



Meeting Date: December 10, 2019

To: Municipal Services Committee

From: [Michael Braiman](#), Assistant Village Manager
[Brigitte Ann Berger-Raish](#), P.E., Dir. of Eng and Public Works
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Subject: Stormwater Credits and Incentives

Background

Village Ordinance No. 2019-O-70, implementing a new Stormwater Utility Fee effective January 1, 2020 is on the December 10, 2019 Village Board meeting agenda for adoption.

Following concerns from non-residential properties regarding the financial impact of the stormwater utility fee, the Municipal Services Committee (MSC) met on November 19, 2019 and directed staff to research options to expand the credit program to include properties that have invested in MWRD detention as well as non-for-profit institutional uses.

To ensure a thorough and transparent review process that takes into account the concerns of all stakeholders, the December 10, 2019 Village Board agenda also includes a resolution delaying the effective date of the stormwater utility fee until April 2020 for non-residential properties while the MSC conducts its review of the credit program.

The following will discuss various options for the Village Board to consider in regards to the credits program which could reduce the financial burden of the stormwater fee for certain non-residential properties.

Discussion

The purpose of this agenda item is to present options for Committee consideration and receive feedback from stakeholders. Additional meetings will be necessary to finalize the details that could eventually be included in the final version of the Stormwater Credits and Incentives Manual adopted by the Village Board.

The table below is a summary of options for consideration. Certain entities could be eligible for multiple credits and as such, the Committee may also have to consider a maximum allowable credit at a future meeting.

Of note is that none of the additional credits were built into the financial analyses for the stormwater utility rates and any additional credit provided may have an impact on future rates for all properties. If the existing fee structure is not sufficient to account for additional credits, every \$50,000 in revenue loss would increase the annual fee for Tier 2 single-family properties by \$5; non-single family properties would experience a projected \$5 increase per ERU (when the fee reaches its maximum in later years).

Description	Initial Draft of Manual	Option for Consideration
Incentive Program	Only residential properties were eligible	Expand eligibility to include all properties (adds non-residential)
Detention Credit	Only applied to implementation of future detention	Allow credits for MWRD compliant detention retroactively
Education Credit	N/A	Per student credit (for example: \$5 or \$10) for schools that include stormwater education in their curriculum
Full Discharge Credit	Eligible for all properties than can demonstrate zero impact on the storm sewer system	No change to original Draft
Institutional and 501(c)(3)	N/A	Credit for institutional uses in the Village that have a 501(c)(3) tax status

Expanded Incentive Program

In the first draft of the Manual, only residential properties were eligible to participate in the incentive program. Staff recommends expanding the incentive program to also include non-residential properties. All other aspects of the incentive program, including the reimbursement amounts, eligible projects, program administration, etc, would stay the same. Per the recommendation, all properties would be eligible for a one-time incentive up to \$1,300 for stormwater best management practices that promote infiltration and \$5,000 for disconnecting large sources of clean water from the storm and combined sewer systems.

Retroactive Credits

The original Manual stated properties would be eligible for up to a 50% reduction in utility fee if it doubles the volume of required detention as defined by the Metropolitan Water Reclamation District's Watershed Management Ordinance (WMO). For all other owners that exceed the total WMO detention requirement, credits will be awarded in proportion to the amount of detention exceeded (e.g., 1.5 times detention exceeded will result in a 25% credit).

In order to recognize the investment some properties have made to reduce their burden on the storm sewer system, retroactive credits could be applied. Staff worked with Raffelis to determine a scale of credits based on the MWRD requirements at the time of implementation and how helpful the improvements are to the overall system.

The credits are divided into three main categories: prior to 2013, between 2014 and 2019 and 2020 and beyond. These timeframes correspond to significant changes in the MWRD detention requirements.

The table below shows that the credit percentages increase with each variation of the MWRD ordinance. This is reflective of detention requirements becoming more stringent, and consequently more helpful to the system, over time.

Site Detention Facility	Credit
Meets MWRD Ordinance Prior to 2013	20%
Meets 2014 MWRD Ordinance	25%
Meets 2020 MWRD Ordinance	28%
Doubles 2013 Ordinance Requirements	40%
Double 2014 Ordinance Requirements	50%
Double 2020 Ordinance Requirements	57%

Staff researched the properties that would be eligible for a retroactive MWRD credit according to the table above and performed a financial analysis to determine the

financial impact. It should be noted that the list of properties is not inclusive, so the draft manual would include a process for property owners to apply for this credit. Staff identified fifteen properties that would be eligible for these credits based on previously submitted permit applications. The initial analysis shows that the revenue loss for these credits in 2020 would be approximately \$15,000 in 2020 and \$46,000 by the time the fee reaches its maximum (see Attachment 2 for additional details).

