I. Call To Order

II. Roll Call

PRESENTATIONS

1. Receive a staff presentation and hold a discussion on the results of the Stormwater Utility Rate Study, and provide direction to the City Manager.

2. Receive a staff presentation and hold a discussion on the Whisper Public Improvement District (PID), and provide direction to the City Manager.

EXECUTIVE SESSION

3. Executive Session in accordance with the following Government Code Section § 551.071 - Consultation with Attorney: to receive a legal briefing and deliberation regarding Martindale ETJ Matters.

III. Adjournment.

POSTED ON FRIDAY, JANUARY 24, 2020 @ 4:30PM

TAMMY K. COOK, INTERIM CITY CLERK

Notice of Assistance at the Public Meetings

The City of San Marcos does not discriminate on the basis of disability in the admission or access to its services, programs, or activities. Individuals who require auxiliary aids and services for this meeting should contact the City of San Marcos ADA Coordinator at 512-393-8000 (voice) or call Texas Relay Service (TRS) by dialing 7-1-1. Requests can also be faxed to 855-461-6674 or sent by e-mail to ADArequest@sanmarcostx.gov
AGENDA CAPTION:
Receive a staff presentation and hold a discussion on the results of the Stormwater Utility Rate Study, and provide direction to the City Manager.
Meeting date: February 4, 2020

Department: CIP/Engineering-Laurie Moyer, Director, Finance-Heather Hurlbert, Director/CFO

Amount & Source of Funding
Funds Required:  Click or tap here to enter text.
Account Number:  Click or tap here to enter text.
Funds Available:  Click or tap here to enter text.
Account Name:  Click or tap here to enter text.

Fiscal Note:
Prior Council Action: Click or tap here to enter text.

City Council Strategic Initiative:  [Please select from the dropdown menu below]
Choose an item.
Choose an item.
Choose an item.

Comprehensive Plan Element (s):  [Please select the Plan element(s) and Goal # from dropdown menu below]
☐ Economic Development - Choose an item.
☐ Environment & Resource Protection - Choose an item.
☐ Land Use - Choose an item.
☐ Neighborhoods & Housing - Choose an item.
☐ Parks, Public Spaces & Facilities - Choose an item.
☐ Transportation - Choose an item.
☐ Core Services
☐ Not Applicable
Master Plan: [Please select the corresponding Master Plan from the dropdown menu below (if applicable)]
Stormwater Master Plan

Background Information:
Receive an update on the Stormwater Utility rate modeling and discuss next steps.

Council Committee, Board/Commission Action:
Click or tap here to enter text.

Alternatives:
Click or tap here to enter text.

Recommendation:
Click or tap here to enter text.
Purpose of Update Today
Provide Update on Stormwater Utility and seek Council feedback

Agenda

• History of Stormwater Utility

• Stormwater Utility Study
  • Rate Structure Analysis
  • Billing system Analysis
  • Council Feedback

• Stormwater Program & Rate Model

• Next Steps
History of Stormwater Utility

1999 - Drainage Utility Implemented:

- $25M in projects from 1994 Drainage Master Plan
- O&M funded through transfer from General Fund
- Focus on pipe capacity improvements

2019 – Stormwater Utility is a dedicated funding source to:

- $200M in projects
- O&M for expanded network of pipes, channels, detention and water quality facilities
- Reduce flooding, improve water quality & maintain regulatory compliance (MS4)
# Stormwater Utility Rate History

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>$7.08</td>
<td>$7.43</td>
<td>$8.32</td>
<td>$9.15</td>
<td>$10.52</td>
<td>$12.10</td>
<td>$13.92</td>
<td>$16.04</td>
<td>$18.45</td>
</tr>
<tr>
<td>Incr.</td>
<td>5%</td>
<td>5%</td>
<td>12%</td>
<td>10%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>

* 2020 & Future Rate increases not implemented pending analysis of stormwater utility rate structure

- 2018 Council direction to expedite stormwater projects with 5 yrs of 15% rate increases
- Stormwater Utility rate structure update to explore potential rate structures & requirements
- Goal to establish financial framework for more equitable and sustainable program
Purpose of the Study

Develop more equitable & sustainable program funding

• Better Customer Data
  • Impervious cover
  • Account & parcel matching
• Rate Structure recommendations
• Billing system recommendations
• Stormwater Program Cost Analysis (Rate Model)
• Ordinance update
Impervious Area rate basis

- Impervious area is a better indicator of a parcel’s demand on the drainage system than lot area.

