

The Value of Stormwater Utilities for Local Governments

Calumet Stormwater Collaborative
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Stormwater challenges

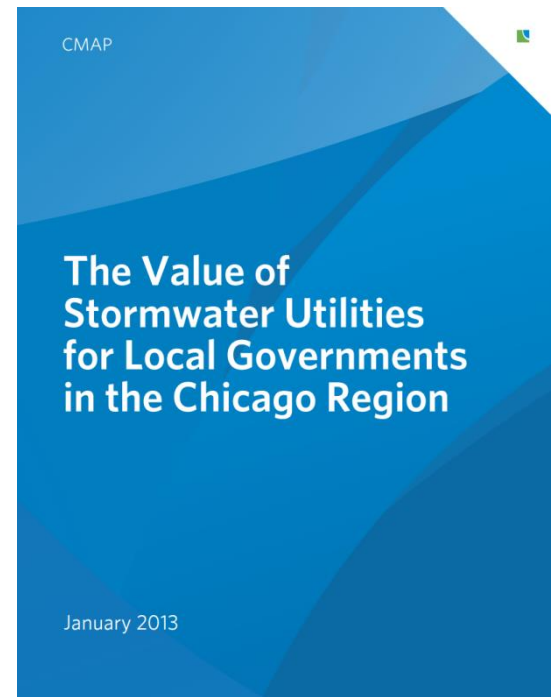
Storm sewers, culverts, and a host of other stormwater infrastructure components need repair, but funding for capital improvements is scarce.

A federal survey in 2008 found that municipalities in the Chicago region had a stormwater funding backlog of \$233 per household.



GO TO 2040

GO TO 2040 recommended instituting stormwater utilities fees to cover the costs of maintaining this infrastructure.



What is a stormwater utility?

Providing stormwater services through a user fee rather than taxation.

