

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: A-3
DATE: May 29, 2008
SUBJECT: Public Hearing to Consider Establishing a Stormwater Utility
CONTACT PERSON: Deborah Knight, City Administrator *D. Knight*

ISSUE:

The issue before the City Council is to set a Public Hearing on June 12, 2008 at 6:00pm to take comment on establishing a stormwater utility for developed residential and commercial properties in Sultan.

Representatives from the Stormwater Stakeholders group will be on-hand to present their proposed alternative (Attachment A)

Provide direction to staff on the Council's preferred alternative for the stormwater utility fee.

STAFF RECOMMENDATION:

1. City staff recommend the City Council set a Public Hearing for June 12, 2008 to take comment on establishing a stormwater utility for developed residential and commercial properties in Sultan.
2. Adopt a per month sliding scale fee as described in Attachment B based on ERU's using the 4,513 sq. foot as a basis:

Single family residential: \$12.35/month = 1 ERU

Multi-family: \$12.50/month = 1.75 ERU

Commercial, industrial and retail:

< 1 ERU = \$12.35/month

1.1-25 ERU = \$12.50/month

25.1-50 ERU = \$12.75/month

50.1 – 100 ERU = \$13.00/month

>100 ERU = \$13.25/month

3. Direct staff to make any changes to the proposed stormwater utility and return to Council with an adopting ordinance.

SUMMARY:

The City has been working to establish a stormwater utility since 2000. The issue has been discussed by the City on a number of occasions, but ultimately dropped. A stormwater utility provides a separate source of revenues to:

- Meet GMA requirement to adopt level of service, identify needs and fund capital improvements to meet future growth.
- Address deferred maintenance and ensure system operates effectively
- Meet on-going maintenance and repair needs of the existing system
- Extend system improvements to unserved areas
- Meet future NPDES II permit requirements (1,000 people/square mile threshold)

In 2007, the City formed a small work group and retained a consultant to assist the City in developing the utility. The small work group met from February 2007 to July 2007

The Planning Board held a public hearing on the proposed stormwater utility on July 17, 2007 and made a recommendation to the City Council to adopt the utility.

City Council conducted a public hearing on August 9, 2008.

On November 30, 2007, the City issued a SEPA determination of non-significance on the proposed stormwater utility. The SEPA comment period closed December 14, 2007. City staff notified property owners by letter on December 5, 2007 about the proposed utility.

The City Council held a second public hearing to adopt the stormwater utility on January 24, 2008. The meeting was continued until February 28, 2008 at Sultan High School to take additional comment. As a result of the public hearings, the City established a Stormwater Stakeholders Group to address concerns from the business community and home owners associations regarding the need for the utility, proposed budget and fee schedule.

The Stormwater Stakeholder's Group met on March 10, March 24, April 7, and April 21, 2008. Ten to twelve people attended each meeting.

As a result of the meeting, there is consensus of the need to establish the utility. The alternatives for council consideration revolve around level-of-service and budget.

ALTERNATIVES:

Stormwater Utility

The stormwater utility is made up of three components:

1. Calculation of Equivalent Residential Units (ERU).
2. Annual budget needed to accomplish stormwater functions within the City (e.g. maintenance, operations, capital improvements, public outreach, etc.)
3. Stormwater fee charged to for each ERU

Equivalent Residential Units

There is consensus to use Equivalent Residential Units as the measuring stick determining the stormwater fee.

For the City of Sultan, the calculated ERU is 4,519 square feet. Of the 14 jurisdictions examined in the phone survey for the study, Sultan's ERU was the second highest. This is largely due to the rural nature of residential properties and the number of barns and outbuildings.

The Equivalent Residential Unit is the most prevalent method for calculating a stormwater rate. ERU's are used for the purpose of calculating the stormwater user's rate. An ERU represents the average square footage of impervious surface of a detached single-family residential property and is applied to commercial properties to calculate the commercial rate. The ERU is established by reviewing a representative sample of recorded data, maps, surveys or field measurement to obtain the average impervious area for a single-family lot. Non-residential properties are converted into ERUs based on the amount of impervious area on the property.

Each single family residential customer = 1 ERU

Each non-residential customer = n ERUs

When n = the property's impervious area divided by the average single-family parcel impervious area (x square feet)

The Stormwater Utility Rate Study (available at City Hall upon Request) includes a section Appendix B to the Study titled "Equivalent Residential Unit – City of Sultan Stormwater Utility". This section provides the detail on how the ERU was calculated for the City. Appendix C to the Study details the impervious surface calculation for each commercial property.

