



Subject: *Well and Septic Program Bylaw*
To: Corporate & Residential Services Committee
Date Prepared: June 7, 2024
Related Motions: C22(344), C23(45), C23(112)
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Approved by: Adam Clarkson, Director Corporate Services

Summary

Following direction from Council, staff have developed a draft Bylaw for the creation of a well and septic upgrade loan program administered by East Hants. The draft Bylaw has been reviewed by the Municipal Solicitor for compliance to the *Municipal Government Act* and to reduce legal risks.

Financial Impact Statement

\$200,000 from the 2022/2023 Deed Transfer Tax surplus fund has been allocated for a one (1) year pilot of this program.

As residents will pay off the loans over a ten (10) year period, the loans are considered revenue neutral.

Recommendation

Staff recommend that the Corporate & Residential Services Committee recommend that Council give first reading to Bylaw A-200, Water Supply and On-Site Sewage Disposal System Upgrade Lending Program Bylaw.

Recommended Motion

Move that the Corporate & Residential Services Committee recommend that Council give first reading to Bylaw A-200, Water Supply and On-Site Sewage Disposal System Upgrade Lending Program Bylaw.

Background

In October of 2022, staff presented to the Corporate and Residential Services Committee on potential Municipal options for supporting residents with the costs of well and septic systems. During this meeting, Committee members provided direction to investigate a loan program similar to the Municipal PACE program. Members of Committee also instructed staff to request quotes for well and septic systems across the various regions of the Municipality.

Staff returned to the Corporate and Residential Services Committee in February and April of 2023, presenting potential options for a well and septic loan program.

Council directed staff to develop a Well and Septic loan program with the following design:

- A loan of up to \$20,000;
- A ten (10) year payback period;
- Interest rate at Prime;
- A lien being applied to the property;
- A \$90,000 household income cap;
- Applications being processed and funded in the order that they are received; and

- \$200,000 being allocated for a one (1) -year pilot program.

Funds would be allocated on first come first considered basis during the one (1) year pilot; staff would return to Council after the one (1) year.

Due to changes in the marketplace and CPI since the 2022 and 2023 discussions, staff recommend the following changes to the above program design (and have reflected such in the draft Bylaw):

- Increase loan maximum to \$25,000; and
- Increase household income cap to \$100,000.

Staff have drafted a Bylaw integrating these parameters for a Well and Septic Loan Program, attached as Appendix A.

FINANCING

At the February 2023 Executive Committee Meeting there was significant discussion on the funding of this program. At the April 2023 Council Meeting it was decided to fund a one (1) year pilot project from the 2022/23 Deed Transfer Tax surplus, rather than using debt to permit more flexibility in program design and due to increasing interest rates.

Discussion

The draft Well and Septic Bylaw has been developed in collaboration between the Finance Department and Corporate Services. The bylaw has aligned several key definitions with the Municipality's PACE Bylaw, as appropriate, in an effort to create greater consistency for residents applying to the various programs.

The draft Bylaw empowers the Chief Administrative Officer (CAO) to enter into a financing agreement with qualifying residents to provide a loan for well and septic system upgrades. The draft Bylaw also details the application requirements, scope of work, charges, interest, and lien associated with this financing program.

Review by the Municipal Solicitor indicates that there are no known breaches of the *Municipal Government Act* through this program. The Municipal Solicitor has also provided feedback that minimizes legal risk to the Municipality through this program.

INTEREST ON LOANS

Under the proposed program and per the draft Bylaw, Property Owner(s) will be permitted to repay the loan early without any financial penalties.

As the loan is added to the resident's municipal tax bill, overdue accounts will be accrued at the regular charge for tax accounts in arrears, currently at 14%.

At the end of the one (1) year pilot, Council will determine whether or not to continue the program; at which time Council may opt to change the funding source. If the funding source is changed, revisions to the Bylaw may be required to ensure compliance with legislation and borrowing requirements. When municipalities borrow from the Province, the debenture has to be paid over the established time; as such, if borrowing, it would be recommended that require participants be responsible for the entirety of the interest of their loan.

HOUSEHOLD INCOME

At the April 2023 meeting of Executive Committee, staff were instructed to set a household income cap of \$90,000 per qualifying property as an eligibility requirement for this program.

Due to changes in the cost of living, staff have proactively made changes to the program design, reflected in the draft By-law, to increase the household income cap to \$100,000.

Recognizing that many young-adults continue to live at home while also working or attending school, staff recommend that the income of occupants of the qualifying property that are under the age of 25 not

contribute to the household income of \$100,000. The current draft Bylaw includes this qualification. Committee may amend this definition to change or remove the age qualifier.

ANTICIPATED TIMELINE

Should Council give First Reading to this Bylaw on June 26, 2024 then Second Reading could occur on July 24, 2024. Following final enactment of the Bylaw, staff will continue to develop this program from an administrative perspective (application, agreements, marketing, etc.). Staff have begun to draft administrative documents to facilitate the launch and operation of this program. It is expected that this program will be in operation in early Fall of 2024.

STRATEGIC ALIGNMENT

Creating this program would align with the Municipality's key strategies of Sustainable Infrastructure and Strong Communities.

LEGISLATIVE AUTHORITY

Sections 81A(1)(c)-(d) of the *Municipal Government Acts (MGA)* empowers municipalities to "...make by-laws imposing, fixing and providing methods of enforcing payment of charges for the financing and installations of... equipment for the supply, use, storage or conservation of water; and on-site sewage disposal equipment."

Alternatives

There are two (2) alternatives to this program as proposed:

Status Quo

Committee may recommend to maintain the status quo and not provide financial support for well and septic system costs.

Amend the Bylaw

Committee may recommend to amend the draft Bylaw as appropriate. The scope of amendment may require further legal review before giving First Reading to the draft Bylaw, which may impact the anticipated timeline.

Attachments

DRAFT Water Supply and On-Site Seward Disposal System Upgrade Lending Program Bylaw