

City of Champaign, Illinois
Minutes of Meeting

Stormwater Utility Fee Advisory & Technical Committees Meeting

March 14, 2011

Advisory Committee Members Present: Charles Allen, Donald Agin, Eliana Brown, Clif Carey, Steve Cochran, James Creighton, Karen Foster, Jim Jesso, Vic McIntosh, Anna Maria Watkin

Advisory Committee Members Absent: Jim Bustard, Chris Hamelburg, Jim Spencer, David Tomlinson

Technical Committee Members Present: Shawn Luesse, Leslie Lundy, Lorrie Pearson, Mark Toalson

Technical Committee Members Absent: Andrew Proctor

City Staff Present: Dennis Schmidt, Jamie Vermillion

Consultants Present: Greg Kacvinsky – Foth Infrastructure & Environmental, Douglas Noel – AMEC Earth & Environmental, Keith Reading– AMEC Earth & Environmental

Call to Order

The meeting was called to order at 4:00 p.m.

Minutes

The minutes from February 14, 2011 were approved.

Member Inquiries/Staff Follow-up

Schmidt indicated some Committee members have made inquiries about rate structures of other communities who have already adopted a stormwater utility fee. Staff is currently conducting a survey of these communities. Results of the survey will be provided at the April 11, 2011 meeting.

Stormwater Management Revenue Plan – Base Structure

Noel made a presentation describing different types of rate bases used in stormwater management. The rate bases covered include Impervious Area, Impervious Plus Gross Area and Impervious Plus Pervious Area (Effective Hydraulic Area).

Luesse mentioned that when land is developed, the amount of runoff allowed to flow to the discharge point can be no more than the runoff from the previous condition of the land, i.e. farmland. This would indicate that the runoff coefficient could be no more than

the runoff of the land in its current condition. Luesse asked if the proposed rate base takes that into account or does it only look at impervious area. Noel explained that a rate base has not been selected yet, but most utilities use the Impervious Only method.

Foster asked if the GAU (Impervious Plus Gross Area) slide was skipped. Noel indicated this slide was not suppose to be included in presentation. He explained that the GAU method is similar to the Impervious Only method, except IAUs represent Impervious Area Units and GAUs represent Gross Area Units. Each single family property is assigned one (1) IAU and one-quarter (0.25) GAU resulting in a flat rate. Non-single family residential properties are then assigned coefficients for IAUs and GAUs in one of two ways. The first method assigns a different coefficient for IAUs and GAUs. For example, 80% of the program costs could be assigned to the impervious area unit (IAU) because they are infrastructure related and the remaining 20% assigned to gross area units (GAU) because they are not infrastructure related. The second method utilizes a composite number of units. In this case the program costs are in the numerator of the equation and the impervious area is added to the gross area developing a composite number that you are going to divide the program costs by.

Foster asked if the Impervious Plus Gross Area rate would be higher than Impervious Only rate for single family residential properties. Noel explained that the Impervious Only method only looks at the amount of impervious area on a single family lot to develop a rate, whereas with the Impervious Plus Gross Area method looks at both the impervious area and the gross area in rate development. By utilizing the Impervious Plus Gross Area method, more cost would go to single family residential homeowners because they will have more green space than commercial properties, i.e. large box stores.

Cochran asked if undeveloped properties could be charged a stormwater utility fee. Noel indicated that some communities do bill undeveloped properties because there are services provided by the City that all property owners benefit from, i.e. the NPDES Phase II permit.

Agin asked if the Impervious Only method considers every single family residential lot to be the same size. Noel explained that is an option, but there are alternatives. All single family residential parcels could be measured and an ERU could be determined and properties could be charged based upon ERUs. Another alternative would be utilizing a tiered structure where single family properties would fit into a category and their rate would be based upon a range of ERUs. Another alternative would be one flat rate for all single family residential properties.

Agin asked if the City had access to each property's lot size. Noel indicated lot size is readily available.

Creighton commented that the Impervious Only method seemed easiest to setup based upon database building and implementation. He asked if this method was equitable for homeowners and business owners. Noel explained that in his opinion he thinks there is equity. He further explained the Impervious Only takes a statistically significant sample

of single family residential properties to develop the number of square feet in an ERU. If single family properties account for 25% of total imperviousness estimated within the community, then the 25% is locked in and the rest of the community pays the remaining 75%. Those properties representing the remaining 75% are individually measured to ensure accuracy. If a tiered structure were developed, the 25% is still distributed among the tiers so cost is not pushed out to other land uses. The most equitable way to implement the Impervious Only method is to measure each property and charge the property based upon its impervious area. This technique is more complex and therefore more expensive.

Schmidt commented that rate bases get more complex as you go from Impervious Only, to Impervious Plus Gross Area to Impervious Plus Pervious Area to Intensity of Development. Administratively, the Impervious Only method would be the simplest to manage. There would be higher administrative costs as you progress through the aforementioned methods.

Schmidt commented that typically stormwater utility fee bills would go out to property owners only after a property has been developed.

Carey asked if staff is aiming to charge between \$60-\$80 per year per single family residential property. Schmidt indicated that is still the target range. Once a revenue plan begins to develop those charges will be detailed in order to see how much revenue that target is capable of generating.

Foster asked if the Impervious Only method is chosen, does a property go to a flat rate after it is developed, regardless of how that property is developed. Schmidt indicated that decision has not yet been made and whether we want to charge residential as a flat rate will be discussed later.

Noel commented that billing systems are static, generally staying the same unless there is reason to change it, i.e. the physical characteristics of a property change. So, it is “flat” in a way, because property owners will be able to budget based upon the charge on the first bill.

