlesex Centre appeared as a delegation before the Civic Works Committee. At the committee, Mayor Al Edmondson (Appendix X: Middlesex Centre October 28, 2013 presentation) provided presentations requesting that the current Sanitary Service Agreement between Middlesex Centre be amended to allow for future growth servicing of Arva.

At its session November 5, 2013 Municipal Council resolved:

*That the ~~attached~~ presentation from Mayor Al Edmondson and M. Looby, Middlesex Centre, and the ~~attached~~ presentation from J. Lucas, Director, Water, Wastewater and Treatment, regarding the request by Middlesex Centre to amend the current Sanitary Service Agreement between Middlesex Centre and the City of London BE RECEIVED and BE REFERRED to the Managing Director, Environmental and Engineering Services and City Engineer for review and report back at a future meeting of the Civic Works Committee. (2013-L04)*

In March, 2015, Middlesex Centre again approached the City regarding amending the current agreement to accommodate additional growth in Arva, specifically, the provide servicing for a proposed 184 lot subdivision within the identified Settlement Area boundary of Arva.

In addition to the Arva sanitary servicing request, in December 2016, City Staff were requested to provide comments on an Environmental Assessment being undertaken by Middlesex Centre for the community of Delaware. The Delaware Water Supply and Storage Municipal Class Environmental Assessment considers the provision of growth-related water servicing to the community of Delaware and includes a recommendation to amend the current agreement with the City of London to provide additional servicing capacity to the community of Delaware.

## DISCUSSION

### Middlesex Centre Servicing History: Wastewater Servicing

In early 2000, the City received a request from the Township of Middlesex Centre to allow sanitary sewage flows from the hamlet of Arva to be directed into the City's sewer system with all related costs to be borne by the Township. The request followed an environmental assessment of Arva servicing issues and options which determined that faulty septic systems and illegal storm sewer connections were contributing to unacceptable pollutant loading in Medway Creek. The EA identified a connection to the London sewer system as the preferred alternative and this solution was supported by the Ministry of the Environment. The proposal involved the construction of a local collection system and pumping station with sewage flows directed by forcemain along

Richmond Street to an existing gravity sewer north of Fanshawe Park Road which is part of the Adelaide PCP collection system. The negotiated agreement was clear in expressing that the servicing was being provided for *"existing development in the Arva Sewage Service Area pending finalization of negotiations on the staging of development in the growth area and that there shall be no extension of its sanitary sewer system beyond the limits of the Arva Sewage Service Area without the approval by the City"*.

In 2010, 2011, and in 2013, delegations from Middlesex Centre officials led by Mayor Edmondson attended committee meetings to request that City Council consider having the existing sanitary servicing agreement amended to increase the amount of sanitary sewage flows directed from the Arva settlement area into the City's sanitary collection and treatment system. At this time the agreement signed April 3, 2000 is still in effect.

The Municipality's request was most recently reiterated in a letter from Mayor Edmondson to the City in March, 2015.

The current servicing agreement limits the provision of services to an average equivalency of 10 new residential units per year, with the total number not to exceed an equivalent of 50 units during each five year period. The Agreement includes a table to calculate the equivalency of new residential units, and is based on a single or semi-detached unit with 3 bedrooms or more as 1.00 unit, down to an equivalency of 0.53 units for multiple unit dwellings with 1 or 2 bedrooms. Commercial development is limited to 1,000 square metres per year, with the total amount of new floor space not to exceed 4,500 square metres over a 10 year period.

In the analysis undertaken in 2011, there was a request to allow the development of 184 new units (122 single detached and 62 townhouse units). This was calculated to be equivalent to 170 units, based on the servicing agreement. As of August, 2011, it was estimated that there was a remaining capacity of 131 units, based on the population and unit projections up to 2010. This is summarized in the Table below.

#### **CALCULATION OF UNITS REQUESTED BEYOND 2000 PROJECTIONS**

	<b>Number of Units</b>
2000 Forecasted Additional Units	184
Less: Constructed Townhouse Equivalent Units	53
Remaining 2000 Forecasted Additional Units	131
Less: Weldon Lands Subdivision Equivalent Units	170
<b>Units Beyond 2000 Forecasted Build-out</b>	<b>39</b>

There are two elements in the Middlesex Centre "ask". The first is the consideration of increasing the capacity permitted under the current agreement to consider the 39 additional units not contemplated under the agreement. The second relates to the phasing of that growth, which is currently limited to 10 new units per year, not to exceed 50 units in each five year period.

