

REQUEST FOR BOARD ACTION

AGENDA ITEM: 3.8



Village Manager's Office

SUBJECT: Stormwater Utility Fee Implementation

MEETING DATE: July 23, 2019

FROM: [Michael Braiman](#), Assistant Village Manager

BUDGET IMPACT:

Budget	\$0
Contract Cost	\$112,695
Over/(Under) Budget	\$112,695

Recommended Motion

Move to approve a contract in the amount of \$112,695 with Raftelis, Charlotte, NC, for implementation of a stormwater utility fee.

Background

On April 17, 2018, the Village Board voted to proceed with a stormwater improvement project to provide meaningful flood relief for residents who live west of Ridge Road. The project, known as the Neighborhood Storage Improvement Project (NSP), was optimized by the Village Board in February 2019 in order to provide flood protection to additional homes. The total cost of the optimized project is estimated to be \$68 million.

The Village intends to issue 30-year general obligation debt to fund the improvements, which will have an annual revenue requirement of approximately \$4 million. In May 2018, staff issued a Request for Proposals (RFP) for a study to identify stable and sustainable funding methods for the debt service associated with the NSP. On July, 24, 2018, the Village Board approved a contract with Raftelis in the amount of \$72,093 to complete the stormwater utility feasibility study.

Subsequently, the Village Board received a presentation from Raftelis at a June 13, 2019 Committee of the Whole meeting. Raftelis determined that both the sewer fee and stormwater utility fee were feasible funding options. The consultant recommended the Village pursue implementation of a stormwater utility fee because of:

- Stability over time as compared to the volatility of the sewer fee which is dependent on water consumption
- The correlation between a property's impervious surface and its impact on the storm sewer system -- the utility fee is considered more equitable than the sewer fee

Based on Rafeltis' presentation, there was consensus amongst the Village Board to continue consideration of a stormwater utility fee. With the goal to have a funding source in place by January 1, 2020, the Board authorized staff to move forward with implementation efforts.

Discussion

Given the work completed by Raftelis as part of the feasibility study, staff believes they are best situated to complete the implementation phase of the program. Raftelis submitted a proposed implementation work plan with the following tasks; additional detail regarding each task is available in Attachment #1:

- Project management
- Data development
- Credit and incentive program development
- Stormwater rate study and financial plan
- Stormwater ordinance development
- Board briefing and public outreach
- Data maintenance and customer service tools and processes
- Go-live with billing
- Post go-live support

At the June 13, 2019 Committee of the Whole meeting, the Village Board asked for additional information regarding stormwater utility fees in other local municipalities as well as an example of how a residential utility bill would look after implementation of the proposed stormwater fee. These can be found in Attachments #2 and #3.

Schedule / Next Steps

Major policy decisions that will need to be addressed by the Village Board as part of the implementation phase include the following:

- Confirm the fee structure- Initial indications from a majority of the Village Board are that a tiered residential fee structure based on square footage of impervious surface is preferred (tiers provide for some differentiation among properties, increasing the equity of the fee structure compared with a single flat fee while maintaining some efficiency of administration)
- How to bill multi-family properties
- How to bill tax capped units of government
- Structure of an incentive and credits program

With the goal of having a stormwater utility fee in place effective January 1, 2020, the following schedule is contemplated:

- September 23rd- Raftelis presentation to the Village Board on key policy considerations
- November 12th- Introduction of ordinance implementing a stormwater utility
- November 26th- Adoption of ordinance implementing a stormwater utility

Budget Impact

There are no funds in the FY 2019 Budget for the stormwater funding feasibility study. The expense will be paid from the Sewer Fund reserve.

Documents Attached

1. Proposal from Raftelis
2. Stormwater utility fees in local municipalities
3. Sample tier two residential utility bills with a stormwater utility fee for Fiscal Years 2020, 2021, 2022

Village of Wilmette

Stormwater Utility Implementation Work Plan

Raftelis has developed the following implementation work plan for the Village stormwater fee that is hoped to become effective on January 1, 2020. The proposed implementation timeline is shown below.

