

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 22, 2016

Item 4, Report No. 4, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on March 22, 2016.

4 STORMWATER INFRASTRUCTURE FUNDING STUDY – CITY-WIDE

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Deputy City Manager of Public Works and the Director of Environmental Services, dated February 29, 2016, be approved; and
- 2) That the presentation by the Director of Environmental Services and Communication C2 presentation material entitled, “*Proposed Stormwater Services Funding Model*”, be received.

Recommendation

The Deputy City Manager of Public Works and the Director of Environmental Services, in consultation with the Chief Financial Officer/City Treasurer and the Director of Financial Services/Deputy Treasurer recommend:

1. That a variable, separate stormwater charge be applied to properties in the City of Vaughan be approved for 2017;
2. That the stormwater charge be applied to properties based on the stormwater run-off generation characteristic of property land-use;
3. That government agencies, places of worship, schools and non-profits be exempt from the stormwater charge based on the same criteria and legislation used for exempting property through the Assessment Act;
4. That Council direct staff to arrange for billing of the stormwater charge, as a separate charge, on the Water and Wastewater bill sent out, on the City's behalf, by PowerStream;
5. That Council direct staff to create a specific stormwater infrastructure reserve funded from the stormwater charge to fund stormwater capital projects; and
6. That the communication plan for the stormwater charge be implemented.

Contribution to Sustainability

This stormwater charge will directly support *Green Directions Vaughan* Goal 1: To significantly reduce our use of natural resources and the amount of waste we generate. Furthermore, it directly adds resolution to the following objective:

- Objective 1.3: To support enhanced standards of stormwater management at the City and work with others to care for Vaughan's watersheds

This stormwater charge will also support *Green Directions Vaughan* action 5.1.4 which notes that a strategy to assess vulnerability to climate change and plans be developed for mitigating impacts and remedial responses.

Executive Summary

In May 2015, staff presented to Finance, Administration and Audit Committee a proposed stormwater charge to fund all costs associated with a new stormwater program (Attachment 1).

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The proposed stormwater charge will enable the City of Vaughan to help protect resident and business property from the impacts of climate change. The stormwater charge is intended to charge all who contribute stormwater to the stormwater system based on the amount of stormwater run-off generated from their properties. This will provide transparency to the current way the City's stormwater services are funded and spread the cost of funding the stormwater services amongst all the property owners benefitting from the City's stormwater services. Committee directed staff to explore exemptions to the stormwater charge, particularly for non-profits and institutional properties. This report addresses that direction.

Currently, stormwater services are funded through the tax levy, and the wastewater rate and at times application of gas tax revenues. To ensure financial transparency and to ensure a sustainable funding source for the City's stormwater services, the stormwater charge will incorporate the funding budgeted for stormwater services in the wastewater rate.

Approximately 80,000 residents and 3,100 businesses pay the existing wastewater rate with the majority of the funds being limited to delivery of sanitary wastewater services. This has traditionally resulted in funding shortfalls for the stormwater and drainage services. As outlined in the background report presented in May 2015, a significant funding deficit exists in the long term funding required to ensure sustainability of the stormwater infrastructure. The stormwater charge would be applied to all properties except government agencies, places of worship, schools and non-profits, spreading the cost of the stormwater service amongst a larger number of properties (approximately 100,000). Therefore, the implementation of the stormwater charge will see a decrease in the amount that is currently charged for the current stormwater program. However, there will be an increase to the cost of stormwater services to large industrial/commercial/institutional (I/C/I). Intuitively this makes sense and was confirmed through the study as large I/C/I contribute more to the stormwater system than the average homeowner.

If approved, the stormwater charge will be included as a separate charge on the water and wastewater bill distributed by PowerStream. The implementation plan includes a comprehensive communication campaign to inform residents of the charge and communication tools after it has been implemented.

Economic Impact**The stormwater charge reflects a transparent and sustainable funding source for the stormwater service**

The stormwater charge has been developed to fully fund a stormwater service which will help protect private and business properties from flooding events. The stormwater charge will be applied to properties based on their stormwater run-off contributions and clearly identified as a separate charge, rather than as part of the wastewater rate and property taxes.

