



Stormwater Workgroup Meeting 3  
June 17, 2020  
8:30 am – 11:30 am

**City Staff:**

- Richard Martinez
- Sarah Munoz
- Reba George
- Christian Cabazos
- Michael Rodriguez
- Julia Burchsted

**Consultants:**

- Art Reinhardt (WSP)
- Doreen Harrell (KCS Public Relations)
- Kara Rivas (KCS Public Relations)
- Answer (Raftelis)
- Katie Cromwell (Raftelis)
- Keith Redding (Raftelis)
- Angie Flores (Raftelis)

**Workgroup Attendees:**

- David Loeb (Landlord Resources)
- Brenton Bausch (STX Beef LLC)
- Wendy Herman (Costal Bend Home Builder Association)
- John Dibala (Corpus Christi Independent School District)
- Orlando Zepeda (Catholic Diocese of Corpus Christi)
- Eric Villarreal (LNV, Inc.)
- Eloy Salazar (Salazar Investments)
- Ernest Garza (Ernest R. Garza & Company P.C.)
- JJ Hart (Entrepreneur)
- Leah Olivarri (Olivarri and Associates)
- Margaret Dechant (Texas A&M Corpus Christi)
- Oscar Martinez (ARG Holdings)
- Trey Summers (Hogan Homes)
- William Goldston (American Council of Engineering Companies)
- Alex Young (HEB)

**Meeting Purpose and Outline**

The purpose of this meeting was to provide the stormwater workgroup a presentation on possible rate structures and their impacts to different classes of customers.



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The meeting covered the following items in this order:

1. Review current stormwater funding through water rate structure; Explain water rate calculation
2. Review Corpus Christi's program plan, summary of stakeholder survey feedback summary and program priorities
3. Explain the stormwater rate structure, including estimated impervious area calculation and customer Impacts
4. Answer previous questions, such as parcels not charged, and perform rate structure benchmarking review

**Please refer to the PDF of the meeting PPT and the PDF of the accompanying Word Doc, which provides the discussion shared for each slide. Following were the questions and comments posed during the meeting, in order. Because the meeting was conducted with some attendees in person and some via Webex, there are some phrases that were inaudible and are indicated as such.**

**Question:** *The first question was more of a back and forth between a workgroup member and the consultant. The gist of the question was seeking clarity about the current way the stormwater fee is calculated*

**Answer:** The current stormwater fee is actually rolled up in the water volumetric rate at this time. There is an actual assigned rate for stormwater per thousand gallons.

### **Proposed Improvements Review**

**Question:** I noticed yesterday that Council voted for [an engineering contract to be funded by stormwater funds] So you are planning a 5% stormwater rate increase, next year? You're going to go to council and propose that?

**Answer:** Yes.

**Question:** If [Council] didn't do that half-a-million [dollar contract], the stormwater program would have a very nominal rate.

**Answer:** That's actually what they are looking at right now, that stormwater fee.

**Question:** Right but it was in the stormwater budget, and is it being paid for out of the stormwater budget?

**Answer:** It is.

**Question:** Is there any restriction in that funding?

**Answer:** The restriction is Council approval.



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**Question:** Did you let Council know that you are going to have [this increase]? Were they aware of this before they voted on that?

**Answer:** This is going to be going to Council for their review in July.

**Question:** Okay so you didn't tell them [about the 5% increase]?

**Answer:** No, these are just proposals that you're looking at, and we have to submit them to Council.

### **Stormwater Rate Structure**

**Question: (Referring to the flat rate model)** If I have a 5,500 sq. ft. house on an acre lot on Ocean Drive, and there is about 3,000 sq. ft. of pavement, under this model that house will pay the same stormwater rate that a 1,000 sq. ft house on a 5,000 sq. ft lot, correct?

**Answer:** That's right, it's envisioned as a flat rate for residential.

**Question:** A normal factor for commercial development is to provide three times the parking lot **size** as the building. So, my building with an insurance company in it, who leases 1,200 sq. ft. and has about 3,600 sq. ft of parking lot, would pay more than either me in my 2,000 sq. ft. of impervious cover house, or the person in the 1,200 sq. ft house, correct?

**Answer:** If they have more impervious area than one unit, yes.

**Question:** If they had less impervious cover area than my house, they would pay more because my house is only billed at the flat rate?

