



City of Longview

1525 Broadway
Longview, WA 98632
www.ci.longview.wa.us

City Council

*Mayor MaryAlice Wallis
Mayor Pro Tem Michael Wallin
Council Member Ruth Kendall
Council Member Chet Makinster
Council Member Steve Moon
Council Member Christine Schott
Council Member Hillary Strobel*

Thursday, January 21, 2021

6:00 PM

Virtual Meeting

NOTICE IS HEREBY GIVEN, in accordance with RCW Chapter 42.30, that the City Council of the City of Longview, Washington, will conduct a virtual Zoom meeting on Thursday, January 21st, at 6:00 p.m.

For information about Zoom accessibility, please contact the City Clerk's Office at 360-442-5041.

Please click the link below to join the meeting:

<https://us02web.zoom.us/j/87346078199>

Telephone options (you may need to try more than one number if you receive a busy signal):

Dial any of the following numbers:

1-253-215-8782

1-669-900-6833

1-346-248-7799

1-408-638-0968

1-646-876-9923

1-301-715-8592

1-312-626-6799

Meeting ID: 873 4607 8199

1. CALL TO ORDER

2. ROLL CALL

3. WORKSHOP

21-00037 STORMWATER UTILITY RATE STUDY FINAL RECOMMENDATIONS

RECOMMENDED ACTION:
FOR INFORMATION AND DISCUSSION

4. ADJOURNMENT

NEXT REGULAR COUNCIL MEETINGS:
THURSDAY, JANUARY 28, 2021 - 7:00 P.M.
THURSDAY, FEBRUARY 11, 2021 - 7:00 P.M.



City of Longview

Agenda Summary

STORMWATER UTILITY RATE STUDY FINAL RECOMMENDATIONS

RECOMMENDED ACTION: **FOR INFORMATION AND DISCUSSION**

COUNCIL INITIATIVE ADDRESSED:

Provide Sustainable Water Quality & Environmental Infrastructure

CITY ATTORNEY REVIEW: N/A

SUMMARY STATEMENT:

This workshop is intended to provide Council with the final recommendations of the Stormwater Utility Evaluation & Rate Study being performed by FCS Group. This study was initiated last year in order to evaluate the current framework of the City's stormwater utility and update impervious assessments to ensure that all properties are being billed for the correct rates.

Last summer, FCS Group developed a number of issue papers and preliminary recommendations which were provided to Council at a workshop in September 2020. These recommendations and the feedback provided during the workshop were used to develop an updated utility framework and new rate model which will be used to develop the revenue and expenditure forecasts for the stormwater utility.

FCS Group will provide a summary of their proposed rate scenarios based on implementing the work and recommendations of the rate study and potential future action items for the stormwater utility.

Staff Contact:

Steve Haubner, Stormwater Manager

Attachments:

1. 2020 Stormwater Rate Study (Final for Council)



LONGVIEW
Washington

2020 Stormwater Rate Study



Chris Gonzalez, Senior Project Manager
John Ghilarducci, Principal
January 21, 2021



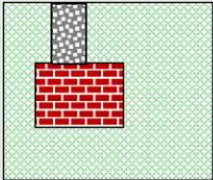
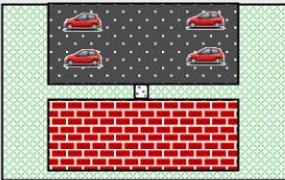
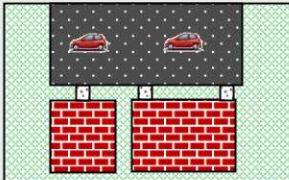
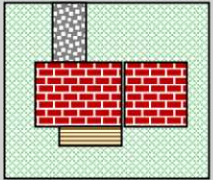
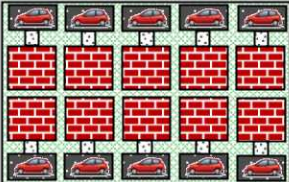
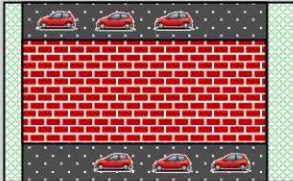
Agenda

- **Background**
- **Methodology**
- **Key Assumptions**
- **Summary of Findings and Recommendations**
- **Questions/Discussion**



