

COMMISSION STUDY SESSION

Item No: 10B

Meeting: 9/24/21

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TO: Port Commission

FROM: Eric D. Johnson, Executive Director

SPONSOR: Jason Jordan, Director Environmental and Planning Programs

Project Managers:

Water Quality Team: Deanna Seaman, Environmental Senior Project Manager,
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SUBJECT: STUDY SESSION: Stormwater Infrastructure Funding Study – Initial
Recommendations

A. STUDY SESSION: STORMWATER INFRASTRUCTURE FUNDING STUDY – INITIAL RECOMMENDATIONS

The Port of Tacoma (Port) operates a Municipal Separate Storm Sewer System (MS4). In order to legally discharge Port stormwater runoff from the MS4 into waters of the State/ United States, the Port is required to be covered by, and comply with, a Phase 1 Municipal General Permit (MS4 Permit). The MS4 Permit requires the Port to carry out many stormwater activities, including inspection, cleaning, maintenance, and repair of stormwater infrastructure. There are other permit requirements; however, this study session is focusing on the stormwater infrastructure and how to craft a durable funding source to manage our physical infrastructure.

In addition to the internal cost of managing Port stormwater infrastructure, including compliance costs, Port properties pay approximately \$2.7M/Year in City of Tacoma Stormwater Utility fees. Stormwater utility fees are authorized by state law Revised Code of Washington (RCW) 39.92 to recover the cost of services provided to customers who use the Utility's stormwater system. At this time, about 89% of the total City Stormwater Utility fees paid by Port properties are paid by Port tenants, with about 11% paid by the Port. The City of Tacoma also has an MS4 permit. They use collected utility fees to fund the City's stormwater program, including various infrastructure projects throughout the City limits. The City is required by law to use City Stormwater Utility revenue (including fees paid by the Port) for City storm system operation, maintenance, and capital projects. Except in rare instances where a project will benefit both the City's and the Port's storm system, the City Stormwater Utility is not allowed to spend utility funds for Port stormwater system operation, maintenance, repair, or capital projects.

B. BACKGROUND AND PURPOSE

Project Purpose

Given the ongoing and growing demands of the Port's stormwater program, in 2021 Port Executive Leadership authorized staff to investigate potential stormwater funding options. There are several core reasons why the Port is evaluating stormwater funding options:

- National Pollutant Discharge Elimination System (NPDES) Municipal and Industrial Permit compliance requirements which include programmatic compliance activities and ongoing stormwater system operation and maintenance are increasing in complexity.
- The need to address deferred maintenance, aging infrastructure, and ongoing repair/replacement needs.
- The need to fund necessary stormwater Capital Investment Project (CIP) needs.
- Ability to provide improved, consistent stormwater services for Port operations and tenants.
- Future-proofing the Port – strategic planning and projects to address the stormwater impacts of climate change, sea level rise, and regulatory changes.

The purpose of the Stormwater Infrastructure Funding Study Project (Project) is to identify the most technically feasible and financially beneficial approach to cover the cost of the above items.

Stormwater Revenue Needs

Work to review recent stormwater program costs and predict future trends and revenue needs is ongoing; however, several examples are provided here to illustrate the order of magnitude of the need:

- a. Port properties currently pay approximately \$2.5M/Year in City of Tacoma Stormwater Utility fees (about 11% is from the Port general fund for Port operated, habitat, and common area properties, 89% from Port tenants).
- b. Port NPDES Municipal and Industrial Permit compliance activities, including operation and maintenance and repair of Port stormwater infrastructure currently costs about \$1.4M/year.
- c. Currently, the Port has identified needed stormwater CIPs well in excess of \$30M. Examples of known CIP needs include:
 - Steam Plant: The site has extremely limited infrastructure which creates flooding & erosion of surface materials and turbid runoff.
 - 1851 Alexander Drainage: The property does not drain, there is a current Tenant Improvement request in progress to connect pipes to City infrastructure at Alexander Ave.
 - Fabulich Center Stormwater System: Ditch and pond maintenance to alleviate flooding. Erdahl Ditch also requires vegetation management and capacity restoration.
 - Milwaukee Street Flooding at SR-509 bridge: Restore ditch water flow capacity.

- Ditch Maintenance (Erdahl Ditch, Lincoln Loop Road, Lincoln Ditch): Restore water flow capacity, remove cattail colonies and other vegetation.
 - East Sitcum Pipe Replacement Basins 3 – 5: replace existing systems with new media, replace upgradient crushed pipes which have been in place since Kaiser was a tenant.
 - Parcel 86 Pipe Replacement: reroute stormwater pipe around existing environmental cap, better manage surface flow on the property.
 - North Intermodal (NIM) Yard area pipes: assess pipe condition, clean catch basins, replace as necessary. Old sewer pipes are full of sediment and there may be a collapsed pipe.
 - Parcel 111 Flooding: The site is lower than its neighbors and has no onsite stormwater infrastructure therefore it floods.
 - Drainage District 23 Maintenance: Pump house replacement, ditch capacity restoration, tide valve replacement.
 - Locate and verify Banana Yard stormwater infrastructure.
 - Thorne Road Stormwater: This is being addressed in the Thorne Road Off-Dock Container Surge Capacity project.
 - Initial studies to prepare an overall stormwater master plan that includes identifying climate change mitigation projects, costs, and overall schedule.
- d. Substantial funding is needed to address stormwater infrastructure that is past normal service life and is in degraded condition due to age and the accumulated effect of deferred maintenance. All future projects will require an analysis to evaluate future capacity needs, resulting from sea level rise and greater storm intensity. Properly functioning stormwater infrastructure is necessary to support Port business operations and goals, including meeting customer needs.

On an annual basis, it is estimated that about \$3.7M – \$4.0M/year is needed to fully fund the Port's ongoing stormwater program, not including payment of City Stormwater Utility fees.

A more detailed assessment of stormwater revenue needs will be included in a future study session currently scheduled for December 2021.

C. SCOPE OF WORK

Stormwater Funding Options Being Considered

Stormwater funding options have been selected based on consistency with the Revised Code of Washington (RCWs) governing Port funding (see **Attachment 1**). The following stormwater funding options have been reviewed and evaluated during the Project:

1. Renegotiate Interlocal Agreement (ILA) with City of Tacoma
2. Taxes (General & Special Levies)
3. Bonds (Revenue and General Obligation)

4. Local Improvement Districts
5. Stormwater Utility Fees where the Port is the Utility
6. Grants and Loans

How Funding Options Were Evaluated

Stormwater funding options were evaluated using the following relevant criteria:

- a. Legal – *the funding option is supported by RCWs for Port Authority Operations.*
- b. Dedicated – *the funding option can provide a reliable ongoing revenue stream dedicated solely to stormwater.*
- c. Sufficient – *the funding option can provide adequate funding to cover the Port's stormwater needs over time.*
- d. Flexible – *the funding option can cover programmatic, capital, equipment, and Repair and Replacement (R&R) costs.*
- e. Fair – *the revenue is derived from customers that actually receive services and customer costs can be tailored to the level of services/CIPs benefiting the customer.*

For each funding option, a 1 – 5 rating was given based on how consistent the option is with each criterion. Higher ratings mean better consistency with a specific evaluation criterion. The numerical ratings were summed across all criteria for each funding option, with the largest total being the option that aligns with the most criteria.

