



# **An Overview of Storm Water Utility Creation**

## ***Miami Valley Regional Planning Commission***

*presented by*

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# *The Formation of a Stormwater Utility*



*Lightning storm, Port-la-Nouvelle*



# Why Consider the Formation of a Stormwater Utility?

You Need Funding to Pay for Stormwater Management Related Programs

- MS4 permit compliance
- Flood mitigation
- Asset management
- TMDL's



# Define Your Stormwater Management Program

- Water Quantity (i.e., flooding)
- Water Quality (i.e., MS4, TMDL)
- Operation and Maintenance of the drainage system
- Repair and replace aging infrastructure
- Hydromodification (erosion)





# How Much Funding Do You Need?

What is Your Cost of Service?

1. **WHERE** are you going to provide services?
2. **WHAT** services are you going to provide?
3. **HOW OFTEN** are you going provide services?

WHERE?

Area of  
Service

WHAT?

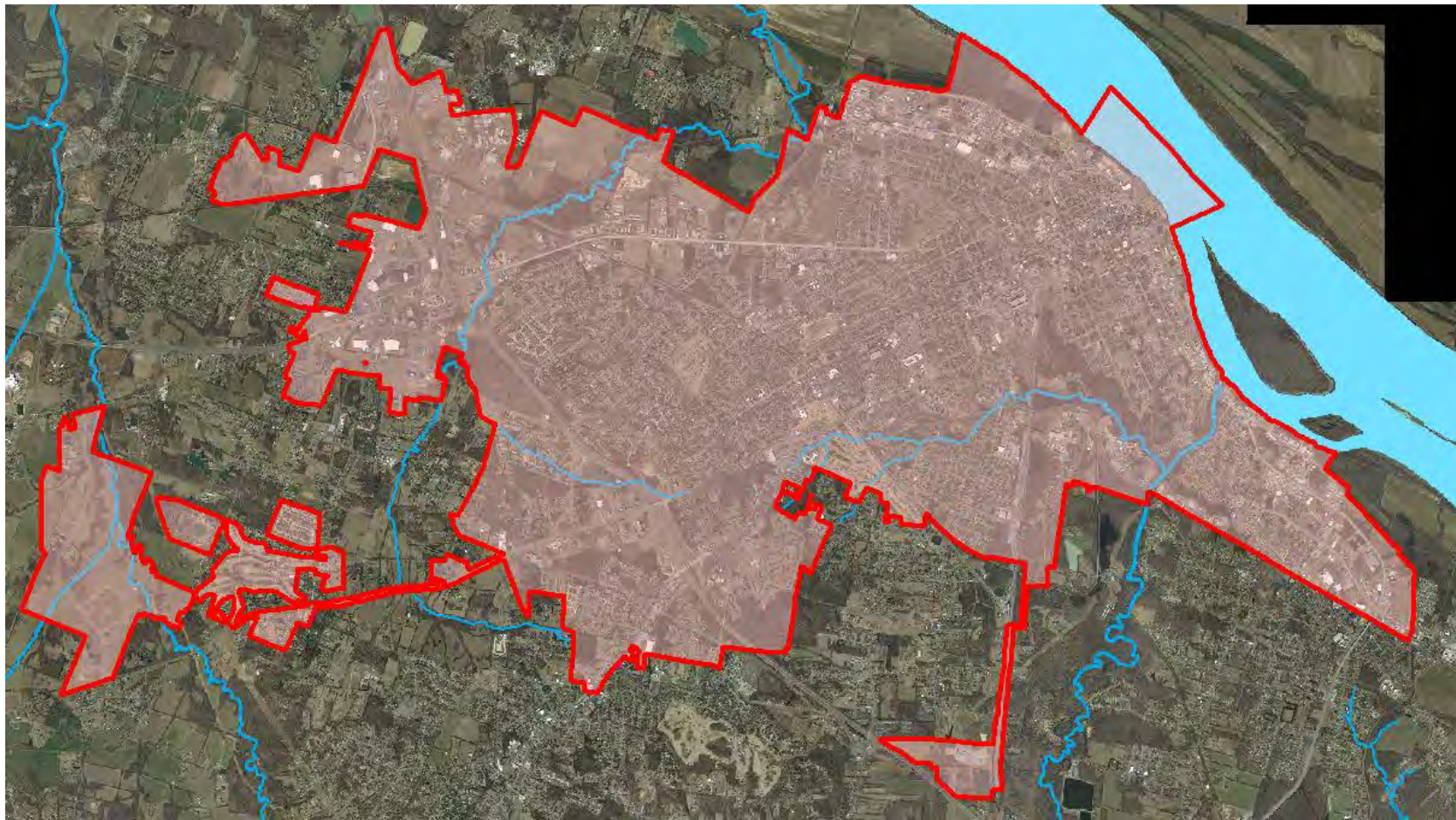
Extent of  
Service

HOW OFTEN?

