

COMMITTEE AGENDA



CONSOLIDATED AS OF FEBRUARY 2, 2016

TO **Infrastructure, Development & Enterprise Committee**

DATE Tuesday, February 2, 2016

LOCATION Council Chambers, Guelph City Hall, 1 Carden Street

TIME 5:00 p.m.

DISCLOSURE OF PECUNIARY INTEREST AND GENERAL NATURE THEREOF

CONFIRMATION OF MINUTES – December 8, 2015 Open Meeting Minutes

PRESENTATIONS (Items with no accompanying report)

a) None

CONSENT AGENDA

The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Infrastructure, Development & Enterprise Committee Consent Agenda will be approved in one resolution.

ITEM	CITY PRESENTATION	DELEGATIONS	TO BE EXTRACTED
IDE-2016.1 Parking Agreement with the Western Hotel Executive Suites Limited, 72 Macdonell Street, Guelph			
IDE-2016.2 Stormwater Funding Study	Arun Hindupur, Infrastructure Planning Engineer (presentation)	<ul style="list-style-type: none"> Brent Beam Hugh Whiteley <p><u>Correspondence:</u></p> <ul style="list-style-type: none"> Bill Mungall 	✓

Resolution to adopt the balance of the Infrastructure, Development & Enterprise Committee Consent Agenda.

ITEMS EXTRACTED FROM CONSENT AGENDA

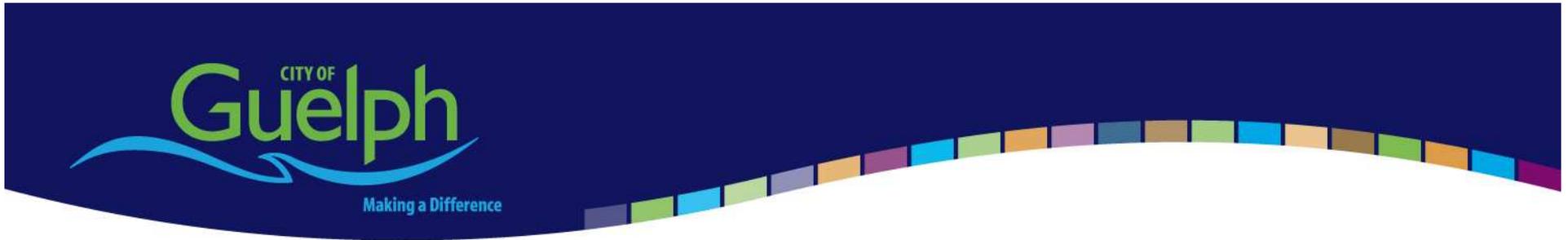
Once extracted items are identified, they will be dealt with in the following order:

- 1) delegations (may include presentations)
- 2) staff presentations only
- 3) all others.

STAFF UPDATES AND ANNOUNCEMENTS

ADJOURNMENT

NEXT MEETING – March 1, 2016



Stormwater Funding Study

**Infrastructure, Development and Enterprise (IDE)
Committee**

February 2, 2016

Engineering and Capital Infrastructure Services

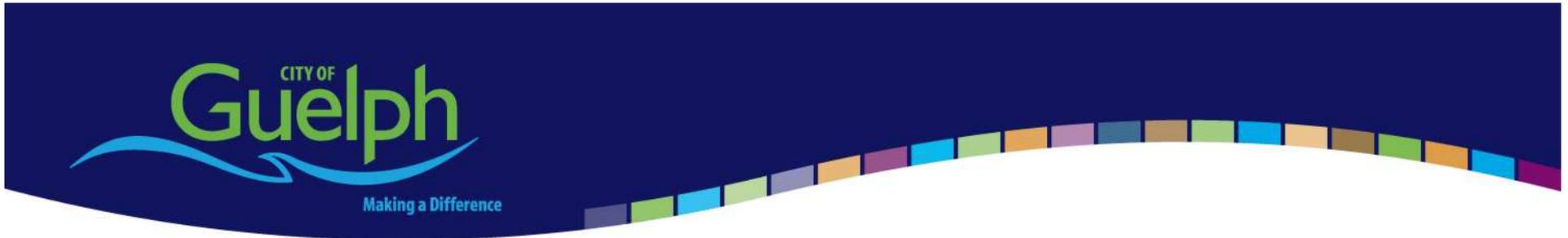
Don Kudo, Manager, Infrastructure Services/Deputy City Engineer

Arun Hindupur, Infrastructure Planning Engineer

Consultant Team

Ray Tufgar, AECOM

Mike Gregory, CHI

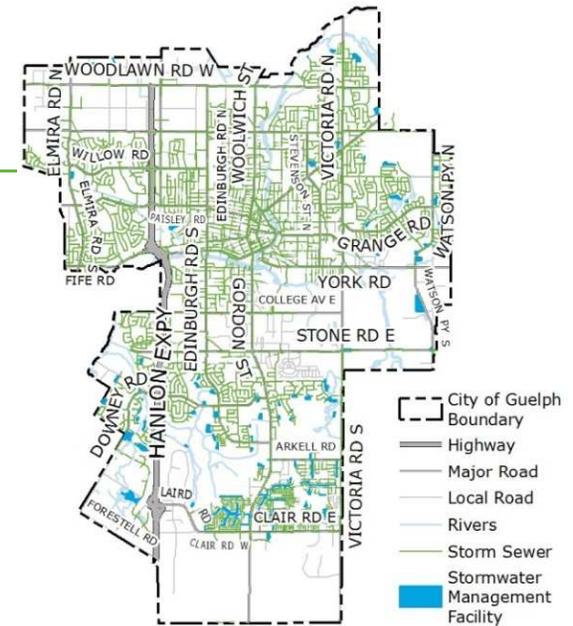


Study purpose and objective

- Identify a dedicated and sustainable funding mechanism that:
 - Supports the City’s stormwater needs
 - Reduces the infrastructure funding gap
 - Addresses the issue of aging infrastructure
 - Protects Guelph’s water resources
 - Is fair, equitable and affordable

Stormwater system

- 477 kilometres of pipes
- 11,900 catchbasins
- 120 facilities



- 2012 Master Plan:
 - \$62M improvements
- 2012 Report Card:
 - “F” grade

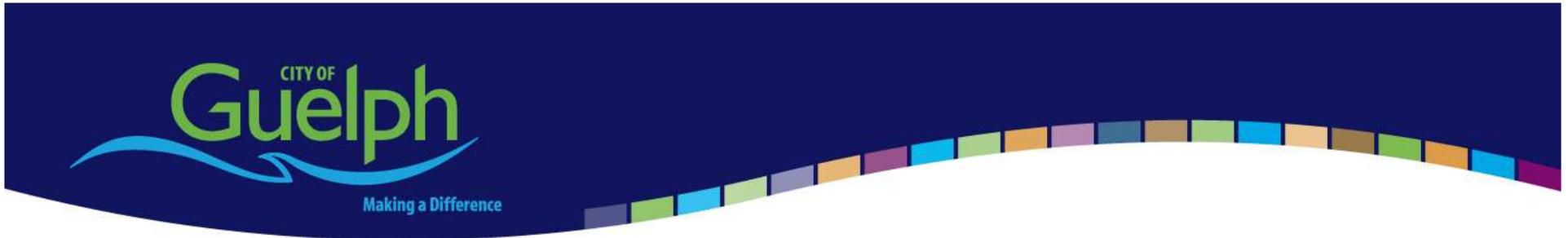
Asset Group	2006-2010 Average	2011 Grade	2012 Grade	Comments	6 Year Trend
Water System	D (66%)	B (81%)	A (90%)	The Water System 2012 budget is 90% of the Average Annual Cost. This is an improvement from the 2011 budget levels, and a significant improvement from the 2006-2010 average.	↑
Wastewater System	D (63%)	C (71%)	C (79%)	The Wastewater System 2012 budget is approximately 79% of the Average Annual Cost. This is insufficient to maintain the system in perpetuity; however it is an improvement from previous years.	↑
Storm System	F (32%)	F (36%)	F (41%)	The Storm System 2012 budget is significantly inadequate to sustainably maintain the system. It meets neither the Average Annual Cost, nor the needs for the current decade.	→
Transportation System	D (60%)	D (62%)	F (57%)	The Transportation System 2012 budget is approximately 57% of the projected requirement. This is insufficient to maintain the system in perpetuity and a decrease from the historical budget levels.	↓

The infrastructure gap: what's at risk?

