
City Council Regular Meeting

DEPARTMENT: Finance

FROM: Kevin Hennessey, Director of Finance

MEETING: September 8, 2026

SUBJECT:

Consider and take possible action on an ordinance amending Chapter 82 Utilities, to add Article VII, "Municipal Drainage Utility System" Division 1, "Creation and Administration" to establish a Municipal Drainage Utility System. *(First Reading) (Staff Contact: Kevin Hennessey, Director of Finance)*

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
 High Performing City Organization Providing Exceptional, People Focused Services	1.2 Continue to improve the efficiency and productivity of operations 1.3 Deliver high-quality service and communications to external and internal customers
 Beautiful, Safe, & Vibrant Community	2.4 Implement the city's Capital Improvement Program 3.1 Encourage a clean and healthy community

SUMMARY:

The purpose of this ordinance is to amend the code of ordinances by amending Chapter 82 "Utilities" and add Article VII "Municipal Drainage Utility System:

The Texas Legislature authorizes municipalities to establish and operate stormwater utilities and to assess reasonable fees for stormwater management services under Texas Local Government Code, Chapter 552. The statute authorizes municipalities to fund the planning, construction, operation, maintenance, and replacement of stormwater drainage systems through a dedicated utility supported by user fees.

Stormwater infrastructure is a critical public utility that collects, conveys, and manages rainfall runoff to reduce flooding, protect public and private property, maintain roadways, improve water quality, and ensure compliance with state and federal environmental regulations. Unlike the City's water and wastewater utilities, stormwater services have historically been funded through the General Fund, where they compete with other municipal priorities for limited resources.

Establishing a Stormwater Utility creates a dedicated and sustainable funding source that may only be used for stormwater related purposes. Revenue generated by the utility will support ongoing maintenance and improvements of drainage infrastructure across the city.

RECOMMENDATION:

N/A

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

1/6/2025: City Council awarded a professional services contract to Freese and Nichols for technical assistance in the development of a stormwater utility and fee. CSO#5715-01-2025; CSO#5716-01-2025

5/21/2025: Infrastructure & Development Committee received a report from staff and provided recommendations to City Council

5/27/2025: City Council received a report and provided direction to staff to proceed with development of a stormwater utility and fee

12/15/2025: City Council received a report and provided direction to staff to provide additional information

2/2/2026: City Council received a report and provided staff additional direction to modify the program and continue moving forward.

5/27/2026: Finance Committee received a report from staff regarding the timing and preparation of this item, as it relates to the annual budget process.

6/15/2026: City Council provided direction to move the fee forward, in sequence with the annual budget adoption.

REFERENCE:

N/A

FISCAL IMPACT:

N/A

STAFF CONTACT:

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