




CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	June 5, 2024
SUBJECT/REPORT NO:	Stormwater Fee Financial Incentives Program (FCS22043(c)) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Katie Black (905) 546-2424 Ext. 6415 John Savoia (905) 546-2424 Ext 7298
SUBMITTED BY:	Mike Zegarac General Manager Finance and Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the effective date of the Stormwater Rate Structure outlined in Appendix "A" to Report FCS22043(b) be revised from September 1, 2025 to April 1, 2026;
- (b) That the Residential Stormwater Subsidy Program, as outlined in Appendix "A" to Report FCS22043(c) be approved effective January 1, 2025, with a funding source referred to the 2025 Water, Wastewater and Stormwater Rate Supported Budget;
- (c) That the Stormwater Credit Program as outlined in Appendix "B" to Report FCS22043(c) be approved effective April 1, 2026, with a funding source referred to the 2026 Water, Wastewater and Stormwater Rate Supported Budget;
- (d) That staff develop the 2026-2035 Water, Wastewater and Stormwater Rate Supported Budget incorporating the Stormwater Rate Structure and the Stormwater Fee Financial Incentives Program;
- (e) That the Hamilton Water Divisional staff complement be increased by one (1) Full Time Equivalent (FTE) for a Project Manager position at an annualized cost of \$124K up to an upset limit of \$250K, be funded by the Storm Sewer Reserve

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(108010) up to December 31, 2025, and thereafter, that funding be incorporated into the 2026 Water, Wastewater and Stormwater Rate Supported Budget;

- (f) That the City Solicitor be authorized and directed to prepare all necessary by-laws, for Council approval, in order to implement Recommendations (a) through (c) of Report FCS22043(c);
- (g) That the single source procurement of Green Venture as the program administrator for the Residential Stormwater Subsidy Program, pursuant to Procurement Policy #11 – Non-competitive Procurements be approved;
- (h) That the General Manager, Public Works, be authorized to negotiate, enter into and execute a contract and any ancillary documents required to procure Green Venture as the administrator of the Residential Stormwater Subsidy Program in a form satisfactory to the City Solicitor;
- (i) That the development and implementation of a Communications strategy with an upset limit of \$100K be funded from the Storm Sewer Reserve (108010);
- (j) That temporary Corporate Services staffing with an upset limit of \$25K be funded from the Storm Sewer Reserve (108010)
- (k) That the single source procurement of AECOM Canada Ltd as external consultants for the Stormwater Funding implementation be extended through to December 31, 2026, with an upset limit of \$50K be funded from the Storm Sewer Reserve (108010);
- (l) That the subject matter regarding the implementation of a Stormwater Incentive Program be identified as complete and removed from the General Issues Committee Outstanding Business List.

EXECUTIVE SUMMARY

At its meeting June 28, 2023, Council approved the following direction with respect to the Stormwater Incentives Program:

- (f) That staff develop and report back regarding the implementation of a Stormwater Incentives Program;
- (g) That staff develop and implement a communication strategy to advise property owners of the Stormwater Rate Structure to be implemented.

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On December 13, 2023, Council approved the following direction with respect to the Stormwater Financial Incentives 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.

The purpose of Report FCS22043(c) is to obtain approval of a recommended Stormwater Fee Incentive program and to provide a summary of the communication strategy to support the implementation of a stormwater rate structure in Hamilton.

The City of Hamilton's (City's) Stormwater Management Program helps protect the public, private property, infrastructure and the environment from flooding, erosion and poor surface water quality. Currently, the City primarily funds its Stormwater Management Program through its water and wastewater utility revenues. Under the existing Water, Wastewater and Stormwater rate structure properties contribute to stormwater services based on the amount of municipal potable water that is used.

In November 2022, Council approved Guiding Principles which have formed the foundation of the recommended Stormwater Fee Incentive program as well as the approved Stormwater Rate Structure (for details, refer to Reports FCS22043(a) and FCS22043(b)). Table 4 of Report FCS22043(c) found in the Historical Background section provides a brief description of what the Guiding Principles are intended to achieve. AECOM Canada Ltd (AECOM) has been engaged to support the development of the stormwater incentive program and the communication strategy to advise property owners of the approved Stormwater Rate Structure.

At its meeting June 28, 2023, Council approved the Stormwater Rate Structure, which is a more sustainable stormwater funding model, and will support the City's adherence to Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, which requires municipalities to have sustainable funding mechanisms for key assets.

When implemented, the dedicated Stormwater Rate Structure will apply to virtually all developed properties within the City and, therefore, will include several thousand properties currently not contributing to the City's Stormwater Management Program by

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virtue of not being connected to the City's water and wastewater system (examples include parking lots, storage facilities and properties outside the urban boundary and rural settlement area boundaries without access to the municipal water and / or wastewater systems).

Table 1 of Report FCS22043(c) provides the revised timeline for the Stormwater Funding Review that, based on staff recommendations, would culminate with the implementation of the approved Stormwater Rate Structure in April 2026.

Table 1

Timeline	Process Step
September 2022	Retained AECOM through the use of the Roster and City Policy # 9 – Consulting and Professional Services to support Review
October 2022	Developed Guiding Principles for Council's consideration
November 30, 2022	Report to GIC obtained approval of Guiding Principles to be used to evaluate stormwater funding models and develop alternative stormwater rate structures for Council's consideration
Dec 2022 - Jan 2023	AECOM conducted Stormwater Funding Review
February 2023	Council Education Sessions – provided information related to how the City's stormwater funding structure compares with other municipalities and best practices
May 2023	Provided information presentations to Environment Hamilton and the Hamilton Industrial Environmental Association
Feb – May 2023	Incorporated feedback from Council Education Sessions to develop a recommended Stormwater Rate Structure
June 28, 2023	Council Approval of the new Stormwater Rate Structure
October 2023 – January 2024	Community Engagement with Stakeholders and the creation of a Financial Incentives Program for property owners
May 2024 to Q1 2026	Coordinate with City's Utility Billing Transition Program to integrate required stormwater billing and implement a plan for customer communications
June 5, 2024	Report to GIC with recommended Stormwater Incentives Program for Council's consideration

