Stormwater Financing: The Opportunity

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

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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

Current Funding Approaches?
USEPA Informal Survey, 3/2017

Funding In Next Year?

- Grants: 60%
- Other local fees: 10%
- Stormwater fee: 20%
- Loans: 30%
- General Fund: 40%
- Other: 50%
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 Under-funded 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
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