Level of  
Service



# Area of Service – (Where) City Limits



# Extent of Service (What)

## Define Roles and Responsibilities

- System O&M
- Capital Improvement Program
- MS4 Permit Compliance
- Plan review and inspection
- Master planning













# Public Versus Private System





# Public Versus Private System



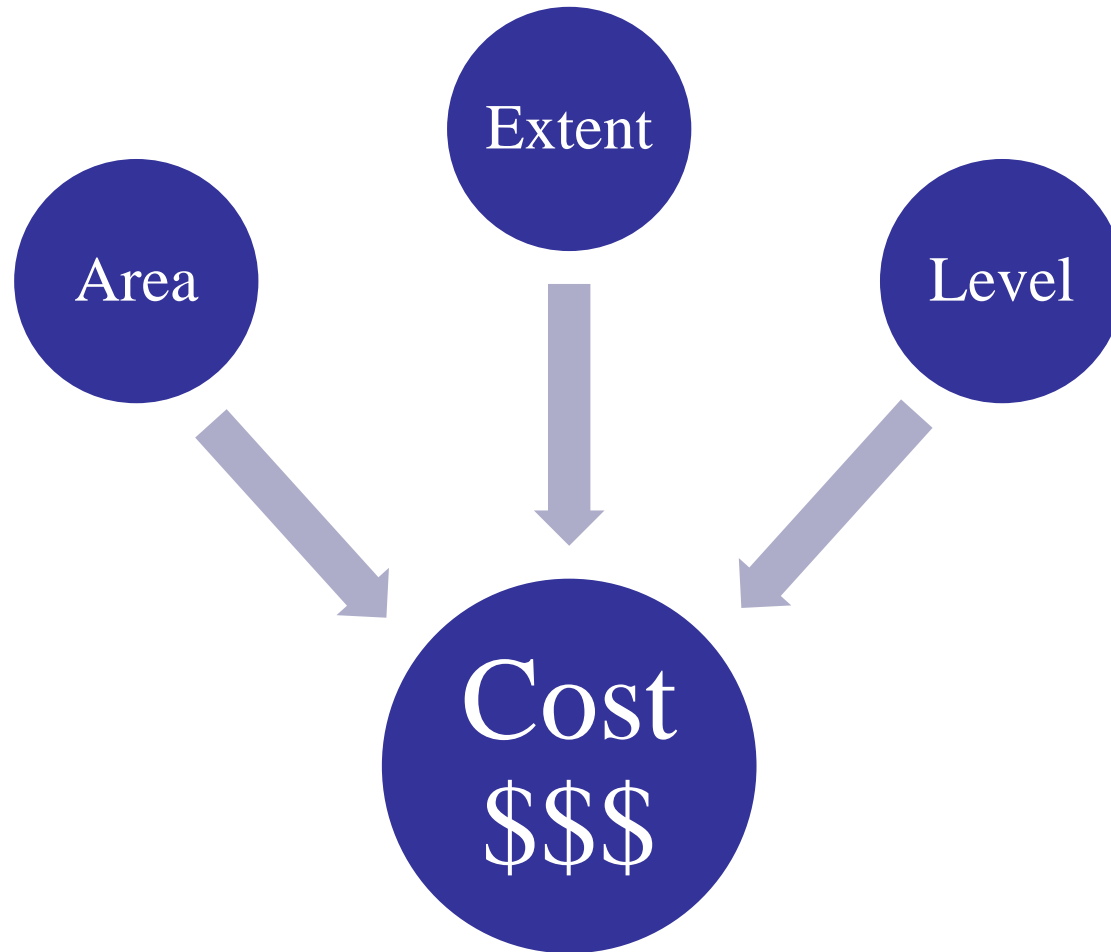
# Level of Service (How Often)

- Cleaning and Inspecting Infrastructure
- Repair and Replace Infrastructure
- Design Storm
- Flood Mitigation Standards

