



REPORT TO CITY COUNCIL

FROM: Steven C. Carter, City Manager

DATE: February 24, 2012

SUBJECT: STORMWATER UTILITY FEE – SS 2012-012

A. Introduction: The purpose of this report is the following:

1. Obtain Council's input on the Public Outreach Plan.
2. Obtain Council's input on the "draft" Stormwater Utility Fee Rate Ordinance and UCSD Intergovernmental Agreement.
3. Obtain Council's input on how to proceed with the stormwater utility fee implementation.

B. Recommended Action: Direct staff to proceed with the following implementation steps for the stormwater utility fee:

1. Incorporate Council input and finalize the Public Outreach Plan.
2. Incorporate Council input and finalize the Stormwater Utility Fee Rate Ordinance and UCSD Intergovernmental Agreement. Adoption of the ordinance and intergovernmental agreement could be scheduled for the April 17, 2012, Council meeting.
3. Negotiate a professional services agreement with AMEC to develop a billing database and to assist staff with the development of the Credit/Incentive Manual, billing procedures, and public education for the stormwater utility fee implementation. Council approval of the AMEC agreement could be scheduled for the April 17, 2012, Council meeting.

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.
- On October 27, 2009, Council discussed a report on financial options to address flooding in three neighborhoods, which the Finance Department had prepared at Council's request.
- March 23, 2010, Council Study Session, SS 2010-022, 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.
- August 3, 2010, CB 2010-168, Council authorized the City Manager to execute a professional services agreement with AMEC Earth and Environmental, Inc., Indianapolis, Indiana, to assist staff with the stormwater utility fee.

- March 29, 2011, Council Study Session, SS 2011-019, Council directed staff to proceed with the completion of the Stormwater Utility Fee Expenditure, Revenue, and Billing Plan.
- August 23, 2011, Council Study Session, SS 2011-054, Council took the following actions on the stormwater utility fee:
 1. Provided input on the Revenue Plan, Credit and Incentive Plan, Billing Plan, and Public Outreach Plan.
 2. Directed staff to incorporate a \$3.2 Expenditure Plan into the Stormwater Utility Fee Expenditure, Revenue, and Billing Plan.
 3. Directed staff to proceed with the Public Outreach Plan.
 4. Directed staff to develop a “draft” Stormwater Utility Fee Rate Ordinance.

D. Summary:

- Currently, there is no funding available in the Stormwater Fund for additional capital projects. The City committed all previously uncommitted resources in the fund to the Boneyard Creek Second Street Reach, Washington Street East, and John Street Drainage Improvement Projects.
- Council established development of a plan to fund stormwater drainage improvements as a 2009-2011 City Council goal. A key project for the 2011-2013 City Council goals was “Adopt a dedicated funding source for stormwater improvements.”
- March 2010, Council directed staff to prepare an Expenditure, Revenue, and Billing Plan for a stormwater utility fee.
- June 2010, Council established the Stormwater Utility Fee Advisory and Technical Committees. The purpose of the committees was to assist staff with the preparation of the stormwater utility fee Expenditure, Revenue, and Billing Plan.
- A \$3.2M Expenditure Plan was developed for the stormwater utility fee. The plan would fund stormwater operation, maintenance, and rehabilitation expenditures that are currently funded with sales and property taxes. If those activities are funded in the future by the stormwater utility fee, then sales and property taxes currently funding these activities would be available to fund other needs. Staff has indicated these available funds over a 10-year period could fund on a “pay as you go” basis the Washington Street West Drainage Improvements, Phinney Branch Channel Improvements (Windsor to Crescent), Boneyard Creek Improvements (north of University Avenue).
- A Revenue Plan was developed for the stormwater utility fee. Single family and duplex properties (18,367 parcels) would pay a flat monthly fee based on impervious area tiers. Approximately, 80% of single family and duplex properties would be Tier 1 (0-6,000 ft² of impervious area) and their utility fee would be \$4.94 per month or \$59.29 per year. All other properties (4,379 parcels) would pay based on the amount of impervious area on the property.
- A Credit and Incentive Plan was developed for property owners that install stormwater management activities that provide either a reduction in peak discharge or a reduction in runoff volume or a water quality benefit. Single family and duplex properties could be eligible for a total of \$1,025 of incentives. Non-single family/duplex properties could be eligible for 40% credit on monthly stormwater utility fees.

- The Billing Plan would utilize the billing services of the Urbana and Champaign Sanitary District. A “draft” Stormwater Utility Fee Rate Ordinance and billing agreement with UCSD has been developed.
- Since the August 23, 2011, Council Study Session, staff has completed a public outreach program on the stormwater utility fee. Individuals and groups that staff have met with are listed in Exhibit D. Written public input received by staff is attached in Exhibit E. Issues raised at the public outreach meetings and staff’s response to those issues are summarized in Section 7 of the Background of the report.

E. Background:

1. Stormwater Funds Totally Committed. Due to the 2008 and 2009 record rainfalls and the neighborhood flooding those rainfalls caused, Council expressed an interest in completing more capital drainage improvement projects. The improvement projects would address neighborhood flooding problems. Currently, there is no funding available in the Stormwater Fund for additional capital projects. Last year the City committed all previously-uncommitted resources in the fund to the Boneyard Creek Second Street Reach Project, Washington Street East, and John Street Drainage Improvement Projects. The following information summarizes the Stormwater Management Fund’s revenues and programs for a typical year:

Revenues		Expenditures	
¼ Cent Sales Tax	\$2.9M	Operating Budget	\$1.0M
Property Tax	\$1.3M	Recurring Projects	\$1.8M
General Fund Transfer	\$0.7M	Debt Service	\$2.7M
Build America Bond Payments	\$0.4M		
Other	\$0.2M		
Total Revenues	\$5.5M	Total Expenditures	\$5.5M

Current recurring revenue in this fund is about \$5.5 million per year from several sources, but primarily a one-quarter percent sales tax that the City levies under its Home-rule authority. The “Build America Bonds Payments” in the chart above refers to payments from the Federal Government, authorized in the 2009 economic stimulus program, which pays 35% of the interest expense on certain state and local government bonds issued in 2009 and 2010. The City’s 2010 bonds were issued as Build America Bonds and the payments reduce the effective rate of interest paid by the City. The payments contributed to the City’s ability to expand the debt issuance to include projects beyond the Boneyard Second Street Basin.

Stormwater Management Fund expenditures fund the following activities, which use all available funds:

- Operations, which includes activities such as water quality management (pursuant to Federal requirements) and response to flooding - \$1.1 million annually.
- Recurring projects include maintenance of storm sewers and channels and rehabilitation of storm sewers and related facilities such as catch basins - \$1.8 million annually.
- Debt Service: The City typically finances large projects through bond issues with debt service payments for up to about 20 years. Currently the City pays debt service on two

bond series issued in the late 1990's Boneyard Creek improvements (the Healey Street Detention Basin and Campustown Channel Improvements) and a bond series issued in 2010 to finance the Second Street Basin, East Washington, and John Street drainage improvement projects. That bond issue exhausted all uncommitted resources in the Stormwater Management Fund for the next 20 years – about \$2.7 million annually, of which about \$400,000 is reimbursed by Federal Build America Bond payments.

2. Council Goals.

- a. 2009-2011 City Council Goals – Key stormwater projects identified were:
 - Fund the John Street and Washington Street East flood abatement projects.
 - Develop flood abatement plans for Washington Street West.
 - Develop a plan to fund stormwater drainage improvements.
- b. 2011-2013 City Council Goals – Key stormwater projects identified were:
 - Finish John Street stormwater project.
 - Finish Phase 2 of Washington Street West stormwater project.
 - Initiate Phase 3 of Boneyard stormwater improvements.
 - Adopt a dedicated funding source for stormwater improvements.

3. Stormwater Utility Fee. A stormwater utility fee is one method of providing the funding that would be needed to accomplish the key stormwater projects listed under the Council goals.

Stormwater runoff can be managed as a utility and billed as a fee. The fee is based on the concept that every property 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 directly proportional to the amount of impervious area that has been constructed on a property. Impervious areas include roofs, sidewalks, driveways, parking lots, and any other surfaces that will not allow rainfall to soak into the ground.

A stormwater utility fee would incorporate a credit and/or incentive program. The program is designed to encourage property owners to construct and maintain improvements to their properties to reduce and treat the stormwater from their property. In return, the property owners receive either a one-time (incentive) or recurring (credit) reduction in their stormwater utility fee.

Over 1,000 communities across the nation have adopted a stormwater fee.

4. Benefits. A stormwater utility fee could provide several benefits.

- a. **Improve Stormwater Management.** The stormwater utility fee could be structured to provide additional resources for stormwater management.

Additional resources could mean more dollars to complete unfunded maintenance, rehabilitation and capital projects. Staff estimates there are over \$80 million of unfunded stormwater capital projects.

- b. Equitable Means to Pay for Stormwater Management.** A stormwater utility fee can be an equitable means to pay for stormwater management. The fee is based on the burden a property places on the stormwater transport system. The more burden (runoff), the higher the property owner's utility fee.

A stormwater utility fee is also equitable because it provides a means for a property owner to reduce their fee. If a property owner is willing to install facilities on the property to reduce runoff or improve stormwater quality, thereby reducing their burden on the stormwater system, a credit is given, lowering the property owner's stormwater utility fee.

- c. Stable Revenue Source.** Approximately 60% of the Stormwater Management Fund's current resources come from the 0.25% sales tax. Sales tax revenue fluctuates with the economy. However, some expenditures in the fund such as debt retirement for capital projects or stormwater quality expenditures required by the City's NPDES permit are fixed. When sales tax revenue in the fund is flat or down, the fund is balanced by reducing maintenance and rehabilitation expenditures.

A stormwater utility fee would be a more stable revenue source. Once the fee is established there would be very little fluctuations in the annual revenue.

5. Stormwater Utility Fee Efforts. City Council has considered a stormwater utility fee before. Exhibit A summarizes City efforts concerning a stormwater utility fee from 1996 through 2002.

At the March 23, 2010, Council Study Session, Council directed staff to prepare an Expenditure, Revenue, and Billing Plan for a City stormwater utility fee. Generally, the plan would identify stormwater expenditures that could be supported by the fee, develop the structure (rates) for the fee, and determine how the fee would be billed. Staff indicated this plan would help Council in reaching a decision on whether or not to implement a stormwater utility fee.

At the June 15, 2010, City Council meeting, Council established the Stormwater Utility Fee Advisory Committee and appointed individuals to the committee. A Stormwater Utility Fee Advisory Committee provided an opportunity for both technical and citizen input and review for the stormwater utility fee. The committee consisted of 14 members from the community representing a variety of interests.

