Metropolitan Planning Council

Stormwater Utilities

Research & Recommendations

August 5, 2022

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This work was made possible through the generous support of:

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- **What is a stormwater utility?**
- **Process Considerations**
- **Research Overview**
- **Recommendations**

What is a stormwater utility?

Definition

Stormwater utilities are a method to generate funds to support local or regional stormwater management, flooding and water quality projects and initiatives, and infrastructure maintenance needs.

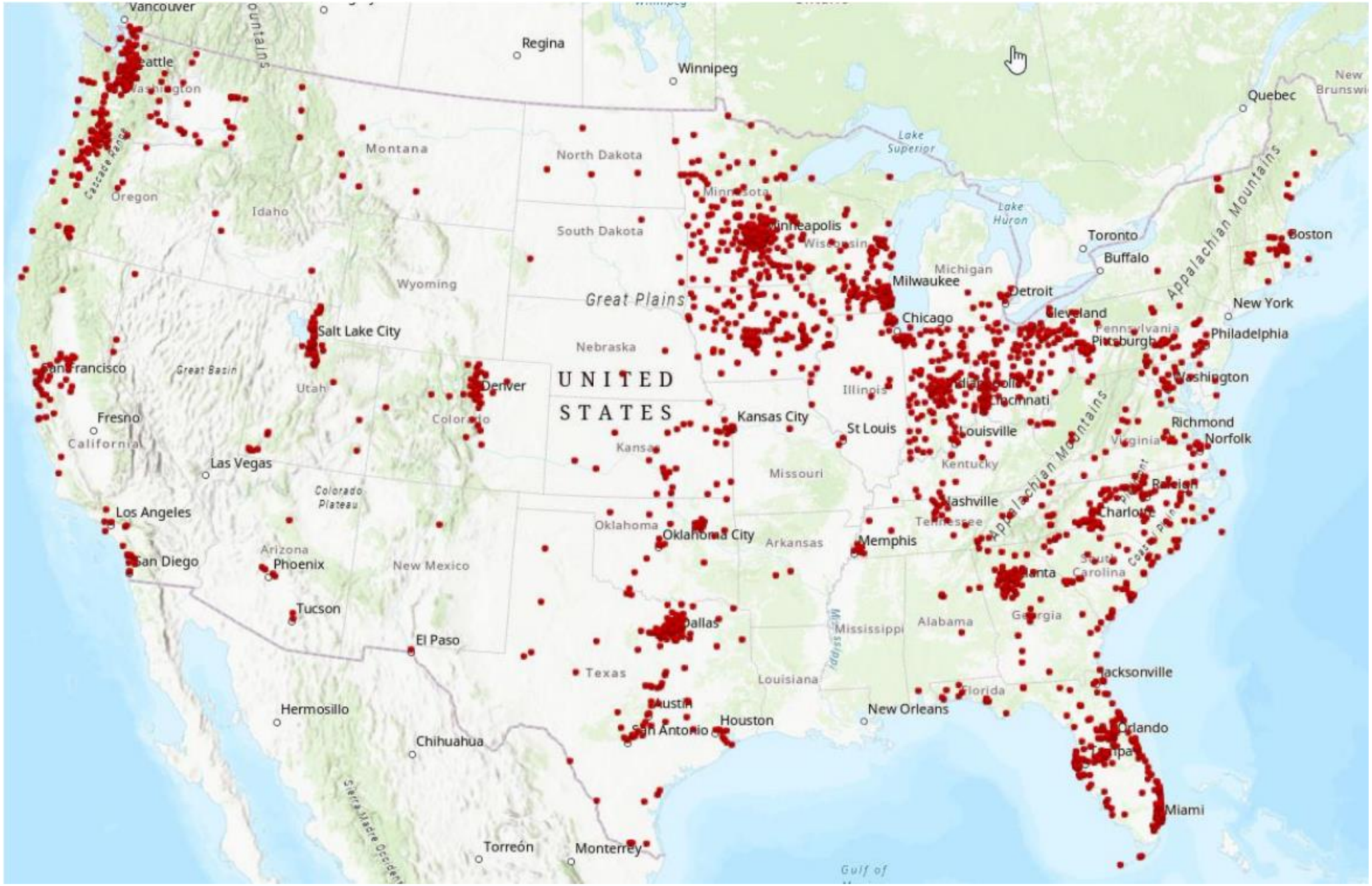
Compare:

- water/wastewater utility
- natural gas utility
- …

WKU 2022 survey

- More than two thousand stormwater utilities nationwide, in 41 states and the District of Columbia
- Found in municipalities of all sizes
  - large like Los Angeles (pop: 4 million)
  - small like Indian Creek Village, FL (pop: 84)
- Average single-family residential fee = $6.01/month

SOURCE: Western Kentucky University Stormwater Utility Survey 2022



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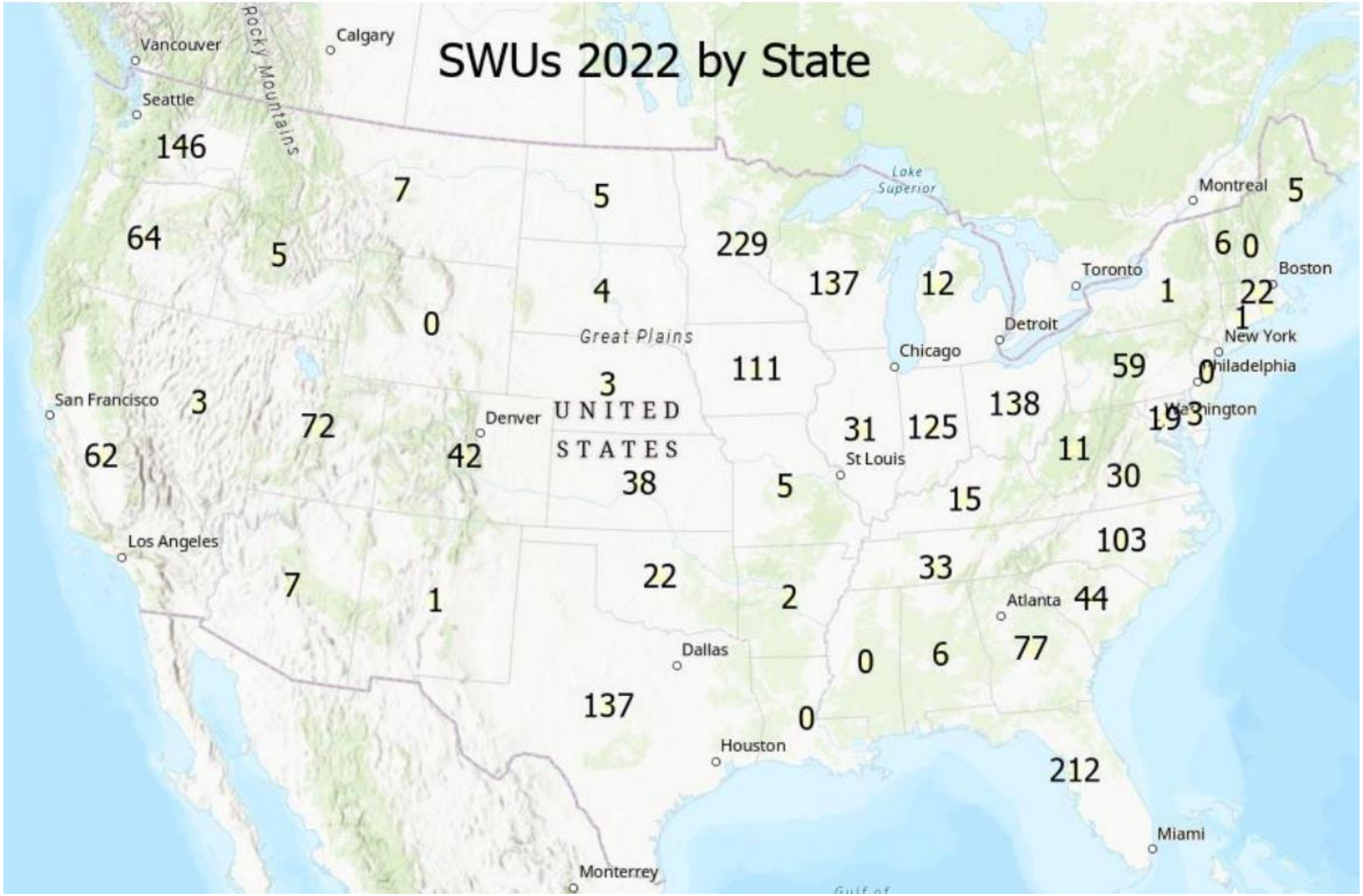
SWUs 2022 by State
Vancouver
Calgary
Seattle
Rocky Mountains
Lake Superior
Montreal
Toronto
Boston
Detroit
Chicago
New York
Philadelphia
Washington
San Francisco
Denver
Great Plains
UNITED STATES
St Louis
Los Angeles
Dallas
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Miami
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Process Considerations

