



Funding Strategy Implementation Update

November 2021



Agenda

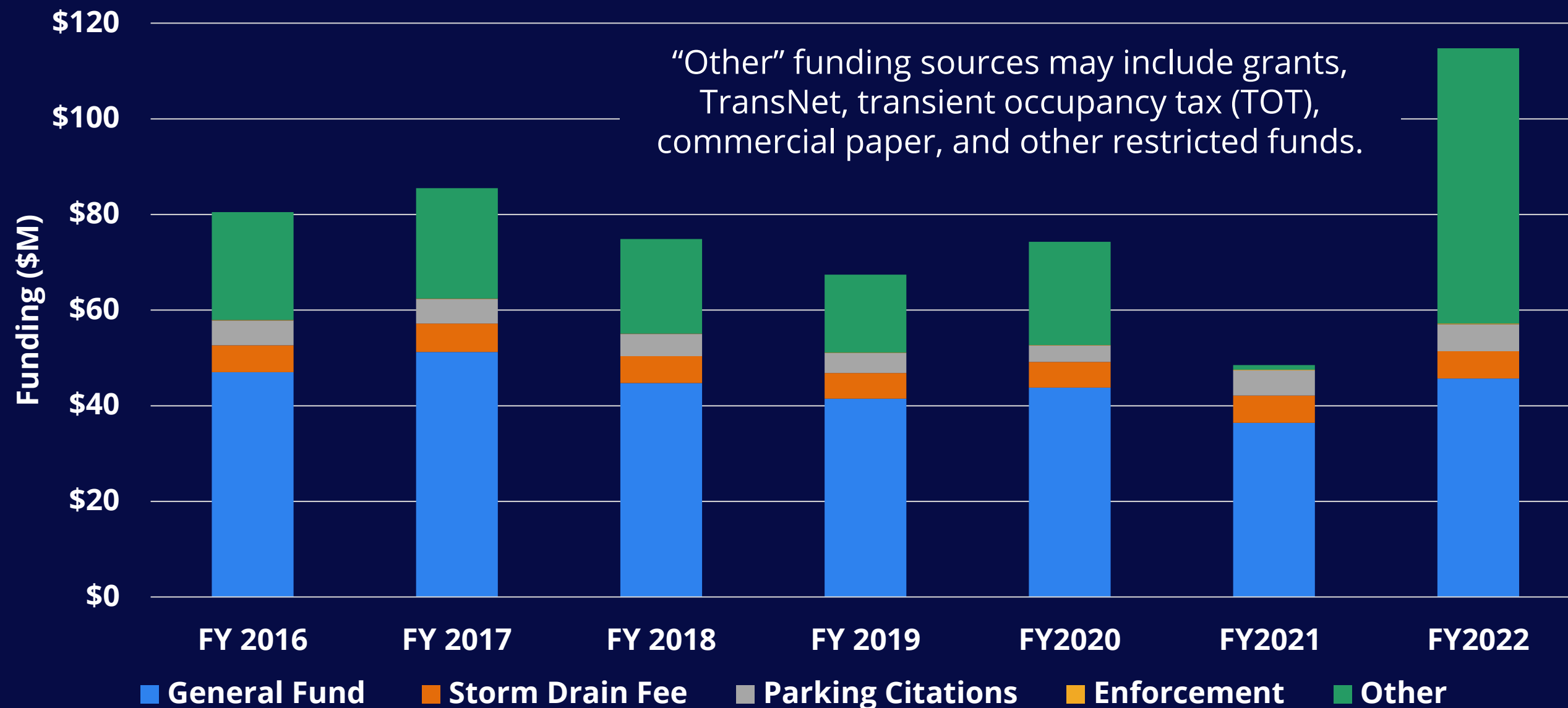


- **Mounting challenges exist**
- **Imminent system failures anticipated**
- **Funding needs are growing exponentially**
- **Dedicated funding source imperative**



Stormwater Funding has Failed to Keep Pace

Less than 1/3 of average annual funding need (\$335M per year)



