FEASIBILITY ANALYSIS

Stormwater Utility Funding
STATES WITH MORE THAN 100 UTILITIES

1,583 utilities across the U.S.

Western Kentucky University
Stormwater Utility Survey 2016
# Illinois Municipalities with Stormwater Utilities

<table>
<thead>
<tr>
<th>No.</th>
<th>Community</th>
<th>State</th>
<th>Type</th>
<th>ERU</th>
<th>Fee</th>
<th>Year</th>
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<td>12,370</td>
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</table>
WHAT DEFINES A STORMWATER UTILITY?

A stormwater utility is public stormwater management services that are funded by user fees, with revenues placed in a dedicated fund.
REQUIREMENTS FOR USER FEES

**Regulatory** – revenues must be designated for stormwater management and any excess revenues must be retained in the fund

**Proportionate** – charges must be related to the necessary cost of service

**Voluntary** – if a property reduces its use of the system, its fees must be reduced

Church of Peace vs. City of Rock Island, 2005
IS A STORMWATER UTILITY RIGHT FOR MY COMMUNITY?

A stormwater utility can work well for almost any community. It depends on how you set it up...
KEY QUESTIONS TO ASK BEFORE CREATING A UTILITY

What’s the driving force behind this?

What costs would we fund with a utility?

What are the important characteristics of our geography and infrastructure that we need to consider?

Do we have the resources to manage the database management, billing, accounting, and credits?

What type of rate structure would meet our objectives?

About how much would we have to charge?

How would utility fees shift the burden of paying for stormwater versus our current funding?

Can we communicate a clear message about the benefits of a utility?
COMMON REASONS FOR CREATING A STORMWATER UTILITY

Relieve pressure on the tax levy
Increase funding for stormwater
Ability to collect from tax exempt properties
Address urgent stormwater infrastructure needs
Improve fairness – charge based on use
Encourage property owners or developers to reduce runoff volume or pollutants
THINKING ABOUT COSTS TO FUND WITH A UTILITY

New regulatory requirements
Increased program of maintenance or replacement
Storm water master plan projects
Water quality BMP’s
Maintenance of facilities to serve a specific area

PHOTO BY MONTEREY BAY NATIONAL MARINE SANCTUARY, CALIFORNIA, USA. ORIGINAL UPLOADER WAS MATTISSE AT ENGLISH WIKIPEDIA / PUBLIC DOMAIN
Are land uses and densities relatively consistent across the entire community?

Are the types of stormwater facilities and level of service provided relatively consistent across the entire community?

If not, are there easily definable areas with different densities and levels of service?

Are there any major geographic features to consider?

- Rivers, lakes, wetlands
ADMINISTRATION

How will we maintain accurate records of impervious area or other billing units?

Can we add new charges to our billing software?

How many parcels would have stormwater bills but not water bills?

How will we handle accounting for a separate fund?

How will we handle credits and appeals?

Who on staff will be responsible for each of these activities?
RATE STRUCTURE CONSIDERATIONS

Simplicity
Ease of explanation
Ease of administration

Equity
Types of costs funded
Level(s) of service
Characteristics of properties served

Revenue Generation
Total revenues generated
Percentage of revenues subject to credits

Incentives
Do we want to structure rates and credits to encourage specific practices?
ESTIMATING USER FEES

Target Revenue ÷ Estimated Units in Service Area = Fee per Unit

OR

Desired Fee per Unit X Estimated Units in Service Area = Estimated Revenues
RESOURCES FOR ESTIMATING UNITS

Existing land use map
Zoning map
Property tax records
Number of housing units
GIS Database
INFORMATION NEEDED TO ESTIMATE BILLING UNITS

Number of improved properties

General land use of improved properties (land use, zoning, or tax classification)

Acreage of improved properties by land use

Estimates of density of development – nonresidential properties

Estimates of square feet of impervious area per property – residential

Amount of area, if any, draining directly to a lake or river
## Financial Impacts on Property Owners

Identify large property owners

- Large churches
- School district
- Large manufacturing or commercial properties
- City or village properties
- Other – university, hospital, county or state offices, airport, power plant

Average church or private school

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### Comparison of Proposed Annual User Charges vs. Property Taxes

<table>
<thead>
<tr>
<th></th>
<th>Parcel Size (acres)</th>
<th>Impervious Area (sf)</th>
<th>Equalized Value</th>
<th>Estimated Storm Water User Charge per Year</th>
<th>Property Taxes (for Storm Water)</th>
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<tbody>
<tr>
<td>Single-Family Residence</td>
<td>0.25</td>
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<td>$16</td>
<td>$24</td>
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<tr>
<td>Typical Large Commercial</td>
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<td>Typical Large Manufacturing</td>
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<td>$658</td>
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</tbody>
</table>

*Example parcels for demonstration purposes. The actual user charges for non-residential parcels would depend on the actual amount of impervious area on each parcel.*
CAN WE COMMUNICATE A CLEAR MESSAGE ABOUT THE NEED OR BENEFITS?

In response to the unfunded federal mandate, the Village Board decided to create a Storm water Utility to fund the actions required by our permit. The utility is funded by a monthly fee that appears on the sewer and water bill. All fees collected are used exclusively for meeting the permit requirements.
CAN WE COMMUNICATE A CLEAR MESSAGE ABOUT THE NEED OR BENEFITS?

The Stormwater Utility was established in 2002 (Chapter 40, Article V) to provide consistent funding for meeting the City's stormwater management responsibilities.
CAN WE COMMUNICATE A CLEAR MESSAGE ABOUT THE NEED OR BENEFITS?

Why don’t we just pay for this the way we always have - through the general fund?
Separating these funds provides a **stable source of revenue**, and assures that **long-term planning that saves dollars** can occur. Storm water planning that anticipates problems can help to **eliminate catastrophic flooding**. The property loss, economic damage, public health threat and threat to human safety that is caused by flooding is very real. Charges are **more fair because they are based on runoff**, not property value.
ELEMENTS OF A FEASIBILITY STUDY

- Purpose and objectives (message)
- Types of costs to be funded
- Funding needs
- Proposed rate structure
- Estimated billing units and rates
- Financial impacts on example property owners
- Staff resources and responsibilities