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Timeline	Process Step
Summer – Fall 2024	Development of the Stormwater Incentives Program application process and impervious area assessment of all non-residential properties & multi-residential (>6 units)
January 2025	Implementation of Residential Stormwater Subsidy Program administered by Green Venture
Q2 2025	Stormwater Credit Program applications available
Q4 2025	2026 Water, Wastewater and Stormwater Rate budget and Tax supported budget incorporating the approved Stormwater Rate Structure
April 1, 2026	Revised Stormwater Rate Structure implemented

Stakeholder engagement is a key component to the overall Stormwater Funding Review. The objectives of engagement were to:

- Inform and educate stakeholders about
 - the importance of stormwater management, the City’s stormwater system and needs, and the City’s current funding model for stormwater services
 - the new Stormwater Rate Structure and how the fees will be calculated
 - the draft Stormwater Incentives Program
- Obtain feedback to further enhance the draft Stormwater Incentives Program

The stakeholder engagement period began October 31, 2023, and concluded on January 8, 2024. A [Stormwater Incentives Program | Engage Hamilton](#) webpage was set up to educate stakeholders, provide a hosting site for the online survey, and promote the in-person and virtual public meetings. Further details can be found in Appendix “C” to Report FCS22043(c).

Recommended Stormwater Credit Program

Throughout the stakeholder engagement period staff heard concerns regarding the proposed Stormwater Rate Structure from the agricultural community as well as those properties which may discharge directly to Hamilton Harbour. Staff took this feedback into consideration, conducted a review of a variety of stormwater incentive programs utilized by different municipalities in Ontario, and developed a unique “made in Hamilton” stormwater credit program for industrial, commercial, institutional, agricultural and multi-residential properties (with greater than six units) that will include a multi-stream credit program. Property owners will only be eligible for one stream of the credit program such that stacking of credit streams will not be permitted.

The recommended credit program will consist of three streams as noted below:

Green Space Credit

The Green Space credit stream will take into consideration the pervious to impervious ratio of a property. Applying the Green Space credit reduces base stormwater charges based on the ratio of hard surface to the total softscape of the property. No application process will be required for this credit stream, staff will automatically assess non-residential properties for green space credit eligibility prior to implementation of the approved Stormwater Rate Structure. Non-residential properties with no direct stormwater connection to City infrastructure and that only contribute stormwater overland flow via green space (meaning all run-off from non-residential impervious areas drains to green space), will be eligible for the Green Space credit. Properties that could potentially benefit from this credit includes farms, parks, schools, golf courses, cemeteries, and other non-residential properties with large amounts of pervious surfaces.

Hamilton Harbour Discharge Credit

The Hamilton Harbour Discharge credit stream will take into consideration properties that are adjacent to Hamilton Harbour and have approvals to discharge stormwater directly to the Harbour. Applying the Hamilton Harbour Discharge credit potentially reduces base stormwater charges by up to 90% for non-residential properties that can demonstrate the use of private pipelines, channels, or other flow routes, to convey stormwater to Hamilton Harbour, subject to an Environmental Compliance Approval issued by the Ministry of the Environment, Conservation and Parks. An application process will be implemented to ensure property owners provide documentation that demonstrates that stormwater collected on private property does not enter the City's natural or engineered stormwater system. The intention is for this credit to operate on a sliding scale. For example, if the property owner demonstrates 50% of stormwater is discharged to Hamilton Harbour the stormwater credit would be a reduction of 45% of the calculated base stormwater charge (90% maximum credit X 50% discharged to Hamilton Harbour = 45% credit). Properties that could potentially benefit from this credit includes industrial properties along the waterfront including Port Authority lands.

Stormwater Management Infrastructure Credit

The Stormwater Management Infrastructure credit stream will take into consideration properties that operate infrastructure or implement processes that reduce the quantity or improve the quality of stormwater that runs off their property. Applying the Stormwater Management Infrastructure credit reduces base stormwater charges by up to 50% for non-residential properties that can demonstrate the existence and operation of infrastructure or implement processes that reduce the quantity or improve the quality of

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stormwater that runs off their property. An application process will be implemented to ensure property owners provide documentation that demonstrates eligibility for this credit stream. The various eligibility criteria and associated credit are summarized in Table 2 of Report FCS22043(c) below.

Table 2

Stormwater Objective	Max. Credit Amount (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 phosphorus. Remove 60% to 70% sediment (based on receiving waters).	Oil-grit separators, treatment facilities
Soak it up (volume 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.

Properties that do not qualify for the Green Space credit or the Hamilton Harbour Discharge credit may apply for the Stormwater Management Infrastructure credit.

Stormwater Credit Program Application Process

Staff intend to develop a Stormwater Credit Program application guide and open the applications for those properties that wish to apply for the Hamilton Harbour Discharge or Stormwater Management Infrastructure credits in 2025. This will give property owners time to work with staff to complete the application process, submit supporting documentation, allow for site visits, and understand the terms and conditions of the credit program. Re-application will be required at least every five years to ensure on-site stormwater measures are being maintained and in working order.

Further details for the Stormwater Credit Program can be found in Appendix “B” to Report FCS22043(c).

Recommended Residential Stormwater Subsidy Program

The recommended Residential Stormwater Subsidy Program drafted in summer 2023 remains unchanged and consistent with the engagement feedback received by stakeholders. Staff are recommending the City retains the local non-profit Green Venture regarding a formal single source partnership to continue and expand upon their current NATURhood program. The NATURhood program will 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.

Green Venture has proposed a three-year plan which entails actively reaching up to 3,500 Hamilton residents annually through workshops, festivals, meetings and events. Their target is to receive up to 70 annual applications and complete up to 70 residential rebates in one calendar year. They will also continue to promote additional City programs such as tree planting and downspout disconnections.

