

**THE CORPORATION OF THE TOWN OF GEORGINA**

**REPORT NO. DCAO-2024-0005**

**FOR THE CONSIDERATION OF COUNCIL**

**April 24, 2024**

**SUBJECT: STORMWATER RATE STUDY**

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**1. RECOMMENDATION:**

- 1. That Council receive Report No. DCAO-2024-0005 prepared by the Financial Strategy and Planning Division, Office of the Deputy CAO dated April 24, 2024, respecting the Stormwater Rate Study;**
- 2. That Council approve the General Revenue approach as the preferred approach to fund the Stormwater Management program;**
- 3. That Council exempt all properties from the Stormwater fee structure that are currently exempt from taxation;**
- 4. That Council exempt the Farms and Managed Forest from the Stormwater fee structure;**
- 5. That Council direct staff to implement a stormwater rate as described herein and bring forward the necessary bylaws annually to implement collection.**

**2. PURPOSE:**

The purpose of this report is to provide Council with a summary of the Stormwater Rate study conducted by Civica Inc. (Civica) and receive approval for the General Revenue approach as the preferred approach to fund Stormwater Management in the Town of Georgina.

**3. BACKGROUND:**

The Corporation of the Town of Georgina (the Town) provides both urban and rural Stormwater Management services to protect Town-owned infrastructure and the community from stormwater runoff. Stormwater naturally soaks into the ground and becomes groundwater, during a process called infiltration. Impermeable surfaces like roofs, driveways, roads and parking lots decrease the amount of natural infiltration, causing unnatural flows that must be managed. Managed stormwater is water that comes from various forms of precipitation that flows over property and into the storm drains to be conveyed to an outlet. Along the way, the stormwater picks up debris and pollutants from rooftops and paved surfaces that enter storm drains and watercourses. Increased runoff resulting from more intense weather events can have a significant impact on the environment including flooding and erosion.

Stormwater Management is an essential system that protects the health and safety of the public and the environment by managing the quality and quantity of stormwater through the maintenance and rehabilitation of conveyance assets. Stormwater management also has the potential to reduce flooding and erosion.

Several new Provincial regulations including O.Reg 588/17 (Asset Management plan and funding requirements) have been enacted with specific compliance dates. As a result, the current budget/funding model is no longer appropriate to sustainably fund the operation, maintenance and capital requirements.

The Town is required to develop specific plans, reports, and manuals to fulfil obligations under these regulations. Failure to do so may lead to withholding of provincial funding, administrative penalties (fines), or suspension of compliance approvals.

As part of the Asset Management Plan (AMP) for core infrastructure, the Town undertook work to develop a stormwater asset inventory to quantify the assets that are Town owned. Per the AMP, the total replacement value of the Town’s stormwater assets is approximately \$522M as presented in Table 1.

*Table 1: Town of Georgina - Stormwater Assets and Replacement Value*

Division	Asset Sub-Group	Asset Category	Quantity	Unit Replacement Cost (\$/Unit)*	Total Replacement Value (\$)
Environmental Services	Stormwater Linear	Stormwater Mains	71 km	\$310 - \$5,070 / m	\$64,135,000
		Stormwater Laterals	33 km	\$840 - \$2,850 / m	\$35,412,000
		Stormwater Maintenance Holes	1,210 each	\$11,080 - \$33,200 / each	\$28,626,000
	Stormwater Facilities	Stormwater Management Ponds	20 each	\$67,700 - \$1,705,100 / each	\$9,815,000
		Oil and Grit Separators	21 each	\$25,000 / each	\$525,000
	Stormwater Low Impact Development (LID)	Infiltration & Exfiltration Galleries	2 projects	\$380 - \$500 / m	Under Construction
		Bioswales	1 project	\$380 - \$500 / m	Under Construction
Roads Operations	Stormwater Linear	Ditches	463 km	\$630 / m	\$291,413,000
		Driveway Culverts	7,577 each	\$560 / m	\$34,410,000
		Roadway Crossing Culverts (< 3 m in dia.)	13 km	\$270 - \$3,570 / m	\$9,152,000
	Stormwater Facilities	Catch Basins	3,260 each	\$11,080 - \$33,200 / each	\$47,823,000
<b>Stormwater Linear Total</b>					<b>\$463,598,000</b>
<b>Stormwater Linear + Facilities Total</b>					<b>\$521,761,000</b>

\*Unit cost ranges are due to varying pipe diameters and facility capacities.

