

# *Stormwater Utility Development*



**COUNCIL WORK SESSION**

**March 7, 2016**



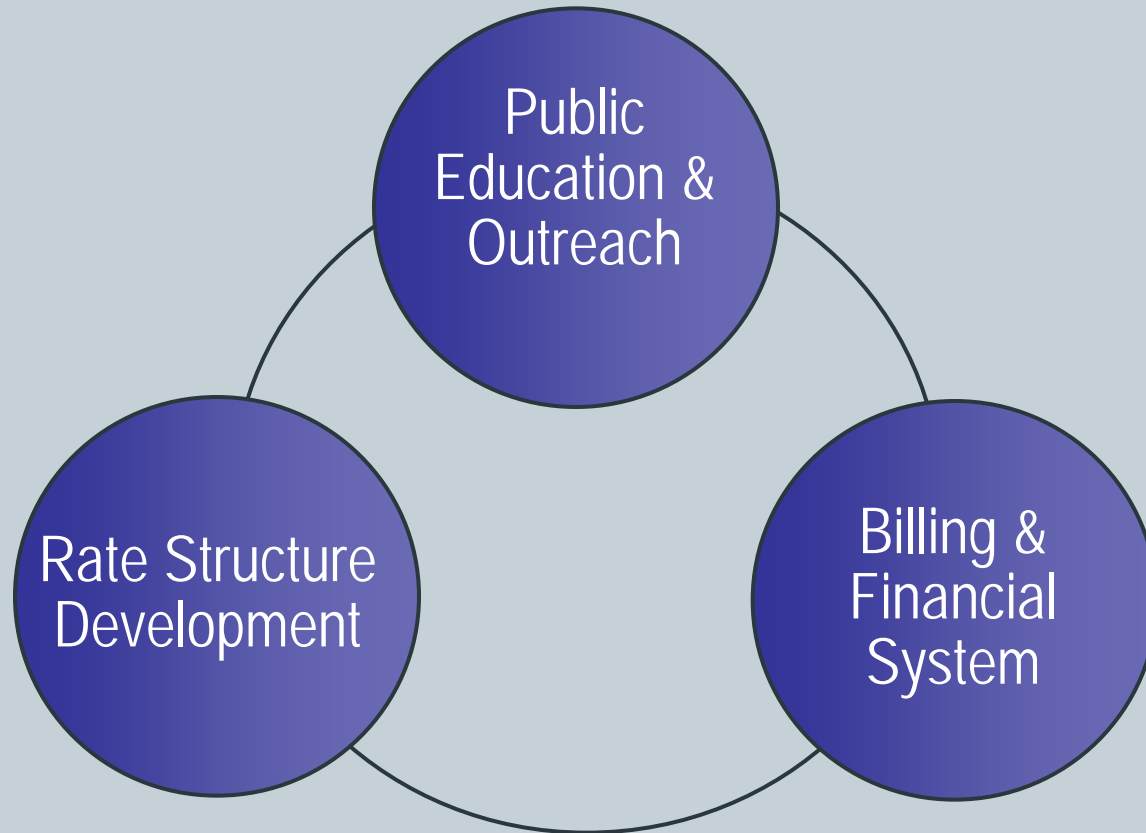
# Discussion Agenda

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- Review implementation schedule
- Discuss Public Outreach strategy
- Review draft ordinance – legal authority
- Provide general rate structure guidance