Education Credit

In working with Raftelis, it is not uncommon for a stormwater utility to provide a credit to educational institutions that teach stormwater curriculum. For example, the City of Peoria, Illinois' Credit Manual is applicable to local K-12 education institutions. The credit is based on the premise that stormwater education programs targeted at students can be very effective at spreading key best practice messages throughout a household. In the Peoria model, the City provides a credit to educational institutions on an annual basis at a rate of \$5 per student. Their Manual indicates that one grade per institution, per year is eligible to receive the credit and that other grades may be eligible if requested by the educational institution and approved in advance by the City.

Institutional & 501(c)(3) Credit

An institutional use credit could be considered in recognition that institutional uses (as listed in the Village's Zoning Code) when owned by a 501(c)(3) organization, provide a valuable service to the community and are not able to pass along the costs to customers in the same way other uses are able to do so. Institutional uses (which are listed below), when combined with the ownership of land by a 501(c)(3) organization provides a limited list of properties that may be eligible for such a credit. Furthermore, combining the two prongs of this credit also eliminates any entity that is a "for profit" organization and those properties that are owned by a 501(c)(3) but are not used for charitable, educational, religious, scientific or literary purposes.

Institutional uses in the Village Zoning Code include the following:

Cemetery, Cultural Facility, Day Care Center, Adult or Child, Day Care Home, Adult or Child, Educational Facility, (College, Primary and Secondary), Golf Course, Park/Playground, Place of Worship, Public Safety Facility, Recreation Center, Social Club or Lodge

An initial review of the parcels that staff believes would fall into both the institutional and 501(c)(3) category indicates that for every 5% credit there would be a \$2,400 revenue loss in 2020 and approximately \$7,300 by the time the fee reaches its maximum (see Attachment 4 for additional details). Note that staff does not recommend a full exemption for institutional and 501(c)(3) uses, rather, the recommendation would be to

provide a credit to reduce the burden of the utility fee on these uses. Furthermore, it is important to note that this type of exemption is not offered by other municipalities and, therefore, has not been the subject of litigation. The Village of Downers Grove does exempt all properties that receive a property tax exemption; however, this exemption is still not court tested.

Attachments

1. Agenda materials from the November 19 MSC meeting provided for reference
2. List of Properties with Existing MWRD Detention
3. List of 501(c)(3) Institutions and Projected Credits



Meeting Date: November 19, 2019

To: Municipal Services Committee

From: [Brigitte Ann Berger-Raish](#), P.E., Dir. of Eng and Public Works
[Dan Manis](#), P.E., Village Engineer
[John Prejzner](#), Assistant Director of Administrative Services

Subject: Stormwater Credits and Incentives Manual

Recommendation

Municipal Services Committee review and provide direction on the Draft Stormwater Credits and Incentives Manual.

Background

Village Ordinance No. 2019-O-70, will be up for adoption on the November 26, 2019 Village Board meeting. The Ordinance implements a new Stormwater Utility Fee effective January 1, 2020. This Ordinance also authorizes the Engineering and Public Works Director to develop a Stormwater Credit and Incentive Manual in order to promote efforts by property owners to utilize best management practices to reduce their burden on the storm sewer system.

Discussion

The draft manual contains two main components that are related to stormwater management and the stormwater utility program. Credits are recurring reductions through which a user can reduce their total stormwater fee by meeting on-site stormwater management criteria. Incentives, available to single family home properties, are one-time payments for stormwater related improvements on private property.

Incentive Program

The incentive program is similar to the *RainReady* program implemented in 2019, however, it will be administered by in-house staff instead of an outside consultant. The most significant difference between the two programs is *RainReady* provided homeowner assistance with evaluating properties and providing written reports summarizing options to implement stormwater management features. The proposed residential incentive program will shift the selection of stormwater management features to homeowners and the design to professionals they hire.

