

# *Stormwater Utility Development*



**COUNCIL WORK SESSION**

**June 20, 2016**



# Discussion Agenda

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- Tiered single family rates concept
- Non-single family credit program framework
- Seek Council feedback

# Revenue Requirements Summary

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- Overall Council guidance
  - Start small
  - Grow program over time as needed
  - No initial additions of staff or equipment
  - Consider tiers for residential; credits for non-residential
- First year revenue target = \$1.75 million
  - Proposed sewer and water rate reductions
  - Opportunity for improved street system capital efforts
- Re-evaluate program needs annually

# Revenue Requirements Summary

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- **Existing program (\$1.3 million)**
  - Operation, maintenance, regulatory (\$900,000)
  - Capital street project stormwater work (\$400,000)
  - Current funding - \$700k sewer, \$550k streets, \$50k fees
- **Recommended first-year funding (\$1.75 million)**
  - Includes existing program plus billing and account maintenance (\$450,000)
  - Six percent (6%) sewer rate reduction option
  - Two percent (2%) water rate reduction option

# Net Bill Impacts – Single-Family Residential

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- New stormwater bill = \$6.74
  - Sewer and water rate reductions = \$4.13
- Net bill impact = \$2.61



# Single-Family Bill Comparison

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2015-16 Stormwater Rates in Oregon Cities by Population  
Single-Family Residential Customers - Stormwater Rate

Population 2015 PSU	City / District		
		\$ / mo	Rank
613,355	Portland	\$27.18	1
160,690	Salem	\$14.86	2
19,080	Sherwood	\$14.27	3
60,135	Springfield	\$13.61	4
163,400	Eugene / EWEB	\$12.91	5
11,900	Cornelius	\$12.65	6
37,300	Lake Oswego	\$12.58	7
36,985	Keizer	\$11.57	8
8,775	Independence	\$10.71	9
107,065	Gresham	\$10.34	10
77,655	Medford	\$9.49	11
33,940	Oregon City	\$9.35	12
94,215	Beaverton	\$9.25	13
49,280	Tigard	\$9.25	13
23,080	Forest Grove	\$8.25	15
97,480	Hillsboro	\$7.75	16
57,390	Corvallis	\$6.90	17
51,670	Albany	\$6.74	18
22,500	Roseburg	\$6.65	19
25,605	West Linn	\$6.15	20
81,310	Bend	\$5.00	21
15,740	Lebanon	\$3.18	22
845	Adair Village	\$2.50	23
4,650	Philomath	\$1.50	24
9,090	Sweet Home	\$1.00	25
36,465	Grants Pass	\$0.00	26
33,080	McMinnville	\$0.00	26
24,670	Woodburn	\$0.00	26
9,640	Monmouth	\$0.00	26

Note: Not a complete list of Oregon Communities with stormwater fees.