# Implementation Planning

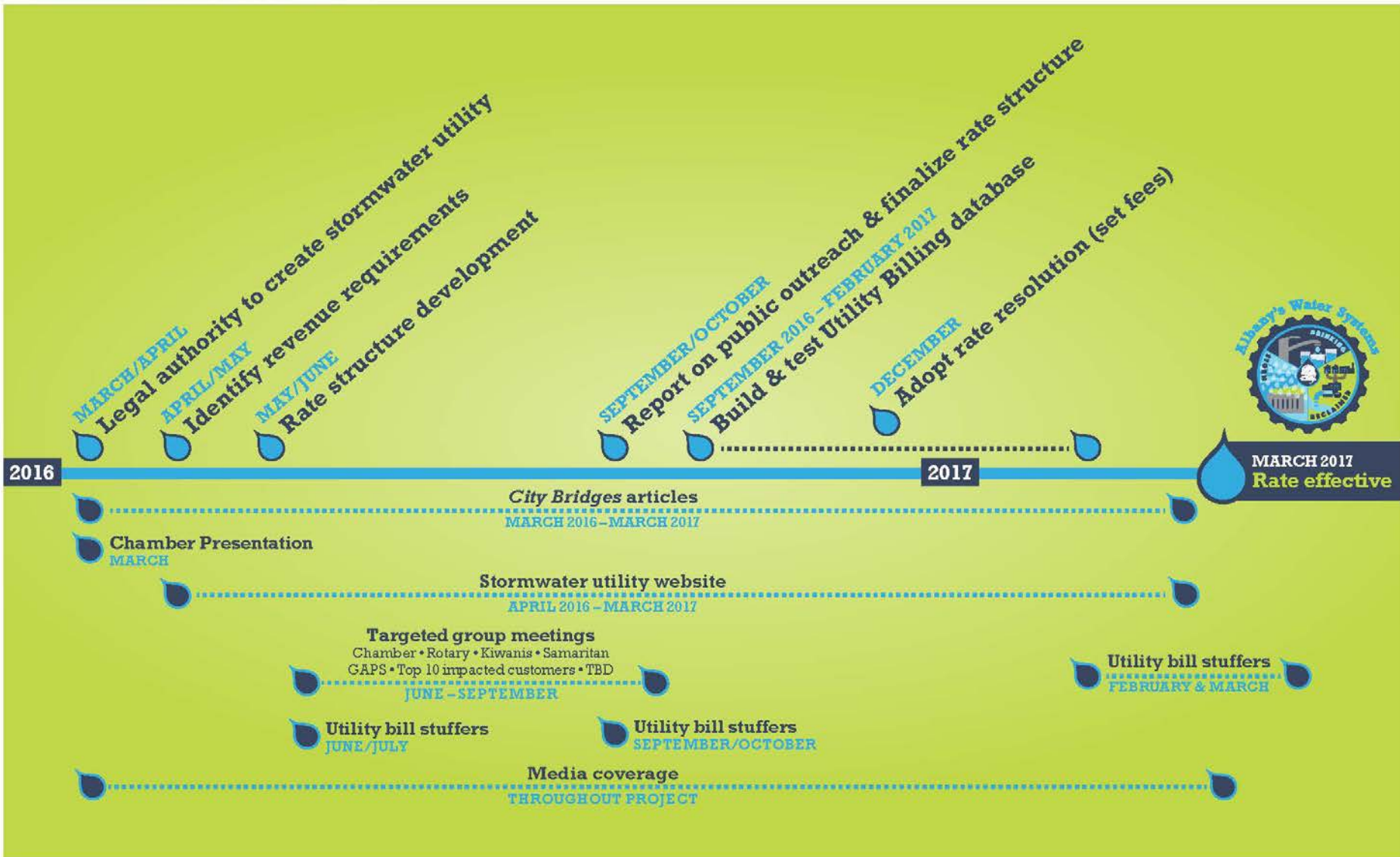
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# STORMWATER UTILITY DEVELOPMENT

## Public Outreach & Project Milestones



# Steps to Adoption

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Legal

- Implement local code changes

Financial  
Plan

- Identify revenue requirements and funding level

Rate  
Structure

- Select rate structure and calculate rates

Implementation  
Plan

- Conduct public outreach
- Develop internal systems (billing & accounting)

# Review Draft Ordinance

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- **Purposes**
  - Creates stormwater utility as entity
  - Creates separate stormwater fund
  - Ability to segregate existing assets
  - Budget process alignment
  - Provides authority to impose service charge
- **Ordinance adoption at future Council meeting**
- **Service charge adopted by future Council resolution**