**Answer:** That could happen.

**Question:** How is that fair?

**Answer:** The reason for examining a flat rate structure for a single family residential is because, on the whole, residential accounts tend to be homogeneous, and it makes the implementation and maintenance of the rate structure a good deal more efficient.

**Question:** What is the differentiation for businesses where they could have homogeneity?

**Answer:** Well businesses are not, as a class, homogenous, and so the typical approach is to charge them individualize charges based on their characteristics.

**Question:** But you're saying here that every business district is assumed to be 85% impervious cover. So that's an assumption that they're kind of homogenous.

**Answer:** [Yes].

**Question:** This assumes that the grass area is perfectly pervious and does not ever create runoff, right?



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**Answer:** Well, the basis for the charges is impervious area and the rate structure does not take into account the many other factors that can sway runoff one way or the other. That's because impervious area, hard surface area, is the factor that is most closely tied to the costs that the city experiences- increased peak in volume in runoff and the detrimental water quality. It does not take into effect things like erosion, wind, slope, soil, vegetation, proximity to streams and all of those things that, of course, would make it a more perfect representation of what customers demand upon the system, but the City would also go broke trying to factor in every single thing that influences runoff.

**Question:** We have the design manual that specifies that we build all neighborhoods now a certain width and length. We have a design manual that demands engineers design neighborhoods or buildings for a certain flow rate, based on impervious cover. That [manual] does not have commercial being two and a half times the flow rate of residential which is the difference between 35% and 85%. Are we designing our neighborhoods wrong or is this area factor calculation just made up?

**Answer:** It's not made up; the factors do rely upon the city's draft design manual.

**Question:** I understand that commercial [property] creates more runoff than residential [property]. Why aren't we using the factor that we make engineers use to design them in the first place and design the systems that we are now paying them to maintain? Why wouldn't we use that? Why wouldn't we just say, depending on the slope of the property between a 145 – 150% upcharge or [increase] the amount of rain fall per square foot for commercial rather than residential? Why don't we just do a single rate and then charge commercial a 30% up charge based on the fact that they have more impervious cover and based on all the engineering if they create that much more runoff than residential.

**Answer:** The way that this methodology is set up is, using the design manual, you come up with a runoff factor. When you look at the city design guide, commercial venues have a higher runoff rate than residential, right? So that's the sort of generalization here – rather than individually calculating impervious area per parcel for nearly 100,000 parcels, there is a generality. What some of these [other cities] have done is broken that into [multiple tiers].

What's being presented today is more of the straightforward approach. Looking at the differences between runoff on residential property and commercial.

**Question:** Why aren't we using a 25-year rain event as our model for what the difference in runoff is? Since we've already calculated it and know what that number is, why are we calculating and creating an entirely new number that's acceptable to legal action by somebody coming in and saying "Hey look the number that your engineers developed is what factored for me, yet you're over here charging me a different factor. Explain to me how you came up with that factor."

**Answer:** This number [is consistent with the city design manual]

**Question:** The stated purpose of the stormwater fee is to charge people based on the amount of rainfall off the property. So why not use the calculations that you used to come up with that?



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In our last 25-year rainfall event, my yard didn't catch any of that rain, it was all in the gutter, 100%. Acting like grass catches all the rain and it doesn't go anywhere, that's not true. So why do we keep using that number? We have a number that charges for stormwater.

What I heard from the last meeting was the purpose of this exercise was to put more [responsibility] on commercial customers. I'm just wondering why we don't do it the legal and feasible way. If we do this, we have a design manual that says how much more water you create.

**Answer:** I think we've answered it. When you look at a design manual runoff, it's going to vary based on different land use types. So, generalizing that rain [runoff by a coefficient is appropriate].

**Question:** Right, our design manual has commercial, residential and [others], why don't we use those figures? Otherwise the first lawyer that comes across this, they're going to say "In the design manual, it says this is how much more runoff they've created, then you come over here and require a different standard based off one of the factors for runoff and impervious cover but not all. Why don't we use the one that we already account for?"

**Consultant Comment:** I put this point here at a parking lot item, but we have a couple of comments online that I want to be sure that we get to.

**Question: (for the flat rate)** Was it stated that each single family residence will pay the same rate no matter the size?

