




COMMUNICATION UPDATE

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| TO: | Mayor and Members City Council |
| DATE: | January 16, 2024 |
| SUBJECT: | Hamilton Stormwater Financial Incentive Program Update (City Wide) |
| WARD(S) AFFECTED: | City Wide |
| SUBMITTED BY: | Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department |
| SIGNATURE: |  |

This Communication Update provides information regarding the Engagement for the proposed stormwater financial incentive program. It includes some historical background information on the stormwater funding review and the feedback received for the proposed incentives program.

Stormwater Incentives Program Engagement

As previously advised, the City of Hamilton is changing its stormwater funding model and asked property owners and residents for feedback on a new stormwater incentive program. Feedback on the proposed financial incentive program will be considered as part of a change in how stormwater management is funded at the City.

Engagement to help shape plans for the proposed Stormwater Incentive Program took place from October 31, 2023, to January 8, 2024. A [Stormwater Incentive Program | Engage Hamilton](#) webpage was set up. This site received 3.26 K visits between October 31, 2023, and January 8, 2024.

Individuals participated by taking a survey, joining a virtual meeting or attending an in-person open house. Individuals were able to submit questions to the project team through this site or by emailing StormwaterFundingReview@hamilton.ca. This inbox will remain active through implementation and go-live. Additionally, an educational video around the Stormwater Management Program was created by the City's consultant, AECOM, and posted on several City sites.

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Three distinct surveys were available through [Stormwater Incentive Program | Engage Hamilton](#): one for residents and residential property owners; one for industrial, commercial, institutional (ICI) and large multi-residential property owners and operators; and one specific to agricultural / farm properties. Individuals were also able to fill out a hard copy survey and submit it to the project team. The survey yielded responses from 471 residential, 36 ICI and multi-residential properties with greater than six units and 276 agricultural property owners. The Stormwater Funding Review inbox has also fielded over 100 questions and comments from residents, the majority of these being agricultural or rural property owners.

Public Information sessions included:

- Two virtual meetings were held as follows via Zoom focusing on two distinct sectors.
 - November 7, 2023 – 2:30 to 4:00 p.m.
 - November 7, 2023 – 7:00 to 8:30 p.m.
- Two in-person open house events were held with the project team. The project team provided information boards available for questions and feedback on the proposed incentive program. A presentation was also provided followed by a question-and-answer period.
 - November 15, 2023 – 6:30 to 8:30 p.m. – Hamilton City Hall, Council Chambers, 71 Main Street West, Hamilton
 - November 16, 2023 – 6:00 to 8:00 p.m. – Ancaster Fairgrounds, 630 Trinity Road South, Ancaster
- November 30, 2023, Agriculture and Rural Affairs Sub-Committee meeting, Stormwater Financial Incentives program presentation.

The project team has begun to analyze the results of the three distinct surveys, as well as feedback received via email and at the virtual and in-person open houses. The in-person open house at the Ancaster Fairgrounds was well attended by individuals representing the agricultural sector and the participants of the surveys can be broken down into essentially three constituency groups: residential (from across Hamilton), agricultural and industrial, commercial, institutional and large multi-residential.

On December 13, 2023, Council approved the following direction with respect to the Stormwater Financial Incentive Program:

- (a) That staff, in the report back regarding the implementation of a Stormwater Incentives Program, include specific recommendations regarding a stormwater rate structure and incentives program that recognizes rural agricultural properties as different from Industrial, Commercial, Institutional and Multi-Residential properties; and

- (b) That staff clearly explain the financial impacts of the stormwater rate structure and incentives program for rural agricultural properties, including alignment to the Council approved guiding principles: Fair and equitable, Climate resilient and environmentally sustainable, Affordable and financially sustainable, Justifiable, and Simple.

In response to the preceding motion, as well as, similar themes received in the public feedback, the project team is working on enhancements to the draft Storm Incentive Programs that align with the Review Guiding Principles approved by Council in November 2022. Staff is developing a unique “made in Hamilton” incentive program for ICI, agricultural and multi-residential properties with greater than six units that will include a multi-stream credit program unlike other municipalities.

The preliminary credit program that is being considered will consist of three streams for ICI, agricultural and multi-residential properties with greater than six units:

- **Green Space Credit** – would take into consideration the pervious to impervious ratio of a property. Preliminary analysis of the Green Space credit could reduce Base Storm charges by up to 97% based on the ratio of hard surface to the total softscape of the property. Properties that will likely benefit from this credit include farms, parks, schools, golf courses, cemeteries and other large properties with large amounts of permeable surfaces.
- **Hamilton Harbour Discharge Credit** – up to a 90% credit (reduction on their stormwater fee) if the property owner can demonstrate that the properties’ stormwater fully discharges to Lake Ontario which is Provincial jurisdiction.
- **Stormwater Management Infrastructure Credit** – Property owners will be able to apply for a credit (i.e., reduction on their stormwater fee) if they reduce the quantity or improve the quality of stormwater that runs off their property. The various criteria and associated credit are summarized in Table 1 of this Communication Update. To apply for the credit, property owners will need to show that they have and maintain measures on their property to meet the proposed credit criteria.

Table 1

| Stormwater Objective | Maximum Credit Amount (Total Max. 50%) | Description | Example Measures |
|---|---|--|---|
| Slow it down (peak flow reduction) | 40% | Percent reduction of the 100-year storm post-development flow to pre-development conditions of the site. | Detention ponds, cisterns |
| Clean it up (water quality) | 25% | Remove ammonia, sediment, and phosphorous. Remove 60% to 70% sediment (based on receiving waters). | Oil-grit separators, treatment facilities |
| Soak it up (volumen reduction) | 40% | Percent capture of first 28 mm of rainfall during a single rainfall event. | Infiltration facilities/rain gardens, re-use facilities, pervious pavers |
| Prevent it first (pollution prevention) | 15% | Develop and implement a pollution prevention plan. | Salt management plan, pesticide/manure management, sweeping, spill response plan, public education etc. |

Note: property owners will not be eligible for more than one stream of the program.

The Residential Stormwater Incentive Program as outlined below, drafted in summer 2023 remains unchanged and consistent with the engagement feedback received by residents. Staff is having further discussion with local non-profit Green Venture regarding a formal partnership to enhance their existing Naturehood’s program. The program would provide on-site guidance to implement stormwater measures that would be subsidized by the City. This approach would be similar to residential subsidized incentive programs offered in Guelph, Kitchener and Waterloo.

Draft Residential Stormwater Incentive Program

Single-family residential and multi-residential properties with six or fewer units will be able to access subsidized programs that provide:

- A grant (subsidy) for the disconnection of downspouts, installation of a backwater valve, and other eligible works that help to reduce the risk of basement flooding;
- In-person advisory services on how properties can reduce their stormwater water runoff;
- How-to information/publications on how properties can reduce their stormwater runoff; and
- A grant (subsidy) for the installation of rain barrels, rain gardens, bioswales, pollinator gardens, or permeable surfaces and other measures that reduce the quantity and improve the quality of stormwater runoff from residential properties.

Next Steps

Staff will be bringing forward a recommendation report to the General Issues Committee expected in Q2 of 2024. This will include a fulsome summary of the engagement process and feedback received, a detailed outline of the enhanced Stormwater Financial Incentive Programs, provide stormwater fee profiles of various property types and will identify staff requirements to administer the Incentive Programs and ongoing Stormwater Fee program.

Following approval of the Incentive Program, the planned communication strategy will focus on the implementation of the new stormwater fee, including:

- Updates to the Engage Hamilton webpage (survey / consultation summary, next steps, etc.)
- Updates to other City websites regarding implementation (who will be billed – when and how, approved credit program, credit application process, residential incentive program)
- Development of an online “calculator” showing what a property would be charged
- Bill inserts with information about the upcoming stormwater fee
- On-going monitoring of the stormwater funding review email

City of Hamilton Stormwater Funding Background

On July 12, 2019, Council passed a motion that directed staff to review a Stormwater Rate Program for the City of Hamilton and report back to the General Issues Committee (GIC) with a framework and options for implementation. Report PW19109 was presented to GIC on December 4, 2019, and outlined other municipal stormwater rate programs, as well as a preliminary fee structure developed from the guiding principles identified within the Report.

On June 22, 2022, Corporate Services staff provided a report to the Public Works Committee that recommended engaging a consultant to undertake a holistic Stormwater Funding Review (Review). Report FCS22043 outlined three phases for the project including Discovery, Detailed Analysis and Implementation. The estimated timeline to report back with the results of the Review, conduct public consultation and provide a recommended stormwater funding model was June 2024. In addition to approving the engagement of a consultant and related funding, staff was directed to report back to the General Issues Committee to provide Guiding Principles for consideration that would direct the evaluation of alternative stormwater rate funding structures as part of the Review.

On November 30, 2022, the General Issues Committee approved Guiding Principles for the Review as follows:

- Fair and equitable
- Climate resilient and environmentally sustainable
- Affordable and financially sustainable
- Justifiable
- Simple to understand and manage

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On January 25, 2023, Council approved the following direction with respect to the Review:

- (a) That staff be directed to report back to the General Issues Committee (GIC) in the second quarter of 2023 on the steps and resources required to implement a dedicated user fee for stormwater services, with an implementation date no later than January 2025; and
- (b) That, in addition to the guiding principles that may be adopted by Council through Report FCS22043(a), staff be directed to include all aspects of the City's stormwater services to be funded from the revenues associated with this dedicated user fee.

The January 2023 Council motion essentially fast tracked the Review timeline a full year from an original reporting timeline of June 2024 to June 2023. An unintended impact of the accelerated timeline was that there was not sufficient time to incorporate a comprehensive public engagement plan regarding the Review results and / or the recommended future funding model (often referred to as the Rate Structure). Staff and the consultant (AECOM) did provide three education sessions with Councillors and the Mayor in early February 2023.

On June 28, 2023, Council approved a Stormwater Rate Structure that will become effective September 1, 2025. Staff has been directed to develop and report back regarding the implementation of a Stormwater Incentives Program once a public engagement has been undertaken. Staff expect to report back on the incentives program in Q2 2024.

On December 13, 2023, Council approved the following direction with respect to the Stormwater Financial Incentive Program:

- (a) That staff, in the report back regarding the implementation of a Stormwater Incentives Program, include specific recommendations regarding a stormwater rate structure and incentives program that recognizes rural agricultural properties as different from Industrial, Commercial, Institutional and Multi-Residential properties; and,
- (b) That staff clearly explain the financial impacts of the stormwater rate structure and incentives program for rural agricultural properties, including alignment to the Council approved guiding principles: Fair and equitable, Climate resilient and environmentally sustainable, Affordable and financially sustainable, Justifiable, and Simple.

APPENDICES AND SCHEDULES ATTACHED

N/A

JS/dt