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# Bettendorf Storm Water Utility

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**City of Bettendorf, Iowa**  
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# Background on our Utility

## □ Why did we establish a Utility?

- Need for revenue dictated by the unfunded Phase II NPDES mandate as well as shortfalls in the General Tax Fund. Funds generated cannot be diverted to other uses, thus satisfying IDNR requirements for our permit provisions.
  - Movement to Regional Storm Water Detention.
  - Cost of providing the service is distributed to all users of the MS4 equitably. No users are exempted. General Property Taxes exempt 20% of the City.
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## What did the process involve?

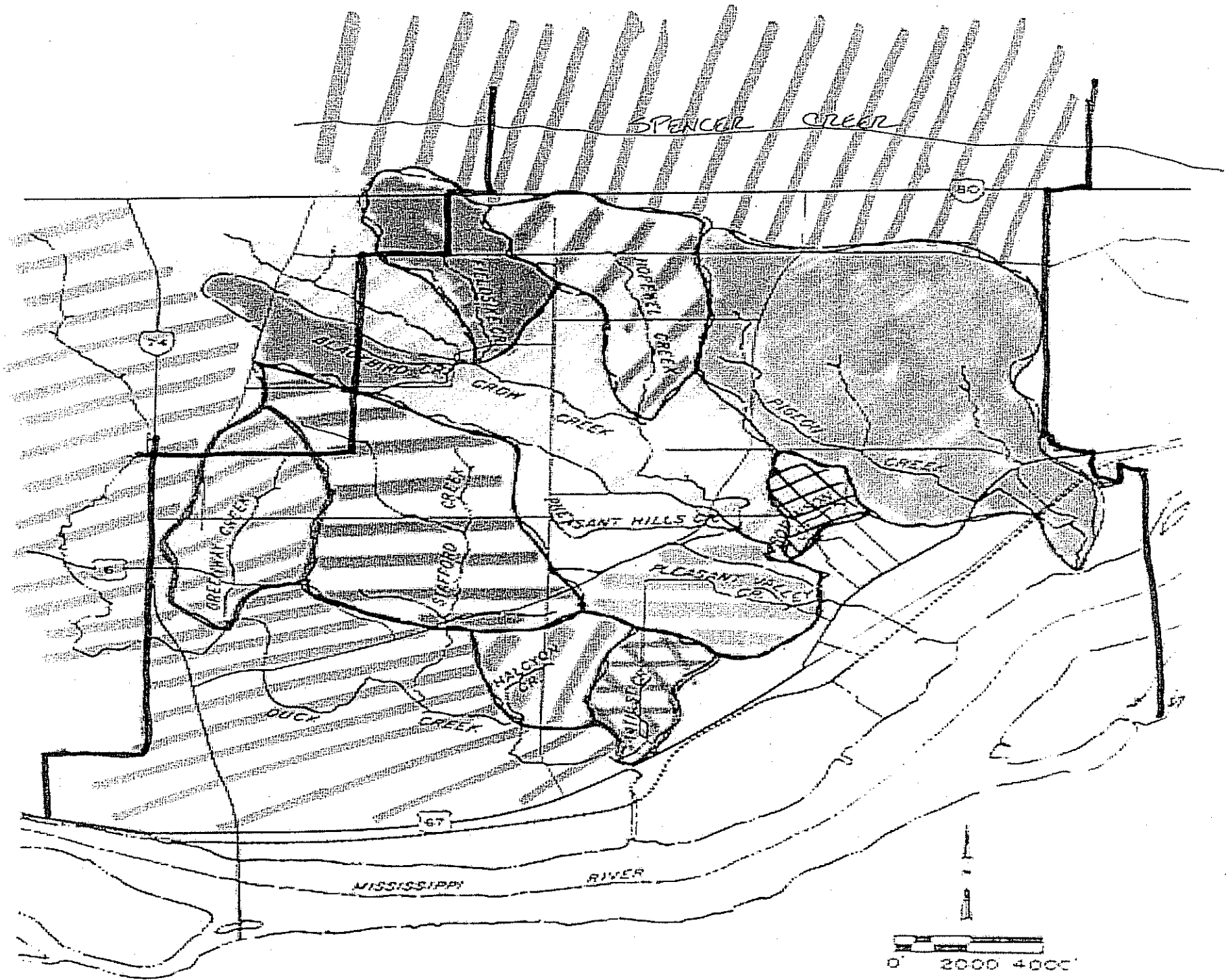
- Identify problems and needs.
  - Define the goals of the process.
  - Determine resources and constraints.
  - Analyze the requirements.
  - Conduct a rate analysis.
  - Obtain buy-in from local businesses and residents as soon as possible.  
Communicate, communicate,  
communicate!!
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# Identify problems and needs

