



September 15, 2020

STORM WATER UTILITY Fee Presentation

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Background of Storm Water Study:

Zions Public Finance, Inc. – February 2020

Zions Public Finance, Inc. has worked closely with Cottonwood Heights to initiate and develop viable storm water rates for the City.

TO-Engineers – February 2020

The City has worked closely with TO-Engineers who have identify nearly \$19.2 million in capital facility needs.

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Storm Water Fees addresses:

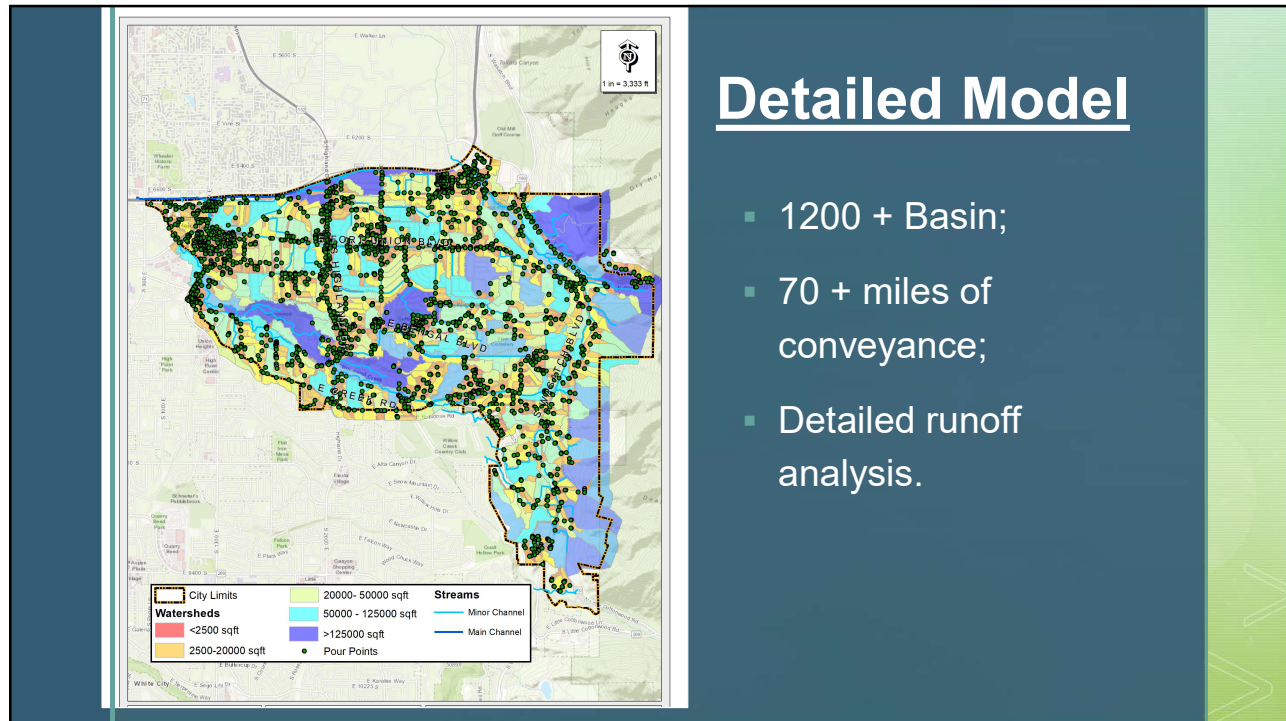
- Storm Water Operations & Maintenance;
- Capital Projects,
- Regulatory Compliance

