

ENVIRONMENT COMMITTEE AGENDA

November 12, 2020 – VIA Zoom

4:00P – 4:50P

NOTE: The City of Des Moines is currently operating under a Proclamation of Emergency issued on March 5, 2020 and Governor Inslee's Stay-at-Home order issued March 23, 2020 in response to the COVID-19 Pandemic. Accordingly, this meeting will be held virtually using Zoom.

The public is welcome to attend the Municipal Facilities Committee meeting via Zoom.

Please follow this link to get instructions on how to participate:

<https://www.desmoineswa.gov/FormCenter/City-Forms-3/Council-Meeting-Comments-49>.

Please note that Zoom attendees do not interact with one another; they join in listen-only mode.

Chair to call the meeting to order at 4:00 p.m.

1. Approval of the minutes from the meeting of 9.17.2020
2. SWM Comprehensive Plan Update (4:00 to 4:50 p.m.)
Staff will brief the Committee on the SWM Comprehensive Plan

DRAFT MINUTES – ENVIRONMENT COUNCIL COMMITTEE MEETING 09.17.2020

The meeting was called to order at 4:01 PM, Thursday, September 17, 2020, via Zoom, with the following in attendance:

Council Members

Mayor Matt Pina (Chair)
Luisa Bangs (Vice-Chair)
JC Harris

City Staff

Brandon Carver – PW Director
Beth Anne Wroe – Finance Director
Loren Reinhold – SWM Utility Manager
Tyler Beekley – Civil Engineer II
Matthew Hutchins – Asst. City Attorney
Jodi Grager – Admin. Asst.

Guests

Councilmember Traci Buxton, Matt Mahoney and Anthony Martinelli

AGENDA:

1. Approval of 7.09.2020 Minutes
2. SWM CIP Project Update
3. Public Works Yard Groundwater Remediation Project Update

MEETING:

Meeting called to order at 4:01 p.m.

1. Approval of the minutes of 7.09.2020 meeting – unanimous approval.
2. It was suggested that Items #2 and #3 be switched on the agenda. Approved by the Committee.

Public Works Yard Groundwater Remediation Project Update - Loren Reinhold, SWM Utility Manager, summarized the history of the Public Works Service Center location which had been contaminated due to a leaking gas tank. The clean-up has been ongoing for about 20 years following the site excavation and soil treatment focused on treatment and protection of the groundwater. (Attachment #3) The monitoring of the Remediation Plan continues and it is possible that appropriate levels will be achieved in the next two to three years.

3. SWM CIP Project Update – Manager Reinhold explained that a list of CIP Projects was created for the 2015 Comprehensive Plan. The City is roughly half way through these projects. The SWM Utility is an Enterprise Fund which creates funding for the SWM Department and associated projects. Civil Engineer II, Tyler Beekley, presented a graphic timeline of 2020 CIP Projections. (Attachment #2) The provided timeline indicates the Design Schedule for SWM replacement and

upgrade projects scheduled to be completed 2020-22. The SWM Department is currently evaluation which smaller projects could be combined for a more competitive bid process. The Committee had an opportunity to seek clarification regarding the presentation:

- Public Works Director Brandon Carver explained that a Surface Water Comprehensive Plan Update happens every 5-6 years. The Update is underway and it is hoped that a draft plan will be presented to the committee next month.
- The North Creek McSorley Diversion Project is experiencing some challenges with permitting due to the various agencies that will review the project; such as: the Department of Fisheries, the Department of Ecology, the Corp of Engineers, and the City of Des Moines Community Development will also complete a sensitive area review.

Director Carver complimented SWM staff for the successful progress made on these projects. The Committee concurred and shared their appreciation for the SWM Department's focus and communication.

Meeting adjourned at 4:42 p.m.

Minutes respectfully submitted by: Jodi Grager, Admin Asst

SURFACE WATER COMPREHENSIVE PLAN UPDATE

CITY OF DES MOINES

NOVEMBER 12, 2020

Parametrix
ENGINEERING . PLANNING . ENVIRONMENTAL SCIENCES

 **FCS GROUP**
Solutions-Oriented Consulting

AGENDA

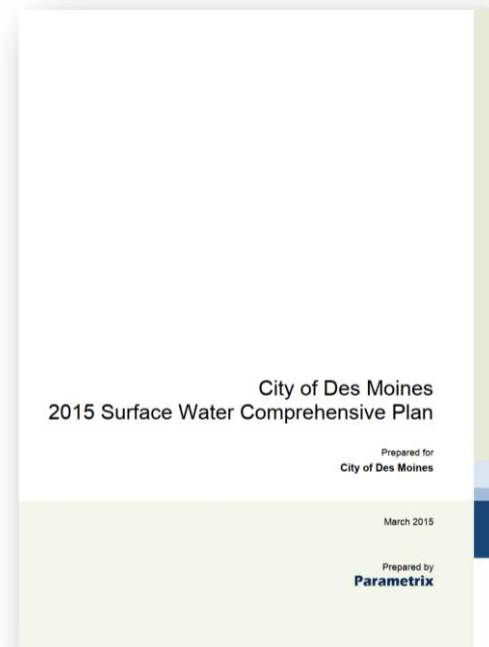
- Overview
- State Stormwater Permit
- Capital Improvement Projects