Carey asked how the administrative costs Schmidt shared with the Committee previously fit into the list of methods provided. Schmidt indicated those costs were probably mid-range, not the simplest and definitely not the most complex.

Stormwater Management Revenue Plan – Residential Rate Simplifiers

Readling made a presentation on rate structure residential rate simplifiers. Bundling imperviousness was discussed as well as the advantages and disadvantages of adding details to the rate structure.

Cochran asked if 10,000 square feet is the largest single family residential lot in Champaign. Readling explained that they looked at a macro view of the City and reviewed different styles of houses in the neighborhoods to make a representative sample.

Creighton asked if all 18,050 single family properties are measured or are neighborhoods sampled if a tiered system were utilized. Readling explained that in a lot of communities a prediction algorithm can be developed that predicts which tier a property falls into without detailed measurement. However, that would not apply to Champaign and the consultant would need to look at each of the 18,050 single family residential lots.

Carey asked why the algorithm technique could not be used in Champaign. Readling explained that the detailed information used to make that sort of predication is not available digitally for the City of Champaign. He further explained that they utilize tax assessment data which includes information about the house and combines that with information about the lot to complete a regression analysis which gives a very accurate prediction model for residential impervious area. However, that detailed information about homes in Champaign County is not digital and it would cost more to make it digital than it would to measure the properties.

Schmidt commented that the detailed housing information Readling is describing includes information such as whether or not a property has a detached garage. This data could be used in determining which tier a property falls into.

Brown asked if the City adopted an Impervious Only method, is the City estimating the University would be charged approximately \$107,000. Noel indicated that figure does not take into account any credits that could be applied to University properties. Schmidt further clarified that he believes a closer calculation would be required.

Brown asked how the City of Champaign is looking at charging roads. Schmidt said that Council will make that decision, but most likely sidewalks and roadways would be exempt from the fee.

Cochran asked what the distribution in fees generated is between residential and non-residential properties. Readling explained that based upon estimates, there are 18,050 single family homes and 56,201 ERUs. That would suggest that single family homes would generate approximately 32% (18,050/56,201).

Cochran asked if we are looking at a residential rate of approximately \$7 or \$8. Schmidt indicated there is an established range of \$6 to \$8 Council wants the rate to fall into.

Watkin asked for an explanation as to why the sample did not have many houses with less than 2,000 square feet. Readling said that the chart represented impervious area on the lot, not square footage of the home. The impervious area includes not only the footprint of the house, but also any patio, porch, driveway, etc. Schmidt added that when the figure 2,000 square feet of impervious area is used, it is not accurate to think of it as a 2,000 square foot home. Most properties have twice as much impervious area as the footprint of the home.

Watkin asked how gravel driveways would be taken into consideration as opposed to concrete. Schmidt said that answer will eventually be available, but at this time it has not been determined how gravel driveways will be classified. The biggest problem with gravel driveways is that it cannot be differentiated from concrete when utilizing aerial photography.

McIntosh asked why duplexes, multiple family and condo properties are separate from single family. Readling indicated that it has not been finalized that these properties would be treated differently than a single family home. Once a rate structure is determined, those property uses will be analyzed. If it is established that they are similar enough to a single family home to be handled through the same rate methodology, they will be grouped with single family homes.

Schmidt announced that survey forms pertaining to the materials covered regarding the Revenue Plan will be distributed before the next Advisory Committee Meeting. Topics covered will include flat rate, ERUs, etc.

Creighton asked if there would be more revenue if we adopted a tier system over flat rate for single family properties. Readling said the two systems should be revenue neutral. He further explained that the rationale of the three tiers is that the middle tier includes the mean and the median, so they are going to be equal to one (1) ERU. The lower tier will be a certain amount less than one ERU which is calculable. Then the higher tier is a certain amount more than one (1) ERU which is calculable. The sum product should add up to exactly the same number of ERUs as if they were flat rated. There is no revenue difference.

Agin asked if all methods are revenue neutral. Readling stated that they are.

McIntosh noted that Bloomington and Normal both have a stormwater utility fee. Bloomington's is tiered and Normal's is not. He asked if we could compare the two programs per dollar to see how much is spent on administrative costs and how much is used on stormwater activities. Schmidt said that staff will report back with that information.

Foster thanked staff for supplying the supplemental reading materials in the Meeting Materials Packet.

Carey asked if the stormwater utility fees in Bloomington and Normal were established at the same time. Noel stated they were established about a year apart from each other.

Jesso asked if one community has experienced more problems than the other. Kacvinsky indicated that Bloomington passed their stormwater utility fee on a consent item with a lot of other items, so it went through their Council under the radar. This caused Bloomington to have problems collecting with non-residential customers because they had no idea the stormwater utility fee was coming. Normal involved the community

(similarly to Champaign) by establishing an advisory committee and coordinating with ratepayers making implementation a lot smoother than Bloomington.

Creighton asked if the consultant felt a flat rate was better or worse than a tiered rate. Noel believes that flat rates have a lot of appeal because it is simpler to implement the program. By initially keeping it simple, it is easier to make modifications at a later date. Schmidt added that simple is always best. He feels it would be easier to explain a flat structure than a tiered structure to residential property owners.

Public Participation

There were no questions or comments made by the public.

Next Meeting

McIntosh announced the next meeting will be held April 11, 2011 at 4 p.m. in Council Chambers of the City Building. Staff will be presenting information to Council regarding the Stormwater Utility Fee at the March 29, 2011 Council Meeting. All Advisory and Technical Committee Members are invited to attend.

Adjourn

The meeting was adjourned at 5:30 p.m.