

COUNCIL BILL NO. 2010-168

A RESOLUTION

AUTHORIZING THE PURCHASE OF  
PROFESSIONAL SERVICES FOR  
THE STORMWATER UTILITY FEE PROJECT  
(City Project No. 21-0000-07900-0605-700)  
(Public Works Department – AMEC Earth & Environmental, Inc.)

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHAMPAIGN,  
ILLINOIS, as follows:

**Section 1.** That a standard professional services agreement between the City and AMEC Earth & Environmental, Inc. in an amount not to exceed One Hundred Fifty-three Thousand One Hundred Eighty-four Dollars (\$153,184.00) for the scope of services attached to this Resolution is hereby approved.

**Section 2.** That the City Manager is hereby authorized to execute a standard professional services agreement for the amount approved in Section 1 above for substantially the same scope of services approved in Section 1 above.

COUNCIL BILL NO. 2010-168

PASSED:

APPROVED: \_\_\_\_\_  
Mayor

ATTEST: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

**EXHIBIT C**  
**SCOPE OF WORK**  
**JUNE 29, 2010**

AMEC will perform the first phase of the development of a stormwater utility fee for the City of Champaign. The project will include development of an expenditure plan that describes the level and cost of service for stormwater management, development of a revenue plan for the setting the utility fee, development of a billing plan for determination of how the utility fee bills will be delivered to the ratepayers, facilitation of an advisory committee, and implementation of some initial critical initial outreach steps. The project will provide an assessment of the options available to the City for funding the stormwater management program. The tasks required to complete the first phase of the development of a stormwater utility fee are described in the following sections.

**Task 1. Project Management**

Project management is a component of all projects. AMEC will provide diligent schedule management due to keep the execution of this project on schedule. The quality assurance process at AMEC also requires an internal peer review. This review will be performed by a senior AMEC staff member that is experienced in storm water utility development. In the cost analysis peer review time is included in the cost of the individual tasks for which the review is provided.

- a. *Document and Data Request.* AMEC will prepare a document and data request for the project to be submitted to the City immediately upon approval of the Scope of Services. The list of requested information will include, but not be limited to, documents such as the City's NPDES Phase II Notice of Intent and/or an annual report, organization charts, relevant ordinances, annual budget information, geographic information system (GIS) data, examples of existing local utility bills, and points of contact that can be contacted by AMEC for follow-up questions. The requested documents should be provided to AMEC, to the extent possible, prior to the kick-off meeting to facilitate discussion of the information during the kick-off meeting. A phone call may be scheduled to clarify the data and document requests.
- b. *Kick-Off Meeting.* AMEC will work with the City to schedule a Project Kick-Off Meeting soon after receiving Notice to Proceed. AMEC will provide the document and data request to the City prior to this meeting. The kick-off meeting will be a working meeting in which the scope of all project meetings will be discussed, tentative schedules for the project will be set, and project specifics, such as the Stormwater Utility Fee Advisory Committee (see Task 5) will be discussed. There will also be initial discussion of the requested data and documents.
- c. *Status Meetings and Reports.* AMEC will prepare regular status reports and attend meetings with City staff to discuss the status of the project. Status reports will be prepared and submitted monthly.
- d. *Final Project Report and Presentation.* AMEC will prepare a final report on the project for publication and presentation to Council. The report will be a compilation of the Expenditure, Revenue, and Billing Plan reports, and will include relevant information from other aspects of the project, primarily the Stormwater Utility Fee Advisory Committee and the initial outreach efforts. After incorporation of City comments the report will be presented to Council.

***Deliverable Summary***

The deliverables of the Project Management task will be:

1. **Document / Data Request**
2. **Kick-Off Meeting**, including the actual meeting and minutes of the meeting.
3. **Regular Project Status Meetings**, which includes the meetings and the minutes of the meetings.
4. **Other Meeting Minutes**, which includes minutes for all project meetings not included in items 2 & 3 above, including teleconferences.
5. **Status Reports**, which will be included with project billings.
6. **Final Report and Presentation**, which will communicate the findings and recommendations of the project to Council and the citizens of Champaign.

## **Task 2. Expenditure Plan.**

AMEC will work with City staff to develop a ten-year stormwater management program expenditure plan. The development of the expenditure plan includes the following three components; a needs analysis to identify services that are being provided and services that need to be provided, identification of the level of service to be provided to meet those needs, and identification of the cost of providing the identified level of service.

- a. **Needs Analysis.** The program needs analysis will identify the stormwater management activities that are currently performed by the City, program needs that have been identified through previous studies that have yet to be funded, and those activities that might be added (or deleted) over a ten year planning period. Specific program elements to be evaluated as part of the needs analysis are:
  1. Storm sewers (cleaning, replacing, rehabilitating, mapping)
  2. Open drainage channels (channel maintenance, future detachments from drainage district)
  3. Detention basins (shoreline stabilization, outlet structure protection, private vs. public)
  4. Watershed Master Plans, associated Capital Improvement Plans, and ongoing neighborhood stormwater projects
  5. NPDES / MS4 permit compliance
  6. Overhead sewer program
  7. Sustainable / green stormwater design and implementation

The evaluation of the above items will include the analysis of existing O&M data, GIS data related to system inventories and maintenance history, existing budget reports, and interviews with City staff to confirm existing and desired levels of service. Existing master plans, technical reports, and associated cost estimates will be evaluated and documented. GIS data will be compiled and formatted to illustrate the coverage and complexity of the City's stormwater system needs. This task will include multiple meetings with Public Works and Finance staff.

