



Study for Flood Management and Water Quality Funding



City Council Meeting

November 5th 2019



City Council Meeting

Flood Management and Water Quality Funding Study

1. Refresher of Strategic Vision and Goals
2. Potential Metrics for Measuring Progress
3. Overview of Key Funding Study Findings
4. Next Steps Based on Council and Stakeholder Feedback





Refresher of Strategic Vision and Goals

Flood Management and Water Quality Funding Study

To support the City’s guiding principles of well-maintained infrastructure and facilities, a financially sustainable City government and ecosystem preservation to meet its future vision of a vibrant and welcoming city that encourages diversity, creativity, and innovation while providing our citizens the opportunity to thrive. - Fayetteville Vision 2050 (InVeritas, 2017)

Drivers	MS4 SWMP Goals and Related Council Chartering Feedback
Education and Engagement	<u>SWMP Goal:</u> Educate citizens and businesses to understand the need to protect water quality
Equity and Fairness	<ul style="list-style-type: none"> • How to pay for it in a fair and legal way • Cost • Equitable to everyone
Flood Management	<u>SWMP Goal:</u> Protect citizens and property from flooding <ul style="list-style-type: none"> • Address topography, clogged ditches, and inadequate existing drainage • Prevent home flooding • “Get the water out”





Strategic Vision and Goals (Cont'd)

Flood Management and Water Quality Funding Study

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Drivers	MS4 SWMP Goals and Related Council Chartering Feedback
Proactive and Sustainable	<ul style="list-style-type: none"> • Look to the future and plan for it • Have clear long term, value-added solution • Fund and implement CIP projects in a shorter time frame
Water Quality	<p><u>SWMP Goal:</u> Improve the quality of surface and sub-surface drainage</p> <ul style="list-style-type: none"> • Need to address erosion • Water quality
Watershed Maintenance and Preservation	<p><u>SWMP Goal:</u> Preserve and maintain surface waters, wetlands and riparian areas</p> <ul style="list-style-type: none"> • Need to address erosion • Water quality



Vision and Goals > Measuring Progress

Flood Management and Water Quality Funding Study

	Potential Metrics
Education and Engagement	<ul style="list-style-type: none">• Measure the near-term success of efforts to engage and educate stakeholders via the traffic / usage reports offered by SpeakUp Fayetteville.• Stakeholder-driven Credit and Incentive Program• MS4 Permit Compliance
Equity and Fairness	Provide Planned Level of Service within Extent of Service, such as extending drainage maintenance in older parts of town and to residential detention ponds.
Flood Management	<ul style="list-style-type: none">• Maintain the City's National Flood Insurance Program (NFIP) Community Rating System (CRS) of a Class 8, providing a 10% CRS premium discount on flood insurance for residents, while working towards a Class 7 (15 % discount).• Long-term reduction in the number of Customer Service (CS) calls for flooding



The proposed rate structure will fund providing the recommended LOS to address the backlog of drainage projects and meet Flood Management and Water Quality goals in a 20-year time frame.

Vision and Goals > Measuring Progress

Flood Management and Water Quality Funding Study

	Potential Metrics
Proactive and Sustainable	<ul style="list-style-type: none">• Achieve planned Levels of Service, such as replacing 2.5% of drainage system annually, +/- 8,500 linear feet (LF).• Long-term reduction in the # of Drainage CS calls
Water Quality	<ul style="list-style-type: none">• MS4 Permit Compliance• Long-term reduction in the # of CS calls regarding erosion and sedimentation control• Long-term reduction in the # of enforcement actions.
Watershed Maintenance and Preservation	<p>Achieve planned Levels of Service, such as:</p> <ul style="list-style-type: none">• Cleaning/inspecting +/- 25% of the drainage system, +/- 400,000 LF, and• Performing maintenance on 110 residential ponds annually.



