BROWN AND CALDWELL
CONSULTING ENGINEERS

5/18/82 Interviews
Howard 9^m
Bud 10^m
Jordan 11^m

April 30, 1982

Mr. W. Eugene Sampley
County Engineer
Skagit County Courthouse
Mount Vernon, Washington 98273

014-1076-100/1

Dear Mr. Sampley:

The problem with management and funding studies is that they use a lot of words to hide unpleasant choices. But Skagit County is in a bind. It can allow present drainage conditions to persist and probably get worse with new development; or, it can choose to finance an expanded drainage control program. The choices range from no more to lots more activity and money. The probability of discontent is high on all fronts. No more activity will yield continued complaints about drainage, while lots more activity will yield complaints about costs.

The background paper that follows does three things. First, it summarizes the problem and suggests criteria against which to test solutions. Second, it presents management scenarios, or alternative levels of activity open to the county. Third, it reviews and evaluates funding sources.

We display five optional levels of management activity. They include: (1) the status quo, (2) a more vigorous coordination of existing drainage entities, (3) a strong drainage regulation program, (4) a drainage utility funding capital and maintenance efforts, and (5) a phased drainage management program which is a hybrid of the other activities.

Five funding sources are reviewed. They include: (1) regular tax funds, (2) service charges, (3) special district assessments, (4) special fees, and (5) general obligation or revenue bonds. Please note the discussion of new tax sources permitted under recent state legislation; these include the local option sales tax and a real estate transfer tax.

Which management level and which funding sources, if any, are acceptable? As mentioned above, all options will yield complaints. But criteria for selecting any activity beyond the status quo seem to include six points: (1) an orderly, systematic approach; (2) equitable and stable financing; (3) retaining natural ecosystems; (4) preserving agriculture; (5) the capacity for immediate actions; and (6) the maintenance of existing special districts.

This is a critical point in the study and we need to make a decision about policy direction. To facilitate this, I propose that we present the drainage program evaluative criteria and "alternative scenarios" for informal, one-on-one discussions with the County Commissioners. Following these discussions, we would proceed to fine tune the alternatives for the report's completion. I would like to accompany you as an observer and resource.

At our April 17th meeting, you mentioned there were success stories in drainage management, such as the Sedro Wolley sub-flood control zone district. If possible, I would appreciate receiving a description of those "successes," ones you think are good case studies for successfully resolving drainage problems.

One way to get basin planning funds is the Agricultural Stabilizaton and Conservation Service "special projects" program. You should immediately investigate the method by which you apply for this program. There seem to be funds available through fiscal year 1982. NO

I am looking forward to discussing these many ideas with you and the Commissioners.

Very truly yours,

BROWN AND CALDWELL

Lynn A. Guttmann
Project Manager

LAG:sjw
Enclosure

SKAGIT COUNTY STORM DRAINAGE MANAGEMENT OPTIONS
BACKGROUND INFORMATION

Section 1. Existing Situation and Criteria

In 1981, the County spent approximately $405,000 from the Road Fund in drainage-related road maintenance, not including the funds spent on ditch clearing and weed/brush control. During 1980 and 1981, the River Improvement Fund contributed over $37,000 for specific drainage-related projects. A significant portion of the County Flood Control Engineer's time is spent on drainage-related matters; for example, working with the drainage districts, negotiating agreements on retention, reviewing proposals for building permits, etc. The permits section spends approximately $7,000 on drainage review and on insuring the separation of drainage fields from sewage disposal sites.

The County is in the drainage business, though there is no money available for drainage basin planning, for off-roadway drainage maintenance, or for construction of drainage facilities. What County officials need to weigh is the direct costs of promoting or providing drainage management services versus the indirect costs of property damage, pollution, destruction of watercourses, and other problems caused by stormwater drainage from uncontrolled land development.

To date, no agency has established the legal and administrative structure that would permit adequate direction and control of runoff waters on a watershed or sub-basin basis. This probably could be accomplished under present county-government enabling legislation, provided that cities and other special districts were able to make their contributions to the total sub-basin programs. To achieve such a unified administrative structure, it will be necessary that agreement be reached within each sub-basin between all of the political entities represented therein as to which of them will be the managing agency and what role the others are to play.

In addition to the problems of establishing a legal and administrative framework, a frustration common to all drainage management solutions is the lack of adequate funding. The existing drainage districts do not want to finance additional pumping, culverts, and ditch systems to handle additional drainage from developing land outside of their jurisdictional boundaries. The County has experienced defeat in recent years in attempting to implement even portions of their plans using local sub-flood control zones or general obligation bond methods. For this reason, individual citizen complaints regarding stormwater flooding, lack of County services, and "uncontrolled" land development are common.

