AGENDA
Sustainable Storm Water Funding Task Force
October 18, 2011
City Hall, Room 209, 12:00 PM – 2:00 PM

1. Introductions of Task Force members and meeting attendees.

2. Review and approval of the SSWFTF minutes from September 20, 2011.

3. Review of Rate Structure Recommendations
    a. Portland should use an impervious area rate methodology and charge on the basis of impervious area only.
    b. Portland should use a simplified charge for single family residential properties consisting of two to three tiers.

4. Review of Exemption Recommendations.
    a. Portland should exempt roads from the stormwater fee.
    b. Portland should <u>not</u> exempt public property from the stormwater fee.

5. Continued Discussion of Credits
    a. Portland should tie credits to existing design standards.
    b. Portland should cap credits at somewhere between 25%-50%.

6. Discussion of Allocating Combined Sewer Costs to the Stormwater Fee.
    a. What percentage of the combined sewer costs should be allocated to the stormwater fee?

7. Discussion of public outreach plan.

8. Discussion of the Date for Next Meeting: The next meeting is scheduled for November 15, 2011 or December 20, 2011.

9. Adjourn

MINUTES
Sustainable Storm Water Funding Task Force
September 20, 2011
City Hall, Room 209, 12:00 PM – 2:00 PM

1. Introductions of Task Force members and meeting attendees.

All members were present except for Ron Miller, Peter Gellerson, David E. Robinson, and John Cannell. Tom Brigham came instead of Bill Bennett. Cathy Ramsdell came instead of Joe Payne. Staff present included: Katherine Early, Mike Bobinsky, Doug Roncarati. Zach Henderson, Rich Niles, and Andy Reese, Robin Sanders, and one person from the Cumberland County Soil and Water Conservation District also in attendance.

2. Review and approval of the SSWFTF minutes from August 16, 2011.

Vernoneau made a motion to accept the minutes and Dillon seconded that motion. Acceptance of the minutes passed unanimously.

3. Review of roadmap.

The group reviewed the roadmap (work plan) of what was discussed during the August meeting and what would be discussed during this meeting. There were no comments on the road map. Andy Reese of AMEC Environment & Infrastructure reiterated the preliminary policy recommendations that were developed during the August meeting.

4. Review of Rate Methodology: How should the stormwater user fee be measured?
   - **a. Charge on the basis of impervious area only.**
   - **b. Charge on the basis of impervious area plus total gross area.**
   - **c. Charge on the basis of intensity of development.**

As a preliminary recommendation the Task Force believes Portland should use an impervious area rate methodology as the basis for its charge.

5. Review of Rate Structure: How should Portland charge single family residential properties?
   - **a. Flat rate for all residential properties.**
   - **b. Several tiers (2-3) or more.**
   - **c. Individually measured charges.**

As a preliminary recommendation the Task Force believes Portland should use a simplified charge for single family residential charges consisting of two or three tiers of charges if an updated housing stock analysis warrants more than two tiers.

6. Review of Exemptions:
   - **a. Should Portland charge for roads?**

As a preliminary recommendation the Task Force believes Portland should not charge itself for its roads or, if further study warrants it, charge a greatly reduced fee for roadway surfaces.

b. Should Portland charge for public property?

The group began with the discussion of policy considerations for charging Public Buildings that was not addressed at the August meeting. Reese provided some brief statistics for Portland's public buildings to facilitate the discussion of whether to charge for public buildings and the associated revenue impacts. The City's buildings comprise 7.2% of the total impervious area, which accounts for $288,000 of the total revenue under a stormwater utility. Reese explained that most cities do charge for public buildings and those that do not charge must account for the revenue across the rate base, thereby increasing the fee. Reese noted that if the City did not charge for buildings, it may be difficult to justify charging for state and federally-owned buildings, resulting in additional lost revenue of the same rough order of magnitude and possibly legal challenges from other building land use-types.

During discussion it was noted that the City already pays for stormwater per building or property through their water/sewer bill and it makes sense to charge a stormwater fee for buildings and pay for the fee through tax revenue. It was also noted that the stormwater costs are increasing significantly and it is difficult to raise additional revenue through taxes. One member noted that not charging for public buildings would be more consistent with the preliminary policy that was developed to not charge for roads. Another noted that if you charged for public buildings then they could potentially reduce their fee through credits. It was noted that the rate payers would pay roughly 14% more if the City decided not to charge for public buildings (City, state, federal combined) and they were in favor of charging for public buildings. A task force member noted that roads and buildings are different: everyone benefits from roads so it makes sense to share that cost across the rate payers; not every benefits the same from public buildings. A task force member noted that if buildings were not charged, then there was less incentive to reduce their stormwater impact.

Votes were tallied as:
Option 1 (Charge) – 11 votes
Option 2 (Reduced Property Charge) – 0 votes
Option 3 (No Property Charge) – 0 votes
Option 4 (No Vote) – 0 votes

Preliminary Policy Recommendation: Portland should charge a stormwater fee for public buildings and property.

7. Presentation and Discussion of Credits

a. What private actions and investments should qualify for a credit?

Reese presented an overview of stormwater credits and explained how they are a legal "requirement" for a user-fee system in the sense that they help to legally distinguish a tax from a fee. Reese also noted that credits are earned and they are not an exemption or incentive; rather they are a reduction in fee due to an ongoing private investment for a public good (i.e., reduced stormwater impact or reduced stormwater management cost to the City). Reese presented the downsides of credits and noted that they typically do not have a significant impact on revenue (~5%). Reese also emphasized the value of developing credits that are simple to understand and easy to administer.

Reese explained that credits to reduce the impact from impervious areas are most often tied to design criteria that can be reviewed and approved in the normal process of development. Examples of credit-worthy activities might include: green roofs, on-site detention for peak flows and volume, LID practices and BMPs to attenuate pollutants. Although the City has six stormwater design standards any of which

may be applied to an individual property, those eligible for credits could be simplified to three major categories: basic and general, advanced and flood control. These each reflect significant investment related to development impacts and state and local design standards.

