

# PRESENTATION TO BOARD OF SELECTMEN

BY

AD HOC STORMWATER UTILITY STUDY COMMITTEE

AUGUST 22, 2023

## Recent Committee Activities

- Held 3 public information sessions
- Met with Town's Finance team to assess costs of borrowing for capital projects
- Reviewed project work and estimated costs for capital projects with Stantec Engineering
- Developed a financing strategy for stormwater expenses for the period FY25 to FY29 working with consultant CDM Smith and Town Management

# Why the Need for Stormwater System Improvement?

- As a recent example, on August 18, 2023, Norwood experienced an inch of rain in 30 minutes.
- This resulted in roads severely flooding out at:
  - Dean Street
  - Cross Street
  - Washington Street by Poirier's
  - Pleasant Street by CertainTeed
  - Nahatan Street Bridge
  - Guild Street Bridge
  - East Hoyle at Broadway
  - Central Street at East Vernon Street

# Why the Need for Stormwater System Improvement?

## (8/18 Storm Continued)





# Why the Need for Stormwater System Improvement?

## (8/18 Storm Continued)



# Funding Options Considered

- Debt service borrowing within annual operating budget
- Debt Exclusion Override
- Separate stormwater management fee within a new utility enterprise fund

# Recommendation: Establish a Stormwater Utility Enterprise Fund

- Place an Article on the Fall STM warrant to create a bylaw authorizing the board to create a separate Stormwater Enterprise Fund and to set a separate stormwater fee to fund stormwater management (similar to the Water Enterprise Fund)
- Transfer the operations and maintenance of the DPW budget for stormwater to the Stormwater Enterprise Fund at the FY25 Annual Town Meeting in May 2024
- Fund stormwater capital projects through the enterprise fund



## Recommendation: Establish a Stormwater Utility Enterprise Fund (Continued)

- Finance other program costs such as public education and regulatory requirements (e.g., stormwater management program, permit requirements, identifying and eliminating illicit discharges, annual reporting requirements) through the enterprise fund
- **Rationale**: An enterprise fund allows the stormwater utility to be self-sustaining by funding capital, program costs and operations and maintenance associated with the utility



## Recommendation: Establish a Stormwater Utility Fee structure based on the following criteria:

- Establish a fee structure that is based on the amount of impervious surface a property has in order to fund the enterprise fund. The fee should be in place for funding the Enterprise Fund in FY25.
- The amount of fee needed to fund capital projects would depend on Town Meeting approval of stormwater construction projects.
- A stormwater fee is seen as more advantageous than a debt exclusion for the following reasons:

## Fee Structure vs. Debt Exclusion (Continued):

- The burden of the costs for the stormwater utility is on properties that have large areas of impervious surface which result in large stormwater runoff volumes into Norwood's stormwater system.
- A debt exclusion override is based on a property's assessed value which is unrelated to impervious surfaces or directly to the stormwater flows generated from the property.
- The property tax burden on the average residential home would be greater than it would be under a fee structure.
- The fee would be more advantageous than funding capital improvements through the annual general fund budget as the stormwater projects would consume nearly the entire debt service budget line resulting in the Town deferring needed capital projects in other departments.

# Calculating a fee structure

- To calculate a fee structure, we recommend using a model developed by our consultant, CDM-Smith.
- This model uses a calculation based on an "Equivalent Residential Unit (ERU)"
  - The Equivalent Residential Unit (ERU) is a standardized unit of measure implemented by many Stormwater Utilities that is used to equate non-residential or multi-family residential properties to a specific number of single-family residences.
  - An ERU is a flat rate that is based on the impervious area (square footage) of an average residential unit in Norwood.

# Fee Structure Example

- The Committee worked with town management to estimate utility costs based on the best current estimates of future expenditures for capital, operations and maintenance, and program compliance costs.
- We are seeking the Board's input as to what further detail and information would be needed in order to consider a fee structure based on the following model.
- Note that there are about 2,100 Stormwater utilities nationally with 75% use a fee to fund the utility (per CDM-Smith estimates).
- All MA utilities using a fee appear to use an impervious area basis for calculating the fee (per CDM-Smith estimates).



