

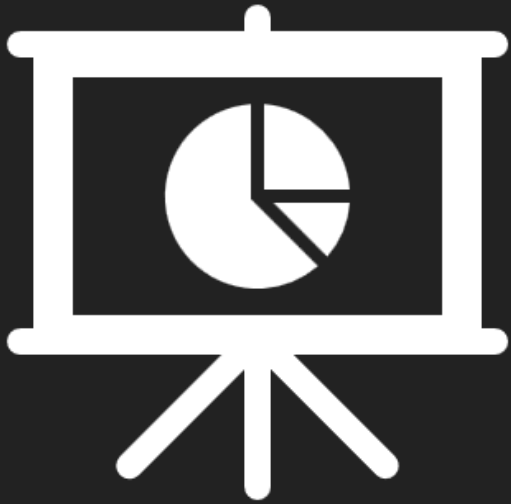
A close-up photograph of a metal storm drain grate set into a wet, textured pavement. Water is flowing through the rectangular openings of the grate, and some dry leaves and debris are caught on top. The scene is captured in a cinematic style with soft lighting.

City of Annapolis

FY2026 Stormwater Rate
Study



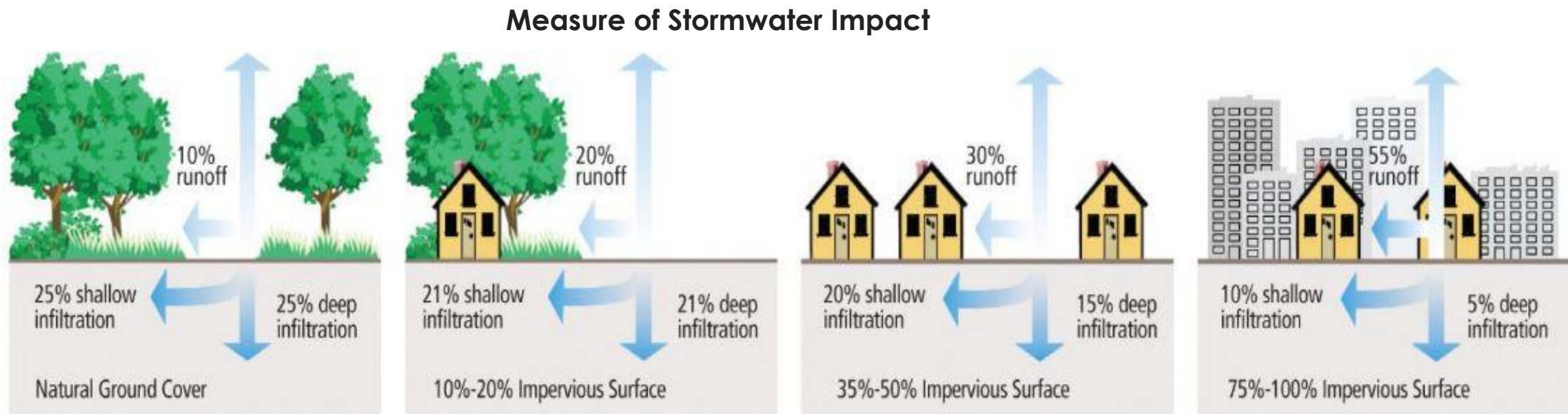
Agenda



- 1) Stormwater Fee Structure
- 2) Credits
- 3) Discussion



Stormwater Fee Based on Impervious Area



Source: Lowimpactdevelopment

Increasing Impervious Surface = Increasing Runoff Generated

Stormwater fees typically based on impervious area as it reflects potential use of and contribution to the system



Stormwater Fees (Current Structure)

Recommendation: 15% increases in stormwater fees are necessary to meet funding needs of stormwater system and restore balances

Quarterly Stormwater Fees

Residential	Current	FY 26
Single Family	\$30.83	\$35.45
Multi-Family (per unit)	\$15.41	\$17.73

Non-Residential (Impervious Area)	Current	FY 26
Tier 1: 0 - 5,000 sq. ft.	\$30.83	\$35.45
Tier 2: 5,001 - 25,000 sq. ft.	\$152.55	\$175.43
Tier 3: 25,001 - 80,000 sq. ft.	\$644.29	\$740.93
Over 80,000 sq. ft	\$1,992.92	\$2,291.86



