

Stormwater Utility

What is a Business Case for User Fees?

Fun Facts in Feasibility Assessment

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WHAT IS A STORMWATER UTILITY IN NJ?

NJ Clean Stormwater and Flood Reduction Act:

- Authorizes, but does not require, the establishment of stormwater utilities
- Provides authority for a dedicated funding source to be used only for stormwater management.
- Grants rights to all types of local government structures to set up a utility including multijurisdictional agencies



WHAT IS AUTHORIZED IN NJ SW UTILITY LAW?

NJ Specifics C40A:26B – *states*:

...it is in the public interest **to authorize the establishment** of local stormwater utilities, and to allow those utilities to assess fees that are based on a fair and equitable approximation of the proportionate contribution of stormwater from any real property....

... shall provide for an exemption from fees and other charges for land actively devoted to **agricultural or horticultural** use that is valued, assessed, and taxed pursuant to the "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.).

... shall provide for a **partial fee reduction** in the form of a credit for any property that maintains and operates a stormwater management system that complies with the State and local stormwater management standards that were in place at the time the system was approved and that effectively reduces, retains, or treats stormwater onsite.



Why Have Communities Implemented a Utility?

- **Flooding** – development pressures; storm intensity
- **Aging Infrastructure** – inspections; capital investment
- **Erosion of channels and streams** – increased impervious surfaces
- **Regulatory mandates** – water quality & ecology
- **Informed constituencies** – political awareness
- **Tight or shrinking budgets** – fight for limited resources




Why are stormwater utilities continuing to be established in the US?

Stable	Dedicated enterprise fund; does NOT rely on, or compete for general funds;
Adequate	Proper preparation and rate study provide adequate program funding;
Flexible	Primary source for entire program; can credit good actors; account for environmental costs; and
Equitable	Based on contribution to system rather than property value or other non-related revenue (earned income, property transfer fees, gambling revenue).

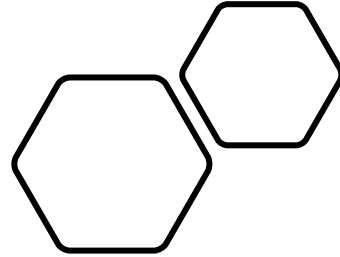




The Basic Logic Why a Utility

- Stormwater Problems are Real and Unresolved
 - Other funding methods fail to sufficiently address problems
 - Government must lead and benefits will result
 - Shift to fees occurring throughout public services
 - Roles for urban systems are changing
 - A Utility is a Practical Vehicle for Solutions – stable, adequate, flexible, equitable
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Feasibility Study Establishes Legal Foundation



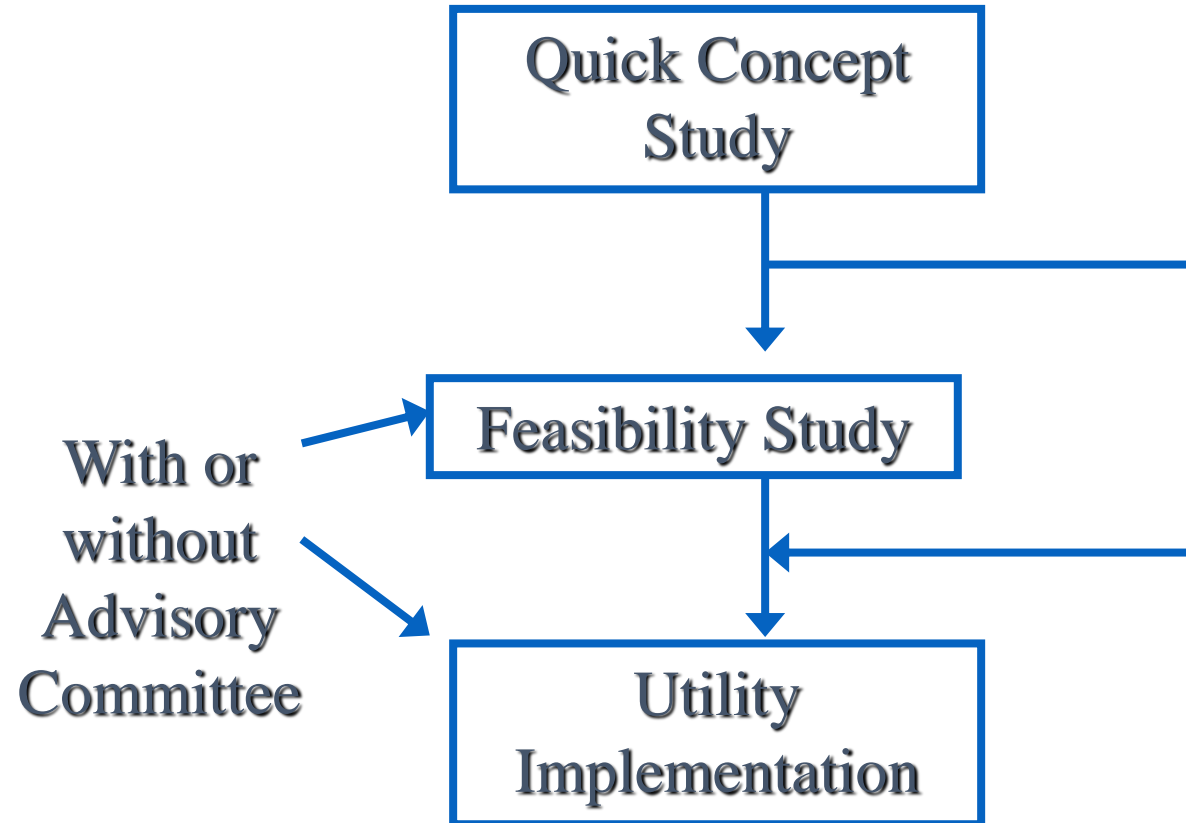
Five key areas of due diligence:

1. **Governance and inter-municipal consensus**
2. **Program concept and the compelling case**
3. **Public and political education and support**
4. **Financial policies and documents**
5. **Database development & accuracy and customer service**

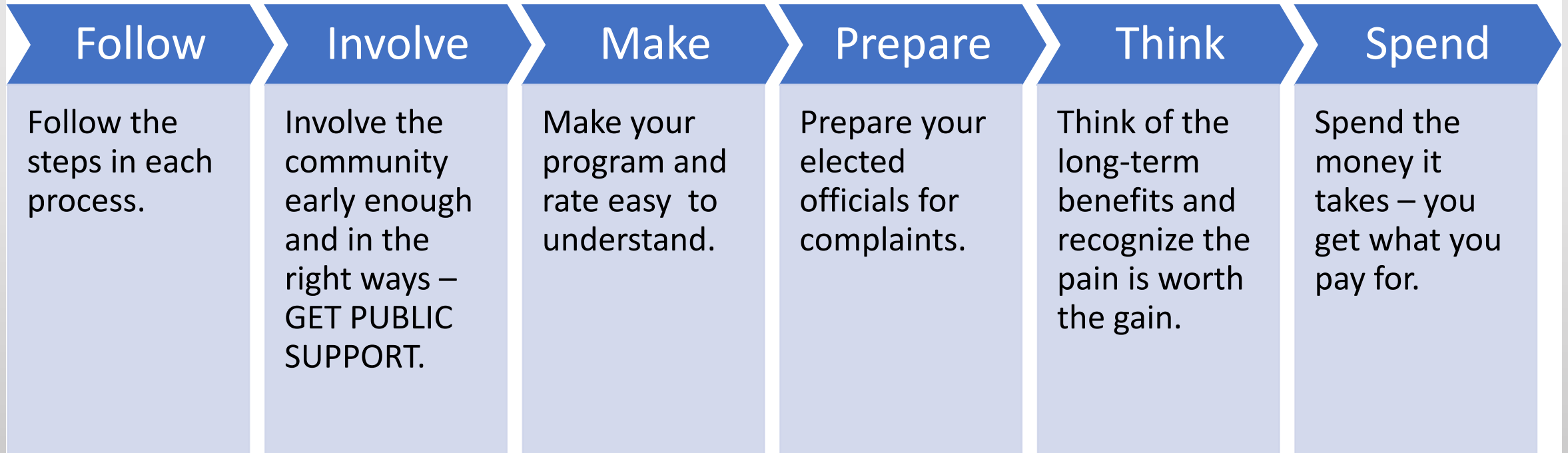
Survival Guide

How to Be Successful

Feasible or Not? Meet Your Community Needs



Success or Failure – It is all in the process....





What Services Can Be Provided?

