

Business Advisory Committee

July 13, 2020

MEETING MINUTES

ASSEMBLY ROOM – OPERATIONS CENTER | 305 WILLIAMS ST.

Present: Steve Dozier, Chair and Committee Members: William Perry Jr., Beau Waddell, Mike Summey, Tom Cooper, Ken Gordon, Judy Stroud, and Council Member Dr. Jennifer Hensley

Participating Electronically: City Manager John F. Connet, Seth Robertson of WithersRavenel Engineering Firm, Committee Member Brittany Brady

Staff Present: Assistant City Manager Brian Pahle, City Clerk Angela Reece, Communications Manager Allison Nock, Stormwater Administrator Mike Huffman, City Engineer Brent Detwiler

1. Call to Order

The meeting was called to order at 11:30 a.m.

2. Presentation regarding proposed Stormwater Management Fees

Mike Huffman, City Stormwater Engineer presented the Stormwater Management Fee Update along with Seth Robertson with WithersRavenel Engineering Firm which is made part of and included in these minutes. Mr. Huffman discussed the fee evaluation overview below.

Fee Evaluation Overview

- **City staff asked to re-evaluate its existing stormwater rate structure in order to addresses the City's short- and long-term operations, maintenance and capital needs**
 - The City is faced with the challenge of paying for increased costs to comply with state and federal stormwater quality mandates as well as ongoing maintenance and necessary capital improvements
 - The previous current flat \$3.00 stormwater fee generated revenue (\$325,000), however it was not adequate to meet the City's drainage and regulated stormwater program requirements, nor does it reflect the demands that stormwater runoff places on repairing/replacing public infrastructure.
- **Annual revenue of approximately \$1,400,000 is necessary to maintain the City's estimated stormwater needs**

Mr. Huffman clarified stormwater fees are only applied to city water accounts and would be billed through water billing. He added that fees would be increased annually to compensate for

increases in project costs and emergency repairs. City Council Member Dr. Jennifer Hensley concurred stating years of infrastructure improvements were delayed or nonexistent which has further compounded increasing cost issues. Council Member Hensley stated she personally preferred a fee type schedule.

Committee Member Ken Gordon inquired of calculations of fees based on the amount of impervious surface. Mr. Huffman stated non-residential users would pay a multiple of the base residential unit impervious surface area and said this is the most equitable method to charge based on each individual property measurement. Assistant City Manager Brian Pahle reminded the Committee that the NC Stormwater Permit is mandated but said how it is funded is the choice of the City. Council Member Hensley stated she is not a fan of solely taxing property owners and is in favor of everyone contributing to the system for water usage. Assistant City Manager Pahle said there is a \$5.00 flat fee per water account.

Committee Member Brittany Brady expressed concerns of reaching out to industrial customers and requested a list of industrial properties letters have been sent to. Following the meeting Mr. Huffman provided the average monthly fees for non-residential groups by land use as follows:

- Commercial - \$47.00
- Religious - \$54
- Government - \$71
- Industrial - \$203 (Pulled up by Kimberly Clark) w/o KC - \$99
- Medical - \$220 (Pulled up by Carolina Village) w/o CV - \$59
- All Non-Res - \$52

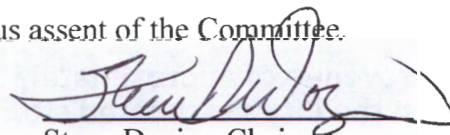
3. New Business

The Committee unanimously selected Steve Dozier to serve as Chairman.

Steve Dozier stated the water service application is cumbersome for new customers and asked staff to review it.

4. Adjourn

The meeting adjourned at 12:38 p.m. upon unanimous assent of the Committee.



Steve Dozier, Chair

ATTEST:



Angela L. Reece, City Clerk



Hendersonville
North Carolina

Business Advisory Committee Meeting Stormwater Fee Update

July 13, 2020



WithersRavenel
Our People. Your Success.



