

**CITY OF SAN ANTONIO
PUBLIC WORKS DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council

FROM: Thomas G. Wendorf, P.E. Director of Public Works

SUBJECT: 3:00 P.M. Public Hearing Regarding Increasing The Monthly Storm Water Fee By 19.5% Across All Customer Classifications And Tiers

DATE: December 9, 2004

SUMMARY AND RECOMMENDATIONS

This ordinance approves an increase in the monthly storm water fee by 19.5% across all customer classifications as follows: For Residential Customers – (tier 1) lot size of zero to 4,999 square feet from \$2.33 to \$2.78; and (tier 2) lot size of 5,000 or more square feet from \$3.08 to \$3.68. For Multifamily Customers – (tier 1) lot size of zero to 21,999 square feet from \$5.18 to \$6.19; and (tier 2) lot size of 22,000 to 43,999 square feet from \$16.21 to \$19.37; and (tier 3) lot size of 44,000 to 131,999 square feet from \$49.15 to \$58.73; and (tier 4) lot size of 132,000 or more square feet from \$233.88 to \$279.49. For Commercial/General Customers - (tier 1) lot size of zero to 21,999 square feet from \$13.26 to \$15.85; and (tier 2) lot size of 22,000 to 43,999 square feet from \$36.28 to \$43.35; and (tier 3) lot size of 44,000 to 86,999 square feet from \$65.02 to \$77.70; and (tier 4) lot size of 87,000 to 131,999 square feet from \$112.06 to \$133.91; and (tier 5) lot size of 132,000 or more square feet from \$247.59 to \$295.87. For Public Customers - (tier 1) lot size of zero to 21,999 square feet from \$13.14 to \$15.70; and (tier 2) lot size of 22,000 to 43,999 square feet from \$35.93 to \$42.94; and (tier 3) lot size of 44,000 to 86,999 square feet from \$64.90 to \$77.56; and (tier 4) lot size of 87,000 or more square feet from \$109.72 to \$131.12. This ordinance also authorizes the proceeds from this fee increase to be utilized to pay for regional flood control improvement projects or to pay debt service for revenue bonds to fund regional flood control improvement projects. The estimated amount of revenue bonds that could be sold is approximately \$56.8 million. This ordinance appropriately amends the adopted FY 2005 Storm Water Fund Operating Budget and the FY 2005-2010 Capital Budget.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

Ordinance No. 77949 passed on May 13, 1993 established and implemented the Storm Water rate schedules in order to provide funding to meet federal storm water regulations and to protect the public health, safety, and welfare of the community. Services provided by this funding allow for the City to meet permit requirements as specified in the National Pollutant Discharge Elimination System (NPDES) permit which requires that pollutants normally carried by storm water runoff be eliminated to the maximum practical extent.

The Storm Water Fee also funds the majority of the City's requirements to participate in the National Flood Insurance Program (NFIP). NFIP participation requirements are mandated by the Federal Emergency Management Agency. Participation allows for the citizens of San Antonio to be eligible for federally backed flood insurance and also makes the City eligible to receive federal disaster assistance after a flood event.

Beginning in 1999 the storm water drainage fee rates have increased three times, as shown in the Table of Storm Water Rate Increases included herein as Attachment A.

During the budget process this past summer, staff was directed to prepare a recommendation for a storm water rate increase that could be used to fund capital improvement projects. The recommendation is to increase the storm water fee by 19.5% across all customer classifications, included herein as Attachment B. The financial impact to the average residential storm water customer is 60¢ per month or \$7.21 annually, and the average financial impact for approximately 56% of the commercial accounts, those with lot sizes less than one-half acre, is \$2.59 per month or \$31.08 annually.

The revenue generated by this increase may be utilized to pay debt service on revenue bonds to fund regional flood control improvement projects. Based on early projections it is estimated that this increase will provide for \$56.8 million in project capacity. This capacity amount is subject to change dependent upon the actual interest rate secured at the time of the sale of the bonds. A separate ordinance will be presented to council to authorize the sale of the Storm Water Revenue Bonds.

