
To: Mayor and Members of Council
Meeting Date: February 12, 2025
Subject: I&D 2025-005: Colgan Subdivision Services Review

Recommendation

THAT Staff Report I&D 2025-005 dated February 12, 2025 regarding Colgan Subdivision Services Review be received.

Purpose/Background

At the January 14, 2025 Regular Council Meeting, Council received a series of questions from a resident regarding water and wastewater servicing for the Colgan settlement area. Council directed Staff to provide answers to the questions.

Analysis and Discussion

Staff has broken down the questions into three main categories being:

1. Capacity of municipal water system,
2. Establishment of water and wastewater rates, and
3. Authority for subdivision agreements, monitoring, and securities release.

1. Capacity of Municipal Water System

On April 28, 2003, and on July 16, 2003, the Township was issued Orders by the Ministry of Environment (Now Ministry of the Environment Conservation and Parks, or MECP) to develop new water supplies for the Colgan and Rosemont water supply systems [Order Numbers 2047-5L9S7G and 64225L9KS3 respectively]. A new water supply was created for Rosemont which would satisfy existing needs only. A new water supply was developed for Colgan which was capable of meeting existing demands plus additional growth. The water systems were undergoing financial stress to meet new legislated requirements resulting from the Walkerton E. coli outbreak. It was determined that managed growth in the Colgan and Everett settlement boundaries would help to generate further revenue to help offset increasing operating costs and to recover capital improvement costs resulting from the new water supply and improvements to meet legislative requirements.

The new Colgan water supply was subjected to a series of pumping tests by consulting Hydrogeologists Burnside and Associates. [Burnside and Associates Ltd 2007. Testing of TW1/04 Colgan. Burnside and Associates, Orangeville, ON, Burnside and Associates Ltd, 2012. Long-term Test of the Colgan Well Field. Burnside and Associates, Orangeville, ON, and Golder Associates

Long Term Pumping Test Colgan Municipal Water Supply, Township of Adjala-Tosorontio, County of Simcoe, Report Number 1406386, Golder Associates].

The Technical Support Section, Water Resources Section of the MECP issued a Municipal Drinking Water License for the Colgan Drinking Water System with a rated capacity of 1,071 m³/day [Current License 097-106 Issue Number 5.] The licensed water taking remains valid to May 31, 2028.

For design purposes, the Province utilizes existing historical demand, where possible, to pinpoint a design volume within a range from 270 to 450 (max) l/p/day [Ontario Ministry of the Environment and Climate Change, [Design Guidelines for Municipal Drinking Water Systems, January 12, 2016](#), Ontario Ministry of the Environment Technical Working Group, January 2016].

The Township has established a design criterion of 450 l/p/day [[Design Criteria Manual for the Township of Adjala-Tosorontio, January 2006](#), R.J. Burnside & Associates Ltd.] which matches the maximum design standard set by the Province. The historical average of daily consumption amongst Township water users was about 163 l/p/day, well below the design criteria.

Residential occupancy is established by using Statistics Canada census data. The average household size is calculated by dividing the municipal population by the total number of private dwellings. The 2016 census determined the average household size in the Township at 2.8 persons per unit (PPU) [[County of Simcoe, Census 2016 Highlights, Municipal Fact Sheet, Township of Adjala-Tosorontio](#)].

Many new residents in Colgan have relocated from the GTA. Within the GTA, the Region of Peel has the highest residential occupancy, with 3.2 PPU. One reason for Peel's high PPU are multigenerational households [[Region of Peel, Population and Dwelling Counts; Peel's Growing Population and Where They Live in 2021](#)].

Utilizing a total current and development household count of 710 homes in Colgan with a maximum water demand of 450 litres per person and Peel Region's residential occupancy calculation, the daily water demand with the school (220 students times design demand of 20l/p/day) amounts to 1,033 m³/day. This number falls within the Township's current Drinking Water License requirements.

In addition, the Township's licensed Operator, Ontario Clean Water Agency (OCWA), reported a maximum daily flow rate of 392 m³/day in December 2024 [personal inquiry of OCWA staff, January 20, 2025], less than 40 % of the water system's licensed capacity.

Currently, the Tribute development has obtained about 500 occupancies of their 640-home development. With the existing homes, this represents about 70 % build-out on the water system and would confirm an adequate water supply for Colgan based on available data.

Final consumption data for 2024 will be available when OCWA provides the annual Schedule 22 Summary Report to Council later this year which will compare maximum daily flows to the rated system capacity. OCWA has a Compliance Officer who ensures that the water system remains in compliance with regulatory requirements, and they will advise if we are approaching operational limits.

