

STANDARDIZING COST REPORTING IN MUNICIPAL STORMWATER PERMITS
STAKEHOLDER OUTREACH DOCUMENT FOR THE
APRIL 25, 2022 INFORMAL PUBLIC WORKSHOP

The Strategy to Optimize Resource Management of Stormwater Unit (STORMS) at the State Water Resources Control Board (State Water Board) is undertaking the Standardizing Cost Reporting in Municipal Stormwater Permits Project (Project) to address one of the high-priority items (item 3.5.3) for the State Water Board as described in the [2022 Strategic Work Plan](#). At this stage, STORMS is seeking feedback from municipal separate storm sewer system (MS4) permittees and other interested stakeholders on the proposed draft cost reporting categories for Phase I MS4 permits. Future outreach efforts will gather feedback on the cost reporting categories for Phase II MS4 permits.

Project Background and Objectives

National Pollutant Discharge Elimination System (NPDES) permits include various approaches to regulate discharges from MS4s and to address site-specific stormwater management objectives that vary in complexity. Consequently, MS4 permits vary between regional water quality control boards (regional water boards) as permits include activities and programs tailored to reduce pollutants to the maximum extent practicable based on local conditions.

Federal regulations (40 CFR 122.26(d)(2)(vi)) require MS4 permit applications to include “a fiscal analysis of the necessary capital and operation and maintenance expenditures necessary to accomplish the activities of the programs...”. While most existing MS4 permits mandate estimation and reporting of municipal expenditures related to permit implementation, recommended cost categories for cost reporting vary by region. Hence, permittees across the state are rarely consistent in their approaches to estimate the cost of implementing their stormwater programs. Without a systematic cost reporting method, tracking the true cost of MS4 permit implementation can be difficult, as permit implementation requires collaborations among various municipal departments and staff which requires careful documentation of time allocations and expenditures.

In 2020, the State Water Board’s Office of Research, Planning, and Performance (ORPP) released the [Guidance for Obtaining Phase I Municipal Separate Storm Sewer System \(MS4\) Permit Compliance Costs](#). The 2020 guidance recommends a list of standard categories for reporting MS4 permit implementation costs without developing a comprehensive cost tracking methodology.

The objective of the Project is to develop a standardized statewide approach and model permit language for estimating, tracking, and reporting MS4 permit implementation costs. If approved by the State Water Board, the regional water boards would incorporate the model permit language into MS4 permits, requiring MS4 permittees to annually report costs in a consistent statewide manner by replacing existing cost reporting categories in MS4 permits with the proposed cost reporting categories.

Proposed Draft Cost Reporting Categories

Staff reviewed ORPP's 2020 guidance document and considered its suggested categories when developing the proposed cost reporting categories (below and in the Attachment 1). The staff also reviewed program elements in all Phase I MS4 permits and existing categories in annual reports submitted by various permittees and met with permittees from seven regional water boards to discuss expenditure reporting. Such reviews and conversations helped identify the range of permit-required activities as well as informed the categorization of those activities. While some categories are common to all permits (e.g., program administration, minimum control measures, and water quality monitoring) additional categories are proposed to capture all aspects of MS4 permit implementation statewide. The proposed categories, informed by feedback from regional water board staff, were developed with the intention to satisfy the following criteria:

- Expenditures in each category should be directly related to permit requirements.
- Categories should be broad enough to address diverse approaches in different regions.
- Activity lists will be included for each category to avoid double counting.
- Transitioning from existing categories should be a simple process.

Below are the proposed categories for permittees to report costs of implementing Phase I MS4 permits. Descriptions for each of these categories are provided in Attachment 1.

