

**ATTACHMENT 8**

**ENGINEERING DEPARTMENT STAFF REPORT  
Summary of Comments and Questions  
Presented at February 16, 2004 Public Forum on the  
Potential Establishment of a Local Stormwater Management Utility**

The following list includes comments and questions presented at the February 16, 2004 Public Forum on the establishment of a local stormwater management utility, with staff comments and responses where applicable:

1. *Representatives of the Stormwater Utility Policy Review Committee provided the following comments and recommendations:*
  - a. *A stormwater utility is necessary for the Town of Chapel Hill.*
  - b. *Master Planning is the top priority upon utility establishment.*
  - c. *Significant financial, technical and human resources are required over a long period of time.*
  - d. *A utility is the fairest and most equitable means to finance the Town's stormwater program.*
  - e. *A stakeholder advisory committee is necessary to provide advice and recommendations to the Council on the utility budget and structure, to guide the master planning effort, and to make recommendations on staffing and consultant work.*
  - f. *The existing committee should serve (with a new charge) as an interim stakeholder advisory committee until the Council formally selects one.*
  - g. *The implementation schedule presented by the Town Manager for establishing the utility effective July 1, 2004 should be pursued.*
  - h. *University and Town staff should collaborate and make recommendations for the Council's consideration regarding the extent of the University's participation in the utility.*
  - i. *A tiered rate structure is recommended as being more equitable and fair than a flat fee over the entire rate base.*
  - j. *A policy and procedure for granting credits should be developed and implemented.*

Comment: Town staff participated in developing the Committee's comments and recommendations and we concur with them. We agree that, if a stormwater utility is established, it should include an advisory board. We suggest that, concurrent with establishment of a stormwater management utility, the Council also establish a stormwater management utility advisory board. We believe that this advisory board could be organized to begin its work early in the first year of the utility.

We also agree that comprehensive program planning is a critical factor in the long-term success of a stormwater management utility.

2. *Staff members representing the North Carolina Department of Environment and Natural Resources (NCDENR), Environmental Enhancement Program (EEP), and the Cape Fear River Assembly described the current Morgan and Little Creek Stakeholder Planning Initiative intended to identify watershed enhancement and restoration cost-sharing opportunities that could be jointly undertaken by the State and the Town.*

Comment: Town staff is working closely with the study team and stakeholders to develop a practical plan for stream restoration and best management practices that can be effectively implemented to improve the viability of Little Creek and to protect it from further degradation. We believe that this current planning initiative will serve as an example for identifying and implementing future cost-sharing activities to improve our streams and watersheds as part of a utility-based stormwater management program.

3. *A representative of the Lake Forest Association acknowledged the need for more effective stormwater management to address the Town's water quality and quantity problems. Water quality is of special importance to the Association, particularly as related to the detrimental effects on lakes and ponds caused by erosion and sedimentation that occurs in streams and on construction sites.*

Comment: We agree that the control of soil erosion and sedimentation is critically important to the success of a comprehensive stormwater management program. We acknowledge periodic problems with erosion and sedimentation control resulting from land disturbing activities. A key objective of the proposed utility-based stormwater management program would be to address soil erosion and sedimentation issues more aggressively via increased inspection of construction sites, enhanced stream stabilization efforts, and greater cooperation with the Orange County Soil Erosion and Sedimentation Control staff.

4. *A representative of the Chapel Hill-Carrboro Chamber of Commerce agreed that the establishment of a stormwater utility is necessary, and that an advisory board should have some level of oversight on program activities. It was also suggested that the Council discuss the proposed utility concept (again) with the Town of Carrboro and with Orange County to identify additional collaborative efforts that might be possible. The Chamber supports the concept of credits for good stormwater management practices. The Chamber representative asked how the utility rate structure would be distributed between residential and commercial parcels; and how billing would be accomplished for apartments and condominiums and multi-story structures.*

Comment: We agree that stormwater management discussions involving all local units of government should continue. We will attempt to initiate new discussions with Carrboro and Orange County officials regarding the stormwater utility concept and improved cooperative efforts that might be possible.

The rate structure for the program recommended by the Policy Review Committee distributes approximately 31% of the fees to single-family/two-family residential properties; 51% to all other properties (including University properties); and 18% to

Town roads. NCDOT rights-of-way (State roads) were not included in the rate base because public roads and streets collect and convey stormwater runoff as an integral part of the public drainage system infrastructure.

The utility proposal includes development during the first year of procedures for issuing credits.

The alternative program suggested by the Manager subsequent to the February 16 public forum distributes approximately 41% of fees to single-family/two-family residential properties and 59% to all other properties. University properties represent 15% of these, and are not included in the year one revenue projection for the suggested alternative program. The potential revenue from University properties is currently considered as an “offset” or burden to the rate until a conclusion is reached regarding credits. Please see Manager’s report for further discussion. Both Town rights-of-way (Town roads) and NCDOT rights-of-way (State roads) are not included in the rate base for the alternative program because public roads and streets collect and convey stormwater runoff as an integral part of the public drainage system infrastructure.

Under the proposed rate structure, multi-story, multi-family, condominium, and townhouse development would be charged fees based on the total area of impervious surface present on the entire property. This total fee could then be divided equally among the individual property owners. In the case of multi-unit rental properties, the property owner would be billed for the impervious surface area, and could choose to defray that cost by incrementally raising rates for each rental unit.

5. *A representative from the University of North Carolina at Chapel Hill re-stated the University’s position that it is not planning to participate in a local stormwater utility, saying also that the University might continue to cooperate in specific projects where a benefit to it was evident, such as in floodplain mapping. It was stated that the University is spending significant sums of money to be proactive in stormwater management, and has applied for an NPDES Phase II water quality permit.*

Comment: We agree that the University is acting responsibly with regard to implementing good stormwater management practices, particularly associated with development in the OI-4 zoning district. We think that it would be reasonable for the University to receive credit for documented reductions in demand for service that its properties place on the Town’s stormwater management systems and facilities.

We also believe that some University properties in the community do generate stormwater runoff that leaves the property and creates a demand on receiving streams and drainage facilities. Therefore, we continue to believe that discussions between the Town and the University are necessary to identify and differentiate applicable credits and fees for service associated with all University properties Townwide.

6. *A Council member stated that the University should participate in the utility at an appropriate level.*

Comment: We agree. Please refer to our comments in item #5 above.

7. *A Council member stated that significant resources will be required over time to address the community's environmental water resource problems, and that a stormwater utility could provide a means of addressing many of those problems in a way that would benefit every citizen.*

Comment: We agree.

8. *A Council member stated that the Stormwater Utility Policy Review Committee should serve on an interim basis until the Council appoints a new Stakeholder Advisory Committee.*

Comment: We agree.

9. *A Council member stated that additional rate structure alternatives should be presented for consideration, including elimination of the 3-ERU cap and reducing the 500 square foot minimum impervious surface area for ERU calculations.*

Comment: In the materials provided at tonight's meeting, we have recalculated the fee structure without a cap and with the minimum impervious surface reduced to 200 square feet.

The rate model examined representative subdivisions and determined a mean impervious surface area of 3016 square feet for single-family and two-family residential properties in Chapel Hill. Based on the distribution of impervious surface areas throughout Town, we selected 2000 square feet as one Equivalent Rate Unit so that properties with significantly less impervious surface area than the mean would be fairly treated in the rate structure. Properties on either side of the mean (2000sf – 4000sf) would be assessed two ERUs under the recommended rate structure.

The fee per ERU is directly related to the total number of ERUs included in the rate base. Materials presented at tonight's meeting provide details on the effects of including or exempting ERUs associated with University properties and Town roads.

10. *A Council member stated that the Town should immediately begin a public education program.*

Comment: We agree and have recommended that the first year of the utility-based stormwater management program include funding for necessary staff and material resources to implement a comprehensive and effective plan for public education and public participation/involvement with regard to all aspects of stormwater management that affect our community. Materials presented tonight provide details about the proposed plan for public education and participation.

11. *A Council Member stated that the report presented information that was vague and that Town staff should work with the current Policy Review Committee to provide additional information on the details of a program master plan.*

Comment: We propose that a comprehensive program master plan be developed during the first year of the utility, along with continuation of current stormwater management activities and undertaking work associated with new regulatory mandates and requirements.

12. *A Council member stated that the Town should consider different permeability factors in the rate structure.*

Comment: We believe that differentiating between degrees of permeability on pervious areas of individual properties Townwide would not be feasible. It is practical to differentiate between pervious and impervious areas. For the purposes of the utility, we propose that all land area that is not considered to be “impervious” (as defined by the utility ordinance) would be considered to be “pervious” and would not be included in ERU calculations.

13. *A Council member asked how the Town could consider low-income property owners with the rate.*

Comment: If the Council wishes to address special populations (such as low-income property owners) in assessing fees, that could be included in a credit system that we propose to develop in the first year of the utility. Although categorical credits could be a means of addressing this matter, we do not recommend exemption of entire classes of special populations from the rate base. It would be very difficult to identify fair and equitable criteria for establishing exemption classes and it would be impractical to monitor continuing compliance with the criteria.

14. *A Council member asked how the utility would enhance sediment and erosion control work currently being done by Orange County.*

Comment: We think Orange County should continue to administer and enforce the Town Soil Erosion and Sedimentation Control regulations. We propose that utility staff resources be used to supplement County staff with inspection and compliance activities. We also would focus a significant part of the utility’s public education and public participation activities on practices and procedures that would reduce soil erosion and sedimentation problems resulting from land disturbance.