



City of San Antonio

Agenda Memorandum

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In Control: Audit and Accountability Committee

AUDIT COMMITTEE SUMMARY

September 19, 2017

Audit of Transportation & Capital Improvements Department

Storm Water Utility Fees

Report Issued September 8, 2017

Objective

Determine if assessed storm water utility fees are accurately calculated in accordance with current ordinances and revenues are accurately reported.

Background

The San Antonio Storm Water Utility is responsible for drainage services as well as the installation, operation, and maintenance of drainage infrastructure throughout San Antonio. The Storm Water Utility is operated by the City's Transportation & Capital Improvements Department (TCI) and is separate from the San Antonio Water System (SAWS) sanitary sewer system.

The Storm Water Utility Fee is intended to cover capital and maintenance expenses associated with local drainage projects and is assessed on residential and commercial properties and collected on a monthly basis through SAWS bills where it appears as the "Federal Storm Water Fee." Since 1993, SAWS has served as the City's billing agent.

TCI recently completed a project to migrate the Storm Water Utility Fee from one based on lot size and land use to one based on impervious area and density, and land use. The Fiscal Year 2014 Budget funded this project and the new rates went into effect January 1, 2016.

Audit Scope & Methodology

The audit scope was from January 1, 2016 through May 31, 2016 and included all assessed storm water fees and related calculation data, as well as the appeal process related to those fees. It also included storm water fee revenue received from SAWS and any deductions from that revenue taken by SAWS. We conducted interviews of staff of TCI and SAWS, reviewed documentation, and performed tests of calculations and exempted accounts. We also tested whether the Finance Department was appropriately recording fees received and whether SAWS was remitting fees due.

Audit Conclusions

Revenues are accurately reported and storm water utility fees are generally calculated in accordance with current ordinances for Joint Base San Antonio (JBSA) and school district properties that were temporarily exempted from the rate change by the Municipal Code. TCI also processes appeals in accordance with current ordinances.

When the audit began, TCI had just recently converted to the new impervious cover-based rate structure. TCI personnel began seeing various issues shortly after the conversion and were aware some storm water accounts needed further evaluation.

However, we identified additional areas that TCI should review and correct with regards to residential, non-residential, and exempt or zero-billed properties including:

- Accounts with incorrect parcel identifiers resulting in incorrect storm water utility fees
- Accounts assigned the incorrect rate category (residential vs. non-residential)
- Accounts associated with multi-tenant properties (e.g. duplexes, condominium complexes) for which owners were not being charged the appropriate percent of the Storm Water Fee
- Primary accounts having multiple sub-accounts (e.g. shopping centers, restaurants) of which some sub-accounts were not being charged

We recommended that TCI continue its efforts to ensure that all accounts are billed properly. TCI Management agreed with the audit findings and has developed positive action plans to address them.