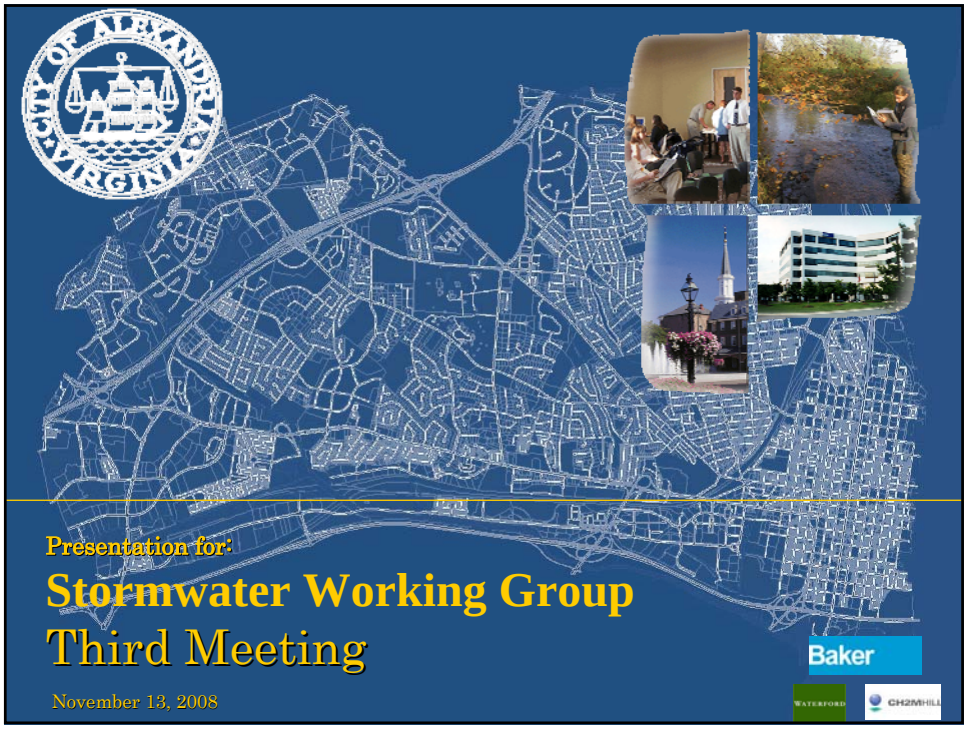

Presentation Outline

- SWG Recap
  - Feedback on interactions
  - Summary of stormwater needs
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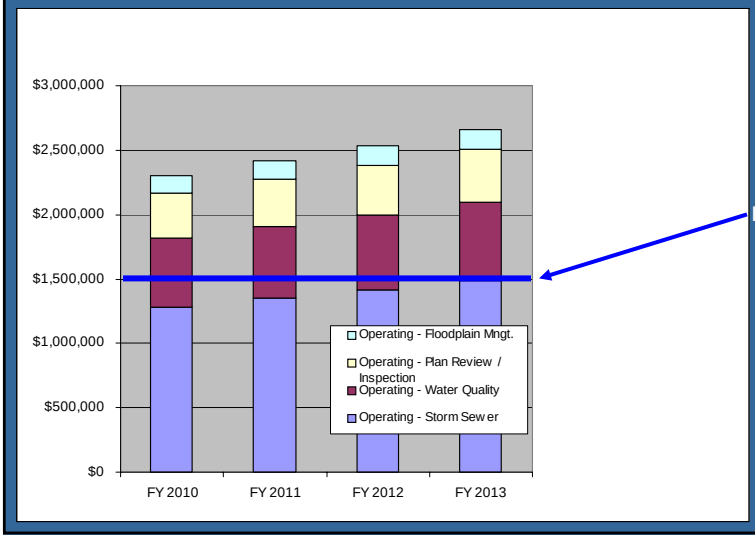
SWG Recap from Second Meeting

