



DETERMINING FUNDING NEEDS

Stormwater Utility Funding

COSTS THAT CAN BE FUNDED WITH A UTILITY



Capital Costs

Operation and
Maintenance
Costs

Administrative
Costs



CAPITAL COSTS

Storm sewers

Storm water detention / retention ponds

Curb and gutter

Catch basins

Culverts

Vehicles and Equipment

OPERATION AND MAINTENANCE COSTS

Permit fees

Public education and information

Illicit discharge program

Street sweeping

Leaf collection

Detention pond cleaning

Ditch mowing

Culvert cleaning

Catch basin cleaning

Vehicle and equipment maintenance



ADMINISTRATIVE COSTS



City / Village administrative salaries and benefits

City/Village Hall facilities

Public Works administrative salaries and benefits

Public Works facilities

Utilities

Billing services

Accounting/Legal

Office supplies

Insurance

APPROACHES TO DETERMINING FUNDING NEEDS

'Back into it'

Capital costs

Direct O&M costs

Full utility mode

Funding for higher level of
service in specific area

Phased-in utility fees

'BACK INTO' UTILITY FUNDING NEEDS

Determine an acceptable level of charges

Multiply the charges by the estimated units served to determine estimated revenues

Identify costs that can be funded by the estimated revenues

Example: \$5.00 per equivalent runoff unit (ERU) per month x 10,000 ERUs = \$600,000 per year

\$200,000 per year for capital expenses

\$300,000 per year for O&M expenses

Generate additional revenues to fund part of stormwater expenses

CAPITAL COSTS

Used for:

Funding an increased program of replacement

Funding new facilities needed to address flooding or water quality issues

Implementing a stormwater master plan

Debt service or pay-as-you-go capital expenses

DIRECT O&M COSTS

Used For:

Paying for O&M costs where developer contributions or special assessments fund most capital costs

Funding for increased regulatory requirements

Funding for an increased program of maintenance

FULL UTILITY MODE

Treating stormwater as an enterprise funded entirely by user fees

Full accounting of direct O&M costs related to stormwater

Allocation of administrative expenses

Allocation of general public works salaries, benefits, and expenses

Capital costs, including annual capital outlay plus debt service, or depreciation expense

Similar to a Sewer or Water Utility

EXAMPLE — VILLAGE OF SUSSEX, WI

VILLAGE OF SUSSEX, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Stormwater Utility	Community Development Authority	
OPERATING REVENUES					
Sale of water	\$ 1,908,599	\$ -	\$ -	\$ -	\$ 1,908,599
Sewage collection charges	-	1,896,297	-	-	1,896,297
Stormwater charges	-	-	433,700	-	433,700
Other operating revenues	96,838	95,324	14,357	-	206,519
Total operating revenues	<u>2,005,437</u>	<u>1,991,621</u>	<u>448,057</u>	<u>-</u>	<u>4,445,115</u>
OPERATING EXPENSES					
Operation and maintenance	893,220	1,312,013	315,834	1,987	2,523,054
Depreciation and amortization	552,272	800,443	137,126	-	1,489,841
Total operating expenses	<u>1,445,492</u>	<u>2,112,456</u>	<u>452,960</u>	<u>1,987</u>	<u>4,012,895</u>
Operating income (loss)	<u>559,945</u>	<u>(120,835)</u>	<u>(4,903)</u>	<u>(1,987)</u>	<u>432,220</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	8,079	95,813	2,794	717	107,403
Interest expense	(154,477)	(182,979)	-	-	(337,456)
Disposal of assets	-	-	(30,834)	-	(30,834)
Total nonoperating revenues (expense)	<u>(146,398)</u>	<u>(87,166)</u>	<u>(28,040)</u>	<u>717</u>	<u>(260,887)</u>
Income (loss) before contributions and transfers	413,547	(208,001)	(32,943)	(1,270)	171,333
CAPITAL CONTRIBUTIONS	638,912	1,121,319	623,956	-	2,384,187
TRANSFERS OUT	<u>(356,859)</u>	<u>(38,609)</u>	<u>-</u>	<u>-</u>	<u>(395,468)</u>
Change in net position	695,600	874,709	591,013	(1,270)	2,160,052
TOTAL NET POSITION - BEGINNING OF YEAR	<u>16,780,463</u>	<u>26,693,742</u>	<u>10,779,269</u>	<u>517,385</u>	<u>54,770,859</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 17,476,063</u>	<u>\$ 27,568,451</u>	<u>\$ 11,370,282</u>	<u>\$ 516,115</u>	<u>\$ 56,930,911</u>

