
MEMORANDUM

TO: MAYOR WEPPLER AND VILLAGE BOARD TRUSTEES

FROM: NICHOLAS A. MOSTARDO, DIRECTOR OF FINANCE

SUBJECT: STORMWATER UTILITY FEASIBILITY AND RATE STUDY – PHASE I

DATE: 7/21/2020

CC: KELLY AMIDEI, VILLAGE ADMINISTRATOR

Background

On May 28, 2019 the Village Board approved a resolution adopting the Master Stormwater Management Plan prepared by Christopher B. Burke Engineering, Ltd. The Plan contemplates a number of projects addressing recurrent flooding issues in ten (10) different study areas within the Village. The total estimated cost of the Plan in 2018 dollars was stated as \$45,515,705.

The Village does not currently have a dedicated funding source to pay for the capital projects identified in the Plan. One financing approach favored by many communities in the Chicagoland area is the creation of a stormwater sewer utility with an accompanying fee, similar to a water or sanitary sewer utility. On August 27, 2019, the Village Board approved a resolution awarding a professional services agreement for a stormwater utility feasibility and rate study to NewGen Strategies and Solutions, LLC of Maryland. The overall contract included two phases. Phase I focused on conducting a stormwater utility feasibility analysis, the compilation of a financial model and capital plan, and proposed stormwater utility fee rate structure. Phase II of the contract implements the stormwater utility fee, and includes public education and meetings, final development of the customer database, and final rate setting and ordinance adoption.

The Phase I component of the overall project is complete. Eric Callocchia, Executive Consultant with NewGen Strategies and Solutions, LLC, will be delivering a presentation summarizing the Phase I study findings.

Analysis

The presentation to the Village Board on July 21, 2020 will consist of the following topics which were explored in Phase I of the Stormwater Utility Feasibility and Rate Study:

1. Project background
2. General background of stormwater utilities and common definitions/terminology
3. Proposed structure and schedule of the Master Stormwater Management Plan capital plan. All projects are scheduled for completion within 16 years.
4. Financial information, including:
 - a. Stormwater utility fee and miscellaneous revenues
 - b. Fixed operating costs of the utility
 - c. Debt service projections
 - d. Fund balance and cash flow models

5. Parcel and impervious surface analysis
6. Stormwater utility fee structure
 - a. Bi-monthly fee projections for various classes of utility customers
7. Credit and appeal procedures
8. Stormwater utility fee cost benchmarking
9. Next steps in the implementation of a stormwater utility

In addition to Mr. Callocchia, Village staff from Administration, Finance, and Public Works will be available at the Committee of the Whole meeting to answer questions about the Phase I portion of the study.

Recommendations

1. Accept the Phase I findings, which include the proposed capital plan schedule and stormwater utility fee structure.
2. Direct staff to proceed to Phase II of the Stormwater Utility Feasibility and Rate Study.
3. Direct staff to prepare an ordinance establishing a stormwater utility and fee to become effective on or around March 1, 2021. The ordinance will be brought to the Village Board for approval in August or September. This will provide residents and businesses ample time to prepare for the enactment of the fee.

Attachments

1. Stormwater Utility Feasibility and Rate Study – Phase I Report (Draft, subject to acceptance by the Board)
2. Committee of the Whole PowerPoint Presentation