Setting Financially Healthy Stormwater Fees

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Presentation Overview

- General Method
- Mechanics of Rate Setting
- Rules of Thumb
- Rates Around New England
- Rate Setting Exercise

Total Revenue Needed

Total Revenue Needed

5-Yr Plan
3% Loan

Annualized
CPI (3%)

Rates Based on Unit of Service

Balanced Rates

WHO PAYS?

General Fund

Residential

Commercial

Nonprofits (Churches, Schools, etc.)

Stormwater Utility

Residential

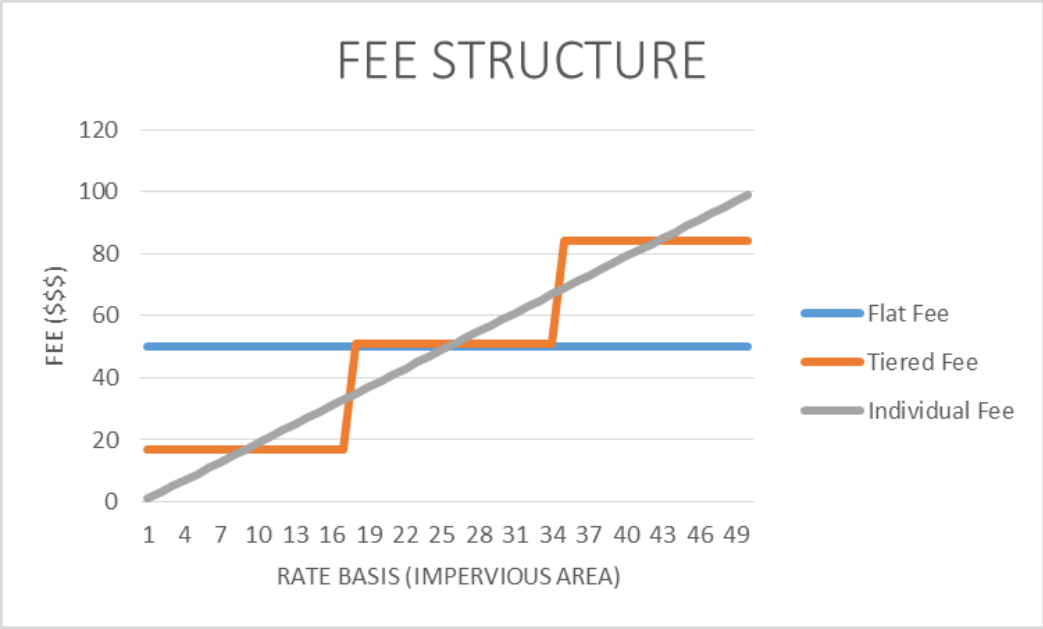
Commercial

Nonprofits (Churches, Schools, etc)

Common Rate Setting Basis

Method	Advantages	Disadvantages
Property Frontage	Available thru assessor	Not closely related to stormwater generated
	Simple calculation	
Property Area	Available thru assessor	Not closely related to stormwater generated
	Simple calculation	
Area of Imperviousness	Closely related to stormwater generated	None
	Information available thru online data	
	Simple calculation	

