Stormwater Charge Background and Proposed Rate Structure

SFPUC Rate Fairness Board
January 6, 2023

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Agenda

- SFPUC’s Combined Sewer System
- Stormwater Runoff Charge Drivers and Background
- Proposed Rate Structure
- Resources for Customers
- Next Steps
San Francisco’s Collection System

- 3 Treatment Facilities
- 1,000+ Miles of Pipes
- 40 Billion Gallons Treated/Year
- 100-Year-Old System
San Francisco’s Collection System

Built for stormwater!
Stormwater Runoff
Charge Drivers and Background
SFPUC’s Existing Sewer Rates

- SFPUC customer bills include both drinking water and sewer service charges.
- ~20% of Sewer Service Charges go towards managing stormwater
  - Estimate being updated as part of the rate study
- Currently, the Sewer Service Charge is based on the volume of drinking water used, not the stormwater runoff from each property.
Why Develop a Stormwater Runoff Charge?

Better Aligns Cost and Revenue

Incentivizes Better Stormwater Management Practices

More Effective & Transparent Communication

Provides a Fixed Revenue Source

Recommended by Commission, Local Organizations, Community Stakeholders, Rate Consultants
Aligning Charges to Stormwater Runoff Produced

Sanitary Flow

Stormwater Produced

Property 1

Property 2
Aligning Charges to Stormwater Runoff Produced

- The Stormwater Charge reallocates the stormwater portion of the bill from drinking water **volume** to **area**
- *Each customer pays their fair share for the combined sewer system*
History of Stormwater Runoff Charge Project

- SFPUC staff have been preparing to implement the stormwater charge since 2014
- Phased approach to rollout to address unique customers
  - Unmetered properties charge created for vacant lots, parking lots (2018)
  - Launch of Green Infrastructure Grant Program for large, highly impacted parcels (2019)
- Initiated SFPUC stormwater charge working group to implement full scale rollout of charge (2020)
Proposed Rate Structure
Stormwater Charge Components

• Proposed rate structure determined based on survey of peer utility rate structures, analysis of San Francisco's properties, and ease of communication/implementation

• Customers will fall into one or two categories for the stormwater runoff charge:

  **Simplified Residential Rate**
  *Most residential parcels*
  - Tier 1 flat rate
  - Tier 2 flat rate
  - Tier 3 flat rate

  **“Standard” Rate**
  *All other parcels*
  - Cost per area
Standard Rate – Approved Property Eligibility

Eligibility Criteria:

- Properties >6,000 sq. ft. or with a Non-Residential Service Agreement
- Multi-Family Residential, Commercial, Mixed Use, Public Property, etc.

Monthly Charge per Area:
Charges based on the measured area of impermeable and permeable surfaces on each property.
Impermeable and Permeable Surfaces

**Impermeable** = surfaces that allow little or no stormwater infiltration into the ground. *Examples: roadways, sidewalks, roofs*

**Permeable** = surfaces that allow some stormwater to infiltrate into the ground. *Examples: open space, gardens, lawns*

Both produce runoff!
Calculating the “Standard Rate”

1. Aerial Image
2. Calculate Impermeable and Permeable Areas
3. Assign Areas to Parcel
4. Calculate Monthly Charges Per Account

*Bill estimate based on approved rate structure using 2018 rate study cost data – does not include phase-in or updated rate study outputs
Simplified Residential Rate

- Residential parcels have relatively similar areas and runoff characteristics
- Most utilities simplify stormwater charges for residential customers
- Reduces administrative burden and simplifies communication

**Simplified Residential Rate**

*Most residential parcels*

- Tier 1 flat rate
- Tier 2 flat rate
- Tier 3 flat rate

**“Standard” Rate**

*All other parcels*

- Cost per area
Eligibility Criteria:

- One or more Residential Service Agreements (SAs)
- No mixed use/presence of non-residential SAs (excludes commercial/mixed use)
- Maximum of 6 Dwelling Units per parcel (excludes large multi-family residential)
- <6,000 sq. ft.

### Simplified Residential Rate – Eligibility & Tiers

#### Tier 1
- **Parcel Size Range (ft²):** 1 – 1,700
- **Number of Eligible Parcels:** 6,971

#### Tier 2
- **Parcel Size Range (ft²):** 1,701 – 3,300
- **Number of Eligible Parcels:** 94,171

#### Tier 3
- **Parcel Size Range (ft²):** 3,301 – 6,000
- **Number of Eligible Parcels:** 19,233

**Monthly Charge per Tier:**
Average of the standard rate calculation for all parcels within each tier.
Resources for Impacted Customers
How to Reduce Your Stormwater Bill

• Customer bills may increase or decrease with the stormwater charge, depending on their property characteristics and water use
• Full charges will be phased in over several years
• Green stormwater infrastructure = reduced stormwater runoff = bill credits
• Grants available to install green infrastructure
Green Infrastructure Grants

SFPUC grant programs can fund design and building of green infrastructure
Large grant program ongoing, pilot residential grant program in 2023

Before

After

RL Stevenson Elementary Stormwater Schoolyard
Bill + Credits Example

*Bill estimate based on approved rate structure using 2018 rate study cost data – does not include phase-in, updated rate study outputs, or final credit structure methodology
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*Bill estimate based on approved rate structure using 2018 rate study cost data – does not include phase-in, updated rate study outputs, or final credit structure methodology*
Next Steps

• Update cost of service analysis
• Finalize credit structure
• Launch pilot Residential Green Infrastructure Grant Program
• Outreach to customers
• Adopt rates