



# Rain Check

Getting a charge out of stormwater.

By Dianne Saxe

**S**tormwater runoff is a huge contributor to both flooding and water pollution, and an enormous expense to the community, province or country grappling with wet weather problems. As climate change makes storms more severe, municipalities in the United Kingdom, the United States and now Canada are exploring alternative means of improving wet weather management, including alternative methods to pay for the associated costs.

Most Canadian municipalities charge ratepayers one price for both providing potable water and carrying away wastewater and stormwater, or include the cost of stormwater management in property taxes. While water costs were low, these pricing methods may have been adequate—but they offer property owners no incentive to reduce stormwater runoff, or to improve its quality. Instead, all resulting costs are thrown upon the municipality or downstream.

Is this acceptable?

England has decided that it isn't. In 2007, England experienced devastating flooding because of inadequate stormwater management. In response, the English Water Services Regulation Authority (OFWAT) directed the United Kingdom's ten water utilities to start phasing in separate charges for stormwater management. Four already have.

OFWAT and the Consumer Council for Water agreed the fairest method was to price stormwater services according to how much the customer's "footprint" contributes to stormwater runoff. Those with larger areas to drain, and with more impermeable surfaces, must pay more. OFWAT insists that the new pricing must apply to all customers, without exception. Owners of large properties can reduce drainage charges by "softening" impermeable surfaces to grass, gravel or other permeable surfaces.

Like all regulatory changes that allocate the costs of public goods, this new pricing system is creating winners and losers. Water-intensive small businesses, such as laundromats and hairdressers, should see significant savings. Large land users that have historically paid little for water, like big-box stores, parking lots and warehouses, will now pay considerably more for the stormwater load they create. Municipalities expect to have more money available for better stormwater management. They also expect peak runoff loads to attenuate as property owners soften their surfaces to minimize the new rates.

After the misery in 2007, there has been little public sympathy for complaints about new fees from parking lots and big-box stores. However, concern erupted for large, non-profit land users, such as

schools, charities, churches (often with attached cemeteries), sports/community centres and playgrounds, which suddenly face significant new costs. Many of these users find it difficult to raise funds for the additional charges. For now, water utilities are giving non-profits time to phase in the new rates. Revolving loans may also help them to soften their surfaces. For this group, the new rules have put creases in everyone's forehead.

In Canada, authorizing statutes such as the Ontario *Municipal Act* allows municipalities to impose stormwater management fees based on the size and permeability of private property. However, perhaps because Canada has not yet had enough serious floods due to urban stormwater management, Canadian municipalities are still thinking about site area charging.

Kitchener-Waterloo, for example, launched a joint feasibility study in 2005 to investigate alternative financing mechanisms to support its stormwater management programs. Part of the study is a public participation process, including a detailed webpage on the City of Waterloo's website (*see city.waterloo.on.ca*). But site area charging is not yet proposed. Toronto politicians have also shied away from the idea.

The Regional Municipality of Ottawa-Carleton (RMOC), currently embroiled in a class-action over sewer flooding, commissioned a case study entitled

User pay financing of stormwater management: A case study in Ottawa-Carleton, Ontario. The authors included representatives of RMOC, the Ontario Ministry of the Environment, the National Water Research Institute, and Environment Canada. The study compared RMOC needs and finances to American user-pay stormwater management programs, and showed that RMOC could operate a program with monthly stormwater user charges comparable to those in the United States. It also confirmed that existing statutes provide the enabling legislation for stormwater user charges, and there are no legal or regulatory barriers to implementing them. However, program start-up costs and public perception could be significant obstacles to instituting user charges.

The Canada Mortgage and Housing Corporation (CMHC) is more optimistic. Its website says: "In the future developers and homeowners may see user-pay charges for stormwater based on lot size—a clear incentive to look at alternative

stormwater management techniques."

CMHC reminds homeowners and developers that stormwater runoff can lead to basement flooding (and associated financial and health

trenches and urban forestry. These are precisely the sorts of practices that would reduce site area charges when Canadian municipalities start following England's lead.

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concerns) in regions with inadequate stormwater infrastructure. CMHC is therefore supporting a range of options to augment wet weather management, including two Canadian Council of Ministers of the Environment guidelines that create a regulatory framework for water reuse and reclamation in the residential and small business sectors. CMHC encourages both developers and municipalities to consider alternative stormwater management practices for residential projects, from constructed wetlands and green roofs to infiltration

The law is in place to allow site area charging, the technology and design criteria exist, and we have a clear precedent to follow. There are lots of public benefits and few downsides, provided that we make adequate provision for non-profits. All we need now is political will. Do we need a big flood to get it? [W](#)

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