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Halifax, Nova Scotia
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Item No. 4 (ii)
Halifax Regional Council
May 31, 2022

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: April 21, 2022

SUBJECT: Funding of Stormwater Right-of-Way Costs - Supplemental

SUPPLEMENTARY INFORMATION REPORT

ORIGIN

September 14, 2021, Halifax Regional Council motion (Item 12.1):

MOVED by Councillor Lovelace, seconded by Councillor Russell

THAT Halifax Regional Council request a staff report to fund the Nova Scotia Utility and Review Board ordered stormwater right-of-way cost as general tax, since all municipal roads are general rated and paid for by all taxpayers; and, all dwelling and commercial properties in Halifax Regional Municipality benefit from effectively managed stormwater on municipal roadways, not including properties that are essentially ancillary to a dwelling.

MOTION PUT AND PASSED.

March 1, 2022, Halifax Regional Council motion (Item 15.1.6):

MOVED by Deputy Mayor Lovelace, seconded by Councillor Cleary

THAT item 15.1.6 be deferred pending the provision of a supplemental staff report to include:

1. The principle of equity, considering not every property owner in the service area is a ratepayer, and ratepayers carry the burden of the NSUARB ordered charge to maintain a safe and reliable road network enjoyed by all;
2. Input from Halifax Water on the number of types of properties that do not pay the ROW fee; and
3. Benefits and risks of the staff recommended options for collecting ROW charges.

MOTION PUT AND PASSED.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, subsections 93(1)(6), 94(1), and section 96, as follows:

Estimates of required sums

- 93 (1) The Council shall make estimates of the sums that are required by the Municipality for the fiscal year.
- (6) The Council shall authorize the levying and collecting of a
- (a) commercial tax rate of so much on the dollar on the assessed value of taxable commercial property and business occupancy assessment; and
 - (b) residential tax rate of so much on the dollar on the assessed value of taxable residential property and resource property.

Tax Rates

- 94 (1) The Council shall set separate commercial and residential tax rates for the area of the Municipality determined by the Council to be
- (a) a rural area receiving a rural level of services;
 - (b) a suburban area receiving a suburban level of services; and
 - (c) an urban area receiving an urban level of services.

Area rates and uniform charges

- 96 (1) The Council may spend money in an area, or for the benefit of an area, for any purpose for which the Municipality may expend funds or borrow.
- (2) The Council may recover annually from the area the amount required or as much of that sum as the Council considers advisable to collect in any one fiscal year by an area rate of so much on the dollar on the assessed value of the taxable property or occupancy assessments in the area.
- (3) The Council may provide
- (a) a subsidy for an area rate from the general rate in the amount or proportion approved by the Council
 - (b) in the resolution setting the area rate, that the area rate applies only to the assessed value of one or more of the taxable commercial, residential or resource property and occupancy assessments in the area.
- (4) The Council may, in lieu of levying an area rate, levy a uniform charge on each
- (a) taxable property assessment;
 - (b) dwelling unit,
- in the area.

By-law regarding payment of charges

- 104 (1) The Council may make by-laws imposing, fixing and providing methods of enforcing payment of charges for
- (a) wastewater facilities or stormwater systems, the use of wastewater facilities or stormwater systems and connecting to wastewater facilities or stormwater systems;
- (3) A by-law passed pursuant to this Section may provide
- (a) that the charges fixed by, or determined pursuant to, the by-law may be chargeable in proportion to frontage, in proportion to area, in proportion to the assessment of the respective properties fronting on the street or according to another plan or method set out in the by-law;

By-law C-900, ***Charges for Stormwater from Municipal Streets By-law***

EXECUTIVE SUMMARY

The Halifax Regional Municipality is billed by Halifax Water, pursuant to Nova Scotia Utility and Review Board (NSUARB) regulations and decisions, the cost of providing stormwater service associated with the municipal road right-of-way. The focus on this report is on the funding of HRM's payment to Halifax Water. There are essentially two ways to view this stormwater right-of-way charge.

The NSUARB determined that HRM should be charged for the benefit their road infrastructure receives from the stormwater services provided by Halifax Water. Given this, the annual right-of-way stormwater cost could be considered an on-going operating cost of HRM roads. According to HRM's current tax structure such a cost would be funded from the general rate for all properties across the region.

Alternatively, the right-of-way stormwater charge could be considered the cost for a service delivered solely within the municipal stormwater service area, notwithstanding residents and businesses elsewhere benefit from well-maintained HRM roads. With this perspective, the funding should come from within the municipal stormwater service area, collected on the Halifax Water water bill or through an area rate not extending beyond the municipal stormwater service area.

