



# BCD NEMO PROGRAM

## Stormwater Utilities

A stormwater utility is basically a user fee ... the user pays for the amount of stormwater their property creates. It is an equitable way to distribute the costs of managing stormwater. The main advantages of using stormwater utilities over funds generated by property tax revenues include:

1. Increased stability and predictability
2. Greater equity (pay for the amount of stormwater created)
3. Create incentives for implementation of on-site stormwater management

Stormwater utilities operate similarly to water, sewer, or fire districts, which are funded through service fees and administered separately from the general fund. These utilities can be set up as an independent entity, they can be integrated into existing utilities, or, if a municipality does not have wastewater or drainage utilities, the stormwater fee can be made a component of an already existing utility or tax bill.

## Stormwater Revenue Bonds

Revenue bonds are long-term municipal bonds guaranteed solely by the dedication of project income or system funds rather than by a general tax. Stormwater revenue bonds are used to fund the construction of infrastructure. Because revenue bonds are utilized to create revenue, they must have a revenue source. In the case of the stormwater revenue bond, the revenue source is the stormwater utility.

Generally, the local government establishes an enterprise fund financed through stormwater utility fees. The stormwater utility needs to be developed in accordance with a stormwater master plan, a capital improvements plan, and a history of collection.

## 319(h) Nonpoint Source Implementation Grants

These grants are used to implement non-point source mitigation projects in accordance with Section 319 of the Clean Water Act. Section 319(h) grants can be used to implement best management practices (BMPs) for agriculture, lakes, estuaries, or stream watersheds. They can also be used to fund basin-wide education programs. They are 60% federally funded and require a 40% local match.

*These grants are now only available for the implementation of EPA-approved total maximum daily loads (TMDLs) for impaired waterways in South Carolina.*

## Hazardous Mitigation Grant Program

The Hazardous Mitigation Grant Program provides financial assistance to state and local governments for projects that reduce or eliminate the risks natural hazards present to human life and property. Such projects include property acquisition, building retrofits, and structural hazard control or protection measures.

Hazardous Mitigation Grants come from the Federal Emergency Management Agency, but are administered by the states. They require a 25% local contribution, of which the nonfederal share can be met with local cash contributions, in-kind services, or certain other grants, such as Community Development Block Grants.

### **Clean Water State Revolving Loan Fund (CWSRF)**

State Revolving Funds (SRFs) is a long-term debt-financing program that provides low-interest loans to communities for construction of wastewater facilities. They are sponsored by the Environmental Protection Agency under the authority of the Clean Water Act.

Municipalities, counties and special purpose districts are eligible to apply for loans through the CWSRF. The loans can be used to:

- Upgrade and expand wastewater treatment facilities
- Rehabilitate and replace sewer lines
- Construct new pump stations and force mains
- Purchase land and equipment to land-apply effluent or sludge
- Construct collections systems for areas on septic tanks
- Implementation of nonpoint source pollution projects

More information can be found at [www.scdhec.net/eqc/water/html/srf-cw.html](http://www.scdhec.net/eqc/water/html/srf-cw.html)

### **Impact Fees**

This financial tool involves charging a fee to developers based on the impact new development will have on the infrastructure in an area. Because they can be used to offset the impact of new development on stormwater systems, impact fees are a useful tool to mitigate nonpoint source pollution. Although the use of impact fees can be a viable financial tool, it is a highly litigated issue in South Carolina and across the nation. Communities requiring impact fees must develop a rational model for calculating the fees before implementing such a fee.

### **Stream Restoration Mitigation Banks**

This financial tool can be a public or public/private relationship tool. To apply this tool, communities must assess their streams for restoration, preservation and enhancement, then submit a plan to the Army Corps of Engineers for approval and establishment of the bank. Local governments can develop the bank on their own, selling credits for the restoration of the stream segments. If a public/private partnership is formed, a bank can be created and credits sold for the development of the streambank program.

### **Surface Transportation Program**

The Transportation Equity Act for the 21<sup>st</sup> century (TEA-21) can be used by local governments for any roads not functionally classified as rural minor collectors. Through transportation enhancement grants, wetland mitigation and stormwater pollution prevention projects can be funded, along with other non-stormwater related projects. This financial tool requires a 20% local match.

Sources:

Keller, Brant D. *Buddy, Can You Spare a Dime? What's Stormwater Funding?* 2000-2001 Foster Communications, Inc.

*Funding and Gaining Support for Stormwater Programs.* Natural Resources Defense Council.