We have completed a comprehensive survey of the various drainage management options available to Skagit's county government. The expectations of the county administrators and staff, of drainage district commissioners, of farmers, retail managers, home owners, representatives of municipalities, and of citizens from areas experiencing chronic storm drainage problems were documented from interviews, public hearings, informal meetings, and newspaper reports. Their opinions have guided our definition and evaluation of suitable alternatives.

The purpose of the stormwater drainage program should be to provide public management of stormwater runoff in Skagit County's drainage basins in order to reduce flooding and property damage and to preserve natural streams and lakes as public amenities and to preserve viable agriculture in the County. **The following criteria should be achieved through the program:**

1. Adopt a Systematic Approach. **Develop a drainage plan in each drainage basin of the County** that will meet community desires and hydrological requirements and that will reduce current and prevent future property damage related to stormwater runoff. Coordinate the various governmental agencies, policies and programs, private interests and community concerns related to stormwater drainage.

2. Use Equitable and Stable Financing. **Develop financing to pay for ongoing drainage work and capital improvements.** More specifically:

   a. Develop equitable funding mechanisms in which the uplands and lowlands are charged according to their contribution to the problem. **The funding formula should be simple, understandable, and easy to administer.**

   b. Create a financial mechanism to incrementally place funds (as development occurs) into a pool for capital improvements of the overall drainage system for each basin. The funding mechanism should not leave the County with the financial burden of maintaining privately developed retention/detention sites.

   c. **Keep the cost of the service low;** avoid expensive capital solutions and expensive governmental bureaucracies.

3. Maintain Natural Ecosystems. Develop a storm drainage management plan which will retain the County's natural drainage system of wetlands and stream corridors to the maximum extent feasible.

4. Preserve Agriculture. Develop a storm drainage management plan which will provide drainage to the County's agricultural lands to allow for winter crop cultivation. The County policy of preservation of agricultural lands will be enhanced through developing such a plan.

5. Take Immediate Action. Improve maintenance and operation of the existing off-roadway drainage system (e.g., ditches, catch basins, piped drains and culverts, settling basins and wetlands in the drainage system). Provide immediate spot improvements in areas of serious drainage problems which cannot wait for comprehensive capital improvements in the system.

6. Maintain Special Districts. Maintain the independence of drainage districts and sub-flood control zones in the County and contract for services related to drainage performed by these special districts.

No one drainage management program can meet the expectations of all the citizens and officials of Skagit County. Each plan of action has its unique aspects, advantages and disadvantages. Management solutions of storm drainage problems selected by other jurisdictions have been pursued by means of established organizations and under available enabling legislation. Therefore, it should be possible, under the existing body of state law, to accommodate a range of alternative actions. For discussion and evaluation purposes, the alternative approaches have been grouped into five "scenarios," although in reality individual actions could be selected for independent or immediate implementation. Many of the actions are not mutually exclusive; for example, the County would continue to be responsible for the roadway drainage system under all of the proposed alternatives.

1. Status Quo

   a Continue roadway drainage maintenance activities.
   b. Encourage special districts to negotiate contractual agreements with large-scale developers.
   c. Settle individual citizen complaints on a case-by-case basis.
   d. Apply for grant funds for individual "special projects."

2. Vigorous Coordination of Existing Drainage Entities

   e. Appoint 15 members to the County Flood Control Zone District's advisory committee.
   f. Impose a development fee and establish a drainage system capital improvement fund (per SB 4972).
   g. Encourage existing drainage districts to annex upland areas.

h. Encourage special districts to jointly hire expert staff to represent their interests.
i. Provide a public forum for examining individual drainage management proposals.

3. Drainage Regulations

j. Adopt a drainage management ordinance.
k. Impose permit fees to offset the cost of drainage plan review and inspection.

4. Drainage Utility

l. Adopt a drainage utility service charge.
m. Provide off-roadway drainage system maintenance services.
n. Prepare drainage basin plans.
o. Plan, design and construct minor capital improvements.

5. Phased Drainage Management

p. Promote vigorous coordination of existing drainage entities.
q. Reallocate general funds and road funds to drainage maintenance activities.
r. Provide some immediate relief from critical problems (including the adoption of development fees).
s. Promote an intensive public education program.
t. Appoint a citizen task force in each drainage basin.
u. Establish drainage regulations and impose permit fees.
v. ~~Establish a drainage utility with service charges in specific watershed management areas (i.e., specific drainage basins~~).

