



CITY OF BILLINGS

Stormwater System Development Fee

DRAFT

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September 2026



September 3, 2026

Tyler Westrope, PE
Office of the City Engineer
316 N. 26th Street – 5th Floor
Billings, MT 59101

Re: Stormwater System Development Fee

Dear Mr. Westrope:

FCS is pleased to submit this report documenting the stormwater system development fee (SDF) analysis conducted for the City of Billings. SDFs are one-time fees, generally paid at the time of permit issuance. These charges help provide equity between existing and new customers, and they also provide a source of funding for utility-related capital projects as growth occurs. The resulting SDF per equivalent residential unit (ERU) is **\$967**.

The report also recommends a stormwater SDF of **\$513 per ERU** for all commercial development (reflecting a 47% credit) and **\$329 per ERU** for commercial development not connected to the City's stormwater infrastructure (reflecting a 66% credit).

The detailed methodologies used to arrive at these results are provided in this report.

It has been a pleasure to work with you and other City staff on this effort. Please let us know if you have any questions or need additional information. Tage can be reached at (425) 615-6487 or Tage.Aaker@bowman.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Ghilarducci".

John Ghilarducci
Principal

A handwritten signature in blue ink, appearing to read "TAGE AAKER".

Tage Aaker
Senior Project Manager

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1.0 Introduction

Study Background

In 2020, the City of Billings, Montana (City) contracted with FCS, a Bowman company and DOWL to review the City's stormwater program and develop supporting rates and system development fees. The City's stormwater program inspects and maintains the existing stormwater system, constructs new facilities to address drainage issues and improve water quality, works with businesses and residents to reduce pollution, monitors the health of waterways within its service area, responds to flooding from storms, and works to maintain compliance with applicable regulations.

The City bills and collects fees from customers within its service area to provide the resources needed to plan, manage, design, construct, maintain, and upgrade its stormwater system. In FY 2024, based on the recommendations of this study, the City Council implemented a rate increase coupled with a more equitable rate structure. In FY 2025 and 2026, the Council approved rate increases to further support the City's initiatives, specifically allocating resources toward stormwater system deferred maintenance and capital projects.

Now, the City has the option to introduce a stormwater system development fee (SDF) as an additional cost recovery mechanism for capital projects. An SDF is a method of recovering from new customers a proportionate share of the utility's investment in capital infrastructure. The charge is imposed on both new development and redevelopment that increases demand for system capacity.

General Legal Overview

The City has the legal authority to implement a stormwater SDF through both local ordinance and state law.

Locally, Chapter 28 of the Billings Municipal Code establishes the City's authority to regulate stormwater management and control, including the development and enforcement of programs to address runoff from new developments and redevelopment projects. This chapter, section 28-101(1)(h), explicitly provides for an equitable distribution of program costs, including but not limited to a fee schedule for storm sewer services.

At the state level, Montana Code Annotated (MCA), Title 7, Chapter 6, Part 16 authorizes local governments to impose impact fees for infrastructure needs, including stormwater facilities. Note that the City refers to these types of fees as *system development fees*, but the legal framework is based on Montana *impact fee* law, which is consistent with how the City calculates its water and sewer system development fees. The remainder of this report will refer to these fees as system development fees, except for specific references from the MCA.

Montana Code Annotated 7-6-1601,1602: "An Impact fee means any charge imposed upon development by a governmental entity as part of the development approval process to fund the additional service capacity required by the development from which it is collected. ... The impact fees imposed may not exceed a proportionate share of the costs incurred or to be incurred by the governmental entity in accommodating the development."

Together, these authorities empower the City to assess and collect stormwater system development fees to support sustainable water quality and stormwater infrastructure. **Section 2** will provide more detail on the prescribed legal framework per Montana Code Annotated.

