Stormwater Remediation Fees in Maryland

Presentation to the Senate Budget and Taxation Committee

Department of Legislative Services
Office of Policy Analysis
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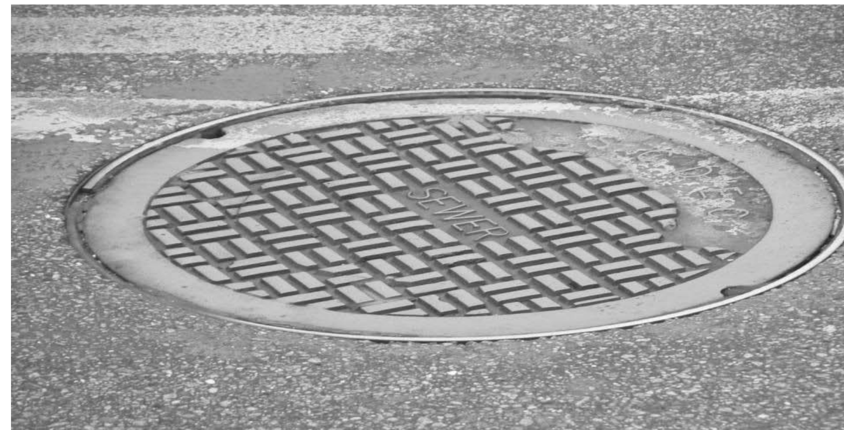
Outline

- Overview of Stormwater Management
- Local Fee Structure and Levels
- Fees and Other Stormwater Revenues
- Stormwater Cost Projections
- Policy Issues and Considerations

Overview of Stormwater Management

Traditional Stormwater Management

- Flood Control – remove water from streets, sidewalks, and parking lots as soon as possible
- Smaller Municipal Separate Storm Sewer System (MS4) Budgets
- Street Sweeping
- Infrastructure Maintenance
- Illicit Discharge Detection
- Public Education



Modern Stormwater Management

- Greater Environmental Component
- Environmental Site Design
- Much Bigger MS4 Budgets
- Restoration of % of Untreated Impervious Surfaces
- Show Compliance with Bay Total Maximum Daily Load (TMDL)
- Plan with and Pay for Best Management Practices

Overview of Stormwater Management Policy

What Is <u>NOT</u> New	**What <u>IS</u> New**
The Federal Clean Water Act (1972)	Bay TMDL (2010, but decades in making)
Stormwater Utility Fees (early 1970s)	The Phase II WIP (2012)
Chesapeake Bay Program (1983)	House Bill 987 (Chapter 151 of 2012)
NPDES MS4 Permits (1990)	Implementation of HB 987 (July 1, 2013)

NPDES: National Pollutant Discharge Elimination System
TMDL: Total Maximum Daily Load
WIP: Watershed Implementation Plan

Overlapping Stormwater Management Policies

- Chapter 151 of 2012 (House Bill 987) establishes funding for two existing, federally required, State-enforced environmental programs:

  (1) the local stormwater component of bay TMDL; and

  (2) the MS4 permit, including the Maryland Department of the Environment's (MDE) requirement to restore a specified percentage (> 20%) of untreated impervious surfaces

Local Fee Structure and Levels

Chapter 151 of 2012

- **Chapter 151 applies to**
  - 10 jurisdictions subject to a Phase I MS4 permit (Baltimore City and Anne Arundel, Baltimore, Carroll, Charles, Frederick, Harford, Howard, Montgomery, and Prince George's counties)

- **Chapter 151 requires each jurisdiction to**
  - Set up a stormwater fee and a local watershed protection and restoration fund
  - Establish certain fee exemptions
  - Establish certain policies and procedures for fee credits

Chapter 151 Fee Implementation

- New Fees - 6 Jurisdictions
  - Established significant new fee where none existed before
  - Baltimore City and Anne Arundel, Baltimore, Harford, Howard, and Prince George's counties
- Revised Fees - 2 Jurisdictions
  - Charles County: separated small stormwater fee from existing environmental service fee and increased it
  - Montgomery County: restructured large existing fee to comply with Chapter 151 but kept it at about the same level
- Small/No Fee - 2 Jurisdictions
  - Frederick County: established one cent per property fee
  - Carroll County: did not establish a fee

Chapter 151 Residential Fee Structure and Collection

- Flat Fee Structure - 2 Jurisdictions
  - Charles and Frederick counties
- Graduated Fee Structure - 7 Jurisdictions
  - Baltimore City and Anne Arundel, Baltimore, Harford, Howard, Montgomery, and Prince George's counties
- No Fee Structure - 1 Jurisdiction
  - Carroll County
- Fee Collection mechanism: 8 jurisdictions collecting on property tax bills; 1 jurisdiction through quarterly water bills

Chapter 151 Nonresidential Fees

- 2 jurisdictions have established a flat fee and 1 jurisdiction has chosen not to establish a fee

- Most jurisdictions have established a nonresidential fee rate based on the amount of impervious surface on the property, which is defined as equivalent residential unit (ERU) or impervious unit (IU)

- Fees per ERU or IU on a <u>normalized</u> basis are
  - $392 – Prince George’s
  - $610 – Harford
  - $1,259 – Anne Arundel
  - $1,307 – Howard
  - $1,502 – Baltimore
  - $1,593 – Montgomery
  - $2,489 – Baltimore City

