



Town of Newmarket  
395 Mulock Drive P.O. Box 328,  
Newmarket, Ontario, L3Y 4X7

Email: [info@newmarket.ca](mailto:info@newmarket.ca) | Website: [newmarket.ca](http://newmarket.ca) | Phone: 905-895-5193

## **Stormwater Billing 2020 – Options**

### **Staff Report to Council**

Report Number: 2020-04

Department(s): Financial Services, Corporate Customer Service, Corporate Communications

Author(s): Bonnie Munslow & Grace Marsh & Wanda Bennett

Meeting Date: January 13, 2020

### **Recommendations**

1. That the report entitled Stormwater Billing 2020 – Options, dated January 13, 2020 be received; and,
2. That Council approve the recommendation related to billing options contained in the report; and,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

### **Purpose**

The purpose of this report is to provide Council with a summary of the evolution of a separate Stormwater billing charge and to outline the recommendation for the 2020 billing cycle and beyond.

### **Background**

The Town of Newmarket is responsible for three types of services related to water;

- supply of potable water for consumption
- management of wastewater (sanitary sewers)
- management of stormwater runoff

Both the supply of potable water and the management of wastewater has been funded through a user pay system for many years and are currently charged on the Utility invoices produced and mailed to account holders by Newmarket Tay Hydro on the Town's behalf.

The focus of this report is the billing process related to the cost of managing stormwater runoff.

Under the direction of Council, the Town implemented a separate Stormwater Charge in 2017. Prior to the separate charge, stormwater management costs were funded primarily through the general property tax revenues and to a lesser degree, the water usage rates. The rationale for the change to a user pay system was to introduce a more fair and transparent system of billing so that properties producing a higher level of stormwater runoff (commercial and industrial properties) pay more than those with low and medium runoff levels.

A full analysis was presented to Council within report 2016-40 Joint Corporate Services/Development & Infrastructure Services Report on October 25, 2016 (copy attached) clearly demonstrating that for 2017 there would be a reduction of 2.6% in the property tax levy along with a 0.7% decrease in the water/wastewater rate. The implementation of the stormwater rate would use this room and be revenue neutral for 2017 and then adjusted as required in future years to meet the financial demands of stormwater management.

With this direction, staff calculated an annual Stormwater Charge and used the property tax bill as the mechanism for billing. It was shown on the tax bill in the Special Charges/Credits section and then added to the final tax levy on the bill. This approach generated minimal calls and inquiries.

In 2018 we learned that showing the Stormwater Charge as a Special Charge on the property tax bill was not in compliance with two pieces of legislation:

1. Ontario Regulation 75/01 of the Municipal Act, 2001, being a regulation that sets out the form and content required for tax notices, and
2. s.326 of the Municipal Act, 2001 which outlines the requirements for a Special Service.

**Provincial legislation takes precedence over municipal by-laws, and therefore the Stormwater charge must be billed in an alternate way, and not on the property tax bill.** Subsequently, in May 2019 the Stormwater Charge was changed. It was reflected on a separate invoice mailed directly to the homeowner which resulted in confusion and a large volume of calls, inquiries and complaints.

## Discussion

### Recommendation for Future Stormwater Invoicing

Staff have investigated a number of alternative processes or mechanisms to bill this important revenue source in 2020 and beyond. Factors for consideration include regulations related to billing, ease of payment, resident convenience, cost of processing/mailing, timing and transparency. It is recognized that a fulsome communications strategy is required in order to clearly explain to residents the Stormwater Charge, how it's calculated and the options for making payments. The timing of the 2020 billing is yet to be determined, however we are targeting the Fall of 2020 and we will ensure that the timing is consistent for future years and that clear, concise and thorough communication strategies are in place in a timely manner.

#### Option #1 (Recommended Option)

Include the annual one time Stormwater Charge on one of the Utility (hydro/water/sewer) invoices sent to each Hydro customer account.

