



Legislation Text

File #: 9774-24 2nd rdg, **Version:** 1

SUBJECT/RECOMMENDATION:

Adopt Ordinance 9774-24 on second reading, amending the Clearwater Code of Ordinances Appendix A, Schedule of Fees, Rates and Charges, Article XXIV Public Works - Fees, Rates and Charges Section 3E and Section 32.244 Stormwater Management Utility Rates.

SUMMARY:

August 18, 2022, City Council adopted five years of Stormwater rate increases at 1.75% per year for fiscal years 2023 through 2027.

Stantec Consulting Services' 2024 revenue sufficiency and financial forecast analysis determined that, due to current capital and operating cost projections, increases of 8.0% are needed for fiscal years 2025 (\$14.98), 2026 (\$16.18), 2027 (\$17.47), 2028 (\$18.87) and 2029 (\$20.38), beginning October 3, 2024.

Property owners are currently paying \$13.87 per ERU, effective 10/1/23 for current FY24. The proposed 10/3/24 8% rate, will increase the previously approved rate of \$14.11 (a 1.75% increase) to \$14.98 (8% increase), or \$0.87 a month per ERU (per single residence).

Stormwater Utility fees are utilized for planning, design, construction, operation, maintenance, and inspection of the City's stormwater management facilities as well as ensure the City meets new regulation requirements. This rate increase is needed to provide adequate funding to operate the City's Stormwater System and maintain compliance with debt service.

This ordinance includes updated language to assess a stormwater management utility fee regardless of whether other city utilities (potable water, sanitary sewer, reclaim, gas) are being provided for the property parcel, including vacant parcels, to appropriately collect fees from all users of the city-wide stormwater system.

Business Impact Statement: This rate change will result in a stormwater rate increase of 8% for Clearwater businesses. This increase is designed to help mitigate flooding issues and comply with State regulations. Failure to implement rate increases would result in sooner bond requirements to cover debt costs, which would ultimately result in much higher rate increases. In addition, failing to properly augment required spending could jeopardize Clearwater's AAA bond rating that helps offset debt financing costs, which could result in higher costs to businesses in the future from higher rate increases. Failure to perform the work, would result in increased flooding, potential safety issues from deteriorating stormwater infrastructure and potential fines from State regulators for failing to inspect and maintain the stormwater system. Failure to perform required work may result in flooding with road/sidewalk infrastructure problems, which would likely impact businesses by making it more difficult or undesirable for customers and business activities to operate. The rate increase is citywide and stormwater concerns to each business across the city will vary based the surrounding stormwater infrastructure, elevation, tidal influence, bodies of water near the facility, road network, type of business activities, and several other factors. For this reason, the business impact statement is citywide and not tailored to specific businesses. In preparing the stormwater rate study, the City carefully balanced needs for stormwater improvements and maintenance across future years to minimize rate impacts while ensuring stormwater needs are met, minimizing impacts to residents and businesses. Initial efforts had a higher rate that was balanced down to the proposed 8% level, reasonably accounting for impacts given increased storm intensity, higher tidal elevations and inflationary and land development pressures.

STRATEGIC PRIORITY:

1.1 Provide evidence-based measurement tools to continually guide municipal performance and promote accountable governance. 1.2 Maintain public infrastructure, mobility systems, natural lands, environmental resources, and historic features through systematic management efforts. 1.3 Adopt responsive levels of service for public facilities and amenities, and identify resources required to sustain that level of service. 1.4. Foster safe and healthy communities in Clearwater through first-class public safety and emergency response services.

