



Town of Carrboro

Town Hall
301 W. Main St.
Carrboro, NC 27510

Meeting Agenda Board of Aldermen



Tuesday, March 13, 2018

7:30 PM

Board Chambers - Room 110

7:30-7:40

A. POETRY READING, RESOLUTIONS, PROCLAMATIONS, AND ACKNOWLEDGEMENTS

1. [17-434](#) Consideration of a Resolution in Support of Earth Hour
PURPOSE: The purpose of this agenda item is for the Board to consider adopting a resolution in support of participating in this year's Earth Hour and to encourage members of the community to participate as well.
Attachments: [Attachment A - Resolution Earth Hour 2018](#)

7:40-7:45

B. ANNOUNCEMENT OF UPCOMING MEETINGS

7:45-7:50

C. CONSENT AGENDA

1. [17-436](#) Approval of Previous Minutes of February 6, 2018 and February 13, 2018

PURPOSE:
2. [17-433](#) Request to Waive Fees for the CASA Affordable Housing Project
PURPOSE: The purpose of this item is for the Board to consider a recommendation from the Affordable Housing Advisory Commission to waive fees for CASA.
Attachments: [Attachment 1 - TOC Affordable Housing Fee Waiver Policy](#)
[Attachment 2 - Town of Carrboro Request for Fee Waiver](#)
[Attachment 3 - Request for Fee Waiver Form](#)
[Attachment 4 - Resolution approve fee waiver](#)

D. OTHER MATTERS

7:50-8:30

1. [17-432](#) Update on Creation of Stormwater Utility

PURPOSE: The purpose of this agenda item is to provide an update on work related to establishing the new stormwater utility, and provide the Board the opportunity to discuss this work.

Attachments: [StormwaterUtilityResolution030718](#)
[Stormwater Staff Memo 030918](#)
[Draft Stormwater Fee and Rate Structure Study](#)
[SWAC recommendation](#)

8:30-9:30

2. [17-435](#) Selection of firm to provide professional architectural/engineering services - 203 S. Greensboro Project

PURPOSE: The purpose of this item is to provide the Board with an opportunity to consider directing the Town Manager to begin negotiations with a selected firm.

Attachments: [Attachment A - Resolution](#)
[Attachment B - 203 S Greensboro Street Development Project Ordinance](#)

E. MATTERS BY BOARD MEMBERS

F. MATTERS BY TOWN MANAGER

G. MATTERS BY TOWN ATTORNEY

9:30-10:00

- H. CLOSED SESSION - N.C.G.S. 143-318.11(a)(3)(4)(5) - ATTORNEY-CLIENT PRIVILEGE, ECONOMIC DEVELOPMENT, CONTRACT/AGREEMENT DISCUSSION**



Town of Carrboro

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Agenda Item Abstract

File Number:17-434

Agenda Date: 3/13/2018

File Type:Agendas

In Control: Board of Aldermen

Version: 1

TITLE:

Consideration of a Resolution in Support of Earth Hour

PURPOSE: The purpose of this agenda item is for the Board to consider adopting a resolution in support of participating in this year's Earth Hour and to encourage members of the community to participate as well.

DEPARTMENT: Planning

CONTACT INFORMATION: Tina Moon - 919-918-7325

INFORMATION: Every spring since 2010, the Board of Aldermen has adopted a resolution supporting Earth Hour an international event designated by the World Wildlife Fund to raise awareness and demonstrate a commitment to address climate change. The event encourages people around the world to turn off their lights for one hour each year to show support for the planet and for stopping climate change. This year (2018), Earth Hour will be held at 8:30 p.m. on Saturday, March, 24th. (The World Wildlife Fund website with information on Earth Hour may be found at the following link: <https://www.worldwildlife.org/pages/earth-hour>.)

Participation in the event is consistent with the Board's goals expressed in the Town's Energy and Climate Protection Plan adopted in 2014, targeting municipal operations, as well as the Community Climate Action Plan, accepted in 2017, and provides a simple but visible way to draw attention to this important topic. (Links to the Town webpage on Sustainability and Climate Change topics, including downloadable copies of the two plans may be found here: <http://www.townofcarrboro.org/262/Sustainability-Energy-Climate-Change>.)

A resolution has been prepared for the Board's use.

FISCAL & STAFF IMPACT: There are no fiscal or staff impacts associated with this item.

RECOMMENDATION: Staff recommends that the Board consider adopting the resolution (*Attachment A*) in support of Earth Hour 2018.

A RESOLUTION FOR PARTICIPATION IN EARTH HOUR ON MARCH 24TH

WHEREAS, 8:30 P.M. on March 24th, 2018, has been designated as “Earth Hour” by the World Wildlife Fund as a reminder that, by working together, people can make a positive impact in the fight against climate change; and

WHEREAS, cities and states across the country and around the world are joining with Carrboro to raise awareness and demonstrate a commitment to addressing climate change by supporting “Earth Hour;” and

WHEREAS, Earth Hour involves something quite simple—turning off lights for one hour; and

WHEREAS, Earth Hour is the largest event of its kind in the world according to the World Wildlife Fund. In 2017, 178 countries turned off their lights in support of climate action, and, this year more than 2,500 leaders across America’s state houses, city halls, board rooms, college campuses and faith organizations have stepped up to say they are committed to meeting America’s climate goals; and

WHEREAS, Carrboro has joined Cities for Climate Protection, and is committed to reducing greenhouse emissions; and

WHEREAS, the Board of Aldermen adopted a climate protection resolution in December, 2009, the Energy and Climate Protection Plan in 2014, and accepted the Community Climate Action Plan in 2017.

NOW THEREFORE, the Carrboro Board of Aldermen, do hereby proclaim, March 24, 2018 from 8:30 – 9:30 p.m. as “Earth Hour” in Carrboro and call upon all residents and businesses of Carrboro to join in supporting the aims and goals of this effort.

FURTHERMORE, the Carrboro Board of Aldermen, do hereby direct staff to send out a public service announcement to publicize Earth Hour.

This 13th day of March, 2018



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TITLE:

Approval of Previous Minutes of February 6, 2018 and February 13, 2018

PURPOSE:

DEPARTMENT:

CONTACT INFORMATION:

INFORMATION:

FISCAL & STAFF IMPACT:

RECOMMENDATION:



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Agenda Item Abstract

File Number:17-433

Agenda Date: 3/13/2018

File Type:Agendas

In Control: Board of Aldermen

Version: 1

TITLE:

Request to Waive Fees for the CASA Affordable Housing Project

PURPOSE: The purpose of this item is for the Board to consider a recommendation from the Affordable Housing Advisory Commission to waive fees for CASA.

DEPARTMENT: Economic and Community Development

CONTACT INFORMATION: Annette Lafferty, AICP Economic and Community Development
Director alafferty@townofcarrboro.org <<mailto:alafferty@townofcarrboro.org>> (919) 918-7319

INFORMATION: The Board of Aldermen sent a request to the Affordable Housing Advisory Commission to review the Town's existing policy on waiving fees for affordable housing projects (Attachment 1) and make to recommendations on streamlining the process. Staff presented a proposed draft policy to the AHAC at the regular meeting on 2/28. The AHAC made the following recommendation, to encourage the Board of Aldermen to move forward and approve the request to waive building and development permit fees for the CASA project, and allow the AHAC additional time to develop a policy recommendation. CASA's request to waive fees are included as Attachments 2 and 3. Also attached is a draft resolution for the Board's consideration (Attachment 4).

FISCAL & STAFF IMPACT: Staff has estimated the value of the requested fee waive is \$30,453.00

RECOMMENDATION: Staff recommends the Board consider the request to waive fees.

ADMINISTRATIVE POLICY				
TOWN OF CARRBORO				
NORTH CAROLINA				
DEPARTMENT:	NUMBER:	REVISION:	EFFECTIVE DATE:	PAGE 1 of 1
Planning	540-1	0	September 26, 2000	
SUBJECT:		PREPARED BY:		APPROVED BY:
Land Use and Building Permit Fee Waiver or Refund Policy		Roy Williford Planning Director		Town Manager

1.0 PURPOSE

To establish fees waiver or refund policy for land use and building permits

2.0 ORGANIZATIONS AFFECTED

All departments and divisions

3.0 REFERENCES

4.0 POLICY

The Town of Carrboro in its desire to further affordable housing opportunities hereby establishes a Permit Fee Waiver or Refund Policy. The Carrboro Board of Aldermen adopted this policy on September 26, 2002.

5.0 DEFINITIONS

Affordable housing is defined as:

1. A dwelling unit that can be purchased by families or persons with incomes that are less than 80% of the median income for Orange County as reported by the US Dept. of Housing and Urban Development and where the total monthly housing cost (including mortgage payments, utilities, taxes and insurance) will not exceed 30% of their total monthly income.
2. A dwelling unit can be rented by families or persons with incomes that are less than

60% of the median income for Orange County as reported by the US Dept. of Housing and Urban Development and where the total monthly housing cost (including rent payments, utilities, taxes and insurance) will not exceed 30% of their total monthly income.

6.0 PROCEDURE

Subject to budgetary constraints, the Board of Aldermen may consider granting a fee waiver or refund (excluding engineering fees) for affordable housing projects that are not being developed on property owned directly or indirectly by the Town of Carrboro that can clearly demonstrate compliance with the following criteria:

1. The fee waiver or refund will directly benefit families or persons of low to moderate income over a sustained period of time; and
2. The project is directly funded or subsidized by a federal, state or local unit of government or non-governmental organization that guarantees affordability for 99 years or more; and
3. The need and benefit will be realized by the community as a whole if the fee waiver or refund is granted; and
4. The project is necessary to implement a component specified in the Consolidated Plan for Housing and Community Development in Orange County, NC as required by the HOME program administered through Orange County.



November 17, 2017

Mr. David Andrews
Town of Carrboro
301 W. Main St.
Carrboro, NC 27510

Dear Mr. Andrews:

Per the Town's Land Use and Building Permit Fee Waiver or Refund Policy, CASA wishes to request from the Board of Aldermen a waiver for all Town fees associated with our development of Merritt Mill Apartments, located at 802-806 S Merritt Mill Road.

We are currently submitting for a Rezoning and Conditional Use Permit in order to develop the Merritt Mill Apartments, 24 one-bedroom and 24 two-bedroom apartments of permanent housing for households below 60% of AMI, with a priority for people who are homeless and/or who have disabilities. These units are split across the municipal boundary with 24 being in Carrboro and 24 in Chapel Hill.

These units, as safe, permanent and affordable homes, will directly benefit people who are low income. The affordability restrictions on this property will be for 99 years. The benefit to the Carrboro community as a whole will be to expand the supply of housing available and affordable to those most vulnerable members of our community. This development supports Orange County's Consolidated Plan including the high priority goals HS-2 Housing Construction, HO-5 Permanent Housing, and SN-1 Housing.

CASA is a private non-profit housing developer. We have been creating, owning and managing affordable rental units for people of low wealth in the Triangle for 25 years. Currently we own and operate nearly 500 apartments in 3 counties.

Please do not hesitate to contact me with questions or concerns at 919-307-3429 or jbrandes@casanc.org. Thank you very much for your consideration of this request.

Sincerely,

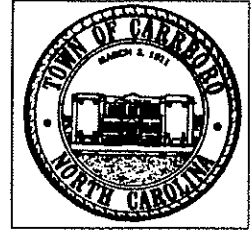
Jess Brandes

Jess Brandes
Housing Developer



TOWN OF CARRBORO

AFFORDABLE HOUSING WAIVER OR REFUND FORM



Date: 11-21-2017

I/We Jess Brandes with CASA, do hereby request a Land Use
and/or Building Permit

☒ Fee Waiver

☐ Refund

for the following project: Meritt Mill Apartments

The project qualifies for the Fee Waiver/Refund due to meeting the following criteria:

- ☒ meets affordable housing provision of the Town of Carrboro Land Use Ordinance
- ☒ benefits families or persons of low to moderate income over a sustained period of time
- ☒ project is directly funded or subsidized by a federal, state or local unit of government or non-government organization that guarantees affordability for 99 years or more
- ☒ need and benefit will be realized by the community as a whole if the fee waiver or refund is granted
- ☒ project is necessary to implement a component specified in the Consolidated Plan for Housing and Community Development in Orange County, NC as required by the HOME program administered through Orange County.

By affixing my signature, I attest to the accuracy of the submitted information.

Jess Brandes

Signature

**A RESOLUTION GRANTING THE TOWN MANAGER AUTHORITY TO
DEVELOPMENT AND BUILDING PERMIT FEES FOR THE MERRITT MILL
CASA DEVELOPMENT**

3/13/2018

WHEREAS the Board of Aldermen adopted a policy to allow for the waiver of development and building permit fees in September of 2002 and;

WHEREAS, CASA has requested the Town to waive fees and;

WHEREAS, the Board finds that CASA meets the requirements for a fee waiver.

BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO THAT:

Section 1. The Town Manager is hereby authorized to waive development and building permit fees for the affordable housing project on Merritt Mill Road with CASA.

Section 2. The Affordable Housing Fund shall reimburse the General Fund in the amount of \$30,453.00.

Section 2. The resolution shall become effective upon adoption.



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Agenda Item Abstract

File Number: 17-432

Agenda Date: 3/13/2018

File Type: Agendas

In Control: Board of Aldermen

Version: 1

TITLE:

Update on Creation of Stormwater Utility

PURPOSE: The purpose of this agenda item is to provide an update on work related to establishing the new stormwater utility, and provide the Board the opportunity to discuss this work.

DEPARTMENT: Public Works

CONTACT INFORMATION: Randy Dodd, Stormwater Utility Manager (919) 918-7341

INFORMATION: The Town is in the process of establishing a Stormwater Utility that recognizes that stormwater management is a community wide challenge, and the current stormwater program and existing level of funding are not adequately addressing the challenge. A work session has been scheduled for staff to provide an update and for the Board to discuss related topics. A staff memo has been prepared that addresses: Town Code requirements; cost projections; an analysis of impervious surfaces; and a recommended rate structure and steps to adopt the rate structure. A recommendation on next steps is also provided from the Stormwater Advisory Commission.

FISCAL & STAFF IMPACT: There is no fiscal or staff impact to holding the work session. There will be a fiscal and staff impact to adopting a new rate structure and transitioning to operation of the new Stormwater Utility.

RECOMMENDATION: It is recommended that the Board receive the staff memo and presentation and Stormwater Advisory Commission recommendation, discuss the next steps with the Stormwater Utility at the work session, and consider the attached resolution.

ATTACHMENT A

A RESOLUTION REGARDING
ADOPTION OF A STORMWATER UTILITY RATE STRUCTURE

WHEREAS, the Town of Carrboro modified the Town Code in June, 2017 to create a Stormwater Utility and Stormwater Enterprise Fund; and

WHEREAS, the Town created a new Stormwater Advisory Commission which began meeting in February, 2018; and

WHEREAS, the Town is studying the options and details for creation of a rate structure for the Stormwater Utility; and

WHEREAS, it is desirable to obtain input from residents and businesses on the rate structure, and consider an Interlocal Agreement with Orange County for assistance with billing and collection of service charges

NOW, THEREFORE, The Board of Aldermen of the Town of Carrboro hereby directs staff to:

- a. pursue a community outreach and engagement process related to the Town's plans to adopt a Stormwater Utility rate structure; and
- b. schedule a Public Hearing on the adoption of a rate structure in the spring of 2018; and
- c. work with Orange County staff to develop an Interlocal Agreement for billing as a matter to include in the review and adoption of a rate structure; and
- d. refer the complete draft rate study report to the Stormwater Advisory Commission
- e. Other.....

The resolution is effective upon adoption.

This 13th day of March, 2018.

ATTEST



TOWN OF CARRBORO
NORTH CAROLINA
STORMWATER UTILITY

To: David Andrews, Town Manager
Mayor and Board of Aldermen

From: Randy Dodd, Stormwater Utility Manager

Cc: Joe Guckavan, Public Works Director
Robert Hornik, Town Attorney
Arche McAdoo, Finance Director
Rachel Heggen, Communications Manager
Patricia McGuire, Planning Director
Stormwater Advisory Commission

Date: March 9, 2018

Subject: Update on Creation of Stormwater Utility for Work Session

Background and Summary

The purposes of this memorandum are: a) to provide an update of work related to establishing the new stormwater utility; and b) present topics for Board feedback at a work session. Most of the information provided in this memo is drawn from a draft stormwater utility rate study report; more details are available in the report.

Information

The Town is in the process of establishing a Stormwater Utility that recognizes that stormwater management is a community wide challenge, and the current stormwater program and existing level of funding are not adequately addressing the challenge.

As steps towards establishing the Utility, the Town has taken these steps in the past year:

- 1) the Board of Aldermen dedicated their 2017 retreat to this topic;
- 2) the Town Code was updated to formally establish the Utility and a Stormwater Enterprise Fund in the Town Code in June of 2017;
- 3) a new Stormwater Utility Manager was hired in December, 2017; and
- 4) the new Stormwater Advisory Commission began meeting in February of 2018.

The following topics are discussed in this memo:

- 1) an overview of the Town Code requirements as they relate to a) the basis for a fee structure; and b) who will be required to pay the new service charge;
- 2) a 5 year stormwater program cost projection;
- 3) an analysis of impervious surface which creates the basis for fees to assign;

- 4) a recommended rate structure;
 - 5) recommended steps to adopt the rate structure; and
 - 6) a status report from the first two meetings of the Stormwater Advisory Commission.
1. Town Code Stormwater Utility Provisions

Town Code Section 18-4: “Stormwater management utility shall mean an organizational structure established by the Town, that is responsible for funding, administering, and operating the Town's stormwater management program, and that is supported through a rate structure based on the impervious surface area and found on land parcels located within the town limits.”

The above excerpt from the Town Code creates the fundamental basis for the utility. An overview of Town Code sections most relevant to the development of a rate structure is presented in Table 1¹. An important contextual premise for work pursued by staff in early 2018 is that the Town will choose to pursue a fee basis rather than a property tax basis, as generally provided for in the Town Code.

Table 1: Town Code Stormwater Utility Definitions

Town Code Section	Important Direction
18-3: Definitions	Includes over a dozen important definitions. For example, determines how to distinguish between residential and nonresidential parcels, provides specificity for the concept of impervious surface, and defines Equivalent Residential Unit (ERU) as a unit of comparison
18-4: Utility and Enterprise Fund	Establishes utility and dedicated stormwater funding; requires that revenue collected only be used for stormwater, and a Public Hearing be held prior to collecting revenue
18-5: Jurisdiction	Establishes the municipal limits as the area for which the Town can collect revenue
18-6: Rate structure	To be added after establishment of the rate structure
18-7: Schedule of fees and charges	Establishes that rates, fees, charges, and penalties apply to properties in municipal limits
18-9: Exemption and credits	Establishes the properties that are exempt from service charges; allows for establishment of a credit manual.

¹ The complete stormwater utility section of the Town Code is available at <http://www.ci.carrboro.nc.us/DocumentCenter/View/4631>

Who Will Pay Stormwater Fees?

Town Code 18-9: Properties Exempted from Stormwater Fee

- (1) Publically dedicated roads, streets, greenways, sidewalks and other publically dedicated rights-of-way and easements.... This exemption shall not apply to internal site roadways.....
- (2) Railroad rights-of-way.....
- (3) Undeveloped land, open space or land parcels with fewer than 500 sf of impervious surface area.
- (4) Parcels maintained by homeowner associations as undeveloped open space or with engineered stormwater control measures.
- (5) Town-owned property.

The above section of the Town Code provides the basis for identifying property owners who will be exempt and non-exempt. The analysis that has been pursued in early 2018 indicates that there are 4473 residential and 313 non-residential non-exempt properties, as defined below. Note that “non-residential” includes many multifamily residential properties:

“Residential parcel shall mean a parcel with a single-family residential structure used as a single-family dwelling and whose primary uses is as a single-family residence; residential condominiums/townhomes subdivided as individual parcels are considered residential parcels. Nonresidential parcel shall mean a parcel that is developed land not used as a single-family residence; this includes, but is not limited to, commercial, industrial, institutional properties, and apartment complexes.” **(From Town Code 18-3)**

With regard to opportunities for additional exemptions, credits, offsets, or other reductions:

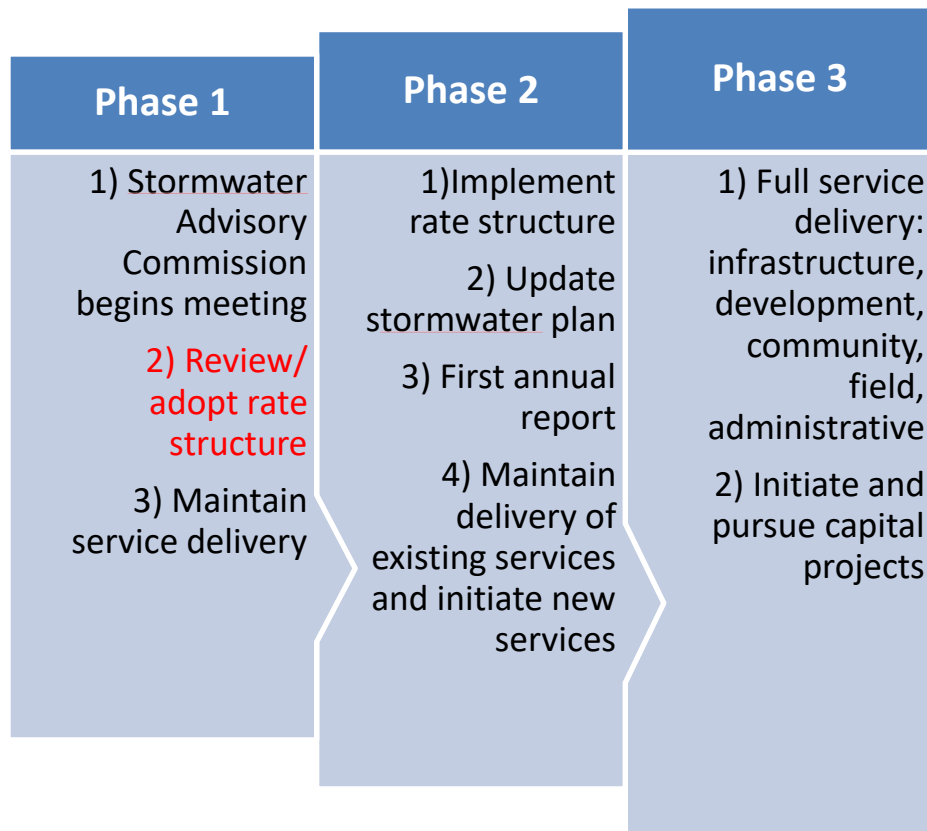
Town Code Section 18-9(a). Statement of policy. Except as provided in this section, no public or private property shall be exempt from stormwater management utility service charges or receive a credit or offset against such stormwater management utility service charges. No exemption or reduction in stormwater management utility service charges shall be granted based on the age, tax or economic status, race, or religion of the customer, or other condition unrelated to the cost of providing stormwater services and facilities.

This section constrains incorporation of social equity interests in the rate structure.

2. How Much Will it Cost to Fund the Town's Stormwater Program?

A timeline and approach for transitioning the Utility from a formative stage into an operational stage is needed to guide cost projections, which in turn will guide the development of a rate structure that matches new revenue with expected expenses. The analysis completed in early 2018 has resulted in a 5 year cost projection that corresponds to the following phases:

Figure 1: Recommended Phases for Moving from Utility Establishment to Operation



Phase 1 is currently underway, and is a largely administrative phase related to the establishment of the Utility. Until it is complete, Carrboro's stormwater program revenue will continue to originate from property taxes that pass through the General Fund.

Phase 2 will begin as soon as a rate structure and Interlocal Agreement for billing are in place, and marks a transition from Utility establishment to Utility operation. During this transition, both ongoing and new administrative activities will be required. Revenue from new fees will begin to flow into the Enterprise Fund, and service delivery for new services will begin. This

phase could begin as soon as late 2018, or could need to be delayed by a year, as further discussed below.

