

COMMITTEE AGENDA



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		√

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

**Infrastructure, Development & Enterprise Committee
Held in the Council Chambers, Guelph City Hall
Tuesday, December 8, 2015 at 5:00 p.m.**

Attendance

Members: Chair B. Bell Councillor L. Piper
 Mayor C. Guthrie Councillor M. Salisbury
 Councillor D. Gibson

Councillors: Councillor C. Downer Councillor J. Hofland
 Councillor J. Gordon Councillor K. Wettstein

Staff: Mr. S. Stewart, Deputy CAO – Infrastructure, Development & Enterprise
 Mr. D. Thomson, Deputy CAO – Public Services
 Ms. K. Dedman, General Manager, Engineering and Capital Infrastructure
 Services/City Engineer
 Mr. T. Salter, General Manager, Planning, Urban Design and Building Services
 Ms. M. Aldunate, Manager, Policy Planning and Urban Design
 Ms. J. Jylanne, Senior Policy Planner
 Ms. S. Laughlin, Senior Policy Planner
 Mr. A. Hindupur, Infrastructure Planning Engineer
 Ms. A. Nix, Environmental Policy Planner
 Mr. D. McMahon, Council Committee Coordinator

Call to Order (5:03 p.m.)

Chair Bell called the meeting to order.

Disclosure of Pecuniary Interest and General Nature Thereof

There were no disclosures.

Confirmation of Minutes

1. Moved by Councillor Gibson
 Seconded by Mayor Guthrie

That the open and closed meeting minutes of the Infrastructure, Development & Enterprise Committee held on November 3, 2015 be confirmed as recorded.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Bell, Gibson, Piper and Salisbury (5)

VOTING AGAINST: (0)

CARRIED

Consent Agenda

The following items were extracted:

IDE-2015.42 AFFORDABLE HOUSING STRATEGY: DRAFT DIRECTIONS REPORT
IDE-2015.43 CLAIR-MALTBY SECONDARY PLAN STUDY: TERMS OF REFERENCE
Balance of Consent Items

2. Moved by Councillor Salisbury
Seconded by Councillor Piper

That the balance of the December 8, 2015 Infrastructure, Development & Enterprise Committee Consent Agenda, as identified below, be adopted:

IDE-2015.44 RENTAL HOUSING ALTERNATIVE APPROACH UPDATE

That report 15-102 regarding the Rental Housing Alternative Approach Update, dated December 8, 2015, be received.

IDE-2015.45 SIGN BY-LAW VARIANCES – 400 SPEEDVALE AVENUE EAST

1. That the report from Infrastructure, Development and Enterprise dated December 8, 2015 regarding sign by-law variances for 400 Speedvale Avenue East, be received.
2. That the request for variances from the Sign By-law for 400 Speedvale Avenue East to permit a sign with an area of 2.77m² to be located on the second storey of the building face, be approved.

IDE-2015.46 MUNICIPAL PROPERTY & BUILDING COMMEMORATIVE NAMING COMMITTEE TERMS OF REFERENCE UPDATE

That the Municipal Property & Building Commemorative Naming Committee Terms of Reference be amended to establish the following Committee composition: a member of Heritage Guelph, the Manager of Development Planning (or designate), General Manager of Culture, Tourism and Community Investments (or designate) and two citizens of the community.

IDE-2015.47 OUTSTANDING MOTIONS OF THE INFRASTRUCTURE, DEVELOPMENT & ENTERPRISE COMMITTEE

That the report dated December 8, 2015 regarding outstanding motions of the Infrastructure, Development and Enterprise Committee, be received.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Bell, Gibson, Piper and Salisbury (5)
VOTING AGAINST: (0)

CARRIED

Extracted Consent Items

IDE-2015.42 AFFORDABLE HOUSING STRATEGY: DRAFT DIRECTIONS REPORT

Joan Jylanne, Senior Policy Planner, explained that an updated copy of the Affordable Housing Strategy report was posted to Guelph.ca on December 7, 2015 and that the changes are not substantial in nature and do not affect any of the recommendations contained in the report. Ms. Jylanne then presented the Affordable Housing Strategy: Draft Directions Report to committee, outlining the decision making process and assessment criteria used to develop the draft directions.

Delegations

Ms. Randalin Ellery, speaking on behalf of the Guelph & Wellington Task Force for Poverty Elimination (GWTFPE), suggested that the definition of affordability be focused on households paying more than 30% of income on housing and restated the GWTFPE position that 50% of new housing be affordable and that half of that be affordable for those living in the bottom two income quintiles. Additionally, Ms. Ellery provided feedback on sections 3.4 and 3.5 of the report and urged Council to fund the Affordable Housing Reserve in the amount of \$500,000 annually.

Ms. Jane Londerville, speaking on behalf of the Wellington Guelph Housing Committee, suggested that a greater sense of urgency is required in addressing affordable housing in Guelph and noted that Guelph has the lowest vacancy rate in Canada. In addition, Ms. Londerville provided feedback regarding sections 3.1 and 3.2 in Attachment 1 of the Affordable Housing Strategy report.

3. Moved by Councillor Piper
Secoded by Councillor Gibson

1. That Report 15-101 from Infrastructure, Development and Enterprise (IDE) regarding the Affordable Housing Strategy: Draft Directions Report dated December 8, 2015 be received.
2. That Council supports the use of the Draft Directions Report set-out in IDE Report No. 15-101 as the basis for community engagement to further develop actions for inclusion in the draft Affordable Housing Strategy.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Bell, Gibson, Piper and Salisbury (5)

VOTING AGAINST: (0)

CARRIED

IDE-2015.43 CLAIR-MALTBY SECONDARY PLAN STUDY: TERMS OF REFERENCE

Ms. Stacey Laughlin, Senior Policy Planner, described the process by which the Clair-Maltby Secondary Plan Study: Terms of Reference were developed, including community engagement undertaken, and the process moving forward.

4. Moved by Mayor Guthrie
Secoded by Councillor Gibson

1. That Report 15-99 regarding the Terms of Reference for the Clair-Maltby Secondary Plan, dated December 8, 2015, be received.
2. That Council approves the Terms of Reference for the Clair-Maltby Secondary Plan included as Attachment 11 to Report 15-99, dated December 8, 2015.

VOTING IN FAVOUR: Mayor Guthrie, Councillors Bell, Gibson, Piper and Salisbury (5)

VOTING AGAINST: (0)

CARRIED

Staff Updates and Announcements

There were no staff updates or announcements.

Adjournment (6:36 p.m.)

6. Moved by Councillor Salisbury
Seconded by Councillor Piper

That the meeting be adjourned.

CARRIED

Dylan McMahon
Council Committee Coordinator

**INFRASTRUCTURE, DEVELOPMENT & ENTERPRISE COMMITTEE
CONSENT AGENDA**

February 2, 2016

Members of the Infrastructure, Development & Enterprise Committee.

SUMMARY OF REPORTS:

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 immediately. The balance of the Infrastructure, Development & Enterprise Committee Consent Agenda will be approved in one resolution.

A Reports from Administrative Staff

REPORT	DIRECTION
<p>IDE-2016.1 PARKING AGREEMENT WITH THE WESTERN HOTEL EXECUTIVE SUITES LIMITED, 72 MACDONELL STREET, GUELPH</p> <p>1. That Report IDE-BDE-1601 titled "Parking Agreement with the Western Hotel Executive Suites Limited, 72 Macdonell St, Guelph", be received.</p> <p>2. That staff be directed to proceed with the finalisation of a parking agreement as described in this report between The Western Hotel Executive Suites Limited and the City of Guelph, subject to the satisfaction of the Deputy CAO, Infrastructure, Development and Enterprise and the City Solicitor, and that the Mayor and Clerk be authorized to execute the agreement.</p>	Approve
<p>IDE-2016.2 STORMWATER FUNDING STUDY</p> <p>1. That Stormwater Funding Study, dated February 2, 2016, be received.</p> <p>2. That the transition of the stormwater service from a tax funded service to a dedicated variable user fee based on impervious area be approved.</p> <p>3. That staff be directed to proceed with developing an implementation strategy with the following considerations:</p>	Approve

- a) Develop a variable user fee based on impervious area using the Equivalent Residential Unit (ERU) methodology;
- b) Determine an appropriate level of service and funding including a phasing schedule;
- c) Develop a credit program/policy to allow for property owners the opportunity to reduce fees through the implementation of on-site stormwater measures.

attach.

STAFF REPORT



TO Infrastructure, Development and Enterprise Committee

SERVICE AREA Infrastructure, Development and Enterprise

DATE February 2, 2016

SUBJECT Parking Agreement with the Western Hotel Executive Suites Limited, 72 Macdonell Street, Guelph

REPORT NUMBER IDE-BDE-1601

EXECUTIVE SUMMARY

PURPOSE OF REPORT

This report seeks Council authorization for staff to complete and have executed a parking agreement between the City and the Western Hotel Executive Suites Limited, for access to up to ten permits within the public parking system, based on a successful pilot offering.

KEY FINDINGS

All non-individual and longer than a single year commitment parking contracts have historically been approved by Council as they reflect longer-term business commitments connected to city-owned facilities.

In 2015 staff undertook a pilot program with the Western Hotel Executive Suites Limited to provide access to up to ten parking permits, at market rates, to the West Parkade to support the launch of the Suites. The pilot project confirmed that the permits are used almost entirely as overnight parking and had negligible impacts on the daytime permit users and the daytime permit waiting lists.

The Downtown Guelph Business Association was supportive of the pilot initiative and the report recommendation. This new business has proven to be an important addition to the mix and vitality of the local economy and further expands Downtown Guelph's offerings.

