

MEMO

To: Mayor Brett P. Smiley
From: City of Providence Sustainable Stormwater and Sewer Assessment Study Task Force
Re: Task Force Recommendations
Date: March 7, 2025

Summary

This memo provides the final recommendations from the City of Providence Sustainable Stormwater and Sewer Assessment Study Task Force. Since your invitation this past spring to form the Task Force, we have completed a rigorous eight-month process to help address critical stormwater and sewer infrastructure needs and improve all of our neighborhoods' resilience to climate change.

We have reviewed the City's existing stormwater and sewer infrastructure management programs and challenges, the legal and enforcement context of the City's programs, the existing budget and the amount needed to develop effective stormwater and sewer programs, and the potential mechanisms for the City to equitably and adequately fund stormwater and sewer management.

We offer these two key findings:

1. After thorough review, we have concluded that the City does need to make significant investments in stormwater and sewer management to mitigate the chronic flooding and water quality problems that have plagued the City for decades and resulted in state and federal enforcement actions against the City. To address these problems and better adapt to climate change, the City will need to generate new revenues to support these investments.
2. We recommend that the City develop two separate user fees for stormwater and sewer management to provide dedicated funding to address the worsening challenges seen in all neighborhoods across the City. Understanding the additional burden that fees will place on ratepayers to the new stormwater and sewer utilities, this recommendation is not made lightly. However, these new fees are the City's best viable option to move beyond the status quo and address the inequitable distribution of the burdens and costs of an underfunded and inadequate system. Listed below we provide critical considerations to be integrated into a program to best meet community needs.

The Task Force members appreciated the opportunity to collaborate with each other and the Administration in developing recommendations for the City's approach to address the challenges. We request that the Administration continues to engage us in a collaborative and inclusive process as the details of the City's proposal and eventual program implementation are developed. We also recommend expanding the community engagement, education and outreach to ensure the resulting stormwater and sewer programs will be sustainable and address the priorities of our residents and businesses equitably and effectively. Enhanced community

engagement will also help optimize the implemented solutions as individuals and businesses play an important role in maintaining the health of the City's stormwater management systems.

We understand that Raftelis will be delivering its full report to the City at the end of March. We look forward to partnering with the City to encouraging the adoption of the recommended sustainable and equitable approach to stormwater and sewer management.

Task Force Process

To prepare to make our recommendations to the City, the Task Force received briefings from City staff, technical assistance from the Southeast New England Program Network, and the City's consultant, Raftelis, which conducted the financial and programmatic review of the current and projected stormwater and sewer management programs. The Raftelis analysis includes the ten-year cost projections for a sanitary sewer and stormwater operational and capital program and funding options for stormwater and sewer management in the City of Providence.

Over the course of eight months, the Task Force collectively developed criteria to evaluate the City's needs and the funding models presented by Raftelis. The final recommendations and considerations for implementation were guided by these criteria.

Criteria for Evaluating Stormwater and Sewer Funding Needs and Sources

These criteria were used to evaluate the potential tax and fee funding options for stormwater and sewer management in the City of Providence:

1. The first priority was to determine if Providence needs additional revenue for the City to address stormwater and sanitary sewer management.
2. The Task Force reviewed the legal feasibility of the potential funding mechanisms to ensure the City has or could enact the necessary enabling legislation.
3. In reviewing the options, the Task Force evaluated whether the funding mechanism would:
 - Provide consistent, enduring, and sustainable funding.
 - Be able to address fairness considerations for both businesses and residents.
 - Center equity considerations in fee and program design, including the integration of a customer assistance program for affordability needs.
4. The Task Force reviewed the logistical considerations including the ease of implementation of the funding method (frequency of data updates, billing method clarity and ease of payment) and whether the appropriate data are available to establish the funding method and continue to bill accurately (e.g., clarity regarding impervious areas, water usage, property ownership).
5. Lastly, the Task Force considered the political viability of the funding mechanisms: Do we expect the necessary political bodies and the community to provide support for the new funding mechanism?

Recommendations

After reviewing the consultant’s analysis and consideration of our criteria, the Task Force makes the following recommendations.