Stormwater Program Organization

Functional and Cost Categories

1. Administration

General Administration
Gen Prog Planning and Dev
Interlocal Coordination

2. Special Programs

GIS and Database Management
Mapping
General Data Collection
Public Awareness & Education
Public Involvement
Standing Citizen's Group

3. Billing and Finance

Billing Operations
Customer Service
Financial Management
Capital Outlay

4. Indirect Cost Allocation

Overhead Costs
Cost Control
Support Services

5. Stormwater Quality Mgmt

Quality Master Planning
Retrofitting Program
Monitoring Program
Struc and Non-Struc BMP Progs
Pest, Herb and Fertilizer
Used Oil & Toxic Materials
Spill Response and Clean Up
Prog for Pub Ed and Reporting
Industrial Program
Gen Com and Residential Program
Illicit Con and Illegal Dumping
Groundwater and Drinking Water
Watershed Assessment & TMDL
Septic and I&I Program

6. Engineering & Planning

Design Criteria, Stds and Guidance
Field Data Collection
Quantity Master Planning
Design, Field and Ops Engr
Hazard Mitigation
Zoning support
Multi-objective Planning Support
GIS and Database Management
Mapping

7. Operations

General Maintenance Mgmt.
General Routine Maintenance
General Remedial Maintenance
Emergency Response Maintenance
Infrastructure Management
Public Assistance

8. Regulation and Enforcement

Code Dev and Enforcement
General Permit Administration
Drainage Sys Insp & Reg
Zoning and Land Use Reg
Special Inspection Programs
Flood Insurance Program
Multi-Obj Floodplain Mgmt.
Erosion Control Program