Staff are identifying in the agreement that impacts will continue to be monitored and mitigation efforts undertaken should the need arise.

FINANCIAL IMPLICATIONS

Permits to be paid at Council approved scheduled rates.

ACTION REQUIRED

Approve.

RECOMMENDATION

1. That Report IDE-BDE-1601 titled "Parking Agreement with the Western Hotel Executive Suites Limited, 72 Macdonell St, Guelph", be received.
2. That staff be directed to proceed with the finalisation of a parking agreement as described in this report between The Western Hotel Executive Suites Limited and the City of Guelph, subject to the satisfaction of the Deputy CAO, Infrastructure, Development and Enterprise and the City Solicitor, and that the Mayor and Clerk be authorized to execute the agreement.

BACKGROUND

The Western Hotel (formerly the Diplomat) at 72 Macdonell has been undergone significant renovations over the last few years. The ground floor restaurant reopened late 2013 as the Western Hotel Burgers & Steaks. The upper storeys are now renovated and opened as the Western Hotel Executive Suites in 2015. Twenty fully-equipped and furnished suites have been created on floors 2-4 and are being offered as short-term-stay accommodation.

In early 2015, the Western Hotel Executive Suites approached City staff to secure parking arrangements for the units as part of making the short-stay hotel functional.

The City has typically engaged Council in the approval of parking commitments outside of the standard one-year individual permit contract format. Skyline, the Co-operators and Old Quebec Street Shoppes are examples of existing valued businesses and properties which utilise the public parking facilities through special agreement.

To better understand the impacts of this request, recognising the constraints on the daytime access to permit parking downtown, and in order to make a long term recommendation, staff to undertook a pilot test by issuing, at market cost, ten daytime permits and swipe cards to access the West Parkade to be managed by the Western Hotel Executive Suites Limited.

The results of the pilot have been analysed and operational kinks worked out between parking staff and the Suites operator over the course of the year and staff are now in a position to make an informed recommendation to Council. A letter from the Western Hotel Executive Suites Ltd is also attached (Attachment 1).

STAFF REPORT

REPORT

The ten permits used in the pilot program could be tracked through the swipe card reader and analysed for impact on daytime inventory. The results showed that overwhelmingly the usage created by the hotel function was through overnight stays and vehicles were not stored over multiple days on a regular basis. During the six months of tracking approximately 2% of the usage days impacted daytime operations.

Staff are recommending, based upon the analysis of the pilot that the City can enter into a longer-term arrangement with the Western Hotel Executive Suites Limited without disrupting the waiting list protocols for access to daytime off-street inventory.

Proposed Parking Agreement Terms will be based on the following:

- Ten permits issued for the West Parkade which is convenient to the hotel but also can use the card access readers available in this facility for monitoring purposes;
- Permits to be issued at commercial daytime rates, subject to the Council approved rate schedule;
- Permits are for the use of registered guests of the Western Hotel Executive Suites Limited only, not staff or visitors;
- Western Hotel Executive Suites Limited will manage the permits, guest and vehicle identification and keep an updated contact list available;
- Staff will continue to monitor usage patterns and operational changes may be required to address issues that arise;
- Standard conditions such as the City reserving the right to temporarily relocate permits due to facility repairs etc. to be incorporated;
- A five-year term with standard renewal, termination and dispute resolution clauses (similar to the City's other long-term parking agreements) is recommended.

This approach has allowed the successful launch of a new enterprise in Downtown Guelph and further supports additional utilisation of the public parking system.

CORPORATE STRATEGIC PLAN

3.2 Be economically viable, resilient, diverse and attractive for business.

DEPARTMENTAL CONSULTATION

Business Development & Enterprise: Parking and Transportation Services

STAFF REPORT

In addition, the Downtown Guelph Business Association has been consulted and has provided the attached letter of support (see Attachment 2).

FINANCIAL IMPLICATIONS

The Parking Agreement will require payment for permits based on Council approved rates.

All other costs associated with permits will also be applicable, for example, should they lose a permit they will be required to pay the standard replacement fees.

COMMUNICATIONS

N/A

ATTACHMENTS

- ATT-1 Letter – Western Hotel Executive Suites Ltd.
- ATT-2 Letter of Support – Downtown Guelph Business Association

Report Author

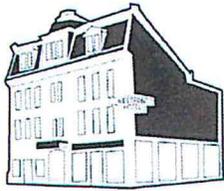
Ian Panabaker, CAHP, MRAIC
Manager, Downtown Renewal
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WESTERN
HOTEL
& EXECUTIVE SUITES

72 MACDONELL STREET
GUELPH, ONTARIO N1H 2Z6

January 14, 2016

City of Guelph
Ian Panabaker
Corporate Manager, Downtown Renewal
Business Development and Enterprise
1 Carden Street
Guelph, ON N1H 3A1

Dear Mr. Panabaker:

RE: Western Hotel & Executive Suites – Parking Pilot Program

We are writing today to update you on the success of the guest parking pilot project for at our hotel.

The project has served us well thus far, allowing our guests the convenience of hassle-free parking in close proximity to our establishment.

Our boutique hotel in Downtown Guelph relies heavily on the availability of these parking passes; on many weekends we are completely full.

Since our opening in the Spring of 2015, we have won two awards: The Architectural Conservancy of Ontario's Gordon Couling Award, and the Guelph Chamber of Commerce Stewardship award. These awards would mean nothing if we were unable to provide parking for our guests, and to that end we thank you for your assistance in getting this program up and running.

Regards,


per Tony DiBattista
519 658-3260



January 2016.

Ian Panabaker,
Corporate Manager, Downtown Renewal,
Business Development and Enterprise,
City of Guelph.

Dear Mr. Panabaker,

Please consider this letter in support of moving to a more permanent arrangement for guest parking at the Western Hotel. As I understand it, the pilot project has been a great success: the guests have proximate parking and there has been no discernible impact on other users.

As we expected, the guests of the hotel are using it most when demand is especially light (evenings and overnight) and now that the trial period is over, we believe it is prudent and reasonable to move towards a more permanent arrangement.

It is clear that the hotel guests are in less competition for parking spaces, and moreover that providing this service has been a boon to the hotel and to businesses in Downtown Guelph. On behalf of the Downtown Guelph Business Association I ask that you make a more permanent arrangement with the Western Hotel so that we will continue to reap the broad benefits of this new generator of economic activity.

Sincerely,

A handwritten signature in cursive script that reads "Marty Williams".

Marty Williams,
Executive Director,
Downtown Guelph Business Association.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

202-42 Wyndham Street North, Guelph, Ontario N1H 4E6 P 519.836.6144 F 519.767.0698 www.downtownguelph.com

STAFF REPORT



TO Infrastructure, Development and Enterprise Committee

SERVICE AREA Infrastructure, Development and Enterprise

DATE February 2, 2016

SUBJECT Stormwater Funding Study

REPORT NUMBER

EXECUTIVE SUMMARY

PURPOSE OF REPORT

The purpose of this report is to present the findings and recommendations for the City's Stormwater Funding Study.

KEY FINDINGS

The Stormwater Funding Study investigated various funding alternatives that would allow the City to support existing and future stormwater management and drainage needs as well as to provide a secure funding source for the long term security and protection of the City's water resources.

Through an assessment of the current stormwater funding requirements and a detailed consultation process, the project team identified a range of funding options and evaluated the advantages and disadvantages of each.

The study found that the current service level for the stormwater management program that is funded through property tax does not meet the City's needs and obligations. An approximate annual funding gap of \$4.1 million currently exists between the actual service level and a sustainable level of service.

To address the funding gap, the study evaluated a stormwater user fee based on impervious area and concluded that is capable of generating a sustainable, stable and dedicated funding source. This methodology also offers a fair and equitable way for allocating the costs of the stormwater management program to all properties throughout the City due to the link between impervious area and stormwater runoff contributed to the City's stormwater system.

To achieve a sustainable service level for the stormwater management program, it is recommended that a variable user fee based on impervious area using the Equivalent Residential Unit (ERU) methodology.

FINANCIAL IMPLICATIONS

Capital funding to undertake this study was approved through the 2013 capital budget. Funding has been approved in the 2016 Capital Budget to proceed with an implementation strategy.

STAFF REPORT

The impacts of introducing a Stormwater User Fee on the City's Capital and Operating Budgets would be identified through the implementation plan and would be subject to Council approval. Staff will report back with the proposed implementation plan prior to the 2017 Budget process.

ACTION REQUIRED

To approve the Stormwater Funding Study recommendations and to direct staff to proceed in developing an implementation strategy subject to Council approval.

RECOMMENDATION

1. That Stormwater Funding Study, dated February 2, 2016, be received.
2. That the transition of the stormwater service from a tax funded service to a dedicated variable user fee based on impervious area be approved.
3. That staff be directed to proceed with developing an implementation strategy with the following considerations:
 - a) Develop a variable user fee based on impervious area using the Equivalent Residential Unit (ERU) methodology;
 - b) Determine an appropriate level of service and funding including a phasing schedule;
 - c) Develop a credit program/policy to allow for property owners the opportunity to reduce fees through the implementation of on-site stormwater measures.

BACKGROUND

Stormwater management is a critical City service. The City currently owns and operates an integrated stormwater system that consists of a conveyance system including pipes, maintenance holes and inlet structures in addition to a variety of storm water facilities such as channels, oil grit separators, and ponds. The construction of this system dates back to the early 1900s and has been continually augmented over the years.

