

Clean Water Commission Work Session

Clean Water Program Funding

April 2, 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 an approach to permit compliance that was not approved by regulators**
 - Clean Water Fund balance used to implement this new policy that was thrown out by federal court
- **Clean Water Program budget adopted in December 2012**
 - Fund balance exhausted
 - Road Fund transfer reversed



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



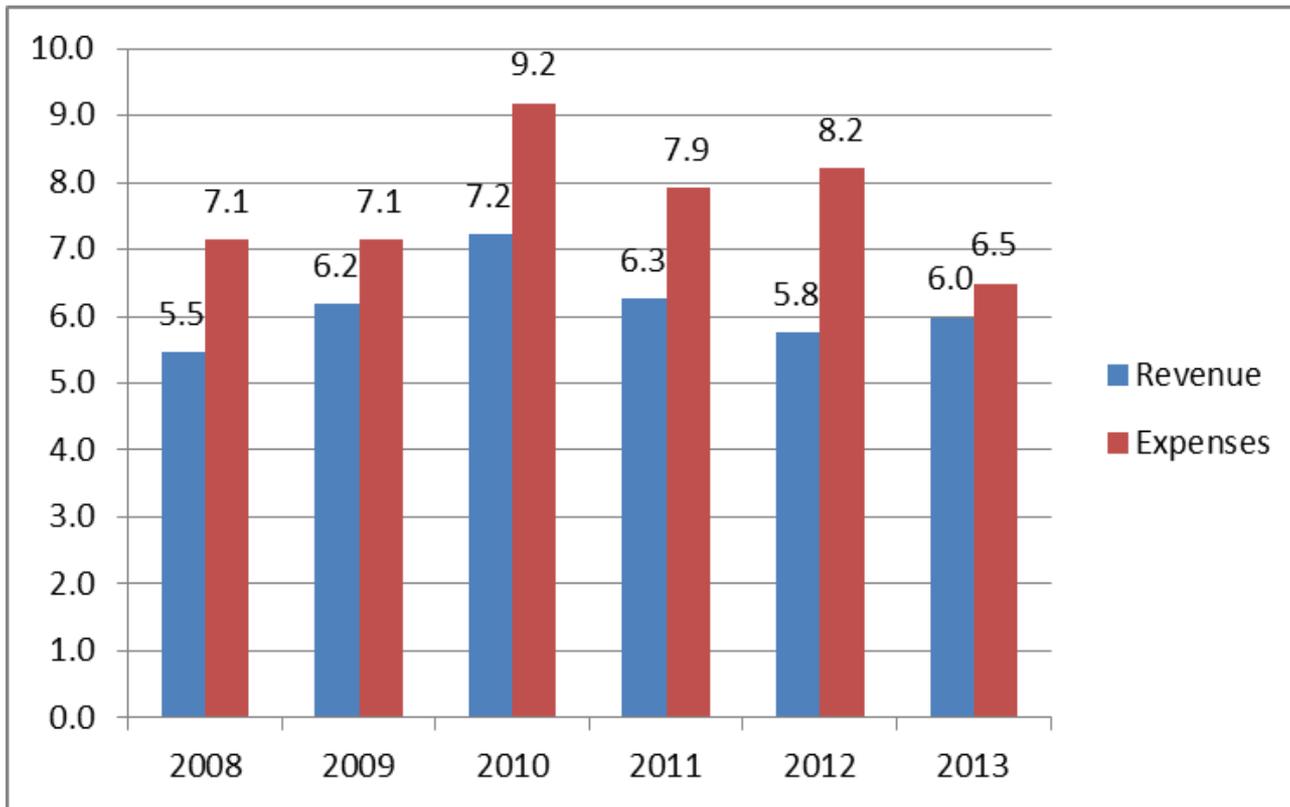
Issue #2

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 Revenue vs Expense Trend



Fund balance reserves used to cover gap between budgeted revenues and budgeted expenses totaled approximately \$9 million over last six years

Figures in millions



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



New Revenue without raising CW fee

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 (Road Fund)
- 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

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 & Costly to bill and collect

Revenue: Unknown

Newspapers

- One paper reports daily 28,500
- This is a distribution of 1,250,000 individual pages of paper weekly
- Potential revenue from all 4 papers produced and distributed in Clark County
- Easy to bill and verify
- **Revenue:** *1.5 cents per paper \$150,000 per year at a minimum

*All revenue projections are based on estimates and may change



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, bill and collect the fee**
- *All revenue projections are based on estimates and may change



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



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**



Board Direction Needed

- Implementing all four polluter fee options:
\$680,000 range-equivalent of \$4.25 in CW fee
 - Private Road Fee \$120,000
 - Litter Fee \$150,000-\$300,000
 - System Development Charges **\$250,000**
 - Road Intensity Surcharge \$160,000

Cover the shortfall with a combination of polluter fee and other fees?

*All revenue projections are based on estimates and may change



Current Clean Water Fee Structure

Current Fee Structure

Land Use Category	Annual Service Charge Rate
No. 1 Single-family residential detached	\$33.00/single-family residence
No. 2 Single-family residential large lots: <ul style="list-style-type: none"> • More than 0.5 acre to 1 acre • More than 1 acre to 5 acres • More than 5 acres to 20 acres • More than 20 acres 	<p style="text-align: right;">\$29.70</p> <p style="text-align: right;">\$26.40</p> <p style="text-align: right;">\$23.10</p> <p style="text-align: right;">\$19.80</p>
No. 3 Multi-Family Residential Lots	\$33.00 X number of residential units
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	\$33.00 X number of base units or portion thereof
No. 5 State highway	\$9.90 X number of base units or portion thereof subject to RCW 90.03.525

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



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

\$1.6 million Shortfall Options				
Option	User Hit	Rate Increase	Revenue	Road Fund Hit
Polluter Fees				
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
Permanent Fee Increase				
\$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
Lawsuit Obligation = \$3.6M				
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

