

# Board of County Commissioners Work Session

## Clean Water Program Funding

March 19, 2014



# Background

- **Clean Water fee implemented in 2000**
  - Fee amount based upon the relative contribution to increased surface and stormwater runoff
  - Annual fee per ERU (Equivalent Residential Unit): \$33
  - ERU is defined as total impervious area divided by 3,500 square feet
- **Annual revenue generated:**
  - Approximately \$5.2 million in 2014



# Background

- **County policy adopted by previous Board in 2009 implemented innovative approach to permit compliance that was not approved by regulators**
  - Clean Water Fund balance used to implement this policy and other portions of the NPDES permit
- **Clean Water Program budget adopted in December 2012**
  - Fund balance exhausted
  - Road Fund transfer reversed



# Four Issues Today

## **1. The lawsuit reality**

Paying the \$3.6 million settlement

## **2. The federal clean water act and NPDES stormwater permit reality**

Funding compliance and new requirements

## **3. Potential new revenue from polluters**

Alternative funding sources

## **4. Increasing the current clean water fee**

Permanent fee increase



# Issue #1

## Lawsuit Settlement Costs and Conditions

- **County Obligations:**
  - Pay Litigation Fees - \$600,000 to be paid in 2014
  - Fund Environmental Restoration - \$3 million over 6 years 2015-2020
  - Comply with the new NPDES stormwater permit in all respects



# Funding the Settlement

## with a Fee Surcharge

- **Three options for fee surcharges, all sunset when the \$3.6 million obligation fulfilled:**
  - 1 year surcharge-\$22 one time in 2015
  - 2 year surcharge-\$11 per year in 2015 & 2016
  - 5 year surcharge-\$4.50 per year from 2015-2019

\*All fee scenarios are based on rough modeling data that will change



# Board Direction Needed

- 1. Pay the settlement with a fee surcharge only?  
Which option?**
- 2. Pay the settlement with a combination of  
settlement fee surcharge and other fees?**



# Issue #2

## Clean Water Program Budget for Permit Compliance

- **Service Level: NPDES Permit Compliance**
  - Continued high compliance cost from previous permit
  - Adds new monitoring and watershed planning requirements
- **Program Budget: \$6.8 million**
  - Capital Improvements - \$1.7 million
  - Facility Maintenance - \$1.5 million
  - Program Operations - \$3.5 million



# Clean Water Program Budget

- **Service Level:  
NPDES Permit  
Compliance**
- **Program Budget:  
\$6.8 million**
  - Expenses  
(Figures in thousands)

Staffing	\$1,820
Supplies	\$100
Services	\$2,801
Indirect/Rent	\$313
Capital	\$1,708
Debt/Depreciation	\$33
<b>Total</b>	<b>\$6,775</b>



# Clean Water Program

## 2013 Budget Performance

2013 Budget	Actuals	% of Budget
\$9.0	\$6.5	72%

*Figures in millions*

Spending reductions resulted in just 72% of budget expended in 2013



# Funding Shortfall

Compliance Budget	\$6.8 million
Current Fee Revenue	\$5.2 million
Shortfall	\$1.6 million



# Issue #3

## Potential new revenue from polluters

### **Committee Task: Explore alternatives for generating revenue for Clean Water Program to cover shortfall**

- 1) What amount of revenue would the new fee generate?
- 2) Would the fee be easy to collect?
- 3) Is the nexus between the fee and the impact clear?



# Alternative Polluter Fee Options

- Bottle Bill.....Minimal Revenue, Change State law
- Fireworks Permits.....Minimal Revenue, Legal Constraints
- Garbage Tipping Fee.....High Revenue, Funds Obligated
- Litter Fees.....High Revenue, County Code
- Pet Licenses.....Minimal Revenue, Secondary Impact
- Private Roads.....High Revenue, Difficult to Collect
- Recycling Collection Contracts.....Low Revenue, Funds Obligated
- Road Use Intensity.....High Revenue, Secondary Impact
- Septic System Fees.....Low Revenue, County Code
- Single Use Plastic Bags.....Low Revenue, Funds Obligated
- Solid Waste Collection District.....High Revenue, Funds Obligated
- System Development Charges.....Variable Revenue, County Code
- Vehicle Registration Surcharge.....High Revenue, County Wide Vote
- Large Commercial Lots W/O Stormwater Facilities.....Low Revenue, County Code

