

MEMORANDUM

TO: Mayor and Town Council

FROM: W. Calvin Horton, Town Manager

SUBJECT: Manager's Follow-up Report on Recommendations of the Stormwater Utility Development and Implementation Study Committee

DATE: February 11, 2002

The following information and recommendations are provided in response to the Final Report of the Stormwater Utility Development and Implementation Study Committee, which was received and referred by the Council at its November 26, 2001 regular meeting.

The attached resolution would authorize the Manager to contract with an experienced consultant to draft and present to the Council a pro forma business plan report on the development and implementation of a utility-based Stormwater Management Program to serve Chapel Hill.

The attached budget ordinance would transfer \$15,000 from the Council's contingency fund account for the necessary consultant services.

BACKGROUND

On August 23, 1999, the Council authorized establishment of a Stormwater Utility Development and Implementation Committee to prepare a report regarding implementation and operation of a Stormwater Utility to serve Chapel Hill, and possibly surrounding areas. The original charge of the committee included examining the following:

- Organization and management control system
- Budget areas and services to be provided
- Staffing and equipment needs
- Rate structure for user fees
- Annual revenues and expenses

At its meeting on February 12, 2001, the Council received an interim status report from the Committee. At that time, the Committee requested that the Council expand the original charge to include an inter-jurisdictional approach to stormwater management with the goal of achieving regional consensus and cooperation. The Council expanded the Committee's charge as requested.

On November 26, 2001, the Stormwater Utility Development and Implementation Study Committee presented its final report containing the following key recommendations for the Council's consideration:

- 1) Initiate formal discussions with neighboring jurisdictions and OWASA with the goal of implementing the following five areas of cooperation:
 - a) Water Chemistry and Biological Monitoring
 - b) Illegal Discharge Identification and Elimination
 - c) Public Education
 - d) Digital Flood Mapping and other National Flood Insurance Program activities
 - e) Sedimentation and Erosion Control activities
- 2) Discuss the establishment of an inter-jurisdictional *Stormwater Management Workgroup* with neighboring jurisdictions and OWASA to determine the feasibility and details of implementing the five areas of cooperation and other related issues.
- 3) Authorize the Manager to obtain services of an experienced consultant to develop the details of a stormwater utility including: financing structure, billing, programs and legal issues.
- 4) Establish a *Stormwater Action Committee* to work with staff and the consultant to provide advice during the utility development process.

Although the Committee was able to identify problem areas, needs and goals for comprehensive stormwater management, the Committee also determined that it did not have the necessary expertise to develop a detailed proposal for a Town Stormwater Utility. Preparation of such a proposal would require: evaluation of the Town's Geographic Information System (GIS) capabilities and resources applicable for utility use; development of a practical and equitable rate structure including a billing and collection system; analysis of legal and public relations considerations; and, recommendations for a reasonable implementation schedule. The Committee concluded that professional assistance would be necessary if the Council desired to proceed with the Stormwater Utility concept in our community.

DISCUSSION

Inter-jurisdictional Issues

We think that there are existing formal and informal inter-jurisdictional programs and staff groups that provide a foundation for expanded discussions of cooperative stormwater management program areas. Existing inter-jurisdictional programs and groups include:

- 1) Stream water quality monitoring and reporting services are being provided by Chapel Hill for Carrboro on a contract basis.
- 2) A Geographic Information System Workgroup, which includes representatives from Chapel Hill, Carrboro, Orange County, OWASA, and the University, cooperatively develops and shares GIS databases and arranges for equitable cost-sharing in aerial mapping and related technical services.

- 3) The Federal Emergency Management Agency Cooperating Technical Community partnership between Chapel Hill and Carrboro provides for cooperative efforts regarding floodplain mapping, map management and related issues.
- 4) Chapel Hill, Carrboro, Orange County, and the University are working cooperatively with the US Army Corps of Engineers under a Section 22 Flood Study Agreement to perform detailed flood studies of streams in unincorporated Orange County adjacent to Carrboro and Chapel Hill.
- 5) A countywide flood study sponsored by the Federal Emergency Management Agency through the State of North Carolina will incorporate Chapel Hill, Carrboro and portions of Orange County into a seamless flood-map product that will allow each jurisdiction to continue to regulate development as a part of the National Flood Insurance Program requirements.
- 6) Chapel Hill and the University cooperatively prepared and are working under a defined set of Stormwater Management Performance Standards and a Development Review/Permit process for the OI-4 Development Plan.
- 7) Chapel Hill and Orange County have improved sedimentation and erosion control cooperation involving inspections and enforcement activities.
- 8) An OWASA/Chapel Hill staff workgroup meets semi-annually to discuss capital projects and other issues requiring cooperation and information-sharing.