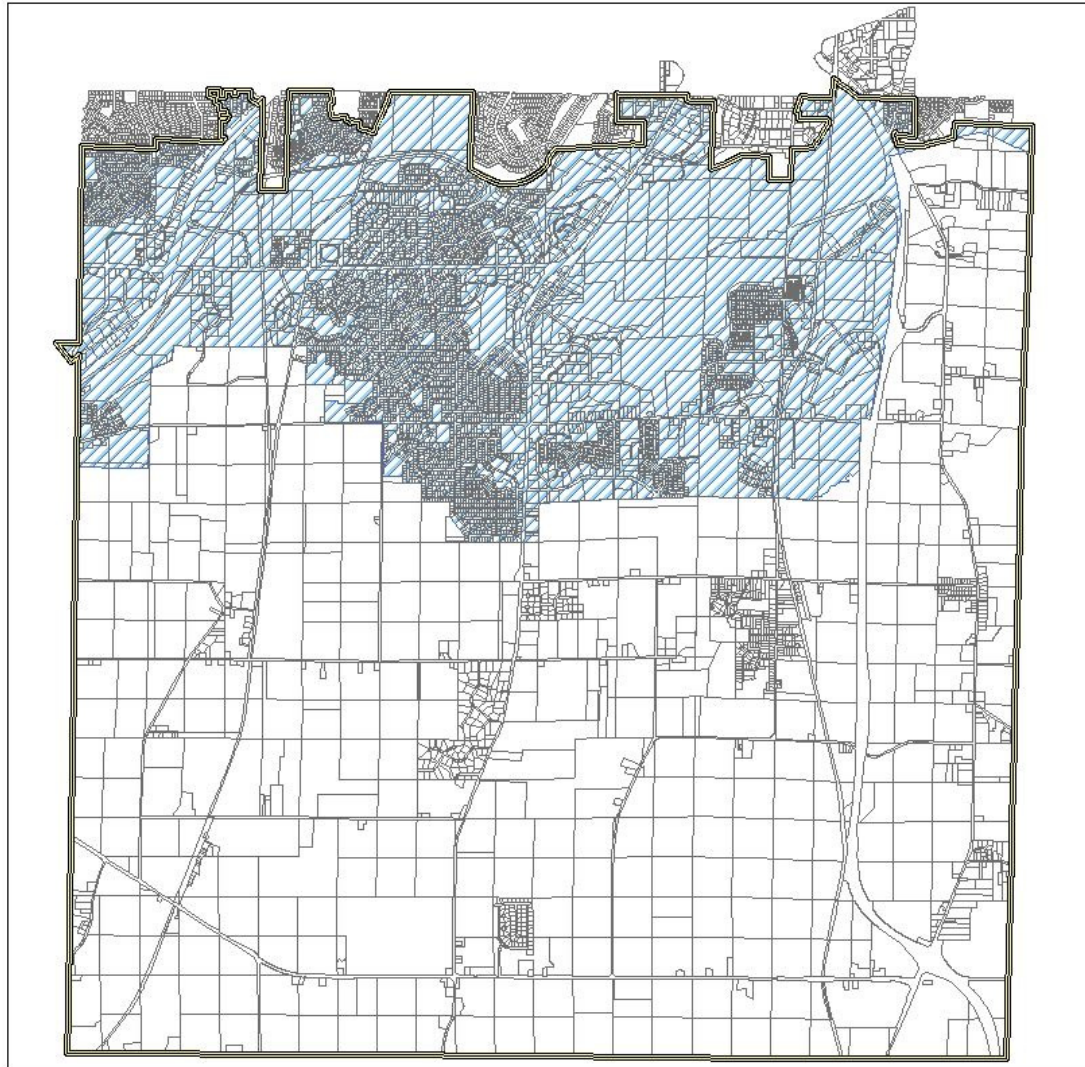
FUNDING FOR A HIGHER LEVEL OF SERVICE IN A SPECIFIC AREA

Used For:

O&M for facilities in a specific area that are not publicly maintained in other areas