The City inventory includes information on approximately 457 km of city-owned storm sewers, 10 km of channels (concrete and natural), 7,250 city-owned maintenance holes, 9,565 city-owned single catch basins and 1,600 city-owned double catchbasins, 134 city-owned oil-grit separators and 120 storm water retention ponds. The total asset value of the stormwater system is approximately \$506 million (2012) with an annual operation and maintenance expenditure of approximately \$750,000 (2012).

STAFF REPORT

In 2011, the City completed a Stormwater Management Master Plan that established a long-term plan for the safe and effective management of stormwater runoff from urban areas while improving the ecosystem health and ecological sustainability of the Eramosa and Speed Rivers and their tributaries. The master plan integrated aspects of flood control, groundwater and surface water quality, natural environment and system drainage issues into a cohesive City-wide strategy.

The Stormwater Management Master Plan identified 25 priority projects to be completed within ten years (ie. 2012-2012) at a total estimated cost of \$15.6 million to bring the existing storm drainage system to required design levels. The estimated total cost of remaining long term stormwater management projects for implementation beyond 2021 was \$45.7 million.

Due to the significant costs to implement the required drainage system upgrades identified in the Master Plan, it was recommended "that the City initiate a study to investigate alternative funding mechanisms including the potential for a Stormwater User Pay Rate or Utility Fee."

As well, the City completed a study in 2012 entitled "Sustainable Infrastructure Report" which quantified the full life cycle costs to sustain the City's water, wastewater, stormwater and transportation systems in perpetuity. The projected costs of operating, maintaining, and replacing the system components were compared to the City's current budget to quantify the magnitude of the funding deficit or surplus.

The study determined an annual sustainable funding level for stormwater infrastructure of \$6.4M. In comparing that sustainable funding level with the 2012 budget indicated that budget funding was at only 41% of the annual sustainable funding level and resulted in an "F" grade. Due to the inadequate funding level to sustainably maintain stormwater system assets, the staff report regarding the Sustainable Infrastructure Report recommended that the City conduct a formal review of its stormwater related funding sources and investigate the appropriateness of establishing a dedicated stormwater funding source.

In 2015, staff completed an Infrastructure Scorecard update that indicated a continuing "F" grade for Stormwater system assets with funding in 2015 being only at 21% of the sustainable funding level.

As a result of the findings and recommendations of previous studies and reports, the City retained the consulting firm AECOM in 2013 to undertake the Stormwater Funding Study.

REPORT STUDY PROCESS

The purpose of the study was to determine a sustainable funding mechanism to support the existing and future stormwater management and drainage needs in the

City as well as to establish a secure funding source for the long term security and protection of the City's water resources.

The study was structured into four (4) main tasks representing decision points or areas of similar types of tasks:

Assessment of Current System

- Assessment of the City's existing stormwater management programs, operations and maintenance practices, inventory, asset management, on-going monitoring, capital and operational budgeting and other related expenditures.
- Benchmarking the City's stormwater management programs against those of other similar municipalities in Ontario, including levels of service, expenditures and funding mechanisms.

Levels of Service and Funding Options

- Developing and evaluating various stormwater management program options the City could implement, based on increasing levels of service from current status to a full sustainable program that addresses current and future financial and regulatory demands.
- Undertaking a review of funding options that have been used to support similar municipal stormwater management programs and evaluating the advantages and disadvantages of each in relation to the City's needs and organizational structure based on established evaluation criteria and the levels of service previously determined.
- Determining the appropriate funding sources and assessing the potential impacts of each alternative funding source.

Recommended Program and Funding Strategy

- Determining stormwater funding options and recommending the preferred option that offers a fair and equitable method for allocating the costs of the recommended stormwater management program keeping in mind administration efficiency.
- Developing and evaluating several scenarios and identifying preliminary financing structures for the preferred funding option.

Community Engagement and Communications

- Engage affected or interested stakeholders about stormwater management funding in Guelph to ensure community needs and aspirations are reflected in funding recommendations. As part of this effort, a series of four facilitated Stakeholder Advisory Group meetings were held between January 2014 and November 2015. In addition, an online survey was conducted between April and June 2014, and two public open house forums were held in January 2014 and December 2015.

STUDY FINDINGS

Currently, the majority of the stormwater service is funded through property taxes. Other sources of funding include the federal gas tax and to a small extent, development charges. Approximately 1.22% of the City's property tax revenue goes towards stormwater.

This current funding level has resulted in a deferred capital backlog of needs for the linear portion of the stormwater system of \$25 million (2012). The estimated equivalent annual cost for the stormwater system is \$6.4 million (2012). The 2012 budget for stormwater was \$2.3 million for rehabilitation, replacement and upgrade projects (capital projects) indicating a significant annual funding gap. Further, when the Stormwater Funding Study was initiated in 2013, the approved capital budget for stormwater was approximately \$1.6million resulting in a greater annual funding gap.

Similar funding constraints for stormwater systems were found to be common amongst other municipalities. Based on a review of how other municipalities have proceeded in response to this specific funding constraint, the project team considered two (2) general funding methodologies:

1. Property Tax
2. User Fee

The notion of using development charges to fund the stormwater service was also raised during this study. However, fees collected through development can only be used to fund stormwater infrastructure that is related to growth or upsizing of existing infrastructure under the Development Charges Act. Development charges cannot be used for ongoing or future maintenance costs. The City currently pays for a very small portion of its stormwater program through development charges and the funding gap for replacement and retrofit of existing infrastructure cannot be met by this funding source.

A number of user fee methodologies were reviewed including: variable fee (based on impervious area or hard surface footprint area), flat fee (based on property count or property area) and hybrid option (based on a combination of impervious area and property count with impervious area for residential properties and flat fee for non-residential properties.)

From these methodologies, a total of ten (10) different funding alternatives were identified and evaluated. A table describing each of the alternatives is shown **Attachment 1**.

As well, the revenue distribution compared to stormwater runoff contribution for all alternatives is presented in **Attachments 2 - 5**. Specifically, these tables evaluate fairness and equity by comparing each user group's (ie. property type's) relative burden on the stormwater system as a result of imperviousness levels as compared

STAFF REPORT

to the relative financial contribution for each group under the various funding scenarios. A funding option is considered fair and equitable when the imperviousness closely matches the revenue generation.

In general, the tax based funding model is an established and accepted source of funding for stormwater in many municipalities. It can be used to fund all stormwater management program activities and the administration required is relatively straight forward as there already is a billing system in place through property taxes. The main disadvantage of this method is that charges are calculated based on assessed property value and not the amount of stormwater contribution/runoff to the system therefore, the fairness and equity of this revenue source is low. Moreover, as a tax based service, stormwater services are subject to competing interests with other tax based services therefore it is not necessarily a dedicated or stable funding source.

Conversely, a user fee funding option establishes a dedicated and sustainable source of funding for stormwater services. Further, the variable fee allocates charges based on hard surfaces and the amount of stormwater contributed to the City's infrastructure therefore, it is considered more fair and equitable. The fee would be assessed to all chargeable private and publicly owned properties in the same manner. There is also the opportunity to reduce the charge to individual property owners through incentives and credits (i.e. green roofs, rain gardens, etc.) provided these measures are implemented and maintained appropriately.

However, this type of funding source requires additional administrative considerations such as assessment, billing, credits, staff resources, etc. There is also the perception that a new fee is considered a "new tax".

The cities of Kitchener, Waterloo and Mississauga have recently adopted variations of a variable user fee based funding source in order to meet the needs of those respective municipalities. Across Canada and the United States, there are over 1400 communities that have implemented stormwater user fees.

To keep in line with the principle of fairness and equity with respect to stormwater runoff contribution, the project team further explored the variable fee (impervious area) based funding model. The variable fee falls into two (2) general categories:

1. Equivalent Residential Unit (ERU)
2. Single Family Residential Unit (SFU)

The ERU option provides the best balance between administrative cost, fairness and equity. The basis of charge for residential properties is number of dwelling units, using statistical sampling and customer categories from work that has already been completed. For non-residential properties, the individual impervious areas would need to be calculated during the implementation phase. Not only is the base charge variable by impervious area, but there is flexibility with a credit system to apply base charge reductions that reflect individual on-site stormwater management. For

example, property owners that use pervious surface cover materials such as rain gardens, can readily be rewarded by reducing the impervious area in their fee calculation.

The SFU option involves a higher cost to administer however, it is directly related to the amount of stormwater generated per property. Although implementation and administrative costs would be higher, the charge allocations for these options recognize that higher density residential properties have smaller impervious area footprint per dwelling unit. Therefore, higher density residential properties would have a lower base charge while low density residential properties would have a higher charge when compared to the ERU approach.

Recommended Approach

After considering the advantages and disadvantages associated with the variable fee, the Equivalent Residential Unit (ERU) methodology is recommended based on:

- Best balance between administrative cost and fairness and equity;
- Revenue distribution for residential and non-residential sectors are correlated to runoff contribution;
- Every household pays the same amount (i.e., condo pays same as townhouse);
- Detached single family residential properties (approximately 71% of all residential properties) will pay approximately 15 to 20% less on average than what they are currently paying through property taxes towards stormwater funding;
- Commercial properties (approximately 54% of all non-residential properties) will pay approximately 5% to 10% less on average than what they are currently paying through property taxes towards stormwater funding.

Credit System

Similar to other municipalities that have implemented a stormwater fee and as identified through feedback during the consultation process for the project, a credit policy is recommended as an important aspect of implementing a new user fee to encourage good stormwater management practices at the lot level and to give property owners a level of control over their rates.