- We hired a consultant in 2000 to look at the 14 major drainage systems in Bettendorf to focus on flooding and water quality concerns.
  - We wanted to move towards Regional Storm water detention for new development and institute sustainable practices.
  - We needed to generate enough funds to cover operational costs of the NPDES permit and then leverage revenues remaining to bond for CIP projects.
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## Define goals

- Have the utility created and available for discussion by 2002.
  - Conduct meetings with Bettendorf businesses [two conducted] and Ward level meetings [5 conducted] with residents prior to the 3 required public hearings on the utility ordinance.
  - Create the utility ordinance and conduct the 3 required public hearings before the start of FY 03/04 on July 1, 2003.
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# Determine resources and constraints

- ❑ We already had a GIS in place but we needed to cross reference property information with the Scott County Assessors Office. This process was time consuming! There can be a lag with respect to filing of property data.
  - ❑ Staff conducted a web search to see what other communities were doing with utilities.
  - ❑ The City of Griffin, GA was contacted as a resource and they provided examples of documentation needed for a utility. The APWA suggested Griffin because of its proactive approach to storm water management.
  - ❑ Public Works needed to communicate with Finance to determine issues with billing.
  - ❑ The City administrator provided \$50,000 of seed money to get the ball rolling and cover staff costs.
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# What were the costs of development and implementation?

- Decision on whether to hire a consultant or use existing staff to create the utility.
  - Two types of costs: Lump sum and unit based. Lump sum costs include analysis and definition. Unit costs are related to the number and type of properties subject to the user fee, billing system and master data files. For a community of 32,000 we were looking at a cost of approx. \$100,000 for the complete program, if the utility were created by a consultant. This represents approx. 10-12 weeks of the revenue planned to be generated by the utility. This is a standard rule of thumb.
  - Staff decided to create the utility in-house. PW Director wrote the Ordinance in one weekend. PW technician created the data base for parcels and calculated amounts of impervious areas for commercial/residential properties. Finance Dept provided the cross reference for sewer billings to charge the monthly fee on a quarterly basis.
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# Analyze the requirements

- There are approximately 800 non-residential properties in Bettendorf and 11,000 residential properties. How should charges be levied for these properties? How are these calculated?
  - The City has had a limited formal program of storm water management and regularly scheduled maintenance for the MS4. Equipment had to be purchased, personnel hired and residents educated for NPDES Phase II. This included 2 new employees in the Sewer Section, an Erosion and Sediment Control Specialist and a sewer jetter/vacuum truck.
  - A data collection and reporting system had to be established. Tracking and reporting software packages needed to be evaluated and purchased. ASIST software was obtained.
  - Should a separate billing system be established or could an existing structure be utilized?
  - The IDNR had a requirement for a dedicated stream of funds to accomplish actions related to the NPDES Phase II permit.
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# Conduct a rate analysis

- Unlike public water, gas or electricity, storm water services to runoff dischargers is not voluntary and cannot be metered.
  - A survey of storm water utilities nationwide indicates that most are based on impervious area.
  - A comparison of fee structures in comparable cities can increase the comfort level of residents resistant to the new charges.
  - Need to distinguish between a user fee and a tax.
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# Rate analysis continued

- The State of Iowa Code section 384.84 allows the city to establish a storm water utility.
  - Traditionally, storm water management has been financed by property tax revenues. This means storm water issues have generally taken a back seat compared to other City programs. User fees are more equitable in that not all property owners pay property taxes, but nearly all properties contribute to storm water runoff.
  - State law requires storm water utility revenues to be separate from other revenues and used for their intended purpose. These funds cannot be used to supplement other City programs.
  - State law requires that sales tax be charged to services provided for non-residential properties. This means sanitary sewer as well as storm sewer collection and disposal. This a 5% charge above the user fee, and it is remitted directly to the Iowa Dept of Revenue and Finance. Covers non-profit organizations, too.
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# Rate analysis continued

