

Scope of Services
Analysis of Credit Options
for
SEMSWA
by
AMEC Earth & Environmental, Inc.

Introduction

The SEMSWA Board has expressed interest in an analysis of possible credits for customers who could obtain a reduction in their annual fees based on the following “potential fee reducing actions”

1. Programmatic activities,
2. Site layout/construction techniques such as Low Impact Development techniques Best Management Practices.
3. Construction of drainage facilities.
4. Maintenance of drainage facilities.
5. Other actions that may save SEMSWA money.

In addition, the Board is interested in an analysis of potential one time development impact fee credits for several of the above “potential fee reducing actions.”

A primary emphasis of the credit analysis is to determine if “potential fee reducing actions” will reduce the costs to SEMSWA in terms of maintenance, construction, or program activities and if so, an estimate of the cost savings and relationship to the amount of the credit. Another emphasis of the investigation is to determine if “potential fee reducing actions” should be encouraged by SEMSWA by way of credit incentives.

Credit Options that will be Considered

The analysis will include the following credits options:

Annual and One-Time Credits

- 1) Water Quality and/or Quantity credits. Properties that are developed with approved drainage improvements, in either or both of the categories below, and that construct improvements exceeding applicable requirements to serve the needs of their development.
 - a) Development project related, privately owned improvements
 - b) Regional system related, publicly owned improvements
- 2) Low impact development credits- (annual and one-time credits) Properties that are developed with optional (not required) best management practices suggested in the Arapahoe County, City of Centennial, UDFCD, and Cherry Creek Basin Water Quality Authority Criteria Manuals as to make the post-

development run-off “look more like” pre-developed run-off are eligible. These properties minimize new demand on the stormwater system.

Annual Credits

1. Municipal NPDES credits- Properties that are covered by and compliant with a valid municipal permit would be eligible.
2. (Airport, Schools, other non-standard permit holders)
3. Education credit-(annual credits only) Educational institutions that provide stormwater education to children would be eligible. Schools can help meet public education requirements of the NPDES permit.
4. By-pass credit-Credit given to properties with run-off that does not touch the SEMSWA stormwater system
5. Low density single family residential detached credit
6. Properties that provide maintenance of the stormwater system that SEMSWA would otherwise provide (airport and others)

Scope of Services

Phase 1

Task 1: Qualitative Screening

The first task will be to define the proposed credit options and to describe the positive and negative implications of offering, implementing, and administering these credits with a screening matrix. Where experiential data from other utilities are available, they will be documented in this task. The objective of this task is to reduce the number of credits options using qualitative criteria.

Deliverable: One concise Draft Technical Memorandum (TM) that will include and describe the screening matrix and process and document other findings from Task 1, delivered in electronic format for SEMSWA staff review. Following staff review, the TM will be finalized.

Task 2: Qualitative and Quantitative Analysis of Top Credit Options

The second task will be to perform an analysis on the team’s preferred 3 to 4 annual credit options and 1-2 one time credit options. AMEC will complete a draft analysis to prepare for a working meeting with SEMSWA staff, to be followed by a revision based on the meeting and a follow up meeting 2 – 3 days later to finalize the recommendations.

The analysis of the chosen options would identify, in approximate numbers and sizes, which properties would be eligible for the credits and the potential fiscal and administrative impacts of offering the credits. More specifically:

1. What types of properties would be eligible
2. General qualification requirements, particularly what could qualify as “exceeding standards” for credits such as the water quality and quantity credits and for the LID credits, based on the Arapahoe County, City of Centennial, UDFCD and Cherry Creek

Basin Water Quality Authority, Drainage Criteria Manuals, water quality sections, and other related requirements for new development.. SEMSWA staff to lead this effort for the LID credits and recommend the criteria and/or BMPS to be included to receive credits. (Note the attached existing policy for incorrect impervious area. This policy defines permanent fee reductions for areas considered pervious that may have been identified as impervious as seen from aerial photography. This should be considered with any related credit policy.)

