



TO: Albany City Council

VIA: Wes Hare, City Manager
Jeff Blaine, P.E., Public Works Engineering & Community Development Director ^{JB}
Chris Bailey, Public Works Operations Director ^{CB}

FROM: Mark A. Yeager, P.E., Utility Services Manager ^(signature)

DATE: October 5, 2016, for the October 10, 2016, City Council Work Session

SUBJECT: Stormwater Service Charges – Report on Public Outreach

RELATES TO STRATEGIC PLAN THEME:

- Great Neighborhoods
- A Safe City
- An Effective Government

Action Requested:

Staff recommends that the City Council review the feedback received through the public outreach process and provide direction.

Discussion:

The City Council has been considering stormwater system needs, regulatory requirements, and funding alternatives for nearly two years. At the June 20, 2016, Council Work Session, Council directed staff to begin targeted public outreach activities to solicit feedback on the proposed stormwater service charge. The purpose of this memo is to convey that feedback to Council for consideration prior to providing final direction on stormwater program elements and service charge.

Summary of Outreach Activities

Staff conducted a robust public outreach effort. These efforts included:

Council Meetings: Since January 2015, there have been 11 City Council work sessions (including this meeting) with dedicated stormwater discussions.

Stormwater Utility Website: In early 2016, staff developed a detailed Stormwater Utility web page dedicated to the stormwater topics discussed with Council, including links to rate examples, and answers to frequently asked questions. The web page has been kept current and provides a means for the public to contact staff with questions or comments. There have been 519 page views since the web page went live on April 27, 2016.

Targeted Group Presentations: Staff provided six (6) separate presentations to various Albany service clubs and the Albany Area Chamber of Commerce. Presentations covered funding needs, the proposed rate structure, proposed rates, and example stormwater utility bills.

Open House: Staff held an Open House on September 13, 2016, at the Albany Senior Center from 5:30 to 7:00 p.m. Notice of the Open House was provided through City Bridges, news releases (various media outlets), website banner, public meeting calendar, various alert notices, discussion at Council meetings and group presentations, and noted in Hasso Hering's Blog.

Business/Industry Meetings: Staff met individually with 13 different affected businesses and industries. The intent of these meetings was to make sure that the most impacted customers were aware of the proposed utility fee discussions, understood potential impacts, and had an opportunity to voice concerns or suggestions prior to Council taking action. The net impact of a

new stormwater service charge, after considering water and sewer rate reductions, varies for individual businesses due to their use of the water and sewer system.

Utility Bill Stuffers: Two stormwater utility bill stuffers went out this year in July and August that provided direction on how to access more information through the stormwater web pages.

City Bridges: There have been three articles in City Bridges regarding our stormwater discussions. Links to the stormwater web pages and an invitation to the open house were included.

Project Business Cards: A project business card was developed with the stormwater website address (cityofalbany.net/stormwater) and a stormwater email address (stormwater@cityofalbany.net) that communicates directly to City staff on the project.

Community Comments and Suggestions

Comments and suggestions were received through most of the public outreach activities. The most input was provided through the group presentations and business/industry meetings. Community members generally understood the need to maintain and replace assets over time and that the City is faced with a growing number of regulations. However, as would be expected, people prefer not to pay more for services than they are now. Staff received a wide range of feedback. Some community members thought we should do more than what was being proposed while others expressed concern about impacts to local business. Interestingly, awareness to growing stormwater regulations and municipal stormwater service charges was fairly high with the larger businesses. Several of them have already had to make significant investments in response to site-specific stormwater requirements. For businesses working in multiple jurisdictions, Albany's proposed rates were generally received as reasonable compared to other jurisdictions.

A complete listing of comments and suggestions received through the public outreach process is provided as Attachment 1. Where suggestions have been made, staff has provided additional information to facilitate further discussion. Where known, potential impacts to the stormwater service charges are estimated with each suggestion in the text. Estimates assume costs for providing credits are shared among all customers. This is a policy decision. Council could determine that SFR customers should not have to participate in the costs of providing credits to NSFR customers. In that case, differential rates between the two customer classes would be required and the rate per equivalent residential unit (ERU) for NSFR customers would be slightly higher than the rate for SFR customers.