ESTABLISH SERVICE CHARGE

✓. IMPLIMENT

An assessment of the feasibility of each of the drainage management scenarios is presented in Table 1. It is our opinion that surface water management is best viewed as a countywide responsibility, at least for drainage areas larger than the immediate vicinity of specifically benefited properties. Therefore, we suggest that you give careful consideration to the "phased drainage management" approach. It combines immediate efforts for inter-jurisdictional coordination with an intensive citizen education program, interim fees, and eventually the creation of a drainage utility. This option will take a commitment of staff time and county revenue, but in the long run, it is probably a more efficient and effective use of public funds.

Table 1. Drainage Management Options, Feasibility Evaluation

	Status quo	Vigorous coordination	Drainage regulations	Drainage utility	Phased drainage management
Physical Feasibility					
• Will the proposal correspond to natural drainage areas?	No	No	No	Yes	Yes
• Will agriculture be preserved and enhanced?	Some	Some	Some	Some	Some
• Will the proposal preserve the natural biosystems?	No	No	Some	Some	Some
Operational Feasibility					
• Will the proposal increase off-roadway drainage maintenance services?	No	No	No	Yes	Yes
• Can there be timely implementation (1-2 years)?	--	Yes	Yes	Maybe	No
• Does the proposal foster systematic planning and actions?	No	Some	No	Yes	Some
• Will the County avoid maintenance of privately-developed drainage systems?	Yes	Yes	No	No	No
• Is the proposal easy to administer?	No	No	Yes	Yes	No
Financial Feasibility					
• Does the proposal generate a continuous source of income for maintenance services?	No	No	No	Yes	Yes
• Can the revenue be used for capital expenses?	No	Some	No	Some	Some
• Does this proposal include fees or charges?	No	Yes	Yes	Yes	Yes
Political Feasibility					
• Will the independence of special districts continue?	Yes	Yes	Yes	Yes	Yes
• Can the proposal be initiated without adverse public reaction?	Maybe	Yes	Maybe	No	Maybe
• Will the proposal foster private/public coordination?	Some	Yes	No	Yes	Yes
• Will the proposal foster public empathy?	No	No	No	No	Maybe
OVERALL FEASIBILITY	Very limited	Feasible	Feasible	Limited	Feasible

Section 2. Storm Drainage Management Scenarios

1. Status Quo

In this scenario, the County would continue in its current mode without a drainage ordinance, providing drainage maintenance to roadway ditches through the County's Road Fund, and other technical services through the County's General Fund. But, the County could review and revise its current road maintenance and drainage program to assure that funds are being expended to the best advantage. This could be done in conjunction with the Soil Conservation District Board.

Individual development proposals will be approved following negotiations between the developer and drainage districts representing down-hill property owners. For example, the Bayview Hill drainage program (a plan for this area) will be completed in June 1982 by the U.S. Soil Conservation Service. A stormwater agreement will be negotiated between PACCAR and the drainage districts below the facility. Another agreement will be negotiated between the drainage districts and Puget Power.

Other agreements for regular drainage system maintenance services could be negotiated, for example, in the Grandy Creek Basin between the property owners (approximately 10 families), the County, Scott Paper Company, and Burlington Northern Railroad. (Refer to the County's 1971 easement when the creek was moved to build a roadway.)

The County could immediately apply for "special projects" funds to either prepare a selected basin plan or to implement a particular capital improvement project. Funds seem to be available from the Agricultural Stabilization and Conservation Service through the 1982 fiscal year. As an example, these funds could be used for basin planning in Hansen Creek, Gages Slough, or Districts 8 and 19.

Advantages. Adoption of restrictive laws and additional taxation are usually accompanied by some citizen dissent. People usually dislike change. This scenario represents the least amount of public action; these actions take relatively little "political will" and they do not significantly increase or decrease the amount of revenue available for public services.

Disadvantages. Drainage problems in the county will continue to mount and cause annual damage to private and public property. Individual citizens will continue to complain about storm runoff, land erosion, and crop loss; the County's response will continue to be sporadic, remedial and insufficient. Without coordinated basin planning, individual land use actions and public works projects could increase, rather than decrease, stormwater runoff problems. There will continue to be a lack of formal coordinating procedures which will inhibit resolving problems that involve tradeoffs between conflicting needs.

