



**2021**  
**STORMWATER UTILITY**  
**ANNUAL REPORT**  
June 13, 2022

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**Background**

This annual report is being submitted in accordance with Section 13.26.120 of the Milton Municipal Code which requires that “The Director shall conduct an annual review of the utility’s operations, the total costs of operation and maintenance of the stormwater retention, detention, collection and conveyance systems, and the schedule of rates and charges. The director shall submit an annual report to the mayor and city council...summarizing the review and containing any recommendations for rate adjustments...”.

**Stormwater Planning**

Through a system of rates and multiple grants the stormwater utility has enjoyed a prosperous time where money has been available to spend on projects that are making a difference and are part of a comprehensive plan to clean water and reduce flooding. Planned projects include a new outflow for Surprise Lake, city wide drainage improvements, a completely new Storm Water Comprehensive Plan, and the purchase of a new street sweeper.

The stormwater Capital Improvement Program (CIP) is a component of the Stormwater Comprehensive Plan, the last update of which was adopted in 2011. This, along with staff recommendations, is used to prioritize projects and plan the stormwater budget.

The stormwater CIP is regularly updated to reflect decisions made as part of the budget process. This document will be reviewed annually as part of the City’s annual CIP update.

**2021 Financial Results**

**406 – Stormwater Utility Fund**

The Stormwater Utility Fund started the year with a balance of \$482,613. Revenues throughout the year totaled \$1,040,292 and expenditures, excluding transfers, were \$972,857. An interfund transfer from the Stormwater Utility Fund to Stormwater Capital Improvement (407) totaling \$69,481 was made and \$29,778 was transferred to the Asset Replacement Fund (408). The ending balance for 2021 was \$450,789.

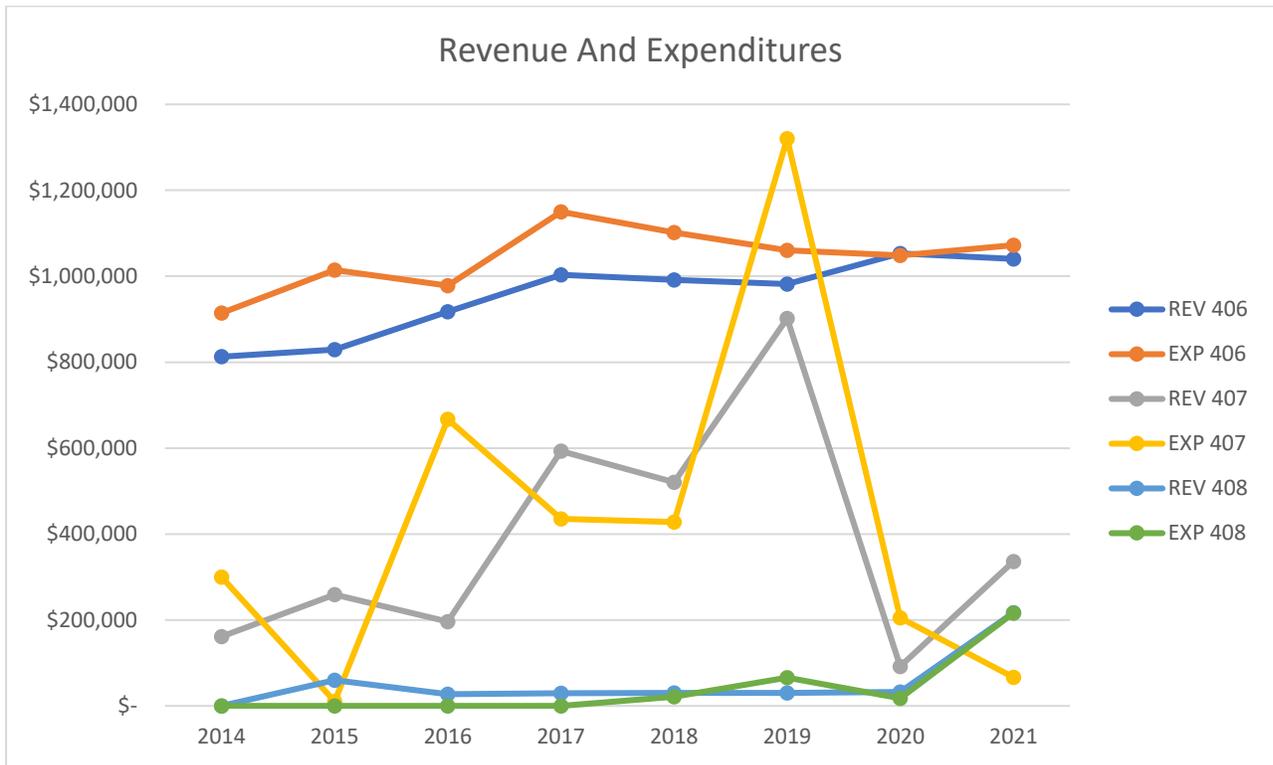
**407 – Stormwater Capital Improvement**

The Stormwater Capital Improvement Fund started the year with a balance of \$15,959. Revenues, including transfers totaled \$335,839 and expenditures were \$66,646. The ending balance for the year was \$285,152.

### 408 – Stormwater Asset Replacement

The Stormwater Asset Replacement Fund started the year at \$87,616. Revenues, including transfers and receivables, totaled \$216,968 and expenditures were \$216,121. The ending balance for 2021, including receivables was \$88,463.

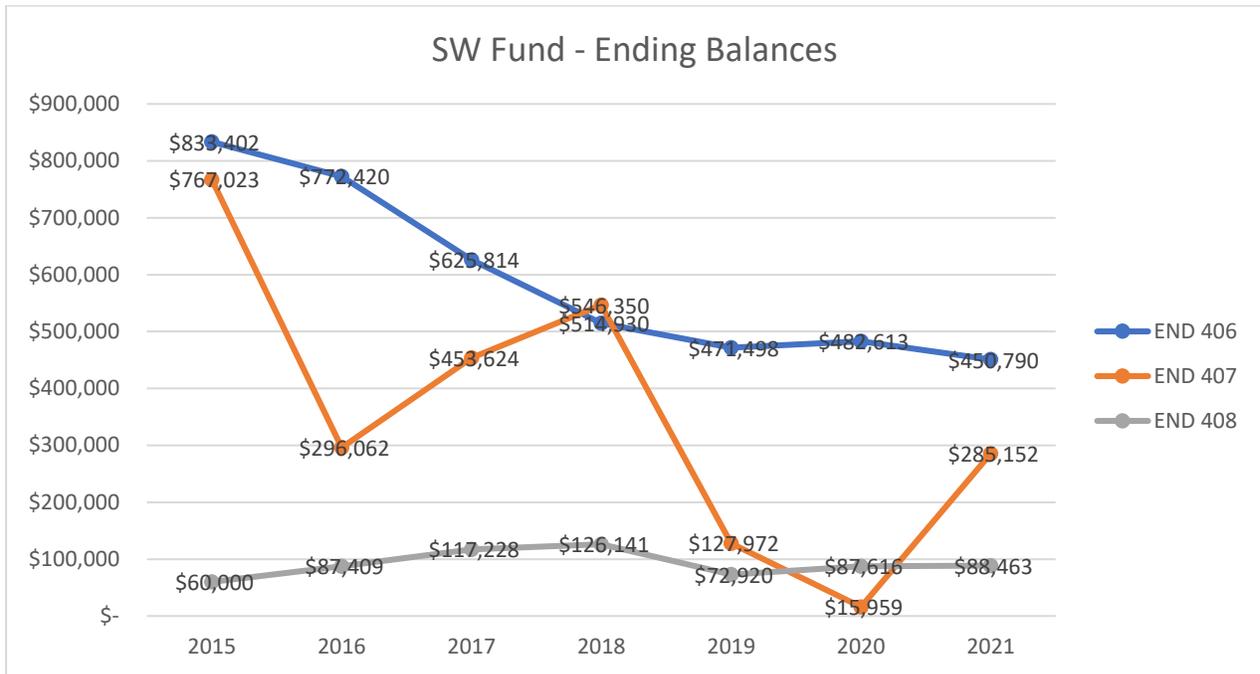
The following graphs show a timeline of the numbers reported in this section.



