

SURFACE WATER UTILITY FEE

The *Surface Water Utility Fee* section of the [FY2014 Budget Message](#) provides background, impacts and actions associated with the County's current and proposed surface water level of service in the unincorporated areas.

Background

The past decade has brought increased awareness of the detrimental environmental impacts associated with stormwater runoff from developed property including degradation of surface waters, land erosion, flooding and collection of standing water on streets and property. In response to public demand and increased federal regulations imposed by the US Environmental Protection Agency's National Pollution Discharge Elimination System (NPDES) stormwater permitting program as implemented by the Florida Department of Environmental Protection (FDEP), Pinellas County has been mandated to improve stormwater management services, which require a dedicated funding source for these services by creating a surface water assessment program to generate revenues. The Clean Water Act requires the control of the discharges of pollutants to the waters of the United States through NPDES permits. The control of pollutant discharge via municipal separate storm sewer system (MS4) permits is a best management practice.

Current Level of Service

The County wishes to develop a comprehensive surface plan to address surface water programs in the unincorporated area of Pinellas County with the potential collaboration of incorporated cities. The Pinellas County Stormwater Governance Study included a description of the federal, state, regional and local regulatory requirements for surface water management, analysis of the County's current levels of service, a consideration of potential activities to improve the level of service offered, an assessment of possible funding options available to the County to pay for the current or expanded levels of service and a preliminary rate structure consideration for a surface water user fee.

The County endeavored to grade its current level of service (LOS) in regards to surface water management. The County's current LOS was assessed considering three areas of operations: program management, NPDES MS4 compliance including, operation and maintenance (O&M), and the capital improvement program (CIP). These services are currently being provided primarily by the Department of Environment and Infrastructure (DEI). Activities include:

- In-house engineering design and consultant management for drainage-related capital projects;
 - Asset management of surface water infrastructure;
 - Concrete related repair and maintenance for drainage structures, pipes and underdrains;
 - Response and repair in response to complaint or emergency;
 - Mowing associated with the drainage system including ditches and ponds;
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- Inspection, maintenance and certification of drainage facilities associated with the capital improvement program;
- Maintenance of open conveyance systems;
- Roadway sweeping;
- Vegetation management in County lakes, ponds, rights-of-way, and drainage areas.
- Ambient monitoring of water quality in County surface waters;
- NPDES permit compliance;
- Development review;
- Total Maximum Daily Loads (TMDLs) support include Basin Management Action Plan (BMAP) collaboration; and,
- Watershed Planning related to water quantity (flooding) and water quality.

Based on the consideration of program being offered by the Department of Environment and Infrastructure (DEI), the total estimated expenditures for surface water management operations in Pinellas County is estimated to be \$21.4 million for FY 2013, including Penny for Pinellas funding. Excluding the Penny for Pinellas and Engineering funding, the total existing program costs are estimated to be \$11.8 million per year.

	Annual Amount
Program Management	\$1.3 million
NPDES - MS4 Compliance	\$1.6 million
NPDES - O&M Program	<u>\$8.9</u> million
Total Program Costs	\$11.8 million

Compared to a standard set of surface water management operations criteria, the level of service (LOS) for the County is currently assessed to be LOS C. This is based on the level of planning currently completed, adequate compliance with the NPDES MS4 permit, primarily inspection and response based operation and maintenance program and a slightly above LOS C for the drainage CIP completion program.

Current Level of Service	
<ul style="list-style-type: none">■ Program Management<ul style="list-style-type: none">• LOS C■ NPDES Permit Compliance<ul style="list-style-type: none">• LOS C to C+■ NPDES O&M<ul style="list-style-type: none">• LOS C-■ Capital Improvement Program*■ Overall<ul style="list-style-type: none">• LOS C	

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Surface Water Governance Study: Surface Water Program Level of Service Matrix