A Stormwater Utility Fee Technical Committee was also formed. It consisted of City staff from Finance, Planning, and Information Technology Departments, plus a representative from the development community and the Champaign County Chamber of Commerce.

At the August 3, 2010, City Council meeting, Council authorized the City Manager to execute an engineering agreement with AMEC Earth and Environmental, Inc., Indianapolis, Indiana. The purpose of the agreement was to have AMEC assist staff with the preparation of the Expenditure, Revenue, and Billing Plan. Staff has limited experience in the preparation of a stormwater utility

fee plan. AMEC had extensive experience with this type of plan. AMEC help assured the utility fee plan was completed in a timely fashion.

The Stormwater Utility Fee Advisory and Technical Committee had their first meeting on September 13, 2010. The committee met eleven times, concluding their work at the July 7, 2011, meeting.

At the March 29, 2011, Council Study Session, Council provided input on the Expenditure Plan that was developed by the Stormwater Utility Fee Advisory Committee. Council directed staff to incorporate their input into the Expenditure Plan and directed staff and the advisory committee to proceed with the completion of the Expenditure, Revenue, and Billing Plan for the stormwater utility fee.

At the August 23, 2011, Council Study Session, Council provided input on the staff/advisory committee completed Expenditure, Revenue, and Billing Plan (Exhibit B) for the stormwater utility fee, plus Council provided input on the Credit and Incentive Plan (Exhibit B) for the fee. Council directed staff to incorporate a \$3.2M Expenditure Plan into the Stormwater Utility Fee Expenditure, Revenue, and Billing Plan and directed staff to proceed with the Public Outreach Plan in order to gather more public input on the stormwater utility fee. Council also directed staff to develop a “draft” Stormwater Utility Fee Rate Ordinance.

6. “Draft” Stormwater Utility Fee Ordinance. The draft ordinance was developed by the Legal and Public Works Departments (Exhibit C). The draft ordinance is based on the Urbana & Champaign Sanitary District (UCSD) billing for stormwater utility fee.

The draft ordinance includes the rates for the stormwater utility fee. The rates are the same as reviewed with Council at the August 23, 2011, Council Study Session.

The City and UCSD staffs have negotiated a draft intergovernmental agreement to accomplish the stormwater utility fee billing (Exhibit C). UCSD billing and collection procedures (Exhibit C) for the stormwater utility fee would be similar to those used for the current sanitary sewer fee.

7. Public Outreach Plan.

- a. Outreach Summary** – At the August 23, 2011, Study Session, Council directed staff to proceed with the Public Outreach Plan that was outlined at the Study Session. Exhibit D lists and summarizes all groups and individuals that staff met with concerning the stormwater utility fee. At each meeting staff provided information on the proposed stormwater utility fee, answered questions, and collected input. Upon request, staff also provided estimates on how much the stormwater utility fee could potentially cost the business or organization.
- b. Public Input** – At all the individual and group meetings, staff encouraged participants to provide written comments (Exhibit E). Staff also encouraged participants to contact Council members with their input and comments on the stormwater utility fee.

Below is staff's summary of issues raised at the individual and group meetings concerning the stormwater utility fee. Also included is staff's response to these issues.

1. For the subdivisions and properties developed in accordance with the City's stormwater management regulations, with the implementation of the stormwater utility fee, these areas will be paying more than their fair share.

Response: The revenue from the stormwater utility fee will be used to pay for annual operation, maintenance, and rehabilitation of stormwater infrastructure. Subdivisions developed in accordance with the City's stormwater management regulations have extensive networks of stormwater infrastructure that is the City's responsibility to maintain. These systems are new and currently require little maintenance, but as they age, that will change. Additionally, this is consistent with how the sanitary sewer fee is applied. Every property in the City – no matter how old the infrastructure is – pays the same rate on the sanitary sewer fee.

2. The proposed stormwater utility fee credit/incentives need to be larger.

Response: Two of the goals for the credit/incentive program were:

- *encourage property owners to incorporate sustainable stormwater management practices on their property, and*
- *make it (credit/incentive program) easy for the property owner to use.*

To establish the values in the proposed credit/incentive program, staff surveyed what other communities in Illinois were doing and responded to Council's desire to establish a very "robust" program. One of the future steps for the implementation of the stormwater utility fee is to develop the Credit and Incentive Manual. That will be developed with Council input. As the details of the Credit and Incentive Manual are developed, the values for those items could be adjusted.

3. The City should use special assessments to fund future stormwater capital projects.

Response: A special assessment was one of the alternatives discussed with Council for providing additional funding for stormwater capital projects. Council directed staff to investigate the stormwater utility fee instead. It would be difficult to identify the special assessment area (property owners benefiting from the improvements) for regional drainage improvements such as Boneyard and Phinney Branch projects. Special assessments would also be inconsistent with past practices. Since 1999, the City has completed over \$51,000,000 of regional and neighborhood drainage projects utilizing sales and property taxes without the use of special assessments.

4. As part of the stormwater utility fee implementation, the City should take over operation and maintenance of private detention basins.

Response: Proactive and continued maintenance of private detention basins and storm sewer systems are important elements in the City's overall stormwater management system. Currently, maintenance of the private systems is not part of the stormwater utility fee proposal. That can be changed. Prior to making any changes, staff would need Council input on several policy issues to help define what systems and what services the City would assume. Staff estimates completing limited maintenance activities on all private detention basins within the City's corporate limits at \$200,000 annually.

5. Many tax exempt and non-profits are currently having – and for the last several years have had – serious financial challenges. The proposed fee would add to those challenges.

Response: Requiring tax exempt and non-profits to pay fees is consistent with past City policy. For example, tax exempt and non-profits are responsible for the City's sanitary sewer fee and multifamily recycling fee. An alternative to this policy would be to exempt qualifying organizations from the fee. It would be challenging establishing and applying the qualifying criteria for the exemption.

6. With the current economy, this is not the time for the City to implement a new fee.

Response: The economy is improving. Once the Stormwater Utility Fee Rate Ordinance is adopted, it will be one year before the first bills would be sent. Hopefully, during that year, the economy would continue to improve. However, if the economy would “stumble,” Council could delay its implementation.

7. If implemented, the fee should have a “sunset” clause.

Response: The draft Stormwater Utility Fee Rate Ordinance in Exhibit C does not have a “sunset” clause. If directed by Council that could be incorporated prior to adoption.

8. Assurances and mechanisms need to be put into place to make sure the stormwater utility fee will result in additional stormwater capital projects being completed. There are concerns the additional dollars would be used for something other than stormwater capital projects.

Response: The revenue from the stormwater utility fee would be used to fund activities for the operation, maintenance, and rehabilitation of stormwater infrastructure. Currently, these activities are funded with sales and property taxes. Council has indicated they intend to use the sales and property taxes that are no longer needed for operation, maintenance, and rehabilitation activities to fund additional stormwater capital projects. Key stormwater projects listed for the 2011-2013 City Council Goals were “Finish Phase 2 of the Washington Street West stormwater project” and “Initiate Phase 3 of Boneyard stormwater improvements.” It's projected over the next 10 years the stormwater utility fee would result in more than \$25,000,000 for

additional capital projects. The cost estimate for Council's two "key" drainage projects are \$16,000,000.

9. To make the stormwater utility fee more equitable, more tiers – especially smaller ones – need to be added for single family and duplex properties, i.e. 0 to 2,000 ft² and 2,001 to 4,000 ft².

Response: More tiers could be added. It will add cost (not significant) and complexity to the development of the billing database and management of the billing system. The impervious area for all single family and duplex properties is approximately 40% of the total impervious area in the City. Rates for single family and duplex properties were based on this fact. Therefore, establishing more tiers and lowering the rate for those tiers will cause other tiers monthly rates to increase. Also the billing agent for the stormwater utility fee (Urbana & Champaign Sanitary District) has tentatively agreed to the three-tier system. If the number of tiers is increased, UCSD will need to agree to this additional level of complexity.

10. The stormwater utility fee is really a tax.

Response: The purpose of taxes is to raise revenue, and there need not be any association or relationship between the source of the revenue and the purpose to which it is applied. User fees, on the other hand, are a fee for services provided, and have been commonly used to fund all or part of public works programs such as water, sewer, solid waste, and stormwater.

The migration of stormwater program costs from taxes to fees over the last 25 years has been challenged in a number of states, and as a result, the courts identify three criteria that differentiate a fee from a tax. These criteria are that there exist: 1) a regulatory nature to the fee (it must be adopted by ordinance); 2) a relationship between the fee paid and the services provided (the fee in this case pays for stormwater management related services and programs only and is rationally distributed between ratepayers), and; 3) a voluntary nature to the fee (you can reduce fees by reducing use of the stormwater system or program). The last criteria includes the concept of credit programs to reduce costs.

11. The proposed stormwater utility fee should be reduced or eliminated for those areas that do not have storm sewer systems in their neighborhoods.

Response: The stormwater utility fee would be billed to all properties in the City with impervious areas. Bills would not be adjusted based on the degree or lack of stormwater infrastructure in a neighborhood. Basing the fee on the level of stormwater infrastructure in a neighborhood would add a significant level of complexity to the billing system. Additionally, even if the stormwater in a neighborhood is not transported by City maintained inlets, manholes, and pipes eventually the water does drain to City stormwater infrastructure outside the

neighborhood. Finally, billing based on impervious versus infrastructure is consistent with other Illinois communities with stormwater utility fees.

8. Next Steps.

- Incorporate Council input and finalize the Public Outreach Plan, Stormwater Utility Fee Rate Ordinance, and the UCSD Intergovernmental Agreement. Adoption of the ordinance and approval of the intergovernmental agreement could be scheduled for the April 17, 2012, Council meeting. Upon adoption of the rate ordinance, the first stormwater utility bills would be sent to property owners in April 2013. It will take staff one year to create the billing database and billing structure for the stormwater utility fee.
- Negotiate a professional services agreement with AMEC to assist City staff with the next step in the implementation of the stormwater utility fee. Approval of the AMEC professional services agreement could be scheduled for the April 17, 2012, Council meeting.

F. Alternatives:

1. Direct staff to do the following:

- Incorporate Council input and finalize the Public Outreach Plan.
- Incorporate Council input and finalize the Stormwater Utility Fee Rate Ordinance and UCSD Intergovernmental Agreement. Adoption of the ordinance and intergovernmental agreement could be scheduled for the April 17, 2012, Council meeting.
- Negotiate a professional services agreement with AMEC to develop the billing database and assist staff with the development of the Credit/Incentive Manual, billing procedures, and public education for the stormwater utility fee implementation. Council approval of the AMEC agreement could be scheduled for the April 17, 2012, Council meeting.

