



# Stormwater Rate Structure Review

Town of Cobourg

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Watson & Associates Economists Ltd.  
905-272-3600  
[info@watsonecon.ca](mailto:info@watsonecon.ca)



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# Report



# Chapter 1

## Introduction



# 1. Introduction

## 1.1 Study Purpose

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The Town of Cobourg (Town) implemented a dedicated stormwater fee in 2022. The implementation of a dedicated stormwater rate was preceded by the preparation of an asset management plan for the Town's stormwater infrastructure and a detailed assessment of alternative funding approaches to support the Town's stormwater management program (Town of Cobourg Stormwater Asset Management Plan and Funding Assessment, Watson & Associates Economist Ltd., April 2022).

Following the implementation of the dedicated stormwater fee, the Town received several inquiries and feedback from Council and residents. Most of those inquiries pertained to the treatment of large residential and vacant land parcels under the Town's current rate structure. In response to those inquiries, the Town is seeking to identify and review potential refinements of the rate structure to improve equity while fully funding the Town's current and future stormwater infrastructure needs. It is noted that a re-examination of billing impacts and rate structure refinements is common following the initial implementation of a new fee, as there is typically better data available once a billing database has been developed.

Watson & Associates Economists Ltd. (Watson) was retained by the Town to undertake a stormwater rate structure review. The overall objective of this study is to provide equitable stormwater rates to customers, in order to provide for the long-term protection and enhancement of water resources in the Town through effective and efficient stormwater management infrastructure capital construction, operations, and maintenance.

The report herein provides a history of the Town's existing rate structure, challenges with the current model, alternative rate structures, and policy considerations.



# Chapter 2

## Stormwater Rate Structure



## 2. Stormwater Rate Structure

### 2.1 Current Rate Structure

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Prior to 2022, stormwater services in the Town were funded primarily from the property tax levy, with some additional funding for capital renewal and upgrade/expansion secured through grants and development charges. The implementation of a dedicated stormwater rate structure in 2022 was intended to improve equity by shifting the appropriate stormwater cost burden to properties based on relative impervious areas. This rate structure takes into account the average impervious characteristics of each property type and then considers site areas for the charge; hence the rate for each property is based on individual property size and type.

Runoff coefficients have been utilized as a proxy for impervious areas of different property types. These coefficients reflect the average imperviousness of different property types such that property types with a higher runoff coefficient contribute more stormwater runoff. The runoff coefficients by property type are summarized in Table 2-1.

Table 2-1: Runoff Coefficients Utilized in Current Rate Structure

| Property Type                | Runoff Coefficient |
|------------------------------|--------------------|
| Commercial                   | 0.90               |
| Industrial                   | 0.80               |
| Institutional                | 0.75               |
| Agricultural/Vacant          | 0.20               |
| Residential (Low Density)    | 0.45               |
| Residential (Medium Density) | 0.60               |
| Residential (High Density)   | 0.75               |

As an example, a runoff coefficient of 0.20 indicates that on average, 20% of stormwater would run off the property and into the Town's stormwater system, whereas 80% would be absorbed by the property or removed through evaporation. It is noted that these runoff coefficients are representative of the average imperviousness characteristics of properties in each respective property type. The above runoff



coefficients are based on engineering standards utilized in Ontario and throughout Canada.

The total revenue requirement was distributed by using the total land area of the Town and applying the runoff coefficient by property type to derive a stormwater rate per hectare of land area as summarized in Table 2-2.

Table 2-2: 2024 Stormwater Rates

| Property Type                | Annual Rate per Hectare |
|------------------------------|-------------------------|
| Commercial                   | \$1,872.70              |
| Industrial                   | \$1,560.58              |
| Institutional                | \$1,664.62              |
| Agricultural/Vacant          | \$416.15                |
| Residential (Low Density)    | \$936.35                |
| Residential (Medium Density) | \$1,248.46              |
| Residential (High Density)   | \$1,560.58              |

Relative to the property tax mechanism, which was used previously, the current rate structure improved the equity and fairness of the rate by shifting the cost burden of stormwater management to non-residential and multi-residential properties with higher imperviousness. In addition to considering the property type, the new rate structure also considered the size of each individual property by calculating the rate based on each property's area.

Summary statistics of annual bills under the Town's existing rate structure are provided in Table 2-3 below. Approximately 93% of properties are being charged less than \$200 in 2024. Approximately 1.3% of properties are being charged more than \$2,000 in 2024. As expected, properties with annual charges greater than \$2,000 are concentrated in the Commercial, Institutional, and Industrial categories. However, there are also 27 Agricultural/Vacant, and 6 Low-density Residential properties with annual charges greater than \$2,000.





