



Stormwater Financing – Implementation Plan

Windsor, Ontario

Prepared for:

City of Windsor

400 City Hall Square East, Windsor, Ontario N9A 7K6

8-Nov-21

Stormwater Financing – Implementation Plan November 8, 2021

Introduction

The City of Windsor initiated a Stormwater Financing Study in 2019 to assess its current program for stormwater management, identify gaps in the current program, prioritize the required program elements and level of service, and investigate the methods for funding a more sustainable stormwater program. After identifying and reviewing various levels of service, a proposed future program of approximately \$46.4 million (2020\$) was recommended. In an attempt to support future funding of stormwater program costs, various funding model options were discussed with the City Project Executive Committee and the Stormwater Advisory Group.

Based on input received from these stakeholders, a preferred funding model and rate structure was recommended. Under the preferred funding model, residential properties would be grouped into tiers based on similar development footprints and charged a flat rate per tier. Non-residential properties, with a much larger variation on their impact on stormwater runoff, would be charged based on the actual amount of impervious area on a property. The proposed funding model and rate structure was determined to provide a more equitable and sustainable funding source for the future stormwater program than the current practice of paying for stormwater costs using sewer surcharges related to water usage.

The Study recommendations were presented to Council in January 2021 and the next step for the City, in accordance with the approved report to Council, was to prepare a detailed Implementation Plan for future Council consideration and approval. The Implementation Plan would then be used as an overall guide to the subsequent Implementation Phase related to the creation and activation of the Stormwater Rate for the City over the course of 2022/2023. This report summarizes the process for developing the Implementation Plan and provides a detailed plan, timeline, and estimated level of effort, to be used as a guide for the future Implementation Phase.

Plan Development Process

The Implementation Plan development process included a series of meetings and exchange of information between the City Teams and the Wood/Watson Consulting Team to collectively develop a “roadmap” to the Implementation Phase for the City and to prepare a report for the Project Executive Committee and City Council. Two parallel sets of consultations and meetings were held from May through August 2021: one for the City’s Team Leads; and then one set for each of five (5) subcommittees. The Team Leads and the subcommittees consisted of staff from across the City including representatives from Corporate Projects, Financial Planning, Geomatics, Tax, IT, Engineering, Operations, Legal, and Communications. Each of the subcommittees created spreadsheets that list specific tasks that need to be performed, identifies all City departments that need to be involved in each task, timelines, and estimated level of effort to complete each task. See the attached subcommittee spreadsheets (Attachment A) for a complete list of Team Leads and subcommittee members.

The subcommittees each met to discuss issues related to one of the five (5) planning “pillars” that together identify the key steps and critical path required to support the implementation of a new stormwater charge:

1. **Data Management** – The focus of the data management team was to identify the data sources and processes that need to be in-place to support the preferred stormwater rate structure and

billing process. This included detailing the activities required to develop the impervious area calculations on properties across the City and build a parcel-based billing database. This data work is the foundation on which key decisions will be made and thus forms a critical path to subsequent tasks. The database will allow for decisions related to how the most appropriate distribution of costs across the stormwater customer base will be made, including establishing billing categories for residential and non-residential properties, determining number of billing units available to establish the rate per billing unit needed to meet revenue forecasts, and providing account details to the proposed biller, ENWIN, to deliver stormwater bills.

2. **Program Policies** – The program policy team reviewed and identified the key policy issues that will need to be addressed to implement the stormwater charge, including items related to defining the customer base, distribution of costs, establishing exemptions and credit policies, setting collection and enforcement policies, and developing By-law policy language for adoption of the stormwater charge.
3. **Revenue Needs and Rates** – The revenue needs and rates subcommittee outlined the key actions needed to address such critical issues as annual stormwater revenue needs, budget impacts to both stormwater and sewer funds, and annual rate setting. The group identified the key actions, resources, and timing needed to define and identify the costs that will be covered by the new charge, how this will be integrated into existing budget plans, and how these funds will be tracked. The annual stormwater revenue projection is the key foundational piece needed to set the stormwater rate and, in concert with the data analysis of available billing units and the program policies related to credits and exemptions, will provide the City leadership with the details needed to adopt the most appropriate rate strategy for the City.
4. **Public Involvement** – To ensure that the public understands the process and goals of the proposed stormwater charge, the Public Involvement team identified an approach to engage and educate stakeholders on the stormwater charge at key junctions throughout the planning phase. A detailed Communications Plan will be developed early in the planning process to reach various stakeholder groups with information on the project and provide ways to provide feedback. Proposed activities include developing key messages on stormwater needs and the potential rate impacts and billing plans and distributing information through written materials, presentations, social media posts and the City’s website. The Public Involvement team will also assist with establishing a citizen’s Stormwater Advisory Group to actively review and provide feedback on planning recommendations.
5. **Legal Documentation** – To ensure that legal considerations are reviewed at each stage of the plan development, the Legal team has identified when input on key policies and recommendations will be required. Specific areas requiring legal review will include compliance with local and provincial regulations, for such items as legal exemptions from the stormwater charge or enforcement and collection of fees, and the drafting of the stormwater funding by-law for consideration by Council.

After each subcommittee completed their individual plans, the work from the five groups was combined to develop an integrated plan that identified key tasks, milestones, task dependencies for critical path identification, projected time requirements, and levels of effort as further discussed below.

Key Tasks, Milestones, and Projected Timeline

Over 110 key tasks have been identified, from reviewing and updating available parcel and impervious area data sources, developing policies for credits and exemptions, scheduling Stormwater Advisory Group meetings, checking-in with Council, and beta testing a billing file, as part of the development of this comprehensive Implementation Plan. To provide a plan that allows the City to build items such as the parcel

database that will be the foundation of a stormwater charge billing file or to calculate stormwater cost estimates for input into a rate model, data analysis and revenue review tasks (among other key actions) have been specifically identified and the sequence of events laid out to determine critical paths and task dependencies for reaching the key project milestones and Council approvals as listed below.