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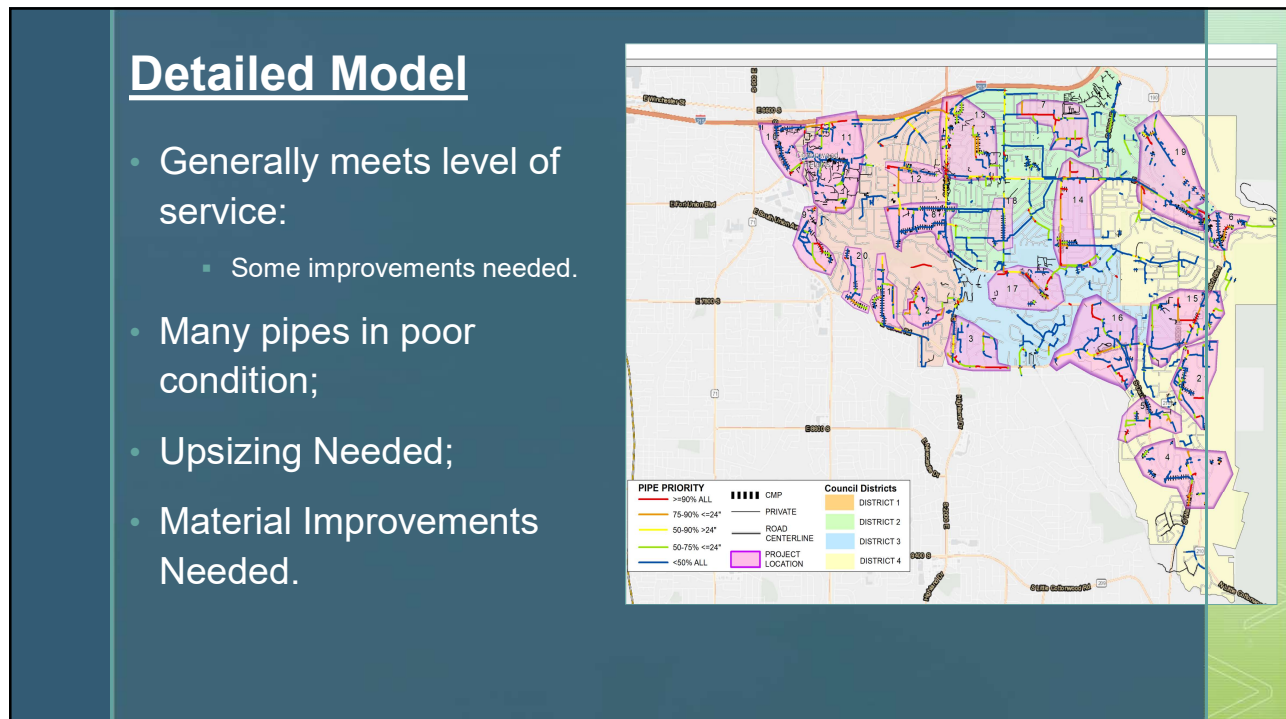
Historical Expenditures

Capital Expenditures	Operational Expenses
\$2,252,850	\$603,000
(Past 10 Years)	(Yearly – Approximately)

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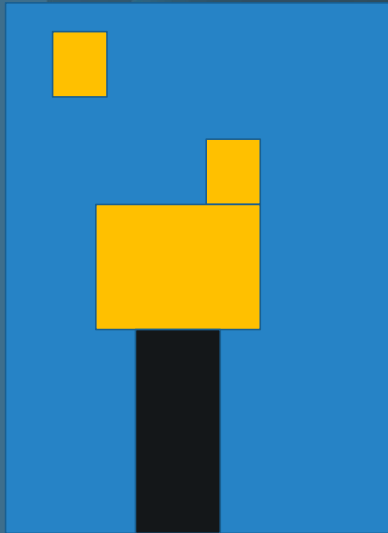
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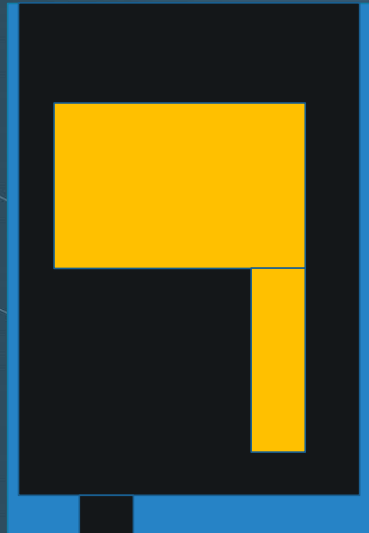
Defining a Equivalent Residential Unit (ERU) for storm water

Single Family Lot



~5,000 Square feet

Commercial Development



~15,000 Square feet

$$\frac{15,000 \text{ ft.}}{5,000 \text{ ft.}} = 3.0 \text{ ERU}$$

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Storm Water 2019 - 2020 Capital Improvements Projects

Category	Cost	Notes
Clean and Camera	\$4,200,000	Phase 1
Immediate Spot Repairs	\$500,000	Phase 1
2016 Project List Priorities	\$1,236,710	Phase 1
Detention Basins	\$2,000,000	Phase 2
Pipe Replacement	\$11,221,497	(Sub Total for pipe replacement)
High Priority (Phase 1)	\$3,932,755	Phase
Medium Priority (Phase 2)	\$4,530,801	
Low Priority (Phase 3)	\$2,757,941	
Total	\$19,158,207	

Phase 1 Total: \$9,869,465
Phase 2 Total: \$6,530,801
Phase 3 Total: \$2,757,041
TOTAL \$19,158,207

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General Fund Expenditures							
Fee Options Analysis	2021	2022	2023	2024	2025	2026	2027
Salaries & Benefits (contained in 11-4410) (3% inflation)	\$491,271	\$506,009	\$521,189	\$536,825	\$552,930	\$569,517	\$586,603
Operational Costs (contained in 11-4414) (3% inflation)	\$112,000	\$115,360	\$118,821	\$122,385	\$126,057	\$129,839	\$133,734
Total Current General Fund Costs	\$603,271	\$621,369	\$640,010	\$659,210	\$678,987	\$699,356	\$720,337
<u>Billing Cost Estimate</u>	\$116,283	\$97,727	\$99,193	\$100,681	\$102,191	\$103,724	\$105,280
<u>Total Billing and Current GF Expenses</u>	\$719,554	\$719,096	\$739,203	\$759,891	\$781,178	\$803,080	\$825,617
<u>ERU's</u>	16,047	16,288	16,532	16,780	17,032	17,287	17,547

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Regulatory Requirements

**Municipal
Separate
Storm Sewer
System
(MS4)
Compliance**

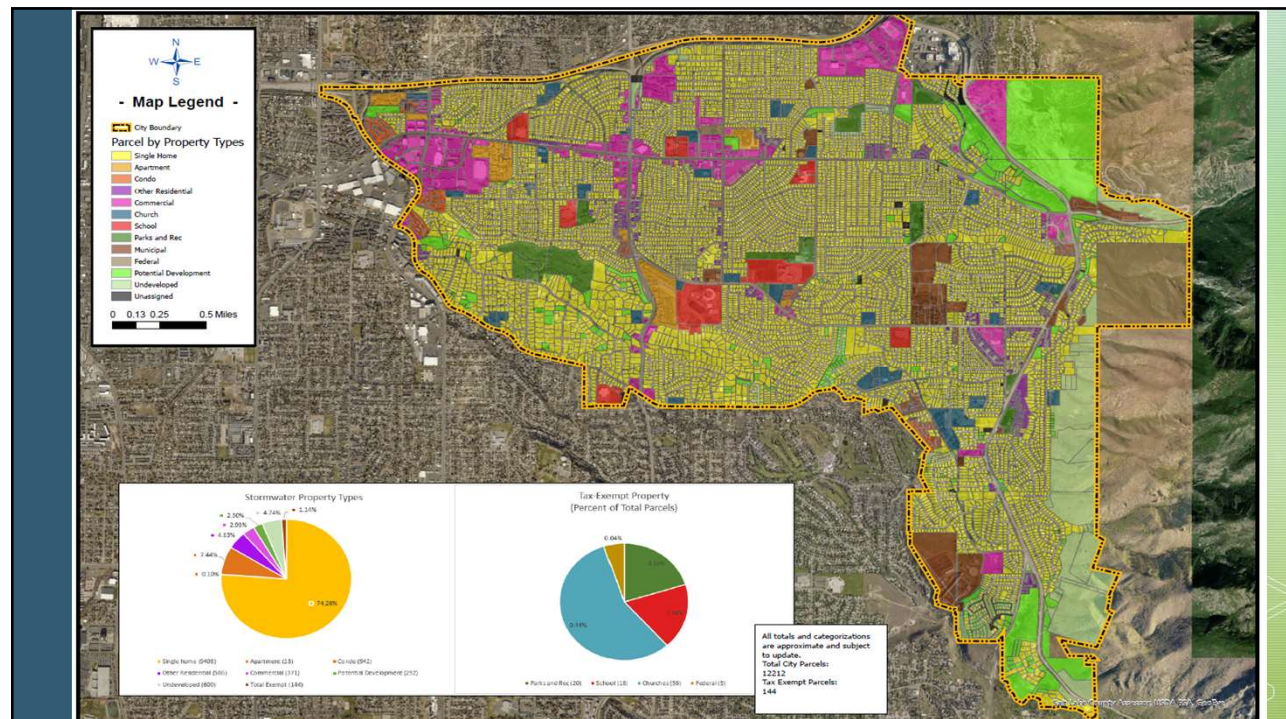
- Federal and State regulatory requirements;
- Includes litter prevention and cleanup, public education, regular water testing, code enforcement, and other pollution monitoring and prevention activities.

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To be Equitable and Defensible, All Customers Pay

- Current Situation:
 - Only taxable properties participate in funding storm water needs.
 - With new fee, all users pay.
- Reliability of Funding Source:
 - Dedicated Funding is fiscally sustainable;
 - The Storm Water Program does not compete with other critical budget items.

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Proposed Scenarios:

1st Scenario:

- Initial monthly rate of \$6.00 per ERU;
- 3% annual rate increases each year thereafter;
- Issue \$6 million in bonds in 2022;
- Transfer \$600,000 from the General Fund to the Storm Water Fund for the first 2 years; \$300,000 per year thereafter.

2nd Scenario:

- Initial monthly rate of \$9.00 per ERU;
- 3% annual rate increases each year thereafter;
- No bonds are issued;
- No annual contributions from the General Fund.

3rd Scenario:

- Initial monthly rate of \$7.50 per ERU;
- 3% annual rate increases each year thereafter;
- No bonds are issued;
- Transfer \$300,000 annually from the General Fund to the Storm Water Fund.

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OPTION 1 (\$6 INITIAL WITH 3% ROUNDED INCREASE \$0.20)

		3 %	3 %	3 %	3 %	3 %	3 %
Monthly Rate	\$6.00	\$6.20	\$6.40	\$6.60	\$6.80	\$7.00	\$7.20
Annual Rate	\$72.00	\$74.40	\$76.80	\$79.20	\$81.60	\$84.00	\$86.40
Revenue Generated	\$1,155,384	\$1,211,827	\$1,269,658	\$1,328,976	\$1,389,811	\$1,452,108	\$1,516,061
Transfer From General Fund to Help pay costs	\$600,000	\$600,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Savings to General Fund from Current Structure	(\$3,271)	(\$21,369)	(\$340,010)	(\$359,210)	(\$378,987)	(\$399,356)	(\$420,337)
Revenue Available	\$1,755,384	\$1,811,827	\$1,569,658	\$1,628,976	\$1,689,811	\$1,752,108	\$1,816,061
Expenses Covered	\$719,554	\$719,096	\$739,203	\$759,891	\$781,178	\$803,080	\$825,617
Available for Debt Service and/or Capital Projects	\$1,035,830	1,092,731	\$830,455	\$869,085	\$908,633	\$949,028	\$990,444

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Option 2 (\$9 initial with 3% rounded increase \$0.30)

		3 %	3 %	3 %	3 %	3 %	3 %
Monthly Rate	\$9.00	\$9.30	\$9.60	\$9.90	\$10.20	\$10.50	\$10.80
Annual Rate	\$108.00	\$111.60	\$115.20	\$118.80	\$122.40	\$126.00	\$129.60
Revenue Generated	\$1,733,076	\$1,817,741	\$1,904,486	\$1,993,464	\$2,084,717	\$2,178,162	\$2,274,091
Transfer From General Fund to Help pay costs	-	-	-	-	-	-	-
Savings to General Fund from Current Structure	(\$603,271)	(\$621,369)	(\$640,010)	(\$659,210)	(\$678,987)	(\$699,356)	(\$720,337)
Revenue Available	\$1,733,076	\$1,817,741	\$1,904,486	\$1,993,464	\$2,084,717	\$2,178,162	\$2,274,091
Expenses Covered	\$719,554	\$719,096	\$739,203	\$759,891	\$781,178	\$803,080	\$825,617
Available for Debt Service and/or Capital Projects	\$1,013,522	\$1,098,645	\$1,165,283	\$1,233,573	\$1,303,539	\$1,375,082	\$1,448,474

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Option 3 (\$7.50 initial with 3% rounded increase \$0.20 - \$0.30)

		3 %	3 %	3 %	3 %	3 %	3 %
Monthly Rate	\$7.50	\$7.70	\$7.90	\$8.10	\$8.30	\$8.50	\$8.80
Annual Rate	\$90.00	\$92.40	\$94.80	\$97.20	\$99.60	\$102.00	\$105.60
Revenue Generated	\$1,444,230.00	\$1,505,011.20	\$1,567,233.60	\$1,631,016.00	\$1,696,387.20	\$1,763,274.00	\$1,852,963.20
Transfer From General Fund to Help pay costs	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00
Savings to General Fund from Current Structure	-\$303,271.00	-\$321,369.00	-\$340,010.00	-\$359,210.00	-\$378,987.00	-\$399,356.00	-\$420,337.00
Revenue Available	\$1,744,230.00	\$1,805,011.20	\$1,867,233.60	\$1,931,016.00	\$1,996,387.20	\$2,063,274.00	\$2,152,963.20
Expenses Covered	\$719,554.00	\$719,096.00	\$739,203.00	\$759,891.00	\$781,178.00	\$803,080.00	\$825,617.00
Available for Debt Service and/or Capital Projects	\$1,024,676.00	\$1,085,915.20	\$1,128,030.60	\$1,171,125.00	\$1,215,209.20	\$1,260,194.00	\$1,327,346.20

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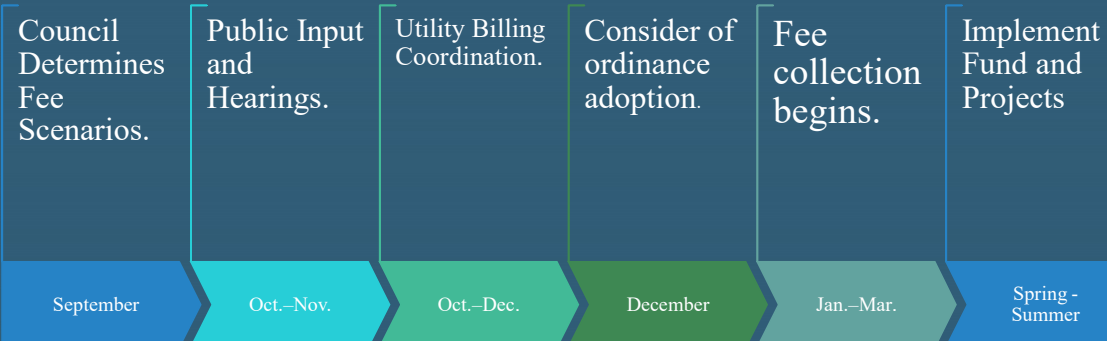
Determine Services To Include In Utility

Cost Associated with the Collection and Management of the Citywide Storm Drain System

- Personnel
- Street Sweeping
- Storm Drain Cleaning
- Maintenance
- Repairs
- Upgrades
- Capital Improvements

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Proposed Timeline 2020



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