- SWG second meeting
  - Stormwater program needs and projections
  - Funding gap between needs and budget and the relationship to regulatory requirements
  - Initial discussion of funding options
- Feedback on interactions
  - Questions on the second meeting topics
  - Feedback received from stakeholders on any stormwater issues
- Point of Contact: Maurice Daly

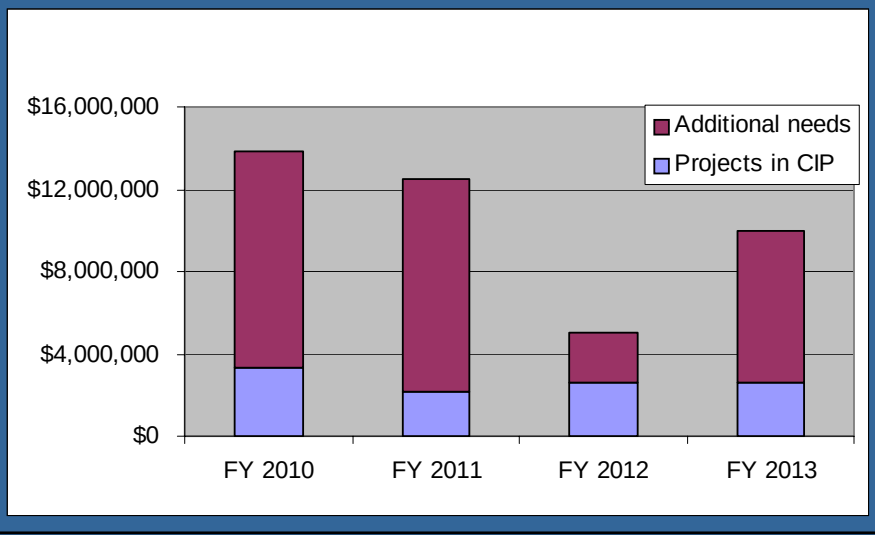
703-519-3400 Ext. 123
maurice.daly@alexandriava.gov

Summary of the Stormwater Program
Additional Operating Needs (gap)



Projection includes yearly escalation = 5%

Summary of the Stormwater Program
Additional Capital Needs (gap)



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How Does the City Fund the Stormwater Program?

- Current
  - General fund
  - Permit and plan review fees
  - Pro rata share
  - Bonds
  - Grants
- Possible future options
  - Direct taxation (second meeting)
  - Watershed improvement districts
  - Storm water utilities

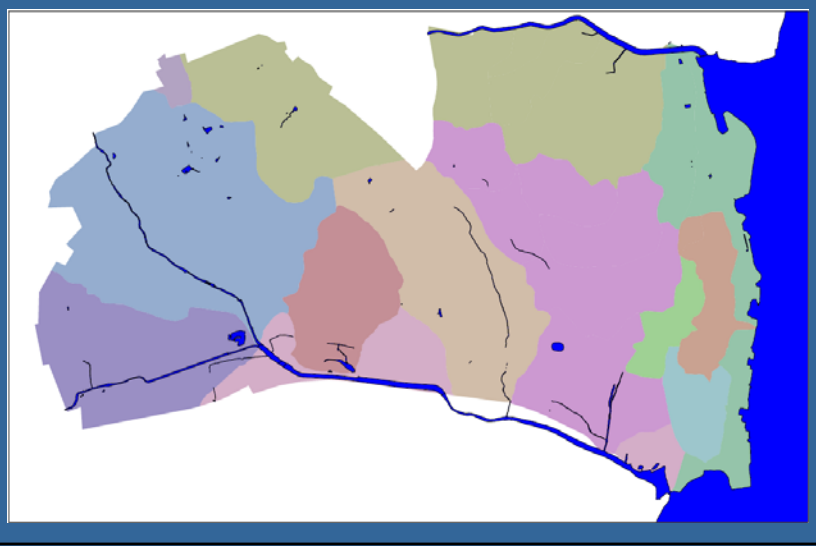
Considerations in Selecting Funding Options

- Identify reliable funding sources
- Consider at least one long-term mechanism, given size of program and nature of projects
- Include utility fee structure (set up an enterprise fund), in light of equity and reliability considerations
- Allow flexibility within some categories

Funding Option: Watershed Improvement Districts

- Special tax district that develops a charter, requirements and supporting fee for the construction of drainage, erosion, and stormwater-related improvements
- Benefits
  - Each district can set own stormwater program/fee
- Concerns
  - Each district could have different fees/requirements
  - No local government oversight under current regulations
  - Potentially several districts across City
- Most likely applicability
  - Managing a regional pond/lake (e.g., Lake Barcroft) or HOA or City watershed

City Watersheds



Funding Option: Watershed Improvement Districts

- Revenue potential
  - Up to governing board of newly created WID
- Implementation issues
  - Requires referendum vote by 2/3 in proposed district
  - Can be established with a soil and water conservation district by Code of Virginia Title 10.1-614 - 635
- Local example – Lake Barcroft WID
  - The Lake Barcroft Watershed Improvement District (WID) is a Virginia government agency (Political Subdivision of the Commonwealth of Virginia) founded in 1973. The primary responsibilities are the conservation of Lake Barcroft and its inherent environmental qualities, as well as, the operation and maintenance of the Lake Barcroft dam.
  - Operates on a levy of $0.103 (FY 08) per $100 assessed value on the residential property located in the district (FY 03 was $0.13)

Funding Option: Stormwater Utility

- Stormwater Utility
  - A method of providing a dedicated funding source for a municipality's stormwater management program
  - Typically set up as an enterprise fund
- New potential source for the City
  - Currently studying the feasibility of a stormwater utility vs. other funding sources
  - Enabling legislation: Code of Virginia Title 15.2, Chapter 21, Article 2, Section 2114

How are fees determined?

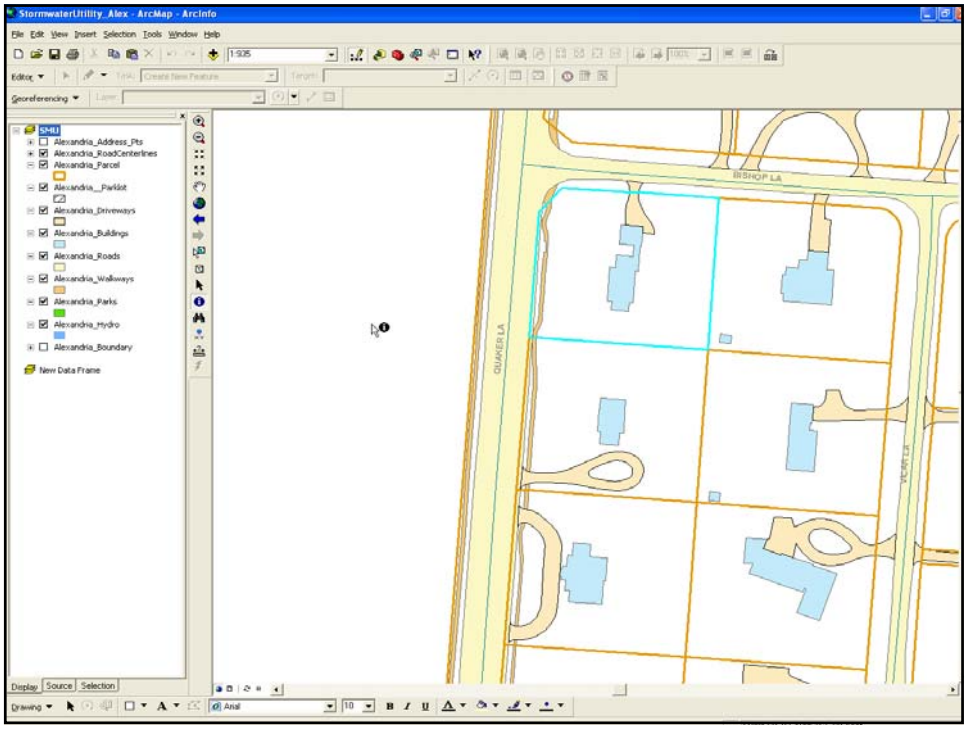
- **The stormwater management fee is based on:**
  - **The extent to which each property contributes to stormwater runoff**
    - **Example: the amount of impervious area of each property**
    - **Example: the amount of runoff from each property**
  - **The stormwater services (operating and capital) provided and the cost of those services**
  - **Policy decisions**

The selected rate structure should be fair and simple

Residential → Flat Fee

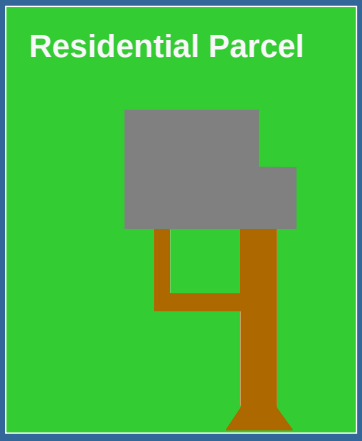
Nonresidential → Actual Impervious Area

Undeveloped → No Fee



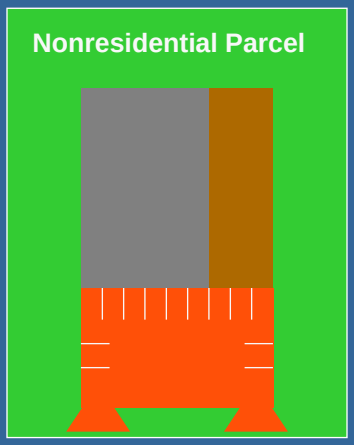
The typical residence defines the base unit (or equivalent residential unit)

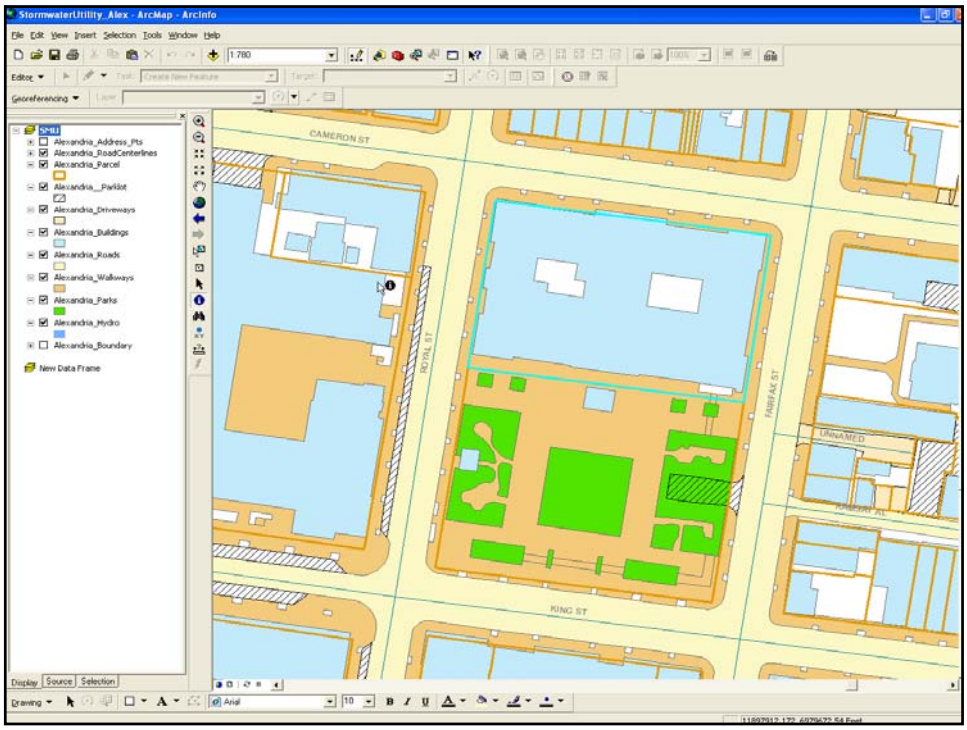
House Area	1,550 ft^2
Other Impervious Area	421 ft^2
Total	1,971 ft^2