System Component	Maintenance Service Frequency
Pipe	10 years
Culvert	10 years
Inlet	7 years
Outfall	10 years
Manhole/Junction Box	10 years
Rural Area Channel/Creek	40 years
Urban Area Channel/Creek	20 years
Pond/Lake	10 years



# Cost of Service





# Options for Funding Stormwater Management Program

- General Fund
- Taxes
  - Property Taxes
  - Ad Valorem Taxes
  - Sales Tax
- Fees
  - Permitting and Fees
  - New Development Impact Fees
- Grants
- **Stormwater Utility (User Fees)**





# What is a Stormwater Utility?

*“A utility established for the purpose of managing stormwater and imposing charges for the recovery of costs connected with such stormwater management”*

# Why Consider Stormwater Utility Formation?

- Fair and Equitable
- Dedicated and Sustainable Revenue Source
- Legally and Technically Defensible
- Publicly Acceptable



# Fee vs. Tax

A charge is a fee and not a tax if it meets 3 criteria:

1. Serve regulatory purpose (not raise revenue)
2. Be proportionate to necessary cost of service
3. Be voluntary
  - Includes concept of credit programs to reduce costs

**“A tax is universally defined as an enforced contribution to provide for the support of government, whereas a fee is a charge for a particular service.**

*– Dickson v. Jefferson County Board of Education (1950)  
cited in Long Run Baptist v. Sewer Assn (1989)*







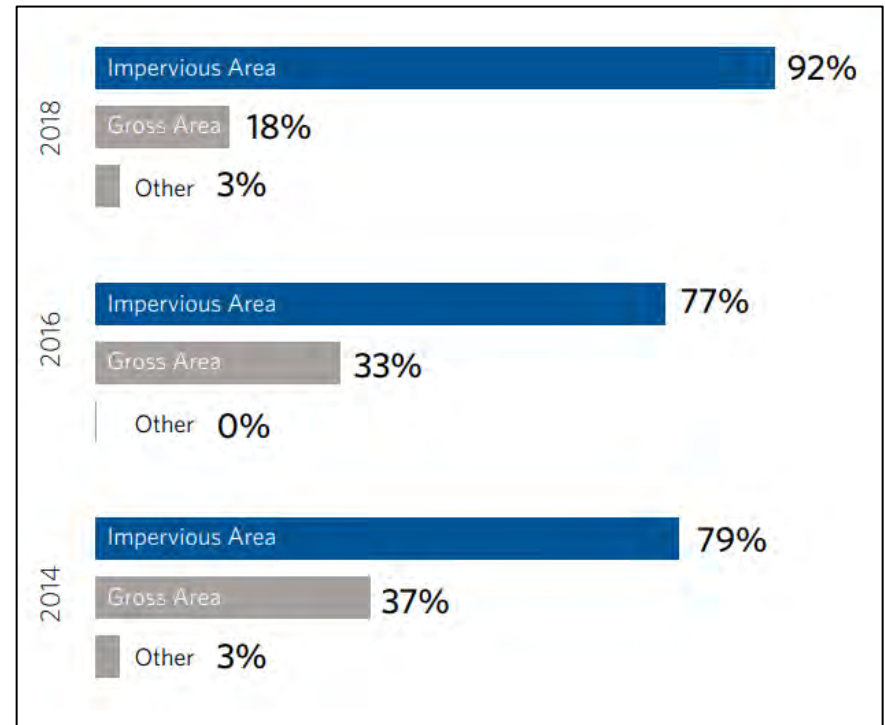
# Basis of User Fee

1. Parcel Area Based
  1. Impervious Area
  2. Gross Area
  3. Gross Area with Runoff Factor
  4. Gross Area with Intensity of Development Factor
2. Land Use Class
  1. Residential vs. Non-Residential
3. Flat Fee for all Parcels

**Keep it Simple!**

# National Survey - Rate Structure

- 96% are parcel based
- 92% use an impervious area based fee
- 84% of utilities used a uniform flat fee or a tiered structure for residential parcels