2019					
JUL	AUG	SEP	OCT	NOV	DEC
Phase II – Data Development & Rate Study		Second Board Briefing: Present Finalized Rates, Revenue Requirement, Billing Policies		Vote to Implement Fee; Introduce Rates and Ordinance on Nov 12 and Adopt on Nov 26	

2020						
JAN	FEB	MAR	APR	MAY	JUN	JUL
Fee Funding in Place			First Bills Sent Out			

TASK 1. PROJECT MANAGEMENT

This task covers communication, regular reporting on progress and control of scope, schedule and budget for the project.

TASK 2. DATA DEVELOPMENT

Finalize impervious area data

Building on the feasibility study data development, where a statistically significant sample of residential properties was digitized (measured) to estimate the rate base and conduct impacts analyses, the Raftelis team will update the impervious area for the remainder of the service area before calculating the final rates. This includes reviewing non-sample residential properties and non-residential properties where the original planimetric data may not consistently capture billable impervious area, and editing the impervious feature polygons. (For residential properties, editing priority will be given to properties that may change tier as a result of the update.) Deliverables will include an impervious area GIS data layer for stormwater billing.

Link up stormwater billing data with the sewer billing system

The Village currently uses Tyler Technologies’ Munis Utility Billing CIS for sewer billing, and we envision that the stormwater fee would be incorporated into the existing sewer bill. Rates for sewer are monthly but billed quarterly and a similar structure is planned to be in place for stormwater. Raftelis recommends that the stormwater fee be a parcel-based fee, and the appropriate stormwater fee associated with the parcel must be associated with the sewer account located on that property. There are some parcels that do not receive sewer service or have an existing sewer account to bill for

stormwater. For these “stormwater only” accounts, new accounts will have to be loaded into the billing system and account characteristics such as ownership and mailing address will have to be developed and maintained.

The Raftelis team will continue working with Village staff on parcel-account matching, on which much progress has already been made, and will develop a list of the “stormwater only” accounts for the Village to load into the billing system. Raftelis will work with Village staff and Tyler Technologies to establish a file format and provide a file to be uploaded to the system by Village staff or Tyler Technologies.

TASK 3. CREDIT AND INCENTIVES PROGRAM DEVELOPMENT

Concurrent with Task 4, the Raftelis team will work with Village staff to determine whether a credit and incentive program will be implemented, and if so, how it will be structured. Should the Village decide to implement credits, Raftelis will build on the potential credits evaluation from the feasibility study to develop a non-residential credits program that promotes flood protection and green infrastructure. The basis for these credits may be a low impervious area to lot area ratio, for specific maintenance agreements or best management practices, or for special stormwater education programs.

Because the revenue impacts of a credit program can be highly sensitive to its rules and administration, Raftelis will discuss program options and their potential revenue or rate impacts with staff. We will collaborate on the best approach and recommend one that meets the Village’s stormwater goals, and appropriately acknowledges any customer measures that reduce the Village’s costs of managing and treating stormwater over time. The deliverable will be a written credits policy that outlines which practices can receive credits and under what conditions.

TASK 4. STORMWATER RATE STUDY AND FINANCIAL PLAN

Finalize rate structure details

Building on the feasibility assessment, wherein we recommended an impervious-area based rate structure with no exemptions or special considerations, Raftelis will work with Village staff to determine additional rate structure details. This includes how multi-family and multi-metered properties will be billed, and how tax capped units of government will be billed, in addition to how the credits program will be structured if implemented (from Task 3). Raftelis will assist the Village with finalizing and documenting the rate structure before final fees are calculated.

Finalize stormwater program plan and revenue requirement

The Raftelis team will also refine the Village’s stormwater program plan, if needed, and will finalize the program costs related to existing program and future program needs, including existing staffing and potential staffing requirements, as well as equipment, maintenance efforts, and potential levels of service for the storm sewer system.

The finalized projected program costs for the Village over a five-year planning period will become the revenue requirements for the fee, and will be incorporated into the financial plan model, which will be finalized under this task.