Non-Residential Stormwater Utility Fee + Credit Program

PROPOSAL:

1. Change SW ERU fee structure from tiered to measured impervious area for non-residential ratepayers with the goals of:
 - more accurately reflecting existing impervious conditions and SWM practices
 - more equitable billing approach*

**Impact on non-residential ratepayers will vary, with some rates increasing and some decreasing.*



Recommended Structure

- Maintain current structure for residential properties as impervious area is relatively homogeneous

Residential	ERUs	FY 26
Single Family	1.0	\$35.45
Multi-Family (per unit)	0.5	\$17.73

- Transition non-residential to an ERU basis using impervious area (1 ERU equals 2,100 sq. ft)

Non-Residential	ERUs	FY 26
Measured Impervious Area	1.0	\$35.45 per ERU



Example Non-Residential Property

- Property owners with more impervious cover would pay more to fund the stormwater system (not limited by tiers)
- Fee based on measured impervious area as multiples of ERUs



Impervious Area

Roof: 15,000 sq. ft.

Parking Lot: 6,000 sq. ft.

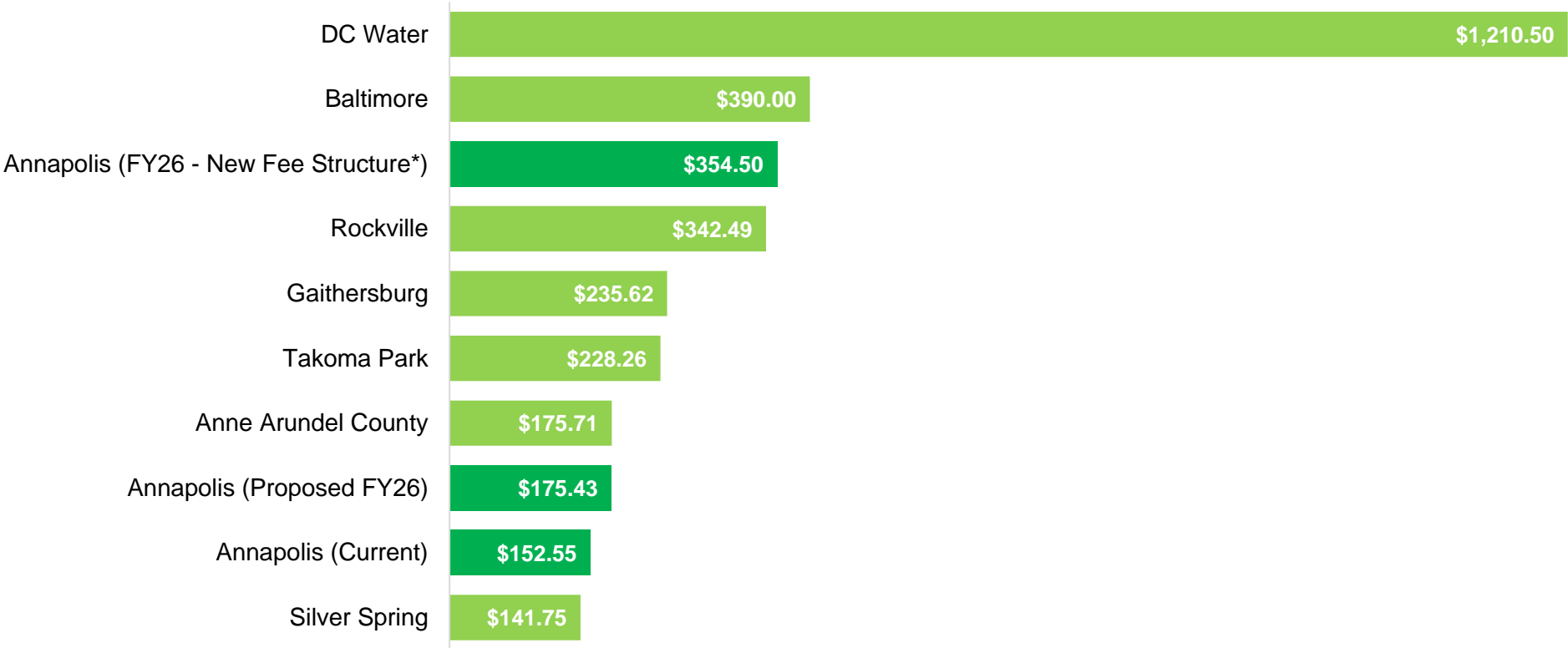
Total: 21,000 sq. ft. = 10 ERUs

$$\text{Fee} = \frac{\text{\# of ERUs}}{\text{Impervious Area}} \times \text{FY26 QTR Base Rate} = (10 \times \$35.45) = \$354.50 \text{ QTR}$$



Stormwater Fee Comparison

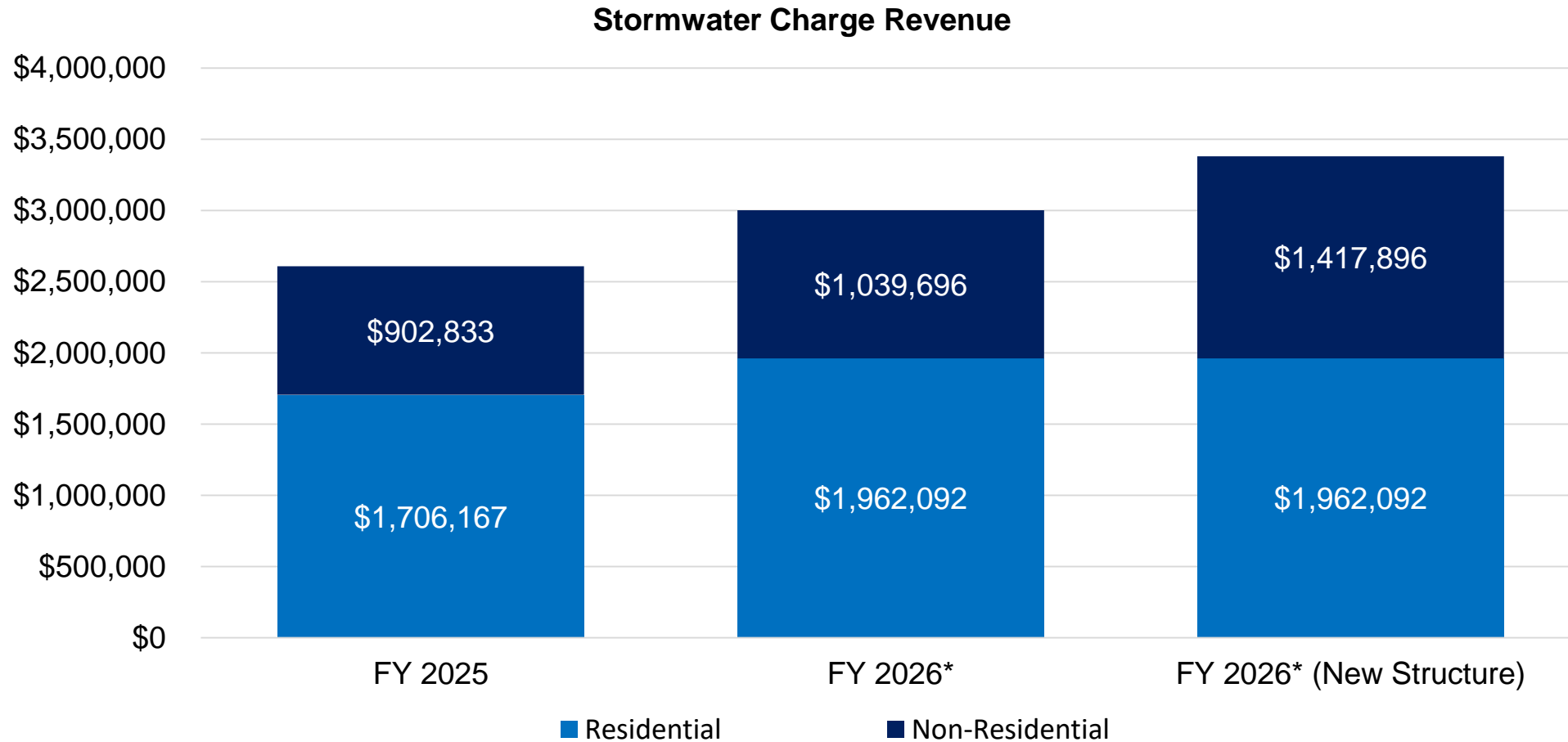
Quarterly Stormwater Bill Comparison - Non-Residential (21,000 sq. ft. Impervious)



