

## **Concept: How Might We Update Council on Cost Recovery for the 2019 Gypsy Moth Spray Program**

### **Background:**

In response to a Gypsy Moth infestation in 2009 staff reported to Council through Committee Report CAO 04-09 that “The severity of the infestation of the moth will dictate the policy and procedure that the Town would implement in any given year to control the Gypsy Moth”. Because the level of infestation cannot be determined in a typical year until after the Operating Budget for that year is approved, staff are not able to prepare a budget to respond to an infestation of Gypsy Moths or other potential pests. (See Appendix 1 – 2018 Gypsy Moth Defoliation Map).

In 2009 the Gypsy Moth Infestation, similar to 2019, warranted the spraying of both Public and Private trees. The total cost in 2009 was projected to be approximately \$100,000.00. Staff recommended that the 2009 aerial spray program be funded 50% through the 2008 surplus, and 50% from the 2009 Working Fund Reserve. This was because the time required by the Town’s treasury department to prepare and collect a charge from the privately owned properties would not be cost effective and the Town had adequate resources to fund the program.

With the surveying of trees complete, the 2019 Gypsy Moth spray program is approximately 148.5 acres including 30.6 acres of rural spray areas and 117.9 acres of Public and Private land within the Urban Areas. (See Appendix 2 - Revised Gypsy Moth Spray Program Mapping). Of the 117.9 acres in the urban areas, 9.4 acres are publically owned including Hillcrest Park and the Steve Bauer Trail and 108.5 acres are private owned properties. The approximate cost of the entire spray program including both rural and urban areas is \$77,982 plus HST. The approximate cost for the aerial spraying of the rural areas is \$4,265 plus HST and the approximate cost of spraying the urban areas (117.9 acres) is approximately \$77,982 plus HST. The cost attributed to spraying 108.5 acres of private properties within the identified urban spray areas is \$67,839.63 plus HST. (See Appendix 3 - 2019 Niagara Gypsy Moth Ariel Spray Program – Parks & Urban Areas and Appendix 4 – 2019 Niagara Gypsy Moth Aerial Spray Program – Urban Areas Without Town Lands). In addition, the Town will be spraying the unopened road allowances as part of the 2019 program. There is approximately 20 acres of unopened road allowances owned by the Town of Pelham and the estimated cost to treat this area is \$2,500 plus HST.

Council approved an Operating Budget of \$25,000.00 for the coordination and spraying of Public Trees on Municipally owned property and coordination of rural spraying by private owners based on estimates

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provided by Trees Unlimited in October of 2018. Utilizing the approved budget the Town of Pelham will also spray 30 acres in rural areas including Marlene Stewart Streit Park, North Pelham Park, Timmsdale Park (woodlot), 71 Cherry Ridge (woodlot), and Hillside Cemetery. The cost to aerial spray municipally owned property in both Urban and Rural areas, the unopened road allowances owned by the Town, as well as, the coordination of the spray program is approximately \$22,643 plus HST.

On April 23, 2019 Council endorsed the recommendation to implement a Gypsy Moth Spray program to include both Public and Private trees within the identified areas and that staff coordinate a process to recover a portion of the cost of the spray from affected property owners.

On May 6<sup>th</sup>, 2019 Council directed staff to report back to council with alternative funding strategies and cost recovery options for the 2019 Gypsy Moth Spray Program.

#### *Alternatives Considered*

The following alternatives may be considered for potential funding strategies and cost recovery options:

- 1) Fund the Town owned properties as part of the 2019 operating budget and recover the costs from **only** the benefitting property owners within the urban spray blocks through a tax bill;
- 2) Fund the Town owned properties as well as the urban spray blocks as part of the 2019 operating budget;
- 3) Fund the entire 2019 spray program as determined by Trees Unlimited in both the urban and rural areas including the Town owned properties.

*Alternative 1 – Fund the Town owned properties as part of the 2019 operating budget and recover the costs from **only** the benefitting property owners within the urban spray blocks through a tax bill*

Council approved an operating budget of \$25,000 to cover the 2019 Gypsy Moth Spray program. The budget was intended to cover the infestation survey and coordination of the program, as well as, spraying the Town owned properties with moderate to severe infestations. Approximately, \$10,000 was set aside for the infestation survey, program coordination, public consultation, and program advertising. These costs will be the responsibility of the Town and will not be passed onto the property owners.

Trees Unlimited has identified approximately 148.5 acres to be sprayed as part of the 2019 spray program. The Town owned lands within this area is approximately 40.0 acres made up of 30 acres of

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rural land and 10 acres of urban lands. In addition, the Town will be spraying the unopened road allowances owned by the Town. It is estimated that the area of unopened road allowances is approximately 20 acres at an estimate cost of \$2,500 plus HST. The estimated cost to spray the Town's 40.0 acres, 20 acres of unopened road allowances and to coordinate the program is \$22,643 plus HST.

The area with moderate to severe infestation, within the urban areas, that are privately owned properties is approximately 108.5 acres. The cost to spray 108.5 acres of urban area private property is approximately \$67,840 plus HST.

