

Memorandum



CITY OF DALLAS

DATE August 14, 2009

TO The Honorable Mayor and Members of the City Council

SUBJECT Proposed 2009-10 Storm Drainage Management Fund Budget
August 19, 2009 Council Briefing

On Wednesday, August 19, 2009, you will be briefed on the Proposed 2009-10 Storm Drainage Management Fund Budget. Attached are the briefing materials for your review.


Please let me know if you have any questions.

A handwritten signature in cursive script, appearing to read 'Jill Jordan'.

Jill A. Jordan, P.E.
Assistant City Manager

Attachment

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Thomas P. Perkins, Jr., City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Assistant City Manager
David Cook, Chief Financial Officer
Jeanne Chipperfield, Director, Budget and Management Services
Edward Scott, Director, Controller's Office
Helena Stevens-Thompson, Assistant to the City Manager – Council Office
Rick Galceran, P.E., Director, Public Works and Transportation



Proposed FY2009-10 Storm Drainage Management Fund Budget



Presented to the Dallas City Council
August 19, 2009

Purpose

- **Storm Drainage Management (SDM) Fund** background
- Current rate structure
- Proposed rates
- Proposed FY2009-10 SDM Fund budget

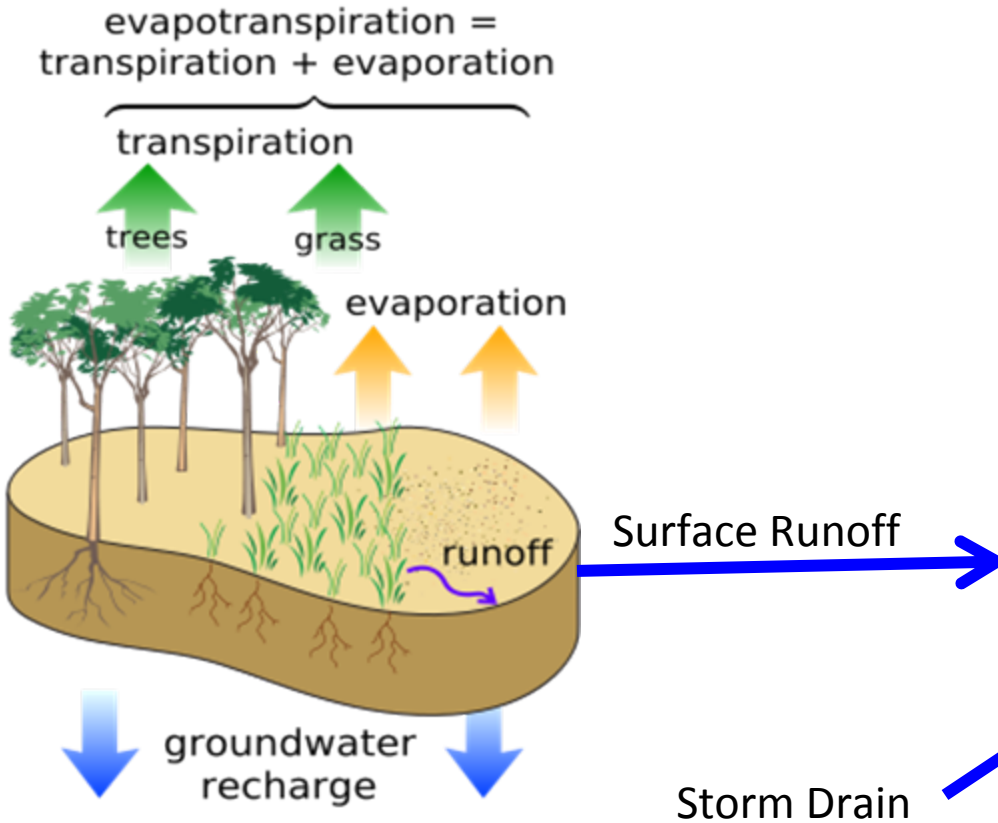
Major Driver

New standards adopted by the U.S. Army Corps of Engineers **require** enhancements to our levee maintenance program

Why have a **Storm Drainage Management (SDM) Fund**?

