

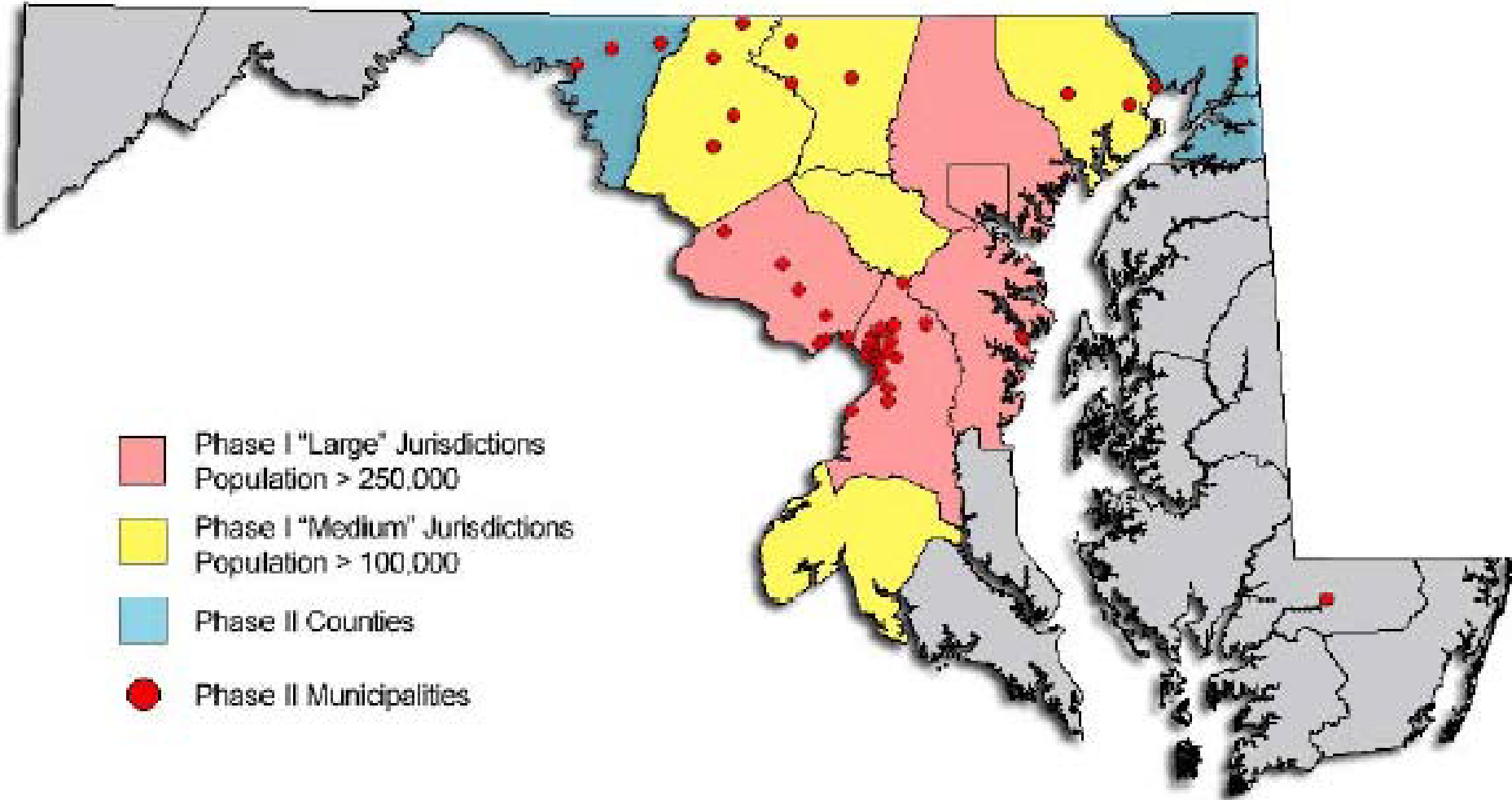
Stormwater Financing Feasibility Study: Salisbury, Maryland