BACKGROUND

On September 14, 2021, Halifax Regional Council requested a staff report to look at funding the annual stormwater right-of-way cost (approximately \$3.8 million) through the general tax rate. In the [March 1, 2022 report](#) to Halifax Regional Council, HRM staff identified how Council could do this. A rate of \$0.007 (per \$100 of assessed value) could be added to the general rate of all taxable residential, commercial and resource properties in the region to raise the required funds. The report described two area rate options, as well.

At the March 1, 2022 meeting, Council requested additional information, as shown in the Origin section of this report. These three areas of interest could be summarized as:

- equity, in consideration of who pays and who benefits,
- risks and benefits of alternative funding approaches, and
- those who do not pay the stormwater charge within the municipal stormwater service area.

Information on the stormwater services provided by Halifax Water can be found on their [stormwater webpage](#) including an informative [2-minute video](#). The stormwater webpage also includes an infographic showing the history of the stormwater billing in HRM, which is provided as Attachment 1 to this report.

DISCUSSION

Equity in Taxation and Service Fees

Halifax Water is a utility and does not have the authority to levy taxes. It is overseen by the Nova Scotia Utility and Review Board and charges only customers that benefit directly from its services. As such, Halifax Water has very clear guidelines to define who its customers are for its various services – water, wastewater and stormwater – and how fees are structured for each service and customer. In determining if a resident is a stormwater customer, Halifax Water determines whether stormwater leaves their property and enters Halifax Water's systems. In assigning the amount of the charge, Halifax Water reviews whether the property is assessed as residential or commercial and assigns a charge, specific to their assessment designation, based on the amount of impervious area; this is referred to as their Site Related Flow Charge. Properties assessed as resource or with an undetermined assessment or owner are not charged a stormwater fee. For more details on this, see *Properties that do not Pay the Halifax Water Stormwater Charge* at the end of the Discussion section.

By contrast, taxation is not based on receipt of services. Taxation funds broad public benefits for the community, provided by services often not possible or practical to charge to specific customers or users. Attachment 2 provides guidance on which public services may be appropriate for user fees. Two concepts “rival consumption” and “excludability” are key in determining whether fees may be more appropriate than general taxation. *Rival consumption* refers to whether users of the service prevent others from using it. For example, this condition exists for recreation programs with limited enrolment, e.g. maximum 15 people per session. Once the 15 spaces are filled, others cannot enroll. However, this would not apply to roads, which may have a practical capacity but do not prevent the next vehicle from entering. *Excludability* refers to the ability to limit use of the service to those who pay. For example, a transit bus or a toll bridge can exclude those who do not pay a user fee. By contrast, sidewalks would have no mechanism to exclude (non-paying) users.

Road maintenance and stormwater management are relatively unique services in the municipality, with respect to their geographic funding, provided by two different levels of government. Outside the municipal service boundary, these services are (primarily¹) provided by the Province of Nova Scotia. Within the municipal service area, these services are (primarily²) provided by Halifax Water and the HRM. How are these services funded? See a brief, high-level summary in the table below.

Service	Funding for Service
Road maintenance outside of municipal service area (provincial)	Income and sales taxes paid by residents/businesses across HRM
Stormwater maintenance outside of municipal service area (provincial)	Income and sales taxes paid by residents/businesses across HRM
Road maintenance within the municipal service area (municipal)	General property taxes paid by residents/businesses across HRM
Stormwater maintenance within the municipal service area (municipal)	Stormwater fees paid by residents/businesses within the municipal service area by by-law

Notes: 1. HRM owns and maintains some roads outside the municipal service area.
2. The Province owns and maintains some roads inside the municipal service area, specifically the 100 series highways.

Based on the above table, *Stormwater maintenance within the municipal service area* stands out as the only service of the four not funded by taxpayers across the region. One of the key questions to be answered in determining how to fund HRM’s stormwater ROW cost is to define what the cost is for.

Is it a cost:

- of operating and maintaining HRM roads, or
- for Halifax Water services?

If it is a HRM road cost, it should be funded from the general rate across the region as other road costs are. If the cost is characterized as funding for a Halifax Water service provided to residents and businesses within the municipal service area, then the funds could be collected as they now are, set by by-law and collected on the Halifax Water bill, or as an area rate on those who benefit from the Halifax Water service, i.e. those within the municipal service area. Specific funding options are provided further below.