Review and Evaluation of Stormwater Funding Options

A matrix of funding options, RCWs, pros/cons, and ratings is provided as **Attachment 2**. A summary of the evaluation results is shown below.

Summary of Stormwater Funding Options Evaluation Matrix*

Revenue Source Category	Revenue Source Sub-Category	Enabling Legislation	Funding Options Score
Re-Negotiate Stormwater ILA with City of Tacoma	N/A	N/A	16
Taxes	General Tax Levy	RCW 53.36.020	16
	Special Tax Levy	RCW 53.36.070	12
	Special Tax Levy	RCW 53.36.100	12
Bonds	Revenue Bonds	RCW 53.40.010 - .040	15
	General Obligation Bonds	RCW 53.36.030	15
Local Improvement District	N/A	RCW 53.08.050	16
Stormwater Utility Fees	N/A	RCW 53.08.043	24
		RCW 35.67.010	
		RCW 35.67.020	
Grants & Loans	N/A	N/A	17

* See page A2-1 for the detailed analysis of these options.

Note that the stormwater utility option rates higher than other options. This is largely because a stormwater utility is best suited to provide sufficient and flexible funding for the Port's stormwater program on a fee-for-service basis using a fair rate structure that reflects the services provided by the Port Utility to specific customers.

Attempting to negotiate a new ILA with the City seems attractive on the surface, but in addition to requiring lengthy negotiations with the City and not likely providing sufficient funding, there are complex legal issues that would need to be addressed. It is uncertain whether the related legal hurdles could be overcome to result in a new ILA that provides significant flow of funding back from the City to the Port. It could be possible to negotiate an ILA that reduces stormwater fees paid by Port properties to the City, however that does not of itself provide funding for the Port's program (general fund support would still be needed). With that said, it is likely that implementing a Port Stormwater Utility would include negotiations with the City and a new ILA related to how the respective utilities will individually or cooperatively address interacting storm systems and potentially overlapping services.

D. FINANCIAL SUMMARY

Based on the evaluation results, staff and the consultant team recommend that the Commission approve further work to investigate and determine steps necessary to implement a Port of Tacoma Stormwater Utility. The Port Stormwater Utility would, upon further work, enact utility fees to customers served by the Ports stormwater system/program.

Depending on the final Port Stormwater Utility policies, rate-structure, and rates, it would generally have the following financial impacts to the Port:

- It would likely eliminate the need for most Port properties to pay City of Tacoma stormwater fees and those property fees would remit to the Port Utility. This option would require negotiations with the City of Tacoma.
- Port properties (and potentially some non-Port properties) served by and benefitting from the Port's stormwater system would pay new Port Stormwater Utility fees to the Port, not the City.
- It would effectively redirect money paid to the City's Utility towards the Port's stormwater costs, resulting in significantly reduced stormwater demands on the Port's general fund.
- Since the Port's Utility would be a new revenue stream, it would allow issuance of stormwater revenue bonds, thereby increasing the overall bonding capacity of the Port and creating a sound financing mechanism for stormwater CIPs.
- If used to implement an improved Port stormwater asset management system, it would reduce future financial risks/costs associated with aging and failing infrastructure.
- Dedicated and sufficient funding for the Port's stormwater program helps reduce legal and financial risks associated with MS4 Permit compliance.
- Will require dedicated Maintenance staff to perform work.

- Depending on the rate structure ultimately approved by Commission, the impact to customers should be small. They would benefit from having stormwater infrastructure repairs and maintenance on and around their properties.

E. NEXT STEPS

If the Commission approves Port staff to continue investigating a stormwater utility, the following next steps are recommended during the current project:

1. Complete additional stormwater program revenue needs analysis work and prepare updated preliminary estimates of annual stormwater revenue needs for the remainder of the MS4 Permit term which ends in August 2024.
2. Define several alternative stormwater revenue need scenarios. For example, estimate revenue needs for different schedules of CIPs and equipment purchases, or use debt financing versus “pay-as-you-go” for stormwater CIPs, or shorten/extend potential infrastructure repair/ replacement project timelines, etc.
3. Prepare preliminary estimates of Port Stormwater Utility rates and fees for example customers for the alternative revenue need scenarios.
4. Investigate and describe likely impacts to City of Tacoma Stormwater Utility fees.
5. Prepare recommended Port Stormwater Utility implementation steps, schedule, and key issues.
6. Prepare a scope of work and budget for Phase 2 of the Stormwater Funding Options Project – detailed Port Stormwater Utility implementation activities.

F. ATTACHMENTS

Attachment 1: Port Financing Information and RCWs

Attachment 2: Port Stormwater Funding Options Evaluation Matrix

ATTACHMENT 1 – PORT FINANCING INFORMATION AND RCWs

Adapted From Washington Public Ports Association (WPPA) Website

PORT FINANCING

Ports are a unique special purpose district – a public entity with a profit motive, or public enterprises. A port district's primary goal is economic development for its community, with the goal of job creation. And not just jobs, but jobs that pay a family wage and encourage growth throughout the port's district. Port districts are able to finance the long-term investments needed for such growth with **four different sources of revenue: taxes, service fees, bonds, and grants or gifts.**

TAXES

The Port District Act which authorized citizens to form a port district also authorized a tax levy to finance the district. Initially, ports were authorized to collect \$2 for every \$1,000 of assessed value on taxable property. The funds provided the initial capital needed to construct and operate facilities and to establish the necessary reserve of funds. Since that time, the Legislature has reduced the rate at which a port district may levy taxes (its millage rate) to 45 cents per \$1,000 of assessed value. In addition, special property tax levies are authorized for dredging, canal construction, land leveling or filling; these levies cannot exceed the 45 cents per \$1,000 millage rate.

Most ports use the funds generated through the tax levy to pay for capital development – marine terminals, industrial parks, development of needed infrastructure, updated airport facilities. Investment in these facilities is necessary to attract and retain businesses to a region.

Ports pay sales taxes on their purchases, and also pay a business and occupation (B&O) tax on services they provide to their customers. Businesses who lease port property pay a leasehold tax, approximately equal to a property tax. Ports collect these taxes on behalf of the state, and the funds are distributed back to state and local governments.

SERVICE FEES

When a port district builds a facility, it typically leases it to a business and collects fees for the building and land. Examples of those fees include marine terminal leases, airport landing fees, and moorage fees at marinas.

BONDS

Ports may issue a variety of municipal bonds – these bonds are used almost exclusively for capital construction projects. The bonds are repaid with revenue from property taxes. Ports may also issue revenue bonds, which are guaranteed by the revenues generated by a specific project. Bonds provide the funds for a port district to make a major, long-term investment in infrastructure – an investment which typically benefits a community for decades to come.

In very specific situations, ports may also establish a special assessment to issue industrial development revenue bonds. These bonds do not generate revenue for the port; rather, they provide a way to finance development or expansion of industry within a port district. The bonds are issued for a specific company, and that company is responsible for payment. No taxes or port funds are used to retire these bonds, which are subject to strict federal guidelines.

GRANTS AND GIFTS

Ports may use a variety of grants or gifts, such as property, to support infrastructure development. In addition, ports may receive federal funding for projects from agencies like the Army Corps of Engineers and the Department of Homeland Security. Washington ports also receive funds from the

state, particularly from the Interagency Committee for Outdoor Recreation, the Community Economic Revitalization Board, and the Washington State Department of Transportation.

