

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Infrastructure, Development and Enterprise Services
Date	Monday, October 7, 2019
Subject	<b>Servicing Policy for Properties Located Outside of Guelph Municipal Boundary</b>
Report Number	IDE-2019-111

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## Recommendation

That a policy be approved for water and wastewater municipal servicing outside of the Guelph municipal boundary as outlined in report IDE-2019-111, Servicing Policy for Properties Located Outside of Guelph Municipal Boundary dated October 7, 2019.

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## Executive Summary

### Purpose of Report

This report describes various planning, engineering and financial considerations for servicing properties located outside of the Guelph municipal boundary and seeks Council approval to implement the recommended policy.

### Key Findings

The City occasionally receives requests from both property owners outside the Guelph boundary and from other municipalities for municipal water and wastewater servicing. As such, staff considered the two possible scenarios when developing this draft policy.

Basic planning principles require municipalities to plan for growth within their respective municipal boundary. Both the County of Wellington and the City of Guelph have polices that discourage development within the Urban Protection Areas which is generally considered to be within one kilometer of the city boundary.

The City of Guelph Official Plan directs development to areas where full municipal services and related infrastructure are existing or can be made available, while considering existing land uses, natural heritage systems, development constraints, fiscal sustainability, development costs and related factors.

Planned servicing of projected community growth within the Guelph municipal boundary is defined within the City's Water Supply Master Plan, Wastewater Treatment Master Plan, and Water and Wastewater Servicing Master Plan.

The 2014 Water Supply Master Plan and 2009 Wastewater Treatment Master Plan demonstrated little surplus capacity based on environmental limitations of the local groundwater system and the ability of the Speed River to receive increased volumes of treated wastewater.

The introduction of servicing properties outside of the municipal boundary may create intergenerational equity and fairness issues with respect to stakeholders who have already paid development charges.

Based on planning, engineering and fiscal consideration, staff recommend that the policy for servicing requests for properties outside of the municipal boundary include the following:

- That current inter-municipal servicing agreements be sustained;
- That future inter-municipal servicing requests be assessed by staff and presented to Council for consideration where technically feasible and mutual benefit to both municipalities exists, and;
- That individual property owners requests for municipal servicing outside the City's municipal boundary be referred back to the host municipality in which the property resides.

### **Financial Implications**

The recommended policy has no financial impact and mitigates financial risks associated with the servicing of properties external to the City's municipal boundary.

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## **Report**

### **Background**

On April 19, 2018, Council directed staff to prepare a Corporate Policy to address potential requests for the extension of municipal services and access to properties abutting the City of Guelph boundaries in Council Report # IDE-2018-54. This was in response to a servicing and access agreement which staff were directed to negotiate with Ceva Animal Health Inc. in the same report. This report fulfills this direction of Council.

The City occasionally receives requests from both property owners outside the Guelph boundary and from other municipalities for municipal water and wastewater servicing. As such, staff considered the two possible scenarios when developing this draft policy.

### **Inter-municipal Cross Boundary Servicing Agreements**

Currently, inter-municipal cross boundary servicing agreements exist with the Township of Guelph Eramosa in support of water and wastewater servicing to the Gazer Mooney Subdivision and wastewater servicing for the Town of Rockwood. These agreements were established based on Provincial directives (in the case of Gazer Mooney subdivision) and local integrated resource/infrastructure planning (in the case of Rockwood) and are reinforced via servicing agreements which are reviewed, revised and approved by local Councils in alignment with each respective agreement's term.

Through a brief jurisdictional review by staff, inter-municipal servicing agreements were found to be most prevalent among municipal respondents.

## **Individual properties**

City staff occasionally receive requests from owners of property outside of the formal Guelph municipal boundary seeking the extension of City services to allow for formal development of their lands.

As per the Municipal Act, 2001, the jurisdiction and responsibility for property servicing is first be placed with the host municipality within which the property desiring servicing would reside.

To that end, it is required that these respective municipalities first be approached with servicing requests and that these respective parties provide authorization to the City to service the property should interest exist to do so in the future.

## **Planning Considerations**

The following describes why the provision of municipal services to properties outside the City's boundary to facilitate development would be inconsistent with the Provincial Policy Statement 2014 and the City and County Official Plans.

The 2014 Provincial Policy Statement (PPS) provides policy direction on matters of provincial interest related to land use planning and development and is issued under the authority of Section 3 of the Planning Act. Policy Section 1.0 – Building Strong Healthy Communities speaks to efficient land use and development patterns to support sustainability by promoting strong, liveable, healthy and resilient communities, protecting the environment and public health and safety, and facilitating economic growth. Policy 1.1.1 (d) of the PPS promotes efficient land use and development patterns by avoiding development and land use patterns that would prevent the efficient expansion of settlement areas in those areas which are adjacent or close to settlement areas.

Lands adjacent to the City's urban boundary within the Township of Guelph-Eramosa and the Township of Puslinch are subject to provincial policies and County of Wellington Official Plan policies. The City of Guelph Official Plan policies speak to the orderly expansion of urban areas. The County and the City have policies that discourage development within the Urban Protection Areas (generally considered to be within one kilometer of the city boundary).

Policy 3.5 - Urban-Rural Interface of the City of Guelph Official Plan promotes a clear demarcation between the urban uses within the settlement area boundary of the City and the agricultural/rural lands within the surrounding townships. The County of Wellington's Official Plan identifies an "Urban Protection Area". City of Guelph Official Plan policies state that the City will rely upon the provisions of the County of Wellington's Official Plan and the Provincial Policy Statement and applicable Provincial Plans, regulations and guidelines to discourage development within the "Urban Protection Area" of the surrounding Townships.