User fees

Drinking water

Sewer service

Electricity

Natural Gas

Telecommunications



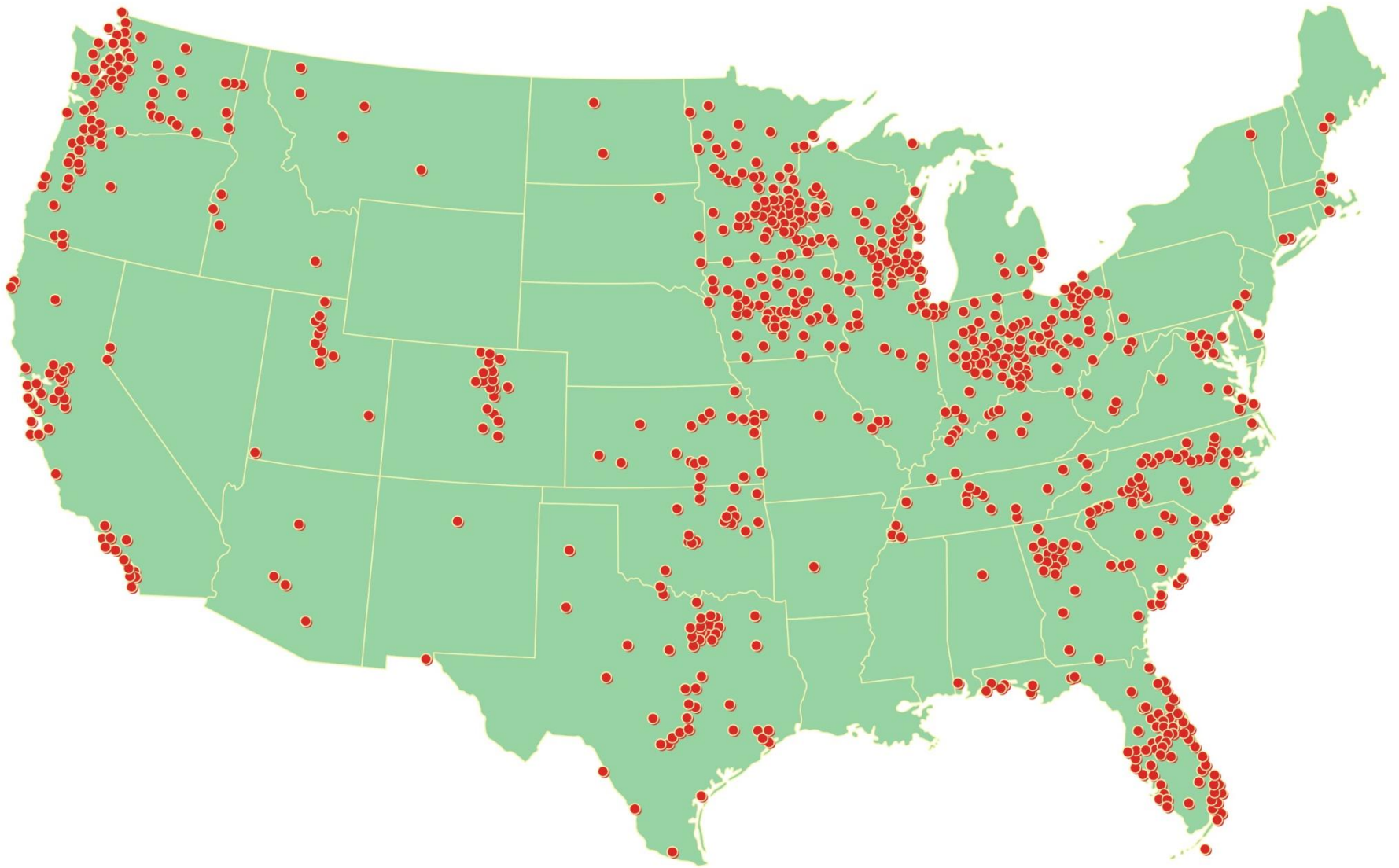
Benefits

- More equitable approach to paying for stormwater services
- Incentivizes property owners to reduce their runoff
- Provides dedicated revenue stream for stormwater programs and projects

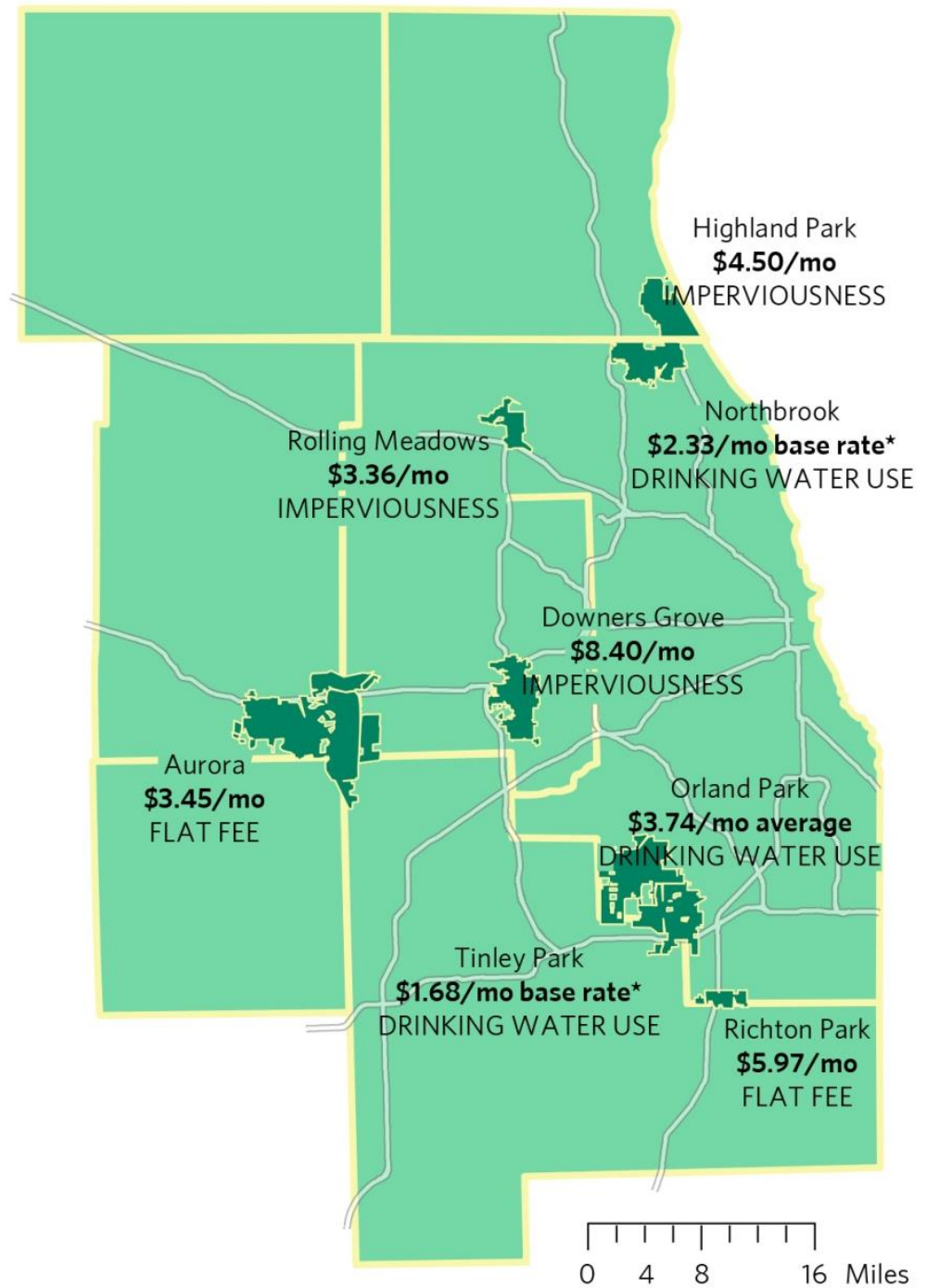


Typical projects





Programs in the Chicago Region



Stormwater Utility Best Practices

1. The fee for each parcel is proportional to the runoff generated by that parcel;
2. All revenue is used to provide stormwater services and placed into an enterprise fund; and
3. Credits are given to property owners who reduce or treat their runoff.