9. Capital Improvements

Major Capital Improvements
Minor Capital Improvements
Land, Easement, and ROW

Table 2-2. Major Stormwater Management Programs		Existing	Program Elements	FUNDING FOR STORMWATER PROGRAM								County Stormwater Costs		
				FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	Department	FUNCTIONAL AREA	FTE
Function			Administration & Finance									Codes Enf.		
1. Administration		\$ 33,250	Administrative Assistance	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250		ADMINISTRATION	
General Administration			Indirect costs and overhead	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000		Division Director of Public Works (15% & 10%)	0.25
Gen Prog Planning and Development			Billing & customer service	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000		Deputy County Engineer (20%)	0.20
			Public Awareness & Education	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000		Administrative Assistant (75%)	0.75
			Additional Administrative Assistance			\$33,250	\$33,250	\$33,250	\$33,250	\$33,250	\$33,250		Executive Assistant (20%)	0.20
2. Special Programs														
Public Awareness and Involvement		\$ 33,250	Planning & Engineering											
GIS and Database Management			Existing Engineering Assistance	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250		SPECIAL PROGRAMS	
Spec Prog Planning and Dev			Inventory of System	\$300,000	\$200,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000		Hotline Representative (50%)	0.50
			New Design Standards		\$30,000									
				\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000			
			Engineering Tech II - Plan	Revenue/Expenditure (Cash Flow) Analysis										
3. Billing and Finance			Master											
Billing Operations			GIS/Technology					Year 1	Year 2	Year 3	Year 4	Year 5		
Customer Service				Expenses									CT	
Financial Management		\$ 216,207	Operations & Maintenance	Annual Operating Expense				\$ 2,087,780	\$ 2,303,942	\$ 2,198,663	\$ 1,978,155	\$ 1,896,461		
Capital Outlay		\$ 30,950	Original Maintenance Crew	Annual Capital Expense and Bonded Capital Expense				\$ 1,155,000	\$ 3,224,000	\$ 2,190,000	\$ 2,030,000	\$ 1,200,000		0.20
			Equipment and Materials	Subtotal: with Inflation				\$ 3,242,780	\$ 5,597,061	\$ 4,454,623	\$ 4,067,499	\$ 3,153,355		
			New Maintenance	Bond Sale Costs and Debt Service				\$ -	\$ 145,000	\$ -	\$ -	\$ -		0.50
4. Indirect Cost Allocation			Equipment and Materials	Bond Debt Service Coverage				\$ -	\$ -	\$ -	\$ -	\$ -		0.40
Overhead Costs		\$ 100,000	Sweeper	Operating Reserve				\$ 115,197	\$ 109,933	\$ 98,908	\$ 109,933	\$ 100,000		1.0
Cost Control			Remedial maintenance	Emergency Reserve				\$ -			\$ -	\$ -		0.35
Support Services			Regulation & Enforcement	Total: Expenses				\$ 3,357,978	\$ 5,851,994	\$ 4,943,531	\$ 4,567,433	\$ 3,643,355		0.30
			New Information	Other Revenues										0.50
5. Stormwater Quality Mgmt.			Water Quality	Funds Carried Forward				\$ -	\$ 158,964	\$ 152,025	\$ 1,039	\$ 204,657		
Quality Master Planning			TMDL	Bond Sales Receipts and Associated Funds				\$ -	\$ 1,945,000	\$ 1,300,000	\$ 1,300,000	\$ -	CE	
Comprehensive Monitoring Program			Green space, development	Other Fees and Charges				\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000		2.6
Struc. and Non-Struc. BMP Progs.				Clean Water Trust Funds				\$ 360,000	\$ 629,000	\$ 160,000				2.6
Pest, Herb and Fertilizer			Capital Construction	Powell Bill Funds				\$ 535,669	\$ 551,739	\$ 568,291	\$ 585,340	\$ 602,900		3.0
Used Oil & Toxic Materials		\$ 500,000	Original Capital Construction	Interest Income				\$ 95,840	\$ 82,149	\$ 83,381	\$ 84,632	\$ 85,901		2.4
Street Maint. Prog.			Capital construction	Recovered Delinquencies				\$ -	\$ 74,846	\$ 65,034	\$ 39,606	\$ 40,200		2.4
Spill Response and Clean Up				Other Resources (includes Grants and Loans)				\$ -	\$ -	\$ -	\$ -	\$ -		2.0
Prog. for Pub. Ed. And Reporting		\$ 913,657	Contingency Funds	Total: Other Revenues				\$ 1,003,509	\$ 3,453,697	\$ 2,340,731	\$ 2,022,617	\$ 945,658		2.2
Leakage and Cross Connections			TOTALS WITH 4% Inflation	Service Fee Revenue Requirement				\$ 2,354,468	\$ 2,398,297	\$ 2,602,800	\$ 2,544,815	\$ 2,697,697		
Industrial Program				Revenue Stream Reduction Allowances										
Gen Com. and Residential Program			rate @ \$600,000 per dollar	Delinquencies and Bad Debt				\$ 78,785	\$ 68,457	\$ 41,690	\$ 42,316	\$ 42,951		
Illicit Con. and Illegal Dumping			rate @ \$700,000 per dollar	Offsets				\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000		2.0
			rate @ \$800,000 per dollar	Credits				\$ 41,074	\$ 55,587	\$ 70,526	\$ 71,584	\$ 72,658		1.0
6. Engineering & Planning				Total: Revenue Reduction Allowances				\$ 224,859	\$ 229,045	\$ 217,217	\$ 113,900	\$ 115,609	INT	
Des Criteria, Stds. And Guidance			Stormwater Management	Adjusted Service Fee Revenue Requirement				\$ 2,579,328	\$ 2,627,341	\$ 2,820,017	\$ 2,658,716	\$ 2,813,306		0.1
Field Data Collection			OCRM, Stormwater Management	Estimate of Service Fee Needed/Year										
Quantity Master Planning			Stormwater Management	Annualized ERU Revenue Requirement				\$ 2,579,328	\$ 2,627,341	\$ 2,820,017	\$ 2,658,716	\$ 2,813,306		0.5
Design, Field and Ops. Engineering			County Engineer, Stormwater Management	Number of ERU				80,067	81,268	82,487	83,724	84,980		1.0
Hazard Mitigation			Public Works	Estimated Monthly Charge per ERU				\$ 2.68	\$ 2.69	\$ 2.85	\$ 2.65	\$ 2.76		
Zoning support			County Engineer	Service Fee Recommendation										27.7
Multi-objective Planning Support			Stormwater Management	Recommended Monthly Charge per ERU				\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85		
				Estimated Annual ERU Revenue				\$ 2,738,291	\$ 2,779,366	\$ 2,821,056	\$ 2,863,372	\$ 2,906,323		
7. Operations				Estimated Year-end Revenue Surplus (Deficit)				\$ 158,964	\$ 152,025	\$ 1,039	\$ 204,657	\$ 93,017		

Principal of Equity and Fairness – Who Pays?



Exempt

\$8.90 a month

Equity and Fairness – Perception is Everything

Drivers for Change





“A commitment by Johnson City TN to resolve flooding issues was an initial step in the resurgence of downtown ... Property owners were hesitant to make significant investments in improving their buildings until the flooding situation was improved.”

West Walnut Street

- The West Walnut Street Corridor Redevelopment Plan is a \$33 million investment that will lay the foundation for the revitalization of the area that connects East Tennessee State University to downtown.
- **Public, accessible greenspaces are included in the plan to aid in the best management of stormwater and serve as gathering places for people living in or visiting the City of Johnson City.**





What is Your Why?

