



Building Markham's Future Together  
Journey to Excellence

# Business Consultation Meeting Stormwater Fee

April 9 & 14, 2015



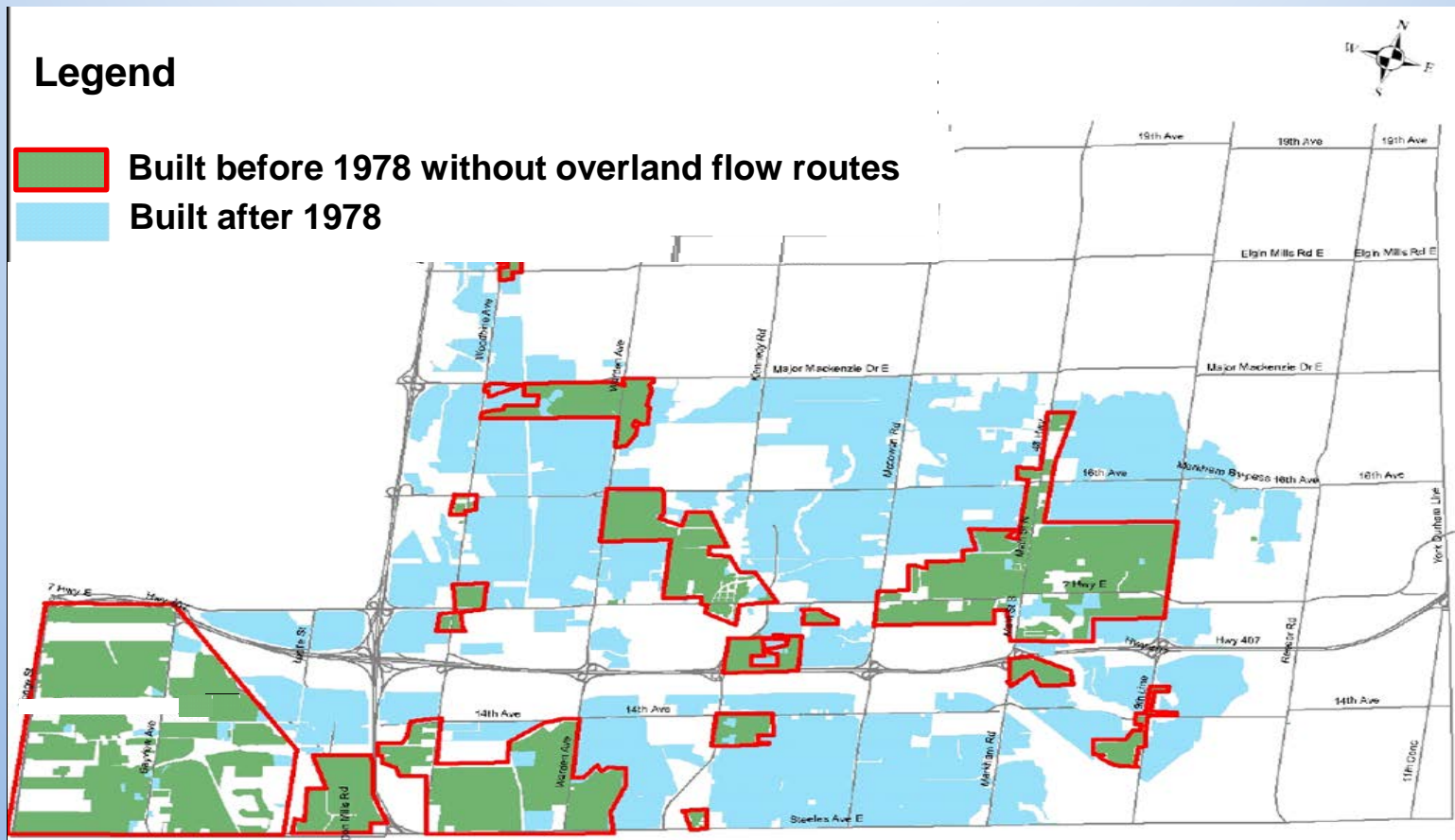
## STORMWATER AGENDA

1. Why Is the Stormwater Program Required?
2. What Will Happen Without the Program?
3. Approved Flood Control Program
4. Allocation of the Stormwater Fee
5. Council Resolution on November 25, 2014
6. Fee Calculation Background
7. Council Approved Fees & Options
8. Summary of Annual Fee Options
9. Principles of Payment
10. Next Steps