All residential properties will be charged the rate for one (1) ERU

All multi-plex 2-4 unit dwellings will be charged the rate for 1.75 ERUs

All non residential properties and multi-plex properties are calculated based the actual square footage of impervious surfaces on their property divided by the number of ERUs and multiplied by the base rate per ERU.

Annual Budget

Costs to operate a stormwater utility are broken down into two categories:

1. On-going costs or costs of conducting Operations and Maintenance, and for associated administrative costs for the stormwater system
2. One-time costs or capital improvements

The City currently maintains 3 detention ponds, 15 infiltration trenches, 592 inlets and 5 outlets.

There are three alternative budgets proposed for Council consideration

Alternative	Budget	Proposed Fee	Notes
Stakeholder's proposal Attachment A	\$100,000	\$5.75-\$6.60	Based on ERU Flat fee per month 1 FTE Includes cost share with street budget \$20,000 capital improvement City maintains HOA ponds No credits
Staff proposal Attachment B	\$216,800	\$12.35 - \$13.23	Based on ERU Flat fee per month 1 FTE No cost share with street budget \$50,000 capital improvement City maintains HOA ponds No credits
Small work group proposal Attachment C	\$443,889	\$12.35/ERU	Based on ERU Fee based on ERU/parcel/mo. 3 FTE - includes .17 PW Director, .17 support staff, .5 inspector, 1 engineer and 1 utility worker No cost share with street \$50,000 capital improvement

BACKGROUND:

Statutory Authority

A surface water utility is essentially a special assessment district set up to generate funding specifically for surface water management. Users within the district pay a surface water fee, and the revenue generated directly supports maintenance and upgrade of existing storm drain systems; development of drainage plans, flood control measures, and water-quality programs; administrative costs; and sometimes construction of major capital improvements. Unlike a surface water program that draws on the general tax fund or uses property taxes for revenue, the people who benefit are the only ones who pay.

Surface water management within the City is governed by federal, state, regional, county and city laws including the Clean Water Act, Endangered Species Act, the Growth Management Act, Shoreline Management Act, State Environmental Policy Act, Stormwater Management Performance Standards, and Puget Sound Water Quality Action Plan.

There are a number of state statutes that pertain either directly or indirectly to the City's authority to form a surface water utility. One of the more broad based statutes pertains to municipal utilities in general and states that a code city may provide utility service within and outside its city limits and this includes the exercise of all powers to the extent authorized by law (RCW 35A.80.010).

FISCAL IMPACT:

Cost to Adopt a Surface Water Utility

The cost to adopt a surface water utility include preparing the final ordinance based on the Council's preferred alternative.

The proposed public education/awareness program consists of press releases, community workshop(s), flyers, discussions with interested citizen groups, and public hearings. The estimate for education/awareness is approximately \$1,500.

The cost of establishing a billing system is estimated between \$2,500 to use the City's existing billing system.

The stormwater utility will be established as an enterprise fund and will reduce expenditures in the General Fund as a result of moving stormwater maintenance functions such as street sweeping, vactoring and staff time to maintain the stormwater system from the General Fund.

RECOMMENDED ACTION:

1. Set a Public Hearing on June 12, 2008 at 6:00pm to take comment on establishing a stormwater utility for developed residential and commercial properties in Sultan.
2. Direct staff to make any changes to the proposed stormwater utility and return to Council with an adopting ordinance.

ATTACHMENTS

Attachment A – Proposal from the Stormwater Stakeholder's Group

Attachment B – City Staff recommended alternative

Attachment C – Small Group alternative

As a committee of business and property owners, we have arrived at a tentative budget for the City of Sultan Storm-water Ordinance. This budget is a result of retaining experienced legal counsel, review of other cities compliance with governmental requirements and budgetary costs of currently existing similar cities.

The City of Sultan with an established budget as proposed will fulfill requirements of NPDES, EMA, Dept of Ecology and be well positioned to comply and grow with anticipated future growth.

Re: Sultan Stormwater Ordinance

Stake Holders Recommendation and Comments

A. Vactor catch basins (outsourced)	\$10,000
1. 1/3 of catchbasins vectored annually	
B. Street sweeping	\$20,000
(Existing street budget should contribute 50% of suggested \$40,000 annual cost)	
C. Repairs and miscellaneous costs	\$26,000
D. Capitol improvements	\$20,000
E. Supervision of vactoring and oversight of items A, B, C, and D	\$24,000

A. This is not to be an administrative position. But would be a field hands on activity.

B. This function could be outsourced to an experienced person familiar with this type of activity.

C. Recommended practice would be an additional full time city employee allocated 1/3 to supervision for oversight and 1/3 to street sweeping, Storm water utility and 1/3 Street Sweeping street budget.
Stake holders committee:

Stormwater Fee and Revenue Assumptions
\$20,000 Capital Investment

Category	Task	BUDGET Frequency	Cost	Number of Developed Properties
Personnel		.3 FTE. No benefits - One week per month	\$24,000	Residential 1246 2-4 Plex 45
Maintenance	Vactor Catchbasins	5 days/year @\$1,000/day	\$10,000	Commercial 158 1449
	Street Sweeping	all city streets monthly. Half the budget from the Street Fund	\$20,000	
	Repairs of existing system	catchbasins, manholes, piping	\$13,000	
	Miscellaneous		\$13,000	
Capital Improvements			\$20,000	
Total			\$100,000	Total Budget \$ 80,000.00 Total Parcels 1449 Fee/parcel/year 55.21 Fee/parcel/mo 4.60

Commercial ERU	#Properties	Proposed Fee/month	Annual Fee	Monthly Revenue	Annual Revenue	Equivalent Residential Units						
						5.1-10.0	10.1-15.0	15.1-20.0	20.1-25.0	25.1-50.0	50.1-100.0	>100
<1	30	5.75 \$	5.90 \$	74	6.00 \$	6.10 \$	6.20 \$	6.30 \$	6.40 \$	6.50 \$	6.60 \$	6.80 \$
	5.75 \$	69.00 \$	70.80 \$	74	72.00 \$	73.20 \$	74.40 \$	75.60 \$	76.80 \$	78.00 \$	79.20 \$	80.40 \$
	172.50 \$	172.50 \$	436.60 \$	120.00 \$	120.00 \$	42.70 \$	31.00 \$	37.80 \$	32.00 \$	26.00 \$	26.00 \$	6.80 \$
	2,070.00 \$	2,070.00 \$	5,239.20 \$	1,440.00 \$	1,440.00 \$	512.40 \$	372.00 \$	453.60 \$	384.00 \$	312.00 \$	79.20 \$	79.20 \$
Residential ERU	SRF <1	2-4 Plex 1.75	45									
	1246	5.75 \$	5.90 \$	74								
	5.75 \$	7,164.50 \$	265.50 \$	89,160.00 \$								
	85,974.00 \$	85,974.00 \$	3,186.00 \$									
Total Revenue		\$ 100,022.40										10,862.40

**STORMWATER UTILITY
PROPOSED 6-YEAR BUDGET**

Surfacewater Fund	2008	2009	2010	2011	2012	2013
# of employees	3	3	3	3	3	3
Salaries and Wages	\$ 209,300	\$ 216,626	\$ 224,207	\$ 232,055	\$ 240,177	\$ 248,583
Benefits	\$ 52,325	\$ 54,156	\$ 56,052	\$ 58,014	\$ 60,044	\$ 62,146
Operating Supplies	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989	\$ 13,444
Other Services/charges	\$ 115,000	\$ 40,750	\$ 16,538	\$ 17,364	\$ 18,233	\$ 19,144
Intergovernment Services	\$ -	\$ -	\$ -	\$ -		\$ -
Capital Outlay	\$ 62,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 23,000
Debt Service Payment w/ Interest	\$ 29,631	\$ 29,631	\$ 29,631	\$ 29,631	\$ 29,631	\$ 29,631
Operating Transfer Out to Capital Improvement	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total Surface Water Fund	\$ 530,256	\$ 424,403	\$ 409,913	\$ 420,798	\$ 432,073	\$ 445,947

Employees						
Public Works Director	0.33	0.33	0.33	0.33	0.33	0.33
Administrative Assistant	0.17	0.17	0.17	0.17	0.17	0.17
Stormwater Engineer	1	1	1	1	1	1
Inspector	0.5	0.5	0.5	0.5	0.5	0.5
Utility Worker	1	1	1	1	1	1
Total	3	3	3	3	3	3

Other Services/Charges

Surface Water Comp Plan	100000	25000	0	0	0	0
Professional Services	15000	15750	16538	17364	18233	19144
Total Other Svc/Charges	115000	40750	16538	17364	18233	19144

Capital Outlay

Truck	40000	5000	5000	5000	5000	5000
Computer	2000	0	0	0	0	2000
Inspection Equipment	5000	1000	1000	1000	1000	1000
Minor Repairs (<\$5k)	15000	15000	15000	15000	15000	15000
Total	62000	21000	21000	21000	21000	23000

Debt Service Payments

Vactor	14000	14000	14000	14000	14000	14000
Sweeper	7000	7000	7000	7000	7000	7000
2002 Water Quality Report	8631	8631	8631	8631	8631	8631
Total	29631	29631	29631	29631	29631	29631