



Report to: General Committee

Date Report Authored: Nov 17, 2014

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**SUBJECT:** Status Update on Implementation of Stormwater Fee

**PREPARED BY:** Shane Manson, Senior Manager, Revenue & Property Tax

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**RECOMMENDATION:**

1. THAT the report titled “Status Update on Implementation of Stormwater Fee” be received;
2. AND THAT the Council- approved Stormwater Fee of \$47 per residential property be included on the property tax bill effective 2015;
3. AND THAT the existing Council resolution be amended to include all residential properties in the City of Markham Stormwater Fee;
4. AND THAT implementation of the non-residential Stormwater Fee be delayed until completion of the communication engagement process with the business community to seek input on methods of apportioning the non-residential share (40%) of the City-wide flood control program;
5. AND THAT Staff report back on the results of the engagement process;
6. AND THAT a ‘Stormwater Fee’ by-law be established to levy a Stormwater Fee;
7. AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to:

1. Obtain Council approval to proceed with the billing of the previously endorsed Stormwater Fee of \$47 per residential property;
2. Amend the existing November 2013 resolution #3, to include all residential properties be subject to the Stormwater Fee, (Appendix B of this report); and
3. Amend the existing November 2013 resolution #3, to provide the authority to bill the residential Stormwater Fee on the 2015 property tax bill, (Appendix B of this report); and
4. To establish a by-law to levy a Stormwater Fee to fund the program. (Appendix A - Stormwater Fee By-Law 2014-XXX).

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**BACKGROUND:**

The August 19, 2005 storm resulted in extensive flood damage to hundreds of Markham homes and businesses and impacted local and arterial roadways. In response, the City initiated flood remediation studies for two of the most heavily affected neighbourhoods:

- a) West Thornhill (primarily residential)
- b) Don Mills Channel (primarily commercial near Woodbine corridor)

Class Environmental Assessment (Class EA) studies were initiated for these most-affected areas to identify flood risk reduction works, to engage residents and businesses, and to explore funding options for improvements. The West Thornhill Class EA, completed in 2009 and approved by the Ministry of Environment in 2011, identified the level of service for upgrades and estimated costs, and but did not address funding sources. The Don Mills Channel Class EA was put on hold pending completion of a stormwater funding feasibility study that would address requirements of a City-wide flood control program. Funding study results were presented through a series of workshops and Council meetings in 2011 and 2102 in which Staff presented flood control service level options, and funding requirements for City-wide improvements. Funding source options, including local area and City-wide sources, were explored and focus group feedback on stormwater funding was also presented.

In February 2013, Council approved a long-term, 30-year, flood control program which sets funding requirements considering the level of service for drainage systems. Council also identified City-wide fees and Federal Gas Tax Funds as the funding sources for flood control improvements. The adoption of City-wide fees recognizes that proposed improvements will contribute to overall community benefits.

In June 2013, Council directed Staff to develop an implementation plan for the long-term flood control strategy and a City-wide fee structure based on runoff contribution. On November 2013 Council approved a City-wide Stormwater Fee structure consisting of flat and variable fees. The approved fee structure allocates fees to residential and non-residential property sectors in proportion to City-wide runoff potential. The proportion of high-runoff surfaces City-wide is 60% residential and 40% non-residential. Staff recommended that the PowerStream billing system be used to collect the Stormwater Fee. (Refer to Appendix B – November 2013 resolution).

The first phase of the remediation includes storm sewer capacity upgrades in the Bayview Glen neighborhood and the second phase includes the Grandview area. Phase 1 and 2 are proposed to be completed in a 5-year period by 2018.

In June 2014, Council approved the award of tender for West Thornhill Phase 1A storm sewer and watermain replacement. The total flood control program cost was revised to an estimated \$234M (in 2014 dollars). Gas tax funding of \$2M/year for the first five (5) years was approved as a partial funding source by Council. A dedicated fee required for sustainable funding of flood control and protection of public infrastructure and private property was established for both sectors. (Refer to Appendix C – June 2014 resolution).

