



East Lampeter Township

Herbert, Rowland & Grubic, Inc.

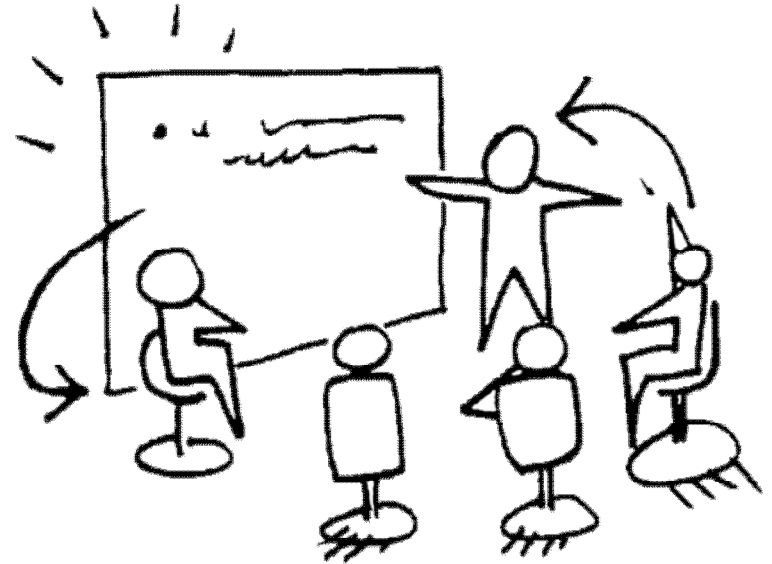
Stormwater Stakeholder Advisory Meeting #3