Level of Service	Program Management Activities	NPDES Compliance Activities		Capital Improvement Projects
		Non-O&M Related Compliance Activities	Operation and Maintenance Program Activities	
A	Comprehensive Planning + Full Implementation Capabilities	Exemplary Permit Compliance	Fully Preventative/ 100% Routine	10-year Plan
B	Pro-Active Planning + Systematic CIP Implementation	Pro-Active Permit Compliance	Mixture of Routine and Inspection Based	20-year Plan
C	Priority Planning + Partial CIP Implementation Capabilities	Minimal Permit Compliance	Inspection Based	40-year Plan
D	Reactionary Planning + Minimal CIP Implementation	Below Minimum Permit Compliance	Responsive Only (Complaint-based)	50-year Plan
F	No Planning + No CIP Implementation Capabilities	Non-Compliance	Less than full response to all complaints	75-year or More Plan

To improve the LOS for the County, additional programs in each area were considered. For Program Management, a site plan compliance program is suggested as well as an ongoing program for watershed plan development consistent with the Pinellas County Comprehensive Plan. For MS4 compliance, the Adopt-a-Pond program should be reconsidered as well as biological monitoring to address new state numeric nutrient criteria. For NPDES O&M, additional street sweeping should be completed as well as expanding the open and closed conveyance maintenance program. Finally, for CIP, while the Penny for Pinellas addresses some of the needs, additional funding is needed for water quality related CIP. The estimated funding needs for the existing and new programs excluding the Penny for Pinellas, additional Water Quality CIP and Engineering are itemized below:

Annual Amount	
Program Management	\$2.3 million
NPDES - MS4 Compliance	\$2.3 million
NPDES - O&M Program	<u>\$13.3</u> million
Total Program Costs	\$17.9 million

Excluding the Penny for Pinellas, Engineering and additional water quality CIP, the total proposed funding needs are \$17.9 million, an increase of about \$6.1 million above the existing program.

To raise the LOS grade, the County is considering a new sustainable funding structure to provide additional revenue for surface water management. The current funding comes from a combination of Penny for Pinellas, General Fund dollars and monies from the Transportation Trust Fund. The allocations from the General Fund and the Transportation Trust fund are no longer sustainable. The February 5, 2013 General Fund and Transportation Trust Fund forecasts depicted a deficit over the forecasted period each year. The Transportation Trust Fund is money collected through the gas tax and revenues are decreasing each year as the gas tax is based on each gallon of gas purchased. Automobiles are becoming more efficient each

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year and gas tax revenue is diminishing over time. To establish a sustainable funding source for surface water management, the County is proposing a new fee to generate revenue to replace General Fund and Transportation Trust Fund dollars. The proposed fee will also allow for increased funding to increase the LOS grade of the County's surface water management program.

Proposed Funding Structure

As part of this project, the non-ad valorem funding option was investigated further. Surface Water assessments are based upon the estimated amount of stormwater runoff generated by impervious surface on a parcel. Impervious surfaces include the rooftop, patios, driveways, parking lots and similar areas. The County has determined that the median single-family residence in the Surface Water Service Area includes 2,339 square feet of impervious surface, which is the value of one "equivalent residential unit" or "ERU Value". Single-family residential properties are categorized into one of four ERU tiers based on the estimated amount of impervious area associated with each parcel (computed by using the building footprint of the residence).

Based on review by County staff, the preferred rate structure includes:

- Equivalent Residential Unit (ERU) based on the median impervious area of single family detached parcels.
 - Single family tiered structure with small, medium, large and very large homes.
 - Very large homes (> 10,000 square feet) to be considered in the same manner as non-residential parcels (i.e., by impervious area).
 - Residential condominiums based on building and common areas distributed equally to each condo unit.
 - Non-residential condos based on building and common areas distributed based on percent of total building area.
 - Mobile homes and mixed use assigned ERUs based on the single family detached tiered structure using the PAO data.
 - Mobile homes in parks assigned ERUs in the same fashion as non-residential parcels (i.e., impervious area divided by the ERU impervious area).
 - Multifamily and Co-ops assigned ERUs in the same fashion as nonresidential parcels.
 - Non-residential parcels assigned ERUs using the PAO impervious area divided by the ERU impervious area.
 - Inclusion of all properties in the assessment.
 - Rate structure to include adjustment policy (credits) based on a Policy and Procedures Document to be developed in the 1st year of implementation.
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Summary and Options

Based on the research, study and analysis of the surface water program for Pinellas County, and in some cases, at the suggestion of County staff, the following summary and findings were offered to define, and provide improvements to, the existing surface water program in Pinellas County.

