Subject: Water Rate Structure Review Framework and Update

File Number: ACS2023-FCS-REV-0006

Report to Environment and Climate Change Committee on 21 November 2023

and Council 6 December 2023

Submitted on November 9, 2023 by Joseph Muhuni, Deputy City Treasurer, Revenue, Finance and Corporate Services Department

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Ward: Citywide

Objet : Cadre et mise à jour de l'examen du barème des redevances d'eau

Numéro de dossier : ACS2023-FCS-REV-0006

Rapport présenté au Comité de l'environnement du changement climatique

Rapport soumis le 21 novembre 2023

et au Conseil le 6 décembre 2023

Soumis le 9 novembre 2023 par Joseph Muhuni, Trésorier municipal adjoint – Recettes, Direction générale des services des finances

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Environment and Climate Change Committee recommend that Council:

1. **Approve the guiding principles and review framework for the water, wastewater and stormwater rate structure as described in this report.**

2. **Direct staff to develop a stormwater rate structure for consideration, that considers impervious area as the basis for fee calculation as described in this report.**

3. **Direct staff to begin consultation with public and stakeholders and develop final recommendations on a revised rate structure and report back to Committee and Council before Q2 of 2025.**

RECOMMANDATION(S) DU RAPPORT

Que le Comité de l'environnement du changement climatique recommande que le Conseil municipal :

1. **approuve les principes directeurs et revoie la structure-cadre du barème de redevances pour les réseaux d'aqueducs, d'égouts et de gestion des eaux pluviales conformément aux modalités exposées dans ce rapport;**

2. **demande au personnel d'élaborer un barème de redevances pour la gestion des eaux pluviales, qui tient compte de la zone imperméable comme point de départ dans le calcul des redevances selon les modalités exposées dans ce rapport;**

3. **demande au personnel de commencer à consulter le public et les parties prenantes, de mettre au point les recommandations finales sur un barème de redevances révisé et d'en rendre compte au Comité et au Conseil municipal avant le deuxième trimestre de 2025.**

EXECUTIVE SUMMARY

The City of Ottawa is in the process of reviewing its rate structure for water, wastewater, and stormwater services. This review follows the implementation of a new rate structure in 2016, which represented a significant departure from the legacy water billing structure. The 2016 rate structure introduced a combination of fixed and variable charges, with a particular focus on separating stormwater services from the sewer surcharge fee. Furthermore, it committed to periodic reviews of the rate structure, including exploring the use of impervious surfaces as the basis for stormwater billing.

The current rate structure acknowledges that approximately 90 per cent of the costs associated with providing water, wastewater, fire supply, and stormwater services are fixed. This recognition aligns with industry standards, as these utilities typically incur substantial fixed costs due to the size, age, and complexity of infrastructure and service

demands. The 2016 rate structure introduced fixed charges to stabilize revenues and reflect the fixed nature of these services.

The current rate structure includes separate fees for each service area for water, wastewater, fire supply and stormwater, promoting transparency and accountability by directly linking cost-of-service delivery to cost recovery. This structure consists of a fixed component to cover infrastructure maintenance and a variable component to encourage water conservation. Currently, only 20 per cent of water and wastewater costs are recovered from fixed charges, however the review will seek ways to better align cost recovery with the fixed nature of these services, ensuring financial stability and reducing reliance on variable revenue, which can be uncertain.

For the stormwater services, the 2016 rate structure utilized property assessment as a proxy for determining charges for non-residential properties. However, it was acknowledged that impervious surfaces, such as roads and buildings, would be a more appropriate metric for stormwater billing. Impervious surfaces have a direct correlation with the amount, quality, and rate of stormwater runoff. Given this, the review seeks to consider a more equitable stormwater rate structure that accounts for impervious areas and ensures contributions from all properties in the city.

