



## MEETING SUMMARY

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**PROJECT:** Sustainable Stormwater Funding for Upper Charles River – Steering Committee Meeting #4

**MEETING DATE:** June 29, 2011

**LOCATION:** DoubleTree Hotel, Milford, MA

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### Regular Steering Committee Attendees:

Town of Bellingham	Denis Fraine, Administrator; Donald DiMartino, DPW Director
Town of Milford	Michael Santora, Town Engineer; Rosalie Starvish, GZA GeoEnvironmental, Inc.
Town of Franklin	Brutus Cantoreggi, DPW Director; James Esterbrook, DPW
495/MetroWest Partnership	Jessica Strunkin
MADEP	Fred Civian
U.S. EPA	Ray Cody; Ken Moraff; Gina Snyder; Bill Walsh-Rogalski, Mark Voorhees, Josh Secunda; Michael Ochs
MAPC	Martin Pillsbury
Horsley Witten Group(HW)	Rich Claytor, Anne Kitchell
AMEC	Rich Niles, Andy Reese
Congressional Representation:	Virginia Purcell, Tom Barnes and Brian Bass for Congressman Richard Neal; Lisa Nelson for Congressman McGovern

Other Attendees: Hamilton Harkney, NAIOP/Greenberg Traurig; Tamara Small, NAIOP; Arthur Barrett, Barrett Distribution; Kevin Testa, Barrett Distribution; Paul Hogan, Woodard & Curran; Rick Morton, DoubleTree Hotel; Steve Gordon, DoubleTree Hotel; Bethany Eisenberg, VHB; Todd Schively, Cedar Shopping Centers; Steve Brazean, Hallkeen Management; Steve Hardy, Hallkeen Management; George Preble, Beals and Thomas; Chris Parker, Clarke; Barry Feingold, MACC; Rick Kaplan, 15 N. Main St., Bellingham; Ned Bartlett, Bowditch & Dewey

The following is a brief meeting summary of the Steering Committee Meeting on June 29, 2011, organized by agenda item and including action items requiring follow up.

### **1) Summarize cost of service assessments for compliance with proposed GPs for each town**

Ken Moraff (EPA) introduced the meeting by commenting that the cost estimates to be presented reflect evaluating additional options for the implementation timeframe in addition to those currently outlined in the draft MS4 and RDA permits. He also explained that potential cost savings associated with increased experience over time or reliance on the most cost-effective practices were not incorporated into the estimates. The objective is to present realistic implementation costs that lean toward the conservative end of the scale in likely costs. Program and implementation costs associated with the draft MS4 and RDA permits (future costs) presented by HW were within the range, albeit the low end, of preliminary estimates by the Town of Milford.

Rich Claytor (HW) prepared and presented a PowerPoint slideshow describing the estimated costs of existing stormwater services for each town, the cost of future services per requirements of the draft MS4 permit, and how these were determined. Future costs were presented independently for operational efforts (MS4 program elements) and capital expenditures for phosphorus reduction. Future costs were presented in present dollars (2011 dollars); inflation was accounted for in all cost projections (assuming a 2.5% annual rate). Capital construction costs assumed that 15% of load reductions were met with non-structural practices. Most of the cost information presented assumes that both the MS4's and RDA Designated Discharge sites (DDs) would work together in a collaborative manner; however, separate capital costs were presented in the last slide.

**Action items:**

- HW to send slideshow and operational cost spreadsheets to each of the three towns for review by June 30<sup>th</sup>.
- EPA to post slideshows on website.
- Towns to send comments on materials presented and on future cost estimates to HW over the next 2-3 weeks

**2) Potential funding framework and preliminary analysis of stormwater utility options and policy considerations.**

Andy Reese (AMEC) presented considerations for establishing a stormwater utility; advantages and disadvantages of a regional utility; and anticipated monthly user fees per Equivalent Residential Unit (ERU) required to generate enough revenue for each town for a 5, 10, 15, and 20 year construction/implementation period; fee estimates for each construction period were then evaluated under three expenditure options: (1) Uniform Spending Capital Improvement Project (CIP) program, (2) Back-end Loaded, and (3) DDs implement independent of the towns (DDs Removed). In all, a total number of twelve (12) scenarios were evaluated.

Each construction/implementation period assumed a 5 year period is added before construction / implementation for the purposes of planning. Each scenario was evaluated using a 20 year bond approach at 2% interest, rather than a "pay-as-you-go" approach.

Andy noted that the fees under the 'DDs Removed' scenario appear higher because under this analysis, the municipalities assume the full burden of the public road network within each town. If DD fees incorporate a portion of the public road network, then the user fees per ERU would be approximately the same between the 'DD Removed' and the 'Uniform Spending CIP Program' scenarios.