FINANCING RELATED RCWS

RCW [53.36.020](#)

Tax levy—Limitation.

A district may raise revenue by levy of an annual tax not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district for general port purposes, including the establishment of a capital improvement fund for future capital improvements, except that any levy for the payment of the principal and interest of the general bonded indebtedness of the port district shall be in excess of any levy made by the port district under the forty-five cents per thousand dollars of assessed value limitation. The levy shall be made and taxes collected in the manner provided for the levy and collection of taxes in school districts of the first class.

RCW [53.36.030](#)

Indebtedness—Limitation.

(1)(a) Except as provided in (b) of this subsection, a port district may at any time contract indebtedness or borrow money for district purposes and may issue **general obligation bonds** therefor not exceeding an amount, together with any existing indebtedness of the district not authorized by the voters, of one-fourth of one percent of the value of the taxable property in the district.

(b) Port districts having less than eight hundred million dollars in value of taxable property during 1991 may at any time contract indebtedness or borrow money for port district purposes and may issue general obligation bonds therefor not exceeding an amount, combined with existing indebtedness of the district not authorized by the voters, of three-eighths of one percent of the value of the taxable property in the district. Prior to contracting for any indebtedness authorized by this subsection (1)(b), the port district must have a comprehensive plan for harbor improvements or industrial development and a long-term financial plan approved by the *department of community, trade, and economic development. The *department of community, trade, and economic development is immune from any liability for its part in reviewing or approving port district's improvement or development plans, or financial plans. Any indebtedness authorized by this subsection (1)(b) may be used only to acquire or construct a facility, and, prior to contracting for such indebtedness, the port district must have a lease contract for a minimum of five years for the facility to be acquired or constructed by the debt.

(2) With the assent of three-fifths of the voters voting thereon at a general or special port election called for that purpose, a port district may contract indebtedness or borrow money for district purposes and may issue general obligation bonds therefor provided the total indebtedness of the district at any such time shall not exceed three-fourths of one percent of the value of the taxable property in the district.

(3) In addition to the indebtedness authorized under subsections (1) and (2) of this section, port districts having less than two hundred million dollars in value of taxable property and operating a

municipal airport may at any time contract indebtedness or borrow money for airport capital improvement purposes and may issue general obligation bonds therefor not exceeding an additional one-eighth of one percent of the value of the taxable property in the district without authorization by the voters; and, with the assent of three-fifths of the voters voting thereon at a general or special port election called for that purpose, may contract indebtedness or borrow money for airport capital improvement purposes and may issue general obligation bonds therefor for an additional three-eighths of one percent provided the total indebtedness of the district for all port purposes at any such time shall not exceed one and one-fourth percent of the value of the taxable property in the district.

(4) Any port district may issue general district bonds evidencing any indebtedness, payable at any time not exceeding fifty years from the date of the bonds. Any contract for indebtedness or borrowed money authorized by RCW [53.36.030](#)(1)(b) shall not exceed twenty-five years. The bonds shall be issued and sold in accordance with chapter [39.46](#) RCW.

(5) Elections required under this section shall be held as provided in RCW [39.36.050](#).

(6) For the purpose of this section, "indebtedness of the district" shall not include any debt of a countywide district with a population less than twenty-five hundred people when the debt is secured by a mortgage on property leased to the federal government; and the term "value of the taxable property" shall have the meaning set forth in RCW [39.36.015](#).

(7) This section does not apply to a loan made under a loan agreement under chapter [39.69](#) RCW, and a computation of indebtedness under this chapter must exclude the amount of a loan under such a loan agreement.

RCW [53.36.040](#)

Funds in anticipation of revenues—Warrants.

(1) Any port commission is hereby authorized, prior to the receipt of taxes raised by levy, to borrow money or issue the warrants of the district in anticipation of the revenues to be derived by such district and such warrants shall be redeemed from the first money available from such taxes when collected. Such warrants may be in any form, including bearer warrants or registered warrants as provided in RCW [39.46.030](#).

(2) Notwithstanding subsection (1) of this section, such warrants may be issued and sold in accordance with chapter [39.46](#) RCW.

RCW [53.40.010](#)

Revenue bonds authorized.

The port commission of any port district is authorized for the purpose of carrying out the lawful powers granted port districts by the laws of the state to contract indebtedness and to issue **revenue bonds** evidencing such indebtedness in conformity with this chapter.

RCW [53.40.020](#)

Purposes for which bonds may be issued and sold.

All such revenue bonds authorized under the terms of this chapter may be issued and sold by the port district from time to time and in such amounts as is deemed necessary by the port commission to provide sufficient funds for the carrying out of all port district powers, and without limiting the generality thereof, shall include the following: Acquisition, construction, reconstruction, maintenance, repair, additions and operation of port properties and facilities, including in the cost thereof engineering, inspection, accounting, fiscal and legal expenses; the cost of issuance of bonds, including printing, engraving and advertising and other similar expenses; payment of interest on the outstanding bonds issued for any project during the period of actual construction and for six months after the completion thereof, and the proceeds of such bond issue are hereby made available for all such purposes. "Port property and facilities," as used in this section, includes facilities for the freezing or processing of agricultural products.

RCW [53.40.040](#)

Bonds payable solely out of revenues—Special funds.

Bonds issued under the provisions of this chapter shall be payable solely out of operating revenues of the port district. Such bonds shall be authorized by resolution adopted by the port commission, which resolution shall create a special fund or funds into which the port commission may obligate and bind the port district to set aside and pay any part or parts of, or all of, or a fixed proportion of, or a fixed amount of the gross revenue of the port district for the purpose of paying the principal of and interest on such bonds as the same shall become due, and if deemed necessary to maintain adequate reserves therefor. Such fund or funds shall be drawn upon solely for the purpose of paying the principal and interest upon the bonds issued pursuant to this chapter.

The bonds shall be negotiable instruments within the provisions and intent of the negotiable instruments law of this state, even though they shall be payable solely from such special fund or funds, and the tax revenue of the port district may not be used to pay, secure, or guarantee the payment of the principal of and interest on such bonds. The bonds and any coupons attached thereto shall state upon their face that they are payable solely from such special fund or funds. If the port commission fails to set aside and pay into such fund or funds the payments provided for in such resolution, the owner of any such bonds may bring suit to compel compliance with the provisions of the resolution.

RCW [53.36.070](#)

Levy for dredging, canal construction, or land leveling or filling purposes.

Any port district organized under the laws of this state shall, in addition to the powers otherwise provided by law, have the power to raise revenue by the levy and collection of an annual tax on all taxable property within such port district of not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district, for dredging, canal construction, or land leveling or filling purposes, the proceeds of any such levy to be used exclusively for such dredging, canal construction, or land leveling and filling purposes: PROVIDED, That no such levy for dredging, canal construction, or land leveling or filling purposes under the provisions of RCW [53.36.070](#) and [53.36.080](#) shall be made unless and until the question of authorizing the making of such additional levy shall have been submitted to a vote of the electors of the district in the manner provided by law for the submission of the question of making additional levies in school districts of the first class at an election held under the provisions of RCW [29A.04.330](#) and shall have been authorized by a majority of the electors voting thereon.

RCW [53.08.040](#)

Improvement of lands for industrial and commercial purposes—Providing sewer and water utilities—Providing pollution control facilities.