Phase 3 is the fully operational stage of the Utility. The administrative pieces will be fully established, and the Utility will be able to fully deliver a range of services. Achieving this stage in a timely fashion is desirable not only from a programmatic and community perspective, but also to be well prepared for implementation of Jordan Lake Rules, which are scheduled for review within this time frame, and for demonstrating compliance with the NPDES permit and progress with Bolin Creek watershed restoration. During Phase 3, projects programmed in the Capital Improvements Plan will begin to be implemented.

A five year stormwater program cost projection has been drafted based on the following foundation.

1. Capture all known current operational stormwater related expenses. (In FY 17/18, Town staff began tracking stormwater specific expenses. Year to date information is being collected as input into annual estimates).
2. Capture new operational expenses associated with better service delivery for existing stormwater regulatory requirements and plan for potential new stormwater regulatory requirements;
3. Plan for future stormwater capital projects and enhanced infrastructure maintenance, repair, and replacement;
4. Minimize administrative burden/overhead and maximize delivery of services and environmental enhancement;
5. Collect sufficient revenue to minimize the need for an increase in fees during the 5 year time frame.
6. Plan for new town-maintained streets and conveyance and stormwater control measures (SCMs) on private property that will be added due to new development during the five year period
7. The Town currently owns 6 SCMs but is planning to construct more at MLK in the near future, with additional SCMs in the CIP for Anderson Park and on Town owned land adjacent to Morgan Creek. The 5 year projections reflect both the capital costs and the expected increase in maintenance.
8. The Town has a Drainage Policy (1984); interest has been expressed in revisiting this policy and potentially establishing a new Drainage Assistance Program that could include cost sharing.

9. The projections completed to date are intended to identify the level of revenue needed, but have not tried to discriminate between funds made available through a new rate structure and the current method of funding through the General Fund.

It is important to note that the cost projections presented are “best current estimates”, but are not intended for final budgetary use or as firm or fixed values. As this study was being drafted, input was also being provided into the development of the FY 18/19 operating budget. This timing, along with pending decisions regarding the details of implementation of a rate structure, create some uncertainty regarding stormwater revenue, expenses, and services to expect. The main purpose of these estimates is to provide guidance in the determination of the rates needed to deliver the desired services. More detailed analysis and decisions will be needed for future operating and capital budgeting as the Utility transitions from a formative to fully operational status.

The five year cost projection is summarized in Table 2.

Table 2: Five Year Stormwater Program Cost Projection

	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
<u>Administrative Services</u>	\$169,569	\$141,805	\$127,307	\$133,743	\$138,501
<u>Infrastructure Services</u>	\$163,150	\$246,090	\$369,110	\$551,535	\$520,414
<u>Planning Services</u>	\$67,650	\$72,408	\$74,286	\$76,252	\$78,309
<u>Community Services</u>	\$38,650	\$66,375	\$92,860	\$100,575	\$108,436
<u>Field Services</u>	<u>\$30,650</u>	<u>\$60,762</u>	<u>\$57,439</u>	<u>\$59,706</u>	<u>\$61,569</u>
Total	\$469,670	\$587,440	\$721,003	\$921,811	\$907,229

*personnel expenses are allocated amongst the 5 service categories, with the allocation varying by year. More administrative time is expected at the start of the 5 years, and less at the end.

The following points are offered for the line items in Table 2:

- 1) The personnel estimates shown are only for Stormwater specific personnel, and not for time spent by non-Stormwater program personnel. That labor is captured under other line items.
- 2) The non-personnel administrative expenses cover a range of items including but not restricted to dues, training, conferences, routine office expenses/supplies, vehicle use, and legal and contractual services.
- 3) The Infrastructure estimates cover routine stormwater system maintenance, repairs, retrofits, street sweeping, capital stormwater and stream restoration projects, and Public Works facility stormwater related expenses.
- 4) The Planning estimates cover staff time and engineering services for Planning related stormwater program oversight.

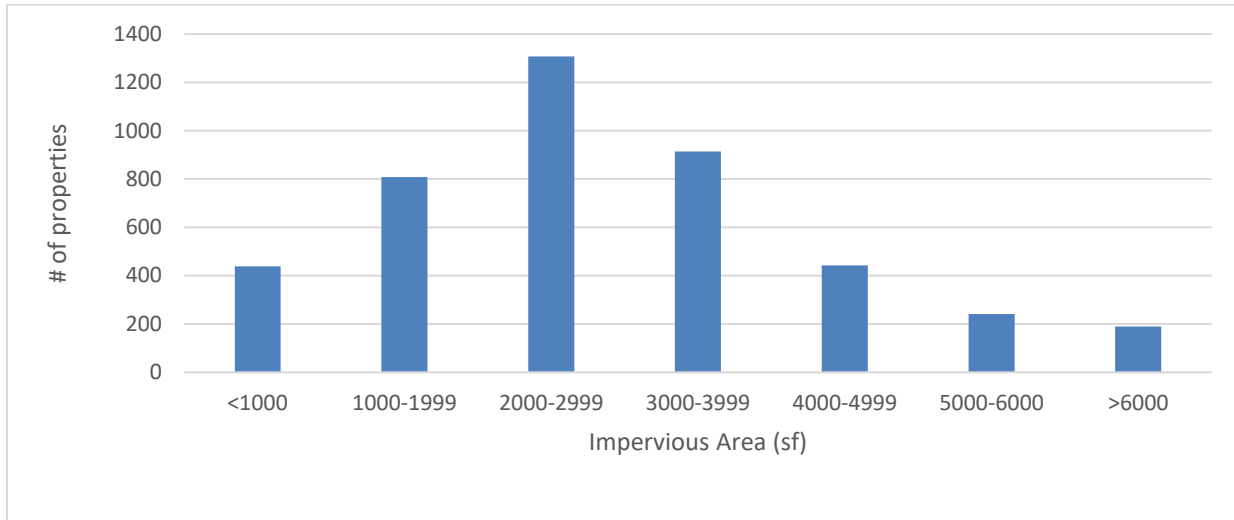
- 5) The Community estimates cover establishment of a Drainage Assistance Program and cost sharing, outreach and education, and Stormwater Advisory Commission budget.
- 6) The Field estimates cover SCM maintenance and inspection, benthic monitoring, stream repair materials, and cost sharing for stream gage maintenance
- 7) There are currently about \$3.5M in capital expenses projected for beyond this 5 year window. The revenues from the draft rate structure creates a surplus to help fund capital expenses both within and beyond the 5 year window, with a surplus of approximately \$1M expected after 5 years to go towards capital expenses beyond the 5 year window.
- 8) The cost projection totals represent a steady increase from the current stormwater program level of funding. As part of the FY 17/18 budget development, a very preliminary annual stormwater program expense of just over \$300k was estimated.

3. Impervious surface Analysis

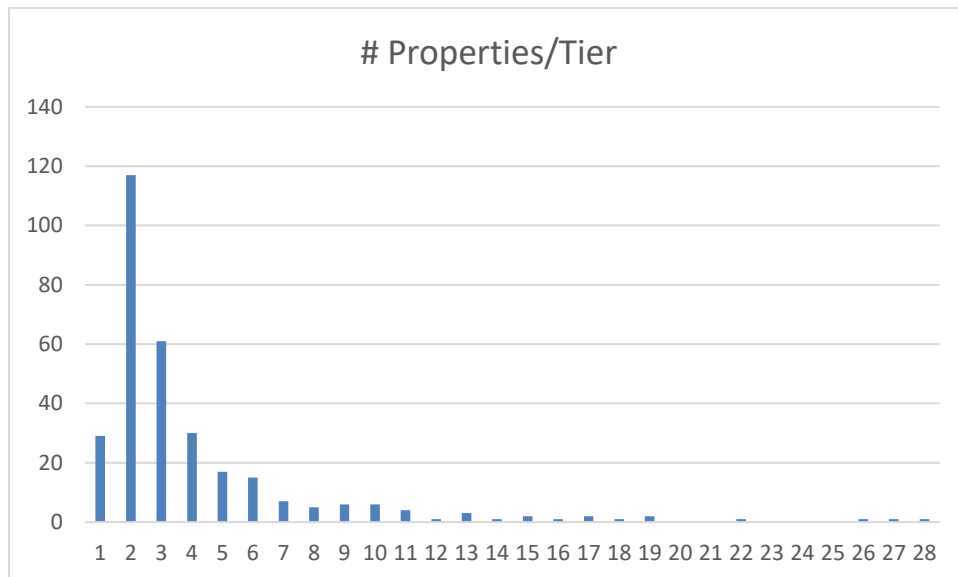
The recommended rate structure is based on the amount of impervious surface relative to the “Equivalent Residential Unit” (ERU) of impervious surface, as provided for in the Town Code, and consistent with the predominant practice for the 62² municipalities that have created a stormwater utility in North Carolina. The premise is that impervious surface is an appropriate metric for determining the impact of stormwater runoff from a given property. A GIS analysis of impervious surfaces was completed and guided by parcel data provided by Orange County, and Town maintained data for impervious surfaces.

The accuracy and precision of both the property/parcel boundary and impervious data is an important consideration in establishing the service charge/fee structure. Visual examination of GIS parcel boundary data during the analysis indicated that for many parcels, the parcel data appeared to represent the property boundary fairly accurately, but for some parcels, the depiction appears to be less accurate. Similarly, impervious surface areas depicted for many properties are relatively accurate, however, are less accurate for others. This has led to a recommendation that a flat residential fee be used to launch the utility. Figure 2 presents the number of residential properties in different impervious surface area ranges.

² As of July, 2017

Figure 2: Impervious Area for Residential Parcels

For non-residential properties, a wide range of impervious area per parcel was identified, with the distribution having a notably asymmetrical long “tail” (Figure 3). A tier structure was chosen that identified breakpoints that balance the need for sufficient and meaningful resolution in the structure and the accuracy and precision of the GIS data that is available.

Figure 3: Impervious Area Tiers for Nonresidential Parcels

(Y axis is number of properties per tier, X axis shows tiers)

A tiered rate structure is recommended given the wide range of non-residential imperviousness. Most non-residential parcels have less than 2 acres of impervious area, with three parcels having over 700,000 square feet of imperviousness. This approach balances considerations around: the accuracy of current data; administrative time with further impervious analysis and resolution of property level discrepancies, inquiries, and disputes; and providing as much equity as possible in the rate structure. Table 1 summarizes the distribution of impervious area across nonresidential properties, and also recommends a total of 28 tiers to use for the rate structure.

Table 3: # of Non-Residential Properties by Tier

	Impervious Area (sf)				
<u>Tier</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Median</u>	<u>ERUs</u>	<u>#</u>
1	500	5999	3250	1	29
2	6000	23999	15000	5	117
3	24000	41999	33000	11	61
4	42000	59999	51000	17	30
5	60000	89999	75000	25	17
6	90000	119999	105000	35	15
7	120000	149999	135000	45	7
8	150000	179999	165000	55	5
9	180000	209999	195000	65	6
10	210000	239999	225000	75	6
11	240000	269999	255000	85	4
12	270000	299999	285000	95	1
13	300000	329999	315000	105	3
14	330000	359999	345000	115	1
15	360000	389999	375000	125	2
16	390000	419999	405000	135	1
17	420000	449999	435000	145	2
18	450000	479999	465000	155	1
19	480000	509999	495000	165	2
20	510000	539999	525000	175	0
21	540000	569999	555000	185	0
22	570000	599999	585000	195	1
23	600000	629999	615000	205	0
24	630000	659999	645000	215	0
25	660000	689999	675000	225	0
26	690000	719999	705000	235	1
27	720000	749999	735000	245	1
28	750000	779999	765000	255	1

There is a total of 313 acres of residential impervious area and 486 acres of non-residential impervious area in Carrboro.

4. Recommended rate structure

Stormwater fees (aka, “service charges” in the Town Code) are calculated by determining the costs of providing the desired level of service and then distributing the costs based on the demand that each property places on the local government for service. The report that has been drafted captures and expands on the above discussion, but is primarily focused on recommending a rate structure as the necessary next step for funding the stormwater program and formally establishing the Utility. The recommended rate structure is a "hybrid" with a flat fee for single family/small residential properties and a tiered structure for nonresidential properties. The nonresidential rate structure, while tiered, is a direct extrapolation from the residential rate based on amount of impervious surface for a given property. An important factor in recommending this rate structure is balancing the level of administrative overhead with the more discrete fees that can be assigned with more accurate and precise but more administratively intensive data. The recommend rate structure will support an annual stormwater budget of a little under \$900k, which will meet operating requirements with a surplus for future capital expenses.

Table 4: Recommended Rate Structure

(Annual Service Charge/Fee)

Residential (1 ERU).....	\$75
Non-residential:	
Tier 1 (1 ERU).....	\$75
Tier 2 (5 ERUs).....	\$375
Tier 3 (11 ERUs)	\$825
Tier 4 (17 ERUs)	\$1275
Tier 5 (25 ERUs)	\$1875
Additional Tiers (+10 ERUs)*....add \$750 from the immediately adjacent lower tier	

*in 10 ERU increments, price per tier, total of 28 tiers. The largest tier has 255 ERUs. The annual fee for this tier would be \$15,300/\$19,125/\$22,950. A table showing all 28 non-residential tiers is provided in Table 12.

The rate structure can be revisited in the future as better data becomes available.

5. Steps to adopt the rate structure

Potential next steps and an implementation timeline for adopting the rate structure is provided below.

Community Outreach and Engagement

Community outreach and engagement will be essential to convey the reasons for the increasing cost of stormwater management, the benefits of moving forward, and to get community input and buy-in. A diversity of outreach techniques should be employed to reach as many people as possible, with review and direction from the Stormwater Advisory Commission and Board of Aldermen. A public hearing is a statutory requirement for rate structure adoption; it is recommended that a public hearing be scheduled for the spring of 2018.

Billing: Interlocal Agreement.

The preferred method for billing for service charges/fees to be collected is to piggyback on a system which is already in place to reduce upfront and ongoing operational administrative overhead. An Interlocal Agreement with Orange County is recommended to allow the Orange County Property Tax Office to provide billing support³. If the rate structure is adopted in the spring of 2018, the associated fees can be included in property tax bills sent out in the summer of 2018. In the event that it is not possible to adopt a rate structure in the spring of 2018, the new revenue stream from fees will be delayed a year because property taxes are billed on an annual cycle. For this scenario, Carrboro's stormwater program would be funded in FY 18/19, as has been done historically, through the Town's General Fund.

6. Stormwater Advisory Commission Update

The Commission met on February 22nd and received an orientation presentation. The Commission met on March 7th, received a presentation and discussed the same topics as presented in this memo, and provided a recommendation which is included in the work session agenda packet. The Commission will next meet on March 21st.

³ Orange County is currently providing this service for Chapel Hill and Hillsborough.

Recommendation

Staff recommend that the Board of Aldermen receive this memo, and consider the draft resolution to:

- a. pursue a community outreach and engagement process for the Town's plans to adopt a Stormwater Utility rate structure; and
- b. schedule a Public Hearing on the adoption of a rate structure in the spring of 2018; and
- c. work with Orange County staff to develop an Interlocal Agreement for billing as a matter to include in the review and adoption of a rate structure;
- d. refer the complete draft rate study report to the Stormwater Advisory Commission; and
- e. provide any other desired feedback.

TOWN OF CARRBORO
NORTH CAROLINA

STORMWATER UTILITY
RATE STUDY

MARCH 9, 2018

BOARD OF ALDERMEN

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Executive Summary

The Town is in the process of establishing a Stormwater Utility that recognizes that stormwater runoff is a community wide problem and that the Town's current stormwater program is not sufficient to comprehensively address the needs. The purpose of this study is to recommend a rate structure as an important next step for funding the stormwater program and formally establishing the Utility. The basis for the recommendations provided are: Carrboro's Town Code, which provides the legal structure; federal and State regulatory requirements; anticipated expenses for the utility; a GIS study of impervious surfaces in Carrboro; and experience from other North Carolina jurisdictions that have implemented utilities. The recommended rate structure is a "hybrid" with a flat fee for single family/small residential properties and a tiered structure for nonresidential properties. The nonresidential rate structure, while tiered, is a direct extrapolation from the residential rate based on amount of impervious surface for a given property. The rate structure is based on the amount of impervious surface relative to the "Equivalent Residential Unit" (ERU) of impervious surface. The premise is that impervious surface is an appropriate metric for determining the impact of stormwater runoff from a given property, consistent with practices across North Carolina and the United States. The recommended rate will support an annual stormwater budget of a little less than \$900k, which will meet operating requirements with a surplus for future capital expenses. An important factor in recommending this rate structure is balancing the level of administrative overhead with the more discrete fees that can be assigned with more accurate and precise but more administratively intensive data.

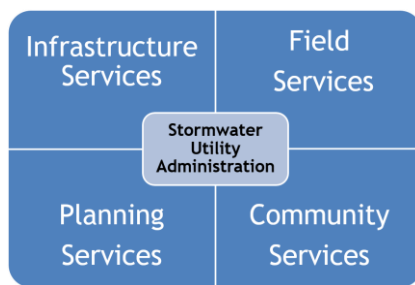
Potential next steps and implementation timeline alternatives are provided. Public meetings and other means of outreach should be pursued to notify the community of the proposed rate structure and fees, and a public hearing scheduled. An Interlocal Agreement with Orange County will be needed to allow the Orange County Property Tax Office to provide billing support. If the rate structure is adopted in the spring of 2018, the associated fees can be included in property tax bills sent out in the summer of 2018. In the event that it is not possible to adopt a rate structure in the spring of 2018, the new revenue stream from fees will be delayed a year because property taxes are billed on an annual cycle. For this scenario, Carrboro's stormwater program would be funded in FY 18/19, as has been done historically, through the Town's General Fund.

1. Carrboro's Stormwater Management Program

The purpose of this section is to describe the expansion of Carrboro's stormwater management program that is enabled by the forming Stormwater Utility; the Town's stormwater program as it currently exists is described in more detail in Appendix 1. The Utility will allow Carrboro to better address current regulatory requirements, prepare for potential future requirements, and in general expand stream and watershed protection and restoration initiatives, support for property owners with flooding and drainage related impacts, and maintenance and enhancements of stormwater infrastructure.

1.1 Program Structure

Carrboro's stormwater program can be described and broken down in different ways, one of which is based



on the services that the program offers (see graphic, and Table 1). It is important to consider these services not as discrete and separate, but as integrated and coordinated, as facilitated by the administrative role. The placing of the program under the umbrella of a utility and within a dedicated enterprise fund results in the ability to more holistically manage and coordinate the Town's stormwater program.

Stormwater Utility Administration – includes developing and implementing program service delivery; stormwater related data management; regulatory tracking and annual reporting; issuing notice of violations; contract administration for contractual services; staffing the Stormwater Advisory Commission; program integration with Town administrative activities (e.g., operating budget and CIP).

Stormwater Infrastructure Services – include maintenance of Town-owned stormwater system including inlets, catch basins, pipes, ditches, and Stormwater Control Measures (SCMs); street sweeping; design and construction of public stormwater infrastructure (including “green” infrastructure) projects, stormwater retrofits, and restoration projects on Town maintained land.

Stormwater Planning Services – include planning and engineering review and oversight of new development proposals and construction, and updating of the Land Use Ordinance.

Stormwater Community Services – includes education and outreach, providing public participation opportunities, coordination with the Clean Water Education Partnership (CWEP), and creating and implementing a drainage assistance program.

Stormwater Field Services – include inspections of SCMs issued under a Town land use permit, illicit discharge detection and elimination activities, stream determinations, and stream monitoring.

Table 1: Administration of Stormwater Services Prior to and With the New Stormwater Utility

Stormwater Service	Prior to Utility	With Utility
<i>Administration</i>		
Legal	LUO (Article XVI) and illicit discharge (Town Code)	Legal structure for Utility added in Town Code.
Programmatic	Dispersed program	Umbrella program
Financial	Stormwater expenses not tracked	Tracked, under Enterprise Fund
Regulatory Responsibility	Planning (town wide), Public Works (PW facility)	Stormwater Utility
Advisory Commission	EAB	Stormwater Commission
<i>Infrastructure</i>		
MS4 ¹ and facility maintenance	Public Works	Public Works: support from Stormwater Utility
Green infrastructure	Not applicable	Stormwater Utility
<i>Field</i>	Planning Department	Stormwater Utility
<i>Planning</i>		
Plan review, erosion control, permitting	Planning Department: contract engineering & county support	Planning Department: Stormwater Utility, contract engineering & county support
SCM Inspection & maintenance ²	Planning Department	Stormwater Utility (potentially with contract support)
<i>Community</i>		
Drainage assistance	Not applicable	Stormwater Utility
Outreach/education	Planning Department	Stormwater Utility

All of these services are important for the stormwater utility moving forward. In 2018, the priority is on establishing the administrative capacity and mechanisms to operate a successful utility over the long term. The rate structure presented in this report is a major emphasis.

1.2 Program Challenges

1.2.1 Limited Funding/Capacity

The fundamental stormwater management challenge currently facing the Town is the absence of sufficient and dedicated funding; stormwater related activities currently compete with all Town functions provided for through General Fund revenues. One ramification has been limited staff capacity. Recognizing this, the Town created a Stormwater Enterprise Fund and the legal foundation for a Stormwater Utility, and hired a Stormwater Utility Manager in 2017. Currently, this fund is not receiving a separate/dedicated revenue stream. The creation of the new Stormwater Utility Manager position is a very positive step, but additional

¹ Municipal separate storm sewer system

² This item refers to stormwater control measure inspection and maintenance on private property after development (post construction).

staff will be required in the future given the amount and diversity of work involved in implementing a comprehensive stormwater program (see Tables 2 and 3).

Table 2: Summary of Town Staff Current Major Stormwater Responsibilities

Type of Service	Specific Responsibility	Notes
Administrative	Launching utility	Following up on this study; community input; creating and implementing interlocal billing agreement
	Stormwater related databases	GIS and administrative databases
	NPDES permit administration	Compliance activities, tracking and annual reporting
	Jordan Lake Rules	Compliance tracking, planning, implementation, reporting
	Town administrative tasks	e.g. financial, legal, contractual, cross department coordination
	Contract administration	e.g., benthic monitoring; Public Works facility permit compliance; engineering services
Infrastructure	Stormwater conveyance system	Maintaining catch basins, pipes, ditches, swales and proper disposal of waste from clean-up operations
	Street sweeping	Town operates one vacuum truck
	Public Works facility NPDES permit	The regulatory compliance aspect has received contract support.
Planning	Reviewing stormwater plans for new development proposals	Shared by staff and contract engineering firms
	Stormwater Control Measure inspections	Currently able to only pursue reactively
	Erosion control	Delegated to Orange County; some staff administrative time for coordination
Field	Implementing buffer requirements in LUO	Town's requirements exceed minimum state requirements, which adds to staff workload.
	Illicit discharge detection	Currently able to only pursue reactively
Community	Private property drainage inquiries	Tracking and providing support with floodplain administration, maintenance of public conveyance system
	Staffing new Stormwater Advisory Commission	Initiated in February, 2018
	Education and outreach	Participation in the Clean Water Education Partnership

As one means of assessing the Town's stormwater capacity, information from the two neighboring jurisdictions that are the most similar to Carrboro in many respects, Chapel Hill and Hillsborough, has been pulled together (Table 3). Chapel Hill has \$2.8M and 16 stormwater staff positions and Hillsborough, with about a third of Carrboro's population and three quarters of the geographic footprint, has two full time stormwater staff positions and one Public Works position funded from their Stormwater Enterprise Fund.

The similarities shared by these towns includes both comparative size, proximity, demographics, etc., but also their status as Phase II NPDES communities³ and location in the Jordan and Falls Lake watersheds, and by reference, associated regulatory requirements. Chapel Hill also shares in participation in the Bolin Creek Watershed Restoration Team with Carrboro.

Utilizing contractor services has been and will likely continue to be a cost effective way to complete some tasks without adding additional staff. The largest stormwater related contractual services historically have been for engineering services. The Town has also contracted for benthic monitoring support for the past 15 years, and for support with NPDES permit compliance for the Public Works facility and some infrastructure maintenance. New contractual services, e.g., for retrofit projects and perhaps other planned activities such as new monitoring and other field work, laboratory analyses, community outreach, additional infrastructure maintenance, support with impervious surface GIS data, and other special studies are all worth considering. With all contracting, Town staff must have time to administer contracts and supervise work, which is another reason why the stormwater program needs additional staff.