The AMP developed a lifecycle model for the stormwater assets to determine how often assets need to be replaced or rehabilitated based on their Estimated Service Life (ESL) and risk levels. In the absence of condition assessments, the physical condition of stormwater assets was age-based, which is estimated based on the type of asset and construction material.

Table 2 provides an overview of the ideal frequency of replacement and rehabilitation of stormwater assets used within the Asset Management Plan to determine reinvestment needs for the future. Since the adoption of this plan in 2022, the Town has been working towards meeting these maintenance cycles.

*Table 2: Assets replacement and rehabilitation cycles*

<b>Stormwater Asset</b>	<b>Replacement lifecycle / Rehabilitation targets</b>
<b>Stormwater Mains, Laterals and Holes</b>	Based on risk of failure and ESL
<b>Catch Basins</b>	Based on risk of failure and ESL
<b>Stormwater Management Ponds</b>	Cleaning every 25 Years
<b>Oil and Grit Separators</b>	Replace for a lifecycle of 25 years
<b>Road Crossing Culverts</b>	Replace for a lifecycle of 35 years
<b>Ditches</b>	Re-ditching every 20 years

The Town is facing upward financial pressure due to stormwater management costs. There are five (5) major drivers for cost increases:

1. Previously unaccounted infrastructure inventory;
2. Aging infrastructure;
3. Inflation;
4. Changing regulatory requirements and design standards; and
5. Climate change.

Throughout the 2023 budget process, council approved business case 23-CI-DCAO-03 which allowed Town staff to retain a consultant to conduct a stormwater study focused on exploring options to assist in closing the funding gap for stormwater assets, which included the creation of a stormwater management rate, consistent with the practices taken by a number of municipalities.

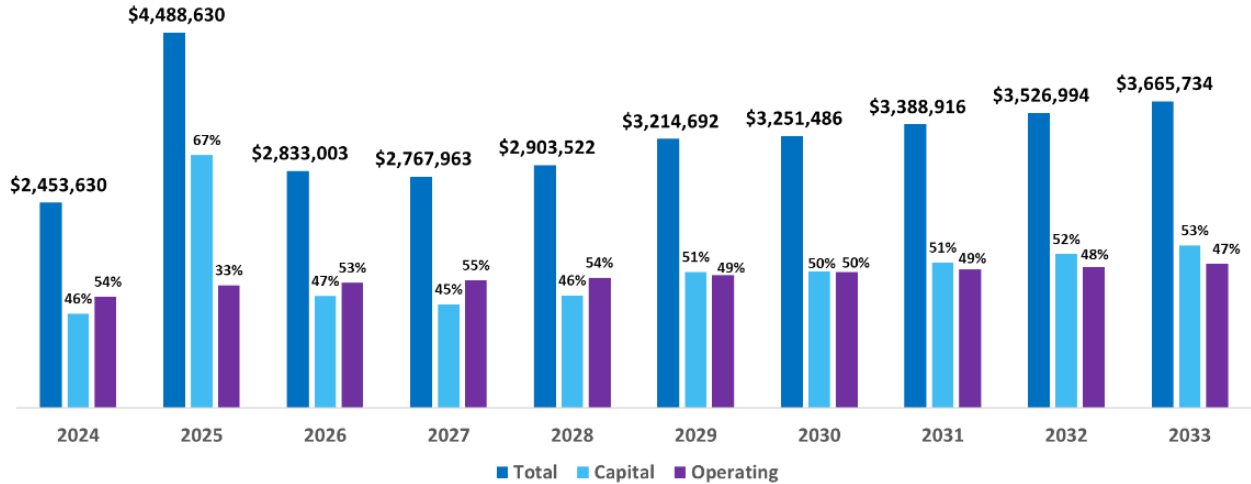
Currently, seven out of nine municipalities in York Region have a Stormwater rate charge program. These municipalities are: Aurora, King, Markham, Newmarket, Richmond Hill, Vaughan, and Whitchurch-Stouffville.

A stormwater rate charge is a reliable and sustainable approach to ensuring the Town's infrastructure is in a good state of repair, both presently and for the future. Stormwater management provides benefit to all who use roads, parks, own property, and enjoy the community. It is a charge levied on property owners to help maintain aging infrastructure and ongoing operational stormwater maintenance.