Halifax Water Rate Submission (February 25, 2022)

Since the drafting of the preceding staff report in January 2022, Halifax Water has provided a rate submission (Matter # M10468) to the Nova Scotia Utility and Review Board (NSUARB). The submission seeks (amongst other things) to sustainably fund their stormwater service, in part by increasing stormwater rates starting in 2022/23. HRM’s right-of-way allocation of stormwater costs is estimated to increase to approximately \$4.3 million for 2022/23 (pro-rated) and to \$5.2 million for 2023/24.

In the Halifax Water rate submission, the Province of Nova Scotia and Bridge Commission are also allocated stormwater costs for their roads within the municipal stormwater service boundary. See Figure 40 from the submission (copied below) identifying the impervious areas to be used for cost allocation. This proposed change helps to more-broadly share Halifax Water costs amongst beneficiaries and dampen the pending increase to HRM.

Figure 40 – Impervious Area Allocation Based on Improved Ownership Data

Billable impervious area breakdown as follows:

Halifax (HRM)	23,564,330	
Province of Nova Scotia	5,243,630	
Halifax Dartmouth Bridge Commission	73,230	28,881,190

Revised Options and Estimates

Based on the Halifax Water rate submission, the required HRM Stormwater ROW charges (using the current billing approach) are estimated to be \$43 per property in 2022/23 and \$51 in 2023/24. [The funding approach for 2022/23 cannot be changed – the charge on the Halifax Water bill is set at \$40 for this year.]

Status Quo (on Halifax Water Bill, as per By-law C-900)	Estim'd Charge	
	2022/23	2023/24
Annual HRM Stormwater ROW Charge (based on HW rate application)	\$43.00	\$51.00

The estimated costs (above) are based on the expanding service area shown in Attachment 3. This estimate has some uncertainty, since a precise estimate of the number of new Halifax Water customers in Areas 1 and 4 cannot be made at this time. As well, since NSUARB approval of the final charges is not expected before September 2022, the current estimates are limited by the best available information. HRM staff will be able to refine the 2023/24 rate estimate, including covering off any potential shortfall in 2022/23 resulting from the proposed change. Updated property tax options follow.

Tax rate estimates for the two options below have been developed to reflect the proposed HRM stormwater costs in the recent Halifax Water rate submission. Option 1, the general rate option, is the most straight-forward approach for property taxation. It was recommended in a staff report to Halifax Regional Council on November 8, 2016 but was not adopted at that time. This is an update of Option 1 provided in the March 1st report to Council.

Based on stormwater funding comments received from Council on March 1st, Option 2 (below) was developed. Option 2 allows Regional Council to limit the charge to the municipal service area but include those properties within the service area not paying the HW site-related stormwater charge. [The funding approach for 2022/23 cannot be changed. Estimated 2022/23 rates are shown for information, only. Discussion will focus on the estimated 2023/24 rates and impacts.] The benefits and risks of both options are summarized further below.

Option	Description	Tax Rate '22 (per \$100)	Tax Rate '23 (per \$100)
1	General rate on all commercial, residential and resource properties across the region:	\$0.008	\$0.009
2	Area rate on all commercial, residential and resource properties in municipal stormwater service area:	\$0.009	\$0.011

For property owners, the **break-even assessment** for Option 1 (vs the status quo) would be about \$550,000 in assessed value. This would mean approximately 93% of single-family homeowners, who currently pay the HRM stormwater ROW charge on their water bill, would pay less with Option 1, than they would pay on their water bill. However, homes with higher assessments (6,100 properties) or those who do not currently pay the stormwater charge (likely 30,000+ accounts) would pay more. Commercial properties assessed over \$550,000 would also pay more than the estimated 2023/24 annual amount of \$51 on the water bill.

Based on the average assessed values of a variety of residential properties, staff have estimated the amount of tax homeowners and tenants would pay under the general-rated Option 1 in 2023/24, see below:

Property Type	# Properties	# Dwellings	'23 Rate	Avg Taxable Value	Avg '23 Tax ³
Mobile Homes in Parks	3,879	3,879	\$0.009	\$67,000	\$6.10
Mobile Homes o/s Parks	1,345	1,345	\$0.009	\$87,900	\$8.00
Vacant Residential Land	15,385	0	\$0.009	\$117,000	\$10.90
Apartments	2,348	65,063	\$0.009	\$3,937,700	\$12.90
2-3 Units	7,449	15,906	\$0.009	\$339,900	\$14.50
All Single-Family Homes	124,159	124,159	\$0.009	\$280,300	\$25.45
Condos	11,034	11,034	\$0.009	\$281,300	\$25.55

Note: 3. Average Tax per dwelling unit (for developed residential properties) or per property (for vacant land).