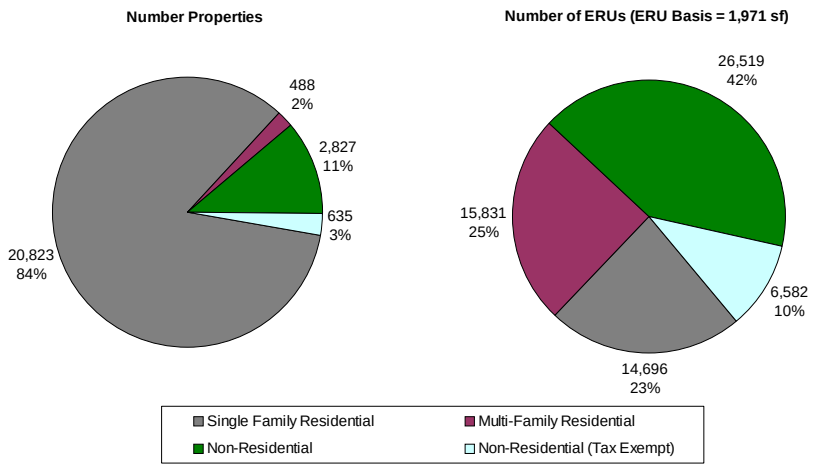
Businesses are billed as multiples of the base unit (or ERU)

Building Area	6,000 ft^2
Parking	10,000 ft^2
Other Impervious Area	3,710 ft^2
Total	19,710 ft^2





A stormwater utility ensures equitable contributions (based on impervious area distribution) from different property types



Funding Option: Stormwater Utility

- **Benefits**
  - Equity – fees are determined based on amount of impervious area of all properties
  - Provides a link between benefit and cost (e.g., your benefit or contribution to the problem)
  - Billing could be included in the property tax bill
  - Reduces reliance on general fund
- **Concerns**
  - Typically needs other funding sources to meet funding requirements
  - All properties pay since it is considered a fee (similar to water and sewer bills)
  - Use of funds is limited to stormwater-related services
  - More complicated to set up initially
- **Implementation issues**
  - Requires ordinance adoption
  - Public outreach needed
- **Applicability**
  - All stormwater-related services

Virginia localities can create stormwater utilities for funding:

- Planning, design, land acquisition, construction of stormwater facilities
- Administration of stormwater programs
- Engineering, construction, and debt retirement costs of stormwater facilities
- Facility operation and maintenance
- Pollution control and abatement
- Monitoring of stormwater control devices

Title 15.2, Chapter 21, Article 2, Section 2114, of the Code of Virginia

Stormwater management is a utility operation because:

- Developed property generates additional runoff
- A measurable service is provided by the City

Stormwater Utility Jurisdictions Comparison — Virginia and Metro Washington

Jurisdiction	Land Area (Sq. Miles)	Approximate Population	Rate ($/Yr/Unit)
Norfolk	66	241,727	94.17
Virginia Beach	310	439,467	66.07
Portsmouth	30	99,617	66.00
Newport News	69	181,647	58.20
Hampton	55	146,878	55.20
Chesapeake	353	210,834	53.40
Takoma Park		17,299	48.00
Montgomery Co.	496	932,131	35.50
Gaithersburg	10	57,365	35.50
Prince William Co.	345	357,503	26.36

