

# Stormwater Financing: The Opportunity

How Growing Funding Opportunities, Improved Planning and Marketing, and Multi-Purpose Vision Are Providing Solutions

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State Water Board

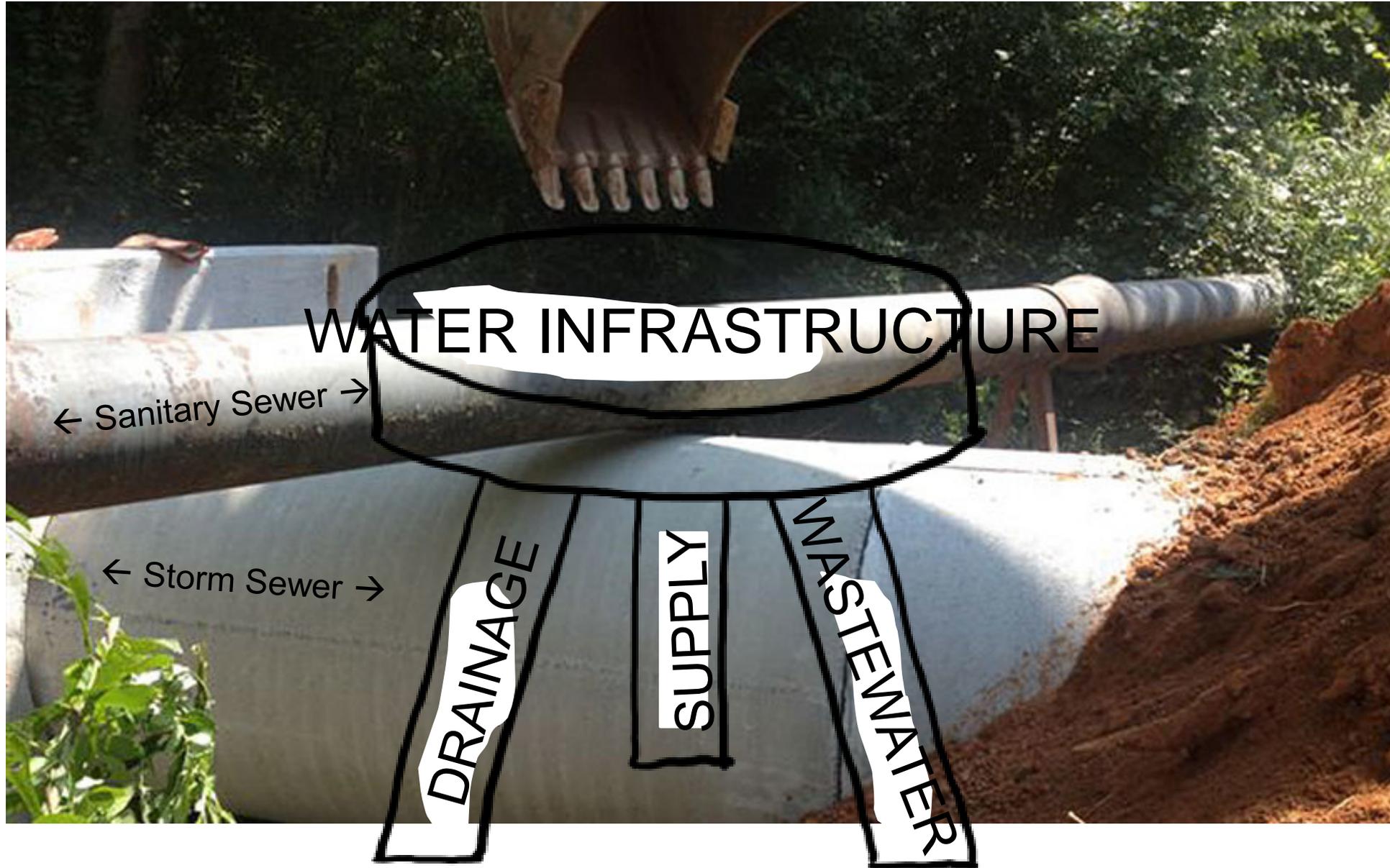
April 3, 2017



# Overview



- The Need – Third Leg of Water Infrastructure
  - Stormwater/Flood Control is under-funded in CA, and funded differently
- 2016-17 – Stormwater Emergency Examples
- Stormwater Resource Plans (SRPs)
  - Opportunity to Regionalize Management
  - State GO Bond Funding
    - Prop 1, IRWM Planning & Implementation Grants
- Stormwater Rates
  - Fiscal Sustainability, Prop 218 Reform
- Innovative Funding Approaches