All residential property types would pay less (on average) than the estimated \$51 per property on the 2023/24 Halifax Water bill, with the exception of apartments over 4 units, e.g. a 6-unit apartment could expect to pay roughly \$77 dollars (6 x \$12.90).

It may surprise some, but the majority of commercial properties would pay less tax with Option 1 than they would pay on their water bill. However, higher-valued properties – in many cases, with larger impervious (“hard”) surfaces – would pay more. See a summary, based on groupings of commercial properties, below:

Property Value (range)	# Properties	% of Comm'l	'23 Rate	Avg Taxable Value	Avg '23 Tax ⁴
Under \$500,000	3,206	58%	\$0.009	\$170,800	\$16
\$0.5M to \$1.5M	1,313	24%	\$0.009	\$891,500	\$82
Over \$1.5M	1,031	19%	\$0.009	\$6,262,800	\$574

Note: 4. Average Tax per commercial property (in each assessment range).

For Option 2, the **break-even assessment** is in the \$475,000 range. This would mean almost 90% of single-family homeowners, who currently pay the HRM stormwater ROW charge on their water bill, would pay less with Option 2, than they would pay on their water bill. However, homes with higher assessments (8,900 properties) or those who do not currently pay the stormwater charge (roughly 5,000 to 7,500 accounts) would pay more. Commercial properties assessed over \$475,000 would also pay more than the estimated 2023/24 annual amount of \$51 on the water bill.

Risks and Benefits of Options

Status Quo – Collecting SW ROW charge on Water Bill

Pros/Benefits	Cons/Risks
<ul style="list-style-type: none"> - Public is accustomed to current system, in place more than 5 years - Funding is collected by service provider 	<ul style="list-style-type: none"> - Doesn't align with municipal approach to funding HRM roads (funded by all of HRM)

	<ul style="list-style-type: none"> - Does not assign costs to <u>all</u> those within the municipal service area, or to those outside the municipal service area, who benefit from municipal roads - Is visible on water bill, so prompts questions
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Option 1 – General Rate (across region)

Pros/Benefits	Cons/Risks
<ul style="list-style-type: none"> - Aligns with municipal approach to funding HRM roads (funded by all of HRM) - Charge does not appear⁵ on the water bill or separately on HRM tax bill (removes trigger for tax/service complaints) 	<ul style="list-style-type: none"> - Would roll out as an increase to general rate in 2023/24, although most homeowners would pay less than they would, otherwise, on their water bill - Limited flexibility: e.g. HRM can't exempt resource properties, without exempting all residential properties
Impact: places of worship and other tax exempted properties would not pay	

Option 2 – Area Rate (within municipal service area)

Pros/Benefits	Cons/Risks
<ul style="list-style-type: none"> - Aligns with the municipal stormwater service area 	<ul style="list-style-type: none"> - Doesn't reflect the shared responsibility of road maintenance and costs across the region - If chosen, should be applied as a rate per \$100 of assessment, rather than a flat charge, which can create complications, e.g. multiple charges for properties with multiple accounts - Will be shown as separate area rate⁵ on tax bills, so will prompt questions
Impact: reduces the stormwater charge on most homes, while increasing the allocation to larger commercial properties, larger apartments and to resource properties	

Note: 5. Transparency in taxation is important, however highlighting a specific portion of road costs through an area rate unnecessarily draws attention to this specific service/cost.

Properties that do not Pay the Halifax Water Stormwater Charge

To understand who pays the Halifax Water stormwater charge, it is important to understand who does not. There are about 110,000 properties within the municipal service area, but not all of them are billed the stormwater charge. There are three types of properties that are exempt from the stormwater charge:

- 1) those within the municipal stormwater service area, but their runoff does not drain into Halifax Water infrastructure, e.g., property draining directly into the ocean or in a lake that drains outside the service area and without a driveway culvert (fewer than 5,000 properties);
- 2) resource properties or those with unknown use, i.e., no apparent residential or commercial use (fewer than 3,000 properties); typically, these properties have only natural pervious and impervious surfaces.
- 3) residential or commercial properties with less than 50m² of impervious area or otherwise exempt from Halifax Water regulations (fewer than 4,000 properties).

