

Water Environmental Services

Sanitary and Stormwater Rules and Standards Workshop #4 – Fiscal Policies

December 5 | 2018



Today's Plan

- Project Overview
- Background and Terminology
- Policy Issues Discussion
- Wrap-up and Next Steps

- Collection Sewer Charge
- Reimbursement Districts
- EDUs
- Low Income Discounts
- Installment Payments
- Stormwater Fee in Lieu

Project Overview

Goals, Status, Process

WES Rules and Standards

Project Goals and Objectives

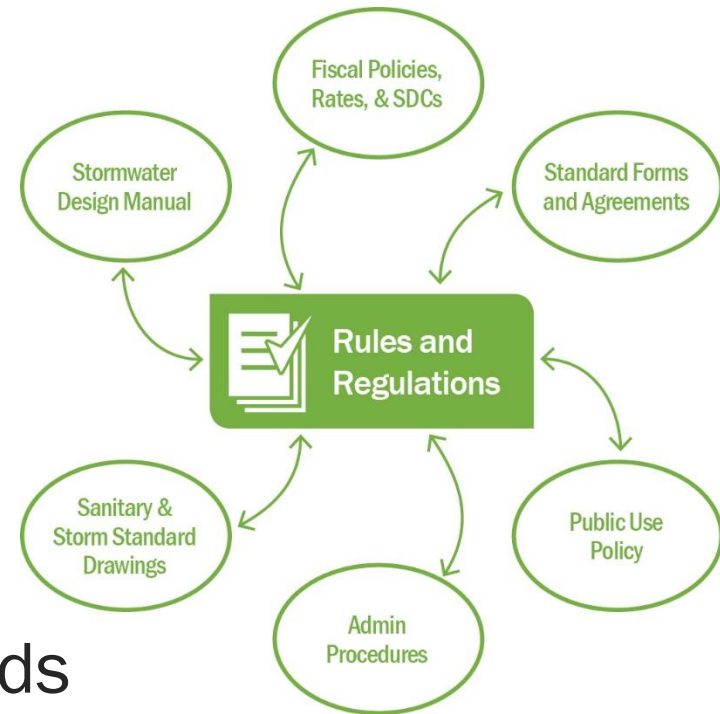
Develop consistent, comprehensive sanitary and stormwater rules and standards for TCSD, CCSD, and SWMACC

Engage WES Staff and external stakeholders to identify and resolve key policy issues

