



# Storm Water Utility Creation Village of Fontana-on-Geneva Lake May 21, 2009

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# Topics Covered

- Storm Water Management Plan
- What is a storm water utility
- How is it organized
- Current and future eligible costs
- Proposed rate structure & scenarios
- What are other communities charging
- Why consider a storm water utility
- Questions



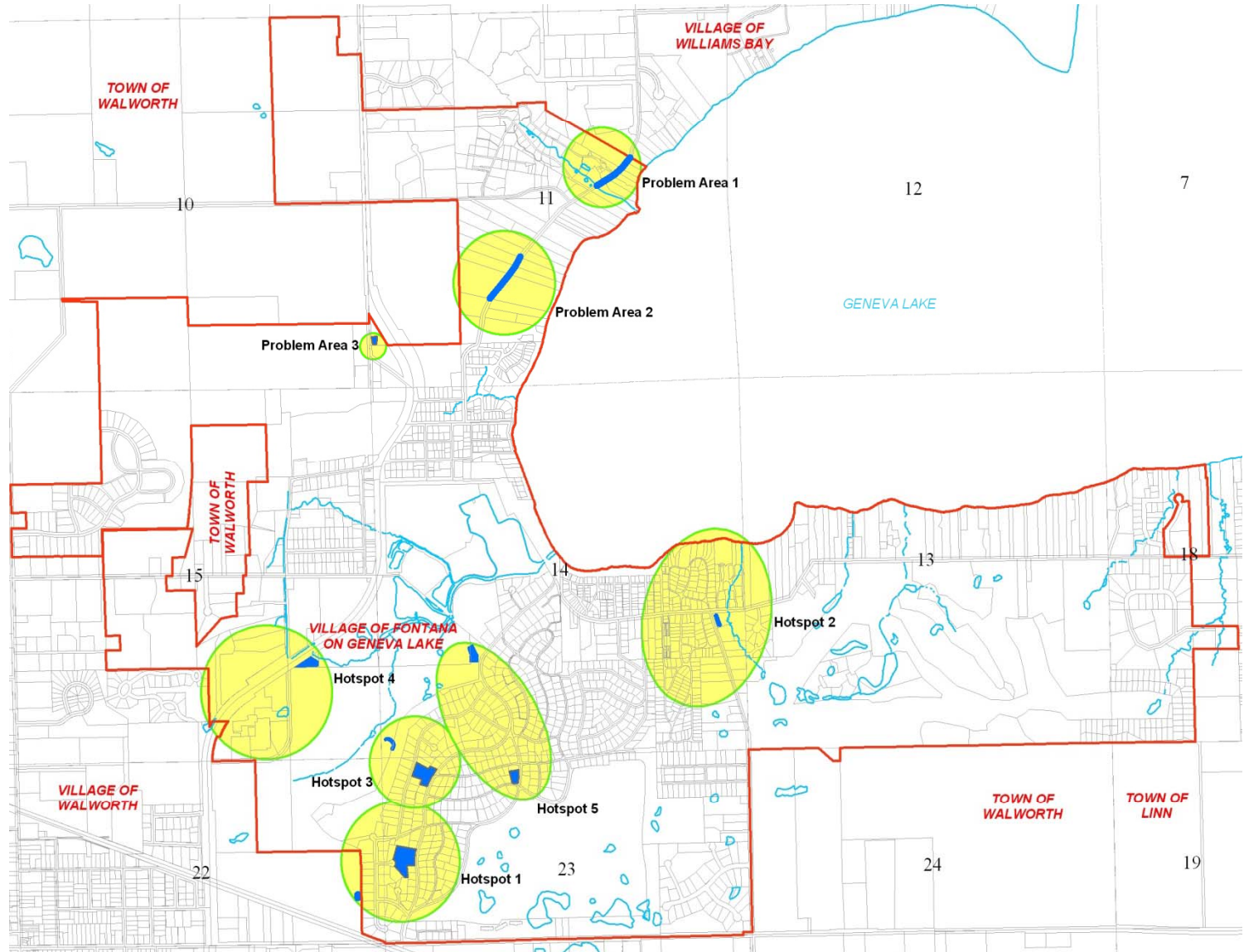
# Storm Water Management Plan

- Study ongoing since fall 2008
- Advisory group
- 5 hot spot areas





# SWMP Hotspot Areas





# Storm Water Management Plan

- Water quality and quantity
- Public infrastructure
- Flooding is Village-wide problem