As a specific step forward to address the need for expanded capacity, it is recommended that a Stormwater Specialist position be planned for. The Stormwater Specialist position would provide support with: illicit discharge and pollution prevention and good housekeeping components of NPDES permits; SCM inspections and maintenance program; stormwater infrastructure and impervious surface GIS and utility billing data maintenance; supporting outreach and education efforts; completing stream determinations for new development proposals within the Town's delegated stream buffer authority and wetlands delineations; and helping initiate a Drainage Assistance Program. The position would support the Stormwater Utility Manager, Public Works Superintendent, and other staff with these and other stormwater management responsibilities.

³ The Phase II designation refers to small municipalities, generally with a population between 10k and 100k, and a population density of at least 1000/square mile. NPDES refers to "National Pollution Discharge Elimination System" under the federal Clean Water Act.

Table 3: Comparison of Carrboro, Chapel Hill and Hillsborough Current Stormwater Utility Capacity

	<u>Carrboro</u>	<u>Chapel Hill</u>	<u>Hillsborough</u>
Utility Established	In process	2004	2016
Population	21,265	59,246	6,568
Area in Town (sq. miles)	6.46	21.12	5.33
Utility Annual Revenue (approx.)	TBD ⁴	\$2.8M	\$600k
Dedicated Staff			
Stormwater Manager	1		1
Engineer	*	4	
Stormwater Specialist		1	1
Stormwater Analyst		1	
Environmental Educator		1	
Stormwater Billing Technician		1	
Mosquito Control Officer		1	
Public Works staff ⁵		<u>7</u>	<u>1</u>
Total	1*	16	3

*See footnote⁶

1.2.2 Regulatory Requirements

NPDES Phase II Permits

The Town is regulated under two NPDES Phase II stormwater permits, one that is town wide and one for the Public Works facility.⁷ Areas of needed performance improvement during this permit cycle are summarized in Table 4. While all of the six minimum measures required in the town wide permit are being implemented to a certain degree, the illicit discharge and post-construction stormwater programs have been implemented more reactively rather than proactively. For instance, the illicit discharge program is supposed to include preventative and proactive measures such as determining high hazard areas and completing routine inspections of these areas. The post-construction stormwater program includes review of stormwater management for development projects. It also requires inspection of SCMs; there are approximately 200 in Carrboro (Table 5). That is in addition to the requirement that the SCM owner inspect and submit a report at least annually to the Town for review. Creation of the Stormwater Utility Manager position provides some additional capacity for inspections and overseeing this program, but given the other responsibilities of the position, additional staff will be needed to fully meet this regulatory requirement.

⁴ ~\$880k is the projected annual revenue for the recommended rate structure presented in this report. It is designed to support both operating expenses and a capital reserve.

⁵ Maintenance Supervisor, Street Cleaning Crew Supervisor, Heavy Equipment Operator, Construction Worker

⁶ Carrboro does not have an engineer on staff, but uses contracting engineering services. It is estimated that the Town is currently using close to 1 FTE of contract engineering support for stormwater, although some of this is reimbursed from applicants for land use permits.

⁷ In March, 2017, the town wide permit was renewed, and the Public Works permit will be reissued later in 2018.

Table 4: NPDES Permit New Activities

New Activity	Notes
<u>Administrative:</u> annual analysis of the capital and operation and maintenance expenditures and staff resources for stormwater; potential for new annual reporting requirements and goal to create a high quality, community oriented annual report.	Additional staff time needed.
<u>Public Education, Outreach and Public Participation:</u> renewed permit requires more extensive outreach and participation program.	Additional staff time may be needed.
<u>Illicit Discharge Detection and Elimination:</u> detect dry weather flows; employee training; improved public reporting mechanism; procedures to identify and eliminate failed septic systems; Enforcement Response Plan (ERP); enforcement tracking	Additional staff time needed.
<u>Post Construction Runoff Control:</u> More detailed inventory of post-construction structural stormwater control measures; recordation of maintenance responsibility; fully implement program for long-term operation and maintenance of structural BMPs, including verification of maintenance and inspections; provide educational materials and training for developers; more fully implement Enforcement Response Plan (ERP), including recordkeeping and follow-up associated with enforcement actions.	Significant additional staff time or contract resources needed. ⁸

Table 5: Summary of Current Structural Stormwater Control Measures in Carrboro

SCM Type	Number	Ownership	Number
Dry detention (flooding)	64	HOAs	55
Bioretention (aka rain garden; water quality)	50	CHCCS	32
Ponds (both flooding, water quality)	19	Other (mix of commercial, multifamily, public)	83
Other (e.g., wetlands, cisterns, underground devices)	37		

Jordan Lake Rules

As with the Town's NPDES permit, compliance with the Jordan Lake rules is regulatory in nature, however, the future requirements, costs, and timing of regulatory compliance has been more difficult to plan for in the past five years due to changes in State legislation. The rules could require unprecedented reduction of nitrogen and phosphorous in stormwater runoff from existing development. While the cost of the new development Jordan Lake stormwater rules is born primarily by the development community, the existing development stormwater requirements are solely the responsibility of the Town to implement. While there is some uncertainty, staff have been preparing for Stage 1 of the existing development rules, and have programmed over \$4M in the Town's Capital Improvement Program. Stage 2 requirements have not been

⁸ Implementation of maintenance program to date based on landowner responsibility, with Town inspections, and legal authority to take over maintenance if neglected.

determined, but could result in additional expenses beyond Stage 1.⁹ Retrofit projects have other benefits as well, such as improvement in local stream quality and reduced flooding impacts. Some level of pursuit of these projects is therefore recommended regardless of the future of Jordan Lake Rules. At a minimum, staff time is needed to continue to prepare the Town for potential implementation of the Jordan Lake Rules. Finally, in 2017, TJCOG, with participation by a broad stakeholder group, initiated exploration of regional collaboration. Involvement with this effort could require additional staff time in the future.

Bolin Creek Watershed Restoration¹⁰

Carrboro staff worked with Chapel Hill and other local, state and federal agency staff in 2006 to create the Bolin Creek Watershed Restoration Team (BCWRT) because Bolin Creek has been on the list of state and federal impaired waterbodies. At the time, the Bolin Creek watershed was selected as one of only 7 watersheds in the state to receive focused state and federal assistance in preparing grant applications and leveraging other resources, with a goal of improving water quality and removing Bolin Creek from the impaired waters list. This is an ambitious goal that will require a robust commitment for many years to come. To date, the progress that has been made has been grant supported, with little activity for the past 5 years. Available grant funding is currently very limited and competitive, and even with grant support, matching funds, in kind support, and staff capacity is needed. It is important to recognize that participation in the BCWRT is fulfilling a regulatory obligation since Bolin Creek has been identified as an impaired waterbody.

1.3 Program Opportunities

The new Stormwater Utility and Stormwater Enterprise Fund create the following opportunities:

- 1) Better protection and restoration of local creeks and downstream receiving waters, including Jordan Lake
- 2) Expansion of green infrastructure which provides multiple environmental and community benefits
- 3) Better service delivery to the community, including support to property owners experiencing impacts related to flooding and drainage.

⁹ The Town's eventual mandatory requirements and associated costs for implementation under the Jordan Lake Existing Development rule is a complex regulatory matter that has become more complex with legislative actions in the past several years. It is the Stormwater Utility Manager's recommendation that the Town take this rule seriously regardless of state legislative action. The need for water quality restoration in Jordan Lake has been studied and debated for over 4 decades, and the Jordan Lake Rules adopted in 2009 were the result of a long scientific and engineering analysis and stakeholder process. Importantly, there is also a federal TMDL for the lake; EPA has the ability to intervene if it deems that State level action is insufficient.

¹⁰ Additional information on the Bolin Creek Watershed Restoration Team is available at <http://www.townofcarrboro.org/280/Bolin-Creek-Watershed-Restoration>

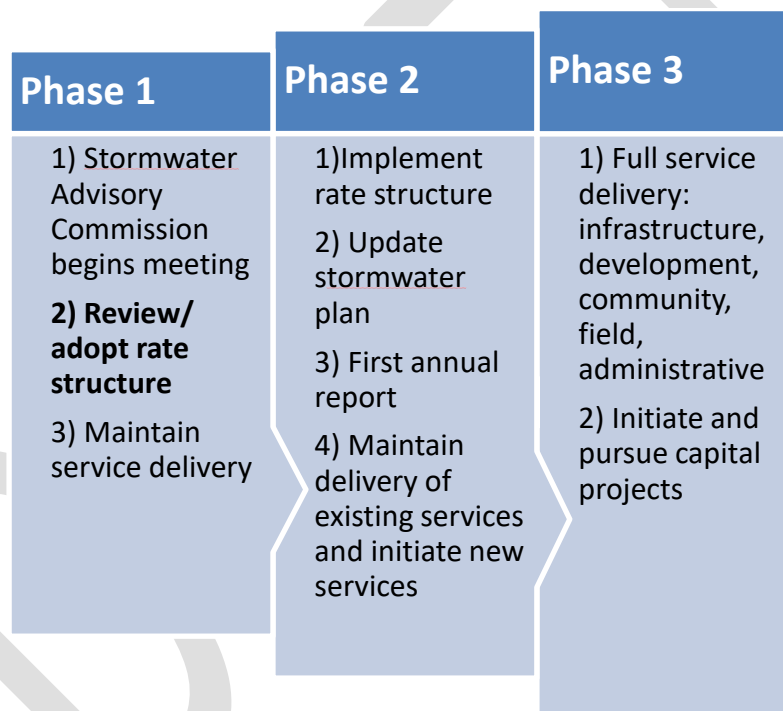
- 4) Better mechanisms and opportunities for community input into and support with stormwater management, in part through the new Stormwater Advisory Commission, and in part through a consolidated program with more capacity.

This report discusses these opportunities to some extent. Further articulation and exploration of these opportunities and identification of new opportunities will be possible once the utility is established and fully operational.

1.4 Five Year Plan for Expansion of Services

A five year programmatic plan is needed to guide cost projections, which in turn informs the new rate structure. This plan is summarized in Table 6, and corresponds to the following phases:

Figure 1: Moving from Utility Establishment to Operation



Phase 1 is currently underway, and is a largely administrative phase related to the establishment of the Utility. Until it is complete, Carrboro's stormwater program revenue will continue to originate from property taxes and pass through the General Fund.

Phase 2 will begin as soon as a rate structure and Interlocal Agreement for billing are in place, and marks a transition from Utility establishment to Utility operation. During this transition, some continuing and new administrative activities will be required. Revenue from new fees will begin to flow into the Enterprise Fund, and service delivery for new services will begin.

Phase 3 is the fully operational stage of the Utility. The administrative pieces will be fully established, and the Utility will be able to fully delivery a range of services. Achieving this stage in a timely fashion is desirable not only from a programmatic and community perspective, but also to be well prepared for implementation of Jordan Lake Rules, which are scheduled for review within this time frame, and for demonstrating compliance with the NPDES permit and progress with Bolin Creek watershed restoration. During Phase 3, projects programmed in the Capital Improvements Plan will begin to be implemented.

The following thoughts are important to highlight in considering the five year stormwater utility program plan presented in Table 6:

- 1) An important milestone on which the overall schedule hinges is the adoption of a rate structure and Interlocal Agreement for billing. As discussed elsewhere in this report, if either of these activities is not completed by June, 2018, the dedicated stormwater revenue stream will not be in place and the schedule and program activities could in large part be delayed by a year.
- 2) Similarly, hiring a Stormwater Specialist is a prerequisite for fully pursuing many if not all of the Phases 2 and 3 activities.

1.5 Stormwater Advisory Commission

Part of the new stormwater program structure is a new Stormwater Advisory Commission to assist with creating and implementing the stormwater utility. Appointments were made to the Commission in January, and the Commission began meeting in February. This study is being referred to the Commission for review. Staffing the Commission and pursuing outreach related to the findings and implications of this study could be the major emphasis of the Stormwater Utility Manager in the first half of 2018 (and beyond if more work is needed to finalize the rate structure).

Table 6: Stormwater Utility Recommended Plan for Phasing in of New Services*

	Phase 1		Phase 2	Phase 3
<u>Service</u>	<u>1.1 2017</u>	<u>1.2 January-June 2018</u>	<u>July 2018-2019</u>	<u>2020- 2022</u>
Administrative	Town Code adopted (Stormwater Utility; Enterprise Fund). Stormwater Commission formed. Stormwater Utility Manager hired. Initiated tracking of stormwater expenses.	Stormwater Advisory Commission begins meeting. Rate structure developed and adopted. Interlocal Agreement with County for billing.	Stormwater Specialist hired. Stormwater Plan updated. First annual report to community. Billing and revenue collection from fees begins. Regulatory annual reporting. Drainage assistance policy adopted.	Jordan Lake Rules implementation anticipated NPDES permit reissued (2022) Bolin Creek Watershed Restoration Plan revisited.
Community	Pre 2017 efforts continue	Pre 2017 efforts continue	Drainage assistance program begins. Local public education/ outreach program initiated.	Drainage assistance program expands. Public education/outreach program expands
Infrastructure	Pre 2017 efforts continue	Pre 2017 efforts continue	Enhanced maintenance/repair and green infrastructure opportunities identified.	Stormwater retrofit/capital projects program begins
Planning	Pre 2017 efforts continue	Pre 2017 efforts continue	Review stormwater provisions in LUO.	Implement any changes identified.
Field	Pre 2017 efforts continue	Pre 2017 efforts continue	Post construction maintenance and inspection program expansion.	Post construction maintenance and inspection program fully implemented

*the timing assumes that a rate structure is adopted in FY 17/18.

2. Stormwater Management Cost Projections

2.1 Introduction

North Carolina legislation allows municipalities to charge a stormwater fee that covers only those expenditures related to the stormwater program. To determine the amount of money needed, it is essential to identify relevant current and expected stormwater expenses, and to also not include expenses that are more appropriately assigned to other Town budget accounts. Examples of stormwater specific costs include items such as: stormwater plan review for new development, inspections of stormwater control measures, illicit discharge investigations, street sweeping, maintenance of stormwater infrastructure, and stormwater capital improvement projects.

A very preliminary three year budget was created for the utility in 2017 to supplement the adoption of the legal foundation in the Town Code and the FY 2017/2018 Town Operating Budget (Table 7). The basic strategy for that estimate was to focus efforts in FY 17/18 on getting the administrative structure established, transition into collecting new revenue through fees and operating the utility in FY 18/19 in; and begin implementation of capital projects in FY 19/20. Over the past five years, the Capital Improvements Program has been identifying stormwater capital projects. The CIP was most recently updated in January, 2018, and includes a 5 year plan for stormwater projects, with a need for additional projects recognized beyond this planning horizon.

Table 7: Three Year Stormwater Program Budget Presented in June, 2017

	<u>Year 1</u> <u>FY 2017-18</u>	<u>Year 2</u> <u>FY 2018-19</u>	<u>Year 2</u> <u>FY 2019-20</u>
<u>Revenues</u>			
Stormwater Fees	- 0 -	\$430,000	\$430,000
Transfer from G. F.	\$308,383	\$213,658	\$224,531
<u>Total Revenues</u>	<u>\$308,383</u>	<u>\$643,658</u>	<u>\$654,531</u>
<u>Expenses</u>			
Personnel	\$105,383	\$192,797	\$196,653
Operating	\$203,000	\$450,861	\$457,878
<u>Total Expenses</u>	<u>\$308,383</u>	<u>\$643,658</u>	<u>\$654,531</u>

2.2 Cost Projections

From the above discussion and supporting information in this document, a five year stormwater program cost projection has been developed, using the following foundation.

1. Capture all known current operational stormwater related expenses. (In FY 17/18, Town staff began tracking stormwater specific expenses. Year to date reports were run as input into annual estimates).
2. Capture new operational expenses associated with better service for existing stormwater regulatory requirements and plan for new/potential stormwater regulatory requirements;
3. Plan for future stormwater capital projects and enhanced infrastructure maintenance, repair, and replacement;
4. Minimize administrative burden/overhead and maximize delivery of services and environmental enhancement;
5. Collect sufficient revenue to minimize future needs for rapid or significant increases in fees, and address future capital needs.
6. As discussed above, a new Stormwater Specialist staff position is recommended to provide support with delivery of services;
7. It is anticipated that approximately 3 miles of new town-maintained streets and conveyance and 20 SCMs on private property will be added due to new development during the five year period
8. The Town currently owns 6 SCMs but is planning to construct more at MLK and Anderson Park. Projections reflect both the capital costs and the expected increase in maintenance.
9. The Town has an adopted Drainage Policy. There is interest in revising this policy and establishing a new Drainage Assistance Program that could include cost sharing.
10. The projections have been used to identify revenue needed, but have not tried to discriminate between revenue funds made available through the new Enterprise Fund and the General Fund.

It is important to note that the cost projections presented are “best current estimates”, but are not intended for final budgetary use or as firm or fixed values. As this study was being drafted, input was also being provided into the FY 18/19 operating budget. This timing, along with pending decisions regarding implementation of a rate structure, create uncertainty regarding stormwater revenue, expenses, and services to expect. The main purpose of these estimates is to provide guidance in the determination of the rates needed to deliver the desired services. The expense amounts and timing, based on future and more detailed financial analysis, can and should change as specific inputs for future operating and capital budgeting as the Utility transitions from a formative to fully operational status.

The five year financial estimates are summarized in Table 8, and the following points are offered for the line items:

- 1) The personnel estimates shown are only for Stormwater specific positions, and not for time spent by non-Stormwater program personnel. That labor is captured under other line items. The estimates assume that a new Stormwater Specialist position is hired in December, 2018. Stormwater personnel expenses are also allocated to the other service categories, with amounts varying by year.

There is a shifting of allocation from more administrative time to more non-administrative time during the five year window.

- 2) The non-personnel administrative expenses cover a range of items including but not restricted to dues, training, conferences, routine office expenses/supplies, vehicle use, and legal, and contractual services.
- 3) The Infrastructure estimates cover routine stormwater system maintenance, repairs, retrofits, street sweeping, green infrastructure, capital stormwater and stream restoration projects, and Public Works facility expenses.
- 4) The Planning estimates cover staff time and engineering services for development review, LUO updates, and construction oversight related to stormwater.
- 5) The Community estimates cover establishment of the Drainage Assistance Program and cost sharing, outreach and education, and Stormwater Advisory Commission budget.
- 6) The Field estimates cover SCM maintenance and inspection, benthic monitoring, stream repair materials, and cost sharing for stream gage maintenance
- 7) There are currently about \$4M in capital expenses projected for beyond this 5 year window. The recommended revenues from the rate structure creates a surplus to help fund capital expenses both within and beyond the 5 year window.

Table 8: Five Year Stormwater Program Cost Projection*

	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>
<u>Administrative Services</u>	\$169,569	\$141,805	\$127,307	\$133,743	\$138,501
<u>Infrastructure Services</u>	\$163,150	\$246,090	\$369,110	\$551,535	\$520,414
<u>Planning Services</u>	\$67,650	\$72,408	\$74,286	\$76,252	\$78,309
<u>Community Services</u>	\$38,650	\$66,375	\$92,860	\$100,575	\$108,436
<u>Field Services</u>	<u>\$30,650</u>	<u>\$60,762</u>	<u>\$57,439</u>	<u>\$59,706</u>	<u>\$61,569</u>
Total	\$469,670	\$587,440	\$721,003	\$921,811	\$907,229

*personnel costs are allocated amongst the 5 service categories, with the allocation varying by year. More administrative time is expected at the start of the 5 year period, and less at the end.

3. Fee Analysis and Recommended Rate Structure

“Stormwater management utility shall mean an organizational structure established by the Town, that is responsible for funding, administering, and operating the Town's stormwater management program, and that is supported through a rate structure based on the impervious surface area and found on land parcels located within the town limits.” *Carrboro Town Code Section 18-4*

3.1 Introduction

The above excerpt from the Town Code creates the fundamental basis for the work presented in this section. In Section 3.2, an analysis is presented that establishes the foundation for a recommended rate structure. In the Section 3.3, the recommended rate structure is presented, along with a discussion of the recommended approach to refine and improve the rate structure in future years as the utility matures, adds capacity, and is able to improve the information used to create the rate structure.

An overview of elements from the Town Code that are most relevant to the rate structure is presented in Table 9¹¹. An important contextual premise is that the analysis and recommended rate structure assumes that the Town will choose to pursue a fee basis rather than a property tax basis, as generally provided for in the Town Code¹².

Table 9: Town Code Stormwater Utility Definitions

Town Code Section	Important Direction
18-3: Definitions	Includes over a dozen important definitions. For example, determines how to distinguish between residential and nonresidential parcels, provides specificity for the concept of impervious surface, and defines Equivalent Residential Unit (ERU) as a unit of comparison
18-4 Utility and Enterprise Fund	Establishes utility and dedicated stormwater funding; requires that revenue collected only be used for stormwater, and a Public Hearing be held prior to collecting revenue
18-5 Jurisdiction	Establishes the municipal limits as the area within which the Town can collect revenue
18-6 Rate structure (Reserved)	To be added after establishment of the rate structure
18-7 Schedule of fees and charges	Establishes that rates, fees, charges, and penalties apply to properties in municipal limits
18-9 Exemption and credits	Establishes the properties that are exempt from service charges; allows for establishment of a credit manual.

¹¹ The complete stormwater utility section of the Town Code is available at <http://www.ci.carrboro.nc.us/DocumentCenter/View/4631>

¹² In the event that a tax basis is preferred, a conversion is that one penny on the property tax rate is equivalent to approximately \$225k of annual operating expense.

Given the Town's interest in social equity, it is important to point out that Section 18-9 (a) of the Town Code specifically places constraints on the ability of the rate structure to address social equity:

Town Code Section 18-9(a). “Statement of policy. Except as provided in this section, no public or private property shall be exempt from stormwater management utility service charges or receive a credit or offset against such stormwater management utility service charges. No exemption or reduction in stormwater management utility service charges shall be granted based on the age, tax or economic status, race, or religion of the customer, or other condition unrelated to the cost of providing stormwater services and facilities.”

The analysis and rate structure presented below is premised on the Town Code requirements. It also attempts to minimize the administrative burden of applying the structure, while remaining as equitable as possible to property owners.

There are three basic approaches currently being used by NC jurisdictions for a fee structure¹³, in increasing order of administrative complexity and need for more precise imperviousness data:

- 1) Flat fee. A flat fee means that the same fee is applied to all properties, regardless of any variables such as differing amounts impervious surfaces;
- 2) Tiered fee. This approach identifies a series of different fees for different classes of properties. Most typically, this has been applied based on a range of impervious surface areas per class, with multiple and likely many parcels falling within each tier;
- 3) Per unit/parcel specific fees. This approach uses the ERU or a direct estimate of impervious surface area to assign a unique fee to each parcel.

To put these approaches into context for Carrboro, 4786 nonexempt parcels¹⁴ have been identified to which a fee needs to be assigned, with imperviousness estimates by parcel ranging from 500 square feet to almost 800k square feet, or over two orders of magnitude. A single flat fee would have clear equity concerns by undercharging some and overcharging others. A tiered fee provides some middle ground, but still allows for some inequity within tier classes given the variability. A per unit fee is, hypothetically, the most equitable, but is administratively problematic due to the extra burden with developing sufficiently precise impervious surface data at a parcel scale, and an implementation burden with the effort needed to respond to questions and disputes about impervious surface estimates.

¹³ This article by UNC's Environmental Finance Center further discusses these:
<http://efc.web.unc.edu/2017/04/27/state-stormwater-fees-north-carolina/>

¹⁴ This is a preliminary identification, with parcel data as of December, 2017

A recurring common challenge faced by forming stormwater utilities is the significant administrative burden in determining parcel specific impervious surface estimates which are applied to calculate parcel specific fees, based on imperfect information. The rate structure that is adopted can contribute to or help alleviate this burden. With other types of public utilities, the service charge is based on metered usage. It is not possible to meter the quality and quantity of stormwater runoff from individual properties. Impervious surface area has emerged as the metric of choice for stormwater rate structures.

