

# Stormwater Utility Analysis

City Council Work Session, April 17, 2024



# Stormwater Utility Introductions:

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**Special thanks to City staff member Chip Ullstad, our Consultants Deb Galardi and Chistina Conchilla, and our PAC members.**

**This presentation builds on what we presented Aug 8<sup>th</sup>, 2023.**



# **Agenda**

**Community values & mission**

**McMinnville's stormwater infrastructure**

**Regulatory requirements**

**Current funding**

**Why a stormwater utility?**

**Revenue requirements**

**Community engagement & policy recommendations**

**Next steps**

# Community Mission, Values, and Goals

## Mission

***The City of McMinnville delivers high-quality services in collaboration with our partners for a prosperous, safe, and livable community.***

## Values

***Stewardship: We are responsible caretakers of our shared public assets and resources.***

***(Mac-Town 2032)***

## Goals

***Growth & Development Character: Create and implement an environmentally sustainable plan.***

***(Council Goals)***

# Resource Limitations and Opportunity

## Limitations

### ***Lack of sufficient, sustainable resources to meet***

- *Operation of the stormwater system*
- *Rehabilitation and replacement of infrastructure*
- *Compliance with expanding regulatory environment*

### ***Inequitable funding***

- *Current funding does not fairly allocate costs*

## Opportunity

***Consider adoption of a stormwater utility to provide a more equitable, sustained resource for stormwater system***



# McMinnville's Stormwater Infrastructure

## ❖ System Overview

### ❖ Infrastructure Includes:

- ❖ 145 miles of Stormwater pipelines
- ❖ 45 miles of open channels
- ❖ 3,665 catch basins
- ❖ 17 public and private detention basins

### ❖ Typical Program Services Would Include:

- ❖ Preventative maintenance/Emergency repairs
- ❖ Capital projects
- ❖ Regulatory Compliance
- ❖ Development review



# Current Regulatory Requirement

## ❖ **Mercury Total Maximum Daily Load (TMDL):**

- ❖ TMDL Plan approved by DEQ in 2022
- ❖ 5-years to implement
  - ❖ Public Outreach
  - ❖ New Ordinances
  - ❖ Staff Training
  - ❖ Additional inspections and tracking
  - ❖ Guidance Document
  - ❖ Local Erosion Control Permitting Program and Enforcement





# Upcoming Regulatory Requirement

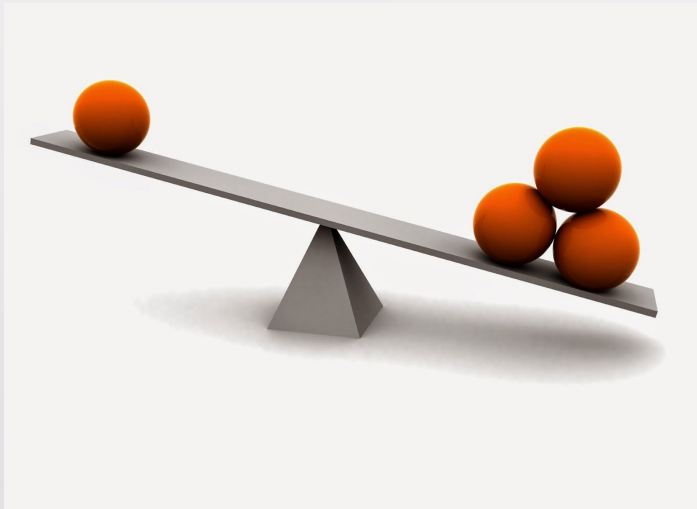
## ❖ **Municipal Separate Storm Sewer System (MS4) Permit:**

- ❖ Authorized by the Federal Clean Water Act as part of the National Pollutant Discharge Elimination System (NPDES)
- ❖ Required for Cities over 50k UA population, or at the discretion of DEQ
- ❖ McMinnville is the largest City in Oregon without an MS4 Permit
- ❖ Expected in the next 2-5 years
- ❖ Requirements similar to TMDL, and:
  - ❖ Stormwater Management Plan (detention/water quality)
  - ❖ Spill prevention and response program
  - ❖ Ongoing water quality monitoring
  - ❖ Development of construction standards and enforcement





# Current Funding



Fund	Activity	Stormwater Expenses
Wastewater Fund	O&M, repairs, emergency response	\$60,000
Street Fund	Street sweeping, leaf program, demand repairs and emergency response	\$440,000
General Fund <sup>1</sup>	Engineering support, regulatory compliance	\$120,000
<b>TOTAL</b>		<b>\$620,000</b>

<sup>1</sup>Supported by transfers from the Wastewater and Street funds.

