

MEMORANDUM

TO: Mayor and Town Council

FROM: W. Calvin Horton, Town Manager

SUBJECT: Authorization for Manager to Execute Inter-local Agreement with Orange County for Stormwater Management Utility Fee Billing and Collection Services

DATE: June 14, 2004

The attached resolution would authorize the Town Manager to execute on behalf of the Town an inter-local agreement with Orange County for Stormwater Management Utility fee billing and collection services.

The Manager recommends adoption of the attached resolution.

BACKGROUND AND DISCUSSION

Town staff evaluated several alternative means for billing and collecting fees associated with the establishment of a Town Stormwater Management Utility. The alternatives were evaluated considering the following:

- Cost to establish and operate the system
- Linkage between property-owner address and property street address
- Ease of database management, maintenance and updating
- Linkage to every property parcel within the Town limits
- Support necessary for accounting and collections processes

The billing and collections alternatives evaluated were:

1. Use existing OWASA utility billing system – The OWASA billing system is based on billing property residents using water and sewer services. The system database includes only those properties that have a water meter installed. It does not include properties that do not receive OWASA services, and many billing addresses are for property residents, not property owners. A stormwater management utility billing database would need to include the property-owner address of all properties in Chapel Hill. It was determined that the OWASA billing database would require significant modification to be useful for a stormwater utility.
2. Use existing Orange County property tax billing system – The Orange County property tax billing system is well-suited for use by a stormwater management utility. The system database includes property parcels linked to property owners. The database is comprehensive and includes virtually every Orange County property parcel within the Chapel Hill Town Limits

(utility service area). Property parcels on the east side of Town that extend outside of Orange County (into Durham County) will be billed separately through a private billing service.

3. Use contract billing services - This alternative would require that the Town provide a complete billing database to the contractor, pay for the services of preparing and mailing the bills, and collecting on delinquent accounts. We believe that the costs associated with contract billing services make this alternative economically impractical.

4. Establish an independent Town billing system- This alternative would require significant additional Town staff and office resources and it was not considered to be a practical alternative.

Based on our evaluation of each alternative, we believe that using the Orange County property tax billing system as the basis for the Stormwater Management Utility is the most practical and economical way to proceed. Town and Orange County staff have held detailed discussions regarding the database setup and costs associated with using the County system.

We have determined that this alternative is feasible, and that it would include estimated first-year costs of \$60,000 - \$70,000 that would be paid by the Utility.

At its June 2, 2004 meeting, the Orange County Board of Commissioners approved entering into an inter-local agreement with the Town of Chapel Hill for billing and collection services associated with a Stormwater Management Utility under consideration by the Town Council. Attachment #1 is a copy of the proposed inter-local agreement document.

MANAGER'S RECOMMENDATION

That the Council adopt the attached resolution authorizing the Town Manager to execute on behalf of the Town an inter-local agreement with Orange County for Stormwater Management Utility fee billing and collection services.

ATTACHMENTS

1. Inter-local Agreement Document (p. 4).

A RESOLUTION AUTHORIZING THE TOWN MANAGER TO EXECUTE ON BEHALF OF THE TOWN AN INTER-LOCAL AGREEMENT WITH ORANGE COUNTY FOR STORMWATER MANAGEMENT UTILITY FEE BILLING AND COLLECTION SERVICES (2004-06-14/R-14)

WHEREAS, the Chapel Hill Town Council has determined that it wishes to establish 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; and

WHEREAS, the Council has established a Stormwater Management Utility fee that would be assessed to properties within the Town based on the area of impervious surface on said properties; and

WHEREAS, several alternatives were considered for billing and collecting the fees associated with the Stormwater Management Utility; and

WHEREAS, the alternative determined to be most practical and economical involves partnering with Orange County to use the County's existing property tax billing system; and

WHEREAS, the Orange County Board of Commissioners has approved an inter-local agreement for provision of such billing and collection services through the County Finance Department;

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council authorizes the Town Manager to execute on behalf of the Town an inter-local agreement with Orange County for Stormwater Management Utility fee billing and collection services.

This the 14th day of June, 2004.