**Answer:** Yes.

**Question:** Is there a current design manual adopted by the City of Corpus Christi?

**Answer:** (A stakeholder responded) Yes there is.

**Question:** Is there a possibility that vacant property or undeveloped property, which doesn't pay currently because there is no water meter, could now be charged under this rate? If so, do we have an estimate on how that might increase revenue?

**Answer:** We do have an estimate of the number of properties and about how much of the percentage of the units that makes up. I don't think that we have calculated separately from the overall rate impact precisely how that influences the rate itself, since we're switching from one kind of revenue recovery to another kind recovery. It's between 10 – 15% of the unit that we have calculated so it's not an insignificant amount of impervious area.

**Question:** it wouldn't be legal to charge them. Which we can't do now using the water meter approach. Is that correct?

**Answer:** That's right. Parcels with no water meter that have impervious area would be legal to charge.

**Question:** While y'all have been doing your total revenue forecasting under this new [structure], you have taken those sum charges to this into account or you have not yet?



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**Answer:** We have taken it in to account. Under state law we are not permitted to charge parcels that do not have impervious area or are not developed.

**Question:** So, even if they still contribute to the stormwater system the state law prohibits us from charging them at this point.

**Answer:** That's right. We can't have a rate structure that charges them in Texas.

**Question:** And that's a state law that can't be changed?

**Answer:** Yes.

**Question:** Are we talking about vacant lots? Charging a vacant lot doesn't make any sense.

**Comment:** Well there's runoff. Go stand out in front of any big parcel and you watch the water runoff of it whether there's a parking lot or not. You're calculating in a house for example, you're taking into account their yard. There's runoff from all kinds of property whether it's impervious or not.

### **Customer Impact**

**Comment:** Following up, we should charge every house that causes runoff. Instead of no charge, charge something. Take the load off heavy commercial.

**Comment:** Right and under an impervious area they would pay every month.

**Question:** One comment to [that] point, which I think is a good one, it is important to keep in mind that it would be a substantial increase to those customers. You're talking about a pretty major bill impact. It's a good point, but if they're not paying anything and they go to \$7 a month, that's a 700% increase.

Some businesses have multiple meters. Are you basing that on an individual meter or are you on that percentage on where the bill goes?

**Answer:** We looked at this on a per account meter basis. So, this is on a bill basis for this portion of the analysis.

**Question:** If I get a bill and I have two meters that are very lightly used but I get a big bill for the rest, you would still not be counting them in the 30%. Is that what you're telling me?

**Answer:** We would be counting the big bill in this analysis as contributing and the small bill as not contributing.

**Question:** You're really saying customers in the true sense not individual meter sense.

**Answer:** I think that this word customer probably should be appropriately characterized as an account meter combination. So, accounts with multiple meters are counted individually in this analysis.

**Question:** So, this is really a per meter average. It is really per meter, not per customer.



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**Answer:** Right.

**Question:** That's a pretty important difference.

**Question:** Hearing the gentleman talk about commercial lots, then the talk about the empty lots, if we want to argue the empty lots create runoff, then I go back to the households and everyone that's got an improvement there... And what did we have, almost 30% that aren't being charged? I understand we are trying to help the small homes, but if they're still contributing to the issue then, if we're going to hit the empty lots, then I think we ought to be [doing the same for] the residential. Even if it's minor. Just another issue to add to your formula.

**Answer:** I think your point was clear.

**Question:** There's no differentiation in where that money goes, there's an expense side that's come up by water and the stormwater department. That goes into the rate model in the per meter fee.

That's not saying that people don't pay stormwater. I have customers of mine that have a two-inch meter because that's how they built the company, they gave everybody a two-inch meter and they pay \$64 a month and they use 200- 300 gallons of water a month. If they are not paying for stormwater, they have the absolute highest per gallon charge of anybody in the city.

I understand the point you're trying to make by saying, these people don't pay anything, but when you see that rate, people are going to come out and say "Why am I paying \$64 for 300 gallons of water," or "I'm on social security, I can't afford it." I think this is the point where we bring back up the comment, we had last time. This isn't the right time to do this. When we get into rate impact, it's going to show that the low water users are going to see their water and stormwater bills double. We're in the middle of a depression. If you guys want to show that to Council, you can. I get that anything you're going to give them; they get to say no and that makes them look good in an election year but they're not going to vote for that. You're going to tick people off.