City of Guelph Stormwater Management Program	Annual Expenditure	
	Current	Required
Capital Improvements	\$1,547,000	\$2,544,000
Operations and Maintenance	\$749,000	\$1,160,000
Sustainable Asset Renewal	\$0	\$2,737,000
TOTAL	\$2,296,000	\$6,441,000

**\$4.1M/yr
Funding Gap
(2012)**

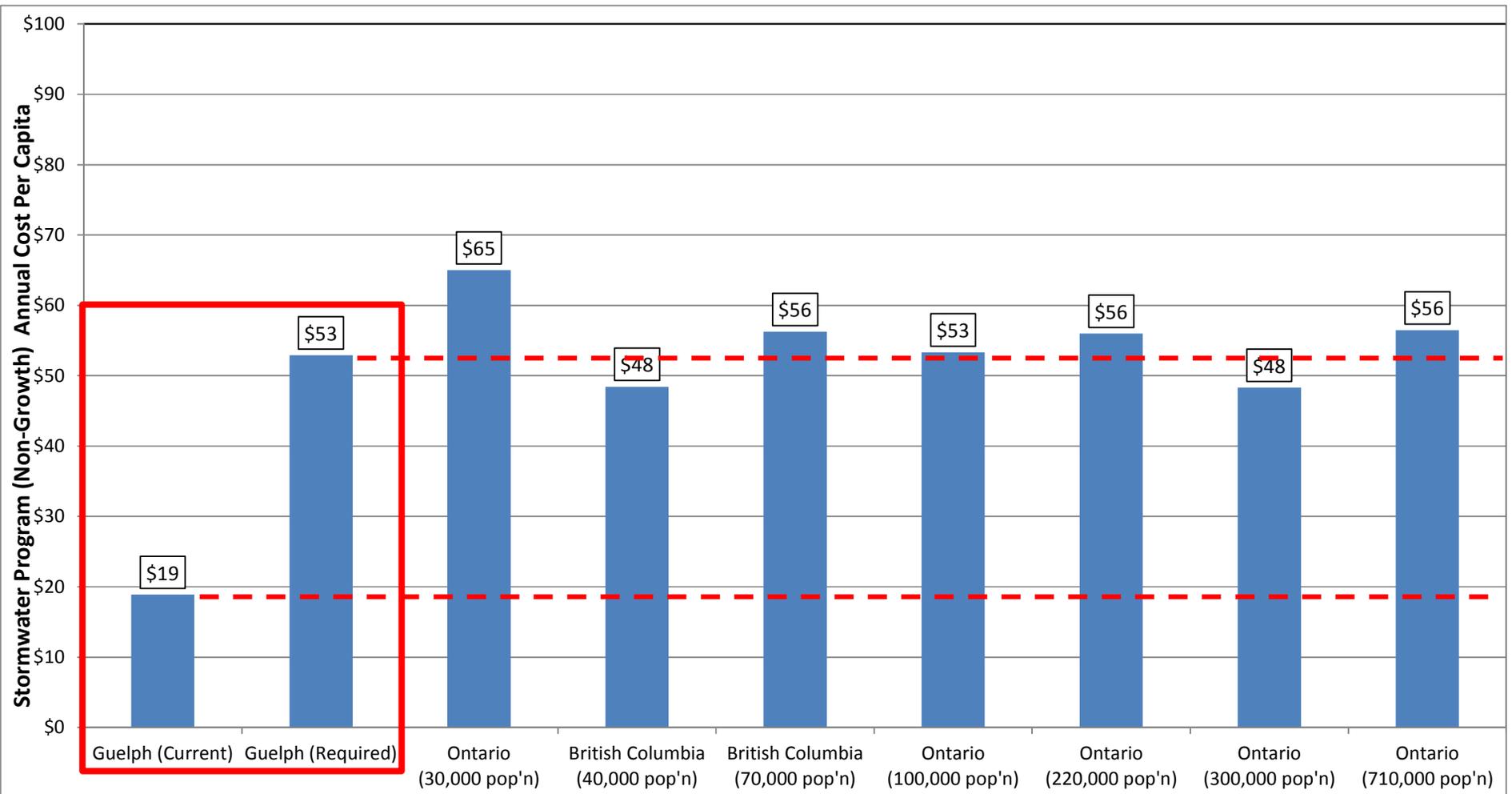
- Continued underfunding widens the gap
- Increased repair costs if not addressed
- Increased risk of flooding/erosion
- Negative impacts on waterways and drinking water quality

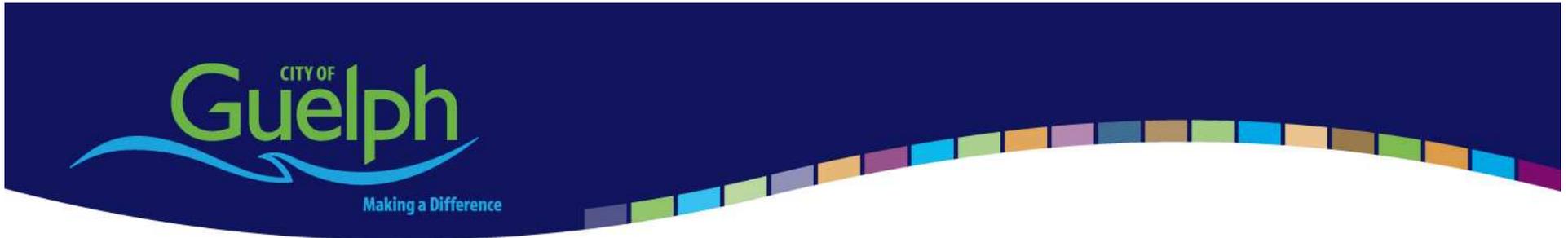


Community engagement

- Stakeholder Advisory Group:
 - 19 organizations (four meetings)
- Public open houses:
 - 18 attendees (two events)
- On-line survey:
 - 113 respondents
- Meetings with University of Guelph
- Interdepartmental team and consultation

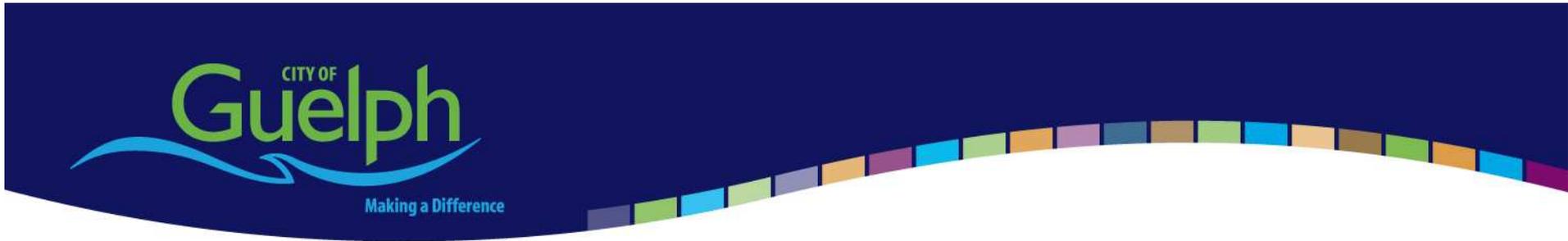
Benchmark costs





Service level options

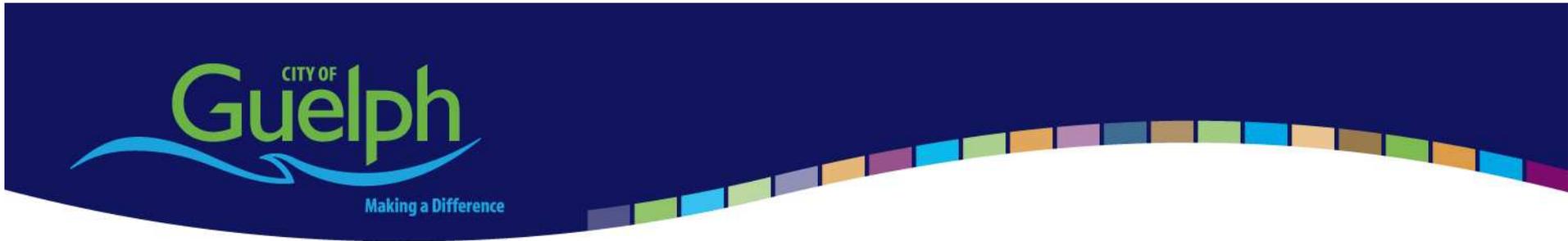
- Status Quo (\$2.3M per year)
 - Partially funded operations/capital program
 - Replace/renew critical asset deficiencies only
- Sustainable (\$6.4M per year)
 - Fully funded operations/capital program
 - Fully replace assets over a 100-year lifecycle
- Interim service level (\$4.4M per year)



Funding options explored

- Property tax increase
- Changes to DC program
- Stormwater user fee

Funding Method	City Wide Applicability	Used for Capital Costs	Used for O&M Costs	Used for Eng'rg/ Support Costs	Fair & Equitable Allocation	Dedicated Funding Source	Effort To Admin-istrate	Environ-mental Benefits
Property Tax	Yes	Yes	Yes	Yes	No	No	Low	Low
Development Charges	No	New Capital	No	Partly	Partly	Yes	Medium	Medium
User Fee (Flat Fee)	Yes	Yes	Yes	Yes	No	Yes	Medium	High
User Fee (Variable Rate)	Yes	Yes	Yes	Yes	Yes	Yes	High	High



User fee comparison

- \$8 per month average charge ranging \$4-\$15/month (detached home)
- \$100 per year average charge ranging \$52-\$179/year

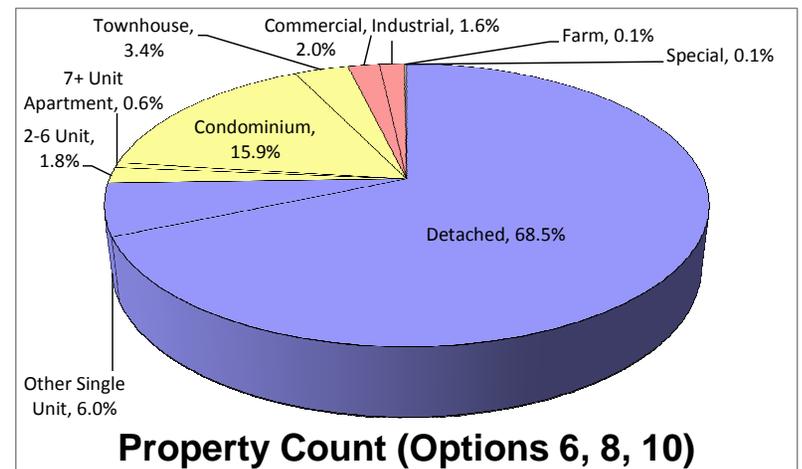
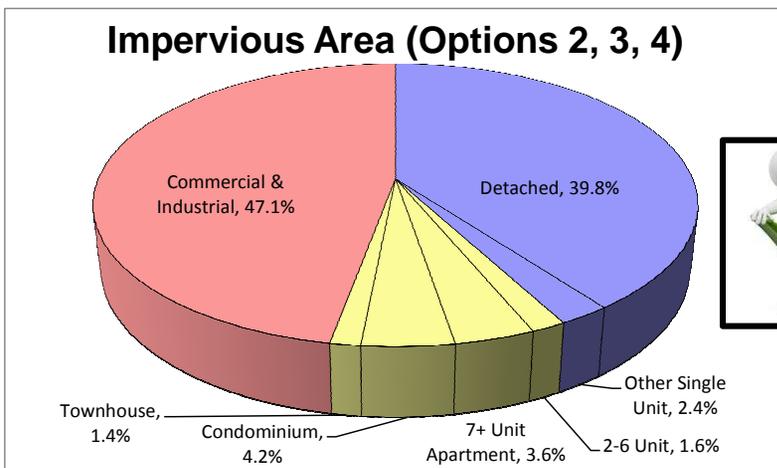
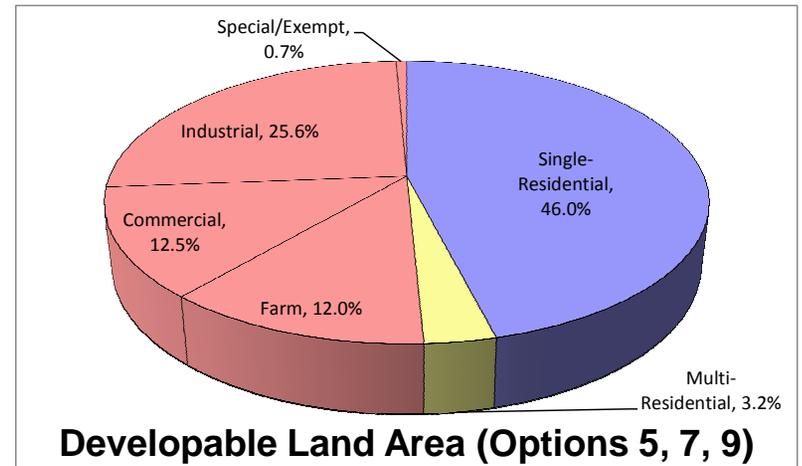
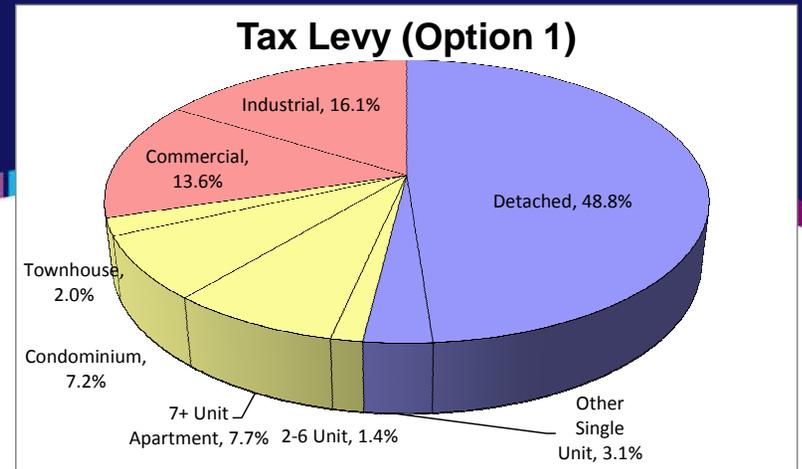
Ontario Municipality	Fee Type	Start	Typical Monthly Charge (Detached Home)
London	Tiered Flat Fee	1996	\$14.92
Aurora	Tiered Flat Fee	1998	\$4.78
St. Thomas	Tiered Flat Fee	2000	\$7.56
Kitchener	Variable Rate	2011	\$10.48
Waterloo	Variable Rate	2011	\$5.39
Richmond Hill	Tiered Flat Fee	2013	\$4.37
Markham	Tiered Flat Fee	2015	\$3.92 ¹
Mississauga	Variable Rate	2016	\$8.33