Overview



NPDES Phase II Community

- **National Pollutant Discharge Elimination System (NPDES) Phase II is a federal and state mandated program under the Clean Water Act to address non-point source pollution and stormwater runoff**
- **The City of Hendersonville is a federally designated NPDES Phase II community**
- **The City has operated under the Stormwater Management Program, since August of 2007**
- **Drafted into the City's Code of Ordinances**
- **Separate Enterprise Fund**
- **<https://www.hendersonvillenc.gov/stormwater-management>**

Six Required Management Areas

- **The City's NPDES Permit consists of six management areas that reduce stormwater pollution and assures clean water is maintained in our City's water bodies:**
 1. Public Outreach and Education
 2. Public Involvement
 3. Illicit Discharge Detection and Elimination
 4. Construction Site Runoff Control
 5. Post-Construction Runoff Control
 6. Pollution Prevention and Good Housekeeping
- **Not included in the management areas but required for compliance is necessary capital improvements to replace or upgrade infrastructure**

Stormwater Utility Fees (GS 160A-314)

- Fees are for “providing stormwater management programs and structural and natural stormwater and drainage system service”
- “Must be made applicable throughout the area of the city”
- Fees may vary according to:
 - Residential, commercial or industrial
 - Size of property
 - Area of impervious surface area
- Rates, fees and charges may not exceed cost of providing the management program and the physical system
- “Includes any costs necessary to assure that all aspects of stormwater quality and quantity are managed in accordance with federal and State laws, regulations, and rules”



Fee Evaluation Overview

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Fee Evaluation Overview

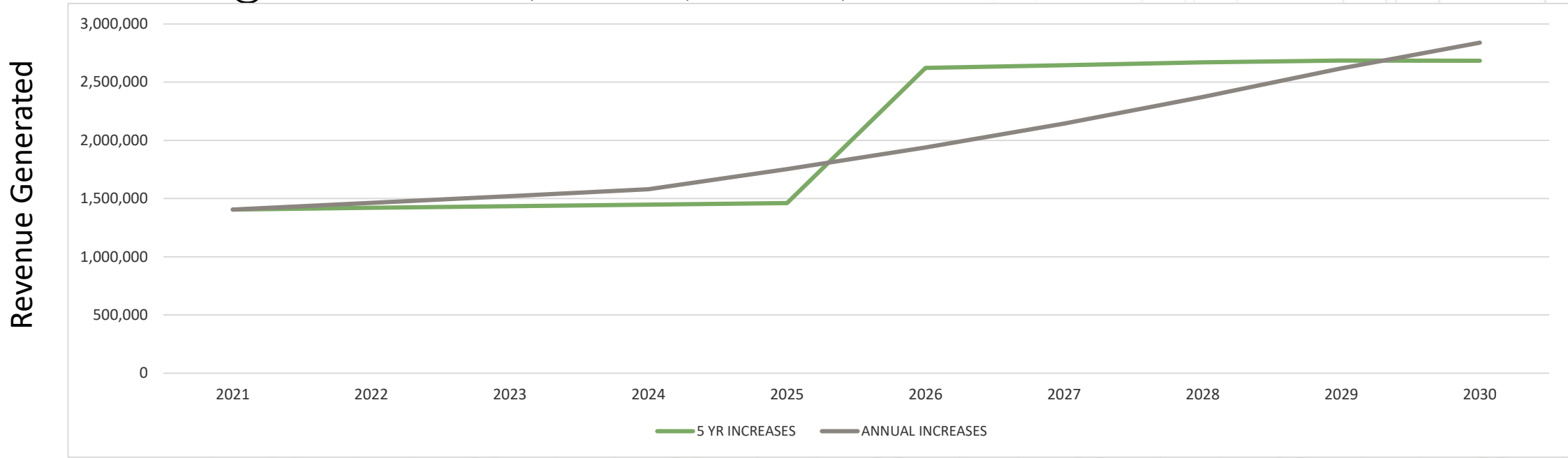
- **Presentations were made to the City Council at a workshop in January and at meetings in March and April**
- **Council received information regarding:**
 - Existing revenues and expenditures
 - Financial needs associated with various levels of service to maintain long-term compliance
 - Scenarios for fee increase schedules and structures including “caps” and “floors”
 - Example rates for representative non-residential users based upon ERU rate structure
 - Credit program for stormwater improvements