April 26, 2019

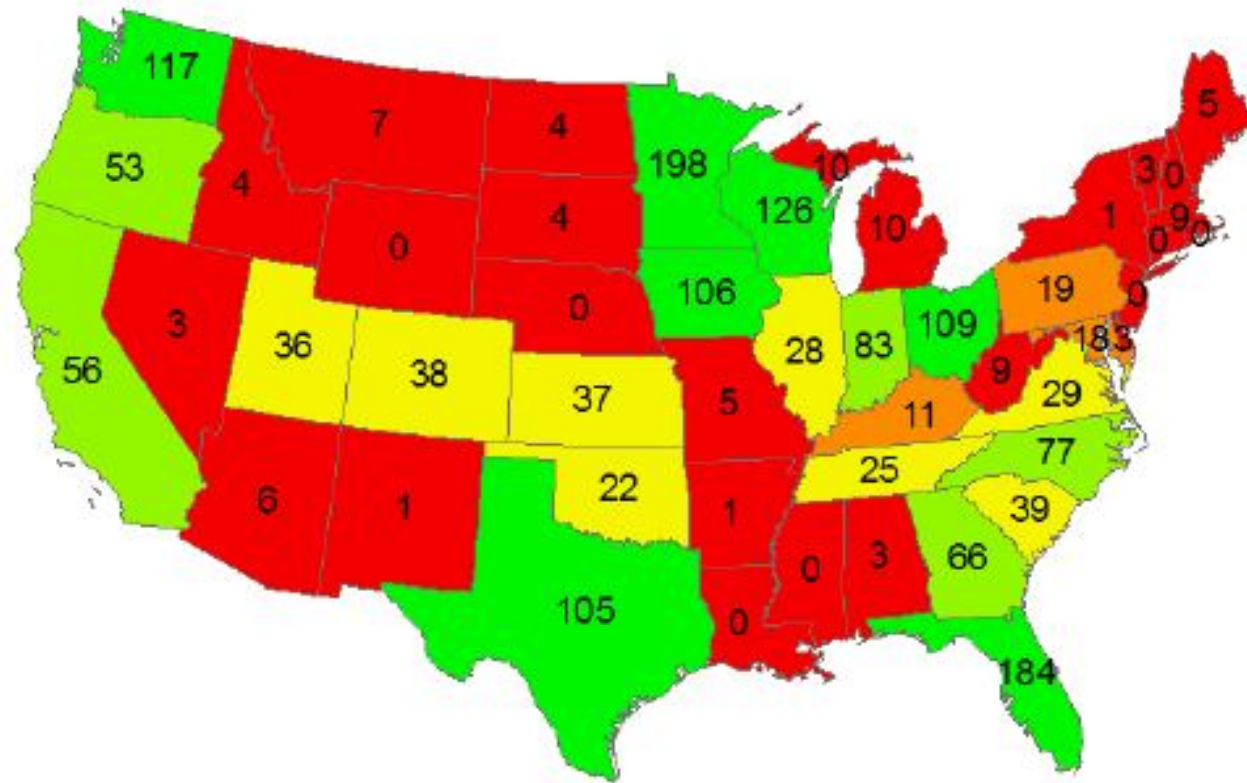
Agenda

- 1) Benefits of a Stormwater Utility
- 2) Township Utility versus Authority
- 3) Public Education & Outreach
- 4) LOS Budget Comparison and Fee Affordability



2018 STORMWATER UTILITY LOCATIONS

Stormwater Utilities 2018 by State



More than 1800 Stormwater Utilities estimated in 40 states



Ref: WKU Stormwater Utility Survey 2018

HRG
Herbert, Rowland & Grubic, Inc.
Engineering & Related Services

Financial Benefits of a Stormwater Utility

Benefit #1: Provides a steady dedicated revenue stream

- Dedicated source of funds
- Funds directed solely to stormwater management
- Need for capital improvements and revenue requirements increase as infrastructure ages
- More predictable and steady stream



Financial Benefits of a Stormwater Utility

Benefit #2: Funding via a Stormwater fees is more equitable than a tax

- Fairly apportions costs to the burden each property contributes to the system

In roughly 40 municipalities surveyed, an avg residential property owner saves between **50% - 70%** by paying a fee vs. a tax.

- Fees can be collected from tax exempt users
- Credits provided based on level of service received
- Provides an incentive for businesses to reduce impervious surface



Financial Benefits of a Stormwater Utility

Benefit #3: May improve the municipality's finances

- Allows funds previously directed towards stormwater and pavement facilities to be redirected to other municipal needs
- Relieves the debt burden on the Township's General Fund
- For SWA's, new debt associated with the stormwater system not recognized as direct municipal debt
- Fees may allow the utility to complete additional necessary projects



In Pennsylvania, who can charge a Stormwater Fee?

- Municipal Authorities (Act 68 of 2013)
 - Second Class Townships (Act 62 of 2016)
 - Home Rule Municipalities (ability is dependent upon charter)
-
- Legislation is currently before the House & Senate to enable the following to charge fees:
 - First Class Townships (HB 473)
 - Boroughs, Incorporated Towns, Cities (HB 474)



Act 68 of 2013 – Authority Based Fee

- Act 68 of 2013 amended the Municipality Authorities Act by providing legal authorization to form authorities for the purpose of stormwater planning and management
- Fees must be uniform and reasonable
- Act 68 specifically grandfathered those preexisting authorities operating stormwater facilities by allowing such authorities that are part of a combined sewer system, sanitary sewer system, or flood control project to continue operating



Act 62 of 2016 – Township Based Fee

- Act 62 provides additional authority to Second Class Townships, including:
- “For the purposes of funding the construction, maintenance and operating of stormwater management facilities, systems and management plans authorized under the act, a township may assess reasonable and uniform fees....the **fees assessed may not exceed the amount necessary to meet the minimum requirements offederal and state laws**...the township shall consider and provide appropriate exemptions or credits for properties which have installed and are maintaining stormwater facilities that meet BMPs and are approved and inspected by the township.



Current Organizational Structures in the Township

- Stormwater management is directly handled by the Township.
- The East Lampeter Sewer Authority (ELSA) serves as a financing authority for wastewater.
 - The Township operates the wastewater system
 - ELSA is used for the financing of wastewater projects
 - ELSA sell bonds and then leases the project to the Township
 - The Township sets rates and pays an annual rental to the authority sufficient to cover debt service payments



