BUILDING MARKHAM'S FUTURE TOGETHER 2015-2019 Strategic Plan

MARKHAM

Stormwater Fees on Farm Properties

General Committee
May 2, 2016

Agenda

1. Resolution from Development Services Committee – April 11, 2016
2. Flood Control Program History
3. Flood Control Program – Farm and Vacant Land Inventory
4. Stormwater Fee distribution - CVA methodology
5. Concerns raised in Deputation - April 11, 2016
6. Summary

1) Resolution from Development Services Committee – April 11, 2016

- That the deputation and written comments by Kim Empringham on behalf of the Agricultural Advisory Committee regarding Stormwater fees, be received; and,

- That staff be directed to review the Stormwater charges for non-residential farmlands and report back to General Committee as soon as possible.

2) Flood Control Program

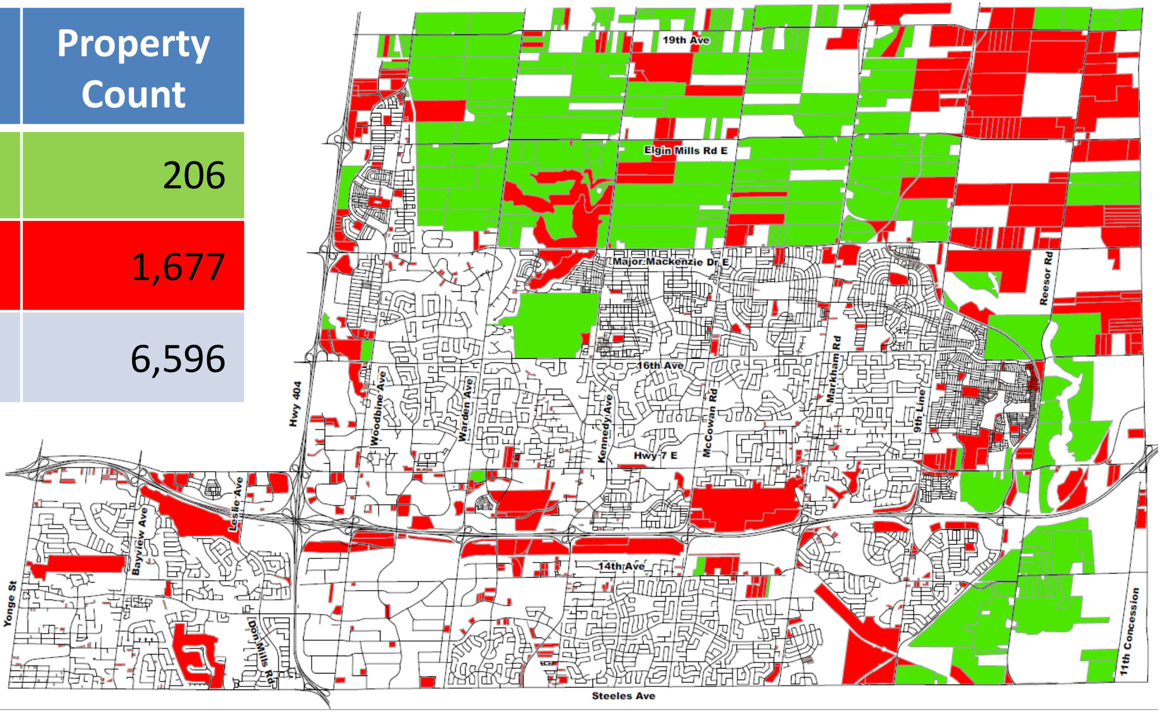
- February 2013 - Council approved 30-year Flood Control Program
- March - April 2013 – City Staff conducted 5 Community Information Meetings
- November 2013 – Council approved a **City-wide** Stormwater fee structure based on run-off contributions that allocated 60% to Residential and 40% to Non-Residential properties
- May 2014 – City Staff conducted a Business Community Information Meeting
- June 2014 – Council approved the Residential Stormwater Fee of $47 per property
- November 2014 – Council directed the implementation of the Non-residential Stormwater Fee be delayed to 2016. The purpose was to engage with the business community in an attempt to seek input on methods of apportioning the non-residential share (40%) of the City-wide flood control program
- April 2015 – City Staff conducted 2 Business Community Information Meetings
- June 2015 – Billed Residential properties $47 per property on the 2015 Final Taxbill
- September 2015 – Council approved Non-Residential Stormwater Fee of $29/ $100,000 CVA

3) Flood Control Program – Farm and Vacant Land Inventory

As of January 1, 2016

Property Type	Property Count
Farmland*	206
Vacant Land	1,677
Non-Residential	6,596

