

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

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|--|--|---|---|
| 1. Name of Initiator Dawn Hottenroth | | 2. Telephone No. 3-7767 | 3. Bureau/Office/Dept. BES / Director's Office |
| 4a. To be filed (hearing date): September 12, 2012 | 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: August 30, 2012 |
| 6a. Financial Impact Section: NA Financial impact section completed | | 6b. Public Involvement Section: X Public involvement section completed | |

1) Legislation Title:

Amend various sections of the Public Works Improvement Code and Plumbing Regulations to implement the new policies related to the City's Nonconforming Sewer Conversion Program. (Ordinance; amend code Chapters 17.32, 17.33, 17.36 and Title 25).

2) Purpose of the Proposed Legislation:

To amend code sections to implement the Nonconforming Sewer Conversion Program changes recommended by the Citizen Advisory Committee and agreed to by Commissioner Saltzman and BES. Changes reflect three main program elements:

- Changing from a Sewer Conversion Charge to a Branch Fee for eligible residential properties;
- Expanding the criteria for acceptance and adoption of private sewer lines in the public right-of-way;
- Providing reimbursements for eligible residential property owners who have already paid or financed their Sewer Conversion Charges.

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)?

- City-wide/Regional
 Northeast
 Northwest
 North
 Central Northeast
 Southeast
 Southwest
 East
 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.**

This legislation will replace the existing Nonconforming Sewer Conversion Fee for residential property owners connecting to City sewers and replace it with the existing Branch Fee. The current residential Sewer Conversion Fee is approximately \$9,150 and is proportional to the size of the property connecting to the public sewer. By contrast, the existing Branch Fee is \$5,059. It is estimated that this ordinance will result in a reduction of \$4,091 in connection fees per residential property participating in the Nonconforming Sewer Conversion Program. As of March 2012, BES has identified almost 2,300 properties that already have available sewer or that will be part of future BES sewer extension or rehabilitation projects that will pay the Branch Fee instead of the Sewer Conversion Fee. The lost revenue by moving to a Branch Fee instead of the Sewer Conversion Sewer is estimated at approximately 9.6 million over the next 20 years. BES estimates the cost to all ratepayers to be only \$72 over the next 20 years, or approximately \$0.30 a month.

NOTE: BES estimates that there may also be an equal number of nonconforming sewer properties not yet identified who may need to connect in the future.

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.)*

The only true expense to the proposed program changes are not related to the rate table and code change, but stem from the refund portion of the program change. Over the long term BES is not expecting to see any direct expense related to change the fees paid for single family nonconforming sewer connections.

6) Staffing Requirements:

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)*

No new positions will be created. Additional temporary workload for existing staff related to the refund program is expected.

- **Will positions be created or eliminated in future years as a result of this legislation?**

None anticipated at this time.

(Complete the following section only if an amendment to the budget is proposed.)

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

PUBLIC INVOLVEMENT

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?

Commissioner Saltzman convened a Citizen Advisory Committee (CAC) to review and evaluate the BES Nonconforming Sewer Conversion Program. The CAC has met over the last nine months and developed a list of proposed modifications for the program. Their proposed changes included reducing connection fees, expanded City adoption of private sewer liens in the public right-of-way, refunds for those who have paid fees previously, and enhanced public notices and information. This ordinance reflects programmatic changes anticipated based on the CAC's input.

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?

The CAC represented a diverse group of stakeholders including residential and commercial property owners participating in the program.

Additionally both code and administrative review proposals under went a public review period from June 5 to July 5, 2012. Notice was mailed to over 800 individuals and an ad was purchased for the June 5th edition of the DJC. Mixed comments were received, but generally most in support of the proposals. There were many questions from citizens who have already signed a waiver (PSUW) with the City to lock in fee amounts. They will pay the sewer Branch charge or the charge locked in by their waivers, whichever is lower, at the time of connection. For most over time the PSUW fee will be less.

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

This ordinance makes programmatic changes to the Nonconforming Sewer Conversion Program based on the input of the CAC. Additional public review was offered on the administrative rules to implement the program changes and to establish the refund portion of the program.

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

Staff in the Office of the Director of BES

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

Rhetta Drennan, Public Involvement Specialist

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

Yes additional outreach efforts are planned to correspond with recommendations about BES project notification.

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APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND ENVIRONMENTAL SERVICES



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

185694

City Council
Agenda Item
Staff Supplemental Report

TO: Commissioner Dan Saltzman

THROUGH: Amy Trieu

FROM: Dawn Hottenroth, Environmental Policy Analyst

DATE: August 9, 2012

RE: Nonconforming Sewer Program Code Change Package

Requested Council Hearing Date: September 12, 2012

I. RECOMMENDATION

Please recommend passage of the proposed code amendments. These amendments implement the policy changes for the City's Nonconforming Sewer Conversion Program as recommended by the CAC and approved by your office.

II. BACKGROUND

This package was developed over the last nine months by the CAC, staff from BES, and the City Attorney's Office. The proposed package includes code changes across four PCC Chapters and Titles and will be further defined by two administrative rules packages that will be adopted by the Director of BES upon Council approval of the code sections. The code and rules changes proposed will implement the following:

- Changing from a Sewer Conversion Charge to a Branch Fee for eligible residential properties;
- Expanding the criteria for acceptance and adoption of private sewer lines in the public right-of-way;
- Providing reimbursements for eligible residential property owners who have already paid or financed their Sewer Conversion Charges.

III. FINANCIAL IMPACT

This legislation will reduce most residential property owners sewer connection fees from approximately \$9,150 to \$4,844, the FY 2012 / 2013 Branch Fee. As of March 2012, BES has identified almost 2,300 properties that already have available sewer or that will be part of future BES sewer extension or rehabilitation projects that will pay the Branch Fee instead of the Sewer Conversion Fee. The lost revenue by moving to a Branch Fee instead of the Sewer Conversion Sewer is estimated at approximately 9.6 million over the next 20 years. BES estimates the cost to all ratepayers to be only \$72 over the next 20 years, or approximately \$0.30 a month.

IV. LEGAL ISSUES
None anticipated.

V. CONTROVERSIAL ISSUES
None identified.

VI. LINK TO CURRENT CITY POLICIES
These changes link to an existing authority for the BES Chief Engineer to adopt private sewers in the public right-of-way. This legislation enhances the number of systems that would qualify for "adoption".

VII. CITIZEN PARTICIPATION
This legislation implements many of the proposed program changes from the CAC. The proposed code and administrative rules changes were posted for public review on the BES website from June 5 to July 5, 2012. A notice was placed in the newspaper on July 5, 2012 advertising the package was available for review. Direct mail notices were sent to over 800 interested parties. A public hearing was held June 14, 2012 and 12 citizens attended and the following items were discussed: relationship of Branch charge to the charges locked in by PSUWs and private system adoption criteria. In addition this workplan item has been on the DRAC tracking list for over three months.

VIII. OTHER GOVERNMENT PARTICIPATION
No agency outside the City was involved in this proposal.

IX. FINANCIAL IMPACT ON LOCAL ECONOMY
Not applicable
IF APPLICABLE, PROVIDE INFORMATION ON ESTIMATED NUMBER OF
JOBS CREATED BY THIS ACTION

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