2.0 Legal Framework

As previously noted, MCA Title 7 *Local Government*, Chapter 6 *Financial Administration and Taxation*, Part 16 *Impact Fees to Fund Capital Improvements* authorizes local governments to impose impact fees for infrastructure needs, including stormwater facilities. In summary, impact fees must recover only growth's proportional share of eligible capital improvements and cannot include costs for correcting deficiencies.

According to MCA 7-6-1601(1)(a), capital improvements "means improvements, land, and equipment with a useful life of 10 years or more that increase or improve the service capacity of a public facility." Notably, MCA 7-6-1601(7)(d), defines a public facility to include a "storm water collection, retention, detention, treatment, or disposal facility or a flood control facility."

The MCA provides specific guidelines and methodologies for calculating and administering impact fees. In particular, MCA 7-6-1602(2) outlines the requirements for an impact fee methodology report:

- (a) describe existing conditions of the facility;
- (b) establish level-of-service standards;
- (c) forecast future additional needs for service for a defined period of time;
- (d) identify capital improvements necessary to meet future needs for service;
- (e) identify those capital improvements needed for continued operation and maintenance of the facility;
- (f) make a determination as to whether one service area or more than one service area is necessary to establish a correlation between impact fees and benefits;
- (g) make a determination as to whether one service area or more than one service area for transportation facilities is needed to establish a correlation between impact fees and benefits;
- (h) establish the methodology and time period over which the governmental entity will assign the proportionate share of capital costs for expansion of the facility to provide service to new development within each service area;
- (i) establish the methodology that the governmental entity will use to exclude operations and maintenance costs and correction of existing deficiencies from the impact fee;
- (j) establish the amount of the impact fee that will be imposed for each unit of increased service demand;
- (k) have a component of the budget of the governmental entity that:
 - (i) schedules construction of public facility capital improvements to serve projected growth;
 - (ii) projects costs of the capital improvements;
 - (iii) allocates collected impact fees for construction of the capital improvements; and
 - (iv) covers at least a 5-year period and is reviewed and updated at least every 5 years.

The following subsections explain how the City's approach to calculating these fees addresses each item.

Describe Existing Conditions of the Facility (a)

FCS used information from City staff and its consulting engineer, DOWL, to estimate how much of the City's existing stormwater infrastructure was available to serve growth (approximately 18 percent). That methodology and process will be described further in a subsequent section.

Establish Level-of-Service Standards (b)

In its 2022 report *Stormwater Utility Development – Phase II*, DOWL outlined different service levels for the City. The service levels were named minimum, proactive and best practice. Following discussions with the City Council and the Budget and Finance committee, rates for FY 2025 were adopted to support a service level that falls between proactive and best practice. The City Council also approved a rate increase for FY 2026 to maintain this standard, which applies citywide and forms the baseline for evaluating which projects to include in the ten-year planning period.

Forecast Additional Needs & Capital Improvements (c), (d), (e)

To maintain the adopted level of service as the City grows, it is necessary to maintain and, in some cases, expand stormwater infrastructure to manage water quality and address localized flooding as impervious surface area and related runoff increase. In its September 2026 memo, *WO 20-37 Stormwater Utility Rate – SDF & Parkland Impervious Quantification*, DOWL summarized fourteen capital projects that are scheduled to be completed over the next ten years, totaling \$38.3 million (2024 dollars).

The City's stormwater system development fee is based on the estimated capital costs required to support new development at the City's targeted level of service. Only the portion of those capital projects that will serve growth is included in the fee calculation, ensuring a rational nexus between the fee and the development it supports. Operating and maintenance costs are excluded from these estimates. **Exhibit 4** details this information.

Service Area Determination (f), (g)

Based on discussions with City staff and DOWL, it was determined that a single, citywide service area is ideal because it aligns with the adopted level-of-service standard—set between proactive and best practice—which supports consistent stormwater management across the service area. A stormwater utility protects properties from flooding and runoff, keeps roads passable for daily and emergency travel, and improves water quality by managing pollution from stormwater—all of which benefit the entire service area.