Background: Stormwater Rate Structure

- The City recovers the cost of its stormwater programs via a monthly rate per equivalent residential dwelling unit (ERDU)
- The City assigns ERDUs as follows:

Single-Family	Multi-Family	Commercial
1 ERDU per Parcel	1 ERDU per Dwelling Unit	1 ERDU per 2,500 Impervious Square Feet (ISF)
 Parcel with 2,000 ISF: 1 ERDU	 Fourplex 4 ERDUs	 Commercial Parcel with 7,500 ISF 3 ERDUs
 Parcel with 3,200 ISF: 1 ERDU	 10-Unit Mobile Home Park 10 ERDUs	 Commercial Parcel with 25,000 ISF 10 ERDUs



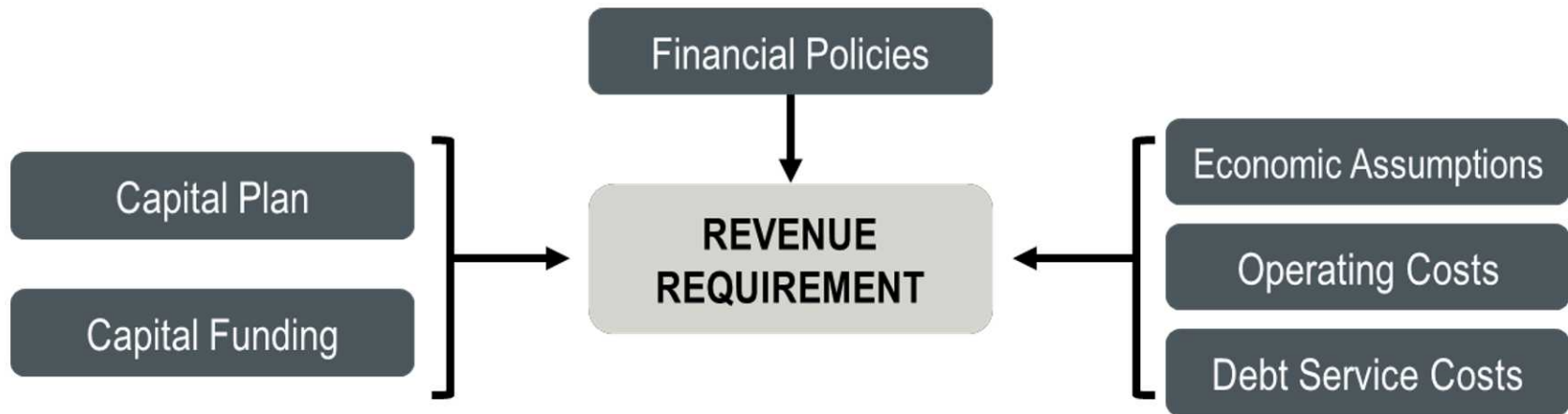
Background: Stormwater Rate History

Year	Monthly Rate per ERDU	\$ Increase	% Increase
2005	\$2.66	\$0.26	11.0%
2006	\$3.22	\$0.56	21.0%
2007	\$3.54	\$0.32	10.0%
2008	\$3.79	\$0.25	7.0%
2009	\$4.06	\$0.27	7.0%
2010	\$4.34	\$0.28	7.0%
2011	\$5.07	\$0.73	16.8%
2012	\$5.63	\$0.56	11.0%
2013	\$6.70	\$1.07	19.0%
2014	\$7.97	\$1.27	19.0%
2015	\$9.09	\$1.12	14.0%
2016	\$10.09	\$0.49	11.0%
2017	\$11.10	\$1.01	10.0%
2018	\$12.21	\$1.11	10.0%
2019	\$13.68	\$1.47	12.0%
2020	\$14.50	\$0.82	6.0%

- Rates have increased over time to fund increasing operating costs and capital improvements, driven in part by evolving NPDES permit requirements and Council funding priorities including street sweeping, urban forestry, and sidewalk programs



Revenue Requirement Methodology



- **Determines the level of annual revenue necessary to meet all utility financial obligations**
- **Results in multi-year rate strategy**



Key Assumptions

Annual Cost Inflation

- General (CPI): 1.7 – 2.5%
- Labor: 2.5%
- Benefits: 3.5%
- Construction Costs: 3.0%

