



## Staff Report for Decision

File Number: 5260.20.92

DATE OF MEETING MAY 27, 2019

AUTHORED BY DORIS FOURNIER, MANAGER OF MUNICIPAL INFRASTRUCTURE

**SUBJECT ESTABLISHMENT OF MORNINGSIDE DRIVE SEWER AND  
SANITARY SERVICE AREA AND PARCEL TAX**

### **OVERVIEW**

#### **Purpose of Report**

To introduce and seek first three readings of "Local Area Service (Morningside Drive) Establishing Bylaw 2019 No. 7281" and "Morningside Drive Local Service Area Parcel Tax Bylaw 2019 No. 7288".

#### **Recommendation**

That Council establish both the local area service and taxation bylaws for the sewer expansion on Morningside Drive. That:

1. "Local Area Service (Morningside Drive) Establishing Bylaw 2019 No. 7281" (To establish the Morningside Drive local area sewer and sanitary line service) pass first reading;
2. "Local Area Service (Morningside Drive) Establishing Bylaw 2019 No. 7281" pass second reading;
3. "Local Area Service (Morningside Drive) Establishing Bylaw 2019 No. 7281" pass third reading;
4. "Morningside Drive Local Service Area Parcel Tax Bylaw 2019 No. 7288" (To provide the authority to impose a parcel tax on the Morningside Drive local service area) pass first reading;
5. "Morningside Drive Local Service Area Parcel Tax Bylaw 2019 No. 7288" pass second reading;
6. "Morningside Drive Local Service Area Parcel Tax Bylaw 2019 No. 7288" pass third reading.

### **BACKGROUND**

Property owners along Morningside Drive between Hammond Bay Road and Neck Point Road approached the City of the Nanaimo (the "City") for the purposes of installing a sanitary sewer line along their section of Morningside Drive. The subject properties are currently on septic systems. In July 2018, Council approved the installation of a sanitary sewer line along Morningside Drive (the "Project"), subject to the property owners signing a petition for local area service pursuant to the process outlined in section 213 of the *Community Charter*.

There are five property owners along this section of Morningside Drive that would benefit from the Project and be subject to the local service tax. In addition, Neck Point Park would benefit from the Project and the washrooms in the Neck Point Park could be upgraded.

Of the five-property owners, four have petitioned the City to install the sanitary sewer line service. Following the petition process, the Corporate Officer is required to certify the petition as sufficient and valid if the requirements outlined below, under the “Regulatory Framework”, are met. On February 11, 2019, the Corporate Officer, certified the petition for the Morningside Drive Sanitary Sewer as sufficient and valid. The adult child of the fifth property owner called after the petition closed and indicated concern that the deadline was missed. He stated that his mother supports the project, but had inadvertently missed the deadline.

The petition states that a portion of the costs will be recovered from the property owners by way of a parcel tax. It is necessary to adopt a parcel tax bylaw and proceed with the requirements under the *Community Charter* to authenticate the imposition of the parcel tax.

Following the adoption of the bylaws, Staff will continue to work with the property owners to move the Project forward. Staff will also work to implement the necessary steps to impose the parcel tax in 2020. Following the creation of the parcel tax roll, Staff will approach Council for direction on the authentication of the parcel tax roll, as outlined below under “Regulatory Framework”.

## **REGULATORY FRAMEWORK**

### *Local Area Service*

The intent of “Local Area Service (Morningside Drive) Establishing Bylaw 2019 No. 7281” is to establish the boundary for the local service area and to define the method for cost recovery. Part 7, Division 5, of the *Community Charter* provides municipalities the authority to provide a local area service within part of the municipality. It sets out the legal framework for the establishment of a local area service and for any borrowing in relation to a local area service.

Section 212 of the *Community Charter* outlines the requirements for a petition for a local area service. In order to be certified as sufficient and valid, the petition must be signed by the owners of at least 50% of the parcels in the proposed local area service. These parcels must represent at least 50% of the total assessed value of land and improvements that would be subject to the local service tax.

Section 216 of the *Community Charter* provides authority for a municipality to levy a parcel tax to recover all or part of the costs of a service provided within a local service area.

### *Parcel Tax*

The intent of “Morningside Drive Local Service Area Parcel Tax Bylaw 2019 No. 7288” is to provide authority to impose a parcel tax on the stated local area service. Part 7, Division 4, of the *Community Charter* provides municipalities with the authority to impose a parcel tax.