**Does not include any stormwater fee credits*



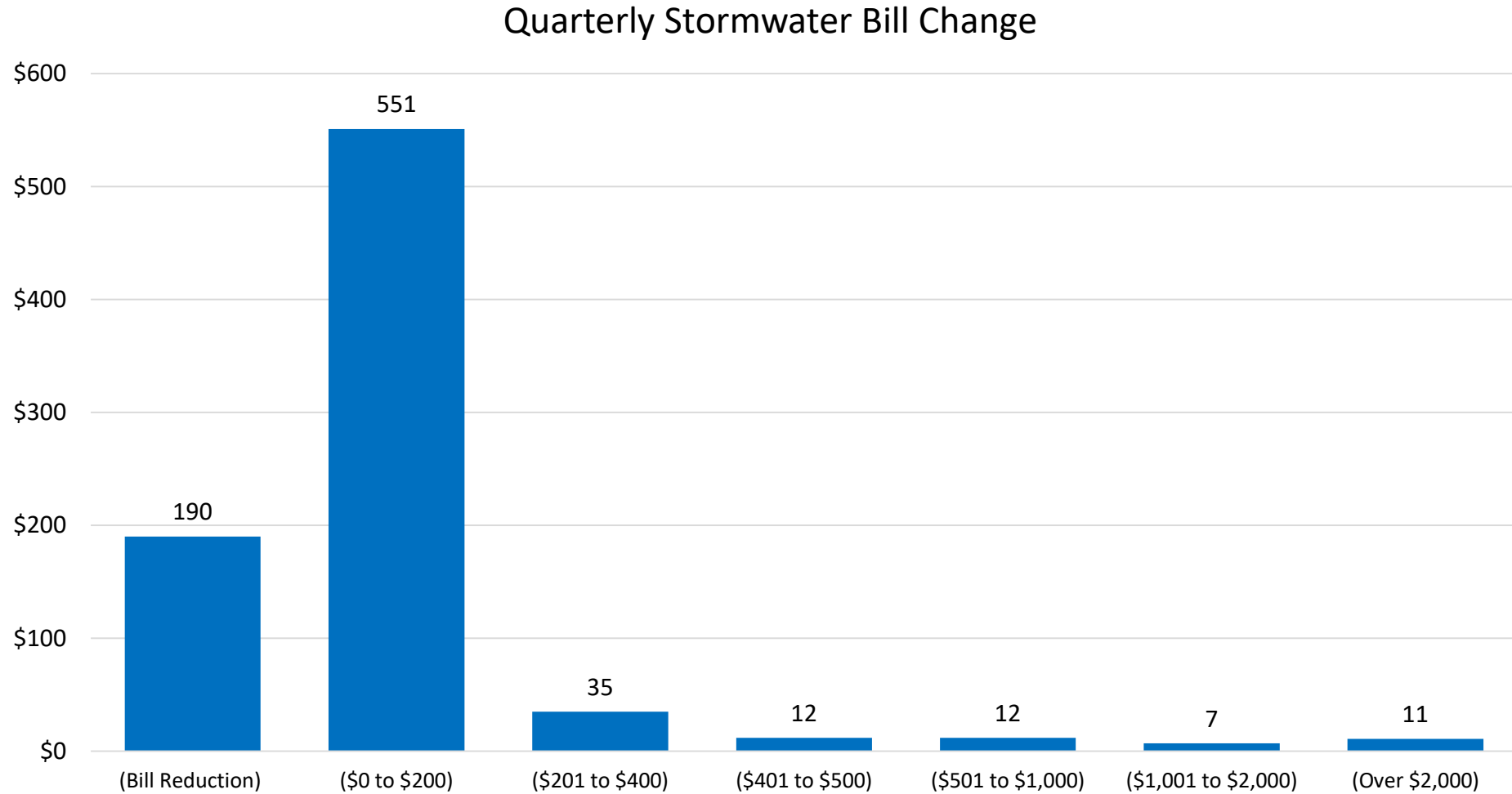
Annual Stormwater Fee Revenues by Property Type



**Assumes adoption of 15% stormwater fee increase*



Distribution of Impacts on Non-Residential Ratepayers



Note: Represents change from use of current tiered fee structure



Distribution of Impacts by Property Use

Type	FY 26 Current (Quarterly Total)	FY 26 New Structure (Quarterly Total)	Quarterly Change
GOVT-S/F/O	\$11,144	\$18,507	\$7,363
OFFICES	\$39,187	\$47,828	\$8,642
SCHL-NOTPB	\$5,145	\$13,721	\$8,575
CHURCH	\$13,061	\$13,047	(\$14)
OTHER BUSI	\$86,219	\$131,075	\$44,856
HOTEL/MOTEL	\$5,112	\$3,085	(\$2,027)
RETAIL	\$52,969	\$54,316	\$1,347
OTHR NONB	\$950	\$1,028	\$78
MIXED USE	\$1,189	\$1,879	\$690
RESTAURANT	\$10,223	\$11,629	\$1,406
GOVT-CITY	\$526	\$567	\$41
GAS STA	\$4,893	\$5,495	\$602
GOVT-COUNT	\$6,842	\$5,318	(\$1,524)
SCHL-COUNT	\$12,307	\$25,598	\$13,292



Non-Residential Stormwater Utility Fee + Credit Program

PROPOSAL:

2. Roll out concurrent Credit program with the goals to:
 - provide incentive/opportunity to maintain existing practices and create new SWM practices and or participate in activities-based education/outreach
 - limit new financial hardship for non-commercial non-residential ratepayers (ie. religious, non-profit)



Credit Program Considerations

ELIGIBILITY

- Who is eligible to receive credits? (Property Type and Use)
- Hardship Waiver eligibility or other exemptions

QUALIFYING ACTIVITIES

- Which stormwater management BMPs qualify? On-site and offsite? Activities-based?
- Threshold for qualification

LEVEL

- Define level of credit and period associated with each activity
- Determine maximum available credit per activity

Credit programs typically EVOLVE over time



Model SW Credit Programs Highlights

- Anne Arundel County, MD – watershed restoration grant program, property use exemptions, tax credit, DNR Clean Marina
- Baltimore City, MD - use carve outs, ie. NPDES permit holders, harbor discharge, religious, K-12, small green and limited dev. spaces
- Prince George's County, MD - Alternative Compliance, rebate program
- Portland, ME - credit for water quality (85%) and quantity (15%)
- Philadelphia, PA - incentives including SW Grant Program, (non PWD) long term financing tool, PWD purchase of BMPs, and zoning allowances
- Alexandria, VA - SWM Facilities (up to 20%), Landscaping Practices (20% annual, 30% one-time Tree Planting), Dry Floodproofing Practices (20%)



Credit Program Recommendations

ELIGIBILITY

- Type: Non-Residential
- Use: Tax-exempt Religious or other 501(c) non-profit for Alternative Compliance and Hardship Waiver

QUALIFYING ACTIVITIES

- State approved, on-site BMPs with City maintenance agreement
- Threshold: New/Redev or retrofit = Meet/exceed guidelines; Existing = Passing inspection
- Activities-based: Alternative Compliance (ie. PG County) - outreach & education, Green Care & Good Housekeeping
- Future considerations: Green Marina; City easement/purchase; zoning allowances

LEVEL

- 50% max credit for existing, new, or retrofit SWM Practices (3 year, renewable)
- OR 50% max credit for Alternative Compliance (1 year, renewable)
- 100% Hardship Waiver (3 year, renewable)

Credit programs typically EVOLVE over time



Non-Residential Credit Program

Option A. Stormwater Practices (up to 50% max. allowable)

All Non-Residential Properties - Application and supporting documentation required (3 year renewable)