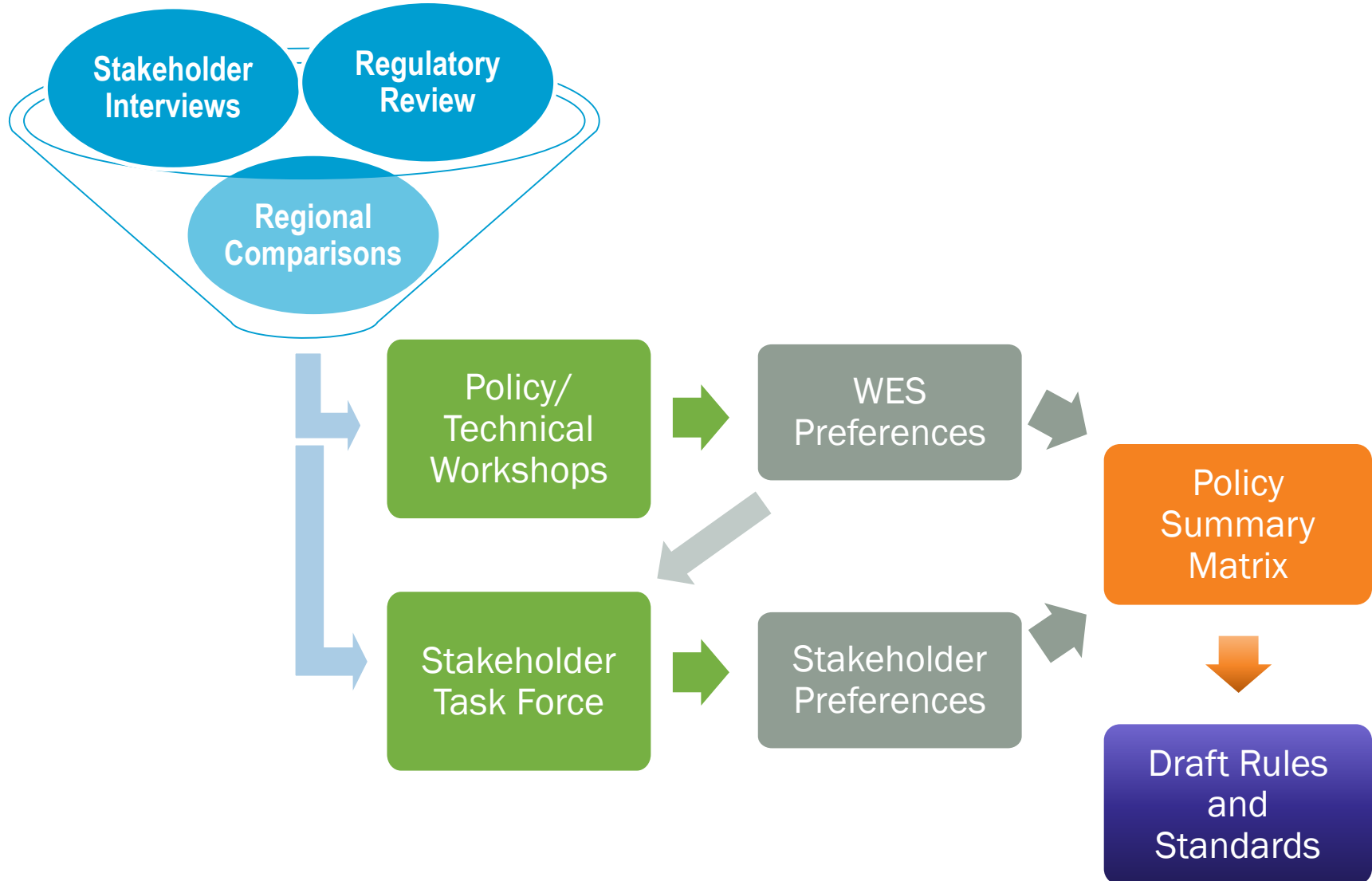
Develop consensus and understanding among stakeholders, and create a clear project road map