Reese asked the group what types of credits they thought made sense and should be considered to recognize better stormwater management at individual properties. A member asked about whether it made sense to have enhanced credits for CSO areas since it helps address a larger problem. Others noted that it may be challenging to differentiate between the benefit of better stormwater management in CSO areas; additionally, the CSO objectives are driven by a different program. A member asked whether a credit should be considered for non-CSO areas and Reese replied that it would be more appropriate to address this in the fee structure since it is strictly associated with location and not a private investment or action.

The group began discussing the applicability of Chapter 500 and projects that already meet this criteria and whether they should get a credit for what they already meet or only for some measure beyond this criteria. Members noted that the City should message the value of credits with respect to actual stormwater impact and if sites were meeting Chapter 500, they should get some credit since they have less impact than others. A member asked about how detailed the credits should be and how to address older (legacy) properties. Reese noted that older properties could be addressed using a sliding scale of credits (e.g., %) tied to design standards. A member asked about the cost for managing the credit system, noting that cost would increase with the complexity and number of options for credits. Members that were familiar with the Long Creek project noted that the credits for non-structural BMPs were initially cumbersome to establish but were relatively streamlined thereafter to maintain the system. As a follow-up to this thought, a member noted that the Long Creek program is a subwatershed scale and a much greater effort would be required for the City.

A member asked about the impact to credits as design standards change. Reese noted that the credits can be grandfathered or adjusted over time. A member emphasized that the credits should be simplified and City staff noted that the administrative costs need to be considered, as well as an audit policy to address the burden for continued compliance (i.e., inspection). Some members noted that it would be difficult to administer a credit program for rain barrels (for example) at residential properties and the credit would likely be relatively small.

The following policy recommendation was developed and supported by the majority of the group: The group did not identify another kind of impact reduction credit. Portland should match credits (associated with impervious area impact reduction) to local design criteria and Chapter 500 and develop a program for administration of the credit system that is simple for property owners and the City. Staff would come back with a credit proposal at the next meeting.

Reese providing examples of credits that reduce the City's cost for stormwater management such as: education on water quality; maintenance of larger areas and NPDES permit compliance. The City would recognize a credit for private investment in such activities that directly mitigate costs that the City would normally bear. Reese noted that a credit for stormwater education made the most sense since it was the easiest to recognize and build upon existing programs in schools, for example. Reese explained that the maintenance of larger areas could entail cleaning of public parking lots or catch basins that are adjacent to a private facility. Reese also noted that credits for non-structural practices are not very common.

A member agreed that a credit for stormwater education was a good idea. A member asked about the actual number of properties that would potentially be eligible for a credit for "maintenance of larger areas." The airport and USM properties were discussed as the most likely properties for such a credit and it made sense to consider credits for these properties. NPDES permitted facilities were discussed and one member noted that these facilities already have to meet stricter stormwater requirements to reduce pollution. However, one could argue that these facilities have a greater actual or potential pollutant exposure and such controls are necessary to normalize the impact. A member was concerned about the ability of the City to verify compliance with NPDES requirements and another member noted that a credit for these facilities may encourage better compliance.

It was noted by staff that they already worked through local non-profits and governmental agencies to provide education in many schools and that the program seemed to work well – though a shift could be made to more school involvement.

Credits for residential activities were discussed and City staff provided the example of the residential pilot program in the Capisic Brook watershed for "green" lawn care. Residents get trash bags for participation in the program. Members noted that the credit(s) for residential activities needs to be simple and it may be necessary to poll residents to gauge the types of activities that they are most interested in participating to receive a credit. Most members felt that a one-time activity should be recognized as an incentive and it was too difficult to administer a credit for residential activities on an ongoing basis.

Portland might consider offering credits for stormwater education if it makes sense from the perspective of the current education program and it was generally agreed that Portland should offer minimal or no credit to flat-rated residential properties but rather focus on one-time incentives for activities that support the City's stormwater program objectives.

b. How much of the stormwater program should be available for crediting?

Reese asked the group to consider how generous credits should be or how much of the stormwater fee should properties be able to reduce. Although you want to encourage good behavior and private investment in better stormwater management, most communities cap the amount of credit a property can receive for the following reasons:

- Some costs are fixed (e.g. billing) and would not be reduced no matter the level of credit-worthy structures;
- Some costs are unrelated to impacts of new development (e.g. education) and would not be reduced no matter the level of credit-worthy structures;
- Everybody shares the benefit of roads and if someone gets 100% credit their share of the benefit is spread to others; and
- No matter the level of treatment no property can make itself totally impact-free and thus some cost accrues to developed property.

The group took a quick poll was taken. Most members spoke that the credits should not be too generous, limiting the amount of a credit between 0% and 25%. However, as the discussion continued and members considered what would be a more effective credit program. One member noted that the impact to CSOs is directly tied to impervious area and the credit should be very generous (60-70%) since it accomplishes two program objectives. However, other members cautioned that the generosity of credits should be considered based on an evaluation of properties that would be eligible for credits and the allocation of CSO costs to stormwater costs under a user-fee system. This would help the group

better understand the nexus between costs to the CSO program and stormwater fee reduction, thereby allowing properties to evaluate their return on investment. A member noted that they have property in the Long Creek watershed and they evaluated the credit that was offered for reduction of stormwater impacts and it was much cheaper to simply pay the fee than to invest in BMP retrofits.
Overall, many members felt that the credit would have to be greater than 25% to get attention and incentivize property owners to participate. The group was not able to fine tune the % cap without further consideration of revenue impacts; however, voting was tallied:

- 0-25% Cap – 2 votes
- 25-50% Cap – 10 votes
- No Vote – 2 votes

Preliminary Recommendation: Based on balancing consideration of equity, impact of credits, and actual ability to reduce impacts Portland should cap credits somewhere between 25% and 50%, the final value to be determined during detailed rate study.

8. Discussion of public outreach plan.

This item was not discussed.

9. Confirm Date for Next Meeting: The next meeting is currently scheduled for October 18, 2011

10. Adjourn

Credits and Combined Sewer Allocation

The purpose of this handout is to summarize the recommendations of the Task Force on the stormwater rate structure, provide further information to assist the Task Force in decision making on the fiscal impact of credits on the stormwater rate, and provide background information to assist the Task Force in decision making on allocating Combined Sewer Costs to the stormwater rate.

