



# City of Moose Jaw

**COMMUNICATION # CC-2020-0295**

**TITLE:** No-corrode Sewer Pipe Subsidy

**TO:** City Council

**FROM:** Department of Public Works & Utilities

**DATE:** November 17, 2020

**PUBLIC:** PUBLIC DOCUMENT

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## **RECOMMENDATION**

THAT the City discontinue the subsidy for replacing privately owned no-corrode sewer pipe service connections; and

THAT Bylaw No. 5152, Sewer and Water Utility Bylaw be amended and brought forth for City Council approval.

## **EXECUTIVE SUMMARY**

The City currently subsidizes property owner's cost of replacing privately owned no-corrode sewer pipe service connections. The City's subsidy amount reduces 2% each year, concluding in 2036. In 2020, the City subsidizes 32% of the cost.

Discontinuing the no-corrode replacement subsidy and applying annual operational dollars budgeted for the subsidy to the Water and Wastewater Utility capital deficit is being proposed.

## **BACKGROUND**

Approximately 2,490 no-corrode sewer pipe service connections, also known as Orangeburg Pipe, were installed by homebuilders in the City of Moose Jaw for about a 10-year period from the mid 1950's to the mid 1960's. No-corrode pipe was a coal tar-impregnated wood fibre pipe that was popular after World War II, due to a shortage of metal and the fact that it would not corrode. The pipe did not perform as intended and is susceptible to collapse.

As outlined in a 2004 report to City Council (No-Corrode Pipe, attachment i), the City adopted a policy in the 1970's whereby 75% of the cost of replacement of no-corrode sewer pipes was subsidized by the City. This subsidy was subsequently discontinued in 1992 and then re-instated retroactively in 1998 by City Council. Bylaw No. 5152, The Sewer and Water Utility Bylaw (attachment ii) defines ownership of the sewer and water service connection as:

- 26.1 (b) *The property Owner owns the water service connection from the property line to the building and the sewer connection from the sewer main to the building.*

In 2005, the City moved to a subsidy that would reduce with each passing year. Bylaw No. 5152, Section 32 defines the City subsidy by year until the subsidy's conclusion in 2036. The amount borne by the City in 2020 is 32%.

## **DISCUSSION**

The City has an estimated 1,800 no-corrode sewer pipe service connections remaining in service to private properties. Approximately 30% of the original connections have been replaced over the last 50 years. These no-corrode service connections are now 55 – 65 years of age and have met a reasonable life expectancy.

Regina, Saskatoon, Swift Current, North Battleford, and Prince Albert also have no-corrode sewer pipe service connections in their cities. They do not offer any subsidy to property owners for the replacement of these pipes; the cost is borne by the property owner.

Replacement of private service connections varies in price, but an average of \$10,000 can be used. The City carries a liability for no-corrode connections valued at \$5,171,400 as of December 31, 2019. Service connection replacement performed by the City is eligible to have the cost applied to the homeowner's property taxes over seven years at 4% interest. Over the last three years, the no-corrode subsidy has cost the City of Moose Jaw an estimated \$687,000. As discussed, sewer service connections are 100% owned by the property owner, therefore rate payers in the City are effectively subsidizing private infrastructure replacement.

Administration recommends that the City discontinues the no-corrode subsidy and that annual operational dollars budgeted for this are applied to the Water and Wastewater Utility capital deficit.

## **FINANCIAL IMPLICATIONS**

- Annual operational savings estimated at \$200,000 which will contribute to capital programs.
- Removal of \$5,171,400 of liability from the Water and Wastewater Utility from private infrastructure.

## **OPTIONS TO RECOMMENDATION**

1. THAT the City continue with the reducing no-corrode subsidy as described in the current Bylaw No. 5152, Section 32;
2. THAT the City define an alternate subsidy-reducing schedule to eliminate the subsidy sooner than 2036.

## **COMMUNICATION PLAN**

The new no-corrode subsidy policy will be communicated by way of the Communications Manager in a press release and posted on the City's website.

## **STRATEGIC PLAN**

This report supports the strategic core value to be forward thinking and innovative in identifying problems and finding solutions.

## **PRESENTATION**

Mr. Darrin Stephanson, Director of Public Works & Utilities, will provide a brief overview of this report.

## **ATTACHMENTS**

- i. No-Corrode Pipe – Communication #117
- ii. Sewer and Water Utility Bylaw No. 5152

## **REPORT APPROVAL**

Written by: Darrin Stephanson, Director of Public Works & Utilities  
Reviewed by: Tracy Wittke, Assistant City Clerk  
Approved by: Jim Puffalt, City Manager  
Approved by: Fraser Tolmie, Mayor

*To be completed by the Clerk's Department only.*

Presented to Regular Council or Executive Committee on \_\_\_\_\_.

Resolution No. \_\_\_\_\_

## Report Approval Details

Document Title:	No-Corrode Sewer Pipe Subsidy - CC-2020-0295.docx
Attachments:	- No-Corrode Pipe - Communication 117.pdf - Sewer-and-Water-Utility-Bylaw-5152.pdf
Final Approval Date:	Nov 20, 2020

This report and all of its attachments were approved and signed as outlined below:



Tracy Wittke



Jim Puffalt



Fraser Tolmie