



MEMORANDUM

To: Mayor Laurel Lunt Prussing and Members of the City Council

From: Mike Monson, chief of staff

Date: Nov. 10, 2011

Re: Stormwater Utility Fee Residential Tier Rate

Introduction:

At the Oct. 10th Committee of the Whole meeting, the city council voted and split 3-3 on an amendment whether to adopt a tiered stormwater utility fee system in lieu of the proposed single flat rate for residential properties.. A tie vote meant that the motion was defeated and that staff would proceed with plans for a flat rate stormwater utility fee for every Urbana residence, at a rate estimated to be between \$4.90 and \$5.15 per month.

Mayor Prussing after the meeting asked Alderman Charlie Smyth to reconsider his vote against the amendment and to allow reconsideration of the tiered fee system, as Alderman Dennis Roberts, who would have been the tie-breaking vote, was absent from the Oct. 10th meeting. For reconsideration to occur, a member of the prevailing side would need to make a motion to reconsider. While a voice vote was held on October 10th, it is staff's recollection that council members Smyth, Marlin and Stevenson voted against the amendment.

Issues:

Mayor Prussing believes that a tiered fee system, with the fee level based on the amount impervious area on a residential lot, would be more equitable to residents than a flat fee. For example, she believes a cottage home on a small lot should not be paying the same monthly fee as a significantly larger home with more impervious area such as a larger roof, driveway, or patio area.

The Champaign City Council has endorsed a tiered fee system, with their tentative fee structure set at \$4.94 per month for residential lots with less than 6,000 square feet of impervious area;

\$10.55 for lots with between 6,000 and 8,000 square feet of impervious area; and a fee of \$13.56 for lots with more than 8,000 square feet of impervious area. Champaign’s consultant, AMEC, is recommending that the \$4.94 fee can be lowered to \$4.62.

The proposal below by the Mayor would set a Tier 1 fee, for very small homes, of \$3.62 per month. Some of the cottage-style homes found in older parts of Urbana, such as in Historic East Urbana, would likely qualify for this rate. This tier would be for residences with less than 2,000 square feet of impervious area.

The proposed Tier 2 rate would include the vast majority of homes in Urbana and would be \$4.62 per month. This would be the rate for homes with an impervious area of between 2,000 and 4,500 square feet.

Lots with more than 4,500 feet of impervious area would pay the highest rate, \$9.01 per month, under this proposal. All of Urbana’s proposed tier rates would be lower than rates in Champaign. It should be noted that Champaign has more subdivisions with larger homes and bigger impervious areas than does Urbana.

Urbana Tiered Fee Approach

Tier No.	Tier Size Impervious Area Square Feet	Percent of Properties	Estimated Number of Properties	Upper Range Monthly Rate:
Tier 1	0 to 2000 sq. ft.	10 percent	794	\$3.62
Tier 2	2000 to 4500	82.5 percent	6548	\$4.62
Tier 3	4500 and up	7.5 percent	595	\$9.01

Fiscal Impact:

The tiered approach would result in \$25,000 to \$35,000 in additional implementation costs to determine impervious area sizes for the city’s residential parcels. This would be a one-time cost, though the city will have to invest staff time keeping the information current.

The proposed rate structure above is designed, in part, to make sure that fees are consistent with those in Champaign. To accomplish that, it will be necessary to trim the overall annual stormwater program budget by \$118,000, from the current \$1.7 million. Fees will be reduced by \$90,000 for non-residential properties and \$28,000 for residential properties based on the tiered approach recommended by the Mayor. Both the residential and non-residential fees must be reduced equally to maintain equity between all rate payers.

Presently, the city of Urbana spends over \$800,000 annually on its stormwater management program. With the stormwater utility fee, the budget would increase to \$1.6 million, doubling the current expenditures, and no general fund money would be used. This level of spending would still be sufficient for a robust and sustainable stormwater management program.

Recommendation:

The council is asked to reconsider its original recommendation in support of a flat fee and instead endorse the proposed tiered rates.

