



REVIEW OF THE STORMWATER ENTERPRISE

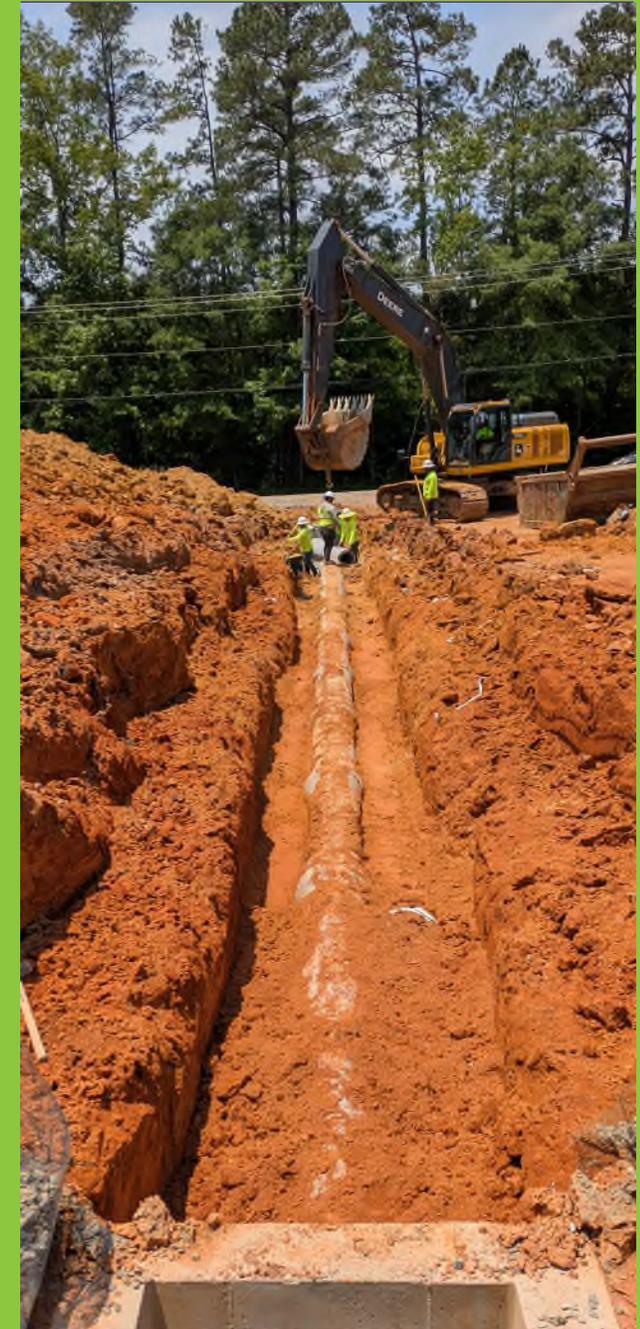
February 17, 2026



TOWN OF CARRBORO • NC

Agenda

- General Concepts
- Fund Types
- Revenue Sources
- Fee History & Current Operations
- Fee Structures
- Clarifying Assumptions
- Timeline of Recommendations



General Concepts

WHAT IS STORMWATER?

When it rains or when snow melts, water runs off driveways, rooftops, streets, and sidewalks in our town. As this water moves toward nearby streams, it picks up dirt and other pollution. This mix of water and pollutants is called stormwater.

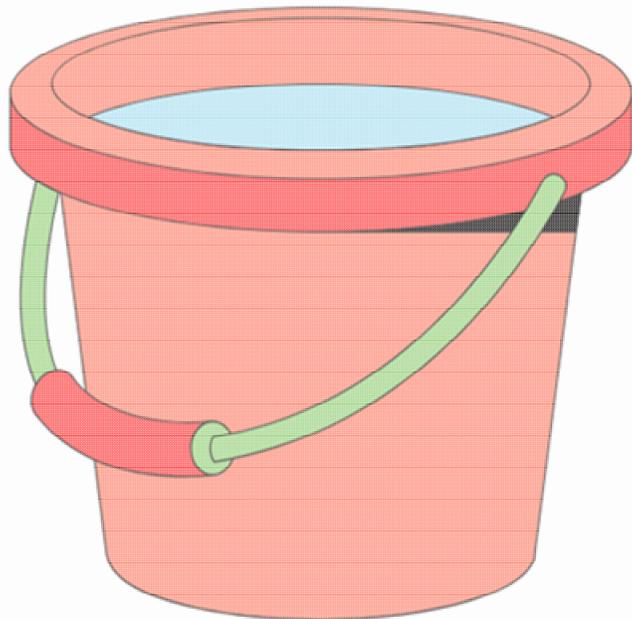
BUILT-UPON AREA (BUA)

The term "built-upon area" means impervious surfaces and partially impervious surfaces to the extent that water does not infiltrate into the subsoil.

