

The Town of Hillsborough is proposing the creation of a stormwater utility and associated fee beginning July 1, 2016. This fee is not a tax and would apply to all properties within the town limits, including tax-exempt parcels. The initial analysis was detailed in the town's [Stormwater Utility Fee Analysis & Report](#) dated November 2015. This document provides an update to that report.

Update Summary

The Town of Hillsborough began its *Stormwater Management Program* in 2005 as required by state and federal regulations. The primary purpose of the town's stormwater management program is to reduce stormwater runoff pollution from entering local streams and the Eno River. Reducing stormwater runoff pollution is a valuable service provided to town citizens.

Funding for the stormwater management program has been provided by the town's general fund through the current fiscal year. However, expanding state and federal requirements make it necessary for the town to find alternative funding options. These state and federal requirements are unfunded mandates.

Staff conducted an outreach campaign to solicit input on the initial proposed stormwater fees. This input resulted in some changes to the proposed rate structure. Budget figures were also refined while more precise parcel data was analyzed to provide a more accurate revenue projection. Details of these changes are provided in this document and are linked below:

- [Public Outreach Highlights](#)
- [Stormwater Budget Changes](#)
- [Stormwater Utility Fee Determination](#)
- [Proposed Fees, Revenue & Expenditures](#)
- [Stormwater Utility Fee Options](#)

Proposed stormwater utility fees would be collected annually, assessed through property tax bills. Residential properties would pay a flat rate. Rates for non-residential properties would be based on the amount of impervious surface (such as buildings, driveways and parking lots) for each property. Please see the section, [Stormwater Utility Fee Determination](#) for details on how fees were determined.

Based on the public input and refined data, revenue projections are significantly lower than originally presented. Two reasons for this include the change in non-residential tiers and rates and the decision to not charge a fee for undeveloped land, open space and land owned by homeowner associations. These changes were a direct result of public input.

To account for lower revenues, the proposed FY17 budget was reduced, resulting in fewer stormwater services being provided by the town over the next two fiscal years. Adding those cuts back into the budget in FY19 creates a significant shortfall. This necessitates consideration of optional fee structures to address the shortfall. Three [options](#) are included with this document.

Public Outreach Highlights

The initial Stormwater Utility Fee and Analysis was presented to the town board at its November 30, 2015 workshop meeting. At that meeting the town board directed staff to begin a public outreach campaign to disseminate information about the proposed stormwater utility. Public outreach included, press releases, articles, an informational mail out and a public informational meeting. Public outreach efforts are summarized below:

- Four press releases, two in December and one in January were issued describing the proposed stormwater utility and announcing the public informational meeting; one press release was issued in February that summarized the informational meeting, including updates to the stormwater utility FAQ
- Press releases also posted to the town's Facebook and Twitter accounts;
- An article was written for the town's stormwater newsletter, *The Stormwater Almanac*, highlighting the proposed stormwater utility.
- Information regarding the proposed Stormwater Utility and Fee was posted on the town's website; this included the Stormwater Utility Analysis and Report, summary document and a "frequently asked questions" page;
- Developed and mailed (~2,500) an informational postcard to all property owners within town limits; the card summarized the proposed stormwater utility and included a notice for the public informational meeting;
- Stormwater Program Manager, Terry Hackett appeared on the WHUP "Lunch Crunch" radio show on January 25, 2016 hosted by Will Baker; Terry spoke about the utility and reminded folks about the public informational meeting
- Hosted a public informational meeting in the town Barn on January 26, 2016 that included 21 citizens;
- Stormwater Program Manager has emailed, spoke on the phone, and spoke in person with about 12-14 citizens regarding the proposed stormwater utility.
- Provided an update to the town board at their February 8, 2016 meeting regarding outreach efforts and to keep schedule on track;
- Presented information about the stormwater program and proposed utility to the Exchange Club on February 25, 2016;
- Updated FAQ page based on citizen questions received during the informational meeting and through email and personal communication.

Stormwater Budget Changes

The Stormwater Fund budget and revenue has changed considerably from the initial [stormwater utility fee analysis](#). Changes resulted from refinement of budget estimates as well as more accurate parcel data. Public input regarding the initial proposed fees raised various inequities and a new tier structure for non-residential fees has been proposed. These changes decreased expected revenue. Changes to expected revenue and expenditures are summarized below.

1. *Expected revenue significantly dropped due to:*
 - a. Change in tier structure for non-residential properties to meet public input and more equitably assess fee on impervious surface or “stormwater impact;”
 - b. Recommendation to only assess fee on properties with impervious surface; no fee to be assessed on HOA owned lands, open space and undeveloped parcels;
 - c. Zoning layer used in initial assessment greatly over estimated the number of both residential and non-residential properties;
 - d. Typical estimates indicated only a 97% collection rate of fees, thus reducing revenue projection by 3%.
2. *Budget numbers increased due to:*
 - a. Decision to list new Public Works and Stormwater positions as full FTEs for the entire year;
 - b. Added amounts for private drainage cost share program, Falls Lake rules, targeting 10% maintenance of stormwater infrastructure annually;
 - c. Inclusion of UNRBA dues in Stormwater instead of Utilities;
 - d. Confirmation that billing and collection would cost 3% of expected revenue.
3. *Proposed changes to the Stormwater budget to address shortfalls include:*
 - a. Delay new Public Works equipment operator allocated to Stormwater by 6 months with a start date in January 2017;
 - b. Delay new Stormwater Coordinator position 6 months with a start date in January 2017;
 - c. Reduce pipe replacement & other stormwater maintenance to \$35,000 which is close to what was spent in FY15;
 - d. Reduce the Field & ROW inspections “contract services” to \$15,000...which will necessitate assessing only 1 area per year;
 - e. Keep Monthly Street Sweeping as shown...town streets are being added this year and cannot reduce this budget line item;
 - f. Reduce Storm Drain Cleaning to target 1-3%; eventually increase to reach 10% in future years;



- g. Eliminate the amount for the Private Drainage Cost Share for the first or second year but include it in year 3 of the budget;
- h. Reduce Miscellaneous Maintenance which was earmarked for the maintenance identified in Field & ROW inspections which will reduce the work to one “neighborhood” a year and possibly need 2-3 years to complete depending;
- i. Reduce the Consulting Services; with the proposed new Stormwater Program position, less reliance on consulting services may be possible;
- j. Move the UNRBA dues back to Utilities budget;
- k. Reduce/eliminate the Stage 1 Falls Lake budgeted amount for FY17 and possibly FY18 since no projects will need to be completed in FY17 due to delays by the state; add the full amount in the year 3 of the budget.

The following tables compare changes between the initial analysis in the November 2015 report and the current analysis. The first table compares the number of properties estimated in the initial analysis and the current analysis. Originally zoning data was used to determine the number of properties by type. This data over estimated the number of properties and in the initial analysis, all properties were included in the estimation of fees. Since then town properties were designated as “not applicable” and designated open space or undeveloped parcels are not proposed to have a stormwater fee. Also note that the initial analysis used projections provided to staff for new residential properties. It does not appear that the number of new residential properties in FY16 and FY17 will be as high.

Table 1. Comparison of Number of Property Types Zoning versus Parcel Data

Property Type	Initial Analysis Based on Zoning Data*	Current Analysis Based on Parcel Data
Residential	3190	2360
Non-Residential	730	336
Open/Undeveloped	0	576
Not Applicable	0	22
<i>Total</i>	3920	3294

** Residential data included projections based on approved projects under construction*

Table 2 compares the difference between the original 3-Tier rate structure versus the current 5-Tier approach for non-residential properties. The table uses the more accurate parcel data which is the current estimation for the number of non-residential properties. Interestingly, there is not a big difference between the projected revenue, but the 5-Tier approach is much more equitable in terms of charging properties based on impervious surface.



Table 2. Comparison of 3-Tier versus 5-Tier Rate Structure for Non-Residential Properties

Non-Residential Tier	Annual Fee	Number of Properties	Projected Revenue
Tier 1 (below 30,000 square feet)	\$500	242	\$121,000
Tier 2 (30,001-90,000 square feet)	\$1,500	64	\$96,000
Tier 3 (over 90,000 square feet)	\$2,500	30	\$75,000
<i>Totals</i>		336	\$292,000

Non-Residential Tier	Annual Fee	Number of Properties	Projected Revenue
Tier 1 (below 10,000 square feet)	\$100	129	\$12,900
Tier 2 (10,001-30,000 square feet)	\$400	106	\$42,400
Tier 3 (30,001-100,000 square feet)	\$1,200	72	\$86,400
Tier 4 (100,001-200,000 square feet)	\$2,700	17	\$45,900
Tier 5 (over 200,000 square feet)	\$8,600	12	\$103,200
<i>Totals</i>		336	\$290,800

Table 3 highlights budget items that were reduced significantly or cut from the initial FY17 budget draft submitted to the town board. A reduction of approximately \$310,000 was necessary to balance with projected revenue. The two biggest cuts/reductions came from money earmarked for capital projects to comply with stage 1 of the Falls Lake rules, and systematic infrastructure maintenance. The private drainage cost share program was also cut and Upper Neuse River Basin Association (UNRBA) dues were moved back to the Sewer & Water fund.

Included on page 7 is a comparison of all stormwater budget line items. The first column includes the budget as provided in the November 2015 stormwater utility analysis. The second column is the more refined FY17 budget reviewed by the town board in February and the third column is the currently proposed FY17 budget showing reductions and cuts.



Table 3. Comparison of Budget Items with Significant Cuts

Budget Item	Original	Current	Notes
Personal Services Subtotal	\$213,619	\$163,368	Postpone hiring both new stormwater positions for 6 months
Pipe Replacement & System Maintenance	\$45,000	\$35,000	General stormwater maintenance by Public Works staff
Field & ROW Inspections	\$25,000	\$15,000	Contract engineering assessment of infrastructure for systematic maintenance
Miscellaneous Maintenance	\$125,000	\$25,000	Contract infrastructure maintenance as identified by Field & ROW Inspections
Monthly Street Sweeping	\$20,000	\$20,000	Increase in number of streets that must be swept so no change
Storm Drain Cleaning	\$10,000	\$5,000	Required by NPDES Permit but target 1% instead of 3-5%
Private Drainage Cost Share	\$10,000	\$0	Hold off funding the cost share program
C.S./Engineering	\$15,000	\$9,000	Consulting/engineering services stormwater inspection and preliminary retro-fit design
UNRBA Dues	\$19,000	\$0	Moved fees back to Sewer & Water Fund
Capital Infrastructure <i>Stage 1 Falls Lake</i>	\$100,000	\$0	Funding for stormwater retro-fit design and construction and other mitigation required by Falls Lake Rules
Totals	\$582,619	\$272,368	A reduction in \$310,251

Proposed Stormwater Utility – March 2016 Update



STORMWATER				
	November FY17	Initial FY17	Current FY17	
Account Name	Projection	Projection	Projection	Comments
Personal Services				
Salaries - Regular	82,579	74,556	74,566	4% annual increase
FICA	6,606	5,704	5,704	4% annual increase
Hospitalization	10,442	9,613	9,613	10% annual increase
Life/Disability/Vision	382	484	484	2% annual increase
Dental Insurance	340	299	299	2% annual increase
Retirement	5,802	5,406	5,406	4% annual increase
Supplemental Retirement - 401K	4,098	3,728	3,728	4% annual increase
Personnel Expansion - Salaries	77,149	113,829	63,568	
<i>Equipment Operator - FY17</i>	15,897	66,530	39,918	
<i>Stormwater Position - FY17</i>	61,252	47,299	23,650	
Personal Services Subtotal	187,398	213,619	163,368	
Operations				
Travel & Training	2,000	2,000	2,000	
License Fees	450	0	0	
Telephone/Internet	1,560	840	840	(2) Smartphone Stipends
Fuel	2,000	1,500	1,500	10% annual increase
Supplies - Office	300	300	300	
Supplies - Departmental	500	500	500	
Supplies - Data Processing	0	0	0	
Maintenance - Infrastructure	85,000	235,000	100,000	Street sweeping, stormdrain pipe replc, etc.
<i>Pipe Replacement & Other Sys Maint.</i>	45,000	45,000	35,000	General stormwater maintenance by Public Works
<i>Field & ROW Inspections</i>		25,000	15,000	Contract systematic infrastructure inspection
<i>Monthly Street Sweeping</i>	20,000	20,000	20,000	Increase due to adding additional streets
<i>Storm Drain Cleaning</i>	10,000	10,000	5,000	Required by NPDES Permit
<i>Private Drainage Cost Share</i>	10,000	10,000	0	Hold off funding for 2 years
<i>Miscellaneous Maintenance</i>		125,000	25,000	Contract infrastructure maintenance as identified by inspections above
Uniforms	200	200	200	
Data Processing Services	3,000	3,000	2,500	Utility Cloud fee & application development
C.S./Engineering	15,000	15,000	9,000	Contract assistance for field inspections, etc.
C.S./Inspection	15,000			Moved to Field & ROW Inspections above
Dues & Subscriptions	19,500	20,000	1,000	
<i>UNRBA Dues</i>	18,000	19,000	0	Moved back to Utilities
<i>Miscellaneous Dues</i>	1,500	1,000	1,000	
Collection Expense			12,264	3% billing/collection charge from OC
Clean Water Education Partnership	2,800	2,800	2,500	
Miscellaneous	5,000	5,000	5,000	
Vehicle Tax & Tags	0	0	0	
Leaf Collection	21,850	0	0	Stays in Public Works
Personnel Expansion - Op Expenses		6,950	6,950	
<i>Stormwater Program Coordinator - FY17</i>		5,750	5,750	
<i>Equipment Operator - FY17</i>		1,200	1,200	
Operations Subtotal	174,160	293,090	144,554	
Capital Outlay				
Capital - Vehicles	0		0	
Capital - Equipment	8,000	8,000	8,000	Jet/Vac truck attachment
Capital - Infrastructure	100,000	0	0	Push this back due to delay by state
<i>Nutrient Reduction Falls Lake - Stage I</i>	100,000	0	0	Stormwater retro-fits; mitigation projects, etc.
Cost Allocations Subtotal	108,000	8,000	8,000	
Cost Allocations				
Cost Allocation - Governing Body	5,150	5,164	5,164	2% allocation (SW is 2 % of FTEs)
Cost Allocation - Administration	22,023	23,189	23,189	2% allocation (SW is 2 % of FTEs)
Cost Allocation - Finance	24,076	11,926	11,926	2% allocation (SW is 2% of Town rev/exp)
Cost Allocation - Ruffin-Roulhac	14,042	18,226	18,226	8% allocation (SW is 8% of TH staff)
Cost Allocation - Safety & Wellness	3,256	3,174	3,174	2% allocation (SW is 2% of FTEs)
Cost Allocation - Information Services	4,784	6,915	6,915	2% allocation (SW is 2% of Town computers)
Cost Allocation - Fleet Maintenance	7,454	7,337	7,337	2% op costs & facility debt pymt; 100% maint costs
Cost Allocation - Streets	12,589	0	0	
Cost Allocation - Solid Waste	15,415	0	0	
Cost Allocation - WW Collections	2,850	0	0	
Cost Allocations Subtotal	111,639	75,931	75,931	
Stormwater Total	\$ 581,197	\$ 590,640	\$ 391,853	
% Change	0.0%	1.6%	-33.7%	
Projected Revenue	796,500	796,500	396,536	Based on \$50 annual fee and corresponding ERU
Surplus / (Deficit) at Current Rate	215,303	205,860	4,683	
Ret. Earn. Needed to Balance Budget	0	0	0	
Available Retained Earnings Remaining	\$ 215,303	\$ 205,860	\$ 210,543	Goal of 17-33% with a target of 25%; excess funds can be used to fund
Retained Earnings as % of Op Expenditur	37.0%	34.9%	53.7%	infrastructure improvements

