

Laramie Stormwater Drainage Fee Study
Stormwater Focus Group

MEETING NOTES

February 15, 2024

Focus Group Members Attending:	City Staff:
Trent Brome	Shawn Klein, Public Works Deputy Director
Martin Curry	Eric Jaap, City Engineer
Randi Downham	Consultants:
David Gertsch	Aaron Murray, PE - WSP
Ronald Marrs	Elizabeth Treadway, WSP
Tom Mattimore	
Chris Moody	
Tim Morton	
Charles Nye	
Mike Samp	
Jake Schneider	
Bill Shepeler	
Chris Bove	
Donal O'Toole	
Sarah Gorin	

Aaron Murray opened the meeting, thanking members of the Focus Group for participating in the meeting. Members of the SFG, City staff and consultants introduced themselves. Elizabeth Treadway began a presentation, attached to these meeting minutes, by reviewing the agenda, including presenting the fundamentals of stormwater funding and the key policy questions to be posed to the SFG, including:

- 1) What operations should be funded by a drainage fee? All services, only new services, only capital projects?
- 2) Should the City issue debt for capital projects?

- 3) Who (what properties) should pay for stormwater services? Should any property be exempt from paying?
- 4) Should credits be incorporated into the rate policy?

Elizabeth described the process of building a business plan for stormwater services, including governance, stakeholder, program, funding, and billing tracks that must be developed concurrently. Elizabeth presented the top five strategies to follow when implementing a sustainable infrastructure funding approach, most importantly: treat infrastructure management as a business. She also stated that stormwater management program costs are incurred across multiple areas: administration, engineering/planning, operations, regulation/enforcement, capital improvements, and stormwater quality.

Elizabeth continued the discussion by summarizing the work completed during Phase I of this project. The cost projections developed for Basic, Medium, and High levels of service were reviewed in comparison to the baseline of cost expenditures related to stormwater in FY22 (slide 9). It was noted that levels of service during implementation can vary by stormwater activity. For example, maintenance could be funded for a high level of service while capital projects could be funded at a medium level of service. Elizabeth also reviewed the basics of user fee funding, including what types of expenses are eligible for funding via a user fee.

Next, Elizabeth reviewed the basics of drainage fee rates, starting with showing the hundreds of communities across the country that have adopted drainage fee rates. She described the keys to effective rate making and the components of service fee rate structures. Elizabeth provided the typical types of rate methodologies (impervious area, impervious area with modifiers, intensity of development, and fixed value of impervious area). The presentation elaborated on the use of equivalent residential units (ERU) in impervious-based fees and the use of fixed units of impervious areas. Modification factors were also discussed, with a focus on credits. Common types of service fee credits were explained, with cautions that credits should be calculated on the same basis as the rate structure.

Elizabeth reviewed the Level of Service definitions for each service area (System Inspection, Planning and Engineering, Operations & Maintenance, Capital Investment, and Administration & Customer Service) created in Phase 1 of the project. The primary goals along with specific definitions for the Basic, Medium, and High levels of service were provided for each service area.

The SFG was asked to weigh in on the key policy questions, starting with:

- 1) What operations should be funded by a drainage fee? All services, only new services, only capital projects?

Some members felt that all stormwater-related operations should be funded, along with public education efforts to tell the community that all residents are served and will benefit from these operations. It was also stated that the City should be given the flexibility to manage the stormwater system most effectively, so restrictions on the use of funding should be avoided.

Other members stated that new development should pay more than current development, since the new development will stress the stormwater system. It was also commented that credit should be given for infill development as opposed to sprawling development.

It was stated that the fee should be based on how much each resident can pay. Elizabeth cautioned that for the fee to be legally defensible, it should be derived based on the level of service desired, and then the level of service can be adjusted to provide a rate that is deemed reasonable for residents.

2) Should the City issue debt for capital projects?

Time for responses to this question was limited, but SFG members can provide input via email or at the next meeting.

3) Who (what properties) should pay for stormwater services? Should any property be exempt from paying?

Time for responses to this question was limited, but SFG members can provide input via email or at the next meeting.

4) Should credits be incorporated into the rate policy?

While time for responses to this question was limited, initial responses indicated that some members did not think credits should be incorporated. Additional members stated that credits for commercial properties should be incorporated, but credits for residential properties should not be incorporated.

It was also stated that credits for new commercial development may not be an incentive, since developers would pay for the cost of the improvements needed to get the credit, without receiving any benefit. Owners would receive the benefits of the credits on their bills.

The meeting ended at 4:15 pm.

Attachment: Presentation slides



City of Laramie Stormwater Focus Group Meeting #2

February 15, 2024

Agenda

Welcome, Introductions and Agenda Review,
Goal for Meeting #2

Fundamentals in Stormwater Funding

Key Policy Discussions

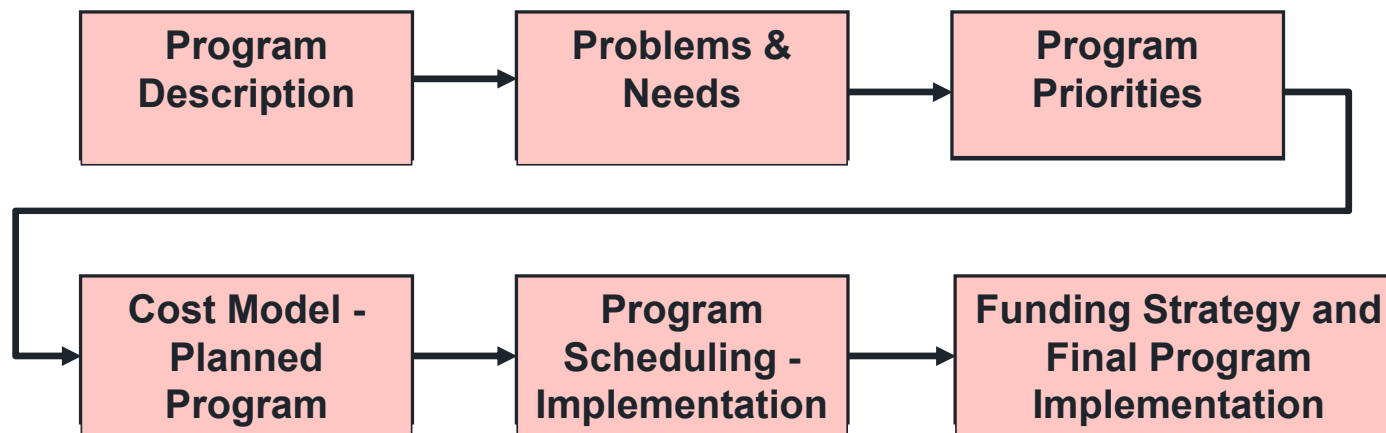
Feedback, and Wrap Up



Policy Discussion Questions for Meeting 2

- ❖ What operations should be funded by a drainage fee? All services, only new services, only capital projects?
 - ❖ Feedback on the level of service
- ❖ Issue debt for capital projects?
 - ❖ Thoughts on capital project funding strategies
 - ❖ Use of a Capital Reserve fund
- ❖ Who (what properties) should pay for stormwater services? Should any property be exempt from paying?
- ❖ Should credits be incorporated into the rate policy?

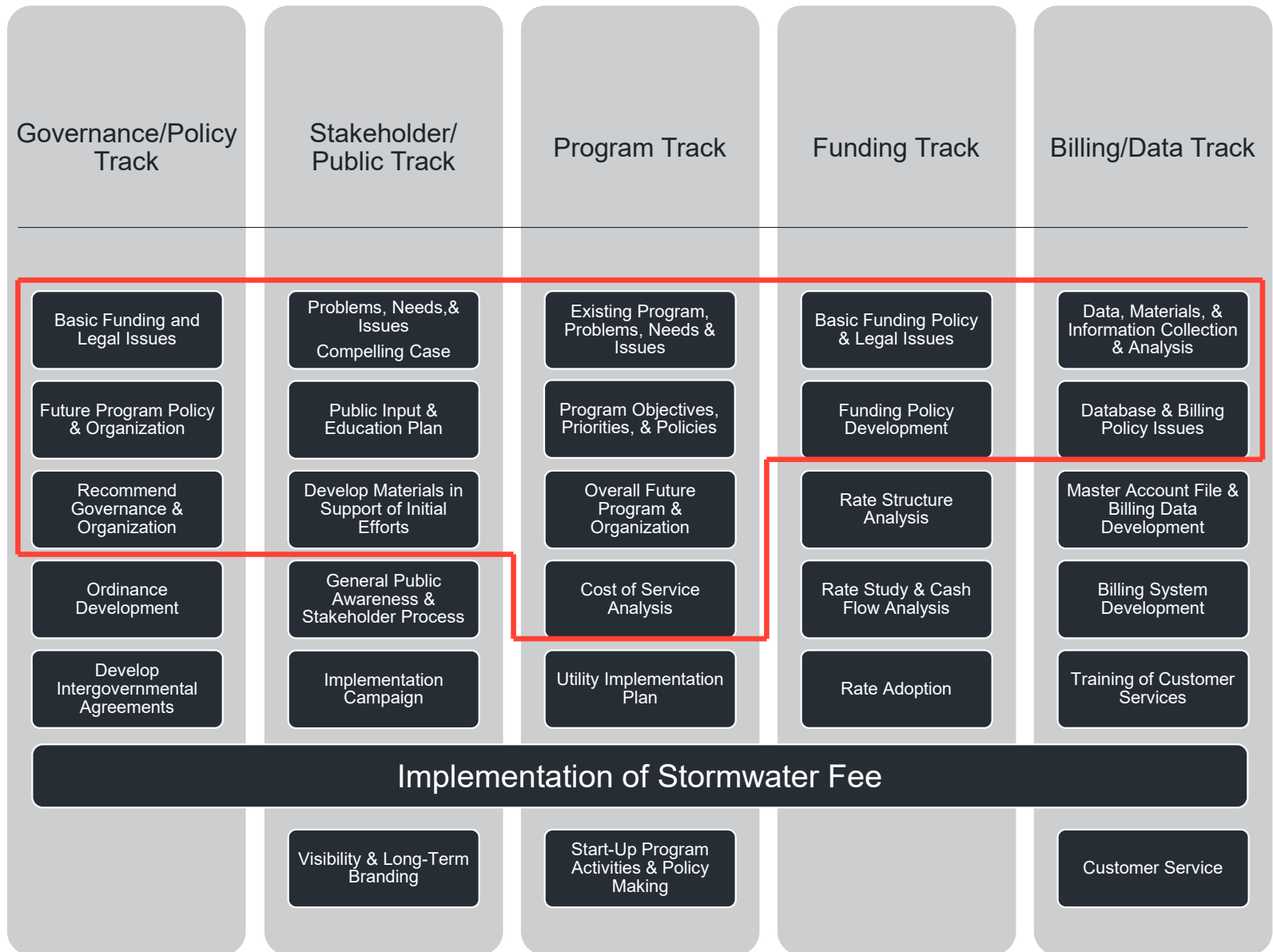
Building a Business Plan For Stormwater Services