Specifically, for each program element listed above, a narrative will be provided in the Needs Report that describes what the City's current level of service is for that program element, the narrative will also describe deficiencies associated in the current level of service and actions needed to correct the deficiency along with very general cost estimated for the deficiency correction.

For program element 4, master plans and existing neighborhood storm sewer studies will be reviewed, recommendations will be identified, listed, and described, and cost estimates will be updated. Public Works staff will be interviewed and flood prone areas and areas with little or no stormwater infrastructure will be identified and included in the narrative developed for the Needs Report. GIS maps will be developed, identifying all needs.

For program element 5, the impact of any proposed Federal regulations will be evaluated and included as a future need in the Needs Report.

For program element 7, specific sustainable practices will be identified that could be funded with a stormwater utility fee and described/listed in the Needs Report.

Public Works staff will be relied on to identify and locate the materials, including master plans, GIS information, spreadsheets, etc, necessary to complete this task.

A Needs Report will be prepared that details the program needs and associated costs. The program needs report will be a comprehensive analysis that covers program needs that may require more than ten years to be addressed.

- b. *Level of Service.* The level of service for the program will be determined by the program needs report, the projected administrative program to support a stormwater utility fee, and the program priorities as determined by a technical steering committee composed of City staff. The utility's administrative needs will represent general administration, billing, customer service, database maintenance, and other support activities. Whereas the needs analysis will define total program needs, the level of service analysis will define the stormwater program for the ten year expenditure and revenue analyses.

The level of service component of the Expenditures Plan, at least its schedule of implementation, may be iteratively modified during the finalization of the Revenue Plan as part of the process of determining the stormwater utility rate.

- c. *Cost of Service.* The costs of all existing, new, and modified stormwater management activities will be estimated for the ten year planning period level of service. The sources of cost information will include the needs analysis and estimation of both one time and on-going costs for the implementation of the stormwater utility fee. The cost estimates reported in the needs report that were developed in previous master plans and O&M studies will be reviewed and updated to reflect 2011 costs. Estimated costs for projects that have already been executed from those plans will be identified and appropriate adjustments made. Placeholder cost estimates will be developed and included in the cost of service for both the one time and on-going administrative costs, including implementation costs, customer service costs, of initial credit application review costs, etc. The placeholder cost estimates will be replaced with actual costs as they become available later in the project.

The cost of service component of the Expenditures Plan may be modified during the finalization of the Revenue Plan as part of the iterative process of determining the stormwater utility rate.

- d. *Prepare an Expenditure Plan Report.* An Expenditure Plan Report will be provided that will clearly communicate the existing and future level and cost of service for stormwater management in the City of Champaign. The Expenditure Plan will include only those specific items that will be included in the ten year revenue planning process for the stormwater utility fee. (It should be noted that during the rate modeling process (Task 3) it will be necessary to test alternative strategies that may impact the program content, scheduling or rate structure decisions.)

### ***Deliverable Summary***

The deliverables of the Expenditure Plan task will be:

1. ***Stormwater Needs Report***, describing the stormwater program's known and projected needs and costs. Because of the age of several of the source documents, costs will be updated to reflect 2011 costs.

2. ***Expenditure Plan Report***, describing the ten year level and cost of service for the stormwater program. The report will include expected program milestones and policy recommendations of the advisory group, City staff, and the consultant.

### **Task 3. Revenue Plan.**

AMEC will work with City staff to develop a stormwater management program revenue plan that details how the projected costs of the City's stormwater management program will be funded. The development of the revenue plan includes the following components;

