

WPD Change in Drainage Charge Rate

Summary:

The drainage charge is part of the City of Austin Utilities bill and pays for projects to mitigate the impacts of flooding, erosion and water pollution; maintenance of the City's entire storm drain system; and programs to monitor water quality in Austin's creeks, clean up pollution spills, and monitor and close flooded roads. The drainage charge is calculated the same way for all properties based on the amount and percent of impervious cover. Impervious cover is the total area of any surface that prevents infiltration of water into the ground, including driveways, walkways, rooftops, patios, sheds and other surfaces.

The FY 2016-17 Watershed Protection Department (WPD) Budget submission includes a change in the drainage charge base rate from \$0.005 to \$0.00498 per square foot (sq. ft.) of impervious cover (IC), a 0.4% decrease. WPD is proposing this rate decrease for the drainage charge to utilize existing Drainage Utility Fund balance to fund operational and capital investment priorities.

Background:

On June 25, 2015, City Council adopted a new methodology to assess drainage charges. This new method went into effect Oct. 1, 2015, and new bills were sent out Nov. 1, 2015 (for Oct. 2015 service). WPD staff developed the new methodology, developed a new GIS system to calculate each property's impervious cover, updated the billing system to correlate each property to respective utility account(s), and developed a new web interface for citywide customers to view their impervious cover (www.austintexas.gov/drainagecharge). This was accomplished in less than 6 months from the adoption of the new billing method.

For the first year of the new drainage charge methodology, a single-family discount provided a 50% discount on increases to the monthly drainage charge for residents in some single-family homes. By ordinance, the discount will expire on October 1, 2016, which will be reflected on bills sent in November.

Proposed Drainage Charge Change:

The WPD FY 2016-17 proposed budget includes a decrease in the base rate charge from \$0.005 per square foot of impervious cover per month to \$0.00498 per square foot of impervious cover per month. This reduction in the base rate results in many customers realizing a decrease in their drainage charge. The WPD FY 2016-17 proposed budget also takes into account the expiration of the single-family discount. The expiration of this discount program will result in an increase to the drainage charge for some single-family residents. Of the approximately 160,000 single-family utility accounts, about 60,000 customers will see a reduction in their drainage charge, while the remaining 100,000 customers will see an increase due to the expiration of this discount.

The projected impacts of the rate decrease and the expiration of the single-family discount on typical customers are as follows:

| Customer Type | FY 16 Approved | FY 17 Proposed | Change |
|---|-------------------|-------------------|-----------------------------|
| Median Single-Family customer <i>3,100 square feet - 37% Impervious Cover</i> | \$10.82 | \$11.80 | \$0.98 (9% increase) |
| Example Multi-Family Apartment <i>75,503 square feet - 98% Impervious Cover</i> | \$641.49 | \$638.92 | - \$2.57 (0.4% decrease) |
| Example Small Business Commercial <i>10,136 square feet - 95% Impervious Cover</i> | \$84.18 | \$83.84 | - \$0.34 (0.4% decrease) |

Earlier this month, Council approved a new discount program for voluntary storm water controls. Rules for this program are planned to be developed in the fall and the program is expected to begin in early 2017. This discount program is intended to provide a recurring discount to a customer's drainage charge that acknowledges the benefit provided by voluntary storm water controls that exceed what was legally required for the development.