

ADMINISTRATIVE REPORT

TO: Shane Bourke, City Manager	DATE: January 23, 2024
FROM: Brian Glavin, Chief Operating Officer	MEETING: Operational Services Committee
REPORT WRITER: Kristine Donnelly, Engineering Services Director	
SUBJECT: Stormwater Drainage Bylaw	

RECOMMENDATIONS

That the Operational Services Committee recommend Council:

Have three readings of Bylaw C-1443 Stormwater Drainage Bylaw implementing a Stormwater Utility Charge.

PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

Following the direction of Council, administration has prepared Bylaw C-1443 Stormwater Drainage Bylaw, attached hereto.

BACKGROUND

The City's stormwater system is managed by the Transportation Department and the Engineering Services Department, which work together to operate, maintain, and improve the stormwater system as follows: the Transportation Department oversees operations and maintenance, and the Engineering Services Department oversees stormwater studies, planning, and major capital construction projects. Currently, the stormwater system is funded through municipal taxes and provincial grants.

Many cities across Canada fund their stormwater system through a stormwater utility charge instead of funding by way of municipal taxes.

Following previous reports to and direction from Council, Administration has developed a Stormwater Drainage Bylaw (see attached, the "Proposed Bylaw") which sets out a stormwater utility charge based on a user-pays model which is based on the principles of fairness, equity, and efficiency.

ANALYSIS

To implement a stormwater utility charge, the City's Drainage Bylaw C-1241 will be repealed and replaced by passing the Stormwater Drainage Bylaw C-1443, attached as Schedule 1 (the "Proposed Bylaw").

The Drainage Bylaw C-1241 was last updated in 2010. In addition to implementing the stormwater utility charge, passing of the Proposed Bylaw will bring the City's requirements related to drainage, releases, and related matters up to date in accordance with statutory changes to the Environmental Protection and Enhancement Act (Alberta), Traffic Safety Act (Alberta), and Municipal Government Act (Alberta), and regulations.

Provisions within the Proposed Bylaw related to the stormwater utility charge are primarily located in the definitions, Section 20, and Schedules "B" and "C". According to these provisions, each property within the City is categorized as "residential", "non-residential" or "farmland", based on the assessment class of the property for tax purposed in accordance with the Municipal Government Act (Alberta).

Residential properties are further categorized based on number of dwelling units: lower density residential properties are those which contain not more than four (4) dwelling units, and higher density residential properties are those which contain five (5) or more dwelling units. A stormwater utility charge will not be payable in respect of a residential property which does not contain any dwelling units. Similarly, Farmland properties will not be subject to a stormwater utility charge.

To reduce administrative burden and recognizing the narrow distribution of impervious area of residential lower density properties, a flat charge per dwelling unit is proposed for those properties. A flat charge is simple to understand and involves fewer administrative resources to implement and maintain. The flat charge is user-based insofar as it is based on the impervious area typically located on a lower density residential parcel (i.e., 150 m², or a "Billing Unit"), as indicated by the building footprint.

Higher density residential properties and non-residential properties are charged based on the estimated impervious area of their property, as measured in Billing Units, and then assigned into one of six (6) tiers, with each tier representing a range of Billing Units (as a result, the Proposed Bylaw refers to these properties as "Tiered Parcels"). The City's estimates of the number of Billing Units on each Tiered Parcel is based in part on data derived from high-resolution aerial photography captured in 2022 as part of a four-year data acquisition cycle, with the next update scheduled for 2026.

Assigning each of the Tiered Parcels into a tier, further reduces administrative burden and promotes efficiency by reducing the need to measure the impervious area of each Tiered Parcel to the nearest Billing Unit. Instead, the Billing Units of each Tiered Parcel is estimated, and then the Tiered Parcel is placed into a tier in accordance with that estimate.

The stormwater utility charge associated with each tier is less than three times that of the immediately lower tier, and as the tiers progress, this ration decreases towards 1.5, to further ensure fairness, equity, and efficiency between tiers.

Currently, owners receive an annual City bill for taxes which includes costs associated with the stormwater system. Following the passing of the Proposed Bylaw, the stormwater utility charge will first become payable on July 1, 2024, and as a result the stormwater system will be funded by the stormwater utility charge and not by taxes.

It is proposed that the stormwater utility charge will be added to the Aquatera monthly bill when there is a one-to-one ratio: one property to one water meter. A separate monthly stormwater utility bill will be sent where the one-to-one ratio does not exist. Administration has entered negotiations with Aquatera Utilities Inc. to provide billing services for the stormwater utility charge.