The enhanced NATURhood program will provide rebates up to \$1,500 for certified landscape designs and materials or fees for garden installations, rain harvesting tanks or rain barrels, soakaway pit or bioswale installations. Rebates of up to \$5,000 will be available for architectural drawings, certified engineering plans, landscape designs and materials for pervious pavements. For further details refer to Appendix “A” to Report FCS22043(c).

As per Recommendation (b) to Report FCS22043(c), a preliminary budget of \$500K for the NATURhood program will be referred to the 2025 Water, Wastewater and Stormwater Rate Supported Budget. The Program would be funded from dedicated Stormwater Fee revenues as of April 1, 2026. The contract will be managed by the Hamilton Water Division.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The total cost of the dedicated stormwater fee implementation with an upset limit of \$425 K will be funded from the Storm Sewer Reserve (108010). The cost of the Stormwater Fee Implementation phase includes continued support for consulting services by AECOM, for staff to manage and implement the dedicated fee and the development and implementation of a communication strategy to advise property owners of the Stormwater Rate Structure. A summary of the approved and recommended funding to date can be found in Table 3.

The Residential Stormwater Subsidy Program will be referred to the 2025 Water, Wastewater and Stormwater Rate Budget process. The Stormwater Credit Program will be referred to the 2026 Water, Wastewater and Stormwater Rate Budget process.

The Storm Sewer Reserve (108010) has sufficient funds to support the recommendations in Report FCS22043(c) with a 2023 year-end balance exceeding \$6.0 M.

Table 3

Committee Date & Report	Approved /Requested	Description
June 13,2022 FCS22043	\$200 K	<ul style="list-style-type: none">• AECOM Funding Review (\$160 K)• Temporary Corporate Services FTE (\$40 K)
June 28, 2023 FCS22043(b)	\$500 K	<ul style="list-style-type: none">• AECOM Implementation Phase to Sept/25 (\$347 K)• Temporary Corporate Services FTE (\$149 K)• Communications Mailings (\$4 K)
June 5, 2024 FCS22043(c)	\$425 K	<ul style="list-style-type: none">• Hamilton Water FTE (\$250 K)• Communications Strategy (\$100 K)• Extension of AECOM support through December 2026 (\$50 K)• Temporary Corporate Services FTE (\$25 K)
Total	\$1.1 M	

Staffing: As Council has approved the implementation of the Stormwater Rate Structure for April 2026, temporary staff will be required at various times throughout the implementation phase to work with the consultant resource.

The Hamilton Water Divisional Complement will be increased by one (1) permanent FTE to develop and administer the Stormwater Incentives Program. The new position's responsibilities include:

- Developing policies, procedures and forms for the Financial Incentives Program
- Address appeals and rate reviews
- Coordinating with the new utility billing system implementation and developing a billing file
- Implementing the public communications strategy

- Reviewing credit applications and overseeing the appropriate execution of the Green Space credit
- Respond to queries and appeals

Legal: The by-law to be drafted will include provisions allowing review/appeal of proposed stormwater assessments on the basis that the property is assessed too high as well as the existence of possible legal exemptions from assessment. This method is used in a number of other municipalities and was revealed during the review of best practices among the by-laws of similar municipalities identified by the consultant. Advantages of this approach are that it is unnecessary to determine all possible exceptions and possible exemptions at the time of by-law passage, with the associated benefit that the by-law will automatically adopt and comply with legislative amendments and legal rulings as and when they occur.

Legal Services will be engaged during the stormwater fee implementation process.

HISTORICAL BACKGROUND

Hamilton's Stormwater Management Program is currently funded mostly through combined water / wastewater / stormwater rates and, to a much lesser extent by property taxes, with development charges contributing to stormwater infrastructure related to new development. Prior to 2004, the stormwater program was funded primarily by property taxes.

In June 2022, Council directed staff to report back with proposed Guiding Principles for Council's consideration that would direct the evaluation of alternative stormwater rate funding structures as part of a Stormwater Funding Review (refer to Report FCS22043 for details).

As such, AECOM was retained under a Roster assignment to conduct the Stormwater Funding Review. AECOM has an experienced team who have completed stormwater funding studies and/or stormwater rate implementations for several Ontario municipalities including: Kitchener, Guelph, Mississauga, Markham, Ottawa, Waterloo, Stratford, Sault Ste Marie, Thunder Bay, Barrie, Brantford, Ajax and Sudbury.

Guiding Principles approved by Council in November 2022 have formed the foundation of the Stormwater Funding Review which includes both the approved Stormwater Rate Structure and the recommended Stormwater Incentives Program. Table 4 of Report FCS22043(c) provides a brief description of what the Guiding Principles are intended to achieve. A successful Stormwater Rate Structure and Stormwater Incentives Program

will result when an appropriate balance is achieved between the various Guiding Principles being considered.

Table 4

Guiding Principle	Description of Intent
Fairness and Equity	Customer contributions are proportional to their impact on the system and the cost to run the system (i.e., user-pay). User fees are non-discriminatory amongst customers and sectors.
Climate Resilient and Environmentally Sustainable	Encourages customers to become more resilient to climate change through adoption of on-site controls to reduce run-off, while providing the City with funding needed to increase system-level stormwater resiliency and protect natural resources and waterbodies from the impacts of stormwater and the harmful pollutants it carries.
Affordable and Financially Sustainable	Provides sustainable, predictable and dedicated funding. Uses full cost pricing to meet entire stormwater revenue needs at the City's desired level of service. Allows for regular fee reviews to keep pace with changes in the cost-of-service delivery or desired service levels. Allows the City to address infrastructure deficiencies and unfunded liabilities. Considers the financial impact on various customer sectors and is comparable with other municipalities.
Justifiable	Residents and businesses understand how much they contribute to stormwater management and for what the money is being used. Customers have been consulted and involved in the decision-making process, particularly those that will be most affected. Consistent with best practices and applicable laws in order to guarantee that the funding structure is justifiable and transparent if challenged.
Simple to Understand and Manage	Should be readily understood by staff, Council and customers. System is efficiently maintained by City staff.

