



Meeting Notes

Meeting Date: September 27, 2017 **Time:** 9:00-11:00 am
Meeting Location: Johnson County Transit Facility, 1701 W Old Hwy 56, Olathe, KS 66061

Attendees:

Funding Approach Sub-Committee	JC SMP	Consultant Team
Melisa Prenger – City of Prairie Village	Lee Kellenberger	Patti Banks – Vireo
Tim McEldowney – City of Gardner	Sarah Smith	Triveece Penelton – Vireo
Rob Beilfus – City of Olathe	Heather Schmidt	Andrew Smith – B&V
Matt Scott – CDM		Justina Gonzalez – B&V
Brad Schleeter - Affinis		
Tony Stanton – Olsson Associates		
Steve Roth – Benesch		
James Keith – Walter P. Moore		
Ginny Moore – The Conservation Fund		

Agenda Objectives
Review feedback received during Kick-off meeting
Discuss funding comments received from watershed-based organization, system management, water quality, and flood damage reduction sub-committees

Handouts: Agenda

Notes

Introduction / Update of Implementation Status / 2nd Meeting Goals

- Lee of JC SMP welcomed attendees to the second meeting of the funding approach sub-committee. He provided a brief overview of **SMP annual expenditures** and **funding issues** that the sub-committee should keep in mind.
 - Since implementation of the sales tax in 1990, the SMP will have received by the end of the year a total of \$270 million in tax revenue. When including city match contributions, total stormwater investments have been roughly \$360 million over the life of the program. Sales tax revenue continues to grow, which at a closer look is really funding staying even with inflation and increases in construction costs.
 - Typical yearly expenditure summary sheets show estimated revenue, previous years unspent funds, administrative services, regional and support projects, and then costs for design and construction projects.
 - Not so typical years will have a significant un-obligated fund balance. Un-obligated funds can account for unspent funds or projects under-budget. For example, 2013 had a large carryover amount of \$8 million which was a result of a lack of matching funds and project cancellation. For a

variety of reasons, cities have to cancel projects. In the past, the SMP budgeted for change orders with a 25% overestimate cushion. Eliminating that helped reduce the amount of un-obligated funds, but since then construction costs have gone up so budgeting for change orders will need to be evaluated again.

- For 2016 there was an un-obligated fund balance of \$5.6 million which starts to raise questions on why have the funds if they aren't being used. In 2017, if the City of Shawnee had not decided to bond \$12 million of projects the amount of un-obligated funds would have been \$13.2 million. As a program manager, these rapid cycles of up and down excess revenue are problematic.
 - On the list of projects for 2016 there is only \$17 million on projects. Commissioners then wonder if the program is going to finish up these projects in 2 to 3 years. We as staff and cities know that there is a lot of need out there. But the funding process is not demonstrating that.
 - One of the goals of this sub-committee is to think beyond one year planning cycles and how to do so with updated prioritizations that address more encompassing needs. Some of the considerations for the funding sub-committee to keep in mind throughout discussions are:
 - How to reduce previous year carryovers of un-obligated funds and essentially how to reduce or eliminate project cancellations.
 - Are un-obligated funds a result of the city match requirement? Should the County initiate projects at 100% funding and how does the program have projects in their back pocket that the County can initiate? What efforts should be done to document the need for such projects?
 - A ready list of projects should be available for future funding. Watershed improvement plans should define those projects.
 - Improvements should be forecasted beyond 1 year cycles. Planners should think on 5/10/25 year horizons.
 - The SMP has accomplished a lot since its implementation. But the Strategic Plan was updated with the understanding that current structures may not be meeting stakeholder needs as well as we can. The purpose of the funding sub-committee is to consider ways we can adapt and improve services going forward.
- Andrew of B&V provided a quick update of SMP Strategic Plan implementation to date.
 - **Strategic Plan Implementation Progress:** The watershed-based organization sub-committee has looked at how to move from a municipally based program to a watershed framework. The four other sub-committees (system management, water quality, flooding, and funding) are adding detail to that framework. Once the watershed-based organization reconvenes, they will be presented with the suggestions the sub-committees have put forward. A pilot watershed organization will put those suggestions into practice.
 - **Funding Approach Sub-Committee 1st Meeting Review:** At the last meeting, the funding sub-committee participated in an activity where each participant was given \$100 of fake money in \$10 increments. Participants then allocated funds amongst jars for flood damage reduction, system management, and water quality. Flood damage reduction and system management received roughly the same amount of funds with water quality being ranked second. Consultants then spent the majority of the meeting providing context on the other sub-committees' preliminary outcomes.
 - Consultants outlined the agenda and goals of the second funding meeting.
 - **Funding Approach Sub-Committee 2nd Meeting Goals:** During the second funding meeting, consultants will present key funding comments provided by the other sub-committees. The goal is to provide not only their feedback but to see what the funding sub-committee may like or dislike about certain suggestions. The sub-committee should keep in mind over-arching goals which are 1) to inform the funding approach of the watershed based framework, and 2) to consider how to drive more funds into the program so as to better facilitate projects.

