SECTION 8
SURFACE WATER MANAGEMENT PLAN
FUNDING

8.1 Funding Needs

The **Surface Water Management Plan** has identified funding needs and shortfalls if the City is to deliver and improve stormwater management for Bainbridge Island residents and meet state and federal regulatory commitments. Estimates of funding needs are shown below in **Table 8.1.**

TABLE 8.1

SURFACE WATER MANAGEMENT PROGRAM - ANTICIPATED ANNUAL FUNDING NEEDS

Element of Surface Water Program	Estimated Annual Funding Needed	Notes
Drainage Upgrades Program	$400,000	Increased to eliminate $6 million drainage/ erosion/ earth movement backlog in 30 years while funding existing $200k annual funding level
Shoreline Protection – ESA Response	$50,000	Continue existing funding level
Development Regulations and Review	$0	Paid by development fees
Inspection and Enforcement of Development Regulations	$0	Paid by development fees
Operation and Maintenance	$400,000	Increase existing funding level by $100k
Illicit Discharge Detection and Elimination	$20,000	Increase existing funding level by $20k for initial year of program expansion
Public Education/Involvement	$25,000	Continue existing funding level
Additional Studies		
Comprehensive Storm Drainage Mapping	$20,000	New program to run till mapping is complete in 4-6 years
Total	**$915,000**	

8.2 Available Resources

The City's 2000 Final Budget Storm and Surface Water Management Sub-Fund (Sub-Fund) assumes a budget of $1,458,227 in total resources and expenditures. It assumes a beginning working capital balance of $297,688 and an ending balance of $63,740. **See Table 8.2.**

Table 8.2
CITY OF BAINBRIDGE ISLAND – 2000 FINAL BUDGET
STORM & SURFACE WATER MGMT SUB-FUND – No. 403

EST. BEGINNING WORKING CAPITAL January 1, 1999		**$297,688**
REVENUES:		
Service Charges – Storm & Surface Water	$360,000	
Engineering Misc. & All Other	1,000	
Investment Interest	9,000	
TOTAL REVENUES		370,000
OPERATING TRANSFERS IN		
Taxpayer Support for Major Projects	750,000	
Debt Service for LTGO (SSWM) Bonds	40,539	
TOTAL NON-REVENUES		790,539
TOTAL RESOURCES		$1,458,227
EXPENDITURES:		
Salaries	221,606	
Benefits	66,767	
Supplies	32,100	
Professional Services	64,375	
Other Svcs & Charges	15,200	
Intergov't Charges	31,261	
Debt Service – Principal	25,560	
Debt Service – Interest	14,979	
Capital – Projects	882,100	
TOTAL EXPENDITURES		1,353,948
OPERATING TRANSFERS OUT		
Debt Service for LTGO (SSWM) Bonds	40,539	
Insurance, Wellness & Unemployment	0	
TOTAL NON-EXPENDITURES		40,539
ENDING WORKING CAPITAL December 31, 2000		**63,740** ⇦
TOTAL USES		$1,458,227

The City's Storm & Surface Water Mgmt Utility was established to fund the maintenance of storm water drainage; and its service charges are sufficient for that purpose. Also, it is the proper place to record capital improvements, for which taxpayer support is provided.

NOTE: The City's Water, Sewer and Surface Water Mgmt utilities are all part of a single, unified utility. Negative balances in one area may be offset against positive balances in another.

The bulk of the funding available for capital improvement projects in FY 2000 came from general City funds transferred to the Storm and Surface Water Management Sub Fund ($750,000.00). Revenue from the monthly storm and surface water service charge fee is projected to be $360,000.00 in FY 2000 at a fee rate of $3.07 per equivalent billing unit (EBU). This rate is projected to go to $4.00/EBU in FY 2001 which should increase total fee revenue to $470,000.00. This increase in service charge revenues, if applied to capital project needs only would support the issuance of $1,000,000.00 in utility revenue bonds. The same revenues would increase inspection and maintenance by 1 FTE with the needed support.

To meet the long term operating and capital needs of the storm and surface water systems will require additional resources either in the form of higher service charge fees or greater contributions from the City road fund or general fund.

8.3 Funding Options

8.3.1 Storm and Surface Water Service Charges

The total number of equivalent billing units (EBU) is approximately 9,700. This number will grow slowly given the City's present zoning and the concentration of commercial activity in the Winslow area where higher levels of impervious area already exist. To increase service charge revenues therefore will require an increase in the service charge fee rate. Each $1.00/EBU fee raise approximately $120,000.00. To fund the $915,000.00 projected funding need would require an EBU rate of $7.60 per month. While there are cities with higher rates it would seem unlikely that such a rate could be adopted except over an extended time (i.e., 5-10 years).

The City is gradually increasing the storm and surface water service charge to $4.00/EBU stated for 2001.

8.3.2 Impact Fees

It is common practice for cities to charge connection fees, or impact fees, to new users of their utilities including stormwater. Such fees are often based on specific sub-basin needs or on general system values. Impact fees of up to $1,000.00 per EBU are found in the Puget Sound area. More common are charges in the range of $400.00-$600.00. The City does not charge such a fee at this time.

Given the growth potential on the Island impact fees could not be expected to raise more than $50,000-$100,000 per year.

8.3.3 Other Charges

The City already charges for development review and inspection. Since stormwater from new development can be a major component of water quality problems it is conceivable that somewhat higher fees could be charged to fund an increase in development inspection and enforcement of the City's standards for erosion control. Any increase in such fees would be offset by additional staff costs and would not contribute to the overall funding need of the stormwater system.

8.3.4 Grants

Grants from State and Federal agencies are not particularly reliable sources of funding for on-going surface water program but rather as a project-specific opportunity. Several programs do exist, although available funds are limited and there is competition for such funds. The Centennial Clean Water Grant is a state program that has been a source for cities of both grants and loans to improve natural systems and protect water quality. The Endangered Species Act has spawned both planning and physical improvement grants for stream habitat and fish passage issues however the same caveats apply to this grant source. The City should assign staff to pursue grants for specific projects.

8.4 Implementation

Any action to address the issues raised by the SWMP have to be balanced against available revenues. Consequently our suggested action plan begins rather modestly and builds to a more proactive approach as funding is established.

1. Continue and strengthen the stormwater program staff so they can also pursue grant opportunities.
2. Continue to work closely with new development to require needed downstream improvements.
3. When completed, adopt the updated Ecology Manual with appropriate modifications to require more effective control of stormwater from development.
4. Increase the Drainage Upgrades Program and budget to $400,000.00 for FY 2001 and subsequent 30 years to address the highest priority annual projects and eliminate the $6 million backlog.
5. Evaluate the stormwater program annually and build a capital reserve. Depending on what outside funding has been obtained, for FY 2003 consider the possibility of revenue bonds with an increase in the stormwater utility rate.
6. Continue to monitor the cost of maintenance of the stormwater system to achieve the most cost-effective approach to reduce drainage problems and improve water quality.