In establishing charges, Halifax Water relies on a Cost Causer Pay principle, whereby an entity receiving benefit from a Halifax Water asset is assigned the charge. The summary above illustrates how private properties are assigned a charge for the benefit they directly receive from Halifax Water stormwater infrastructure, using their respective impervious areas as a billing determinant. The NSUARB applied the same concepts to the roadway impervious area owned by HRM and the ROW charge was assigned to the Municipality.

The rigour of the Halifax Water stormwater customer assessment can be viewed in its property type decision matrix, included as Attachment 4.

FINANCIAL IMPLICATIONS

There are no financial implications of this report or of funding Stormwater ROW costs on the general tax rate or area rates. All options will generate the funding required for the Stormwater ROW costs.

COMMUNITY ENGAGEMENT

No community engagement was required.

ATTACHMENTS

Attachment 1 – Halifax Water Infographic on History of Stormwater Billing
Attachment 2 – Treasury Board Guide on User Fees (Private and Public Benefits)
Attachment 3 – Expanded Halifax Water Stormwater Service Boundary Map, June 2022
Attachment 4 – Halifax Water Stormwater Property Type Decision Matrix

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: André MacNeil, Senior Financial Consultant, Finance & Asset Management, 902.292.4556

History of Stormwater Billing in HRM

1996:

HRM was created through amalgamation and was responsible for providing wastewater and stormwater service throughout the municipality. HRM began charging for sewer services (a combination of wastewater and stormwater services) through By-Law S100.

1997:

Halifax Water began collecting a sewer (wastewater and stormwater) charge on behalf of HRM from customers who received water service from Halifax Water.

At that time, only customers with piped wastewater service received a sewer services bill. Residents receiving stormwater service from ditches and/or culverts did not pay (wastewater/stormwater services were not included in property taxes). However, they were still provided with the service by the municipality through funds collected from customers with piped wastewater service.

In other words, customers with piped service were subsidizing customers served by ditches and culverts.

2006:

The Province transferred ownership and maintenance responsibilities of rural/suburban streets to HRM, creating the stormwater service boundary.

HRM Council directed HRM staff to find a way to effectively fund stormwater service to be able to adequately maintain and upgrade the stormwater system as needed.

2007:

Halifax Water assumed responsibility for all wastewater and stormwater systems and service delivery within the stormwater service boundary and reviewed the existing charges based on user pay principles, as regulated by the Nova Scotia Utility and Review Board (NSUARB).

The NSUARB directed Halifax Water to establish a cost-of-service-based system for stormwater rates to make stormwater billing fairer. All customers receiving stormwater service paid for that service. The rate was no longer based on water consumption, but on impervious areas.

2013:

Halifax Water introduced the first separate rates for stormwater and wastewater services. A flat rate for residential stormwater services was introduced based on the average residential impervious area. Industrial, commercial, and institutional customers were charged per m² of impervious area. These charges applied to customers with properties draining into the Halifax Water stormwater system.

The HRM Right-of-Way (ROW) charge began this year, too. The NSUARB required Halifax Water to charge HRM for their impervious surfaces that drained into the Halifax Water stormwater system. The ROW charge is that cost to HRM spread across the customer base. The ROW charge was included on Halifax Water bills until 2016.

2016:

HRM collected the ROW charge directly through the property tax bill. Collecting the ROW charge on the property tax bill created difficulty for some types of properties such as condos, land leased communities, and water lots.

2017 - Present:

In 2017, Halifax Regional Council asked Halifax Water to collect the ROW charge on Halifax Water bills again.

Halifax Water replaced the flat residential stormwater rate with tiered rates based on each property's impervious area to make stormwater rates more fair and transparent.

