

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 642 Amending SMC 3.01.040 adding a Surface Water Management (SWM) Fee Credit Program for the Shoreline School District and Correcting the Credit for Approved Retention/Detention
DEPARTMENT:	Public Works, Administrative Services
PRESENTED BY:	Jesus Sanchez, Operations Manager, Public Works Brian Landau, Surface Water and Environmental Services Manager, Public Works
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The King County Code provides a surface water management (SWM) fee public school district discount program. It allows school districts in their service area to apply for a credit of the annual fee based on the school districts providing documentation of their activities supportive of the goals of the surface water program. A recent state audit of the City's Surface Water Utility revealed that King County had continued to give a 100% credit of the Shoreline School District's surface water management fees per the original King County Code; however, when the City's code was adopted using the King County code as a template, it was silent on the issue of a fee credit. Preliminary annual utility fee estimates for the School District, using the City's current surface water fee structure, would be approximately \$180,000.

The City of Shoreline must resolve this issue as the City cannot continue to allow for the fee credit without having this option included in the City's code. Staff has already notified the School District of this situation.

The Council discussed a potential fee credit program for the School District on April 2 and June 4. The April 2nd staff report can be found at <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2012/Staffreport040212-7e.pdf> and the June 4th staff report can be found at <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2012/Staffreport060412-7a.pdf>

On June 4, Council recommended staff prepare an ordinance that establishes an educational fee credit for the Shoreline School District and to include a 3-year sunset clause.

RESOURCE/FINANCIAL IMPACT:

Given that King County has been applying the fee credit to the Shoreline School District, the City has not been collecting SWM fees from the School District since the City incorporated, nor has the City included the potential revenue from SWM fees from the School District in future utility revenue projections. If Council elects to incorporate an educational credit program for surface water related curriculum taught at Shoreline School District it is likely that there would be no net financial impact to the existing Surface Water Utility Fund. If the Council does not adopt a fee credit program, then the Shoreline School District would be subject to the payment of SWM fees, which are estimated at \$180,000 annually. This additional revenue could be used to either delay future SWM fee increases for the Surface Water Utility or to fund future operational, maintenance, and capital programs. If the Council elected to provide this credit to private schools as well, it could affect an additional \$70,000 of the SWM Utility Fund budget that is currently collected as fees and allocated in the SWM operating and capital budgets.

RECOMMENDATION

Staff recommends Council adopt the Ordinance No. 642 amending SWM fee credits in SMC 3.01.040 to include a SWM Fee credit program for the Shoreline School District for three years and correcting the credit table for approved retention/detention facilities.

Approved By: City Manager - *JU* City Attorney - *IS*

INTRODUCTION

The King County Code provides a surface water management (SWM) fee public school district discount program. It allows school districts in their service area to apply for a credit of the annual fee based on the school districts providing documentation of their activities supportive of the goals of the surface water program. A recent state audit of the City's Surface Water Utility revealed that King County had continued to credit the City's surface water management fees as allowed by the original King County Code; however, when the City's utility program was adopted using the King County Code as a template, it was silent on the issue of a fee credit. Preliminary annual utility fee estimates for the School District, using the City's current surface water fee structure, would be approximately \$180,000. King County has not been requiring the Shoreline School District to provide documentation of their educational programs that justify the fee credit since the administration of any credit is the responsibility of the individual jurisdiction.

The City of Shoreline must resolve this issue as the City cannot continue to allow for the fee credit without having this option included in the City's code. Staff has already notified the School District of this situation. This analysis presents information regarding the estimated SWM fees for the Shoreline School District, regional survey results on other municipality school district fee credit programs, and financial considerations.

BACKGROUND

The policy of providing an educational credit toward stormwater fees from public schools is a program first established by King County through the adoption of King County's stormwater code (KCC Title 9). The program allows public school districts to demonstrate that they are providing an equivalent amount of value in the form of a curriculum around stormwater education.

SCHOOL DISTRICT FEE CREDIT ORDINANCE ALTERNATIVES

The SWM fees for the Shoreline School District properties will be assessed annually based on the SWM rates for that year. Most of the Shoreline School District properties are assessed commercial SWM rates that are comprised of six rate categories that are based on the percentage of impervious surface on those properties. The City provides a rate discount equivalent to a reduction in one rate category (and its associated rate), to those properties that have approved stormwater facilities that are inspected by the City and maintained by the property owner. Recent construction of stormwater facilities at Shorewood High School for example will reduce the assessed SWM fee on that property by 50% from approximately \$29,000 annually to \$15,000 annually, starting in 2013 or when that construction is completed and subject to maintenance inspections by the City. Shorecrest High School property would continue to be eligible for the existing rate discount if the stormwater facilities are properly maintained.