Table 2-3: Summary Statistics – Current Rate Structure

| Property Type                | Total Number of Properties | Current Rate Structure              |            |              |                                       |            |              | Highest Bill |
|------------------------------|----------------------------|-------------------------------------|------------|--------------|---------------------------------------|------------|--------------|--------------|
|                              |                            | Properties with Annual Bill < \$200 |            |              | Properties with Annual Bill > \$2,000 |            |              |              |
|                              |                            | #                                   | % of Total | Average Bill | #                                     | % of Total | Average Bill |              |
| Commercial                   | 345                        | 181                                 | 52%        | \$93         | 29                                    | 8%         | \$5,356      | \$18,612     |
| Institutional                | 26                         | 2                                   | 8%         | \$120        | 8                                     | 31%        | \$5,964      | \$12,896     |
| Industrial                   | 74                         | 8                                   | 11%        | \$59         | 36                                    | 49%        | \$8,012      | \$41,664     |
| Agricultural/Vacant          | 420                        | 327                                 | 78%        | \$45         | 27                                    | 6%         | \$8,952      | \$29,412     |
| Residential (low density)    | 5,735                      | 5,523                               | 96%        | \$64         | 6                                     | 0%         | \$2,888      | \$5,873      |
| Residential (medium density) | 539                        | 527                                 | 98%        | \$44         | 0                                     | 0%         | \$0          | \$1,147      |
| Residential (high density)   | 1,394                      | 1,359                               | 97%        | \$31         | 3                                     | 0%         | \$4,779      | \$7,711      |



## 2.2 Challenges with Current Rate Structure

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Although the newly adopted rate structure improves equity and fairness relative to the property tax mechanism, the Town received feedback from residents and identified certain challenges as summarized below:

- Perceived inequity of charging the same rate for every unit of land area, irrespective of the total parcel size. This has been noted in particular with respect to large vacant and residential parcels.
- Property owners of vacant and rural residential land question why they are being charged for stormwater as they believe they manage their own runoff onsite and don't use Town-owned stormwater infrastructure.

Through this study process, the Town has sought to address these challenges by reviewing options for potential adjustments to the current rate structure. The options reviewed are presented in the subsequent sections.

## 2.3 Rate Structure Alternatives

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As part of this study, the Town and the consulting team explored various rate structure alternatives based on current challenges and best practices across Ontario.

The scope of this study did not include a comprehensive re-examination of all possible funding models and rate structures, as that was addressed in the Town's Stormwater Asset Management Plan and Funding Assessment in 2022. Instead, this study focused on a scoped review of options to address the concerns raised regarding large residential and vacant properties.

Through a review of stormwater rate structure in use by municipalities across Ontario, two alternative rate structures were identified for further analysis. The two alternative rate structures include:

- Alternative A – variable rates (by property type) applied to total land area, with caps/maximums on the total amount of chargeable land area.
- Alternative B – flat rates for all properties with additional charges applicable to land area in excess of a set threshold.



There are three municipal examples that were used to inform these alternative rate structure alternatives, and a summary of each is provided in the following subsections.

### **2.3.1 City of Richmond Hill**

The City of Richmond Hill established a dedicated stormwater rate in 2013, making it one of the first municipalities in Ontario to establish such fee. The initial rate was based on a two-tier flat rate structure, differentiating residential and non-residential properties given their relative contributions to the city's stormwater system. Prior to the establishment of this rate, the city was funding stormwater management capital and operating needs through property taxes.

Although the initial flat-rate structure provided a simple method of charging for stormwater management from an administrative perspective, this structure did not provide a strong enough link between the impact on the city's stormwater system and the amount paid by each user. Recognizing this, in 2022 the city began exploring different rate structures to improve fairness of the rate while improving financial sustainability of the stormwater management system. In 2023, Council approved a new rate structure which was implemented on April 1, 2024.

Table 2-4 outlines the city's current rate structure. The rate structure provides variable rates (by property type) which are applied to each property's area. There is a cap of 10 acres on the maximum chargeable land area per property. Additionally, residential properties larger than one acre get charged at the vacant land rate for areas in excess of 1 acre.



Table 2-4: 2024 Stormwater Charges – City of Richmond Hill

| Property Type                                         | Rate per Hectare (Annual) | Capping                                          |
|-------------------------------------------------------|---------------------------|--------------------------------------------------|
| Residential (up to one acre)                          | \$1,186.18                |                                                  |
| Residential (greater than one acre)                   | \$236.81                  | 10 acres; excluding area under other subsections |
| Residential - Semi Detached/Link Home                 | \$1,305.66                |                                                  |
| Residential - Row/Town Home                           | \$1,660.87                |                                                  |
| Commercial/Industrial                                 | \$2,253.96                |                                                  |
| Institutional                                         | \$1,660.87                |                                                  |
| Multi-Residential                                     | \$2,017.15                |                                                  |
| Vacant Land                                           | \$236.81                  | 10 acres; excluding area under other subsections |
| Farmland                                              | \$236.81                  | 10 acres; excluding area under other subsections |
| Golf Course (club house, parking, driveway, pro-shop) | \$2,135.56                |                                                  |
| Golf Course (playing area, cart paths)                | \$356.29                  | 10 acres; excluding area under other subsections |

### 2.3.2 City of London

The City of London was also one of the earliest adopters of a stormwater fee in Ontario. The city funds stormwater services using a rate structure with two components. The first component is a flat charge applicable to all properties. The flat charge is lower for residential properties that do not have a storm sewer within 90 metres of the property. The second component is a charge per hectare of land area, applicable to all land greater than 0.4 hectares. As summary of the city's 2024 stormwater charges is provided in Table 2-5.



