

Surface Water Utility Discussion

- SWM Capital Improvement Plan
 - SWM Utility Fees
 - Fee Discount/Credit Policies

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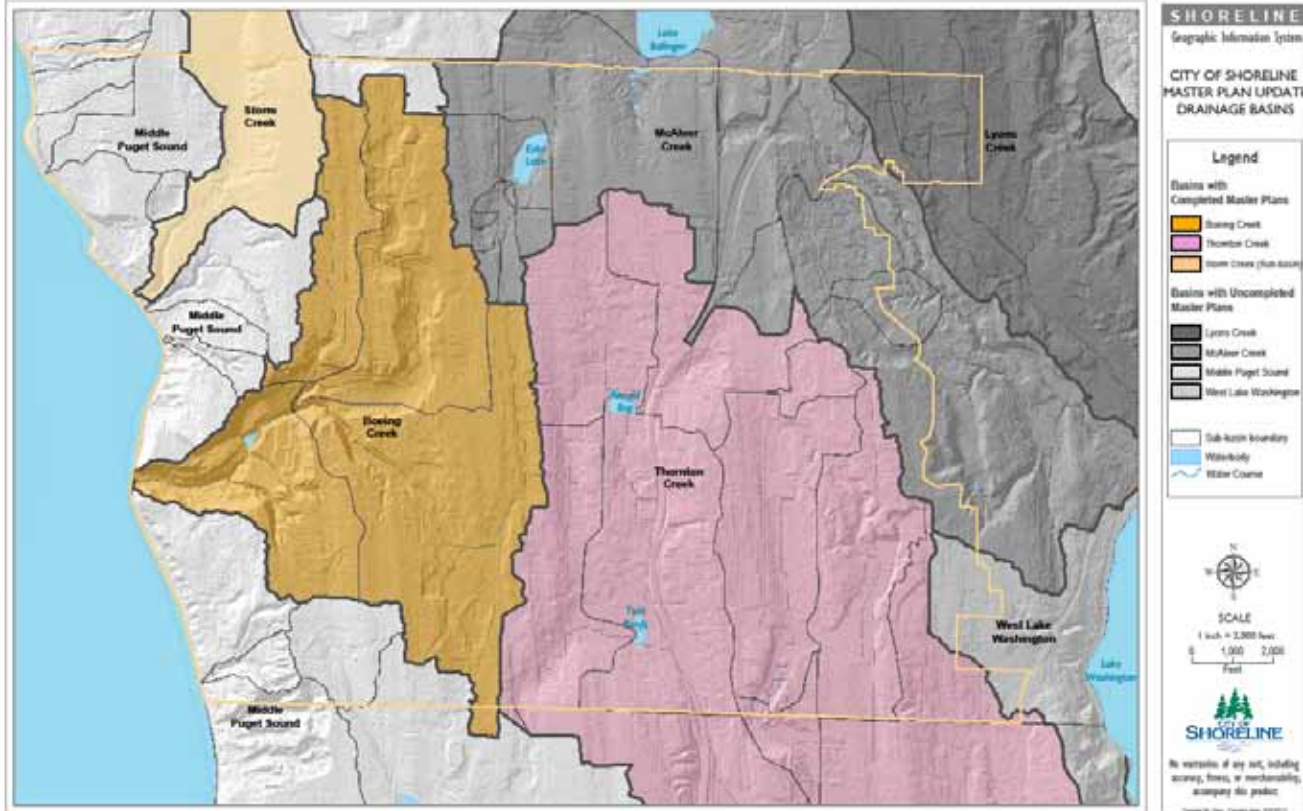


SWM Capital Summary

- Recently completed Boeing and Storm Creek Basin Plans identify over \$2.2M in high priority capital projects (predominantly pipe repair and replacement)
- Current 2014-2019 CIP only has enough revenue to support \$1.5M in pipe repair and replacement improvement over the next 6 years
- Existing revenue does not fully support identified CIP, or projected pipe repair and replacement projects from future drainage basin plans totaling \$3.8M