Highlights of the residential incentive program are as follows:

- Incentives for 50% of improvements up to \$1,300 include bioretention systems, underground infiltration systems, on-site storage systems, and porous pavement systems or permeable pavers
- Incentives for 50% of improvements up to \$5,000 include sump pump/foundation drain, downspout/roof drain, yard drain, and any other clean source disconnections
- Homeowners fill out an application and submit a permit for the improvements they intend to implement
- Applications are reviewed and approved by engineering staff in the order in which they are submitted
- Once the dollar amount of reimbursements reaches the budget amount for this program (\$70,000), a wait-list will be implemented until additional funds are appropriated
- Only new stormwater management features are eligible with the exception of permeable pavers and porous pavement. Previously installed pavers and porous pavement will be treated the same as new installations, provided that they are in certified working and maintained order

Credit Program

In the credit program, properties are eligible for up to a 50% reduction in utility fee if it doubles the volume of required detention as defined by the Metropolitan Water Reclamation District's Watershed Management Ordinance (WMO). For all other owners that exceed the total WMO detention requirement, credits will be awarded in proportion to the amount of detention exceeded (e.g., 1.5 times detention exceeded will result in a 25% credit).

Full Discharge Credit

All properties that demonstrated that stormwater runoff generated on their property discharges outside of the Village's stormwater system will be eligible for a 100% reduction of the Equivalent Runoff Unit cost (fixed charge will still apply).

Impervious Area Reduction Review

While the Credits and Incentives Program does not include sections outlining the process for reducing the measured impervious surface area, the Stormwater Utility Fee Ordinance does incorporate this process into the Village Code. As currently proposed, customers may submit an application to reduce their billed impervious area amounts. This would apply if there are changes in impervious area or if impervious surfaces on a parcel have a different area than reported.

Attachments

1. Draft Stormwater Credit and Incentive Manual

Village of Wilmette

Stormwater Credit and Incentive Manual

1. Introduction

The Village's stormwater system routinely surcharge during moderate rain events, resulting in widespread street and overland flooding. This flooding occurs due to inadequate capacity of the current storm sewer system to handle rain water from even moderate storms. During intense storms, the street flooding can, in the worst cases, extend to the foundation of a home. The Village Board recognizes the need to manage stormwater and maintain an infrastructure system to serve the community. The Department of Engineering and Public Works manages that system on behalf of the Village. The Village Board has decided that dedicated and consistent funding is required to improve the stormwater infrastructure system. For that reason, the Village is planning to establish a stormwater utility in 2020 with user fees to be used exclusively for funding stormwater management improvement projects and/or any related debt service for constructed and future stormwater management infrastructure.

One way to reduce flooding is to reduce the amount of runoff from property within the Village. On-site stormwater management on private property utilizing green infrastructure and best management practices can reduce stormwater runoff and pollution. For that reason, the Village would like to encourage property owners to make changes to their property in ways that will reduce the amount of rainfall that becomes runoff.

The Village is establishing a stormwater Credit and Incentive program to provide property owners with an opportunity to reduce their stormwater runoff. By reducing the properties impact on the stormwater system, property owners have the option to reduce their Stormwater Utility Fee and offset the costs of improvements. This manual describes the way property owners can exercise those options provided for in this manual.

Credits are a conditional, recurring reduction through which the user can reduce their total stormwater user fee by meeting on-site stormwater management criteria. Incentives are one-time disbursements for stormwater management improvements located on private property. Incentives and Credits are available to users as provided for in this manual.

2. Credit and Incentive Policies

The following sections provide policies regarding Incentives, Credits, and the general administration of the Village of Wilmette's Stormwater Utility Fee Credit program.

2.1 Single-Family Residential Stormwater Incentives

Single-family residential property owners are eligible for stormwater Incentives, which are funded by the Stormwater Utility Fee and administered by the Village.

Residents can apply for the Incentive program through an application from the Engineering Division located at the Village Hall. A limited number of Incentives are available each year. After the limit is

reached, eligible applicants may be placed on a waiting list for possible inclusion in a following year. Incentive applications are reviewed and approved or denied in the order in which they are applied for.

A permit(s) must be applied for and issued prior to the commencement of the installation of the eligible stormwater improvements. All stormwater improvements must be installed in accordance with the conditions of the permit approval and the requirements published in the Department of Engineering and Public Works Standards Handbook.

The following types of stormwater management features qualify for stormwater Incentives for 50% of the cost of implementation of the following, not to exceed \$1,300:

- Bioretention systems (rain gardens, bioswales, etc.);
- Underground infiltration systems (dry wells, infiltration trenches or basins, etc.);
- On-site storage systems (cisterns, rain barrels, etc.);
- Porous pavement systems or permeable pavers.

The following types of stormwater management features qualify for stormwater Incentives for 50% of the implementation of the following, not to exceed \$5,000:

- Sump pump/foundation drain disconnection and re-route;
- Downspout/roof drain disconnection and re-route;
- Yard drain disconnection and re-route;
- Any other clean source connection that is disconnected and re-routed.