Stormwater utility - typical ranges

- Stormwater Utility
  - Range of fees – VA & MD: $26 - $94 / yr / unit
  - Range of fees – Nationwide: $9 - $202 / yr / unit

Comparison of Funding Options

- **Ad Valorem Tax** (based on assessed property value)
- **Stormwater Utility** (based on impervious area contributions to stormwater runoff)

- **Operating**
  - FY09 approved budget: $1.5M
  - Additional needs (gap): $0.8 M - $1 M+ per year
- **Capital**
  - FY09 approved CIP budget: $3.8M
  - Additional needs (gap): $8 M+ per year

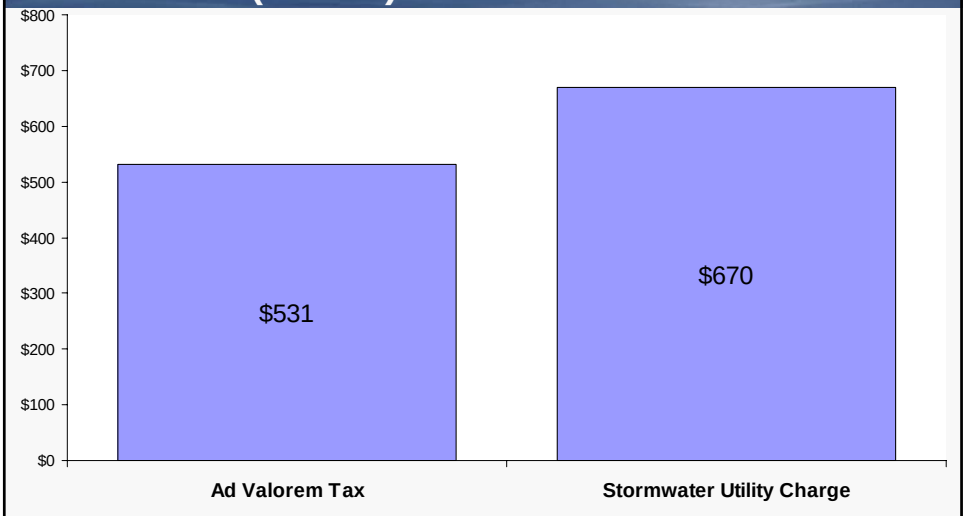
Ad Valorem Tax – Average Assessments and Potential Dedicated Charges

	2007
Average Assessed Value (Single Family Homes)	$660,866
Dedicated Charge for $0.01 per $100 Assessed Value	$66.09
Average Assessed Value of Condominiums	$341,008
Dedicated Charge for $0.01 per $100 Assessed Value	$34.10

Source: City of Alexandria, Virginia 2007 Comprehensive Annual Financial Reports (CAFR). <http://alexandriava.gov/finance/info/default.aspx?id=1814&terms=cafr>

Average Single Family Residential Charge to Generate Similar Target Revenue ($3.5 M) Based on a $0.01 per $100 of Assessed Value

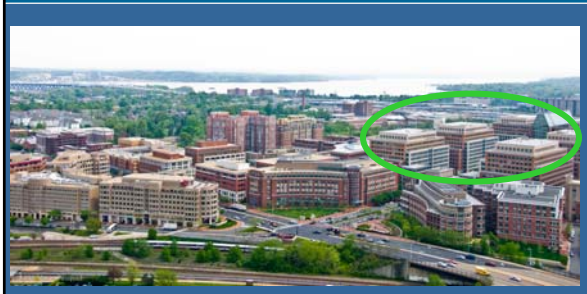
Average Non-Residential (commercial) Charge to Generate Similar Target Revenue ($3.5 M)



Source: 2007 City of Alexandria GIS Parcel and Real Estate Tax Assessment Databases.

