DERRY TOWNSHIP MUNICIPAL AUTHORITY
STORMWATER STAKEHOLDER ADVISORY COMMITTEE
Meeting Summary - July 27, 2016

Meeting #6 – Fee Development (Part 2)

MEETING SUMMARY

The following topics were discussed via the Power Point presentation. (Refer to presentation for more detailed content):

1) **News & Updates**
    a. Where we left off in April
    b. What progress has been made
    c. What comes next
2) **Budget Review**
    a. Annual revenue requirement
    b. Fixed vs. variable costs
    c. Future costs
3) **Stormwater Program Fee (SPF) Development**
    a. Review of rate models and fee types
    b. Impervious Area (IA) distribution in Township
    c. Defining an ERU using updated data
    d. Residential tiers
    e. Fee estimate
    f. Comparison of fee estimate to other PA SW fees
4) **Plan for Credit Policy Development and Implementation**
    a. Proposed primary objectives of credit policy
    b. Timeline for development and implementation

<u>Key discussion questions/statements and responses included the following</u>:

Question: Will properties that have stormwater improvements already in place be given credit for them?
Answer: Yes, they will.

Credits will be offered for improvements that reduce the rate or volume of stormwater or improve the water quality. The proposed policy would provide a maximum credit of 45%.

The thought was to extend the process and wait 6 months to implement the credit policy after the initial bills go out. That will give property owners time to submit their applications, time to review the applications and implement the credits.

Question: How will we handle the first six months then?
Answer: We are looking at doing something similar to Hampden Twp. They only charged for the fixed portion of the stormwater cost for the first couple of billing cycles until they fully implemented their credit policy. We would only charge the fixed cost for a few months of billing and that would reduce the initial bill by 45%.

The vision is to show the full amount of $6.50 per ERU on the bill that you get, and then there will be a line that says "temporary or interim credit while credit policy is being implemented," or whatever verbiage we decide upon, so the actual stormwater fee for the first 6 months will be $3.50 per ERU. We plan to do a good job of informing everyone that this will be a temporary credit for 6 months. After 6 months, we should be positioned with a good policy and a good application form and the ability to take in and review and approve or deny applications.

Statement: I like this because it gives us 6 months to work through a lot of things, including HOA's. It also give the DTMA Board an opportunity to weigh in on the credit policy, which is important. It gives the entities a chance to work with their budget too.

Statement: The first time that the bill goes out without the credit, there will be people that don't understand. I think that we'll be looking for trouble bumping up the fees after 6 months.

Question: My questions is why not wait until January 1 to start charging? Is there any long term detriment to waiting? I'm thinking particularly from a non-profit perspective, this is not a part of their budget for this calendar year.

Answer: One the of reasons we were proposing October is so that we can start getting revenue in November because come January 1, the Authority will be fully managing the stormwater program and they're going to be incurring all the costs on day 1. If we wait until January to send out that first bill, the Authority will have operating expenses and no revenue coming in.

We also incurred several hundred thousand dollars in set up costs for developing the authority, pervious area development, public meetings, etc, and our sanitary sewer side has loaned that money to the stormwater side that needs to get repaid so that we can balance it out. The hope was that we can get that revenue generated before December 31 so that the sanitary sewer side budget doesn't' show any loans to the stormwater side. They are two separate business enterprises that have to be kept completely separate. The final decision will be made by the DTMA Board.

Question: Is it possible for the authority to still meet its stormwater budget for next year if they're not getting that full fee?

Response: We would be just squeaking by in charging the 55% for the first 6 months and being able to balance the budget.

Question/Statement: What about sending out notifications in the fall and start charging the full rate in January? You will still have the same amount of revenue. No matter how much you try to educate, in 6 months when you implement full rate, you will get a lot of push back from that increase.

Question: With the reduced rate billing for the first six months, will that give you enough revenue to pay back the loan?

Response: Yes

Statement: Then that needs to be considered by the Board. It was a good faith investment and it's important to be able to square your books.

Question: Will there be some additional review to see if we can push back until January 1?
Answer: Obviously that's a board decision. Their next board meeting is later in August and that will be a main topic of discussion.

Question: What about if you push it back until January and send out notices that that's when billing will start and also state that applications for credits should be submitted by the end of the year so they can be reviewed, otherwise the rate will be charged at 100%.

Response: My concern is that we still have a lot of work to do just on the transition and I am hesitant to rush into a credit policy without sufficient and deliberate time to make sure it's clear, clean and effective and works for everybody. It will be very complicated.

I think we will need to decide what the message will be at the public meeting in terms of when we will announce the timeline and if it would be worth reconsidering what type of message we will have or do we want to push the public meeting back two weeks until after the next Authority board meeting?

Statement: I would suggest that if there is not a real detriment to not sticking to this timeline to move it for the benefit of the folks who are paying this fee. This would allow smaller entities to budget for this cost.

Statement: We have to consider that for some of the larger users the fee will have a much bigger impact on their operating budgets.

Question/Statement: Don't you believe that a certain amount of you would like to see that bill reduced after the credit system is developed? I think it would be nice to start out with the full amount and six months later see the bill reduced by credits applied. People would be pleased with their reductions and know that they made a difference.

Question: What is the thinking regarding homeowner associations? If they implement BMPs for common ground areas, how is that credit going to be reflected?

Answer: That will need to be discussed internally. The homeowners' association will probably want to keep everything simple and equal for all homeowners.

One challenge that we're facing is the most communities don't offer credit policies to residential properties, usually it's just nonresidential. In some sense, we're in unchartered territory but we think it's really important in Derry Township that we engage the residential community to implement BMP's on their property.

We're entering the end of the permit cycle. The new permit has new requirements that are more stringent. We are not just required to keep things status quo, we have to bring reductions to all those impaired waters that Adrienne mentioned and to do that we have to do show DEP what we're going to do to improve water quality, how we're going to do it and how we're going to pay for it. The credit policies are mechanisms to help us meet our goals.

The driver is to keep us out of the TMDL because that will increase our costs.

I can see the argument that there is some double charging with HOAs and commercial systems if it's not a stand-alone system. We need to have a separate meeting with some HOAs and come up with a plan.

Things will never be perfectly fair, but we need to look at the big picture, this effort is for the good of everyone by improving the quality of our water.