**4. ANALYSIS:**

Exhibit 1 below represents a comprehensive 10-year Stormwater Management financial forecast taking into account planned and reactive operating and capital costs.

*Exhibit 1: Georgina Stormwater 10-year Capital and Operating Costs*



Annual operating costs include operating and maintenance activities which are currently included in the Town operating budget and are funded by tax levies. Table 2 below highlights some of the annual maintenance activities.

*Table 3: Operation and Maintenance Activities of Stormwater Infrastructure*

Asset Type	Maintenance Activity	Description
<b>Storm Sewers</b>	Storm Sewer Flushing	Flushing sewer to prevent blockages.
	Storm Sewer Repairs (Planned)	Scheduled repairs identified through inspection.
	Storm Sewer Repairs (Urgent)	Urgent repairs due to breakdowns.
<b>Stormwater Management Ponds</b>	Routine Maintenance	Vegetation control, debris removal, unclogging, minor repairs.
<b>Low Impact Development</b>	Inspect, Repair, and Clean Bioswale & Infiltration Facilities	Preventative maintenance to repair infiltration facilities.
<b>Stormwater Service Connections</b>	Inspect Laterals	Condition inspections and identification of deficiencies.

<b>Maintenance Holes</b>	Manhole Cleaning	Ensures proper drainage.
<b>Ditches</b>	Ditch Inspection	Two types of inspection: Routine through patrol Reactive through complaint
	Ditching	Repair of ditches to improve drainage and reduce the risk of flooding
<b>Culverts (&lt; 3 m in dia.)</b>	Culvert Flushing	A preventative maintenance program to clean the culverts
	Inspection	To identify problems with corrosion, blockages etc
	Repair	Work to headwalls, screens and immediately adjacent channel/bank erosion
	Open Culverts - Manual	A corrective action item to manually open up culverts that are plugged with ice, snow or debris.
	Open Culverts - Steam	A corrective action item to open up culverts that are plugged with ice or snow using steam.
	Open Ditches/Culverts - Mechanical	A corrective action item to use machinery to open up ditches or culverts that are plugged with ice, snow
	Screens and Inlets Maintenance	Activities to maintain screen and inlet of culvert to reduce flooding
<b>Catch Basins</b>	Catch Basin and Oil Grit Separator Cleaning	A program to clean catch basins by hand and mechanically to remove debris and improves proper drainage
	Catch Basin Repair	Emergency repair to remove blockages
	Catch Basins Inspection	Inspect debris barriers in order to identify problems with corrosion, blockages etc
	Open Catch Basins - Manual	Removing snow, ice or debris manually (ie shovel) to open up catch basins.

While the majority of operating activities are currently built into the Town’s operating budget and are funded from tax levies, the capital program does not have a dedicated funding source. As of 2024, the total funds collected through taxes are only sufficient to fund about 40% of the needed resources for the Stormwater Management program.

These are the examples of the projects that are not currently funded:

- Replacement of culverts and ditches
- Alice Avenue design and construction

- Stormwater vegetation control
- Rehabilitation of Stormwater Management ponds

In order to close the funding gap, Town staff along with Civica analyzed available revenue approaches that are currently being used by various municipalities in York Region and across Canada.

The following revenue approaches were evaluated:

1. General Revenue Approach
2. Flat Rate Approach
3. Land Area Approach
4. Impervious Surface Area Approach
5. Land Use Runoff Coefficients Approach
6. Property Frontage Approach

The study, which is included as attachment 1 to this report, provides details on the revenue generation methodology under each of the above mentioned approaches.

### **Evaluation criteria and guiding principles**

In order to evaluate the various funding options available to the Town, at a minimum each option needed to satisfy the following conditions:

- Town applicability – the recommended approach should consider the geographic extent to which the funding option can be applied. The approach needs to be relevant across the diverse community profiles in the town.
- Meets the funding requirements – the funding option’s ability to meet the target annual revenue and close the funding gap. Revenue goals are based on estimates from the 10-year operating and capital projections.
- Fair and Equitable Allocation - allocates costs in a systematic and consistent manner that represents the relative contribution of stormwater runoff and system loading.
- Effort and Cost to Administer – the recommended approach should aim to keep administrative costs as low as possible to minimize the burden on the rates.
- Public Accountability – approach that demonstrates a high degree of tracking and transparency.