- a. ***Policy Recommendations.*** AMEC will lead discussions on a number of policy issues for which recommendations must be made, including but not limited to issues such as:
  - The inclusion of existing and potential revenue sources in the rate structure, such as plan review and inspection fees, connection fees, fee in lieu of detention, special assessments, etc.
  - The framework of a credit program?
  - Will the City bill itself for roadways?
  - Will the City charge properties owned by not-for-profit organizations?
- b. ***Rate Basis.*** The rate basis for establishing the billing units for the fee will be determined. AMEC will lead staff through an evaluation of the common methods, such as Equivalent Residential Units (ERU), Effective Hydraulic Area (EHA), and impervious plus gross area. Once a method is selected statistical sampling of properties in several common land uses will be performed to characterize the runoff potential of the land use types. As a part of this subtask an evaluation will be made of charging flat rates for single family residential. Utilizing this information and the number of parcels in the City for the prominent land uses, AMEC will estimate the number of billing units in the City of Champaign.
- c. ***Rate Structure.*** A rate structure must be designed for the stormwater management program. The rate structure analysis will determine the role that traditional stormwater funding mechanisms - such as cost share and special assessments - would play in future stormwater funding. The rate structure analysis will result in a preliminary assignment of costs to revenue sources. As the rate modeling process is completed it may be necessary to revisit the rate structure to fine tune the revenue sources for various program costs.
- d. ***Rate Model.*** AMEC will produce a rate model that will assist in the evaluation of multiple scenarios of the expenditure and revenue plans. The rate model will utilize the 10 year expenditure plan, the estimated number of billing units, annual escalation assumptions for billing units and costs, and assumptions for expenses, such as credits, delinquencies in collections, bad debt, interest on carried over balances, etc. The rate model will be used to determine the rate required to fund those items to be paid for by the utility fee, and to determine the amount of rate increases that may need to be incorporated into the rate ordinance to cover debt service on capital improvements paid for by bonds.
- e. ***Prepare a Revenue Plan Report.*** AMEC will prepare a Revenue Plan Report that relays the process and results of the analyses in Tasks 3.a through 3.d. This report will also include example rate calculations to show generally how the stormwater fee would be calculated under the recommended rate scenario. Specific examples will be provided for parcels owned by the University of Illinois, Unit 4 Schools, and the Champaign Park District, as well as for three additional example ratepayers. The examples for the multi-parcel ratepayers will include some digitizing of parcels and extrapolation of the digitized results to represent ratepayers' estimated bills.

#### ***Deliverable Summary***

The deliverable of the Revenue Plan task will be:

1. **Revenue Plan Report**, describing rate base, rate structure, and fee requirements necessary to properly fund the ten year level and cost of service of the stormwater program. The report will include policy recommendations of the advisory group, staff, and the consultant, information on assumptions made in the rate modeling and alternative scenarios that were considered, example bill calculations for up to six key ratepayers, and a procedure to be used by other ratepayers to estimate the number of billing units and thus the bill for their property.

#### **Task 4. Billing Plan.**

AMEC will develop a billing plan based on review of the potential utility billing options available to the City. The billing options to be reviewed include:

- contracting with organizations that currently send bills to most or all properties in the City of Champaign, including Illinois American Water, UCSB, and Champaign County;
- establishing a billing and collection system in cooperation with the City of Urbana (Urbana has an existing single family residential property billing system and is also investigating a stormwater utility);
- outsourcing to a private firm; and,
- setting up an in-house billing operation for a stormwater utility fee.

The tasks included in the billing plan development include:

- a. *Meetings*. AMEC will collect information from both staff and potential billing agents from which to evaluate the various billing options. The data collection will occur as a result of both meetings and telephone calls.
- b. *Evaluation of Options*. AMEC will evaluate the various billing options, including both the practicality and flexibility of the billing agents, the level of effort required to implement stormwater billing, significant one-time costs, the integration of customer service, collections rates, and an estimate of the periodic costs (including any staff additions) for billing, collections, and related staff functions.
- c. *Documentation of Billing Plan*. The primary deliverable of the review will be a document summarizing the pluses and minuses of each of the options, and making a preliminary recommendation of a preferred approach.

#### **Deliverable Summary**

The deliverables of the Billing Plan task will be:

1. **Minutes of billing agent meetings**, describing the meetings and discussions with potential billing agents.
2. **Billing Plan Report**, describing the evaluation of each billing option and the pros and cons of each option considered.

#### **Task 5. Stormwater Utility Fee Advisory Committee.**

AMEC will facilitate up to 9 meetings with the Stormwater Utility Fee Advisory Committee (Advisory Committee). The focus of the Advisory Committee meetings will be primarily on the City's expenditure plan, revenue needs, and the implementation of a funding program. The Advisory Committee process will be planned and executed with the following guidelines:

- Topical agendas for the first six meetings will be developed and submitted to the City prior to the project kick-off meeting and will be discussed during the kick-off meeting. The topical agendas will identify the discussion issues, the reason for discussion, and the desired results for each meeting. Two open agenda meetings are included to pursue new issues identified by the Advisory Committee and/or to continue discussion on issues of interest to the Advisory Committee members, and one meeting is scheduled to formally summarize and adjourn the Advisory Committee process. A tentative schedule of meetings will be produced and discussed during the kick-off meeting. Advisory Committee meeting guidelines will be developed, agreed upon, and followed.
- AMEC will provide discussion materials to the City for review and approval with the objective of getting the approved materials to the Advisory Committee members at least one week prior to each meeting.
- AMEC will facilitate and participate in the Advisory Committee meetings.
- Meeting minutes will be produced within 48 hours of the Advisory Committee meetings and submitted for approval by the City before distribution to the Advisory Committee members.

The expected outcomes are policy recommendations and citizen input on issues that will be raised during the meetings that will ultimately shape some aspects of the expenditure, revenue, and billing plans. The deliverable for the task will be documentation of the policy discussions and the group's recommendations on each topic.

### ***Deliverable Summary***

The deliverables of the Advisory Committee task will be:

1. ***Meeting materials***, agendas and handouts for preview by the City before distribution to the Advisory Committee members.
2. ***Meeting facilitation***, the consultant will both facilitate and participate in the Stormwater Utility Fee Advisory Committee meeting process. Seven meetings are assumed. Additional meetings may be added at a unit cost of \$3,400 per meeting, including preparation, distribution of meeting materials, a meeting, meeting minutes, and meeting recommendations.
3. ***Policy recommendations***, including the recommended actions from the Advisory Committee on issues relevant to the potential implementation of a stormwater utility fee.

