

**STORM WATER
FY2016 & FY2017 BUDGET PRESENTATION
SUMMARY OF KEY ISSUES**

FY2015 Operating Budget and Position Count

Storm Water Services	FY2015 Budget	FY2015 Positions
	\$ 13,056,324	109.0

Operating Budget and Expenditure History



	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Budget to Actual Difference (\$ millions)	\$2.1	\$1.9	\$0.1	\$0.0	\$0.4	\$0.3
% of Budget Growth		-3.8%	-12.2%	12.0%	-6.4%	4.0%
Budgeted Positions	83.00	84.00	84.00	98.00	104.00	109.00

Key Issues To Be Covered at Budget Workshop

- PowerPoint Presentation – Storm Water Services Capital and Financial Planning
 - The backlog of Maintenance/Repair and Flood Control projects continues to grow, outpacing available resources
 - The backlog of low priority requests for services also continues to grow with essentially no current resources dedicated to responding to them
 - Various options for increasing resources to deal with these growing backlogs will be identified and discussed

Key Budget and Policy Questions

- Should the Storm Water Services fee structure or rates change?
- How long should a citizen wait for Storm Water service?
- Should the qualification criteria for Storm Water service be modified?

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Storm Water Services Capital and Financial Planning

February 25, 2015



Storm Water Services Policy Questions

- Should the fee structure or rates change?
 - Options that are more equitable
 - Options that generate additional revenue
- How long should a citizen wait for service?
 - Options to reduce the wait time/backlogs and associated costs
- Should the qualification criteria for service be modified?
 - Possible criteria that would no longer qualify



Sinkhole at 6611 Windyrush Road

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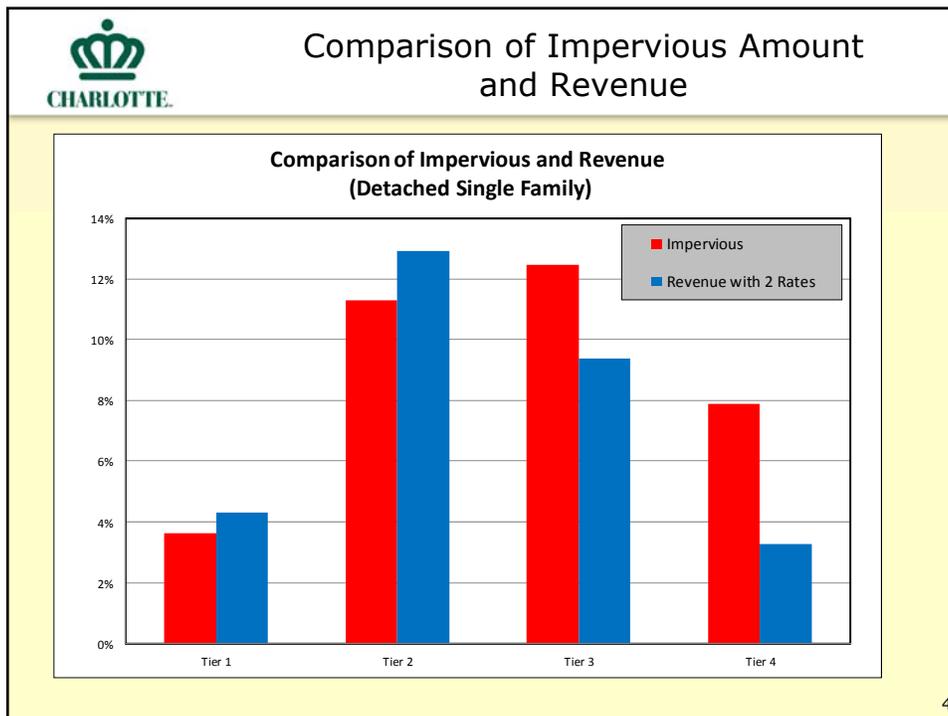


Current Fee Structure and Rates

Current Fee Structure	% Parcels per Tier*	Median Square Footage*	FY15 Monthly Rate	Monthly per sq ft charge at median
Detached Single-Family Residential				
Tier I < 2,000 sq ft	20%	1,673	\$5.52	33/100 penny
Tier II 2,000 to <3,000 sq ft	41%	2,467	\$8.13	33/100 penny
Tier III 3,000 to <5,000 sq ft	29%	3,648	\$8.13	22/100 penny
Tier IV 5,000 sq ft & up	10%	6,034	\$8.13	13/100 penny
All Other				
Per Impervious Acre		Billed for actual impervious	\$135.56	31/100 penny

* Calculations based on single family impervious data that has been collected and QA/QC to this point.
* Percentages and median will change slightly.

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Impact of Three or Four Rates at \$0.0033 / sq ft

Current Fee Structure	Median Square Footage	FY15 Monthly 2 Rates	Monthly 3 Rates	Monthly 4 Rates
Detached Single-Family Residential				
Tier I < 2,000 sq ft	1,673	\$5.52 (33/100 penny)	\$5.52 (33/100 penny)	\$5.52 (33/100 penny)
Tier II 2,000 to <3,000 sq ft	2,467	\$8.13 (33/100 penny)	\$8.13 (33/100 penny)	\$8.13 (33/100 penny)
Tier III 3,000 to <5,000 sq ft	3,648	\$8.13 (22/100 penny)	\$13.18 (36/100 penny)	\$12.04 (33/100 penny)
Tier IV 5,000 sq ft & up	6,034	\$8.13 (13/100 penny)	\$13.18 (22/100 penny)	\$19.91 (33/100 penny)
All Other				
Per Impervious Acre	Billed for actual impervious	\$135.56 (31/100 penny)	\$143.73 (33/100 penny)	\$143.73 (33/100 penny)

Note: This chart is for illustration purposes only. The cost per square foot could be set at any rate.

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Impact of Rate Increases at Four Tiers

FY15 Monthly Rates	Move to 4 Rates in FY16	Rate Increase Options in FY17			
		1%	2%	3%	6%
Detached Single-Family Residential					
Tier I (< 2,000 sq ft) \$5.52	No Change	+\$0.05	+\$0.11	+\$0.17	+\$0.33
Tier II (2,000 to <3,000 sq ft) \$8.13	No Change	+\$0.08	+\$0.16	+\$0.24	+\$0.49
Tier III (3,000 to <5,000 sq ft) \$8.13	+\$3.91	+\$0.12	+\$0.24	+\$0.36	+\$0.72
Tier IV (5,000 sq ft & up) \$8.13	+\$11.78	+\$0.20	+\$0.40	+\$0.60	+\$1.19
All Other					
(Per Impervious Acre) \$135.56	+\$8.17	+\$1.44	+\$2.87	+\$4.31	+\$8.62
Revenue Increase					
Current Revenue \$53.69M	+\$5.26M	+\$3.37M	+\$3.68M	+\$3.99M	+\$4.92M

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Other Options

- **Revise maximum fee credit**
 - Fee credits should be based on the degree that program need is reduced by land owner actions
 - Current policy is 100% credit for those that qualify and results in a total revenue reduction of \$2.0M/year
- **Revise cost sharing policy**
 - Currently requests are elevated in priority if the property owner agrees to fund 50% of the repair cost
 - Policy has been rarely utilized and is ineffective
- **Begin evaluating condition of existing infrastructure**
 - Schedule maintenance and repairs before failures occur
 - Fix problems before they become more expensive

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Maintenance & Repair Classifications: AI & A

AI Critical requests for service requiring attention to ensure safety on a publicly maintained street. Typically, visible holes or active soil settlement are indicators of stormwater infrastructure failure.



A Requests for service:

- Reduce flooding of publicly maintained streets.
- Reduce flooding of living space.
- Repair or replace failing stormwater infrastructure near a house, commercial building, as well as a sidewalk within the right-of-way.