Bioretention facility
SOURCE: CITY OF ALEXANDRIA



Wet swale
SOURCE: CHESAPEAKESTORMWATER.NET



Permeable pavement
SOURCE: CITY OF ALEXANDRIA



Vegetated green roof
SOURCE: CITY OF ALEXANDRIA

Option B. Alternative Compliance (up to 50% max. allowable)

Religious and other 501(c) Organizations - Application and annual reporting required (1 year renewable)

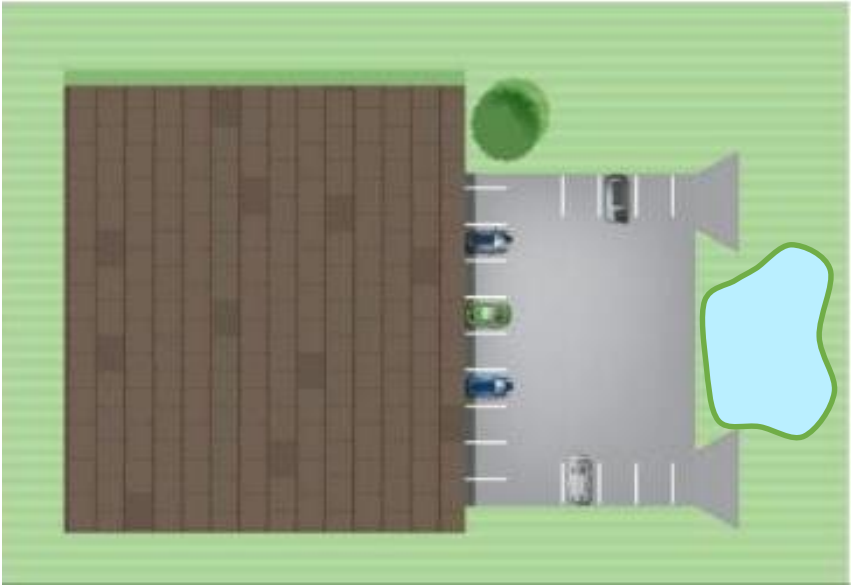
- *Outreach & Education (25%)* - campaign participation AND host one annual event (onsite trash cleanup, recycling, waste management, SWM maintenance education event, tree planting)
- *Green Care & Good Housekeeping (25%)* – certified lawn management company and 3 GH practices (nutrient management, conservation landscaping, mature tree preservation, pollution prevention)

Option C. Hardship Waiver (100%)

Religious and Other 501(c) Organizations - Application required (1 year renewable)



Non-Residential Credit Example



Step 1. Calculate % Fee Reduction

The pond is designed to treat 1” of precipitation, therefore the Treatment Value Is 1. The maximum allowable credit for a wet pond is 50% and 60% of the total impervious cover is directed to the wet pond.

$$\begin{matrix} \% \\ \text{Credit} \end{matrix} = \begin{matrix} \text{Max.} \\ \text{Credit} \end{matrix} \times \% \text{ of Impervious Area Treated} \times \text{Treatment Value} = (50\% \times 60\% \times 1) = 30\%$$

Treatment Value equals 100% if at least 1” of rainfall is treated by the eligible practices. If less than 1”, use the % of 1” treated.