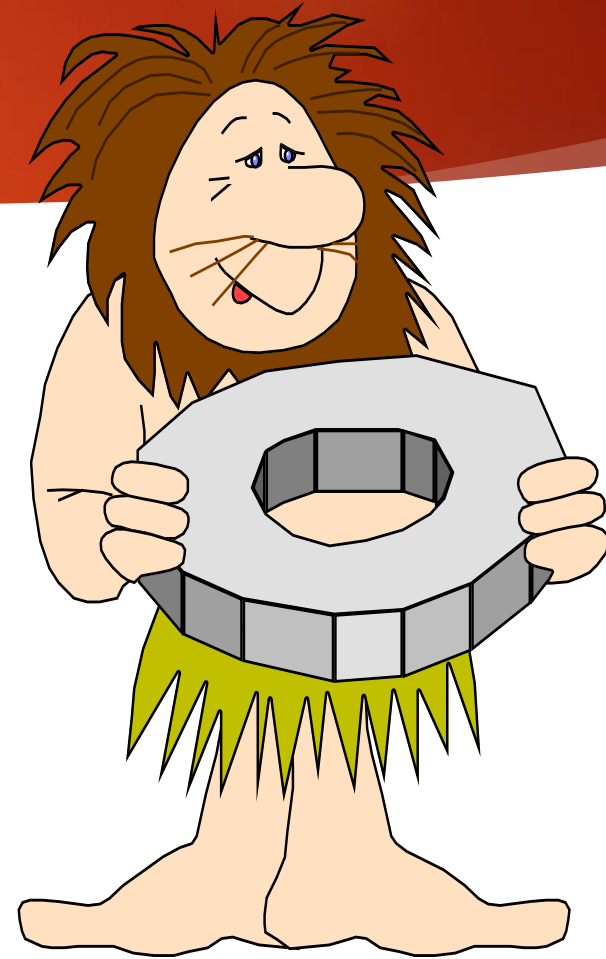
Where to Begin?

Prove there are problems

- Physical
- Financial
- Institutional

Identify the Needs

- Program
- Funding
- Organization






Transparency is the Key

Public Engagement is the Path to Success!

No surprises !!

- Who is the public ?
- What is your message ?
- When is the message going out?
- How is the message sent ?
- Emergency response – how to handle reactions?
- Keep the decisionmakers informed – in advance



Step One: Create an internal team to focus on the compelling driver for change

Can you describe:

- Vision for the future
- Issues that must be solved
- Current LOS
- Future LOS
- Costs – now and future
- Legal process

Who will be your champion?

- Leader who will keep focus
- Leader who has “thick skin”
- Leader who can bring team players to the table
- Believer in the process
- Committed to transparency
- Advocate for change

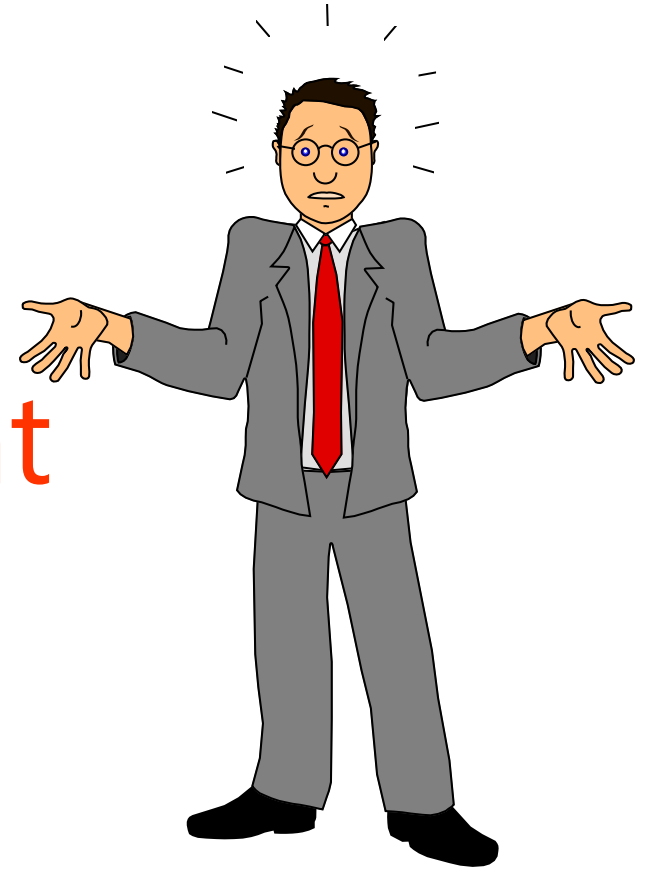




Full consensus support

Informed Consent

Over my dead body!





Justifications that DON'T Work

- The Federal (or State) government is requiring it.
 - They aren't.
- Everybody else has one. (Utility envy)
 - It's not true
- We can be the first.
 - Big deal!
- The General Fund will get a windfall.
 - It erodes fast.



NEW JERSEY
STORMWATER
UTILITY
RESOURCE CENTER

Stormwaterutilities.njfuture.org