

LS

Continued Storm
Water Program
Discussion

Public Works Committee

March 29 2016

Discussion Items

- ◊ Comparison of proposed scenarios
- ◊ Capital improvement program
- ◊ Potential funding sources
- ◊ User fee determination
- ◊ Revenue projections
- ◊ Administrative concerns
- ◊ Policy issues
- ◊ Schedule
- ◊ Next steps

Overview of Scenarios

Detailed information provided on spreadsheet

SCENARIO	STAFF FULL TIME EQUIVALENTS -FTE	EQUIPMENT FIRST COST	STAFF AND MATERIALS ANNUAL COST	START UP TOTAL COSTS	Typical level of service
1	7.45	\$292,000	\$883,741	\$1,175,471	Increase customer service response Work order response time lowered Proactive inspections Reduced reactive response
2	11.9	\$567,039	\$1,494,348	\$2,061,387	Dedicated customer service team NPDES reviews conducted System inspection program Small system repairs as schedule allows
3	15.6	\$1,018,078	\$2,234,655	\$3,252,733	Water quality programs NPDES internal audits Systematic small system repairs Environmental permitting program

Capital Improvement Program, (CIP)

- Soft costs include staff or consultants to; manage, survey, design, construction administration, testing, and inspection of capital projects.
- Allow 20% of CIP budget for soft costs
- 2.5 M annual budget will result in 0.5M soft costs and 2M in projects.
- 5 professional staff positions = 0.5M

Potential Revenues

SOURCE	TYPE	CURRENT LEVEL	ADDITIONAL AMOUNT AVAILABLE	INCREMENTS/ MAXIMUM	STACKABLE	Voter Approval Required	REVENUE PER UNIT/ TOTAL ADDITIONAL REVENUE
PARKS AND STORM WATER TAX	Sales	1/4 cent	1/4 cent	1/8 or 1/4	No	Yes	1/8 cent: \$1,750,000
							1/4 cent: \$3,500,000
							1/2 cent: \$7,000,000
CAPITAL IMPROVEMENTS TAX	Sales	1/2 cent	Any	1/8, 1/4, 3/8 or 1/2 cent	Yes	Yes	1/8 cent: \$1,750,000
							1/4 cent: \$3,500,000
							3/8 cent: \$5,250,000
							1/2/cent: \$7,000,000
GENERAL SALES TAX	Sales	1.0 cent		1/2, 7/8 or 1.0 cent	Yes	Yes	1/2/cent: \$7,000,000
							7/8 cent: 12,250,000
							1.0 cent: \$14,000,000
USE TAX	Sales	2.25 cents		Same as Current Sales Taxes		Yes	\$961,786
GENERAL PROPERTY TAX LEVY	Property	92 cents	8 cents	\$1.00 Max	Yes	Yes	Approx. \$179,200 per cent; \$1,433,600 for 8 cents
DEBT SERVICE PROPERTY TAX LEVY	Property	0.4697 cents	Up to 20% of Assessed Value	20% of Assessed Value , (AV)	Yes	Yes	Approx. \$179,200 per cent; \$1,433,600 for 8 cents
Stormwater Utility	User fee	N/A	Voter Approval		Yes	Yes	To be Determined, TBD

Legal Debt Information

- o Max. debt limit allowed

o 10% of Assessed Valuation, (AV)	\$330M
o Current total net debt applicable to the limit	<u>\$52.7M</u>
o Legal debt margin	\$277M

- o Total indebtedness cannot not exceed 20% of AV
- o Currently \$52.7M is serviced w/ 47 cent per \$100 of AV
- o Each 1 cent tax levied yields \$179,200 in bonding capacity
- o 16.7598 cents yields 3M in bonding capacity, **w/ a tax increase** of \$64/year on a \$200,000 property

User fee methodology

- o Black & Veatch was contracted to evaluate development of a stormwater utility for the city in Dec. 2005
 - o A portion of the work was completed before the contract was terminated in 2008
 - o Development of utility will require consulting expertise to complete
- o Information from completed effort
 - o Equivalent Residential Unit (ERU) is basis for user fees
 - o Based on analysis of parcels 1 ERU = 3,258 square feet based on impervious area of roof, driveways, patios, etc
 - o Some non-residential parcels were individually assessed based on impervious area using GIS

Example ERU Calculations

For non-residential, monthly fee determination:

- o LS City hall & garage
 - o $129,425 \text{ sq. ft} / 3,258 \text{ sq. ft (ERU)} = 39.7 \text{ ERUs}$
- o Neighbors café & rear parking
 - o $5,730 \text{ sq. ft} / 3,258 \text{ sq. ft (ERU)} = 1.76 \text{ ERUs}$
- o Summit Woods shopping center w/o Jack Stack BBQ
 - o $3,552,488 \text{ sq. ft} / 3,258 \text{ sq. ft (ERU)} = 1,090 \text{ ERUs}$
- o QT at 50 Hwy & 291 North
 - o $38,086 \text{ sq. ft} / 3,258 \text{ sq. ft (ERU)} = 11.69 \text{ ERUs}$

Example monthly user fees:

Based on 2007 work and 3258 sq. ft/ERU

	\$1/ERU	\$2/ERU	\$3/ERU	\$4/ERU	\$5/ERU
Typ. Base residence	\$1	\$2	\$3	\$4	\$5
LS City Hall	\$39.70	\$79.40	\$119.10	\$158.80	\$198.50
Neighbor's Café	\$1.76	\$3.52	\$5.28	\$7.04	\$8.80
Summit Woods Shopping	\$1,090	\$2,180	\$3,270	\$4,360	\$5,450
QT at 291 & 50 Hwy	\$11.69	\$23.38	\$35.07	\$46.76	\$58.45

EXAMPLE Annual Revenues

*Additional effort is required to estimate commercial account revenue stream. (outside consultant)
 Top 90 based on 2007 work, 3258 sq. ft/ERU, and land ownership at that time

Assume:	\$1/ERU	\$2/ERU	\$3/ERU	\$4/ERU	\$5/ERU
Typ. Base residence	\$1	\$2	\$3	\$4	\$5
35,000 residential ERUs	\$420,000	\$840,000	\$1.26M	\$1.68M	\$2.1M
2,400 Non-Residential at 10 ERU avg.	\$288,000	\$ 576,000	\$ 864,000	\$1,152,000	\$1.44 M
Top 90 Non-residential properties	\$687,000	\$1,374,000	\$2.061M	\$2.748M	\$3.435M
Totals	\$ 1.395M	\$2.79M	\$ 4.185M	\$ 5.58M	\$6.975M

Administrative Concerns

- Development of a utility will need to address building, administration, and management of the database system.
- Billing process
 - Monthly/quarterly/yearly
 - Database for billing
 - Owner/ tenant responsibility
 - Partial payment/non-payment actions
- Periodic review of land use changes
- Appeal process for property owners
- Current residential/non-residential account analyses required prior to final base ERU fee determination.
(outside consultant required)

Policy Issues

Consideration of policy issues will be required prior to utility development:

- o Priority of issues to be addressed
 - o Requirements for inclusion in program
 - o Public only/ private (limiting parameters)
 - o Structure flooding
 - o Stream bank stability
 - o Structural Impact to property
 - o Yard Nuisance flooding
 - o Yard loss due to bank erosion
- o Cost sharing of private issues

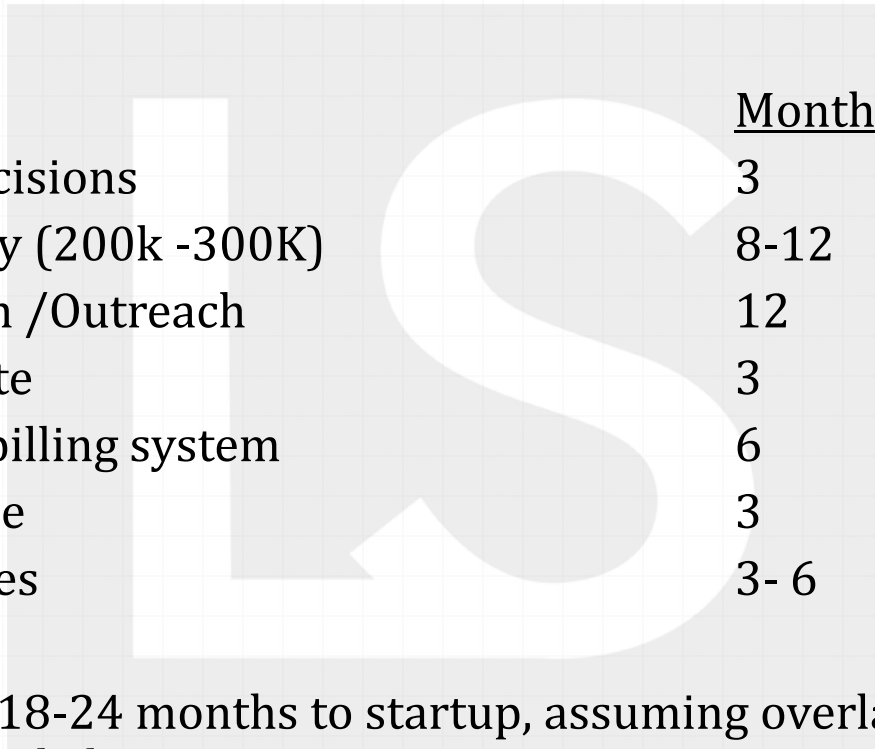
Policy (cont'd)

- Mixed funding stream
 - Bonds
 - User fee, utility
 - Tax revenue
- Set maximum fee any property can be charged
 - Potential significant impact on revenue
- Allow credits against fees
 - Zero runoff development
 - Rain gardens and/or green infrastructure elements

Policy (cont'd)

- o Exemptions allowed
 - o Churches, schools, government facilities
 - o Agricultural and undeveloped property
 - o Undeveloped residential lots
- o Tiered rates
 - o Implement several tiers of residential rates
 - o Where do apartments fit – residential or commercial
- o Include planned fee increases
 - o Increases for inflation

Implementation Schedule



<u>Issue</u>	<u>Months</u>
Policy decisions	3
Rate study (200k -300K)	8-12
Education /Outreach	12
Public vote	3
Develop billing system	6
Initiate fee	3
Collect fees	3- 6
Estimate 18-24 months to startup, assuming overlap of many items noted above.	

Next Steps

- Recommendation to city council
- Additional information required from PW?