Sections 200 and 202 of the *Community Charter* provides the authority for imposing a parcel tax and preparing a parcel tax roll for the purpose of imposing a parcel tax. As per section 204 of the *Community Charter*, prior to the imposition of the parcel tax council must:

- Appoint at least 3 persons as members of the parcel tax roll review panel;
- Establish the time and the place for the sitting of the panel; and
- Provide notice in accordance with section 94 of the *Community Charter*.

In addition, 14 days prior to the date of the sitting of the panel, the collector must mail to the owner of each parcel a notice stating:

- The service in relation to which the parcel tax is imposed;
- The taxable frontage (if applicable, which in this case it is not);
- The time and the place of the review panel meeting; and,
- That the parcel tax roll is available for inspection at the municipal hall during regular office hours.

The following types of complaints may be made:

- There is an error or omission in a name or address on the parcel tax roll;
- There is an error respecting the inclusion of a parcel;
- There is an error or omission with respect to the taxable area; and
- An exemption has been improperly allowed or disallowed.

The review panel may direct the correction of any matter that is subject to an authorized complaint. Following a review, that the directed corrections have been made, the review panel will confirm and authenticate the parcel tax roll.

The 2020 parcel tax review panel will be established by Council at a future date.

### **FINANCIAL IMPLICATIONS**

As per the petition:

- (a) the total estimated cost of the Service is expected to be in the range of \$150,000 to \$240,000;
- (b) the cost of the Service will be recovered by a local service tax in the form of a parcel tax to be imposed for ten years;
- (c) the portion of the cost of the service to be recovered by way of a parcel tax within the boundary of the service area is \$61,000, plus applicable interest, estimated to be 3.3% per year;
- (d) the portion of costs proposed to be recovered by a general municipal tax is between \$89,000 and \$179,000 depending on the actual cost of the service;
- (e) the estimated annual cost of the service to the owner of each parcel shall be \$1,220, and interest estimated to be 3.3% per year, for 10 years; and,
- (f) the bylaw imposing the parcel tax will provide for a one-time prepayment option.

Each owner will have the opportunity to make a onetime payment of \$12,200 on or before December 31, 2020. To simplify annual interest calculations and provide consistency, each owner will be charged \$1,452.20 annually for 10 years, unless the full onetime payment is made by December 31, 2020.

## **OPTIONS**

1. That Council establish both the local area service and taxation bylaws for the sewer expansion on Morningside Drive. That:
  1. “Local Area Service (Morningside Drive) Establishing Bylaw 2019 No. 7281” (To establish the Morningside Drive local area sewer and sanitary line service) pass first reading;
  2. “Local Area Service (Morningside Drive) Establishing Bylaw 2019 No. 7281” pass second reading;
  3. “Local Area Service (Morningside Drive) Establishing Bylaw 2019 No. 7281” pass third reading;
  4. “Morningside Drive Local Service Area Parcel Tax Bylaw 2019 No. 7288” (To provide the authority to impose a parcel tax on the Morningside Drive local service area) pass first reading;
  5. “Morningside Drive Local Service Area Parcel Tax Bylaw 2019 No. 7288” pass second reading;
  6. “Morningside Drive Local Service Area Parcel Tax Bylaw 2019 No. 7288” pass third reading.
    - **Implication:** The expansion of the sewer system, although relatively minor will increase the amount of maintenance and operations needed. The additional amount of effort (mostly flushing) depends on how well the system operates and how many residences are connected. Once the project is complete and operational, additional funding may need to be added to future operations and maintenance budgets.
2. That Council provides Staff with an alternate direction. ]

## **SUMMARY POINTS**

- Property owners along Morningside Drive approached the City requesting an expansion of the sewer system to serve their properties.
- A petition was held and validated for a Local Area Service to the area.
- The cost of the sewer project is expected to be in the range of \$150,000 to \$240,000 with cost recovery from the adjacent property owners of \$61,000 (\$12,200 each).
- Expansion of the sewer network provides opportunity to install flush washrooms at Neck Point Park in the future”.

## **ATTACHMENTS**

- Attachment A: Local Area Service Petition  
Attachment B: Petition Certification  
Attachment C: "Local Area Service (Morningside Drive) Establishing Bylaw 2019 No. 7281"  
Attachment D: "Morningside Drive Local Service Area Parcel Tax Bylaw 2019 No. 7288"

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