The Drainage Program’s mission is to provide effective environmentally balanced water management services that are sustainable to citizens of Delaware for the preservation of public health and safety.
YOU BENEFIT FROM
DRAINAGE IN DELAWARE

**Agenda:**
- Duties of the Managers
- Maintenance of the Tax Ditch
- Operations and Maintenance Plan
- Countywide View of Ditch Taxes
- What should your warrant rate be?
- Next Steps
- Tax Ditch Program Updates
Duties of the Managers

9 duties are listed in 7 Del.C. §4162

How Many Can you Name?
Duties of the Managers

• (1) Determine from the taxables the desired program of operations;
• (2) Determine the amount of taxes to be levied to carry out such desired program;
• (3) Secure specific authority for borrowing money, in the name of the tax ditch, by a majority vote of the taxables present at a duly called meeting of the tax ditch;
• (4) At the first meeting, or within 30 days thereafter, prepare, with the assistance of the Division of Watershed Stewardship, a comprehensive plan for carrying out the desired program, which plan shall include provisions for levying taxes and for financing the program;
• (9) Provide for adequate maintenance of the tax ditch.
“Provide for Adequate Maintenance of the Tax Ditch”

• Merriam Webster defines Maintenance as:
  “The upkeep of property or equipment”

• Ensuring the ditch is in working order so that the “benefits” are received without impact upstream or downstream

• §4162 (1) put the responsibility of determining what is needed on the taxables.
Tax Ditches are Aging Infrastructure

- 50% of tax ditch miles in Sussex County were formed prior to 1974.
- 90% of tax ditch miles in Sussex County were formed prior to 1985.

Are the Maintenance needs the same today as they were in the 70’s?
How about the 90’s?
Traditional Tax Ditch Maintenance

- Dipouts
- Mowing
- Pipe Replacements
Modern Tax Ditch Maintenance also includes:

- Bank Stabilization
- Weed Wiper Bar
- Invasive Species
- Beavers

Often High Cost and/or High Effort
§4162 (1)
Program of Operations

“Determine from the taxables the desired program of operations;”

• We know that most tax ditch annual meetings are not well attended.
• What are you using to make maintenance decisions?
“At the first meeting, or within 30 days thereafter, prepare, with the assistance of the Division of Watershed Stewardship, a comprehensive plan for carrying out the desired program, which plan shall include provisions for levying taxes and for financing the program”
§4162 (4)
“A Comprehensive Plan…”

Are You...

1. Still Using the Original Plan?
2. Wondering what I am talking about?
3. Ignoring it because it is out of date?
4. Using an updated plan to make warrant rate decisions?
Why is this important?

1. Although unheralded, the tax ditch system is a critical part of Delaware’s Infrastructure that needs to be adequately maintained.

2. Maintenance needs are critically underfunded at the State, County, and local level.

3. To increase State & County funding we need to be able to accurately show:
   1. What the needs are.
   2. That Tax Ditch Organizations are doing their part.
### Funding Tax Ditch Dipout

<table>
<thead>
<tr>
<th>Description</th>
<th>Sussex</th>
<th>Statewide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Ditch (miles)</td>
<td>1,263</td>
<td>2017</td>
</tr>
<tr>
<td>Annual work dipout (ft.)</td>
<td>266,746</td>
<td>425,990</td>
</tr>
<tr>
<td>Annual Cost</td>
<td>$1,333,728</td>
<td>$2,129,950</td>
</tr>
<tr>
<td>50% Cost</td>
<td>$666,864</td>
<td>$1,064,675</td>
</tr>
<tr>
<td>Current Cost Share Funding</td>
<td>$200,000*</td>
<td>$575,000</td>
</tr>
<tr>
<td>S&amp;C deficit</td>
<td>$466,840</td>
<td>$489,675</td>
</tr>
</tbody>
</table>

**Assumptions:**
- Time between dipouts ranges from 20-30 years
- 25 year cycle would mean clean out 51 miles per year in Sussex County or 4% of ditch miles
- Average Cost is $5 per ft

*Includes Extra $50,000 from Sussex County Gov’t

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**Do Tax Ditch Organizations have the other 50%?**

Expected revenue for all Sussex County Tax Ditches in 2018 was $520,209

Remember this doesn’t include anything but dipout!
Countywide Look at Ditch Taxes

- When the subject of tax ditch funding comes up we are often asked:
  - Why do **Tax** ditches need additional state funding?
  - Why aren’t they collecting enough taxes to do maintenance?
- There legitimate answers to those questions.
  - 50% of State maintained roads rely on Tax Ditches for an outlet.
  - State and County Matching funds predate the Tax Ditch law.
- A better question is are tax ditches collecting their share?
  - The next several slides are going to take a look at ditch taxes across the county.
  - **Where does your Tax Ditch fall in comparison to the others in the county?**
The warrant rate is the percent of the assessment base your tax ditch collects annually. The rate should be reviewed at your annual meeting.
24% of Tax Ditches in Sussex County collect less than $1,000 per year.
2018 Expected Revenue

- 0-2500, 78, 56%
- 2500-5000, 27, 19%
- 5000-7500
- 7500-10000
- 10000-12500
- 12500-15000
- 15000-17500
- 35000-37500
Revenue per Tax Ditch ln. ft.

