



**THE CORPORATION OF THE TOWNSHIP OF KING**  
**Report to Council**

**Monday, June 5, 2023**

**Public Works Department - Capital Division**  
**Report Number PW-CAP-2023-004**  
**Implementation of a Stormwater Management Rate**

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**RECOMMENDATION(S):**

The Director of Public Works respectfully submits the following recommendation(s):

1. That Report PW-CAP-2023-004 be received; and,
2. That Council direct staff to implement an annual stormwater management rate as described herein; and,
3. That Council enact By-law 2023-056 for implementation of the stormwater management rate; and
4. That a new reserve fund be established for Stormwater Management.

**REPORT HIGHLIGHTS:**

- Stormwater infrastructure in the Township of King has grown in proportion with the Township's growth, however funding for the operation and maintenance of these assets has lagged.
- A new funding source is required for operational and capital stormwater projects to address aging infrastructure and comply with Provincial Regulations regarding Environmental and Asset Management requirements.
- Funding is proposed as a stormwater management charge, to be included as a separate additional rate-based charge on the property tax notice for all Township properties.
- Rate will be determined by a subject property's current tax rate and property value determined by MPAC.
- Many other municipalities have implemented a similar approach to fund stormwater programs and projects.

**PURPOSE:**

This report provides Council with information regarding the need for a stormwater management rate and seeks enactment of a supporting By-law to include the rate on the property tax notice.

**BACKGROUND:**

The Township provides stormwater management services to protect the community and environment from adverse effects of stormwater runoff. Stormwater runoff is water that flows off properties mostly due to rain and snowmelt events. Hard surfaces like roofs, driveways, patios, and parking lots

increase the amount of runoff from each property. Stormwater management controls water quantity to help prevent flooding and water quality to protect the environment.

In 2021 Council approved the Township of King Comprehensive Stormwater Management Master Plan (CSWMMP). The master plan includes a financial forecast for various studies, capital targets, and operations and maintenance best practices. It also includes a prioritized annual list of projects to be completed over the next 10 years. To fund these projects, it was recommended that the Township implement a stormwater levy as a dedicated revenue stream that can be incorporated into the existing tax collection system.

The Township owns and operates the following stormwater infrastructure (assets):

- Culverts
- Ditches
- Storm sewers and catch basins
- Oil and grit separators
- Stormwater management ponds

The Township of King has been growing quickly over recent years. With this growth, new stormwater infrastructure has been built and assumed. In addition 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 current stormwater management funding program is limited to the following services:

- Cleaning and repairing catch basins (every 3 years)
- Maintaining roadside ditches and culverts as issues arise

Maintenance and/or upgrading of many stormwater infrastructure assets is either very limited or non-existent. Provincial regulations governing aspects of the stormwater system require compliance from the Township including:

- Asset Management Planning for Municipal Infrastructure (O.Reg 588/17)
- Township's Consolidated Linear Infrastructure – Environmental Compliance Approval (CLI-ECA).

The Township 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.

## **ANALYSIS:**

### **Guiding Principles**

The following principles were used to guide the development of the stormwater charge:

- **Township-wide applicability** – A desirable funding option is applicable across all property types and supports stormwater management throughout the township.
- **Meets 100% of revenue needs** – The funding option's ability to meet the target annual revenue goals. Revenue goals are based on estimates from the stormwater master plan.

- **Fairness and equity** –The desirable funding option allocates costs in a systematic and consistent manner that represents the relative contribution of stormwater runoff and system loading.
- **Dedicated funding source** – Funds are dedicated to stormwater programs exclusively and able to endure cost fluctuations over the long term while sustaining stable rates from year to year.
- **Ease of Administration** – The Township of King is a small, relatively flat organization. Keeping administrative costs low is very important.
- **Public accountability** – The preferred stormwater charge includes a defined reserve, clear operating and capital program communication, and reporting on long-term program costs and sustainability.

Many other municipalities have introduced a stormwater rate in recent years. Within York Region alone, the towns/cities of Aurora, Markham, Newmarket, Richmond Hill, Stouffville, and Vaughan all have dedicated charges for storm system asset management.