Based on over a decade of experience in Chapel Hill¹⁵, more precise tracking of impervious surface on individual parcels would take a concerted study initially (either in house or contracted), and a significant amount of ongoing staff time to maintain. The combination of the imprecision of GIS data and Carrboro's dense development with small lots compounds the challenge. It is recommended that as much of the revenues generated by the Utility as possible go towards solving environmental problems and serving the community, rather than tracking impervious surface at a small parcel scale. In the discussion and analysis that follows, a hybrid structure that utilizes a flat residential fee and nonresidential tiers is proposed, recognizing the opportunity to change this structure in the future as more accurate and precise GIS data is developed.

3.2 Analysis

This section begins with a discussion of assigning properties for inclusion in the utility ("non-exempt" properties) and as residential or non-residential, and concludes with an analysis of impervious surfaces.

¹⁵ Chapel Hill has adopted a rate structure with 7 single family residential tiers, and a separate structure for condominiums and townhomes. Chapel Hill has a full time position dedicated to maintaining and administering the impervious and billing data. This does not include the billing itself, which is done by Orange County for about \$50k/year.

3.2.1 Identifying Non-Exempt Properties

The first step in the analysis was to identify all parcels located in Carrboro. This was a straightforward GIS step that involved overlaying the municipal boundary on the parcel (property) data, and visually examining parcels along the edge of the boundary to make sure parcels were appropriately accounted for. The next step was to remove exempt parcels as defined in the Town Code. The first two items on the list of exempted properties (public transportation and railroad rights of way) were straightforward and required no special processing since the GIS parcel data does not include polygon features for them. Town-owned properties to remove from the parcel dataset were determined by a combination of text searching in the attribute information of the parcel data and visual examination of known Town property, including facilities, parks, and other properties. The third item required selecting and removing parcels with less than 500 sf of impervious surfaces. Removing the designated HOA parcels involved a visual examination and selection of HOA parcels to exempt using GIS zoning and stormwater polygonal and attribute data. The Parcel Identification Number (PIN) was used as the unique identifier for each parcel.

Properties Exempted from Stormwater Fee (from Town Code)

(1) Publically dedicated roads, streets, greenways, sidewalks and other publically dedicated rights-of-way and easements.... This exemption shall not apply to internal site roadways.....

(2) Railroad rights-of-way.....

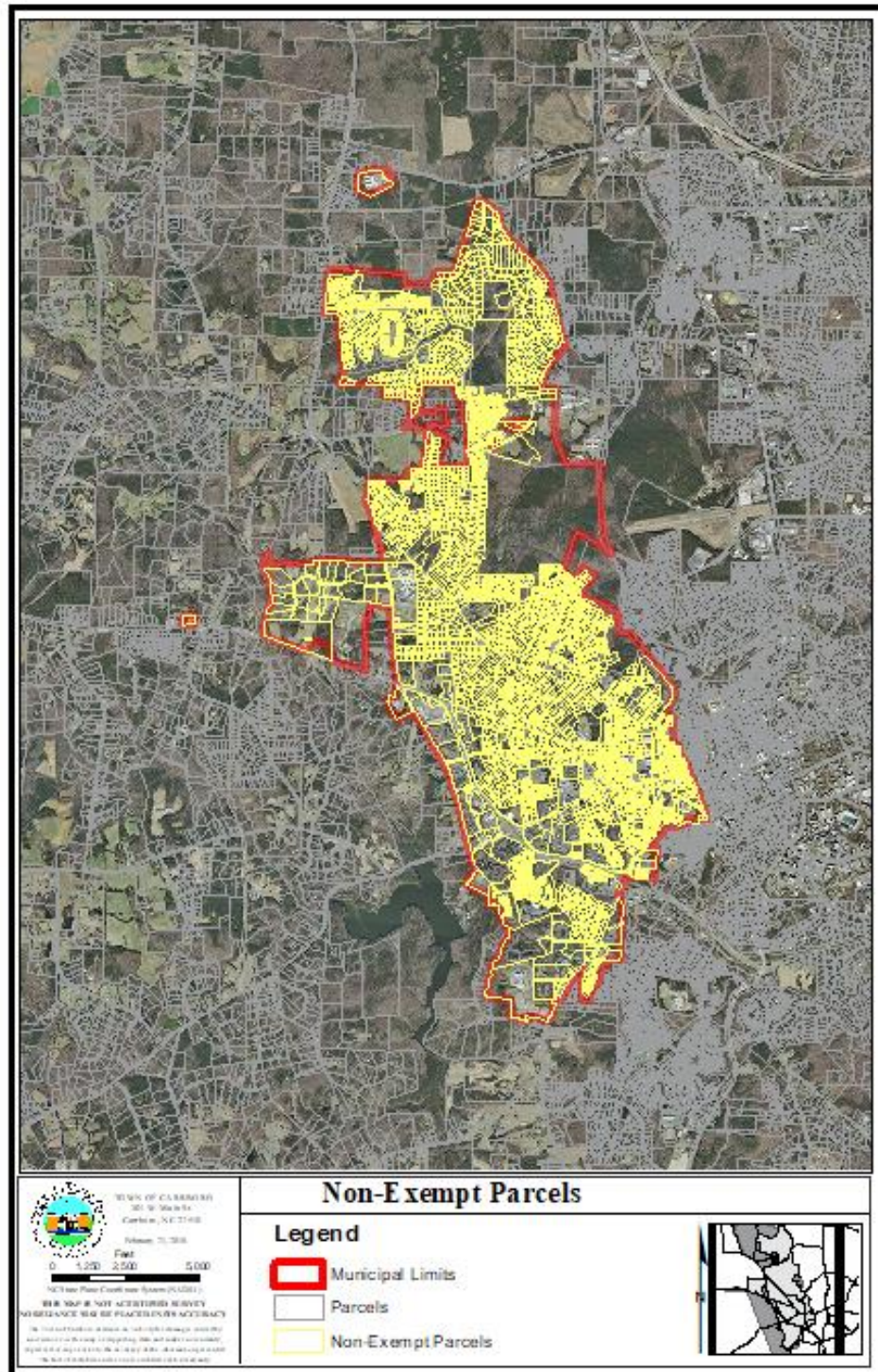
(3) Undeveloped land, open space or land parcels with fewer than 500 sf of impervious surface area.

(4) Parcels maintained by homeowner associations as undeveloped open space or with engineered stormwater control measures.

(5) Town-owned property.

Figure 2 is a map indicating all nonexempt parcels. Appendix 4 includes maps breaking this out for residential and non-residential parcels, as discussed in the next section.

Figure 2: Nonexempt Parcels Subject to Stormwater Fee



3.2.2 Assigning Properties as Residential or Nonresidential

As discussed in Appendix 3, stormwater utility fees in North Carolina are almost universally based on impervious surface area. The reasoning is that as impervious surface increases, more stormwater runoff is generated with a greater potential to carry more pollutants. The Town Code defines properties as being either residential or nonresidential for purposes of determining the applicable service charge (fee). It is important to note that “residential” specifically refers to single family/detached residences and multifamily/attached residences on separate parcels. “Nonresidential” refers to multifamily/attached residences on a single parcel and all other non-residential parcels.¹⁶ There are many attached residences in Carrboro on separate parcels. A combination of parcel, planimetric, and zoning GIS data and visual scanning were used to assign all nonexempt parcels as either residential or nonresidential. For example, planimetric building attribute data includes information about the type of building. For much of the residential neighborhoods and downtown area of Carrboro, assigning properties into one of these two categories is straightforward and unambiguous. Making this assignment for the transitional commercial/residential areas in town required a more tedious parcel by parcel review of GIS data. Note that a recommendation of further breaking down nonresidential properties into tiers was pursued, as discussed below. Maps of residential and non-residential parcels are included in Appendix 4.

From Town Code:

Residential parcel shall mean a parcel with a single-family residential structure used as a single-family dwelling and whose primary uses is as a single-family residence; residential condominiums/townhomes subdivided as individual parcels are considered residential parcels.

Nonresidential parcel shall mean a parcel that is developed land not used as a single-family residence; this includes, but is not limited to, commercial, industrial, institutional properties, and apartment complexes.

¹⁶ The lone exception is that, based on input from the Board of Aldermen in June, 2017, the analysis presented interprets duplexes (two unit attached residences) on a single parcel as “residential”.

3.2.3 Impervious Surface Analysis

A GIS analysis of impervious surfaces was completed to support the creation of a rate structure. The analysis was guided by these general parameters and available data:

- 1) using parcel data provided by Orange County to identify parcels to include in the analysis, as discussed above;
- 2) using Town maintained GIS data (including planimetric data, results of a 2013 study of impervious surfaces in Carrboro, and the most recent orthophotography) to create an updated dataset of impervious surfaces.

Following on the assignment of parcels into two categories, two separate (but related) analyses were completed. The first was to calculate the "Equivalent Residential Unit" (ERU), which is the amount of square footage of impervious area associated with a small residential parcel. The second analysis involved separating the large residential/nonresidential parcels into distinct tiers for assignment of fees, based on the ERU.

As a matter of routine GIS database management, building footprint data for permitted buildings have been comprehensively and continuously updated as Carrboro's new development is built out.¹⁷ There are other types of impervious surfaces such as parking lots, private roads, driveways, paths/sidewalks, recreational areas (e.g., tennis/basketball courts), patios, and unpermitted buildings.¹⁸ A comprehensive analysis and GIS database creation of all impervious surfaces in Carrboro was completed in 2013. However, some types of impervious surface data are not being routinely maintained; some impervious surface changes since 2013 have therefore not been captured. Where larger and obvious areas of imperviousness were observed, especially for larger nonresidential parcels, these areas were digitized and added to the impervious GIS dataset. However, it was beyond the scope of what was possible within time and resource constraints to attempt to more comprehensively update the impervious surface data.

Another detail for the impervious surface analysis is that permeable pavement designed and maintained per recognized specifications was not recognized as an impervious surface for the purposes of this study, but rather as a stormwater control measure. Its use in Carrboro is currently very limited.

¹⁷ A good GIS public streets, sidewalks, and greenways database is also available, however, this category of impervious surface data is exempted from the utility, and is therefore not relevant to this analysis.

¹⁸ The 2013 impervious surface analysis did attempt to differentiate whether roads, parking lots, and driveways were paved or unpaved. For this rate study, the distinction between "paved" and "unpaved" was not considered to be an important one; these areas were all considered to contribute to the total impervious surface of a site. The surface treatment of these types of use areas is one factor affecting hydrology and runoff; the subsurface treatment is also very important. Typically, vehicular and bike/pedestrian facilities are graded and compacted to shed water rather than encourage infiltration. Often, impervious subgrade materials are imported.

The accuracy and precision of both the impervious and property/parcel boundary GIS data is an important consideration in establishing rates, as further discussed in Section 3.4. Carrboro's (via Orange County) GIS parcel data does not have the "metes and bounds" accuracy and precision of surveying. Visual

"...using impervious surface data for tiered residential or "per unit" assignment of nonresidential fees is not recommended at this time because of the current accuracy of parcel and impervious surface GIS data."

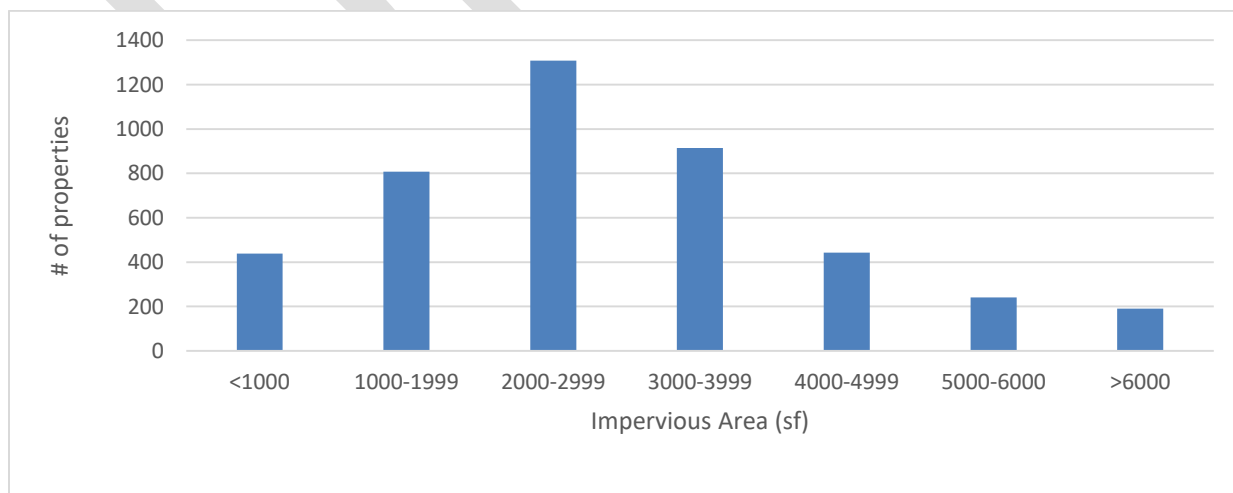
examination of GIS parcel boundary data during the analysis indicated that for many parcels, the parcel data appeared to represent the property boundary very accurately, but for some parcels, the depiction appears to be less accurate. Similarly, it appears that a high percentage of the impervious surface areas depicted for specific properties are relatively accurate, however, a small percentage are less accurate. This supports the recommendation that using impervious surface data for tiered residential or "per unit" assignment of nonresidential fees is not recommended at this time because of the current

accuracy of parcel and impervious surface GIS data.

3.2.3.1 Residential Impervious Surface

Given a decision to recommend a flat residential fee, the extent of the analysis required for residential parcels was to overlay all the residential parcels (4473) on the impervious data. A median value of 2710 square feet was determined (Figure 3). The Town Code assigns a value of 2800 square to the ERU which was based on the value initially used while Hillsborough was recently creating their stormwater utility.¹⁹

Figure 3: Impervious Area for Residential Parcels

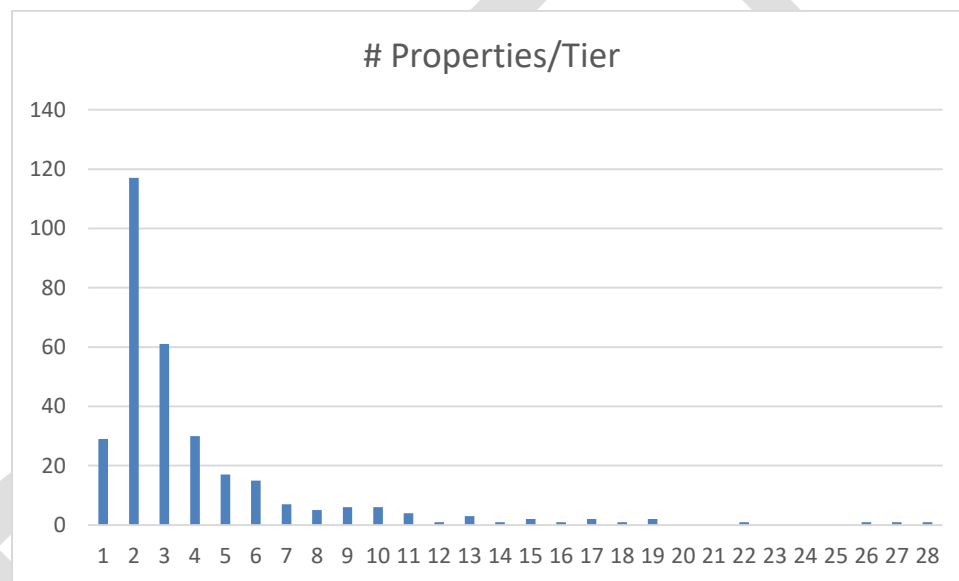


¹⁹ 2455 square feet is another frequently referenced ERU value in NC. For example, see the EFC section in the Appendix.

3.2.3.2 Non-residential Impervious Surface

For non-residential properties, staff used the nonresidential parcels and GIS impervious surface data discussed above to calculate the impervious area per parcel. As expected, a wide range of impervious area per parcel was identified. An important finding is that the distribution is notably asymmetrical with a long “tail” (Figure 4). A tier structure was chosen that identified breakpoints that balance the need for sufficient and meaningful resolution in the structure and the accuracy and precision of the GIS data that is available. These tiers were set up with smaller ranges of impervious area for property with less imperviousness, representing a large majority of the 313 nonresidential properties.

Figure 4: Impervious Area Tiers for Nonresidential Parcels



(Y axis is number of properties per tier, X axis shows tiers)

Table 10 summarizes the distribution of impervious area across nonresidential properties, and also assigns a total of 28 tiers to use for the rate structure. Based on the general distribution of data, with most nonresidential parcels being less than 2 acres, and the parcels with the most imperviousness having over 700,000 square feet (about 15 acres) of imperviousness, it is recommended that this tiered structure for nonresidential properties be used. This approach balances considerations around: the accuracy of current data; administrative time with further impervious analysis and resolution of property level discrepancies, inquiries, and disputes; and providing as much equity as possible in the rate structure.

Table 10: # of Non-Residential Properties by Tier

Tier	Impervious Area (sf)			ERUs	# Properties
	Minimum	Maximum	Median		
1	500	5999	3250	1	29
2	6000	23999	15000	5	117
3	24000	41999	33000	11	61
4	42000	59999	51000	17	30
5	60000	89999	75000	25	17
6	90000	119999	105000	35	15
7	120000	149999	135000	45	7
8	150000	179999	165000	55	5
9	180000	209999	195000	65	6
10	210000	239999	225000	75	6
11	240000	269999	255000	85	4
12	270000	299999	285000	95	1
13	300000	329999	315000	105	3
14	330000	359999	345000	115	1
15	360000	389999	375000	125	2
16	390000	419999	405000	135	1
17	420000	449999	435000	145	2
18	450000	479999	465000	155	1
19	480000	509999	495000	165	2
20	510000	539999	525000	175	0
21	540000	569999	555000	185	0
22	570000	599999	585000	195	1
23	600000	629999	615000	205	0
24	630000	659999	645000	215	0
25	660000	689999	675000	225	0
26	690000	719999	705000	235	1
27	720000	749999	735000	245	1
28	750000	779999	765000	255	1

3.3 Recommended Rate Structure

Using the above discussion as a foundation, the recommended rate structure is provided below. It is proposed that there will be a flat fee for all residential properties during the first year of implementation, and that a process be simultaneously pursued to improve the data to allow for residential tiers to be added

It is proposed that there will be one flat fee for residential properties.

in future years. It is important to note that the Town Code provides for (and a process will be established as an implementation step) to allow property owners to request a review of their calculated impervious surface and associated fee. The addition of tiers in the residential structure will add substantially to the administrative

burden because of the time spent resolving disputed assignment of residential fees. This conclusion has been reached both through the review of the available parcel and impervious data as well as conferring with other local government stormwater utility staff. In the future, the Town should consider two or more residential tiers, but doing so is not recommended as the utility is starting up due to the administrative burden that would result due to the current accuracy and precision of available GIS data. For nonresidential properties, a tiered structure will allow for a more flexible and equitable fee assignment. This structure makes more sense for these properties that are substantially larger and have considerably more impervious surface, both per parcel and collectively. The limited staff time available would be more equitably better spent resolving impervious surface calculations for this much smaller number of properties with much more impervious surface than for residential properties.

For nonresidential properties, a tiered structure will allow for a more flexible and equitable fee assignment.

To determine the recommended fee amounts, the five year cost projections and future capital needs were compared to expected revenue for various rate amounts. Fees set by other municipalities, and especially municipalities in the Jordan and Falls Lakes' watersheds, were used as a secondary consideration for determining the recommended structure (see Appendix 3). The proposed fee is about at the 75th percentile compared to fees for all other North Carolina municipalities, and close to the median when compared just to municipalities in the Upper New Hope arm of Jordan and Falls Lake watersheds.

Based on the direction from the Town Code, the discussion and analysis presented above (including the 5 year projection of expenses and impervious surface analysis) as well as a comparison of rates in other jurisdictions (Appendix 3), the following stormwater utility service charges/fees are proposed:

Table 11: Recommended Rate Structure**(Annual Service Charge/Fee)**

Residential (1 ERU).....	\$75
Non-residential:	
Tier 1 (1 ERU).....	\$75
Tier 2 (5 ERUs).....	\$375
Tier 3 (11 ERUs)	\$825
Tier 4 (17 ERUs)	\$1275
Tier 5 (25 ERUs)	\$1875
Additional Tiers (+10 ERUs)*add \$750 from the immediately adjacent lower tier	

*in 10 ERU increments, price per tier, total of 28 tiers. The largest tier has 255 ERUs. The annual fee for this tier would be \$15,300/\$19,125/\$22,950. A table showing all 28 non-residential tiers is provided in Table 12.

This rate structure is recommended based on an assessment of the annual operational needs to provide comprehensive service delivery, and to also have a surplus to address future capital projects, currently estimated at over \$4M. From a historical perspective, the Town has been operating its stormwater program for over a decade with an annual budget estimated at \$200k-\$300k, and no capital reserves. For strictly meeting operating (and not capital) needs, the current annual budget needed to both more fully addresses regulatory requirements but also increases service delivery and infrastructure maintenance is projected to be about \$550k. The recommended rate structure is projected to create an annual revenue stream of about \$880k, or over \$340k of surplus per year that can be used for both/either further enhancements in service delivery and creating a capital reserve.

Table 12: Complete Non-Residential Rate Structure

<u>Tier</u>	<u>Minimum IS</u>	<u>Maximum IS</u>	<u>Median IS</u>	<u>ERUs</u>	<u>Fee</u>	<u>#</u>
1	500	5,999	3,250	1	\$75	29
2	6,000	23,999	15,000	5	\$375	117
3	24,000	41,999	33,000	11	\$825	61
4	42,000	59,999	51,000	17	\$1,275	30
5	60,000	89,999	75,000	25	\$1,875	17
6	90,000	119,999	105,000	35	\$2,625	15
7	120,000	149,999	135,000	45	\$3,375	7
8	150,000	179,999	165,000	55	\$4,125	5
9	180,000	209,999	195,000	65	\$4,875	6
10	210,000	239,999	225,000	75	\$5,625	6
11	240,000	269,999	255,000	85	\$6,375	4
12	270,000	299,999	285,000	95	\$7,125	1
13	300,000	329,999	315,000	105	\$7,875	3
14	330,000	359,999	345,000	115	\$8,625	1
15	360,000	389,999	375,000	125	\$9,375	2
16	390,000	419,999	405,000	135	\$10,125	1
17	420,000	449,999	435,000	145	\$10,875	2
18	450,000	479,999	465,000	155	\$11,625	1
19	480,000	509,999	495,000	165	\$12,375	2
20	510,000	539,999	525,000	175	\$13,125	0
21	540,000	569,999	555,000	185	\$13,875	0
22	570,000	599,999	585,000	195	\$14,625	1
23	600,000	629,999	615,000	205	\$15,375	0
24	630,000	659,999	645,000	215	\$16,125	0
25	660,000	689,999	675,000	225	\$16,875	0
26	690,000	719,999	705,000	235	\$17,625	1
27	720,000	749,999	735,000	245	\$18,375	1
28	750,000	779,999	765,000	255	\$19,125	1

4. Implementation Process and Options

The drafting of this report is just one step in adopting a rate structure. A recommended general process and timeline for 2018 is provided in Figure 5. In the early spring of 2018, it is recommended that this study and a draft rate structure be presented to the Stormwater Advisory Commission and then to the community prior to a Public Hearing. The document and rate structure will be finalized based on the input received. Additional outreach materials and a concerted community engagement process will be needed via a variety of avenues to get input on the proposed fee/rate structure. In late spring of 2018 and pending the review comments received, it is recommended that a public hearing be tentatively planned to receive public input on the fee/rate structure (this is a statutory requirement). Depending on the input received and the direction from the Board of Aldermen during the remainder of FY 17/18, one of these two timeline alternatives could be pursued (Figures 5 and 6):

Alternative 1:

In the late spring of 2018, the Board of Aldermen could officially adopt a rate structure/fee schedule and approve an Interlocal Agreement with Orange County to provide billing and collection. The County would also need to accept the Interlocal Agreement. Town staff would then provide data to the Orange County tax office to be sent out on tax bills due between September 2018 and January 2020.

Alternative 2:

In the event that further work is needed on the rate structure after the spring of 2018, the rate structure/fee schedule would be revised in FY 18/19. The same process as described in Alternative 1 could be pursued, but revenue to be received would be delayed by a full year because of the Orange County Property Tax Office billing cycle.