Project Outcomes

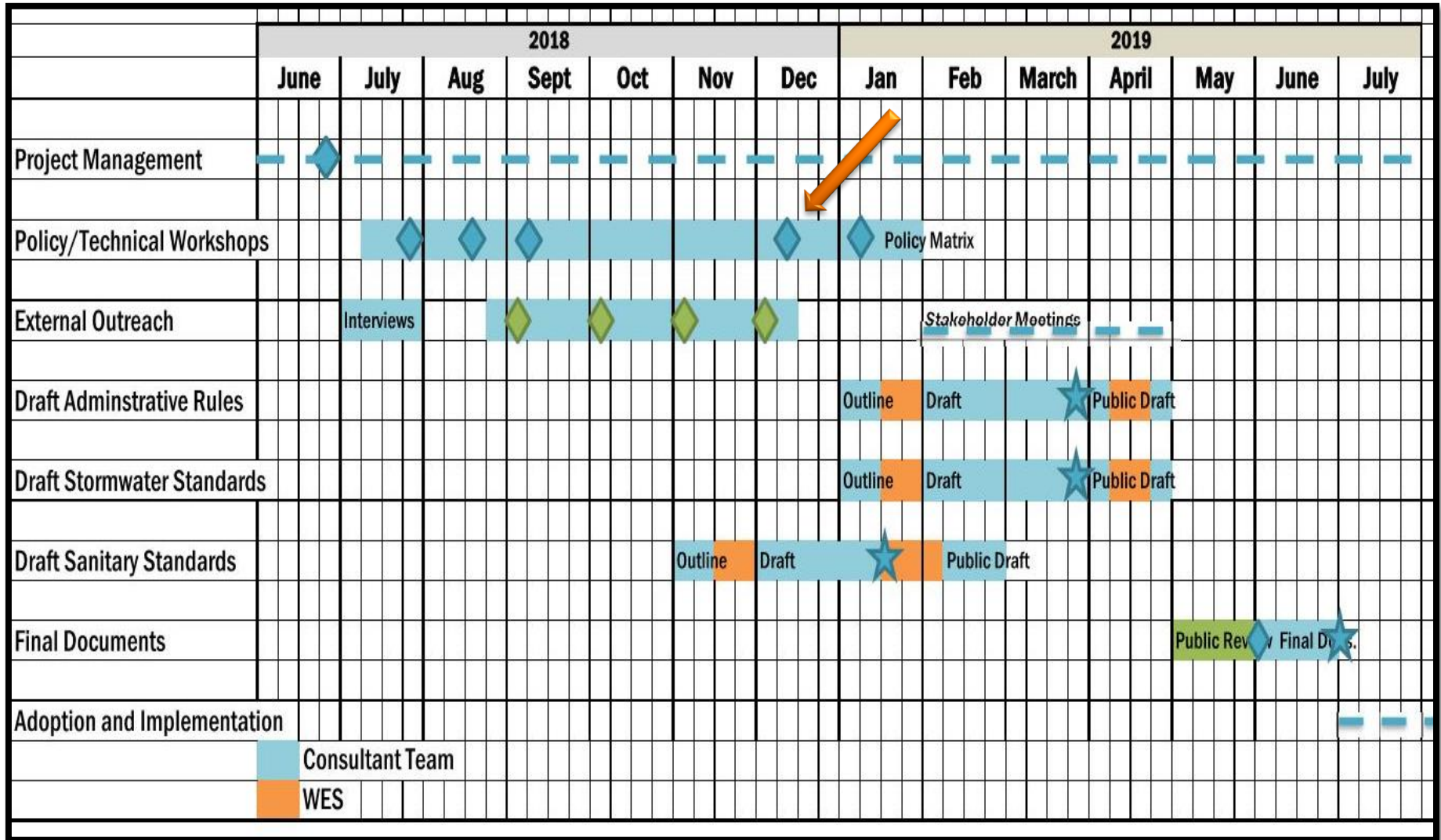
- Streamlined WES Rules
 - Sanitary Rules
 - Stormwater Rules
 - **Fiscal Practices**
 - Public Use of WES Properties
- Sanitary and Stormwater Standards
 - Submittals
 - Design Standards
 - Typical Facility Cross Sections
 - Administrative Procedures
 - Standard Forms and Agreements
- Standard Details – Separate Effort



Policy Setting Process



Current Schedule



Task Force Meetings

Meeting #1 – Kick-off

- Project Overview
- Hot Topics
- Stormwater Facility Selection



Meeting #2 – Stormwater, pt. 1

- Infiltration Feasibility
- Flow Control Strategy
- Stormwater Facility Sizing Tools



Meeting #3 – Stormwater, pt. 2 (today)

- Stormwater Submittals
- Rural Exceptions
- Downstream Analysis



Meeting #4 – Fiscal Policies & Sanitary Sewer (January 17)

- Sanitary Pump Stations
- Reimbursement Districts
- Sanitary Rate Table
- Industrial Pretreatment and Extra Strength Charges

Fiscal Policies

Background and Terminology

Guiding Objectives

- Consistency
- Equity
- Regional Alignment
- Clear Interpretation and Application

Fiscal Policy Categories

Local System Cost Recovery

Collection sewer
charges

Reimbursement
Charges

SDC and Rate Assessment

EDU Definition
(SDC)

Low Income
Discounts (Rates)

Administration

Installment
Payments/
Agreements

Definitions

- **Collection Sewer Charge**
 - Allows for recovery of prior investment by local government in the local sanitary
- **Reimbursement Charge**
 - Allows for recovery of prior investment by developers in the local sanitary system; charges collected by local government and remitted back to developer
- **Equivalent Dwelling Units (EDU)**
 - A unit of measurement of sewer usage which is assumed to be equivalent to the usage of an average dwelling unit
- **User Charge**
 - A unit based on water consumption (1,000 cf) and strength of sewage (200 mg/l) of a single dwelling unit, by which all users of the sanitary sewers may be measured.
- **System Development Charge**
 - A unit, based upon a single dwelling unit or its equivalent, for connecting to the District sewerage system.