2. Do not direct staff to proceed with the items listed in Alternative 1 and provide further direction to staff.

G. Discussion of Alternatives:

Alternative 1 would incorporate Council's input on the Public Outreach Plan, Stormwater Utility Fee Rate Ordinance, and UCSD Intergovernmental Agreement, and finalize those documents. Alternative 1 would also direct staff to negotiate a professional services agreement with AMEC to develop the Credit/Incentive Manual, billing database, billing procedures, and public education for the stormwater utility fee implementation. The AMEC professional services agreement, Stormwater Utility Fee Rate Ordinance, and the UCSD Intergovernmental Agreement could be scheduled for Council action on April 17, 2012.

a. Advantages

- Continues progress toward the implementation of a stormwater utility fee.
- Could provide additional resources so more unfunded stormwater capital projects could be completed.
- Could provide a more equitable means to pay for stormwater management activities.

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 cost to implement a complete stormwater utility fee is estimated at approximately \$500,000.

Alternative 2 would not direct staff to finalize the Public Outreach Plan, Stormwater Utility Fee Rate Ordinance or the UCSD Intergovernmental Agreement, nor to negotiate a professional services agreement with AMEC for the next implementation steps for the stormwater utility fee.

a. Advantages

- Does not require further expenditures for the stormwater utility fee 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: 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.

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 has 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. The public will have an opportunity to provide input on this issue when the report is presented to Council at the Study Session.

Council established a Stormwater Utility Fee Advisory and Technical Committee. The committees met monthly from September 2010 through July 2011. The packets for each committee meeting and minutes from each meeting are available at the City's website at: ci.champaign.il.us/departments/public-works/residents/stormwater-management/stormwater-utility-fee/stormwater-utility-fee-advisory-committee/resource-page/. Committee meetings were televised on CGTV. Committee meetings were recorded and are available for viewing at: www.ci.champaign.il.us/cgtv (search keyword is "storm").

Staff developed a Public Outreach Plan for the stormwater utility fee, and the plan has been completed. The completed outreach activities are summarized in Exhibit D. Written public input is attached in Exhibit E. The concerns raised by citizens at the outreach meetings and staff's response to those concerns are summarized in the Background section of this report.

I. Budget Impact: Preparation of this Report to Council had no budget impact. To implement a stormwater utility fee, staff estimated the total cost at \$500,000. Staff feels this estimated cost is still a valid representation of what it could cost the City to implement a stormwater utility fee.

To date, the City has contracted for \$167,224 with AMEC to assist with the preparation of the Expenditure, Revenue, Billing, and Credit/Incentive Plans, plus the preparation of the draft Stormwater Utility Fee Rate Ordinance. This \$167,224 is part of the \$500,000 estimate.

AMEC would also assist staff with the development of the Credit/Incentive Manual, billing procedures, billing database, and public education for the stormwater utility fee implementation. Staff estimates the cost for AMEC's help for these activities at approximately \$235,000. All funds needed for the stormwater utility fee implementation were budgeted in either the FY12 or will be budgeted in FY13.

Sufficient resources have been budgeted in the Stormwater Fund to implement the stormwater utility fee at the estimated cost of \$500,000. The stormwater utility fee rates would be established at a level to pay back the Stormwater Fund for all costs associated with developing and implementing the stormwater utility fee.

J. Staffing Impact: Staff has been working on the stormwater utility fee for approximately two years. On the average, staff has spent approximately 1,000 hours each year on the fee.

It took approximately 80 staff hours to prepare this Report to Council. Sufficient staff resources are currently available in the Public Works Department FY12 budget to continue work on the stormwater utility fee though the budget year. If Council decides to implement a stormwater utility fee, staff estimates a temporary Project Specialist would be needed at 10 hours per week in FY13 to assist the Public Works Director and other existing staff to implement the fee. Additional temporary staffing (six months), one full-time engineering technician, and an upgrade of an existing Civil Engineer II would be needed in FY14 to implement the fee.

Prepared by:

Dennis Schmidt, P.E.
Public Works Director

Attachments: Exhibit A: Summary of City Stormwater Utility Fee Efforts 1996 – 2002
Exhibit B: Expenditure, Revenue, and Billing Plan; Credit and Incentive Plan
Exhibit C: “Draft” Stormwater Utility Fee Rate Ordinance; “Draft” UCSD
Intergovernmental Agreement; UCSD Billing and Collection
Procedures
Exhibit D: Public Outreach Summary
Exhibit E: Written Public Input
Exhibit F: AMEC Scope of Work

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.

EXHIBIT B

City of Champaign
 Stormwater Utility Fee
 Expenditure, Revenue, Credit/Incentive, and Billing Plans

1. **Expenditure Plan.** Table 1 illustrates the Expenditure Plan for the stormwater utility fee.

Table 1	
EXPENDITURE PLAN	
	\$3.2M Expenditure Plan
STORMWATER EXPENDITURES	
1. Operation, Maintenance, and Rehabilitation (City Crews)	\$ 694,000
2. Storm Sewer Cleaning and Televising (Contractual)	\$ 466,000
3. Storm Sewer Pipe and Manhole Repair (Contractual)	\$ 506,000
4. Channel Maintenance	\$ 339,000
5. JULIE	\$ 47,000
6. Stormwater Quality (NPDES Permit Compliance)	\$ 188,000
7. Service Requests (Private Property Drainage Problems)	\$ 131,000
8. Master Plan Subdivision Detention Basins	\$ 150,000
ADMINISTRATIVE EXPENDITURES	
1. Utility Fee Implementation Cost Recovery	\$ 100,000
2. Billing Costs	\$ 170,200
3. Administrative Fees	\$ 200,000
4. Utility Fee Credits and Incentives	\$ 116,000
5. Collection Fees, Uncollectible, Delinquencies	\$ 92,800
TOTAL	\$ 3,200,000
\$'s Available for Other Needs	
	\$ 2,521,000

All but one of the Stormwater Expenditures listed in Table 1 (Master Plan Subdivision Basins) are currently funded by sales and property taxes. If those activities are funded in the future by a stormwater utility fee, then the sales and property taxes currently funding these activities would be available to fund other needs. The funds available for other needs are highlighted at the bottom of Table 1.

Council indicated these available dollars would be used for stormwater capital projects. Listed below are capital projects that could be funded over the next 10 years on a “pay as you go” basis by the Expenditure Plan.

- Washington Street West Drainage Improvements \$8,700,000
- Phinney Branch Channel Improvements (Windsor to Crescent) \$4,300,000
- Boneyard Creek Improvements (Phase 3) \$7,300,000

The projects listed above are not listed in any prioritized order and are illustrative only. Council would select the projects to be funded.

2. Revenue Plan. Table 2 illustrates the Revenue Plan for the stormwater utility fee.

Table 2 REVENUE PLAN		
Single Family / Duplex – Tiered/Flat Fee		
	Monthly	Annually
Tier 1 – 0 to 6,000 ft ²	\$ 4.94	\$ 59.29
Tier 2 – 6,001 to 8,000 ft ²	\$10.55	\$126.60
Tier 3 – Over 8,000 ft ²	\$13.64	\$163.68
Non-Residential (Demand)		
	Monthly	Annually
	\$5.24/3,478 ft ² of impervious area	\$62.88/3,478 ft ² of impervious area

Single family and duplex properties would pay a flat monthly fee based on the tiers illustrated above. Properties would be placed in a tier based on the amount of impervious area on the property.

There are approximately 22,746 parcels in the City. There are approximately 18,367 (81%) single family or duplex parcels.

The stormwater utility fee for non-residential properties would be based on impervious area. The impervious area would be estimated from aerial photographs and the rate \$5.24 per month per 3,478 ft² of impervious area.

The 3,478 ft² of impervious area is the average impervious area on a single family property. The impervious area was measure on 116 single family properties. The single family properties were chosen randomly throughout all neighborhoods in the City. The sampling included single family properties with 9,700 ft² of impervious area and single family homes with less than 2,000 ft² of impervious area. The median was 3,102 ft², and the mean was 3,478 ft².

It's estimated the City has approximately 185M ft² of impervious area. This does not include City streets or sidewalks in the right-of-way. To be conservative, the monthly and annual rates for the Expenditure Plan were based on 167M ft² to 176M ft² range of impervious area.

3. Credit and Incentive Plan. The Credit and Incentive Plan for the stormwater utility fee is summarized in Table 3.

Table 3 CREDIT & INCENTIVE PLAN				
	Single Family & Duplex Properties		"Other" Properties	
1. Rain Barrel	\$25	Incentive	\$25	Incentive
2. Rain Garden	\$250	Incentive	\$250	Incentive
3. Rate Reduction	\$250	Incentive	15%	Credit
4. Volume Reduction	\$250	Incentive	15%	Credit
5. Water Quality	\$250	Incentive	10%	Credit
6. NPDES	N/A		5%	Credit
7. Private Detention Basin	15%	Credit	15%	Credit
8. Direct Discharge	N/A		50%	Credit
9. Education	N/A		\$5/student	

The goals for the plan were:

- Use the Credit and Incentive Plan to encourage property owners to incorporate sustainable stormwater management practices on their property.
- Develop the Credit and Incentive Plan in a way that makes it easy for the property owner to use and does not overly complicate the stormwater utility fee billing system.

Generally, the plan provides incentives for single family and duplex properties and credits for the non-residential properties. Credits are recurring discounts against stormwater utility user fees that are granted because the ratepayer installed and/or implemented on their property a qualifying stormwater management activity. Incentives are one-time disbursements that are granted to the ratepayer for doing the same. Qualifying stormwater management activities that are eligible for either credits or incentives must provide either a reduction in peak discharge, a reduction in stormwater runoff volume, a water quality benefit, or some combination of the three.

- a. Single Family and Duplex Properties. The City would provide an incentive per property of \$25 for the purchase of a 55-gallon or larger rain barrel and \$250 for the installation of a minimum 100 ft² rain garden. Additionally, properties would be eligible for incentives installing and/or implementing activities that provide either a reduction in peak discharge, a reduction in stormwater runoff volume, a water quality benefit, or some combination of the three. The property owner would be required to submit their plan to the City for review and approval. The amount of the incentive would be 25% of the construction cost for the activity up to a maximum incentive of \$250. The City would pay the incentive to the property owner after construction has been completed and the installation inspected and approved by the City.

These incentives could be earned individually, i.e., one \$250 incentive for installing a water quality management activity, or combined, i.e. installing one management activity that accomplishes a rate reduction, volume reduction, or water quality improvement.

b. Non-Residential Properties. For properties other than single family and duplex, there would be both a credit and an incentive program. For installing a stormwater management activity, a property owner could choose to participate in either the City's credit or incentive program, but not both. There would be four categories of credit available to the non-residential property owner.