Common Fee Structures

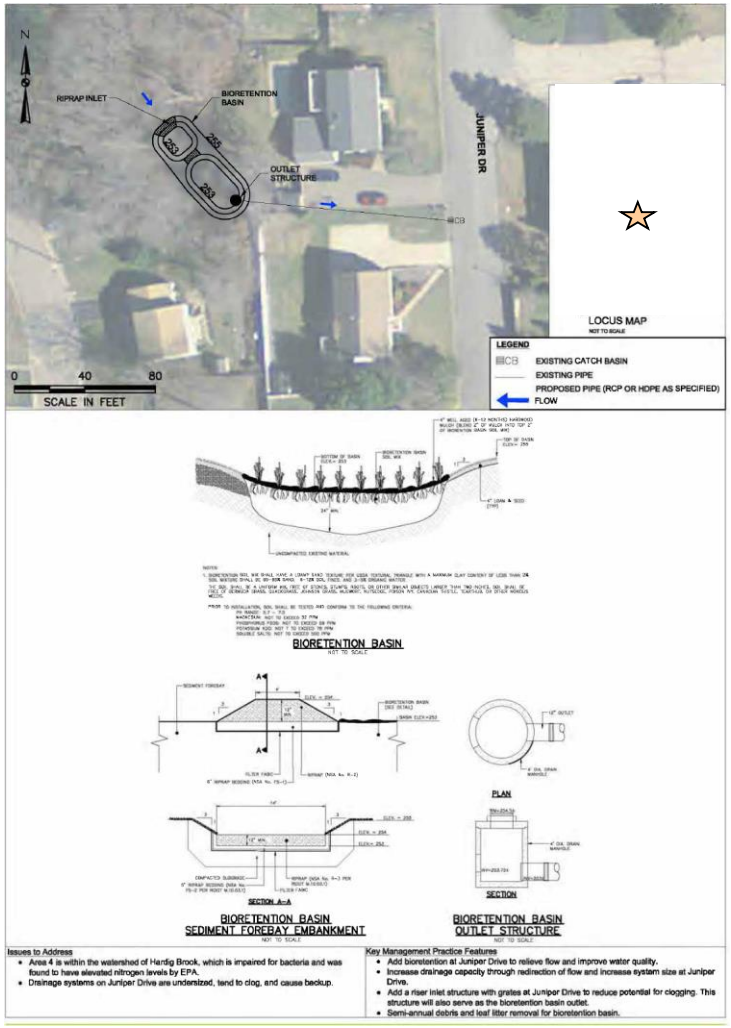


Fee Type	Average Fee (from graph above)	Revenue (for 50 units of area)
Flat	$50	$2,500
Tiered	$50	$2,500
Individual	$50	$2,500

Common Fee Structures for Property Types

Property Type	Most Common Approach
Single Family	Flat or Tiered
Multifamily	Flat, Tiered or Individual
Apartments & Condos	Individual
Nonresidential (Commercial, Nonprofits, Churches, Schools, etc.)	Individual