*Farmland as designated by the Ministry of Agriculture



4) Stormwater Fee distribution - CVA methodology

The Three Principles of Payment

- Ability to pay – The Stormwater fee is predicated on the CVA of the property, which provides a correlation of one's ability to pay

- Equity/fairness (in relation to run-off) – The $29 per $100,000 of CVA rate will result in variable fees that reflect property size and run off potential

- Ease of administration and communication – If the fee is tied directly to CVA minimal extra calculation is required. The current system can easily accommodate the CVA methodology

5) Concerns raised in Deputation - April 11, 2016

A. “Farmers on committee were unaware that the Flood Control Program was being developed or that the Fee was being applied to Agricultural properties in the City”

B. “…‘To help fund the program, a Stormwater Fee will be charged to all properties with a water service.’ A farmer reading this would assume this [Stormwater Fee] would not apply to agricultural land because our own private wells…not the municipal water or waste water service.”

C. “…implementation of the non-residential fees was delayed to gather more input from the business community, farmers were again not included…. if they [farmers] would have looked [at] the presentations….they would have only seen Industrial and Commercial property types listed in the different charts that had been developed to illustrate the various fee calculation options.”

D. “Low amounts of rain water run-off the farm fields and into the streams compared to the rainwater run-off amounts of commercial and industrial properties.”

E. “CVA is not reflective in any way of the ability of the farmer to pay a higher or lower fee…. A calculation based upon the size of the farm using the number of acres would be a better…”

5) Concerns raised in Deputation - April 11, 2016

A. "Farmers on committee were unaware that the Flood Control Program was being developed or that the Fee was being applied to Agricultural properties in the City"

Staff Response:

- Eight public meetings were held since 2013 regarding the Flood Control Program and the Fees associated with its implementation. Meetings were advertised in local newspapers, on the City webpage, on social media, and through direct admail card invitations

5) Concerns raised in Deputation - April 11, 2016

B. "Who Will Pay the New Fee? The answer that is listed is: 'To help fund the program, a Stormwater Fee will be charged to all properties with a water service.' A farmer reading this would assume this [Stormwater Fee] would not apply to agricultural land because our own private wells, and our waste water goes into our own septic systems not the municipal water or waste water service."

Staff Response:

- The website includes information as well as reports to various committees since the project was initiated in 2011 some of which include the above statement
- The FAQs have been updated to reflect the approved City-wide Stormwater fee to be charged to all properties in Markham
- The "Status Update on Implementation of Stormwater Fee" approved by Council on November 25, 2014 identified that all properties in Markham will be subject to Stormwater fees

5) Concerns raised in Deputation - April 11, 2016

C. "Also last year when the implementation of the non-residential fees was delayed to gather more input from the business community, farmers were again not included. There were presentations made to the Board of Trade and some private meetings, but farmers were not consulted. And if they would have looked [at] the presentations that were posted on the website they would have only seen Industrial and Commercial property types listed in the different charts that had been developed to illustrate the various fee calculation options."

Staff Response:

- The two non-residential consultations conducted in April 2015 were for all non-residential properties and not just for the Board of Trade
- The presentations included a vacant land component that includes farm properties
- The presentations included examples of commercial and industrial properties to demonstrate the methods of apportioning the non-residential share

5) Concerns raised in Deputation - April 11, 2016

D. "Low amounts of rain water run-off the farm fields and into the streams compared to the rainwater run-off amounts of commercial and industrial properties."

Staff Response:

- Farms and other permeable land uses do contribute to run-off during extreme, high volume rainfall events, as noted in the May 26, 2015 General Committee report on Non-Residential Stormwater Fees
- CVA per acre correlates with run-off potential, therefore the Non-Residential rate results in variable fees that reflect property size and run-off potential
- Accounting for individual property run-off will be difficult to measure and more costly to administer, and therefore would not meet the principle of ease of administration and communication

