



AGENDA
CITY OF AUGUSTA
Council Budget Work Session #2
June 10, 2019
6:00 P.M.

“Augusta – Where the metro’s edge meets the prairie’s serenity offering the perfect blend of opportunity and proximity for living, commerce and culture.”

A. CALL TO ORDER

B. BUSINESS

1. BUDGET WORK SESSION

Review and discuss City Manager recommended budget for various special funds and enterprise (utility) funds, including Library, Library Employee Benefits, Convention and Tourism, Special Parks, and Cemetery Endowment; Council discussion regarding the implementation of a storm water utility; Consultant presentation regarding health insurance benefits.

- a) Staff Presentation
- b) Council Discussion/Direction

C. ADJOURNMENT

2020 City Manager's Recommended Budget

Work Session #2 – Health Insurance Presentation, Library Fund, Convention & Tourism Fund, Special Parks, Library Employee Benefits Fund, Cemetery Endowment Fund, and Stormwater Utility

June 10, 2019



Section I. Library and Library Employees Benefit Fund

FUND 2 – LIBRARY

Budget Description: This fund is one of two that supports the operation of the City Library.

Revenue Sources: Proportionate distribution of ad valorem taxes and motor vehicle taxes; supplemented in recent years with a small transfer from the Electric Fund.

2020 Revenue Changes: TBD

2020 Expenditure Changes: Fund 2 will not be completely settled until we receive ad valorem tax information from Butler County. The purpose of having the library at Budget Work Session No. 2 is to begin the budget conversation with the City Council in preparation for budget formulation once all required information has been provided.

FUND 8 – LIBRARY EMPLOYEE BENEFIT

Budget Description: This fund provides resources for library employee benefit costs (Social Security, KPERS, and health insurance). This is the smallest of the five (5) tax supported funds.

Revenue Sources: Proportionate distribution of ad valorem property taxes and motor vehicle taxes; supplemented in previous years with a small transfer from the Electric Fund.

2020 Revenue Changes: TBD

2020 Expenditure Changes: Fund 8 will not be completely settled until we receive ad valorem tax information from Butler County. The purpose of having the library at Budget Work Session No. 2 is to begin the budget conversation with the City Council in preparation for budget formulation once all required information has been provided.

****CITY MANAGER NOTE**** In 2015, the City Council adopted an ordinance establishing a legal cap on the Library's ad valorem tax collections in anticipation of property tax legislation that was implemented by the State of Kansas for the 2018 Budget. The Library cannot exceed this cap on spending without the City Council amending the limits established by ordinance.

Section II. Special Revenue Funds

FUND 5 – CONVENTION & TOURISM BUREAU

Fund Description: This fund was created by the City Council to support the activities of the City's Convention and Visitor's Bureau.

Revenue Source: 5% Transient Guest Tax on Augusta hotel and motel rooms distributed by the Kansas Department of Revenue on a quarterly basis.

Activities Funded: Contract with Chamber of Commerce to provide support services for the Convention and Tourism Committee (CTC); grant program for marketing of community events that attract out of town visitors to stay in Augusta hotels, shop in Augusta, and/or visit our tourist destinations.

2020 Revenue Changes: None

2020 Expenditure Changes:

Expenditure Line Items	Change	Reason for Change
4202 Postage	\$300	Provide additional resources for CTB postage.
4301 Office Supplies	\$600	Provide resources for office supplies for CTB. Combine with Equipment Supplies.
4316 Equipment Supplies	(\$500)	Combine with Office Supplies.
4420 Structures & Improvements	\$15,000	Provide resources for wayfinding signage.
Total Expenditure Change	\$15,400	85.08% Increase from 2019 Budget

FUND 6 – SPECIAL PARKS FUND

Fund Description: The primary purpose of this fund is to provide support for the Community Development Department – Parks & Recreation Division.

Revenue Source: 1/3 of the quarterly distribution from the State of Kansas from alcohol liquor tax refunds; supplemented with transfers from the Electric Fund and interest income (if any available).

Activities Funded: Purchasing of materials and supplies for park maintenance and landscaping; annual costs for PlayPark Pointe maintenance; tree replacement; primary fund for capital equipment purchases for the Parks & Recreation Division.