Table 2-5: 2024 Stormwater Charges – City of London

| Property Type & Size                                                                              | Monthly Stormwater Charge |
|---------------------------------------------------------------------------------------------------|---------------------------|
| Residential, Land area equal to or below 0.40 hectares without storm sewer within 90m of property | \$14.45                   |
| Land area equal to or below 0.40 hectares                                                         | \$19.22                   |
| Land area above 0.40 hectares                                                                     | \$159.99/hectare          |

### 2.3.3 Municipality of Middlesex Centre

Similar to the City of London, the Municipality of Middlesex Centre funds stormwater services using a rate structure with two components. The first component is a flat charge applicable to all properties within the municipality's settlement areas. The second component is a charge per hectare of land area, applicable to all land greater than 0.4 hectares. In contrast to the City of London, the Municipality of Middlesex Centre only imposes the second component on industrial, commercial, and institutional properties. As summary of the municipality's 2024 stormwater charges is provided in Table 2-6.

Table 2-6: 2024 Stormwater Charges – Municipality of Middlesex Centre

| Property Type & Size                                                   | Monthly Stormwater Charge |
|------------------------------------------------------------------------|---------------------------|
| Base monthly rate for all properties within settlement areas           | \$16.55                   |
| Industrial, Commercial, and Institutional Land area above 0.4 hectares | \$46.91/hectare           |



# Chapter 3

## Rate Structure Refinements



## 3. Rate Structure Refinements

This chapter presents the results of the two alternative rate structures that were reviewed as part of this study. The rate impacts were assessed using an overall revenue target of approximately \$1.49 million, which is what the Town's current rate structure is expected to generate in 2024.

### 3.1 Alternative Rate Structure A

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Alternative Rate Structure A was developed to examine the impact of imposing a "cap" on the total amount of chargeable land area per property, for properties classified as agricultural/vacant or residential (low and medium density), based on the MPAC property code. As noted earlier, a similar rate structure is currently utilized by the City of Richmond Hill.

A 10-acre (4.04686 hectare) cap on vacant/agricultural properties would be recommended under this rate structure, as the increase in stormwater runoff above that size is considered nominal.

The same cap (i.e., 4.04686 hectares) is recommended for residential properties (low and medium density). Additionally, it is recommended that land in excess of 1 acre (0.40469 hectare) would be charged at the vacant/agricultural rate.

Table 3-1 provides a comparison of the annual stormwater rates under the Town's current rate structure and the calculated rates under Alternative Rate Structure A. The annual stormwater rates per hectare of land area would be approximately 17.2% higher under Alternative Rate Structure A.

Summary statistics of annual bills under Alternative Rate Structure A are provided in Table 3-2. Due to the 10-acre (4.04686 hectare) cap on vacant/agricultural properties, there would be no properties in this category with annual charges more than \$2,000 (based on 2024 rates). Due to the 10-acre cap on low and medium density residential properties, combined with the practice of charging land in excess of 1 acre (0.40469 hectare) at the vacant/agricultural rate, there would only be one low-density residential property with annual charges greater than \$2,000.



Table 3-1: Comparison of Annual Stormwater Rates under Current Rate Structure and Alternative Rate Structure A

| Current Rate Structure       |                          | Alternative Rate Structure A                               |                  |                                   |
|------------------------------|--------------------------|------------------------------------------------------------|------------------|-----------------------------------|
| Property Type                | Current Rate per Hectare | Property Type                                              | Rate per Hectare | Maximum (based on land area caps) |
| Commercial                   | \$1,872.70               | Commercial                                                 | \$2,195.15       | N/A                               |
| Institutional                | \$1,560.58               | Institutional                                              | \$1,829.29       | N/A                               |
| Industrial                   | \$1,664.62               | Industrial                                                 | \$1,951.24       | N/A                               |
| Agricultural/Vacant          | \$416.15                 | Agricultural/Vacant - up to 4.04686 hectares               | \$487.81         | \$1,974.10                        |
| Residential (low density)    | \$936.35                 | Residential (low density) - up to 0.40469 hectare          | \$1,097.57       | \$2,220.87                        |
|                              |                          | Residential (low density) - 0.40469 to 4.04686 hectares    | \$487.81         |                                   |
| Residential (medium density) | \$1,248.46               | Residential (medium density) – up to 0.40469 hectare       | \$1,463.43       | \$2,368.92                        |
|                              |                          | Residential (medium density) - 0.40469 to 4.04686 hectares | \$487.81         |                                   |
| Residential (high density)   | \$1,560.58               | Residential (high density)                                 | \$1,829.29       | N/A                               |





