

Stormwater Financing and Stormwater Utilities

Frequently Asked Questions

1. Why do I need to know about financing stormwater management?

Stormwater management helps to protect our water resources by reducing the amount of pollutants in stormwater runoff that enters water bodies. The Clean Water Act requires communities above a certain size to provide treatment of stormwater to reduce nonpoint source pollution of our fresh water ponds, lakes, streams and rivers, as well as our coastal waters. Reducing stormwater pollutants will help to improve our nation's water resources, which will benefit both humans and the environment by: 1) ensuring safe drinking water, 2) ensuring safe swimming in recreational waters, 3) protecting our coastal shellfish beds, and 4) restoring commercially and recreationally important fisheries and wildlife habitat.

Providing proper treatment of stormwater requires planning, engineering design of stormwater best management practices (BMPs), construction, record-keeping and long-term maintenance. Providing maintenance of BMPs is especially important for ensuring that stormwater treatment continues to work over a long period of time. Such activities require funding for materials, supplies and labor.

2. What is the range of stormwater program costs, nationwide?

The U.S. EPA estimates that, nationwide, on a cost per developed acre basis, stormwater program costs can range from less than \$50/acre/year (i.e., \$1 to \$2/acre/month) to over \$250/acre/year (i.e., over \$9/acre/month). A minimal cost is between \$50/acre/year to \$100/acre/year (i.e., \$2 to \$3/acre/month). A moderate cost is \$150/acre/year (or \$4 to \$5/acre/month). An advanced cost is \$200/acre/year (i.e., \$6 to \$8/acre/month). An exceptional cost is \$250/acre/year (> \$9/acre/month).

Reference: EPA Webcast, July 2006, "Financing a Municipal Stormwater Program", Slide 35.

3. How can municipalities pay for stormwater management?

There are several possible sources of revenue for stormwater management:

- Federal and state grants (e.g., 319 grants, Tea-21 funds, 604(B) water quality planning, 104(b)(3) wetlands, MA CZM coastal pollutant remediation and stormwater grants, etc.)
- General fund / municipal budget, one-time-only request
- General fund / municipal budget, routine annual line item
- Proposition 2 ½ override (i.e., property tax increase)
- Bonding
- Special sales tax

- Inspection / permitting fees
- Fines
- Impact fees
- User fees (e.g., stormwater, water, sewer or solid waste utility surcharge fee, etc.)

4. What is a stormwater utility?

A stormwater utility is:

- A funding method
- A program concept
- An organizational entity that manages the stormwater program for a municipality

Simply put, a stormwater utility manages the stormwater program for a community and raises funds to support the stormwater program. Typically the funding is based on fees that are applied to developed areas (residential vs. commercial). Often the fee unit is one residential unit for single-family residential lots and the impervious area for commercial lots.

5. How many stormwater utilities are there nationwide?

There are now an estimated 600+ stormwater utilities across the U.S., according to the EPA.

6. Are stormwater utilities a new concept?

No. Nationwide, stormwater utilities have been around since the mid-1970's. In Massachusetts, the enabling legislation was adopted in the last several years, allowing municipalities to define districts for water resource management and to enact stormwater utilities.

7. What is the enabling legislation that allows municipalities to create stormwater utilities in Massachusetts?

In Massachusetts, there are two companion pieces of legislation that allow municipalities to set up stormwater utilities: MGL Chapter 83, Section 16 and MGL Ch 40 Section 1A. Municipalities may establish a Stormwater Management Authority to manage stormwater under new enabling legislation (MGL Chapter 83, Section 16). MGL Ch 83 Section 16 allows municipalities to set up a stormwater management utility and to charge utility fees for managing stormwater. In addition, MGL Ch 40 Section 1A provides a definition of a district for the purpose of water pollution abatement, water, sewer, and/or other purposes. The full text of both pieces of legislation are provided below.

Together, these two pieces of legislation allow a municipality to set up an authority to manage stormwater and to charge utility fees for managing stormwater, just as utility fees are charged for managing and providing drinking water, sewerage, and other public services.

