City of Champaign, Illinois
Minutes of Meeting

Stormwater Utility Fee Advisory & Technical Committees Meeting

February 14, 2011

Advisory Committee Members Present: Eliana Brown, Clif Carey, Steve Cochran, Karen Foster, Jim Jesso, Vic McIntosh, Jim Spencer, Anna Maria Watkin

Advisory Committee Members Absent: Donald Agin, Charles Allen, Jim Bustard, James Creighton, Chris Hamelburg, David Tomlinson

Technical Committee Members Present: Lorrie Pearson, Andrew Proctor, Mark Toalson

Technical Committee Members Absent: Shawn Luesse, Leslie Lundy

City Staff Present: Dennis Schmidt, Jamie Vermillion, Roland White

Consultants Present: Greg Kacvinsky – Foth Infrastructure & Environmental

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Call to Order
The meeting was called to order at 4:01 p.m.

Minutes
The minutes from January 10, 2011 were approved.

Member Inquiries/Staff Follow-up
On January 12, Brown made an email inquiry to staff regarding the Stormwater Unfunded Needs Survey. On January 14, Brown made another email inquiry to staff regarding the costs of Washington Street West, Phinney Branch Channel Improvements and Boneyard Creek Improvements – Phase 3. The responses to both inquiries are included in the February 14, 2011 Advisory Committee Meeting packet.

Stormwater Management – Expenditure Plan
Schmidt made a presentation describing two possible expenditure plans. Tools used to develop these plans include the list of funded stormwater needs, survey results from the funded stormwater needs survey, the list of unfunded stormwater needs, survey results from the unfunded stormwater needs survey and three expenditure plan selection criteria including ranking by the majority of advisory/technical committee as top or moderate priority, activities that would benefit the majority of property owners and activities that fell within the $2 million to $3 million expenditure range established by Council.

Foster asked what "Blue and Orange Drainage Problems" represent as described on Slide 23, Section A. Schmidt explained that Blue represents areas with storm sewers with drainage problems that have not been studied yet. Orange areas are those areas without storm sewers with drainage problems present.

Proctor asked if there is estimated funding for Criteria 1 and 2 or if there is only estimated funding for Criteria 3. Schmidt explained that the estimated funding referred to in Criteria 3 is what remained after all the criteria were applied. Criteria 1 was applied and some activities were eliminated, Criteria 2 was applied and more activities were eliminated, finally Criteria 3 was applied resulting in a $2 million expenditure plan and a $3 million expenditure plan.

Carey asked what the relationship is between the activities that would be funded by the $2 million expenditure plan and those already funded by the $5.1 million. Schmidt explained that there are thirteen activities funded by the $5.1 million, the three activities funded by the $2 million are three of the thirteen. Carey then asked if the $5.1 million would decrease to $3.4 million. Schmidt indicated that $1.7 million decrease is correct. Carey asked if $5.1 million figure or the $1.7 million figure is constant. Schmidt explained the $1.7 million could be used for other projects (not necessarily stormwater activities) or the sales tax could be reduced by $1.7 million or the property taxes could be reduced by $1.7 million.

Carey asked if the line on the table titled "Dollars Available for Other Uses" presumes that funding could be over and above the $5.1 million. Schmidt stated that going over $5.1 million is a possibility. Carey then asked if the funds could be used to reduce sales and property taxes if a fee was enacted. Schmidt indicated that also is a possibility.

Foster asked if the $1.7 million "Available for Other Uses" would have to be used to fund stormwater activities if a stormwater utility fee is collected. Schmidt explained that the $1.7 million is acquired through sales and property taxes, so the funding does not have to stay in stormwater. Taxes can be used for any activity, while money acquired by collecting a stormwater utility fee would have to be used for the stormwater related activities.

The $2 million and $3 million expenditure plans show expenditures through FY22. Proctor asked what the funding would be used for after FY22. Schmidt said there will always be a need for money and there will be projects and activities that need to be completed. Vic further explained that the expenditures will be utilized for stormwater activities only and there are plenty of stormwater needs that need to be addressed.

Jesso asked if the City has any information on what other communities charge for their stormwater utility fees. Schmidt indicated this information can be provided at a future meeting.

Carey asked if Council adopted the $3 million expenditure plan, could Council take away the $2.6 million available for other uses and fund an unrelated activity, such as an arterial

street construction project. Schmidt indicated that could happen, but he has not heard any discussion of this. Thus far, Council has shown major interest in funding other capital projects such as Washington Street West.

Proctor asked if the Phinney Branch project has a 20% cost share agreement. Schmidt explained that the City has an agreement with the Phinney Branch Drainage District where they will pay for 20% of the cost for the Phinney Brach Channel Improvement Project. The figures on the tables in the presentation reflect that agreement.

McIntosh noted that with the $3 million expenditure plan, the City would not have to bond projects such as Washington Street West because the funding would already be available. By the time all engineering studies are complete, projects could begin. Once, a project is complete, the City would be able to move into other projects considered Blue or Orange without having to bond.

