Hermantown Stormwater Utility (SWU)

Creation and Implementation of a Stormwater Utility
Hermantown, Minnesota

What is a Stormwater Utility?

- Service charge or fee based on "use," to manage storm water.
- Similar to the usage fees for the sanitary or drinking water utilities.
- Established by Minnesota State Statute 444.075
- Fees based on parcels' runoff contribution. (impervious surface)

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Why Stormwater Management is Important?

- Where land is in a natural state, most rain soaks into the ground.
- Where development has been prevalent, rooftops, driveways and parking lots (called impervious surfaces) prevent rainfall from soaking into the ground.
- The rain runs off into streets, ditches, ponds and lakes, picking up pollutants which discharge to our public waters.
- This creates the need for drainage systems that protect the quality of our water resources

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Why a Stormwater Utility?

- The City of Hermantown is permitted as a Municipally Separate Storm Sewer System (MS_4) by the Minnesota Pollution Control Agency (MPCA).
  - Establishes regulations/conditions for managing and discharging Stormwater
- New and evolving regulations require a wide variety of activities to protect pubic waters.
- Hermantown's existing stormwater program can be outlined into the following categories:
  - Education and Outreach
  - Municipal Operations
  - Construction and Post Construction Stormwater Management
  - Program Administration and Management
  - Future Planning and Capital Improvements (CIP)

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Why a Stormwater Utility?

Currently, Hermantown has limited staff, funding, and resources to properly address all aspects of the stormwater system and program elements.

The City's current stormwater management needs:

- Additional local educational efforts are needed to focus on City specific topics.
- Additional culvert inspection and maintenance efforts are needed to help identify, assess, and proactively maintain the City's culvert conveyance system into the future.
- Mapping of the existing ditches and identification of which ditches are significant to the stormwater drainage system to address issues.
- Increased frequency of storm sewer system inspection and maintenance efforts; schedule for completing storm sewer system maintenance, similar to what the City currently has for the sanitary sewer system.

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Why a Stormwater Utility?

- Development of a pond and BMP assessment procedure and schedule for evaluating each BMP's treatment effectiveness.
- Development of clear and consistent internal procedures for completing, reporting, and documenting permit applications, site plan reviews, and construction site inspections.
- Development of more clearly defined MS4 Compliance and Reporting standards, as well as the creation of Program Implementation and Documentation standards.
- The City must meet additional requirements as identified in the City's NPDES MP4 permit.
- Stormwater capital improvement projects.

City estimates a $1,500,000 need
Over the next 5 years

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Benefits of a Stormwater Utility?

- A utility benefits the community by providing a dedicated fund for surface water management activities, such as:
  - Flood reduction and protection;
  - Water quality improvements;
  - Wetland protection and enhancement;
  - Erosion and sediment control;
  - Drainage system construction and maintenance;
  - Community education; and
  - Improved fish, wildlife, and recreational opportunities.

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Benefits of a Stormwater Utility?

Stormwater utilities are frequently recognized as the preferred financing method for communities, based on that they are:

FAIR:

- Charges are based on runoff rather than property value

DEPENDABLE:

- Self-financing, which means it does not need to compete with other general services for limited resources within the general fund.
- Provides a consistent source of revenue which can be easily adjusted and easily projected.
- Revenues are kept in a separate, dedicated funds.
- It can be used for debt services on revenue bonds.

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Benefits of a Stormwater Utility?

Stormwater utilities are frequently recognized as the preferred financing method for communities, based on that they are:

ACCEPTABLE:

- No increase in property tax- it is a user fee.
- Small ongoing service charge vs. large, onetime assessment.
- Based on engineering calculations.
- Adopted by municipalities across the United States.

SIMPLE AND FLEXIBLE:

- Setup similar to water and sanitary sewer utilities.
- Able to utilize current billing system.
- Includes credits, exemptions, and appeals process.

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Key Elements

There are essentially two fundamental principles behind a stormwater utility:

1) All property within a community will benefit from installation and proper maintenance of stormwater conveyance and management facilities.

2) The cost of developing and maintaining stormwater conveyance and management facilities should be the responsibility of all property within a community.

Example: How does a property owner who lives on top of a hill, or in a rural setting, benefits from the construction of a water quality basin, culvert, or storm sewer….

