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**TO:** CHAIR AND MEMBERS  
FINANCIAL MANAGEMENT COMMITTEE

**DATE:** 2016 November 15

**FROM:** DIRECTOR ENGINEERING

**FILE:** 42000 05

**SUBJECT:** STORM SEWER EXTENSION CONTRIBUTION AND FEE BYLAW

**PURPOSE:** To seek Committee and Council's authority to bring forward a new bylaw to implement a cost recovery mechanism for the City's costs of extending storm sewer mains to residential lots without this service.

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**RECOMMENDATION:**

1. **THAT** the Committee recommend Council authorize staff to bring forward a bylaw to recover, from developers and benefitting property owners, the City's costs of extending storm sewer service to residential lots without this service.

**REPORT**

**1.0 BACKGROUND**

Approximately twenty percent of existing residential lots (6,000 of 30,000 lots) have no existing storm service to a storm sewer, with storm drainage currently provided through rock pits or ditches with varying but typically poor performance (see *Attachment 1*). Where new construction or significant renovation occurs on those un-serviced lots, and where there can be an likelihood of flooding, the City prefers to extend storm sewers to service these residential lots, unless an existing ditch or a rock pit can be proven to adequately manage site drainage. The City receives approximately 5 to 10 relevant development applications per year. This typically represents 30 – 50 lots in total.

Currently, the City requires the initiating homeowner to cover the cost for the first 45.7m (or 150ft) of storm main extension (approx. \$25,000), and the City covers any remaining cost, which typically ranges from \$30,000 – 150,000 per storm sewer extension. However, this funding approach costs the City approximately \$500,000 – \$1.0 million per year, depending on the annual number and scale of applicable applications. Furthermore, the initiating developer or property owner pays a portion of the cost, whereas future benefitting properties do not pay any portion of the cost. The purpose of this report is to review funding options and to seek Council authority to impose a fee to recover construction costs from future developers and benefitting property owners.

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## **2.0 FUNDING OPTIONS**

The three main funding options for storm sewer extensions are listed below, with additional details in Attachment 2.

1. Fully Developer funded  
(developer eligible to receive latecomer from future benefitting properties)
2. Developer and City cost-sharing, no cost recovery (CURRENT PROCESS)  
(no cost recovery by City or Developer)
3. Developer and City cost-sharing, with cost recovery (PROPOSED PROCESS)  
(City eligible to recover costs from future benefitting properties)

Regarding proposed Option 3 (Developer and City cost-sharing), sections 507 and 508 of the Local Government Act enable the City to require excess or extended services (i.e. services that benefit other properties) as part of a subdivision or development land and impose taxes, fees or charges to recover any costs paid by the City. This provision authorizes the City to seek recovery of the entire cost of the storm main extension, through a contribution from the initial developer or property owner and subsequent collection of fees from the other benefitting properties.

## **3.0 PROPOSED BYLAW PROCESS**

A bylaw is required to implement the contributions and fees under Option 3 above. The proposed bylaw would establish the following process for cost recovery.

Upon receipt of a subdivision or building permit application for a residential property without an existing storm sewer service, the Director Engineering would assess the feasibility and cost of the storm sewer extension. If the storm sewer extension is technically feasible and the initiating developer or property owner agrees to their portion of the cost estimate, the Director Engineering would acquire a cash deposit from the initiating developer or property owner, and then begin design and construction. The full costs would initially be assigned to the City and upon construction completion and calculation of the actual construction costs, the initiating developer or property owner would be refunded any excess deposit or be required to pay an additional contribution (depending on whether the initial contribution exceeds or is less than the property's proportionate share of the actual construction costs).

In respect to the properties that will benefit from the storm sewer extension but have not contributed, the bylaw would require payment of these properties proportionate shares at the time of subdivision approval or building permit issuance, whichever is earlier. In order to capture only significant renovations, payment is not required if the renovation is for a building permit values less than \$250,000.