Presentation to City Council
Stormwater Financing & Outreach Unit
Environmental Finance Center
University of Maryland

Federal & State Regulations Driving Stormwater Management

- Under federal Clean Water Act, Environmental Protection Agency (EPA) issues National Pollutant Discharge Elimination System (NPDES) Permits
 - Permit can be Phase I or Phase II, general or individual
 - Depends on size and nature of community
- In Maryland, Maryland Department of Environment (MDE) administers all NPDES Permits
- Salisbury is regulated under NPDES General Permit from small **Municipal Separate Storm Sewer Systems (MS4)**

Who is included in the MS4 Permit?



Source: A User's Guide to Watershed Planning in Maryland, December 2005, Prepared by Center for Watershed Protection for the Maryland Department of Natural Resources

What is included in the MS4 Permit?

Permit addresses 6 minimum control measures (MCMs)

1. Public Education & Outreach
2. Public Involvement & Participation
3. Illicit Discharge Detection & Elimination (IDD&E)
4. Construction Site Stormwater Runoff Control
5. Post Construction Stormwater Management
6. Pollution Prevention & Good Housekeeping

Goal of the Salisbury Stormwater Program

Chesapeake Bay communities are facing:

- More stringent **MS4 permits**
- Significant nutrient reduction expectations from **TMDL and WIP activities**



EFC's Goal

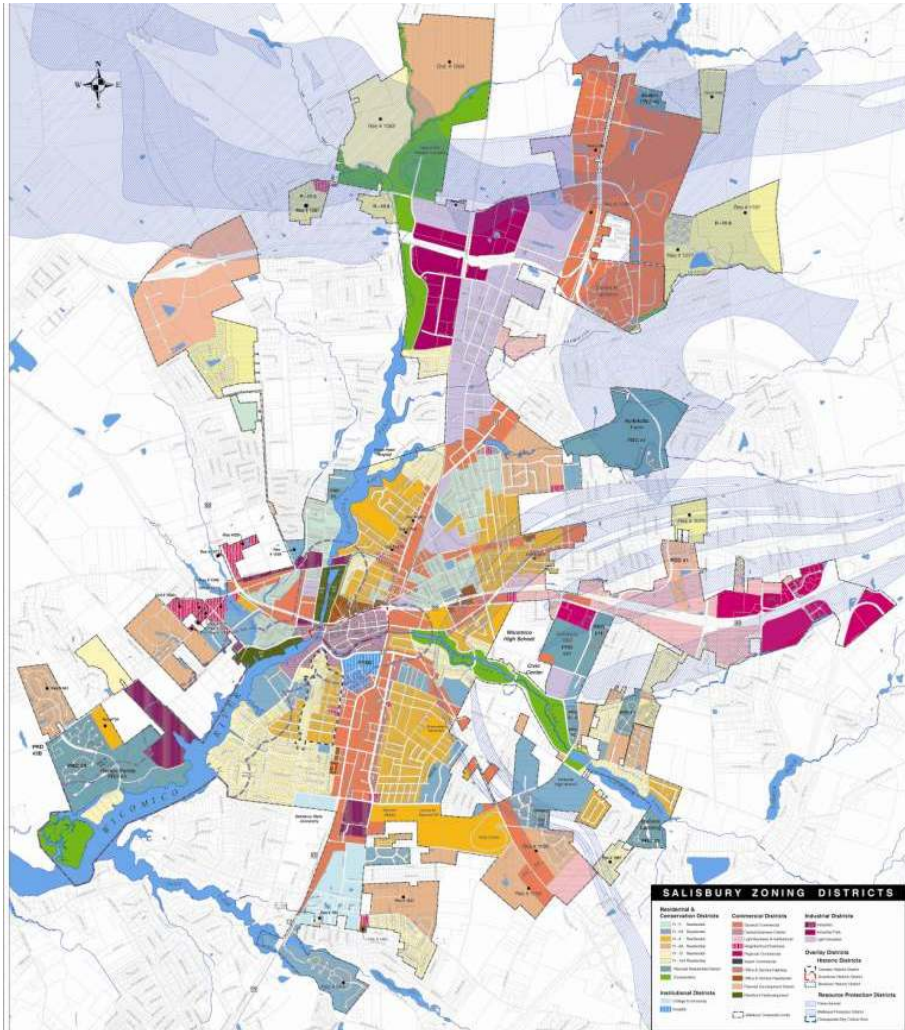
Enhance Salisbury's existing program, raising the level of service in a way that enables the City to meet permit requirements more thoroughly, address community water quality priorities, and prepare for future nutrient reduction expectations.