Table 3-2: Summary Statistics – Alternative Rate Structure A

| Property Type                | Total Number of Properties | Alternative Rate Structure A        |            |              |                                       |            |              | Highest Bill |
|------------------------------|----------------------------|-------------------------------------|------------|--------------|---------------------------------------|------------|--------------|--------------|
|                              |                            | Properties with Annual Bill < \$200 |            |              | Properties with Annual Bill > \$2,000 |            |              |              |
|                              |                            | #                                   | % of Total | Average Bill | #                                     | % of Total | Average Bill |              |
| Commercial                   | 345                        | 161                                 | 47%        | \$96         | 33                                    | 10%        | \$5,779      | \$21,818     |
| Institutional                | 26                         | 2                                   | 8%         | \$141        | 8                                     | 31%        | \$6,991      | \$15,117     |
| Industrial                   | 74                         | 7                                   | 9%         | \$50         | 36                                    | 49%        | \$9,392      | \$48,839     |
| Agricultural/Vacant          | 420                        | 313                                 | 75%        | \$46         | 0                                     | 0%         | \$0          | \$1,974      |
| Residential (low density)    | 5,735                      | 5,439                               | 95%        | \$73         | 1                                     | 0%         | \$2,221      | \$2,221      |
| Residential (medium density) | 539                        | 522                                 | 97%        | \$50         | 0                                     | 0%         | \$0          | \$843        |
| Residential (high density)   | 1,394                      | 1,357                               | 97%        | \$36         | 5                                     | 0%         | \$4,232      | \$9,039      |



## 3.2 Alternative Rate Structure B

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Alternative Rate Structure B was developed to examine the impact of charging a flat fee for all properties up to 1 acre (0.40469 hectares). Additional charges would apply to the amount of land area in excess of 1 acre (0.40469 hectares) for Commercial, Industrial, and Institutional properties.

Similar rate structures are currently utilized by the City of London and Municipality of Middlesex Centre. It should be noted, however, that Middlesex Centre only imposes stormwater fees within the urban settlement areas (see section 2.3 for further details on how these municipalities impose their stormwater fees).

Table 3-3 provides a comparison of the annual stormwater rates under the Town's current rate structure and the calculated rates under Alternative Rate Structure B. The annual flat fee would be \$104.26 per property/residential unit, and the additional charge applicable to land area in excess of 1 acre (0.40469 hectares) for Commercial, Industrial, and Institutional properties would be \$2,182.41 per hectare.

Summary statistics of annual bills under Alternative Rate Structure B are provided in Table 3-4. All residential units and all vacant/agricultural properties would be subject to an annual flat fee of approximately \$104. Therefore, there would be no properties within these categories with annual charges exceeding \$104. The proportion of Commercial, Institutional, and Industrial properties with annual charges exceeding \$2,000 would decrease from approximately 16% under the current rate structure to approximately 14% under Alternative Rate Structure B. However, the annual charges for the largest properties increase by between 12% and 34%.

It is noted that if the Town of Cobourg wishes to further pursue this rate structure, additional analysis of multi-residential properties would be required. With the data currently available, an individual condominium unit would pay the same fee as an apartment building with multiple units. If the number of units contained in multi-residential buildings could be quantified and accounted for in the rate calculations, it would have the effect of lowering the rates presented herein under Alternative Rate Structure B.



Table 3-3: Comparison of Annual Stormwater Rates under Current Rate Structure and Alternative Rate Structure B

| Current Rate Structure       |                          | Alternative Rate Structure B |                                    |                                                            |
|------------------------------|--------------------------|------------------------------|------------------------------------|------------------------------------------------------------|
| Property Type                | Current Rate per Hectare | Property Type                | Rate per Property/Residential Unit | Rate per Hectare (for property area over 0.40469 hectares) |
| Commercial                   | \$1,872.70               | Commercial                   | \$104.26                           | \$2,182.41                                                 |
| Institutional                | \$1,560.58               | Institutional                | \$104.26                           | \$2,182.41                                                 |
| Industrial                   | \$1,664.62               | Industrial                   | \$104.26                           | \$2,182.41                                                 |
| Agricultural/Vacant          | \$416.15                 | Agricultural/Vacant          | \$104.26                           | N/A                                                        |
| Residential (low density)    | \$936.35                 | Residential (low density)    | \$104.26                           | N/A                                                        |
| Residential (medium density) | \$1,248.46               | Residential (medium density) | \$104.26                           | N/A                                                        |
| Residential (high density)   | \$1,560.58               | Residential (high density)   | \$104.26                           | N/A                                                        |



Table 3-4: Summary Statistics – Alternative Rate Structure B

| Property Type                | Total Number of Properties | Alternative Rate Structure B        |            |              |                                       |            |              | Highest Bill |
|------------------------------|----------------------------|-------------------------------------|------------|--------------|---------------------------------------|------------|--------------|--------------|
|                              |                            | Properties with Annual Bill < \$200 |            |              | Properties with Annual Bill > \$2,000 |            |              |              |
|                              |                            | #                                   | % of Total | Average Bill | #                                     | % of Total | Average Bill |              |
| Commercial                   | 345                        | 269                                 | 78%        | \$104        | 22                                    | 6%         | \$6,633      | \$20,912     |
| Institutional                | 26                         | 10                                  | 38%        | \$113        | 8                                     | 31%        | \$7,562      | \$17,256     |
| Industrial                   | 74                         | 21                                  | 28%        | \$110        | 33                                    | 45%        | \$10,439     | \$53,846     |
| Agricultural/Vacant          | 420                        | 420                                 | 100%       | \$104        | 0                                     | 0%         | \$0          | \$104        |
| Residential (low density)    | 5,735                      | 5,735                               | 100%       | \$104        | 0                                     | 0%         | \$0          | \$104        |
| Residential (medium density) | 539                        | 539                                 | 100%       | \$104        | 0                                     | 0%         | \$0          | \$104        |
| Residential (high density)   | 1,394                      | 1,394                               | 100%       | \$104        | 0                                     | 0%         | \$0          | \$104        |