33% of Tax Ditches in Sussex County collect less than $0.05 per foot of ditch they are responsible for maintaining.
How much Tax should your Tax Ditch Collect?

• 4162 (2) Determine the **amount of taxes** to be levied to carry out such desired program.
• In the absence of an updated maintenance plan how much should you collect?
# A Look at Annual TD Maintenance Costs

<table>
<thead>
<tr>
<th></th>
<th>Tax Ditch #1</th>
<th>Tax Ditch #2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Formed</strong></td>
<td>1965</td>
<td>1990</td>
</tr>
<tr>
<td><strong>Ditch Miles</strong></td>
<td>12.40</td>
<td>13.9</td>
</tr>
<tr>
<td><strong>2018 Assessment Base</strong></td>
<td>45,455</td>
<td>111,277</td>
</tr>
<tr>
<td><strong>Warrant Rate</strong></td>
<td>19%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Annual Taxes (max)</strong></td>
<td>$8,637</td>
<td>$2,226</td>
</tr>
<tr>
<td><strong>Ditch Length (feet)</strong></td>
<td>65,493</td>
<td>73,189</td>
</tr>
<tr>
<td><strong>Annual Dipout length (4%)</strong></td>
<td>2,620</td>
<td>2,928</td>
</tr>
<tr>
<td><strong>Total Cost @ $5/ft</strong></td>
<td>$13,100</td>
<td>$14,640</td>
</tr>
<tr>
<td><strong>Tax Ditch Portion @ 50% Cost Share</strong></td>
<td>$6,650</td>
<td>$7,320</td>
</tr>
<tr>
<td><strong>Time to Mow @ 1500 ft/hr (hrs)</strong></td>
<td>44</td>
<td>49</td>
</tr>
<tr>
<td><strong>Total Cost @ $150/hr</strong></td>
<td>$6,600</td>
<td>$7,350</td>
</tr>
<tr>
<td><strong>Cost Share @ $25/mile</strong></td>
<td>$310</td>
<td>$348</td>
</tr>
<tr>
<td><strong>Tax Ditch Portion</strong></td>
<td>$6,290</td>
<td>$7,002</td>
</tr>
<tr>
<td><strong>Annual Tax Ditch Costs Mowing every other year</strong></td>
<td>$3,145</td>
<td>$3,501</td>
</tr>
<tr>
<td><strong>Tax Ditch Annual Maintenance Costs</strong></td>
<td>$9,795</td>
<td>$10,851</td>
</tr>
<tr>
<td><strong>Tax Ditch Annual Maintenance Costs per foot</strong></td>
<td>$0.15</td>
<td>$0.15</td>
</tr>
<tr>
<td><strong>Annual Deficit</strong></td>
<td>$(1,158)</td>
<td>$(8,626)</td>
</tr>
<tr>
<td><strong>Break Even Warrant Rate</strong></td>
<td>21.5%</td>
<td>9.75%</td>
</tr>
</tbody>
</table>
90% of SC Tax Ditches collect < $0.15 / lf.
Recommendations

Use $0.15 per linear foot as a starting point to develop a target warrant rate for your ditch. Other factors to think about:

• What are your tax ditch assets?
• Do you have other known maintenance issues?
• What is your mowing frequency?
• If you have a significant amount of wide ditches rate will need to be higher.
• Time Value of Money
Next Steps

The Drainage Program wants to continue to refine these numbers and determine the actual tax ditch needs.

- We are looking for a couple of Tax Ditch Organizations to develop example operation and maintenance plans for.
  - Plan would include:
    - Review or original O &M Plan
    - Determination of current maintenance needs
    - Opportunities for restoration
    - Financial analysis including current assets
    - Recommendations
  - Contact Melissa Hubert or Brooks Cahall
- Start to think about how to move your ditch to the $0.15 target.
Program Updates

• **New Tax Ditch Program Manager**
  • Melissa Hubert was promoted in May!

• **Audits**
  • Heather Hitchens completed 112 audits last year. While we are happy that so many organizations are meeting the new standards please don’t wait until the last minute.

• **New Development**
  • The Drainage Program’s role is to maintain the benefits provided by the tax ditch in a maintainable way while allowing a landowner to use *their* property as they desire.

• **Tax Ditch Culverts**
  • Who is responsible? I would suggest that at your next annual meeting this be a topic and adopt a position that recorded in the minutes.
Program Update

• Tax Ditch Permit Coverage
  • Tax Ditch Maintenance Standard Plan & NOI
    • Permit Coverage for State Erosion and Sediment Control
    • Permit Coverage for EPA Construction General Permit (NOI)
• Changes are coming...
  • New eNOI online system will require:
    • $195 dollar fee will no longer be waived and will be charged annually
    • Document will have to be submitted online and electronically signed by the tax ditch.
      • Managers will need user name and pin
    • We will need a check at the time we come out and get signatures. Which will require prior planning and coordination.

We are committed to making this as streamlined as possible but it is going to require additional effort on the tax ditch end of things.
Questions?

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