As part of the discussion of the curriculum credit, the District sent a letter on June 4, describing extensive detention and retention facilities at Shorewood High School and discussion of similar systems planned for other properties, with the purpose of informing the City of impact mitigation already contributed with new District projects. There was a

clarification that these low impact measures are also permit requirements of the City's Surface Water Manual. Fees or rates must relate to the burdens placed on utility system regardless of whether it is imposed by development codes, and credits should be set for a class of customers that approximates that portion of the utility's costs that can be reduced by the on-site activity. "Stormwater utilities often provide credits against the stormwater rate for certain customers for their qualifying on-site mitigation of runoff."¹ From another perspective, if a credit is not allowed, customers that are charged the full rate for their impervious surfaces even though they have mitigated to a much lower level of impacts are subsidizing other ratepayers.

As mentioned above Shoreline has for many years provided this discount for properties with approved and maintained retention/detention systems. It may not have been clear to the District that this was the case when drafting its letter of June 4. The fee schedule was found to be in error, and did not extend the 50% discount beyond lightly developed properties even though the credit is allowed to many properties with greater impervious surface coverage with approved systems. It was also found that a discount for open space was not defined and the amount was not specified in the fee scheduled. Not property has received this discount. Proposed Ordinance No. 642 corrects these surface water rate credits to conform to existing practice.

Moreover, under the principle of equitable fees based on benefits and burdens to the system, the existing 50% credit applied as new retention/development facilities are brought on line should be cumulative with the credit for public school curriculum which benefits the utility's program objectives. Therefore the Ordinance proposes a further credit up to the annual SWM fees billable after applying future Retention/Detention credits.

The City could consider either of the alternatives below or a similar iteration, to allow the School District a SWM fee credit based on their ability to demonstrate an equivalent monetary value through an educational program relating to stormwater.

Alternative 1. 3-yr Sunset of SWM Fee Educational Credit (Ordinance No. 642)

This alternative would allow the Shoreline School District to apply for a fee credit up to the full 100% of the annual SWM fees billed for their Shoreline properties. The City would develop a program that includes the eligible criteria for a SWM educational credit and the required reporting forms. If the Shoreline School District cannot meet the full credit, it will be subject to paying the difference between the credit and the fee. The fee credit program and eligibility would terminate on June 30, 2015.

Alternative 2. 5-year Graduated Sunset SWM Fee Educational Credit

This option would allow the Shoreline School District to apply for a fee credit up to the full 100% of the annual SWM fees billed for their Shoreline properties for 3 years (2012-2014) and up to a 50% credit of the annual SWM fees billed for the following 2 years (2015-16). The City would develop a program that includes the eligible criteria for a SWM educational credit and the required reporting forms. If the Shoreline School District cannot meet the full credit, it will be subject to paying the difference between the

¹ *Stormwater Rate Credits*, John Ghiarducci, October 2011.

credit and the fee. The fee credit program and eligibility would terminate on December 31, 2016.

RESOURCE/FINANCIAL IMPACT

Given that King County has been applying the fee credit to the Shoreline School District, the City has not been collecting SWM fees from the School District since the City incorporated, nor has the City included the potential revenue from SWM fees from the School District in future utility revenue projections. If Council elects to incorporate an educational credit program for surface water related curriculum taught at Shoreline School District it is likely that there would be no net financial impact to the existing Surface Water Utility Fund; the educational credit program would be a new work program to be administered by existing staff. If the Council does not adopt a fee credit program, then the Shoreline School District would be subject to the payment of SWM fees, which are estimated at \$180,000 annually. This additional revenue could be used to either delay future SWM fee increases for the Surface Water Utility or to fund future operational, maintenance, and capital programs. If the Council elected to provide this credit to private schools as well, it could affect an additional \$70,000 of the SWM Utility Fund budget that is currently collected as fees and allocated in the SWM operating and capital budgets.

RECOMMENDATION

Staff recommends Council adopt the Ordinance No. 642 amending SWM fee credits in SMC 3.01.040 to include a SWM Fee credit program for the Shoreline School District for three years and correcting credit table for approved retention/detention facilities.