The most efficient method to recover the cost for the aerial spray program is to require all the private properties within the identified spray areas to share the cost equally regardless of lot size or tree count. This would be accomplished by dividing the total cost of private property spraying (\$67,839.63) by the number of private properties to be sprayed. It has been determined that the number of benefitting properties is 294. The cost to individual property owners is estimated to be around \$231 plus HST. This amount will be billed separately to the affected property owners in the 2019 taxation year. Multi-unit Condo Complexes will be treated as one property.

*Alternative 2 – Fund the Town owned properties as well as the urban spray blocks as part of the 2019 operating budget*

This alternative would include funding the Town owned lands as well as the lands located in the urban boundaries adjacent to the town lands. In total there is approximately 148.5 acres of both Town owned and privately owned land included in the 2019 spray program. The total cost to fund the entire spray program is \$77,982 plus HST. In addition, the town will incur the program administration costs of \$10,000 and the cost of spraying the 20 acres of unopened road allowances at \$2,500 for a total overall program cost of approximately \$90,482 plus HST.

*Alternative 3 – Fund the entire 2019 spray program as determined by Trees Unlimited in both the urban and rural areas including the Town owned properties.*

This alternative would include funding the rural and urban properties identified in the Parks and Urban Areas as described in Alternative 2, as well as, the rural properties that have not been included in Trees Unlimited assessment but are being completed in conjunction with the Town's spray program under a separate agreement with Trees Unlimited.

Trees Unlimited was contacted by many rural landowners within the Town of Pelham regarding spraying of their properties. Trees Unlimited has contracted their services out to these property owners and have agreements in place with the interested property owners.

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For rural properties suitable for aerial spraying, the costs are \$510.00 for the first 3 acres (3 acre minimum), and \$100.00/acre after that.

It is estimated that the total area being sprayed on behalf of the rural property owners is 440 acres. At an average cost of \$175 per acre the total amount of the rural spray program would be \$77,000 plus HST. If the Town was to fund the entire spray program, including the all Town owned lands as well as private rural and urban lands and the program administration costs the total estimated funding required would be \$167,482 plus HST. It is still unknown what the actual rural area is since there are still outstanding agreements to be put in place. Using a 15 percent contingency the funding required to undertake the entire spray program is estimated at approximately \$192,600 plus HST.

#### *Financial Considerations*

The Treasurer reviewed the current 2019 Operating Budget to see if there were any additional funds in the amount of \$192,600 plus HST which is the additional amount required to fund both the urban and rural area of the Town of Pelham by the municipality. There is \$25,000 budgeted in 2019 to only fund the Town owned lands. At this point, there are not any additional funds available in the amount of \$167,600 plus HST to be allocated to the Gypsy Moth spraying for the private properties in Pelham.

#### The Challenge:

The challenge is to treat the moderately to severely infested Town lands for gypsy moths while working within the approved operating budget of \$25,000 and to provide a viable solution to treat privately owned properties and arrive at an equitable sharing of the cost.

#### Our Recommended Solution:

BE IT RESOLVED THAT Council receive the Update Report, Gypsy Moth Cost Recovery Options; and

THAT staff be directed to recover the cost of aerial spraying of private properties within the identified urban spray areas in response to the Gypsy Moth infestation by evenly distributing the cost to spray private property to all affected property owners in accordance with Alternative 1; and

THAT staff be directed to issue an invoice for the cost of aerial spraying to the 2019 for all properties within the identified urban spray areas.

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**Rationale:**

Both Public and Private Trees can be affected by infestation of Gypsy Moths or other potential pests. Infestations are not easily predicted and their potential impacts or costs cannot be planned for during Operating Budget preparation. As Rural and Urban property owners outside of the spray areas are responsible for their own properties, although they receive a social and environmental benefit from the urban forest, it would not be fair to fund this program through the tax levy. Since it is not possible to determine the origin of the infestation, all property owners within the spray areas must be treated equally. The Town of Pelham has not provided assistance, financial or otherwise, to property owners affected by other pests including the Emerald Ash Borer, for the treatment, or the removal of dead or diseased Ash trees.

**Other pertinent Reports:**

- Control of Gypsy Moth Outbreak in the Town of Pelham (April 1, 2019)
- 2019 Town of Pelham Gypsy Moth Infestation (April 23, 2019)
- Recover the cost of aerial spraying of private properties as a result of severe Gypsy Moth infestation (May 6<sup>th</sup>, 2019)

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**Prepared by:**

Jason Marr, P. Eng.  
Director, Public Works & Utilities

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**Recommended by:**

Teresa Quinlin, MBA, CPA, CA  
Interim Chief Administrative Officer, Treasurer, Director of Corporate Services

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*This report was prepared in consultation with Ryan Cook, Manager of Public Works and Deanna Allen, Climate Change Coordinator*

Appendix 1 – 2018 Southern Region Defoliation Map

Appendix 2 - Revised Gypsy Moth Spray Program Mapping

Appendix 3 – 2019 Niagara Gypsy Moth Ariel Spray Program – Parks & Urban Areas

Appendix 4 – 2019 Niagara Gypsy Moth Aerial Spray Program – Urban Areas Without Town Lands