



Signature Report

Motion 15552

Proposed No. 2019-0293.1

Sponsors Dunn

1 A MOTION accepting the extreme hardship waiver plan
2 relating to surface water management service charges as
3 required by the 2019-2020 Biennial Budget Ordinance,
4 Ordinance 18835, Section 76, Proviso P1.

5 WHEREAS, the 2019-2020 Biennial Budget Ordinance, Ordinance 18835,
6 Section 76, Proviso P1, states that one hundred thousand dollars shall not be expended or
7 encumbered until the executive transmits a plan to create an extreme hardship waiver
8 from the surface water management services charges and a motion accepting the plan is
9 passed by council, and

10 WHEREAS, the water and land resources division of the department of natural
11 resources and parks has produced the attached plan and has reviewed the current surface
12 water management service charge rate structure and current available surface charge
13 discounts and reductions, and

14 WHEREAS, the executive has transmitted to the council the requested plan and
15 motion;

16 NOW, THEREFORE, BE IT MOVED by the Council of King County:

17 The plan to create an extreme hardship waiver from the surface water

18 management services charges, submitted as Attachment A to this motion in accordance
19 with Ordinance 18835, Section 76, Proviso P1, is hereby accepted.

20

Motion 15552 was introduced on 10/2/2019 and passed by the Metropolitan King
County Council on 12/4/2019, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles
and Ms. Balducci



KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

A handwritten signature in blue ink, appearing to read "Rod Dembowski", written over a horizontal line.

Rod Dembowski, Chair

ATTEST:

A handwritten signature in blue ink, appearing to read "Melani Pedroza", written over a horizontal line.

Melani Pedroza, Clerk of the Council

Attachments: A. Extreme Hardship Waiver Proviso Response

Extreme Hardship Waiver Proviso Response

Prepared in accordance with
Ordinance 18835, Section 76, Proviso P1

June 2019



King County

Department of Natural Resources and Parks
Water and Land Resources Division

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Proviso Text

Ordinance 18835, Section 76, Proviso P1 requires:

Of this appropriation, \$100,000 shall not be expended or encumbered until the executive transmits a plan to create an extreme hardship waiver from the surface water management services charges and a motion that should accept the plan and reference the subject matter, the proviso's ordinance, ordinance section and proviso number in both the title and body of the motion and a motion accepting the plan is passed by the council.

The plan shall include, but not be limited to:

- A. Review of the current surface water management service rate structure and current available service charge discounts and reductions;
- B. Strategies to implement an extreme hardship waiver from surface water management service charges granted by the manager of the water and land resources division; and
- C. Criteria for extreme hardship, including consideration for income or other significant financial hardship.

The executive should file the plan and a motion required by this proviso by June 30, 2019, in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff and the lead staff for the planning, rural service and environment committee, or its successor.

Executive Summary

The King County 2019-2020 adopted budget includes a proviso calling on the Executive to transmit a plan to the King County Council to create an extreme hardship waiver for the surface water management (SWM) service charge. For this report and the analysis herein, the term "extreme hardship" is interpreted to mean a financial condition that justifies elimination of the SWM fee charge.

The SWM fee supports local services in unincorporated King County that address a range of water quality, drainage and habitat concerns. The SWM fee is assessed for residential homeowners as a flat charge and for businesses based on their relative stormwater runoff impacts.

The RCW 36.89.080¹ governing SWM rates and charges allows for consideration of income level of persons served (or ability to pay). The RCW does not allow income considerations of businesses, but they can qualify for the County's earned stackable discounts that can reduce SWM charges.

¹ RCW 36.89.080

This report provides details on the SWM program, how the SWM fee is assessed, and the existing discount programs. It outlines a process for how the County would develop an extreme hardship waiver and elements of such a program. It also identifies additional policy and operational considerations.

Additional work on extreme hardship waivers requires thorough legal and equity and social justice review, and input and direction from the Executive and Council.

Background

The surface water management charge (also referred to as the SWM fee) charge was established in 1986 via Ordinance 7590. It was implemented to help control and mitigate the impacts of stormwater runoff in unincorporated King County. Stormwater pollutes waterways, damages salmon habitat with unnaturally high flows, and can lead to property damage.

King County Code 9.08² and Ordinance 18836³ further define King County's current SWM fees and discount structure. WLRD uses SWM fee revenues to support various programs including the following:

- Maintaining compliance with the County's National Pollutant Discharge Elimination System (NPDES) permit consistent with state and federal clean water law;
- Inspecting new and existing stormwater structures for proper functionality;
- Maintaining and replacing aging stormwater infrastructure such as storage ponds and catch basins;
- Improving the condition of stormwater flow structures that carry runoff under County roads;
- Improving water quality by investigating and eliminating sources of pollution through business inspections, sampling and compliance programs;
- Assisting landowners by investigating and addressing chronic drainage related issues;
- Assisting farmers with improved ditch maintenance; and,
- Restoring natural habitat to aid in recovery of salmon populations.

While residential properties are assessed a flat fee, surface water management rates for businesses vary based on the percentage of impervious surface on the property parcel. This is because stormwater runoff increases commensurate with the size of impervious surface.

