



Chamber says new stormwater rate formula would hurt businesses

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The chair of the St. Albert and District Chamber of Commerce says a new formula the city is planning to use to calculate stormwater utility rates will penalize businesses.

St. Albert's current stormwater utility rates are monthly flat-rate charges to residences and businesses used to fund the city's stormwater infrastructure. The new formula, which council initially approved in 2019 but postponed its implementation until 2023, and then again recently until at least 2028, would end the flat-rate system and start charging property owners of all types based on property size and how well the property absorbs stormwater to avoid runoff.

Right now, single detached homeowners pay \$16.18 per month, while all commercial and industrial property owners pay \$43.09 per month. According to a recent report to council, homeowners pay 91.3 per cent of the stormwater utility rate's overall charges each year, and the new formula looks to shift more of that burden onto commercial property owners. The city's common use spaces, such as roads, are not included in the city's new formula.

Another goal behind the new formula, council heard last month, is to implement a "user pays" philosophy in that commercial and industrial properties with, for example, large paved surfaces, have more of an impact to stormwater infrastructure than a residential property with a front and back lawn.

Mike Howes, the chair of the St. Albert and District Chamber of Commerce and the president of Sparklean Restoration in Riel Park, said the formula would be "penalizing the businesses in St. Albert."

"The first concern is that it's going to really lambaste a few of the larger businesses," he said. "It's not just one or two, it's dozens and dozens ... actually, it's into the hundreds of businesses that will be paying more."

"What they're really doing is getting into a split rate where you've got businesses paying a higher rate than residential, and we keep talking about being business friendly in St. Albert. Is that really business friendly or not?"

The city's director of economic development, Mike Erickson, said in an email the city believes St. Albert will still be an affordable place for businesses once the new formula is implemented.

Change in rates

In 2016, when the city was first looking into the new system, administration published a list of how many commercial properties would likely pay more, and by how much if the system was to be implemented.

According to the list, 454 commercial property owners, or 68.3 per cent of commercial properties in St. Albert, would pay less, ranging from \$30.32 to \$538.85 less on an annual hasis

The remaining 31.7 per cent of commercial properties, or 211 properties would pay more, ranging from \$122.08 to nearly \$10,000 more on an annual basis depending on property size.



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City spokesperson Kathy DeJong said in an email last month that the city has yet to create an updated list of how many, and by how much, commercial property owners would be affected.

For residential, according the city's 2016 list, more than 14,500 property owners, or 81.4 per cent, would be paying less on an annual basis, ranging from \$24.96 to \$146.90 less on an annual basis.

The remaining 18.6 per cent of residential property owners, 6,167, would pay more on an annual basis ranging from \$10.28 to \$116.85 more on annual basis depending on property size.

The bulk of residential properties (43 per cent or 9,026 homes) would be paying around \$24 less per year, or \$2 less per month. Another 3,495 properties out of the total 20,787 residential properties will pay \$77 less per year.

City spokesperson Cory Sinclair said the city's utility policy is based on a cost-recovery model, meaning all utility charges are calculated to ensure the continued operation of city services, not generate revenue.

The proposed formula takes after the one used by the City of Edmonton and EPCOR to calculate stormwater drainage utility rates, which is Edmonton's term for stormwater utility rates.

DeJong told the *Gazette* that the city decided to look into changing the formula after staff members attended a utility conference in Calgary in 2015

and one conference session was a presentation of case studies on municipalities that had previously implemented a similar formula.

"In essence it piqued our interest to more carefully assess our own rate model and determined from a best practice/fairness/equity perspective it was worth looking at in more detail," DeJong said.

EPCOR's formula charges about \$0.06 per square metre, and takes a property's size in square metres and multiplies it by a "development intensity" measure (how much of the property is being used for its zone-designated use), as well as a measure of how well the property absorbs stormwater.

St. Albert's formula is largely the same. However, a measure of how much a property is being used for its zone-designated purpose is not included, and instead, for residential properties only, an average water permeability measure would be calculated for each residential zoning class. As well, a local per-squaremetre price would be developed when the time comes for implementation.

In 2019, when city council approved the formula, council members agreed it should be implemented over a four-year period, and administration needed to come up with a cap on property size to be included in the formula

A report to council at the time says administration proposed a 25,000-square-metre cap for commercial properties, and a 1,000-squaremetre cap for residential properties.

Howes said having a cap on the square metres of property size would be a good thing, but he wasn't sure what a good cap would be.

Howes also disagreed with the city's claim the new formula could mean that smaller businesses with "modest" sized buildings might pay less than they currently pay.

"I'm not sure there will be a benefit to any small business," he said. "I think most of the small businesses (the city's) talking about are renting space in an office building or in a shopping mall and those sorts of strips where those fees are going to be passed on to the owner of the building and that building owner is going to pass them on in the way of higher rent."

"It's going to get paid one way or the other by all those people, and those small businesses are just going to see their rents get increased."

Erickson said the city expects the new stormwater formula to have minimal impact to businesses' bottom lines.

"We expect the stormwater rate to have a minimal impact on our vacancy rates or the affordability of space in St. Albert, as stormwater makes up a fairly small percentage of most businesses' overall operating costs."

Council is set to discuss the implementation of the formula again as part of the 2025 budget deliberation process, which will take place in November of next year.





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