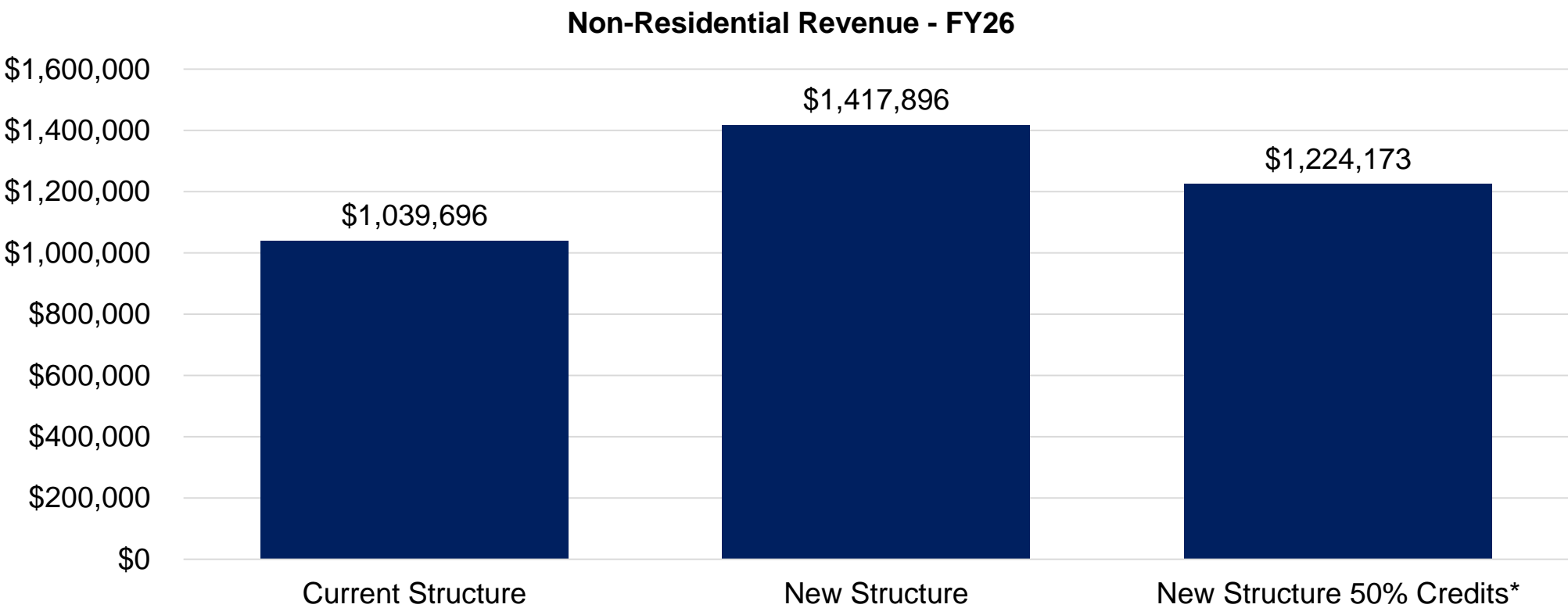
Step 2: Calculate Fee with Credit

The commercial property pays \$345.50 per quarter based on a calculated fee for 10 ERUs (21,000 sq. ft. of impervious cover). Based on the percentage fee reduction, the quarterly fee for the property owner is:

$$\begin{matrix} \text{Fee with} \\ \text{Credit} \end{matrix} = \begin{matrix} \text{FY26 QTR} \\ \text{Rate} \end{matrix} \times (1 - \% \text{ Credit}) = (\$354.50 \times (1 - 30\%)) = \$248.15 \text{ QTR}$$