### **Task 6. Initial Ratepayer Outreach.**

AMEC will develop a general plan for ratepayer outreach on the stormwater program, its costs, and the potential revenue sources. The plan will outline the steps necessary for the outreach program. The content of the messages to be related to the ratepayers by the plan's components will come from the meetings with Advisory Committee, with the public, and with City staff. The following activities will be part of the initial outreach.

- ***Outreach Plan***. The outreach plan framework document will be developed.
- ***Public Works PIO and City Communication Advisory Team Meetings***. Meetings will be held with each to provide the basis for preparing the message the City wants to convey to the public regarding the stormwater utility fee.
- ***University of Illinois meetings***. Two meetings will be held with representatives of the University of Illinois to discuss the need for a dedicated funding source, the rationale behind the chosen rate basis, the estimated impact of the fee on the University, and the potential for utility fee credits.
- ***Neighborhood association meetings***. Multiple meetings will be held with neighborhood associations, consultant assistance may be necessary for two of those meetings
- ***Public meetings***. Two general public meetings will be held requiring consultant assistance.

***Deliverable Summary***

The deliverables of the Advisory Committee task will be:

1. ***Outreach plan***, a framework of the outreach activities needed both in the planning and implementation phases of setting up a stormwater utility fee.
2. ***Ratepayer meetings***, which will include initial meetings with the University of Illinois, neighborhood associations, and general public information meetings on the stormwater fee.

**Project Period of Performance**

AMEC will perform the project in twelve months or less. The period of performance will be from July 20, 2010 and through July 19, 2011.

City of Champaign Stormwater Utility Fee - Phase 1 Costs

Updated June 29, 2010

\$153,184	Name Role Rates (Line 68)	Project Staff										Labor	Expenses		Expenses	Total Cost		
		DN Pr/PM \$254	KR Pr \$240	NC Pro Sci \$89	MF Sr Tech \$79	RW Tech \$45	RS Clerical \$45	GK Sr Eng \$149	Foth Staff Eng \$102	Foth GIS Tech \$80	Total By Task	Direct \$	Travel \$	Total By Task	Cost By Task			
Task	Sub-task																	
1.0	Project Management																	
	1 Day to Day PM	3		6				7	6				22	50				
	2 Kick Off Meeting	4	4	8					4			20		\$1,632				
	3 Final Report and Presentation	16		32					12			60	\$ 960.00	915				
	<b>Task 1 Labor</b>	23	4	46	0	0	7	22	0	0		102						
	<b>Task 1 Costs</b>	\$5,842	\$960	\$4,104	\$0	\$0	\$316	\$3,283	\$0	\$0		\$14,505	\$1,010	\$2,547	\$3,824	\$18,329		
2.0	Expenditure Plan																	
	a Needs Analysis / Report																	
	Storm Sewers								8	16	16	40						
	Open Channels								4	8	8	20						
	Detention Basins								6	16	16	38						
	CIP / Master Plans	2							16	16	4	38						
	NPDES / MS4 Permit	4							6	12		22						
	Overhead Sewer								2	4	4	10						
	Sustainable / Green Programs	2							8	12	4	26						
	Review City Budget Data	2							4	8		14						
	City Staff / Council Meetings	2							8			10						
	Report Documentation	4							16	32	16	68	250					
	b Level of Service	2		4								6						
	c Cost of Service	2		4								6						
	d Expenditure Plan Report	4		16				8				28	200					
	<b>Task 2 Labor</b>	24	0	24	0	0	8	78	124	68		326						
	<b>Task 2 Costs</b>	\$6,096	\$0	\$2,141	\$0	\$0	\$361	\$11,639	\$12,698	\$5,440		\$38,375	\$450	\$0	\$484	\$38,859		
3.0	Revenue Plan																	
	a Funding Policy Meetings /Discuss	6		4								10						
	b1 Rate Basis Evaluation / Discussio	8		12				4				24						
	b2 Data Assessment / Evaluation	5	20	4	24	130						183		\$162.0				
	c Draft Rate Structure	4		2								6						
	d Rate Model	24										24						
	e Revenue Plan Documentation	8		16	3		4	3				34	200					
	<b>Task 3 Labor</b>	55	20	38	27	130	4	7	0	0		281						
	<b>Task 3 Costs</b>	\$13,970	\$4,800	\$3,390	\$2,130	\$5,824	\$181	\$1,045	\$0	\$0		\$31,339	\$200	\$162	\$389	\$31,728		
4.0	Billing Plan																	
	a Meetings (Internal & External)	4	20			8						32			\$1,005			
	b Evaluate options & costs	4	16			4						24						
	c Documentation	2	8	4			8					22						
	<b>Task 4 Labor</b>	10	44	4	12	0	8	0	0	0		78						
	<b>Task 4 Costs</b>	\$2,540	\$10,560	\$357	\$947	\$0	\$361	\$0	\$0	\$0		\$14,765	\$0	\$1,005	\$1,080	\$15,845		
5.0	Advisory Committee																	
	a Prep	34			4	12		27				77	\$108					
	b Meetings	27						27				54		5040				
	c Minutes & Policy Statements	9					9	9				27						
	<b>Task 5 Labor</b>	70	0	0	4	12	9	63	0	0		158						
	<b>Task 5 Costs</b>	\$17,780	\$0	\$0	\$316	\$538	\$407	\$9,401	\$0	\$0		\$28,440	\$108	\$5,040	\$5,534	\$33,974		
6.0	Initial Outreach																	
	a Outreach Plan	2		6								8						
	b PIO and Advisory Team	4						2				6						
	c University of Illinois Meetings (2)	16			2	8		8				34	\$22	2050				
	d Public Meetings (2)	4						8			4	16	\$22					
	e Neighborhood Meetings (2)							8			4	12	\$22					
	<b>Task 6 Labor</b>	26	0	6	2	8	0	26	0	8		76						
	<b>Task 6 Costs</b>	\$6,604	\$0	\$535	\$158	\$358	\$0	\$3,880	\$0	\$640		\$12,175	\$65	\$2,050	\$2,273	\$14,448		
	<b>Labor</b>	208	68	118	45	150	36	196	124	76		1021						2042
	<b>Costs</b>	\$52,832	\$16,320	\$10,527	\$3,550	\$6,720	\$1,627	\$29,246	\$12,698	\$6,080		\$139,600	\$1,833	\$10,804	\$13,585	\$153,184		
	<b>Revised Grand Total</b>																	<b>\$ 153,184</b>



