



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** OCTOBER 18, 2017

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** MARK B. JINKS, CITY MANAGER /s/

**DOCKET TITLE:**

Consideration of the Stormwater Utility Fee Credit Manual for Non-Residential Properties.

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**ISSUE:** What credits should be recognized in the Stormwater Utility Program?

**RECOMMENDATION:** That City Council receive the proposed “Stormwater Utility Fee Credit Manual for Non-Residential Properties” (attached) and authorize the City Manager to implement the credit policy outlined in the manual.

**BACKGROUND:** City Council adopted a Stormwater Utility (SWU) framework at its May 4, 2017 special meeting as part of the FY 2018 Budget. The fee, which is not part of the combined sewer remediation effort, will provide funding for stormwater management, reduce the impact of stormwater pollution and flooding, and ensure Alexandria is in compliance with state and federal stormwater regulations. Non-residential properties will pay the fee based on the impervious surface area on the property.

When Council adopted the framework, they instructed staff to introduce a credit policy in two phases that would allow property owners the ability to reduce the fee by either reducing onsite impervious area or implementing other stormwater management practices. The **first phase** of the credit policy, to be implemented with the fee’s first billing in May 2018, will provide non-residential property owners the opportunity to reduce the fee by verifying the presence of functioning structural stormwater quality best management practices (BMPs) and detention facilities installed as part of development, or for specific volunteer activities.

The **second phase** the policy, which is scheduled for implementation in May 2019, will provide a menu of options for single-family residential properties that can be implemented to reduce the fee. This will allow for additional outreach to single-family property owners to get more direct input from them in creating the menu of options, since they have first-hand knowledge on the types of practices that can be implemented on their

properties.

**DISCUSSION:** Consistent with the Virginia Code, the “Stormwater Utility Fee Credit Manual for Non-Residential Properties” includes potential fee reductions on non-residential properties for: 1) structural stormwater quality best management practices (BMPs) and detention facilities installed during development and redevelopment, and 2) eligible volunteer activities.

If directed, staff will begin implementing this credit policy on December 1, 2017, with the application window being open from December 1, 2017 until February 15, 2018. Eligible (non-residential) and approved applications will reduce the May and October 2018 fee. (Approved credits will be applied in two equal amounts to the May and October bills, respectively.) Property owners can apply each year for a credit.

Non-Residential properties are defined as commercial or industrial properties, multi-family apartments, properties owned by non-profits or faith-based organizations, or other properties that are not included within the tiered residential properties (condominiums, townhomes or single-family detached homes). The recommended credit manual includes the following credit opportunities:

1. Stormwater structural best management practices or BMPs - Maximum 20% credit
2. Stormwater detention facilities - Maximum 10% credit
3. Eligible volunteer activities - Maximum 30%

Eligible stormwater BMPs and detention facilities are those practices required to be installed during development and redevelopment. Volunteer activities eligible for credits include efforts such as adopt-a-waterway, adopt-a-block and adopt-a-storm drain . The credit will be applied to the non-residential property associated with the volunteer group.

Staff proposes a simple credit application process for non-residential properties that would require the completion of an application form along with confirmation of recorded maintenance agreement and certification of proper functioning of the facilities for credits associated with BMPs and detention facilities. For volunteer activities, the group must first register for and complete the activity, then complete the required annual application with appropriate documentation.

Finally, the manual also proposes a credit cap of 50% so that, while properties may be technically eligible, the maximum dollar credit amount could not exceed 50% of the stormwater utility fee for the property. The credit calculations contained within the manual are consistent with state code and other localities’ credit policies.

#### **Public Outreach**

Staff continues stakeholder engagement and to date has presented this proposed credit policy to the Budget and Fiscal Affairs Advisory Commission, Eisenhower Partnership, the Federation of Civic Associations, and Chamber of Commerce, and held a public Open House on October 12, 2017. Upcoming meetings include the Old Town Civic Association and Seminary Hill Association, with many requests out to groups pending. Media and social media efforts include announcements of the Open House on Twitter, the City’s eNews, and AlexandriaNews.org, and an article in the Old Town Patch discussed the fee. Finally, staff sent letters to non-profit and faith-based organizations to inform them of the estimated fee to help in building their budgets for the upcoming year.

**FISCAL IMPACT:** The consultant and staff team considered a conservative estimate of the potential reduction in the revenue generated by the stormwater utility during the development of the rate scenario for the stormwater utility fee, which was included in the approved FY 2018 budget. This estimate was considered in

the rate model for the utility when seeking to capture the full cost of the state and federal mandates and other portions of the stormwater program funded by the fee. A conservative estimate of approved credits based on a review of other localities implementing a credit policy is approximately 2-5% of the eligible structural and non-structural practices. Given that the properties with stormwater quality BMPs and detention facilities have the potential to generate approximately 4,800 billing units, the proposed credit policy for non-residential properties is estimated to potentially impact overall SWU revenue by 96 to 240 billing units, or \$13,440 to \$33,600, annually. Administration of the credit policy and program will be performed by current staff in the FY 2018 budget.

**ATTACHMENTS:**

Attachment 1: Stormwater Utility Fee Credit Manual for Non-Residential Properties

Attachment 2: Presentation

**STAFF:**

Emily A. Baker, P.E., Deputy City Manager

Morgan Routt, Director, Office of Management & Budget

Yon Lambert, AICP, Director, T&ES

William Skrabak, Deputy Director, T&ES