

Navigating Uncharted Water



Implementing a Stormwater Utility in the Midst of Recession and Regulatory Turmoil

Middle James Roundtable- March 15, 2011
Jeff Scarano, City of Lynchburg

Charting our Course

- Why here, why now?
- Engaging the Public and Council
- The Path Forward
- Lessons Learned



Why Here, Why Now?

- Recession has decreased budgets and staff, but no decrease in regulations. What is cost of compliance?
- New regulations will require significant investment and come with increased oversight and accountability
- Current organization is decentralized, funding is non-dedicated, services provided are minimum required, no dedicated staff
- Existing infrastructure needs have been ignored
- Being proactive will benefit the City

Benefits of a Stormwater Utility

- Most effective way to manage stormwater, regardless of TMDLs
- More accountability (rate study, budget, etc.)
- Manage stormwater similarly to water and sewer
- Efficiencies gained through better coordination and management
- Improved customer service

Guiding Principles

- Provide services that promote the health, safety and prosperity of the city
- Manage the city's stormwater needs and infrastructure effectively and efficiently
- Comply with environmental regulations
- Engage State and Federal regulators to keep the city well-positioned on future issues
- Fairly and equitably charge for services provided
- Educate and engage the public



Engaging the Public-

Stormwater Advisory Committee (SWAC)

- Represent a wide cross-section of interest groups
- Engage public participation
- Make recommendations on the following:
 - Stormwater management priorities;
 - Appropriate and affordable level of service;
 - Recommendations on stormwater management needs, regulations and policies, financial requirements, and funding mechanisms

SWAC Members

Large Industry	Shopping Mall
Large Business	Builders Assoc.
Small Business (2)	Contractors
Hospitals	Non-profit
City Schools	Environmental Group
Churches	Economic Development Assoc.
Chamber of Commerce	Residential (3)
Housing Authority	Downtown Special Interest (2)
Commercial Realtor/Developer	
Residential Realtor	
Multifamily Complex	
Downtown Business Owner	
Institutional	
Local Engineering Firm	
Universities/Colleges (2)	



SWAC Process and Schedule

Stormwater Management Overview: May 20 – 6:00 p.m.

Program Components & Expenditures: June 24 - 6:00 p.m.

Level of Service Analysis & Alternatives: July 15 – 6:00 p.m.

Future Cost and Stormwater Funding Options: September 16 - 6:00 p.m.

Revenue Scenarios: October 21 - 6:00 p.m.

Review Recommendations: November 18 - 6:00 p.m.

Evaluate/Modify Recommendations for Council: December 16 - 6:00 p.m.