## REPORT TO CITY COUNCIL

**FROM:** Steven C. Carter, City Manager

**DATE:** July 30, 2010

**SUBJECT:** EXPLANATION OF COUNCIL BILL NO. 2010-168

**A. Introduction:** This Council Bill would authorize the City Manager to execute a standard professional services agreement with AMEC Earth and Environmental, Inc., Indianapolis, Indiana, in an amount not to exceed \$153,184. AMEC will assist staff with the preparation of an Expenditure, Revenue, and Billing Plan for a City of Champaign stormwater utility fee.

**B. Recommended Action:** The Administration recommends approval of the Council Bill.

**C. Prior Council Action:**

- Exhibit A attached to this report provides a summary of prior City efforts from 1996 through 2002 concerning a stormwater utility fee.
- March 23, 2010, Council Study Session, SS2010-022, Council directed staff to proceed with the next implementation step for a stormwater utility fee.
- June 15, 2010, CB 2010-127, Council established a Stormwater Utility Fee Advisory Committee.
- June 15, 2010, CB 2010-128, Council appointed individuals to the Stormwater Utility Fee Advisory Committee.

**D. Summary:**

- Implementing a stormwater utility fee, based upon a property's stormwater runoff, could be a funding source for stormwater expenditures.
- Council has directed staff to pursue the next implementation step for a City of Champaign stormwater utility fee.
- The next implementation step, per staff's recommendation, is the establishment of a Stormwater Utility Fee Advisory Committee (which has been completed) and the development of an Expenditure, Revenue, and Billing Plan for a City of Champaign stormwater utility fee.
- A consultant will be used to provide staff with technical expertise in the preparation of the Expenditure, Revenue, and Billing Plan.

- Following the City's Administrative Policy for the selection of consultants, AMEC Earth and Environmental, Inc., was selected as the most qualified firm to assist staff. AMEC has teamed with Foth Infrastructure and Environmental, LLC on this project.
- A scope of work and fee was negotiated with AMEC/Foth. The consultant's fee for these services will be a not to exceed amount of \$153,184.

## **E. Background:**

**1. Stormwater Utility Fee.** City Council has established development of a plan to fund stormwater drainage improvements as a 2009-2011 City Council goal. A stormwater utility fee is one method of providing this funding.

Stormwater runoff can be managed as a utility and billed as a fee. The fee is based on the concept that every property in a watershed contributes runoff and should support the operation, maintenance, and rehabilitation of the stormwater transport system. The amount of support is based on the amount of runoff the property contributes to the stormwater drainage system.

The runoff from a property is usually based on the amount of impervious area that has been constructed on a property. Impervious area is typically measured in terms of equivalent residential units (ERU) i.e. the amount of impervious area for a typical residential property.

A stormwater utility fee would incorporate a credit program. The credit program is designed to encourage property owners to construct and maintain improvements to their properties to reduce and treat the stormwater from their property.

**2. Stormwater Utility Fee Prior Actions.** Exhibit A, attached to this report, summarizes City efforts concerning a stormwater utility fee from 1996 through 2002.

A stormwater utility fee was discussed at the March 23, 2010, Council Study Session. Council directed staff to proceed with the next implementation step for the stormwater utility fee. Staff indicated the next step would be establishing a Stormwater Utility Fee Advisory Committee and proceeding with the development of an Expenditure, Revenue, and Billing Plan for a City of Champaign stormwater utility fee.

At the June 15, 2010, City Council meeting, Council Bills were approved that established the Stormwater Utility Fee Advisory Committee and appointed individuals to the committee.

