Council Budget Committee
Friday, February 13, 2015, 2:30 – 4:00 p.m.
Charlotte-Mecklenburg Government Center
Room 280

Committee Members:	Greg Phipps, Chair Ed Driggs, Vice Chair Patsy Kinsey Vi Lyles LaWana Mayfield
Staff Resource:	Kim Eagle, Interim Strategy & Budget Director

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AGENDA

I. **Storm Water Services Capital and Financial Planning**
Staff: Jennifer Smith, Storm Water
(Attachment 1)
Action requested: Discussion and Feedback

NEXT MEETING: March 5th, 2:00pm

Distribution: Mayor and City Council
Ron Carlee, City Manager
Ron Kimble
Debra Campbell
Ann Wall
Hyong Yi
Carol Jennings
Robert Hagemann
Robin LoFurno
Sandy D'Elosua
Jason Kay

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ENGINEERING & PROPERTY MANAGEMENT

Storm Water Services
Capital and Financial Planning

February 13, 2015

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Storm Water Services Policy Questions

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


Sinkhole at 6611 Windyrush Road

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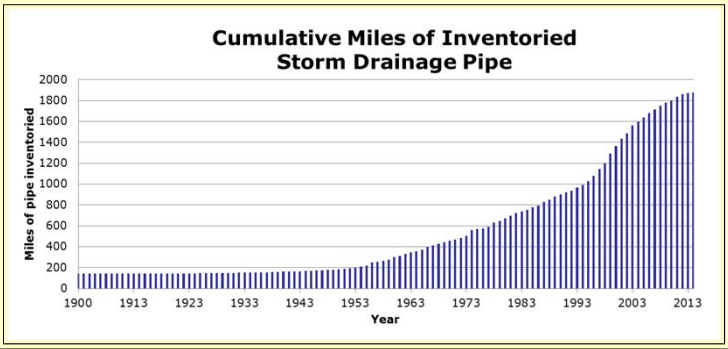
How long should a citizen wait for service?

- Majority of requests for service are for failing infrastructure
- Ongoing need to maintain and replace system
- Storm drainage pipe installed in 70-90's will require replacement in next few years
- Amount of pipe more than doubled from 1994-2014 and number of requests will go up



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How long should a citizen wait for service?

Maintenance & Repairs - AI, A & B requests for service

FY16-FY28	Current Program 9 Year Backlog Projected	4 Year Backlog Projected	1 Year Backlog Projected
Current Projected Funding	$267 M	$267 M	$267 M
Additional Funding Needed	$0 M	$198 M	$286 M
Number of Requests at Start of FY16	1,277	1,277	1,277
Number of Requests at End of FY28	3,243	1,858	409
Backlog Projection at end of FY28	9 year wait and growing	4 year wait and growing	1 year wait
Total number of requests evaluated	4,538	5,923	7,372

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

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How long should a citizen wait for service?

Low Priority - C requests for service

FY16-FY28	Current Program	21 Year Backlog Projected	4 Year Backlog Projected
Additional Funding Needed	$0 M	$50 M	$149 M
Number of Requests at Start of FY16	6,225	6,225	6,225
Number of Requests at End of FY28	9,845	7,145	2,717
Backlog Projection at end of FY28	89 year wait and growing	21 year wait and growing	4 year wait and growing
Total number of requests evaluated	1,275 Requests adjacent to other higher priority requests	3,906	6,777

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

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How long should a citizen wait for service?

Flood Control Projects

FY16-FY28	Current Budget Average 4 projects started each year	Average 6 projects started each year	Average 8 projects started each year
Current Projected Funding	$506 M	$506 M	$506 M
Additional Funding Needed	$0 M	$244 M	$417 M
Number of project at Start of FY16	64	64	64
Number of projects at End of FY28	123	96	68
Backlog Projection at end of FY28	31 years and growing	16 years and growing	9 years and growing
Total number of projects started	54	81	109

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

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How long should a citizen wait for service?

FY16 – FY28	Maintenance & Repairs (AI,A,B)	Low Priority (C)	Flood Control
Current Projected Funding and Wait	$267 M 9 year wait and growing	$0 M 89 year wait and growing	$506 M 31 year wait and growing
Moderate Approach Additional Funding and Wait	$198 M 4 year wait and growing	$50 M 21 year wait and growing	$244 M 16 year wait and growing
Aggressive Approach Additional Funding and Wait	$286 M 1 year wait and growing	$149 M 4 year wait and growing	$417 M 9 year wait 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

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Should the fee structure or rates change?