The Stormwater Funding Review has entailed an assessment of Hamilton's current stormwater funding model and a variety of stormwater funding structures and incentive programs utilized by different municipalities in Ontario.

At its meeting June 28, 2023, Council approved the Stormwater Rate Structure, which is a more sustainable stormwater funding model, and will support the City's adherence to Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, which requires municipalities to have sustainable funding mechanisms for key assets.

The intent of the new approved Stormwater Rate Structure is to identify and recover stormwater related costs reflected in the annual Water, Wastewater and Stormwater Rate and Tax supported budgets (i.e. revenue neutral).

As directed by Council on January 25, 2023, all aspects of the City's Stormwater Management Program are to be funded from the revenues associated with the approved Stormwater Rate Structure. As such, those stormwater related expenditures presently funded by the general tax levy (principally funding for local Conservation Authorities and road maintenance associated with culverts, ditches and catch basins), as well as, associated costs required to administer the new Stormwater Rate Structure and Stormwater Incentives Program will be included in the 2026 Water, Wastewater and Stormwater Rate Budget.

Approved Stormwater Rate Structure

As per AECOM's review (refer to Report FCS22043(b)), an evaluation of seven possible options for stormwater rate structures has resulted in Council's approval of the Single Family Unit (SFU) stormwater rate structure. This structure most closely aligns with the Guiding Principles. Refer to Appendix "D" to Report FCS22043(c) for further details.

The approved SFU rate structure will divide properties into two categories:

- (i) Residential with less than or equal to six units
- (ii) Industrial, Commercial and Institutional (ICI), Agricultural, mixed use properties and multi-residential properties with greater than six units

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Report FCS22043(c) proposes a Stormwater Incentives Program for the consideration of Council that adheres to the Guiding Principles approved in November 2022 in conjunction with a sustainable user-pay stormwater program.

The adoption of a dedicated Stormwater Rate Structure will help to ensure that the City adheres to Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, which requires municipalities to have sustainable funding mechanisms for key assets.

RELEVANT CONSULTATION

Staff in the City Manager's Office (Communications), Corporate Services (Legal Services), Public Works (Hamilton Water) and Planning and Economic Development departments have been consulted and support the recommendations of Report FCS22043(c). A Steering Committee comprised of senior staff from Corporate

Services, Planning and Economic Development and Public Works have guided the Stormwater Rate Structure and Stormwater Incentives Program.

AECOM has continued to provide consultation services with respect to the development of the recommended Stormwater Fee Incentives Program.

Green Venture has been consulted with respect to administering the recommended Stormwater Residential Subsidy Program.

Stakeholder engagement to help shape plans for the proposed Stormwater Incentives Program took place from October 31, 2023, to January 8, 2024. The engagement included:

- [Stormwater Incentive Program | Engage Hamilton](#) webpage was set up
- Three surveys; one for residents and residential property owners; one for industrial, commercial, institutional (ICI) and large multi-residential property owners and operators; one for agricultural property owners and operators.
- Virtual/in-person public information sessions
- AECOM and staff have presented at the three most recent Agricultural and Rural Affairs Sub-Committee Meetings
 - June 29, 2023
 - November 30, 2023
 - April 25, 2024

A summary of the engagement and feedback received is included in Appendix “C” to Report FCS22043(c).

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

In response to the feedback received during the engagement period a unique “made in Hamilton” incentive program has been developed to include a three-stream credit program for ICI and multi-residential properties with greater than six units. There were two main components to the program; residential with less than or equal to six units and non-residential which included ICI, agricultural, mixed use and multi-residential properties (with greater than six units).

Draft Stormwater Credit Program as Presented Prior to Stakeholder Engagement

The Draft Credit Program originally presented for public consultation in 2023 was modelled on other municipal stormwater credit programs. The single stream credit program could be applied for by ICI, agricultural, mixed-use, and multi-residential properties with more than six units. A credit of up to 50% would be available based on the reduction of the quantity and/or the improvement of the quality of stormwater runoff. For details see Table 2 above.

Time and effort would be required by the property owner and the City in the application and administration of a credit program.

- To apply for the credit, property owners would need to show that they have and maintain measures on their property that meet the proposed credit criteria. This typically requires the submission of drawings and maintenance records.
- Property owners would also need to periodically renew their application (e.g., every 2 to 5 years) to show that the measures continue to be maintained.

Recommended Stormwater Credit Program Post Stakeholder Engagement

Throughout the consultation phase staff heard the concerns from both the rural community as well as those properties which discharge stormwater directly to Hamilton Harbour. Through the public engagement period (see Appendix “C” to Report FCS22043(c) for further details), staff heard the concerns from rural and agricultural property owners regarding the new Stormwater Rate Structure and proposed credit program. Staff took this feedback into consideration and have developed a “made in Hamilton” unique stormwater credit 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 recommended credit program will consist of three streams for ICI, agricultural and multi-residential properties (with greater than six units). It is important to note that property owners will only be eligible for one stream of the credit program. The development of the credit program included an assessment of a variety of stormwater incentive programs utilized by different municipalities in Ontario. The three streams that are recommended have been assessed for alignment against the Guiding Principles. Refer to AECOM’s Review report attached as Appendix “D” to Report FCS22043(c) for further details.

Green Space Credit

A common theme throughout the engagement from agricultural property owners was that the credit program did not consider the large areas of softscape that surrounds structures such as a barn. Staff have given careful consideration to the potential impacts on agricultural properties and reviewed the stormwater credit programs of other municipalities in Ontario. Through consultation and further analysis staff have developed the Green Space credit that aligns with the Council approved Guiding Principles while taking into account the unique property characteristics that exist within the City.

The Green Space credit stream will take into consideration the pervious to impervious ratio of a property. The Green Space credit could reduce base stormwater charges

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 non-residential properties with large amounts of pervious surfaces.

Table 5 below is an analysis of the seven agricultural properties that had previously been presented at the Agricultural and Rural Affairs Sub-Committee in November 2023. Base stormwater charges for some properties have been reduced by over 90% by the Green Space credit. With the Green Space credit, staff are proposing that properties would be automatically enrolled into the credit stream with no application needed on the part of the property owner, and the credit would only be available to properties with no direct stormwater connection to City infrastructure and that only contribute stormwater overland flow via green space (meaning all run-off from non-residential impervious areas drains to green space). Staff will use aerial photography to calculate a properties' proposed credit which will be applied when the approved Stormwater Rate Structure comes into effect in 2026. Properties will only be eligible for one stream of the stormwater credit program, with the Green Space credit being the most advantageous for nearly all of those who would qualify. The Green Space credit calculation will only apply to the non-residential impervious area. Those properties that also include residential dwelling units will still be charged the SFU rate per residential property.

The below example assumes the annual 2026 "billing unit" will be equal to \$170. As a reminder, all single residential properties in Hamilton, regardless of location, will be charged one billing unit under the new stormwater fee structure. The 2026 rate will be finalized by Council in late 2025.

Rate Calculation:

$(\# \text{ of residential dwellings} \times \$170) + \# \text{ non-res billing units} \times \$170 \times (\% \text{ imperviousness of property} / \% \text{ impervious of avg SFD}) \times (\text{run-off coefficient of green space} / \text{run-off coefficient of avg SFD})$

Note:

- % of imperviousness of the property is unique to each property
- % of impervious area of the average SFD = 60%
- run-off coefficient of green space = 0.10
- run-off coefficient of avg SFD = 0.60

Using Agricultural property #3 from Table 5 as an example, the calculation follows.

Annual Rate: $= (3 \times \$170) + 126.9 \text{ billing units} \times \$170 \times (6.8\% / 60\%) \times (0.1 / 0.6) = \915

Table 5

	Ex. Ag Prop 1	Ex. Ag Prop 2	Ex. Ag Prop 3	Ex. Ag Prop 4	Ex. Ag Prop 5	Ex. Ag Prop 6	Ex. Ag Prop 7
Property size (acres)	104	48	135	49	145	6	158
Impervious area (m ²)	1,513	3,841	36,928	16,063	9,632	15,801	132,492
Imperviousness of property (%)	0.4%	2.0%	6.8%	8.1%	1.6%	65%	21%
# residential units	1	1	3	1	1	2	0
Total # billing units	6.2	14.2	129.9	56.2	34.1	56.3	455.3
Fee Type	Proposed Annual Rate						
Base Fee with no credit ¹	\$1,054	\$2,584	\$22,082	\$9,554	\$5,798	\$9,570	\$77,402
Fee with Green Space Credit applied ¹	\$171	\$182	\$915	\$381	\$196	\$2,009	\$4,455
% of GS credit	84%	93%	96%	96%	97%	79%	94%

Assumptions:

1. Assumes the annual SFU will be equal to \$170 in year 1 and that Water, Wastewater and Stormwater Rate increases for future years have been approved as presented in the 2024 Water, Wastewater and Stormwater Rate budget
2. Assumes wastewater rate restatement of 12% in year 1 based on 2022 consumption trends

Additional properties have been analysed to demonstrate the impact of the Green Space credit in Table 6 below. As a reminder, when the approved Stormwater Rate Structure is implemented existing wastewater customers will see a reduction in the wastewater rate as the stormwater charge will no longer be based on potable water consumption. In the example below the Ancaster Fairgrounds is currently connected to the City's wastewater system and will therefore see a reduction in the wastewater charge on their bill.

Table 6

	Ancaster Fairgrounds	White Brick Church & Cemetery	Bellstone Christian School
Property size (acres)	98.6	1.5	8.9
Impervious area (m ²)	104,200	374	5,181

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	Ancaster Fairgrounds	White Brick Church & Cemetery	Bellstone Christian School
Total # billing units	358.1	1.3	17.8
Credit Stream Type	Proposed Annual Rate		
Base Fee with no credit ¹	\$60,873	\$218	\$3,027
Fee with Green Space Credit applied ¹	\$4,415	\$170	\$170
	Net Change in Stormwater Funding		
	(\$3,853)²	\$170	\$170
% of Green Space credit	93%	22%	94%

Assumptions:

1. Assumes the annual SFU will be equal to \$170 in year 1 and that Water, Wastewater and Stormwater Rate increases for future years have been approved as presented in the 2024 Water, Wastewater and Stormwater Rate budget
2. Assumes wastewater rate restatement of 12% in year 1 based on 2022 consumption trends

During implementation phase for the approved Stormwater Rate Structure AECOM will be assessing each non-residential property individually to measure the non-impervious area to be used in the calculation of the property's stormwater fee. AECOM will be using new advanced technology to assess the non-residential rural properties which will be more capable of accurately distinguishing building shadows, patches of dirt, and other pervious areas, as these are the properties that will be automatically enrolled in the Green Space credit if all conditions are satisfied.

Hamilton Harbour Discharge Credit

Through the consultation phase staff heard concerns from property owners along the harbour front. The feedback received was that some properties do not have stormwater runoff enter the City's stormwater system as they drain directly to the harbour and are diverting water away from the City's engineered stormwater system.

Staff are recommending a credit of up to 90% for non-residential properties that can demonstrate the use of private pipelines, channels, or other flow routes, to convey stormwater to Lake Ontario, subject to an Environmental Compliance Approval issued by the Ministry of the Environment, Conservation and Parks, or an approval from a higher level of Government. Staff recognize that these properties discharge directly to the harbour, however, they are still adjacent to City streets or catch basins which need to be maintained and have fixed costs associated with their operations. As a result, staff are proposing that the Hamilton Harbour Discharge credit have a maximum cap of 90%. Property owners must provide documentation that demonstrates that stormwater

collected on private property does not enter the City's natural or engineered stormwater system. Applications for these credits will need to include:

- An application form with basic information (property address, owner, contact name etc.), permission for the City to enter the property to inspect, and a declaration that the provided information is true
- Copy of the Ministry of the Environment, Conservation and Parks approvals, where applicable
- Drawings that show the on-site storm sewer system, location of discharge to the harbour, property catchments and the amount of property that drains to the harbour
- Calculations that show the percentage of impervious area that drains directly to the harbour

The intention is for this credit to operate on a sliding scale. For example, if the property owner demonstrates 50% of stormwater is discharged to Hamilton Harbour the stormwater credit would be a reduction of 45% of the calculated base fee. It is recommended that property owners be required to renew their credit every five years to demonstrate that the on-site system is still in place and being maintained.

The Bunge Canada facility has been analysed to demonstrate the impact of the Hamilton Harbour Discharge credit in Table 7 below. For this example staff have made several assumptions for the wastewater utility restatement impact, including a similar usage of water in year 1 of the Stormwater Rate Structure implementation as was used by the facility in 2022, a combined approximation of 213,000m³ from different water meter sizes and accounts. This example illustrates the impact that the new Stormwater Rate Structure will have on large water users as demonstrated in Report FCS22043(b).

Table 7

	Bunge Canada
Property size (acres)	51.8
Impervious area (m ²)	154,154
Total # billing units	529.7
Credit Stream Type	Proposed Annual Rate
Base Fee with no credit ¹	\$90,056
Fee with 90% Hamilton Harbour Discharge Credit applied ¹	\$9,006
Wastewater Utility Restatement Impact ²	(\$87,500)

Assumptions:

1. Assumes the annual SFU will be equal to \$170 in year 1 and that Water, Wastewater and Stormwater Rate increases for future years have been

approved as presented in the 2024 Water, Wastewater and Stormwater Rate budget

2. Assumes wastewater rate restatement of 12% in year 1 based on 2022 consumption trends

Stormwater Management Infrastructure Credit

From the ICI and large multi-residential engagement survey, almost all respondents (91%) believe ICI, and large multi-residential properties should be eligible for a credit for implementing on-site stormwater management practices. Only 9% felt that they shouldn't be eligible for a credit for implementing on-site stormwater management practices. For further details, refer to Appendix "C" to Report FCS22043(c). A large majority of respondents consider it very important that the City offer an incentive program to encourage property owners to implement on-site measures to reduce the amount of stormwater runoff.

Staff are recommending that property owners who do not qualify for the automatic Green Space credit or the Hamilton Harbour Discharge credit may apply for the Stormwater Management Infrastructure credit which will reduce the base stormwater charge by up to 50% 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 2 found in the Executive Summary. To apply for the credit, property owners will need to demonstrate the existence and operation of infrastructure or implement processes that reduce the quantity or improve the quality of stormwater that runs off their property. Property owners must demonstrate that infrastructure is installed and maintained as required, and that processes remain in-place and are reviewed/improved when necessary.

A compilation of different property types from around the City are illustrated in Table 8 and 9 below to demonstrate the impact of the stormwater management infrastructure credit. For these examples staff have made several assumptions for the wastewater utility restatement impact, including a similar usage of water in year 1 of the Stormwater Rate Structure implementation as was used by the facility in 2022. The examples also assume each property will receive the full available 50% reduction for the Stormwater Infrastructure stream of the credit program.

Table 8

	Gage Park	Hamilton Golf & Country	Dundurn Castle	Home Depot
Property size (acres)	71	298	30	10
Impervious area (m ²)	58,450	55,577	17,907	37,124
Total # billing units	200.9	191.0	61.5	127.6

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

	Gage Park	Hamilton Golf & Country	Dundurn Castle	Home Depot
Credit Stream Type	Proposed Annual Rate			
Base Fee with no credit ¹	\$34,146	\$32,468	\$10,461	\$21,688
Fee with 50% credit for SW Infrastructure Credit ¹	\$17,073	\$16,234	\$5,231	\$10,844
Wastewater Utility Restatement Impact ²	(\$22,040)	(\$8,360)	(\$1,120)	(\$2,180)

Table 9

	Amazon Fulfillment Centre	Air Liquide	Redeemer University	Highland Packers	Oakrun Farm Bakery
Property size (acres)	60.0	5.1	82.9	15.2	112.6
Impervious area (m ²)	201,123	17,582	78,224	22,300	32,471
Total # billing units	691.0	60.4	268.8	76.6	111.6
Credit Stream Type	Proposed Annual Rate				
Base Fee with no credit ¹	\$117,495	\$10,271	\$45,698	\$13,027	\$18,969
Fee with 50% credit for SW Infrastructure Credit ¹	\$58,747	\$5,136	\$22,849	\$6,514	\$9,485
Wastewater Utility Restatement Impact ²	(\$11,700)	(\$469,580)	(\$11,860)	n/a	n/a

Assumptions:

1. Assumes the annual SFU will be equal to \$170 in year 1 and that Water, Wastewater and Stormwater Rate increases for future years have been approved as presented in the 2024 Water, Wastewater and Stormwater Rate budget
2. Assumes wastewater rate restatement of 12% in year 1 based on 2022 consumption trends

Throughout the engagement period, Staff and AECOM prepared a case study based on Twenty Place which is a multi-residential adult community comprised of 24 single family detached homes, 593 townhomes and a building with 42 dwelling units. The complex also has seven stormwater detention ponds and a total impervious area of 181,500 m². Twenty Place is eligible for the Stormwater Management Infrastructure credit and could receive up to a maximum 50% credit if the stormwater detention ponds control the 100-year post development flows to predevelopment levels (40% credit) as well as provide some sediment removal (10% credit). As each site is unique and will require analysis upon credit application, it should be noted that when Twenty Place was developed,

there was already a drainage channel across their site. As a requirement of development, Twenty Place was required to continue to convey the stormwater in that drainage channel across its site. The offsite stormwater continues to be conveyed but would only be eligible for credit if it is treated (quantity and/or quality). An example calculation for Twenty Place is illustrated in Table 9 below. For this examples staff have made several assumptions for the wastewater utility restatement impact, including a similar usage of water in year 1 of the Stormwater Rate Structure implementation as was used by the property in 2022. The example also assumes the property will receive the full available 50% reduction for the Stormwater Infrastructure stream of the credit program.

Table 10

Twenty Place		
24 Single Family detached homes (1 billing unit each)	24.0	
593 townhomes (0.5 billing units each)	296.5	
1 multi- res building & associated hardscape (10,380 m ² /291 m ²)	35.7	
Total # billing units		356.2
Base Fee with no credit ¹		\$60,548
Fee with 50% credit for SW Infrastructure Credit ¹		\$30,274
Wastewater Utility Restatement Impact ²		(\$62,000)

Assumptions:

1. Assumes the annual SFU will be equal to \$170 in year 1 and that Water, Wastewater and Stormwater Rate increases for future years have been approved as presented in the 2024 Water, Wastewater and Stormwater Rate budget
2. Assumes wastewater rate restatement of 12% in year 1 based on 2022 consumption trends

The examples provided in Tables 8, 9 and 10 demonstrate that large water users will see a positive net impact from the approved Stormwater Rate Structure as well as have the opportunity to take advantage of the recommended stormwater credit program.

Summary

Staff intend to develop a stormwater credit program application guide and open the applications for those wishing to apply for the Hamilton Harbour Discharge or Stormwater Management Infrastructure credits in 2025. This will give property owners time to work with staff to complete the application process, submit supporting documentation, allow for site visits, and understand the terms and conditions of the credit program. Property owners will begin to receive the benefit of the credit program when implementation of the approved Stormwater Rate Structure occurs in April 2026.

Re-application will be required at least every five years to ensure on-site stormwater measures are being maintained and in working order.

In all cases a satisfactory credit application will include a completed application form with supporting documentation. Some supporting documents demonstrating on-site best management practices or eligible activities may require preparation by a Professional Engineer registered in the Province of Ontario and qualified in municipal engineering and stormwater management.

Requests for review / appeal may arise from any customer who believes they have received an inaccurate stormwater charge. For example, customers assigned a residential property type category and feel as though their property has been assigned an incorrect SFU factor. In these instances, City staff would process the application, conduct the review / appeal and update the customer with the result.

Similar recourse would exist for ICI, mixed use, or high-rise residential building properties. However, the review / appeal requests would require evidence that the calculation of impervious area on the property (on which the stormwater charge is based) is incorrect. The review / appeal process would also include any instance where a property owner requests a review of their credit eligibility.

Draft Residential Stormwater Subsidy Program Presented Prior to Stakeholder Engagement

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 pervious surfaces and other measures that reduce the quantity and improve the quality of stormwater runoff from residential properties.

Since the stormwater charge for the average residential property would likely be less than \$20 per month, the City is not proposing a credit program (i.e., reduction in stormwater charge) for residential properties with six or fewer units.

Recommended Residential Stormwater Subsidy Program Post Stakeholder Engagement

The residential and multi-residential with six or fewer units survey received 477 responses. More than half of residential respondents said that it is either very important (44%) or important (24%) that the City offer incentive programs to encourage on-site measures to reduce stormwater runoff from properties. Most urban residential respondents also believe it is very important (54%) or important (24%) to offer incentive programs, whereas just over half of rural residential respondents believe it is either very important (29%) or important (25%). The top comment in support of incentive programs is that an incentive program increases public participation in stormwater management (148 responses). Others believe that incentive programs help to reduce the cost to taxpayers (44 responses) and note potential benefits for the environment (23 responses).

The recommended Residential Stormwater Subsidy Program, drafted in summer 2023 remains unchanged and consistent with the engagement feedback received by residents. Staff are recommending the single-source procurement of local non-profit Green Venture regarding a formal partnership to continue and expand upon their current NATURhood 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.

At this time, the NATURhood program is an initiative offered by Green Venture to help residents slow water down and soak it up on their property, while providing beautification, home to pollinators, places to gather, flood protection and more. NATURhoods currently includes demonstration sites, workshops, events, resources and a rebate program for stormwater, rain gardens, pervious surfaces and other green infrastructure features. This is a unique program because it empowers residents to improve their properties with various types of green infrastructure which can improve property value and aesthetics, increase biodiversity, reduce urban heat island effect, and, ultimately better manage stormwater flooding.

Rebate Program Eligibility

Currently, to be eligible for Green Venture's NATURhoods program, residents:

- Must be located in Hamilton, ON
- Must be the homeowner or have written consent of the property owner to complete the work
- Must be able to complete program milestones in the Summer (check-in dates and final project due dates, expense tracking and photo progress)
- Should be interested in rain gardens, water harvesting, reducing stormwater runoff
- May have a home or lawn that experiences flooding

Eligible Expenses

Currently, Green Venture offers a \$500 rebate to around 15 homeowners annually. The eligible expenses for the rebate program are materials or contractors associated with:

- pervious pavements
- bioswales
- green roofs and blue roofs
- rain gardens
- infiltration galleries
- soakaway pits
- water harvesting

Throughout the year Green Venture offers design workshops and “ask the expert” open houses as well as Rain Coach visits. The Rain Coach will visit pre-approved Green Infrastructure projects and rain gardens that are verified by Green Venture. Visits from the Rain Coach are mandatory for approved projects and can be conducted in-person or virtually. The Rain Coach can answer specific questions about the site regarding rain harvesting and landscape design. The Rain Coach will share information about other relevant City of Hamilton programs including, but not limited to downspout disconnection, street tree planting, lead pipe replacements, backwater valves installation, etc. The Rain Coach can also provide a list of Fusion Certified landscape professionals who can create rain garden designs and landscaping. Property owners will be responsible to evaluate and hire a contractor to implement approved projects.

