



Stormwater Utility Implementation

County Board Work Session

Agenda

- Items to Consider
- Overview
- Rate Structure Recommendation
- Credit Program Recommendation
- Public Engagement Update
 - Stormwater Utility Bill Estimator Tool
- Timeline
- Next Steps

Items to Consider

Since the last work session, continued planning on the stormwater utility implementation and feedback from public engagement has informed three key areas we are seeking County Board feedback:

1. Rate Structure recommendation

2. Proposed credit program and manual

3. Recommended timeline

The following slides highlight staff recommendations for the rollout of the stormwater utility.



Overview

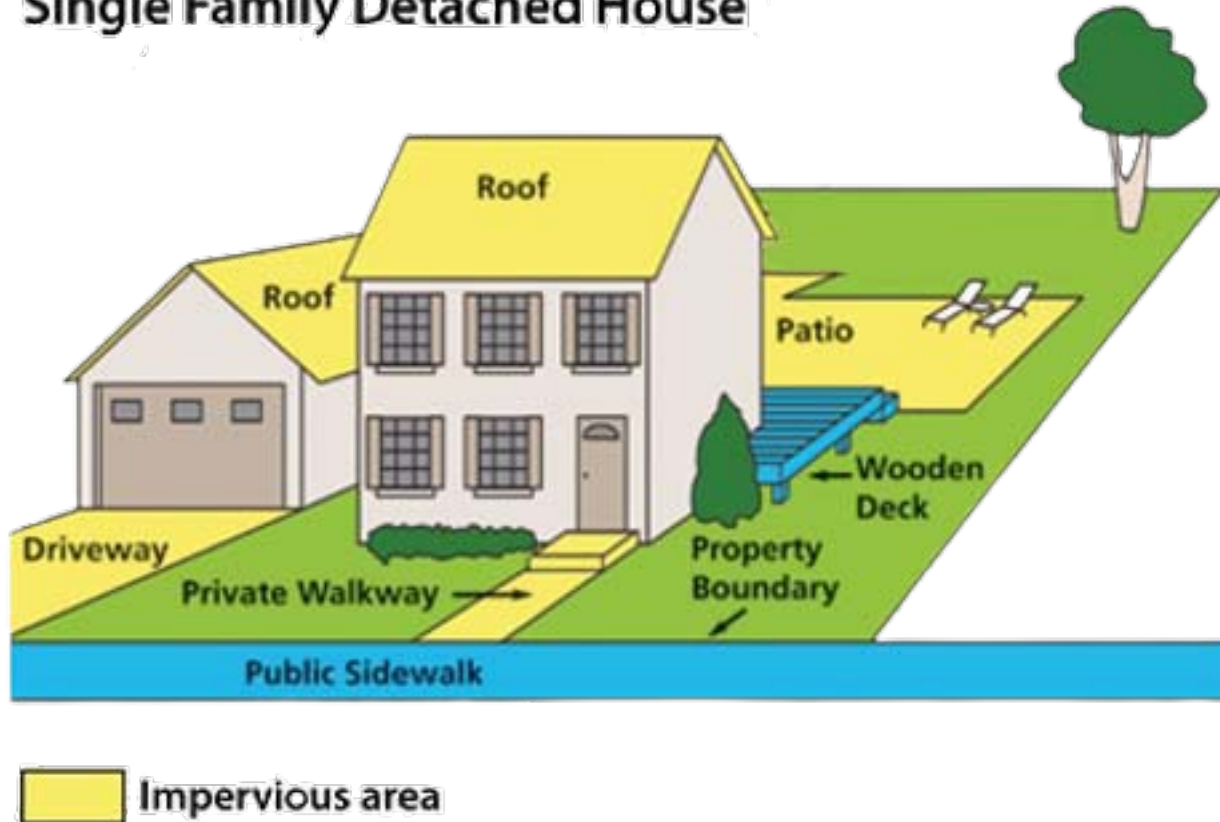
What is a Stormwater Utility?

- The stormwater program is currently funded through the Sanitary District Tax, based on a property's assessed value (delinked from actual Stormwater impact).
- A Stormwater Utility would replace the Sanitary District Tax as the mechanism to fund the County's Stormwater Management Program; it is based on the amount of hard surfaces (impervious area) on a property.
- Like electric, gas, or water utility bills, the stormwater utility would charge properties a user fee based on its use of and impact to the County's stormwater system
- A property's impervious cover is better correlated with how much stormwater runoff each property generates than the property assessment
- **Per State code, cannot offer exemptions for tax exempt organizations**



What is Impervious Area?

Single Family Detached House



- **Impervious Area (IA)** is the portion of a property that is covered with hard surfaces that don't let rain runoff soak into the ground.
- Examples include patios, roofs, driveways and walkways.
- Properties with more hard surfaces contribute more stormwater runoff to the system and would therefore pay a higher rate under a stormwater utility.

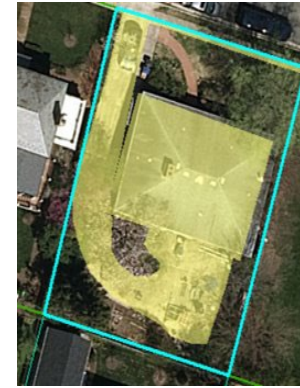
Why Change to a Stormwater Utility?