SW Utility Structure options in East Lampeter

- Township Stormwater Utility
- Stormwater division under existing East Lampeter Sewer Authority
 - ELSA is currently a financing authority for wastewater, but would act as an operating authority for stormwater.
 - ELSA would enter into a Management Agreement with the Township for the Township to operate and maintain the system.
 - For wastewater, the Township sets the rates. For stormwater service, the Authority would set the rates.
- New separate Stormwater Only Authority
 - The roles would be similar to ELSA, however the authority would solely focus on stormwater management



Additional Benefits of a Stormwater Authority

Financial	Administrative	Jurisdictional
<ul style="list-style-type: none">- Steady/dedicated revenue stream- Collect revenue from tax exempt properties- Ability to charge for use of system – more equitable charge mechanism- Ability to generate revenue to proactively address needs and improve water quality	<ul style="list-style-type: none">- Economies of Scale realized with multi-function authority*- Relieves burden of responsibility from elected officials- Operation of projects does not compete with other municipal responsibilities	<ul style="list-style-type: none">- Watershed based management**- Potential for pollutant load reductions more cost effectively met through regional planning efforts- Service area can extend beyond municipal boundary w/o PUC oversight**



Bolded Text represents additional Authority derived benefits.

*Due to current Township involvement with sewer system, this is not necessarily an additional benefit relative to East Lampeter.

** Benefits of multi-municipal authorities, only.

Utility Structure Comparison

Organizational Structures	Township SW Utility	Stormwater Authority
Case Law	No case law to date for definition of "minimum necessary" or establishment of fees and credits.	<ul style="list-style-type: none"> - Over 60 years of case law on establishment of fees under the Municipality Authorities Act. - Argument of Fee vs. Tax does not apply
Ownership of SW Assets	Township continues to own, operate and maintain stormwater infrastructure.	Assets are transferred or leased to the Authority. Authority hires Township to operate and maintain infrastructure.
Establishing Rates	Township sets rates based on Township budget. <ul style="list-style-type: none"> - Pro/con: Township supervisors are responsible for setting rates. - Fee revenue can only meet minimum necessary to meet regulatory requirements. 	Authority sets rates based upon Township's budget. <ul style="list-style-type: none"> - Management and Services Agreement ensures Township's expenses are met through rate.
Credit Policy	<ul style="list-style-type: none"> - Comprehensive credit policy required. - Balance administrative cost of residential credits with legislative requirements. 	Credits are strongly recommended, but not required.
Cost Impacts	Requirement to enact residential credits may increase administrative costs which must be subsidized by fee payers.	<ul style="list-style-type: none"> - May be additional overhead costs associated with use of Authority. - Economies of scale may bring overall costs down for both wastewater and stormwater (potential for these to be realized under a Twp utility)

SAC Feedback on Utility Structure

What recommendations does the SAC have relative to utility structure?

- Is one structure preferred over another?
- What are the driving reasons why?

