

Treasurer's Report on Clean Water – Stormwater Utilities
February 1, 2017
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Overview:

The Town of Williston's stormwater user fee was adopted in 2014 and implemented on January 1st 2015. The creation of a utility facilitated the ongoing maintenance and upkeep of our stormwater infrastructure, ensures compliance with MS4 requirements and provided the Town with a method to meet current/anticipated State TMDL requirements.

The Williston Stormwater Program has one full-time technical staff and funds part time support from the Town Clerks Office, Director of Public Works Administration, Public Works Director, Town Highway Crews and the Town Manager. Williston's Stormwater Program has a FY18 proposed budget of \$715 thousand – approximately 63% of which is dedicated to administrative, operational and maintenance costs and 37% to capital costs'.

Fee Structure:

The Town of Williston bills \$4.25/quarter for each 4,000 ft² of impervious surfaces. Following a town-wide analysis it was determined that the average single family home (which includes single family, duplex and triplex homes) contributes 4,000 ft² of impervious. This unit of impervious cover is referred to as an Equivalent Residential Unit (ERU). All single family parcels receive a bill of 1 ERU, all other parcels receive a bill of 1 ERU for every 4,000 ft² of impervious.

Lessons from the Launch of Williston's Stormwater Utility Fee Collection:

While Williston had a pre-existing utility billing structure for water and sewer these bills covered roughly half the town. Drawing a line through town on I-89, parcels north received a utility bill and those south of I-89 did not. Adding stormwater to the utility billing expanding our billing program for half the town, and linking this information to the grand list required extensive staff and consulting time. Additionally public outreach, while significant, still resulted in 5 to 10% of the billing population contacting the town with questions and concerns following the initial billing period.

Recommendations regarding creation of a Statewide water quality utility:

Many of the following bullet points are being discussed by the Chittenden County Regional Planning Commission Clean Water Advisory Committee (CWAC) of which Williston is a member.

Support: In order for the State of Vermont to establish a stable, long-term source of water quality funding to meet our water quality goals, we **support** the following:

1. **Real Need.** There are significant funding gaps for municipalities and other regulated entities to achieve compliance. The total cost of capital investments in clean water are estimated at \$115 million per year for the next 20 years. The funding gap is \$62 million per year. The current recommendation is to fund \$25 million per year.

It is important to keep in mind that these costs do not include project planning and development costs or ongoing operating and maintenance costs, which may be as much or more than the capital costs on an annual basis and are ongoing. So, the total true cost may be \$230 million or more.

Considering these additional project planning and development costs and operating and maintenance costs, the State should raise enough revenue to cover 80% of capital costs, or \$50 million/year.

2. **Raise funds statewide.** These compliance efforts will be most assisted by meeting a significant portion of the cost through statewide revenues. This will allow for equitable revenue raising statewide and decrease the amount of inequity amongst municipalities in raising sufficient revenue to implement what needs to be done. Please keep in mind that any municipal costs that are not covered by the State will still be borne by taxpayers at the municipal level, but probably in very unequal ways as some towns move more quickly and some more slowly.
3. **Immediate funding.** We support the interim funding proposal of extending the property transfer tax surcharge for another year to 2019 and using state bonding capacity until a long-term revenue can be implemented. The three priorities for this interim period should be:
 - i. Developing the administrative systems to determine, collect, and distribute parcel-based revenue.
 - ii. Investing in project development.
 - iii. Investing in capital projects that are “shovel ready.”
4. **Nexus.** That there be a nexus between how funding is raised and water quality; that is, the revenue source should be closely related to either a significant pollution source or a direct beneficiary of improved water quality. Meeting the documented stream impairment and phosphorus, stormwater, and nitrogen TMDLs requirement should be the principal targets.
5. **Additional revenue source options.** With regards to the various fee/tax mechanism listed on pages 59-60 of the Treasurer’s Report, the State should continue to explore the adoption of fees with a clear and defensible nexus to water quality.
6. **Parcel Fee/”All-in.”** A broad-based approach that spreads these costs out among all Vermonters. A parcel-based fee of some kind makes the most sense in terms of having a rational nexus and having an “all in” approach. In concept, we support the recommendation to implement a flat parcel based fee at the beginning of FY19, with a tiered impervious based fee to follow when ready.
7. **Additional Resources.** The State of Vermont should raise revenue and bond, as necessary, to provide the match necessary to obtain additional Federal or private funding opportunities. DEC should take an active role in finding and applying for federal funding.
8. **Clean Water Fund Board.** At least one municipal representative should be added to the Clean Water Fund Board in 2017.
9. **Administration Options.** Of the four Administration Options presented (see page 5 for summary table), Williston supports in concept Option 1: Water Quality Improvement District as a Utility implemented by 2019. Funds should be raised in a statewide system with billing, parcel (GIS and impervious) analysis, and consistent determinations regarding billing, trading, credits, and enforcement decisions made at this level. Some percentage of the funding should be kept at the state level for administration and so that high level priorities can be decided by the Clean Water Board about priority investments in different categories and/or watersheds. This will facilitate development of trading networks so that real prioritization takes place and also provides mechanism for municipalities with less cost-effective implementation options to meet their regulatory obligations.
10. **Administration Options Cost Analysis.** While we assume Option 1 will be most cost effective if billed and collected at the state level, we need some more analysis of the cost of administration for the four