(1) A district may improve its lands by dredging, filling, bulkheading, providing waterways or otherwise developing such lands for industrial and commercial purposes. A district may also acquire, construct, install, improve, and operate sewer and water utilities to serve its own property and other property owners under terms, conditions, and rates to be fixed and approved by the port commission. A district may also acquire, by purchase, construction, lease, or in any other manner, and may maintain and operate other facilities for the control or elimination of air, water, or other pollution, including, but not limited to, facilities for the treatment and/or disposal of industrial wastes, and may make such facilities available to others under terms, conditions and rates to be fixed and approved by the port commission.

(2) Such conditions and rates shall be sufficient to reimburse the port for all costs, including reasonable amortization of capital outlays caused by or incidental to providing such other pollution control facilities.

(3) No part of such costs of providing any pollution control facility to others shall be paid out of any tax revenues of the port.

(4) No port shall enter into an agreement or contract to provide sewer and/or water utilities or pollution control facilities if substantially similar utilities or facilities are available from another source (or sources) which is able and willing to provide such utilities or facilities on a reasonable and nondiscriminatory basis unless such other source (or sources) consents thereto.

(5) In the event that a port elects to make such other pollution control facilities available to others, it shall do so by lease, lease purchase agreement, or other agreement binding such user to pay for the use of said facilities for the full term of the revenue bonds issued by the port for the acquisition of said facilities, and said payments shall at least fully reimburse the port for all principal and interest paid by it on said bonds and for all operating or other costs, if any, incurred by the port in connection with said facilities. However, where there is more than one user of any such facilities, each user shall be responsible for its pro rata share of such costs and payment of principal and interest. Any port intending to provide pollution control facilities to others shall first survey the port district to ascertain the potential users of such facilities and the extent of their needs. The port shall conduct a public hearing upon the proposal and shall give each potential user an opportunity to participate in the use of such facilities upon equal terms and conditions.

(6) "Pollution control facility," as used in this section and RCW [53.08.041](#), includes programs and activities that are intended to reduce air pollution from vehicles used in cargo transport to, from, and within district facilities; and programs and activities that are intended to reduce air pollution from cargo vessels within the district. Use of district funds for these purposes are deemed a governmental and public function, exercised for a public purpose and as a public necessity for promoting cleaner air; provided however, the provisions of subsections (2), (3), (4), and (5) of this section relating to condition, rates, other providers, and cost recovery do not apply to this subsection's subset of port pollution control facilities.

RCW [53.08.050](#)

Local improvement districts—Assessments—Bonds.

(1) A district may establish local improvement districts within the district, and levy special assessments, in annual installments extending over a period not exceeding ten years on all property specially benefited by the local improvement, on the basis of special benefits, to pay in whole or in part the damages or costs of the local improvement, and issue local improvement bonds to be paid from local improvement assessments. The levy and collection of such assessments and issuance of such bonds shall be as provided for the levy and collection of local improvement assessments and the issuance of local improvement bonds by cities and towns, insofar as consistent with this title: PROVIDED, That the duties of the treasurers of such cities and towns in connection therewith shall be performed by the county treasurer. Such bonds may be in any form, including bearer bonds or registered bonds as provided in RCW [39.46.030](#).

(2) Notwithstanding subsection (1) of this section, such bonds may be issued and sold in accordance with chapter [39.46](#) RCW.

RCW [53.36.100](#)

Levy for industrial development district purposes—Notice—Petition—Election. (Effective until January 1, 2026.)

(1) A port district having adopted a comprehensive scheme of harbor improvements and industrial developments may thereafter raise revenue, for six years only, and a second six years if the procedures are followed under subsection (2) of this section, in addition to all other revenues now authorized by law, by an annual levy not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district. In addition, if voters approve a ballot proposition authorizing additional levies by a simple majority vote, a port district located in a county bordering on the Pacific Ocean having adopted a comprehensive scheme of harbor improvements and industrial developments may impose these levies for a third six-year period. Said levies shall be used exclusively for the exercise of the powers granted to port districts under chapter [53.25](#) RCW except as provided in *RCW [53.36.110](#). The levy of such taxes is herein authorized notwithstanding the provisions of RCW [84.52.050](#) and [84.52.043](#). The revenues derived from levies made under *RCW [53.36.100](#) and [53.36.110](#) not expended in the year in which the levies are made may be paid into a fund for future use in carrying out the powers granted under chapter [53.25](#) RCW, which fund may be accumulated and carried over from year to year, with the right to continue to levy the taxes provided for in *RCW [53.36.100](#) and [53.36.110](#) for the purposes herein authorized.

(2) If a port district intends to levy a tax under this section for one or more years after the first six years these levies were imposed, the port commission shall publish notice of this intention, in one or more newspapers of general circulation within the district, by June 1 of the year in which the first levy of the seventh through twelfth year period is to be made. If within ninety days of the date of publication a petition is filed with the county auditor containing the signatures of eight percent of the number of voters registered and voting in the port district for the office of the governor at the last preceding gubernatorial election, the county auditor shall canvass the signatures in the same manner as prescribed in RCW [29A.72.230](#) and certify their sufficiency to the port commission within two weeks. The proposition to make these levies in the seventh through twelfth year period shall be submitted to the voters of the port district at a special election, called for this purpose, no later than the date on which a primary election would be held under RCW [29A.04.311](#). The levies may be

made in the seventh through twelfth year period only if approved by a majority of the voters of the port district voting on the proposition.

RCW [53.08.043](#)

Powers relative to systems of sewerage.

A port district may exercise all the powers relating to systems of sewerage authorized by RCW [35.67.010](#) and [35.67.020](#) for cities and towns.

[[1997 c 447 § 15.](#)]

RCW [35.67.010](#)

Definitions—"System of sewerage," "public utility."

A "system of sewerage" means and may include any or all of the following:

- (1) Sanitary sewage collection, treatment, and/or disposal facilities and services, on-site or off-site sanitary sewerage facilities, inspection services and maintenance services for public or private on-site systems, or any other means of sewage treatment and disposal approved by the city;
- (2) Combined sanitary sewage disposal and storm or surface water sewers;
- (3) Storm or surface water sewers;
- (4) Outfalls for storm drainage or sanitary sewage and works, plants, and facilities for storm drainage or sanitary sewage treatment and disposal, and rights and interests in property relating to the system;
- (5) Combined water and sewerage systems;
- (6) Point and nonpoint water pollution monitoring programs that are directly related to the sewerage facilities and programs operated by a city or town;
- (7) Public restroom and sanitary facilities; and
- (8) Any combination of or part of any or all of such facilities.

The words "public utility" when used in this chapter has the same meaning as the words "system of sewerage."

RCW [35.67.020](#)

Authority to construct system and fix rates and charges—Classification of services and facilities—Assistance for low-income persons.

*** CHANGE IN 2021 *** (SEE [5034-S.SL](#)) ***

(1) Every city and town may construct, condemn and purchase, acquire, add to, maintain, conduct, and operate systems of sewerage and systems and plants for refuse collection and disposal together with additions, extensions, and betterments thereto, within and without its limits. Every city and town has full jurisdiction and authority to manage, regulate, and control them and, except as provided in subsection (3) of this section, to fix, alter, regulate, and control the rates and charges for their use.