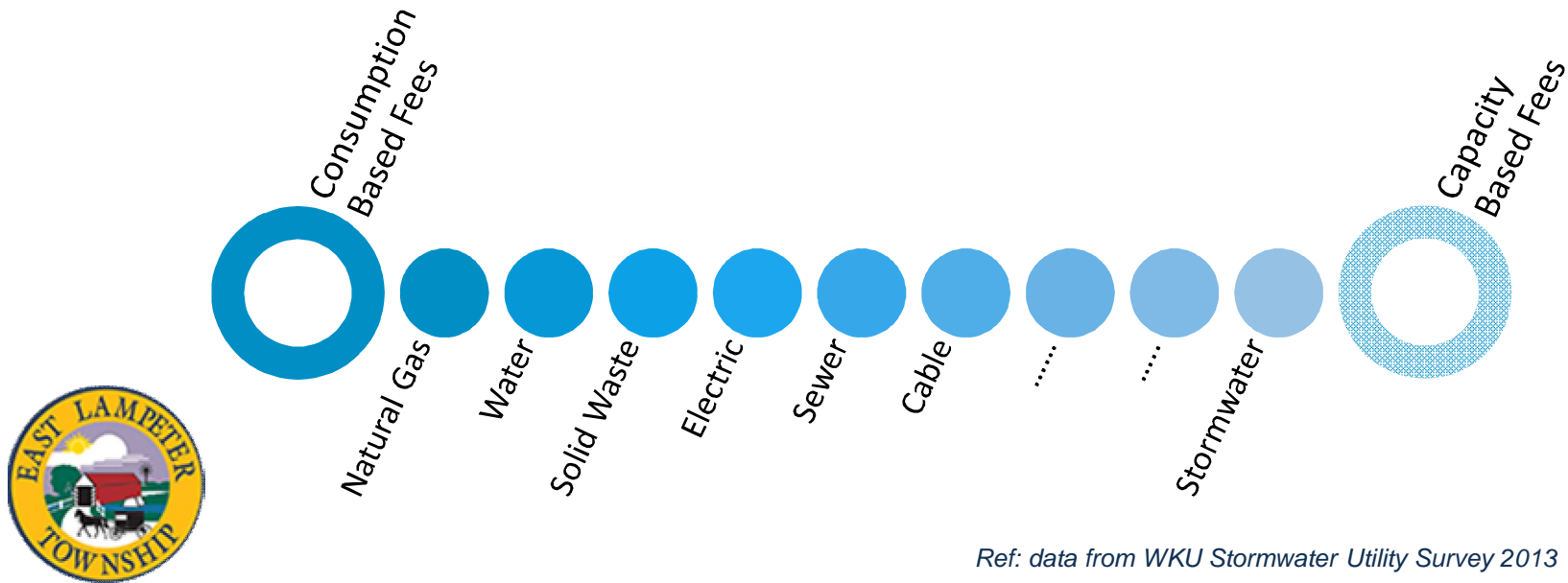


Need for Public Education & Outreach

An infrastructure program funding method

– stormwater utilities are different

1. Customers used to utility services and pay to receive them on demand.
2. Stormwater ratepayers pay to prevent things they don't want, such as water pollution and flooding.



Ref: data from WKU Stormwater Utility Survey 2013

Public Outreach Plan

Goal to reach full range of property owners in community

1. Who are the various customer types?
2. Communication methods currently proposed
 - a. Public Meetings
 - b. Township Website
 - c. Newsletter
 - d. Newspaper
3. Schedule and Content



Draft Public Meeting Schedule

Date	Meeting Type	Content Summary
May/June 2019	Update for Township Supervisors	Initial SAC Recommendations, Recommended LOS. Public Ed Plan, Use & need for a fee or authority, Next Steps
July 2019	Public Meeting to Discuss ELT/ELSA's Role and the Stormwater Management Program	Program facts, program goals, program benefits, SAC, role of citizens
August 2019	Update for Township Supervisors (Authority Board Members?)	Budget & Fee Recommendations, Next Steps
November 2019	Update for Township Supervisors (Authority Board Members?)	Fee Ordinance, Credit Policy, Next Steps
November 2019	Stormwater Management Fee Overview	* Provide Overview of Info from Previous Public Meeting, What will the Stormwater Program Fee fund?, How were fees derived?, Discuss fee structure, Appeal Process, Credit Policy
December 2019	Update for Township Supervisors (Authority Board Members?)	Credit Policy Adoption

