



**DEVELOPING AN EXTRA STRENGTH
SURCHARGE PROGRAM: DESIGN THROUGH
IMPLEMENTATION**

PRESENTERS



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HISTORY



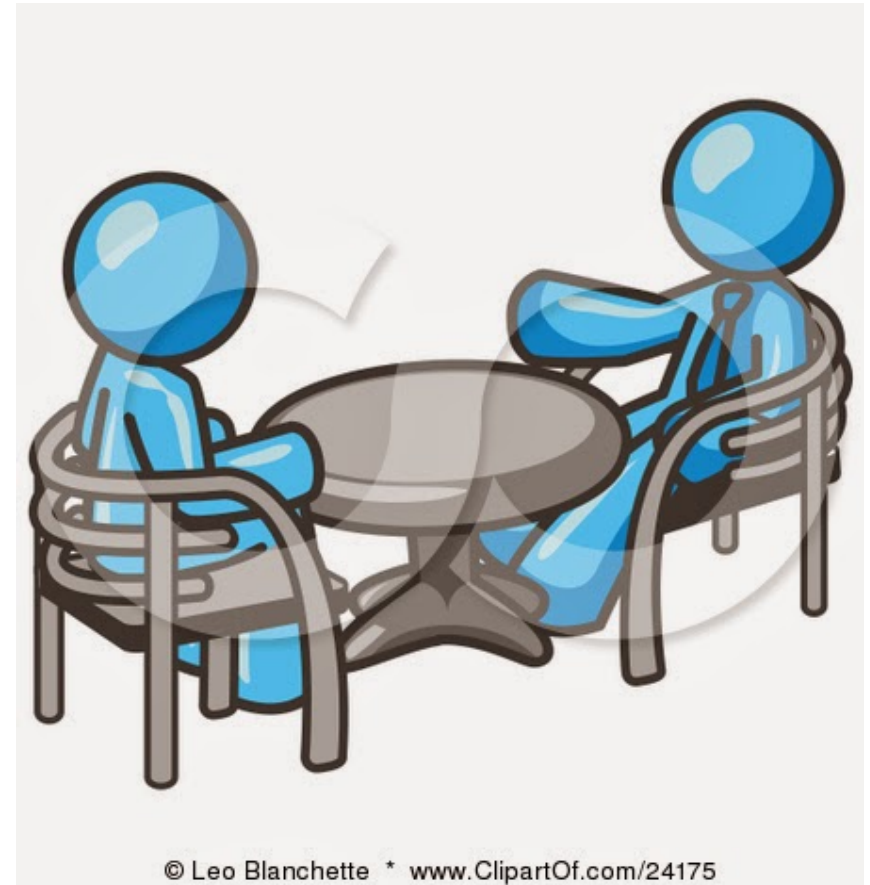
- How ESC started in Bend
- Why we got the opportunity to fix the program
- Equity is the main goal



PUBLIC WORKS-IPP



- Did not take into account other businesses, depts.
- Narrow vision with our own goals
- IPP Program or Finance Program?



STEPS TO NEW ESC PROGRAM



- IAC was called in (Infrastructure Advisory Committee)
- Business Advocate Hired
- ESC Advisory Committee Formed
- Recommendations provided to Council
- Included in full rate study

VARIOUS COMMITTEES



- IAC
- City Manager
- City Attorney
- City Business Advocate
- Extra Strength Charge Advisory Committee
- Members of industry affected
- City Council
- Senior Policy Analyst



HOW WE MODELED OUR PROGRAM



- Goals: pollution prevention and cost recovery
- Equitable among all businesses
- Looked at what other municipalities did
- Sampled and tested many businesses
- Looked at Industry Standards
- NAICS Codes
- Started Outreach early and often