Urban service area in a community that has urban densities and rural densities

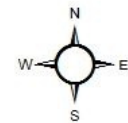
CITY OF FITCHBURG, WI



Stormwater Utility Service Area

Legend

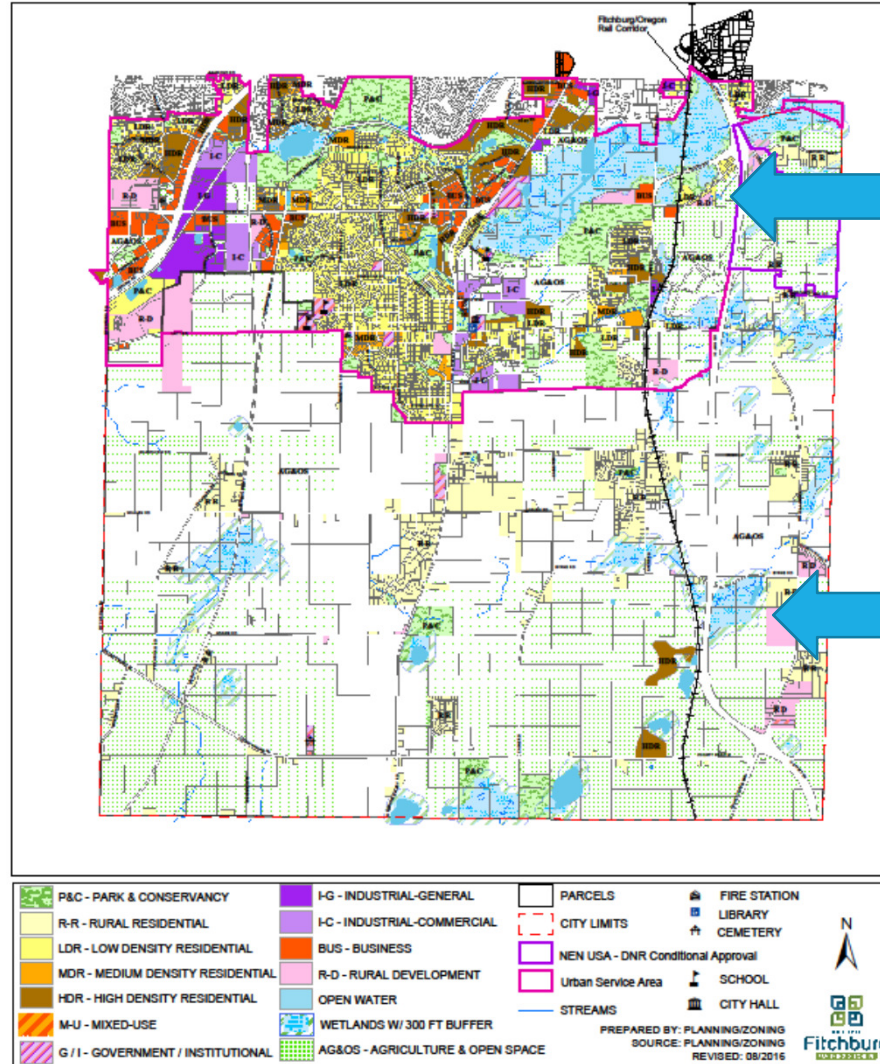
- City Limits
- Rural
- Urban



Created by the Fitchburg Public
Works Department 1/8/2018

EXISTING LAND USE MAP

CITY OF FITCHBURG, WI



- MS4 permit requirements
 - Facility and structure inspection and maintenance
 - Streetsweeping
 - Retrofits of infrastructure
-
- Ditch mowing
 - Cleaning and replacement of culverts
 - Ditch cleaning as necessary

PHASED-IN USER FEES

Watertown, WI

Implemented nominal fees of \$15 per year per ERU in 2005 to cover basic services like storm sewer maintenance, street sweeping, and leaf collection

Fees gradually increased in 2007, 2009, and 2011 to cover additional costs such as engineering, vehicle maintenance, streetsweeper replacement, and debt service for major capital projects

Oak Creek, WI

Fees of \$24 per year per ERU adopted in 2003

In 2011, a full cost of service study analyzed total costs to provide stormwater service

Fees were increased to \$27.50 per ERU in 2011

Fees have been gradually increased since 2011 and are \$35 per ERU in 2018

COMPARISON OF FUNDING APPROACHES

Approach	Advantages	Disadvantages
“Back Into”	Set fees at an affordable level	May not generate enough revenues
Capital Costs	Useful to pay for increased capital program	No tax levy relief for O&M costs
O&M Costs	Useful to cover increasing regulatory costs	No dedicated funding for capital costs
Full Utility Mode	Fully funds stormwater costs, current and long-term	Higher fees, more effort to determine funding needs
Funding for Specific Service Area	Isolates costs to areas served	More effort to calculate, administer
Phased-In	Ease the transition	Takes longer to reach full funding