Fiscal Issues Evaluation Process

Policy Issue Identification

- Stakeholder Interviews
- Internal Discussions
- Policy Gaps



Evaluate Options

- Local and Regional examples
- Pros and Cons
- Impact to Rate Payers



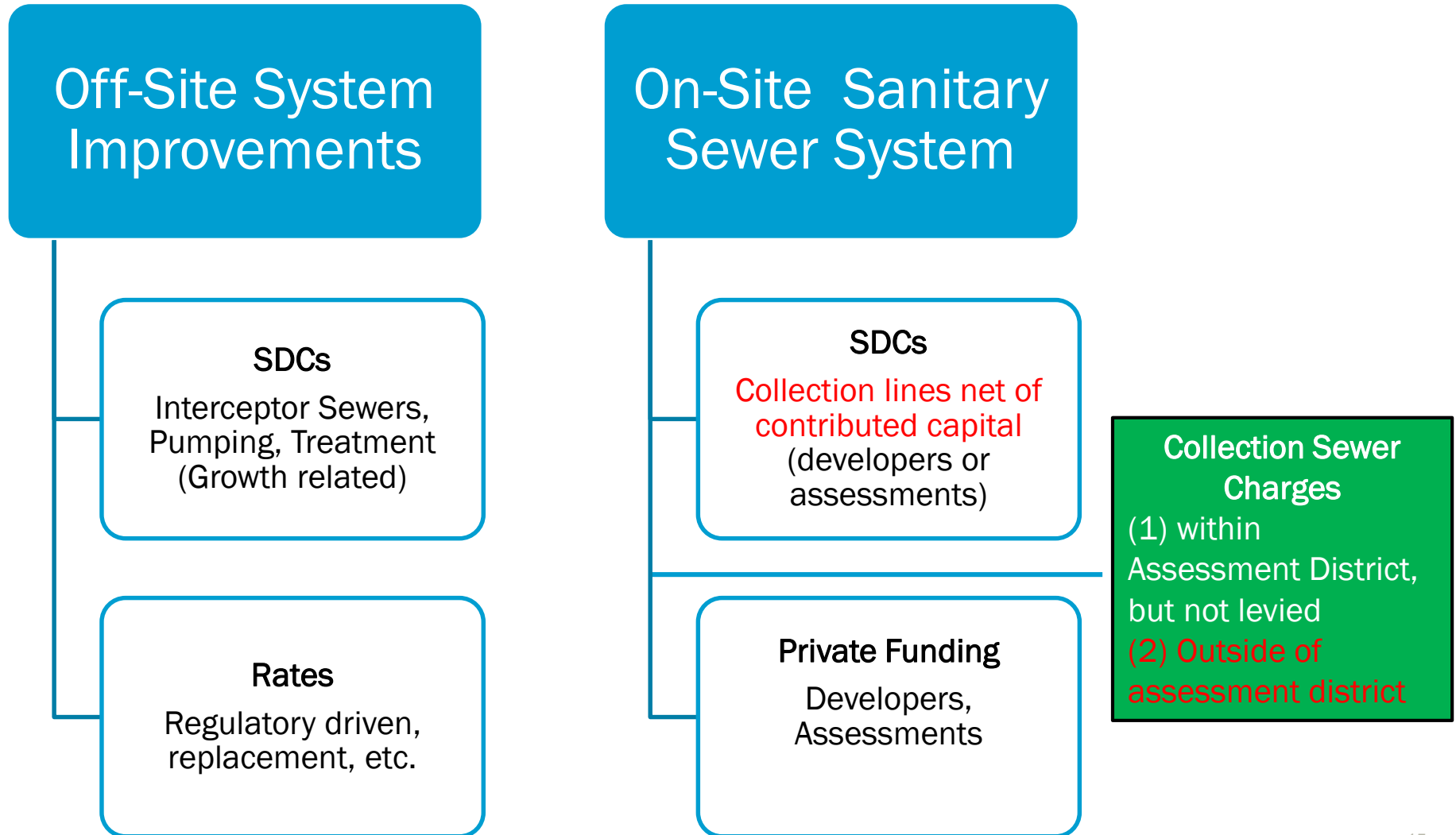
- Collection Sewer Charge
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- EDUs
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Policy Recommendation