Category Table - List of Businesses by Extra Strength Category

Category	Concentration	Business Types
RESIDENTIAL	<500 mg/L BOD/TSS	
STANDARD	<500 mg/L BOD/TSS	Businesses reasonably expected to discharge at or below typical residential. City will monitor.
LOW	>501 mg/L and <1,000 mg/L	Restaurants, Car Washes, Medical Labs, and any business that is in the FOG program
MEDIUM	>1,001 mg/L and <1,500 mg/L	Bakery, Meat Shops, Coffee Shops
HIGH	>1,501 mg/L and <2,000 mg/L	Industrial Laundry, Mortuary
SUPER HIGH	>2,000 mg/L	Breweries, Distilleries, Slaughterhouse
MONITORED	Anyone who applies and is accepted into Monitored Program	

*Businesses listed for each ESC category are intended to be illustrative of those customers in Bend at present. However there may be business types we have not yet captured in this table. It will be updated periodically. Maintained Grease Traps will be determined by Fats, Oils and Grease program.

FOG PROGRAM CONFLICT



- Food Service Establishments
- Compromising Established FOG Program
- Policy as an Enforcement Tool

FOG POLICY



FOG Fines needed to be coordinated with ESC charges to ensure full participation in pollution prevention.

- Within a 12-month period, on the occasion that a business required to comply with the Fats, Oils and Grease (FOG) program violates the requirements outlined in that program the following penalties may be assessed:
 - 1st Violation - \$150
 - 2nd Violation - \$350
 - 3rd Violation - \$700
 - 4th and every other violation - \$1400
- In addition to the penalty, a business that violates the requirements of the FOG program twice in 12 consecutive months will be moved from the LOW category in the City Extra Strength Charge program to the MEDIUM category. This will result in an increase in the business' sewer bill. The business will stay in the MEDIUM category until the business has two consecutive passing inspections.
- If a business has three violations in 12 consecutive months, the business will be moved into the HIGH Extra Strength category. This will result in an increase in the business' sewer bill. The business will stay in the HIGH category until the business has three consecutive passing inspections.
- If a business has four violations in 12 consecutive months, the business will be moved into the SUPER HIGH Extra Strength category. This will result in an increase in the business' sewer bill. The business will stay in the SUPER HIGH category until the business has four consecutive passing inspections.

RATES AND POLICIES



- Full Rate Study-postponed startup
- Cost of Service - costs to treat a pound of BOD
- Rate Design influenced by elected officials and community members

NUMBER OF SEWER CUSTOMERS BY CLASS

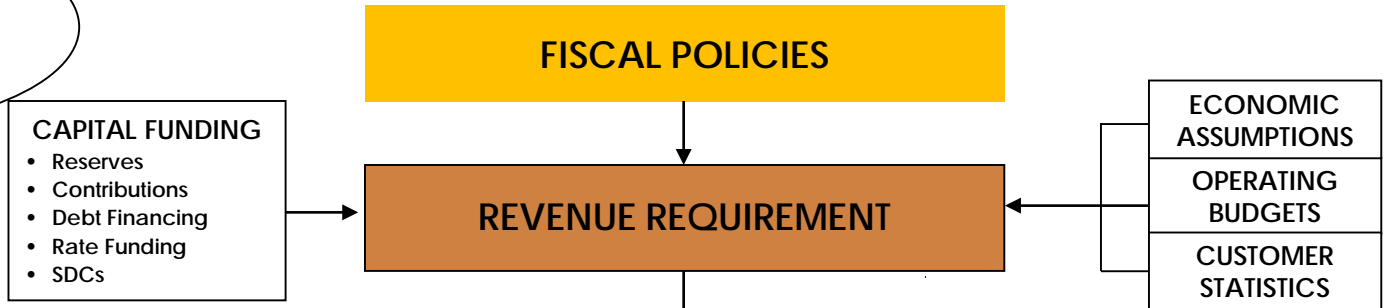


Customer Class	Est # of Accounts
Single Family	24,289
Multi Family	1,869
Non-Residential Standard	1,783
Low Extra Strength	378
Medium Extra Strength	13
High Extra Strength	4
Super High Strength	9