<b><u>ESTIMATED ANNUAL COSTS FOR STORMWATER WITH ENTERPRISE FUND FEE</u></b> <b><u>ALL SUGGESTED COSTS INCLUDED</u></b>			
CATEGORY	ERUs	FY 2025 COST EST.	FY 2029 COST EST.
Single family home with up to 3,400 sf impervious area	1	\$54	\$147
Multi-family residence property with about 34,000 sf of impervious area	10	\$540	\$1,470
Multi-family apartment complex with about 340,000 square feet of impervious area	100	\$5,400	\$14,700
Medium sized commercial property with about 40,000 square feet of impervious area	11.76	\$635	\$1,739
A commercial property dominated by a parking lot with about 191,000 square feet of impervious area	56.18	\$3,029	\$8,258
A large commercial property with about 760,000 square feet of impervious area	223.53	\$12,045	\$32,859

Those estimates for the first five fiscal years of the program are based on the following data.

	2025	2026	2027	2028	2029
O&M Expenses					
Existing Drain Maintenance Budget	\$76,016	\$78,297	\$80,645	\$83,065	\$85,557
Catch Basin Cleaning	\$190,825	\$196,550	\$202,446	\$208,520	\$214,775
Street Sweeping	\$89,300	\$91,979	\$94,738	\$97,580	\$100,508
Maintenance of Town-owned Stormwater Treatment Structures	\$0	\$0	\$0	\$0	\$0
SWPPP	\$0	\$0	\$0	\$0	\$0
Stormwater/Drain Management Staff	\$553,836	\$570,451	\$587,564	\$605,191	\$623,347
Total O&M Expenses	\$909,977	\$937,276	\$965,394	\$994,356	\$1,024,187
CIP					
Debt Payments	\$0	\$746,200	\$871,600	\$1,113,500	\$1,703,200
Cash Funded Capital	\$53,543	\$53,543	\$53,543	\$53,543	\$53,543
Total CIP	\$53,543	\$799,743	\$925,143	\$1,167,043	\$1,756,743
Miscellaneous Program Costs					
Public Education	\$12,151	\$12,516	\$12,891	\$13,278	\$13,676
Public Participation	\$2,841	\$2,926	\$3,014	\$3,105	\$3,198
NOI	\$1,770	\$1,823	\$1,878	\$1,934	\$1,992
SWMP	\$3,628	\$3,737	\$3,849	\$3,964	\$4,083
IDDE	\$55,729	\$57,401	\$59,123	\$60,897	\$62,724
Construction Site Control	\$2,819	\$2,904	\$2,991	\$3,081	\$3,173
Post Construction Site Control	\$7,387	\$7,608	\$7,837	\$8,072	\$8,314
Annual Report	\$8,392	\$8,644	\$8,903	\$9,170	\$9,445
Total Miscellaneous Program Costs	\$94,718	\$97,559	\$100,486	\$103,500	\$106,605
Rainy Day Fund	\$14,340	\$10,232	\$77,223	\$53,733	\$53,733
Total Revenue Requirement	\$1,072,576	\$1,844,809	\$2,068,246	\$2,318,632	\$2,941,268

	2025	2026	2027	2028	2029
Total Revenue Requirement	\$1,072,576	\$1,844,809	\$2,068,246	\$2,318,632	\$2,941,268
Total Billing Units (ERU equivalents)	20,000	20,000	20,000	20,000	20,000
Annual cost per ERU	\$54	\$92	\$103	\$116	\$147
Monthly Cost per ERU	\$4.47	\$7.69	\$8.62	\$9.66	\$12.26



By comparison: Dedham, Milton and Braintree all have a user fee based on impervious area.

Their published rates for various categories are the following.

The estimated Norwood fee is shown adjacent to the other town fees, although not all categories are directly comparable.