**3. Why a Consultant is Needed.** At the March 23, 2010, Council Study Session, staff indicated that if Council decided to proceed with the next implementation step for a stormwater utility fee, the City would need to hire a consultant. Staff explained it had limited expertise on stormwater utility fees and a consultant would help to bridge that gap. Additionally, developing an Expenditure, Revenue, and Billing Plan for a City of Champaign stormwater utility fee is an extensive effort which would be difficult for staff to accomplish along with other projects, particularly considering the learning curve required. A consultant would help accomplish this task in a more timely fashion.

**4. Consultant Selection.** The consultant to assist staff with the stormwater utility was selected by using the City's qualification based selection process as outlined in Administrative Policy 2.08, Procurement of Architects, Engineers and Land Surveyors.

Requests for letters of interest were mailed to 32 firms. The request was also advertised in the News-Gazette on April 4, 2010. Letters of interest were received from eight firms.

The eight letters of interest were reviewed by a committee consisting of staff from Public Works, Information Technologies, and Finance Departments. Based on the information presented by the firms in their letters of interest, the committee selected four firms for interviews. The selection was based on the firm's past experience and qualifications with stormwater utility fees.

The four firms selected are listed below. All four firms had teamed with another firm to improve their qualifications.

- AMEC Earth & Environmental, Inc., Indianapolis, Indiana – Foth Infrastructure and Environmental, LLC, Champaign, Illinois
- CDM, Chicago, Illinois – Berns, Clancy and Associates, Urbana, Illinois
- Clark Dietz Engineers, Champaign, Illinois – Baker Inc., Chicago, Illinois
- Crawford, Murphy and Tilly, Inc., Springfield, Illinois – GRW, Inc., Indianapolis, Indiana

The interviews were completed on May 17, 2010. The committee selected the team of AMEC/Foth for the following reasons:

- Presented the most extensive experience with stormwater utility fees; completed over 300 stormwater program evaluations and 150 funding studies.
- Had the most extensive experience working for Illinois communities; worked on stormwater utility fees for DuPage County, Peoria, Normal, Morton, and Rock Island.
- Helped establish stormwater utility fees in numerous university communities, including; Illinois State, Butler, Purdue, Duke, and Kentucky.
- Demonstrated the most experience with establishing new billing systems. AMEC is under contract with Indianapolis for billing and customer service.

AMEC is in compliance with the City's Equal Opportunity in Purchasing Ordinance. AMEC was also selected by the City of Urbana to assist with their stormwater utility fee. There may be some potential savings to the cities utilizing the same consultant.

**5. Scope of Work.** Staff has successfully negotiated with AMEC/Foth a scope of work and fee for the project. If staff had failed, negotiations would have taken place with the firm that finished second in the selection process. The second place firm was Clark Dietz Engineers/Baker. The third place firm was CDM/Berns, Clancy and Associates.

AMEC/Foth would assist City staff in the preparation of an Expenditure, Revenue, and Billing Plan for the City of Champaign stormwater utility fee (estimated hours 685). The specific negotiated scope of work is attached to the Council Bill. Generally, the scope of work includes:

- Expenditure. A multi-year stormwater expenditure plan would be developed. The plan would identify the stormwater expenditures that would be funded by the stormwater utility fee. This could include all or a portion of the existing stormwater expenditures associated with operation, maintenance, rehabilitation and debt retirement on capital improvements. The plan would also need to include any new stormwater expenditures.
- Revenue. This component of the plan would calculate the impervious surface areas of different land use types in order to determine the number of billing units within the City limits. Additionally, a rate model would be developed that could estimate the revenue generation potential for varying rate scenarios. The proposed stormwater utility fees would be calculated for five to six properties in different land use categories to illustrate the fees impact.
- Billing. Four billing options would be evaluated:
  - Contracting with organizations that currently send bills to most or all properties in Champaign, such as Illinois American Water or the Urbana-Champaign Sanitary District or Champaign County.
  - Establishing a billing & collection system in cooperation with the City of Urbana, should it adopt a stormwater utility fee.
  - Outsource billing to a private firm.
  - Setting up an in-house billing operation.

The pros and cons for each option would be identified plus the cost to implement the option. This would include an estimate of all significant one-time and recurring costs, including staffing needs for billing, customer service, collections and other staff related functions.

The AMEC/Foth scope of work includes working with the Stormwater Utility Fee Advisory Committee (estimated hours 158). The consultant would assist staff with the preparation of the agenda and materials/reports that would be presented at the meeting for committee input. AMEC/Foth would attend the meeting and prepare meeting minutes. They would also assist staff with follow-up activities that result from each advisory committee meeting.

The AMEC/Foth scope of work also includes a community outreach component (76 hours). This includes;

- assisting staff to develop an overall outreach plan for the stormwater utility fee,
- meeting with the City's Public Information Officers to develop the message the City wants to convey to the public regarding the fee,
- assisting the City staff with public information meetings, neighborhood meetings, and meetings with the University of Illinois concerning the stormwater utility fee.

Foth, the local consultant, would complete approximately 21% of the total scope. After completing the AMEC/Foth scope, the City will need additional help from the consultant if Council decides to move forward with the implementation of a stormwater utility fee.