- In 1990 the federal government promulgated the first phase of stormwater regulations for large cities
- In response, the Dallas City Council established the SDM Fund (commonly referred to as the “Stormwater Utility” or “Stormwater Fee”) to provide a dedicated funding source for:
 - Expenses in support of compliance with these federal (and subsequent state) regulations
 - Expenses related to maintenance of the flood protection system (levees, natural and man-made drainage channels, and local drainage systems)

Stormwater Runoff



Stormwater Fee

Adjusted rates five times in 18 years

1994

2000

2003

2004

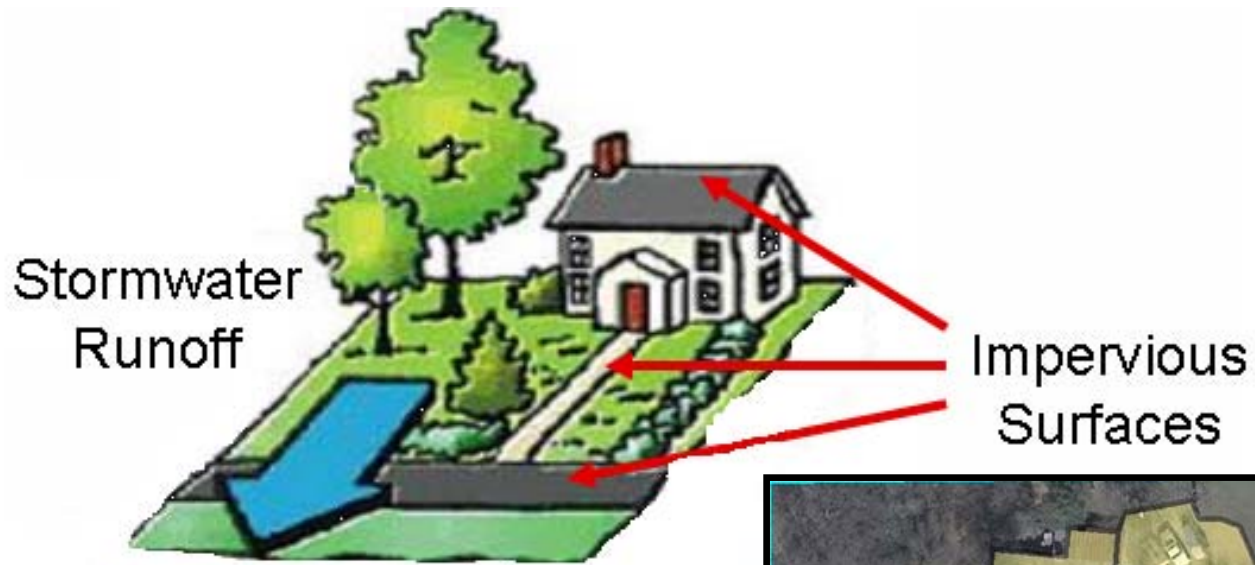
2008

Rate Development Philosophy

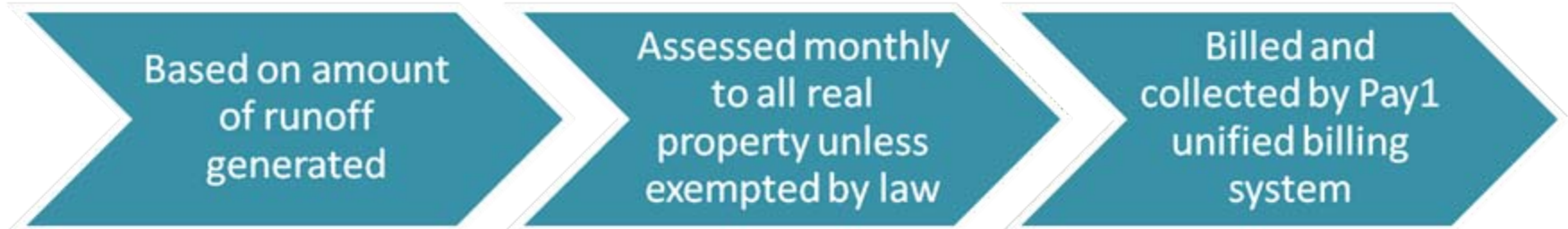
Distribute costs based on the amount of runoff

