Stormwater Fees Can Help to Pay for Latest MS4 Mandates

BY **AMY BOBB** / CONTRIBUTING WRITER, PSATS

Two laws recently passed by the state legislature may offer some relief to townships concerned about how they are going to pay for the increasing costs of stormwater management.

Act 62 of 2016 amends the Second Class Township Code to allow townships to directly charge fees for the installation and maintenance of their stormwater facilities. Act 68 of 2013 authorizes municipal authorities to undertake stormwater planning, management, and implementation, including the collection of fees to offset stormwater expenses.

Both options couldn't have come at a better time as certain MS4 townships face a new mandate from the state Department of Environmental Protection (DEP) to develop a pollutant reduction plan this year and implement it over the next five years.

Stormwater fees can be a fair, equitable way to generate a reliable revenue stream for covering the increasing costs of managing stormwater, says Lee Murphy, environmental group manager at DEP's central office.

"Up to now, townships paid for all their stormwater needs through their general funds," he says. "This meant costs had to be covered by tax money based on the value of property."

With a stormwater fee, he explains, property owners are assessed based on how much runoff their property generates. As a result, the more impervious surface on a property that's contributing to runoff, the more the property owner pays toward managing that runoff.

"A property with a lot of acreage but little paved surface would not have to pay as much in a stormwater fee as it could if costs are only covered through regular taxes," he says.

Establishing a fee

Last year, Derry Township in Dauphin County decided to charge residents a stormwater fee and transfer stormwater management functions to its sewage authority. During public meetings to explain the new program, supervisor Matt Weir wasn't surprised to

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hear complaints about the fee.

"Naturally, some called it a rain tax" says Weir, who is also chair of the authority board, "but once we presented the facts about what needed to be done and explained that this was a fairer way to fix a very difficult problem, the residents understood."

In January, the authority mailed the first bills containing the stormwater fee. Under the five-tiered fee structure, residential properties are charged based on their square footage of impervious area, determined from an analysis of their property.

For an average homeowner with 3,800 square feet of impervious area, the monthly stormwater fee is $6.50. Owners of non-residential properties and residential properties with 7,600 square feet of impervious area or more are charged monthly according to their total impervious area, divided by the equivalent residential unit of 3,800 square feet, and then multiplied by $6.50.

Buy-in from the public was critical if the stormwater management program was to succeed. The authority assembled a stakeholder advisory group of nearly 20 members representing different parts of the community, including Hershey's chocolate and entertainment industries, retail businesses, churches, and homeowners associations, to help develop the program and serve as advocates. Three public meetings were held to introduce the program, and the authority followed up with articles in the township newsletter and informational flyers in customers' bills.

Incentivize involvement

The money raised by the stormwater fee will go toward administering Derry Township's stormwater management program, including maintaining the township's stormwater infrastructure and complying with the increasing demands of the state's MS4 regulations

"The revenue the program raises will allow us to be more proactive, instead of reactive," Wayne Schutz, the authority's executive director, says. Once the authority gets a better handle on storm-

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water management and what has to be done day-to-day to run the program, it can start to look at capital projects, too.

In the months since the authority took over the stormwater management program, it has been phasing in different components, including a credit policy that goes into effect this month. The policy gives property owners the opportunity to lower their stormwater fees by earning credit for actions they take to reduce stormwater pollutants on their property.

"I am excited about the credit policy," Weir says. "It will incentivize landowners to get involved with pollutant reduction and at the same time help us meet our goals, especially since so many stormwater issues occur on private land."

Schutz agrees. "The credit policy provides opportunities for landowners to lower their fees while also helping to improve water quality, volume, and rate, all goals of the stormwater management program," he says.

To help spread the word about the stormwater program, the township has been working with local conservancy and environmental groups and holding informational workshops to discuss the benefits of best management practices, such as rain gardens and increased tree canopy.

"People expect to have clean and abundant water," Weir says. "If we can lead the way and make the public aware while emphasizing how they can help us achieve it through the credits they earn, I think it's a win-win for everyone."

Plan and calculate

As stormwater management has continued to cost more money in North Fayette Township, Allegheny County, township officials started kicking around ideas two years ago about how to pay for it, including whether a municipal authority made sense.

"We were lamenting the logic of

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creating an authority for the sole purpose of imposing a fee," manager Robert Grimm recalls. "That's when we started to wonder what would be involved in pushing legislation to eliminate that step and allow us to assess a fee directly."

He talked to his state representative about the idea, and that got the ball rolling. PSATS picked up the charge, and legislation was eventually passed last summer that allows townships to assess a fee for stormwater operations.

