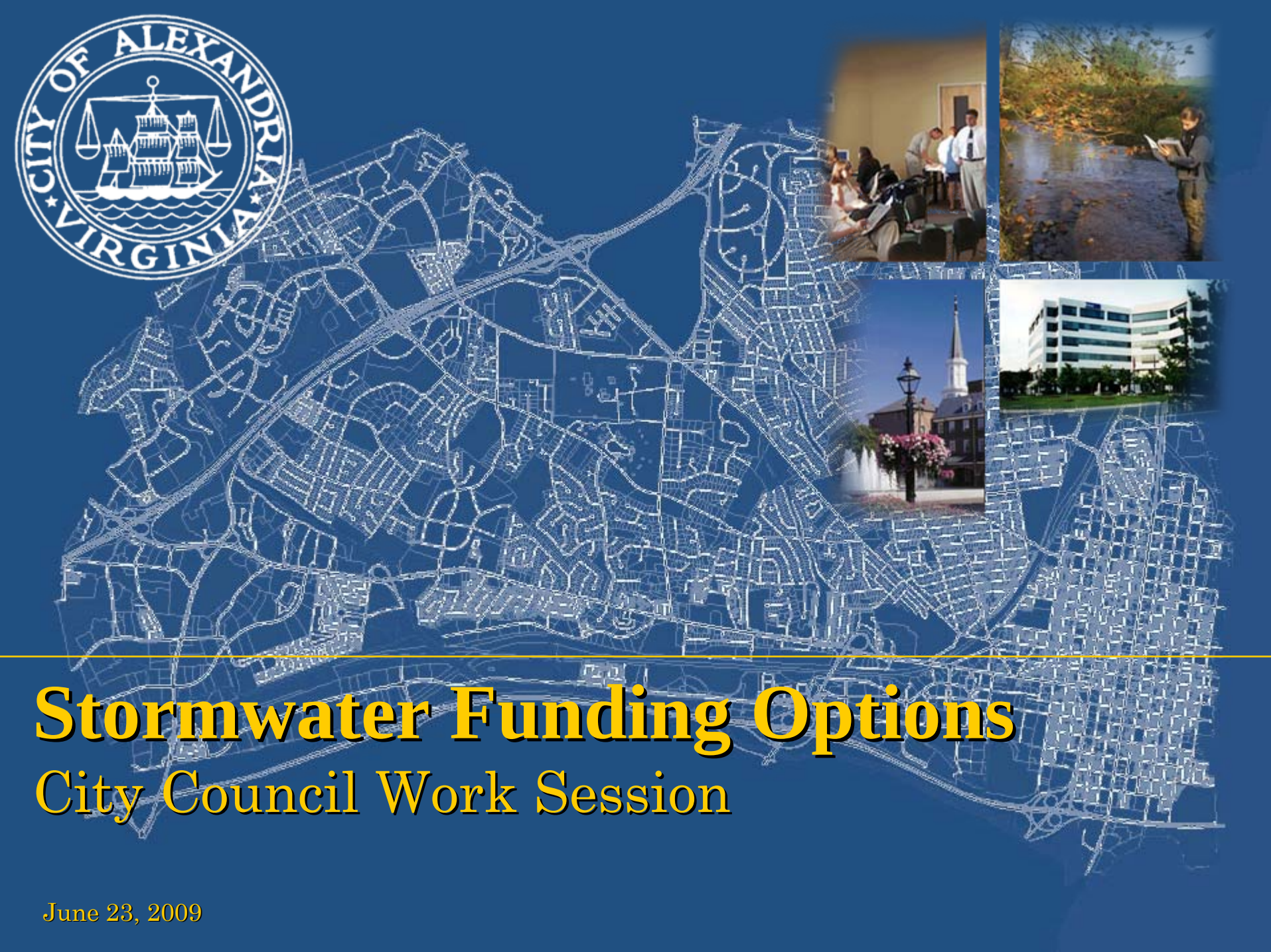


Stormwater Funding Options

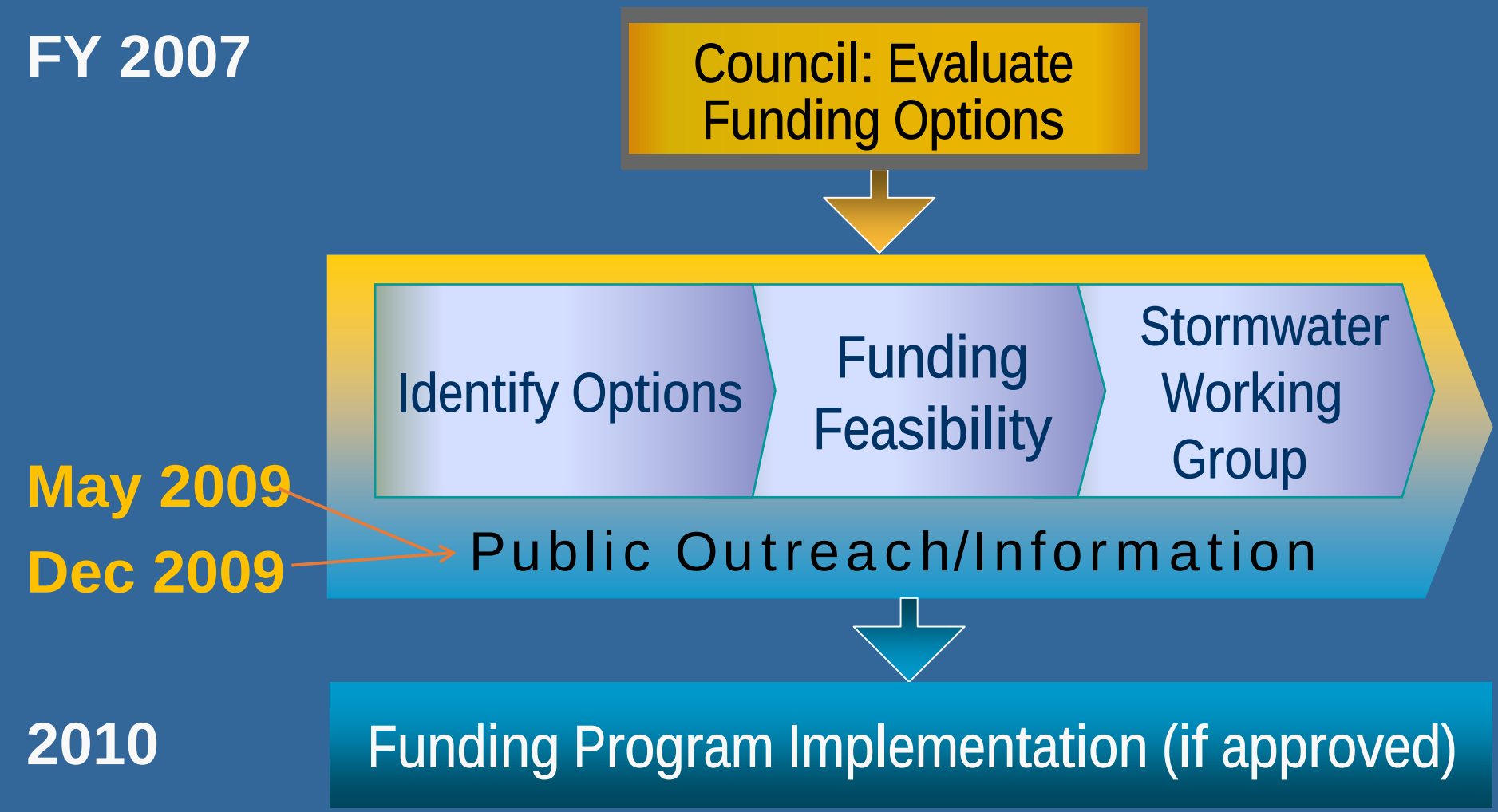
City Council Work Session

June 23, 2009

Agenda

- Overview of Process and Milestones
- Existing and Future Needs
- Potential Funding Options
- Next Steps

Process and Initial Steps



Stormwater Working Group Role and Meetings

- Provide input on the Stormwater Program and funding options
- Serve in a representative capacity for the organizations that each member represents

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- Conducted 5 meetings (Oct 2008 – Jan 2009)
- Developed preliminary findings for City Manager

Stormwater Working Group Findings

1. The City must address the stormwater needs in response to health and safety concerns and regulatory requirements.
2. There is a significant need for additional, dedicated funding for the City's stormwater program.
3. The City needs to establish a dedicated funding source to augment existing funding for stormwater.
4. Potential funding options to be considered include taxation, stormwater utility or a combination.
5. Safety, health, environmental, and economic impacts should be considered during implementation.

Conducted Four Public Outreach Meetings (May – June 2009)

- Provided overview of stormwater program
- Defined current funding and needs
- Presented potential funding options
- Received feedback

- Additional public outreach meetings planned for Fall 2009

Stormwater Services Provided by the City

- Operating
  - Storm sewer maintenance
  - Water quality
  - Floodplain Management
  - Development review and inspection services
- Capital
  - Stormwater capital projects
  - Stream / channel maintenance

Examples of Additional Critical Operating Needs

Storm Sewer Maintenance

- Proactive maintenance of storm sewers
  - Minimize flooding
  - Improve catch basin cleaning

Water Quality

- Additional water quality BMP inspections and outfall screening
- Implement requirements of NPDES MS4 permit

- **Additional needs (gap): $1.0 M+ per year**

(FY09 stormwater operating budget: $1.5 M)

Examples of Additional Critical Capital Needs

- Stream / Channel Maintenance and Restoration
- On-going City-wide storm sewer capacity analysis
  - identify and quantify future needs
  - Increase storm sewer capacity
  - Reduce flooding

- Additional needs (gap): $8 M+ per year

(FY09 stormwater capital budget: $3.8 M)

How Does the City Fund the Stormwater Program?

- **Primary funding sources**
  - General fund
  - Other support sources:
    - Permit and plan review fees
    - Pro rata share (fee-in-lieu-of)
    - Grants
- **Potential funding options**
  - A. Real estate taxes
  - B. Storm water utility

} Dedicated stormwater funds

Funding Option A:
Dedicated Portion of the Real Estate Tax

- **Tax based on assessed real estate property value**
  Example: $0.01 per $100 of assessed real estate value

- **Local municipalities using this funding option to fund their stormwater programs:**
  - **Fairfax County, VA**
    ($0.01 per $100 – stormwater service district)
  - **Arlington County, VA**
    ($0.01 per $100 – sanitary district)
  - **Prince Georges County, MD**
    ($0.054 per $100 plus $0.135 per $100 of personal property)

Funding Option A:
Dedicated Portion of the Real Estate Tax

- **Benefits**
  - **Tax deductible from State and Federal taxes**
- **Concerns**
  - **Lack of equity (poor relationship to stormwater impact)**
  - **Limited incentive for property owner to reduce stormwater impact**

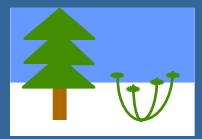
Funding Option B: Stormwater Utility

- A fee for services based on:
  - The extent to which a property contributes to stormwater runoff
    Example: The amount of impervious area of a property
  - The types of services and the cost of the program
  - Policy decisions
- Typically set up as an enterprise fund

The selected rate structure should be fair and simple

Residential → Flat Fees

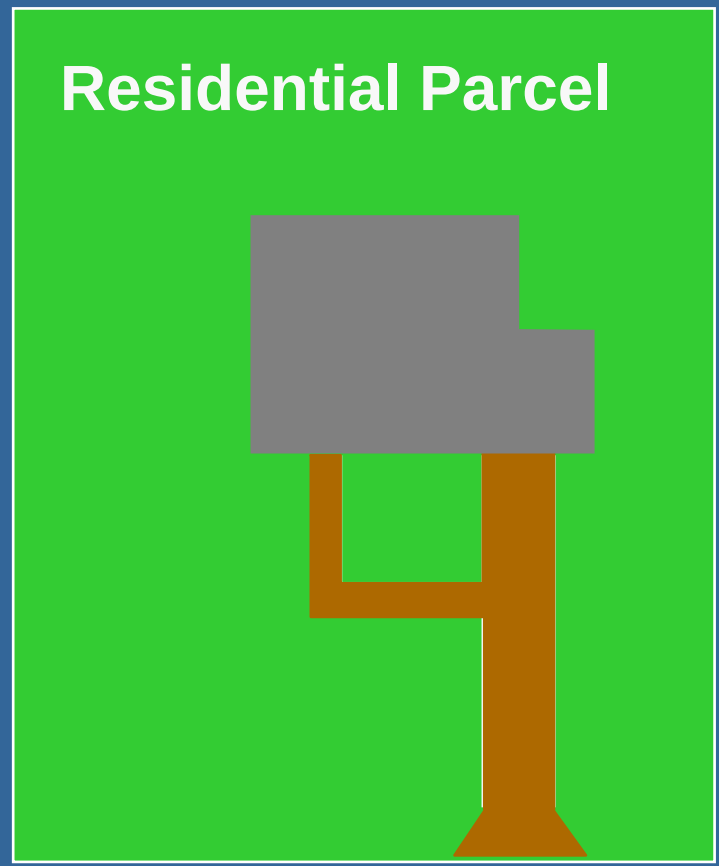
Nonresidential & Multi-Family Residential → Actual Impervious Area



Undeveloped → No Fees

The typical residence defines the base unit (equivalent residential unit)

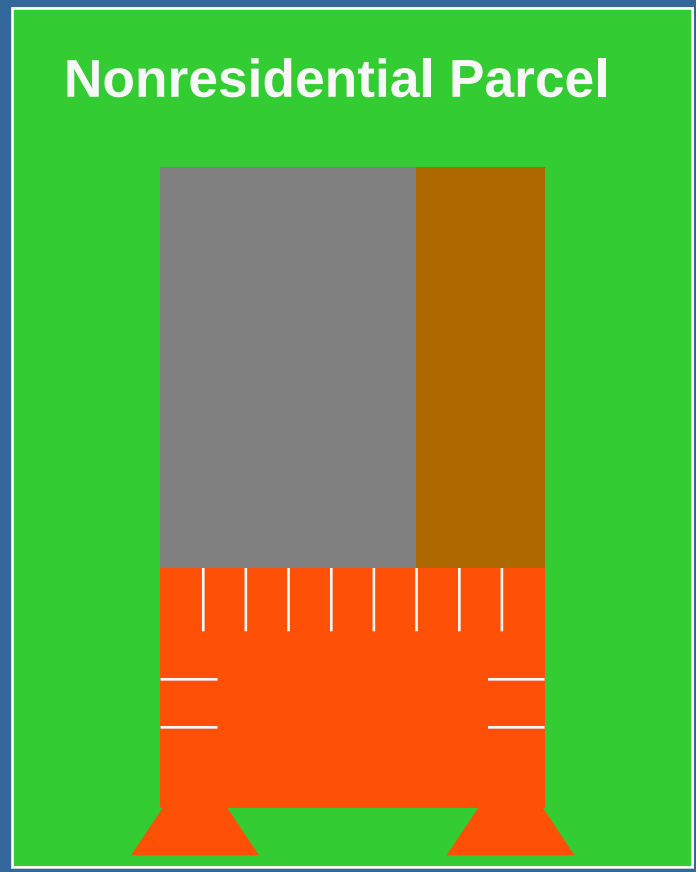
House Area	1,550 ft^2
Other Impervious Area	420 ft^2
Total	1,970 ft^2



Single Family Detached

Non-Residential & Multi-Family billed as multiples of the base unit

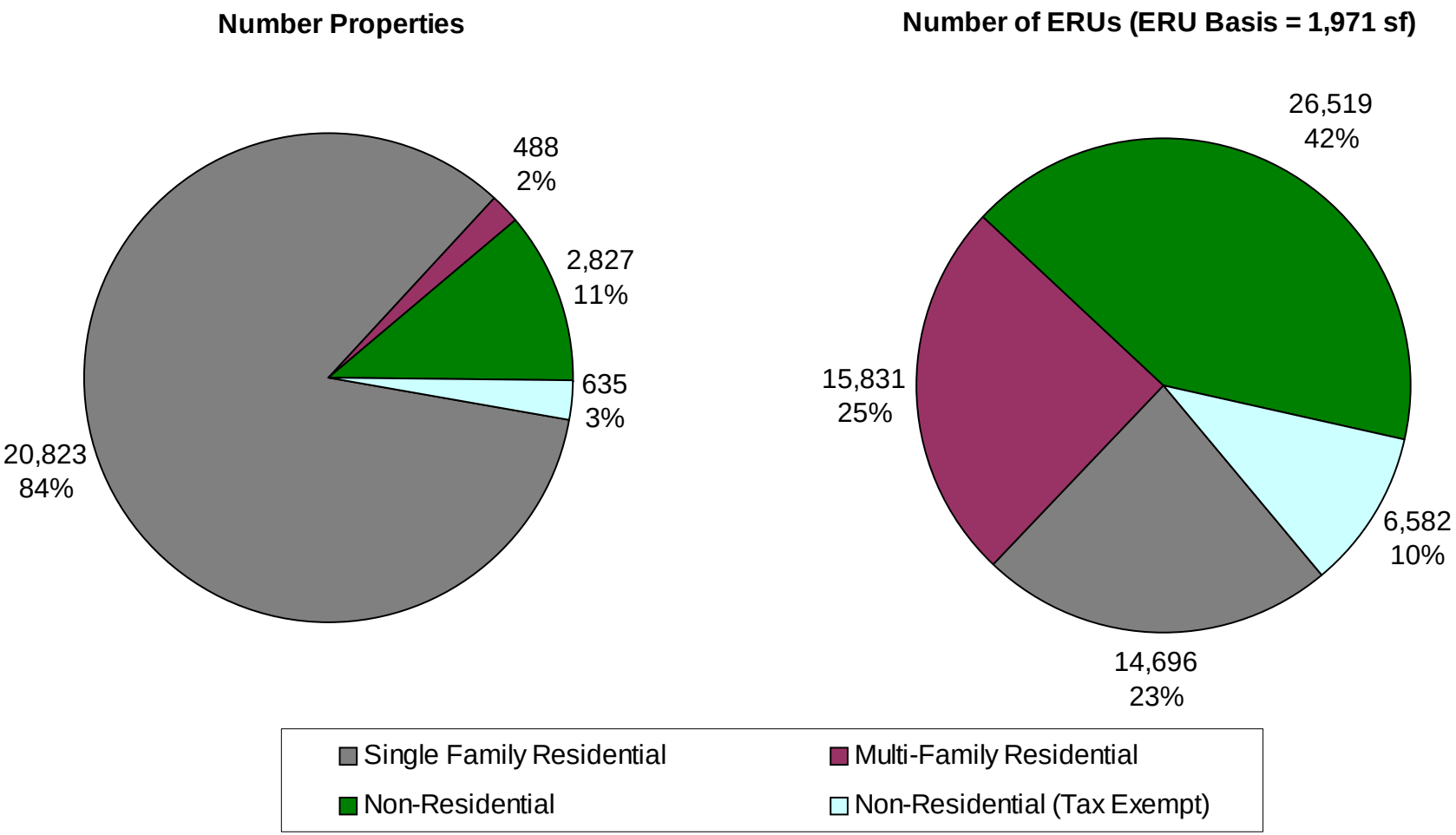
Building Area	6,000 ft^2
Parking	10,000 ft^2
Other Impervious Area	3,700 ft^2
Total	19,700 ft^2



Funding Option B: Stormwater Utility

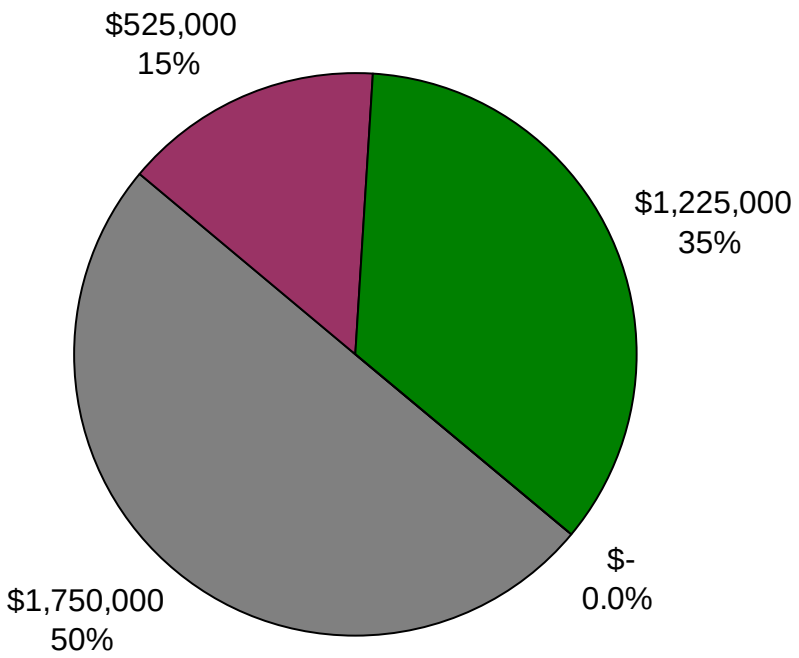
- **Benefits**
  - Equity – fees are determined based on amount of impervious area
  - Provides a link between benefit and cost
  - Reduces reliance on general fund
  - Stable and reliable funding source
  - Aligned with Eco City recommendations
  - Provides incentives to reduce stormwater impacts
- **Concerns**
  - All properties pay since it is considered a fee (similar to water and sewer bills)
  - Need policy decisions on tax-exempt properties

