

ORDINANCE 23-04

AN ORDINANCE TO AMEND ORDINANCE NO. 09-42 TO ESTABLISH STORMWATER ERU RATES FOR CUSTOMERS OF THE CITY OF SPRING HILL

WHEREAS, the Board of Mayor and Alderman desires to set fair ERU rates for the City of Spring Hill; and

WHEREAS, it has been determined by a rate study compiled by Rafetelis, with additional input by city staff, that ERU rates should be adjusted in order to cover costs incurred, and

WHEREAS, the Board of Mayor and Aldermen has evaluated the study and recommendations and has determined the fees set forth herein below are reasonable and necessary and are in accordance with provisions of Ordinance 09-39 and Ordinance 09-42, and

WHEREAS, the Board of Mayor and Aldermen has determined it to be appropriate to implement the rates set forth herein effective July 1, 2023.

BE IT THEREFORE ORDAINED BY THE BOARD OF MAYOR AND ALDERMAN OF THE CITY OF SPRING HILL, TENNESSEE, that the following rates be established and shall take effect as follows:

WHEREAS, the Board and Mayor and Alderman recognizes the need to pass the new fees on to customers;

Section 1. ERU ESTABLISHED. The Equivalent Residential Unit is hereby established to be 3,412 square feet of impervious area.

Section 2. ERU Rate Established. The ERU rate to be charged for Storm Water Management Utility Fees for each ERU is hereby established as follows:

Rates as of July 1, 2023	\$5.25 for Residential \$5.00 for Commercial
Rates as of July 1, 2024	\$6.75 for Residential \$6.50 for Commercial
Rates as of July 1, 2025	\$7.75 for Residential \$7.75 for Commercial

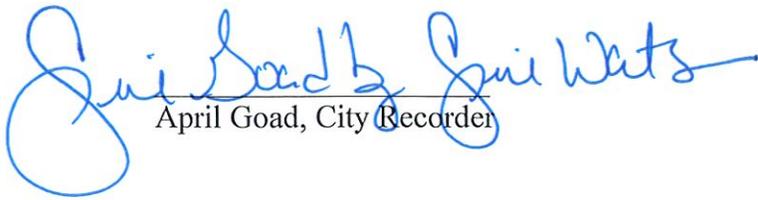
Beginning July 1, 2026 an escalation of \$0.25 or an amount equivalent to the Consumer Price Index, all Urban Consumers parent of inflation, whichever is greater shall be added annually to both Residential and Commercial customers.

Section 3. This Ordinance shall become effective July 1, 2023, the public welfare requiring it.

Section 4. The attached storm water utility fee schedule is hereby adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee this 1st day of May, 2023.


Jim Hagaman, Mayor

ATTEST:


April Goad, City Recorder

LEGAL FORM APPROVED:


Patrick Carter, City Attorney

Passed on First Reading: April 17, 2023

Passed on Second Reading: May 1, 2023

STORM WATER UTILITY FEE SCHEDULE

Equivalent Residential Unit (ERU) = 3,412 sq feet

Base Rate:

Rates as of July 1, 2023 \$5.25 for Residential
 \$5.00 for Commercial

Rates as of July 1, 2024 \$6.75 for Residential
 \$6.50 for Commercial

Rates as of July 1, 2025 \$7.75 for Residential
 \$7.75 for Commercial

Beginning July 1, 2026 an escalation of \$0.25 shall be added annually or an amount equivalent to the Consumer Price Index, all Urban Consumers parent of inflation, whichever is greater to both Residential and Commercial customers.

Storm Water User Fee =

Single Family Residential User Fee (<10,000 sq ft IS):

July 1, 2023 - \$5.25

July 1, 2024 - \$6.75

July 1, 2025 - \$7.75

July 1, 2026 – escalation of \$0.25 added annually or an amount equivalent to the Consumer Price Index, all Urban Consumers parent of inflation, whichever is greater.

