



**To:** COUNCIL

**Meeting Date:** 12/02/2021

**Subject:** Stormwater Management Funding Study - Recommendations

**Submitted By:** Kevin De Leebeeck, Director of Engineering

**Prepared By:** Sarah Austin, Manager of Development Engineering

**Report No.:** 21-267 (CD)

**File No.:** A/00909-20

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## Recommendations

THAT Report 21-267 (CD) Stormwater Funding Study be received;

AND THAT Council endorse the transition of stormwater funding from the tax base to a dedicated rate structure as detailed in Report 21-267(CD);

AND THAT Council direct staff to initiate an Implementation Study for the transition to a dedicated rate structure, pending approval of the 2022 Capital Budget;

AND FURTHER THAT Council endorse the further review of property exemptions and a credit program as part of the Implementation Study, as detailed in Report 21-267(CD).

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## Executive Summary

### Purpose

- In 2018, through Report 18-037 (CFO), Council directed staff to explore the benefits of alternative stormwater user fees and approved a capital project (A00909-20) to retain a consultant to complete a stormwater rate funding study.
- The Stormwater Management Funding Study is now complete, and the recommendations are being presented to Council for endorsement and to receive direction to proceed with an implementation study, pending 2022 capital budget approval.

### Key Findings

- Through the completion of the Stormwater Management Funding Study, it is recommended that funding for the maintenance and operation of the municipal

stormwater management system transition from being tax based to a dedicated rate structure.

- It is recommended that rate structure Option 2 (run-off coefficient based) be implemented in conjunction with Alternative 2 for exemptions. The combination of Option 2 and Alternative 2 provides an equitable distribution of costs across all properties for the level of service received and limits exemptions to properties that are legislatively required to be exempted.
- It is also recommended that staff be directed to initiate an implementation study that will confirm all data, finalize rates and exemptions, formalize credits and/or incentive policies, establish a billing system and develop associated policies and bylaws.
- Council involvement will continue throughout the implementation study, including at key points related to finalizing the rate, exemptions and approval of associated bylaws.

## **Financial Implications**

- There are no financial impacts to receiving this report and approving the recommendations.
- One of the recommendations is to direct staff to initiate an implementation study, pending 2022 capital budget approval. A capital project for an implementation study has been proposed in the 2022 capital budget, and will be presented to Council for approval as part of their budget review process.

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## **Background**

### **Stormwater Management Infrastructure and Funding**

The City of Cambridge's stormwater management system consists of approximately 370 km of storm sewers, 6,900 manholes, 9,680 catch basins, 43 km of ditches, 3 dams, 27 water quality treatment structures (OGS) and 90 end-of-pipe facilities. The City also maintains watercourses, drainage channels and culverts. The total replacement value of the stormwater management system was approximately \$530 million as of 2019.

The City has the equivalent of 4-5 full-time employees who perform stormwater related services. Those staff are primarily in Engineering and Environmental Services, with assistance from Operations, Asset Management and Finance, as well as contracted services.

The current stormwater management program includes approximately \$2.74M in operations and \$3.4M in capital costs, for an approximate annual budget of \$6.14M. The City currently funds stormwater management primarily through property taxes. The

current annual stormwater management program represents approximately 6.9% of the total budget collected from property taxes (based on 2019 budget, when this project was initiated).

### **Stormwater Management Master Plan**

In 2007, the City completed a City-Wide Stormwater Management Master Plan. The Master Plan was completed and adopted by Council in August 2011.

The Master Plan included an inventory of all City-owned stormwater management facilities, developed hydrologic models of the City's trunk storm sewer system, updated the City's stormwater management policy and summarized, at a high level, the funds required to undertake maintenance of existing end-of-pipe stormwater management facilities.

One of the recommendations from this Master Plan was to investigate sustainable sources of funding to maintain the complete municipal stormwater management system.

### **Asset Management Plan**

In January 2020, Council approved the City's Asset Management Plan. The Asset Management Plan identified that over the next 10 years, there is an estimated funding gap of \$15.6M for stormwater management assets based on current funding levels.

The Asset Management Plan identified alternative funding sources, including user fees as a method to developing a sustainable funding model for stormwater management assets.