1. Overall Program Management and Administration
2. Public Education, Outreach, Involvement and Participation
3. Illicit Discharge Detection and Elimination
4. Planning and Land Development
5. Industrial and Commercial Facilities
6. Construction Site Management
7. Municipal Maintenance
8. Projects
9. Trash Management
10. Water Quality Monitoring
11. Special Programs
12. Miscellaneous Costs

Discussion Questions

STORMS is seeking feedback on the proposed draft cost reporting categories. Below are some questions to facilitate the discussion:

1. The Project intends to ensure that the recommended categories offer permittees the opportunity to document all permit implementation-related expenditures. Is there a permit mandated activity you believe is not captured in the proposed list of categories?
2. One of the primary goals of the Project is to ensure the reporting of only permit-related costs, which would allow the estimation of the “true cost” of permit implementation. Do you have examples for any permit-related activities which are not currently being reported due to difficulties associated with cost accounting or other reasons?
3. Special Programs category (Category 11) is introduced to account for region-specific stormwater programs. What unique programs are you implementing that could fall under Category 11?
4. Some permits recommend tracking for different pollutant-specific cost categories (e.g., PCB control cost; cost of pesticide programs). To what extent do these pollutant-specific activities overlap with other cost reporting categories (e.g.,

planning and land development, Projects)? Do you see a need or benefit in separately tracking pollutant-specific expenditures within a stormwater program?

5. The Projects category (Category 8) is intended to track and gather capital cost data for implementing various structural BMPs. A minimum threshold of \$50,000 total project cost has been proposed for including BMP implementation costs under this category (in contrast to documenting it under the categories for Planning and Land Development or Municipal Maintenance). How appropriate is this approach for gathering structural BMP implementation cost? How reasonable is this \$50,000 threshold?
6. Proposed categories include activities which may serve multiple purposes (e.g., street sweeping; storm drain cleaning), or go beyond the permit-mandated minimum requirements (e.g., inspection or cleaning frequency). For accurate cost accounting, what are some ways to determine and attribute a fair portion of costs associated with these activities?
7. The Miscellaneous Costs category (Category 12) is intended to allow reporting expenditures for permit-related activities that do not fall under other categories. Based on your existing program, what expenditures would you like to report under the Miscellaneous Costs category?
8. Through implementing consistent cost reporting, our goal is to gather cost data for different program elements to design more efficient MS4 programs and permits. Do you have suggestions on changes to the categories to make them more useful to you (the permittee)?
9. Staff would appreciate stakeholders' feedback on other aspects of the Project. Do you have any comments on the cost reporting process or use of the cost data?

For additional information on the Project or to submit written comments addressing this document or the abovementioned questions, please contact the project lead, Nabiul Afrooz, at Nabiul.Afrooz@waterboards.ca.gov. For future email updates, please subscribe to our Stormwater Strategy email list by visiting the [State Board email list subscription form](#), select "Water Quality," check the box for "Stormwater Planning," add your name and email, and click subscribe.

ATTACHMENT 1
DESCRIPTIONS FOR PROPOSED COST REPORTING CATEGORIES

1) Overall Program Management and Administration

Costs associated with permit compliance administration and management activities; development of a stormwater management plan; stormwater program budget planning and management; asset management; reporting activities required by permits, including annual report preparation and submission; and overall program effectiveness assessment should be included in this category. Additionally, expenditures related to coordination with program stakeholders, including regional water boards, State Water Board, and co-permittees should be reported under this category.

2) Public Education, Outreach, Involvement, and Participation

Costs under this category should include outreach and educational activities that inform members of the public about stormwater and its impacts to water bodies. Public service announcements, signage, advertisement, and informational material to encourage behavioral change for source reduction also falls under this category. Expenditures associated with establishing and maintaining partnerships with other agencies, including non-governmental organizations, that facilitate educational and outreach activities should also be reported under this category.

Other expenditures under this category may include resources spent to comply with applicable state, tribal, and local public notice requirements relating to the stormwater program. Activities to engage community members from all economic, ethnic and cultural backgrounds through citizen panels, citizen watch groups, or other stormwater-related community programs also fall under this category.

