



**BACKGROUND:** City Council adopted the Stormwater Utility (SWU) Fee framework in May 2017, effective January 1, 2018, with first billing in May 2018. At that time, City Council directed staff to introduce a credit policy in two phases with the application window occurring from December 1, 2022, to February 15, 2023 of the next calendar year and approved credits being applied to the May, 2023 and October, 2023 billing. The two-phase credit policy was approved consecutively in October of 2017 and 2018. The current combined credit policy manual was approved by City Council on October 23, 2018 and went into effect December 2018.

**DISCUSSION:** In response to community and City Council feedback and lessons learned since the implementation of the credit program, staff is recommending updates to the Credit Manual. These updates would simplify the application process, increase the credits for existing practices, increase credits allowed for an individual property, and provide two-year credits and an email notification to prompt reapplication at the end of the two-year period. Staff also recommends adding mature tree preservation and dry floodproofing measures to the list of eligible practices.

Other updates include:

#### *Simplified Application Process*

The City's online credit application portal is unique in Virginia and allows for digital as well as hard copy applications. Areas of duplication and unneeded documentation have been removed to simplify the process, while retaining the level of documentation necessary to verify credit.

#### *Two-Year and Increased Credits with Notification to Reapply*

Most eligible practices, especially those for single-family properties, remain functional with minimal annual intervention. The update removes the annual application burden and applies the credit for two consecutive calendar years (or four billing cycles) for approved applications. Additionally, credits are increased for each practice. The overall potential maximum credit for implementing multiple practices would be increased from 30% to 50% per property as incentives for participation. Finally, previous applicants will be notified via email to reapply for the next two-year credit cycle.

#### *Addition of Mature Tree Preservation*

New tree plantings are allowed in the current manual. Established native mature trees can have a positive impact on urban stormwater runoff from impervious areas by reducing the volume of stormwater runoff and pollutants transported in stormwater runoff that reach local waterways. For this reason, preservation of existing mature trees has been added to the list of eligible practices.

#### *Addition of Dry Floodproofing Measures*

Recent frequent flash flooding caused by climate change-induced intense storm events has impacted many property owners. The addition of approved floodproofing measures offers further incentive for property owners to undertake flood mitigation efforts on private properties, while also reducing the impact of more frequent flooding on City services and infrastructure. These mitigation efforts can yield significant benefits to the City by reducing the need for City services, reducing private property and public infrastructure damage from future flooding events and enhancing the City's flood resiliency efforts.

If City Council does not approve these credit program (or any specific policy changes), staff will continue to use the existing credit manual and policies in the continued implementation of the SWU credit program.

**FISCAL IMPACT:** There are potential impacts to SWU revenue from increasing credit percentages, adding new practices, and increasing program participation through enhanced communications.

Staff analyzed previous revenue reduction from credits and practices implemented under the Floodproofing Grant program and compared the data to the recommended credit manual policy changes to determine the possible revenue reduction. Currently, the City provides approximately \$250,000 in credits annually. Based on a conservative estimate that considers a 50% increase in participation (from 2% to 4% of properties), the proposed policy changes have the potential to reduce SWU revenue by about 0.5% of revenue totals. Staff estimates additional participation in the credit program would provide an additional \$100,000 to \$150,000 in credits to around \$400,000 annually.

Staff notes that increased implementation of water quality and dry floodproofing practices lessens the burden on the City's infrastructure to provide these services to offset these estimated revenue reductions.

**ATTACHMENTS:**

1. DRAFT FINAL Stormwater Utility Fee Credit Manual for Residential and Non-Residential Properties (December 2018, Revised October 2022)
2. Presentation

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