**Graph 1 - Total SW Fund Revenue and Expenditures over time**

Revenue from the Stormwater Utility Fund (406) have leveled out in recent years after the implementation of the rate audit in 2015, while expenditures climb steadily with time. Revenues for the Capital Improvement Fund (407) will follow the same trend as 406 due to a percentage-based transfer. Until 2018 the Asset Replacement Fund (408) was still building, and no expenses were incurred prior.

Although we spent a fair amount of City money on improvements and projects, we had some help from the Department of Ecology, as well. In 2021, the City received \$208,734 from our Department of Ecology grants, with more to come during 2022. In 2021, the City purchased a High Efficiency regenerative Air Sweeper with a grant from Ecology paying 75% of the purchase price. The City also received a grant from Pierce County Flood Control Zone District in the amount of \$44,347 for this purchase. One of the other grants was a routine capacity grant for state fiscal years 2021-2023 in the amount of \$50,000 which aids with expenses incurred as part of our continuing compliance with the National Pollutant Discharge Elimination System (NPDES).



*Graph 2 – Stormwater Ending Fund Balances*

The Stormwater Utility Fund (406) is at the heart of the stormwater utility. It receives the rates that fund the other funds. When we look at the balance as a percent of expenditures the trend is not positive. We are required to retain an ending balance of at least 25% of expenditures as reserve for any given year. Rate increases may be needed in the near future in order to maintain a 25% reserve.

**2021 Maintenance Efforts**

In 2021, approximately 265 catch basins were cleaned utilizing the City’s vector truck and decant facility. Our regulatory requirement for cleaning catch basins stipulates that they are all cleaned every 2 years.

The City utilizes storm rates to do ‘ditchwork.’ Ditchwork is anything that improves or restores natural drainage systems in town (not catch basins and pipes). No ditchwork was done in 2021 due to Covid-19 and the prioritization of other utility projects.

Storm clean-up, street sweeping, and other preventative maintenance are also performed throughout the year. In 2021, Public Works only had the sweeper truck for one month and collected **20.46** tons of debris. The goal is to continue to meet Ecology’s NPDES requirements while keeping our stormwater collection system maintained to the highest standards possible.

**2022 Operations Outlook**

As mentioned previously the Stormwater Utility Fund (406) ending balance and fund balance as a percentage of expenditures are on a downward trend. Adjustments will need to be made to keep the utility compliant and sustainable.

## **2022 Capital Improvement Outlook**

Seven projects have been budgeted for from the stormwater capital improvement fund this year:

1. **Citywide Ditch/Culvert Projects** – Continuing maintenance of ditches and swales helps to avoid flooding and keep water moving through town. These projects are popular with residents.
2. **2021-2023 Department of Ecology Capacity Grant** – This is a routine grant that aids the city in paying for activities and materials associated with NPDES permit compliance. The grant usually totals \$50,000 over 2 years but is subject to State budget fluctuations.
3. **Surprise Lake Outflow** – For years Surprise Lake Outflow has been an unregulated, outdated system that is not under the control of the City. Changing attitudes and expanded grant have made it possible to pursue a long-term, mutually beneficial solution that both the city and the property owners of Surprise Lake can support. Funding from the Department of Ecology is anticipated, but not yet confirmed.
4. **Storm Water Comprehensive Plan** – Updates to the master plan include mapping, hydraulic modeling, project prioritization, and guidance on regulatory control.
5. **Street Sweeper Program** – We competed for and won a grant from the Department of Ecology to purchase a High Efficiency Regenerative Air Street Sweeper truck. The grant will finance 75% of the purchase price. This vehicle, in conjunction with our grant funded Decant Facility and grant funded Vactor Truck, is a vital component for keeping Milton’s run off clean and complying with our NPDES permit. In 2020, we completed our obligations to the grant agency and the truck was purchased in 2021.
6. **Invasive Plant Species Removal** – Invasive plant species are an increasing problem in the City. This project will use an integrated approach to invasive species management. Knotweed will be removed systematically by specialists, and other noxious and invasive weeds will be controlled by staff or professionals as needed. Mechanical, chemical, and preventative measures will all be used to control these dangerous plants.
7. **Oak Street Storm Improvements** – The ditches on the north side of 15th Avenue experience high stormwater flows. They are also in close proximity to parking and access to Milton Community Park. This project will install pipes and catch basins in place of ditches to control the flow of water down the hill while simultaneously providing much needed parking for Milton Community Park. Funding from the Department of Ecology is anticipated, but not yet confirmed.

