



City of Decatur Stormwater Funding Study

Presentation to:

IASFM

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Presented by:

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Agenda

- Introduction and History
- 10- and 20-year Cash Flow Schedules
- Potential Funding Sources
- Implementation of a Stormwater Utility

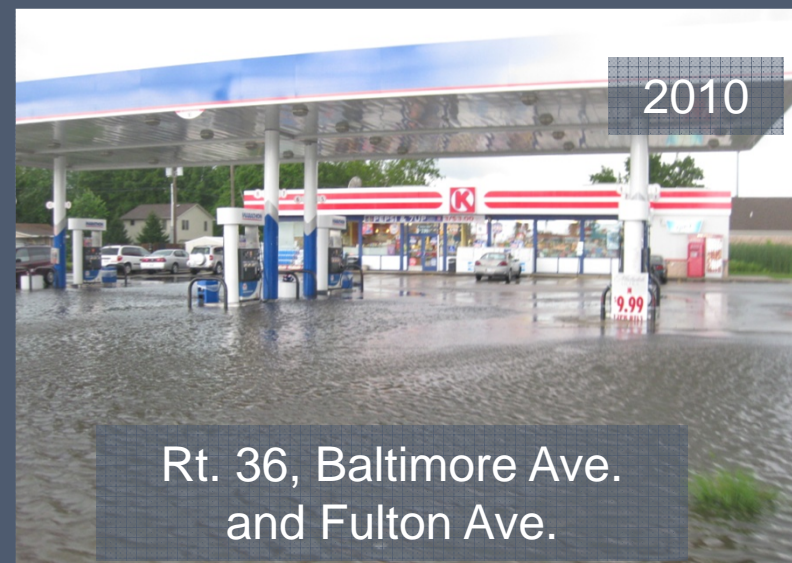
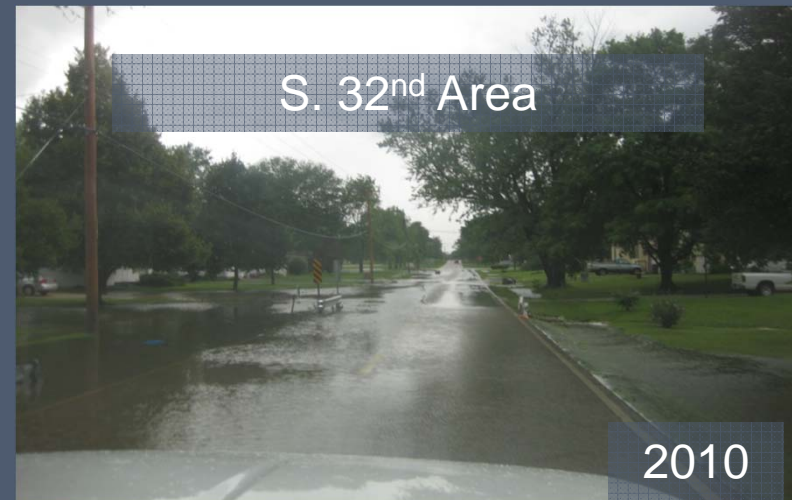
Introduction and History

- 1966 Stormwater Report
 - Served City well
 - Several improvements completed
- 1980s, 90s and early 2000s
 - Industrial decline
 - Declining population
 - Financial crisis
 - Infrastructure ignored

Introduction and History (continued)

- 2007 Management Change
 - City Manager
 - Public Works Director
- 2008 Major Storms
 - New stormwater initiatives
 - 2009 update of stormwater needs
- 2010 Major Storms
 - Stormwater Management Critical

Typical Problem Areas



Stormwater Master Plan Funding Supplement Tasks

- Estimate stormwater potential revenue sources
- Recommend a dedicated stormwater funding source
- Describe the implementation steps for forming a stormwater funding source



Funds are Needed to...