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**OPTIONS/ DISCUSSION:**

In the spring of 2013, City Staff conducted five (5) Community Information meetings to inform residents why a Flood Control program was required. Staff provided residents with information detailing the 30-year plan, the related costs and the funding options. These public consultation meetings were well attended, largely by residential property owners. As noted in the June 10, 2013 General Committee Report “Stormwater Funding and City-wide Fee Consultation”, many residents expressed support for the City-wide fee. There has been no feedback from residents to suggest the City requires further consultation on the residential flat fee structure prior to initiation of billing. Therefore Staff recommends proceeding with billing the Stormwater Fee for residential properties in 2015, as approved by Council.

As indicated at the November 2013 meeting of Council, Staff recommended that the stormwater charge be included with the water bill. Inclusion of the Stormwater Fee on the PowerStream water bills was expected to commence in 2015, with the first year billing to be retroactive to January 1<sup>st</sup> to ensure adequate funding for the flood control program. PowerStream is currently upgrading its overall billing system, which is now not anticipated to be completed until the third quarter of 2015.

Through discussions with PowerStream, we have been advised that the integration and implementation of Markham’s Stormwater Fee billing can only be completed after their own system upgrade is complete. Therefore, it is now not feasible for the City to bill the Stormwater Fee in 2015 through PowerStream. According, staff is proposing that the residential Stormwater Fee be included as a separate item on the 2015 tax bill.

Through the initial communication strategy for the stormwater program, both Staff and Council members have received feedback from the business community expressing concern with respect to the allocation of costs to the non-residential sector, and the need for more extensive consultation. A public meeting was held for the business sector on May 22, 2014; however, it was not well attended.

Given the delay in the PowerStream system upgrade, Staff recommend that implementation of the Stormwater Fee for non-residential property owners be deferred until further consultation with the business community is complete. City Staff will report back to Council on the timing of the non-residential Stormwater Fee initiation upon completion of the additional consultation with business, and the Powerstream system upgrade schedule.

Residential and non-residential properties will still fund the City-wide program over the 30-year horizon; the only difference is that of timing; residential properties will begin contributing in 2015 to fund their 60% of the overall flood control program. As approved by Council, the non-residential properties will contribute 40% towards the total flood control program. The engagement with business will ensure their awareness of the new Stormwater Fee and also provide an opportunity to seek feedback on the methodology for apportioning the 40% share amongst the non-residential sector.

City Staff recommends a Stormwater Fee by-law be established to implement a flood control program and levy a Stormwater Fee to fund the program for residential properties effective 2015. (Refer to Appendix A - Stormwater Fee By-Law **2014-XXX**)

Staff will initiate an outreach program with the non-residential sector on the following;

- a) Purpose of the Stormwater Fee
- b) Indicate City-wide benefit
- c) Indicate benefits to businesses / residents
- d) Council approved City-wide charge
- e) Current approved methodology for fee distribution
- f) Other potential methodologies for fee distribution
- g) Obtain feedback

**FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)**

The 2015 Stormwater Fee of \$47/year per residential property will be added to the final tax bill in June 2015.

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

This report is consistent with the Building Markham’s Future Together strategic priority on the “Growth Management” and “Environment” as it considers sustainability on the built environment.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Legal department has been consulted and their comments have been incorporated.

**RECOMMENDED BY:**

10/11/2014

11/10/2014

X 

Phoebe Fu  
Director, Asset Management

X 

Brenda Librecz  
Commissioner, Fire and Community Services

10/11/2014

10/11/2014

X 

Joel Lustig  
Treasurer

X 

Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

Appendix ‘A’ – Stormwater Fee By-Law **2014-XXX**

Appendix ‘B’ – Resolution of Council Meeting No.26, Dated November 26, 2013

Appendix ‘C’ – Resolution of Council Meeting No.14, Dated June 24 & 25, 2014