

A Federal Funding Opportunity for Drainage Projects

Stormwater Capacity Fee
Town of Sheridan & Hamilton County Indiana



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Special Thanks to the Following Participants

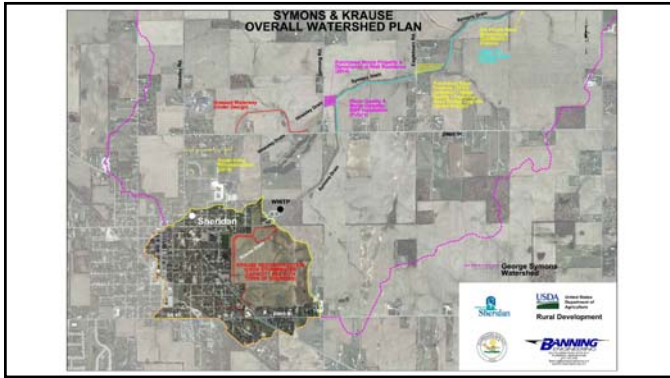
- Hamilton County Surveyor's Office
- Hamilton County Drainage Board
- Town of Sheridan
- USDA – Rural Development



Project Background

- Decades of flooding within the Town of Sheridan
- William Krause regulated drain is the outlet for 40% of the Town where most of the flooding has been occurring
 - It is a regulated drain under the jurisdiction of Hamilton County
 - It is undersized for Urban stormwater (inadequate outlet)
 - The regulated drain is both inside and outside of the Town of Sheridan
- Flooding downstream of the Town has also been occurring
- Detailed study performed in 2013 that outlines overall watershed needs







What is the Capacity Fee Concept

- Allows one municipality (a) to pay for a system upgrade for another municipality (b)
- This system upgrade is to allow for additional flow (capacity) from municipality (a) to municipality (b)
 - Common use is in Wastewater
 - Adapted concept for Stormwater
- This concept breaks down the municipal boundaries that often stop needed drainage projects from being completed
- Both municipalities must be on board with the project



Why Does this Work for Stormwater in Indiana

- Indiana Drainage Code IC-36-9-27

IC 36-9-27-98

Payment of assessments by municipality or county

Sec. 98. (a) Whenever a regulated drain is:

(1) located wholly or partly within a municipality; and

(2) constructed, reconstructed, or maintained under this chapter;

the municipal fiscal body may, on behalf of the owners assessed or to be assessed within the municipality, pay the total assessment for the construction, reconstruction, or maintenance within the municipality. The payment may be made from any appropriation provided by law, including a cumulative drainage fund established under section 99 of this chapter.

(b) Whenever a regulated drain is:

(1) located outside the corporate boundaries of any municipality within a county; and

(2) constructed, reconstructed, or maintained under this chapter;

the county fiscal body may, on behalf of the owners assessed or to be assessed outside any municipality and within the county, pay all or part of the assessment for the construction, reconstruction, or maintenance outside any municipality and within the county. The payment of all or part of the assessment by the county fiscal body



How did this work for the Town of Sheridan

- Sheridan had just implemented a Stormwater Utility
 - Brings in approximately 135k / year
- Sheridan has a stormwater bond for another portion of Town that is due to be payed off in approximately 2 years (~90k / year)
- Project 1 in the overall study was the project the Town needed additional "capacity" for
 - It was outside the Town limits, they had no jurisdiction to perform the work
 - The Town board decided that since they funded a similar project nearly 20 years ago it made sense to pay the assessment on behalf of this watershed for this project
 - Project 1 estimate \$2.2 million
 - To be completed by Hamilton County Drainage Board and overseen by Surveyor's Office



Goals for Sheridan for Drainage Project

- Obtain adequate outlet for Town
- Keep year to year cash flow relatively similar to current cash flows
- Not overburden landowners with high reconstruction assessments
- Not transfer flooding issues from Town downstream to other residents



