

**EX10.26**

## Decision Letter

### Budget Committee

<b>Meeting No.</b>	13	<b>Contact</b>	Jennifer Forkes, Committee Administrator
<b>Meeting Date</b>	Friday, November 13, 2015	<b>Phone</b>	416-392-4666
<b>Start Time</b>	9:30 AM	<b>E-mail</b>	buc@toronto.ca
<b>Location</b>	Committee Room 1, City Hall	<b>Chair</b>	Councillor Gary Crawford

BU13.4	ACTION	Amended		Ward:All
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### Funding Options for Paying for Toronto Water's Stormwater Management Capital Program

#### Committee Decision

The Budget Committee recommends that:

1. City Council authorize the General Manager, Toronto Water, and Deputy City Manager and Chief Financial Officer to develop and formulate a stormwater management funding model premised on the establishment of a dedicated stormwater charge; thereby, removing stormwater management costs from the water rate.
2. City Council direct the General Manager, Toronto Water and the Deputy City Manager and Chief Financial Officer to report back to Executive Committee in the spring of 2017 on a stormwater charge implementation plan which shall include:
  - a. A separate stormwater charge component being included in the water bill in conjunction with a reduced volumetric charge component;
  - b. The stormwater charge being based on the following criteria:
    - i. A flat rate for residential properties (including detached and semi-detached homes, duplexes, triplexes, townhouses and row houses);
    - ii. A flat rate for condominiums, multi-family residential, and industrial, commercial and institutional properties;
    - iii. For a property one hectare (1 ha) or greater, a specific charge based on the amount of runoff they contribute to the City's stormwater management system;
    - iv. An incentive program for properties one hectare (1 ha) or greater that manage a portion or all their stormwater runoff onsite;
  - c. The costs associated with the implementation and ongoing administration of a stormwater charge;

- d. A detailed rate schedule, timelines, and all business and policy considerations associated with the implementation of a stormwater charge; and
- e. A program that provides for the mitigation of any substantial increases in water bills that may result from the implementation of a stormwater charge,

with the intent that the new water rate structure be implemented January 1, 2018 at the earliest.

- 3. City Council receive the supplementary report and Appendices A and B (November 10, 2015) from the Deputy City Manager and Chief Financial Officer for information.
- 4. City Council direct the General Manager, Toronto Water and the Deputy City Manager and Chief Financial Officer to include in their proposed models and implementation plan: tiered rates, run-off credits or incentives, and phasing options for residential properties for future years.

### **Origin**

(October 29, 2015) Report from the General Manager, Toronto Water and the Deputy City Manager and Chief Financial Officer

### **Summary**

This report is in response to a direction from City Council to report back on an appropriate cost recovery model to fund the costs of Toronto's Stormwater Management Capital Program, which is currently funded entirely from the water rate.

Toronto Water's Capital Program has a number of emerging pressures, and stormwater management is an area City Council has identified as a growing concern and priority. Stormwater management initiatives include Basement Flooding Protection Program projects that reduce the risk of flooding during extreme storm events, and water quality and stream restoration projects to improve the City's environment and protect vulnerable City sewer infrastructure.

This report recommends that funding for Toronto Water's growing Capital Program related to stormwater management move from a water rate funded program to a dedicated stormwater charge funded program. A stormwater charge imposed upon property owners which is predicated on the amount of stormwater runoff from a property is a fair funding approach supported by the majority of stakeholders consulted to date. The establishment of a separate stormwater charge also brings more transparency to the actual costs of providing and maintaining a stormwater management system within the City. A corresponding benefit to the establishment of a stormwater charge would be the reduction in cost to the consumer for the consumption of water and treatment of wastewater as a result of the removal of stormwater management costs from the water rate. There would, however, be a corresponding increase through the proposed stormwater charge.

Given the complexities associated with the establishment and implementation of a stormwater charge, it is recommended that staff report back in the spring of 2017 with a detailed implementation plan for Council's consideration. If approved, implementation would likely start in 2018.

## Background Information

(October 29, 2015) Report and Appendices A and B, from the General Manager, Toronto Water and the Deputy City Manager and Chief Financial Officer on Funding Options for Paying for Toronto Water's Stormwater Management Capital Program  
(<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85423.pdf>)

## Communications

(November 13, 2015) E-mail from Andrew Judge, President, The Toronto Industry Network (BU.Supp.BU13.4.1)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57274.pdf>)

(November 13, 2015) E-mail from Karen Buck (BU.Supp.BU13.4.2)

(November 13, 2015) E-mail from Brooks Barnett, Real Property Association of Canada (RealPac) (BU.Supp.BU13.4.3)

(<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-57233.pdf>)

## Speakers

Karen Buck, Citizens For a Safe Environment  
Councillor Janet Davis

## 4a Transmittal of Responses Received Regarding Funding Options for Toronto Water's Stormwater Management Capital Program

### Origin

(November 10, 2015) Report from the Deputy City Manager and Chief Financial Officer

### Summary

This report transmits the responses received by stakeholders during the 2014 consultation process on Funding Options for Toronto Water's Stormwater Management Capital Program.

## Background Information

(November 10, 2015) Report from the Deputy City Manager and Chief Financial Officer on Transmittal of Responses Received Regarding Funding Options for Toronto Water's Stormwater Management Capital Program

(<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85692.pdf>)

Appendix A - List of organizations contacted for consultation in 2014

(<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85693.pdf>)

Appendix B - Written submissions received

(<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-85694.pdf>)