- Financial Plan Update

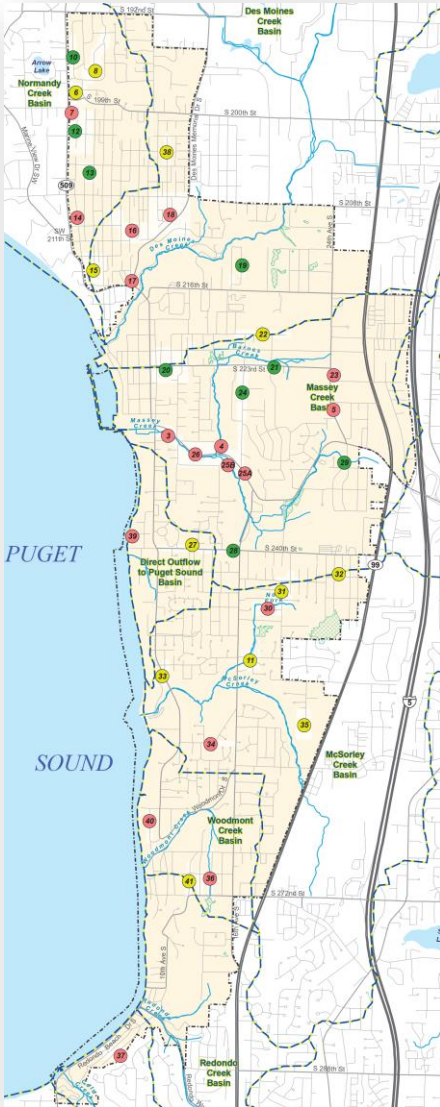


OVERVIEW

- 2015: Surface Water Comprehensive Plan
 - Update City's existing stormwater management program
 - Address known stormwater problems
 - Infrastructure, policies, and funding mechanisms
 - 2015 through 2024
- Now: Mid-plan update
 - Evaluate actual spending, new regulations, future needs, and update the financial model
 - Understand how much will be completed by 2024



STATE STORMWATER PERMIT



- Updated Phase II Permit
 - National Pollutant Discharge Elimination System (NPDES) Western Washington Phase II Municipal Stormwater Permit
- Effective: August 1, 2019
- Existing Requirements
 - Updated, clarified, simplified, modernized
- New Requirements
 - Watershed Development Planning
 - Business Source Control Program

STATE STORMWATER PERMIT

Updated Requirement	Highlights of Changes
Public Education and Outreach [S5.C.2]	1. Clarified target audiences, subject areas, and level of compliance effort 2. Include “overburdened communities” as a target audience, translate materials
MS4 Mapping [S5.C.4]	1. Map locations connecting to private stormwater systems 2. Map more detail in areas with higher risk of dangerous discharges
Illicit Discharge Detection and Elimination (IDDE) [S.5.C.5]	1. New Ecology data submission format 2. Clarifications and streamlining
Controlling Runoff from New Development, Redevelopment, and Construction Sites [S.5.C.6]	1. Language clarifications and simplifications 2. Existing City program likely complies with requirements

STATE STORMWATER PERMIT

Updated Requirement	Highlights of Changes
Operation and Maintenance [S5.C.7]	1. Language clarifications and simplifications 2. Existing City program likely complies with requirements
Monitoring and Assessment [S8]	1. Regional Stormwater Monitoring Program (RSMP) now called Stormwater Action Monitoring (SAM) 2. Program is now managed by Ecology, participation is still optional
Reporting Requirements [S9]	1. Fewer Annual Report questions with numerical answers 2. More Annual Report questions requesting summaries of activities
Notification of Discharge, Including Spills [G3]	1. Notify the proper entities when a discharge could constitute a threat to human health, welfare, or the environment 2. Revision prepares additional future changes

STATE STORMWATER PERMIT

New Requirement	Key Considerations
Comprehensive Stormwater Planning <i>[S5.C.1]</i> • Interdisciplinary Planning Team • Long-Range Plan Update Coordination • Low Impact Development (LID) Code-Related Requirements • Stormwater Management Action Planning (SMAP)	1. Proactively integrate stormwater management and water resource protection considerations into Growth Management land use planning 2. Update and create planning and development policies and regulations based on receiving water needs 3. Demonstrate compliance by developing SMAP in one selected high-priority basin by 2023

STATE STORMWATER PERMIT

New Requirement	Key Considerations
Source Control Program for Existing Development [S5.C.8] • Proactive program to inspect businesses and properties and require operational or structural source-control BMPs • Modeled after Phase I requirements • Performance Measures: 1. Adopt New Ordinance 2. Establish Business Inventory 3. Implement Inspections 4. Progressive Enforcement 5. Train Staff	1. Ordinance requirements must be based on Ecology Manual or a Phase I program 2. Business inventory will require multiple data-gathering approaches 3. May implement inspections through regional partnerships (neighboring jurisdictions, local health districts, etc.)

STATE STORMWATER PERMIT

- Biggest change moving forward will be cross-department coordination on land use planning and development requirements that address receiving water needs.
- *Up next: Capital Improvement Projects*

Questions

Julie Brandt, PE, Surface Water Engineer
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CAPITAL IMPROVEMENT PROJECTS

- We “calibrated” the cost estimates for the high priority projects included in the 2015 plan based on recent bids and project estimates.
- We updated the estimates to better reflect real world conditions:
 - Included one lane pavement replacement
 - Included standard items such as erosion control, traffic control and survey
 - Increased the contingency to better reflect actual uncertainty in planning estimates

CAPITAL IMPROVEMENT PROJECTS

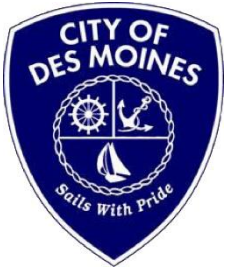
- Revised the CIP to match the most recent CIP presented to the council earlier this year.
- Included several projects not expected in 2015:
 - S. 251st St Storm Outfall
 - 216th/1th Ave Intersection Pipe Replacement
 - Deepdene Plat Outfall Replacement
 - S 251st Pipe Replacement Project
 - Soundview Dr./Redondo Beach Dr. Pipe Upgrade
 - DMMD/200th Stormwater Extension
 - 10th Ave Pipe Replacement
 - Woodmont Landslide Repairs
 - S. 200th St. Drainage Improvements
 - Service Center Material Storage Improvements

