

Stormwater/Wastewater Project Advisory Committee

March 13, 2024



Agenda

- **Introductions** Leland Koester 12:00 PM –12:05 PM
- **Overview/Agenda** Chip Ullstad 12:05 PM – 12:10 PM
- **Pending policy questions** All 12:10 PM – 1:10 PM
- **Policy questions previously reviewed** All 1:10 PM - 2:30 PM
- **Process for April 17, 2024, CC work session** All 2:30 PM – 2:45 PM
- **Next Steps** Chip Ullstad 2:45 PM – 3:00 PM

Overall recommendations re: adopting a
Stormwater Utility:

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

Pending Policy
Recommendations

Revenue sources:

Fund services with user fee revenue only or retain some gas tax revenue to lower user fees?

Pending Policy
Recommendations

Should the city continue to use street fund revenues to pay for stormwater services

Base assumption: Curbs, gutters and catch basins are integral to the stormwater system. Street sweeping is a stormwater related service.

- ▶ **Pros:** Reduces revenue requirements and stormwater rates for all customer classes.
- ▶ **Cons:** Continues to divert limited revenue needed for street preservation purposes. Retaining a portion of gas tax revenue to fund stormwater demands will not allow for a higher level of preventative maintenance and repairs of local and arterial streets.
- ▶ **Proposal:** Consistent with industry practices, include street sweeping and emergency response to localized flooding in stormwater revenue requirements. Street sweeping reduces solids that would otherwise discharge to waterways and potentially result in enforcement of state and federal water quality standards.

Pending Policy
Recommendations

Minimum fund reserve:

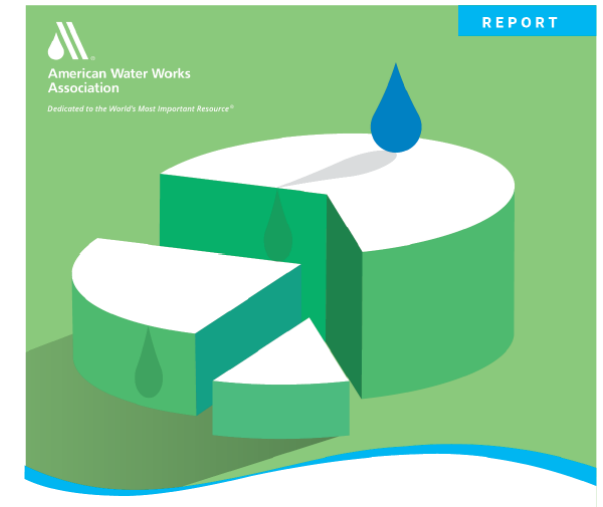
Should a fund reserve be created for emergency capital and operating needs?

Pending Policy
Recommendations

Cash reserves guidelines

“Cash reserve balances are a critical component to a utility’s financial resiliency and sustainability.”

- ▶ Local policy question, but industry benchmarks range from 2-12 months operating expenses.
- ▶ Interim service level targets approx. 3 months operating.



Cash Reserve Policy Guidelines

Pending Policy
Recommendations

Phasing, cash flow and rate survey update

Should rates be phased in over three (3) years?

*(this is shown as a “need to confirm” from February’s meeting.
Phasing specifics are shown in later slides)*

**Pending Policy
Recommendations**

DRAFT Cash flow with phased in rates

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
Beginning Balance	\$0	\$250,000	\$411,077	\$641,378	\$773,747
Monthly Rate (\$/ERU)	\$9.50	\$12.50	\$15.50	\$16.04	\$16.60
Equivalent Residential Units (ERUs) ¹	21,692	21,801	21,910	22,019	22,129
Creditable ERUs ²	(361)	(361)	(361)	(361)	(361)
Billable ERUs	21,331	21,440	21,549	21,658	21,768
% of Initial FY Effective ³	42%	100%	100%	100%	100%
Estimated Sales Revenue	1,013,237	3,215,964	4,008,070	4,169,442	4,337,309
Other Revenue					
Other fees and charges	\$0	\$0	\$0	TBD	TBD
Interest Income	-	2,500	4,111	6,414	7,737
System Development Charges ⁴	-	-	-	TBD	TBD
Transfers - Wastewater	-	-	-	-	-
Total Resources	1,013,237	3,218,464	4,012,181	4,175,856	4,345,047
Revenue Requirements⁵	<i>Delayed</i>		<i>Interim</i>	<i>Post-Master Plan</i>	
	<i>Implementatio</i>	<i>Phased</i>	<i>Service +</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 ⁶	60,794	192,958	240,484	250,167	260,239
Capital Outlay ⁴	-	-	900,000	925,000	950,000
Professional Service	-	-	225,000	231,250	237,500
Master Planning	286,343	1,213,657	-	-	-
Total Requirements	\$763,237	\$2,807,388	\$3,370,803	\$3,402,109	\$3,513,280
Ending Fund Balance	\$250,000	\$411,077	\$641,378	\$773,747	\$831,767
Unreserved	-	11,077	(8,622)	23,747	6,767
Reserved (Contingency) ⁷	250,000	400,000	650,000	750,000	825,000
Total Sources	\$1,013,237	\$3,218,464	\$4,012,181	\$4,175,856	\$4,345,047
Total Uses	\$1,013,237	\$3,218,464	\$4,012,181	\$4,175,856	\$4,345,047

Example monthly stormwater rates

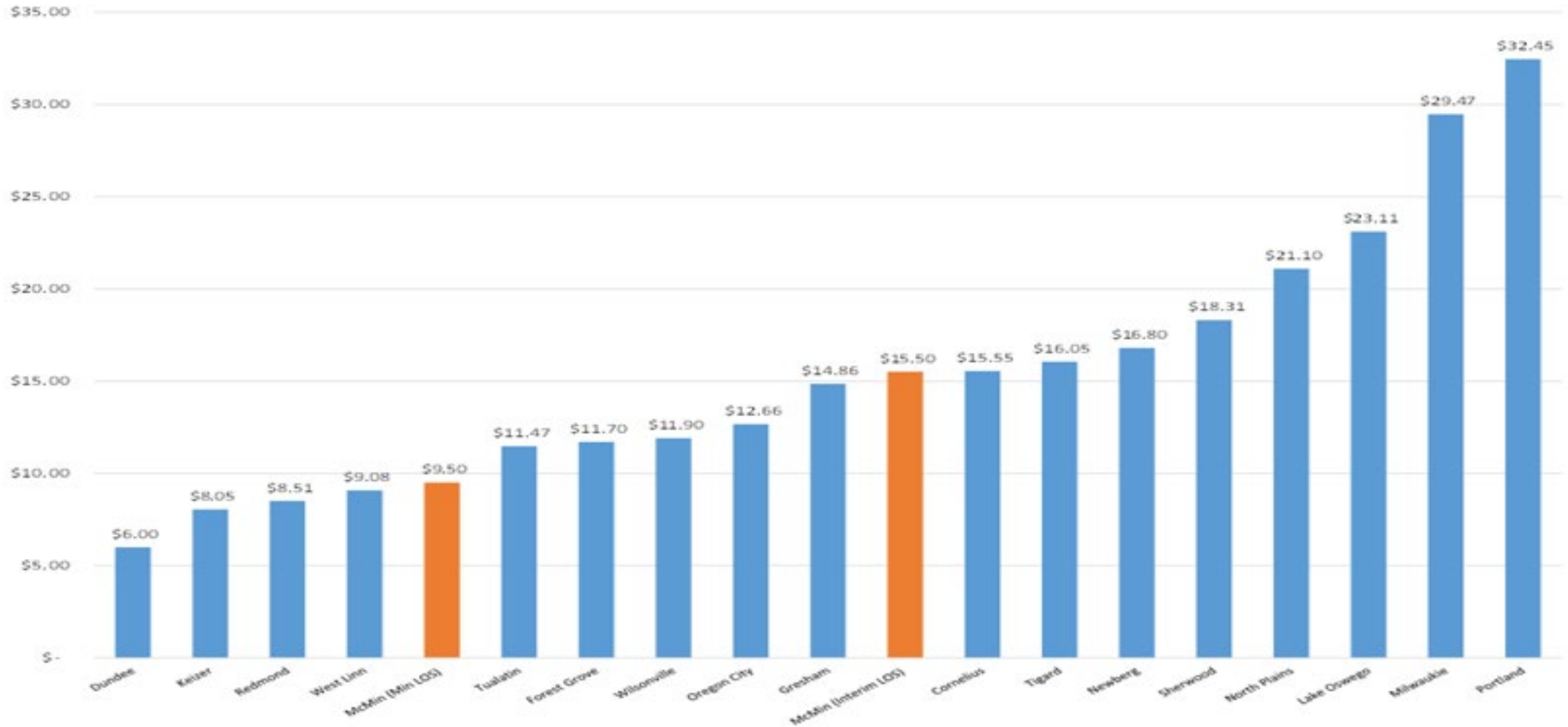
Monthly cost/ERU

Phase 1 (2024)	\$	9.50
Phase 2 (2025)	\$	12.50
Phase 3 (2026)	\$	15.50

Customer class	Impervious area (SQ FT)	ERUs (Rounded)	Minimum Level of Service (2024)	Phase 2 (2025)	Interim level of Service (2026)
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

Updated single family stormwater rate survey

Single-Family Residential Monthly Stormwater Bill Comparison



Policy issues previously reviewed by the committee:



FINANCIAL RECOMMENDATIONS



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.

Policy issues previously reviewed by the committee:

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 issues previously reviewed by the committee:

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.

Policy issues previously reviewed by the committee:

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.

Policy issues previously reviewed by the committee:

Policy issues previously reviewed by the committee:



RATE STRUCTURE

Stormwater Management Program

November 1, 2022



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)

Policy issues previously reviewed by the committee:

Multifamily/Commercial/Industrial/Institutional

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

Policy issues previously reviewed by the committee:

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.

Policy issues previously reviewed by the committee:

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.

Policy issues previously reviewed by the committee:

Administrative appeal

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

Policy issues previously reviewed by the committee:

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 Stormwater Master Plan Update.

Policy issues previously reviewed by the committee:

Policy issues previously reviewed by the committee:



BILLING POLICIES



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.

Policy issues previously reviewed by the committee:

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.

Policy issues previously reviewed by the committee:

Rounding for non-residential customers

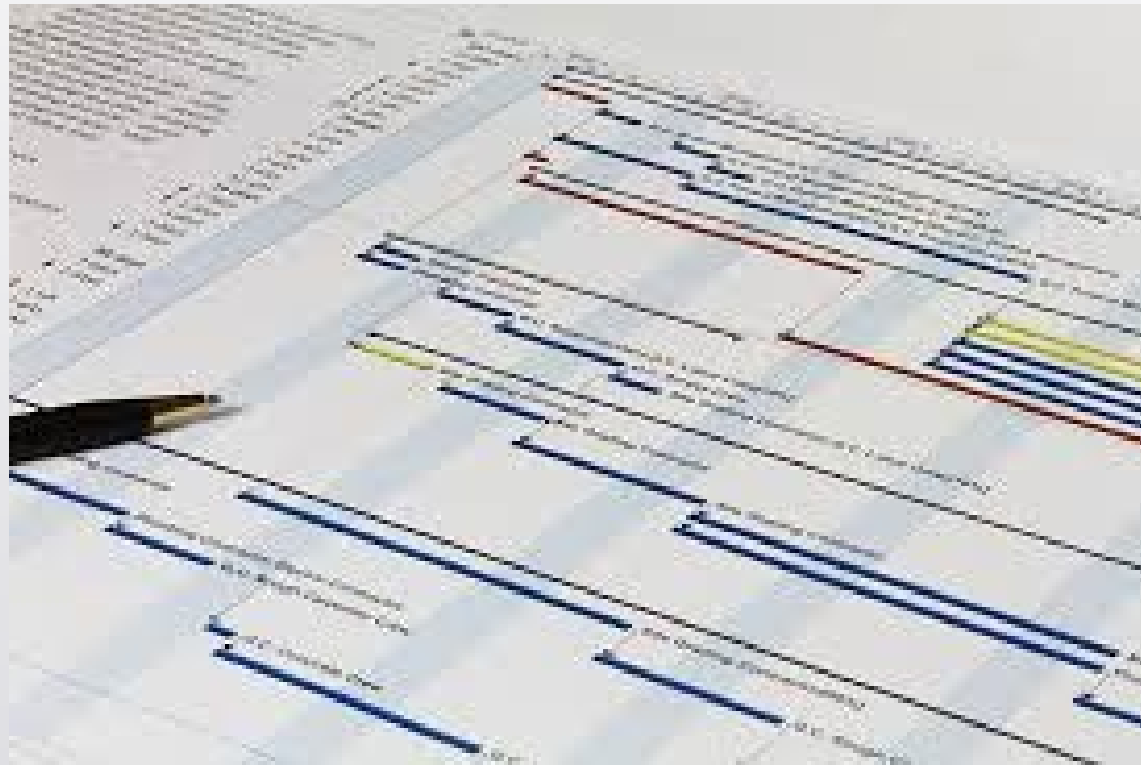
The Committee recommends billing for non-single family residential properties be rounded up to the nearest whole ERU.

Policy issues previously reviewed by the committee:

Policy issues previously reviewed by the committee:



NEXT STEPS



Next Steps: Preliminary schedule

DEVELOPMENT/ADOPTION SCHEDULE

MARCH 2024

- ▶ March 13, 2024 (Wednesday) Project Advisory Committee Meeting No. 4

APRIL 2024

- ▶ April 17, 2024 (Wednesday) CC work session, update and PAC recommendations

MAY 2024

- ▶ May 7, 2024 (Tuesday) City hosts community meeting
- ▶ May 22, 2024 (Wednesday) CC work session, update from community meeting

JUNE 2024

- ▶ June 11, 2024 (Tuesday) CC public hearing, adoption of stormwater utility
- ▶ June 25, 2024 (Tuesday) CC public hearing continued, ordinance adopted

JULY 2024

- ▶ July 9, 2024 (Tuesday) CC adopts IGA
- ▶ July 16, 2024 (Tuesday) MWL adopts IGA

SEPTEMBER 2024

- ▶ September 17, 2024 (Tuesday) MWL/City, progress meeting with software vendor

OCTOBER 2024

- ▶ October 15, 2024 (Tuesday) Software vendor completes billing system update.

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