

# Stormwater PAC Final Recommendations

## City Council Work Session, April 16, 2025





## **Agenda**

**Community Values & Mission**

**Why a Stormwater Utility Fund?**

**PAC Recommendations**

**Rate Development**

**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)***





# Why a Stormwater Utility Fund?

Current costs associated with the Stormwater Utility/Infrastructure:

- 75% Deferred Maintenance
- 25% Regulatory





## 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 fund to provide a more equitable, sustained resource for stormwater system***

# Stormwater Utility Fund



- ▶ ***Provides a more equitable distribution of costs***
- ▶ ***Establishes rates based on demand or use of the stormwater system***
- ▶ ***Reduces demands on General 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***

# Stormwater Utility Recommendations

Project  
Advisory  
Committee

## Overall Recommendation:

***The Committee recommends the City Council adopt a stormwater utility to fund stormwater expenses more equitably.***



# Revenue Recommendations

## Revenue requirements:

*The Committee recommends revenue requirements begin with a minimum level of service (approximately \$2 million) and transition to an interim level of service (approximately \$4 million) over a three-year period.*

## Minimum fund reserve:

*The Committee recommends the stormwater utility build a minimum fund balance for emergencies equal to three months of operating expenses. The Committee recommends the reserve be built over a three-year rate phase in period.*

## 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.*

## 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.***

## Rate Recommendations

### Single family residential

***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)***

### Tiered residential rate structure

***The Committee recommends a tiered rate (be used for single-family residential properties over a single rate.***



## Rate Recommendations

### Multifamily/Commercial/Industrial/ Institutional

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

### Phasing and Cash Flow

***The Committee recommends stormwater rates be phased in over a three-year period from minimum to interim level of service rates.***

## Billing Recommendations

### 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.***

### 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.***

## Billing Recommendations

### 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.***



# Billing 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.*

## 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*

## Planning Recommendations

### Stormwater Master Plan Update

***The Committee recommends that an update to the 2009 Stormwater Plan be a high priority for the stormwater utility, and that it be completed within three years of adopting the utility.***