Currently, approximately 80,000 water and wastewater account holders pay for stormwater services. In 2016, the typical residential customer pays \$97.14 annually for stormwater services through a combination of wastewater rates and property taxes. If the proposed 2017 stormwater charge is approved, the typical residential customer would pay \$ ~~46.22~~ 44.12 per year.

The stormwater charge would be applied to approximately 100,000 tax roll numbers. Government agencies, places of workshop schools and non-profits may be exempt from the stormwater charge in line with current property tax exemption legislation.

Many other municipalities in North America and across Ontario have implemented a stormwater charge, including Aurora, Markham and Richmond Hill, Kitchener, Waterloo, Hamilton, London and St. Thomas.

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Communications Plan

The Engagement and Communication Plan continues to be an integral part of the Stormwater Infrastructure Funding Study

Four Stormwater Advisory Committee (SAC) meetings were held during the project. The Committee was made up of representatives from rate payers' associations conservation agencies, Region of York as well as industrial, commercial and institutional property owners. The SAC provided advice on:

- the development of the stormwater program
- the preferred funding model
- the preferred allocation of charges by property type.

At their final meeting in May 2015, the SAC reaffirmed the need for an enhanced stormwater infrastructure program and agreed to the need for a stormwater rate, and the recommended approach to determining the stormwater rate charge.

Public engagement was also solicited through electronic communication, a survey and public meetings. Sixty six (66) respondents provided insights on a range of topics including how stormwater operating expenses should be funded, what actions individuals are willing to do to manage stormwater and what issues are of concern when managing stormwater. Survey results revealed that:

- 82 % of the survey respondents were homeowners, 10% occupied rental properties and 8% were business owners ;
- Respondents were equally concerned with a number of stormwater issues including
 - replacing aging infrastructure
 - managing increasing runoff and pollution from urban growth
 - active maintenance of stormwater facilities
 - erosion control and stream bank protection
 - flood mitigation, and
 - water quality protection
- Lastly, 39 % of respondents supported stormwater charge fees and 48 % supported sewer rates as a funding mechanism to properly operate and maintain the public stormwater system.

Implementation Plan – Communication Strategy

The implementation plan includes a communication strategy to inform residents of the stormwater charge prior to the actual billing, as well as a plan to address incoming calls after the implementation of the stormwater charge

The following activities are included as part of the communication strategy and will be implemented if Council approves the stormwater charge:

- within two weeks of Council approval staff will issue a press release and post to social media regarding the approval of the stormwater rate, the implementation schedule, billing process, web site link (for more details)and contact information.
- between Q2-Q3, 2016 a pre-implementation communication plan will be ramped up and will include an update of the website with relevant information, an information brochure, FAQs, educational video, by-law, rate schedule, implementation timeline, study background information and contact information;
 - the information brochure will be provided to each resident as an insert in the water and wastewater bill, as well as posted on social media and the City's website.

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- the FAQs document will address the types of questions the City anticipates receiving such as what is the rate, how it is applied, why is the stormwater rate needed.
- the Stormwater section of the Environmental Services Department website will include relevant information such as FAQs, fact sheets and case studies as effective tools for communicating about the stormwater charge.
- the educational video will be a visually appealing with a simple explanation of key points related to the need for a stormwater rate.
- On the first billing of the stormwater charge the final component of the implementation plan will be an informational brochure inserted with the billing. The stormwater rate will be separately identified and will have footnotes indicating where more information can be found.

Environmental Services will prepare key messages that can be verbally communicated to residents by key partners City wide and assist with addressing the call volume that may result

This activity will involve working with key partners such as Finance, Corporate Communications, Access Vaughan and Council Secretariat to communicate the stormwater charge message to the public. Targeting outside organizations such as the Chamber of Commerce and other industry associations as well as neighborhood associations could be very helpful to help communicate to businesses and the public. A community outreach campaign will need to ensure stakeholders are aware of the new charge, why it is needed, what the benefits are and how the charge will affect them. Access Vaughan staff, Councillors and Council Executive Assistants will be provided with speaking points and key messages in order to effectively handle calls from the public. The communication material will be presented in a simple, clear and consistent language in a variety of forms, including print, digital, web and social media.

Purpose

The purpose of this report is to seek approval of the stormwater charge, exemptions and implementation plan proposed for 2017.

