

Stormwater Fee Implementation Considerations

Council Workshop
June 2, 2024

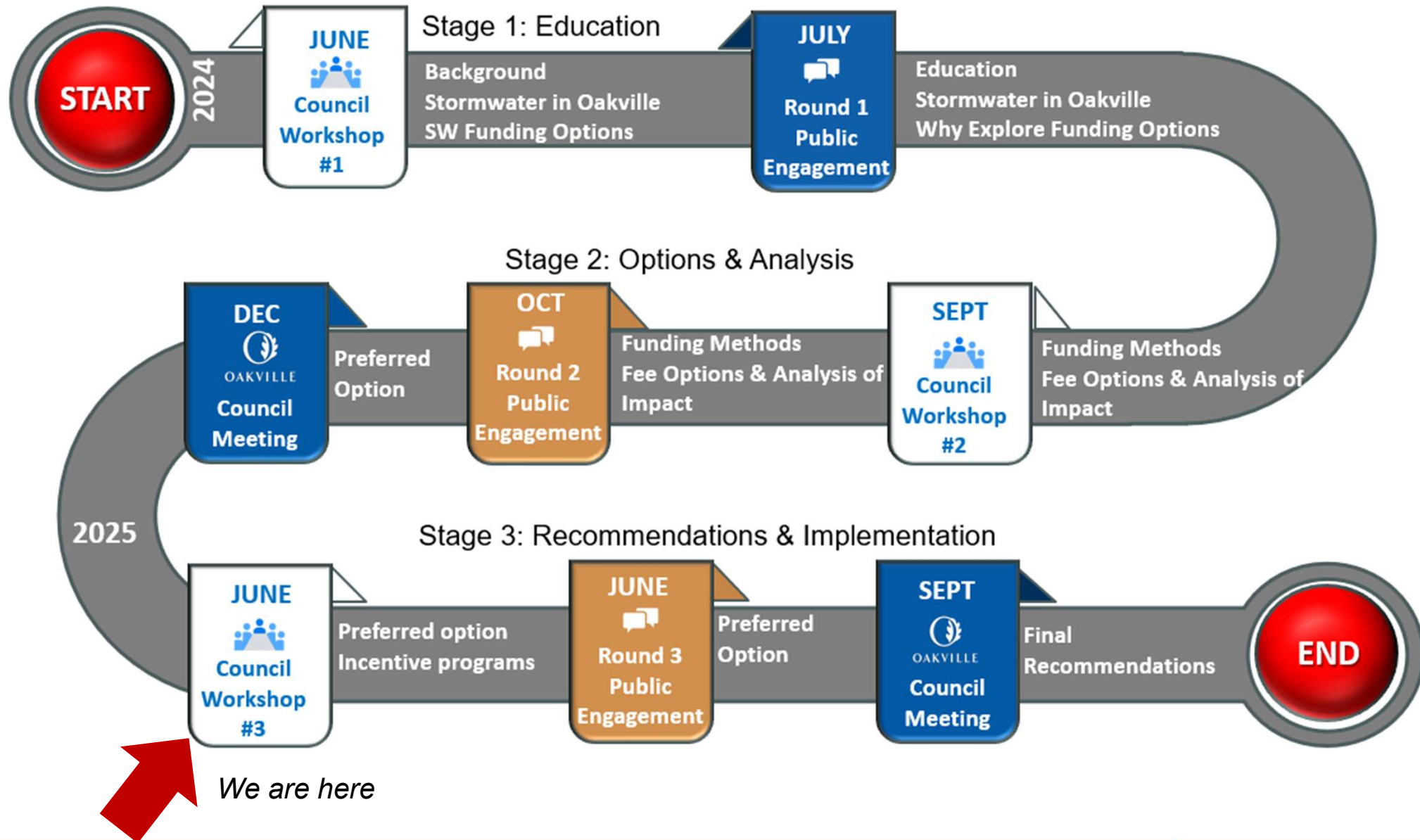


Photo credit to Karin Chykaliuk

Opening Remarks



Stormwater Fee Feasibility Road Map



Stormwater Feasibility Study on Oakville.ca

- Background on Town's Stormwater System and Infrastructure Needs
- 3 Shareable Videos
 - What is Stormwater, why is it important
 - How the town manages Stormwater and why we need more funding
 - Why the town is exploring different funding options
- Links to Council Workshops & Reports
- Public Information Session(PIC) materials and key dates
- Key Dates and who to contact for questions