Foster asked how long it takes to start a project. Schmidt explained that it depends upon the complexity of the project, i.e. whether easements or property acquisitions are required. Using Washington Street West as an example, the project will require property acquisition in addition to the typical project design. It would not be unusual for construction in Washington Street West to not begin for two years. Boneyard would be less complicated than Washington Street West, but Phinney would be very complex because easements will be required.

Proctor asked how many households are in Washington Street West. White indicated there are approximately 1,500 households in that particular area. Foster added that she believes there are approximately 3,000 residents.

Carey asked why $2 million and $3 million expenditure plans were developed. Schmidt explained that these figures were based upon the user fees of $5 to $7 per month or $60 to $80 per year for single family properties. Carey then asked if all properties will be charged the same user fees (i.e. not for profits, etc.). Schmidt explained that Council would make that decision. Currently, there are other fees in place (sanitary sewer and multiple family recycling) and both of these fees apply to tax exempt properties, so he thinks the same would hold true for a stormwater utility fee.

Jesso asked if there would be difficulty gaining support for a $7 single family property fee over a $5 single family property fee. Schmidt stated that 70% of Champaign properties are residential and 30% are commercial. He believes that the cost to commercial users, the Park District, School District, etc. will really determine what the fee will be.

Watkin commented that in order to gain support from residents, publicity will have to be extremely good with clear explanations. If the money could be used for other projects such as installing sidewalks, street lights, curbs, gutters, etc., residents in underserved areas would be more likely to support. Watkin further commented that money needs to be put into the infrastructure and buildings that we already have instead of encouraging

people to move out to new subdivisions on the fringe of the City boundaries. Schmidt noted that the operation, maintenance and rehabilitation, storm sewer cleaning and televising and storm sewer pipe and manhole repair activities are not completed in Watkin's neighborhood because there are no storm sewers. McIntosh pointed out that residents in Watkin's neighborhood have been paying real estate taxes longer than most other residents, however, those citizens have the smallest amount of services.

McIntosh explained that the $2 million and the $3 million expenditure plans are somewhat speculative. These plans are currently structured in a way which assumes the City and all other property owners will pay. If properties are eliminated, i.e. non-profits, churches, etc., the revenues will decrease. Revenues will also decrease if it is decided to give credits to property owners for improvements such as rain gardens or a rain barrel.

Brown commented that a stormwater utility fee program must have credits in order for the fee to be legal. Schmidt further explained that if credits are not offered the fee becomes a tax.

Carey asked if a credit program is typically a recurring program. Schmidt explained that some communities give a credit each year, but others do not. Carey commented that a benefit of a stormwater utility fee is making stormwater a responsibility of the property owner. This will generate a better thought process by encouraging residents to build rain gardens or use rain barrels. Carey thinks if we adopt a $3 million expenditure plan over a $2 million expenditure plan, more money should be spent on incentives.

Brown asked if budgeting $100,000 for incentives is proportionate to programs other communities have. Schmidt indicated that figure is probably high. Brown asked if it is true that many communities do not offer credits or incentives for single family properties. Schmidt said that some communities offer properties in subdivisions with detention basins a credit. Brown asked if properties with a rain barrel typically receive continuous credits. Schmidt indicated that usually rain barrels and rain gardens are operated as an incentive to encourage the use of the practices. It is a one-time payment and not a reoccurring credit. White explained that it is administratively difficult to track the rain gardens and rain barrels. The City would need to visit properties to ensure the rain gardens are being maintained properly or inspect a property to ensure the rain barrel is installed.

Watkin asked how other communities compensate property owners who have purchased rain barrels or built a rain garden prior to the adoption of a stormwater utility fee. Kacvinsky explained in Rock Island, the only subsidy is the initial cost share. If a rain garden or a rain barrel is established prior to adoption of the fee, he would presume they would not be eligible for any rebate.

Schmidt asked for reaction from the group regarding an alternate expenditure plan where the stormwater utility fee would be used to fund only capital projects. Therefore, there would be no funding of operation or maintenance type activities that are already being completed.

Spencer asked if spending money now on capital would save the City money in the long run. Schmidt responded that he does not believe there would be any savings. Spencer then asked if maintenance costs would rise with inflation. Schmidt indicated the costs would go up at a rate that coincides with the increase in sales tax revenues.

Jesso indicated that he prefers the $3 million expenditure plan without capital improvements.

White asked the group which plan the committee feels more comfortable with. Schmidt explained he was comfortable taking a $2 million to $3 million range to Council, so he's not asking the group to pick between the plans, unless there are strong feelings for one over the other. Schmidt is mainly interested in whether or not the plans should be based on capital or on operation and maintenance activities.

Carey commented that he felt it was more complex if an expenditure plan based upon capital is adopted. Schmidt noted if the plan is based on capital it becomes more of a problem deciding on how to work credits. It is less complicated to base the fee on operations and maintenance activities. It would be easier to give someone a credit if they do something to reduce their stormwater runoff. Basing the fee on operations and maintenance activities will also help with calculating what the University of Illinois' share of the fee should be.