- *Rate Reduction (Maximum 15%)* – Properties that installed a stormwater rate reduction device which is not required to be installed by City stormwater management regulations would be eligible for a 15% rate reduction credit. An example of this could be a commercial property that was developed prior to the City's stormwater management regulations. A stormwater detention basin could be constructed on the property resulting in a 15% stormwater utility fee credit.
- *Volume Reduction (Maximum 15%)* – Properties that installed a stormwater management control that captured the first inch of rainfall from their impervious surfaces would be eligible for a 15% volume reduction credit. The stormwater control would need to be drained in 72 hours in order to be ready for the next storm. Examples of stormwater controls that could qualify for volume reductions are cisterns, permeable pavement, green roofs, and rain gardens.
- *Water Quality (Maximum 10%)* – Properties that installed stormwater management controls that are designed to remove 75% of the total suspended solids from the runoff from impervious surfaces would be eligible for a 10% water quality credit. Examples of stormwater controls that could qualify for water quality credits are rain gardens, vegetated swales, and bioretention.
- *Direct Discharge (Maximum 50%)* – Properties that discharge directly to stormwater facilities that are not maintained by the City would be eligible for a 50% direct discharge credit.

c. Other Credits. Properties whose stormwater drains to private detention basins that are maintained to City standards would be eligible for a 15% credit. Properties required to have NPDES stormwater permits would be eligible for a 5% credit. K-12 schools that provide a water quality-based education curriculum would be eligible for a credit. The credit would be \$5 per student enrolled in the curriculum. The City would need to approve the curriculum.

To qualify for a rate reduction, volume reduction, or water quality credit, the property owner would need to submit a plan to the City for review and approval. A plan would not be required for a direct discharge credit. The property owner's plan must be prepared and certified by a professional qualified to submit stormwater management plans. A professional engineer registered in the State of Illinois would satisfy this requirement. The City would apply the credit after the approved plan has been constructed and inspected by the City. Every five years, the City would consider renewal of the credit upon receipt of a report from the property owner prepared by a certified professional indicating the stormwater management practice is functioning as designed and is being maintained properly. Credit renewal would take place after the City has reviewed and approved the report.

Staff has been approached by property owners and businesses about installing stormwater management controls now that could be eligible for stormwater utility fee credits and incentives later. Staff has and will continue to encourage property owners to implement stormwater management practices that reduce stormwater rates and volumes and improve water quality and intends to “grandfather” these into the stormwater utility fee credit and incentive program when it is established. Staff will share the details of “grandfathering” with Council at the time the credit and incentive program is finalized.

4. Billing Plan. The stormwater utility fee Billing Plan is summarized in Table 4.

Table 4 BILLING PLAN		
UCSD Billing	One-Time	Recurring
1. UCSD Billing Fee		\$ 96,000
2. Labor		
* Clerical – Temporary (Finance)	\$ 22,000	
* Clerical – Temporary (Public Works)	\$ 22,000	
* Engineering Technician 2 (PWD)		\$ 73,800
* Office Equipment and Computers	\$ 7,000	\$ 400
* Civil Engineer - Upgrade		\$ 10,000
TOTAL	\$ 51,000	\$ 180,200

The recommended Billing Plan for the City’s stormwater utility fee would utilize the billing services of the Urbana and Champaign Sanitary District (UCSD). UCSD currently bills the City’s sanitary sewer fee. UCSD also provides sewer billing services for the City of Urbana and the Village of Savoy.

UCSD would add a line to its bill, labeled “City of Champaign Stormwater Utility Fee” and indicate the billing units, rate, and total amount due. UCSD would be responsible for preparing the bills, sending them, and collecting the revenue. UCSD billing staff and the bill would have contact information directing customers with questions concerning the stormwater utility fee to the City for answers.

Table 4 illustrates the costs for the recommended Billing Plan utilizing UCSD services. It was assumed that UCSD billing fee for the stormwater utility fee would be 3% of revenue billed. It was also assumed the collection rate would be 97.1% of revenue billed. Both assumptions are consistent with current billing fees and collection rates for the sanitary sewer fee.

One-time costs for the Billing Plan would be \$51,000. Recurring costs would be \$180,200. Additional City staff would be needed for the stormwater utility fee billing. Cost for the additional staff is summarized in Table 4.

It was assumed that one temporary staff member would be added for six months to both the Finance and Public Works Departments. The temporary worker would be responsible for answering customer services questions. It was assumed there would be a large volume of

calls for the first six months. After six months, the temporary staff member could be eliminated and existing staff in Public Works and Finance could keep up with the volume of customer service calls.

It was also assumed that one permanent engineering technician would be added to the Public Works staff. This individual would be responsible for evaluating, investigating, and responding to customer service questions concerning impervious area. The stormwater utility fee for non-residential properties would be based on the amount of impervious area. For the billing system, the impervious area on a property would be estimated from aerial photographs. These estimates could be wrong. The engineering technician would also be responsible for reviewing applications, plans, and inspecting installations for stormwater utility fee credits and incentives.

The additional engineering technician would be supervised by an existing Civil Engineer II in the Environmental Section of the Engineering Division. It is proposed the Civil Engineer II would be upgraded to a Civil Engineer III. The cost of the upgrade has been included in the estimates on Table 4. In addition to supervising the new engineering technician, the Civil Engineer III would be responsible for implementing and managing the stormwater utility fee for the Public Works Department.

The upgrade would not be immediate. The existing Civil Engineer would assume the responsibilities and perform the duties for a nine to twelve month timeframe. After that period of time, the City would evaluate the program and verify the additional duties warrant the upgrade.

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Sec. 19.8.15.3. – Stormwater utility fee.

The amount of the stormwater utility fee shall be as follows:

- (a) A monthly flat fee as indicated below for any parcel that is the site of a single family or /duplex dwelling based on which tier the parcel qualifies for based on the amount of impervious area that is on the parcel.

Tier 1 (0-6,000 square feet of impervious area)	\$ 4.94 per month
Tier 2 (6,001-8,000 square feet of impervious area)	\$10.55 per month
Tier 3 (over 8,000 square feet of impervious area)	\$13.64 per month

- (b) For all other parcels in the City that are not the site of a single family or duplex dwelling, the amount of the stormwater utility fee shall be \$5.24 per Equivalent Residential Unit (ERU) or \$5.24 per 3,478 square feet of impervious area on the parcel.
- (c) For purposes of this Section, the term “parcel” shall have the same meaning that term has in Article VI in Chapter 29.5 of this Code.

ARTICLE VI. STORMWATER UTILITY

Sec. 29.5-6.01. - Stormwater utility and stormwater fund established.

- (a) The City of Champaign hereby establishes a stormwater utility to provide for the operations, maintenance and rehabilitation of the City's stormwater infrastructure.
- (b) The City hereby establishes a stormwater enterprise fund. All revenues from the stormwater utility fee shall be deposited into the stormwater fund and used only for purposes of the stormwater utility as deemed appropriate by the City Council.

Sec. 29.5-6.02. – Stormwater utility fee.

A stormwater utility fee is hereby imposed on the owner of property in the City of Champaign in the amount as set forth in Section 19-8.15.3 of this code.

Sec. 29.5-6.03. - Stormwater utility fee rate structure.

The stormwater utility fee will be determined by distributing among parcels in the City certain stormwater operation, maintenance and rehabilitation costs as approved by City Council based on the demand for service that is determined for each parcel.

- (a) The basis for determining the stormwater utility fee for each parcel shall be the amount of impervious area on the parcel. The billing unit shall be based on the mean level of imperviousness on single family residential parcels. This billing unit is known as an "Equivalent Residential Unit" or "ERU" and has been determined to be 3,478 square feet of impervious surface in the City of Champaign.
- (b) Each single family residential and duplex partial shall be grouped into one of three tiers based on the amount of impervious surface on the parcel. Each parcel will be billed at a flat rate as determined for that tier. The three tiers shall be defined as follows:
 - (1) Tier 1 – parcels having 6000 or fewer square feet of impervious area
 - (2) Tier 2 – parcels having 6001 - 8000 square feet of impervious area
 - (3) Tier 3 – parcels having more than 8000 square feet of impervious area
- (c) All other parcels in the City shall be billed based on the measured number of ERUs on the parcel. Fractional ERUs shall be rounded up to the next whole ERU. For example, 10,000 square feet of impervious area represents 2.9 ERUs and would be rounded up to 3.0 ERUs for billing purposes.
- (d) Fees to qualifying parcels may be adjusted if stormwater utility fee credits are approved by the City for on-site stormwater management (see Section 29.5-6.14).

Sec. 29.5-6.04. - Stormwater utility fee applicability.

- (a) The stormwater utility fee shall be charged to all parcels in the City that have at least 500 square feet of impervious area.
- (b) The stormwater utility fee shall not be charged to streets and sidewalks that are inside the public right-of-way.

Sec. 29.5-6.05. - Stormwater utility rate.

The City Council shall set and adjust the stormwater utility fee rates.

Sec. 29.5-6.06. - Stormwater utility fee credits.

Parcels shall be eligible to receive a stormwater utility charge credit and/or incentive based upon the requirements of the City of Champaign Stormwater Credit and Incentive Manual.

Any credit allowed against the stormwater utility charge is to be conditioned upon continuing compliance with the City of Champaign Stormwater Credit and Incentive Manual. Proof of compliance as defined in the manual will be required.

Sec. 29.5-6.07. - Agreement for billing with the Urbana and Champaign Sanitary District.

- (a) The City Manager is hereby authorized to enter into an Intergovernmental Agreement ("Billing Agreement") with the Urbana and Champaign Sanitary District ("District") for the District to bill for the City's stormwater utility fee to property owners in the City, subject to the City Council's approval of the initial terms and conditions of such an agreement..
- (b) The City Manager is authorized to execute addenda or amendments to any Billing Agreement for collection of the stormwater utility fee which has been previously approved by the City Council for the purpose of making the billing arrangements contained in the Agreement more efficient or for the purpose of adjusting the fees paid by the City to the District without prior City Council approval, provided that a copy of the proposed addenda or amendments shall be provided to the City Council at least fifteen (15) days prior to execution of said addenda or amendment.
- (c) To the extent that any provision of this article is superseded, amended, or changed by the terms of the Billing Agreement with the District, then the provisions of this article shall not be effective or controlling while the Billing Agreement is in effect.
- (d) To the extent the adopted procedures of the District contradict the provisions of this article, the procedures in the Agreement shall apply while the Agreement is in force and effect.

Sec. 29.5-6.08. - Collection of Stormwater Utility Fees by the City

If the City is unable to enter into an agreement with the District, for the collection of the Stormwater Utility Fee, or the agreement with the District for the collection of said fee is terminated for any reason, then the City Manager shall have the authority to formulate and implement written procedures for collection of said fee by the City, provided that the City Manager shall provide the City Council with a copy of any proposed procedures at least fifteen (15) days prior to the time said procedures are to go into effect.