I'm not a low water user, I'm a high-water user. But my concern is for a little old lady who doesn't deserve that. And I'll tell you this is why [it's not going to pass] because staff can't get past this notion of equity.

**Question:** I understand what [they're] saying, and I don't disagree, but we're seeing a need and we're talking about the needed revenue. Just yesterday Council [agreed to] pull a 25% fund balance to help this drainage issue on North Beach, which is another controversial issue. I do agree, it's not the time to do this.

**Question:** I know when we did the street fee, we got an initial fee like this from staff. The first thing that we asked for was "What it would do to a mini-storage space? Restaurant? etc." That way, the Council can put a very specific [number] on different business types to understand if that's a reasonable thing to ask. I think the averages on this can be deceiving.

**Answer:** [You'd like us to share] specific examples on types of property?



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**Comment:** We have someone from CCISD here, so pull a school. This is what their utility bill is now this is what their utility bill would look like under the new rate model. Shopping centers- 1,200 sq. ft vs. 5,000 sq. ft. shopping center. That will give people an idea of the rate impact.

**Question:** This goes back to the issue of meters vs. accounts. I may be somebody that has some extra meters when it comes to water and under this I am going to see some substantial increase. Have you calculated or taken into account that some people may pull a meter?

**Answer:** We didn't specifically account for customers changing their behavior in that way. We did have to account for the fact that there are multiple meters on the same parcel. And naturally the City could, with the advice of customers, of course choose to allocate the parcel charge to meters in a variety of ways. They could be divided evenly among the meters or maybe one customer would want all of the charges tied to one meter but those are decisions that have to be made.

**Question:** If we charge people by meter, which is my understanding, then that meter they were paying relatively little on, just a small water bill on, it may have not been the best business decision, but they just ignored it, got lazy like I do, and they might say wait a minute, this is becoming too expensive I don't want this and pull that meter. You're going to have some rethinking on this.

**Answer:** I do want to clarify that the stormwater charge is on a parcel basis. So, the billing of it could be divided among meters.

**Comment:** Ok that's an important distinction. How do you explain that to the customers is another question

**Question:** In the development of the rate structure, were any credits provided for any properties that have a retention pond?

**Answer:** We didn't consider credits in this particular analysis but that's a topic that we hope to bring before this group for consideration. Because those are used in other jurisdictions for stormwater fees.

### Answering Previous Questions

**Comment:** First of all, I want to commend the Council, Mayor, and Richard Martinez for taking on this challenge and I know it's a difficult one. I was involved in the street fee committee. I do agree with [others] that it is a difficult time right now all the businesses having all the hardships and I don't know that it's the right time. But I do know that the areas that have the most flooding right now are the ones that are complaining to the City Council that something needs to be done. Of course, regulatory compliance is going to be an issue as the big item everyone seems to be concerned about and then flooding.

One of the things I did want to point out and I mentioned this to our City Manager early on is that in Nueces County, they had talked about it being unfair for grandma that has an 800 sq. ft. home on a 3,000 sq. ft. lot vs. [another lot] that has a 50,000 sq. ft. mansion (you know I'm exaggerating) but a bigger house to where it would make it more fair and equitable of pricing and so Nueces County is



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looking at that, and for those of you that don't know, they have things broken out by agricultural land, actual land lots, homes, commercial buildings and the sq. ft. of the land and the sq. ft. of each building. So, it wouldn't be that complicated if you really wanted to get into more detail, and I don't know if we are prepared to do that, but to go into more detail to make it more fair.

If somebody lives on a half-acre lot with a 6,000 sq. ft. house versus someone who lives in a smaller home would pay a more equitable portion. The same thing goes with businesses themselves – retail businesses, commercial buildings – you know, industrial areas so there's a lot here. I listened and I learned a lot.

I want to thank everyone on the committee for bringing up some great points. I don't have anything bad to say about anybody, but I do know that this needs to be addressed. I just don't know that it's the right time. But I think it's something that we're going to have to deal with one way or the other. That's my comment. Thank you.

**Comment:** I do agree with [others], the timing is just really bad for both the residential side and the commercial side. So, I just think it's going to be a very difficult year to talk about doing something this year.

**Comment:** I'll just say that I agree, the timing is not good. Dealing with all the other issues we have, I agree with everybody else I think we can agree on that.