Refine the financial plan based on the final rate structure and rate base

Based on the determined rate structure details, measured impervious area for all properties, and stormwater program plan, Raftelis will finalize the financial plan model and calculate rates. Working with Village staff, Raftelis will refine debt amounts and timing and incorporate the expected debt into the finalized model. The financial plan model will include, as needed, different collection factors or payment patterns by customer group, credit reductions, incentive payments, and fund balance projections. Deliverables will include an open source financial planning and rate model which the Village can use well into the future as the stormwater program continues to evolve.

TASK 5. STORMWATER ORDINANCE DEVELOPMENT

As part of the budgeting process for FY 2020, the Village should adopt a rate ordinance to set rates for one or more fiscal years. Raftelis will assist the Village with developing the rate ordinance necessary. Deliverables will include suggested technical language and examples for an ordinance to establish the rate structure and rates, which can be updated if and when necessary. The Village's attorney will be responsible for the final language.

TASK 6. BOARD BRIEFING AND PUBLIC OUTREACH

Board Briefing

Working with Village staff, Raftelis will brief the Village Board of Trustees once prior to go-live of the stormwater fee. The timing of this briefing will be scheduled to allow for the Board to provide input at a maximally key moment in the project such as during the stormwater rate finalization. Input from the Board will be documented and incorporated into the project next steps.

Public Outreach Assistance

Raftelis will work with Village staff to gather citizen input and perform outreach about the stormwater program and fee. We will help prepare exhibits. Raftelis will collaborate with staff to create a public outreach strategy which will include information on identifying key stakeholders, target audiences, messaging, identifying and developing outreach materials, meeting scheduling and participation, and timing of outreach.

Deliverables for this task include the public outreach plan and materials for meetings with stakeholders, meeting notes from which the team can craft program details.

TASK 7. DATA MAINTENANCE AND CUSTOMER SERVICE TOOLS AND PROCESSES

Once a fee is established, the Village will need to consider several new processes to support billing, collections, customer service, data maintenance, appeals, and customer-driven fee updates. Raftelis will work with the various Village departments that will be responsible for these functions to develop and document streamlined processes that fit into existing Village workflows where possible. Raftelis will interview key staff to understand the existing sewer billing processes and leverage the current workflow and existing relationships between groups, and the current tools in use for stormwater program administration.

We will also work with staff to consider additional tools needed for stormwater billing data maintenance, and for customer service. The unmetered nature of stormwater service makes it more

complicated to explain than water or wastewater, but with the right information and tools, Village representatives will be able to clearly describe the billing policy and the basis for any individual customer's fee. We will create high-resolution individual property map images in static PDF(s) or through ArcMap, depending on the desired tools and their availability to customer service. Deliverables will include:

- Written process flowcharts for stormwater billing and data updates
- A written policy for stormwater appeals and collections
- A simple FAQ for customer service staff to follow in explaining stormwater bills
- A PDF of each non-residential parcel that has a billable amount of impervious area on it, or a GIS layer with this data if preferred

Raftelis will work with Village staff to consider processes for regular stormwater data updates, such as changes to impervious area.

TASK 8. GO-LIVE WITH BILLING

Raftelis will support Village staff with go-live of stormwater billing, including integration into the sewer billing system and responding to questions as necessary to ensure that the initial stormwater billing is smoothly executed.

TASK 9: POST GO-LIVE SUPPORT

The project team will provide six (6) months, (approximately April 2020 through September 2020), or two (2) billing cycles, of support immediately following the stormwater bills being sent to customers. Support may include assistance with billing disputes, messaging, utility billing system interface issues, financial planning, or other utility related efforts. Support will be limited to a total consultant effort level of \$13,680. Deliverables for this task are variable and will be at the client's preference.

FEE

Raftelis will provide the above services for a total not-to-exceed fee of \$112,695.

