



Board of Directors Meeting  
September 26, 2007

## Reasoning and Recommendation for the 5% Automatic Increase in the Stormwater Utility Fee



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## Examples

### SEMSWA

#### Stormwater Utility

- Aurora Stormwater Utility
- Fort Collins Stormwater Utility

### Tax Funded

- Failed Levees in New Orleans
- Stormwater Infrastructure Transferred to SEMSWA



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## Service Fee Levels for Utilities are Based on Cost of Service

### SEMSWA

#### Stormwater Utility

- Annual Fees are a Result of a Defined Level of Service
- SEMSWA Level of Service has Been Defined to Reasonably Catch-up with Deferred Maintenance and Capital Needs

### Old Tax Funded Stormwater Program

- Level of Service is a Result of Left Over Tax Revenues
- Historic situation
- Has resulted in very large level of deferred maintenance and capital needs



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## Summary Board Adopted Levels of Service and Supporting Annual Rates October 2006



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October 18, 2006

### Level of Service, Rates, and Rate Structures

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Bob McGregor



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## Review of Adopted Levels of Service

1. Capital
2. Maintenance
3. Program
  - Floodplain Management
  - Master Planning
  - NPDES
  - Review and Permitting
  - Customer Relations
  - Billing, Finance, Accounting, Legal, Administration, GIS

## 1. Capital Annual Expenditures to Implement \$76 Million CIP

	2008 Budget
SEMSWA CIP	\$3,600,000
SEMSWA Remedial Maintenance	600,000
UDFCD CIP	500,000
<b>TOTAL</b>	<b>\$4,700,000</b>

## 1. Capital Adopted 20 Year CIP and Identified Needs

	Adopted 20 Year CIP	Identified Needs
High Priority	\$ 30,000,000	\$ 68,000,000
Medium Priority	\$ 20,000,000	\$ 57,000,000
Low Priority (1)		\$ 75,000,000
Annual & Maintenance Projects (2)	\$ 26,000,000	
	<b>\$ 76,000,000</b>	<b>\$200,000,000</b>

(1) \$75,000,000 is the estimate of the public share (20%) of these projects required when new development occurs. Needed to facilitate new development (\$370,000,000 total)

(2) Maintenance projects are to upgrade failing infrastructure

## 2. Maintenance

Existing SEMSWA Infrastructure	
Channels	232 Miles
Drop Structures	700
Storm sewers	157 Miles
Inlets, Catch basins, Outfall, Manholes	5,000
Detention and Water Quality Ponds	500



## 2. Maintenance

### Board Adopted Level of Service

(Pre-SEMSWA level of service was less than \$500,000)

	Estimated Level of Service (Annual Cost, plus or minus 35%)		
	Low (Adopted FOR 2008)	Medium (Adopted FOR 2016 )	High
TOTAL ANNUAL COST	\$1,200,000	\$2,400,000	\$4,800,000

(Maintenance starts out at low level in 2008  
and ramps up to Medium level by 2016)



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## Revenue Impact Without 5% Fee Increase in 2008

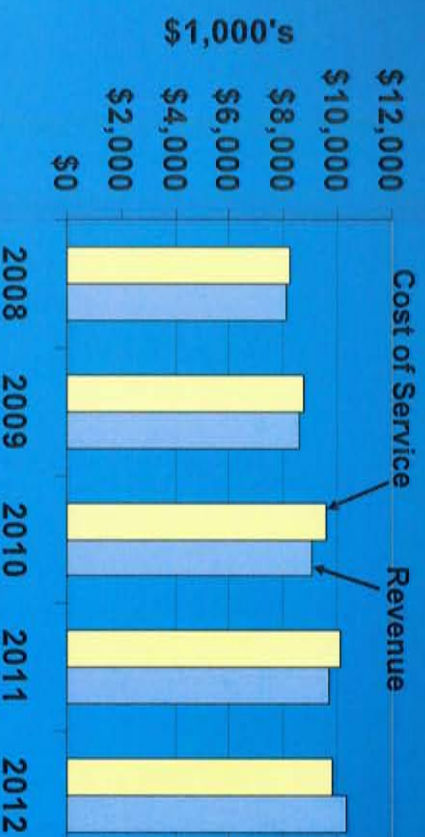
- Revenue lost in 2008 \$380,000
- Revenue lost over 5 years \$2,730,000
- Revenue lost over 20 years \$15,400,000



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## Cost of Service vs. Revenue



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## Summary

- 5% increase consists of 3% for inflation and 2% to increase level of service for maintenance
  - Without increase, inflation will decrease real dollars
  - The longer the level of service increase for maintenance is deferred, the more expensive maintenance will become
- SEMSWA is a utility and fees and increases are based on defined level of service



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