# Chapter 4

## Policy Review



## 4. Policy Review

In addition to the refinements to the existing rate structure, a review and detailed survey work has been undertaken to better understand best practices with respect to stormwater rate policies. The following sections outline the results of the survey work with respect to exemptions and credit/rebate/subsidy programs.

### 4.1 Exemption Policies

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As part of this study, a survey of other Ontario municipalities was undertaken to assess best practices with respect to exemption policies. The detailed survey is provided in Table A-1 in Appendix A. A summary of the survey results is provided below.

It is noted that the Town currently exempts Town-owned facilities and schools from the stormwater fee.

#### **Conservation Lands**

From the survey undertaken, it appears that Conservation Lands are exempted with some and chargeable with others. There does not appear to be a restriction within the Conservation Lands Authority to pay municipalities for utility rates under Part XII of the Municipal Act. Most government agencies do pay for water and wastewater bills, hence stormwater would fall under a similar category.

#### **Rail Yards (e.g., CN, CP)**

The majority of surveyed municipalities charge rail yards, with the exception of Metrolinx properties, as these are generally considered Crown corporation properties.

#### **Municipal Facilities**

The Town's current practice is to exempt municipally owned properties from the stormwater rate. A majority of the surveyed municipalities exempt municipally owned facilities.



## **Places of Pilgrimage/Worship and Cemeteries**

Of the respondents, Kitchener provides a 100% grant to places of pilgrimage, while Brampton and Mississauga provide a subsidy. A majority of the municipalities surveyed charge places of pilgrimage/worship.

Cemeteries are explicitly exempt in two of the surveyed municipalities.

## **Farmland/Agricultural**

Farmland and agricultural properties are explicitly exempt in several of the surveyed municipalities (e.g., Aurora, London, Ottawa, Waterloo, Whitchurch-Stouffville). Additionally, some municipalities only impose the stormwater charge within urban settlement areas/urban growth boundaries. Since farmland/agricultural properties would often fall outside of such boundaries, they would be exempt under this policy.

It is noted that the entirety of the Town is considered a settlement area although not all of it is urbanized. Therefore, the Town does not have any land zoned as agricultural.

## **Schools/Education Lands**

Most of the surveyed municipalities exempt schools. It is noted that under the Education Act, schools are exempt from municipal fees and charges imposed under Part XII of the Municipal Act.

## **4.2 Effect of Exemption Policies**

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As noted earlier, the Town currently exempts Town-owned facilities and schools from the stormwater fee. The Town has received requests from a variety of landowners to consider additional exemptions. To illustrate the financial implications of providing additional exemptions from the stormwater fee, the rates presented in Chapter 3 under the two rate structure alternatives were re-calculated with exemptions for cemeteries, conservation lands, and railway lands. The rate impacts are presented in Table 4-1 and



Table 4-2 below. The rates under Alternative Rate Structure A would be approximately 9.2% higher with the additional exemption policies. Under Alternative Rate Structure A, the flat rate per property would be virtually unchanged with the additional exemption policies, however the additional charge applicable to land area in excess of 1 acre (0.40469 hectares) for Commercial, Industrial, and Institutional properties would be approximately 27% higher.

Table 4-1: Comparison of Annual Stormwater Rates under Alternative Rate Structure A With and Without Additional Exemption Policies

| Property Type                                              | Without Additional Exemptions |                                   | With Additional Exemptions |                                   |
|------------------------------------------------------------|-------------------------------|-----------------------------------|----------------------------|-----------------------------------|
|                                                            | Rate per Hectare              | Maximum (based on land area caps) | Rate per Hectare           | Maximum (based on land area caps) |
| Commercial                                                 | \$2,195.15                    | N/A                               | \$2,396.16                 | N/A                               |
| Institutional                                              | \$1,829.29                    | N/A                               | \$1,996.80                 | N/A                               |
| Industrial                                                 | \$1,951.24                    | N/A                               | \$2,129.92                 | N/A                               |
| Agricultural/Vacant - up to 4.04686 hectares               | \$487.81                      | \$1,974.10                        | \$532.48                   | \$2,154.87                        |
| Residential (low density) - up to 0.40469 hectare          | \$1,097.57                    | \$2,220.87                        | \$1,198.08                 | \$2,424.24                        |
| Residential (low density) - 0.40469 to 4.04686 hectares    | \$487.81                      |                                   | \$532.48                   |                                   |
| Residential (medium density) - up to 0.40469 hectare       | \$1,463.43                    | \$2,368.92                        | \$1,597.44                 | \$2,585.85                        |
| Residential (medium density) - 0.40469 to 4.04686 hectares | \$487.81                      |                                   | \$532.48                   |                                   |
| Residential (high density)                                 | \$1,829.29                    | N/A                               | \$1,996.80                 | N/A                               |