### **Recommended Approach**

Town staff, with the assistance of Civica, evaluated the different stormwater rate models. The recommended approach was based on the evaluation criteria and guiding principles.

Property Frontage and Land Area Approach were not favourable mainly due to concern with the equity and cost distribution between the diverse community profiles at the Town. Under these approaches there is an inherent inequity where large properties are generally more

naturalized than smaller urban land use areas. This concern was also confirmed through feedback collected during the public consultations.

The two Surface Runoff Infiltration approaches were not favourable mainly due to the complexity and the high costs of implementation. These approaches are data intense and require updates and evaluations based on changing conditions, changes in community profile and redistribution of costs based on overall permeability profile. Community feedback was neutral to this approach recognizing that the additional effort required was not necessary and a more simplified approach reaches similar outcomes.

The Flat Rate approach was considered as a contender for the best approach. It was noted that some elements of the Flat Rate approach may be beneficial to address extreme outliers. However, it was less popular among the public due to challenges in fairness when a large property that may have higher impact on surface conditions would not be treated any differently than a small property.

After considering all the alternatives, it was determined that the funding option that is best suited for the Town is a General Revenue approach. This method received the most support based on the methodology, the implicit equity and the simplicity of implementation and ongoing support. This method provides the most balance between equity and administration efforts. It uses existing MPAC data and can be incorporated into the current tax roll system. This methodology is transparent since the fee is based on pre-determined municipal tax rates and property values from a provincial crown corporation.

During the consultation period we received feedback to remove the farming community from the charge. This practice has been done in some York Region municipalities. We also determined that redistributing the farmland portion causes minimal impact to the remaining property classes.

In addition to excluding farmland (FT) from the stormwater charge, staff also recommend excluding Managed Forest (TT), Exempt (E) and Full payment in Lieu (CF,CG,CW,RF,RG,RP) property classes.

Table 4 summarizes the recommended property classes to whom the charge will apply.

*Table 4: Property Classes*

<b>Property Class</b>	<b>Tax Category</b>
Residential	RT, R1, MT
Commercial (Occupied)	CT, C7, ST, GT
Commercial - Vacant/Excess Land	CU, CX, SU
Industrial (Occupied)	IT, IH
Industrial - Vacant/Excess Land	IU, IX, IK
Pipeline	PT

**5. RELATIONSHIP TO STRATEGIC PLAN:**

The Town's Strategic Plan represents the Town's commitment to our community of Georgina, with a mission to promote a high quality of life through the delivery of exceptional services, inclusive engagement, and a commitment to support a thriving economy and sustainable environment. The stormwater charge helps manage infrastructure and ensure financial sustainability.

The Stormwater Rate supports the Town's Strategic Plan in Delivering:

**Service Excellence** – Managing our finances and assets proactively.

**Creating a vibrant, healthy and safe community** - protect the community and environment from stormwater runoff.

**Advancing environmental sustainability** – meeting environmental compliance and protecting the environment.

**6. FINANCIAL AND BUDGETARY IMPACT:**

The 2024 budget projected a stormwater reserve balance of negative \$1.28 million by the end of 2024. That was mainly due to the capital projects that were planned for the year without having a dedicated funding source.

Under the assumption that the stormwater billing will start in the final tax bill in 2024, the ending reserve balance for 2024 will be in a positive position. The reserve is expected to reduce to a negative balance in 2025 mainly due to a higher capital program during that year, and then the reserve will gradually recover again in 2027.

By 2033, under the proposed approach, we plan to generate enough funds in the stormwater reserve to fund at least 50% of the average capital needs in a given year, in order to reduce the reliance on borrowing from other reserves during years of higher capital investment.

Figure 2 presents 10-year projections of revenues, expenses, and reserve balances in current dollars.



