Agawam Stormwater Program Needs and Funding Options

Town Council Meeting
September 17, 2018
Agenda

Tonight’s Goal:
Present Agawam’s Stormwater Needs and Funding Options for Further Consideration

Stormwater Program
  • Stormwater Infrastructure
  • Existing and Future Needs/Costs

Funding Options
  • Available Funding Mechanisms
  • Stormwater Utility (fee) Approach

Study Results
  • Work Completed
  • Agawam Funding Analysis
  • Task Force and Public Feedback

Closing
Stormwater Program

Stormwater Infrastructure

Storm Drain Infrastructure:
► 512 Outfalls
► 4,757 catch basins
► 2,352 manholes
► 121.5 miles drain pipe
► 3.2 miles culverts

Estimated replacement value is approx. $150 million
Stormwater Program

Existing and Future Needs/Costs

Existing Activities
- Catch basin cleaning
- Street sweeping
- Drainage structure repair and replacement
- Culvert cleaning, repair and replacement
- Management of stormwater treatment facilities
- Road shoulder and ditch repair
- Flood response and improvements
- Engineering and planning for upgrades
- Drainage mapping and assessments
- Stormwater permit compliance
Stormwater Program
Existing and Future Needs/Costs

Future Needs

► Infrastructure:
  ► Failing infrastructure
  ► Flooding
  ► Backlog and aging infrastructure
  ► Additional assessment

► Small Municipal Separate Storm Sewer System (MS4) General Permit Compliance:
  ► Increased management
  ► Increased engineering
  ► Increased maintenance
  ► Water quality considerations
  ► Infrastructure upgrades
  ► Increased tracking and reporting
Stormwater Program
Existing and Future Needs/Costs

Significant Capital Projects

► Reed Street Outfall Failure:
  ► Discovered during drainage investigation
  ► Deteriorated infrastructure
  ► Land slope failure
  ► $489,000 (plus engineering)

► Other Estimated Costs:
  ► South Park Terrace - >$1,000,000
  ► Fairview Street - $164,000
  ► Federal Street Extension - $160,000
  ► Meadow Street - $TBD
Stormwater Program
Existing and Future Needs/Costs

Preliminary Estimates:
► $1,926,209 – moderate level of service (5-yr avg.)
  ► $880,138 – net increase, $250K for capital projects
► $2,149,800 – higher level of service (5-yr avg.)
  ► $1,103,729 – net increase, $500K for capital projects in FY ’21
► $3M – potential cost as data is collected and program grows

Higher Level of Service:

<table>
<thead>
<tr>
<th>Functional Category</th>
<th>FY ’18</th>
<th>FY ’19</th>
<th>FY ’20</th>
<th>FY ’21</th>
<th>FY ’22</th>
<th>FY ’23</th>
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<td>2. Stormwater Operations and Maintenance</td>
<td>$735,799</td>
<td>$1,027,446</td>
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<td>4. Regulatory Compliance / Enforcement</td>
<td>$100,917</td>
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<td>Total</td>
<td>$1,046,071</td>
<td>$1,630,481</td>
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<td>$2,312,268</td>
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Funding Options

Available Funding Mechanisms

Primary Revenue Options

► **Tax Override**
  ► Based on property value
  ► Funds allocated to DPW or other account
  ► Town Meeting vote annually

► **Municipal Water Infrastructure Investment Fund**  
  *(MGL Chapter 259 (Section 39M): An Act Improving Drinking Water and Wastewater Infrastructure)*
  ► Based on property value (surcharge up to 3%)
  ► Use of funds is not limited solely to stormwater
  ► Town Meeting vote to establish

► **Stormwater Utility (user-fee or enterprise fund)**  
  *(MGL Chapter 83 (Section 16): Charge for Use of Sewers)*
  ► Based on impervious surface, not property value
  ► Includes tax-exempt properties
  ► Dedicated funding, stormwater only
  ► Town Meeting vote to establish
  ► Opportunities for credits
Funding Options

Stormwater Utility (fee) Approach

MGL Chapter 83, Section 16. Charge for use of sewers

“The aldermen of any city or the sewer commissioners, selectmen or road commissioners of a town, may from time to time establish just and equitable annual charges for the use of common sewers and main drains and related stormwater facilities, which shall be paid by every person who enters his particular sewer therein. The money so received may be applied to the payment of the cost of maintenance and repairs of such sewers or of any debt contracted for sewer purposes. In establishing quarterly or annual charges for the use of main drains and related stormwater facilities, the city, town, or district may either charge a uniform fee for residential properties and a separate uniform fee for commercial properties or establish an annual charge based upon a uniform unit method; but, the charge shall be assessed in a fair and equitable manner. . .”
Funding Options
Stormwater Utility (fee) Approach