Other administrative actions will be needed after the rate structure is adopted to facilitate the transition to a fully operating utility. Examples include administrative procedures to handle disputed fees or property type designation. It may also be desirable to create a procedure and manual to provide for crediting for nonresidential properties with Stormwater Control Measures that treat stormwater, along with a fee assistance program and procedure for seeking assistance.

Figure 5a Timeline for Rate Structure Adoption (Alternative 1)

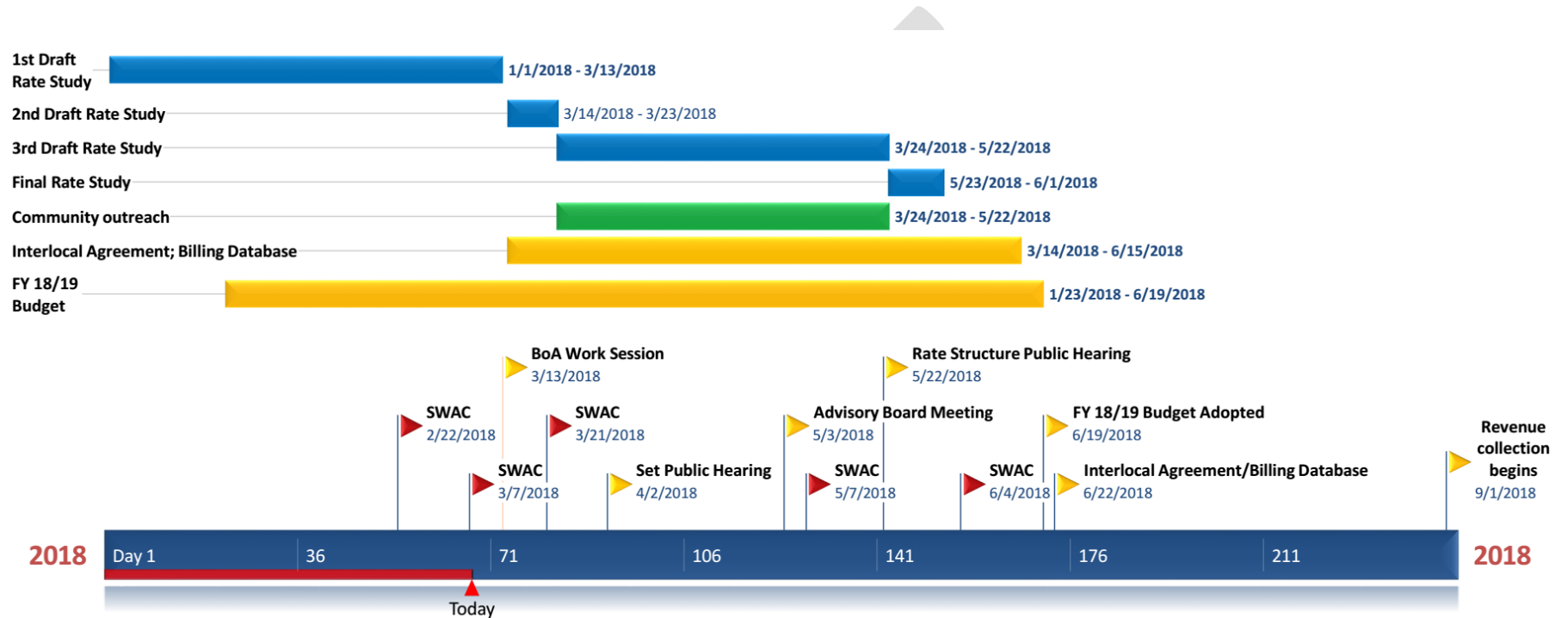
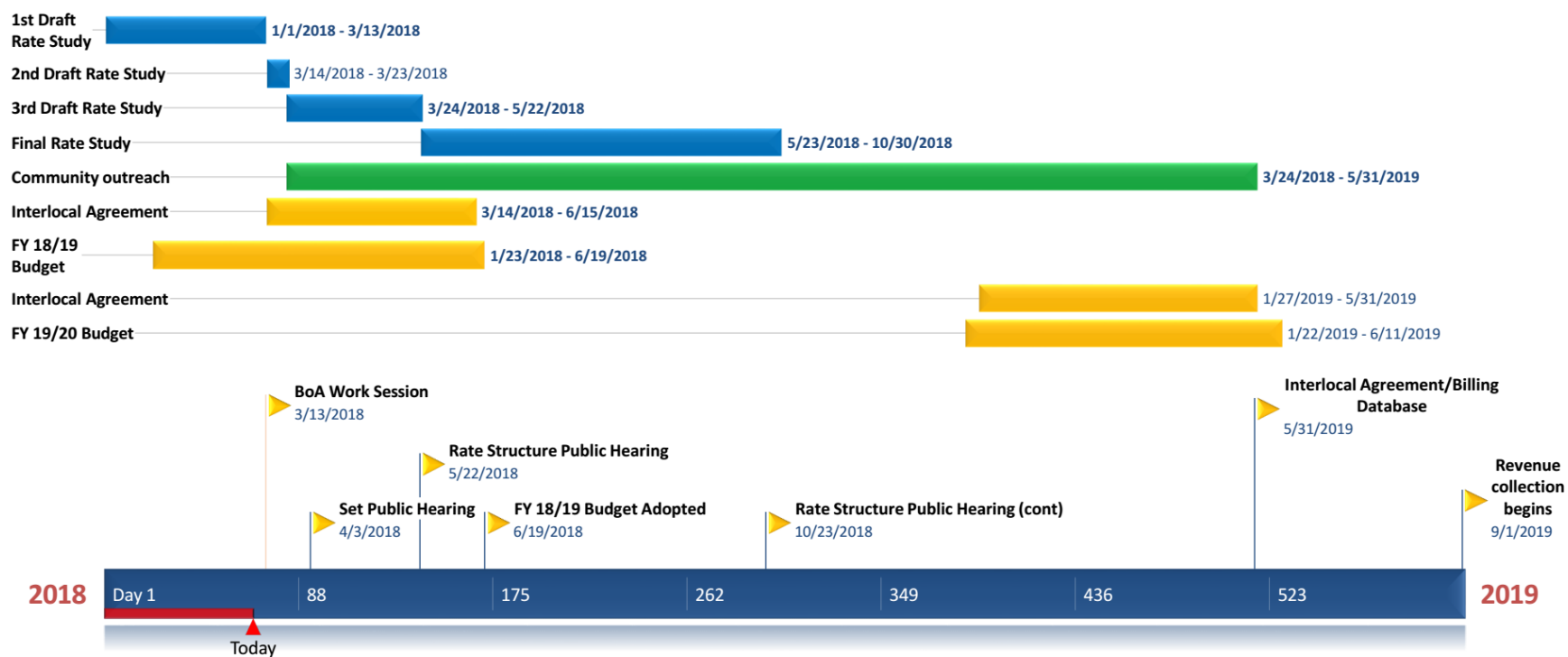


Figure 5b Timeline for Rate Structure Adoption (Alternative 2)



Appendices

Appendix 1: Glossary

Appendix 2. Carrboro's Current Stormwater Management Program

Appendix 3: Stormwater Utility Fees in NC (From UNC-EFC)

Appendix 4: Maps of Non-Exempt Parcels

Appendix 5: Summary of Potential Capital Projects/Retrofits

Appendix 6: Links to additional information

Appendix 1 Glossary

Capital Improvements Program is the five year plan which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan.

Equivalent Residential Unit (ERU) is a typical unit used to assess stormwater fees and is equivalent to the average impervious surface area of a single family residential parcel within a given jurisdiction. Non-residential properties are often converted to a specific number of ERUs based on their size for billing purposes. For example, if a utility determines their ERU area is 2,000 square feet, a business with 20,000 square feet of impervious service would be billed for 10 ERUs

Green Infrastructure is an approach to managing stormwater that provides many environmental and community benefits. While single-purpose gray stormwater infrastructure—conventional piped and ditched drainage—is designed to move urban stormwater away from the built environment, green infrastructure reduces and treats stormwater at its source, recognizes water as a resource rather than waste product, and enhances the built environment.

Illicit Discharge is any discharge to an MS4 that is not composed entirely of stormwater, with some exceptions such as discharges from fire-fighting activities.

Impervious Surface refers to the areas of a site that do not allow water to infiltrate into the soil. These surfaces contribute to increased amount and velocity of runoff. The water picks up sediment and pollution, such as spilled automobile fluids, before making its way to stormwater drains, and ultimately directly into surface waters.

Municipal Separate Storm Sewer System (MS4) is the conveyance system operated by a public entity that captures stormwater runoff for discharge.

National Pollution Discharge Elimination System (NPDES) is the permit program of the Environmental Protection Agency which regulates discharge into waters of the United States. Certain municipalities must apply for (and receive) a NPDES permit in order to operate an MS4. These NPDES permits are categorized as Phase I or Phase II. There are six Phase I and 105 Phase II MS4s in North Carolina.

Stormwater Control Measure (SCMs) are physical structures requiring engineering design and construction to remove pollutants from stormwater runoff. They also provide flood control, reduce downstream erosion, promote groundwater recharge, and help meet local and State legislative requirements. For many years, SCMs were referred to as “BMPs”.

Stormwater Credit is an ongoing reduction in a property's normally calculated stormwater fee given for certain qualifying activities that reduce the impact of increased stormwater runoff resulting from development, or provide an ongoing public benefit related to stormwater management.

Stormwater Enterprise Fund is considered a best practice to promote and maintain long-term financial sustainability for stormwater activities. Its purpose is the dedication and protection of funding applicable to the responsibilities of a stormwater management utility including, but not limited to, rents, rates, fees, charges, and penalties.

Stormwater Fee is a stormwater management service charge, applicable to a land parcel, which generally reflects the impact on or demand for stormwater management services provided by a local government to properly control and manage stormwater runoff quantity and/or quality associated with the land parcel. The fee can vary, typically based on the amount of impervious surface.

Stormwater Utility is the organizational structure established by a local government that is responsible for funding, administering, and operating the stormwater management program, and that is supported through a rate structure based on the local conditions (e.g., impervious surface) found on land parcels located within the municipal limits.

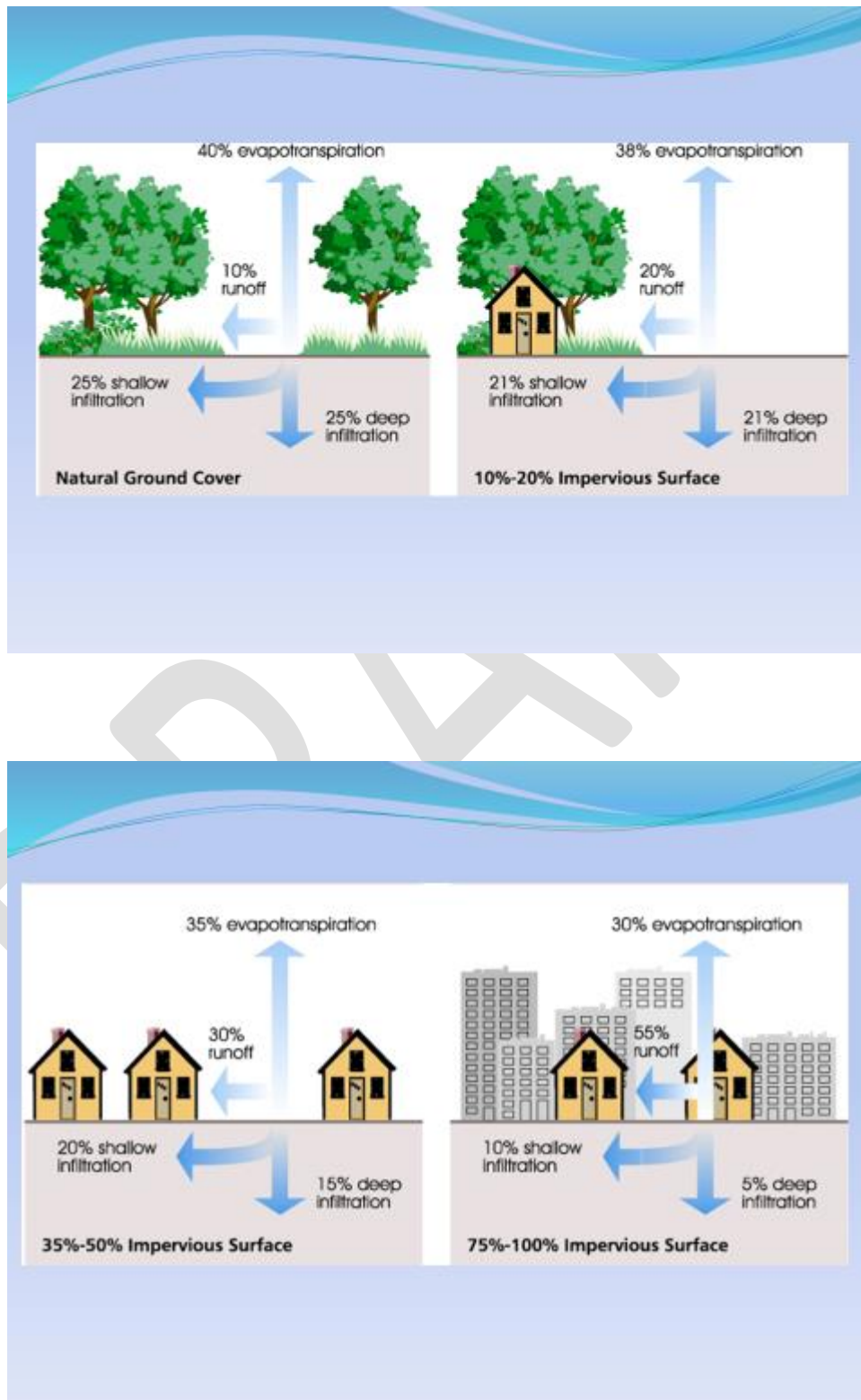
Appendix 2. Carrboro's Current Stormwater Management Program

Stormwater (aka “stormwater runoff”) refers to the water running off of developed areas during and immediately after rain. In undisturbed/forested watersheds, about 5% of the annual precipitation becomes surface runoff, with the remainder evaporating, being used by vegetation, and infiltrating into the ground. In developed watersheds, the amount of water running off can approach or exceed 50% of the annual precipitation, depending on the degree of development and implementation of both structural and nonstructural approaches to deal with the stormwater runoff. Adding impervious surface increases the amount and velocity of stormwater runoff. Stormwater concerns focus on the negative consequences of excessive runoff and its effects on people (health and safety), property/infrastructure, erosion, impacts to aquatic biota (local and downstream), stream channel stability, groundwater recharge, and the quality and cost of treatment of drinking water. In addition, as stormwater flows across impervious surfaces, it picks up various pollutants. These include excess nutrients, oil and grease, bacteria, sediment, and toxic compounds. Polluted stormwater flows down storm drains and ditches, into local streams, and eventually into Jordan Lake.

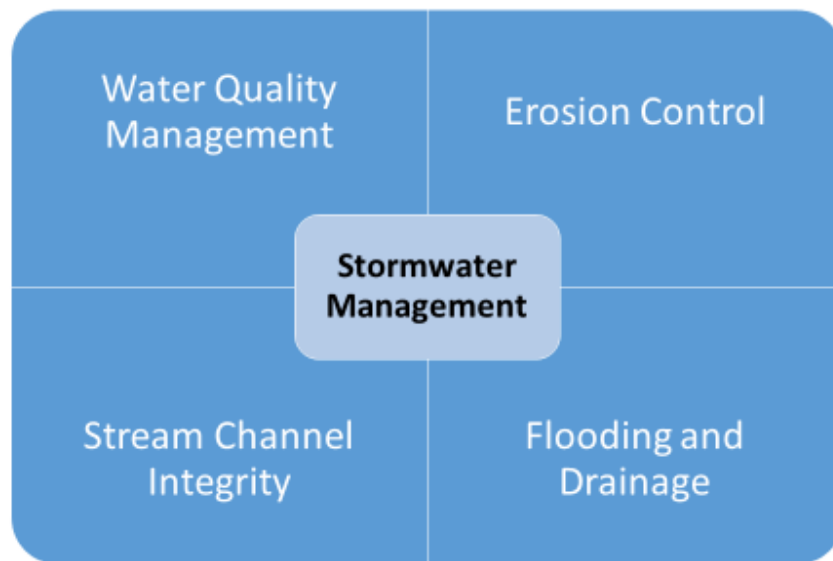
“Stormwater management” is an umbrella term for the host of activities pursued to minimize the negative consequences of runoff. For the past several decades, about 5% impervious cover within a watershed has been recognized as a threshold for when stormwater management needs kick in to protect the aquatic health of receiving streams. Most of Carrboro has been developed to a level that exceeds this amount of impervious cover²⁰.

Though interdependent, stormwater management interests can be broken down into four related but separate environmental contexts, described in greater detail below: water quality management; erosion control from disturbed land; stream channel integrity; and drainage and flooding issues. A broad description of the Town's current and future stormwater activities and services that address these issues is also provided.

²⁰ An analysis completed as part of the 2012 Bolin Creek Watershed Restoration Plan revealed that the most upstream extent of the watershed was about 5 % impervious, with the highest % impervious (slightly > 20%) in Carrboro occurring in the Tanbark Branch watershed in downtown Carrboro.

Figure A2-1: Impacts of Development on Stormwater Runoff

**Figure A2-2:
The Separated but Related Environmental Aspects of Stormwater Management**



Water quality management focuses primarily on minimizing impacts on aquatic and human health associated with toxic chemicals (e.g., heavy metals, pesticides, synthetic organic chemicals), nutrient enrichment (e.g., inorganic and organic fertilizer), oxygen demanding organic waste, microbial/bacteriological contamination, siltation/sedimentation/turbidity, and related habitat degradation. Water quality has been regulated in Carrboro since 1999 by utilizing stormwater control measures that treat the first 1" of rain from a storm event that remove at least 85% of the "total suspended solids". 1" rain events happen on average several times a year. The emphasis on managing this amount of runoff takes into account the "first flush" concept in which a large majority of contaminants in runoff accumulate between rain events and then are carried in this first inch of rain. Carrboro has been relying on State design manuals and methods to identify the appropriate control measures to utilize for development projects permitted under the Land Use Ordinance (more below). However, some areas of Town were developed

when stormwater management and stream buffer ordinance provisions either did not exist or did not include more recent and extensive environmental protection provisions.

Erosion control for development projects falls under specific state regulations which, for Carrboro, is administered by Orange County staff. Erosion control for public infrastructure/facilities is regulated by the State. Bonafide agricultural, forestry, and mining are exempt from local regulation in Orange County, and are regulated under state and federal authority. Erosion control regulatory authority focuses on utilizing approved best management practices (e.g., site preparation; site stabilization with seed/straw/matting; silt ponds with inlet and outlet protection and skimmers; perimeter protection; non-erosive conveyance) for the construction site. Compliance for erosion control is limited to oversight of the correct design, installation, and maintenance of the BMPs in the site's erosion control plan; state law limits the ability to regulate the turbidity of water running off construction sites. The erosion control authority for construction/development projects does not extend to stream bank erosion of jurisdictional streams, nor to post construction erosion.

Stream Channel Integrity. During the past 10-20 years, watershed management has increasingly turned towards concepts recognized within the discipline of fluvial geomorphology, the study of the form and function of streams and the interaction between streams and the landscape around them. 'Fluvial' refers to the processes associated with running waters, 'geo' refers to earth and 'morphology' refers to channel shape. In this paradigm, an emphasis is placed on integrating stormwater management efforts that are site oriented with larger landscape and watershed scale efforts. Geomorphically motivated stream work can involve both less extensive ("stream repair") and more extensive ("stream restoration") projects which involve reforming the stream channel itself to create a more stable channel. In urban and urbanizing areas, channel geomorphology can be significantly compromised from more natural stream form and function; "natural channel design" techniques can be used to improve the channel form and function. Such projects can be relatively complex and expensive, given the sensitive ecology, engineering, regulatory and earth moving components. All intermittent (seasonally flowing) and perennial (continually flowing) streams are considered to be "jurisdictional", which means that their fundamental form and integrity are regulated under federal law, administered by both the Army Corps of Engineers and the State, under Sections 401 and 404 of the Clean Water Act.

While the largest floods move large amounts of sediment over short periods of time and shape the valleys and floodplain, they are relatively rare. The current scientific/engineering understanding recognizes the importance of “bankfull” flows as the condition when channels receive their maximum erosive stress and of the most importance in defining a stream's shape. The term bankfull refers to the water level stage that approaches the top of the streambank before spilling out of the channel into the floodplain. Bankfull flows tend to occur on the average two out of every three years, and are greater than the flow associated with the 1” water quality design storm but less than flows during flood events. This means that management to dampen the peak runoff and associated flooding from a storm through detention and subsequent release of water during the hours following the peaking of runoff can actually increase streambank erosion if the volume released approaches the “bankfull” flow. Carrboro passed LUO provisions in 2012 limiting the allowable increase in the annual volume of runoff specifically to recognize and address this potential, along with the need to maximize infiltration for groundwater recharge. For over a decade, Carrboro has also been participating in Bolin Creek watershed restoration activities which prioritize geomorphic restoration.

Flooding. Stormwater management to minimize flood impacts in Carrboro is driven by insuring no increase in the “peak” flow during a storm event for the 1 to 25 year recurring design storms (in a 24 hour period), or an amount of rainfall and runoff on the order of 5 times more than for the water quality design storm, and also an amount of water exceeding the bankfull/channel forming flow.

Managing flooding from a property damage perspective in regulated floodplains falls under state and federally administered floodplain management programs, with a prime concern being impacts on insurable properties. These regulations involve a continual updating of maps of flood zones regulated through flood modeling studies performed by the NC Floodplain Mapping Program, with oversight from FEMA. In Carrboro, these areas are located adjacent to the largest tributaries, i.e., Morgan Creek, Bolin Creek, Jones Creek, and Toms Creek.²¹ It is worth noting that while federal and state floodplain regulation insures that new structures are not located in regulated flood zones and mapping is kept up to date, and provides relief for affected property in regulated flood areas, it does not cover low lying lands adjacent to smaller tributaries, nor overland runoff outside of recognized stream channels. The Town’s participation in the National Flood Insurance Program, starting in 1976, has allowed property owners

²¹ The most serious flooding impacts in Carrboro have been along Tom’s Creek. More information is available for Toms Creek and two other locations with flood related impacts at [this link](#)

access to subsidized insurance rates and grant funding. At the time the Town's participation began, the city limits encompassed approximately two square miles and is estimated to have included about 3,500 residences. Nuisance flooding of properties in low-lying areas occurs in several areas, primarily those developed prior to the mid-1970s. The Town's Drainage Policy, adopted in 1984²², contains the framework for deciding how drainage responsibilities are determined and paid for. The Town does not currently have a more fully developed Drainage Assistance Program for supporting private property landowners with drainage issues. Creating the Stormwater Utility provides an opportunity to revisit this policy and consider such a program.

Two additional aspects of stormwater management involve the regulation of stormwater runoff from new development, and managing the conveyance of runoff.

Regulating Stormwater in New Development. The Town Land Use Ordinance was put in place effective November 25, 1980, replacing the earlier, separate subdivision regulations and zoning ordinance. [Article XVI](#) of the Land Use Ordinance addresses flood damage prevention, stormwater management, watershed protection, and water quality buffer protection. Stormwater related provisions include sedimentation and erosion control during construction; impervious surface limitations and other standards for the University Lake watershed; regulation of peak flow, water quality from the 1" storm, and annual stormwater volume; and maintenance of structural stormwater control measures such as detention basins and bioretention (rain gardens). A series of updates to these requirements have been pursued over several decades to respond to Town interests and initiatives and also to federal and state requirements. The land use planning requirements for water supply watershed protection were amongst the first to be developed in North Carolina, and several of the other provisions exceed state and federal minimum requirements.