Stormwater Utility Fee Determination

The *Stormwater Utility Fees* are based on impervious surface. The amount of impervious surface directly affects the amount of stormwater runoff generated on a parcel. The higher the impervious surface, the more stormwater runoff. Likewise the type of property also impacts the potential for stormwater runoff pollution. In general an industrial, commercial or even institutional property has higher traffic volumes and increased activity than a single family residence. For this reason non-residential properties tend to have a higher risk of stormwater runoff pollution than single family, residential properties.

Something to consider... 1000 square feet of impervious surface generates 623 gallons of runoff from one inch of rainfall. Table 4 compares the amount of stormwater runoff that would be generated by one inch of rainfall for various amounts of impervious surface and then multiplied by amount of stormwater runoff generated by the total amount of rainfall recorded for Hillsborough in 2015*, which was 49.07 inches.

Table 4. Comparison of Stormwater Runoff Generated

Impervious Surface (square feet)	Runoff 1-inch Rainfall (gallons)	Runoff 2015 Total (gallons)
5,000	3,115	152,853
10,000	6,230	305,706
50,000	31,150	1,528,531
100,000	62,300	3,057,061
500,000	311,500	15,285,305

*Calendar year 2015 as recorded by the Town of Hillsborough’s rain gage located at the town

Stormwater Utility Fees

Generally, stormwater utilities assess either flat fees, tiered fees, calculate the fee based on exact amount of impervious surface or some combination. Flat fees are the simplest to administer and have the lowest cost to collect. Fees calculated on the exact impervious surface, while equitable, take the most time to administer and can be extremely costly to maintain up to date impervious data. Most Stormwater Utilities choose a simple flat rate to start, so that additional personnel do not need to be hired simply to administer the fee assessment and collection.

In order to start simply and keep administrative costs to a minimum, town staff initially selected to assess a flat fee for residential properties and a higher flat fee for non-residential properties. However after input from the town’s management team, elected officials and citizens, staff recommended a simple tiered approach to more equitably assess fees on non-residential properties. For additional details, please consult the [Stormwater Utility Fee Analysis and Report](#) available on the town’s website.

Residential Fees

A residential property is defined as a single family residence and includes individually owned townhomes and condominiums. For the purpose of the stormwater fee, apartment complexes are considered non-residential (i.e. commercial properties). To determine the fee, town staff used recent aerial photography as well as actual as-built surveys to determine the average impervious surface for each primary, single family residential area within the town limits. Interestingly, there did not seem to be a significant difference in impervious surface average across neighborhoods. Often, neighborhoods with small house foot prints had larger driveways while larger homes had smaller driveways. Based on this analysis, it was determined a flat fee is appropriate and would allow simple administration. The amount of the fee was based on analyzing the average of all stormwater utilities across North Carolina. Staff wanted the fee to be near the average while allowing enough revenue to meet proposed budget needs.

Non-Residential Fees

As indicated above, input from the town's management team, elected officials and citizens guided staff to propose a simple tiered approach. Tiers allow assessing fees to a range of impervious surfaces and are therefore more equitable since they are based on impact. However, tiers are also relatively simple to administer since it is not anticipated that properties will change tiers frequently as property owners add or remove impervious surface.

Initially staff proposed three tiers, but input from local businesses showed a need for either assessing a fee based on the actual amount of impervious surface or at a minimum adding tiers so that properties are assessed a fee that is more equitable based on impervious surface. While assessing fees based on the exact amount of impervious surface, is equitable, it also costs more in administrative fees. Other municipalities that opted for this method incurred significant costs. Choosing this method would require fees to go up substantially over those currently proposed.

With that in mind, staff chose to stay with a tiered approach for non-residential properties, but expand the tiers from three to five. By expanding the tiers, properties with smaller impervious surfaces would not be charged similarly to those with larger impervious surfaces. After researching the matter, staff determined that there was not a standard way to determine tiers. Instead staff used scatter plots showing impervious surface by parcel and professional judgment to determine "break points" between tiers. Based on staff's professional opinion the proposed tier structure is:

- *Tier 1..... Less than 10,000 square feet impervious surface*
- *Tier 2..... 10,001 square feet to 30,000 square feet impervious surface*
- *Tier 3..... 30,001 square feet to 100,000 square feet impervious surface*
- *Tier 4..... 100,001 square feet to 200,000 square feet impervious surface*
- *Tier 5..... More than 200,000 square feet impervious surface*



Arguably the tiers are somewhat arbitrary but clearly properties falling within Tier 5 will have significantly more stormwater impact than Tier 1. The middle tiers were determined on “similar” impact and where there seemed to be “groupings” or “break points” of impervious surface amounts.

Fees for each tier were approximated based on the equivalent residential unit (ERU). An ERU is simply a way to equate a non-residential property to a residential property. The average impervious surface for a single family residential property in Hillsborough is about 2,800 square feet. Using the mid-point of impervious surface for each tier, the number of ERUs were calculated and multiplied by the proposed annual residential fee. This number was rounded to the nearest \$100.

Something to consider...

Stormwater utility fees for a residential property varies widely across the United States and North Carolina. Based on available information the average annual stormwater fee for a single family residential property are:

<i>National Average.....</i>	<i>\$70</i>
<i>(based on 2014 Black & Veatch Survey)</i>	
<i>North Carolina Average.....</i>	<i>\$49</i>
<i>(based on 2013 UNC School of Government Stormwater Dashboard)</i>	
<i>Communities within Falls Lake Watershed.....</i>	<i>\$78</i>
<i>(based on 2016 fees)</i>	

Most stormwater utilities then assess non-residential properties on their “equivalent residential unit” and amount of square footage of impervious surface.

