

# City of McAllen Drainage Utility

DECEMBER 2017



# Meeting Outline

- Why is the City Considering the Drainage Utility?
- What is a Drainage Utility?
- How are Customer User – Fees Assigned to Property?
- Potential Revenues from collected fees
- How will the revenues be used?
- What are next steps?

# Why is the City Considering the Drainage Utility?

- 2015 citizen survey identified Drainage improvements as one of the top 3 infrastructure improvements desired by citizens.
- There are 66 drainage projects identified on the City's master drainage plan totaling over \$46 million.
- General Fund alone can not meet the funding needs.
- A Drainage Utility one of several funding mechanisms being considered to meet the needs.



# Available Funding Mechanisms

CIP	\$1,485,360
CDBG	\$813,000
Grants – HMGP	\$5,318,877
TIRZ	\$7,433,000
Drainage Bond	\$20,512,000
Drainage Utility Fee	\$11,211,000

\$46,773,237

# What is a Drainage Utility?

- The creation of a Drainage Utility is guided by state law:

<http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.552.htm>

- It is similar to water, sewer, and other utilities, however, its function is to address storm water management in the municipality.
- Revenues from the Drainage Utility can only be spent on storm water related projects, providing a steady funding source.
- It must be on an Equitable User-Fee Basis
- For McAllen, fee is based on an Equivalent Residential Unit (ERU), which is an average impervious cover for residential properties in our City.

# Impervious Cover and Runoff

undeveloped land



developed land



# How are Customer User Fees Assigned?

Calculated the average single family residential impervious cover using Hidalgo County Appraisal District data.



Added an average of 600 sf for driveways.



Excludes pools, sheds, and sidewalks.



**1 ERU = 2,700 SF**

# How are McAllen fees determined? (1 ERU = 2,700 sf)

## Example: Single Family Residential

- A base fee of \$1.50/month/ERU
- 2,000 sf of impervious cover = 0.74 times base fee = \$1.11/month
- 4,000 sf of impervious cover = 1.48 times base fee = \$2.22/month
- A min. fee of \$1.00

## Example: Non Single Family Residential

- A base fee of \$1.50/month/ERU
- 100,000 sf or impervious cover = 37.04 times base fee = \$55.56/month
- 50,000 sf of impervious cover = 18.52 times base fee = \$27.78/month
- A max fee of \$75.

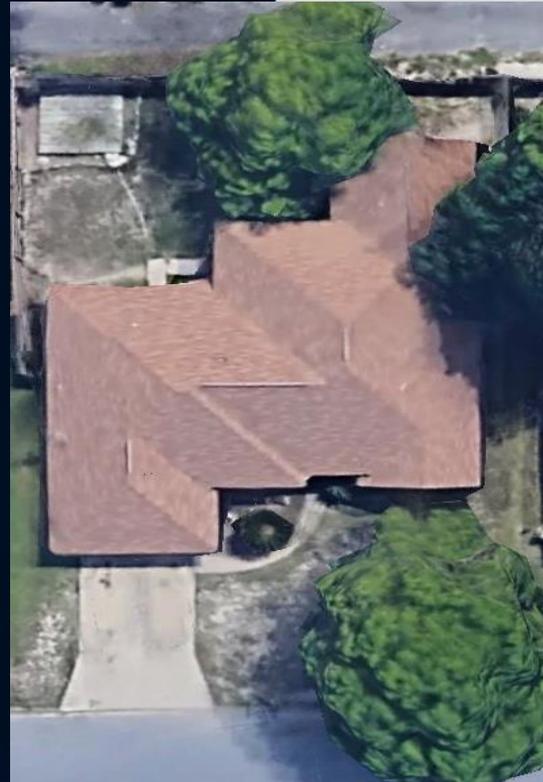
# Residential Monthly Fee Comparisons

3,074 SF of  
Impervious Cover

= 1.14 ERUs

\$1.50/month/ERU

McAllen \$1.71



- Austin \$17.48
- Houston \$8.20
- Ft Worth \$8.10
- Corinth \$6.00
- Rowlett \$5.50
- Round Rock \$4.75
- San Antonio \$4.25
- Richardson \$3.75
- Amarillo \$2.76
- Mission \$2.50