# Rate Development

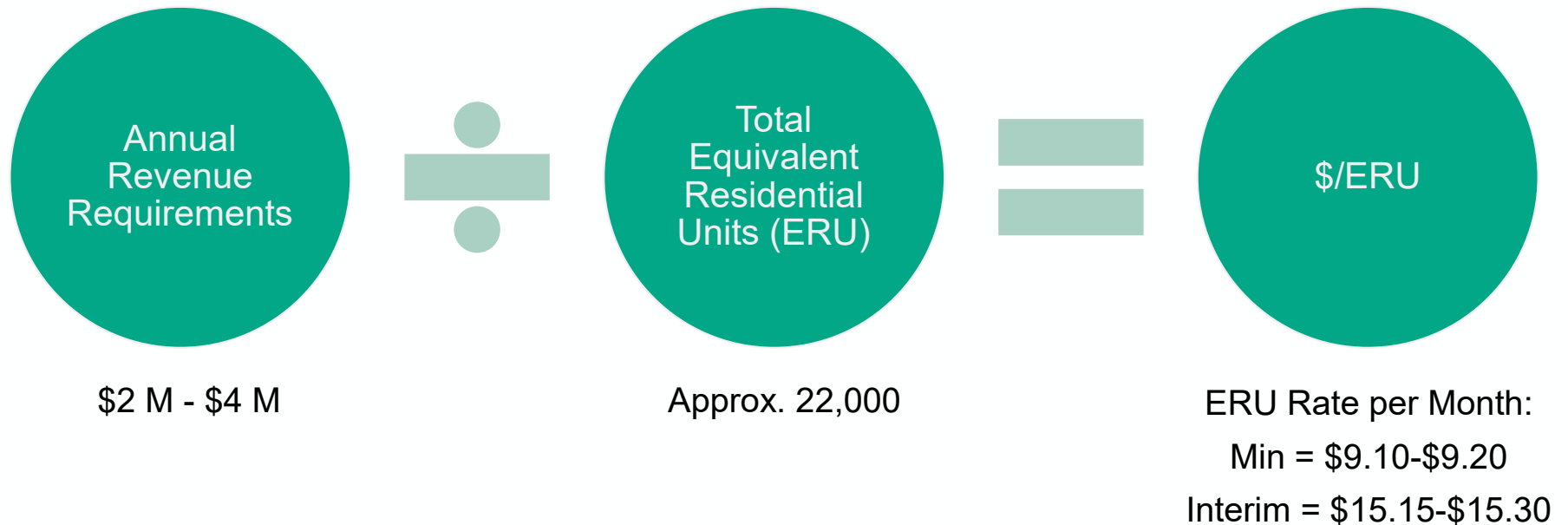




# Estimated Annual Revenue Requirements

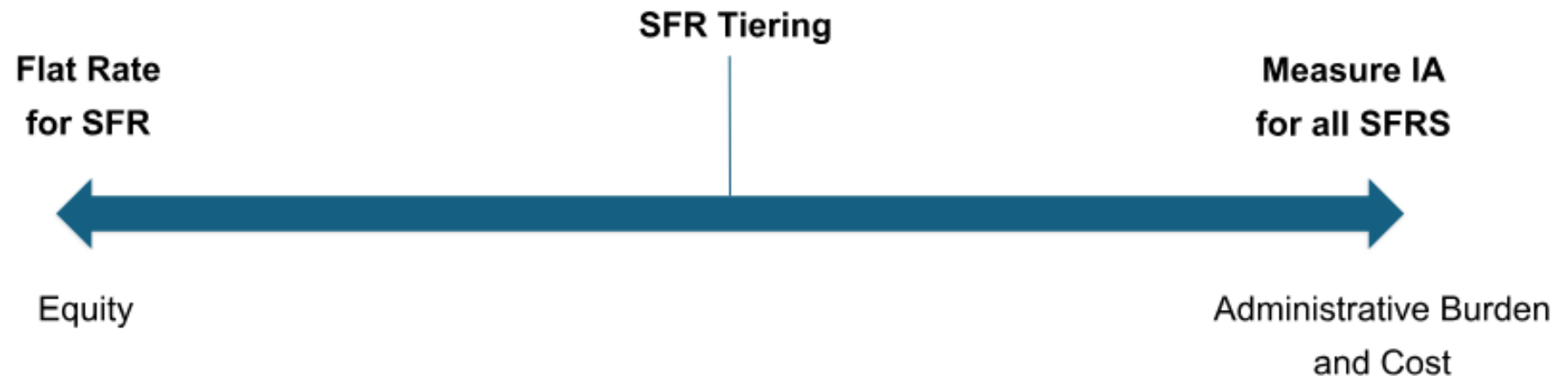
	<u>Minimum</u>	<u>Interim</u>	<u>Activities</u>
<b><u>Division</u></b>			
Collection System	\$105,565	\$515,000	Collection system maintenance
Operations	\$440,000	\$695,000	Other maintenance; leaf program; street sweeping
Engineering	\$1,188,000	\$735,000	Planning & engineering
Administration	\$50,000	\$170,000	Support services
Billing	\$150,000	\$150,000	McMinnville Water & Light
Franchise Fee	\$0	\$240,000	6% Transfer
Capital	\$500,000	\$1,500,000	Infrastructure repair, replacement, etc.
<b>Total</b>	<b>\$2,433,565</b>	<b>\$4,005,000</b>	
<b>Rounded</b>	<b>\$2,400,000</b>	<b>\$4,000,000</b>	

# Basic Rate Calculation



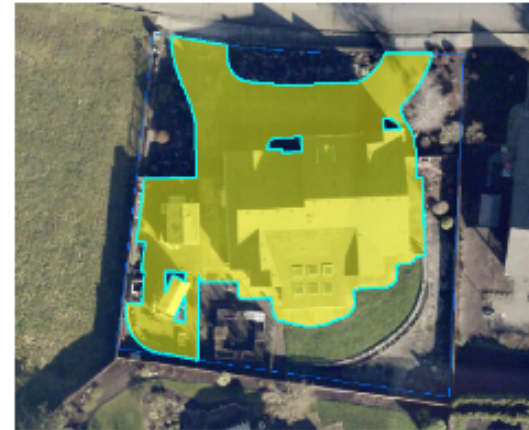
# Residential Tiering for Single Family Residential (SFR)

