

# Climate Action Plan Funding Alternatives



CITY OF MILWAUKIE

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Presentation

## PRELIMINARY FINDINGS CITY COUNCIL WORKSHOP

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# About FCS Group



- **Utility rate and fee consulting**
- **Utility management consulting**
- **Financial planning and analysis**
- **Economic services**



# Scope of Work

- Identify and evaluate potential revenue options to fund administrative costs of the City's Climate Action Plan
  - » **Targeted Revenue Requirement: \$300K to \$750K per year**
- Stakeholder interviews for feedback on potential revenue options
- Prepare written report with findings



## **Tonight's Objective**

- **Brief Council on revenue options evaluated**
- **Seek Council direction on preferred option or options**
- **Discuss next steps**



# Funding Strategies

- **Four general revenue approaches**

Charge based on  
Utility Services  
(per water account)

Charge based on  
Business License  
and FTEs

Charge based on  
Transportation  
Impacts

Charge based on  
estimated Green  
House Gas  
Emissions

Charge based on  
Utility Service  
(water meter size)

Charge based on  
Transportation  
Impacts  
(excluding SFR)

Charge based on  
Utility Service Fee  
(water consumption)



# Funding Strategies

- **Utility Services Options**

Charge based on  
Utility Services  
(per account)

**A. Flat monthly charge assessed on each water utility account**  
**6,800 water utility accounts, billed monthly**  
***\$3.70 to \$9.20 per month***

Charge based on  
Utility Service  
(Meter Size)

**B. Charge scaled based on size of water meter**  
***\$2.60 to \$6.50 per month for 5/8" x 3/4" water meter***  
***(most common meter for SFR customers)***  
***\$6.50 - \$416.80 per month for 1" to 6" water meter***

Charge based on  
Utility Service Fee  
(water consumption)

**C. Charge based on amount of water used**  
***\$0.34 to \$0.83 per ccf per month***  
***\$2.04 to \$4.98 per month***  
***(for the average SFR user typical 6ccf monthly water usage)***



# Funding Strategies

- **Business license option (Based on full time equivalent workers)**

Charge based on  
Business License  
and FTEs

## Two-part charge

- **Annual fee based on business license**
- **Number of reported FTEs**

***\$89 - \$221 per year per business license***

***\$15 - \$37 per year per employee***



# Funding Strategies

- **Transportation Impacts options**

Charge based on  
Transportation  
Impacts

**A. Monthly charge based on transportation impacts**  
*(using surface streets maintenance program billing data)*

***\$1.16 to \$2.90 per month***

*(charge based on equivalent residential unit)*

Fee based on  
Transportation  
Impacts  
(excluding SFR)

**B. Same as above, but applies to non-single family  
residential customers only**

***\$1.61 to \$4.02 per month***

*(charge based on equivalent residential unit)*





# Funding Strategies

- **Green House Gas emissions option**

Charge based on  
estimated Green  
House Gas  
Emissions

**Monthly charge based on estimated GHG impacts (using surface streets maintenance program billing data)**

***Average monthly charge per ERU***

***Residential: \$1.17 to \$2.92***

***Services: \$0.24 to \$0.60***

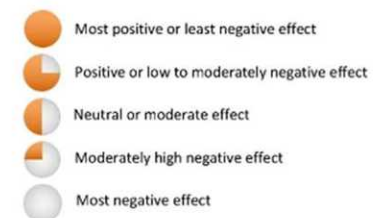
***Retail: \$0.13 - \$0.32***

***Industrial: \$2.97 - \$7.41***



# Preliminary Evaluation

Policy Consideration	Utility – Account	Utility – Meter Size	Utility – Consumption	Business License and FTE	Transp. Impact	Transp. Impact (No SFR)	Green House Gas
Socio-Economic Equity							
Industrial Equity							
Revenue Reliability							
Market Acceptance							
Implementation							
Finance & Administration							
Nexus to CAP							
<b>Total Score</b>							



# **Sample Customer Analysis**

- **Single Family Residential (small, average, large)**
- **Multifamily Residential**
- **Commercial (drug store, supermarket)**
- **Non-SFR (manufacturing, industrial)**
- **Other (restaurant, coffee shop)**