3) Illicit Discharge Detection and Elimination (IDDE)

Efforts necessary to identify, investigate, and eliminate illicit discharges and associated expenditures should be reported under this cost category. Costs related to development of an IDDE plan, spill response, educational/outreach/training activities related to IDDE, enforcement actions, and relevant documentation should also be included in this category.

4) Planning and Land Development

Costs associated with planning of activities, including relevant post-construction best management practices (BMPs), necessary to accomplish permit-specified objectives for private and public new development (as well as redevelopment projects) should be

reported under this category. Such efforts may also include developing related standards and specifications for mitigation of water quality impacts from land development projects, water quality related permit compliance, education, and training, as well as the development and maintenance of a tracking system to monitor and enforce implementation of mandated activities.

5) Industrial and Commercial Facilities

Expenditures related to inspection, outreach, and municipal oversight of existing industrial and commercial facilities should be reported under this category. Example activities may include developing an inventory of industrial and commercial facilities, prioritizing them in terms of threat to water quality, permit issuance, maintaining business assistance programs, education and training, routine inspections of critical source facilities, and progressive enforcement.

6) Construction Site Management

Costs associated with the implementation of permit-mandated activities to minimize the impact of construction site runoff to the receiving water should be reported under this category. Such activities may include stormwater pollution prevention plan (SWPPP) review, plan check, permit issuance, inspection, and enforcement.

7) Municipal Maintenance

Costs associated with planning and implementation of pollution prevention programs to address runoff resulting from operation and maintenance of permittee-owned facilities and activities should be reported under this category. Such activities would include developing and maintaining inventory of public facilities, integrated pest management programs (IPM), parks and recreational area management, stormwater system operation and maintenance, parking facilities maintenance, emergency procedures, and internal training.

Note: Expenditures related to a new development or redevelopment, even if the project is administered by the permittee, should be reported under Planning and Land Development or Industrial and Commercial program category (as applicable). Expenditures related to trash control should be reported under the Trash Management category.

8) Projects

Direct costs (including permitting, planning, and design costs) for individual projects with a total budget greater than \$50,000 related to stormwater management, including distributed, regional or restoration BMPs, should be accounted for under this category. Operation and maintenance cost for these projects should be reported under the

municipal maintenance category. Costs reported would be limited to the costs incurred during the reporting period.

For projects with multi-benefits or co-benefits, the primary function or purpose of the project should be considered when selecting appropriate project categories.

9) Trash Management

Activities designed and performed to comply with trash provisions in the permit, in addition to the activities that are routinely performed (e.g., street sweeping) as a part of municipal maintenance, fall under this category. Such activities may include trash assessment and mapping, planning, development, and implementation of a trash total maximum daily load (TMDL), full capture device installation and maintenance, partial capture and other institutional controls, inspection and monitoring, enforcement, and reporting. Resources spent for development and maintenance of any electronic database related to trash management can also be reported under this category.

10) Water Quality Monitoring

Costs associated with all permit-mandated water quality monitoring activities should be reported under this category. Such monitoring activities may further be broken down to subcategories: receiving water monitoring; outfall monitoring; BMP effectiveness monitoring; and facility-specific monitoring. Annual monitoring activities could include mobilization, sample collection, analytical techniques, data analyses, quality assurance and quality control (QA/QC), and reporting. Annual monitoring should be tracked and documented for ambient conditions and storm conditions.

If some monitoring activities are performed as a part of the regional monitoring program, costs shared by the specific permittee should be reported.

11) Special Programs

Keeping a diverse approach to stormwater management in California in mind, this category is intended to obtain cost information about various region-specific MS4 program elements. Examples of such elements include but are not limited to the Los Angeles Regional Water Board's watershed management programs, and the San Francisco Bay Regional Water Board's pesticide control, mercury control, and discharges associated with people experiencing homelessness. Costs associated with permit mandated TMDL implementation can also be reported under this category.

12) Miscellaneous Costs

Expenditures for NPDES permit fees, membership fees for stormwater related organizations and regional partnerships, or other expenditures that are not directly related to the abovementioned categories can be reported here.