

2. FISCAL ANALYSIS

Securing and sustaining adequate funding resources is arguably one of the most difficult issues MS4 Permittees must face. Although the overall economic climate has continued to be difficult, with the transfer of local government property tax revenues to the state, local governments are continuing to experience an overall reduction in local government tax revenues from 1993 levels. Consequently, a number of Riverside County municipalities are still facing extreme financial challenges in providing basic municipal services such as fire and police protection.

The costs incurred by the Permittees in implementing the Santa Ana Regional DAMP fall into two broad categories:

- Shared Costs. These are costs that fund activities performed mostly by the District under the Implementation Agreement. These activities include: overall storm water program coordination; interagency agreements; representation at the California Stormwater Quality Association, meetings of the San Diego Regional Board or State Water Resources Control Board and other program documentation; and coordination of consultant studies, Permittee meetings and training seminars.
- Individual Permittee Costs for DAMP Implementation. These are costs incurred by each Permittee for implementing within its jurisdiction the BMPs (drainage facility inspections for illicit connections, illegal discharges, drainage facility maintenance, drain inlet/catch basin stenciling, emergency spill response, street sweeping, litter control, public education, etc.) comprising the Santa Ana Regional DAMP.

PERMITTEE BUDGETS AND EXPENDITURES

The Permittees' individual budgets for Fiscal Year (FY) 2007-2008 and the reported expenditures for FY 2006-2007 are presented in each Permittee's individual annual report. A summary showing the FY 2006-2007 budget and FY 2007-2008 expenditures reported by the Permittees is provided in **Table 2-1**.

TABLE 2-1. PERMITTEE BUDGETS AND EXPENDITURES

AGENCY	2007-2008 BUDGET	2006-2007 EXPENDITURES	POPULATION ¹
Beaumont	Not reported	Not reported	28,250
Calimesa	\$ 78,162.00	\$ 73,162.00	7,414
Canyon Lake	\$ 58,265.00	-	10,969
Corona	\$ 1,272,744.00	\$ 998,547.40	146,164
Hemet	\$ 804,759.00	\$ 866,593.00	71,705
Lake Elsinore	\$ 139,667.50	\$139,667.50	47,634
Moreno Valley	\$ 1,471,449.00	\$ 1,399,222.00	180,466
Murrieta	See Permittee's Annual Report		97,257
Norco	\$ 105,043.00	\$ 92,301.49	27,361
Perris	\$ 239,226.00	\$ 199,315.02	50,663
Riverside	\$ 3,808,642.00	\$ 3,174,522.00	291,398
San Jacinto	\$ 162,719.00	\$ 125,845.00	34,345
County	\$ 6,546,620.00	\$ 6,148,968.00	538,288
RCFC&WCD	\$ 2,915,000.00	\$ 2,787,990.00	N/A
TOTALS	\$17,602,296.50²	\$16,006,133.41²	1,473,294

¹ Source: California Department of Finance, January 2007

²Financial totals do not include City of Murrieta fiscal information

AREA-WIDE PROGRAMS

The District provides financial support for several area-wide BMP programs including Hazardous Materials Emergency Spill Response (HAZMAT Team), Household Hazardous Waste Collection (HHW), StormWater/CleanWater Protection Program (Public Education), and the newly established Commercial/Industrial Compliance Assistance Program (CAP). In addition, the District conducts a stormwater monitoring program on behalf of all Permittees. A Table summarizing the FY 2007-2008 budget and FY 2006-2007 expenditures for these activities is provided in **Table 2-2**, on the following page.

TABLE 2-2. BUDGETS AND EXPENDITURES – AREA WIDE PROGRAMS (SANTA ANA REGION)

PROGRAM/ACTIVITY	2007-2008 Budget BUDGET	2006-2007 Expenditures
Consulting Services	\$ 199,750	\$ 158,250
Public Education	\$ 431,590	\$ 437,080
Water Quality Monitoring	\$ 165,530	\$ 163,130
Regulatory Pollution Prevention	\$ 1,078,500	\$ 1,066,870
Staff and Administration	\$ 1,039,730	\$ 962,660
TOTAL	\$2,915,100	\$2,787,990

FUNDING SOURCES

The Permittees currently employ four distinct funding methods alone or in combination to finance their MS4 NPDES permit compliance activities.