# Sample Customers

Customer Class	Number of Utility Accounts	Utility Meter Size (Inches)	Utility Consumption (CCF)	Business License and FTE	Transp. Impact (SSMP)	Transp. Impact (No SFR)	Green House Gas
SFR – Small	1	3/4 inch	3.0 ccf	n/a	1.00	--	1.00
SFR – Average	1	3/4 inch	6.0 ccf	n/a	1.00	--	1.00
SFR – Large	1	3/4 inch	15.0 ccf	n/a	1.00	--	1.00
Multifamily	6	2 inch	74.0 ccf	n/a	230.00	230.00	230.00
Comm. Retailer 1	1	1.5 inch	5.0 ccf	1 & 23 FTEs	23.96	23.96	23.96
Comm. Retailer 2	1	2 inch	150.0 ccf	1 & 124 FTEs	45.26	45.26	45.26
Industrial Heavy	1	4 inch	2,088.0 ccf	1 & 289 FTEs	159.70	159.70	159.70
Industrial Light	1	1.5 inch	105.0 ccf	1 & 44 FTEs	18.72	18.72	18.72
Restaurant 1	1	2.0 inch	64.0 ccf	1 & 11 FTEs	2.35	2.35	2.35
Restaurant 2	1	3/4 inch	4.0 ccf	1 & 4 FTEs	1.50	1.50	1.50



# Customer Impacts – Monthly Charges

(for sample customers)

Customer Type	Utility – Account	Utility – Meter Size	Utility – Consumption	Business License and FTE	Transp. Impact	Transp. Impact (No SFR)	Green House Gas
SFR (small)	\$4 - 9	\$3 – 7	\$1 – 3	n/a	\$1 – 3	n/a	\$1 – 3
SFR (avg)			\$2 – 5				
SFR (large)			\$5 – 13				
MFR		\$124 – 308	\$25 – 62	\$15 – 37	\$266 – 667	\$371 – 925	\$269 – 672
Commercial 1		\$21 – 51	\$2 – 4	\$36 – 90	\$28 – 70	\$39 – 96	\$3 – 8
Commercial 2			\$51 – 125	\$162 – 400	\$53 – 131	\$73 – 182	\$6 – 15
Ind. Heavy		\$21 – 51	\$710 - 1,733	\$369 – 910	\$185 – 463	\$257 – 642	\$474 – 1,183
Ind. Light		\$13 – 32	\$36 – 87	\$63 – 154	\$22 – 54	\$30 – 75	\$56 – 139
Restaurant 1		\$3 – 7	\$22 – 53	\$21 – 52	\$3 – 7	\$4 – 9	\$1 – 2
Restaurant 2		\$7 – 16	\$2 – 4	\$12 – 31	\$2 – 5	\$2 – 6	\$0.50 – 1

*Charges rounded to nearest dollar.*



# Customer Impacts – \$500,000 Revenue Target

(monthly charges for sample customers)

Customer Type	Utility – Account	Utility – Meter Size	Utility – Consumption	Business License and FTE	Transp. Impact	Transp. Impact (No SFR)	Green House Gas
SFR – Small	\$6	\$4	\$2	n/a	\$2	n/a	\$2
SFR – Average			\$3				
SFR – Large			\$9				
Multifamily	\$37	\$205	\$42	\$25	\$444	\$616	\$449
Comm. Retailer 1	\$6	\$34	\$3	\$60	\$46	\$64	\$5
Comm. Retailer 2			\$84	\$271	\$87	\$121	\$10
Industrial Heavy			\$1,169	\$614	\$308	\$428	\$789
Industrial Light		\$21	\$59	\$104	\$36	\$50	\$93
Restaurant 1		\$4	\$36	\$35	\$5	\$6	\$1
Restaurant 2		\$11	\$2	\$21	\$3	\$4	\$1



# Discussion and Next Steps

- **Council discussion**
- **Preferred alternative(s)?**
- **Direction to staff and consultants?**
- **Recap and Next Steps**

# Thank you!

## Questions?

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