Questions?



# WHY CONSIDER A STORMWATER UTILITY ?





# Stormwater Utility

- ▶ *Provides a more equitable distribution of costs*
- ▶ *Establishes rates based on demand or use of the stormwater system*
- ▶ *Reduces demands on Wastewater and Street Funds*
- ▶ *Provides stable, sustainable funding mechanism*
- ▶ *Improves community safety and reduces risks during flooding and storm events*
- ▶ *Protects waterways from pollutants and sediment*



# Utility Framework

## Legal

- Local code changes

## Financial Planning

- Identify revenue requirements and funding level

## Rate Setting

- Select rate structure & calculate rates

## Administration

- Develop support systems (billing, accounting, customer service)





# Funding Progression



Questions?

# Rate Setting Methodology

## Key steps:

- ▶ ***Project revenue requirements for increasing level of service***
- ▶ ***Allocate costs to customer classes based on benefit (impervious area)***
- ▶ ***Adopt implementing ordinance***
- ▶ ***Begin billing***



# Community Engagement

## ▶ **Stormwater/Wastewater Project Advisory Committee (PAC)**

- ▶ 12-member volunteer committee
- ▶ Formed in September 2023
- ▶ Focus on Stormwater Utility first
- ▶ 4 meetings, October 2023-March 2024

## ▶ **Other outreach efforts**

- ▶ Engineering website
- ▶ iheartmac website
- ▶ Newspaper (recruitment and reporting after meetings)
- ▶ **Community meeting May 9, 2024**

Questions?



# Stormwater Utility Recommendations

Project  
Advisory  
Committee

## Overall Recommendation:

***Consensus to move forward with adoption of a stormwater utility***

# Revenue Recommendations

## Risk management:

***The Committee recommends expenses required to meet water quality regulatory requirements be fully funded to meet community values and avoid enforcement penalties and potential third-party litigation.***

## Minimum fund reserve:

***The stormwater utility should build an emergency fund reserve equal to three months of operating expenses.***

## Revenue requirements:

***The Committee recommends revenue requirements begin with the minimum level of service and transition to interim revenue requirements over a three-year (3) period.***