- Financial Impacts to WES
- Implementation

Policy Issues

Collection Sewer Charges: Context



Collection Sewer Charges vs. Reimbursement Charges*

Element	Collection Sewer Charge	Reimbursement District
Source of initial investment	District or developer	Developer
Types of projects	Sanitary sewer collection (currently)	Sanitary or stormwater extensions or oversizing
Basis for charge	Proportionate cost	Proportionate cost
Time period	Indefinitely	10 years
Administration	Track boundaries, costs, prior assessments, collection	Developer application review, adoption process (public hearing), collection & remittance

*Clean Water Services, City of Happy Valley

Collection Sewer Charge Summary

- Current Policy: Charged to properties that have not previously been assessed; at time of connection

Option	Pros	Cons
Status Quo – Collection Sewer Charge	<ul style="list-style-type: none">• Additional revenue source if developers won't pay• Maintains equity for facilities funded by developers or within assessment district	<ul style="list-style-type: none">• Higher up-front investment if District pays• Potential overlap with SDC (includes collection line value net of contributed capital)
Reimbursement District	<ul style="list-style-type: none">• Lower upfront funding - developer pays• Shorter recovery period (10 years vs. ongoing)	<ul style="list-style-type: none">• <i>May</i> be higher administrative costs, but may be offset with administrative fees• <i>May</i> not be feasible for developers to fund all projects

Installment Payments

- Context: Allows for payment of SDCs & Connection Sewer Charges over time rather than a lump sum at time of connection
- Current Policy: Varies slightly by rate zones

Element	District	Other Examples
Eligibility	<ul style="list-style-type: none"> • SDC > 2X single family unit charge (CCSD #1) • Any amount if undue financial hardship (TCSD) 	<ul style="list-style-type: none"> • Some limit to residential and multifamily development only; others include all development • County TSDC caps amount that can be financed (\$0.5 m)
Program	<ul style="list-style-type: none"> • 20 semi-annual payments; secured by a lien on the property; interest on unpaid balance 	<ul style="list-style-type: none"> • Basic model consistent with all other programs • Interest rates and administrative charges vary

Low Income Discounts

- Context: Provide reductions in user charges for qualified users
- Current Policy: Varies slightly by zones

Element	District	Other Examples
Eligibility	<ul style="list-style-type: none"> • CCSD #1: Senior and income limited • TCSD: Income only: max <185% of US poverty guidelines 	<ul style="list-style-type: none"> • 2-Tier programs (low income and extremely low income); • Median Family Income as basis
Program	<ul style="list-style-type: none"> • 50% of monthly service charge 	<ul style="list-style-type: none"> • Basic model consistent with all other programs • Higher % discount for tier 2 • Crisis voucher program for single family or multifamily

EDU Determination - SDCs

- Context: Estimate sewer system impact relative to a residential customer
- Current Policy: Varies by customer type

Element	District	Other Examples
Institutional	<ul style="list-style-type: none">• EDUs based on students, seats/sq. ft. (church), beds (hospital)	<ul style="list-style-type: none">• Plumbing fixtures• Plumbing fixture units• Water meter size
Commercial - Specific	<ul style="list-style-type: none">• EDUs based on rooms (lodging), seats (restaurants), stalls (car wash), machines (laundry)	