# 1. WHY IS THE STORMWATER PROGRAM REQUIRED?

- To provide 100-year level of service for storm sewer systems across the City





## 2. WHAT WILL HAPPEN WITHOUT THE PROGRAM?

AUGUST 19, 2005 FLOODING – DON MILLS CHANNEL



**7240 Woodbine**



**Woodbine (south of Denison)**



**Steeles Ave E (Toyota)**



**Steeles Ave E (Toyota)**

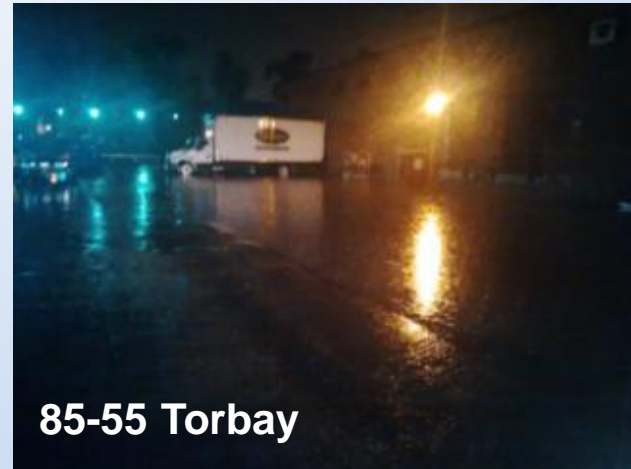


## 2. WHAT WILL HAPPEN WITHOUT THE PROGRAM? (cont'd)

JULY 27, 2014 FLOODING – DON MILLS CHANNEL



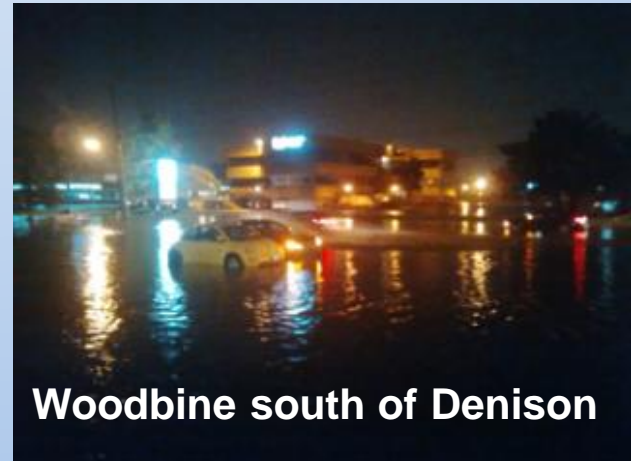
55 Torbay



85-55 Torbay



55 Torbay



Woodbine south of Denison



**Woodbine Ave (August 2005)**



**Laureleaf Rd. north of  
Steeles Ave. E (June 2008)**

## 2. WHAT WILL HAPPEN WITHOUT THE PROGRAM? (cont'd)

- Neighbourhoods with limited design standards will continue to be subjected to a higher risk of flooding.
- Flooding of arterial roads will cause lost business days and limited movement of goods and people.



## 3. APPROVED FLOOD CONTROL PROGRAM

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- In February 2013, Council approved a 30-year flood control program focused on infrastructure improvements unique to Markham.
- The Flood Control Program is a strategic, long term, City-wide initiative to improve Stormwater drainage capacity and limit surface and basement flooding risks in urban areas.
- Improvements will increase safety on arterial roads across the City, ensuring businesses remain open and accessible.
- Council approved a City-wide Stormwater Fee as proposed improvements will benefit the overall community.



### 3. APPROVED FLOOD CONTROL PROGRAM (cont'd)

- Work is underway







### 3. APPROVED FLOOD CONTROL PROGRAM (cont'd)

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- The 30-year program cost is estimated at \$234.00M - \$288.00M in 2014 dollars.
- Council approved an annual contribution of \$2.00M from the Federal Government grant program with the balance of funding coming from the Stormwater Fee.
- A consultant determined the City-wide allocation of impervious, high-runoff surfaces through the measurement of surfaces on thousands of properties.
- The total Fee is allocated 60% to residential and 40% to non-residential properties.



