



## **Committee of the Whole Report**

### **For the Meeting of February 8, 2018**

---

**To:** Committee of the Whole **Date:** February 2, 2018  
**From:** Fraser Work, Director of Engineering and Public Works  
**Subject:** Stormwater Utility and Rainwater Rewards Update

---

### **RECOMMENDATIONS**

That Council directs staff to:

1. Extend the Rainwater Rewards rebate pilot program and report back with a review and recommendations in June 2018.
2. Amend the Sanitary Sewer and Stormwater Utilities Bylaw No. 14-071, *Section 30 Multiple Occupancy (Strata Property Act) Premises* to reflect the practices for imposing fees and charges with respect to strata lot premises.

### **EXECUTIVE SUMMARY**

Council approved the stormwater utility project charter and engagement strategy in 2011. Extensive community and stakeholder engagement conducted in 2013 and 2014 informed the final stormwater utility billing model and credit program, approved by Council in 2014. Assessment notices were sent to all owners in May 2015 to inform them of the change to a stormwater utility and the approximate charge for their property.

The pilot Rainwater Rewards rebate program was adopted by council in January 2015 and launched in May 2015, running until December 2017. The rebate program offers one-time payments to low density residential property owners for installation of approved rainwater management methods. All property owners are eligible for ongoing credits to their stormwater bill, ranging from a 2-50% reduction. Since the program's inception in May 2015, the Rainwater Rewards incentive Program has received 106 applications. The rebate program is currently under review, and once concluded, staff will bring any recommendations to Council for direction.

The City has concluded the second year of stormwater billing. In 2016, staff responded to approximately 1,400 inquiries, with the most common themes being general questions about the stormwater utility, feedback about the street cleaning charge, property characteristic review requests, inquiries related to the rainwater rewards program and concerns about property taxes.

Approximately 650 inquiries were received in response to the 2017 billing. The most common themes include: requests for more information about the Rainwater Rewards program, billing related inquiries, updates to property characteristics, questions about the fee increase and impacts to taxes, and general inquiries about the utility. Staff have commenced a review of stormwater billing to identify efficiencies and improvements to internal processes.

Two policies have been reviewed as a result of feedback generated by the stormwater billing over the past two years, including calculation of the street cleaning component of the stormwater bill, and equal bill splitting for low density residential strata property owners. The following recommendations have been made as a result:

- Maintain the existing fee calculation for Low Density residential property owners for the Street Cleaning Factor component of the stormwater utility bill.
- Amend Section 30 Multiple Occupancy (*Strata Property Act*) Premises to provide clarification on how stormwater bills are distributed to strata property owners.

Future stormwater projects include the creation of rainwater management requirements for new developments, and design guidelines for projects on City property.

## PURPOSE

The purpose of this report is to:

1. Provide Council with an update on the Stormwater Utility and the Rainwater Rewards Credit and Rebate program;
2. Seek Council Direction on Rainwater Rewards Rebate program;
3. Seek Council direction on maintaining the Street Cleaning Factor of the stormwater utility fee.
4. Seek Council direction on an amendment to the Sanitary Sewer and Stormwater Utilities Bylaw No. 14-071, Section 30 Multiple Occupancy (*Strata Property Act*) Premises.

## BACKGROUND

Council approved the stormwater utility project charter and engagement strategy in 2011. Extensive community and stakeholder engagement conducted in 2013 and 2014 informed the final utility billing model and credit program, approved by Council in July 2014.

The new stormwater utility changes the way the City's stormwater system is financed. The new model moves away from a utility based on property value (ie. property taxes), to a model based on property stormwater management characteristics, to reflect more of a "user pay" system. The rationale supporting the new stormwater utility includes:

- **Transparent:** It is a more transparent, fair and equitable way to fund the stormwater system, as the fee relates to the impact a property has on the system,
- **Incentivised:** The City can offer incentives to encourage and reward properties that manage rainwater more sustainably,
- **Control:** Property owners can now influence how much they pay by reducing impervious area in new builds/major renovations and/or managing rainwater on site,
- **Consistent:** All properties that use stormwater services are now contributing in a manner consistent with the water and sewer utilities.
- **Best Practice:** Stormwater utilities have been identified as a best practice by the Federation of Canadian Municipalities.