Stormwater Conveyance System and Facilities Maintenance. Under the NPDES permit (described below), the Town is responsible for defining and maintaining a "Municipal Separate Stormwater Sewer System" ("MS4") for the conveyance of runoff within Town limits. This system is by definition public, and therefore occurs in the public right of way or through dedication to the Town. Carrboro's current stormwater conveyance system utilizes a combination of conveyance approaches, ranging from curb and gutter, sidewalks and shoulders, underground piping, grassed swales, ditches including those with rip rap

²² Available at <http://www.townofcarrboro.org/DocumentCenter/Home/View/4969>

or armor, and for some conveyances, detention and/or dissipation systems at outlets prior to entering receiving waters. The Town has mapped a total of 88 miles of stormwater conveyances (of all types including open channels and pipes), 52 miles of which are on Town property, 13 miles of which are on State property, and 23 miles of which are on private property. The Town initiated this stormwater mapping effort in 2000. The program has involved inventorying all storm drainage facilities within the Town's corporate limits and ETJ. All public drainage structures and many private structures have been mapped, including surveying of public structures. The mapping program has included determination of:

- ☐ Horizontal and vertical location of storm drainage structures and open end culverts
- ☐ Sizes and types of the piping connecting the drainage structures
- ☐ Type and condition of storm drainage structures.
- ☐ Visual inspection of each structure to detect illicit discharges or other irregularities.

The Town is maintaining and improving this data on an ongoing basis. The Town also routinely updates stream data to improve the accuracy and classification of perennial, intermittent, and ephemeral streams.

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Efforts for keeping pollutants out of the system and maintaining and inspecting the system include:

- ☐ Integrated Pest Management Program (IPM) - The Town has adopted an IPM policy and program as a comprehensive approach that gives priority to prevention and management of pests including insects, weeds, and plant disease by the least toxic method.
- ☐ Storm Water Conveyance Systems: Reviewing protocol and schedule for cleaning swales, catch basins, and pipe systems and proper disposal of waste from clean-up operations
- ☐ Streets and Infrastructure: Maintenance activities and inspection procedures for street sweeping, leaf collections, and solid waste collections. The Town has a vacuum sweeper truck for removal of sediments and pollutants from street surfaces in the downtown district and on some arterial and residential roads. The Town's sweeper is equipped with a "wander hose" attachment that allows removal of debris and sediments from curb inlets and catch basins.
- ☐ Vehicle Wash Area - Public Works has a wastewater separator tank that is connected to the sanitary sewer system. Periodically, the contents of tank are removed by a licensed and regulated disposal company.

²³ Mapped streams include 136 miles of streams (70 miles of ephemeral (Town buffered) streams and 66 miles of jurisdictional streams)

- Road Salt/Sand: Evaluating storage conditions and application protocol and rates;

There are currently less than 10 Stormwater Control Measures on Town property but more are planned for in the Capital Improvements program.

Who regulates the Town and how?

There are two primary sets of stormwater regulations with which the Town must comply. The first is the National Pollutant Discharge Elimination System (NPDES) regulations and the second is the Jordan Lake Water Supply Nutrient Strategy (Jordan Lake Rules) regulations. The NPDES regulations are a requirement through the federal Clean Water Act (administered by the State), while the Jordan Lake Rules have been developed by the State, under a federal "TMDL" (Total Maximum Daily Load") based on concerns around overenrichment with nitrogen and phosphorus. Additional information is available from the links provided in the Appendix.

NPDES Permit. The NPDES program was established in 1972 under the authority of the Federal Clean Water Act. In 1990 and starting with large (population >100k) municipalities (and industries), EPA began regulating stormwater runoff. In 2000, the scope was extended to smaller municipalities, and EPA delegated the authority to the State to issue these municipalities (including Carrboro) a stormwater permit. The initial Carrboro permit was issued effective July 1, 2005, and required the Town to develop and implement a comprehensive stormwater management program that includes six minimum measures:

- (1) Public education and outreach on stormwater impacts
- (2) Public involvement/participation
- (3) Illicit discharge detection and elimination
- (4) Construction site stormwater runoff control (delegated to Orange County)
- (5) Post-construction stormwater management for new development and redevelopment, and
- (6) Pollution prevention/good housekeeping for municipal operations.

The permit was first renewed in 2011, and again in 2017. The Town updated a required Stormwater Management Plan in 2012 that describes how the Town intends to fulfill the requirements of the permit; plans are in place to update the plan again in 2018²⁴. Preliminary thoughts on potential new activities to

²⁴ The permit and plan are available at <http://www.townofcarrboro.org/pzi/Env/Water/swhome.htm> along with additional program details.

improve efforts under this permit and plan are appended at the end of this memo. The Public Works facility has a separate NPDES stormwater permit that applies only to that site. It has been renewed once and is about to be renewed for the second time. The Town has hired a contractor since the initial permit issuance to provide support with permit compliance.

Table A2-1: Summary of Stormwater Regulations Applicable to the Town

Regulation/Initiative	Description	Town Response
NPDES Permit	Includes public participation and outreach; illicit discharge; good housekeeping and pollution prevention for Town owned property/infrastructure; and post construction stormwater control. Post construction program is implemented through LUO, which includes stormwater management requirements for water quality and peak flow for many years. Most recent update was limiting increase in annual runoff volume in 2012.	Town has been pursuing activities under the permit since 2005. Town has delegated erosion control implementation to Orange County.
Jordan Lake Rules	Rules adopted in 2009 established requirements for existing and new development, buffers, and nutrient management. The existing and new development provisions have been legislatively delayed.	Town has implemented buffer provisions (for new development) that provide some geomorphic protection. Buffers serve as proxies for flood prone areas for smaller tributary streams. Nutrient management requirements were established in Town Code.
Bolin Creek Watershed Restoration	Since 2006, with Chapel Hill, the State, and EPA as partners, Town has worked to improve stream geomorphology and water quality. Relevant activities are also covered in regulatory programs-main added emphasis is on retrofits and restoration.	Town has pursued grant projects that have included several stream repair and stormwater retrofit projects.
National Flood Insurance Program	Insures that new structures are not located in regulated flood zones; provides relief for affected property	Town joined program in 1976 and established floodplain regulations soon after. Ongoing work with Army Corps of Engineers and NC Floodplain Mapping Program to extend reach by mapping floodplains and establishing regulatory flood zones further upstream than minimum required.
Section 401/404 of Federal Clean Water Act	Protects jurisdictional streams and wetlands from damage via grading, piping, etc.	This is implemented by Army Corps and NCDWR. Town coordinates to obtain copies of permits and determine applicable requirements.

Jordan Lake Rules. Jordan Lake was impounded in 1981. The lake was created to provide flood control, drinking water supply, protection of downstream water quality, fish and wildlife conservation, and

recreation. As a waterbody that has been identified as “impaired”, there has been a several decade’s long process by the State and stakeholders, with oversight by the USEPA, to study the lake and develop a strategy to restore water quality in Jordan Lake. A set of regulations were adopted in 2009 (the “Jordan Lake Rules”) with a variety of subsections applying to different regulated parties. As a regulated entity in the upper New Hope watershed, Carrboro falls under the upper New Hope percent reduction goals for nitrogen (8%) and phosphorus (5%) for existing development in Carrboro. Rule provisions related to nutrient (fertilizer) management and buffers have been fully implemented²⁵, however, provisions relating to stormwater management from both new and existing development have been placed on hold until 2019 pending further study, most recently by S.L. 2016-94. Staff have estimated that it will cost the Town a minimum of over \$4M to meet the required reductions under Stage 1 of the existing development part of the Rules as developed in 2009, and have been identifying potential retrofit projects for the past five years as part of State reporting requirements, with more information appended below and in the Town’s [Capital Improvements Program](#). Stage 2 of the Jordan Lake Rules could require the Town to reduce nutrients even further. It is preliminary at this point to attempt to estimate the cost of the Stage 2 rules.

Bolin Creek Watershed Restoration Team. Carrboro staff worked with Chapel Hill and other local, state and federal agency staff in 2006 to create the Bolin Creek Watershed Restoration Team (BCWRT) to proactively respond to the listing of Bolin Creek on the list of state and federal impaired waterbodies. At the time, the Bolin Creek watershed was selected as one of only 7 watersheds in the state to receive focused state and federal assistance in preparing grant applications and leveraging other resources to remove Bolin Creek from the impaired waters list. The selection was based on Bolin Creek's impairment listing and the existence of restoration planning efforts for the larger Morgan and Little Creek Watersheds, along with the local capacity for progressive environmental initiatives. The BCWRT's long term goal is to improve the health of Bolin Creek and its tributaries and remove it from the impaired waters list. This is an ambitious goal that will require a robust commitment.

To date, the following successes have been achieved:

- In 2003, a watershed assessment of the Little Creek watersheds in which Bolin Creek is located was completed
- In 2004, a management study of the Morgan and Little Creek watersheds was completed.
- In 2006, the NC Division of Water Quality and EPA pledged staff assistance.

²⁵ The Town’s buffer provisions exceed minimum state requirements most notably by requiring wider buffers for jurisdictional streams and also including buffers for smaller ephemeral streams.

- In 2007, the Team received a Clean Water Management Trust Fund grant that was used to conduct a detailed geomorphic analysis to identify areas of erosion, instability, and other high risk locations.
- In 2008 and 2009 the Team received two federal "319" grants to pursue restoration projects, planning, and monitoring, one led by Chapel Hill and the other led by Carrboro. Both grant efforts were successfully completed, including on the ground restoration projects in both towns and a planning/engineering study of a drainage area in downtown Chapel Hill. In 2012, a Watershed Restoration Plan and Watershed Situation Assessment for Bolin Creek were completed as part of the grant project efforts.

Monitoring

Ongoing Creek Monitoring. Benthic macroinvertebrate (aquatic insect) monitoring is a primary means used by the NC Division of Water Resources to assess creek health, but state resources are only able to support infrequent (every 5 years at best) and limited benthic monitoring. Recognizing this, the Town has been pursuing much more extensive benthic monitoring for the past 15 years as a primary means for assessing creek health. This sampling continues to reveal impacts that warrant close attention. Sampling on Bolin Creek has consistently indicated Good-Fair water quality in upper Bolin Creek, especially at the most upstream site (just upstream of Winmore); most recent sampling has shown this site to be marginally achieving this rate. Areas further downstream have fluctuated between a Good-Fair and a Fair rating. ("Fair" is the threshold which triggers listing on the State's impaired streams list.) Chapel Hill is also using benthic insects as a key indicator; abundant benthic and other data continue to indicate that Bolin Creek becomes more degraded as it flows downstream through Chapel Hill. This long term record of annual or better monitoring on Bolin Creek along with recent sampling of some smaller tributaries has created one of the best benthic macroinvertebrate monitoring small stream datasets in North Carolina. The declining aquatic health moving downstream along Bolin Creek indicates the ongoing stress to the creek. The more downstream extent of Bolin Creek in Carrboro to its confluence with Little Creek in Chapel Hill has been listed on the State/federal impaired streams (303d) list for many years.²⁶ Morgan Creek has been sampled upstream of University Lake, however, there is no suitable benthic habitat and therefore no sampling downstream of University Lake in Carrboro's jurisdiction due to the extensive stream channel incision.

²⁶ Benthic monitoring reports can be found at <http://www.townofcarrboro.org/pzi/Env/Water/bcmonitor.htm>.

Other Monitoring. With installation funds provided by the North Carolina Ecosystem Enhancement Program, streamflow measurement using a permanent United States Geological Survey (USGS) gage on Bolin Creek near the municipal boundary (on Umstead Road) was initiated in 2012. Chapel Hill and Carrboro staff have worked out a cost sharing agreement for the ongoing operation and maintenance of the gage. This gage provides real time information of the cumulative runoff for roughly the northern half of Carrboro. There is also a USGS maintained stream gage on Morgan Creek just upstream of University Lake. From 1993 to 2008, Carrboro contracted with the Town of Chapel Hill Engineering Department to monitor stream water quality and gauge the effectiveness of stormwater management programs. Monthly testing included three sites in Carrboro. The waters were tested for water temperature, pH level, dissolved oxygen, specific conductivity, turbidity, nutrients, metals, and the presence of fecal coliform bacteria. In 2009, Chapel Hill discontinued this program and shortly thereafter began implementing a new effort focusing on more extensive benthic monitoring as a more holistic indicator of aquatic health.

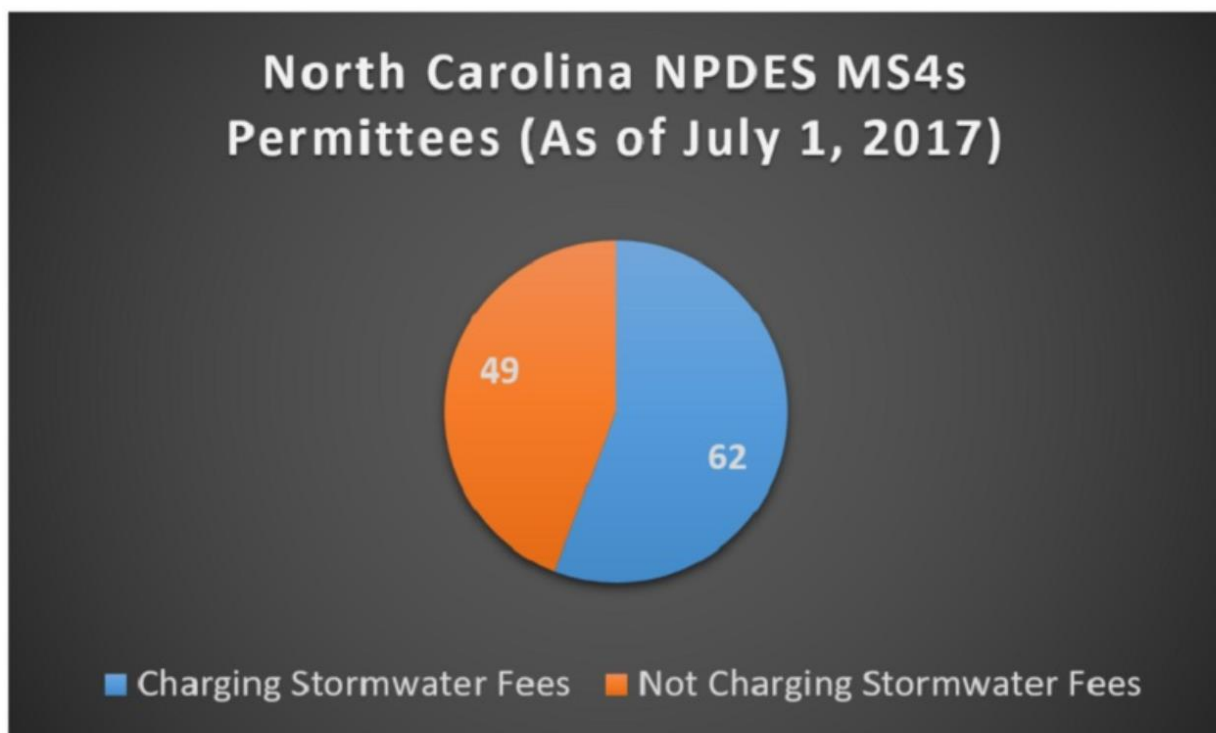
Integration of Different Program Elements

While there is certainly some overlap and opportunities for synergy in addressing the different elements of stormwater management discussed above, this overlap has limitations. For example, reducing the nitrogen and phosphorus in runoff would result in relatively minor improvements in addressing flood management concerns, but would have more synergy with NPDES permit and Bolin Creek Watershed Restoration activities. Similarly, management of stormwater conveyance infrastructure for very specific drainage areas and property issues could provide localized flood mitigation/drainage improvement benefits, but with little or no improvement, and conceivably some additional impacts, for downstream aquatic ecosystems. Examples of a few interventions that have fairly universal stormwater benefits include reestablishment of woody vegetation, improvements in soil quality to facilitate infiltration, removal or disconnection of impervious surfaces or replacement of impermeable pavement with permeable pavement because of the increased infiltration, interception, and evapotranspiration, and pollution prevention and illicit discharge detection and elimination.

Appendix 3: Stormwater Utility Fees in NC (From UNC-EFC)

The University Of North Carolina School Of Government through their Environmental Finance Center tracks stormwater utility rates across the state (Figure 1) and has created an online stormwater utility “dashboard”²⁷ that compiles rate information. More than half of the municipalities in North Carolina with a population of at least 10,000 have already adopted stormwater utilities and associated fees. The EFCs resources and stormwater rate dashboard was used to compile the information presented in this appendix.

Figure A3-1 (from UNC Environmental Finance Center)



The dashboard provides useful information to assist the Town in determining the type of fee and fee structure to be proposed by studying rates that have been set up for other North Carolina municipalities. Due in part to the high cost of updating and managing impervious surface data, many municipalities have

²⁷ <http://www.efc.sog.unc.edu/reslib/item/nc-stormwater-utility-dashboard#>

implemented a flat rate. Most municipalities that have adopted a flat rate structure use one rate for residential properties and a higher rate for non-residential properties for the reasons described above.

62 municipalities currently have stormwater utility fees in North Carolina. The range of fees is shown in Figures A3-2-A3-9 (residential) and A3-10-A3-11 (nonresidential). These figures progress through a presentation of the rates across many municipalities, including some figures with filters to select municipalities that are the most similar to Carrboro for demographic and other attributes. While all the municipalities included in the EFC dashboard have NPDES stormwater programs, not all are subject to nutrient management rules such as the Jordan Lake Rules, nor do they all have state listed impaired waters. Figure A3-12 specifically compares the annual fee and rate type for municipalities subject to the Jordan and Falls Lake Rules. The rates for Jordan and Falls Lake watershed communities are generally higher than the average for the entire state, and could climb higher in the coming years as implementation of rules proceeds. Collectively, the rates of peer communities has been used as one input to help inform the recommended rate structure.

Figure A3-2

Monthly Residential Stormwater Fees in North Carolina at 2,455 sq. ft. of impervious surface

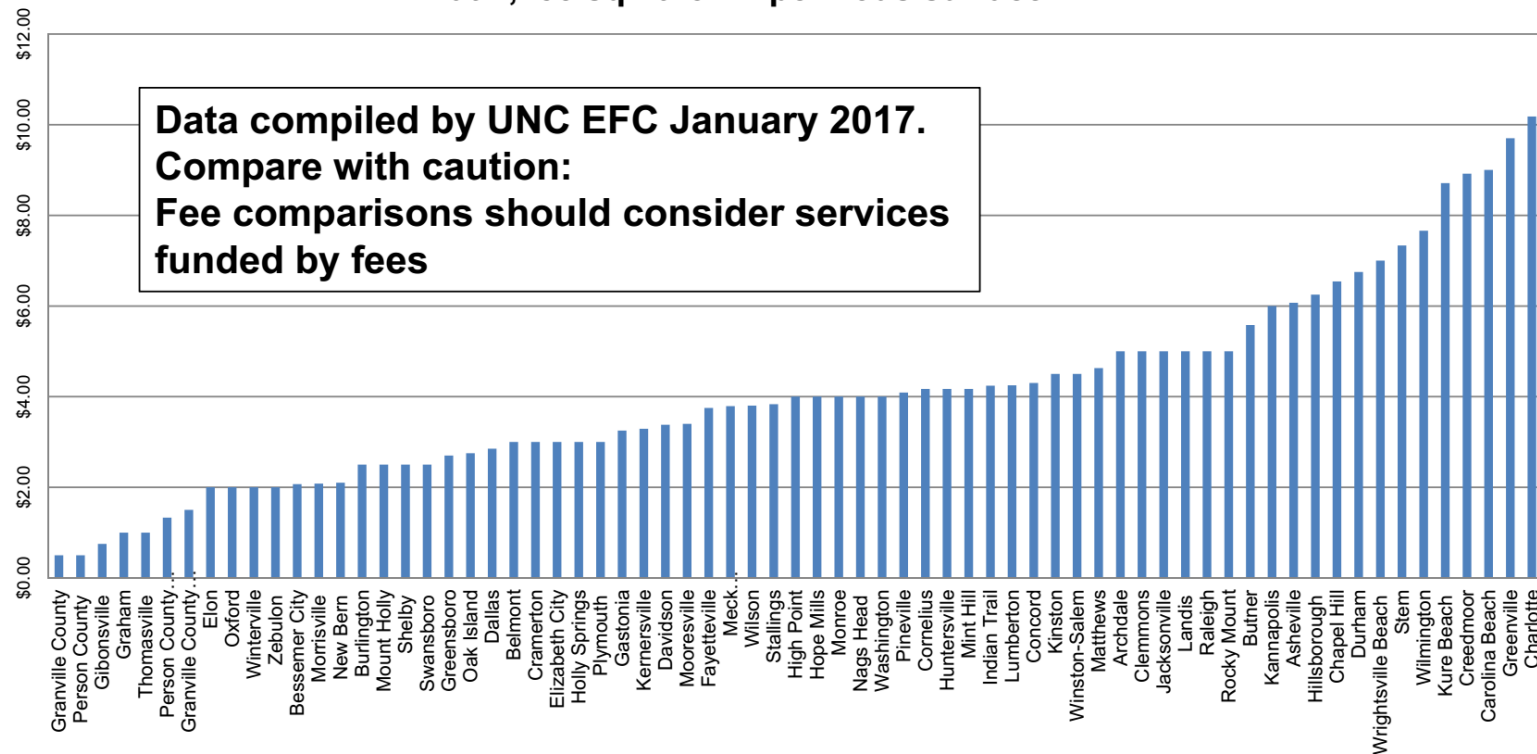


Figure A3-3

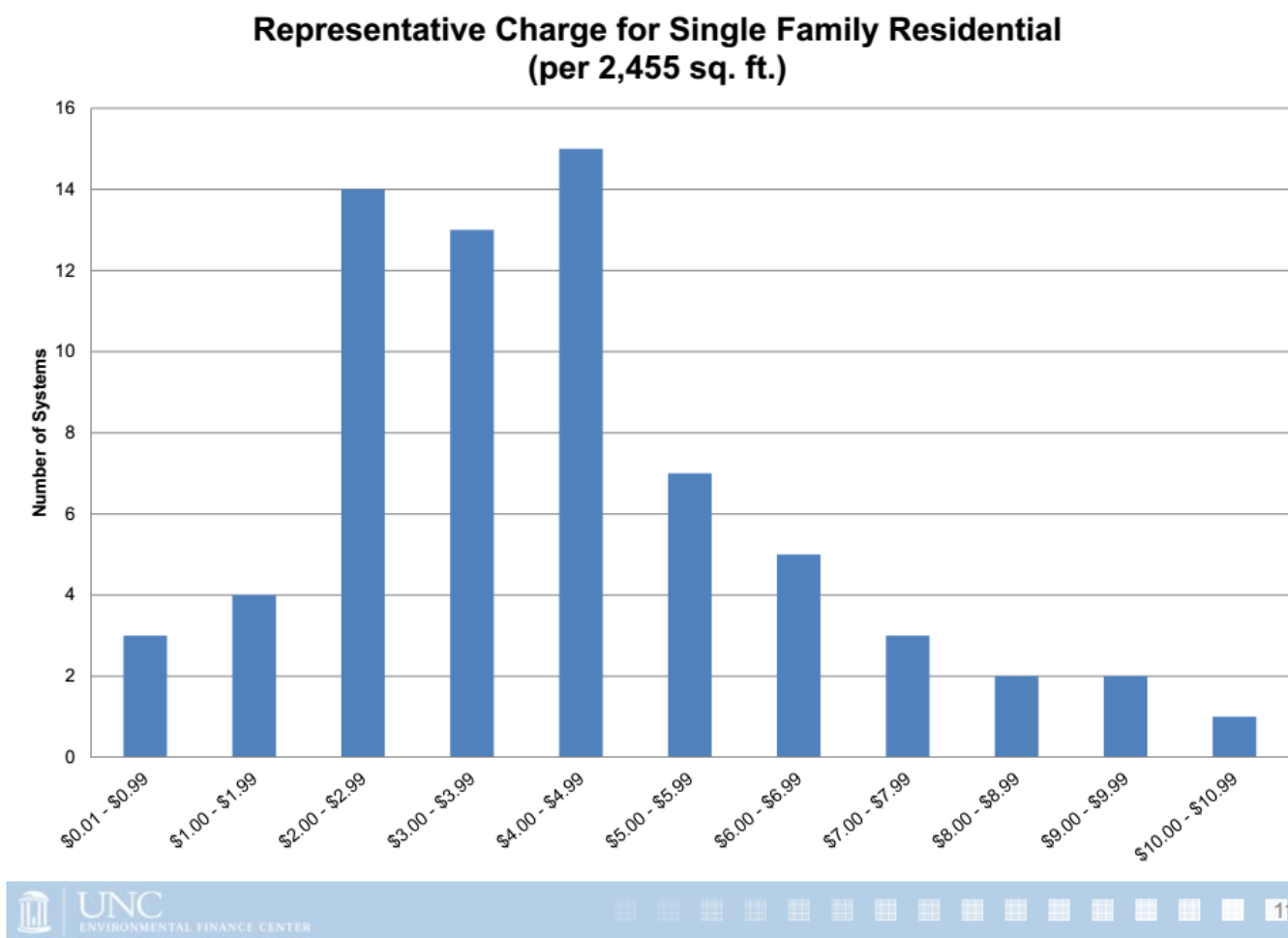


Figure A3-4

What's “normal” for monthly stormwater fees?

