



Rebuild Houston Implementation Discussion Guide

December 22, 2010

Rebuild Houston: Street and Drainage

What is Rebuild Houston?

- Our ongoing effort to put in place a strong infrastructure that will meet the needs of our growing City.
- Phase I was last spring's overhaul and commitment to reinvest in the water and sewer system.
- Phase II will be the process we are beginning right now, the implementation of Proposition 1.

When our work is done, we will have secured the infrastructure future of Houston for decades to come. The risk of flooding will have been reduced and our streets will be safer for the driving public.

Rebuild Houston: Street and Drainage Process

- On November 2, 2010, Houston voters passed Proposition 1
- Now, we have to implement what the voters approved
- Because this is so important, the implementation will be handled by a committee of the whole with every Council Member participating and the Mayor serving as chair.

Rebuild Houston: Street and Drainage

Starting Point: Charter Amendment Requirements

● Creation and Purpose

- Create a dedicated pay-as-you-go fund for improving and maintaining Streets and Drainage
- Implementation by July 1, 2011

● Funding Sources

- Developer Impact Fees
- 11.8¢ of Ad Valorem Property Tax (maintains current levels)
- Remittances from Metro, TxDot and other governmental sources
- Drainage Fee required to collect \$125m annually as a minimum

● Lock Box Feature

- All funds will be used only for the purpose of building and maintaining the street and drainage “system”

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Starting Point: Mayor's Statement of Principles October 2010

- **Fairness Doctrine**

- Only properties receiving drainage services will pay drainage fees
- Properties exempt from a drainage fee will be only those required to be exempt by State Law
- No one sector subsidizing another (residential/commercial/industrial/other)
- All properties will be charged on the basis of their amount of impervious area

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Starting Point: Mayor's Statement of Principles October 2010

• Calculation of Drainage Fee - Example

➤ Residential curb and gutter street

- Typical lot size: 5,000 sq. ft.
- Typical house ground floor/garage/driveway: 1,900 sq. ft.
- Monthly fee: $(1,900 \times \$0.032)/12 = \5.07

➤ Open ditch street

- Typical lot size: 5,000 sq. ft.
- Typical house ground floor/garage/driveway: 1,900 sq. ft.
- Monthly fee: $(1,900 \times \$0.026)/12 = \4.12

➤ Commercial/Industrial properties

- Fee calculated to be $\$.032/\text{sq. ft.} \times \text{"hard areas"}$

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Starting Point: Mayor's Statement of Principles October 2010

- Verification/Appeals process will be developed
- Rates capped for 10 years
- Property owner assessments (petition process) for street improvements will be eliminated (including any past projects)

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Starting Point: Mayor's Statement of Principles October 2010

● **Project Priorities**

- Current 5 year CIP will be used. New projects will be added when the comprehensive street and drainage needs re-assessment is complete
- Needs assessment for streets will be based on technical evaluation and pavement condition report
- Preparation of needs assessment for drainage based on technical calculation using 1999 Comprehensive Drainage Plan and an updated Storm Water Enhanced Evaluation Tool (SWEET) currently under development

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Starting Point: Mayor's Statement of Principles
October 2010

● **Oversight**

- The Mayor and Council will appoint an oversight committee, including stakeholders with significant experience in construction, engineering, finance, etc.
- Appointees will not be city employees
- Appointees will not be drawn from contractors, engineers or firms participating in the street and drainage program

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Starting Point: Mayor's Statement of Principles October 2010

- **Local Small Business Participation and Community Involvement**

- City's S/MWDBE program will be fully enforced
- Hire Houston First – program will seek to use local vendors and contractors when possible
- Mentoring program similar to Greater Houston Wastewater Program in the 1990s
- Job training/apprenticeship/internship program in partnership with educational, business, non-profit and labor organizations will be developed and implemented

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State of Texas Drainage Fees

- Eight of the ten largest Texas Cities have drainage fees, with Corpus Christi and Amarillo not currently having fees
 - Houston
 - Dallas
 - San Antonio
 - Austin
 - El Paso
 - Fort Worth
 - Lubbock
 - Abilene
- For cities with a fee, only Austin and Lubbock exempt schools. El Paso has a 10% discount for schools.
- None of the eight exempt churches

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State of Texas - Legal Requirements

- Local Government Code 552 specifies a prescriptive process and content for creating a drainage fee
 - Public notice required and 30 days later a public hearing prior to council vote on the ordinance
 - Required to separate the process of creating the ordinance from that of establishing the fee with same prescriptive process as the ordinance
 - Law will require drainage fee exception for institutions of higher learning and state owned property per 580.003
 - Law permissively allows some exemptions. City, County, school districts and religious organizations that are exempt from taxation pursuant to Section 11.20, Tax Code, are listed.
- Local Government code 395 specifies a prescriptive process for establishing and defining a drainage impact fee