Since Act 62's passage, Grimm has been preparing by doing some calculations to determine how much it truly costs to run the township's MS4 program.

"If we decided to charge a fee, it had to be reasonable based on our costs to comply with state and federal regulations," he says.

As part of this effort, he broke down the time that individual employees dedicate to stormwater operations and came up with a percentage.

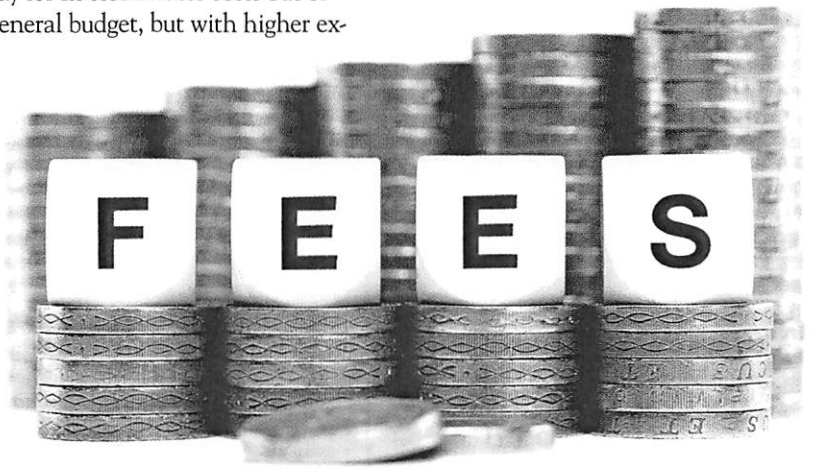
"It ranged from 100 percent of our environmental compliance coordinator's salary to about 20 percent of mine," he says.

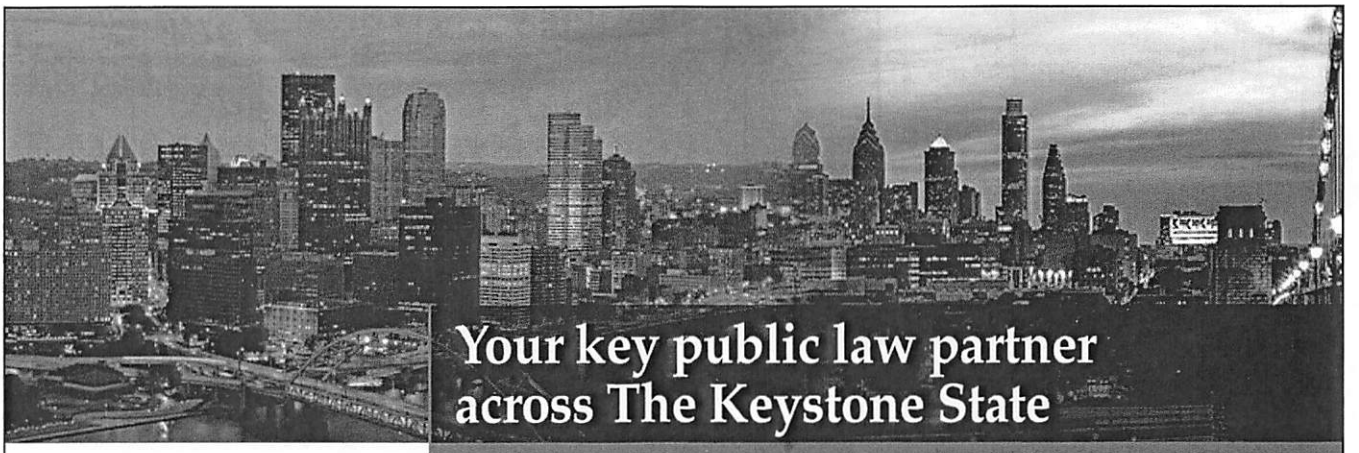
From this exercise, Grimm estimated that it cost the township approximately $500,000 a year to comply with current stormwater requirements, which he notes doesn't take into consideration the pollutant prevention plan the township will have to do this year.

So far, North Fayette has been able to pay for its stormwater costs out of its general budget, but with higher expenses looming, the township has been gearing up to adopt a stormwater management fee this year.

"With a fee, we will be able to build up some funds for stormwater projects," Grimm says. "Where we were essentially just doing maintenance before, we can now undertake water quality-related capital projects." ✦

Act 62 of 2016 allows townships to charge fees for the installation and maintenance of stormwater facilities.





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