# Keys to Successful Utility Implementation

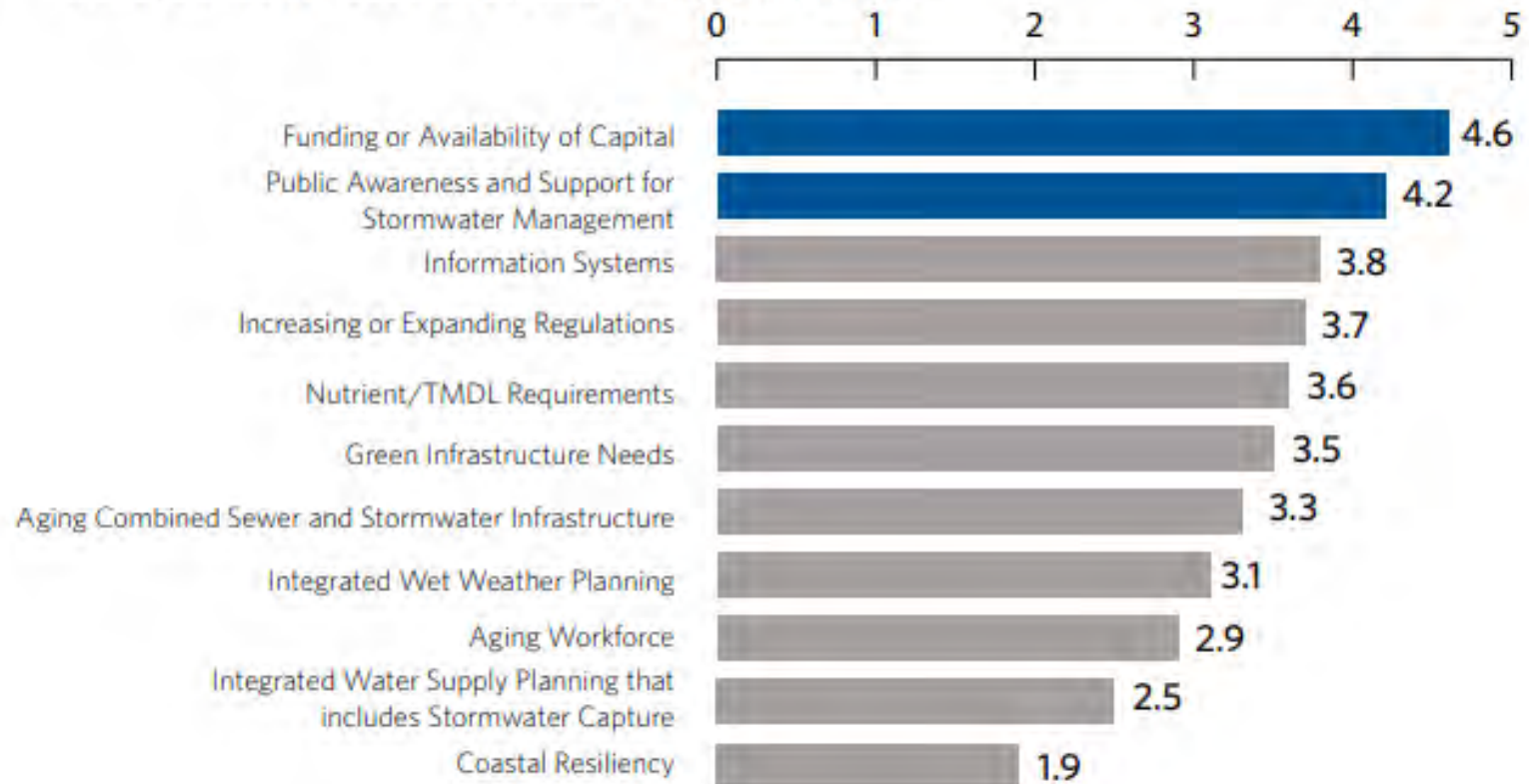
Fee structure should be:

- Legally defensible
- Technically sound
- Understandable by the public



# Importance of Funding

**11. Please rank the importance of each of the issues listed below in enhancing your utility's stormwater management. (1 = Least Important; 5 = Most Important)**





# Adequacy of Funding is a Challenge

In our stormwater survey, we find a significant range in the magnitude of typical monthly residential stormwater charge, among the participating utilities. This is a continuing trend over the last several surveys. In analyzing the results, we find that **the wide range in the charges is largely due to user fees not reflecting the full “cost of service,”** and not necessarily due to significant cost of service differences among comparable utilities.