Operating Forecast

- Generally based on 2021-22 Budget
- Taxes calculated on projected revenues

Annual Growth Rates

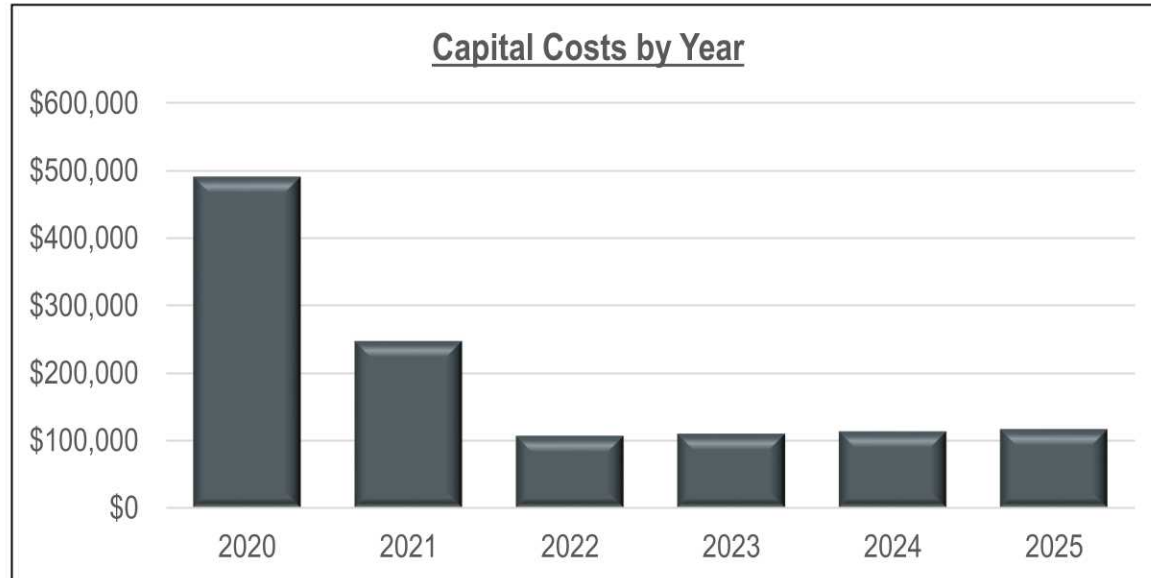
- Customer Growth: 0.5% per year
 - $\approx$ 150 – 155 ERDUs per year

Reserve Policies

- Operating reserve of 45 – 60 days of O&M
 - \$673,000 – \$897,000 based on 2021 Budget
- Minimum capital reserve of \$100,000