Based on these existing areas of on-going inter-jurisdictional cooperation, we think that the Committee recommendation to establish a new *Stormwater Management Workgroup* to discuss many of these same issues is unnecessary at present. Further discussions may be warranted after receipt of a business plan for development of a Stormwater Utility, if the Council authorizes such work.

We believe that there is sufficient routine staff contact among the jurisdictions, and sufficient staff interest in inter-jurisdictional cooperation, that mutually beneficial cooperative efforts regarding stormwater management and other issues will continue to be identified and implemented on the existing basis.

Town of Chapel Hill Stormwater Utility Development

The Town of Chapel Hill has existing stormwater and floodplain management programs, regulations, policies and services. These are administered and provided by multiple Town departments. The following summarizes the general description and scope of the Town's existing programs and services:

- 1) Public right-of-way drainage maintenance, bridge and other capital improvements projects, and drainage assistance program improvements.

- 2) Stormwater management engineering design and development review, response to citizen drainage inquiries, National Flood Insurance Program and floodplain management administration, and Resource Conservation District (RCD) determinations.
- 3) Zoning Compliance and Special Use Permit review and issuance, Development Ordinance and Comprehensive Plan administration, and record keeping/database management.
- 4) Building Permit and Certificate of Occupancy review and issuance, code and zoning violation enforcement and inspections

The Town's operating budget and available staff limit the current levels of service for stormwater and floodplain management, including maintenance and water quality improvement activities. With current limitations the Town has little flexibility in meeting immediate stormwater management operations and maintenance needs, drainage assistance requests, and long-term needs such as revising/improving stormwater management design standards, implementing water quality improvement initiatives, and modeling watersheds for detailed analyses.

We also believe that our existing programs and service levels are inadequate to meet new regulatory requirements and to respond adequately to program area changes outlined below.

New Requirements and Program Areas

- 1) Town program development and permit application for compliance with the National Pollutant Discharge Elimination System (NPDES) Phase II requirements, by March, 2003, is required by the US Environmental Protection Agency and the NC Division of Water Quality.
- 2) New regulatory Flood Insurance Rate Maps are expected in August 2002 in preliminary format. We expect that changes in floodplain elevations and, consequently, Resource Conservation District elevations will occur. To continue being a part of the National Flood Insurance Program, the Town will be required to adopt and administer the new flood hazard maps after a ninety-day review and revision period.
- 3) The proposed Town Development Ordinance revisions include new stormwater management and Resource Conservation District provisions that we believe may require additional resources to effectively manage new development.
- 4) A new provision to the federal Stafford Act requires that the Town develop and maintain a Hazard Mitigation Plan (as approved by the State of North Carolina) to qualify for future Federal or State funding related to natural disasters. This plan must be prepared and formally adopted by August of 2002. As a result of this plan, stormwater mitigation activities are anticipated to increase Town-wide.
- 5) We anticipate an increase in grant activities related to water quality improvements and stream restoration throughout the Town based on preliminary information from the Little Creek Watershed Assessment and Restoration Project currently underway through the NC Division of Water Quality, and the Total Maximum Daily Load (TMDL) Section 303(d) list of impaired streams.

We think that enhancement of the existing Town stormwater management programs and services is necessary to improve current levels of service and to adequately meet future needs. We also think that the process of developing and presenting recommendations for the Council's consideration regarding a practical level of service for stormwater management in Chapel Hill, Town stormwater management policy, and an equitable and practical funding mechanism through a Stormwater Utility would require the services of a consultant with experience in those areas.

NEXT STEPS

We suggest a two-step process for preparation of recommendations regarding implementation of a Stormwater Utility to fund a comprehensive Stormwater Management Program designed to meet the Town's current and future stormwater management needs and mandates.

We suggest that the first step consist of the development of a pro forma business plan for a proposed Stormwater Management Program funded by a local Stormwater Utility. The pro forma analysis would discuss a proposed program in general terms including the following elements:

- Organizational structure
- Program functions and required resources
- Basic operating costs
- Estimated short-term annual costs for program startup
- Estimated long-term annual costs for continuing operations
- Billing and collection mechanism
- Utility fee to be assessed and basis for assessment
- Implementation schedule
- Policy, public information, and legal considerations
- Administration options: Town or Orange Water and Sewer Authority

The second step, subject to the Council's direction, would involve establishment of a specific Stormwater Management Program and Stormwater Utility based on the Council's response to the general proposals and recommendations presented in step one as outlined above.