# Example Monthly Stormwater Rates

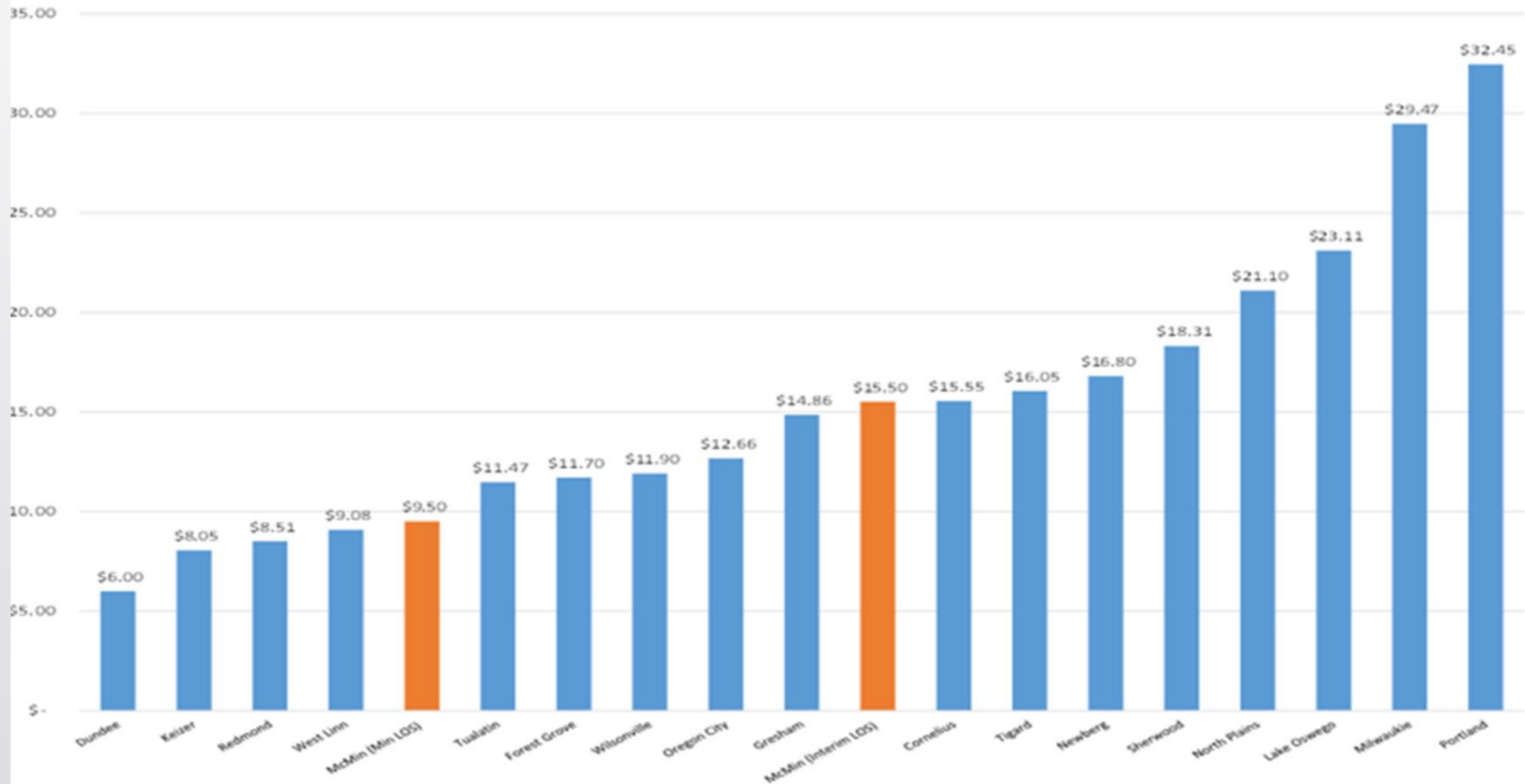
## Monthly Cost/ERU

Phase 1 (FY 24/25)	\$	<b>9.50</b>
Phase 2 (FY 25/26)	\$	<b>12.50</b>
Phase 3 (FY 26/27)	\$	<b>15.50</b>

Customer Class	Impervious area (SQ FT)	ERUs (Rounded)	Minimum Level of Service	Transition Year	Interim level of Service
			Phase 1 (FY 24/25)	Phase 2 (FY 25/26)	Phase 3 (FY 26/27)
Single Unit Residential	3,500	1.0	\$9.50	\$12.50	\$15.50
Single Unit Attached (per Unit)	2,450	0.7	\$6.65	\$8.75	\$10.85
Multi-Unit (Apart Complex)	94,500	27.0	\$256.50	\$337.50	\$418.50
Commercial (small)	28,000	8.0	\$76.00	\$100.00	\$124.00
Commercial (large)	395,500	113.0	\$1,073.50	\$1,412.50	\$1,751.50
Industrial (small)	45,000	13.0	\$123.50	\$162.50	\$201.50
Industrial (large)	961,812	275.0	\$2,612.50	\$3,437.50	\$4,262.50
Institutional	255,500	73.0	\$693.50	\$912.50	\$1,131.50

# Survey of Oregon monthly stormwater rates

Single-Family Residential Monthly Stormwater Bill Comparison



# Revenue Recommendations

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# Rate Recommendations

## Shift to tiered residential rate structure

***The Committee recommends a single rate be used for single family residential properties initially.***

***Upon completion of the Stormwater Master Plan Update, the Committee strongly supports moving to a tiered rate structure for single family properties as a more equitable billing structure.***