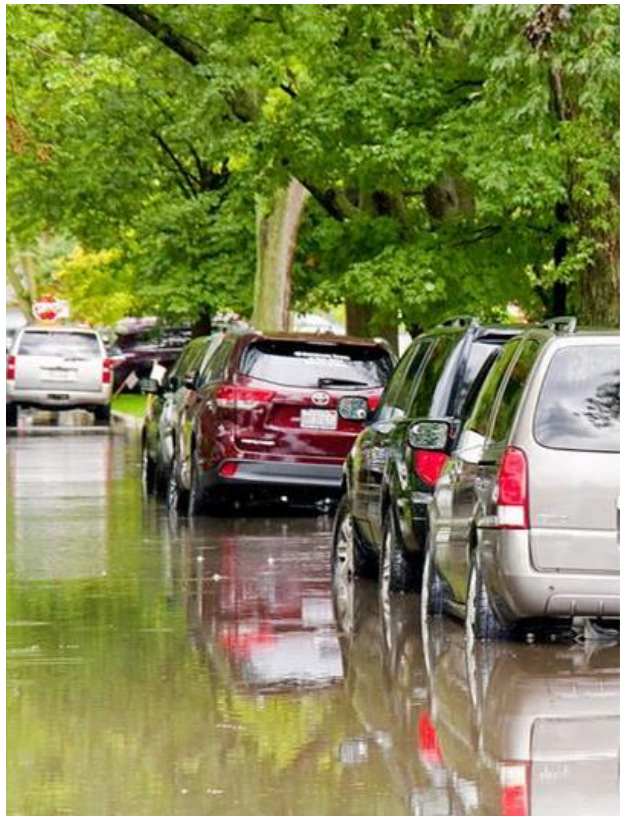
Establishing a Stormwater Utility

Process differs based on each community's starting point but generally includes:

1. Community engagement
2. Assessing capital needs
3. Feasibility of proposed fee structure
4. Establishing fee

1. Community Engagement

- New fees tend to be contentious, so best to engage early and often
- Work together to arrive at acceptable tradeoff between cost and risk
- Identify most impacted community members
  - ex. Nat'l big box store vs. Locally-owned small business



2. Assessing Capital Needs

- Work with engineering firm to analyze capital project needs to address local flooding and water quality issues
- Identify utility's goals and priorities and estimate costs

3. Feasibility Study

- Work with accounting firm to determine best way to pay for estimated capital needs:
  - ex. SRF vs. grants vs. SW utility vs. combo

- If stormwater utility, a feasibility study helps determine the balance between what is needed and what residents can reasonably afford to pay. But…

4. Establishing Fee

Looks different based on local context:

a) pass ordinance to create a new stormwater utility or district

b) amending the responsibilities of an existing sanitary or sewage district and **authorizing a fee assessment**