- ✓ **Demand-Based Fees:** Utility fees are based on a property's "contribution" to the stormwater system
- ✓ **Fairer basis of funding:** The current funding mechanism (property assessment) has no correlation to amount of runoff generated on a property
- ✓ Aligns with **industry trend** of funding stormwater management programs with a user fee

Rate structure is not designed to be an incentive program, but as a cost recovery mechanism based on runoff contributed by each parcel. This results in an equitable way to distribute costs of stormwater management.

How Would a Utility Work?

- Impervious area is measured through GIS imagery and is used to calculate the square footage of the impervious area.
- Properties would be charged based on a unit of measurement called an ERU or **Equivalent Residential Unit**– the median amount of impervious square footage specific to Arlington County.



3,997 sq. ft.



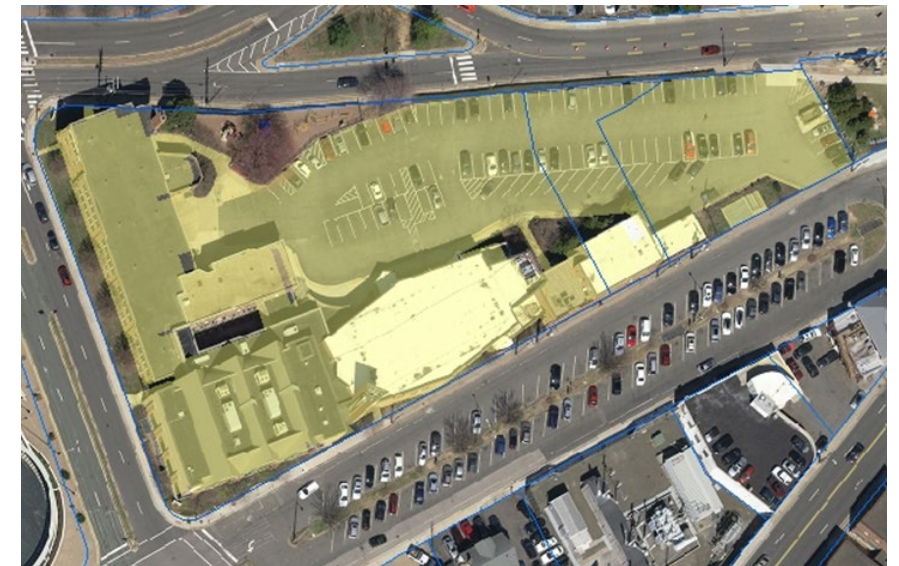
1,465 sq. ft.



3,419 sq. ft.

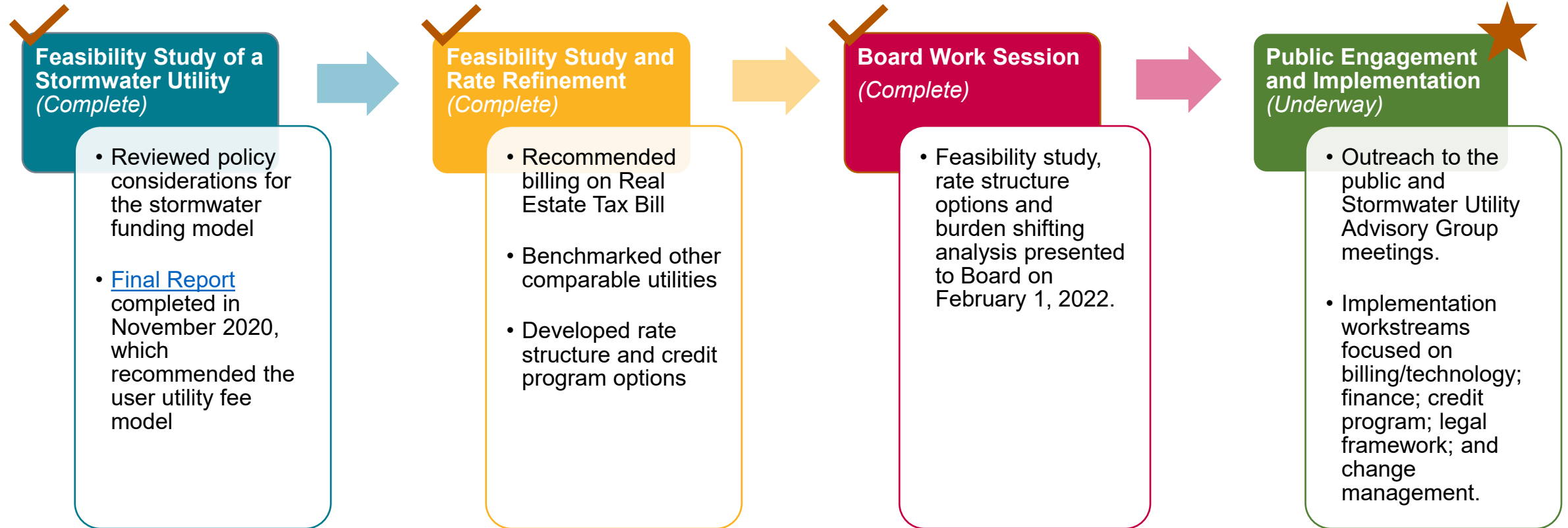
1 ERU = 2,400 sq. ft Impervious Area (IA)

Total ERUs x Rate = Annual Fee



88,198 sq. ft.