- Identify eligible expenses
- Quantify impervious area in 100sf units grouped into 3 broad categories:
 - Residential
 - Non-residential
 - Vacant
- Develop unit billing rate: expenses divided by the total number of units

Impervious Area



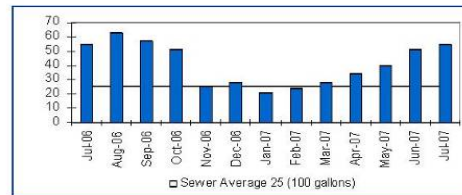
Stormwater Fee



Customer Name: Customer Name & in care of name
 Account Number: 123456789
 Service Address: 1234 N Any Street

INVOICE SUMMARY	
Previous Balance	\$60.00
Payment(s)	(\$60.00)
Other Charge(s)	\$0.00
Balance Forward	\$0.00
Current Charges	
Water Charges	\$11.97
Sewer Charges	\$22.04
Sanitation Charges	\$19.36
Storm Water Charges	\$3.99
Total Current Charges	\$57.36
Total Amount Due	\$57.36

UTILITY							
Service from 6/6/07 to 7/6/07 for 30 days							
Service Provided	Meter Number	Read Previous	Read 7/6/07	Usage in 100 Gallons	Usage Charge	Base Charge	Total
Water	454804	21,373	21,428	55	8.36	3.81	\$11.97
Sewer (lesser of sewer average 25 and metered usage 55)				25	18.81	3.23	\$22.04
Sanitation Collection Fee (incl 8.25% Tax)							\$19.36
Storm Water Fee							\$3.99
Utility Charges							\$57.36



charge for sewer also includes cleaning the sewer system to minimize blockage.

Usage Charges: usage water and sewer charges are based on volume of usage and covers variable costs such as chemicals, electric power, facility maintenance, repair of mains and repayment of bonds sold to finance construction of the systems.

Residential Sewer Charges: your monthly sewer charge is based on an average of your water use billed during the previous winter months (Dec-Mar) or your current month's water use, whichever is less.

Sanitation Collection Fee: This fee covers household garbage, collection and disposal of brush and bulky trash, dead animals and recycling.

Storm Water Fee: This fee funds the city's Storm Water utility, formed in 1991, to meet requirements of a federal mandate to control storm water pollution. The fee also pays for other routine maintenance activities that affect storm water quality

Conservation! As part of the conservation plan, lawn watering with an automated sprinkler system is prohibited from 10 a.m. to 6 p.m. from June through September.

Base Charges: base water and sewer charges covers fixed costs such as reading and maintaining the meter, account maintenance and billing, mailing the bills and processing the payments. Base

Current Rates for FY2008-09

Residential

Gross Area (sf)	Monthly Rate	Accounts
Tier 1		
Up to 4,500	\$2.50	16,756 (6.8 %)
Tier 2		
4,501 - 9,000	\$3.99	137,397 (55.8 %)
Tier 3		
9,001 - 20,000	\$5.80	79,559 (32.3 %)
Tier 4		
20,001 - 40,000	\$10.16	8,935 (3.6 %)
Tier 5		
Greater than 40,000	\$43.06	3,710 (1.5 %)

246,357 Accounts

FY2008-09 Fee Appeals

(Approx. 270,000 Total Accounts)

- 140 appeal requests received (FY2008-09 through July)
- 91 (65%) due to “records issues” (such as change in ownership, sub-division, etc.)
- 49 (35%) were true fee appeals, of those:
 - 38 (78%) accounts were adjusted, with 36 of those accounts changed from Tier 5 (\$43.06/mo.) to Tier 4 (\$10.16/mo.)
 - 11 (22%) were determined to be appropriately charged with no adjustment