# SWMP Recommendations

- 12,000' storm sewer
- 1,500' ditching
- 8,000' curb & gutter
- 5 storm water detention ponds
- Bioretention facility/rain garden
- Land acquisition & easements
- \$4.4 Million



# Storm Water Utility Study

- Study began in Fall, 2008
- Have worked with Storm Water Advisory Committee:
  - Discussing traditional and alternative methods of financing storm water mgt
  - Identifying existing storm water management efforts and costs
  - Preparing parcel database of all parcels and impervious surface areas within Village
  - Examining utility rate scenarios



# What is a Storm Water Utility?

- Separate fund and budget dedicated to storm water management
  - System operation and maintenance
  - Capital costs
- Infrastructure system that generates revenues through user fees
- Similar to a sewer or water utility





# How is a Storm Water Utility Organized?

- Fits into existing organizational structure
- Not necessary to add additional staff
- Funded by user charges
- Time and budget separated from general fund budget
  - Employees account for storm water time separately



# Examples of Eligible Costs

- Planning / design
- Storm sewers
- Curb and gutter
- Ditching
- Stream bank stabilization
- Detention/retention basins
- Street sweeping / leaf collection
- Reimbursement of past expenditures

*Costs that are currently funded by general fund / tax levy*

# Current Village Eligible Costs

|   | 2005 Actual          | 2006 Actual          | 2007 Actual            | 2008 Estimate          | 2009 Estimate       |
|---|----------------------|----------------------|------------------------|------------------------|---------------------|
| 53300 - Highway Maintenance Budget                    | \$614,264.17         | \$409,758.48         | \$792,153.55           | \$1,049,148.00         | \$1,155,391.00      |
| Total allocated to storm water (10%)                  | \$61,426.42          | \$40,975.85          | \$79,215.36            | \$104,914.80           | \$115,539.10        |
| 51740 - Public Works Building                         | \$31,566.87          | \$23,640.07          | \$25,721.96            | \$27,926.00            | \$34,332.00         |
| Total allocated to storm water (10%)                  | \$3,156.69           | \$2,364.01           | \$2,572.20             | \$2,792.60             | \$3,433.20          |
| 53630 - Recycling Budget                              | \$131,652.92         | \$98,733.93          | \$103,419.12           | \$108,525.00           | \$114,798.00        |
| Leaf collection                                       | \$33,376.46          | \$16,076.97          | \$18,049.56            | \$17,124.50            | \$18,032.50         |
| <b>Total Storm Water Budget</b>                       | <b>\$97,959.56</b>   | <b>\$59,416.82</b>   | <b>\$99,837.11</b>     | <b>\$124,831.90</b>    | <b>\$137,004.80</b> |
| <b>Total Equalized Value - TID Out</b>                | <b>\$743,446,300</b> | <b>\$842,374,000</b> | <b>\$1,014,723,300</b> | <b>\$1,161,437,100</b> |                     |
| <b>Equalized Tax Rate per \$1,000 for Storm Water</b> | <b>\$0.13</b>        | <b>\$0.07</b>        | <b>\$0.10</b>          | <b>\$0.11</b>          |                     |



# Tax Impacts

| Equalized Housing Value | 2008 Tax Rate for Storm Water | Total Amount Paid for Storm Water in 2008 |
|-------------------------|-------------------------------|---|
| \$200,000               | \$0.11                        | \$21.50                                   |
| \$250,000               | \$0.11                        | \$26.87                                   |
| \$350,000               | \$0.11                        | \$37.62                                   |
| \$500,000               | \$0.11                        | \$53.74                                   |
| \$1,000,000             | \$0.11                        | \$107.48                                  |
| \$2,000,000             | \$0.11                        | \$214.96                                  |
| \$3,000,000             | \$0.11                        | \$322.44                                  |