Finding the balance between increased equity and increased administrative burden



# Residential Tiering

- Place SFR properties into one of three tiers based upon predicted impervious area.
- Low, Middle and High Tiers with ERUs relative to tier median values

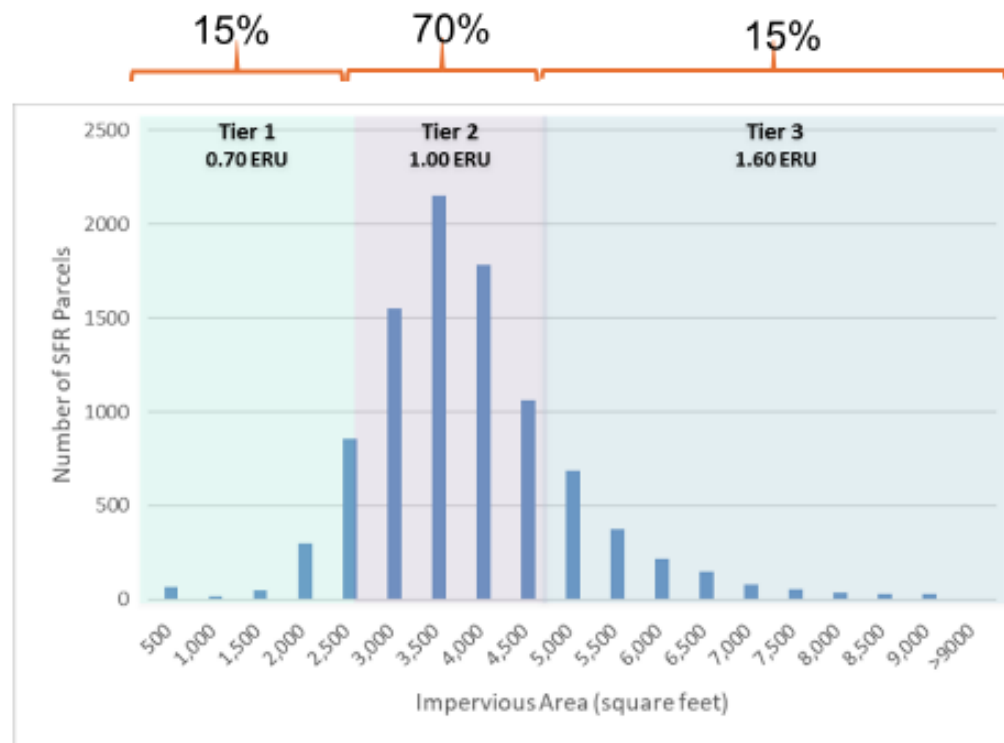


# Tiering Methodology

- Measured IA on 600 SFR properties
- Statistical Analysis – using parcel attribute data to predict tier for SFR parcels:
  - Partial IA from City (existing impervious area in square feet)
  - Adjusted IA (averaged difference between previous and measured IA sample, in square feet)
  - iAcres (gross lot size in acres)
  - Floors (number of floors)



