Stormwater Utility Fee and Street Maintenance Fee

City Council Special Session May 27, 2025





Agenda

- Stormwater Utility Fee
 - Fee basis
 - Cost of service
 - Rate structure and fee scenarios for consideration
 - Infrastructure & Development Committee Feedback
- Street Maintenance Fee
 - Fee basis
 - Cost of service
 - Rate structure and fee scenarios for consideration
 - Infrastructure & Development Committee Feedback

High-level Project Objectives





Stormwater Utility Fee

Street Maintenance Fee

Stormwater Utility Fee Overview

What is a Stormwater System?

- A system designed to manage stormwater runoff
- Includes infrastructure such as drains, pipes, and swales



What is a Stormwater Utility Fee?

Authorized by State law

Local Government Code 552, Subchapter C (Municipal Drainage Utility Systems Act)

Dedicated funding mechanism

Directly supports costs to maintain the stormwater system

Service-based fee

- Must be reasonable, equitable, nondiscriminatory
- Based on cost of providing drainage service
- Monthly fee on utility bill



Cities in North Texas with a stormwater utility fee

How is the Stormwater Fee Determined?

- Fees are based on each property's contribution of stormwater runoff.
- Stormwater runoff is measured by the amount of impervious area, or hard surface, on the property.
- Stormwater can be managed as a utility like gas, electric, water, and sewer.
- Stormwater fees directly support costs of maintaining the stormwater system.

Funding Drivers

Regulatory Compliance & Agreements

- Phase II MS4
- FEMA Floodplain Administration

Storm System Operations & Maintenance

- Current O&M service level
- Future service demands
- Plan for future development

Capital Improvement Projects

- Correct known flooding problems
- Creek erosion
- Regional solutions
- Correct water quality problems
- Greenway system enhancements

How is the Stormwater Fee Assessed

Water Fee Metered Usage





Stormwater Fee Impervious Area



Impervious area includes surfaces that do not provide stormwater significant opportunity for infiltration into the soil and result in increased stormwater runoff to the municipal storm sewer system.

Property Count Summary



Non-Residential
Residential

Impervious Area Summary



Non-Residential

Type of Property	Number of Parcels	Percentage	Type of Property	Percentage	Sq. Ft
Non-Residential	1,236	6.1%	Non-Residential	54%	77M
Residential	16,293	93.9%	Residential	46%	66M

Burleson Property Analysis

- All 17,529 properties within Burleson have been analyzed individually to determine how much impervious area each represents
- This data is also used to determine what is referred to as the "Equivalent Residential Unit" (ERU)
- ERU represents the median impervious area of the overall average residential property in Burleson
- ERU becomes a standard unit of measurement allowing residential and nonresidential properties to be compared / evaluated



Residential Impervious Area Example





Includes: Concrete, asphalt, rooftops, gravel driveways, parking areas, private streets and alleys, and decking around pools

Residential Properties

Equivalent Residential Unit (ERU) represents the average amount of impervious surface water per location.

Median residential impervious area in Burleson = 3,500 square feet impervious area = 1 ERU

Small (10%)



<2,400 sq. ft IA



Medium

2,400 - 5,300 sq. ft IA

(10%)

Large

5,300+ sq. ft IA

Residential Structure	Small	Medium	Large
Flat Rate	1 ERU	1 ERU	1 ERU
Tiered (10/80/10)	0.63 ERU	1 ERU	1.92 ERU

Stormwater Rate Structure – Non-Residential

Typical Small (Insurance Agency)

Typical Medium (Car Wash)

Typical Large (Grocery Store)



10,500 sq. ft IA

35,000 sq. ft IA

157,500 sq. ft IA

Non-Residential Structure	Typical Small	Typical Medium	Typical Large
Per ERU	3 ERUs	10 ERU	45 ERU
Billing Options for Non-Residential: Primary – assign fee to primary owner of property Split-bill – divide the bill equally between tenants			

Stormwater Cost of Service Summary

Cost of Service

 Existing Recurring Expenses include \$3.1M for drainage related activities such as:

- Drainage Maintenance Activities
- Inspection
- Clean-up Activities/Litter
- Legal/Compliance

- Plan Review
- Training
- Community Outreach/Education
- Code

Service enhancements would include adding a dedicated drainage crew:

- Labor: ~\$340K/yr. (new maintenance crew)
- Equipment: ~\$100K/yr. (dump truck, backhoe, utility truck, material)

Adding an additional crew would significantly increase the City's ability to manage critical drainage infrastructure. With this added capacity, Public Works would be able to more adequately address more than 11 miles of storm channels and 281 culverts that fall within the City's responsibility.

