



TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Jeff Blaine, P.E., Public Works Engineering & Community Development Director JB
DATE: November 4, 2015, for the November 9, 2015, City Council Work Session
SUBJECT: Stormwater Discussion Part 5 – Funding Strategies & Council Direction

RELATES TO STRATEGIC PLAN THEME:

- Great Neighborhoods
- A Safe City
- An Effective Government

Action Requested:

Staff requests that Council provide direction on the alternatives you would like to consider to fund stormwater activities.

Discussion:

This memo and accompanying presentation represents the fifth and final presentation in a series of stormwater discussions. The purpose of this presentation is to provide a general review of our discussion topics, identify potential funding strategies, and receive Council direction on next steps.

Presentation Review

Kickoff, January 2015 – At this meeting staff identified that Albany had not significantly changed how we manage stormwater since we were in the midst of separating the stormwater and sanitary sewer collection systems in the 1970s and 1980s. Discussion centered on the need for a broad overview regarding stormwater management and that the City of Albany Strategic Plan calls for developing a “full storm drain system program,” and for identifying a “stable funding strategy for stormwater utility functions” as objectives. A schedule for future discussion topics was also set.

Why is Stormwater Important & Stormwater Management, March 2015 – Staff reviewed why it is important to manage stormwater from both a quantity and quality perspective. In addition to pictures of stormwater generated flooding and property damage in Albany, staff shared videos that included underwater footage of stormwater outfalls to the Puget Sound discharging large volumes of sediment, garbage, and other pollutants. Council reviewed the contaminants typically found in stormwater, current stormwater planning efforts, and the lack of reliable stormwater funding.

Stormwater Regulations, June 2015 – At this meeting, staff outlined how various federal/state stormwater regulations impact Albany. The main point of the presentation was that Albany will soon be subject to additional regulations under the National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4), Phase II permit. The Oregon Department of Environmental Quality (DEQ) will require that Albany apply for a NPDES MS4, Phase II permit in 2016. This permit will put many new requirements on Albany for which there is currently no funding. These requirements pertain to the “six minimum control measures” that range from general operations and maintenance practices to property or land development requirements.

Current O&M Practices/Future Needs, August 2015 – There are 128 miles of stormwater pipes, over 4,000 catch basins/inlets, 2,200 stormwater manholes, and 76 stormwater quality facilities in the City. There is an additional 70 miles of open ditches and channels. In August Council received a report on current stormwater operations and maintenance (O&M) practices and future requirements. Currently stormwater O&M activities are limited and primarily reactive, rather than proactive. While Albany does have a strong street sweeping program, only 2 percent of the stormwater pipes and roughly half of the storm catch basins are cleaned annually. Albany also does not have reliable information on the condition of the storm system and a recent pilot condition survey of the storm system showed pipe conditions are likely worse than those identified in the sewer system; which has its own significant condition problems that Albany is investing heavily in to address. Implementation of modern asset management strategies would provide a mechanism to achieve proactive, effective, and efficient operations and maintenance of stormwater infrastructure, but is not possible with current financial resources. Additionally, Albany's NPDES MS4, Phase II permit will likely require maintenance activities that exceed current practices and, therefore, will also require more resources.

Funding Alternatives

Without additional financial resources dedicated to stormwater activities, Albany risks expensive emergency repairs to failing pipes, more frequent flooding, impacts to City streets from pipe failures, and non-compliance with future permit conditions. Non-compliance with permit conditions will result in DEQ enforcement actions and may include monetary fines. Albany is not alone in facing this problem. To address it, communities can exercise different options to generate revenues. These options include, but are not limited to:

- General Fund
- Other Related Utility Funds
- Special Districts
- LIDs/GO Bonds/Operating Levies
- Stormwater User Fee (Stormwater Utility)

For various reasons, creation of a fee-for-service based stormwater utility tends to be the best way to secure stable, defensible funding without impacting other needs throughout the City. In fact, Albany is the largest community in Oregon without a stormwater user fee; although many communities smaller than Albany already have such a fee. The primary reasons to utilize a stormwater user fee concept are:

- Fairness and Equity
- Dependable Revenue Source
- Revenues Dedicated to Stormwater Management
- Legally Defensible
- Easily Understood by Rate Payers

At Monday's work session staff will review funding options in more detail and will provide information on stormwater user fees from a sample set of Oregon communities.

Council Direction

Staff is seeking direction from Council on which alternatives you would like to consider for funding stormwater activities. Staff will then report back to Council at future work sessions with additional information. If Council determines that you would like to consider a stormwater user fee, staff envisions a series of presentations/workshops with Council over a period to time in order to develop the program. Development and implementation of a defensible stormwater utility fee could take up to two years.

Budget Impact:

There is no budget impact at this time.

JB:kw

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