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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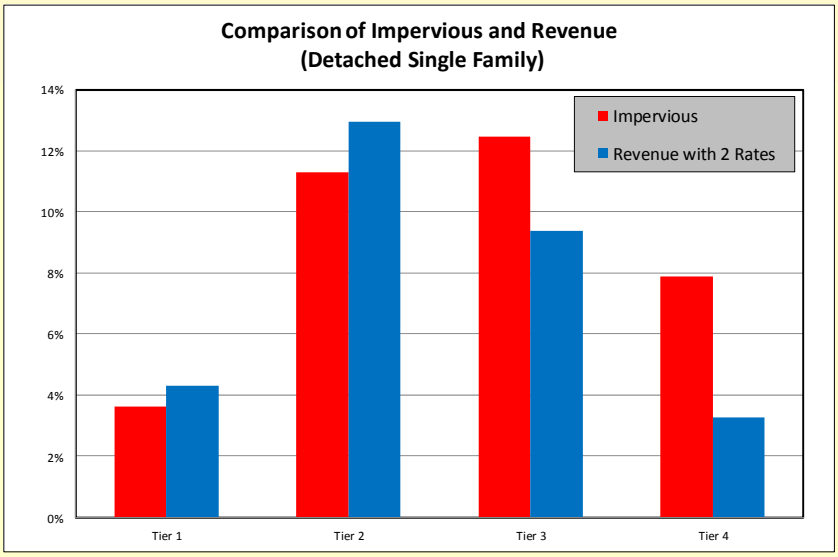
Should the fee structure or rates change?



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Should the fee structure or rates change?

Current Fee Structure	Median Square Footage	FY15 2 Rates	3 Rates	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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Should the fee structure or rates change?

- Possible options to create additional funding capacity
  - Issue additional debt
  - Increase revenue by expanding number of rates and/or increasing rates
- Consideration in creating additional funding capacity
  - Maintain fund balance set by City Council
  - Maintain debt coverage to retain desired bond ratings
  - Maintain ability to fund emergency projects

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Should the fee structure or rates change?

Program Funding Capacity FY16-FY28

Number of Rates	2	3	4	2	3	4	2	3	4	2	3	4
Fee Increase	0% Annual			3% Annual			6% Declining			6% Annual		
Capital Projected Expenditure	$703 M			$703 M			$703 M			$703 M		
Available Funding Capacity	($80)	$26	$67	$226	$304	$349	$315	$409	$461	$592	$656	$718

Note: Dollar amounts are in millions

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Should the fee structure or rates change?

Program Funding Capacity FY16-FY28												
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Capital Projected Expenditure	$703 M			$703 M			$703 M			$703 M		
Funding Capacity Available	($80)	$26	$67	$226	$304	$349	$315	$409	$461	$592	$656	$718

Programs	Current Project Funding	Moderate Approach Additional Funding	Aggressive Approach Additional Funding
Maintenance & Repairs (AI, A, B)	$267	$198	$286
Low Priority (C)	$0	$50	$149
Flood Control	$506	$244	$417

Note: Dollar amounts are in millions

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Should the fee structure or rates change?

Other options that could save money:

- Revise maximum fee credit
  - Fee credits should be based on the degree that program need is reduced by land owner actions
  - Current approach 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 preemptive measures
  - Determine condition of existing pipe systems
  - Fix problems before they become more expensive

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Should the qualification criteria for service be modified?

- Past Changes to Qualifying Criteria
  - Yard flooding no longer qualifies
  - Minor erosion no longer qualifies
- Possible requests to no longer qualify
  - Flooding of a crawl space that does not cause documented electrical, mechanical, or structural damages
  - Flooding of mechanical systems that can reasonably be relocated by a homeowner
  - Moderate stream bank or ditch erosion or sedimentation (only severe soil erosion would qualify)

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Storm Water Services Policy Questions

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- Should the qualification criteria for service be modified?

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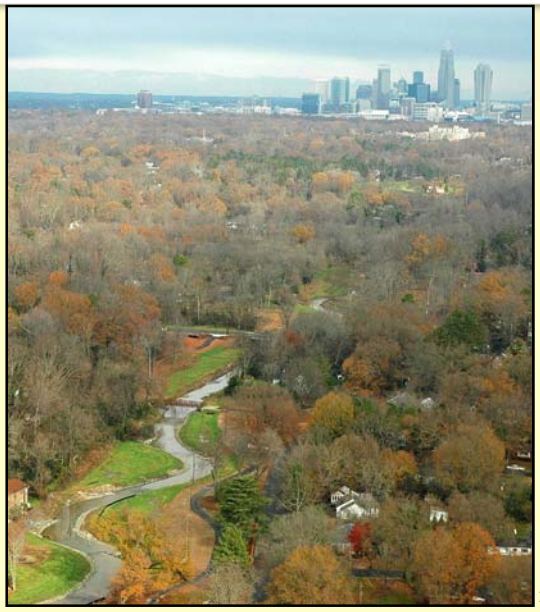
Discussion



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