RWMP and Town Stormwater Fee – Council Workshop #3

Purpose

- Provide an overview of the credit program and property exemptions options considered
- Provide an update of the revised Stormwater Fee results including above refinements
- Provide overview of potential impacts to property owners for different fee categories
- Outline the Education and Engagement Opportunities for Round #3
- Overview of next steps

RWMP and Stormwater Fee – Council Workshop #3

AGENDA

Town Staff – Introduction and refresh on feasibility study work to date

AECOM

- Incentive program -Proposed credit program – objectives, how the program would work
- Property Exemption Options - Overview of property exemption options and considerations
- Proposed Fee - Overview of proposed Fee including credit program and exemptions and Impact to Property Owners
- Round 3 Engagement Plan - Overview of Engagement tactics and objectives for Round 3 and how and when the public can participate

Town Staff – Next steps

Fee Options & Considerations

Option 1: Existing Property Tax System

- A new tax levy is created specifically for stormwater
- Property owners would pay based on **assessed value**

Option 2: Tiered Flat Stormwater Fee

- Property types are divided into three tiers.
- All properties in the same tier would pay the same fee.
- Property owners would pay based on **average runoff areas for each tier**



Option 3: Variable Stormwater Fee

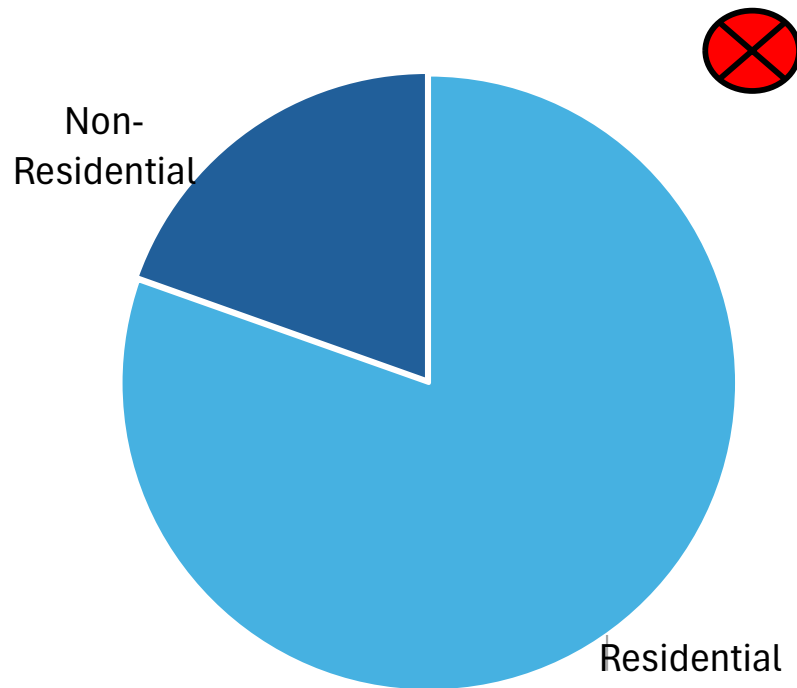
- Fees are based on the estimated stormwater runoff area using a runoff coefficient for the property type.
- Property owners would pay based on approximate **measured runoff area of an individual property**
- Everyone pays a different fee based on property type & size