2. Vigorous Coordination of Existing Drainage Entities

In this scenario, the County, using powers of the Flood Control Zone District, would take the lead in coordinating the activities of the Skagit Soil Conservation District, the individual drainage districts, the various sub-flood control zones, and the incorporated cities. The County Commissioners would appoint a 15-member advisory committee (as specified in RCW 86.15). The committee would act as a formal forum to promote rational drainage management practices. The advisory committee could foster inter-jurisdictional coordination by:

1. Establishing a capital improvement fund (as mandated by SB 4972) which would receive money from large-scale and individual developments based upon an equitable formula (e.g., feet of impervious surface to be developed). This money would be distributed to the appropriate drainage districts to offset the costs associated with installing drainage systems sufficient to handle the increased volume of runoff.

2. Publishing a model drainage ordinance which stipulates appropriate land use practices and regulations.

3. Encouraging existing drainage districts to annex upland areas to ultimately enclose most of the western portion of the County in special districts.

4. Encouraging special districts to enter into a joint agreement to hire staff with legal, managerial, and negotiating skills to represent their interests, especially when entering into contractual agreements with large-scale developers.

5. Providing a forum for examining the repercussions of individual drainage management proposals.

Advantages. This alternative takes advantage of existing institutional arrangements and builds upon them. There seems to be a strong desire by individual drainage districts to continue their independent maintenance and operation activities. The cities also wish to maintain their jurisdictional perogatives. Yet, all jurisdictions recognize that stormwater runoff does not recognize political boundaries. Each of the jurisdictions could play a role in planning basinwide drainage solutions.

Under this scenario, local cooperation is somewhat expanded; but no jurisdiction gives up its present authority. And, the County is not viewed as creating a new "entity" by taking advantage of the existing countywide Flood Control Zone District. With the exception of the development fee, no additional assessments or service charges are imposed.

The drainage districts currently have the legal means to control upstream drainage flow. Through their powers of inverse condemnation, the districts can enjoin the County to stop (building) permits until the permits are conditioned upon the development not increasing stormwater runoff. This scenario does not preclude that action, but it does attempt to encourage coordinated and legally-sound contract negotiations.

Disadvantages. As with the status quo option, no continuous and stable source of revenue is created so that funds are not available to support public education, drainage system planning, regulation, inspection, or maintenance. The advisory committee only accomplishes tasks by using the staff time and funds contributed by the constituent jurisdications. Voluntary cooperation also means that decisions may be reached and implemented slowly, if at all.

3. Drainage Regulations

In this ~~scenario, the~~ County would adopt a drainage management ordinance and impose permit fees to help offset the cost of the County's drainage plan, review, and inspection activities. The newly enacted Senate Bill 4972 states, in part, that:

> ".... Nothing in this section prohibits .... counties .... from collecting reasonable fees from an applicant for a permit or other governmental approval to cover the cost to the .... county .... of processing applications, inspecting and reviewing plans, or preparing detailed statements required by chapter 43.21C RCW."

The new drainage management ordinance could include stipulations to:

1. Control runoff from new upland development to pre-development levels through retention/detention facilities, etc. (for a 15 to 20-year design storm).

2. Implement land use controls in steep slope areas.

3. Implement land use controls along stream corridors.

4. Implement erosion controls on all construction sites, including timber activities, etc.

Currently, drainage plans are required in conjunction with obtaining permits for new plats; but drainage plans are not required when obtaining building permits. The new ordinance could mandate consistent drainage management practices in conjunction with all land use activities.

The requirements imposed by this ordinance must be carefully considered to avoid pitfalls experienced in other parts of the State. For example, King County required residential developers to pay a fee to cover the cost of the first 5 years of maintenance for on-site retention/detention facilities in return for County assumption of permanent maintenance of these facilities (estimated cost of $0.9 million in 1981). King County is approaching the date at which it will be required to pay for the retention/detention maintenance, but the County budget is not prepared to assume this responsibility. If the County does not maintain the retention facilities, who will? It will be difficult for the County to take prosecutorial action against a homeowners association or to collect from private individuals who have failed to maintain a retention/detention facility.

Advantages. A clearly written and practical drainage management ordinance is one method of clarifying expectations and uniformly handling the stormwater aspects of individual land use applications. Other jurisdictions have adopted such ordinances; examples can be obtained from Tacoma, Bellevue, King County, Everett, and Ocean Shores.

Disadvantages. Regulations can be onerous and make individual land use activities time-consuming and expensive.

Effective regulatory activity generally implies effective monitoring and inspection; the County will probably have to maintain records of individual retention/detention sites, inspect and enforce performance standards. And, although on-site systems can be one important element in a stormwater management plan, the downstream system of ditches, culverts and pumps must be able to handle the changing runoff load caused by changing land use. Under this scenario, there is no development of a comprehensive drainage system. There is no revenue generated for operations and maintenance of drainage facilities and growing demands upon the general fund for operations and maintenance dollars.

