



**Stormwater Utility Community  
Advisory Group**  
Meeting Three: Rates & Rate Structures



# Agenda

- Welcome, Reminders, Introductions
- Recap
- Rate structure foundation & terminology
- What is a rate structure
  - › Definitions
  - › Customer types
- Discussion of optional rate features
  - › Multi-family residential option
  - › Base charge option
- Customer impacts
- SUCAG Q&A
- Public comment
- Adjourn

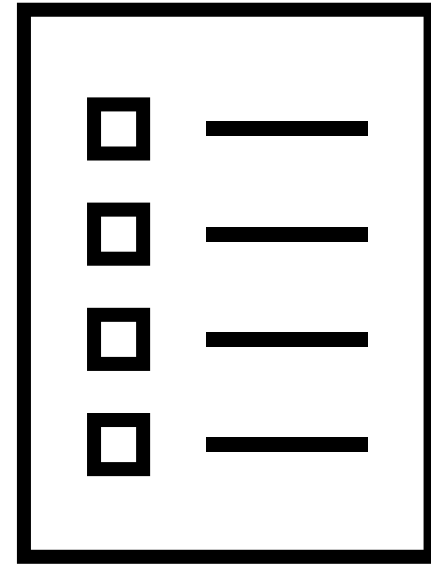
# How to Participate

- Please participate actively and respectfully
- Please mute when not speaking
- Click "raise hand" icon to enter the discussion queue; click again to lower your hand after speaking
- You can also share comments and questions using webinar chat
- There will be public comment session at the end of the meeting for members of the public.

*This webinar will be recorded for future reference and be posted to the Project Webpage*

# Team Introductions

# Recap

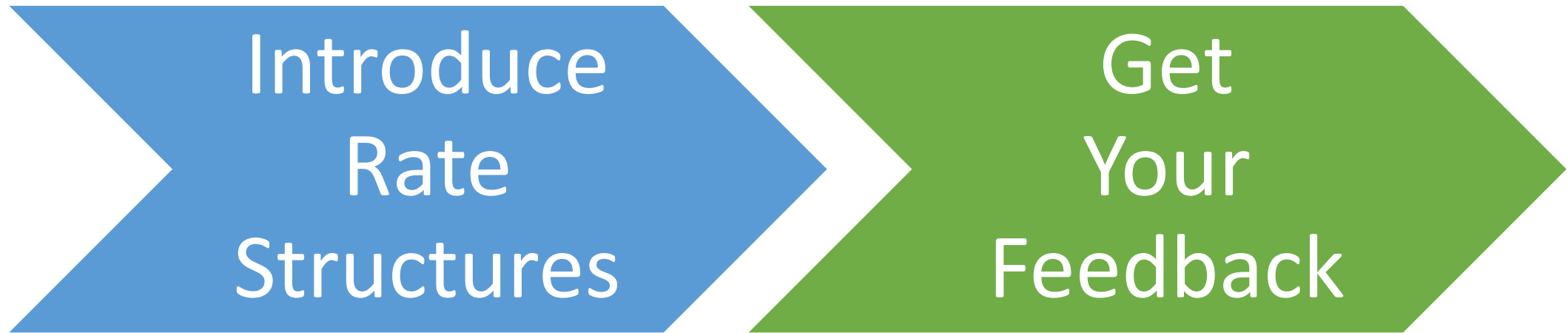


# Recap

- Meeting 1 – Orientation & Project Overview
  - › Why are we considering moving from tax to fee?
  - › Goals of SUCAG
  - › Overview of stormwater program
- Meeting 2 – Costs & Cost Recovery
  - › Stormwater program components
  - › Cost drivers
  - › CIP projects
  - › Tax vs. utility



# Today's conversation



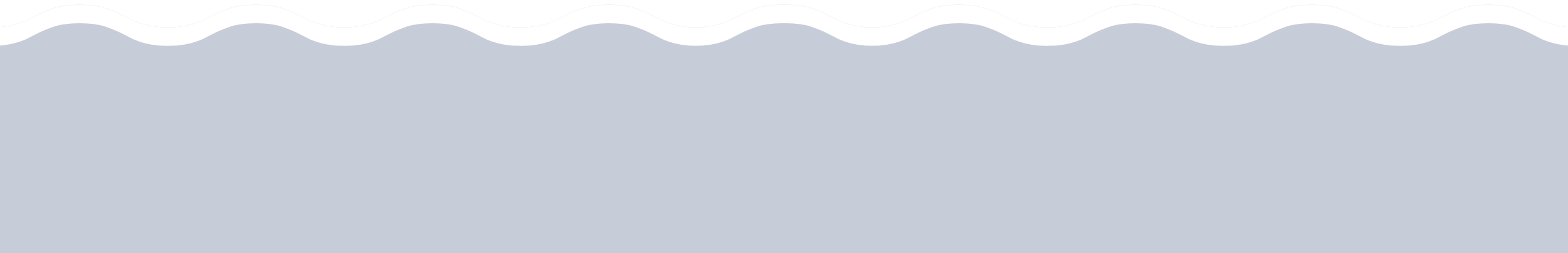


# Rate Base

- Charging all properties, including those currently tax exempt
- Properties with their own MS4 permit are exempt
- Rate base is divided into customer types, such as single-family residential, multifamily residential, commercial, institutional, government, and others



# Customer Types



# Customer Type Terminology

Previously Used Terms	Alternatives
Single-Family Residential (SFR)	Single Family (SF)
Multi-Family Residential (MFR)	Multi Family (MF)
Non-Single Family Residential (NSFR)	Non-Residential (NR)



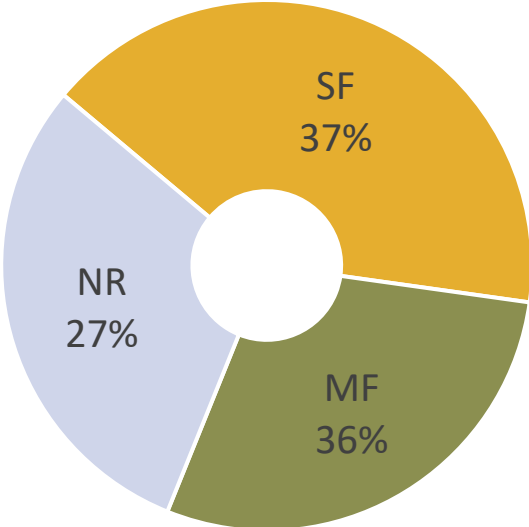
# Customer Type Definitions

- Single-Family Residential (SF)
  - › Dwellings, mostly single and detached, that share impervious area characteristics
- Multi-Family Residential (MF)
  - › Apartments & condos
  - › Under some rate structures, charged like commercial. Alternatively, charged per unit.
- Non-Residential (NR)
  - › All other properties
  - › Includes commercial, industrial, and institutional

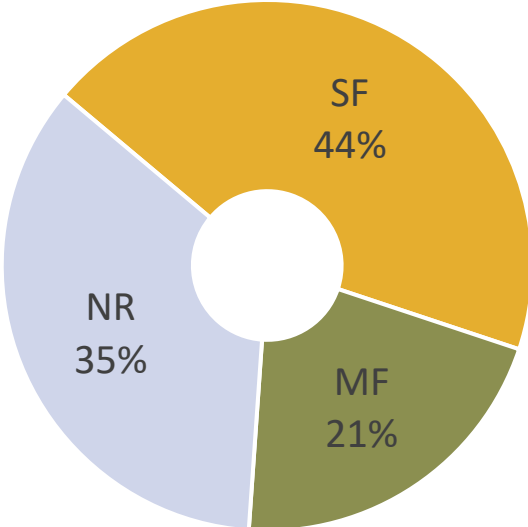
*These customer types are common in stormwater utility rate structures, and mirror many peer communities*

# Customer Types in Arlington

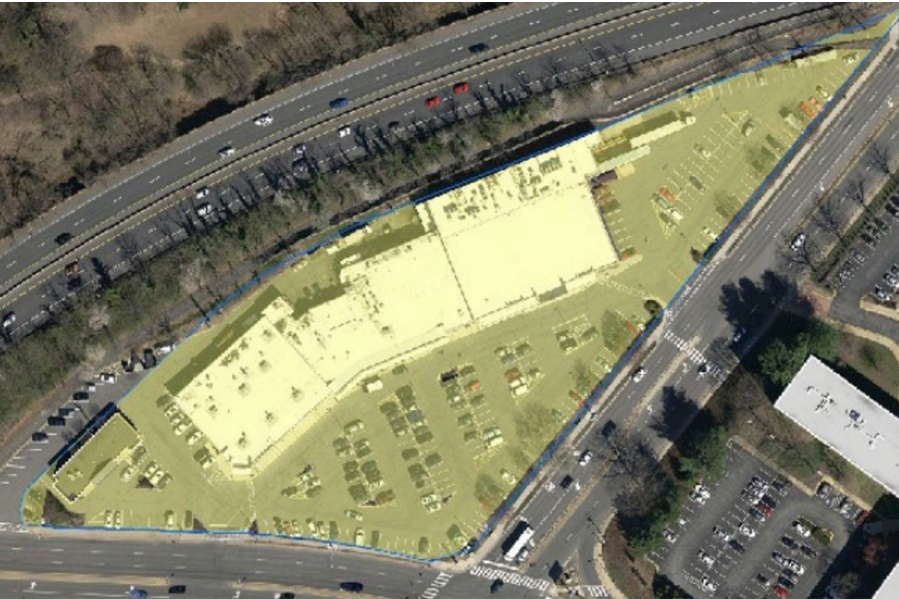
Sanitary Tax Allocation by Customer Class



ERU by Customer Type



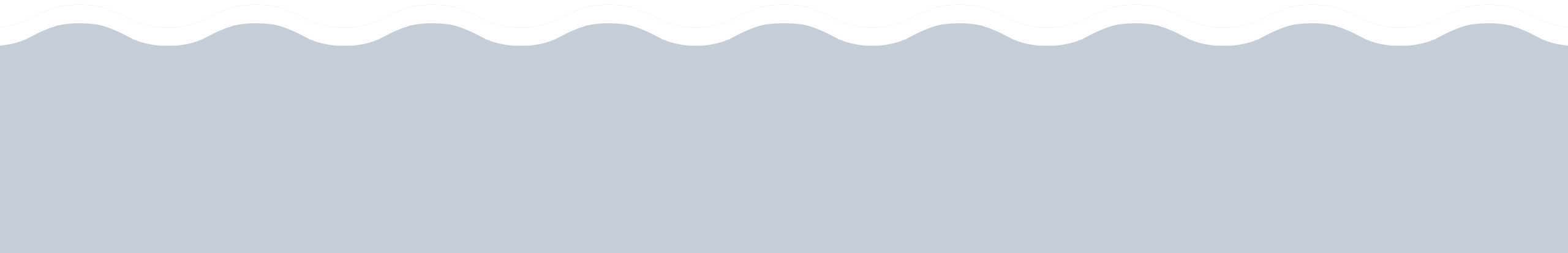
*\*Using Tiered with Cap approach*



Questions?



What is a rate  
structure?



What is a  
rate  
structure?

A rate structure uses  
**community,**  
**customer,** and  
**service characteristics**  
to determine how an agency  
recovers its costs

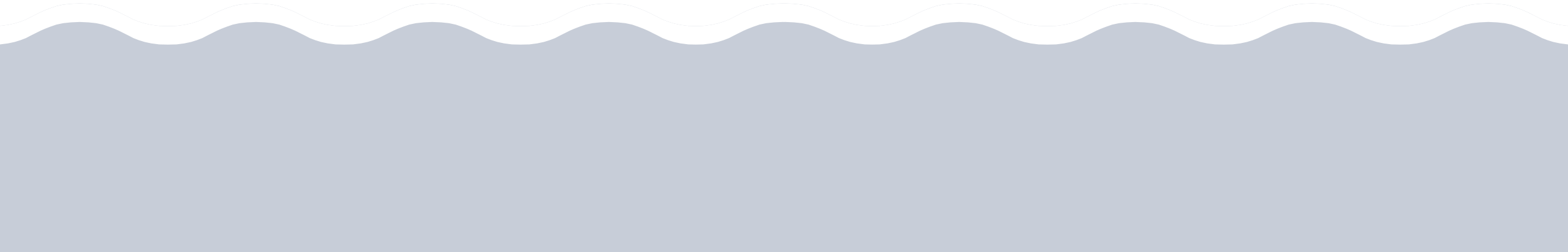


# County's Considerations For Rate Structure

- Is it fair among all those who pay?
- Is it easy for staff to implement and administer?
- Is it easy for customers to understand?
- Does it accurately recover costs?
- Affordability
- Parity with peer jurisdictions



# Rate Structure Components



# General Rate Structure Components

	Water Utility Equivalent	Stormwater Utility Equivalent	Purpose
<b>Fixed charges</b>	Base charge	Base charge	Recover fixed costs shared by all customers
<b>Variable charges</b>	Use (Volume) charge <i>Dependent on volume of water used</i>	ERU charge <i>Dependent on impervious area</i>	Recover variable costs  Charge customers based on usage of the system  Increased fairness with increased granularity

# Base Charge

- Would apply only to billed properties (those with IA)
- Used to recover fixed costs that all system users use equally, including:
  - Billing & collections
  - Data management & maintenance
  - Programming
  - Customer support

+ Advantages	- Disadvantages
Reduces burden on properties with large IA	Increases burden on properties with small IA
Adds layer of fairness	Dilutes message of IA as driver of costs
Familiar – mirrors water & sewer base charges	Increases administrative burden

# What is an ERU?

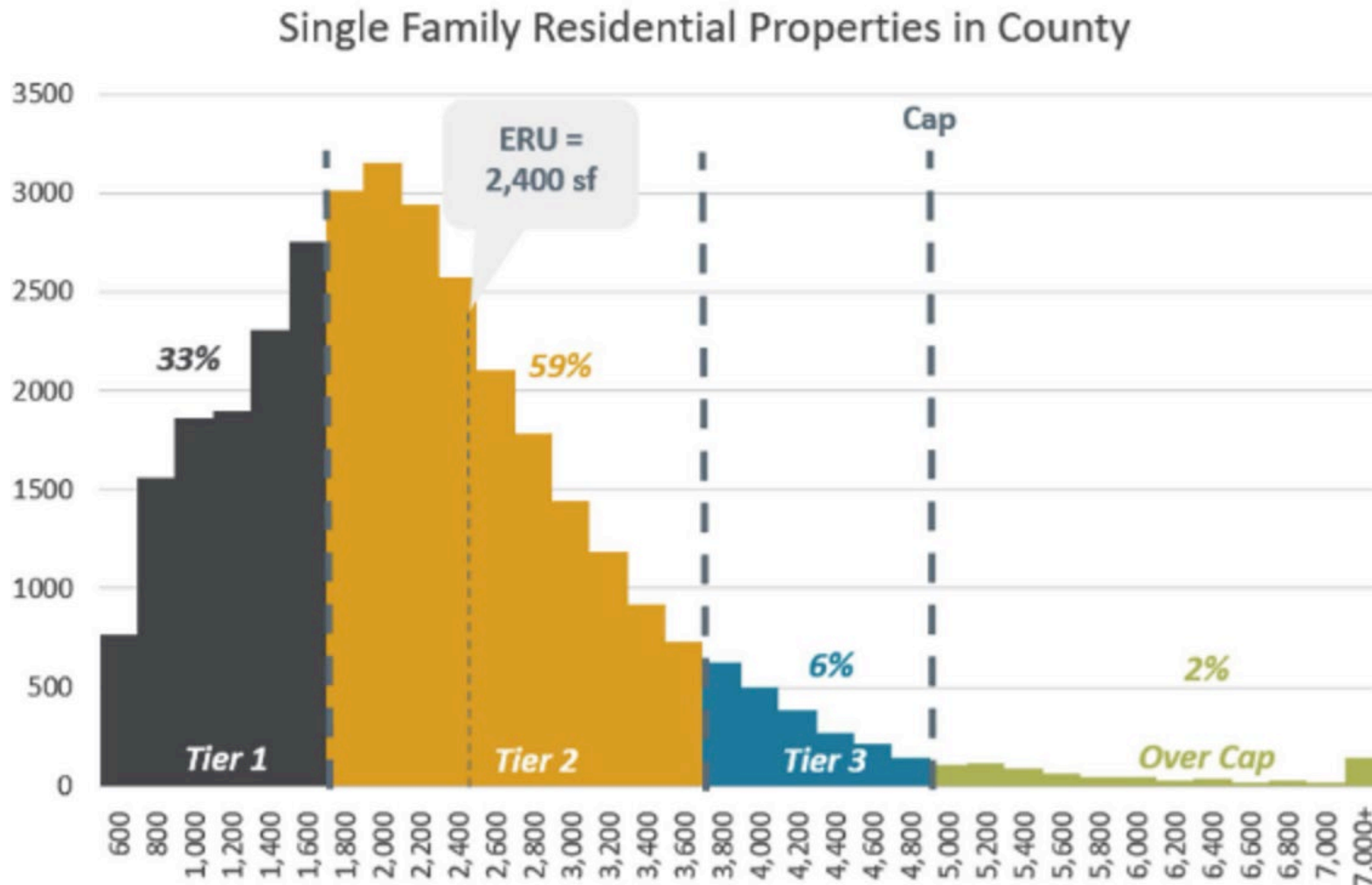
- As discussed in a previous meeting, measured Impervious Area (IA) as basis of fee.
- IA is billed using a unit of measure tailored to each community.
- An Equivalent Residential Unit (ERU) is the median amount of impervious area (IA) on single-family homes in the County.
- This was measured as 2,400 Square Feet in Arlington County.

# Single Family Residential (SF) Rate Structure Options

# Single family (SF) rate components

Fixed Charges	Variable Charges
Options with and without a base charge	<ul style="list-style-type: none"><li>• Property placed in one of 3 tiers based on measured IA</li><li>• The largest residential properties are charged like non-residential properties</li></ul>

# Residential Tiers and Properties over Cap



# Option 1: SF Rate Structure with base charge

Base Charge	Variable Charge (Tiers)	Total Amount Owed	Advantages
\$6.45	≤ 1600 SF	Base + (.6 ERU X Rate)	✓ <i>Mirrors water/sewer rate structure</i>
	> 1600 - ≤ 3600 SF	Base + (1 X Rate)	
	> 3600 - ≤ 4800 SF	Base + (1.7 X Rate)	✓ <i>Recovers some administrative costs in a more refined way</i>
	> 4800 SF	Base + (# of ERUs X Rate)	



# Option 2: SF Rate Structure without base charge

Base Charge	Variable Charge (Tiers)	Total Amount Owed	Advantages
\$0	$\leq 1600$ SF	.6 ERU X rate	✓ <i>Ease of understanding by County customers</i>
	$> 1600 - \leq 3600$ SF	1 X rate	
	$> 3600 - \leq 4800$ SF	1.7 X rate	✓ <i>Ease of administration for County staff, reducing program costs</i>
	$> 4800$ SF	# of ERUs X rate	

# Non Residential (NR) Rate Structure Options

# Option 1: Non-residential rate structure (businesses, nonprofits, institutions, govt.)

Fixed Charges	Variable Charges	Pros and Cons
Base charge	# ERUs X Rate	<ul style="list-style-type: none"><li>✓ <i>Mirrors water/sewer rate structure</i></li><li>✓ <i>Recovers some administrative costs in a more refined way</i></li></ul>

## Option 2: Non-residential rate structure (businesses, nonprofits, institutions, govt.)

Fixed Charges	Variable Charges	Pros and Cons
No Base Charge	# ERUs X rate	<ul style="list-style-type: none"><li>✓ <i>Ease of understanding by County customers</i></li><li>✓ <i>Ease of administration for County staff, reducing program costs</i></li></ul>

# Multi-Family (MF) Rate Structure Options

# Option 1: Multifamily, original option

Base Charge	Original Option
With Base Charge	Charge for measured IA in units of ERU, <b>same as non-residential properties</b>
Without Base Charge	Charge for measured IA in units of ERU, <b>same as non-residential properties</b>

## Option 2: Multifamily, new option, flat rate per unit

Base Charge	Separate MF Option	Pros and Cons
With Base Charge	Total ERUs ÷ Total Units	<ul style="list-style-type: none"><li>✓ Simplifies fees and rate structure</li><li>✓ Adds layer of fairness for garden-style apartments and affordable units</li></ul>
Without Base Charge	Total ERUs ÷ Total Units	<p><b>BUT</b></p> <p>Harder to administer Dilutes IA message</p>

# Relative Rate Comparison of One ERU

	Without Base Charge	With Base Charge
<b>Tiered with Cap (Baseline)</b>	<b>\$188.19</b>	$\$182.54 + \$6.45 = \mathbf{\$188.99}$
<b>Tiered with Cap + MF Option</b>	<b>\$189.55</b>	$\$183.86 + \$6.45 = \mathbf{\$190.31}$

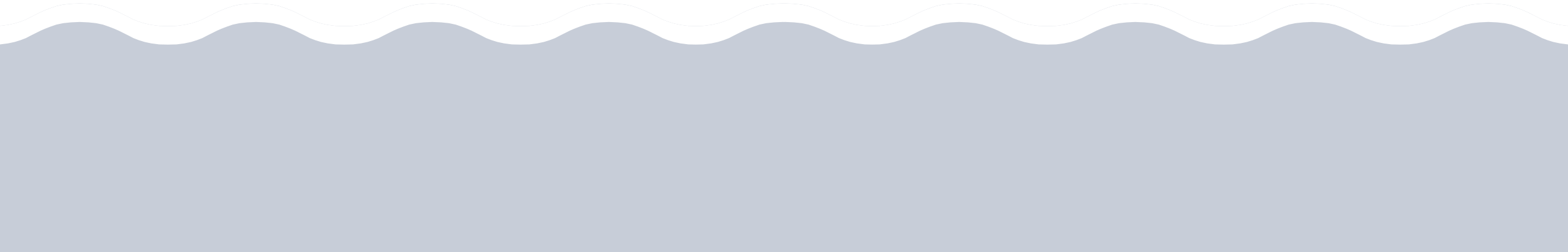
*These preliminary rates are based on feasibility study data from 2020 and are subject to change. We have included them here for comparison between different options.*



# Summary of General Impacts

- *Multifamily option:* By using a flat rate, all MF properties are charged according to the number of units they have, reducing the complexity of the rate structure
- *Base charge option:* The addition of a base charge reduces the rate per ERU and reduces the fee for properties with large amounts of impervious area
- *Both options:* Because the differences between rates is small when applying the MF option and/or the base charge, the impacts on single-family and other properties with smaller amounts of impervious area are low

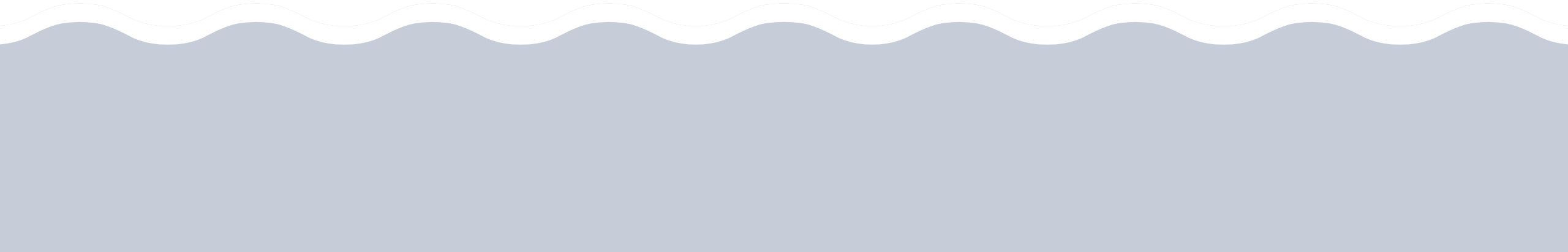
# Structure & Rates: Comparison



# Peer Utility Comparison

Municipality	Basis of Rate Structure	Customer Types	Residential Rate Structure	Residential Billing Unit	Non-Residential Rate Structure
Austin, TX	IA w adj factor	No distinction	Based on IA	Measured impervious area	Based on IA (base factor and adjustment factor)
Alexandria, VA	IA	<b>Residential</b> – Condo, Townhouse, SFD, Large SFD <b>Non-residential</b>	Tiered fee based on IA (4 tiers)	ERU = 2,062 SF of IA	Per ERU of IA
Prince William County, VA	IA	<b>Residential</b> – SFD, condo/townhouse/mobile home <b>Non-residential</b> <b>Agricultural</b> (exempt)	Tiered fee based on IA (2 tiers)	ERU = 2,059 SF of IA	Per ERU of IA
Baltimore, MD	IA	<b>Residential</b> – SFD <b>Non-residential</b>	Tiered fee based on IA (3 tiers)	ERU = 1,050 SF of IA	Per ERU of IA
Washington, DC (DOEE)	IA	<b>Residential</b> – SFD <b>Non-residential</b>	Tiered fee based on IA (6 tiers)	ERU = 2,000 SF of IA	Per billing unit of IA (1,000 SF), reduced to nearest 100 SF
Richmond, VA	IA	<b>Residential</b> – SFD <b>Non-residential</b>	Tiered fee based on IA (5 tiers)	1,000 SF	Per billing unit of IA (1,000 SF)
Falls Church, VA	IA	No distinction	Per billing unit of IA	200 SF of IA	Per billing unit of IA (200 SF)

# Impacts of Rate Structure Options



## Rate Disclaimer

*The rates contained in the following section are based on preliminary 2020 feasibility study data and are meant for comparison to each other. These rates are subject to change.*



South:  
ZIP Code 22202

Prop	Assessed Value	Annual Tax (2022)	Impervious Area (SF)	ERUs	Baseline Annual Fee	Baseline + MF	Baseline + Base Charge	Baseline + MF + Base Charge
A	\$808,700	\$137.48	1,465	0.6	\$112.91	\$113.73	\$115.97	\$116.77
B	\$1,023,500	\$174.00	3,774	1.7	\$319.92	\$322.24	\$316.77	\$319.01
C	\$1,243,600	\$211.41	3,419	1	\$188.19	\$189.55	\$188.99	\$190.31



# Barcroft Apartments

1170 S Thomas St  
22204

**Assessed Value:** \$138,156,400

**Average Rent:** \$1,483

**Units:** 1340

**Impervious Area:** 1,179,539 square feet

**Per Unit IA:** 880 square feet

**Baseline ERUs:** 492

Annual Fees	Tax (2022)	Baseline	Baseline + MF	Baseline + Base Charge	Baseline + MF + Base Charge
Total	\$23,487	\$92,570	\$45,719	\$89,861	\$44,399
Per Unit Average	\$17.53	\$69.08	\$34.12	\$67.06	\$33.13

# The Clarendon Apartments

(high rise)

1200 N Herndon St  
22201



**Assessed Value:** \$139,924,000

**Average Rent:** \$2,544

**Units:** 292

**Impervious Area:** 68,581 square feet

**Per Unit IA:** 235 square feet

**Baseline ERUs:** 35

Annual Fees	Tax (2022)	Baseline	Baseline + MF	Baseline + Base Charge	Baseline + MF + Base Charge
Total	\$23,787	\$5,456	\$9,963	\$5,371	\$9,741
Per Unit Average	\$81.46	\$18.69	\$34.12	\$18.39	\$33.36



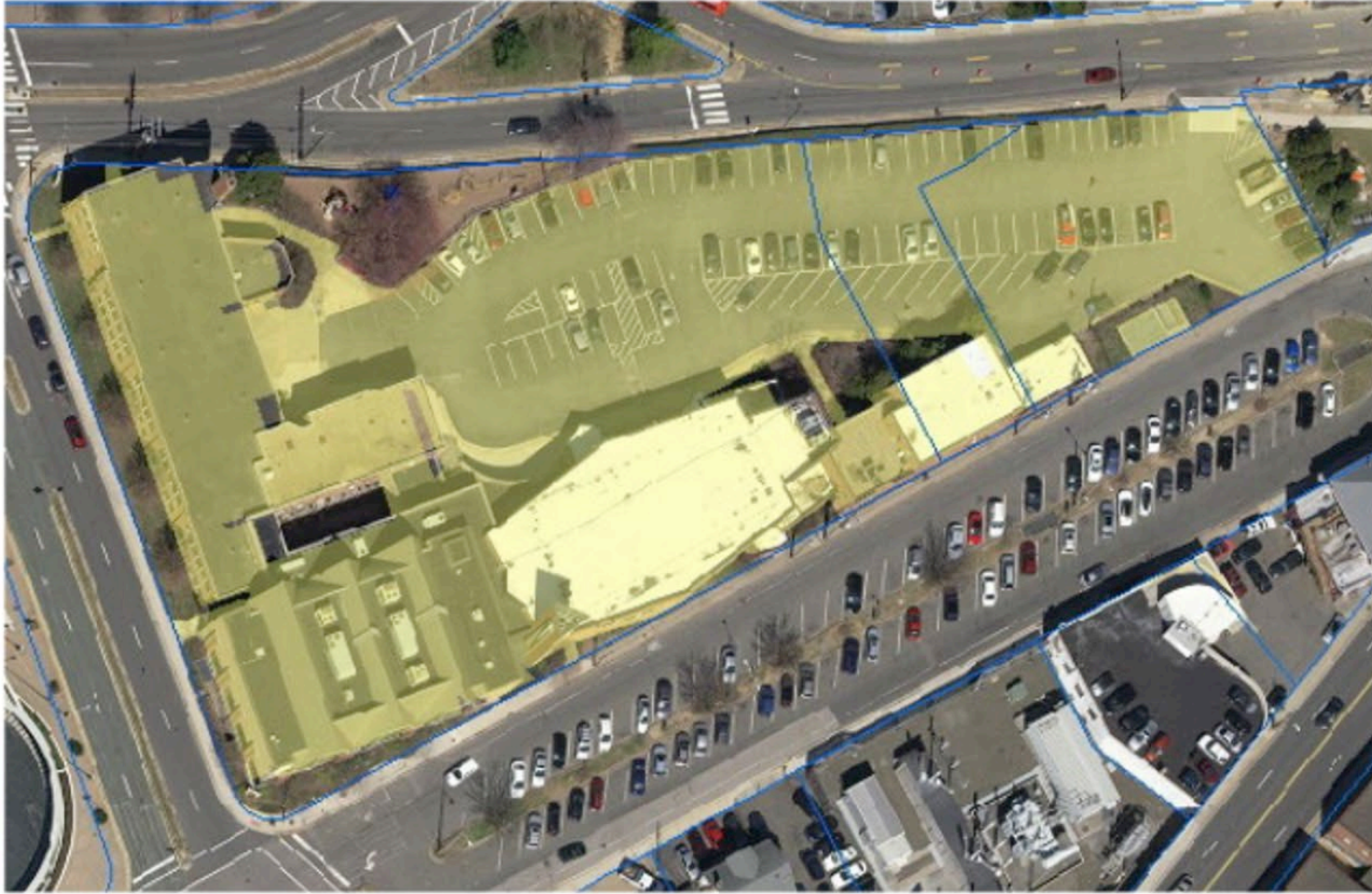
# Lyon Village Shopping Center

3115 Langston Blvd



**Assessed Value:** \$33,388,700  
**Impervious Area:** 164,203 square feet  
**Baseline ERUs:** 69

Annual Fees	Tax (2022)	Baseline	Baseline + MF	Baseline + Base Charge	Baseline + MF + Base Charge
Total	\$5,676	\$12,982	\$13,079	\$12,602	\$12,693



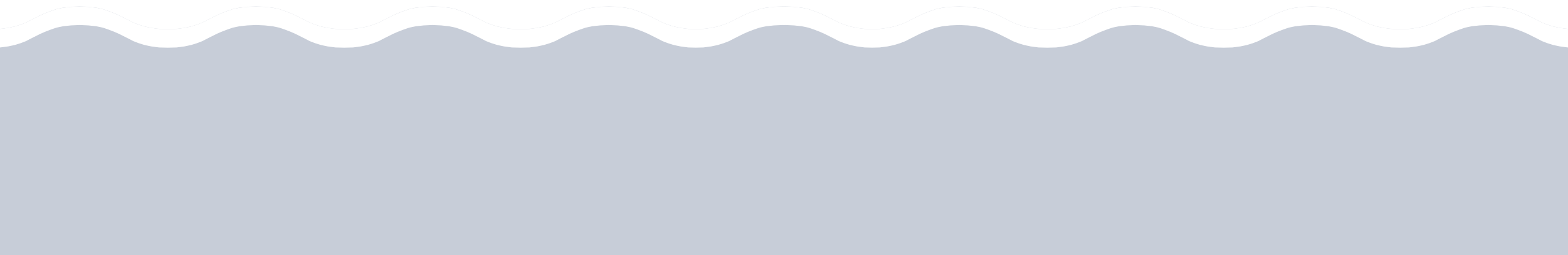
# Church

3304 Washington Blvd

**Assessed Value:** \$22,385,400  
**Impervious Area:** 88,198 square feet  
**Baseline ERUs:** 38

Annual Fees	Tax (2022)	Baseline	Baseline + MF	Baseline + Base Charge	Baseline + MF + Base Charge
Total	\$0 (exempt)	\$7,150	\$7,203	\$6,956	\$7,006

# Wrap-Up



# Wrap Up and Next Steps

Meeting	Topics	Approximate Date
Bill Impacts	<ul style="list-style-type: none"><li>• Review of bill impacts to customer types</li><li>• Share changes based on earlier input</li><li>• Credit program review</li><li>• Review of other jurisdiction credit programs</li></ul>	September
Review (If needed)	<ul style="list-style-type: none"><li>• Review recommendations</li><li>• Answer questions</li></ul>	October

# Engagement Opportunities

- Feedback form available through July 30
  - English <https://www.surveymonkey.com/r/8KZXGXY>
  - Spanish <https://www.surveymonkey.com/r/KKSQHCK>
- Stormwater Utility Open House July 17, 2-4 PM. Lubber Run Community Center
- <https://www.arlingtonva.us/Government/Programs/Sustainability-and-Environment/Events/Stormwater-Utility-Open-House>



# Questions

[www.arlingtonva.us/Government/Programs/Sustainability-and-Environment/Stormwater/Stormwater-Utility-Feasibility-Study](http://www.arlingtonva.us/Government/Programs/Sustainability-and-Environment/Stormwater/Stormwater-Utility-Feasibility-Study)

# Public Comment