**6. Fee.** The not to exceed limit for the AMEC/Foth fee is \$153,184. This includes a total of \$139,600 of labor for 1,021 hours at an average hourly rate of \$136.73. Staff's original hourly target rate was \$150.00, so the actual average falls below the target. Staff feels this is a very competitive rate for the work that will be provided.

AMEC/Foth's fee also \$13,585 for expenses. The total includes \$10,804 for travel.

For the March 23, 2010, Council Study Session, staff estimated the consultant cost for this phase of the work at \$105,000 to \$125,000. The actual negotiated fee was 22.5% higher or \$153,184.

The reason for the additional cost is because staff increased the scope of work for the expenditure plan. Staff expanded the expenditure plan scope to include a Stormwater Needs Report. The report would summarize all stormwater needs that have been identified to date. Specifically, identified needs in the following stormwater areas would be summarized:

- Storm sewer cleaning, televising, and rehabilitation,
- Channel and detention basin maintenance and rehabilitation,
- Stormwater improvements recommended in master plans, neighborhood storm sewer studies and the capital improvement plan,
- Stormwater quality needs (NPDES/MS4)
- Overhead sewer program for basement flooding,
- Sustainable/green stormwater program needs.

This needs report would become the Stormwater Master Plan. Once all the stormwater needs have been summarized, it would be easier to prioritize them and identify which needs should be addressed by the stormwater utility fee.

Another reason for the addition cost is because staff increased the number of advisory committee meetings from seven to nine. The goal is to complete the advisory committee's work in seven meetings. To be conservative, the budget was estimated for nine meetings.

**7. Schedule.** The AMEC/Foth project schedule is attached as Exhibit B. The schedule indicates completing this phase of the work by July 2011. The schedule is very dependent on the advisory committee. Their discussions and actions could cause the schedule to lengthen a few months.

**F. Alternatives:**

1. Approve the Council Bill authorizing the City Manager to execute a standard professional services agreement with AMEC Earth and Environmental, Inc., Indianapolis, Indiana, in an amount not to exceed \$153,184.
2. Do not approve the Council Bill and provide direction to staff.

## **G. Discussion of Alternatives:**

**Alternative 1** approves the Council Bill authorizing the City Manager to execute a professional services agreement with AMEC Earth and Environmental, Inc., in an amount not to exceed \$153,184.

### **a. Advantages**

- Could provide additional resources so more stormwater maintenance, rehabilitation and improvement activities could be completed.
- Could provide a more equitable means to pay for stormwater management expenses.
- Could provide a stable revenue source for stormwater management activities.
- Provides City staff with technical expertise and resources to complete the next implementation step for the stormwater utility fee in an efficient and timely manner.
- Is consistent with Council direction from the March 23, 2010, Study Session.

### **b. Disadvantages**

- Could shift more of the cost for stormwater management to property owners who are currently paying less.
- An additional fee that property owners will have to pay could be unpopular with some property owners.
- Implementation of a stormwater utility fee has a significant implementation cost. The total cost to implement a complete stormwater utility fee is estimated at \$400,000 to \$500,000. These resources could be used for other stormwater projects.

**Alternative 2** does not approve the Council Bill.

### **a. Advantages**

- Does not require the expenditure of \$153,184 and those resources could be used for other stormwater management activities.
- Provides an opportunity for Council input.
- Depending on Council action, there could be other advantages.

### **b. Disadvantages**

- Difficult to identify disadvantages without knowing what Council direction could be.

**H. Community Input:** No specific community input was sought for this Council Bill. There have been several study sessions addressing drainage issues. Citizens at several of these meetings have voiced support for enacting a stormwater utility fee to help pay for needed drainage projects. There was a study session on stormwater utility fees.

Additionally, there have been numerous neighborhood and steering committee meetings to discuss local flooding and drainage problems. Questions about a stormwater utility fee have

been asked at several of the meetings. Public Works staff have discussed and provided steering committee members with stormwater utility fee information.

The John Street, Washington Street East and West Steering Committees were provided with a copy of this report. A copy of the report was also sent to the members of the Stormwater Utility Fee Advisory Committee. The public will have an opportunity to provide input on this issue when the Council Bill is presented to Council for action. If Council approves the Council Bill, there will be significant public input. There will be numerous meetings with the Stormwater Utility Fee Advisory Committee. There will be several public information meetings and neighborhood meetings. A public outreach program will be developed and implemented to provide information and to obtain input on the stormwater utility fee. There will also be several Council Study Sessions to discuss the stormwater utility fee. The public will have an opportunity to provide input at the study sessions.

**I. Budget Impact:** Approval of the Council Bill would hire a consultant to assist City staff with the implementation of the next step for the stormwater utility fee. The cost for the consultant would be \$153,184.

The next step would also require a temporary employee working 10 hours per week. Approval of this position (Project Specialist) has been included in the staffing amendment Council Bill that will be considered the same night as this Council Bill. The annual cost for the temporary position has been estimated at \$12,200. A budget amendment to reallocate funds for that purpose is also on the same agenda.

