

# **Setting Up a Stormwater Utility**

League of California Cities, Public Works Officer Institute

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# **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 <u>Stormwater requires balloting</u>
- 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?

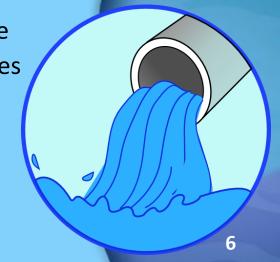


## Why Create a Stormwater Utility

- 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



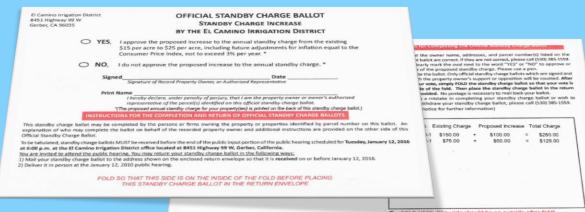
### How to Establish a Fee - Balloted

- 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



#### SANTIAGO HILLS LANDSCAPE MAINTENANCE DISTRICT No. 15 - 1

#### OFFICIAL NOTICE AND BALLOT INFORMATION GUIDE

#### Why Did You Receive This Ballot?

Your property is in the Santiago Hills Maintenance sent District as established by the developer of this property when built. Maintenance of the landscaping in the common areas surrounding your property is paid for by the property owners in your neighborhood through the District managed by the City of Orange. In effect, the City is acting as a Master Home Owners Association, overseeing the maintenance of your common areas.

You currently pay \$221- \$369 per year (depending or the type of property you own) for maintenance of these provements. This amount has not increased since 1987 and has not kept pace with the costs to maintain the District, which have risen significantly over the past 28

As a result, the level of maintenance has been significantly educed to meet the level of revenue received from the assessments from the property owners. To restone intenance levels an increase in the annual assessment is being proposed, and law requires that property owners ove any such increase. The enclosed beliet is the echanism for you to vote on the proposed ? which would be an additional payment of \$176 to \$235 per After, would be an additional payment of 5276 to 3225 per year based on the type and location of the property you own. The specific amount of your increase is shown on your individual ballot, and is in addition to the amount you coude an annual adjustment based on the Consumer



What Would This Measure Provide? If approved, the new assessment would provide funding to

make needed repairs and improvements to the landscaped ness, and to bring routine maintenance efforts gradually back to an adequate level. Examples include:

> gradually replace outdated, inefficient landscaping with more sustainable and drought-resistant plants that can conserve water and require less sintenence in the long run

\* Replace dead and dying plants and trees

- . Improve the irrigation systems to be more efficient, keep plants healthier and conserve water
- Gradually replace and upgrade lighting and electrical panels to be more efficient and reliable
- . Keep landscaped areas clear of weeds and litter to maintain an attractive, well-kept and healthy
- Improve selety and security by maintaining pathway lighting and keeping shrubbery maintained
- Rectore frequent tree trimming services to reduce the risk of fallen limbs and uprooted tree

#### nw Much Is the Proposed Assessment?

The proposed assessment is printed on the Official Ballot included with this notice and information guide. Janot included with this notice and immunication goods. For single-family homes, the annual assessment ranges from \$176.00 to \$235.00, depending on zone/location from 3270.00 to 3435.00, depending on americanion of your home. The proposed assessment for condos and your come. The proposes sessesment for comous and immercial property types is based on the number of welling units and parcel size. If the measure is approved, long and parties has in the measure in approved, total azimated amount that would be raised for Fiscal he total estimates amount that mount we will be combined with evenue from the existing Landscape District Assumed revenue from the wasting coloniage charts.

MD 86-2 and annual payments from Santiago Canyo



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ring will be held on Tuesday, June 9, 2015, n the Orange City Council Chambers at 300

Avenue, Orange, California. You are invited

nence after the close of the public input

e public hearing. Tabulation of the returned

e hearing, and the results of the tabulation are

e announced at the July 14, 2015 Orange City

on this matter is important because only

ots will be counted. To complete the enclosed

the oval next to either Yes or No, sign the

t in half, place it in the provided postage-paid

ipe, and place in the mail so it is received on or

ublic hearing date of June 9, 2015. Only official

are signed and marked with the property

public input portion of the public hearing on

our ballot, require a replacement ballot, or

4-5500 for another ballot. See the enclosed

The assessment shall not be imposed if, upon in of the public hearing, ballots submitted if

your vote, call the Orange City Clerk's office

ional instructions. Ballots are weighted by d amount of assessment and will be tabulated

port or opposition, and are received before

e 9, 2015, will be counted.

ic Hearing on June 9, 2015

tructions

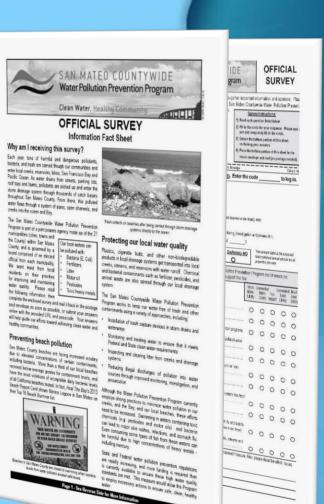
### **Political Considerations**

- 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.