The proposed 184 unit subdivision is entirely located within the identified settlement area of Arva, and is not the result of any settlement area boundary expansion. There are three options that the City might consider described below. It should be noted that there are no proposed changes to the amount of commercial development permitted, or to the limitations on the annual amount of permitted commercial development.

#### Option 1-No change to the Agreement

This option would not increase the permitted capacity in the Agreement. The proposed subdivision could be red-lined to either remove the equivalent of 39 units through a reconfiguration of the subdivision to decrease the number of single detached units and increase the number of townhouse units or reconfigure the subdivision to remove 39 single detached units.

This option would result in no changes to the current agreement.

Option 2-Amend the Agreement to change to remove the annual cap/no increase to permit the additional dwellings

This option would not amend the Agreement to permit the equivalent of 39 more units, that is, there would be no increase in the total number of units to be serviced beyond what was contemplated in the current (original agreement), however, the annual cap of 10 units (equivalent) per year would be removed. The current Agreement provides for the equivalency of 10 units per year, with the total number not to exceed an equivalency of 50 units in each five year period. The current Agreement could be interpreted to provide for some carry-over if the only limiting factor in the Agreement is the cap of 50 units per 5 year period, however, the agreement does not explicitly permit the carry-over of unused capacity from one year to another.

This option would not acknowledge the full development potential of the proposed subdivision, but would acknowledge a “carry-over” of unused capacity. This would provide for some control over the rate of growth and development within the settlement area.

To fully provide for this, the Agreement could be amended to remove the annual cap of 10 unit equivalencies per year, but retain the requirement that the total number of units would not exceed the equivalency of 50 units in each five year period. The Agreement could also explicitly state that unused capacity from one five year period could be carried over into the next five-year period going forward. This would retain some control over the rate total rate of growth in each five year period, but would remove any annual control or monitoring of the rate of growth in Arva by the City.

Option 3-Amend the Agreement to permit the additional units and change the phasing

This option is the same as Option 2, in that it would remove the annual cap on development, and limit the cap to the equivalent of 50 units per five year period, and it would also permit the full development of the subdivision as proposed.

This option would permit both the full development of all lands within the identified Settlement Area Boundary, including the proposed 184 unit subdivision, as well as remove any annual limits on the amount of development so that there would be no requirement for annual phasing the future growth within the Settlement Area.

**Middlesex Centre Servicing History: Water Servicing**

The City of London currently has numerous water supply agreements with the Municipality of Middlesex Centre. At the time that these agreements were made, the Arva Water Area, Ballymote Water Area, and Delaware Water Area were under the jurisdiction of various municipalities. These original agreements for the three communities dated between 1971 and 1988. In 2003 the City received a request from the Municipality of Middlesex Centre to amend its agreement for the servicing of the former Town of Delaware, supplied by the City of London's abandoned watermain from its former Komoka Wells. Staff carried out the amendment, finding the process very cumbersome, significantly outdated, and information unclear.

The guiding principles established by Council in 2003 for the provision of water supply by the City of London to areas outside the City set the framework for consolidation of the water supply agreements. Parameters were set to clearly define the following:

- adequate capacity of the City's system to deliver the supply volume;
- economic feasibility to deliver water to an area;
- City would not pay for capital, maintenance, and operating costs for facilities required to service areas outside the City;
- areas to be supplied water shall be clearly defined, with prescribed volumes;
- defining service areas receiving water supply, in order to not promote

- uncontrolled and unrestricted urban development; and
- application of a charge rate equal to that charged to the City's large customers.

The City of London entered into a comprehensive agreement with Middlesex Centre the water servicing of all of these communities in 2010. The 2010 Water Supply Agreement provided a much clearer, single source document for the provision of water supply by the City of London to the Arva Water Area, the Ballymote Water Area, and the Delaware Water Area.

### **Delaware Water Supply and Storage Municipal Class Environmental Assessment**

The Delaware Water Supply and Storage Municipal Class Environmental Assessment was completed by the Municipality of Middlesex Centre to assess the various water supply and storage alternatives to meet the existing and future servicing needs of Delaware. The EA considered several options and finally recommended two preferred options:

- **Primary Preferred Option:** Maintain and upgrade existing agreement with the City of London that would include keeping the existing connection to the City of London water system and renegotiating for further capacity to address future development. This option is subject to negotiating an agreement with the City of London.
- **Secondary Preferred Option:** Connect to the Regional Water Supply through the Kilworth-Komoka Distribution System.

On August 14, 2017, Middlesex Centre issued a Notice of Study Completion, indicating that the connection to the Regional Water Supply through the Komoka-Kilworth Distribution System was the preferred alternative. This option would not require any amendments to the current water servicing agreement with the City.