## 4. ALLOCATION OF THE STORMWATER FEE

- The total area of impervious, high-runoff surfaces was evaluated across the City to determine the allocation of fees based on runoff.

Single Family Residence:  
300 square meters  
of impervious surfaces



Office / Commercial:  
8,800 square meters  
of impervious surfaces





## 5. COUNCIL RESOLUTION ON NOVEMBER 25, 2014

- That the Council approved an annual Stormwater Fee of \$47 per residential property to be included on the property tax bill effective 2015; and,
- That implementation of the non-residential Stormwater Fee be delayed to 2016 until completion of the communication engagement process with the business community to seek input on methods of apportioning the non-residential share (40%) of the City-wide flood control program; and,
- That Staff report back with an interim report on the results of the engagement process with the non-residential sector by the end of the first quarter 2015.



## 6. FEE CALCULATION BACKGROUND

Annual Fee approved by Council on June 24, 2014:

- \$47 flat Fee per residential property
- \$29 / \$100,000 of Current Value Assessment (CVA) = Fee per non-residential property

Allocation Methodology: 60% Residential and 40% Non-Residential

	Total Cost	Residential	Non-Residential	Vacant Land
Annual Program Cost	\$ 9.60M	\$ 5.30M	\$ 3.50M	\$0.80M
Less: Federal Gov't Grant funding	(\$ 2.00M)	(\$ 1.10M)	(\$ 0.70M)	(\$0.20M)
Required funding/year	\$7.60M	\$ 4.20M	\$ 2.80M	\$0.60M

**\$2.80M NEEDS TO BE COLLECTED FROM 6,514 NON-RESIDENTIAL PROPERTIES**

## 6. FEE CALCULATION BACKGROUND (cont'd)

### COMPOSITION OF NON-RESIDENTIAL PROPERTIES

NON-RESIDENTIAL PROPERTY TYPE	PROPERTY COUNT	% OF TOTAL	TOTAL CVA	% OF TOTAL
Commercial Office Properties	160	2%	\$2.30B	23%
Commercial Retail Properties	4,606	71%	\$4.40B	45%
Industrial Properties	1,748	27%	\$3.20B	32%
Total	6,514	100%	\$9.90B	100%



## 6. FEE CALCULATION BACKGROUND (cont'd)

- Staff utilized 3 principles to develop the fee methodology which would allocate the \$2.80M program cost to the non-residential properties.

### Principles of Payment

1. Ability to Pay
2. Equity/Fairness (relationship to runoff)
3. Ease of Administration and Communication

### Annual Fee Distribution Options Reviewed

1. Council Approved Fee
2. Option 1: Flat Fee
3. Option 2: Flat Fee Based on Property Type
4. Option 3: Multiple Tiered Fee
5. Option 4: Two Tiered Fee

**MANY OPTIONS WERE CONSIDERED AND ANALYZED**



## 7. COUNCIL APPROVED FEES

Annual Rates approved by Council are:

- \$29 / \$100,000 of CVA = Fee per non-residential property
- \$47 flat Fee per residential property

Timelines:

- Construction began in Fall of 2014
- Residential properties will be invoiced in the 2<sup>nd</sup> half of 2015
- Fee Implementation for non-residential properties is scheduled for 2016

Examples of the approved methodology:

CVA in \$'s	\$0.50M	\$1.00M	\$2.00M	\$5.00M	\$10.00M	\$20.00M	\$50.00M-\$312.00M
Annual Fee (\$'s)	\$145	\$290	\$580	\$1,450	\$2,900	\$5,800	\$14,500-\$90,480

**THE FEE INCREASE IS IN PROPORTION TO PROPERTY VALUE AND BEST MEETS THE 3 PRINCIPLES OF ALL THE OPTIONS CONSIDERED.**

## 7. OPTION 1 - FLAT FEE

- Each non-residential property would be charged an annual flat fee.
- Total cost of non-residential (\$2.80M) / # of accounts (6,514) = \$430 annual flat fee per non-residential property.

