

FY24 Stormwater Fee Increase Request Justification

The Stormwater and Environmental Services Division is proposing to increase stormwater management utility fees in FY24. Stormwater fees have not been adjusted since their adoption in FY17.



HILLSBOROUGH
STORMWATER AND
ENVIRONMENTAL SERVICES

Why is a fee increase needed?

- To keep pace with inflation.
- Fund a new Stormwater Technician position.
- Fund equipment needs for stormwater infrastructure maintenance.
- Increased need for funding for Falls Lake Rule compliance.
- Improve level of service to customers.

What has changed since the inception of the stormwater fee?

- Study completed by Brown and Caldwell that reviewed the town's stormwater program including a "gap analysis" and assessment of stormwater asset management needs.
- Completed a stormwater permit "self audit" that identified additional gaps and needs.
- Those studies resulted in the creation of an Operation and Maintenance Plan (OMP) necessary to comply with the town's stormwater permit.
- A large portion of the OMP is being carried out by the town's Public Works Division, but this has required increased support to Public Works by the Stormwater and Environmental Services Division.
- New development has increased the number of stormwater control measures (SCMs), and stormwater infrastructure that needs inspected and maintained.
 - Added 43 SCMs since the inception of the stormwater utility, bringing the current total to 132; Stormwater and Environmental Services staff must audit (inspect) approximately 1/3 of those annually.
 - Expect to add 8 more completed SCMs this year as projects are closed out; will add more as Collins Ridge Develops.
 - Even though the town requires the owner to submit SCM inspection reports annually, the reports must be reviewed by town staff and the number of reports has increased significantly.
 - Added over 1200 new residential properties since 2017; large residential developments in Waterstone and Forest Ridge are essentially built out; not only does this add to the SCM inventory, it includes inspection and maintenance of stormwater infrastructure within newly accepted town roads.

- Public Assistance calls and email have increased substantially over the last 5 years. In 2017 Stormwater and Environmental Services Division reported 7 public assistance requests in the annual report; since then the average is almost 20 annually with a high of 54 in 2021.
- Falls Lake Joint Compliance Requirements
 - Compliance with Stage 1 of the Falls Lake Rules for stormwater from existing development began in July 1, 2021.
 - The town opted to participate in the Upper Neuse River Basin Association's (UNRBA) *Interim Alternative Implementation Approach* (IAIA) which is a state approved joint compliance program to meet Stage 1 of the existing development rule for stormwater.
 - The IAIA is an investment based approach that requires the town to complete water quality/watershed improvement projects.
- Workload of existing staff
 - Currently the Stormwater and Environmental Services Division has two full time staff positions.
 - Due to the importance of the Falls Lake Rules reexamination process and Stage 2 requirements, participation in the UNRBA is critical in ensuring Hillsborough has a say in the process. To that end, the Stormwater and Environmental Services Manager has increased the number of technical workgroups he serves on with the UNRBA and was appointed co-chair of the UNRBA's "Path Forward" committee which is the technical steering committee for the rule reexamination process. This is in addition to serving on the UNRBA's board of directors.
 - With the Stormwater and Environmental Services Manager increasing time spent with UNRBA tasks, the Stormwater Program Coordinator has taken on primary responsibility with the Clean Water Education Partnership (CWEP). CWEP is a regional stormwater education organization that provides media, direct and indirect educational services. These services meet portions of the town's education and outreach requirements pursuant to the town's stormwater permit.
 - The IAIA has required both staff positions to manage and oversee projects. Project management can be time consuming. The town's Stormwater Program Coordinator has especially increased her time in managing watershed/water quality improvement projects. She has also increased her involvement in the town's required education and outreach program since the Stormwater and Environmental Services Manager does not have as much time to devote to it.
 - Increases in SCMs, working with HOAs, assisting Public Works with OMP implementation, assisting the public etc. make it difficult to complete the more "day to day" tasks of the division. While the division is minimally staying in compliance with tasks, it is becoming more difficult to do so.