- The Equivalent Residential Unit (ERU) is used to link fees between the residential and non-residential rate class. It is considered by industry standards the most equitable and proportional method.
Better Customer Data – Impervious Cover

- Leaf-off 2017 0.5” 4-band aerial imagery used to assess impervious cover (IC).
- Extensive QA/QC process undertaken to ensure accuracy of impervious determination.
- 2019 Hays County Appraisal District parcel boundaries used for IC by parcel

<table>
<thead>
<tr>
<th>Study Year</th>
<th>IC = Equivalent Residential Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>2250 sf</td>
</tr>
<tr>
<td>2019</td>
<td>2575 sf</td>
</tr>
</tbody>
</table>
Better Customer Data - Account Matching

• Each active billing account must be associated with a parcel, most commonly by matching the address.

• Some parcels have multiple billing accounts and the charge is split to reflect a proportional share of the charge.

• Parcels with impervious cover but without account matches can typically be associated with adjacent parcel accounts.
Account Matching Example

- Multiple Parcels Per Account
  - Primary
  - Secondary
- Impervious Cover for secondary parcel not included in total
Residential Distribution – Development of the Rate Structure

Residential Tiers
- Tier R1: 1-1980 sf = 0.61 ERU
- Tier R2: 1980-3363 sf = 1 ERU
- Tier R3: 3363 sf & above = 1.46 ERU
Proposed Rate Classes

• Three total classes:
  • Residential (R1, R2, R3)
  • Non-Residential (NR)
  • Exempt (Ex).

• Residential parcels with 1-4 units/parcel:
  • Remain in the residential class.
  • Charge is based on each unit’s share of total impervious on the parcel.

• Residential parcels with 5+ units/parcel (Multi-Family):
  • Now classified as Non-Residential
  • Drainage characteristics mimic commercial developments

• Non-Residential: Former Commercial category with addition of Multi-Family
Rate Structure Review and Recommendations

• New Equivalent Residential Unit (ERU) value = 2,575 sf (median value for all SFR parcels)

• Residential Class:
  • The 3 residential tiers change from parcel area to an impervious cover area.
  • Residential parcels with 1-4 units/parcel remain in the residential class.

• Non-residential Class:
  • Residential parcels with 5+ units/parcel classified as Non-Residential
  • Commercial, Retail, Government, Religious, Non-Profit
  • Calculated by dividing total impervious cover by 2,575 to determine ERU’s.

• Exemption for only City and Texas State University owned properties.

Feedback?
# Rate Structure Comparison

## Existing (ERU 2,250 sf)

<table>
<thead>
<tr>
<th>Class Description</th>
<th>Total Lot Size-Square Feet</th>
<th>Current Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Residential</td>
<td>0-6,000</td>
<td>$7.57</td>
</tr>
<tr>
<td>Typical Residential</td>
<td>6,001-12,000</td>
<td>$12.10</td>
</tr>
<tr>
<td>Large Residential</td>
<td>12,001+</td>
<td>$13.86</td>
</tr>
<tr>
<td>Commercial</td>
<td>Impervious Area /ERU *Rate</td>
<td></td>
</tr>
<tr>
<td>Multi-Family</td>
<td># of units * residential rate</td>
<td></td>
</tr>
</tbody>
</table>

## Proposed (ERU 2,575 sf)

<table>
<thead>
<tr>
<th>Class Code</th>
<th>Description</th>
<th>Imperious Cover Range</th>
<th>Rate Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>Small Residential</td>
<td>0-1,980</td>
<td>$7.43</td>
</tr>
<tr>
<td>R2</td>
<td>Typical Residential</td>
<td>1,981-3,336</td>
<td>$12.10</td>
</tr>
<tr>
<td>R3</td>
<td>Large Residential</td>
<td>3,334+</td>
<td>$17.68</td>
</tr>
<tr>
<td>NR</td>
<td>Commercial, Retail, Governmental, Multifamily, religious, non-profit, etc.</td>
<td>Impervious Area /ERU *Rate ($12.10)</td>
<td></td>
</tr>
</tbody>
</table>
Residential Multi-Family Rate Comparison

