STORMWATER UTILITY 101

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What is a Stormwater Utility

• Plan to accomplish long-term stormwater management
• Funding mechanism to implement and support the plan
Why Consider a Stormwater Utility?

- Allows for implementation of an effective stormwater program
- Provides a dedicated funding source
- Funds mandated state and federal programs
- Provides an equitable fee schedule to implement programs
- Frees up general fund for other services
Why Consider a Stormwater Utility?

- Supports long-term funding
- Funds mandated state and federal programs
Growth of Stormwater Utilities
Three Questions

- How much will it cost?
- How will it be paid for?
- How will you gain acceptance?
**Determine Costs for Plan**

- Assess existing stormwater program
- Develop a strategy or business plan
  - Future needs
  - 5 year planning period
  - Prioritize program goals
  - Determine level of service
Typical Plan Cost Distribution

- Special Programs
- Water Quality
- Administration
- Operations & Maintenance
- Capital Improvement Program
- Indirect
- Regulation
- Engineering & Planning
Estimating Plan Costs

* Assuming 5 persons per acre
How Will the Plan Be Funded?

- Outside funding sources
- General fund
- Real estate tax
- Stormwater utility fee
Outside Funding Sources

- Not reliable
  - Depends on another agency’s budget
- Usually involves cost sharing
The General Fund

- Problem
  - Swing in available revenue
    - High after major flood
    - Low as time goes by
Real Estate Tax

- Inequities in property value versus stormwater contribution
- Not responsive to stormwater plan needs
  - Annual budget constraints
Stormwater Utility Fee

• Not a tax; it’s a service fee
  – Based on the demand for services
• Statutory / Legal authority
• Needs to meet the “federal test”
  – Regulatory nature
  – Relationship between fee charged and service provided
  – Voluntary
Stormwater Utility Fee Advantages

- Dedicated funding source
- Reliable funding source
- Equitable
  - Everyone pays their fair share
**Stormwater Utility Fee Advantages**

- Provides incentives to manage stormwater on site
- Supplemented by other possible sources
  Permit fees-Special assessments-Fee-in-lieu
Stormwater Utility Fee Disadvantages

- Principal objectors are tax exempt organizations
- Length of time before you see progress — 2 to 3 years
Stormwater Utility Fee Disadvantages

- High start up costs
- Hard to gain community acceptance
  - Not something to be used on demand, such as
    - Gas
    - Electric
    - Water
Calculating Stormwater Service Fee

- Methodologies to Determine Service Fee
  - Impervious surface only
  - Impervious surface plus total area
  - Effective hydraulic area
  - Other methodologies that relate runoff to demand
Calculating Stormwater Service Fee

Concept of Equivalent Residential Units (ERU)
Based On Imperviousness Only

Assume typical residential lot
= 2,500 sf of impervious surface

= 2,500 sf impervious surface

= 1 ERU’s, less any credits
Calculating Stormwater Service Fee

**Commercial Unit**

2,500 sf = 1 ERU
impervious surface

= 10,000 sf impervious surface

= 4 ERU’s, less any credits
Public Outreach is Crucial

- Develop public outreach programs early
  - Flyers
  - Public meetings
  - Press releases
Public Outreach is Crucial

- Meet with special interest groups
  - Religious organizations
  - School Districts
  - Park Districts
  - Other tax exempt groups
Public Outreach is Crucial

- Coordinate with municipal officials and legal working groups
Conclusion

• Stormwater management is important; pay for it now or pay for it later
Questions