

# MILLBURY STORMWATER FINANCING

## FREQUENTLY ASKED QUESTIONS AND KEY TERMS

In May of 2020, the Town passed enabling legislation allowing the Town to establish a stormwater enterprise fund. The Town is now looking to put forth a stormwater budget for the public's approval at Town Meeting on May 7, 2024. The stormwater budget would be funded through stormwater fees collected from individual property owners. Below are some frequently asked questions and key terms to ensure our community is informed about stormwater financing in Millbury.

### FREQUENTLY ASKED QUESTIONS

#### How is Millbury's stormwater regulated?

The Department of Public Works is continuously working to reduce stormwater pollution, to improve surface water quality, and to fulfill the requirements of the EPA's NPDES (National Pollutant Discharge Elimination System) Municipal Separate Storm Sewer System (MS4) Permit. In 2016, a new MS4 Permit was issued with more extensive requirements to foster improvement of surface water quality. Complying with the new permit requirements has substantially increased the Town's stormwater costs. Complying with this permit and future iterations of this permit will be a significant ongoing level of effort for the Town for the foreseeable future. **EPA expects to release a new MS4 Permit for public comment in the summer of 2024.**

#### What is a stormwater fee and enterprise fund?

A stormwater fee is a payment for stormwater management, operation, and maintenance (including regulatory compliance), which is provided by the town. Stormwater fees are collected from property owners based on a property's impact to the storm drain system in addition to assumed usage of roadways and sidewalks. Generally, the impact to the storm drain is assessed based upon a property's amount of impervious surface. An enterprise fund is an account with a specific purpose. A stormwater enterprise fund would receive all revenue from a stormwater fee and would only be used for the purposes of stormwater management.

### Key Terms

#### Impervious Surface

Materials or compact surfaces that do not allow stormwater to infiltrate or seep into the ground.

#### Stormwater

Runoff from precipitation or other sources that drains into the Town's drainage systems (such as catch basins, pipes, and culverts) and ultimately ends up in groundwater, ponds, streams and/or wetland resource areas. Areas with large amounts of impervious surface lead to greater amounts of stormwater runoff conveyed into the drainage system rather than seeping into the ground.

#### Stormwater Pollution

Pollutants (such as oils, fertilizer, sand, and trash) in stormwater runoff, which can contaminate water resources, fish and wildlife habitat.

#### Stormwater Flooding

Flooding of streets and sidewalks from overwhelmed stormwater drainage systems. Note, the total average annual precipitation has increased by approximately 10 percent in the last fifty years across the Northeast. In addition, greater amounts of total impervious surface across towns and cities have led to higher amounts of stormwater runoff. In areas where stormwater infrastructure has not been updated to accommodate greater runoff rates, minor but disruptive flooding events can occur more frequently.

## **What are the benefits?**

Adopting a stormwater enterprise fund benefits all municipal departments. By creating a stormwater enterprise and assigning user fees, additional funding will be made available for other priorities, such as roadway paving and reconstruction, sidewalks, and schools.

## **How does Millbury manage stormwater?**

The Town of Millbury's Department of Public Works manages the stormwater management program, which consists of public education, illicit discharge detection, system mapping, water quality testing, construction site runoff control, updating aging infrastructure, and installing new infrastructure.

## **How would Millbury manage its stormwater enterprise?**

The Town of Millbury is considering the creation of a separate Stormwater Commission to manage the stormwater fee. Similar to the Sewer Commission, responsibilities of the Stormwater Commission would include setting of rates under the stormwater enterprise, reviewing the stormwater budget and ensuring that the stormwater fee is sufficient to meet budgetary needs, and reviewing and approving fee abatements and credits.

## **How has Millbury funded its stormwater management program in the past?**

The Town's existing stormwater program is currently funded through the General Fund, which is financed through property taxes, and the Clean Water State Revolving Fund (CWSRF) Loan Program. The stormwater program currently budgets for maintenance items such as street sweeping, catch basin cleaning, and MS4 permit compliance activities. In FY2025, the Town will need to start repaying the loan obtained through the CWSRF Loan Program that has been used to finance some of the Town's MS4 Permit compliance requirements to date.

## **How will Millbury fund compliance with the new requirements under the updated MS4 Permit?**

Compliance with the MS4 permit going forward requires increased funding, which would limit funding for other departments, like schools and transportation (streets and sidewalks) if the General Fund is utilized exclusively to fund stormwater needs. The Town has considered multiple options, including continuing to finance some stormwater needs through the General Fund with higher property taxes, grant opportunities, and/or collecting stormwater fees through the previously established stormwater enterprise fund. Due to the variability of available funding associated with many grant programs, and the scarcity of dedicated grants to specifically fund MS4 Permit compliant needs, grants are not a reliable source of funding for the Town.

## **How is the stormwater enterprise fund being assessed and developed for the Town of Millbury?**

The Town of Millbury has researched other Massachusetts communities with stormwater enterprise funds for best practices. The steps of setting up a stormwater enterprise fund include:

1. Project future stormwater budget needs.
2. Assess impervious surface amounts by land use type.
3. Assess rate structures in relation to average impervious surfaces, land use types, and projected stormwater budget.
4. Meet with municipal departments, boards, commissions, and the general public to review findings, assess feasibility, and determine best way to move forward.
5. Approve the stormwater budget at Town Meeting.