How We Got Here



Workstreams



Public Engagement

- Stakeholder Advisory Group and engagement with the public, non-profits and places of worship



Billing/Technology

- Impervious layer update through GIS
- Development of Stormwater Account Management System (SAMS)
- Billing and system integration



Finance

- Rate structure development and rate model



Credit Program

- Credit program development and drafting program manual



Legal Framework

- Billing and credit program legal review
- County Code changes



Change Management

- Business processes – bill dispute, credit applications, new construction

Rate Structure Recommendation

Fee Structure Recommendations for Property Types

Equivalent Residential Unit (ERU) = 2,400 sq. Impervious Area (IA)
 For planning purposes, 1 ERU = \$230 – \$250 per year



Rate Structure for Single-Family Residential (SF)

- Attached:

Single-Family Attached	Billed
Includes Townhomes & Duplexes	0.60 ERU

- Detached:

Tier	Impervious Area Range	Billed
Tier 1	≤ 1600 SF	0.60 ERU
Tier 2	> 1600 - ≤ 3600 SF	1.00 ERU
Tier 3	> 3600 - ≤ 4800 SF	1.70 ERU
Cap	> 4800 SF	Per ERU, like Non-Res (NR)



Rate Structure for Multi-Family (MF)

- Charged based on number of units per property

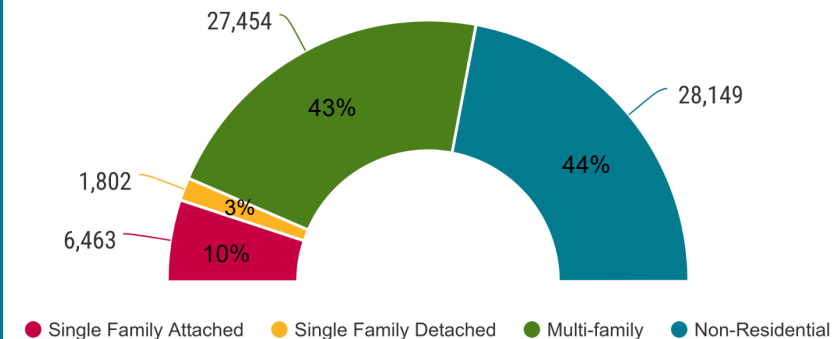
Multi-Family Residential	Billed
Per Dwelling Unit	0.18 ERU



Rate Structure for Non-Residential (NR)

- Charged based on impervious area (IA) of each property, per ERU

Properties billed a stormwater fee by customer class



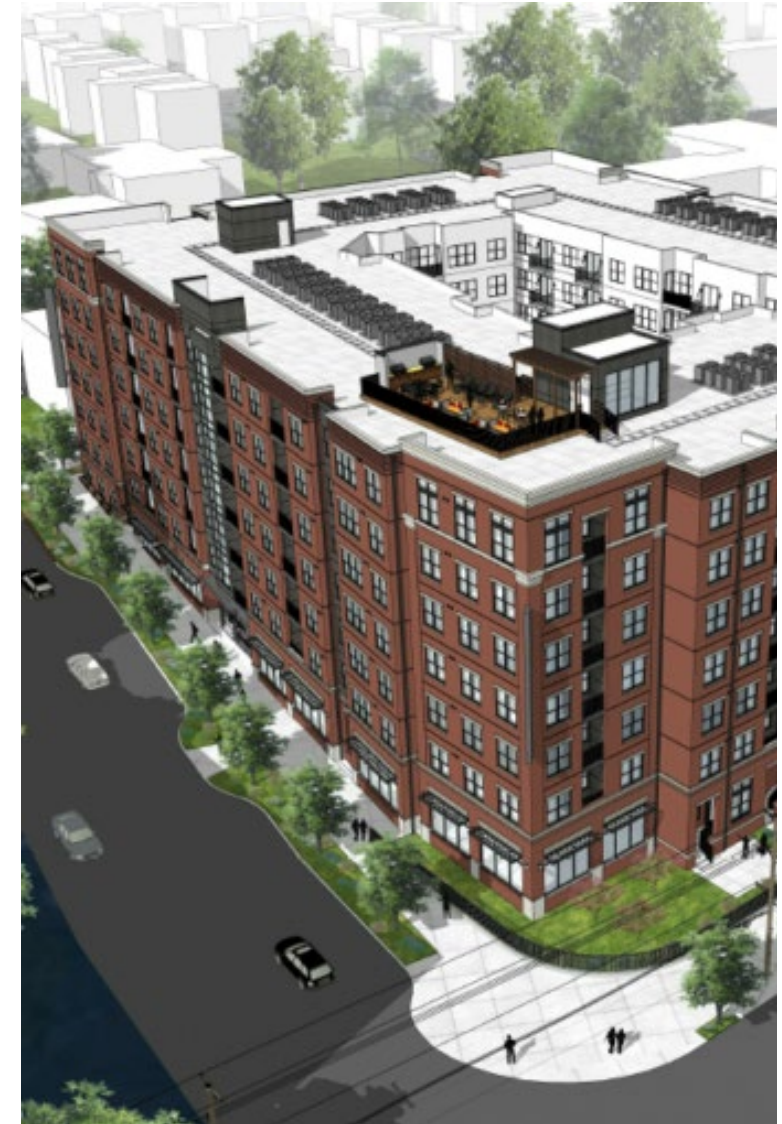
Rate Structure Recommendations

Multi-Family Residential (MFR) Customer Class

- Given the increased burden to affordable multi-family housing types, recommending flat-fee per unit
- The IA for all multi-family properties is totaled and divided by the total number of units in the class, resulting in a preliminary average **0.18 ERU** assigned to every unit