Section 6 – Municipal Services and Infrastructure of the City of Guelph Official Plan provides policies to ensure that there is an adequate supply of serviced land to meet future development needs within the City. Development is directed to those areas where full municipal services and related infrastructure are existing or can be made available, while considering existing land uses, natural heritage systems, development constraints, fiscal sustainability, development costs and related factors. Policies also aim to protect, maintain, enhance and sustainably manage

the finite groundwater and surface water resources that are needed to support the City's existing and planned growth and natural systems.

Basic planning principles require that municipalities plan for growth within their municipal boundary. The Development Priorities Plan (DPP) is an annual report that sets out recommended dwelling unit targets for subdivision registration and draft plan approval. The recommendations are based on project-readiness, related capital projects being accounted for in the budget, and services being available. Staff update the standard DPP background information annually and confirm that adequate water and wastewater capacity are available at the City's Water and Wastewater Treatment Plants currently to meet projected growth within the City's boundary. Providing municipal services to properties outside of the City's boundary could impact the DPP process and allocation of servicing to development within the City and is contrary to the principle of municipalities planning for their own growth within their boundaries, and may limit the City's ability to meet projected growth within the City's boundary.

### **Engineering Considerations**

In support of provincial growth directives, the City has developed a number of servicing master plans via the municipal class EA process to evaluate local ability to facilitate projected growth. With the City's focus being its direct responsibilities under the provincial growth plan, such servicing master plans only consider servicing growth within Guelph's municipal boundary.

The Council approved 2014 Water Supply Master Plan (WSMP) identified preferred program alternatives to service City-based growth to the period of 2038, with project servicing yields and approvals to be confirmed through subsequent field study, public consultation and provincial approvals. The final WSMP did not show substantial surplus capacity and couched potential surplus capacity in the limitations of our local groundwater resources and the need to demonstrate new groundwater takings as sustainable through a class EA process to attain provincial approvals for ongoing municipal use. In respecting the rights of local property owners already possessing provincial permits to take water and water demands of existing City water supply wells, the development of new groundwater supply capacity is a challenging endeavor locally.

As identified in the Council approved 2009 wastewater treatment master plan, effluent from the wastewater treatment plant (WWTP) is released to the Speed River. This requires loadings to the river be managed. As the city grows and the flows to the WWTP increase, the allowable concentration reduces since the quality of the effluent released to the river becomes more stringent. In order to economically meet future compliance limits as the demand on the WWTP increases, it would not be advisable for the City to accommodate any additional wastewater flow from outside of the city limits. Doing so would add strain to the WWTP and /or limit the city's own growth with existing infrastructure.

Based on locations of new water supply/wastewater treatment and known areas planned for future growth/intensification in the City, the 2008 Water and Wastewater Servicing Master Plan identified preferred linear service infrastructure required to extend services and current infrastructure enhancement required to address current system constraints to service future growth.

With a focus on local growth, requests for servicing outside municipal borders may infringe on existing levels of service if permitted and/or require significant upstream infrastructure investments to municipal linear services to create the hydraulic conditions required for external property servicing.

Lastly, regulatory requirements for extension of services (including but not limited to the registration of individual private drinking water systems) will increase financial burden and risk exposure to the City through service provision. Such legal risk and financial burden is not reflected in current Council approved water and wastewater user rates nor adequately recovered when looking to average annual cost recoveries for service provision on an individual property basis.

### **Financial Considerations**

Planned servicing of projected community growth within the Guelph municipal boundary is defined within the City's Water Supply Master Plan, Wastewater Treatment Master Plan, and Water and Wastewater Servicing Master Plan which identify project costing and inform local development charges to support the sponsorship of such services.

The introduction of servicing properties outside of the municipal boundary are also anticipated to create intergenerational equity and fairness issues with respect to stakeholders who have already paid development charges to create servicing capacity versus benefit received and priority sequencing of development, and is not recommended as a result. Furthermore, there exist legal challenges in the City's ability to recover City based development charges for properties physically located outside of its municipal jurisdiction.

Regulatory requirements for extension of services (including the registration of individual private drinking water system) will increase the financial burden and legal liability to City. Such regulator and financial burden on a per customer basis is not reflected through City approved user rates and again not favourable from a financial business case perspective. Should external servicing requests be considered in the future it would be required that user rates and other servicing costs be defined and approved under agreement to ensure sufficient cost recovery for cost causation driven through service delivery.

### **Inter-Municipal Servicing and Mutual Benefit**

With reference to the City's current inter-municipal servicing agreements and future inter-municipal servicing, there exists opportunities where inter-municipal servicing may be co-beneficial to both the City of Guelph and the requesting municipality. To that end, staff recognize the importance of maintaining flexibility in the policy for inter-municipal requests in the future. Staff would evaluate such servicing requests on their planning, engineering and fiscal merits prior to being presented to Council for consideration.

### **Recommended Policy**

There are two scenarios which the City must consider for cross boundary municipal water and wastewater servicing: individual property owner requests and requests from other municipalities. In alignment with planning, engineering and fiscal limitations, the recommended policy for servicing requests for properties outside of the municipal boundary are as follows:

- That current inter-municipal servicing agreements be sustained;
- That future inter-municipal servicing requests be assessed by staff and presented to Council for consideration where technically feasible and mutual benefit to both municipalities exists, and;
- That individual property owners requests for municipal servicing outside the City's municipal boundary be referred back to the host municipality in which the property resides.

### **Financial Implications**

The staff recommended policy has no financial impact and eliminates financial risks associated with the servicing of properties external to the City's municipal boundary.

### **Consultations**

Business Development and Enterprise Services

Engineering and Transportation Services

Legal, Realty and Court Services

Planning and Building Services

Wastewater Services

Water Services

### **Attachments**

None

### **Departmental Approval**

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