

Building Strong Communities

Select Water

Why This Matters

- Types of systems:
  - Water, wastewater, sewer, stormwater, and solid waste
- Stormwater is a public safety and infrastructure obligation.
- All 99 municipalities must manage runoff and compliance.
- Systems require:
  - ongoing maintenance
  - long-term capital investment
- The question is not whether to fund, but how to fund it responsibly and predictably.

Rate-Supported Service Systems
Often Called "Enterprise Funds"

- Governments of all shapes and sizes use rate-supported service systems (often referred to as "enterprise funds") to manage business-like operations. A general definition of this fund type can be found in Wyo. Stat. § 9-4-203.
- Business-like operations charge user fees as a primary component of recovering the cost of operating a system.
- The full cost includes ongoing maintenance and infrastructure investment.
- While other funding sources – such as debt financing, grants, or intergovernmental support – may contribute, user charges are an important funding source.
- These systems are structured so that **users** of the service – not general taxpayers – fund the system, and revenues are dedicated to that system.

What Else Does Statute Tell Us About Rate-Supported Service Systems?

- Municipalities must adopt budgets for Rate-Supported Service Systems.
- User fees finance all or a portion of operations and capital needs in these funds.
- System costs include the following:
  - Costs related to employees
  - Materials, supplies, and other services
  - Other costs directly related to the system
  - The cost of providing and maintaining a depreciation fund – meaning, a plan for saving and investing for the system's future needs
  - Administrative and overhead expenses

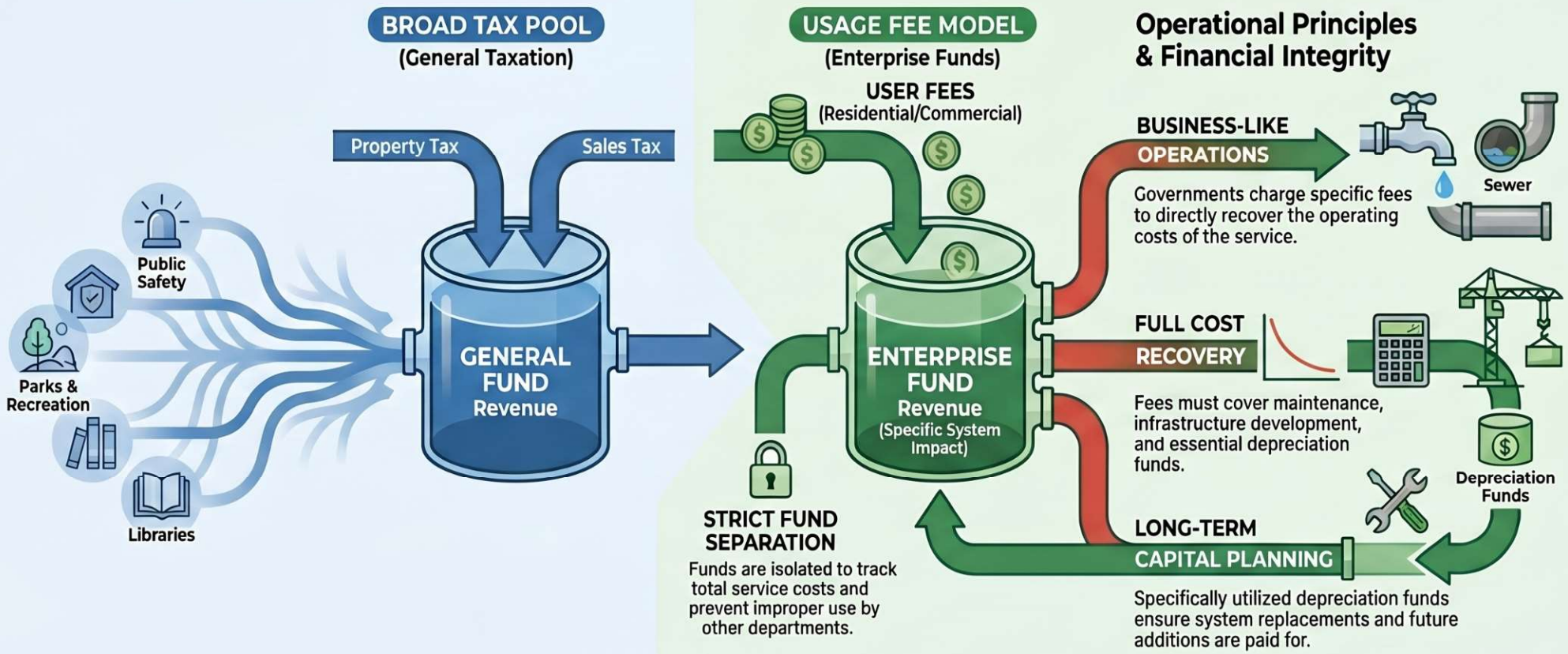
The Department of Audit Provides More Guidance on Rate-Supported Service Systems

- The department gives water and sewer utility services as examples of 'Enterprise Funds' in Wyoming.
- The department emphasizes such that Rate-Supported Service Systems are kept separate from all other funds to:
  - Determine the total cost of providing the service
  - Ensure that the resources of each System are not improperly utilized by other funds
- The depreciation fund pays for replacements and additions to the system – again, there is a focus on long-term planning.

More on Rate-Supported Service System Fees

- Rate-supported service systems utilize user fees, rather than general taxes, to fund services.
- Fee structures are typically based on the impact of different user classes on the system, such as residential and commercial users.
- User fees are tied to actual usage or a measurable system impact.
- General taxes fund general government. Service-based fees fund a specific system based on use or impact. Those fees are used only for that system.
- Courts recognize this distinction: “Service charges are not a tax.” [Frank v. City of Cody, 572 P.2d 1106 (Wyo. 1977)]

Understanding Enterprise Funds:
The Business Side of Local Government



Fee Structure vs. General Taxation

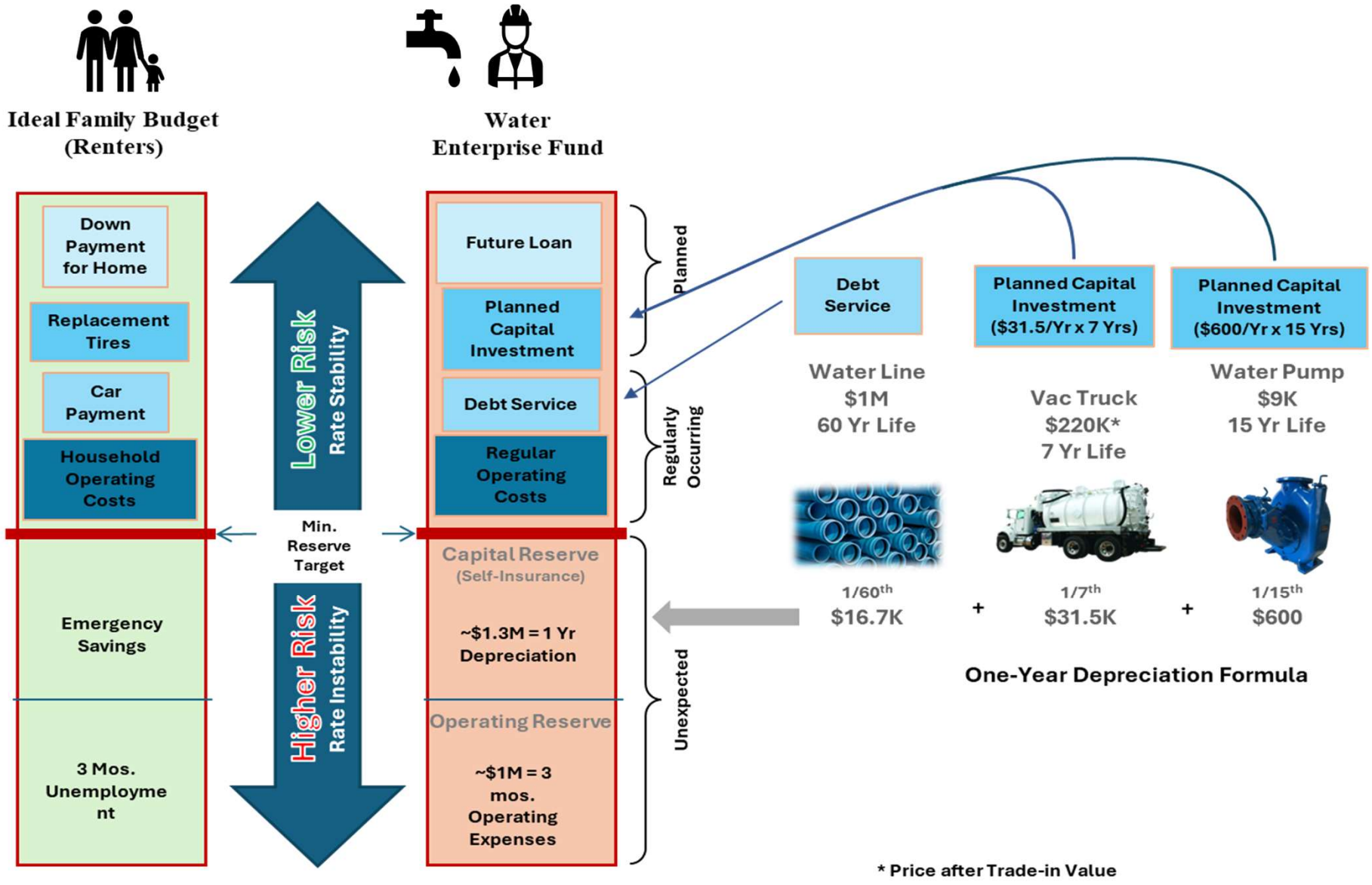
- **General Taxation (Non-Usage)**
  Revenue generated from property and sales taxes to fund broad, non-usage-based services.
- **Enterprise Fees (Usage-Based)**
  Revenue is generated from specific system impact by residential and commercial users.

NotebookLM

Building Strong Communities

Managing Risk Through Reserves

- There is much reference in state statute to the importance of a depreciation fund.
- Depreciation funds are reserves that are assigned to future capital investment. Looking at upcoming needs, savings are set aside to pay for needed improvements.
    - A great example is saving up for a $220,000 vac truck over 7 years, putting aside around $31,000 per year for the purchase, plus a little for inflation.
    - The same concept could apply to a $1M waterline improvement.
    - It's kind of like saving for a down payment on a house.
- Without reserves, systems defer maintenance or shift costs suddenly to taxpayers.


Ideal Family Budget
(Renters)
Water
Enterprise Fund
Down Payment for Home
Replacement Tires
Car Payment
Household Operating Costs
Emergency Savings
3 Mos. Unemployment
Lower Risk
Rate Stability
Min. Reserve Target
Higher Risk
Rate Instability
Future Loan
Planned Capital Investment
Debt Service
Regular Operating Costs
Capital Reserve
(Self-Insurance)
~$1.3M = 1 Yr Depreciation
Operating Reserve
~$1M = 3 mos. Operating Expenses
Planned
Regularly Occurring
Unexpected
Debt Service
Planned Capital Investment ($31.5/Yr x 7 Yrs)
Planned Capital Investment ($600/Yr x 15 Yrs)
Water Line
$1M
60 Yr Life
Vac Truck
$220K*
7 Yr Life
Water Pump
$9K
15 Yr Life
1/60th
$16.7K
+
1/7th
$31.5K
+
1/15th
$600
One-Year Depreciation Formula
* Price after Trade-in Value

A Target for Reserves

- There is no one-size-fits all figure for the amount of reserves an Enterprise fund should have.
    - That figure will be based on risk and local need.
    - Each local government will be different, based on the condition of the system and need to invest in that system.
- In general, a reserve between 3-6 months of operating costs is recommended for all funds.
- The depreciation fund, or reserves, will vary between governments.
- Local governing bodies set reserve levels based on system condition, risk, and community needs.

Slide 10

TF1 Duplicative to the bullet points above, I would suggest removing this line.
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State of Stormwater

- WAM
- Laramie
- Cheyenne
- Evanston
- Cody
- Jackson
- Casper

Evanston Stormwater Management: Background & Purpose

- The City's comprehensive Storm Water Runoff Control management system was adopted in 1982
- The management system has been in existence for more than 40 years
- The general purpose of the Code is to provide a standardized, safe and orderly manner of collecting, transporting, and disposing of storm water runoff.
- The primary goal of the adopted provisions is to protect and safeguard human health, life, and property, and to provide uniform stormwater drainage standards in the development and subdivision of land.

Evanston Historical Context: Rapid Growth & Planning (1980–1984)

- At the time the system was adopted, the City also undertook a study to guide storm water planning, construction, and operation.
- From 1980 to 1984, the City was undergoing rapid growth due to the development of the Overthrust Belt in southwest Wyoming.
- That timing gave the City an ideal opportunity to address stormwater management in a way that remains relevant today.

Evanston City Maintenance Responsibilities for New Development

- Regarding maintenance of the systems in new developments:
  - The City assumes maintenance responsibility for constructed storm drainage facilities after approval by the City engineer and final acceptance by the City.
  - During the one-year warranty period, any major repairs or adjustments remain the responsibility of the developer, not the City.
  - After the warranty period ends and final acceptance is complete, the City assumes all maintenance responsibilities.

Evanston 1984 Amendment: Stormwater Drainage Fee Authority

- In 1984, the City amended the management system to provide for the assessment of stormwater drainage fees.
- Those revenues were to be used to improve existing storm water facilities and construct additional needed facilities, including interceptor lines, detention facilities, and disposal facilities serving developed areas.
- The development fee was not intended to fund on-site storm drainage for individual developments, but to provide the major interceptor lines and detention facilities needed to serve the broader pattern of development.
- Importantly, fee revenues were originally deposited in the wastewater fund, a city enterprise fund.

Evanston Fee Rates Under the Code: Who Pays What?

Fee rates under the Code

- Special building permit and land development fees are assessed on a per-acre basis. A monthly fee is assessed to all water connection accounts.
- Entities subject to the monthly fee include the State of Wyoming, Uinta County School District Number One, Uinta County, Wyoming, and the City of Evanston. All governmental entities pay the same monthly rate per acre as a standard residential account.
- Special building permit and land development fees are NOT assessed against the acreage of the State of Wyoming, Uinta County School District Number One, Uinta County, Wyoming and the City of Evanston because these entities provide for stormwater planning and systems as part of their construction process, including at facilities such as the new Wyoming State Hospital.

Evanston Current Fee Structure at a Glance

Special Building Permits

- Apply to multi-family, commercial, industrial, and all public facility construction requiring a City building permit.
- Standard rate (no on-site detention): $2,875 per acre
- Reduced rate (discharge ≤ 0.20 cfs/acre, 100-yr storm): $575 per acre

Land Development Fee

- Standard rate: $2,875/acre x Weighted Runoff Coefficient (min. 0.2, per § 7-104A)
- Reduced rate (City-approved on-site detention, discharge ≤ 0.20 cfs/acre): $575 per acre

Stormwater Enterprise Fund Monthly Fee

- $5.30/month per water connection account (all account holders, including State and County entities).
- Originally $0.50 per month when first imposed in FY 2009, with incremental adjustments over time.

City of Cody Storm Water

- Fund Established: September 1, 2022
- Storm Water Study Adopted : 2026
- Current Capital Plan need (10 yr): $29 million
- FY 26 Budget: $920,594
- Rate Structure
  - Residential $5.70 per month
  - Commercial $5.70 per month x number of equivalent residential units (ERUs) based on property size
- Reserves

Category	FY 2024	FY 2025	FY 2026
Unassigned	$506,410	$557,820	$604,068

Jackson Stormwater as Water Resource Protection

The Town of Jackson is working on developing and maintaining stormwater infrastructure to:

- Protect and improve the water quality and wildlife habitat of creeks and water bodies in and around the Town.
- Decrease pollution and sedimentation from runoff to, eventually, remove Flat Creek from being listed as an impaired water body.
- Add a funding source for this community utility and regulations for new development to improve water quality and mitigate flooding.

Jackson Stormwater as Water Resource Protection

The Town of Jackson's Stormwater Steering Committee includes a variety of viewpoints and participation from:

- Local Business Representatives
- Local Engineering firms
- Teton Conservation District
- Flat Creek Watershed Improvement District
- Trout Unlimited
- Protect our Water Jackson Hole
- Jackson Hole Airport
- US Fish & Wildlife (National Elk Refuge)
- Teton County government

Casper's Stormwater Needs

- The City of Casper's 2013 Stormwater Master Plan identified 42 priority projects needed to address stormwater capacity issues, totaling $46M. Only four of these projects have been completed since that time.
- An additional $8M in high priority Corrugated Metal Pipe (CMP) replacements are required to address this failure-prone pipe. Failures have resulted in numerous sinkholes in busy roads.
- The Master Plan projects in todays dollars + CMP replacement needs = $78M.
- Dedicated funds to stormwater work is $20,000/year. Addressing stormwater infrastructure's $78M price tag with these funds would take 3900 years, without taking inflation into account.
- State statute requires WYDOT systems within the cities bounds, we have obligations because of state statute

Where We Are Now

- The Legislature has already authorized a broader water and wastewater infrastructure study.
- That study should help provide a more complete statewide picture of system needs, costs, and long-term funding pressures.
- Until that work is further along, broad statutory changes to stormwater funding would be premature.
- WAM's goal is to help develop a practical, durable solution that protects voter rights where required while preserving workable local tools for stormwater services.
- This is a statewide infrastructure issue, and the next step should be deliberate study, clearer data, and narrow solutions rather than broad assumptions.