Summary of Rate Structure Recommendations

The Task force has been looking into various aspects of the stormwater rate structure and has made comment and recommendations including the following key inputs:

- Portland should use an impervious area rate methodology as the basis for its charge.
- Portland should use a simplified charge for single family residential properties consisting of two or three tiers.

Summary of Exemptions Recommendations

The Task force has been looking into aspects of exemptions to the stormwater fee and has made comment and recommendations including the following key inputs:

- Portland should not charge itself for its roads
- Portland should charge a stormwater fee for public buildings and property.

Summary of Credit Program

The Task force has been looking into aspects of the stormwater credit program and has made **preliminary** comment and **preliminary** recommendations including the following key inputs:

- Portland should offer credits tied to the design standards for new and redeveloped site design.
- Where should Portland cap allowable credits (somewhere between 25% and 50%)?

Credit Tied to the Design Standards

Should Portland tie its credits to the design standards for new and redevelopment site design and how should that credit program be designed?

As requested by the Task Force at the September meeting, staff and the consultant refined the option to offer credits based on meeting Portland's stormwater design standards including the City of Portland Stormwater

Management Standards and Stormwater Ordinance. As is recommended, projects that meet the General Standard Section and the Flooding Standard Section of the Stormwater Management Standard without exception or waiver and meet the conditions of the Stormwater Ordinance may receive a credit after demonstrating meeting the conditions through development review and application for a credit on a regular basis. A two tier credit is recommended as listed below with the General Standard and requirements of the ordinance forming Tier One and the Flooding Standard forming Tier Two.

- Tier One – Quality Standard (General Standard and Ordinance)
- Tier Two – Quantity Standard (Flooding Standard and Ordinance)

Fiscal Impact

At what level should Portland cap credits?

In assessing the fiscal impact of offering credits based on Portland's design standard and ordinance, some assumptions had to be made. Based on a list of projects that have been permitted for stormwater improvements over the past eight years, there are assumed to be 16 projects that might be eligible for an immediate credit if those projects were to apply for a credit. The maximum potential fiscal impact of these 16 projects is $116,000/annually under the assumption that 100% of combined sewer costs are allocated to the stormwater fee, credits are capped at 100% (i.e. the stormwater fee is completely credited back to the property), and the projects qualify for both tiers of credits. Under a scenario where 50% of combined sewer costs are allocated to the stormwater fee, credits are capped at 50%, and the projects qualify for both Tiers of credits, the fiscal impact would be $34,000. To further reduce the fiscal impact estimate, it is unlikely that all projects would be eligible for both tiers of credits.

There are an additional 44 projects that might undertake making site improvements to get a credit; however, additional site improvements would be necessary. The potential impact might be, under the same scenarios above, $124,000 or $36,000, respectively.

It is a reasonable assumption that this list of projects represents those properties that might undertake stormwater improvements because they are part way to getting the credit. And that undertaking improvements might make them eligible for a credit and those properties might then apply for a credit. Or it could be reasonably be assumed that the list of 60 projects is a representative list of Portland properties that might undertake stormwater improvements and might apply for a credit. Either way, the bottom line is the fiscal impact of credits tied to meeting design standards under combined sewer allocation and credit cap scenario on these 60 properties is relatively minor.

Return on Investment

Estimates were made of the cost to treat one impervious acre to the required quality/quantity standard. Average costs are in the order of $100,000 plus a small maintenance cost annually. Thus, a property that is treating one acre of impervious area (rooftop and parking) would spend on the order to $100,000 to do so. Assuming that 100% of combined sewer costs are allocated to the stormwater fee and a 100% credit is offered, the 60 projects reference above, if those properties were to have invested in stormwater improvements eligible for credits would have an average 12 year simple payback on their investment. At lower allocations, (50% CSO to stormwater fee and 50% credit cap) the simple payback of approximately 40 years.

Combined Sewer Cost Allocation

How much of the Combined Sewer Costs should be allocated to stormwater?

One decision that must be made is how much, if any, CSO cost to allocate to stormwater, or put another way – to charge it on an impervious basis instead of a water use basis.

In current rate-making practice there is no set way of doing this allocation. In fact, the vast majority of municipalities do not allocate any CSO cost to stormwater – but this is based on (1) the fact that they have not begun to face high CSO costs, (2) the wastewater organization does not have or control a stormwater utility, or (3) it was felt to be far easier just to call it a sewer cost rather than attempt to charge a stormwater (or impervious) fee above national stormwater fee norms.

Thinking on the subject can sway from one extreme ("your stormwater is in my wastewater pipe and you need to pay") to another ("your wastewater is in my stormwater pipe and is causing pollution – you need to pay"). For example – the size of a conveyance pipe or the cost of building a storage tunnel is partially a stormwater cost and partially a wastewater cost. The existence of and amount of wastewater in the system caused the problem in the first place. But the amount of stormwater runoff is probably a larger driver for the actual size of the system once it is admitted a system needs to be constructed to handle wastewater in stormwater runoff. In the end it might be a 50:50 proposition.

Also in the mix is potential stormwater program cost increases not considered in this analysis due to mandated watershed planning.

A brief analysis was done on the change of individual parcel's combined sewer and stormwater fees beginning with the sewer rate for 2011 ($7.87 per hundred cubic feet of water) and seeing what the transition to an allocation of CSO cost to a new stormwater fee ($6.41 per 2,500 square feet of impervious area with no CSO allocation) of zero through 100% allocation (the combined fee – storm and CSO could be better called a "wet weather" fee). In this analysis by every metric an allocation of about 50% of the CSO cost to stormwater spread the pain of a rate increase most evenly between comparatively large water users and large impervious area owners.

All these considerations probably mean a middle ground based on some technical reasoning and practical assessment balancing such things as: cost causation concepts, affordability, program components, etc.