Staff has identified the most common suggestions made during our public outreach process. These suggestions are identified below along with staff's recommendation on how to proceed. Staff is seeking Council direction on each suggestion. Council may also have other program modifications they would like to consider based on the full list of comments and suggestions provided in Attachment 1.

1. On-site Structural Control Credit – The proposed credit program for NSFR customers allows a maximum credit of 25 percent of the impervious surface charge on the relevant stormwater bill for on-site structural stormwater quantity or quality controls. An industry suggestion was to allow for greater than 25 percent credit.

Staff Recommendation – Our consultant reports that Albany’s proposed 25 percent maximum credit is slightly lower than what they see in other communities. The maximum credit they have seen is between 50 percent and 60 percent for larger communities that have higher stormwater fees and a well established stormwater program. If Council wanted to expand credit opportunities, staff recommends establishing a 25 percent maximum credit for stormwater quality facilities and a 25 percent maximum credit for stormwater quantity facilities. The maximum cumulative credit for on-site structural control structures could not exceed 50 percent. Staff estimates that if the maximum credit were raised to 50 percent that the impervious surface charge for all customers would need to increase by \$0.08/ERU in order to recover the lost revenue.

2. Oregon Department of Environmental Quality (DEQ) 1200-Z Credit – The proposed credit program for NSFR customers allows a maximum credit of 25 percent of the impervious surface charge on the relevant stormwater bill for properties that operate in compliance with an approved 1200-Z permit from the Oregon DEQ. An industry suggestion was to allow for greater than 25 percent credit.

Staff Recommendation – Staff does not recommend increasing the maximum 1200-Z credit above 25 percent. The Oregon DEQ requirements in a 1200-Z permit are related to stormwater quality. The staff recommendation in #1 above is to set the maximum credit for stormwater quality facilities at 25 percent. According to the Oregon Department of Environmental Quality (DEQ) website, there are 14 sites in Albany with an active 1200-Z permit. If this credit were increased to 50 percent, staff estimates that the impervious surface charge for all customers would need to increase by \$0.04/ERU in order to recover the lost revenue.

3. Other Credits – Several businesses requested additional flexibility be added to the NSFR credit program to allow consideration of other facilities or programs not specifically identified.

Staff Recommendation – Language providing this flexibility has been added to the draft stormwater rate resolution. The potential loss of revenue or the impact on the \$/ERU is not quantifiable.

4. Properties that don’t drain to City system – A common comment from the general public and from businesses and industries was the suggestion that a property that doesn’t drain to the stormwater system should not have to pay a stormwater service charge.

Staff Recommendation – Due to its complexity, this issue is discussed in a separate memorandum (with draft stormwater rate resolution) in the October 10, 2016, Council work session packet.

5. Gravel – There were many questions about how gravel would be considered for billing purposes on NSFR properties. Some suggested that gravel should be considered as pervious surface.

Staff Recommendation – Staff does not recommend removing gravel from the measured impervious area. Communities address this differently. Out of the 22 communities that responded to a survey about this suggestion, ten (10) included gravel, five (5) included 40 percent of gravel areas, and seven (7) did not include gravel in the impervious area measurement for a customer. Most communities did not consider landscape gravels an impervious surface and staff has not included these areas in our calculations.

Gravel has a high runoff rate and will carry similar pollutants as runoff from asphalt or concrete. Thus, it has similar impacts to the City system as paved areas. Two primary methods for

estimating stormwater runoff are the Rational Method and the Natural Resources Conservation Service (NRCS) Technical Release No. 55 (TR-55). In both of these methods, the runoff coefficients for paved surfaces and gravel surfaces are very similar. In the Rational Method, the runoff coefficient for pavement is 0.90, and the runoff coefficient for gravel pavement is 0.85. With the TR-55 method, the runoff coefficient for pavement is 98, and the runoff coefficient for gravel pavement is as high as 91. For comparison with unimproved areas, runoff coefficients can be as low as 0.1 for the Rational Method and 30 for the TR-55 method.

Removing graveled areas from service charge calculations would reduce the amount of area used for impervious surface charges. The impervious surface charge for all customers would need to increase by \$0.14/ERU in order to recover the lost revenue.

The table below summarizes program impacts for each community suggestion and identifies whether or not staff supports each recommendation. It is important to remember that when trying to recover a specific amount of revenue, any credits provided to one customer are balanced on increased costs to other customers. Small changes in the impervious surface charge to support expanded credit opportunities may be appealing on the surface but come with the unintended negative consequence of having significant financial impacts on customers with a lot of impervious surface.

