

Date: April 14, 2011

To: Thomas J. Bonfield, City Manager
Through: Theodore L. Voorhees, Deputy City Manager
From: Danial Morris, Business Services Manager, Department of Public Works
Subject: FY2012 Stormwater Rate Increase

Executive Summary

In order to provide for activities associated with the National Pollution Discharge Elimination System (NPDES) permit the administration recommends adoption of a stormwater rate increase averaging 8.5% effective July 1, 2011. This level of increase is in compliance with the City Council’s adopted budget development guidance. Changes to stormwater utility rates require a public hearing under applicable State law.

Recommendation

The Administration recommends the City Council:

- 1) Hold a public hearing to receive comment on a proposed stormwater rate increase.
- 2) Adopt an ordinance to change the Fee Schedule revising stormwater rates effective on July 1, 2011.
- 3) Adopt an ordinance to amend the billing method of townhouse and condominium developments containing impervious surface in common ownership.

Background

The stormwater fund is a utility in that it receives no tax support for stormwater related activities. Current rates for all residential tiers and non-residential are “middle of the pack” when compared with benchmark cities that have stormwater fees. The proposed increase of 8.5% will support the addition of one new Water Quality Analyst in connection with the Jordan Lake Rules, a reclassification of an existing stormwater maintenance position to a Stormwater Maintenance Assistant Superintendent, the replacement of seven street cleaning and stormwater maintenance vehicles and increased indirect and personal services costs.

Customer bill impacts of this increase will average:

Tier	Current Monthly Rate	Proposed Monthly Rate	Monthly Increase	Annual Increase
1 – Residential	\$2.37	\$2.57	\$0.20	\$2.40
2 – Residential	\$4.92	\$5.34	\$0.42	\$5.04
3 – Residential	\$9.84	\$10.68	\$0.84	\$10.08
Avg. All Non-Residential *	\$66.72	\$72.39	\$5.67	\$68.04
Avg. All Commercial Monthly Billed **	\$135.89	\$147.49	\$11.60	\$139.20

* Includes ERU based monthly, bimonthly and HOA’s.

** Includes larger monthly ERU based customers.

Note: There is a significant range of actual billing amounts in non-residential bills as they are based on the actual number of ERUs. Residential bills are annual with customer option for monthly billing.

The current and proposed rates are:

Tier	Current Monthly Rate	Proposed Monthly Rate	Monthly Increase	Annual Increase
1 – Residential	\$2.37	\$2.57	\$0.20	\$2.40
2 – Residential	\$4.92	\$5.34	\$0.42	\$5.04
3 – Residential	\$9.84	\$10.68	\$0.84	\$10.08
ERU*** Based – Per ERU	\$4.92	\$5.34	\$0.42	\$5.04

*** ERU is defined as 2,400 sq. ft. of impervious surface.

Residential customers are billed annually but, upon request, can receive periodic billings.

The billing method change for townhouse and condominium developments with impervious surface in common ownership will end the two different billing methods in place at various developments. The current ordinance allows for common impervious surface to be either allocated to each property owner in equal share, or billed to the HOA. The change will set townhome and condominium rates at Tier 1 for the individual property owner and bill all common impervious surface to the HOA at ERU rates. This change makes each property owner and the HOA billing clearer in that those billings no longer involve allocation formulas. The change allows new developments to be added faster, and maintained more accurately, in the billing system in that it doesn't require the City to continuously reallocate development of common property to all property owners as the development phases in and common area is added.

Alternative(s)

The Council can choose to adopt the stormwater rate increase averaging 8.5% which is the staff recommendation. The Council can choose to delay the rate increase for one year in favor of an expected larger increase in FY2013, with the potential of an increase in the possibility of regulatory fines due to non-compliance with the NPDES permit requirements, including state regulations. Specifically, the Jordan Lake Rules position, CIP projects and the fleet vehicle replacements all contribute to NPDES required water quality activities that could potentially fall out of compliance without the rate increase.

Financial Impact

This rate increase will produce approximately \$852,000 in new revenues annually. The townhouse and condominium billing method change impact is essentially revenue neutral.

SDBE Summary

Not applicable, there are no SDBE requirements associated with this action.

Attachments

- Ordinance – Rate Change
- Ordinance – Common Impervious Surface Ownership Billing Change
- Presentation