



## Discussion of Possible Establishment of Stormwater Utility Enterprise Fund

Staff Report, Oct. 25<sup>th</sup>, 2016

### Current Stormwater Management Practices

Carrboro has and continues to implement stormwater management activities to remain a leader in environmental stewardship, comply with state and federal regulations on water quality and quantity, and respond to resident needs. Carrboro's Vision 2020 states *"Carrboro should be proactive in managing its stormwater, promoting active maintenance of facilities, reducing impacts of increased impervious surface, and minimizing impacts on waterways"*.

Weather patterns vary over time. A period with more intense storm events occurred in the late 1990s, followed by two significant periods of drought in the early 2000s. More recently, intense storms have been on the rise and citizens have requested action from the Town due to impacts on residences and public infrastructure. In addition, state and federal mandates have required new and increased levels of stormwater management.

The two principal regulatory drivers for stormwater management are the Town's National Pollutant Discharge Elimination System (NPDES) Phase II permit and requirements under the Jordan Lake Rules. The Town's NPDES permit is scheduled to be reissued by the State in late 2016. A draft of the permit indicates there will likely be additional water quality requirements placed on the Town. The Jordan Lake requirements stem from the lake's classification as an impaired water body due to high levels of chlorophyll A and alkalinity. Actions to address the nutrient problems can be traced back to the North Carolina Environmental Management Commission designating the reservoir as Nutrient Sensitive Water the year of its impoundment (1983) and imposing phosphorus limits on wastewater dischargers. From 1997-2009, a progression of studies, stakeholder processes, and actions concluded that water quality standards were not being met in Jordan Lake. This finding resulted in statutes and regulations being put in place and requirements of the federal Clean Water Act being set in motion. The North Carolina General Assembly has delayed implementation of the new regulations, however, this delay does not supersede the federally recognized impairment. Cleaning up Jordan Lake is a federal mandate; a "no action" option does not exist when looking beyond a one- to two- year planning horizon. Studies pursued as part of the Town's Capital Improvement Program and mandatory reporting requirements to the State indicate that complying with the Jordan Lake Rules will be a multimillion dollar undertaking for Carrboro, with a preliminary estimate of about \$4M needed over the next decade.

Carrboro has seen an increase in the effect storms are having on existing properties and infrastructure in town. The primary method to control stormwater discharge for existing developments is through the use of stormwater control measures. These include construction of new stormwater management infrastructure and upgrades to existing infrastructure.



The Town's current stormwater responsibilities and activities act on behalf of the community's environmental values, react to state and federal requirements, and respond to residents' needs. The need for stormwater management activities has increased to respond to these values, requirements, and needs. The current funding source for these activities comes from existing staffing levels and departmental functions funded through the General Fund and, therefore, can fluctuate based on competing projects as well as be subject to economic downturns. Establishing a stormwater utility enterprise fund would allow for an effective and dedicated source of funding to pay for stormwater management and related infrastructure investments.

### **Description of an Enterprise Fund**

An enterprise fund establishes a separate accounting and financial reporting mechanism for municipal services. Under enterprise accounting, the revenues and expenses of a service are placed into a separate fund, rather than commingled with all other government activities. Establishing an enterprise fund for stormwater activities would allow for a designated amount of resources to be allocated for stormwater management consistently, rather than competing for general fund dollars, as it currently does.

An enterprise fund typically generates revenues through fees or taxes for service. These revenues would fund the operation, construction, and maintenance of stormwater management devices, and for stormwater system planning and management. By creating an enterprise fund the town will be able to better maintain compliance with the Clean Water Act and the Jordan Lake rules, and give the Town increased ability to respond to resident needs. It is planned that the fund will initially be allocated resources through the General Fund, with the plan to make the fund sustainable in the future through a stormwater utility fee or an earmarked one-half cent or one cent property tax rate increase.

### **Possible Services Provided Through the Fund**

Below is a list of existing and new services that the Town of Carrboro could manage and coordinate under a stormwater utility enterprise fund structure:

#### **A. Public Participation, Outreach, Education**

1. Maintain and promote "library" of resource materials related to stormwater management, floodplain management, drainage, pollution.
2. Coordinate with neighboring jurisdictions on community messaging and promotion at community events
3. Staff advisory board(s).

#### **B. Technical Services**

1. Provide technical assistance concerning stormwater management practices, sediment and erosion control, and floodplain issues.
2. Manage service tiers and implement public/private stormwater improvements



3. Manage or coordinate instream water quality sampling activities.
4. Inspect stormwater facilities; coordinate inspection of private facilities.
5. Manage or coordinate stream repair and restoration and stormwater retrofits
6. Implement an illicit discharge detection and elimination program
7. Conduct field investigations to classify streams/delineate buffers.

#### C. Planning Services

1. Review proposed development in relation to streams, storms, floodplains, buffers.
2. Assist with buffer and stormwater management enforcement activities.
3. Review and recommend amendments to Town regulations and policies.
4. Maintain and coordinate floodplain management including accurate floodplain mapping, map revisions/amendments and investigations.
5. Maintain accurate mapping of stormwater features

#### D. Public Infrastructure

1. Maintain and repair stormwater system infrastructure.
2. Sweep streets routinely to remove pollutants and debris.

#### E. Management and Administration

1. National Pollutant Discharge Elimination System (NPDES) municipal stormwater permits compliance requirements.
2. Stormwater Management Program and Plan updates and implementation
3. Compliance with other requirements or plans (e.g. Jordan Lake Rules, Bolin Creek Watershed Restoration Plan)
4. Stormwater fee billing
5. Capital improvements project (CIP) identification, prioritization, and scheduling.
6. Grants management (e.g. applications and management for funds to assist with drainage and water quality improvement projects and stream bank stabilization projects, FEMA hazard mitigation funds).
7. Professional services and construction contracts administration.

### **Service Delivery Options**

If a stormwater utility fund is pursued, there will be certain decision points in the future on how a stormwater utility should be structured and operated. It is anticipated that hiring a Stormwater Utility Manager will be necessary to not only assist staff and the Board in making these decisions, but also managing the day to day operations and service implementation. Some factors that will need to be considered in the future are:

1. Revenue generation:
  - a. Anticipated to be a stormwater utility fee or an earmarked property tax rate increase
    - i. If it is a fee, how the fee will be assessed
2. Billing and collection methods and administration
  - a. Perform collections as part of town functions



- b. Potential partnering with the county or other entity
- 3. Service prioritization and implementation

### **Implementation of the Fund**

Town staff has a proposed implementation plan, should the Board of Aldermen choose to pursue implementation of a stormwater utility enterprise fund. Below is a timeline laying out the steps that would be taken to implement the fund.

#### **Timeline of Creating Fund**

- a. Year 0 – November 2016 – June 30, 2017
  - i. Amend Town Code to include the Stormwater Utility
  - ii. Setup the fund in the budget for fiscal year 2017-18
  - iii. Advertise and hire Stormwater Utility Manager. This is a new employee position for the Town.
- b. Year 1 – July 2017 – June 30, 2018
  - i. Fund is created and implemented in the budget
  - ii. Current stormwater management activities are implemented into fund
  - iii. Present service delivery management and funding structure options to the Board of Aldermen
- c. Year 2 – July 2018
  - i. Implement permanent funding structure
  - ii. Implement permanent service delivery management method
  - iii. Increase stormwater management activities as new funding source is available