Relationship to City Council's Areas of Focus / Strategic Priorities

Innovative Efficiencies & Economic Readiness: Strategic Growth – pursuing alternate revenue sources through user-pay models to provide a more sustainable future through diverse and innovative economic opportunities.

Environmental Impact

A fully funded and well-managed stormwater system reduces flood risk to people and property, reduces environmental impact by improving the quality of stormwater runoff by capturing sediment and harmful substances, and reduces the risk of riverbank erosion and instability by reducing peak flows.

Economic Impact

A transition to a stormwater utility charge will remove the need to fund the City's stormwater system through tax revenue, making Grande Prairie more tax competitive with other cities that also have a stormwater utility charge.

Social Impact

Funding the stormwater system through a stormwater utility charge will increase awareness of the stormwater system and its importance.

Relevant Statutes / Master Plans / City Documents

- [Storm Drainage Master Plan \(2018\)](#)
- [Drainage Bylaw C-1241](#)

Risk

The public might view the new stormwater utility charge as a doubling of the burden to taxpayers. To mitigate this, the City ought to clarify that the City will collect the revenues necessary for the stormwater system through the stormwater utility charge, and will no longer collect those revenues by way of taxes, beginning July 1, 2024.

Alternatives

1. Adjust the Proposed Bylaw to reflect a cap of 50 billing units;
2. Adjust the Proposed Bylaw to reflect a cap of 200 billing units; or
3. Adjust the Proposed Bylaw to reflect a cap of 300 billing units.

STAKEHOLDER ENGAGEMENT

In February 2022, an educational campaign called “Did You Know? All About the Stormwater System” was launched to educate the public on the City’s stormwater system. The educational campaign ran from February 8, 2022, to March 18, 2022.

In May 2022, The City of Grande Prairie began public engagement on changing the funding source of the stormwater system from municipal taxes to a stormwater utility charge.

The Stormwater Utility Model engagement launched on May 24, 2022, and ran until July 8, 2022.

- The online engagement included a survey, stormwater utility rate, tax impact estimator tool, and questions space for residents to ask City Administration questions on the stormwater utility charge and the proposed models under consideration.
- The in-person engagement consisted of two in-person sessions.
- The City also met with various stakeholder groups to discuss the stormwater utility charge

A full “What We Heard” Report from this engagement is available in Attachment 2.

BUDGET / FINANCIAL IMPLICATIONS

No stormwater operational or maintenance service level changes are included in the budget. Implementation of a stormwater utility charge is a change in revenue source, utility charge revenue versus revenues collected via taxation. Additional administrative costs associated with administering the stormwater utility charge will be offset by new stormwater utility charge revenue generated from tax-exempt properties. Additional capital costs compared to 2023 have been included to match the four-year average related to stormwater infrastructure improvements.

The stormwater utility charge is based on the principle that users should pay for the services they receive while being fair, equitable, and efficient. It is essential to recognize that establishing a charge with a high administrative burden results in a negative financial impact on users and is inefficient.

It is equally important to recognize that there is a limit to any single user's financial burden, especially when the fees collected contribute to a stormwater system that benefits the broader community. In the context of a stormwater utility charge, capping the number of Billing Units per property recognizes this principle. A cap of 100 Billing Units is proposed. This reasoned approach limits the difference between the lowest and highest tier and is a more fair and equitable approach.

By implementing a cap on the number of Billing Units, the model acknowledges that while larger or more impervious properties contribute more runoff and thus incur a higher charge, there is a point beyond which additional charges do not proportionally reflect the individual benefit received from the stormwater system. Excessively high fees on individual properties might imply that these properties are solely responsible for the broader community benefits, which misrepresents the shared nature of the stormwater system. A cap ensures that no sole property is disproportionately burdened with the costs of community-wide benefits, promoting a sense of fairness and collective responsibility.

The proposed approach ensures that properties bear a reasonable share of the costs for a stormwater system that benefits everyone, reinforcing the principles of equity and shared responsibility within the user-pays framework.

SUMMARY / CONCLUSION

Adoption of the Proposed Bylaw allows for the next steps to implement a stormwater utility charge, providing a user-pay funding source for the stormwater system, with the first stormwater utility charges becoming payable as of July 1, 2024.

Following passage of the proposed Bylaw, the next steps for implementation include:

- Communication strategy launch to inform users of the Proposed Bylaw;
- Launch of map which details the dwelling units or estimated billing units of properties and sets out a process by which owners can request a review;
- Finalise process, procedures, and policies to support the bylaw, as required.

ATTACHMENTS

- Attachment 1 - Proposed Bylaw
- Attachment 2 – What We Heard
- Attachment 3 – Charges associated with various caps