

Stormwater Funding

General Committee

November 18, 2013

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Outline

- **Previous Council Resolutions**
- **City-wide Fee Structure**
 - Fees Based on Runoff
 - Exempted Properties
 - Billing System
- **City-wide Stormwater Fee**
- **Next Steps**
- **Capital Improvement Implementation Plan**
- **Recommendations**

Previous Council Resolutions

Feb. 12, 2013 Flood Control Strategy

- “That the City’s flood control strategy adopt a 100-year level of service target for City- wide storm drainage systems...and adopt a 5 year level of service target for Don Mills Channel drainage system...”
- The total project cost is estimated at \$159M in 2010 dollars (West Thornhill \$40M, rest of the City \$77M and Don Mills Channel \$42M) over a 30 year implementation period
- Project cost estimate based on approved levels of service and estimated project costs from available studies (West Thornhill Stormwater Flood Remediation Class, Don Mills Channel Capacity technical study), and estimates of City-wide costs.

Legend

Built after 1978



Jun 10, 2013 GC Resolutions

- **Resolution (3): staff to develop a City-wide fee structure based on runoff contribution and consisting of the following framework:**
 - flat fees for residential and multi-residential properties,
 - flat fees for non-residential properties below a threshold property size,
 - variable fees for larger non-residential properties, and
 - reduced variable fees for non-residential properties with lower runoff potential (e.g., golf courses, agricultural, hydro corridors, etc.)
- **Resolution (4): staff to report back within funding options that include Canada Gas Tax Funds**

Oct 29, 2013 - Canada Gas Tax Revenue

- “That \$2M annually in Gas Tax revenues beginning in 2014 be approved for stormwater management funding.” (2014 – 2018)
- Gas Tax contributions will reduce annual stormwater fee revenue required.

City-wide Fee Structure

Fee Structure Based on Runoff Contribution

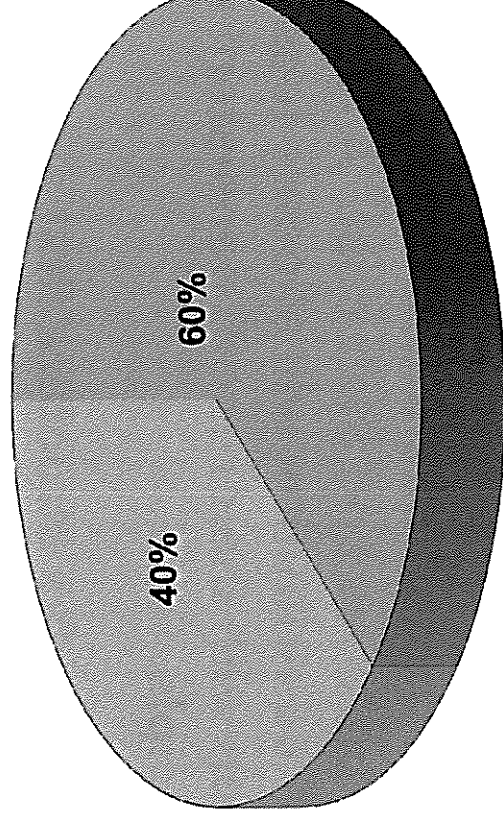
- Stormwater runoff quantities influence the size of flood control upgrades and their cost. A fee structure based on runoff contribution will allocate fees to properties in proportion with their runoff, consistent with a ‘user pay’ principle.
- The proposed fee structure first allocates fees to residential and non-residential property sectors in proportion to City-wide runoff potential.
- A detailed assessment of thousands of properties has been used to determine the proportion of high-runoff, hard surfaces in each sector.

Fee Structure Based on Runoff Contribution

- High-runoff hard surfaces include rooftops, driveways, and parking lots.
- The proportion of high-runoff surfaces City-wide is:
 - 60% Residential
 - 40% Commercial

■ Residential

■ Non-Residential



Billing System Considerations

- Staff review billing options
 - Tax Roll system based on property ownership
 - PowerStream billing based on water accounts
- Staff recommends **PowerStream billing based on water accounts**:
 - consistency with other City utility billing (water and wastewater)
 - focus on serviced, developed, high-runoff properties (excludes many rural and vacant properties)
 - aggregated billing to bulk water meters (efficiencies in avoiding many small invoices to multi-residential properties).
 - greater public understanding