4. Drainage Utility

A utility is an organization established to provide a public service such as light, water, or sewage treatment. Utilities are normally funded through service charges paid for by those receiving services. Each property owner throughout the County (in the western half of the County) would pay a monthly or quarterly charge to the utility to cover the costs of providing drainage services. As with other utilities, the rates would be based on the amount of services. Drainage services are usually defined by the amount of stormwater runoff from each property as measured by the size of the land parcel and the intensity of development. Two examples of drainage utility rates are cited in Tables 2A and 2B.

Table 2A. Comparison of City of Bellevue Sample Monthly Bills

Type of property	Lot size	1981 cost in dollars/month	1982-1983 cost in dollars/month
Undeveloped	1 acre	4.64	2.86
Average single family	10,000 square feet	2.54	4.41
Commercial with detention	1 acre	6.94	13.86
Commercial without detention	1 acre	18.52	33.66

Table 2B. Snohomish County Proposed Rate Alternatives

Description	I		II			
	Countywide		Urban/border		Rural	
	Annual	Monthly	Annual	Monthly	Annual	Monthly
Sample rates						
Single-family	37.11	3.09	43.14	3.60	23.79	1.98
Multiple	61.97	5.16	72.04	6.00	39.73	3.31
Industrial/ commercial	86.47	7.21	100.52	8.38	55.43	4.62
Service proportions (urban/border:rural)	1:1		4:1			
Percent of revenue obtained:						
Urban/border (18 percent of acreage)	68		80			
Rural (82 percent of acreage)	32		20			
Total	100		100			

A utility is not limited to service charges as the source of financing for its services. Other funding sources might include: permit fees to fund regulatory activities; bonds or utility local improvement district assessments to fund major capital improvements; grants (Referendum 39 funds or federal programs of the Corps of Engineers or Soil Conservation Service) to fund basin planning and improvements; the County Road Fund to fund maintenance of the roadway drainage system; or drainage district and sub-flood control zone assessments to fund drainage system operations and improvements within their jurisdictional boundaries.

In addition to providing a stable financing base, a utility could provide the leadership, planning, and management of stormwater drainage activities in the County. The utility could be given authority to regulate land development affecting runoff into the public drainage systems, man-made or natural. Where necessary, the utility could regulate the quality and quantity of runoff from private property into the public system. The public utility's responsibility would not include local collection systems; it could receive and manage the runoff from the local areas which could still be the responsibility of the landowners involved. Drainage districts and sub-flood control zones could continue to finance and operate the drainage systems within their perview; district outlays would be reimbursed or credited against the utility's charges. Special districts, including local improvement districts, could finance improvements which confer special benefits on properties beyond the level of general public responsibility.

The functions and powers of a storm drainage utility can be assumed by the County under three different state statutes: RCW 36.94 (the County Services Act), RCW 36.89 (County General Powers), and RCW 86.15 (Flood Control Zone Districts). The precise legal definition of the drainage utility, its responsibility and limits to its liability for runoff damage must be established in the enabling ordinance. Generally speaking, a stormwater drainage utility could provide regulatory functions (permit processing and inspection) through fees paid by applicants; provide services such as operations and maintenance, basin studies, technical services, management and administration through a countywide service charge to be established in the area in which the services are provided; and provide capital improvements by setting up financing programs in individual basins to solve basin problems. The utility may be countywide or may encompass only specified individual drainage basins. The basins could be called "watershed management areas."

WHAT CAN IT DO?

Issues to be considered in assessing the initiation of a drainage utility include who should pay, what should the service charge be, how should service charges be billed, how will it be administered in County government, and will the public pay? The formation of a utility requires extensive and intensive legal and administrative preparations. An example of the procedure necessary for a county to create a drainage utility is as follows:

UTILITY PROCEDURE

1. Preparation of an ordinance to establish a drainage utility. The drainage system is defined therein.

2. Public hearing by the County Commissioners establishing the drainage utility.

3. Adoption of the ordinance by the Commissioners establishing the drainage utility.

4. Preparation of a budget and service program and determination of service charges necessary to fund the budget.

5. First public hearing by the Commissioners for budget and service charges.

6. Second public hearing by the Commissioners for budget and service charges.

7. Adoption of an ordinance by the County Commissioners amending the annual budget.

8. Adoption of an ordinance by the Commissioners establishing the service charge rate schedule.

9. Begin collection of service charges.

10. Preparation of rules and regulations for the use and operation of the drainage system.

11. Public hearing by the Commissioners for rules and regulations.

12. Adoption of an ordinance by the County Commissioners setting forth the rules and regulations.

13. Preparation of drainage basin plans by Engineer, and approval by the Commissioners.

14. In addition to the above described procedure, the requirements for environmental assessments and hearings set forth in the State Environmental Policy Act must be fulfilled.

