

Storm and Surface Water Master Plan: Funding Strategies

November 17, 2015 Sequim Planning Commission



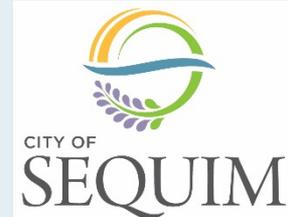
Presented by:

Ann Soule, LHG
David Garlington, PE
City of Sequim

Art Griffith
FG Solutions, LLC

Stormwater Stewardship

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Outline

- Review status
- Review plan recommendations
- Review benefits of a stormwater program
- Funding analysis
 - How much would a stormwater program cost?
 - How can the City pay for it?
- Stormwater fee comparison with small cities
- Staff recommendation, Next steps and Discussion

Review status

- Program status & needs identified 2013-15 (*see video*)
- Regulatory status:
 - Not a “NPDES” municipal stormwater permittee
 - Other regulatory requirements still apply:
 - City code inspection and maintenance req’s (SMC 13.108)
 - State surface water quality standards (303d list, etc.)
 - UIC requirements for groundwater quality
 - Species and habitat protection (ESA, etc.)

Review status

- Project status, Draft Plan released May 2015
 - July – presented schedule

Storm & Surface Water Master Plan Adoption Timeline



Review status

- Project status, Draft Plan released May 2015
 - July – presented schedule
 - August – presented CIP
 - September – presented Operations recommendations
 - Tier A: Meets current regulatory standards
 - Tier B: Meets potential future regulatory standards (includes top priority CIP projects)
 - Tier C: Proactively anticipates and reduces risk

Review plan recommendations

SW Program Element	Tier A	Tier B	Tier C
Capital Facilities	none	Group 1	Groups 1 and 2
Inspection Program	H, M, L	H, M, L	H, M, L
Water Quality Compliance	H	H, M	H, M, L
Stormwater System O&M	H	H, M	H, M, L
Asset Management		M	M
Pollution Source Detection and Elimination		H	H, M
Public Education		H	H, M, L
Species and Habitat Protection			H
Stormwater Design and Plan Review			H, M, L

Review benefits of stormwater program

Benefits of a City Stormwater Program	Tier A	Tier B	Tier C
Compliance with local and state standards	+++	++++	++++
Reduced or eliminated localized flooding and ponding	+	+++	++++
Reduced level of pollutants entering streams and aquifers	+	++	++++
Improved fish and wildlife habitat provided by city streams		+	+++
Improved protection of drinking water supply	+	++	+++
Opportunities for education on pollution prevention and stewardship activities for residents and businesses		+	++

How much does the stormwater program cost?

- *What the consultant team did:*
 - *Include what the City currently spends*
 - *Make a projection of what the future costs would be, for each tier*
 - *Developed a five-year projection from 2017 through 2021*
 - *Calculate what the total revenue needs to be*

What does the City currently spend for stormwater services?

- *About \$100,000 for operation and maintenance*
 - *Street sweeping*
 - *Storm drain cleaning*
- *Currently split 50/50 from water and sewer rates*
 - *For “average” household, ~\$1.80/month. For most households ~ \$1.60 - \$2.10 per month, depending on water consumption*
- *Capital projects are completed as funding is available; City has received some grants in the past*

Future costs for each tier

Tier	Annual Cost
A	\$370,000
B	\$675,000
C	\$825,000

- *Current: \$110,000 per year for operating; grant-funded capital*
- *O&M, capital (if applicable), and reserves*
- *From 2017 through 2021, adjusted for inflation*

How can the City pay for the stormwater program?