The stormwater utility fee is based on the following property characteristics:

- Impervious area, such as roofs, driveways and parking lots
- Street frontage length and street classification for street and sidewalk cleaning
- Property type based on BC Assessment use codes
- Participation in the City's stormwater Codes of Practice pollution prevention program

Assessment notices were sent to all owners in May 2015 to notify them of the new stormwater utility and the approximate charge for their property. Feedback generated by this communication was collected, and informed final changes prior to 2016 billing. The first annual stormwater bills were sent in October 2016, and the most recent stormwater utility billing concluded in October 2017.

### Rainwater Rewards

The pilot Rainwater Rewards rebate program was adopted by council in January 2015, and has run from May 2015 until December 2017, and is currently under review. Offering the incentive program in advance of adoption of the new stormwater utility provided some opportunity for property owners to apply for credits and rebates prior to the first stormwater bills.

The Rainwater Rewards program consists of two components, a one-time rebate and ongoing credits. The rebate program is available to low density residential (1-4 units) properties, and provides a one-time payment and a 10% ongoing credit for approved rainwater management methods including cisterns, rain gardens, permeable paving, infiltration chambers and bioswales. Rain barrels meeting minimum size requirements are eligible for a rebate, but no on-going credit. Low density residential properties that have installed approved rainwater management methods prior to the program launch are not eligible for rebates; however they can apply for a 10% ongoing credit.

Credits ranging from 2-40% of the annual stormwater bill are available to multi-family, civic, institutional, commercial and industrial properties for installation of cisterns, rain gardens, bioswales, green roofs, infiltration chambers and permeable paving or other approved engineered systems. An education credit is available for properties undertaking an educational component in conjunction with an approved rainwater management method, of 5-10%. School properties are eligible for a 10% credit if watershed and rainwater/stormwater management information is integrated into curriculum.

In the January 22, 2015 Governance and Priorities meeting, Council adopted the proposed Rainwater Rewards Rebate program, and directed staff to report back after the pilot program completion. A full analysis and report will be presented to Council in June 2018.

### Stormwater Utility Outlook

The next planned Stormwater Utility program phases are to explore options for rainwater management requirements in new developments, commencing in early 2018, and to create rainwater management design guidelines for City projects on roads, rights of ways, properties and facilities, and is planned for introduction in 2019.

## **ISSUES / DISCUSSION**

Four main issues have been raised from the public, during the first years of the Stormwater utility, which are outlined below.

- **Inquiries (feedback):** Questions and clarification related to billing and the program,
- **Rainwater Rewards Outlook:** Questions related to the duration of the program to support/incent stormwater management improvements.
- **Street Cleaning Fee:** Questions / concerns regarding the costs and equity of the modification of the street cleaning fee away from property taxes, to a more use-pay model, associated with the stormwater utility.



- **Billing:** The questions related to the optimal future billing plan for the stormwater utility, to be either on its own, or a combined bill. This is currently under review.

These issues are broken down in more details below.

### Community Engagement

Upon adoption of the stormwater utility, communication and engagement remained a priority to ensure property owners had an understanding of the purpose of the utility, calculation method and awareness of the Rainwater Rewards incentive program. Communications included a media release, summary infographic included with the bill, and supporting web pages. Feedback continues to be collected to assist with identifying improvements to the program.