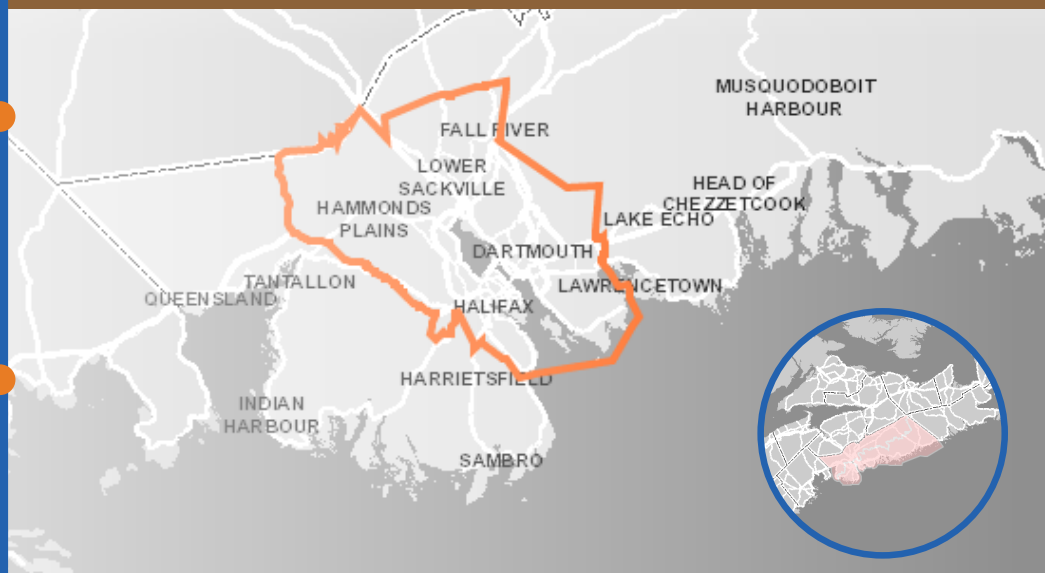
Customers who receive stormwater service only by the use of a driveway culvert that is part of the Halifax Water stormwater system also pay for stormwater services.

These changes meant customers who had a larger impact on the stormwater system paid more, and those with less of an impact paid less.

These two changes meant that two stormwater charges now appeared on Halifax Water bills, the Site-Related Flow charge and the ROW charge.

This is how stormwater charges appear on current Halifax Water bills.

Stormwater credits were also introduced for non-residential customers at this time.



Wastewater Charges	\$
Stormwater SRF Charge	\$
HRM ROW Charge	\$

Wastewater Charges	\$
Stormwater Flat Rate	\$
HRM ROW Charge	\$

Wastewater Charges	\$
Stormwater Flat Rate	\$

Stormwater SRF Charge	\$
HRM ROW Charge	\$

Learn more about Halifax Water stormwater services at:
halifaxwater.ca/stormwater-services

Treasury Board Secretariat

Guide to Establishing the Level of a Cost-Based User Fee or Regulatory Charge

Step 3: Consideration of Pricing Factors

There are a number of additional factors that should be taken into account following the assessment of the maximum fee level. These pricing factors include the mix of public and private benefit, impact and contextual analysis, and stakeholder consultation. Any combination of these factors can suggest establishing the final price at a level below full cost.

It should be recognized that general taxes, through departmental appropriations, subsidize cost-based user fees and cost-based regulatory charges that do not recover the full costs of their associated activities from the users. Departmental reporting of user fee information should present both cost and revenue elements.

Departments must carefully assess the actual dollar-value impact that pricing factors will have on fee levels. Although department-wide pricing strategies may be preferable, it is reasonable that sections within a department could have charging activities that incorporate some differences in their pricing factors. This may be due to differing program mandates or regulatory requirements.

The review of pricing factors is recommended even when departmental charging strategy already suggests cost recovery at a pre-determined rate, being at the level of full cost or otherwise.

a) Public and Private Benefit

Government activities may support both public and private (i.e. direct user) interests. In such cases, it may be appropriate to establish fees at levels below full cost.

Evaluating or quantifying an activity's mix of public and private benefit can be challenging and subjective. As one input to the analysis, assessing whether the activity primarily benefits the general public or the direct user can help to situate a possible rate of cost recovery. Where regulatory activities are concerned, the individual or organization being regulated is considered the direct user and generally recognized as the primary beneficiary. Naturally, the act of regulating direct users may also serve the health, safety, or security interests of a larger contingent of end users or the Canadian public. These groups, however, are generally viewed as secondary beneficiaries of the regulatory activity.

Rival consumption and excludability are two considerations that are often integral to the initial determination of whether imposing user fees is appropriate. Within the current context of

establishing an appropriate fee level, these characteristics can also help to estimate the placement of an activity on the public-private continuum.

Rival consumption refers to the extent that one user's consumption of a particular service affects another user's potential level of consumption. The greater the estimated effect, the more rival and private a service or activity is considered to be. A purely private activity or service is highly rival in consumption and generally suggests a higher possible rate of cost recovery. Purely public activities and services are described as being non-rival in consumption. Operationally, the marginal cost of allowing additional users to consume non-rival services is generally considered to be zero.

Excludability refers to the extent that the benefits from an activity or service may be restricted to those users that pay. Purely public activities and services are generally non-excludable in that there is no practical way of preventing additional users from benefiting from the activity or service. Purely private activities and services have high degrees of excludability and generally suggest higher possible rates of cost recovery.

