



Board of Directors Meeting
September 26, 2007

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



Jon Sorensen, P.E.
AMEC Earth & Environmental

Board of Directors Meeting, September 26, 2007



Board of Directors Meeting, September 26, 2007

Service Fee Levels for Utilities are Based on Cost of Service

SEMSWA Stormwater Utility Old Tax Funded
Stormwater Program

- 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
- 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



Board of Directors Meeting, September 26, 2007

Examples

SEMSWA
Stormwater Utility

- Aurora Stormwater Utility
- Fort Collins Stormwater Utility

Tax Funded

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



Board of Directors Meeting, September 26, 2007

Summary

Board Adopted Levels of Service
and
Supporting Annual Rates
October 2006



Board of Directors Meeting
October 11, 2006
October 18, 2006

Level of Service, Rates, and Rate Structures

Jon Sorensen
Bob McGregor



Board of Directors Meeting, September 26, 2007

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
TOTAL	\$4,700,000



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	
	\$ 76,000,000	\$200,000,000

(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)



Board of Directors Meeting, September 26, 2007

4

Revenue Impact Without 5% Fee Increase in 2008

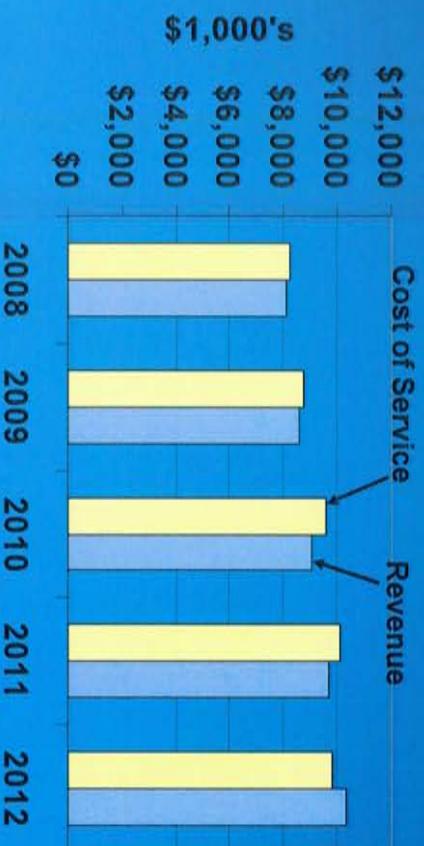
- Revenue lost in 2008 \$380,000
- Revenue lost over 5 years \$2,730,000
- Revenue lost over 20 years \$15,400,000



Board of Directors Meeting, September 26, 2007

5

Cost of Service vs. Revenue



Board of Directors Meeting, September 26, 2007

6

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



Board of Directors Meeting, September 26, 2007

7