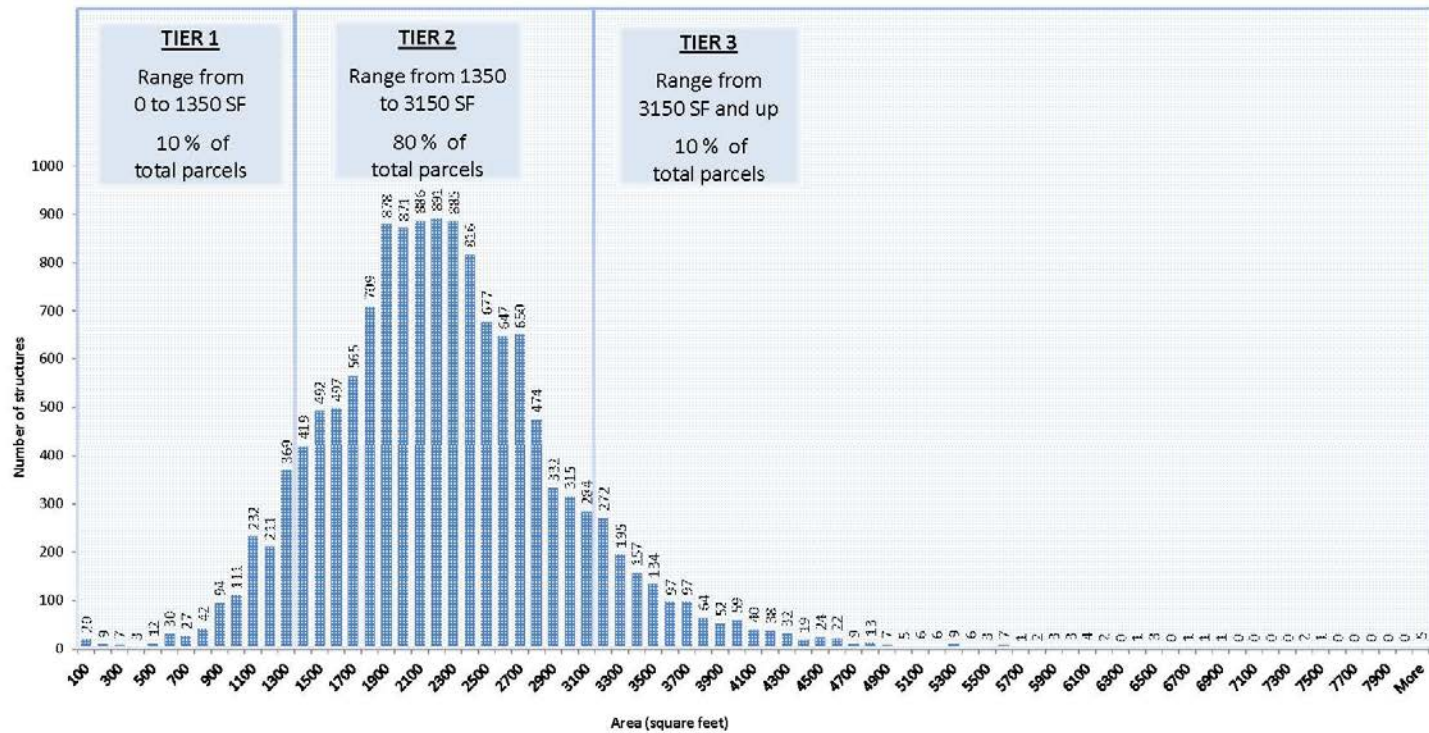
# Single-Family Residential Tiers

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- **Recognizes impervious area size range**
  - Typical property gets typical bill
  - Choose dividing lines between tiers
  - Revenue neutral within SFR class
- **Fee reduction option**
  - Difficult to base on actual service cost reduction
  - Needs to be simple – use main structure only
  - Eugene and Salem have tiered rates
  - Proposing \$0.50 per month differential between tiers

# Single-Family Residential Tiers

Frequency Distribution of Single Family Residence (SFR) Main Structure Impervious Area





# Single-Family Property Example\*

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**Impervious Area of Main Structure**

## Example tier levels\*\*:

1<sup>st</sup> tier = 1350 sf or less (10% of accounts)

2<sup>nd</sup> tier = 1351-3150 sf (80% of accounts)

3<sup>rd</sup> tier = More than 3150 (10% of accounts)

Smaller SRF property bill = \$6.24

Typical SFR property bill = \$6.74

Larger SFR property bill = \$7.24

*\*estimated bill before sewer and water bill reductions*

**\*\*based on impervious area of main structure on a SFR parcel**

# Sample Non Single-Family Accounts\*

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- Typical gas station - \$11/month
- City Hall - \$30/month
- Apartment complex - \$65/month
- Large retailers (3) - \$266, \$333, \$422/month
- High school - \$457/month
- Medium manufacturer - \$549/month
- Large care facility - \$762/month
- Large manufacturer - \$952/month

\* based on first-year funding level of \$1.75 million, sewer and water rate reductions not included

# NSFR Property Example

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26,136 sq. ft.  
3,200 sq. ft./ERU\*

= 8.17 ERUs

Monthly stormwater bill =  
base fee (\$4.79) + impervious surface  
charge (8.17 ERUs x \$1.95/ERU) =

**\$20.72**

\* ERU = equivalent residential unit or the typical amount  
of impervious surface on a SFR parcel

# Sample NSFR Accounts\*

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	<b>Albany</b>	<b>Salem</b>	<b>Corvallis</b>	<b>Eugene</b>
Typical Gas Station	\$11	\$25	\$22	\$45
City Hall	\$30	\$79	\$102	\$202
Apartment Complex	\$65	\$176	\$247	\$487
Large Retailer (average)	\$340	\$938	\$1,368	\$2,685
High school (average)	\$457	\$1,263	\$1,861	\$3,651
Medium Manufacturer (average)	\$549	\$1,520	\$2,243	\$4,399
Large Care Facility	\$762	\$2,111	\$3,120	\$6,119
Large Manufacturer	\$1,371	\$3,786	\$5,548	\$10,887

\* based on first-year funding level of \$1.75 million, sewer and water rate reductions not included

# NSFR Credit Program Goals

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- **Credits**
  - Help reduce customer bill
  - Provides incentive to help manage stormwater
- **Define what qualifies for credit**
  - Credits must be earned
- **Limit revenue impact revenue to ~5%**
  - Likely will not reduce City's costs, may add costs
  - All customers get minimum bill
  - “zero sum game”
- **Relatively simple**
  - Keep administrative costs low
  - Understandable and achievable by customer

# NSFR Credit Program Principles

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- Credit only for approved, on-site, structural best management practices (BMPs) that either:
  - Reduce stormwater volume (e.g., bio-retention, infiltration, planters)
  - Improve stormwater quality (e.g., vegetated filtration, media filters)
- Exceeds development requirements, DEQ permit
- GAPS credit for education services and access
- Maximum credit = 25% of impervious surface charge
- Must be carefully designed
  - Application process, approval prior to installation
  - Agreement to maintain and allow access for inspection
  - Possibly require annual renewal

# Council Policy Discussion

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- Proceed with single-family residential tiers?
  - OK with bill differential and dividing lines concept?
- NSFR credit framework?
  - Credit eligibility – exceeds requirements
  - DEQ post-construction permit required
  - Bill credit amount – 25% impervious surface charge
  - Annual re-qualification and verification

# Next Steps

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- **Staff proceeds with stakeholder outreach**
- **Council attends events as available and appropriate**
- **Staff provides periodic updates on outreach efforts**



# Questions and Discussion

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