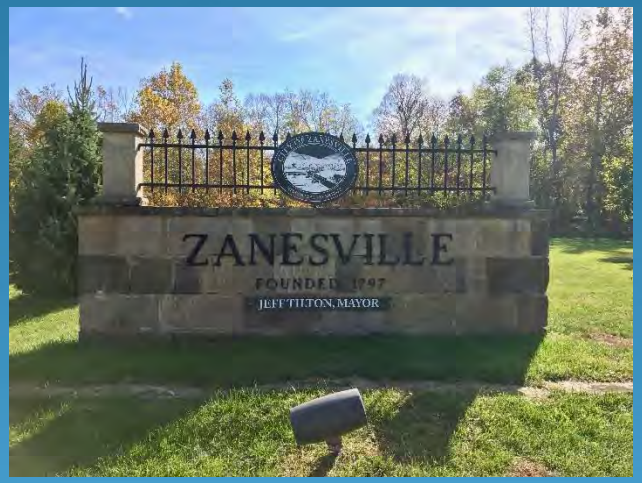
Presentation To Public Service Committee of City Council



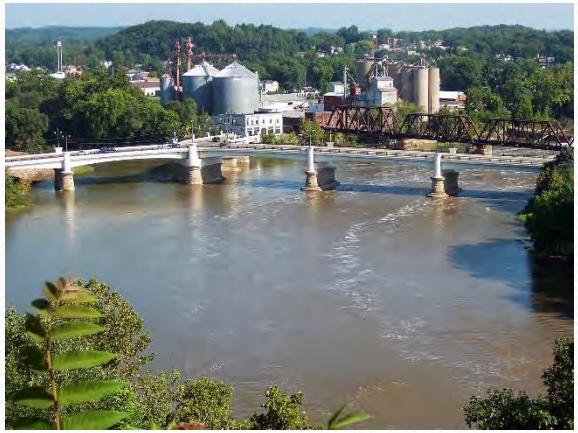
City of Zanesville, Ohio

Monday September 10, 2018

5:00pm

Zanesville's Stormwater Challenges

- Address the lack of dedicated funding for stormwater activities (which will also free up funds for roadway & other improvement projects)
- Address Federal unfunded mandates (EPA NPDES Phase II permit regulations)
- Address water pollution (local lakes / rivers / streams / ditches)
- Address flooding and drainage problems
- Protect the environment
- Failure to meet regulations could result in large fines and/or criminal charges
- Inadequate staffing and equipment



Ohio EPA NPDES Phase II Water Quality Regulations
6 Minimum Control Measures

- Public Education & Outreach
- Public Participation/Involvement
- Illicit Discharge Detection and Elimination
- Construction Site Runoff Control
- Post Construction Runoff Control
- Pollution Prevention/Good Housekeeping

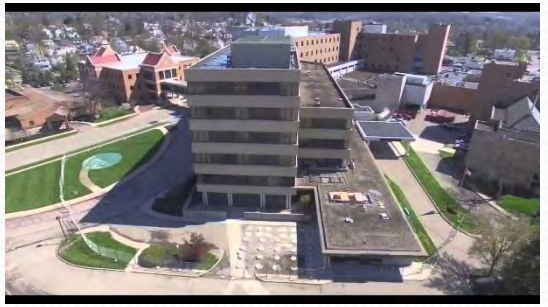
Why NPDES Compliance is a Serious Matter

- NPDES permits are federally enforceable

- Non-compliance =
  - Administrative Penalty Order - up to $ 125,000
  - Civil Violations - up to $25,000 per day per violation
  - Jail terms for negligent or knowing violations, false statements, or knowingly endangering a person
- Section 505 – leaves communities vulnerable to federal lawsuits

Benefits of a Stormwater Utility

- **Establishes a dedicated funding source for stormwater**
- "User Fee" for Service – Not a Tax
- Creates a better decision-making and prioritization process
- Based on a legally defensible process with a proven track record
- Fee is based on contribution to runoff
- No new bureaucracy
- Comprehensive watershed approach
- Business plan based program
  - Defined level of service
  - Cost of service based rate
- A separate enterprise fund will be established to deposit stormwater fees



