

INFORMATION REPORT

TO: Chair and Members Public Works Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: October 7, 2013	
SUBJECT/REPORT NO: Municipal Services and Property Taxation on Condominium Properties (PW12011a) - (City Wide) (Outstanding Business List)	
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Council Direction:

On April 10, 2012, the Audit, Finance and Administration Committee received report FCS12020/PW12011 "Municipal Services and Property Taxation on Condominium Properties" concerning municipal services for condominium properties. The report considered taxation impacts for condominium properties with respect to the provision of municipal services. Council directed staff to report to their respective Council Standing Committees to provide further information on costs for condominium properties.

This Information Report is to provide the Public Works Committee with staff's response concerning the issues related to providing services for condominium properties including maintaining catch basins, fire hydrants, street lighting, and waste collection.

Information:

Developing a Cost Estimate

The following information is necessary to develop a cost estimate to provide Public Works related services for condominium properties:

1. Inventory of Condominium sites (type, address) - These details are necessary to *establish the scope of properties to be included within the estimate.*
2. Site Plans illustrating site configuration, and "as built" infrastructure including services, buildings, etc., *in order to establish an infrastructure quantities by type (catch basins, lighting, hydrants etc.)*

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3. Asset condition assessment information (site specific) - *in order to identify any adjustments required to the application of unit costs to the inventory*
4. Unit cost information for maintenance services by asset type and class - *to apply to the inventory in developing the estimate of maintenance service costs.*

If all of the above information were available, the calculation of the costs for maintenance services would involve the simple multiplication of the total number of condominium properties by the unit maintenance costs (adjusted where necessary by unique circumstances, such as asset condition, accessibility, non-standardization, etc.)

Information Availability

1. Inventory of Condominium sites
 - a. Initial inquiries has yielded an incomplete inventory of Condominium sites is available within the corporation making the completion of the estimate calculation problematic
2. Site Plans
 - a. Initial inquiries indicate that “site plans” indicating “as built” conditions on all condominium developments are not readily available within the corporation.
3. Asset condition
 - a. No information is available - Site specific inspection is required
4. Unit cost
 - a. Current information is available within the Public Works Department

Assuming that a complete inventory of sites and corresponding site plan documentation are made available, a qualified estimate of inventory quantities could be determined via drawing and document analysis for a cost in range of \$500 - \$1200 per site. The quantities of infrastructure by type could be applied to known unit costs to calculate a preliminary cost estimate. The preliminary cost estimate for maintenance services would not reflect any adjustments required for unique circumstances such as asset condition, access etc. until condition assessment reports were made available. Costs for site specific asset condition assessment reports will range significantly from property to property. In some cases, field review would be necessary for some properties if information is not available through existing drawings or other documents.

Assuming a total of 400 condominium sites City-wide, the cost to develop the preliminary cost estimate would range between \$200,000 and \$480,000 excluding the cost to complete the inventory survey and code inspection estimated at \$70,000.

Issues Related to providing Service on Condominium Properties

The Public Works Department is responsible for providing various types of services to maintain municipal assets such as street lighting, roadways, water distribution, and waste-water collection as well as other services for public safety such as waste collection. For the most part, these services are provided on public road allowances.

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This report considers the implications of providing municipal services on private condominium properties.

Street Lighting

The City of Hamilton's street lighting system includes lighting for roadways, alleyways, and pathways, with the exception of lighting in parks. The existing street lighting system is extensive and is comprised of approximately 45,000 individual light fixtures, 17,000 poles and supporting underground and overhead power distribution infrastructure. The design and application of street lighting is governed by guidelines established by the Illuminating Engineering Society of North America and the Transportation Association of Canada. Maintenance and operation must conform to Provincial legislated requirements set out in the Municipal Act and Council approved service levels. The cost to maintain and operate the City's street lighting system is significant, which includes \$1.5 Million for maintenance and \$4.8 Million for energy. These costs, particularly electricity, have been steadily increasing and will continue to into the future. The average annual cost to maintain and operate an individual street light is approximately \$150.

Exterior lighting for condominium properties is not as easily defined as municipal street lighting since lighting on private property serves a variety of different applications. These applications can be roadway lighting, pathway lighting, parking lot lighting, park lighting, decorative (architectural) lighting and security lighting. Design standards and maintenance requirements for lighting on private property can be considerably different compared to municipal street lighting. This can result in significant variations in application from one condominium property to another depending upon the type of design standards utilized. Further to this, the intent of individual light fixtures can be convoluted as they can serve different applications at once. Lighting in condominium properties tends to be installed primarily for security purposes, i.e. protection of property, while municipal street lighting is primarily installed to enhance public safety.

The City's street lighting system equipment is relatively standardized and there is only a minimum amount of variation. This assists with reducing maintenance and operating logistics and costs. Because equipment standardization does not exist between condominium properties, there would be significant variation in the equipment used.

Estimating the cost for the City to assume the maintenance and operation of condominium exterior lighting is difficult to assess. The City does not have an inventory of condominium design drawings, as-built drawings, maintenance history or other pertinent documents which would be necessary to determine the maintenance and operational requirements for condominium properties. An audit of each condominium property would be required to obtain the information to assign an annual maintenance and operation cost. The auditing process would be onerous as a large amount of information would be needed such as equipment location, specifications, installation details, power distribution configurations, power connection points and electrical billing details for each property. A condition assessment would have to be conducted for each physical component to project the immediate and on-going maintenance expectations, as well as identify any immediate electrical hazards which may exist at present and pose a threat.

Another challenge with assuming the maintenance and operation of condominium exterior lighting is determining what (and when) the City would be responsible to maintain and operate and what the condominium corporations would be responsible for. There is potential for these responsibilities to be intertwined depending on the application and physical configuration of the lighting system(s).

