CITY OF PRINCE GEORGE

STAFF REPORT TO COUNCIL

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DATE: August 16, 2021

TO: MAYOR AND COUNCIL

NAME AND TITLE: Deanna Wasnik, Acting Director Planning & Development Services

SUBJECT: Integrated Stormwater Management Plan–Regulatory Review & Financing Options

ATTACHMENT(S): ISMP Technical Working Paper #3 – Policy & Regulatory Review
ISMP Technical Working Paper #4 – Financing Options
Powerpoint Presentation

RECOMMENDATION(S):

That Council RECEIVES FOR INFORMATION the report dated August 16, 2021, from the Acting Director Planning & Development Services, titled "Integrated Stormwater Management Plan – Regulatory Review & Financing Options".

PURPOSE:

To provide the results of the last two Technical Working Papers (TWP) developed for the Integrated Stormwater Management Plan (ISMP).

BACKGROUND:

On May 10, 2021, the results of the second stage of the ISMP project were presented to Council. This stage provided recommendations on how the City can better manage its stormwater system by determining infrastructure risk of failure, establishing a formal condition assessment program, and identifying Low Impact Development features that mimic nature. The third stage of the ISMP focuses on ensuring policy and regulations are in place to meet best practices. The fourth stage of the ISMP focuses on various options of how to pay for providing this service now and into the future. A service that helps protect roads and properties from flooding, minimizes soil erosion, and keeps creeks and rivers clean.

STRATEGIC PRIORITIES:

This work was identified as a priority under the Environmental Leadership and Climate Action myPG pillar. It assists with three of Council's Focus areas:

- Incorporate adaptation to climate change in relevant operations;
- Prioritize infrastructure re-investment and renewal to ensure the delivery of critical recreation, emergency, transportation, and utility services; and
- Maintain fiscal sustainability, balance service levels with the affordability of the City's services, facilities, and operations.

TECHNICAL WORKING PAPER #3 HIGHLIGHTS:

This TWP focuses on how the City's existing policies and regulations help manage its stormwater system. These were compared to similar municipalities to see if there are any gaps. There are 15 City Bylaws that affect stormwater management in some way.

Municipalities in BC have the authority to regulate, prohibit, and impose requirements by bylaw. Compliance with bylaws can be achieved through voluntary compliance, or municipal ticketing and bylaw notices (fines).

Historically the City prefers to educate and work with developers and property owners when it comes to stormwater related issues. There are however, stormwater related offences included in the City's Bylaw Notice Enforcement bylaw that could be considered the City's most accessible and common form for enforcing stormwater related offences.

The following is a summary of **existing enforcement** clauses included in the City's bylaws that are related to stormwater (see TWP #3 for more details):

- a $500 fine for a variety of biological and chemical waste discharges into the storm sewer;
- Illegal connection to the storm sewer system;
- Failure to make repairs to a property that is affecting the stormwater system within a certain timeframe. This can include; cleaning soil and debris from a road, sidewalk, boulevard or drainage facility;
- Change the level of a road or stop the flow of water;
- Revoke a tree cutting permit and order immediate suspension of tree cutting;
- Construct or maintain ditch, sewer, or drain causing damage or nuisance to a portion of a highway/roadway.

In order to ensure the City's bylaws are substantial enough to allow for proper stormwater management and determine what gaps need to be addressed, two tasks were conducted:

1. a survey was sent out to other Canadian municipalities to collect information on how they utilize their bylaws; and
2. specific comparable municipalities' bylaws were reviewed.

The survey was sent to the National Water & Wastewater Benchmarking Initiative (NWWBI) group which the City participates in annually. This group is made up of more than 30 Canadian municipalities comparing water, sanitary sewer and stormwater drainage practices and service delivery performance. The results of this survey were used to develop the recommendations for updating the City's policies and regulations. Section 3.1 of TWP #3 details the survey results.

A review of the policies and bylaws from other comparable municipalities was also conducted to develop a range of options for mitigating the key issues around stormwater management for the City. It was discovered that some of the comparable municipalities have some of the same gaps as the City of Prince George, while others have developed cost recovery mechanisms, on-site stormwater control requirements, climate change criteria for development, oil-grit separator requirements, tree protection requirements and erosion and sediment control requirements.

Based on the two tasks noted above, nine (9) recommendations are included in TWP #3 that can be seen in detail within Section 4 of the document. Recommendations include updating the Storm Sewer and Tree Protection Bylaws to include procedures for bylaw infraction cost recovery and revising the stormwater related bylaws to include stronger erosion and sediment control measures.

This report is only for information and each recommendation of TWP #3 will help inform bylaw updates over time. Council will have the opportunity to approve updates to the various bylaws as they are revised. With respect to the nine recommendations outlined in TWP #3, the City's legal counsel will review any proposals for new or amended bylaws before making changes.

TECHNICAL WORKING PAPER #4 HIGHLIGHTS:

The City has an extensive stormwater system due to the spread-out nature of development combined with a relatively low population. Prince George has the highest length of stormwater system per capita of all the Canadian municipalities included in the NWWBI benchmarking group. This poses a challenge for funding infrastructure as the City has "fewer taxpayers" per unit of infrastructure to financially support the maintenance and renewal of the infrastructure.