Once assessed, an estimate of the public-private benefit ratio may be applied to an activity's full cost to help situate a possible recovery rate or fee level. Further examination of how sub-activity costs support public or private objectives may provide additional pricing insight.

b) Impact and Contextual Analysis

Impact analysis should estimate the effects of fees and charges on the financial or competitive positions of user groups and classes of recipients. When charging at a full cost level indicates the potential for detrimental impact, fees should normally be reduced. Departments must establish their respective risk and impact tolerances and determine how the results from analysis may translate into fee level adjustments.

Impact assessment should contain cumulative fee analysis. This means that departments should consider the effect of all material federal fees and charges that affect the user group.

Contextual analysis can contribute useful insight as to the financial and market forces that are relevant to the department and the fee level decision, including the possible effects on the demand for services. Contextual analysis demonstrates awareness and understanding of the environment within which the fees apply and should make reference to the fundamental objectives and charging rationale set by the department. Contextual analysis should examine fee levels charged by other jurisdictions or entities for similar activities and services. Benchmarking of this sort should always pay due regard to such relevant factors as differing resource levels, service levels, user profiles, and regulatory objectives.

The achievement of in-depth analysis may require the development of sophisticated methodologies or the input of consulting expertise. In such instances, departments should seek the concurrence of stakeholders with the approach and methodologies to be used. Stakeholder agreement may also be required to ensure the availability of verifiable data at the appropriate level of detail.

In many cases, tools and approaches that are readily available to departments can produce reasonable and reliable impact information. The Treasury Board of Canada

Secretariat's *Canadian Cost-Benefit Analysis Guide* presents an analytical framework and approach for conducting impact analysis of regulatory policy. Information contained in the Guide may also assist impact assessment in relation to fees. The business impact test is a survey-based tool that has been used effectively to collect fee impact information from stakeholders.

c) Other Public Policy Objectives

Departments should consider how proposed fee levels may affect the achievement of broader public policy objectives, such as innovation and market accessibility.

Broad public policy objectives are those that are generally communicated through such key vehicles as speeches from the Throne, budgets, and Cabinet directives.

d) Stakeholder Consultation

Stakeholders should be provided with appropriate documentation describing the department's undertaking of the fee setting steps. Documentation should include a summation of the pricing factor analysis and any methodologies that lead to the proposed fee level. A well-planned communication strategy can facilitate stakeholder consultations regarding the fee level and other fee-related topics, such as service performance and dispute management.