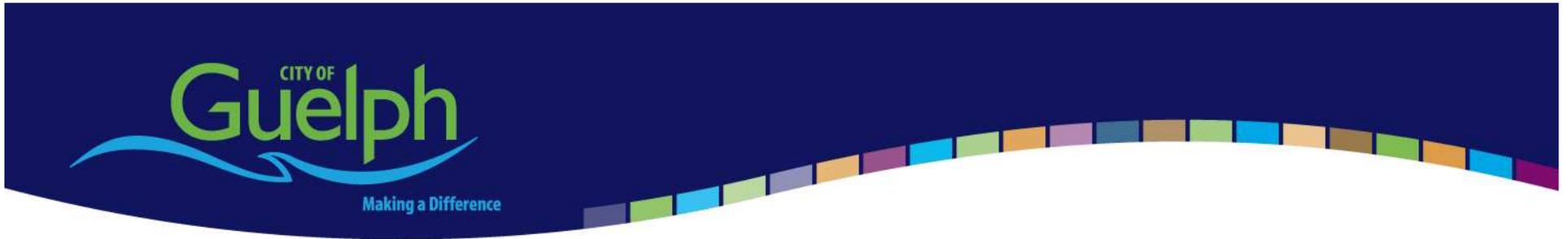
Notes:

1. User fee only supports a portion of the overall stormwater program.

Funding options

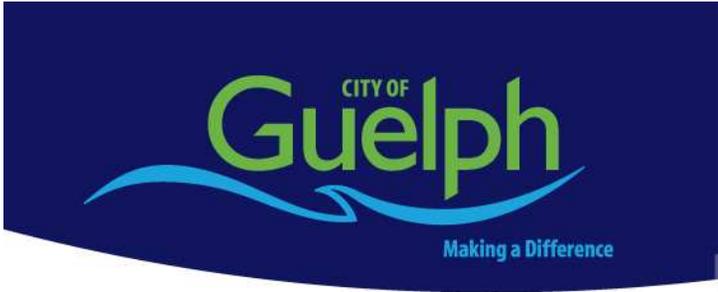
Funding Option	Basis of Charge	
	Residential	Non-Residential
1: Property Tax	assessed value	
2: Variable Fee (ERU)	impervious area (per dwelling unit)	
3: Variable Fee (SFU)	impervious area (per detached home)	
4: Variable Fee (Tiered SFU)	impervious area (per detached home)	
5: Flat Fee (area based)	land area (ha)	
6: Flat Fee (property based)	property count	
7: Hybrid Fee (area based)	impervious area	land area (ha)
8: Hybrid Fee (property based)	(per dwelling unit)	property count
9: Tiered Flat Fee (area based)	land area (ha)	land area (ha)
10: Tiered Flat Fee (property based)	property count	property count





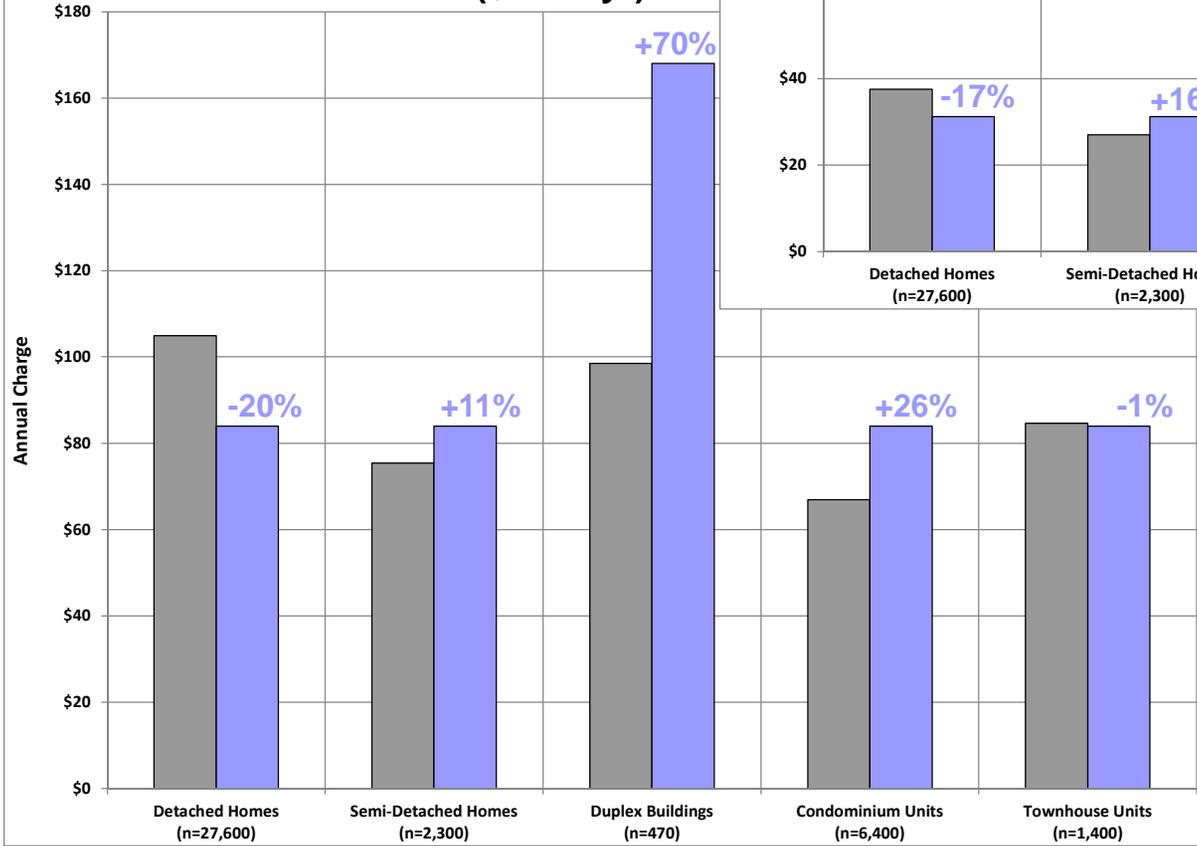
Funding impacts

- Base charges do not include potential reductions due to credits
- Incorporated exemptions based on:
 - Public transportation rights-of-way
 - Mississauga “precedent” (colleges, public school boards and Crown lands)
 - Farmland properties