Some highlights of a credit system/policy associated with on-site stormwater management include:

- Reduce stormwater runoff or improve the quality of the stormwater runoff may qualify for a credit
- Allows for inspection and maintenance of private property facilities
- Influence development trends that are in line with stormwater management goals and objectives
- Increases environmental awareness for property owners and provides broader outreach through new public education programs

- Engages the community by providing an opportunity to take ownership through heightened environmental and neighbourhood stewardship, and coordination with other City-wide green initiatives

Next Steps

Upon Council approval of the recommendations of the Stormwater Funding Study, an implementation strategy will be developed for Council consideration approval in advance of the 2017 Budget process.

CORPORATE STRATEGIC PLAN

Strategic Direction 1.2: Develop collaborative work teams and apply whole systems thinking to deliver creative solutions.

Strategic Direction 2.1: Build an adaptive environment for government innovation to ensure fiscal and service sustainability.

Strategic Direction 2.2: Deliver public services better.

Strategic Direction 3.3: Strengthen citizen and stakeholder engagement and communications.

FINANCIAL IMPLICATIONS

Capital funding to undertake this study was approved through the 2013 capital budget. Funding has been approved in the 2016 Capital Budget to proceed with an implementation strategy.

The impacts of introducing a Stormwater User Fee on the City's Capital and Operating Budgets would be identified through the implementation plan and would be subject to Council approval. Staff will report back with the proposed implementation plan prior to the 2017 Budget process.

DEPARTMENTAL CONSULTATION

City staff from a number of service areas have formed the Internal Steering Committee (ISC) and have been consulted throughout the project, including:

Infrastructure, Development and Enterprise Services:

- Engineering and Capital Infrastructure Services (Engineering Services)
- Business Development and Enterprise (Economic Development)

Public Services:

- Operations

Corporate Services:

- Corporate Communications and Customer Service (Communications)
- Finance

Office of the Chief Administrative Officer:

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- Intergovernmental Relations, Policy and Open Government (Community Engagement & Legal, Realty and Risk Services)

COMMUNICATIONS

Community engagement and communication were important aspects of this study. The project included significant community engagement and communications opportunities to ensure involvement from stakeholders and the public. This included:

- Project webpage
<http://guelph.ca/living/environment/water/stormwater/stormwater-funding-study/>
- Notice of Study Commencement, published in local media;
- Stakeholder invitation letters;
- Three media releases;
- Social media messages on Twitter and Facebook;
- Three online surveys;
- Media coverage in the Guelph Mercury & Guelph Tribune;
- Distribution of study material at Waterworks Open House;
- Four stakeholder advisory group meetings;
- Two public open houses.

The formation of a Stakeholder Advisory Group (SAG) was a key component of the study. The mandate for the SAG was to provide feedback and advice to the Project Team, comprised of City staff and its consultant, on all aspects of the City's current and future stormwater management needs. To further this mandate, participants were asked to represent the views of their respective constituencies, members or organization as best as they can and to assist the Project Team in its understanding of opportunities and issues through participation in a process of open dialogue and discussions. Approximately fifty (50) invitations were sent out to solicit members for the SAG that covered a wide variety of community stakeholders such as the University of Guelph, the Development Industry, Boards of Education, Property Management Firms and Environmental Groups. In total, four (4) SAG meetings were held during the course of the study.

As part of the overall Community Engagement and Communications for the study, the Project Team heard that water quality is of key concern when considering stormwater management, and that all areas of Guelph should have some level of quantity control as well. Those who participated in the SAG and public open house discussions seemed to share the view that stormwater activities were currently underfunded, but had various views of how additional funding should be gained. Under any system, it was felt that property owners should take actions to manage stormwater on site as best as possible.

While there were differing views on how stormwater management should be funded, it was generally felt that stormwater management should receive additional

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funding to address stormwater quality issues, particularly in areas that currently have no treatment. Participants also expressed willingness to undertake activities to manage stormwater on their own properties, and would be further encouraged to do so through an incentive/rebate program.

ATTACHMENTS

Attachment 1	Description of Funding Alternatives
Attachment 2	Impervious Area vs. Revenue Distribution – Property Tax
Attachment 3	Impervious Area vs. Revenue Distribution – User Fee: Variable Fee
Attachment 4	Impervious Area vs. Revenue Distribution – User Fee: Flat Fee
Attachment 5	Impervious Area vs. Revenue Distribution – User Fee: Hybrid Fee
Attachment 6	Stormwater Funding Study Final Report (Draft) – Executive Summary

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Attachment 1 – Description of Funding Alternatives

Alternative	Description
1-Tax	This is the current method for funding Guelph’s non-growth related stormwater management program. Charges are based on the assessed value of the property at the corresponding City tax rate. Property charges reflect the total tax payment that would be allocated to the City’s stormwater program, using the projected levy allocation which varies by the service level revenue requirement. Payments in lieu of taxes have been incorporated into the calculation; however, all other tax-exempt properties would not contribute monetarily to the City’s stormwater program.
2-Variable Fee – Equivalent Residential Unit (ERU)	Charges are based on the amount of impervious area, where the base billing unit is the average impervious area for residential properties (expressed per dwelling unit). For residential properties, the number of Equivalent Residential billing units (ERU) is equal to the number of dwelling units. For non-residential properties, the number of ERU billing units is determined based on the actual impervious area divided by the average residential dwelling unit impervious area (188 m ² or 2,025 ft ²). The base rate (property charge per ERU per month) incorporates user fee exemptions because fee-exempt properties would not contribute monetarily to the City’s stormwater program. However, tax exemptions need not be considered for any user fee options.
3-Variable Fee – Single Family Residential Unit (SFU)	Charges are based on the amount of impervious area, using the average impervious area for single-family detached homes as the base billing unit. For residential properties, each detached home is assigned one Single-Family billing unit (SFU) and fractional billing units are assigned to higher density residential property types (since apartments, condominiums, and townhouses have a smaller impervious area footprint per dwelling unit than detached homes). For non-residential properties, the number of SFU billing units is determined based on the actual impervious area divided by the average detached home impervious area (250 m ² or 2,690 ft ²). The base rate (property charge per SFU per month) incorporates the user fee exemptions noted in Option 2.

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<p>4-Variable Fee – Tiered Single Family Residential Unit (Tiered SFU):</p>	<p>Charges are based on the amount of impervious area in a manner similar to Option 3, with the exception that single-family detached homes would be categorized into individual tiers. For example, three tiers can be used to identify Small, Medium, and Large detached homes with corresponding SFU factors assigned (e.g., Small tier homes are assigned a smaller charge than the average detached homes and Large tier homes assigned a larger charge). Charges and exemptions for all other property types remain the same as Option 3. Property charges are based on three detached home tiers; however, other municipalities have used five or more tiers, depending on the local housing characteristics.</p>
<p>5-Flat Fee (area based):</p>	<p>A flat fee approach was investigated whereby all properties would be charged the same fee regardless of zoning type, assessed value, or impervious characteristics. For this option, the basis of charge is the property area. The base rate was expressed on a per hectare basis, which accounts for the total amount of fee-eligible land area (developed or developable) in the City. Property charges incorporate the user fee exemptions noted in Option 2.</p>
<p>6-Flat Fee (property based):</p>	<p>For this option, the basis of charge is the property count. The base rate was expressed on a per property basis, which accounts for the total number of fee-eligible properties in the City. Because this method of charge allocation does not distinguish between properties, it is anticipated that this option (and all subsequent property count based options) would be considered as a tax rather than a user fee. As a result, property charges incorporate the tax exemptions noted in Option 1.</p>
<p>7-Hybrid Fee (area based):</p>	<p>A hybrid approach was investigated that combines the simplicity of a flat rate based on property size with the fairness and equity of a variable rate based on impervious area. For this option, all residential properties would be charged based on the average impervious area per dwelling unit (i.e., the residential component of Option 2). Charges for non-residential properties would be determined based on fee-eligible property area (i.e., the non-residential component of Option 5). Property charges incorporate the user fee exemptions noted in Option 2.</p>
<p>8-Hybrid Fee (property based):</p>	<p>For this option, all residential properties would be charged based on the average impervious area per dwelling unit (i.e., the residential component of Option 2). Charges for non-residential properties would be determined based on fee-eligible property count (i.e., the non-residential component of Option 6). Property charges incorporate the tax exemptions noted in Option 1.</p>

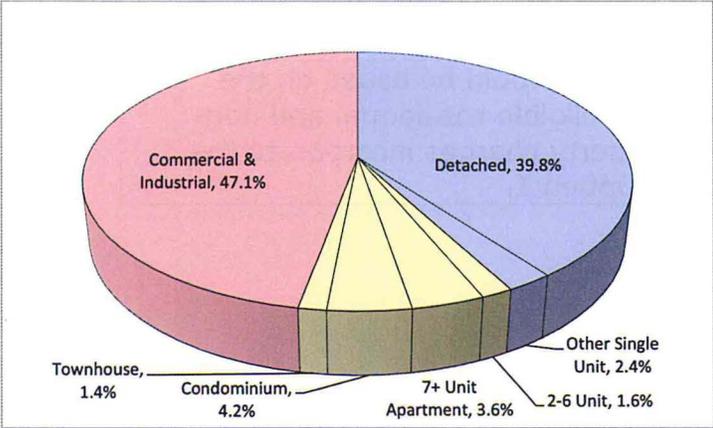
STAFF REPORT

9-Tiered Flat Fee (area based)	A tiered flat fee approach was investigated that extends Options 5 and 6 by distinguishing separate rates for residential and non-residential properties. For this option, the base rates would be based on the corresponding amount of fee-eligible residential and non-residential land area. Property charges incorporate the user fee exemptions noted in Option 2
10-Tiered Flat Fee (property based):	For this option, the base rates would be based on the corresponding count of fee-eligible residential and non-residential properties. Property charges incorporate the tax exemptions noted in Option 1.