### Annual Fee examples:

- 1) Regional Shopping Mall: CVA = \$312.00M - Single ownership.  
**Annual Fee = \$430**
- 2) Large Shopping Mall: CVA = \$80.00M - Multiple ownership (\$430 x 400 units).  
**Annual Fee = \$172,000**
- 3) Retail Store: CVA = \$0.50M - Single ownership.  
**Annual Fee = \$430**

**EACH NON-RESIDENTIAL PROPERTY OWNER WILL PAY THE SAME FLAT FEE,  
REGARDLESS OF PROPERTY SIZE, PROPERTY TYPE OR CVA.**



## 7. OPTION 2 – FLAT FEE BASED ON PROPERTY TYPE

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- Each non-residential property type would pay an annual flat fee based the number of properties within each type.

### Example: Commercial Office

- Number of Commercial Office properties = 160
- Total CVA of all Commercial Office properties = \$2.30B
- Commercial Office properties total CVA represents **23%** of the total non-residential CVA

$$\text{Fee Calculation} = \frac{(\text{Total cost of Non-Residential}) \times (\% \text{ of CVA})}{\# \text{ of Properties}}$$

$$= \frac{(\$2.80M \times 23\%)}{160}$$

**Annual Fee = \$4,050 per Commercial Office property**

## 7. OPTION 2 – FLAT FEE BASED ON PROPERTY TYPE

- Each non-residential property type would pay an annual flat fee based the number of properties within each type.

PROPERTY TYPE	COUNT	% OF COUNT	% OF CVA	ANNUAL FEE (ROUNDED)	TOTAL DOLLARS COLLECTED (ROUNDED)	EXAMPLES
Commercial Office	160	2%	23%	\$4,050	\$0.65M	CVA - \$0.12M to \$166.00M
Commercial Retail	4,606	71%	45%	\$270	\$1.24M	CVA - \$0.15M to \$312.00M
Industrial	1,748	27%	32%	\$520	\$0.91M	CVA - \$0.15M to \$67.00M
<b>Total</b>	<b>6,514</b>	<b>100%</b>	<b>100%</b>		<b>\$2.80M</b>	

ALL PROPERTIES WITHIN EACH CATEGORY WILL PAY THE SAME ANNUAL FEE.



## 7. OPTION 3 – MULTIPLE TIERED FEE

- Each non-residential property within each tier will pay the same annual fee within the same CVA tier.

Example: Tier 1 CVA range = \$0.150M to \$1.000M

- Number of properties = 5,224
- Total CVA = \$ 1.20B
- Tier 1 represents 12% of total CVA

$$\text{Fee Calculation} = \frac{(\text{Total Cost of Non-Residential}) \times (\% \text{ of CVA})}{\# \text{ of Properties}}$$

$$= \frac{(\$2.80M \times 12\%)}{5,224}$$

$$\text{Annual Fee} = \$64$$

ALL THE PROPERTIES WITHIN EACH CVA TIER WILL PAY THE SAME FEE.

## 7. OPTION 3 – MULTIPLE TIERED FEE

Each non-residential property CVA will determine the applicable tier and fee.

TIERS (BASED ON CVA)	COUNT	% OF COUNT	% OF CVA	ANNUAL FEE (ROUNDED)	TOTAL DOLLARS COLLECTED (ROUNDED)	EXAMPLES
<b>TIER 1:</b> < \$1.00M CVA	5,224	80%	12%	<b>\$64</b>	\$0.30M	Retail Store - CVA: \$0.44M Daycare - CVA: \$0.89M
<b>TIER 2:</b> \$1.00M to \$4.99M CVA	862	13%	21%	<b>\$693</b>	\$0.60M	Gas Station - CVA: \$2.49M Commercial Plaza - CVA: \$4.94M
<b>TIER 3</b> \$5.00M to \$9.99M CVA	238	4%	17%	<b>\$1,944</b>	\$0.50M	Auto Dealership - CVA: \$8.40M Gas Station - CVA: \$5.20M
<b>TIER 4</b> > \$10.00M CVA	190	3%	50%	<b>\$7,365</b>	\$1.40M	Regional Shopping Mall - CVA: \$312.00M Hotel - CVA: \$11.60M
<b>Total</b>	<b>6,514</b>	<b>100%</b>	<b>100%</b>		<b>\$ 2.80M</b>	

**A NOMINAL CHANGE IN CVA CAN HAVE A SIGNIFICANT IMPACT TO THE ANNUAL FEE.**



## 7. OPTION 4 – TWO TIERED FEE

Each non-residential property will pay a flat fee based on the property CVA:

- Each property owner with a CVA less than \$5.00M will pay the same flat fee.
- Each property owner with a CVA over \$5.00M will pay the same flat fee.