Service Charge Impacts

Community Suggestion	Staff Support (Y/N)	Single Family Residential		Non-Single Family Residential	
		Base Charge	Imp. Surface Charge (\$/ERU)	Base Charge	Imp. Surface Charge (\$/ERU)
Current Proposal*	Y	\$4.79	\$1.95	\$4.79	\$1.95
Sug. #1, General credit increase	N/A	\$0.00	\$0.08 (\$0.00**)	\$0.00	\$0.08 (\$0.12**)
Sug. #2, Increase 1200-Z credit	N	\$0.00	\$0.04 (\$0.00**)	\$0.00	\$0.04 (\$0.06**)
Sug. #3, Expand program eligibility	Y	Unquantifiable, Incorporated in draft Resolution			
Sug. #4, Unconnected properties		TBD - Discussed in Separate Memorandum			
Sug. #5, Exclude gravel areas	N	\$0.00	\$0.14	\$0.00	\$0.14

*Assumes small credit program with costs shared by all customers. Adjustments would be required if Council chooses to allocate credit costs solely to NSFR customer class.

**Values in parenthesis represent impact of suggestion if Council chooses to allocate credit costs solely to NSFR customer class.

Budget Impact:

There are no impacts to the current budget. Future revenues could be impacted to varying degrees based on Council's decision on individual suggestions.

JB:kw

Attachment

- c: Kristin Preston, Wastewater Superintendent (via email)
- Staci Belcastro, P.E., City Engineer (via email)
- Jeni Richardson, P.E., Civil Engineer III (via email)
- Jeff Babbitt, Senior Accountant (via email)

Stormwater Service Charges – Report on Public Outreach

Attachment 1 – Detailed Public Comment and Suggestions

As would be expected, a number of questions were answered through the various public outreach efforts. This summary does not include a listing of every question asked and answered. Rather, this document provides a listing of comments and suggestions that have been provided for Council consideration prior to taking final action on the stormwater service charge. A common comment was that they understood the need to fund ongoing operation and maintenance activities and regulatory compliance. This common understanding is not repeated below.

Phone Calls/Email

Staff received two (2) emails from the general public regarding the stormwater fee proposal. The emails were questions about how the stormwater bill would be structured.

Staff received one (1) phone call from the general public. The caller said they received a political phone survey from Salem in which one of the questions was: “*What do you think about the rain tax they are going to start in Albany?*” A summary of the citizen’s questions and comments are best summarized as:

- *Rain just falls from the sky so why does anyone have to pay for it?*
- *If the system is working now like it has for the last 25 years, then why all of a sudden are we being charged a fee?*
- *People in Albany already pay too much for water and sewer and can’t afford another fee.*

Targeted Group Presentations

Staff estimates that we reached nearly 150 people through the targeted group presentations to various Albany service clubs and the Albany Area Chamber of Commerce. The comments and suggestions provided below are those made by individuals that attended one of the meetings and do not necessarily represent the opinion of the whole group.

Suggestion 1 – A property that doesn’t drain to the stormwater system shouldn’t have to pay a stormwater fee. This comment was received three separate times.

Staff Input: Due to its complexity, this issue is discussed in a separate memorandum (with draft stormwater rate resolution) in the October 10, 2016, Council Work Session packet.

Suggestion 2 – If stormwater planters are proven to improve stormwater quality, the City should do more than is proposed and retrofit these facilities into existing street systems throughout town.

Staff Input: The City will continue to add these facilities to major street reconstruction projects. Doing more than this would require additional revenues and an increase to service charges over what is proposed. Staff recommends developing a fully functioning operations and maintenance program and complying with new regulations prior to expanding other programs.

Suggestion 3 – Do not include tiers for single-family residential customers. It is overly complicated and eliminating tiers would avoid confusion generated by neighboring property owners having different service charges.

Staff Input: This decision does not have an impact on projected revenues. The pros and cons of including tiers have been discussed at previous Council meetings. This is a Council policy decision.