Proposed Fees, Revenue & Expenditures

Both the proposed residential and non-residential fees were multiplied by the number of each property type and analyzed against the proposed budget. The proposed rate structure is provided in Table 5:

Table 5. Number of Properties based on Current Parcel Data

Property Type	Annual Fee	Number of Properties
Residential	\$50	2360
Non-Residential, Tier 1	\$100	129
Non-Residential, Tier 2	\$400	106
Non-Residential, Tier 3	\$1,200	72
Non-Residential, Tier 4	\$2,700	17
Non-Residential, Tier 5	\$8,600	12

Updated budget and revenue figures are provided in the Table 6. Total projected revenue is based on a 97% collection rate fees which is considered typical. The projected revenues are based on a residential flat rate of \$50 and corresponding ERU rates for non-residential property tiers as shown above. Proposed expenses are from the current draft FY17-19 budget. The FY17 budget was reduced significantly to meet projected revenues. As indicated, the fee schedule above shows a shortfall in FY18 and FY19. This necessitated the need to consider optional rate structures. Proposed options are provided in the following section (page 11).

Table 6. Updated Proposed Budget Figures and Estimated Revenue

		FY17	FY18	FY19
Estimated Revenue	Residential Properties	\$118,000	\$137,600	\$149,950
	Non-Residential Properties	\$290,800	\$310,100	\$310,600
	<i>Sub Total</i>	\$408,800	\$447,700	\$460,550
	<i>Total Projected Revenue*</i>	\$396,536	\$434,269	\$446,734
Proposed Expenses		\$391,853	\$450,891	\$725,361
<i>Surplus/Deficit</i>		\$4,683	(\$16,622)	(\$278,628)

*Assumes a 97% collection rate of fees



Stormwater Utility Fee Options

Currently the proposed fee for Residential property is \$50 annually. Non-residential fees are based on the “equivalent residential unit” or ERU for the midpoint of the tier. For Hillsborough the average impervious surface for residential properties is about 2,800 square feet. That equates to roughly \$0.02 per square foot.

However, as noted above there is a significant reduction in revenue resulting in a budget shortage. This will require fees to be increased at some point in time. The question is whether fees should remain as proposed and raised later, raise fees now or incrementally increase fees over a few years. This document proposes three options. All options include a flat fee for residential and a 5-tier fee structure based on the ERU and the midpoint of the tier. Tiers are based on impervious surface as described previously. None of the options include fees for undeveloped parcels, open space or lands owned by homeowner associations. The three options proposed are:

- Option 1 Keep Fees as Proposed*
- Option 2 Increase Fees 64%*
- Option 3 Increase Fees Incrementally 10%*

Each option is described below and includes a list of advantages and disadvantages; a table showing the fee structure for each option; and charts comparing the fees to other municipalities with stormwater utilities within the Falls Lake watershed.

Table 10 on the last page of this document shows a comparison of projected revenue for each of the next three fiscal years based on differing stormwater utility rates. The rates are based on a residential flat rate and corresponding ERU for non-residential rate for each of the 5 tiers.

Something to consider...a 2014 survey of stormwater utilities across the United States found that funding adequacy is a major concern. According to the study,

“Lack of adequate funding continues to plague even those municipalities that have a dedicated stormwater user fee. Out of a total of 78 respondents that participated in this survey and indicated having a stormwater user fee, 62% did not have adequate funding to meet most of their utility needs. The survey continues to highlight a growing funding gap. Despite funding inadequacy, 31% of the respondents indicated not having any rate increases since 2004, which can further exacerbate the funding gap¹.”

*2014 Stormwater Utility Survey, A Black & Veatch Report



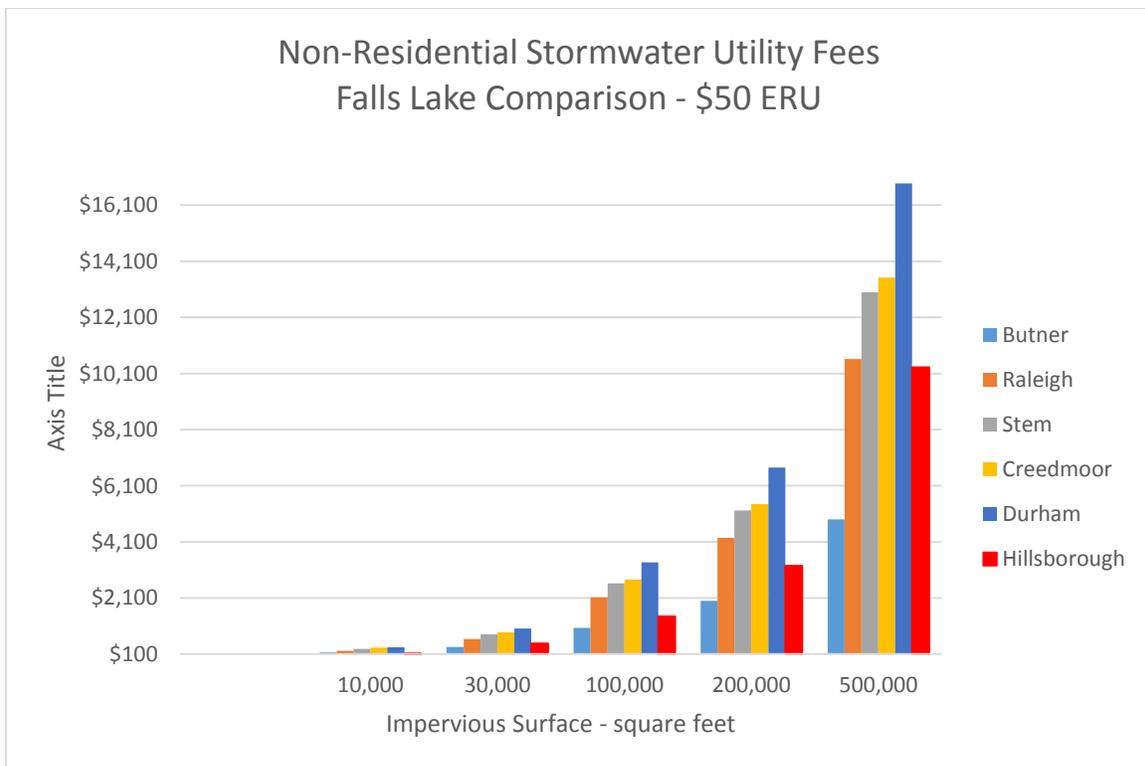
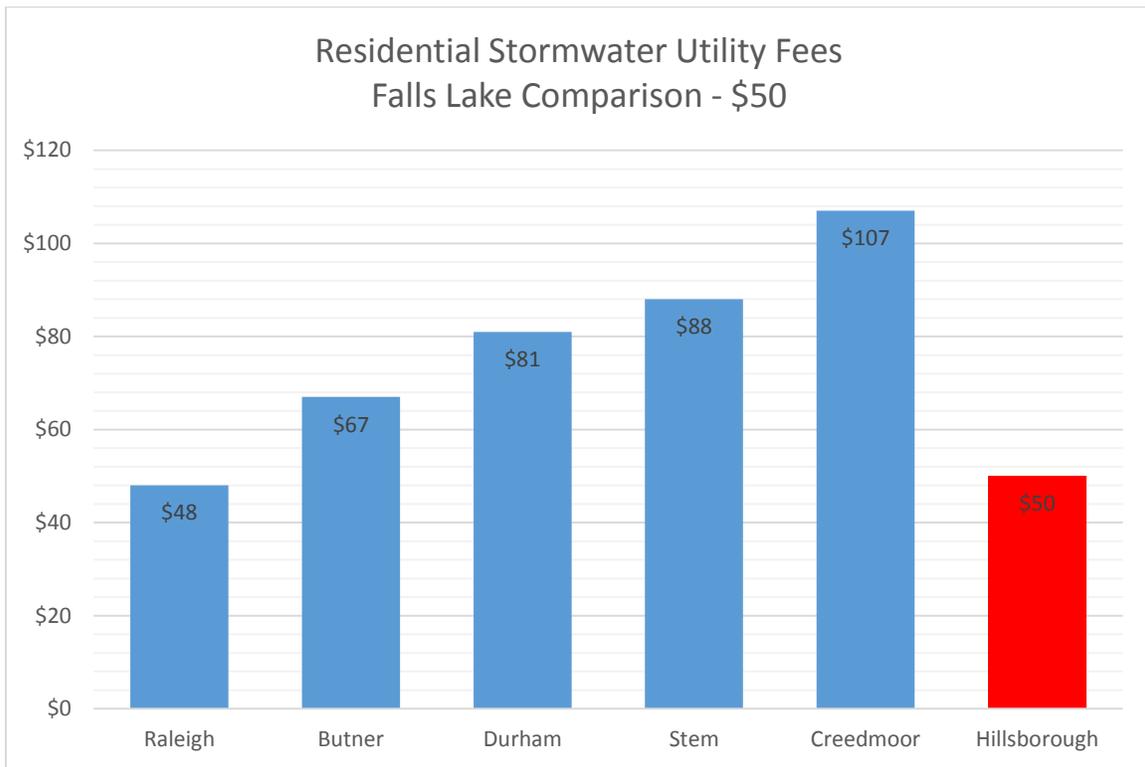
Option 1 – Keep Fees as Proposed for FY17 & FY18

