



# CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Nick Fish, Commissioner ■ Michael Jordan, Director

July 30, 2018

From: Michael Jordan, Director

To: Commissioner Nick Fish

RE: Proposal Regarding Stormwater Charges for Overwater Impervious Area

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## Background

In November 2017, a BES Administrative Review Committee (ARC) recommended amending sections of Portland City Code Chapter 17.36 to clarify language regarding impervious area for overwater structures for purposes of assessing stormwater charges to our ratepayers. In response, BES staff proposed modifying the definition of "impervious area" in January 2018. In response to feedback from the Portland floating home community, BES proposed to spend additional time gathering community input before proceeding with any changes.

BES subsequently received 18 requests for stormwater billing-related ARC hearings from floating home residential account holders whose properties include overwater impervious area. Those ARC hearings are on hold pending resolution of the issue.

Between February and May of this year, BES staff attended three community meetings and engaged with a variety of stakeholders. Those conversations provided an opportunity to help the community understand BES' approach to stormwater management and for BES to hear from stakeholders where they are confused or concerned about the charges BES assesses to support its stormwater management work. Based on those discussions, BES proposes the following approach.

## Proposed Interim Solution

Until an optimal long-term solution is identified, BES proposes to submit an ordinance in which Council would exempt, on an interim basis, overwater impervious area from being allocated any portion of stormwater charges. Additionally, BES proposes that any qualifying account holders will receive future bill credits for offsite stormwater charges actually incurred for up to 5 years prior to implementation of the interim exemption.

## **Long-Term Solution and Comprehensive Rate Study**

BES is in the very early stages of a full, comprehensive rate study effort. The last time the City undertook a comprehensive sewer and stormwater rate analysis was nearly 20 years ago. Stormwater cost allocation and its application to all customer classes – including residential and commercial overwater structures – will be among the critical components of the comprehensive rate study. We hope to solicit competitive bids to perform the study later this year. We will target completion of the consultant work in FY2019-20, pending future budget approval. Robust public comment and input will be critical to the effort. Pending City Council approval (anticipated during FY2020-21), permanent, comprehensive rate methodology adjustments are likely to take effect beginning no earlier than July 1, 2021.

## **Financial Impacts**

The proposed interim solution is projected to reduce revenues to the bureau by approximately \$260,000 annually (based upon FY2017-18 rates). Providing reimbursement of prior charges is estimated to have a cumulative impact of approximately \$580,000. The bureau will accommodate this reduction in revenue by utilizing other resources (i.e. fund balance and/or future system rates).

Nearly all current account holders with overwater impervious area are already exempt from the *onsite* portion of stormwater charges due to being located within a drainage district or due to participation in the Clean River Rewards program – so excluding the onsite portion of the charges should have no material financial impact to the bureau.

Thank you for your consideration of the long-term work and the interim proposal. BES expects to prepare an Ordinance directing implementation of the interim proposal for Council's consideration in September 2018. I have designated Jonas Biery as the lead on this issue, and both he and I can provide you with follow-up information as is helpful.