In early spring residents apply and applications are reviewed and approved. As the project progresses residents submit expense forms, provide receipts and pictures of the project. Once the project is complete Green Venture staff will perform a site visit and issue rebate cheques to approved applicants who have completed their project.

Green Venture has proposed a three-year plan which entails actively reaching up to 3,500 Hamilton residents annually through workshops, festivals, meetings and events. Receiving up to 70 annual applications and completing up to 70 residential rebates in one calendar year. They will also continue to promote additional City programs such as tree planting and downspout disconnection.

The enhanced program will mimic the Ready Rain Ottawa model and provide rebates up to \$1,500 for certified landscape designs and materials or fees for garden installations, rain harvesting tanks or rain barrels, soakaway pit or bioswale installation and rebates of up to \$5,000 for architectural drawings, certified engineering plans, landscape designs and materials for pervious pavements.

As per Recommendation (b) to Report FCS22043(c), a preliminary budget of \$500K for the Residential Stormwater Subsidy Program will be referred to the 2025 Water,

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Wastewater and Stormwater Rate Supported Budget. The Residential Stormwater Subsidy Program would be funded from dedicated Stormwater Rate Structure revenues as of April 1, 2026. The contract with Green Venture will be managed by the Hamilton Water Division.

The proposed annual program costs for Green Venture to run and administer the residential rebate program can be seen in Table 11.

Table 11

Program Cost	Description	Annual Costs
Green Venture Labour Costs	<ul style="list-style-type: none">• Executive Director overseeing the project implementation (part-time)• Program Manager developing the project strategy and budgets (part-time)• Full-time Project Coordinator administering the program• Full-time Rain Coach for personalized visits and promote other City programs	\$193,200
Portal setup and administration fees	<ul style="list-style-type: none">• The program will require set-up of a secure portal system to collect applications and store resident data• Annual administration, intake, workflow and communications software and IT costs	\$20,000
Associated Costs	<ul style="list-style-type: none">• Marketing and promotion• Bookkeeping, insurance, office expenses• Signage and supplies• Event fees and rentals• Mileage for site visits	\$20,000
Rebate or Subsidies Pay-outs	<ul style="list-style-type: none">• Rain Gardens• Bioswales• Pervious Driveway	\$227,500
Total Program Cost for 40 – 70 residential rebates per year		\$460,700

Per City of Hamilton By-law 21-215, Procurement Policy #11 - “Non-competitive Procurements”, staff must obtain Council approval for single source requests greater than \$250 K. As previously noted, Green Venture is currently administering the NATURhoods program which will be the basis for the Residential Stormwater Subsidy Program. As per recommendation (g) to Report FCS22043(c) staff is requesting the single source procurement of Green Venture as external administrators for the Residential Stormwater Subsidy Program.

Financial Impacts of the Stormwater Credit Program and Residential Stormwater Subsidy Program

The financial impacts of the new proposed Stormwater Credit Program and Residential Stormwater Subsidy Program is approximately \$12.9M as indicated in Table 12.

Table 12

Incentive Program / Stream Description	Estimated Cost
Subsidy Program for Residential – Administered by Green Venture	\$500 K
Credit Program for ICI and Multi-Res – Green Space Credit	\$9.0 M
Credit Program for ICI and Multi-Res – Hamilton Harbour Discharge Credit	\$2.3 M
Credit Program for ICI and Multi-Res – SW Management Infrastructure Credit	\$1.0 M
Administration (1 FTE)	\$124 K
TOTAL	\$12.9 M

Throughout Report FCS22043(c) the annual billing unit cost in all examples per SFU has been \$170. However, the year one billing unit cost will be referred to the 2026 rate budget process. In Report FCS22043(b) staff's initial calculation for the stormwater incentives program was based on the 2025 Stormwater Management Program from the 2023 approved Water, Wastewater and Stormwater Rate Budget and was calculated at only 3% of the overall Stormwater Management Program cost or \$1.6 M. AECOM has calculated that to make up for the revenue loss between the overall Stormwater Management Program increase from the 2023 approved Water, Wastewater and Stormwater Rate Budget as well as the increased cost of the stormwater incentives program, the year one billing unit cost would be upwards of \$250 annually.

Stormwater Fee Effective Date

As identified in Report (FCS21082(g)) to the Audit, Finance and Administration Committee on May 16, 2024, staff are recommending that the Stormwater Rate Structure effective date be pushed back to April 1, 2026, assuming the implementation of the City's new utility billing solution is completed by December 2025. Staff will also continue to monitor this timing and report back if issues arise that affect the revised utility billing solution implementation timeframe.

ALTERNATIVES FOR CONSIDERATION

Throughout, and even after the stakeholder engagement period to support the recommended Stormwater Incentives Program, staff have received feedback that

certain property types should be exempt from the approved Stormwater Rate Structure or receive a 100% credit. However, staff are not recommending a full exemption, or 100% credits, to any developed property as this does not align with the Guiding Principles approved by City Council.

With specific regard for agricultural properties within the rural areas of Hamilton, the City's Stormwater Management Program includes important work in these areas to keep the system working well. City staff inspect, fix and clean assets like culverts, stormwater ponds and ditches. They also reshape ditches to better catch dirt and mud. The City takes care of natural watercourses, streams and wetlands, inspecting, cleaning them of debris and sediment, and eliminating invasive species. In the future the City's programs will also address water quality issues like pollution, and high levels of nutrients. The City also contributes millions of dollars each year to local Conservation Authorities which address watershed management issues in rural and urban areas.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS22043(c) – Recommended Residential Stormwater Subsidy Program

Appendix "B" to Report FCS22043(c) – Recommended Non-Residential Stormwater Credit Program

Appendix "C" to Report FCS22043(c) – AECOM Communications and Engagement Summary

Appendix "D" to Report FCS22043(c) – AECOM Incentive Program Review