# Tiering –Option 1

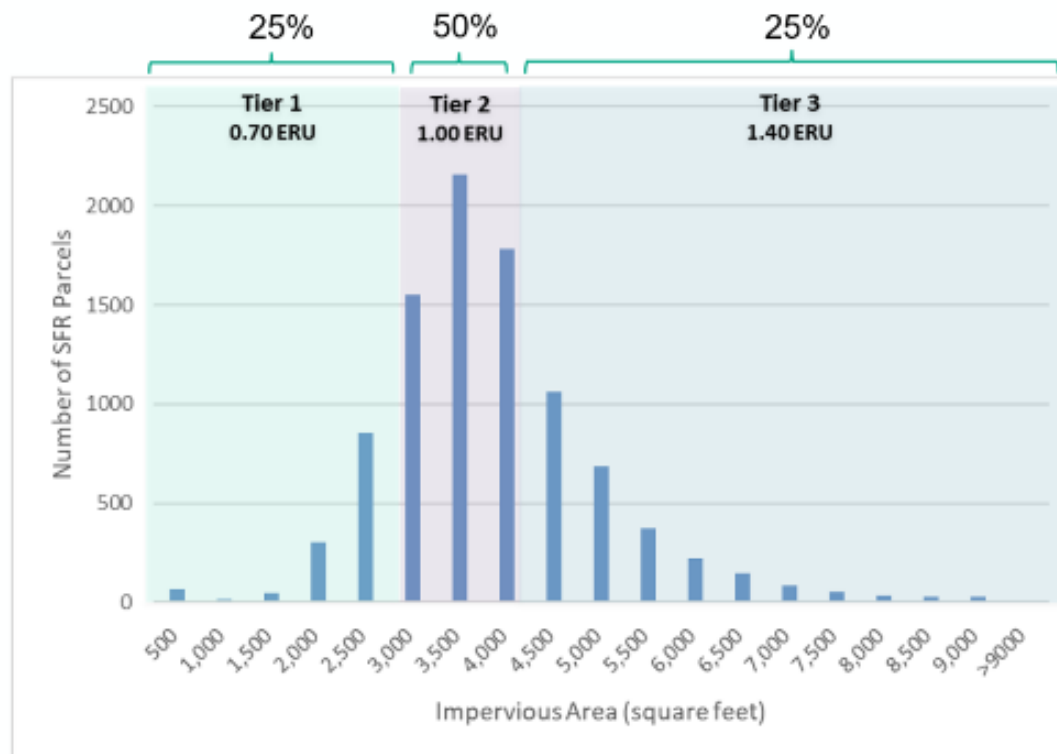


% correct	% incorrect high	% incorrect low
85.5%	6.3%	8.1%

# Tiering –Option 1

Customer Class	Tiers	Breakpoints	ERU Ratio	Parcel Count	Estimated ERUs	Adjusted ERUs
SFR	Tier 1	400 – 2,600	0.70	1,649	1,154	1,302
	Tier 2	2,600 – 4,600	1.00	6,393	6,393	6,326
	Tier 3	> 4,600	1.60	1,499	2,398	2,168
NSFR				1,227	12,709	12,074
SFA				269	188	188
Vacant				445		
<b>Total</b>				<b>11,482</b>	<b>22,843</b>	<b>22,058</b>