# WATER INFRASTRUCTURE

← Sanitary Sewer →

← Storm Sewer →

DRAINAGE

SUPPLY

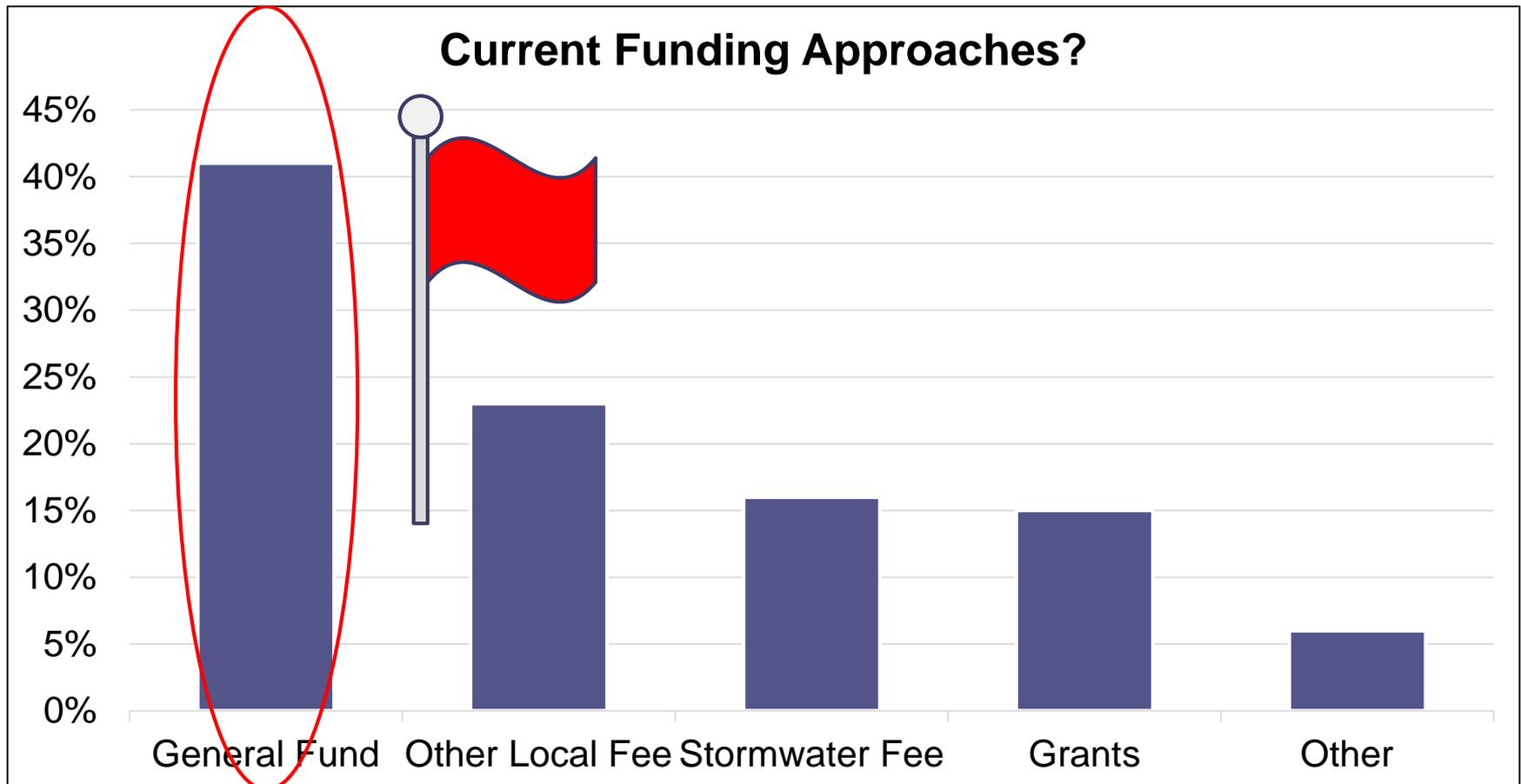
WASTEWATER

Photo: Smith-Rowe, LLC

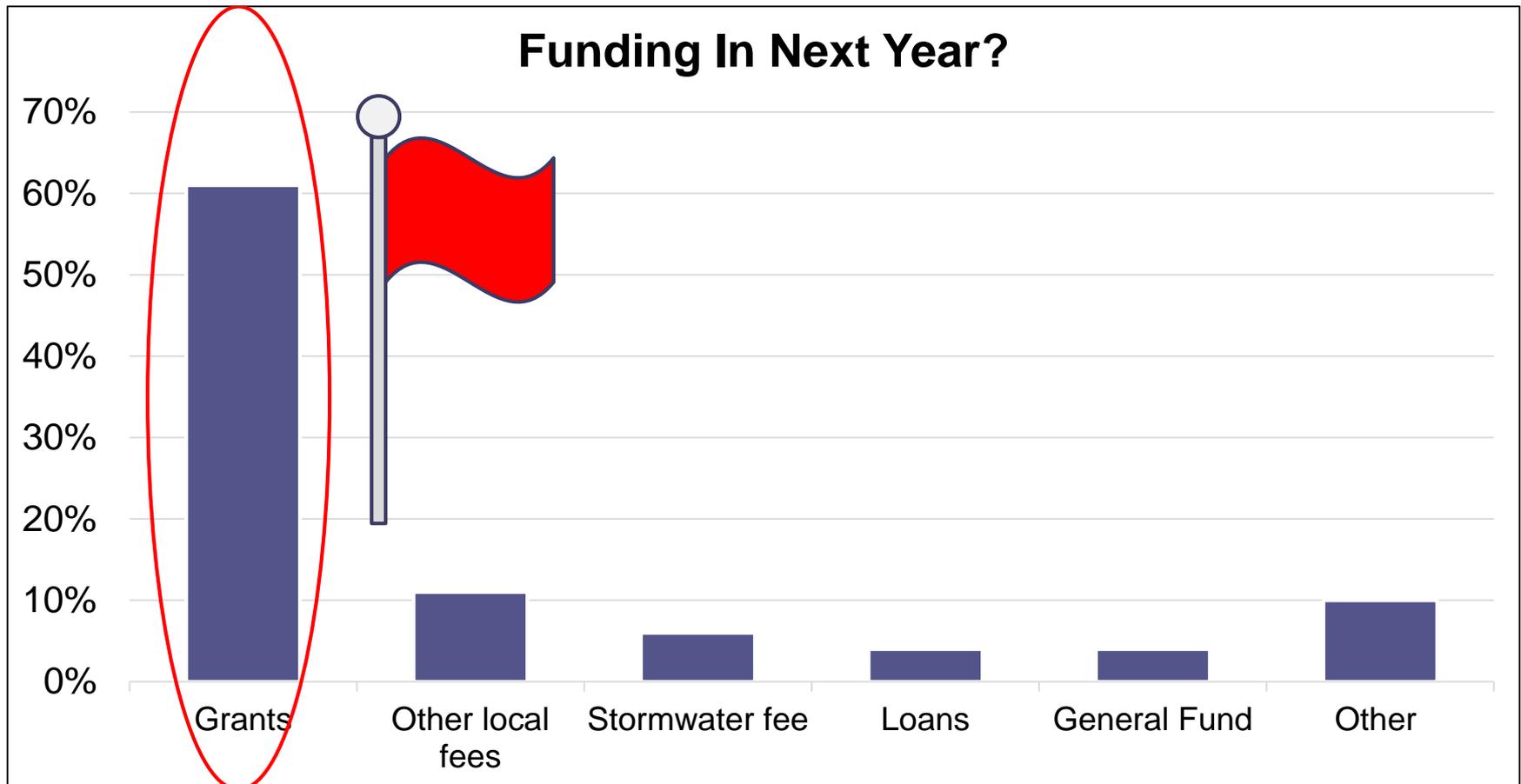
# Challenge: Public's Capacity for Water Infrastructure Investment

- Water and Wastewater Rates are Rising to Address Deferred Maintenance
- Drainage (=Stormwater and Flood) Fees raised *10-fold* to meet funding needs (PPIC, 2014)?
  - How to Generate Public Support?
- “Government Doesn’t Get Benefit of the Doubt”
- Show Costs but also Benefit Side of the Ledger:
  - Water Supply, Multi-Benefit Projects, Avoided Emergency Costs, etc.