## **What are the proposed stormwater fees and how will they be assessed?**

The proposed stormwater fees are being evaluated and will include options based on other Massachusetts communities, fairness, cost of implementation, and ability to meet the Town's stormwater budgetary needs. Stormwater fees are generally structured as flat fees based on land use type, individual fees based on impervious area, or a combination of these methodologies.

- **A flat fee** refers to a universal rate or charge and in Massachusetts is most often applied to smaller residential parcels.
- **An individual fee** is generally calculated based on the amount of impervious surface area on a parcel.

A rate is assigned to the "equivalent residential unit" (ERU), usually the average impervious area on a single-family parcel. To calculate the individual fee, each property would be assigned an ERU based on the amount of impervious surface on the parcel.

An example of another rate structure used in Massachusetts is the declining block rate structure. This type of fee structure simplifies rates by categorizing parcels into "blocks". Blocks group parcels based on their land use and ERU. All parcels within the same block are subject to the same stormwater fee, but between blocks fees may vary. The amount that the fee varies between blocks is controlled by "block rate coefficients". These coefficients are unique to each block and are used as multipliers to increase or decrease a block's stormwater fee.

## **Who gets billed and when?**

All properties with impervious surface area will be billed. The stormwater fee will be included on a property owner's sewer bill. For those properties not on sewer, a separate bill will be sent with the stormwater fee.

## **What happens if I do not pay my stormwater fee?**

If a property owner fails to pay their stormwater utility bill, Massachusetts General Law allows the Town to place a lien upon the real estate to which the stormwater fee was billed, including any interest incurred.

## **What happens if a stormwater enterprise fund is not implemented?**

The funds needed to comply with the MS4 Permit and meet necessary costs will be drawn from the General Tax Fund, taking away from other needs such as public safety and education. **If the Town chooses not to act at all, the USEPA could impose fines of not less than \$5,000 nor more than \$50,000 per day of violation for non-compliance.**

## **What are other communities doing to fund and comply with the 2016 MS4 Permit?**

There are more than 25 communities in the Commonwealth of Massachusetts who have implemented stormwater enterprise funds and many more have started the evaluation process. Communities who have implemented stormwater enterprise funds include Longmeadow, Chelmsford, Fall River, Milton, Newton, Northampton, Reading, Shrewsbury, Tewksbury, Westfield, among others. Other communities are funding the MS4 Permit requirements through the General Tax Fund, or through other revenue sources.

# MILLBURY'S STORMWATER ENTERPRISE FUND RATE STRUCTURE

The Town of Millbury plans to utilize a combination of a flat fee and a declining block rate to fund its stormwater enterprise.

Small residential properties would pay a flat fee. These include one- to four-family homes, multiple houses on a single property, and residential accessory land. Each small residential property will pay the same flat fee of \$105.00 annually.

All other properties, including large residential, commercial, industrial, and tax-exempt properties, will be subject to a unique fee calculated based on a declining block rate structure. These properties have been divided into five blocks based on their "equivalent residential unit" (ERU), usually the average impervious area on a single-family parcel. The base fee for the declining block rate structure is \$105.00, the same as the small residential flat fee. Using this base fee, a property's annual fee can be calculated as follows:

$$\text{Annual Fee} = (\$105.00) \times (\text{Block Coefficient}) \times (\text{Number of ERUs})$$

Small Residential Properties	
Property Type	Annual Fee
One- to Four- Family, Multiple Houses, Residential Accessory Land	\$105.00

All Other Properties			
Block	Block Definition	Block Coefficient	Rate per ERU
Block 1	≤10 ERUs	1	\$105.00
Block 2	10 < ERUs ≤50	0.9	\$94.50
Block 3	50 < ERUs ≤100	0.8	\$84.00
Block 4	100 < ERUs ≤500	0.7	\$73.50
Block 5	> 500 ERUs	0.6	\$63.00

## What would funding the stormwater budget look like using property taxes instead of through a stormwater enterprise?

The rate structure under the stormwater enterprise is specifically designed to distribute fees based on a property's impervious area. Properties with a greater amount of impervious area contribute more stormwater runoff to the Town's infrastructure, and therefore would pay a higher stormwater fee. Property taxes do not consider impervious area and are solely based on property size and value. Using property taxes to fund the Town's stormwater budget would unfairly distribute stormwater fees as they fail to recognize the characteristics of a property that impact stormwater runoff. The following examples demonstrate how fees would vary annually if the stormwater budget were funded using property taxes versus through the stormwater enterprise.

Property Type	Valuation	Impervious Area (ft <sup>2</sup> )	Fund Stormwater Budget Via Property Taxes	Fund Stormwater Budget Via Stormwater Fee
Small Residential A	\$350,000	-	\$103	\$105
Small Residential B	\$440,000	-	\$129	\$105
Small Residential C	\$530,000	-	\$155	\$105
Commercial A	\$2,442,100	87,857	\$715	\$1,831
Commercial B	\$109,283,500	2,542,495	\$32,008	\$35,326
Tax Exempt	\$12,576,000	168,971	\$0	\$3,522