CAPITAL IMPROVEMENT PROJECTS

- The updated/revised capital improvement plan allows us to provide updated estimates of when the City can expect to complete these projects under various funding scenarios.
- *Up next: Financial Plan Update*  **FCS GROUP**
Solutions-Oriented Consulting

Questions

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City of Des Moines Environmental Committee

Surface Water Financial Plan and Rate Forecast

John Ghilarducci, President
Matt Hobson, Project Manager

November 12, 2020



Agenda

- **Utility Rate Study Background**
- **Methodology and Assumptions**
- **Revenue Requirement Results**
- **Projected Rate Impacts**



Background

- **In 2015 City Council approved Ordinance 1620 which established surface water rate increases through 2021**
 - » Rates adjusted annually based on general and construction-related inflation indices
 - » Rates adjusted by an additional 3.70% from 2016 to 2019
 - » Rates adjusted by an additional 2.70% in 2020 and 2021 (planned)

	2016	2017	2018	2019	2020
Inflation Adjustment	1.90%	1.77%	2.04%	4.83%	3.02%
Additional Adjustment	3.70%	3.70%	3.70%	3.70%	2.70%
Total	5.60%	5.47%	5.74%	8.53%	5.72%

Rate Study Elements



Financial Standards & Policies

Define minimum financial reserve level and other financial management standards



Operating & Maintenance Forecast

Multi-year forecast of operating expenses (e.g., labor, materials)



Capital Finance Strategy

Multi-year cash/debt strategy to support capital investments



Rate Revenue Analysis

Comparison of rate revenue at existing rates and projected financial obligations and policies



Multi-Year Rate Strategy

If needed, determine annual rate adjustments



Fiscal Policies

	Purpose	Target
Annual Inflation Adjustment to Rates	Adjusts rates to offset inflationary increases to operating expenses	Weighted Average of CPI-U (70%) and Construction Cost Index (30%)
Operating Fund Balance	Accommodate difference in revenue and expense cycles	4 months of operating and maintenance expenses plus 7 percent contingency <i>2021 Target: \$1.3 million</i>
Capital Fund Balance	To provide funding for emergency repairs, unanticipated capital, and project cost overruns.	1% of Plant Assets <i>2021 Target: \$0.3 million</i>
System Replacement Funding	Promote ongoing system integrity through reinvestment in the system.	30 percent of rate revenue from prior year <i>2021 Target: \$1.3 million</i>
Rate Setting	A multi-year financial plan	Five-year plan from FY 2022 to FY 2026
Revenue Sufficiency	Set rates to meet the total annual financial obligations of the utility on a stand-alone and self-supporting basis	Rates shall be set to cover O&M, capital, and fiscal policy achievement