Specific Property Comparison

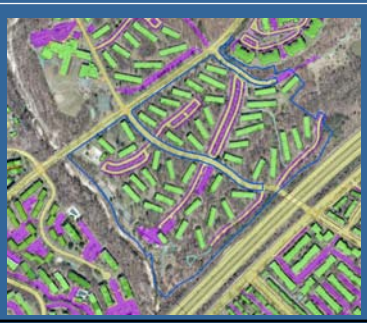
Selected Properties with the Highest Assessed Value	Estimated 2007 Assessed Value ($)	Estimated Charge Assuming $0.01 per $100 Assessed Value	Estimated Total Impervious Area (SF)	Number of ERUs (1 ERU = 1,971 SF)	Estimated Charge Assuming $55.01 per ERU
400 Dulany Street (Total for 5 Office Buildings)	$1,032,434,400	$103,243	530,689	269.25	$ 14,811
320 Jordan Street (Foxchase Apartments)	$300,046,000	$30,005	1,083,881	549.91	$ 30,251
5055 Seminary Road (Southern Towers Apartments)	$228,400,000	$22,840	1,095,970	556.05	$ 30,588



400 Dulany Street

Specific Property Comparisons

Selected Properties with the Highest Estimated Impervious Area	Estimated 2007 Assessed Value ($)	Estimated Charge Assuming $0.01 per $100 Assessed Value	Estimated Total Impervious Area (SF)	Number of ERUs (1 ERU = 1,971 SF)	Estimated Charge Assuming $55.01 per ERU
5055 Seminary Road (Southern Towers Apartments)	$228,400,000	$22,840	1,095,970	556.05	$ 30,588
320 Jordan Street (Foxchase Apartments)	$300,046,000	$30,005	1,083,881	549.91	$ 30,251
5501 Sanger Avenue (Garden Apartments)	$124,300,800	$12,430	969,697	491.98	$ 27,064