Drainage Basin Map



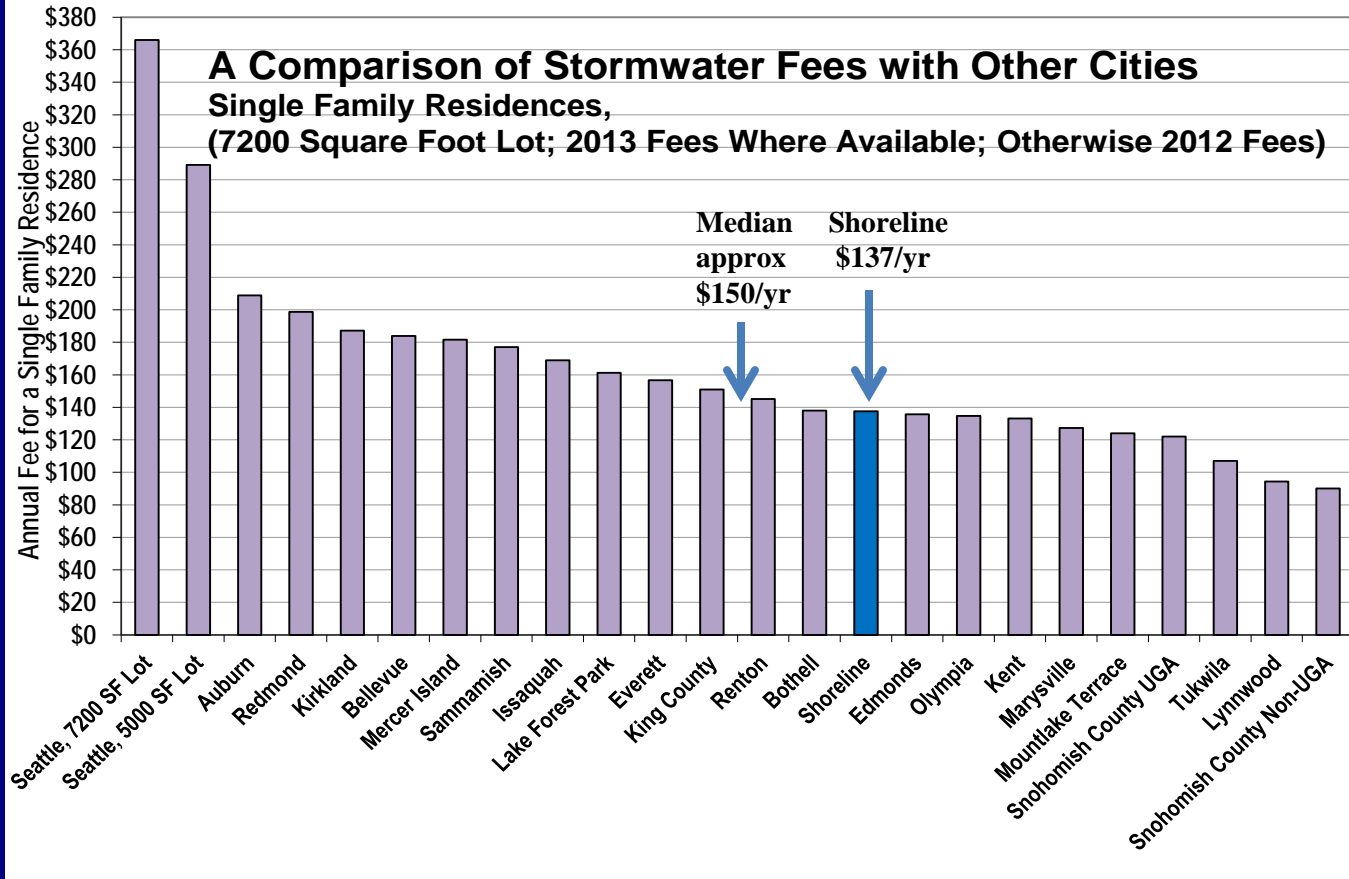
Policy Issue:

- How does Council want to fund SWM capital projects for 2014-2019?
 - Fully fund identified High Priority CIPs with additional revenue
 - OR
 - Partially fund projects and delay identified CIP implementation

Background

- 2011 Surface Water Master Plan established a programmatic approach to identify and correct deficient SWM infrastructure
- SWM Revenue: \$3.3 M/annually with existing SWM Fees
(64% Residential Properties/36% Commercial Properties)
- SWM Revenues Support Surface Water Utility Programs:
 - § Operations and Maintenance
 - § Capital Program
 - § Public Outreach and Education
 - § Technical Assistance
 - § Asset Inventory and Management
 - § Basin Planning
 - § Administration and Management
 - § Monitoring and Research

Existing SWM Fees



SWM Fee/Revenue Considerations

(SMC 3.01.400)

Fee Incentive Programs

- Educational Fee Credit Program (expires July 2015): \$220,000/yr
- Commercial Facility Discount Programs: \$240,000/yr
- LID Rebate Program: \$20,000/yr

Unstructured Parcels

- Recent staff audit of King County utility billing identified parcels without structures (vacant and undeveloped) that were not being charged SWM fees as required by code: \$68,000/yr



SWM Fee Analysis

- Analysis undertaken to develop revenue alternatives that fully fund:
 - \$2.2M in Boeing and Storm Creek High Priority CIPs
 - \$1.6M projected pipe replacement from upcoming basin plans
- Assumes no change to current SWM Rate Code
 - Educational fee credits end 2015 (revenues collected from school district starting in 2016)
 - Collection of unstructured parcel fees
- Does not assume reduction in Commercial Facility Discount program