(2) Subject to subsection (3) of this section, the rates charged under this section must be uniform for the same class of customers or service and facilities furnished. In classifying customers

served or service and facilities furnished by such system of sewerage, the city or town legislative body may in its discretion consider any or all of the following factors:

- (a) The difference in cost of service and facilities to the various customers;
- (b) The location of the various customers within and without the city or town;
- (c) The difference in cost of maintenance, operation, repair, and replacement of the various parts of the system;
- (d) The different character of the service and facilities furnished various customers;
- (e) The quantity and quality of the sewage delivered and the time of its delivery;
- (f) The achievement of water conservation goals and the discouragement of wasteful water use practices;
- (g) Capital contributions made to the system, including but not limited to, assessments;
- (h) The nonprofit public benefit status, as defined in RCW [24.03.490](#), of the land user; and
- (i) Any other matters which present a reasonable difference as a ground for distinction.

(3) The rate a city or town may charge under this section for storm or surface water sewer systems or the portion of the rate allocable to the storm or surface water sewer system of combined sanitary sewage and storm or surface water sewer systems shall be reduced by a minimum of ten percent for any new or remodeled commercial building that utilizes a permissive rainwater harvesting system. Rainwater harvesting systems shall be properly sized to utilize the available roof surface of the building. The jurisdiction shall consider rate reductions in excess of ten percent dependent upon the amount of rainwater harvested.

(4) Rates or charges for on-site inspection and maintenance services may not be imposed under this chapter on the development, construction, or reconstruction of property.

(5) A city or town may provide assistance to aid low-income persons in connection with services provided under this chapter.

(6) Under this chapter, after July 1, 1998, any requirements for pumping the septic tank of an on-site sewage system should be based, among other things, on actual measurement of accumulation of sludge and scum by a trained inspector, trained owner's agent, or trained owner. Training must occur in a program approved by the state board of health or by a local health officer.

(7) Before adopting on-site inspection and maintenance utility services, or incorporating residences into an on-site inspection and maintenance or sewer utility under this chapter, notification must be provided, prior to the applicable public hearing, to all residences within the proposed service area that have on-site systems permitted by the local health officer. The notice must clearly state that the residence is within the proposed service area and must provide information on estimated rates or charges that may be imposed for the service.

(8) A city or town shall not provide on-site sewage system inspection, pumping services, or other maintenance or repair services under this section using city or town employees unless the on-site system is connected by a publicly owned collection system to the city or town's sewerage system, and the on-site system represents the first step in the sewage disposal process. Nothing in this section shall affect the authority of state or local health officers to carry out their responsibilities under any other applicable law.

ATTACHMENT 2 – PORT STORMWATER FUNDING OPTIONS EVALUATION MATRIX

Revenue Source Category	Revenue Source Sub-Category	Enabling Legislation	Purpose	Requirements / Limitations	Suitability for Stormwater Funding		Key Funding Options Evaluation Criteria & Scoring
					Pros	Cons	
Evaluation Criteria: <u>Legal</u> – the funding option is supported by RCWs concerning Port Operations; <u>Dedicated</u> – the funding option can provide a reliable ongoing revenue stream dedicated solely to stormwater; <u>Sufficient</u> – the funding option can provide adequate funding to cover the Ports stormwater needs over time; <u>Flexible</u> – the funding option can cover programmatic, capital, equipment, and R&R costs; <u>Fair</u> – the funding option revenue is derived from customers that actually receive services and customer costs can be tailored to the level of services/CIPs benefiting the customer. For each funding option, a 1 – 5 rating was given based on how consistent the option is with each criterion. At this time, no weighting factor is larger or heavier than any other. The numerical weight was assigned based on the evaluation of the option against the criteria.							
Re-Negotiate Stormwater ILA with City of Tacoma	N/A	N/A	Recover a portion of the stormwater utility fees currently paid to the City of Tacoma by the Port and Port tenants to fund a portion of the Port's stormwater program.	Would require complex negotiations with City of Tacoma and potentially Port tenants. Success may be limited by legal constraints. City may not be able to “rebate” fees to Port for Port infrastructure work.	Recover some costs already being incurred to cover the Port’s stormwater program costs. Theoretically it would not require changing arrangements with tenants. Improves fairness by providing services to Port properties that pay fees. Funds may be sufficiently flexible to cover any type of stormwater costs.	Complex negotiation process. May not be feasible for the City to implement under SW utility RCWs. Fairness concerns with City rate structure/fees for Port properties. Negotiating fairer rates for Port properties under City’s rate structure would reduce funds back to the Port. Could require transfer of Port’s stormwater assets to the City. Likely insufficient to cover Port’s stormwater program costs.	Legal – 2 Dedicated – 5 Sufficient – 2 Flexible – 5 Fair – 2 Total Score: 16
Taxes	General Tax Levy	RCW 53.36.020	Revenue to support general port purposes as defined in Title 53 RCW.	Tax revenue limited to general port purposes, including establishment of a capital improvement fund. Annual levy limited to \$0.45 per \$1,000 assessed value.	Sound Legal basis. Funding mechanism already exists. Funds sufficiently flexible to cover any type of stormwater costs.	Limited by levy cap. Funds likely insufficient to cover stormwater program costs. Competes against other priorities. Less fair - tax as opposed to user/service fee.	Legal – 5 Dedicated – 2 Sufficient – 2 Flexible – 5 Fair – 2 Total Score: 16
	Special Tax Levy	RCW 53.36.070	Revenue to support dredging, canal construction, or land leveling or filling purposes.	Additional levy revenue limited to dredging, canal construction, or land leveling or filling purposes. Annual levy limited to \$0.45 per \$1,000 assessed value.	None.	Funds insufficiently flexible to cover the various types of stormwater costs; limited to specific projects. Funds insufficient to cover the Port's stormwater program costs. Limited by levy cap. Less fair - tax as opposed to user/service fee.	Legal – 5 Dedicated – 1 Sufficient – 2 Flexible – 2 Fair – 2 Total Score: 12
	Special Tax Levy	RCW 53.36.100	Revenue to support industrial development district purposes.	Additional levy revenue limited to port districts under 53.25 RCW. Requires adoption of comprehensive plan of harbor improvement and industrial development. Levy of taxes limited to three, six-year periods. Annual levy limited to \$0.45 per \$1,000 assessed value.	Revenue may be used to improve lands within industrial development district.	Funds insufficiently flexible to cover the various types of stormwater costs; limited to specific projects. Funds insufficient to cover the Port's stormwater program costs. Limited by levy cap. Less fair - tax as opposed to user/service fee.	Legal – 5 Dedicated – 1 Sufficient – 2 Flexible – 2 Fair – 2 Total Score: 12