Considerations

- The proposed senior's residence is not included in this calculation and the availability of sufficient water supply should be verified before approval is given for this development or any other proposed development.
- The Drinking Water license for Colgan will expire in 2028, at which time the Township will reapply through the MECP before expiry. Water use calculations will be required to continue to confirm sufficient water capacity based on past water consumption records.
- Water consumption records will be made available annually through the [Township Website](#) in the Schedule 22 Summary Report and daily consumption values should be observed.

2. Establishment of Water and Wastewater Rates

The Township operates 6 municipal water systems with 10 pumphouses and 15 wells. Each of these components carry operational and maintenance costs which have increased significantly since Walkerton. These costs are recovered from a small number of water system users.

The Township also operates two wastewater systems, one of which is currently under development in Colgan. The MECP had permitted the temporary use of holding tanks, built in the wastewater treatment plant in Colgan, with off-site disposal to enable the development and home occupancy to proceed before the final completion of the plant (Staff Report PLA2023-74, Removal of the hold, August 9, 2023). This has been undertaken entirely at the cost of the Developer without cost to the Township or residents.

All the water systems are operated together as one financial unit, as are the wastewater systems. The systems together lack the economy of scale needed to generate the lower water rates experienced in larger municipalities because these water systems do not have the critical mass necessary to dilute these costs.

It is anticipated that growth on the water systems (namely Colgan and Everett) will help to spread the costs over a larger user base and reduce the cost burden on the users.

On February 12, 2020, Council directed staff to undertake a long-range plan and studies to determine water and wastewater rates. Watson and Associates Economists was hired as the consultant. On March 29, 2021, Watson issued two reports, entitled [Ontario Regulation 453/07 Water Financial Plan, Township of Adjala-Tosorontio](#), and [Water and Wastewater Rates and Connection Charges Study and Water Financial Plan, Township of Adjala-Tosorontio, Final Report](#).

The Water Financial Plan reported that the water system was in a net debt position with the position worsening, and that operating expenses were much higher than revenues. Financial support was and continues to be provided through working funds.

On March 13, 2024, the Consultant provided Council with its [Township of Adjala-Tosorontio 2024 Water and Wastewater Rate Study Update](#). Council had previously been provided with a preliminary report on December 7, 2023, to which Council had responded by requesting a longer phase-in period for rate adjustments.

Council passed By-law 2024-025, in support of the recommended rates set out in the study, which had forecasted an annual 2024 combined water and wastewater charge of \$2,209 based on 159 m³ of water consumption per household [[Township of Adjala-Tosorontio 2024 Water & Wastewater Rate Study Update, Rate Setting Approach, Scenario 2, March 13, 2024](#)].

With the first billing cycle for most Colgan residents in Fall 2024, it appears that the consumption values experienced in Colgan were higher than the Township's historical values. Consumption remained about the same throughout the rest of the Township.

On December 11, 2024, Council adopted Bylaw 2024-76 which froze the rates, pending further review and report to Council. Authority to set the rates is outlined in the Bylaw, and Council is not mandated to follow the recommendations of the consultant in setting rates. Any shortfalls in revenue will continue to be supported through working funds with the expectation that the working funds be repaid.

Water consumption in the study was based on historical metered consumption within the Township over the past years. Water consumption for the school was not included in the study but was captured in the Bylaw with a separate rate formula as the school would not be metered.

Staff review of Quarter 3 billings show revenues generated in some homes in Colgan to be well above anticipated amounts, reflecting much higher-than-average historical metered consumption. Some of the higher values can be attributed to higher household usage in larger households, water softeners, lawn watering, and watering of fresh sod, water consumption prior to occupancy, and seasonal variations (i.e. higher hot weather consumption). Staff anticipate water consumption to decrease in future billings as water usage stabilizes over time. However, it is difficult to accurately forecast water revenues using only one billing cycle. Staff have received data from the Quarter 4 2024 billing cycle, and consumption still seems to be higher than the Municipality's historical values.

Staff reached out to the Consultant about how to address any disparity between forecasted and actual water and wastewater consumption. The Consultant confirmed that staff obtain more data from additional billing cycles to determine more accurately if rates should be adjusted. A stronger data base with local consumption data will provide a more accurate revenue forecast on which to set the water and wastewater rates. Ultimately, however, water and wastewater rates will not meet the much lower rates afforded by the large municipalities such as Peel Region.

The attached graph (Attachment 1) illustrates a survey of annual residential water and wastewater bills using the Township's historical consumption average of 159 m³/year [[Watson & Associates Township of Adjala-Tosorontio 2024 Water & Wastewater Rate Study Update](#), Council Presentation, March 13, 2024]. The graph illustrates how water and wastewater rates drop as costs are shared over a larger user base. Staff have added Peel Region to the graph (Attachment 1) to help illustrate differences.