In order to set up a drainage utility, the County could follow the lead of Clark County and King County and take two steps toward formal adoption. First, pass a motion to the Director of Public Works to take action to form a County Stormwater Drainage Utility. Second, pass an ordinance appropriating a certain amount of funds as a loan to be reimbursed, including interest, from the County Stormwater Drainage Utility within one year after the utility service charge is established. The loan could pay for one year's planning effort: including a rate study, environmental impact statement, development

UTILITY PROCEDURE

of capital improvement and operating program, initiation of basin studies, and a comprehensive program to establish public awareness and support.

Advantages. The stormwater drainage utility would provide a stable source of funds for financing and managing the County's growing need for a comprehensive drainage plan. The current expense fund has growing demands for other services. The need for funding a comprehensive drainage plan for each basin in the County is not being met and as development occurs on the hillsides (as it is zoned), the problems will worsen. The utility and its rate structure, established by ordinance, could provide for an ongoing, reliable source of revenue, specifically tied to drainage control purposes, and a secure public entity with legal responsibility for providing the needed services.

Without exception, other jurisdictions which have successfully established a stormwater drainage utility have begun with an areawide service charge to cover the costs of operation and maintenance, planning, and administration. In all cases, other jurisdications have dealt with, or plan to deal with, capital needs later, by means such as a bond issue. Another lesson that can be learned from the experiences of the City of Bellevue and Clark County, where utilities were proposed and then delayed by hostile public reaction on the first appearance of a service charge, is that a public education program is essential.* In both cases, after a time-consuming second effort to educate the public, the utility concept passed with a large majority of public support.

Disadvantages. The disadvantages in setting up a drainage utility have all come from the public concern over new taxes. In Tacoma, the initial utility billing caused an outpouring of letters and telephone calls, but reaction diminished because the charge was relatively low ($1.50 to $6.00 per month). In Bellevue, following the first bill, which was a consolidated 4-month bill of $5.50 to $8.80 (people didn't understand it was for 4 months), a protest group formed and circulated a petition requesting the City Council rescind the drainage utility. The petition was signed by 40 percent of the voters who had turned out for the previous general election. Following this protest, a succession of committees was established. A public education campaign commenced. Another advisory ballot was held in which voters chose between two financing options: the service charge/revenue bond approach or the general fund method. A "no action" choice was not provided on the ballot. The lesson to be learned from the experiences of these jurisdictions is that at least one year of intensive planning and public education is necessary before a billing system is initiated.

A significant commitment of staff time and general revenue is required prior to the formation of a utility. Most jurisdictions have spent over $150,000 to establish the utility's program, rates, billing system, environmental impact statement, public information packages, and ordinance.

5. Phased Drainage Management

In this scenario, the County could stage the implementation of the various elements of a drainage management program--culminating in the formation of a drainage utility. Over a 12 to 24-month period, the County could:

1. Promote vigorous coordination of existing drainage entities, by establishing the 15-member Flood Control Zone advisory committee, by encouraging special districts to jointly hire expert staff, by providing a formal forum for inter-jurisdictional dialogues, and by publishing a model drainage management ordinance.

2. Reallocate general funds and road funds to increase and to make more visible and effective the off-roadway drainage-related operations and maintenance activities.

3. Provide some immediate relief from critical stormwater runoff problems by imposing a development fee and establishing a drainage system capital improvement fund, by immediately applying for an Agriculture Stabilization and Conservation Service special projects grant, by encouraging drainage districts to negotiate contractual agreements with large-scale developers, and by developing emergency response techniques that provide information and an increased "comfort level" to distressed citizens.

4. Promote an intensive public education program by publishing booklets, participating in radio programs, writing newspaper articles, distributing a slide/narration show to civic and citizen groups.

5. Appoint a citizen task force in each drainage basin with a one-year planning agenda to review the comprehensive drainage ordinances, to review existing drainage basin studies, and to review the proposed drainage utility's program, budget, and rates.

6. Establish drainage regulations and impose permit fees to offset some of the cost of the regulatory activities.

After 12 months of building public support through the citizen task forces and the public education campaign, the County would proceed to establishing a drainage utility as outlined in scenario number 4.

