

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Matthew Criblez		2. Telephone No. 503-823-9803	3. Bureau/Office/Dept. BES/ Office of the Director
4a. To be filed (hearing date): November 2, 2011	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: October 17, 2011
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

Amend Sewer User Charges Code to Expand Authorities for Implementing a Revised Extra Strength Discharge Program. (Ordinance; Amend Code Chapter 17.36).

2) Purpose of the Proposed Legislation:

The City's Extra Strength Sewer Charge for wastewater is an existing charge and in the past has been applied to large, industrial type businesses. In an effort to provide rate equity, the City is proposing new code to allow the development of a fee methodology to more equitably distribute the costs of grease waste management to all similar dischargers across the city.

The proposed code authorizes BES to modify and develop a "class average" methodology to assess fees to businesses. This authorization will allow BES to more equitably charge system users without the high cost of single site sampling that is required under the current Extra Strength program. Class average billing methodologies are commonly used by agencies nationwide to address high strength discharges from businesses. This code change directs BES to develop the class average billing method and to implement the program early in 2012. BES has been meeting with stakeholder groups over the last six months preparing affected businesses for the new fee and providing methods for businesses to minimize the charge. The administrative rules package describing how BES will implement the expanded Extra Strength Program will be going to public review in November of 2011.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |

FINANCIAL IMPACT**4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.**

Program impacts will be reflected in FY2013 rates. Some of the revenues generated by new charges will fund new positions, but the majority of these revenues will offset revenue requirements and therefore offer some rate relief for existing extra strength customers, regular strength commercial customers and residential customers. When compared to projected FY2013 rates without the program expansion, this proposal will decrease the ESSC rates for existing customers by approximately 15% and decrease the sanitary volume rates for all residential and commercial customers by approximately 2-3%.

5) Expense: What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the *level of confidence*.)

Expenses for the program include new staff and promotional materials. Limited duration staffing is expected to cost just under \$300,000 a year for a period of two years. Expenses will be covered by revenue generated by the program.

6) Staffing Requirements:

There are an additional four limited duration staff to implement the Extra Strength Charge effort starting in FY 2011-12. These staff are updating water and sewer billing account information to include the charges for newly qualified Extra Strength users and are working with small businesses to explain and establish the amount of the charge.

7) Change in Appropriations (If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)

Not applicable

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

☒ YES: Please proceed to Question #9.

☐ NO: Please, explain why below; and proceed to Question #10.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

The code itself is anticipated to create limited interest in the broad authorizing code language and limited impact because of its focused application to food service establishments. However, there may be greater input on the associated administrative rules from the affected stakeholders.

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

BES has spent over six months working with the most prominent stakeholders including meetings with the Oregon Restaurant & Lodging Association, The Small Business Advisory Council, Building Owners Management Association, Northwest Grocers Association, and Portland Utilities Review Board. BES provided notice of this code change to the Development Review Advisory Committee (DRAC) via the monthly project reporting and to other groups via notice on the BES website.

BES anticipates a more comprehensive outreach process in development of the administrative rules that implement this code section. We anticipate that stakeholders will be more interested in the details of implementation.

c) How did public involvement shape the outcome of this Council item?

The general code language was not influenced by public input, however the implementing administrative rules and program educational materials have been and continue to be modified based on discussion and input with stakeholder groups.

d) Who designed and implemented the public involvement related to this Council item?


The BES Pollution Prevention Group has and will continue to implement outreach efforts to parties likely to be affected by implement the proposed Extra Strength Program code. This code change is part of the City's *Cut Through the FOG* Program is designed to work with the citizens and businesses of Portland to reduce their discharges of Fats, Oils and Greases (FOG) wastes to the City sewer system.

e) Primary contact for more information on this public involvement process (name, title, phone, email):

Matt Criblez, BES Environmental Compliance Manager 503-823-9803
matthew.criblez@portlandoregon.gov

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

BES will be undertaking a public review process in the late fall of 2011 for the adoption of administrative rules used to implement this code, and will be continuing with technical assistance with the *Cut Through the FOG* Program over the next two years.



APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND ENVIRONMENTAL SERVICES

184989



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Dan Saltzman, Commissioner ■ Dean Marriott, Director

City Council
Agenda Item
Staff Supplemental Report

TO: Commissioner Dan Saltzman
THROUGH: Matt Grumm or Amy Trieu

FROM: Matthew Criblez, Bureau of Environmental Services

DATE: October 17, 2011

RE: Amendment to the Sewer User Charges Code PCC Chapter 17.36

Requested Council Hearing Date: November 9, 2011

I. RECOMMENDATION

Accept and forward the request for City Council to adopt changes to City Code.

II. BACKGROUND

The City of Portland's *Cut Through the FOG* Program is designed to work with the citizens and businesses of Portland to reduce their discharges of Fats, Oils and Greases (FOG) wastes to the City sewer system. The proposed code changes authorize the Bureau of Environmental Services (BES) to expand how the City charges sewer users for discharging waste with high concentrations of grease, food waste and other solids to the City sewer system.

The City's Extra Strength Sewer Charge for wastewater is an existing charge and in the past has been applied to large, industrial type businesses. In an effort to provide rate equity, the City is proposing the new code to allow the development of a fee methodology that will spread the costs of grease waste management more equitably among dischargers across the city.

The proposed code authorizes BES to modify and develop a "class average" methodology to assess fees to businesses. This authorization will allow BES to more equitably charge system users without the high cost of single site sampling that is required under the current Extra Strength program. Class Average billing methodologies are commonly used by agencies nationwide to address discharges from businesses. This code change directs BES to develop the class average billing method and to implement the program early in 2012. BES has been meeting with stakeholder groups over the last 6 months preparing affected businesses for the new fee. The administrative rules package describing how BES will implement the expanded Extra Strength Program will be going to public review in late October of 2011.

III. FINANCIAL IMPACT

There are four limited duration staff to implement the Extra Strength class average billing

methodology hired starting FY 2011-12. Limited duration staffing is expected to cost just under \$300,000 a year for a period of two years. These staff are updating water and sewer billing account information to include the new charges for newly qualified Extra Strength users and are working with small businesses to explain and establish the amount of the new charge.

IV. LEGAL ISSUES

These amendments have been thoroughly reviewed by the City Attorney's Office to assure they meet legal requirements and program needs to protect against legal actions and to limit any unanticipated legal liability for the City.

V. CONTROVERSIAL ISSUES

BES expects some testimony against and potentially for authorizing the program. The establishment of new sewer charges may be seen by some as controversial, however this new fee system will increase equity among sewer system users.

VI. LINK TO CURRENT CITY POLICIES

The Code changes link to existing program authorities and requirements outlined in chapter 17.36 of the PCC.

VII. CITIZEN PARTICIPATION

BES has spent over six months working with several groups of stakeholders including meetings with the Oregon Restaurant & Lodging Association, the Small Business Advisory Council and the Building Owners Management Association. BES provided notice of this code change to the Development Review Advisory Committee (DRAC) via the monthly project reporting and to other groups via notice on the BES website.

BES anticipates a more comprehensive outreach process in development of the administrative rules that implement this code section. Stakeholders will likely be more interested in the details of implementation.

VIII. OTHER GOVERNMENT PARTICIPATION

The proposed code changes represent discussions with a variety of agencies including the County Health Department and other regional sewerage agencies.

IX. FINANCIAL IMPACT ON LOCAL ECONOMY

This code will result in new charges for extra strength sewer use to over 2,000 businesses, but will reduce the charges by 15% for the approximately 70 existing extra strength customers. In addition the average ratepayer should see a 2-3% bill reduction because they are providing less subsidy for program efforts to manage high strength wastes.

IF THIS ACTION IS CONTRACT-RELATED, PROVIDE INFORMATION ON
M/W/ESB PARTICIPATION (NUMBER AND PERCENTAGE)

X. IF THIS IS A CONTRACT, DOES CONTRACTOR HAVE A CURRENT BUSINESS LICENSE? **NOT APPLICABLE**

____ WHAT IS THEIR BUSINESS LICENSE NUMBER? ____ IS THEIR ACCOUNT
WITH THE CITY CURRENT? ____ IF NOT, HOW MUCH IS OWING? _____