Stormwater Utility Analysis

Community Meeting, May 9, 2024

Introductions

Oversight/Policy Direction:

- Geoff Hunsaker, Public Works Director
- James Lofton, City Engineer
- Leland Koester – Wastewater Services Manager

Staff Project Team:

- Andrew Castro, GIS specialist
- Logan Adams, Engineering Technician
- Chip Ullstad, Engineering Project Manager

Consultant Team:

- Deb Galardi – Galardi Rothstein Group
- Chistina Conchilla - Raftelis

Agenda

Community Values & Mission

McMinnville's Stormwater Infrastructure

Regulatory Requirements

Why a Stormwater Utility?

PAC Recommendations / Revenue Requirements

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

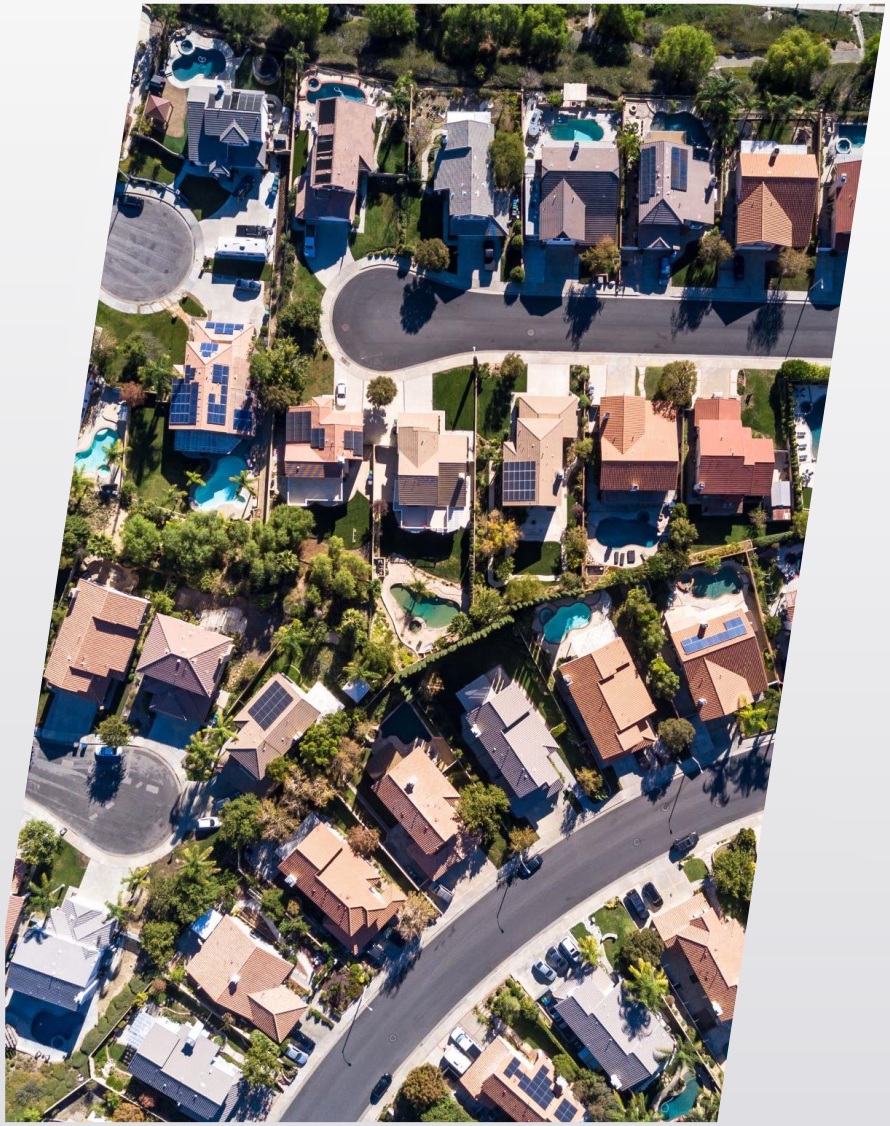
- *Current funding does not fairly allocate costs*

Opportunity

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

Questions?

What is urban stormwater?



As the City grows, development increases impervious areas (rooftops, parking lots, driveways, streets).

- **Runoff from these surfaces flows faster and in greater amounts than before development.**
- **Unmanaged, increased flows can result in localized flooding or “flashy” flooding of larger areas and property damage.**
- **Flows over impervious areas accumulate pollutants that are transported to the stormwater system and eventually drainageways, creeks, rivers.**

What Are Impervious Areas?