Project Objectives: Develop Equitable, Adequate, and Dedicated Funding Mechanism for City

- Fairly and equitably allocate the stormwater management costs
- Generate annual revenue sufficient for delivery of desired level of stormwater management service
- Recommend funding mechanism that is accountable, realistic, and transparent
- Inform the community in a way that develops a demand for improved stormwater management and engages them in decision-making and implementation

Identifying Stormwater Concerns in Salisbury



- Aging infrastructure
- Increasing water quality expectations
- Increasing stormwater management costs
- Need for enhanced operations and maintenance



FINDINGS & RECOMMENDATIONS



Possible Stormwater Funding Mechanisms

Funding Mechanisms – What Costs they Cover & Features

| Funding Source | Coverage of Cost | | Features |
|--------------------------|------------------|-----|---|
| | Capital | O&M | |
| Grants | Yes | No | Not guaranteed, highly competitive, not sustainable in the long-term |
| Maryland Loan Programs | Yes | No | Not guaranteed, highly competitive, must repay often with interest |
| Bond Financing | Yes | No | Dependent on fiscal capacity, can utilize for large, long-term expenditures, must repay with interest |
| General Fund | Yes | Yes | Not equitable, competes with other community priorities, changes from year-to-year |
| Permit Review Fees | No | No | Not significant revenue, may deter development |
| Inspection Fees | No | No | Not significant revenue, may deter development |
| Stormwater Utility Rates | Yes | Yes | Generates ample revenue, sustainable, dependable, equitable, requires significant public dialogue |