1. The Task Force concluded with a strong acknowledgement that the City of Providence needs to generate new revenue to make necessary investments in stormwater and sewer management.
 - We learned that all of the major water bodies of Providence face contamination problems, and stormwater is the primary source of pollution in most of those waterways.
 - The existing funding level is not adequate to meet current and future regulatory requirements to comply with the Clean Water Act.
 - Many of us have seen the warnings at Roger Williams Park, Mashapaug Pond and others for cyanobacteria blooms that make the water unsafe for humans and dogs.
 - Increasing precipitation caused by climate change overwhelms the current systems and causes water quality impairments and significant flooding.
 - We have seen the impacts of flooding in neighborhoods across the city 13 times in the last three years, from flooded roadways to mold damage in homes and the loss of revenue small businesses faced when they had to close their doors to recover from major flash flooding events.
 - These challenges can all be addressed with an increased and sustained investment.
2. The Task Force recommends that the City adopt two dedicated user fees for stormwater and sewer management rather than try to cover the costs of the program through property taxes.
 - The costs of the program should be shared by property owners that place a burden on the City’s stormwater and sewer conveyance systems whether or not they are exempt from property taxes. Many entities that are exempt from property taxes contribute to the stormwater issues and would also benefit from the programs to address it.
 - Given the City’s many obligations, it is not feasible to embed the increased cost of a program within the constraints of the City’s annual levy cap for property taxes and guarantee continuous funding at the necessary projected levels year over year.
3. In the development of the program, the City should address the important considerations about program design implementation outlined below.

Considerations

The Task Force recommends that the City of Providence integrate the below considerations in funding and operationalizing a sustainable and equitable approach to stormwater and sewer management.

Alignment with comprehensive plan policies and zoning ordinances: The City is encouraging housing density which can lead to more impervious cover. On-street parking bans and minimums have previously resulted in over-paving. To the extent possible, related policies must be aligned to meet the City’s objectives.

Oversight, transparency, and governance: Rate development and program priorities should have transparent and accountable oversight. Incorporating accountability and independence in

oversight fosters credibility that the revenue will remain restricted to funding the City's stormwater and sewer needs and will be invested cost-effectively. Specific considerations include:

- Enable individual ratepayers to access a rate calculator with information detailing the basis for and computation of their stormwater and sewer fees.
- In a partnership with an existing regional utility, PUC approval and review of rate structures could build public confidence in the validity of the rate structure.
- Consider the model of the Energy Efficiency and Resource Management Council which has an appointed oversight board that reviews utility three-year plans and makes recommendations to the PUC. This could be incorporated into existing bodies such as the Sustainability Commission.

Equity and fairness in fee development and implementation. The City should clearly articulate the program's goals for "fairness" and "equity." Considerations include:

- Factor in the upfront capital expenses necessary for residents and businesses installing stormwater management techniques to be eligible for credits.
- Embedding equity in fee implementation could include providing customer assistance with reduced bills for overburdened residents, as well as investments and grant funding in environmental justice and underserved neighborhoods in the City.
- Address the need for equitable capital investment City-wide while meeting the City's water quality improvement obligations.
- Consider using existing low-income funding verifications for ratepayers to qualify for bill assistance (e.g., Rhode Island Energy relies on to offer discounted electricity rates).
- Balance fairness considerations for both businesses and residential property owners, considering the cost of doing business in the City and small businesses that require assistance. While ensuring that residents with small homes are charged less than larger residential properties given their contributions to over-pavement.
- Invest in developing high quality data so that fees are developed accurately, build confidence in the new system, and reduce the burden of property owners to contest their fees.

Enforcement: Legal authority and operational capacity to enforce collection of fees are critical to the program's success. An effective mechanism to enforce payments of a new fee is critical to ensure that the program is fair to the new stormwater and sewer utility ratepayers. The current enabling state statute for sanitary sewer fees allows for real property liens in the case of non-payment, but the current stormwater fee enabling legislation does not. This should be addressed at the General Assembly. Additionally, we recommend the City consider engaging with an existing utility (Providence Water or Narragansett Bay Commission) to ease implementation and benefit from partnering with a pre-existing effective collection system. Such a partnership would require a state law change and may trigger oversight by the Public Utilities Commission (PUC).

Support incentives: The City should create systems to drive behavior changes and support compliance that reduces impervious surfaces and polluted stormwater runoff, such as fee credit programs, and grants to remove pavement or implement green infrastructure on private property. This would make enforcement more manageable and effective for the City while offering businesses and property owners options to reduce the costs for addressing stormwater management onsite.

Demonstration projects and workforce development opportunities: Even before the fee is implemented, use demonstration projects to build trust that investments from the fee will be effective in solving problems and the money collected will be well spent. Public acceptance can also be increased with clear pathways for job training and apprenticeship opportunities with the Building Trades especially for green infrastructure construction and maintenance which will be needed to meet the needs of the City's storm water and sewer management programs. The City should consider partnering with the existing green infrastructure job training and apprenticeship programs run by the Building Trades and local community organizations.