In this context, it is crucial to differentiate between urban and rural properties. Urban areas generally have more concentrated impervious space, while rural areas have larger property sizes but less impervious area. The review recognizes the need to ensure equitable contributions from all properties, including farms, vacant land, and forested areas, which were previously exempt from stormwater billing. Special attention will be given to the unique characteristics of services in both urban and rural areas.

Technological advancements have made it feasible to capture impervious area data efficiently, using methods like Artificial Intelligence. This would allow for an accurate and cost-effective assessment of impervious surfaces at the property level, thus enabling the transition to impervious billing.

To ensure that the review process is comprehensive and inclusive, the City of Ottawa plans to engage in robust public consultation and stakeholder engagement. This will include education campaigns, engagement surveys, and consultations with various stakeholder groups, such as residential, commercial, and institutional entities. The goal is to gather feedback and opinions from the community and stakeholders, ensuring that the revised rate structure aligns with the guiding principles and framework outlined in this report.

In conclusion, the City of Ottawa's review of its rate structure for water, wastewater, and stormwater services is a significant undertaking aimed at creating a more equitable, transparent, and efficient system. By recognizing the importance of impervious surfaces, differentiating between urban and rural properties, and harnessing technology for data collection, the city is taking steps to ensure that its rate structure aligns with the evolving needs of its residents and the principles of financial sustainability and environmental stewardship. Public engagement will play a crucial role in shaping the future of these essential services and their associated costs.

Following Council approval staff will engage in stakeholder consultations and develop final recommendations on a revised rate structure within the framework outlined in this report and develop a stormwater rate structure that considers impervious area as the basis for fee calculation and report back to Committee and Council before Q2 of 2025.

RÉSUMÉ

La Ville d’Ottawa est en train de revoir son barème de redevances pour les réseaux d’aqueducs, d’égouts et de gestion des eaux pluviales. Cet examen s’inscrit dans la foulée de la mise en œuvre, en 2016, d’un nouveau barème de redevances qui était très différent de l’ancien barème de facturation des services d’eau. Le barème de redevances de 2016 comportait une combinaison de redevances fixes et de redevances variables, et l’objectif consistait essentiellement à séparer les redevances sur les services de gestion des eaux pluviales et les redevances au titre de la surtaxe d’égout. La Ville s’était en outre engagée à revoir périodiquement ce barème de redevances, en se penchant entre autres sur l’utilisation des surfaces imperméables pour établir la facturation des redevances de gestion des eaux pluviales.

Le barème de redevances actuel confirme qu’environ 90 % des coûts associés aux réseaux d’aqueducs, d’égouts, de lutte contre les incendies et de gestion des eaux pluviales sont fixes. Cette confirmation cadre avec les normes de la profession, puisque ces services publics ont généralement pour effet d’engager des frais fixes substantiels en raison de la taille, de la vétusté et de la complexité des infrastructures ainsi que de la demande exprimée pour les services. Le barème de redevances de 2016 prévoyait des frais fixes pour stabiliser les recettes et pour tenir compte du caractère permanent de ces services.

Le barème de redevances actuel prévoit des redevances distinctes pour chaque secteur d’activité pour l’eau, les eaux usées, l’eau-incendie et les eaux pluviales, en favorisant la transparence et la responsabilisation grâce au lien direct établi entre le

coût des services offerts et les coûts à récupérer. Ce barème est constitué d'un volet fixe pour financer l'entretien des infrastructures et d'un volet variable pour encourager l'économie de l'eau. À l'heure actuelle, seuls 20 % des coûts des réseaux d'aqueducs et d'égouts sont récupérés à même les redevances fixes; on recommande toutefois de relever ce pourcentage. Toutefois, l'examen visera à trouver des moyens à mieux faire concorder la récupération des coûts avec le caractère permanent de ces services, en assurant la stabilité financière et en réduisant la dépendance vis-à-vis des recettes variables, qui peuvent être incertaines.