# Rate Recommendations

## Single family residential rate

***The Committee recommends single family residential properties be billed based on the median measured impervious area of 3,500 square feet (1 Equivalent Residential Unit, ERU)***

## Multifamily/Commercial/Industrial/Institutional

***The Committee recommends billings for non-single family residential properties be based on measured impervious areas and expressed as ERUs.***

## Billing for City and McMinnville Water and Light properties

***The Committee recommends City and McMinnville Water and Light properties not be billed for stormwater services, similar to billing policies for water and wastewater services.***



# Rate Recommendations

## Discounts/Credits

***The Committee recommends a 35% discount be given to non-single-family dwellings that are fully self-contained, discharge to streams or rivers not maintained by the City and that are regulated by discharge permits from the State Department of Environmental Quality.***

***The Committee does not recommend discounts or credits for privately maintained stormwater systems be granted until further considered as part of the future Stormwater Master Plan.***

# Billing Recommendations

## Coordination with McMinnville Water and Light

**The Committee recommends the City work with McMinnville Water and Light to incorporate stormwater utility billing in their monthly billing statements.**

**Note: Staff recommends billing of a stormwater utility would follow the same rules as electrical, water, and sanitary with regards to utility shutoffs.**

## Minimum impervious area for non-residential billing

**The Committee recommends a minimum billable impervious area of 500 square feet be used for billing non-single family residential properties.**

## Rounding for non-residential customers

**The Committee recommends billing for non-single family residential properties be rounded up to the nearest whole ERU.**

# Policy Recommendations

## Franchise fee deferral

***The Committee recommends the franchise fee be deferred for a minimum of three years and then considered as a dedicated transfer to the Street Fund.***

## Assistance to low-income households

***The Committee recommends the Stormwater Utility provide assistance to low-income households on a pro rata basis, similar to assistance provided by the Wastewater Fund.***

## Administrative appeal

***The Committee recommends the implementing ordinance adopting the stormwater utility include a provision allowing for administrative appeals from customers to reconcile any errors or changes in measurement of impervious areas.***

# Project Next Steps

## DEVELOPMENT/ADOPTION SCHEDULE

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### MARCH 2024

- ▶ March 13, 2024 (Wednesday)

Project Advisory Committee Meeting No. 4

### APRIL 2024

- ▶ April 4, 2024 (Thursday)  
work session
- ▶ April 17, 2024 (Wednesday)  
recommendations

Staff report to Claudia for April 17, 2024, CC

CC work session, update, and PAC

### MAY 2024

- ▶ May 9, 2024 (Tuesday)
- ▶ May 17, 2024 (Friday)
- ▶ May 28, 2024 (Tuesday)

City hosts community meeting

GIS database merge completed

CC update from community meeting

### JUNE 2024

- ▶ June 11, 2024 (Tuesday)  
utility
- ▶ June 25, 2024 (Tuesday)  
adopted

CC public hearing, adoption of stormwater

CC public hearing continued, ordinance

City approves MWL MOU, scope and fee

### JULY 2024

- ▶ July 9, 2024 (Tuesday)
- ▶ July 16, 2024 (Tuesday)
- ▶ July 15, 2024 (Wednesday)

CC adopts IGA

MWL approves MOU

MWL issues NTP to software vendor

### AUGUST 2024

- ▶ August 30, 2024 (Friday)

MWL vendor begins software update

### SEPTEMBER 2024

- ▶ September 17, 2024 (Tuesday)  
vendor

MWL/City, progress meeting with software

### OCTOBER 2024

- ▶ October 15, 2024 (Tuesday)  
update.