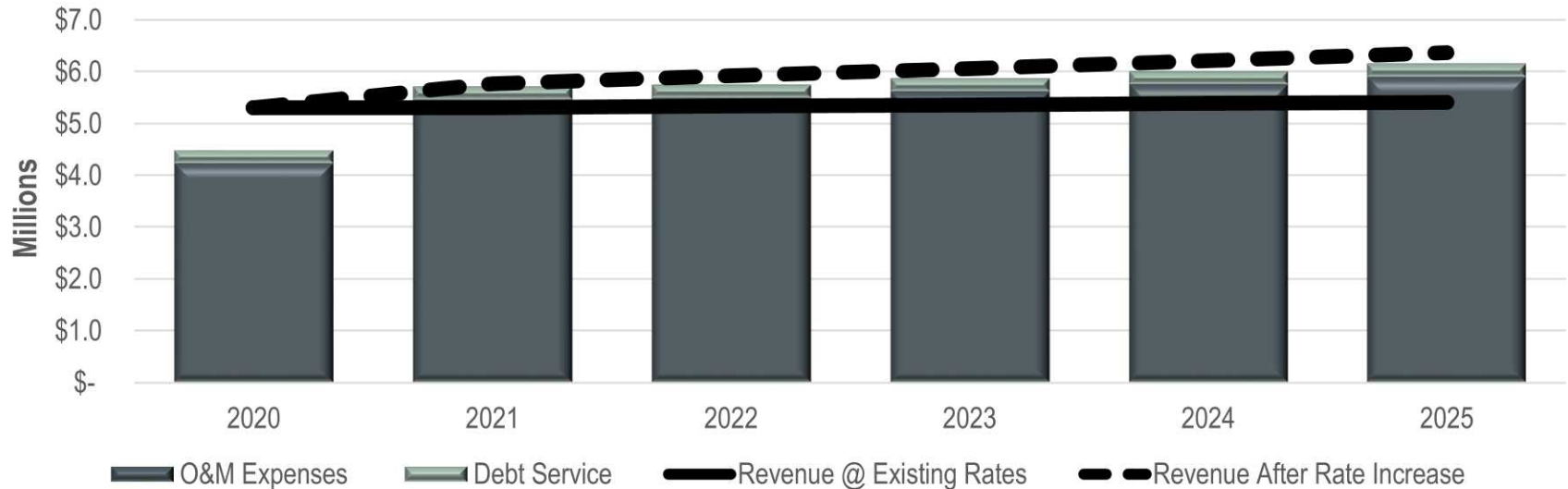
Capital Needs Forecast



- **\$1,182,000 in capital projects from 2020 – 2023**
 - Indian Creek Property Purchase: \$283,000
 - Mint Valley Pump Station Bypass: \$144,000
 - Other: \$97,000
 - Miscellaneous Repairs: \$547,000
 - Sidewalk Repairs: \$111,000
- **Cash resources are expected to fully fund the capital plan**



Stormwater Revenue Requirement Forecast



Stormwater Rate Forecast	Existing	Proposed	Projected			
	2020	2021	2022	2023	2024	2025
Annual Rate Increase		9.00%	2.00%	2.00%	2.00%	2.00%
Monthly Residential Bill	\$14.50	\$15.81	\$16.13	\$16.45	\$16.78	\$17.12
Change From Prior Year		+\$1.31	+\$0.32	+\$0.32	+\$0.33	+\$0.34

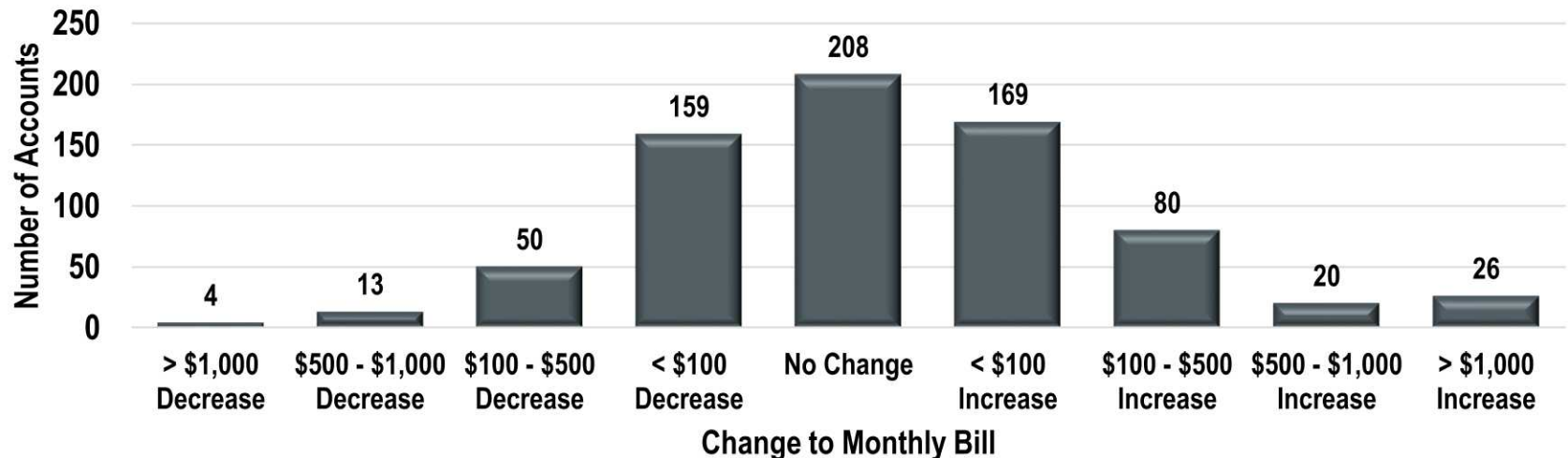
- **2021 rate increase driven by \$1.2 million increase in annual operating costs**
 - Salaries/Benefits for 7 New FTEs: \$650,000
 - NPDES Watershed Study: \$125,000
 - Motor Pool/Insurance Reserve: \$294,000
 - Other Net Operating Cost Increase: \$131,000