Pour les services de gestion des eaux pluviales, le barème de redevances de 2016 faisait appel à l'évaluation foncière comme indice pour calculer les redevances des propriétés non résidentielles. On a toutefois constaté que les surfaces imperméables, dont les routes et les bâtiments, constitueraient un indicateur mieux adapté à la facturation des redevances de gestion des eaux pluviales. Il existe une corrélation directe entre les surfaces imperméables d'une part et, d'autre part, le volume, la qualité et le débit des eaux pluviales. Voilà pourquoi cet examen vise à considérer un barème de redevances plus équitable pour les eaux pluviales, qui tient compte des surfaces imperméables et qui permet de s'assurer que toutes les propriétés aménagées sur le territoire de la ville apportent leur concours au financement des infrastructures.

Dans ce contexte, il est essentiel de faire la distinction entre les propriétés urbaines et les propriétés rurales. Les zones urbaines comprennent généralement des surfaces imperméables plus concentrées, alors que les zones rurales regroupent des propriétés plus vastes, mais des surfaces imperméables moindres. Dans cet examen, on reconnaît qu'il faut s'assurer que toutes les propriétés, dont les exploitations agricoles, les terrains inoccupés et les zones boisées, qui étaient auparavant exemptés de la facturation des redevances de gestion des eaux pluviales, apportent un concours équitable. Nous prêterons une attention particulière aux caractéristiques exceptionnelles des services assurés dans les zones urbaines et dans les zones rurales.

Grâce aux progrès de la technologie, il est possible de capter avec efficience les données sur les surfaces imperméables, en faisant appel à des moyens comme l'intelligence artificielle, ce qui permettrait d'évaluer exactement et économiquement les surfaces imperméables au niveau des propriétés et ce qui favoriserait la transition avec la facturation des redevances sur les surfaces imperméables.

Pour veiller à ce que cet examen soit complet et inclusif, la Ville d'Ottawa prévoit de lancer une vaste consultation publique et de mobiliser les parties prenantes. Elle

mènera des campagnes d'information, des sondages consultatifs et des séances de consultation avec différents groupes de parties prenantes, dont les résidents, les commerces et les institutions. L'objectif consiste à réunir les commentaires et les opinions de la collectivité et des parties prenantes, en veillant à ce que le barème de redevances révisé concorde avec les principes directeurs et la structure-cadre exposés dans ce rapport.

Pour conclure, l'examen consacré par la Ville d'Ottawa à son barème de redevances des réseaux d'aqueducs, d'égouts et de gestion des eaux pluviales est une importante activité destinée à mettre au point un système plus équitable, transparent et efficient. Consciente de l'importance des surfaces imperméables et soucieuse de faire la distinction entre les propriétés urbaines et les propriétés rurales et de faire appel à la technologie pour recueillir les données, la Ville prend actuellement des mesures pour s'assurer que son barème de redevances cadre avec l'évolution des besoins des résidents et avec les principes de la durabilité financière et de l'intendance environnementale. La consultation publique est appelée à jouer un rôle crucial en façonnant l'avenir de ces services essentiels et des coûts correspondants.

Après l'approbation du Conseil, le personnel engagera des consultations avec les parties prenantes et formulera des recommandations finales sur un barème de redevances révisé dans le cadre décrit dans le présent rapport. Il élaborera également un barème de redevances pour les eaux pluviales qui prend en compte la zone imperméable comme base de calcul des redevances, et présentera un compte rendu au Comité et au Conseil municipal avant le deuxième trimestre de 2025.

BACKGROUND

The City of Ottawa is currently reviewing its rate structure, which was introduced following significant changes in 2016. In an October 2016 report to Council (ACS2016-CSD-FIN-0008), staff recommended a new Rate Structure for Water, Wastewater, and Stormwater Services. The new structure combined fixed and variable (consumption) charges, marking a shift from the legacy rate structure that relied entirely on variable charges. In addition, stormwater was decoupled from the sewer surcharge fee and charged as a separate fixed charge for stormwater services, with a four-year phase-in for properties not connected to the City's wastewater infrastructure. Staff committed to reviewing the rate structure periodically, and Council directed staff to investigate using impervious surfaces as the basis for stormwater billing. Impervious space is defined as the total paved or other hard surface area of a property, which is considered highly resistant to the infiltration of water.