DRAFT

Five Year Average Annualized Costs (FY 2013 - FY2018)

	Operations	Capital Renewal	Backlog	PWD Assessment	Construction Debt		Total
Combined Sewer	$ 3,212,855	$ 1,568,865	$ 395,200	$ 8,910,398	$ 5,625,240	CSO	$ 19,712,559
Sewer	$ 1,546,036	$ 1,249,863	$ 65,157	$ 4,287,711	$ 1,988,748	Existing Debt	$ 9,137,514
Storm Water	$ 1,835,572	$ 2,063,581	$ 117,476				$ 4,016,629
Total	**$ 6,594,463**	**$ 4,882,309**	**$ 577,833**	**$ 13,198,109**	**$ 7,613,988**		**$ 32,866,702**

Notes:

- Operations - 68% of sewer and combined sewer operating costs allocated to combined sewer based on total miles of sewer and combined sewer pipe.
- Operations - 1.5% inflation rate applied
- Capital Renewal - 1.5% inflation rate applied
- Backlog - 30 year construction schedule @ 5.5% interest rate over 20 yr terms
- PWD Assessment - 68% of Portland Water District costs allocated to combined sewer based on total miles of sewer and combined sewer pipe.

DRAFT Rate Options Calculator

		Units	Sewer Only	Annual Rates based on Combined Sewer Allocation to Storm Water				
				0%	25%	50%	75%	100%
Tiered Impervious Rates	**Sewer Rate**	$/HCF/yr	12.54	$ 11.00	$ 9.12	$ 7.24	$ 5.37	$ 3.49
	Tiered Rate	$/ERU/yr		$ 70.70	$ 157.44	$ 244.18	$ 330.92	$ 417.66

Notes:

- units below in square feet unless otherwise noted.
- Roadways not included in fee calculations.
- Parcels of property less then 400 square feet no included in parcel count.
- Equivalent Residential Unit (ERU) equals 2,500 square feet.

420,630,805	Gross Area (Parcels)	109,992,020	Impervious Area (Parcels)	2,621,930	total sewer volume (HCF)
89,547,257	Gross Area (Roads)	55,048,171	Impervious Area (Roads)	27,842	parcels of property
510,178,062	Gross Area (Total)	165,085,613	Impervious Area (Total)	56,814	ERUs

DRAFT "Dow Jones" Rate Implications

Type	Water (HCF/yr)	Impervious Area (sf)	Total Sewer and Stormwater Cost					
			Sewer Fee Only	0% CSO to Storm Water	25% CSO to Storm Water	50% CSO to Storm Water	75% CSO to Storm Water	100% CSO to Storm Water
Airport	6,312	2,135,000	$ 79,123	$ 129,829	$ 192,043	$ 254,256	$ 316,517	$ 378,683
Roadways	-	68,643	$ -	$ 1,980	$ 4,408	$ 6,837	$ 9,266	$ 11,695
Apartments	12,828	37,806	$ 160,803	$ 142,282	$ 119,559	$ 96,836	$ 74,209	$ 51,389
Auto dealer	1,536	211,130	$ 19,254	$ 22,910	$ 27,396	$ 31,882	$ 36,380	$ 40,854
Industrial factory	110,376	379,094	$ 1,383,597	$ 1,225,254	$ 1,030,978	$ 836,702	$ 643,255	$ 448,149
Industrial shop	120	584	$ 1,504	$ 1,391	$ 1,252	$ 1,113	$ 976	$ 836
Industrial warehouse	156	55,007	$ 1,956	$ 3,343	$ 5,044	$ 6,746	$ 8,449	$ 10,150
Residential	60	2,456	$ 752	$ 731	$ 705	$ 679	$ 653	$ 627
Residential	108	5,412	$ 1,354	$ 1,400	$ 1,458	$ 1,515	$ 1,573	$ 1,629
Residential	156	2,414	$ 1,956	$ 1,787	$ 1,581	$ 1,374	$ 1,169	$ 961
Small business	420	5,106	$ 5,265	$ 4,834	$ 4,304	$ 3,775	$ 3,249	$ 2,717
Charity	312	108,716	$ 3,911	$ 6,544	$ 9,774	$ 13,004	$ 16,237	$ 19,465
City Services	192	72,882	$ 2,407	$ 4,234	$ 6,475	$ 8,716	$ 10,959	$ 13,199
Condominium	2,124	138,689	$ 26,625	$ 27,330	$ 28,196	$ 29,061	$ 29,942	$ 30,791
Fast food restaurant	1,092	46,162	$ 13,689	$ 13,359	$ 12,955	$ 12,550	$ 12,154	$ 11,741
Government	828	25,141	$ 10,379	$ 9,888	$ 9,286	$ 8,684	$ 8,088	$ 7,480
Healthcare facility	63,480	214,784	$ 795,741	$ 704,574	$ 592,718	$ 480,862	$ 369,483	$ 257,149
Hotel	14,232	46,486	$ 178,403	$ 157,943	$ 132,841	$ 107,739	$ 82,744	$ 57,535
Light manufacturing	84	52,739	$ 1,053	$ 2,480	$ 4,230	$ 5,980	$ 7,732	$ 9,481
Office building	12,228	289,315	$ 153,282	$ 142,750	$ 129,829	$ 116,907	$ 104,078	$ 91,064
Parking lot	-	136,614	$ -	$ 3,888	$ 8,659	$ 13,430	$ 18,201	$ 22,972
Religious	228	59,512	$ 2,858	$ 4,206	$ 5,859	$ 7,512	$ 9,167	$ 10,819
Restaurant	324	17,333	$ 4,061	$ 4,060	$ 4,058	$ 4,056	$ 4,057	$ 4,053
School	1,452	170,404	$ 18,201	$ 20,855	$ 24,111	$ 27,367	$ 30,634	$ 33,879
Shopping center	480	245,587	$ 6,017	$ 12,281	$ 19,966	$ 27,651	$ 35,340	$ 43,022
Transit	708	116,383	$ 8,875	$ 11,113	$ 13,859	$ 16,605	$ 19,357	$ 22,098
Undeveloped	-	43,728	$ -	$ 1,273	$ 2,834	$ 4,395	$ 5,957	$ 7,518
University	5,532	268,896	$ 69,345	$ 68,506	$ 67,476	$ 66,446	$ 65,458	$ 64,387
Utility	684	279,033	$ 8,574	$ 15,444	$ 23,874	$ 32,303	$ 40,738	$ 49,162
Vacant	-	-	$ -	$ -	$ -	$ -	$ -	$ -
Vacant industrial	-	-	$ -	$ -	$ -	$ -	$ -	$ -