2.1.1 Previously Installed Improvements

Property owners who have installed porous pavement systems or permeable pavers prior to the implementation of this Credit and Incentive Manual can also receive a one-time Prior-Installation Incentive subject to the amounts listed above. In order to qualify for this Incentive, a property owner (at their own expense) must provide documentation from a certified professional engineer registered in the State of Illinois certifying that the previously installed porous pavement system or permeable pavers have been maintained properly, the void spaces are not clogged with sediment, and the entire area is functioning effectively by infiltrating stormwater runoff. Such certification must be dated within one year of the date of the application.

2.2 Stormwater Credits

Property owners in the Village are eligible to apply for a credit of up to 50% of the respective Stormwater Utility Fee (excluding the fixed charge) if they exceed the total stormwater detention volume according to the methodology outlined in the [Metropolitan Water Reclamation District \(MWRD\) Watershed Management Ordinance \(WMO\)](#). Property owners will need to submit technical calculations to establish the amount of detention required onsite to meet the WMO stormwater management requirements. If the owner doubles the amount of detention volume required, the maximum allowable Credit of 50% will be awarded. For all other owners that exceed the total WMO detention requirement on a property, Credit will be awarded on a pro-rated amount of detention exceeded up to 50% of the Stormwater Utility Fee (excluding the fixed charge). Properties that are exempt from Site Detention Requirements by the MWRD due to development type and parcel size are eligible for a credit under this section if they provide a detention facility that exceeds the required volume according to the methodology outlined in the WMO.

To apply for the Credit, property owners should submit a copy of their approved WMO Permit Application (if applicable) to the Department of Engineering and Public Works, along with the technical calculations to demonstrate the amount of onsite detention that exceeds the stormwater management requirements. The technical calculations must be prepared and certified by a professional engineer registered in the State of Illinois.

Please visit the [Metropolitan Water Reclamation District's WMO site](#) for more details on [WMO Requirements for Stormwater Management](#) and [WMO Permit Application Forms](#).

2.2.1 Credit Determination

The Village shall process applications within sixty (60) days of submittal of a complete and correct application package. Billing adjustments for approved Credits shall be applied to the next regularly scheduled bill.

If a Credit application is denied, a letter explaining the reason(s) for such denial will be provided to the applicant. The applicant may address identified deficiencies in the denial, and resubmit a revised application. The applicant has the right to appeal this decision in accord with the procedures outlined in the Village Code.

2.2.2 Maintenance Required

All stormwater management facilities require maintenance to perform as designed. Stormwater detention facilities are required to be maintained as prescribed in the [MWRD Watershed Management Ordinance \(WMO\)](#). Proof of maintenance is required in the form of a certified professional engineer's report submitted to the Department of Engineering and Public Works. Failure to maintain stormwater management facilities will result in the loss of Stormwater Utility Fee Credits.

2.2.3 Term of Credit

The Stormwater Credit is valid for three (3) years. Property owners may renew a Stormwater Credit for an additional three (3) years upon the submission of a certified professional engineer's report demonstrating continued compliance with the WMO. Failure to renew and receive approval of the stormwater credit shall result in loss of the Stormwater Utility Fee Credits.

2.2.4 Suspended / Terminated Credits

If the requirements of this manual and/or the requirements of the approved permit are not met, the property owner will be notified and will have thirty (30) days to come into compliance before the Credit will be terminated. Once a Credit is terminated, a new complete application must be submitted and approved in order to restore the Credit.

2.3 Discharge Credit

A Credit of 100% will be available to all property owners who can demonstrate that their properties discharge all stormwater runoff outside the Village stormwater system. Partial discharge of stormwater outside the Village will not be considered. The Credit shall only apply to the Equivalent Runoff Unit fee calculation and not the fixed charge as provided for in Sec.26-340(a) of the Village Code.