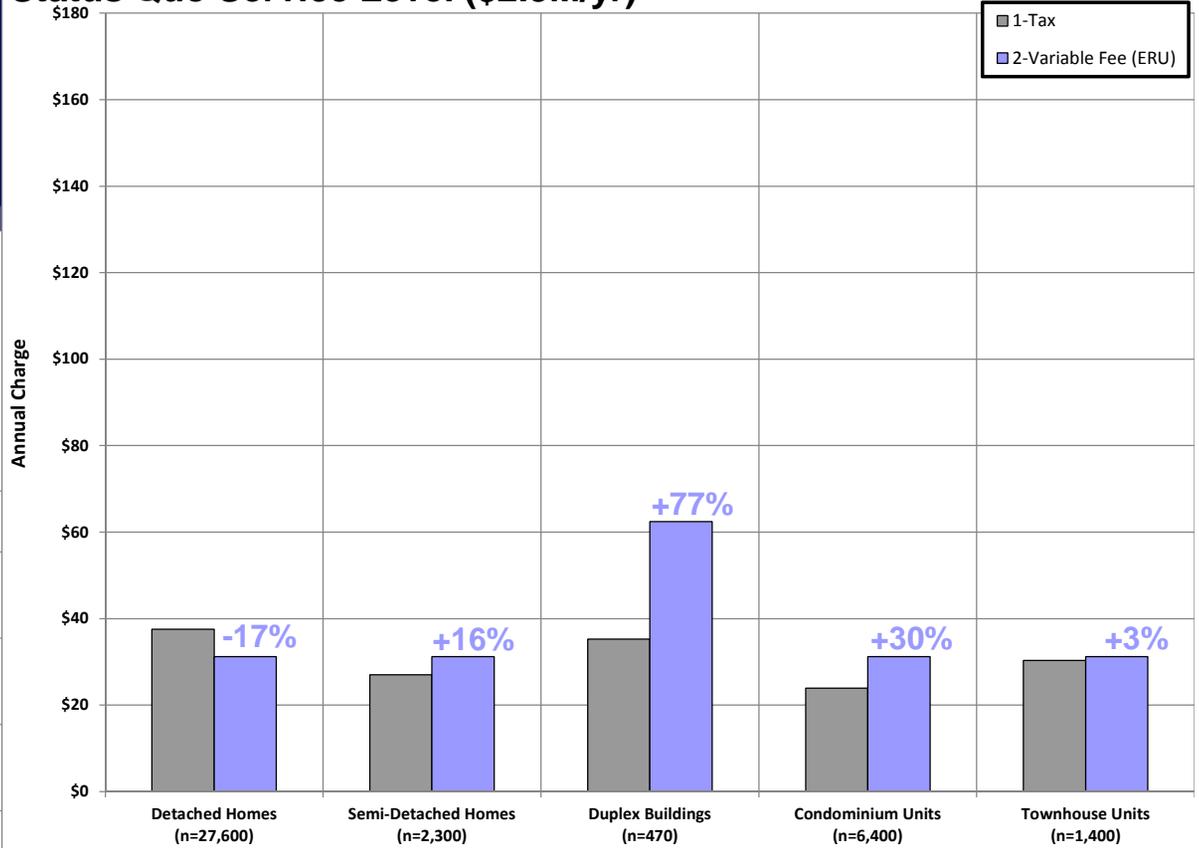


Funding impacts

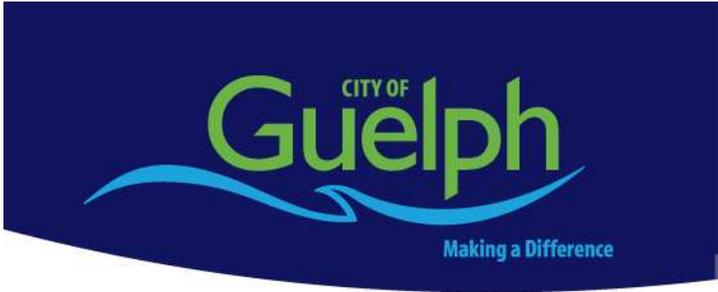
Sustainable Service Level (\$6.4M/yr)



Status Quo Service Level (\$2.3M/yr)

