



AGENDA MEMORANDUM

Public Hearing and First Reading for the City Council Meeting August 31, 2021
Second Reading for City Council Meeting September 7, 2021

DATE: August 31, 2021
TO: Peter Zaroni, City Manager
FROM: Richard Martinez, Director of Public Works
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**PUBLIC HEARING AND FIRST READING ORDINANCE TO CONSIDER
CREATING A MUNICIPAL DRAINAGE UTILITY SYSTEM**

CAPTION:

Ordinance adopting Subchapter C of Chapter 552 of the Texas Local Government Code and declaring the drainage of the City of Corpus Christi ("City") to be a public utility and part of the City's combined utility system and establishing the City's storm water system as a municipal drainage utility system; incorporating existing facilities into the municipal drainage utility system; providing for segregation of revenue from drainage charges; and providing that issuance of storm water revenue bonds or combined (water, wastewater, gas and storm water) utility revenue bonds may be repaid with revenue from the municipal drainage utility system charge.

SUMMARY:

Public Notice is hereby given that the City Council of the City of Corpus Christi will hold a public hearing to consider a City ordinance creating a Municipal Drainage Utility System on August 31, 2021 during the Council meeting beginning at 11:30 a.m. in the City Council Chambers, 1201 Leopard Street, Corpus Christi, Texas.

Ordinance adopting Subchapter C of Chapter 552 of the Texas Local Government Code and declaring the drainage of the City of Corpus Christi ("City") to be a public utility and part of the City's combined utility system and establishing the City's storm water system as a municipal drainage utility system; incorporating existing facilities into the municipal drainage utility system; providing for segregation of revenue from drainage charges; and providing that issuance of storm water revenue bonds or combined (water, wastewater, gas and storm water) utility revenue bonds may be repaid with revenue from the municipal drainage utility system charge.

BACKGROUND AND FINDINGS:

Since 1989 the City of Corpus Christi has funded storm water services through the water rate. For FY 2021, the water rate generates approximately \$140.7 million in revenue, of that approximately \$16.9 million is allocated for storm water services. The allocation amount does not include past debt services.

The Public Works Department was tasked by the Mayor and City Council with creating a fair and equitable fee structure for storm water that more accurately reflects usage of the City's drainage system. Additionally, Public Works was tasked with removing storm water from the water rate, creating a stable Storm Water revenue stream, and engaging stakeholders in the process.

In 2020, the City hired Raftelis and WSP, both of which are financial and management consultancy groups with specialized expertise in storm water fee structures and public outreach.

Since March 2020, City staff have held multiple stakeholder meetings and have continued working with both consultants as well as stakeholder groups to develop a storm water fee rate model. The consultants' work included assisting the City with stakeholder group facilitation; compiling, processing, and analyzing data to support the City's selected draft rate structure; developing a financial plan and rate model; computing draft rates; analyzing potential customer impacts; supporting scenario analysis around rate structures and draft rates; and developing a draft communications plan.

During the development process last summer, Public Works was directed to pause the development of a proposed fee due to COVID-19 and the effects that such a fee might have on residents and businesses in the midst of a pandemic. It was decided that the fee process was to be postponed until 2021. In February 2021, the Mayor and City Manager gave direction to Public Works to resume the process of creating a standalone Storm Water Fee which will ultimately remove it from the water usage calculation.

Since resuming the process, Public Works held four stakeholder meetings to solicit input and pinpoint areas of concern regarding customer impacts, ease of implementation, administration, maintenance, public communication/understanding, and overall effects on stormwater program development. The results of the stakeholder meetings and proposed storm water rates were presented to City Council on August 12, 2021 during the Public Works FY 2022 Proposed Budget presentation.

ALTERNATIVES:

The alternative would be that storm water revenues would continue to be collected from the water rates.

FISCAL IMPACT:

N/A

FUNDING DETAIL:

Fund:	N/A
Organization/Activity:	N/A
Mission Element:	N/A
Project # (CIP Only):	N/A
Account:	N/A

RECOMMENDATION:

Staff recommends approval of the ordinance adopting Subchapter C of Chapter 552 of the Texas Local Government Code and declaring the drainage of the City of Corpus Christi ("City") to be a public utility and part of the City's combined utility system and establishing the City's storm water system as a municipal drainage utility system; incorporating existing facilities into the municipal drainage utility system; providing for segregation of revenue from drainage charges; and providing

that issuance of storm water revenue bonds or combined (water, wastewater, gas and storm water) utility revenue bonds may be repaid with revenue from the municipal drainage utility system charge.

LIST OF SUPPORTING DOCUMENTS:

Ordinance