How Does it Work?
► Fees assigned to a parcel for stormwater services
► Measure of the burden on the public stormwater system/program
► More impervious areas =
  ► …more stormwater runoff…
  ► …larger burden on the system…
  ► …larger user fee
► Property value is not considered (similar to water and sewer fees)
► Tax-exempt properties contribute

Impervious Area = 3,250 square feet
(typical residential property in Agawam)
Funding Options

Stormwater Utility (fee) Approach

Nearby Examples
► 4 in Pioneer Valley
► 12 in MA and more pending

Compelling Reasons
► Cohesive and proactive program management
► Adequate and dedicated funding
► More equitable
► Credits for good stormwater management
► Best of alternatives
Funding Options

Stormwater Utility (fee) Approach

• Nearly 1,700 nationwide

Source: 2018 Western Kentucky University Stormwater Utility Survey
Study Results
Work Completed

- MassDEP s319 Grant - $75,000
- ~18-month Study of:
  - Agawam’s existing and future costs
  - Funding options and funding analysis
  - Public engagement process
- 6 Advisory Task Force Meetings from April 2017-February 2018
- 5 Public Meetings with Targeted Audiences
- Final Report end of September 2018
Study Results

Agawam Funding Analysis

Basic Approach for Calculating Fees

- Measured impervious surface for each parcel using aerial photos and GIS
- Billing units calculated based on 1,000 square foot increments
- Total program costs ÷ billing units = $/billing unit
Study Results
Agawam Funding Analysis

Example Costs *(preliminary and for illustration purposes only, higher level of service)*

► **Typical Single Family Home**
  ► $88/yr stormwater utility fee (3 billing units)
  ► $76/yr for 1.8% tax increase with $250,000 value
  ► 3,250 square feet of impervious area
  ► Smaller or larger properties pay more or less

► **Non-Residential Property**
  ► $1,370/yr stormwater utility fee (47 billing units)
  ► $320/yr for 1.8% tax increase with $553,000 value
  ► Fees vary widely and properties benefit under one scenario or the other
  ► More opportunities for credits
Study Results

Task Force Feedback

Needs, Tax versus Fee, and Level of Service (LOS)

► There is agreement that there are stormwater needs that are not met and the current level of funding is not adequate.

► Members generally felt that a stormwater fee was a better way to distribute costs and the costs for sample residential properties seemed reasonable for both LOS and rate scenarios.

► The annual fees for a stormwater utility appear to be reasonable and the increase for a higher LOS would advance the program for little added cost.

► Members preferred the following for a stormwater utility:
  ► A rate methodology based on impervious area
  ► A flat rate structure based on 1,000 sf of impervious area and potential modifiers
  ► Credits for water quantity and quality management, as well as small properties
  ► Offer up to 50% in credits
  ► Billing with existing utility bills (water and sewer)
Study Results
Task Force Feedback

Key Comments and Concerns
► The future costs are a significant increase overall (up to 1.8% tax increase), especially when considering tax increases do not exceed 2.5% annually (without an over-ride).
► Additional fees may be a significant burden to some properties.
► People are looking for solutions to these problems and seem receptive to idea of a fee if it will help address flooding and drainage problems.
► Need transparency and accountability to ensure that funding will go to stormwater.
► Need to effectively engage the public and inform them of the needs and costs related to stormwater management.
Study Results

Additional Public Feedback

Common Questions and Comments

► My property does not drain to the town’s storm drain system, so why should I pay?
► I don’t think it’s fair to pay on the basis of my driveway and house.
  ► The stormwater utility is a funding mechanism to pay for the entire public storm drain system.
  ► Everyone uses the roads and public storm drain system.
  ► A stormwater fee based on impervious surfaces is a way to measure the impact from each property based on the total program cost, but it’s not perfect.
  ► Consider a water utility: customers are charged based on water usage, regardless of how close they are to the treatment plant and water tower.
  ► Costs can be paid through the general fund, but there is no correlation between property value and the demand on the storm drain system.
► We have a detention basin that is maintained by the condominium association, so we are already managing stormwater.
  ► This property can receive a credit to reduce the stormwater fee. This is not an option when paid by taxes.
► This seems like a burden to many properties. So I’m looking at what I can rip up to reduce my fee.
  ► Raising taxes will also be a burden to many properties.
  ► The Town also wants to promote good stormwater management practices.
  ► A stormwater fee offers an alternative with additional benefits, including an improved ability to leverage outside funding sources.
Let’s consider the following:

- The Town has existing stormwater problems.
- Stormwater management needs are increasing.
  - Aging infrastructure and increased demand on the system
  - New MS4 Permit
- The Town has limited resources and funding.
- We can solve these problems and manage stormwater better.
- It will cost more.

What is the best way for Agawam to pay for adequate management of $150M worth of infrastructure?