PROPOSED CLEAN RIVERS IMPERVIOUS AREA CHARGE RELIEF PROGRAM FOR NONPROFITS

December 27, 2018
PRESENTATION OUTLINE

• Clean Rivers Impervious Area Charge (CRIAC) Background
• Overview of the legislation enabling the CRIAC Relief Program for Nonprofit Organizations
• Nonprofit Eligibility
  ▪ What type of nonprofits are eligible?
  ▪ How do we determine financial hardship?
  ▪ Stormwater Mitigation Options
• Program Implementation
IMPERVIOUSNESS IN THE DISTRICT

- 43% of the District’s land is impervious
  - rooftops
  - parking lots
  - sidewalks
  - driveways
- A 1.2-inch storm produces about 525 million gallons of stormwater runoff
COMBINED SEWER OVERFLOWS

- 3.2B gallons of raw sewage & storm water annually

- **DC Water’s Clean Rivers Project**
  - $2.7B project
  - 96% overflow reduction
  - Anacostia Tunnel
    - Online March 2018
    - 88% overflow reduction
    - Prevented 3B gallons of combined sewage overflow

- Funded by **DC Water** ratepayers - **CRIAC**
CLEAN RIVERS IMPERVIOUS AREA CHARGE

- Assessed on the monthly DC Water bill
- Clean Rivers Impervious Area Charge (CRIAC) collections are used to fund DC Water’s Clean Rivers Project
- Based on the amount of impervious surface
  - Equivalent Residential Unit (ERU)
  - 1 ERU = 1,000 sf of impervious area
  - 10,800 sf of impervious = 10.8 ERUs
  - FY19 Rate of $23.00 per ERU
BUDGET SUPPORT ACT (BSA)

Directed the Mayor to establish a program to assist nonprofits with payment of their CRIAC. Per the BSA, to receive relief, nonprofits must:

1. Demonstrate hardship in paying the CRIAC

2. Implement a stormwater mitigation project
   - Install and maintain stormwater mitigation (or green infrastructure) on the site of the nonprofit, or implement an “alternative” stormwater mitigation measure in the District
   - Receive DOEE approval and complete project within one year
   - Organizations can receive approval for previously installed GI
LEGISLATIVE REQUIREMENT 1: FINANCIAL HARDSHIP
HARDSHIP – WHICH NONPROFITS QUALIFY?

The District examined the nonprofit real estate tax exemption categories for CRIAC ratepayers and determined hardship is most relevant for following types of organizations:

- E1 – Religious;
- E3 – Charitable; and
- E7 – Cemetery
HARDSHIP – COMPARING REVENUE TO CRIAC

• Financial hardship is established if CRIAC is at least 1.0% of revenue, after expenses:
  ▪ E3 – Charitable organizations:
    o Verified with IRS Form 990
  ▪ E-1 Religious & E7 – Most cemeteries:
    o Required to sign a declaration of revenue and expenses, consistent with IRS Form 990 (these properties do not file IRS Form 990)
EXAMPLE HARDSHIP CALCULATION

- **Licensed Nonprofit with DCRA** (with OTR E-1, E-3, or E-7 designation)
- 10.8 ERUs (or 10,800 sf of impervious area)
- **Annual CRIAC:** $2,980.80 (10.8 ERUs x $23.00 x 12 months)
- **Annual revenue, which can include**: $125,375
  - Donations and grants
  - Program service revenue
- **Annual expenses, which can include**: $97,875
  - Grants paid
  - Benefits paid
  - Salaries
  - Investment income
  - Other income
  - Fundraising fees
  - Other expenses
- **Annual revenue, after expenses of $27,500**

\[ \text{Annual CRIAC} \div \text{Revenue, after expenses} \times 100 = \% \text{ devoted to CRIAC} \]

\[ \frac{$2,980.80}{\$27,500} \times 100 = 10.8\% \text{ (greater than 1.0\%)} \]
LEGISLATIVE REQUIREMENT 2:
STORMWATER MITIGATION
OFFSITE STORMWATER MITIGATION

