



Forming Transportation & Stormwater Utilities

Why Form a Stormwater or Transportation Utility?

Few argue that transportation maintenance and stormwater management are not important activities. However, as more and more pressure is placed on the general fund (or other resources) to meet increasing transportation and stormwater service demands, valid questions arise regarding (1) the practicality of annually re-prioritizing City spending between these and other essential City services and (2) the equity of funding stormwater and transportation services with sources unrelated to the individual impacts on services.

Establishing user fees to fund applicable transportation and stormwater activities ensures that those who create the demand for service pay for it proportionate to their use. From a system health perspective, forming a utility also helps to support the ongoing viability of the program by establishing a source of reliable, dedicated funding for that specific function.

Why Form a Utility?

- Relieve pressure on the general fund and / or other resources
- Recover costs equitably from those who require service
- Meet regulatory requirements [Stormwater NPDES]
- Supplement declining revenues [State gas tax]
- Establish a reliable, dedicated, source of funding for an important function

What's Involved in Forming a Stormwater or Transportation Utility?

Forming a utility typically requires three major tasks. First, there are a number of policy questions that must be resolved. Second, there is the technical analysis that results in defensible rates and charges. Third, there are the implementation steps – development of a billing database, ordinance drafting, etc.

The following key policy questions are often addressed in the development of the policy framework for a new utility.

- Which costs shall we recover by implementing ongoing user fees? [e.g., operations, capital, maintenance only?]
- How shall the rate (and the SDC, if applicable) be structured to equitably recover costs? [e.g., impervious surface area, density of development, peak-hour trips, average daily trips?]
- Under what circumstances shall rate credits be granted? [e.g., senior low-income discounts, on-site mitigation credits, reductions for no vehicles?]
- What fiscal policies will ensure the ongoing health of the utility into the future? [e.g., reserve targets, capital funding strategies?]
- How do we bill the fee?

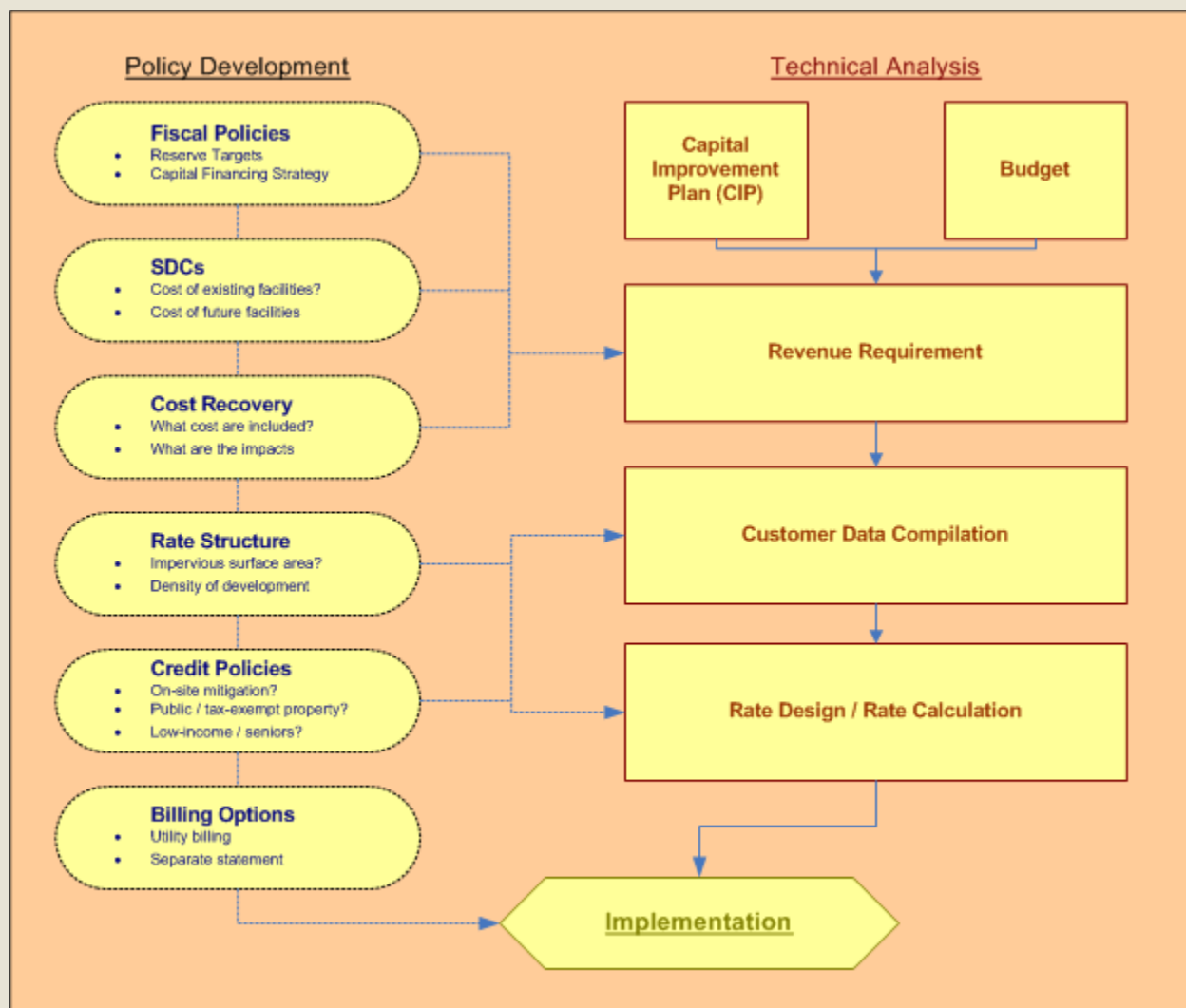


...Our combined experience provides us with a thorough understanding of the policy, legal, technical, and political issues involved in utility formations.

The answers to key policy questions, often first addressed with a citizens committee, provide a framework for calculating rates and SDCs. Policy recommendations also determine the type of customer data to be compiled. For stormwater utilities, measurement of impervious surface area is often required. For transportation utilities, compilation of customer types and associated trip generation is often required.

Once the policy framework has been established, and the rates and charges have been calculated, an adopting ordinance must be prepared, and the rate is ready for billing. The fee and the information necessary to calculate individual bills can then be incorporated into the billing mechanism – usually an existing utility billing system.

Utility Formations Process:



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