

**SOUTHEAST METRO STORMWATER AUTHORITY
BOARD OF DIRECTORS
AGENDA ITEM SUMMARY**

NAME OF ITEM:

Discussion of Increase in 2008 Stormwater Utility Fees

FROM:

Dave Agee

DATE:

August 22, 2007

RECOMMENDATION:

Staff recommends that the automatic 5% increase in stormwater utility fee rates authorized in Resolution No. 5, Series of 2006, be allowed to take effect.

EXECUTIVE SUMMARY:

Resolution No. 5, Series of 2006 reads in part as follows:

The fees established for each parcel shall automatically increase 5% per year, beginning January 1, 2008, unless otherwise suspended or modified by the Board of Directors. Such annual increase will account for inflation and increases in level of service.

If the Board does nothing, the 5% increase will automatically take effect on January 1, 2008. However, if the Board decides that the increase is not appropriate and wants to do something different, it must do so by resolution. Based on Board direction, staff will either proceed to implement the increase or will prepare a resolution modifying or eliminating the 5% increase. The attached 2007 and proposed 2008 rate structures table reflects the proposed changes in rates from 2007 to 2008.

Setting of the rates is a very important step in the development of the 2008 budget. The rates affect the development of expenditures and ultimately the level of service to be provided by SEMSWA during the upcoming year.



August 14, 2007

Jed Lugod, P.E.
Executive Director
Southeast Metro Stormwater Authority (SEMSWA)
76 Inverness Drive East, Suite A
Englewood, CO 80112-5106

Dear Mr. Lugod,

RE: 2008 Annual Stormwater Fee Increase

This letter serves as a reminder that the annual fees assessed on parcels within the SEMSWA service area will increase by 5% for the 2008 billings, unless the Board of Directors changes the resolution which includes the automatic fee increase. The resolution is Resolution No. 5, series of 2006, which includes the following:

"The Board of Directors of the Southeast Metro Stormwater Authority acting by and through SEMSWA Water Activity Enterprise hereby:

1. Adopts the *attached Proposed Level of Service with Initial Rate \$6.50 per Month, Annual Increases 5% dated 10-18-06.*"

(see attached copy of Resolution No. 5 and Proposed Level of Service with Initial Rate \$6.50 per Month...)

and

"4. The fees established for each parcel shall automatically increase 5% per year, beginning January 1, 2008, unless otherwise suspended or modified by the Board of Directors. Such annual increase will account for inflation and increases in level of service. "

The 5% fee increase includes an increase of 3% for inflation and an increase of 2% for a level of service increase. The level of service increase is built into the financial plan to ramp up the level of maintenance to a more acceptable level and to allow for future projected increases in required water quality program expenditures. The attached spreadsheet referred to in the resolution shows how the rate increases match the projected increases in the level of service and impacts of inflation. This spreadsheet was a snapshot in time as of October 18, 2006 and will need to be updated periodically to reflect actual costs, inflation, and other factors.

Also attached to this letter is the new schedule of fees that will be assessed in 2008, unless the Board decides otherwise. The fees are due to the Arapahoe County Assessor on November 1, 2007 with the updated billing database that AMEC is preparing. AMEC therefore needs to know what the 2008 rates will be no later than October 1, 2007.

Please let me know if you need further information on this issue,

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Sorensen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jon Sorensen, P.E.
Senior Stormwater Consultant
AMEC Earth and Environmental, Inc.

Cc Steve Gardner, SEMSWA
Edward J. Krisor, Esq.
David Agee, Government Financial Solutions

SEMSWA

2007 and Proposed 2008 Rate Structures

Single Family Residential (detached) Rate Structure			
Tier	Impervious Area (square feet)	2007 Annual Fee	2008 Annual Fee*
1	100 to 2,000	\$45.00	\$47.00
2	2,001 to 2,900	\$60.00	\$63.00
3	2,901 to 3,900	\$78.00	\$82.00
4	3,901 to 7,500	\$105.00	\$110.00
5	7,501 to 50,000	\$228.00	\$239.00

* 5% increase from 2007 fee rounded to the nearest whole dollar.

Non-Single Family Residential Rate Structure			
Tier	Impervious Percent	2007 Annual Rate (per sq. ft.)	2008 Annual Rate (per sq. ft.)
1	2% to 40%	\$0.015360	\$0.016132
2	41% to 70%	\$0.023640	\$0.024818
3	71% to 100%	\$0.031908	\$0.033505

Less than 2% impervious or less than 251 square feet, no fee.

SOUTHEAST METRO STORMWATER AUTHORITY
acting by and through
SEMSWA WATER ACTIVITY ENTERPRISE

RESOLUTION NO. 5, SERIES OF 2006
(Adoption of Level of Service and Fix Rates and Rate Structure)

WHEREAS, the Southeast Metro Stormwater Authority was formed by Intergovernmental Agreement to plan, fund, construct, acquire, operate, and maintain drainage and flood control facilities as well to manage stormwater quality and, in some instances, comply with the requirements of the National Pollutant Discharge Elimination System (“NPDES MS4 Stormwater”) within its boundaries, hereinafter “Purposes”; and

WHEREAS, the Southeast Metro Stormwater Authority established the SEMSWA Water Activity Enterprise to carry out those Purposes; and

WHEREAS, the Board of Directors of the Southeast Metro Stormwater Authority acting by and through SEMSWA Water Activity Enterprise has hired AMEC Earth & Environmental to assist it in both determining the level of service that SEMSWA should and can provide within its boundaries in regard to those Purposes as well as the rates and rate structures necessary to fund that level of service in regard to those Purposes; and

WHEREAS, the Board of Directors has held numerous board meetings at which AMEC has presented it’s findings and recommendations in regard to levels of service, rates and rate structures; and

WHEREAS, Southeast Metro Stormwater Authority is authorized pursuant to 29-1-204.2 (3)(d) C.R.S. “to acquire, construct, manage, maintain, or operate . . . drainage facilities, or any interest therein;” and is further authorized pursuant to 29-1-204.2 (3 (j) C.R.S. “to fix, maintain, and revise fees, rates, and charges for functions, services, or facilities provided by the entity;”; and

WHEREAS, SEMSWA Water Activity Enterprise, pursuant to 37-45.1-103 (1) C.R.S. “is excluded from the provisions of section 20 of article X of the state constitution.”; and

WHEREAS, the Board of Directors has further considered whether to impose its rates on all users of its stormwater management system including parcels owned by governmental entities and tax exempt organizations and parcels within the Authority boundaries located in Douglas County, Colorado as well as methods by which it could collect those fees; and

WHEREAS , the Board of Directors has studied and concluded that the rates charged users should be proportional to the demand on the stormwater system by each property owner; and

WHEREAS, finally the Board of Directors has considered whether it should establish a policy addressing credits, exemptions and appeals. The credit policy would establish a

procedure whereby users of SEMSWA’s stormwater management system may apply for a modification in the user’s rate or fee because of factors such as an error in the calculation of the rate or an activity on, or improvements to the parcel or other special conditions which will reduce the impact of the parcel’s runoff on the SEMSWA stormwater system.

NOW, THEREFORE, BE IT RESOLVED THAT:

The Board of Directors of the Southeast Metro Stormwater Authority acting by and through SEMSWA Water Activity Enterprise hereby:

1. Adopts the attached *Proposed Level of Service with Initial Rate \$6.50 per Month, Annual Increases 5%* dated 10-18-06.

2. Adopts the following rate structure for all parcels upon which a single family residential (detached) structure is located:

Tier	Impervious Area / square feet	Annual Fee
1	100 – 2,000	\$45.00
2	2,001 – 2,900	\$60.00
3	2,901 – 3,900	\$78.00
4	3,901 – 7,500	\$105.00
5	7,501 – 50,000	\$228.00

The impervious area calculated for each parcel upon which a single family residential (detached) structure is located will be rounded to the nearest 100 square feet.

Less than 100 square feet, no fee.

3. Adopts the following rate structure for all parcels which do not contain a single family residential (detached) structure:

Tier	Impervious Percent Range	Monthly Rate per square foot of Impervious Area
6	2% - 40%	0.001280
7	41% - 70%	0.001970
8	71% - 100%	0.002659

Less than 2% impervious percent or less than 251 square feet, no fee.

Rate shall be determined using the following process: 1) determine impervious area on parcel (nearest 500 s.f.); 2) determine total area of

parcel (nearest 500 s.f.); 3) determine impervious percent of parcel (equal to the impervious area divided by the total area); 4) find impervious percent range in the table and the monthly rate per square foot per month for the range; 5) multiply the impervious area times the rate from the table to determine the monthly fee and 6) multiply the monthly rate by twelve (12) to determine the annual fee.

Tiers 6, 7 and 8 shall apply to all non single family residential (detached) structures including all parcels owned by governmental entities and tax exempt organizations.

4. The fees established for each parcel shall automatically increase 5% per year, beginning January 1, 2008, unless otherwise suspended or modified by the Board of Directors. Such annual increase will account for inflation and increases in levels of service.

5. Fees for all parcels located in Arapahoe County, Colorado shall be collected by the Arapahoe County, Colorado Treasurer for a fee of no more than 1.5% of the fees collected.

6. Fees for all parcels located in Douglas County, Colorado or those that can not be billed by the Arapahoe County Treasurer shall be collected by separate billings issued by SEMSWA Water Activity Enterprise.

7. A policy addressing credit, exemptions and appeals shall be adopted by the Board of Directors prior to February 1, 2007. The credit policy shall establish a procedure for users of SEMSWA's stormwater management system to apply to SEMSWA for a modification in the user's rate or fee because of factors such as an error in the calculation of the rate or an activity on, or improvement to, the parcel or other conditions which will reduce the impact of the parcel's runoff on the SEMSWA stormwater system.

(SEAL)

SOUTHEAST METRO STORMWATER AUTHORITY
acting by and through
SEMSWA WATER ACTIVITY ENTERPRISE

Date: October 25, 2006

ATTEST:

/s/ Ronald W. Weidman
Secretary

/s/ Bart W. Miller
Chairperson

Total Uses and Sources of Funds

Defined Level of Service with Supporting Rate Assumptions

Southeast Metro Stormwater Authority

(1,000s)

