



VILLAGE OF WINNEBAGO

MEMORANDUM

Prepared By: Joey Dienberg, Village Administrator
To: Chad Insko, Director of Public Works
Date: September 3, 2025
Subject: Stormwater Utility Funding

Background

At the August 28, 2024, Committee of the Whole meeting, we discussed the need for a long-term, sustainable approach to stormwater management. The Village has historically taken a reactive approach, responding to drainage issues as they arise. However, the increasing demands on our aging stormwater infrastructure—combined with unpredictable funding from general revenues—necessitate a more structured plan for improvements.

Stormwater management is unique in that, unlike water or sewer utilities, it is not traditionally funded through user fees. Instead, municipalities often rely on general funds, which can create funding inconsistencies and place a disproportionate burden on taxpayers. A stormwater utility is a funding mechanism that allows a municipality to charge a user fee based on a property's impact on the stormwater system, ensuring predictable and equitable funding for stormwater infrastructure, maintenance, and improvements.

While stormwater utilities are relatively rare in Illinois, several communities have successfully implemented them. Municipalities typically structure fees as:

- Flat fees (same rate for all properties).
- Impervious area-based fees (higher fees for properties that generate more runoff).
- Tiered fees (grouping properties into runoff impact categories).

For Winnebago, stormwater management has historically been funded through the general fund, competing with other priorities such as road maintenance, public safety, and facility improvements. As a result, there is no dedicated funding source to plan for large-scale drainage improvements. The Board must now determine how best to proceed, balancing funding needs, community impact, and long-term sustainability.

This memo presents four options for first steps, building on our previous discussion.

Options for First Steps

1. Conduct a Feasibility Study First (Funded with Local Funds)

The Village could begin with a stormwater feasibility study, similar to our water rate study, to assess system conditions, identify needs, and explore funding options. This would provide a clear, data-driven foundation for decision-making. The study could be funded from general revenues, which would delay the need for a fee but require budget adjustments elsewhere.

- Pros: Ensures informed decision-making before implementing fees; establishes a structured improvement plan.
- Cons: Requires upfront local funding; potential delays in addressing immediate stormwater issues.

2. Develop a Flat Stormwater Fee First, Then Conduct a Study

A nominal flat fee (e.g., \$2–\$5 per month per customer) could be implemented now to generate revenue for a feasibility study and minor improvements. This approach would create a dedicated funding stream while allowing time to evaluate long-term solutions. Based on our estimates, this fee could generate between \$28,800 and \$72,000 annually (see attached revenue estimates).

- Pros: Establishes dedicated stormwater funding without impacting general funds; allows minor improvements now.
- Cons: Introduces a fee before a full assessment; adjustments may be needed after the study is complete.

3. Continue the Status Quo: Fund Stormwater Projects Through Local Funds

The Village could continue to address stormwater needs through the general fund, allocating resources on an as-needed basis. This avoids a new fee but limits long-term planning and competes with other budget priorities, such as road maintenance and public safety.

- Pros: No new fees; maintains flexibility in budget allocations.
- Cons: Reduces funding for other Village services; no dedicated stormwater funding for future projects.

Next Steps for Committee Discussion

The Village Board should consider:

1. Which option aligns best with our priorities?
2. Should we fund a feasibility study upfront or establish a fee first?
3. Do we need a dedicated stormwater fee now, or can we continue funding projects through general funds?

Conclusion

Following the Committee's discussion, staff can begin preparing the necessary information and materials to support the selected approach. This may include developing preliminary cost estimates, identifying potential funding sources, outlining a public engagement strategy, or drafting policy recommendations. Each option presents trade-offs in terms of funding, timing, and community impact. The decision on how to proceed remains with the Board, and staff is prepared to take the next steps based on the Committee's direction.

Stormwater Utility Revenue Estimates

(Based on 1200 Users - Estimate)

Flat Fee (\$)	Estimated Monthly Revenue (\$)	Estimated Annual Revenue (\$)
\$ 2.00	\$ 2,400.00	\$ 28,800.00
\$ 2.25	\$ 2,700.00	\$ 32,400.00
\$ 2.50	\$ 3,000.00	\$ 36,000.00
\$ 2.75	\$ 3,300.00	\$ 39,600.00
\$ 3.00	\$ 3,600.00	\$ 43,200.00
\$ 3.25	\$ 3,900.00	\$ 46,800.00
\$ 3.50	\$ 4,200.00	\$ 50,400.00
\$ 3.75	\$ 4,500.00	\$ 54,000.00
\$ 4.00	\$ 4,800.00	\$ 57,600.00
\$ 4.25	\$ 5,100.00	\$ 61,200.00
\$ 4.50	\$ 5,400.00	\$ 64,800.00
\$ 4.75	\$ 5,700.00	\$ 68,400.00
\$ 5.00	\$ 6,000.00	\$ 72,000.00