

## STORMWATER ENTERPRISE FUND POLICY

**Purpose:** The Stormwater Bylaw (Article Two Chapter 600 Section 2-606 of the Town's General Bylaws) was adopted by vote of Town Meeting on May 9, 2017 (Article # 32). Subsequently the Stormwater Enterprise Fund was adopted by vote of Town Meeting on May 8, 2018 (Article # 6). The bylaw and Enterprise Fund were accepted to promote the health and safety of the public, to protect property from flooding and the damage caused by stormwater runoff, and to protect and manage the water quality by controlling the level of pollutants in stormwater runoff and the flow of water as conveyed by man-made and by natural stormwater management systems and facilities. Funds raised and or retained by stormwater fees will be used in the operations, maintenance, repair and capital needs of the Stormwater systems in the town of Longmeadow, including indirect costs related to the operation and maintenance of the systems.

**Source of Income:** All receipts, revenues and funds, including interest on these, from any source derived from all activities of the enterprise are deposited into this account. This includes user fees and other special fees and charges. User fees are derived from Equivalent Residential Units (ERUs) has defined in the bylaw and are applicable to every property in town. Interest will be credited to the account and indirect charges will be made against the account when the Stormwater Enterprise Fund no longer receives a General Fund subsidy. In the initial year of operation, FY 2019 the General Fund Subsidy was approximated 69.00 of the budget. In FY 2020 the General Fund Subsidy was approximately 65.00%. The Select Board has committed to a FY 2021 subsidy of 57.50% with an additional commitment to reduce the General Fund Subsidy to 0.00% by FY 2036 in equal increments.

**Allowed Uses of Funds:** Upon appropriate vote at Town Meeting, the monies from the Stormwater Enterprise Fund may be appropriated to finance the following items:

1. Operations, repairs and maintenance to the stormwater system. Included in this category are repairs to the storm drains, culverts and outfalls
2. Outright purchase of individual capital equipment necessary for the installation, replacement, repair and maintenance of the stormwater system.
3. Bonded indebtedness for maintenance and repair of the stormwater system.

**Not allowed uses of funds:** Repair, maintenance, capital or other expenditure that is unrelated to the stormwater system.

**Fund Reserves:** Accumulated revenues in excess of expenditures become certified annually by the Department of Revenue as the Stormwater Enterprise Retained Earnings and may be appropriated by town meeting for stormwater system related purposes.

**Allowed Uses of Reserves:** Upon appropriate vote of the Select Board and town meeting, monies from the reserves may be used for the following purposes:

1. Outright purchase of individual capital equipment or infrastructure necessary for the stormwater system, up to \$500,000.
2. Offset bonding costs of capital projects.
3. Unexpected revenue deficiencies.
4. Unforeseen and/or emergency equipment or repairs to the stormwater system, including environmental compliance.

**Not Allowed Uses of Funds:**

1. Outright expenditure of capital need exceeding \$500,000.

Minimum Reserve Balance: Upon the elimination of the General Fund subsidy, the target balance of the Stormwater Enterprise Retained Earnings account shall be maintained at a level that is not less than \$500,000. By vote of the Select Board and town meeting the fund may fall below this minimum level to fund capital needs of less than \$500,000 or to provide for payment for unanticipated (emergency) repairs to the stormwater system.

Maximum Reserve Balance: Upon elimination of the General Fund subsidy, the balance of the Stormwater Enterprise Retained Earnings account will be \$1,500,000 and may be used to offset stormwater rates in the ensuing year or to fund capital needs.

**Policy Review:**

This policy shall be reviewed minimally every five years.

Adopted by the Select Board January 20, 2020