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REPORT TITLE: **Clean Water Act – Source Water Protection Incentive Program**

FROM: Kealy Dedman, Commissioner of Public Works

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## **RECOMMENDATION**

**That the Source Water Protection Incentive Program as set out in the report of the Commissioner of Public Works, listed on the February 10, 2022 Regional Council agenda, titled “Clean Water Act – Source Water Protection Incentive Program”, be endorsed, in principle;**

**And further, that staff be directed to proceed with the necessary steps for implementation as outlined in the subject report;**

**And further, that the Commissioner of Public Works and/or their designate be authorized to approve and execute participant agreements together with such ancillary documents necessary for the implementation of the Source Water Protection Incentive Program, on business terms satisfactory to the Chief Financial Officer and on legal terms satisfactory to the Regional Solicitor.**

## **REPORT HIGHLIGHTS**

- The Region of Peel maintains overall responsibility for the delivery of municipal groundwater in Caledon and ensures the long-term viability of groundwater resources.
- The Region’s mandate includes the responsibility to develop and enforce policies related to support source water protection.
- Staff are proposing the development of an Incentive Program in support of the Region’s commitment to working with affected landowners and business owners to support shared roles to safeguard municipal drinking water sources and achieve the objectives of the local source protection plans.
- Reducing costs to landowners and business owners is anticipated to facilitate consensus building, accelerate the negotiation process, and support overall compliance with risk management plans.

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## **DISCUSSION**

### **1. Background**

The Region of Peel (the Region) is responsible for delivering municipal drinking water services in Caledon, including protecting the sources originating from high quality groundwater. Land use activities such as fuel storage, road salting, septic systems, agricultural and industrial processes pose a potential risk to groundwater sources.

The *Clean Water Act, 2006* (the Act) sets out a framework to protect existing and future municipal drinking water sources from contamination and overuse that focuses on

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prevention. Under the Act, the Region is responsible for implementing various policies contained in local source protection plans, completing technical studies to ensure vulnerable area mapping accounts for changes to drinking water systems, engaging the public and stakeholders, and reporting annually to source protection authorities on implementation efforts.

In order to ensure the Region's interests and responsibilities under the Act are met, Council appointed a Risk Management Official (RMO) with specific responsibilities which include:

- Reviewing development proposals in wellhead protection areas to ensure growth and land use changes are compatible with source protection plans
- Administering and enforcing prohibition policies
- Issuing related notices and orders
- Negotiating and/or establishing site-specific risk management plans

### **Risk Management Plans**

Certain landowners and businesses may be required to implement risk management plans to mitigate or eliminate land use activities that are threats to sources of municipal drinking water. A risk management plan is a legally binding agreement between the RMO and landowner or business owner. A risk management plan documents best management practices which may include training, monitoring, reporting, upgrades, and retrofits to facilities and/or equipment. Amendments to risk management plans may be necessary to reflect changes to applicable regulatory requirements, source protection plan policies, or land use activities.

## **2. Challenges**

A significant investment by a landowner or business owner may be necessary to comply with a risk management plan. Engagement with landowners and businesses has highlighted the fact that in the current economic climate and uncertainty arising from the COVID-19 pandemic the cost of complying with risk management plans is often an added financial hardship.

## **3. Proposed Direction**

Staff recommend implementing a Source Water Protection Incentive Program (the Incentive Program) to help reduce costs incurred by affected landowners and business owners who must comply with risk management plans. This financial incentive supports policies set out in the local source protection plans to encourage actions to reduce potential risks to municipal drinking water sources. Reducing costs to landowners and business owners is anticipated to facilitate consensus building, accelerate the negotiation process, and support overall compliance with risk management plans. The Incentive Program is also a more collaborative approach to working with landowners and business owners about the importance and relevance of source water protection initiatives.

The Incentive Program would require recipients to cost share certain improvements and follow a participant agreement. Risk management plans that require more significant measures (e.g., replacement of fuel storage tank, new structure for chemical storage and secondary containment) are proposed to be funded by the Region at 85 per cent of the total cost to a maximum of \$20,000. New minor measures (e.g., purchasing a spills kit, registration fees for training courses) would be covered by the Region in full, up to a total

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cost of \$1,000. Each eligible subject site would be limited to a maximum of \$35,000 in incentive funding. Changes to land use activities or changes in land or business ownership would not alter the funding cap for each subject site under the Incentive Program (i.e. A specific site would not qualify for funding in excess of \$35,000).

Several other municipalities have developed incentive programs to subsidize the cost for landowners and business owners to implement risk management plans. The Incentive Program is consistent with other established Regional partnership and environmental stewardship funding programs.

The next steps in advancing the program will include finalizing the Incentive Program guidelines and forms, including the participant agreement which will set out the terms and conditions under which a participating landowner or business owner will receive funding from the program. Staff recommend that the Commissioner of Public Works be authorized to approve and execute participant agreements for the Incentive Program, on business terms satisfactory to the Chief Financial Officer and on legal terms satisfactory to the Regional Solicitor.

### **RISK CONSIDERATIONS**

The risk is low to the Region associated with the recommendations in the report. Appropriate due diligence provisions, including consultation with Region legal staff for drafting purposes are in place to meet the goals of the Incentive Program. Where a voluntary collaborative approach and agreement to risk management plans cannot be achieved, the Act provides the Region's Risk Management Official (RMO) with authority to issue enforcement orders requiring a landowner or business owner to comply. Risk management plans are subject to inspections, monitoring, and reporting on compliance efforts. The Region has established procedures and forms to implement administrative and enforcement measures under the Act.

### **FINANCIAL IMPLICATIONS**

There are sufficient funds available in the approved Capital Project 20-1820 to implement the recommendations in this report. Staff anticipate the Incentive Program to require approximately \$20,000 per year, over the next two years, based on the new and amended risk management plans in progress. Future budget impacts to deliver the Incentive Program will be addressed as part of the annual budget approval process.

### **CONCLUSION**

By investing in an Incentive Program for source water protection, the Region demonstrates commitment to working with affected landowners and business owners to support shared roles to safeguard municipal drinking water sources and achieve the objectives of the local source protection plans.

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