Summary of Stormwater Utility Fees in Local Municipalities

Municipality	Residential Rate Structure	Exemptions
Buffalo Grove	Flat fee based on size of median single-family property	None
Rolling Meadows	Flat fee based on size of median single-family property	None
Downers Grove	Three tiers based on impervious square footage	Government entities; After implementation the ordinance was amended to exempt all non-profits*
Highland Park	Specific to each property's impervious square footage	None
Winnetka	Specific to each property's impervious square footage	None
Park Ridge	Fee studied but never implemented	N/A

*The Downers Grove exemptions did not cause the residential rate to increase because the fee was intended to fund future projects and operations.



Village of Wilmette
1200 Wilmette Avenue
Wilmette, Illinois 60091-0040
847-251-2700
ar@wilmette.com

UTILITY BILL

Customer Copy

Please keep this portion for your records

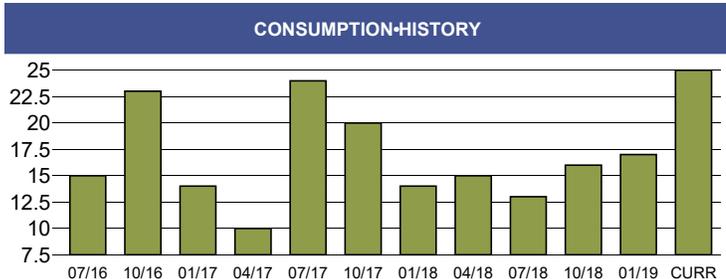
CUSTOMER NAME	SERVICE LOCATION
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3137 GREENLEAF AVE

BILL NUMBER	BILL DATE	ACCOUNT #	CUSTOMER #	DUE DATE
578988	04/23/2020	490120		05/10/2020

CHARGE DESCRIPTION	METER NUMBER	READ CODE	PREVIOUS READ DATE	CURRENT READ DATE	PREVIOUS READING	CURRENT READING	USAGE	CHARGE AMOUNT
WATER USE FEE	84182856	A	01/14/2020	04/15/2020	1313	1321	8	\$22.00
SEWER USE FEE			01/14/2020	04/15/2020				\$33.92
QUARTERLY STORMWATER FEE			01/14/2020	04/15/2020				\$57.00
REFUSE FEE			01/14/2020	04/15/2020				\$71.25
METER REPLACEMENT FEE			01/14/2020	04/15/2020				\$1.08

RATES	INSIDE VILLAGE			OUTSIDE VILLAGE			View account info and pay bill online at www.wilmette.com
	Cu. Ft. Used	Per 100 Cu. Ft.	Min Quarterly Charge	Cu. Ft. Used	Per 100 Cu. Ft.	Min Quarterly Charge	
WATER	All	\$2.75	\$22.00	All	\$5.50	\$44.00	
SEWER	All	\$4.24	\$33.92	All	\$4.24	\$33.92	
SPRINKLING SEWER REFUSE FEES	All	\$3.17	\$33.92	Unpaid Balances are subject to penalties of \$1.00 per day 45 days from Bill Date.			
	\$23.75 per month per dwelling unit						



READ-CODE	Description	Amount
	Total Current Billing	\$185.25
A = Actual	Previous Balance	\$127.69
E = Estimate	Adjustments	\$0.00
F = Final	Less Payments Received	\$127.69
W = Water	Total Amount Due	\$185.25

DO NOT PAY - YOUR ACCOUNT WILL BE DEBITED ON 05/10/2020

EFFECTIVE 1/1/20 THE VILLAGE IMPLEMENTED A NEW STORMWATER FEE. THE REVENUE FROM THE FEE FUNDS THE NEW STORMWATER IMPROVEMENT PROJECT TO PROVIDE MUCH NEEDED FLOOD RELIEF TO THOUSANDS OF WILMETTE RESIDENTS. FOR MORE INFORMATION PLEASE VISIT WWW.WILMETTE.COM.

