



**Date:** April 17, 2012

**To:** Thomas J. Bonfield, City Manager  
**Through:** Theodore L. Voorhees, Deputy City Manager  
**From:** Marvin G. Williams, Director of Public Works  
**Subject:** FY2013 Stormwater Utility 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 utility rate increase of 8.5% effective July 1, 2012. The proposed rate increase is in compliance with the FY2012-13 Budget Development Guidelines adopted by City Council. 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, 2012.

**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 Billing Specialist and one new Utility Account Representative to enhance revenue collections and customer service, the replacement of thirteen street cleaning and stormwater maintenance vehicles, current Capital Improvement Project (CIP) items, 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	\$2.57	\$2.79	\$0.22	\$2.64
2 – Residential	\$5.34	\$5.79	\$0.45	\$5.40
3 – Residential	\$10.68	\$11.59	\$0.91	\$10.92
Avg. All Non-Residential *	\$96.01	\$104.10	\$8.09	\$97.08

\* Includes ERU based monthly, bimonthly and HOAs.

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:

<b>Tier</b>	<b>Current Monthly Rate</b>	<b>Proposed Monthly Rate</b>	<b>Monthly Increase</b>	<b>Annual Increase</b>
<b>1 – Residential</b>	\$2.57	\$2.79	\$0.22	\$2.64
<b>2 – Residential</b>	\$5.34	\$5.79	\$0.45	\$5.40
<b>3 – Residential</b>	\$10.68	\$11.59	\$0.91	\$10.92
<b>ERU*** Based – Per ERU</b>	\$5.34	\$5.79	\$0.45	\$5.40

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

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

**Alternative(s)**

The Council can choose to reduce or delay the rate increase for one year in favor of an expected larger increase in FY2014, 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 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 \$921,000 in new revenues annually. There is no impact on the General Fund.

**SDBE Summary**

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

**Attachments**

Ordinance – Rate Change  
Presentation