Stormwater Utility Evaluation Recommendations

- **Bill commercial parcels based on updated impervious area measurements**
 - » Improves equity among customer classes and within the commercial class
 - » Would increase annual rate revenue by about \$1.7 million, potentially enabling the City to decrease the monthly stormwater rate per ERDU
 - » Some bills would go up while others go down

Monthly Bill Impact from Updating Impervious Area Measurements¹

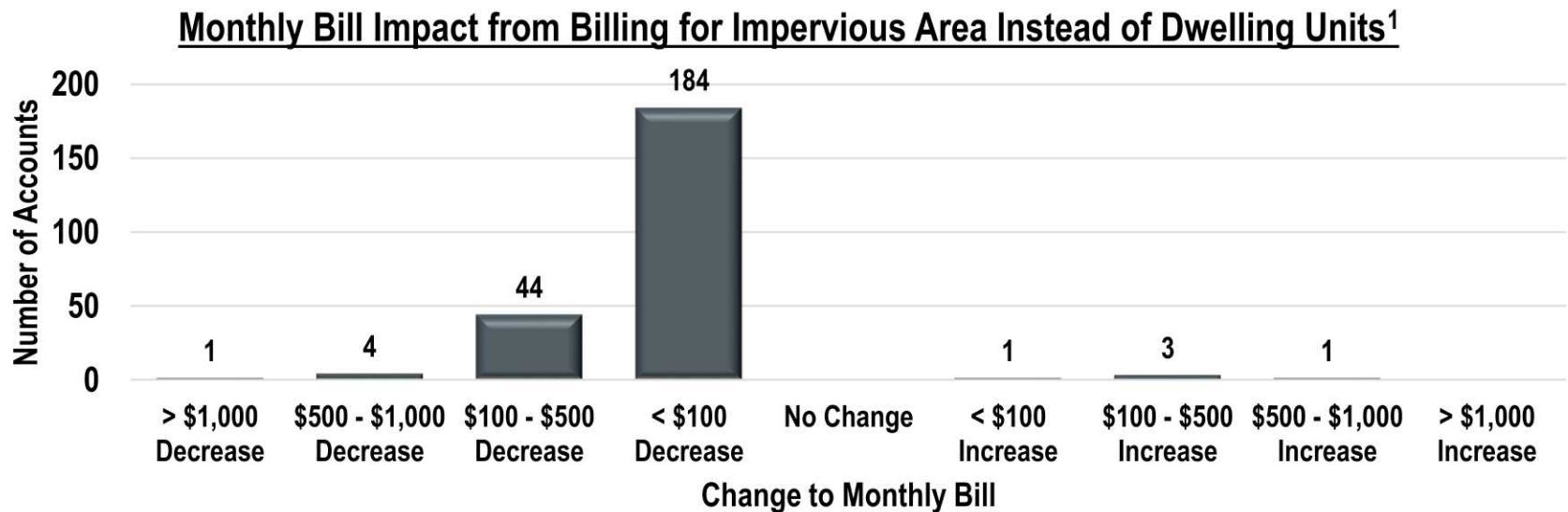


¹Includes 729 of the City's 1,007 commercial accounts; the parcel measurements for the remaining 278 accounts were difficult to link to existing utility billing data.



Stormwater Utility Evaluation Recommendations

- **Bill multi-family parcels based on measured impervious area**
 - » Multi-family parcels currently billed based on dwelling unit counts
 - » Impervious area is more closely linked to runoff generation
 - » Would decrease annual rate revenue by about \$535,000, which (all else equal) would require an increase in the monthly rate per ERDU