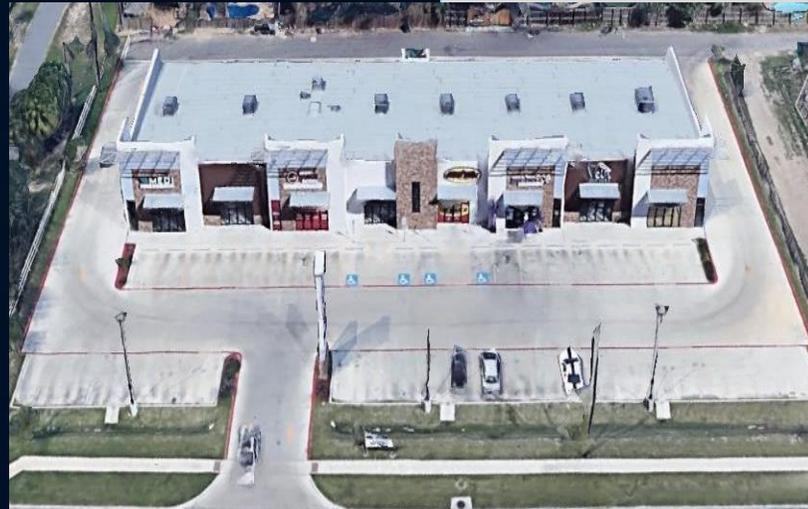
# Commercial Monthly Fee Comparisons

40,698 SF of  
Impervious Cover

=15.07 ERUs

\$1.50/month/ERU

McAllen \$22.61



- Austin \$325.56
- Houston \$109.19
- Ft Worth \$85.04
- Round Rock \$67.07
- Corinth \$62.99
- San Antonio \$56.41
- Richardson \$42.99
- Amarillo \$36.80
- Mission \$26.00
- Rowlett \$13.50

# Potential Revenue

Premise Type	Number of ERUs	Potential Revenue		
		\$1.00/ERU/month	\$1.50/ERU/month	\$2.50/ERU/month
Residential	35,561.82	\$35,561.82	\$53,342.73	\$88,904.55
Non-Residential	41,415.54	\$41,415.54	\$62,123.31	\$103,538.85
<b>Monthly Total</b>		<b>\$76,977.36</b>	<b>\$115,466.04</b>	<b>\$192,443.40</b>
<b>Annual Total</b>		<b>\$923,728.30</b>	<b>\$1,385,592.45</b>	<b>\$2,309,320.80</b>
<b>Cost of Improvements</b>		<b>\$11,211,000</b>	<b>\$11,211,000</b>	<b>\$11,211,000</b>
<b>Years to Collect</b>		<b>13 yrs</b>	<b>8 yrs</b>	<b>5 yrs</b>

Note: Drainage Utility Fee can be used to fund Public Works Drainage O&M Costs.  
On an annual basis these costs are \$1,462,000.

# How will fees be used?

- Fees will be used to establish a fund which will pay for drainage improvements throughout the City.
- Projects identified in the Master Drainage Plan.
- Projects will be constructed as funds become available.

# What are the next Steps?

Two Public Meetings Scheduled. Questions and Answers will be compiled for presentation to City Commission.

Official Public Hearing on January 8<sup>th</sup> for Commission to review and consider:

1. Ordinance to declare drainage as a public utility in accordance with Subchapter C of the Texas Local Government Code.
  - Establish a schedule of drainage charges.
  - Establish an Equivalent Residential Unit.
  - Provide drainage for all real property within proposed service area.
2. Levy a schedule of drainage charges.

# Questions?

## Engineering Department

Engineering@mcallen.net

(956) 681-1151

Yvette Barrera, PE  
City Engineer

Eduardo Mendoza, PE  
Deputy City Engineer

Mario Cruz, PE  
Drainage Engineer

Jose F. Delgado, EIT  
Designer