### **A/00909-20 Stormwater Management Funding Study**

In 2018, through Report 18-037 (CFO), Council directed staff to explore the benefits of alternative stormwater user fess and approved a capital project (A00909-20) to retain a consultant to complete a stormwater management funding study.

Wood Environment & Infrastructure Solutions (Wood) and Watson & Associates Economists (Watson) were retained in January 2019 to undertake the funding study.

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## **Analysis**

### **Strategic Alignment**

**PROSPERITY:** To support and encourage the growth of a highly competitive local economy where there is opportunity for everyone to contribute and succeed.

Goal #7 - Transportation and Infrastructure

Objective 7.3 Provide innovative leadership in the management of city assets to help plan, fund and maintain city assets in a sustainable way.

Stormwater management is one of the major challenges faced by many municipalities, with both funding and environmental implications. The completion of the Stormwater Management Funding Study has provided the City with an opportunity to identify a sustainable funding mechanism for the stormwater management program by transferring the burden from the tax base to a dedicated rate structure that is more equitable and fairly distributed among properties that generate stormwater runoff.

The recommended sustainable funding mechanism and credit/incentive program for stormwater management also supports Goal #4: Environment and Rivers, through Objectives 4.2 (Encourage innovative approaches to address environmental challenges) and 4.3 (Work with other partners to educate the public and help make changes to improve and protect our natural heritage features).

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## Comments

The City retained Wood Environment & Infrastructure Solutions (Wood) and Watson & Associates Economists (Watson) to complete the funding study. Staff have received their final report, which is summarized below.

The Final Report, including appendices, has been posted to the project's EngageCambridge page (<https://www.engagewr.ca/stormwater-management-funding-study>)

### Goals and Objectives of the Stormwater Management Program

The Stormwater Management Funding Study established a goal statement and key objectives for the stormwater management program in consultation with the Steering Committee and citizen advisory committee.

**Goal Statement:** The goal of the Stormwater Management Program is to protect public health and safety and the City's valuable natural and man-made resources by minimizing the impacts of stormwater runoff through on-going system assessments, proactive maintenance and operation of the City's assets, and well-considered investment in system upgrades and expansion.

#### Key Objectives:

- Services provided by the City should be clearly defined, be based on an assessment of actual need, and be provided as efficiently as possible
- The City should seek to move from reactive management of stormwater system components to a proactive, priority-based asset management program
- The program should be realistic and achievable and establish clear lines of accountability and decision making.

- The stormwater program plan should be coordinated with on-going planning and growth initiatives to identify efficiencies and should include public participation as a fundamental component.
- Program funding strategies should be a balanced approach, fair and equitable, and tied to level of service and sustainable financial program goals.

## **Current Program Review and Gap Identification**

The City's current stormwater management program includes:

- Operation and Maintenance – cleaning, repairs, minor replacements, street sweeping and leaf pickup
- Asset Management – inventory, mapping and assessment
- Planning and Management – long term planning, engineering review and approvals
- Capital Projects – engineering design and construction

The current program is primarily delivered by the Environmental Services and Engineering and Transportation Services divisions, along with Asset Management.

The costs of the current program, based on average annual costs between 2016 and 2019, has an approximate annual budget of \$6.14M and is summarized in **Table 1** and further detailed in Section 3.2 (Page 7) of the Final Report. The current program does not have defined levels of service.

**Table 1: Current Stormwater Management Program**

	<b>Costs</b>
Routine Pond Maintenance	\$75,000
Catch basin cleaning	\$170,000
Condition Assessment	\$213,277
CCTV program	\$100,000
Street Sweeping	\$231,200
Leaf pickup	\$371,925
Current Operations Staff	\$590,980

	<b>Costs</b>
Drainage and Storm Cost Centre	\$528,225
Indirect Costs (Overhead)	\$462,800
Invest in storm sewer system improvements - annual program	\$1,985,000
Invest in clearing the current storm sewer improvement backlog	\$300,000
SWM Pond Cleaning	\$500,000
Hydraulic structure upgrades/replacement	\$300,000
Infrastructure Improvements	\$319,000
<b>Total</b>	<b>\$6,147,407</b>

Through a review of the current program and interviews with staff delivering the program, several gaps, issues and areas that require focus were identified:

- Keeping the system in a state of good repair
- Staffing
- Flooding, erosion, and water quality
- Financial system support and billing support
- Policies and Guidelines, Master Plan
- Public Education
- Sustainability

### **Recommended Program, Level of Service and Costs**

Building on the current program and looking to address the gaps and issues identified above, a recommended stormwater management program was developed that includes twenty-four needs within four (4) key themes. The themes include:

- Stormwater Operations and Maintenance
- Stormwater Planning and Engineering
- Capital Improvements
- Stormwater Program Administration

The program needs are listed in **Table 2**. Additional details can be found in Section 3.4 (Page 13) of the Final Report.

