City of Laramie

Stormwater Focus Group Meeting #4

July 11, 2024

7/16/2024

Agenda

Welcome, Introductions and Agenda Review,

Summary of Council Workshop on 5/28

Preliminary Rate Forecast

Credit Policy Input

Feedback, and Wrap Up

Council Workshop Topics

- Recap of progress since Council Work Session on 2/27/24
- Feedback from Stormwater Focus Group Meetings
- Reviewed detailed Level of Service Recommendations
- Presented Draft Cost Model & Rate Estimation

Preliminary Rate Forecast

7/16/2024

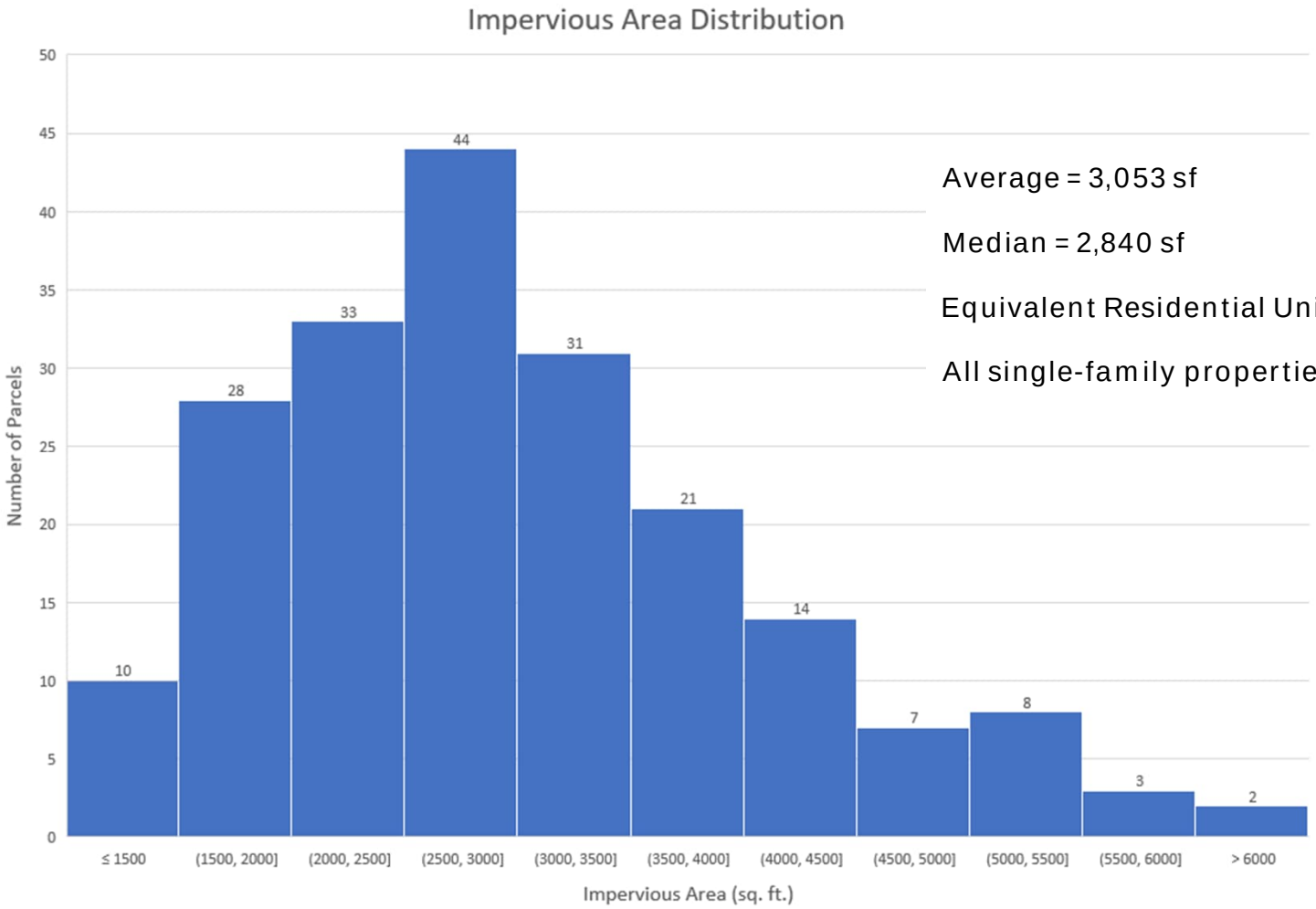
Five Year Financial Plan

1. Cost Recovery
    a) Operational expenses – engineering, maintenance and operations, DPW administration
    b) Capital expenses – design, construction, project oversight, equipment
2. Service needs
    a) Operations – street sweeping, inspections, system capacity improvements
    b) Capital – master plan projects (design, permitting, construction), pipe lining, equipment replacement
    c) Administration – enterprise accounting and customer support, cost share for billing, collections

Cost Projection - Draft

Cost Center	FY25	FY26	FY27	FY28	FY29
Personnel Effort	$765,548	$931,886	$959,843	$988,638	$1,018,297
Direct Operating	$267,403	$279,465	$289,709	$293,510	$301,651
Capital Projection	$655,233	$3,305,024	$1,440,484	$9,653,886	$2,803,166
Total Forecast	$1,688,184	$4,516,376	$2,690,036	$10,936,034	$4,123,115

Rate Basis – Single Family Homes – Equivalent Residential Unit



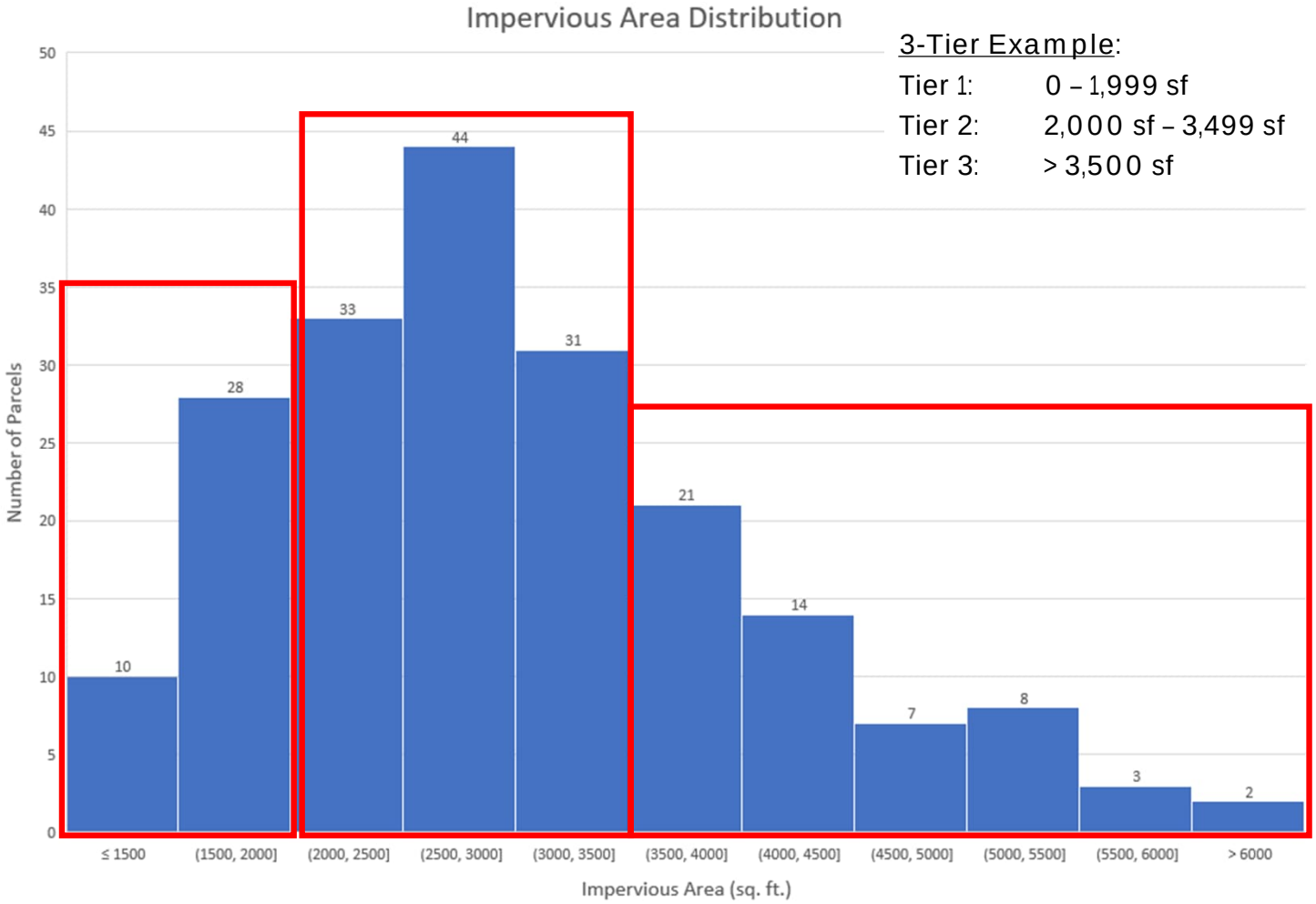
Average = 3,053 sf

Median = 2,840 sf

Equivalent Residential Unit (ERU) = 2,840 sf

All single-family properties pay 1 ERU

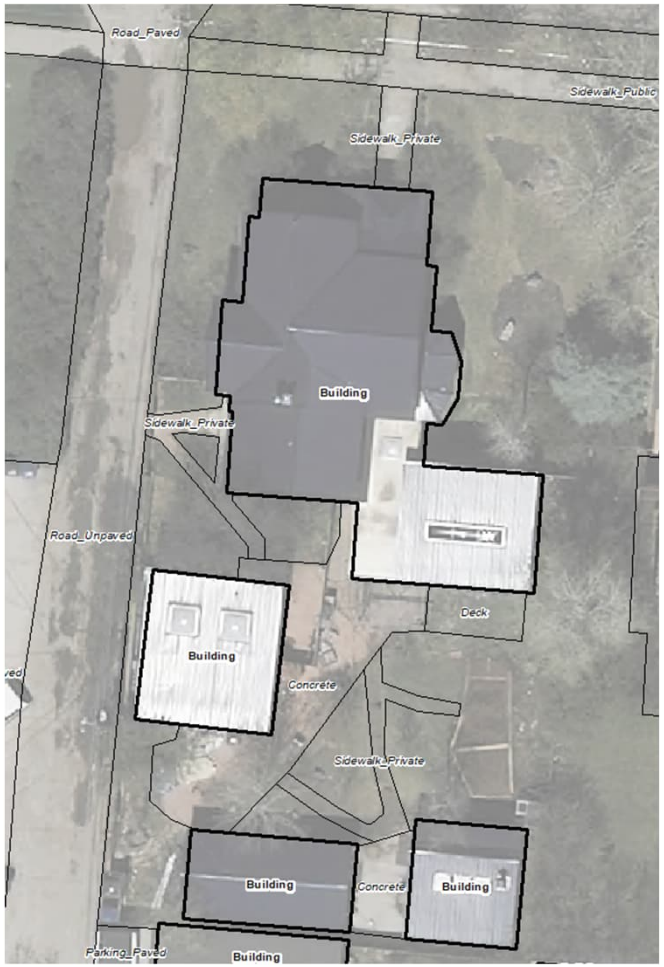
Rate Basis – Single Family Homes – Tiered Rate



3-Tier Example:

Tier 1:	0 – 1,999 sf	Pays 0.5 ERU
Tier 2:	2,000 sf – 3,499 sf	Pays 1.0 ERU
Tier 3:	> 3,500 sf	Pays 1.5 ERU

Rate Basis – Single Family Homes – Fixed Value Per Square Foot



Example:

If Rate per 500 sf = $1.00

Measured Impervious Area = 3,700 sf

3,700 sf / 500 sf = 7.4

Fee = 7 x $1.00 = $7.00

Expenses - Program Implementation
Operating Expense
Capital Expense
General Fund Expense
Subtotal
Debt Payments (P&I)
Bond Placement Costs
Subtotal
Total - Expenditures
Other Revenue
Bond Revenue
Permit Fee Revenue
Grant Revenue
Interest Income
Bad Debt Recovery
Total - Other Revenue
Net Value - Service Fee Revenue Requirem
Revenue Reduction Allowances
Delinquencies and Bad Debt
Credits
Total Revenue Reduction Allowances
Total Service Fee Revenue Requirement
Number of Billing Units
Estimated Annual Fee
Projected Total Revenue from User Fees
Gain or Loss
Appropriated Cash On Hand
→ Enter Here - Annual Rate per Billing Unit

Cash Flow Analysis

Reserve Policy – Operating and Capital

Earnings on Cash – Invested and Liquid

Credit Policy Impacts

Growth in Impervious Area

Net Change in Cash Position

Cash Funding versus External Resources for Capital

Finalizing Key Policy Options

- Operations to be funded - All services
- Capital projects – pursue grants for multimillion dollar projects; use debt when appropriate
- All owners should be charged – meet a “reasonableness test”

Additional policy issues:

- Capital, operating, and emergency reserves established in Year 1 and contribution made over time
- Credits initiated in Year 1 – estimated as a percent of operating costs

Policy for Financial Model and Estimated Rates

- Established as a Special Revenue Fund
- $5M contribution from the General Fund to seed the fund. No contribution thereafter.
- $2M in bonding in FY 28 and $4M in bonding in FY 29 with Specific Purpose Tax as the repayment source to offset impact on fund (based on future Council policy decision)
- $1.5 M in grant funds in FY 31 and FY 34
- Grant funds to offset the Jacoby project, wherever that lands in the plan – this is a large award of approximately $12M.
- Establish credit policies for recognition of private investments in stormwater management

Preliminary Rate Estimates

ERU = Billing Unit = 2,840 sf of Impervious Area

Residential Rate = 1 ERU x Rate

All Other Parcels = Total Impervious Area/2,840 sf = # of ERUs

Non-Residential Rate = # of ERUs x Rate

	FY25	FY26	FY27	FY28	FY29
Rate/Month/ERU	$6.00 - $8.50	$6.67 - $9.35	$7.08 $9.90	$7.50 $10.40	$8.33 $11.05
Rate/Year/ERU	$72 - $102	$80 - $112.20	$85 - 118.80	$90 - 124.80	$100 – $132.60

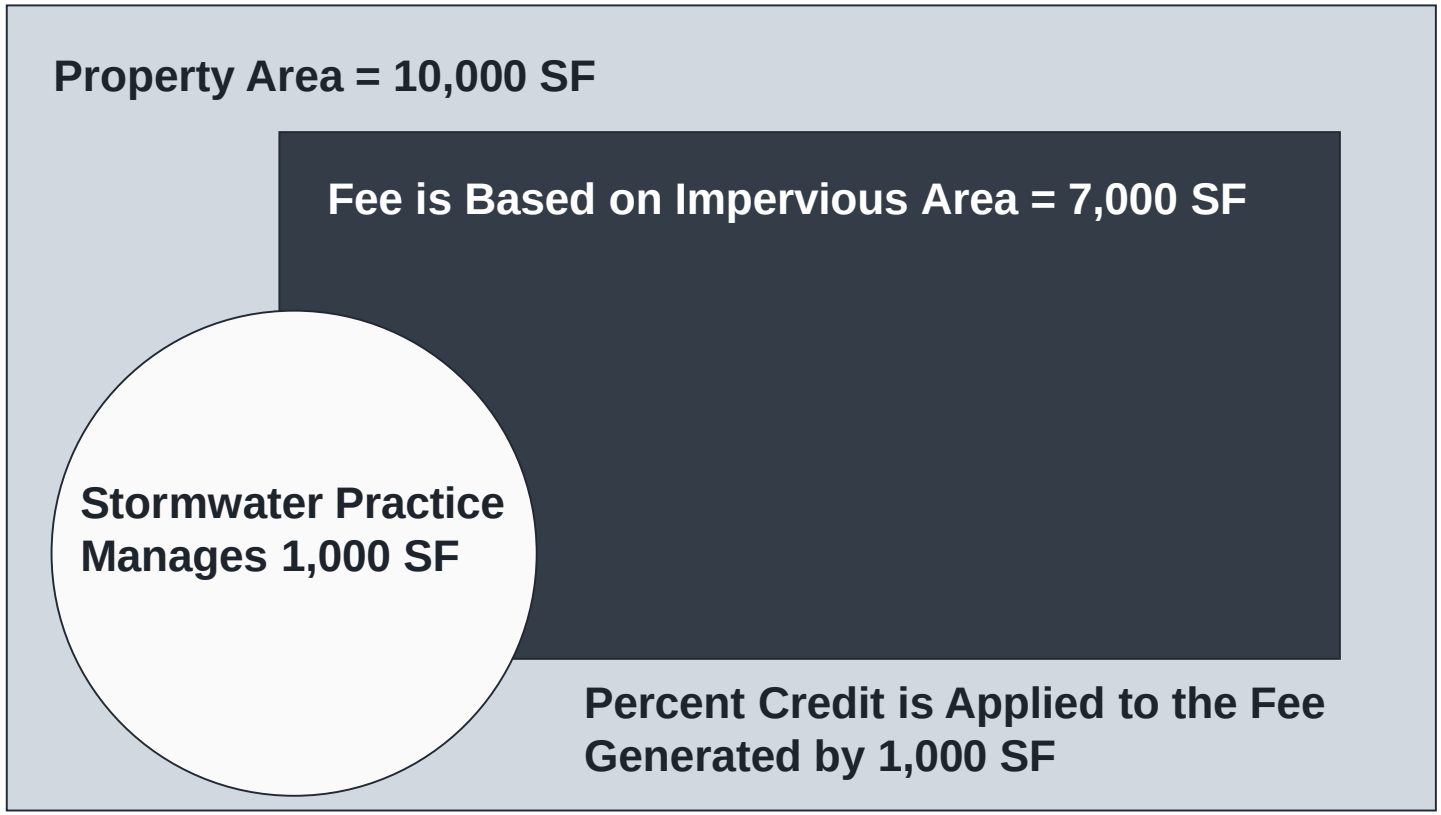
Draft Credit Policy

7/16/2024

Purpose of Credits

- A credit is a reduction in the stormwater utility fee to a specific ratepayer.
- Recognizes that ongoing operation and maintenance of a water quality and/or flood control practice **can reduce the cost** of public stormwater services in the long-term.
- A credit is not a reimbursement.
- A credit is not applied to the entire site – it is applied to the impervious area being managed.

Application of a Credit Calculation



What kind of questions will the credit policy address?

- What kind of upfront documentation should be required in the credit application?
- What are reasonable inspection and verification requirements to keep credit over time?
- How should the City handle special circumstances – such credit for jointly owned property (HOAs, condos, etc.).

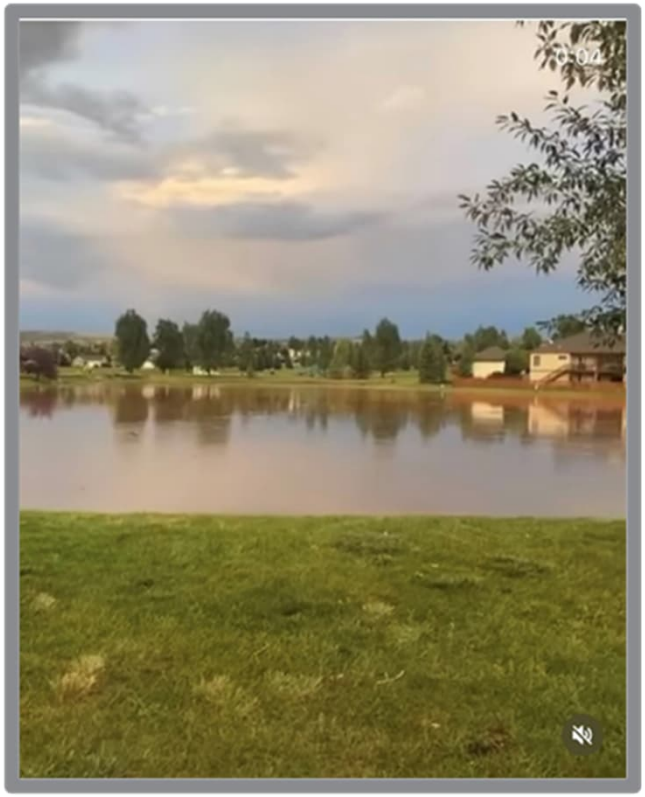
Credit Policy

Credit systems can be very **simple** – actively recognize investments made by property owners to **more complicated** – designed to incentivize voluntary treatment of existing impervious surfaces or certain activities/behaviors.

Are there constraints?

Yes! A stormwater drainage fee is a fee for service.

- There must be a **rational relationship** between the credit program and the benefit to the public stormwater program.
- **Credits are an expense**; increasing credits means everyone who doesn't own a qualifying property pays more.



Dry Detention Basin

Credit Policy Principles - Establish Foundation

- Administration. A more complex program increases administrative costs. Think about whether the administrative burden is worth the potential benefit.
- Equity. Not all stormwater practices are created equal or installed for the same reason. Differentiation in credit amounts can make the program more equitable, but also make it more complex.
- Shifting Costs. More practices eligible for credit and larger credit amounts will result in less revenue generated from those properties. The revenue need for overall system management doesn't change in the initial program – it takes time to recognize the financial savings from private property investment.
- Verification. A credit recognizes a benefit to the public system. Therefore, it should be verifiable. If it difficult to verify the benefit, the policy should take that into consideration.

Baseline Credit for Structural Practices

Three different models.

- Single Credit Amount
  - Single base credit regardless of when built (e.g., all dry detention basis) or the exact function (e.g., designed to retain flow from a specific storm size/frequency or have a target release rate).
- Credit Based on Function
  - Credit based on function the structure serves (peak flow control, volume control, TSS removal).
- Credit Based on Design Standard
  - Credit based on design standard at the time of installation (installed between 2010 and 2024 or identify a specific engineering standard).

Questions to Clarify Policy

- Should the credit policy distinguish among structural practices based on different design standards or why the structure was built?
- Should the credit policy allow a property owner to take credit for treating impervious area offsite? If so, what are the limitations and caveats?
- Is it an important policy consideration that all property owners have some ability to reduce their stormwater bill?
- Should the City provide credit to a facility that holds a permit that address post-construction stormwater management?

The technique of removing pollutants from runoff as it infiltrates through the soil.

What Structural Practices, Meeting Design Standards, Are Considered for Credits?

- Traditional engineered structures.
- Demonstrated, accepted pollutant removal efficiencies and/or flood control capabilities.
- Used for compliance purposes:
  - Requirements for new and redevelopment.
- Type of structure depends on requirements and site-specific characteristics.

Source: Tompkins County NY (Bioswale)

Additional Credit for Redevelopment

Considerations:

Controlling existing impervious area can help address sediment loading.

It may incrementally help with any downstream flooding issues.

Is promoting redevelopment a City policy goal?

Additional Credit for Voluntarily Installed Structures

Considerations:

- May result in a cost avoidance to the City if the structure helps with downstream flooding issues.
- Is a credit the most effective way to promote voluntary structures (as opposed to other incentives)?

Question – What do you think about providing additional credit for voluntarily constructed structures (not required to meet local standards or regulations) or structures that are upgraded or retrofit to treat more than minimally required?

Additional Credit for Offsite Areas

Considerations:

- The property owner does not pay a fee for the offsite impervious area.
- What is the public value of treating offsite area?

NOTE: If credit is provided, a cap is usually imposed on the credit amount and the credit goes away if later treated by the other property owner.

Question –What do you think about allowing a property owner to receive a credit for treating offsite impervious areas?

Other Structures, Land Use Conversion, and Pollution Prevention

Considerations:

- How important is it that all property owners have an opportunity to reduce their fee?
- The more complex the credit policy and eligibility, the higher cost of administration (versus the benefit).
- Is there a strong enough nexus between these practices and the goals of the stormwater program?
- Will property owners take advantage of these credits?

Question - Should everyone be afforded some opportunity to reduce their utility fee through the credit program, even if it is just a small amount?

Examples: Other Structures, Land Use Conversion, and Pollution Prevention

Other structural practices:

- Rain barrels
- Rain gardens
- Permeable pavers
- Flow through planters
- Impervious area/downspout disconnection

Land use conversion:

- Tree planting
- Riparian buffer areas
- Conservation landscaping
- Impervious surface removal

Pollution prevention:

- Public engagement programs
- Turf nutrient management
- Adopt-an-Inlet
- Stream clean up participation
- Pet waste stations
- Parking lot sweeping

Question – If the City considers other structural practices, land use conversions, and pollution prevention activities, what practice would be most practical or appropriate for Laramie?

State-Permitted Industrial Facilities

Considerations:

- Practices are designed to minimize operational impacts.
- Above and beyond what is required for facilities not subject to permit requirements.
- Easily verifiable.
- Required regardless of whether credit is provided.
- Regulated because of increased risk compared to other facilities.

Question – Should facilities that hold a WYDEP permit for the discharge of stormwater associated with industrial activities be provided a credit for having the permit?

Credit Policy Documentation

Credit Manual Content

Typical Credit Program Guiding Principles

- There must be a rational relationship between the credit amount and the benefit to the publicly funded stormwater management program.
- Credit should be targeted to meet the most pressing needs of the City.
- Credit should be approved for private investments that meet standards at time of design/construction *(OR – that go beyond what is required to meet minimum regulatory standards)*.
- Stormwater management benefits must be verifiable.
- The program should not place an unreasonable administrative burden on City staff.
- The amount of credit should not diminish the purpose of the charge, which is to adequately fund the public stormwater management program/system.

Credit Eligibility

Component	Requirements
Technical Standards	• The structure must be built in accordance with the design standards defined by the City or other standard recognized and preapproved.
Maintenance Agreement	• The structure must be subject to a properly executed maintenance agreement in a format acceptable to the City. • As a condition for a new or renewed credit, the City may require an existing maintenance agreement to be updated to meet current standards for maintenance and inspection.
Function Verification	• The structure must be verified to function as designed. • The structure must pass any inspection by the City. If the structure fails inspection, credit will be revoked if corrective action is not taken within the time specified by the City. • The City may, as a condition of continued credit, require submittal of inspections in accordance with the frequency specified in the maintenance agreement.

Credit Application

Documentation	Description
Application Form	• This form is provided by the City and captures basic information about structure ownership and impervious area treated.
Maintenance Agreement	• Provide a copy of the agreement that allows the City access to the site and establishes enforceable maintenance and reporting requirements. • At the City's discretion, a new or updated maintenance agreement may be required as a condition of receiving credit.
Structure Design Plan/As-Built Drawing	• Provide the design plan and as-built drawing for the structure(s).
Verification of Maintenance	• Provide documentation of the most recent inspection in accordance with the requirements of the maintenance agreement and proof of any required follow-up maintenance.

What if I don't have those?

If the property owner does not have the maintenance agreement and/or structure design plan/as-built drawing, City staff will make a reasonable attempt to locate the information in the City files. The following will apply if the information is not located.	
Maintenance Agreement	• Enter into a maintenance agreement with the City in a format acceptable to the City.
Structure Report and Map	• Provide a report and to-scale map from a professional engineer (1) certifying the structure type from the City of Laramie Stormwater Drainage Criteria Manual or other technical standard and (2) showing property lines, impervious areas, and stormwater drainage area boundaries

Documentation and Verification

City staff proposes the following.

- Maintenance Agreement. Must enter into a maintenance agreement. Likely to impact older structures.
- Structure Design Plan/As Built Documents. Require submittal by owner to ease administrative burden and help ensure City records are complete.
- Function Verification. Require initial documentation the structure is being maintained in accordance with plan. Pass City inspection once each five-year credit review.
  - Consider whether to require more frequent proof of maintenance between five-year City inspections.

Question – What do you think about proposed documentation and verification requirements?

Credit Amount

(A)	**What is the total impervious area on your property?**	**SF**
(B)	What is the total impervious area draining to the structure? Include any eligible off-site impervious area in the total.	SF
(C)	Divide (B) by (A) for the proportion of the impervious area on your property that is eligible for credit.	%
(D)	Insert the percent credit for your structure from the Credit Amount Table.	%
(E)	Multiply (C) by (D) for the percent reduction on your total fee.	%
(F)	**What is your original fee?**	**$**
(G)	**Multiply (E) by (F) for your fee reduction.**	**$**
(H)	**Your adjusted fee is (F) minus (G).**	**$**

Category	Existing Impervious Surface	New Development/ Site Expansion	Total Credit (50% Maximum)	
Peak Flow Reduction	Percentage reduction of 100-year peak flow from the contributing impervious area to the pre-development condition.	Allowable peak flow for the site reduced by 10% to 40% during the 100-year and climate change events.	Up to 40%	Total of no more than 50%
Runoff Volume Reduction	Percentage reduction of runoff volume from the contributing impervious area through capture of the first 0.6 in to 1.2 in of rainfall during a single rain event.	Percentage of capture for the first 1.2 in to 2.0 in of rainfall during a single rain event for the site.	Up to 40%	
Water Quality Treatment	Improve water quality controls (or implement new controls where none exist) to an enhanced level of treatment (80% Total Suspended Solids (TSS) removal).	Design water quality controls for the site to an enhanced level of treatment (80% TSS removal); or, exceed the minimum Regional SWM Standard at the time of design for new development or site expansion areas where no quality control currently exists.	Up to 10%	

Appeals Process

7/16/2024

Appeals Process

Appeals are limited to the following circumstances:

- Error made regarding the square footage of impervious area.
- Error in the identification of the property billed.
- No longer owner of the property (sold and bill needs to go to the new owner).
- Approved credit is incorrectly applied.

Next Steps for Adoption of Drainage User Fee Rate

- Analysis of City Impervious Data
  - Evaluate new data to calculate billing units for non-residential parcels
  - Update rate model based on final billing unit counts and policy
- Development of credit policy/program and appeals process
- Develop billing system and policy, creation of master account files, and integration with existing billing system
- Develop draft ordinance to adopt fee structure

Thank you

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Examples of Non Traditional Systems for Credit

7/16/2024

Rain Barrels

Rain Gardens

Permeable Pavers

Flow Through Planters

Downspout Disconnect

Tree Planting