ATTACHMENT 2 – PORT STORMWATER FUNDING OPTIONS EVALUATION MATRIX

Revenue Source Category	Revenue Source Sub-Category	Enabling Legislation	Purpose	Requirements / Limitations	Suitability for Stormwater Funding		Key Funding Options Evaluation Criteria & Scoring
					Pros	Cons	
Bonds	Revenue Bonds	RCW 53.40.010 - RCW 53.40.040	Revenue bonds may be issued or sold by port districts to raise money for specific projects including: <i>“Acquisition, construction, reconstruction, maintenance, repair, additions and operation of port properties and facilities, including engineering, inspection, accounting, fiscal and legal expenses; the cost of issuance of bonds; payment of interest on the outstanding bonds issued for any project during the period of actual construction and for six months after completion.”</i>	Proceeds from a revenue bond sale usually must be used for purposes related to the revenue source used to pay bond principal and interest and cannot be used for general unrestricted purposes.	Potential legal long-term financing option for annual stormwater CIP needs. Revenue bonds can address a significant portion of the capital project costs, depending on revenue sources. Bond financing helps avoid possible spikes revenue needs and associated rates. Can improve fairness by funding CIPs that provide service to Port properties, however fairness depends on the revenue stream used to pay bond principal and interest	Requires a revenue source. Revenue bonds may carry a slightly higher interest rate than general obligation bonds Funds likely insufficient to cover all of the Port’s stormwater program costs. Funds likely insufficiently flexible to cover the various types of stormwater costs; limited largely to specific projects.	Legal – 5 Dedicated – 3 Sufficient – 2 Flexible – 2 Fair – 3 Total Score: 15
	General Obligation (GO) Bonds	RCW 53.36.030	GO Bonds may be issued or sold by port districts to raise money for general purposes. GO bonds are backed solely by the credit and taxing power of the issuing jurisdiction rather than the revenue from a specific project. Typically tax revenue is used to pay bond principal and interest payments.	Proceeds from the sale of GO bonds can be used for any general purpose deemed necessary by the port district, rather than a specific purpose or project.	Port GO bond financing already exists. GO bond funds may be sufficiently flexible to cover any type of stormwater costs but are normally used for discrete projects.	Requires funding stream (likely general tax levy) to pay off bonds. Bond amount limited to fixed percentage of total value of taxable property in the district and existing debt. Funds likely insufficient to cover all Port stormwater program costs. GO bonds may require voter approval. Fairness is likely low when using general tax to pay off bonds.	Legal – 5 Dedicated – 2 Sufficient – 2 Flexible – 4 Fair – 2 Total Score: 15
Local Improvement District	N/A	RCW 53.08.050	Revenue to fund local improvements within a port district. LID’s typically fund infrastructure projects within discrete areas with identified specially benefitting properties.	Special assessments levied on an annual basis for all properties specifically benefited by the local improvement(s).	Fair approach to funding and regional improvement projects with properties paying an amount proportional to the benefits they receive. Can issue local improvement bonds with principal and interest paid for by local improvement assessments.	Levy of special assessments limited to a period not to exceed ten years. Funds insufficient to cover all of the Port’s stormwater program costs. Funds insufficiently flexible to cover the various types of stormwater costs; limited to improvement projects.	Legal – 5 Dedicated – 2 Sufficient – 2 Flexible – 2 Fair – 5 Total Score: 16

ATTACHMENT 2 – PORT STORMWATER FUNDING OPTIONS EVALUATION MATRIX

Revenue Source Category	Revenue Source Sub-Category	Enabling Legislation	Purpose	Requirements / Limitations	Suitability for Stormwater Funding		Key Funding Options Evaluation Criteria & Scoring
					Pros	Cons	
Stormwater Utility Fees	N/A	RCW 53.08.043 RCW 35.67.010 RCW 35.67.020	Port districts may exercise all the power relating to systems of sewerage, including storm and surface water sewers, authorized for cities and towns. Port districts are authorized to fix, alter, regulate, and control the rates and charges for the use of such facilities.	Rates charged must be uniform for the same class of customers or service and facilities provided. Credits and waivers may be required for fairness/defensibility and/or statutory compliance. Special procedures required for charges to WSDOT right-of-way. Requires enabling ordinance and rate ordinance. As of 2019, there are 1716 stormwater utilities. One of these is at a Port. LA/LB is served by a stormwater utility because the ports are part of the larger Municipality (i.e, a different governance structure).	Funding approach utilized by numerous cities, counties, and special purpose districts across the nation. Approach clearly supported by RCWs and has withstood legal challenges. Puts stormwater service in same category as water and sewer utility services. Can address the bulk of the Port's stormwater revenue needs. Funds sufficiently flexible to cover any type of stormwater costs. Most reliable and fair means of financing stormwater programs. Revenue is derived from customers that receive services and benefits from the utility. Allows revenue bond financing for capital projects once financial rating and bonding capacity established.	Complexity/interactions/negotiations with the City's stormwater utility. Requires establishment of utility fee policies and rate structure, basis of billing, assignment of customers to customer classes, enabling ordinance, rate ordinance, dedicated utility billing and administrative staff, development and ongoing maintenance of utility customer billing database, mechanism for annual/monthly billing, enforcement of non-payment, etc.	Legal – 5 Dedicated – 5 Sufficient – 4 Flexible – 5 Fair – 5 Total Score: 24
Grants & Loans	N/A	N/A	Revenue to support general port purposes defined in Title 53 RCW. Ecology stormwater-related grant and loan opportunities: <u>Water Quality Combined Funding Program:</u> <ul style="list-style-type: none">Stormwater Financial Assistance Prog. (SFAP) GrantsCWA Section 319 GrantsCentennial Clean Water GrantsClean Water State Revolving Fund (CWSRF) Loans <u>Other Ecology Funding Programs:</u> <ul style="list-style-type: none">Stormwater Capacity GrantsStormwater Grants of Regional or Statewide Significance (GROSS) Funding from other Federal and State Agencies: <i>USACE, Dept of Homeland Security, Community Economic Revitalization Board, Interagency Committee for Outdoor Recreation, WSDOT, etc.</i>	<u>SFAP Grants:</u> <ul style="list-style-type: none">Competitive grantsGrant award limit \$5MStormwater facility projects and limited set of activity types are eligible25 percent match <u>Stormwater Capacity Grants:</u> <ul style="list-style-type: none">Non-competitiveGrant award limit set biennially based on approved state budgetNo match required <u>GROSS:</u> <ul style="list-style-type: none">Competitive grantsGrant award limit \$300KNo match required <u>CWSRF Loans:</u> <ul style="list-style-type: none">Funding for drainage and water quality related projects Interest rates are low (0.5 to 1.4 percent)	Grants and loans provide a diversity of both short-term and long-term revenue source. Loans help spread capital costs over a longer timeframe, thereby avoiding possible spikes in utility revenue needs and associated rates. SFAP grants are a good source of funding for stormwater project planning, design, and construction as well as eligible activities (e.g., source control, enhanced O&M, facilities and equipment to perform enhanced O&M such as sweepers, vac trucks, decant facilities, etc.).	Most grants are competitive-based grants with no guarantee of awarded funding. Stormwater grant funding can be unreliable due to state economic conditions and legislative budgeting processes. Most grants require matching funds from the recipient. Loans require a stable source of annual revenue to ensure that payment terms can be satisfied.	Legal – 5 Dedicated – 2 Sufficient – 2 Flexible – 3 Fair – 5 Total Score: 17

Study Session: Stormwater Infrastructure Funding Study – Initial Recommendations

Deanna Seaman

Environmental Senior Project Manager

EA Sci & Tech / Aspect Consulting:

John Knutson, PE, PMP - Aspect

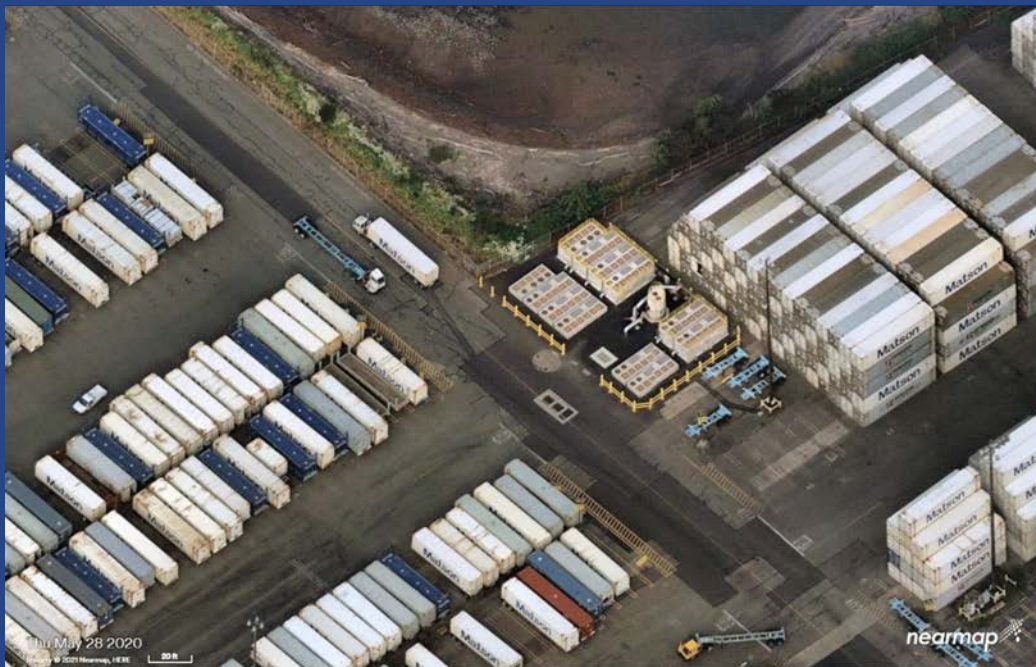


SW Infrastructure Funding Study Study Session



Purpose of Meeting

Staff is providing a Study Session on the Stormwater(SW) Infrastructure Funding Project – Initial Recommendations



SW Infrastructure Funding Study

Background & Purpose



Core Reasons why the Port is Evaluating Stormwater Funding Options:

- Strategic Plan Items EL 3, Implementation Plan Item A2
- NPDES Municipal & Industrial Permit compliance requirements are evolving
- Deferred maintenance, aging infrastructure, ongoing repair and replacement (R&R) needs
- SW Capital Investment Plan (CIP) project needs
- Provide improved, consistent SW services
- Future-proof the Port – strategic planning & projects to address SW impacts (climate change, sea level rise, new regulations) and minimize financial impact to CIP budget

SW Infrastructure Funding Study

Background & Purpose



Phase 1 – Review & Eval Funding Options & Revenue Needs:

- A. Identify, evaluate, select preferred funding option
- B. Prepare order-of-magnitude cost estimates
- C. Estimate SW revenue needs
- D. Prepare funding option implementation recommendations
- E. Coordinate with Executive Leadership & key Port staff

Phase 2 (Future) – Detailed Implementation Support for Preferred Option:

- A. Detailed review of SW compliance needs, staff, equipment, costs
- B. Prepare CIP with costs & schedule
- C. Robust R&R needs analysis & costs
- D. Examine SW interactions between Port & City
- E. Develop implementation materials for preferred funding option
- F. Tenant outreach & communications
- G. Continue coordination with Executive Leadership & key Port staff

SW Infrastructure Funding Study

Background & Purpose



Examples of Stormwater Revenue Needs:

- City SW utility fees – approx. \$2.5M annually
- Permit compliance, O&M, infrastructure repairs – approx. \$1.4M annually
- High priority SW CIP needs – in excess of \$30M
- Deferred maintenance, aging infrastructure, R&R – significant \$\$

Prelim. Estimated Annual SW Program Revenue Needs – \$3.7M to \$4.0M+

Not Including City SW Utility Fees

SW Infrastructure Funding Study

Funding Options



Stormwater Funding Options Considered:

1. Taxes – General & Special
2. Bonds – Revenue & General Obligation
3. Local Improvement District
4. Grants & Loans
5. Renegotiate Stormwater ILA with City of Tacoma
6. Stormwater Utility

SW Infrastructure Funding Study

Evaluation Criteria



Funding Option Evaluation Criteria:

- **Legal** – Supported by port district RCWs
- **Dedicated** – Provides dedicated & reliable ongoing revenue stream for SW needs
- **Sufficient** – Provides adequate funding to cover SW needs
- **Flexible** – Can cover programmatic, capital, R&R, & equipment costs
- **Fair** – Revenue from customers that receive services, customer costs can be tailored to the level of services/CIPs benefiting the customer

Scoring: Assigned rating of 1 – 5 based on how consistent the option is with each criterion. No weighting factors applied.

SW Infrastructure Funding Study

Review & Evaluate Funding Options



General Taxes – RCW 53.36.020

Revenue to support general port purposes – For SW infrastructure funding, could use the Tax levy above GO bond debt

Pros

- Sound legal basis
- Funding mechanism already exists
- Funds sufficiently flexible to cover any type of SW costs

Cons

- Limited by levy cap
- Stand-alone funds likely insufficient to cover full SW program costs if sharing with habitat, roads, etc
- Competes against other priorities
- Less fair - tax as opposed to user/service fee

Evaluation Criteria & Scoring

Legal – 5

Dedicated – 2

Sufficient – 2

Flexible – 5

Fair – 2

Total Score: 16

SW Infrastructure Funding Study

Review & Evaluate Funding Options



Special Taxes – RCW 53.36.070 & .100

Revenue to support dredging, canal construction, or land leveling or filling purposes

Revenue to support industrial development district

Pros

- Revenue may be used to improve lands within industrial development district

Cons

- Funds inflexible, cannot cover all types of SW costs
- Funds insufficient to cover the Port's full SW program costs
- Limited by levy caps
- Less fair - tax as opposed to user/service fee

Evaluation Criteria & Scoring

Legal – 5

Dedicated – 1

Sufficient – 2

Flexible – 1

Fair – 2

Total Score: 12

SW Infrastructure Funding Study

Review & Evaluate Funding Options



General Obligation Bonds – RCW 53.36.030

Bonds issued/sold by port districts to raise money for general purposes. Tax levy proceeds are used to pay GO bond debt.

Pros

- Port GO bond financing already exists
- GO bonds may be flexible enough to cover any type of SW costs

Cons

- Requires funding stream (likely general tax levy) to pay off bonds
- Bond limited to percentage of value of taxable property & existing debt unless changed by citizen vote
- Competes with other bond priorities
- GO bonds may require voter approval if above a certain limit
- Fairness is likely low when using general tax to pay off bonds

Evaluation Criteria & Scoring

Legal – 5

Dedicated – 2

Sufficient – 2

Flexible – 4

Fair – 2

Total Score: 15

SW Infrastructure Funding Study

Review & Evaluate Funding Options



Revenue Bonds – RCW 53.40.010, .020, .040

Bonds issued/sold by ports to raise money for a range of specific uses

Pros

- Potential SW CIP long-term financing option
- RBs can address much of the CIP costs
- Bonds allow for immediate project development – pay over time versus pay-as-you-go
- Can improve fairness by funding CIPs that service Port properties

Cons

- Requires a revenue source
- Revenue bonds may carry a slightly higher interest rate than GO bonds
- Competes with other revenue bond priorities