Resulting in…

- standalone department – ex. Merrillville Stormwater Management
- funding % of position(s) – ex. MS4 Coordinator within public works department

Fee assessment

- Flat fee, often assessed on property tax bill
- Equivalent Residential Unit (ERU)
  - average impervious area of single-family residential parcel
  - average of all residential parcels in municipality
  - other
- Average = $6.01/month/single-family residence
- *Supplements* (not replaces) tax revenues, grants, loans, and other funding mechanisms

SOURCE: Western Kentucky University Stormwater Utility Survey 2022

Research Overview

Research question

MPC researched the current use of stormwater fees – through the survey and analysis of existing utilities – to identify ways to create dedicated funding streams for green stormwater infrastructure and conservation efforts in the Calumet region.

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Essentially:

- Lots in Indiana. Why?
- What are they used for? Are there ways to improve?
- Fewer in Illinois. Why?
- Is this a potential pathway to improve stormwater management and conservation in the Calumet region?

Research methodology

- **Literature review**

- **Talked to a bunch of people**
  - Accounting and engineering consultants
  - Municipal stormwater managers
  - County stormwater managers
  - State agencies/regulators
  - Conservation agencies
  - Legal experts
  - CSC members (Thanks!)

Findings

- IL vs. IN
- Local vs. Regional
- The right solution for Calumet-region communities?
- The right solution for conservation (wetland restoration, open space conservation, landscape scale GSI, etc.)?

Summary: Great potential, but some challenges exist.

Recommendations

Four Takeaways

Based on research and conversations with experts in the field, MPC identified four important considerations for establishing or improving a stormwater utility:

1. Choose an appropriate fee structure
2. Consider equity and affordability
3. Overcome municipal capacity constraints
4. Partner with regional neighbors

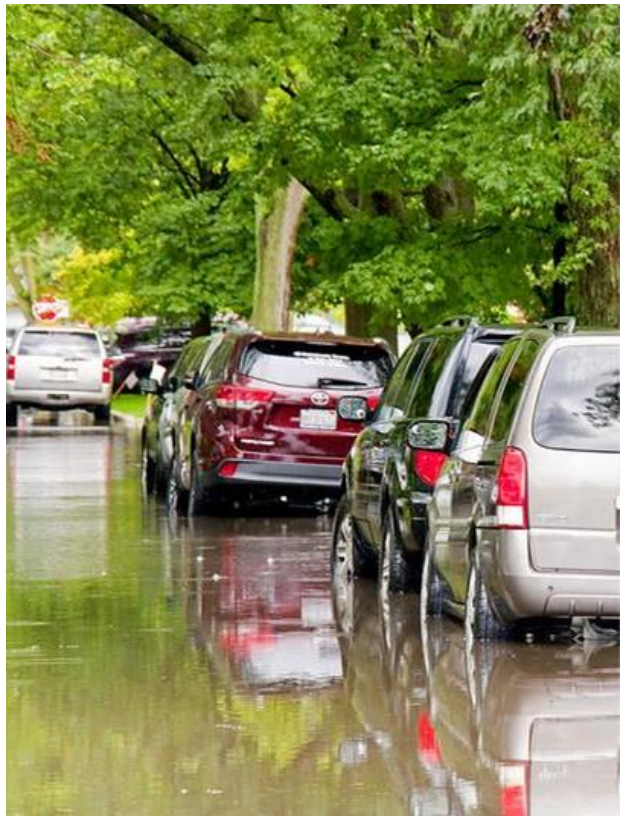
Recommendations

1. Choose a fee structure that incentivizes a partnership between property owners and the utility

- Adopt a fee structure that encourages the removal of impervious surfaces and incentivizes green stormwater infrastructure.

- Build regular rate reassessments into the program design to ensure the utility is generating sufficient revenues.