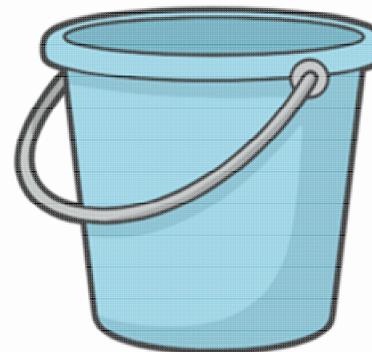
**One inch of rainfall on a 1-acre impervious parcel yields
~ 27,154 gallons of water.**

A Reminder on Fund Types

- **General Fund** supports the overall operations and priorities of the government and relies on a mix of taxes and other general revenue sources.



- **Enterprise Funds** are typically fee based and dedicated to a specific self-sustaining activity.
 - Restricted for the operation and maintenance of the activity/service
 - North Carolina General Statute § 160A-314 Authority to fix and enforce rates

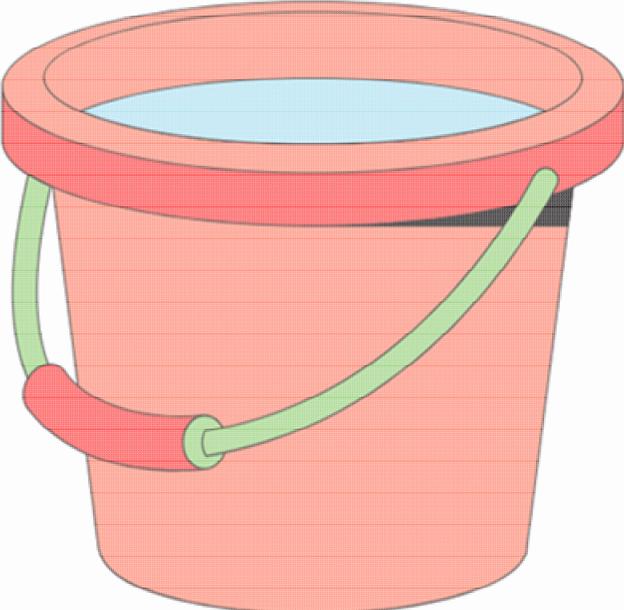


Tax Year 2025
\$483,300 Residential Fee
\$644,800 Nonresidential Fee

~\$ 1.1M in Utility Fees

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Rate	Tax Districts	Description	Amount
.6383	ORANGE	Tax	\$2,814.90
	ORANGE	Orange County Solid Waste Programs Fee	\$138.00
.5653	CARRBORO	Tax	\$2,492.97
	CARRBORO	Carrboro Residential Stormwater Fee	\$100.00
.1479	CH-CARR SCHOOL	Tax	\$652.24

Stormwater Revenue Sources

GRANTS & PARTNERSHIPS

TREND: Decreasing or limited to back funding projects

- Working with strategic partners to bring in more resources and funding
- Low level of control

SERVICE & PERMIT FEES

TREND: Increasing in line with neighboring towns

- Lessons learned from past shortfalls, and response to changes in state laws
- High level of control

STORMWATER UTILITY FEE

TREND: Many surrounding communities increasing

- Main dedicated funding source for stormwater services
- High level of control

Fee History and Operations

RESIDENTIAL UTILITY FEE HISTORY

2017 Initial utility fee (\$75)

2020* Significant fee Change (\$90)

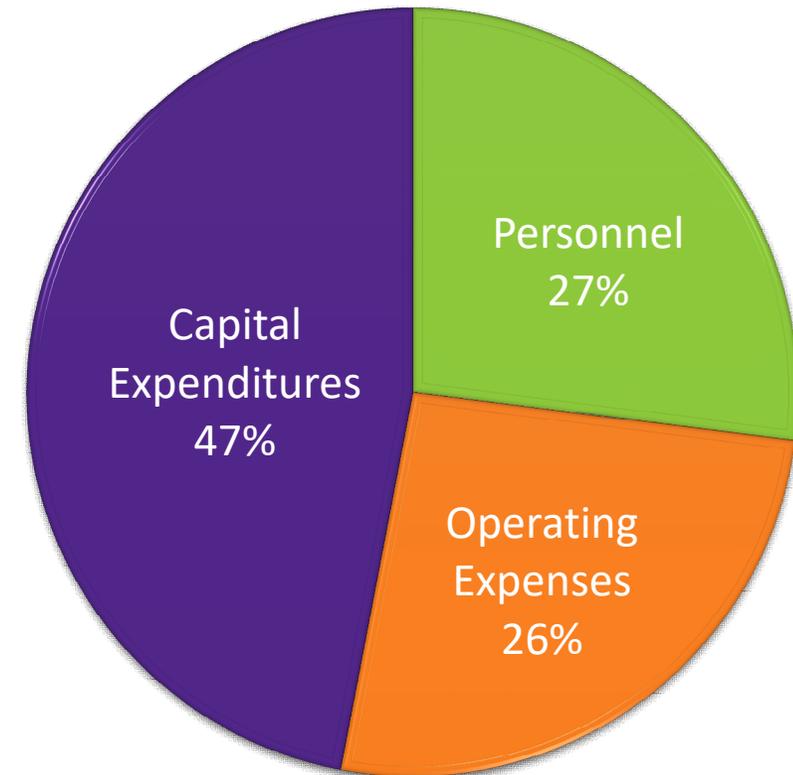
2024 Residential assistance added (\$100)