Recommended Fee Structure

- Staff reviewed the fee framework along with PowerStream billing method, the recommended fee structure is generally consistent with previous Council direction:
 - flat fees for residential
 - variable fees non-residential properties

City-wide Stormwater Fee

Fee Calculation Assumptions

- **Project cost estimated based on available studies only**
- **Current project cost is now estimated at \$186M (2014 dollars) over 30 years taking into account inflation, growth, internal project management for construction projects, internal account management, external billing contract costs, and an allowance for non-recoverable accounts**
- **Input and output variables including Gas Tax funding to be reviewed every 5 years**

Fee Requirements

- After 2014 the five year cycle the projected annual funding requirements are:
 - 2015 : \$6.20M (\$2M Gas Tax + \$4.20M fees)
 - 2016 : \$6.34M (\$2M Gas Tax + \$4.34M fees)
 - 2017 : \$6.46M (\$2M Gas Tax + \$4.46M fees)
 - 2018 : \$6.59M (\$2M Gas Tax + \$4.59M fees)
 - 2019 : \$6.72M (\$2M Gas Tax + \$4.72M fees)*
- It is recommended that the stormwater fees and rates be set based on the average funding requirement over the five year project cycle of \$6.5M.

* \$2M of Gas Tax funding subject to Council approval beyond 2014-2018

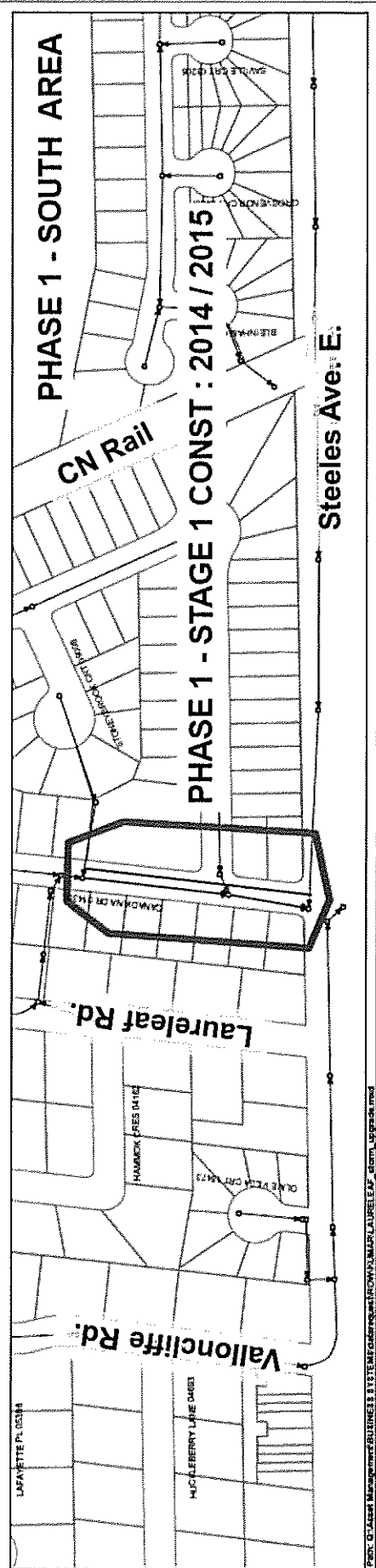
Proposed Stormwater Charge

- Each residential property will be charged a \$36 flat fee per unit.
- Non-Residential (Industrial, Commercial, Institutional) accounts will be charged at a rate of \$21/\$100,000 CVA value.
- Examples Non-Residential Fees:
 - i. Small Restaurant - \$142 / year
 - ii. Office Building - \$6,700 / year
 - iii. Large Shopping Mall - \$64,000 / year