Additionally, the City's stormwater rate is applied citywide. So, the single service area would make the system development fee and the rate approaches consistent. Lastly, the complexity and administrative burden of multiple service areas is avoided.

Study Period and Proportionality (h), (i)

The \$38.3 million capital plan previously noted is based on a ten-year forecast prepared by City staff and DOWL. It is our understanding that this is consistent with the time period incorporated into the City's water and sewer system development fee calculations.

A central principle noted in the MCA is that impact fees must be proportionate to the impact of the development. The MCA 7-6-1602(1), (2) requires that the governing body have a capital improvement plan and

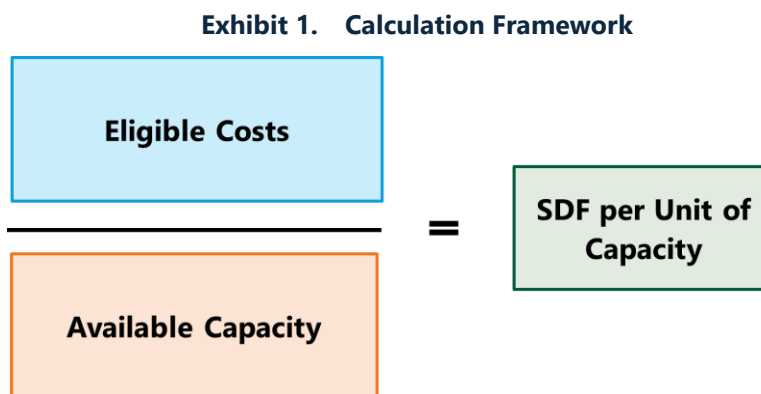
demonstrate that the fees are based on a reasonable relationship between the fee and the development's impact. MCA 7-6-1603(1) reinforces this by stating that the collection and expenditure of impact fees must be "reasonably related to the benefits accruing to the development paying the impact fees."

City staff and DOWL estimated the areas impacted by each project and determined how much of that area was already developed versus vacant but developable (i.e., available for growth), as documented in the September 2026 memo from DOWL, *WO 20-37 Stormwater Utility Rate – SDF & Parkland Impervious Quantification*. Under this approach, a growth percentage was derived for each project to determine the growth-related cost to include in the calculation.

Impact fees / SDFs cannot be used to correct existing deficiencies in public facilities. MCA 7-6-1602(2)(i) explicitly requires that an impact fee's methodology will "exclude operations and maintenance costs and correction of existing deficiencies from the impact fee." This ensures that new development is not unfairly burdened with costs that should be borne by existing customers. By specifically estimating the growth portion of each project, the calculation excludes all capital costs estimated to serve current development (i.e., existing deficiencies).

Establish the Impact Fee for Each Unit of Service (j)

Exhibit 1 outlines the SDF calculation for the stormwater program: eligible costs are divided by the available capacity over the planning period. The resulting stormwater SDF is shown as a dollar amount per unit of capacity, or in this case, per equivalent residential unit (ERU).



Consistent with the City's adopted monthly rate structure, as noted in *Resolution 26-11347*, one ERU is generally based on the type of development and associated impervious coverage. The following land use distinctions are used in this determination:

- Each single-family residential property = 1.0 ERU.
- Each duplex = 1.5 ERUs.
- Commercial properties are assigned ERUs based on measured impervious area, where one ERU is defined as 3,751.22 impervious square feet.

Budget Unit Dedicated to Stormwater (k)

The City complies with MCA 7-6-1602(2)(k) by using stormwater funds (8400 & 2070) and a five-year capital improvement plan, updated annually. This plan outlines infrastructure projects, estimated costs, and funding sources. Staff also maintain an internal long-term planning document to guide future needs. That long-term planning document informs the ten-year forecast of capital projects identified in the stormwater SDF calculation.