**Questions and Comments:**

- Ned Bartlett questioned the use of ERU term rather than carrying through with a value of imperious square footage associated with each tax parcel. Limitations on the ability to

accurately determine impervious square footage on an individual parcel has lead to the general practice of use an ERU, though there are other options.

- Rick Kaplan asked how the DD's costs compare with or without a stormwater utility and if a utility was required for DD's to be able to implement? Rich responded that it was approximately 20 to 30% more if the DD's implement structural practices on their own. The utility doesn't have to be established, since there is an option for a CMPP to cooperatively coordinate and pay for implementation, which could be set up similarly to a utility. An evaluation of a potential CMPP implementation approach is currently underway by HW.

### **3) Evaluation scenarios for alternative utility structures and solicit feedback from stakeholders.**

Rich asked if there were any additional scenarios that the group would like to see evaluated (in excess of the 12 scenarios that were evaluated for each town (three spending options across four CIP timeframes)).

- Martin Pillsbury (MAPC) asked if the costs/revenues could be evaluated beyond the Charles River Watershed.
- Jessica Strunkin (495/MetroWest) commented that the CMPP option might be a more realistic scenario (for the DDs) than a stormwater utility and asked if the CMPP scenario was accounted for in the cost analysis.
- Rosalie Starvish (GZA) wanted to know the estimated DD fee if there is a CMPP, but no utility. Rich responded that for Milford, this would be based on the \$11.1M estimate provided in the last slide Rich presented; without a CMPP, the estimated fee for Milford's DDs is estimated at \$14.3M. HW will present both scenarios (DDs alone and as part of a CMPP) in the final analysis and report.

**Action items: Consider adding an additional scenario to evaluate DD fees outside or within a CMPP.**

### **4) Open discussion to solicit input from potentially regulated DD property owners.**

- Do all DD's need to participate in the CMPP? Rich responded that no, that would not likely be the case.
- Mike Santora (Milford) asked for confirmation on the ERU fee if DDs are removed. Andy responded that it would likely be the same as the Uniform Spending CIP Program if DDs are charged for a portion of the road network.
- Within the context of a regional program, Bethany Eisenberg (VHB) asked if DDs would have to pay into both a stormwater utility and the CMPP. Rich responded that this would be unlikely and is not the intent.
- There was a general question related to why there would be variability in the cost per pound of total phosphorous (\$/lb TP) removal with the different implementation scenarios. The response was that the cost varies depending on the practices selected, soils, etc.; and cost

reductions can be achieved where P trading can occur and where construction / implementation happens at the most viable / advantageous locations. It will be best to complete a watershed plan to help better quantify the locations and preliminary designs for the most cost effective structural controls.

- Mike Santora asked for clarification on the 5, 10, 15, and 20-yr options. Rich responded that the 5-yr program includes 5 years of planning starting in 2011. Implementation would start in 2016 and run for 5 years until 2021. Bonds would be serviced for another 20 years or through the end of 2041. Under the 20-yr scenario, bonds would be serviced for another 20 years beyond the last year of implementation or 2056. Mike reiterated that EPA should consider the reduced overall costs associated with the longer implementation timeframe.
- Andy commented that the 'Back-end Loaded' scenario gives you cost savings for the first few years. Rich explained that we have very conservative estimates for non-structural and that using a back-ended approach gives you time to find more effective practices and reduce the cost per impervious acre.
- There was discussion related to whether residential property owners would be able to deduct stormwater fees from their taxes. The general answer is that they don't typically deduct water or sewer fees, although businesses can as a business expense. Any residential deduction would just equate to increased rates as the implementation costs are fixed.
- Fred Civian wanted to know if tax-exempt properties would have to pay into the utility. They answer was, yes.
- Ned Bartlett asked about Andy's experience with other utilities being established as taxing authorities. The response was that they are often set up that way in order to assess a special district.
- Don DiMartino wanted to know when EPA was going to include the rest of the basin communities in the RDA. He explained that there has been lengthy and inequitable publicity for the three Upper Charles communities. Ken Moraff responded by stating that all Charles River Watershed municipalities are on the same schedule for implementation of the MS4 permit, with or without the RDA. Until the RDA moves downstream, those MS4s will have to figure out how to do it without the RDA tool, either through local ordinance or alternative mechanism.

## **5) Next Steps and review of other activities**

Rich reported on the status of a number of other related initiatives including CRWA trading project, EPA MS4 Clinics, DEP Upper Charles outreach project, and CRWA workshops. The trading project date of completion was unknown. EPA MS4 clinics have been completed. The DEP outreach project will start in the Fall. The statewide trainings have started and will continue to be conducted through the Fall.

### **Action Items:**

- **ALL to give HW comments over the next 2 weeks.**
- Draft report due Aug 5, maybe one week later. Will give folks about a month to review.
- Final report due September 30, 2011.
- Next meeting? Perhaps after the draft report is released, in early September 2011.