

# New Jersey - Stormwater Utilities Program

## Milestones For Local Implementation

1. **Local Leaders - Initial Conceptual Discussion:** *A conceptual discussion will help develop a high level understanding of what a “stormwater utility/user fee concept is”; how it differs from a tax funding mechanism; and an overview of the key benefits and challenges of a user fee funded stormwater utility.*
2. **Create Stormwater Utility Study Team (SWAC):** *A five to seven-member study team with representatives from an appropriate cross-section of a municipality’s operating units is critical to effectively evaluate during the feasibility study, the (i) program needs; (ii) organizational capacity; (iii) necessary policies and methodology; and (iv) provide an objective set of findings and recommendations to the Administration and elected officials for decision making.*
  - a. Identify Members
    - i. Utilities and/or Public Works Director; Mayor/Township Office Business Administrator; Engineering Manager, Finance Officer, Billing Supervisor
  - b. Gain Insights Through Information Seminar
  - c. Recommendation - merits formal study?
3. **Concept Meeting with the Mayor/Township Manager:**
  - a. **Meeting Set Up:** *The Utilities/Public Work Director should be responsible for setting up the concept meeting with the Mayor (collaborating with a Business Administrator or Chief of Staff as needed) to set up the concept meeting with the Mayor. **The meeting should be set up only after the preliminary study team has participated in an information seminar/session.***
  - b. **Mayor’s Meeting Members:** *Three or four members from the Study Team would meet with the Mayor to discuss the Stormwater Utility Concept. The members could typically include (i) the Utilities/Public Works Director; the Finance Officer; and the Mayor’s Business Administrator.*
  - c. **Purpose:** *Provide high level insights in to the current program and funding situation; overview of the stormwater User Fee funding and industry trends; the overall path from concept to launch.*
  - d. **Materials:** *High Level powerpoint presentation (OR) a two-page briefing paper on the stormwater utility/user fee concept*
  - e. **Key Outcomes from the Mayor’s Meeting:** *Preliminary decisions and directions on the following:*

- i. Pursue a Feasibility Study;
  - ii. Breadth and Depth of Study?
  - iii. Timing of Study?
  - iv. Hire Consultant?
  - v. Form Stormwater Advisory Committee (SWAC)
4. **Feasibility Study - Two Options:** *Evaluate two options for a formal feasibility study (see below) and determine which best fits the city/township's needs and funding capacity, making an objective and compelling business case to either move forward or not.*
  - i. Approach #1: Stormwater Financial Feasibility Study (Limited)
  - ii. Approach #2: Stormwater Utility Development Feasibility Study (In-depth)
5. **Engage SWAC - Educate and Solicit Input:** *Purpose is to have an external "Stormwater Advisory Committee" comprised of seven to 10 members representing various Residential and Non-residential stakeholder groups. The SWAC members would get educated on the key aspects of the feasibility evaluation; provide input; and eventually serve as liaison between the Municipality and the larger public to help communicate and help garner public acceptance.*
6. **Mayor/Council's Decision - Proceed with Implementation:** *A critical milestone between the Feasibility Phase and the Implementation, which involves informed decision making based on an objective feasibility study. A "Go Decision" will trigger the Implementation Phase; A "No Go Decision" will essentially cease any further evaluation.*
7. **Implementation Phase - Key Steps:** *This is essentially the Second and Final Phase of the Stormwater Utility Implementation Journey. This phase involves all the tasks needed to ultimately launch the user fee funding mechanism and associated programs, based on key policy decisions and approaches, which are defined during the first Feasibility Evaluation phase.*
  - Open House Events - General Public
  - Target Group Stakeholders (e.g., neighborhood groups, non-residential/business)
  - Stormwater Utility Ordinance - Approve and Adopt
  - Develop Credits and Appeals Programs
  - Develop Billing Mechanism/Integration/Testing
  - Customer Service/Billing/Technical Staff Training

8. **Go Live Launch** *At this final step, customer notifications are issued, including a brochure with frequently asked questions on key issues such as “why” this measure is necessary, the types of projects to be funded, the fee structure, and the dedication of the revenue.*

### **Feasibility Study Options**

There are two basic options for the Feasibility Study milestone, one with a limited scope that can be performed quickly and a more comprehensive review that takes more time and money but provides a more complete assessment. Details are outlined below.

#### **Approach #1: Stormwater Financial Feasibility Study**

A Stormwater Financial Feasibility Study has a limited scope, evaluating only the possibility of charging dedicated user fees to support the existing stormwater program. To determine the impervious coverage in the service area, this limited study would rely on a high-level estimate rather than a detailed analysis of individual parcels.

- Benefits: This limited study can be performed quickly (four to six months) and at less cost than a comprehensive study, providing a quick lens into the major pros/cons of the user fee approach.
- Challenges: A limited study typically will not address all of the long-term stormwater management needs and policy/organizational issues, nor will it evaluate the legal authority required or provide an in-depth, parcel level analysis of impervious area that is critical for implementation of a user fee. A subsequent, in-depth study (i.e., “phase 2”) is normally required prior to implementation.

#### **Approach #2: Stormwater Utility Development Feasibility Study**

This approach involves a comprehensive study that provides a holistic evaluation of program needs as well as organizational, legal, and financial issues (including operational facets, such as the billing system). It will also provide a plan for the robust engagement of stakeholders, which is often vital to the ultimate success of such efforts.