Santa Ana Watershed Benefit Assessment Area

The District established the Santa Ana Watershed Benefit Assessment Area (SAWBAA) In May 1991. SAWBAA revenues fund both area-wide, or “umbrella”, Urban Runoff Management Program activities and the District's individual MS4 Permit compliance activities. The SAWBAA covers the “urbanized” portions of the Santa Ana River Watershed within Riverside County including both incorporated (City) and unincorporated (County) areas. Property owners are assessed for the benefit derived from the development and implementation of the Urban Runoff Management Programs supported or conducted by the District. Certain areas, e.g., the more rural and remote mountainous regions were excluded from the SAWBAA, since little or no Urban Runoff is generated in those areas. Undeveloped vacant parcels and agricultural parcels are exempted from the benefit assessment. Assessments are calculated by the District and enrolled on the property tax bills generated by the County Tax Assessor's Office. The amount of the assessment is based on a parcel's proportionate contribution to Urban Runoff, which is a function of parcel size and its use.

Since the SAWBAA is an area-wide revenue source, certain activities and programs that are considered of common and equal benefit to the entire area are financed, either wholly or in part, by the funds generated by the District's annual benefit assessment revenue. These area-wide activities include:

- Monitoring Program (Consolidated Program for Water Quality Monitoring),
- Hazardous Materials Emergency Response Team (HAZMAT Team) – (HAZMAT Response Team Annual Report provided as **Appendix D**)
- ABOP/Household Hazardous Waste (HHW) Collection Program – (Information regarding HHW Collection Events provided as **Appendix C**)
- StormWater/CleanWater Protection Program (Public Education),
- Commercial/Industrial Compliance/Assistance Program; and
- Administrative/Program Management

County Service Area 152

The County of Riverside formed County Service Area 152 (CSA 152) in December 1991 to provide funding for MS4 NPDES Permit compliance activities. Originally, the CSA 152 assessment was collected through property tax bills as an annual parcel charge in the unincorporated portions of the County. In FY 1993-94, the County adopted the same methodology (proportional runoff) for assessment calculations used by the District. In FY 1995-96, the County developed a modified assessment methodology and began using the Transportation and Land Management Agency's Geographic Information System (GIS) to perform the assessment calculations.

Under the laws that govern CSAs, sub-areas may be established within the overall service area with different assessment rates set within each sub-area. For example, the Cities of Corona, Moreno Valley, Murrieta, Norco, Riverside, Lake Elsinore, and San Jacinto elected to participate in CSA 152. Under the CSA 152 program, individual cities determine their respective assessment rates and have broad discretion over how to allocate the funds. Several of these Cities also reported that they supplement their CSA 152 revenue with General Fund and other sources of revenue.

Street Sweeping Assessment

In response to the provisions of Proposition 218, the County restructured its CSA 152 funding program as a voter approved street sweeping assessment certain unincorporated areas. At the same time, the County has allowed the participating cities to continue their previously existing CSA 152 assessments relatively unchanged.

Utility Charge

The City of Hemet funds a portion of its NPDES Program activities through a utility charge. The charge is collected via the monthly utility bills issued by the City of Hemet, the Lake Hemet Water District, or Eastern Municipal Water District according to the respective service areas within the city. In addition, the City of Hemet reports using gas tax, general fund and other revenues to support certain stormwater management activities.

General Fund / Other Revenues

The remaining Permittees utilize general fund revenue to finance their NPDES activities. Several of the Permittees currently rely on their general fund to finance its Urban Runoff management activities.

In November 1996, California voters approved Proposition 218 (“The Right to Vote on Taxes Initiatives”) amending Article XIII of the State Constitution.¹ Proposition 218 produced changes to some of the Permittees’ historic funding sources and still looms as a potential threat to others. For example, the County dropped CSA 152 fees in unincorporated areas over concerns regarding compliance with Proposition 218 provisions.

As with other municipal programs, the level of funding available for Urban Runoff management activities depends to a large extent on the public's willingness to provide financial resources. In general, funds available for Urban Runoff Management Programs have become increasingly scarce as sources of municipal revenues have declined for many local agencies. The provisions of Proposition 218, requiring voter approval of new taxes and assessments, have significantly diminished the prospects for developing new or alternative funding sources.

¹ The Proposition 218 amendments require voter approval of any new taxes, fees, assessments, etc. In addition, certain existing taxes and assessments were subject to the Initiative’s voter approval requirements. “Special taxes,” as defined by the Initiative, require a 2/3rds majority while other types of assessments may only require a simple majority. In addition, voter approval is required to raise any existing special tax or assessment rates by the Initiative, require a 2/3rds majority while other types of assessments may only require a simple majority. In addition, voter approval is required to raise any existing special tax or assessment rates.