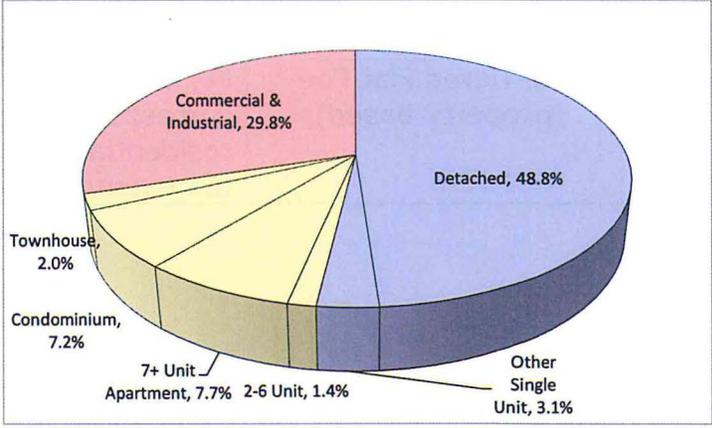
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Attachment 2 – Impervious Area vs. Revenue Distribution – Property Tax

Impervious Area Distribution



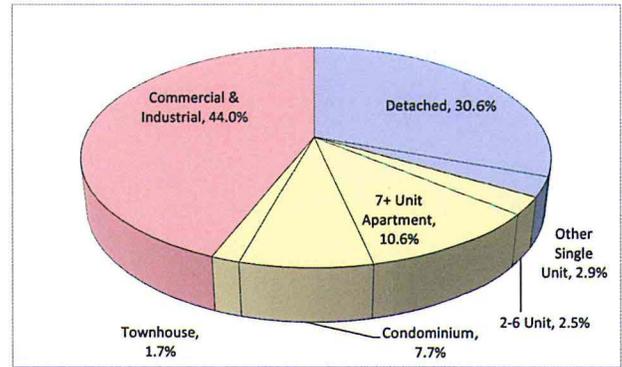
Revenue Distribution



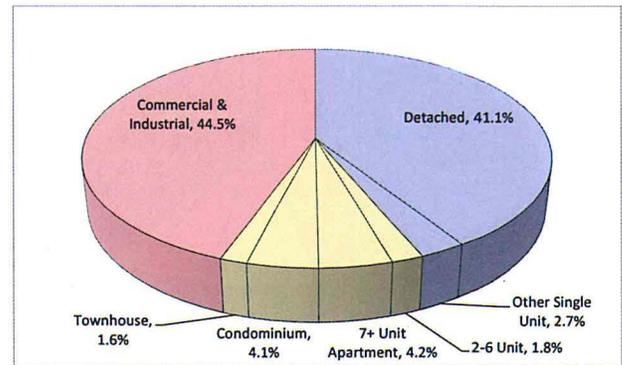
Option 1-Property Tax

Attachment 3 – Impervious Area vs. Revenue Distribution – User Fee: Variable Fee

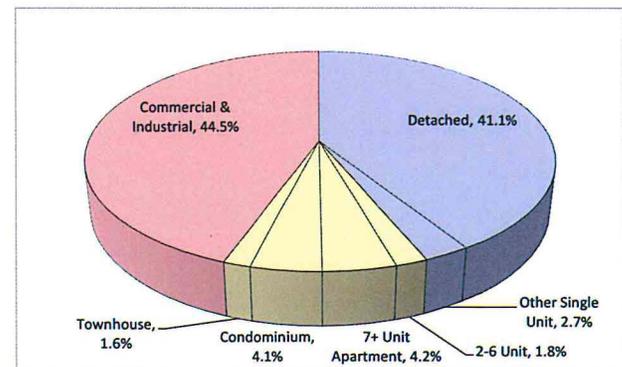
Revenue Distribution



Option 2-Variable Fee (ERU)

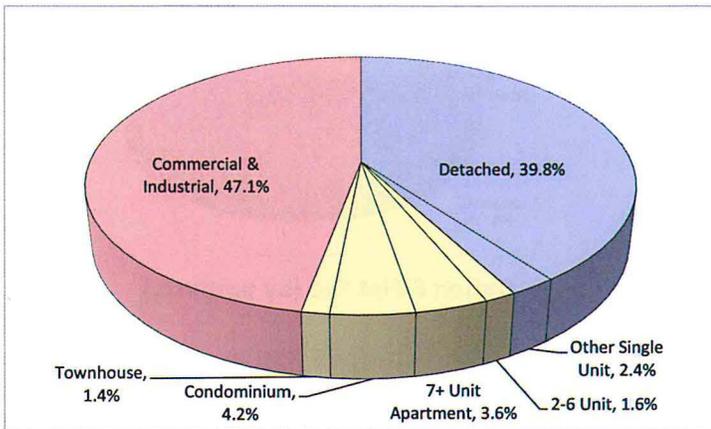


Option 3-Variable Fee (SFU)



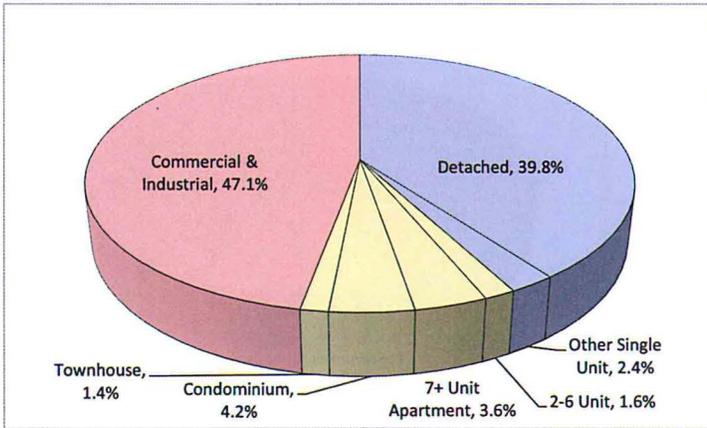
Option 4-Variable Fee (Tiered SFU)

Impervious Area Distribution

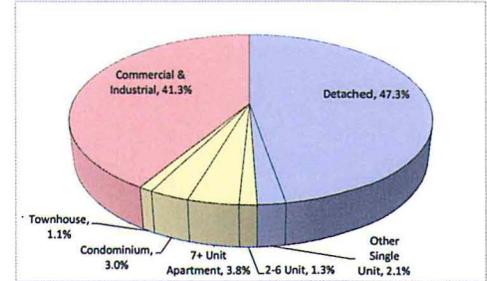


Attachment 4 - Impervious Area vs. Revenue Distribution – User Fee: Variable Fee

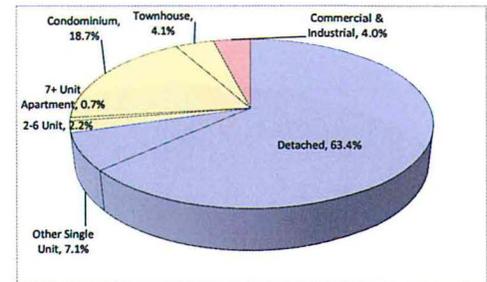
Impervious Area Distribution



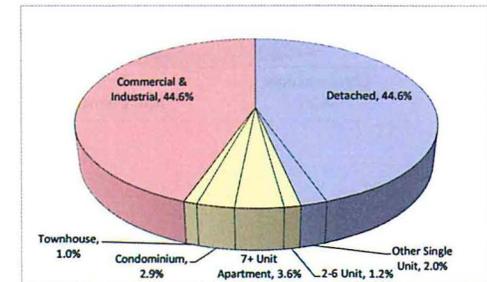
Revenue Distribution



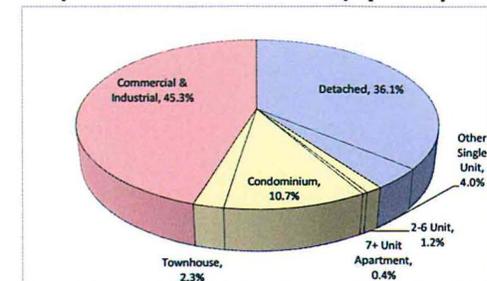
Option 5-Flat Fee (by area)



Option 6-Flat Fee (by property)



Option 9-Tiered Flat Fee (by area)

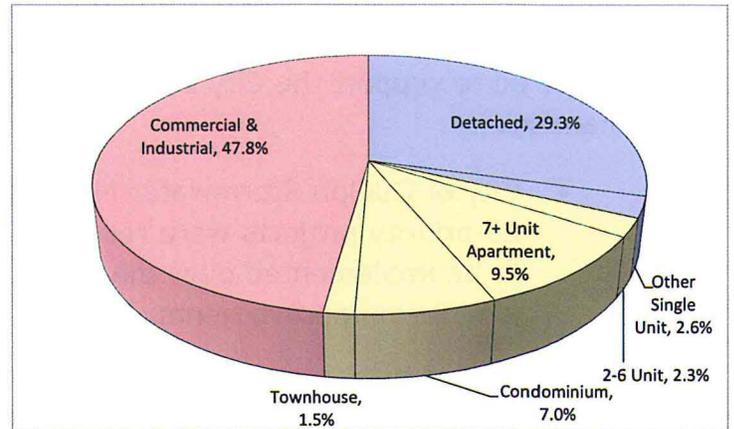


Option 10-Tiered Flat Fee (by property)