Although the idea of using impervious surfaces as the basis for stormwater billing was discussed in the 2016 report, the lack of readily available impervious data led to the use of property assessment as the measure for allocating stormwater charges for non-residential properties. However, both city staff and Council recognized that impervious surfaces would be a more appropriate metric for such charges, leading to a commitment to future reviews addressing this and other aspects.

With advancements in technology, City staff can now revisit such issues as how to account for hard surfaces, encourage water conservation while retaining financial stability and explore improvements to the current rate structure.

The City of Ottawa maintains drinking water, wastewater and stormwater assets, including 10,400 km of water, sanitary, combined and storm sewer pipes, two water purification plants, one wastewater treatment facility, six communal well systems, approximately 100 water and wastewater facilities, over 6,000 culverts, 316 stormwater facilities, and a wastewater collection system spanning 2,894 square kilometres, extending from West-Carleton to Cumberland.

Water and Wastewater Services

It is estimated that 90 per cent of the costs to deliver water, wastewater, fire supply and stormwater services are fixed, which is typical for most utilities. Costs for operating, maintaining, and renewing the water, wastewater and storm sewer systems are not so much a function of how much water is used but rather the size, age and complexity of the infrastructure and services. Furthermore, the infrastructure grows yearly as new areas are developed, and the population grows. Financial stability requires recovering a reasonable amount of the delivery costs as fixed fees to users to guarantee that the funding requirement is recovered. As a result, a fixed charge component was introduced in 2016 to help stabilize revenues and reflect the fixed nature of delivering these services.

The current rate structure has separate fees for water, wastewater, and stormwater services. It aims to enhance accountability and transparency by directly relating the cost-of-service delivery to its recovery. It comprises a fixed component to cover fixed costs, including infrastructure maintenance, and a variable component to encourage water conservation and give residents some control over their bills based on consumption. Currently, we recover 20 per cent of water and wastewater costs from fixed charges.

Stormwater Service

Before the current rate structure, the legacy billing structure charged for stormwater on water bills through the sewer surcharge. This meant that properties not connected to city water that did not receive a water bill did not pay a stormwater fee. The current rate structure required that properties pay for stormwater. Since impervious data was not available at the time certain property types such as farms, vacant land and forested lands were exempted from paying for stormwater pending a future review. As a result, since 2017, some non-connected properties have contributed to stormwater services, by paying for stormwater through property tax bills, while connected properties continued to pay for stormwater as a separate fixed rate on their water utility bills.

The current stormwater rate structure is driven by assessment value, land use codes and other factors such as property type and service area. Each fee is either tiered or discounted to reflect the cost of service received by each type of property as much as possible. However, not all properties contribute to the overall funding.

At the time of the 2016 review, impervious data was unavailable, and so the use of property assessment value was considered the best proxy for property size. However, Council suggested a future review should consider a stormwater rate structure to account for hard surfaces for stormwater funding options because stormwater runoff issues are more related to impervious surfaces like roads, buildings and paved surfaces than to assessment.

DISCUSSION

This report discusses the objectives and the review process of the current rate structure and seeks approval to commence broad consultations with the public and stakeholders and develop final recommendations.

1. Guiding Principles and Review Framework

The review of the rate structure seeks to align with principles of fairness, equity, and environmental responsibility by transitioning to impervious surfaces as the foundation for stormwater charges, thus ensuring equitable billing for all properties.

Staff will conduct an options analysis to evaluate various water, wastewater and stormwater rate structure methodologies, including adjustments to the existing structure. Each option will go through a financial impact and sensitivity analysis to understand its implications for residents and user groups. Staff will vet options against the proposed guiding principles and framework outlined in this report. Finally, staff will incorporate feedback from the public and stakeholders into the options and final recommendations.

