

ACTION PLAN TO IMPLEMENT RECOMMENDATIONS

INNOVATIVE NEW IDEAS

Create a State Incentive Program that Encourages Municipalities to Establish Stormwater Fees and Install Stormwater Best Management Practices

Create a dedicated state fund that incentivizes suburban and urban municipalities to establish stormwater fees and install stormwater best management practices (BMPs) through matching grants with a focus on reducing discharges to impaired rivers and streams.

By: Chris Linn and Henry Felsman, DVRPC

Introduction

One of the most effective ways that a municipality can incentivize commercial and institutional property owners to install stormwater BMPs and/or reduce the size of impervious areas is to enact a stormwater fee based on the amount of impervious surface on each property. In Pennsylvania, legislation authorizing municipalities to establish stormwater authorities was passed in 2013, and legislation authorizing Second Class townships to establish stormwater fees was passed in 2016. Given the newness of this legislation, it is not surprising that only six municipalities in Pennsylvania currently utilize stormwater fees as of August 2017, including three in Pennsylvania's Delaware River Basin. While making the decision to levy a new fee on residents and businesses is politically sensitive, stormwater fees, like those established in Radnor and Philadelphia, have proven to work by incentivizing landowners to install BMPs or limit impervious surface coverage. In addition, stormwater fees generate revenue that enables municipalities to invest directly in stormwater BMPs, further reducing nonpoint source pollution.

Funding Mechanism

The proposed stormwater fee/stormwater BMP fund is closely aligned with, and could be incorporated into, the [Growing Greener III](#) campaign. The *Growing Greener III* campaign is backed by a consortium of hundreds of conservation nonprofits, municipalities, and counties. It outlines a plan for distributing \$315 million over the course of several years for conservation- and water-quality-related purposes. The stormwater fee/BMP incentive program could be included as part of the existing *Growing Greener III* proposal, or the fund could be enlarged to include resources for this proposed program.

Proposal

Create a state fund, similar to Growing Greener, dedicated to providing matching grants to municipalities that have established a stormwater authority and/or enacted a stormwater fee. The fund could also be used to provide matching grants to municipalities installing stormwater BMPs, regardless of whether they charge a stormwater fee.

Matching Grants for Municipalities with Stormwater Fees

The creation of a state fund to provide matching grants to municipalities with stormwater fees would incentivize more municipalities to develop and enact such fees. In addition, those municipalities would have a ready-made source of capital to match state grants. A dedicated state fund would also help quell an oft-heard municipal complaint that the implementation of Pollution Reduction Plans constitutes an unfunded mandate from the Commonwealth.

While the formula can evolve over time, the state stormwater fund could provide a one-to-one match to municipalities with a stormwater fee. Grants would be awarded on a competitive basis and could be evaluated by a process similar to the one currently employed for Growing Greener grants, i.e., through a process led by departmental staff knowledgeable in stormwater BMP implementation.

Grants for Municipalities without Stormwater Fees

So as not to exclude municipalities that do not possess a stormwater fee (which for the foreseeable future will include most municipalities in the state even under this proposed incentive program), grants could also be awarded to municipalities for installing stormwater BMPs. Grants should be directed to BMPs that reduce discharges of offending pollutants into impaired rivers and streams. Applicants would have to calculate and document the reductions achieved by any proposed BMP similar to the way in which they will be required to do so for the submission of Pollution Reduction Plans—and could even do so concurrently.

Grants could be competitively awarded based on a variety of factors, with the effectiveness of each BMP being a primary criterion. Municipalities that propose to decrease the amount of impervious surface in their communities could be awarded additional points. For these types of grants, the state fund may choose to provide a smaller match, e.g., 25 cents out of each dollar spent, or a one-to-three match, so as to maintain a higher incentive for the creation of stormwater fees.

Anticipated Outcomes

There are several anticipated outcomes of this action.

First, there will be a new source of state funding dedicated to improving water quality through stormwater BMPs. Second, municipalities will be incentivized to develop stormwater fees due to the financial reward (one-to-one matching funds for stormwater BMPs). Third, municipalities that do not have stormwater fees, but do discharge into impaired waters, will be similarly incentivized to install stormwater BMPs and reduce their impervious surface. Finally, the funding of stormwater BMPs at the state level will heighten awareness about the effectiveness of these practices and will reduce the negative perception that state stormwater regulations constitute an unfunded mandate.

Published to Web: November 13, 2017

Examples Stormwater BMPs

Stormwater BMPs under this program would primarily be installed in developed suburban and urban settings. They include:

- Rain Gardens;
- Naturalized Detention Basins;
- Streambank Restorations;
- Riparian Buffer Planting and Restoration;
- Stormwater Meadows; and
- Other Vegetated Infiltration Techniques.