

Water Rate Structure Review

What we learned

SUMMARY REPORT





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Water Rate Structure Review

What we learned

SUMMARY REPORT



Introduction



In December 2023, Council approved a report directing City staff to review the existing rate structure. Council approved the guiding principles and review framework of the water rate review and directed City staff to begin consultation with the public and stakeholders on options for a revised rate structure for water, wastewater and stormwater services. They directed staff to explore a stormwater rate structure that considers impervious area as the basis for calculation.

In reviewing the water-rate structure, the City aims to implement a more equitable and transparent method of water, wastewater and stormwater billing for all.

This report contains summaries of what we heard about water rates based on location and property type. In this review, three distinct locations (rural, urban, and suburban) were analyzed, and six property groups were identified to highlight their unique needs.

Guiding principles for the water rate structure review



Fairness and equity



Financial sustainability



Transparency



Affordability



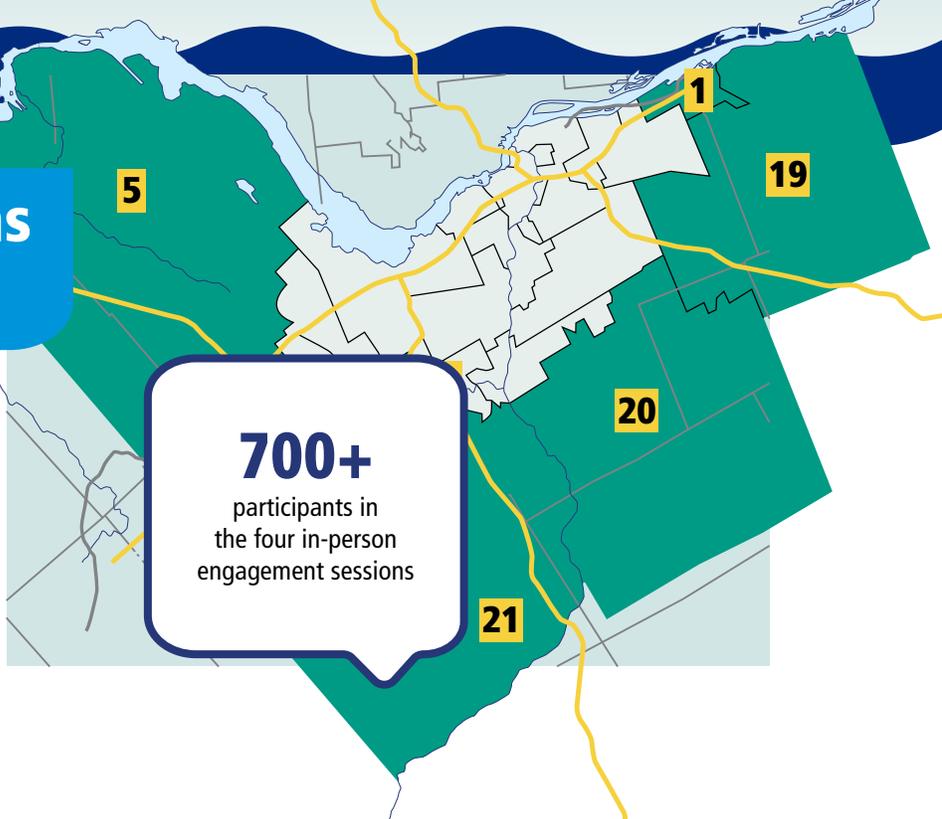
Support economic development



Promote conservation



Consultations



Public consultations

The City held **four in-person community engagement sessions** in the five rural wards of Ottawa in May and June 2024, with a total of approximately 700 participants.

Ward 1: Orleans East-Cumberland

Ward 5: West Carleton-March

Ward 19: Orleans South-Navan

Ward 20: Osgoode

Ward 21: Rideau-Jock



Sector specific engagement

The City met with various organizations including representatives from small business, large commercial, educational, healthcare, not-for-profit, multi-residential and federal groups from July through October 2024.



City-wide survey

Conducted from February 14 to July 31, 2024



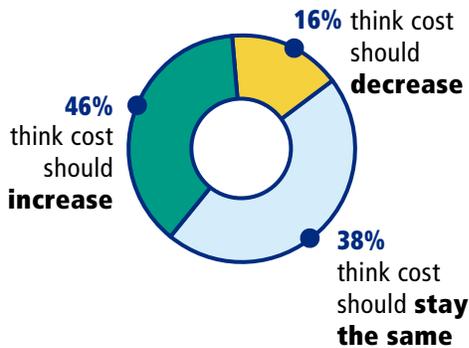


City-wide feedback



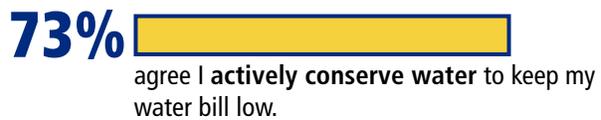
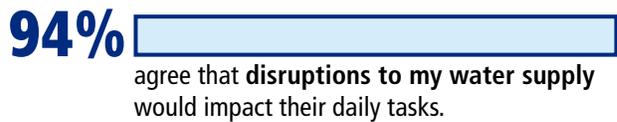
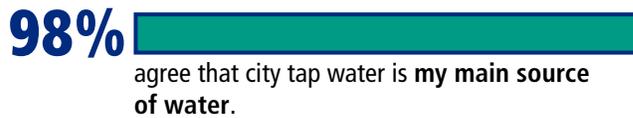
Water and wastewater

As you consume more water, how do you think the cost should change?

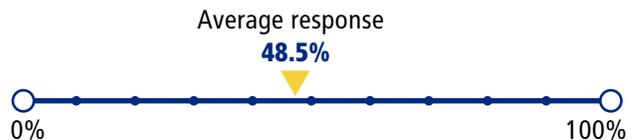


74%

support separate residential and commercial tier structures



What percentage of your bill should be collected from fixed charges?





City-wide feedback



Stormwater

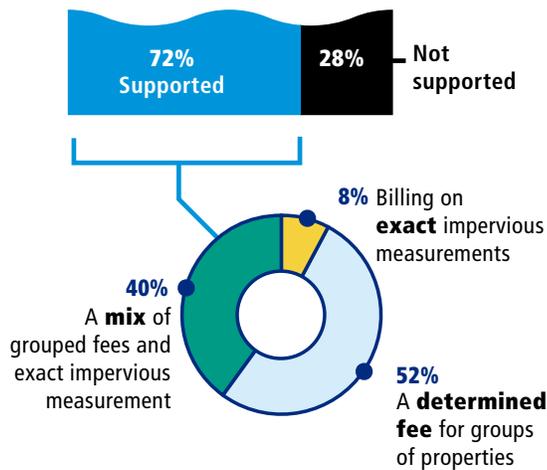
77% agree that **properties with bigger impact** on stormwater should contribute **more**.

65% agree that **all properties** should contribute to stormwater fees.

32% agree that a stormwater mitigation incentive or grant program is **important even if it may increase** the stormwater rates.

27% would **participate** in an incentive or grant program if it was offered.

Preferred stormwater billing method based on impervious surface



Survey demographics

Property type



93%

single-residential



3%

multi-residential



1%

agricultural



1%

industrial, commercial, institutional



2%

other

Property area



46%

suburban



35%

urban



13%

rural



6%

unsure

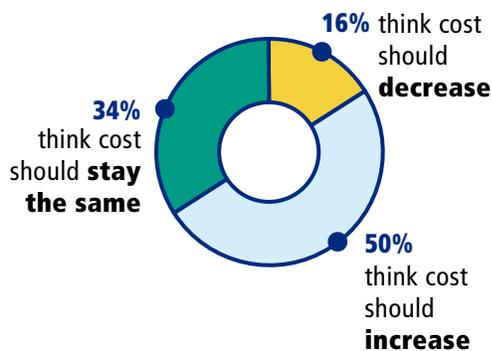


Urban feedback



Water and wastewater

As you consume more water, how do you think the cost should change?

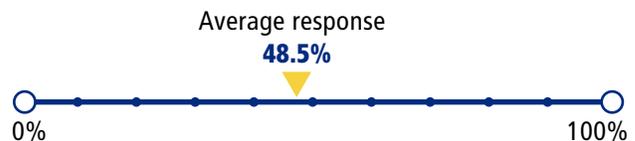


75%

support separate residential and commercial tier structures



What percentage of your bill should be collected from fixed charges?



We heard that:

FAIRNESS

The current water billing system is unfair and doesn't properly consider household size, disproportionately affecting larger families.

HIGH FIXED COSTS

A fully fixed charge model discourages water conservation efforts, which needs to remain a priority.

TIERING SYSTEM

The increase between tier 1 and tier 2 is too significant and adjustments to tier thresholds or simplification is needed.



Urban feedback



Stormwater

79% agree that **properties with bigger impact** on stormwater should contribute **more**.

73% agree that **all properties** should contribute to stormwater fees.

38% agree that a stormwater mitigation incentive or grant program is **important even if it may increase** the stormwater rates.

28% would **participate** in an incentive or grant program if it was offered.

We heard that:

FAIRNESS

There is a need for a fair and equitable stormwater rate system that takes property size and stormwater runoff into consideration.

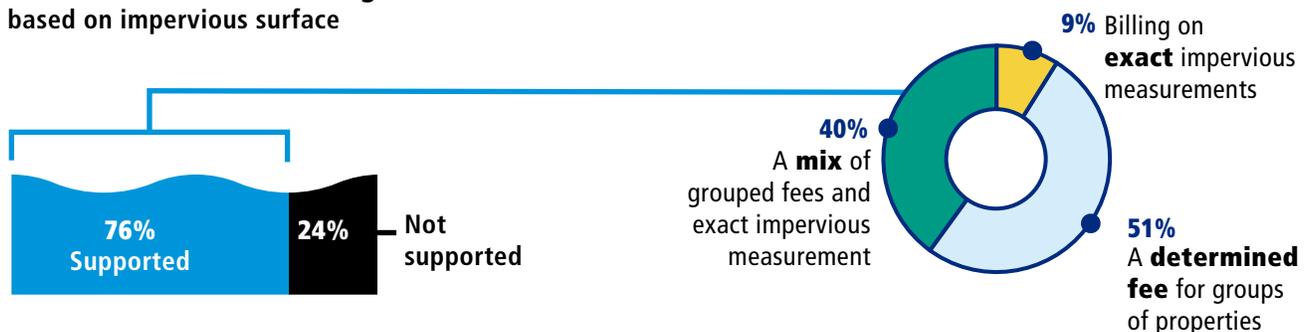
INFRASTRUCTURE

Investing and maintaining stormwater infrastructure to handle increasingly frequent and intense weather events is important.

EDUCATION

There is an increased desire for public education and awareness about stormwater management and what role they can play in reducing their impact to the stormwater system.

Preferred stormwater billing method based on impervious surface



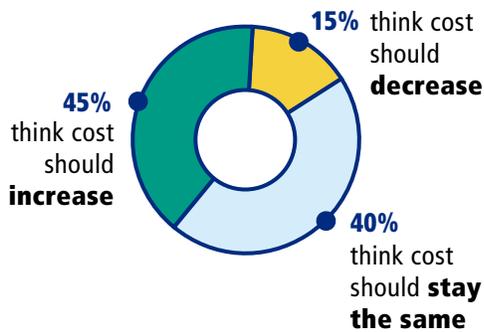


Suburban feedback



Water and wastewater

As you consume more water, how do you think the cost should change?

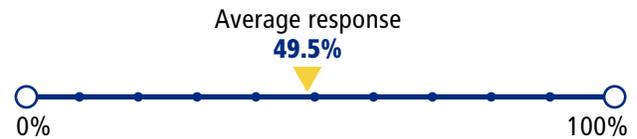


74%

support separate residential and commercial tier structures



What percentage of your bill should be collected from fixed charges?



We heard that:

TIERS

Many don't feel tier 1 adequately covers the basic needs of a household in Ottawa and increasing the threshold will motivate some to conserve if it's a realistic goal.

CONFUSION

Some respondents feel the current tier structure is overly complicated and should be simplified.

HIGH FIXED COSTS

A fully fixed charge model discourages water conservation efforts, which needs to remain a priority.



Suburban feedback



Stormwater

79% agree that **properties with bigger impact** on stormwater should contribute **more**.

70% agree that **all properties** should contribute to stormwater fees.

31% agree that a stormwater mitigation incentive or grant program is **important even if it may increase** the stormwater rates.

22% would **participate in** an incentive or grant program if it was offered.

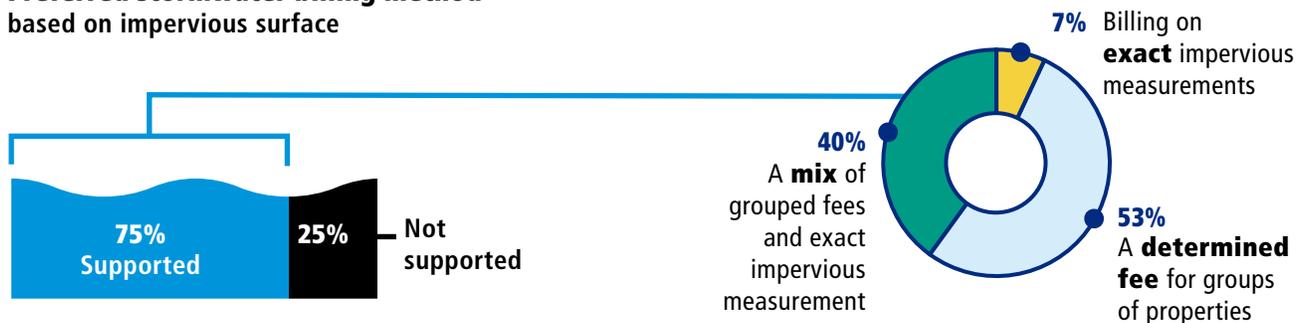
We heard that:

ACCURACY
Many respondents are concerned about the accuracy of impervious surface measurements and want to ensure they will have a chance to review and challenge the measurements before being billed.

INFRASTRUCTURE
Investing and maintaining stormwater infrastructure to handle increasingly frequent and intense weather events is important.

EDUCATION
There is an increased desire for public education and awareness about stormwater management and what role they can play in reducing their impact to the stormwater system.

Preferred stormwater billing method based on impervious surface





Rural feedback



The majority of rural properties are not served by municipal water and there was limited feedback on water and wastewater services.

Stormwater

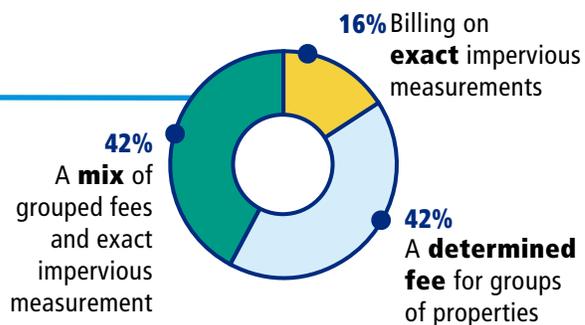
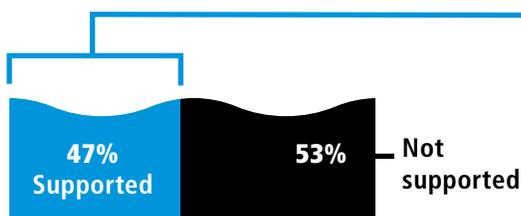
67% agree that **properties with bigger impact** on stormwater should contribute **more**.

26% agree that **all properties** should contribute to stormwater fees.

21% agree that a stormwater mitigation incentive or grant program is **important even if it may increase** the stormwater rates.

13% would **participate in** an incentive or grant program if it was offered.

Preferred stormwater billing method based on impervious surface





Rural feedback



We heard that:

FAIRNESS

Rural property owners do not believe they should have to pay for stormwater services.

TRANSPARENCY

The City must be clearer about what stormwater fees pay for in the rural area and uphold service levels.

ALTERNATIVES

An impervious model is not suitable for rural areas and they encourage the City to explore other approaches such as a tax based on assessment value or adding stormwater to the general tax levy.

SPECIAL CONSIDERATIONS

If moving forward with an impervious area model:

- Impervious area calculations need to be transparent and available to owners with an avenue to dispute.
- Consider using percentage of impervious space and providing credits for properties with large amounts of pervious space.
- Consider the impact of municipal drains, managed forest, wetlands, private stormwater management, elevation, floor plain and ground absorption characteristics.

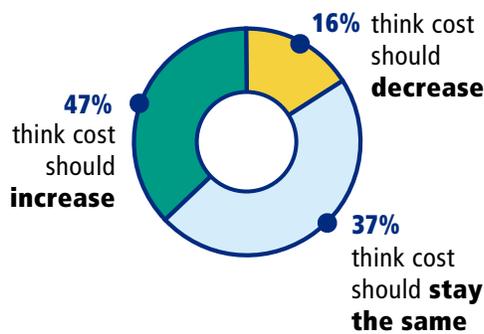


Single residential feedback



Water and wastewater

As you consume more water, how do you think the cost should change?

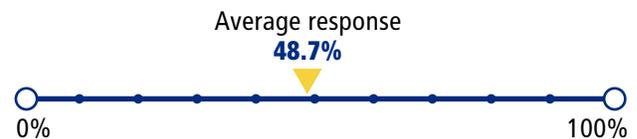


74%

support separate residential and commercial tier structures



What percentage of your bill should be collected from fixed charges?



We heard that:

FAIRNESS

The current water billing system is unfair and doesn't properly consider household size, disproportionately affecting larger families.

TIERS

Many don't feel tier 1 adequately covers the basic needs of a household in Ottawa and increasing the threshold will motivate some to conserve if it's a realistic goal.

HIGH FIXED COSTS

A fully fixed charge model discourages water conservation efforts, which needs to remain a priority.



Single residential feedback



Stormwater

66% agree that **properties with bigger impact** on stormwater should contribute **more**.

70% agree that **all properties** should contribute to stormwater fees.

32% agree that a stormwater mitigation incentive or grant program is **important even if it may increase** the stormwater rates.

23% would **participate in** an incentive or grant program if it was offered.

We heard that:

FAIRNESS

There is a need for a fair and equitable stormwater rate system that takes property size and stormwater runoff into consideration.