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Maintenance & Repair Classification: B

B Requests for service:

- Reduce flooding of a crawl space or basement, driveway, furnace, air conditioner or the interior of accessory structure such as an attached garage.
- Improve the flow of stormwater through a pipe, drainage ditch or stream that has significant (50% or more) sediment buildup or a permanent blockage.
- Repair or replace other failing stormwater infrastructure not falling within the AI or A classification.

Typically, these requests are located away from a house, commercial building, driveway, public sidewalk or street and outside of the right-of-way.



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AI, A & B Costs and Backlogs

FY16-FY28	Current Program	4 Year Backlog Projected	2 Year Backlog Projected
Current Projected Funding	\$267M	\$267M	\$267M
Additional Funding Needed	\$0M	\$218M	\$268M
Number of Requests at End of FY28	3,648	1,984	1,150
Backlog Projection at end of FY28	9 year wait and growing	4 year wait and growing	2 year wait and growing

Note: Dollar amounts are in millions

- Dependent on hiring staff and contractors
- Additional staffing will be needed over multiple years
- Assumes number of new requests will increase each year as miles of pipe increase
- Estimated 1,277 requests for service at start of FY16
- \$30M would be needed in FY16 to address the annual requests

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Low Priority Classification: C

C Requests for service:

- Reduce severe or moderate soil erosion.
- Improve the flow of stormwater by re-establishing or cleaning a drainage ditch or stream that has moderate sedimentation or a blockage.



Typically, C requests are soil erosion problems that do not pose a threat to a house, commercial building, driveway, public sidewalk or street.

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C Costs and Backlogs

FY16-FY28	9 year Backlog Projected	No longer qualify Cs - backlog gone in 13 years
Additional Funding Needed	\$126M	\$109M
Number of Requests at End of FY28	4,273	0
Backlog Projection at end of FY28	9 year wait and growing	0

Note: Dollar amounts are in millions

- Estimates based on early 2000 data
- Dependent on hiring staff and contractors
- Additional staffing spread over multiple years
- Assumes number of new requests will increase each year
- Estimated 6,225 requests for service at start of FY16
- \$6.6M would be needed in FY16 to address annual requests

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Flood Control Costs & Backlog

FY16-FY28	Current Budget Average 3 projects started each year	Average 4 projects started each year	Average 5 projects started each year
Current Projected Funding	\$506M	\$506M	\$506M
Additional Funding Needed	\$0M	\$139M	\$237M
Number of projects at End of FY28	141	123	111
Backlog Projection at end of FY28	47 years and growing	31 years and growing	22 years and growing

Note: Dollar amounts are in millions

- Dependent on hiring staff, consultants and contractors
- Additional staffing spread over multiple years
- Assumes number of new projects will increase each year
- Estimated 64 projects at the start of FY16
- \$42M would be needed in FY16 to address the annual projects.

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Funding Options

- Using 4 rates – a 1% increase in FY17 with no further rate increases in future years generates \$7.47M over the 13 year period and provides for an additional:
 - 100 Maintenance & Repair requests or
 - 350 Low Priority C requests or
 - 1 Flood Control project
- Using 4 rates – a 1% increase each year FY17-FY28 generates \$49M over the 13 year period and provides for an additional:
 - 555 Maintenance & Repair requests or
 - 1918 Low Priority C requests or
 - 5 Flood Control projects
- Using 4 rates – a 5.9% increase each year is needed to keep up with the annual incoming requests and projects.

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Funding Options

FY16-FY28						
Fee Increase	0%		3% Annual starting January 2016		6% Declining* starting January 2016	
Number of Rates	3	4	3	4	3	4
Additional Funding Capacity	\$26M	\$67M	\$300M	\$335M	\$400M	\$441M

* Increase goes down each year by 0.5% to 3%

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Allocation Scenarios

	0% Annual 4 rates	3% Annual 4 rates	6% Declining* 4 rates
Maintenance & Repairs (A1, A, B)	\$67M	\$218M	\$218M
Low Priority (C)	\$0M	\$109M	\$109M
Flood Control	\$0M	\$8M	\$114M
Total	\$67M	\$335M	\$441M

* Increase goes down each year by 0.5% to 3%

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Should the qualification criteria for service be modified for C classification?

