

Peoria has a tremendous opportunity to get sewer overflows under control and fight stormwater runoff head-on

The time is right to find funding solutions that address our aging infrastructure. We can enable much-needed drainage projects citywide, while offsetting certain green infrastructure expenses related to CSOs. We are exploring one possible funding stream through creation of a stormwater utility.

FEASIBILITY STUDY FOR A DEDICATED STORMWATER UTILITY

On Dec. 9, 2014, the City Council approved Crawford, Murphy & Tilly (CMT) to conduct a study related to the potential creation of a city-managed stormwater utility. Using detailed GIS data, CMT is evaluating the amount of impervious surface area our community has and will come forth with a preliminary stormwater management plan that can be used to establish potential annual stormwater revenue requirements. At that same meeting, the Council approved a task order under the CSO contract for AMEC to provide information and work with the CMT team on the stormwater utility project.

Informed by public input, it will be up to the City Council to decide whether this is right for Peoria. It is imperative to understand our community's unique but pressing needs, along with the priorities of our citizens, key stakeholders

and potential top ratepayers. While it would not be a panacea for wet-weather issues, a stormwater utility could cover a percentage of Peoria's CSO obligation while also beginning to address the backlog of stormwater projects throughout the whole City.

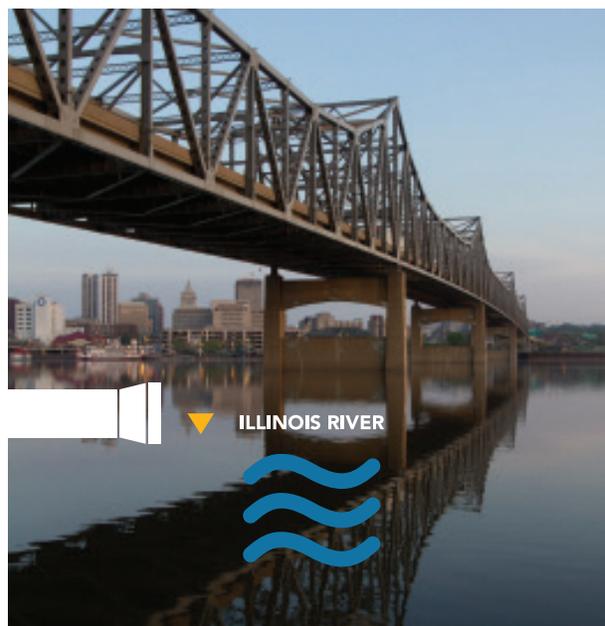
ONEWATER COMMITTEE

In 2015, the City of Peoria formed an advisory committee and held a series of public sessions about comprehensive wet weather management. Called the OneWater Committee, members included a diverse group of stakeholders, including private property owners; large and small businesses; tax-exempt organizations; other governmental bodies; and environmental advocates. Ultimately, the majority of the group agreed with the selection of a stormwater utility and proposed a rate of an average residential monthly bill of \$9-13.

THIS IS TRULY A COMMUNITY-WIDE EFFORT. CONSIDER THAT THE CITY OF PEORIA IS HERE BECAUSE OF THE

Illinois River.

We all share responsibility for the health of the river, the health of our infrastructure and the health of our community's finances. Consider that when the City first built newer neighborhoods, people in older neighborhoods helped pay for some of the new infrastructure. Also, many of our newer neighborhoods that have separate sewers discharge sewage into the combined sewers as part of the sewage's path to the treatment plant. Therefore, these separate sewers are also contributing to the CSO problem.



POLICY DECISIONS OUR CITY COUNCIL & CITIZENS CAN CONSIDER

What portion of Peoria's unfunded CSO mandate a stormwater utility fee could cover, such as:



Maintenance of green infrastructure, like street sweeping of pervious pavement, debris removal, etc.



Solutions that remove stormwater from the sanitary sewer system

What the utility could be directed to administer, such as:



Engineering and planning



Operations and maintenance



Public education and outreach



Regulations and enforcements



Administration and overhead



Capital improvements



Water quality

A dual approach to addressing pollution sources from both the sanitary (CSOs) and storm sewer (runoff) systems requires an integrated planning process. The City will examine the financial impacts and opportunities these remedies present.