### **Recommended Approach**

The Township engaged a consultant to evaluate different stormwater management rate models. The various models were reviewed and modified to suit King's funding requirements. Scoring was based on the above guiding principles and rate collection methods used by neighbouring municipalities. The funding option that is best-suited for the Township is a general tax revenue approach. This will be applied as a separate charge on bi-annual property tax notices. The rate will be calculated based on the subject property's current tax rate and assessed MPAC value.

For example:

- A residential property valued at \$1,000,000\* will have stormwater charge of approximately **\$97.21** per year
- A commercial property valued at \$1,000,000 will have stormwater charge of approximately **\$129.50** per year
- An Industrial property valued at \$1,000,000 will have stormwater charge of approximately **\$159.74** per year

\*Current average MPAC property value in King is \$1,000,000

This method is easy to implement and administer since it uses existing MPAC data and can be incorporated into the current tax roll system. The methodology is transparent since the fee is based on pre-determined municipal tax rates, York Region tax ratios, and property values from a provincial crown corporation. The charge will appear as a separate line item on the property tax notice.

In response to resident comments from the Public Information Centre, staff heard from residents who live and work in the Holland Marsh Drainage System. These ditches and drains are regulated through the Provincial Drainage Act and the property owners are required to pay to maintain the drainage infrastructure through the drainage board. As a result, staff are recommending that the stormwater management rate only apply to the residential portion of all agricultural property classes and not to the farmland or managed forest portions.

### **Communications**

Staff has actively engaged the community in the last several years on the topic of stormwater. Communications included:

- CSWMMP PIC #1 on November 27, 2020
- CSWMMP PIC #2 on April 1, 2021
- CSWMMP SpeaKING webpage

- Social media posts
- King Weekly Sentinel advertisements
- Stormwater Management Rate SpeaKING webpage
- Public Open House on May 24, 2023

### **FINANCIAL CONSIDERATIONS:**

This charge will be a new revenue tool to fund the stormwater management service. The new reserve fund would work similar to the water and wastewater reserve fund and be used to fund the various capital projects or operating initiatives related to stormwater management.

The stormwater rate will be applied to all properties within the Township of King. By implementing the stormwater rate using the recommended approach, the Township will collect annual revenue of approximately \$1,000,000 which is the required amount to meet the asset management needs to comply with regulation 588/17. As funds are collected through this separate stormwater levy it will be put into a reserve fund and used to fund capital stormwater management projects identified each year as part of the annual budget process. The effective start of the new stormwater levy would be in the interim tax bill for 2024. This will be identified as a separate line on the tax bill and the rate will be adjusted each year as part of the final tax billing.

### **ALIGNMENT TO STRATEGIC PLAN:**

The 2019-2022 Corporate Strategic Plan was formally adopted by Council on September 21, 2020 which emphasizes all of the ICSP Pillars (Financial, Economic, Socio-Cultural and Environmental) and is also aligned with the long-term vision defined in the Official Plan. The 2019-2022 Corporate Strategic Plan aims to ensure staff initiatives focus on current Term of Council priorities in support of the Township's long-term vision to 2031.

This report is in alignment with the CSP's Priority Area(s), associated Objective(s) and/or Key Action(s):



#### **A Green and Sustainable Future**

##### Enhancing Natural Heritage

- Improve Stormwater Management



#### **Cultivating Safe, Healthy and Resilient Communities**

##### Strengthening Resilience

- Advance the Township's Asset Management Program
- Strengthen Environmental Systems

The stormwater management rate will provide the funding required to maintain and improve the Township's stormwater assets. It will allow the Township to fulfill regulatory requirements related to environmental compliance approvals and asset management planning.

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

**CONCLUSION:**

Implementing a stormwater management charge will provide the Township with sustainable and necessary funding to keep stormwater assets in a state-of-good-repair and fulfil regulatory requirements. Applying the rate as part of the property tax cycle, will be easy to integrate and staff can initiate stormwater projects in 2024.

**ATTACHMENTS:**

Not Applicable

Prepared By:

**Colin Parks**  
Project Manager

Recommended By:

**Samantha Fraser**  
Director of Public Works

Approved for Submission By:

**Daniel Kostopoulos**  
Chief Administrative Officer