



Southeast Metro Stormwater Authority Potential Credit Analysis



Introduction

The SEMSWA Board Budget Subcommittee met on November 6th, 2008 to review the results of the second phase of analysis on SEMSWA's credit program options and to decide upon its recommendations to the Board for further action. The Subcommittee had met previously to review the first phase of analysis and narrowed the list of potential credits for this phase to the six. Two options are one-time credits on developers' System Development Fees (SDFs) while four of the options are on-going credits given annually to property owners. These credits are summarized in the table below.

Summary

Credit Name	Description and Eligibility	Benefits to SEMSWA	Estimated Financial Impact (Revenue Loss plus Administration Costs)
Quantity SDF Credit <i>(1)(2)</i>	One-time SDF credit to developers for treating off-site stormwater for quantity	Forestall future capital improvement; Private dollars spent instead of SEMSWA dollars	\$30,500 annual estimated \$115,000 maximum
Quality SDF Credit <i>(1)(2)</i>	One-time SDF credit to developers off-site stormwater for quality	Forestall future water quality improvements, costs, and degradation; Private dollars spent instead of SEMSWA dollars	\$30,500 annual estimated \$115,000 maximum
Quantity Annual Credit <i>(2)</i>	Annual credit to non-single family residential properties for retrofitting to meet quantity standards	Properties upgraded to current detention standards enhance both quantity and quality	\$125,000 annual estimated
Quality Annual Credit <i>(2)</i>	Annual credit to non-single family residential properties for retrofitting to meet quality standards	Properties upgraded to current standards enhance water quality; Potential reduction in future permit compliance costs	\$125,000 annual estimated
Low Density Single Family Residential Annual Credit <i>(3)</i>	Annual credit for properties classified as low density (percentage to be defined)	No immediate quantifiable benefits; May serve to improve public relations with some (7%) SFR property owners	Up to \$130,000 per year (if 35% credit given to each property) <i>plus</i> \$160,100 one-time administrative costs
Self Maintenance Annual Credit <i>(4)</i>	Annual credit to property owners that maintain SEMSWA/regional stormwater infrastructure	Direct savings to SEMSWA of maintenance <i>minus</i> administrative costs of inspections, owner agreements, etc.	\$0.79 per linear foot of maintained channel and \$800.00 for each 1-4 acre pond

(1) 75% growth rate was used for calculating the SDF credits

(2) For each of the four quantity and quality credits a 10% participation rate and an average 25% credit were assumed

(3) For the Low Density credit eligible properties were defined as the 3,302 properties with 20% impervious area or less and participation was estimated at 100% to provide the maximum revenue impact.

(4) For the Self-maintenance credit, Urban Drainage bids for maintenance were used to calculate the average savings for linear feet of channel and detention ponds maintained.

Recommendations

Based on the analysis and the Subcommittee and staff's discussion about the practicality, feasibility, and meaningfulness of the credits, the Subcommittee makes the following recommendations:

1. The SDF Credits for Quantity and Quality Control be implemented at the same time as and in conjunction with the SDF program.
2. The Annual fee Credit for Self-maintenance of infrastructure is recommended for implementation.
3. Annual Fee Credits for Quantity and Quality Control should not be implemented because they would not effectively incentivize behaviors and are uncertain in revenue impacts.
4. Instead of the Annual Fee Credits for Quantity and Quality Control, SEMSWA should implement a budgeted grant and technical assistance program to encourage retrofits of existing developments, starting with a \$50,000 budget for the first year.
5. The Annual Fee Credit for Low Density Single Family Residential Properties is not recommended for implementation.
6. The Subcommittee recommends that staff undertakes any further cost-benefit analysis needed and creates the standards, applications, and processes necessary to implement the three recommended credits and the grants program.