Single Family Residential User Fee (>10,000 sq ft IS):

July 1, 2023 - \$5.25 x # of ERU's – (\$5.25 minimum)

July 1, 2024 - \$6.75 x # of ERU's – (\$6.75 minimum)

July 1, 2025 - \$7.75 x # of ERU's – (\$7.75 minimum)

July 1, 2026 – escalation of \$0.25 added annually or an amount equivalent to the Consumer Price Index, all Urban Consumers parent of inflation, whichever is greater x # of ERU's

Other Developed Property – “Commercial”

July 1, 2023 - \$5.00 x # of ERU's – (\$5.00 minimum)

July 1, 2024 - \$6.50 x # of ERU's – (\$6.50 minimum)

July 1, 2025 - \$7.75 x # of ERU's – (\$7.75 minimum)

July 1, 2026 – escalation of \$0.25 added annually or an amount equivalent to the Consumer Price Index, all Urban Consumers parent of inflation, whichever is greater x # of ERU's

Vacant/Undeveloped Property (<1800 sq ft IS)\$0.00

Vacant/Undeveloped Property (>1800 sq ft IS): see Residential and Other Developed Property Rates above.

Agricultural Property (<3,412 sq ft IS):

July 1, 2023 - \$5.25

July 1, 2024 - \$6.75

July 1, 2025 - \$7.75

July 1, 2026 – escalation of \$0.25 added annually or an amount equivalent to the Consumer Price Index, all Urban Consumers parent of inflation, whichever is greater x # of ERU's

Agricultural Property (>3,412 sq ft IS):

July 1, 2023 - \$5.25 x # of ERU's – (\$5.25 minimum)

July 1, 2024 - \$6.75 x # of ERU's – (\$6.75 minimum)

July 1, 2025 - \$7.75 x # of ERU's – (\$7.75 minimum)

July 1, 2026 – escalation of \$0.25 added annually or an amount equivalent to the Consumer Price Index, all Urban Consumers parent of inflation, whichever is greater x # of ERU's

Late Payment Fee.....10% of bill

Credit and Adjustment Application Fee*

Small Home Credit.....\$ 0.00

Water Education Credit\$ 0.00

Adjustment Application Fee.....\$ 0.00

All other Credit Applications

Property Containing <20,000 sq ft IS.....\$ 50.00

Property Containing <20,000 - <40,000 sq ft IS.....\$150.00

Property Containing <40,000 - <100,000 sq ft IS.....\$250.00

Property Containing 100,000 + sq ft IS.....\$500.00

*Application fees for a property which received a credit, but subsequently became non-compliant for failure to maintain, shall be doubled upon re-application for the credit.

("IS" stands for Impervious Surface)



MEMORANDUM

TO: Board of Mayor and Alderman
FROM: Tyler Scroggins, Public Works Director
DATE: April 17, 2023
RE: Storm Water Rate Adjustment
REQUEST: Approval of Ordinance 23-04

PURPOSE:

To establish a multi-year financial plan for the Storm Water Fund by following guidance from the Raftelis Cost of Service Study.

BACKGROUND:

The City of Spring Hill has experienced significant growth over the last several years. Future growth is projected at 1,000 residential units per year. This growth creates additional demands upon city services. A rate increase in the storm water fund will fully fund the expense associated with the financial plan, the utility systems, equipment repair and replacement, and necessary future capital investments in the utility to meet future growth and development needs. Due to the expectation that revenues might fall short of expenditures during the 2023-2024 fiscal year, the city hired Raftelis to conduct a “Cost of Services” study so that a plan for future expenses could be determined and thus identify the level revenues that would be needed to satisfy those expenses. As a part of the study results, Raftelis recommended a multi-year

STAFF RECOMMENDATION:

Staff recommends approval of Ordinance 23-04 to increase the stormwater rates as recommended by Raftelis.