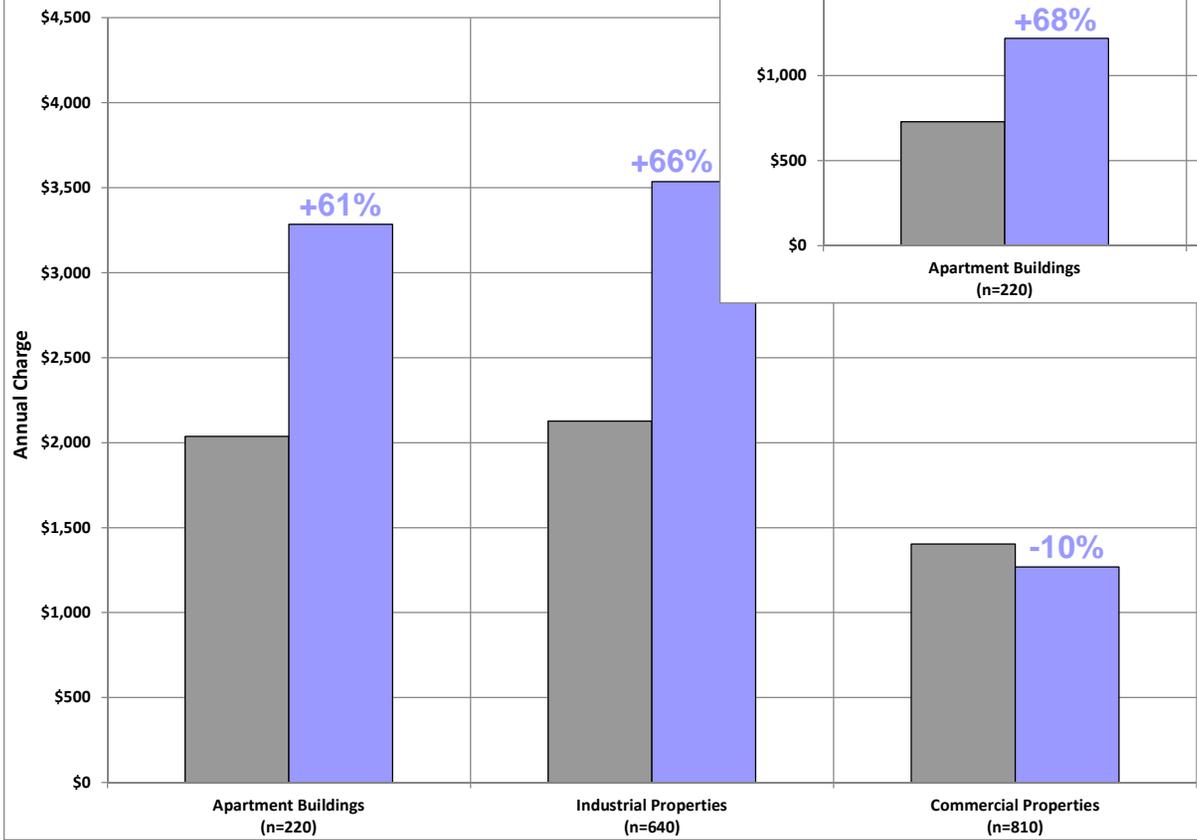


Residential Properties

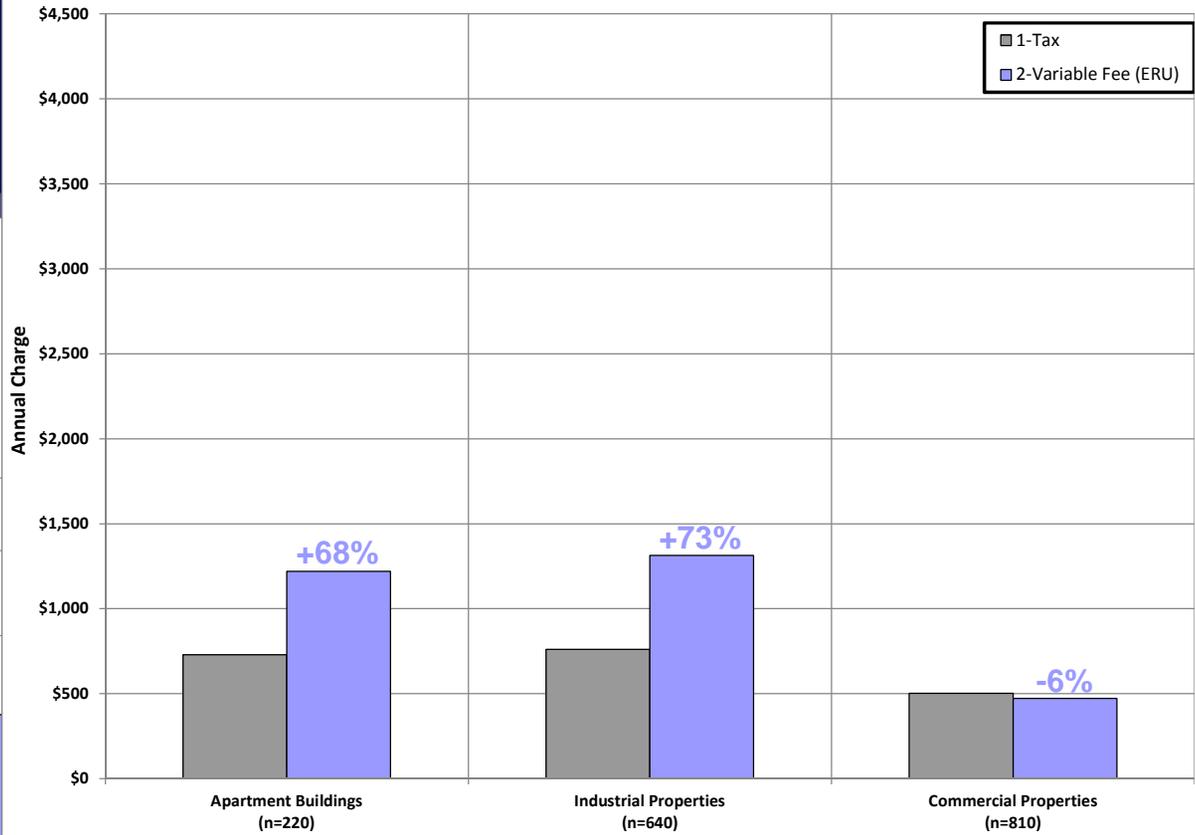


Funding impacts

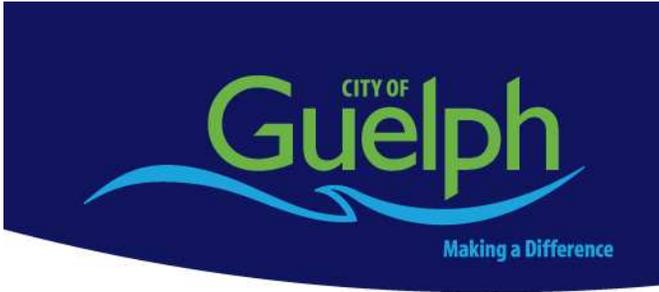
Sustainable Service Level (\$6.4M/yr)



Status Quo Service Level (\$2.3M/yr)