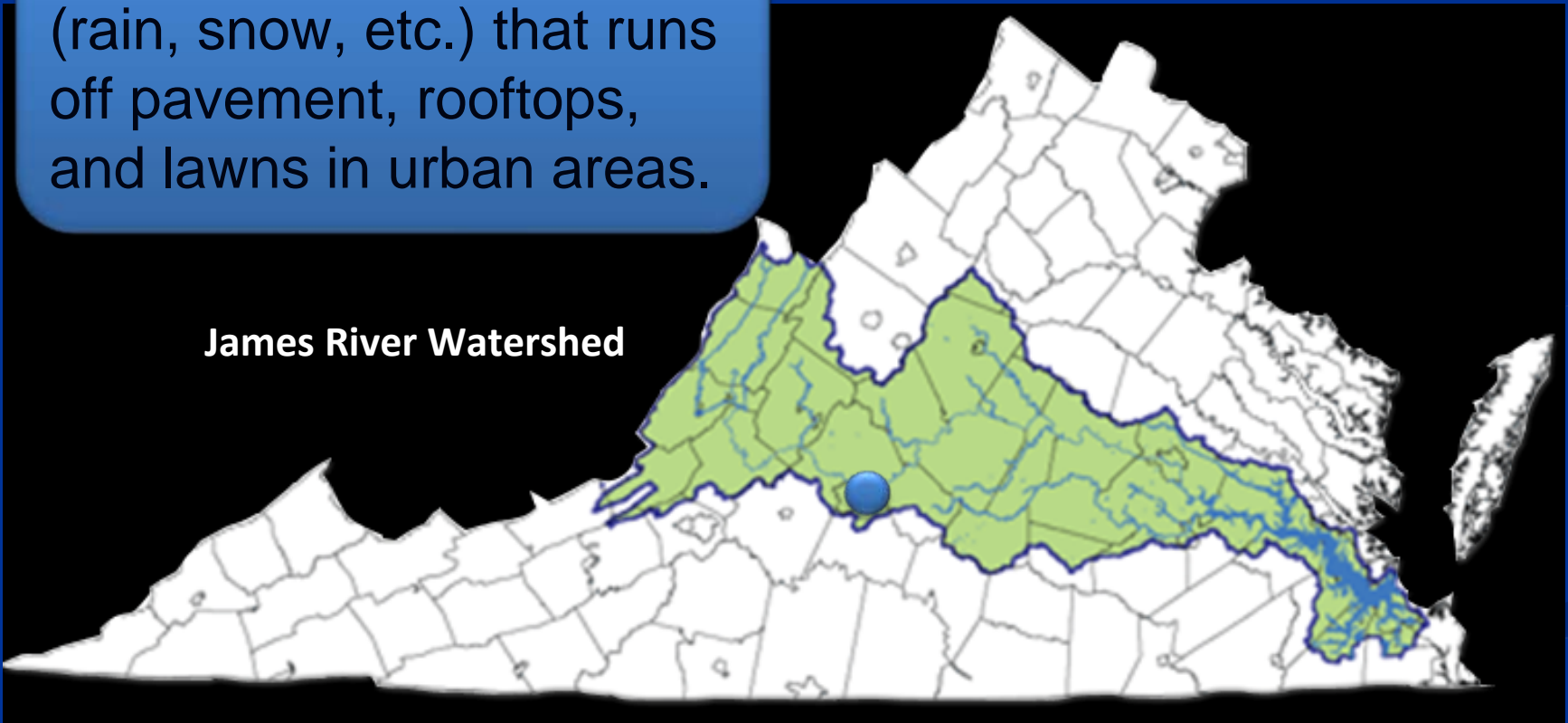
Finalize Recommendations for Council: January TBD, 2011 (if necessary)

Presentation to City Council: January 25, 2011 – 5:00 p.m.

SWAC Meetings Covered all Aspects of Stormwater

The portion of precipitation (rain, snow, etc.) that runs off pavement, rooftops, and lawns in urban areas.

James River Watershed



The Four Functional Areas of Stormwater

PROGRAM MANAGEMENT	REGULATORY COMPLIANCE
<ul style="list-style-type: none">◆ Master planning◆ Complaint response◆ Development review	<ul style="list-style-type: none">◆ Construction and post-construction controls◆ Public education◆ BMP Inspection/Maintenance
OPERATIONS AND MAINTENANCE	CAPITAL IMPROVEMENT PROJECTS (CIP)
<ul style="list-style-type: none">◆ Storm sewer cleaning◆ Culvert cleaning and repair	<ul style="list-style-type: none">◆ Storm System Upgrades & Replacement◆ Stream restoration

Why We Care About Stormwater

Regulatory Drivers

- National Pollutant Discharge Elimination System (NPDES)
- Chesapeake Bay Protection Rules
- National & State Stormwater Regulations
- Total Maximum Daily Loads (TMDLs)

Typically Citizens Expect...

- **Clean water & healthy streams**
- **No flooding or erosion and safe environment**
- **High level of service at low individual cost**

Typically Citizens Believe...

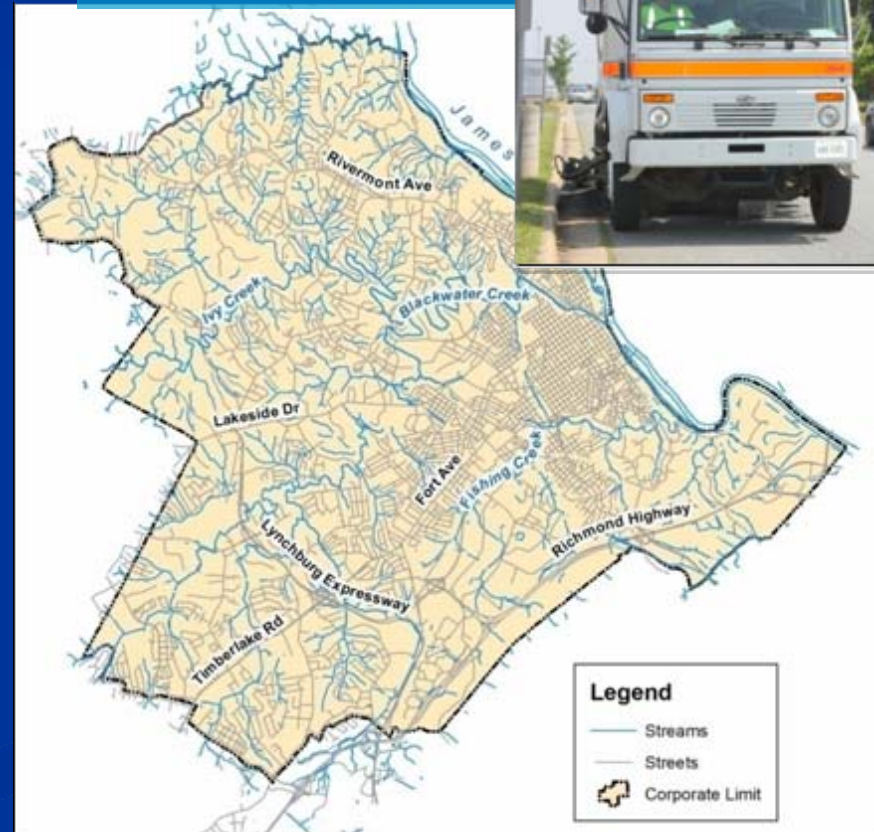
- **City prevents development impact**
- **City maintains the entire stormwater system**
- **City takes lead role in assisting private sector with regulatory requirements**

MS4 Compliance

Minimum Measure #6- Pollution Prevention for Municipal Operations

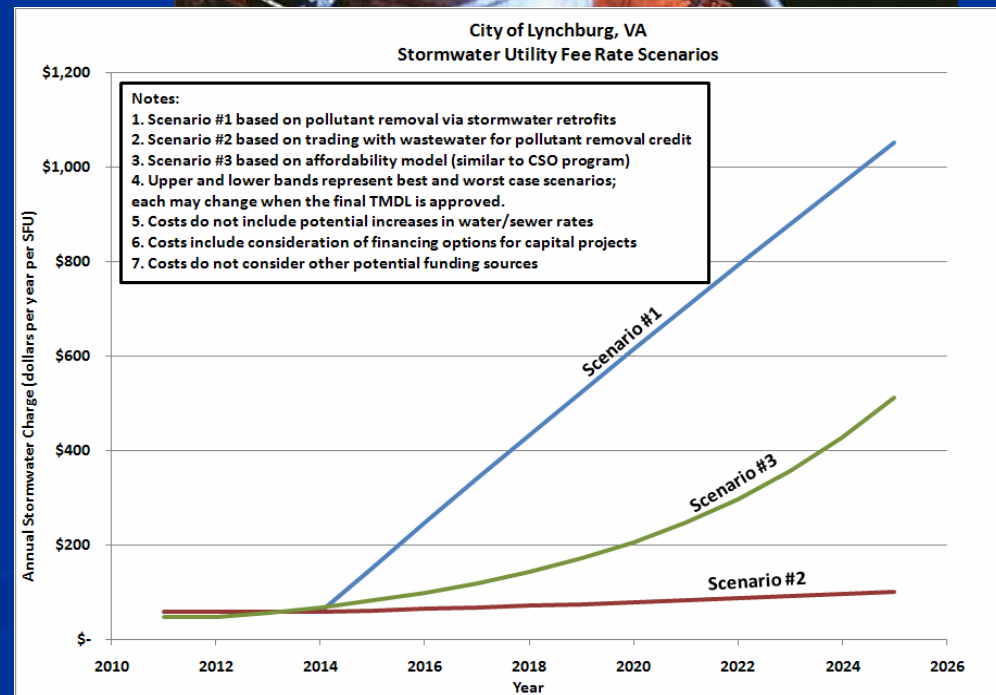
- Downtown streets are swept weekly
- Remaining portions of the City are swept three times a year
- 1,800 miles of streets swept in 2009
- Approximately 400 tons of sediment and debris removed annually

1-man crew
2 sweepers



The Chesapeake Bay TMDL

- Explained TMDL process
- Reported progress of TMDL and WIP
- Developed cost estimates
 - Sept.- \$300M - \$900M
 - Oct.- \$350M - \$520M
 - Dec.- \$120M
- Emphasized City's involvement
- Discussed potential rate impacts



Stormwater Challenges and Triumphs

Erosion Issues



Sink Holes



Illicit Discharges



Riverfront Rain Gardens




Estimated Annual Program Costs

Primary Stormwater Program Costs	Program Management	Regulatory Services	Operation & Maintenance	Capital Improvements	Totals
Utilities					
<i>Non-Departmental</i>	\$19,000				\$19,000
<i>Stormwater System Maintenance</i>	\$162,000		\$234,000		\$396,000
Public Works					
<i>Streets</i>		\$30,000	\$642,000		\$672,000
<i>Engineering</i>	\$139,000	\$4,000			\$143,000
<i>Parks / Grounds</i>		\$4,000	\$96,000		\$100,000
<i>Refuse</i>		\$5,000	\$174,000		\$179,000
Community Development					
<i>Zoning and Natural Resources</i>		\$166,000			\$166,000
<i>Inspections/Code Enforcement</i>		\$26,000			\$26,000
<i>GIS</i>	\$22,000				\$22,000
Parks & Recreation		\$45,000			\$45,000
Soil and Water Conservation District		\$10,000			\$10,000
Capital Improvements				\$554,000	\$554,000
SUBTOTALS	\$342,000	\$290,000	\$1,146,000	\$554,000	\$2,332,000
Other Storm-Related Program Costs					
<i>Loose Leaf Collection</i>			\$319,000		\$319,000
<i>Transportation Capital Projects</i>				\$1,340,000	\$1,340,000
SUBTOTALS	\$0	\$0	\$319,000	\$1,340,000	\$1,659,000

Evaluated Current Level of Service

<i>Level of Service</i>	<i>Program Management</i>	<i>Regulatory Compliance</i>	<i>Operation and Maintenance</i>	<i>Capital Improvement Projects</i>
5	Comprehensive Planning & Full Implementation Capabilities	Exemplary Permit Compliance	Fully Preventative/ 100% Routine	Prioritized / Fully-Funded
4	Pro-Active Planning & Systematic CIP Implementation Capabilities	Pro-Active Permit Compliance	Mixture of Routine and Inspection Based	Phased Implementation / Allocated Budgets
3	Priority Planning & Partial CIP Implementation Capabilities	Minimal Permit Compliance	Mixture of Inspection and Responsive Based	Complaint, Inspection-Based / Moderate Budget
2	Reactionary Planning & Minimal CIP Implementation Capabilities	Below Minimum Permit Compliance	Responsive Only	Critical Needs Only / Minimum Budget
1	No Planning & No CIP Implementation Capabilities	Non-Compliance	Non-Responsive	No Planning / No Budget

Note:  denotes CDM level of service determination for given program area

Level of Service is Not Unique to Stormwater

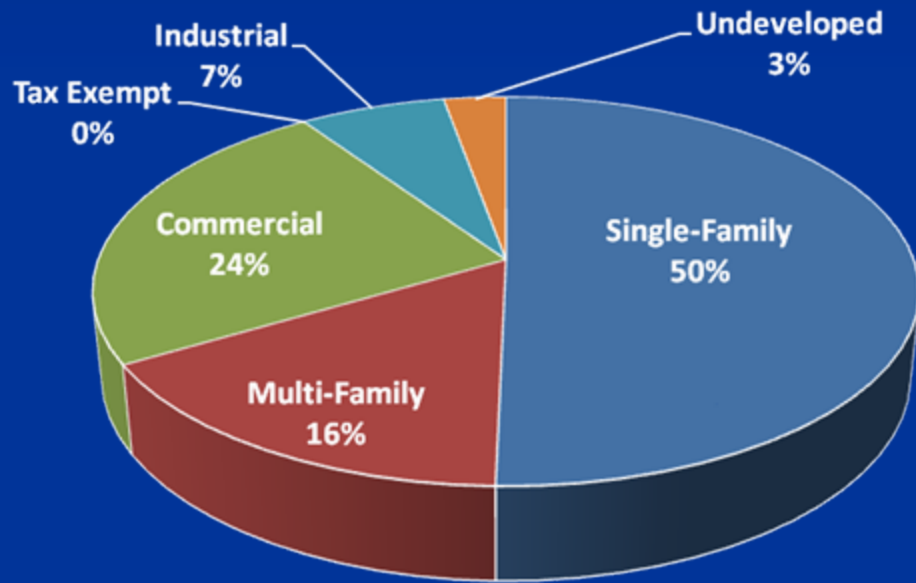


Breakout Sessions Facilitated Discussion and Decision Process

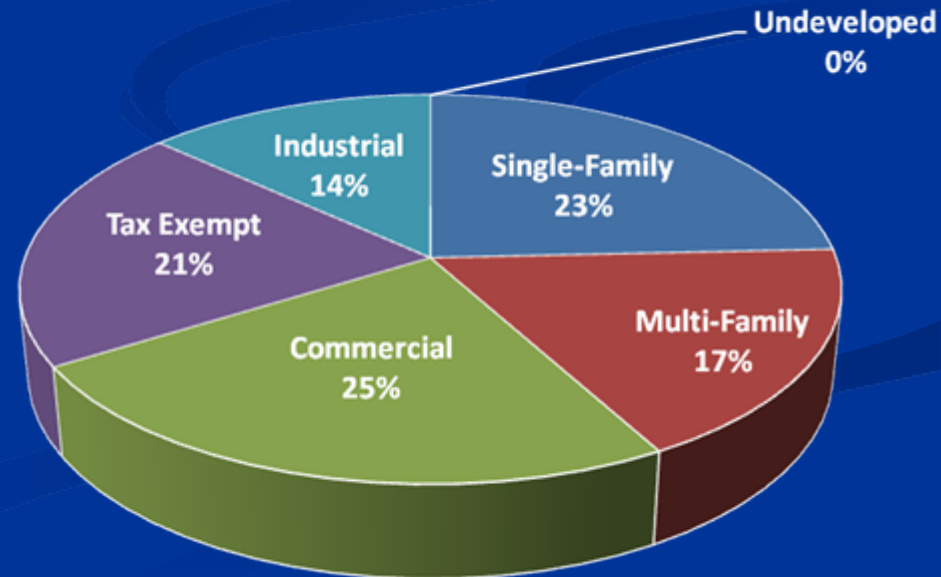
1. What is the most appropriate level of service for the City of Lynchburg?
2. How would you prioritize the areas of the City's stormwater management program?

Funding Mechanism Comparison

**Tax Contribution by Property Class
(based on assessed property value)**



**Fee Contribution by Property Class
(based on impervious area - ERU Basis)**



Discussed Credit Policies

Community	Credits Offered?	Credit Types				Max Credit Value
		Single-Family	Quantity	Quality	Other	
Chesapeake	Yes	No	Yes	Yes	VPDES	Quantity/Quality - 40% max VPDES - 100% max
Hampton	Yes	No	Yes	Yes		Quantity/Quality - No max provided
Prince William County	Yes	No			Virginia Cooperative Extension	SW Management Education Program - 10% Parking Lot Cleanup/Stream Cleanup - 10%
Portsmouth	Yes	No	Yes	Yes	VPDES	Quantity/Quality - 40% max VPDES - 100% max
Richmond	Yes	No	Yes	Yes	VPDES; LID; Lawn Care	Quantity/Quality - 40% max LID - 20% max Lawn Care - 10% max
Staunton	Yes	Yes	Yes	Yes	No	Quantity/Quality- lowered by 3 tiers (tiers determined by impervious area)
Suffolk	Yes	No	Yes	Yes	No	1 ERU (minimum allowable fee) Structural BMP - 20% max Quality + Quantity - 40% max

Crash Course in “Local Government”

“The City needs to stop charging the citizens for problems that are the City’s responsibility to fix.”

“If we recommend a fee, the City will raise rates whenever they feel like it.”

- Dillon Rule vs. Home Rule
- City structure and responsibilities
- Enterprise funds, rates and budget process

Engaging Council

- Staff went before full Council six times, sub-committee three times and had multiple one-on-one discussions
- Full Council meetings followed SWAC process
- Staff and SWAC co-presented final recommendations



SWAC Presentation to Council-

Key Project Findings

1. The current program provides the minimum for existing regulatory and permit compliance
2. The majority of the SWAC recognized the need for a higher level of service
3. Current resources are not sufficient to meet pending regulatory requirements
4. A user fee is more equitable than a tax to fund stormwater management