# What is a Storm Water User Charge?

- Source of funds dedicated solely to storm water management
- Charges are based on the share of storm water runoff from each property





# Who Pays the Fees?

- Residential Properties
- Business, Commercial, and Manufacturing Properties
- Churches, Schools, Libraries, and other tax-exempt properties
- Municipally property





# Proposed Rate Structure

- Several rate structures were considered
- Proposed structure has charges that are based on amount of impervious area per property
- Impervious surface area is measured or estimated based on aerial photographs, assessment data
  - First looked at a sample of residential properties
  - Average amount of impervious area per residential lot = 1 Equivalent Runoff Unit (ERU)
  - Average for Village is 4,500 square feet
  - Non-residential & residential parcels greater than 1 acre in size = assigned ERU's based on actual amount of impervious area on each parcel



# Rates and Charges

- Total number of ERUs calculated
  - 2,896 ERUs in the Village
- Budget / number of ERUs = cost per ERU
- Fees placed in segregated account for storm water management





# Storm Water Utility Rate Scenarios

| <i>Storm Water Utility Budget Funding Scenarios</i> |                     |                      |                      |                      |
|---|---------------------|----------------------|----------------------|----------------------|
|   | <b>\$75 per ERU</b> | <b>\$100 per ERU</b> | <b>\$150 per ERU</b> | <b>\$200 per ERU</b> |
| Runoff Volume ERUs                                  | 2,896               | 2,896                | 2,896                | 2,896                |
| Cost per ERU - Annual                               | \$75.00             | \$100.00             | \$150.00             | \$200.00             |
| Cost per ERU - Monthly                              | \$6.25              | \$8.33               | \$12.50              | \$16.67              |
| <b>Total Utility Budget</b>                         | <b>\$217,163</b>    | <b>\$289,550</b>     | <b>\$434,325</b>     | <b>\$579,100</b>     |
| Operating and Maintenance <sup>(1)</sup>            | \$143,890           | \$143,890            | \$143,890            | \$143,890            |
| Available for Debt Service                          | \$73,273            | \$145,660            | \$290,435            | \$435,210            |
| Total Capital Financed Through Rates <sup>(2)</sup> | \$730,500           | \$1,453,000          | \$2,895,570          | \$4,338,943          |

Notes:

(1) Existing Operating and Maintenance costs from the general fund identified as storm water related.

(2) Assumes capital costs are financed as a revenue bond pledge for a 20-year period at 5.0% interest. Debt service payment includes 25% coverage.



# What are Other Communities Charging?

| <u>Municipality</u> | <u>Annual Rate per ERU</u> |
|---------------------|----------------------------|
| Beloit, City        | \$24.00                    |
| Janesville, City    | \$27.36                    |
| St. Francis, City   | \$48.00                    |
| Kenosha, City       | \$60.00                    |
| Monroe, City        | \$60.00                    |
| Elm Grove, Village  | \$65.50                    |
| Greendale, City     | \$72.00                    |
| Racine, City        | \$72.00                    |
| Brown Deer, Village | \$91.00                    |

Source: APWA Storm Water User Charge 2008 Annual Survey.



# Why Consider a Storm Water Utility?

- Dedicated source of funds for increasing storm water costs
- Fairness - able to charge benefiting properties for specific facilities/costs
- Small ongoing charges vs. large infrequent charges
- Ability to offer credits for property owners that do more to manage storm water



# Property Taxes vs. User Charge

## Property Taxes

- Payable regardless if the utility is used or if their property benefits from the service
- Calculated based on the value of the property, not on use
- Tax-exempt properties do not pay

## User Charge

- Calculated based on *use* ex: commercial has more impervious area than a single-family home
- All developed properties in municipality pay fee including tax-exempt





# Questions?





# Remaining Tasks to Establish Utility

- Organizational structure
- Method of billing
- Public Information and Education
- Implementation
  - Adopt Ordinance
  - Set rates by resolution
  - Set up accounting and billing