Outcomes of Adding MFR Customer Class

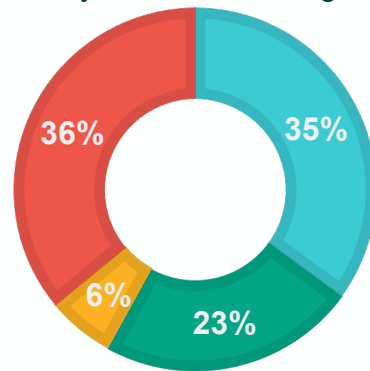
- Reallocates some of the burden away from garden-style/affordable apartments
 - Can't be assured that savings will be passed on to apartment dwellers, as they are not direct customers
- Shifts rates up slightly
- No other significant impact to SFA, SFD, and NR properties if MFR class is added
- Introduces more requirements for data acquisition and maintenance (unit data per property)



Burden Shifting

SANITARY DISTRICT TAX (CY 2023 LAND BOOK)

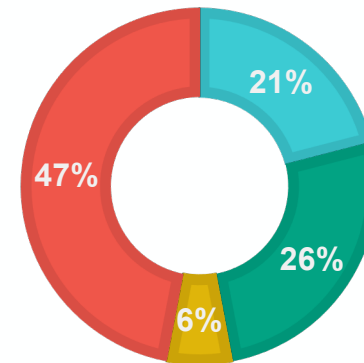
- Multi-Family
- Single-Family Attached
- Non-Residential
- Single Family-Detached



Sanitary District Tax = \$0.017/ \$100
assessed value results in annual
Median fee of **\$136**

ESTIMATED STORMWATER FEE

- Multi-Family
- Single-Family Attached
- Non-Residential
- Single Family-Detached



Stormwater Fee = ~\$230/ ERU
results in annual Median fee of **\$232**

Difference due to burden shift (typical SFD property) = ~\$96
Future increases in the rate will be due to primarily
to increases in the annual debt service

Stormwater Utility Fee Estimator

- The [fee estimator tool](#) was made publicly available in September 2022.
- Allows property owners to look up the ERUs for their property
- Feedback form available for comments and to report any issues
- Example Annual Rate is \$230-250 per ERU

ARLINGTON VIRGINIA Stormwater Utility Fee Estimator

Tools

I want to...

☆ 3500 14th ST N

Address: 3500 14th ST N
RPCMaster: 15081026
RPC: 15081026
Class: Single Family Detached
ERU: 1
Estimated Annual Fee: \$230.00 - \$250.00

Note:

Fee Calculated by: ERU x Rate.

[Add to Results](#) | [View Additional Details](#)

Example of Stormwater Fee Impact: Single Family - Detached Home (22202)



Prop	CY 2023 Assessed Value	Impervious Area (SF)	ERUs	CY 2023 Sanitary Tax	Recommended Utility Fee
A	\$906,200	1,390	0.6	\$154.05	\$138.00 – \$150.00
B	\$1,140,800	3,890	1.7	\$193.94	\$391.00 – \$425.00
C	\$1,177,400	3,480	1	\$200.16	\$230.00 – \$250.00

The most expensive home does not have the biggest utility fee.

** Assumes Sanitary District Tax rate of \$0.017/\$100 assessed value and stormwater utility fee is \$230-250/ERU*

Example of Stormwater Fee Impact: Multi-Family



Barcroft Apartments

1170 S Thomas St

Average Rent: \$1,483

Units: 1327

Impervious Area: 1,083,692 square feet

CY 2023 Sanitary Tax	Utility Fee without MF Option (for comparison only)	Recommended Option (include MF Option)
\$149,398,700 Assessed Value	1,083,692 sq ft IA = 452 ERUs	1327 Units = 239 ERU
TOTAL		
\$25,398	\$103,960 - \$113,000	\$54,970 - \$59,750
PER UNIT AVERAGE		
\$19.14	\$78.34 - \$85.15	\$41.42 - \$45.03

*Assumes Sanitary District Tax rate of \$0.017/\$100 assessed value and stormwater utility fee is \$230-250/ERU