O&M Forecast Assumptions



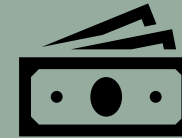
Forecast Basis

2020 Adopted
Budget



Account Growth

0.50%
Annual Increase



General Inflation

3.00%
Annual Increase



Labor Expense

3.00%
Annual Increase



Benefit Expense

2.50%
Annual Increase



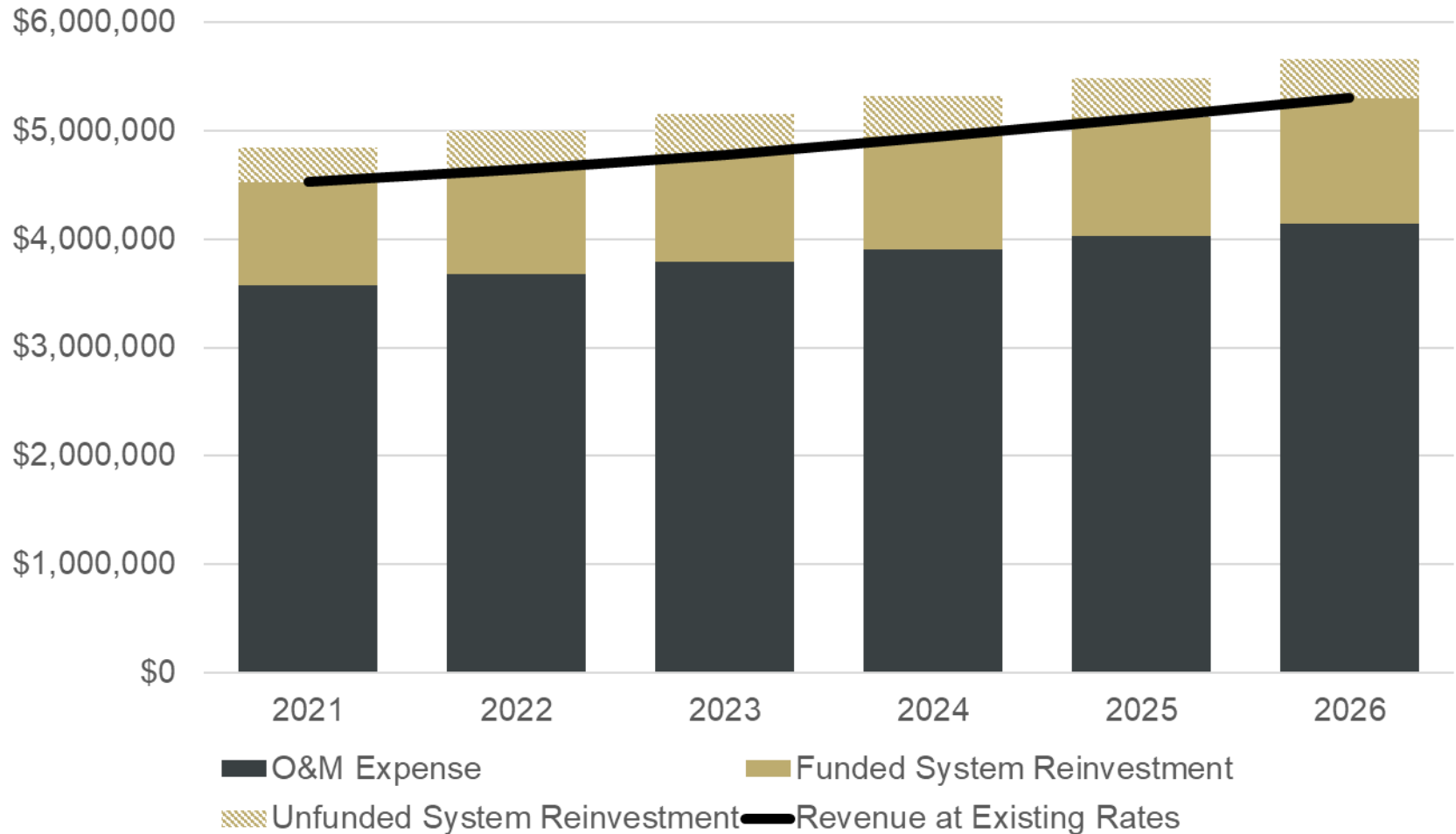
2021-2026 O&M Expenses

2.49%
Annualized Increase

O&M Forecast

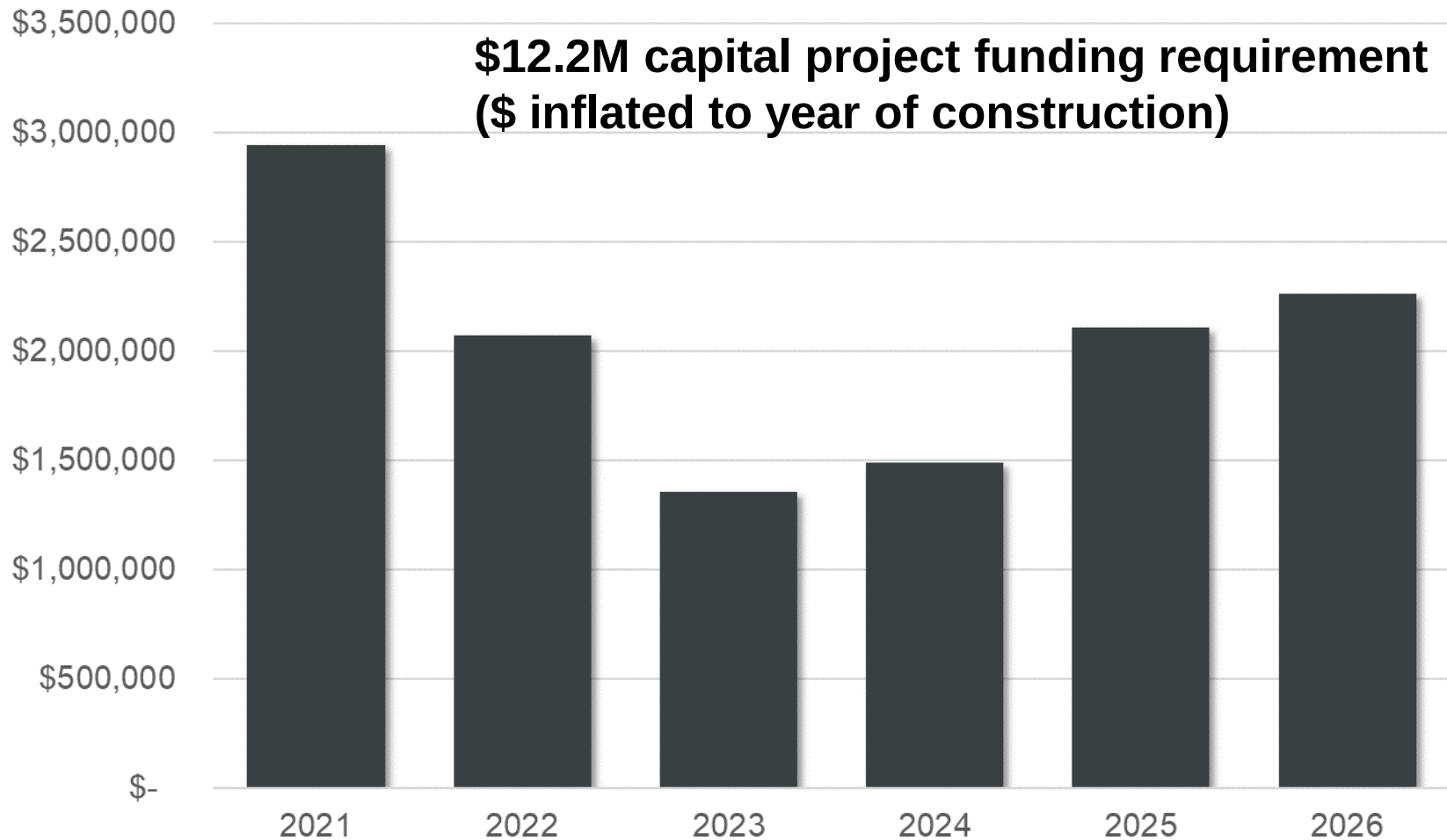
Existing rates projected to keep pace with operating expenses

Existing rates cannot support system reinvestment target (30% of revenue)





Capital Improvement Plan





Capital Funding Sources





Capital Funding Scenarios

Baseline Scenario

Determine capital project completion by 2026 if rates are held at 2020 level

Extended Timeline Scenario

Determine capital project completion if rates are held at 2020 levels and timeline is extended beyond 2026