Regional flood control projects by definition have a drainage area greater than 1.5 square miles and provide a positive impact to the watershed in which they are located. Projects of this nature can be classified as infrastructure recapitalization, major storm water outfalls, regional storm water detention facilities, and low water crossing mitigation. There are ten projects that are being recommended for approval with this ordinance, and these projects have been selected using the same selection criteria utilized for the 2003 Storm Water Revenue Bonds. This selection criteria includes 1) Linkage with a Master Plan, 2) Ability to leverage non-city dollars, 3) Project initiation within four years, 4) Continuity of a prior authorized bond project, 4) Existence of completed engineering plan, 5) Public or Council request, 6) Safety, health or ADA Project and 7) Infrastructure Model.

Among the ten proposed projects, three projects will eliminate four low water crossings. Fatalities have been experienced at two of these low water crossings in the past six years. Two of the projects are regional detention facilities that will help to reduce the effect of new development. One project recapitalizes an aged and undersized drainage channel that is threatening to undermine private property. The remaining four projects are major outfalls that will provide positive overflow capacity for storm water runoff on the affected streets. The estimates of probable cost for all ten projects were prepared by outside consultants. A project list is shown on Attachment C.

Notice for this Public Hearing and action was advertised in the San Antonio Express News and La Prensa on Sunday November 7, Sunday November 14 and Sunday November 21, 2004.

POLICY ANALYSIS

Approval of this ordinance will be a continuation of City Council policy to implement storm water protection programs. It is consistent with the requirements of the Texas Pollutant Discharge Elimination System permit of the Federal Water Quality Act of 1987 which requires a river and stream non-point source storm water discharge permit. It is also consistent with the Federal Emergency Management Agency (FEMA) requirements for participation in the National Flood Insurance Program.

FISCAL IMPACT

Approval of this ordinance will increase the storm water fee across all customer classifications and tiers by 19.5%. The additional revenue for this increase is estimated at \$3,254,271 for nine months in FY 2004-2005. This revenue may be utilized to pay for regional flood control improvement projects or to pay debt service for revenue bonds to fund regional flood control improvement projects. Based on early projections it is estimated that this increase will provide for \$56.8 million in project capacity.

This ordinance amends the FY 2005 Adopted Storm Water Operating Fund Budget by increasing the storm water fee revenue by an estimated \$3,254,271 for nine months in FY 2004-2005, and an estimated \$4,339,027 annually thereafter.

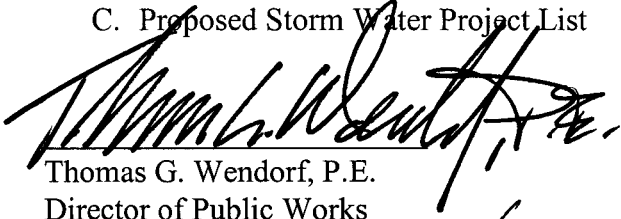
This ordinance also allows for an increase in the FY 2005 appropriations in the Storm Water Operating Fund up to the amount \$3,254,271 should debt service payments be required in FY 2005 as a result of the sale of these revenue bonds.

COORDINATION

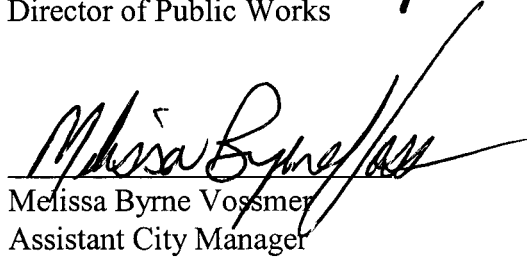
This request for ordinance has been coordinated with the Office of Management and Budget, Finance, and the City Attorney's Office.