Financial Comparisons of Various Loans

- Yearly Payment for Town for Project 1
 - 5-Year @ 10% (IC 36-9-27)
 - \$580,354
 - 20-Year @ 10% (IC 36-9-27)
 - \$258,411
 - 20-Year Bond @ 3%
 - \$145,705
 - 40-Year USDA Capacity Loan @ 2.625%
 - \$88,343
 - Current Stormwater Bond Payment
 - \$86,630 through 2021



Important Items to Remember

- Plan for success
- Advocates for project are needed within both municipalities
- Build trust and consensus between parties
- Construction cost go up
 - Add in inflation from initial estimates when looking for funding
- If you are a County Drainage Board / Surveyor be sure to assess ROW separately
 - INDOT ROW work
 - Railroad ROW work
- Be patient
 - This problem has likely been there for 100 years
 - It won't get fixed in 6 months



The Sheridan Stormwater Capacity Fee with Hamilton County

- First of its kind in the nation
- Has already had positive impacts
- If you are a County Drainage Board be sure to assess ROW separately
- Advocates for project are needed within both municipalities
- Be patient
 - This problem has likely been there for 100 years
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Preliminary Engineering Report (PER) for Stormwater Capacity Fee Projects

Format

- Follow the Interagency Template shown and described in RUS Bulletin 1780-2

Tools

- Utilize RD's ePER to develop PER
 - Secure
 - Interactive
 - Flexible
 - Compatible



Evaluation of the Existing Facilities

- Provide a complete picture of the existing facilities

Alternatives

- Perform an Alternatives Analysis that covers all of the potential options the applicant may have
- What alternatives can the applicant do if the capacity fee is not an option?
- What would it take to accomplish the goal?

Proposed Project

- Clearly state what the capacity fee is for and who is performing the work

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Environmental Review for Stormwater Capacity Fee Projects

Categorization

- 1970.53(a)(2)
- Categorical Exclusion with **No** Report
- This is a financial transaction and no construction is being done in which the applicant has control over

Check for Extraordinary Circumstances

- A check of extraordinary circumstances is still done as part of the evaluation
 - This is typically performed by RD staff as long as the project remains classified as CateX with Report
 - RD can ask at any time for information to be provided to assist in the environmental review



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Community Facilities – Direct Loans



Applicants

- Public bodies, non-profit organizations

Objective

- Provide financing for essential community facilities for rural communities.

Population

- Rural area with population of 20,000 or less

Financing Type

- Direct Loans, Grants & Loan Guarantees (90%)
 - Revenue, GO, Lease Back

Uses & Project Types

- Build and rehabilitate facilities
- Fire and rescue vehicles and equipment
- Educational Facilities
- Health Care Facilities including Health IT
- Dependent Care Facilities
- Stormwater with other infrastructure
- Early warning systems
- Public Safety Services, Health Clinics, Schools, Libraries, Hospitals, etc.

Terms/Conditions

- Up to 100% of market value
- Up to 40 years or useful life of the security
- 3.875% Interest Rate (July 2018 quarter)
- Service areas with MHI below \$50,206 can be considered for grant assistance (15-75%)

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Water and Waste Disposal Loans & Grants

Objective

- Provide water, waste water and storm water financing in rural areas

Purpose and Uses

- Build, repair and improve public water systems, and waste collection and treatment systems
- Other related soft costs (engineering, land, legal, etc.)

Applicant

- Public Entities
- Non-profit Corporations
- Water or Sewer Districts

Financing Types

- Guarantee (up to 80%)
- Direct Loan/Grant
- Direct Loan
 - Revenue, GO, or mix of the two

Loan/Grant



- Direct loan & grant
- Service areas with MHI below \$55,784 may be considered for grant assistance

Term & Interest Rates

- Up to 40 Year Term
- Market at 3.875% (-\$55,784)
- Intermed 3.125%
- Poverty 2.375% (-\$44,627)
- Interest rates for July 2018 quarter

Population

Rural areas and towns of less than 10,000 population



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USDA Rural Development
Indiana Community Programs Area Specialties