Development of the recommended program also included identification of corresponding service levels. The level of service options were categorized as Basic, Medium or High defined by:

- Basic: meets the basic needs, with less frequent maintenance and less staff, meets minimum legislated requirements
- Medium: addition of staff/resources to increase capability to address service needs in a moderate approach
- High: addition of further staff/resources to address service needs as the highest priority in an aggressive approach

The development of the program needs and associated levels of service was completed with the Project Steering Committee, and included consultation with the citizen advisory committee. Through an iterative discussion process, consideration was given to both legislative requirements and best management practices. The recommended level of service for each program need is included in **Table 2** with further details found in Section 4.0 (Page 15) of the Final Report. The recommended program has an annual budget of \$8.55M.

**Table 2: Recommended Stormwater Management Program**

<b>Program Need</b>	<b>Recommended Level of Service</b>	<b>Program Costs</b>
<b>Stormwater Operations &amp; Maintenance</b>		
Regular inspections of stormwater infrastructure	Medium	\$ 65,000
SWM Pond Condition Assessments	Medium	\$ 20,000
Routine Pond Maintenance	Medium	\$ 75,000
Catch basin cleaning	Medium	\$ 320,000
Condition Assessments	Basic	\$ 60,000
CCTV program	Basic	\$ 111,900
Zoom Camera program	Basic	\$ 42,600
Street Sweeping	Basic	\$ 230,000

<b>Program Need</b>	<b>Recommended Level of Service</b>	<b>Program Costs</b>
Leaf pickup	Medium	\$ 380,000
Current Operations Staff	Basic	\$ 700,000
Indirect Costs (Overhead)		Included in above items
<b>Stormwater Planning and Engineering</b>		
Add dedicated Water Resources Engineering Staff	Medium	\$ 260,000
Train existing staff in stormwater management	Basic	\$ 20,000
Stormwater Management Studies (incl. Master Plan)	Medium	\$ 75,000
Update municipal stormwater management guidelines	Medium	Incl. with studies
Update guidelines for climate change	Medium	Incl. with studies
Invest in proactive SWM research/Green Infrastructure	Basic	\$ 50,000
<b>Capital Improvements</b>		
Invest in storm sewer system improvements - annual program	Basic	\$1,253,000
Invest in clearing the current storm sewer improvement backlog	Medium	\$3,047,000
SWM Pond Cleaning	Basic	\$ 650,000
Hydraulic structure upgrades/replacement	Medium	\$ 600,000

<b>Program Need</b>	<b>Recommended Level of Service</b>	<b>Program Costs</b>
Repair/replace inlet/outfalls	Medium	\$ 310,000
Infrastructure Improvements		Included in items above
<b>Stormwater Program Financial Administration</b>		
Stormwater Education and Outreach	Medium	\$ 60,000
Stormwater Program Financial Administrator	Basic	\$ 120,000
Financial Framework	Basic	\$ 100,000
<b>Total</b>		<b>\$8,549,500</b>

## Funding Frameworks

There are many approaches to funding stormwater management programs, and many of these are being used by municipalities across Ontario. A brief summary of each approach is provided below:

**Property Taxes:** The dominant approach remains property taxes, where the costs for the service are added to the tax levy and are charged based on the assessed value of a property. There is no correlation between stormwater runoff generated by a property and the cost being assessed to the lot.

**Utility Rate:** This approach charges a property based on the amount of water it consumes as registered through their water meter. This method does not correlate with the runoff generated and is often used where there is a combined sanitary and storm sewer system.

**Flat Rates:** This approach is a “per property” charge, where the total cost for the service is divided by the number of properties. There are variations to this approach which can differentiate the flat rate based on the type of property (residential, industrial, agricultural, etc.). Recognizing the type of property begins to correlate the level of service received to the cost assigned to a property.

