

Portland, Maine,

creates stormwater fee to help offset CSO requirements

If Peoria established a stormwater utility to help defray costs associated with Clean Water Act infrastructure improvements, it would not be the first community to navigate such waters.

FACING A \$264 MILLION CSO CONSENT ORDER

Portland is a city of approximately 66,300 that is located along the Atlantic coast in the southern part of Maine. The city has an incorporated area of 69.4 square miles, 69% of which are water surfaces. The natural drainage of the city includes a number of creeks, rivers and coves, all of which eventually enter Casco Bay and then the Atlantic Ocean.

The sewer systems in Portland include both combined and separated storm and sanitary sewers. The sewers date back to the 1870s and most were built as combined systems. Prior to the 1990s the combined sewer system received about 6.6 billion gallons of combined sewage annually, and discharged approximately 720 million gallons of that amount as combined sewer overflows at 39 locations along Portland’s waterways.

THE NEED FOR A SUPPLEMENTAL FUNDING STREAM

One of the key issues that came to light in 2011 as the city was completing the Tier II projects and planning for Tier III was that paying for compliance with the consent order from the sewer fund only is and would continue to be inequitable. Stormwater runoff in the system is creating the conditions resulting in overflows ... yet the city has not been requiring some of the larger stormwater runoff generators to participate in funding the solutions simply because they have no sewers.

When decision-makers looked at the alternatives, property tax increases or imposition of a stormwater fee, there was recognition that the property tax alternative would move costs to a revenue generation method that also excludes potentially significant runoff-producing properties.

The most equitable solution appeared to be a stormwater fee, which would be a hard sell without significant political support and an appropriate outreach initiative.

After years of meetings and negotiations, the city and the state entered into a Consent Order in the early 1990s.

THE COMBINED SEWER PLAN IS BEING IMPLEMENTED IN 3 TIERS, OR PHASES:

The first 2 tiers are already complete.

The cost of projects performed during Tiers I & II was approximately \$94 million. Coverage for nearly all of these costs was provided by increasing the sewer fees.

1

2

Meanwhile, Tier III is ongoing with an expected completion date of 2028. The total projected cost for completion of Tier III projects is \$170 million.

3

In addition to challenges for funding the Tier III program, the current stormwater management program in Portland is underfunded. City staff estimated in a 2011 study that to properly address stormwater maintenance, capital and program needs, the budget—estimated at \$660,000 annually—would need to be increased to about \$2.4 million annually.

In light of the significant increases in the sewer fee to cover the costs of the Tier I & II plans, and the potentially even higher fees associated with funding Tier III, creating and charging a new fee to fund stormwater management seemed to have little support.

But the 2011 study recommended that a stormwater fee could possibly support some portion of the costs of Tier III of the combined sewer plan. The city authorized a stormwater utility study and the development of a Stormwater Management Business Plan (SMBP) that would look at these alternative approaches in more detail.

THE COMMUNITY UNDERSTANDS THE NEED

The SMBP included the constitution of a Task Force that met for 10 months to evaluate an appropriate funding mechanism for the stormwater program. Among other things, the Task Force looked at the possibility of including Tier III costs, or a portion thereof, in the stormwater program level and cost of service, and the rate implications associated with those costs.

While there was initially some reluctance, the group realized—as pointed out in an affordability analysis for the consent order—that the \$170 million in Tier III costs were unavoidable and would have to be covered through either increases to sewer fees or property taxes, through the creation of a new “wet weather” fee or stormwater service charge, or a combination of methods.

The approach that was selected for the stormwater utility was to include 50% of the debt service for the Tier III capital improvements in the stormwater cost of service, beginning in 2016.

A stormwater funding outreach plan was developed and presented to the City Council. The outreach plan presented the results of a survey of Portland residents and how the

perceptions of the public could be translated into a number of messages to inform and educate the public about issues related to the stormwater management program and its costs and funding, as well as the Consent Order.

A key selling point for most residents was that the eventual annual costs for most single-family homeowners would be similar, whether by increasing the sewer fees or by funding Tier III through a combination of sewer fee increases and a stormwater fee. Businesses that have no sewers and businesses with extremely large amounts of impervious area would pay more with a stormwater fee, while other businesses would generally see somewhat lower annual costs.

As part of the outreach effort, city staff held numerous working sessions with the Finance Committee to evaluate and develop support for a variety of policies related to the stormwater service charge, building upon the Task Force recommendations. This effort included public meetings with the Finance Committee and additional briefings before the City Council to ensure political leaders understood the program and could make an informed decision about how to fund the stormwater and the Tier III programs.