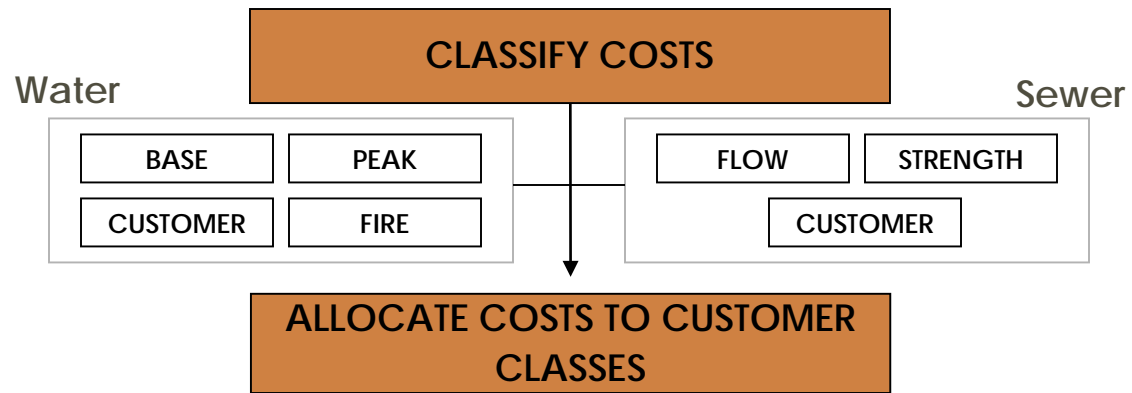
3-STEP RATE SETTING PROCESS



Step 1:
Revenue
Requirement



Step 2:
Cost of
Service



Step 3:
Rate
Design





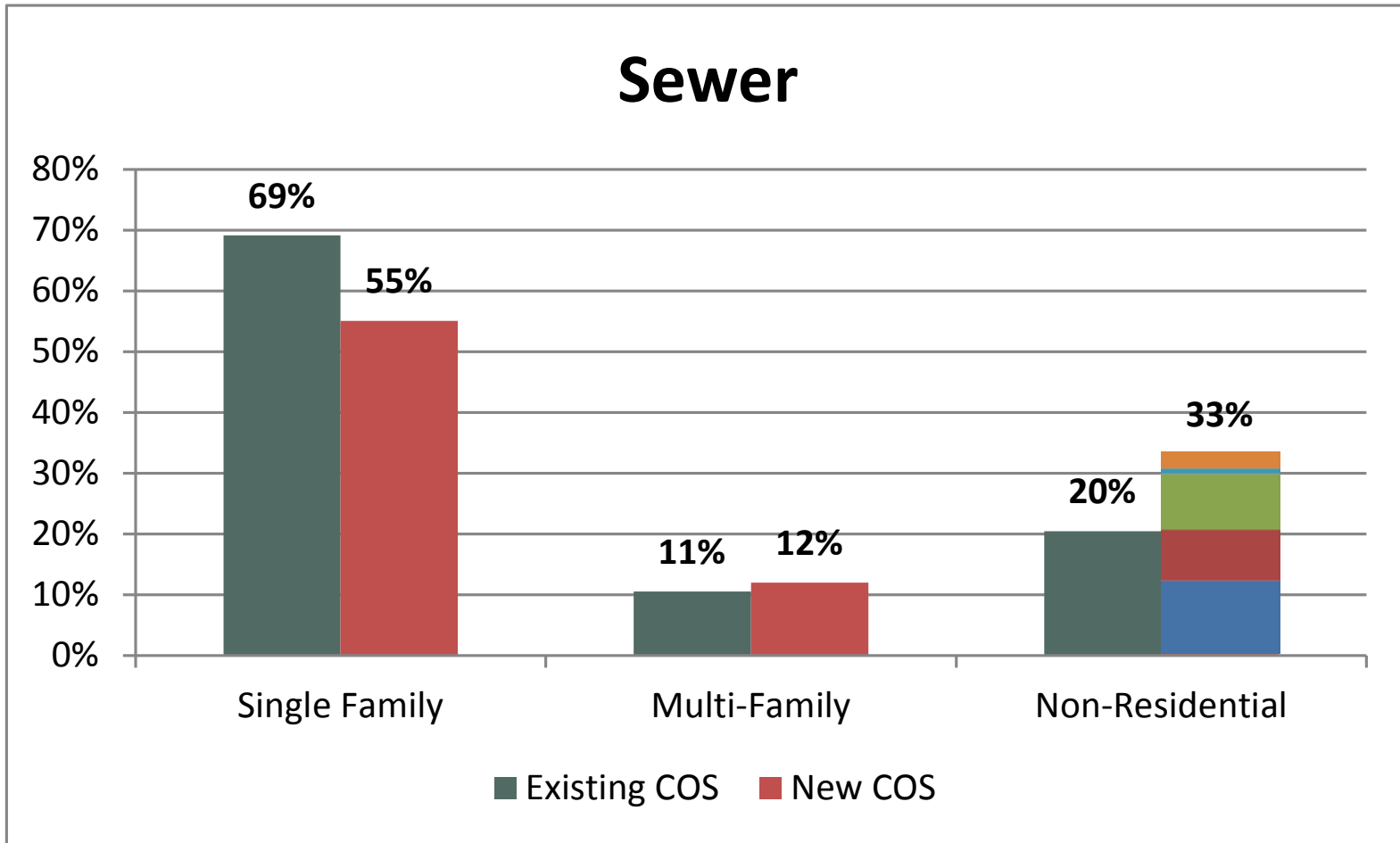
- Defines equitable shares of cost responsibility by customer class
- Allocates total utility cost by function