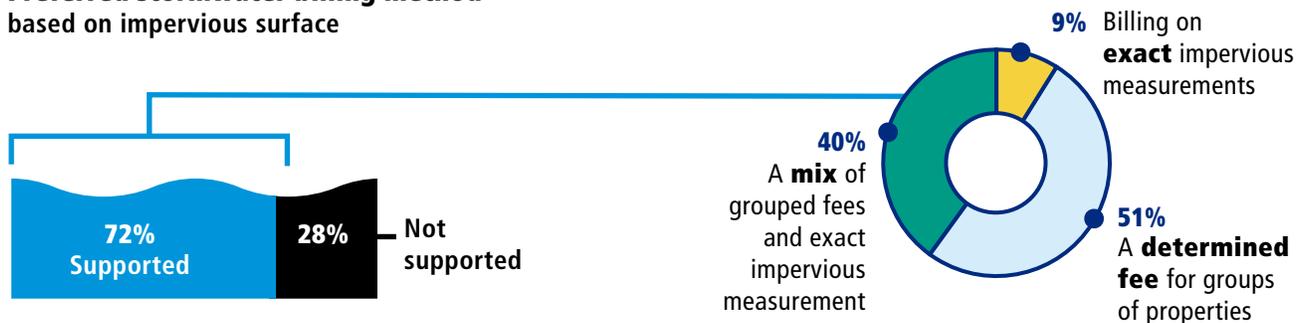
ACCURACY

Many respondents are concerned about the accuracy of impervious surface measurements and want to ensure they will have a chance to review and challenge the measurements before being billed.

INFRASTRUCTURE

Investing and maintaining stormwater infrastructure to handle increasingly frequent and intense weather events is important.

Preferred stormwater billing method based on impervious surface



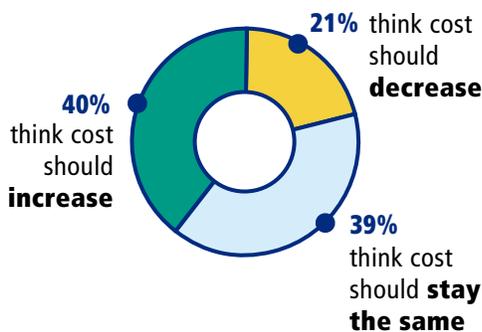


Multi-residential feedback



Water and wastewater

As you consume more water, how do you think the cost should change?

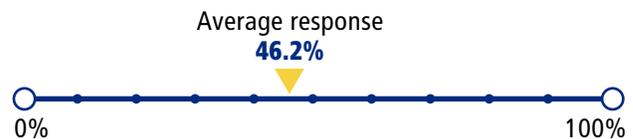


69%

support separate residential and commercial tier structures



What percentage of your bill should be collected from fixed charges?



We heard that:

CONSERVATION

A majority of the charges should remain based on consumption, as this will lead to greater conservation efforts by residents.

TIERING SYSTEM

There should be a separate tier structure for multi-residential properties that would address unique consumption patterns and account for the challenges in conservation efforts property owners are facing.

CONFUSION

Some respondents feel the current tier structure is overly complicated and should be simplified.



Multi-residential feedback



Stormwater

78% agree that **properties with bigger impact** on stormwater should contribute **more**.

70% agree that **all properties** should contribute to stormwater fees.

39% agree that a stormwater mitigation incentive or grant program is **important even if it may increase** the stormwater rates.

24% would **participate in** an incentive or grant program if it was offered.

We heard that:

IMPERVIOUS SURFACES

A rate structure based on impervious surface is welcome as it allows the stormwater charge to be based on contribution to the system.

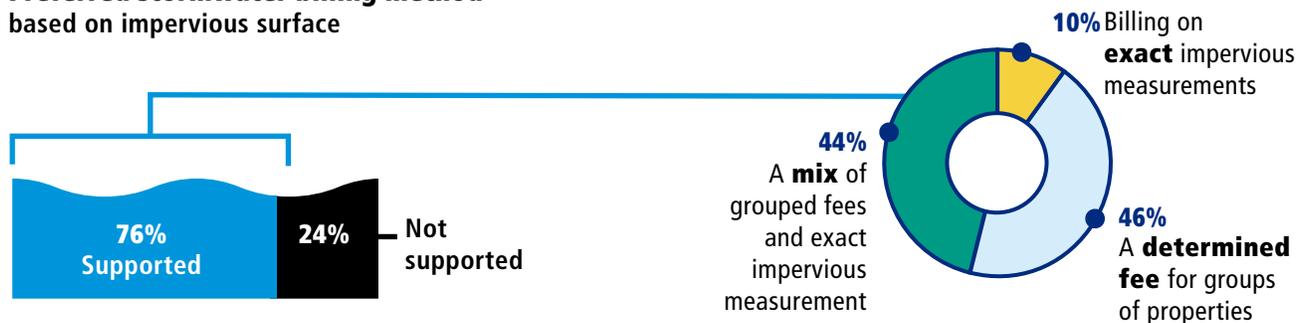
SPECIFIC SOLUTION

There is a need for a solution specific to multi-residential property types like a per-unit fee.