Sec. 29.5-6.09. - Stormwater utility fee amounts.

- (a) The stormwater fee for all parcels shall be based on a tiered flat rate for residential and duplex parcels or on the number of ERUs and the current monthly stormwater utility rate for all other parcels.
- (b) The stormwater utility fee for any parcel will remain constant from month to month unless one of the following changes occur:
 - (1) A physical modification to the parcel that changes its level of imperviousness;
 - (2) A credit for on-site stormwater management is either awarded or revoked;
 - (3) The stormwater utility fee rate is changed by the City Council; or
 - (4) Any other billing adjustment as described in Section 29.5-6.41 - 44 is applied to the account.
 - (5) The new fee will be assessed on all bills processed on or after the effective date of the fee or new fee.

Sec. 29.5-6.10. - Lien for delinquent stormwater utility fee.

Whenever the stormwater utility fee for a parcel becomes delinquent as set forth in this article, the delinquent fee together with outstanding penalties shall become and constitute a lien upon the parcel.

Sec. 29.5-6.11. - Notice of lien.

Statements rendered for such delinquent stormwater utility fee shall be deemed notice of the lien to the owner of the property if such statement is mailed to the owner of the parcel as shown in the records of the supervisor of assessments by first class mail. No additional notice of lien is required to be sent to the owner nor is a copy of the claim of lien required to be sent to the owner.

Sec. 29.5-6.12. - Contents of lien claim.

The claim of lien for delinquent stormwater utility fee shall be made in the form of a sworn statement by the Finance Director setting forth the following information:

- (a) A description of the parcel, sufficient for identification;
- (b) The amount or amounts of money due including outstanding penalties and interest charges;
- (c) The date or dates when such amount or amounts became delinquent; and
- (d) The owner of record of the property as disclosed by the records of the supervisor of assessments within ninety (90) days before the last statement date.
- (e) Said claim shall be recorded in the Office of the Recorder for Champaign County.

Sec. 29.5-6.13. - Additional lien charge.

In all cases where the stormwater utility fee has become delinquent and the City elects to file a claim for lien as set forth in this article, there shall be added to the amount due prior to recording, in addition to other charges, penalties and interest amounts then due, such charges and expenses as are necessary and required to verify the legal description of the parcel and ownership information and to prepare and record the claim of lien and release the claim for lien. Such additional charge shall be included in the amount claimed due by the lien claim. The amount of the additional charge shall be established by rule or regulation of the Finance Director.

Sec. 29.5-6.14. - Other remedies.

In addition to the recording of a lien, the City may seek payment for delinquent stormwater utility fees, penalties and interest, including any additional lien charges due, by filing suit to collect the same

Sec. 29.5-6.15. - Adjustments to stormwater bills.

A parcel's stormwater utility rate and/or computed number of ERUs may be adjusted by the Director of Public Works to an amount which more properly represents the impervious surfaces on a parcel. This may be done upon presentation by the property owner of factual evidence which, in the Director's sole discretion, establishes that the impervious area used to determine the parcel's stormwater utility tier or the computed number of ERUs was incorrect.

Sec. 29.5-6.16. - Responsibility for initiating adjustment process.

The owner of the parcel is responsible for initiating any review of the impervious area computation for a parcel and presenting factual evidence in support of a change in the impervious area if the owner wishes to have the parcel's stormwater utility rate or computed number of ERUs adjusted.

Sec. 29.5-6.17. - Application for adjustment.

The owner of the property must file an application for an adjustment on forms provided by the City and file the application and factual evidence in support of the adjustment with the Director of Public Works.

Sec. 29.5-6.18. - Effective date of adjustment.

If an application for an adjustment is approved by the City the adjustment will be incorporated into the stormwater fee calculation for the specified parcel and will apply to the next regularly generated bill.

Sec. 29.5-6.19. - Responsibility of owner.

The failure of any owner of property to receive a bill or statement for the stormwater utility fee shall not be grounds for nonpayment or grounds to extend or defer the date upon which payment is due or avoid the inclusion of penalties. Owners of property which are subject to the stormwater utility fee and the recording of a claim of lien pursuant to the terms of this article shall be charged with notice of the existence of the charge and are responsible for ascertaining from the City all amounts, if any, due as provided in this article.

Sec. 29.5-6.20. - Accounts.

The Finance Director shall establish a proper system of accounts and shall keep proper books, records and accounts in which complete and correct entries shall be made of all transactions relative to the stormwater fund.

In addition to the financial statements, the statistical section of the Comprehensive Annual Financial Report shall also reflect the revenues and operating expenses of the stormwater fund. The financial information to be shown in the audit report shall include the following:

- 1) Billing data to show total number of billing units per fiscal year.
- 2) Debt service for the next succeeding fiscal year.
- 3) Number of stormwater utility ratepayers.

Sec. 29.5-6.21. - Access to records.

The City shall allow any relevant agency of the State of Illinois or their authorized representative to have access to any applicable books, documents, paper and records of the stormwater utility fee for the purpose of making audit, examination, excerpts and transcriptions thereof to ensure compliance with the terms of loan agreements and rules of any state loans.

Sec. 29.5-6.22. - Appeals.

The method for determination of stormwater utility fee in Section 29.5-6.24 shall be made available to a user within fifteen (15) days of receipt of a written request by the property owner. Any discrepancy over the method used or in the computations thereof shall be remedied by the Finance Director or his designee within thirty (30) days after notification of a formal written appeal outlining the discrepancies.

Sec. 29.5-6.23. - Authority of Directors to issue rules and regulations.

The Directors of Finance and Public Works may issue rules and regulations necessary to implement this article provided that a copy of each rule or regulation is filed with the City Manager and City Clerk and distributed to the Mayor and each Council Member at least fifteen (15) days before the rule or regulation becomes effective.

Sec. 29.5-6.24. - Definitions.

Credit means a conditional reduction to the amount of a stormwater service charge to an individual property based upon the provisions of the City of Champaign Stormwater Credit and Incentive Manual.

Direct Discharge means the conveyance of stormwater runoff directly to a receiving stream (water of the State of Illinois) without entering the City-owned stormwater drainage system. For the purposes of the stormwater utility, these discharges also do not pass through City-owned or operated culverts or bridges once in the receiving stream.

District means the Urbana & Champaign Sanitary District.

District Agreement means the Intergovernmental Agreement for Billing Services for the Urbana & Champaign Sanitary District and the City of Champaign.

Duplex Property means any residential property containing a single structure designed with two dwelling units for occupancy by one family in each unit. Each dwelling unit shall contain at least one bedroom, a kitchen, and a bathroom.

Equivalent Residential Unit (ERU) shall be used as the basis for determining the storm water service charge to a parcel. Thirty-four hundred seventy-eight (3,478) square feet of impervious area shall be one ERU. The number of ERU's attributed to a parcel will be determined by dividing the total impervious area (square feet) of the parcel by Thirty-four hundred seventy-eight (3,478) and rounding the result up to the next integer.

Finance Director means the Director of the Finance Department of the City of Champaign.

Gross Area means the entire area of a parcel, including both the impervious and pervious areas.

Incentive means a onetime disbursement that fully or partially compensates a property owner for partnering with the city to achieve a stormwater management objective.

Parcel means any ,designated lot, tract, or area of land , established by a plat or other legal means and to be used, developed or built upon as a unit..

Publicly-Owned means owned by the City of Champaign, Champaign County, Champaign Township, the State of Illinois, or the United States of America.

Single Family Residential (SFR) means developed land containing one dwelling structure which contains one or more bedrooms, with a bathroom and kitchen facilities, designed for

occupancy by one family. SFR units may include houses, manufactured homes, and mobile homes located on one or more individual parcels or parcels of land.

Stormwater Utility means a stormwater management program that may include all or part of the following; administration, engineering, planning, operations, enforcement, and capital programs. A stormwater utility often includes a dedicated funding program, such as a user fee, that covers all or part of the costs of the costs of stormwater management.

*DRAFT***INTERGOVERNMENTAL AGREEMENT
FOR BILLING SERVICES****URBANA & CHAMPAIGN SANITARY DISTRICT/CITY OF CHAMPAIGN**

THIS AGREEMENT is made this ____ day of _____ 2012, by and between the **URBANA & CHAMPAIGN SANITARY DISTRICT**, a municipal corporation (hereinafter referred to as "**District**") and the **CITY OF CHAMPAIGN**, a municipal corporation (hereinafter referred to as "**City**").

WHEREAS, the City has established a sanitary sewer fee for use of the City's sanitary sewer system in accordance with Section 29-301 through Section 29-506 and Section 29-601 through Section 29-811 of the Champaign Municipal Code, 1985, attached hereto as Exhibit A (hereinafter "Sanitary Sewer Fee Ordinance").

WHEREAS, the City has established in a stormwater utility fee for the use of the City's stormwater sewer system in accordance with section ____ of the Champaign Municipal Code, 1985, attached hereto as Exhibit B (hereinafter "Stormwater Utility Fee Ordinance.")

WHEREAS, the City and District agree that provision of billing services by the District to the City is in the best interests of the parties and the parties' customers.

NOW, THEREFORE, IT IS AGREED BY AND BETWEEN THE PARTIES as follows:

I. Billing Services, Billing Rate, and Calculation of Charges

A. Charges for services provided beginning _____ and thereafter.

1. The District shall include charges for the City's Sewer Use Fee and Stormwater Utility Fee on bills for the District's services. Each City fee will be listed as a separate line item on the District's sewer bill. The fees will be identified on the bill as the "sewer use fee" and "stormwater fee".
2. The City shall establish billing formulas for each service for each entire calendar year. The District shall calculate bills using the formulas established by the City. The City will notify the District of any change to the City's billing formulas not later than December 15 of the year before the effective date. The District will implement any change in the City's formulas with the first billing of the new calendar year. The new rate(s) shall apply to all bills generated on or after the effective date of the rate or rate change.
3. The District shall accurately calculate and use its best efforts to collect the City's fees. The District's calculation methods shall include the following:

- a. The District will calculate the City's sewer use fee based upon the rate provided to the District by the City as applied to the billable flow for each parcel billed by the District.
 - b. The District will calculate the City's stormwater utility fee using the monthly rate, equivalent residential units (ERU), and credits applicable to each parcel as provided by the City.
 - c. The District will assess delinquency fees on unpaid balances thirty (30) days overdue in accordance with the District's standard procedures utilized for its own delinquent accounts.
 - d. City sewer use fees billed by the District that become delinquent will be collected in accordance with the District's standard procedures that it utilizes for collecting its own delinquent accounts. The District will communicate material changes to these procedures to the City prior to implementation.
 - e. City stormwater utility fees billed by the District that become delinquent will be collected in accordance with the District's standard procedures that it utilizes for collecting its own delinquent accounts up to the step of discontinuance of water service. At that point, the District will reverse all outstanding stormwater utility fees from the District's account, create a detail of the fees, and forward that information to the City. Collection efforts for stormwater utility fees reversed for non-payment will become the responsibility of the City.
 - f. The City may determine that adjustments are to be applied to stormwater utility fees in accordance with their ordinance or policy. Additions of or changes to existing criteria will be forwarded to the District no more frequently than once a week. Change information shall include the parcel number, property address, ERU, and /or credit percentage. Changes will be incorporated into the stormwater calculation for the specified parcel and will apply to the next regularly generated bill.
- B. Response to Customer Questions: The District will make good faith efforts to respond to questions from customers concerning the City's charges, including past-due amounts. The District will direct customers who request additional information to the City at a phone number provided to the District by the City.
- C. Processing Payments. The District will process all payments of the fees as it processes payments of District charges. Payments shall be applied to the oldest outstanding bill first in the following order: delinquency or collection fees, District charges, sewer use fee, and stormwater utility fee. The District will distribute all receipts actually collected to the City each month via wire transfer or ACH before the end of the fifth business day of the following month. The District shall not pay to the City interest earned on funds held on behalf of the City during the month in which it is collected.