“San Diego’s Infrastructure Deficit is Really a Stormwater Deficit”
– Voice of San Diego



Underfunding Stormwater has Serious Consequences That Will Only get Worse

- Livability of San Diego declining
- Polluted, unsafe water is harmful
- Closed beaches impact residents & tourists
- Lost opportunity to capture water for drought preparedness
- Fines, claims, litigation
- Clean Water Act Violations



Erosion and mud slide during 2020 rain event due to stormwater pipe failure near 163



Stormwater Failures are Impacting Livability

- 2,000+ known pipe failures
- 32 active emergencies from FY2019 to now, costing \$65M
- Planned projects defunded
 - 40% of flood resilience and green infrastructure stalled



Sinkhole on Mississippi Street



Flooding Causes Unsafe Conditions and Often Causes Significant Damage to Property

- Many areas unable to manage flooding
- Known vulnerabilities pushed to failures
- Mudslides, erosion, sinkholes are concerns



Flooding in Chollas Creek



Pump Station Failures Will Impact Thousands

- 3 failing pump stations
 - 2 in Mission Beach
 - 1 in Midway-Pacific Highway
- May impact 100's of homes and businesses; 1,000's of people
- 162 acres under water
- Emergency repairs only, ~\$6M



“Mission Beach residents said they are tired of their streets flooding during heavy rains.” – San Diego Union Tribune (2010)



Levees Need Upgrades to Protect Against More Extreme Weather

- Levees Program underfunded by \$16M
- 45 known structural deficiencies
- Widespread consequences and impacts
- City may fall out of Federal Rehabilitation Program





Failure to Meet Clean Water Act Significantly Impacts Public Health & Environment

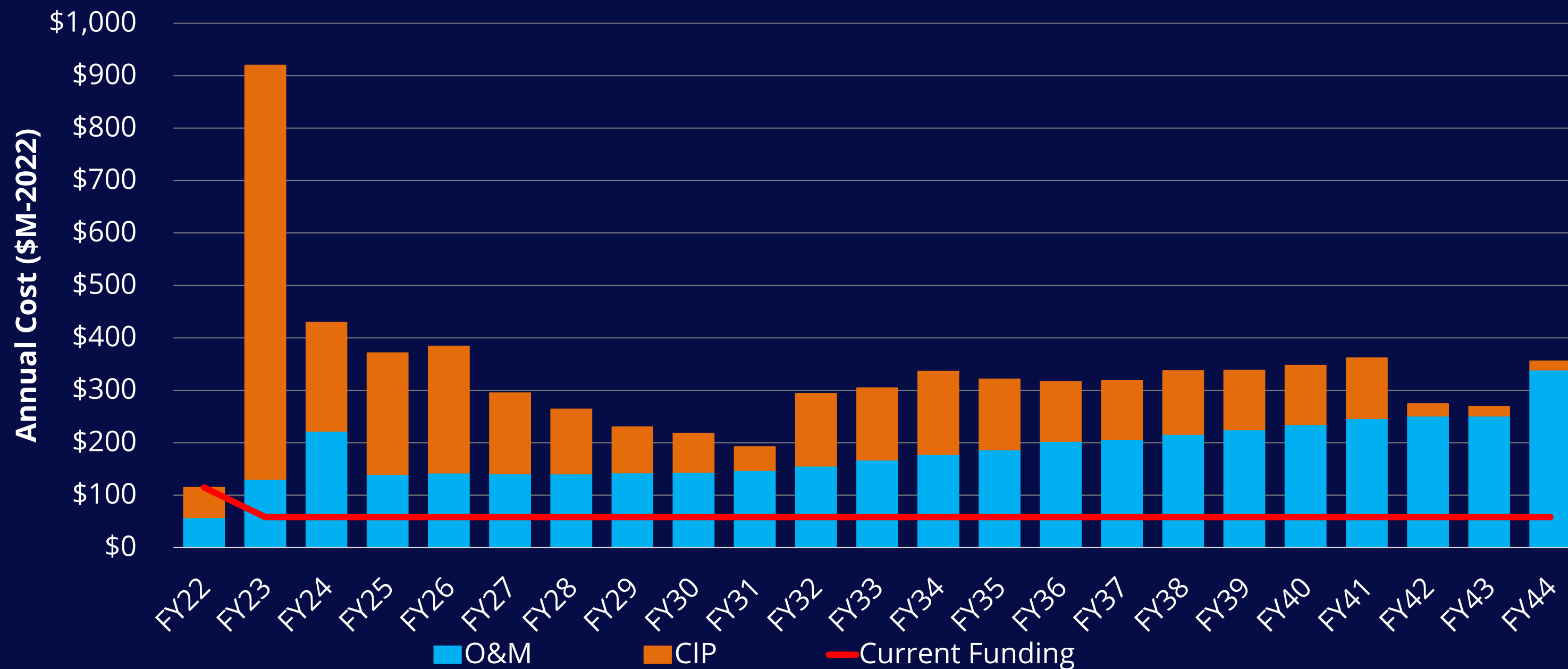
- >99% of system goes to a degraded water source
- 101 projected impairments expected by 2022
- Major deadlines missed in April 2021
- 586 beach advisories & 55 beach closures per year (on average)
- Anticipated fines and lawsuits