Sustainable Stormwater Funding Task Force

October 17th, 2011

Presentation

1. Review Past Recommendations
2. Credits Summary
3. Allocation of CSO Costs
4. Public Outreach
5. Schedule

Presentation

1. **Review Past Recommendations**
2. **Credits Summary**
3. **Allocation of CSO Costs**
4. **Public Outreach**
5. **Schedule**

Basic Rate Methodology

Preliminary Policy Recommendation #1: Portland should use an impervious area rate methodology as the basis for its charge.

Preliminary Policy Recommendation #2: Private efforts and investments to reduce the impacts of development on parcels such as disconnection of impervious area should be recognized and rewarded.

Residential Charges & Roads

Preliminary Policy Recommendation #3:
Portland should use a simplified charge for single family residential charges consisting of two or three tiers of charges if the housing stock analysis warrants more than two tiers.

Preliminary Policy Recommendation #4:
Portland should not charge itself for its roads or, if further study warrants it, charge a greatly reduced fee for roadway surfaces.

Public Buildings

Preliminary Policy Recommendation #5:
Portland should charge a stormwater fee for public buildings and property.

Presentation

1. Review Past Recommendations
2. Credits Summary
3. Allocation of CSO Costs
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Credits

Preliminary Policy Recommendation #6: Portland should match credits to design criteria and develop a program for administration of the credit system that is simple for property owners and the City.

Preliminary Policy Recommendation #7: Portland should offer credits for stormwater education and stormwater activities that reduce the City's maintenance burden if they make sense given current programs.

Preliminary Policy Recommendation #8: Portland should offer one-time incentives rather than credits to residential properties for activities that support the City's stormwater program objectives.

Preliminary Policy Recommendation #9: Portland should cap credits somewhere between 25% and 50%, pending further evaluation of revenue impacts for properties that may qualify.

How should the recommended credit program be designed?

- **There are <u>six categories</u> of stormwater standards: basic, general, phosphorus, flooding, urban impaired stream, and other**

Credit ⇆ Criteria ⇆Cost

Two kinds of activities:

- **Water Quality**
  - All but flooding
  - 50-75% of available
- **Flooding**
  - Quantity
  - 25- 50% of available

Proposing: Two Credits

- **Flooding**
  - Up to 50% of available credit
  - Partial credit for legacy systems
  - Must apply and have system meeting criteria (past or present)
  - No credit if waived with consideration for coastal
- **Water Quality**
  - Up to 75% of available credit
  - Matches General WQ criteria
  - Basic, Phosphorous and Urban Impaired are non-structural or rarely used
  - Some flexibility
  - No credit if waived

Questions?

Fiscal Impact and Capping

- **City Side**
- **Current 16 parcels**
  - Worst case: no cap, 100% allocation: $116,000
  - Mid Case: 50% cap, 50% allocation: $34,000
- **Potential 44 parcels**
  - Worst case: no cap, 100% allocation: $124,000
  - Mid Case: 50% cap, 50% allocation: $36,000

- **Developer Side**
  - BMP cost ≈ $100,000/acre from Long Creek data though some costs go much higher and Long Creek is NOT downtown Portland
- **ROI, NPV, BE Analyses**

Hold that thought till allocation

Presentation

1. Review Past Recommendations
2. Credits Summary
3. Allocation of CSO Costs
4. Public Outreach
5. Schedule

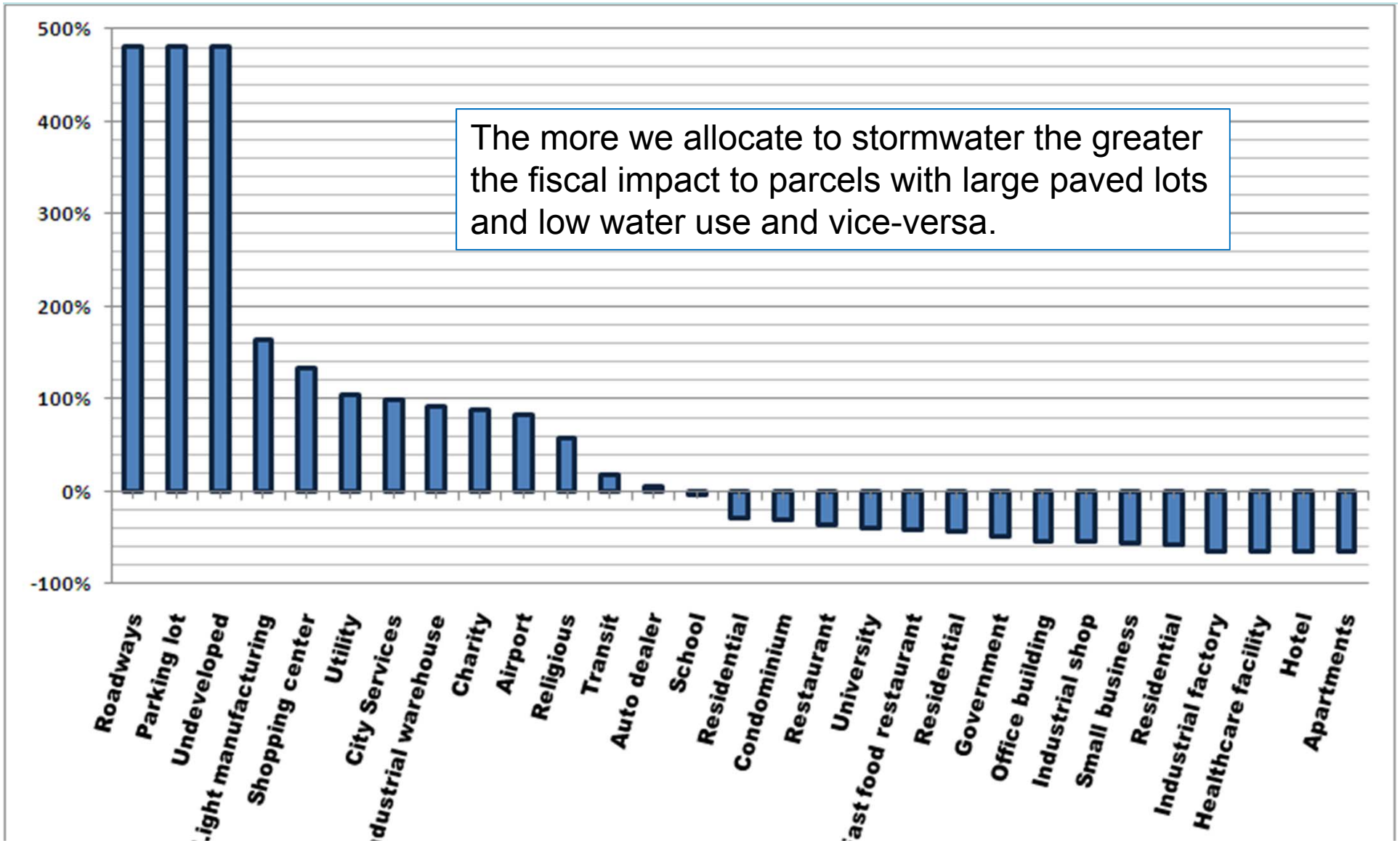
This is complex
We are looking for your gut feel
We will balance:

- Science and rate making
- Political and affordability realities
- Impacts on property types
- Parcel Analysis
- The “shock and awe” of sudden change
- Return on investment
- Loser distributions

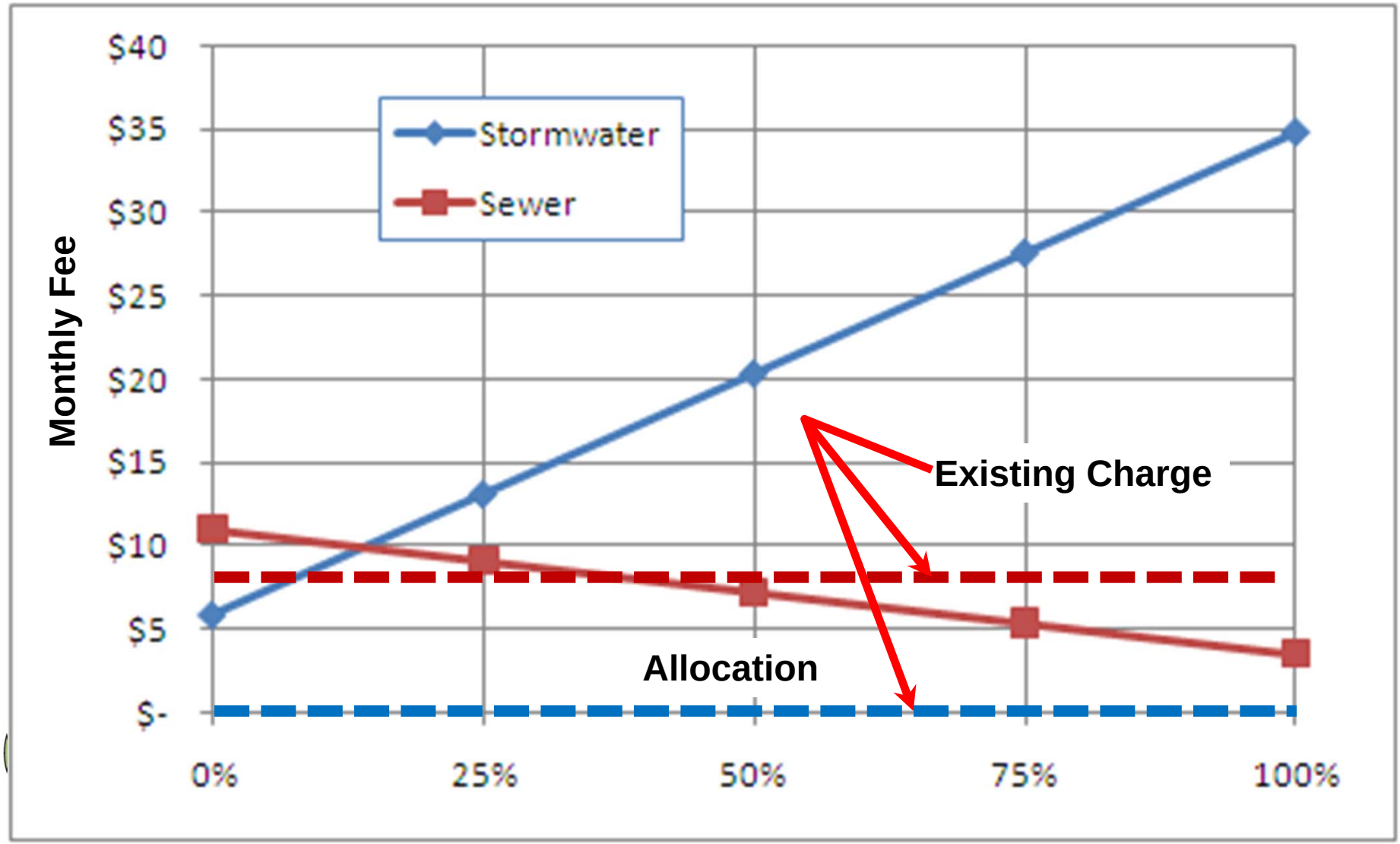
How much CSO Cost is "Stormwater"

- **No standard analysis yet – you are breaking ground**
- **Wide flexibility**
  - "Your sewage is in my stormwater pipe"
  - "Your stormwater is in my sewage pipe"
- **Cost drivers include: pipe construction and maintenance, wastewater treatment, storage tunnel**
- **In the end we balance science, affordability, rate structure details and the impacts of change**

