

SECTION VIII – FINANCING ALTERNATIVES AND STORMWATER MANAGEMENT

FINANCING ALTERNATIVES

Financing alternatives were investigated for the proposed drainage Capital Improvement Plan (CIP). For many projects, the most difficult part for most city governments is funding the solutions. Noted below are some of the possible sources of funding for the identified projects. The alternatives investigated include grants or fees from external and local funding sources.

Federal or State Grants

The Flood Mitigation Assistance (FMA) Program is a federal grant program administered by the Texas Water Development Board (TWDB), under an Agreement with the Federal Emergency Management Agency (FEMA). This program provides federal funding to assist States and communities in implementing measures to reduce or eliminate the long-term risk of flood damage to buildings, manufactured homes, and other structures insurable under the National Flood Insurance Program (NFIP). The FMA program was created as part of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101) with the goal of reducing or eliminating claims under the NFIP. The FMA is a pre-disaster grant program. There are two types of work that can be funded: Planning Grants and Project Grants. The proposed CIP channel improvements would meet the necessary standards to be eligible for the grant.

The Federal Emergency Management Agency (FEMA), through the Texas Division of Emergency Management, has provided substantial federal funding for the purchase of flooded homes through FEMA's Flood Mitigation Assistance program (FMA), the Pre-Disaster Mitigation (PDM) program, and the Hazard Mitigation Grant Program (HMGP). Federal funding for home buyout usually requires local matching funds of at least 25%. It is important to note that, although some grant funds are made available only after a disaster declaration, these buyout grants do not provide immediate flood recovery assistance. These programs typically take eight to twelve months after the flood event to even get started, and then may take place over a period of many years following a flood event.

Local Funding Sources

The primary source of funds for the identified CIP projects is local. The following is a list of potential local funding sources.

General Fund

General fund is the primary source of funds for capital improvement projects within the City and is typically generated by tax revenues and other income to the City. A shortcoming for this type of funding is that all City departments are in need of these funds and drainage issues tend to be overlooked during dry periods due to the high cost and often long time frame to achieve a final resolution to the problem.

Impact Fees

Impact fee regulations are described in Chapter 395 of the local government code which authorizes cities and drainage districts, organized under to Article III, Section 52 or Article XVI, Section 59 of the Texas Constitution, to impose an impact fee to cover the cost of improvements that are necessitated by new development. The act requires that the entity have in place a Capital Improvement Plan and is relatively stringent in its application. Cameron County Drainage District No. 3 has previously looked at imposing impact fees within its' District but determined that it would be extremely difficult to enact since only new subdivision are reviewed by the District and development on existing lots or exempted tracts would not be able to be assessed by the District. It is a viable method for the City within its city limits but an agreement with the County would be required in order to capture impact fees on development outside of the city limits.

Utility Fees

Local storm water projects can be funded by the assessment of a drainage utility fee for projects based upon the amount of impervious cover, living units or site area as has been done for the "V – Line" Relief Drain. The City can utilize the same mechanism to recover over sizing costs for projects in which it has oversized the storm drainage facilities. The City currently has provisions for this within its subdivision ordinance but this applies only to new subdivisions and does not recover expenses from development on existing or exempted tracts of land.

General Obligation Bonds

This is a bond issued by a municipality or a drainage district which is repaid by Ad Valorem taxes collected by the issuing entity rather than by revenues generated by the project funded by the bonds. The City has recently completed several drainage improvement project funded by the 2003 City Bond Issue. This is a proper mechanism to use in order to fund capital improvement projects and can be used to fund improvements on which some of the cost can be recaptured by the mechanisms noted above.

Revenue Bonds

This is a bond which is retired through revenue derived from the income generated by a facility constructed by the bond proceeds. Typically, water and sewer improvements are

often financed by revenue bonds and paid for by the water and sewer sales income. Since revenue bonds are not supported by Ad Valorem taxes, it does not count against the issuing entities mandated bond limit. Since storm runoff is not metered or charged for, hence no revenue income, this is seldom used for drainage improvements although it has been used in limited cases by utility districts.