- *We looked at five alternatives*
 1. *Continued use of water and sewer rates*
 2. *Ad valorem property tax*
 3. *Stormwater fees*
 4. *Special Purpose District*
 5. *Combination of the above*
- *All alternatives collect the same amount of money; the differences among alternatives are in how the money is collected*

Brief description of alternatives

When evaluating funding alternatives, consider the linkage between the service provided and the fee

1. *Continued use of water and sewer rates*
 - *Extend current policy*
2. *Ad valorem property tax*
 - *Recognize competing priorities for property tax*
 - *Not all parcels pay property taxes*

Brief description of alternatives

3. *Stormwater fee*

- *Per-parcel fee, linked to the services funded through the fee*

4. *Special purpose district*

- *Potentially could include areas outside the City limits*
- *Must link services provided to fee/assessment*

5. *Combination of the above*

Cost for the "average" household

Tier	~\$/household/ month	Annual Cost
A	\$3.50 - \$10.10	\$370,000
B	\$8.10 - \$19.70	\$675,000
C	\$10.40 - \$24.40	\$825,000

- *Current: about \$1.80/month through water/sewer rates*
- *Range depends on alternative chosen.*
- *"Average" household: 700 cf/month water use; <600 cf/month winter water use; \$185,000 assessed value*
- *Actual costs for many households will differ from this range*

Why do the costs for an "average household" vary?

Alternative	Basis for Charge
1. Water/sewer rates	Water use
2. Property tax	Property value
3. Stormwater fee	Impervious area (primarily)
4. Special Purpose District	TBD; often per-parcel fee
5. Combination of above	Combination of above

- *All alternatives collect the same amount of revenue*
- *If a lower cost per single-family residence, then a higher cost for other customers (example: commercial)*
- *City-wide % of assessed value from SFR is different from City-wide % of impervious surface from SFR*

Features of Sequim's stormwater system and program

Characteristic	Implication
Most parcels: on-site infiltration of runoff	Cost recovery solely based on impervious surface not appropriate
Large percentage of runoff from piped conveyance is from public right-of-way	Cost recovery from General Fund appropriate; parcel or impervious area fee premise is as a surrogate measurement for use of right-of-way
Some activities directly related to capturing runoff for aquifer recharge	Considering these as a water supply activity, recovering costs through water rates is appropriate

Features of Sequim's stormwater system and program

Characteristic	Implication
Some program elements benefit water quality: mostly groundwater because most runoff is infiltrated	Per-parcel charges, impervious area charges are appropriate
Some program elements benefit residents and businesses outside City limits	City could investigate forming a special purpose district extending beyond City limits; must link services and fees.
Some stormwater costs are the result of stormwater originating outside City limits	Investigate methods of cost recovery from customers outside City limits

How can the City pay for the stormwater program?

- *We looked at five alternatives*

1. *Continued use of water and sewer rates*
2. *Ad valorem property tax*
3. *Stormwater fees*
4. *Special Purpose District*
5. ***Combination of the above*** ←

May be the most equitable

- *All alternatives collect the same amount of money; the differences are in how the money is collected*

Tradeoff between precision and administrative complexity



Simple but not precise

- Continued water/sewer rates OR
- Existing property tax

Precise but not simple

- Continued water/sewer rates AND
- Existing or new property tax AND
- Stormwater fee AND
- Special purpose district

Tradeoff between precision and administrative complexity



Simple but not precise

- Continued water/sewer rates OR
- Existing property tax

Somewhere in between

- Establishing a stormwater fee
- New property taxes
- Special purpose district

Precise but not simple

- Continued water/sewer rates AND
- Existing or new property tax AND
- Stormwater fee AND
- Special purpose district