- Federal and state laws and regulations are sufficient to authorize Pinellas County to manage surface water programs within the unincorporated County.
- Through the NPDES program, many surface water functions are accomplished by both the County and regulated cities within the County.
- The overall level of service for the County is LOS C which is characterized by adequate program management and NPDES MS4 compliance functions, an average (LOS C) NPDES O&M program (generally described as a mixture of inspection based and reactive maintenance). The CIP Program, based on the Penny for Pinellas, is adequate for the identified drainage construction needs; however, with old closed infrastructure and new TMDL requirements, additional funding is needed.
- Of all of the surface water programs, three stand out as needed improvement or enhancement: surface water conveyance maintenance and rehabilitation, watershed planning, and CIP funding. Six of the fifty-two basins have been studied with sufficient detail to define the needed surface water systems in the County.
- Additional funding for surface water programs can be derived from the development of a new surface water utility fee (for all components of the surface water program). Based on an analysis of the data from the Pinellas County Property Appraiser, it has been estimated that using the preferred rate structure, the unincorporated County would have about 169,938.0 billing units (ERUs) and the surface water user fee could generate about \$1.5 million for each \$10 of annual assessment. Using these estimates, the following rates are estimated to illustrate the potential program:

Example Program	Program Funding Need	Cost per ERU per Year (1)	Cost per ERU per Month (2)
Proposed Surface Water Management Program	\$17,885,623	\$115.70	\$9.60
Proposed Program - pipe repair (PR)* and mowing*	\$16,744,755	\$108.30	\$9.00
Proposed program - PR*, mowing*, and vegetation management	\$14,995,228	\$97.00	\$8.10
Proposed program - PR*, mowing*, VM,** and Adopt-A-Pond	\$14,526,335	\$93.90	\$7.80
Existing Surface Water Management Program	\$11,793,546	\$76.30	\$6.40
Total Estimated ERUs	169,938.0		

Notes:

1. Calculated as Funding Need divided by Total ERUs and 91% (assumes 5% loss and 4% for PAO and Tax Collector). Rounded to nearest \$0.10.

2. Calculated as the Annual Cost divided by 12. Rounded to the Nearest \$0.10.

* Service costs shift back to Transportation Trust

** Service costs shift back to Transportation Trust and General Fund

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BCC Action

On June 18, 2013 the Board of County Commissioners adopted a Master Surface Water Utility Ordinance (Master Ordinance) that outlines the procedural process by which special assessments and fees for surface water management services and improvements can be imposed and collected. It establishes a Surface Water Utility to be the operational means of implementing and carrying out the functional requirements of the County's surface water management system. It did not mandate that the county impose any surface water charges nor did it set any rates. The Master Ordinance in its present form is only applicable to the unincorporated County. The Board did approve an Initial Surface Rate Resolution that would begin the implementation process for a Surface Water Service Assessment. The annual Surface Water Service Assessment rate for Fiscal Year 2014 and future fiscal years will be \$116.00 for each Net ERU. This is the maximum assessment rate amount that can be assessed for FY2014.

The Initial Surface Water Rate Resolution is a preliminary document. It was designed to notify the affected public of the structure and method that the County is considering implementing for its Surface Water Service Assessment. Information in the document will be contained in the mailings the public receives notifying each parcel owner of the proposed assessment, his or her estimated assessment amount, the purpose of the proposed assessment, and informing each owner of the public hearing scheduled for September 10, 2013, at 6:00 p.m. in which the Board will make a final decision on the adoption of a rate for the County's Surface Water Service Assessment.