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Each property's proportionate share is proposed to be calculated on the basis of the total construction costs divided equally amongst the total area of the benefitting properties, as the contributing volume of storm water is typically directly related to the size of a property.


The initial bylaw will include a schedule identifying the benefitting properties and corresponding fees for previously completed storm sewer extension projects, as summarized in *Attachment 3*. Upon completion of future projects, the bylaw will be amended to impose fees on the benefitting properties for those projects.

The proposed bylaw will also include a delegation to the Director of Engineering to make the following determinations: a) feasibility of storm sewer extension projects and requirement for an initiating developer or property owner to contribute to a feasible project; b) portion of the extension that is considered excess or extended services; and c) the benefitting properties and proportion of cost to allocated to each benefitting property.

A detailed flow chart process has been included as *Attachment 4*.

### 3.1 SUMMARY & RECOMMENDATION

A draft bylaw has been prepared and includes the above cost recovery mechanism and fee apportionment for four historic projects, supporting future fee collection from the benefitting properties. Staff is seeking authority to bring forward this bylaw for Council for consideration.



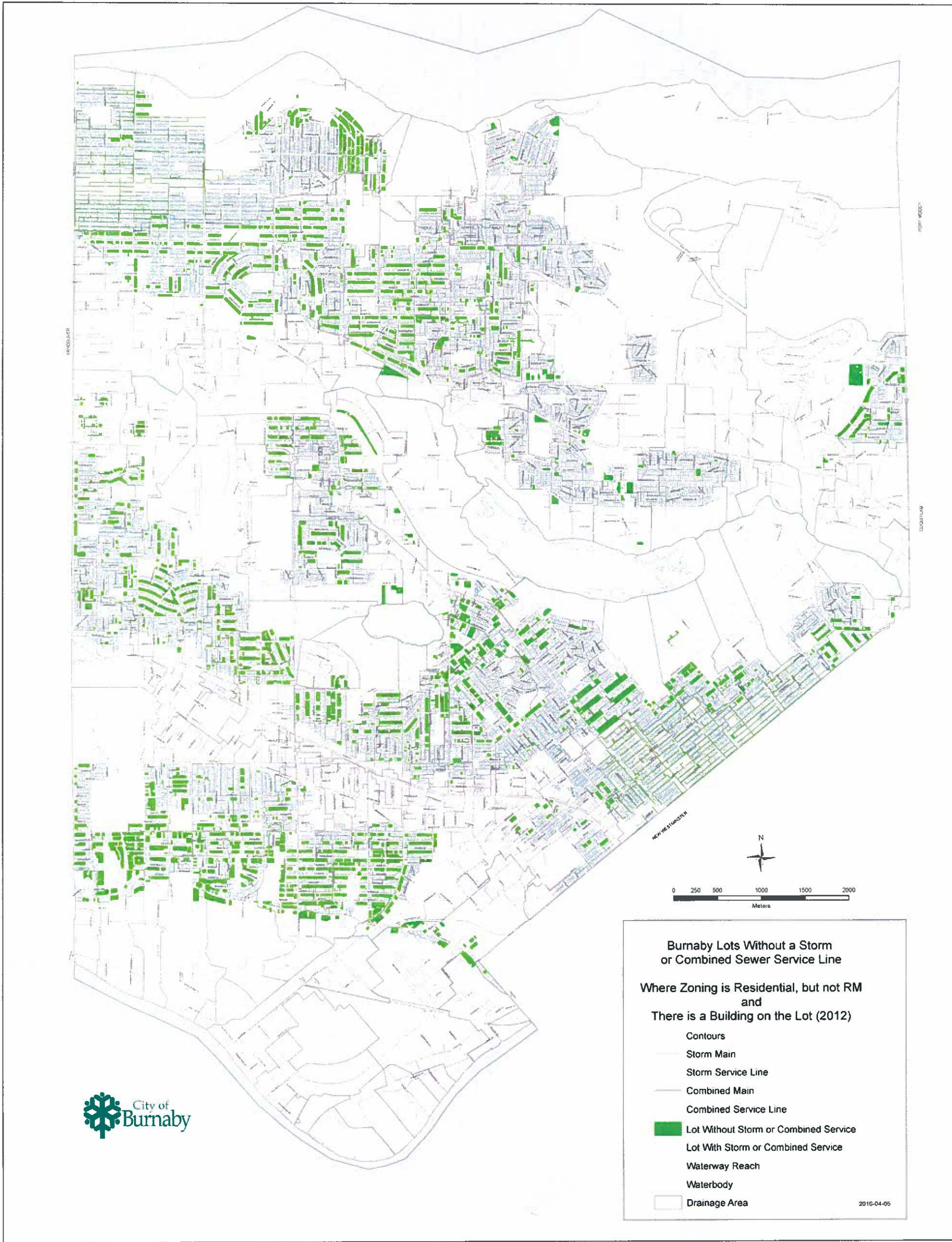
Leon A. Gous, P.Eng., MBA  
DIRECTOR ENGINEERING

