



Q and A
Stormwater Utility Meetings
January 23-25, 2012

I. PROPERTY TAX VS. STORMWATER UTILITY

- 1. Will stormwater utility be taxed, similar to municipal taxes and other user fees that are seen on ComEd, Nicor, phone bills, etc.?**
Answer: No, the stormwater utility fee will not be taxed.
- 2. Will a separate unit of government or corporation be set up to manage the fund?**
Answer: No, all stormwater management functions are managed within the Village's existing Public Works department. The Stormwater Improvement Fund is an existing fund within the Village's budget.
- 3. Is this a done deal?**
Answer: No, the Village Council asked Village staff to complete a public engagement process prior to officially considering the creation of a stormwater utility. Feedback from the community will be provided to the Village Council to assist them in making a final decision. The Village Council is expected to make a decision at a Village Council meeting in March 2012.
- 4. Will this revenue be dedicated to stormwater, or can it be used elsewhere, like for roads, etc.?**
Answer: Revenue in the stormwater fund is used exclusively for the provision of stormwater related services. The budget is approved annually and specific projects are detailed in the Community Investment Plan (CIP) which is available on the Village's website.
- 5. Will this revenue be used for maintenance as well as new projects?**
Answer: Stormwater funds are used for both new projects and maintenance of the existing system. An example of a recent *new* project is the stormwater facility located at 2nd and Cumnor. An example of *maintenance* is the Lacey Creek project where the Village completed a streambank stabilization project to replace a deteriorating retaining wall that was installed in the 1960s.
- 6. Does the Village avoid tax caps if there is a stormwater utility?**
Answer: No. The Village of Downers Grove is a home-rule municipality, which means it is not subject to the Property Tax Extension Limitation (PTELL, also known as tax caps).
- 7. Are there any other towns in DuPage County operating a stormwater utility?**
Answer: The following municipalities operate a stormwater utility: Aurora, Bloomington, Champaign, East Moline, Freeport, Highland Park, Moline, Morton, Normal, O'Fallon, Rantoul, Richton, Rock Island, Rolling Meadows, Tinley Park. Others are in the process of researching the concept such as Glenview and Urbana. Only Aurora is partially in DuPage County.

8. Why does this have to be a separate fee?

Answer: The goal of separating the cost of stormwater from the general tax levy is to create a system in which property owners pay based on their impact to the stormwater management system. The fee, as currently proposed, would be based on the impervious area on each piece of property within the village.

9. How are unincorporated properties charged?

Answer: Unincorporated properties cannot be charged for these Village services.

10. Will this utility be subject to any other government entity?

Answer: No, this fee will only be used for the stormwater system within Downers Grove. In general, stormwater management is subject to federal, state and county regulations.

11. If the Village decides not to create the stormwater utility and instead were to generate the required revenue by increasing the property tax levy, how would the Village property tax levy be affected?

Answer: If the Village were to increase the property tax levy by an amount equal to the revenue that would be generated by the stormwater utility fees, the total Village property tax levy would increase by nearly 8% in 2013 and would then increase each year thereafter by 2.53% to 5.74%.

The table below assumes that there would be no other increases in the total Village property tax levy during this time frame. This is not the case as other increases to the levy are likely to occur to cover the costs of pension obligations and other Village operations.

Year	Stormwater Fee Revenue	Percent Increase	Property Tax Levy Required to Achieve Revenue (current levy)	Percent Increase
2012	NA		\$12,983,233	
2013	\$2,361,651		\$14,020,130	7.99%
2014	\$2,715,899	15%	\$14,374,379	2.53%
2015	\$3,123,283	15%	\$14,781,764	2.83%
2016	\$3,591,776	15%	\$15,250,258	3.17%
2017	\$4,130,542	15%	\$15,789,025	3.53%
2018	\$4,750,124	15%	\$16,408,608	3.92%
2019	\$5,462,642	15%	\$17,121,127	4.34%
2020	\$6,282,039	15%	\$17,940,525	4.79%
2021	\$7,224,344	15%	\$18,882,831	5.25%
2022	\$8,307,996	15%	\$19,966,484	5.74%

II. IMPACTS

12. Won't schools just pass their cost on to taxpayers? Same for other government entities?

Answer: The proposed stormwater utility would include a fee charged to local taxing districts based on the impervious areas on properties they own. In order to gauge the impacts on these districts, staff has asked them to provide official position statements on the proposed fee.

