

**DERRY TOWNSHIP MUNICIPAL AUTHORITY
STORMWATER STAKEHOLDER ADVISORY COMMITTEE
MEETING #3 SUMMARY: FEBRUARY 24, 2016**

Meeting #3 – Stormwater Program Development (Part 2)

MEETING NOTES

1) News & Updates

- Articles of Incorporation are anticipated to be filed with Commonwealth of PA around February 29th. We expect them to be approved by the March 2016 SAC Meeting.

2) Recap of Average/Expanded (A/E) LOS

Presentation was made by HRG which included review of content presented at prior month's meeting in regards to current Township Stormwater Program, Current Level of Service (LOS) now termed "Average/Expanded" or "A/E" and improved LOS, now termed "Comprehensive" or "Comp".

The question was raised: *Of the amount that's been historically allocated to capital projects, what percentage was contributed as a result of development projects versus other funds?*

Response: I would say the majority, 90%, has been from other funds, such as grants or other contributions.

3) Capital Improvements Included in A/E LOS

HRG presented proposed capital improvements included in A/E LOS which includes roughly \$9.0 million of improvements over the initial ten year period (refer to PowerPoint.)

Comment made: *The Authority doesn't have 100% of the assets inventoried and conditioned, so before individual projects are identified, let's make sure that there's enough carry away to be sure that the infrastructure is sound before we start addressing individual problems because what I found over the years is that if you just take a problem and address it, it moves, so it might be 3 blocks down.*

Comment made: *HRG is presenting a concept of a program, which provides a ball park of infrastructure needs based upon known infrastructure deficiencies. Once we have all the information, we can sit down and start prioritizing the infrastructure, those priorities will certainly change and actual improvements to be implemented may be alter based upon this reprioritization. The Comp LOS will also enable us to solve drainage facilities upstream and downstream of each other as part of a holistic approach as opposed to piecemeal solutions.*

Comment made: *As we take a deeper dive into assessing infrastructure, we will need a clear set of criteria against which we will weigh and score projects. It will be of value to begin to draft those and keep looking at them. They're not all of equal weight. Businesses may be considered to be of higher importance, such as Hershey Medical Center due to the role it plays in this community. At some point the general public will ask how projects are selected for implementation and be looking for criteria like that.*

Comment made: *It's not that there's no idea of the conditions of what's out there. If you look at the Township from a 30,000 ft. view, we know when the Derry Woods, South Points, Stoney Runs of the area were built, and as HRG referenced earlier, they know what materials were used in the construction of them. So when you look at it from that perspective, at least to me, the really aged portion of our stormwater structure is pretty much the Palmdale area and Village Core and a few developments outside of the Village Core. There's not a lot of inlets in those areas.*

Question was raised: *What percentage of the Township's population lives in the Village Core?* Possibly 50%; it's possible to make a better approximate using GIS parcel data.

4) Additional Capital Improvement Needs

HRG discussed additional known drainage improvement projects totaling \$19 million (refer to PowerPoint.)

Comment made: I think it's also important if you look at things like this: Wood Road, Bullfrog Valley, Hershey Park Drive, all those are interrelated; so if you start at the bottom and only fix a portion of the drainage system, it may not work. We really need to look at it from a comprehensive Bullfrog Valley Stream Watershed as the whole project and plan that in stages.

Response: The Comp LOS provides the revenue to enable a comprehensive solution to drainage problems. It provide the background information and revenue necessary to address drainage problems in this manner. It allows for planning to be done to tackle problems by evaluating drainage on a system wide basis as opposed to only focusing in on a single intersection.

Comment made: We get a lot of situations where when homeowners built their home, everything was fine but after a lot of development, their backyards begin to flood, example is Dartmouth Farms. That's an example of an inequitable situation that overall development has caused. We get a lot of complaints like that around the Township. That's something to keep in mind.

Comment made: In considering how to prioritize projects, it may be appropriate not to just consider how many people are affected but how the well-being and livelihood of people is affected; example, people not being able to get to Hershey Medical Center, affects the well-being of people. People not being able to get to work, impacts the livelihood of those people,

so the size of a company does actually matter as far as impacting the people that work there as well as impacting economic vitality.

Comment made: From my perspective in trying to maintain the transportation system, more than inlets and pipes, I think my bigger concern would be similar a previous comment about the people in Dartmouth, that have a privately owned pond that is draining through that residential area and another good example of that is Oakmont, because we've been talking a lot about Wood Road and the Medical Center, and the larger entities, Wood Road is an area of concern for me because of the level of maintenance in the two ponds south of Wood Road has given me serious cause for concern. We don't have the ability to do inspections of private facilities, but some of them are attempting to do maintenance and they're doing a poor job, so it just moves the problem down closer to Wood Road and you feel it when you pass over Wood Road at Limerick. In order to fix what needs to be repaired, first the ponds in Oakmont need to be repaired and then it will involve closing Wood Road to do that. If you've ever been on Wood Road at 7:45 in the morning, you might as well be standing in the middle of 422. That will be a significant impact to traffic.

Comment made: The lack of maintenance of ponds in this system is huge in my mind.

Comment made: I think what we should have a future discussion on privately owned infrastructure and how the Authority should be handling that. Maybe we can include that in our discussion regarding rates and credits for privately owned infrastructure.

Question raised: Would you say in terms of the priority, you figure with the current system you can do about \$9 million worth of improvements; if you do an assessment, that priority list might change based on the assessment, but in terms of the financing about that amount is what we can afford under the current structure.

Response: Yes, over a 10-year period. Again, we are always looking for subsidized funding to be able to implement projects with less impact on the rate payer. Some of the reasons we did the areas we did before was based on funding. Some of the funding had restrictions as to the types of projects or the location of projects, such as those within the township right of ways. In this case, where we have the rates coming in, we will have more flexibility with where the money goes.

Comment made: So what we're talking about here is risk management, the probability of failure as opposed to the consequences of failure and that will probably be the subject of another meeting and a lot of discussion when we start identifying some of these areas.

Comment made: It's always better to invest in preventative action than having to be stuck with multiple levels of contingencies to prepare if it does goes wrong.

Comment made: FEMA is doing a project now called Risk Mapping and we identified the areas in Derry Township that need better flood determination and that's been included in their project. It will be overlaid on the comprehensive plan mappings to multiple levels of zoning requirements.

5) Consideration of Comprehensive (Comp) LOS and Cost Comparison

HRG discussed moving to a higher LOS termed “Comprehensive”, which may include comprehensive condition assessment, asset management/capital improvement planning and an additional labor crew. The estimated annual revenue need for both the A/E LOS versus the Comp LOS was discussed (refer to PowerPoint.) The budget for the Comp LOS was estimated to be roughly \$320,000 more per year than the A/E LOS.

Question raised: Of the estimated \$450,000 per year of Capital Improvements for the A/E LOS, it seemed like that was paying for \$10 million in capital projects. It was said part of that \$450,000 is made up of annual debt service payments and part of it directly funds capital projects. Couldn't the annual cost be reduced by taking a policy of financing more than your direct funding? Capital improvement costs seem to be the biggest jump between AE and Comp and that's a little arbitrary in terms of what you're direct funding and what you're financing.

Response: Funding directly through rate revenue saves DTMA and rate payers in the long run since interest costs incurred through debt issuances are avoided. However, if we go back and look at the projects listed in the Power Point Slide for the Comp LOS, cost, most of these were assumed to be financed through a loan or bond due to the overall magnitude of the cost. Funding them directly through rate revenue isn't practical due to the spike in rates that would be needed for the short term in order to fund the project. Smaller capital costs for items like inventory and mapping, would be directly funded through annual revenue. The Comp LOS also includes transferring \$700,000 over the 10 year period into a capital reserve account. This fund is used to level out the overall revenue requirement needed over the 10 year period. For years where the revenue need is higher due to “PayGo” projects, the reserve fund is used to finance those additional costs without the need for a rate increase to get through that year. For instance, if you were to look at the proposed 10 year Capital Improvement Plan schedule, there are some spikes in the cost over the initial ten years, specifically caused by the proposed timing for implementing the asset management and capital improvement planning. DTMA can use reserve funds in those years to fund the additional revenue need for that year. Use of the reserve fund allows the project to be funded by the least cost method without causing rates to spike.

Question raised: So you looked at that in detail?

Response: Yes, we came up with a spreadsheet with a 10 year capital improvement plan and proposed would be funded directly with rate revenue and what would be funded with debt service for the purpose of implementing needed capital improvements while balancing user rates and overall interest costs.

Comment made: I know that we talked about assigning priorities to capital improvements after the authority was implemented and the process was further along, but in a way it seems like the priorities would help guide the projects that would fall off the list. West Mansion is on the current list for the Comp LOS but based on our discussion, that project may fall off the list because its not an emergency transportation route. If that area floods the main result is people can't golf.

Response: That's a good point, as DTMA completes condition assessment of the system and works with the SAC and authority board to prioritize capital improvement projects, some projects on the current Comp LOS Capital Improvement list may come off and be replaced by new projects. In the end though, DTMA would still be looking to implement roughly \$20 million in capital over the first 10-12 year period with a higher LOS.

Comment made: *It seems like there's a major jump in the amount of capital improvements implemented over the 10 year period in the Comp LOS, but a minor jump of \$300,000 in annual costs associated with capital improvements in the power point slide. There's no question to me that we should be operating at the Comp LOS in term of assessment of the needs (condition assessment, asset management, etc.) and that needs to drive the capital improvement projects that do get implemented. The Condition Assessment is much more important right now than which projects actually get completed and the assessment will give better information as to how much should be spent.*

Response: You're absolutely right and that's why we need to do condition assessment, unfortunately at this stage right now, we don't fully know the condition of where the infrastructure is in greatest need of repair. Once the assessment is done there may be another 10 projects that come up that are of higher priority than the projects on the current list. The current list is comprised of project known based upon past flooding events and the like.

Comment made: *The bottom line is that we are going to develop a fee over the next few months and that fee is dependent upon how much in capital improvements can be budgeted over the initial 5/10 years. Until you have a comprehensive assessment, how will you know what fee to charge?*

Comment made: *The fee developed now will provide the revenue needed to implement the projects of greatest need following completion of the condition assessment. The decision needs to be made as to the magnitude of capital projects to be completed by DTMA in the initial 5/10 years.*

Question raised: *Don't you need to have an impervious surface evaluation before you can determine an ERU?*

Response: Yes, we do. HRG has worked with the Township and Authority to develop impervious surface estimates of residential and non-residential properties based upon information currently on file with the Township and an evaluation of residential impervious estimates based upon heads up digitizing.

If DTMA were to develop an impervious service GIS later today it would cost several hundred thousand dollars, which is a large cost to bare in advance of receiving rate revenue. The County plans to complete high resolution mapping next year which would enable DTMA to

develop an impervious surface in GIS in the future at possibly half the cost than if they were to do that now. In addition the Army Corps of Engineer may offer additional savings to complete this service in the future.

Question raised: *Do you feel comfortable that how we are determining an ERU right now is fair and equitable and is going to be enough to move the deal forward?*

Response: Yes. Although, we'll have a better idea next month after we have additional information compiled on non-residential properties from Township files Implementing an appeals process in conjunction with establishing the rate will be important in ensuring the process is fair and equitable. It gives property owners the option to submit an appeal to have their impervious area re-evaluated if they feel it's been incorrectly calculated.

Question raised: *How is the impervious coverage for roads and highways considered?*

Response: Roadways are considered impervious. If the county and state are charged a fee for their roadways is a policy decision. Another policy decision would be if the Authority is going to charge the Township a stormwater fee for their roads and property?

Comment made: *That's a very good point, though. We do have areas when you get back into South Point where there's private cul-de-sacs.*

Question raised: *Isn't it a bit unrealistic that we're going bill for roads?*

Comment made: *This goes back to the unfairness issue of allowing private roads. Those people are paying their taxes and you're putting a big burden on them in addition to whatever impervious surface they have within their residential footprint.*

Comment made: *We can't prohibit private roads.*

Question raised: *Even if you can't prevent private roads, why should those homeowners be charged for that part of the impervious surface? I just don't think that's fair.*

Comment made: *I don't think that it's realistic to charge for roads. Then you have to define what a road is.*

Question raised: *Can we just get this off the table? Does anyone think it's realistic to charge for roads?*

Question raised: *Do we have any idea of what percentage of impervious area in the Township is roads?*

Response: That data is not yet developed. When we went through and did that representative sampling of residential, we only focused on impervious area on their property. We didn't go through and look at which residential properties are located in areas served by private roads and try to take the total impervious area of that road and distribute it equally though out the neighborhood. The ERU method looks to determine the average impervious area for a single family property. DTMA would have to consider if it's worthwhile to assess a residential property on a private road 1.5 ERU s to account for the road. However, if the road is private, then likely the stormwater is privately owned too. This means that if they are charged a fee relative to 1.5 ERUs, they may then receive a credit to account for the privately owned stormwater facilities. This could work to cancel each other out.

Question raised: *Does the calculation of the ERU include the driveways?* Yes, it includes the driveway, rooftop area, patios, sheds and similar impervious surface on a property prohibits stormwater from infiltrating into the ground.

Comment made: One of the things that I wanted to say earlier when you were asking about the fees, once it's established based on the concepts that we're presenting, it's not cast in stone. Obviously, it can be adjusted annually based on refinements, assessments, project prioritization and project needs.

Comment made: *Yes, but we need to be very judicious in setting that initial fee because we don't want to have to increase it the following year. In ten years, it would be OK to adjust the rate. If we overshoot it a little bit, it may not be a big deal since it would help establish a reserve fund which would then act to postpone the next rate increase.*

Comment made: *I think it's all about accountability and transparency and we need to make sure that we start off on the right foot. Anytime that you levy anything new, you have to really give it due diligence and I look forward to next month.*

Question raised: Something to think about for next month. What do you perceive as the most effective and efficient billing system? Separate bill or adding on, email bills, etc.

Group consensus received that including the stormwater program fee on the sanitary sewer bill was preferable since it would be more efficient for the property owner to process.

Question raised: *Since the consensus is to bill both utilities together, would there be an advantage of collecting the money semi-annually or quarterly?* Discussion included whether the billing software would allow for monthly sanitary sewer bills and quarterly or semiannual stormwater bills. It was determined that monthly billing would be less of an impact on low income/fixed income property owners.

6) Public Education and Outreach Plan

HRG presented the draft Public Education and Outreach Plan and solicited group feedback.

Question raised: *Do you have a date for the proposed public meeting in April?* We talked about a couple of different locations to hold this meeting, depending on the number of attendees. The library would be available April 18, the school district facilities would be either May 11, or 12th.

The group discussed the likely number of attendees and advantages/disadvantages of both locations. A meeting at the library on April 18th was selected as the preferred date/location.

Feedback was received from the group on additional community events to consider distributing SWA information at such as the Saturday morning market and National Night Out.

It was determined that literature should be set out at the recycling center and the Township building.

Comment made: *We can talk to some of the stormwater vendors to see if we can get some tabletop products and trinkets to give out. That goes over very well and may attract additional visitors to the table to pick up literature.*

Capital Region Water did a public outreach event at the Kipona Festival with educational games for the children with the theme of Clean Water Management. They asked for sponsors to fund this event and prizes for the kids. If interested in doing a more “active” event at Kiss Hershey Back or the Rainbarrel Event, DTMA could reach out to CRW to get information on the games, sponsors, etc.

The group discussed a second public meeting to be held in August prior to the first round of billings in October. Meeting will be used to provide an overview of what the stormwater fee is going to fund, how the fees were derived and the overall fee structure. The meeting will also be used to explain the appeals process and credit policy.