Utility Fees: Sending the Right Message

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Major Topics

• Utility Funding Basics
• The Logical Order
• Program Elements and Costs
• Customization - The Right Rate Structure
• Customization - The Right Credits, etc.
• Examples and Lessons Learned
Stormwater Utilities in General

- A way to provide stable, consistent funding for stormwater services
- Number of utilities growing – EPA reported just over 100 in 1994, today there are well over 1,000
- Rise in utilities triggered by NPDES Phases I and II
Stormwater Utilities in General

- Concept: demand for service (Jeff’s polluter vs. beneficiary)
- Dedicated revenue stream – wholly or partly funds a program
- Details can be developed so that fees send the right message
- But, be thoughtful
The Logical Order

• Evaluate requirements
• Develop a program plan
• Estimate cost of service
• Study cost causation – categorize costs
• Select a rate structure
• Estimate rates
• Develop credits, waivers, rate modifiers, secondary funding methods
• Finalize rates
Program Elements and Costs

- Drainage maintenance
- Water quality programs
- Remedial repair
- Capital projects – hard infrastructure
- Capital projects – green infrastructure
- Billing, collections, customer service
- ???

What percentage of my program’s costs go with each element?
Cost Causation

- Customer’s (ratepayers’s) existence
- Peak flows
- Runoff volume
- Runoff timing
- Geography
- Topography
- Vegetation
- Land use / activity
- ???
Rate Structures

• Seeking a strong relationship between demand for service and some measurable thing...
• Impervious area
• Impervious area + gross area
• Gross area + intensity of development
• Water meter size
• ???
Definitions

- Credit
- Waiver
- Secondary funding method
- Rate modifier
Fee Credit Programs

• A credit is a reduction in stormwater fee associated with a BMP or activity that reduces a customer’s demand for stormwater service

• BMP-based v. Activity-based

• Objective --- Subjective
Examples We Might Learn From

*How did these programs customize fee structures to send the right messages?*

- Charlotte–Mecklenburg
- Philadelphia
- Jacksonville, North Carolina
- Northeast Ohio Regional Sewer District
- Tega Cay, South Carolina
- Columbia, South Carolina
Metrics
## Residential Rate Structure and Modifiers

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<th>Number of</th>
<th>% of Properties</th>
<th>Average %</th>
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Residential Credits
Rain Barrels
LID
LID
Metrics
Data Implications
Data Implications
Data Implications
Examples We Might Learn From

*Goals, Actions, Outcomes*

- Charlotte–Mecklenburg
- Philadelphia
- Jacksonville, North Carolina
- Northeast Ohio Regional Sewer District
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Some Final Thoughts on Sending the Right Messages

- Start right, if you haven’t started
- Maintain a defensible position
- Evolve very thoughtfully
- Program objectives like green infrastructure, LID, stream and watershed restoration – geographies
- Retrofits and new construction not strongly guided by funding policy
- Public opinion of retrofits and new construction can be guided by funding policy
- Elected officials need help – leadership is hard (nod to Glenn)
QUESTIONS

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