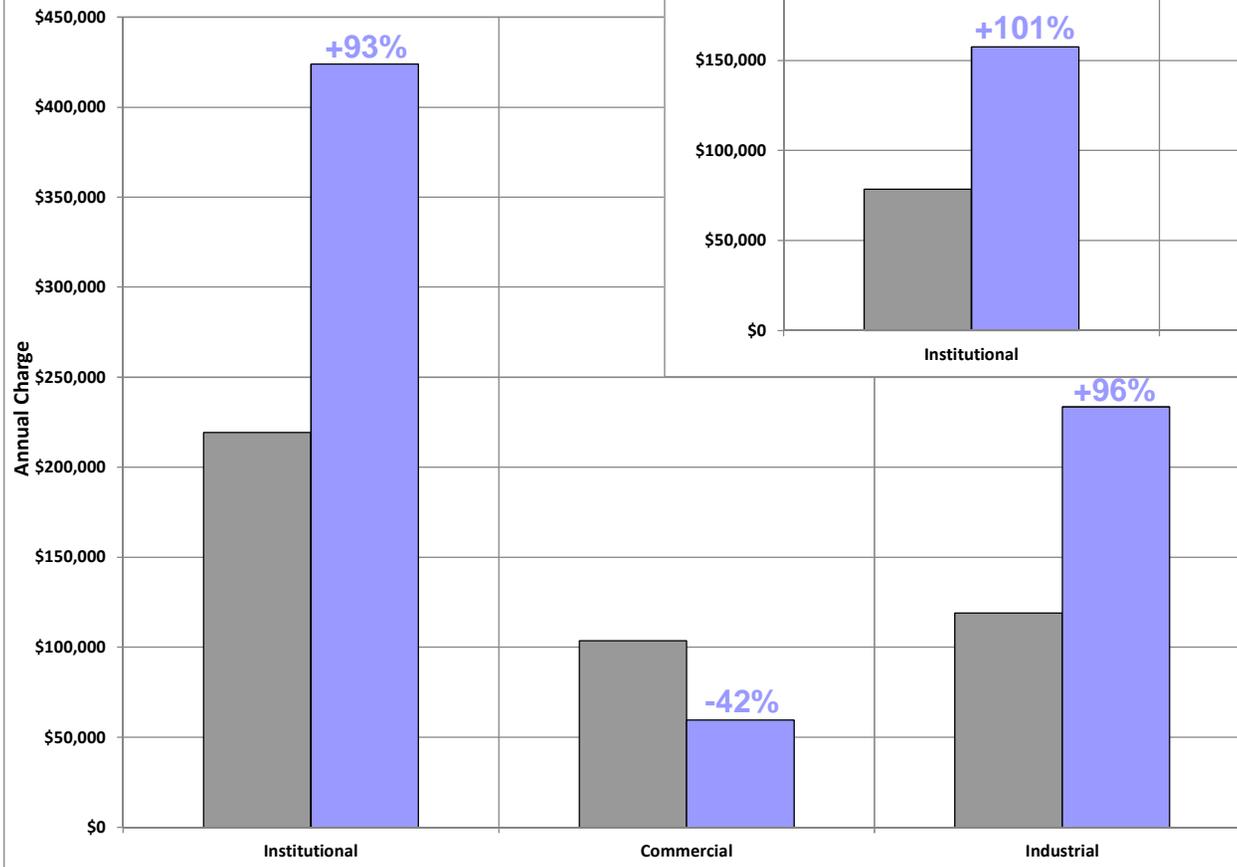


Multi- and Non-Residential Properties

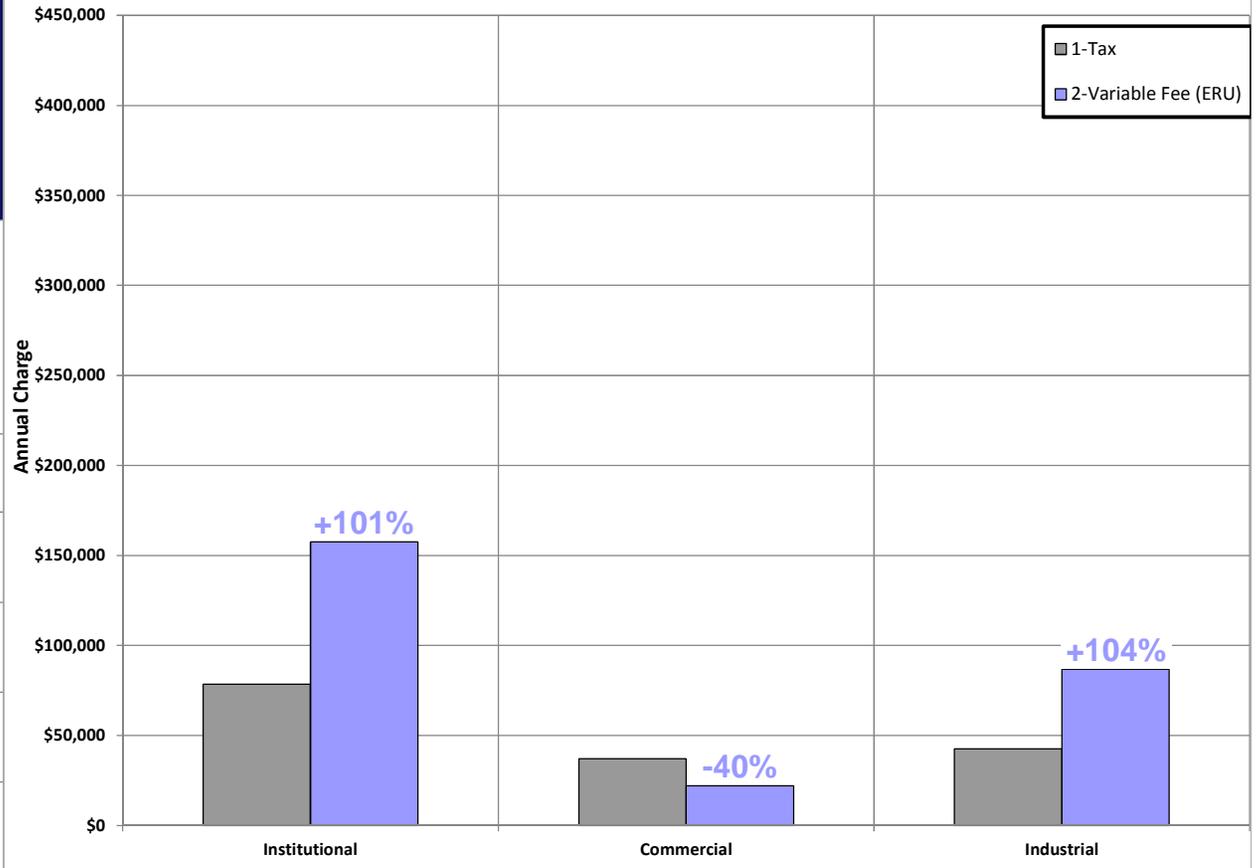


Funding impacts

Sustainable Service Level (\$6.4M/yr)



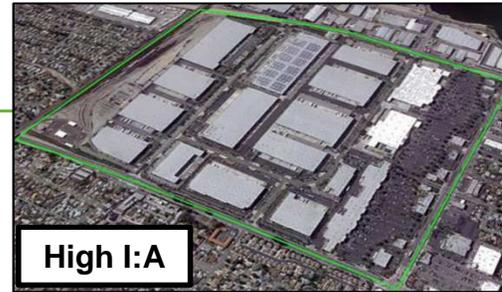
Status Quo Service Level (\$2.3M/yr)



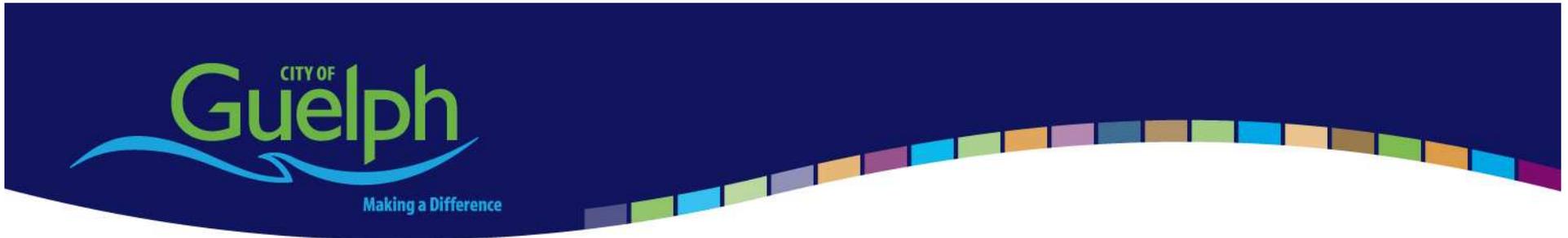
Selected Non-Residential Properties

Option evaluation

- Tax-based options favor properties with a high I:A ratio
- Impervious area-based options favor properties with a low I:A ratio
- Options based on property count have the lowest fairness and equity

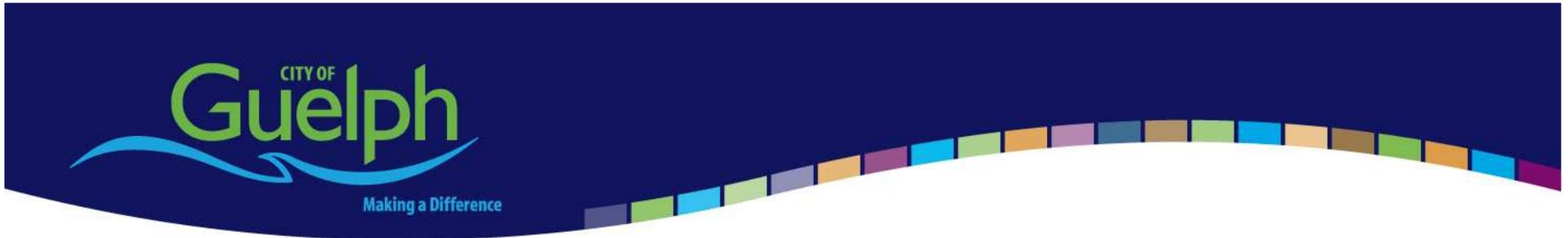


$$\text{I:A ratio} = \frac{\text{Impervious footprint (m}^2\text{)}}{\text{Assessed value (\$)}}$$



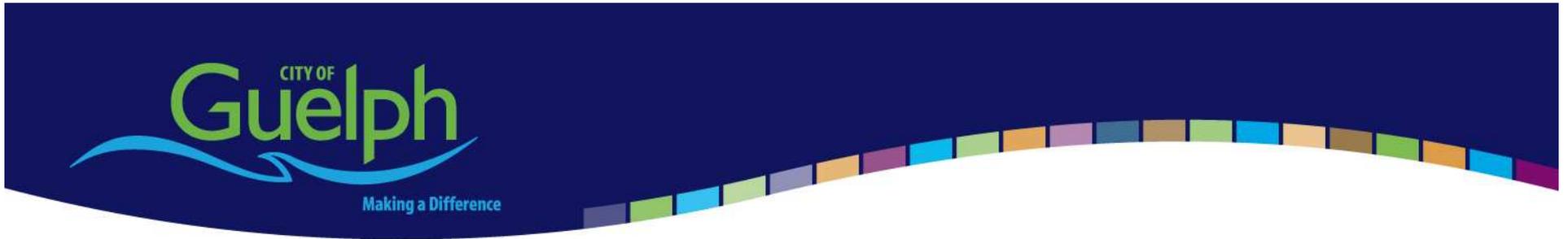
Preferred alternative (Option 2: ERU)

- Best balance between administrative cost and fairness/equity
- Every household pays same amount
- Change from current tax-based model:
 - Detached single family properties will pay 15-20% less on average
 - Commercial properties will pay 5-10% less



Recommendations

1. Transition stormwater service from tax-based to dedicated variable user fee
2. Develop an implementation strategy:
 - a) Variable user fee based on impervious area (Equivalent Residential Unit - ERU)
 - b) Appropriate level of service and funding including phasing schedule
 - c) Credit program to allow property owners to reduce fees through on-site measures



Questions?