Problems Facing Stormwater Systems

- Aging or damaged infrastructure affects the system's functionality
- Stormwater flow can cause erosion
- Inadequate drainage capacity leads to flooding
- Runoff can pick up pollutants and affect water quality





Current Maintenance Issues

Locations that frequently flood during weather events often need to have the channel restored, removing silt and debris.



Before and After @ Warren Park

Current Maintenance Issues

Eliminating allow the channel to function as designed - removal is necessary for proper function.



Booger Creek west of Johnson Ave.

Cost of Service – CIP Considerations

- 42 known problem areas citywide
- 2 planning projects identified
- \$145 million+ cost projection





Stormwater Utility Fee Rate Structure Scenarios

Considerations

- Exemptions?
 - Scenarios do not incorporate optional exemptions, authorized under Section 552 of the local government code.
 - The presentation itemizes the cost of optional exemptions should council opt to exempt additional property types.
- Flat or Tiered fee structure?
 - Flat: all residential properties pay the same rate
 - 10/80/10 Tiered Structure:
 - 10% of total residential properties would fall in the first tier and pay a reduced fee (2400 sq. ft)
 - 80% of total residential properties would fall in the middle tier and pay a fee based on the median impervious area (3600 sq. ft)
 - 10% of the largest properties would pay a slightly higher rate because of the relative impact of the larger impervious area. (5600 sq. ft)



Stormwater Service Level Scenarios

Cost-based Level of Service	Scenario 1	Scenario 2	Scenario 3
Cost of Operations	Fully funds current operations	Adds new crew with equipment	Funds debt service for \$25M CIP
Utility Eligible Expenses	\$3.1M	\$3.1M	\$0
Enhanced O&M	\$0	\$440k	\$0
Debt Service	\$0	\$0	\$1.8M

Note: New crew cost includes labor and equipment

Scenario 1: Current Expenses

Service

Generates \$3.1M - \$3.5M annually

- ✓ Existing O&M activities
- Corresponding equipment replacement fund contributions

Optional Exemptions

Property Type	Change in Annual Revenue	Impact to Non- Exempt Properties
Religious Institutions	-\$103,000	+ \$0.23/ERU
City	-\$112,000	+ \$0.27/ERU
ISD	-\$203,000	+ \$0.48/ERU
County	-\$1,700	+ \$0.01ERU

Flat Rate Residential

Residential - \$6.80 per month

Non-Residential - \$6.80 per month/ERU

Tiered Rate Residential

OR

Residential –

- Tier 1 (smallest 10%): \$4.19 per month
- Tier 2 (middle 80%): \$6.80 per month
- Tier 3 (largest 10%): \$12.73 per month

Non-Residential - \$6.80 per month/ERU

Scenario 2: Current + Enhanced O&M

Service

Generates \$3.6M - \$4.1M annually

- ✓ \$3.1M for current eligible O&M activities including corresponding equipment replacement fund contributions
- ✓ \$440K for adding an additional drainage crew to enhance current services

Optional Exemptions

Property Type	Change in Annual Revenue	Impact to Non- Exempt Properties
Religious Institutions	-\$120,000	+ \$0.26/ERU
City	-\$130,000	+ \$0.32/ERU
ISD	-\$236,000	+ \$0.63/ERU
County	-\$2,000	+ <\$0.01ERU

Flat Rate Residential

Residential - \$7.90 per month

Non-Residential - \$7.90 per month/ERU

Tiered Rate Residential

OR

Residential –

- Tier 1 (smallest 10%): \$4.85 per month
- Tier 2 (middle 80%): \$7.90 per month
- Tier 3 (largest 10%): \$14.78 per month

Non-Residential - \$7.90 per month/ERU

Scenario 3: CIP

Service

Generates \$1.8M - \$2.1M annually

✓ Funds annual debt service for \$25M drainage CIP

Optional Exemptions			
Property Type	Change in Annual Revenue	Impact to Non- Exempt Properties	
Religious Institutions	-\$60,000	+ \$0.13/ERU	
City	-\$66,000	+ \$0.16/ERU	
ISD	-\$119,000	+ \$0.32/ERU	
County	-\$1,000	+ <\$0.01ERU	