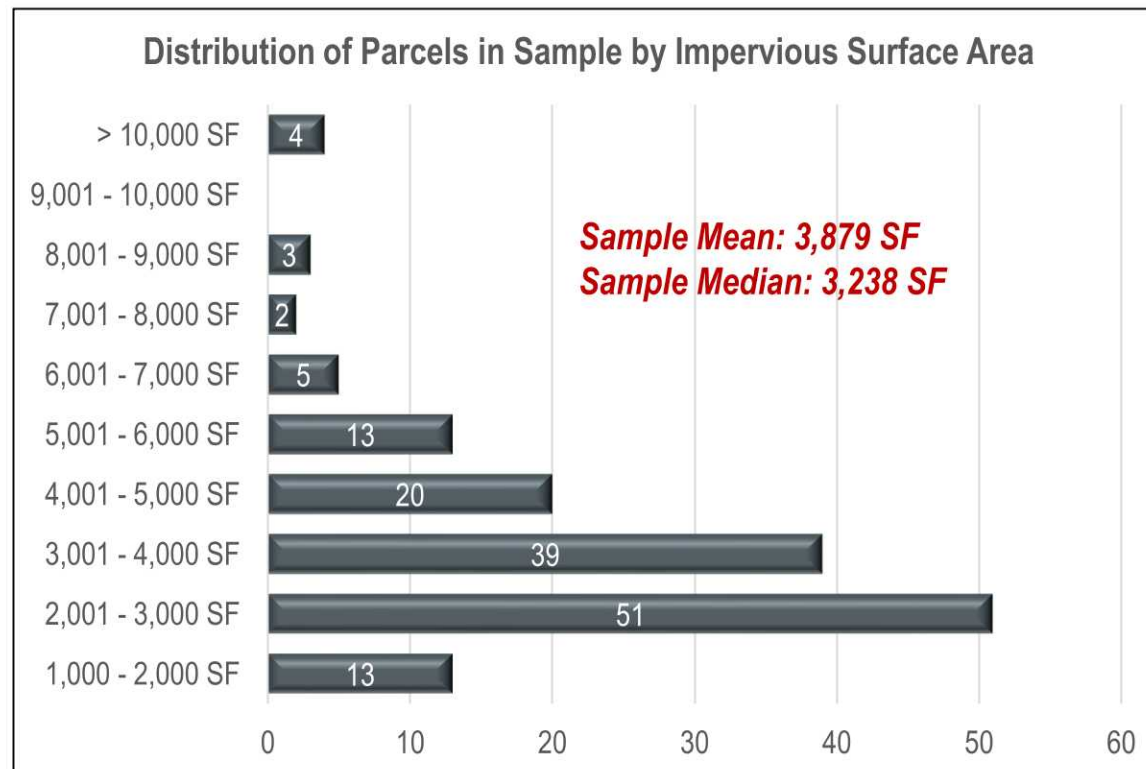


¹Includes 238 of the City's 380 multi-family accounts; the parcel measurements for the remaining 142 accounts were difficult to link to existing utility billing data.



Stormwater Utility Evaluation Recommendations

- **Increase ERDU definition from 2,500 to 3,000 square feet of impervious area**
 - » Based on random sampling of 150 single-family parcels in the City
 - » Would decrease annual rate revenue by roughly \$500,000, which (all else equal) would require an increase in the monthly rate per ERDU





Summary of Stormwater Rate Scenarios

Stormwater Rate Forecast	Existing	Proposed	Projected			
	2020	2021	2022	2023	2024	2025
Status Quo (No Changes)						
Annual Rate Increase		9.00%	2.00%	2.00%	2.00%	2.00%
Monthly Residential Bill	\$14.50	\$15.81	\$16.13	\$16.45	\$16.78	\$17.12
Change From Prior Year		+\$1.31	+\$0.32	+\$0.32	+\$0.33	+\$0.34
With Recommended Changes¹						
Annual Rate Increase		0.00%	0.00%	0.00%	2.00%	2.00%
Monthly Residential Bill	\$14.50	\$14.50	\$14.50	\$14.50	\$14.79	\$15.09
Change From Prior Year		\$0.00	\$0.00	\$0.00	+\$0.29	+\$0.30

¹Beginning in 2021, commercial customers billed based on updated parcel measurements, multi-family customers billed based on impervious area, and the ERDU definition changed from 2,500 to 3,000 SF of impervious area.



Summary of Recommendations

- **For 2021:**
 - » Charge commercial parcels based on updated measurements
 - » Charge residential with 4+ units based on measured impervious surface area
 - » Update ERDU definition from 2,500 to 3,000 square feet of impervious area
- **For future consideration:**
 - » Update ERDU definition from 3,000 to 3,250 square feet of impervious area
 - » Establish tiered single-family rate structure
 - » Move toward recovery of development review/inspection program through permit fees
 - » Embed source control program in (rate-funded) utility operating budget

Thank you! Questions?

Chris Gonzalez, Senior Project Manager

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