



# PORTLAND MAINE

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## RECOMMENDATIONS

To: Mayor and City Council

From: Sustainable Stormwater Funding Task Force

Date: March 20, 2012

### **Recommendations of the Sustainable Stormwater Funding Task Force to the City Council on Funding the City's Wastewater Program Obligations**

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#### **The Task Force understands that:**

1. Portland's wastewater assets maintained by the City including the separated sewer system (62 miles of line), combined sewer system (133 miles of line), and storm drain system (133 miles of line) comprised of the sewer or storm drain lines themselves, catch basins, manholes, detention ponds, underground waste water storage facilities, and sewer pump stations.
2. The City is responsible for maintaining the sewer, stormwater, and combined sewer system.
3. The City maintains the stormwater system to convey stormwater runoff away from private property and public right-of-ways to prevent flooding and control erosion.
4. The City maintains the combined sewer system and the sewer system convey waste water to the waste water treatment facility.
5. The City's stormwater conveyance system may also include any roads with drainage systems, municipal streets, catch basins, curbs, gutters, ditches, human-made channels or storm drains owned or operated by the City of Portland.
6. The City is legally obligated to eliminate combined sewer overflows and administer a storm water program aimed at preventing polluted stormwater runoff from entering streams, rivers, wetlands, and coastal waters and restoring water quality in urban impaired streams located in Portland.
7. Sewer use charges are currently used to defray the current expenses of operating and maintaining the wastewater system, including any assessment made by the Portland Water District; to pay the interest and repay the principal on any outstanding or future indebtedness of the City for construction of sewers heretofore or hereafter constructed within the City; and to reimburse the City for the cost of computation, billing and enforcement of such charges.

8. Sewer use charge rates are increasing and will continue to increase as a result of decreasing sewer use volumes caused by water conservation activities by rate payers, costs related to maintaining the wastewater systems and increasing costs caused by meeting the City's legal obligations.
9. Funding Portland's wastewater assets require an ongoing flow of funds raised either through taxes or service charges.
10. Portland's current wastewater costs are related to the operation, capital renewal and reinvestment, and construction of the Sewer Overflow Abatement Plan.
11. The Combined Sewer Overflow Abatement Plan costs represent a large portion of the City's current and future wastewater costs with the Tier III Plan estimated to cost approximately \$170 Million and be constructed over the next fifteen years.
12. Portland's future stormwater conveyance capital and program cost requirements for meeting undetermined State or Federal regulations is unknown.

**The Task Force recommends:**

13. Continuing to fund Portland's wastewater assets through service charges as opposed to taxes.
14. Continuing to fund Portland sewer costs through the current sewer use charge which is by-nature derived from water usage billed to rate payers.
15. Funding Portland's stormwater costs through a stormwater use charge based impervious area (i.e. an area of a property comprised of rooftops, driveways, and parking lots.) of a property which is a surrogate for stormwater runoff.
16. Funding 50% of Portland's combined sewer costs through a stormwater use charge and 50% of Portland's combined sewer costs through the sewer use charge.

**The Task Force's believes that a stormwater use charge:**

17. Will contribute to Portland's regional and national competitive advantage because it will lower Portland's sewer rate as compared to other municipalities in the country.
18. Will diversify the funding streams available to meet the City's wastewater costs, reducing the total cost burden to most sewer rate payers.
19. Will reduce the relative cost burden to Portland industry, specifically industries located in Portland that are high water users and other entities that are relative high water users compared to properties that have extensive site area of roofs and pavement (i.e. impervious area).
20. Will be a more fair method of distributing cost with respect to the impact urban runoff has on the drainage system of the City.

21. Will offer opportunities for rate payers to reduce the overall impact to the system by making site improvements that reduce site runoff and improve the water quality of stormwater runoff.

**The Task Force recommends developing a stormwater use charge according to the following criteria:**

22. The Task Force examined multiple rate methodologies including a flat rate for all properties, a rate based on impervious area only, a rate based on impervious area and gross area, and a rate based on intensity of development. The Task Force believes that Portland should charge on the basis of impervious area only because an impervious only rate is most directly related to stormwater impact on the system.
23. The Task Force examined multiple rate structures for single family residential properties including a single tier, two tiers, multiple tiers, and a fully variable rate. The Task Force believes that Portland should use a simplified rate for residential properties consisting of two to three tiers. The tiers for commercial properties should approximate increments comparable to the residential tiers.
24. The Task Force considered whether roads should be exempt since roads are part of the conveyance system. The Task Force believes that Portland should exempt roads (i.e. public, private, and the airport runway) and should allocate wastewater costs on the grounds that the funding pool would shift from rate payers to property tax payers if not the case. Furthermore, the airport runway should be exempt on the grounds that it is a road.
25. The Task Force considered whether City property should be exempt and determined that City property should not be exempt since other public property in the city might be arguable exempt as well and public property has an impact on the system.
26. The Task Force considered a credit system for reducing stormwater use charges. The Task Force believes that the credits system should be tied to existing City development standards. Credits should be capped at 50% of the total stormwater use charge on the grounds that the majority of stormwater costs are unavoidable and due to maintenance and private action by individual properties would not reduce the impact on the system above that level.
27. The Task Force considered incentives and believes that offering one-time incentives for site retrofits that reduce stormwater runoff (i.e. rain barrels or rain gardens) to residential and commercial property is a valuable activity to support the City's stormwater program objectives.
28. The Task force believes that to reduce the impact on those rate payers that are most impacted by the stormwater use charge, the annual rate change should be limited.
29. The Task Force discussed the importance of an annual audit and believes that an annual audit of stormwater and sewer fund activities should be presented to the City Council annually.
30. The Task Force discussed the importance of accountability, continued public involvement and education during the transition period to a new wastewater fee structure and believes that a citizen committee to help with transition would be of value.