### Stormwater Utility – Community Feedback

The first stormwater utility bills were issued in October 2016 to 14,372 accounts. Approximately 1,400 inquiries were received in the first four months following the bills, via phone, email and counter visits in response to the bills. The majority of the inquiries did not require follow up, and were resolved in a reasonable amount of time. For those requiring follow up, the majority involved checking the current residential connection status to re-confirm connections were present, for concerned property owners. The most common themes emerging from the inquiries were (in order of frequency):

- General inquiries related to stormwater and the stormwater utility
- Questions related to the rationale behind the move to a stormwater utility
- Clarification related to the methods used in property attribute assessments
- Rainwater Rewards inquiries
- Street cleaning related questions/complaints, including charges are unfair for multi-frontage lots, street cleaning is not effective and/or a low level of service is received
- Feedback regarding an increase to property taxes despite the creation of the stormwater utility
- Requests for review of property attributes, including connection status, impervious area and clarification around codes of practice participation
- Complaints about the inadequacy of Rainwater Rewards incentives
- Requests for clarification on why a separate bill was necessary, and the charge not included on the existing utility bill or on the property tax bill.

Prior to the October 2017 billing, staff identified and incorporated lessons learned from 2016 and made process adjustments to improve and streamline metric tracking for billing inquiries. As of December 15, 2017 there were approximately 650 inquiries (~4%). Often more than one topic area was included in each inquiry. A breakdown of the inquiry themes can be seen in the chart below in order of frequency:

- Bill payment questions (what is the bill for, can the bill be paid via phone, online, etc., who is responsible for the bill following a recent house sale, etc.)
- Interest in the Rainwater Rewards program
- Strata billing clarification (what is included in the bill and who is responsible to pay)
- Characteristic updates for properties
- Confirmation of no connection to the stormwater system
- Questions regarding the calculation method or premise of the utility
- Inquiries related to the frequency of street cleaning service

- Feedback about the bill calculation for corner lots
- General stormwater or flooding questions
- Questions regarding the budget increase and subsequent increase to bills
- Questions related to impact of the stormwater bill on taxes, and whether taxes decreased by the equivalent amount

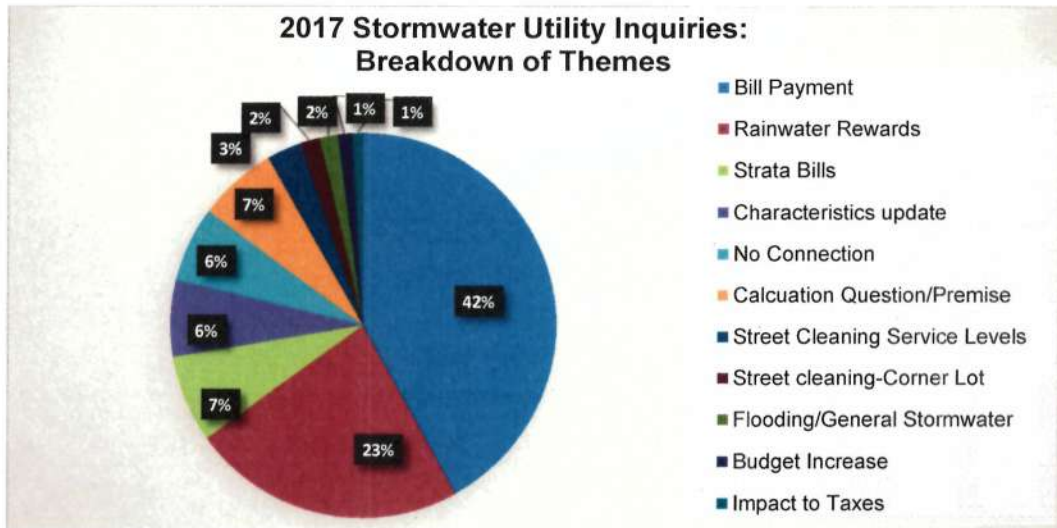


Figure 1. 2017 Stormwater Inquiry Types

### Rainwater Rewards

The Rainwater Rewards program consists of an on-going credit component, available to all properties connected to the stormwater system, and a pilot rebate component, running from May 2015 to December 2017. Evaluation of the program is underway, and staff anticipate making recommendations for improvements in spring 2018.