Tier 1 (less than \$5.00M): # of properties = 6,086

Tier 2 (over \$5.00M): # of properties = 428

### Example: Tier 1

- Total CVA of all Tier 1 properties = \$3.31B
- Tier 1 properties total CVA represents 33% of the total non-residential CVA.

$$\text{Fee Calculation} = \frac{(\text{Total cost of Non-Residential}) \times (\% \text{ of CVA})}{\# \text{ of Properties}}$$

$$= \frac{(\$2.80M \times 33\%)}{6,086}$$

**Annual Fee = \$154**

## 7. OPTION 4 – TWO TIERED FEE

Each non-residential property will pay an annual fee according to total CVA of the property.

TIERS (BASED ON CVA)	COUNT	% OF COUNT	% OF CVA	ANNUAL FEE (ROUNDED)	TOTAL DOLLARS COLLECTED (ROUNDED)	EXAMPLES
<b>Tier 1</b> Under \$5.00M	6,086	93%	33%	\$154	\$0.90M	Retail Store - CVA: \$0.44M Daycare - CVA: \$0.80M
<b>Tier 2</b> Over \$5.00M	428	7%	67%	\$4,351	\$1.90M	Auto dealership - CVA: \$8.40M Large Shopping Mall - CVA: \$312.00M
<b>Total</b>	<b>6,514</b>	<b>100%</b>	<b>100%</b>		<b>\$2.800M</b>	

TIER 1 - PROPERTIES VALUED LESS THAN \$5.00M WILL PAY A FLAT FEE OF \$154

TIER 2 - PROPERTIES VALUED OVER \$5.00M WILL PAY A FLAT FEE OF \$4,351

## 8. SUMMARY OF ANNUAL FEE OPTIONS

ANNUAL FEE OPTIONS	CURRENT VALUE ASSESSMENT (CVA)						
	\$0.50M	\$1.00M	\$2.00M	\$5.00M	\$10.00M	\$20.00M	\$50.00M - \$312.00M
<u>Council Approved Fee:</u> \$29/\$100k of CVA	\$145	\$290	\$580	\$1,450	\$2,900	\$5,800	\$14,500- \$90,480
<u>Option 1:</u> Flat Fee	\$430	\$430	\$430	\$430	\$430	\$430	\$430
<u>Option 2:</u> Property Type Flat Fee							
Commercial Office	\$4,050	\$4,050	\$4,050	\$4,050	\$4,050	\$4,050	\$4,050
Commercial Retail	\$270	\$270	\$270	\$270	\$270	\$270	\$270
Industrial	\$520	\$520	\$520	\$520	\$520	\$520	\$520
<u>Option 3:</u> Multiple Tiered Fee	\$64	\$693	\$693	\$1,944	\$7,365	\$7,365	\$7,365
<u>Option 4:</u> Two Tiered Fee	\$154	\$154	\$154	\$4,351	\$4,351	\$4,351	\$4,351

## 9. PRINCIPLES OF PAYMENT

### Principles of Payment

1. Ability to Pay
2. Equity/Fairness (relationship to runoff)
3. Ease of Administration and Communication

PRINCIPLES OF PAYMENT	<u>COUNCIL APPROVED FEE</u> \$29/\$100K CVA	<u>OPTION #1</u> FLAT FEE	<u>OPTION #2</u> TIERED BY PROPERTY TYPE	<u>OPTION #3</u> MULTIPLE CVA TIERS	<u>OPTION #4</u> TWO CVA TIERS
Ability to Pay	High	Medium	Low	High	Medium
Equity / Fairness	Medium	Low	Low	Medium	Low
Ease of Administration	Medium	High	Low	Low	Low





## 10. NEXT STEPS

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1. 2<sup>nd</sup> Business Consultation meeting on April 14, 2015 at 7pm - Civic Centre Canada room.
2. Soliciting feedback on non-residential Stormwater Fee options from business owners by April 19, 2015.

Email feedback to: [stormwater@markham.ca](mailto:stormwater@markham.ca) or contact 905-477-5530.

3. Staff report to General Committee on May 26, 2015.



## QUESTIONS?

Email them to [Stormwater@markham.ca](mailto:Stormwater@markham.ca)

Or

Tweet them to @cityofmarkham