Chapter 151 Fee Characteristics

- **Phase-ins – 4 Jurisdictions**
  - Example: Anne Arundel County – for single-family properties and those multifamily and nonresidential properties with a fee exceeding $500, charges will be phased in at 60% for fiscal 2014, 80% for fiscal 2015, and 100% beginning in fiscal 2016

- **Exemptions – 9 Jurisdictions**
  - Example: Baltimore County – in addition to exemptions specified in HB 987, includes exemptions for unimproved properties and nonresidential agricultural properties

- **Credits – 6 Jurisdictions**
  - Example: Montgomery County – offers credits against bill of up to 60% based on the type of stormwater practice installed and the volume of stormwater treated

- **Rebates – 4 Jurisdictions**
  - Example: Howard County – certain properties may receive a one-time reimbursement for the installation of certain approved stormwater practices

- **Nonprofit and Religious Fees – 5 Jurisdictions**
  - Example: Prince George's County – exemption available; county is developing regulations that allow submission of an Alternative Compliance Plan

Fees and Other Stormwater Revenues

Estimated Chapter 151 of 2012 Fee Revenues

Jurisdiction	Fiscal 2014 Estimated Revenue
Anne Arundel	$ 13,900,000
Baltimore City	16,700,000
Baltimore	24,300,000
Carroll	n/a
Charles	1,416,186
Frederick	488
Harford	1,050,000
Howard	10,800,000
Montgomery	22,882,420
Prince George’s	12,000,000
Total	**$103,049,094**
Montgomery	$22,882,420
New (Chapter 151) Revenue	**$80,166,674**

Note: Montgomery County collected a Water Quality Protection Charge prior to the enactment of HB 987 of 2012.

Estimated Fee and Other Revenues
($ in Millions)

Estimated FY 2014 – 2018 Revenues from all sources total approximately $1.7 Billion

Jurisdiction	FY 2014-2018 Fee Revenues	FY 2014-2018 Bond Revenues	FY 2014-2018 Other Revenues	FY 2014-2018 Fee Revenue as % of Total Revenue
Anne Arundel	$110.2	$292.5	n/a	27.4%
Baltimore City	129.2	103.8	n/a	55.5%
Baltimore	121.5	n/a	$50.0	70.8%
Carroll	n/a	n/a	23.0	0.0%
Charles	7.4	31.7	3.6	17.3%
Frederick	0.0	n/a	22.4	0.0%
Harford	43.1	n/a	n/a	100.0%
Howard	54.4	n/a	43.2	55.7%
Montgomery	147.3	120.0	6.2	53.9%
Prince George's	58.0	338.0	n/a	14.6%
Total	**$671.0**	**$886.0**	**$148.0**	

Local Projections of Stormwater Management Costs

Jurisdiction	Fiscal 2014-2018 Projected Costs	Projected Costs Annualized
Anne Arundel	$402,700,000	$80,540,000
Baltimore City	228,500,000	45,700,000
Baltimore	167,000,000	33,400,000
Carroll	34,069,366	6,813,873
Charles	47,440,600	9,488,120
Frederick	112,000,000	22,400,000
Harford	90,000,000	18,000,000
Howard	210,000,000	42,000,000
Montgomery	332,904,709	66,580,942
Prince George's	449,000,000	89,800,000
Total	**$2,073,614,675**	**$414,722,935**

Source: Local jurisdictions; Department of Legislative Services

Local Stormwater Management Cost Projections and Impervious Surfaces

Average Annual Cost Per Acre of Impervious Surfaces

	Acres of Untreated Impervious Surface	Projected Costs Annualized	Average Annual Cost Per Acre
Anne Arundel	14,887	$80,540,000	$5,410
Baltimore	23,373	45,700,000	1,955
Baltimore City	28,983	33,400,000	1,152
Carroll	6,449	6,813,873	1,057
Charles	2,607	9,488,120	3,639
Frederick	6,725	22,400,000	3,331
Harford	8,308	18,000,000	2,167
Howard	11,453	42,000,000	3,667
Montgomery	21,458	66,580,942	3,103
Prince George’s	22,020	89,800,000	4,078

Local Stormwater Management – Local Plans in Place to Fund at Least 80% of Estimated Fiscal 2014-2018 Costs

Jurisdiction	Total Revenues to Expenditures	Fee Revenues to Expenditures
Anne Arundel	100.0%	27.4%
Baltimore City	102.0%	56.5%
Baltimore	102.7%	72.8%
Carroll	67.7%	0.0%
Charles	89.9%	15.5%
Frederick	20.0%	0.0%
Harford	47.8%	47.8%
Howard	46.5%	25.9%
Montgomery	82.1%	44.2%
Prince George's	88.2%	12.9%

Policy Issues and Considerations

Policy Issues and Considerations

- Most jurisdictions' plans are nearly fully funded based on current fees, other revenues, and capital plans; 6 out of 10 jurisdictions have plans that fund 80% of the projected costs

- Each jurisdiction is at a different stage, not only in the implementation of the fee but in developing plans to meet all stormwater obligations; plans and projections will likely change

- Evolving planning process involves determining palatable fee level, other available revenues, and whether debt capacity can cover the remaining projected costs

- Varying local cost projections reflect the unique nature of each jurisdiction's geography, economic situation, and strategies to meet stormwater needs

- MDE has begun enforcement efforts to ensure compliance with HB 987 and with State and federal environmental laws

- Jurisdictions may learn best practices to reduce costs and innovative financing methods from collaboration with each other, the State, and others