- Benefits: This study will surface all the critical issues, providing in-depth information and a multi-year financial roadmap for long term stormwater management and funding resilience. The review includes an in-depth, parcel level analysis of impervious area that can be used for billing purposes and a fairly robust stakeholder engagement. Upon completion, the entity would typically proceed directly to implementation.
- Challenges: Such a comprehensive study typically requires a minimum of 8 to 10 months depending on the extent of stakeholder engagement and the time needed for an in-depth analysis of impervious area. It will also be more costly than the limited feasibility study.

**PHASE 1 – FEASIBILITY STUDY**

#	Study Components	Financial Feasibility (Approach #1)	Utility Development Feasibility (Approach #2)
1	Program Spending Need	Review existing/historical budgets; Examine <u>current</u> program cost based on <u>existing</u> level of service; (May Include very broad assumptions about future needs)	<ul style="list-style-type: none"> <li>● Perform a comprehensive Program &amp; Infrastructure Assessment:               <ol style="list-style-type: none"> <li>i. Current MS4 Program O&amp;M</li> <li>ii. Future Enhanced MS4 Program O&amp;M</li> <li>iii. Determine Asset Inventory Needs</li> <li>iv. Projected Capital Program Needs</li> </ol> </li> <li>● Perform combined sewer cost allocations (if a CSO community);</li> <li>● Determine <u>multi-year</u> program costs - long term capital and O&amp;M service level needs</li> </ul>
2	Legal Authority / Enabling Legislation		<ul style="list-style-type: none"> <li>● Review the Municipality/District/Authority's service delivery charter and enabling statutes and ordinances</li> <li>● Determine charter, enabling ordinances that are needed</li> </ul>
3	Organizational Review		Determine if any change in organizational structure or service consolidations are desired (e.g., between an independent authority and a municipality)
4	Funding Approach	Evaluate possible sources of funding for O&M and Capital needs: <ul style="list-style-type: none"> <li>● Existing Sources</li> <li>● Stormwater Utility</li> </ul>	Evaluate possible sources of funding for O&M and Capital needs: <ul style="list-style-type: none"> <li>● Existing Sources</li> <li>● Stormwater Utility</li> </ul> Develop a multi-year financial plan
5	Fee Methodology & Rate Structure	<u>High-Level</u> Impervious Area Estimation; Rate Structure Design	<u>Detailed (Parcel Level)</u> Impervious Area Analysis; Rate Structure Design
6	Billing System Evaluation	<u>High-level</u> , preliminary evaluation of billing mechanisms	<u>Evaluate and decide</u> on billing systems and integration
7	Stakeholder Engagement	Form an Internal Study Team Brief decision makers/elected officials	Form an Internal Study Team Form a Stormwater Advisory Group Comprehensive briefings and workshops for decision makers/elected officials
8	Decision	Proceed or Not with Implementation (including study of non-financial aspects)	Proceed or Not with Implementation

## 9. PHASE 2 – IMPLEMENTATION

#	Study Components	Financial Feasibility (Approach #1)	Utility Development Feasibility (Approach #2)
1	Stormwater Rates and Charges	<ul style="list-style-type: none"> <li>Define long term O&amp;M and capital program needs/costs;</li> <li><u>Develop</u> multi-year financial plan</li> <li><u>Develop</u> stormwater rate sched.</li> <li><u>Develop</u> draft stormwater mgmt and rate ordinances</li> <li>Gain legislative approval (Council)</li> </ul>	<ul style="list-style-type: none"> <li><u>Update</u> the multi-year financial plan</li> <li><u>Finalize</u> stormwater rate schedules</li> <li><u>Finalize</u> draft stormwater management and rate ordinances</li> <li>Gain legislative approval (Council)</li> </ul>
2	Impervious Area	<ul style="list-style-type: none"> <li><u>Develop</u> parcel-level, billable impervious area</li> <li>Develop parcel – stormwater account reference</li> </ul> <p>(Note: The extent of effort and tasks will depend on the billing approach defined in Phase I)</p>	<ul style="list-style-type: none"> <li><u>Finalize</u> and validate parcel-level, billable impervious area</li> <li>Develop parcel – stormwater account reference</li> </ul> <p>(Note: The extent of effort and tasks will depend on the billing approach defined in Phase I)</p>
		<p><b><i>Remaining tasks are typical steps in an implementation phase, and do not differ regardless of which approach is employed during the Feasibility Study.</i></b></p>	
3	Stormwater Master Account File	<p>Develop parcel ID - stormwater bill account reference (Extent of effort depends on the billing approach defined in Phase 1.)</p> <p>Effort will be extensive if fees are billed through the existing water/sewer system and less so if billed through a separate stormwater billing system. Each option has pros/cons.</p>	
4	Credits & Appeals Program	Define Credits and Appeals Program (technical criteria and admin. requirements)	
5	Stormwater Billing and Credits/Appeals Business Process	Define business processes, develop FAQs/standard operating procedures/manuals	
6	Stormwater Database Application Development and Billing Integration	This task and the associated effort depends on the management decisions made during Phase 1 on the billing system and parcel data.	
7	Staff Training	Stormwater user fee program billing, credits/appeals, and customer service staff training	
8	Public Outreach Initiatives	Conduct public outreach Initiatives.	
9	Implementation	Plan and execute “Go-Live” day tasks.	