Approximating Cost of Capital Improvements



5-Year Plan

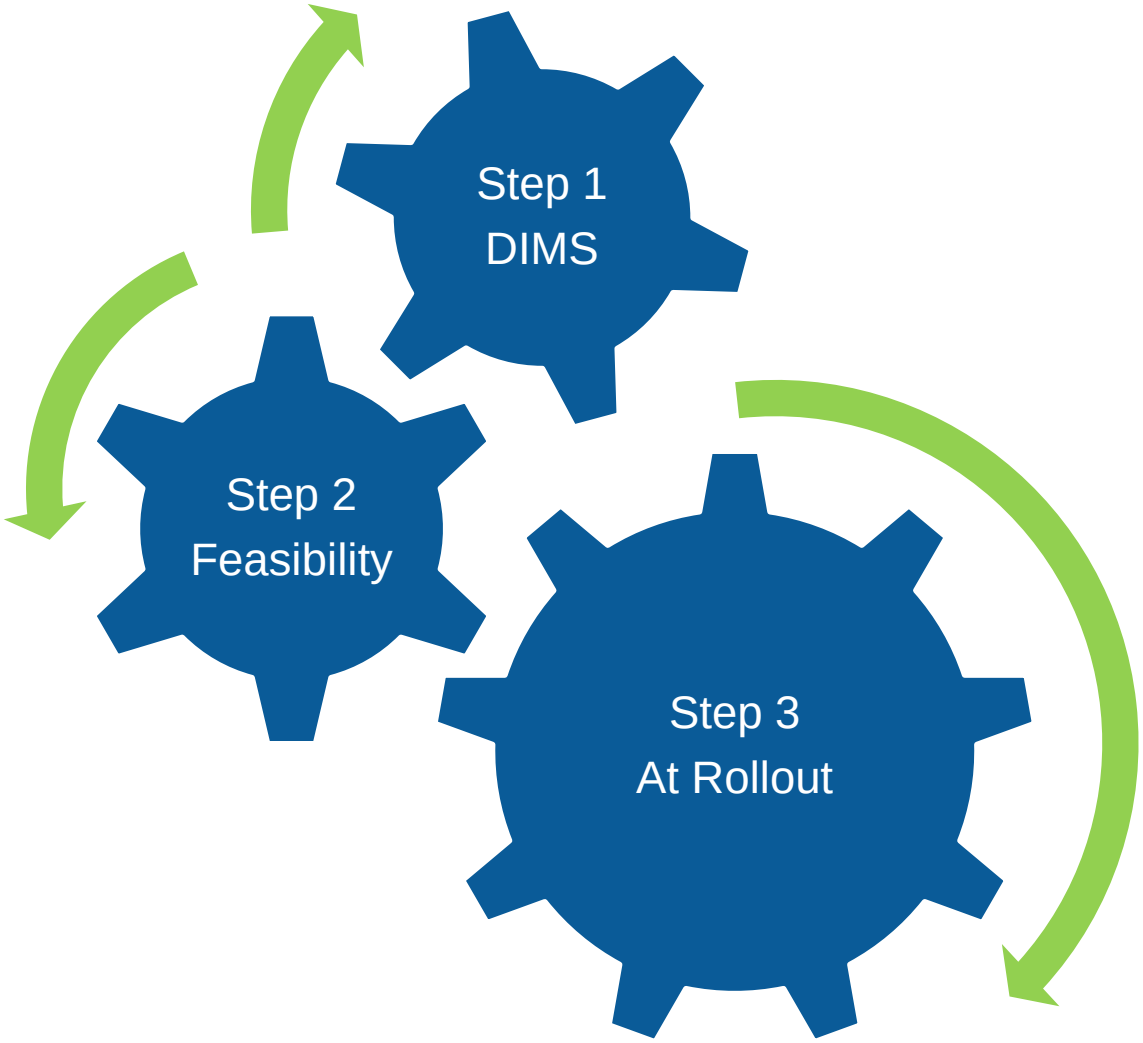
- ***Conceptual Planning***
- ***Simple Method & Unit Pricing***
- ***All Done by Desktop Methods***