Figure 2: Reserve Fund Goal of 50% After 10 Years

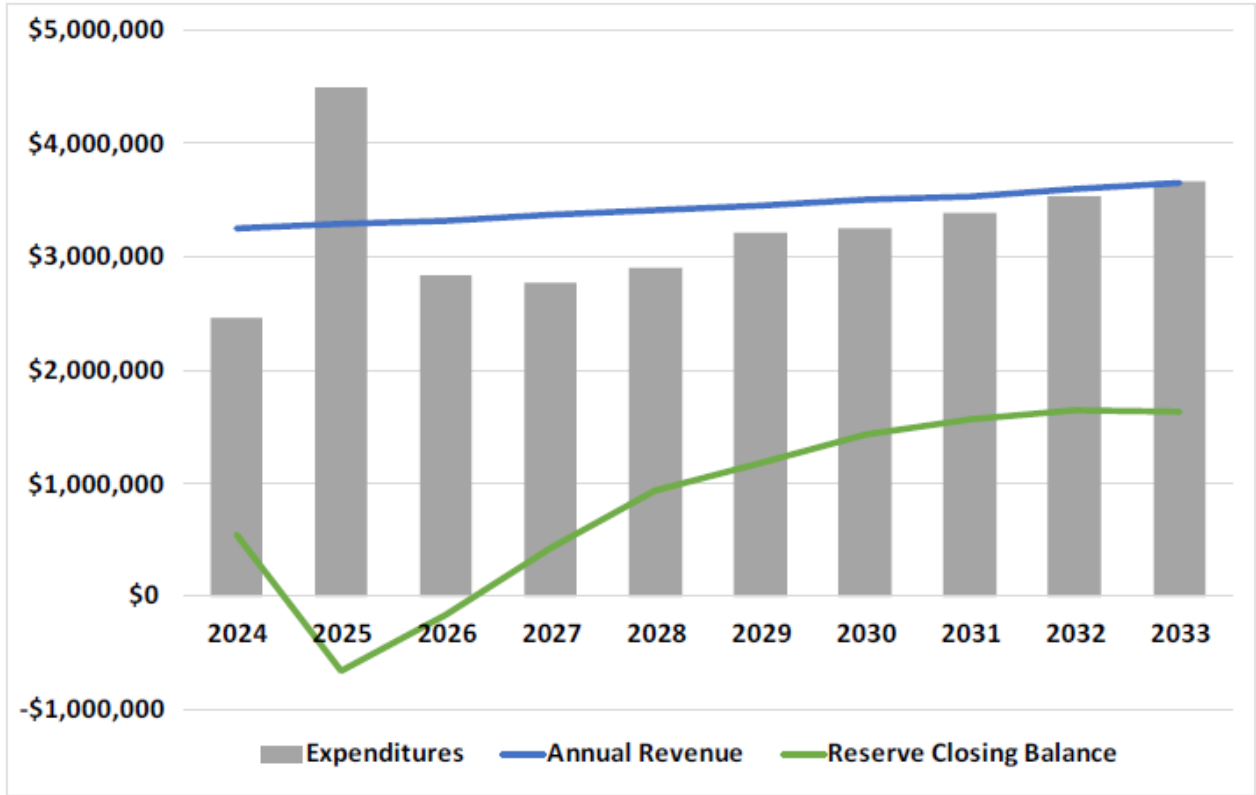


Table 5 below provides the anticipated annual charges by property class. The rates are shown by percentile for additional information. For example, 25% of residential properties will pay a fee of \$101.29 or less. 75% of residential properties will pay a fee of \$172.33 or less. The median residential fee (50<sup>th</sup> percentile) would be \$136.10. The fee is also shown as a dollar amount per \$100,000 of assessment.

Table 5: Annual Charges by Property Class

	Residential	Commercial (Occupied)	Commercial (Excess, vacant land)	Industrial Occupied	Industrial (Excess vacant land)
99th percentile	\$445.59 or less	\$4909.54 or less	\$739.98 or less	\$1736.13 or less	\$662.94 or less
95th percentile	\$247.59 or less	\$1312.24 or less	\$228.64 or less	\$1736.13 or less	\$662.94 or less
75th percentile	\$172.33 or less	\$354.13 or less	\$69.96 or less	\$584.37 or less	\$105.07 or less
50th percentile	\$136.10 or less	\$120.28 or less	\$36.13 or less	\$277.45 or less	\$46.75 or less
25th Percentile	\$101.29 or less	\$73.46 or less	\$21.61 or less	\$98.53 or less	\$27.97 or less
Per \$100,000 in assessment	\$35.38	\$47.14	\$33.00	\$58.14	\$37.80

The effective start of the new stormwater levy would be in the final tax bill for 2024. Therefore only 50% of the fees shown in table 5 will be billed in 2024. Based on the study, it is estimated that there will be a 2% increase in fees that will occur in 2025.