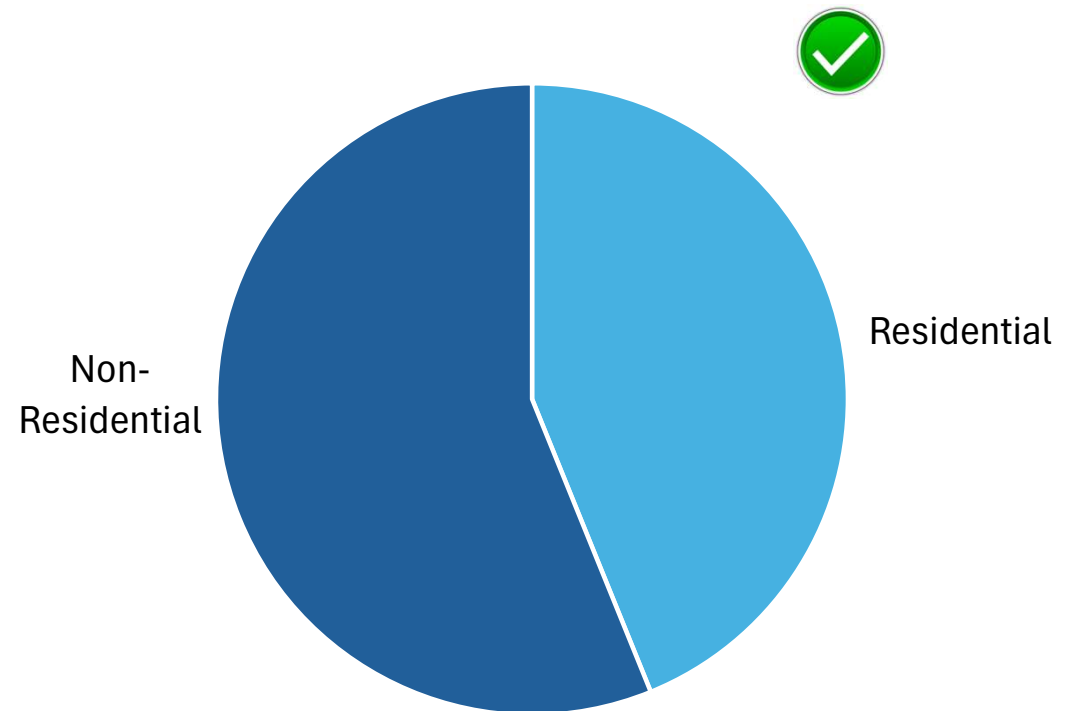
Fee Options & Considerations

Strong preference to pay for Stormwater proportional to estimated Runoff

2025 Property Tax Distribution



Estimated Runoff Area (Feasibility Study)



Tax Method Not Preferred

Evaluation against the Guiding Principles

Calculation Method	Fair and Equitable	Affordable and Financially Sustainable	Justifiable	Climate Resiliency	Simple to Understand and Manage
Tax Method	No	Partly	Partly	Partly	Yes
Tiered Flat Stormwater Fee	Partly	Yes	Yes	Yes	Yes
Variable Stormwater Fee	Yes	Yes	Yes	Yes	Partly

The variable method aligns best with guiding principles but requires the most administrative effort.

The tiered flat fee could also be considered as simple to administer after one time set up

Variable vs Flat Fee

- **Non-Residential**

- Flat Fee of \$2,900 not equitable for Small Business (vs \$65 variable fee)
- The average larger property should pay \$12,500 as opposed to flat fee of \$2,900
- Only 3% of properties are Non-residential, therefore cost to administer variable fee is low

- **Residential**

- Average semi/linked home size is 300 m2 vs average single detached 680m2 – results in \$100 difference
- 10% of single detached homes are greater than 1,000 m2 and would pay in excess of \$900 per year
- Total of 62,000 residential properties would need manual property size calculation – high admin cost



Preferred Funding Structure (Dec 2024 Council)

Based on public feedback and a technical evaluation, the following fee structure is preferred:

1. Costs are to be distributed based on runoff area (56% Non-Residential/44% Residential)
2. That property types be divided into 4 Tiers:
 - Non-Residential
 - Single Detached Residential
 - Semi-detached/Linked Residential
 - High Density Residential (Condo/Townhomes)
3. A variable fee based on runoff area for non-residential properties
4. A three-tier flat fee for residential properties
5. That 0.0 runoff coefficient be considered for farms, parks, miscellaneous and undeveloped lands.

