

# **Stormwater Management Financing Case Study Valparaiso, Indiana**

## **Valparaiso, Indiana**

Valparaiso is located approximately 50 miles east of Chicago and about 15 miles south of Lake Michigan. The city has about 25,500 residents. The city receives an average of 39 inches of precipitation and 47 inches of snow each year.

## **Stormwater Management History**

Prior to the establishment of a stormwater utility, there were no funds available for drainage problems. When drainage problems arose, the funds to address them were borrowed from the street department or the sewage utility. New drainage projects were rare unless they were part of a street or highway project.

## **Utility Creation**

The City Engineer received several drainage complaints in 1996 after mild rainstorms and he prompted the Mayor to investigate the possibility of a stormwater utility. The mayor presented the issue to the Common Council for discussion and the council passed an ordinance in October of 1996 that established a Department of Stormwater Management. The department was charged with the task of investigating the city's drainage problems and developing criteria to rank the proposed projects. The Board of Directors of the new department also researched the stormwater utilities of other communities in order to decide on what type of rate structure and billing system should be used. The Engineering Department prepared a list of drainage complaints and cost estimates for each proposed project and began using aerial photography to determine the average amount of impervious area contained on a single-family lot.

The Board of Directors of the Department of Stormwater Management recommended a user charge system with six classes, recommended appropriate fees for each class, and presented their recommendations to the public in hearings and other meetings within the community. There was little opposition from community members so the proposed user charge system was presented to the Common Council and passed in the spring of 1998.

## Utility Responsibilities

The Department of Stormwater Management is responsible for the collection, disposal, and drainage of storm and surface water in Valparaiso. Those duties are prioritized by the Board of Directors and carried out primarily by staff in the City Engineer's office. As part of the Gary/Hammond metropolitan area, the City of Valparaiso is currently on a "maybe" list for the EPA's Phase II NPDES stormwater regulations and the stormwater department will perform duties related to Phase II if the city is informed that it has been included in those requirements.

## Utility Organization

The Valparaiso Department of Stormwater Management consists of a Board of Directors appointed by the Mayor. The Board has three members, of whom only two can be members of the same political party. The Department of Stormwater Management has no paid positions. The Department of Stormwater Management funds two-thirds of an engineer's position within the City Engineer's office and reimburses other city departments for labor on stormwater management projects. Stormwater utility bills are sent using the water department's billing service.

## Rate Structure

The City of Valparaiso established a six-class rate structure. Single-family homes are Class 1 and apartment units and mobile homes are Class 2. Non-residential sites are classified into four categories based on the number of square feet of impervious area on the parcel. A flat rate of \$3.00 per month was established for single-family homes. The other five classes are charged a multiple of the single-family home rate based on the number of square feet of impervious area on the property (See Table 1).

**Table 1: Valparaiso, Indiana Stormwater Utility Rate Structure**

<b>Class</b>	<b>Description</b>	<b>Multiplier</b>	<b>Rate Per Month</b>
<b>1</b>	Single-Family	1	\$3.00
<b>2</b>	Apartment Units and Mobile Homes	0.75	\$2.25
<b>3</b>	Non-Residential < 10,000 Square Feet Impervious Area	1.00	\$3.00
<b>4</b>	Non-Residential 10,000 – 40,000 Square Feet Impervious Area	4.00	\$12.00
<b>5</b>	Non-Residential 40,000 – 160,000 Square Feet Impervious Area	16.00	\$48.00
<b>6</b>	Non-Residential > 160,000 Square Feet Impervious Area	32.00	\$96.00

## Credits and Exemptions

Credits can be requested by any stormwater utility customer by obtaining a credit application and submitting it to the Board of Directors with the appropriate application fee. Single-family, apartment, and mobile home customers must submit a \$25.00 application fee and non-residential

customers must submit a \$100.00 application fee. Credit applications are reviewed by the Board within three months and customers receive a written response to each request.

## **Stormwater Utility Budget**

Valparaiso received nearly \$520,000 in user charge revenue in 2000. Almost 70% of that revenue came from the single-family, apartment unit, and mobile home customers who make up over 90% of the utility's customer base. The stormwater utility's revenue pays for a portion of an engineer's position in the City Engineer's office and the remaining funds are deposited into the utility's expense accounts to cover costs approved by the Stormwater Management Department's Board of Directors.

## **Public Information**

Valparaiso does not have an ongoing public education program at this time. The Stormwater Management Department holds public meetings to discuss proposed projects and takes those opportunities to educate the public about the activities of the department and receive feedback from residents on the utility. The community is small and most stormwater management projects are readily apparent to the community so there is little need for an ongoing public education program to call attention to the stormwater utility's accomplishments.