- Past Changes to Qualifying Criteria
 - Yard flooding no longer qualifies
 - Minor erosion no longer qualifies
- Possible requests to no longer qualify
 - Moderate stream bank or ditch erosion or sedimentation (only severe soil erosion would qualify)
 - All Cs (severe and moderate soil erosion, channel cleaning and re-establishing)

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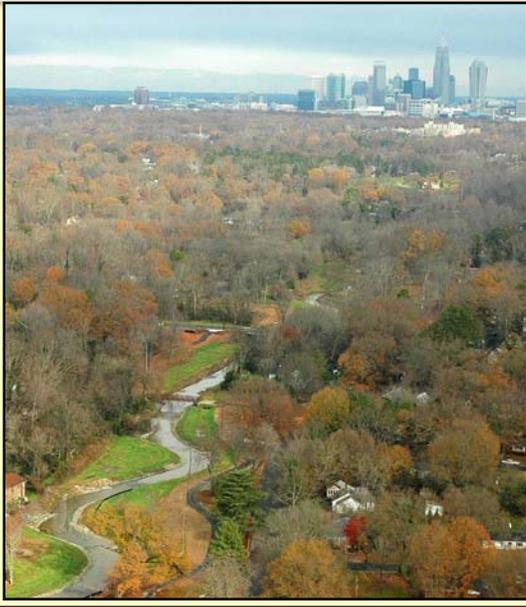


Storm Water Services Policy Questions

- Should the fee/rate structure change?
- How long should a citizen wait for service?
- Should the qualification criteria for service be modified?



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<p>Discussion</p>	 <p>19</p>

Current Storm Water Services Rate Methodology

Rate Concept

Prior to Storm Water Services starting in January, 1993, the task force charged with developing the program researched and discussed rate methodologies for the program. They wanted the methodology to be based on one or two parameters which would reasonably distribute the cost of storm water services. Five basic rate concepts were considered:

1. Impervious area
2. Both impervious area and gross area
3. Impervious area and impervious percentage
4. Gross area and an intensity of development factor
5. Gross area only

The task force thought it important to emphasize both simplicity and future flexibility. Of the five concepts considered, two fit the objectives better than the others because they were very easy to explain to the general public:

1. Impervious area
2. Gross area and intensity of development factor

They decided on a rate structure based on impervious area due to its simplicity and consistency. It was noted that not charging undeveloped land would encourage the environmental benefits.

ERU - Equivalent Residential Unit

The task force completed a pilot project in a 5.8 square mile area of the City to provide the basis for extrapolating the overall makeup of the impervious area by:

1. detached single-family parcels
2. non-detached single-family and all other parcels

The results reflected the median parcel of impervious area for detached single family parcels to be 2,613 square feet. This square footage was designated as the Equivalent Residential Unit (ERU).

Rate Charges

The task force decided a simple grouping of charging flat rates for two tiers of detached single-family parcels and a per square foot charge for non-detached single-family and all other parcels.

- Tier I is all detached single-family parcels with less than 2,000 square feet of impervious area.
- Tier II is all detached single-family parcels with 2,000 square feet or greater of impervious area.
- Non-detached single family and all other parcels with impervious area.

The basis for extrapolating the rates is the ERU (2,613 sf). The pilot project also identified that the median for all detached single-family parcels under 2,000 square feet was 68% of the ERU.

To determine the rates for the three groupings, a fee was assigned to the ERU. The rates were then determined as:

- Tier I rate is 68% of the ERU rate.
- Tier II rate is the ERU rate.
- The non-detached single-family and all other parcels rate is to be stated as a per impervious acre charge for ease of understanding. To determine the rate, the square feet in an acre are divided by the ERU (2,613) and then multiplied by the ERU rate. [43,560 / 2613 * ERU rate = cost per acre of impervious area]