Example of Stormwater Fee Impact: Non-Residential



Lyon Village Shopping Center

3115 Langston Blvd

Assessed Value: \$30,411,700

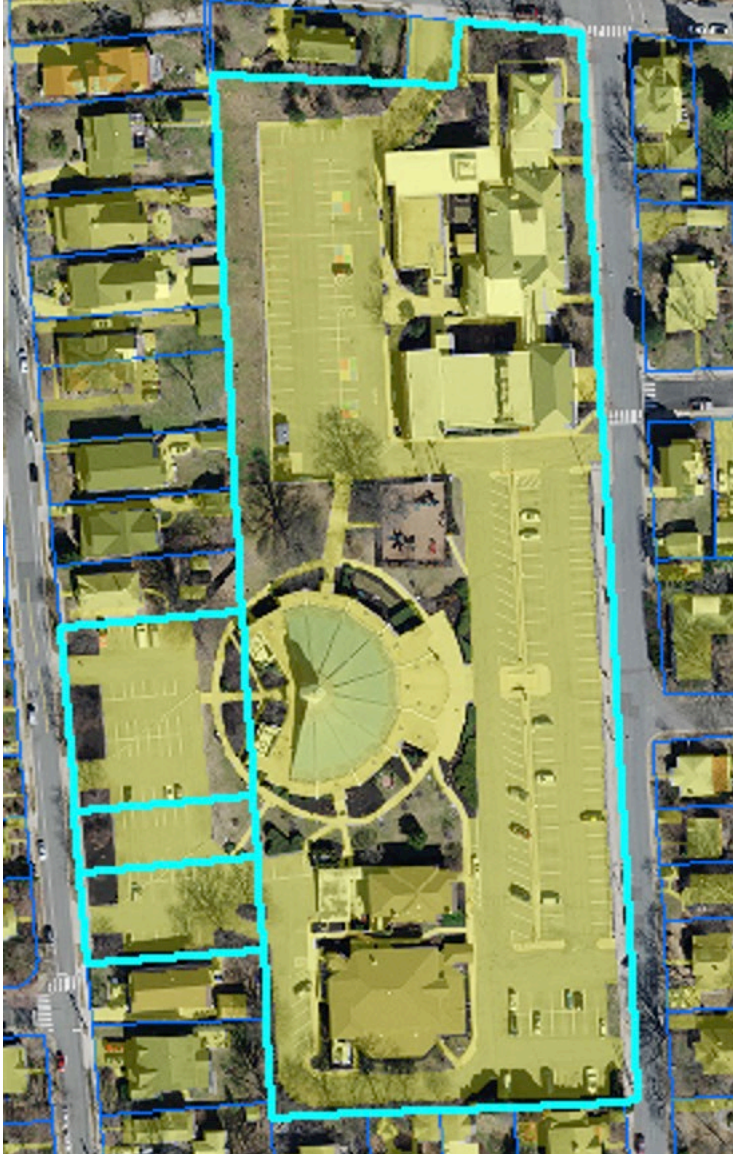
Impervious Area: 164,037 square feet

Baseline ERUs: 69

FY 2023 Sanitary Tax	Recommended Utility Fee
\$5,169.99	\$15,870.00 – \$17,250.00

** Assumes Sanitary District Tax rate of \$0.017/\$100 assessed value and stormwater utility fee is \$230-250/ERU*

Example of Stormwater Fee Impact: Faith-Based (Non-Residential)



Church

1914 N Randolph St

Assessed Value: \$11,817,000

Impervious Area: 203,663 square feet

Baseline ERUs: 86

CY 2023 Sanitary Tax	Recommended Utility Fee*
\$0 (exempt)	\$19,780 - \$21,500

* Assumes Sanitary District Tax rate of \$0.017/\$100 assessed value and stormwater utility fee is \$230-250/ERU

Credit Program

A Stormwater Credit Program Aims To...



Stormwater Credit Programs are a customer reward for doing the right thing.

Not a bill assistance program, but a “thank you” for helping the environment.



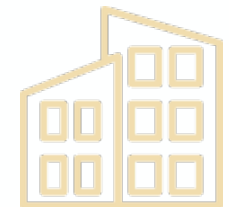
Support water quality



Create private opportunities that support public goals



Meet regulatory mandates



Promote private sector awareness and voluntary measures behavior

Credit Program Overview

Annual application period November 1 – January 15



Single-Family Residential:
Attached & Detached

Stormwater Facilities (LDA)



Multi-Family and Non-Residential

Stormwater Facilities (LDA)

Mandatory Structural
(mandated by statute)
Up to 15%

Voluntary Actions
5% each

- Conservation Landscaping
- Tree Planting
- *Rainwater Collection**

- Conservation Landscaping
- Tree Planting
- Stormwater Education Event
- Storm Drain Marking

Voluntary Actions
10% each

- *Rain Garden**
- *Permeable Driveway**

- *Rain Garden**
- *Permeable Parking Lot / Driveway**
- Adopt-a-Street
- Stream Clean-up
- Invasive Plant Cleanup
- Parking Lot / Private Street Sweeping

MAX CREDIT = 35%

**Existing actions are grandfathered in*

Credit Program Considerations

- Typical credit programs equate to ~1-2% of fee revenue
- 35% cap was selected given Arlington's larger initial baseline of credit program participants
 - 2,125 properties with Mandatory Credits, representing ~1% of Revenue.
- Credits by Customer Class, not by land use.
- Some credit options considered, but not recommended:
 - No Fertilizer Pledge
 - Certified nutrient plan
 - Permeable walkways and patios
- Credits will mainly be applied to individual parcels.
 - Exception for Voluntary Credits for multi-family and non-residential properties (which includes places of worship)



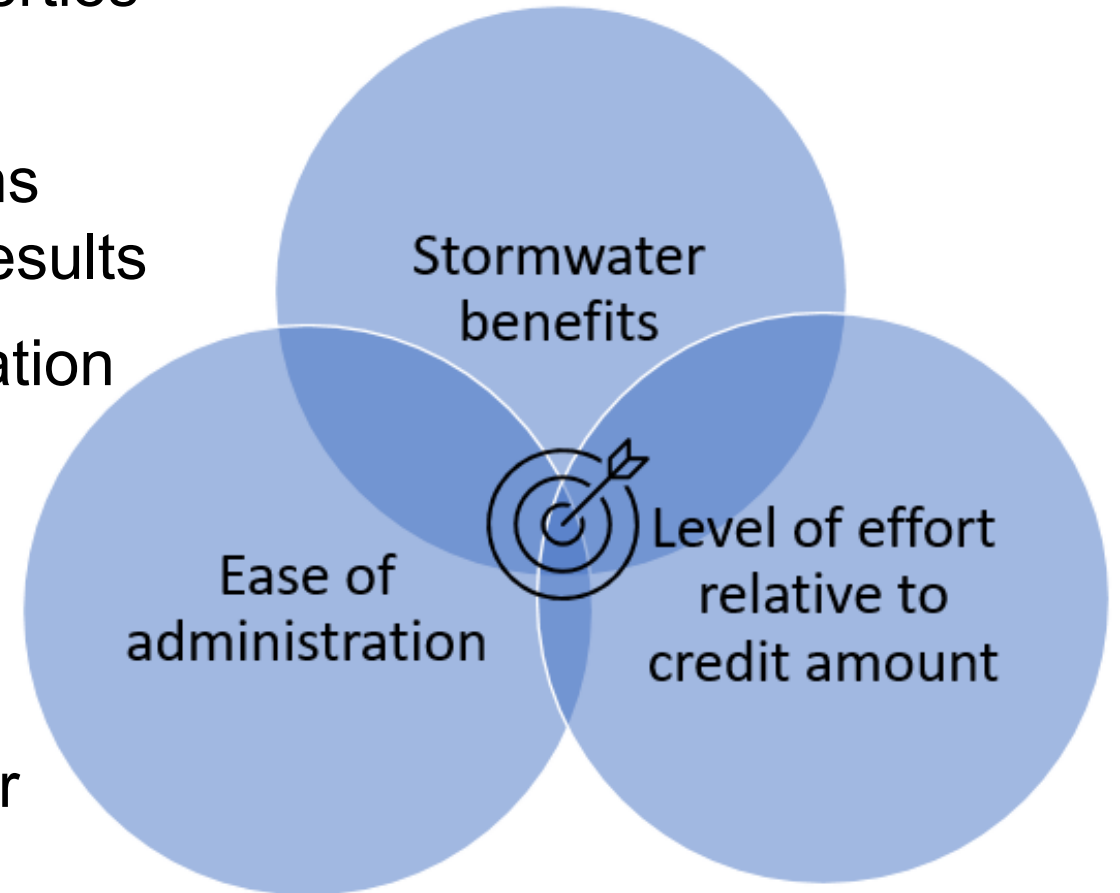
***Mandatory Credit Details:
2,125 current properties;
grows each year by ~250***

Installed before 2014, or
Streamlined permit (LDA) = 5%

Installed after 2014:
Less than 1 acre = 10%
Over 1 acre = 15%
LDA 2.0 = 15%

Balanced Approach to Credit Verification

- Automatic credits for compliant LDA properties
 - no separate application necessary
- Draft Credit Manual provides specifications and guidelines to public to achieve best results
 - Requires simpler minimum documentation to approve the credit
- Annual application for annual credits
- Bi-annual renewal for ongoing credits
 - Simple photo-based documentation for most credits
 - Self-certification for recommended maintenance actions