Alternatives to fund High Priority 2014 – 2019 SWM CIP

Alternative 1: Delayed CIP implementation

- SWM fees increase as identified in 2011 Surface Water Master Plan

Alternative 2: Issue debt to fully fund

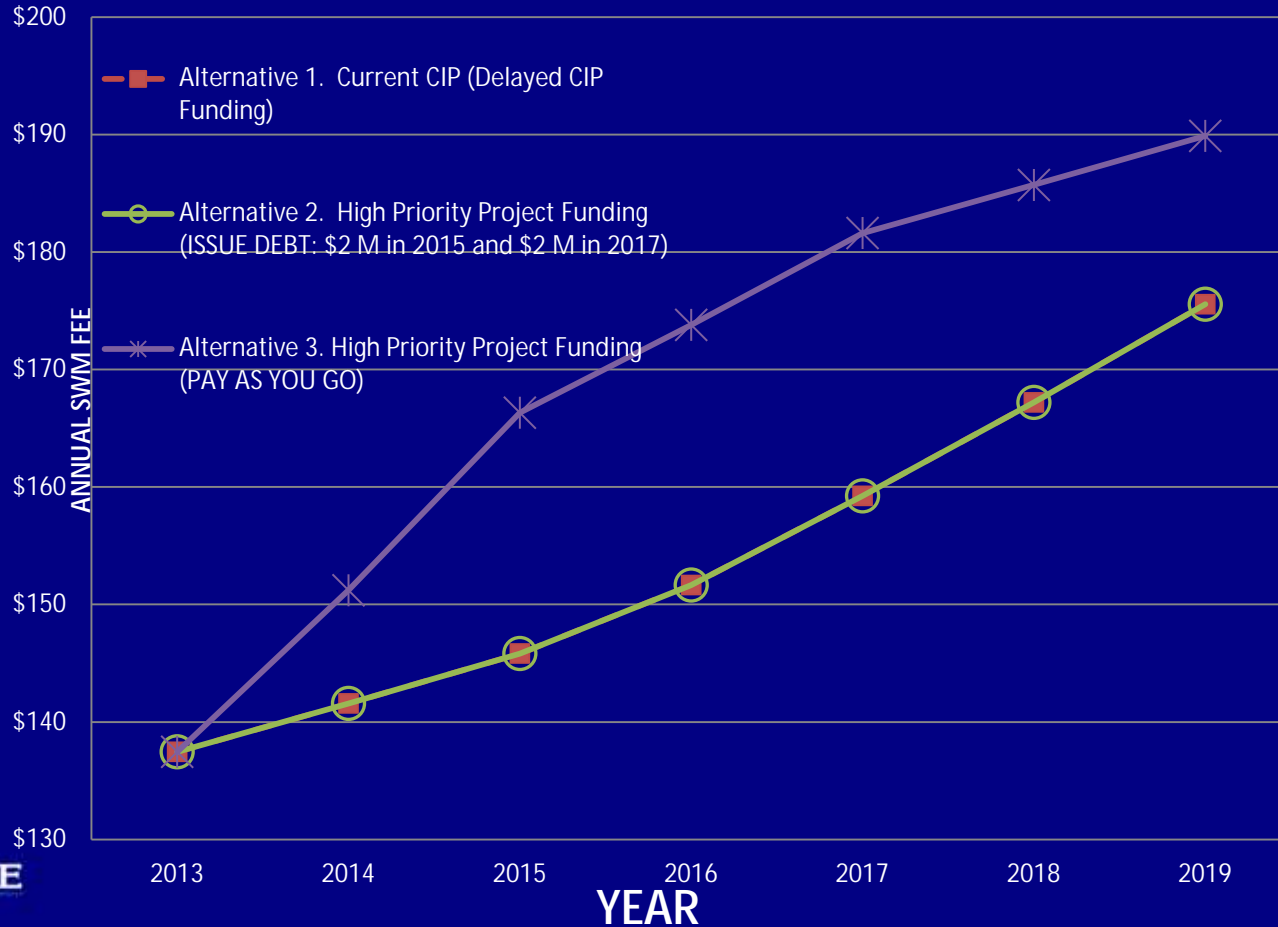
- SWM fees increase no more than as identified in 2011 Surface Water Master Plan

Alternative 3: “Pay as you Go”

- SWM fees increase above those identified in 2011 Surface Water Master Plan



Alternative Fee Structures



Alternative Considerations

Alternative	Advantages	Disadvantages
Alternative 1 <i>(Delayed CIP Implementation)</i>	<ul style="list-style-type: none">• Funds critical pipe replacement near the end of its life-span• No fee increase beyond currently adopted 2013-2018 fee schedule	<ul style="list-style-type: none">• Does not fund known \$2.2M high priority Boeing and Storm Creek basin projects or projected \$1.6M future basin projects• Increased risk of infrastructure failure and cost of unscheduled replacement or repair projects
Alternative 2 <i>(Issue debt)</i>	<ul style="list-style-type: none">• Provides funds for high priority projects in recently completed basin plans (\$2.2M) and anticipated projects (\$1.6M) in future basin plans• No fee increase beyond currently adopted 2013-2018 fee schedule	<ul style="list-style-type: none">• Requires utility to issue debt and pay debt service cost• Reduces ability of SWM utility to issue debt in the future (after 2019) without additional rate increases
Alternative 3 <i>(Pay as you Go)</i>	<ul style="list-style-type: none">• Provides funds for high priority projects in recently completed basin plans (\$2.2M) and anticipated projects (\$1.6M) in future basin plans• Does not requires the utility to issue debt and pay debt service	<ul style="list-style-type: none">• Requires additional annual SWM fee increases above currently adopted 2013-2018 fee schedule• Highest short term fee increases

Staff Recommendation

- Alternative 2 – Issue debt to fully fund 2014-2019 High Priority CIP
 - If adopted, staff will reflect this decision in future CIP discussions with Council
- Future Council discussion and consideration of modification of Commercial Facility Discount program incentive in 2014



Policy Direction/Discussion/Questions

