City of San Antonio

Agenda Memorandum

File Number: 19-5452

Agenda Item Number: 2.

Agenda Date: 9/11/2019

In Control: City Council B Session

DEPARTMENT: Transportation & Capital Improvements

DEPARTMENT HEAD: Razi Hosseini, P.E., R.P.L.S.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Public Hearing Regarding the Storm Water Utility Fee Rate

SUMMARY:

A Public Hearing is scheduled to be held on September 11, 2018 at 6:00 p.m. in the City Council Chambers to allow citizens and other interested parties the opportunity to provide comments to the City Council on the monthly storm water utility fee proposed for FY 2020.

BACKGROUND INFORMATION:

In response to regulations enacted by the U.S. Environmental Protection Agency ("EPA") in November 1990 requiring the City of San Antonio to develop storm water drainage plans, services, and programs, on May 13, 1993 the City Council passed 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. Ordinance No. 77949 established a schedule of storm water drainage fees based on the cost of providing drainage service to benefitted properties within the San Antonio city limits and directed the San Antonio Water System ("SAWS") to collect the drainage fees as an agent for the City using its billing system.

The storm water drainage system is not integrated into the SAWS sewer system, but is a City operated municipal separate storm sewer system ("MS4") dedicated to providing 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.

In addition, the storm water drainage fee funds the majority of the City's requirements to participate in the National Flood Insurance Program (NFIP). NFIP participation requirements are mandated by the Federal Emergency Management Agency (FEMA). Participation in NFIP also allows for the citizens of San Antonio to be eligible for federally-backed flood insurance and makes the City eligible to receive federal disaster assistance after a flood event.

Through Ordinance No. 86711 adopted on September 25, 1997, City Council declared the drainage of the City to be a public utility to be known as the City of San Antonio Drainage Utility (the "Drainage Utility"), pursuant to the authority of Chapter 552, Subchapter C, of the Local Government Code, and dedicated to the Drainage Utility all present and future City-owned property (real and personal), facilities, materials, and supplies constituting the City's drainage system to be used for the purpose of the Drainage Utility. Ordinance No. 86711 authorized the assessment on every benefitted property within the service area of the Drainage Utility, the "storm water drainage service fee," a monthly usage fee originally created by Ordinance No. 77949.

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 recovers the required funding to support the utility's cost of service, and promotes storm water best management practices.

ISSUE:

Through Ordinance No. 2015-09-10-0761 adopted on September 10, 2015, City Council adopted a new rate design for storm water drainage charges based on impervious area. The new storm water drainage fee rate design improves ratepayer equity, recovers the required funding to support the Drainage Utility's cost of service, and promotes storm water best management practices. Ordinance No. 2015-09-10-0761 included a five-year rate increase to support a phase-in of increased revenue requirements and corresponding service improvements. The final year of the five-year plan, or FY 2020, proposes an overall revenue increase of approximately 2.25%.

The FY 2020 monthly fee for residential benefitted properties is proposed as follows:

Residential Rate Category	Impervious Area in Square Feet	Monthly Fee (FY 2019)	Monthly Fee (FY 2020)
Tier 1	≤ 2,750	$3.67	$3.75
Tier 2	> 2,750 - 4,220	$4.83	$4.94
Tier 3	> 4,220	$10.22	$10.45

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 2020 monthly "Base Fee" for non-residential benefitted properties is proposed as $67.30. The FY 2020 monthly "Impervious Fee" for non-residential benefitted properties is proposed as follows:

FY 2019 Base Fee	FY 2020 Base Fee
$65.82	$67.30

Non-Residential Rate Category	Percent Impervious Area	Monthly Fee per 1,000 Square Feet (FY 2019)	Monthly Fee per 1,000 Square Feet (FY 2020)
Tier 1	≤ 20%	$0.30	$0.31
Tier 2	> 20% - 40%	$0.44	$0.45
Tier 3	> 40% - 65%	$0.57	$0.58
Tier 4	> 65%	$0.72	$0.74

ALTERNATIVES:

City Council could opt not to hold this public hearing or could schedule it at another time; however, a public hearing is required prior to the adoption of any storm water utility rate increases.

FISCAL IMPACT:

If adopted, the FY 2020 Storm Water Utility Fee is projected to collect $52.8 million in revenue, of which a total of $1.2 million is due to the proposed monthly rate increases.

RECOMMENDATION:

No action is being requested at this time. This public hearing will allow citizens and other interested parties the opportunity to provide input regarding the proposed rate increase of the monthly storm water drainage utility charge.

The FY 2020 Storm Water Utility Rate increase will be formally adopted with the FY 2020 Budget on September 12, 2019 and will take effect October 1, 2019.