Trash build up at the mouth of Chollas Creek



Funding Needs Continue to Grow at a Rapid Rate



➤ **Bottom line: A long-term, dedicated funding mechanism is needed.**



Funding Measure Design



A Thorough Funding Measure has Many Complimentary Components





Funding Measure Considerations: Program Goals



**IMPROVE/PROTECT
WATER QUALITY**



**SAFEGUARD
FROM FLOODING**



**PRIORITIZE GREEN
INFRASTRUCTURE**



Funding Measure Considerations: Program Goals



**MODERNIZE
INFRASTRUCTURE**



**REVITALIZE OUR
WATERWAYS**

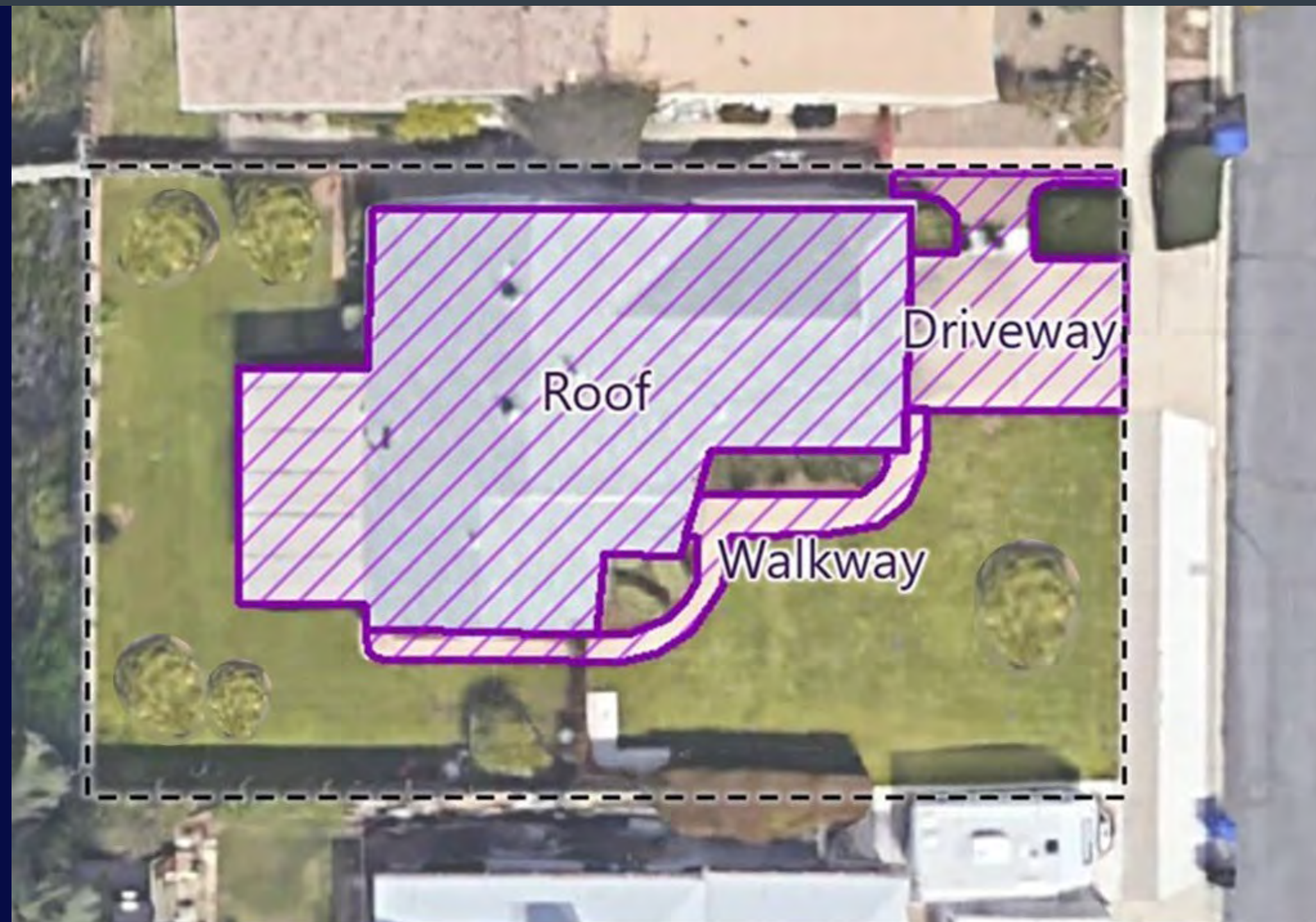


**CAPTURE STORMWATER
FOR LOCAL SUPPLY**



Funding Measure Considerations: Approach, Type, and Basis

- Special parcel tax
- Impermeable area basis
 - Cents per square foot
 - New Citywide dataset being collected (March 2021)
- Exemptions, discounts, credit program



Impermeable Area Example (Demonstration Purposes)



Initial Funding Mechanism Scenarios

Rate Basis	Estimated Revenue (With Government, Public Schools and Non-Profit Exempt)	Typical Single Family Annual Residential Bill
\$0.04/sq-ft March survey	\$74 Million	\$128
\$0.045/sq-ft August survey	\$83 Million	\$144
\$0.05/sq-ft August survey	\$93 Million	\$160



Funding Measure Program Design Elements: What Could the Potential Measure Fund?

- Capital Investments
- Operations & Maintenance
- Compliance Planning