RECEIVED

JAN 28 2016

CITY CLERK'S OFFICE

Jan. 28, 2016

Chair and Members

Infrastructure Committee

City of Guelph

Dear Committee Members:

Subject: Stormwater Utility – Avoiding “Double Dipping”

As a member of the stakeholder advisory committee on the proposed stormwater “utility” (appointed as a representative of the Environmental Advisory Committee), I must comment on a major financial implication that lay beyond the committee’s terms of reference, and, apparently, the staff report.

The City spends an annual average of \$2.2 million in capital and operating funds on stormwater systems. Under the proposal, this sum would be no longer required in operating and capital budgets as it would instead be funded by a new user charge system. This will create an opportunity for the City to permanently “backfill” capital and operating budgets with \$2.2 million of other projects and programs, without raising taxes. I urge the City to resist the temptation to do this.

The attached clippings from The Waterloo Region Record show clearly that Kitchener is on the cusp of a tax revolt due to persistent increases in utility costs (and stormwater in particular) at rates several times the rate of inflation. Guelph’s record for water and wastewater utilities is similar. And Guelph’s stormwater budget projections are consistent with these high rates of increase. Public support is needed for what is a badly needed and long overdue expansion of stormwater projects. But the public will perceive that they are being taxed a second time for stormwater if Council opts to backfill the operating and capital budgets as noted above, simply because it felt it could not pass up the opportunity to do so.

The consequence, as shown in Kitchener, will be for greatly increased public pressure on Council to further manage down all other costs in capital and operating in order to offset the rises in utility costs.

One solution to forestall some of this pressure right at the outset would be for the City to simply dedicate a permanent subsidy to the stormwater utility totalling \$2.2 million funded from its capital and operating budgets. (Council should challenge its financial planning staff to identify other alternatives it could also consider.)

With such a measure, the City could defend itself against the charge that it is taxing twice for stormwater, and at the same time acknowledge that taxpayers had already been supporting a \$2.2 million level of service for stormwater.

(The counter-argument would be that the funding for a \$2.2 million subsidy would not reflect the improved fairness of the stormwater utility proposal amongst ratepayers. However, a mature stormwater program will quickly evolve at several times the \$2.2 level in future years, so that the majority of the program would still be funded under the improved fairness principle.)

Floods are probabilistic events. To date, Guelph has led a charmed existence, the more so as climate change heightens the odds against avoiding the sort of costly urban flooding that has beset many other nearby urban centres, such as Burlington, Hamilton, Toronto and Peterborough. Several years ago, while coordinating a province-wide task group on urban flooding, it became apparent to me that Guelph possesses most of the ingredients for catastrophic floods (steep hills, lack of major/minor drainage systems in the older areas). As well, the majority of the City's storm sewers discharge into our rivers with essentially no water quality controls.

It is high time for improved stormwater service in this City. I urge Council to seriously consider this subsidy proposal. I do not wish to see support for a stormwater program compromised because the City chose to seize on a perceived \$2.2 million "windfall" or vacuum in its operating and capital budgets by backfilling this with other projects.



Bill Mungall

Storm water fee increases triple

Need to replace aging infrastructure behind the hefty hikes, City of Kitchener says

Catherine Thompson, Record staff

KITCHENER — When Kitchener first created its storm water utility in 2011, it introduced a new storm water fee that increased revenues for the new utility by almost 50 per cent.

Revenues were projected to continue to grow above inflation, with city officials projecting fees to rise by three per cent every year for at least the next five years.

Now, not quite five years later, ratepayers must swallow a 9.2 per cent increase this year, and every year thereafter for the next decade.

How did this happen, some bewildered city councillors asked this week as they finalized the 2016 budget.

“We’re jumping from a three per cent increase to 9.2,” said Coun. Paul Singh as he questioned the size of the increase.

The answer, says Nick Gollan, the man-

ager of the storm water utility, is in a decision by council last summer to step up its investment in water, sewer and storm water infrastructure.

The city set up the program, called Accelerated Infrastructure Replacement Program (AIRP), in 2002 to correct years of chronic neglect, when budgets simply didn’t keep up with the need to replace aging pipes beneath the city’s streets.

Almost as soon as the program started,

costs began to skyrocket, thanks to rising costs and the increasing complexity of digging up city streets filled with a growing array of buried infrastructure, from fibre optic cable to sewer pipes.

Those rising costs meant the city never reached its targets for infrastructure replacement, and fell further behind every year.

► **Water** continued on B3

A \$180 rate hike over two years for water and sewage is unacceptable

Everyone has to flush the toilet.
Everyone has to wash dishes
and take a shower once in a while.
We have no choice about these things.

So when the cost of water and sewer services are proposed to go up by in Kitchener, by between seven and 11 per cent this year for the second year in a row, I understand why people are so upset.

Earlier this year, Kitchener council approved a 9.9 per cent increase to both water and sanitary sewer rates in order to maintain current service levels.

That was an average increase of \$92 on the annual bill of the average residential customer.

Now the city wants to charge us an additional \$88 per customer next year. Storm water services would go up 9.2 per cent; sanitary sewage waste, 10.8 per cent; and



Luisa D'Amato
Opinion

tap water 7.6 per cent.

So we are talking about an increase of \$180 over two years for the average home, just for water and sewage fees.

And current rates are not even enough, so similar “substantial annual rate increases” will be levied for “an extended period of time,” the report said.

That is unacceptable.

It is an insult to ratepayers to suggest such an increase should even be under discussion.

In its report to councillors, the city blames everything but itself for this predicament.

It says the infrastructure is

aging and needs frequent repair (You don’t say! Gosh, how odd that no one saw this coming ahead of time so that the city could arrange long-term financing!)

“Significant portions of the system are reaching the end of their lifecycles,” says the report to councillors. (Yes, aging happens to us all.)

There was also the extremely cold weather the past two winters, which caused a higher number of water main breaks.

And the report also notes that some customers are trying to use less water to save money. That’s a public-spirited gesture, but one that spreads this cost burden across fewer customers.

The implication is that those of us who take shorter showers are — forgive the pun — drains on the system.

Then, apparently thinking that local residents are as easily distracted as toddlers, there is a graph showing the property tax burden on Kitchener is already very low.

The owner of an average bungalow in Kitchener pays just \$3,033 in annual property taxes, third lowest of a group of 25 major cities across Ontario. (The same house in Cambridge would pay \$3,070 and in Waterloo, \$4,281. The provincial average is \$3,574.)

But so what? As proud as we all are of Kitchener for being efficient, why would we care what the tax burden is in Mississauga or Ottawa? We live here, not there.

Lastly, in the add-insult-to-injury department, the city’s website has the obligatory short video showing all the glasses of water you can buy for just a dollar.

What a bargain tap water is! coos the announcer. “It’s a great value for your money.”

And so it might be, if all we did was drink it.

But the vast majority of us also shower and bathe in it. We wash our clothes and dishes and floors with it. We pour it on our flower and vegetable gardens and we boil our spaghetti and potatoes in it.

Water and sewage systems are not a luxury. We need them just as much as we need electricity, another precious natural resource that has also skyrocketed in price over the years.

Surely Kitchener councillors can understand that, and will find a more affordable way to proceed as they consider their budget over the next few weeks.

ldamato@therecord.com