

MEMORANDUM

From: Steven Galloway, P.E.

Subject: Drainage Utility Systems

Authorizing legislation – Chapter 552, Subchapter C of the Texas Local Government Code

Steps to prepare a Drainage Utility:

- Define the service area - No municipality shall extend a service area outside its municipal boundary unless it meets specific criteria. Boerne does not appear to meet the criteria.
- Determine the cost of service for the utility. The cost of service can include:
 - Cost of acquisition of land, rights of way, easements, and equipment
 - Cost of acquisition, construction, repair, maintenance of structures, equipment, and facilities for drainage
 - Cost of architectural, engineering, legal, and related services related to drainage
 - Cost of machinery, equipment, furniture, and facilities for the provision and operation of drainage
 - Cost of funding and financing charges and interest arising from construction projects
 - Administrative costs of the utility
- Prepare an inventory of lots and tracts within the service area.
 - May use tax plats or assessment rolls
- Determine exemptions
 - Mandatory exemptions include:
 - Undeveloped properties
 - Property with a wholly sufficient and privately owned drainage system (no water leaves the site)
 - A subdivided lot, until the structure has been built on the lot and CO has been issued
 - Property owned by a state agency
 - Discretionary exemptions include:
 - County properties
 - City properties
 - School Districts
 - Religious organizations
 - Cemeteries that are no longer active

- Develop a fee structure
 - Must be nondiscriminatory, reasonable, and equitable
 - Most defensible and common method is based on impervious area
 - Determine the average impervious area for single family residential in the City, which is an Equivalent Residential Unit (ERU)
 - Can be prepared using aerial photos and GIS processes if the City does not have the information
 - Each single family property can be charged one ERU, unless the City wishes to establish tiers
 - Each non-single family property is charged based on the total impervious area compared to an ERU
 - Example – 1 ERU = 3,000 SF impervious area. Property with 30,000 SF impervious = 10 ERU, and is charged 10x the rate of a single family home
 - Maximum Fee structure = Total Cost of service/Total # of ERUs in the Service Area
 - Fee structures can be a multi-year calculation accounting for variable cost of service associated with growth rates, additional City needs, etc.
 - Actual fee assessed can be less than the maximum fee if desired by Council
- Billing system evaluation
 - Determine how the fee will be billed. Typically, through the utility bill
 - Review inventory of lots to determine how fees can be applied to utility bills
 - Some lots have multiple utility accounts
 - Some utility accounts deal with multiple lots
 - Some utility accounts are not associated with lots
 - Some lots have no utility accounts
 - Determine how drainage utility information will be incorporated in billing system and how it will be implemented/updated
- Optional – Develop incentive program to reduce utility bills to achieve City goals, such as water quality
- Develop appeal process
- Prepare a drainage utility ordinance
- Approve through Council
 - Public notices to be published three times, with the first at least 30 days prior to public hearing
 - Public hearings on the ordinance and the schedule of drainage charges

Typical residential utility charges across Texas range from \$1 per month to \$12 per month. Fee generated by the utility will depend on the number of accounts and the fee.