- Median residential rate (at 2,455 sq ft) = \$4.00
- \$1.63 per 1,000 sq ft of impervious surface

Townhomes

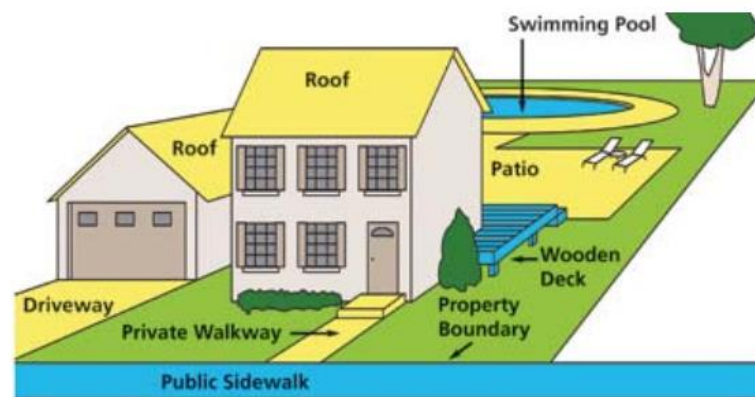
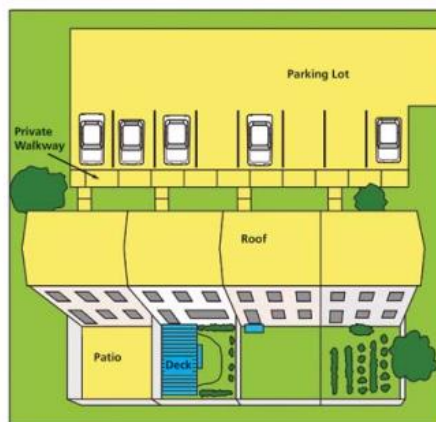
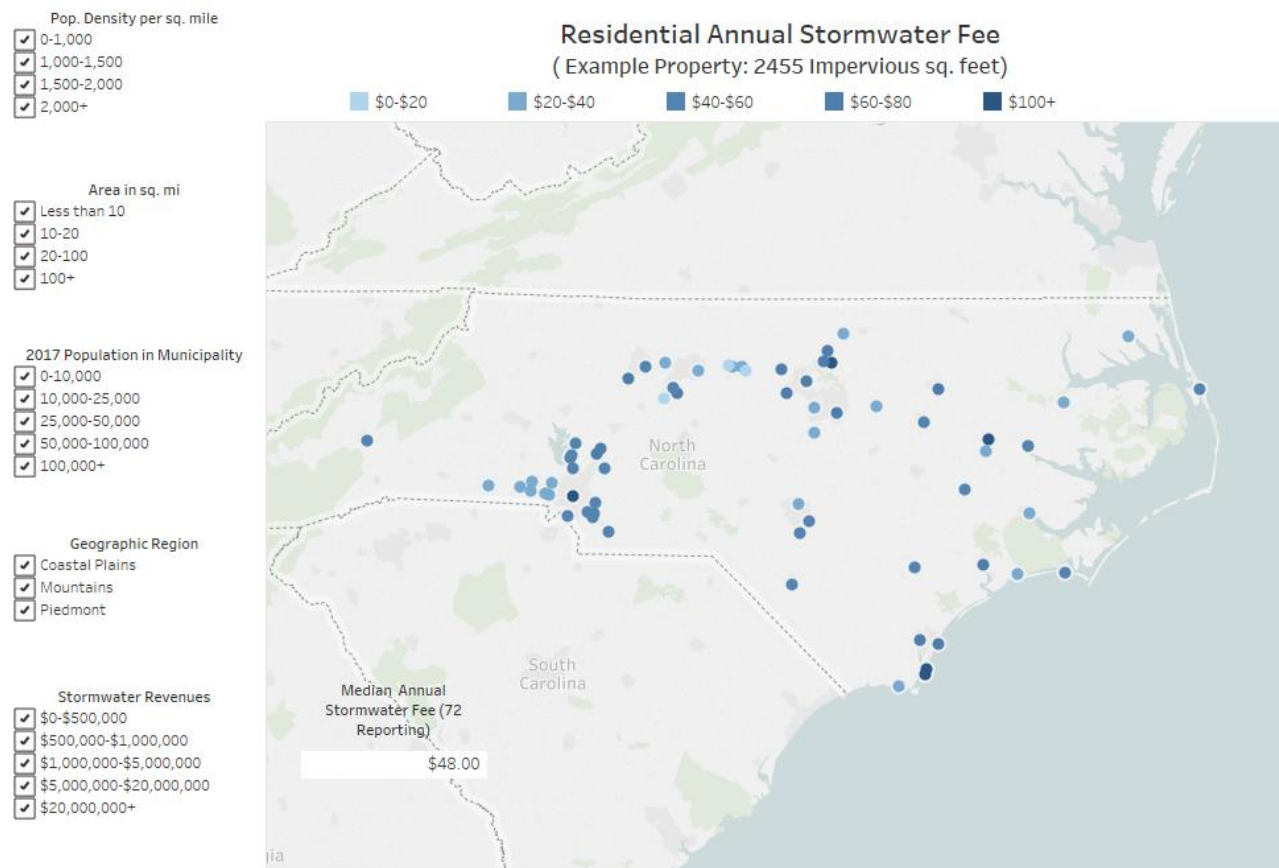


Figure A3-5

2017 Residential Stormwater Rates and Revenues: Preliminary Analysis

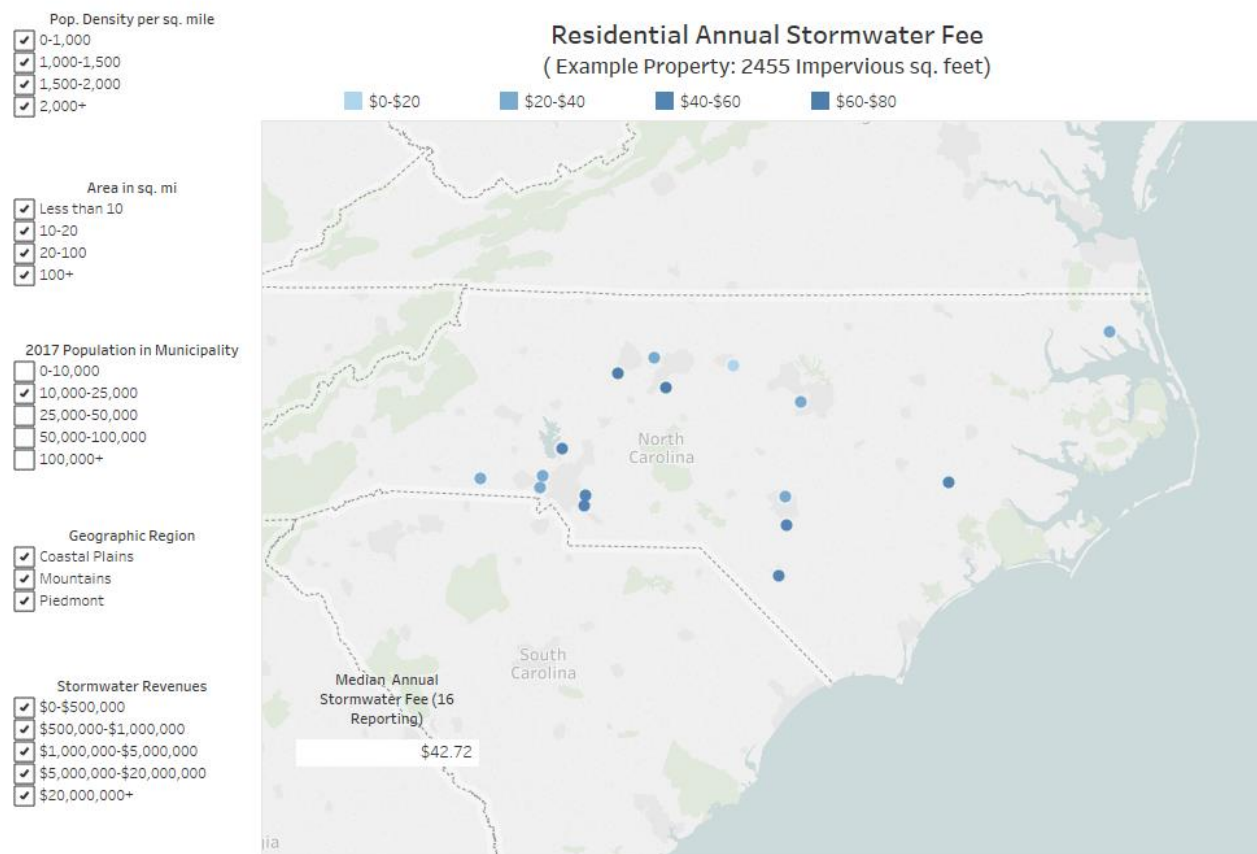


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Figure A3-6

2017 Residential Stormwater Rates and Revenues: Preliminary Analysis

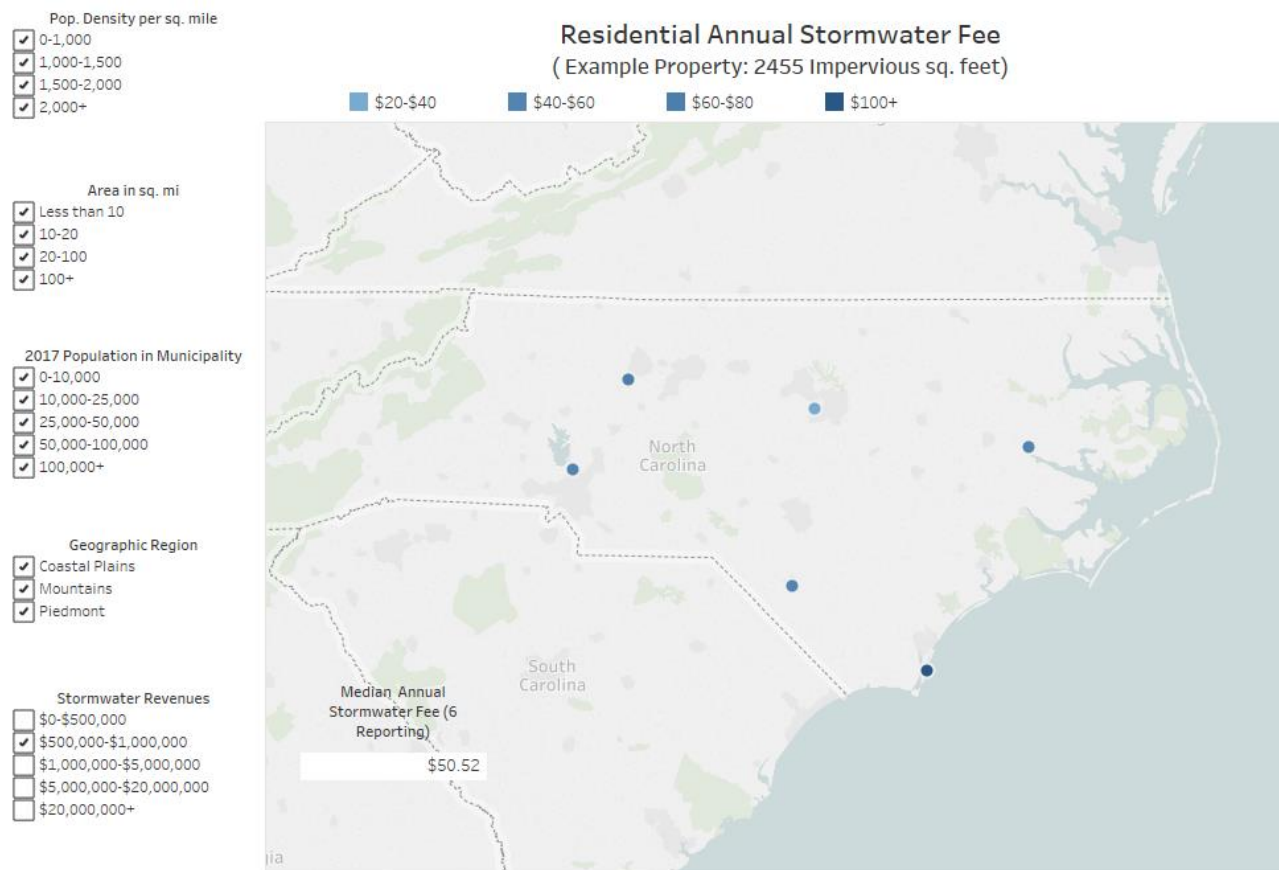


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Figure A3-7

2017 Residential Stormwater Rates and Revenues: Preliminary Analysis

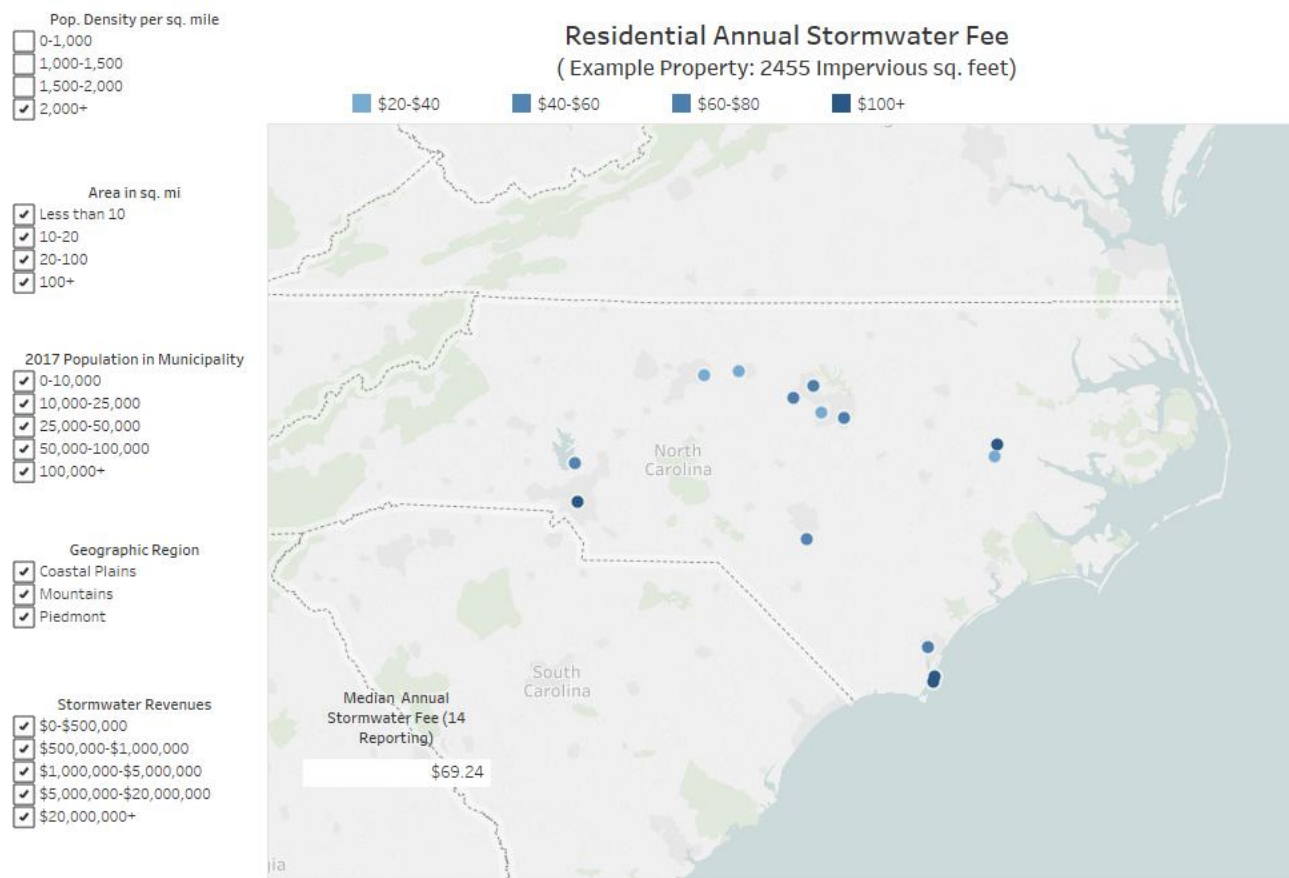


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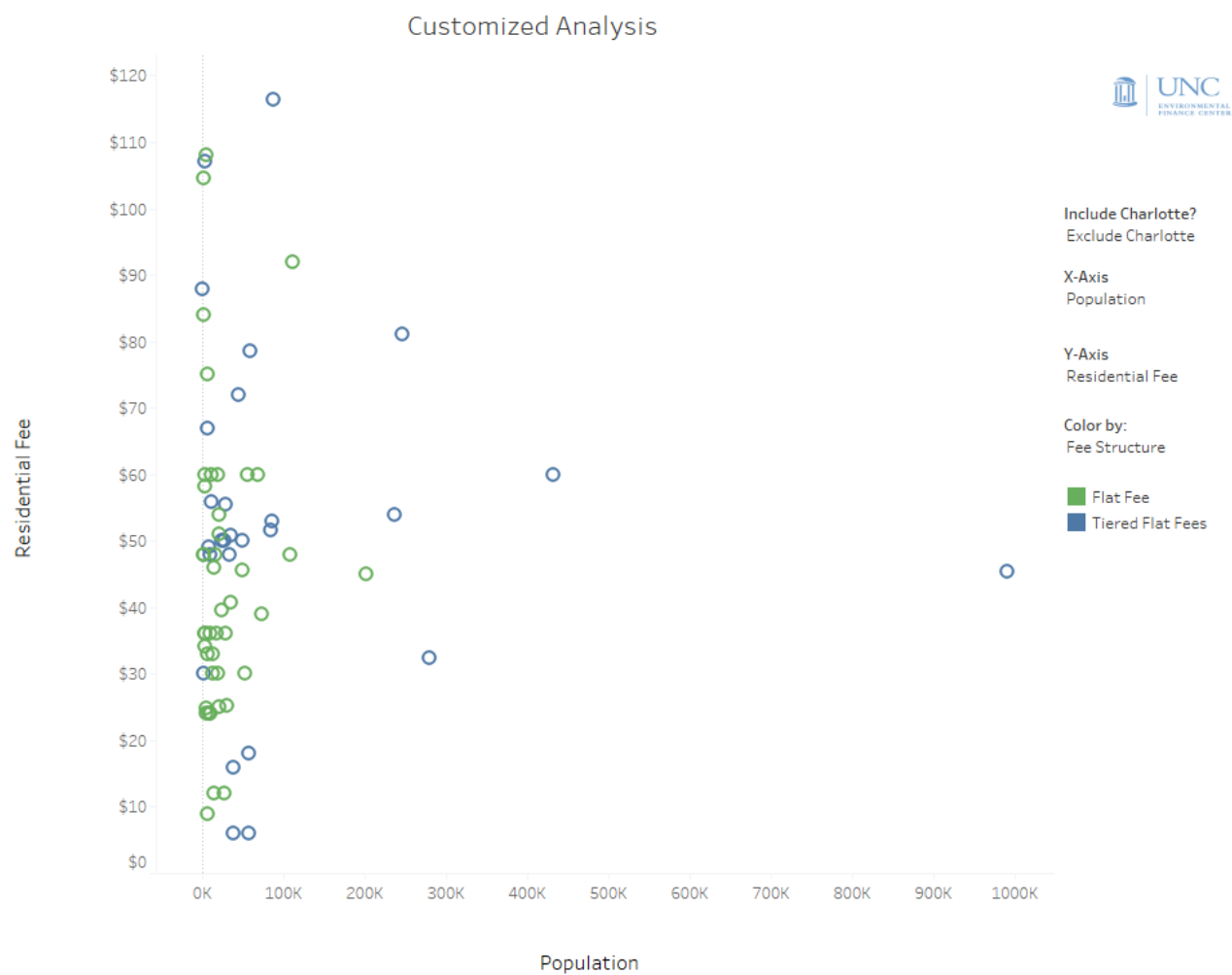
Figure A3-8

2017 Residential Stormwater Rates and Revenues: Preliminary Analysis



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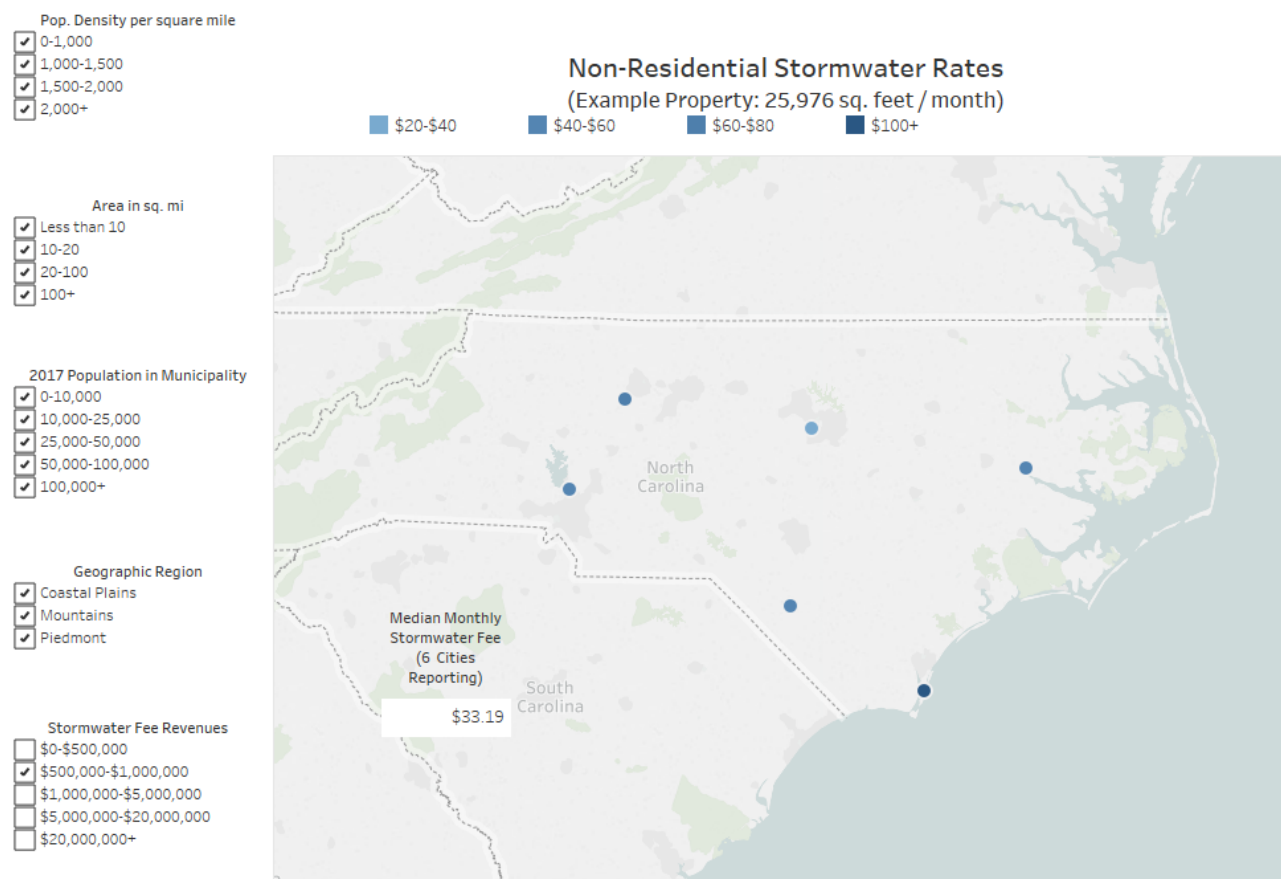