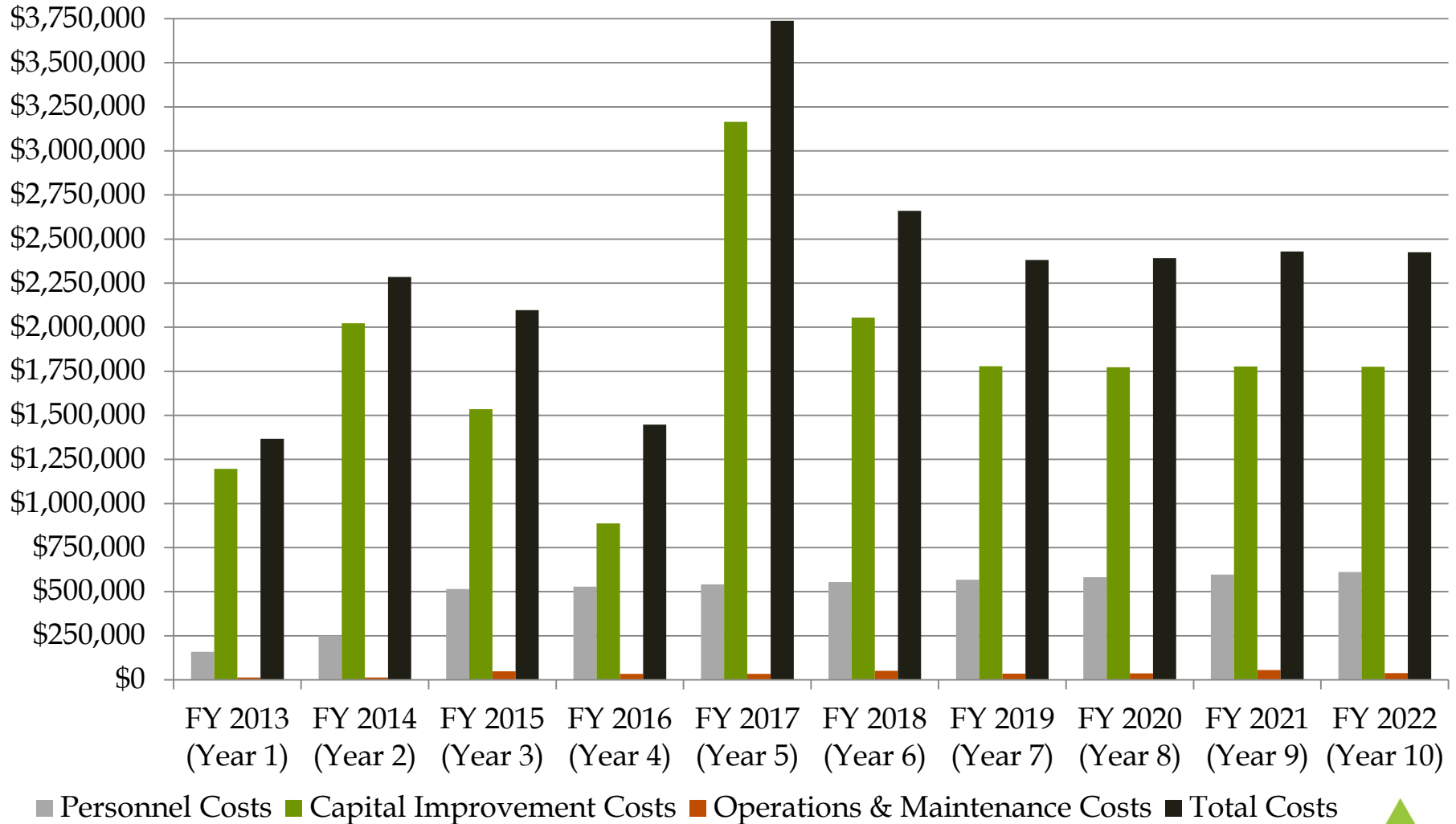


Salisbury Stormwater Program Funding Needs

Relevant Findings

- Budgeting practices currently **significantly underfund** the stormwater program in order to meet the City's MS4 Permit
- 10-year revenue stream totaling ~\$23.2 million is needed to fully support required MS4 Permit activities
- A comprehensive program will include additional costs associated with the City's WIP activities

Proposed Stormwater Budget, Years 1-10



Salisbury Stormwater Utility Revenue Recommendations

- \$25.1 million revenue generated from stormwater utility over next 10 years
 - Residential revenue based on flat rate fee
 - Non-residential revenue based on tiered system (years 1 and 2) and then Equivalent Residential Unit (ERU)-based fee structure (beginning in year 3)



Residential Flat Rate Fee Structure

- Not a large spread among sizes of residential units
- Based on fixed yearly rate for 7,995 properties
- Residential fee based on the average impervious surface of residential properties