Stormwater Utility Program Implementation Study Overview

- Established a Technical Advisory Committee (TAC)
- Developed Stormwater Business Plan to Guide the Process
  - Mission Statement

  "To manage stormwater in Zanesville in an efficient, effective and financially responsible manner."
  - Calculated a "required minimum" level of service / cost of service analysis / rate study / cash flow analyses
- Developed Program Policies / Procedures
- Measured Impervious Areas and created stormwater billing system database
- Developed program ordinance / legal document
- Developed credit program
- Create and meet with SWAC (Storm Water Advisory Committee)
- Present final results to city council

ERU Determination

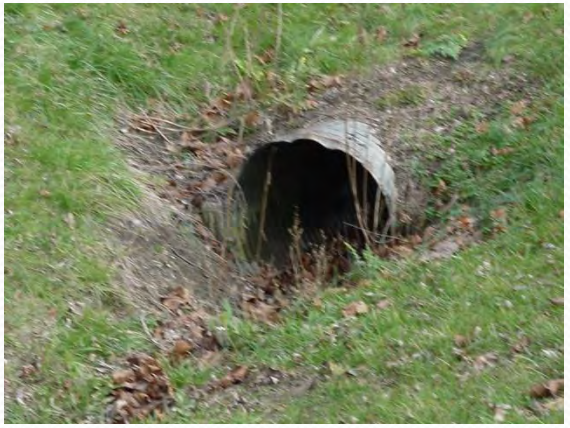
- The size of the ERU is based on a random sample of 400 residential properties used to measure hard surfaces (impervious area)
- The measured average of 2,300 square feet of impervious area is equivalent to 1 ERU
- All residential properties will be assigned 1 ERU
- All non-residential properties will be measured for impervious area – ERUs calculated
- Example: 11,500 sq. feet of impervious surface area divided by 2,300 = 5 ERUs

Capital Projects To Be Funded

PROJECT NAME	LENGTH	COST
Slago Run Culvert	500’	$3,000,000
Wayne & Arcadia Culvert	200’	$250,000
Alfred Street Reconstruction	800’	$500,000
Norval Park Storm Sewers	1700’	$600,000
Chamberlin, Eppley, Talley Drainage	1300’	$450,000
Hudson Storm Sewer	400’	$150,000
Spangler Box Culvert	60’	$100,000
Main Street Storm Rehab	600’	$260,000
Sheridan Storm Sewer	550’	$250,000
Hoge, Norwood, Armco Drainage	1650’	$600,000
Taylor Drainage	2800’	$150,000
Brandywine Storm Sewer	400’	$100,000
South Calvert Drainage	500’	$150,000
Muskingum Avenue Drainage	1400’	$210,000
		TOTAL $6,770,000

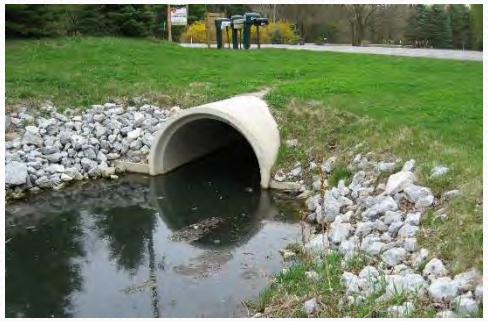
Credits Program Recommendations

- 4 Water Quantity Credit Options
- 4 Water Quality Credit Options
- 1 Watershed Stewardship Credit Option
- 4 Other Credit Options
  - Regional Residential Credit
  - Industrial NPDES Permit
  - Gravel Credit
  - Education Credit



Rate Study / Cash Flow Analyses

- 5-year annual average cost of service expenses of $3,000,000
- With approximately 370,000 ERUs
  - Single Family Residential ERU's - 98,000
  - Non Residential ERU's – 276,000
- Cost escalation and inflation factors per year including credits program- 15.50%



TAC - 5 Year Rate Plan

Water Quality	2019	2020	2021	2022	2023	5 Year Average
Rate	$3.01	$3.77	$4.01	$4.19	$4.53	$3.90