Build public acceptance through robust communications: Funding for education and outreach about the need for increased and consistent stormwater and sewer funding should be reflected in the City's fiscal budgets. Implementing fees would introduce residents and property owners to new concepts about stormwater and sewer management. The City will need to explain that the existing sewer bill from the Narragansett Bay Commission does not cover the costs of the City's sewer collection and conveyance infrastructure. Work closely with partner organizations to ensure clear consistent communication across NBC and Providence Water in explaining the new fees. The City will also need to explain how properties are responsible for stormwater runoff and the need for related investments.

In our task force discussions, the suggestion to create one fee to cover all of the necessary stormwater and sewer infrastructure upgrades and maintenance was offered. However, state legislation requires that the fees be directed only to the specific use that they are designated for. We envision that the two fees would be calculated separately but billed concurrently to property owners in the same envelope. This nuance will be important to communicate clearly to the new stormwater and sewer utility ratepayers to understand why there are two separate calculations.

Implementation timeline: Build in adequate time to create legal and political feasibility, engage the public for outreach and education, and structure the sewer and stormwater fee implementation's design.

Sustainable Stormwater and Sewer Assessment Study Task Force Meeting Dates and Topics

May 2024: Definition of stormwater and distinctions between types of city-owned stormwater and sewer infrastructure and Narragansett Bay Commission infrastructure. Overview of challenges related to stormwater and sewer management in Providence including aging and inadequate infrastructure and more frequent and intense storms.

Early June 2024: Clean Water Act requirements, Rhode Island regulations, and Providence consent orders regarding stormwater and sewer management.

Late June 2024: Preliminary assessment of current costs and gaps for Providence sewer and stormwater programs. Overview of common funding and financing options for stormwater and sewer management programs.

July-August 2024: Task Force community outreach and engagement independent meetings to gain community insights about stormwater and sewer management in Providence.

September 2024: Funding and financing options for sewer and stormwater management, a case study of an innovative and equitable sewer and stormwater financing mechanism, and shared insights from community outreach and engagement.

October 2024: Deeper understanding of funding options for sewer and stormwater management. Review of consultant Raftelis' analysis of the feasibility, sustainability, and equity of the various funding options for the City of Providence.

November 2024: Development of criteria to evaluate options and develop recommendations to the City of Providence.

December 2024: Review consultant Raftelis' 10-year cost projections and funding options, application of criteria to evaluate potential funding options, and development of recommendations for sustainable and equitable funding for stormwater and sewer management in the City of Providence.

Sustainable Stormwater and Sewer Assessment Study Task Force

Membership

Councilor Sue AnderBois
Councilor Helen Anthony
April Brown, REJC
Siobhan Callahan, WBNA
Leandro (Kufa) Castro, Building Futures
Al Dahlberg, Brown University
Anthony DeMatteo, Dimeo Construction
Carla DeStefano, SWAP, Inc.
Michael DiBiase, RIPEC
Topher Hamblett, Save The Bay
Michele Jalbert, Providence Resilience Partnership
John Kelly, Meeting Street
Alicia Lehrer, WRWC
Cris Llopoz Osorio
Adam Lupino, LiUNA!
Jonesy Mann, AS220
Alex Miller, Cornish Associates
Amelia Rose, Groundwork RI
Anusha Venkataraman, One Neighborhood Builders
Chandelle Wilson, Southside Community Land Trust
Seth Zeren, Armory Revival

Priscilla De La Cruz, Sustainability Director
Clara DeCerbo, Director, Providence Emergency Management Agency
Sheila Dormody, Chief of Policy and Resiliency
Craig Hochman, Chief Engineer, Department of Public Works
Matt Shumate, Deputy Chief of Staff
Alexis Thompson, Zoning Official, Department of Inspection and Standards
Sophie Worsh-Farnum, Sustainability Policy Associate

Technical Assistance

Laura Collins, Program Manager, Water + Climate, New England Environmental Finance Center
Elizabeth Scott, SNEP Network Liaison for Rhode Island
Martha Sheils, Director, New England Environmental Finance Center
Jen West, Coastal Training Program Coordinator, Narragansett Bay Research Reserve
Anna Patterson, Project Director, UNC Environmental Finance Center

City Staff

Brian Byrnes, Deputy Superintendent of Providence Parks