² [King County Code 9.08](#)

³ [Ordinance 18836](#)

Report Requirements

Review of current rate structure and available discounts

Rate Structure. Any property designated as a ‘single family parcel’ or ‘very light’ (less than or equal to ten percent of impervious surface) is assessed a flat rate per parcel. All other property parcels with impervious surface above ten percent are charged a progressive rate based on size of the property, measured in acres.

- Rate class 1, which is assessed a flat rate per parcel includes single-family residential parcels.
- Rate class 2, which is assessed a flat rate per parcel includes parks and golf course properties with very little impervious surface.
- Rate class 3 through 7, which are assessed higher rates per acres than the flat rate for classes 1 and 2 include private properties, businesses, churches, multi-family dwellings such as condominiums or apartments, water and/or fire districts in addition to parks and golf courses with varying levels of impervious surface.

The following table illustrates the current SWM rate structure.

2019 SWM Fee Structure			2019 Parcels		2019 SWM Fees	
Rate Class	Percent Impervious	Rate	Count	Percent	Amount (in \$M)	Percent
1 - Residential	N/A	\$289/parcel	81,936	92%	\$22.9	72%
2 - Very Light	≤ 10	\$289/parcel	2,590	3%	\$0.7	2%
3 - Light	10.1 ≤ 20	\$803.51/acre	548	1%	\$1.5	5%
4 - Moderate	20.1 ≤ 45	\$1,504.04/acre	709	1%	\$1.8	6%
5 - Moderately Heavy	45.1 ≤ 65	\$2,566.60/acre	1,574	2%	\$1.6	5%
6 - Heavy	65.1 ≤ 85	\$3,575.37/acre	1,167	1%	\$1.6	5%
7 - Very Heavy	85.1 ≤ 100	\$4,399.10/acre	571	1%	\$1.5	5%

Above data is based on 2019 rates and billings.

Existing SWM Fee Discounts. Property owners can qualify for one or more discounts (listed below) as outlined in King County Code 9.08.080 to reduce SWM charges.

Senior/Disabled - Customers who are **either** senior (at least 62 years of age) **or** disabled **and** have a household income less than or equal to \$40,000 per year are eligible for a 100 percent waiver of their SWM charges. The King County Assessor’s office administers this program. Several cities in the region offer a similar discount focused on low-income seniors.

Public schools - Districts that provide a curriculum promoting surface water management and comply with NPDES permit criteria are exempted from paying SWM charges. One of the criteria is for schools to maintain onsite stormwater retention/detention facilities to current standards.

Stormwater mitigation - WLRD's Surface Water Services team administers a stackable discount program that offers a range of discounts, from ten percent up to ninety percent reduction of the SWM charges if systems are in place to help mitigate the impact of stormwater. This typically occurs through a retention/detention system that slows the runoff from a parcel. For example, a parcel could receive 20 percent to 40 percent reduction of the SWM charges if such a system is in place, depending on the age of the system. The same parcel could receive an additional 20 percent discount for having a water quality feature, and another 20 percent discount for having a flow control infiltration system or an NPDES permit. Lastly, it could receive another ten percent discount for post construction stormwater discharge system. Consequently, such a parcel could receive up to 90 percent reduction in its SWM charges.

65/10 - This discount is geared towards parcels that have at least 65 percent forested area **and** less than 20 percent impervious surface. If the runoff from impervious surface is dispersed through the forested areas, it results in an effective impervious area of less than 10 percent for the entire parcel. Residential parcels receive a 50 percent discount while non-residential parcels receive an 80 percent discount off SWM charges.

Open Space - If a parcel is declared Open Space, as defined under King County Code 9.08.010, the SWM charges are based on the impervious surface acres rather than total acres. This is not a percentage-based discount but rather an overall quantity, measured in acres, and is significantly reduced to recognize the benefit created for stormwater.

The following table provides the most recent data associated with all the discounts listed above for residential and commercial properties in unincorporated King County.

All data in \$M		Discounts					
Rate Class	Base SWM Fee	Schools	Stackable Mitigation	65/10	Open Space	Senior/ Disabled	Net SWM Fees billed
<i>Number of Parcels</i>	87,331	116	1,003	39	24	2,354	
1 - Residential	\$23.5	(\$0.0)	(\$0.0)	(\$0.0)	\$0.0	(\$0.7)	\$22.9
2 - Very Light	\$0.7	(\$0.0)	(\$0.0)	(\$0.0)	\$0.0	(\$0.0)	\$0.7
3 - Light	\$2.6	(\$0.2)	(\$0.6)	(\$0.1)	(\$0.1)	(\$0.0)	\$1.5
4 - Moderate	\$3.5	(\$1.1)	(\$0.5)	\$0.0	(\$0.1)	(\$0.0)	\$1.8
5 - Moderately Heavy	\$2.6	(\$0.3)	(\$0.7)	\$0.0	(\$0.0)	(\$0.0)	\$1.6
6 - Heavy	\$2.0	(\$0.2)	(\$0.2)	\$0.0	(\$0.0)	(\$0.0)	\$1.6
7 - Very Heavy	\$1.7	(\$0.1)	(\$0.1)	\$0.0	\$0.0	\$0.0	\$1.5
Total	\$36.6	(\$1.9)	(\$2.0)	(\$0.1)	(\$0.2)	(\$0.7)	\$31.6

Future Discount Options: WLRD is exploring development of a low-income financial hardship discount for households meeting income guidelines based on the 2019 federal poverty level as established by the US Health and Human Services Department and shown in the table below. This partial fee waiver would offer a fifty percent discount in SWM fees to qualifying individuals without senior age or disability requirements. This

new discount, which is considered a hardship discount, could be modeled after other low-income discount programs such as ORCA Lift⁴.