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The City should explore alternate funding mechanisms to adequately improve, manage and maintain a sustainable stormwater infrastructure.”

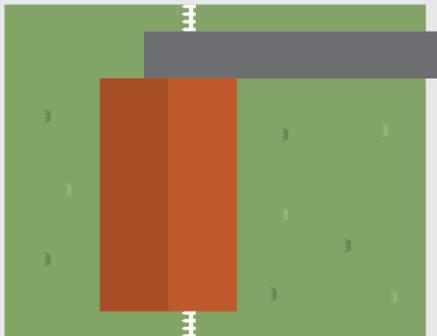
– Stormwater Management Master Plan, Phase I: Inventory and Problem Definition. City of Peoria, October 2003.



AT-A-GLANCE:

What Is a Stormwater Utility?

- In Illinois, public stormwater utilities are typically organized as a separate enterprise in the same fashion as a city water, electric, sewer or parking utility. An ordinance would be passed and an Enterprise Fund created. In some communities, a utility can refer simply to a funding method or program concept under Public Works that is in charge of repairing, maintaining and upgrading taxpayer-owned stormwater infrastructure.
- The utility may collect fees related to the control and treatment of stormwater that can be used to fund a municipal wet-weather management program, including related to combined sewer overflows.
- Stormwater utilities have been in existence since the early 1970s and are on the rise. In the United States and Canada, nearly 1,500 communities have stormwater utilities, according to Western Kentucky University's annual Stormwater Utility Survey 2014. This has been on the rise in part because of significant new regulatory drivers creating higher revenue needs and requirements to treat impervious areas. Two dozen Illinois municipalities have stormwater utilities. These include Bloomington, Champaign, Urbana, Decatur, Morton and Normal. Most recently, Eureka established a new utility fee.



$$\text{[Red Box]} + \text{[Grey Box]} =$$

2,600 SF IMPERVIOUS
2.6 BILLING UNITS

X \$3 PER BILLING UNIT

≈ \$8 PER MONTH

MOST COMMON FUNDING APPROACH FOR STORMWATER UTILITIES: IMPERVIOUS SURFACE AREA

- The most common method of funding stormwater utilities is by assessing a user fee for property owners that factors in the amount of impervious surface area on a property. (Reports from U.S. EPA, 2014 Western Kentucky Stormwater Utility survey, and 2014 Tri-County Regional Planning Commission Stormwater Feasibility study.)
- This approach recognizes that many tax-exempt properties are major contributors of stormwater runoff. Rain doesn't care whether a property is public or private, residential or commercial, for-profit or non-profit. No matter who owns it, impervious coverage dramatically increases the proportion of rainfall that runs off the land in urban areas, particularly for events that occur at frequencies utilized for infrastructure design.
- Citizens and municipalities alike find this to be the most fair and equitable approach to funding much-needed wet weather management in their communities. All contributors—including governmental properties, schools, colleges, churches, hospitals and park districts—share the cost of managing the pollution, erosion and flooding impacts that their development has on the community.

A Look at Other Municipalities

In North America, stormwater user charges range from \$0 to \$35 a month. Here is a sample of Illinois communities with stormwater utilities and their monthly rate. Please note that these communities utilize their funding just for managing stormwater—not in conjunction with funding a CSO fix. Should the City of Peoria make a policy decision to use all or part of a utility’s revenue for CSO, that could influence a monthly rate.

