



Albemarle County

Legislation Text

File #: 16-329, **Version:** 1

AGENDA DATE: 5/11/2016

TITLE:

Water Resources Program Funding Recommendations

SUBJECT/PROPOSAL/REQUEST: Consideration of funding sources for the continued development and implementation of the Water Resources Program

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Foley, Letteri, Davis, Kamptner, Henry, Harper

PRESENTER (S): Bill Letteri, Greg Harper

LEGAL REVIEW: Yes

REVIEWED BY: Thomas C. Foley

BACKGROUND:

On January 8, 2014, the Board directed staff to develop a process to inform the public and to seek input on preferences for alternative funding sources to support the County's water resource protection programs. On February 5, 2014, the Board approved a community engagement process and on April 2, 2014, approved an appointment process for a Water Resources Funding Advisory Committee (the "Committee"). The Committee was appointed beginning in August 2014 and was charged with reviewing alternative funding mechanisms, taking community sentiment into consideration, and providing recommendations to the Board no later than October 30, 2015. The Committee met monthly from September 2014 to August 2015. Meeting dates, agendas, presentation slides, notes, and other supporting materials are chronicled at the program funding website: www.albemarle.org/waterfunding <<http://www.albemarle.org/waterfunding>>.

The Committee defined a model 10-year Program Plan to serve as the basis for estimating program costs and analyzing rate structures under various funding scenarios. The Program Plan consists of a range of operational and capital programs, including three new major program categories which go beyond the County's historic water resource protection services: 1) addressing mandated stream and bay cleanup requirements (known as TMDLs), 2) proactively repairing and maintaining public drainage infrastructure, and 3) voluntarily addressing stream impairments and other ecological issues throughout the County. The Board had an opportunity to review the proposed Program Plan on January 7, 2015.

The Committee's recommendations are detailed in its final report (Attachment A). In summary, the Committee recommended that the County implement a County-wide stormwater utility with fees based primarily on impervious area but including generous rate adjustments for private investments in stormwater management. The report summarizes the considerable public outreach and engagement effort conducted by the Committee and staff during the summer of 2015 and the abundant community feedback received. Staff provided a briefing of the Committee's recommendations to the Board on October 7, 2015.

It should be noted that the Committee provided only broad recommendations and that additional work, including the determination of a rate formula and credit and incentive program, would be required prior to

actual implementation of a stormwater utility. This work would require hiring a consultant and would necessitate additional community outreach and stakeholder input. The process would likely take 12 to 18 months to arrive at a final recommendation. The process to pursue the service district funding option would be simpler and faster.

STRATEGIC PLAN:

Goal 2: Critical Infrastructure: Prioritize, plan and invest in critical infrastructure that responds to past and future changes and improves the capacity to serve community needs.

Goal 6: Natural Resources: Thoughtfully protect and manage Albemarle County's ecosystems and natural resources in both the rural and development areas to safeguard the quality of life of current and future generations. **Year-1 Priority:** By October 2015, establish direction and funding for a program to improve water quality.

DISCUSSION: The purpose of this work session is for the Board to 1) review the Committee recommendations; 2) receive staff updates to the TMDL cost assumptions; 3) consider the Committee's proposed 10-year Program Plan; 4) discuss funding options taking into account the latest cost and revenue projections; and 5) provide direction on its preferred funding method and next steps.

The TMDL requirements - imposed by the Virginia Department of Environmental Quality (DEQ) - are the most significant drivers of new costs in the Committee's recommended Program Plan. The circumstances influencing the projected TMDL costs, however, have recently changed. Subsequent to the Committee's work, the County received DEQ approval (Attachment B) of its Chesapeake Bay TMDL Action Plan. The Plan demonstrates that the County has essentially met its long-term 2028 pollutant reduction requirements for nitrogen and sediment and has made considerable progress towards meeting required phosphorus reductions. The extent of County progress is not necessarily definitive due to the potential for DEQ to impose even more stringent requirements in the future - likely in response to Chesapeake Bay Model updates and as part of DEQ permit re-issuance in 2018. Despite this uncertainty, staff believes the annual estimated costs to meet TMDL requirements can be significantly decreased from those reflected in the Committee's report. Attachment C depicts the estimated costs over the 10-year planning period of major categories of the Committee's Program Plan (with revised TMDL costs) compared to anticipated revenues from existing sources - a 0.7-cents of the real property tax rate earmarked for the program and various permit fees.

Although there is a smaller gap between projected costs and revenues of the program due to lower anticipated TMDL costs, overall implementation of the new programs will ultimately require additional funding. A stormwater utility could serve to either replace or supplement existing funding. The advantages of a utility should be weighed against the greater financial and staff resource investments required to develop a utility, as compared to creating a service district or creating neither, and the strong opposition observed within some segments of the community to a new and separate fee.

Staff will present information to the Board on May 11 comparing the stormwater utility and service district options. The Committee's consideration of variations of those options are included in the Rate Structure and Rate Recommendations section of the report beginning on page 22.

BUDGET IMPACT: The Facilities and Environmental Services Department FY 16 budget includes approximately \$90,000 that is designated to be used for the water resources program funding initiative. Developing a stormwater utility would require a FY 17 appropriation of less than \$100,000 to supplement the existing funding for consulting services. Developing a service district would not require any additional funding in FY 17. If the Board accepts the Committee's recommended 10-Year Program Plan and proceeds with the formation of a stormwater utility or other dedicated funding source, staff anticipates that the program will be self-sustaining beyond FY 17.

RECOMMENDATION:

Staff recommends that the Board 1) consider the 10-Year Program Plan recommended by the Committee with the understanding that the Program Plan may be revised in the future to incorporate new information and to respond to new mandates; 2) consider the options of a stormwater utility, as recommended by the Committee, or a service district; and 3) direct staff to begin the process of developing either a stormwater utility or a service district.

ATTACHMENTS:

A - Final Recommendations Report of the Water Resources Funding Advisory Committee

B - DEQ Approval Letter of Albemarle County's Chesapeake Bay TMDL Action Plan

C - Graph of Projected 10-Year Annual Program Cost Categories and Revenues (updated to reflect TMDL Action Plan approval)