Parcel Area: 117,064 ft^2
Impervious Area: 115,087 ft^2
Exist. Rate Structure (257 Units): $1,691.06/Month
Prop. Rate Structure: $538.09/Month

Parcel Area: 1,530,020 ft^2
Impervious Area: 808,326 ft^2
Exist. Rate Structure (257 Units): $2,040.88/Month
Prop Rate Structure: $3,779.37/Month
Residential Areas Comparison Sunset Acres

Existing Rate Structure

TIER R1: BLUE
TIER R2: PURPLE
TIER R3: GREEN

Proposed Rate Structure
Residential Areas Comparison
Wallace Addition

<table>
<thead>
<tr>
<th>Existing Rate Structure</th>
<th>Proposed Rate Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIER R1: BLUE</td>
<td></td>
</tr>
<tr>
<td>TIER R2: PURPLE</td>
<td></td>
</tr>
<tr>
<td>TIER R3: GREEN</td>
<td></td>
</tr>
</tbody>
</table>
Residential Areas Comparison
Victory Gardens

Existing Rate Structure

Proposed Rate Structure

TIER R1: BLUE
TIER R2: PURPLE
TIER R3: GREEN
Billing System Review & Recommendations

• Bill for uninterrupted stormwater impervious cover even in the absence of other active utility service (electrical, water, wastewater.)

• Parcels that contain more than 1 drainage account will have fee apportioned between accounts based on impervious cover associated with each account.

• Bill owner of record for residential parcels with 5+ units.

• Implement concurrent update of the impervious cover data and the rate structure to avoid multiple bill changes.

Feedback?
Program Analysis - Building a Rate Model

What is it?

• It is a spreadsheet (Excel) based tool to forecast the stormwater utility’s financial performance into the future.

• It’s based on historical performance and assumptions about the future.

• It includes:
  • Revenue projections
  • Cost of Service
  • Expense projections

What does it provide us?
It allows us to run various scenarios on funding future expenses and the effect on rates.
Program Analysis - Status & Preliminary Recommendations

- Internal review and scenario testing on model underway
- Model is based upon recommended rate structure
- Debt/CIP costs driving rate increases
- Must increase O&M funding to achieve system performance – especially with water quality
- Link operational increases with capital project expenditures
- Amount of rate increases control CIP expenditures and competitiveness with other cities.
## ERU Rate Comparison with other Texas Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Monthly Stormwater Fee (FY19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin (approx.)</td>
<td>$15.00</td>
</tr>
<tr>
<td>San Marcos</td>
<td>$12.10</td>
</tr>
<tr>
<td>Fredericksburg</td>
<td>$6.50</td>
</tr>
<tr>
<td>Georgetown</td>
<td>$6.50</td>
</tr>
<tr>
<td>Killeen</td>
<td>$6.00</td>
</tr>
<tr>
<td>Fort Worth</td>
<td>$5.40</td>
</tr>
<tr>
<td>Schertz</td>
<td>$5.20</td>
</tr>
<tr>
<td>Cibolo</td>
<td>$5.00</td>
</tr>
<tr>
<td>Kyle</td>
<td>$5.00</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$4.94</td>
</tr>
</tbody>
</table>
Multi-Year Plan

Will come back to Council for discussion/direction on stormwater CIP and future rates.

• Currently an estimated $68 Million over next 5-yrs

• Prioritize projects
  • Projects to prevent property damage
  • Council Priority projects
Summary of Next Steps