\$5.00 Starting Fee & Increase Options

<u>FEE INCREASE FREQUENCY</u>	<u>YR 1 FEE</u>	<u>YR 6 FEE</u>	<u>YR 10 FEE</u>
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Annual Increases	\$ 5.00	\$ 6.61	\$ 9.68
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1 st Increase @ Year 5	\$ 5.00	\$ 9.00	\$ 9.00
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Non-Residential Fee Structure

- **Equivalent Residential Unit (ERU)**
 - Non-residential users pay a multiple of the base residential unit impervious surface area
 - The most equitable method to charge since based on each individual property measurement
 - The most common non-residential stormwater fee structure in NC
 - Most residential fees in NC range between \$2 and \$6



ERU Example

- Charge based upon comparison of an impervious surface to the average residential impervious surface of 3000 square feet
- Example 1:
 - Property owner has **9000** square feet of impervious surface
 - Equivalent to **3 times** the average residential size
 - Property owner pays **3 times** the residential fee
 - If residential fee was **\$5.00**, the property owner pays **\$15.00**.

Non-Residential Assumptions

- **Non-Residential based on ERU**
 - Floor is lowest residential rate (\$5/month)
 - Ceiling to limit outlier fees (\$1,500/month)
- **Assumed vacant parcels and apartments at $\frac{1}{2}$ of residential rate**
- **No special consideration for nonprofit or governmental entities**



SELECT NON-RESIDENTIAL STORMWATER *MONTHLY FEES*

		RESIDENTIAL FEE OF \$5.00
LAND CLASS	PROPERTY (ERUs)	
AUTO DEALERSHIP	PROPERTY 1 (141.5)	\$707.68
	PROPERTY 2 (60)	\$299.89
	PROPERTY 3 (10.7)	\$53.61
CHURCH	PROPERTY 1 (60.7)	\$303.83
	PROPERTY 2 (12)	\$59.74
	PROPERTY 3 (1)	\$5.00
EDUCATIONAL	PROPERTY 1 (145.9)	\$729.37
	PROPERTY 2 (6.3)	\$31.27
	PROPERTY 3 (4.2)	\$21.22



SELECT NON-RESIDENTIAL STORMWATER *MONTHLY FEES*

		RESIDENTIAL FEE OF \$5.00
LAND CLASS	PROPERTY OWNER	
GOVERNMENTAL	PROPERTY 1 (461)	\$2,305.18
	PROPERTY 2 (13)	\$65.11
	PROPERTY 3 (1.2)	\$5.92
HOME IMPROVEMENT CENTER	PROPERTY 1 (154.9)	\$774.40
	PROPERTY 2 (148.4)	\$742.22
	PROPERTY 3 (93.5)	\$467.70
HOSPITAL	PROPERTY 1 (4)	\$20.02



SELECT NON-RESIDENTIAL STORMWATER *MONTHLY FEES*

		RESIDENTIAL FEE OF \$5.00
INDUSTRIAL	PROPERTY 1 (440)	\$2,200.06
	PROPERTY 2 (13.4)	\$67.26
	PROPERTY 3 (1)	\$5.00
MEDICAL	PROPERTY 1 (355.6)	\$1,777.79
	PROPERTY 2 (14.3)	\$71.27
	PROPERTY 3 (1)	\$5.00
RELIGIOUS	PROPERTY 1 (39)	\$194.80
	PROPERTY 2 (4.4)	\$22.22
	PROPERTY 3 (1)	\$5.00



City and County Combined Monthly Fees

\$5.00 ERU

- **County Schools** **\$1577**
- **County** **\$4181**
- **Hendersonville** **\$1632**



SCM Credit Program for Stormwater Controls

- **Based upon reductions established in the NC Stormwater Design Manual**
 - Runoff treatment
 - Runoff volume match
- **Dependent on the percent impervious surface area served by controls**
- **Maximum credit established; With a floor of residential ERU rate**
- **Require application and annual inspection to confirm operation**



Rebate Program Examples

Walmart (ERU factor = 272.18) currently has stormwater control measures

Annual Fee No Credit	With 20% Credit	With 60% Credit
\$11,432	\$9,146	\$4,573

Kimberly Clark (ERU factor = 440.01) could install new stormwater control measures

Annual Fee No Credit	With 20% Credit	With 60% Credit
\$18,480	\$14,784	\$7,392

Examples assume \$3.50 residential rate

Implementation Plan

- **Increase base residential rate to \$5.00**
- **Outreach to 30 largest fee payers under proposed changes**
- **Public education and input**
- **Revise ordinances, develop appeals process and SCM credit program**
- **Implement ERU structure for non-residential properties**



Questions



Current Level of Service Includes

- **Partial proactive planning of capital improvement needs**
 - One basin studied with projects identified and scoped
- **Reactive (break & fix) repair/replacement of capital assets**
- **Proactive permit compliance**
 - City doing 5 measures
 - County performing 1 of the measures
- **Responsive only Operation and Maintenance Activities**
- **\$3 per month / parcel flat fee; Doesn't generate enough money currently to maintain minimum level of service**

\$5 ERU: Revenue Generation

Rate	Revenue (2021)	Revenue (2025)	Revenue (2030)	Capital Outlay (10yr)	FTE
\$5.00	\$1.4m	\$1.75m	\$2.8m	\$36.5m	3.5



SELECT NON-RESIDENTIAL STORMWATER *ANNUAL FEES*

LAND CLASS	PROPERTY OWNER	OWNER MAIL	RESIDENTIAL FEE	RESIDENTIAL FEE	RESIDENTIAL FEE
			OF \$3.50	OF \$4.00	OF \$5.00
AUTO DEALERSHIP	TR RENTALS LLC (141.5)	2520 ASHEVILLE HWY	\$5,944.54	\$6,793.76	\$8,492.20
	EASLER, BRYAN (60)	PO BOX 808	\$2,519.03	\$2,878.90	\$3,598.62
	KING VAN KIRK PROPERTIES LLC (10.7)	1105 SPARTANBURG HWY	\$450.34	\$514.67	\$643.34
CHURCH	FIRST BAPTIST CHURCH OF HENDERSONVILLE (60.7)	312 5TH AVE W	\$2,552.19	\$2,916.78	\$3,645.98
	HVLLE, NC JEHOVAHS WITNESSES, INC (12)	1305 5TH AVE W	\$501.84	\$573.54	\$716.92
	GOOD HOPE FBH CHURCH (1)	328 MINE GAP RD	\$42.00	\$48.00	\$60.00
EDUCATIONAL	HENDERSON CO BOARD OF PUBLIC SCHOOLS (145.9)	414 4TH AVENUE WEST	\$6,126.74	\$7,001.98	\$8,752.48
	ANDERSON, ELAINE O (6.3)	631 WHITNEY BLVD	\$262.68	\$300.21	\$375.26
	JUGIS, PETER J BISHOP ; ROMAN CATHOLIC DIOCESE OF CHARLOTTE, NC (4.2)	208 7TH AVE W	\$178.21	\$203.66	\$254.58



SELECT NON-RESIDENTIAL STORMWATER *ANNUAL FEES*

LAND CLASS	PROPERTY OWNER	OWNER MAIL	RESIDENTIAL FEE OF \$3.50	RESIDENTIAL FEE OF \$4.00	RESIDENTIAL FEE OF \$5.00
GOVERNMENTAL	HENDERSON COUNTY (461)	1 HISTORIC COURTHOUSE SQUARE	\$19,363.50	\$22,129.71	\$27,662.14
	BOYS AND GIRLS CLUB OF HENDERSON COUNTY/HENDERSONVILLE NC (13)	PO BOX 1460	\$546.91	\$625.04	\$781.30
	HENDERSON CO GENEALOGICAL & HISTORY SOC (1.2)	400 N MAIN ST	\$49.76	\$56.86	\$71.08
HOME IMPROVEMENT CENTER	HOME DEPOT USA INC (154.9)	PROPERTY TAX DEPT #3637	\$6,504.97	\$7,434.26	\$9,292.82
	LOWES HOME CENTERS, INC (148.4)	PO BOX 1000	\$6,234.63	\$7,125.30	\$8,906.62
	JUSTUS, JEFF C ; HYDER, BOYD L(93.5)	PO BOX 460069	\$3,928.67	\$4,489.90	\$5,612.38
HOSPITAL	HENDERSON COUNTY (4)	800 N JUSTICE ST	\$168.17	\$192.19	\$240.24