II. Responsibilities of City Prior to Initiation of District Billing

- A. Prior to _____, _____, the City will notify all owners of property in the City that Stormwater Utility Fees will be assessed to each parcel and will be included on the District's regular bill.

III. Fees for Services Provided by the District.

- A. Fees. The City shall pay to the District 3.0% of billed revenues for services rendered. Changes in fee structure for subsequent years shall be set by mutual written agreement between the Executive Director of the Urbana & Sanitary District and the City Manager of the City of Champaign.

IV. District Information Sharing Responsibilities.

- A. No later than the date specified in I.C., the District shall provide the following information to the City regarding billing information for the City's fees:
 - 1. The amount billed, paid, outstanding, and the amount that the District deems uncollectible by reason of bankruptcy or similar reason. Those City fees that the District deems uncollectible shall receive no further attention by the District. The District will identify such accounts by address and Permanent Parcel Index Number.

V. Amendment and Termination.

- A. This Agreement may be amended by written agreement of both parties.
- B. This Agreement may be terminated by either party for any reason by notifying the other party in writing at least 90 days in advance. The Agreement shall terminate on the 31st day of December in the year of termination.
- C. In the event that this Agreement is terminated for any reason, within thirty (30) calendar days following the date of termination, the District shall provide to the City the following information for each property subject to the City's fees, in an industry-standard format using industry-standard electronic media:
 - 1. Parcel tax identification number assigned by County
 - 2. Premise number assigned by IAWC
 - 3. Property address
 - 4. Billing address
 - 5. Property owner name
 - 6. Billing and payment history, including the following for each billing period:
 - a. Water reading
 - b. Billed sewer units (daily base or actual water use, as applicable)
 - c. Dollar amount billed for sewer use fee
 - d. Dollar amount billed for stormwater utility fee
 - e. Amount paid toward each fee type
 - f. Amount outstanding for each fee type

Within thirty (30) calendar days of termination, the District shall also provide to the City the following information for each property that is not subject to the City's sewer use fee and stormwater utility fee, in an industry-standard format using industry-standard electronic media:

- 1. Parcel tax identification number assigned by County
- 2. Premise number assigned by IAWC
- 3. Property address
- 4. Billing address
- 5. Property owner name

The District shall also provide the above data to the City upon the City's request prior to termination of this Agreement, and provide other information that the City might reasonably request, so that the City may test conversion of the data to the City's billing system.

VI. Notices

Any notices required or made pursuant to this Agreement shall be delivered personally or sent by first class mail as follows:

To the District

Executive Director
Urbana & Champaign Sanitary District
P. O. Box 669
Urbana, IL 61803-0669

To the City

City Manager
City of Champaign
102 North Neil Street
Champaign, IL 61820

IN WITNESS WHEREOF, the parties hereto have set their hand and seal the day and year first written above.

URBANA & CHAMPAIGN
SANITARY DISTRICT

CITY OF CHAMPAIGN

By: _____
Its President

By: _____
City Manager

ATTEST:

By: _____
Its Clerk

By: _____
City Clerk

SEAL:

SEAL:

APPROVED AS TO FORM:

City Attorney

<p style="text-align: center;">Urbana & Champaign Sanitary District</p> <p style="text-align: center;">Administrative Policy</p>
--

Subject: Enforcement and Collection Procedures

General Statement:

This policy outlines the enforcement and collection procedures related to the collection of user charges of the Urbana & Champaign Sanitary District.

Policy:

Non-Payment of User Charges

1. The responsibility for the payment of user charges is the responsibility of the owner of property connected to the facilities of the District, his/her agents, heirs, and/or assigns. Non-receipt of a bill for user charges or any notice in the collection process shall not be an excuse for nonpayment or entitle the user to request an extension or deferment of the date upon which payment is due or to avoid inclusion of penalties and interest.
2. User charges for all users shall be computed and billed either monthly or bimonthly. Statements are due and payable within thirty (30) days of the date of billing. If a statement remains unpaid after thirty (30) days from the date of billing it will be delinquent. A penalty of 10% will be assessed on the delinquent balance. A Notice of Violation (NOV) will appear on the next statement prepared.
3. Whenever user charges become delinquent they same shall become and constitute a lien upon the real estate served pursuant to the terms and provisions of Section II of the "Sanitary District Act of 1917" (70 ILCS 3010/7).
4. When charges from two consecutive statements have not been paid in full, the account will enter the collection process.
5. A letter will be sent by first class mail to the property owner, and the occupant (if applicable), advising of the potential of discontinuance of water service for failure to pay for wastewater services. The discontinuance of water services is in compliance with 70 ILCS 3010/7 from Chapter. 42, par. 319.7. and the agreement between Illinois American Water Company and the Urbana & Champaign Sanitary District. The letter will specify when additional collection charges will be added and when the account will be forwarded to the water company.
6. If an account remains unpaid two weeks after the collection letter has been sent, it will be deemed as eligible for discontinuance. Accounts which are eligible for discontinuance as of the first of each month and which remain unpaid as of the 15th, will be physically posted with a notice of discontinuance and assessed an additional enforcement charge.
7. Accounts that fail to pay by the identified date or that have failed to meet payment arrangements will be forwarded to the water company for discontinuance of water services. If the water service is shut off, a fee as identified in the agreement with the water company will be applied to the account.
8. If the water company is unable to shut off water or if water service is reestablished in accordance with ICC regulations, the District may elect to file a lien in lieu of discontinuance. An enforcement fee will be added to the account to cover the costs of the process. The reasons for such action may include, but are not limited to:

- A. Property is vacant on the disconnection date.
 - B. The water company is unable to shut off water service and the property cannot be physically disconnected.
 - C. A final water reading is received and there has been no payment on the account.
 - D. Water service is reestablished in accordance with ICC regulations and the property cannot be physically disconnected. In this situation, the owner will be notified by letter of the intent to file a lien in 14 days.
 - E. Legal counsel advises that a lien be filed to protect the District's interest.
9. If the water company is unable to shut off water or if water service is reestablished in accordance with ICC regulations, disconnection may be pursued if the sewer service can be disconnected. The Board of Trustees must approve all properties to be disconnected prior to proceeding with this action. Once approved, the owner will be notified by letter that the property will be disconnected in 14 days. The property will be posted one (1) time and a JULIE locate will be done. An enforcement fee will be added to the account to cover the costs of the process.
10. If the property is disconnected, the cost of the disconnection will be added to the account. The appropriate authorities in the City and County will be notified of the disconnection in order for the property to be condemned for habitation.

Date Effective: August 6, 2009

Date Reviewed / Revised:

City of Champaign
Stormwater Utility Fee
Public Outreach Summary

- Developers' Forum – October 25, 2011
- Atkins Apollo Subdivision Tenant Annual Meeting – October 28, 2011
- Illinois Society of Professional Engineers (Joint presentation with Urbana) – November 3, 2011
- Champaign County Chamber of Commerce Board Meeting (Joint presentation with Urbana) – November 16, 2011
- Unit 4 Schools – Mike Tague – November 28, 2011
- Westlake Neighborhood Association – December 6, 2011
- Champaign County Housing Authority – Ed Bland – December 7, 2011
- Neighborhood Services Department STAR Leadership Institute – December 10, 2011
- Faron Properties – December 19, 2011
- Brian Sullivan – December 19, 2011
- Royse and Brinkmeyer Apartments – December 21, 2011
- University of Illinois (Joint meeting with Urbana) – December 21, 2011
- Champaign County Housing Authority Board – December 22, 2011
- Unit 4 Schools – Acting School Superintendent, Dr. Robert Malito – December 22, 2011
- Interstate Research Park Tenants – January 6, 2012
- St. John's Catholic Newman Center – January 10, 2012
- Market Place Mall – January 11, 2012
- JSM Properties – January 11, 2012
- George Shapland – January 12, 2012
- Stormwater Utility Fee presentations were made January 12, 19, and 26 in Council Chambers. All non-profits and churches in the City were mailed invitations to attend one of those meetings.
- Champaign Park District Board Meeting – January 18, 2012
- Hydraulic Engineers Luncheon (Joint presentation with Urbana) – January 19, 2012
- Parkland College – January 19, 2012
- Public Meeting (Champaign Public Library) – January 26, 2012
- Jerry Ramshaw – January 27, 2012
- David Barr – January 31, 2012
- North Prospect and North Neil businesses (Council Chambers) – February 2, 2012

- FedEx – February 3, 2012
- Fifth and Hill Neighborhood Group – February 6, 2012
- Public Meeting – February 8 (Council Chambers)
- Neighborhood Meeting (south of Kirby, east of Prospect, and north of Richards) – February 9, 2012
- WILL Radio program – February 15, 2012
- Unit 4 Schools – February 14, 2012
- Central Illinois Property Professionals – February 16, 2012
- Country Fair Apartments – February 17, 2012
- Grace Lutheran Church – February 20, 2012
- Garden Hills Neighborhood Group – February 20, 2012

Group Correspondence/Notification of Meetings:

- On November 30, 2011, 23 letters were sent to the large apartment owners in the City and invited them to schedule a meeting to discuss the proposed stormwater utility fee.
- On December 9, 2011, 24 letters were sent to all the businesses in Interstate Research Park and invited them to the January 6, 2012 meeting on the stormwater utility fee.
- On January 9, 2012, 6 letters were sent to the large commercial property owners in the City and invited them to schedule a meeting to discuss the proposed stormwater utility fee.
- On January 12, 2012, 184 letters were sent to all businesses north of I-74 between Boardwalk and Market Street, and invited them to the February 2 meeting on the stormwater utility fee.
- On January 19, 2012, 311 postcards were sent to residents in the neighborhood south of Kirby, east of Prospect, and north of Richards inviting them to the February 9 neighborhood meeting on the stormwater utility fee.