Business/Industry Meetings

Staff met individually with 13 businesses and industries most impacted by the proposed stormwater service charge due to their high impervious surface area. The intent of these meetings was to make sure they were aware of the proposed utility fee discussions, understood potential impacts, and had an opportunity to voice concerns or suggestions prior to Council taking action. Net impacts after considering water and sewer rate reductions varied for individual businesses due to their use of the water and sewer system.

Comments or suggestions from these individual businesses are summarized below. If input was received directly from the business, those comments or suggestions are shown in quotes. If not shown in quotes, the comment or suggestion was paraphrased by staff. Also below, staff has provided input where a business had a specific suggestion, but staff did not provide a response to comments.

ATI - Albany Facilities

Comment 1 – “ATI recognizes that the City is in a hard spot in that they must comply with any new permit, and have an aging infrastructure with systems that need to be upgraded and maintained. That said, industry is also in a hard spot in that this is an additional fee (or tax) on top of already existing fees and demands placed on us by DEQ and EPA. The same question confronts us, “how do we offset an additional cost of over \$7000 given the economic challenges our industry already faces in doing business in Oregon?”

“Industrial users subject to 1200-Z permit requirements must already comply with water quality standards, and although we contribute to volume within streams, we believe our burden should be less than those not investing in abatement activities such as oil water separators, berms, containment structures, and filtration or treatment, prior to discharge to streams.”

“Because of this, ATI recommends the following:”

Suggestion 1 – “For facilities complying with NPDES 1200-Z permits, the city is considering a 25% reduction in fees. ATI believes this is inequitable considering the cost to ATI in permit fees and the implementation of operation and maintenance controls (e.g. sampling/analytical, abatement, record keeping) to ensure compliance water quality standards.”

“ATI recommends a flat fee for customers meeting the NPDES 1200-Z Permit requirements like the DEQ permit. For example if the fee were \$1,000 per site, that would minimize our “tax” to \$3,000 for all three sites, vs. \$6580 annually (with sewer and water rate reduction), or to less than half the proposed fee. Clearly with our permit we already meet water quality standards compared to those not under permit rule.”

Staff Input: According to the Oregon Department of Environmental Quality (DEQ) website, there are 14 sites in Albany with an active 1200-Z permit. Staff agrees that local sites with 1200-Z permits are indeed facing regulatory challenges that in some instances, not all, can result in significant financial investment in on-site stormwater quality improvements. However, their participation in the 1200-Z program does not relieve the City of its responsibilities once their discharges enter City systems. While a flat fee would not be appropriate for these customers as it has no relationship to their impact on the system, credits may be appropriate. The level of credit customers can achieve is a Council decision. The draft resolution allows credits for 1200-Z customers up to a maximum credit of 25 percent. If this credit were increased to 50 percent, staff estimates that the impervious surface charge for all customers would need to increase by \$0.04/ERU in order to recover the lost revenue.

Suggestion 2 – “The City is proposing a 25% reduction for surfaces converted to non-impervious surface. ATI recommends that if retention ponds, swales, or other stormwater run-off structures are installed, or land is returned to its previous state (soil/gravel) ATI recommends they be treated as exempted from the impervious surface total.”

“City is reducing sewer (6%) and water rates (2%) to offset activities covered under these programs already. This is a good start.”

Staff Input: In this suggestion, there was a misunderstanding by ATI that was clarified by City staff. There is a difference between 1) credits for going above and beyond minimum requirements, and 2) on-site stormwater retention or restoring land to its natural state. The current credit proposal assumes that installation of facilities in the first group (swales or other stormwater run-off structures) could result in a credit. The area restored to a natural state could be removed completely from the impervious surface calculation. In the current proposal, gravel is considered impervious and would not be considered a natural state.

CMH Manufacturing (Golden West)

Suggestion 1 – Would like to see a portion of new stormwater revenues set aside for technical assistance to customers with 1200-Z permits that may be having difficulty complying with their permit.

Staff Input: Staff does not recommend providing technical assistance to help customers comply with their 1200-Z permit. This assistance would be in direct competition with other private companies that provide these services and could also put the City at a liability risk for the customer's actions.

Suggestion 2 – Golden West is an ISO-14001 certified facility, a voluntary international program that sets higher standards for facilities regarding their environmental footprint. The certified facilities are inspected and their programs are audited regularly. They suggest that Council consider credits for ISO-14001 certified facilities.