# Tiering –Option 2



% correct tier	% incorrect high	% incorrect low
75.9%	16.9%	7.1%

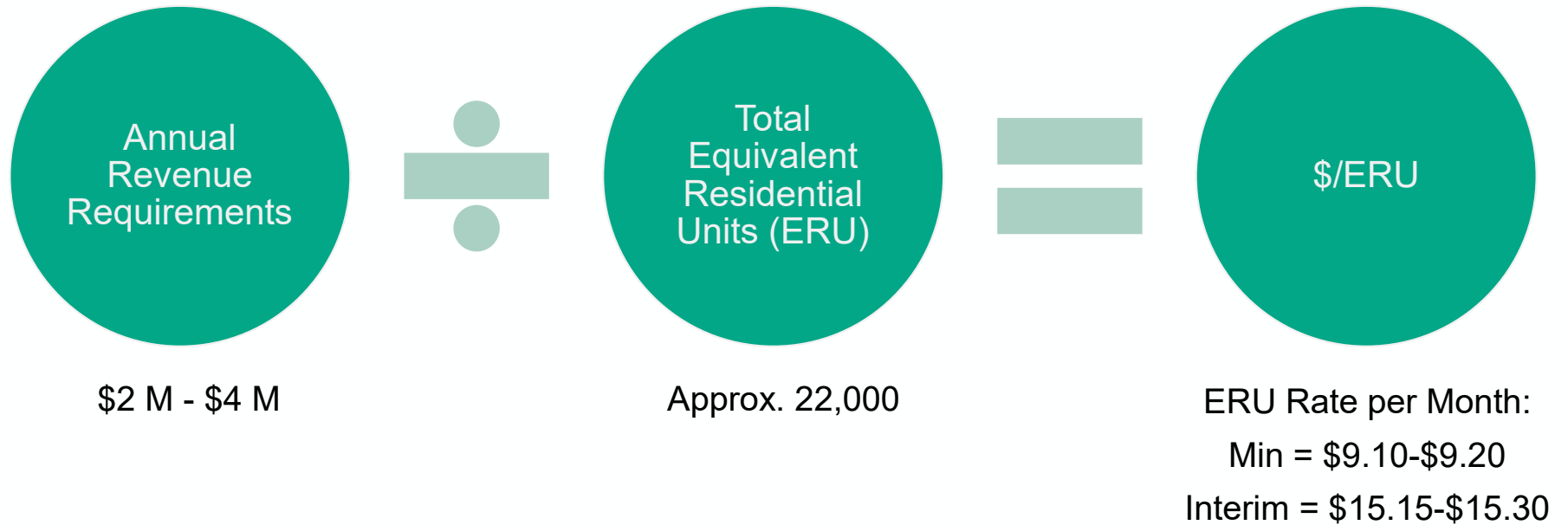
## Tiering –Option 2

Customer Class	Tiers	Breakpoints	ERU Ratio	Parcel Count	Estimated ERUs	Adjusted ERUs
SFR	Tier 1	400 – 2,900	0.70	2,540	1,778	1,870
	Tier 2	2,900 – 4,100	1.00	4,536	4,536	4,675
	Tier 3	> 4,100	1.40	2,465	3,451	3,072
NSFR				1,227	12,709	12,074
SFA				269	188	188
Vacant				445		
<b>Total</b>				<b>11,482</b>	<b>22,662</b>	<b>21,879</b>

## Units of Service - Comparison between Rate Structures

Rate Structure	ERU Count	Adjusted ERU Count
Flat rates, 2024 Evaluation	22,438	21,803
Tiered rates, 15/70/15 Option	22,843	22,058
Tiered rates, 25/50/25 Option	22,662	21,879

# Basic Rate Calculation



# Estimated Residential Rate Options (\$/Dwelling Unit)

Option 1 - Flat Rates	All Customers		
Minimum	\$9.20		
Interim	\$15.30		
Tiered Options	Tier 1	Tier 2	Tier 3
<b>Option 2 - Tiered 15/70/15</b>	<b>[400-2,600]</b>	<b>(2,600-4,600)</b>	<b>=&gt;4,600</b>
<i>Factor</i>	<i>0.70</i>	<i>1.00</i>	<i>1.60</i>
Minimum	\$6.40	\$9.10	\$14.60
Interim	\$10.65	\$15.15	\$24.25
<b>Option 3 - Tiered 25/50/25</b>	<b>[400-2,900]</b>	<b>(2,900-4,100)</b>	<b>=&gt;4,100</b>
<i>Factor</i>	<i>0.70</i>	<i>1.00</i>	<i>1.40</i>
Minimum	\$6.45	\$9.15	\$12.85
Interim	\$10.70	\$15.25	\$21.35



