

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



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| Report to: | Mayor and Council Members | Priority: | <input checked="" type="checkbox"/> High <input type="checkbox"/> Low |
| Submitted by: | Laurie Wills Director, Public Works Public Works Division lwills@cobourg.ca | Meeting Type: | Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/> |
| Meeting Date: | June 20, 2022 | | |
| Report No.: | Public Works-119-22 | | |
| Submit comments to Council | | | |

Subject/Title: Adoption of the Stormwater Asset Management Plan and Stormwater Management Charge

RECOMMENDATION:

THAT Council authorize the preparation of a resolution to adopt the Stormwater Management Asset Management Plan and Funding Assessment dated April 28, 2022 as prepared by Watson & Associates Economists Ltd.; and,

FURTHER that Council authorize the preparation of a Stormwater Management Charge By-Law for presentation to Council on June 27, 2022 to be effective as of July 1, 2022.

1. STRATEGIC PLAN

Align Asset Management Plan with Budget

- Implement a comprehensive management plan for all assets.
- Complete facility condition assessments as part of the Asset Management Plan.
- Improving awareness of long-term financial outlook
- Increased focus on Asset Management Plan (funding opportunities)
- Asset Management and Reserves: need to build reserves (Stormwater Charge)

2. PUBLIC ENGAGEMENT

1. Watson & Associates presented the preliminary results of the Stormwater Asset Management Plan and Funding Assessment at the November 15th, 2021 Committee of the Whole meeting.
2. A public notice was published on April 20, 2022 advising residents of the presentation of the results of the Funding Assessment by Watson & Associates on May 9th, 2022.
3. Watson & Associates presented the results of the funding assessment at the May 9th, 2022 Committee of the Whole meeting.
4. A public forum was established on Engage Cobourg from May 12th to May 26th, 2022 which included links to the Watson & Associates Funding Assessment Report and May 9th presentation to Council as well as Frequently Asked Questions (attached) advertised via:
 - May 12th notice to local media
 - Social Media posts and weekly reminders
 - Ad posted in Town of Cobourg Ad Block May 12 & May 19 and May 26th
 - Email notification sent to all residents who are registered on Engage Cobourg.ca

Engage Cobourg received nine (9) comments and three (3) questions over the two week engagement period. Some comments noted that the reports and Council presentation had been reviewed however the Engage Cobourg summary report (attached) indicated that the full Stormwater AMP and Funding Assessment Report had only been downloaded once and the Council presentation by Watson & Associates had only been downloaded three times. The same files can also be viewed or downloaded through Council agendas on Cobourg.ca. A summary of all comments and questions as well as a Staff response is attached. Responses to questions were sent directly to the resident who asked and also published on Engage Cobourg. Comments were also responded to on Engage Cobourg. All residents who are registered with Engage Cobourg would have received notification of the published responses.

3. PURPOSE

To address the regulated asset management objective of identifying levels of service and costs associated with the maintenance of assets. The ultimate goal of asset management is to implement a long-term financial plan to fund the operating and capital budget requirements to adequately maintain all of the Town's assets. Stormwater is considered a core asset.

4. ORIGIN AND LEGISLATION

Ontario Regulation 588/17: ASSET MANAGEMENT PLANNING FOR MUNICIPAL INFRASTRUCTURE

5. BACKGROUND

In 2021, Watson & Associates were retained to conduct the Town's Development Charges Study as well as the water and wastewater rate study update. Stormwater assets are included in the DC study and therefore there were efficiencies realized to incorporate a stormwater asset management plan to meet the July 1, 2022 deadline. In addition, a stormwater management rate study was incorporated into the scope of work to address the overall asset management objective which is to implement a long-term financial plan to address funding shortfalls for stormwater (and all) assets.

The objective of Asset Management is to have a long-term lifecycle management and financial strategy that intervenes at strategic points in an asset's normal life cycle to extend the expected service life and maintain its performance. The financing strategy is a key part of a detailed AMP comparing short and long-term asset needs to available revenues. A sustainable financing strategy makes use of different revenue tools such as:

- taxes
- user fees
- service charges
- development charges (DC)

Currently all stormwater capital and maintenance that is not DC eligible is funded by the municipal tax levy. What is now becoming typical municipal practice is to implement a stormwater management user fee per property that incorporates the lifecycle cost of all stormwater assets as well as the costs associated with maintaining an expected level of service. There are several methods for calculating the user fee that are currently under review. The ultimate goal will be to establish and implement an equitable and sustainable funding strategy for stormwater infrastructure, similar to the full cost recovery model that currently is applicable for water and wastewater infrastructure.

6. ANALYSIS

The Town provides stormwater management services to protect the community and environment from stormwater runoff. Stormwater runoff is water that flows off properties mostly due to rain and snow events. Hard surfaces like roofs, driveways, roads and parking lots increase the amount of runoff from both private and public properties. Stormwater management ponds help to reduce the quantity of surface water runoff being released which helps to reduce flooding and also assists in the quality of surface water runoff in order to protect the environment. Even if there are no storm sewers along the frontage of a property, stormwater from that property will still run off into the boulevards, culverts, ditches and roadways and will ultimately be managed by the Town's stormwater drainage system. The stormwater charge is intended to fund Town stormwater assets that service the Town as a whole, not each individual property. The stormwater rate structure determines each property's contribution to the cost of stormwater management based on the amount of runoff estimated to be generated from each property.