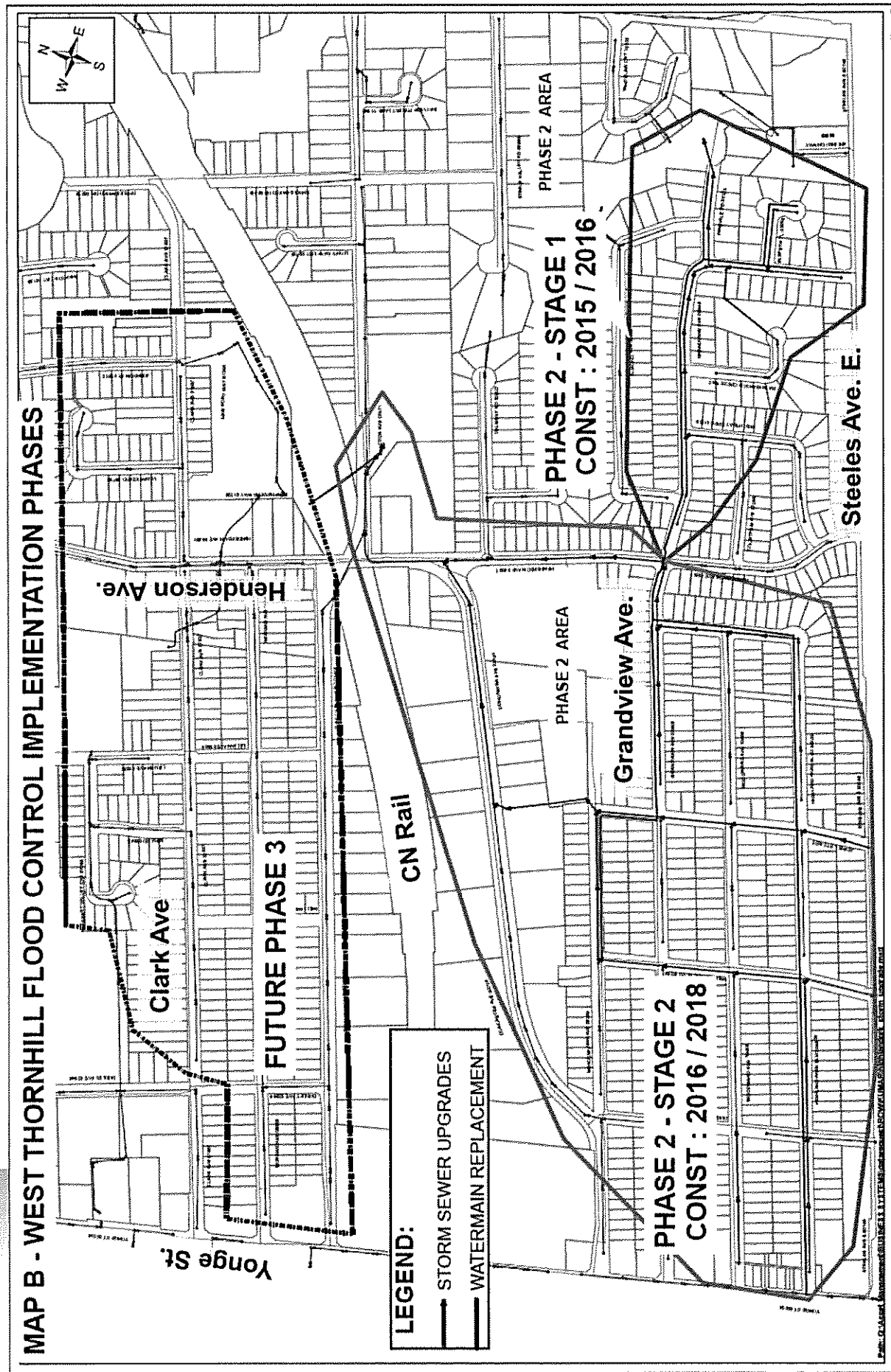
Next Steps

- **Develop Implementation Plan (Q1, 2014)**
 - Develop communication strategy and report back to Council in Q1, 2014
 - Billing system set-up, programming and testing Q4, 2014 to Q1 2015
 - Billing implementation to begin Q2, 2015

