

## Response to Questions on the FY 2010 Advertised Budget

**Request By:** Supervisor Frey

**Question:** What are the substantive differences (pros and cons) between the three main options for stormwater; setting it up as a utility, a stormwater district, and maintaining the dedicated penny?

**Response:** The following is a list of pros and cons associated with the 3 main options for funding the stormwater program.

**Maintaining the dedicated penny fund (last three years):**

PRO: Maintaining the penny fund requires no additional programs or effort

CON: Stormwater is prioritized with other general fund programs (in FY 2009, the County funded operating costs out of the Stormwater penny fund which reduced the available funding for capital projects)

**Creating a Stormwater Utility Tax:**

PRO: This is a standard utility approach that allocates costs based on customer contribution to the system needs

PRO: This is the approach typically recommended by regulatory agencies because with a utility, the rates are adjusted regularly to support the service level requirements. A stormwater utility uses the model in place for wastewater and drinking water utilities which are created as fees for service and removed from the general tax base

PRO: This approach allows for a credit program to encourage individuals to better manage runoff from their properties

PRO: This approach would provide a steady dedicated funding stream for the stormwater program

CON: This approach is expensive to establish (each non-single family residential property and commercial property needs to be evaluated to establish the fee)

CON: This approach is expensive to administer and requires a separate billing system, as well as staff to administer and update each new property

CON: Smaller single family residential units typically pay the same rate as larger units with more impervious areas

Note: Utility Fees are typically charged to everyone that drains into the system including those properties that are currently tax exempt, such as churches.

***Creating a Service District (Proposed FY2010):***

PRO: This approach is relatively easy and cost effective to establish and administer, by utilizing the existing property tax system

PRO: This approach provides a dedicated funding source and each property owner can become aware of costs to manage stormwater

PRO: As with other property taxes, this fee is deductible on income taxes (utility fees are not)

PRO: The dedicated funding source is budgeted in a separate Special Revenue Fund and revenues cannot be used for anything other than the Stormwater Program

PRO: Demonstrates to the EPA that Fairfax County has provided a dedicated funding source to meet stormwater management requirements

CON: This approach is not based on impervious area or contribution to stormwater

CON: This approach is not designed to provide incentives

CON: Higher valued properties with relatively smaller impervious areas pay more than lower values properties with higher impervious areas