EDU Determination – General Commercial and Industrial

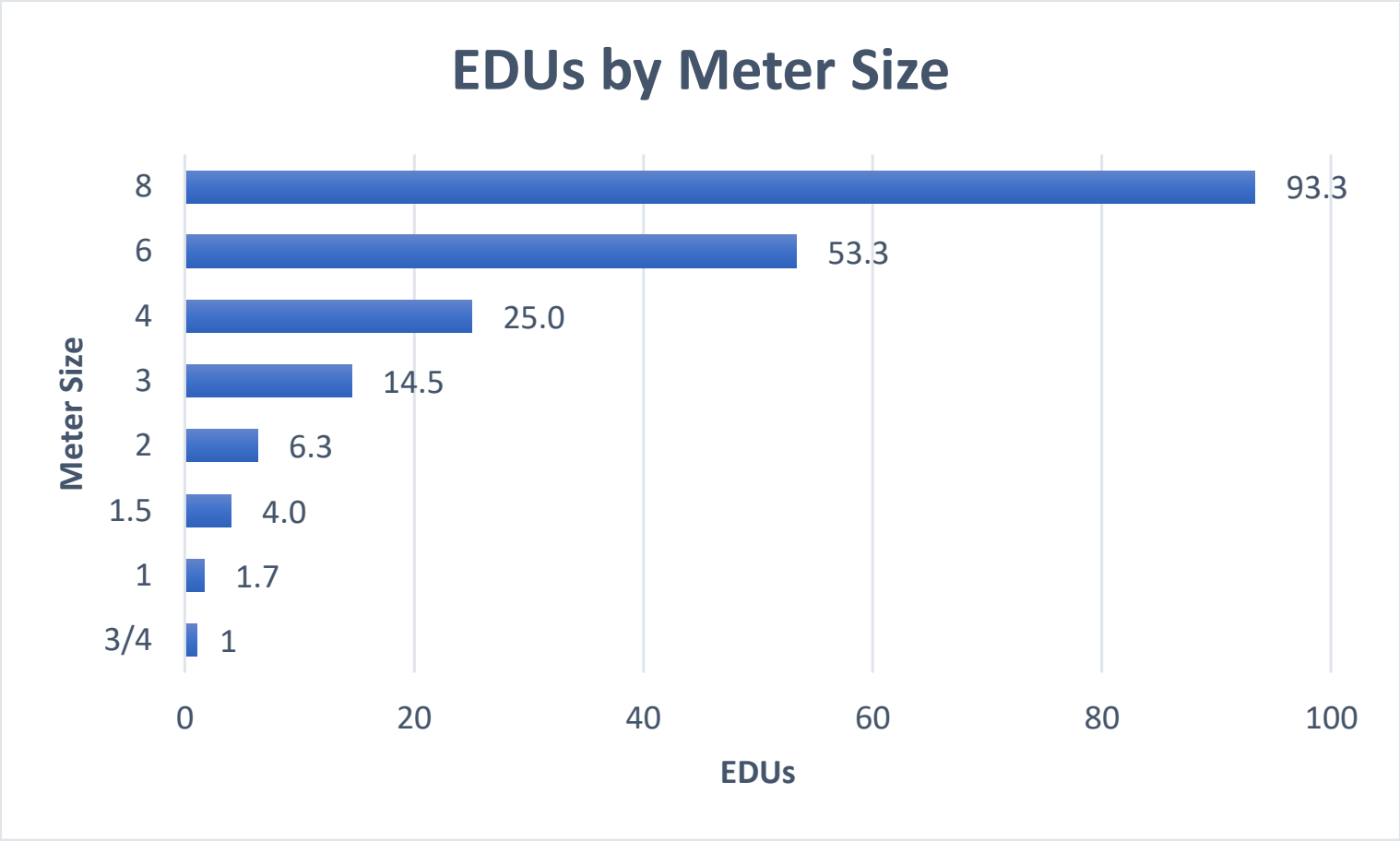
- Heavy industrial Definitions
 - District > 10K gpd, 200 lbs/day BOD/TSS
 - CWS - Major >25K gpd or 800 mg/l COD or 400 mg/l TSS

Element	District	Other Examples
Commercial – General (general office, retail, etc)	<ul style="list-style-type: none"> • The lesser of: <ul style="list-style-type: none"> a) 1 EDU per 1,900 sq. ft. or less of interior floor space, b) 1 EDU per 1/4 acre or fraction thereof of land acre but not less than 50% of the maximum charge resulting from a) or b) 	<ul style="list-style-type: none"> • Plumbing fixtures • Plumbing fixture units • Water meter size
Heavy Industrial	<ul style="list-style-type: none"> • Based on actual cost to the District but not less than Class 30 (General Commercial) 	<ul style="list-style-type: none"> • Permitted monthly average flow or load, either: 1) highest method, or 2) sum of both flow and load components