Flat Rate Residential

Residential - \$3.97 per month

Non-Residential - \$3.97 per month/ERU

Tiered Rate Residential

OR

Residential –

- Tier 1 (smallest 10%): \$2.16 per month
- Tier 2 (middle 80%): \$3.97 per month
- Tier 3 (largest 10%): \$7.43 per month

Non-Residential - \$3.97 per month/ERU

Infrastructure & Development Committee Recommendations Recap

- Service Level portion of existing, plus enhancing O&M with a capital component with a fee of \$8.00 per month per ERU
- Fee Structure tiered rates for residential
- No exemptions
- Emphasis on public outreach
 - Townhalls
 - Public information content (website, social media, etc.)

A new preliminary scenario has been developed based on committee feedback approximating an \$8.00/ ERU monthly fee.

New Scenario Post-I&D Committee Feedback:

Service

Generates \$3.7M - \$4.1M annually

- ✓ Existing Expenses: \$1.51M (\$4.00/ERU)
- ✓ New Crew (3 Worker + 1 Leader): \$340K (\$0.90/ERU)
- ✓ Maintenance and Equipment Replacement Fund for new equipment: \$100K (\$0.25/ERU)*
- ✓ Capital: \$1.4M \$1.8M (\$2.85/ERU)
 - Funds debt service for potentially up to \$20M in CIP

* Excludes initial equipment purchase

Optional Exemptions			
Property Type	Change in Annual Revenue	Impact to Non- Exempt Properties	
Religious Institutions	-\$120,000	+ \$0.28/ERU	
City	-\$130,000	+ \$0.34/ERU	
ISD	-\$236,000	+ \$0.65/ERU	
County	-\$2,000	+ <\$0.01ERU	

Flat Residential Rate

Residential - \$8.00 per month

Non-Residential - \$8.00 per month/ERU

Tiered Residential Rate

OR

Residential -

- Tier 1 (smallest 10%): \$4.91 per month
- Tier 2 (middle 80%): \$8.00 per month
- Tier 3: (largest 10%): \$14.95 per month

Non-Residential - \$8.00 per month/ERU

Residential Properties

Small (10%)

Medium (80%)

Large (10%)



<2,400 sq. ft IA

5,300+ sq. ft IA

Residential Structure	Small Monthly Fee	Medium Monthly Fee	Large Monthly Fee
Scenario 1 (Existing) Flat		\$6.80	
Scenario 2 (Existing + New) Flat		\$7.90	
Scenario 3 (CIP) Flat		\$3.97	
New Scenario – Flat*		\$8.00	
Scenario 1 (Existing) Tiered	\$4.19	\$6.80	\$12.73
Scenario 2 (Existing + New) Tiered	\$4.85	\$7.90	\$14.78
Scenario 3 (CIP) Tiered	\$2.16	\$3.97	\$7.43
New Scenario Tiered	\$4.91	\$8.00	\$14.95

* I&D Committee supported a tiered as opposed to flat fee structure for residential properties

Non-Residential

Small (Insurance Agency)

Medium (Car Wash)

Large (Grocery Store)



10,500 sq. ft IA

35,000 sq. ft IA



1	57	,500	sq.	ft	IA
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Non-Residential Structure	Small (3 ERU)	Medium (10 ERU)	Large (45 ERU)
Scenario 1 (Existing)	\$20.40/Month	\$68.00/Month	\$306.00/Month
	(\$6.80/ERU)	(\$6.80/ERU)	(\$6.80/ERU)
Scenario 2 (Existing + New)	\$23.70/Month	\$79.00/Month	\$355.50/Month
	(\$7.90/ERU)	(\$7.90/ERU)	(\$7.90/ERU)
Scenario 3 (CIP)	\$11.91/Month	\$39.70/Month	\$178.65/Month
	(\$3.97/ERU)	(\$3.97/ERU)	(\$3.97/ERU)
New Scenario	\$24.00/Month	\$80.00/Month	\$360.00/Month
	(\$8.00/ERU)	(\$8.00/ERU)	(\$8.00/ERU)

Impervious Area Summary

Revenue Summary



Benchmark Comparisons

Stormwater Utility Monthly Rate Comparison



All benchmark cities listed have a flat rate residential fee

Among the 10 Benchmark Cities

Burleson is the only one without a Stormwater Utility fee in place



Council Feedback Sought

- **1.** Public Outreach
- 2. Optional Exemptions
- 3. Appropriate Funding Level
- 4. Rate Structure

Steps Required for Implementation



Street Maintenance Fee Overview

What is a Street Maintenance Fee?

INFRASTRUCTURE TO MAINTAIN



What is a Street Maintenance Fee?

- A charge to property occupants for their proportional share of the cost to maintain the street system
- Can only be used for maintenance purposes, not capital improvements.

Typical Characteristics

- Based on vehicle trips; by land use
- Ongoing fee for system use
- Dedicated to transportation purposes
- Charged on utility bill



Develop a street maintenance fee (SMF) for the reliable funding for maintenance of the street network



Street Maintenance Cost of Service Summary and Fee Development

Street Maintenance Fee Scenarios

- Scenario 1: Use street maintenance fee to fund existing services (\$2.8M)
- Scenario 2: Use street maintenance fee to fund existing services, plus an additional \$3M (total \$5.8M)
- Two billing structures for consideration for non-residential customers: unit rate per vehicle mile traveled (VMT) and tiered rate

Fee Creation Basis

- Flat rate for residential accounts
 - Every single-family household has the same VMT
- Unit Rate or Tiered Rate for non-residential accounts
 - Unit Rate: customers pay per vehicle mile traveled
 - Tiered Rate: customers grouped into tiers and charged flat rate according to tier assignment
- Flat rate not equitable for non-residential customers
 - VMT for non-residential ranges from <1 to >8,000

Scenario 1 – Existing Expenses

Fee Category (Unit Rate)	SMF (\$/mo.)
Residential (per dwelling unit)	\$3.83
Apartments (per dwelling unit)	\$2.00
Ex: Small Commercial (Gas Station)	\$26.59
Ex: Large Commercial (Grocery Store)	\$530.23

Fee Category (Tiered Rate)	SMF (\$/mo.)
Residential (per dwelling unit)	\$3.83
Apartments (per dwelling unit)	\$2.00
Ex: Small Commercial (Gas Station)	\$31.29
Ex: Large Commercial (Grocery Store)	\$892.24

Scenario Details

- ✓ Generates \$2.8M annually
- ✓ Unit Rate: \$0.80 per VMT
- ✓ Gas Station: 33.24 VMT
- ✓ Grocery Store: 662.79 VMT

Tiers		
Tier	Rate	
Tier 1	\$4.12	
Tier 2	\$10.00	
Tier 3	\$13.96	
Tier 4	\$18.95	
Tier 5	\$31.29	
Tier 6	\$49.39	
Tier 7	\$71.18	
Tier 8	\$103.36	
Tier 9	\$187.05	
Tier 10	\$892.24 43	

Scenario 2 – Existing + Additional \$3M

Fee Category (Unit Rate)	SMF (\$/mo.)
Residential (per dwelling unit)	\$7.92
Apartments (per dwelling unit)	\$4.12
Ex: Small Commercial (Gas Station)	\$55.18
Ex: Large Commercial (Grocery Store)	\$1,100.23

Fee Category (Tiered Rate)	SMF (\$/mo.)
Residential (per dwelling unit)	\$7.92
Apartments (per dwelling unit)	\$4.12
Ex: Small Commercial (Gas Station)	\$64.82
Ex: Large Commercial (Grocery Store)	\$1,848.16

Scenario Details

- ✓ Generates \$5.8M annually
- ✓ Unit Rate: \$1.66 per VMT
- ✓ Gas Station: 33.24 VMT
- ✓ Grocery Store: 662.79 VMT

Tiers		
Tier	Rate	
Tier 1	\$8.54	
Tier 2	\$20.71	
Tier 3	\$28.92	
Tier 4	\$39.25	
Tier 5	\$64.82	
Tier 6	\$102.31	
Tier 7	\$147.44	
Tier 8	\$214.10	
Tier 9	\$387.45	
Tier 10	\$1,848.16 44	

Infrastructure & Development Committee Recommendation Recap

- Table the Street Maintenance Fee discussion for now and consider at a later date
- Recognized Finance Committee's recommendation to increase the I&S rate
- Did not recommend pursuing both Stormwater Utility and Street Maintenance fees in conjunction with the I&S rate increase at the same time

Council Direction Sought

- 1. Continue Development of Fee and if so,
- 2. Appropriate Funding Level
- 3. Rate Structure

Next Steps for Implementation

Committee/Council Direction