- **Examples**
  - Rooftops
  - Driveways
  - Patios
  - Private sidewalks
  - Compacted gravel

Questions?

Source: Raftelis

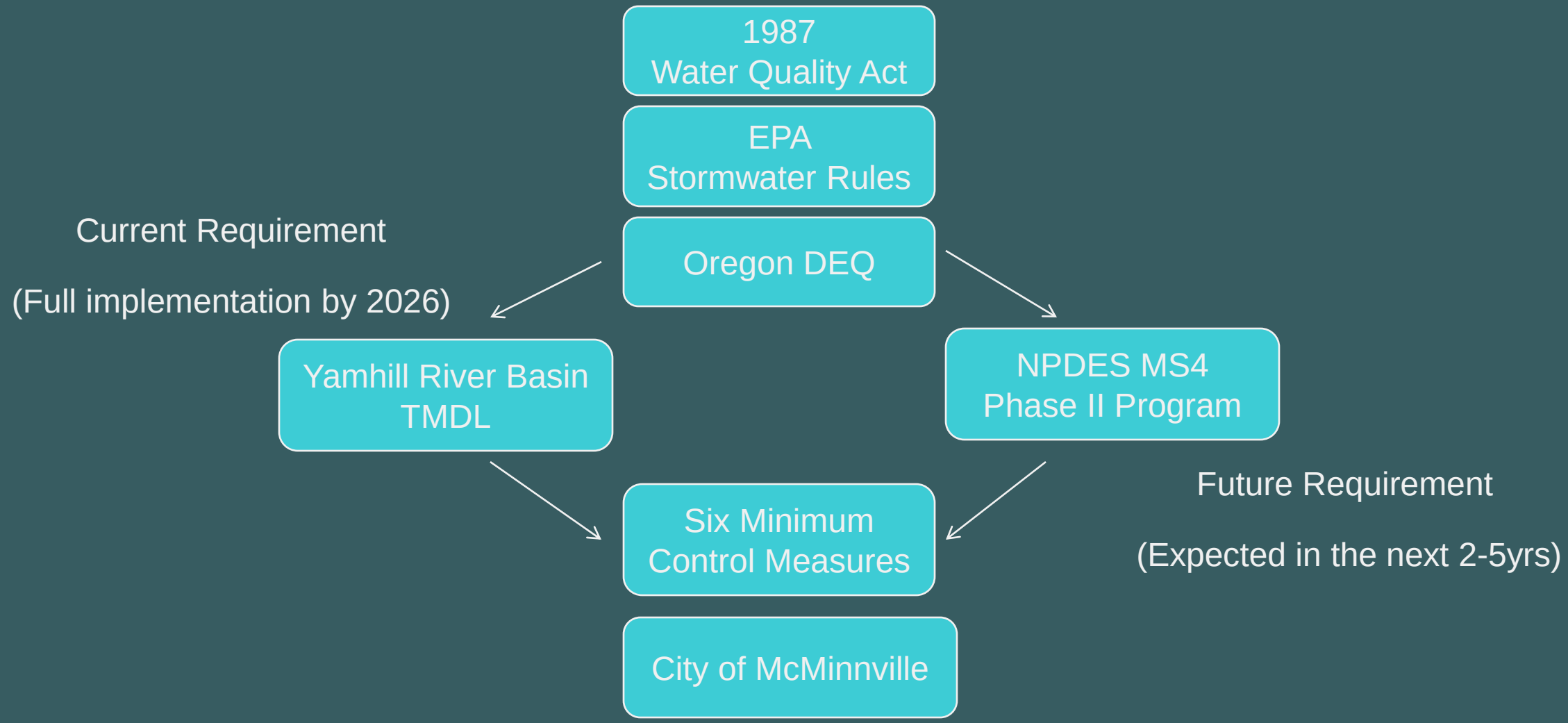
McMinnville's Stormwater Infrastructure

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

Existing Stormwater System Photos/Video

Pathway to Regulation



Impact of urbanization on our watershed

DEQ identifies the South Yamhill River as Water Quality Impaired for:

- Temperature (too hot)
- E. coli (bacterial contamination)
- Heavy metals, Mercury (toxics)
- Nitrogen and phosphorus (nutrients that reduce dissolved oxygen)

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 Requirements

- **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

Questions?