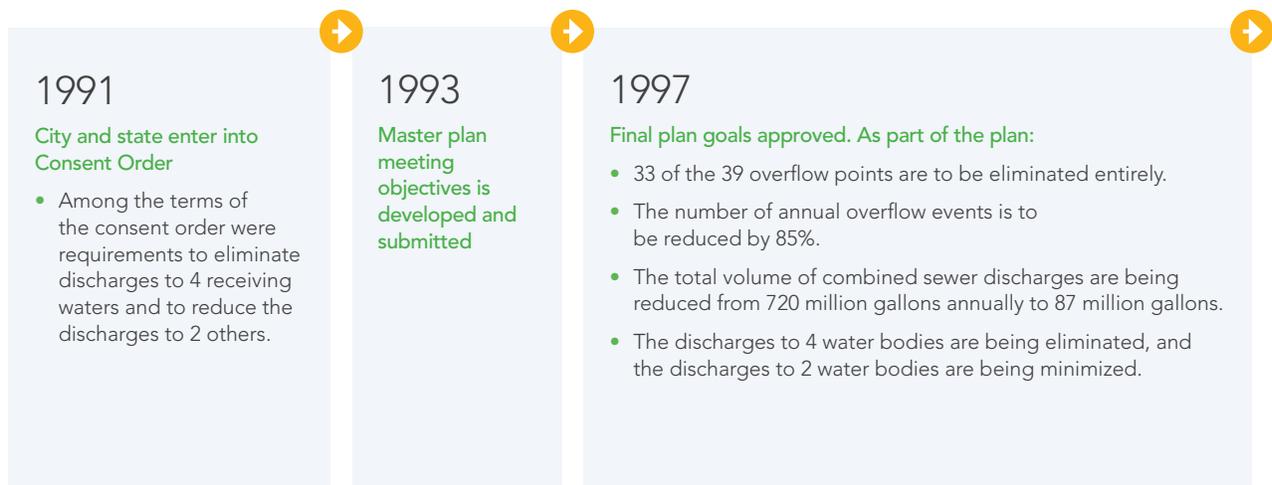
A UNANIMOUS VOTE

In January 2015, the City Council of this midsize community voted unanimously to approve the new stormwater service charge. Public comments during the session were supportive of the stormwater service charge as an equitable method for funding the program. People found this to be an equitable approach to tackling two tough, related issues because it

assessed a user fee on all property owners contributing to pollution problems, including nonprofit institutions.

Portland plans to use the fee to fund storage and treatment of polluted runoff; to expand a wastewater treatment facility; to improve separated, combined and storm sewers; and to repair catch basins, manholes and detention ponds.

TIMELINE



PROPOSED FEE STRUCTURE

Portland developed a stormwater service charge rate structure that considered and/or incorporated input from various stakeholders. The service charge rate was based on impervious surface area as the primary indicator of the runoff potential of developed properties.

\$6

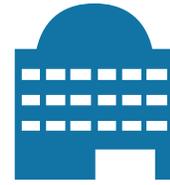
per 1,200 sq. feet

FY2016: The initial rate will be \$6 per 1,200 square feet of impervious area per month. It is based on 1,200-square-foot increments of impervious area, regardless of property type. (Measured impervious areas are rounded to the nearest 1,200 square feet.)

FY2019: Rate increases annually and in this fiscal year will be \$8.20.



If a property has less than 400 square feet of impervious area, it will not receive a bill.



All other properties will be billed for at least 1,200 square feet of impervious area. All properties, regardless of use classification, are billed the same way.

ADDITIONAL READING:

- Sustainable Storm Water Funding Task Force: <http://www.portlandmaine.gov/702/Sustainable-Storm-Water-Funding-Task-For>
- Clean Water Equals Clean Growth site: <http://www.cleangrowthcleanwater.com>

1997-2003

Tier I of plan

- 45 projects completed

2003-2013

Tier II of plan

- An additional 75 projects were to be completed. (Some have been delayed and reprogrammed to occur in Tier III.)
- Those projects performed to date have been primarily separation and storage projects.
- Projects have decreased volume of combined sewer discharges by about 50% thus far.

2015

City Council votes unanimously to approve stormwater service charge

- Initially based on \$6 per 1,200 square feet of impervious surface area.

2013-2028

Tier III of plan

- Tier III is anticipated to last until 2028.
- Includes a combination of storage, separation, rehabilitation, green infrastructure and treatment plant upgrade projects.