



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 19.

Agenda Date: 9/29/2016

In Control: City Council A Session

DEPARTMENT: Transportation & Capital Improvements

DEPARTMENT HEAD: Mike Frisbie, P.E.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT: Storm Water Utility Fee Rate Increase

SUMMARY:

An ordinance authorizing a rate increase of the monthly storm water drainage utility charge and change in definition of "Residential Properties".

BACKGROUND INFORMATION:

The storm water utility fee was established in 1993 through Ordinance No. 77949 to provide funding to meet federal storm water regulations and to protect the public health and safety from loss of life and property caused by surface water overflows, surface water stagnation, and pollution arising from nonpoint source runoff within the city.

The fee prior to FY 2016 was based on lot size and land use and was last increased in FY 2008. On September 10, 2015 after nearly a two-year process and significant stakeholder outreach, City Council adopted Ordinance No. 2015-09-10-0761 and the fee methodology was revised to be based on impervious area which has a direct relationship to the amount of storm water runoff generated from a property.

The revised rate structure improves ratepayer equity, recovers the required funding to support the utility's cost of service, and promotes storm water best management practices. The effect of the revised rate structure on most residential properties was minimal. Approximately 72% of residential properties remained at or below their previous monthly fee. Non-residential properties experienced a more equitable rate treatment compared to

the previous rate design. Approximately 27% of non-residential properties remained at or below their current monthly fee with the revised rate structure and 71% increased by less than \$100 per month.

ISSUE:

Ordinance No. 2015-09-10-076 adopted on September 10, 2015 included a five-year rate increase to support a phase-in of increased revenue requirements and corresponding service improvements. The second year of the five-year plan proposes an overall revenue increase of approximately 7%.

- The FY 2017 monthly fee for residential benefitted properties is proposed as follows:

Residential Rate Category	Impervious Area in Square Feet	Monthly Fee
Tier 1	≤ 2,750	\$3.45
Tier 2	> 2,750 - 4,220	\$4.55
Tier 3	> 4,220	\$9.61

- Residential benefitted properties have very similar land use characteristics unlike non-residential benefitted properties; therefore, the rate structure was developed differently. The monthly fee for non-residential benefitted properties includes two components - a flat monthly “Base Fee” and an “Impervious Fee” assessed on a per square foot basis. The “Impervious Fee” includes multiple tiers based upon the percent of impervious area or “development intensity”.
- The FY 2017 monthly “Base Fee” for non-residential benefitted properties is proposed as \$61.92. The FY 2017 monthly “Impervious Fee” for non-residential benefitted properties is proposed as follows:

Non-Residential Rate Category	Percent Impervious Area	Monthly Fee per 1,000 Square Feet
Tier 1	≤ 20%	\$0.28
Tier 2	> 20% - 40%	\$0.41
Tier 3	> 40% - 65%	\$0.54
Tier 4	> 65%	\$0.68

Residential Property Definition Change

Since January 2016 when the new rate structure was implemented, TCI has processed approximately 2,400 inquiries relating to the revised rate structure. The inquiries span from general questions about impervious area to incorrect property classifications. In addition, a billing error related to multiple accounts on a single parcel of land was discovered and resolved. Lastly, a policy question has been raised for consideration relating to properties with triplexes and quadplexes.

Soon after the new rate structure became effective in January 2016, Council District 1 expressed concerns about the inclusion of triplex and quadplex properties in the “Non-Residential” rate category. On average, these types of parcels experience a monthly fee increase from \$7.19 to \$58.71, which is the total fee per parcel (base fee plus amount of impervious area) and should be prorated by the number of accounts (three for a triplex or four for a quadplex) unless otherwise determined by the property owner.

TCI conducted an account review of approximately 2,300 small multi-family accounts to identify triplex and quadplex properties. Based upon the account review, in order to lessen the rate shock on small, multi-family customers, TCI recommends reclassifying triplex and quadplex properties as “Residential Properties”. Therefore, the following change is proposed:

1. “Residential Properties” shall mean all Benefitted Properties within the Service Area used for single-family home; duplex, **triplex, quadplex properties**; or mobile home land use.
2. “Non-Residential Properties” shall mean all Benefitted Properties within the Service Area, other than Residential Properties. (No change to current definition.)

The new rate takes effect on October 1, 2016.

ALTERNATIVES:

An alternative is that Council could not approve the rate; however, the City would not have enough revenue to complete the storm water capital projects and operational services proposed as part of the FY 2017 Budget. This would reduce the City’s resources necessary to provide collection and conveyance of storm water, rain water, flood water, or other surface water into area rivers and basins consistent with state and federal regulations implemented to protect surface water quality.

FISCAL IMPACT:

Approval of this ordinance is estimated to provide an additional \$3,100,000 in Storm Water Operating Fund revenue for FY 2017. The new rate takes effect on October 1, 2016.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing a rate increase of the monthly storm water drainage utility charge and change in definition of “Residential Properties”. The increased revenue will provide additional storm water capital projects and operational services.