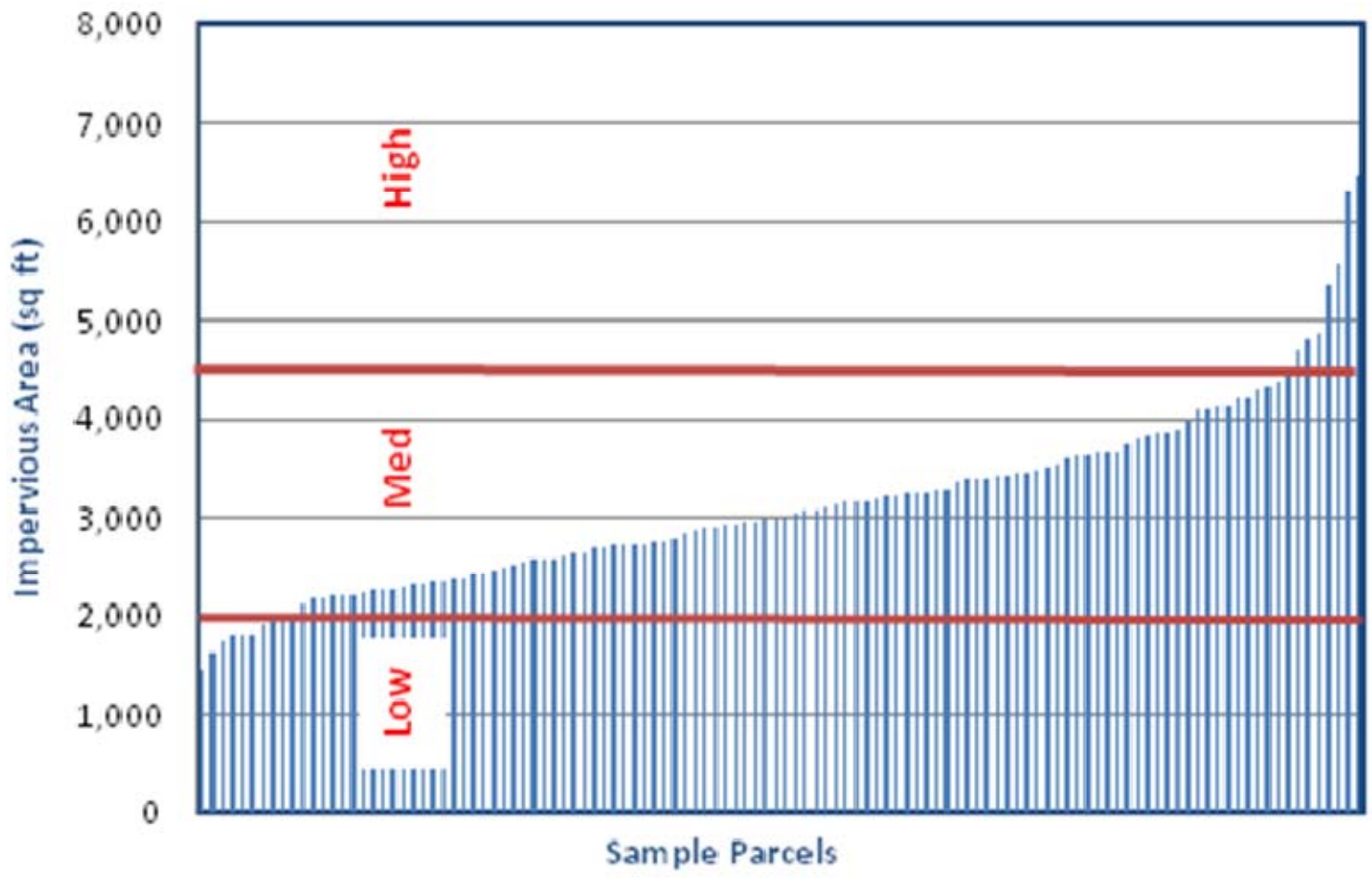
URBANA TIERED APPROACH OPTION

Tier No.	Tier Size Impervious Area ft²	Percent of Properties	Estimated Number of Properties	Monthly Rate: Upper End
Tier 1	0 to 2000	10%	794	\$3.62
Tier 2	2000 to 4500	82.5%	6548	\$4.62
Tier 3	4500 and up	7.5%	595	\$9.01

This tiered approach would result in \$25,000 to \$35,000 in additional implementation phase costs to determine impervious areas for the residential parcels. The cost of determining the impervious areas for the non-residential properties is \$27,000.

EXHIBIT A

City of Urbana Single Family Residential Imperviousness



Program Costs

Planning & Engineering	\$ 155,000
Operation & Maintenance	\$ 730,000
NPDES Compliance	\$ 92,000
Water Quality	\$ 30,000
Incentives / Credits	\$ 50,000
Capital Improvements	\$ 528,000
Administration & Finance	\$ 91,250
TOTAL	\$ 1.7 million

Would have to trim \$118,000 in expenses from the proposed stormwater program budget to match revenue reduction from tiered approach.

EXHIBIT B

CHAMPAIGN TIERED RATES

Tier No.	Tier Size Impervious Area ft ²	Monthly Rate: Upper End
Tier 1	0 to 6000	\$4.94*
Tier 2	6000 to 8000	\$10.55
Tier 3	8000 and up	\$13.56

Notes: *- Champaign's consultant has determined that the Tier 1 rate could be lowered to \$4.62.