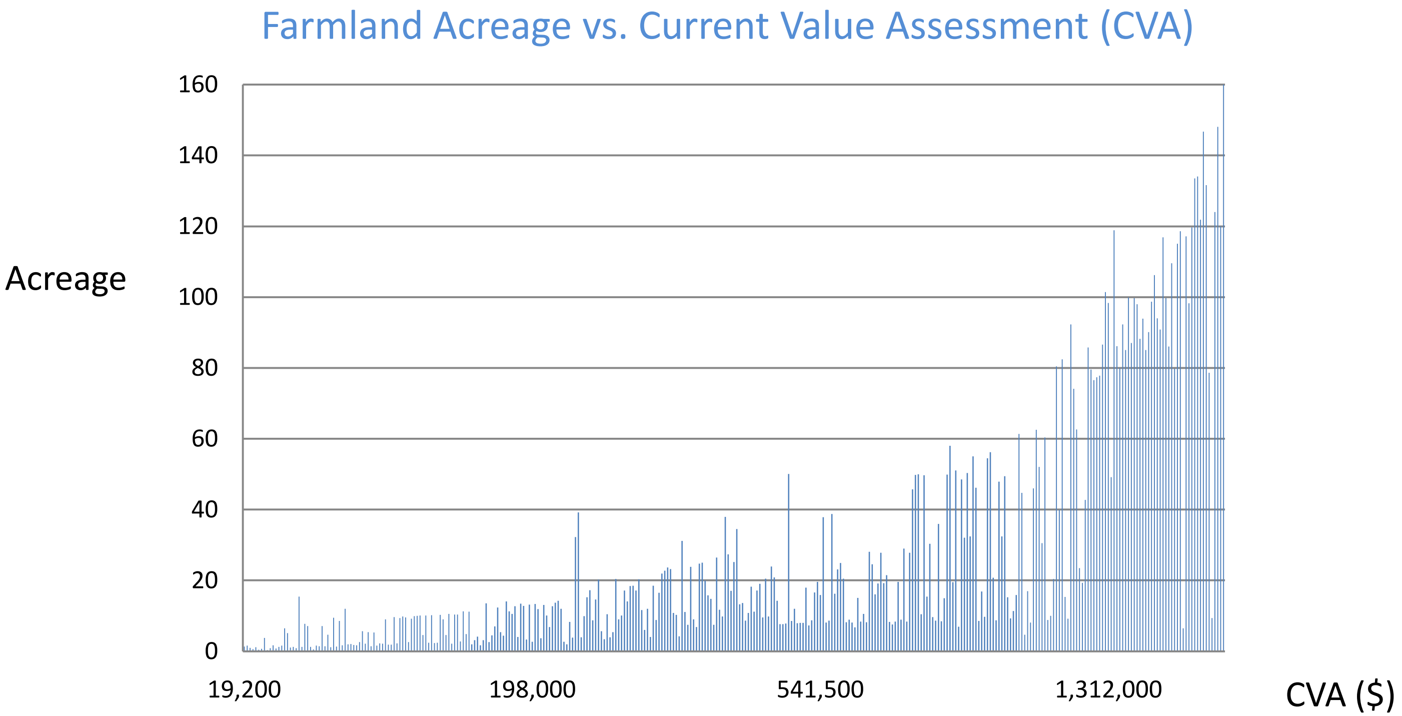
5) Concerns raised in Deputation - April 11, 2016

E. "CVA is not reflective in any way of the ability of the farmer to pay a higher or lower fee…. A calculation based upon the size of the farm using the number of acres would be a better scale to use"

Staff Response:

a) Farm acreage is highly correlated to the property's CVA
b) Farm properties are assessed at a lower CVA per acre by MPAC compared to even Vacant lands

5a) Concerns raised in Deputation - April 11, 2016



Acreage and CVA are correlated with one another

5b) Concerns raised in Deputation - April 11, 2016

Property Type	Property Count	Average Acreage	CVA per Acre	Stormwater Fee per Acre
Farmland	206	36.76	$17,001	$4.93
Vacant Land	1,677	3.44	$330,937	$95.97
Non-Residential	6,596	1.10	$1,397,006	$405.13

1) On average, the Stormwater fee per acre for farmland is 5% that of Vacant land or 1% of Non-Residential properties
2) An average 36.76 acre farm would have an approximate CVA of $625,000 which would result in a Stormwater fee of $181.25

6) Summary

- CVA methodology is based on Three Principles of Payment:
  - a) Ability to pay
    - The Stormwater fee is predicated on the CVA of the property, which provides a correlation of one's ability to pay
  - b) Equity/fairness (relationship to runoff)
    - City wide charge – all properties are contributing to the Flood control program. (except City & School Board Properties)
    - The \$29 per \$100,000 of CVA rate will result in variable fees that reflect property size and run-off potential
    - Stormwater fee results in farmland paying an equivalent of 5% of Vacant Land or 1% of Non-Residential Stormwater fee
  - c) Ease of administration and communication
    - If the fee is tied directly to CVA, minimal extra calculation is required. The current billing system can easily accommodate the CVA methodology
    - The Stormwater rate for Non-Residential and vacant land properties will be adjusted annually to compensate for the average change in City CVA

6) Summary

- Farmlands pay less in Stormwater fees in comparison to Vacant land and Non-Residential land
- If the Stormwater rate is reduced specifically for Farmland properties, other property owners (such as Residential, Commercial, Industrial owners) will have to bear the cost
- Modifications to the Stormwater rate for Farmland properties could set a precedent for other property type groups

Staff supports the Council approved rate of $29 per $100,000 of CVA as it best meets the three Principles of Payment for farmland properties.