STORMWATER UTILITY RATE STUDY

Advantages of Rate Structure

- Obtain a sustainable rate
- Capability to repay the loan obtained in 2022
- Establishes an allocation method for future CIP Projects
- Establishes an allocation of funds to maintain and grow the Stormwater Department (personnel and equipment)

Scenario 1 – Alderman Linville Recommendation

City of Spring Hill, TN
Stormwater Financial Planning Model



Chart Start: 2023 Chart Length: 6 O&M Scenario: Off O&M Scenario: FY 2027 United Services Current Billing: FY 2022 FY 2023 FY 2024 FY 2025 FY 2026 FY 2027 FY 2028 FY 2029 FY 2030 FY 2031 FY 2032 FY 2033

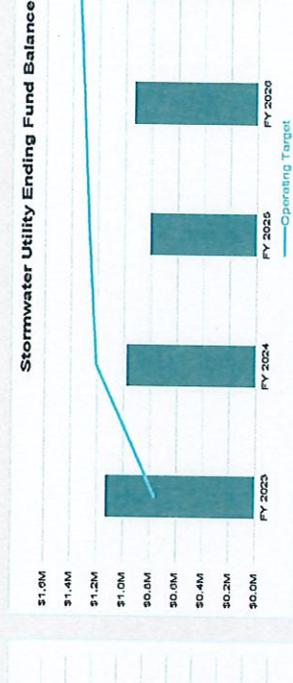
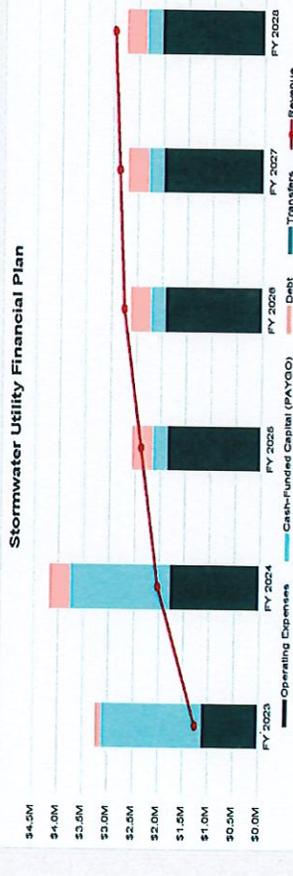
Input values in the light blue boxes to drive the rate increase and level of service.

Stormwater Fee Increase	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Residential	36%	36%	26%	17%	14%	3%	3%	3%	3%	3%	3%	3%
Commercial	1.25	1.25	1.25	1.00	1.00	1.00	0.25	0.25	0.25	0.25	0.25	0.25
FY23 Month Implemented:	11											

Revenues	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Total Operating Requirements	\$ 1,110,842	\$ 1,242,853	\$ 2,011,886	\$ 2,372,103	\$ 2,735,626	\$ 2,848,064	\$ 2,963,690	\$ 3,066,733	\$ 3,189,822	\$ 3,320,987	\$ 3,444,257	\$ 3,569,661
Total Operating Expenses	\$ 1,293,600	\$ 1,114,181	\$ 1,701,483	\$ 1,845,716	\$ 1,607,687	\$ 1,976,087	\$ 2,056,418	\$ 2,110,676	\$ 2,168,126	\$ 2,209,229	\$ 2,354,051	\$ 2,442,705
Total PAYGO Service	\$ -	\$ 113,116	\$ 396,188	\$ 399,197	\$ 399,196	\$ 399,196	\$ 399,197	\$ 399,197	\$ 399,197	\$ 399,197	\$ 399,197	\$ 399,198
Total Transfers	\$ -	\$ (2,000,000)	\$ (2,000,000)	\$ (2,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal: Revenue Requirements	\$ 1,253,669	\$ 1,227,297	\$ 2,160,660	\$ 2,544,913	\$ 2,606,885	\$ 2,674,701	\$ 2,735,616	\$ 2,806,772	\$ 2,887,323	\$ 2,968,438	\$ 3,053,248	\$ 3,141,964

Transfer from Water and Sewer Fund	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Surplus/Deficit	\$ (142,827)	\$ 15,566	\$ (146,774)	\$ (172,811)	\$ 128,741	\$ 173,983	\$ 228,075	\$ 270,981	\$ 312,500	\$ 352,561	\$ 391,009	\$ 427,698
Ending Cash Balance	\$ 1,108,898	\$ 1,124,454	\$ 976,630	\$ 802,869	\$ 931,610	\$ 1,100,673	\$ 1,333,648	\$ 1,604,609	\$ 1,917,108	\$ 2,269,670	\$ 2,660,679	\$ 3,098,376

