Snohomish County Surface Water Management Business Plan & Budget

Snohomish Basin Salmon Recovery Forum

AUGUST 2, 2018
SWM’s Rates—Unchanged for 10 years

2018 Single Family Annual Surface Water Service Charges
48 Puget Sound Communities (January 2018)

Rates Recap
- Snohomish County has the lowest rate of all NPDES Phase 1 jurisdictions
- Snohomish County has one of the lowest surface water rates of 48 Puget Sound communities surveyed.

Rate Increases
- Out of the 48 Puget Sound communities surveyed, Snohomish County is one of only four that had no rate increase since 2009.
- In the past two years, 39 of 48 Puget Sound communities received rate increases.
SWMs Revenue

- Increased Cost of Doing Business
- Reduction of revenue sources
Costs and Demands Increased

- Retirement funds requirement (GASB 68)
- 2013 NPDES requirements
- Stormwater facilities have tripled since 2009
- Fish passage culverts
- Failing drainage pipes
- Increased rainfall

Fish passage before

Failing drainage pipes

Fish passage after
SWM’s Financial Impacts

Actions Taken:

- Stretched ratepayer’s dollars with grants & other revenues
- Implemented efficiencies
- 2018 service cuts
- Vacancy holds
- 2019 proposed service cuts

Fund Balance Draw Down

- Projected fund balance if no action taken
- Retirement Reserves

SWM Year-End Fund Balance
Ratepayer Outreach

Advisory Panel

Open Houses

Ratepayer Survey

Newsletter
Ratepayer Expectations

• Over 5,100 of 95,000 ratepayers responded

How important to you is our work in...?

<table>
<thead>
<tr>
<th>SWM Service</th>
<th>Very or Extremely Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain stormwater drainage systems</td>
<td>84%</td>
</tr>
<tr>
<td>Identify &amp; fix water pollution problems</td>
<td>83%</td>
</tr>
<tr>
<td>Build projects that reduce local flooding</td>
<td>77%</td>
</tr>
<tr>
<td>Build projects to restore rivers, lakes, and streams for fish and wildlife</td>
<td>72%</td>
</tr>
</tbody>
</table>

SWM should do more to:

• Repair and replace aging stormwater infrastructure
• Keep water healthy for swimming and fishing
• Protect and restore habitat
• Reduce local flooding
• Reduce impacts to river flooding
SMW’s Rate Alternatives

7 Alternatives

- Range from $6.5 million of enhanced services to $2 million dollars in service reductions

- Impacts of no rate increase
  - $4 million/year in cuts
  - Reduction in staff starting in 2020
### Initial Business Plan Alternatives

<table>
<thead>
<tr>
<th>Alternative</th>
<th>Current Services</th>
<th>Enhancements</th>
<th>Total Annual REET</th>
<th>Base Residential SWM Charge (Countywide)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Advisory Panel Recommended</td>
<td>Yes</td>
<td>$6.5M/yr</td>
<td>$600k</td>
<td>$128 / $176</td>
</tr>
<tr>
<td>2. Current Services Maintained with Moderate Enhancements</td>
<td>Yes</td>
<td>$2.8M/yr</td>
<td>$600k</td>
<td>$124 / $150</td>
</tr>
<tr>
<td>3. Current Services Maintained</td>
<td>Yes</td>
<td>No</td>
<td>$600k</td>
<td>$121 / $132</td>
</tr>
<tr>
<td>4. Current Services Reduction</td>
<td>Cuts &gt;$4M/yr</td>
<td>No</td>
<td>$600k</td>
<td>$90 / $90</td>
</tr>
</tbody>
</table>

- Assumes SWM’s current rate structure with UGA surcharge in place through 2021
- Alternatives 1-3 include annual revenue increases to keep pace with rising costs
- The alternatives do not account for increased costs of the 2019 NPDES permit
### Additional Alternatives – No UGA Surcharge

<table>
<thead>
<tr>
<th>Alternatives</th>
<th>SWM Services</th>
<th>Total Annual REET</th>
<th>2019 Base Residential SWM Charge (Countywide)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>SWM Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Cuts of $2.1M/yr</td>
<td>Cuts reduced to $1.0M/yr</td>
<td>$2.1M</td>
</tr>
<tr>
<td>6</td>
<td>Current</td>
<td>Current</td>
<td>$2.1M</td>
</tr>
<tr>
<td>7</td>
<td>Current</td>
<td>Enhancements $1.1M/yr</td>
<td>$600k</td>
</tr>
</tbody>
</table>

- Assumes SWM base utility rates are the same across the County
- Assumes UGA surcharge is eliminated and base rates increased for all ratepayers
- Assumes annual revenue increases after 2019 of roughly 3.35%
- The alternatives do not account for increased costs of the 2019 NPDES permit
Annual Cost Adjustments

- Annual adjustments to rates needed to maintain services
- Beyond 2019, inflation estimated to increase costs by ~2.8%
<table>
<thead>
<tr>
<th>SWM Service Cuts</th>
<th>Amount ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>Council Directed Consolidation Cuts</td>
<td>$ 0.5</td>
</tr>
<tr>
<td>Additional Service Cuts</td>
<td>$ 1.1</td>
</tr>
<tr>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Service Cuts in Proposed Budget</td>
<td>$ 1.6</td>
</tr>
<tr>
<td><strong>Total =</strong></td>
<td><strong>$ 3.2</strong></td>
</tr>
</tbody>
</table>
## 2019 SWM Budget Reductions

### Prioritized Cuts in Services
- New initiatives
- ILAs (paying for good work of other partners)
- Paying for staff from other departments (PDS, Parks)
- Reducing consultant use
- Internal efficiencies and cuts (vehicles, supplies, staff training)

### Prioritized Services Retained
- Staff (no layoffs)
- NPDES-required programs
- Retained all long-standing SWM programs
Reductions in Salmon Recovery Planning (Snohomish Basin)

- **2018 Reductions:**
  - none

- **2019 Reductions ($20,000):**
  - Support for updating recovery strategies and goals based on the forthcoming 10 Year Status and Trends Report
  - Production of communication / outreach materials to share 10 year status information and re-engage Forum and recovery community in Snohomish Basin salmon recovery
Reductions in Habitat Restoration Services (Snohomish Basin)

- **2018 Reductions ($320,000):**
  - Consultant designs for Middle Pilchuck River, Thomas’ Eddy and Fields Riffle
  - Slowed down coordination of future projects near Shinglebolt Slough

- **2019 Reductions (~$94,000):**
  - Consultant designs for Middle Pilchuck River and Shinglebolt Slough
  - Removal of 3 small derelict boats on Snohomish River
Reductions in Marine Resource Services

- 2018 Reductions ($20,000):
  - Forage fish & sediment monitoring to evaluate Nearshore Project success
  - Education/Outreach in schools focused on marine conservation
  - Planning of new restoration projects in the nearshore

- 2019 Reductions ($22,800):
  - Derelict crab pot removal efforts
  - Support of WSU Beach Watcher Program
  - Support for stormwater contaminant study of caged mussels
  - Removal of derelict boats