Different Parcels Impacted Differently



Gut Check

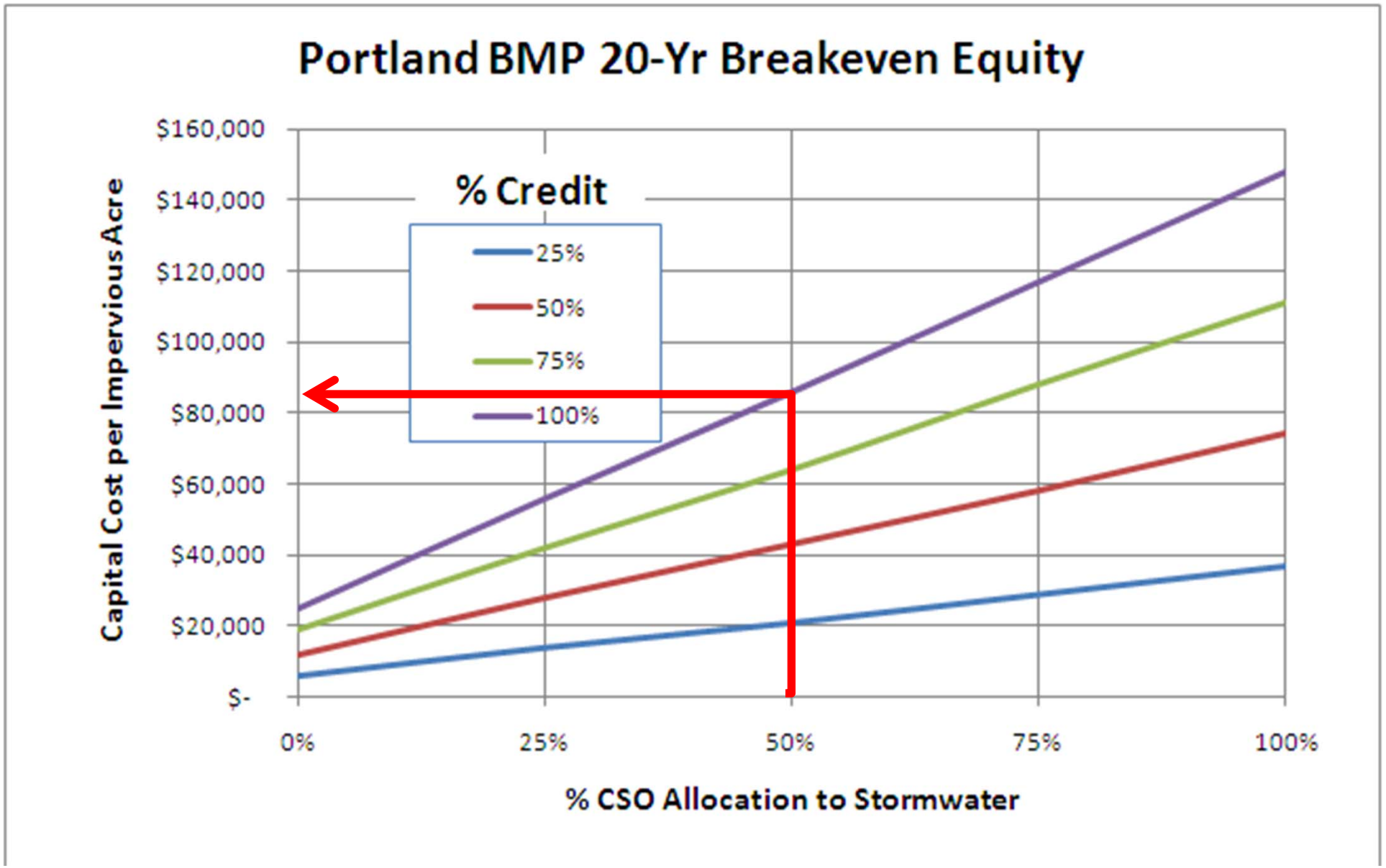

$40
$35
$30
$25
$20
$15
$10
$5
$-
Monthly Fee
Stormwater
Sewer
Existing Charge
Allocation
0%
25%
50%
75%
100%