3.0 SDF Numerator: Eligible Costs

The capital costs (the “cost basis”) used in the SDF calculation can be separated into two major categories:

- **Existing infrastructure.** These costs represent the net investment in assets that currently provide service to existing customers and have capacity for future customers. Only the portion of infrastructure estimated to be available to serve growth is included in the SDF calculation. Any asset identified as being contributed (e.g., developer donation) is excluded from the calculation.
- **Future capital projects.** These costs refer to capital improvement projects that the utility plans to undertake within the next ten years. Only the portion of each capital project estimated to add capacity to serve growth is included in the SDF calculation. Any portion of a project that is expected to be funded with grants is excluded from the calculation.

Existing Infrastructure – Growth Portion

The process for estimating eligible existing infrastructure cost for the SDF calculation involves two steps. First, fixed assets net of adjustments is determined, followed by allocating a portion of those assets to growth.

Calculate Fixed Assets Net of Adjustments

The first step in estimating the eligible asset cost for the SDF calculation is to determine the net value of fixed assets by adjusting for original cost, excluding developer contributions, subtracting debt principal outstanding, and removing short-lived equipment:

- **Original cost:** MCA 7-6-1602 (5) notes that the impact fee should be “based upon the actual cost of public facility expansion or improvements.” Therefore, the analysis starts with the original cost of fixed assets currently in service based on City records.
- **Exclude equipment:** Under MCA 7-6-1601(1)(a), capital improvements are defined to include equipment with a useful life of 10 years or more that increases or improves the service capacity of a public facility. This means that eligible equipment—such as stormwater maintenance vehicles, sweepers, vector trucks, etc.—can be included in SDF calculations only if they meet the longevity and service enhancement criteria. The City of Billings only has a few stormwater maintenance specific vehicles (e.g., dump trucks) that meet the longevity and service enhancement criteria. Additionally, only a fraction of this limited equipment can be attributed and applied to new growth. For those reasons, equipment assets were excluded entirely from the SDF calculation. This adjustment is minor, as eligible equipment comprises less than one-half of one percent of stormwater assets, and the burden to maintain and update this equipment data does not match the negligible change to the SDF fee.
- **Exclude Debt Principal Outstanding:** Outstanding debt is the unpaid portion of the system's cost still being recovered through rates. For this model, the outstanding principal is subtracted from the existing cost basis, ensuring new development is not charged for infrastructure that existing users are already repaying through their rates.
- **Exclude contributions:** MCA 7-6-1602 (5) goes on to note that the amount of the impact fee should be based on the cost incurred by the governmental entity. If an asset was constructed and paid for by a developer, as part of the developer’s obligations, that is not a cost incurred by the City of Billings. Therefore, those contributed assets, where noted, are excluded from the calculation.

After adjustments, the net original cost of fixed assets is about \$55.4 million (see **Exhibit 2**).

Exhibit 2. Existing Fixed Assets Net of Adjustments (end of FY 2024)

Description	Amount
Original Cost	\$96,790,000
Less: Equipment in Fixed Assets	(790,000)
Less: Debt Principal Outstanding	(8,540,000)
Less: Fixed Assets Funded via Contributions	(32,030,000)
Total Net Existing Fixed Assets	\$55,430,000

Note: Total may differ slightly due to rounding.

Estimating Growth's Share of Net Fixed Assets

The next step in estimating the eligible asset cost for the system development fee calculation involves determining how much of the City's \$55.4 million in net fixed assets can be allocated to growth.

To support this analysis, City staff and its consulting engineer conducted a GIS-based review of the existing pipe and ditch inventory to identify summary-level asset location. It was estimated that 94% of assets are within City limits and 6% are in annexation areas, as documented in the September 2026 memo from DOWL, WO 20-37 *Stormwater Utility Rate – SDF & Parkland Impervious Quantification*.

Next, that team evaluated development status within each area to assess how much of the infrastructure serves existing development versus future growth. Within City limits, 85% of parcels are developed, meaning 15% of assets in that area are available to serve growth. In contrast, annexation areas are only 41% developed, with 59% of assets in those areas considered available to support new development.