**PUBLISHED ANNUAL ENTERPRISE FUND FEES  
FOR DEDHAM, MA**

<b>DEDHAM - RESIDENTIAL</b>	<b>ANNUAL FEE</b>	<b>ESTIMATED NORWOOD FEE</b>
<b>500 – 5,000 SF OF IMPERVIOUS AREA</b>	\$188	\$54 - \$79
<b>5,000 – 10,000 SF OF IMPERVIOUS AREA</b>	\$508	\$79 - \$159
<b>&gt;10,000 SF OF IMPERVIOUS AREA</b>	\$1,286	\$159 - VARIABLE
<b>DEDHAM NON-RESIDENTIAL</b>		
<b>500 – 5,000 SF OF IMPERVIOUS AREA</b>	\$303	\$54 - \$79
<b>5,000 – 10,000 SF OF IMPERVIOUS AREA</b>	\$785	\$79 - \$159
<b>10,000 – 15,000 SF OF IMPERVIOUS AREA</b>	\$1,347	\$159 - \$238
<b>15,000 – 25,000 SF OF IMPERVIOUS AREA</b>	\$2,087	\$238 - \$397
<b>25,000 – 50,000 SF OF IMPERVIOUS AREA</b>	\$3,952	\$397 - \$794
<b>50,000 – 75,000 SF OF IMPERVIOUS AREA</b>	\$6,853	\$794 - \$1,191
<b>75,000 – 100,000 SF OF IMPERVIOUS AREA</b>	\$9,395	\$1,191 - \$1588
<b>100,000 – 250,000 SF OF IMPERVIOUS AREA</b>	\$16,170	\$1,588 - \$3,971
<b>250,000 – 500,000 SF OF IMPERVIOUS AREA</b>	\$36,688	\$3,971 - \$7,941
<b>500,000 – 750,000 SF OF IMPERVIOUS AREA</b>	\$62,238	\$7,941 - \$11,912
<b>750,000 – 1,000,000 SF OF IMPERVIOUS AREA</b>	\$104,150	\$11,912 - \$15,881
<b>&gt;1,000,000 SF OF IMPERVIOUS AREA</b>	\$118,687	\$15,881 - VARIABLE

**PUBLISHED ANNUAL ENTERPRISE FUND FEES  
FOR MILTON, MA**

<b>SINGLE FAMILY RESIDENTIAL</b>	<b>ANNUAL FEE</b>	<b>ESTIMATED NORWOOD FEE</b>
<b>0 – 2,075 SF OF IMPERVIOUS AREA</b>	\$41	\$54
<b>2,076 – 2,675 SF OF IMPERVIOUS AREA</b>	\$57	\$54
<b>2,676 – 4,225 SF OF IMPERVIOUS AREA</b>	\$78	\$54 - \$67
<b>4,226 – 8,365 SF OF IMPERVIOUS AREA</b>	\$139	\$67 - \$133
<b>8,366 – 15,895 SF OF IMPERVIOUS AREA</b>	\$260	\$133 - \$252
<b>&gt; 15,895 SF OF IMPERVIOUS AREA</b>	\$533	\$252 - VARIABLE
<b>OTHER PROPERTIES</b>		
<b>CONDOS, MULTI-FAMILY</b>	\$238 / 100 SF	\$54 / 3,400 SF
<b>COMMERCIAL, INDUSTRIAL, OFFICE, RETAIL</b>	\$238 / 100 SF	\$54 / 3,400 SF
<b>TAX EXEMPT, MUNICIPAL, INSTITUTIONS</b>	\$238 / 100 SF	\$54 / 3,400 SF

**PUBLISHED ANNUAL ENTERPRISE FUND FEES  
FOR BRAINTREE, MA**

<b>SINGLE FAMILY RESIDENTIAL</b>	\$60	\$54
<b>MULTIFAMILY RESIDENTIAL (1-3)</b>	\$60	\$54 / 3,400 SF
<b>MULTIFAMILY RESIDENTIAL (4+)</b>	\$60/UNIT	\$54 / 3,400 SF
<b>COMMERCIAL</b>	\$106 - \$7,000	\$54 / 3,400 SF
<b>INDUSTRIAL</b>	\$68 - \$7,000	\$54 / 3,400 SF
<b>TAX EXEMPT</b>	\$60 - \$7,000	\$54 / 3,400 SF



# Next Steps

- Continue public information sessions
- Produce a Committee Recommendations Narrative Report
- Assist in producing materials and information needed for the Fall Special Town Meeting