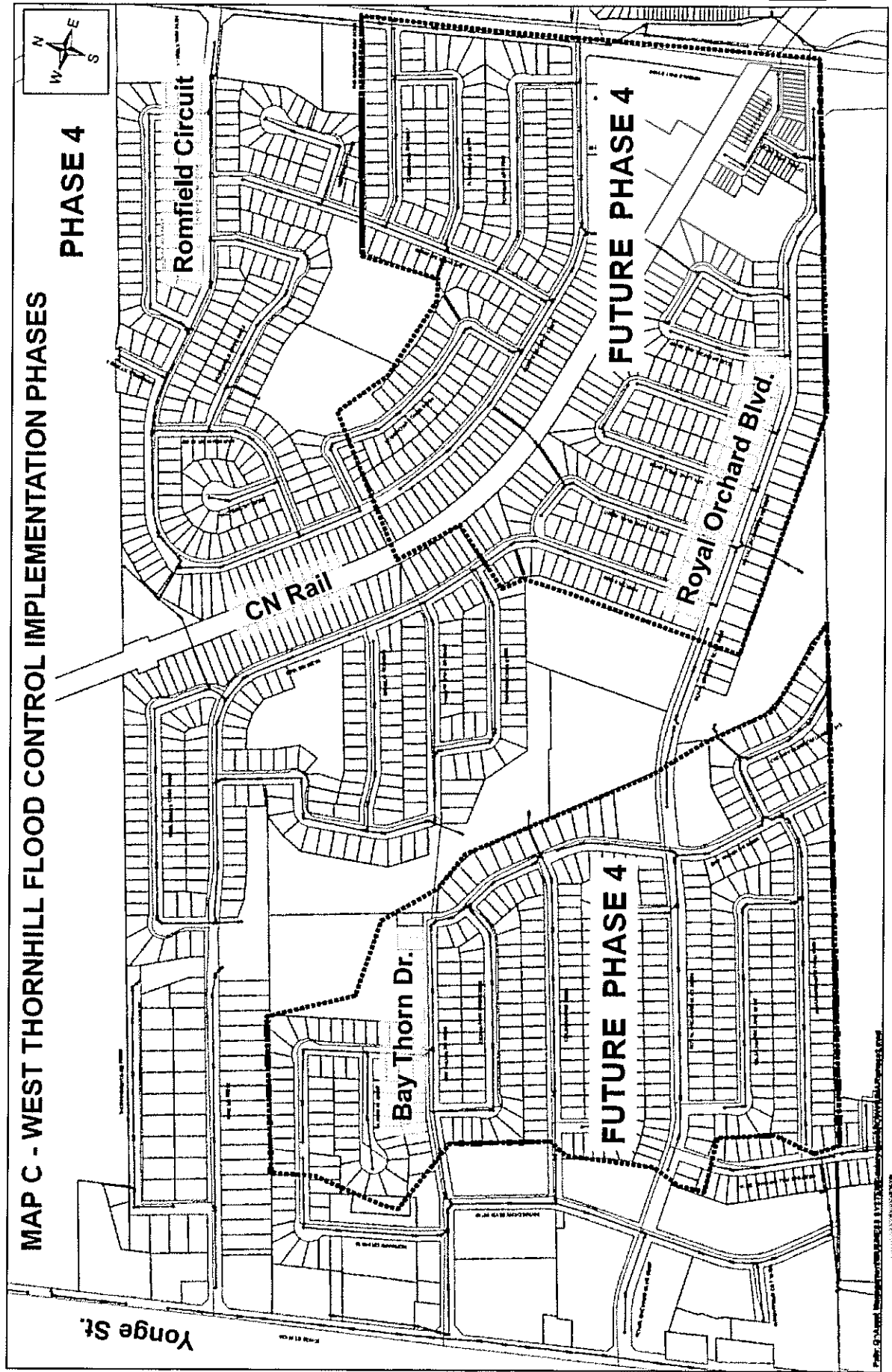
Capital Improvement Implementation Plan



West Thornhill Phase 2 and 3 Implementation



West Thornhill Phase 4 Implementation



Recommendations

- **AND THAT** the annual fee revenue target be set at \$6.5 M for the five year project cycle and that the funding requirement be updated every five years to reflect updated project costs estimates, Gas Tax allocation, inflation, growth, administration costs, and revenue collection;
- **AND THAT** stormwater fees be charged to all properties with a water account and that staff be authorized to develop the billing system with PowerStream, and to negotiate a contract for account management, billing, revenue collection, and customer support;

Recommendations

- **AND THAT** stormwater fee revenue be collected by sector in proportion to City-wide runoff contributions of 60% residential and 40% non-residential;
- **AND THAT** the fee flat fee for residential and multi-residential properties units be set at \$36 per unit per year for the first 5 years;
- **AND THAT** the variable fee for non-residential properties be set based on a rate of \$21/\$100,000 current value assessment;
- **AND THAT** staff report back in Q1 2014 on an implementation plan and communications strategy for implementation of the City-wide fee;
- **AND THAT** staff be authorized and directed to do all things necessary to give effect to this resolution.