



City of Rowlett

Special Meeting Agenda

City Council

4000 Main Street
Rowlett, TX 75088
www.rowlett.com

City of Rowlett City Council meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at 972-412-6115 or write 4000 Main Street, Rowlett, Texas, 75088, at least 48 hours in advance of the meeting.

Tuesday, August 8, 2017

5:30 P.M.

Municipal Building – 4000 Main Street

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

The City of Rowlett reserves the right to reconvene, recess or realign the Regular Session or called Executive Session or order of business at any time prior to adjournment.

1. CALL TO ORDER

2. WORK SESSION

2A. Discuss Drainage Fees/Stormwater Utility Program. (30 minutes)

2B. Presentation of the Fiscal Year 2018 (FY2018) Proposed Budget. (30 minutes)

TAKE ANY NECESSARY OR APPROPRIATE ACTION ON CLOSED/EXECUTIVE SESSION MATTERS

3. ADJOURNMENT

Laura Hallmark

Laura Hallmark, City Secretary

I certify that the above notice of meeting was posted on the bulletin boards located inside and outside the doors of the Municipal Center, 4000 Main Street, Rowlett, Texas, as well as on the City's website (www.rowlett.com) on the 4th day of August 2017, by 5:00 p.m.



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 08/08/17

AGENDA ITEM: 2A

TITLE

Discuss Drainage Fees/Stormwater Utility Program. (30 minutes)

STAFF REPRESENTATIVE

Jim Proce, Assistant City Manager
Tyson Thompson, Assistant City Engineer

SUMMARY

The purpose of this item is to discuss the Drainage Utility Fee, to update City Council on the current progress on the planned direction and to confirm Council consensus on the program.

In Texas, municipalities are authorized to implement a stormwater utility fee by Local Government Code 552, Subchapter C (Municipal Drainage Utility Systems Act). The Act allows municipalities to establish a service fee for users of the municipal storm system, provided the basis for the fee is "directly related to drainage" [LGC55.047(a)] and the fee is "*reasonable, equitable, and non-discriminatory.*" [LGC552.045(b)(3)].

BACKGROUND INFORMATION

The Drainage Utility program was adopted on March 19, 2002 by Ordinance 3-19-02E, Article IV. Section 70-281 through 70-299. The established fee is based upon water meters servicing occupied properties. The bills are collected through the Utility billing process, which ensures reliable collection.

This issue was brought for discussion to Council in March of 2015. At that time the direction was to proceed with the study to implement a structure that was aligned with the Municipal Drainage Utility Systems Act. The Council previously agreed by consensus to proceed with aligning the billing structure with the State initiatives. On November 15, 2016, staff updated Council on the study and recommendations to the billing structure. Council provided direction to reach out to the business community for feedback before bringing the final resolution for Council approval.

Staff received direction with regard to the following:

- A consensus from Council to adopt the equivalent residential unit (ERU) standards maintaining the current residential fee structure of \$5.50 per month that would generate approximately \$300,000 more per year.
- A consensus from Council to implement the new fee structure on January 1, 2018 after appropriate community education, publication, and outreach.

- A consensus from Council to exempt only church properties but to not provide exemptions to City or GISD properties. This is allowable within the guidelines of the Local Government Code.

Staff engaged the business community by sending approximately 450 notifications to Rowlett business owners with information of the proposed rate restructuring, creating a web page with details on the initiative, and holding open forum meetings on July 13, 2017, to discuss any issues or concerns.

- Staff received email reply from Mr. Robbie Ryan of the Ryan Insurance Agency. He asked for clarification to determine if public right-of-way improvements were included in the impervious area calculation for a property. Staff replied that public right-of-way improvements are not included with property assessments.
- Only two attendees were present for the meetings.
 - Mr. Travis Reynolds from the office of Congressman Pete Sessions attended to obtain more information on the proposed rate restructuring. Staff explained the purpose for the proposed change. Mr. Reynolds had no additional questions or comments for staff.
 - Mr. Covington of Covington Nursery was the other attendee. He also attended the meeting for clarification on the proposed rate restructuring and asked how impervious area would be calculated. Staff explained the calculation and the purpose for the proposed rate change. Mr. Covington had no other questions or comments for Staff.
- Staff did not receive any negative responses from the community related to the proposed rate change or any responses to the notices.
- A follow-up notice and updates to the website will be initiated as the process moves forward.

DISCUSSION

The City currently operates a stormwater utility that assesses a monthly fee per water meter. The current Drainage Utility Fund provides for several components of the various stormwater related programs, inclusive of staff, supplies, capital improvements, debt service, and administrative and overhead.

In the Stormwater study of 2006, there were over approximately 75 of the 230 identified projects were addressed in the last decade. The 2006 study is estimated to address the outstanding drainage issues at over \$40 million and growing. This area has been historically underfunded and the mandates on State and Federal levels are not subsidized by those agencies. Staff will be working on updating the content of the 2006 study with the intent of publishing a revision. When the evaluation is complete, identified projects and action plans will be integrated into the Capital Improvement Plan and future budgets based upon the most urgent need. Several of these projects will be considered by the Community Investment Advisory Board and evaluated and prioritized accordingly.

Staff has reviewed the current structure for the existing drainage fee and is proposing a revision to that structure providing an opportunity to meet several goals in the process as follows:

- Provide a more equitable rate structure that would be based upon the proportionate impervious area (Impervious area by definition results in stormwater runoff);
- Provide better alignment with the State definition to be *reasonable, equitable, and non-discriminatory*;
- Generate additional revenue to augment, improve and fund the stormwater program and its related Federal and State mandates;
- Establish strategic initiatives with regard to city-wide stormwater needs, which may include updating and maintaining the stormwater master plan, funding of components of the stormwater master plan, and provide potential credits to encourage best management practices with regard to stormwater practices;
- Apportion existing components of current operations to this revenue source potentially offsetting expenses not currently covered by the Drainage Utility Fund;
- Ensure that all components of the Municipal Separate Storm Sewer System (MS4) permit are adhered to and meet the requirements of the National Pollutant Discharge Elimination System (NPDES), remaining adequately funded while meeting all of the prescribed goals.

Currently approximately \$1.3M revenue is currently generated on an annual basis by the water meter-based stormwater utility fee structure. Residential properties account for approximately \$1.2M, or roughly \$100K per month, and commercial properties account for approximately \$99K or roughly \$8K per month. According to the City's Master Fee Schedule, each residential metered account is assessed a fee of \$5.50 per month, and each non-residential metered account is assessed a fee of \$13.50 per month (per meter) regardless of the property size or the amount of impervious area on the site. This distribution of burden is disproportionate and as such does not meet the intent of the Local Government Code.

During the November 15, 2016 Work Session, Council was presented a modified fee structure based on impervious area with favorable feedback. As a result, staff engaged Freese and Nichols, Inc. (FNI) to analyze the potential effect on overall system revenues to adjust fees based on impervious area in lieu of the current meter-based system. As directed by consensus of Council, FNI and staff proceeded with the development of the restructured fee structure at \$5.50 per equivalent residential unit (ERU).

An ERU is defined as the average impervious area in the City. Based on a representative sample of 100 randomly selected properties within the City limits. This is a statistically significant sample and is in alignment with best practices for this calculation. An ERU in Rowlett is calculated to be 4,000 square feet of impervious area. The modified fee structure would assess Commercial properties at a monthly rate of \$5.50 per 4,000 square feet of impervious area.

If the revenue structure is designed around the impervious area basis, it better meets the Local Government Code requirement of being "*reasonable, equitable, and non-discriminatory*." This revenue structure ensures that the impacts to the stormwater system are dealt with within the

requirements of state law, address equitable distribution of the impacts to the system and results in an augmentation of the existing potential revenue source consistent with practices in other cities and regions.

When comparing the difference between the existing meter-based structure and the potential impervious area based structure, the difference in potential revenue and the equitable distribution of impacts could yield an additional \$300,000 a year in potential revenue to use for drainage needs.

Other considerations for this initiative include:

- Potential changes in the base rate of the ERU. This will be based upon program needs and Council approval of the proposed rates. \$5.50 was the initial Council consensus; staff will address in the fee structure discussion at the appropriate adoption of rates.
- Potential costs for actual program needs weighing the capital and maintenance components of the drainage activities budget.
- Development of an equitable appeals process for any billing or methodology conflicts that occur within the measurements of the impervious areas (specifically for non-residential properties.)

The next operational steps are:

- draft a revision to the current ordinance for adoption and implementation; and
- develop a process to capture new development as it occurs.

FINANCIAL/BUDGET IMPLICATIONS

There is no financial impact at this time; however, if the City adopts the proposed rate structure, the City could realize an increase in revenues of approximately \$300,000 annually. This annual revenue assumes the exemption of church owned property but no exemption for City or GISD properties. The increased revenue will be generated by the equitable distribution of run-off as calculated through the ERU implementation and will be borne by non-residential properties. Staff will bring any required actions back before Council for formal approval.

RECOMMENDED ACTION

Staff seeks consensus from Council to proceed with the initiative as presented. The item will be submitted for consideration at the August 15, 2017 regular meeting.



City of Rowlett
Staff Report

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AGENDA DATE: 08/08/17

AGENDA ITEM: 2B

TITLE

Presentation of the Fiscal Year 2018 (FY2018) Proposed Budget. (30 minutes)

STAFF REPRESENTATIVE

Brian Funderburk, City Manager

SUMMARY

The purpose of this item is hear the presentation of the FY2018 Proposed Budget presented by the City Manager.

BACKGROUND INFORMATION

Section 6.02 of the City Charter requires the City Manager to present to City Council the Proposed Budget for the upcoming fiscal year. This presentation will be for the FY2018 Proposed Budget.

DISCUSSION

Following is a schedule of the FY2017 Budget Work Sessions and Public Hearings:

August 8	Proposed Budget submitted to City Council
August 15	1 st Public Hearing on Proposed Budget and Tax Rate
August 17	City Council Budget Work Session
August 29	2 nd Public Hearing on Tax Rate and City Council Budget Work Session
September 5	2 nd Public Hearing on Proposed Budget and adoption of Budget and Tax Rate
October 1	Begin Fiscal Year 2018

A complete copy of the City Manager's budget proposal will be posted on the City website following the presentation to City Council on August 8, 2017.

RECOMMENDED ACTION

There is no action necessary. Presentation only.