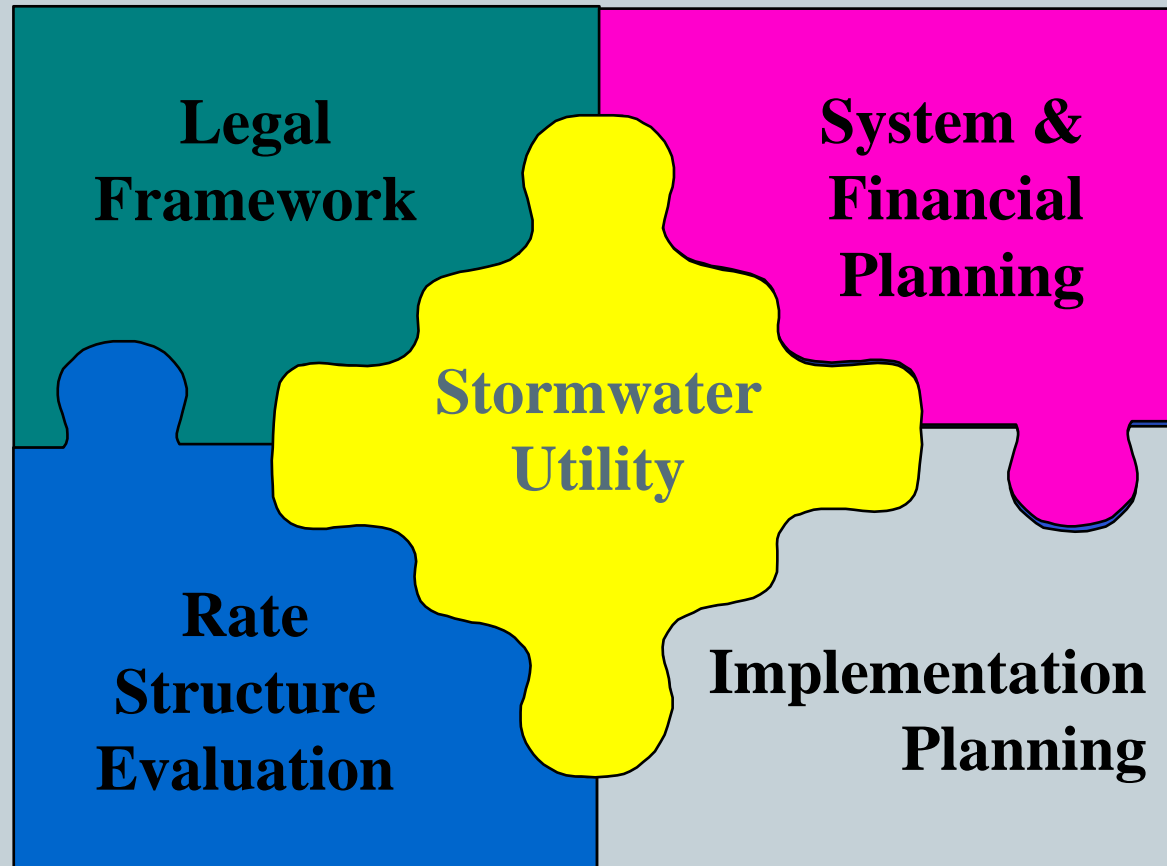
# Rate Structure Guidance

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- **Goals for discussion**
  - Review basic concepts
  - Discuss cost recovery principles
  - Review other communities' rate structures
  - Discuss other policy objectives
  - Provide general direction to staff

# Stormwater Utility Development

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# Steps to Develop a Rate Structure

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- **Establish revenue requirements**
  - Operation and maintenance
  - Regulatory compliance
  - Capital repair, replacement and expansion
- **Understand the nature of the expenses**
  - General use (e.g., street system, administrative costs)
  - Relative use (e.g., impervious area, water quality)
- **Development of cost recovery principles**
  - Equitable
  - Defensible
  - Understandable
  - Implementable
  - Revenue adequacy