Mult-Family & Commercial Development Summary									
Pre-WMO MWRD Permitted Detention (to 2008)									
Development	Address	Potential Credit	2020 Fee	2020 Credit	2020 Net Fee		Final Fee	Final Credit	Net Final Fee
Marriott Residence Inn	3205 Old Glenview Road	20%	\$ 1,687	\$ (337)	\$ 1,349		5,129	\$ (1,026)	\$ 4,103
Optima Center Wilmette	1100 Central Avenue	20%	\$ 983	\$ (197)	\$ 786		2,990	\$ (598)	\$ 2,392
Jewel Osco	411 Green Bay Road	20%	\$ 3,296	\$ (659)	\$ 2,637		10,019	\$ (2,004)	\$ 8,015
Mallinckrodt	1041 Ridge Road	20%	\$ 40	\$ (8)	\$ 32		126	\$ (25)	\$ 101
Shiner Retail Development	165-171 Green Bay Road	20%	\$ 790	\$ (158)	\$ 632		2,405	\$ (481)	\$ 1,924
Ronald Knox Montessori School	2031 Elmwood Avenue	20%	\$ 548	\$ (110)	\$ 439		1,671	\$ (334)	\$ 1,337
WMO Compliant Detention (2014+)									
Development	Address								
Mather Place Phase 2 Addition	2801 Old Glenview Road	25%	\$ 2,755	\$ (689)	\$ 2,066		8,376	\$ (2,094)	\$ 6,282
The Residences at Wilmette	611 Green Bay Road	25%	\$ 1,183	\$ (296)	\$ 887		3,599	\$ (900)	\$ 2,699
1121 Greenleaf Mixed Use Bld	1121 Greenleaf Avenue	25%	\$ 379	\$ (95)	\$ 285		1,158	\$ (289)	\$ 868
Loyola Academy Phase 1	1100 Laramie Avenue	25%	\$ 18,305	\$ (4,576)	\$ 13,729		55,624	\$ (13,906)	\$ 41,718
Trillium Row	514 Poplar Drive	25%	\$ 245	\$ (61)	\$ 184		749	\$ (187)	\$ 562
Westmoreland Parking Lot/Paddle Courts	2601 Old Glenview Road	25%	\$ 7,297	\$ (1,824)	\$ 5,473		22,175	\$ (5,544)	\$ 16,632
Artis Senior Living	335 Ridge Road	25%	\$ 1,360	\$ (340)	\$ 1,020		4,138	\$ (1,035)	\$ 3,104
Pending WMO Permits									
Development	Address								
Cleland Place/HODC	1925 Wilmette Avenue	25%	\$ 426	\$ (107)	\$ 320		1,299	\$ (325)	\$ 974
Optima Mixed Use	1210 Central Avenue	25%	\$ 964	\$ (241)	\$ 723		2,932	\$ (733)	\$ 2,199
Edens Plaza Retail Expansion	3232 Lake Avenue	25%	\$ 21,983	\$ (5,496)	\$ 16,487		66,798	\$ (16,699)	\$ 50,098
Total			\$ 62,241	\$ (15,193)	\$ 47,048		\$ 189,188	\$ (46,180)	\$ 143,008

Disclaimer: Data is for demonstrational purposes only. Calculations shown are preliminary and show credits applied to whole parcel(s). Upon submission of an application for a credit it may be determined that credit amount is smaller or greater than what is displayed.

Institutional and 501(c)(3) Credit List

Property	ERU	2020		2020 Credit	Final Stormwater	Final Credit
		Stormwater Fee		(5%)	Fee	(5%)
Loyola	175.6	\$ 18,306	\$ (915)	\$ 55,625	\$ (2,781)	
St. Joes/Francis	73.9	\$ 7,726	\$ (386)	\$ 23,478	\$ (1,174)	
Regina Dominican	62.5	\$ 6,540	\$ (327)	\$ 19,876	\$ (994)	
Baha'i	35.4	\$ 3,722	\$ (186)	\$ 11,312	\$ (566)	
Beth Hillel	35.3	\$ 3,711	\$ (186)	\$ 11,281	\$ (564)	
Baker Demonstration	21.7	\$ 2,297	\$ (115)	\$ 6,983	\$ (349)	
Sacred Heart	11.3	\$ 1,215	\$ (61)	\$ 3,697	\$ (185)	
Trinity United Methodist	10.1	\$ 1,090	\$ (55)	\$ 3,318	\$ (166)	
St. Augustines	8.5	\$ 924	\$ (46)	\$ 2,812	\$ (141)	
First Presbyterian	6.3	\$ 695	\$ (35)	\$ 2,117	\$ (106)	
First Congregational	4.3	\$ 487	\$ (24)	\$ 1,485	\$ (74)	
Sukkat Shalom	3.8	\$ 435	\$ (22)	\$ 1,327	\$ (66)	
Others	8.0	\$ 872	\$ (44)	\$ 2,654	\$ (133)	
Total			\$ (2,401)		\$ (7,298)	

Disclaimer: Data is for demonstrational purposes only. Calculations shown are preliminary and should not be considered final