Projected Schedule assuming Dec 2021 Council Approval

Key Actions	Target Dates
Stormwater Financing Project Set-Up	Jan-Mar 2022
Project Kickoff	Apr 2022
Stormwater Advisory Group #1	Sep 2022
Municipal Election (Fall 2022)	Oct-Nov 2022
Stormwater Advisory Group #2	Jan 2023
Council Check-In #1	Feb 2023
Stormwater Advisory Group #3	Apr 2023
Council Check-In #2	May 2023
Public Consultation	May 2023
Council Check-In #3 (Rate Approval)	Sep 2023
1st Billing	Jan 2024

While many of the tasks identified in the Implementation Plan can be run concurrently, most rely on critical path actions, dependencies or decisions stemming from Council Check-Ins or Public/Stormwater Advisory Group (SAG) consultations, and thus need to be performed in a specific sequence. For example, there are three SAG meetings scheduled with the goal of discussing on-going data management, policy, or financial work recommendations and receiving meaningful SAG input at important junctures of the process. The first meeting may focus on preliminary recommendations on such foundational items as the methodology for capturing and assigning impervious area to developed properties, the proposed rate structure (including tiering of residential properties), and the options for potential credits for activities that provide on-site stormwater controls; the second meeting would build on feedback from the first and present information on the application of the preferred rate structure and introduce details on annual revenue needs and preliminary inputs to the rate model; and the final meeting would show how the data, revenue needs, and rate model outputs support the rate recommendation and how this in turn impacts customers. The desired outcome of the SAG is to educate the members on the detailed process used to develop the rate and reach consensus on the recommendations to move the rate recommendation to Council.

As with the SAG meetings, the proposed Council Check-ins have been scheduled to allow review of key decisions before getting too far ahead of the process without opportunities for input. The first session would likely review the rate structure and rate revenue projections which are critical milestones in building the rate model and require input, not just from the public, but from Council and the City leadership. Addressing feedback from Check-in #1, the second meeting would focus on the proposed stormwater rate and resulting impacts to the sewer charge and might also include review of the proposed billing process and provide examples of the rate on typical property types. At the third scheduled Check-in, the recommended rate, along with supporting policies related to billing, credits, and schedules would be presented. The objective of following this step-by-step process of building a rate and incorporating feedback into the decision-making is to demonstrate that the recommendations were deliberately developed, reviewed internally and publicly, and result in presenting to Council the best available information to assist them in making an informed decision.

Level of Effort

Knowing the tasks to be completed and having identified resources needed to accomplish the implementation on the Implementation Plan timeline proposed, it is estimated that the level of effort from the City to get the first bills out to customers will be approximately \$1.6 million dollars over 22 months. This upfront capital investment will allow the new charge to be built on a strong foundation of best finance policies, data supported decision-making, and legally vetted policies and processes. The proposed project Implementation Plan timeline and level of effort allows for significant time to be invested in informing the public of the need for a more sustainable stormwater management approach and provides the tools to convey details on the decision-making and the potential impacts to rate payers and to incorporate feedback into final recommendations.

On-going expenses once the stormwater charge is implemented will include charges for billing services, City costs for updating the billing file, funding for staffing customer services, and managing a credit and appeals process. Review of billing options, including using ENWIN Utilities or generating a new city-generated bill, demonstrated that use of the existing ENWIN utility bill would be the most efficient option due to the following:

- Existing and established process that can add the new stormwater service without major changes
- Customer can have one bill with all utilities together in one location with net impact of stormwater and sewer charges clearly displayed
- Familiarity for consumer and easy to understand
- Monthly billing is attractive to property owners
- Continuity with payment method (i.e., continue existing automatic payment plans)
- Existing call centre and on-line portal for services to build upon

These incremental on-going programming administration costs will be brought to City Council for approval and will be built into the rate model to be covered by the stormwater charge.

Comparison with Other Typical Stormwater Service Fee Implementation Processes

To benchmark the proposed Implementation Plan to other stormwater charges adopted in the region, we gathered information from public records for Mississauga, Brampton, Vaughan, and Kitchener on the length of time it took them to have their stormwater charge developed and adopted and the estimated costs for implementation and operations. The time for implementation ranged from 24 months for Brampton to 47 months for Mississauga. The extended time for Mississauga was generally attributed to building an enhanced billing system to allow stormwater billing by the Region of Peel. Costs to implement the program ranged from a low of approximately \$525,000 in Vaughan to between \$2.2 and \$2.7M in Mississauga. The differences being primarily in the time spent on planning, cost of additional staff, and billing system approaches.

This review of recent Ontario stormwater program implementation plans reflects the experience of many other cities across Canada and the US over the past 20 years. Typically, the process in urbanized areas takes 18 to 24 months to implement due to several factors including large data management requirements, identifying and prioritizing stormwater program needs, establishing billing systems, and managing robust public outreach and involvement activities to try to reach a large, varied customer base. Fort Worth, Texas

and Detroit, Michigan, each densely developed urban cities, took over 24 months to implement their stormwater charges. Smaller communities often can implement a stormwater program in fewer months due to smaller data and revenue needs and simpler billing methods, but still generally follow the same procedural steps to build community understanding and support of the new stormwater charge.

Plan Summary

In summary, as requested by Council, the Implementation Plan identifies key tasks and resource needs, provides opportunities for internal and public education and feedback, ensures that the charge will be legally compliant, estimates level of effort to execute, and lays out a reasonable schedule for adoption of a more equitable and sustainable method for funding future stormwater management needs.