This will be evaluated and confirmed during the 2025 Budget process. During the 2025 Budget the current tax levy funding for stormwater, estimated at 40% of the above fees will also be removed from the general tax levy. Therefore, the estimated annual net impact on a property is approximately 60% of the fees listed in Table 5 above.

## **7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:**

Staff have actively engaged members of Council and the community on the topic of stormwater.

February 28, 2024 – Presentation to council

February 28, 2024 – Release of public website and dedicated email for Stormwater

March 12, 2024 – Meeting with Georgina Agricultural Advisory Committee

March 18, 2024 – Public Engagement Session (Open house)

April 2, 2024 – Meeting with Georgina Environmental Advisory Committee

Staff were going to attend the Georgina Agricultural Advisory Committee meeting that was scheduled for April 16<sup>th</sup> to provide an update on the feedback from the public input session, however, the committee meeting was cancelled. Results of the public input session are disclosed in this report.

In addition to the above, staff distributed 500 rack cards in Town facilities, advertised notices through social media, and communications in the Georgina Post and Advocate.

### **Georgina Agricultural Advisory Committee**

General concerns from this committee were related to potential high costs of Stormwater Management when farm activities and land management practices are generally supportive of maintaining the natural environment and surface water runoff. The general feedback was with concerns in equity, impact of higher costs, justification for charges in the farmland areas and, what actions would result for improvement to the stormwater system once these charges were collected.

### **Georgina Environmental Advisory Committee**

The meeting with this committee included a presentation to the committee and discussion on various aspects of the program. Comments were made in support of the importance of Stormwater Management with questions on cost equity, fairness to property classifications and their relative impact/responsibility to Stormwater Management.

The general feedback was that finding ways to properly fund and manage stormwater systems is beneficial and that the cost allocation and impact to costs just needs to be as equitable as possible and that the community has a sense of how these costs will benefit Lake health and environmental protection in the long term.

### Public Engagement Session

The Community was invited to participate in a public open house that was provided at Town Hall Council Chambers. A total of 28 community members attended the event. The discussion included aspects such as historical levels of service and areas of stormwater concerns, Region vs local road responsibilities, equity of how costs are calculated and distributed, and role and benefit of farming lands vs higher impacts of urban communities. The attendees were asked to provide feedback on their preferred funding approach with nine of the eleven responses selecting the General Revenue Approach as summarized in Table 6.

*Table 6: Open House Survey Results*

Approach	Preferred Option Responses	*Preferred Option (%)
General Revenue Approach	9	82%
Flat Rate Approach	0	0
Land Area Approach	0	0
Impervious Surface Area Approach	1	9%
Land Use Runoff Coefficients Approach	1	9%
Property Frontage Approach	0	0
<b>Total Feedback Forms Collected</b>	<b>11</b>	<b>100%</b>

### A letter from the Honourable Lisa Thompson

On April 16, 2024, Mayor Quirk received a letter from the Honourable Lisa Thompson, Minister of Agriculture, Food and Rural Affairs (see attachment 2). In the letter, the Minister asked the Mayor to consider the needs and potential impacts on agriculture community when evaluating proposed changes to stormwater. While showing support for the growing needs of municipalities, the Minister has requested special consideration for agricultural properties to ensure there are no unintended consequences that disproportionately impact farmers in the Town.

## 8. CONCLUSION:

The stormwater rate will provide short and long-term sustainable funding that is required to maintain the Town's stormwater assets as well as carry out ongoing operating activities. It will also allow the Town to fulfill regulatory requirements related to environmental compliance and asset management planning.

A proactive approach to Stormwater Management will ensure infrastructure can accommodate population growth and the effects of climate change.

**APPROVALS**

Prepared By: Dina Havkin, CPA, CMA  
Manager of Financial Strategy and Planning / Deputy  
Treasurer

Geoff Harrison  
Manager of Tax and Revenue

Reviewed By: Michael Vos  
Director of Operations and Infrastructure

Recommended By: Rob Wheeler, CPA, CA  
Deputy Chief Administrative Officer / Treasurer

Approved By: Ryan Cronsberry  
Chief Administrative Officer

***Attachments:***

Attachment 1: Town of Georgina Stormwater Study – Final Report from Civica

Attachment 2: Letter from the Honourable Lisa Thompson