Approximately 265 inquiries have been made related to the Rainwater Rewards program following the 2017 billing. The majority of inquiries have been from low density residential property owners, and specifically have been related to what existing rainwater management methods qualify, how to integrate rainwater management into new projects, and how to apply.

Since the program's inception, the City has received 106 applications for the Rainwater Rewards program. Of those, 79 are completed, 7 are active, and 20 are on hold, cancelled or denied. A total of \$12,470.82 of the budgeted \$225,000 has been awarded as rebates.

### Street Cleaning Fee

Street cleaning fee is an essential component of the Stormwater utility as it relates to the operations that remove road debris that would otherwise enter the stormwater system, and be transferred to the ocean environment. Historically, street cleaning has been independently funded from a portion of property taxes, and captured in that bill. Street cleaning also fulfills the function of cleanliness in the roadway, and enhances aesthetics and reduces safety risks to motorists, pedestrians and cyclists.

In October 2015, Council directed staff to amend the Sanitary Sewer and Stormwater Utility bylaw to charge all low density residential properties the "local" street cleaning rate, regardless of the



street classification on which the property was located to improve fairness in the application of the street cleaning component of the stormwater utility rate calculation.

In 2015, the approved approach was where all properties paid a fee per metre of frontage for street cleaning based on street classification, which reflected the frequency of street cleaning. The level of street cleaning service delivered varies for downtown, arterial, collector and local streets; properties on busier roads were charged more per metre than nearby neighbours on quieter local streets, resulting in a perceived inequity between low density residential property owners.

Staff have received significant feedback regarding street cleaning fees following the changes made to the 2016 billing cycle, which allocated the largest portion of the street cleaning services to the utility bill (with the associated amount removed from property tax bill). The questions/feedback centred around the street cleaning component of the stormwater bill, particularly from low density residential properties with multiple frontages. Many of these properties saw an increase on their bill, which reflected the larger cleaning requirement, rather than the historical value tied to property value.

#### Billing/Administration

Currently a separate bill is issued in the fall for the stormwater utility. A review of the current billing process and alternatives has commenced to determine if there are opportunities for improvements. Details and recommendations, if any, will follow in a subsequent report to Council.

### **ANALYSIS / COMMENTARY**

#### Stormwater Utility

The highest percentage of inquiries in the first two years were questions related to bill payment. In the first year this feedback commonly included that this was a "rain tax" and moving stormwater charges to a new utility bill was to avoid the property tax cap. The majority of these inquiries were resolved by direct conversation to explain the rationale and justification for the changes.

More recently in 2017 the bill payment questions were primarily related to the transfer of funds to pay bills, or clarification related to what the bill is for. There were questions about the purpose of the bill that required explanation, however most often it was due to lack of information or understanding of the utility. Once the explanation was made, the majority of property owners agreed that it is a more logical way to fund the system.

The stormwater utility is now in its second year of operation. Based on a decrease in the inquiries and feedback after the latest billing period staff believe the majority of ratepayers understand the purpose, rationale and calculation of the stormwater bill. Future areas of focus related to stormwater and rainwater management include the development of rainwater management requirements for new development. This will provide additional opportunities for engagement and education on the importance of stormwater management. Ongoing review of the utility and related issues is required to ensure the required adjustments are actioned.

#### Rainwater Rewards

Interest in the program continues, and staff recommend that all applications currently in progress or property owners with time-sensitive applications are able to continue to be approved under the

existing program until the program is amended. This will also help to maintain momentum generated by the communications included with the 2017 billing.

### Street Cleaning Fee

To address concerns related to perceived lack of street cleaning service, stormwater utility staff have communicated generalized street cleaning schedules to property owners and provided a summary of comments and issues to operational staff for their planning. In response, staff continue to investigate options to optimize street cleaning services, and to address challenges related to cleaning streets with parked vehicles.