A stormwater utility ensures equitable contributions from different property types (based on impervious area distribution)

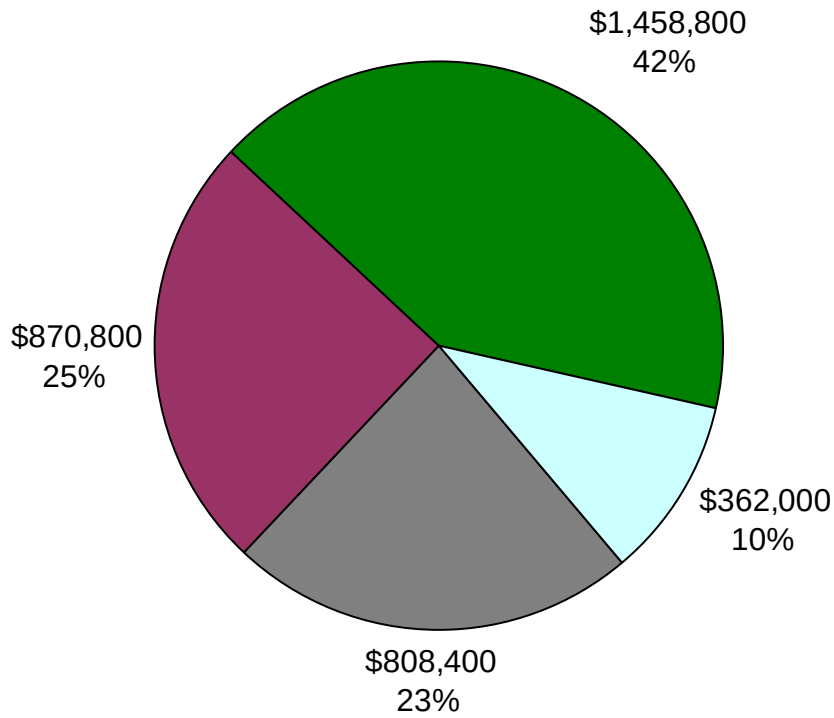


Potential Revenue Distribution: Real Estate Tax and Stormwater Utility

Revenue from Dedicated Tax Assessment
$0.01 per $100 Assessed Value



Revenue from Stormwater Utility Charge
($55.01/ERU/Year)



Total Potential Revenue = $3.5 M

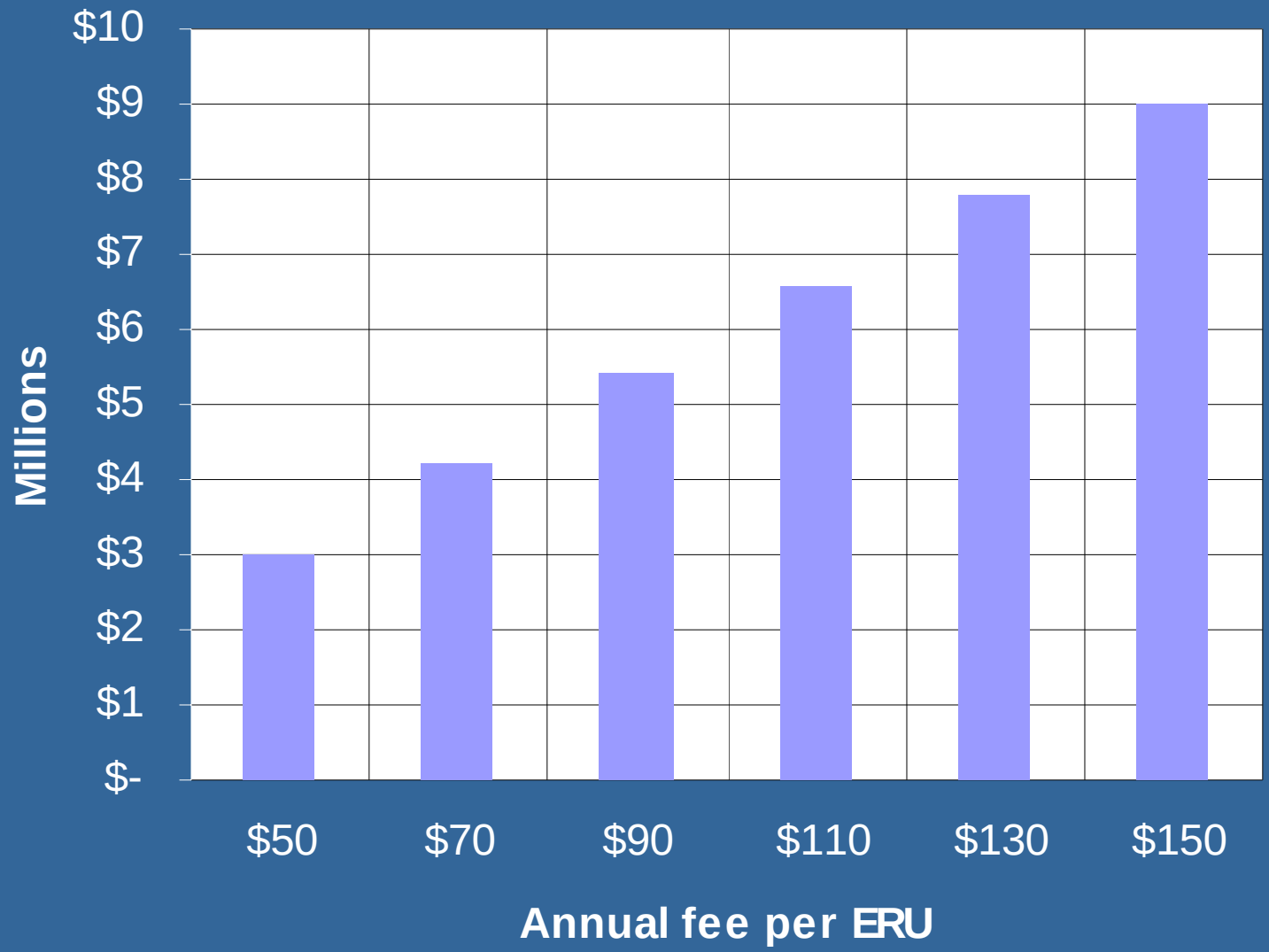
- Single Family Residential
- Multi-Family Residential
- Non-Residential
- Non-Residential (Tax Exempt)

Stormwater Utility Jurisdictions Comparison — Virginia and Metro Washington

Jurisdiction	Land Area (Sq. Miles)	Approximate Population	Rate ($/Yr/Unit)
Norfolk, VA	66	241,727	96.96
Virginia Beach, VA	310	439,467	73.00
Portsmouth, VA	33	99,617	72.00
Newport News, VA	69	181,647	58.20
Hampton, VA	55	146,878	55.20
Chesapeake, VA	353	210,834	53.40
Takoma Park, MD	2	18,540	48.00
Montgomery Co., MD	496	932,131	45.00
Gaithersburg, MD	10	57,365	45.00
Richmond, VA	60	193,777	45.00
Prince William Co., VA	345	357,503	26.36

Rates as of June 2009

Estimated annual revenue by annual stormwater utility fee per ERU



Preliminary Recommendations

- Fee based on impervious area per parcel
- Select rate between $70 and $90/year/ERU
  - Stormwater utility revenue will complement General Fund
  - Focus additional revenue on projects and maintenance
- Continue stormwater feasibility evaluation
  - Continue public outreach
  - Refine rate structure and policy issues
  - Prepare draft ordinance and utility procedures
  - Prepare for delivery of projects

Next Steps

- **Additional community and stakeholder outreach: Fall 2009**
- **Recommendations to Council: February 2010**
- **Decisions on funding options: May 2010**
- **Implementation: May or November 2010 (if approved)**

Questions & Answers