

MEMORANDUM

TO: Mayor and Town Council

FROM: W. Calvin Horton, Town Manager

SUBJECT: Status Report on the Development of a Town Stormwater Utility

DATE: November 24, 2003

This status report provides background information and a summary of work completed and in progress associated with the development of a Town stormwater utility.

The Manager recommends adoption of the attached resolution scheduling a Council work session on Monday, January 26, 2004, to discuss utility development progress and to provide direction for further work.

BACKGROUND

In January, 1999, the *Stormwater Utility Technical Review Committee* recommended that the Council consider establishing a utility for the purposes of funding enhanced Town stormwater management programs and services.

In August, 1999, the Council authorized establishment of a *Stormwater Utility Development and Implementation Study Committee* to prepare a report regarding implementation and operation of a Stormwater Utility to serve Chapel Hill, and possibly surrounding areas.

In November, 2001, the *Stormwater Utility Development and Implementation Study Committee* presented its final report to the Council including a recommendation that the services of an experienced consultant be obtained to develop the details of a stormwater utility including financing structure, billing, programs and legal issues.

In February, 2002, the Council authorized the Manager to contract with a consultant (AMEC Inc.) to prepare a pro forma business plan report concerning the development and implementation of a utility-based Stormwater Management Program to serve Chapel Hill.

In June, 2002, the Consultant's Stormwater Utility Pro Forma Business Plan Report was received by the Town Council for consideration.

In October, 2002, the Council approved funding to begin development of a utility-based stormwater management program to serve Chapel Hill.

In December, 2002, the Council authorized the Manager to solicit applications for a *Stormwater Utility Policy Review Committee* with a charge to: Discuss draft policies, reach consensus on important issues, and provide thoughtful input and recommendations. Attachment 1 lists the members of the Policy Review Committee.

DISCUSSION

The Stormwater Utility Policy Review Committee has held seven meetings to date, facilitated by the stormwater utility Consultant and with participation by staff from the Town Engineering and Public Works departments.

The Committee, working with Town staff and the Consultant, has completed:

- A draft *Mission Statement* (Attachment 2) summarizing the overall objectives of the proposed Stormwater Management Program.
- A draft *Roles Statement* (Attachment 3) identifying the general responsibilities of the Town and of various stakeholders including residents, developers, businesses, and institutions with regard to water quality services, engineering and maintenance services, capital improvements, and system expansion.
- A draft *Program Priorities* (Attachment 4) document describing ten key objectives/responsibility areas to be addressed by the proposed Stormwater Management Program.

The Committee is currently reviewing a *Program Elements Report* (Attachment #5) prepared by Town staff and the Consultant. This report lists key elements within the major Program responsibility areas and discusses three possible levels of service (minimal, moderate and aggressive), including associated costs, for each proposed Program element.

Plans for further work to be performed by Town staff, the Consultant and the Committee involve the following Program development areas:

- Organizational/Administrative structure
- Functions and required resources
- Operating costs
- Billing and collections
- Utility fee rate and assessment basis
- Implementation schedule
- Public education/information plans
- Legal considerations

CONCURRENT WORK

Concurrent with Committee deliberations, Town staff and the Consultant are working on related tasks including:

Aerial Photography/Impervious Surface Mapping – New aerial photography covering the Town's planning jurisdiction was completed in March 2003. Based on that photography, all impervious surface areas were delineated and compiled using our Geographic Information System. The Consultant is currently analyzing the impervious surface area on a representative sample of single-family residential properties. The results of this analysis will provide baseline data used to establish the unit cost of a Stormwater Utility fee.

Existing Program Analysis – The Consultant has interviewed representatives from all Town departments to determine the extent to which each department is involved in providing services related to stormwater management activities. This information was analyzed and used to determine the actual scope and cost of stormwater management services presently being provided by the Town. The current program scope/costs provide useful reference points when considering the need for additional services and/or revisions in existing services.

Billing and Collections – We have considered several alternatives for billing and collections associated with the establishment of a Stormwater Utility, including collaboration with OWASA or Orange County, establishing a billing and collections service within the Town, and contracting with a private company to provide the necessary services for the Town. Since a comprehensive database of Chapel Hill property owners already exists in the Orange County Tax Office, our preliminary conclusion is that it would be most reasonable and cost-effective to collaborate with Orange County for billing and collections. Discussions are currently in progress regarding details of such an arrangement, but Orange County has expressed its willingness to consider this proposal.

Additionally, two Town staff work groups including representatives from several Town Departments have been meeting regularly with Engineering Department staff and the Consultant since the inception of the utility development work. These work groups exchange information and review preliminary drafts of documents being prepared by the Consultant for review by the Committee.

NEXT STEPS/SCHEDULE

We think that it would be useful to schedule a Council work session to provide an opportunity for the Council to discuss current progress on the utility development; and for Town staff and the Consultant to receive Council direction concerning further work on the development and implementation of a local stormwater utility.

We suggest the following schedule for further work on the development of the proposed stormwater utility:

- January 26, 2004 – Council Work Session
- March 22, 2004 – Present Final Report and Recommendations to the Council
- March 31, 2004 – Council discussion of Report and Recommendations at scheduled budget work session
- May 12, 2004 – Conduct Public Hearing on proposed stormwater utility (concurrent with scheduled Hearing on proposed Town budget)
- June 14, 2004 – Council action

CONCLUSION

Substantial work associated with the development and implementation of a Town Stormwater Utility has been accomplished through the combined efforts of the Policy Review Committee, the Consultant team, and Town staff. The Utility is being evaluated as a means of providing the Town with a stable source of revenue to fund a comprehensive Stormwater Management Program designed to meet the Town's current and future stormwater management needs and State and Federal regulatory requirements.

MANAGER'S RECOMMENDATION

That the Council receive this status report and adopt the attached resolution scheduling a Council work session for further discussion of the development of a Town stormwater utility.

ATTACHMENTS

1. List of Stormwater Utility Policy Review Committee Members (p. 6).
2. Draft Mission Statement (p. 7).
3. Draft Roles Statement (p. 8).
4. Draft List of Program Priorities (p. 9).
5. Draft Program Elements Report (p. 11).

A RESOLUTION SCHEDULING A WORK SESSION TO DISCUSS THE DEVELOPMENT OF A TOWN STORMWATER UTILITY (2003-11-24/R-10)

WHEREAS, the Town Council has hired a Consultant and established a Policy Review Committee to prepare recommendations regarding the development and implementation of a Town Stormwater Utility as a means of providing a stable source of revenue to fund a comprehensive Stormwater Management Program; and

WHEREAS, substantial work associated with the development and implementation of a Town Stormwater Utility has been accomplished through the combined efforts of the Policy Review Committee, the Consultant team, and Town staff; and

WHEREAS, the Council wishes to review progress to date and to provide direction for further work on the development of the proposed Town Stormwater Utility;

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council schedules a work session to begin at 5:30pm on Monday, January 26, 2004, to discuss the progress on the development of the proposed Town Stormwater Utility and to provide direction for further work.

This the 24th day of November, 2003.