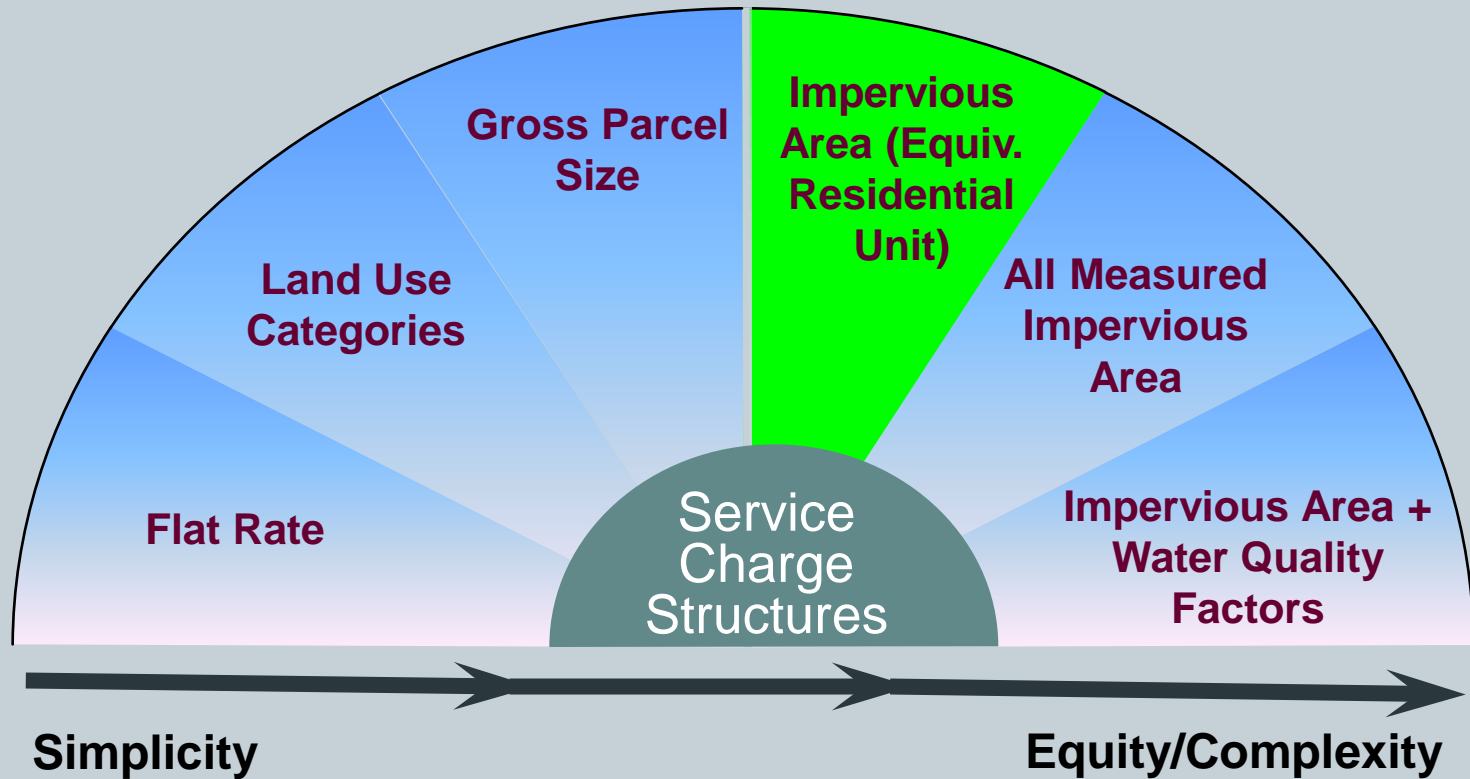
# Closer Look at Cost Recovery Principles

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- **Equitable** – relationship between services provided and payments made by those receiving services
- **Defensible** – meets legal standards; written rationale
- **Understandable** – simple, clear criteria, explainable
- **Implementable** – data requirements, systems support
- **Revenue adequacy** – meets revenue target
- **Public expectations** – starts small, growing program

# Rate Structure Evaluation

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# Underlying Rate Framework

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- Equivalent residential unit = ERU, average single family
- Convert non-residential and multi-family to ERUs
- Calculate number of city-wide ERUs
- Determine cost per ERU
  
- $\text{SW program costs} / \text{total number of ERUs} = \$/\text{ERU}$
  
- Lots of variations on basic concept

# Other Communities

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- **Learning from others**
- **Balancing cost-recovery principles**
  - Most rate structures based on ERU concept
  - Most have a single, fixed charge per ERU
  - Very few property exemptions
- **Residential rates**
  - Most do not have tiered residential rates
  - Most do not have residential credits
- **Non-residential and multi-family rates**
  - Bills based on number of impervious ERUs
  - Credit program availability varies by community