**Land Area:** A land area approach uses a “per hectare” charge, where the total cost for the service depends on the size of a property. This approach also begins to correlate the level of service to cost, however does not consider the surface type of a site (grass, asphalt, building, etc.).

**Runoff Co-efficient:** A runoff coefficient is used by engineers to determine the amount of rainfall that will leave a site as runoff. The higher the coefficient, the more runoff is generated. A runoff coefficient approach is generally used in conjunction with a flat rate or land area approach to improve the relationship between the cost assigned to a property and the level of service to better reflect actual site conditions.

**Impervious Area:** This approach results in a custom charge for each property based on the actual amount of hard surface found on the property. While this is the most accurate method of calculation, it also requires the most resources to calculate an initial charge as well as to complete ongoing updates.

In general, there is no relationship between cost and level of service for the frameworks at the top of the above list (property taxes, utility rates). The relationships between cost and level of service become more direct with the frameworks at the bottom of the list, however the cost and ease of administration also becomes more complex.

In considering alternative frameworks for Cambridge, the following criteria were used:

- Ease of calculation
- Relationship between cost to a property and level of service received
- Cost and ease of administration
- Users control over charging mechanism

The funding frameworks were assessed by the Steering Committee and were a key component of the consultation with the citizen advisory committee. From these discussions, two funding models were identified for further analysis:

Option 1: A flat rate basis with the land area of each property being considered and grouped into the categories.

Option 2: A rate based on the size of the property multiplied by an average runoff coefficient. The runoff coefficient is a factor used to calculate how much rainfall migrates from a property (or surface) and becomes stormwater runoff (as opposed to infiltrating or evaporating).

## **Exemptions**

Through discussions on funding mechanisms, it was noted that there are properties that are exempt from other municipal charges and/or property taxes, and the concept of exemptions for the stormwater funding alternatives was included in the analysis.

Two exemption scenarios were identified:

Alternative 1: Government lands, Special Use properties and Legislated Exemptions:

Under this alternative a number of properties are excluded from the calculations including those on government lands, special use properties and legislated exemptions (e.g. schools).

#### Alternative 2: Legislated Exemptions:

Under this alternative, the only properties excluded from the calculations are legislated exemptions, which are properties associated with schools (i.e. elementary, secondary, post-secondary, etc.).

Exempting properties has an impact on the charge for other properties, as the costs assigned to the exempted property are redistributed amongst all other properties.

### Rate Analysis

Preliminary analysis for Options 1 and 2 were completed to understand the potential costs that would be applicable to properties.

For both options, the following property categories were identified:

- Agricultural Properties
- Residential Properties:
  - Small: less than or equal to 0.2 acres (0.0809 hectares).
  - Medium: greater than 0.2 acres and less than 1 acre (0.405 hectares).
  - Large: greater than or equal to 1 acre.
- Non-Residential Properties:
  - Small & Medium – Flat rate for properties less than 1 acre.
  - Large – Imperviousness for properties greater than or equal to 1 acre.

**Table 3** provides a summary of the potential charges under Option 1 and 2 as compared against the current tax rate allocated to the current stormwater management program.

**Table 3: Potential Stormwater Charges**

Type of Property	Current Tax Rate	Option 1 (property size)	Option 2 (runoff coefficient)
Agricultural (per acre)	\$2	\$12	\$3
Small Residential	\$106	\$72	\$54
Medium Residential	\$125	\$215	\$162
Large Residential	\$221	\$718	\$538

Type of Property	Current Tax Rate	Option 1 (property size)	Option 2 (runoff coefficient)
Small/Medium Non-residential	\$306	\$189	\$240
Large Non-residential	\$1,303	\$1,843	\$2,345

The rates above are based on Alternative 1 for exemptions. Under Alternative 2 for exemptions, the rates above would decrease slightly, as more properties would be sharing in the overall program costs.

Due to variation of large non-residential properties, the actual rates would also vary. The rates shown in **Table 3** are based on the average large, non-residential property.

### Phased approach

The rates in **Table 3** are based on implementing the full recommended program. Moving from the current program to the recommended program will likely take a phased approach as resources are added and inspection, maintenance and capital programs are developed and/or expanded. As such, the transition to a dedicated rate structure could also be phased. The initial phase could consist of transitioning the current program to a dedicated structure and then increasing over 3 to 5 years to the full recommended program and budget.