The following table shows the maximum income levels by household size that are twice the 2019 federal poverty level as established by the US Health and Human Services Department.

2019 Low-income Qualification Table⁵

Household Size	Maximum Monthly Income to Qualify*	Maximum Annual Income to Qualify*
1	\$2,082	\$24,984
2	\$2,820	\$33,840
3	\$3,555	\$42,660
4	\$4,292	\$51,504
5	\$5,028	\$60,336
6	\$5,766	\$69,192
7	\$6,502	\$78,024
8	\$7,238	\$86,856

*Subject to change.

Strategies to implement an extreme hardship waiver

Further significant budgetary, operational, and legal feasibility analyses are necessary to plan for implementation of the fee waiver. Below are strategies and actions necessary to develop and implement an extreme hardship waiver for SWM fees.

- Define hardship: In order to determine the qualification criteria for an extreme hardship waiver, it is important to define what extreme hardship means. This needs to be determined with guidance from the Prosecuting Attorney’s Office (PAO).
- Establish qualification criteria (discussed in the subsequent section).
- Identify and clarify key operational and logistical aspects of developing and implementing the waiver program including but not limited to:
 - Application process including review, appeal of waiver;
 - Time horizon of waiver; whether individuals can reapply;
 - Equity and social justice considerations including language access;
 - Outreach and marketing and linkage to other county or regional safety net programs for individuals and families in need, particularly given the risk of homelessness for extreme financial hardship cases;
 - Privacy considerations, particularly given the potential for sensitive personal financial information that might be necessary to provide to the county;
 - Ongoing program management and oversight; data collection, reporting, and program evaluation; and,
 - Estimated launch timeframe.

⁴ ORCA Lift

⁵ Source: ORCA Lift – [Income Qualification Table](#)

- Determine budgetary impact: project usage; estimate reduced revenue; identify increased costs expected with implementation and ongoing management of the potential waiver program; determine impact on overall SWM fee rates.
- Develop and transmit legislation to authorize enactment of the waiver program, ensuring compliance with existing state and county statutes.

Should the Council determine that it wishes to implement an extreme hardship waiver for SWM fees, legislation directing the Executive to develop the program will be necessary. At that point, Department of Natural Resources staff will bring together internal partners including the PAO, Office of Equity and Social Justice, Department of Community and Human Services, and Office of Performance, Strategy, and Budget among others to inform the development of the waiver program. Council action would likely be needed to implement the waiver program after it is developed.

Potential criteria for an extreme hardship waiver

Developing criteria for an extreme hardship waiver requires thorough legal and equity and social justice review and input.

In advance of such analysis, WLRD staff identified following types of potential criteria that could be considered. Further analysis and development of the criteria is needed in partnership with county entities with waiver or fee reduction experience such as Public Health, Metro, and the Department of Community and Human Services:

- The waiver would be available to persons in residences, consistent with RCW 36.89.080.
- An application for waiver would require supporting documentation. Documentation requirements should be developed in collaboration with PAO and Office of Equity and Social Justice.
- Assessment of risk of homelessness and linkage to homelessness prevention opportunities beyond the reduction of the SWM fee: For an individual or family who is struggling to meet home and property financial obligations, there is a potential risk for homelessness.

Conclusion and Next Steps

King County currently offers a range of discounts designed to lower the burden of SWM fees across various customers across all rate classes. These discounts provide nearly \$5 million in annual benefit to the customers, \$0.7 million of which is targeted to benefit senior or disabled customers with annual income below \$40,000.

As adopted in 2019-2020 biennial budget, an additional discount option is under development for future consideration that will offer a 50 percent financial hardship waiver to qualifying families. This proposed discount is modeled after other similar programs such as ORCA Lift.

As outlined above, developing a full extreme hardship waiver requires significant effort and coordination with various internal partners. Specifically, staff will need to:

- Work with Executive and Legislative branches to define the term “extreme hardship”;
- Develop the program’s parameters and qualification criteria; and,
- Consult with the Office of Equity and Social Justice on how best to engage and receive input from historically disadvantaged communities.

Administration of a program that focuses on families facing extreme financial hardship presents an opportunity to coordinate with other County agencies to help prevent homelessness, which is an Executive priority. However, it is vital to responsibly address privacy concerns and ensure all legal issues are addressed prior to implementing a hardship waiver.

A final consideration is the policy and operational implications of establishing extreme hardship waivers as potential precedent for other regional and local services provided by King County.