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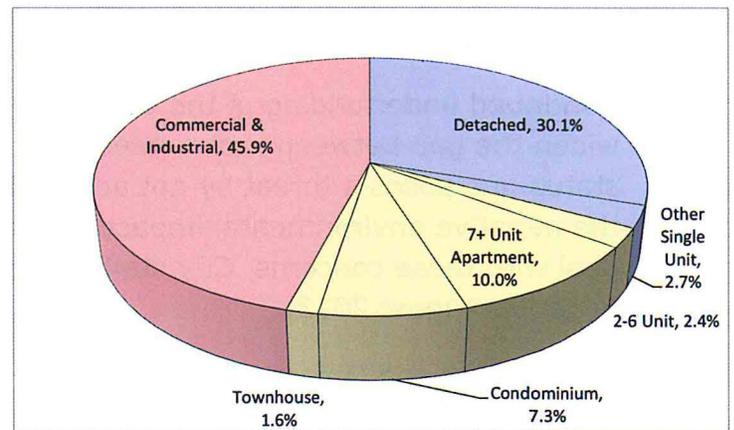
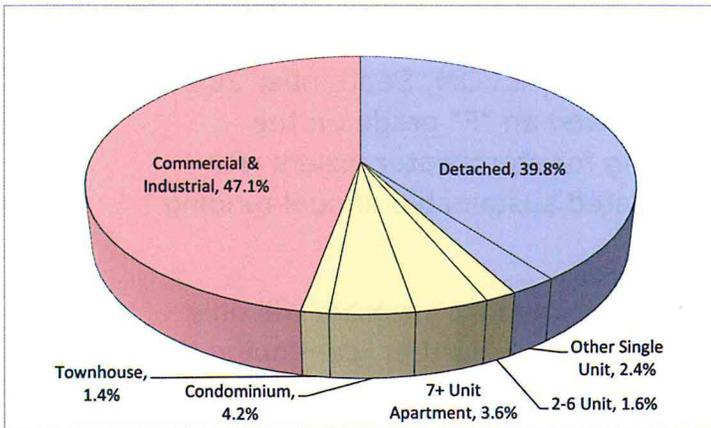
Attachment 5 - Impervious Area vs. Revenue Distribution – User Fee: Hybrid Fee

Revenue Distribution



Option 7-Hybrid Fee (by area)

Impervious Area Distribution



Option 8-Hybrid Fee (by property)

Attachment 6 – Stormwater Funding Study Final Report (Draft) – Executive Summary

ES.1 Introduction

To address the water quality and environmental protection concerns of its citizens, the City of Guelph has embarked upon a number of initiatives involving all of its water utilities and affecting both groundwater and surface water resources. Two key studies were recently completed that identified the infrastructure funding needs required to support the City's long-term stormwater management program, namely:

- City of Guelph Stormwater Management Master Plan (AMEC, February 2012): 25 priority projects were recommended at an estimated cost of \$15.6 million to be implemented over the next 10 years, with an additional \$45.7 million in long term improvements.
- City of Guelph Sustainable Infrastructure Report (AECOM, September 2012): Stormwater management system assets received an "F" grade on the Infrastructure Scorecard, and current funding for stormwater assets was found to be at only 41 per cent of the estimated sustainable annual funding level.

Continued underfunding of the City's stormwater management program will only widen the gap between future needs and available funding. Further, continuing the status quo poses a threat by not addressing the risk of flooding/erosion damage or the negative environmental impacts on waterways and groundwater supplies. To deal with these concerns, City staff undertook a Stormwater Funding Study that began in August 2013.

Study Goals and Objectives

The overall goal of this study is to identify the most appropriate revenue source to support the City's stormwater management program. Among the guiding principles to evaluate options is the desire to:

- Implement a mechanism that provides a secure funding source for future capital and operational program needs as well as the long-term security and protection of the City's water resources; and
- Allocate stormwater costs among individual properties in a fair and equitable manner.

To achieve these goals, the objectives of the funding study include:

- Evaluate the existing stormwater program costs and determine future costs to provide an appropriate level of service that meets the City's objectives for flood and environmental protection and regulatory requirements, and satisfies public service expectations.
- Identify a dedicated and sustainable funding mechanism that allocates stormwater costs fairly and equitably for all properties.

Study Approach

The project team's approach to achieve the stated goals and objectives is summarized as follows:

- Engage affected or interested stakeholders about stormwater management funding in Guelph to ensure community needs and aspirations are reflected in funding recommendations. As part of this effort, a series of four facilitated Stakeholder Advisory Group meetings were held between January 2014 and November 2015. In addition, an online survey was conducted between April and June 2014, and two public open house forums were held in January 2014 and December 2015.
- Evaluate the existing stormwater program costs and determine future costs to provide an appropriate level of service that meets the City's objectives for flood and environmental protection and regulatory requirements, and satisfies public service expectations.
- Investigate a range of viable funding options to support the desired service levels and determine the financial impacts (i.e., average annual charge) for representative property owners throughout the City.
- Identify the preferred funding mechanism and recommend an implementation strategy for Council approval.

ES.2 Program Needs and Expenditures

Stormwater management systems represent valuable public assets that provide many benefits for many users. The City's stormwater management system includes storm sewers, roadside ditches, watercourses, culverts, bridges, swales, catchbasins, outfalls, ponds and other water quality treatment facilities. By controlling floodwaters and preventing pollutants from reaching our streams, rivers and lakes, these systems protect the health and safety of the public and the environment as well as minimize flooding and erosion threats to public and private

property. In so doing, clean and healthy water resources support public drinking water supplies and can attract local investment through increased land values. Furthermore, clean and healthy water resources support recreational activities, tourism, business and manufacturing, as well as aquatic and terrestrial habitats that rely on water.

Program Costs

The 2011 Stormwater Master Plan identified annual expenditures for the City's current and future stormwater program. Program costs were comprised of operations & maintenance (O&M) and capital construction of infrastructure including storm sewer pipes, ponds, and other stormwater management facilities. The 2012 Sustainable Infrastructure Report identified additional O&M and capital costs as well as a quantification of future funding requirements to renew stormwater management assets continuously over a 100-year life-cycle planning horizon.

Currently, revenue for the City's stormwater management program is primarily generated through property taxes, the federal gas tax and to a small extent Development Charges (DC). The City's DC background study identifies capital construction costs that are directly attributable to growth and development. The total current annual costs (2012 Capital Budget) and projected future costs for the City's non-growth related stormwater program (i.e., excluding DC funded activities) were identified as:

- \$2.3M/year to support the City's current expenditures; and
- \$6.4M/year to achieve future requirements.

Service Level Scenarios

The current program costs and future requirements represent the lower and upper limits, respectively, of the target funding values investigated in this study. Three service levels were developed and these formed the basis for comparing and evaluating alternative financing mechanisms. The program funding requirements are shown in **Table 1**, grouped by the following service level scenarios:

- **Status Quo:** This maintains the current service level based on historical program budgeting, resulting in an underfunded program that does not achieve O&M and capital needs. This scenario would also not address the renewal of stormwater management assets.
- **Interim:** This provides full funding of the City's O&M activities and capital program, with a moderate contribution towards renewing stormwater management assets.

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- Sustainable: This provides full funding of the City’s O&M activities and capital program, as well as a full renewal of stormwater management assets over a 100-year life-cycle planning horizon.

Table 1: Stormwater Management Program Costs

Stormwater Program Item	Future Program Requirements (\$/Year)		
	Status Quo	Interim	Sustainable
Operations and Maintenance	\$750,000	\$1,160,000	\$1,160,000
Capital Improvements	\$1,550,000	\$2,540,000	\$2,540,000
Sustainable Asset Renewal	\$0	\$680,000	\$2,740,000
Program Total (per year):	\$2,300,000	\$4,380,000	\$6,440,000

Prioritization and level of funding for all program expenditures such as capital, O&M, and asset renewal, are up to the discretion of the City. The Interim service level represents a “middle ground” scenario that can help alleviate affordability concerns associated with the \$4.1M/year funding gap between the City’s current stormwater spending and anticipated future revenue requirements. With an asset renewal contribution of \$680,000 per year (i.e., 25% of the cost of the 100-year life-cycle asset renewal), the City can begin to build a dedicated reserve fund for reinvesting in the City’s stormwater assets.

ES.3 Funding Option Evaluation

This study reviewed a range of financing mechanisms that have been used to support municipal stormwater management programs throughout North America, including:

- Property Tax which allocates charges to property owners based on assessed property value. Funding a municipal stormwater program with revenue from property taxes is the most common method of financing that has been used in the past in Canada. The advantages of using property taxes is that this method is widely accepted as a primary revenue source for municipalities and the billing system is well established. The disadvantages are that the fairness and equity in allocating charges is low, it does not provide a sustainable revenue stream, there are no incentive opportunities to reduce stormwater runoff and pollutant discharge, and many large properties do not contribute to the funding if they have tax-exempt status.
- Development Fees allocate charges to developers to fund eligible growth-related costs. Development charges are primarily used to pay the capital costs of stormwater facilities in specific areas. The advantage is that these methods are currently accepted by the development community. The disadvantages are that these methods are limited by the amount of

developable land within the municipality and are only applicable to growth related activities. This study did not consider any changes to the City's current DC program; funding options were only evaluated for the non-growth related components of the City's stormwater management program.