• Address any City Council recommendations/concerns
• Provide Council Update on rate model and program analysis (future rate increases)
• Update Drainage Utility Ordinance
• Update Utility Billing System
• Education/Public Outreach
  • Finalize Internal Procedures
  • Outreach
• Implement new Rate Structure
<table>
<thead>
<tr>
<th>ID</th>
<th>Land Use</th>
<th>Current Monthly Fee</th>
<th>Existing Rate Structure, New Data</th>
<th>New Rate Structure, New Data</th>
<th>Change in Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Government</td>
<td>$3,485</td>
<td>$12,238</td>
<td>$10,693</td>
<td>$7,209</td>
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<tr>
<td>2</td>
<td>Commercial</td>
<td>$4,392</td>
<td>$12,875</td>
<td>$11,250</td>
<td>$6,857</td>
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<tr>
<td>3</td>
<td>Multi-Family Residential</td>
<td>$3,146</td>
<td>$9,675</td>
<td>$8,454</td>
<td>$5,307</td>
</tr>
<tr>
<td>4</td>
<td>Commercial</td>
<td>$339</td>
<td>$5,497</td>
<td>$4,803</td>
<td>$4,465</td>
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<tr>
<td>5</td>
<td>Commercial</td>
<td>$5,215</td>
<td>$10,056</td>
<td>$8,787</td>
<td>$3,572</td>
</tr>
<tr>
<td>6</td>
<td>Commercial</td>
<td>$1,476</td>
<td>$3,669</td>
<td>$3,206</td>
<td>$1,730</td>
</tr>
<tr>
<td>7</td>
<td>Government</td>
<td>$617</td>
<td>$2,519</td>
<td>$2,201</td>
<td>$1,584</td>
</tr>
<tr>
<td>8</td>
<td>Multi-Family Residential</td>
<td>$1,544</td>
<td>$81</td>
<td>$71</td>
<td>($1,473)</td>
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<tr>
<td>9</td>
<td>Commercial</td>
<td>$11,543</td>
<td>$11,530</td>
<td>$10,075</td>
<td>($1,469)</td>
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<tr>
<td>10</td>
<td>Multi-Family Residential</td>
<td>$2,661</td>
<td>$1,422</td>
<td>$1,243</td>
<td>($1,418)</td>
</tr>
<tr>
<td>11</td>
<td>Multi-Family Residential</td>
<td>$2,347</td>
<td>$4,307</td>
<td>$3,763</td>
<td>$1,416</td>
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<tr>
<td>12</td>
<td>Multi-Family Residential</td>
<td>$1,945</td>
<td>$613</td>
<td>$535</td>
<td>($1,410)</td>
</tr>
<tr>
<td>13</td>
<td>Commercial</td>
<td>$1,612</td>
<td>$3,406</td>
<td>$2,976</td>
<td>$1,363</td>
</tr>
<tr>
<td>14</td>
<td>Government</td>
<td>$2,214</td>
<td>$1,113</td>
<td>$973</td>
<td>($1,242)</td>
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<tr>
<td>15</td>
<td>Multi-Family Residential</td>
<td>$8</td>
<td>$1,360</td>
<td>$1,188</td>
<td>$1,180</td>
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<tr>
<td>16</td>
<td>Commercial</td>
<td>$339</td>
<td>$1,731</td>
<td>$1,512</td>
<td>$1,174</td>
</tr>
<tr>
<td>17</td>
<td>Commercial</td>
<td>$714</td>
<td>$2,079</td>
<td>$1,817</td>
<td>$1,103</td>
</tr>
<tr>
<td>18</td>
<td>Commercial</td>
<td>$85</td>
<td>$1,348</td>
<td>$1,178</td>
<td>$1,093</td>
</tr>
<tr>
<td>19</td>
<td>Government</td>
<td>$36</td>
<td>$1,279</td>
<td>$1,118</td>
<td>$1,082</td>
</tr>
<tr>
<td>20</td>
<td>Commercial</td>
<td>$133</td>
<td>$1,372</td>
<td>$1,199</td>
<td>$1,066</td>
</tr>
</tbody>
</table>
AGENDA CAPTION:
Receive a staff presentation and hold a discussion on the Whisper Public Improvement District (PID), and provide direction to the City Manager.
Meeting date: February 4, 2020

Department: Finance-Heather Hurlbert, Finance Director/CFO

Amount & Source of Funding
Funds Required: Click or tap here to enter text.
Account Number: Click or tap here to enter text.
Funds Available: Click or tap here to enter text.
Account Name: Click or tap here to enter text.

Fiscal Note:
Prior Council Action: Whisper PID was approved by City Council in October 2014

City Council Strategic Initiative: [Please select from the dropdown menu below]
Choose an item.
Choose an item.
Choose an item.

Comprehensive Plan Element(s): [Please select the Plan element(s) and Goal # from dropdown menu below]
☐ Economic Development - Choose an item.
☐ Environment & Resource Protection - Choose an item.
☐ Land Use - Choose an item.
☐ Neighborhoods & Housing - Choose an item.
☐ Parks, Public Spaces & Facilities - Choose an item.
☐ Transportation - Choose an item.
☐ Core Services
☐ Not Applicable
Background Information:
Receive an update on the Whisper PID and discuss next steps,

Council Committee, Board/Commission Action:
Click or tap here to enter text.