Advantages. There is one year to build a constituency for the utility. The education program would take place in each drainage basin where the basin planning would begin (if only to define problem areas and common goals). The difficult drainage concepts of impermeability, natural retention, volume, and streambank erosion can all be explained through examples and case studies. The organization put in place during this year (basin task forces) can be carried into the first years of the utility when the concepts will have to be sold as service fees are first assessed.

Disadvantages. There is no revenue source for the first year. Like the option of immediately establishing a drainage utility, this scenario requires a significant commitment of County staff time and County revenues. Under newly enacted State laws, the County could levy a 1/2 of 1 percent real estate transfer tax or up to 1/2 percent additional local sales tax to generate additional revenue.

This scenario suggests delaying major actions until an extensive citizens involvement program has been established. Therefore, much needed capital improvements and basin planning will be postponed for another year and the "crisis" of the 1981 wet season will either fade in people's memories or reoccur in 1982 and 1983.

TRUE!

Section 3. Financing Sources

Frustration over drainage financing is not new. A previous literature search revealed local and national articles addressing the problem 20 to 30 years ago. The Washington Chapter of the American Public Works Association has been concerned about drainage financing for many years and successfully worked to modify state law to provide for the financing of drainage facilities by the use of revenue bonds supported by monthly service charges.

There are five basic methods commonly used to provide funding for public services. These are:

1. Regular tax funds (that is, an increase or reallocation of general tax revenue).
2. Service charges.
3. Special district assessments.
4. Special fees.
5. General obligation (G.O.) bonds and revenue bonds.

In order to provide a foundation for assessing drainage management program options, the following narrative describes each public financing method as it specifically applies to the financing of drainage facilities and operations.

Regular Tax Funds. Regular tax funds are those monies levied for the support of the general government of a particular area. This level of funding is limited by Washington State's Constitution and statutes. The revenue is for all purposes and provides the basic administration, police and fire protection services for a particular agency. It is of necessity a very limited source of funding.

One related source of funds is the gas tax rebated to local agencies by the state in proportion to the amounts of fuel and vehicle registrations within their particular jurisdiction. The road funds are used to provide for roadway related drainage maintenance. Often portions of these monies also are used as the only available source for construction of drainage facilities. Drainage facilities constructed with these funds are those facilities necessary to support roadway construction. In April, the State Legislature passed Senate Bill 4972 which contained the following elements:

1. Authorization of up to 1/2 percent additional local option sales tax for cities and counties.
2. Authorization for up to 1/4 of 1 percent real estate transfer tax for capital purposes.

3. An option to levy a 1/2 of 1 percent real estate transfer tax in lieu of the 1/2 percent local sales tax.

Skagit County now has the option of increasing the sales or the real estate excise tax for general governmental purposes, which could include drainage planning or drainage maintenance services. The County could use the 1/4 of 1 percent real estate transfer tax for drainage improvement projects.

All County services are experiencing budget strains and competing for scarce resources. A substantial general tax increase would probably be unacceptable to the voters and the new revenues would not be reserved for exclusive drainage purposes. Moreover, annual tax revenues do not provide for large capital outlays without the issuance of bonds. The finite limit of general tax revenue does not preclude the advisability of reviewing the current allocation of funds between County services. Shifting road funds and general funds from some current service(s) to relieve specific, chronic off-roadway drainage problems is a limited but viable option.

Service Charges. Normally recognized utilities operate on the basis of service charges; the charges are based upon the amount of a particular service that a property owner utilizes. In the case of a water utility, this is measured by the quantity of water that flows through a meter.

This analogy goes on through sewer, power, telephone, and natural gas services. With the 1967 modifications to State statutes, drainage was included in the list of public utility services and given all powers related to the other services. These include powers under the County Services Act (RCW 36.94) which would permit the furnishing of utility service on a sub-basin basis, and the Flood-Control Zone District Act (RCW 86.15) that could accomplish the same ends.

The County is responsible for specific drainage and flood-control activities and, in addition, is the agency responsible for the general transportation network and land-use planning and regulations in unincorporated areas (RCW 36.89). It is these broad powers that make it clear that Skagit County could be one of the logical agencies to provide drainage management and control for specific sub-basins.

Under all of these acts, a county is empowered to consider drainage on a drainage-basin basis and to finance necessary drainage improvements through the use of revenue bonds financed by service charges. Service charges may be levied against all property, developed or undeveloped. When more than one jurisdiction is present in a drainage basin, it is necessary to obtain intergovernmental agreements as to how the billing will be handled and income distributed, before service charges can be collected. With this reservation, service charges can be established to cover three categories of expense:

1. Operation and maintenance costs, which can include planning and studies of drainage management.

2. General facility costs, which could include the acquisition of wetlands, stream corridors, or property that has general benefit to a community or jurisdiction.