# Private Roads

- **Private residential roads in Clark County are typically not assessed a Clean Water fee**
  - Owned by HOA's or by individual parcel owners
- **Potential annual revenue approximately \$120,000**
- **Requires code change**
- **Difficult to assess and collect fee**

\*All revenue projections are based on estimates and may change



# Example: Hawks View Subdivision



HOA owns private road and pays no fee for over an acre of impervious area

# Litter Fees

## Fee / Newspapers / Fast Food

### Fast Food Litter

- Does not report on wrappers and cups utilized....
- Put out thousands of pieces of litter per day....number unknown
- Potential revenue difficult to collect

**Revenue:** Unknown

### Newspapers

- A paper reports daily 28,500
- One daily paper prints and distributes 1,250,000 individual pages of paper weekly
- Potential revenue from papers produced and distributed in Clark County with a weekly print run greater than 50,000:

**Revenue:** 1.5 cents per paper  
\$150,000 per year



# System Development Charges

- **Maintaining public facilities is a major expense**
  - Public ownership of stormwater facilities increased from 450 to over 900 facilities from 2002-2013
- **County policy is to take stormwater facilities at no cost to the residential developers**
- **Options:**
  - End the policy of taking facilities into public ownership
  - Provide developers option to give stormwater facility to the County and pay a system development charge
- **Revenue would be variable, good source for capital reserve**



# Road Intensity Surcharge

- **Create a fee for roadways that have a standard width of 72 feet or more**
    - Large roadways discharge intense concentrations of runoff and pollutants
  - **Charging \$100 a unit for this high intensity:**
    - 1,645 County units = \$164,500 (+ \$110,000)
    - 2,571 State units = \$85,700\* (+ \$50,000)
- \$160,000 new revenue**

\*State fee is 1/3 fee rate under state law



# Board Direction Needed

- **Implementing all four polluter fee options:  
\$680,000 range**
  - Private Road Fee \$120,000
  - Litter Fee \$150,000
  - System Development Charges \$250,000
  - Road Intensity Surcharge \$160,000
- **Cover the shortfall with a polluter fee only?**
- **Cover the shortfall with a combination of polluter fee and other fees?**