**J. Staffing Impact:** The staffing impact would be lessened by the use of a consultant. However, implementing the next step for stormwater utility fee will still require significant staff resources. The staff resources will be provided by the Public Works Director, the City Engineer, and the temporary Project Specialist. Staff will need to re-prioritize other projects in order to provide the staff hours needed for this project. Depending on how quickly the project moves to completion, the Project Specialist may be needed in FY12.

Prepared by:

Dennis Schmidt, P.E.  
Public Works Director

Attachments: Exhibit A: Summary of Efforts Stormwater Utility Fee 1996-2002  
Exhibit B: AMEC/Foth Project Schedule

## EXHIBIT A

### Stormwater Utility Fee Prior City Efforts

**July 1996** – The task force finished its work and summarized its findings in a report titled Stormwater Management Plan. A copy of the plan is on the City’s website. The plan contains 6 objectives and 32 strategies for stormwater management. Strategy E1 of the Stormwater Management Plan states, “Establish a utility fee to be applied to all properties within the City for the purpose of funding all ongoing or annually recurring drainage system maintenance and management expenses.” Since 1996, strategies listed in the Stormwater Management Plan have been accomplished. The strategies have been the basis for future City stormwater efforts.

**November 1996** – Staff presented to Council a Stormwater Facility Maintenance and Rehabilitation Plan. At that time, the City did not have a complete inventory of its storm sewer system, i.e. the City did not know exactly how many miles of storm sewer pipe or number of inlets or manholes were in the system. At the time, the City’s stormwater maintenance was reactive in nature, i.e. storm sewers were not cleaned until they were plugged and a citizen called about the surface flooding, and storm sewers were not repaired until sink holes appeared on the ground surface.

The Stormwater Facility Maintenance and Rehabilitation Plan outlined several alternatives for inventorying the storm sewer system and providing a comprehensive storm sewer preventive maintenance program. Staff also provided information on a stormwater utility fee (Exhibit A). The revenues from the fee could be used to fund the additional cost for storm sewer maintenance.

No decision was made on the stormwater utility fee at that time. Staff was directed to inventory the storm sewer system and complete pilot storm sewer maintenance projects in order to develop better cost estimates for maintenance activities.

**March 1998** – Staff presented to Council an updated Stormwater Facility Maintenance and Rehabilitation Plan. The Plan incorporated the completed inventory of the City’s storm sewer system and updated cost estimates for alternatives to provide a storm sewer preventive maintenance program. Generally, Council supported a plan to clean and televise storm sewers on a 10-year cycle and fund rehabilitation needs discovered during the televising process. Council did express concerns regarding how to fund expanded storm sewer maintenance activities.

**November 1998** – Staff presented two methods for funding an expanded storm sewer preventive maintenance program. One method would involve funding additional maintenance activities with a stormwater utility fee. The other method scaled back the storm sewer maintenance program and funded the additional maintenance expenses by eliminating the property tax subsidy in the sanitary sewer fund, increasing sanitary sewer fees to fund all sanitary sewer costs and using the property tax revenues for storm sewer maintenance. Council generally supported the parameters of method two.

**April 2001** – As part of the FY02 budget preparation process, staff prepared a budget memorandum for stormwater management. The memorandum recommended a storm sewer preventive maintenance program that would clean and televise storm sewers on a 5-year cycle and provide additional funds to repair the storm sewers, inlets, and manholes that were identified with deficiencies. The memorandum also recommended funding this enhanced storm sewer maintenance program with a stormwater utility fee. Council voted against the fee and directed staff to scale back the storm sewer maintenance program.

**April 2002** – In a FY03 Budget Memorandum pertaining to the FY02/03 proposed budget, staff recommended providing \$988,000 annually for stormwater management. Specifically, \$125,000 of that total was dedicated for expenses associated with stormwater quality as part of the City's National Pollutant Discharge Elimination System (NPDES) permit. The balance, \$863,000, would be used for storm sewer cleaning, televising, and repairs. The funding would be provided by eliminating the property tax subsidy in the sanitary sewer fund, increasing sanitary sewer fees and using the property tax revenue for storm sewer maintenance. Council adopted this recommendation. Increased sanitary sewer fees were phased in over a five-year period and the new stormwater funding was fully implemented in FY2006/2007.

### City of Champaign Stormwater Utility Fee - Phase 1 Costs

Updated June 29, 2010

	2010						2011						
	J	A	S	O	N	D	J	F	M	A	M	J	
<b>Project Management</b>													
Day to Day PM													
Kick Off Meeting													
Final Report and Presentation													
<b>Expenditure Plan</b>													
Needs Analysis / Report													
Cost of Service													
Expenditure Plan Report													
<b>Revenue Plan</b>													
Funding Policy Meetings /Discussions													
Rate Basis Evaluation / Discussion													
Data Assessment / Evaluation													
Draft Rate Structure													
Rate Model													
Revenue Plan Documentation													
<b>Billing Plan</b>													
Meetings (Internal & External)													
Evaluate options & costs													
Documentation													
<b>Advisory Committee</b>													
Meetings													
<b>Initial Outreach</b>													
Outreach Plan													
University of Illinois Meetings (2)													
Public Meetings (2)													
Neighborhood Meetings (2)													