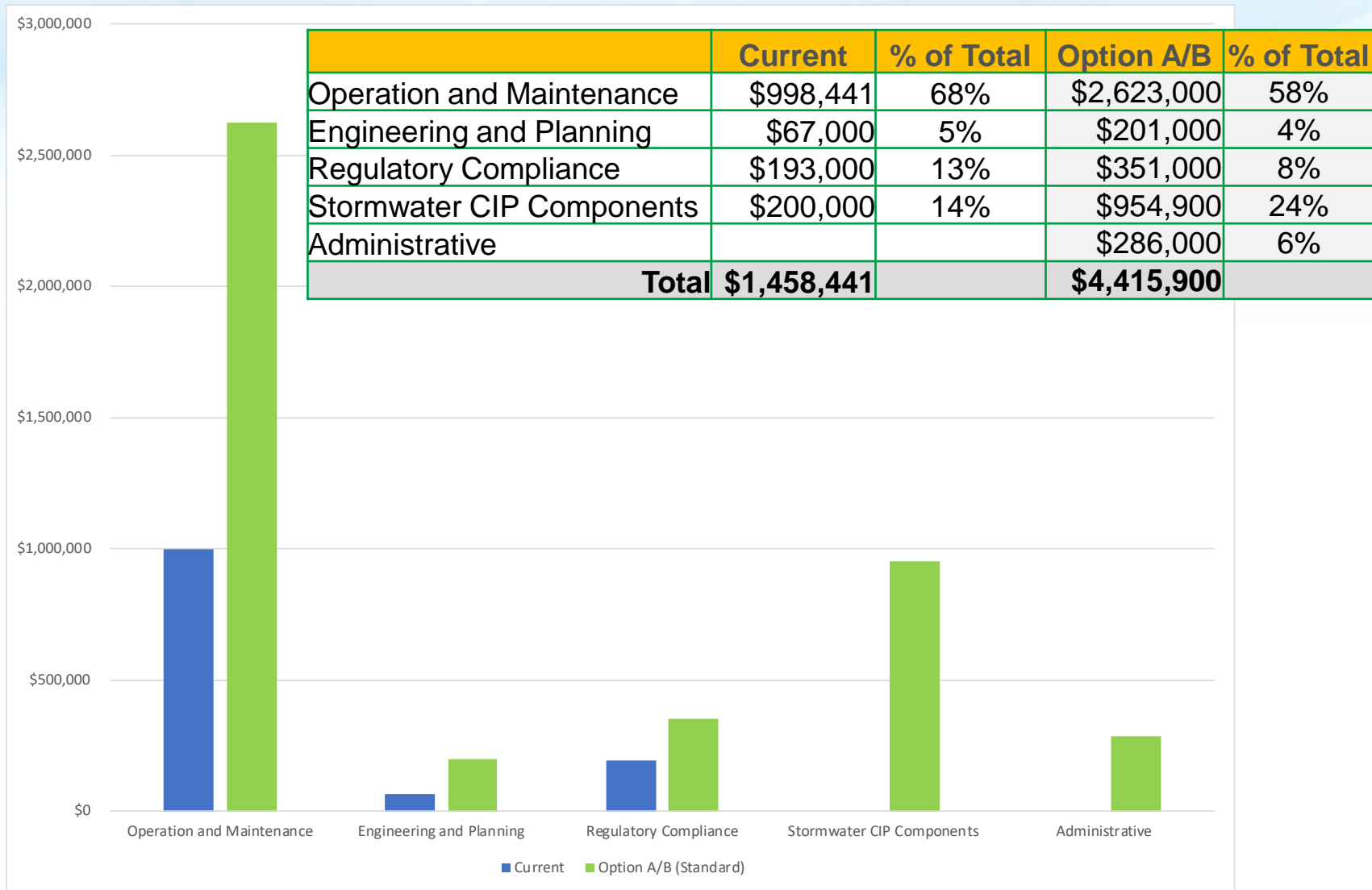
The proposed rate structure will fund providing the recommended LOS to address the backlog of drainage projects and meet Flood Management and Water Quality goals in a 20-year time frame.

