



AGENDA ITEM SUMMARY

District Impacted

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- ☐ 2 = Woolard
- ☐ 3 =
- ☐ 4 = Cisneros
- ☐ 5 = Handren
- ☒ All

AGENDA DATE	MARCH 12, 2019
DESCRIPTION	DISCUSSION ON STORMWATER UTILITY.
STAFF'S RECOMMENDED ACTION (be specific)	No action necessary.
CONTACT PERSON	Jeff Thompson, Deputy City Manager and General Manager of Utilities
SUMMARY	<p>Staff has been working with our consultants, Kimley-Horn and Newgen Strategies to keep the Stormwater Utility fee ordinance and implementation on a very fast track since the City Council gave the go-ahead last summer. Since the update we provided in January, we have been working to refine the impervious cover data which will be used for billing and identifying the costs associated with current stormwater operations as well as the capital projects we identified in 2017 that staff believed needed to be done in the near term to address some of our worst drainage issues. The capital project costs total about \$5.6M.</p> <p>The PowerPoint attached is from our consultants with staff input. Steve Galloway of Kimley Horn (Dallas office) and Matthew Garrett of Newgen strategies (Richardson) will present it at the council meeting Tuesday.</p> <p>The following is meant to help the City Council Members as you look at the attachments and the PowerPoint presentation in preparation for Tuesday's City Council meeting:</p> <ul style="list-style-type: none"> • The Streets Department currently has imbedded costs for maintenance of drainage facilities like retention ponds and drainage easements as well as street maintenance. Streets are designed to carry water in storms and as such are an integral part of the current drainage facilities of the city. Slide # 3 shows our current drainage expenditures at about \$500,000 per year. This estimate was arrived at by allocating Street Department costs based on the estimation of time, equipment, and materials that are utilized in qualified stormwater maintenance line items of the budget. It is about 25% of the total Streets Dept. budget. • There is about 60M square feet of impervious cover on tax appraisal district parcels in Boerne. Of that amount 33% can be