SELECT NON-RESIDENTIAL STORMWATER *ANNUAL FEES*

			RESIDENTIAL FEE OF \$3.50	RESIDENTIAL FEE OF \$4.00	RESIDENTIAL FEE OF \$5.00
LAND CLASS	PROPERTY OWNER	OWNER MAIL			
INDUSTRIAL	BERKELEY MILLS (440)	6610 MUTUAL DR	\$18,480.48	\$21,120.54	\$26,400.68
	PUBLIX NORTH CAROLINA LP (13.4)	PO BOX 32018	\$565.01	\$645.73	\$807.16
	MILLWOOD, GERALDINE (1)	227 LINDA VISTA DR	\$42.00	\$48.00	\$60.00
MEDICAL	CAROLINA VILLAGE INC (355.6)	600 CAROLINA VILLAGE RD	\$14,933.39	\$17,066.74	\$21,333.42
	ALIN ENTERPRISES LLC (14.3)	PO BOX 1093	\$598.64	\$684.16	\$855.20
	SPRING ARBOR (1)	C/O H H HUNT ASSISTED LIVING INC	\$42.00	\$48.00	\$60.00
RELIGIOUS	YOUNG MENS CHRISTIAN ASSOCIATION OF WESTERN NORTH CAROLINA (39)	53 ASHLAND AVE	\$1,636.35	\$1,870.11	\$2,337.64
	MOUNT PISGAH LUTHERAN (4.4)	2606 CHIMNEY ROCK RD	\$186.68	\$213.34	\$266.68
	BARKER HEIGHTS BIBLE CHURCH (1)	C/O NEW HOPE BAPTIST CHURCH	\$42.00	\$48.00	\$60.00

SCM Credit Scenario Analysis: Largest Customers

HENDERSONVILLE NON-RESIDENTIAL STORMWATER FEE PAYERS MONTHLY FEE GREATER THAN \$1000 ERU MULTIPLIER FEE OF \$5

<u>PROPERTY OWNER</u>	MONTHLY FEE	ANNUAL FEE	CREDITS?	SCM LOCATIONS	60%	20%
					ANNUAL CREDIT	ANNUAL CREDIT
HENDERSON COUNTY	\$ 2,520.30	\$ 30,243.54	PARTIAL	1 PARCEL	\$ 4,530.94	\$ 1,510.31
BERKELEY MILLS	\$ 2,200.06	\$ 26,400.68	NO			
CAROLINA VILLAGE INC	\$ 1,777.79	\$ 21,333.42	YES		\$ 5,600.05	\$ 1,866.68
CITY OF HENDERSONVILLE	\$ 1,589.06	\$ 19,068.74	PARTIAL	1 PARCEL	\$ 964.19	\$ 321.40
HENDERSONVILLE HOUSING AUTHORITY	\$ 1,472.04	\$ 17,664.42	NO			
BLUE RIDGE MALL LLC	\$ 1,470.05	\$ 17,640.64	YES		\$ 3,384.38	\$ 1,128.13
HYDER, BOYD L	\$ 1,395.77	\$ 16,749.22	NO			
WAL MART REAL ESTATE BUSINESS TRUST	\$ 1,360.92	\$ 16,331.06	YES		\$ 2,598.64	\$ 866.21
HENDERSON CO BOARD OF TRUSTEES ; PARDEE HOSPITAL	\$ 1,130.05	\$ 13,560.56	YES	1 PARCEL & 3 VACANT LOTS	\$ 936.34	\$ 312.11
HENDERSON CO BOARD OF PUBLIC SCHOOLS	\$ 1,038.35	\$ 12,460.14	NO			

TOTAL \$ 18,014.53 \$ 6,004.84