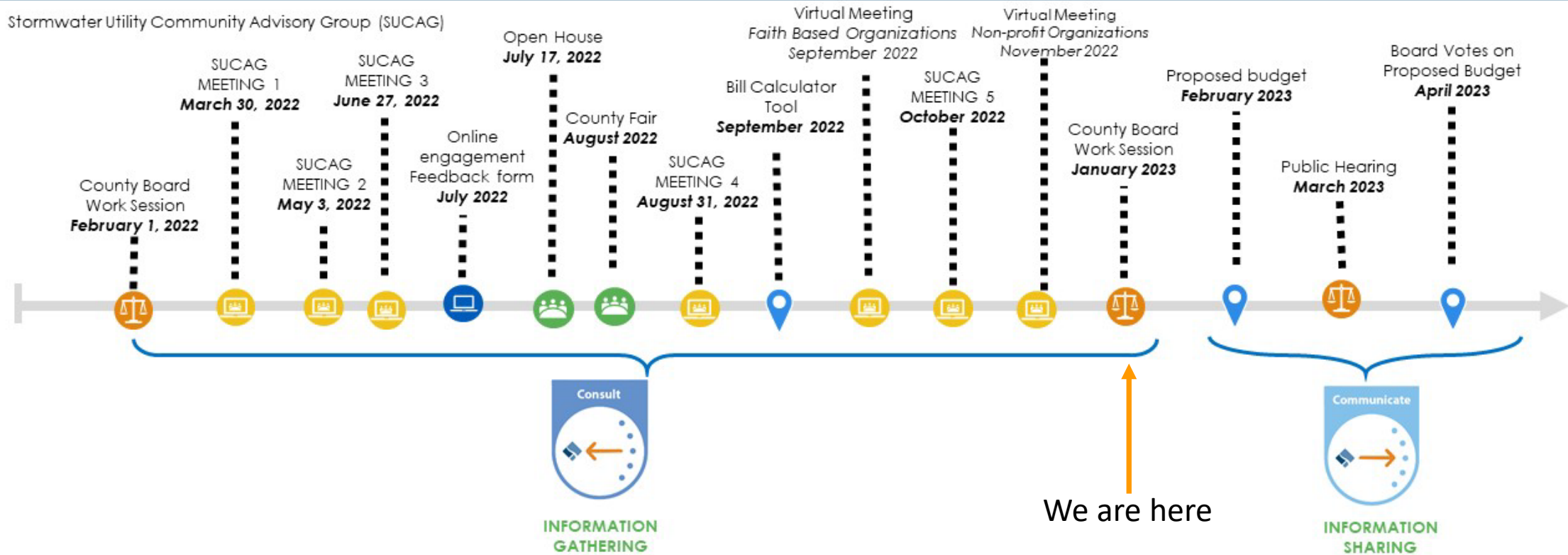
Public Engagement

Public Engagement Activities Timeline

Stormwater Utility Fee – Public Engagement Timeline

Project Contact:
Aileen Winquist
awinquist@arlingtonva.us

Project Funding:
N/A



Online Feedback
(e.g. questionnaire, feedback form, etc.)



In-Person Engagement and Pop-Ups
(e.g. community meeting, roundtable, tabling, walking/bus tour, deliberative dialogue, etc.)



Virtual Meeting
(e.g., TEAMS, TEAMS live, Zoom, etc.)



County Board Engagement
(e.g. public hearing, Board work session, open door Monday, commission meeting etc.)



Key Milestone

Public Engagement Summary

Engagement At-a-Glance

609 Feedback form responses

5 Stormwater Utility
Community Advisory Group
meetings

54 Participants in sessions for
faith-based and non-profit
organizations

9 Community events, including
presentations and an Open
House

Key Themes from Public Engagement



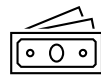
Additional time before implementation of the utility fee would help faith-based and non-profit organizations prepare for the new fee.



Stakeholders are very supportive of a credit program that acknowledges actions taken to reduce runoff or improve the environment.



The features on one's property that contribute to runoff should be the primary consideration for calculating one's stormwater utility rate.



Efforts should be made to **mitigate impact of this potential change for lower income residents**

Faith-based Organizations and Non-Profits Outreach

Outreach Activity

• Virtual meeting for faith-based organizations (FBOs)	Sept. 28
• Calling FBOs to inform them of project and invite to virtual meeting	Sept. 19 – Sept. 28
• Presentation at Arlington Interfaith Alliance	Sept. 29
• Infographic	September
• Project updates via email	Ongoing

What We've Heard from Faith-Based and Non-Profit Organizations

- Would like expanded credits for volunteer activities and higher credit cap
- Would prefer that credits apply to customer account instead of each individual parcel (for organizations that own multiple parcels)
- Current timeline is challenging for budget planning
 - Experiencing budget pressures due to decreased membership & inflationary impacts
- Would like consideration for the community services currently providing to community (e.g., food pantry)
 - Services provided have grown during and since the pandemic

How Feedback Shaped the Proposed Utility



Additional
implementation time



Deferred timeline

Concern about
impact for low-
income residents



Multi-Family Flat Rate

Credit program
volunteer options



- Credit program includes volunteer options with higher credit amounts.
- Applies to multiple parcels

Credits for new and
existing practices



- Credit program includes many options
- Some existing practices are grandfathered