# USEPA Informal Survey, 3/2017



# USEPA Informal Survey, 3/2017



# CA Stormwater Emergency Cost 2017\*

# \$569 MILLION

\* As of March 19, 2017

# Petco Park, San Diego, 2/2017



Photo: San Diego Union-Tribune

# Coyote Creek, San Jose, 2/2017

\$100 million in flood damage due to undersized conveyance systems, and lack of channel maintenance.



\$36 Million in Funds Raised by Two  $>2/3$  Votes in 2000 & 2012 by Santa Clara Valley Water District



Storm drain  
caused  
Landslide,  
Sausalito,  
Bridgeway  
Blvd.,  
1/2017



## Success: Multi-Benefit Project, Polliwog Park, Manhattan Beach, 1/2017

Photo: The Beach Reporter

# Madera sinkhole, 4/2016



Photo: ABC news go.com

# Studio City Sinkhole, 2/2017



Photo: Los Angeles Daily News, ABC7

# Car rescue in Studio City sinkhole



Photo: Los Angeles Daily News, ABC7

# Avoid Emergency Costs and Risks to Life and Property



Photo: Los Angeles Daily News, ABC7, Feb. 2017

# SB 985

## Stormwater Resource Plans (SRPs)

- Quantitative-Based Analyses – Capital Plans
- Requires Collaboration among Jurisdictions
- Regulatory Incentive to Plan – STORMS
  - Watershed Plans – Alternative Compliance with Water Quality Standards
  - Linked to Infrastructure Renewal, Asset Management
  - Reasonable Assurance Analysis
- Financial Incentive to Plan – DFA
  - Prop 1 Grants (Stormwater, IRWM), SRF Green Reserve (need local fees), Future GO Bonds (?)

# Stormwater Rates

- “Paying for Water in California” - PPIC Report, March 2014
  - Stormwater/Flood Control is Ten Times Underfunded compared to Water and Wastewater
- Emergency Costs will Outpace General Fund
- Prop 218 Reform Efforts Continue – Would you Raise Rates?
- Elevate Stormwater to a Utility
  - Planning, Organizational Structure, Financing, Fee Structure, Watershed-Based Governance
  - Asset Management

# Innovative Stormwater Funding

Stanford Water in the West – “Living Map” – 20 case studies

- Green Bond
  - San Francisco - \$240 Million (2016)
- Stormwater Credit
  - Cincinnati
- Retention Credit Trading
  - DC Dept. of Energy and Environment
- DC “Riversmart” Brand – private property rebates
- Environmental Impact Bond (Social Impact Bond)
  - DC Water – \$25 Million Rock Creek GI Project
    - If >41.3% reduction, DC Water Pays \$3.3 M to Investors
    - If <18.6% reduction, Investors Pays \$3.3 M to DC Water

# Enhanced Infrastructure Financing Districts (EIFDs)– SB 625 (Beall, 2014)

- Tax Increment Financing (like Redevelopment)
- Requires local leadership from elected officials
- LA River Revitalization (\$40 M, 11-mile stretch of 48 miles, under development), West Sac. Bridge district
- SRP & Governance Link – Several LA Region EWMPs are considering EIFDs
  - Upper Santa Clarita River EWMP
  - Beach Cities EWMP
  - Malibu Creek EWMP
  - North Santa Monica Bay Coastal Watershed EWMP
  - City of Arcadia

## Two Other Examples – smaller cities

- Signal Hill population 11,000
  - Garbage Fee – “NPDES fee” from 2004, raises \$102,000/yr.
- Sausalito population 7,500
  - Sales Tax “Measure O” on tourism-based retail for stormwater planning that would have come out of general fund



[www.en.wikipedia.org](http://www.en.wikipedia.org)



[www.ci.sausalito.ca.us](http://www.ci.sausalito.ca.us)

# Don't Miss this Opportunity



- Water Boards Provide Regulatory and Financial Incentives
  - To Plan/Implement Infrastructure Investments
- Avoid Emergency Costs
- Explore Innovative Financing – Market Demand
- Form Permanent Partnerships to Develop and Implement Watershed-Based Plans
- Stormwater = Utility
  - Support Prop 218 Reform & Strategically Raise Stormwater/Flood Fees