Water Quantity	2019	2020	2021	2022	2023	5 Year Average
Rate	$2.96	$3.76	$4.03	$4.23	$4.84	$3.96

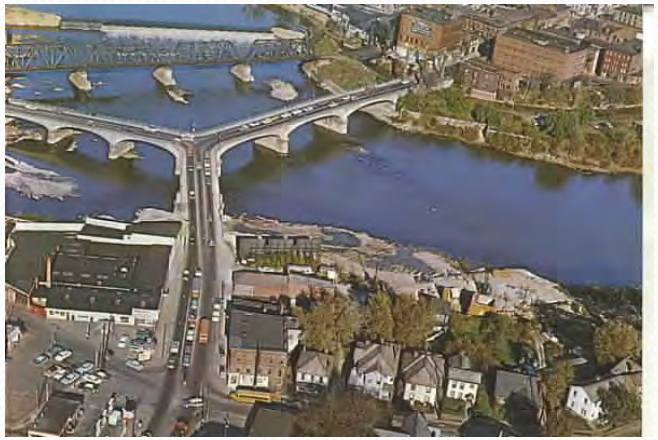
	2019	2020	2021	2022	2023	5 Year Average
Rate	$5.97	$7.53	$8.04	$8.43	$9.37	$7.87

TAC - 5 Year Rate Plan

Total Adjusted Cash Flow	Year 1 - 2019	Year 2 - 2020	Year 3 - 2021	Year 4 - 2022	Year 5 - 2023	5 Year Average
Water Quality	$11,550	$71,280	$78,370	$102,413	$103,961	$73,515
Maintenance	$1,010,578	$1,280,346	$1,233,543	$1,226,927	$1,564,895	$1,263,258
Public Service	$242,571	$464,986	$643,584	$593,180	$648,219	$518,508
CIP	$639,177	$700,921	$704,982	$923,834	$927,962	$779,375
Capital Equipment	$58,732	$59,730	$60,746	$60,709	$61,741	$60,331
Debt Service	$274,009	$274,009	$353,363	$347,244	$347,244	$319,174
Total	$2,236,616	$2,851,271	$3,074,588	$3,254,307	$3,654,021	$3,014,161

Storm Water Advisory Committee (SWAC) Recommendations

- Comprised of 15 key stakeholders representing community groups and City of Zanesville residents
  - 2 city council member representatives
  - Hospital representative
  - Small business owner representative
  - Residential / Neighborhood representative
  - Large shopping mall representative
  - Church representatives
  - Ohio University representative
  - County fair representative
  - Developer representative
  - Environmental riverway advocacy group
- Developed five year rate plan based on TAC rate recommended plan



SWAC - 5 Year Rate Plan

Water Quality	2019	2020	2021	2022	2023	5 Year Average
Rate	$3.28	$3.49	$3.60	$3.61	$3.80	$3.56

Water Quantity	2019	2020	2021	2022	2023	5 Year Average
Rate	$3.22	$3.26	$3.40	$3.65	$3.70	$3. 45

	2019	2020	2021	2022	2023	5 Year Average
Rate	$6.50	$6.75	$7.00	$7.25	$7.50	$7.00

SWAC - 5 Year Rate Plan

Total Adjusted Cash Flow	Year 1 - 2019	Year 2 - 2020	Year 3 - 2021	Year 4 - 2022	Year 5 - 2023	5 Year Average
Water Quality	$11,550	$71,280	$78,370	$102,413	$103,961	$73,515
Maintenance	$1,010,578	$1,113,766	$1,043,987	$1,206,794	$1,197,011	$1,114,427
Public Service	$242,571	$464,986	$643,584	$593,180	$648,219	$518,508
CIP	$840,147	$571,561	$494,772	$490,264	$654,762	$592,301
Capital Equipment	$58,732	$59,730	$60,746	$60,709	$61,741	$60,331
Debt Service	$274,009	$274,009	$353,363	$347,244	$347,244	$319,174
Total	$2,236,616	$2,851,271	$3,074,588	$3,254,307	$3,654,021	$2,678,256