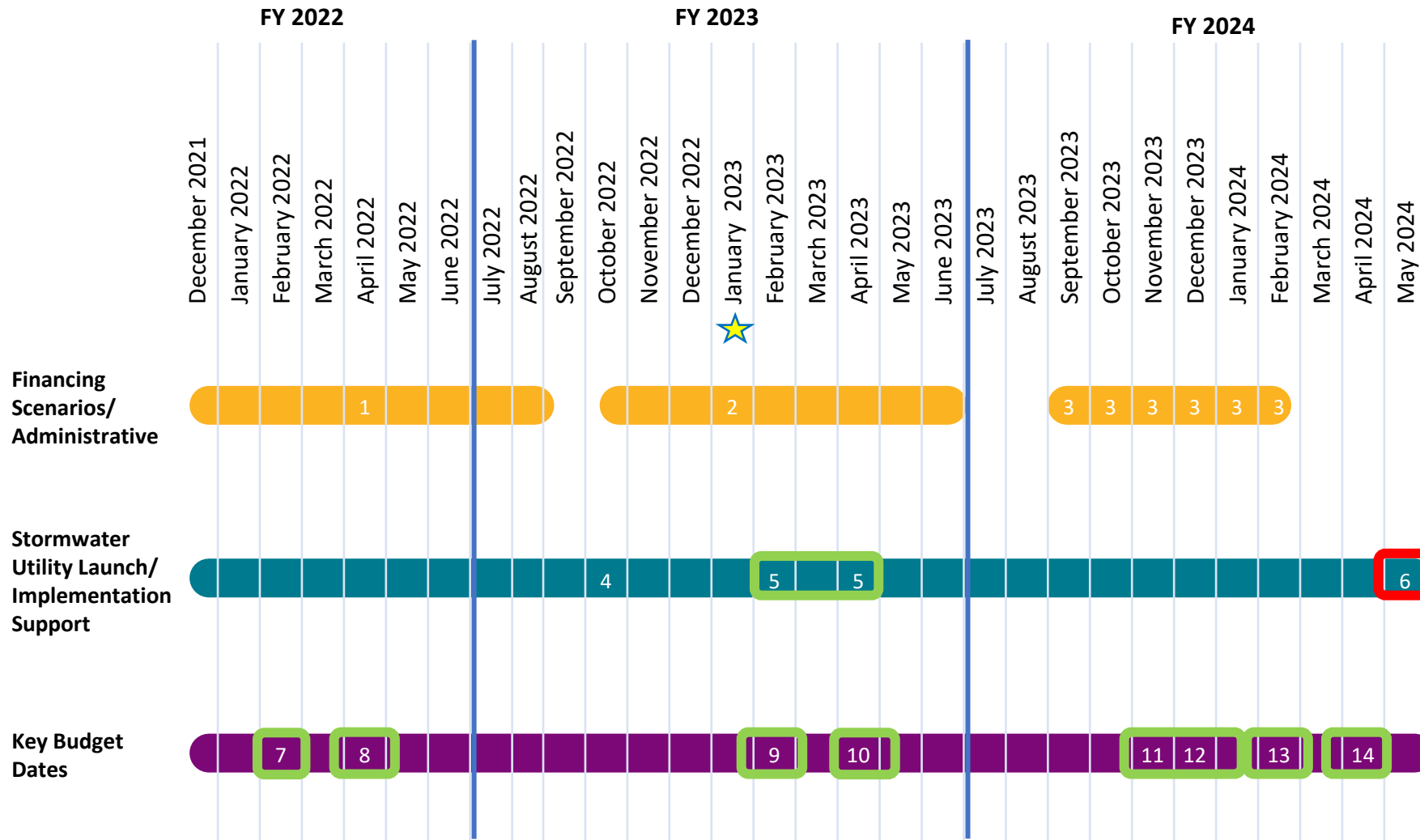
Timeline

Benefits of the Current Timeline: Utility Fee Effective CY 2024



- Public engagement feedback advocated for time to plan/ budget for the new utility fee.
- Allows time for voluntary credit actions to be implemented in year one
- This timeline provides a reasonable project pace resulting in less risk.
 - Thorough testing and QAQC is imperative; billing on real estate tax bill
 - Allows for more time to implement new processes
- Allows more time for communicating change to public, more time for faith community and non-profits to financially plan

Timeline: User Fee Effective CY 2024



- 1 - Final rate model delivered to County

- 2 - Finalize policy and regulatory updates

- 3 - Update Model for new projections and FY 2025 Proposed Rate

- 4 - Finalize Software Requirements

- 5 - Stormwater Resolution Advertised and Adopted to set Utility Rate structure and credit program

- 6 - Go-live/first utility bill*

- 7 - Advertise CY 2022 Sanitary District Tax Rate (During FY 2023 Budget)

- 8 - Adopt CY 2022 Sanitary District Tax Rate (During FY 2023 Budget)

- 9 - Advertise CY 2023 Sanitary District Tax Rate (During FY 2024 Budget)

- 10 - Adopt CY 2023 Sanitary District Tax Rate (During FY 2024 Budget)

- 11 - Advertise new Utility Fee for CY 2024

- 12 - Adopt new Utility Fee for CY 2024, & Repeal Sanitary District Tax

- 13 - Propose FY 2025 Stormwater Budget

- 14 - Adopt FY 2025 Stormwater Budget

★ We are here
 Board action/involvement
 Go-live/first utility bill

*New User Fee effective CY 2024

Next Steps

FY23



January 31, 2023
Receive County Board confirmation of rate structure and acceptance of credit program



February 18, 2023
Advertise resolution on stormwater utility and credit program



April 22, 2023
Adopt resolution

FY24



November 1, 2023 – January 15, 2024
Credit program application period open



November 11, 2023
Advertise ordinances and utility fee



December 16, 2023
Adopt ordinances and utility fee effective January 1, 2024. Eliminate Sanitary District Tax



Ongoing
Continue informing the public about the new utility fee, timeline, and credit program



May 2024
First stormwater utility fee bill sent to property owners (line item on property tax bill)

County Board Feedback

1. Rate structure recommendation

2. Proposed credit program and manual

3. Recommended timeline



Questions?

For more information, please visit
<https://bit.ly/ArlingtonStormwaterUtility>