The City currently funds its stormwater program through property taxes and grant funding when available. Since there is not a dedicated stormwater funding source, preventative maintenance and capital improvement projects are often delayed until infrastructure fails, typically during storm events. Letting infrastructure run to failure can be an acceptable strategy for some low-risk assets, but for most assets, it can cause physical, environmental, and reputational damage, and typically leads to costly repairs. Having the funds to implement a predictive and preventative maintenance program allows for a more cost-effective approach to repairs and can also help extend the life cycle of the City's assets, reducing their overall life-cycle costs.

	Actual					Budget	Average
	2016	2017	2018	2019	2020	2021	
Renewal	$1,425,683	$3,087,343	$2,514,895	$1,079,798	$505,307	$1,940,596	$1,758,937
Upgrades	$0	$66,441	$1,719,250	$167	$0	$0	$297,643
New - not DCC funded	$1,208,170	$21,402	$1,739,037	$586,157	$42,405	$1,900,000	$916,195
O&M	$1,178,461	$1,734,648	$1,664,428	$1,701,389	$1,934,164	$1,791,669	$1,667,460
Total	**$3,812,314**	**$4,909,834**	**$7,637,610**	**$3,367,512**	**$2,481,876**	**$5,632,265**	**$4,640,235**

Over the last 5 years (2016-2020) the City has spent, on average, $4.4 million per year on stormwater management, which includes the replacement of deteriorated assets at the end of their service life, maintenance activities such as inspecting culverts, and providing new infrastructure to service development when it was not 100% funded through Development Cost Charges (DCC's). The 2021 budget is $5.6 million for stormwater management. This is a significant amount of investment, but does not cover all of the maintenance and replacements required to ensure the system is working properly over the long-term.

A high-level estimate has been calculated for what should be invested annually to achieve sustainable service delivery of stormwater management. The City should be spending approximately $9.1 million annually to maintain, renew and upgrade its stormwater system. This is equivalent to approximately $9 per metre of system, which is slightly less than the median of current expenditures amongst Canadian municipalities involved in the NWWBI benchmarking group.

In order to establish a way to collect funding that was dedicated to stormwater management; the City looked into creating a stormwater utility. In 2013, after extensive public consultation, City staff proposed a stormwater utility rate based on a tiered single-family unit model with an option for credits for non-residential properties. This was brought to the Finance and Audit Committee along with a recommended draft bylaw for approval. The proposed bylaw was not approved by the Committee and Council decided not to pursue a stormwater utility further.

As part of this TWP, a variety of Canadian stormwater funding options were reviewed that would allow the City to increase the stormwater funding level from current levels. Common municipal funding models that could be used to finance the City's entire stormwater program (Capital and Operating) include; the General Tax Levy (property taxes), Dedicated Stormwater Tax Levy (if it was applied to capital and operating), Stormwater Rate/User Fee, and Water/Wastewater Rate Surcharge. These funding models would be complimented by other funding sources such as development charges and grants from senior levels of government.

Given current challenges with reduced municipal revenues due to COVID-19 and competing priorities for funding from the General Tax Levy, a phased approach to increasing stormwater funding could be considered. In the short-term, pursuing additional stormwater funding through existing mechanisms like the General Infrastructure Reinvestment Fund (GIRF) may be the best option.

If the City is successful in consistently achieving sustainable stormwater funding levels through the general tax levy and the GIRF, then it could continue funding stormwater through these mechanisms. However, if long-term sustainable stormwater funding levels cannot be achieved through the general tax levy and the GIRF, then it is recommended one of the following two funding models be considered:

1. A dedicated stormwater tax levy; or
2. An ERU (Equivalent Residential Unit) based variable stormwater rate, which is similar to, but simpler than the previously proposed utility rate from 2013.

If *gradually* increasing stormwater funding to sustainable levels is the preferred option, then the City will use a risk-based approach to identify the highest priority needs. The risk analysis completed as part of TWP #2 and the project prioritization framework completed as part of TWP #1, will help in this regard.

Further discussions related to these funding options are planned to occur next year.

NEXT STEPS:

The final two steps in the ISMP include:

1. a Council report and presentation on the overarching Guiding Document and Action Roadmap – planned for August 30, 2021;
2. Public engagement – including an online survey and educational material on stormwater management – planned for mid-September 2021.

SUMMARY AND CONCLUSION:

Municipalities depend on bylaws to help protect the community and its infrastructure. There are some improvements that can be made to the City's existing bylaws that will help in meeting today's stormwater management best practices including, stronger erosion and sediment control regulations and onsite stormwater management requirements. Bylaw updates will occur over time and be brought to Council for approval.

Bylaws can help protect infrastructure, but sustainable funding is also necessary to ensure the City can provide stormwater services to the community into the future. Over the last 5 years, $4.4M on average is spent on operating, maintenance, upgrades and replacements of the City's stormwater infrastructure. Although this is a significant amount of money, it does not provide enough to meet the maintenance and replacement requirements needed. An additional $4.7M annually on average would be required to keep the stormwater system in good working order now and for future generations. A gradual approach to increasing funding may be the best solution.

An overarching Guiding Document and Action Roadmap will be completed shortly. This is a strategic document informed by the four (4) Technical Working Papers presented this year. Public engagement is part of the ISMP project and will include an online survey and an educational material on stormwater management.

RESPECTFULLY SUBMITTED:

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Meeting Date: 2021/08/16