MUNICIPALITY	POPULATION	YEAR CREATED	USED FOR	MONTHLY RATE PER ERU
Bloomington	78,902	2004	Stormwater only	\$4.35
Champaign	83,424	2012	Stormwater only	\$5.24
Decatur	75,407	2014	Stormwater only	\$3.67
Downers Grove	48,163	2013	Stormwater only	\$10.53
East Moline	21,360	2009	Stormwater only	\$2.61
Freeport	25,035		Stormwater only	\$4.00
Highland Park	31,614	2008	Stormwater only	\$8.00
Moline	43,116	2004	Stormwater only	\$3.75
Morton	16,525	2006	Stormwater only	\$5.22
Normal	54,664	2006	Stormwater only	\$4.60
Richton Park	12,533		Stormwater only	\$5.97
Rock Island	39,018	2002	Stormwater only	\$3.95
Rolling Meadows	24,289	2001	Stormwater only	\$4.31
Urbana	41,250	2012	Stormwater only	\$5.35
Eureka	5,295	2015	Stormwater only	\$6.00

Source: City of Peoria Public Works Policy Session, March 4, 2014. Monthly rate is by Equivalent Residential Unit.

OTHER MEANS FOR CRAFTING A FAIR, AFFORDABLE RATE

- A tiered rate structure can be created, tied to parcel size or impervious area.** For example, the stormwater utility fee rate ordinance (2012) in Champaign, Ill., places single family homes and duplexes into three billing tiers: ▼

IMPERVIOUS SURFACE	RATES
1. Up to 6,000 square feet	\$4.94/month
2. Up to 6,001-8,000 square feet	\$10.55/month
3. Over 8,000 square feet	\$13.64/month

The purpose of such a progressive approach is to ensure affordability.
- Credits can be created for residents, commercial property owners and tax-exempt entities.** Offering credits and incentives is a very common practice, and communities typically offer detailed credit manuals to help stakeholders understand how to offset their fee. For example, the City of Minneapolis enables property owners to reduce their fee by using best management practices for water quality (wet ponds, bioswales, green roofs, rain gardens, sand filters, filter strips, pervious pavers, etc.) and quantity (demonstration of capacity to handle a 10-year or 100-year rain event). In Cartersville, Ga., public and private K-12 schools can be credited for educating students about surface and groundwater resources. Credits can be a one-time offset or ongoing.

Alternate Funding Approaches

Creation of a stormwater utility would provide a dedicated funding stream, likely through an Enterprise Fund, for Peoria to put toward wet weather issues under the City Council's direction. Alternative revenue sources for addressing CSOs and stormwater include property taxes, general fund revenue, sewer bills, etc. However, these come with potential drawbacks:



Property taxes are based on assessed property value, which bears no relationship to the municipality's cost of providing adequate stormwater service. Property taxes do not include tax-exempt parcel owners whose impervious development contributes to erosion, flooding, etc. Also, property tax increases can be politically charged.



Sewer fees don't reflect the true cost or geography of managing stormwater issues that happen throughout the whole city. For example, a car dealership may have 65,000 square feet of impervious parking lot but only one restroom. Sewer fees also do not include properties that are on septic systems, which still have impervious areas that create polluted runoff. In the City of Peoria, approximately 1,671 private and public (mostly Park District) properties are "unsewered." (See map, Page 6.) However, it is still important to note that sewer fees do bear a relationship to managing sewers and combined sanitary/stormwater overflows into the river.



General fund dollars are subject to tremendous competition for other municipal priorities. The biggest inequity in using general fund appropriations for stormwater management is that many properties that place the greatest demands on the stormwater systems are exempt from property taxes, which feed general funds. Conversely, those parties who have minimal impact on stormwater runoff but who pay property and occupational taxes are paying more for stormwater management through the general fund than they would through other methods based on true demand placed on the system. Also, creating a dedicated funding stream for stormwater can free up general fund dollars for other city priorities, such as roadwork/street repairs.



Special Assessment Districts charge fees to properties to fund stormwater construction projects that only benefit a portion of a municipality. This is not equitable in Peoria, as wet weather issues are a citywide problem—not just in the CSO area. Our Illinois River watershed and the streams and creeks within it do not adhere to council districts or neighborhood divisions.



Sales taxes can help capture outside dollars, but they are an unsteady revenue source. The City of Peoria is currently seeing sales tax revenues on a flat to declining trend. Also, there is no correlation between what you contribute (sales tax on a consumer goods purchase) and the cost of stormwater management service.