



Stormwater Utility Feasibility Study

City of Farmers Branch

July 16, 2013

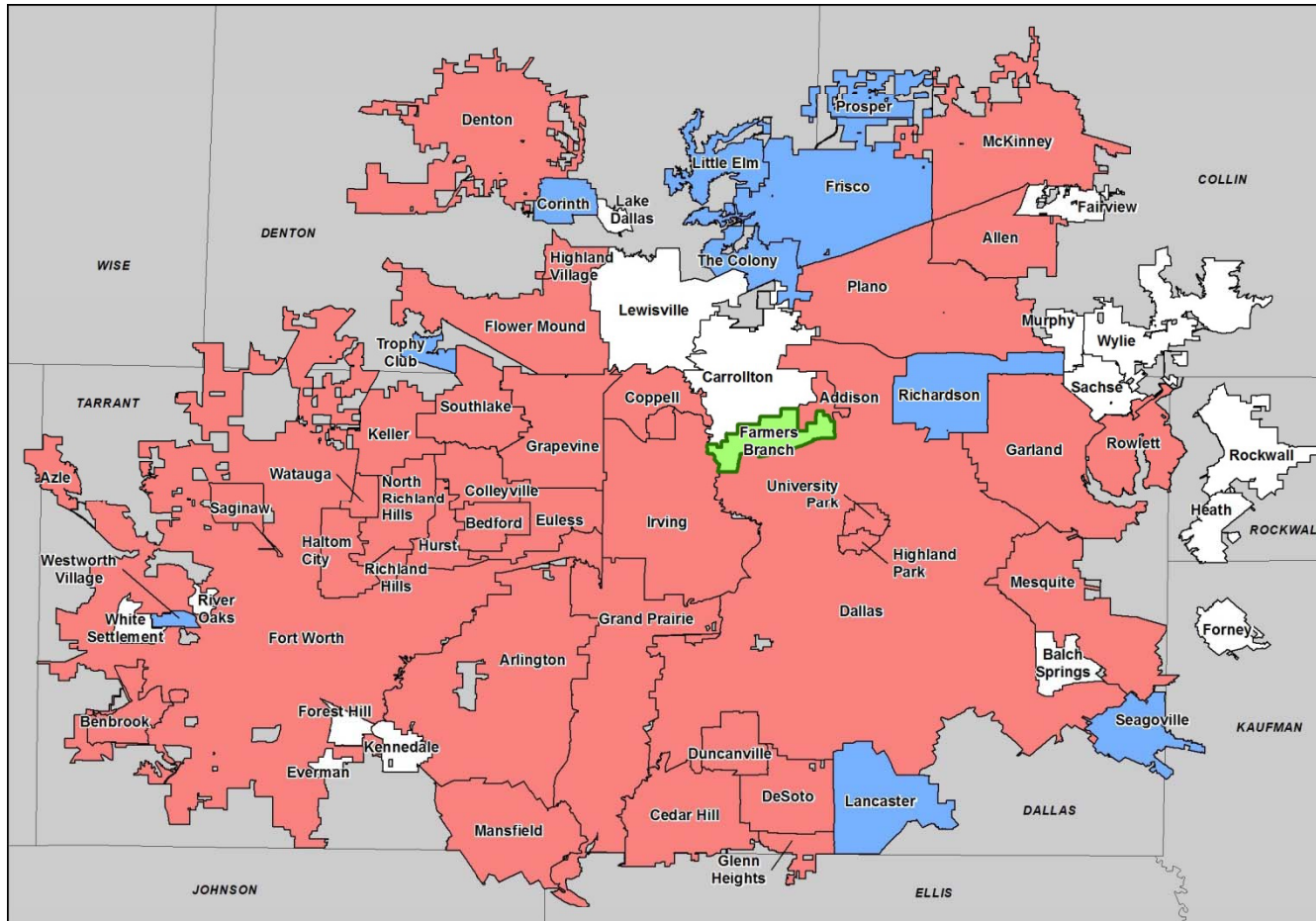


Why have a Storm Water Utility?



