

Water, Wastewater & Stormwater Rate Review
Residential Consultation
March 2016

[Available from here: <http://ottawa.ca/en/residents/water-and-environment/water-and-sewer-bills/water-wastewater-and-stormwater-rate-structure>]

Slides 3 - 13

This is factual information about Ottawa's water, wastewater and stormwater (W, WW, SW) infrastructure, typical water consumption and rate structure. The basis for the assertion on slide 11 that 80% of the SW costs are for urban service and 20% for rural is not clear. Similarly, the assertion that rural residents pay only \$1.4 M of the \$8.4 M rural cost of SW raises the question what the scope is of these cost data: Is some of the capital and maintenance cost of roadside ditches and culverts not covered by the road construction and maintenance budget, i.e. property taxes? For sure, it excludes the costs that are covered by rural residents directly.

Note on slide 6 that the City delivers 289 M litres of W per year and collects & treats 393 M litres of WW. Where does the $393 - 289 = 104$ M litres come from?

Slides 11 and 15

Likewise, the assertion that 90% of the cost of providing these services is fixed could be debated, but there seems little point. Theoretically, fixed costs ought to be financed by a flat fee but that would clearly, even if the fixed portion were less than 90% (but still high), lead to unaffordable rates for many.

Slide 17

The speaking note, "The proposed rate structures are revenue neutral for the City" is disingenuous: It is plain that the City is experiencing a shortfall in revenues to cover W, WW and SW services and the current proposals are designed to do something about that. The proposal may be designed to bring in the same revenue for the current year but surely the objective is to extract more revenue in the future. An assertion of revenue neutrality undermines the City's credibility.

Slide 19

One wonders why, for W and WW, no options are presented. Certainly various options are conceivable. If there are no options, what's the point of asking "for your input on how well it aligns with the principles and for feedback on the advantages and disadvantages of the proposed rate."

Slide 20

These are helpful figures: per cubic metre we pay \$1.699 for W, \$1.491 for WW and \$0.497 for SW. These numbers do not appear on our water bill. However, one suspects that the cubic metres in question refer to consumption of W, i.e., are not per cubic metre of processed volumes in each stream.

Slides 21 and 22

These proposed rates for W and WW may be reasonable but would require more analysis to see what their impact would be on various types of residents. (See slides 27-31 below.)

Slide 23

Here it is proposed that a new SW fee be put on the property tax bill. That is a "how or where do I pay for it" question. The first question should be: "What should I pay, on what basis." How/where you pay for it is secondary.

Slide 24

Here is where the presentation goes off the rails. Suddenly, the non-residential component pops up; small businesses are lumped in with any size business, never mind that they "may be closer to a residential property."

This and following slides are way too crude in characterizing the non-residential sector. A more disaggregated analysis is called for.

Slide 25

"We conducted an analysis of the total of all impervious surfaces in the City based on GIS data." If you believe this, that bridge in Brooklyn is still for sale.

Apart from that, this slide does make a key point, also borne out in other cities: Most businesses generate more stormwater than most residences, relative to their water consumption. Therefore, under the current system, where everything is based on water consumption, most businesses do not pay their fair share of the cost of stormwater management.

Based on the data presented, the shift in the name of greater fairness is relatively small: \$4 M. If the non-residential sector were more differentiated we'd likely see far more significant shifts in certain categories, especially regarding business that are surrounded by seas of parking spaces.

Slide 26

This presentation is billed as a consultation with residents but it is a strategic mistake to not also discuss the non-residential side. Residents want to know whether the businesses pay their fair share.

The speaking notes recognize that setting a SW fee based on assessed value of the property is flawed: A small house in the Glebe could end up paying more than a large, 3-garage-door suburban house.

The speaking notes recognize that basing the fee on the amount of hard surface on a property is the fairest. But then the option is muddled by a calculation that is too high-level in two respects: All residential properties are lumped together and the rate is based on an average property size. Contrast that with Waterloo, which differentiated residential properties by size of the parcel, sampled them to determine how much impervious surface they have and how much pipe is needed to serve them. That is a far more sophisticated compromise and, obviously, quite doable.

Mercifully, the speaking notes say that, for non-residential properties, the actual amount of hard surface would be calculated, "since there is such a variety in total impervious area." Right.

Slide 27

Here again, the distinctions made between types of residential properties are way too crude, look at irrelevant parameters (assessment value) and make crude assumptions about the amount of hard surface. The failure to correctly characterize the scope of SW costs comes back to bite here, with a rural home showing it pays \$0.00.

Slides 29-31

The crudeness of the analysis carries through in these slides and they are therefore of little help.

Slide 32

The comparison with other Ontario cities is interesting, if true.

Slide 33

Note the very consumer-friendly email address: "WWSRSR-EBRE@ottawa.ca" - oh boy.

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The biggest flaw in this SW proposal is that it does not grasp the opportunity to reduce SW runoff at the lot level. That ought to be the prime reason for moving to a separate fee and it is why setting the fee relative to the amount of hard surface is the way to go. Consumers then have to be given the opportunity to reduce their charge if they take certain actions. As my op-ed concludes:

"Why minimizing stormwater run-off is good for man and nature

The controversy over a stormwater fee is obscuring a key point: Controlling stormwater volumes at the lot level delivers proven benefits. They come in addition to improved quality of the run-off and include reduction of peak flows, reduced flooding, reduced erosion and sedimentation in receiving water bodies, improved groundwater recharge, better aquatic habitat and greater resilience to climate change.

Reducing stormwater run-off at source is also good for the City's finances: Storm sewers suffer less wear and tear, sediment in stormwater ponds accumulates less rapidly and creek erosion is reduced, resulting in less maintenance and rehabilitation costs.

The current review of the City's water rate structure seems geared exclusively at tapping into new revenue streams and ignores the opportunity to move us one step closer to a more sustainable way of living. The opportunity should not be wasted."

Erwin Dreessen
25 March 2016