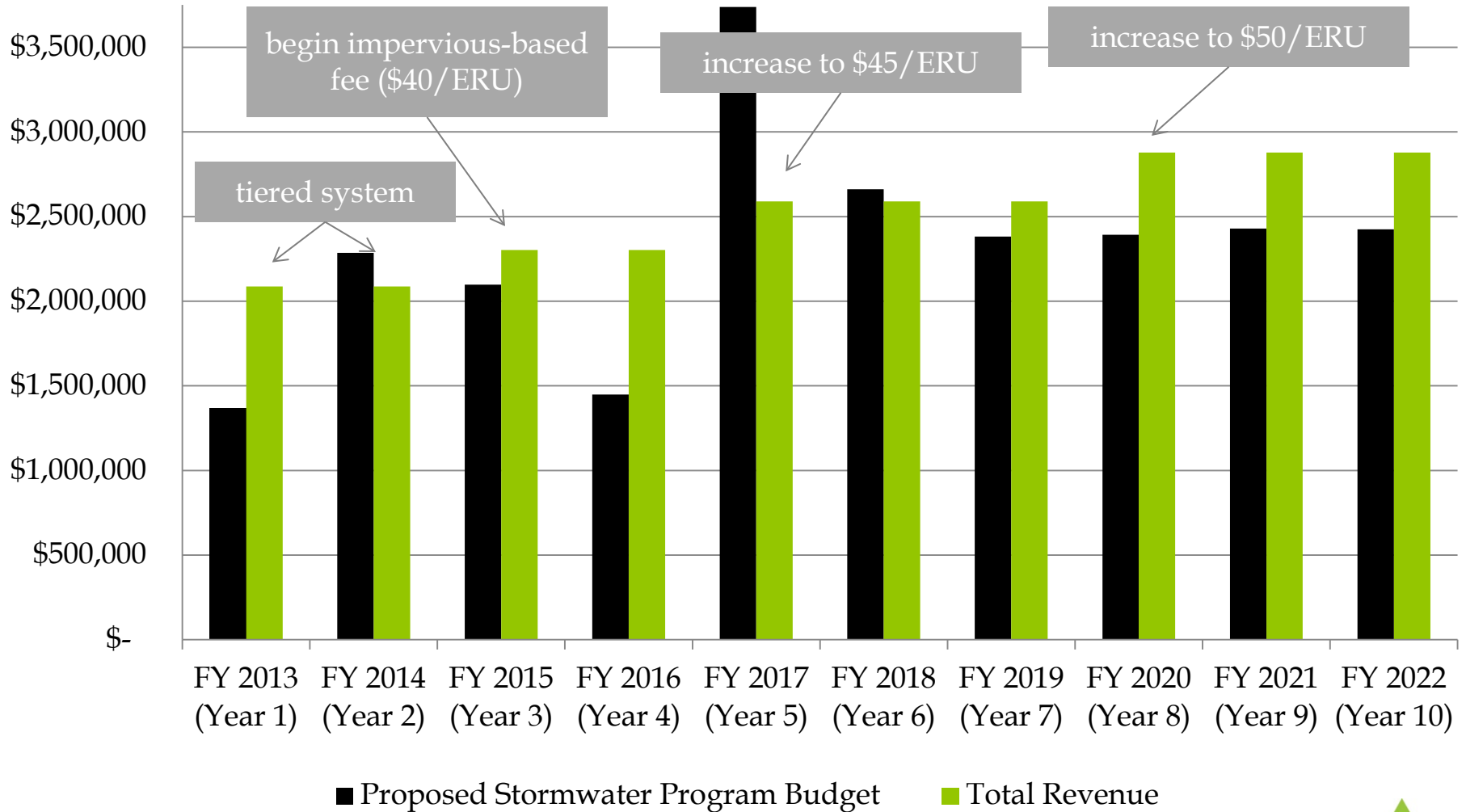
| Year | Flat Rate Fee | Yearly Revenue Generated |
|------------|---------------|---|
| Years 1-4 | \$40 | $\$40 \times 7,995 =$ \$319,960 |
| Years 5-7 | \$45 | $\$45 \times 7,995 =$ \$359,955 |
| Years 8-10 | \$50 | $\$50 \times 7,995 =$ \$399,950 |

Non-Residential ERU-Based Rate Fee Structure

- Based on ERU-based rate calculated for 2,464 properties
- Utilize a tiered rate structure in years 1-2
- Begin to utilize parcel data beginning in year 3

| Year | ERU-based Rate | Yearly Revenue Generated |
|------------|----------------|--------------------------|
| Years 1-2 | \$40 | \$1,742,280 |
| Years 3-4 | \$40 | \$1,982,173 |
| Years 5-7 | \$45 | \$2,229,945 |
| Years 8-10 | \$50 | \$2,477,716 |

Proposed Stormwater Budget vs. Total Revenue, Years 1-10



Questions?

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