- Residential properties – flat fee of \$50/annually
- Non-residential properties – 5 Tiers with fees based on \$50 ERU
- Analyze revenue and budget expenditures during FY17 and FY18
- Increase fees significantly in FY19 based on analysis
- Advantages:
 - \$50 residential flat fee is the same as originally proposed
 - Keeps fees well below average compared to other Falls Lake municipalities
 - Allows time for additional analysis and refinement of data
- Disadvantages:
 - Requires significant budget cuts including:
 - Postpones hiring new stormwater positions for 6 months
 - No funding for private drainage cost-share program
 - Reduced funding for storm drain cleaning from 3-5% target to 1%
 - Reduced funding for routine stormwater system maintenance and replacement by Public Works
 - Reduced funding for engineering assessment of stormwater infrastructure from 2 areas annually to 1.
 - Significantly reduced funding for contract services to complete stormwater infrastructure improvements identified in the engineering assessment.
 - No funding for Falls Lake nutrient reduction design/construction of projects
 - No retained earnings/fund balance
 - Requires a large increase in FY19

Table 7. Proposed Option 1 Fees

OPTION 1 FEES	
Property Type	FY17 Annual Fee
Residential	\$50
Non-Residential, Tier 1	\$100
Non-Residential, Tier 2	\$400
Non-Residential, Tier 3	\$1,200
Non-Residential, Tier 4	\$2,700
Non-Residential, Tier 5	\$8,600

Option 1 (continued)





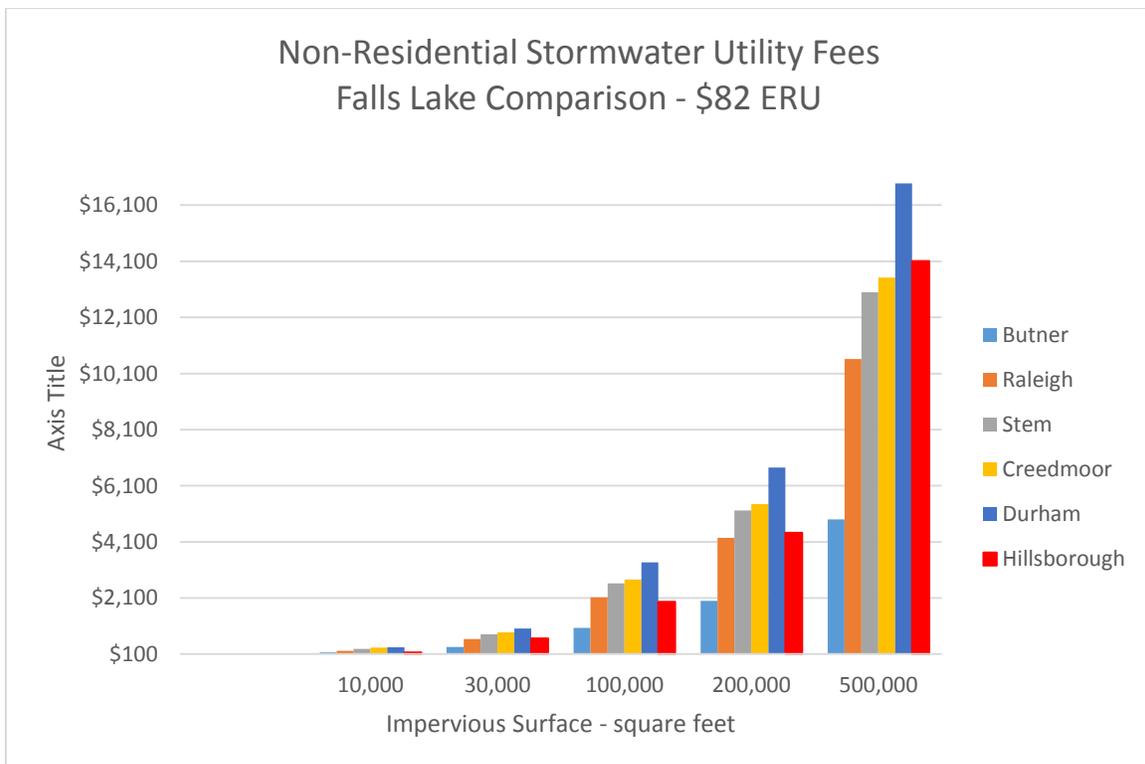
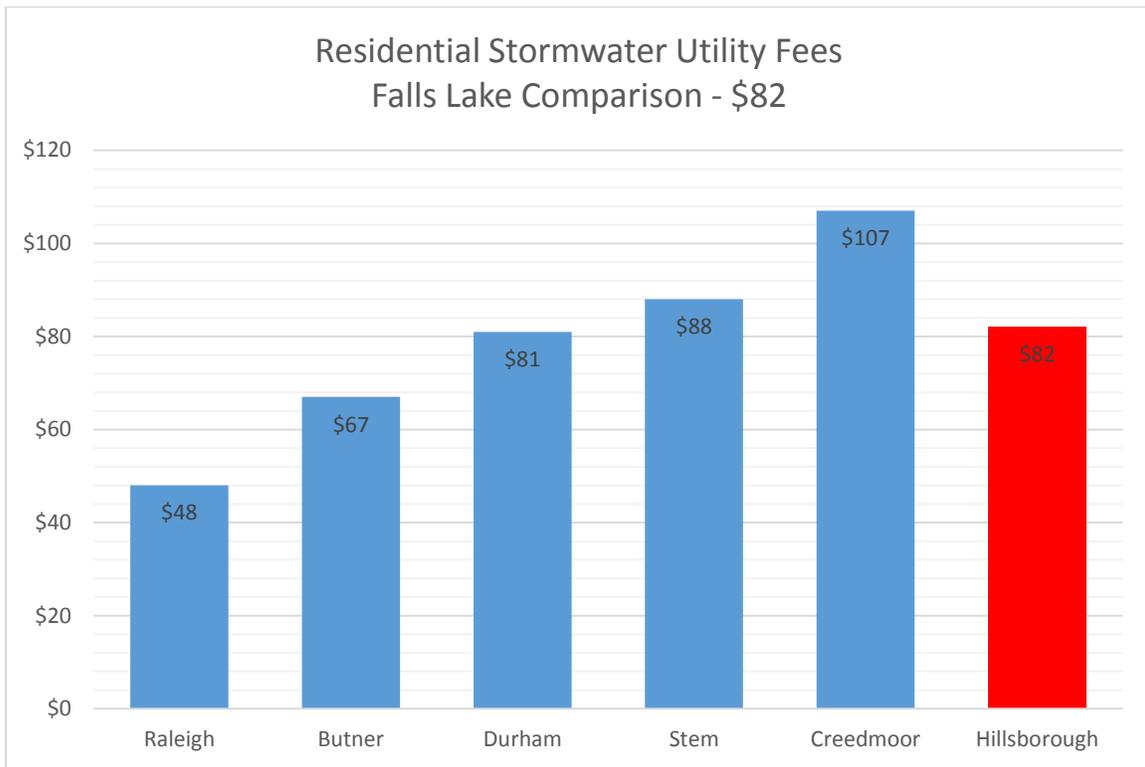
Option 2 – Increase Fees by 64% for FY17

