

Public Utilities Council Committee Briefing

August 19, 2015

Watershed Protection
Department



Purpose

- Council approved a new drainage charge methodology June 25
- Staff has been developing information needed to determine the unique charge for each individual parcel and is revising the billing system
- The City has approximately 200,000 parcels, and many have more than one owner
- Staff needs decisions on a couple of critical items to prepare the billing process and inform the public



Fee Ordinance Components

Only two items are required for the drainage charge fee schedule:

- The **base rate** – produces revenues to match the budget
- The **adjustment factor** – applies to all properties to reflect impacts of percent impervious cover (no impact on base rate)



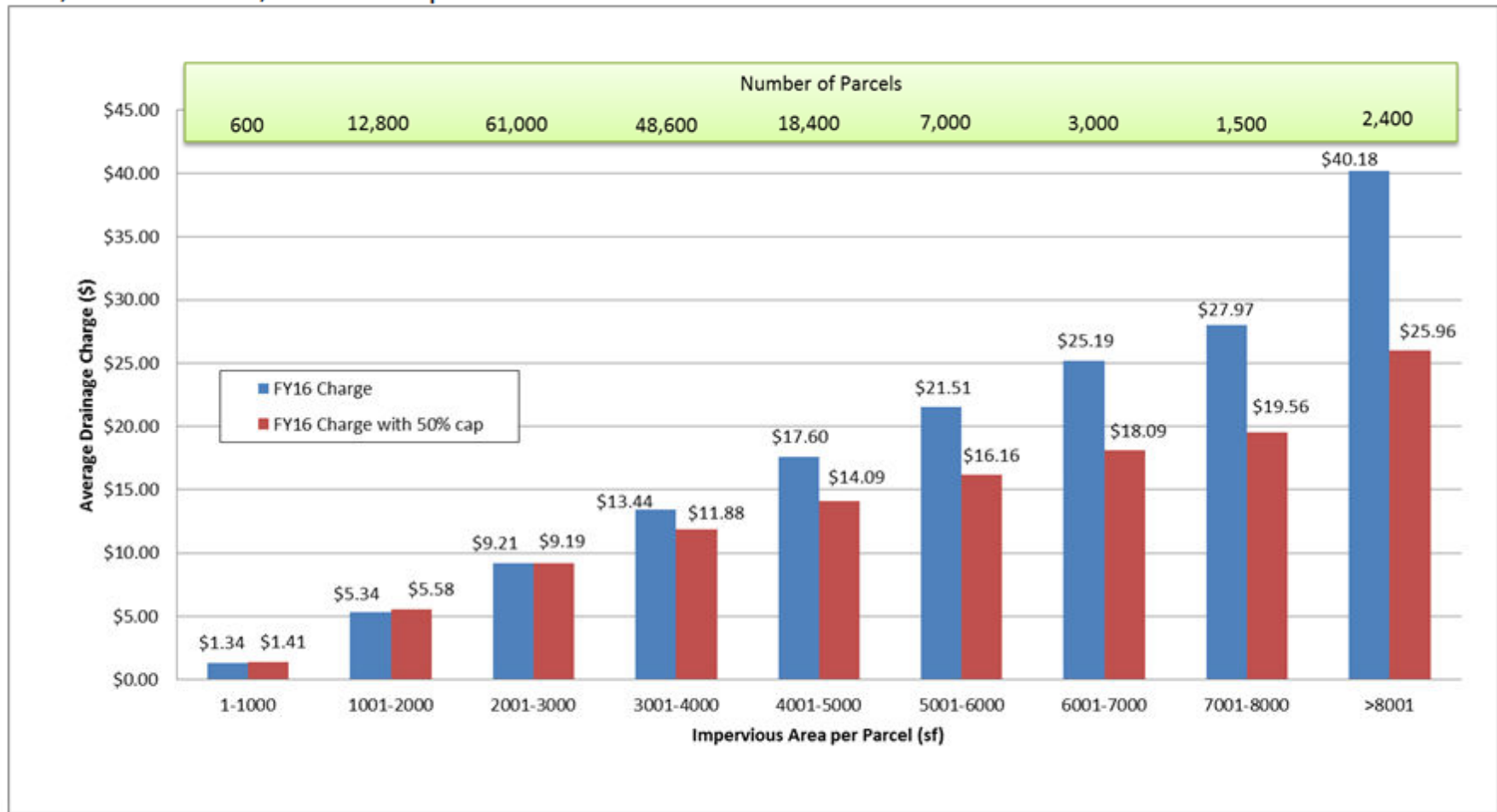
Fee Ordinance Decisions

- A **percent reduction (phase-in cap)** on any fee increases for single family residential properties, 1st year only
- Retain or eliminate any non-state-mandated **exemptions**

