



Greenspace Alliance of Canada's Capital
Alliance pour les espaces verts de la capitale du Canada

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18 May 2015

Dear Councillors,

Re: Water, Wastewater and Stormwater Rate Structure Review
Environment Committee, 19 May 2015 - Council 27 May 2015

The Greenspace Alliance welcomes this review. We especially applaud the inclusion of consideration of separate stormwater cost recovery and creation, with its own budget, of a Surface Water Management Branch in Environmental Services. We are aware of ample studies in other jurisdictions (in Ontario and elsewhere) that demonstrate that a) providing stormwater management capacity through low-impact development is highly cost-effective; and b) it is quite feasible to provide incentives for residents and businesses to minimize run-off by making their properties more permeable.

Staff appears to recognize this potential but we have to wait till page 18, under Environmental Implications, to see expression of it.

To the list of cities in Ontario that have or are in the process of introducing separate stormwater charges should be added Thunder Bay. We provided that information to staff but did not receive an acknowledgement. Similarly, we have forwarded some material on low-impact development (LID) to senior management but did not receive a reply. We were relieved to learn, however, that at lower levels at least, some staff are well aware of the significant potential of such development.

The discussion in this staff report sent me back to my telephone company days in the 1970s. This is when the telephone industry became aware that even monopolies face a downward sloping demand curve and explained why, following a rate increase, their revenue projections kept falling short of expectations. Water rates in Ottawa have nearly doubled since 2007! Surely this helps explain the steep decline in consumption over the period.

These are relatively minor weaknesses of the report. A more significant miscue is the expressed intent to engage the public in the Fall in order to "explain" the results of staff's further analysis. First, what lessons were learned from previous analyses, including the advice received from Raftelis? Their report is not even mentioned in the report before you. Second, what lessons were learned from the failure of the consultations, especially with urban residents, that were held in 2010? Third, staff should take advantage of the considerable expertise and interest by members of the community in order to help it in conducting its analysis. The fact that Ottawa is among just four of 25 municipalities surveyed who still have uniform volumetric rates suggests that this City is behind the times and has a lot to learn. We've seen an 18-page detailed submission by one of our members, Bill Toms, dated February 2013. Why were these recommendations filed in the round file? Have you thought of tapping into the expertise of the Sustainable Prosperity group at Ottawa U? They have done much work on economic

instruments to achieve environmental objectives.

A smart City will tap the resources that are available in the community. Ray Moriyana was right when he said to a reporter at the occasion of the 25th anniversary of the inauguration of what is now City Hall, the building he designed: "I find the public much smarter than most politicians and decision-makers think" (*Ottawa Citizen*, May 16, pA11).

As regards the proposed guiding principles, missing is consideration of cost. For example, in the discussion of fixed vs. variable components (p13), various principles are evoked but in any rational tiered pricing structure the base-line consideration is the cost structure. One determinant of cost is location. Consideration should be given to differentiation according to distance from Lemieux Island and the Robert O. Pickard Environmental Centre for drinking water and wastewater respectively. Like for Development Charges, the distances in Ottawa's territory are so vast that costs vary and therefore such differentiation would make for fairer pricing.

More generally, exactly what is meant by "fairness and equity" (the top criterion) should be examined closely. This is a complex subject, not exhausted by stating that rates should be in proportion to the benefits received. Benefits may be difficult to measure. Cost causation is a bit easier.

The criterion of "supporting economic development" should also consider the cost of water in communities across the River in Quebec.

Also missing are proper terms of reference for this review project. We should not have to make do with one short paragraph at the end of the Guiding Principles section of the report (ref. p3). Nor is anything revealed about the objectives for the proposed \$222,500 expenditure (ref. p16).

Should the Terms of Reference not include an examination of administrative efficiency of the water billing system? We understand that "miscellaneous charges" in Ottawa are significantly higher than in other municipalities. Is the issue of water theft from fire hydrants now under control?

Finally, we note that the fifth criterion is "Preserves Conservation," an awkward term which is however explained to mean "encourage water conservation as well as assist in managing system demand" (p11). The low rank afforded to environmental considerations indicates the bias which pervades this proposed review -- that it's all about how to stem the decline in revenue, i.e., how to extract more money from users in the fairest possible way. That perspective misses a key opportunity to bring us a step closer to a sustainable city, by ensuring the preservation of our precious water resources (groundwater, wetlands, creeks, streams and rivers).

In short, the first order of business is minimizing demand for the services, the second is how to minimize cost, the third and only the third is how to finance the necessary provisioning and maintenance. This report seems to put the cart before the horse.

Thank you for the opportunity to address these issues.

Erwin Dreessen
Co-chair