

MEMORANDUM

TO: Mayor England
Vice Mayor Samora
Commissioner George
Commissioner Rumrell
Commissioner Torres

FROM: Max Royle, City Manager 

DATE: September 24, 2021

SUBJECT: Stormwater Utility Fee: Continuation of Discussion

Please note the following concerning the fee:

1. We are not asking that you approve levying the fee now or anytime in FY 2022. All we are asking is that you approve the process for the levying of the fee. Once that process is completed, you can then decide whether or not to levy the fee.
2. The City's drainage infrastructure is growing, and a dedicated funding source is needed to provide a source of money to pay the maintenance costs.
3. A stormwater fee will provide money to pay the maintenance costs, thereby helping you and future Commissions from possibly having to use property taxes to pay those costs.

Attached is a memo and a presentation from the Public Works Director.

MEMORANDUM

Date: October 4, 2021

To: Max Royle, City Manager

From: William Tredik, P.E., Public Works Director

Subject: Stormwater Utility Fee: Continuation of Discussion

BACKGROUND

On June 17, 2021, the City Commission conducted a workshop to discuss the potential implementation of a stormwater utility fee to address future stormwater needs within the City. The Public Works Director presented the following estimated costs for future stormwater projects:

Vulnerability Study Projects	\$ 3.6 million
2004 Stormwater Master Plan Remaining Projects	\$ 1.8 million
<u>Future Drainage Projects (Master Plan Update)</u>	<u>\$ 4.8 million</u>
TOTAL ESTIMATED COST	\$10.2 million

The following sampling Stormwater Utility Fees in Florida was also presented for comparison:

St. Augustine	\$ 7.50 per month (\$90/year)
Palm Coast	\$18.91 per month (\$227/year)
Ormond Beach	\$ 7.00 per month (\$84/year)
City of Flagler Beach	\$ 8.83 per month (\$106/year)
Daytona Beach	\$10.07 per month (\$121/year)
Jacksonville Beach	\$ 5.00 per month (\$50/year)
New Smyrna Beach	\$ 7.67 per month (\$92/year)
Cocoa Beach	\$ 6.75 per month (\$81/year)
Green Cove Springs	\$10.42 per month (\$125/year)

It was discussed that an assessment similar to Flagler Beach's would generate approximately \$500,000 in annual revenue; allowing up to \$250,000 to be spent on maintenance and \$250,000 to be spent on projects annually.

Also discussed was the following work necessary to implement a Stormwater Utility Fee and the possibility of hiring a consultant to assist the City in this effort:

- Establishing a structure for equivalent residential units (ERUs).
- Quantifying impervious and semi-impervious surface area for all City commercial properties and assigning a number of ERUs to each commercial property
- Establishing a rate for undeveloped properties
- Establishing any exemption or credit policies
- Establishing a schedule of projects to be implemented.

Commission Direction from 6/17/21

The City Commission discussed the potential for a stormwater utility and determined they did not have sufficient information to proceed at that time. Direction to Staff included the following:

- More information was necessary before hiring a consultant
- More information was required on project prioritization
- Desired to see an updated Stormwater Master Plan to better understand project costs

DISCUSSION

The existing Stormwater Master Plan was developed in 2004. The majority of work identified in the 2004 Study has been accomplished, with approximately \$1.8 million of projects remaining, including:

1. 7th, 8th and 9th Street Drainage Connections
2. Mickler Ditch Piping (16th Street to 11th Street)
3. 16th Street Piping
4. Mickler Ditch Piping (11th Street to A Street)

The above projects are presented in order of tentative prioritization based upon existing drainage concerns. Though these projects could be funded through a stormwater utility fee, the city is investigating their eligibility for funding through the American Rescue Plan Act of 2021 (ARPA).

Future Projects

In addition to the unfinished projects in the 2004 Master Plan, the estimated \$3.6 million of projects identified in the Vulnerability Study and the \$4.8 million of potential future drainage improvement projects need to be thoroughly vetted and refined through the following:

Stormwater Master Plan Update - An Update to the Stormwater Master Plan is planned for FY 2022. This update will:

- Update Citywide stormwater modeling
- Benefit/Cost Analysis (BCA) on potential future drainage projects
- Develop prioritization of projects based upon BCA
- Develop an implementation strategy based upon project costs and funding

Adaptation Plan - The City has applied to the State for a grant to fund an Adaptation Plan to further refine the sea level rise and storm surge recommendations identified in the 2021 Vulnerability Study. The Adaptation Plan is the next step in developing these recommendations into actual projects eligible for funding through other vehicles such as the Hazard Mitigation Grant Program (HMGP). The Adaption Plan will:

- Further Develop Vulnerability Study recommendations
- Refine concepts

- Provide detailed cost estimates
- Identify partnering requirements and opportunities
- Identify permitting requirements

Due to the need to further refine these future projects, in conjunction with the potential for project funding from other vehicles, it is reasonable to defer inclusion of the aforementioned stormwater capital projects into a Stormwater Utility Fee until FY 2024.