Capital Improvement Programs (CIPs) are intended to deter flooding and potential overflow conditions while considering water quality and aesthetics. The most current comprehensive CIP for storm identifies ten capital improvement projects of which 2 have been completed, 2 are current projects and at least 3 have the potential to be funded by grants. Table 1 lists the adopted CIP, although it is worth noting that the list is 9 years old and that some of the projects may be removed or replaced by new ones once the new Storm Water Comprehensive Plan is completed.

Some of the projects in the adopted CIP are no longer top priorities and may need to be replaced with other projects that better reflect the Stormwater Utilities goals in 2022. Updating the Stormwater Comprehensive Plan will provide the required update to the CIP as well.

<b>Table 1 – 2011 Adopted CIP</b>			
	<b>Estimated Cost (2019 \$)</b>	<b>Eligible for Grant</b>	<b>Completed</b>
Kent Street Detention Pond			X
11th Ave Pipe Installation	\$271,200		
Taylor Street Drainage Improvements	\$363,600		X
Oak St. & 17 <sup>th</sup> Ave– Re-route stormwater	\$691,200		
Xavier and 14 <sup>th</sup> Ave – Install pipes to alleviate low spots	\$321,600		
Surprise Lake Outfall – Design	\$250,000	X	
Milton Way & Yuma St. – Pipe flow to Yuma St.	\$838,800		
Emerald St. – Replace 12-inch culverts	\$196,800		
5 <sup>th</sup> Ave. – Replace culverts (pipes) w/box culvert	\$484,800	X	
Campus Green Retrofit (City Center Storm Project)	\$360,000	X	Design Completed X

### **2022 Maintenance Plan**

It is the goal of all involved to have a proactive culture that preemptively solves problems as well as being able to competently respond to unforeseen ones. To stay in compliance with our National Pollutant Discharge Elimination System Phase II permit, we have many obligations and goals.

One of our obligations is to clean all catch basins under the city’s control every 2 years. The new addition of a city owned decant facility will aid in the accomplishment of this biennial requirement.

Another mandated goal from Ecology is that 40% of the Municipal Separate Sewer System – MS4 (including pipes, catch basins and facilities) be screened by December 31<sup>st</sup>, 2017, and then 12% on average each subsequent year. It is the goal of this department to integrate the screening, inspection, cleaning programs to make the most efficient use of staff time and resources while performing quality work.

The City has funded and will continue implementing projects under the ‘ditchwork’ program into 2022. The City has already awarded a ditchwork project to Cannon Construction due to begin the second week of June.

### **National Pollutant Discharge Elimination System (NPDES) Phase II**

In 2006, the Public Works Department established the position of Storm Water Compliance Inspector to ensure that all development in the City of Milton complies with the most current version of the Department of Ecology Stormwater Manual for Western Washington and the City’s NPDES permit. The City of Milton’s National Pollutant Discharge Elimination System Phase II (NPDES) permit was officially issued on January 17, 2007.

The City is currently in compliance with all requirements of its NPDES permit. A new and updated NPDES permit was issued in 2019.

2022 NPDES Phase II Updates:

1. The City is required to adopt the 2019 Stormwater Management Manual for Western Washington (SWMMWW) by June 30, 2022. The 2019 Stormwater Manual is an updated version of the manual the City currently uses. The 2019 Stormwater Manual will help guide the City through all the new NPDES requirements the Department of Ecology has implemented.
2. The City is required to implement a Source Control Program as a requirement of the City’s Municipal Phase II Stormwater Permit issued by the Washington State Department of Ecology by January 1, 2023. Source Control is stopping pollution *before* it enters the storm system. Rainwater picks up what it touches, like oil or excess fertilizer, and washes it into the Hylebos Creek. Source control aims to reduce contamination from everyday business activities that could create spills or wash pollution into our storm system.
3. The City is required to implement a Stormwater Management Action Plan (SMAP). The SMAP is a new requirement for the NPDES permit and is broken down in three steps:

Step 1: *Receiving Water Assessment* requires the City to complete a watershed inventory and a brief explanation of the condition of the receiving waters. There are three receiving waters within the City. Receiving waters include the West Branch Hylebos Creek, East Branch Hylebos Creek, and lower Hylebos Creek Subbasin. Step one was submitted to the Department of Ecology on March 31, 2022.