administrative options. In particular, the cost of billing and collecting the fees needs to be examined. Municipalities have major concerns about being asked to bill on behalf of the state including tax exempt properties that do not receive municipal bills. ***To this end, The Town of Williston Stormwater Program requests that an analysis is performed to determine the collection method which has the lowest administrative cost.*** Regardless of state collection, local/regional collection, or a third party collection similar to Efficiency Vermont the method resulting in the lowest administrative costs will provide the greatest amount of capital funds.

Relationship to existing stormwater utilities:

11. **Don't double-charge.** That property owners/municipalities with existing stormwater fees not be "double charged". Any statewide fee levied for the purpose of water quality should not reduce funding of municipal stormwater programs/utilities. A statewide fee should provide for credits if a property owner is paying into a municipal stormwater programs/utility or for their own permit. We want to make sure that municipal stormwater utilities have the flexibility to meet the requirements of their permit with DEC.
12. **Access to State funding.** Even if a municipality has established a stormwater utility or some other locally-based revenue raising mechanism, municipalities should be able to access additional state funds because no municipalities have the capacity to raise all of the revenues needed to address the needs.
13. **Regional Collaboration.** A system that allows for regional collaboration with other municipalities or with property owners with separate stormwater permits when individual municipalities determine that this option would be in their best interest.
14. **VTrans Fee.** Currently, Act 158 "An act relating to the transportation capital program and miscellaneous changes to transportation-related law" enables stormwater utilities to bill VTrans for their highway impervious surfaces less a 35% credit. The Town of Williston maintains its right to enforce this collection and would like clarification on the role VTrans impervious will play with the implementation of a state wide utility.
15. **Town Highway.** Currently the Town of Williston pays the Stormwater Utility for its contribution of town highway impervious through the town's general fund. What role, if any, town highways will have in the state wide utility billing should be clarified.

In regards to how the State of Vermont **collects** water quality funding, we have the following concerns & suggestions:

16. **Collection generally.** How these funds will be collected. It is important that the collection system address:
 - a. How to impose a new fee on tax exempt property
 - b. How residents will be able to easily distinguish this fee from local property taxes.
 - c. The cost of administration.
 - d. Method of enforcement/penalties when entities do not pay fee
17. **Not municipal collection.** *There is not a correlation between making funding decisions at a local/regional level and collecting the fees.* While we appreciate the idea of driving the revenue generation and use to a local level, requiring municipalities to collect these funds is problematic because:

- a. Any municipality that does not already have a Stormwater utility would have to develop a new water quality fee collection system for all properties including tax exempt properties, separate from tax bills.
 - b. Property owners will not be able to distinguish the state fee from locally imposed taxes. Municipalities are clearly opposed to adding additional costs to the property taxes.
 - c. There will be a new cost burden imposed on every municipality to collect and enforce this fee.
18. **Collection costs.** The cost of collecting parcel fee revenue needs to be better defined as different options could vary widely. These costs should be covered by these new revenues and not be passed onto regulatory permit fees. If the State does decide on a municipally-based collection system, each municipality must have the opportunity to use any funds raised locally for their own water quality needs prior to these funds being made available at a regional or State level.
19. **Trust Fund.** Will these funds carry over from year to year, or be returned to the General Fund if unspent? We'd like to see some sort of trust or enterprise fund be established so that this revenue is always reserved for its intended purpose.

The Town of Williston Stormwater Program appreciates this opportunity to testify before the House Committee on Natural Resources, Fish and Wildlife. Thank you all for your time and consideration.