ATTACHMENTS

Attachment A - Ordinance No. 642

ORDINANCE NO. 642

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AMENDING SURFACE WATER FEES TO PROVIDE A TEMPORARY FEE CREDIT FOR THE SHORELINE SCHOOLS BASED ON SURFACE WATER EDUCATION AND CORRECTING THE CREDIT FOR APPROVED DETENTION OR RETENTION FACILITIES; AND AMENDING SHORELINE MUNICIPAL CODE 3.01.040

WHEREAS, City Council has surveyed credits offered by surface water utilities in other jurisdictions to public schools for educational programs which satisfy the City's NPDES permit requirements for public education on stormwater management ; and

WHEREAS, the City Council has determined it is appropriate to temporarily offer a fee credit to the Shoreline School District based on the cost of approved curriculum offerings that benefit this program object of the City's surface water utility; and

WHEREAS, it was discovered that the current City fee schedule has a surface water credit schedule which is incomplete and which does not reflect actual credits allowed some parcels; now therefore

THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Amendment. Shoreline Municipal Code Section 3.01.040, *Surface water management rate table*, is hereby amended as follows:

.040

A. Rate Table

Rate Category	Percent Impervious Surface	2012 Annual Service Charge	Per Unit	6% Utility Tax	Fee + Utility Tax
Residential: Single-family home		\$133.46	Parcel	\$8.01	\$141.46
Very Light	Less than or equal to 10%	\$133.46	Parcel	\$8.01	\$141.46
Light	More than 10%, less than or equal to 20%	\$309.96	Acre	\$18.60	\$328.56
Moderate	More than 20%, less than or equal to 45%	\$640.37	Acre	\$38.42	\$678.79
Moderately Heavy	More than 45%, less than or equal to 65%	\$1,241.99	Acre	\$74.52	\$1,316.51
Heavy	More than 65%, less than or equal to 85%	\$1,573.48	Acre	\$94.41	\$1,667.89
Very Heavy	More than 85%, less than or equal to 100%	\$2,061.02	Acre	\$123.66	\$2,184.68
Minimum Rate		\$133.46		\$8.01	\$141.46

There are two types of service charges: The flat rate and the sliding rate.

The flat rate service charge applies to single family homes and parcels with less than 10% impervious surface. The sliding rate service charge applies to all other properties in the service area. The sliding rate is calculated by measuring the amount of

impervious surface on each parcel and multiplying the appropriate rate by total acreage

B. Credits. Several special rate categories will automatically be assigned to those who those who qualify:

1. An exemption for any home owned and occupied by a low income senior citizen determined by the assessor to qualify under RCW 84.36.381.
- ~~3. A discount for any parcel, or part parcel officially designated as open space.~~
2. A discount for any parcel served by a City approved retention/detention (R/D) facility maintained by the owner.

Rate Category	Discount	2012 Annual Service Charge	Per Unit	6% Utility Tax	Fee + Utility Tax
Residential: Single-Family Home	50%	\$66.73	Parcel	\$4	\$70.73
Very Light	50%	\$66.73	Parcel	\$4	\$70.73
Light	50%	\$154.98	Acre	\$9.30	\$164.28
<u>All other categories will be discounted to the fee and tax applicable to the preceding rate category in the Rate Table in subsection .040 A.</u>					

4. The Shoreline School District shall be eligible for a discount of up to 100% of its standard rates until July 1, 2015 based on the value of an approved curriculum which benefits surface water utility programs. The curriculum and costs shall be approved annually by the City.

5. Alternative Mobil Home Park Charge. Mobile Home Park Assessment can be the lower of the appropriate rate category or the number of mobile home spaces multiplied by the single-family residential rate.

C. Rate Adjustments: Any person receiving a bill may file a request for a rate adjustment within two years of the billing date. (Filing a request will not extend the payment period).

Property owners should file a request for a change in the rate assessed if:

1. The property acreage is incorrect;
2. The measured impervious surface is incorrect;
3. The property is charged a sliding fee when the fee should be flat;
4. The person or property qualifies for an exemption or discount; or
5. The property is wholly or in part outside the service area.

Section 2. Effective date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City and the ordinance shall take effect and be in full force five (5) days after the date of publication.

ADOPTED BY THE CITY COUNCIL ON JULY 9, 2012.

Keith A. McGlashan, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott Passey
City Clerk

Ian Sievers
City Attorney

Date of Publication: , 2012
Effective Date: , 2012