Stormwater Utility

- What is a Utility
- Why is a Stormwater Utility Needed
- How to Set a Stormwater Utility
- Setting Up a Fee Mechanism
Utilities – What are they?

• “An organization that provides a public service and maintains the infrastructure for that public service.”

• Examples
  • Water, Gas & Electric, Sewer, Phone & Cable, Garbage

• Evidence
  • Utilities Bills
  • Never-ending rate increases
Missing in Action – Stormwater

- Red-headed Step-child Among Utilities
- Not Considered a Utility by Most People
- Proposition 218 Missed It, Too
  - Cleaned up later by Courts – *Stormwater requires balloting*
- National Perspective
  - Create a Stormwater Utility – Set a Fee (automatic authority)
- But NOT in California – Because of Proposition 218
  - Governing Board cannot set fees – they must be put to a ballot measure
    - Voted on by Property Owners (or Registered Voters)

- *So, if no advantage for rates, why create a Stormwater Utility?*
Why Create a Stormwater Utility

- Announces to the Community that Stormwater Is a Priority
  - Not just an after thought or part of another (“more important”) function
  - Also sends a message to regulators and environmental groups
- Creates an Internal Focal Point – Helps You Get Organized
  - What you do / why you do it / what it costs / what are future needs
  - What are your future needs -- Infrastructure Master Planning & Asset Management
    - Inventory of physical assets / levels of service
    - Condition
    - Hydraulic Capacity & Flooding
    - Future Permit Compliance Costs
    - Needs Analysis & Life-Cycle Costs
    - Capital Improvement Programming
More Reasons to Create a SW Utility

- Organizational Integration
  - O&M / Engineering & CIP / NPDES Compliance
  - Foster’s Better Watershed Management

- Gain Respect (what all red-headed step children want)
  - “If you want to stop being treated like the RHSC, then stop acting like the RHSC. Claim your spot at the Big Table. It’s time..!!”

- Financial Benefits
  - Debt Financing and Grant Funding may require separate finance structure
  - Establish a Fee Structure – will require identifiable cost center and services

- Branding
  - Do your residents know who to call for a stormwater issue..??
  - If not, then you need to get your brand out there.
Final Reason to Establish a SW Utility

- Establishing a Stormwater Fee Structure
- Utility Status Not Legally Required, BUT......
- Fee Structure Must be “Sold” to the Community, So Line Up Your “Ducks”
  - Know what you do, why you do it, and how much it costs
  - Be able to demonstrate that you’ve approached this problem in professional and thoughtful way
  - Master Plans / Asset Management / Permit Compliance
Steps in Creating a Stormwater Utility

- Get Organized
  - Mission / Vision / Goals
  - Establish Functional Units – Organizational Chart

- Create a Budget Based On:
  - O&M service levels
  - NPDES permit compliance costs
  - Capital needs
  - Municipality’s existing financial structure
Legislative Requirements

- Cities and Counties Already Authorized to Perform Stormwater Services – No Specific Legal Steps Required (check with your legal counsel)
- Resolution or Ordinance
- Annual Budget Message
  - Separate Enterprise Fund
  - Fund accounting
  - Fund integrity
How to Establish a Fee - Balloted

- How Much Money Do You Need??
  - Measure existing revenue sources (if any)
  - Measure expenses (at least a 5-yr projection)
    - CIP may be set aside for separate Bond Measure
    - Shortfall is basis for fee calculation
- Apportion Needs By Some Fair Method – Similar to Water Rates
  - Flow Quantity Basis – run-off contribution / impermeable surface
  - NPDES Permit Compliance Basis – Pollutant or trash loading
  - Credit for LID and Green Infrastructure
- Write a Fee Report (Cost of Service Analysis)
  - Governing Board approves as first step in process
Procedural Considerations

- Multi Step Process
  - Mail notices of fee structure & public hearing
  - “Protest Hearing” (45 days after notices have been sent)
  - Mail Ballots (if no “majority protest” in first step)
  - Tabulate and finalize ballot measure (requires 50% majority)

- Usually Takes 4+ Months
Political Considerations

- This Is an Election – It’s Political
  - Something that most Public Works and Stormwater professional have not been trained for

- Inform the Community
  - Branding – get your story out there early and often
  - Ballot Measure information program

- Know Your Needs and Financial Impacts (You Will Be Quizzed Later)

- Identify Critical Stakeholders, and Bring Them Into the Process Early
  - Businesses
  - Schools
  - Community Opinion Leaders
More Political Considerations

- Anticipate Opposition and Some Confusion
  - This election process is different, and some residents may be confused

- Hire Professionals (you are not trained for this and it takes a lot of time and effort)
  - Communications / Political Messaging
  - Public Opinion Survey

- This Could Add Several Months to the Process
  - Overall, you should plan on 8 – 16 months from beginning to end
Conclusions

- Creating a Stormwater Utility Will Take Considerable Effort
- The Recommended Exercises Will Be Beneficial to the Program
  - Figuring out what you do, why you do it, and how much it will cost
  - Establishing a separate financial identity
  - Earning the respect of sister programs and the community
- The Prize May Be a Dedicated, Sustainable Stormwater Revenue Stream
Questions
Utilities Require Infrastructure

- Pipes, wires, garbage bins / trucks / landfills
- Best done by single provider (monopoly)
- Performed by Public or Private entity – But always regulated
  - Public – elected governing board
  - Private – Public Utilities Commission
- Public Need & Necessity
  - Public Health and Safety (Water, Sewer Garbage)
  - Quality of Life
Other Revenue Mechanisms

- Grants
  - Usually require matching funds
  - Usually require post-project O&M obligations

- Loans
  - Requires revenue stream to repay loan

- Regulatory Fees
  - Usually a small part of any program

- Trash Reduction as part of Garbage Rates
One Water – Breaking Down Silos

- One Water
  - Where all water is a resource, even storm runoff and wastewater
- New Stormwater Utility – A New Silo..??
  - Don’t isolate your self – keep the doors and window open
  - Support other operational silos (water, sewer, garbage, etc.)
- Other Funding Opportunities Among Siblings
  - To the extent that a Stormwater program supports the goals of other utilities (Water, Sewer, Garbage) by encouraging bio-retention and stormwater diversion for groundwater replenishment and sewer treatment, those other utilities should support (financially) the Stormwater program.