Key Findings of the Flood Management and Water Quality Funding Study



Current and Proposed Program Costs

Flood Management and Water Quality Funding Study



Future CIP Costs

Flood Management and Water Quality Funding Study

- Future CIP needs are estimated to be \$35 million over 20 years.
- Excluding the \$15 million funded by 2019 drainage bond program, the City would need approximately \$19 million, or just under \$1 million annually to fund its CIP needs.
- Future services would be funded from a stand-alone enterprise fund sourced from a new Flood Management and Water Quality Fee and the intermittent issuance of revenue bonds.

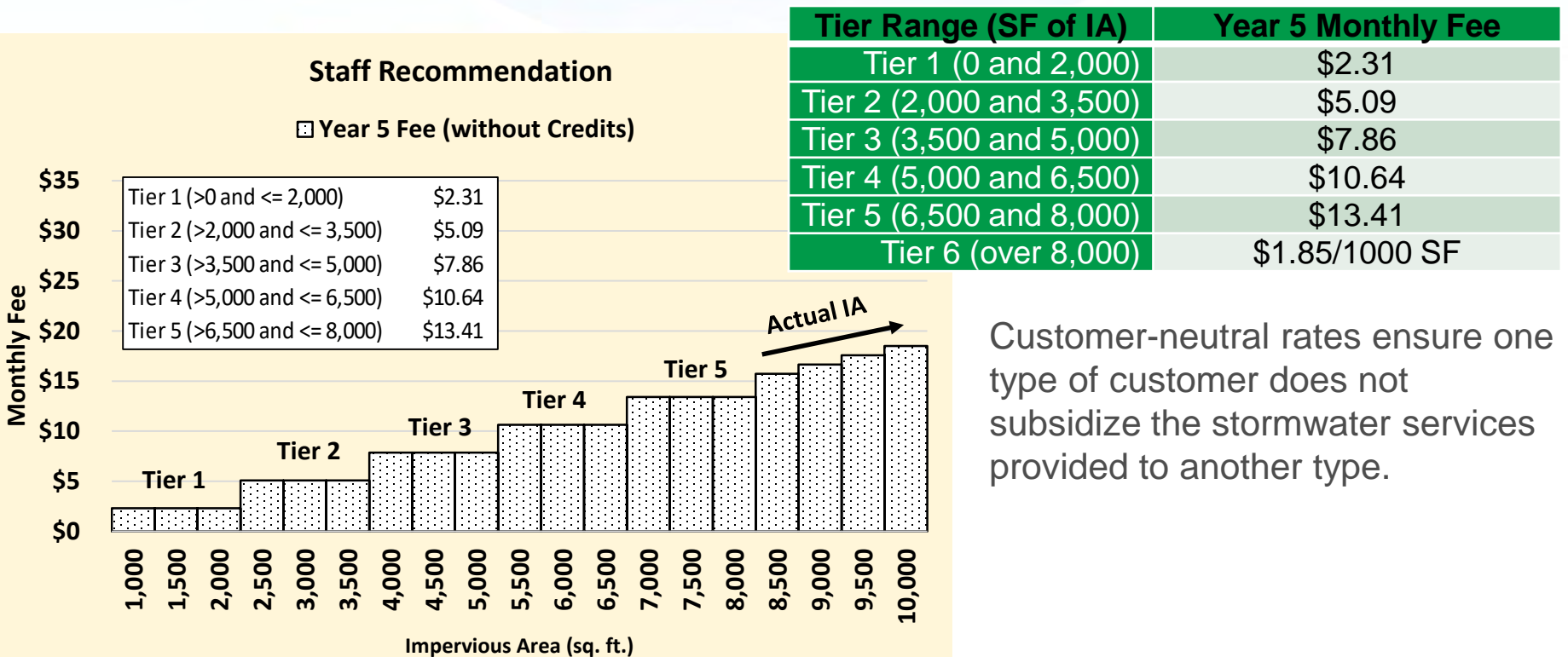
CIP Project Types	Total Budget	% of Total
Drainage Improvements	\$26,693,450	77%
Flood Plain Buyouts/Elevation Projects	\$1,750,000	5%
Operation and Maintenance Equipment	\$1,654,000	5%
Projects identified by drainage studies	\$ 2,500,000	7%
Watershed Improvement/Stream Restoration	\$2,000,000	6%
Totals (rounded)	\$ 34,598,000	
<i>Minus FY 2018 Funding</i>	<i>(\$500,000)</i>	
<i>Minus 2019 Bond Funding</i>	<i>(\$15,000,000)</i>	
Net Total CIP Needs (rounded)	\$19,100,000	