Alternatives:
Click or tap here to enter text.

Recommendation:
Click or tap here to enter text.
Whisper Public Improvement District (PID) Update

February 4, 2020
City of San Marcos | Finance
Purpose and Agenda

Purpose

➢ Review the basics of Public Improvement District (PID)

➢ Receive an update on the Whisper PID

Agenda

➢ PID Basics

➢ Whisper PID

➢ Next steps
PID Basics
## PID Basics

### What is a PID
- A PID is a special district created by a City or County under the authority of Chapter 372 of the Texas Local Government Code
- Allows the City or County to levy a special assessment against properties within the district to pay for improvements that provide special benefit to the district

### What are PID Assessments
- Assessments are payments made by property owners to pay for the district improvements

### Benefit of PID
- Property owners that benefit from the improvements pay for the improvements
- PID debt is paid solely from the assessments and the City is not at risk for the debt

### Term Sheet
The PID Term Sheet defines the:
- Maximum indebtedness
- Maximum annual assessment rate
- Maximum reimbursable construction costs
- Projected land use
- Proposed timeline
- Terms and conditions
City Council approves PID

Developer makes improvements per Planned Development Plan (PDD) and PID Financing Agreement

City confirms improvements completion and appraised value then issues PID bonds

Developer is reimbursed with proceeds from bond sale

Annual assessments are paid by property owners and are used to pay the bonds and PID administrative expenses.
Whisper PID
Whisper PID Area
Whisper PID Highlights

281 Acre business park

285 Acres of commercial development

106 Acres single family residential

111 Acres master retail and commercial center

50,000 Square foot commercial spec building

All improvements required by the PDD and PID Financing Agreement are substantially complete. Estimated addition to the tax roles at build out is $638.2M.
History of Whisper PID

Term Sheet approved by City Council in October 2014

Term Sheet amended December 2015 to extend date for submission of design plans to June 2016

Term Sheet amended September 2017 to extend date for construction completion to September 2018 and increase of maximum annual assessment

Term Sheet amended January 2019 to extend date for construction completion to May 2019 and create Traffic Impact Analysis criteria
Whisper PID Improvements

District roadways including sidewalks, landscaping and lighting

Water infrastructure within the City’s CCN

Wastewater infrastructure within the City’s CCN

A maximum of $14.6M in PID bonds will be issued to reimburse the developer for improvements that provide special benefit to the district.
Next Steps
Next Steps

February/March

- Amend PID Term Sheet to extend date for construction completion
- Authorize Publication of the Preliminary Limited Offering Memorandum (PLOM)
- Approve cost determination resolution

March/April

- Price Bonds
- Public Hearing to levy PID assessment
- Consider ordinance approving Service & Assessment Plan & levy assessments
- Consider ordinance authorizing PID bonds
- Execute Bond Purchase Agreement

March/April

- Close Bonds
- Reimburse developer per agreement
Questions?

Thank You
AGENDA CAPTION:
Executive Session in accordance with the following Government Code Section § 551.071 - Consultation with Attorney: to receive a legal briefing and deliberation regarding Martindale ETJ Matters.

Meeting date: 2/4/2020

Department: City Clerk’s Office on behalf of the City Council

Amount & Source of Funding
Funds Required: Click or tap here to enter text.
Account Number: Click or tap here to enter text.
Funds Available: Click or tap here to enter text.
Account Name: Click or tap here to enter text.

Fiscal Note:
Prior Council Action: Click or tap here to enter text.

City Council Goal: [Please select goal from dropdown menu below]
Choose an item.
Choose an item.
Choose an item.

Comprehensive Plan Element(s): [Please select the Plan element(s) and Goal # from dropdown menu below]
☐ Economic Development - Choose an item.
☐ Environment & Resource Protection - Choose an item.
☐ Land Use - Choose an item.
☐ Neighborhoods & Housing - Choose an item.
☐ Parks, Public Spaces & Facilities - Choose an item.
☐ Transportation - Choose an item.
☐ Not Applicable
**File #:** ID#19-909, **Version:** 1

**Master Plan:** [Please select the corresponding Master Plan from the dropdown menu below (if applicable)]
Choose an item.

**Background Information:**
Click or tap here to enter text.

**Council Committee, Board/Commission Action:**
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**Alternatives:**
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**Recommendation:**
Click or tap here to enter text.