- Existing and pending regulatory compliance requirements from the EPA, TCEQ, and FEMA
- Cost of service for storm water management system, services, and needs

Stormwater Utilities in North Texas



FNI's Stormwater Utilities in North Texas

- Richardson
- Frisco
- Prosper
- The Colony
- Corinth
- Little Elm
- Lancaster
- Seagoville
- Trophy Club
- Weatherford
- Westworth Village
- Terrell

Storm Water Utility Legislation



- Allowed by State Law
- Users pay only for their use of the storm water system
- Revenue may only be used for storm water activities

SUBCHAPTER C. MUNICIPAL DRAINAGE UTILITY SYSTEMS

Sec. 552.041. SHORT TITLE. This subchapter may be cited as the Municipal Drainage Utility Systems Act.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 852, Sec. 1, eff. June 16, 1991.

Renumbered from Local Government Code, Section 402.041 by Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.76(a)(2), eff. April 1, 2009.

Sec. 552.042. LEGISLATIVE FINDING. (a) The legislature finds that authority is needed to:

(1) permit municipalities to establish a municipal drainage utility system within the established service area;

Sec. 580.003. EXEMPTIONS OF CERTAIN PROPERTY FROM INFRASTRUCTURE FEES. No county, municipality, or utility district may collect from a state agency or a public or private institution of higher education any fee charged for the development or maintenance of programs or facilities for the control of excess water or storm water.

Added by Acts 2003, 78th Leg., ch. 1310, Sec. 83, eff. June 20, 2003.

Renumbered from Local Government Code, Section 430.003 by Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.76(c)(4), eff. April 1, 2009.

Storm Water Utility Rate Basis



FNI's Tracked Approach to Stormwater Utility Development



**Public
Outreach**

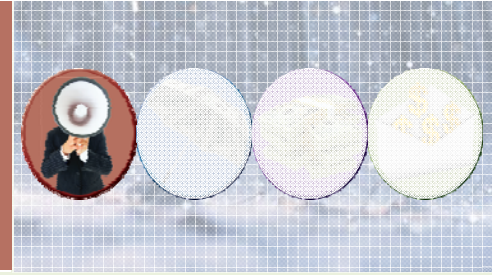
**Stormwater Program
Cost Evaluation**

**Stormwater
Utility**

**Revenue
Assessment**

**Implementation
Strategy**

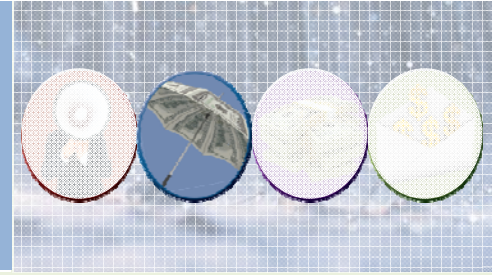
Public Outreach



- Ordinance and fee adoption
- Public communication plan
- General community education
- Stakeholder involvement
- Implementation awareness program



Stormwater Cost of Service



Local Government Code 552, Subchapter C

(2) "Cost of service" as applied to a drainage system service to any benefitted property means:

- (A) ...land, rights-of-way, options to purchase land, easements...;
- (B) ...structures, equipment, and facilities...;
- (C) ...architectural, engineering, legal, and related services, plans and specifications, studies, surveys, estimates...;
- (D) ...machinery, equipment, furniture, and facilities ...;
- (E) ...cost of funding and financing charges and interest arising from construction projects...;
- (F) ...cost of debt service...; and
- (G) ...administrative costs....

LGC 552.047. DRAINAGE CHARGES. (a)
...the basis must be directly related to drainage and... must be nondiscriminatory, equitable, and reasonable.