Operation and Maintenance (O&M) Costs

O&M expenditures, however, are essential, ongoing, predictable and increasing in magnitude as stormwater infrastructure is added, upgraded or repaired. Several benefits are realized though fully funding stormwater O&M costs via non-ad valorem assessment, including:

- Dedicated revenue source for recurring costs
- Ensure that proper maintenance is funded
- Guaranteed funding of staff who perform O&M for the City
- Funding of materials and equipment necessary to provide stormwater maintenance

Additionally, all properties within the City will benefit from the ensuring that the City's drainage infrastructure is appropriately maintained in a fully functional condition.

Development of Stormwater Utility Fee to support O&M costs

Residential Dwellings - Equivalent Residential Units (ERUs) are the base from which a Stormwater utility fee is assessed. Residential dwellings are typically assigned one (1) ERU, though some jurisdictions employ tiered systems to better proportion fee to the actual impervious area of a residential property. Such a tiered system, however, is more challenging to implement as a detailed analysis of every residential property within the City is required to assign an appropriate tier to each property. A flat rate ERU system is significantly easier to implement and does not require annual review of existing properties to determine if a residence has moved into a higher tier.

Commercial Properties – ERUs are typically assigned to a commercial properties based upon the amount of impervious surface area on the property divided by the adopted square footage of impervious area per ERU.

Order of Magnitude Estimate of Potential Stormwater Utility Fee

In order to determine the square footage of impervious surface area per ERU, a review and analysis of aerial photographs and property appraiser records is required. For the purposes of this order of magnitude estimate, the following general assumptions are made:

- Approximately 2,800 residential units within City
- Approximately 2,800 square feet (sf) impervious surface area per residential unit

- 2,100 sf House + garage
 - 600 sf Driveway
 - 100 sf Other (patio, porch, etc.)
 - ➔ 1 ERU = 2,800 sf impervious surface area
- Approximately 250 acres of commercial property within the City
 - Estimate of 45% of commercial property is impervious
 - ⇒ Approximately 113 acres (4.9M sf) of commercial impervious surface area
 - ⇒ Approximately 1,750 Commercial ERUs

Based upon the above assumptions there may be as many as 4,550 ERUs within the City of St. Augustine Beach. The determination of the actual number of ERUs will depend upon analysis discussed above and may be more or less than this number.

Estimation of Operation and Maintenance Costs

The following estimate is for Projected FY 2023 O&M costs related to stormwater:

Item	FY23 Anticipated Costs
Salaries + benefits	\$ 114,000
Mizell Pond O&M	\$ 18,000
Versaggi Pump Sta. O&M	\$ 10,000
Sandpiper Pump O&M	\$ 10,000
Ocean Walk Pump O&M	\$ 2,000
Ditch Maintenance	\$ 15,000
Drg. Structure Repair and Maint.	\$ 25,000
Pipe Cleaning and Repair	\$ 15,000
TOTAL	\$ 209,000

Note that the above projected Stormwater O&M costs are order of magnitude estimates intended to approximate the cost of operating and maintaining existing and pending stormwater facilities within the City. They do not capture all staff related expenses for stormwater and only consider 1.0 FTE for the Stormwater Foreman and 0.25 FTE for the Civil Engineer. Actual stormwater costs associated with other staff's time is not considered in this analysis.

Estimate of Cost per ERU to fund Stormwater O&M

Based upon the estimated \$209,000 annual O&M cost – and the estimated 4,550 ERUs within the City – the annual stormwater utility fee per ERU would be \$45.93. This equates to \$3.83 per month per ERU. The actual cost per ERU would be finalized in early Summer 2022 once analysis of properties within the City is complete.

Future Projects

If the Commission decides to pursue the implementation of a stormwater non-ad valorem assessment for FY 2023, a range establishing the maximum annual fee would be established in Spring 2022. The Commission could opt to establish the range sufficiently high to accommodate the inclusion of future projects while setting set the year-1 fee at a lower amount to only fund Stormwater O&M costs.

Next Steps

The schedule required for implementing a Stormwater Fee in FY 2023 is as follows:

October 4, 2021	<i>Authorize staff to advertise for a public meeting to adopt a resolution indicating intent to adopt a stormwater non-ad valorem assessment. Ad must run four (4) consecutive weeks prior to the meeting)</i>
December 6, 2021	Pass resolution expressing intent to adopt a non-ad valorem assessment
by January 1, 2022	Notify the Tax Collector of the intent to adopt a non-ad valorem assessment
April 4, 2022	Set annual and total ranges for the non-ad valorem assessment: set the first year assessment; set the term for the assessment; set the total assessment to be collected
June 2022	Hold Public Hearing and set the initial assessment rate
August 1, 2022	Pass resolution and enter agreement with Tax Collector

DIRECTION REQUESTED

Staff seeks direction from the City Commission whether to advertise for a public meeting on December 6, 2021 to consider a resolution stating the City's desire to adopt a non-ad valorem stormwater utility fee for FY 2023. The advertisement must run four (4) consecutive weeks prior to the public meeting.