Monthly Single Family Charges with 50% Cap on Increase

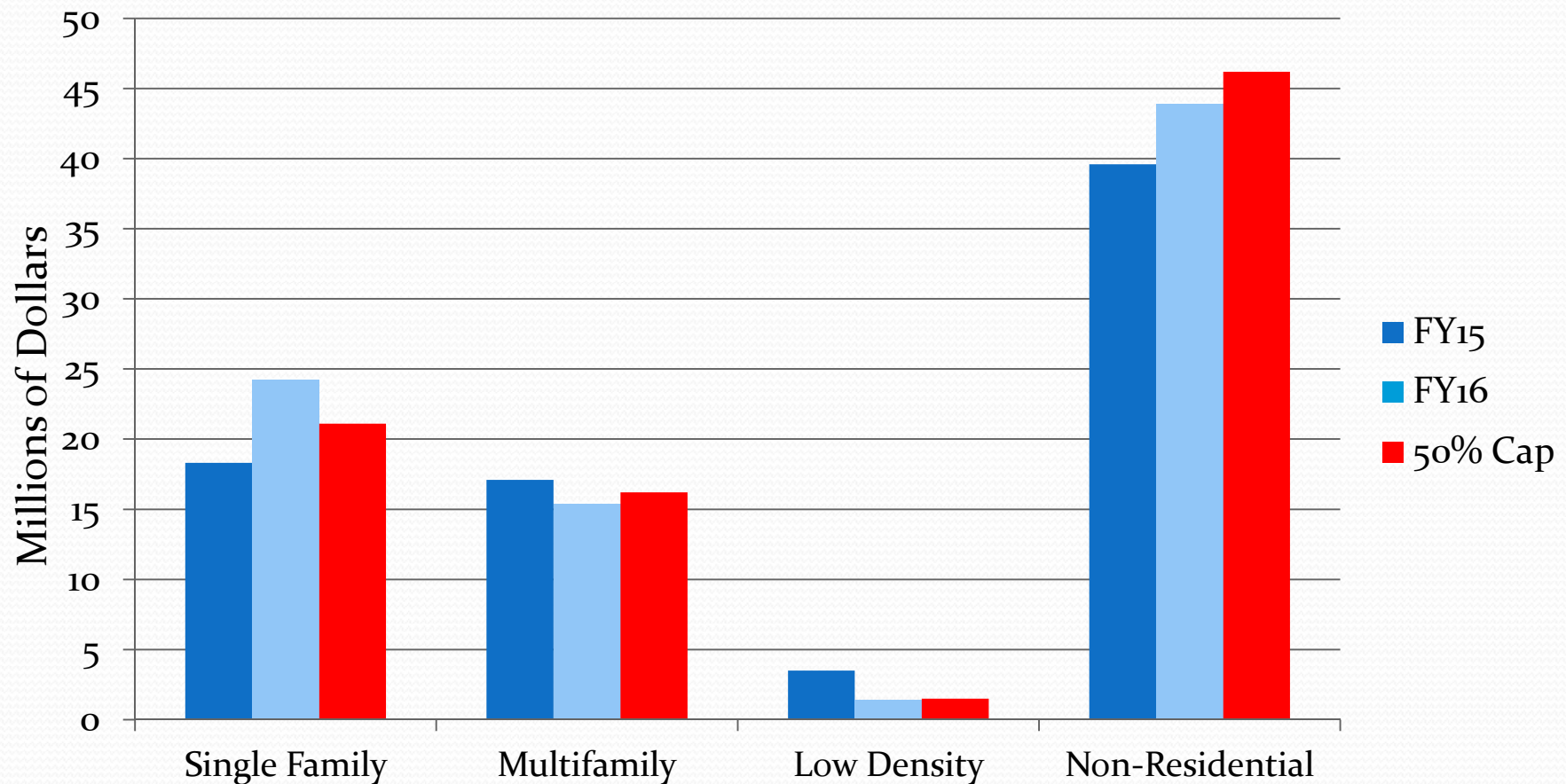
Properties with largest impervious cover benefit the most

AF1, BR = 0.00500, BR with cap = 0.00524



50% Reduction of Single Family Fee Increases

A 5% increase in the base rate for all properties is needed to recover \$4.2M lost revenue