Improve and Manage Stormwater by:

- Build much-needed flood control projects
- Replace or repair failing sewers, culverts, inlets
- Maintain existing storm sewers to reduce future failures
- Assure new developments meet stormwater regulations

Estimated Cash Flow Schedules

- 10-year and 20-Year Schedule

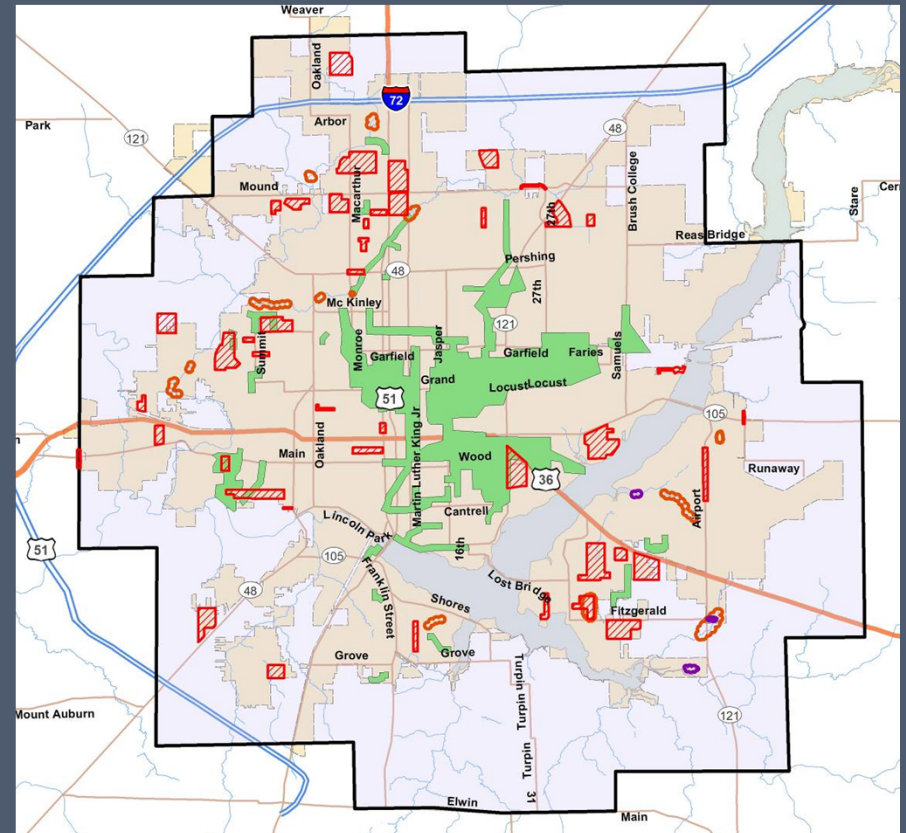
Categorized By:

- Administrative Costs
- NPDES Compliance
- Maintenance
- Capital Improvements



Capital Projects Identified (2009 Update)

- 46 projects identified
 - \$57.5 Million
- Top 10 projects
 - \$15.1 Million
- Top 20 projects
 - \$27.5 Million
- Top 30 projects
 - \$40.6 Million



Cash Flow Schedule Summary

Including 46 projects

- 10-year Cash Flow
 - \$7.7 Million Annually
- 20-year Cash Flow
 - \$6.5 Million Annually
- *20-year Cash Flow Schedule Recommended*



Stormwater Funding Options

- Increase existing revenue
 - Property Tax
 - Sales Tax
 - Utility Tax
 - Food and Beverage Tax
 - Sanitary User Fee
- Redistribution of Capital Funds
- Stormwater Utility



Property Tax

<u>Community</u>	<u>2008 Overlapping Tax Rate</u>	<u>10-Year Need</u>	<u>20-Year Need</u>
Decatur	8.90%	9.70%	9.53%
Peoria	8.23%		
Bloomington	7.62%		
Springfield	7.38%		
Champaign	7.22%		
Average	7.87%		

The City of Decatur property tax rates are higher than many surrounding communities. An increase to 9.70% or 9.53% (for a 10-year or 20-year stormwater cash flow schedule) may be seen as too high.

Sales Tax

<u>Community</u>	<u>Sales Tax Rate</u>	<u>10-Year Need</u>	<u>20-Year Need</u>
Decatur	8.00%	9.00%	8.80%
Peoria	8.00%		
Bloomington	7.75%		
Springfield	7.75%		
Champaign	7.75%		
Lincoln	7.25%		
Mattoon	6.75-7.75%		
Tuscola	6.75%		
Effingham	6.50-7.50%		

The Home Rule provides legal authority for the implementation of local funding programs by the City. However, the rate is unrelated to stormwater. An increase in the overall sale tax rate may be perceived as too high in comparison to surrounding communities.