Tradeoff between precision and administrative complexity



Simple but not precise

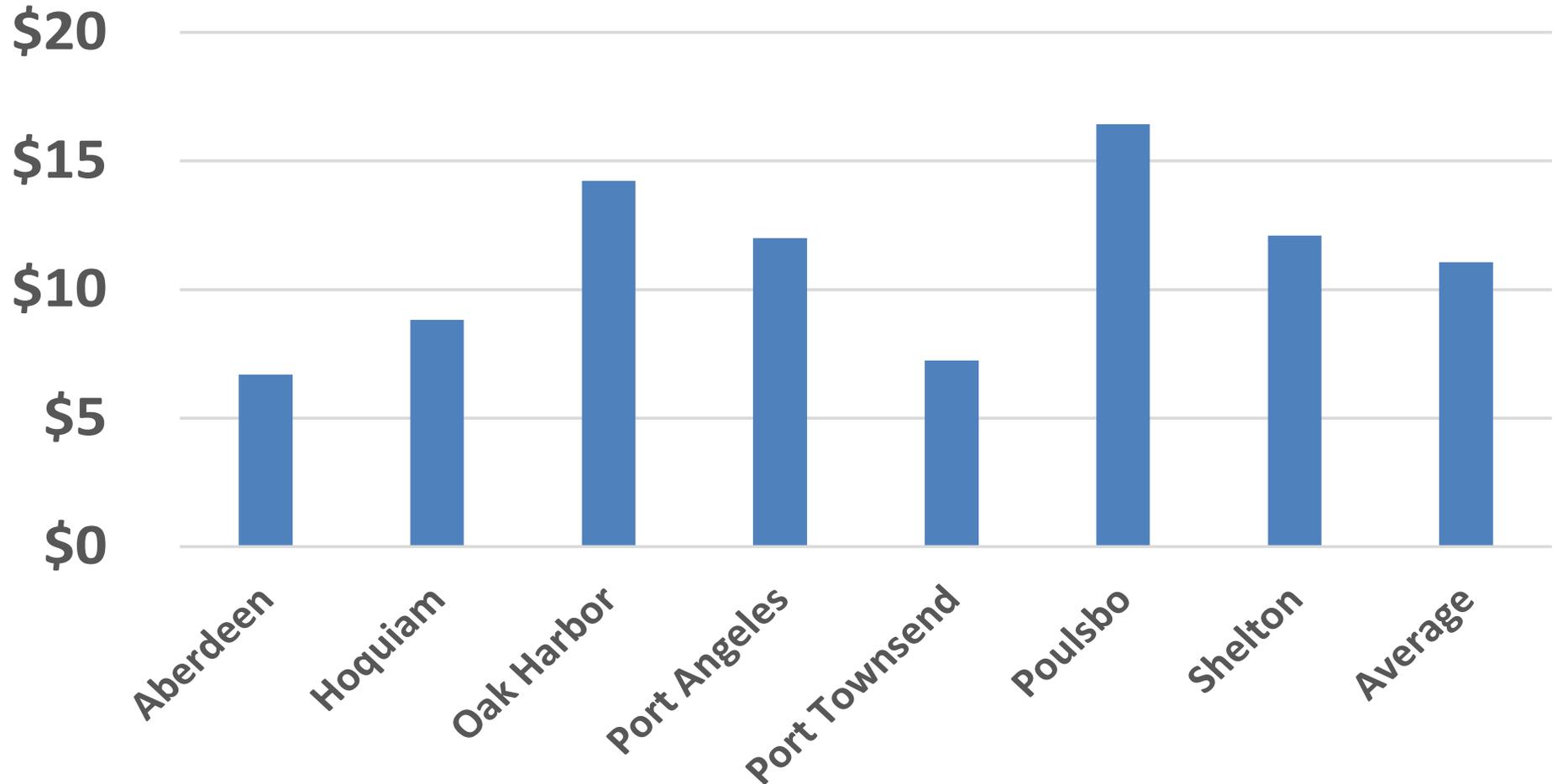
Somewhere in between

Precise but not simple

- *Where the City ends up in this tradeoff might depend on:*
 - *Which services the City chooses to fund: is it worth it to set up a stormwater fee for a \$2/month charge?*
 - *Competing property tax priorities*

Stormwater fee comparison with small cities

\$/month/single-family residence



Staff recommendation

- Due to the difficulty of raising revenue at this time, Public Works recommends that existing resources be redirected over the next 3-5 years to achieve necessary compliance represented by Tier A.
- During this time progress (in terms of achievement of Tier A goals) and impacts (to other City programs) will be measured and reported annually.
- Staff will continue to seek grant and other outside funding to supplement these activities and CIP projects, while aiming toward Tier B levels of service for the next stage.

Next Steps

- Finish Planning Commission review of funding strategies Fall 2015
- Council review of funding strategies Winter 2016
- Staff update Plan to include funding Winter 2016 /
- Adopt complete Plan (PC, then Council) Late Winter 2016
- Ordinance review, update Spring 2016

Discussion



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