JWH:ac

Copied to: City Manager  
Director Planning and Building  
Director Finance  
City Solicitor  
City Clerk



Existing Single-Family Lots with No Storm Sewer Service



## **Storm Sewer Extensions – Funding Option Evaluation**

### **1. Fully Developer funded**

#### **(Developer eligible to recover costs from future benefitting properties)**

The initiating development covers the entire cost, and is eligible to recover costs from benefitting properties that redevelop within the following 10 to 15 years (latecomer process).

#### **Pros**

- No cost to the City of Burnaby.

#### **Cons:**

- Depending on the situation, the initial cost can be prohibitive to the initiating developer (up to \$150K or even more for longer extensions).

### **2. Developer and City cost-sharing, no cost recovery (CURRENT PROCESS)**

#### **(no cost recovery by City or Developer)**

The initiating development covers the cost of the first 45.7m (150ft) and the City covers the remaining cost.

#### **Pros**

- Feasible and predictable cost to initiating development (currently estimated up to \$25-30K)

#### **Cons**

- The City is required to contribute toward the program, estimated at an annual cost of \$0.5M - \$1M (at the current rate of 5 to 10 typical applications per year).

### **3. Developer and City cost-sharing, with cost recovery (PROPOSED PROCESS)**

#### **(City eligible to recover costs from future benefitting properties)**

The total cost is apportioned to each benefitting property, including the initiating development via contributing property area. The initiating development pays their portion of the cost, and the City initially covers the funding balance. The City applies a connection fee through bylaw to the remaining benefitting properties, which is collected upon any future subdivision or new construction or large renovation of a benefitting property.

#### **Pros**

- Consistent and equitable costs for each benefitting property, including the initiating development.
- City can eventually recover the full project cost.

#### **Cons:**

- City required to pre-fund the costs for benefitting properties (estimated at \$0.5M - \$1M per year, given 5 to 10 typical applications per year).



**SCHEDULE A****Storm Extension – 2015 D-04 – 01 Holdom / Capitol**

28 Holdom Avenue	\$15,259.26
26 Holdom Avenue	\$12,514.69
24 Holdom Avenue	\$12,514.69
16 Holdom Avenue	\$12,514.69

**Storm Extension – 2015 D-04 – 02b Portland**

6212 Portland Street	\$42,248.16
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**Storm Extension – 2015 D-04 – 03 Ellesmere**

200 Ellesmere Avenue North	\$13,853.17
204 Ellesmere Avenue North	\$15,021.07
216 Ellesmere Avenue North	\$21,128.20
220 Ellesmere Avenue North	\$21,687.98
5620 Bessborough Drive	\$21,494.37

**Storm Extension – 2015 D-04 – 04 Irmin**

5970 Irmin Street	\$36,574.08
6010 Irmin Street	\$33,254.05
6030 Irmin Street	\$36,574.08