# Sample Non-Single-Family Bills\*

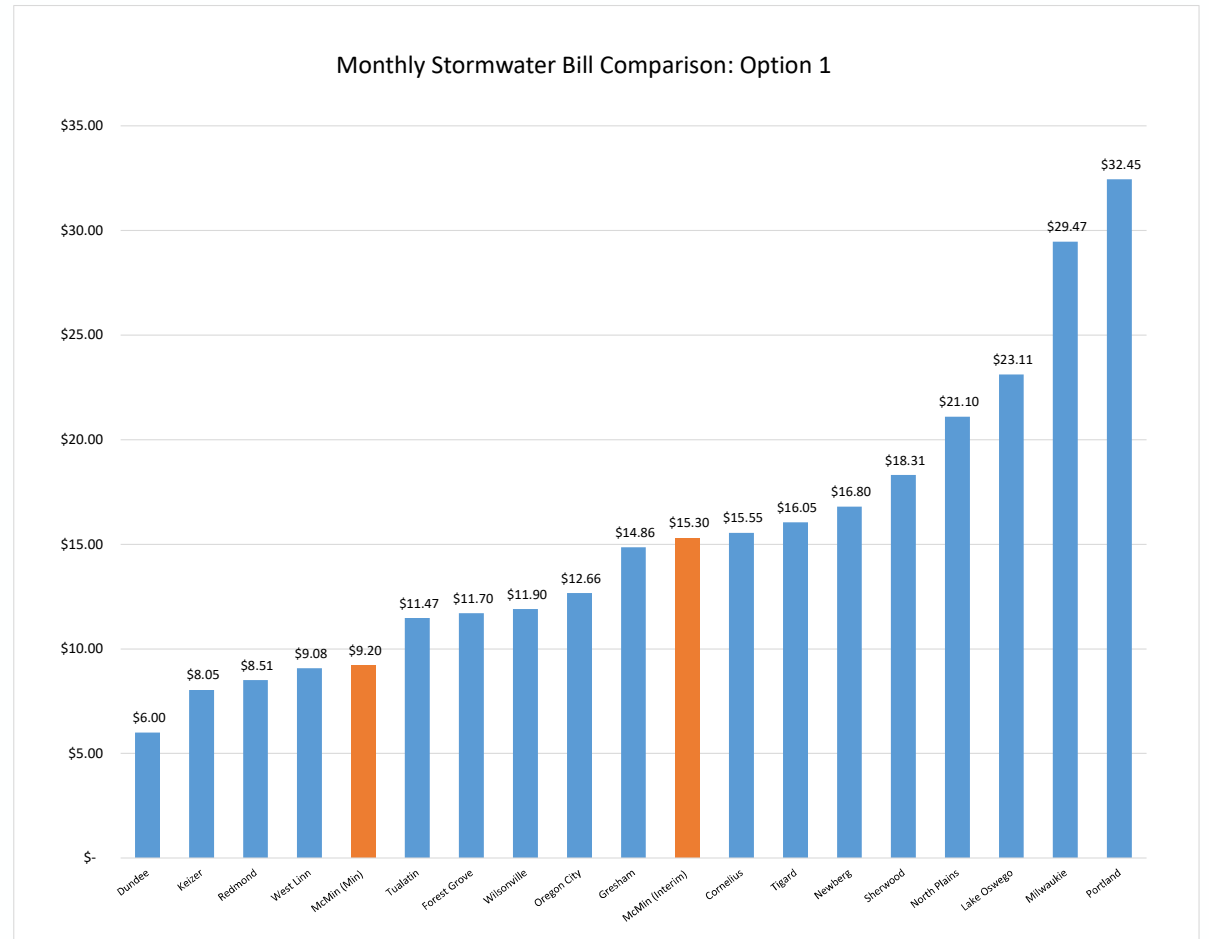
## Monthly cost/ERU

Option 1 (Min)	\$	9.20
Option 1 (Interim)	\$	15.30

Customer class	Impervious area (SQ FT)	ERUs (Rounded)	Option 1 (Min)	Option 1 (Interim)
Multi-Unit (Apartment Complex)	94,500	27.0	\$248.40	\$413.10
Commercial (small)	28,000	8.0	\$73.60	\$122.40
Commercial (large)	395,500	113.0	\$1,039.60	\$1,728.90
Industrial (small)	45,000	13.0	\$119.60	\$198.90
Industrial (large)	961,812	275.0	\$2,530.00	\$4,207.50
Institutional	255,500	73.0	\$671.60	\$1,116.90