# Albany Rate Structure Considerations

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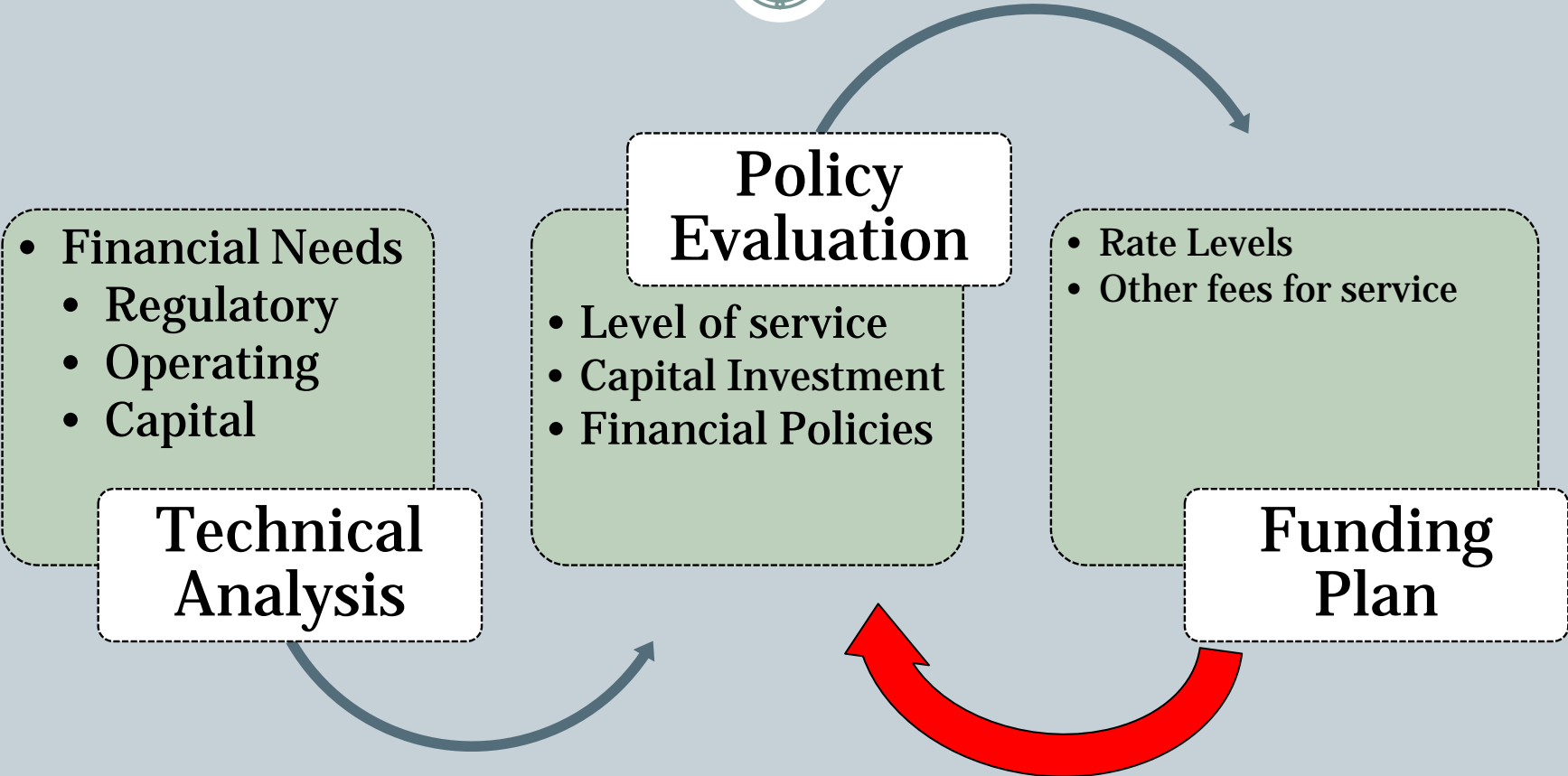
- **Evolving program – start simple**
  - Phased implementation – funding levels/revenue targets
- **Reflects data needs, support system requirements**
- **Single-family residential rates**
  - Tiered rates based on impervious area
  - Combined single charge on bill
- **Non-residential and multi-family rates**
  - Separate charges on bill
  - Evaluate credit program development requirements

# Other Considerations

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- **Special property types**
  - Publicly owned property – fees charged
  - Tax-exempt property – fees charged
  - Direct discharge property – fees charged
  - Undeveloped property – exempt from charges
  - Streets/highways - exempt from charges