SWAC Presentation to Council-

Recommendations

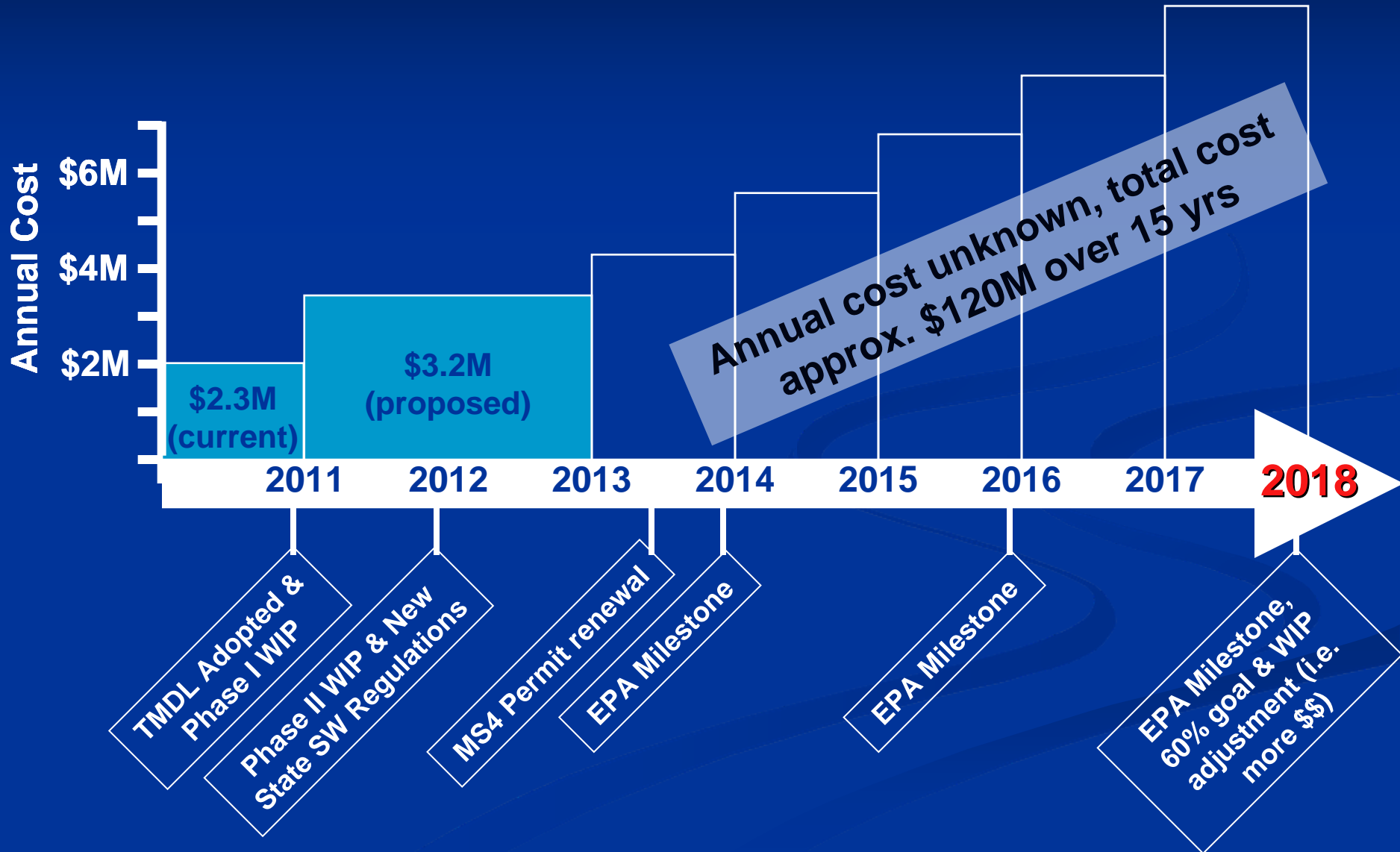
- Provide a higher level of stormwater service (\$3.2M) with multiple funding sources
- Provide an equitable rate structure based on impervious area
- Develop a fee credit program
- Charge the property owner, not the tenant

Staff Presentation to Council

- Guiding Principals
- Why here, why now?
- Benefits of a Utility and a higher level of service
- Recommendations:
 - Phased in over 2 years
 - Reduced administrative costs
 - Minimized impact to the average homeowner