- Debt & Issuance of Bonds
- Administration





Funding Measure Program Design Elements: What Could the Potential Measure Fund?

Pipe Replacement



Water Capture



Drain Cleaning



Community
Education and
Engagement



Green
Infrastructure

Example
Eligible
Expenditures

Monitoring



Restoration





Funding Measure Program Design Elements: How Could the Program be Managed?

- Citizen's Oversight
- Independent Audits
- Implementation Plan(s)
- Budgeting
- Reporting

Public Site Visit at Chollas





Public Opinion Research



August 2021 Survey Key Takeaways

- **Tested voter values and willingness to pay**
- **Water quality, water supply, & marine life** messages continue to resonate
- **Ongoing public education & engagement** for stormwater is essential

San Diego River





Moving Forward with Limited Resources



Near-term Funding and Financing Options

- WIFIA - \$600M
- CWSRF - \$54M
- Grants - \$5.9M awarded
- State Budget Allocation - \$3.1 M anticipated
- Cost recovery efforts - in progress
- New capital project delivery methods critical

Chollas Creek Restoration





Moving Forward

- Mounting challenges exist
- Imminent system failures anticipated
- Funding needs are growing exponentially
- Dedicated funding source imperative
- Next Update:
 - Early 2022- City Council Update on Audit



San Dieguito River



Thank you!