- 90% CRIAC rate relief for funding $20 per ERU for green infrastructure on another property:
  1. Funding automatically withheld from relief; or
  2. Purchasing stormwater credits on the market
EXAMPLE OFFSITE STORMWATER MITIGATION CALCULATION

• 10.8 ERUs (or 10,800 sf of impervious area)
• Annual CRIAC: $2,980.80
• Pay cost for green infrastructure on another property

\[10.8 \text{ ERUs} \times 10 \text{ Credits} \times $2.04 \text{ (FY18 Avg. Sale Price)} = $220.32\]

• Net Relief: $2,682.72 (90% relief) - $220.32 (offsite cost) = $2,462.40
  or 82.6% CRIAC Relief
**CRIAC Relief for an Average Sized Nonprofit**

<table>
<thead>
<tr>
<th>Nonprofit Institution</th>
<th>Billed ERUs</th>
<th>FY2019 CRIAC/ ERU</th>
<th>Annual CRIAC</th>
<th>Annual Relief (90%)</th>
<th>Annual Off-Site Mitigation Cost</th>
<th>Net Relief (83%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.8</td>
<td>$23.00</td>
<td>$2,981</td>
<td>$2,683</td>
<td>$20/ERU or $220</td>
<td>$2,462</td>
</tr>
</tbody>
</table>

*Figures rounded to the nearest dollar

Annual CRIAC Before Relief: $2,981

Annual CRIAC After Relief: $519
ONSITE STORMWATER MITIGATION

• 90% CRIAC rate relief for:
  1. Planting one tree per ERU; or
  2. Managing 10% of impervious area through installation of green infrastructure (GI) practices (Previously installed GI may qualify)

Left to right, tree planting, rain barrel, rain garden
EXAMPLE ONSITE STORMWATER MITIGATION CALCULATION

• 10.8 ERUs (or 10,800 sf of impervious area)
• Annual CRIAC: $2,980.80
• Onsite Mitigation Requirement
  ▪ Plant 1 Tree per 1,000 sf of impervious area = 11 trees; or

10,800 ft² of impervious area
EXAMPLE ONSITE STORMWATER MITIGATION CALCULATION

- 10.8 ERUs (or 10,800 sf of impervious area)
- Annual CRIAC: $2,980.80
- Onsite Mitigation Requirement
  - Plant 1 Tree per 1,000 sf of impervious area = 11 trees; or
  - Manage 10% of impervious area = 1,080 sf managed

10,800 ft$^2$ of impervious area
EXAMPLE ONSITE STORMWATER MITIGATION CALCULATION

- 10.8 ERUs (or 10,800 sf of impervious area)
- Annual CRIAC: $2,980.80
- Onsite Mitigation Requirement
  - Plant 1 Tree per 1,000 sf of impervious area = 11 trees; or
  - Manage 10% of impervious area = 1,080 sf managed
- CRIAC Relief
  - Annual CRIAC: $2,980.80
  - 90% Relief: $2,682.72

Note: Onsite tree planting and green infrastructure installation has associated costs ($$$, space, time):
  - For example, 11 trees through DOEE programs would cost ≈ $550, resulting in net relief of: $2,682.72 - $550.00 = $2,132.72 (71.5% relief)
CRIAC NONPROFIT RELIEF PROGRAM IMPLEMENTATION

- DOEE will determine financial eligibility, stormwater mitigation compliance, and approved relief amount
- DC Water will apply approved relief to water bills
- The District estimates:
  - ≈ 1,300 eligible nonprofits; and
  - ≈ $3.4M in relief
- Focus Groups to provide feedback on draft program applications
- Application Process begins in January 1
- DOEE will offer Satellite Application Centers
  - One in each Ward at District Facilities
  - Office Hours at DOEE HQ
MORE INFORMATION

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Program website (under development):
http://doee.dc.gov/service/criacrelief