



**Smart Prosperity
Institute**

SUBMISSION

TO THE CITY OF TORONTO ON THE
PROPOSED STORMWATER CHARGE

APRIL 2017





April 21, 2017

Attn: Kurtis Elton

Toronto Water
Metro Hall, 55 John St
Toronto ON
M5V 3C6

Dear Mr. Elton,

RE: Request for Feedback on the City of Toronto's Proposed Stormwater Charge

Smart Prosperity Institute welcomes the opportunity to provide comments to the City of Toronto and Toronto Water on their proposed Stormwater Charge. Smart Prosperity Institute (formerly Sustainable Prosperity) is a national research network and policy think-tank based at the University of Ottawa. We deliver world-class research and work with public and private partners – all to advance practical policies and market solutions for a stronger, cleaner economy. Our 2016 report, [New Solutions for Sustainable Stormwater Management in Canada](#), provided a resource for local governments across Canada, outlining the case for, and approaches to, stormwater user fees and green infrastructure incentives, along with case studies on the experiences of communities who are on the leading edge of implementation. We hope that our knowledge about general design features of stormwater user fees and the role they can play in building a financially sustainable stormwater system can provide insight for the City of Toronto in meeting its program objectives.

Stormwater user fees are growing in popularity for Canadian municipalities as they establish a dedicated, fair and transparent source of funding based on service use. Stormwater runoff has no correlation to the amount of potable water consumed by a property (the current method of determining stormwater contributions in Toronto) and thus the proposed switch to a service-based fee would be more equitable and transparent: those who produce greater volumes of stormwater will contribute more for those services. User fees (accompanied by credit programs) can also motivate property owners to take action to manage their stormwater onsite through green infrastructure, another benefit that cannot occur if a fee is part of a water rate. The proposed policy is therefore well aligned with the City's Wet Weather Flow Master Plan (WWFMP) objective to "preserve and re-establish a natural hydrologic cycle".¹

¹ City of Toronto, Wet Weather Flow Master Plan;
<http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=237807ceb6f8e310VgnVCM10000071d60f89RCRD>

Our specific comments below focus mainly on issues that may arise during the implementation of a stormwater user fee, but we also highlight the opportunity the fee creates to further encourage green infrastructure projects throughout the city. Green infrastructure can address water quantity concerns by reducing the volume of stormwater reaching City infrastructure through greater infiltration of rainwater on site. This reduces the need for costly grey infrastructure capacity upgrades in the long-term. Secondly, green infrastructure can address stormwater runoff quality concerns by removing pollutants from runoff prior to entering the nearby streams, rivers or lake. Many American cities, such as Philadelphia and Washington D.C., have made significant investments in green infrastructure to reduce the pressure on their combined sewer overflow (CSO) system.

While Canada does have a different regulatory scheme than the United States,² Toronto is under equal pressure to find ways to be financially sustainable while also achieving environmental goals and improving stormwater infrastructure. The City of Toronto is facing many similar challenges, including limited financial capacity, changing entrenched approaches, and overcoming obstacles to engaging large private properties in green infrastructure programs. Toronto also has continuing issues with combined sewer over flows that must be dealt with as part of the Toronto & Region Remedial Action Plan (RAP). The opportunity therefore exists for Toronto, and other Canadian cities, to take advantage of the lessons learned by our American neighbours and achieve many of the same positive outcomes.

Comments for Consideration

Smart Prosperity Institute is currently researching challenges and barriers to successful implementation of stormwater user fees. While our research is still in process, there are a number of re-occurring challenges we've identified in other Canadian cities that Toronto may wish to address in a pro-active manner.

Create a Greater Role for Green Infrastructure with the User Fee Program

Given the importance of “preserving and re-establishing a natural hydrological cycle” in Toronto’s WWFMP, the City could reinforce these objectives by linking the user fee program to incentives for green infrastructure. Our report, *New Solutions for Sustainable Stormwater Management in Canada*, found that the leading North American cities with innovative stormwater management have developed locally specific approaches that combine a range of programs and incentives for encouraging green infrastructure. The user fee provides an economic incentive to manage stormwater differently; through this, the City of Toronto can further facilitate green infrastructure on private land, through Low-Impact Development guidelines, economic & non-economic incentives for residential homeowners, as well as through their proposed credit program for large run-off producers.