Cobourg has more than \$70 million worth of existing stormwater infrastructure assets that protects our properties and our environment. Future maintenance of

this infrastructure is estimated at \$1.59 million a year. Currently, property taxes provide for only \$0.41 million. As an example, Cobourg currently owns and maintains six stormwater management facilities (ponds) and due to rapid development growth, this number is expected to double within five to ten years. Cobourg will be responsible for maintaining these additional assets in the future. Cobourg is following the best practice of proposing a separate stormwater charge, as adopted by numerous other municipalities in Ontario. These charges are in place to ensure that we can provide dedicated, equitable and long-term financial sustainability for stormwater services that increase public safety, reduce flooding and erosion, and protects property and the environment.

The stormwater charge will help to fund the Town's maintenance and capital programs for over \$70 million in stormwater assets, including:

- cleaning and clearing of the Town's more than 2,800 catch basins
- routine camera inspection of more than 70 kilometres of stormwater sewer pipes
- Inspection, maintenance and cleanout of the Town's six stormwater management ponds
- Inspection, maintenance and capital programs for the Town's three stormwater pumping stations
- sweeping of all municipal streets
- Inspection and maintenance of estimated 65 storm sewer outlets throughout urban and rural Cobourg located at creeks, or directly to Lake Ontario.
- proactive rehabilitation and end of life replacement of all stormwater infrastructure

The Town has funded stormwater infrastructure needs through property taxes in the past, but this has not been sufficient to fully fund all required maintenance and capital programs. Property taxes are based on the assessed market value of a property and has no correlation with how much stormwater runoff comes from the property. Approximately 79% of property taxes comes from residential properties and 21% comes from non-residential properties, however only 32% of stormwater runoff is generated by residential properties and 68% is generated by non-residential properties. This means residential taxpayers are indirectly subsidizing the cost of the stormwater system for other sectors under property tax funding. The proposed stormwater funding structure will distribute fees proportionately among properties that produce more stormwater runoff.

There will be seven property categories that will be charged different stormwater rates based on their different stormwater runoff factors. The property types are:

- Low density residential (typically single detached houses)
- Medium density residential (typically townhouses)
- High density residential (typically condominiums)
- Agricultural / vacant lands
- Commercial
- Industrial
- Institutional

For example, industrial/commercial/institutional properties have more impervious (hard) surfaces and therefore produce much more storm runoff than residential properties, so industrial/commercial/institutional properties will have a higher stormwater charge per hectare of land area.

The stormwater charge will be based on the type and size of a property. The type of property will determine which rate will be applied to the land area. The property type and size will be based on information provided to the Town by MPAC.

The proposed stormwater charge rates are provided below:

| Property Category | 2022 Stormwater Rate per Hectare (ha)*** | 2023 Stormwater Rate per Hectare (ha) |
|------------------------------|---|--|
| Commercial | \$250.20 | \$1,809.44 |
| Institutional | \$208.50 | \$1,507.87 |
| Industrial | \$222.40 | \$1,608.39 |
| Agricultural/vacant | \$55.60 | \$402.10 |
| Residential (low density) | \$125.10 | \$904.72 |
| Residential (medium density) | \$166.80 | \$1,206.29 |
| Residential (high density) | \$208.50 | \$1,507.87 |

*** Based on tax levy funding a significant portion of the stormwater program in 2022 and an increase of total stormwater program funding from approximately \$503,000 in 2022 to approximately \$1.63 million in 2023.

A typical residential lot size is approximately 0.2 of an acre or 0.08ha.

The average residential homeowner would pay \$150 per year in their property taxes toward stormwater without the new dedicated stormwater charge in place. The stormwater charge would reduce the cost to that homeowner by nearly 50% (\$76 versus \$150) by applying a more equitable assessment.

For further details, please refer to the Stormwater Asset Management Plan and Funding Assessment report prepared by Watson & Associates, dated April 28, 2022 (Attached).

7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

Stormwater management currently has had an operating budget of ~\$400,000 which will in future be absorbed by the new Stormwater Rate and reduced from the Operating budget. There will be a decrease in the operating budget that is funded by the tax Levy related to stormwater management which will be evident by the allocation of recoveries for activities such as street sweeping and

stormwater pump stations. There will also be new activities added over time to the operating budget as part of the new stormwater management program including CCTV of sewers and staffing to conduct the work so it is expected that the general tax levy will not be reduced substantially as a result of the stormwater management plan. The stormwater rate is not considered to be part of the tax levy, but instead a user fee similar to water and wastewater user fees that are invoiced on the utility bill.

The charge that will appear on the utility bill from Lakefront Utility Services Inc. (LUSI) will be based on the type and size of the property. The type of property will determine which rate will be applied to the land area. The property type and size will be based on information provided to the Town by MPAC.

8. CONCLUSION

THAT Council authorize the preparation of a resolution to adopt the Stormwater Management Asset Management Plan and Funding Assessment dated April 28, 2022 as prepared by Watson & Associates Economists Ltd.; and,

FURTHER that Council authorize the preparation of a Stormwater Management Charge By-Law for presentation to Council on June 27, 2022 to be effective as of July 1, 2022.

Report Approval Details

| | |
|----------------------|---|
| Document Title: | Stormwater Management Rate Study - Public Works-071-21.docx |
| Attachments: | |
| Final Approval Date: | Nov 3, 2021 |

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer – June 7, 2021 - 7:07 PM

Report Approval Details

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|----------------------|---|
| Document Title: | Stormwater Mngt Rate Study-Results of Public Consultation-Final Report - Public Works-119-22.docx |
| Attachments: | - Cobourg Stormwater AMP and Funding Assessment Report.pdf - Cobourg Stormwater Rate Assessment FAQs.pdf |
| Final Approval Date: | Jun 9, 2022 |

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer - Jun 9, 2022 - 9:25 AM