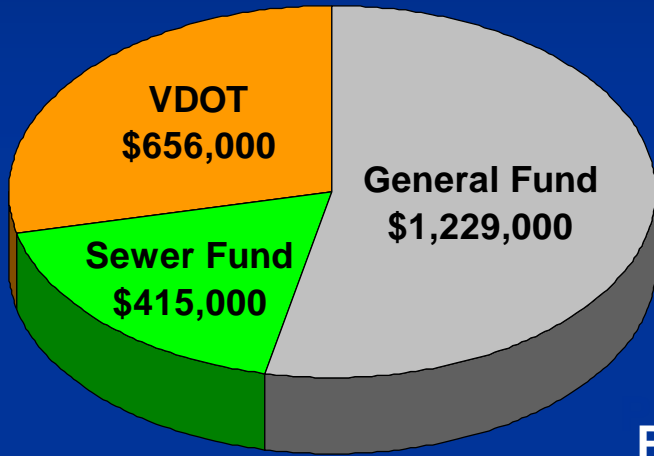


TMDL Timeline

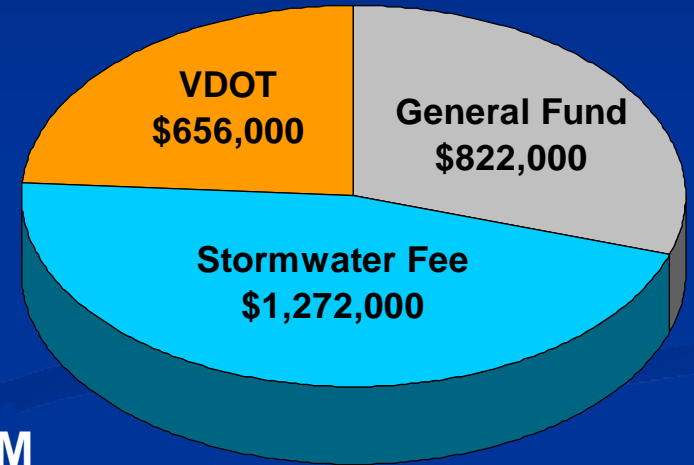


Phased Funding Approach

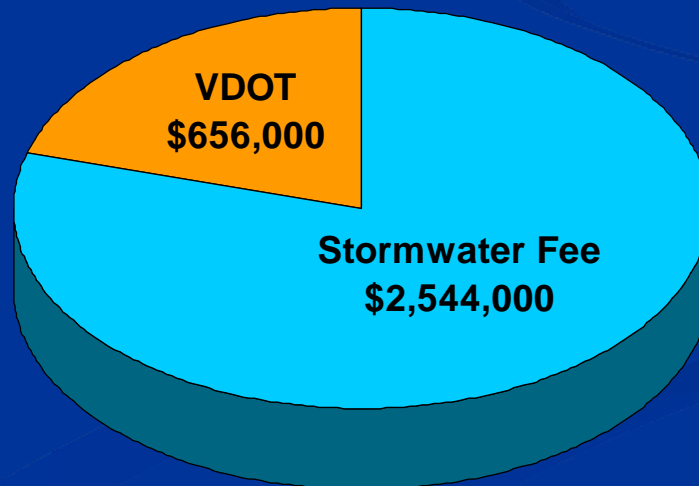
2011 Actual- \$2.3M



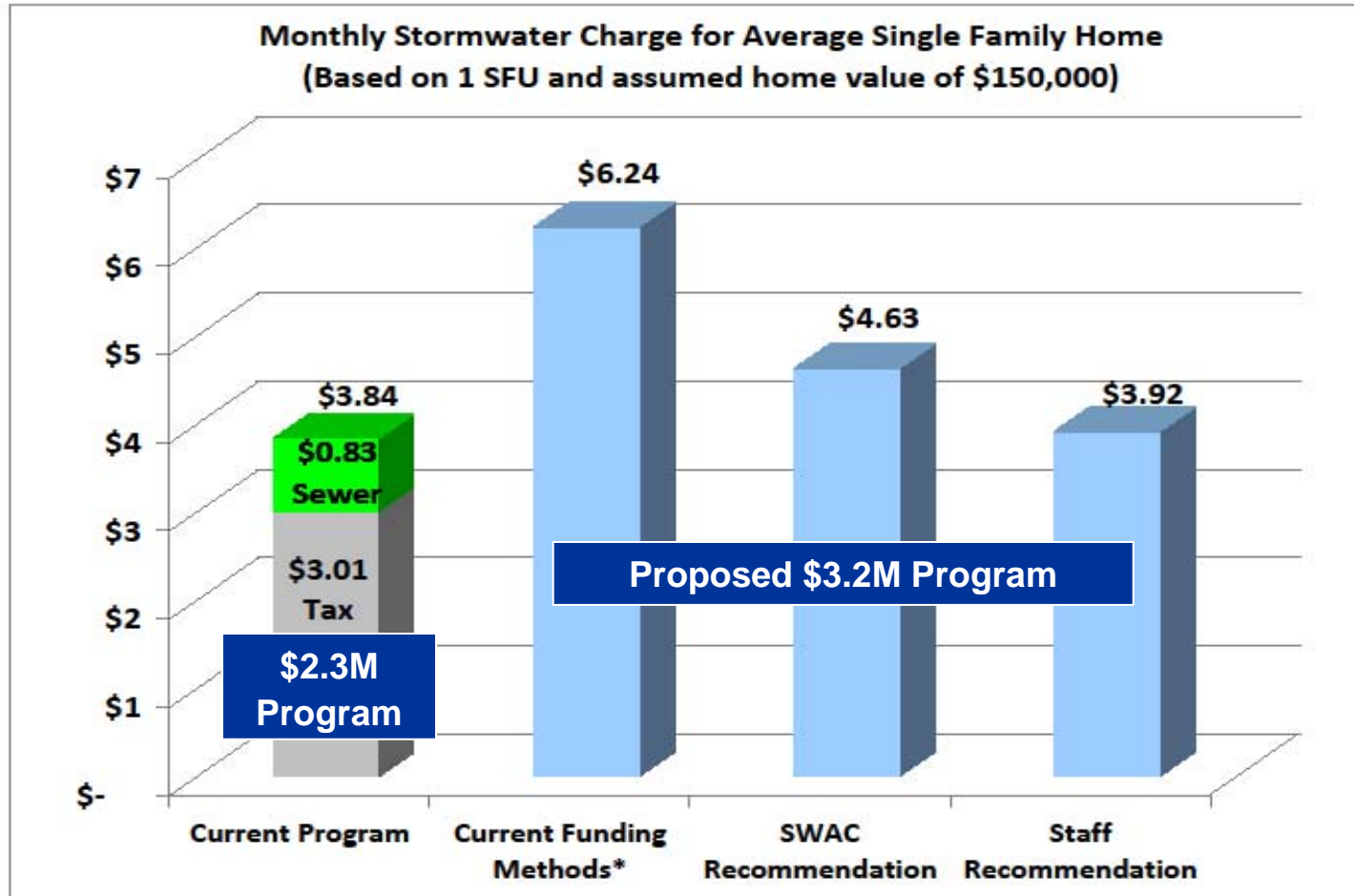
Proposed 2012- \$2.75M



Proposed 2013- \$3.2M



Cost to Average Family



Council “Roadmap”

Level of Service	2.5	3	<u>3.5</u>	4	5
	<u>Option A</u>			Option B	
Funding Mechanism	Fee or any combination of <u>Fee/VDOT</u> General Fund			General Fund-Increase Real Estate Tax or keep equal to current rate	
Basis of Charge	<u>Impervious Area</u>			Property Value	
Tax Exempt Properties Included?	<u>Yes</u>			No	
Enterprise Fund Required?	<u>Yes</u>			No	
Who To Bill?	<u>Property Owner</u> or Tenant			Property Owner	
How To Bill?	<u>Water/Sewer Bill</u> Real Estate Bill Separate Bill			Real Estate Bill	
Financial Policy Required?	<u>Yes</u>			No	
Ordinance Required?	<u>Yes</u>			No	
Credits Allowed?	<u>Yes</u>			No	

Council's Response

- Motion to “Postpone discussion of a Utility indefinitely” narrowly avoided
- Prefer to wait until economy improves
- Not interested in being proactive
- Did not recognize SWAC process as engaging the public
- Comfortable doing the minimum- “What’s the Pinto version?”
- Concerned about “adding another layer of bureaucracy”



Path Forward

- March 22 Council meeting- City Manager/Aqualaw
- Council vote by October 1, 2011
- Public outreach, billing system, bill appeals Jan-July 2012
- First bill sent July 1, 2012



Lessons Learned

- Spend more time with Council
 - Make sure they understand drivers
 - Then understand their preferences
 - Then get in the weeds
- Know your Council
 - What do they care about?
 - Do they want choices or recommendations?
 - Do you have a champion?
 - Can you speak “Council”?



Lessons Learned (cont.)

- Justify why you need a Prius instead of a Pinto
- Be wary of “future” regulations
- Engage the public successfully
- Slow and steady wins the race



Questions?

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www.lynchburgva.gov/stormwater