

## MEMORANDUM

DATE: June 22, 2004

TO: The Board of Supervisors

FROM: John T. P. Horne, Development Manager

SUBJECT: Stormwater Management

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During the Board's retreat in January 2004, staff summarized a variety of issues related to stormwater funding options in the County. This memorandum presents that information and additional information to respond to more recent Board comments. Prior to the January retreat, this matter was discussed with the Board of Supervisors in November 2002 and January 2003, with the presentation of a report from AMEC Earth and Environmental, Inc., titled, "Phase II - Evaluation of Funding Alternatives and Program Action Plan." In that report, the consultant presented a number of recommendations concerning the scope and structure of a stormwater management program in James City County and a recommended funding strategy. At the retreat, the Board instructed the County Administrator to include funding for the necessary work to establish a stormwater utility structure in FY 05. As presented at the June 8 Board meeting, staff is recommending the attached scope of work for the Phase III study.

PROGRAM

Attached is material provided to the Board in 2003 that outlines the stormwater management program and approximate cost for that program in James City County. The attached chart identifies approximately \$1.3 to \$1.7 million per year starting in FY 05. A series of assumptions are made, however, in presenting these costs that the Board should note. The assumptions are as follows:

- In FY 05 there is start-up money for consulting costs to establish a stormwater utility - \$300,000;
- The program assumes the gradual assumption of routine and nonroutine maintenance of privately owned stormwater management facilities in the County - \$190,000 to \$470,000 per year;
- The program assumes two to three additional staff to operate the expanded program - \$50,000 - \$170,000 per year; and
- The program assumes land purchase funding above Greenspace and Purchase of Development Rights (PDR) funding - \$100,000 per year.

The attached portion of Section 3, including Table 3-1 (revised), contains the best current information on **current and proposed** stormwater spending in personnel, administrative, and capital construction for FY 2004-08.

- **Current Spending** - See "Existing Program Elements" and Table 1-1.
- **Proposed Spending** - See "New Programs Elements."

In general, Table 3-1 assumes that the "New Program Elements" would be funded by the stormwater utility. The final policy decisions by the Board on the initial program of the utility are proposed to be made during the Phase III study. This program also shows all capital funding for stormwater transferring to the utility in FY 06. **No new funding** for stormwater is included in the projected FY 06 Budget. Table 1-1 provides the details used to allocate current personnel costs to stormwater management.

### TIMING

Staff's recommendation to begin the utility design process at this time is driven by two factors. The first is the long lead time to engage in an inclusive, transparent, and rigorous analysis of the parameters of a utility in James City County. The design process is expected to be approximately 12 months and will provide information for use in the FY 06 Budget process. Once a utility is started, revenue generation is not immediate, so funding of necessary stormwater management functions may need to continue from the General Fund in the early stages. **New funding for stormwater management in the FY 05 Budget is limited to the funding necessary for this process only. No new funding is projected for FY 06.** The second factor is the assumption by staff that with the funding for the utility design approved in FY 05 Budget, the Board had agreed to undertake the utility design in FY 05.

Even if an acceptable utility design is completed in FY 05, timing of actual start-up continues to be the prerogative to the Board.

### FUNDING ALTERNATIVES

Attached is the section of the AMEC report dealing with funding alternatives. While the AMEC recommendation was for the establishment of a stormwater utility, this material also discusses the advantages and disadvantages of a variety of other funding sources.

Pages 4-7 and 4-8 of Section 4 discuss the ability of a stormwater utility to include **credit or offsets** for neighborhoods that perform all or part of the functions of the utility in their neighborhood. That flexibility is not available with the use of General Fund tax financing. The specific policies dealing with these credits will be set by the Board during Phase III.

### ORGANIZATIONAL STRUCTURE

No firm decisions have been made about the organizational structure to run the stormwater functions in the County. Development Management has been the department responsible for this issue to date. With the establishment of the Department of General Services, with some limited drainage maintenance funding, that department may also assume a role. The Phase II report contained some recommendations of organizational structure and staff intends to revisit this issue during the Phase III time frame. The proposed program in Table 3-1 includes costs for two to three additional staff for the utility.

County and AMEC staff will be available at the Work Session.

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John T. P. Horne

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Attachments