Exhibit E

Stormwater Utility Fee
Written Public Input

GUEST COMMENTARY

Storm water utility fee bad idea in these hard times

By **BRIAN J. SULLIVAN**

What, "tax" the rain that falls? What's next, a "tax" on the air that we breathe?

Here we go again, another new "tax," deceptively called "storm water utility fee" slated to be voted on early this year by the Champaign City Council.

This new "tax" will be charged against all properties based on the amount of impervious area on each homeowner's property such as roofs, parking lots, streets, sidewalks and driveways.

This includes private residences, commercial properties and non-profits. Fees for an average homeowner (Tier 2) would be \$10.55 per month or \$126.60 per year, while large apartment buildings, box stores and malls could be paying in the thousands of dollars.

While I commend the city for its great moniker calling it a "fee" (for legal reasons), it's still a "tax" — an additional cost to you! Not only will you be paying this "tax" on your home, but also a second time every time you shop, purchase gas, or go to the movies as businesses incorporate this "tax" by raising prices. While it may seem benign, it will further erode our already fragile economy still struggling from the worst economic recession since the Great Depression.

Please note that this "tax" is in addition to the \$5.1 million already collected by the City of Champaign from property and sales taxes and used for storm water infrastructure, maintenance, rehabilitation and improvement, plus storm water quality improvements.

As a business owner, a homeowner, multifamily property owner and consumer in Champaign, I can tell you firsthand the effects such a "tax" will have on my business.

First, let me make clear that this is not the first new "tax" we've had. As a multifamily property owner we have experienced a myriad of new "taxes" in the last couple of years.

Inspection fees, curbside recycling fees and fire safety fees are several of the most recent, not to mention new code compliance expenses and EPA lead paint remediation.

This in addition to higher power bills, gas surcharges, insurance, property taxes, doubling of our water rates and ending the year with the highest gasoline prices in history. All these additional "taxes" add up.

Over the last couple of years my operating expenses have nearly doubled while my income has fallen. I have tried to absorb the bulk of most of these "taxes."

However, one cannot run a successful business in the red and from time to time these increases are passed onto my tenants in the form of higher rents. And guess what, they cannot afford the increases either and subsequently have moved out, leaving me with over 70 percent vacancy rates — the likes of which I have never seen in over 30 years in the multifamily rental business. This is serious, this is real. I know people in this community who have lost their jobs, who have declared bankruptcy, who have lost their home and life savings (one person I know is living out of his car).

No one can debate the validity, the need for, or dispute the engineering/consultant studies that we need to continue to improve our city's infrastructure, but take a look around you. There are empty store fronts up and down most major streets, established businesses are closing their doors and there are

thousands of unsold homes on the market. Gas prices are high. And thousands are still out of work, and those that are still working have not seen an increase in their wages for several years and in fact have been asked to contribute more to their health care, thereby decreasing their earning power even more.

We can all agree that there are many needs in the city's budget. However, I believe the public deserves prudent and judicious use of our tax dollars. When times are tough (as they are now) then some belt tightening is in order.

Families are sacrificing, and so should the city, lest we forget that taxpayers are real people in this community. They have no more to give and this planned "tax" will hurt the lower and middle class the most.

We talk about affordable housing, yet our city's tax policies are taxing people out of their homes.

I say enough is enough! While the intent of the "tax" is noble, in this economic climate it is not appropriate. I urge the city council members to reconsider their support for the passage of the "storm water utility fee" and to consider the extra tax burden it will place on all citizens of Champaign, especially those least able to afford it if it is passed. I also urge all citizens of Champaign to contact their council members and to express their disapproval of this new "tax."

Brian J. Sullivan has been involved in the rental business for over 30 years, and has owned multifamily properties in Milwaukee, Chicago and Champaign. He has owned rental property in Champaign for the last 20 years as well as being a member of the Central Illinois Apartment Association.



211 West Springfield Avenue, Champaign, Illinois 61820 Phone: 217-352-1129 Fax: 217-378-2257

City of Champaign – Proposed Stormwater Utility Fee

Position Paper

December 30, 2011

Dear Dennis;

Thank you for the time you spent with us reviewing the details of this issue. As expected, your presentation was informative, professional, and thorough. And now that I “have the facts”, I am resolved in my opposition to the proposed fee for several reasons:

- 1) **The current Stormwater Fund is sufficient.**
You currently enjoy a budget of 5.1 million dollars in your Stormwater Fund. That figure places you in a remarkably prosperous position when compared to other municipal budgets throughout the State. There is nothing unique about Champaign’s weather or topography that would warrant an even greater disparity. Champaign’s stormwater drainage *needs* can be adequately addressed within the current budget.
- 2) **There are more appropriate ways to fund special needs.**
The proper mechanism for funding special neighborhood needs is via a Neighborhood Special Project Assessment. Avoiding that mechanism in favor of a more general approach to generating a pool of dollars for “additional projects” is a method that will guarantee that any proposed projects will not receive the same level of scrutiny and cost/value justification, resulting in greater waste of taxpayer resources and less trust in government and less satisfaction in the delivery of city services.
- 3) **It is past time for the city to demonstrate an awareness of the fiscal realities its constituents face.**
The economic impact of several recent city initiatives, including the Multi-Family Recycling Program and the Apartment Inspection Program have burdened our business with – literally – thousands of dollars in additional expense. And I’m certain that our business is not unique. And think for a moment about the glut of commercial space (which is not our business) that is currently sitting on the market. Does it really make sense to saddle the property owners with thousands of dollars of new fees? Is the city more concerned with how the storm water runs off the empty parking lots, than it is that the parking lots are empty and the businesses are gone?



211 West Springfield Avenue, Champaign, Illinois 61820 Phone: 217-352-1129 Fax: 217-378-2257

Dennis, I'm glad that the City is concerned with the issue and has provided an opportunity for comment. But the facts are simple – the proposed Stormwater Utility Fee is not worth the benefit to be derived from the expense. The expense is significant; and those that would be required to pay for it have limited resources with which to do so.

The proposed Stormwater Utility Fee should be rejected.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Glasa', written over a horizontal line.

Robert L. Glasa
Chief Executive Officer
Royse & Brinkmeyer Apartments

Dennis Schmidt - property list

From: "James Faron" <jffaron@comcast.net>
To: "Dennis Schmidt" <schmiddj@ci.champaign.il.us>
Date: 1/2/2012 9:51 PM
Subject: property list

Dennis,

I appreciate the opportunity to meet with you on December 19th. The list that you e-mailed me reflects my rental property holdings.

I found our chat quite informative. I was struck by your use of the phrase "tapped out" in regard to your sewer budget/spending of over \$5,000,000 . I too feel that way in the private sector. Unfortunately, we do not have the ability to tax/access fees and the flat economy limits the rental increases that multi-family owners can charge. Thanks again for your time.

Jim Faron

Stormwater fee remains in contention

Posted: Wednesday, January 4, 2012 12:31 am

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NAMPA — The city of Nampa presses forward on its controversial stormwater program, despite two ongoing lawsuits that threaten to stop it in its tracks.

City officials argue that the stormwater program is a utility, and the associated fees are collected in exchange for the service. Opponents call the fee an unauthorized tax, citing a Lewiston case in which a similar program was struck down. Two lawsuits - one a class action suit filed by attorneys from Boise-based firm Davidson, Copple, Copple, and Copple, the other by Republic Storage - challenge the Nampa stormwater fee program.

Nonetheless, stormwater division manager Cheryl Jenkins said in a presentation to the city council Tuesday night, the city continues to keep the public informed of the public's goals.

"After we formed the stormwater utility, we met with the top 100 property owners," Jenkins told the council. "Let them know about the program, what we're doing. ... They were very appreciative of this outreach effort, and when we were able to answer questions about their bill, they understand the need for the program."

Attorney Don Copple, who filed the class action suit, said last month that stormwater programs have typically been funded by a city's general funds, and setting up a separate fee is merely a new tax in disguise.

After Jenkin's presentation, the council adjourned to a closed-door session to discuss the lawsuit.

"Stormwater Fee Remains in Contention." Editorial. Idaho Press-Tribune [Nampa] 4 Jan. 2012. <http://www.idahopress.com/>. Web.

EXECUTIVE SUMMARY

Municipal stormwater management for local governments has evolved over time from an urban flood control function, to a water and resource management function, to an environmental protection and regulatory function. All three functions now co-exist as responsibilities of local government. This evolution has forced changes in how stormwater systems are planned, designed, constructed, operated, and financed. More specifically, the stormwater function has evolved from a basic capital construction and maintenance program supported primarily by local taxes, to a program of integrated water resource management, environmental enhancement, and recreational services requiring a multi-faceted benefit based finance system.

The focus of this guidance is to provide a resource to local governments as they address contemporary stormwater program financing challenges. The guidance includes procedural, legal, and financial considerations in developing viable funding approaches. The guidance examines a range of possible approaches to paying for stormwater management, but the focus is on guidelines for developing service/user/utility fees to support these programs. The terms service fee, user fee, and utility fee may be used interchangeably in this guidance. Chapter 2 addresses various sources of funding. Chapter 3 covers legal considerations, and implementation of stormwater funding programs is discussed in Chapter 4.

SOURCES OF FUNDING

"Needs" are the key driver of stormwater programs and funding development. Without a well defined stormwater service need, there will not be basic support and success will be less likely. When considering how to develop and finance a stormwater program it is important to prepare a business plan that identifies strategic decisions and guides the program evolution and funding decisions. Emerging trends in funding practices include increasing complexity, blended funding, multi-jurisdictional funding, cost-sharing with other public programs, broader private sector participation, and increasing influence of technology and data.

Stormwater management has historically been supported by a range of funding methods and mechanisms that reflect a mix of federal, state and local programs. While the focus of this guidance is on service fees, other stormwater program funding mechanisms include general revenue appropriations; plan review, development inspection, and special user fees; special assessments; bonding for capital improvements; in-lieu of construction fees; capitalization recovery fees; impact fees; developer extension/latecomer fees; and federal and state funding opportunities such as grants, loans and cooperative programs.

There are several criteria that are commonly used to evaluate and select methods for design of service fee rate structures. They include legality, equity, revenue sufficiency, flexibility, balance of rates with level of service, data requirements, compatibility with data processing systems, consistency with other local funding and rate policies, and revenue stability and sensitivity. The fundamental objective of a service fee/utility is attainment of equity. Service fee rate methodologies are designed to attain a fair and reasonable apportionment of cost of providing services and facilities.

