TORONTO

STAFF REPORT
INFORMATION ONLY

Voluntary Downspout Disconnection and Drain Grant Programs in 2012 – Supplementary Report on Alternative Delivery Mode for Voluntary Downspout Disconnection

Date:	September 19, 2011
To:	Public Works and Infrastructure Committee
From:	General Manager, Toronto Water
Wards:	All
Reference Number:	P:\2011\Cluster B\TW\pw11014

SUMMARY

This report is a supplementary report and should be considered concurrently with the August 9, 2011 report entitled "Voluntary Downspout Disconnection Program and Drain Grain Program in 2012".

The report responds to a request from the Public Works and Infrastructure Committee on alternative delivery modes for the Voluntary Downspout Disconnection Program and provides information on the terms and conditions, staff requirements and costs associated with establishing a subsidy program as an alternative delivery mode.

Financial Impact

Unbudgeted operating and capital costs that would result from establishing a subsidy program for the Voluntary Downspout Disconnection Program are as follows:

The full year operating costs required for 3 additional temporary staff to administer the subsidy program over a 2 year period would be $0.252 million per year, $0.504 million in total. The capital costs to establish a subsidy program to eligible property owners who arrange to disconnect their own downspouts would require estimated subsidy payments of $1.400 million over the 2 year life of the program.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

The Public Works and Infrastructure Committee on September 7, 2011, referred Item PW7.3 back to the General Manager, Toronto Water, with the request that he report to the Public Works and Infrastructure Committee on October 5, 2011, on alternative delivery modes for the Voluntary Downspout Disconnection Program to be considered as part of the 2012 Budget for those applicants that are currently listed as of January 28, 2011.

ISSUE BACKGROUND

A City-wide Voluntary Downspout Disconnection Program was established in 1998 to encourage property owners to disconnect their downspouts from the City's storm or combined sewer systems. The program was administered by the City at no charge to residents. In 2008, City Council adopted a mandatory program across the City to replace the voluntary program. The mandatory program is to be phased-in over a five-year period from 2011 to 2016 and will require homeowners to disconnect their own downspouts as set out in the Sewers By-law.

On February 23, 2011, City Council placed a moratorium on the Voluntary Downspout Disconnection Program effective March 1, 2011. Under the moratorium, participants who had an inspection up to and including February 28, 2011 had three weeks to submit their signed agreement. No inspections were conducted after February 28, 2011, except for inspections of the City contractor's work and any warranty related issues. As of March 1, 2011 there were approximately 7,000 applications pending inspection. The City sent a letter to all registered program applicants to advise them of the moratorium and that their downspouts would not be disconnected as part of the program. These homeowners will eventually be required to disconnect their own downspouts under the new mandatory program.

On September 7, 2011, Public Works and Infrastructure Committee requested that the General Manager, Toronto Water to report on alternative delivery modes for the program to address the approximately 7,000 registered applicants.

COMMENTS

The Voluntary Downspout Disconnection Program in its current delivery mode involves the following steps: (i) an initial assessment by City staff for feasibility of disconnecting the downspouts; (ii) confirmation by the property owner that they are willing to have their downspout disconnected by a City hired contractor and signing the requisite Downspout Disconnection Agreement; and (iii) having the City hired contractor complete the disconnections to the satisfaction of City staff. It costs the City an estimated average of $1,000 per property, in contract costs, to have the downspouts for a single family residential property disconnected. Typically, about 40% of inspected homes meet the requirements for disconnection.

An alternative to this delivery mode is to establish a subsidy program to eligible property owners who arrange to disconnect their own downspouts. An assessment of this mode is described below:

Establishing a Subsidy Program

Establishing a subsidy program, similar to the City's existing Basement Flooding Protection Subsidy Program (BFPSP), would offer a subsidy to eligible property owners who arrange to disconnect their own downspouts. The subsidy would be offered to the approximately 7,000 registered applicants who were pending inspection of their home on March 1, 2011 when the current program moratorium became effective.

Similar to the BFPSP, the available subsidy would equal 80% of the invoiced cost up to a maximum of $500 including eligible labour, materials and taxes. The property must be registered as a single-family residential, duplex or triplex property within the City of Toronto. The subsidy would be available only to existing homes that are remaining in the Voluntary Downspout Disconnection Program. Property owners would choose between hiring a contractor currently licensed by the City of Toronto or performing the work themselves. The downspout disconnection must be in compliance with all applicable City By-laws including Chapter 681 Sewers and Chapter 629, Property Standards of the Toronto Municipal Code. The property owner must complete the disconnection work on or before December 31, 2012. The disconnection must be completed before the applicant applies for the subsidy. Invoice(s) must show a cost breakdown of all charges, the total amount paid and be clearly marked as “paid in full.”If the property owner chooses to perform the work without a contractor, the subsidy payment would be for the related material costs only and invoice(s) for materials must be provided. The property owner or authorized legal representative must sign and date the application form. All documents must be originals and no photocopies will be accepted. Applications and supporting documentation must be received by the Program Office within one year of the date of completion of the work as listed on the original invoice and no later than December 31, 2013. The subsidy would be provided one time only for each eligible property, and on a no-fault basis.

Clerical staff would be required to open mail, date stamp and register the application. A Program Officer would then perform an inital screen of each application to confirm all required information is provided and check the various City databases to ensure that all information is accurate and that it meets the program's terms and conditions. Program staff would then further review, assess and make the decision to award or deny the subsidy. In addition, all customer inquires on status of an application or a denial would need to be responded to by program staff. An audit of the applications would also be required to be conducted by the Supervisor. Once the application is approved, program staff would then prepare the necessary documentation and coordinate with Accounts Payable to issue the payment.

The cost of establishing a subsidy program is estimated at $1.4 million in subsidy payments (i.e. 40% of 7,000 applicants at $500 per property) and it would take two years

to complete. The associated operating cost for 3 additional temporary staff for two years is approximately $0.504 million. The potential financial impact of this program over 10 years is as follows:

Budget	Positions	2012 ($000s)	2013 ($000s)	2014 ($000s)	2015 ($000s)	2016-21 ($000s)	10 Year Total ($000s)
Operating	3	252	252	-	-	-	504
Capital		700	700	-	-	-	1,400
DC Funding		(70)	(70)	-	-	-	(140)
Reserve Impact		882	882	-	-	-	1,764

Given that disconnecting downspouts on private property is not a core service of Toronto Water, establishing a subsidy program is not recommended.

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SIGNATURE

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