<b>ANALYSIS</b>
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The following summary of pros & cons is an extract taken from the August 15, 2011 report which highlights some of the key issues concerning growth in Arva and the implications on the City of London. Most key issues also apply to the Delaware situation. I should also be noted that there are no significant changes to these pros and cons in the six years since the 2011 report.

#### Pros

- Inter-municipal co-operation in the provision of services. The Provincial Policy Statement encourages co-ordination between municipalities on servicing matters which cross municipal borders, and recognizes current agreements.
- Directing sewage flows to the City's system is a cost-effective servicing solution for growth within the Arva Settlement Area. Continuing to utilize the existing water supply connection is also cost-effective.
- This is a preferred solution from an environmental perspective as it would avoid the potential of a new sewage treatment facility discharging to Medway Creek.
- Lessens the potential for future expansion of the Arva Settlement Area.
- Provides an opportunity for the City to have some control over the rate of growth in Arva including continued volumetric measurement and billing for water supply.
- The servicing requirements to support the estimated proposed growth in Arva can be accommodated within the City's system. The demand flows are relatively small in comparison to the City.
- No discharge of flows into the Medway Creek.

## Cons

- Facilitating growth outside of the City's Urban Growth Area. This will be negatively perceived by most London developers as a potential detriment to their competitive position and a loss of market for new units within the City.
- Facilitating peripheral growth that is not conducive to the intensification of land use and compact urban form.
- Potential loss of DC revenues to the City unless an appropriate payment for sanitary and water servicing in lieu of these components of the City's DC fee is negotiated.
- While the cap on sewage flows under the existing agreement has not yet been reached, there is residual capacity to accommodate some new growth.
- Part of the rationale for the existing agreement was the need to remediate environmental problems. This circumstance no longer exists.

## Development Charge Revenue Loss

Revenue from Development Charges (DCs) support the expansion of servicing and provide capacity to facilitate future development. In order to construct a single family residential home in London a builder must pay \$29,561 (2017) in DCs. Of this cost, approximately \$4,500 supports the capital costs of providing water and wastewater servicing. Through the current agreement with Middlesex Centre, a builder would make no contribution towards the City of London's cost of providing water and wastewater servicing. As a result, Staff will explore financial contributions from Middlesex Centre towards the City's water and wastewater system as part of the negotiation of the current agreement.

It should also be noted that Middlesex Centre collects its own development charge that equates to \$15,848 (2017) for a single family home. Of this charge \$10,889 (2017) is collected for water and wastewater servicing, which does not contribute to costs associated with the agreement with the City.

## CONCLUSION

The Municipality of Middlesex Centre is seeking additional servicing capacity in order to allow growth in Arva. Additional sanitary servicing capacity within the City's system is available to accommodate growth for Arva.

There are no environmental concerns with the Middlesex Centre proposal of the nature that produced the original servicing agreement (i.e., contamination of Medway Creek).

The Provincial Policy Statement encourages coordination amongst municipalities when considering growth-related issues, including waste water treatment, transportation and impacts upon public health and the environment. Additionally, the City's Official Plan contains policies regarding the provision of sanitary servicing to communities outside of the City's boundaries.

City staff request direction from Committee and Council regarding the request from Middlesex Centre to amend the Arva sanitary servicing agreement in order to provide a response to the Municipality.

It is recommended that if the direction is to proceed with an amendment to the current servicing Agreement that the following matters also be addressed:

- No change in the Agreement to the current cap on flows or number of units
- Middlesex Centre to pay all capital costs associated with the provision of sanitary services

- Agreement to be amended to explicitly permit the carry-over of unused capacity to future years.
- Agreement to be amended to require a payment equal to the City of London's current water and wastewater servicing component of the Development Charge.
- Agreement to be amended to require a payment equal to the City's current water and wastewater servicing component of the Development Charge.

<b>SUBMITTED BY:</b>	<b>SUBMITTED BY:</b>
<b>SCOTT MATHERS, P. ENG. DIRECTOR, WATER AND WASTEWATER</b>	<b>GREGG BARRETT, AICP MANAGER, LONG RANGE PLANNING AND RESEARCH</b>
<b>RECOMMENDED BY:</b>	<b>RECOMMENDED BY:</b>
<b>KELLY SCHERR, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER</b>	<b>JOHN M. FLEMING, MCIP, RPP MANAGING DIRECTOR, PLANNING AND CITY PLANNER</b>

September 15, 2017  
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