Promptly Send Payment To:
Village of Wilmette
P.O. Box 6176
Carol Stream, IL 60197-9176

Please write your Account Number on your check and enclose this portion of bill with your payment. **Make checks payable to: Village of Wilmette**

3137 GREENLEAF AVE
WILMETTE, IL 60091-2080

UTILITY BILL

Remittance Copy

Return this portion with your payment

Account Number:	490120
Customer Number:	
Bill Number:	578988
Pay By:	05/10/2020
Total Due:	185.25

Service Location
3137 GREENLEAF AVE

TIER 2 - 2021



Village of Wilmette
1200 Wilmette Avenue
Wilmette, Illinois 60091-0040
847-251-2700
ar@wilmette.com

UTILITY BILL

Customer Copy

Please keep this portion for your records

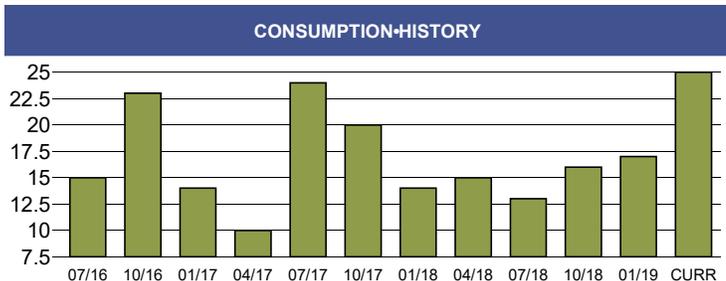
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3137 GREENLEAF AVE

BILL NUMBER	BILL DATE	ACCOUNT #	CUSTOMER #	DUE DATE
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CHARGE DESCRIPTION	METER NUMBER	READ CODE	PREVIOUS READ DATE	CURRENT READ DATE	PREVIOUS READING	CURRENT READING	USAGE	CHARGE AMOUNT
WATER USE FEE	84182856	A	01/14/2021	04/15/2021	1313	1321	8	\$22.00
SEWER USE FEE			01/14/2021	04/15/2021				\$33.92
QUARTERLY STORMWATER FEE			01/14/2021	04/15/2021				\$77.00
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SPRINKLING SEWER REFUSE FEES	All	\$3.17	\$33.92	Unpaid Balances are subject to penalties of \$1.00 per day 45 days from Bill Date.			
	\$23.75 per month per dwelling unit						



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	Total Current Billing	\$205.25
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E = Estimate	Adjustments	\$0.00
F = Final	Less Payments Received	\$127.69
W = Water	Total Amount Due	\$205.25

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UTILITY BILL

Remittance Copy

Return this portion with your payment

Account Number:	490120
Customer Number:	
Bill Number:	578988
Pay By:	05/10/2021
Total Due:	205.25

Service Location
3137 GREENLEAF AVE

00006042019800576514400000246678

TIER 2 - 2022



Village of Wilmette
 1200 Wilmette Avenue
 Wilmette, Illinois 60091-0040
 847-251-2700
 ar@wilmette.com

UTILITY BILL

Customer Copy

Please keep this portion for your records

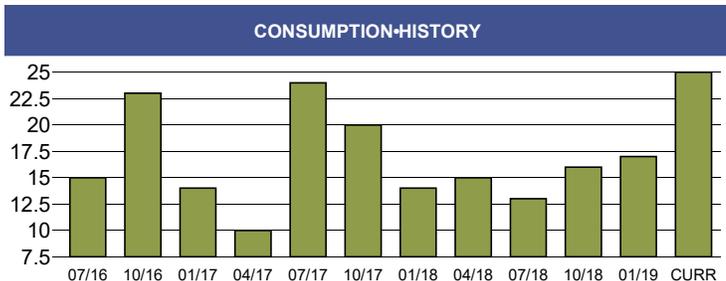
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REFUSE FEES	\$23.75 per month per dwelling unit						



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	Total Current Billing	\$205.25
A = Actual	Previous Balance	\$127.69
E = Estimate	Adjustments	\$0.00
F = Final	Less Payments Received	\$127.69
W = Water	Total Amount Due	\$235.25

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 WILMETTE, IL 60091-2080

UTILITY BILL

Remittance Copy

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Pay By:	05/10/2022
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