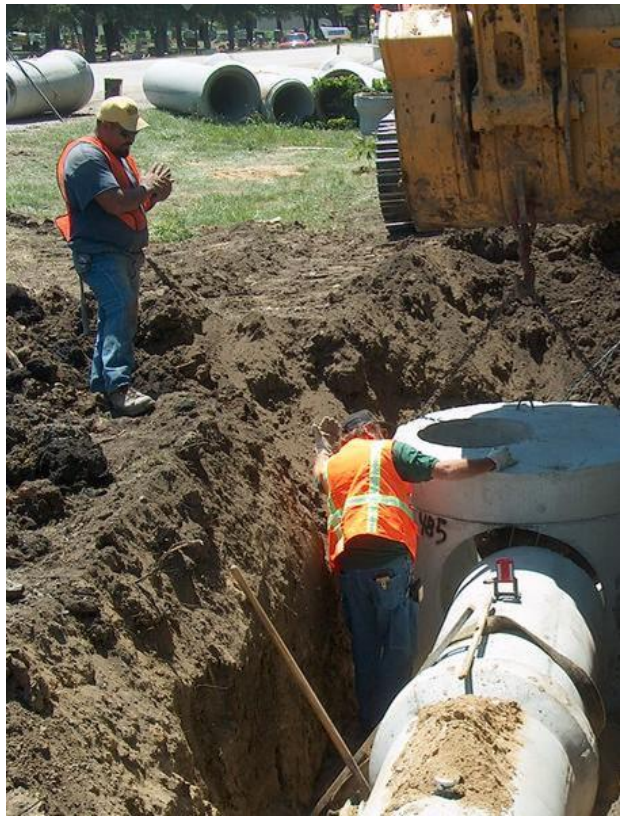
Recommendations



2. Consider affordability when developing a fee structure

- Prioritize community engagement to jointly balance an acceptable level of risk and an affordable fee.
- Build cost reductions or other affordability considerations into fee design, where allowed, and budget according to what community members can reasonably afford.

Recommendations



3. Identify solutions to overcome municipal capacity constraints

- Start small by using fee revenue to fund one capital project or look at average fee assessments. This provides an easily achievable starting point from which the utility can grow.

Recommendations

4. Look beyond jurisdictional boundaries to address shared stormwater challenges

- Engage county or regional governments in conversation around the establishment of a regional utility fee to address regional stormwater challenges.
- Partner with neighboring municipalities to share lessons learned and develop shared resources.

Wrap up

Four Takeaways

1. Choose a fee structure that incentivizes a partnership between property owners and the utility
2. Consider affordability when developing a fee structure
3. Identify solutions to overcome municipal capacity constraints
4. Look beyond jurisdictional boundaries to address shared stormwater challenges

Next Steps

Further reading

Before the Water Rises: Building resilient communities with stormwater utilities

Metropolitan Planning Council (2022)

The Value of Stormwater Utilities for Local Governments in the Chicago Region

Chicago Metropolitan Agency for Planning (2013)

Western Kentucky University Stormwater Utility Survey 2022

Western Kentucky University School of Engineering and Applied Sciences (2022)

Acknowledgements

The following were vital to our understanding of the opportunities and challenges of stormwater utilities:

- CSC Work Group members
- Jeffery Rowe, Baker Tilly Municipal Advisors
- Reggie Korthals, Butler, Fairman & Seufert
- Sheila McKinley, Christopher B. Burke Engineering
- Mark Phipps, City of Aurora Public Works
- Lori Larson, City of La Porte Utilities
- Mary Mitros, DuPage County
- Sarah Hunn, DuPage County SWM
- Tim Kingsland, Hobart Sanitary and Stormwater District
- Joe Exl, Indiana Department of Natural Resources
- Mike Prusila, Lake County SMC
- Kurt Woolford, Lake County SMC
- Matthew Lake, Merrillville Stormwater Utility
- Richard Fisher, MWRD
- Frank Greenland, Northeast Ohio Regional Sewer District
- Kris Krouse, Shirley Heinze Land Trust
- Karen Kreis, Village of Midlothian
- Robert Weinstock, University of Chicago Law School

This work was made possible through the generous support of:

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