Date: March 14, 2019
To: Interested Parties
From: Nora Curtis, Conveyance Department Director and Damon Reische, Planning and Development Services Division Manager
Subject: Stormwater Management Fee-In-Lieu Proposal

Background: Water Quality Fee-In-Lieu

Clean Water Services currently implements a program under which applicants are allowed to pay a Fee-In-Lieu for water quality in limited circumstances where development is not required to construct or implement an onsite water quality facility. The criteria for water quality Fee-In-Lieu is listed in the current Design and Construction Standards, Section 4.05.2. No changes are proposed to this criteria.

The rate associated with the Fee-In-Lieu is published in the District’s Rates and Charges Resolution and Order. Rates and Charges are updated annually, at a minimum, to reflect the current program requirements and to adjust for inflation. The current Rates and Charges Resolution and Order, effective from July 1, 2018 through June 30, 2019 is posted on the District website and includes:

*Fee-In-Lieu of Construction of an onsite Water Quality Facility = $1.00 per SF of untreated impervious area*

Proposed Criteria for Fee-In-Lieu for Hydromodification

The proposed changes to the Design and Construction Standards include criteria which allow for payment of a Fee-In-Lieu of construction or implementation of an onsite hydromodification approach. Details of the criteria can be found in the March 14th, 2019 draft of the proposed Standards, Section 4.03.7.

Eligible projects include:

1) Projects which result in less than 12,000 sf of new or modified impervious surface area.
2) Projects located within a District-approved sub-basin strategy area.
3) Projects located where implementation of an on-site facility is impractical or ineffective.
4) Projects where onsite implementation will result in inefficient use of District or City resources.
5) Projects which are likely to have a negligible impact to the Receiving Reach.
Proposed Stormwater Fee-In-Lieu (Water Quality and Hydromodification)

The proposed changes to the Design and Construction Standards, if adopted, will necessitate an update to Rates and Charges to include a rate associated with the Hydromodification Fee-In-Lieu. The Rates and Charges update will be considered by the Board in June 2019.

Although adoption of the Fee-In-Lieu amount is not part of the Board’s adoption of the Design and Construction Standards, the District has developed an early proposal for consideration and discussion by interested parties. The proposal is based on the District’s analysis of the cost of construction of a range of stormwater management approaches that included single lots with stormwater planters, neighborhood scale stormwater swales, and ponds. There was a wide range of costs both between project categories, and within categories, likely due to the specific characteristics of individual site layouts, topography, efficiencies with size, and developer-contractor relationships. The District is proposing a Total Fee-In-Lieu amount that would be in the middle of the range of costs to construct an onsite stormwater management approach to meet both water quality and hydromodification requirements. This proposal also allows for a $0.50 per SF reduction when one requirement or the other (but not both) are addressed onsite:

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\text{Total Stormwater Management Fee-In-Lieu (quality and hydromodification) = $1.50 per SF of unmanaged impervious area}
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\text{Fee-In-Lieu for either water quality or hydromodification = $1.00 per SF of unmanaged impervious area}
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Additionally, the District proposes that when a Stormwater Management Fee-In-Lieu is paid, the corresponding stormwater System Development Charge(s) (SDC) will not apply.

Timeline for Implementation

The Board-adopted Implementation Policy (R&O 18-28) establishes which set of Design and Construction Standards (existing or proposed), will apply to a project. The anticipated effective date of the new Standards is April 22, 2019. In summary, the existing Standards will apply to all development for which land use application is made prior to the effective date of the new Standards. The existing Standards will also apply to projects which do not require land use and make application within 180 days of the effective date of the Standards.

It is anticipated that the first projects for which a Hydromodification Fee-In-Lieu will be applicable will be permitted no sooner than 4 to 6 months after the effective date of the Standards.