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Major Implementation Tasks (Present to July 2011)

- ALL ARE INITIATED AND ON-GOING
- ALL PROCEED SIMULTANEOUSLY

- Engage and seek input from the public
- Develop/consider/enact utility ordinance and rates
- Develop billing and collection capability
- Plan for financial transition
- Plan for future infrastructure renewal
- Create participation/mentoring program
- Ensure proper public oversight

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Timeline: Engage and Seek Input From the Public

- | ● Key Steps | Target |
|--|---------------|
| ➤ Report on implementation plan | Dec 22 |
| ➤ Develop and launch drainage utility website | January |
| ➤ Report on possible ordinance and rates at CIP meetings | Jan/February |
| ➤ Conduct required public hearings | March/April |
| ➤ Add projects and schedule info link to the utility website | April |
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- | ● Key Issues |
|--|
| ➤ Identifying and engaging stakeholders – need input from council, public and others |
| ➤ Monitoring legislative impacts |

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Timeline: Develop/Consider/Enact Utility Ordinance and Rates

Key Steps	Target
➤ Prepare draft implementation ordinance	January
➤ Review draft ordinance with Council	February
➤ Publish public notice of hearing on proposed ordinance per State law	February
➤ Receive input through CIP meetings	February
➤ Conduct public hearing on ordinance per State law (30 days after notice)	March/April
➤ Council vote on ordinance	March/April
➤ Publish public notice of hearing on drainage fee rate per state law	March/April
➤ Conduct public hearing on drainage fee rate (30 days after notice)	March/April
➤ Council vote on fee rate	March/April
Key Issues	
➤ Data requirements/resource needs/state law requirement	
➤ Definitions of impervious surface/low impact development considerations	
➤ Assessments by property sector/exemption impacts	
➤ Individual property verification and appeals process	

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Timeline: Develop Billing and Collection Capability

	Key Steps	Target
	➤ Develop drainage billing data base	January
	➤ Develop billing mechanism to use	March/April
	➤ Verify all account data	May/June
	➤ Create verification appeals process	May/June
	Key Issues	
	➤ What billing mechanism to use?	
	➤ Data availability	

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Timeline: Plan for Financial Transition

	Target
● Key Steps	
➤ Initiate impact fee study per State requirement	January
➤ Develop fund structure	January
➤ Refine forecasts for existing debt financing of on-going programs	March
➤ Input to FY12 operating budget	March
➤ Establish segregation of funds and refine estimates	April
➤ Plan for debt conclusion	April
● Key Issues	
➤ Establish basic accounting requirements	
➤ Define process for dealing with Clear Lake Water Authority/In-City MUDs	

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Timeline: Plan for Future Infrastructure Renewal

- | | Target |
|--|---------------|
| <ul style="list-style-type: none">● Key Steps<ul style="list-style-type: none">➤ Refine/revise capital improvement planning and programming methodology➤ Implement new methodology for future CIP process “worst first”➤ Complete initial pavement condition assessment➤ Continue development of SWEET➤ Present city-wide needs assessments through a 20 year horizon➤ Ensure coordination/collaborative with Harris County Flood Control District | February |
| | April |
| | June |
| | June |
| | July |
| | Jan/July |
| <ul style="list-style-type: none">● Key Issues<ul style="list-style-type: none">➤ Timeline of revenue forecast for capital improvements➤ Formation of the capital improvement plan for long term | |

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Timeline: Create Participation/Mentoring Program

- Investment plan/CIP will meet all of the City's SMWBE requirements
- Plan to prototype mentoring program similar to Greater Houston Wastewater Program in the 1990s
- Also plan to prototype job training/apprenticeship/internship program in partnership with educational, business, non-profit and labor organizations

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Ensure Proper Public Oversight

- **Key Steps**

- Mayoral Committee of the whole reports (December 22/end Jan/mid February/early March)
- Create Advisory Council
- Town Hall meetings in February
- Public hearings in March

- **Key Issues**

- Skill sets needed on Advisory Council and input from Council/Stakeholders
- Explanation of program issues at Town Hall meetings
- Detail City Council schedule in March

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Summary of Key Near Term Dates

● January 2011

- Develop & launch drainage utility web site
- Prepare draft ordinance and proposed rates
- Develop drainage billing database
- Develop fund structure

● February 2011

- Report on ordinance and rates at town hall/CIP meetings
- Publish public notice of ordinance
- Refine/revise capital improvement planning and programming methodology

● March 2011

- Conduct required public hearings
- Consider and act in Council
- Input to FY 12 operating budget

● April 2011

- Develop billing process
- Establish segregation of funds and refine estimates
- Plan for debt conclusion
- Implement new methodology for 2012-16 CIP