Monthly Residential Stormwater Fee	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
\$ Change in Bill	\$ 3.50	\$ 4.76	\$ 6.00	\$ 7.00	\$ 8.00	\$ 8.25	\$ 8.50	\$ 8.75	\$ 9.00	\$ 9.25	\$ 9.50	\$ 9.75
Monthly Commercial Stormwater Fee	\$ 3.50	\$ 4.75	\$ 6.00	\$ 7.00	\$ 8.00	\$ 8.25	\$ 8.50	\$ 8.75	\$ 9.00	\$ 9.25	\$ 9.50	\$ 9.75
\$ Change in Bill	\$ 4.25	\$ 5.50	\$ 6.75	\$ 7.75	\$ 8.75	\$ 9.00	\$ 9.25	\$ 9.50	\$ 9.75	\$ 10.00	\$ 10.25	\$ 10.50



Scenario 2 – Staff Recommendation

City of Spring Hill, TN
Stormwater Financial Planning Model



	Chart Legend		OSM Scenario													
	2023	0	Off			OSM Scenario										
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2033	FY 2033		
Input values in the light blue boxes to drive the rate increase and level of service.																
Stormwater Fee Increase																
Residential																
Commercial																
PY23 Month Implemented:	13															
Revenues																
Revenue Requirements	\$ 1,110,842	\$ 1,285,413	\$ 2,230,004	\$ 2,624,550	\$ 2,735,020	\$ 2,848,664	\$ 2,963,690	\$ 3,080,733	\$ 3,199,822	\$ 3,320,987	\$ 3,444,257	\$ 3,569,661	\$ 3,569,661	\$ 3,569,661		
Total Operating Expenses	\$ 1,253,669	\$ 1,114,181	\$ 1,806,482	\$ 1,891,616	\$ 1,954,806	\$ 2,023,258	\$ 2,085,127	\$ 2,149,258	\$ 2,216,588	\$ 2,287,050	\$ 2,360,350	\$ 2,436,544	\$ 2,496,544	\$ 2,496,544		
Total PAYGO	\$ -	\$ 113,116	\$ 399,198	\$ 399,197	\$ 399,198	\$ 399,197	\$ 399,197	\$ 399,197	\$ 399,197	\$ 399,197	\$ 399,197	\$ 399,197	\$ 399,197	\$ 399,197		
Total Transfers	\$ -	\$ (2,000,000)	\$ (2,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Subtotal: Revenue Requirements	\$ 1,253,669	\$ 1,227,297	\$ 2,206,000	\$ 2,690,813	\$ 2,653,703	\$ 2,722,465	\$ 2,784,324	\$ 2,850,456	\$ 2,938,000	\$ 3,020,117	\$ 3,105,972	\$ 3,195,743	\$ 3,195,743	\$ 3,195,743		
Transfer from Water and Sewer Fund Surplus/Deficit	\$ (142,827)	\$ 36,116	\$ 25,205	\$ 33,730	\$ 81,923	\$ 120,200	\$ 179,305	\$ 221,277	\$ 261,822	\$ 300,870	\$ 339,284	\$ 378,910	\$ 378,910	\$ 378,910		
Ending Cash Balance	\$ 1,108,898	\$ 1,147,014	\$ 1,172,219	\$ 1,209,965	\$ 1,237,878	\$ 1,414,087	\$ 1,593,452	\$ 1,814,729	\$ 2,076,562	\$ 2,377,422	\$ 2,715,706	\$ 3,089,625	\$ 3,089,625	\$ 3,089,625		
Monthly Residential Stormwater Fee \$ Change in Bill	\$ 3.50	\$ 6.25	\$ 7.75	\$ 7.75	\$ 8.00	\$ 8.25	\$ 8.50	\$ 8.75	\$ 9.00	\$ 9.25	\$ 9.50	\$ 9.75	\$ 9.75	\$ 9.75		
Monthly Commercial Stormwater Fee \$ Change in Bill	\$ 3.50	\$ 7.75	\$ 8.00	\$ 8.00	\$ 8.25	\$ 8.50	\$ 8.75	\$ 9.00	\$ 9.25	\$ 9.50	\$ 9.75	\$ 9.75	\$ 9.75	\$ 9.75		