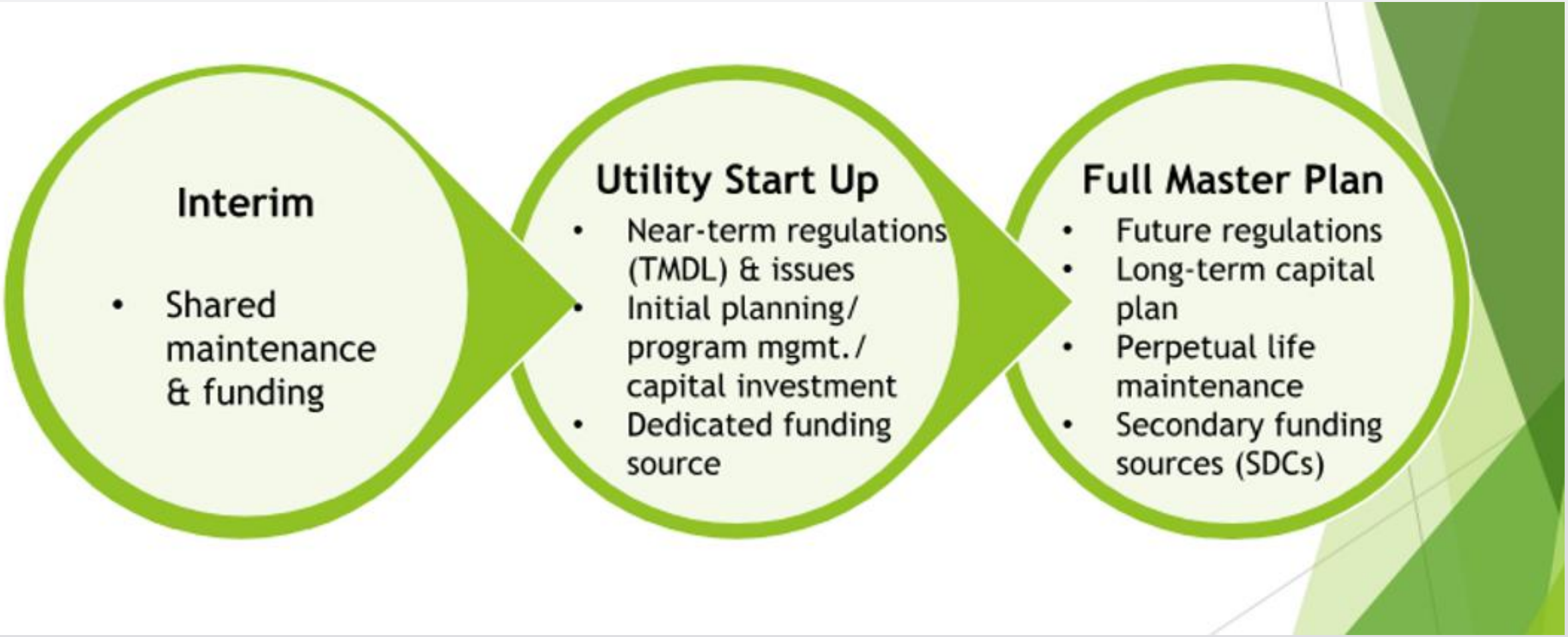
WHY CONSIDER A STORMWATER UTILITY ?

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***

Questions?

Utility Implementation Progression



Implementation Process

Key steps:

- ***Project annual system revenue needs***
- ***Allocate costs to customer classes based on benefit (impervious area)***
- ***Adopt implementing ordinance***
- ***Begin billing***

Current Stormwater Expenses and Needs

Operating costs	Current	Needed
Stormwater Collections	*$62,000*	*$515,000*
Stormwater Operations	*$440,000*	*$ 695,000*
Engineering (regulatory compliance, technical support)	*$118,000*	*$695,000*
Administrative	*-*	*$560,000*
Total Operating (Rounded)	**$620,000**	**$2,500,000**

Capital costs		
Stormwater Master Plan		*$1,500,000*
Total Capital		**$1,500,000**
TOTAL	**$620,000**	**$4,000,000**

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**

Stormwater Utility Recommendations

Project Advisory Committee

Overall Recommendation:

Consensus to move forward with adoption of a stormwater utility

Rate Recommendations

Start with single rate then shift to tiered residential rate structure

The Committee recommends a fixed uniform monthly 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.

