
City Council Regular Meeting

DEPARTMENT: Public Works
FROM: Justin Scharnhorst, Deputy Director
MEETING: January 6, 2025

SUBJECT:

Consider and take possible action of a professional service contract with Freese and Nichols, Inc. for the development and analysis of a stormwater utility fee. (*Staff Contact: Justin Scharnhorst, Deputy Director of Public Works*)

SUMMARY:

The city's drainage network has been largely underserved, necessitating significant improvements. To address this, a comprehensive analysis of a potential stormwater impact fee is being proposed. This analysis would equip the City Council with the necessary data to consider adopting such a fee during the FY25-26 budget discussions.

The primary objective of the stormwater impact fee is to generate funding for critical enhancements to the city's drainage infrastructure, which includes over 62,000 linear feet (12+ miles) of storm channels. Presently, the city's drainage needs far outpace the available resources and staffing required to maintain these responsibilities effectively.

City Council has previously discussed implementing both stormwater and street maintenance fees to establish dedicated and reliable funding mechanisms for these vital infrastructure areas. To support these efforts, the following tasks will be undertaken as part of the stormwater impact fee study, on a lump-sum basis:

Basic Services (\$137,400):

1. Kickoff meeting, data requests, policy discussions, and goal setting
2. Evaluation of stormwater management costs of service
3. Development of fee assessment methodology
4. Creation of a fee structure and revenue model
5. Participation in City Council meetings for utility ordinance and fee schedule adoption

6. Utility data methodology analysis
7. Completion of the stormwater utility fee development study report

On-Call Implementation Assistance: \$30,000

Cost Summary:

- If both the stormwater and street maintenance fee studies are pursued concurrently, the total cost is **\$282,100**, which includes a \$30,000 contingency, resulting in a savings of \$50,200.
- If conducted independently:
 - Stormwater utility fee study: **\$167,400**
 - Street maintenance fee study: **\$164,900**

Developing the two studies concurrently would result in significant cost savings by streamlining efforts and eliminating redundancies. However, pursuing only one study would increase the overall cost due to the loss of shared efficiencies.

RECOMMENDATION:

Staff recommends approving the study for both storm water and street maintenance fees.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

- At the February 13, 2024, City Council Strategic Planning Session, the Council expressed support for holding additional discussions about establishing Stormwater Management and Street Maintenance Fees.
- At the May 8, 2024 Finance Committee meeting, the committee unanimously directed staff to move the items forward to the entire Council for continued discussion.
- At the May 20, 2024 City Council meeting, the City Council unanimously directed staff to hire a consultant to assist in the development of Stormwater Management and Street Maintenance Fee Development Studies.

At the November 18, 2024 City Council meeting, the City Council directed staff to hire a consultant to assist in the development of Stormwater Management and Street Maintenance Fee Development Studies to determine the feasibility and impact of the program.

REFERENCE:

N/A

FISCAL IMPACT:

Adopted independently:

Proposed Expenditure/Revenue: \$137,000

Account Number(s): 10131002-62010

Fund: General

Account Description: Engineering Services

Proposed Expenditure/Revenue: \$30,400 - Supplemental Appropriations

Adopted together:

Proposed Expenditure/Revenue: \$137,000

Account Number(s): 10131002-62010

Fund: General

Account Description: Engineering Services

Supplemental Appropriations = \$145,100

STAFF CONTACT:

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