



COUNCIL COMMITTEE REPORT

Public Utilities Committee

Summary Report

Date: June 17, 2015

Agenda Item #: 3

Agenda Item: Consider and develop recommendations on an ordinance amending City Code Chapters 15-2 and 15-9 relating to the drainage charge.

Vote: The committee did not present a motion or vote on this item. They decided to have further discussions during Tuesday's work session which is public, and then return to the full Council on next Thursday (June 25, 2015).

Original Sponsors/Department: Watershed Protection Department

Summary of Discussion:

Watershed Protection staff provided information on proposed amendments to the structure of the Drainage Utility fee. This item was referred by Council to the Public Utilities Committee (PUC) after the second reading. This is the second presentation/review by the PUC.

Craig Bell from Watershed Protection provided committee members with a copy of a memo to Mayor and City Council to provide additional information and responses to questions that were received from council members during the May 21st City Council meeting and subsequently posted on the Council Bulletin Board. This memo dated June 17, 2015 will be posted on Watershed Protection website. The memo addressed the following issues:

- a. The methodology is based on % of impervious cover rather than amount of impervious cover
- b. The methodology could have the effect of being contrary to various Image Austin goals that encourage smaller lots and higher % impervious cover
- c. The methodology does not account for developments like Mueller that cluster development, providing more open space and shared water quality features
- d. The methodology does not account for value of innovative green infrastructure/water catchment/infiltration installations
- e. The methodology does not allow discounts for installed water quality treatment facilities (per Freescale testimony) and discontinues pond discount.
- f. The methodology does not address affordability issues such as increases for elderly and others on fixed incomes in single family homes; pass through charges to renters; impact on renters using Customer Assistance Program (CAP) for utility payments now.
- g. Can the City "phase in" the fee structure revision to reduce large, immediate fee increases?

- h. Can we add an exemption for charter schools?
- i. What are the options for allocating drainage fee based on square footage rather than percentage; and the impact of fee on costs for homeowners, renters, and small businesses?

During a brief presentation, Mr. Bell provided information that compared the amounts of the drainage charge and the proportions of the total fee revenues generated across four land use categories and for three fee methodologies: (1) the current fee structure, (2) the proposed fee structure based on both amount and percentage impervious cover, and (3) a hypothetical fee structure based solely on amount of impervious cover. He also stated that combining properties for calculating the charge may be desirable in situations such as with structures that span more than one lot and in condominium developments.

Comments received from citizen speakers raised questions from Council Committee members about the timing to implement new rates, and if staff can delay approving new rates until the fall. Staff responded that they are within a 90 - 100 day window for a go live date. They have to work out technical issues with Austin Energy and the City's billing system. They also want the budget to reflect the new rates in October.

Council Committee members proposed other scenarios to delay implementation and provide more time to work out the methodology. Staff was asked to provide the impact to implement new rate on January 1, 2016. The idea would be to pass the methodology in September 2015 with an effective date in January 2016. Staff responded that there would be complications with customers receiving two different charges on their bills within the same fiscal year, and confusion with documenting the department's revenues with a rate under the current system, and then a rate with the proposed system.

Public Comments:

- David King spoke in favor of this item,
- The following citizens spoke against this item: Rob Ledbetter, Todd McCay, Stuart Hersh, Deanne Desjardin, and Mike Rodriguez, and Mark Walters
- George Oswald, and Teresa A. Elliott signed up as neutral.

Direction:

Further discussion will take place during the work session on Tuesday to discuss methodology options.

Recommendation:

None at this time.