

## What is a Stormwater Utility and Where Have They Been Established to Date?

Many communities, especially older cities with aging infrastructure and combined sewer systems, have difficulties finding adequate funds to operate, maintain and improve stormwater management systems. To address this problem, in many states stormwater utilities (SWUs) are being established.

In New Jersey, many local governments use the “utility” as a mechanism to collect fees for special purposes. Municipalities at the Shore may have a beach utility, a municipality that directly owns and manages its own water system may have a water utility, and likewise, a municipality that runs its own sewer system may have a sewer utility. In these instances, the service (beach, water, sewer) is funded by a special fee collected and recorded in the municipal budget separately from services funded through property tax, such as road paving or police protection.

A *stormwater* utility charges a fee to fund operations and maintenance of, and improvements to, the community’s stormwater management infrastructure, which protects homes and businesses from flooding and protects water quality. Stormwater management infrastructure includes storm sewers, detention basins, swales and more. The fee is assessed to property owners in proportion to the amount of stormwater runoff their property generates. An SWU can exist as a separate department with a municipality or a utility, or within an existing department such as a city’s department of public works, and as noted in the introduction to this white paper, a new law in New Jersey allows authorities to manage a stormwater utility as well.

Stormwater is polluted runoff that occurs when rain hits surfaces that can't absorb water--"impervious" surfaces such as sidewalks, roofs, sheds, barns, paved driveways, garages and parking lots. Unless properly managed, the runoff can pool in roads, damage property, pollute water bodies, and even endanger lives. To protect the people, property and environment of a community, polluted runoff or stormwater must be controlled.

The amount of runoff coming from a property varies, depending on the structures, paving and landscaping. Each has an impact on the amount of runoff. Because the stormwater fee is in proportion to the runoff, it is often considered the most equitable way to pay for stormwater services. For example, a multi-unit residential apartment building with a small footprint may generate relatively little stormwater runoff, while large commercial facilities may generate much more runoff.

One of the rationales for separating a fee for stormwater (or water, or sewer) is that certain properties that are exempt from property taxes still need to support the services they use. Properties like universities, churches and hospitals may be exempt from property taxes, but they are not exempt from stormwater utility fees because they generate significant amounts of polluted runoff.

Stormwater utility fees can be structured so as to encourage practices that reduce stormwater runoff. Properties owners who reduce impervious cover by using green infrastructure and other techniques can earn credit that reduces the fee. This is a benefit to the entire community because it reduces flooding and likelihood of problems such as combined sewers to overflow. Flood (stormwater management) protects property and saves

insurance and other costs. It saves money at the wastewater treatment plant because it is not treating stormwater that has infiltrated the sewer pipes.