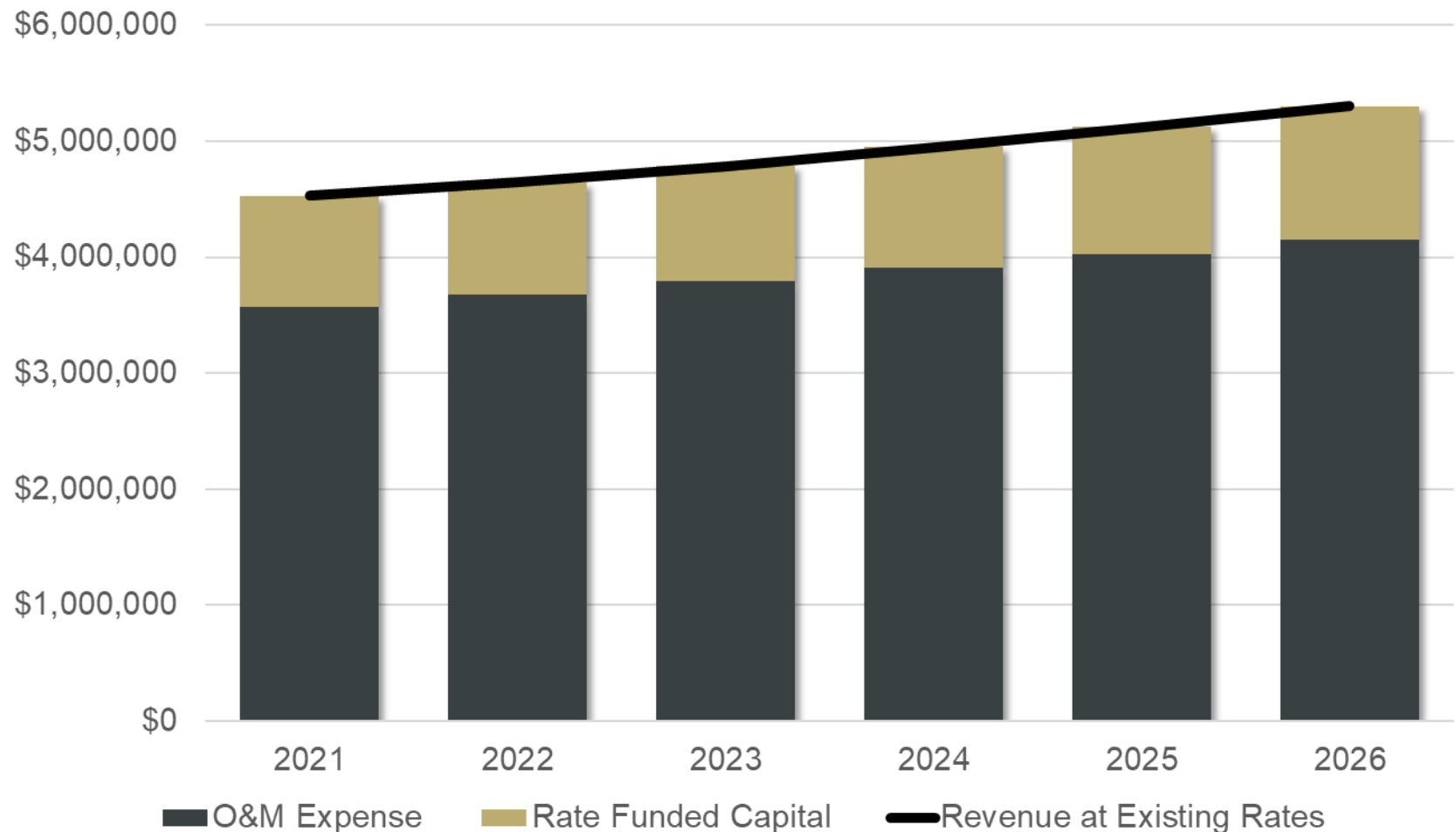
Rate Adjustment Scenario

Determine annual rate adjustments needed to complete capital projects by 2026



Baseline Scenario

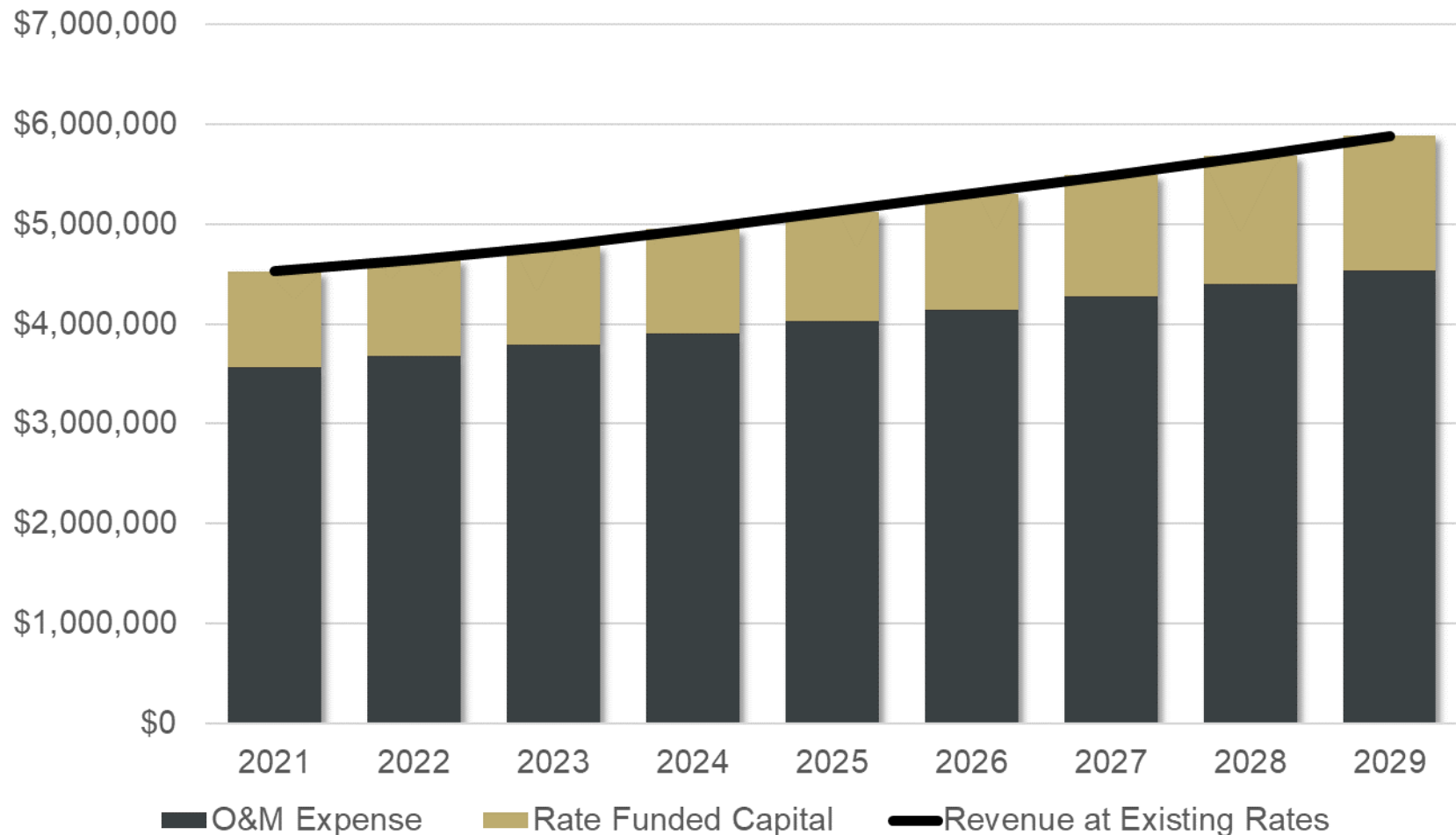
