

**MEMORANDUM**

TO: Mayor and Town Council

FROM: W. Calvin Horton, Town Manager

SUBJECT: Continuing Discussion of a Proposed Town Stormwater Management Utility

DATE: May 12, 2004

For more than a year the Council has been considering the establishment of a Stormwater Management Utility intended to provide the Town with a mechanism to fund and support the management of stormwater within the Town's corporate limits.

Tonight's Public Hearing provides an opportunity for interested citizens to provide comments and questions regarding the proposed Town Stormwater Management Utility for the Council's consideration.

Key issues include:

- The proposed Stormwater Management Utility Program and Budget
- The proposed Stormwater Management Utility Ordinance including language pertaining to rates, fees, and penalties.

**BACKGROUND AND DISCUSSION**

At its April 26, 2004 meeting, the Council received the Town Manager's recommended program and budget for a proposed Town Stormwater Management Utility. The Council requested that the Manager re-examine the recommended program to determine how it could be reduced in scope and cost. Attachment 1 is a copy of the Manager's April 26 report and recommendations regarding the proposed Stormwater Management Utility.

At its April 28, 2004 Budget Work Session, the Manager presented two reduced program options for the Council's consideration.

- One program option had a first year budget of \$1,715,000 and an annual fee rate of \$38.00 per equivalent rate unit (ERU).
- A second program option had a first year budget of \$1,760,000 and an annual fee rate of \$39.00 per ERU.

The Council expressed interest in continuing discussion of establishing a Town Stormwater Management Utility on the basis of the Manager's reduced program options. The following table summarizes the originally recommended first-year program budget and the first-year

budgets for reduced program levels. The Manager recommends a first-year program budget of \$1,760,000 and an annual fee of \$39 per equivalent rate unit.

	Manager's Original	Manager's Option #1	Manager's Option #2
	2004 - 2005	2004 - 2005	2004 - 2005
DESCRIPTION	Budget Request	Budget Request	Budget Request
TOTAL DEPARTMENT REVENUES	2,031,255	1,715,017	1,760,017
DEPARTMENT EXPENDITURES			
Personnel	297,730	330,292	330,292
Operations	429,525	389,225	389,225
Capital Equipment	15,500	5,000	5,000
Capital Reserve	60,000	0	45,000
Emergency Reserve	50,000	0	0
General Fund Charges	588,500	588,500	588,500
Transfer to General Fund	402,000	402,000	402,000
Balance Reserve	188,000	0	
TOTAL EXPENDITURES	2,031,255	1,715,017	1,760,017
Annual Cost per 1 ERU	45.00	38.00	39.00

### ORDINANCE CONSIDERATIONS

A proposed ordinance that would establish a Town Stormwater Management Utility has been considered by the Council as part of its previous discussions. The ordinance is scheduled for possible enactment at the same time as the Budget Ordinance on June 14, 2004.

Under North Carolina General Statute 160A-314(a1) (1), before the Council establishes a schedule of rates, fees, charges or penalties for a stormwater management program it is required to hold an advertised Public Hearing on the matter. Notice of tonight's hearing was published on May 5, 2004, in *The Chapel Hill News*.

We recommend that the Council consider an annual stormwater management fee of \$39.00 per equivalent rate unit (ERU), which is set at two thousand square feet of impervious surface area or fraction thereof. This fee would apply to all zoning lots and tracts within the corporate limits of the Town except lots and tracts with fewer than 200 square feet of impervious surface area.

We further propose that the Council consider a penalty schedule consistent with the schedule for interest charged by Orange County and Durham County for delinquent taxes, 2% for the month of January and  $\frac{3}{4}$  % for each month thereafter.

Attachment 2 is a revised copy of Sec. 23-7 and 23-8 of the draft Stormwater Management Utility Ordinance showing the proposed fees and penalties.

ISSUES RAISED AT THE APRIL 26, 2004 COUNCIL MEETING

At its April 26, 2004 meeting, the Council requested information on several aspects of the proposed stormwater management utility. Attachment 3 lists the questions raised at the April 26 meeting, followed by responses prepared jointly by Town staff and the Town's consultant, AMEC Earth and Environmental, Inc.

**RECOMMENDATION**

We recommend that all comments from tonight's Public Hearing be referred to the Manager and Attorney.

**ATTACHMENTS**

1. Council Agenda Item #7 from April 26, 2004 meeting (p. 4).
2. Excerpt Sections 23-7 and 23-8 of Draft Stormwater Management Utility Ordinance (p. 47).
3. Summary of issues raised at the April 26, 2004 Council meeting, including responses (p. 48).