1. Fee Proportional to Runoff

- **Equivalent Residential Unit (ERU):** Equal to the mean or median impervious area on single-family residential parcels.
- **Tiers of Impervious Surface:** Fee tied to amount tiered or unit amount of impervious surface.

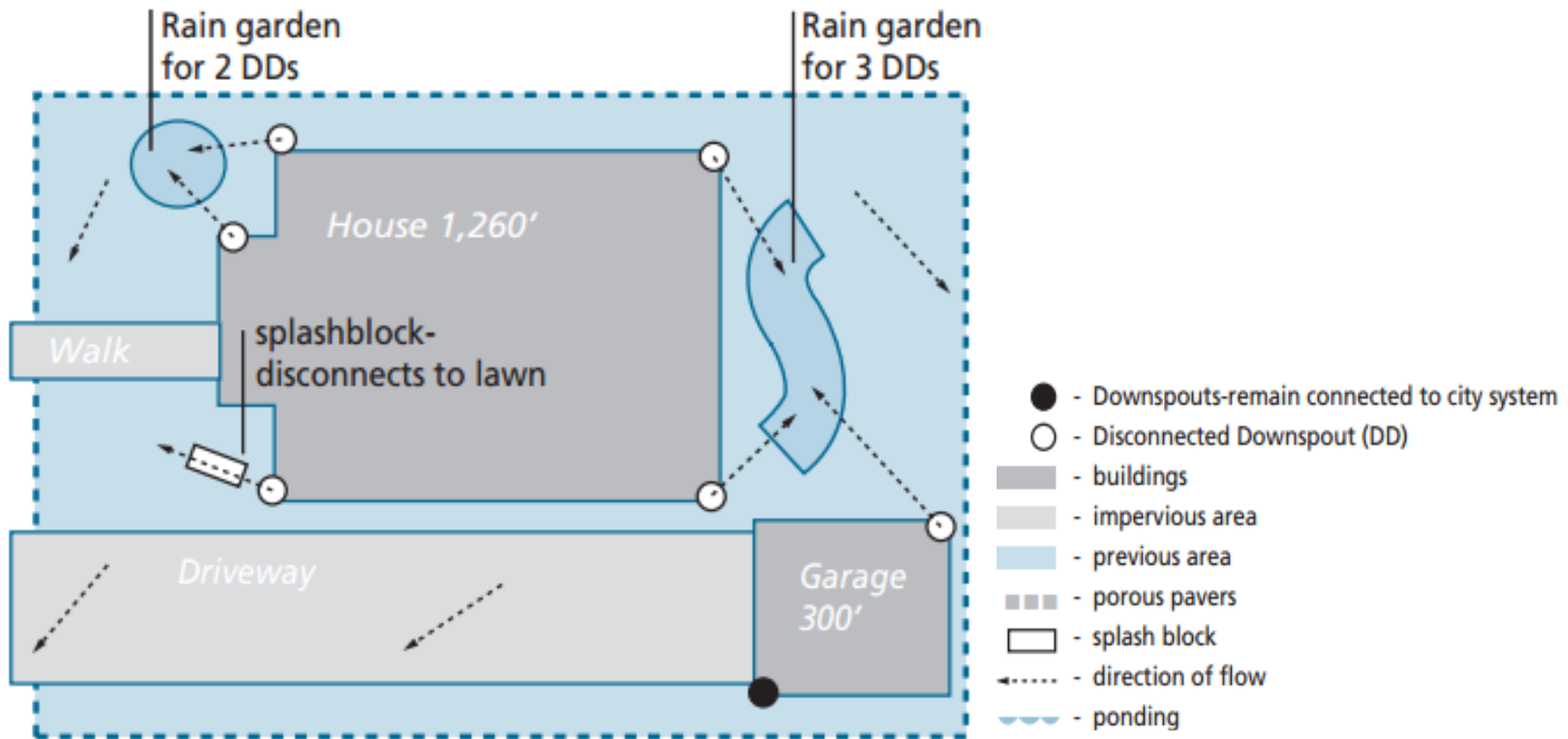


2. Revenue Used to Provide Stormwater Services

- Fee structure based on the total revenue needed to build capital projects, fund program staff, and cover other aspects of the stormwater program.
- Revenues placed into an enterprise fund.



3. Provide Credits or Rebates for Reducing Runoff



Legal Authority

- Courts have ruled that a stormwater fee is not a tax
- Home rule units clearly have ability to implement fee
- Non-home rule units have power to operate (and charge for) utilities



Implementation Process

1. Assess community stormwater needs
2. Conduct stormwater utility feasibility study
3. Conduct public outreach and education
4. Develop local ordinance and credit manual



Addressing Concerns

- Need outreach to show public benefit
- Credits → property owners can save relative to property tax-based system
- Fee could make it possible to participate in FEMA Community Rating System → save on flood insurance premiums
- Fees not very high (\$2 – 8 /month), and rate assistance can be given



Questions

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