



TO: Town Council
FROM: Maureen Rischitelli, Director of Administrative Services
DATE: December 29, 2015
ISSUE: STORMWATER UTILITY FEES
MEETING DATE: January 4, 2016, January 19, 2016, February 1, 2016

DRAFT #1

BACKGROUND:

The Town Council adopted Ordinance 15-08 on September 21, 2015 for the purpose of establishing the Town's intent to levy and collect Stormwater Fees in order to construct and maintain an enhanced level of stormwater service on the road system in the Town. This enhanced system also includes the treatment of the water prior to its discharge into the bay.

HISTORY:

2009, November the Town began stormwater drainage improvements to correct the chronic flooding of the roadway and properties along the North Estero Corridor.

2010 CDM prepared the Town's Stormwater Master Plan and reported that the current operation and maintenance services provided by the Town are minimal annual routine maintenance and reactive maintenance as necessary.

2013, May CDM's Executive Summary of the Stormwater Master plan is updated. Provided information on Enhanced Routine Operation and Maintenance: regularly clean and maintain existing system, fully connect existing system and fully connect and upgrade existing system. Identified 3 major problem areas. Use of swales for conveyance and water quality retrofits for remaining outfalls and consider creation of stormwater utility.

2013, December, Council was advised by the Town Manager how the FEMA grant received after Hurricane Charley did contribute to some of the cost of the North Estero project; yet there was no funding mechanism in place to accomplish all of the stormwater work necessary. The Town entered into a professional services agreement with Government Services Group, Inc. (GSG) to develop a funding program for stormwater services.

2015, June-July Final GSG Reports received.

June 8, 2015, Town's audit committee reviewed presentation by Public Works Director Scott Baker pertaining to the proposed capital project, costs and operations and maintenance. He explained the difference between the \$15 Million dollar GSG proposal and his estimate at \$30 Million dollars.

June 15, 2015 workshop, Town Council provided direction to staff on enhanced level of service and to proceed with development of stormwater utility to fund construction/anticipated debt.

September 9, 2015 First Reading Stormwater Ordinance 15-08

September 21, 2015 Second and Final Reading Stormwater Ordinance 15-08

November 16 and December 7 further discussion on Stormwater Financing was held.

February 1, 2016 is the now advertised date for Council to make determination on fee.

This discussion/Public Hearing provides an opportunity for the public to be heard regarding the collection of Stormwater Fees

ANALYSIS:

GSG estimate for capital only was \$15,367,500 for a 20 year period with debt service at 4% and annual increases. Costs estimated through Year 5 are \$6.6 Million. The cost of the capital items needs to be borne by all parcels. Operation and maintenance (O&M) year 5 at \$453,082.

The estimated number of parcels in the Town is 9,261. Cost apportionment was evaluated at an Equivalent Stormwater Unit (ESU). The building footprint was used to determine a reasonable proxy for impervious area. The median single family residence with a building footprint of 2,247 square feet and a total impervious surface of 4,414. square feet, the equivalent of 1 ESU. Single family residential units were further categorized as small (100-1400 s.f. = 0.66 ESU), medium (1,401 – 3,400 s.f. = 1 ESU), large (3,401 – 6,000 s.f. = 1.5 ESU) and very large (greater than 6,000 s.f.).

Condominium ESU's were determined by dividing the impervious area of the complex by the ESU value and dividing the result by the number of condo parcels.

General parcels include non-single family and non-condo parcels and the general parcel ESU is determined by dividing the impervious area of the general parcel by the ESU value. (Vacant Lots are considered general parcels)

Estimate of ESU by Class and Parcel		UPDATED REVISION
Residential	2,128 = 2,074 ESU's	2,207.23 ESU
Condo	5,700 = 1,325 ESU's	1,400.98 ESU
General	1,433 = 1,596 ESU's	1,696.16 ESU
Total	4,995	5,304.37

Mitigation Credits are allowable under the ordinance. Town staff, with the engineers would evaluate on a site by site basis.

Updated information provided by Tetra Tech provides estimates using current dollars expended as well as providing the same enhanced level of service to all streets on the island.

FINANCIAL INFORMATION:

Currently the Town spends from its general fund approximately \$50,000 in operations and maintenance of existing systems and there are still areas of need to be addressed.

The current estimate for O&M for FY 15-16 would be \$100,000 for maintenance of the existing infrastructure, \$400,000 for a vactor truck; and \$150,000 for general administrative first year expenses; totaling \$650,000.

Currently the amount of \$2,035,742 has been expended on stormwater costs and appears as a negative fund balance awaiting a funding source.

The current FY 15-16 proposal is to assess \$26.50 per ESU which will provide an estimated amount of \$1.1 Million dollars for the period February through September 30, 2016.

If the full amount is collected the remaining total O&M and capital deficit as of September 30 would be @ \$1,124,448 Million dollars. If the full amount is collected for Fiscal Year 16-17 this would yield approximately \$1.6 86,672 Million Dollars; which would cover the remaining O&M \$250,000 deficit with the remainder set aside to cover the cost of the Stormwater facility plan and as reserve to build for obtaining financing for the project.

Attached is a spreadsheet which depicts the estimated cost values provided by Tetra Tech showing the option of an enhanced level of service for all streets, utilizing a 2% increase after year 3 in O & M and various loan/debt options.

Note: Grant Funding through FEMA require a minimum 25% match. If the \$30 million dollar project is eligible it might require a \$7.5 million dollar match from the Town. FEMA also makes the determination as to how much it will mitigate, as is the case with North Estero and the Basin projects which yielded less than a 10% contribution.

As with all grant sources, The Town must commit to the project, identify its own funding sources, determine which part of the project is eligible for grant funds, ensure that the Town has the proper match requirements, and in many cases ensure it is part of the Town's adopted Capital Improvement Plan prior to accepting an application.

FUNDING ESTIMATES: Borrowing \$30 million dollars at 2%, no closing costs, the Town would need to pay approximately \$1.836 million each year in debt service and \$1.134 in operations and maintenance each year (first 5 year average amount). Using the same straight formula above \$2.970 Million divided by 5,304 ESU = \$560.00 per ESU = \$560.00 divided by 12 is \$46.67 per month.

LEGAL INFORMATION:

The Ordinance and legal advertising have been reviewed by Town Council.

STAFF RECOMMENDATION:

Staff recommends the implementation of the stormwater utility to ensure a dedicated and separate operation to address any and all Town stormwater infrastructure, operations and maintenance needs. This also puts into place the dedicated funding mechanism to address stormwater needs, keeping them separate from the general fund.

Staff recommends Town Council to accept stormwater fee at \$26.50 per ESU for Fiscal Year 15-16. Revenues to be used to offset existing costs as identified above and provide for operations and maintenance of existing infrastructure.

Staff recommends approval of going forward with the creation of the stormwater facility plan to be utilized to seek funding through the State Revolving fund.

Staff will bring further recommendations to Town Council upon completion of the facility plan and during the FY 16-17 budget cycle.

MOTION BASED UPON STAFF RECOMMENDATION:

Town Council accepts and sets the Stormwater utility fee at \$26.50 per ESU for Fiscal Year 15-16.

ALTERNATIVE RECOMMENDATIONS/MOTION:

Town Council sets the Stormwater utility fee at \$26.50 per ESU for Fiscal Year 15-16 and FY 16-17 only to retire the existing debt and ongoing maintenance. FY 17-18 stormwater utility fee will be to cover operations and maintenance only.

Town Council identifies an alternate stormwater level of service allocating X dollars for the project and operations and maintenance.

Town Council sets an alternative stormwater fee at \$ _____ per ESU. This could be a graduated fee.

SPECIAL CONSIDERATION: Invite State FEMA representative to attend a Town Council workshop to discuss future FEMA grant options and criteria.

Any loan application for any funding must have a dedicated funding stream.

LOCATION OF PROJECT: Island Wide

ATTACHMENTS: Map of Project Areas

Spreadsheets with estimated costs for 30 years.

Jim Steele analysis for options of graduated rates