# An Iterative Process





# Next Steps

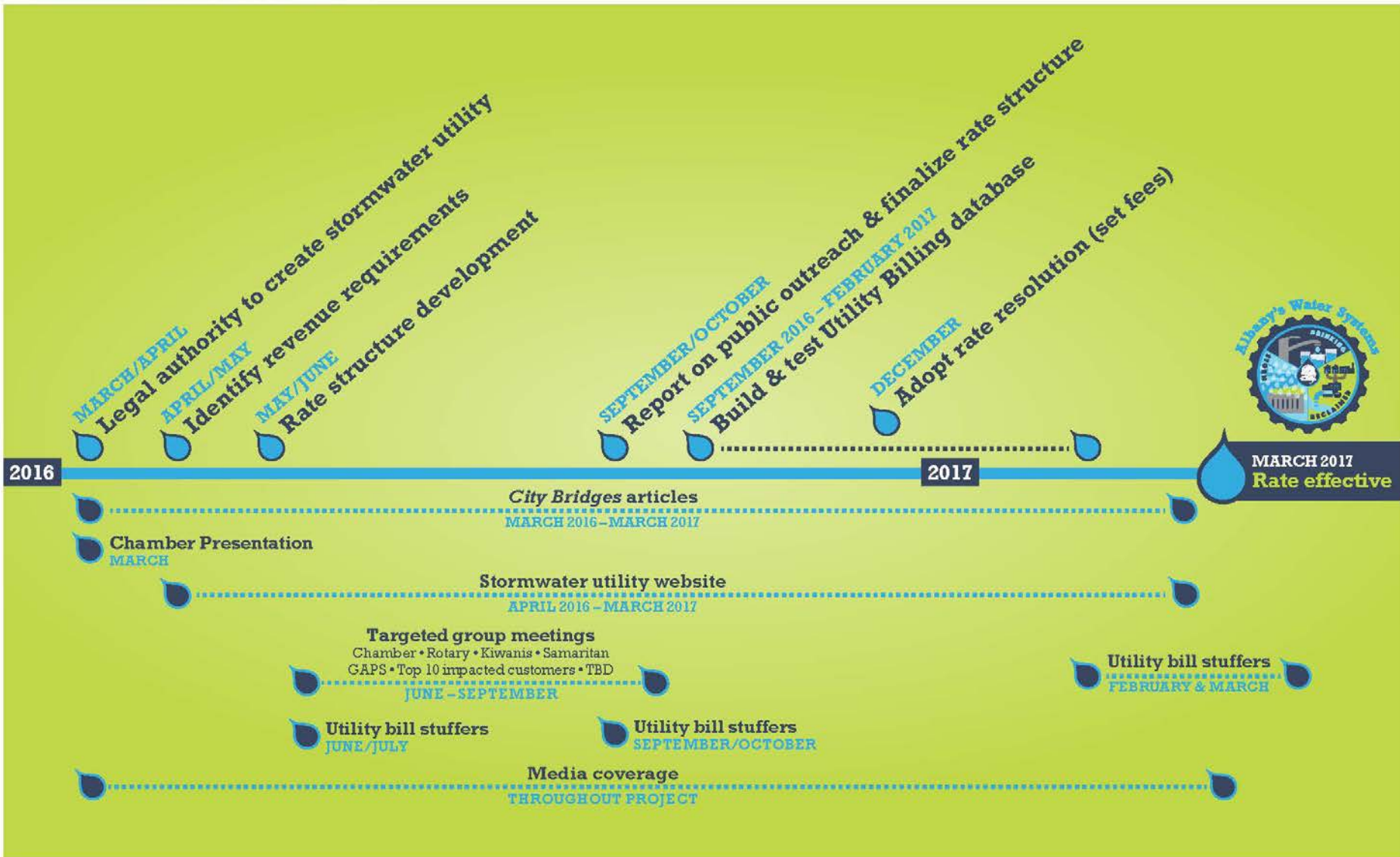
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- **March 23, 2016**
  - Adopt legal authority
- **April 11, 2016**
  - Review revenue requirements
- **May 9, 2016**
  - Apply revenue requirements to rate structure
  - Establish revenue targets
- **June 6, 2016**
  - Continue discussion, follow up as necessary



# STORMWATER UTILITY DEVELOPMENT

## Public Outreach & Project Milestones



# Questions/Discussion