Peel Region services 1.5 million residences and 204,400 business with water and wastewater services and they advise that Peel water bills are 30 % below the GTA average rate [[2024 Property Tax and Utility Rate Information Brochure, Region of Peel](#)]. The annual cost for water and wastewater for a residence in Peel with an Adjala-Tosorontio average historical consumption of 159 m³ would be \$638.00.

Considerations

- Staff should continue to gather data from a few more billing cycles for further review with our Consultant.
- Our Consultant should review the data and report back to Council on potential revisions to the water and wastewater rates, as had been initially proposed in the Consultant's report.
- Staff should provide additional information to residents regarding water conservation.

- Council may wish to consider adjusting the wastewater rate to apply to 85 % of the total water consumed. The 15 % discount to wastewater would reflect seasonal usage for outside uses which do not affect the wastewater system. This discount is applied in some municipalities such as Peel Region and Town of Shelburne.

3. Authority for Subdivision Agreement, Monitoring and Securities Release

Township staff and the developer experienced delays from Council during the subdivision agreement process, resulting in legal action by the developer against the Township. Some of the hindrance was based on misleading information and not substantiated by staff. This led to the Local Planning Appeal Tribunal (LPAT) proceedings.

The Local Planning Appeal Tribunal (LPAT) proceedings [[Case no. PL080016](#)] launched by the Developer ordered that the County of Simcoe have final authority for clearance of draft plan approval conditions, and to administer final approval of the development. Further, the Tribunal ordered an extension to the expiry date for clearance of conditions, and if in the event that the County cannot move forward with having the conditions cleared, that the matter be referred back to the tribunal. This Order essentially removed control of the development agreement away from the Township.

The Township had established a review team of Consulting Engineers (Greenland International Consulting and Black & Veitch), Planners (Skelton Brumwell) and Lawyers (BLG) to work with the County and the Developer's consultants in developing many iterations of submission packages. These packages had been submitted to Council for review.

[Schedule "T" of the Subdivision Agreement](#) recognizes development charges and connection charges. The schedule outlines the rationale for the waiving of certain charges and the front-ending of water and wastewater development costs to the developer in exchange for the collection of those charges. The Developer paid \$4,731,300 in development charges in 2022 for 615 units. A net benefit to the agreement has been a savings to the Township for the cost to oversize the wastewater treatment plant and related piping to service the original residents of Colgan. During the construction of the wastewater treatment plant, the Developer incurred substantial cost increases due to construction materials and labour in the volatile market. With the responsibility to oversize the wastewater treatment plant shifted to the Developer it is estimated the Township saved \$5,000,000. Savings would be realized by existing residents in the future if the wastewater system were to be provided to residents on septic systems.

The County endorsed the execution of the Subdivision Agreements ([Colgan 1](#) and [Colgan 2](#)) on October 28, 2021, and at the Special Council Meeting held on November 9, 2021, Council authorized the execution of the Subdivision Agreements.

With the execution and registration of the Subdivision Agreements, staff have proceeded to administer the tenets of the agreements. To provide assurance of adherence to the subdivision agreements, estimates were derived from the Consulting Engineers for the cost of all works to be completed. A list of securities was developed for a total estimated cost for all the works and the developer provided securities for that total amount. Funds were also gathered for deposits to be provided for additional responsibilities such as lot grading, emergency works, tree planting, etcetera.

Work is supervised by the Consulting Engineers for the Developer with further supervision and peer review by the Township's Engineers. As work progresses, and upon the satisfaction of the engineers,

securities are reduced in stages as outlined in the subdivision agreement, with a 10 % holdback as a performance guarantee.

Considerations

- Staff should provide Council with an update on progress made towards completing the required works.

Legal Implications

All parties must follow the obligations as set out in the subdivision agreements.

Financial Implications

Further review of the water and wastewater rates is necessary to ensure that rates meet Council objectives and that the systems are sustainable.

Strategic Plan Alignment

This aligns with the following Strategic Plan Pillar(s):

- Operations and Good Governance
- Financial Sustainability
- Community Vitality and Planning
- Environmental Sustainability

Conclusion

Although it is unlikely that we will see water and wastewater rates close to the rates offered by the larger municipalities, further refinement to the Water and Wastewater rates can be made by gathering additional consumption data over the next few billing cycles through an updated review by our Consultant. In addition, paying attention to the annual water consumption summary report from OCWA will provide reassurance as to the viability of the water system.

Attachments:

[Attachment 1 - Annual Residential Municipal Water and Wastewater Bill Comparison](#)

Prepared By: Eric Wargel, Interim CAO

Approved By:

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Approved - 29 Jan 2025

Approved - 30 Jan 2025

Approved - 31 Jan 2025



Municipal Comparison – Scenario 1

Annual Residential Water and Wastewater Bill - March 13, 2024 Projections

Survey of Annual Residential Water & Wastewater Bill - 159 m³ of Annual Consumption on 3/4" Meter