Parcel Analysis

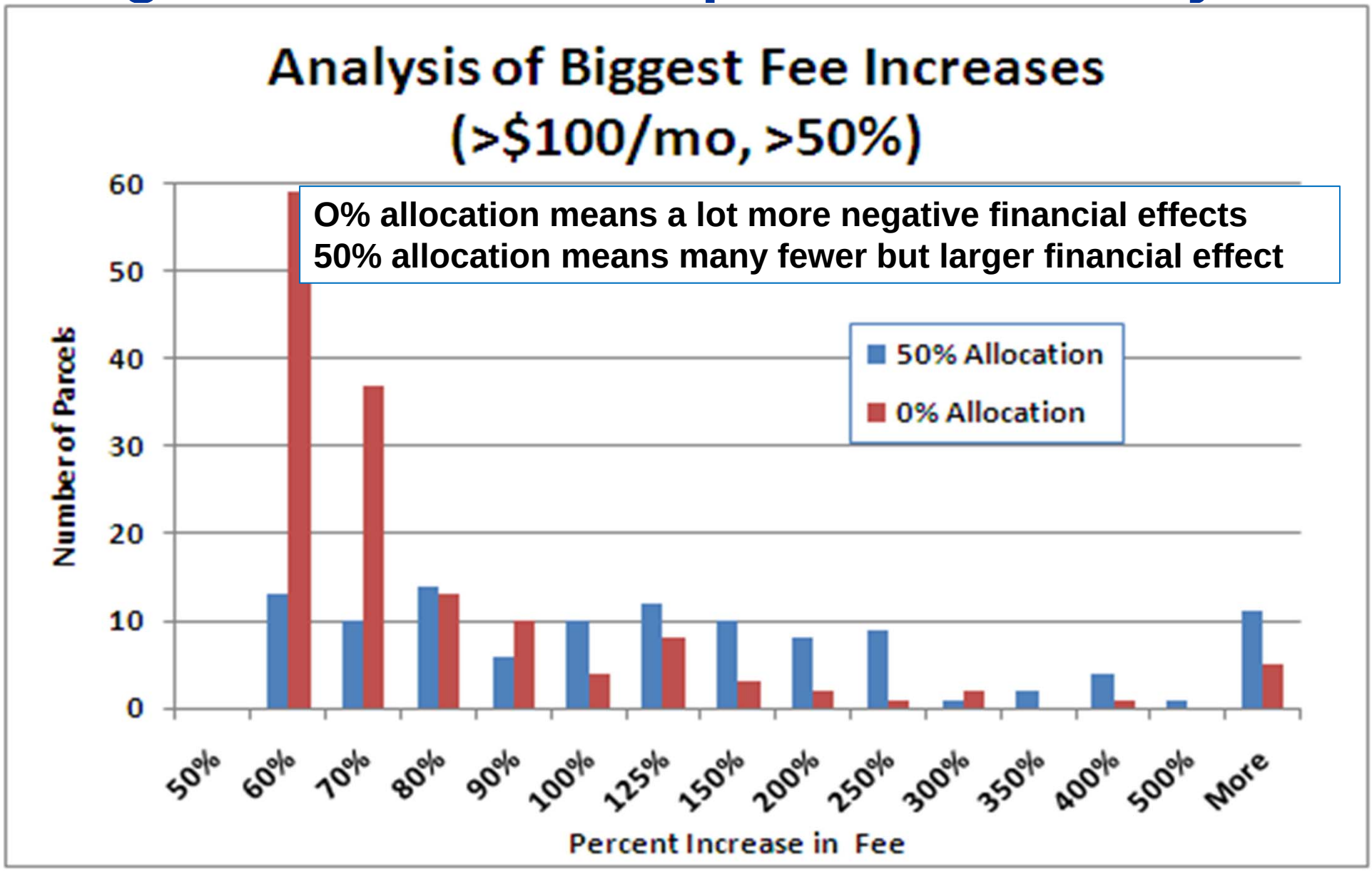
0%	25%	50%	75%	100%
Average % change from current				
43%	23%	2%	-18%	-38%
Number of winners (losers)				
-13819	-13819	8525	12451	12867
Sum of dollar differences				
$ 5,838,441	$ 2,591,983	$ (654,474)	$ (3,882,734)	$ (7,129,191)

- 13,800 parcels
- Various measures of change

Developer Investment



Negative Financial Impact on Rate Payers



Comparison 0% and 50%

0% CSO Allocation

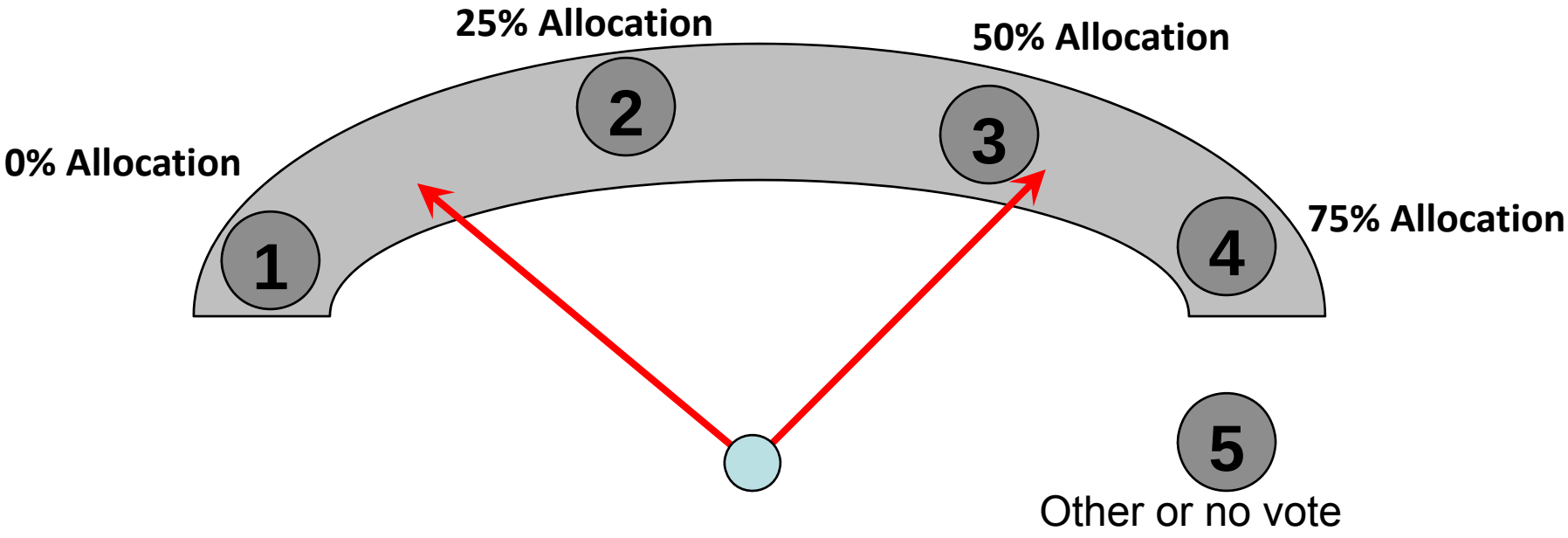
- Less shock from new fee
- Keeps fee within national norms
- Is the way 99% of cities do it now
- Everyone has a negative financial impact.

50% CSO Allocation

- Less average impact on the totality of the ratepayers
- Reflects the reality of a wet weather cost causation
- Allows for higher credits and thus a higher ROI
- 200 negatively impacted properties and a lot of positively impacted properties.

This is too hard to make a purely logical decision so…poll your halves

Policy Question: What does your integrated brain tell you?



Should we help those most impacted? If so, how?

- **Capping the change per year**
  - i.e. <10% change/yr
- **Extending the change for some years**
  - i.e. 5 year phase in
- **Providing special incentives for credit construction**
  - i.e. Grants to construct retrofit BMPs for credits

Presentation

1. Review Past Recommendations
2. Credits Summary
3. Allocation of CSO Costs
4. Public Outreach
5. Schedule

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