- **\$8.6 million funding for capital projects (70 percent of plan funded) by 2026**





Extended Timeline Scenario

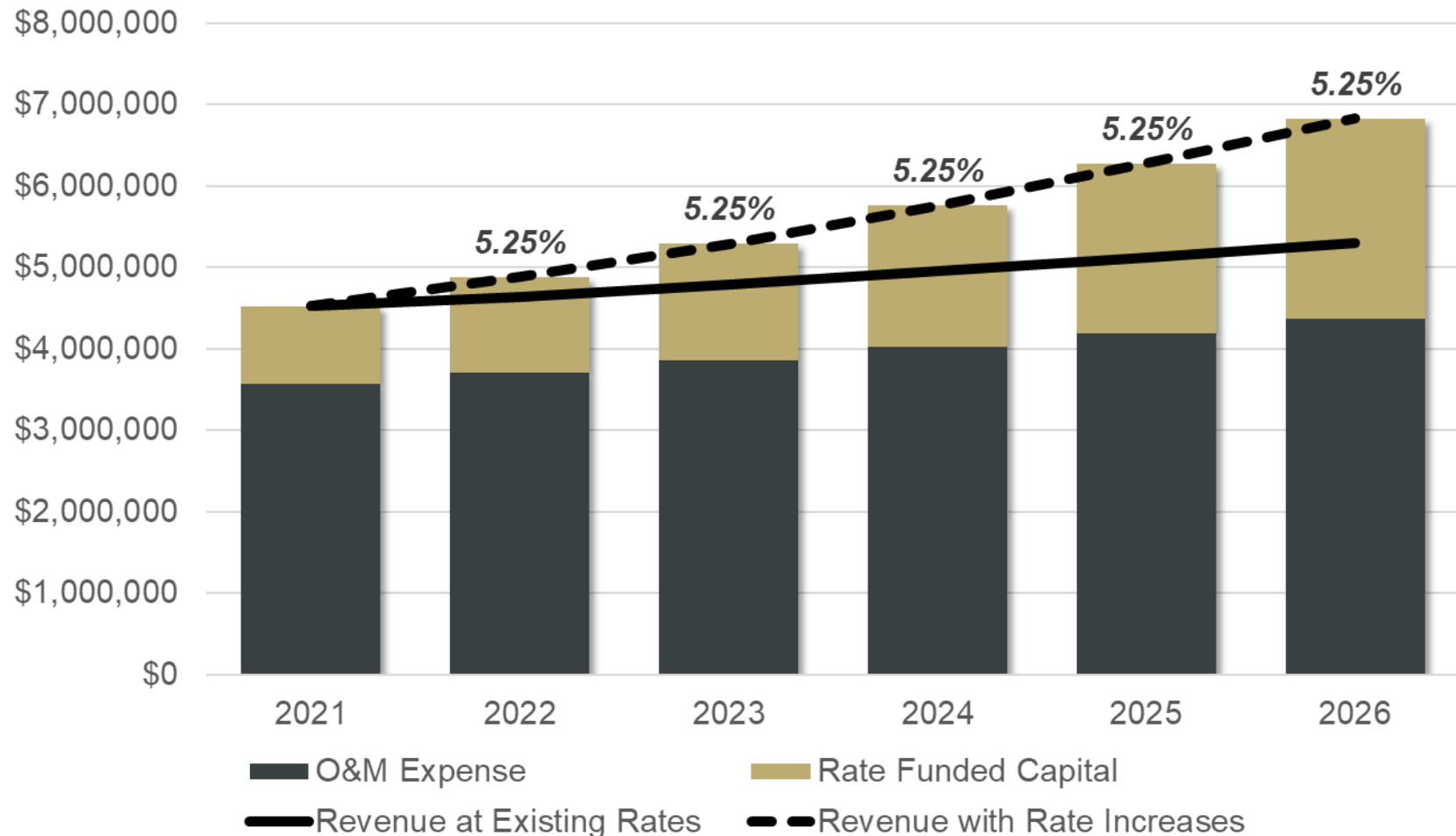
- **At existing rates, all capital projects can be funded by 2029**