Scenario 3 – BOMA Advance Recommendation

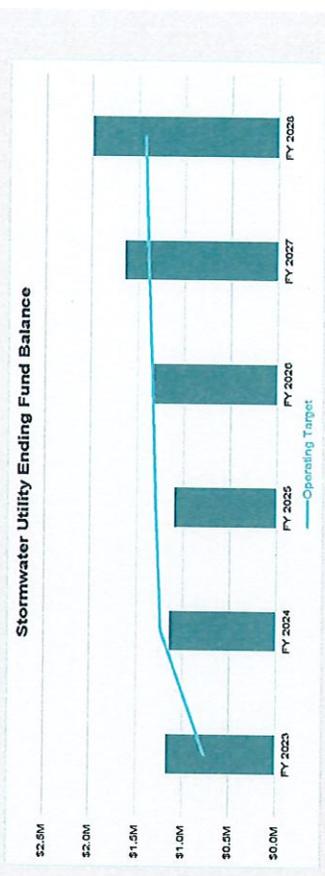
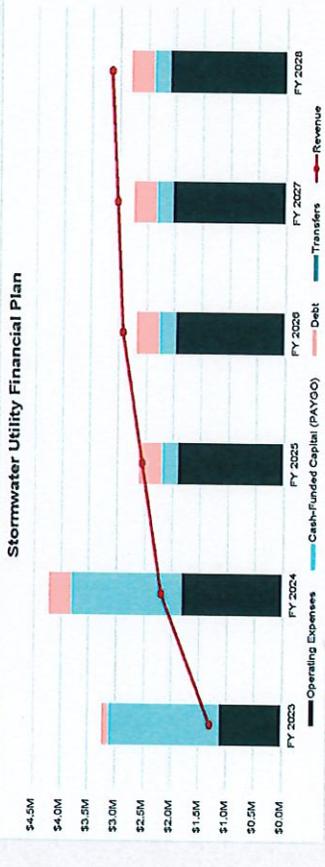
City of Spring Hill, TN
Stormwater Financial Planning Model



Chart Start	2023	Chart Length	0	O&M Scenario FY										Units of Service		Current Billing											
				FY 2022	FY 2021	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033												
Input values in the light blue boxes to drive the rate increase and level of service.																											
Stormwater Fee Increase																											
Residential				57%	2.00	18%	1.00	15%	1.00	13%	1.00	3%	0.25	3%	0.25	3%	0.25	3%	0.25	3%	0.25	3%	0.25	3%	0.25	3%	0.25
Commercial				57%	2.00	18%	1.00	15%	1.00	2%	1.00	3%	0.25	3%	0.25	3%	0.25	3%	0.25	3%	0.25	3%	0.25	3%	0.25	3%	0.25
FY23 Month Implemented: 11																											

	FY 2022	FY 2021	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Revenues												
Revenue Requirements	\$ 1,110,842	\$ 1,294,210	\$ 2,178,216	\$ 2,840,401	\$ 2,905,607	\$ 3,020,344	\$ 3,137,087	\$ 3,255,864	\$ 3,376,705	\$ 3,499,639	\$ 3,624,695	\$ 3,751,904
Total Operating Expenses	\$ 1,253,669	\$ 1,114,191	\$ 1,898,462	\$ 1,891,616	\$ 1,854,605	\$ 2,023,268	\$ 2,085,127	\$ 2,160,268	\$ 2,238,803	\$ 2,320,920	\$ 2,406,776	\$ 2,496,544
Total Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total PAYGO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Revenue Requirements	\$ 1,253,669	\$ 1,227,237	\$ 2,206,660	\$ 2,600,813	\$ 2,853,703	\$ 2,725,455	\$ 2,784,324	\$ 2,859,456	\$ 2,938,000	\$ 3,020,117	\$ 3,105,972	\$ 3,195,743
Transfer from Water and Sewer Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus/Deficit	\$ (142,827)	\$ 56,913	\$ (27,445)	\$ (50,413)	\$ 251,904	\$ 297,889	\$ 352,763	\$ 398,400	\$ 438,705	\$ 479,522	\$ 518,722	\$ 566,161
Ending Cash Balance	\$ 1,108,898	\$ 1,165,811	\$ 1,138,366	\$ 1,087,953	\$ 1,339,867	\$ 1,637,746	\$ 1,990,009	\$ 2,386,918	\$ 2,825,623	\$ 3,305,145	\$ 3,833,868	\$ 4,360,029