Figure A3-9: Annual Residential Fees by Rate Type

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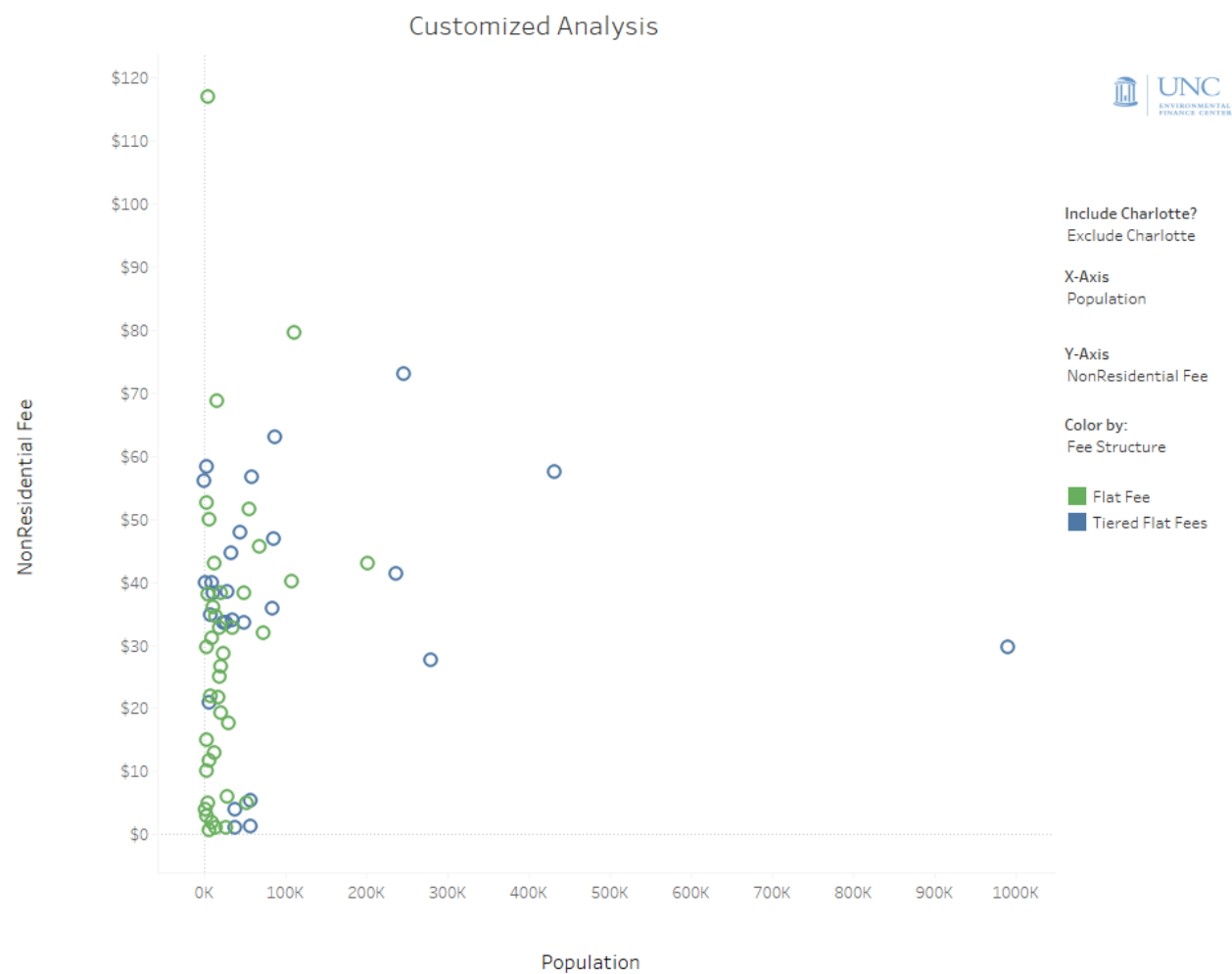
Figure A3-10

2017 Non-Residential Stormwater Rates and Revenues: Preliminary Analysis

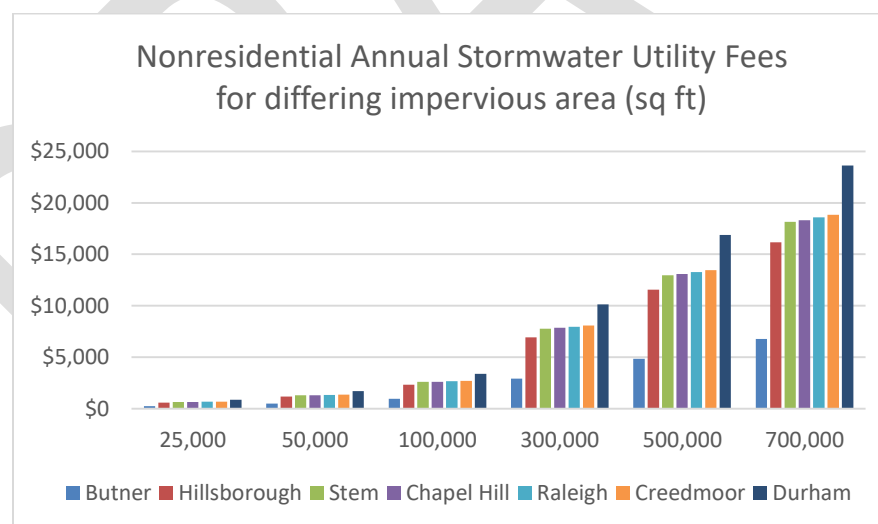
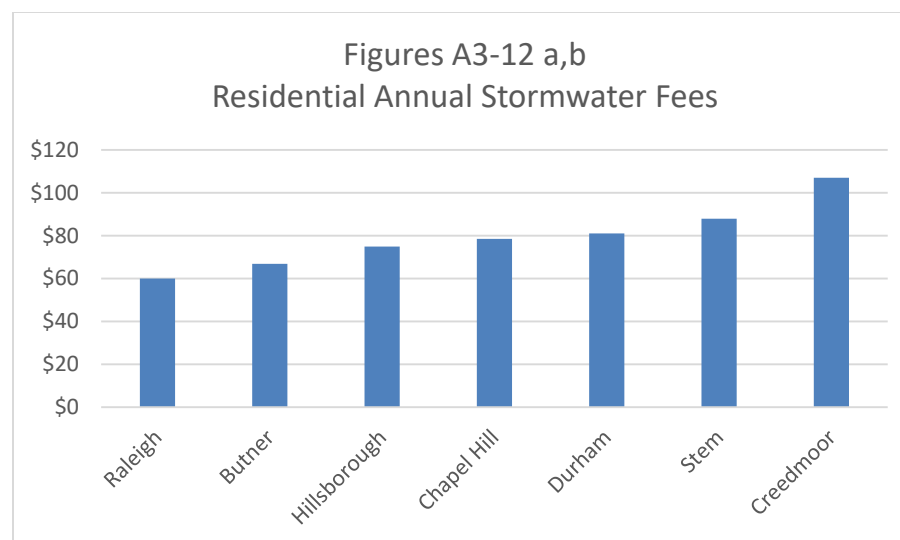


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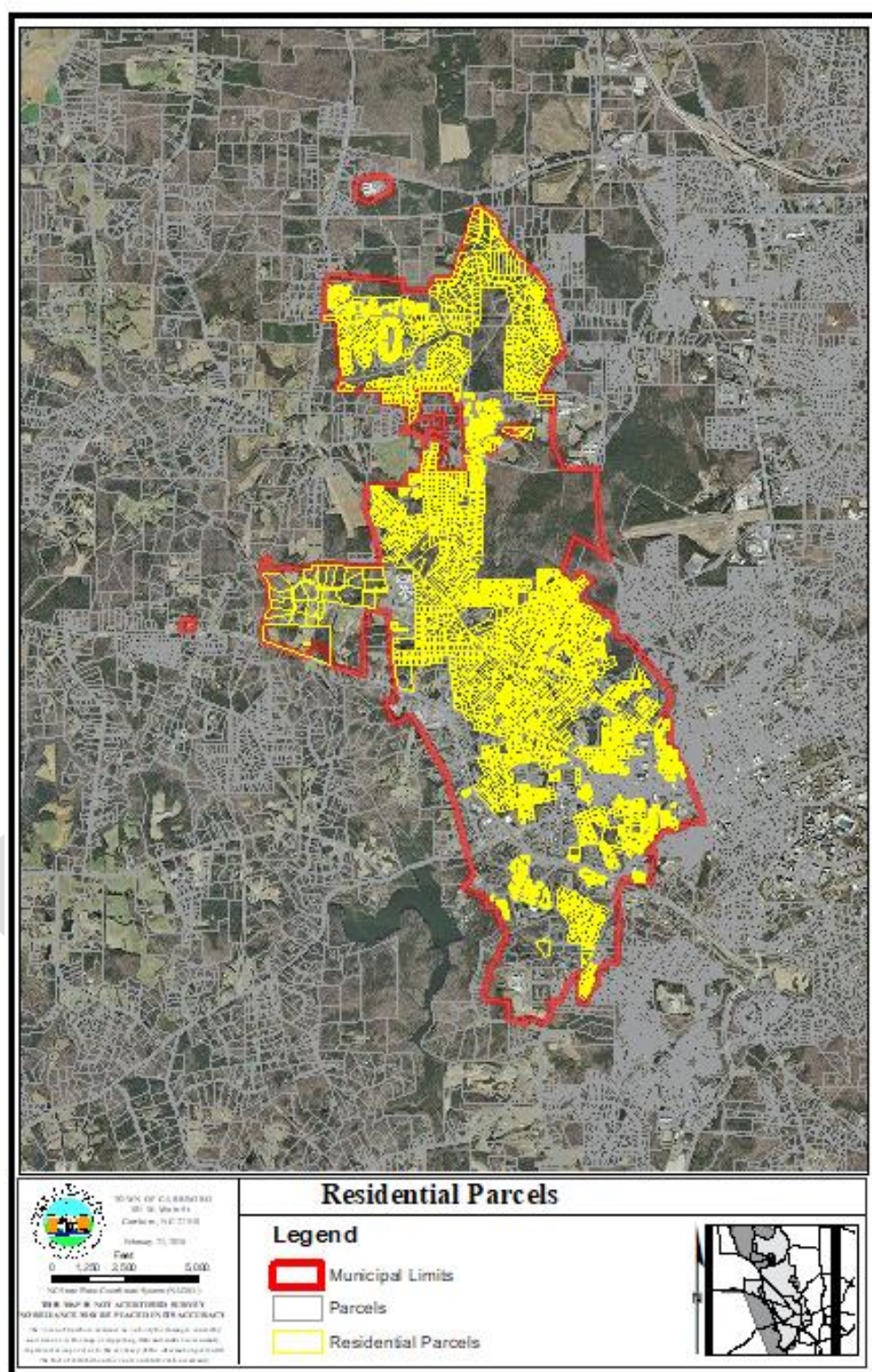


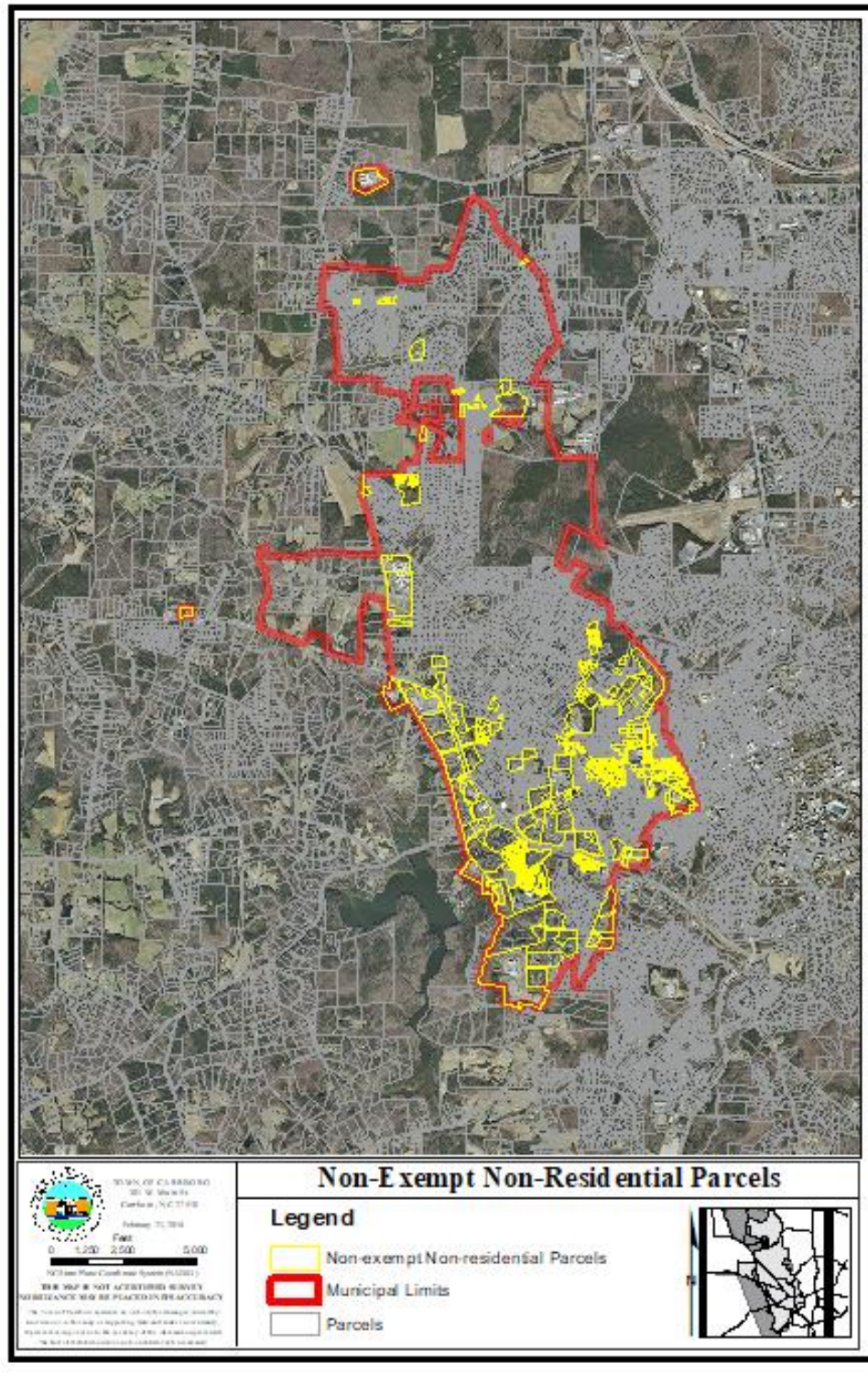
Figure A3-11: Monthly Nonresidential Fees by Rate Type (per 26k sq. ft. impervious)

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Appendix 4: Maps of Non-Exempt Parcels





Appendix 5: Summary of Identified Capital Projects/Retrofits

The following table provides a very short summary of potential capital stormwater retrofit projects that have been identified to date as part of annual reporting requirements under the Jordan Lake Rules. They will also provide regulatory benefits for the NPDES permit and Bolin Creek Watershed Restoration efforts, and nonregulatory benefits associated with creation of green infrastructure and community outreach and education. It is anticipated that capital project needs will continue to be further refined after the Stormwater Utility is established and staff are able to complete further analyses.

Table A6-1: Potential Retrofits for Addressing Jordan Lake Existing Development Rules

<u>Type of Retrofit</u>	<u>Location</u>	<u>Notes</u>
Bioretention and vegetated swale	Anderson Park	Concept studies completed by Sungate
Stormwater wetlands or bioretention	Town land adjacent to Morgan Creek	Preliminary site assessment completed.
Stormwater wetland; potential stream restoration	Carrboro Elementary School	Concept studies completed by CH2M Hill and NCSU
Stormwater wetland, bioretention, permeable pavement	McDougle School	Concept study completed by Sungate
Detention and bioretention retrofits	Carrboro High School	Concept study completed by Sungate
Bioretention, wetland, permeable pavement	OWASA WTP	Concept study completed by Sungate
Retrofit of detention basin	Carrboro Plaza	Concept studies completed by Tetra Tech, CH2M Hill, Sungate

One additional potential project is a stream restoration project at Carrboro Public Works where an actively eroding stream bank is approaching the adjacent structures and parking lot.

Appendix 6: Links to additional information

Carrboro Stormwater homepage: <http://www.townofcarrboro.org/287/Stormwater>

Carrboro NPDES Stormwater Management Plan:

<http://www.townofcarrboro.org/DocumentCenter/Home/View/578>

Board of Aldermen Agenda on Flood Related Impacts, 2016:

<https://carrboro.legistar.com/MeetingDetail.aspx?ID=456726&GUID=5CBA27D9-FD8C-4C4C-8557-81703C1CA2E7&Search=>

Board of Aldermen Stormwater Retreat, 2017:

<https://carrboro.legistar.com/MeetingDetail.aspx?ID=534576&GUID=2BF7B80B-BD61-481A-82C8-1373C00E0B15&Search=>

The Town participates in the Clean Water Education Partnership:

<http://www.nccwep.org/>

NCDWR Jordan Rules: <http://portal.ncdenr.org/web/jordanlazke/implementation-guidance-archive>

NCDWR presentation on Jordan Rules:

http://portal.ncdenr.org/c/document_library/get_file?uuid=5aa1cee4-ed17-41c6-b601-ba3a4f2bb87f&groupId=235275

Nutrient Scientific Advisory Board: <http://deq.nc.gov/about/divisions/water-resources/planning/nonpoint-source-management/nutrient-scientific-advisory-board/>

Carrboro Benthic Sampling Studies: <http://www.townofcarrboro.org/702/Benthic-Monitoring>

Carrboro Bolin Creek Website: <http://www.townofcarrboro.org/280/Bolin-Creek-Watershed-Restoration>

Chapel Hill Bolin Creek Website: <http://www.townofchapelhill.org/town-hall/departments-services/public-works/stormwater-management/local-watersheds-water-quality/watershed-assessments-recommendations/bolin-creek-watershed-restoration-team>

The Town participated in/presented at a well-attended local symposium on “Caring for our Creeks” in 2012: <http://bolincreek.org/blog/symposium-2/>



TOWN OF CARRBORO

Stormwater Advisory Commission

301 West Main Street, Carrboro, North Carolina 27510

RECOMMENDATION

MARCH 7, 2018

Stormwater Utility Rate Structure Review and Adoption Process

Motion was made by Cox and seconded by Brigham that the Stormwater Advisory Commission recommends that the Town move forward with:

- 1) a broad community outreach and engagement effort related to the planned adoption of a Stormwater Utility rate structure as soon as possible;
- 2) a public hearing in the spring of 2018 on a draft rate structure;
- 3) an Interlocal Agreement with Orange County for stormwater billing.

VOTE:

AYES: (Brigham, Cox, Dickson, Hay, O'Connor, Paul)

ABSENT/EXCUSED: (Hoban)

NOES: ()

ABSTENTIONS: ()

for _____ 3/8/2018
(Chair) (Date)



Town of Carrboro

Town Hall
301 W. Main St.
Carrboro, NC 27510

Agenda Item Abstract

File Number:17-435

Agenda Date: 3/13/2018

File Type:Agendas

In Control: Board of Aldermen

Version: 1

TITLE:

Selection of firm to provide professional architectural/engineering services - 203 S. Greensboro Project

PURPOSE: The purpose of this item is to provide the Board with an opportunity to consider directing the Town Manager to begin negotiations with a selected firm.

DEPARTMENT: Town Manager, Planning, Finance

CONTACT INFORMATION: David Andrews 919-918-7315, dandrews@townofcarrboro.org [<mailto:dandrews@townofcarrboro.org>](mailto:dandrews@townofcarrboro.org); Patricia McGuire 919-918-7327, pmcguire@townofcarrboro.org [<mailto:pmcguire@townofcarrboro.org>](mailto:pmcguire@townofcarrboro.org); Arche McAdoo 919-918-7439, amcadoo@townofcarrboro.org

INFORMATION: The Board of Aldermen has been considering the qualifications of two of the eight architectural design teams which responded to the Town's Request for Qualifications for the 203 S. Greensboro Street project, advertised in November.

Background information on the project, including the team's presentations from February 13th, is available at <http://www.townofcarrboro.org/1127/203-S-Greensboro-Project>. The selection and contracting process for these professional services is qualifications-based and cost cannot be a factor in considering the most qualified firm to advance to contract negotiations.

FISCAL & STAFF IMPACT: The capital project ordinance for this project is attached (*Attachment B*). Design costs are included there and will be allocated per the Development Agreement with Orange County and others, as is applicable.

RECOMMENDATION: Staff recommends that the Board of Aldermen review the qualifications and consider action on the resolution directing the Town Manager to begin negotiations with a selected firm (*Attachment A*).

A RESOLUTION AUTHORIZING THE TOWN MANAGER TO NEGOTIATE AND EXECUTE A CONTRACT FOR ARCHITECTURAL DESIGN SERVICES ASSOCIATED WITH THE 203 S. GREENSBORO STREET PROJECT

WHEREAS, the Town of Carrboro issued a Request for Qualifications (RFQ) for this project and received eight responses, and;

WHEREAS, two design teams were identified by a Town and County staff selection committee and confirmed by the Orange County Board of County Commissioners for interviews with and selection by the Carrboro Board of Aldermen, and;

WHEREAS, the Board of Aldermen has considered the qualifications of both firms for providing the needed design services.

NOW, THEREFORE BE IT RESOLVED by the Carrboro Board of Aldermen that the Board

- 1) Selects _____ as the top firm to provide the requested architectural design services, based on their qualifications in the completion of similar work, and
- 2) Authorizes the Town Manager to negotiate and execute a contract with this firm; and
- 3) If it is not possible to reach satisfactory terms for a contract with the firm in section 1, the Town Manager shall proceed to negotiate a contract with _____.

This Resolution is effective upon adoption.

A copy of the resolution shall be provided to the Finance Officer.

ATTACHMENT I

**203 SOUTH GREENSBORO STREET CAPITAL IMPROVEMENT PROJECT
ORDINANCE, FY 2017-18**

WHEREAS, the Town of Carrboro, and Orange County desire to investigate and pursue the development of a Southern Branch Library to be operated by the County and located in downtown Carrboro; and,

WHEREAS, the Town and the County have each determined that they may each derive benefits for themselves and for the residents of the Town and the County if they can cooperatively plan and develop a facility to house the Southern Branch Library and Town administrative offices with potential for also accommodating other compatible uses if space and financing considerations make such collocation feasible; and,

WHEREAS, the County and the Town will enter into a Development Agreement to establish terms pursuant to which they will cooperatively proceed with the planning, financing and development of the property for joint use as a County Library and Town administrative offices, and associated parking garage/deck facilities; and,

WHEREAS, the Board of Aldermen for the Town of Carrboro deems this project to be a worthy and desirable undertaking.

NOW, THEREFORE PURSUANT TO N.C.G.S 159-13.2, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO THAT:

1. The 203 South Greensboro Street Capital Improvement Project is hereby authorized to be undertaken until all project activity is completed.
2. The following revenues are anticipated to be available to the Town of Carrboro to complete the project:

Town of Carrboro Debt Financing	\$ 9,000,000.00
Orange County Contribution	\$ 6,098,500.00
Total	<u>\$15,098,500.00</u>

3. The following amount is appropriated for this project to be expended in the following manner:

Professional Services	\$ 1,500,000.00
Construction	\$ 13,598,500.00

Total Appropriation

\$ 15,098,500.00

4. Within five (5) days after this ordinance is adopted, the Town Clerk shall file a copy of this ordinance with the Finance Director and Planning Director.

The foregoing capital project ordinance having been submitted to a vote received the following vote and was duly adopted this 20th day of June 2017;

Ayes: Noes:

Absent or Excused: