Does a Stormwater Management Fee Make Sense for My Municipality?

Daniel S. Deiseroth, P.E.
PRESENTATION BACKGROUND
Daniel S. Deiseroth, P.E.
BSCE Bucknell University
30 years experience
Executive Vice President and Shareholder Gateway Engineers
Registered PA, WVA, OH, NY and Florida
Municipal Engineer Mt. Lebanon, McCandless, Cecil, Slippery Rock Borough, Sringfield Township and Butler Township
Gateway Team Leader Engineering Special Services

GATEWAY
61 year old firm; 150 persons Full Service including Surveying,
Environmental, Traffic, Civil, Landscape Architecture,
Structural and Geotechnical
Offices in Pittsburgh, Southpointe and Butler
Representing over 30 local governments and Authorities in Southwestern PA
The state of the Infrastructure

Aging infrastructure is all around us. The forgotten stepchild is the storm sewer system.
Today’s Agenda

- DIMS Questions
- Key Issues Needing Improvement
- Existing Program Description
- The Plan to Solve the Problems
- Stormwater Funding Overview
- Stormwater User Fees
- Steps and Cost
- Key Questions
- Case Studies – Mt. Lebanon & Whitehall
- Projects completed with Fund
- Questions
DIMS Questions
(Does it make Sense)

• What problems, issues and needs do we face that we need to solve?
• What do we spend and do now toward solving them?
• What **should** we be doing differently and what might it cost?
• How would a stormwater user fee work to pay for it?
• What are the next steps?
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Key Issues Needing Improvement

- Flooding – real, growing, unresolved
  - Be proactive
  - Add sewers where non-existent
  - Alleviate pressure on sanitary system
  - Reduce complaint backlog
- Infrastructure – aging, blocked, failing
- Quality of life – service values and property values
- Sustainability
  - Green approaches to stormwater management
  - Costly environmental compliance MS-4
Key Issues Needing Improvement

- Public Works
  - Pay for Labor
  - Pay for Equipment
  - Pay for mapping
- TMDL
  - Study completion
  - Implementation of pilot projects
  - Long term monitoring
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## Current Program

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## Preliminary Program Plan

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General Legal Categories of Municipal Revenue

✓ Taxes
  ✑ Primary revenue generator
  ✑ No mandatory association with specific activities

✓ Exactions
  ✑ Approval or privilege to us
  ✑ Franchise fee

✓ Assessments
  ✑ Direct and special benefit
  ✑ Often one time capital construction

✓ Service Charge
  ✑ Tied to objective or program
  ✑ Fee level based on provision of goods & services
Building Blocks for Funding

- Resource
- User Fee
- Volunteers
- Fines
- Impact Fee
- Bonding
- General Fund
- Tax Assessment
- Shared Costs
- Inspection Fees
- Grants
- Special Sales Tax
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What is a Stormwater Utility?

- A funding method
- A program concept
- An organizational entity

Mix of methods
Growth of Stormwater Utilities


1 750 1500

On Call. On Time. On Target.
Advantages of a Stormwater Utility to Support Programs

- Stable
- Adequate
- Flexible
- Equitable
Stable Utility vs. Tax or “Money” Funding

User fee based

“Money” or Tax-based

Maximum possible program

Time

$\$$
For every $1/month/ERU returns between $140,000 and $170,000 per year
Flexible

- Primary source for the whole program
- Other fees to enhance equity
- Credits to encourage good performance
- Can take into account environmental costs
Equitable

- Everyone is treated the same
- The fee is what is necessary to fund the program.
- Credits are given to those who truly help the state of stormwater
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What might the next steps be?
Anticipate Legal Challenges

- Fair and reasonable
- Not illegally discriminatory or confiscatory
- Costs substantially related to provision of facilities and services
- Individual rate based loosely on demand or “use” of service
- Legal by charter or legislation
- Proper procedures followed and appropriate governance
Enabling Legislation Act 68 of 2013

- Act 68 authorizes new or existing municipal Authorities to take on stormwater planning, Management and implementation effective September 7, 2013
- Authorities can fund operations, complete construction and maintenance of stormwater systems.
- Multi-municipalities can create an authority and fund on a watershed basis and charge a user fee.
- New House Bills 1325, 1394 and 1661 would enable all Boroughs and Townships to create a stormwater fee
A question of “due diligence”

Establishing a successful stormwater utility requires that you pay attention to five key areas of due diligence:

1. Governance and inter-municipal consensus
2. Program concept and the compelling case
3. Public and political education and support
4. Financial policies and documents
5. Database development & accuracy and customer service
Remember that due diligence is the key to short and long-term success.
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Some key questions…

1. What will this cost?

2. How long will it take?

3. How will you keep the public informed?

4. Do we get to vote again or is this it?

   • About one to two month’s revenue depending on billing

   • About ten months again…

   • Meetings, website, other publications

   • Yes you get to vote on the rate, rate ordinance and it will be submitted in advance for comment
Case Study

Municipality of Mt. Lebanon
Basic Mt. Lebanon Information

- 6.05 sq mi
  - 3,891 acres

- 33,000 people
  - 5,460 / sq mi

- 12,000 parcels
  - 10,800 SFR
## 2011 Stormwater Program (Pre-Utility)

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## Post Program Plan

### Stormwater Cost of Service

#### Mt. Lebanon, PA

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Equals 1.0 ERU
Mt. Lebanon is about 2,400 SF, 150 properties measured, median impervious surface used
How a Fee is Calculated

= 1 ERU

= 40 ERUs less credit

Gateway
On Call. On Time. On Target.
Fee is $8.00 / ERU / mo
These small businesses pay $16 / mo
For a $8.00 / ERU / mo charge
36,000 sf impervious area

13 ERUs
$104.00 / mo

Lease Information
20,000 sf @ $16 / sf / yr
$320,000 / yr
fee = 0.35%
Credits

- If you spend private resources that materially reduce your site’s impact on the public drainage system, flooding or water pollution, you may receive a credit.

- If you spend private resources that materially reduce the City’s cost of the stormwater program, you may receive a credit.

- Credit manual created
Credits

• One-time Rain Barrel Credit
• Peak Flow Attenuation Credit
  • Designed for 25-year storm
  • Up to 50% reduction in fee per year
Properly sized Rain barrel
Decisions

- Do you bill for roads or not?
- Do you bill yourself as a municipality?
- What is the minimum amount of Impervious area you will charge for?
- How do you deal with vacant lots?
- Where do you cut off trying to measure impervious?
- How much will you provide in the way of credit and how will the credit be determined?
Lebo Fee Facts

- Started 1-1-11 first bill issued 9-1-11
- Billed by 3rd Party Billing Company at 2% of fee
- After determining ERU’s all non-residential customers were individually Measured
- Meeting with 25 largest Rate Payers
- Public hearing on the ordinance
- Staff answered questions with FAQ upon implementation
Lebo Fee Facts

- Annual Capital Report Prepared
- Annual summary document of where money is spent is published on website
- Data base is updated each time CFO is implemented
- Bond issue taken for larger projects and paid back by the fee
Current State of Mt. Lebanon Operation

- $4,240,000 in improvements since 2011
- Two challenges to the fund and only on ERU calculation
- $1.1 Million in backlogged projects
- Useful tool in addressing resident issues; Commissions have a mechanism to address a problem.
- Using for the Start of a TMDL Plan
Current State of Mt. Lebanon Operation

- The fund is moving from flooding issues which have been significantly addressed to proactive system maintenance, expansion of stormwater infrastructure and MS-4 Compliance.
Forest Glen Project
Forest Glenn Project

- 80 acre watershed
- Multiple flooding Events
- Infrastructure 1920’s and 1930’s
- $800,000 from stormwater fund will create a more modern infrastructure to alleviate flooding
- Under construction presently
Forest Glen Project
Altoona Storm and Sanitary
Altoona Storm and Sanitary

- 50 acre watershed
- Multiple flooding Events
- Infrastructure 1920’s and 1930’s
- Sanitary sewers under homes
- Lack of Storm sewer Capacity
- $2,000,0000 project from sanitary and stormwater fund has created a more modern infrastructure to alleviate flooding
- Completed in 2015
Altoona Storm and Sanitary
Cedar Blvd Rain Garden
Cedar Boulevard Rain Garden

- Additional Parking for Athletic Fields created in 2013
- Rain Garden included to control stormwater and treat runoff. Paid for from Stormwater fee fund.
- Lesson Learned: the rain garden planting needs to be conducive to the environment in which it is located. Replanting occurred in 2015.
Cedar Boulevard Rain Garden

Pre-condition

Post Condition
Whitehall

• In 2014, Gateway consulted with the Borough of Whitehall in Allegheny County to set up a fund similar to Mt. Lebanon. They are beginning to implement projects in 2016.

• Whitehall work began Summer of 2014 implemented for first bill in January of 2015
Whitehall

Residential ERU’s          5,159
Non-residential ERU’s      2,252
Total ERU’s                7,411
Average Yearly Cost of Program $787,432
Approximate revenue at $96 per ERU 95% collection
$15K for billing $660,883
Lessons Learned

• Have someone on your team who knows how to do the fee. You only have one chance to do it right.
• Have good data and then check it over and over again
• Have shovel ready projects to go the day you send out the first bill or shortly thereafter
• Be ready to answer questions when the first bill goes out and send an explanation with it.
Lessons Learned

• Continue to update and monitor your list of projects in anticipation of each year’s work
• Consider a sunset provision in the ordinance if people are concerned this will never go away and only cost more.
Summary

• Flooding lack of new infrastructure and maintenance existing infrastructure are primary reasons to create a fund.

• Water quality and MS-4 compliance creates future are unfunded mandates on Municipalities which can be addressed with a stormwater fund.
Questions?
Daniel Deiseroth
412-921-4030 x 110
Ddeiseroth@gatewayengineers.com