Food and Beverage Tax

<u>Community</u>	<u>Food & Beverage Tax Rate</u>	<u>10-Year Need</u>	<u>20-Year Need</u>
Decatur	2.00%	6.90%	5.90%
Bloomington	2.00%		
Peoria	2.00%		
Champaign	0.50%		
Springfield	0.00%		
<i>Average</i>	<i>1.60%</i>		

City of Decatur's Food and Beverage Tax is already among the highest in the surrounding area. Funding for a stormwater program is difficult to relate to food and beverage services and would put the burden of stormwater funding on these unrelated businesses.

Utility Tax

<u>Community</u>	<u>Sales Tax Rate</u>	<u>10-Year Need</u>	<u>20-Year Need</u>
Normal	5%		
Rantoul	5%		
Urbana	5%		
Peoria	5%		
Champaign	2.75%		
Bloomington	2.5%		
Decatur	1.25%	5%	5%
Springfield	N/A (0%)		
Average	3.3%		

The existing utility tax is low when compared to surrounding communities and would provide immediate funding for the stormwater program with minimal impact to the City's administration. However, the disadvantages are that it is not a dedicated funding source, unrelated to the stormwater impact of a given property, and the maximum allowable utility tax rate is 5%.

Sanitary User Fee

User Fee (per 100 cubic feet)	10-Year Budget	20-Year Budget
User Fee:	\$0.34	\$0.34
Stormwater Addition:	\$1.21	\$0.96
New User Fee:	\$1.55	\$1.30

Basing the sanitary sewer usage on water usage is a direct method to administer and understand, but there is no direct relationship to stormwater runoff generated. In addition, the existing sanitary user fee needs to be increased for sanitary system improvements and maintenance funding, therefore an additional increase would likely be seen as too high

Redistribution of Capital Improvement Funds



Reallocating the current Capital Improvement Fund to fund the stormwater program is not feasible given funding for other infrastructure would need to be reduced by more than 40%.

Current Funding Mechanisms

Pros/Cons

- Pros
 - Billing system established
 - Will not be difficult to implement
- Cons
 - Not an equitable approach
 - Will not provide stable revenue source

Stormwater Utilities

- Over 1,200 in the U.S.
- Dedicated Funding Source
- User Fee System
- Stormwater Utilities in Illinois:
Moline, Morton, Rock Island, Rolling Meadows, Bloomington,
Normal, Rantoul

Others considering a Stormwater Utility:

Champaign, Urbana, DuPage Co., St. Charles, McHenry Co.

Stormwater Utilities – Legal Authority

– Home Rule

- “the power to regulate for the protection of the public health, safety, morals and welfare; to license; tax and to incur debt.”

– Stormwater Service System

- “sewerage system” includes separate storm sewers
- Tested in courts; 1963 Conner v. City of Elmhurst and the 2004 Church of Peace v. City of Rock Island



Stormwater Utilities – Billing Basis

- Based on impervious area
- Equivalent Residential Unit (ERU)
- Square footage of impervious area for typical residential property
- Large users pay based on the number of ERUs



Stormwater Utility – Billing Units

Parcel Type	Estimated Total Customers	Estimated Average Lot Size (Acres)	Assumed % Impervious	Average ERUs/Customer
Residential	27,325	0.4	18% (3000 sf)	1
Commercial	1,271	0.9	70%	9.2
Industrial	783	3.0	60%	26.3
Educational	279	2.7	50%	19.8
Non-Profit	342	1.5	50%	10.9
Total =		~30,000		

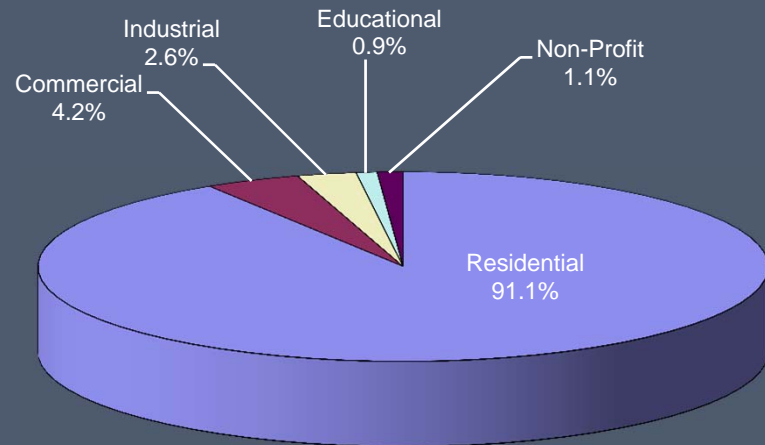
- Estimated based on typical impervious %.

Stormwater Utility - Revenue

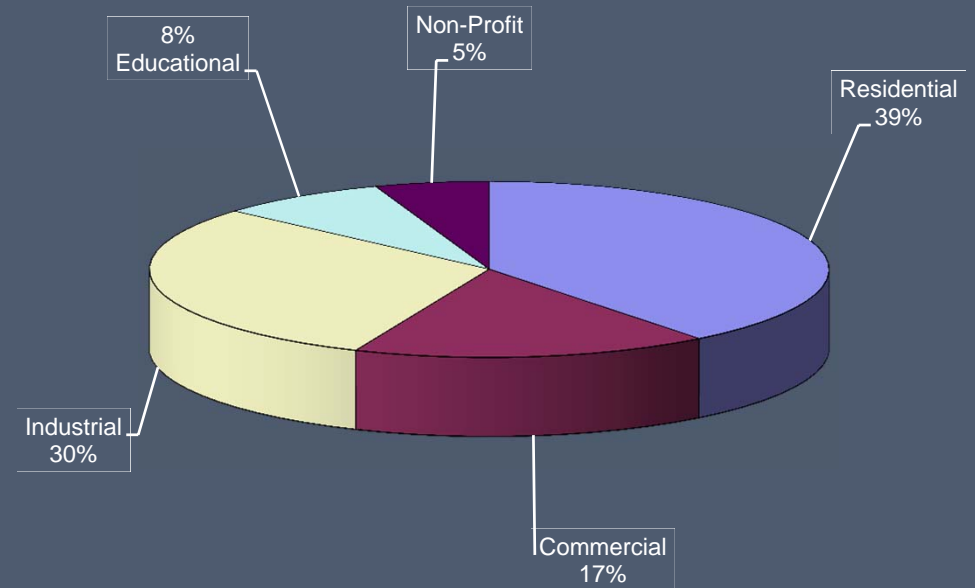
Parcel Type	Monthly Stormwater Rate (per ERU)		
	\$6.00	\$8.00	\$10.00
Residential	\$1,940,000	\$2,590,000	\$3,240,000
Commercial	\$840,000	\$1,120,000	\$1,400,000
Industrial	\$1,480,000	\$1,980,000	\$2,470,000
Educational	\$400,000	\$530,000	\$660,000
Non-profit	\$270,000	\$360,000	\$450,000
Total	\$4,930,000	\$6,580,000	\$8,220,000
20-Year Cash Flow =	\$6,500,000	\$6,500,000	\$6,500,000

- Final rates would be based on detail analysis.

Stormwater Utility – User Fee Distribution



Based on Number of Users



Based on Revenue Generated

Stormwater Utility – Revenue Generated from Tax Exempt Parcels

- Approximately 708 parcels
- Significant impact on stormwater
- *\$700,000* (at \$8 per ERU)
- Increasing a property, sales or food and beverage tax would not charge these properties

Funding Source Recommendation

- **Stormwater Utility**
 - Dedicated Source
 - Relates fee directly to user's impact on stormwater management
 - Used across the nation
 - Used in Illinois



Stormwater Utility – Policy Issues

- Billing Decisions
 - Administrative decisions for billing
- Rate Structure
 - Equivalent Residential Unit (ERU)
 - Flat Fee
- Stormwater Credits
 - Provides credit for on-site stormwater management components

Stormwater Utility – Implementation

Task	Duration
Establish a <i>Stormwater Management Business Plan</i>	1-3 Months
Establish the <i>Cost of Service</i> for the business plan	2-4 Months
Complete a <i>Rate Study</i> to fund the business plan	1 Month
Create the <i>Master Account File</i>	5-12 Months
Create a <i>Credit Program</i>	1 Month
Provide an effective and adequate <i>Public Outreach</i>	1-3 Months
Define an effective <i>Customer Service</i>	1-2 Months

Total = 15-18 Months

Interim Options/Solutions

- Enact Stormwater Utility Ordinance
 - with a Flat Fee to start
- Raise Utility Tax to 5%
- New revenue would fund implementation and beginning of the new stormwater program



Decatur's Solution

- Establishing true User Fee system
- Using LIDAR and GIS technology
- Goal to enact low monthly fee
- Top 10 projects
- Prove stormwater investments work

Questions