Table 4-2: Comparison of Annual Stormwater Rates under Alternative Rate Structure B With and Without Additional Exemption Policies

| Property Type                | Without Additional Exemptions       |                                                            | With Additional Exemptions          |                                                            |
|------------------------------|-------------------------------------|------------------------------------------------------------|-------------------------------------|------------------------------------------------------------|
|                              | Rate per Property/ Residential Unit | Rate per Hectare (for property area over 0.40469 hectares) | Rate per Property/ Residential Unit | Rate per Hectare (for property area over 0.40469 hectares) |
| Commercial                   | \$104.26                            | \$2,182.41                                                 | \$104.01                            | \$2,771.14                                                 |
| Institutional                | \$104.26                            | \$2,182.41                                                 | \$104.01                            | \$2,771.14                                                 |
| Industrial                   | \$104.26                            | \$2,182.41                                                 | \$104.01                            | \$2,771.14                                                 |
| Agricultural/Vacant          | \$104.26                            | N/A                                                        | \$104.01                            | N/A                                                        |
| Residential (low density)    | \$104.26                            | N/A                                                        | \$104.01                            | N/A                                                        |
| Residential (medium density) | \$104.26                            | N/A                                                        | \$104.01                            | N/A                                                        |
| Residential (high density)   | \$104.26                            | N/A                                                        | \$104.01                            | N/A                                                        |

### 4.3 Credits, Rebates, and Subsidies

As part of the benchmarking survey undertaken, Watson identified the practices of other municipalities as it relates to credits, subsidies, and rebates. The detailed survey is provided in Table A-2 in Appendix A. The following provides a high-level summary of the findings:

- **Subsidies:** 87% of the surveyed municipalities do not provide subsidies to their customers. Of the ones that do provide, the subsidies are generally for places of worship, veterans' organizations and low income/disabled individuals.
- **Rebates:** Three quarter of the surveyed municipalities (75%) do not provide rebates. The rebates offered by the remaining 25% are generally a one-time contribution towards an expenditure which reduces stormwater runoff from the property.
- **Credits:** A little over half of the surveyed municipalities do not provide credits. Of the ones that do provide credits, the majority of the credits are only for non-residential properties. The predominant measures for credits are:



- Runoff volume reduction;
- Peak flow reduction;
- Water quality treatment; and
- Assessed use to actual use.

### **4.3.1 Evaluation of Credit Program Feasibility**

Several factors need to be considered when determining whether the Town should implement and offer a credit program:

#### **Benchmarking**

Over half of the surveyed municipalities do not provide stormwater credits. Of the major municipalities providing credits, the rate structure in place is based on actual measured impervious area (e.g. Brampton and Mississauga), whereas the Town's rate structure is based on average impervious area by property type. The ability to measure reduction in stormwater runoff and apply an appropriate credit is reduced given the Town's rate structure is based on averages across property types.

For many properties, there is a significant cost associated with the works that are required in order to be eligible for a credit. As a result, most property owners would only realize a return on their investment over a very long-term time horizon. Given this consideration and based on discussions with other municipalities, many have experienced low uptake in credit programs due to the long-term payback period in addition to the maximum credit amount that is provided (e.g., up to 50% reduction).

#### **Equity Concerns**

Given that most of the credit programs provided across Ontario are only provided to non-residential property owners, any costs related to a credit program would be borne by the residential sector and other non-eligible properties. This raises concerns with respect to equity across the system.

#### **Financial/Resource Constraints**

There would be potentially significant human resource requirements to run a credit program. Additional resources would be required to run and monitor the program to ensure ongoing compliance with the requirements of the credit program.



# Chapter 5

## Summary and Next Steps



## 5. Summary and Next Steps

This report provides a review of alternative rate structures, and policy considerations with respect to the Town's stormwater fee.

The results will be presented to Council on June 26, 2024. Once Council provides direction on the preferred rate structure and exemption policies, several additional steps will need to be taken. If the Town proceeds with any changes to the current rate structure, the timing of implementation will need to be determined and transitional matters will need to be addressed (e.g., credits/refunds for properties with a lower charge relative to the current rate structure). Furthermore, the rates for 2025 and beyond will need to be recast to ensure that revenues generated continue to support the stormwater program needs, as identified in the Town's 2022 Stormwater Asset Management Plan and Funding Assessment.