3. Budgetary level estimate of potential hard dollar savings and/or general benefits to SEMSWA from creditable activities (e.g. maintenance, construction, etc) based on which of SEMSWA's cost drivers would be affected by the creditable activity. (SEMSWA staff will complete cost savings for maintenance and other activities).
4. Analysis concerning the degree to which the creditable activity would or would not result in cost savings and/or general benefits to SEMSWA rather than shift the revenue burden to other rate payers.
5. Potential revenue impact of the credit (approximate)
6. Potential administrative costs (approximate)
7. Detailed pros and cons

After the analysis is drafted, AMEC will hold two working meetings with staff to present the findings and receive comments from staff. AMEC will then finalize the analysis.

Deliverables: two working meetings with staff to finalize list for analysis and review draft analysis, one intermediate meeting with staff to gather cost data for #3 above, draft and final analysis delivered electronically.

Task 3: Board presentation

Following the finalization of the analysis from Task 2, AMEC will present the results of the analysis to the SEMSWA board.

Deliverables: one draft and final PowerPoint presentation for the board, attendance at board meeting and presentation of findings

Phase 2 – to be completed only if authorized by the SEMSWA

Task 1: Credit Application Policies and Procedures for 4 Annual Credits and 2 one-time credits.

Based on the analysis and approval by the board, AMEC in cooperation with SEMSWA staff will prepare credit application policies and procedures for four (4) of the accepted annual credits and 2 of the onetime credits (the number of credits could change based on the decisions of the Board), including credit criteria

derived from the analysis in Task 2 and additional criteria based on the Arapahoe County, City of Centennial, Cherry Creek Water Quality Basin and UDFCD Drainage Criteria Manuals. The consultant will suggest which criteria in the above documents, in excess of what is required, should be required to qualify for credits and prepare preliminary drafts of the procedures and policies. A working meeting with staff will develop draft recommendations relative to the credits, amount of the credits, and policies and procedures. SEMSWA staff will review and revise the preliminary policies. The consultant will prepare a second draft for final review and revision by staff prior to preparing the final deliverable. The policies and procedures will be similar to the policy and procedures developed for the contiguous parcel policy and incorrect impervious area policy (see attached). Deliverables: Draft, revised draft and final implementation policies and procedures for 4 annual credits and 2 one-time credits. delivered electronically.

Deliverables: Electronic files of website information to be posted by SEMSWA.



2/07 VERSION

Factual Dispute Resolution Procedure for Consolidation of Contiguous Parcels

Purpose

An appeals process is available to parcel owners within SEMSWA for “potentially improperly calculated fees” as described in SEMSWA Resolution No. 13, series of 2007 (Factual Dispute Resolution Process). The process allows for fee modifications in order to provide fair and equitable fees to customers in line with the objective of charging each customer for the demand their parcel, or contiguous group of parcels, places on SEMSWA’s stormwater system.

This memorandum is guidance for implementing a corrected method to calculate “percent impervious ⁽¹⁾” and the associated tier and rate per square foot, for non-single family residential properties ⁽²⁾. The method allows for the re-calculation of “percent impervious” for groups of contiguous parcels under common ownership under the resolution cited above.

The rationale for this appeal is to recognize that the total stormwater fee for a group of contiguous parcels should not be the addition of the fees for the individual parcels, but a single fee for the entire group of parcels, under certain conditions.

Therefore, contiguous parcels may be treated as one parcel for fee determination if the following conditions are met:

Conditions to Qualify for Fee Reduction

1. Parcels must be contiguous and must have a common stormwater system.
2. Parcels are owned by the same entity. If leased to a third party, the owner has responsibility under the lease, for maintenance of the stormwater system located on that parcel.
3. The entity that owns the parcels also controls, owns, operates, and maintains the stormwater system.

Application Process

1. Property owners are required to make application to SEMSWA for the recalculation.
2. The burden of proof is on the property owners to demonstrate they meet the “conditions to qualify for fee reduction” outlined above.
3. Changes in any of the above “conditions to qualify for fee reduction” require a new application.

4. Fees for the current calendar year shall be considered final and non-appealable unless an application by the property owner is filed with SEMSWA prior to September 1st of that calendar year.