Staff Input: Language adding flexibility to the credit program to allow consideration of such programs has been added to the draft Resolution. The programs will be considered on a case-by-case basis. However, there would need to be a direct connection to a reduction in City stormwater costs. The potential loss of revenue or the impact on the \$/ERU is not quantifiable.

Columbus Greens

Comment 1 – Support the stormwater service charge. We should have had this 20 years ago. If we pollute our rivers, we are shortening our lives.

Comment 2 – “I indicated in the meeting that our company has been passing on storm water runoff charges to our tenants in manufactured home parks in other cities for years. For example, at our parks in Springfield our tenants pay a separate storm water fee of \$16.04 at one, and \$23.26 at the other. In Eugene they pay \$16.78 and in Redmond, \$7.01.”

“During the meeting I expressed that Albany is merely catching up with what other cities have been doing for years. Proper maintenance of the systems for movement of storm water is critical to the environment, water quality and, long-range, human health.”

“We appreciate the thorough analysis you have done to calculate the impact on our residents. It is very helpful that you reached out to us and explained what we believe to be inevitable. With your explanation we will be able to properly advise our residents on the basis for the additional charge that will be appearing on the monthly bills we send to them.”

Greater Albany Public School District

No comments or suggestions. Staff answered several questions.

Heritage Mall

Comment 1 – Don't like how they have to pay the City a stormwater fee but then if there is something wrong with their private stormwater system, they still have to pay to fix it.

Comment 2 – Welcome as many options as possible for credits or for reducing impervious area used in the fee calculation by disconnecting from the system.

Comment 3 – Concerned about impacts on retaining and attracting tenants. This fee comes at a time when they also have to deal with increases in the minimum wage. All of which impact costs to their tenants.

Linn County

As requested, in lieu of a meeting, information was provided to the County Administrator via email so it could be forwarded to department heads and elected officials. Staff received emails with comments, questions, and suggestions.

Suggestion 1 – “I ask the City Council to consider a waiver of fees to public agencies where the property that would be subject to the fee is used for public purpose, i.e. fair/expo, city hall, county courthouse, public works facilities, etc. The basis of this request is that the fee paid by the owners/operators of these properties are funded through fees and taxes paid largely by the public. Charging fees or taxes to agencies that are funded through fees and taxes should only be done under very limited circumstances.”

“I'm sure you are aware that public property used for public purposes is exempt from property taxes. Vehicle registration fees for government/exempt vehicles are very small and only a one time charge. Imagine if the State of Oregon and other public agencies all start charging each other at every available opportunity. The Linn County Road Department doesn't normally charge permit fees to other public agencies for this very reason.”

“I understand the need to recover costs for very specific services that the city provides in discrete situations such as building permits and infrastructure improvements related to development. However, the need for storm water management is based on regulations from higher levels of government and dependent on rainfall. We can't control either of those factors. On top of all this, the idea that the city will impose the fee on itself seems like a silly idea and nothing more than a way to divert funds from one silo to another.”

“I urge you to consider this thoughtfully. How would the City like it if school districts were suddenly able to impose their property tax rate on all city owned property in order to help balance their budgets? Thanks for your consideration.”

Staff Input: Staff does not recommend exempting public agencies. Staff surveyed 40 Oregon communities with a stormwater service charge and received 23 responses. None of the 23 exempts all public property. Four of the 23 exempt City facilities. Our consultants do not recommend this exemption and note that excluding public property may put the City at risk of legal challenge. Additionally, staff has made a concerted effort to make sure that we are treating City property the same as we are treating our customers. Potential financial impacts were not evaluated since this approach is not considered legally defensible.

Comment 1 – “I want to fight this fee. The City Development Code requires all these plants and trees, and now they are having a hard time keeping up with the costs with leaf pickup, sweeping and organic material disposal.”

“Willamette Health Center will START at \$70+ per MONTH. In 10 years, we will have paid over \$8400.00 in fees just for one site. This fee is just one property, now add all the other sites. They will keep increasing the fees each year.”

“More fees, I keep watching the City driving around in new trucks and very expensive equipment. I don’t see the older vehicles like the County drives due to funding limitations.”

Linn-Benton Community College

Suggestion 1 – LBCC has a LEED-certified building where stormwater is captured in underground storage tanks and used during the summer. For facilities like this that can demonstrate that stormwater is captured and reused on site, please remove these areas from the impervious surface charge calculation.

