



2015
STORMWATER UTILITY
ANNUAL REPORT
April 1, 2016

Background

This annual report is being submitted in accordance with Section 13.26.120 of the Milton Municipal Code which requires that by April 1st for the preceding calendar year, "The Director of Public Works shall conduct an annual review of the utility's operations, the total costs of operation and maintenance of the stormwater retention, detention, collection and conveyance systems, and the schedule of rates and charges. The director shall submit an annual report to the mayor and city council...summarizing the review and containing any recommendations for rate adjustments..."

Stormwater Planning

The stormwater Capital Improvement Program (CIP) is a component of the Stormwater Comprehensive Plan, the last update of which was adopted in 2005. At Council's direction, the CIP was updated with the goal of re-evaluating the City's stormwater concerns, providing current construction costs, and developing a schedule for implementation of identified projects.

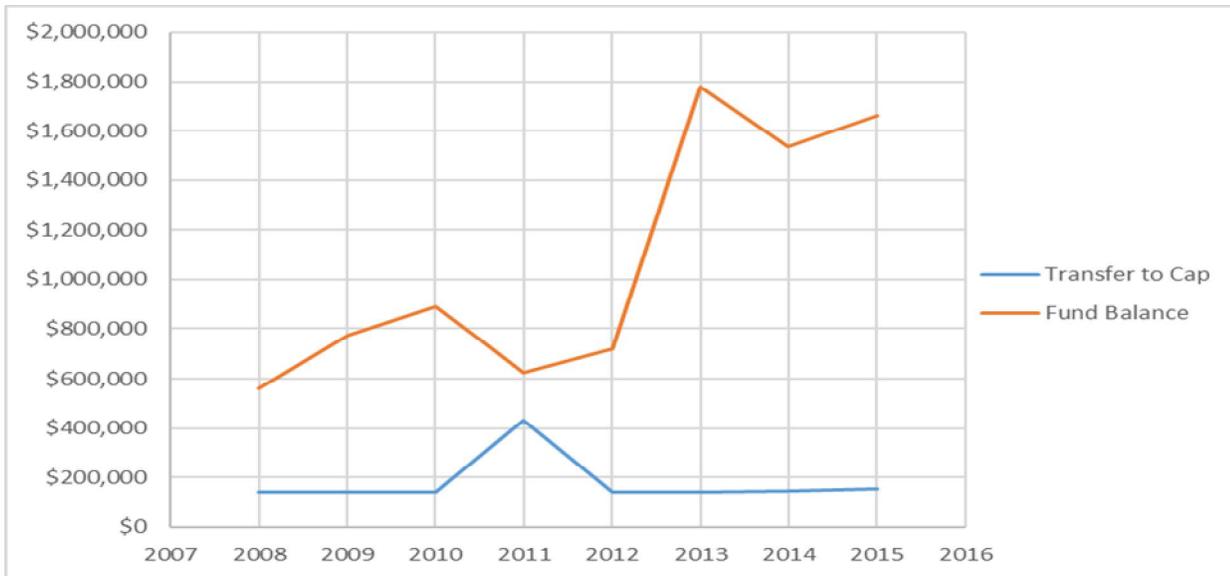
The stormwater CIP is currently being updated to reflect decisions made as part of the 2016 budget process and to more accurately reflect which projects will be prioritized going forward. This document will be reviewed annually as part of the City's annual CIP update.

2015 Financial Results

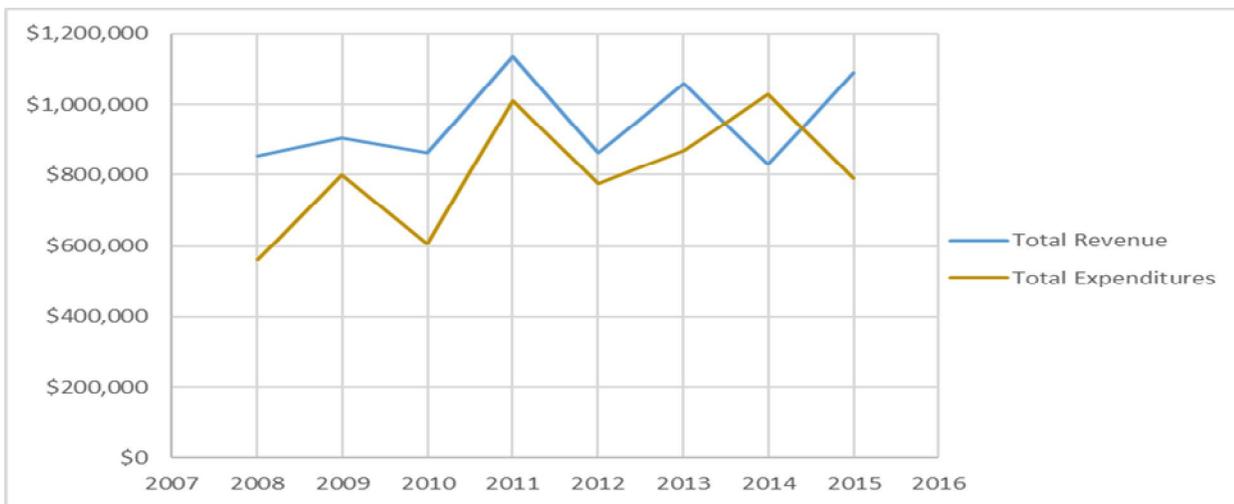
Based on the 2015 Fourth Quarter Financial Status Report, the Stormwater Utility Operating fund revenues totaled \$829,429. The operating expenditure balance was \$779,208. Operating revenues exceeded operating expenditures by \$50,221, but with a beginning balance of \$1,018,200 the ending balance is \$833,402. An operating transfer-out totaling \$156,020 was made to the Storm/Capital Fund, and additional transfers of \$60,000 were made to the new Asset Replacement fund, \$5,000 to Equipment Repair & Maintenance, and a \$14,000 transfer to the IT Fund. Total expenditures for the Storm Water Fund were \$1,014,228 and the 2015 ending fund balance is \$833,402 which includes \$194,802 designated as Reserved Fund Balance per City Ordinance (#1874-15) (25% of current year operating expenditures).