INFRASTRUCTURE

Investing and maintaining stormwater infrastructure to handle increasingly frequent and intense weather events is important.

Preferred stormwater billing method based on impervious surface



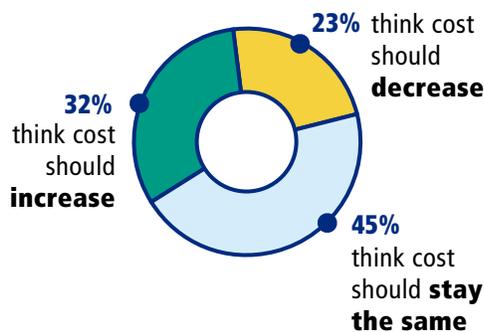


Industrial, commercial and institutional feedback



Water and wastewater

As you consume more water, how do you think the cost should change?



54%

support separate residential and commercial tier structures



What percentage of your bill should be collected from fixed charges?



We heard that:

TIERING STRUCTURE

A separate tier structure for residential and non-residential users would address the perceived imbalance in water rate contributions. It would allow for a more tailored approach to rate setting for distinct consumption patterns and ensures fairness.

AFFORDABILITY

A proposed rate structure with volume discounts for high water consumption, would make Ottawa a more business-friendly city and encourage economic growth.

CONFUSION

Some respondents feel the current tier structure is overly complicated and should be simplified.



Industrial, commercial and institutional feedback



Stormwater

58% agree that **properties with bigger impact** on stormwater should contribute **more**.

57% agree that **all properties** should contribute to stormwater fees.

29% agree that a stormwater mitigation incentive or grant program is important even if it may increase the stormwater rates.

25% would participate in an incentive or grant program if it was offered.

We heard that:

CREDITS

Expanding stormwater grant and incentive programs is important, even if it means slightly higher rates. This could include rate discounts for businesses that invest in stormwater management features like permeable pavement and rain gardens.

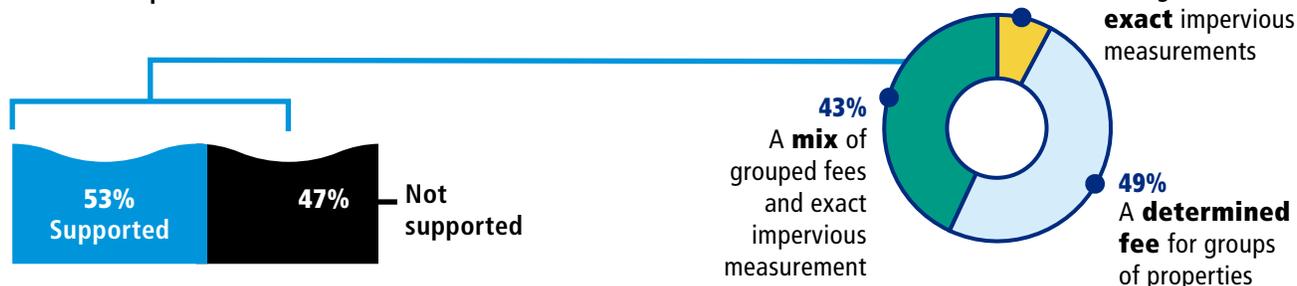
EQUITY

There is varying opinions on using impervious surface. Commercial property owners with large amounts of paved surfaces are concerned about cost increases that will be passed to their tenants, while large urban towers welcome the change.

PHASED

Industrial, commercial and institutional property owners proposed a phased-in approach to the stormwater changes, particularly for property types that will see the largest increases as a result of the new rate structure.

Preferred stormwater billing method based on impervious surface



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