**Comment:** While I agree that maybe the timing isn't perfect or any implementation of additional fees, which are going to come up, I think we push forward and implement the actual structure, let it be finalized, and we let Council decide whether they want to implement it immediately or a year from now when the economy's back up and running, and some people have adjusted to the new norm. I think it's time we stop kicking the can down the road and saying, it's not time, it's not time. We're here and I think the Council deserves a recommendation from us and let them decide if they want to implement now or at a later date.

**Question:** I just wanted to ask a quick question on the last slide, the stormwater fee exemption slide. Most of these cities have undeveloped land as exempt. Now is that undeveloped land or undevelopable land? Because when you look at these cities, most of these cities don't have the amount of undeveloped land that we have in the city limits. However, they have a lot of undevelopable land. So, I was just curious on a clarification on that.

**Answer:** I'll just read to you from the state legislation which specifies that,

*Property held and maintained in its natural state until such time that the property is developed, and all the public infrastructure constructed has been accepted by the municipality in which the property is located for maintenance.*



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**Question:** Correct me if I am wrong but if utilities are there, say water runs in front of the property, they're just not tied in, are they considering that undeveloped land or do they consider that the developments property?

**Answer:** I think that, that's a question for the lawyers. It probably comes down to that word developed. The first part of it says held and maintained in its natural state. It seems that in a lot of places that developed word is interpreted...

**Question:** My understanding from the last meeting is that the threshold from the state **\*inaudible\*** So like, parking lot downtown could be charged but a vacant agricultural track on let's say SPID **\*inaudible\***

**Answer:** Yup, you said exactly what I was going to say. I think it's broadly interpreted to mean that development means that there is impervious cover put onto the property.

### Chat Box On-line Comments

Question:

So, did you say that each SFR pays the same rate no matter the size?

Answer:

yes

Question:

Is there a current design manual adopted by the City of Corpus Christi or is it still in the "draft" phase?

Answer:

Yes there is a current design manual

Question:

Are we talking about vacant lots? Charging a vacant lot does not make sense.

Comment from committee member:

Then following up, we should charge every house because every house causes runoff because of the improvements on them. Instead of no charge. Charge something.

Comment from committee member:

Takes the load off of heavy commercial

Comment from committee member:



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I agree they should

Question:

Commercial takes the load??

Comment from committee member:

With nothing being charged doing something minor helps the commercial.

Comment from committee member:

We are not talking about all heavy on residential

go ahead and unmute and jump in

Comment from committee member:

I agree, timing not good.

### **Emailed Comments**

1. Assuming the new rates are basically predicated on impervious cover and its basically impractical to physically measure these on every property, I think you have to use some assumptions about the relative amounts of pervious vs. impervious cover as you have done. That said, it does not seem fair that all residential lots are considered equal. It seems to me that there should be some form of a tiered structure based on something like lot size.
2. I am confused on the commercial rates. Is there fairness built into the commercial rate strategy where some business are not overly charged in some sort of disproportionate manner?
3. Last, I do think this committee should work to submit the best plan to the council, using the time it takes, and let the council decide what to do.

### **Fee Implementation Plan suggested from committee member:**

The below drawing intends the following:

- There are two sides of the stormwater program – Revenues and Expenditures.
- The base water rate collects approximately \$15M per year which is roughly equivalent to the stormwater O&M expenditures. The remainder of the stormwater expenditures (debt service) is covered by the water cost per gallon. While this isn't how the water rate models are derived, David's point was that Council doesn't formally adopt the model so he could argue the revenues and expenditures can be conveyed however we want.



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- With this in mind, he says for Year 1, simply rename the base water rate “stormwater fee” since it collects enough to recover stormwater O&M costs. Don’t do anything else in Year 1 – essentially leave the debt service in the overall water fund (which is the direction we are now heading).
- In Year 2, take the new “stormwater fee” (former water base rate) and continue working on a methodology to create an equitable fee structure (based on impervious cover).
- Phase this new rate structure in over five years, Years 3-8.
- All of this assumes the debt service is recovered outside of the stormwater fee.



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Rev  
Base Water Rate \$15 m  
Water Per Gallon

Exp  
15m Storm M+O  
15m Storm debt  
service

year 1: use base water as  
storm M+O rename as  
such  
year 2: develop M+O rate  
years 3-8: smooth rate into effect  
from old base rate