The Stormwater Capital Fund revenues for 2015 totaled \$259,316. These revenues consist of a transfer from the Stormwater Utility operating fund, state and federal funding and a small amount of investment earnings. The beginning balance was \$518,189 and the current fund balance is \$767,023.

For purposes of illustration, the chart below reflects combined data of the Stormwater Operations and the Capital funds.



The large “spike” in the fund balance in 2013 is due to capital projects being deferred or dropped.



The smaller “spike” in revenues in 2015 is due to the low expenditures in 2014 and grant monies. In 2015 the City received \$102,028.88 from two Department of Ecology grants. One was a routine capacity grant which aids with expenses incurred as part of our continuing compliance with the National Pollution Discharge Elimination System and the other was for pre-design assistance for future stormwater projects.

2015 Maintenance Efforts

In 2015, basic maintenance and reactionary repairs were performed. The plan for 2016 and 2017 is to resume a more comprehensive maintenance plan and to enhance communication between departments. Meeting Ecology's requirements while keeping our stormwater collection system maintained to the highest standards possible is the shared goal.

2016 Financial Outlook

According to Budget Amendment #1, the stormwater utility fund has anticipated revenues of \$1,625,267 and anticipated expenses of \$2,326,585; which includes two proposed transfers. One in the amount of \$162,900 to the Stormwater Capital Fund as required by Ordinance 1656-05, and the other for \$24,267 to the Stormwater Utility Asset Replacement Fund. The projected ending fund balance for stormwater after 2016 is projected to be \$959,106.

2016 Capital Improvement Outlook

Five separate Stormwater Capital Improvement Projects have been identified and budgeted for in 2016. Three of these projects are funded to 75% by grants from the Department of Ecology and the other two have been budgeted (utilizing utility monies) for by the City. Three of the projects are funded for design this year with construction in 2017, while the other two are scheduled to be built this summer. See table 1 below.

Table 1 – 2016 CIP Projects, Schedule and funding			
	Ecology Grant	Design 2016	Construction 2016
Taylor Street Pipe Installation		X	
11th Street Pipe Installation		X	
Pervious Parking Lots	X		X
Emerald Street Bio-retention	X		X
City of Milton Decant Facility	X	X	

2016 Maintenance Plan

It is the goal of all involved to have a proactive culture that preemptively solves problems as well as being able to competently respond to unforeseen ones.

In order to stay in compliance with our National Pollutant Discharge Elimination System Phase II permit, we have many obligations. Fortunately, there is still time for us to reach the maintenance goals set forth by the Department of Ecology.

One of those goals is to have every catch basin inspected by August 31st, 2017. In 2014 a large scale effort was mounted and 210 catch basins, or approximately 25% of them, were inspected and, if deemed necessary, cleaned in the month of September.

Another mandated goal from Ecology is that 40% of the Municipal Separate Stormwater System – MS4 (including pipes, catch basins and facilities) be screened by December 31st, 2017 and then 12% on average each subsequent year. It is the goal of this department to integrate the screening, inspection, cleaning programs to make the most efficient use of staff time and resources while performing quality work.

National Pollution Elimination System (NPDES) Phase II

In 2006, the Public Works Department established the position of Storm and Water Compliance Inspector to ensure that all development in the City of Milton complies with the 2005 Department of Ecology Stormwater Manual for Western Washington and the City's NPDES permit. The City of Milton's National Pollution Discharge Elimination System Phase II (NPDES) permit was officially issued on January 17, 2007.

The City is currently in compliance with all requirements of its NPDES permit. A new and updated NPDES permit is anticipated to be issued in 2018.

Stormwater Grants / Loans

In past versions of stormwater Capital Improvement Programs (CIP), all projects identified were intended to improve flooding and potential overflow conditions. The current CIP, adopted in February of 2011, identifies ten (10) needed capital improvement projects of which only two (2) have the potential to be funded by grants. As mentioned previously the CIP will be updated in 2016. The new CIP will include the additional revenue generated by the Stormwater Fee Audit performed by Gray and Osborne for the City of Milton in 2015/2016.

The City of Milton is currently approved for over 1.3 million dollars in grant money. Unfortunately, at this time, all but \$25,000 (guaranteed for 2015 capacity grant) is in limbo due to a State Budget shortfall.

The City has received grants in various amounts from the Department of Ecology for seven consecutive years to assist with implementation of the City's NPDES permit. These funds have been utilized for education and outreach programs, purchasing equipment for stormwater monitoring, modeling, new stormwater regulations, and other things.

Recommendations

To date, much of the cost of NPDES requirements implementation has been covered by Department of Ecology grants. No stormwater fee increase is recommended at this time.

Staff will continue to review the future financial needs of this utility on an annual basis.