

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1705 HB

Title: Stormwater facilities/county

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties: Service charges and rates would be remitted to diking and drainage district that operate or maintain portions of the county's stormwater control facility with the district boundary
- Special Districts: Diking or drainage districts that operate or maintain a stormwater control facility within their district may be deposited into the revenue account for such a district. Diking districts could receive equitable administrative fees for the portion of the stormwater control facility that they operate and maintain within the district boundary.
- Specific jurisdictions only: Diking and drainage districts.
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: The number of counties that have stormwater control facilities within diking and drainage district boundaries is unknown; stormwater service fees would be contingent on the geographic area impacted.

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

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Leg. Committee Contact: Kellen Wright	Phone: 360-786-7134	Date: 02/06/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/08/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/13/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

Under this proposed legislation, counties would be required to notify and consult a diking or drainage district before a stormwater control facility could be improved or expanded within the district's boundary. This agreement between the county and special district may include that, upon completion of the project, the diking and drainage district may be responsible for the operations and maintenance of the portion of the control facility with the district boundary. If the district provides the operations and maintenance they may be eligible to receive a portion of the service fees and rate starting in fiscal year 2024.

Sec. 1 would amend RCW 36.89.050

A county that intends to extend or improve any stormwater control facility lying within the limits of any operating diking or drainage district must notify and consult such district of their intent. Through written agreement between their respective legislative bodies, when the county constructed stormwater control facility is complete, the district may be incorporated into that portion of the control facility and may collect the same maintenance and operations fees. A diking or drainage district that maintains and operates the control facility or a portion of such facility may collect operations and maintenance charges for the county constructed stormwater control facility that is within the boundaries of the district.

Sec. 2 would amend RCW 36.89.080

Beginning in fiscal year 2024, all service charges for rates collected by a county for stormwater service that was located within the boundaries of a diking or drainage district may be deposited into the revenue account of the impacted district.

The bill takes effect 90 days after adjournment of the session in which the bill is passed.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This legislation would have indeterminate expenditure impacts for any county with stormwater control facilities within the boundary of diking or drainage district. The Washington State Association of Counties (WSAC) indicate that this bill would affect counties with National Pollution Discharge Elimination System (NPDES) Municipal Stormwater General Permits and have facilities as detailed in Sec. 1. The total number of impacted counties and special districts is unknown.

The number of counties and diking or drainage district that would not be able to reach agreement on the construction of a stormwater control facility within a district's boundary cannot be known in advance, and the costs are indeterminate.

CONSULTATION REQUIREMENTS OF SECTION 1(3)(a):

Counties would be required to notify and consult a diking or drainage district before a stormwater control facility could be improved or expanded within the district's boundary. WSAC indicate that this provision would affect the new construction or expansion of existing systems when an agreement could not be met between a county and a district. If an agreement between these two parties could not be reached it could have significant cost impacts for counties to alter existing stormwater control plans, to redirect around the boundary. However, the number of jurisdiction's that would not be able to reach an agreement cannot be known in advance, and these costs are indeterminate.

SERVICE CHARGE AND RATE RECOVERY OF SECTION 1(3)(c):

WSAC indicate that this bill would affect counties with NPDES Municipal Stormwater General Permits and have facilities as detailed in Sec. 1. However, the total number of impacted counties and special districts is unknown.

Potentially Impacted Jurisdictions:

6 counties with Municipal Stormwater General Permits have 18 Diking Districts within their boundaries: Clark, Cowlitz, Skagit, Snohomish, Whatcom, and Yakima Counties.

7 counties with Municipal Stormwater General Permits have 37 Drainage Districts within their boundaries: Clark, Cowlitz, King, Skagit, Snohomish, Thurston, and Whatcom Counties.

Potentially Impacted Service Charges:

Indeterminate - Stormwater service rates are collected to pay for costs associated with the stormwater utility. A county's stormwater rate class matrix applies different rates to the service charges of single family residences, multifamily units, commercial, industrial and governmental services, public and private roads, and vacant or agricultural lands. In addition, there are increased service rates, prorated by half or whole acre, depending on rate class. Rates are based on how many square feet of impervious surface is on the property, and if the property is located within the County's Municipal Stormwater Permit boundary area.

For example, according to the State Auditor's Office, counties collected the following storm drainage sales and services in 2020:

Skagit County collected \$5,686

Thurston County collected \$1,124,223

Cowlitz County collected \$2,043,287

Clark County collected \$11,400,015

Snohomish County collected \$28,332,591

King County collected \$41,645,594

For counties impacted by the legislation, a portion of these revenues would be diverted to diking or drainage district starting in fiscal year 2024. The amount that would be diverted would depend on the agreement established between the county and the district, the geographic area impacted, the number of housing, commercial, or industrial types and the acreage of housing, commercial, industrial developments within that geographic boundary, which would determine the service rates supporting the stormwater control facility that the county constructed within the boundary of an impacted district. There would be considerable variance in the amount of remittable services fees between one impacted county and the next.

Illustrative Example:

The impact in the Hopkins Drainage District No. 2 in Thurston County would be for 147 properties that are within the district boundary and equate to \$20,000 in service fees per year. This is approximately \$136.05 per property in a district that is predominantly residential.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This legislation would have an indeterminate increase in revenue for impacted diking or drainage districts.

Beginning in fiscal year 2024, diking or drainage district would be able to service charges and rates collected by counties if they operated and maintained stormwater control facility within the boundary of the district. However, the number of diking or drainage district impacted by this legislation is not currently known.

The amount of operating expenses that would be recoverable would depend on whether the stormwater control facility is maintained and operated by the diking or drainage district and the geographic boundary of the impacted diking or drainage district.

Illustrative Example:

The impact in the Hopkins Drainage District No. 2 in Thurston County would be for 147 properties that are within the district boundary and equate to \$20,000 in service fees per year. This is approximately \$136.05 per property in a district that is predominantly residential.

SOURCES:

Department of Ecology, Municipal Stormwater General Permits
Local Government Fiscal Note Program, FN HB 1996 (2022)
MRSC, Special Purpose District by County
State Auditor's Office, Financial Intelligence Tool
State Auditor's Office, Hopkins Drainage District No. 2
Thurston County, Stormwater
Thurston County, Stormwater Rate Class Matrix (2020)