

Appendix D Credits

To: File
From: Paul Nicklas, Assistant City Solicitor
Date:
Re: Credits

Overview and Goals

One of the most important considerations when setting up a stormwater utility district is fairness. Few property owners will want to pay a new fee in the first place, and a reaction will be even more negative if the fee is perceived as more than the property owner's fair share. Tying a stormwater fee to impervious area rather than property size is a good start towards fairness, but a property owner who has installed stormwater improvements on his property is still likely to object if an unimproved neighbor's property is assessed the same fee.

For this reason, many stormwater utility districts have a credit system. If a property owner has installed stormwater management devices (SMDs) that reduce the burden on the stormwater system, the property is assessed a reduced fee.

The amount of the fee reduced due to the credit should reflect a proportional amount of reduced burden to the municipal stormwater system. The credit system should not allow for a 100% credit for any property, though. It is virtually impossible for a property to completely mitigate all of its effects on stormwater, and there are some costs -- such as education, channel restoration, and administration costs -- that are not related to any one property and should be shared by all.

A second goal of a credit system should be to provide an incentive for property owners to install improvements on their property. A reduction in his stormwater utility fee may encourage a property owner to spend a little more to install SMDs, particularly for a property owner who is planning to redevelop a site.

Finally, a credit system should be simple enough to be easily understood by property owners.

Method

Choosing an appropriate method for computing a stormwater credit depends on the goal of the credit system. If the goal is to reduce imperviousness, a per-square-foot credit might be appropriate; if the goal is to reduce flooding, a quantity reduction credit based on previously measured runoff volume might work. In the urban impaired watersheds of Bangor, the primary goal is to enhance the water quality of the streams. Ideally, credits would be based on the extent to which installed SMDs affect the quantity and quality of discharge to the stormwater system, similar to the requirements under Chapter 500 for new development.

Measuring the extent to which each installed SMD prevents pollution from reaching a stream would be cost-prohibitive and probably impossible. A less expensive way to simulate this effect is to assign each SMD a credit value based on its expected pollutant load reduction, giving property owners knowledge of how much their credit would be before an SMD is installed. These values must be carefully chosen, and should take into account the size and nature of the area treated and the SMD's effectiveness at treating each pollutant.

Refinements

A property owner should receive a greater credit if an SMD he constructs treats water originating outside his own property, or if the SMD is constructed using his own as opposed to grant or utility funds. Compliance with the City's stormwater maintenance ordinance is expected, so full credits should only be offered if he is responsible for maintaining the SMD.

Should the credit value of a particular SMD not be on the preapproved list, or should the value be questioned, a test to determine its effectiveness should be employed.

Residential Properties

Including single-family residences in a credit system poses some challenges. It would be difficult to determine the reduced burden on the system from most residential SMDs, as their effect would be small compared to that of a larger SMD on a larger property. The number of residential properties in the City would make their assessment or inspection for credit purposes time-consuming and probably not cost-effective. A limited credit system for rain barrels or rain gardens might be feasible, however, particularly given its educational benefits.

Application

The best way to determine the appropriateness and amount of a credit for a given private property may be to have the property owner fill out an application, providing the information needed for the City to make a credit determination. In many cases, a property's post-construction stormwater maintenance plan (PCSMP), required for many properties by the City's stormwater maintenance ordinance, will provide much of the information necessary for a credit determination. In any event, the credit application should be brief and easy to complete, and City staff should be available to answer any questions that arise.

Sources:

Managing Wet Weather with Green Infrastructure Municipal Handbook: Incentive Mechanisms, USEPA, EPA-833-F-09-001, June 2009