The weighted average of the two areas is approximately 18%. **Exhibit 3** shows that based on these weighted adjustments, \$9.7 million of the \$55.4 million is estimated to serve new growth.

Exhibit 3. Net Existing Fixed Assets Allocated to Growth

Description	Amount
Net Existing Fixed Assets	\$55,430,000
Estimated Allocation to Growth	18%
Existing Fixed Assets Allocated to Growth	\$9,740,000

Note: Total may differ slightly due to rounding in the percentage shown.

Future Capital Projects – Growth Portion

Then, to estimate the portion of each project attributable to growth, City staff and DOWL calculated the total acreage affected by each project and identified how much of that land is currently developed versus available for future development—resulting in a unique growth percentage assigned to each project. In total, \$13.3 million of future capital projects is assumed to serve growth and is therefore included in the SDF calculation.

Exhibit 4. Future Cost Basis Allocated to Growth

Project	Estimated Cost in Service Area	Allocation to Growth (%)	Growth Allocation (\$) Rounded
54th St West: Rimrock To Grand & West End Regional Detention	\$4,600,000	28%	\$1,306,000
Grand Avenue Extension	\$1,000,000	4%	\$36,000
Babcock from Nutter to Sourdough	\$2,300,000	20%	\$461,000
Bitterroot and Wicks	\$4,110,522	11%	\$436,000
King Park Drainage	\$1,800,000	4%	\$65,000
East Lane to Elysian	\$3,600,000	76%	\$2,723,000
Cody Lane to Wicks Lane	\$3,000,000	6%	\$189,000
Rimrock Road: 54th to 62nd	\$3,000,000	25%	\$747,000
Hogans Slough Improvements	\$1,280,000	35%	\$452,000
Arnold Drain Improvements	\$3,000,000	29%	\$869,000
Grand Avenue 44th to Shiloh Drain	\$4,000,000	73%	\$2,939,000
Birely Drain - Rimrock to 48th	\$3,200,000	49%	\$1,556,000
Rimrock Road: Clearview to 54th	\$2,000,000	70%	\$1,396,000
Expo and 1st MDT Contribution	<u>\$1,400,000</u>	9%	<u>\$122,000</u>
Totals	\$38,290,522		\$13,297,000

Total Cost Basis

The cost basis for the system development fee totals approximately \$23.0 million allocated to growth. This includes \$9.7 million in existing infrastructure and \$13.3 million in planned capital projects.

4.0 SDF Denominator: Growth Capacity

The MCA requires that the City assign a proportionate share of capital costs to new development when calculating impact fees. To meet this requirement, only infrastructure that will serve growth is included in the numerator (**Section 3.0**), and only the growth that can be served by that infrastructure is included in the denominator. In this case, the denominator is expressed in equivalent residential units (ERUs), based on the amount of developable land and assumed impervious surface coverage.

The capital projects previously identified are expected to serve approximately 2,560 vacant acres that could be developed in the future. Applying an assumption of 80% impervious coverage results in an estimated 89.3 million square feet of future impervious area that could be developed. Dividing this by 3,751.22 square feet per ERU (the City's standard) yields roughly 23,800 ERUs, as shown in **Exhibit 5**. The City now serves about 92,000 ERUs, and these capital projects support roughly 26% growth.

Exhibit 5. Growth ERUs served by Capital Projects

Description	Amount (rounded)
Vacant area served by capital projects (acres)	2,560
Vacant area impacted by projects (square feet)	111,684,000
Impervious coverage percentage estimate once developed	80%
Estimated impervious square feet once developed	89,347,000
Equivalent Residential Unit (ERU) definition (impervious square feet)	3,751
Total New ERUs Served	23,800

While a lower impervious percentage could be argued, the use of an 80% assumption is intentionally conservative. Based on discussions with City staff and DOWL, 75–80% is considered a reasonable “textbook” figure in the absence of detailed site-specific plans. Using the higher end of that range results in a greater number of ERUs, which in turn slightly lowers the calculated system development fee per unit. All else being equal, this leads to a more defensible fee structure, as it reduces the likelihood of overstating the financial burden on new development while still maintaining proportionality and compliance with statutory requirements. This assumption can be modified over time as additional basin-specific data is known.