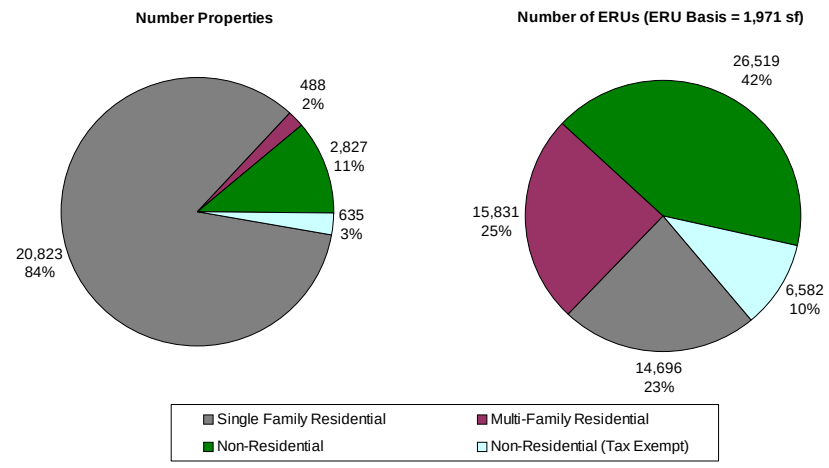


5501 Sanger Avenue

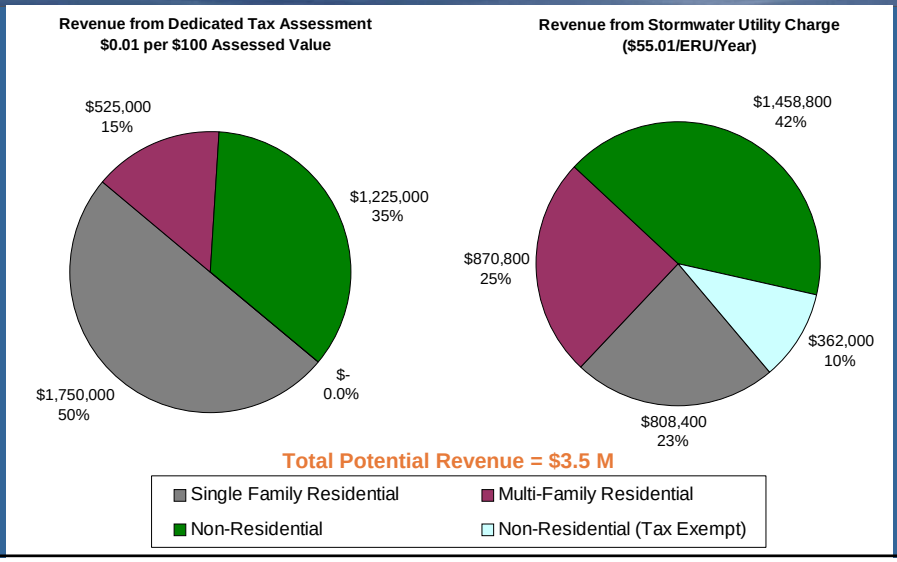
Example of a Typical Gas Station

Example of Commonly Known Property	Estimated 2007 Assessed Value ($)	Estimated Charge Assuming $0.01 per $100 Assessed Value	Estimated Total Impervious Area (SF)	Number of ERUs (1 ERU = 1,971 SF)	Estimated Charge Assuming $55.01 per ERU
317 Braddock Road	$1,281,630	$128	12,809	6.5	$ 358

Stormwater Utility: Number of Properties, and Distribution of Impervious Area



Potential Revenue Distribution: Ad Valorem Tax and Stormwater Utility



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Process to Develop Preliminary Findings

- Discussion tonight, Dec 11, and Jan SWG mtgs.
- Tonight: general reflection or "sense" of the SWG's findings related to its charge
  - Establishing need
  - Potential funding options
- After Dec 11: Draft preliminary findings
  - Comments via email
- Jan Meeting: review and discuss findings
- "Final" Preliminary Findings to City Manager: January 09

Process to Develop Recommendations

- Detailed discussion of funding scenarios and levels of service: January 09 SWG meeting
- Draft recommendations prepared in Spring/Summer 09 sent to City Manager
- Final recommendations in Fall 09 sent to City Manager
- Community and stakeholder meetings
  - Ensure stakeholder interests and needs are addressed
  - Plan to conduct meetings to facilitate two-way communication
  - SWG members serve as co-convenors

Discussion Questions

1. During the first two meetings, City staff presented information that showed that the stormwater needs in the City were driven by:
   - Regulatory requirements
   - Maintenance needs of aging infrastructure
   - Health, safety, and environmental considerations

Do you think that there is the need for a reliable funding source to address the City's stormwater needs?

Describe your view of the City stormwater needs

Discussion Questions

2. The funding options presented offer three different ways to distribute the responsibility for stormwater costs:
   - Assessed value distribution = Direct Taxation
   - Self-Imposed distribution = Watershed Districts
   - Stormwater impact distribution = SWU

What are the benefits and drawbacks of distributing the costs in these ways, considering the needs and interests of those you represent?

Discussion Questions

3. The funding options presented may have different impacts on individuals and businesses in the community. Potential impacts could include:
   - Environmental
   - Economic
   - Other factors

Describe one potential positive (benefit) or negative (drawback) impact for each funding option, considering how it might affect those you represent.

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SWG Meeting Topics

Mtg. 1	• SWG framework and meeting schedule • Stormwater program overview and funding
Mtg. 2	• Stormwater program needs and projections • Funding gap between needs and budget • Initial discussion of funding options
Mtg. 3	• Discussion on funding options (continued) • Stormwater utility briefing • Findings & recommendations process

SWG Meeting Topics – December and January

Mtg. 4	• Develop preliminary findings
Mtgs. 5 - ?	• Prioritization process (Level of Service) • Recommendations • Discuss plan for community meetings

SWG Future Meetings

- **Schedule**
  - October 16 and 30
  - November 13
  - November 15, 8:30 AM – SWG Tour
  - December 11
  - January 8
  - Additional SWG (TBD)
- **Future meeting time and location**

Questions & Answers