

February 3, 2010

Mr. Chris Gainham  
Senior Project Manager, Planning  
Infrastructure & Source Water Planning  
City of Hamilton  
55 John Street North – 6<sup>th</sup> Floor  
Hamilton, ON L8R 3M8

Dear Mr. Gainham:

Thank you for your letter on January 11, 2010 in response to comments submitted on behalf of the Hamilton Chamber of Commerce regarding the City's proposed Storm water Rate program. Having had the opportunity to review your response, I would like to clarify the position of our membership and further outline some additional concerns raised by recent events regarding this issue.

As was noted in my previous letter, the state of our City's storm water infrastructure is a matter of great concern. It is for this reason that I continue to question the manner in which the current proposal was developed. As you note in your letter of January 11, this issue was first brought to light by City Council in 2005; a peer review was published in April 2009; and you have been working with a consultant on the development of this program since June. I am left to ask why the Chamber and other Industrial, Commercial and Institutional (ICI) stakeholders were not consulted on such an important issue prior to October 21.

By the time either the ICI stakeholder meeting or the public information sessions took place, final decisions regarding the storm water rate program were all but finalized. Even when these meetings did take place, I maintain that no information was presented that allowed these stakeholders to accurately determine the impact the proposal would have on their finances. Your suggestion that "the ICI meeting included both a preliminary reconciliation of both the City's current storm water program expenditures as well as the sustainable level of funding required..." does not align with the Chamber's account of this meeting.

The documentation distributed by the City and Aecom/CDM, is notably absent of any of this financial information. Additionally, when questions were asked about these financial implications, staff responded with vague estimates that would only be validated in the final report to Council. The absence of validated information made it impossible for businesses to determine the potential impact of this policy on their operations and therefore prevented any meaningful commentary prior to the report being presented to Council.

Evidence of this can be found in the fact that ICI stakeholders were given an estimate of \$50 million as the amount required for sustainable storm water service and an ERU value of \$5 as an example when the staff report dated November 19, 2009, indicates that \$66.3 million will need to be raised with an ERU value of \$13.13 in order to reach a level of sustainable funding.

It is unacceptable that the business community and residents of the City did not have an opportunity to fully account for the impact and provide meaningful comment on what amounts to a \$66 million tax levy. I continue to refer to the storm water rate as a tax as I fundamentally disagree with the assertion this fee "will be proportionally paid by customers who benefit from the service."

It was made abundantly clear to those in attendance at the ICI stakeholder meeting that even those businesses or residents who did not benefit from storm water services (i.e. retain storm water on their property or lawfully divert storm water away from City sewers) would still be required to pay a tax under this system. Both City staff and the contracted consultants were very clear that 1-to-1 credits for diversion or retention were not viable.

While I will leave the philosophical debate regarding property taxes v. user fees aside for the moment, I would suggest that under your definition of a 'user fee', only those who utilize the service are required to pay. This proposal as designed does not meet that criteria.

Lastly, I am concerned about the quality of the information that was presented to Committee of the Whole and subsequently City Council on December 4 and December 9, respectively.

In my previous letter dated November 24, 2009, I noted concerns raised by Chamber members regarding the increased fiscal burden on public institutions resulting from storm water fees that would ultimately flow through to the property tax base, adding further to the disproportionate tax burden borne by the business community. I also noted the concern regarding these flow through costs being passed down to customers resulting in Hamilton businesses being less competitive with neighbouring jurisdictions.

In your response to my letter, in both these instances you suggest that these are "consideration(s) for City Council," yet neither of these concerns was brought forward in the staff report. Furthermore, the "City Strategic Commitment" section of the report states that the 'Economic Well-Being' of our community is being enhanced by this policy, with no mention of these economic challenges as presented by the business community.

Considering all of the points raised here and in my previous letter, I am most troubled by the lack of alternatives that have been discussed with stakeholders and presented to City Council. For the staff report to suggest that Council's only choice is to accept the recommendation for a storm water tax or maintain the status quo at the risk public health is simply irresponsible.

Again I will note that we all recognize the need to address the City's storm water infrastructure issues, but the discussion must be inclusive and ensure all available financing options are brought forward. This process has met neither of these criteria.

In conclusion, I would like to applaud City Council for identifying the failure of this process and providing an opportunity for further consultation as future reports are compiled as noted in the amended Committee of the Whole Report (09-034). Further consultation with the Agricultural and Rural Affairs Committee is welcomed, and I hope that staff will take the opportunity to further consult with ICI stakeholders and the community-at-large as they prepare to draft their June report for Council.

In that regard, the Chamber of Commerce would welcome the opportunity to participate in consultations aimed at the development of alternative options to the proposed storm water tax. This is an issue of great importance to both business and the resident of Hamilton – one that warrants our attention and commitment to ensure that an appropriate solution is found.

Once again, thank you for your consideration of these comments and we look forward to future consultation and deliberation on this matter.

Regards,

Ruth Liebersbach BA, CMA, C.Dir, FCMA ,  
President, Hamilton Chamber of Commerce

CC: Mayor and all members of Council, City of Hamilton  
All Directors, Hamilton Chamber of Commerce (including Chairs of Ancaster,  
Dundas & Glanbrook Divisions  
Chair and all members of Chambers' Government Affairs Committee (including  
reps. from Flamborough & Stoney Creek Chambers of Commerce), and of their  
Environment & Energy Task Force."