Staff Input: Due to its complexity, this issue is discussed in a separate memorandum (with draft stormwater rate resolution) in the October 10, 2016, Council work session packet.

Mennonite Home

No comments or suggestions. Staff answered several questions.

National Frozen Foods

Suggestion 1 – Consider reductions or credits for industrial facilities that are currently required to meet DEQ’s 1200-Z permit parameters.

Staff Input: The draft resolution allows credits for 1200-Z customers up to a maximum credit of 25 percent. If this credit were increased to 50 percent, staff estimates that the impervious surface charge for all customers would need to increase by \$0.04/ERU in order to recover the lost revenue.

Oregon Freeze Dry

Suggestion 1 – Would like to see credits provided for past investments in stormwater detention or treatment.

Staff Input: Staff does not suggest pursuing this request. Most existing improvements will not have been voluntary, but rather the minimum necessary to meet development and regulatory requirements. The concept of credits is tied to recognition of customers that go above and beyond the minimum requirements. Additionally, detention and treatment standards and technology have changed over time and past improvements may not provide as much benefit as once thought or now expected. Implementing this suggestion would reduce revenue projections previously shared with Council. The potential loss of revenue is not quantifiable.

Suggestion 2 – Would like to see the ability to apply for greater than 25 percent credits.

Staff Input: Our consultant reports that Albany’s proposed 25 percent maximum credit is slightly lower than what they see in other communities. The maximum credit they have seen is between 50 and 60 percent for larger communities that have higher stormwater fees and a well established stormwater program. If Council wanted to expand credit opportunities, staff recommends establishing a 25 percent maximum credit for stormwater quality facilities and a 25 percent maximum credit for stormwater quantity facilities. The maximum cumulative credit for on-site structural control structures could not exceed 50 percent. Staff estimates that if the maximum credit were raised

to 50 percent, the impervious surface charge for all customers would need to increase by \$0.08/ERU in order to recover the lost revenue.

Comment 1 – In the last year, OFD has spent \$325,000 on stormwater improvements required under the DEQ’s 1200-Z permit.

Samaritan Health Services

Comment 1 – “Although I have not looked at nor tried to find any comments from the Home Builders Association on this issue, I’d guess that my concerns would be similar in that I would not want to see the cost of new construction nor the cost remodeling/designing some of our existing sites to increase significantly as a result of these new regulations. I support the City’s efforts to minimize and/or delay the effect of these regulations to the greatest extent possible.”

Staff Input: Staff continues to work towards reasonable permit conditions with DEQ. Staff has been in communication with the Home Builders Association through that process. Staff explained to Samaritan Health that the new regulations may drive up the cost of development or redevelopment. The proposed utility service charges are not based on the cost of construction but obviously do contribute to homeowner’s monthly utility costs. In setting proposed rates, staff assumed DEQ will issue a reasonable permit. If we are not successful in our discussions with DEQ, then program costs will increase and additional revenues would be needed. However, that would be determined in future years during Council’s annual evaluation of revenues and expenditures for each utility.

Sno-Temp

Suggestion 1 – NSFR customers should be able to control their bill by reducing the amount of impervious surface that discharges off site. For example, impervious surfaces that drain to facilities constructed to capture and fully infiltrate or reuse stormwater on site should be removed from the impervious surface calculation.

Staff Input: Due to its complexity, this issue is discussed in a separate memorandum (with draft stormwater rate resolution) in the October 10, 2016, Council work session packet.

Suggestion 2 – Exclude gravel areas from the impervious surface charge calculation like the City of Eugene unless they are compacted to a degree that causes their runoff coefficient to exceed 0.8.

Staff Input: Communities address this differently. Out of the 22 communities that responded to a survey about whether or not gravel is considered in their impervious surface calculation, ten (10) included gravel, five (5) included 40 percent of gravel areas, and seven (7) did not include gravel in the impervious area measurement for a customer. (Eugene appears to be unique in utilizing a compaction threshold and was represented as including gravel in the provided statistics.) Gravel has a high runoff rate and will carry similar pollutants as runoff from asphalt or concrete. Thus, it has similar impacts to the City system as paved areas.