Financial Planning and Rate Analysis

Flood Management and Water Quality Funding Study

- IA, using a billing unit of 1,000 SF, was selected to quantify the approximate burden a property places on the City's drainage system.
- A six-tier, customer-neutral rate structure was selected as the most equitable and cost-effective option given the distribution of the City's IA.



Financial Planning & Incentive System

Flood Management and Water Quality Funding Study

- The City plans to evaluate two methods for billing property owners:
 - its existing, monthly utility system, or
 - Washington County's annual property tax system.
- A sustainable credit system will be developed based on additional Stakeholder input and the sizing criteria found in City's drainage criteria manual with additional credits likely offered for green infrastructure practices and public education.
- A stormwater rebate program and in lieu of fee program may also be considered as incentives during implementation.



Fee for Service Policy Considerations

Flood Management and Water Quality Funding Study

- Unlike a tax, it is important that all properties with impervious surfaces pay, there should be no exemptions, only credits for reducing a property's burden on the stormwater system. As a result, important City Stakeholders who have historically not paid impact fees for police and fire, will still be expected to contribute.
- The overall cost of the program is reasonably related to the services being provided,
- Revenue from the fee is accounted for separately and used only by the flood management and water quality program,
- The tiered rate structure is proportional to a property's contribution to stormwater runoff,
- Incentives, such as credits or rebates, can be earned for reducing or mitigating a property's burden on the drainage system.



Next Steps Based on Council and Stakeholder Feedback

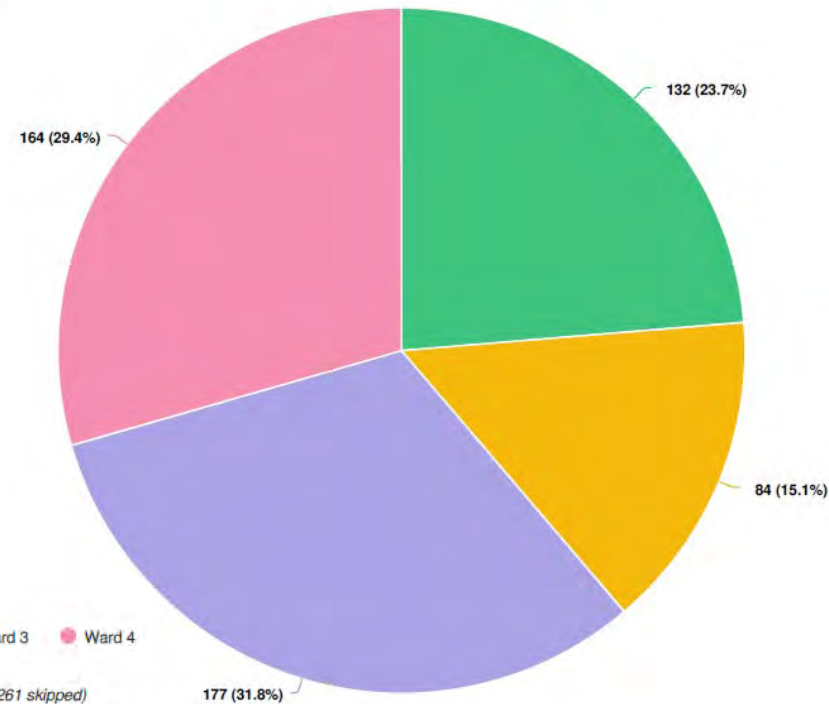
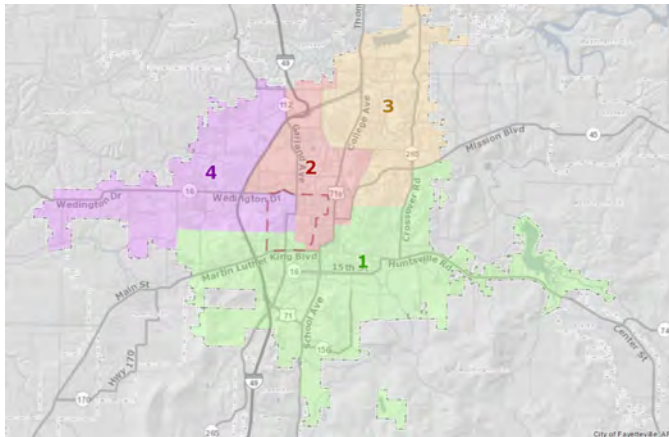