5.0 Summary of Inputs & SDF Calculation

Summary of Methodology and Inputs

The City of Billings conducted an analysis to establish a stormwater system development fee (SDF) that equitably charges new developments for the capital costs of stormwater infrastructure needed to serve growth. The SDF is a one-time fee charged to new developments to help fund additional stormwater infrastructure capacity required, ensuring fairness between existing and new customers.

The City has authority under local ordinance and Montana state law to impose impact fees limited to proportionate shares of capital costs for new development, excluding operation, maintenance, and correction of existing deficiencies. The key calculation components previously discussed are summarized below:

- **Existing infrastructure portion of numerator:** The net original cost of existing stormwater fixed assets—excluding developer contributions, outstanding debt, and short-lived equipment—is approximately \$55.4 million. Based on a developed versus undeveloped land analysis, about 18% is attributable to growth, resulting in an existing cost basis of \$9.7 million.
- **Future capital projects portion of numerator:** Fourteen planned capital projects totaling \$38.3 million (2024 dollars) are identified for the next ten years, with \$13.3 million allocated to growth based on the proportion of affected undeveloped land.
- **Total numerator:** Existing and future portions of the numerator combine to \$23 million.
- **Growth capacity denominator:** The fee denominator is based on approximately 23,800 equivalent residential units (ERUs) representing developable vacant land with an assumed 80% impervious surface coverage, consistent with City standards.

SDF Calculation

The calculated SDF for the City’s stormwater utility is **\$967 per ERU**, as shown below in **Exhibit 6**. As required by MCA 7-6-1602, the City should update this analysis at least once every five years. Potential SDF credits are discussed in the following section.

Exhibit 6. SDF Calculation

The diagram illustrates the SDF calculation as a division. A light blue box containing "\$23 million" is positioned above a horizontal line. Below the line is a light orange box containing "23,800 ERUs". To the right of the division line is an equals sign, followed by a light green box containing "\$967 per ERU".

$$\frac{\$23 \text{ million}}{23,800 \text{ ERUs}} = \$967 \text{ per ERU}$$

6.0 System Development Fee Credits

General Overview for SDF Credits

System development fees are intended to ensure new development pays its proportionate share of the capital improvements needed to provide service capacity. Under Montana law, impact fees must reflect the additional demand created by development and be based on a proportionate share of system costs attributable to that growth. Under this framework, credits may be appropriate where a development reduces demand on the public system or provides capacity-serving improvements. Any credit must maintain a clear relationship between the fee charged and the development's impact.¹ To inform a potential SDF credit approach, the City's consulting engineer, DOWL, evaluated various development requirements, as summarized in the following section.

Base Credit for Commercial Developments

In Billings, commercial developments are subject to more stringent stormwater management requirements than typical residential subdivisions, including requirements to retain runoff for storms up to the 50-year event. By comparison, standard residential subdivision criteria require detention to limit post-development discharge rates to pre-development conditions for the 2-, 10-, and 100-year storm events, with the 100-year storm typically governing the required storage volume. This difference in policy results in commercial property managing more stormwater onsite than a comparable sized residential subdivision development.

To quantify this difference, DOWL evaluated 29 recently approved commercial projects, ranging from 0.17 acres to 18.3 acres with a median size of 0.99 acres. For each site, the required 50-year retention volume under commercial standards was compared with the storage volume required under standard subdivision detention criteria. **Exhibit 7** summarizes the minimum, maximum, average, and median percent reductions resulting from this analysis.