Background - Analysis and Options

On May 19, 2015 staff received direction from Council to report back on a stormwater funding model which takes into consideration institutional properties and reflects exempt properties

Institutional properties

Staff addressed the comments raised at Finance, Administration and Audit Committee by modifying the industrial/commercial/institutional charge with the development of three charges: one for small I/C/I (<1acre), medium I/C/I (1-10acre), and large I/C/I (>10acre). This land area distribution enables more industrial, commercial and institutional properties to share the costs of the stormwater program in a way which more accurately reflects actual contribution to the stormwater system.

Exempt properties

The Finance, Administration and Audit Committee expressed concerns about applying a stormwater charge to non-profit entities, particularly those that receive government support and institutions that are not tax exempt. As a follow-up to discussions at Committee, the project team revisited the potential exemptions to the stormwater charge.

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The approach used by staff to exempt properties from the Stormwater charge is based on the same criteria and legislation used for exempting property through the Assessment Act. This approach may provide exemptions for government agencies, places of worship, schools and non-profits.

Exemptions to the stormwater charge are applied in Markham, Kitchener and Mississauga.

If Council grants exemptions they should be clearly defined within the by-law to limit bonusing under the Municipal Act.

The proposed stormwater charge with exemptions reflects that the cost of the stormwater service will be borne by those properties which are not exempt

The table below compares the 2017 stormwater rate with all properties included in the rate calculation against the proposed rate with exempt properties removed from the rate calculation.

Property Type	Proposed stormwater charge	Proposed stormwater charge with exemptions
Non-residential (small)	\$ 37.42-38.53	\$ 42.86-44.12
Non-residential (medium)	\$ 966.07-994.89	\$ 1,107.02-1139.58
Non-residential (large)	\$ 14,925.53-15,370.67	\$ 47,300.24-17,809.10
Agricultural/Vacant	\$ 463.66-477.92	\$ 640.50-658.61
Residential (low density) – per unit	\$ 39.87-41.00	\$ 46.22-47.41
Residential (medium density) – per unit	\$ 24.70-25.30	\$ 28.40-29.03
Residential (high density) – per building	\$ 446.06-150.54	\$ 469.89-174.46

The Committee also asked about priority setting, implementation of the program and impacts of other City initiatives.

The Stormwater Infrastructure Funding Study delivered a comprehensive stormwater program which prioritized capital projects, enhanced the stormwater operations and maintenance activities and focused on asset management. Resources required to deliver the stormwater program will be identified as the program matures and presented for consideration in future budgets.

City initiatives which were raised at the Finance, Administration and Audit Committee included on lot parking and rented properties. The issue raised with on lot parking was a concern with the increase in hard surfacing to create parking spots on residential properties. In fact, the amendment to the Zoning By-law does not increase the hard surfaced area but simply allows people to park on already existing walkways. With respect to tenants in rented properties, the stormwater charge would be applied to the property and payable by the property owner.

The stormwater charge will be included on the water and wastewater bill issued by PowerStream.

PowerStream has recently upgraded its customer billing software and will be able to accommodate the City of Vaughan in 2017. PowerStream has also advised there would be a cost to implementing the new charge and an ongoing annual fee which is included in the stormwater rate.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report supports the Term of Council Priorities to invest, renew and manage infrastructure and assets as well as continue to cultivate an environmentally sustainable city.

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Regional Implications

Implementation of a stormwater charge will not have a direct impact on York Region operations staff. Aurora, Markham and Richmond Hill have recently implemented an annual stormwater charges.

Conclusion

The stormwater charge will provide the City of Vaughan with a comprehensive stormwater program and a transparent and sustainable funding source to support it. This will allow the City to implement measures which will help protect property during extreme weather events. The stormwater charge would be applied to residential, non-residential and vacant properties based on the stormwater run-off generated by those properties. Government agencies, places of worship, schools and non-profits have been exempted from the proposed 2017 charge and the cost of using the stormwater service has been distributed amongst the non-exempt properties.

Attachments

1. FAA Report, May 4, 2015
2. Executive Summary – City of Vaughan Stormwater Infrastructure Funding Study
3. Property Categorization
4. Proposed Storm service charges

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)