Rate Adjustment Scenario

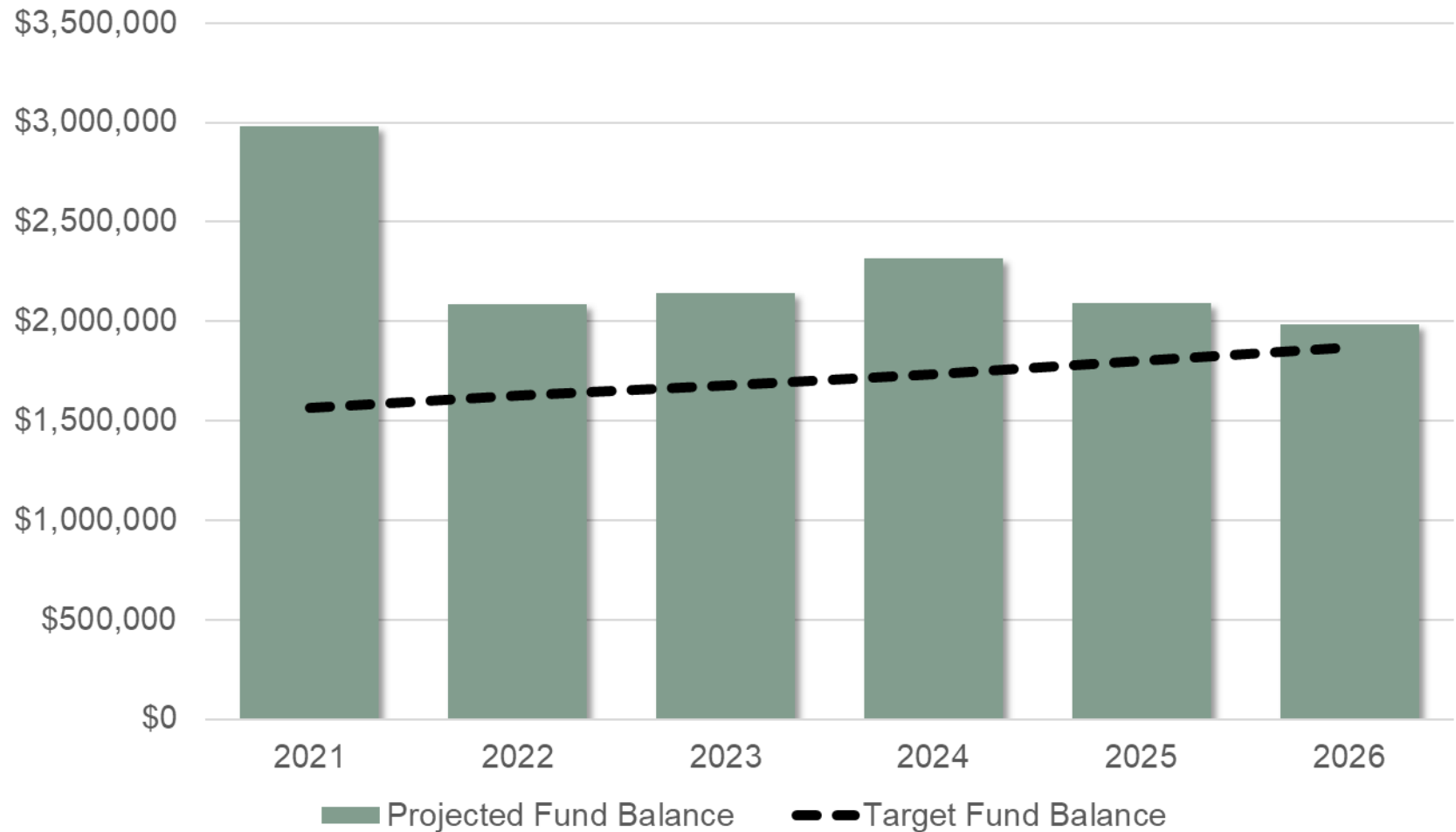
- **5.25% annual rate adjustments needed to fund capital plan by 2026**





