



TOWNSHIP OF NORTH HURON

REPORT

Item No.

7.4.2

REPORT TO: Reeve Bailey and Members of Council
PREPARED BY: Sean McGhee, Director of Public Works
DATE: 05/07/2019
SUBJECT: Morris-Turnberry Cross Border Servicing Agreement
ATTACHMENTS: Cross-Border Servicing Policy By-Laws' 52-2014 and 55-2015, Cross-Border Servicing Agreement By-Law 41-2017, Cross-Border Servicing Agreement Amendment By-Law 99-2018

RECOMMENDATION:

THAT the Council of the Township of North Huron hereby receive the report of the Director of Public Works, dated July 5, 2019 regarding the Cross-Border Servicing Agreement between the Township of North Huron and the Municipality of Morris-Turnberry for information;

AND FURTHER, THAT Council receive a report in closed session regarding the Cross Border Servicing Agreement with Morris-Turnberry.

EXECUTIVE SUMMARY

North Huron has constructed the infrastructure necessary to provide potable water and sanitary sewer services to properties within the urban areas of the Township. Due to the geographic configuration of the Township, it is common to see development in neighbouring municipalities adjacent to our borders. This includes both Morris-Turnberry and Central Huron. In the majority of cases, property owners in the neighbouring municipalities consider it advantageous to utilize the water and sanitary services that were constructed by North Huron for Township use. Cross-Border Servicing Agreements are a common tool used to establish terms, conditions, and costing associated with property owners in neighbouring municipalities connecting to North Huron's infrastructure.

Servicing of properties in the adjacent Municipality of Morris-Turnberry is currently governed by a Cross-Border Servicing Agreement. In 2015, North Huron Council adopted a Cross-Border Servicing Policy. This Policy establishes North Huron's framework for agreements with other municipalities. The most recent versions of these documents are appended to this report.

The Cross-Border Servicing Agreement

The existing Cross-Border Servicing Agreement with Morris-Turnberry predates amalgamation. In 2004 the first formal agreement between the Township of North Huron and the Municipality of Morris-Turnberry was adopted by By-Law 31-2004. This five-year agreement was limited in detail. It included, but was not limited to, one-time frontage and capital charges and it established rates for service at one and one-half times the North Huron rate. Capacity was not assigned in the initial agreement.

The Agreement was negotiated and renewed in 2010 and 2014. The renewed agreements provided additional clarification surrounding the terms and conditions of the agreement. The most recent version of the agreement was adopted by By-Law No. 41-2017. An administrative amendment to the agreement was completed in 2018 by By-Law 99-2018. The administrative amendments affected

Schedules A and B, Schedule F and introduced a new Schedule G. Details of the amendments are provided below.

Schedules A and B specify the properties being serviced and the maximum allowable capacity assignment for each respective property. These Schedules were amended to three (3) additional properties. Schedule G provides clarification surrounding the termination clause and provides assurances that existing serviced properties outside of North Huron borders will continue to be serviced should the agreement be terminated. As always, North Huron approval would be required for new service connections. Schedule F speaks to the “Partnership Agreement” between the two municipalities and outlines specific financial contributions for “soft” services and speaks to taxation sharing by mutual consent.

The North Huron Policy for Cross-Border Servicing

In 2014 a Cross Border Servicing Policy was developed and adopted by Council through By-Law No. 52-2014. This policy was established for the purposes of clarifying the financial requirements associated with cross border servicing. It also outlined all fees and charges associated with the Cross-Border Servicing Agreement. It is noteworthy this policy also included a taxation sharing requirement which called for an annual payment to North Huron equalling 30% of the municipal taxes of all properties receiving cross-border servicing. As noted above, this policy was developed and adopted by North Huron Council. It appears implementation of this policy would occur during the negotiation process of a Cross Border Servicing Agreement.

The Cross Border Servicing Policy adopted by Council in 2014 was superseded by a revised Cross Border Servicing Policy in 2015. The revised policy, enacted by By-Law No. 55-2015, was developed to provide a general summary of the Township’s requirements for those seeking to obtain water and sanitary sewer services from the municipality. The revised policy removed the 30% taxation requirement in favour of taxation revenue sharing. The Policy reads that the taxation revenue sharing portion would be set at a mutually agreed upon level and the amount collected would be addition to annual contributions toward “soft” services. Based on staff’s review, this provision of the 2015 Cross Border Servicing policy has never been exercised.

With respect to “soft” services, the policy makes reference to several services which includes, but is not limited to, recreation, cemeteries, libraries, day care services, airport, and economic development. Some, but not all, of these services are included in Schedule “F” of the existing version of the Cross-Border Servicing Agreement.

To summarize, the Cross-Border Servicing Policy was developed and adopted by North Huron and is intended to establish the framework for any agreement for water and sanitary sewer services with other municipalities. It appears implementation of this policy would occur during the negotiation process of a Cross Border Servicing Agreement.

DISCUSSION

The agreement is organized under various headings to address the areas associated with the provision of cross border servicing. The headings within the agreement are as follows:

General Terms

This section outlines the structure of the agreement and the purpose of the various Schedules. It identifies the primary contact personnel and resources available as well as establishing the authority of North Huron as absolute in the assignment and approval process. North Huron's ownership of the infrastructure as well as responsibility for maintenance is established.

Water Servicing

Adherence to water capacity allowances as identified in Schedule A, requirements for water metering and the prohibition of cross connection is identified. Leak detection and access for maintenance is addressed in this section.

Wastewater Servicing

Requirement to adhere to maximum capacity allowance as per Schedule B is addressed in this section as well as language clarifying the manner with which sanitary sewage flow will be calculated. Strict prohibition surrounding foundation and roof drains as well as surface or ground water entering the sanitary system is identified. As in the Water Servicing section, access for maintenance is addressed.

Financial

The Financial section references rates for service and connection as per Schedule C of the agreement. This includes reference to the Infrastructure Recovery Fees for water and sanitary sewer in addition to the out of boundary surcharge of 150% for water, sewer, and connection fees.

General

This section of the agreement addresses numerous administrative functions associated with the agreement. This includes a requirement for each municipality to enforce a sewer use bylaw and speaks to indemnification for North Huron. An Arbitration process and termination clause make up part of this section.

The agreement is designed to automatically renew provided one-year advance notice is provided. Renewals are based on a five-year cycle. Amendments to the agreement can be made at any time by mutual consent between the municipalities.

Schedule A & B

These schedules identify specific owners and apply a capacity assignment for water and sanitary based on the need and use of the specific facility. An amendment to the entire agreement is completed with the addition of every property.

Schedule C

This schedule establishes the one time and on-going costs associated with the provision of the services.

Schedule F

Schedule F of the agreement speaks to the Morris-Turnberry Partnership Agreement. The Schedule makes direct reference to the North Huron Cross Border Servicing Policy with regard to contribution to North Huron services and taxation sharing. The Westcast Community Center, Blyth Community Center, Cemetery, and a Contingency Fund are referenced specifically.

Schedule G

Schedule G was inserted into the agreement upon request of Morris-Turnberry to ensure continuity of service.

FINANCIAL IMPACT

To be determined

FUTURE CONSIDERATIONS**RELATIONSHIP TO STRATEGIC PLAN**

This project relates to **Goal No. 2** of the existing Strategic Plan in that our residents are engaged and well informed, **Goal No. 4**, that the administration is fiscally responsible and strives for operational excellence.



Sean McGhee, Director of Public Works



Dwayne Evans, CAO