

Municipality of Princeton
Stormwater Feasibility Study- Phase 2
Council Update

November 24, 2025



Introduction

This report provides an outline and summary update of the Stormwater Utility Feasibility Study (the Study) and what has been accomplished to date in Phase II of the study, as well as what will be accomplished in future phases should the Council vote to move forward into Phase 3. The text of this document is intended to provide additional context to the accompanying slide presentation included herein as *Appendix A*.

Executive Summary

The Municipality of Princeton is under obligation to comply with all MS4 permit mandates, many of which are a continuation of existing requirements and some are new initiatives which must be institutionalized no later than 2027. The MS4 permit requires additional resources to undertake the activities and systemic changes to achieve compliance and increase safety and resilience in the face of increasing threats from flooding and degraded water quality. The current revenue budgeted for stormwater within the General Fund is not sufficient to meet the permit demands. The funds needed for permit compliance activities must be provided, and the opportunity exists to achieve target revenue goals with a more equitable distribution under a utility than an increase in a tax-based charge based on property value. Additionally, a utility provides a source of dedicated funding for these expenditures in lieu of the many priorities competing for General Fund resources.

A decision to move from Phase 2 to Phase 3 of the Study is not a decision to implement a utility, but to finalize the recommendations on policy, rate structure, long-range capital planning, and resource planning to outline an appropriate level of service to meet mandates and address infrastructure resiliency. With refinement of the recommendations and the finalizing of critical operational policies and financial plans, a decision to fund the long-term stormwater program as a utility can then be made by Council in Phase 3.

Phase 1: Study Activities and Findings

Phase 1 of the Study assessed the Municipality's current stormwater program to understand where resources are currently being spent and where needs exist, analyzed by the categories of Administration, Engineering, Planning and Inspections, Operations and Maintenance, and Capital Improvements. As evidenced by the result of the 2025 MS4 Permit audit by NJDEP, current staffing is not sufficient to maintain compliance or meet the increased requirements set forth in the most recent MS4 Permit. A shift from reactive to proactive system planning is needed to address water quality protection, watershed planning, and flood mitigation in a cost-effective way.

This phase of the study looked at how the current tax base funds the stormwater program and potential shift in cost burden to the community under a utility. The findings showed that the burden on residential properties would be reduced and redistributed to other property types based on area of impervious surface, distributing costs to both taxable and

non-taxable properties. An initial land cover analysis was performed to calculate impervious areas by property class.

Additionally, Phase 1 launched the initial stakeholder engagement effort to educate and solicit feedback from diverse and representative community interest groups with the formation of the Stormwater Focus Group (SFG) that included members of the education, business, faith-based, governmental and residential communities.

Phase 2: Current Phase - Rate Structure Options and Public Education

Based on the findings of Phase 1 of the Study, Phase 2 focused on the preparation of a level of service options analysis to meet all of the MS4 Permit requirements, including capital projects plan identified at the time of analysis. The level of service options focused on the four categories of Administration, Engineering, Planning and Inspections, Operations and Maintenance, and Capital Improvements. A 10-year financial forecast for capital and operations includes personnel to meet the MS4 Permit mandates, increased focus on maintenance of the existing systems, capital projects, and general expenses for a utility operation. Various options were considered.

Continued and consistent engagement with the SFG, additional meetings with key stakeholder groups including Princeton University, other private education institutions, government, faith-based and others, as well as one open public meeting and one presentation to Council, were held to educate and solicit feedback for consideration of the future stormwater program and potential fees.

The state-required credits and incentives policies were analyzed and presented for input by the Steering Committee and SFG. The Municipality's existing stormwater ordinances were reviewed, and potential updates were summarized to provide context for what changes would need to be considered in the future to support a permit-compliant program.

To conclude the analysis of the Phase 2 portion of the Study, the level of service options for the future program were defined based on municipal staff and SFG feedback. An inventory of policy options that impact cost distribution across the community along with identification of various assumptions, completed the Phase 2 work. An inventory of questions including but not limited to level of service and rate options will become part of the work to answer in Phase 3.

Phase 3: Look Ahead - Utility Formation Process

With more robust engagement of the Council, the Steering Committee, SFG, and the public, Phase 3 will focus on program policies, the stormwater operational program plan, and the implementation of new funding. With the consultant team, each of these areas will be examined through a series of deliberative memorandums and/or presentations to the I&O and Finance Committees, as well as the full Council.

- Consideration of a single-family tiered rate structure to increase equity in cost allocation.
- A stormwater level of service program distributed across the four service areas.
- A policy addressing the shift of current stormwater services within the General Fund to a dedicated revenue of the utility.
- Final rate structures for the utility.
- The balance of an annual rate of investment in stormwater (as measured by the charge per parcel) and the long-term program necessary to achieve permit-required and infrastructure management activities.
- The credit and incentives policies refined to meet the intent of the Clean Stormwater and Flood Mitigation Act (state enabling legislation).
- Municipal ordinance updates to reflect current and future stormwater program needs.
 - Includes potential adoption of the Stormwater Utility Ordinance and schedule for its implementation.

During Phase 3, the public engagement strategy must be advanced and augmented to increase awareness and education about the challenges facing the Municipality and how a utility would address these issues. The consultant team, partnered with the municipal staff and Council, would host a series of workshops, open-houses, meet-ups and other public informational sessions to Inform the public, answer questions, and clarify policies.

Appendix A