Other Stormwater Utility Fees

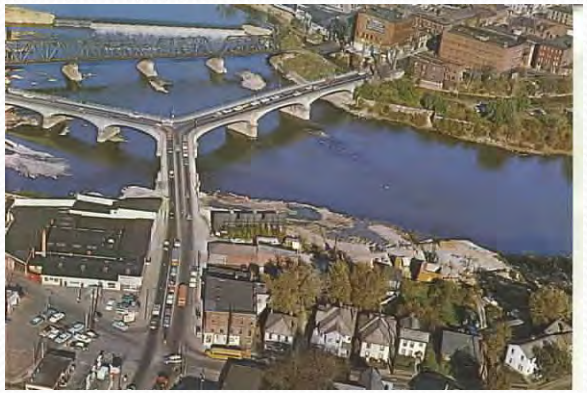
Ironton, OH	$14.55
Oak Harbor, OH	$8.00
Lancaster, OH*	$7.64
Newark, OH*	$6.95
Milford, OH*	$5.50
Lima, OH*	$5.27
Dayton, OH	$5.03
Trenton, OH	$5.00
Sheffield Lake, OH	$4.85
Wooster, OH	$4.80
Troy, OH	$4.65
Columbus, OH*	$4.60
Creston, OH	$4.50
Wadsworth, OH	$4.50
Oberlin, OH*	$4.25
Lucas County, OH*	$4.06
Canton, OH	$4.00
Elmore, OH	$3.50
Franklin, OH	$3.50
Ashland, OH	$3.50

* Hull/ERC Team has assisted over 15 Ohio communities with a stormwater fee

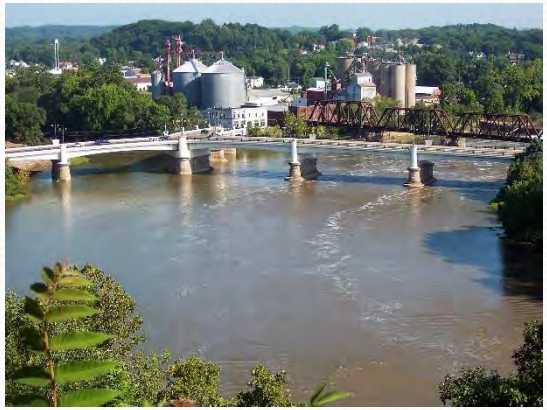
** Over 100 communities in Ohio with stormwater utility fee

Relief of Funds

- 5 Year Average General Fund Relief - $1,221,000



- 5 Year Average Sewer Fund Relief - $418,000

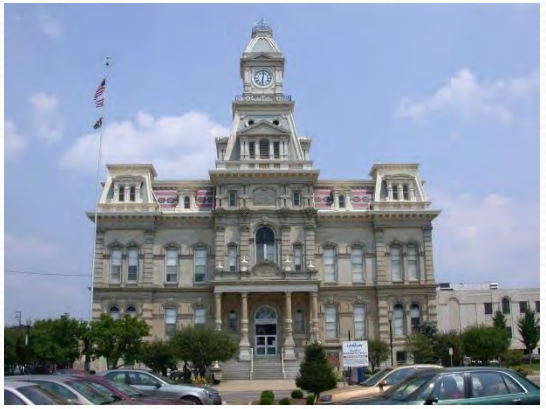


Public Education Program

- Held 3 SWAC meetings for input and recommendations
- Developed a set of Frequently Asked Questions (FAQ's) to be posted on the City website at www.coz.org/stormwater
- Developed a letter for the top 100 stormwater contributors to be mailed out by the City in September 2018
- Schedule meetings with the top stormwater contributors as needed

Remaining Project Schedule

- Public Education Program – September through December 2018
- Stormwater Program Ordinance and Rate Resolution Schedule
  - Public Service Committee September 10, 2018
  - Public Service Committee October 1, 2018
  - City Council 1st Reading TBD 2018
  - City Council 2nd Reading TBD 2018
  - City Council 3rd Reading TBD 2018
- Target First billing date – January 2019



Questions & Open Discussion