Software vendor completes billing system

### NOVEMBER 2024

- ▶ November 1, 2024 (Friday)

MWL first test run of billing software

### DECEMBER 2024

- ▶ December 2, 2024 (Friday)

MWL second test run of billing software

### JANUARY 2025

- ▶ January 1, 2025 (Wednesday)

Effective date to start stormwater utility

### FEBRUARY 2025

- ▶ February 3, 2025 (Monday)

Effective date to begin collecting revenue

# Stormwater Utility

*Thankyou!*

**Questions/Comments?**



# Projected Revenue Requirements

Stormwater Utility  
**Projected Phased Cash Flow**

Item	Phase-In Period			Post-Master Plan	
	FY2024/25 Delayed Imp.	2025/26	2026/27	2027/28	2028/29
<b>Beginning Balance</b>	\$0	\$250,000	\$411,077	\$641,378	\$773,747
<b>Monthly Rate (\$/ERU)</b>	\$9.50	\$12.50	\$15.50	\$16.04	\$16.60
Equivalent Residential Units (ERUs) <sup>1</sup>	21,692	21,801	21,910	22,019	22,129
Creditable ERUs <sup>2</sup>	(361)	(361)	(361)	(361)	(361)
Billable ERUs	21,331	21,440	21,549	21,658	21,768
% of Initial FY Effective <sup>3</sup>	42%	100%	100%	100%	100%
<b>Estimated Sales Revenue</b>	<b>1,013,237</b>	<b>3,215,964</b>	<b>4,008,070</b>	<b>4,169,442</b>	<b>4,337,309</b>
Other Revenue					
Other fees and charges	\$0	\$0	\$0	TBD	TBD
Interest Income	-	2,500	4,111	6,414	7,737
System Development Charges <sup>4</sup>	-	-	-	TBD	TBD
Transfers - Wastewater	-	-	-	-	-
<b>Total Resources</b>	<b>1,013,237</b>	<b>3,218,464</b>	<b>4,012,181</b>	<b>4,175,856</b>	<b>4,345,047</b>
<b>Revenue Requirements<sup>5</sup></b>	<i>Delayed Implementatio</i>	<i>Phased</i>	<i>Interim Service +</i>	<i>Post-Master Plan</i>	
Personnel	\$128,569	\$ 658,829	\$ 1,009,094	\$ 1,044,412	\$ 1,080,967
Contractual Maintenance	127,083	393,526	482,051	498,923	516,385
Equipment	-	-	72,843	75,393	78,032
Equipment Maintenance	-	-	21,425	22,174	22,950
Billing - MWL	62,500	155,250	160,684	166,308	172,128
City Support Services	20,833	116,054	182,108	188,482	195,079
Interfund Loan	77,114	77,114	77,114	-	-
Franchise Fees <sup>6</sup>	60,794	192,958	240,484	250,167	260,239
Capital Outlay <sup>4</sup>	-	-	900,000	925,000	950,000
Professional Service	-	-	225,000	231,250	237,500
Master Planning	286,343	1,213,657	-	-	-
<b>Total Requirements</b>	<b>\$763,237</b>	<b>\$2,807,388</b>	<b>\$3,370,803</b>	<b>\$3,402,109</b>	<b>\$3,513,280</b>
<b>Ending Fund Balance</b>	<b>\$250,000</b>	<b>\$411,077</b>	<b>\$641,378</b>	<b>\$773,747</b>	<b>\$831,767</b>
Unreserved	-	11,077	(8,622)	23,747	6,767
Reserved (Contingency) <sup>7</sup>	250,000	400,000	650,000	750,000	825,000
<b>Total Sources</b>	<b>\$1,013,237</b>	<b>\$3,218,464</b>	<b>\$4,012,181</b>	<b>\$4,175,856</b>	<b>\$4,345,047</b>
<b>Total Uses</b>	<b>\$1,013,237</b>	<b>\$3,218,464</b>	<b>\$4,012,181</b>	<b>\$4,175,856</b>	<b>\$4,345,047</b>



# Impervious Area Measurements

- ▶ **10,733 Single Family ERUs**

- ▶ Average Impervious area of SF parcels = 3,500 square feet
- ▶ 1 ERU = 3,500 square feet

- ▶ **17,886 Non-Single Family (NSF) ERUs**

- ▶ # of ERUs based on impervious area on each property
- ▶ Example: 35,000 sf of impervious area = 10 ERUs

- ▶ **21,692 Calculated ERUs**

- ▶ **21,331 Total billable ERUs**