Speakup Fayetteville Survey #2 Results

Flood Management and Water Quality Funding Study

- Survey #1: August 8, 2018 to April 7, 2019, total responses: 166
- Survey #2: July 11, 2019 to October 9, 2019, total responses: 818
 - Purpose was to survey our City’s businesses and residents’ opinions on the proposed rates needed to proactively fund the management of flooding and water quality issues.
 - Of the 818 responses, 95 percent are residents, 16 percent are a business or organization and 12 percent are rental property owners.



Question options

● Ward 1 ● Ward 2 ● Ward 3 ● Ward 4

Optional question (557 responses, 261 skipped)



Speakup Fayetteville Survey #2 Results

Flood Management and Water Quality Funding Study

<p><i>The City currently spends \$1.5 million annually and estimates that an additional \$3 million would be needed to adequately address its citywide flooding and water pollution problems.</i></p> <p><i>Any fees collected for the Stormwater Utility would be used for the services described below.</i></p>	<p><i>Prioritized Services</i></p>
To repair and replace failing drainage pipes	1
To protect homes and businesses from future flooding damage	2
To safeguard water quality	3
To proactively clear debris out of ditches and drainage pipes	4
To provide a higher level of protection for Fayetteville’s watersheds and the streams within them.	5
To better ensure public safety and access to emergency thoroughfares during life-threatening storm events	6
To provide timely response and resolution of customer drainage service requests	7





Speakup Fayetteville Survey #2 Results

Flood Management and Water Quality Funding Study

Do you have other comments about flood management and water quality funding in Fayetteville that you would like to provide?

- 59 percent provided individual comments, mostly anonymous.
- These comments generally related to:
 - Poor timing / confusion with the drainage bond funding
 - Better prioritization of the City's spending to address needs versus wants
 - Better management of infill development
 - Perception that this is a tax versus a fee for service
 - Cost of living in Fayetteville is getting too high
 - Fee structure should be based on the percent impervious of a property versus total impervious
 - Providing ways for property owners who manage their stormwater responsibly to lower their bill via a credit system



Feedback on Rates	% of Total
Reasonable	31%
Unreasonable	52 - 58%
Not Sure	11 - 18%



Stakeholder-driven Next Steps

Flood Management and Water Quality Funding Study

- Consider consistency revisions to its Unified Development Code (related to storm drainage and tree preservation),
- Assess the use of a mitigation / fee-in-lieu of program for small, infill developments including a Framework, Fee Structure and “Cookbook” of Water Quality, Flood, and Tree mitigation measures, and
- Forward elements of the Funding Study
 - Develop a Sustainable Credit Program
 - Perform an alternative rate structure analysis based on “intensity of development”, i.e. percent of impervious cover / gross area of property and then perform a final rate analysis
 - Establish intergovernmental agreements with key entities.





Questions or Comments?

