

**CITY COUNCIL
COMMUNICATION:**

02-633

AGENDA:

DECEMBER 16, 2002

SUBJECT:

STORMWATER
UTILITY FEE
ADJUSTMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

WILLIAM STOWE
PUBLIC WORKS
DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

On September 28, 1998, by Roll Call No. 98-3252, the City Council approved a stormwater management fee of \$4.46 per Equivalent Residential Unit (ERU) with an adjustment to \$4.60 per ERU effective July 1, 2001. Increased capital projects as well as operating and maintenance requirements now indicate the need for a further adjustment. Staff is recommending an adjustment of 15 percent, or 69 cents, to a total of \$5.29 per ERU effective July 1, 2003, with an additional adjustment of 5 percent per ERU per year through Fiscal Year (FY) 2011.

FISCAL IMPACT —

Increase in base ERU from \$4.60 to \$5.29 per month effective July 1, 2003, to provide an additional \$1,150,920 in revenue in FY2004 with further adjustments of 5 percent per ERU per year through FY2011.

RECOMMENDATION —

Approval.

BACKGROUND —

In 1994, the City of Des Moines initiated a stormwater utility fee as recommended by the City's stormwater management consultant (Camp, Dresser & McKee, Inc.). The features of the stormwater utility fee were to provide a reliable and dedicated revenue stream, a fair and equitable funding source, a mechanism to charge tax-exempt properties, and to free up General Fund revenues. Over the years, the City has budgeted a number of Capital projects such as Closes Creek – Bennett Avenue Relief Sewer, Leetown Creekway Wooden Box Replacement, and Easter Lake Retention Basin Continuation. In addition, the City Council has approved several studies which have suggested the need for additional stormwater management projects. At the same time, operating and maintenance costs have increased. Consequently, a rate increase is now proposed.

The proposed ordinance before the Council would authorize adjustments in the stormwater management charge in the amount of 69 cents effective July 1, 2003, and allow for an annual increase of 5 percent per year through FY2011 as shown in the following table:

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**Table Showing Proposed Schedule
for Stormwater Utility Fee Adjustments**

Effective Date	Amount of Increase	Rate
July 1, 2003	\$0.69	\$5.29
July 1, 2004	\$0.26	\$5.55
July 1, 2005	\$0.28	\$5.83
July 1, 2006	\$0.29	\$6.12
July 1, 2007	\$0.31	\$6.43
July 1, 2008	\$0.32	\$6.75
July 1, 2009	\$0.34	\$7.09
July 1, 2010	\$0.35	\$7.44

The increased revenue would help accelerate a number of planned capital projects. Those projects include improvements such as Central Place Levee Replacement, the Crawford Creek Flood Control, 12th Street Sewer Separation, and the Dean's Lake Stormwater Pump Station.

In addition to the capital projects, additional operating and maintenance costs would be funded out of the revenue generated by the rate increase. Stormwater system maintenance functions currently funded out of the General Fund include a portion of street sweeping operations and open ditch maintenance activities, both of which facilitate stormwater runoff. Reallocation of those resources to the stormwater management fee will result in a reduction of 9.5 full time equivalents (FTEs) being funded out of the City's General Fund.

Des Moines was the first central Iowa city to be permitted relative to National Pollution Discharge Elimination System (NPDES) requirements. Its unique size and sewer system design, including combined sewers, necessitate accelerated attention to stormwater needs. Surrounding municipalities will soon be subjected to the Phase II requirements of the NPDES permit process, which may lead to stormwater utility fees in those communities.