Draft Public Outreach Opportunities

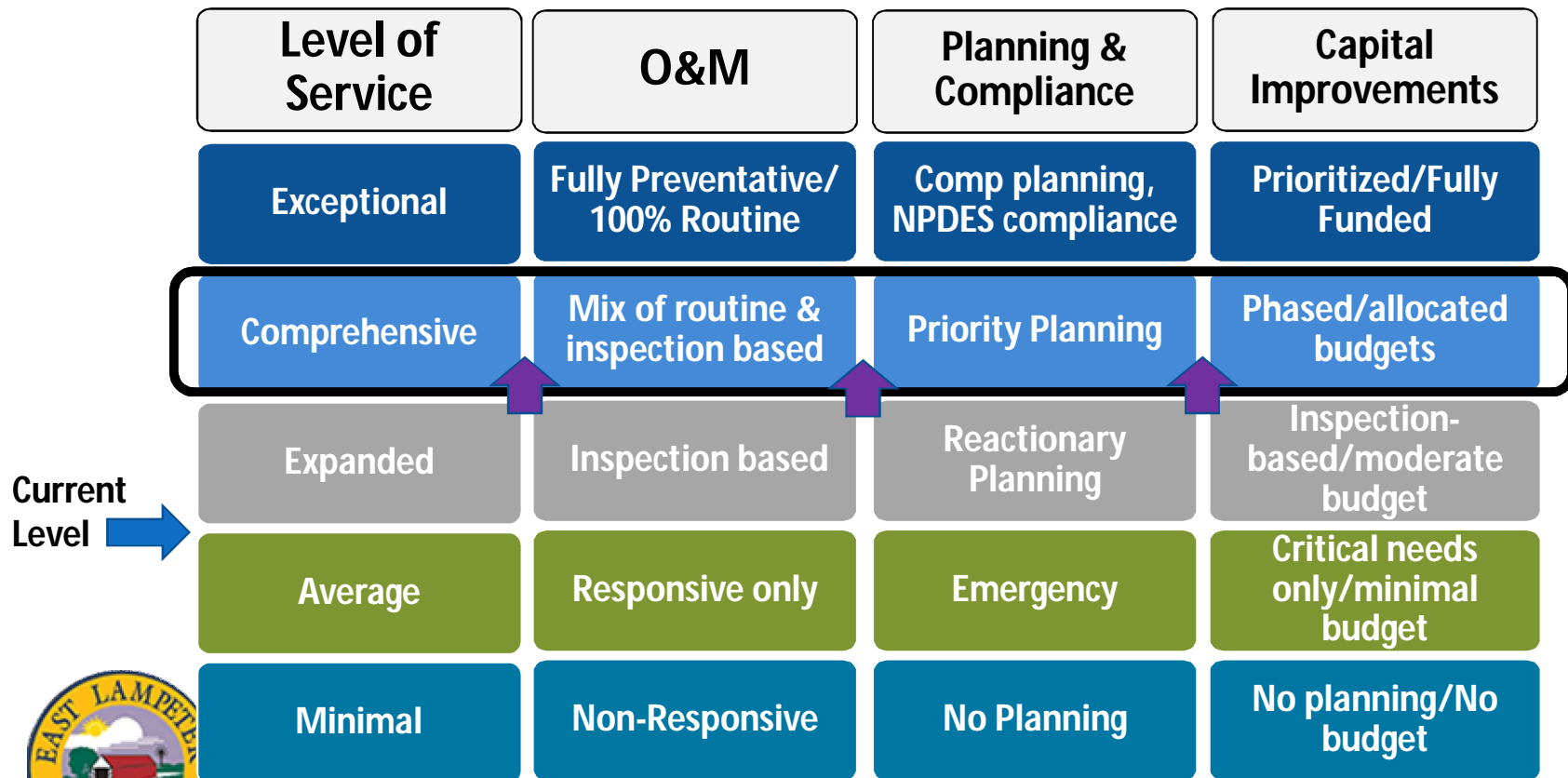
Date	Content Theme	Content Summary	Method of Communication
June 2019	Clean Water Management Initiative & Website Update	<ul style="list-style-type: none"> * ELT is enhancing the storwater program * Program goals/objectives * Growing CI Needs * Use of SAC * Upcoming Public Meetings 	Website (update), Quarterly Newsletter
June 2019	ELT/ELSA's Stormwater Management Program	<ul style="list-style-type: none"> * Pamphlet on ELT/ELSA's Plan to Manage Stormwater * FAQ document 	Information for Public to pick up at Township Building, other
Early July 2019	Meeting with News Reporter(s)	<ul style="list-style-type: none"> * Reasons why PA municipalities are forming SWAs (?) * Why East Lampeter decided to form a SWU/SWA (?) * Goals/Benefits of the SW Program 	In person meeting/ Interview for publishing an article advertising the public meeting, provision of materials to educate reporters
October 2019	Stormwater Management Program	<ul style="list-style-type: none"> * Stormwater management overview * Program goals/objectives * Capital Improvement Needs * Brief Fee Overview/start date 	Quarterly Newsletter
December 2019	Stormwater fee to be billed next month	<ul style="list-style-type: none"> * Notice that Stormwater Management Fee will be billed in October. * Direct customers to Authority Website for more info 	Towmship website, other?
January 2020	Stormwater Management Program	<ul style="list-style-type: none"> * Stormwater Management Program * Fee & Credit Policies 	Quarterly Newsletter

SAC Feedback on Public Outreach Plan

1. Are there customer types who would not be reached via draft plan?
2. Are there other communication methods that should be considered?



