



Building Markham's Future Together
Journey to Excellence

Stormwater Fee Non-Residential Consultation and City-wide Implementation

General Committee
May 26, 2015

PURPOSE

- 1) To summarize the results of the communication engagement with the business community.
- 2) To summarize the analysis of the billing options
- 3) To communicate other recommended changes to the stormwater fee

1. BUSINESS COMMUNITY ENGAGEMENT

- Staff undertook a robust community engagement program with various property owners and groups through one-on-one meetings or City organized consultation meetings to:
 - A. provide background on the Flood Control Program, including the need of the program,
 - B. solicit input on the Non-Residential Fee distribution
- Two business consultation meetings were held in April and were complemented by 13 individual business and organization meetings.
- Feedback was received under a range of topics including Flood Control Program implementation, stormwater fee calculation, fee allocation methodology, and Non-Residential fee distribution options.

1. BUSINESS COMMUNITY ENGAGEMENT (CONT'D)

A) Background on the flood control program (dates of Council approval)

- ❑ 30 year flood control program with City-wide stormwater fee (September 2013)
- ❑ Allocation of \$2M annually in Federal Gas Tax Funding (October 2013)
- ❑ Allocation of 60% to Residential and 40% to Non-Residential properties, based on runoff (November 2013)
- ❑ Council approved a stormwater fee rate of \$47 per unit/year for Residential properties and \$29 per \$100,000 of Current Value Assessment (CVA) per year for Non-Residential properties (June 2014)
- In November 2014, Council directed that implementation of the Non-Residential stormwater fee be delayed to 2016 until completion of the communication engagement process with the business community to seek input on methods of apportioning the 40% Non-Residential share of program costs.
- Furthermore, Council directed Staff to complete an analysis of the associated costs of having the stormwater fee included on the PowerStream bill versus the City of Markham tax bill.

1. BUSINESS COMMUNITY ENGAGEMENT (CONT'D)

B) Non-Residential Fee Distribution

As an alternative to the Council approved rate, Staff presented four other options for stormwater fee allocation;

- 1) Flat fee,
- 2) Flat fee based on property type, and
- 3) Multiple tiered fee, and
- 4) Two-tiered fee

1. BUSINESS COMMUNITY ENGAGEMENT (CONT'D)

Feedback

The business community response was positive and sessions were well received.

In general, businesses:

- ❑ acknowledged the need for a flood control program; and
- ❑ generally accepted a City-wide charge as approved by Council,

Through the business consultation process, Markham business groups, individual businesses and property owners supported the Council approved rate of \$29 per \$100,000 of CVA and Option 4 (two-tiered) as the two most preferred options for fee distribution

1. BUSINESS COMMUNITY ENGAGEMENT (CONT'D)

Annual Fee Options	Current Value Assessment (CVA)						
	\$0.5M	\$1M	\$2M	\$5M	\$10M	\$15M	\$50M \$312M
Council Approved Fee (\$29 per \$100,000 of CVA)	\$145	\$290	\$580	\$1,450	\$2,900	\$4,350	\$14,500- \$90,480
Option 4: Two-Tiered Fee	\$154	\$154	\$154	\$4,351	\$4,351	\$4,351	\$4,351

Staff recommends the Council approved rate of \$29 per \$100,000 of CVA as it best meets the three principles of payment:

- 1) **Ability to pay:** The stormwater fee is predicated on CVA of the property, which provides a correlation or indication of one's ability to pay.
- 2) **Equity/fairness (relationship to runoff):** The \$29 per \$100,000 of CVA rate will result in variable fees that reflect property size and runoff potential.
- 3) **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.

2. ANALYSIS OF BILLING OPTIONS

Annual Costs	City (A)	PowerStream (B)	Variance (B) - (A)
Billing costs	\$0	\$123,000	\$123,000
Administrative costs	\$25,000	\$16,000	(\$9,000)
Total	\$25,000	\$139,000	\$114,000

City

- City administers through the existing property tax billing system – approximately \$25,000 annually (internal administrative costs - Finance Staff, IT Staff, Contact Centre Staff and printing costs)

PowerStream

- PowerStream as billing provider - \$123,000 annually
- City's internal administration costs would be reduced by \$9,000

Staff recommend that the stormwater fee be billed using the City's tax billing system

3. OTHER RECOMMENDATIONS RE FEE CHANGES

- Vacant land properties be charged the Non-residential rate of \$29 per \$100,000 of CVA
- The stormwater rate for Non-Residential and vacant land properties be adjusted annually to compensate for the average change in City CVA
- Properties with a CVA of less than \$100,000 shall not have a stormwater fee imposed upon them

NEXT STEPS

- 1) Residential Final Tax Bill to be mailed the week of June 8th and will include the \$47 stormwater fee as a separate line item
- 2) Non-Residential Tax Bill to be mailed the first week of September and will include communication details for the implementation of the stormwater fee in 2016: