

Potential Storm Water Fee Credit Policy Change Town of Davidson

Background:

Charlotte-Mecklenburg Storm Water Services (CMSWS) is tasked with stormwater management throughout Mecklenburg County, including installing and maintaining stormwater infrastructure, flood mitigation techniques, pollution and water quality monitoring and rehabilitation, stream restoration engineering, and other restorative and mitigation services to protect residents, properties and the environment. The City of Charlotte, Mecklenburg County and Towns partner to provide stormwater services. The services each entity contributes are funded from revenue generated from applying stormwater fees to all properties with impervious area. Impervious area (rooftops, driveways, parking lots, etc.) increases stormwater runoff, which can create flooding and impact water quality.

The net benefit of stormwater management is universally implied to each property. However, property owners who voluntarily install stormwater control measures to reduce runoff impacts, or those owners whose properties are located in areas with lesser impact to the stormwater systems, are eligible to receive a stormwater fee credit allowance. Based on the current fee credit formula, property owners are eligible for credits totaling 100% of stormwater fees, despite the benefit each property enjoys due to stormwater management.

By Interlocal Agreement, the City is responsible for all stormwater fee credit decisions within the City and the County is responsible for all stormwater fee credit decisions outside the City (including the towns).

Potential Change:

The current fee credit formula does not take into account the universal benefits all properties receive from the costs of stormwater management. CMSWS proposes a change to the fee credit formula to cap stormwater fee credits to balance the current disproportionate fee structure and to equalize the universal costs all fee payers have in common—the replacement of aging infrastructure, compliance with EPA water quality permits and the local administration of the National Flood Insurance Program.

Based on the spending analysis, it was determined that 28% of the City-County-Towns programs' expenses cannot be directly affected by fee-payer actions. These are universal costs and should be equally borne by all fee payers. CMSWS recommends to cap the maximum amount of fee credit at 72%, allowing the City and County to fully and fairly recover all of program costs associated with stormwater management.

Currently, fewer than 1% of all properties are eligible to receive a stormwater fee credit allowance. Under consideration is adjusting the four types of fee credits as follows:

- Catawba River properties – from 96.4% to 94.2%
- Countyline properties – from 100% to 95.5%
- Residential Ponds – from 48% to 35.7%
- Commercial Properties – current average 59.6%, average after proposed change 34.6%

This adjustment best reflects both the universal costs and benefits for all properties in Mecklenburg County.

Outreach:

CMSWS staff mailed notices to the approximately 2000 account holders with fee credits informing them of the opportunity to provide comment on this policy change recommendation – public meeting, website or contact staff. Four individuals attended a public meeting, eleven comments were received via the website and three calls were received by customer service staff.

The distribution of this fact sheet to the Towns is also part of the outreach/data gathering phase. The County felt it was important to take this step prior to potentially initiating the formal process (public notice, public hearing, etc.) of potentially changing the stormwater fee credit policy.

Storm Water Advisory Committee:

Throughout the process, CMSWS staff worked with the Storm Water Advisory Committee (SWAC). On January 20, 2016, SWAC endorsed reducing the maximum amount of the fee credit. However, SWAC endorsed reducing the maximum to 86% (midpoint between 72% and 100%) for the next three years and then reevaluating the policy based on the City-County-Towns programs' actual expenses.

Proposed fee credit impacts to accounts within the Town of Davidson:

By reducing the cap to 72%, the following would apply to the Town of Davidson:

- 50 Residential accounts on the Catawba River will see a monthly increase of either \$0.66 or \$0.72, depending on the amount of impervious area on the property.
- 25 Commercial accounts on the Catawba River will see an average increase of \$1.85 per month.
- Two commercial accounts not on the Catawba River will see an average increase of \$357.17 per month.

For the Town of Davidson, the estimated increase in revenue as a result of the decrease in the proposed fee credit is \$3,440, per year. This represents 1.7% of the Town's Storm Water revenue.

If the associated stormwater charges are less than the cost to send a bill (\$0.85 per bill), then the fees are waived. Additional information is available by contacting Dave Canaan at dave.canaan@mecklenburgcountync.gov or (980) 314-3209.