# Appendices



# Appendix A

## Survey Details



# Appendix A: Survey Details

Table A-1: Exemption Policy Survey

| Property Type        | Examples from Other Municipalities                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Conservation Lands   | <p>London, Waterloo, Ajax, Whitchurch-Stouffville &amp; Middlesex Centre exempt conservation lands</p> <p>Newmarket treats conservation lands similar to vacant properties (i.e. billed at the vacant land rate)</p> <p>Aurora &amp; Hamilton - if the customer does not have a water account then charge is not applied</p> <p>Ajax, Brampton, Kitchener, Mississauga, Ottawa, St. Thomas, and Vaughan all charge Conservation Lands.</p>                                       |
| Rail Yards           | <p>Brampton classifies railway as industrial (note: Metrolinx is exempt)</p> <p>Mississauga - exemption provided to Metrolinx, however all other railways and yards are charged</p> <p>Aurora &amp; Hamilton - only charged if associated with a water billing account.</p> <p>Ajax &amp; Whitchurch-Stouffville doesn't charge any rail yards/lines (this includes CP, CN and Metrolinx)</p> <p>St. Thomas, Waterloo, Newmarket and Middlesex Centre charges all rail lines</p> |
| Municipal Facilities | <p>Vaughan, Newmarket, Markham, Waterloo, Aurora, Richmond Hill and Ajax exempt municipal facilities.</p> <p>London does charge its municipal properties with the exception of City-owned golf courses. Whitchurch-Stouffville, St. Thomas, Mississauga, Middlesex Centre, and Brampton (except City Properties without impervious surfaces) all charge municipal facilities.</p> <p>Aurora &amp; Hamilton - if the facility has a water account then they will be charged.</p>  |



| Property Type                                      | Examples from Other Municipalities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Places of Pilgrimage/Worship and Cemeteries</p> | <p>Kitchener gives a 100% grant to places of worship contingent on the implementation of a stormwater or environmental education program for their members. Brampton offers a subsidy to places of worship.</p> <p>Waterloo, St. Thomas, London, Whitchurch-Stouffville, Ajax, Middlesex Centre, Newmarket, and Vaughan, and Mississauga charge these properties.</p> <p>Aurora &amp; Hamilton - if the facility has a water account then they will be charged.</p> <p>London and Middlesex Centre exempt cemeteries. .</p> |
| <p>Farmland/ Agricultural</p>                      | <p>Aurora, London, Ottawa, Waterloo, and Whitchurch-Stouffville exempt farmland/agricultural properties.</p> <p>Middlesex Centre only imposes the stormwater charge within urban settlement areas/ which would exclude most farmland/agricultural properties.</p>                                                                                                                                                                                                                                                           |
| <p>Education Lands/Facilities</p>                  | <p>Markham, Brampton, Mississauga, Vaughan &amp; Newmarket exempt District School Board and School Authority</p> <p>St. Thomas, London, Ajax, Whitchurch-Stouffville, Middlesex Centre charge schools.</p> <p>Aurora &amp; Hamilton - if the facility has a water account then they will be charged.</p>                                                                                                                                                                                                                    |





Table A-2: Survey of Credit/Rebate/Subsidy Programs

| Municipality     | Credit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Rebate                                                                                                                                                                                | Subsidy                                                                                        |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Ajax</b>      | <b>Available to Non-res only (Combined max 50%)</b><br>- Peak Flow Reduction (30%)<br>- Water Quality Treatment (30%)<br>- Runoff Volume Reduction (25%)<br>- Pollution Prevention (5%)                                                                                                                                                                                                                                                                                                                                                                    | No Rebate Offered                                                                                                                                                                     | No Subsidy Offered                                                                             |
| <b>Aurora</b>    | No Credit Offered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | No Rebate Offered                                                                                                                                                                     | No Subsidy Offered                                                                             |
| <b>Brampton</b>  | <b>Available to Non-res and Multi-res (50% max across all categories)</b><br><b>Peak Flow Reduction (up to 40%):</b> Percent reduction of the 100-year post development flow to pre-development conditions of the site.<br><b>Runoff Volume Reduction (Up to 15%):</b> Percent capture of first 15 mm of rainfall during a single rainfall event.<br><b>Water Quality Treatment (Up to 15%):</b> Consistent with Provincial criteria for enhanced treatment.<br><b>Pollution Prevention (Up to 5%):</b> Develop and implement a pollution prevention plan. | No Rebate Offered                                                                                                                                                                     | 1. Place of Worship<br>2. Veterans' Organization<br>3. Low-income Seniors and Disabled Persons |
| <b>Cambridge</b> | TBD - City is currently in the implementation phase of establishing a dedicated stormwater rate.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                       |                                                                                                |
| <b>Guelph</b>    | <b>Available to ICI and Multi-res of 6 units or more (capped at 50%)</b><br>- Peak Flow Reduction (15%)<br>- Runoff Volume Reduction (40%)<br>- Water Quality Treatment (15%)<br>- Operations and Activities (15%)                                                                                                                                                                                                                                                                                                                                         | <b>Rebate up to \$2,000</b> - Install an approved seasonal outdoor rainwater harvesting tank and receive a one-time rebate of \$0.50/litre of tank storage (to a maximum of \$2,000). | No Subsidy Offered                                                                             |
| <b>Hamilton</b>  | No credit offered.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | N/A                                                                                                                                                                                   | N/A                                                                                            |