Drainage Charge Exemptions

Texas Local Government Code

- Section 580.003 – City must exempt:
 - State agencies
 - Institutions of higher education
- Section 552.053 – City may exempt:
 - Counties
 - School districts
 - Religious organizations that are tax exempt



County, School Districts, and Religious Exemptions

- Eliminating these exemptions would add:
 - 56.6 million sq. ft. of impervious cover
 - 473 parcels
 - Approximately \$2,830,000 annually
 - Allows for 4% decreased base rate

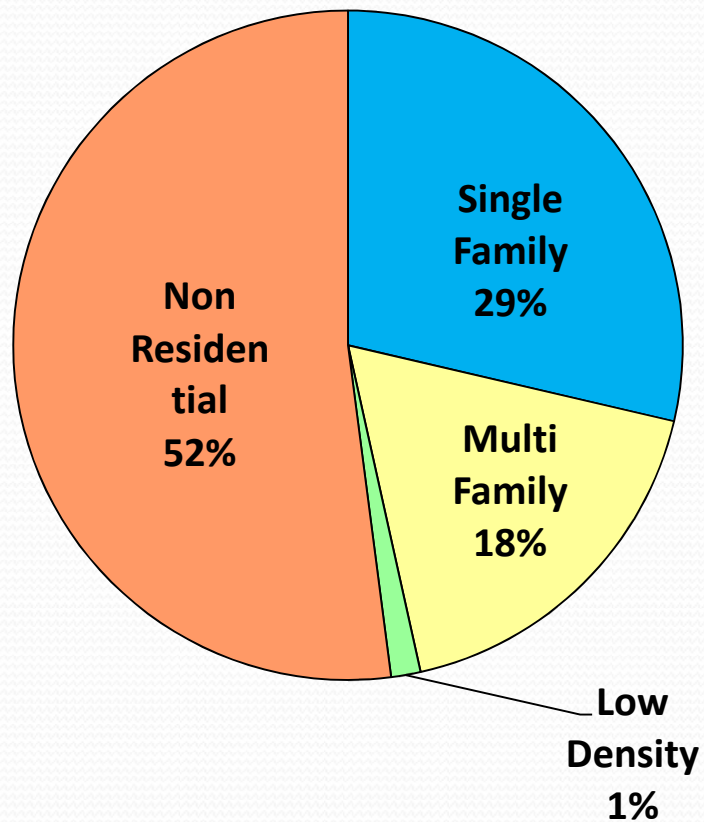


County, School Districts, and Religious Exemptions

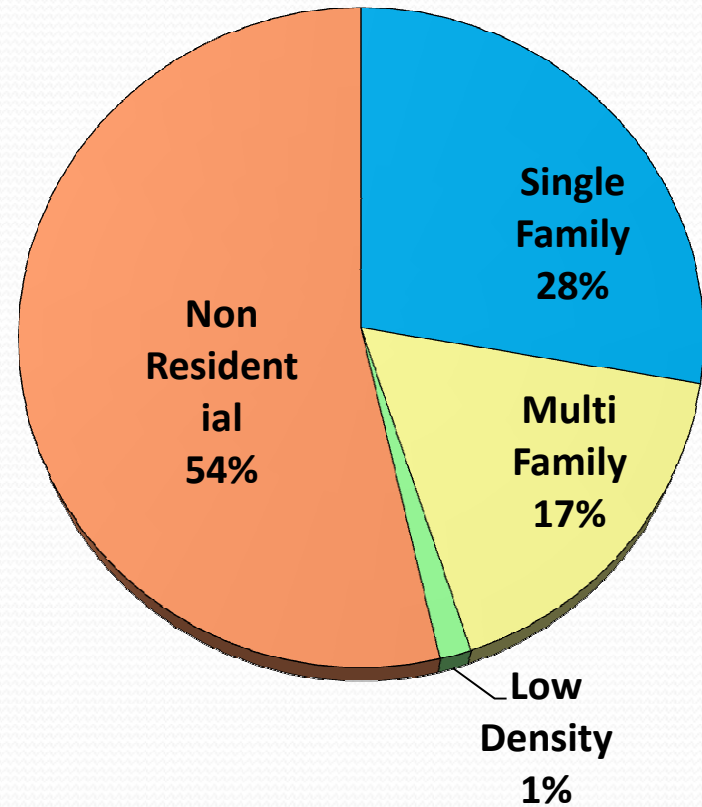
Entity	Estimated Annual Charge
County	\$230,000
School Districts	\$1,800,000
Religious	\$800,000
Total	\$2,830,000

Distribution of Total Monthly Charge

FY16



FY16 With Exempts Added





Updated Fee Ordinance Components

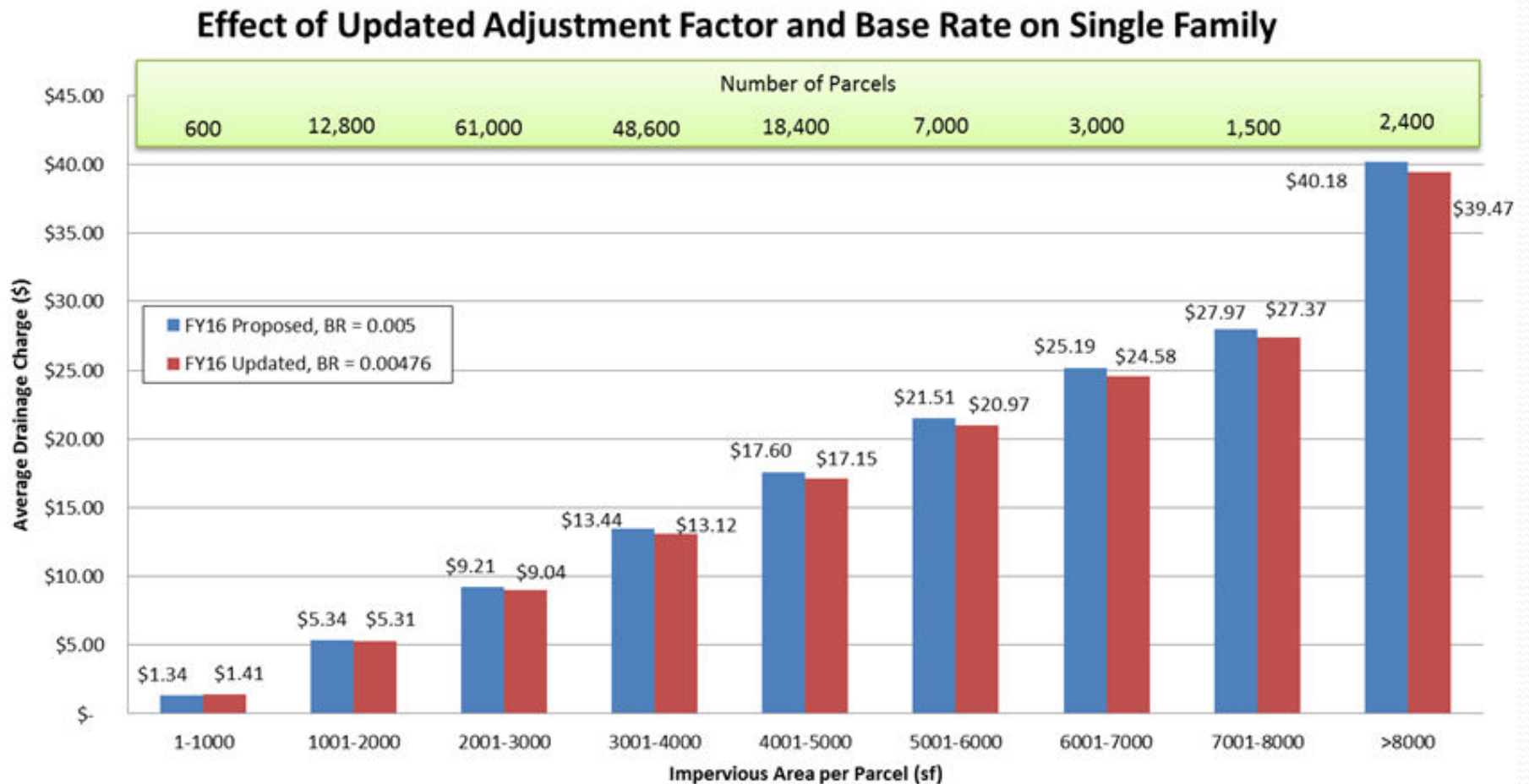
The base rate (BR) and the adjustment factor (AF) may be recalculated every year.

The most recent calculation yields (assuming no phase-in and no change to existing exemptions):

BR=0.00476 per square feet per month

AF= 1.5425 (%IC) +0.1933

Comparison of Updated Base Rate and Adjustment Factor to Previous Estimates on Single Family Categories





Recommendations

- Staff recommends no Phase-in for single family drainage charge increases
- Staff recommends continuing the existing drainage charge exemptions