



# Stormwater Funding

## Stormwater Utility Fee Advisory Committee

October 14, 2025



# What Are the Goals of Today's Meeting ?

- Introduction to a Stormwater Enterprise Fund and Stormwater Utility Fees
- Review of the Charter, the enabling legislation for this fee
- Revenue demands and level of service
- Discussion of various utility fee structures
- Discuss public outreach & transparency



# What is a Stormwater Enterprise Fund?

A dedicated funding mechanism that a local government uses to manage and implement a stormwater management program. It functions similarly to a utility (like water or electricity), where users are charged a **Stormwater Utility Fee** specifically to support stormwater management service.

- **Stormwater Enterprise Fund:**  
A fund within a local government, used exclusively for stormwater management. It operates similarly to a water or sewer utility fund—revenues collected from users are reinvested into stormwater services.
- **Stormwater Utility Fee:**  
A user-based fee charged to property owners, typically based on the amount of impervious surface area on their property (e.g., square feet of roof or pavement).

## Enabling Legislation - Stormwater Utility or Enterprise Fund

- Municipalities are enabled by Legislation (§15.2-2114 Regulation of Stormwater)
- Defines Spending, exemptions and the requirement to provide credits to those subject to the fee.
- “...Income derived from a utility or system of charges shall be dedicated special revenue, may not exceed the actual costs incurred by a locality operating under the provisions of this section and may be used only to pay or recover costs for the following:”



# Enabling Charter?

**On July 14, 2025, Salem City Council established resolution 1505 to develop a Stormwater Utility Fee Advisory Council committed as follows:**

- The committee will include, but not be limited to, City homeowners, representatives of the City's business community, representatives of local institutions and services agencies, and individuals with technical expertise and subject matter interest in stormwater management and its impact on water quality.
- The duties of the advisory committee shall be as follows:
  - Discuss applicable legislation & the basis for the Stormwater Utility Fee.
  - Review the report generated by City staff outlining the City's stormwater needs and the funding required to address them. This report will include three levels of service and associated funding requirements. Make recommendation to Administration on which level of service to present to City Council.
  - Evaluate methodologies for determining stormwater utility fee rates (e.g., actual vs. average impervious area, tiered rates, commercial vs. residential fee structure). Make recommendation to Administration on which methodology to present to City Council.
  - Evaluate residential and commercial crediting mechanisms for fee reductions based on stormwater facilities on a property. Make recommendations to Administration for presentation to City Council.
  - Discuss and propose public education and outreach materials and/or events to be developed by City Staff.
  - Develop a framework for the City Ordinance that will be used to implement the City's Stormwater Utility Fee. Review this ordinance prior to its presentation to City Council.
  - Review all associated documents (outreach, ordinance, etc.).

# Why Does Salem Need a Stormwater Enterprise Fund ?

- The City of Salem (City) has a wide range of responsibilities when it comes to stormwater management which are essential for protecting water quality, preventing flooding, and ensuring compliance with environmental regulations.
- Subject to a Federal Municipal Separate Storm Sewer System **(MS4) Permit** – Ratchets down every 5 years
- Receiving streams for stormwater are subject to Total Maximum Daily Load **(TMDL) Studies**
  - City is subject to three separate TMDLs
  - Forces City into meeting Waste Load Allocations (WLAs)
- Salem is mandated to establish and administer its own Virginia Erosion and Stormwater Management Program **(VESMP)**
- **Increased development/impervious area**
- **More frequent intense storms (flooding)**
- **Aging stormwater infrastructure**

# Where Does that Money Go?

## Stormwater Utility Enterprise Fund Ex

- The cost of **administration** of stormwater programs
- **Planning, design, engineering, construction, and debt retirement for new facilities and enlargement or improvement of existing facilities**.....whether publicly or privately owned, that serve to control stormwater;
- **Facility operation and maintenance**, including the maintenance of dams, levees, floodwalls, and pump stations, **whether publicly or privately owned**, that serve to control the stormwater;
- **Monitoring** of stormwater control devices and ambient water quality monitoring; and
- **Other activities consistent with the state or federal regulations or permits governing stormwater management**, including, but not limited to, public education, watershed planning, inspection and enforcement activities, and pollution prevention planning and implementation.
  - BMP Development (Meeting WLA's)
  - Watershed/Master Planning and Asset Evaluation
  - Stream Restoration
  - Other Capital Projects (Aging Infrastructure)
    - Need to prioritize existing project needs
  - BMP Maintenance and Public Works
    - All Stormwater Related Maintenance (Ditch Cleaning, Culvert Repair, Outfall Repair, etc.)

# Revenue Demands & Level of Service

- Determine existing stormwater funding sources.
- Determine components of each level of service.
- Determine budget for each level of service.
- Determine level of service funding recommendation.

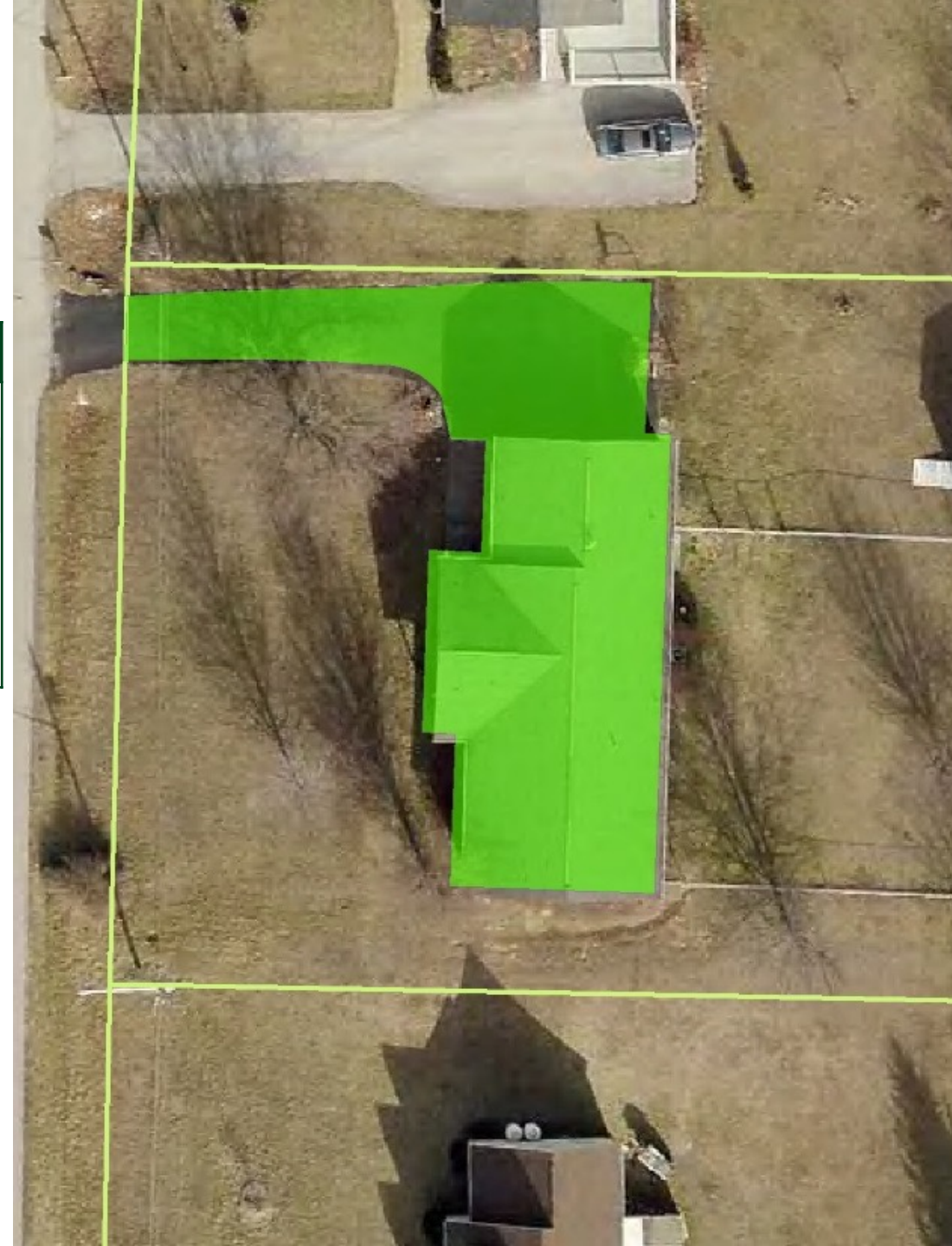
LEVEL OF SERVICE TOTAL COST	Current Program \$ -	1 \$ -	2 \$ -	3 \$ -
<b>MS4 Program Compliance</b>				
Public Involvement & Outreach Programs (MCM-1 & -2; CVC, etc.)				
Illicit Discharge Detection & Elimination Program (IDDE; MCM-3)				
BMP Inspections & Enforcement Program for Private BMPs (MCM-5)				
BMP Inspections & Maintenance of City Owned BMPs (MCM-5)				
Good Housekeeping / Pollution Prevention Program (Training, SWPPP Inspections; MCM-6)				
Perform Mock DEQ/EPA Audit				
Perform New Public Education Stormwater Survey				
<b>VESMP Program Compliance</b>				
Operation of VESMP (Plan Review, Inspection, & Enforcement; MCM-4)				
Maintenance and operation of city-owned stormwater drainage system (pipes, ditches, etc.)				
<b>Stormwater Program Administration</b>				
Salaries for existing Stormwater Staff				
Hire dedicated Stormwater Staff				
<b>Stormwater Utility Fee Administration</b>				
Billing, reporting, public outreach, fee updates, etc. (staff and expenses)				
<b>City-wide Engineering Studies (Resilience Plan)</b>				
Citywide Flood Study & Modeling				
Storm Drain Evaluation				
<b>City-wide Engineering Studies</b>				
Stormwater Masterplan				
<b>Resilience Plan Projects</b>				
Bridge Improvements (Resilience Plan)				
Stormwater System Improvements (Resilience Plan)				
Stream Dredging Projects (Resilience Plan)				
SWM Basin Improvements (Resilience Plan)				
<b>TMDL Compliance</b>				
Annual Inspections of City Properties (All TMDLs)				
Annual Reporting (All TMDLs)				
BMP Retrofits (Sediment TMDL)				
Commercial Inspections & Enforcement (Bacteria TMDL)				
Outfall Stabilization (Sediment TMDL)				
Pet Waste Disposal Supplies (Bacteria TMDL)				
Storm Drain Cleanout (Bacteria & Sediment TMDLs)				
Stream Restoration (Sediment TMDL)				
Street Sweeping (Sediment TMDL)				
TMDL Action Plan Updates (All TMDLs)				

# Stormwater Utility Development

Explanation of Fee Basis Options	
<b>Flat Fee</b>	One cost regardless of amount of impervious cover
<b>Unit Cost</b>	Cost based on amount of impervious area, may include rounding, but even distribution
<b>Tiered</b>	Cost based on amount of impervious area but not evenly distributed. For instance, may have 3k SF increments at lower end and 10k increments at higher end or a non-linear cost per square foot.

## Fee Structure

- Billing unit based on impervious area: Everyone pays based on impervious cover on their property, regardless of land use.
  - City of Roanoke used 500 square feet.
  - Other municipalities use an Equivalent Residential Unit (ERU) where all residential properties pay an average fee.





# Other Jurisdictions

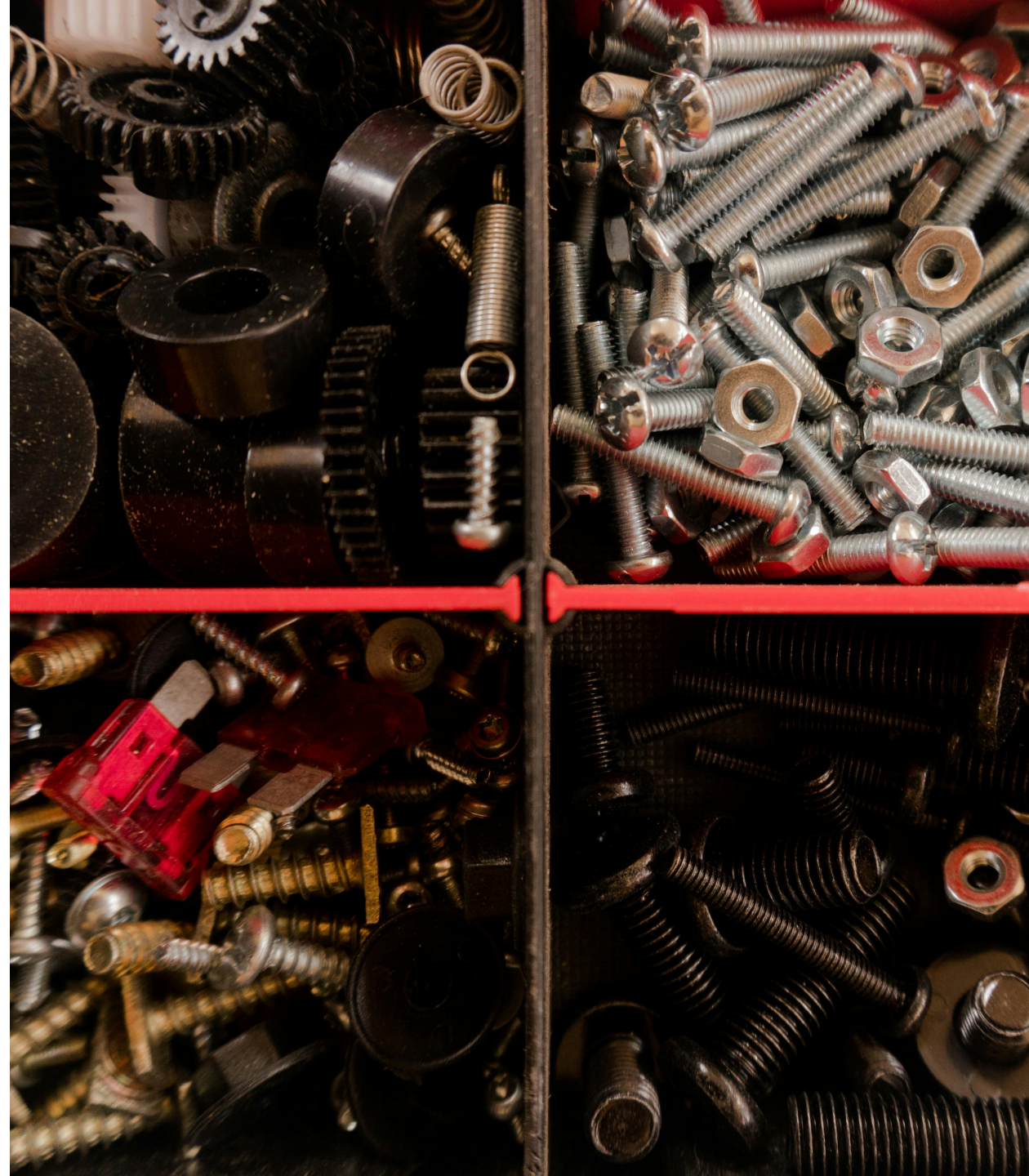
Jurisdiction	Year Started	Res. Rate (/month)	Residential Billing Type	Commercial Billing Type	Billing Unit (sq feet)
Blacksburg	2015	\$ 6.00	Flat	Tiered	3,300 ERU
Lynchburg	2012	\$ 5.15	Tiered	Unit	2,672 ERU
Roanoke	2014	\$ 1.15	Unit	Unit	500 SBU
Harrisonburg	2015	\$ 0.67	Unit	Unit	500 SBU
C-Ville	2014	\$ 1.20	Unit	Unit	500 SBU
Staunton	2010	\$ 5.00	Tiered	Tiered	3,400 ERU
C-Burg	2016	\$ 6.00	Flat	Tiered	3,030 ERU

# Nuts and Bolts

## Keys to Success

- Establish a timeline, and stick to it
- Frequent communication regarding progress of the SAC to City staff and the elected officials
  - Managing the message
- Getting town finance director/treasurer involved early and often
- Effective public outreach
  - Transparency

**Don't reinvent the wheel, many excellent examples in surrounding localities.**



# Next Meeting Goals

1. Establish Impervious Area Calculations
  - ☐ Residential
  - ☐ Commercial
2. Establish Level of Service
3. Establish Rate Structure (flat fee, unit costs, tiered)

# Interim Action Items

1. GIS Analysis of Impervious Areas
2. Estimated current funding sources
3. Projected costs associated with each program component in support of level of service determination. This includes both existing and proposed elements.

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\$ -	\$ -	\$ -	\$ -	\$ -
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# Path Ahead

## After the Recommendation from the SAC:

- Public outreach and education
- Modification of recommendation due to public input
- Evaluation/adoption of recommendation by Council
- Final coordination with finance/billing department
- Development of ordinance
- Adoption of ordinance
- Billing inserts explaining fee
- Implementation of revenue collection
- Minimum of 4 months, typically