The proposed funding structure provides a balance of fairness, equity, transparency and ease of administration.

Dec 2024 Report Future Considerations

ADDITIONAL DECISIONS THAT WILL IMPACT THE FINAL FEE

EXEMPTIONS

- Places of Worship
- Educational Institutions
- Other

CREDIT/REBATE PROGRAM

- Estimate Credit Program Expense
- Estimate Rebate Program Cost
- Estimate Administration Costs

PHASE IN OF THE FEE

- Phase in fee over 3-4 years to gradually close gap in annual need from \$12M to \$24M



Pippy Warburton, P.Eng.
Water Resources Lead, Canada
Role: Project Manager

Closing Remarks & Next Steps



Implementation Steps

Parcel Analysis/Fee Calculation

- ✓ Complete parcel analysis
- ✓ How to apply Fee Structure to individual property types

Policy & Procedures

- ✓ Consider exemptions/subsidies
- ✓ Credit/Rebate program
- Develop processes
 - Appeal process
 - Credit application process
 - Updates/Fee Review Cycle
- Fee By-law

Billing System/Testing

- ✓ Determine billing system
- Contract negotiation(if required)
- How Fees will be implemented
- Configure and test system

Implementation Consideration – Phasing in the Fee

- Yr 1 of the stormwater fee would collect the same amount (i.e. \$12M) as what is currently funded by the tax levy.
- Move to a full \$24M funding requirement over next 5 years, phasing in the increase each year.

Pros:

- Easier to communicate shift to residents. Yr 1 equals the same amount collected from tax levy just charged as stormwater fee
- Impact not as significant and would allow time to plan/budget – in particular Non-Residential sector

Cons:

- Funds collected may not be sufficient in short-term - may need slower project implementation or carry a negative reserve balance.

Should the Fee be Phase In?

Implementation Consideration – Phasing in the Fee

Year	Stormwater Funds Collected	Low Density Residential		Non-Res Large Commercial (before credits)	
		Property Taxes	Stormwater Fee	Property Taxes	Stormwater Fee
2025 Property Tax (SW portion)	\$12 M	\$160	N/A	\$13,700	N/A
Yr1 Fee	\$12 M	\$0	\$137	\$0	\$18,500
Yr2 Fee	\$14 M	\$0	\$156	\$0	\$21,100
Yr 3 Fee	\$17M	\$0	\$188	\$0	\$25,400
Yr4 Fee	\$21M	\$0	\$224	\$0	\$30,300
Yr5 Fee	\$24M	\$0	\$273	\$0	\$36,900

Should the Fee be Phase In?

Implementation Consideration – Capping Non-Residential

- There are 6 Properties where the Stormwater Fee would be over \$100,000, some as high as \$760,000
- This is in addition to property taxes
- Option - implement a Cap for Very Large Non-Residential Properties

Pros:

- Would allow time for property owners to plan/budget for
- Promotes fair and equitable treatment of large commercial businesses
- Property owners still have opportunity to apply for credits
- Still reflects Runoff principles trying to achieve

Cons:

- Reduction in revenue would need to be accounted for – either through fees or carry a negative reserve balance.

Should the Non-Res fees be capped for significantly large properties?

NEXT STEPS

- Round 3 Public Engagement – June 2025
- Council approval of Final Fee Recommendation and Fee By-law – Sept 2025
- Finalize Billing & Implementation – Oct - March 2026
- Target First Stormwater Fee billing Q2/Q3 2026

Questions?