

STAFF REPORT

Report #CAO2006-31

To: His Worship the Mayor and Members of Council
From: Jeff Carswell, Chief Administrative Officer
Re: Financial Assistance Program for Storm Sewer Disconnects
Date: August 22, 2006

Background:

As directed by Council, staff have developed a possible program to provide interest free loans for people disconnecting from the Storm Sewer System.

Discussion:

This program is based on staff's understanding of Council's discussion from the August 2, 2006 meeting.

A possible program is as follows:

Tavistock Storm Sewer Disconnect Financial Assistance Program

The Township of East Zorra-Tavistock is offering the following program to assist individuals that wish to disconnect from the storm sewer system in Tavistock.

- Interest free loan
- Loan amount is actual amount for storm sewer disconnection costs to a maximum amount of \$2,500
- Repayable over a maximum of 5 years
- Repayment amounts included in property taxes (4 installments or 10 if on PAP Monthly)
- Program ceases and payment in full on sale of property
- Lien is registered against the property (registration fee is added to loan amount, property owner would be responsible to de-register the lien)
- Program applicants must complete an application requesting participation in the program and authorizing the Township to include payments in their taxes
- The Township will provide the loan to the applicant upon presentation of original invoices and proof the invoices have been paid (invoice stamped paid, cancelled cheque, etc.). The Township will not pay invoices directly.
- The program will apply to future disconnection or disconnections that have already taken place, if the above conditions for invoices and proof of payment can be met

The authority for offering a program such as this can be found in the Municipal Act. Sections 391, 396, 398 contain provisions related to imposing

fees and adding payments to taxes. If Council approves a program, staff will prepare a by-law to formally adopt the program. This would be completed for the next meeting.

The cost of this program will be determined by the uptake so an exact cost cannot be determined. Based on current interest rates and loans being repaid over the entire term, a relatively accurate cost per \$1,000 loaned would be \$110. For example, if the total loan amount was \$10,000, the cost to the Township through lost interest would be approximately \$1,100 over 5 years. There would also be administrative costs associated with adding the loans to the tax roll, administering properties on the program and dealing with early repayments. There would also be costs to register a lien against the property (~\$300), which is shown as being incorporated into the loan amount.

One concern that should be pointed out with a program such as this is pressure to provide the same program in other circumstances. For example, there may be pressure to provide interest free loans to assist with drainage assessments under the drainage act, assist with other “emergency” property repairs, assist with costs for mandatory connections (ex. Innerkip Water), etc. Making the program a low interest loan program may be a way to address these concerns, while still creating a program that would assist those that cannot afford to pay for a disconnect through more traditional means. One option, not currently in the program set out above would be to specify the program is a “low interest loan” specifically for individuals that cannot obtain funds from more traditional sources such as borrowing, line of credit, savings, mortgage, etc. Individuals would declare on the form they could not obtain funds from other sources.

It should also be pointed out, this “Loan” program would be in addition to the existing program whereby the Township is providing engineering advice at no direct cost to the homeowner. Last year the Township paid approximately \$10,000 for professional services related to flooding (homeowner visits and involvement with the Flood Prevention Working Group). The Township has also committed to significant costs in 2006 and 2007 for engineering, studies and planning.

For Council’s information, a program from the City of Hamilton is attached. Hamilton has also experienced basement flooding problems recently.

Recommendation:

1. Council provide comment and direction on the program presented above.

Report prepared
and submitted by:



Jeff Carswell, AMCT
Chief Administrative Officer

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City of Hamilton – Public Works

Council approves Residential Municipal Disaster Relief Assistance Program for basement flooding

HAMILTON, ON – August 10, 2006 – Hamilton leads and surpasses the way among Ontario municipalities, as council approved a residential municipal disaster relief assistance program for basement flooding that offers its residents the opportunity to apply for a compassionate grant of up to \$750 per flood. The City sympathizes with its residents affected by severe and intense rainstorms and is taking steps to assist where possible.

Council has declared the severe rainstorm events of July 26, 2005, August 19 2005, July 10, 2006 (city-wide) and July 28, 2006 (Boers Creek area, Waterdown) to be a disaster. The residential municipal disaster relief assistance program will provide residents affected with basement flooding by these rainstorms the ability to apply for a compassionate grant until Monday, December 11, 2006.

The eligibility and payment of any funds under the program is based on compassionate grounds only and is not to be construed as an admission of liability on the part of the City. Any funds paid under this program will be deducted from any potential future claim settlement to avoid duplication of damage payments. Residents who are currently in litigation with the City would not be eligible for assistance under this program.

The City has been continually improving the infrastructure in an effort to reduce flooding during extreme weather conditions and has accelerated these efforts following intense rain events in 2005 and continues to move forward with new initiatives. Hamilton Council approved the creation of the Independent Community Panel for storm events on September 1, 2005. On March 22, 2006, Council appointed five members each bringing a range of expertise in flood prevention, climate change, insurance, storm water management, and landscaping to the Panel. It is anticipated this Panel will bring a report to Council this fall. Staff anticipates bringing a report forward outlining options regarding a rebate program for backflow preventors and roof leader disconnectors. In addition, staff is reviewing the long-term infrastructure program with an eye to escalate existing time frames.

Residents who wish to apply for a compassionate grant, please contact the program hotline at **905-667-3157** to have an applicatoin sent to you. Call soon as applications will not be accepted after December 11, 2006.

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