



Town of Winchester

Lisa Wong, Town Manager

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MEMO

To: Select Board
From: Lisa Wong, Town Manager *LW*
Date: September 5, 2019
Re: Town of Winchester Stormwater Utility Fee

BACKGROUND:

Over the past several years, Town staff and members of the Select Board have evaluated several options related to the development and implementation of a stormwater fee to assist in the funding of MS4 permit requirements and stormwater-related capital improvements. These costs are currently funded through the existing water and sewer enterprise fund. Options considered included:

- A. Adjustment of the existing water and sewer rates to generate additional revenue;
- B. Creation of a separate stormwater utility outside of the existing enterprise fund; or
- C. Implementation of a new fee and accounting structure within the existing water and sewer enterprise fund for stormwater costs only.

Last year, the Select Board settled on option C to create a new fee and accounting structure within the existing enterprise fund. Since that time, the group has continued to evaluate several options for creating the fee structure for both residential and non-residential properties.

FEE STRUCTURE OPTIONS :

Stormwater fees are typically assessed either as a flat rate or a function of impervious area using an Equivalent Residential Unit (ERU). ERU is a common billing unit for stormwater fees, and is a measure of the average amount of impervious surface area for a single-family residential property. Fees may be based on a \$ rate per ERU. The options evaluated included:

- I. Flat fee for residential properties (single family, and 2 & 3-family properties), and ERU based fee structure for non-residential properties;
- II. Flat fee for residential properties, and a tiered rate structure based on ERU for non-residential properties.
- III. Tiered rate structure for both residential and non-residential properties based on impervious area coverage.

In spring 2019, at the Select Board's request, Weston & Sampson analyzed the impervious area coverage for all residential and non-residential properties in Winchester. Weston & Sampson has developed several alternatives for the creation of a tiered residential rate structure, the most recent of which is presented in the attached memo dated August 9, 2019. The latest options include the creation of five residential tiers based on impervious area, and the rate structure increasing in each consecutive tier. Additionally, the options include the creation of 13 non-residential tiers based on ranges of impervious area.

STAFF RECOMMENDATION:

As has been discussed at previous meetings, staff recommends the implementation of the option I flat rate structure for residential units and a tiered rate structure for non-residential units. This system would be the easiest and most cost effective to implement and maintain, and is the most common structure used by other municipalities in Massachusetts.

However, we understand the Select Board's concerns regarding equity of the fee based on impervious area coverage. If the Board wishes to move with the tiered rate structure for both residential and non-residential properties, we recommend that an update be done every 5-years with a new impervious area analysis of the most recent flyover data, as opposed to staff tracking the impervious area changes based on Building Permits.

IMPLEMENTATION:

Below is a summary of the next steps related to implementation of the stormwater fee:

- (1) Select Board to decide on preferred rate structure for residential and non-residential properties.
- (2) Abrahams Group to complete revenue analysis to determine funding needs over the next 5 to 10-years. This analysis will be used to set the fees.
- (3) Town Meeting action, as needed.
- (4) Development of an abatement process for properties who have existing infiltration systems and are able to document the resulting decrease in impervious area.