	<p>attributed to single family residences and 67% to commercial/non-single-family properties. Conversely, there are 5,018 total parcels accounted for and 75% are single family residences and only 25% are non-single family/commercial.</p> <ul style="list-style-type: none"> • Aerial information from the Texas Natural Resource Information Service (TNRIS) and KCAD information was used to determine the square footage of impervious cover on tax appraisal district parcels in Boerne. An average residential impervious surface number of 4,700 square feet was determined. Impervious cover on new development and as part of improvements to existing properties will need to be tracked through building permit processes and updated regularly. The 4,700 sf average impervious cover for a typical single-family residence parcel in Boerne establishes the base for all billing units (see slide #6). • The \$5.6M in potential projects was created by staff in 2017 and is not listed in priority order (see slide #4). Kimley Horn was asked to provide an estimate to do a full-scale citywide drainage study to help us determine priorities and “best bang for the buck” solutions. It is listed on the PowerPoint as the last project on slide # 4. The citywide drainage study may identify new projects not on the list and could also eliminate or minimize others. Staff recommends that this be the first item funded from our Stormwater Utility revenue if approved. It would require the majority of the collections for FY 2020 to pay for it at \$257,000. • The debt service on all \$5.6M in projects if issued for 20 years at 4% would be about \$412,289 per year. The revenue in a full year of the Stormwater Fee at \$4 per ERU is about \$500,000 per year. It is important to do the right projects in the right order to maximize the effectiveness of the drainage utility. Given this is the case, the fee at \$4 does not provide any funding for the existing \$500,000 in costs that are imbedded in the Streets Dept and paid from Ad Valorem tax collections at present. A rate of approximately \$7 per month per ERU to pay for both. The \$4 rate would, however, allow the city to double its current expenditures toward addressing drainage issues. The \$500,000 embedded costs would continue to be funded in the Streets Department while the new \$500,000 from the Stormwater Fee could be used to address project needs. The amount of funding in excess of whatever bond costs are put into place could be used to do smaller capital projects annually or by accumulating several years of funding for larger projects to be paid from cash. • Most stormwater utilities in Texas and in the US base rates on
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	<p>impervious cover and establish a common residential charge called an Equivalent Rate Unit or ERU. Said another way, it is the multiplier of one to be charged against the rate of \$4 per ERU. The City of Boerne proposes to have 4 tiers of ERU multipliers for residential customers (see slide # 7) This provides for a small, standard, large and very large fee for residential billings based on the amount of impervious cover. The fee multipliers are suggested to be .5, 1.0, 1.9, and 6.3 respectively. The average residence in the first tier has approximately half the impervious area of the second tier, while the average residence in the third tier has approximately 1.9 times the impervious area of the second tier. A residence in the first tier would pay a fee of \$2 (.5 x \$4), while one in the second tier would pay \$4 (1.0 x \$4). The third tier homes would pay \$7.60 (1.9 x \$4) and the fourth tier would pay \$27 (6.3 x \$4) per month. The number of parcels in each of the 4 tiers is 939, 1,902, 921, and 42 respectively.</p> <ul style="list-style-type: none"> • The cost impact of the Stormwater Fee at \$4 per month would cause a 1.5% increase in the average total bill for all utility services from a typical customer (see Estimated Impact on Average Customer sheet). • The cost to a Commercial/Non-Residential customer will, in many cases, be much higher, but also proportionate to their overall utility costs. Slide #8 shows the 12 properties with the most impervious cover in the City of Boerne. The slide shows the <u>annual</u> billing estimate for each at various ERU rates from \$3.50 to \$4.50. As expected, schools, car dealerships, the city and “big box” facilities are on the list. Slide #9 shows revenue projections from the rate types going up to \$5 per ERU per month. • Some types of properties are exempt from payment by law including undeveloped land, state facilities (like the TxDOT facility in Boerne) and institutions of higher learning. There is also a group of properties for which charging the fee is discretionary for the city. Those are listed on slide 10 and include the city, county, churches and BISD. Staff does not recommend exempting any of these properties but rather suggests that implementation of the rate be set for January 1, 2020 allowing these and all future Stormwater ratepayers to prepare from a budget standpoint. We also suggest that for the BISD, County and Churches the rate be charged at 50% in 2020 before taking full effect in 2021. We do not suggest that the City of Boerne properties be part of this delayed implementation. The city would pay like any other property owner their fair cost of service-based share of the costs to resolve the drainage issues being caused by our proportionate
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	<p>impervious cover.</p> <ul style="list-style-type: none"> • The proposed \$4 fee is very typical for a Texas city wishing to address drainage issues. (see slide #12). New Braunfels, San Antonio and Fredericksburg are nearby cities that implemented the fee between \$4.50 and \$5.00 per ERU. • The adoption process is not typical due to our intention to complete the establishment of a new Stormwater Utility and rate setting in the originally proposed timeline to conclude in April with the same City Council members that instructed its creation. The timeline remaining to accomplish this is shown on slides #13 and #14. What is atypical is that we will need to publish the ordinance and the rates starting on March 22 before the Council meeting to approve the ordinance and rates which will take place in April on the 9th and 23rd. The posting in the newspaper is required 30 days prior to the Public Hearing on the ordinance, scheduled for April 23, thus establishing the deadline for first publication on March 22. Staff and consultants will need any feedback about the ordinance and rates to make revisions from the March 12 City Council meeting and possibly during the ensuing week. Basically, we will need to have a strong sense of support or instructions for change at the March 12 meeting or we will need to delay approval into May. <p>This is a lot of information. I am available to provide answers to questions and feedback at your discretion. We have worked diligently to get to this point and hope it can be accomplished on the schedule given, as originally planned.</p>
COST	
SOURCE OF FUNDS	
ADDITIONAL INFORMATION	PowerPoint, Estimated Impact on Average Customer Sheet

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