



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 *MY*

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

SUBJECT: Stormwater Funding Implementation Options

RELATES TO STRATEGIC PLAN THEME: ● Great Neighborhoods
● Safe City
● An Effective Government

Action Requested:

Staff is seeking direction regarding the path forward on securing additional funding for the provision of stormwater services in Albany including the possible implementation of a stormwater utility in Albany.

Background:

The City Council has been considering stormwater system needs, regulatory requirements, and funding alternatives for nearly two years. Since January 2015, there have been 11 City Council work sessions (including this meeting) with dedicated stormwater discussions.

On April 13, 2016, the Council embarked on a two-step process to create and implement a stormwater utility in Albany. The first step, making changes to Title 12, Surface Water, of the Albany Municipal Code was initiated with the adoption of Ordinance No. 5869. This Ordinance created the stormwater utility, established a stormwater fund, and provided authority in the Municipal Code to impose a stormwater service charge. On April 19, 2016, a referendum petition was filed (RP-2016-01) regarding Ordinance No. 5869. That pending referendum restricted communication about stormwater system needs and costs and required Oregon Secretary of State Office review of all documents and presentations related to the stormwater utility.

On May 25, 2016, Council adopted Ordinance No. 5871 repealing Ordinance No. 5869 in its entirety in order to allow staff to communicate with Council and the public about stormwater system needs without the Secretary of State Office review process. 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. That feedback is the subject of a separate memorandum to Council for consideration prior to providing final direction on stormwater program elements and service charge.

The purpose of this memorandum is to share a list of implementation steps and options for the Council to consider regarding funding for stormwater services including the implementation of a stormwater utility and stormwater service charges, should the Council decide to move forward.

Implementation Options:

In consultation with the City Attorney's office, staff developed three (3) basic options that will be described in further detail below. Council may want to add other options for consideration.

1. Adopt an ordinance to create the stormwater utility followed by subsequent adoption of a stormwater rate resolution.
2. Modify the sewer rate resolution to incorporate new stormwater service charges.
3. Raise sewer rates to secure additional funding for stormwater services.

Option 1 – Title 12, Surface Water, of the Albany Municipal Code does not contain language that pertains specifically to the creation, implementation, and adoption of a stormwater utility and the authority to impose a stormwater service charge. In April 2016, the Council adopted modifications to Title 12, and subsequently repealed those changes as described above. The intent of the process at that time was to adopt Municipal Code changes first, and then, if appropriate, subsequently adopt a stormwater rate resolution to implement stormwater service charges. Option 1 would restart that process by adopting appropriate Municipal Code changes and a subsequent rate resolution once the ordinance is effective.

Option 2 – since much of the stormwater program impacts water quality, and since sewer revenues are the major source of funding for current stormwater services, the Council could modify the sewer rate resolution to include a new section that details stormwater service charges based on developed property impervious surface area. The new resolution language would be very similar to the language that would be adopted in Option 1, but it would be a new section within the sewer rate resolution.

Option 3 – since sewer revenues are the major source of funding for existing stormwater services, the Council could implement an across-the-board sewer rate increase to secure additional stormwater funding. Revenues raised from the increase would be used to implement expanded stormwater services to meet regulatory requirements and Operations and Maintenance needs. The drawback to this option is that customer sewer rates are based on use of the sanitary sewer system, and using that methodology to allocate costs for use of the stormwater system may not be appropriate.

Budget Impact:

Consideration of stormwater funding options does not directly impact the current fiscal year budget.

MAY:rk

c: Jeni Richardson, P.E., Civil Engineer III
Ryan Beathe, Civil Engineer II
Kristin Preston, Wastewater Superintendent