13. What about the impact to business? Are we creating an environment that is unfriendly to business?

Answer: The impact to each individual business property is based on the property's impervious area. The Village's Strategic Plan includes a goal *Strong, Diverse Local Economy* and the Village strives to maintain a pro-business environment. The Village has asked the business community including the Chamber of Commerce and Industry, the Economic Development Corporation and

Downtown Management Corporation to provide feedback on the impact of the proposed fees on the business community.

14. Will senior tax caps be affected?

Answer: Senior citizens 65 years of age or older with an income of less than \$55,000 per year, are eligible for a program that freezes that taxable value of their property. While the net taxable value of the property is fixed, the actual property taxes paid may increase from year to year based on the total property tax rate. The proposed stormwater utility does not freeze or reduce the monthly fees paid by senior citizens.

15. How does this impact property tax deductions on federal and state income taxes?

Answer: Shifting the cost of the stormwater program from the property tax levy to the stormwater utility would likely result in a 10% reduction in the Village's property tax levy. The exact impact of the shift from a property tax funded system to a fee based system would depend on the individual characteristics of the property in question and the property owner's annual income. The following is an example of the impact on a property worth \$300,000 in the Tier 2 stormwater fee owned by a person in the 25% federal income tax bracket that is filing with itemized deductions.

Annual Stormwater Utility Fee	\$67.20
Reduction in Village Property Tax Payment	(\$59.13)
Loss in Federal Income Tax Deduction	\$14.78
Net Annual Cost Increase	\$22.85

16. How is the Village's stormwater fee paid?

Answer: The Village will make a transfer from its General Fund into the Stormwater Maintenance Fund.

17. Will the 10% property tax reduction be eaten up by future increases?

Answer: The purpose of the stormwater utility fee would be to permanently shift the cost of stormwater off of the property tax levy. While the Village may increase its property tax levy in the future, the tax revenue would not be used for stormwater.

18. What is the total impervious impact of roads and sidewalks?

Answer: Public sidewalks are not included in the data compiled by DuPage County. Public streets account for 38,474,297 square feet of impervious surface. Neither public streets nor public sidewalks are included in the fee calculation for impervious areas.

III. FEES AND IMPLEMENTATION COSTS

19. What are the administrative costs of a stormwater utility?

Answer: The Village anticipates that one additional full-time employee would be needed to administer the stormwater utility. This employee would be responsible for managing the computer mapping (GIS) system that tracks the impervious area on each property.

20. Is impervious area an exact measurement of the impact on the stormwater system?

Answer: No. To obtain an exact measurement of the impact on the stormwater system, the Village would have to determine the exact amount stormwater that runs off a property during storm events. This calculation would require a civil engineer's detailed analysis of the property. The amount of impervious area located on a property is highly correlated to the impact on the stormwater system. Establishing fees based on impervious area is generally accepted as an industry best practice.

21. What would be the fee for a parcel with no impervious area?

Answer: The fee for a non-residential vacant parcel would be \$5.60 per month. The fee for a residential vacant parcel would be \$1.68 per month.

22. How will condo owners be charged?

Answer: Condominium owners will be a fee calculated by dividing the number of condominiums by the total fee for the property.