	FY 2022	FY 2021	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Monthly Residential Stormwater Fee	\$ 3.50	\$ 3.50	\$ 6.50	\$ 7.50	\$ 8.50	\$ 8.75	\$ 9.00	\$ 9.25	\$ 9.50	\$ 9.75	\$ 10.00	\$ 10.25
\$ Change in Bill	\$ -	\$ -	\$ 3.00	\$ 1.00	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Monthly Commercial Stormwater Fee	\$ 3.50	\$ 3.50	\$ 6.50	\$ 7.50	\$ 8.50	\$ 8.75	\$ 9.00	\$ 9.25	\$ 9.50	\$ 9.75	\$ 10.00	\$ 10.25
\$ Change in Bill	\$ -	\$ -	\$ 3.00	\$ 1.00	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25



	Alderman Linville	Staff	Advance
Initial Increase	1.25	1.75	2.00
Max rate	9.75	9.75	10.25
Ending Fund balance	3,088,376	3,089,625	4,380,029
Includes O&M Scenarios	Yes	Yes	Yes
Deficit/Year	Yes/FY2024 & FY2025	No	Yes/ FY2024 & FY 2025

COMMERCIAL MONTHLY COMPARISON

Location	Total Impervious Area	Current	Alderman Linville	Staff	Advance
Single Family Dwelling	-	\$3.50	\$4.75	\$5.00	\$5.50
Worthington Glenn (23 meters)	816922	\$837.99	\$1,137.27	\$1,197.33	\$1,316.84
HARDEES	31787	\$32.61	\$44.25	\$46.58	\$51.24
HOME DEPOT USA INC	484801	\$497.30	\$674.91	\$710.44	\$781.48
BATTLE CREEK ELEMENTARY SCHOOL	274714	\$281.80	\$382.44	\$402.57	\$442.83
LONGVIEW ELEMENTARY SCHOOL	289119	\$290.42	\$394.14	\$414.89	\$456.38
THE BRIDGE CHURCH	205920	\$211.23	\$286.67	\$301.76	\$331.93
NATIVITY CHURCH	104984	\$107.69	\$146.15	\$153.85	\$169.23

COMMERCIAL ANNUAL COMPARISON

Location	Total Impervious Area	Current	Alderman Linville	Staff	Advance
		Annual Costs	Annual Costs	Annual Costs	Annual Costs
Single Family Dwelling	-	\$3.50/M	\$4.75/M	\$5.00/M	\$5.50/M
Worthington Glenn (23 meters)	816922	\$42.00	\$57.00	\$60.00	\$66.00
HARDEES	31787	\$10,055.88	\$13,647.24	\$14,365.56	\$15,802.08
HOME DEPOT USA INC	484801	\$391.32	\$531.00	\$558.96	\$614.88
BATTLE CREEK ELEMENTARY SCHOOL	274714	\$5,967.60	\$8,098.92	\$8,525.28	\$9,377.76
LONGVIEW ELEMENTARY SCHOOL	283119	\$3,381.60	\$4,589.28	\$4,830.84	\$5,313.96
THE BRIDGE CHURCH	205920	\$3,485.04	\$4,729.68	\$4,978.68	\$5,476.56
NATIVITY CHURCH	104984	\$2,534.76	\$3,440.04	\$3,621.12	\$3,983.16
		\$1,292.28	\$1,753.80	\$1,846.20	\$2,030.76