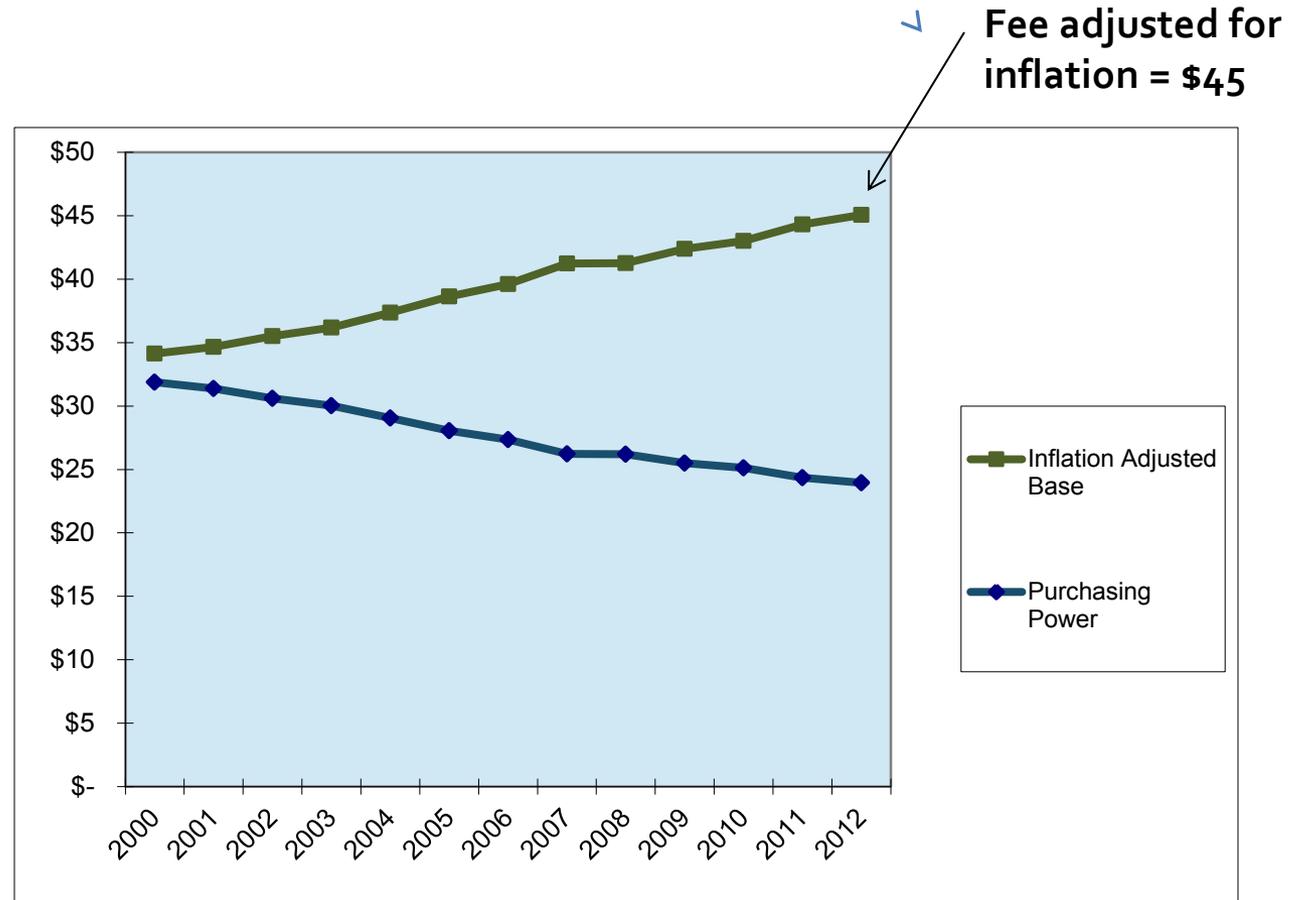
# Issue # 4 Clean Water Fee

## Current Fee Structure

Land Use Category	Annual Service Charge Rate
<b>No. 1 Single-family residential detached</b>	<b>\$33.00/single-family residence</b>
<b>No. 2 Single-family residential large lots:</b> <ul style="list-style-type: none"> <li>• More than 0.5 acre to 1 acre</li> <li>• More than 1 acre to 5 acres</li> <li>• More than 5 acres to 20 acres</li> <li>• More than 20 acres</li> </ul>	<ul style="list-style-type: none"> <li>\$29.70</li> <li>\$26.40</li> <li>\$23.10</li> <li>\$19.80</li> </ul>
<b>No. 3 Multi-Family Residential Lots</b>	<b>\$33.00 X number of residential units</b>
<b>No. 4 Retail, commercial, churches, hospitals, airports, public or private utility installations, schools, golf courses, government structures, other public facilities, industrial, manufacturing and railroad right-of-way, county road and street right-of-way</b>	<b>\$33.00 X number of base units or portion thereof</b>
<b>No. 5 State highway</b>	<b>\$9.90 X number of base units or portion thereof subject to RCW <a href="#">90.03.525</a></b>

# Clean Water Fee Inflation Effects

- **\$45 fee is necessary to provide same purchasing power as in 2000**
- **Purchasing power of fee has eroded to \$24**
- **Several New NPDES requirements for 2013-18**



\*Average CPI 2000-2012 per Bureau of Labor and Statistics

# Clean Water Fee Increase Options

**Many options to modify existing fee structure to cover the shortfall, a few are:**

- 1. Across-the-board increase**
- 2. Urban area surcharge**
- 3. Standardize single family rates coupled with across board increase**
- 4. Raise the non-residential rate (Category 4)**



# Clean Water Fee Increase Options

## Across-the-board increase

- ***Fee necessary to generate \$6.8 million: \$44***
  - Equitable increase on all property owners
  - Continues current discount structure for seniors and large residential lots
  - Represents a \$11 fee increase over current fee
  - Road Fund obligation is \$2.49 million.