MGL Chapter 83, Section 16:

**PART I. ADMINISTRATION OF THE GOVERNMENT
TITLE XIV. PUBLIC WAYS AND WORKS
CHAPTER 83. SEWERS, DRAINS AND SIDEWALKS**

SEWER ASSESSMENTS

Chapter 83: Section 16. Charge for use of sewers

Section 16. The aldermen of any city or the sewer commissioners, selectmen or road commissioners of a town, may from time to time establish just and equitable annual charges for the use of common sewers and main drains and related stormwater facilities, which shall be paid by every person who enters his particular sewer therein. The money so received may be applied to the payment of the cost of maintenance and repairs of such sewers or of any debt contracted for sewer purposes. In establishing quarterly or annual charges for the use of main drains and related stormwater facilities, the city, town, or district may either charge a uniform fee for residential properties and a separate uniform fee for commercial properties or establish an annual charge based upon a uniform unit method; but, the charge shall be assessed in a fair and equitable manner. The annual charge shall be calculated to supplement other available funds as may be necessary to plan, construct, operate and maintain stormwater facilities and to conduct stormwater programs. The city, town or district may grant credits against the amount of the quarterly or annual charge to those property owners who maintain on-site functioning retention/detention basins or other filtration structures as approved by the stormwater utility, conservation commission, or other governmental entity with appropriate authority.

MGL Chapter 40, Section 1A:

**PART I. ADMINISTRATION OF THE GOVERNMENT
TITLE VII. CITIES, TOWNS AND DISTRICTS
CHAPTER 40. POWERS AND DUTIES OF CITIES AND TOWNS**

Chapter 40: Section 1A. District defined

Section 1A. Except as otherwise expressly provided, the word “district” as used in this chapter shall mean a fire, water, sewer, water pollution abatement, refuse disposal, light, or improvement district, or any other district, howsoever named, formed for the purpose of carrying out any of the aforementioned functions, whether established under general law or special act.

8. What are some examples of stormwater utilities in Massachusetts?

Some examples of municipalities which have adopted, discussed and/or received recommendations to adopt a stormwater utility are listed below.

- Chicopee, MA – adopted stormwater utility

- Newton, MA – adopted stormwater utility
- Reading, MA – adopted stormwater utility
- Duxbury – discussed stormwater utility and received bylaw recommendation
- Marshfield – discussed stormwater utility and received bylaw recommendation
- Salem, MA – adopted stormwater utility bylaw
- Plymouth, MA – discussed stormwater utility and received bylaw recommendation

See the “Resources” section for more information.

9. Are there other regional efforts to promote stormwater utilities in Massachusetts?

To improve coastal water quality and open shellfish beds, the Buzzards Bay Estuary Program is encouraging communities in the Buzzards Bay watershed to adopt stormwater utilities as part of an overall effort to promote low-impact development practices that will protect water resources.

Source: Buzzards Bay Estuary Program, Draft Action Plan 2 – Managing Stormwater, May 10, 2006.

“Action Item:

2.18 Each municipality should establish a stormwater management authority who is adequately funded and will be responsible for adopting and implementing stormwater bylaws and regulations and will also be responsible to ensure that BMPs are properly designed, constructed, operated and maintained.

Responsible Agent: The Stormwater authority can be the Board of Selectmen, the DPW, the Planning Board, the Conservation Commission or a newly-established Stormwater Management Authority as authorized under the MGL Chapters 40, Section 1A and Chapter 83, Section 16.

Target Date: December 2006

Estimated Costs: initial costs will vary depending upon which agency is selected. Operational costs could be funded through permit fees.

Comments: Experience has shown that DPWs and other existing town department/agencies are under-funded to adequately carry out this responsibility. If towns are unable to increase funding to these existing departments/agencies a Stormwater Management Authority with revenue-generating authority is the preferred approach.”

Comment: this Action Plan is one of several revised Action Plans that will be incorporated into an update of the Buzzards Bay CCMP. It is currently in draft format and is being reviewed by the BBEP’s staff and outside reviewers. The updated CCMP and revised Action Plans are expected to be finalized late in the summer of 2006.

10. Can a stormwater utility be combined with another utility, such as a wastewater utility?

The Natural Resources Defense Council (NRDC) found some cases where a stormwater utility was successfully combined with a wastewater utility. The NRDC report also discusses some features shared in common between stormwater infrastructure and septic system infrastructure, which lend themselves to being managed under one utility. On Cape Cod, it may be worth considering combining wastewater and stormwater management due to the ease with which stormwater and septic system leachate can infiltrate pervious soils and their combined impact on the sole source aquifer.

RESOURCES

See the accompanying Resources document.