- Residential properties – flat fee of \$82/annually
- Non-residential properties – 5 Tiers with fees based on \$82 ERU
- Advantages:
 - Funds all components of the original stormwater budget
 - Provides full stormwater services to citizens
 - Will not require an increase during the 3 year budget plan
 - Allows assessment and possible early project implementation towards Falls Lake compliance; early project implementation may get extra credit from the state
- Disadvantages:
 - Significantly higher fees than originally proposed
 - May not be well received by the public

Table 8. Proposed Option 2 Fees

OPTION 2 FEES	
Property Type	FY17 Annual Fee
Residential	\$82
Non-Residential, Tier 1	\$164
Non-Residential, Tier 2	\$656
Non-Residential, Tier 3	\$1,968
Non-Residential, Tier 4	\$4,428
Non-Residential, Tier 5	\$14,104

Option 2 (continued)





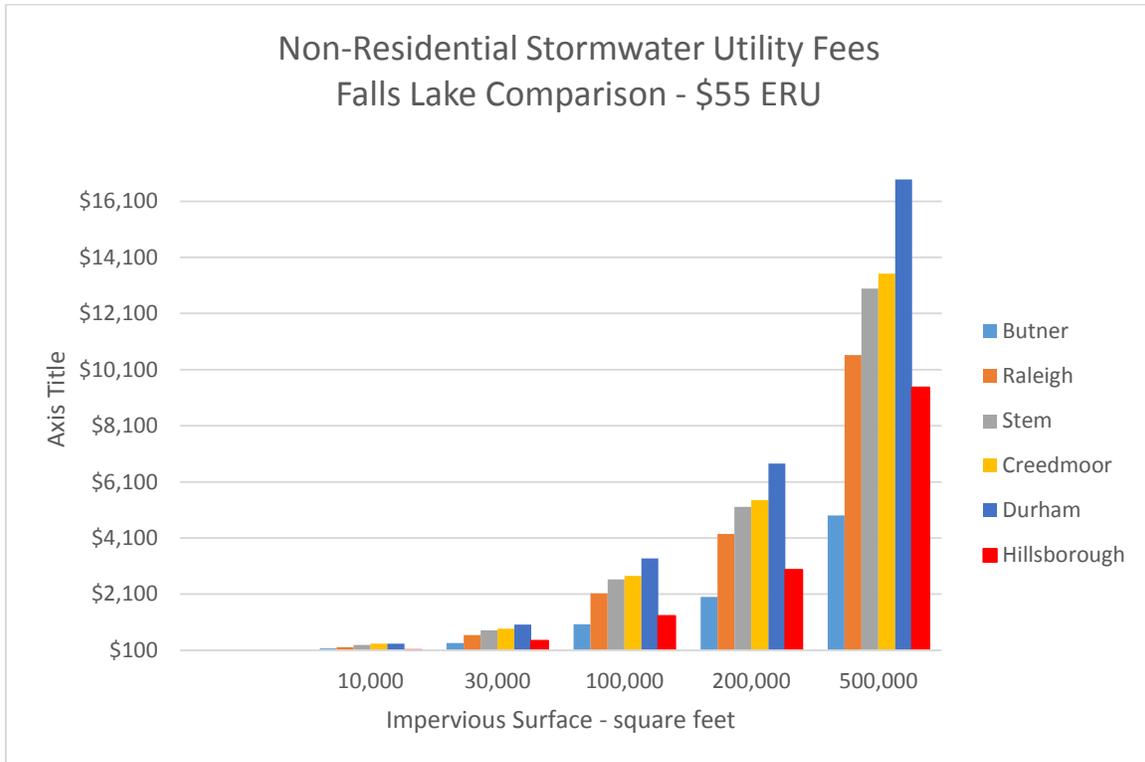
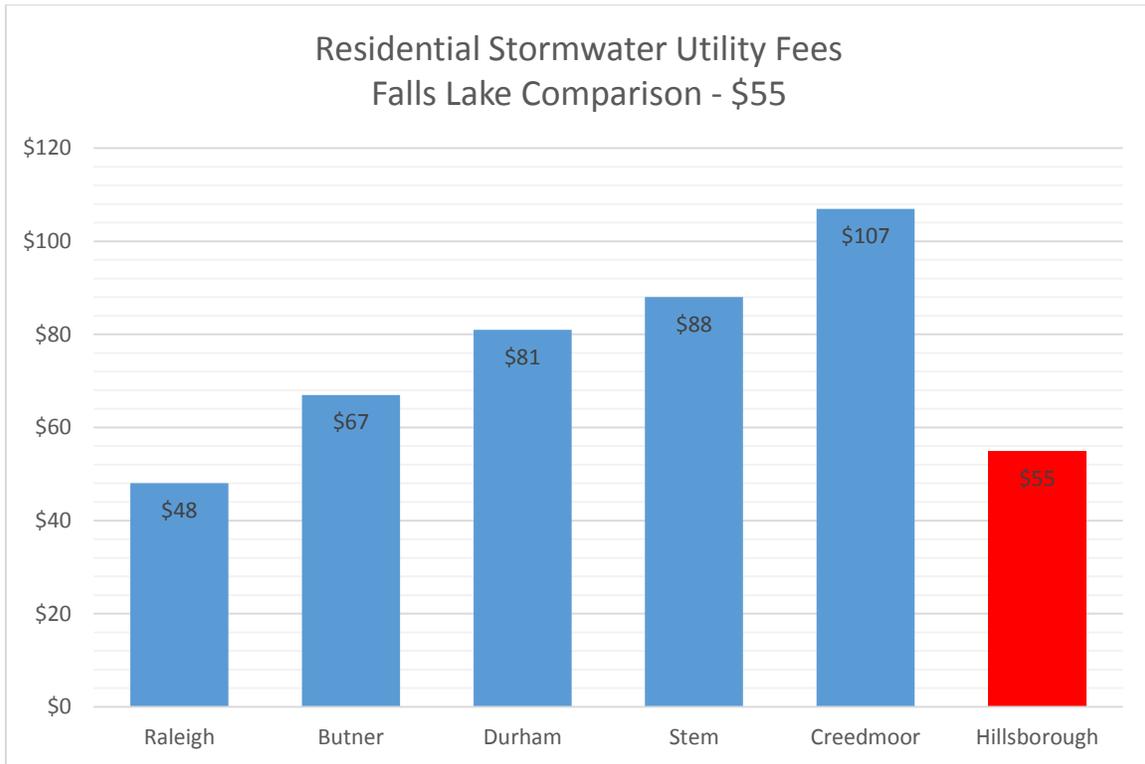
Option 3 – Increase Fees Incrementally 10% for FY17, FY18, FY19