- Stormwater Program Audit
 - The town's first ever audit of its stormwater program by the state is scheduled for 2023. While staff believes that the town is substantially compliant with its stormwater permit requirements, it is expected that areas may be identified from the audit that need strengthening.
 - Strengthening those areas will require additional staff time and as stated above, existing staff is already having to prioritize workload.
- Town's Stormwater Operation and Maintenance Plan
 - This plan was developed as part of the aforementioned "gap analysis" and was developed to better meet the town's stormwater permit conditions.
 - The plan outlines not only SCM maintenance and pollution prevention on town properties, but it includes an expanded operation and maintenance program for town-owned stormwater infrastructure.
 - A jet vac truck and other equipment are needed for maintaining town-owned stormwater infrastructure and providing a higher level of service.
 - The percentage of time Public Works staff dedicate to stormwater work has increased, and the allocation of resources, including personnel needs to be reassessed.
- Town's Comprehensive Sustainability Plan
 - The town is currently drafting a comprehensive sustainability plan that will be adopted soon. That plan contains various goals and strategies to achieve those goals.
 - The plan includes goals and strategies for the environment and natural systems. The Stormwater and Environmental Services Division will be instrumental in meeting these goals and will need the additional staff person in order to begin implementing the plan.

Stormwater Technician

- Staff determined that what is most needed is an entry level technician position that would help complete SCM audits, IDDE screenings, assist Public Works with stormwater infrastructure inspections, and other similar field work.
- Based on initial input from Human Resources, the position is anticipated to be a Grade 6 position. The rate analysis used the midpoint with a base salary of \$56,752 and a fully loaded compensation at \$81,582.
- Since Stormwater and Environmental Services staff already use a flex schedule, this new position will not require additional office space. Existing office space will be utilized along with a flex schedule since this position will be primarily a field position.
- Likewise, based on usage of the division's vehicle, a new vehicle is not needed at this time.

Stormwater Utility Fee Rate Analysis/Model

- Stormwater and Environmental Services Division staff developed an Excel based draft rate model and analysis that will be used to determine proposed fee increases for FY24. Some key points of the analysis are listed below:
- Even without adding a position, stormwater utility fees would need to be increased in FY24 to meet budget projections;
- Conducted an analysis on stormwater fee revenue to determine that the average collection rate is 98%;
- Staff updated budget estimates for FY24 and FY25 based on input from both Stormwater and Environmental Services staff and Public Works staff;
- Conservatively estimated that 100 residential properties would be added each fiscal year for FY24 and FY25 based on current construction.
- Completed an impervious surface analysis using both as-built and GIS data to determine if the Equivalent Residential Unit (ERU) needed updating. Based on this analysis staff is recommending keeping the ERU at 2,800 square feet.
- Also analyzed non-residential impervious surface and determined there is a need for a 6th tier to account for properties with significantly higher impervious surface. As such, 3 properties will be in the proposed new tier and they included: UNC Hospital campus, Wal-Mart campus, and the former Daniel Boone development.
- Since adding a new tier would alter the midpoint of tier 5, it was determined that the most equitable solution would be raising non-residential rates based on the percentage of the residential rate increase.
- Multiple scenarios have been analyzed thus far; additional analyses will be completed based on FY22 financial audit information, updated equipment costs, adoption of the town's comprehensive sustainability plan and other factors that are currently in flux.

Next Steps

Town staff anticipates the following items as “next steps” in determining proposed stormwater fee increases:

- Receive input and direction from the town board.
- Benchmark other local municipalities current stormwater utility fees; Update rate model and analysis as necessary based on FY22 financial audit information, updated costs, etc. Additional considerations include:
 - Assess health of the Stormwater Fund, including fund balance levels, contingency, etc.
 - Assess percentage of Public Works staff time spent on stormwater activities.

- Evaluate additional expenses as well as considerations related to hiring a Stormwater Technician. This includes whether a vehicle will be needed, where the position will be located and timing of bringing the position on board.
- Evaluate equipment needs (i.e. jet vac truck, excavator, etc.), timing of equipment purchases and potential alternatives.