Financial Rate Model Analysis



Example Residential Tier Rate Structure Options

Option	Tier 1 (sf)	Tier 2 (sf)	Tier 3 (sf)	Tier 4 (sf)
A	<850	850 – 1,650	1650 – 2,500	>2,500
B	<1,000	1,000 – 3,000	3,000 – 4,550	<4,550
C	<850	850 – 2,500	>2,500	
D	<1,500	1,500 – 2,500	>2,500	

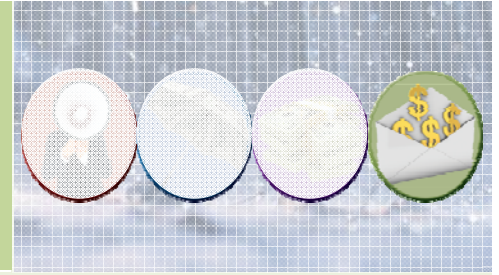
Category	Category Description	Residences	Average Impervious Area (sq ft)	ERUs	Annual Revenue (\$)	Monthly Rate	
						(\$/ Residence)	(\$/100 sf IA)
Res Tier 1	<1,500 sf	1,010	1,200	606	\$36,360	\$3.00	\$0.25
Res Tier 2	1,500-2,500 sf	3,920	2,000	3,920	\$235,200	\$5.00	\$0.25
Res Tier 3	>2,500 sf	5,460	3,200	8,736	\$524,160	\$8.00	\$0.25
Non-Residential				13,500	\$810,000	--	\$0.25
TOTAL				102,319	\$1,605,720		

Example Rate Model Variables

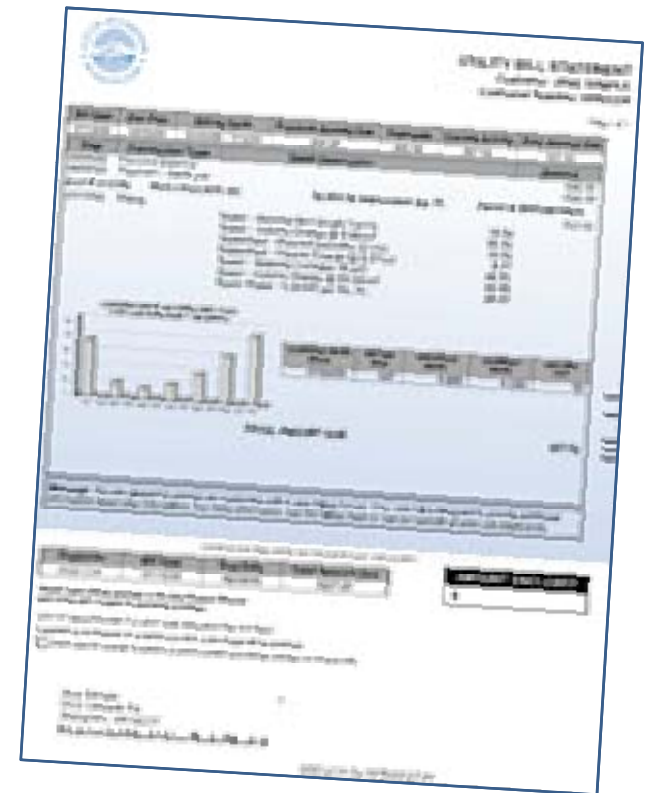


- Number of residential tiers
- Tier breakpoints
 - Parcel area
 - Building footprint
 - Impervious area
- Exemptions
- Fee caps
- Impervious area adjustment factors
- Itemized service costs
- Constant, phased, or varied multi-year service costs
- Inflation
- City growth rate
- General and administrative fund allocations
- Operating reserves and cost basis
- Non-residential property fee limits

Billing Implementation



- Integration of fee into billing system
- Billing system maintenance
- Appeals, inquiry process

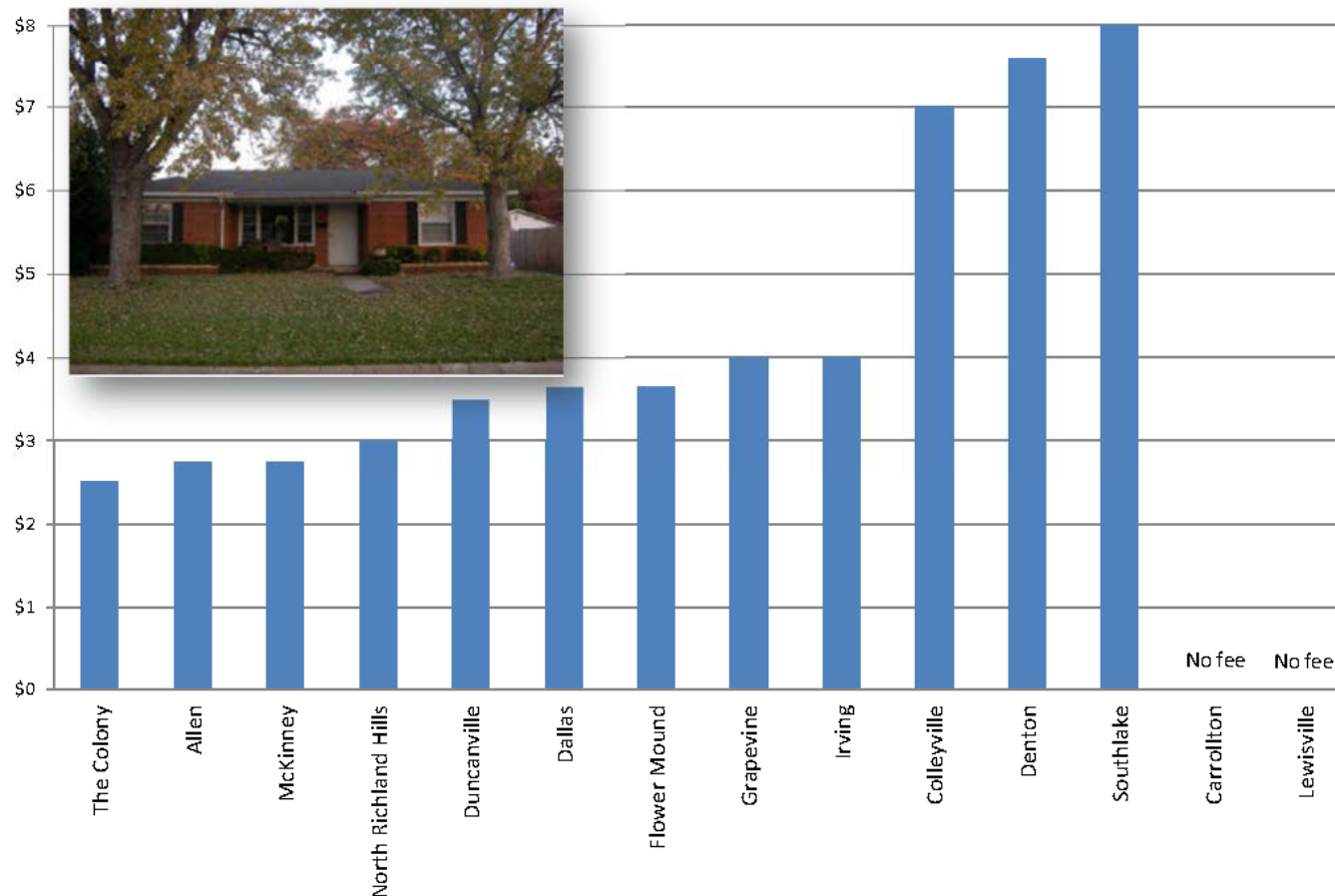


Stormwater Utility Fees for Selected Cities



Residential Monthly Stormwater Utility Charge for Selected Cities

(10,000 sq ft lot / 3,450 sq ft impervious area)



Schedule



Public Outreach



Determine Cost of Service



Develop Basis for Rate Assessment



Identify Fee Structure



Integrate Data and Testing



Staff Training and Implementation