Sewer Utility Functions**

- Customer
- Flow
- Strength
 - ✓ Biochemical Oxygen Demand (BOD)
 - ✓ Total Suspended Solids (TSS)

- Develops allocation factors using customer facility requirements and usage characteristics
- Allocates costs to customer classes

2014 SEWER COST OF SERVICE RESULTS



RATE POLICY OBJECTIVES



- Equitable
- Affordable
- Promote efficient use
- Revenue stability
- Rate stability
- Publically acceptable
- Administratively feasible



SEWER RATE TABLES



2014-15 Fee Schedule		
Monthly Fees		
Class	Fixed	Volume per 100 CF >1000CF
Single Family	\$48.36	None
Multi Family	\$48.36 per EDU	OR Non-Res Std.
Non-Res.		
Standard	\$48.36	\$3.80
Low		
Medium		
High		
Super High		

2015-16 Fee Schedule		
Monthly Fees		
Fixed	ESC Program Fee	Volume per 100 CF
\$32.24	N/A	\$3.38
\$12.74 per EDU	N/A	\$3.38
\$32.24	N/A	\$3.38
\$32.24	\$35.00	\$3.59
\$32.24	\$35.00	\$3.85
\$32.24	\$35.00	\$4.00
\$32.24	\$35.00	\$4.16

2016-17 Fee Schedule		
Monthly Fees		
Fixed	ESC Program Fee	Volume per 100 CF
\$33.49	N/A	\$3.51
\$13.23	N/A	\$3.51
\$33.49	N/A	\$3.51
\$33.49	\$35.00	\$4.81
\$33.49	\$35.00	\$5.19
\$33.49	\$35.00	\$5.89
\$33.49	\$35.00	\$6.28

TOTAL BILL COMPARISON EXTRA STRENGTH



Extra Strength Charge Example Customers	July 2015 Bill*	July 2016 Bill Estimates* <i>6% and Four Year ESC Phase In</i> (% change)	
Low – ¾” meter Restaurants	\$266.37	\$301.95	13.4%
Medium – 1” meter; Bakeries	\$227.73	\$260.69	14.5%
High – 2” meter; Linen Supply	\$5,490.20	\$7,143.14	30.1%
Super High – 1.5” meter; Breweries	\$6,274.42	\$8,417.67	34.2%

*Bills don't include franchise fee.

IMPLEMENTATION



- ESC Program established through code change
 - Category table
 - Appeals process
 - Monitored Program
- Changes in rate structure adopted
- 2+ year phase in (2nd half 4 year phase in)

LESSONS LEARNED



- Outreach-early and often
- Importance of rate predictability
- Coordination of finance and utilities staff
- Multi Strength problem
- Ongoing eyes on the ground
 - Existing business process changes
 - Adding new categories such as marijuana bus.



CONTACTS

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