- Reviews of other utilities in the Midwest indicated that most used a charge based on how many Equivalent Runoff Units [ERU] there were for each property. One ERU is equal to the average amount of impervious area on an average residential lot. This number was calculated as 2,500 square feet in Bettendorf.
  - The charge per ERU was based on the amount of revenue needed for the program and what the residents would be comfortable with paying.
  - The initial proposal was \$3 per ERU with no cap. This was consistent with the charges already in place for a number of utilities in Iowa and Illinois. An analysis of residential properties indicated an average of 30% impervious ground, regardless of property size, for billing purposes.
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## Rate analysis continued

- Rates for commercial/industrial/and all other properties were calculated using aerial photos and scaled quantities of impervious areas. Every owner needed to pay at least the minimum charge of one ERU per month.
  - Plan was to generate at least \$500K annually.
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## Examples of impervious areas for randomly selected properties

- Deerbrook -- 3,500 ft<sup>2</sup>
- Alcoa—2,800
- Surrey Heights—4,400
- Century Heights—3,700
- Hall/Jones—2,200
- Summit Hills—1,700
- Terrace Park—2,300
- Central Ave—2,100
- Greenbriar--- 1,900

Measured values for several lots in each subdivision.

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# Obtain buy-in from businesses and residents

- First meeting with businesses did not go well. Nearly all questions related to the need for storm water fees and most thought the \$3 per ERU was too high! Most wanted a dollar for dollar return on their investment. Staff went back to the drawing board and suggested the ERU be reduced to \$1.00. The Council raised it to \$1.50.
  - Charges for residential properties became a minimum of 1 ERU and a maximum of 5 ERU. This equated to \$1.50 for about 1,000 parcels and \$7.50 for about 1,500 parcels. The remaining 8,500 parcels were somewhere in between. We also discovered that the 30% rule did not work for all residential properties. There were some properties that had a lot of green space, so separate calculations were conducted for them.
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# Obtain buy-in continued

- Some residents and businesses wanted credit provisions for work done on site to reduce storm water runoff. Some Cities allow this to encourage conservation activities. Bettendorf did not institute a credit provision because the cost to evaluate individual actions far outweighed the limited amount of revenue from that property. A credit manual may be created in the future.
  - After the first billing it became apparent that the assessor's records did not correlate well with the sewer billings. Many commercial properties were shown as one owner on the assessor's records, but the actual land had been rented out to several businesses and each received a sewer bill. It was difficult to determine how much to apportion each sub entity for their contribution to the storm water runoff. We left it to the overall property owner to determine how much to charge each sub business on their individual sewer bill. This information was passed to the Finance Dept for actual placement on the quarterly bill. Many residents have called PW to express ignorance of the Utility Ordinance and the process, in spite of the 5 Ward meetings and the 3 public hearings as part of the ordinance approval requirements.
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# Revenue summary for all properties

- Residential:
    - Number of lots=11,000
    - Average size=27,456 ft<sup>2</sup>
    - Average bill/month=\$2.20
    - Monthly revenue projection=\$24,200
  - Commercial/Industrial:
    - Number of lots=670
    - Average size=108,336
    - Average bill/month=\$19.72
    - Monthly revenue projection=\$13,212
  - All others:
    - Number of lots=130
    - Average size=320,712
    - Average bill/month=\$22.27
    - Monthly revenue projection=\$2,894
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## Conclusions and issues still to be addressed

- Expectations of residents and businesses have already exceeded the capabilities of the utility to satisfy.
  - How will storm water issues on private property be handled under the utility? Will the City need to obtain additional legal help to establish easements?
  - Will there be legal challenges to the utility, as demonstrated in other Cities?
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# Contact Information

- For more details on the Utility, visit Bettendorf's web site at: [www.bettendorf.org](http://www.bettendorf.org) and go to the storm water utility button.
  - If you have questions, please contact me at: [wmook@bettendorf.org](mailto:wmook@bettendorf.org) or call me at: 563-344-4128.
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