Two main street-cleaning cost formulas have been explored to address the issue of larger costs to those properties with long frontages, who had been used to paying a nominal street cleaning fee: user pay (proportional to frontage length), or a common fee for a residential property. The user-pay model aligns with the principles of the stormwater utility, but coupling the frontage fee based on street cleaning services has given rise to the questions related to the actual service costs imposed by their particular property frontage.

1. **Frontage Length Calculation (existing formula):** Changes to the funding formula in 2015 significantly moderated the impacts to low density residential properties fronting arterial, collector or downtown streets, while still following the principles of the stormwater utility to charge properties in a fair and equitable manner.
2. **Common Residential Parcel Fee:** that is applied to all low density residential properties. This may address the perceived inequities for properties on corner lots, however will result in an increase to street cleaning fees for the majority of low density residential properties. Minor additional administration would be required to implement this change for 2019.

### Cost Comparison:

Using 2018 fees, a redistribution of the portion of the street cleaning budget billed to low density residential properties into a per parcel fee of \$35.16, based on 2018 rates would result in the following impacts to properties:

Impact of Parcel Fee for Street Cleaning of \$35.16, based on 2018 rates			
	Average Impact to Bills	Number of Properties Impacted	Range of impacts
Increase	\$ 9.85	8885	\$0.01-\$35
Decrease	\$ (32.73)	2670	(\$0.09)-(\$205)

This parcel-fee subsidizes the properties with large frontages, and would result in an increase in costs for almost 9000 properties (ranging from \$0.02-\$35). This scheme would impose an associated reduction for large frontage properties (2670 in number), ranging from \$0.09-\$205. Should Council direct staff to implement this option, further administrative work and adjustments to the estimated parcel fee would be necessary in the calculation of the 2019 stormwater utility rates.

### Street Cleaning Operational Considerations

Many residents had questions or critique about a perceived lack of service or infrequent cleaning, noting hurdles related to street cleaning due to vehicles parked on the road. Street cleanliness is proportional to debris (leaves, waste, etc), obstructions (parked cars and parking regulations) and



the ability of our equipment to access those locations. Improvement of the overall street cleaning services are part of ongoing planning to reduce flood risks, leaf pickup program, parking regulation and patterns in residential areas, labour requirements and minimizing disruption to residents. Recommendations for any changes to street cleaning operations will come late in 2018 as part of the financial planning process alongside the review of all of these programs.

#### Billing/Administration

Strata properties have multiple owners that share common areas and services, and are assessed as one property under the stormwater utility. However, in response to requests from low density strata property owners, the City has created stormwater accounts for all duplex, triplex and quad plex owners and bills have been split equally by the City.

Properties that do not have an equal unit entitlements are sent one bill to a designated Strata representative, to be split by the owners.

Currently Section 30 of the Sanitary Sewer and Stormwater Utilities Bylaw states:

If a parcel has been subdivided under the *Strata Property Act*, and all strata lots shown on the strata plan are serviced through a common water service, sanitary sewer service connection, and storm sewer service connection, then for the purpose of imposing the sanitary sewer use charge and the stormwater user fee, the Collector shall treat the strata development as a single parcel and may render the account for the sanitary sewer use charge and the stormwater user fee to the applicable strata corporation.

An update to the bylaw is required to reflect the strata owners who receive split bills. Stormwater bills will continue to be sent to one representative for multi-family and commercial strata property types.

Subject to ongoing reviews and analysis of billing administration staff will provide analysis and recommendations in a subsequent report to Council.

#### **OPTIONS & IMPACTS**

This report outlines several recommended policy changes and options for Council's consideration that have varying impacts.

##### Rainwater Rewards Program

**Option 1: (Recommended):** Extend the Rainwater Rewards rebate pilot program and report back with a program review in June 2018.

Moving forward with this option would ensure that rebates that are currently in progress are captured by the program, that the program capitalizes on interest and momentum gained through the latest communications included with the stormwater utility bill and there is no gap in the availability of rebates while the review of the program is undertaken.