Fall 2026* Rate recommendations

Why A Rate Study:

1. Best practice
2. Important to look back (10-year cycle)
3. Assess required and evaluate optional services

WHERE DO UTILITY FEES GO



Fee History and Operations

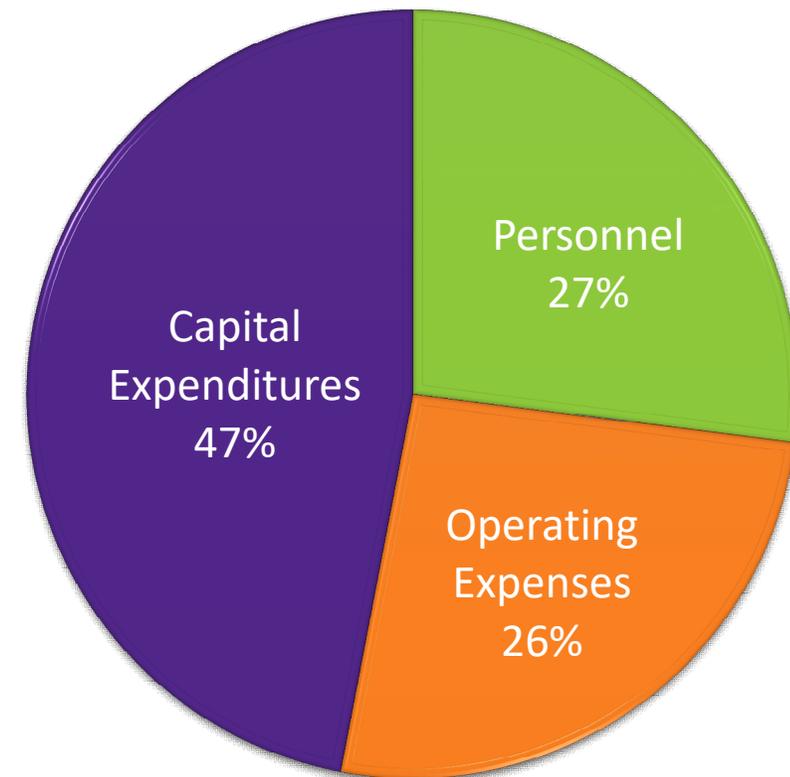
Inflation Calculator

If in (enter year)
I purchased an item for \$
then in (enter year)
that same **item would cost:** **\$98.51**
Cumulative rate of inflation: **31.3%**

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WHERE DO UTILITY FEES GO





Fee Structure

CURRENT TIERED MODEL

Residential

Below 500 sq ft = \$0 / annually

Between 500 - 6000 sq ft = \$100 / annually

Above 6000 sq ft = \$200 / annually

PRO: Simple to implement

CON: Minimally progressive scale

FUTURE CONSIDERATION

Residential / Nonresidential / Both

$$\frac{\text{Total Built Upon Area}}{1 \text{ Equivalent Residential Unit}} = \text{ERU Value}$$

$$\text{ERU Value} \times \text{Stormwater Fee}$$

PRO: Easy to understand – you pave, you pay

CON: Requires up-to-date BUA information

Hypothetical ERU Structure

$$\frac{\text{Total Built Upon Area}}{1 \text{ Equivalent Residential Unit}} = \text{ERU Value}$$

$$\frac{4726 \text{ Sq ft}}{2500 \text{ Sq ft}} = 1.89$$

$$\text{ERU Value} \times \text{Stormwater Fee}$$

$$1.89 \times \$100 = \$189$$

CURRENT: \$100 / annually

CONSIDERATION: \$189 / annually

NOTE: A rate study determines:

1. The ERU based on a representative sample
2. A rate based on documented funding needs

Clarifying Assumptions

1. **ASSUMPTION:** Runoff is directed via connection to a municipal system
ACTUALITY: Many site features affect stormwater not just built-upon area (BUA)
2. **ASSUMPTION:** Many factors as to why someone purchased a large property (family size, interest rates)
ACTUALITY: Higher economic status \neq Increased BUA (and vice-versa)

Implementation costs must be reasonable, necessary, and relative to the benefits

Timeline of Recommendations

YEAR 1 - FY2026:

- Begin work to establish bill relief in FY27's budget (250 property owners or \$25,000+)
- Update stormwater permit fees
- Continue to seek grant funding with strategic partners

YEAR 2 - FY2027:

- New NPDES MS4 permit
- Complete rate study
- Revise Chapter 18 of Town Code

YEAR 3 – FY2028:

- New fee billed on July 1, 2027 / Payment by January 1, 2028
- Explore bond solutions for larger community improvements

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