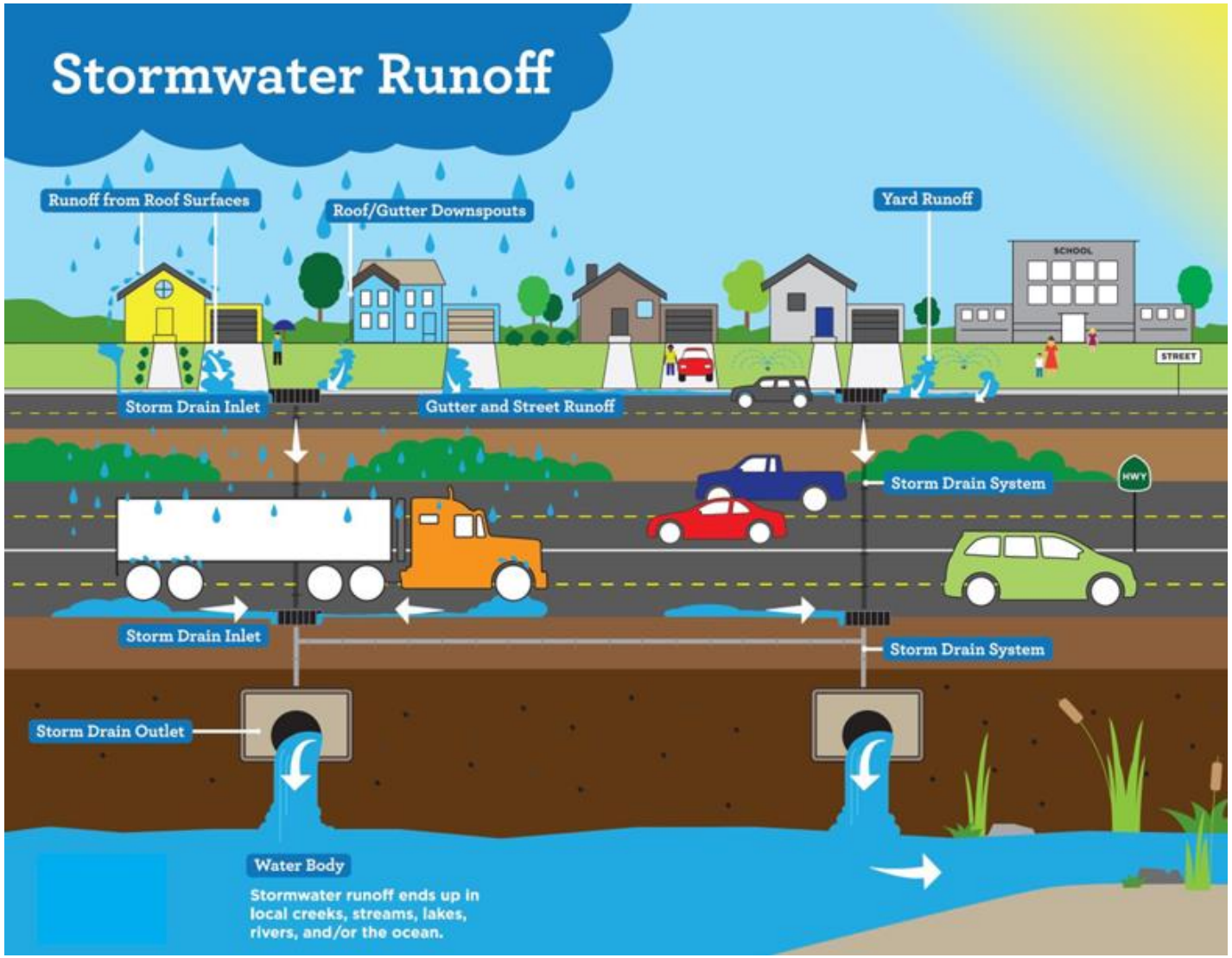
Stormwater Fee

Incentive Program, Adjustments and Exemptions

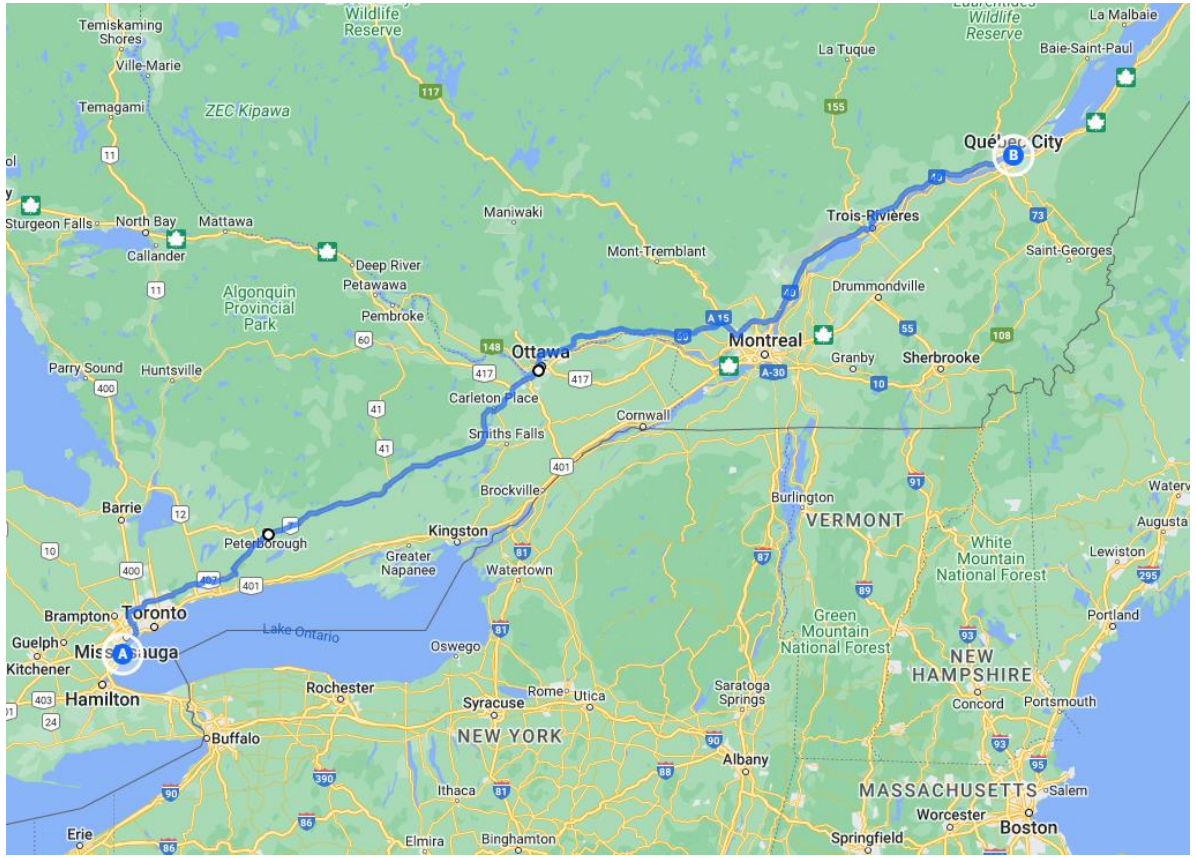
Council Workshop
June 2, 2025



Oakville's Stormwater System

- ~240 km ditches
- ~690 km storm sewers
- ~156 km creeks
- ~8.07 km of shoreline
- ~30,794 catch basins
- 67 stormwater ponds
- Value of **$963 Million***

Same as distance from Oakville to Quebec City



* Natural assets are not included in this value.

Need $732 million over the next 30 years (~$24.4 per year)

Stormwater Fee Feasibility Study

The Town of Oakville has been reviewing its current stormwater funding model (property taxes) and exploring new ways to pay for stormwater services and improvements.

- This was first mentioned in the Town's 2015-2019 Stormwater Management Master Plan and is a critical aspect of the Town's Rainwater Management Financial Plan.

Why do we need to consider new ways to pay for stormwater?

- The way we currently pay for stormwater services in Oakville is not fair or equitable, and it is not enough.
- It will ensure we adhere to Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure
- Many municipalities across Canada are moving towards new funding models.

Incentive Programs

- During the feasibility study, incentive programs were considered at a high level.
- The following incentive program details have been developed through discussions with the project team and a staff survey.

Incentive Programs

Many municipalities provide incentives to property owners to reduce their impact on the stormwater system by offering:

- **Credits**: an ongoing stormwater fee reduction
- **Rebates**: a one-time reward for implementing on-site measures

Stormwater Fee Credit Programs

Allows for stormwater fee reduction for landowners who implement on-site stormwater management practices

Provide credits for facilities that provide flooding and erosion protection, water quality treatment, and other environmental benefits or non-facility measures and activities that promote good “housekeeping” practices

Require certification that facilities have been properly designed, installed, operated, and maintained (some require property access to allow inspection by municipal staff)

Who qualifies?

Property owners who **reduce stormwater runoff** or who **improve the quality** of the stormwater runoff that discharges from their property into the municipal stormwater system and/or surrounding watercourses and waterbodies.

Town's Process to Develop the Incentive Program

- Reviewed existing programs (e.g., Region of Halton, Conservation Halton)
- Held two workshops with Town staff from a variety of departments
- Conducted staff survey on prioritizing stormwater management objectives, asked *What do we want to incentivize?* This was an iterative process with staff, see results below:

Other considerations:

- Types of desired incentives (subsidies, fee credits)
- Balance between administrative effort and impact
- Residential vs ICI properties
- Verification requirements

Incentive Program Objectives

Reduce quantity and improve quality of stormwater runoff

Support local environmental initiatives (habitat, infiltration, storage)

Promote private property stewardship

Offset municipal stormwater management costs

Increase community resilience to climate change impacts

Leverage existing programs

Minimize Administrative Costs

Proposed Financial Incentives for Residential Properties

✓ Encourage programs from Halton Region and Conservation Halton

Halton Region

- Rain barrels supports

Conservation Halton

- Rainwater Conservation Fund - bioswales, infiltration trenches, soakaway pits/rain gardens, water retention/storage systems, permeable pavement/pavers
- Water Quality and Habitat Improvement Program – habitat enhancement, invasive species control

Do not recommend a credit program for residential properties due to low monthly fees and large number of properties creating a large administrative burden

Proposed Financial Incentives for Non-Residential Properties

Stormwater Objective	Maximum Credit Amount		Description	Example Measures
	Measures required for development & proof of maintenance	Going beyond requirements		
Slow it down (peak flow reduction)	25%	35%	Reduction of 100-year peak flow to pre-development conditions	Detention ponds & tanks
Clean it up (water quality)	10%	15%	80% removal of Total Suspended Solids (TSS)	CB shields, oil-grit separators & other treatment facilities
Soak it up (volume reduction)	25%	35%	Percent capture of the first 25 mm of rainfall during a single rainfall event.	Green space, bioswales, rain gardens, re-use facilities, pervious pavers, infiltration trenches etc.
Total Cumulative Maximum	**40%**	**50%**	---	---

How the Credit Program Works

- The stormwater management structure must be owned, maintained and operated by the property owner. Structures that have been assumed by the town are not eligible for credit.
- Property owner must apply to the town with required documentation to obtain a credit.
- <1 FTE to administer
- Proof that installation meets requirements will be required to be eligible for a credit
- Renew application every 2–5 years
- Property owner must provide proof of proper maintenance
- Existing stormwater management features may be eligible

Large Commercial Property (Big Box Plaza)

Estimated SW Fee	$ 41,270
40% Maximum Credit Obtained	($16,508)
Total Fee Required	**$24,762**

Potential Credit Program impact is ~$1.2 million

- Estimated using known properties with private storm infrastructure, assuming they all apply, and all receive the maximum 40% credit.

Property Exemptions

- Property exemptions (properties that would not pay a fee) were discussed at the feasibility stage but were not included in the fee calculation.
- As we progress to implementation, it is apparent that the decisions made about exemptions could have a significant impact to the overall fee.
- The following impact assessment will help guide the decisions around exemptions.

Current Tax-Exempt Properties

Tax exempt properties and properties that pay payments-in-lieu of taxes (PILT) compared to those eligible to pay User Fees.

Type	Property Tax Exempt or PILT	Permissible to Impose User Fee Y/N	If N - Legistion	Count
Crown Property/Land (Federal)	PILT	N	O. REG 584/06	6
Crown Property/Land (Provincial)	PILT	N	O. REG 584/06	111
School Boards	EXEMPT	N	EDUCATION ACT	89
Hydro Land	PILT	N	O. REG 584/06	4
Region of Halton	EXEMPT	Y		88
Town of Oakville	EXEMPT	Y		1,789
Healthcare	PILT	Y		3
Group Home	EXEMPT	Y		18
Non-profit/Charity	EXEMPT	Y		16
Place of Worship/Cemetery	EXEMPT	Y		75
Conservation Land	EXEMPT	Y		3
Farm/Exempt Land	EXEMPT	Y		24
Owner Exempt by MPAC	EXEMPT	Y		2

Legislation and Policy Considerations for Exemptions

- Some properties provide a service that is beneficial to the community that is not provided by the municipality
- Various vacant land and green space type properties under Non-Residential classification
- Inter-agency billing may be seen as inefficient or politically sensitive
- Ability to collect and potential for appeals
- Unpaid user fees cannot be added to tax roll and collected for tax exempt properties
- Administration and associated costs

Consideration - Non-Residential Vacant & Open Space Properties

How should these properties be treated?

- Parks
- Farms
- Vacant land
- Development land
- Golf courses
- Right-of-ways (hydro, pipeline, rail)
- Cemeteries

Consideration – Non-Residential Vacant & Open Space Properties

Should these properties pay something for stormwater? If so, how much?

- Some of these properties probably don't generate significant stormwater. Is charging them same rate as Commercial/Industrial/Institutional/Mixed Use still fair and equitable?
- Most of them do have hard surfaces and generate some runoff
- Development standards for "Park" like properties range from 0.05 to 0.35 runoff coefficient
- Most of these properties pay taxes already
- Including these properties represents more accurate Runoff distribution to apply to revenue share between Residential/Non-Residential

Options:

1. Apply same principle as parks and apply 0 runoff coefficient - therefore $0 fee
2. Apply a lower runoff coefficient to create a new Non-Residential rate

Consideration – Tax Exempt Properties

- User Fee Exempt properties – cannot charge a fee
  - Federal/Provincial Crown Land
  - School Boards
  - Hydro Lands

- Could consider charging some tax-exempt properties eligible for user fee:
  - Town
  - Region
  - Non-school board educational institutions
  - Places of Worship and charities
  - Sheridan College
  - Hospital

Consideration – Tax Exempt Properties

Should these tax-exempt properties pay something for stormwater? If so, how much?

Pros:

- Most of these properties create some amount of runoff
- Including these properties represents more accurate Runoff distribution to apply to revenue share between Res/Non-Res
- Perception of fairness: “town is paying their share”
- Some are eligible for user fees
- Charging town properties aligns with Program Based budgeting principles and demonstrates full cost of programs/amount recovered by program fees (i.e. recreation/transit)

Cons:

Charging the town/region will add back to the property tax bills

Properties are ineligible for property taxes may fight the charge or not pay and the town cannot collect arrears

Deviating from a tax policy approach will require explanation (why this and not another?)

Options:

- Apply same principles as Tax Policy and exempt properties from paying SW Fee
- Charge some properties that are eligible for user fee

Proposed Stormwater Fees

- Sensitivity Analysis of Exemptions and Adjustments
- Impact of Credit Program
- Considerations

Sensitivity Analysis - Scenario 1: Exempt All

Exempt **all** vacant and green/open space type ICI properties and exempt **all** tax-exempt Properties – total of 4,400 properties and 17.0 M m^2 runoff area removed compared to feasibility study

This would exclude:

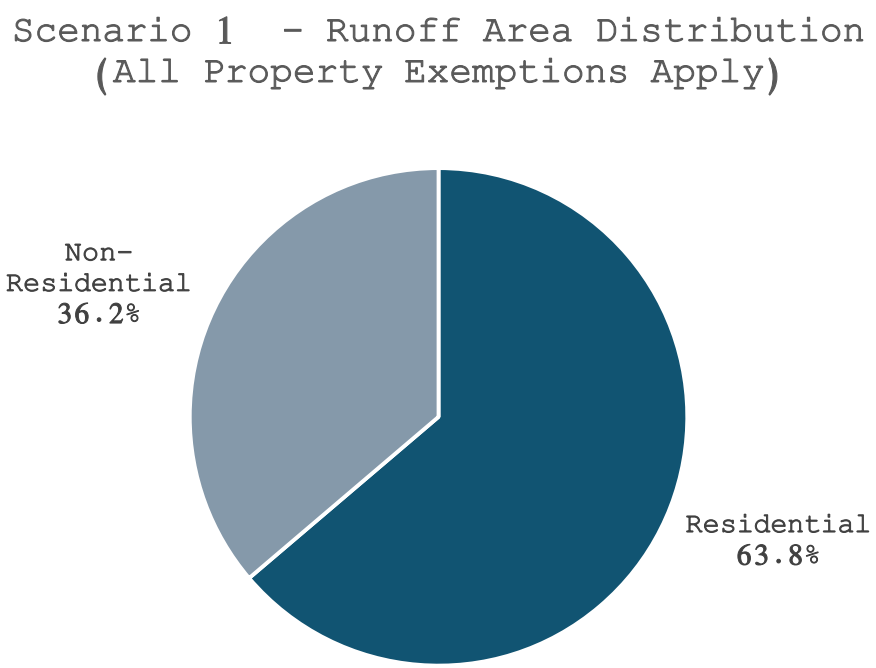
- Cemeteries
- Driving Ranges and golf courses
- Hydro & Rail ROWs lands; Pipelines
- Commercial farm operations
- Town Properties
- Region Properties
- Misc. Other Tax Exempt Properties

Property Type	m^2 Runoff Area (millions)
Cemeteries	0.5
Driving Ranges/Golf Courses	3.1
Hydro & Rail ROW lands	2.3
Commercial Farm operation	3.9
Town Properties	2.0
Region Properties	1.4
Other Tax Exempt Properties	3.6

Account for potential Credit Program revenue loss is ~$1.2 million

Pro: Minimized Risk of Fee Disputes and Write Offs
Con: Does not accurately reflect stormwater runoff principles

Scenario 1 - Estimated Fee Impact



Property Classification	# of	Estimated Fees	
Residential Low Density (Detached)		$	Per Unit
Residential Medium Density (Semis,		$	Per Unit
Residential High Density (Towns,		$	Per Unit
Non-Residential - Institutional and	304	$	Per 100 sq m
Non-Residential - Commercial and		$	Per 100 sq m
Vacant/Open Space Exempt		$	Per 100 sq m
Tax Exempt		$	Per 100 sq m

Result:

- Removal of 17.0 M m^2 runoff area – primarily Institutional/Mixed Use properties (compared to feasibility study)
- Results in fewer number of properties to divide the cost = higher fees for remaining properties
- Results in redistribution between Residential and Non-Residential – shift in pie chart (as the loss of area is largely in the non-residential class)

Note: Farms with residences are counted within the residential low-density class. Commercial farms have been exempt as open space.

Sensitivity Analysis - Scenario 2
Include Some Vacant/Open Space Properties

Create **Special Non-Residential Category** and apply 0.1 Runoff Coefficient to Vacant and Green/Open Space type ICI properties for:

- Driving Ranges and golf courses
- Vacant residential development land
- Vacant commercial and industrial land

Treat all farm types consistently and apply a low-density residential rate.

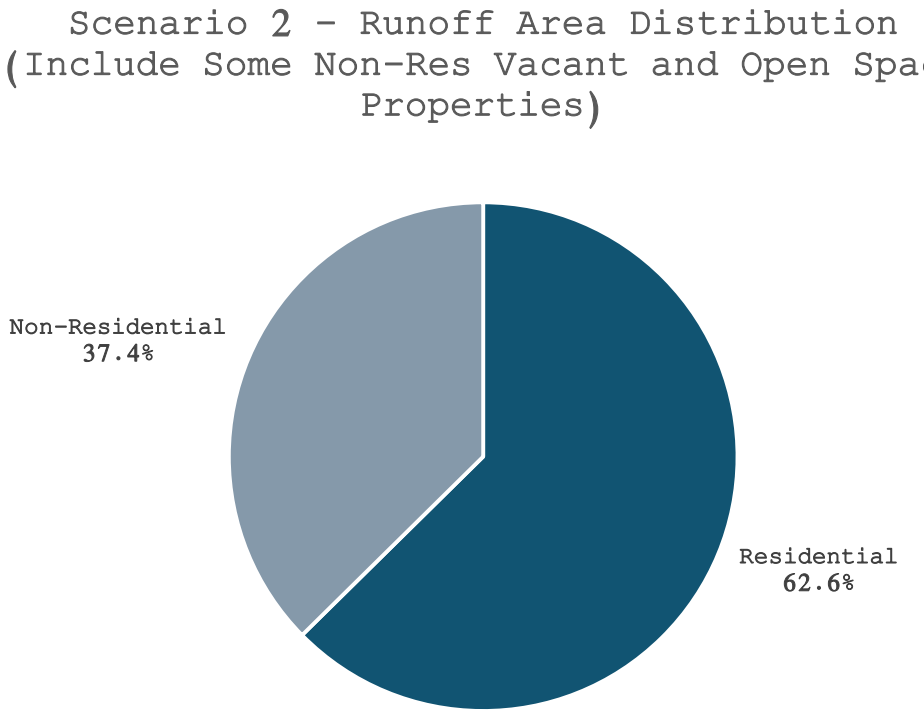
Continue to Exempt the following ICI Properties

- Conservation Authority Land
- Land designated and zoned for open space
- Hydro One Right-of-Way
- Pipelines - transmission, distribution, field & gathering and all other types including distribution connections
- Railway Right-of-Way

All tax-exempt Properties remain exempt.

Account for potential credit program revenue loss is ~$1.2 million

Scenario 2 - Estimated Fee Impact



Results Compared to Scenario 1:

- Includes 2,100 properties and 750k m^2 of runoff area back in fee calculation
- Results in minor redistribution between Residential and Non-Residential (1%)
- Results in 2% reduction to Residential Fees
  - Equals $6 less for Low Density Residential Fee
- New Non-Residential-Special category created pays $6 per sq m

Property Classification	# of Properties	Estimated Fees	
Residential Low Density (Detached)	44,335	$ 299	Per Unit
Residential Medium Density (Semis, Link)	3,661	$ 140	Per Unit
Residential High Density (Towns, Condos, Plexes)	10,545	$ 66	Per Unit
Non-Residential - Institutional and Mixed Use	304	$ 46	Per 100 sq m property area
Non-Residential - Commercial and Industrial	1,187	$ 56	Per 100 sq m property area
Non-Residential - Special	2,102	$ 6	Per 100 sq m property area

Still low risk of fee disputes and write offs
Somewhat better reflection of stormwater runoff principles

Sensitivity Analysis - Scenario 3
Include Town and Region Properties

Continue to Build on Scenario 2.

Create Special Non-Residential Category and Apply 0.1 Run Off to Vacant and Green/Open Space type properties **same as in Scenario 2** and Credit program $1.2 million

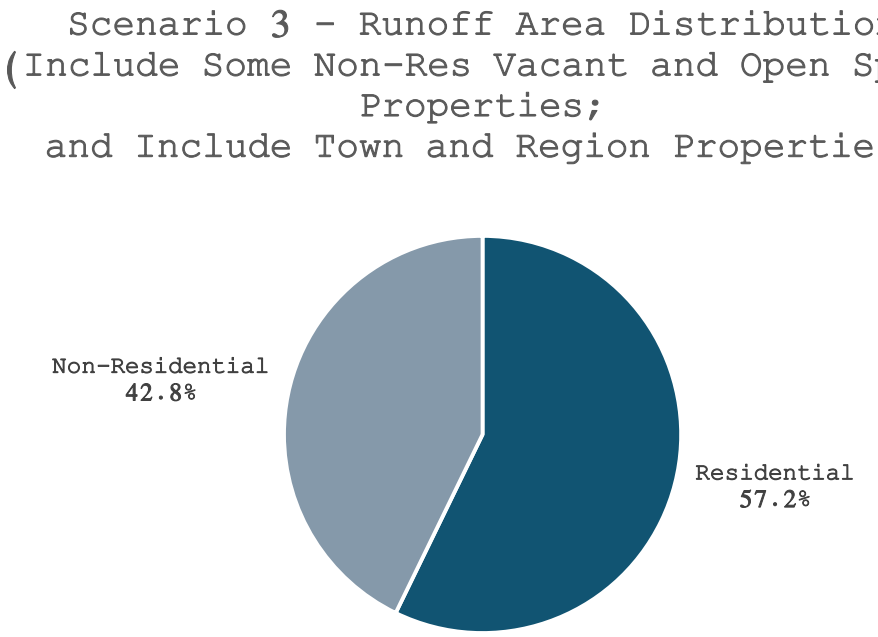
Continue to Exempt:

- Province (including public schools and hospital)
- Non school board educational institutions and Colleges (including Sheridan)
- Places of Worship/Charities
- Hydro
- Cemeteries

Charge Town and Region owned properties

- Apply 0.1 Run Off to Vacant and Green/Open Space for Town and Region owned properties (Deerfield Golf Course)
- Other properties charge same fee as applicable ICI category (Rec Centres)

Scenario 3 - Estimated Fee Impact



Property Classification	# of Properties	Estimated Fees	
Residential Low Density (Detached)	44,336	$ 273	Per Unit
Residential Medium Density (Semis, Link)	3,661	$ 128	Per Unit
Residential High Density (Towns, Condos, Plexes)	10,545	$ 60	Per Unit
Non-Residential – Institutional and Mixed Use	352	$ 42	Per 100 sq m property area
Non-Residential – Commercial and Industrial	1,235	$ 51	Per 100 sq m property area
Non-Residential – Special	3,293	$ 6	Per 100 sq m property area
Vacant/Open Space Exempt	619	$	Per 100 sq m

Results compared to Scenario 1:

- Includes 3,400 properties and 4.7 M m^2 runoff area back in fee calculation
- Results in more accurate distribution between Residential and Non-Residential
- Results in 10% reduction to Residential Fees
  - $32 less for Low Density Residential Fee
- Town total fees @ $1.0M, Region Fees of 750k

This is Preferred Fee Scenario

Pros:

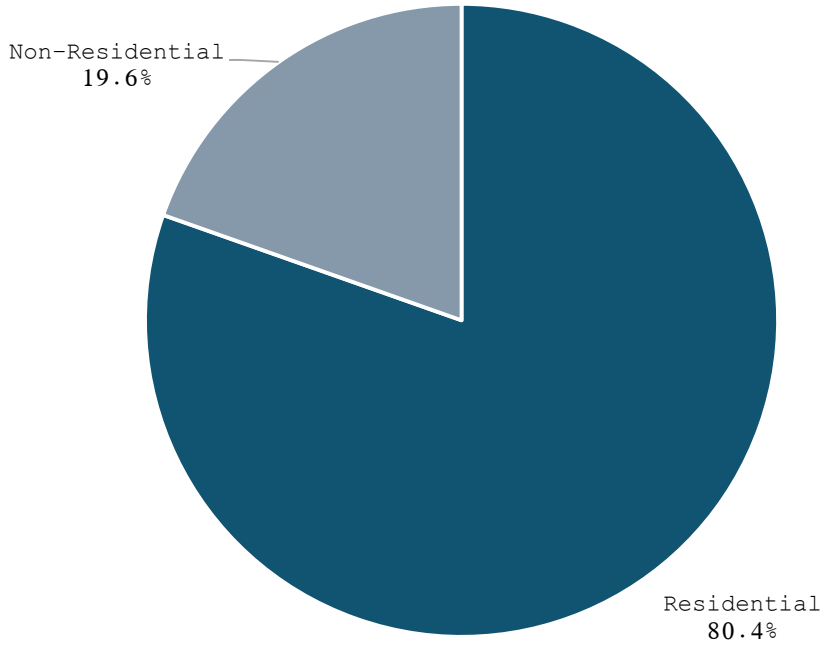
- Smaller Risk of Fee Disputes and Write Offs
- Much better reflection of stormwater runoff principles
- Demonstrates Town's stewardship toward Stormwater

Con: Some costs shift back to Tax Levy

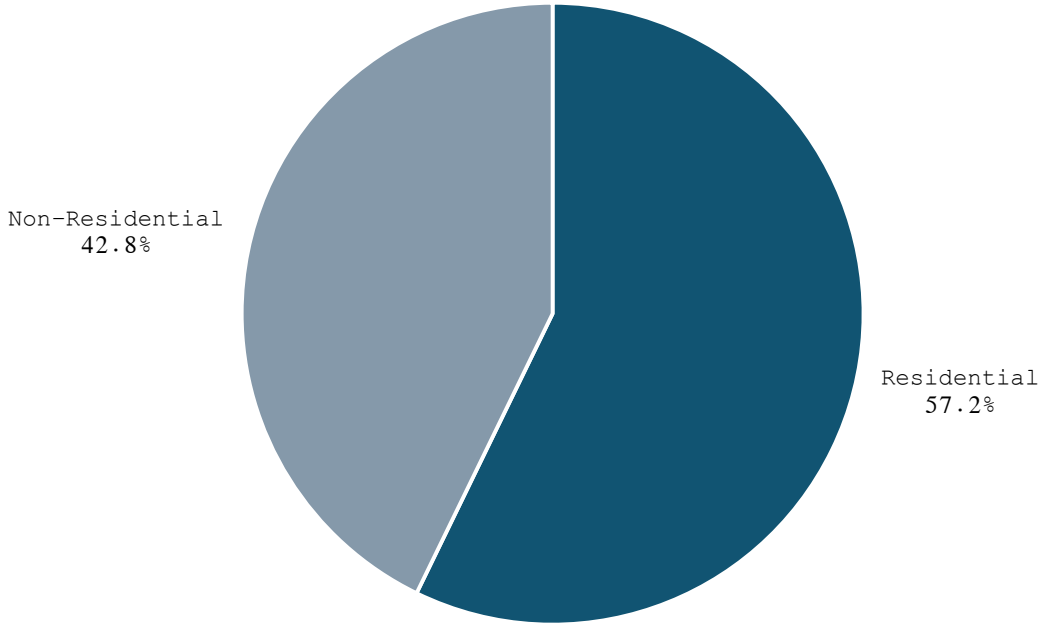
How do Proposed Fees Compare to Current Taxes? (Scenario 3)

2025 Revised Runoff Areas compared to Tax Distribution

2025 Property Tax Distribution
(includes exemptions)



Scenario 3 – Runoff Area Distribution
(Include Some Non-Res Vacant and Open Space Properties;
and Include Town and Region Properties)



Shift to Runoff Method Results in Reduction in Residential Share of Stormwater Costs by 23% Compared to Property Tax Method

How do Fees Compare to Property Tax Method

RESIDENTIAL TYPE	$12 M PROPERTY TAX METHOD	$12 M STORMWATER FEE METHOD	DIFFERENCE	%
SINGLE DETACHED	$160	$137	$(23)	-15%
SEMI DETACHED	$93	$64	$(29)	-31%
TOWNHOME	$93	$30	$(63)	-68%
CONDO	$65	$30	$(35)	-54%

A dedicated fee based on runoff is a more fair and equitable way to collect stormwater funding.

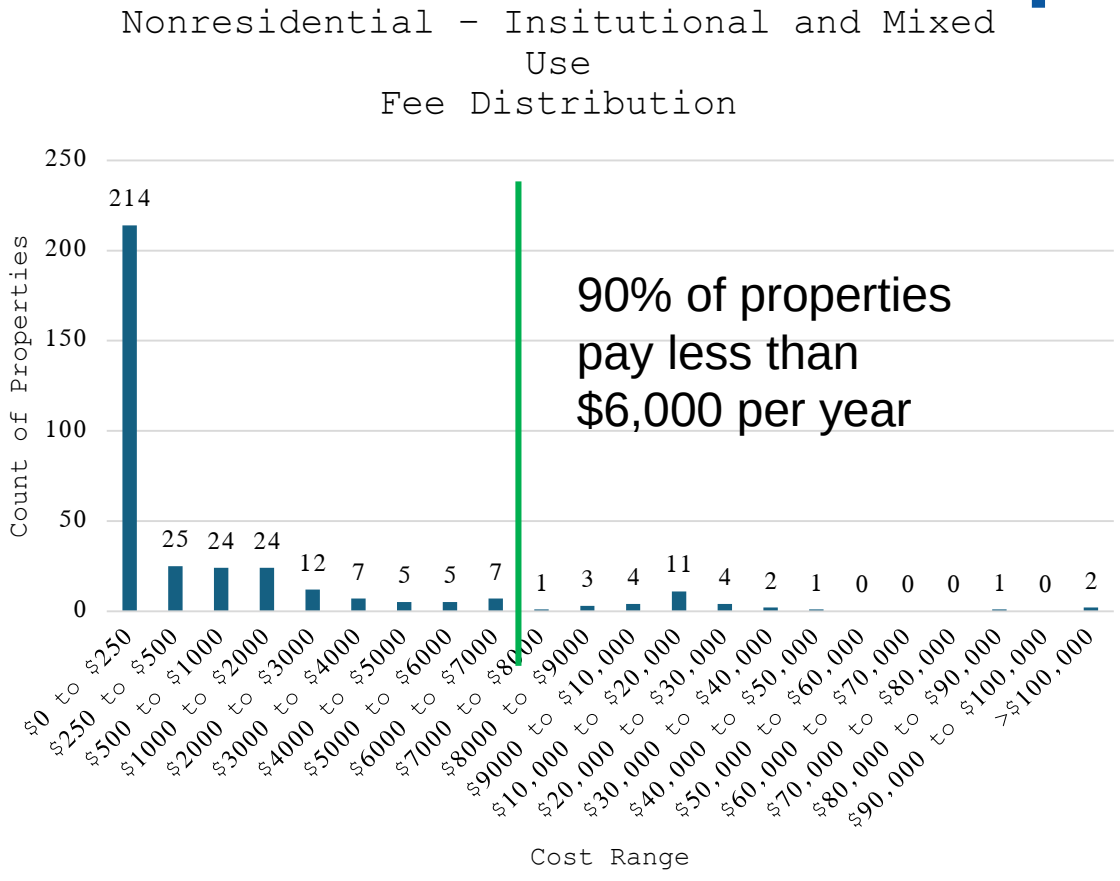
Stormwater Fees for Residential properties are less when compared to Property Tax Method

How do Fees Compare to Property Tax Method

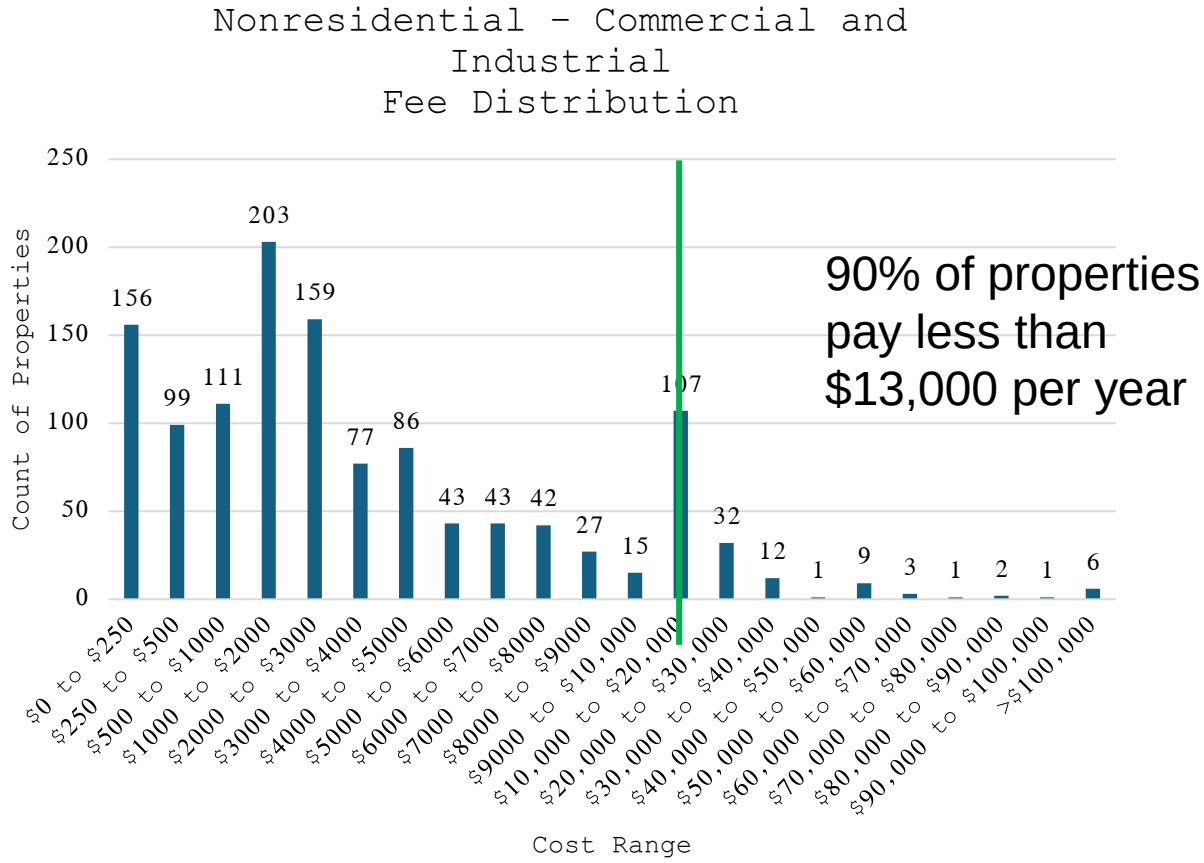
RESIDENTIAL TYPE	$24 M PROPERTY TAX METHOD	$24 M STORMWATER FEE METHOD	DIFFERENCE	%
SINGLE DETACHED	$320	$273	($47)	71%
SEMI DETACHED	$186	$128	($58)	37%
TOWNHOMES	$186	$60	$(126)	-35%
CONDO	$130	$60	($70)	-8%

A dedicated fee based on runoff is a more fair and equitable way to collect stormwater funding

Non-Residential Properties



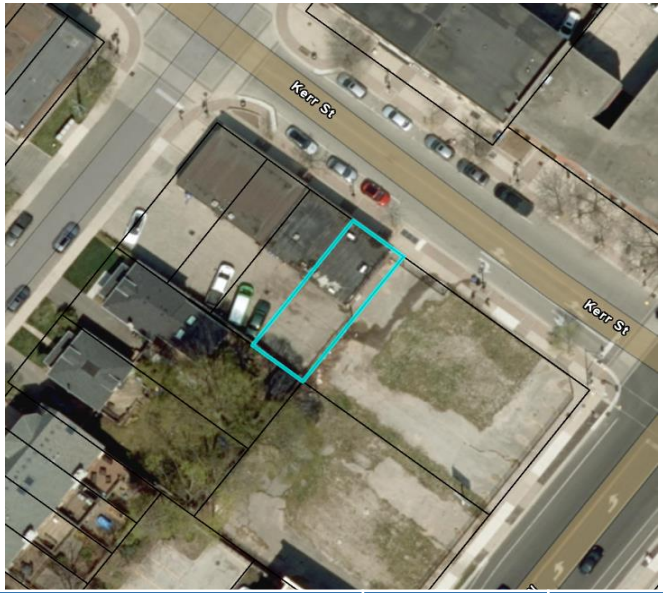
Average	$ 4,008.09
Min	$ 26.77
25th percentile	$ 70.84
Median	$ 130.23
75th percentile	$ 1,010.02
Max	$ 462,094.55



Average	$ 7,092.66
Min	$ 4.56
25th percentile	$ 714.65
Median	$ 2,218.81
75th percentile	$ 5,829.40
Max	$ 766,358.39

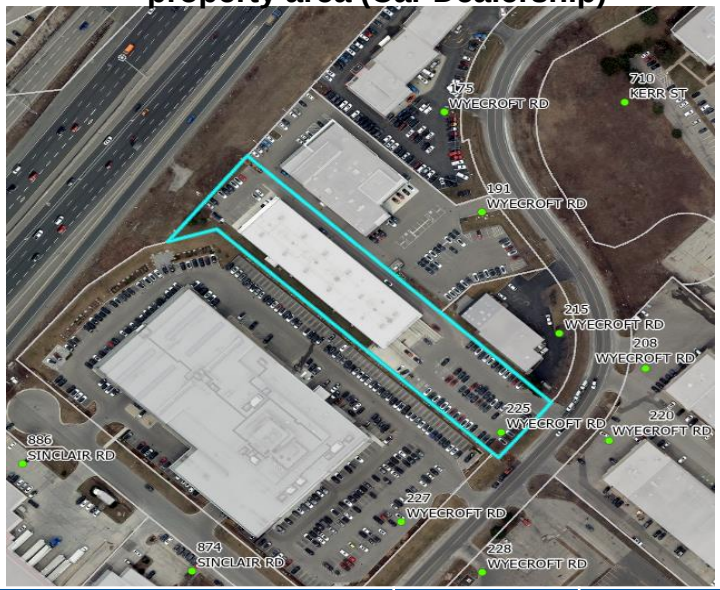
Non-residential Examples – Property Tax vs. Fee

Small Business – 200 m² property area



	Property Tax Method	SW Fee Method
SW Contribution @ $12M	$105	$49
SW Contribution @ $24M	$210	$98
SW Credit (40% max)	n/a	($39)
Total SW Contribution	**$210**	**$59**

Medium Commercial Property – 8,100 m² property area (Car Dealership)



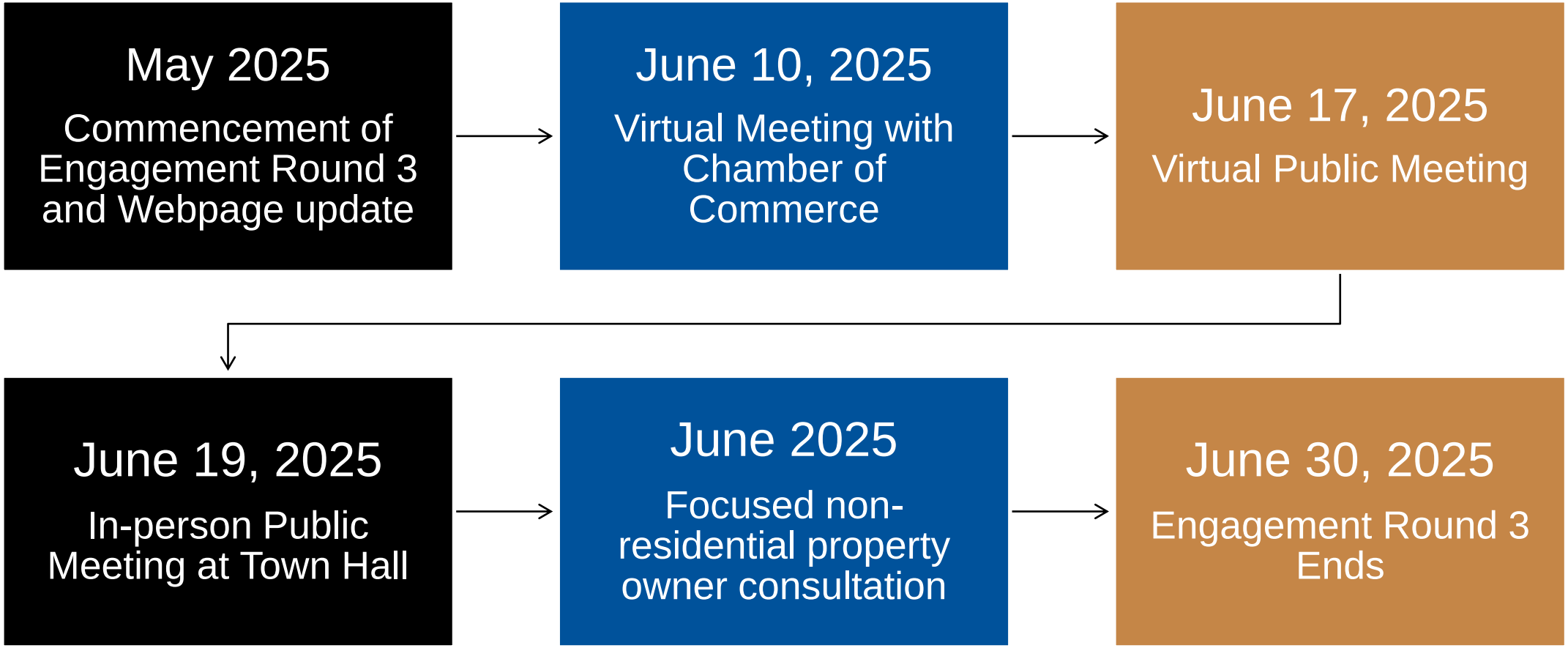
	Property Tax Method	SW Fee Method
SW Contribution @ $12M	$950	$2,050
SW Contribution @ $24M	$1,900	$4,100
SW Credit (40% max)	n/a	($1,650)
Total SW Contribution	**$1,900**	**$2,450**

Large Commercial Property – 72,900 m² property area (Big Box Plaza)

	Property Tax Method	SW Fee Method
SW Contribution @ $12M	$13,700	$18,490
SW Contribution @ $24M	$27,400	$36,970
SW Credit (40% max)	n/a	($14,790)
Total SW Contribution	**$27,400**	**$22,190**

A dedicated fee based on runoff is a more fair and equitable way to collect stormwater funding and can incentivize property owners to manage stormwater

Round 3 Schedule



Round 3 of Public Engagement

Key topics to be covered in Round 3 include:

- Recap of the feasibility study and the town's stormwater system and services
- Recap of the fees evaluated and presented to the public
- Key engagement survey results
- The preferred stormwater fee option and how it was evaluated
- Non-residential property incentive program
- Implementation and next steps

Questions?