- Stormwater User Fees ranging from a flat fee to a variable rate which allocates charges to property owners based on the measured area of impervious ground cover (e.g., rooftops, driveways, and parking lots, which is a common indicator of the relative contribution of stormwater runoff and pollutant loading to the municipal stormwater system). Funding through a user fee offer the advantages of a fair and equitable allocation of charges to property owners; a sustainable, stable and dedicated funding source; incentive opportunities are provided to reduce stormwater runoff and pollutant discharge; and it provides a mechanism to charge tax-exempt properties for municipal services. The primary disadvantages include additional costs for rate implementation and the possibility that a new fee may not be well received by the public. Implementation costs can be greatly reduced for municipalities like Guelph that have high-quality, established Geographic Information Systems (GIS) and by using an existing utility billing system. Further, public reception can be enhanced through a structured public consultation program, which City staff have developed and initiated as part of this study.

Options Considered

The funding options that were investigated in this study are described below.

Option 1: Property Tax

This is the current method for funding the City's non-growth related stormwater management program. Charges were based on the assessed value of the property at the corresponding City tax rate. Property charges reflect the total tax payment that would be allocated to the City's stormwater program, using the projected levy allocation which varies by the service level revenue requirement. Payments in lieu of taxes have been incorporated into the calculation; however, all other tax-exempt properties would not contribute monetarily to the City's stormwater program.

Option 2: Variable Fee (ERU)

Charges were based on the amount of impervious area, where the base billing unit is the average impervious area for residential properties (expressed per dwelling unit). For residential properties, the number of Equivalent Residential billing units (ERU) is equal to the number of dwelling units. For non-residential properties, the

number of ERU billing units was determined based on the actual impervious area divided by the average residential dwelling unit impervious area (188 m² or 2,025 ft²). The impervious area within public transportation rights-of-way has not been included, as these are considered part of the City's stormwater management system. The base rate (property charge per ERU per month) incorporates user fee exemptions because fee-exempt properties would not contribute monetarily to the City's stormwater program. However, tax exemptions need not be considered for any user fee options.

Option 3: Variable Fee (SFU)

Charges were based on the amount of impervious area, using the average impervious area for single-family detached homes as the base billing unit. For residential properties, each detached home is assigned one Single-Family billing unit (SFU) and fractional billing units are assigned to higher density residential property types (since apartments, condominiums, and townhouses have a smaller impervious area footprint per dwelling unit than detached homes). For non-residential properties, the number of SFU billing units was determined based on the actual impervious area divided by the average detached home impervious area (250 m² or 2,690 ft²). The base rate (property charge per SFU per month) incorporates the user fee exemptions noted in Option 2.

Option 4: Variable Fee (Tiered SFU)

Charges were based on the amount of impervious area in a manner similar to Option 3, with the exception that single-family detached homes would be categorized into individual tiers. For example, three tiers can be used to identify Small, Medium, and Large detached homes with corresponding SFU factors assigned (e.g., Small tier homes are assigned a smaller charge than the average detached homes and Large tier homes assigned a larger charge). Charges and exemptions for all other property types remain the same as Option 3. Property charges were based on three detached home tiers; however, other municipalities have used five or more tiers, depending on the local housing characteristics.

Option 5: Flat Fee (area based)

A flat fee approach was investigated whereby all properties would be charged the same fee regardless of zoning type, assessed value, or impervious characteristics. For this option, the basis of charge was the property area. The base rate was expressed on a per hectare basis, which accounts for the total amount of fee-eligible land area (developed or developable) in the City. Property charges incorporate the user fee exemptions noted in Option 2.

Option 6: Flat Fee (property based)

For this option, the basis of charge was the property count. The base rate was expressed on a per property basis, which accounts for the total number of fee-eligible properties in the City. Because this method of charge allocation does not distinguish between properties, it is anticipated that this option (and all subsequent property count based options) would be considered as a tax rather than a user fee. As a result, property charges incorporate the tax exemptions noted in Option 1.

Option 7: Hybrid Fee (area based)

A hybrid approach was investigated that combines the simplicity of a flat rate based on property size with the fairness and equity of a variable rate based on impervious area. For this option, all residential properties would be charged based on the average impervious area per dwelling unit (i.e., the residential component of Option 2). Charges for non-residential properties would be determined based on fee-eligible property area (i.e., the non-residential component of Option 5). Property charges incorporate the user fee exemptions noted in Option 2.

Option 8: Hybrid Fee (property based)

For this option, all residential properties would be charged based on the average impervious area per dwelling unit (i.e., the residential component of Option 2). Charges for non-residential properties would be determined based on fee-eligible property count (i.e., the non-residential component of Option 6). Property charges incorporate the tax exemptions noted in Option 1.

Option 9: Tiered Flat Fee (area based)

A tiered flat fee approach was investigated that extends Options 5 and 6 by distinguishing separate rates for residential and non-residential properties. For this option, the base rates would be based on the corresponding amount of fee-eligible residential and non-residential land area. Property charges incorporate the user fee exemptions noted in Option 2.

Option 10: Tiered Flat Fee (property based)

For this option, the base rates would be based on the corresponding count of fee-eligible residential and non-residential properties. Property charges incorporate the tax exemptions noted in Option 1.

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Annual Charge Comparison

Table 2 compares the annual stormwater charges for representative properties throughout Guelph. For each property type, the average annual charge per property is shown for the various funding options, grouped by the service level scenario. For reference, the average single-family detached homeowner currently contributes approximately \$38 per year for stormwater management through property tax, as indicated in the top left entry in Table 2.

Table 2: Annual Stormwater Charge Comparison

Funding Option	Average Annual Charge							
	Detached	Semi-Det.	Duplex	Condo.	Towns	7+ Apt.	Comm.	Industrial
Funding Scenario: Status Quo Service Level (2.3M/yr program needs)								
1-Tax	\$38	\$27	\$35	\$24	\$30	\$728	\$502	\$761
2-Variable Fee (ERU)	\$31	\$31	\$62	\$31	\$31	\$1,220	\$471	\$1,314
3-Variable Fee (SFU)	\$41	\$29	\$57	\$16	\$29	\$477	\$465	\$1,293
4-Variable Fee (Tiered SFU)	\$41	\$29	\$57	\$16	\$29	\$477	\$465	\$1,293
5-Flat Fee (area based)	\$46	\$22	\$40	\$12	\$19	\$425	\$441	\$1,156
6-Flat Fee (property based)	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72
7-Hybrid Fee (area based)	\$26	\$26	\$53	\$26	\$26	\$1,032	\$495	\$1,299
8-Hybrid Fee (property based)	\$28	\$28	\$55	\$28	\$28	\$1,079	\$816	\$816
9-Tiered Flat Fee (area based)	\$43	\$21	\$37	\$11	\$18	\$401	\$475	\$1,245
10-Tiered Flat Fee (property based)	\$41	\$41	\$41	\$41	\$41	\$41	\$816	\$816
Funding Scenario: Interim Service Level (4.4M/yr program needs)								
1-Tax	\$71	\$51	\$67	\$46	\$58	\$1,385	\$955	\$1,447
2-Variable Fee (ERU)	\$58	\$58	\$115	\$58	\$58	\$2,252	\$870	\$2,425
3-Variable Fee (SFU)	\$76	\$53	\$106	\$30	\$53	\$885	\$862	\$2,397
4-Variable Fee (Tiered SFU)	\$76	\$53	\$106	\$30	\$53	\$885	\$862	\$2,397
5-Flat Fee (area based)	\$87	\$42	\$75	\$22	\$35	\$800	\$829	\$2,174
6-Flat Fee (property based)	\$136	\$136	\$136	\$136	\$136	\$136	\$136	\$136
7-Hybrid Fee (area based)	\$49	\$49	\$98	\$49	\$49	\$1,924	\$933	\$2,446
8-Hybrid Fee (property based)	\$52	\$52	\$103	\$52	\$52	\$2,018	\$1,537	\$1,537
9-Tiered Flat Fee (area based)	\$82	\$39	\$70	\$21	\$33	\$755	\$895	\$2,347
10-Tiered Flat Fee (property based)	\$77	\$77	\$77	\$77	\$77	\$77	\$1,537	\$1,537
Funding Scenario: Sustainable Service Level (6.4M/yr program needs)								
1-Tax	\$105	\$75	\$99	\$67	\$85	\$2,036	\$1,404	\$2,127
2-Variable Fee (ERU)	\$84	\$84	\$168	\$84	\$84	\$3,284	\$1,268	\$3,536
3-Variable Fee (SFU)	\$112	\$78	\$156	\$45	\$78	\$1,306	\$1,272	\$3,538
4-Variable Fee (Tiered SFU)	\$112	\$78	\$156	\$45	\$78	\$1,306	\$1,272	\$3,538
5-Flat Fee (area based)	\$127	\$61	\$109	\$32	\$52	\$1,173	\$1,216	\$3,189
6-Flat Fee (property based)	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199
7-Hybrid Fee (area based)	\$73	\$73	\$146	\$73	\$73	\$2,862	\$1,367	\$3,584
8-Hybrid Fee (property based)	\$76	\$76	\$151	\$76	\$76	\$2,956	\$2,252	\$2,252
9-Tiered Flat Fee (area based)	\$120	\$57	\$103	\$30	\$49	\$1,106	\$1,313	\$3,441
10-Tiered Flat Fee (property based)	\$113	\$113	\$113	\$113	\$113	\$113	\$2,252	\$2,252

Notes:

1. Values are in present day dollars (inflation is not included).
2. This represents the tax funded component of the program (capital funding from Development Charges is not included).

The charges shown are only meant to reflect the statistical average for each category they represent; individual charges for properties within each category will vary widely. Representative charges for 22 specific Institutional, Commercial, and Industrial (ICI) properties were also determined as part of this study.

