

Non-Residential Stormwater Utility Fee Credit Program



Stormwater Utility Fee (SUF)

The SWWD collects a majority of its project fund revenue using a stormwater utility fee. A stormwater utility fee (SUF) is a property charge based on stormwater runoff characteristics for a type of land use. The SWWD currently calculates the SUF based on the design storm runoff volume for a typical single family residential parcel. This computed runoff volume defines the unitless Residential Equivalency Factor (REF) with a value equal to one. A key premise of the approach is that the typical single family residential parcel is associated with an average impervious percentage and acreage. The following criteria determine the total runoff for the unitless REF equivalent to one.

- Design event storm: 5-year frequency, 3.6-inch rainfall in 24 hours; and
- Typical single family residential parcel: 0.38 acres, 27.5% impervious.

Based on field checks done in the 2004 Stormwater Utility Update final report, it was determined that local new construction is creating a greater percent impervious per lot than the criteria for the REF. Thus the criteria may be adjusted in the future.

Stormwater runoff volumes increase as impervious cover increases, and as parcel size increases. This principle allows the REF to be scaled up or down according to impervious cover. Thus, the REF values are assigned to individual parcels based on their computed runoff volumes compared to a typical single family residential property. The REF value assigned to a parcel based on impervious cover is multiplied by the acreage of the parcel to obtain a Residential Equivalent Unit (REU) value. The REU for a parcel illustrates the number of typical single family residential parcels needed to generate an equivalent amount of stormwater runoff for that parcel.

Project Financing

There are two elements to the SWWD SUF funding process. The elements include:

- Separation of annual project implementation financing, and
- Weighted allocation of subwatershed project financing

The financing for the two elements is predicated on the basis of “management units,” administratively organized as the South Washington Watershed Management Unit, the East Mississippi Watershed Management Unit, and the Lower St. Croix Watershed Management Unit.

For annual projects which are implemented in the South Washington Watershed Management Unit, SUF revenue is directly obtained from that Management Unit. Likewise, for annual projects implemented within the East Mississippi Watershed or Lower St. Croix Watershed Management Units, SUF revenue is directly obtained from those Management Units.

Subwatershed project financing applies to capital improvement projects in the South Washington Watershed Management Unit. A weighted allocation of financing is achieved by distributing 25% of the total project cost across the entire South Washington Watershed Management Unit. The remaining 75% of the total Overflow project cost is assigned to the subwatershed(s) making up the contributing area for the runoff necessitating the project. Currently, financing of projects in the East Mississippi Watershed

and Lower St. Croix Watershed Management Units is equally allocated across all subwatersheds within the corresponding Management Unit.

SUF Credit Program

The SWWD has set standards for controlling the amount of stormwater runoff volume for new development projects. In addition to this standard, the SWWD supports voluntary efforts to reduce the stormwater runoff volumes leaving a property. By providing a framework to reduce the SUF for a property based on volume control BMPs, the SWWD provides financial incentive for voluntary efforts to reduce stormwater runoff. SWWD offers SUF credits for BMP retrofitting that reduces annual runoff volume. Likewise, credits are available to new and re-development projects that go beyond current SWWD volume control standards.

Currently, SWWD calculates SUF credits as an indirect translation of annual volume control into a financial benefit. First, SWWD determines the annual stormwater runoff reduction achieved, with respect to smaller events. Revised annual runoff is then used to calculate **effective imperviousness**, or the % impervious area that would result in the revised annual runoff in the absence of volume control BMPs. Finally, the SUF is reduced in proportion to the effective reduction in impervious area. For example, a 25% reduction in volume on a 10 acre site with 75% imperviousness would translate to a 30% reduction in effective imperviousness resulting in a 30% SUF reduction. While not as straight forward as a direct translation of volume reduction or effective imperviousness, this method increases the financial incentive for voluntary stormwater controls.

Volume control BMPs are generally geared toward small, frequent rain events that produce approximately 90% of annual stormwater runoff rather than the 5-year design event that is the basis of the SUF fee structure. Because volume control BMPs are focused on these smaller events, the maximum SUF credit is a 90% reduction from the current SUF. New and re-development projects can be awarded a BMP credit of up to 90% for voluntary BMPs that reduce runoff volume beyond what is required by current SWWD standards.

SUF Credit Process

Non-residential parcel owners must request a BMP credit/SUF reduction in writing prior to June 1st to ensure SUF reduction for the following payable tax year (by June 1st 2010 to receive credit for the 2011 tax year). Reductions will be allocated to the parcel after the SWWD receives all required information and verifies the volume control technique is functioning. The steps in the overall process are as follows:

1. Non-residential parcel owner or agent requests a BMP credit/ SUF reduction in writing before any site work is performed. Requests will be accepted at any time, but must be received by June 1st to ensure SUF reduction for the following payable tax year. Complete project design and modeling of runoff from existing and proposed conditions must accompany the request. Modeling guidance is provided in the SWWD Standards Manual.
2. SWWD verifies site conditions and reviews the request to ensure the proposed BMP is suitable based on site conditions. If necessary, clarifying information is requested to fully understand the proposed BMP relative to the parcel.
3. The potential BMP credit/SUF reduction is calculated for the parcel and approved by the SWWD Board of Managers. Applicant signs SWWD agreement/maintenance contract.

4. Following approval, the applicant implements the volume control BMP notifying SWWD upon project completion. A post-project site visit is scheduled to confirm the BMP is functioning and to verify site conditions.
5. Following verification of proper installation and BMP functioning, BMP credit/SUF reduction is applied for the following payable tax year.

Requirements

By initiating a voluntary volume control BMP, the non-residential parcel owner is undertaking efforts from which they financially benefit over time. The efforts also benefit water quality throughout the watershed. Owners must ensure the continued function of BMPs to continue receiving the BMP credit/SUF reduction. To ensure that volume control efforts are successful, the following requirements apply to all new and existing volume reduction BMPs on participating parcels:

1. Request for BMP credit/SUF reduction must be approved prior to project initiation.
2. The BMPs for a non-residential parcel should be identified and implemented based on guidance and design criteria identified within the SWWD Standards Manual and MN Stormwater Manual (MPCA).
3. Modeling to illustrate volume reductions will follow guidance provided in the SWWD Standards Manual and be verified by SWWD.
4. For structural improvements that affect the existing storm sewer drainage infrastructure, a qualified professional engineering licensed in Minnesota shall perform design work. Appropriate building permits must also be obtained prior to start.
5. A BMP may be implemented for some or all of a parcel. However, if that BMP receives off-site overland drainage from another parcel, the contributing off-site parcel does not receive credit unless a joint request is made.
6. If soil decompaction is pursued as a BMP, pre-project and post-project soil tests of bulk density must be performed and submitted by a competent soils scientist or professional engineer. The tests should show a minimum change of 15%.
7. The applicant must agree to the following:
 - a. Develop, submit, and implement an on-going maintenance plan to ensure continued functionality of all required and voluntary BMPs on site.
 - b. Submit annual self-reports documenting maintenance activities performed and status of the BMP(s). Self-reports must be submitted to the SWWD by the last business day of January.
 - c. Disclose the BMP credit/SUF reduction and requirements during any sale or ownership transfer of the parcel.
 - d. Allow SWWD access to inspect the status of the BMP(s).
 - e. If a BMP is deemed by the SWWD as no longer adequately functioning, the original REU charge for the parcel may be reinstated. Similarly, if a parcel owner is not responsive in timely submitting the annual self-reports the SWWD may reinstate the original REU charge for the parcel.

SUF Re-Determination

SWWDs first step in all BMP credit requests is a SUF re-determination. A separate re-determination request is not necessary for those requesting a BMP credit. Non-residential property owners not participating in SWWDs BMP credit program may request a SUF re-determination of impervious cover to

the SWWD Board, in writing, if they believe the existing determination is inaccurate. Parcel owners must submit a written imperviousness re-determination request to the SWWD prior to June 1st to ensure that any SUF reduction is applied for the following payable tax year. The SWWD will perform at its own expense the necessary efforts to evaluate the impervious percentage of a site which at times may involve the need to access the parcel. Upon completion of the re-determination, results will be presented to the Board for approval and reduction applied for the following payable tax year. Re-determination cannot result in an increased SUF. SUF reduction through re-determination is available to any non-residential property owner at any time. However, impervious re-determination generally will not consider volume reduction BMPs other than those resulting in a direct reduction in impervious area (e.g. pervious pavement) and SUF reduction through re-determination does not require a maintenance agreement. Exceptions will be made for owners that agree to enter into a maintenance agreement similar to that required for the BMP credit program. In such cases, the revised SUF will be a direct translation of effective imperviousness rather than the indirect translation method used for calculation of the BMP credit. While SUF reduction through direct translation of effective imperviousness may still be sizeable, the applicable SUF reduction will still be smaller than that offered in the BMP credit program.