



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 17, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Consideration of the Phase 2 Stormwater Utility Fee Credit Policy and Comprehensive Manual for Residential and Non-Residential Properties.

ISSUE: Incentivizing private property owners to implement stormwater management initiatives.

RECOMMENDATION: That City Council:

- (1) Approve the Stormwater Utility Phase 2 Credit Policy as outlined in the attached "Stormwater Utility Fee Credit Manual"; and
- (2) Provide 100% credit to Alexandria Renew Enterprises in recognition of their planned investment of over \$350 million in clean waterways infrastructure.

BACKGROUND: City Council adopted the Stormwater Utility (SWU) framework in May 2017, including direction for staff to introduce a credit policy. The policy was developed in two phases to provide strategies to reduce the fee in the form of credits to property owners who implement stormwater management practices. Council adopted Phase 1 of the credit policy in October 2017 and it was implemented with the fee's first billing in May 2018. It provided credits for non-residential property owners who maintain functioning structural stormwater quality best management practices (BMPs) and detention facilities installed as mandatory part of development, as well as for specific litter cleanup activities. Phase 2 of the credit policy introduces new credits for residential properties and expands eligible credits for non-residential properties to offset to a certain degree the stormwater utility fee.

DISCUSSION: Consistent with the Code of Virginia, the Phase 2 Credit Policy, as described herein and in the comprehensive Stormwater Utility Fee Credit Manual, includes potential fee reductions based on property type. If adopted, staff will implement the comprehensive credit policy starting with the December 1, 2018 to

February 15, 2019 credit application window. Properties can apply for credits annually by submitting required documentation, with approved applications reducing the May and October bills.

Major components of the policy include proposed credits for the following:

Single Family Detached Homes and Townhomes

Single family homes and townhomes would be eligible to apply for credits for improvements such as green roofs or permeable pavement, and for certain practices such as conservation landscaping, making and upholding a ‘no fertilizer’ pledge, and planting new trees on their property. Flat credits range from 2% to 20% based on the practice and can be combined for a maximum 30% credit. In addition to flat credits, property owners may earn a total maximum 50% credit of the annual fee when combining other stormwater management practices, which is the same maximum credit in the adopted Phase 1 policy.

Residential Condominium

Condominiums would be eligible to apply for credit for some improvements that were installed as a mandatory condition of development that would be credited the same as for non-residential properties under the Phase 1 policy. Condominiums may also voluntarily install green infrastructure and seek credits. BMPs would be eligible for up to a 20% credit and Stormwater detention facilities would be eligible for a 10% credit. Condominiums will also be eligible for up to a 10% credit for a professionally-prepared urban nutrient management plan used to manage their grounds. Finally, condominiums are also eligible for new tree planting credits. Property owners may earn a maximum 50% credit of the annual fee.

Non-Residential Properties

New credits developed for non-residential properties are recommended to supplement the adopted Phase 1 credits for non-residential properties. These properties may earn up to 20% credit for the voluntary installation of green infrastructure BMPs. They may also earn new tree planting credits. Property owners may earn up to a maximum 50% credit of the annual fee.

Alexandria Renew Enterprises (AlexRenew)

Staff is recommending that AlexRenew receive a 100% fee credit for their extraordinary efforts to construct over \$350 million in new infrastructure that reduces stormwater pollution entering public waterways. This investment will result in total pollution reduction equivalent to treatment of nearly 390 offsite impervious acres, which equates to over 10 times greater than the amount of impact from impervious area on the AlexRenew site. In April, City Council and AlexRenew executed an Outfall Transfer Agreement that shifts the construction, operation and management of combined sewer overflow (CSO) outfall infrastructure to AlexRenew while allowing the City to benefit from excess nitrogen, phosphorous, and sediment treated by the new infrastructure, which may be applied toward meeting the Chesapeake Bay pollution reduction goals.

To develop the proposed policies, staff performed direct stakeholder outreach per the approved Stormwater Utility Public Outreach Framework. Phase 2 credit policy and continued general SWU outreach began this April with an online feedback form (mini-survey) on homeowner best management practices and was promoted at events including Earth Day and the Market Square Farmers’ Market, as well as on social media and eNews. Direct engagement throughout the development of the policy included presentations to the Environmental Policy Commission, Alexandria Federation of Civic Associations, Del Ray Civic Association, Clover-College Park Civic Association, Rosemont Citizens Association, First Owners Association, Apartment and Office Building Association (AOBA), and NAIOP Commercial Real Estate Development Association. Staff also held two public meetings in September. Additional outreach included a new City webpage and several social media campaigns about BMPs.

FISCAL IMPACT: A conservative estimate of 2% to 5% reduction in billing units was used based on a review of other localities implementing a credit policy. This estimated reduction in billing units was confirmed following implementation of the Phase 1 credit policy, where approved credits accounted for a 3% reduction in billing units for eligible non-residential properties.

Using this estimate, the Phase 2 credit policy may impact overall SWU revenue by \$22,000 to \$57,500 annually. Administration of the credit policy and program will be performed by current staff in the FY 2019 budget. The potential impact of the proposed credit policy per property type is as follow:

- Residential townhome and single-family homeowners may potentially impact overall SWU revenue by an estimated \$14,000 to \$36,000 annually.
- Residential condominiums may impact overall SWU revenue by an estimated \$7,000 to \$19,000 annually,
- Non-residential properties may potentially impact SWU revenue by an estimated \$1,000 to \$2,500 annually.

The full waiver for AlexRenew would reduce revenue by approximately \$67,000 annually. However, the loss in revenue is greatly offset and an exceptional cost-benefit given the investment being made to construct and maintain CSO infrastructure that is now underway by AlexRenew.

ATTACHMENTS:

Attachment 1: Stormwater Utility Fee Credit Manual

Attachment 2: Presentation

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