- Residential properties – increase flat fee 10% to \$55/annually in FY17 and raise 10% each following year until target is reached; that would be \$55/\$60/\$66 the first 3 years
- Non-residential properties – 5 Tiers with fees based on \$55/\$60/\$66 ERU the first 3 years
- Analyze revenue and budget expenditures each year to determine adjustments
- Advantages:
 - Keeps fees well below average compared to other Falls Lake municipalities for the first 3 years
 - Provides retained earnings in FY17 of \$44,337
 - Reduces shortfall in FY19 to \$135,000
 - Will allow stormwater infrastructure services to be increased incrementally
 - Will allow some funding for private drainage cost share
 - Will allow some funding for Falls Lake compliance
 - Allows time for additional analysis and refinement of data
- Disadvantages:
 - Still requires significant budget cuts outlined earlier for FY17 and some cuts in FY18
 - Does not fully fund expected expenditures in FY19
 - Will take 5 to 6 years with a 10% increase in fees each year to fully fund the stormwater budget

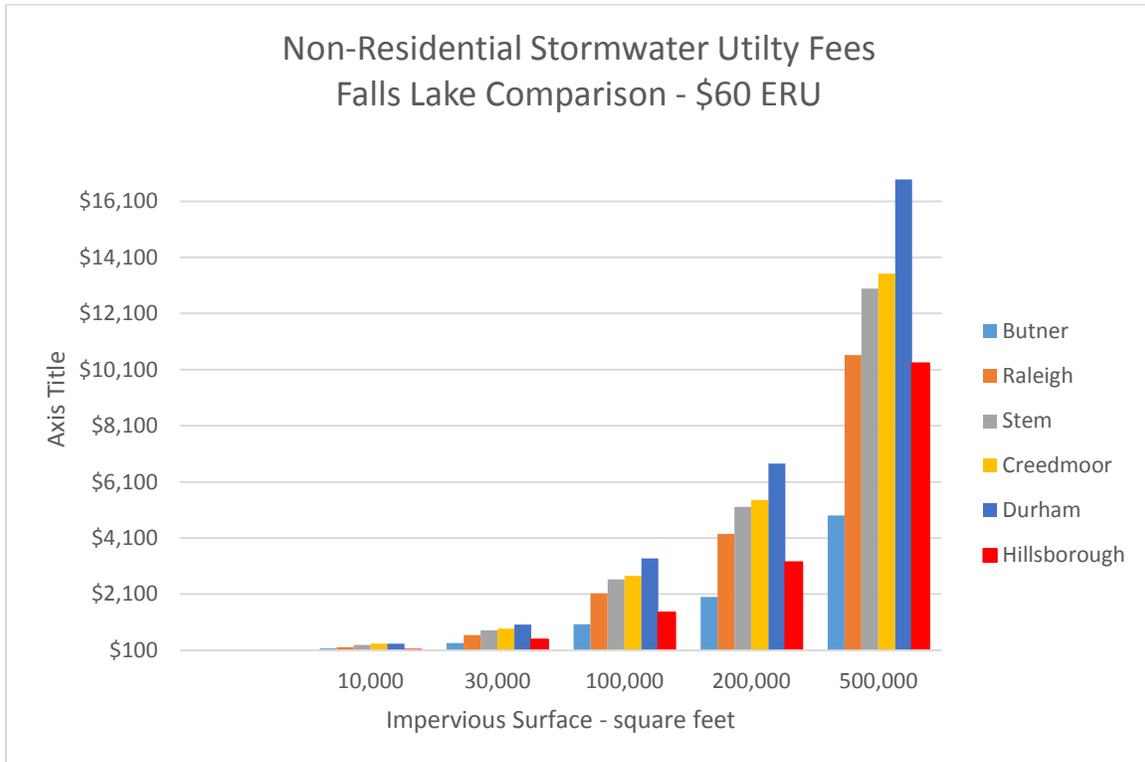
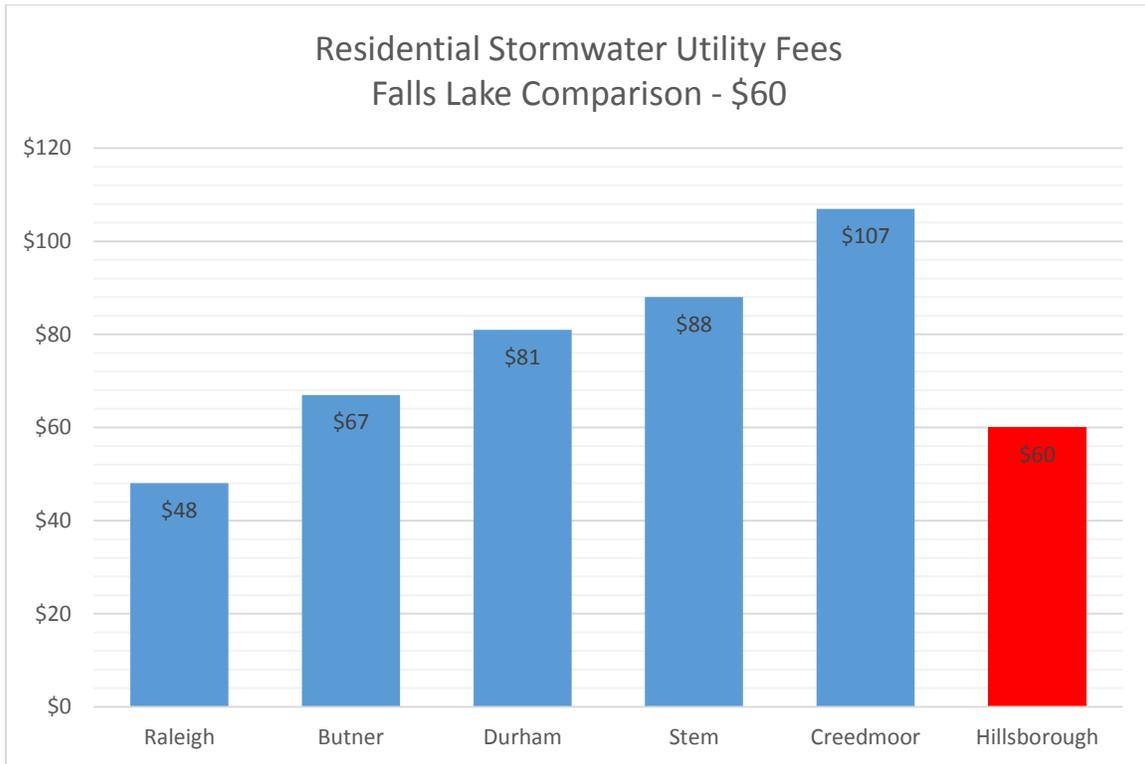
Table 9. Proposed Option 3 Fees