Design of stormwater service fees must meet general and technical standards. A rate structure analysis is performed to determine how costs might be apportioned among those who are served in various ways by expenditures for maintenance and operations, capital improvements, and support activities. Impervious area, gross area, percentage imperviousness, and land use are the parameters most frequently used to determine rate structures. Services fees are generally cost-based and are designed to reflect the impacts that each property has on stormwater service demands. Such costs are primarily a function of the peak stormwater runoff rate, the total volume of discharge, and pollutant contributions.

There are four rate structure concepts or methodologies used as examples in this guidance that are typical of those adopted in the more than five hundred communities that have established stormwater utilities. These examples base their fees on impervious area, a combination of impervious area and gross area, impervious area and the percentage of imperviousness, and gross property area and the intensity of development.

LEGAL CONSIDERATIONS

The type of funding mechanism selected for a stormwater utility or stormwater management program has a variety of legal consequences. Taxes, service fees, special assessments, impact fees and other revenue sources can be used, but each approach will have different implications in terms of who will pay, what procedures must be followed to implement and collect the charge, and how the money can be used. If the funding approach is deemed to be a tax, then tax-exempt entities such as churches, schools, state agencies and federal government facilities will contest their obligation to pay. If a service fee approach

is used, the reasonableness of the rate structure and its relationship to the service being provided may be challenged. In many states special taxpayer approval must be sought.

The distinctions between the various funding approaches are often blurred. In general, a tax is an enforced burden imposed by sovereign right for the support of the government, the administration of law, and the exercise of various functions the sovereign is called upon to perform. Many states have constitutional or statutory restrictions on the ability of local governments to levy taxes, which do not apply to fees or charges.

User/service fees are charges based upon the proprietary right of the governing body permitting the use of the instrumentality involved. Fees have traits that distinguish them from taxes. First, they are charged in exchange for a particular governmental service which benefits the party paying the fee. Second, they are voluntary, in that the party paying the fee has the option of not utilizing the governmental service and thereby avoiding the charge. Third, the amount of the fee is designed to recover the actual cost of the service being provided. In some cases there may be little practical difference between a tax and a fee, but the legal distinctions between the two are important.

Stormwater service fees have been the subject of litigation resulting in reported opinions from at least 17 states, including many cases involving final decisions by the state's highest court. In addition, there have been unreported decisions from lower courts in states that have involved similar challenges to local stormwater fees. Based on these cases, certain common themes have emerged.

The question of whether a service charge is actually a "tax" has been the issue most frequently litigated. Other reoccurring issues involve whether or not the charge is voluntary, is it a fee or special assessment, is the fee "reasonable" and directly related to the cost of providing the service, are the properties charged fees receiving proportionate benefit from the services provided, and must fees be confined to cost of providing stormwater services alone or may any surplus be applied to capital improvements.

Determining the legality of a specific financing mechanism chosen will depend upon a close analysis of state law. Nevertheless, certain general principals emerge from the cases examined. First, for a stormwater service charge to be regarded as a fee, rather than a tax, the overall cost of the program must be reasonably related to the service being provided, and the funds raised must be segregated for use by the stormwater program. Second, the fee should be proportional to the property's contribution to stormwater runoff. Third, participation in the program should be characterized as "voluntary". And fourth, in states with constitutional provisions governing the imposition of any new tax, it may be necessary to seek voter approval for a fee even if it is designed to be service-based.

GUEST COMMENTARY

Fee needed to end major flooding issues

By **JAMES CREIGHTON**

A storm water utility fee benefits all. Why? In a word — Campustown.

When I was growing up in Champaign, the big joke was about canoeing down Green Street after a rain. The not-so-funny part was the flooded storefronts of businesses and basements along the Boneyard Creek. Depressed property values along Green Street prevented any sizeable upgrading or investment opportunities. It looked dilapidated and reflected poorly on the offerings of the University of Illinois and the city to parents, students and faculty.

Since the sizable investment in storm water infrastructure, the Green Street corridor thrives. No more boats; cars don't drift downstream when it rains; basements and storefronts stay dry. Green Street looks nice and attracts (and continues to attract) new investments. Property taxes have risen and continue to remain at their level despite the economic downturn.

The SWUF is a nominal, across-the-board fee to give the city funding needed to end the major flooding issues in Champaign. A fee offers incentives and credits to reduce the fee, rewarding efforts by the public to be more responsible toward its water runoff. The majority of property owners fall into the category of Tier 1, approximately 82 percent. The cost would be \$59.29 per year, or \$4.94 per month to each resident. That's about the cost of one Big Mac meal a month, and we all know we could use one less Big Mac a month.

The city brings in \$5.1 million that is used for storm water management; 40 percent of that goes straight to

paying off debt from previous storm water projects like the Boneyard, Healey Street basin, John Street and East Washington Street — projects that have brought great relief to hundreds of businesses and homeowners thus far.

The storm water system below ground is an asset valued by the city at approximately \$325 million. They have \$3 million a year to use on repairs, maintenance and replacement — that's less than 1 percent. Could you operate your home budget on repairs of less than 1 percent per year? Maybe, but not for 20 years, which is what the city is faced with until the debt is paid off. Approximately \$80 million is needed for projects that continue to be put off because of a lack of funds. These projects are not "dream projects" but are necessary repairs or replacement projects.

The infrastructure installed in old Champaign was funded during a growth period by federal and state assistance that no longer exists.

My neighborhood is hit particularly hard when it rains. We sacrifice time and dollars to clean our flooded basements. Flooding weakens our foundations, our property values, and eventually our spirits with each occurrence. These basements do not flood because we have failed to protect our properties as homeowners. These areas flood because of undersized and broken storm pipes, some as old as 100 years.

Great focus has been placed on businesses and homeowners, but another aspect of these flooded streets deals with public safety. Some blocks become islands during flooding, preventing any emergen-

cy vehicle from reaching homes while water blocks entire streets with three or more feet of water. The city is faced with millions in repairs/improvements and not enough money to keep up; this situation will only get worse and more expensive with neglect.

The EPA will soon release new mandates for municipalities to implement and they will add an additional burden to an already "taxed" budget. There are three watershed committees that have suggested and endorsed the formation of SWUF and numerous other neighborhoods that will benefit from it. That's a representation of economically poor to rich and everyone in between. We number in the thousands. We have been working on this problem for years with the city and have offered solutions and remedies.

I'd like everyone to pause for a moment and consider if you have ever thought where the water goes as it is running down your driveway while it's raining. We don't. We want our drains to work all the time, every time, but as they get older, they won't, and that's when repairs/replacement are needed.

The difference between a street and a storm pipe are obvious, but there are similarities as well. They both have specific duties. Both cost millions to install and repair or replace. The difference is, it's easier to fix a street.

James Creighton, a 40-year resident of Champaign, is the spokesman for the West Washington Watershed Steering Committee and he sat on the mayor of Champaign's Stormwater Utility Fee Advisory Committee.

Resident wants credit for using rain barrels

As a senior on a fixed income, I don't need another monthly expense. For several years, I have had five or more 50-gallon rain barrels capturing house and garage roof rainwater with overflow running into the lawn.

I see many in my neighborhood.

Two years ago, Champaign was subsidizing rain barrel purchases. I believe that the city should allow square footage credit when rain barrels are used. I plan to attend the Feb. 8 council meeting to voice the idea.

I'm hoping that city council members will pick up on it.

CULLY SLOCUM
Champaign

Slocum, Cully. "Resident Wants Credit for Using Rain Barrels." Editorial.

News-Gazette [Champaign] 4 Feb. 2012: A4. Print.

Storm water fee plan needs review

I recently attended a neighborhood storm water utility meeting hosted by the City of Champaign.

The city asked for public input, but did not welcome it. The city council has imposed a gasoline tax for street repair. I can't wait for the dramatic improvements. Living in this city is becoming very expensive!

Illinois American Water raised their rates by more than 50 percent, and Ameren has raised gas and electricity prices. Home values have dropped by 33 percent in some cases with no decrease in property taxes.

I bet readers' income is not up by 50 percent. Lots of citizens are unemployed and/or losing their homes and cannot afford to pay another fee.

Apparently the mayor and council members are hell-bent on adding this fee without a voter referendum. They should at least implement a fair fee structure. Their complicated proposal calls for a three-tier fee schedule with nine different credits/incentives or fee reductions.

Wow. Who would keep track of this nightmare?

We should hire a street sweeper, not another accountant. At least the storm drains could be cleared of debris.

The city proposal would levy a \$59, \$126 or \$163 annual fee on its homeowners based on a 3-tier structure. A family living in a modest home of 1,000 square feet could pay the same fee as a family with a 6,000-square-foot home.

Why not base this fee at \$1 per assessed value per year? For example, a home valued at \$120,000 would be levied a \$40 annual fee.

DAN MORGAN
Champaign

Exhibit F
City of Champaign
Stormwater Utility Fee
AMEC Scope of Work

Specific activities that AMEC would assist City staff with would include:

- Development of the Stormwater Utility Fee Credit/Incentive Manual. The manual would provide guidance for developers, property owners, and other users on what activities and/or facilities qualify for a credit/incentive, the process to follow to apply for a credit/incentive, the requirements that must be met in order to maintain a credit and the appeals process for a credit/incentive that is not approved by staff. The Credit/Incentive Manual would include application forms and examples illustrating the computational methods required for particular credits/incentives. Once the “draft” Credit/Incentive Manual has been developed staff would schedule a Council Study Session. The “draft” Credit/Incentive Manual should be completed approximately six months after adoption of the Stormwater Utility Fee Rate Ordinance.
- Development of a training program for the Credit/Incentive Manual. The training program would be both a web-based and PowerPoint versions. Web-based would be installed on the City’s website and the PowerPoint would be used by City staff for on-site training programs.
- Development of City standards for the operation and maintenance of private detention basins. The Credit/Incentive Manual would offer a credit for all property owners that are tributary to a private detention basin which is maintained to City standards.
- Assisting City staff with billing agent (UCSD) coordination. This includes developing the delivery format for billing data, developing/testing billing data protocols, and reviewing billing agent’s customer service program.
- Developing impervious surface database for all non-single family/duplex properties.
- Assigning single family/duplex properties to one of the three tiers.
- Creation of the master billing account file.
- Assisting City staff with continued public education on the stormwater utility fee. This includes bill stuffers and informational fliers that would be sent to property owners prior to the first stormwater utility fee bill.
- Assisting City staff in the development of a customer service plan. This would include the creation of flow charts, frequently asked questions (FAQs), and complaint response guidelines.