Step 2: *Receiving Water Prioritization* requires the City to develop a prioritization method and process to determine which of the receiving waters will receive the most benefit from the implementation of stormwater facility retrofits, tailored implementation of SMAP actions, and other land/development management actions.

We are currently looking to prioritize the East Branch Hylebos Creek because most of the City's stormwater discharge goes into that sub-basin. The East Branch Hylebos Creek is subject to a greater extent of development/redevelopment with higher intensity residential units or light manufacturing based on City zoning and future land use. Step 2 is currently being worked on and is due to the Department of Ecology on June 30, 2022.

Step 3: *Stormwater Management Action Plan (SMAP)* requires the City to develop a SMAP for at least one high priority catchment area and include the following:

- A description of the stormwater facility retrofits needed for the area, including the Best Management Practices (BMP) types and preferred locations.
- Land management/development strategies and/or actions identified for water quality management.
- Targeted, enhanced, or customized implementation of stormwater management actions related to permit sections within the Stormwater Management Program.

Step 3 is due to the Department of Ecology on March 31, 2023.

### **Stormwater Grants / Loans**

Our current grant agreements with the Washington State Department of Ecology are as follows:

- Street Sweeper Program
  - \$210,000 to purchase and operate a High Efficiency Regenerative Air Street Sweeper.
  - Funded at 75%
- 2021-2023 Storm Water Capacity Grant
  - Ecology provides \$50,000 every 2 years to aid in permit implementation.
- Pierce County Flood Control District
  - \$11,364.93 for the SMAP Step II

### **Inspection Report**

In compliance with MMC 13.26.250, the director shall report annually to the City Council about the status of the stormwater inspections. We conduct four different types of stormwater inspections:

1. We inspect all active construction sites for proper Best Management Practices (BMP's) regarding erosion and sediment control and material handling. These sites have the

potential to cause pollution and problems for downstream structures and property. All active construction sites in town were inspected multiple times in 2021, by the city inspector and, on larger jobs, the Ecology inspector. The city worked with contractors to avoid polluting or violating the terms of their permits and although no formal enforcement actions were taken against any developers this last year, the need for this oversight is important.

2. We conduct private business inspections. Many businesses have the potential to pollute, and we attempt to be pro-active and talk to business and property owners about how they can stay in compliance with city and state regulations. In 2021, development and capital projects took precedence over the Private Business inspections which are not yet mandated by the permit. By January 1, 2023, the City shall have implemented a Source Control Program making these inspections a requirement under the NPDES permit.
3. We also inspect private developments such as apartment buildings, condo communities, and retirement homes. Some of these developments enjoy a discounted stormwater rate based on their storm collection system. Inspections help determine if the systems are working properly and allow the discounts to continue.
4. The city's stormwater inspector is also responsible for inspection of city owned facilities and new storm infrastructure constructed during city projects. These inspections happen annually and during construction and can be carried out by operations staff under the supervision of the Stormwater Compliance Inspector.

### **Summary and Recommendations**

Overall, the stormwater utility is on adequate financial ground. We continue to pursue and win grants and we expect to accomplish much in 2022.

As mentioned in the 2022 Operations Outlook section, the fund balance as a percent of revenues is on a downward trend. Streamlining spending can help offset some of these losses but, like all utilities, rates should be increased slowly over time, rather than a large increase all at once. There has not been a rate increase/change since the rate audit was conducted in 2015.

Staff has built a rate study into the scope of work for the Stormwater Comprehensive Plan. The new Stormwater Comprehensive Plan will also help to inform the rate study with a more up to date financial and technical picture of the utility.