Recognizing that development adds to existing drainage and pollutant loading problems. The property owner on the hill or in a rural setting has, by converting the natural ground cover into streets, driveways, and rooftops increased the runoff.

Additionally, that property owner utilizes the local streets and other public facilities within the community they live. All of this contributes to the drainage and water quality management needs within the community.

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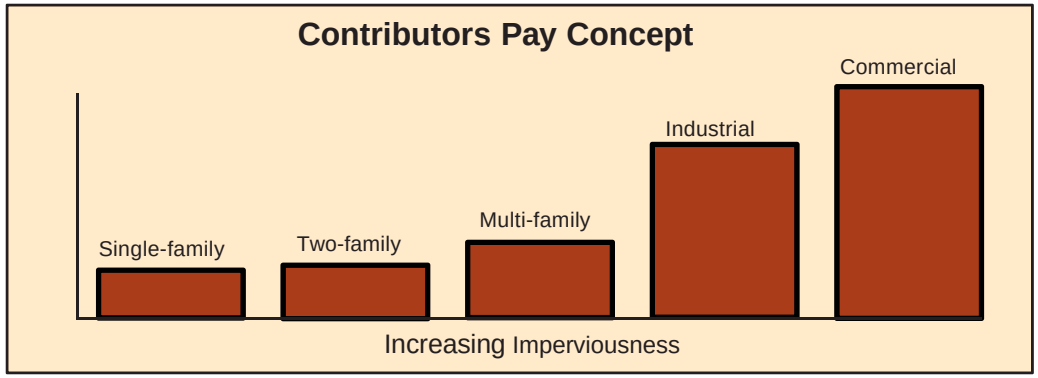
Fee Basis

- The general philosophy behind the stormwater utility program is “Contributors Pay”.
  (similar to a water or sanitary sewer utility, where property owners pay a fee based on how much water is used and/or disposed of)

- The stormwater utility rate structure is based on how much a particular parcel contributes to the need for stormwater conveyance and water quality management…

- In other words, the amount of runoff and pollutant load contributed by a particular parcel, which can be calculated and is directly related to Impervious Surface.



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Fee Basis

- Each parcel categorized by land use (County Tax Records)
  - Exempt
  - Residential
  - Non-Residential
- Residential Land Uses
  - Commons Areas
  - Seasonal Residential Recreational
  - Residential 1 Unit
  - Residential 2-3 Units
  - Residential Non-Homestead
- Exempt Land Uses
  - Agricultural
  - Cemeteries
  - County Property
  - State Property
  - Federal Property
  - K-12 Schools
  - Managed Forest Lands
  - Municipal
  - Vacant Land
  - Streets and Roadways
  - Tax-Forfeited-Real Estate
- Everything Else is considered Non-Residential

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Fee Basis

- Residential
  - Fee Rate set by Council = $7.00 per Parcel per Month (ERU Rate)
  - Set average Impervious area = 9,100 sf = 1 ERU
  - ERU = Equivalent Residential Unit

- Non-residential
  - Minimum Fee = ERU
  - Fee based on actual Impervious Area as measured from aerial photography
  - Rate = Impervious Area / 9,100 ft (ERU) X ERU Rate

  Example:

  2.0 acre parcel with 1.2 acres of Impervious (52,272 sf)

  ERU = 52272 sf / 9100 sf = 5.74

  ERU Rounded = 6

  Fee = 6 x $7.00 (ERU Rate) = $42 per month

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Credits

- Credits for **Non-residential** Parcels
- Minimum Fee = **1** ERU
- Must meet City Code of Ordinances Section 1080
  - Minimum Standards
  - Inspection Requirements
  - Maintenance Requirements
  - Repair Requirements
- Up to 25% Credit for providing Water Quality Treatment
- Up to 25% Credit for providing Rate Control
- They are accumulative up to 50% Maximum Credit

Summary

- We are all required to protect our Water Resources and Environment
- There is a cost Manage Stormwater Runoff
- A Storm Water Utility is a Fair, Dependable, Acceptable, Simple and Flexible way to fund Stormwater Management
- Hermantown has estimated the Need for the City's Stormwater Management efforts
  - All property within a community will benefit from installation and proper management of stormwater.
  - The cost of developing and maintaining stormwater facilities should be the responsibility of all property owners.
- Hermantown has developed a Fee and Rate Structure to address stormwater management.
  - Land Use
  - Credits