Revenue Distribution Comparison

Figure 1 shows the overall revenue distributions by property type for the various funding options. The distribution of City tax levy contributions is shown in the upper left and single unit residential properties (shown in blue) currently contribute the majority of funding for the City's stormwater program. Multi-unit properties are shown in yellow and non-residential properties are shown in blue. The distribution of estimated impervious area throughout Guelph is shown in the upper right corner of Figure 1, and this was the charge basis for Options 2-4. The revenue distribution for charges based on fee-eligible developable land area (Options 5, 7, and 9) is shown in the bottom left corner of Figure 1. The revenue distribution for charges based on fee-eligible property counts (Options 6, 8, and 10) is shown in the bottom right corner of Figure 1.

Table 3 compares the potential annual revenue distribution, grouped by charge basis and property classifications. Note values have been rounded to the nearest decimal place, and the resulting percentages would remain equal across service level scenarios. The table indicates a wide range in the distribution of revenue depending on the funding option charge basis. When revenue distributions are compared, the difference between residential and non-residential contributions is:

- Tax Levy: 40.5% (i.e., residential properties contribute 70.2% versus 29.8% for non-residential);
- Impervious Area: 5.8%;
- Developable Land Area: -1.5%; and
- Property Count: 92.5%.

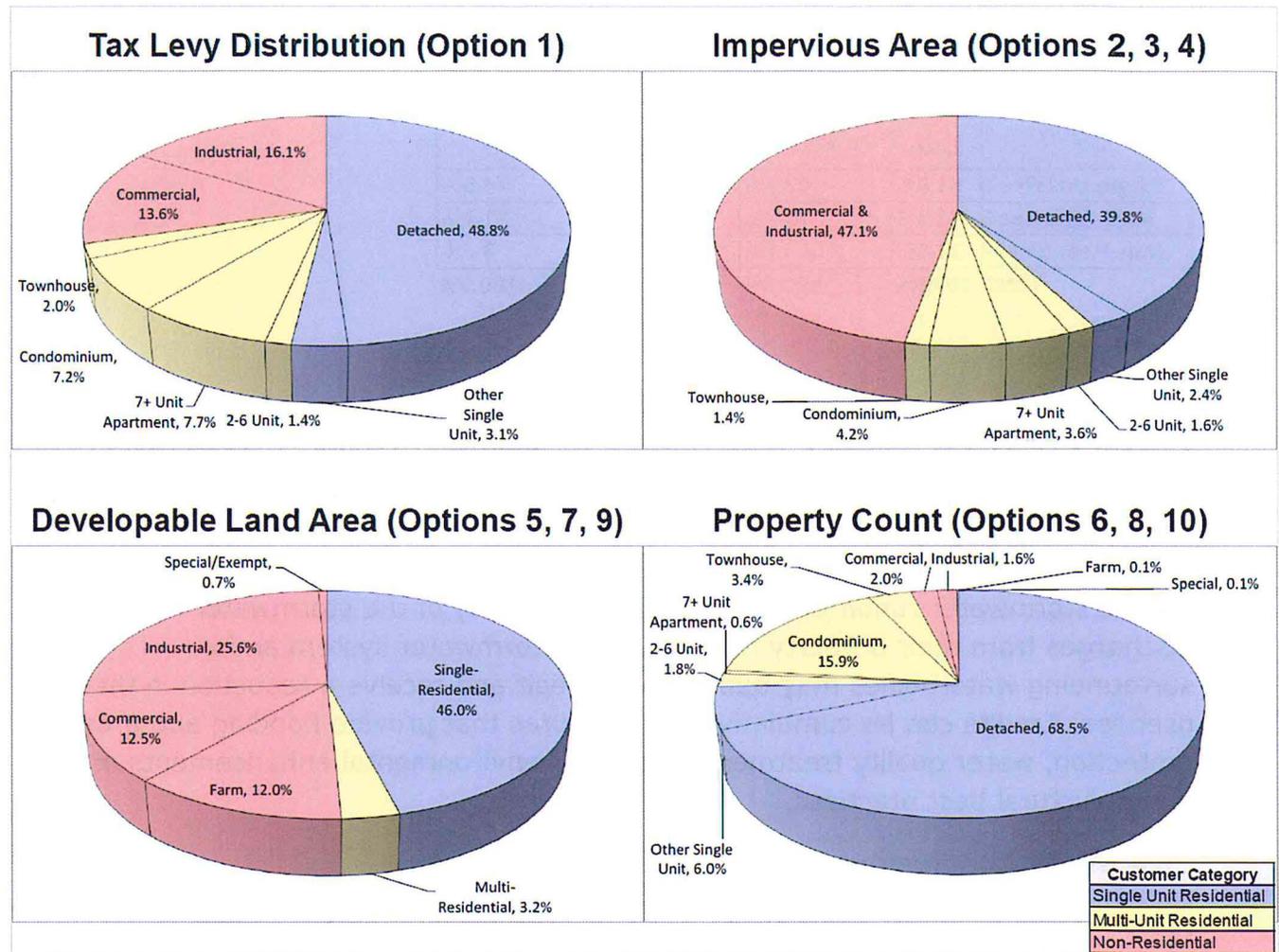


Figure 1: Revenue Distribution by Property Type

Table 3: Revenue Distribution Comparison

Category	Revenue Distribution			
	Tax Levy	Impervious Area	Developable Land Area	Property Count
Single Unit Res'l	51.9%	42.2%	46.0%	74.5%
Multi- Unit Res'l	18.3%	10.7%	3.2%	21.7%
Non-Residential	29.8%	47.1%	50.8%	3.7%
Total	100.0%	100.0%	100.0%	100.0%

Credit Program

The annual charges presented above reflect the base charges allocated to property owners and do not include a consideration for individual credits. A stormwater user fee credit program provides financial incentives by offering a reduction to the base stormwater charge for landowners who implement measures, practices, or activities in lieu of the City’s stormwater management services. That is, property owners who reduce stormwater runoff or who improve the quality of the stormwater runoff that discharges from their property into the City’s stormwater system and/or surrounding waterbodies may qualify for a credit and receive a reduction in their user fee. Credits can be cumulative for measures that provide flooding and erosion protection, water quality treatment, and other environmental enhancements or non-structural best practices.

ES.4 Study Conclusions and Recommendations

Based on the findings of this study, the following conclusions were made:

- The current tax-funded stormwater management program (i.e., Status Quo service level) does not meet all of the City’s needs. To meet its needs, a Sustainable service level is necessary and there is presently a \$4.1M/year funding gap between the Status Quo and Sustainable service levels.
- A stormwater user fee is capable of generating a sustainable, stable, and dedicated funding source.
- A user fee based on impervious area allocates costs of the municipal stormwater management program in the most fair and equitable manner to all properties throughout the City, due to the correlation between impervious area and quantity/quality of stormwater runoff contributed to the City’s stormwater system.
- A user fee based on property counts has the least fairness and equity in terms of cost allocation.

- A user fee provides a greater opportunity for increasing public understanding of stormwater management through the adoption of a credit program. Financial incentives can help to change the actions and behaviors of developers, property and business owners towards reducing the contribution of stormwater runoff and pollutant loading to the City's stormwater system.
- Tax exempt status has no bearing on whether the property is subject to a user fee. As a result, a user fee would result in new service charges to tax-exempt property owners, except in the case of fee-exempt properties (described in Option 2) or those that currently contribute payments in-lieu-of taxes.
- When comparing base charges between taxable properties, the tax option favors those with a large impervious footprint per dollar of assessed value (i.e., relatively low assessed value per square meter of impervious area). A funding mechanism based on property tax can encourage sprawling development.
- When comparing base charges between taxable properties, a variable rate user fee based on impervious area favors those with a small impervious footprint per dollar of assessed value (i.e., relatively high assessed value per square meter of impervious area). A funding mechanism based on impervious area can encourage higher density "smart growth".
- Additional administration costs would need to be considered for all user fee options. The user fee charges reflect estimated annual administration costs of up to \$370,000 for the Sustainable service level. This additional cost represents an additional 5% of the total program cost, which is typical for other municipalities that have implemented a similar stormwater user fee.
- The feasibility of a user fee was confirmed in this study. In order to proceed beyond the feasibility stage, the City will need to develop a detailed plan that addresses the timelines and resource requirements for establishing and administering a new stormwater user fee, including the development of a credit policy, database management activities, adaptation or creation of a billing system, and the related policy and business process considerations.

Preferred Alternative

The project team determined that the preferred alternative is Option 2, representing a variable rate user fee based on the Equivalent Residential Unit (ERU) methodology, based on the following rationale:

- It provides the best balance between administrative costs and fairness/equity principles;
- Every household would pay the same amount (i.e., condominium units would be charged the same as townhouses);
- Single-family detached residential properties would be charged roughly 15-20% less, on average, towards the stormwater program than what they are currently paying through property taxes (note that detached homes represent approximately 69% of all properties and 71% of all residential properties in Guelph); and
- Commercial properties would be charged roughly 5-10% less, on average, than what they are currently paying through property taxes (note that commercial properties represent approximately 2% of all properties and 54% of all non-residential properties in Guelph).

Recommendations

Based on the study findings and conclusions noted above, it is recommended that the City of Guelph:

- 1) Transition the non-growth related component of its stormwater management program from a tax-funded service to a dedicated variable user fee based on impervious area; and
- 2) Proceed with the development of an implementation strategy with the following considerations:
 - a) Develop a variable user fee based on impervious area using the Equivalent Residential Unit (ERU) methodology;
 - b) Determine an appropriate level of service and funding including a phasing schedule; and
 - c) Develop a credit program/policy to allow for property owners the opportunity to reduce fees through the implementation of on-site stormwater measures.