| Municipality     | Credit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Rebate                                                                                                                                                                                                                                                                              | Subsidy                                                                                                                                                                                                                                                               |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kitchener        | <p><b>Basic Residential Credit:</b><br/>The basic credit is earned by capturing between 200 and 800 litres of stormwater, earning a 20 per cent credit on your stormwater utility fee.</p> <p><b>Normal Residential Credit:</b><br/>The normal credit is earned by capturing between 801 and 3,200 litres of stormwater, earning a 30 per cent credit on your stormwater utility fee.</p> <p><b>Enhanced Residential Credit:</b><br/>The enhanced credit is earned by capturing more than 3,200 litres of stormwater, earning a 45 per cent credit on your stormwater utility fee.</p> <p><b>Non-res Credits:</b><br/><b>Quality Credit:</b> one of three quality credits:<br/>basic: for removing 60% of the suspended particles in your runoff - 5% credit<br/>normal: for removing 70% of the suspended particles in your runoff - 10% credit<br/>enhanced: for removing 80% of the suspended particles in your runoff - 15% credit<br/><b>Quantity credit:</b> This credit is based on the amount of impervious area that directs water to an approved management practice. The maximum quantity credit is 25%.<br/><b>Education Credit:</b> Education credits are available for non-residential property owners. To earn the 5% credit: educate employees, the public or students about flood prevention and pollution reduction.</p> | No Rebate Offered                                                                                                                                                                                                                                                                   | No Subsidy Offered                                                                                                                                                                                                                                                    |
| London           | No Credit Offered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | No Rebate Offered                                                                                                                                                                                                                                                                   | No Subsidy Offered                                                                                                                                                                                                                                                    |
| Markham          | No Credit Offered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p><b>3 Private Plumbing Protection Rebate Program:</b><br/>1. Backwater Valve Installation (Indoor \$1,750, Outdoor \$2,000)<br/>2. Weeping Tile Disconnection and Sump Pump Installation (\$3,000 - \$5,000)<br/>3. Sanitary and Storm Lateral Reclining and Repair (\$2,500)</p> |                                                                                                                                                                                                                                                                       |
| Middlesex Centre | No Credit Offered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | No Rebate Offered                                                                                                                                                                                                                                                                   | No Subsidy Offered                                                                                                                                                                                                                                                    |
| Mississauga      | <p><b>Credit offered for businesses or multi-res properties (cannot exceed 50%)</b><br/>- Peak Flow Reduction (up to 40%)<br/>- Water Quality Treatment (up to 30%)<br/>- Runoff Volume Reduction (up to 30%)<br/>- Operations and Activities (up to 20%)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | No Rebate Offered                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>- Places of worship</li> <li>- Veterans' Organization Properties</li> <li>- Working Farms</li> <li>- Single Residential Properties or Condo Units owned and occupied by individuals who receive property tax rebate</li> </ul> |



| Municipality                  | Credit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Rebate                                                                                                                                                                                                                                                                                              | Subsidy            |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>Newmarket</b>              | <p>Credit offered for Commercial and Industrial property owners who implement or will implement Best Management Practices (BMP's) that meet specific evaluation criteria:</p> <p><b>Low Class Rate</b> - 1. Reduce existing Peak Flow Rate by a minimum of 60% up to and including the 1:100 year storm and; 2. Capture and infiltrate the first 20mm of each storm event. Low class rate applied to area treated that meets the evaluation criteria</p> <p><b>Medium Class Rate</b> - 1. Reduce existing Peak Flow Rate by 30% for up to and including the 1:100 year storm and; 2. Capture and infiltrate the first 10mm of each storm event. Medium class rate applied to area treated that meets the evaluation criteria.</p> <p><b>Pollution Prevention</b> - 5% reduction</p> <p><b>Significant Green Space:</b> Low class rate applied to green space area</p> | <p><b>Residential Rebate</b><br/>The Town will cover an additional \$100 towards the purchase prices of one tree per property through the Backyard Tree Planting Program.</p>                                                                                                                       | No Subsidy Offered |
| <b>Ottawa</b>                 | No Credit Offered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>Downspout Redirection (75% of eligible costs up to a max of \$1,000)<br/>Soakaway Pits (\$10/sq.m of directly connected impervious area to a max of \$2,500)<br/>Permeable Pavements (\$50/sq.m of installed surface area to a max of \$5,000)<br/>Certified Fusion Landscape Design (\$500)</p> | No Subsidy Offered |
| <b>St. Thomas</b>             | No Credit Offered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No Rebate Offered                                                                                                                                                                                                                                                                                   | No Subsidy Offered |
| <b>Vaughan</b>                | No Credit Offered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No Rebate Offered                                                                                                                                                                                                                                                                                   | No Subsidy Offered |
| <b>Waterloo</b>               | <p>Single Homes- Residential properties qualify for a credit by implementing an approved stormwater management practice on their property. These are calculated based on the total potential volume of rainwater captured and diverted from the stormwater system: 200-400 litres - 9%, 401-800 litres - 18%, 801-2000 litres - 27%, 2001-3200 litres - 36%, &gt;3201 litres - 45%</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No Rebate Offered                                                                                                                                                                                                                                                                                   | No Subsidy Offered |
| <b>Whitchurch-Stouffville</b> | No Credit Offered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No Rebate Offered                                                                                                                                                                                                                                                                                   | No Subsidy Offered |
| <b>Windsor</b>                | TBD - City is currently in the implementation phase of establishing a dedicated stormwater rate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                     |                    |