Fee Reduction Process

1. Property owners meeting all “conditions to qualify for fee reduction” outlined above, and granted approval of the recalculation by SEMSWA, will be issued a check for the difference in fees calculated in accordance with the above paragraphs prior to December 31 of the year the fees are due.
2. Prior to receiving reimbursement for the fee difference on parcels having met the “conditions to qualify for fee reduction,” property owners must pay their fee as they were originally billed on the Arapahoe County Property Tax Statement, or as invoiced by SEMSWA if located in Douglas County.
3. A reapplication is required each year to demonstrate no changes have been made or to reflect any changes that have been made. If the property owner’s application is approved prior to September 1, fees for the following year will be reduced to reflect the newly calculated fee in accordance with the above paragraphs.

Definitions:

- (1) “Percent impervious” is the impervious area of a parcel divided by the total area of a parcel, or in the case of this appeal, the total impervious area of the contiguous parcels divided by the total (gross) area of the contiguous parcels.
- (2) “Non-single family residential detached” includes tax-exempt, commercial, industrial, religious, condo, townhouse, multi-unit buildings, common areas, and school parcels as classified by the Arapahoe County Assessor.



2/07 VERSION

Factual Dispute Resolution Process for Incorrect Impervious Area

Purpose

An appeals process is available to parcel owners within SEMSWA for “potentially improperly calculated fees” as described in SEMSWA Resolution No. 13, series of 2007 (Factual Dispute Resolution Process). The process allows for fee modifications in order to provide fair and equitable fees to customers in line with the objective of charging each customer for the demand their parcel, or contiguous group of parcels, places on SEMSWA’s stormwater system.

This memorandum is guidance for implementing corrections in the delineation of impervious areas and parcel boundaries. Impervious area within each parcel was identified using April 2006 aerial photography from Arapahoe County and parcel boundary information available from the County Assessor. This information was accurate, but has certain limitations for identifying impervious areas, the correct location of parcel boundaries, and the optimum method for billing multiple parcels.

Conditions to Qualify for Fee Corrections

- a) Identification of impervious area was not in accordance with the following criteria;
 - i) Areas that **should be identified as impervious** are:
 - (1) Hardened surfaces on or near the ground: Sidewalks, private roads, private streets, parking lots, walkways, patios, concrete slabs, runways, taxiways, aprons or other hardened surfaces consisting of asphalt, concrete, or other paving material.
 - (2) Hardened surfaces above ground: Buildings, foundations, storage tanks, rooftops, athletic courts and tracks
 - ii) Areas which **should not be identified as impervious** are:
 - (1) grass,
 - (2) gardens,
 - (3) landscaped areas (xeriscape, etc.),
 - (4) natural rock formations,
 - (5) wood decks,
 - (6) gravel,
 - (7) dirt,
 - (8) public right-of-way including streets and sidewalks

- iii) Areas that **may not** be impervious include the following materials set in porous fill such as sand, gravel, grass, or dirt. *Documentation to determine if these surfaces should be identified as impervious or pervious includes the submission of pictures, designs, and specifications, by the customer and possible field investigations by SEMSWA.*
 - (1) bricks,
 - (2) pavers,
 - (3) wood, and
 - (4) stone,
- iv) Additional areas which **may not** be impervious include porous pavements and similar surfaces that allow water to infiltrate. *Documentation to determine if these surfaces should be identified as impervious or pervious includes the submission of pictures, designs, and specifications, by the customer and possible field investigations by SEMSWA.*

Process

- 5. Property owners are required to contact SEMSWA and request a recalculation in accordance with the above “conditions to qualify for fee correction” and, if necessary, provide documentation to substantiate the request.
- 6. SEMSWA must issue a written document specifying any change in fees.
- 7. SEMSWA will submit the approved recalculated fees to the Arapahoe County Treasurer for billing and prior to billing of the Douglas County parcels.
- 8. Fees for the current calendar year shall be considered final and non-adjustable unless the property owner complies with Paragraph 1 above prior to September 1st of that calendar year.

Fee Refund and/or Reduction

- 3. Property owners meeting the “conditions to qualify for fee correction” outlined above, and granted written approval of the recalculation by SEMSWA, will be issued a check for the difference in fees calculated in accordance with the above paragraphs prior to December 31 of the year the fees are due.
- 4. Property owners must pay their fee as they were billed on the Arapahoe County Property Tax Statement, or if located in Douglas County as invoiced by SEMSWA, for their parcels which meet the “condition to qualify for fee correction” prior to receiving payment for the difference in fees.
- 5. The following year’s fee will be corrected to the revised amount if submitted by September 1.