Pros	Cons
<ul style="list-style-type: none"><li>• Properties producing a higher level of stormwater runoff (commercial and industrial properties) pay more than those with low or medium runoff levels as was intended from the initial implementation.</li><li>• No additional mailing/printing/costs</li><li>• All water related fees on one bill (Hydro bill) with other user fees (consumed water, wastewater and stormwater)</li><li>• No separate bill for the customer to manage</li><li>• Payments made in the same manner as their hydro account.</li><li>• Transparency of the user fee is achieved.</li></ul>	<ul style="list-style-type: none"><li>• Homes that are tenant occupied (estimated at less than 15%) where the tenant is receiving the hydro/water bill, will be receiving a charge that possibly should be born by the property owner.</li><li>• There will be some programming costs to modify Hydro's billing process to accommodate the change.</li><li>• An increase in customer inquiries relating to Stormwater Charges may create challenges for Newmarket – Tay Hydro, depending on the levels.</li></ul>

#### Option #2 (Not recommended)

Retain the Stormwater fee as a separate charge and produce and mail a separate invoice along with the Property Tax bill as an insert.

Pros	Cons
<ul style="list-style-type: none"> <li>• Properties producing a higher level of stormwater runoff (commercial and industrial properties) pay more than those with low or medium runoff levels as was intended from the initial implementation.</li> <li>• Invoice could be mailed with either the Interim or Final Tax Bill.</li> <li>• The charge is billed and sent to the homeowner not tenants</li> </ul>	<ul style="list-style-type: none"> <li>• Possible increase of postage costs depending on weight of insert.</li> <li>• Remains an additional invoice for the homeowner to pay.</li> <li>• Risk that the invoice is discarded as simply information and late payment fees are incurred.</li> </ul>

### Option #3 (Not Recommended)

Revert back to including the cost of stormwater management in the general tax rate.

Pros	Cons
<ul style="list-style-type: none"> <li>• Simple solution</li> <li>• No separate bill for the customer to manage</li> <li>• No additional costs to make the change</li> </ul>	<ul style="list-style-type: none"> <li>• Lose the progress made towards education and recognition of the importance of stormwater management.</li> <li>• Properties producing a higher level of stormwater runoff (commercial and industrial properties) are charged on the same basis as those with low or medium runoff levels.</li> <li>• Lose the fairness achieved by applying a specific rate to a specific property type.</li> <li>• Lose the transparency of a dedicated funding source for both billing and the budget process.</li> <li>• Residents may question what could appear to be a tax increase.</li> </ul>

## **Conclusion**

In considering all the pros and cons listed above for the three options, staff is recommending Option #1 as the preferred option for billing of Stormwater Charges commencing in 2020. Staff will ensure a fulsome communication strategy is developed which will include targeted information for rental properties. Customer inquiries and feedback will be closely monitored and provided to Members of Council, on a regular basis. We will reassess our approach as necessary.

## **Business Plan and Strategic Plan Linkages**

This report links to Newmarket's key strategic directions in being well managed through fiscal responsibility.

## **Consultation**

Consultation has taken place within the Town between Financial Services, Customer Service, Engineering Services, Information Technology and Corporate Communications.

We have also consulted directly with Newmarket Tay Hydro Financial and Customer Service departments as well as with staff from Olameter (who create the invoices for utility bills) who are in agreement with our recommendation.

## **Human Resource Considerations**

None.

## **Budget Impact**

None.

## **Attachments**

Joint Corporate Services/Development & Infrastructure Services Report Financial Services Report 2016-40 – Implementation of Stormwater Charge

## **Approval**

Mike Mayes, CPA, CGA, DPA  
Director of Financial Services

Esther Armchuk, LL.B  
Commissioner, Corporate Services

## **Contact**

Bonnie Munslow, Manager, Corporate Customer Service Ext: 2251

Grace Marsh, Supervisor, Property Tax & Assessment Ext: 2143

Wanda Bennett, Director Corporate Communications, Ext: 2041