ATTACHMENTS

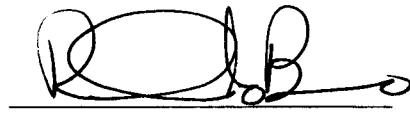
- A. Table of Storm Water Rate Increases
- B. Proposed Rate Schedule
- C. Proposed Storm Water Project List



Thomas G. Wendorf, P.E.
Director of Public Works



Melissa Byrne Vossmer
Assistant City Manager



J. Rolando Bono
Interim City Manager

Table of Storm Water Rate Increases

Ordinance Number	Ordinance Date	Rate Increase	Explanation for Increase
Ordinance No. 90499	September 16, 1999	15% across all customer classifications	FY 1999-2000 Budget development process identified the need to adjust the fee charged for storm water drainage rates.
Ordinance No. 96515	October 3, 2002	30% across all customer classifications	FY 2002-2003 Budget development process identified the need to adjust the fee charged for storm water drainage rates.
Ordinance No. 98635	December 18, 2003	3.36% across all customer classifications	FY 2003-2004 Budget development process identified the need to fund a Natural Creek Way Crew to expedite the removal of floatable debris, dead trees and invasive vegetation from the Natural Creek Ways within the city. This crew has increased the frequency of the scheduled maintenance cycle of natural creek way segments to an average of once every three years instead of the previous five-year cycle. This increase in frequency will enhance storm water conveyance, which satisfies the requirements of the National Flood Insurance Program, as well as improving surface water quality, a requirement of the Texas Pollutant Discharge Elimination System Permit.

Proposed Storm Water Rate Schedule

	Billing Unit (SF)	Current Billing Unit Per Month Charge	Proposed Billing Unit Per Month Charge
Residential Storm Water Rate Schedule			
Tier 1	0-4,999	\$2.33	<u>\$2.78</u>
Tier 2	5,000 or more	\$3.08	<u>\$3.68</u>
Multifamily Storm Water Rate Schedule			
Tier 1	0 – 21,999	\$5.18	<u>\$6.19</u>
Tier 2	22,000 - 43,999	\$16.21	<u>\$19.37</u>
Tier 3	44,000 - 131,999	\$49.15	<u>\$58.73</u>
Tier 4	132,000 or more	\$233.88	<u>\$279.49</u>
Commercial/General Storm Water Rate Schedule			
Tier 1	0 – 21,999	\$13.26	<u>\$15.85</u>
Tier 2	22,000 - 43,999	\$36.28	<u>\$43.35</u>
Tier 3	44,000 - 86,999	\$65.02	<u>\$77.70</u>
Tier 4	87,000 - 131,999	\$112.06	<u>\$133.91</u>
Tier 5	132,000 or more	\$247.59	<u>\$295.87</u>
Public Storm Water Rate Schedule			
Tier 1	0 – 21,999	\$13.14	<u>\$15.70</u>
Tier 2	22,000 - 43,999	\$35.93	<u>\$42.94</u>
Tier 3	44,000 - 86,999	\$64.90	<u>\$77.56</u>
Tier 4	87,000 or more	\$109.72	<u>\$131.12</u>

PROPOSED 2005 STORM WATER REVENUE BOND PROJECTS

#	CD	Project	BUDGET ADOPTION ESTIMATES AS OF	LEVEL II ESTIMATES
			09/16/04	DEC 2004
1	1	Laddie Place RSWF Ph II (Spencer Lane Detention)	\$ 6,250,000	\$ 8,642,594
2	8	Upper Leon Creek RSWF	\$ 5,000,000	\$ 2,500,000
3	2	Broadway Corridor Phase I	\$ 9,000,000	\$ 9,631,972
4	2	W.W. White Area Outfall Phase I	\$ 10,000,000	\$ 12,455,241
5	7	Timberhill Low Water Crossing #57	\$ 6,200,000	\$ 8,446,598
6	4	Zarzamora Drainage Project #83A	\$ 3,500,000	\$ 4,135,469
7	2	Menger Creek Channel Recapitalization	\$ 2,000,000	\$ 551,873
8	3	Commercial Tributary to 6 Mile Creek Phase I	\$ 4,295,785	\$ 4,255,114
9	6	Callaghan Road: Farragut to Ingram, Low Water Crossing	\$ 2,461,728	\$ 3,120,284
10	6	Callaghan: Hemphill to Farragut, Low Water Crossing	\$ 2,980,344	\$ 3,145,855
TOTAL			\$ 51,687,857	\$ 56,885,000