General Commercial EDU Comparison

EDU Comparison based on Square Footage				
General Commercial				
Business Type	WES	Bend	Napa San. District	Sacramento Regional San. District ¹
<i>Square footage equivalent for 1 EDU.....</i>				
Office	1,900	2,000	4,545	3,300-5,000
Retail	1,900	2,000	3,800-4,500	5,000-10,000
Warehouse	1,900	(2)	20,000	10,000
¹ Office split based on sq.ft. (200,000); retail split 100,000 sq.ft. (2) 0.09 EDU/ employee (11.1 emp = 1 EDU)				

EDU Determination – Meter Size Example



Industrial SDC Method Comparison

Industrial SDC Methods Comparison			
Component	WES (Actual Costs) ¹	CWS (EDU Max) ²	Napa San. District (EDU Weighted) ³
Flow	\$/mgd	625 gpd	210 gpd
BOD	\$/1,000 lbs/day	0.7 ppd	175 mg/l
TSS	\$/1,000 lbs/day	0.7 ppd	200 mg/l
¹ Indicates not less than commercial calculation. City of Albany and Salem, and Sacramento RSD also based on actual costs			
² Whichever component yields highest EDU			
³ Calculated using the average daily flow, BOD and TSS data for the anticipated peak 30-day period			

SDC EDU Options Summary

Option	Pros	Cons
Status Quo – Vary by customer type	<ul style="list-style-type: none"> • Current practices • Allows for some variation across uses and within use categories 	<ul style="list-style-type: none"> • Same assumptions apply to wide range of uses • Basis for assumptions not well established
Plumbing Fixtures	<ul style="list-style-type: none"> • Basis is specific to sewer; no need to identify fixture types 	<ul style="list-style-type: none"> • Administration requires identifying number of fixtures • not all fixtures likely to have same impact
Fixture Units	<ul style="list-style-type: none"> • Basis is specific to sewer 	<ul style="list-style-type: none"> • Administration requires identifying number of fixtures, types and equivalencies
Meter Size	<ul style="list-style-type: none"> • Easy to administer 	<ul style="list-style-type: none"> • Sizing may reflect non-sewer use requirements • Few categories with significant variation
Actual Use	<ul style="list-style-type: none"> • Most equitable for large industrial 	<ul style="list-style-type: none"> • Requires estimating actual flows and loads

Stormwater Fee-in-Lieu Program

- Definition
 - Allows applicants to provide financial payment when site restrictions preclude the installation of required stormwater management facilities
 - Offsite mitigation fee
- NPDES MS4 Permit Requirement
- Strong interest from stakeholder group
- Local/Regional Examples
 - Most have fee in lieu option for restricted sites
 - Limited information regarding rates and/or calculation methodology
 - CWS and Gresham: using fees for regional facilities



Stormwater Fee-in-Lieu Program



- Questions
 - Is fee-in-lieu always an option or only for restricted sites?
 - Would fees reimburse WES for specific regional facilities? Will WES invest in facilities ahead of development activity?
 - Would fees contribute to a general fund for future projects in the same basin or watershed?
 - What types of projects would be paid through fee-in-lieu?

Stormwater Incentives/Credits

- Current policy allows stormwater fee reduction for sites that have stormwater facilities beyond requirements
 - Up to 33% fee reduction for 100-year water quality treatment
 - Up to 33% fee reduction for 100-year flow control
- Local Regional Examples
 - Most local agencies have eliminated fee reduction incentives
 - Portland previously downspout disconnection program to reduce stormwater fees
 - Most local agencies offer impervious area reduction “credit” through pervious pavements and green roofs
 - Tree retention and planting is less common



Wrap Up Discussion

Wrap Up



- Fiscal Policy Decisions
- Topics for Further Discussion
- Follow-up Assignments
- Next Workshop