Guiding principles

The review will focus on ensuring the following six principles are met:

- Fairness and equity
    - Services are paid for in accordance with the benefit received and improve equity in stormwater billing distribution.
- Affordability
    - Ensures that the level of consumption required to meet basic needs is affordable.
- Transparency
    - Follows industry best practices and is easy for the public to understand and the City to maintain.
- Financial sustainability
    - Recovers the full cost of operating the systems and keeps the infrastructure in good repair and;
    - Ensures the appropriate fixed cost amount is captured to guarantee the requirement is collected.
- Support economic development.
    - Keeps Ottawa's rates comparable with similar Ontario municipalities.
- Promote conservation.
    - Provide a financial incentive to reduce the amount of impervious space and reduce consumption, as well as encourage water conservation and help manage the demands on the water system.

Review Framework

Staff have completed a preliminary evaluation of the current rate structure based on public feedback, research on industry best practices, emerging trends, financial stability and equity. Following this evaluation, staff recommend the following framework govern that review:

<u>Water, Wastewater, Fire Supply Rate Review Framework</u>

- Maintain separate fees for each service area, a practice that ensures transparency and accountability. This approach establishes a direct connection between service delivery costs and cost recovery, offering the public a clear and comprehensive understanding of the services they are funding.
- Fee structures for both water and wastewater services continue to include a fixed component and a consumption (volumetric) component. It is essential to

recognize the importance of having both fixed costs, which are required to maintain the infrastructure, and consumption-based charges to keep some benefit for those that actively conserve water.

- Seek to better align cost incurred with cost recovery, which is critical in being transparent with residents on the nature of the costs to deliver these services. A full fixed-cost model would not encourage conservation and, therefore, is not encouraged. Since 1998, the number of water accounts has increased by 100,918 (64 per cent increase) while consumption has decreased by 10.5 million cubic meters (11 per cent decrease). Due to the instability and uncertainty of consumption trends, along with the need for financial sustainability, there is an opportunity to increase fixed-rate revenues and reduce the reliance on variable revenue.
- To mitigate the increase in fixed fees, seek to adjust the variable component model to maintain overall financial neutrality for the majority of clients who are average users.
- Develop a rate model that allows property owners some control over their charges. This provides a financial incentive to reduce consumption and encourages water conservation.
- Seek to harmonize fire supply meter size billing ratios with the meter size ratios used for water and wastewater fee calculations. Fire supply ratios were not in scope for the 2016 Rate Structure review, and therefore, the billing ratios used to determine fire supply charges do not align with those used for water and wastewater.
- Explore the creation of special purpose rates such as flusher hydrant rates and bulk water sale. This will enhance simplicity, transparency and equity and improve operational efficiency.
- Lastly, consider a perimeter metering billing structure for private developments. Perimeter metering involves measuring the water consumption flowing from the public water supply system into the private development at or near the property line. This would help to mitigate revenue loss due to leaks and unauthorized consumption on private developments and provide administrative cost savings by reducing the number of billable meters in new developments.

<u>Stormwater Rate Review Framework</u>

- Recognizing the necessity for an equitable stormwater rate structure, develop a rate structure that considers property differences and prioritizes impervious areas

in fee calculations. Impervious area has the most significant influence on the amount, quality and rate of stormwater runoff.

- Develop a rate model that ensures contributions from all properties in the City because stormwater management is a shared infrastructure which benefits the entire community.
- Develop a rate model that recognizes properties and services in rural and urban areas are different and unique.
- Where possible, seek to better harmonize revenue collection with funding requirements.
- Explore the feasibility and effectiveness of stormwater credits for residential and commercial properties.
- And lastly, a rate model should allow property owners some control over their charges. This provides a financial incentive to reduce stormwater fee contribution by reducing or limiting impervious footprints and the impact on stormwater runoff.