Common Issues from Appeals

- Properties with relatively small impervious area and larger (3/4 Ac+) property size
- Properties billed based on inaccurate sizes
- Questions regarding level of drainage maintenance in their areas

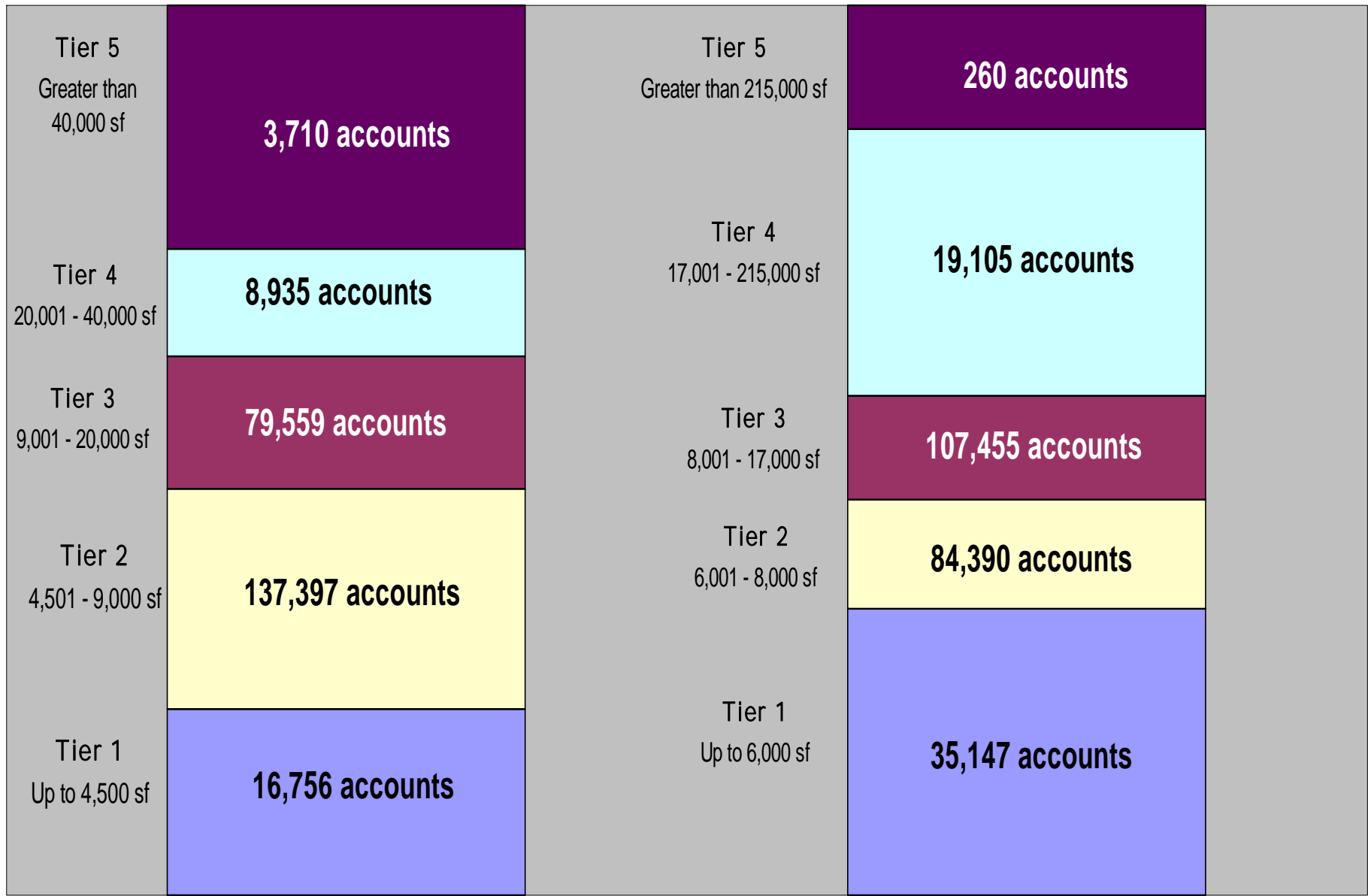
Proposed Residential Rates for FY2009-10

As a result of extensive analysis, clean up, and review of property data, proposed changes to the rate structure:

- Better address the “large property with relatively small impervious area” issue
- More equitably distribute the costs across all residential rate tiers

Proposed Residential Rates for FY2009-10

	Gross Area (sf)	Monthly Rate	Accounts
Tier 1			
Current	Up to 4,500	\$2.50	16,756 (6.8 %)
Proposed	Up to 6,000	\$3.65	35,147 (14.3 %)
Tier 2			
Current	4,501 - 9,000	\$3.99	137,397 (55.8 %)
Proposed	6,001- 8,000	\$5.77	84,390 (34.3 %)
Tier 3			
Current	9,001 - 20,000	\$5.80	79,559 (32.3 %)
Proposed	8,001 - 17,000	\$7.77	107,455 (43.6 %)
Tier 4			
Current	20,001 - 40,000	\$10.16	8,935 (3.6 %)
Proposed	17,001 - 215,000	\$13.87	19,105 (7.8 %)
Tier 5			
Current	Greater than 40,000	\$43.06	3,710 (1.5 %)
Proposed	Greater than 215,000	\$43.87	260 (0.1 %)



Current

Proposed

Impact on Residential Accounts

	Current Monthly Rate	Proposed Monthly Rate	Proposed Monthly Change
Current Tier 1 (16,756 Accounts)			
All 16,756 will fall in the Proposed Tier 1	\$2.50	\$3.65	\$1.15
Current Tier 2 (137,397 Accounts)			
18,391 will fall in the Proposed Tier 1	\$3.99	\$3.65	(\$0.34)
84,390 will fall in the Proposed Tier 2	\$3.99	\$5.77	\$1.78
34,616 will fall in the Proposed Tier 3	\$3.99	\$7.77	\$3.78
Current Tier 3 (79,559 Accounts)			
72,839 will fall into the Proposed Tier 3	\$5.80	\$7.77	\$1.97
6,720 will fall into the Proposed Tier 4	\$5.80	\$13.87	\$8.07
Current Tier 4 (8,935 Accounts)			
8,935 will fall into the Proposed Tier 4	\$10.16	\$13.87	\$3.71
Current Tier 5 (3,710 Accounts)			
3,450 will fall into the Proposed Tier 4	\$43.06	\$13.87	(\$29.19)
260 will fall into the Proposed Tier 5	\$43.06	\$43.87	\$0.81
Total Accounts: 246,357			

Current and Proposed Residential Rates



4,016 sf (0.092 Acres)

Current \$2.50/Mo.

Proposed \$3.65/Mo.

Increase of \$1.15 per month/\$13.80 a year



7,211 sf (0.165 Acres)

Current \$3.99/Mo.

Proposed \$5.77/Mo.

Increase of \$1.78 per month/\$21.36 a year

13,691 sf (0.314 Acres)

Current \$5.80/Mo.

Proposed \$7.77/Mo.

Increase of \$1.97 per month/\$23.64 a year



Current and Proposed Residential Rates (continued)



- 65,340 sf (1.5 Acres)
- Current \$43.06/Mo.
- Proposed \$13.87/Mo.**
- Decrease of \$29.19 per month/\$350.28 a year

- 470,448 sf (10.8 Acres)
- Current \$43.06/Mo.
- Proposed \$43.87/Mo.**
- Increase of \$0.81 per month/\$9.72 a year



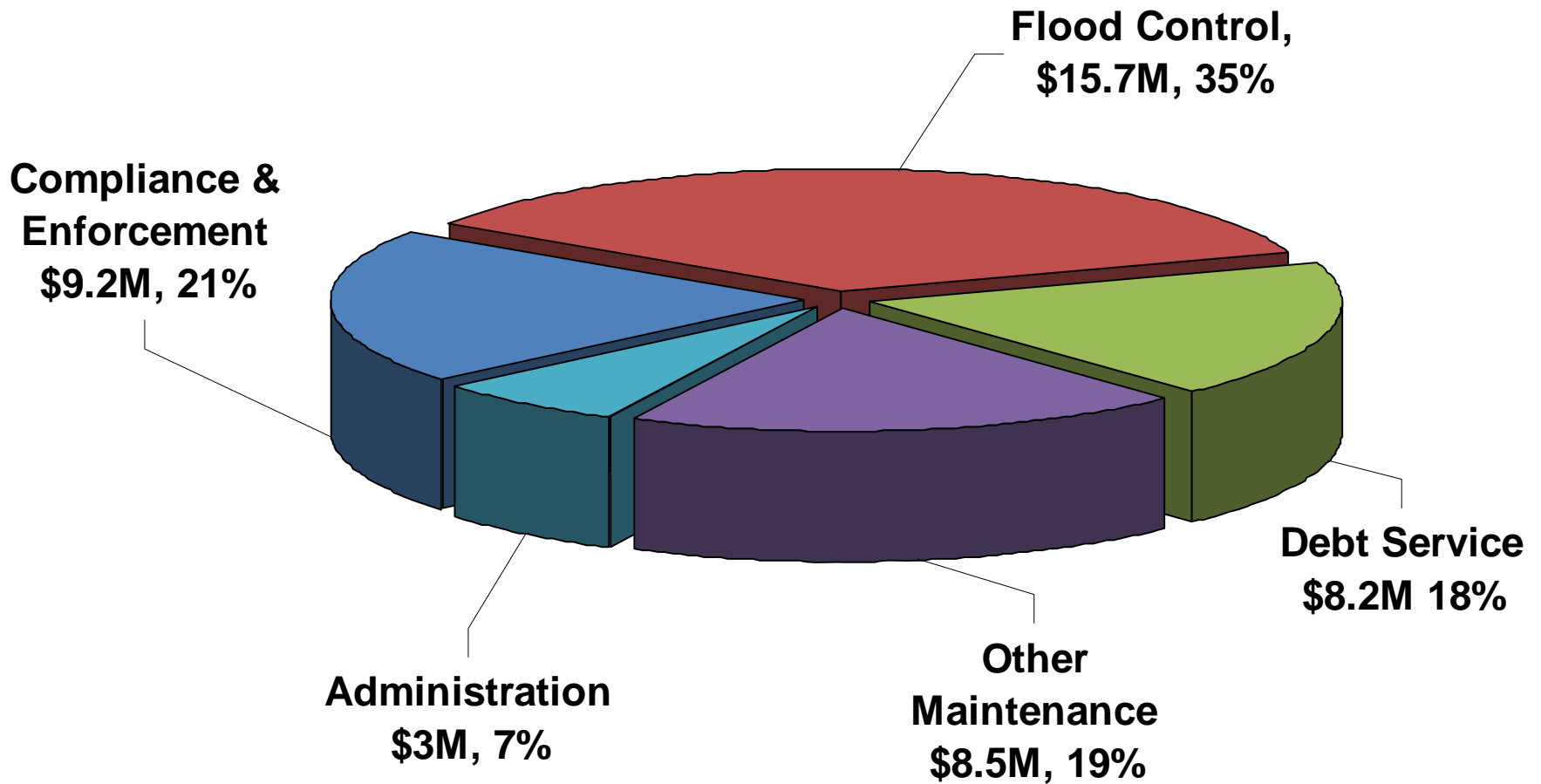
Recommended Rate Adjustments

1. Average monthly rate increase of **\$1.72** (average monthly bill of \$7.01) for residential customers
2. Non-residential increases commensurate with the amount of runoff generated:
 - 1-Acre commercial property would pay **\$62.30** per month (currently \$40.42 per month)
3. Rate adjustments for vacant properties
 - 1-Acre vacant property would pay **\$13.84** per month (currently \$11.22 per month)

where does it **GO?**



Proposed \$44.6M FY2009-10 SDM Fund





Proposed FY2009-10 SDM Fund

- Supports enhanced levee maintenance and flood control initiatives
 - Increases O&M substantially (**from \$8.4M to \$14.1M**)
 - Provides for additional equipment to support Corps of Engineers required maintenance
 - Funds 39 new FTEs
- Continues the dredging program (\$1.6M)





FY2009-10 SDM Fund Summary

Compliance & Enforcement \$9.2M

Stormwater Management Program

Surface Water Monitoring

Compliance Inspections



Debt Service \$8.2M



FY2009-10 SDM Fund Summary (continued)



Other Maintenance \$8.5M

Vegetation Management

Debris Removal

District Drainage Activities

Curb and Gutter Repair

Administration \$3M

Billing and Customer Service

Environmental Training/Education

GIS Support





Significant Accomplishments for 2008 Permit Year



Cleaned and inspected approximately 30,000 inlets and removed 15,000 cubic yards of debris

Conducted 9,017 construction site and industrial facility inspections as required by the City's permit with the Texas Commission on Environmental Quality



Continued Data Enhancement for FY2009-10

- Expand inter-local agreement with NCTCOG to cost-effectively develop a detailed impervious area GIS layer

Impervious Areas



- Council action on inter-local agreement with NCTCOG October 2009

\$12.8M in Additional Expenses Proposed FY2009-10 Includes:

Levee and Drainage Maintenance due to Corps of Engineers and flood control concerns	\$7M
Flood Protection/Storm Drainage Debt Service	\$5M
Illegal Dumping	\$0.5M
Mosquito Control	\$0.1M

FY2009-10 SDM Fund Summary

Additional Expenses Proposed FY2009-10 **\$12.8M**

Savings **- \$3.2M**

Additional Revenue Required **\$9.6M**

(\$1.72 per month increase on average for residential accounts and corresponding adjustments for non-residential accounts)



Next Steps

- August - September
 - Budget public hearings to receive input
 - Billing system programming and testing
- September
 - Adoption of FY2009-10 rate structure
 - Development of bill inserts and web messaging to notify customers of new rates
- October 1, 2009 – New rates effective
- October – Council action to expand inter-local agreement with NCTCOG to cost-effectively develop a detailed impervious area GIS layer

Appendix

Non-Residential and Vacant Property Rate Information

Questions / Discussion

Proposed FY2009-10 Non-Residential Rates

Non-Residential	
	Rate
Current	\$0.1031*
Proposed	\$0.1589*

*Per 100 sf of impervious area

- Monthly rate based on unit rate of \$0.1589 (currently \$0.1031) per 100 square feet of impervious area
- 17,689 Non-Residential accounts (commercial developments, parking lots, cemeteries, apartments, etc.)

Proposed FY2009-10 Vacant Property Rates

	Gross Area	Rate
Current	< 5 Acres	0.1031*
	5 Acres or Greater	\$56.15/mo.
Proposed	< 5 Acres	\$0.1589*
	5 Acres or Greater	\$57.10

*Per 100 sf of impervious area

- Monthly rate based on unit rate of \$0.1589 (currently \$0.1031) per 100 square feet of impervious area
- 11,239 Vacant accounts (un-developed, without any structures or pavement)
 - Maximum monthly rate for vacant property is capped for properties 5 acres and larger. Without this “cap” a 100 acre tract would be subject to a monthly bill in excess of \$1100 today.
 - Proposed vacant capped monthly rate = \$57.10 (currently \$56.15)

Current and Proposed Rates



Non-Residential

60,011 sf (1.37 Acres)

Current \$55.68/Mo.

Proposed \$85.82/Mo.

Increase of \$30.14 per month/\$361.68 a year

Vacant

60,885 sf (1.4 Acres)

Current \$15.69/Mo.

Proposed \$24.19/Mo.

Increase of \$8.50 per month/\$102.00 a year