3. Local-facility costs, or the costs that could also be included in a Local Improvement District but which now may be paid for on a monthly service-charge basis rather than on the basis of a yearly assessment.

Special District Assessments. Since the initial legislative authorizations beginning in 1895, State law has provided for the formation of special Drainage, Diking, and Sewerage Improvement Districts. The western 1/3 of Skagit County has several drainage districts that assess properties within the districts' boundaries to finance the development and operation of systems to regulate stormwater and salt water. These districts have traditionally served low-lying agricultural areas. Any district may annex adjacent land or may combine with other, similar districts. Drainage districts are municipal corporations governed by three independently elected commissioners. None of the boundaries of the drainage districts within Skagit County coincide with the boundaries of an entire drainage basin.

The County has had staff concerned with drainage and flood control and has formed a countywide Flood-Control Zone District (FCZD) and promoted sub-flood control zones for purposes of carrying out drainage improvement programs. The sub-zones have powers similar to drainage districts, but their governing board is the County Commissioners.

Special-district procedural requirements and financing limitations make it impossible for individual districts or sub-zones to be able to provide basinwide drainage management programs, although they could continue to provide localized drainage system improvements and maintenance services.

Both the county and municipalities of the study area have the power to form special improvement districts known as Local Improvement Districts (LIDs) for the purpose of providing specific facilities. This process is used to provide the streets, sidewalks, water mains, and sewers directly abutting a particular property, and is used to distribute the cost of these improvements to and among the properties adjacent to them. The assessment process that distributes the costs is a fairly expensive and a laborious one and is subject to the disposal of the property owners who will be assessed. We recommend that LID financing be confined to small-area improvement projects. Moreover, LIDs provide only for facilities construction, not for ongoing management and maintenance. This is a serious disadvantage of an LID, for it provides capital construction but no responsible service agency for the future.

General Obligation Bonds and Revenue Bonds. General obligation bonds are supported by taxes levied against all properties within a particular jurisdiction. The issuance of these bonds must be approved by a 60 percent majority of the voters within the jurisdiction. General obligation bonds are not equitable when considering drainage. These bonds are repaid by taxes on all taxable properties whether or not they are developed. Consequently, wetlands and natural areas that may actually help to maintain the natural drainage system are charged on the same basis as a fully impervious shopping center or parking area. The amount paid by undeveloped lands, while less than improved property, nevertheless is another factor forcing these lands into development. Tax-exempt properties (such as church buildings and church parking lots) do not help pay for the drainage improvements, although the impervious surface area contributes to stormwater runoff.

Revenue bonds have the advantage that they do not require voter approval for each issue. They do require that the County establish a specific, secure, long-term source of revenue pledged for their retirement such as drainage service charges adopted in a utility rate ordinance. Marketing problems are secondary to the establishment of a workable and secure means of charging for drainage services. Because of the lack of historical experience with such a system, the marketability of the bonds is less certain than with G.O. bonds. It might be necessary to have had the service charge in effect for several years, as well as the approving opinion of recognized legal counsel, before attempting to issue revenue bonds. One other factor regarding bonds: they are not a continuous, reliable, long-term source of management, maintenance, and operations funding.

Special Fees. Several jurisdictions have instituted development fees which are charged to property owners when they apply for development permits. These fees are either general or for a specific purpose, such as water, sewer, and occasional drainage. The fee is usually charged on an acreage basis and is an attempt to reflect the development's share of some existing or future general facilities that will provide service to the development.

Senate Bill 4972, recently passed by the State Legislature, limits land dedications to within a proposed subdivision if "reasonably necessary as a direct result of the proposed development." The legislation also precludes development fees unless the revenue is placed in a capital account and used within 5 years to mitigate a direct environmental impact of the development:

Section 5:

> ".... Nothing in this section prohibits counties, cities, or towns from imposing or permits counties, cities, or towns to impose water, sewer, natural gas, drainage utility, and drainage system charges: PROVIDED, That no such charge shall exceed the proportionate share of such utility or system's capital costs

which the county, city, or town can demonstrate are attributable to the property being charged: PROVIDED FURTHER, That these provisions shall not be interpreted to expand or contract any existing authority of counties, cities, or towns to impose such charges ...."

Without aggregating the revenues of special fees in a capital reserve fund, the revenue from special fees appears to be inadequate to provide the funds needed for drainage facilities. This type of charge does not provide a continuing source of funding for other aspects of drainage management. The continued use of such fees could have some merit if combined with utility service charges in the same manner as the so-called "late comer" charges, common with water and sanitary-sewer systems.