Financing Baxter's Storm Water Management with a Storm Water Utility

The cost of constructing, operating and maintaining Baxter's storm water facilities continues to increase. With the enactment of the Clean Water Act and the expectation that the City will need to meet the National Pollutant Discharge Elimination System (NPDES) Phase II requirements, Baxter's storm water-related costs are forecasted to continue growing.

City general funds and special assessments have typically financed most of the necessary improvements. Faced with increasing costs and continuous pressure to minimize property taxes, the City may lack the financial resources to undertake the multi-year storm water management program that will be required to address the increasing costs related to storm water drainage, water quality management and wetland protection.

Service charges, which have been used by communities to finance sanitary sewer and water systems, are now being applied to storm water management. The utility approach is gaining recognition as the most equitable way to finance storm water management activities while allowing for development and growth. A storm water utility has been the answer to the financial needs of the equation for many communities.

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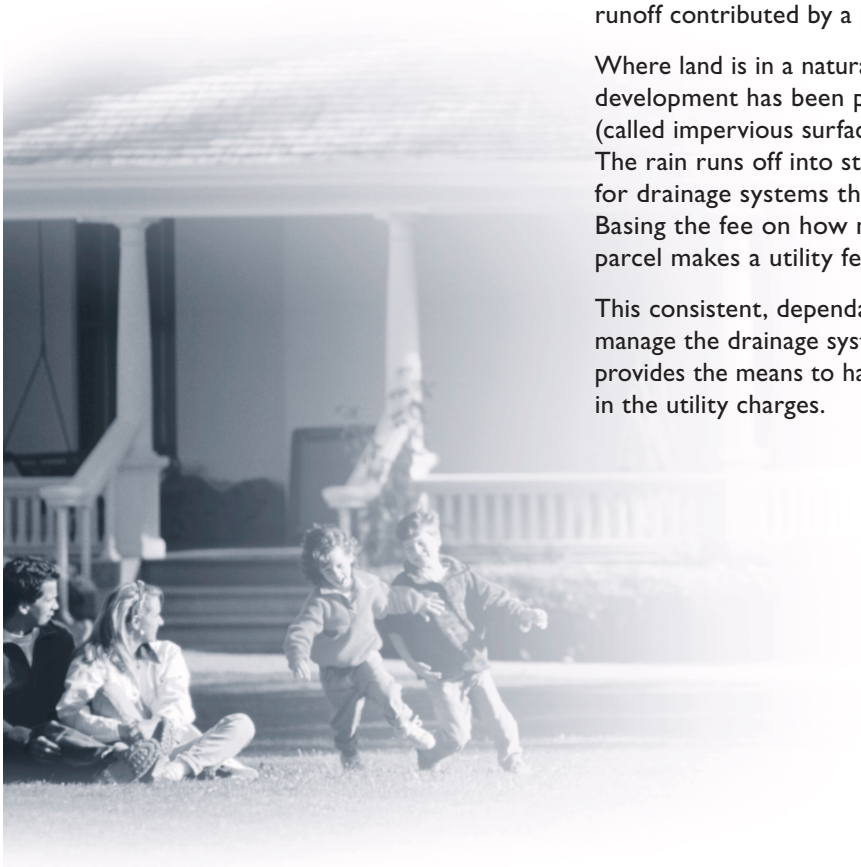
What is a Storm Water Utility?

A storm water utility is simply a method of financing the planning, implementation and maintenance of storm water best management practices (BMPs) identified in the City's budget.

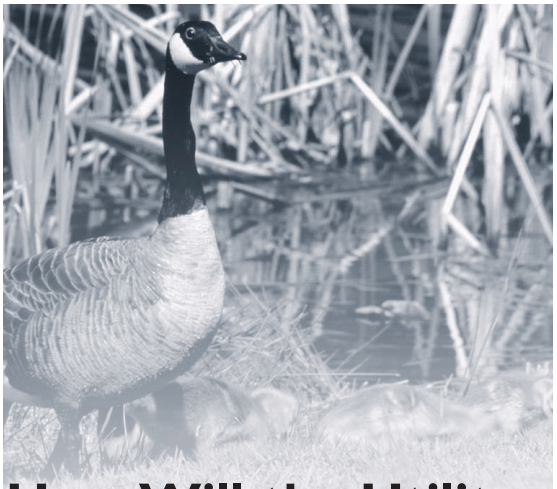
The utility is a service charge or fee based on "use," just like the sanitary or drinking water fees. The utility fee is typically charged against developed parcels within a city based on the premise of "contributors pay." The rate structure is based on land use type, density, parcel size and the amount of runoff contributed by a particular parcel.