Two primary methods for estimating stormwater runoff are the Rational Method and the Natural Resources Conservation Service (NRCS) Technical Release No. 55 (TR-55). In both of these methods, the runoff coefficients for paved surfaces and gravel surfaces are very similar. In the Rational Method, the runoff coefficient for pavement is 0.90, and the runoff coefficient for gravel pavement is 0.85. With the TR-55 method, the runoff coefficient for pavement is 98, and the runoff coefficient for gravel pavement is as high as 91. For comparison with unimproved areas, runoff coefficients can be as low as 0.1 for the Rational Method and 30 for the TR-55 method.

Removing graveled areas from fee calculations would reduce the amount of area used for impervious surface charges. The impervious surface charge for all customers would need to increase by \$0.14/ERU in order to recover the lost revenue.

Suggestion 3 – Suggest providing credits for past investments in stormwater detention or treatment on a site.

Staff Input: Staff does not suggest pursuing this request. Most existing improvements will not have been voluntary, but rather the minimum necessary to meet development and regulatory requirements. The concept of credits is tied to recognition of customers that go above and beyond the minimum requirements. Additionally, detention and treatment standards and technology have changed over time and past improvements may not provide as much benefit as once thought or now expected. Implementing this suggestion would reduce revenue projections previously shared with Council. The potential loss of revenue is not quantifiable.

Suggestion 4 – Suggest allowing flexibility for the larger NSFR customers in town to work directly with City staff on a one-on-one basis to evaluate creative options for credits and not rely solely on the pre-defined credit options. A threshold of ERU's could be established to identify eligible properties.

Staff Input: Staff does not recommend limiting credit options for NSFR customers based on the number of ERU's. The City's consultant also believes that limiting this option to only the largest customers would weaken the program and insert vulnerability to a legal challenge. Language providing additional flexibility on a case-by-case basis has been added to the draft resolution provided the customer can demonstrate that those facilities exceed minimum regulatory requirements and they reduce the City's stormwater management costs. The potential loss of revenue or the impact on the \$/ERU is not quantifiable.

Suggestion 5 – Suggest allowing credits for sites certified by third party programs that certify excellence in stormwater management. Those that go beyond typical industry best management practices for stormwater. Something like Salmon Safe.

Staff Input: Language adding flexibility to the credit program to allow consideration of such programs has been added to the draft Resolution. The programs will be considered on a case-by-case basis. However, there would need to be a direct connection to a reduction in City stormwater costs. The potential loss of revenue or impact on the \$/ERU is not quantifiable.

Suggestion 6 – Request that Council considers impacts of new fees on business attraction/retention prior to making final decision.

Staff Input: Agreed. Staff believes the proposed approach of starting as small as possible with the proposed service charge without adding staff or major equipment in the first year is consistent with this suggestion. Additionally, annual reevaluation of revenues, expenses, and five-year projections prior to making rate decisions is also consistent with this suggestion. There are 40 other communities in Oregon with stormwater fees, and Albany's proposed service charge is in the lower half of those we surveyed (17 of 25). Of those cities we compared with, several will likely be considering increases for regulatory compliance if DEQ's NPDES MS4 Phase II permit is released as proposed.

Target Corporation

Suggestion 1 – Suggest including more ability for NSFR customers to control bill by reducing the amount of impervious surface that discharges off site. For example, impervious surfaces that drain to facilities constructed to capture and fully infiltrate or reuse stormwater on site should be removed from the impervious surface calculation.

Staff Input: Due to its complexity, this issue is discussed in a separate memorandum (with draft stormwater rate resolution) in the October 10, 2016, Council work session packet.

Suggestion 2 – Would like to see the ability to apply for greater than a 25 percent credit. They have seen credit opportunities as high as 40 percent in other communities.

Staff Input: Our consultant reports that Albany's proposed 25 percent maximum credit is slightly lower than what they see in other communities. The maximum credit they have seen is between 50 and 60 percent for larger communities that have higher stormwater fees and a well established stormwater program. If Council wanted to expand credit opportunities, staff recommends establishing a 25 percent maximum credit for stormwater quality facilities and a 25 percent maximum credit for stormwater quantity facilities. The maximum cumulative credit for on-site structural control structures could not exceed 50 percent. Staff estimates that if the maximum credit were raised to 50 percent that the impervious surface charge for all customers would need to increase by \$0.08/ERU in order to recover the lost revenue.

Comment 1 – Target Corporation said they are used to stormwater fees in other communities.