Exhibit 7. Storage Reduction Subdivision vs. Commercial

Description	Result
Minimum Storage Reduction	10%
Maximum Storage Reduction	75%
Average Storage Reduction	42%
Median Storage Reduction	47%

The analysis shows that these commercial projects provide a wide range of reductions, from 10% to 75%, depending on the development's size and imperviousness. The average and median values show reductions of

¹ https://mca.legmt.gov/bills/mca/title_0070/chapter_0060/part_0160/section_0020/0070-0060-0160-0020.html

42% and 47%, respectively. Based on this analysis, which demonstrates that commercial developments provide more on-site stormwater storage than residential subdivisions, DOWL and FCS recommend a policy that applies a uniform 47% Stormwater SDF credit to all non-single-family developments to reflect their reduced reliance on the public system and to ensure an administratively simple and consistent approach. No credit is recommended for single-family residential development, including duplexes.

The median storage reduction was selected because a small number of outlier developments experienced relatively limited reductions, which skewed the average downward. As a result, the median provides a more representative measure of the typical storage reduction across the evaluated sites.

Additional Credit for Developments Not Connected to City's System

A separate question is whether commercial developments lacking a direct physical connection to the City's stormwater conveyance system—whether by design or due to the absence of available infrastructure—warrant an adjustment above and beyond the base 47% credit.

The analytical basis for an additional credit is tied to relative system impact. Commercial developments without a direct connection to the City's stormwater conveyance system (e.g., pipes or ditches) cannot readily discharge stormwater to the public system and must manage runoff on site. As a result, these developments often require more robust on-site controls than connected properties, which can reduce demand on the public system.

However, the absence of a direct connection does not eliminate system impact entirely. Runoff from unconnected developments may still reach the public stormwater system through overland flow, groundwater interaction, or localized drainage patterns. Additionally, in many cases, new infrastructure is still needed to serve development in expanding areas of the City. Therefore, their burden on the public system may be reduced relative to directly connected properties—but it is not absent. Accordingly, this framework establishes a tiered credit structure. All commercial development is eligible for the base credit (i.e., 47%). Unconnected commercial developments may qualify for an additional credit reflecting their further-reduced system impact, subject to the technical methodology set forth below.

Rationale for Additional Credit

Public roads and rights-of-way (ROW) represent approximately 34% of all impervious surface within the service area. Because public streets are a foundational component of the stormwater conveyance system, the City bears ongoing responsibility for constructing and maintaining these assets and managing the runoff they generate—irrespective of how effectively private property owners control stormwater on their own parcels.

This shapes how credits are applied: no matter how well a private development manages its own runoff, it does not reduce the City's obligation to construct and maintain infrastructure in the public right-of-way. Some portion of the SDF is therefore attributable to system-wide costs that all development within the service area contributes to, regardless of individual site design.

Accordingly, FCS recommends establishing the maximum SDF credit at 66%, which reflects the share of system demand attributable to private development after accounting for the 34% associated with public ROW.

Credit Summary

The City's rate ordinance defines three development categories: single-family residential, duplex, and commercial. The SDF credit framework presented here applies only to commercial development and establishes two key thresholds:

- **Base credit (47%):** All qualifying commercial development is eligible for a credit of 47%, reflecting the greater on-site storage these sites provide compared to single-family and duplex development and their reduced reliance on the public stormwater system.
- **Maximum credit (established at 66%):** The total credit available under any scenario is set at 66%, recognizing that public roads and rights-of-way account for approximately one-third of impervious surface—and associated system costs—which all development must support regardless of on-site mitigation. Specifically, this credit would be for commercial developments that are not connected to the City's stormwater system.

No SDF credit is provided for single-family residential or duplex development, as these categories continue to rely on downstream public system capacity.

Exhibit 8 illustrates how the unadjusted system development fee is applied under the base credit and maximum credit scenarios.

Exhibit 8. System Development Fees with and without Credits

Description	SDF
Unadjusted Stormwater SDF	\$967 per ERU
Stormwater SDF with 47% Credit (commercial connected to the City's system)	\$513 per ERU
Stormwater SDF with 66% Credit (commercial not connected to City's system)	\$329 per ERU