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:

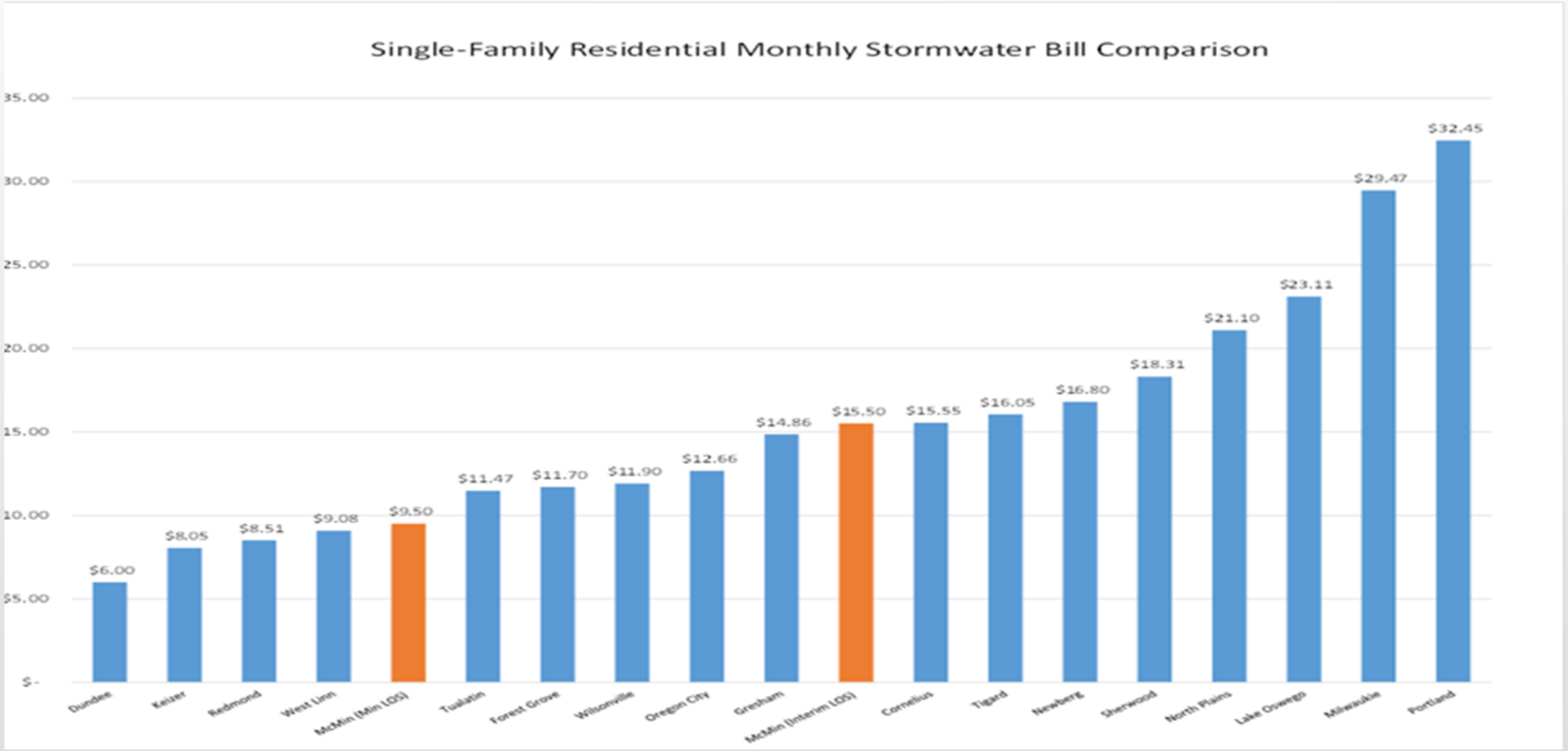
The Committee recommends revenue requirements begin with shared (multiple funds), transition to a utility startup (single fund) in the second year followed by fully funded Stormwater Master Plan rate over a three-year (3) period.

Example monthly rates

Monthly cost/ERU		
Phase 1 (2025)	$	**9.50**
Phase 2 (2026)	$	**12.50**
Phase 3 (2027)	$	**15.50**

Customer class	Impervious area (SQ FT)	ERUs (Rounded)	Minimum Level of Service (FY 2025/26)	FY (2026/27)	Interim level of Service (2027/28)
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 (Apartment 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



Policy Recommendations

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

POTENTIAL IMPLEMENTATION SCHEDULE

MAY 2024

May 9, 2024	City hosts community meeting no. 1

EARLY FALL

August-Oct 2024	City hosts community meeting no. 2

END OF 2024

Oct-Dec 2024	CC considers adoption of stormwater utility

JULY 2025

July 1, 2025	Effective date to start stormwater utility

Stormwater Utility

Thankyou!

Questions/Comments?