23. What would the stormwater fee be in 15 years?

Answer: The stormwater fee would likely increase by 15 to 17% each year for 10 years. There is no plan for increases after that point; the fee would be based on the needs of the system at that time. If the fee increased at 15% each year, the fee charged per ERU would be the following:

YEAR	Fee per ERU
2013	\$ 5.60
2014	\$ 6.44
2015	\$ 7.41
2016	\$ 8.52
2017	\$ 9.79
2018	\$ 11.26
2019	\$ 12.95
2020	\$ 14.90
2021	\$ 17.13
2022	\$ 19.70

24. Roads are impervious—will be they be factored in the calculations?

Answer: No, roads are not included in the calculations because they are considered to be a part of the stormwater system that carries stormwater to sewers and creeks.

25. What about swimming pools or ponds on your property? Are these considered pervious?

Answer: Swimming pools are impervious because they cover the ground and do not allow rain water to soak through.

26. What about sidewalks? If they are impervious, doesn't the stormwater utility counter the Village's efforts to put in sidewalks?

Answer: Public sidewalks are not factored into the impervious area for each property.

27. Does the GIS system allow for differentiation between gravel driveways, wood decks, etc?

Answer: The system does differentiate between wood decks and patios. It does not differentiate between gravel and paved driveways.

28. Once we start down this road, what else will be turned into a utility?

Answer: The Village does not have any plans to operate any other services as a utility.

29. When will this go into effect?

Answer: If the Village Council approves the implementation of the stormwater utility, it would likely go into effect in 2013.

30. How will non-payment be enforced?

Answer: The Village has several ways of enforcing non-payment: 1) turning off water service, 2) placing a lien on the property and 3) sending the account to a collections process.

IV. CREDITS

31. Why are credits for residential properties a one-time thing?

Answer: The credit program is still being developed and this could be included.

32. Will privately owned and maintained retention areas be eligible for a credit?

Answer: The credit program is still being developed and this could be included.

33. Is there a credit for the amount of green space on a parcel?

Answer: The amount of green space on each individual property is not considered in this model. The fee is based solely on the amount of impervious area on the property.

34. If residents live in neighborhoods where there is no drainage and runoff is absorbed in the ground will they get a credit?

Answer: Because all properties within the Village benefit from an effective stormwater system, all properties pay under the stormwater utility model. For example, even properties that do not have runoff are still protected from flooding because the stormwater system exists.

35. Could we encourage more residents to make stormwater friendly improvements without implementing a utility?

Answer: Yes, even if the Village Council does not approve the stormwater utility, there are ways that the Village can promote on-site stormwater management, such as through the existing stormwater cost-share program. The Village Council also approved a High Priority Action Item to explore the implementation of Best Management Practices related to stormwater regulations.

36. Is there a way to credit or exempt existing or older properties?

Answer: No, in order to meet the legal requirements of a stormwater utility, the Village would have to treat all properties equally regardless of age of the development on the property or other characteristics.

37. Some properties drain for other jurisdictions (Lombard, York Township). Is there a credit for that?

Answer: The Village is only able to charge properties located within its legal boundaries.

38. How will credits be determined?

Answer: The system for credits is still being developed and will be presented for public consideration prior to the implementation of the utility fee. It is based on existing programs in other municipalities.

V. NEED FOR STORMWATER FEE

39. What is the financial burden that requires the fee?

Answer: The Village's consultant reviewed the stormwater system maintenance and replacement needs and identified a gap between the available and needed funding under the current system. If the Village continues to maintain and replace components of its stormwater system at the current rate, it will have an annual funding gap of \$834,900 in 2013. This gap grows to \$2.08 million in 2016. If the Village decides to fully fund the infrastructure and maintenance needs of the stormwater system, the funding gap will be \$3.2 million in 2013 and \$5.04 million in 2016.

40. How much of the system is failing and in poor shape?

Answer: This is difficult to say because present funding levels are not adequate to complete regular inspections of the overall storm sewer system. However, the Village is aware that current funding levels equate to a 220 year replacement cycle for storm sewer pipes, which is more than double the industry standard.

41. Who brought up this idea?

Answer: The concept was first discussed in 2003 by the Village's Stormwater Utility Exploratory Committee. The idea of exploring the creation of a stormwater utility was then identified as a high priority action item by the Village Council in 2011 as part of the Village's Strategic Plan.