Fund Balance Projection

Rate Adjustment Scenario



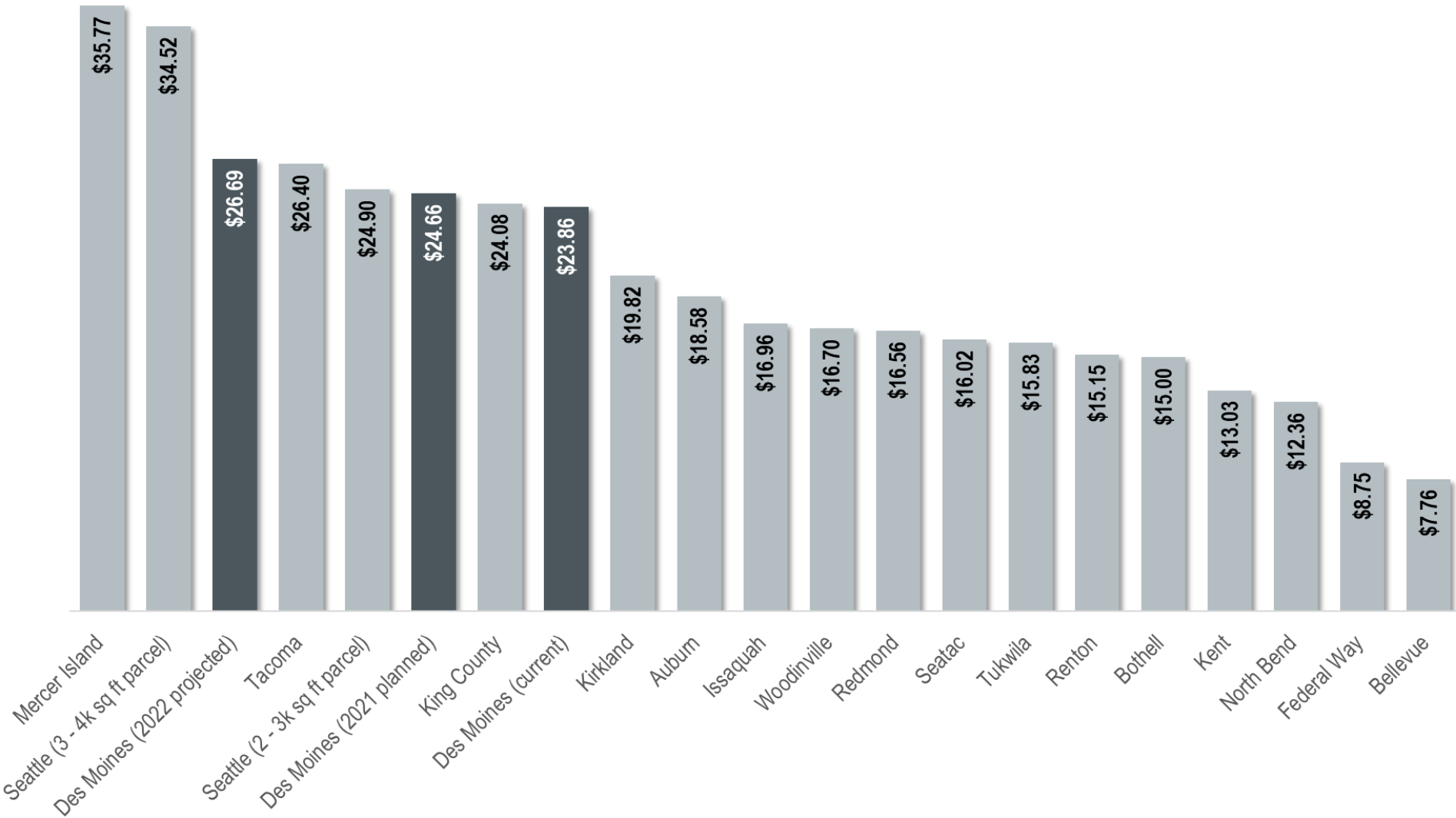


Projected Rates with Increases

Across-the-Board Rate Schedule	Previous 2019	Existing 2020	ATB 2021	ATB 2022	ATB 2023	ATB 2024	ATB 2025	ATB 2026
Annual System-Wide Rate Increase			0.00%	5.25%	5.25%	5.25%	5.25%	5.25%
Plus: Approved Rate Increase (Inflation Adjustment)			3.33%	3.00%	3.00%	3.00%	3.00%	3.00%
Total Rate Adjustment			3.33%	8.25%	8.25%	8.25%	8.25%	8.25%
Classification (Impervious Area - sq ft)								
Single Family Residential								
Less than 500	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
500 to 2,800	\$17.14	\$18.12	\$18.72	\$20.26	\$21.93	\$23.74	\$25.70	\$27.82
2,800 to 4,350	\$22.57	\$23.86	\$24.66	\$26.69	\$28.89	\$31.27	\$33.85	\$36.64
4,350 to 7,500	\$32.20	\$34.04	\$35.18	\$38.08	\$41.22	\$44.62	\$48.30	\$52.28
Greater than 7,500	\$22.57	\$23.86	\$24.66	\$26.69	\$28.89	\$31.27	\$33.85	\$36.64
Multi-Family Residential (per 3,450 sq ft Impervious)	\$22.57	\$23.86	\$24.66	\$26.69	\$28.89	\$31.27	\$33.85	\$36.64
Commercial	\$22.57	\$23.86	\$24.66	\$26.69	\$28.89	\$31.27	\$33.85	\$36.64
Non-Profit	\$22.57	\$23.86	\$24.66	\$26.69	\$28.89	\$31.27	\$33.85	\$36.64
Information: Increase to Residential (2,800 to 4,350)			\$0.80	\$2.03	\$2.20	\$2.38	\$2.58	\$2.79



Rate Survey





Summary

- **Existing rates with annual inflationary adjustments projected to:**
 - » Fund forecasted operating expenses and 70 percent of capital plan by 2026
 - » Existing rates can support complete capital plan if \$3.7 million in projects are rescheduled to 2027-2029 timeframe
- **5.25 percent annual rate increases needed beginning in 2022 to fund capital plan by 2026**

Residential Rate (2,800 to 4,350 Impervious Area)	2021	2022	2023	2024	2025	2026
Inflation Adjustment	\$24.66	\$25.40	\$26.16	\$26.94	\$27.75	\$28.58
Increase from Prior Year		\$0.74	\$0.76	\$0.78	\$0.81	\$0.83
Inflation Adjustment + Rate Increase	\$24.66	\$26.69	\$28.89	\$31.27	\$33.86	\$36.65
Increase from Prior Year		\$2.03	\$2.20	\$2.38	\$2.59	\$2.79



Questions/Discussion



Thank you!

Questions?

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