

2017-2018 BUDGET QUESTION
Response to Request for Information

DEPARTMENT: Watershed Protection

REQUEST NO.: 80

REQUESTED BY: Alter

DATE REQUESTED: 8/11/17

DATE POSTED: 8/18/17

REQUEST: What is the estimated cost to exempt private roads owned by home owner associations from the impervious cover calculation for the drainage fee?

RESPONSE:

Texas Local Government Code 552.053 identifies what types of properties can be exempt from a municipality's drainage charge. Private streets are not included in that list of exemptions.

The estimated financial impact of a private street exemption includes:

- (1) **Loss of revenue:** While it is difficult to precisely determine the amount of revenue loss, we estimate, based on current billing, private streets owned by home owner associations account for approximately \$125,000 to \$175,000 per month, or \$1.5M - \$2.1M in annual revenue. This estimate does not include billing for parking areas or streets/drives of apartments and condominiums.
- (2) **Cost of implementation:** Substantial time and effort by WPD staff would be required to implement this change. This effort should begin with a legal analysis to determine whether this is even a feasible option. If feasible, it would then include considerable technical analysis to investigate and identify private street areas and modify billing statements.
- (3) **City Code changes:** Any change in how the drainage charge is applied would require a change in the City Code, which would include a public notice and public hearing. In addition, a clear definition of private streets would be needed to distinguish which kinds of private streets would be exempt.
- (4) **Additional revenue loss potential:** Commercial or mixed use properties with private streets, parking lots, and private drives could also seek this potential exemption for equity purposes. Any resulting additional loss in revenue could be substantial and is difficult to estimate without significant analysis.
- (5) **Impact to the base rate of the drainage utility charge:** The FY 2018 Proposed Budget does not include an increase to the base rate for the drainage utility charge. A base rate increase would be required if private streets were exempted in order to maintain current revenue projections to support the current service levels and investments in drainage projects. Without such an increase, a reduction of service or drainage projects would be required.