Moving to a Higher Level of Service



Comparison of Costs Incurred at both LOS

Average Cost Years 2020-2023

	Average/Expanded LOS	Comprehensive LOS
Operation & Maintenance	\$90,000	\$110,000
MS4 Compliance	\$650,000	\$650,000
Capital Improvements	\$185,000	\$465,000
Administrative/General	\$175,000	\$175,000
Total Annual Budget	\$1,100,000	\$1,400,000

- *Above costs are estimated annual expenditures.*



An initial view of the rate to fund Higher LOS

Average Annual Revenue Needed from Fee (2020-2023):	\$1,400,000
Total IA generating Revenue (1000 sq ft):	46,600
Rate per 1000 sq ft per month = Annual Revenue Need / Total IA generating Revenue / 12 mo.:	\$2.50
Avg Residential IA (sq ft):	2100
Avg Resid Monthly Fee= Rate per 1000 * Avg Residential IA sf/1000:	\$5.25-\$5.50



Note: These are preliminary fee calculations which will change based upon budget updates, credit policy and further IA analysis.

Examples of Residential Stormwater Fees in PA

Municipality	Monthly Fee /ERU	Monthly Fee/ 1,000 sq.ft. IA
Borough of West Chester	\$ 18.43	\$ 6.70
City of Philadelphia	\$ 15.53	\$ 14.79
<i>Borough of Clarion</i>	\$ 11.90	\$ 3.00
<i>Lower Paxton Township</i>	\$ 10.67	\$ 3.14
<i>Township of Ferguson</i>	\$ 10.00	\$ 3.35
<i>Borough of Dormont</i>	\$ 9.00	\$ 4.78
City of Allentown	\$ 8.70	\$ 3.33
City of Chester	\$ 8.25	\$ 7.24
Mount Lebanon Township	\$ 8.00	\$ 3.33
City of Bradford	\$ 7.90	\$ 2.87
City of Meadville	\$ 7.50	\$ 2.82
Derry Township	\$ 6.50	\$ 1.71
<i>Lower Allen Township</i>	\$ 6.30	\$ 2.02
Borough of Greenville	\$ 6.25	\$ 2.08
Swatara Township	\$ 5.20	\$ 2.03
City of Lancaster	\$ 4.92	\$ 4.22
WVSA	\$ 4.80	\$ 1.70
Hampden Township	\$ 4.41	\$ 1.25

ERU = Equivalent Residential Unit

IA = Impervious Area

Italicized font reflects proposed rate information which may not yet be adopted.



Tax Vs. Fee Comparison

Total Annual Stormwater Revenue Need	\$	1,400,000
Approx. Total Revenue received per 1 mill Assessment	\$	1,882,776
Millage = Revenue Need/Total Assessed Property Value		0.7436
Average Residential Property Value in Township	\$	218,000
Average Annual Residential Tax Payment related to SW	\$	162.10
Average Monthly Residential Tax Payment related to SW	\$	13.51
Average Monthly Residential Fee Payment related to SW	\$	5.25
Savings to the Average Residential Customer		61%



SAC Feedback LOS

What recommendations does the SAC have relative to moving to a higher level of service?

1. Is there an overall understanding and desire for addressing deferred maintenance and flooding problems?
2. A higher level of service results in lower costs over the life cycle of the asset, but is it currently affordable?
3. Other thoughts/feedback?



Summary of Work to Date on Stormwater Utility Implementation

1. Obtain Impervious Area (IA) data for each parcel
2. Hold Meetings with Stakeholder Advisory Committee
3. Develop Needs/Costs for Stormwater Program
4. Develop Draft Budget & Capital Improvement Plan
5. Today – Develop Initial Recommendations for:
 - a. Utility Structure
 - b. Public outreach
 - c. LOS
6. Next meeting – Discuss Fee Structure Options
 - a. Potential dates will be sent out via doodle poll.