\*All fee scenarios are based on rough modeling data that will change



# Clean Water Fee Increase Options

## Urban area surcharge

- *Fee necessary to generate \$6.8 million: \$47 (base fee of \$33 plus \$14) for property owners within the urban growth area*
  - Roughly three-quarters of the stormwater management program cost is incurred within the urban area
  - Surcharge assessed to property owners inside UGA
  - Road fund obligation is \$2.37 million



# Clean Water Fee Increase Options

## Standardize single family rates with across-the-board increase

- ***Fee necessary to generate \$6.8 million: \$42***
  - Standard rate for all residential customers
  - Large lots no longer receive discount
  - Represents a \$9 fee increase over current fee
  - Road fund obligation is \$2.40 million



# Clean Water Fee Increase Options

## Category 4 surcharge – Non residential rate

- *Fee necessary to generate \$6.8 million: \$52 (base fee of \$33 plus \$19) for non-residential property owners*
  - Runoff from roads, commercial buildings, parking lots, etc. is more polluted than residential runoff and has a greater impact on the county's stormwater system
  - Road fund obligation is \$2.96 million



# Example of Fee Combinations

**Across-the-board fee increase combined with non-residential surcharge and polluter fee revenue:**

- Fee increases necessary to generate \$6.8 million

	Current Fee	Fee Increase	Plus Surcharge	Total Fee Per ERU
Residential	\$33	\$5	\$0	\$38
Non Residential	\$33	\$5	\$10	\$48

- Adding alternative polluter fee revenue marginally decreases rates
  - Residential decreases from \$38 to \$36
  - Non-residential decreases from \$48 to \$44

# Board Direction Needed

- 1. Cover the shortfall with Clean Water fee increase only? Which option?**
- 2. Cover the shortfall with a combination of Clean Water fee increases and other fees?**



# Summary of Board Direction

- Preference on funding the lawsuit settlement?
- Agreement on a program budget and target fund reserves?
- Preferred options for Clean Water fee increase?
- Direction on instituting alternative fees?

**Thank you for your time**  
*Additional questions?*



# Clean Water Fee Scorecard

<b>\$1.6 million Shortfall Options</b>				
Option	User Hit	Rate Increase	Revenue	Road Fund Hit
<b>Polluter Fees</b>				
Private Road	HOAs & parcel owners	\$33.00	\$120,000	n/a
Newspaper	Daily Newspaper Biz	\$0.015	\$150,000	n/a
System Development Charges	Developers	\$50k	\$250,000	n/a
\$100.00 Road Intensity	Road Fund/WSDOT	\$67.00	\$160,000	\$110K
<b>Permanent Fee Increase</b>				
\$44.00 Across Board	Everyone	\$11.00	\$1.6M	\$600K
\$42.00 Across Board with Standardized SF Rate	Everyone + Rural SF more	\$9.00	\$1.6M	\$500K
\$44.00 Urban Area Only	UGA parcels (117K ERUs)	\$14.00	\$1.6M	\$500K
\$47.00 Non residential only	Biz, church, roads (92K ERUs)	\$19.00	\$1.6M	\$1M
<b>Lawsuit Obligation = \$3.6M</b>				
Base + 1X Surcharge (2015)	Everyone	\$22.00	\$3.6M	\$1.3M
Base + 2X Surcharge (2015-16)	Everyone	\$11.00	\$3.6M	\$650k (*2)
Base + 5X Surcharge (2015-19)	Everyone	\$4.50	\$3.6M	\$250K (*5)

All numbers are estimates; Everyone = 167,000 ERUs; Base dependent on permanent fee option