² Under the Clean Water Act (CWA) a point pollutant cannot be legally discharged into navigable waters without a permit.

Clarify Credit Program Details Ahead of Stormwater Charge Implementation

The City of Toronto's Staff Report proposes a credit program for large, non-residential properties to reduce their stormwater charge with the implementation of stormwater best management practices. Case studies have shown that if a city provides detailed credit guidelines and qualifications, then property owners have the assurance to invest in on-site management and a better idea of how much they will be able to reduce their initial fee. For example, the City of Victoria launched their credit program and guidelines 1-year prior to the stormwater charge implementation to allow property owners additional time to apply for credits. Clear guidelines on what green infrastructure projects will be eligible and how the approval process for credits can be streamlined will also encourage more property owners to apply for credits. As discussed in the April 13, 2017 consultation, the guidelines should include how the incentive program would complement, or interact with, other current city bylaws; for example, existing green roofs from the bylaw/rebate program and other investments from Toronto Green Standards (W.Q 2.1 and 2.2³) could be incorporated into the credit program. Furthermore, cities such as Philadelphia, have found that a rebate program, as distinct from the credit program, was necessary to overcome the high initial capital costs for on-site green infrastructure projects and actually saved the city money in the long-term. These considerations could be addressed in a further defined incentive program.

Consider Other Incentives for Residential Properties

Many cities that have chosen to implement a stormwater user fee credit program have opted to not include residential properties due to high administrative costs. However, these cities have also found that homeowners still wish to receive some benefit for managing stormwater on site. Some cities (e.g. Philadelphia⁴ and Victoria⁵) have implemented economic programs not tied to a stormwater credit for their residential properties, including free rain barrels and/or rebates for home green infrastructure improvements. There are also multiple non-economic incentive programs that could be considered. Mississauga developed a home visit program in partnership with a conservation authority to provide guidance to interested homeowners. The City of Victoria developed guidelines for personal home construction of green infrastructure components that perform well within their regional climate. Other cities offer recognition awards for best stormwater management practices. These are less administratively costly and can still encourage action and provide support in the residential sector.

Phase-In for Non-Residential Properties

Many cities, including Saskatoon, SK, designed a phase-in process for non-residential properties, where

³ City of Toronto. Toronto Green Standard: Mid to HiRise.

http://www1.toronto.ca/City%20of%20Toronto/City%20Planning/Developing%20Toronto/Files/pdf/TGS/TGS_MidHiRise_Standard.pdf pg. 8.

⁴ Philadelphia's Rain Check Program. See: http://www.phillywatersheds.org/whats_in_it_for_you/residents/raincheck

⁵ Victoria's Rainwater Rewards Program. See: http://www.victoria.ca/EN/main/residents/water-sewer-stormwater/stormwater/rainwater_rewards_program.html

the full charge was levied incrementally over a number of years. This phase-in allows owners to properly budget for the increased charge but also allows them time to implement measures to reduce their fee by reducing the amount of impervious area on their site. Residential properties have generally not been phased in. It appears that Toronto is considering a phase-in for all properties. It is not clear that the phase-in would provide any benefit to residential property owners who cannot reduce their fee and, in general, are expecting a lower overall bill.

Provisions for Low-Income Households

A new charge can pose challenges for low-income households or institutions with a limited budget. SPI recognizes that even with the revenue-neutral proposal, some residents may be impacted; however, it is possible to include a relief program for those below a low-income threshold and this has been done in many other communities. The City of Mississauga, for example, offers a subsidy for low-income seniors and low-income persons with disabilities to offset their stormwater charge.

Prioritize Public Communication

The cities with successful stormwater user fee implementation all developed excellent communication strategies and materials. These include well-designed websites with explanatory videos and a stormwater charge estimator program along with an extensive outreach and advertising program to explain and inform the general public in advance of the first billing period. Cities that prioritize citizen communication usually see the benefits of fewer calls, questions, and complaints over the first few billing periods. Toronto is already well-positioned with a clear website and communications strategy and we encourage the continuation of that effort as the program evolves, particularly with regard to the shift of revenue from the water bill and the decrease in overall payment that will be experienced by many property owners.

We appreciate the opportunity to provide the above comments and look forward to any future opportunity to participate in City of Toronto consultation processes for the stormwater charge. Please contact us should you have any questions.

Sincerely,

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