Jesso asked if Schmidt thinks the University of Illinois will strongly oppose this fee. Schmidt does not think they will "put up a fight," but they will seek a program where they are paying their fair share. The City of Champaign does not provide any stormwater services to some areas owned by the University of Illinois. The University operates and maintains their own storm sewer system and operates their own stormwater quality program. However, there are areas the University owns that do receive and benefit from the City's stormwater system.

Jesso asked if there are any other nuances similar to the University of Illinois. Schmidt indicated that he is sure there will be. For example, Humko and Kraft have their own storm sewer system that discharges directly into the Copper Slough. One of the thirteen activities covered under the $3 million expenditure plan is stormwater management where the City helps property owners. The City never provides assistance to Humco, Kraft or the U of I to help solve their drainage problem. If stormwater management becomes part of our program, U of I, Kraft and Humko probably should not have to pay for that.

Jesso asked if politically the difference between the $5 and $7 for residential properties will be a tough sell. Schmidt explained he has not tested that well enough with Council. Those figures were shared with Council in the March Study Session and Council instructed staff to look at $2 million to $3 million plan. McIntosh noted that if the public believes they will benefit from the program, they will be less likely to fight the program, regardless of whether the cost is $5 or $7 per month. Schmidt added there will be plenty

of notification for property owners. If a stormwater utility fee is adopted it will be eighteen months before a bill goes out.

Proctor asked if we adopt the expenditure plan based upon capital, would that provide relief to current system. Schmidt indicated there would not be relief because maintenance costs would go up because there will be maintenance cost for the new projects that will need to be paid for. Proctor then asked if the City had a cost estimate to maintain the capital projects, if they are built. Schmidt indicated staff could provide those figures at a future meeting.

Proctor commented that he would feel more comfortable looking at revenue model before making any decision on which expenditure plan he prefers.

Cochran asked if a lot of the Orange and Blue areas were outside the City limits when they were built and then later annexed into the City. Schmidt indicated that many of them were outside of the City when originally constructed.

Watkin commented that in order to gain support for the stormwater utility fee, part of the publicity should focus on the societal benefits of good infrastructure.

Schmidt summarized the information he is going to present to Council. He will inform Council that the Committee feels comfortable with an expenditure plan with a range of $2 million to $3 million.

Spencer asked the group if there was a consensus that the $1.7 million should go back to stormwater. Carey noted that coming into this, he did not realize that the adopting a stormwater utility fee could result in funds being redirected to subsidize a parking lot. Spencer again asked the group if the there was a consensus about where the money available for other uses should be directed. Schmidt indicated making that sort of decision may be premature. During future meetings a revenue and billing plan will be presented and maybe at that time, more folks would be more comfortable sharing their recommendations.

Carey asked what topics will be covered in next month's meeting. Schmidt indicated there will be discussions concerning a revenue plan, billing structures, residential property rate structures and information about what other communities are paying for stormwater utility fees.

Proctor asked if the expenditure plan is the only item going before Council. Schmidt stated that he would only be presenting the expenditure plan.

Carey asked if a poll could be added to next month's agenda to obtain an idea about how members of the Committee are feeling about the stormwater utility fee.
Brown asked if basement backups should be paid for by sanitary sewer user fee. White explained that the main cause of backup is a stormwater issue. When you see flooding problems there are also problems with sanitary sewer backups. Brown then asked if there

is any money coming from the sanitary sewer fee addressing that issue. Schmidt answered that funds from the sanitary sewer fee are being used to alleviate sanitary sewer problems.

Public Participation

Pattsi Petrie from the John Street Watershed addressed the Committee. Petrie indicated that she believed the return rate on the Committee's surveys was rather small and she considered it a weak foundation to base an expenditure plan on. She recommended placing the surveys on the City's website to obtain more feedback. She also indicated that in her experience with John Street, the cost estimates were much lower than actual costs. Therefore she is not very confident in the numbers utilized in Schmidt's presentation. Petrie indicated green solutions should be stressed with credits or grants for rain barrels, cisterns, rain gardens, etc. In order to maintain the green solutions, a continuing incentive program should be developed. She also stated that the City is very resistant to adopt an ordinance that would require any property owner who covers a pervious surface to mitigate that coverage by doing something so runoff from site is no greater than it was before the pervious surface was covered. Petrie also mentioned that the City of Urbana is currently working on a stormwater utility fee, as well. Finally, Petrie shared that Philadelphia instituted a stormwater utility fee which started with the larger properties first and then moved down to single family properties. She encourages members of this Committee to read how their program was instituted.

Next Meeting

McIntosh announced the next meeting will be held March 14, 2011 at 4 p.m. in Council Chambers of the City Building.

Adjourn

The meeting was adjourned at 5:40 p.m.