

# **STORMWATER UTILITY QUESTIONS & ANSWERS**

## **City of Grimes, Iowa**

**Public Information Meetings will be held on Sept. 17, 2012 at 6 pm and Sept 18, 2012 at 7:30 am at the Grimes Community Complex, 410 SE Main Street. A Public Hearing will be held during the City of Grimes Council Meeting on Sept. 25, 2012 5:30 pm, City Hall, 101 NE Harvey Street**

### **Why is Stormwater Management Necessary?**

**Flooding** - In 2010 the City of Grimes undertook a planning process to review and analyze the City's stormwater needs due to recent community flooding. The City received property owner surveys, held public informational meetings, collected field data, identified constraints, and determined probable costs associated with improvements. As part of the planning process the City conducted a physical inventory and inspection of more than 15 miles of drainage channels across the community. This effort led to identification of a number of drainage channel improvement projects to minimize the possibility of future flooding to properties.

**Stormwater Quality** – Stormwater management is essential to prevent pollution of our natural waterways. Stormwater runoff may pick up contaminants such as oils, grease, fertilizers, pesticides, metals, and trash that negatively affect the quality of streams and natural habitat. Stormwater management safeguards the community directly through infrastructure improvements (rain gardens, rain barrels, native plantings), inspection, maintenance, new programs, ordinances, and education.

**Stormwater Infrastructure** – Stormwater management includes planning, mapping, rehabilitation, maintenance and design of stormwater system infrastructure. In Grimes, stormwater utilities generally include: intakes, storm sewers, culverts, ponds, swales, ditches, drainageways, and streams.

**New Regulations** - In 2005 Federal laws (Clean Drinking Water Act) regulating stormwater runoff required the City of Grimes to evaluate stormwater management and develop and implement a comprehensive stormwater quality program to protect property and improve water quality. Grimes is a Phase 2 city since the storm water discharges into a metropolitan area (Des Moines) that is required to be permitted under the National Pollution Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4). In order to comply with NPDES MS4 Permit requirements, the City must develop water quality regulations, stormwater quality monitoring with outfall inspection and sampling, stormwater programs, ordinances, master planning, watershed management, education, and public outreach.

### **Why is a Stormwater Utility Fee Necessary?**

The City is responsible for providing stormwater management facilities and services, including installation and maintenance of storm drains, intakes, drainage channels, as well as ensuring that state programs such as erosion and sediment control are provided on construction sites and existing sites to

protect our waterways. The City has a desire to minimize localized flooding and improve water quality in the community. Funding for stormwater management is not provided by federal or state government for these services. There is NO existing utility fund specifically for stormwater. The City of Grimes is in debt over \$700,000 in related stormwater management funds since 2005. A Stormwater utility will help pay this existing debt and provide a consistent funding revenue stream for the Grimes Stormwater Management Program.

### **What is the City's Projected Stormwater Management Expenses?**

In order to repair and maintain existing utilities, expand and improve with new stormwater projects, enforce regulations, and comply with NPDES MS4 Permit requirements, the City of Grimes will need approximately **\$620,000** per year in today's dollars. The following is the projected **Annual Stormwater Expense Summary**:

<i>Floodplain Management</i>	<i>\$15,000</i>
<i>EPA Permit Administration</i>	<i>\$75,000</i>
<i>Inspection &amp; Maintenance</i>	<i>\$80,000</i>
<i>Channel Improvements</i>	<i>\$100,000</i>
<i>Capital Improvements</i>	<i>\$350,000</i>
<b>Annual Total</b>	<b>\$620,000</b>

### **How much Revenue will the Proposed Fee Generate?**

The proposed fee will generate approximately **\$320,000** per year for the first year. The proposed plan includes an inflation adjustment of 5% each year for up to 5-years. Note that the projected revenue will only fund half of the City's actual needs. Portions of the program would not be funded, projects could be delayed, or the city could incur additional debt

### **Who pays the Stormwater Utility Fees?**

Owners of all developed land in the City of Grimes pay Stormwater Utility Fees. This includes residential properties, commercial properties, industrial properties, schools, churches, and other non-profit organizations. Undeveloped land (no structures), agriculture, and vacant properties are not charged stormwater utility fees. Stormwater Utility Fees are billed monthly currently with water and sewer utility bills.

### **How is a Stormwater Utility Fee Different that a Tax?**

Currently city taxes are used to fund the Stormwater Management Program. Relying on taxes for stormwater management is not always effective for the following reasons:

- Assessed property values are not relative to stormwater utility use.
- Tax exempt properties don't contribute to the program.
- Taxes are variable and can result in underfunding of the program.
- General Fund is shared and stormwater projects may become lower priority.
- State Law does not allow tax increases exclusively for stormwater needs.

A stormwater utility fee is a user fee, similar to a water and sanitary sewer utility service fee. Users of these services are charged for the demand they place on the system. A stormwater utility fee has been found to be the most effective tool for stormwater management funding. Iowa Code Section 384.84 allows for the creation of a stormwater utility fee for a community.