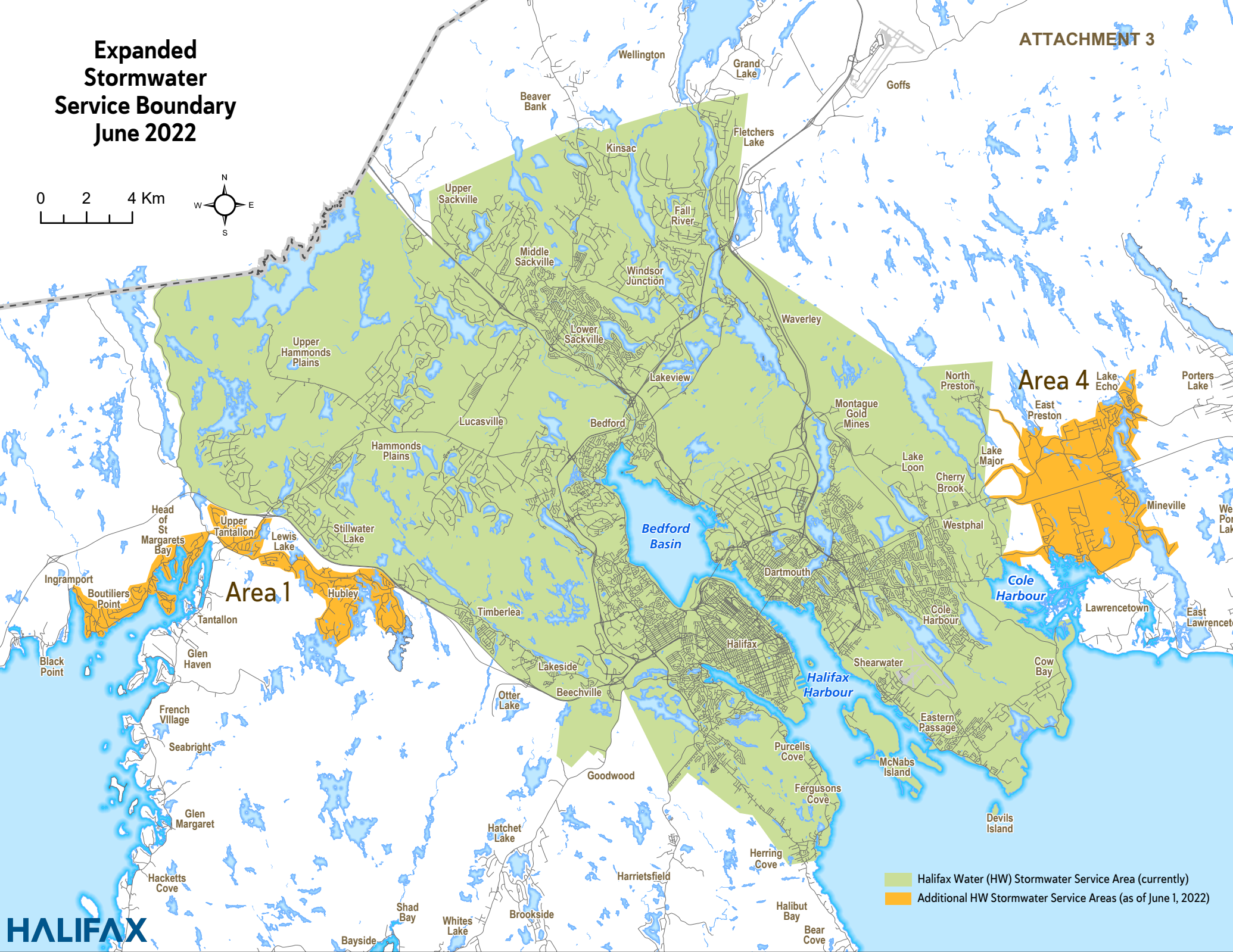
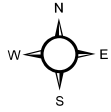
With proper information, stakeholders will be positioned to make constructive enquiries about the price proposal. Stakeholders may also provide input or identify factors or other material federal fees that did not form part of the original fee setting analysis. Departments should be open to reviewing their fee setting analysis on the basis of stakeholder feedback and revising fee levels, as necessary.

Stakeholder consultation should include other government departments, as appropriate. Relevant departments could include those that also provide key services to the user group — with or without the element of fees — or those that provide services that materially support the charging activity of the delivering department.

The parliamentary consultation process provided for under the *User Fees Act* and departmental fee approval processes are likely to favour pricing decisions that have gained the support of stakeholders. Consensus stakeholder support of the pricing decision is not prerequisite to moving forward with the fee initiative. However, as unresolved stakeholder concerns can garner additional attention from parliamentarians or the media, departments should expect that the depth of their positions and analysis will receive added scrutiny.

Expanded Stormwater Service Boundary June 2022

0 2 4 Km



Area 1

Area 4

Halifax Water (HW) Stormwater Service Area (currently)
Additional HW Stormwater Service Areas (as of June 1, 2022)

Questions about Stormwater Services

How does Halifax Water determine whether I am billed as a residential or non-residential customer?

Halifax Water uses Property Valuation Services Corporation's (PVSC) assessment data to determine if a property should be billed as **residential or non-residential**. PVSC identifies every property using an assessment number (AAN). PVSC regularly reviews property use and assesses which category properties fit into, such as residential, commercial, resource or a combination of commercial and residential and/or resource (mixed use). More information regarding PVSC can be found by accessing the following link: [About PVSC](#) .

In addition, Halifax Water also uses Halifax Regional Municipality's (HRM) building use data, which provides the number of dwelling units on a property and what those dwelling units are being used for.

A property is identified as **residential** for stormwater billing purposes if it meets any of the following criteria:

- Any property that has been assessed by PVSC as residential only and has three or less dwelling units.
- Any property that has been assessed by PVSC with a combination of residential and resource and has three or less dwelling units.

Multi-Residential, Institutional, Commercial, and Industrial (MICI) properties are included within non-residential properties. A property is identified as **non-residential** for stormwater billing purposes if it meets any of the following criteria:

- Any property that has **any** commercial assessed value.
- Any property considered as mixed use (having commercial assessment along with residential and/or resource assessment).
- Any property having more than three dwelling units.
- Any property having more than three residential assessments associated with it.
- Any property having a commercial building use.

The following flowchart outlines the process used by Halifax Water to classify a property as **residential or non-residential**:

