

Meeting #4 – Stormwater Program Fee (Part 1)

MEETING SUMMARY

1) News & Updates

- a. Public Outreach and Education
 - i. E News Blasts and Bill Insert sent out in March
 - ii. First Public Meeting scheduled for April 18th
- b. Billing System - The Authority purchased a new billing system and plans to transition from the old billing system to the new one for sanitary sewer billings by June 2016. Stormwater will then be added in for planned billing by October 2016.

Question: *When residents have questions about maintenance of stormwater facilities, who should they be calling?*

Response: Questions and comments related to the operation and maintenance of the stormwater system should be directed to Derry Township Public Works for the remainder of 2016. Based upon the current schedule we anticipate for the responsibility to transition to DTMA by January 1, 2017.

2) Process for Developing Fee

Question raised: *How does HRG classify "effort", when you state that developing and using differing rate models requires varying amounts of effort? What's involved in the maximum amount of effort for the impervious area.*

Response: In terms of effort, we are referring to labor, time and money. We'll go through how impervious area measurements are developed in a couple of minutes, but generally speaking the impervious area method measures or estimates the square footage of each property individually, either through the use of aerial imagery and head's up digitizing or by impervious area reported through the land development process or a similar means. Properties are then billed based upon their amount of impervious area. For residential properties, sometimes properties are assigned a unit of impervious area, termed an Equivalent Residential Unit (ERU) without measuring each property. It is more costly to develop this level of information per property than if say the intensity of development factor is used, which looks at their property and classifies it through generally a 1-10 ranking without actually measuring or estimating impervious area.

3) Stormwater Fee Calculation - Classification of an ERU

Question raised: *Properties are categorized by use of property not land area, correct?*

Response: Correct

Question raised: *How are pools handled?*

- Response: That's a good question. The handling of pools is a policy decision. There are some communities in PA that say pools are considered impervious.

- Comment made by Township Staff: The stormwater ordinance states that if a pool drains to a sewer in overflow, it's considered pervious, if it doesn't then it's considered impervious. Most of the pools in this area drain to a sewer.
- Question raised to the SAC group: Do you think pools should be considered impervious?
Response: *Yes, because water is going to run to the sewer system and cause a stormwater problem. Part of the reason for that is they are paying a sewer fee to top off the water as it evaporates, so I think the thought in Derry Township is that it's always been a wash then when the rain water comes down. That and the backwash from the pool filters has become scrutinized of late and that's been hooked to the sanitary sewer system so it didn't discharge over the ground. More often than not, a pool is a retention basin, depending on the intensity of the rainfall.*
- Question raised: *I think it's a legitimate consideration that if pools are not considered as something to assess, will that become a distracting discussion in the process?*
- Comment made: It is defined in the Stormwater Ordinance and the Zoning Ordinance, based upon whether or not it's connected to the sewer. I think it's already laid down. If it's not tied in to the sewer system, then it's an impervious area.

Policy decision made based upon discussion: If a pool is connected to the sanitary sewer it is considered pervious, if not connected to the sewer it's considered impervious.

Question raised: *Any thoughts as to how to categorize residential versus non-residential in terms of developing fee?*

- Follow-up Question raised: *Why would you consider single family homes on agricultural properties non-residential?*
Response: Generally it's categorized as non-resident because the property is considered more mixed use since it's used for farming in addition to being used as a residence. Does the stakeholder group feel there's a more proper way to classify agricultural properties?
Comment made: You still have impervious area. I don't know why that's different from someone that lives in town.
Response: Part of the reason is there's a lot more absorption area on agricultural property so the potential for runoff is a lot less than someone that lives in town. And of course you get into agricultural uses where they have many, many barns so you kind of have to look at that differently.
- Question: *Are apartment houses considered non-residential?*
Response: Yes, generally multi-family residential are classified as non-residential.
Question raised: *At what point do you draw the line? 2 apartments and a house, or duplex or more than 3 units, more than 4 units, maybe goes into the non-residential?*
Response: *It's one and two family, beyond 1 and 2 family would get into apartments and townhouses.*

Policy decision made based upon discussion: Single family residential, townhomes, condos, and duplexes will be classified as residential. Commercial, industrial, institutional, municipal, non-profit, agricultural, mixed use, multi-family, mobile home parks and any remaining property uses are considered non-residential.

Question raised: *In developing impervious area estimates for residential properties, does the measurement of three properties per "neighborhood" equate to something that is statistically valid when you are looking at a sampling size of say 1,567? When you're looking at data, the more data sets you have, the more accurate you can be.*

- Comment made: Its important to keep in mind the big picture in terms of simplicity, if you recall we're talking about fees in the \$6-8 per month per household range. If you start doing those tiers, things administrative efforts associated with billing and related tasks increase significantly.

So while you're correct on posing the question whether it is statistically significant, is it really relevant?

- *Comment: As a person who has quite a bit of impervious area, I think everything is relevant because I'm going to be paying those bills.*
- *Comment: Once you determine your ERU, it doesn't matter if a property is classified as residential or non-residential, it will be billed based upon number of ERUs. That will be the common denominator.*
- *Response: You are correct.*
- *Question raised: I was wondering if measuring 3 properties per residential "neighborhood" was reasonable and customary, and if it is, I would question that. Is that what other areas use?*
- *Response: Residential impervious area estimates can be compiled in a number of different ways. The most accurate, but also most expensive option, would be to fly the whole Township and take updated aerial imagery where control points have been laid out by surveyors ahead of time to provide a controlled flight. This would allow the data to be developed to a specific level of accuracy. The next stage is to then go to the courthouse and pull all of the deeds for the properties to property align boundaries in GIS. A third party would then develop and define impervious area measurements per property using digitizing techniques. That's the most accurate way to develop the data, but again the most costly. It would likely cost \$300,000-\$400,000, give or take. DTMA and USACE have discussed partnering in a few years to develop impervious area measurements for all properties as I've outlined above. The partnership would provide a 50/50 cost share which would result in considerable savings to DTMA customers than if the data was developed through this manner today.*
- *Comment made: I guess it's possible we could have a tiered non-residential rate, not just based on an ERU but based on actual square footage and impervious and that would give us detailed accuracy for a relatively small amount of area. That may be worth it.*
- *Question raised: What about increasing the number of homes that you average per "neighborhood"? Would that increase your statistical accuracy?*
- *Response: Yes, it would.*
- *Comment made: For me, speaking for the company, I'm not sure how the eventual calculation of the average ERU will affect commercial property owners.*
- *Comment made: This group is focused on the number 3 for the number of properties digitized per "neighborhood", but you also have to consider how we define a "neighborhood." "Neighborhoods" don't equate to actual subdivisions or neighborhood developments. We grouped properties by size and amount of development to create "neighborhoods", so our neighborhoods don't necessarily have that wide range of homes that you may be thinking about where the 3 aren't as significant.*
- *Question raised: The measurements and these averages that DTMA came up with, are those used to determine what an ERU is?*
- *Response: Yes, and by determining what an ERU is, we are also determining what the average impervious area is for a residential property.*
- *Comment made: Every lot in the township has a maximum impervious cover, minimum lot area, maximum impervious cover, so we can do the calculation that way, but in the village and other places, we have people that come in and they have that ERU, but then they want to add 1,500 square feet of impervious. We need some equity there as well.*
- *Question raised: Is there any sort of commercially available satellite survey that is already in place that you could draw impervious area information from? Even something like Google Earth, I would think there is something on the commercial side that should be able to give you relatively recent accuracy and at a fraction of the cost.*
- *Response: Google Earth imagery does not provide the survey side control necessary to improve the accuracy of the data. The best imagery available from a resolution standpoint is from Dauphin County. The County has high resolution photography developed by Pictometry, but again there was not any survey control associated with it. This means we can use the imagery to*

digitize impervious areas, but we cannot say the imagery is accurate to within say 1 foot or 5 feet.

- Question raised: *How recent is the County data?*
- Response: 2013 or 2014
- Comment made by DTMA: I believe in the accuracy, so what I would like to see, if we can get a consensus, is that we get a reasonably fair but conservatively inexpensive commercial rate for a year or two that's palatable while we acquire the data and refine based on the fees. From an administrative standpoint, I think that is the most efficient and effective way to go about this.
- Question raised: *Could you have a fee that could then be adjusted retroactively?*
- Response: Adjusted, absolutely; although its unlikely we'd adopt a policy to adjust retroactively.

Policy decision made based upon discussion: Impervious area measurements for residential properties will be measured based upon the approach outlined in the meeting. Additional property measurements per "neighborhood" will not be developed at this time. It is anticipated for estimates to be redeveloped in a few years through a more extensive controlled aerial imagery and digitizing process.

Question raised: *Are all residential properties considered equal? Is it worthwhile to break it down into tiers for \$2-\$4 a month adjustment to their bill (either up or down).*

- Comment made: *I think it is. I think it's important for people to feel that it's done fairly. Someone that has a 6,000 square foot house shouldn't be paying the same as someone who has an 800 square foot townhome. So whatever the effort has to go into it the front end, I think it's worth it.*
- Question raised: *If you have this amount of data, how much more work is there to have 5 tiers vs. 3 tiers?*
- Response: The accuracy level of the residential impervious area estimates may better align with a three tier system. The more tiers, the greater the possibility that a home has been assigned to an incorrect category.
- Comment made: It's also important to keep in mind what the objective is, to get people to think about impervious areas and whether you're going in for a zoning issue, here's the tier that you would be in, so what can you do to reduce areas?...build rain gardens, have rain barrels and those types of things.
- Comment made: Based upon our discussion today, it looks as though using tiers may be the way to go and I think we determined that breaking it into 3 tiers might be appropriate. We'll look at this again next month as we get the remainder of the information.

Policy decision made based upon discussion: 3 tiers will likely be used to bill residential properties.

Question raised: *Should credits be provided to residential properties as well as non-residential properties?*

- Response question: *On what basis would a residential property receive credits?*
- Response: *An option would be to provide residential credits for installation of a rain garden, rain barrel, or similar facility.*
- Comment made: *I have a thought on that, anyone that put in a storm water system has to maintain an operation maintenance agreement. I think that's probably the most credible way to treat residential properties, and you have a reasonable amount of enforcement. Rain barrels are not a credit, in my opinion.*
- Comment made: *What we may want to do is if you give them a credit, there should be random checks.*

- Comment made: *As part of the outreach program, you should provide information and ways for people who care about the environment to do that, but that doesn't necessarily need to change the price because that alone wouldn't be incentive enough for people to take initiative.*
- Comment made: *We used to bring our 5th graders over for government days. Perhaps we should think about reinstating that because that would certainly help us with our public outreach and our MS4.*

Policy decisions regarding credits will not be made until after the next SAC meeting.

Question raised: Should Township owned property be charged stormwater fees? If they were to be charged, how would they pay the fee?

- Response: *Tax dollars; using tax dollars isn't the most equitable way to assign the cost of stormwater service to the community.*
- Comment made: *I think as long as we account for it somewhere, we either have to exclude that from the total impervious area or it's got to be covered by somebody else in the pie chart. It just needs to be considered and decided.*
- Question raised: *Should the total ERUs for Township properties be proportionately divided out and allocated to property owners?*
- Comment made: *I think that public streets should be excluded; municipal property, maybe not.*
- Question raised: *Another questions is, does PennDOT receive a bill?*
- Question: *What about private roads? Are they divvied up among the homeowners?*
- Comment made: *Let's support excluding the public roads. Yeah, absolutely.*

Future policy decision to be made: Exemptions- Should Local and State rights-of-way be exempt in addition to railroad rights-of-way with widths less than 100 feet? (No county owned roadways exist in Derry Township) Should DTMA and Derry Township properties receive a bill for their properties? Should common areas owned by HOA's be exempt?

Question raised: What do you think about undeveloped land or properties that are under initial development. Should they get a stormwater bill before they are developed?

- Question raised: *How do you define undeveloped land? Would you exclude less than 500 square feet of impervious area?*
- Question raised: *Are we differentiating between undeveloped land and vacant land?*
- Response: From an analysis and billing standpoint vacant land is properties where the County has defined the land use as "vacant", meaning its coded "L" for a vacant lot.

Policy decisions made based upon discussion: All developed parcels (those altered from a natural state that contain impervious surface greater than 500 sf) will receive a stormwater bill. Land under initial development will not receive a stormwater fee until the Certificate of Occupancy is issued.

Question raised: *What happens if we develop a system that generates more fee than is needed to maintain the system on an annual basis. Is the overage reimbursed on a prorated basis back to the payors?*

- Response: Excess revenue received will go into a capital reserve fund that would be used to fund future capital improvements projects. By being able to fund all or a portion of capital

improvement through revenue on hand versus going out and getting a bank loan or a bond issue, DTMA will save in interest and financing costs, which may allow rates to be maintained at the same level for a longer period of time without a rate increase.

- *Question raised: Does the \$1.4 million per year revenue need include putting money aside in a capital reserve?*
- *Response:* The estimated annual revenue need of \$1.4 million includes putting money into a capital reserve in some years and pulling money out of the reserve to fund capital improvements in other years. In this way, it helps to balance out the annual revenue requirement in years with capital improvements to avoid rate spikes and implement projects in the most economical manner.
- *Comment made:* In developing the fee we need to make assumptions as to how many credits will be applied for and what the delinquency rate will be. We intend to develop assumptions based upon the best information available in order to meet the revenue needs of the system without bringing in more revenue than necessary.

Next SAC meeting is scheduled for April 27, 2016. Discussion will focus on fee and credit policies.