Non-Residential Stormwater Charge Revenue – Credit Program Potential Impact



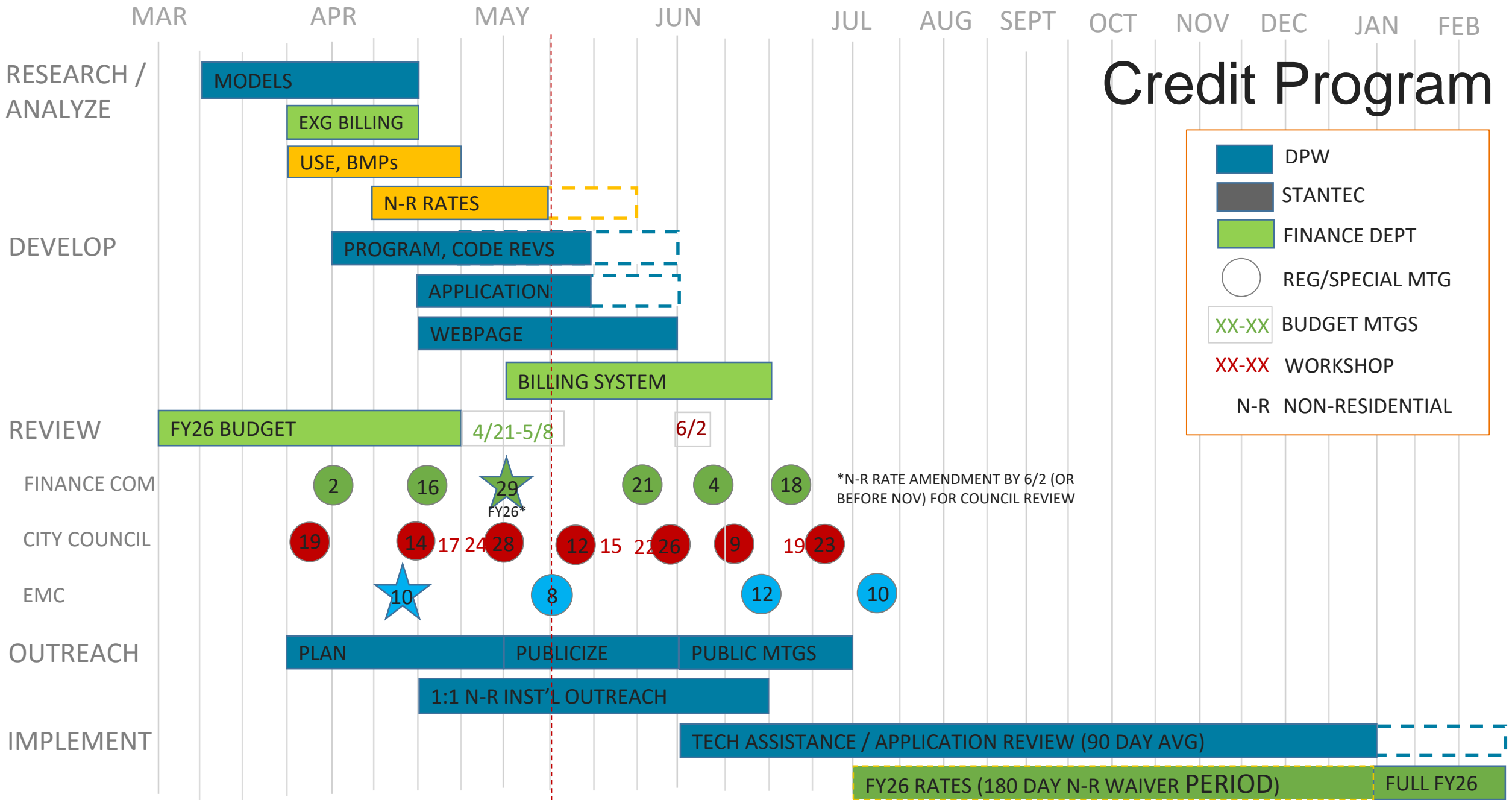
**Assumes properties with existing BMPs receive a 50% credit*



Non-Residential Rate/Credit Implementation

ADMINISTRATION

- Code Updates
 - 17.10.180 - Watershed restoration fund
 - 21.30 - Appeals
- Website:
 - Intro, Manual, FAQs, Forms
 - Links to Utilities, City SW, and Watershed Restoration grant pages
- Applications + Renewals (online and PDF):
 - Stormwater Management Practices – Existing, New/Redevelopment, and Retrofits
 - Alternative Compliance
 - Hardship Waiver
- Appeals Process
- Outreach
 - Mailer / Flyer to Current Ratepayers
 - Social Media
 - 1:1 most impacted property owners
- Future opportunities:
 - [Online Fee lookup](#) (ie. PG County) or GIS (ie. Arlington Stormwater [Utility Viewer](#))
 - Additional / updated incentives





Questions / Discussion



Scenario: 3:30:300 Tree Program Rule

- Tree Program annual budget to increase up to \$1.14M by FY 2032, planting a total of 6,500 trees
- Tree Program will account for approximately 36% of budget by FY 2032
- Rate plan will need to increase in total magnitude in order to maintain balances similar to recommended plan

	<i>FY 26</i>	<i>FY 27</i>	<i>FY 28</i>	<i>FY 29</i>
Scenario: Fund 3:30:300 Tree Program	<i>20%</i>	12%	12%	9%
Recommended Stormwater Fee Increase	<i>15%</i>	15%	6%	6%