Revenue Services recommend these guiding principles and review framework be the basis that guides the review of the water, wastewater and stormwater rate structure.

2. Impervious Surfaces: The Basis for Stormwater Billing

Impervious space refers to the total paved or other hard surface area of a property, like building and structure rooftops, which are considered highly resistant to water infiltration. Most stormwater utilities use imperviousness as a factor to help determine the amount a property should pay for stormwater. Total imperviousness provides a representative measure of the demand that a given property places on the City's stormwater system. Imperviousness is the most common factor used to determine stormwater rates and is considered the industry standard..

The current structure does not accurately consider impervious area footprints; therefore, not all properties with impervious space pay for City stormwater services. Almost all properties in the City of Ottawa receive some direct benefit from the City's stormwater management infrastructure and services. However, properties like farms, forests and vacant land do not currently contribute to these costs. Imperviousness has the most significant influence on the amount, quality and rate of stormwater runoff and because runoff is directly correlated to the amount of hard surface area, the most equitable stormwater billing should consider impervious ground cover, which prohibits the infiltration of rainfall into the soil.

Definition of Impervious Surfaces

For purposes of stormwater billing, Impervious space is defined as the total paved or other hard surface area of a property, which is considered highly resistant to the infiltration of water.

For purposes of stormwater billing the following features **ARE** considered impervious

1. Buildings and other miscellaneous structures
    a. Including patios and decks
2. Pavement (asphalt, concrete, gravel, or other hard surface) for the following uses:
    a. Private roads
    b. Driveways
    c. Parking lots/spaces
    d. Sidewalk/ walkways
    e. Concrete pads
3. Exposed bedrock
4. Tennis courts, basketball courts
5. Solar panel farms

For purposes of stormwater billing the following features are **NOT** considered impervious

1. Open space
2. Grass
3. Gardens
4. Sports fields (both natural and synthetic turf)
5. Forest
6. Crop or pastureland
7. Exposed soil (including dirt driveways)
8. Water bodies including ponds, lakes, and streams.
9. Riprap or other outlet protection associated with
    a. stormwater management facilities
    b. ditches and streams
    c. erosion protection/property drainage i.e., Stone/gravel used as mulch in landscaped beds.
10. Tombstones
11. Patio furniture, fences, wood piles
12. Swimming pools

Impervious Area in Ottawa

With advancements in technology and resources, impervious data for the City of Ottawa has been recently obtained, mapped and enumerated. Table 1 below presents the impervious and pervious area distribution within the urban and rural areas of the City, as well as the distribution between common and parceled areas.

Parcel areas are lands assessed for property tax purposes and identified by a unique property assessment roll number. Parcel area makes up 90 per cent of the City's land. Common areas are lands not assessed for property tax purposes and not uniquely identified by a property assessment roll number and are shared spaces such as roadways, sidewalks, ditches, and waterways.

Table 1: Impervious and Pervious Area Distribution within the City of Ottawa

Area	Total Area (km^2)	% of Total City Area
Rural Parcel Land		
Pervious	2,092	72%
Impervious	41	1%
Rural Common Land		
Pervious	114	4%
Impervious	30	1%
Urban Parcel Land		
Pervious	377	13%
Impervious	107	4%
Urban Common Land		
Pervious	84	3%
Impervious	49	2%
	2,894	**100%**

The City of Ottawa spans 2,894 km2 and has a total impervious, hard surface area of 227 km2, which is constantly changing. The City of Ottawa is 21 per cent urban area, and the remaining 79% is rural. 92 per cent of the City is pervious, and only eight per cent is impervious. Further information on the distribution of impervious lands is provided in Document 1.

Recognizing Differences Between Urban and Rural Properties

Urban areas have more concentrated impervious space, and although impervious space is more limited in rural areas, the geographical footprint of the rural area is four times that of the urban area. In addition, the property sizes are generally larger in the

rural area, and the roadside and ditches still need to be maintained. Since all properties in both urban and rural areas of the City benefit from stormwater management, all properties should contribute an equitable share to the costs associated with the stormwater program.

