

	<div data-bbox="1235 218 1474 457"> <p>District Impacted</p> <p><input type="checkbox"/> 1 = Anzollitto</p> <p><input type="checkbox"/> 2 = Woolard</p> <p><input type="checkbox"/> 3 = Tye</p> <p><input type="checkbox"/> 4 = Cisneros</p> <p><input type="checkbox"/> 5 = Handren</p> <p><input checked="" type="checkbox"/> All</p> </div> <p style="text-align: center;">AGENDA ITEM SUMMARY</p>
AGENDA DATE	May 22, 2018
DESCRIPTION	DISCUSSION ON ESTABLISHMENT AND IMPLEMENTATION OF A STORM WATER UTILITY.
STAFF'S RECOMMENDED ACTION (be specific)	No action required.
CONTACT PERSON	Michael G. Mann – Public Works
SUMMARY	<p>The Council is aware that storm water issues within the City have become more predominant as we have annexed some drainage impaired areas and roadways. These issues involve a variety of considerations including flow quantity (rate and total volume) as well as quality (contaminates, debris, etc.). For over a decade we have anticipated that we would one day be required to form a regulated stormwater utility and would need to find a funding source to implement and manage storm water design, construction and maintenance costs. The City Manager asked staff to put together information for Council consideration on this topic.</p> <p>The project costs for construction of improvements that are currently needed would be in the multiple-million-dollar range. We cannot fund this work via property/sales tax increases alone. Thus, there is a need to implement another funding mechanism.</p> <p>In order to establish fees for operation of a stormwater utility, we would need to come up with a legally defensible way to assess costs to properties within the City. The most common way to do this is using the amount of impervious cover. We would need to perform an analysis of existing properties and also establish a way to properly assess fees for new property development over time.</p> <p>It is important to understand the distinction between impact fees and utility fees. Impact fee programs, like we have for our water and sewer systems, are designed to collect one-time fees from properties as they develop. These fees are collected to “reimburse” the water and wastewater funds for the construction of infrastructure that is necessary to provide for system growth – in other words, have development pay for itself. These fees can only be collected on capital project construction, not for maintenance work. We also</p>

collect monthly rates for all our utilities to cover maintenance and operations as well as the capital costs for improvements that cannot be collected through impact fees.

Although we would be assessing storm water utility fees based on “apparent impact” to the drainage system (impervious cover based), the fees that would be collected would be smaller fees in the form of monthly rates from each property within the City. Development of a property would increase its monthly fees because impervious cover would presumably be added. The revenues collected from a storm water utility, could be used to pay for any costs incurred by the City, including construction and/or maintenance of improvements, personnel, administration, consultant fees, etc.

We have been working with the consulting firm of Kimley-Horn and Associates, Inc. to determine what would be needed to create the program. Kimley-Horn was chosen based on their qualifications to do this work, including their experience in doing so in other Cities in Texas. The amount of work that would be needed to properly establish and administer a program is daunting. We need assistance from a consultant for this work, and we have worked out a scope with Kimley-Horn that includes fees of approximately \$113,000. Before we approached Council requesting to hire Kimley-Horn, however, we felt that some additional information needs to be shared with the Council.

The most probable downside to creating a new utility would involve the political ramifications caused by collecting “new” fees from current properties. The annual cost to the average home would probably be about \$60 per year (\$5 per month) and would be added to current utility bills. Larger fees would be charged to non-residential property owners due to their typically inherent increased storm water runoff.

A utility that is dedicated to storm water issues can absorb costs that are currently being paid for out of the general fund (tax revenue) such as smaller scale construction and a variety of drainage maintenance activities, thereby freeing up those monies to cover other necessary City operations and maintenance costs. The rates charged by the utility could also be used to provide staffing (some existing, probably some new as well) to administer the program. The cost of any consulting, including the cost to set up the program, could be recouped via the fees.

The demands of our citizenry, and possibly even regulatory authorities at some point, will likely dictate that we increase spending to address existing and potential future drainage concerns. This

	<p>program could provide the funding for these public benefits.</p> <p>We plan to bring forward a recommendation to proceed with Kimley-Horn soon and would be happy to receive any input the Council has at this point or to answer any questions.</p>
COST	N/A at this time
SOURCE OF FUNDS	
ADDITIONAL INFORMATION	

This summary is not meant to be all inclusive. Supporting documentation is attached.