Evaluation Criteria & Scoring

Legal – 5

Dedicated – 3

Sufficient – 2

Flexible – 2

Fair – 3

Total Score: 15

SW Infrastructure Funding Study

Review & Evaluate Funding Options



Local Improvement District –RCW 53.08.050

Revenue to fund local improvements, typically infrastructure projects within discrete areas with identified specially benefitting properties

Pros

- Fair approach to funding local and regional improvement projects
- Principal and interest paid for by local improvement assessments

Cons

- Levy of special assessments limited to a period not to exceed ten years
- Funds insufficient to fully cover the Port's SW program costs
- Funds not flexible enough to cover all types of SW costs

Evaluation Criteria & Scoring

Legal – 5

Dedicated – 2

Sufficient – 2

Flexible – 2

Fair – 5

Total Score: 16

SW Infrastructure Funding Study

Review & Evaluate Funding Options



Grants & Loans

Revenue to support general port purposes defined in Title 53 RCW

Pros

- Grants and loans provide short-term and long-term revenue sources
- Loans help spread capital costs over a longer timeframe
- SFAP grants can help fund SW CIPs and O&M equipment

Cons

- Most grants are competitive with no guarantee of funding
- Grant funding can be unreliable, subject to legislative budgeting process
- Most grants require matching funds from the recipient
- Loans require a stable source of annual revenue to ensure payment

Evaluation Criteria & Scoring

Legal – 5

Dedicated – 2

Sufficient – 2

Flexible – 3

Fair – 5

Total Score: 17

SW Infrastructure Funding Study

Review & Evaluate Funding Options



Renegotiate Stormwater ILA with City

Recover a portion of the SW utility fees currently paid to the City

Pros

- Recovers/redirects costs already being incurred
- May not need to change tenant agreements
- Improves fairness to Port properties
- Funds could cover any type of Port SW costs

Cons

- Complex negotiation process
- May not be legal for the City under utility RCWs
- Fairness concerns with City rate structure/fees for Port properties
- Fair rates under City's rate structure would reduce funds back to the Port
- Could require transfer of Port's SW assets to the City
- Likely insufficient to cover Port's storm program costs

Evaluation Criteria & Scoring

Legal – 2

Dedicated – 5

Sufficient – 2

Flexible – 5

Fair – 2

Total Score: 16

SW Infrastructure Funding Study

Review & Evaluate Funding Options



Stormwater Utility – RCW 53.08.043 & 35.67.010, .020

SW fees paid to Port by customers of the Port SW System, dedicated to the Port's SW Program

Pros

- Used by numerous cities, counties, districts
- Clearly supported by RCWs, withstands legal challenges
- Can address most of Port's SW revenue needs
- Funds are flexible to cover SW related costs
- Fair - revenue from customers that receive services and benefits
- Allows access to other SW financing mechanisms discussed

Cons

- Complexity, interactions, and negotiations with the City's Stormwater Utility
- Requires significant set-up effort

Evaluation Criteria & Scoring

Legal – 5

Dedicated – 5

Sufficient – 4

Flexible – 5

Fair – 5

Total Score: 24

SW Infrastructure Funding Study

Review & Evaluate Funding Options



Summary of Funding Options Evaluation Matrix

Revenue Source Category	Revenue Source Sub-Category	Total Score
Taxes	General Tax Levy	16
	Special Tax Levy (RCW 53.36.070)	12
	Special Tax Levy (RCW 53.36.100)	12
Bonds	Revenue Bonds	15
	General Obligation Bonds	15
Local Improvement District	N/A	16
Grants & Loans	N/A	17
Renegotiate Stormwater ILA with City	N/A	16
Stormwater Utility	N/A	24

SW Infrastructure Funding Study

Initial Recommendation



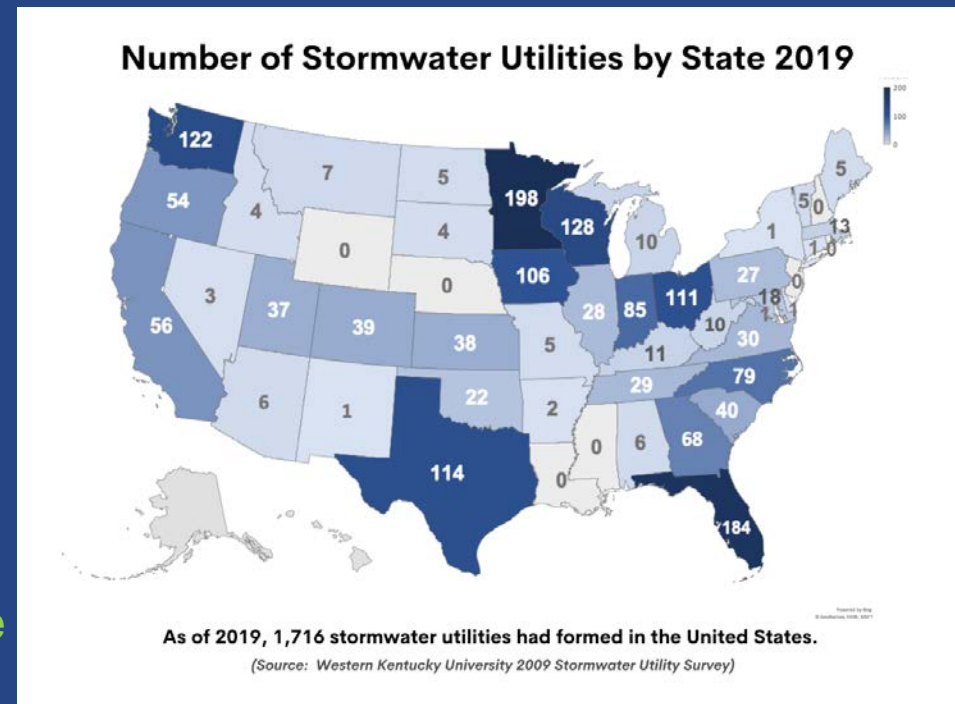
Preliminary Recommended Funding Option

Initially...

- Form a Port Stormwater Utility
- Enact SW utility rates and fees – fees to be paid by customers served by the Port's SW system and program

Additionally...

- Continue ILA negotiations with City
- Grants, loans, bonds, to help finance SW equipment and capital projects



* Port of Seattle has successfully established a stormwater utility.

SW Infrastructure Funding Study

Initial Recommendation



Financial Impacts to the Port

A Port Stormwater Utility:

- May eliminate the need to pay most City SW utility fees
- Port properties served by & benefitting from SW system pay Port
- Reduces SW demands on Port's General Fund
- New revenue stream – issuance of revenue bonds, increases bonding capacity, sound financial mechanism for CIPs
- Commission and Executive Leadership have lead role in approving rates
- Impact to customers minimal
- Will likely increase Port FTEs

SW Infrastructure Funding Study

Next Steps



Recommended Next Steps:

- Additional revenue needs analysis work, refined estimates of annual SW revenue needs
- Define alternative SW revenue need scenarios
- Preliminary estimates of Port Stormwater Utility rates and fees for Port customers
- Return to Commission in December 2021 with:
 - Refined revenue needs and preliminary rates
 - Potential impacts to City of Tacoma Stormwater Utility fees
 - Status of ILA negotiations
 - Recommended implementation steps, schedule, and key issues including resource needs for staff
 - Request for approval on utility formation

SW Infrastructure Funding Study

Question & Answer Session



Questions?

Thank you!