Impervious space in the rural area accounts for 3.1 per cent of the total area, while in the urban area, it accounts for 25.3 per cent. Recognizing that impervious area is really concentrated in certain areas and more limited in the overall rural area, staff will explore other approaches in the rural area to ensure equitable contributions from all rural properties, including farms, vacant land, and forested areas which were previously exempt from stormwater billing. Staff recognize that services in rural and urban areas are unique and will ensure considerations are incorporated for rural properties.

Administration

In recent years, the City's GIS team had begun exploring ways to capture impervious area data. The data was captured using aerial imagery in small areas over time, depending on the funding available each year. Once the aerial imagery is captured and subsequently processed into viable pixel imagery, it is manually processed by persons to identify structures and features determined to be impervious surfaces. This process is tedious, time-consuming and costly and can take months to process a small area. It was, therefore, not feasible to capture and process impervious area for the entire City in a fast and repeatable manner. Impervious data becomes dated quickly as the geographic landscape changes year to year as new developments and changes in land use occur and, therefore, would not be reliable for billing purposes without a regular refresh.

With technological advancements, the use of Artificial Intelligence would provide more accurate and efficient data within weeks and combined with our property data overlay, our GIS unit can now accurately account for hard surface data at the property level.

Transitioning to impervious billing would require annually capturing aerial imagery and identifying impervious surfaces. Other than stormwater billing, the impervious data captured annually would be used for planning and service delivery by other departments within the City.

Recognizing the necessity for an equitable stormwater rate structure, Revenue Services recommends an approach that prioritizes impervious areas in fee calculations and harmonizes revenue collection with funding requirements.

3. Public Consultation and Stakeholder Engagement

To ensure a comprehensive review and development of a revised rate structure, City staff will consult with the public through education campaigns, engagement surveys and stakeholder consultations. Consultations will be designed to gather resident and stakeholder opinions and feedback on opinions and attitudes of residents regarding water, wastewater and stormwater funding approaches in line with the review framework. The survey will be promoted through social media and an insert in water and tax bills. To engage with those who have limited access to the internet, alternative methods will also be available, such as written submissions and hard-copy surveys. Demographic data will be collected for survey responses. In addition to the online survey, public stakeholder presentations will also be offered to gather feedback and opinions from various stakeholder groups such as Multi-residential, Condominium, Commercial, Industrial, and Institutional stakeholders. Consultation would be designed to engage stakeholders in a discussion about rate structure options and to obtain feedback. A summary of the feedback from all resident and stakeholder consultation activities will be presented along with the final recommendations.

Revenue Staff recommend robust public consultation and stakeholder engagement to capture and incorporate feedback in the review and development of a revised rate structure in line with the approved guiding principles and framework in this report.

FINANCIAL IMPLICATIONS

There are no financial implications to approving the recommendations in this report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report

CONSULTATION

City staff will launch a robust consultation process in 2024. Consultation will include public education campaigns, engagement surveys and stakeholder consultations. Consultations will be designed to gather resident and stakeholder opinions and feedback on opinions and attitudes of residents regarding water, wastewater and

stormwater funding approaches in line with the review framework. The survey will be promoted through social media and an insert in water and tax bills. To engage with those who have limited access to the internet, alternative methods will also be available, such as written submissions and hard-copy surveys. Demographic data will be collected for survey responses. In addition to the online survey, public stakeholder presentations will also be offered to gather feedback and opinions from various stakeholder groups such as Multi-residential, Condominium, Commercial, Industrial, and Institutional stakeholders. Consultation would be designed to engage stakeholders in a discussion about rate structure options and to obtain feedback. A summary of the feedback from all resident and stakeholder consultation activities will be presented along with the final recommendations. .