What do you need to accomplish and what are you currently doing to get there?

What are your top priorities – the “must do” and “want to do?”

What are you spending now and what will it take to address priorities?



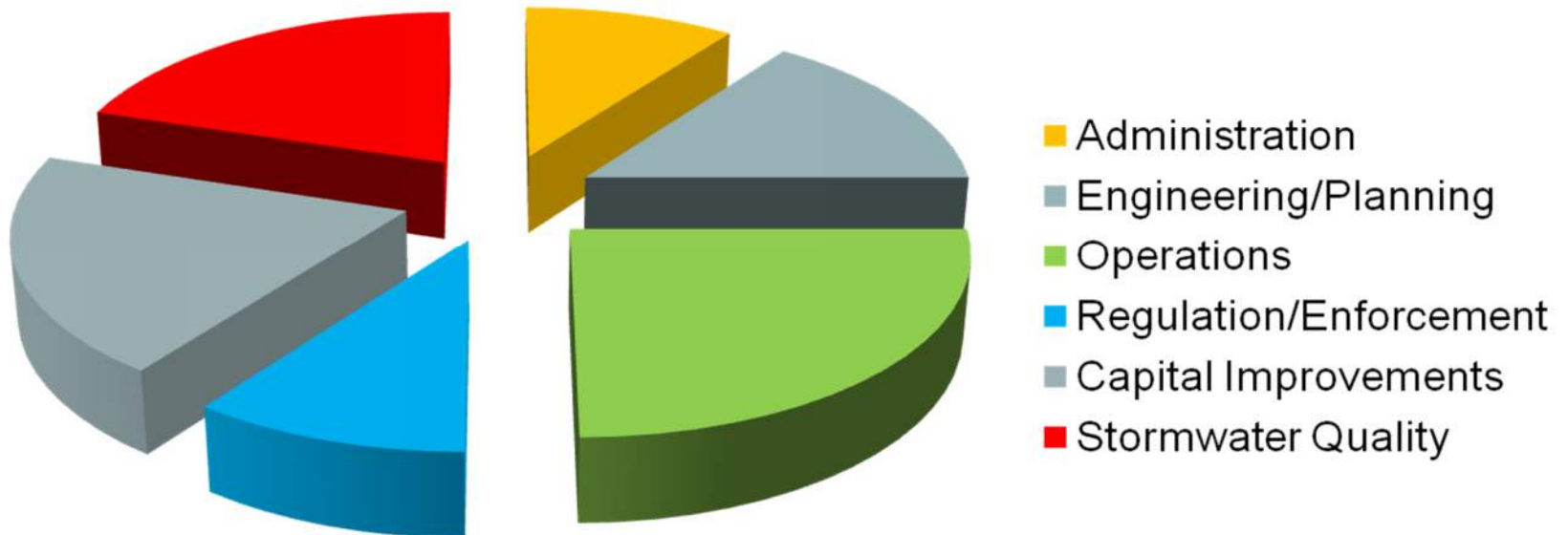
Top 5 Do's to Implement Sustainable Infrastructure Funding Approach

- ❖ **Treat infrastructure management as a business**
 - ❖ This includes establishing leadership, accountability, and sound business practices.
- ❖ **Establish a clear vision and program goals**
 - ❖ You need to visualize (and communicate) how a well-managed program will operate in your community.
- ❖ **Set priorities**
 - ❖ You may not get everything you need all at once but be clear what your “must have’s” are.
- ❖ **Engage internal and external stakeholders**
- ❖ **Be creative and maximize all funding options**



Identifying the True Costs of Stormwater Management

Stormwater Management Program



Phase I - Recommended Improvements

- ❖ Implementation of Master Plan capital projects
- ❖ Pipe rehabilitation – continued effort through lining pipes
- ❖ New system installation for underserved areas of the City
- ❖ Improve water quality of runoff – reduce sediment loading into the system
- ❖ Expand use of Gutter Bins
- ❖ Add staff resources in engineering and maintenance



Gutter Bin Installation in Casper WY



LOS Summary – Cost Projection

Level of Service	FY22 Baseline	Future Cost Projection
Basic	\$915,754	\$2,536,329
Medium	\$915,754	\$6,692,029
High	\$915,754	\$12,924,469

Creating and Meeting Expectations



Limited Revenue

Program Needs

Expenses - What is eligible cost for the user fee funding?

Look to legislative or local authorities

Typical Cost Centers:

Maintenance

Capital Improvements

Engineering Services

Regulation of Development

Water Quality Improvements

Public Education



Lessons Learned

Build a “Reasonable” Program; Engage the Community; Show Progress!

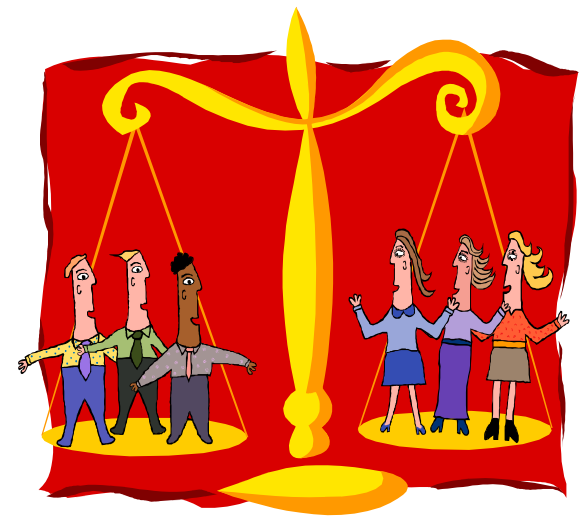
Activity/Category	Year 1	Year 2	Year 3	Year 4	Year 5
Maintenance	Minimum	Minimum	Moderate	Moderate	Aggressive
Inventory & Assessment	Aggressive	Aggressive	Maintenance Level	Maintenance Level	Maintenance Level
Master Planning	Aggressive	Aggressive	Aggressive	Maintenance Level	Maintenance Level
Infrastructure Reconstruction	Minimum	Minimum	Minimum	Moderate	Moderate
Public Education	Minimum	Minimum	Minimum	Minimum	Minimum
Technology / Database	Aggressive	Moderate	Moderate	Moderate	Moderate
Drainage Reviews	Minimum	Minimum	Minimum	Minimum	Minimum
Safety Training	Minimum	Minimum	Moderate	Moderate	Moderate
Storm Water Leader	Aggressive	Aggressive	Aggressive	Aggressive	Aggressive



Revenue Structures and Equity

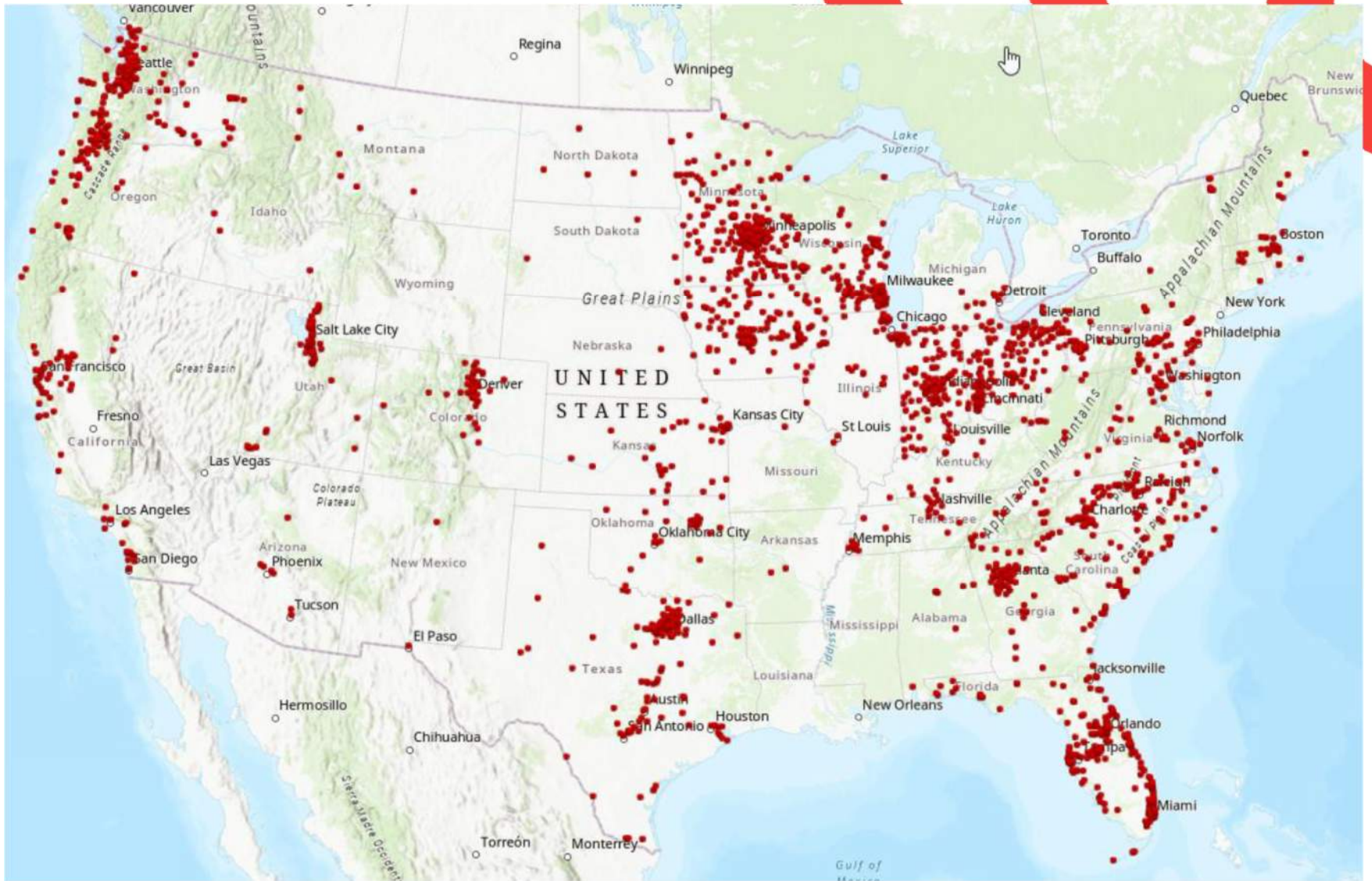
How to distribute cost of service.

- ❖ General Tax Revenue – often based on property values, income, and shared use taxes (gas, sales)
- ❖ Water and Wastewater Rates – metered water customers with a surcharge for wastewater
- ❖ Stormwater Drainage Fees – based on demand for, and/or benefit from the drainage system – Impervious Area is the “meter.”





Drainage Fee Rates

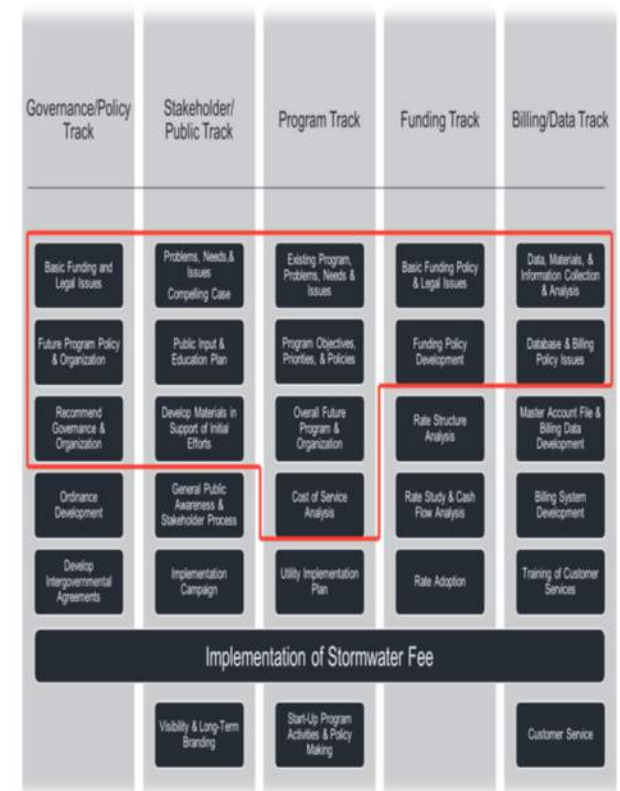


Principle for Matching Revenue Method to Service Provided

- ❖ When a service is provided to a limited set of customers that are uniquely identifiable, only those customers pay for the service received.
 - Plan reviews
 - Site inspections
 - Development-related services
- ❖ When the service is broadly provided and with public good as focus, everyone helps support the objectives and pay for the cost of services.

Keys to Effective Rate Making

- ❖ Keep it Simple
- ❖ Involve Everyone
- ❖ Follow the Process
- ❖ Rates Based on the Services
- ❖ Plan for Change
- ❖ CUSTOMER SERVICE !!!!
- ❖ Attain Your Goals



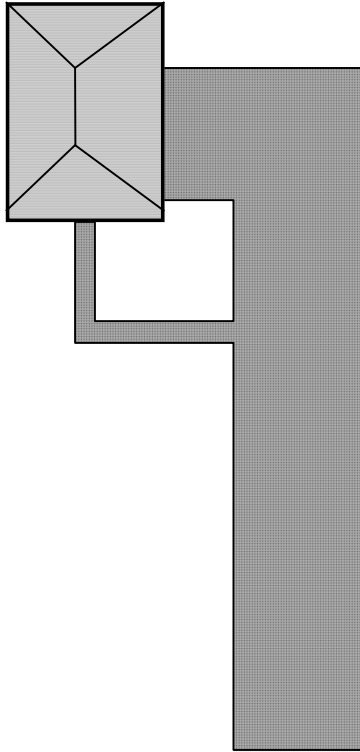
Service Fee Rate Structure Components

- ❖ **Rate Methodology - what is the method that apportions cost to rate payers?**
- ❖ **Modification Factors - what considerations should be given for existing conditions?**
- ❖ **Secondary Funding Methods - what other revenues should contribute to enterprise funding, reducing primary rate?**

Rate Methodologies

- **Impervious Area**
- **Impervious Area with Modifiers**
- **Intensity of Development**
- **Fixed Value of Impervious Area**

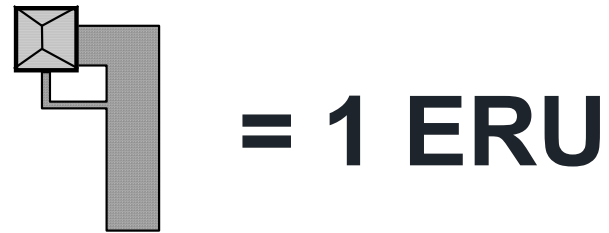
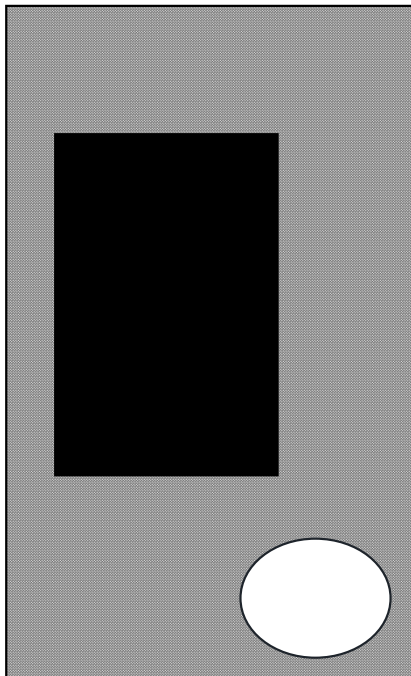
Equivalent Residential Unit (ERU) Impervious-Based Fee



**Median Residential Imperviousness =
2500 Square feet**

**2500 sq. ft. = one Billing unit or an
Equivalent Residential Unit (ERU)**

Application of the Impervious Based Billing Unit Value



**100,000 sq. ft. of
impervious area =
40 ERUs less credit**

Other Rate Options

- ❖ ERU with Modifiers
 - ❖ Residential parcel assigned a category or tier
 - ❖ Intensity of lot development
 - ❖ Base Rate + Impervious Area Charge
- ❖ Fixed Unit of Impervious Area
 - ❖ 500sf
 - ❖ 1000sf



Impervious Rate Methodology - Data Source



Rate Modification Factors

- ❖ Simplified Residential Service Fees
- ❖ Base Rate for Fixed Costs of Service
- ❖ Credits for Private Investment in SW
- ❖ Basin or Jurisdiction-specific rates in regional program
- ❖ Floodplain Surcharge
- ❖ Declining Block Rates
- ❖ Water Quality Impact Factor
- ❖ Development or Land Use Factor
- ❖ Level of Service Factor



Rate Modifier - Credits

Service Fee Credits

Peak flow reduction

Total volume reduction

Water quality impact reduction

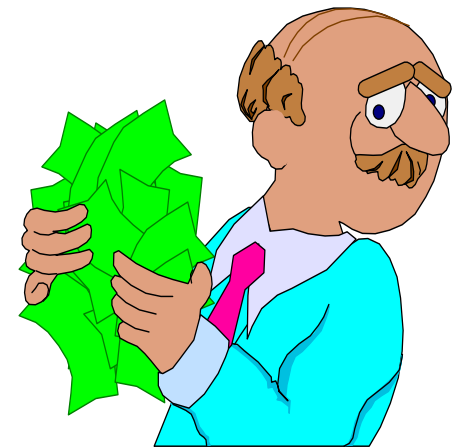
Other cost of service reductions

- ◆ on-going maintenance
- ◆ educational programs
- ◆ overlapping service districts
- ◆ local capital project funding

Drainage Fee Credits

National statistics:

- ❖ 55% offer a credit for detention
- ❖ 27% offer a credit recognizing pollution reduction efforts
- ❖ Credits reflect cost avoidance
- ❖ Credit should be calculated on same basis as the rate structure
- ❖ Little revenue reduction but lots of political mileage





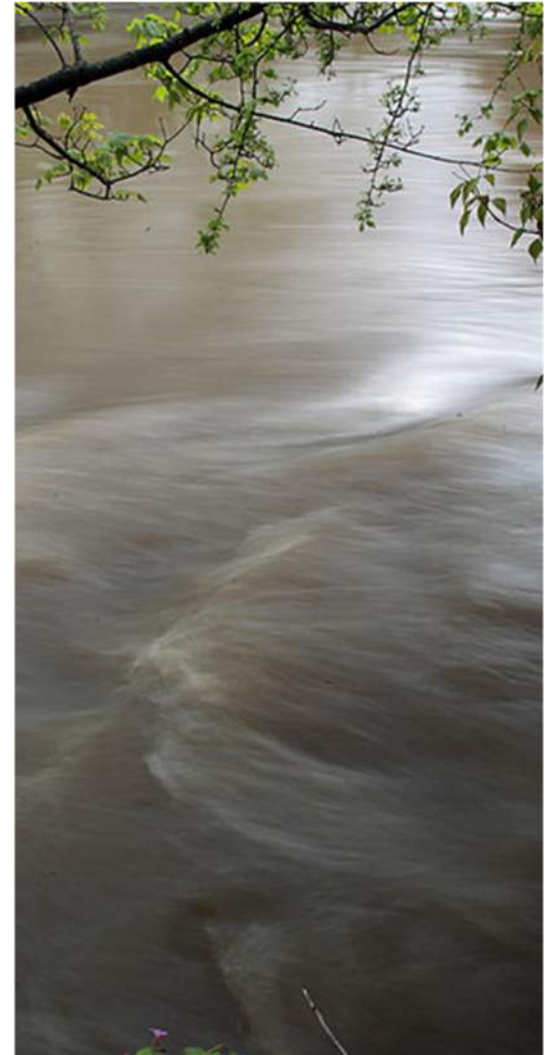
Policy and Program Discussion

Policy Discussion Questions for Meeting 2

- ❖ What operations should be funded by a drainage fee? All services, only new services, only capital projects?
 - ❖ Feedback on the level of service
- ❖ Issue debt for capital projects?
 - ❖ Thoughts on capital project funding strategies
 - ❖ Use of a Capital Reserve fund
- ❖ Who (what properties) should pay for stormwater services? Should any property be exempt from paying?
- ❖ Should credits be incorporated into the rate policy?
- ❖ Should the rate be stable for a period of years or fluctuate with revenue need?

What operations should be funded?

- ❖ All services (current and needed)
- ❖ Only new, needed services
- ❖ Only capital projects
- ❖ Only maintenance and operations
- ❖ Combination of several options



Basic	Medium	Advanced
<ol style="list-style-type: none"> 1. Equipment transferred from Utilities; no new staff; 2. 2 to 5 repairs identified annually through inspections. 3. Repairs handled by PW crews based on condition/issue. 4. Continue current process, respond when issue is identified. 5. Support from Utilities when needed. 	<ol style="list-style-type: none"> 1. New winter-months inspection program; 2. Increase PW field services capacity with new crew members and current EO to staff program; 3. 5-year rotation to inspect entire underground system (10.4 miles annually); 4. Minor repairs completed annually; major repairs in capital program prioritization. 	<ol style="list-style-type: none"> 1. Increase annual funding in Public Works for dedicated crew to inspect and clean 1/3 of the storm sewer system on three-year cycle. 2. Inspection and cleaning will maintain an annual goal to complete approximately 17 miles of sewer pipe inspection annually (complete system inspection every three years). 3. Increase capacity in PW field services with a dedicated new crew; 4. Budget for one major repair/replacement @ \$1M each year; fund repairs with new revenue.

Primary Goals

1. Maintain inventory of system in GIS with conditions assessment
2. Address all minor repairs annually
3. Maintain annual inspection program for condition/failure assessment
4. Shift to proactive program for ongoing maintenance

Asset Management System Inspections

Basic	Medium	Advanced
<ol style="list-style-type: none"> 1. Fund 2 new projects; 2. Complete high priority CIP in 11 years; 3. Master Plan funded in 50 years. 4. Increase engineering staff capacity by one full-time technical position and one part-time inspector to support CIP implementation. 5. Establish GI program and design standards. 	<ol style="list-style-type: none"> 1. Fund \$5M in CIP each year, 2. Complete high priority programs in 5 years; 3. Fund all Master Plan projects in 20 years; 4. Increase engineering staff by two technical engr. staff full time; 5. Increase inspection capacity with one full time inspector; 6. Review development code and policies for GI Plan; 7. Complete design standards, codify and produce manual. 	<ol style="list-style-type: none"> 1. Fund \$10M in CIP each year; 2. Fund priority projects in 2 to 3 years; 3. Complete Master Plan implementation in 10 years while incorporating new projects through inspection program. 4. Increase engineering staff resource by two stormwater engineers (by direct hire and/or with consultant assistance); 5. Increase technical support in engineering by one FT engr tech; 6. Increase technical support in engineering by one FT inspector and one part-time inspector; 7. Complete GI program plan with design manual.

Primary Goals

1. Maintain staff capacity to oversee Master Plan implementation and long-term capital program; maintain all Engineering Services while addressing Master Plan
2. Initiate and maintain major capital project design support to implement system rehab and new system extensions
3. Develop policy/design standards for storm sewer systems
4. Develop policy /design standards for use of Green Infrastructure; maintain design proficiency
5. Maintain support services to development community

Planning and Engineering

Basic	Medium	Advanced
<ol style="list-style-type: none"> 1. Increase capacity in PW by one field crew to be dedicated to regularly scheduled pipe cleaning, inspection and inlet grate cleaning and repairs. 2. Increase annual materials/expense budget to support addition of dedicated crew. 3. Vac-Con purchase is in recommended budget. 4. Have 1 person now, waiting for additional hire. 1-2 days per week dedicated to stormwater system with current staffing. 	<ol style="list-style-type: none"> 1. SAME AS BASIC for crew/equipment: 2. Evaluate need for flusher-truck dedicated position (rather than a shared role for other Public Works services). 3. Increase budget 10% each year for the next 10 years, across all areas of expense for maintenance services. 4. Set standards and implement annually for detention/retention pond inspections and maintenance. 5. Dedicate sweeping crew from spring through fall - establish continuous sweeping routes and schedule. 	<ol style="list-style-type: none"> 1. Same as Medium Option to increase support for new crew. 2. Increase capacity for Public Works stormwater maintenance operations to address priority repair and maintain current system proactively. (\$120,000 crew; excavator, dump truck, gradeall as needed). 3. In addition to the 10% adjustment to all expenses, add \$100,000 a year for 10 years, dedicated to maintenance program. 4. Inspect all ponds after major rainfall/snow melt conditions and assign priority to maintenance/repairs including dredging. 5. Create dedicated two-person crew for sweeping program (spring through fall)

Primary Goals

1. Shift to proactive maintenance program over time
2. Maintain capacity for dedicated stormwater maintenance program (hires or contracted services)
3. Establish capacity for an effective street sweeping program
4. Have materials/equipment in place to support ongoing operations in maintenance of the storm system

Operations and Maintenance

Basic	Medium	Advanced
<ol style="list-style-type: none"> 1. Dedicate \$2M in Penny Tax revenue to stormwater projects. 2. Complete all High Priority projects from Master Plan in 11 years. 3. Address other CIP over 50 years. 	<ol style="list-style-type: none"> 1. Dedicate \$5M a year and complete all CIP from Master Plan in 20 years. 2. High Priority completed in 5 years. 3. Assign one engineer to serve as Part Time SW CIP project implementation coordinator. 	<ol style="list-style-type: none"> 1. Dedicate \$10M a year, completing CIP program in 10 years, and priority projects in 2-3 years. 2. Hire one engineer to manage capital program including meaningful public participation opportunities.

Capital Investment Program

Primary Goals

1. Capitalize the Master Plan sufficient to effectively manage runoff
2. Maximize currently available capital funding
3. Issue Bonds and pursue grants for projects greater than \$2M with specific targets and timelines
4. Design/construct high priority capital projects (known and identified by inspections)

Basic	Medium	Advanced
<ol style="list-style-type: none"> 1. Assign existing financial staff to track and report on revenue and expenditures from SW Fund. 2. If software upgrades are needed to track costs, annual software and training at \$25K. 	<ol style="list-style-type: none"> 1. Assign part-time stormwater administrator to track, manage and report on all stormwater issues. 2. Fund part-time staff at \$45K annually. 	<ol style="list-style-type: none"> 1. Assign full-time financial/program administrator for all-things stormwater. (\$75K)

Administration and Customer Service

Primary Goals

1. Maintain appropriate financial accounting for stormwater fees
2. Report to the community on overall program goals and accomplishments
3. Provide customer service for billing and administration
4. Update user fee rates to maintain sufficient cash flow, meeting program needs



What are the important tools to fund Capital Projects? Should a Capital Reserve be Created?

- ❖ Issue debt for capital projects
- ❖ Pay-as-you-go (create revenue first and then construct project)
- ❖ Borrow from other internal funds (e.g., shared revenue based on project location)
- ❖ Grants only – get the funding in place before implementation of project
- ❖ Mix of sources based on priority of project
- ❖ Stay the course using 6th Penny funds (Special Purpose Sales Tax) for needs identified in 2017
- ❖ No reserve?

**Who should pay a drainage fee?
Should any property be exempt from paying?**



Only developed property owners pay

All property owners pay

Only residential property owners pay

Only non-residential property owners pay

No property owner is exempt from paying a drainage fee

Non-taxable properties are NOT charged a fee

Undeveloped, vacant property is NOT charged a fee

Note: Residential property owners will be charged, following City policy on financial responsibility for payment.

Should credits be incorporated into the rate policy?

Yes

No

Qualifying Options:

- ❖ Only for non-residential property
- ❖ For all property
- ❖ For existing stormwater systems on site and any new systems or retrofits
- ❖ Only for new systems added after fee adoption
- ❖ Only for structural stormwater infrastructure components onsite

Behind the Scenes – Next Steps

Staff Interviews

- Confirm LOS information

Analysis of Geographic Information System (GIS)

- ❖ Evaluate new data to support drainage fee based on impervious surface area

Analysis of Potential Billing Systems

Finalize program, costs, drainage fee operations

Develop ordinance to adopt fee structure





Thank you



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