### Comparison to other municipalities

At this time, there are sixteen (16) municipalities in Ontario that have a dedicated stormwater management funding mechanism, including Aurora, Brampton, Guelph, Hamilton, Kitchener, London, Markham, Middlesex Centre, Mississauga, Newmarket, Ottawa, Richmond Hill, St. Thomas, Vaughan, Waterloo, and Whitchurch-Stouffville. The City of Windsor is currently completing a similar study as Cambridge.

The majority use some variation of a flat rate charge, several use a charge based on measured impervious area, one uses runoff coefficients and only one imposes a utility rate. Most municipalities further divide into categories based on land type and size.

The mechanisms for local municipalities include:

- City of Waterloo
  - Flat rate charge per property (by property type and size)
  - Three residential categories and three multi-residential categories
  - Three institutional and four industrial/commercial categories
- City of Kitchener
  - Tiered Flat Rate (based on property type and size of impervious area)

- Ten residential categories
  - Six non-residential categories
- City of Guelph
  - Flat Rate Charge for all residential properties (detached home, townhouse, apartment and condo unit)
  - Rate per Equivalent Residential Unit based on impervious area for Industrial, commercial and institutional properties
- Recommended City of Cambridge (Option 2)
  - Tiered Flat Rate (based on property type and runoff coefficient)
  - Rate based on impervious area for large non-residential
  - Three residential categories
  - Two non-residential categories

Each local municipality has a different approach and while the recommended approach for Cambridge (Option 2) is not identical to any, it is similar to Kitchener and Waterloo with inclusion of several categories based on land type and recognition of property size and/or surface coverage.

**Table 4** provides a comparison of local rates and Options 1 and 2 for Cambridge. The rates noted below are based on Alternative 1 for exemptions.

**Table 4: Comparison of Local Municipal Rates**

	Residential (small)	Non-residential (small)	Non-residential (large)
Waterloo	\$109	\$420	\$6,326
Kitchener	\$197	\$1,005	\$18,644
Guelph	\$77	\$245	\$15,639
Cambridge Option 1	\$72	\$189	\$1,843
Cambridge Option 2	\$54	\$240	\$2,345

When reviewing the rates for all municipalities, the rates for residential (small) range from \$24 to \$211/year, the rates for non-residential (small) range from \$48 to \$1,399/year and the rates for non-residential (large) range from \$96 to \$18,644/year. The City of Windsor is currently undertaking a similar study, and if approved, the recommended rates would be the highest of all municipalities at \$220 for small residential, \$2,356 for small non-residential and \$35,713 for large non-residential.

For all categories, Cambridge is in the middle to lower end of the range.

## **Credit and/or Incentive Program**

Other municipalities that have implemented a stormwater management fee have included a credit and/or incentive program to reduce the fee charged in recognition of private, on-site stormwater management practices. While a credit program would recognize the investment a property owner has made in those practices there are generally caps on the amount of credits a property can receive given that the site will ultimately still connect to a municipal stormwater system.

A review of other municipalities' stormwater management programs indicates that many include a credit program, however most are focused on the non-residential properties. Some programs include credits for residential properties, while others offer one-time incentives to help homeowners (i.e. subsidized rain barrels).

Credit and/or incentive programs can add administration costs to the overall stormwater management program. For the analysis completed in the Final Report, credits were not included, however, a credit program with typical response rates, could potentially result in an increase to the rates for all other properties in the range of 2% to 5% on the annual bill.

There are properties within the City that have implemented stormwater management practices and it is recommended that a credit and/or incentive program be further reviewed through the Implementation Study.

## **Recommendations**

With the completion of the Stormwater Management Funding Study, it is recommended that funding the maintenance and operation of the municipal stormwater management system transition from the tax base to a dedicated rate structure.

It is recommended that rate structure Option 2 (run-off coefficient basis) be implemented in conjunction with Alternative 2 for exemptions. The combination of Option 2 and Alternative 2 provides an equitable distribution of costs across all properties for the level of service received, and limits exemptions to the properties that are legislatively required to be exempted.

A credit and/or incentive program for both residential and non-residential properties should continue to be reviewed through the next steps of an implementation study.