If the Council decides to proceed, we think that we could engage the services of a qualified consultant and complete a report and recommendations associated with step one for presentation to the Council in June, 2002. This report would provide information for the Council to consider in making a decision about whether or not to proceed with step two. We estimate that the cost for consultant services associated with step one would not exceed \$15,000.

If the Council wishes to pursue this matter further, we would proceed as follows:

- 1) Solicit Statements of Qualification, select and hire a Consultant based on experience and qualifications.
- 2) Work with the Consultant to prepare a pro forma business plan and recommendations based on the step one elements listed above, and including discussion of a workplan, schedule, and estimated costs for step two services. Step two, should the Council wish to proceed further

with the Stormwater Management Program/Stormwater Utility concept as presented in step one, could include public involvement elements as recommended by the Committee.

We think that utilizing a consultant with significant experience in municipal stormwater management programs in North Carolina is important. Comprehensive stormwater management programs and utilities are technically complex and are not free from legal challenges. We think that a two step approach as suggested would allow the Council to receive more information before making a decision to commit to a utility-based Stormwater Management Program.

FUNDING

We recommend that, if the Council wishes to proceed with step one, funding in an amount not to exceed \$15,000 for consultant services could be allocated from the Council's contingency fund account.

MANAGER'S RECOMMENDATION

That the Council adopt the attached resolution authorizing the Manager to solicit Statements of Qualification and to select a consultant to prepare for the Council's consideration a pro forma business plan report on the development and implementation of a utility-based Stormwater Management Program to serve Chapel Hill. The consultant's fee shall not exceed \$15,000.

And that the Council adopt the attached budget ordinance allocating \$15,000 from the Council's contingency fund account to the Engineering Department's professional services account for the necessary consultant services.

ATTACHMENTS

1. Final Report of the Stormwater Utility Development and Implementation Study Committee (p. 9).
2. Appendix A: Southern Orange County Stormwater Management Program Analysis (p. 25).
3. Summary: Needs and Opportunities for Comprehensive Stormwater Management in southern Orange County (p. 37).

A RESOLUTION AUTHORIZING THE MANAGER TO SOLICIT STATEMENTS OF QUALIFICATION AND TO SELECT A CONSULTANT TO PREPARE FOR THE COUNCIL'S CONSIDERATION A PRO FORMA BUSINESS PLAN REPORT ON THE DEVELOPMENT AND IMPLEMENTATION OF A UTILITY-BASED STORMWATER MANAGEMENT PROGRAM TO SERVE CHAPEL HILL (2002-02-11/R-11)

WHEREAS, the Town of Chapel Hill must submit an application for a National Pollutant Discharge Elimination System (NPDES) Phase II permit no later than March, 2003; and

WHEREAS, the Chapel Hill Town Council desires to consider establishing a utility-based Stormwater Management Program to provide stormwater and floodplain management, drainage system maintenance, stormwater facility construction, water quality enhancements; and related stormwater management improvements; and

WHEREAS, the Council is aware of increasing stormwater management related mandates and obligations for which the Town is or will be responsible; and

WHEREAS, the Town presently has very limited resources available for dealing with stormwater management related problems and responsibilities; and

WHEREAS, State legislation has made it possible for local governments to establish Stormwater Utilities to help provide funding to meet stormwater management needs and responsibilities; and

WHEREAS, the Council has considered the recommendations a Committee established by the Council to study the implementation of a Chapel Hill Stormwater Utility; and

WHEREAS, the Council is interested in receiving more information about the implementation of a utility-based Stormwater Management Program.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council authorizes the Manager to solicit Statements of Qualification and to select a consultant to prepare for the Council's consideration a pro forma business plan report on the development and implementation of a utility-based Stormwater Management Program to serve Chapel Hill.

BE IT FURTHER RESOLVED that the Council directs that the fee for such Consultant services shall not exceed \$15,000.

This the 11th day of February, 2002.

AN ORDINANCE TO AMEND “THE ORDINANCE CONCERNING APPROPRIATIONS AND THE RAISING OF REVENUE FOR THE FISCAL YEAR BEGINNING JULY 1, 2001” (2002-02-11/O-3)

BE IT ORDAINED by the Council of the Town of Chapel Hill that the Budget Ordinance entitled “An Ordinance Concerning Appropriations and the Raising of Revenue for the Fiscal Year Beginning July 1, 2001” as duly adopted on June 25, 2001, be and the same is hereby amended as follows:

ARTICLE I

<u>APPROPRIATIONS</u>	<u>Current Budget</u>	<u>Increase</u>	<u>Decrease</u>	<u>Revised Budget</u>
GENERAL FUND				
Non-Departmental Contingency	22,565		15,000	7,565
Engineering	975,149	15,000		990,149

This is the 11th day of February, 2002.