Discussion on Funding Comments Provided by Other Sub-Committees

- Consultants highlighted material in the JC SMP What's Happening Booklet that was given out at the kick-off meeting. The Booklet laid out key funding suggestions that were collected from the other sub-committees throughout multiple meetings. A brief review of that material is summarized in the 2nd meeting presentation. For instance, funding suggestions from the watershed-based organization sub-committee focused on encouraging participation, ensuring equitable funding distribution, evaluating match requirements, opportunities to receive annual funding, and pro-active stormwater management that prioritizes areas of greatest need.
- Consultants asked the funding sub-committee for what they liked or disliked on the funding suggestions and if they had any additional comments on the work done by the sub-committees. Consultants noted that the funding sub-committee will have to essentially **evaluate two funding models** which are:
 - 1) Every watershed-based organization receives a set amount of funding every year, or
 - 2) Every watershed will present projects to the County that can be ranked, similarly to the present SMAC structure
- Participants had the following comments on the two funding models:
 - SMP funding could follow the model of the County Assistance Road System (CARS) program. Cities that submit to CARS have their first project funded. After that, the amount of remaining funds is assessed and secondary projects are ranked.
 - The benefit of CARS is that a city's first project is funded but that may not be the best use of funds for stakeholders on a County wide basis.
 - The perspective from the City of Olathe is to remove local politics as much as possible from funding allocations. In that regard, the second funding model would be preferable in having a SMAC like structure act as a neutral party. The City would also want to see how projects compare amongst watersheds.
 - As the watershed organizations mature, they may be able to take over more control of funds. In the infancy of the organizations, though, the program should still maintain a significant amount of control with collective representation over the organizations like SMAC.
 - If each watershed were to have their first project funded, then funding for secondary projects could be rotated amongst watersheds. That would give a city time to assemble funds say three years out. Such a structure may also help with the issue of unallocated funds.
 - There may not be enough funds, however, for each watershed to receive for their first project.
 - First projects have to be funded in order to start the watershed process and provide incentive for the groups to form.
 - System rehabilitation will be such a significant investment. There may be a way to allocate funding for system management to each watershed based on some defined criteria, such as linear lines, etc. That could be established yearly funding and then there could be a competitive process for capital improvement projects.
 - An established amount for system management would be a good idea. There needs to be some sort of plan for overcoming political issues such as unequal matching of funds between cities.
 - Other funding suggestions included different levels of matching funds, like 100% funding for main channel projects. Cities are not likely to match funds for projects not in their jurisdiction. The 100% match would have everybody's buy in and would incentivize socking away funds every year towards large projects.
 - Having separate funds for system management will quickly take away the issue of unallocated funds.
 - There may need to be different matching based on the project category. System management will likely stay in a city boundary whereas flooding or water quality may expand beyond that. There should be different matching for different scopes.
 - As a program manager, you want flexibility in funding. There should be no set amount or you are stuck every year with limited options.

- If an upstream city contributes to a problem why should they not contribute funding to a project? An established method and corresponding agreements can establish what that cost share would be. A collective, defensible argument can be prepared on what is the best practice in our industry.
 - Funding structures will be such a big part in having governing bodies agree on the watershed-based approach. The sub-committee should come up with something that is feasible for our governing bodies.
 - Cities will also have to evaluate if they have legal authority to provide matching funds for projects outside of our jurisdiction.
 - Once the watershed plans are drafted, then the organizations will have a better direction. The first couple of years can be a test on funding strategies that can be modified as the organizations progress.
 - The purpose of the SMP is to provide services on a larger scale than what municipalities can achieve on their own. Funds shouldn't be divided up so much that large projects cannot be implemented.
 - The funding sub-committee needs to really consider what goal trumps. Meaning is the goal of the SMP to see funds more evenly distributed across the County or is it to have a couple of large scale, home-run projects every year.
- Consultants asked the sub-committee based on discussions so far if **system management** should have a **stand alone funding structure**. The sub-committee provided consensus that it should. An additional funding structure should be established for both flooding and water quality.
 - Consultants also explained that system management will encompass **asset management** in order to provide a unified approach for looking at assets county-wide. Asset management will enable efficient use of funds based on asset inventories, condition assessments, and analysis of risks and consequences of failure. Developing an asset management program will take time which will likely be a 3 to 4 year endeavor. The SMP will not be taking over city system maintenance but County efforts will include compiling information and translating condition levels to a uniform language.
 - Lee of JC SMP explained that the County will also be facilitating **watershed plans** which will be the first task of the watershed-based organizations. Plans will look at flooding and water quality with perhaps system management being a separate entity. The plans will provide direction and incentive for cities to look beyond jurisdictional boundaries.
 - Consultants finished discussions by asking the sub-committee if **equitable funding** should be a strategy. Consultants asked if every stakeholder should get something every year. Participants responded:
 - Equitable funding will be provided through the system management component.
 - Funding should not be so much equitable as it should be prioritized towards greatest risk and consequence of failure.
 - Funding should look at need and allow the asset management software determine where funds should go. There is a difference between equitable and fair. Math is more defensible as an allocation argument.
 - One watershed may get far less funding for system management but there may be a valid reason for that. The program will be geared towards a broader, more holistic perspective.

Closing / Next Steps

- JC SMP and consultants closed by thanking participants for their time and feedback.
- The next meeting is scheduled for October 25th at the same time, same place.
- A funding white paper will be sent to participants outlining key discussion points and relevant case studies for the next meeting. Consultants and JC SMP appreciate time spent reviewing such materials.