Liability issues would exist related to maintenance and operational responsibilities and performance, but could also exist respecting the intent of existing lighting. Where lighting improvements are requested, or where deficiently lit conditions are determined to exist, the ownership of these issues would need to be well defined. Given the wide variation of differing lighting applications within condominium properties compared to the relatively consistent nature and governing standards for municipal roadway lighting, the City would face notable risk for assuming lighting systems for condominium properties.

Assigning a value to the cost of assuming the maintenance and operations of condominium exterior lighting is a very difficult task and based upon the lack of information available to the City cannot be accurately defined.

Fire Hydrants

The City of Hamilton currently conducts inspections on approximately 12,776 fire hydrants annually to confirm hydrant operation. These inspections, referred to as “code inspections”, are not exhaustive examinations of hydrant condition but rather are intended to confirm the basic functions of hydrant operation.

Report FCS12020a noted that staff would develop a cost estimate to complete an inventory of hydrants located on condominium properties and to establish the current condition of those hydrants. For this cost estimate the scope of work includes identifying and cataloguing the number of hydrants at each condominium property and the completion of a code inspection on each hydrant identified.

The City’s service provider of code inspections has indicated an unwillingness to conduct code inspections on private properties without a guarantee from the City that any and all claims for costs or damage resulting from these inspections are wholly assumed by the City. Should Council chose to begin offering these services the City will to obtain releases from every participating condominium corporation indemnifying the City from any claims for loss or damage, either direct or indirect, resulting from the operation of their hydrants.

The cost estimate to complete the hydrant inventory and code inspection is based on an estimate of 400 condominium corporations currently registered with the City and based on an assumption that an average of four hydrants exist on each condominium property. This is an arbitrary estimate of hydrant density and if the actual density of hydrants is different, project costs will vary proportionately. The cost to complete the inventory survey and code inspection as described is approximately \$70,000.

There are a number of risks associated with conducting code inspections for hydrants on private property. There is likelihood that these hydrants will be in poor condition and the simple act of operating them may result in hydrant damage or ancillary infrastructure

damage such as watermain breaks or basement/surface flooding. It is possible that a hydrant in poor condition will open but cannot be re-closed. The operation of hydrants results in the discharge of large volumes of water that can flood hard surface areas or can cause damage to soft surfaced areas. Finally, the operation of hydrants can upset the normal operation of the water distribution system within the condominium complex resulting in dirty water complaints.

Given all of these potential risks, staff expects that the City and its contractor will receive claims for damages due to neglect. While these claims may have no merit, they will have to be defended at some cost to the City. There is also some question regarding the liability the City assumes by undertaking these inspections on behalf of property owners. As a due diligence, City staff assumes that there will be the requirement to follow up in all cases where hydrants have been found inoperative to ensure the condominium corporations are following through with the necessary repairs. This effort represents a cost to the City that cannot be easily quantified however would likely represent a single FTE on an on-going basis and should be considered in any decision to proceed with this work.

Catch Basin Maintenance

The catch basin cleaning and inspection program typically services approximately 5,500 catch basins on a seven-year cycle, with 600 catch basins in the City's industrial core being serviced on an annual basis. The City's overall catch basin inventory includes approximately 39,400 catch basins located within the City's road allowance.

There is limited information on the number of catch basins located on condominium properties. Similarly to other types of infrastructure, the Public Works Department has limited information on catch basins on condominium properties which creates challenges with providing an accurate cost for catch basin maintenance for these properties.

Waste Collection

The Council follow-up from Report FCS12020/PW12011 directed staff to review the condominium properties which currently does not receive municipal waste collection services to determine if services can be provided by the City.

Condominium properties are eligible for municipal waste collection services as per the City's Solid Waste Management By-law, which includes collection of organic waste, recyclables, garbage, and bulk waste. Most condominium properties currently receive municipal waste collection services. Based on staff's review, no changes are proposed for waste collection services for condominium properties.

The collection location for condominium properties may be on-site for properties with suitable internal roadways or service at the nearest public roadway. The type of service provided for condominium properties is based on the property's structure. For example, 'row-type' housing with internal roadways generally receive service in front of individual condominium units, while 'high-rise' condominium properties typically receive front-end bin garbage collection and automated cart collection.

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The Public Works Department has developed criteria to outline the eligibility for on-site collection services. Waste collection on private property is based on the ability of the waste collection vehicles to safely travel through the private property. The private roadways need to be designed with sufficient roadway width and corner turning radii width which can accommodate large waste collection vehicles. The property owner is required to ensure that the private roadways are maintained in a safe manner, for example, providing reasonable snow and ice removal during winter months.

The City developed a standard Agreement for On-Site Collection of Municipal Solid Waste to address the requirements for municipal collection of waste materials on private property which was approved as part of report PW11066. The Agreement deals with potential liability concerns with collecting waste materials on private property. The property owner is required to complete the Agreement in order to receive waste collection services on private property.

In the event that the roadways are not designed appropriately, the condominium property is required to place their waste materials for collection at a designated area of the adjacent public roadway or they would be required to obtain a private contractor to provide waste collection services. The City is not planning to obtain alternate types of vehicles, i.e. smaller collection trucks, to collect waste from condominium properties if they are not designed for the waste collection fleet used by the City and its contractor.

Conclusion

In staff's opinion, the issues and risks associated with the provision of maintenance services to privately owned infrastructure on condominium properties do not warrant the costs required to prepare preliminary estimates for this endeavour.

Removal of this item from the Public Works Outstanding Business List is pending further direction from Council concerning the requirements to provide services for condominium properties.