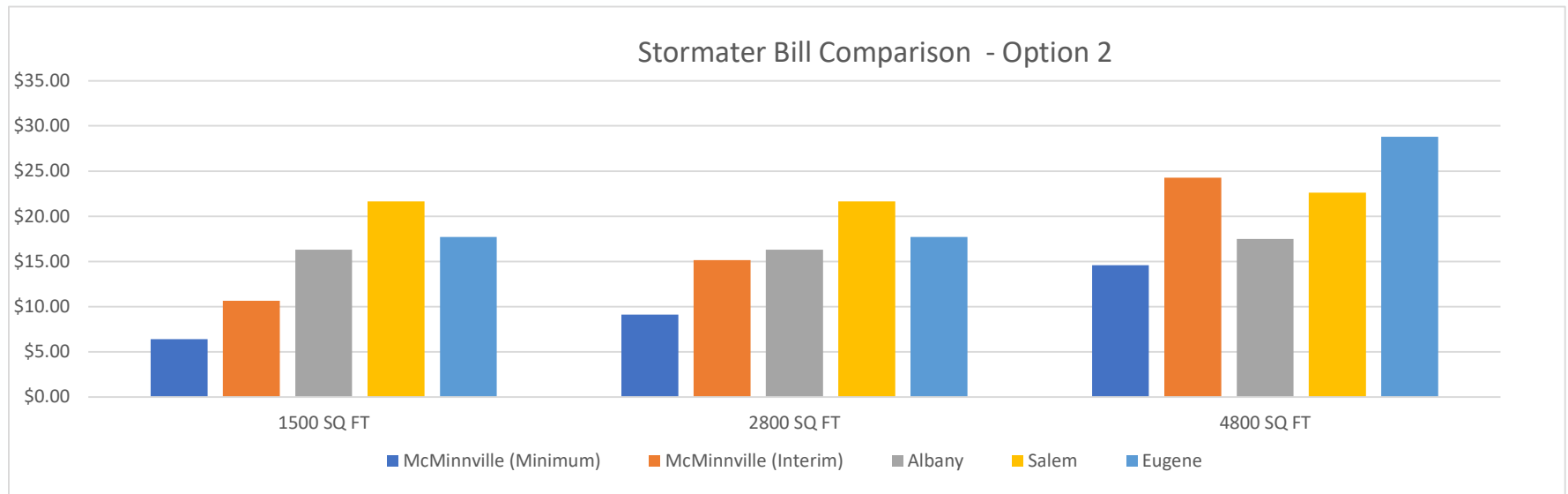
\*Based on Option 1. Nonresidential bills under all options are within 1% of Option 1.

# Rate Comparison: Option 1



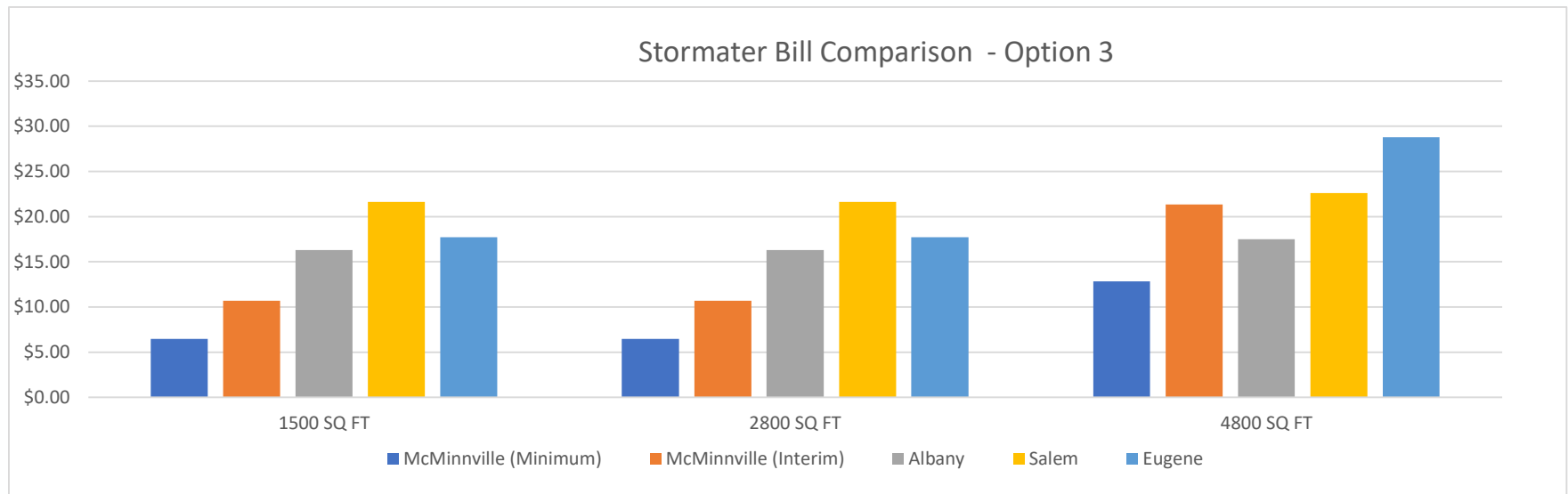
# Rate Comparison: Option 2

- Other city rates include a uniform base charge for all tiers
- Eugene measures structures >3,000 square feet



# Rate Comparison: Option 3

- Other city rates include a uniform base charge for all tiers
- Eugene measures structures >3,000 square feet



# Stormwater Utility Fund

**Next Steps**