Approximating Cost of Operations

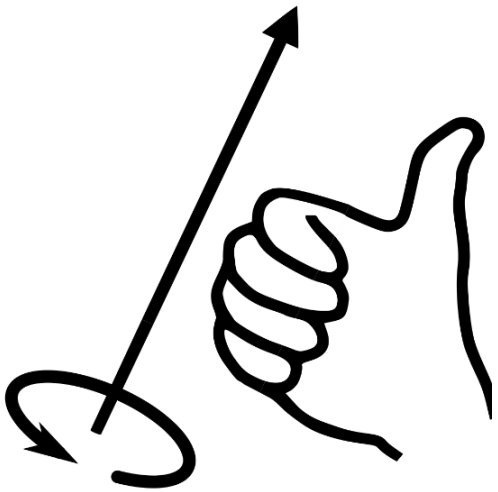
Gap Analysis Interview

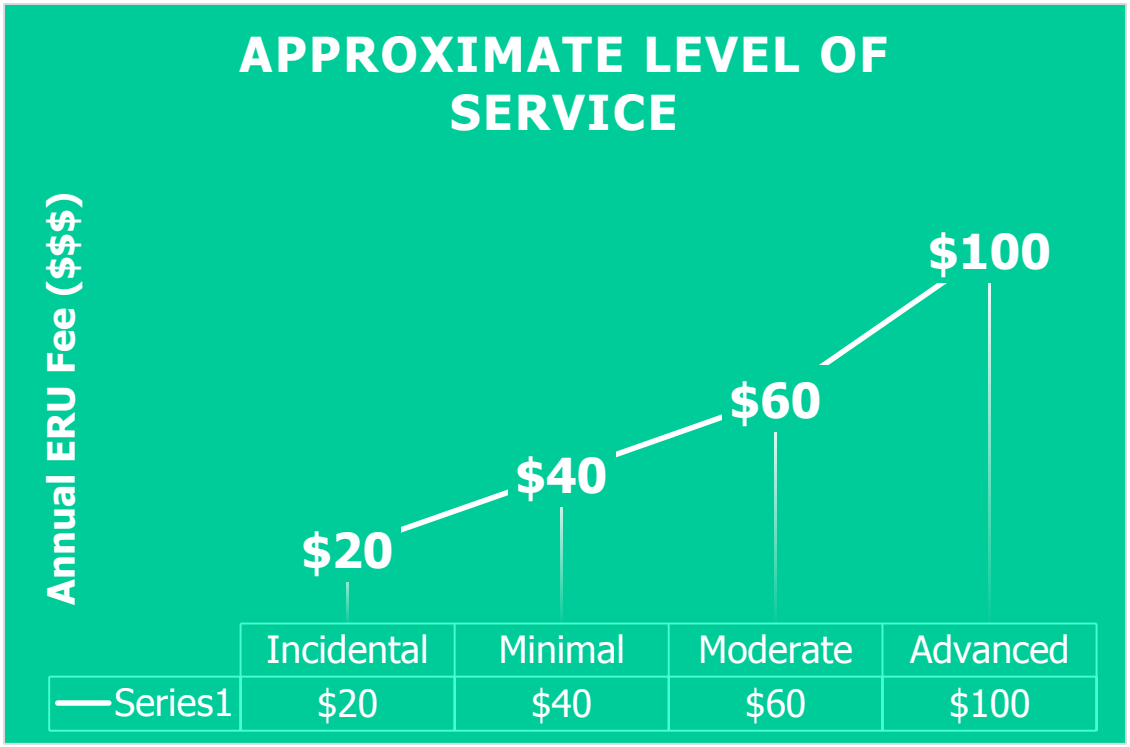
- ***Programmatic needs—****Phase II compliance, Permitting reviews.*
- ***Staff—****salaries, benefits, new staff etc.*
- ***Equipment—****replacement, operating, rental, etc.*
  - ***Percent committed—****staff, equipment, etc.*
- ***Routine repairs to infrastructure***
- ***Snow plowing.***
- ***CSO-related costs.***

Planning Approach—Three Phases



Rules of Thumb





Rules for our Exercise

- ***Annual O&M =*** *$0.01 per square foot of impervious*
- ***Annual Capital Improvements =*** *15% of square feet of impervious in dollars (e.g., 100 square of impervious will cost ~ $15)*

Revenue Distribution and Benefits

$60/year/ERU

- ~$30 capital cost
- ~$30 operations cost

Benefits

- Manage 10-year, 24-hour events
- Reduce pathogens and nutrients in impaired waters
- Comply with Phase II
- Cost-effective infrastructure management

Selected Rates in New England

State	Municipality	Annual Rate (Residential)	Rate Basis	Rate per 2,900 sf
Maine	Bangor	$ 22.00	3,000	$ 21.27
	Lewiston	$ 50.00	2,900	$ 50.00
Massachusetts	Fall River	$ 140.00	2,800	$ 145.00
	Newton	$ 75.00	3,119	$ 69.73
	North Hampton	$ 63.94	2,205	$ 84.09
	Reading	$ 40.00	3,210	$ 36.14
Vermont	S Burlington	$ 54.00	2,700	$ 58.00
Average				$ 66.32
Median				$ 58.00

Exercise

Rules for our Exercise

- ***Annual O&M = $0.01 per square foot of impervious***
- ***Annual Capital Improvements = 15% of square feet of impervious in dollars (e.g., 100 square of impervious will cost ~ $15)/finance term***

QUESTIONS?

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