**Option 2:** Cease offering rebates under the Rainwater Rewards program while the program review is undertaken.



There is the potential for missed opportunities should property owners choose to decline to integrate rainwater management into projects under the expectation that the program is ending and they would not benefit from any incentives.

#### Street Cleaning Fee for Low Density Residential Properties

**Option 1 (Recommended):** That Council support the existing model, and makes no changes.

There would be no new impacts to this option.

**Option 2:** That Council direct staff to amend the Sanitary Sewer and Stormwater Utilities bylaw to charge low density residential property owners a parcel fee for street cleaning effective 2019.

#### Amendment to the Sanitary Sewer and Stormwater Utilities Bylaw, Section 30 Multiple Occupancy (Strata Property Act) Premises

**Option 1 (Recommended): Direct Staff to make necessary amendment to Section 30 Multiple Occupancy (Strata Property Act) Premises.**

There are no anticipated impacts to this option. Staff will continue to bill low density strata properties in the same manner as 2016 and 2017.

**Option 2:** Do not direct staff to make amendment.

The impact of this option is that the City may be billing low density strata properties in contravention of the Sanitary Sewer and Stormwater Utilities bylaw and alternative methods for billing must be employed for these properties, requiring additional staff administration.

#### *Accessibility Impact Statement*

No anticipated impacts to accessibility.

#### *2015 – 2018 Strategic Plan*

Improvements to the stormwater utility and sanitary sewer infrastructure supports Objective 11 of the Strategic Plan, Steward Water Systems and Waste Systems Responsibly.

#### *Impacts to Financial Plan*

Any changes to billing for the street cleaning budget would take effect in 2019, and must be integrated into the 2019 Financial Plan. It is anticipated that minor administration is needed to implement this change.

Funding for the Rainwater Rewards program has been included in the 2018 Financial Plan.

#### *Official Community Plan Consistency Statement*

Implementation of the stormwater utility supports Section 11: Infrastructure in the OCP, specifically, promotes sustainable management of rainwater through collection, diversion and re-use, reducing runoff volumes and improving water quality, identified under Goal 11(D) of the OCP, in addition to supporting actions under the Integrated Rainwater Management heading, including 11.19 to 11.21.

## CONCLUSION

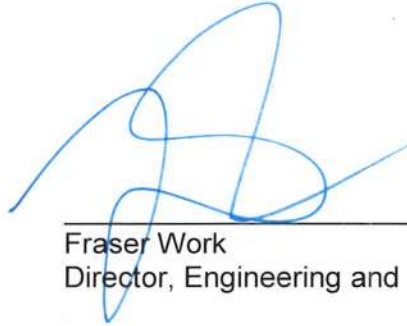
The City is in its second year of stormwater utility billing. Response and feedback has moderated significantly compared to the initial billing in 2016. The Rainwater Rewards rebate pilot concluded in December 2017, and staff are reviewing the program and will report back to Council with recommendations for improvements. Future areas of focus related to stormwater and rainwater management include the development of rainwater management requirements for new development, and design guidelines for projects on City property and rights of ways.

Staff recommend that the aforementioned amendments be made to the Sanitary Sewer and Stormwater Utilities bylaw to reflect the practices for imposing fees and charges with respect to strata lot premises.

Respectfully submitted,



Brianne Czypyna  
Stormwater Management Specialist



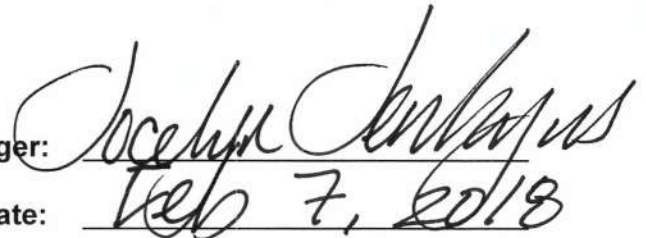
Fraser Work  
Director, Engineering and Public Works



Jas Paul  
Assistant Director Engineering & Public Works

Report accepted and recommended by the City Manager:

Date:

  
Feb 7, 2018