Where land is in a natural state, most rain soaks into the ground. Where development has been prevalent, rooftops, driveways and parking lots (called impervious surfaces) prevent rainfall from soaking into the ground. The rain runs off into streets, ditches, ponds and lakes, creating the need for drainage systems that protect the quality of our water resources. Basing the fee on how much water runoff is contributed by a particular parcel makes a utility fee a fair and equitable system.

This consistent, dependable revenue source provides a dedicated fund to manage the drainage system and water quality improvements. A utility also provides the means to handle the increasing costs through small adjustments in the utility charges.



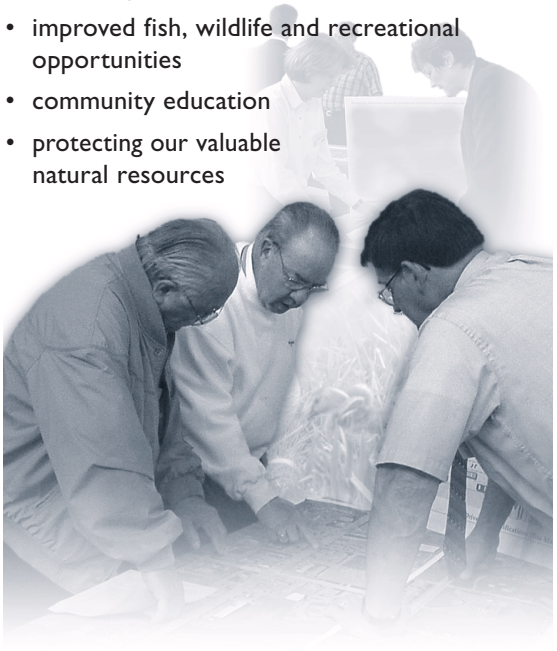
The utility fee is typically charged against all developed parcels within a city based on the premise of "contributors pay."



How Will the Utility Benefit the Community?

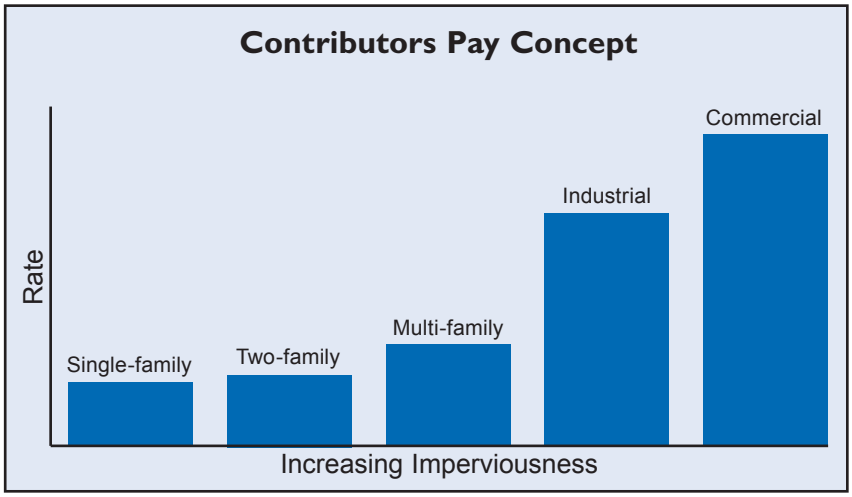
A storm water utility benefits the community by providing dedicated funds for storm water management activities, such as:

- water quantity and flood control projects
- water quality improvements
- drainage system maintenance and replacement
- erosion and sediment control
- wetland protection
- improved fish, wildlife and recreational opportunities
- community education
- protecting our valuable natural resources



Rate Structure

The utility approach is based on the concept "contributors pay." The rate structure factors in land use type, density, parcel size and the amount of runoff and/or pollution load contributed by a particular parcel.



Storm Water Utility Advantages

Fair

- Charges are based on the amount of runoff rather than property value

Dependable

- Provides consistent funding
- Revenues are kept in separate, dedicated funds
- Can be used for debt services on revenue bonds

Simple and Flexible

- Same concept as water and sewer charges
- Adaptable to existing billing systems, which keep administration costs low

Acceptable

- Utilities are in use around the country

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