# Adequacy of Funding

	2018	2016	2014
Adequate to Meet All Needs	15%	12%	6%
Adequate to Meet Most Needs	31%	32%	32%
Adequate to Meet Most Urgent Needs	45%	48%	45%
Not Adequate to Meet Urgent Needs	9%	8%	17%



# Establishing the Fee

**Cost of Service**

**VS.**

**Willingness to Pay**





# Establishing the User Fee

1. Technical evaluation establishes the revenue needs
2. Rate methodology distributes the fee over the service area
3. Decision makers/elected officials approve the fee



# Establishing the User Fee – Version 2

1. Technical evaluation establishes the revenue needs
2. Rate methodology distributes the fee over the service area
3. Community voices concerns over a new “tax”
  - school districts
  - churches
  - cemeteries
  - malls
4. Decision makers arbitrarily reduce the fee or stop advancement of the utility

**Result: Needs are Not Addressed.**



# Be Careful!

- Comparison of utility fees is not an apples to apples comparison.
- Try to align fees with services
- Manage public expectations
- Try to coordinate with decision makers throughout the utility development process
- Try to gain consensus on the services/needs vs. the fee

# Things to Consider: How Old is Your System?



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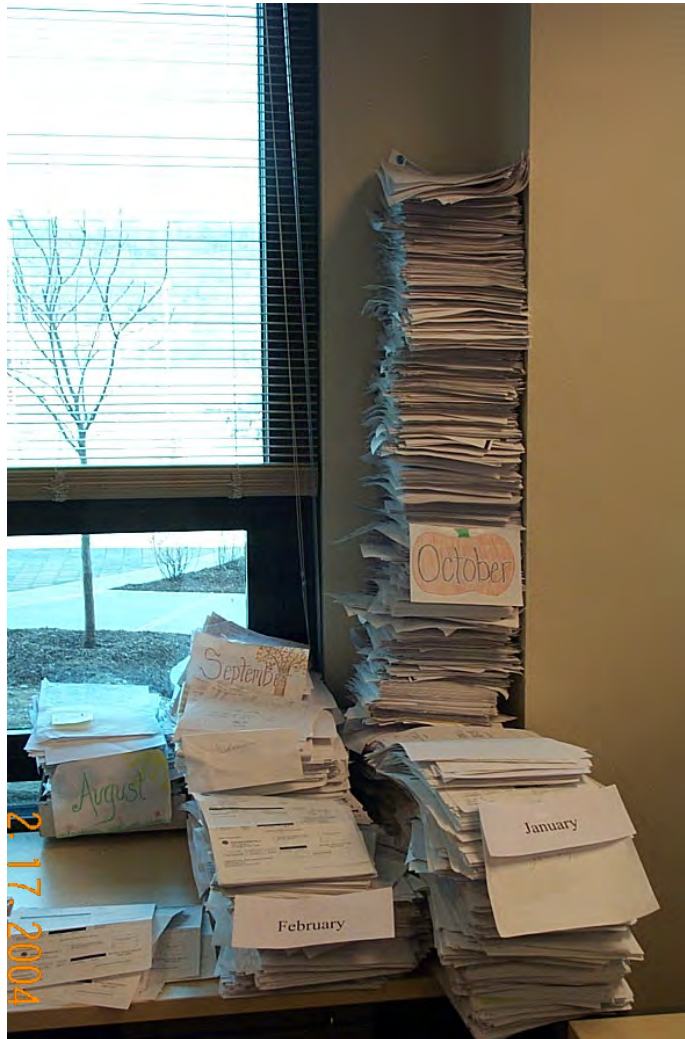




# Things to Consider: What don't you know?



# Be Prepared for Billing Questions





# Summary

**S A V E D - U**



# Summary

- **S**IMPLE
  - Keep it simple
  - Rate methodology
  - Billing policies (credits, exemptions, classes)
- **A**DEQUATE funding
  - You get one bite at the apple
  - A fee creates expectations
- **V**ISIBLE
  - Implement highly visible Early Success Projects
- **E**FFICIENT
  - Minimize administrative burden
- **D**EFENSIBLE
  - Review legal issues for your organization
  - Minimize program administration costs
- **U**NDERSTANDABLE
  - Services and Fees should be understandable to the Public

# Public Education is Important

The S.D. #1 will have to find  
some other way to steal my money.  
Because I refuse to pay storm water  
charge, it is unfair, unjust, and just

Plain stupid.

POI. SN, \$72.94  
but not SW.

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009

PISSED OFF,  
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Sam Albright  
OVER

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# Questions/Discussion