### **What if the Stormwater Fee isn't implemented?**

The City of Grimes only existing option for funding stormwater at this time is through property taxes. As the constraint on City's budgets becomes tighter and tighter the question could then become, "What services will be reduced or eliminated in order to fund the stormwater mandates?" As stated before, currently the City's Storm Water Fund is \$700,000 in debt. This is money that has been borrowed from the General Fund to temporarily pay for these expenses over the last seven years until another revenue source can be determined. If indeed the General Fund is required to pay off this debt, as well as fund this program going forward, the City Council could have to find \$420,000 of services to cut back or eliminate annually using the current estimate of obtaining \$320,000 as the existing proposal anticipates plus an additional \$100,000 over seven years to pay off the debt. This would be equivalent to eliminating almost the entire Fire and Rescue's budget, or the entire Park's budget. Eliminating the Library's budget wouldn't even cover these expenses. In the end, if additional revenue sources aren't found, existing services will have to be reduced or eliminated.

### **What other options did the City investigate?**

**FLAT FEE** – The Flat Fee option is a simple fee structure where all properties in the community pay the same rate for stormwater utilities. No matter the use or size of the property, all users pay the same monthly fee. **A flat fee of \$13.84 would generate \$620,000 per year.** A flat fee ignores the size of the lot in relation to stormwater runoff and substantially increases the stormwater fee for residential properties.

**BUILDING PERMITS** - The City of Grimes has issued 650 building permits for single family homes over the last 5-yrs for an average of 130 permits per year. In order to achieve \$320,000 in storm water revenue the building permits would have to be increased by \$2,460. This would not be a stable method of revenue. The increase building permits could burden new construction and slow growth.

**LOBBY STATE AGENCIES** – The IDNR along with the EPA has required the City of Grimes to evaluate stormwater management and develop and implement a comprehensive stormwater quality program to protect property and improve water quality. The City is lobbying state agencies to change the unfunded mandate and require the IDNR to take over some or all of these responsibilities over for the city. These efforts could reduce the City's stormwater management yearly costs.

### **What are the Annual Stormwater Expenses?**

Stormwater management is essential for minimizing flood damage in the community and preventing pollution of nearby streams and lakes. The City of Grimes is continually making efforts with stormwater quality and quantity management by providing systems for collection, conveyance, detention, treatment, and release of stormwater. The following activities and annual expenses are necessary to maintain an adequate stormwater management utility and program for the City.

Floodplain Management (\$15,000/year)

The City maintains records for FEMA Flood Insurance Studies (FIS), Flood Insurance Rate Maps (FIRM), and subsequent map revision data. Recently, more collaboration with FEMA has been necessary as updated digital floodplain maps are being created for the State of Iowa. The City also has the responsibility of investigating flooding issues and addressing public questions and concerns. In addition, the City makes decisions about floodplain management and enforces requirements for floodplain development.

#### EPA Permit Administration, (\$75,000/year)

The City of Grimes operates a regulated Municipal Separate Storm Sewer System (MS4) and is required to have a National Pollution Discharge Elimination System (NPDES) Phase II Permit. The City is also required to develop and implement a stormwater management program, set measurable goals, and evaluate effectiveness of stormwater quality improvement efforts. The six minimum control measures of the program include public education and outreach, public involvement, illicit discharge detection and elimination, construction site runoff control, post-construction runoff control, and pollution prevention and good housekeeping.

The City has already developed several important stormwater ordinances to address water quality and continues to expand the stormwater management program. There are also ongoing efforts for stormwater master planning, watershed management and protection, City staff training, and public education and outreach. Each year, there is need for storm outfall inspections, illicit discharge detection, and stormwater sampling. Inspections at construction sites, monitoring Stormwater Pollution Prevention Plan practices, and enforcement of City ordinances are also a necessity. Events for public participation and programs including Adopt a Stream and Pesticide/Fertilizer Management are other elements that will be implemented in the near future. Each year, the stormwater management program will require more effort as it develops. A comprehensive report is submitted annually to the EPA to show participation and progress with the program.

#### Inspection & Maintenance (\$80,000/year)

The City stormwater system includes storm sewers, culverts, inlets, manholes, swales, ditches, channels, detention ponds, and other stormwater facilities. Periodic inspections by the City are necessary to identify locations and types of problems that may inhibit the proper function of the system. Routine maintenance performed by the City may include mowing vegetated waterways, removing sediment and debris, repairing erosion problems, and cleaning or repairing storm sewer structures. The City also owns a street sweeper that is used to remove dirt and other pollutants from roadways. The street sweeper is expensive equipment that has annual maintenance costs and will likely be replaced every 5 years on average.

#### Channel Improvements (\$100,000/year)

The stormwater system in Grimes includes more than 11 miles of urban channels and streams that collect and convey stormwater away from the City. A recent channel evaluation study shows that many of these channels are in need of cleaning, repair, and improvement. Costs for channel repair vary greatly depending on existing site conditions and severity of problems within the channels. A relatively inexpensive project at Little Beaver Creek Tributary included repair for 1 mile of channel at a cost of \$250,000. It is estimated that many more channels will need repairs in the future with total cost exceeding \$2.5 M. A 25-year channel improvements plan would require at least \$100,000 per year to fund channel projects.

#### Capital Improvements (\$350,000/year)

Capital improvement projects are necessary for replacement of old or damaged stormwater infrastructure or expansion of the existing stormwater system. In general, the capital improvements include new storm sewers, culverts, bridges, detention ponds, and other stormwater facilities.

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