OPTION 3 FEES Property Type	Annual Fee		
	FY17	FY18	FY19
Residential	\$55	\$60	\$66
Non-Residential, Tier 1	\$110	\$120	\$132
Non-Residential, Tier 2	\$440	\$480	\$528
Non-Residential, Tier 3	\$1,320	\$1,440	\$1,584
Non-Residential, Tier 4	\$2,970	\$3,240	\$3,564
Non-Residential, Tier 5	\$9,460	\$10,320	\$11,352

Option 3 (continued)



Option 3 (continued)



Option 3 (continued)

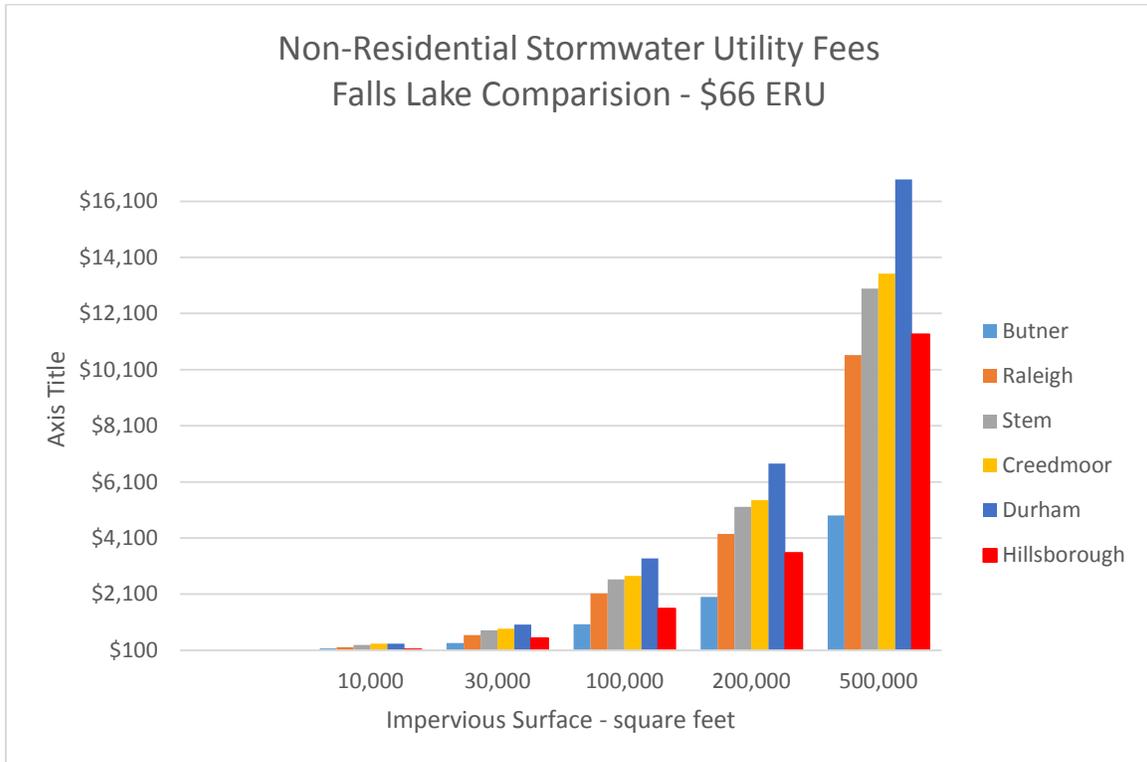
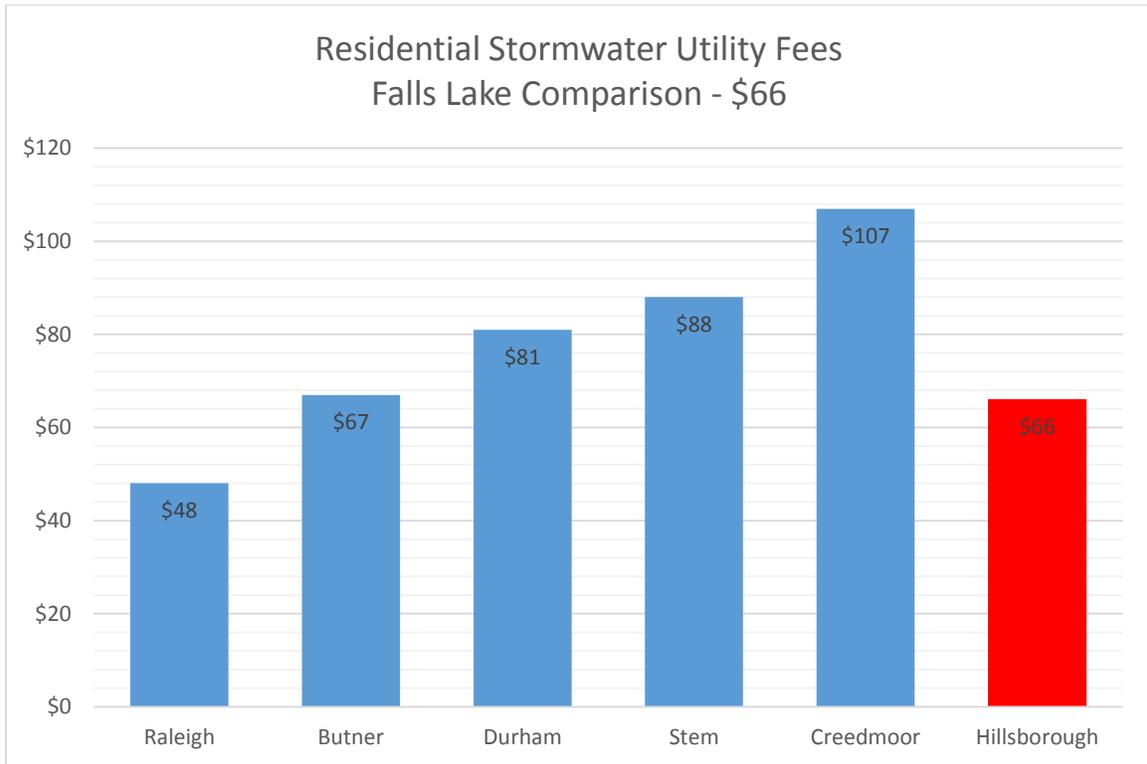


Table 10. Comparison of Projected Revenue for Various Fee Structures

		FY17	FY18	FY19
Proposed Expenses		\$391,853	\$450,891	\$725,361
Based on \$50 fee	Projected Revenue	\$396,536	\$434,269	\$446,734
	<i>Surplus/Deficit</i>	\$4,683	(\$16,622)	(\$278,628)
Based on \$55 fee	Projected Revenue	\$436,190	\$477,696	\$491,407
	<i>Surplus/Deficit</i>	\$44,337	\$26,805	(\$233,954)
Based on \$60 fee	Projected Revenue	\$475,843	\$521,123	\$536,080
	<i>Surplus/Deficit</i>	\$83,990	\$70,232	(\$189,281)
Based on \$66 fee	Projected Revenue	\$523,428	\$573,235	\$589,688
	<i>Surplus/Deficit</i>	\$131,575	\$122,344	(\$135,673)
Based on \$82 fee	Projected Revenue	\$650,319	\$712,201	\$732,643
	<i>Surplus/Deficit</i>	\$258,466	\$261,310	\$7,282