It is further recommended that staff be directed to initiate an implementation study that will confirm all data, finalize rates and exemptions, formalize credits and/or incentives policies, establish a billing system and develop associated policies and bylaws.

## **Next Steps**

The recommendations from the final report are being presented for Council endorsement to transition stormwater management from tax base funding to a rate

structure. Staff are seeking direction to initiate an Implementation Study for the transition. The Implementation Study, subject to 2022 capital budget approval, will include review and finalization of all data and calculations. It will also include formalization of rates and exemptions, credits and/or incentives policies, establishment of a billing system and development of associated policies and bylaws.

Council involvement would continue through the implementation stage, including at key points related to finalizing the rate and exemptions and approval of associated bylaws.

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## Existing Policy/By-Law

### **Stormwater Management Policy**

The City's 1997 Stormwater Management Policy provides information to direct practitioners in the design of stormwater management facilities and directs City staff on matters such as maintenance and the planning of stormwater management facilities. As part of the 2011 Stormwater Management Master Plan, the policy was updated to reflect current standards of practice and Regional/Provincial guidelines.

### **Strategic Asset Management Policy**

The City's 2019 Strategic Asset Management Policy provides a vision for proactive management of City assets to enable the achievement of the Strategic Plan by:

- Delivering to the community, in the most efficient way possible through asset lifecycle management, levels of service so that its people may prosper;
- Balancing stakeholder expectations, sustainable development, and the actual needs of existing and future assets; and
- Maintaining prudent financial planning and decision making that align with the means of the City's stakeholders and its values.

### **Drainage Act R.S.O. 1990, c. D.17 s. 74.**

Municipalities are responsible for construction, improvement, maintenance and repair of drainage infrastructure that is within their municipality.

### **Future Policies and By-laws**

As part of the recommended Implementation Study, a by-law for the dedicated rate structure and policies for the credit program (if applicable) will be prepared for Council consideration and approval.

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## **Financial Impact**

There are no financial impacts to receiving this report and approving the report recommendations.

One of the recommendations is to direct staff to initiate an implementation study, pending 2022 capital budget approval. Capital project A/00909-40 SWM Funding Study – Implementation Plan in the amount of \$200,000 has been proposed in the 2022 capital budget, and will be presented to Council for approval as part of their budget review process.

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## **Public Input**

### **Communication and Engagement Plan**

A Communication and Engagement Plan (CEP) was developed for the project and was updated throughout the process, including to accommodate the challenges presented by the pandemic and the need to transition to virtual consultation. The CEP identified four steps of consultation, including:

1. Planning and Relationship Building
2. Existing Stormwater Management Program and Study Introduction
3. Recommended Future Stormwater Management Program
4. Follow-up

Stakeholder consultation aligned with these steps and are detailed further below.

The CEP originally included for two in-person Public Information Centres. Due to pandemic restrictions, these engagement activities were transitioned to be completed through a project site on the EngageCambridge website (<https://www.engagewr.ca/stormwater-management-funding-study>)

Advertisements for the public consultation were published in the City Pages of the Cambridge Times, and coordinated with social media postings through the City's various accounts.

### **Initial Public Consultation**

The initial consultation on the project's website included information on the study and the City's current stormwater management program. It also included a survey to understand concerns about stormwater and identify initial preferences for a funding mechanism. The information and survey were available from April to June 2021.

During this first consultation, the website received 69 visitors and the survey received 12 responses. All survey responses were from Cambridge residents that indicated managing increased runoff and pollution from urban growth and development was their main concern, followed by the repair and replacement of aging infrastructure. Respondents ranked property taxes with a variable flat rate based on property class/category as the preferred method of funding the municipal stormwater management system.

### **Public Information Centre**

A virtual Public Information Centre consisting of an online video presentation and survey was posted to the project's website from September 1 to September 20, 2021. During this time, there were 265 visits to the site. There were 39 informed participants (visited more than one page, participated in a survey, etc.). The online video was viewed 27 times and there 24 survey responses.

Based on the survey results, the top concern was repairing and replacing aging infrastructure, followed by managing increased runoff and pollution from urban growth and development and active maintenance of stormwater management facilities. Proactive and routine maintenance of facilities is ranked as the most important component of the recommended stormwater management program.

A majority of the respondents supported, in principle, the improvement of the stormwater management program and increasing the average annual funding to \$11.5M. Approximately half of the respondents indicated they would support more improvements costing more than \$11.5M.

Approximately half of the respondents support shifting funding of the stormwater management program away from the current tax-based method to a rate structure based on the total area of property; while almost two-thirds support shifting the funding from the current tax-based method to a rate structure based on a combination of the total area and the total hard surfaces.

All survey responses are included in Appendix C of the final report.

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### **Internal/External Consultation**

#### **Project Steering Committee**

The Project Manager for the Stormwater Management Funding Study is Sarah Austin, Manager of Development Engineering. The Project Steering Committee included the following staff:

- Kevin De Leebeeck, Director of Engineering
- James Etienne, City Engineer (former)
- Jason Alexander, Manager of Wastewater

- Usama Seraj, Budget Analyst
- Katie Fischer, Deputy Treasurer
- Sheryl Ayres, Chief Financial Officer
- Johan Krijnen, Manager of Asset Management

The Steering Committee met throughout the project to review data, provide input on current stormwater management operations, provide feedback on current and desired levels of operation and gaps within the stormwater management operation and to provide feedback on the proposed rate structures.

Staff in other divisions, including Planning and Operations, were consulted as deemed necessary throughout the project. Consultation with Communications staff was included as part of the overall public engagement and consultation program.

### **Citizen Stormwater Advisory Committee**

A citizen advisory committee, composed of external stakeholders, was formed to provide input to the funding study. To support the committee, a Terms of Reference was developed to define the roles and responsibilities of the members and to identify the level of involvement required. The committee included members from the public, businesses, industry, institutions and conservation authorities. The committee included representatives from the following:

- Chamber of Commerce (Business)
- Toyota (Business)
- Triovest (Business/Industrial Development)
- Waterloo Region Home Builders Association (Residential Development)
- Grand River Conservation Authority
- Conestoga College (Institution/Business)
- Waterloo District School Board (Institution)
- Fiddlesticks Community Centre (Residents)
- Kinbridge Neighbourhood Association (Residents)

Additional invitees to participate in the committee included Cambridge Memorial Hospital, Preston Towne Centre BIA, Downtown Cambridge BIA and Loblaw Companies. These invitees either declined or did not reply.

The advisory committee met four times throughout the project. Due to the pandemic, all advisory committee meetings were held virtually.

The initial meeting was held on September 29, 2020 and provided an overview of the Study purpose, goals and objectives. It also provided background on the City's current stormwater management program. This meeting aligned with Step One of the CEP.

The advisory committee met again on November 10, 2020, with a focus on establishing objectives and priorities, reviewing the City's current stormwater management program in detail and discussing levels of service and options for addressing program needs. The members of the committee were asked to complete a survey to rate the importance of each program need. This meeting aligned with Step Two of the CEP.

A third committee meeting was held on February 23, 2021 to discuss the recommended level of service options of the future stormwater management program. An overview of revenue and funding approaches was also provided. Members of the committee were asked to rank the funding approaches in order of preference for residential and non-residential properties. They were also asked to provide input on desired levels of service for the various components of the stormwater management program.

A final committee meeting was held on June 15, 2021 to discuss the preliminary financial framework under the proposed program, review potential credits and exemptions and compare the program and rate structure to other local municipalities. The third and fourth committee meetings aligned with Step Three of the CEP.

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## Conclusion

With the completion of the Stormwater Management Funding study, it is being recommended that funding the municipal stormwater management system transition from the tax base to a dedicated rate structure.

It is recommended that an Implementation Study be initiated based on rate structure Option 2 (runoff coefficient based) with Alternative 2 for exemptions. This combination provides an equitable distribution of costs across all properties for the level of service received, and limits exemptions to the properties that are legislatively required to be exempted.

Transitioning to a dedicated rate structure also provides a sustainable funding source to address the funding gap in municipal stormwater management infrastructure and to fund the recommended stormwater management program.

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## Signature

### Division Approval

Reviewed by the CFO



Reviewed by Legal Services

**Name:** Kevin De Leebeeck

**Title:** Director of Engineering

## Departmental Approval



**Name: Hardy Bromberg**

**Title: Deputy City Manager, Community Development**

## City Manager Approval



**Name: David Calder**

**Title: City Manager**

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## Attachments

- N/A