Special Assessment Bonds

This is a type of bond used to fund development projects within a specified area and is paid for through property tax assessments or special assessments on properties located within the defined area. This is often used for special road assessments but can be used for drainage.

Tax Increment Bonds

This is a bond which is paid by the increase in value of properties located within a defined district or area which results from the capital improvements constructed within the area paid for by the bonds. The City has recently created three such tax increment financing districts and typically drainage is one of several capital improvements funded by this type of bond.

Other Local Funds

Local funds are not limited to the City of Harlingen funds. It can also include funding from the area Drainage Districts, County, and adjoining cities where a benefit can be realized by them. Particularly, on the open drains that lie within one of the two existing drainage districts within the City and its ETJ, the drainage districts may be willing to assist in funding and/or construction of the necessary improvements. Cameron County Drainage District No. 5 either has plans for, or is aware of the need for improvements to the Dixieland Drain, 3rd Street Drain, 13th Street Drain and the North Main Drain. Cameron County Drainage District No. 3 has been slowly making improvements the “V” Line Drain and the “U” Drain which traverse through the Treasure Hills Golf Course.

There are areas within the City limits which are not within either of the two existing drainage districts. Of particular note are the areas on the east side of the City which discharge into the Peter Pipe/Jefferson system and the area located south of Expressway 77/83 and west of FM 801 which discharge into the Lipscomb Drain. These areas, if supported by local referendum, could be annexed into either district for improvements and maintenance.

STORMWATER MANAGEMENT

The City of Harlingen is a community in the National Flood Insurance Program (NFIP). The City has the responsibility to enforcing NFIP regulations. The NFIP was established in 1968 as a mechanism to provide federal flood insurance for individuals that reside in a community that adopts and abides by certain minimum floodplain management criteria. The program is administered by Federal Emergency Management Agency. Current floodplain management standards have two essential components, known as the floodway and the floodplain fringe. The floodway is the central portion of the floodplain, the area with the greatest water velocities and highest depths, which should be left open in order to avoid increases in flood levels. The flood fringe comprises the outer areas on both sides of the floodway, the area of lower depths and velocities and that stores water during a flood.

Current standards allow development in the floodplain fringe regardless of depth and velocity, and restrict development in the floodway. To current national standards, development within the floodplain fringe is allowed increase flood levels up to 1 foot above the base flood elevation. The current FEMA minimum floodplain management criteria do not effectively deal with development-induced runoff and flooding from inside and outside of floodplains.

It has been generally recognized by local communities for the need of a “no adverse impact” drainage policy. The no-adverse impact policy requires that the action of the property owner or community does not adversely affect the flood risks of other properties of communities. These impacts are measured as increased runoff volume, increased flow rates, increased flood stages, increased flood velocity, or increased erosion and sedimentation. With the no-adverse impact policy, the land owner is responsible for mitigating the impacts by either physical measures or as provided for in a community or regional watershed based plan. The no-adverse impact is currently adopted by many communities and agencies, such as the City of Houston, City of San Antonio, and Texas Department of Transportation. All developments inside or outside of the floodplain require drainage impact analysis and mitigation of potential adverse hydrologic/hydraulic impacts. Mitigations measures include channel control structures, detention basin, and oversize underground storm sewer system, and modification of human occupancy of floodplain (a nonstructural measure).

To minimize future flood damages within the city limits, it is recommend that the City to enforce a “no adverse impact” policy through its permit procedures.

CIP is a continuing and ongoing planning/implementation process. The CIP proposes modifications for conceptual designs only, and does not include sufficient details for final

construction. Prior to final design of the proposed improvements, a more detailed analysis will need to be performed to verify conditions for the proposed plan. In addition, with the adoption of a “no-adverse impact” policy by the City, further analysis of the proposed improvements will be required to ensure that any impacts incurred due to the proposed projects are mitigated.