CITY OF ST. AUGUSTINE BEACH

*Regular City Commission Meeting
Monday October 4, 2021*

*Stormwater Utility Fee
Continuation of Discussion*

William Tredik, P.E. Public Works Director

JUNE 17, 2021 WORKSHOP DISCUSSION

- **Drainage Projects**
 - **\$3.6 million - Vulnerability Study Projects**
 - **\$1.8 million - Remaining 2004 Stormwater Master Plan Projects**
 - **\$4.8 million - Other Drainage Projects**
- **Other Jurisdictions' Fees**
 - **Fees vary, average between \$5 and \$10 per month**
- **Commission Direction**
 - **Not ready to hire consultant**
 - **More information required on project prioritization**
 - **Desire to see updated Stormwater Master Plan to better understand project costs**

ADDITIONAL INFORMATION NEEDED FOR PROJECTS

- **Stormwater Master Plan Update**
 - **Refined cost estimates**
 - **Prioritization of projects**
 - **Understanding of overall funding needs**
 - **Strategy for implementation**
- **Adaptation Plan**
 - **Further develop Vulnerability Study recommendations**
 - **Permitting requirements / environmental challenges**
 - **Refined cost estimates**
 - **Strategy for funding**

ESTIMATED FY 2023 OPERATION AND MAINTENANCE (O&M) COSTS

Item	FY23 Anticipated Costs
Salaries + benefits	\$ 114,000
Mizell Pond O&M	\$ 18,000
Versaggi Pump Sta. O&M	\$ 10,000
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TOTAL	\$ 209,000

STORMWATER NON-AD VALOREM FEE FOR O&M

- Maintenance is not optional; Costs are predictable
- **Dedicated revenue source** for recurring costs
- Less initial cost than most stormwater assessments
- **All properties benefit** from operation and maintenance of the City's drainage infrastructure
- If range is set appropriately, fee can be adjusted annually to cover project costs as needed

DEVELOPMENT OF FEE

- Determine the Equivalent Residential Unit (ERU)
 - Averaging residential impervious area from aerials and property appraiser records
- Measuring commercial impervious surface areas
 - Utilization of aerial photography
 - Assignment of ERUs based upon impervious area
- Determinization of exemptions and/or credits and assessment for vacant land
 - Research of other successful fee methodologies
- Set range sufficient for incorporation of future projects

ERU ESTIMATES

Key Assumptions

- 2,800 Single Family Residential Properties
 - 2,800 sf Average Impervious Surface Area
 - 2,100 sf house + garage
 - 600 sf driveway
 - 100 sf patio / porch / other
- 1 ERU = 2,800 SF

COMMERCIAL ERU ESTIMATES

Key Assumptions

- 250+/- Acres of Commercial Property
- 45% impervious
- 113+/- acres of impervious surface area (4.9M SF)
- Estimated # of Commercial ERUs = 1,750

TOTAL Estimated ERUs = 2,800 (Res) + 1,750 (Comm) = 4,550

MAINTENANCE COST PER ERU

- \$209,000 FY23 maintenance cost
- 4,550 ERUs

→ **Annual Maintenance Cost per ERU = \$45.93 / year
(\$3.83 / month)**

STEPS TO IMPLEMENT FEE IN FY23

- | | |
|--------------|---|
| Oct. 2021 | Authorize staff to advertise for a public meeting to adopt a resolution indicating intent to adopt a stormwater non-ad valorem assessment. Ad must run four (4) consecutive weeks prior to the meeting) |
| Dec. 2021 | Pass resolution expressing intent to adopt assessment |
| Jan. 1, 2022 | Notify the Tax Collector of the intent to adopt assessment |
| April 2022 | Set annual and total ranges for the non-ad valorem assessment; set the first year assessment; set the term for the assessment; set the total assessment to be collected |
| June 2022 | Hold Public Hearing and set the initial assessment rate |
| Aug. 2022 | Pass resolution and enter agreement with Tax Collector |

DIRECTION REQUESTED TODAY

Staff seeks direction from the City Commission whether to advertise for a public meeting on December 6, 2021 to consider a resolution stating the City's desire to adopt a non-ad valorem stormwater utility fee for FY 2023

The advertisement must run four (4) consecutive weeks prior to the public meeting.