ACCESSIBILITY IMPACTS

The City of Ottawa is committed to ensuring accessibility for persons with disabilities and older adults. City of Ottawa programs and services follow the City's Accessibility Policy, Accessible Formats and Communication Supports Procedure, the *Accessibility for Ontarians with Disabilities Act (2005)* and the *Integrated Accessibility Standards Regulation, O.Reg. 191/11*.

Public consultations and stakeholder engagement activities will be conducted in consultation with the Accessibility Advisory Committee. Public consultations will be conducted in a manner that eliminates barriers for accessibility. Surveys and educational documents will be made available in an accessible format.

ASSET MANAGEMENT IMPLICATIONS

In addition to the use of impervious data for the stormwater rate structure, other departments such as Infrastructure and Water Services Department and Planning, Real Estate and Economic Development will be able to leverage this data to plan for and maintain City Assets.

CLIMATE IMPLICATIONS

Stormwater is runoff precipitation caused by rainfall and melting snow and is collected in culverts, collection pipes, ditches, and storm ponds. In developed areas, hard surfaces like roads, roofs, driveways, and parking lots prevent water from seeping into the ground. Instead, stormwater runoff flows to storm drains while picking up contaminants along the way. Storm sewers then carry the rainwater to stormwater outlets draining to creeks, streams, and rivers. Eventually, all stormwater reaches the Ottawa River, which

is the drinking water source for Ottawa and many downstream communities. Polluted stormwater runoff also impacts the water quality at beaches and can lead to beach closures. With extreme weather events becoming more frequent, managing stormwater is even more important to reduce flooding and protect water quality. Stormwater services ensure stormwater is safely transported throughout the City to protect roads, properties, and local waterways to avoid flooding and erosion and help with groundwater protection.

ECONOMIC IMPLICATIONS

Consultations will consider the impacts of the water, wastewater and stormwater rate structure on Ottawa's economy. The ongoing review seeks to align the rate structure with principles which support economic development and ensures Ottawa's utility rates are comparable with similar Ontario municipalities.

INDIGENOUS, GENDER AND EQUITY IMPLICATIONS

Equity understands, acknowledges and removes barriers that prevent the participation of any individual or group, making fair treatment, access, opportunity, advancement and outcomes possible for all individuals. Inequities refer to unfair and avoidable differences in service access, experiences, impacts, and outcomes. This review seeks to align the rate structure with principles of fairness and equity, by transitioning to impervious surfaces as the foundation for stormwater charges, thus ensuring equitable contributions from all properties.

Consultations will be conducted to ensure inclusivity and consider implications for equity deserving groups, including racialized people, those who identify as women, those who identify as gender diverse, those who identify as LGBTQI2S, children and youth, older adults, and immigrants.

Consultations and public stakeholder presentations will be designed to gather resident and stakeholder opinions and feedback regarding water, wastewater and stormwater funding approaches in line with the review framework. A survey will be promoted through social media and an insert in water and tax bills. To engage with those who have limited access to the internet, alternative methods will also be available, such as written submissions and hard-copy surveys. Demographic data will be collected for survey responses.

RURAL IMPLICATIONS

The City operates and maintains more than 6,000 culverts, most of them in rural areas.

Additionally, Ottawa’s rural communities benefit from 27 stormwater facilities like wet ponds, dry ponds, oil and grit separators and inlet control structures. More facilities are being added all the time to help Ottawa’s stormwater infrastructure keep up with the pace of development.

The ongoing review seeks to align the rate structure with principles of fairness, equity, and environmental responsibility by transitioning to impervious surfaces as the foundation for stormwater charges, thus ensuring equitable billing for all properties, including all rural areas.

TERM OF COUNCIL PRIORITIES

This report supports Councils priorities to create a city that is green and resilient and a city that is diversified and prosperous

SUPPORTING DOCUMENTATION

Document 1- Impervious Area Summary

DISPOSITION

Following Council approval staff will engage in stakeholder consultations and develop final recommendations on a revised rate structure within the framework outlined in this report and report back to Committee and Council before Q2 of 2025.