2020 Revenue Changes:

Revenue Line Items	Change	Reason for Change
3840 Miscellaneous	(\$100)	Based on historical receipts.
3550 Refund of Expenditures	(\$1,000)	Based on historical receipts.
Total Revenue Changes	(\$1,100)	2.23% Decrease from 2019

2020 Expenditure Changes:

Expenditure Line Items	Change	Reason for Change
4321 Building/Grounds Supply	\$2,500	Provide additional resources for flowers and landscaping material for Garvin Park, Shryock Park, and the roundabout.

4420 Structures/Improvements	(\$5,000)	Provides resources for park system improvements.
4425 Departmental Equipment	(\$68,000)	Purchased new Toro Range Wing Mower with 2019 Budget. No additional equipment purchases requested under 2020 Budget.
Total Expenditure Changes	(\$70,500)	55.08% Decrease from 2019 Budget

Adjustment to 2019 Budget. The New Holland tractor in the Parks & Recreation Division is out of service because it is not shifting properly into third gear (road gear). The City Mechanic has worked with Wichita Tractor Company to research the error code, which turned out to be a failed shift solenoid. The mechanic replaced the shift solenoid in accordance to New Holland repair manuals, at which time the tractor immediately threw a different error code, which points to a failed O-ring in the clutch pack. Replacing the O-ring will require a costly repair and, instead of spending more money on the tractor, staff recommends designating the tractor as surplus equipment and offloading via Purple Wave or a similar service. The revenue generated from the sale of the tractor would be dedicated to the Special Parks Fund to help rebuild the fund balance for 2020. All of the mowing completed by the Parks & Recreation Division can be completed with the existing fleet of mowers, which includes two (2) Hustler Super-Z mowers, two (2) Toro Range Wing mowers, and one (1) Deweze Slope Mower. A new addition to the fleet, the flail mower, will be advantageous for mowing the lake shoreline and drainage channels. Staff proposes to allocate the 15’ batwing mower to the airport to provide a larger mower for airport grounds.

FUND 11 – CEMETERY ENDOWMENT FUND

Fund Description: This fund is created statutorily via K.S.A. 12-1408 *et seq.* to provide resources to care for cemeteries. Per statute, only the interest generated from the investment of principal can be used annually without the passage of a Resolution by the Governing Body.

Revenue Source: 50% of the fees generated from the sale of cemetery lots.

Activities Funded: General maintenance activities. Interest funds typically used for weed spraying. Endowment principal can only be used if authorized by an official resolution by the City Council.

2020 Revenue Changes:

Revenue Line Items	Change	Reason for Change
3561 Endowment	(\$3,000)	Provide better alignment with trends. Revenue surpassing the budgeted amount will help rebuild the fund for future expenditures.

Total Revenue Changes **(\$3,000)** **37.50% Decrease from 2019 Budget**

2020 Expenditure Changes:

Expenditure Line Items	Change	Reason for Change
4260 Building & Grounds Maintenance	(\$20,000)	Provide resources for bagworm spraying and general grounds maintenance in the cemetery. Allow Cemetery Endowment Fund to rebuild for future expenditures.
Total Expenditure Changes	(\$20,000)	66.66% Decrease from 2019 Budget

City of Augusta
 2020 Budget
 Convention & Tourism

Fund 5		Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimate 2019	Proposed 2020
Revenue:							
3316	Guest Tax	11,749	9,740	10,073	10,000	10,000	10,000
3519	Building Rent	0	5,205	6,180	5,000	5,000	5,000
Sub-Total		\$ 11,749	\$ 14,945	\$ 16,253	\$ 15,000	\$ 15,000	\$ 15,000
3001	Revenue Forward	49,927	46,689	49,627	44,035	44,035	40,935
Resources Available		\$ 61,676	\$ 61,634	\$ 65,880	\$ 59,035	\$ 59,035	\$ 55,935
Total Expenditures		\$ 14,988	\$ 12,008	\$ 21,844	\$ 18,100	\$ 18,100	\$ 33,500
Final Balance Remaining		\$ 46,689	\$ 49,627	\$ 44,035	\$ 40,935	\$ 40,935	\$ 22,435
Expenditures: 5-32							
Contractual Services							
4201	Telephone	0	0	0	0	0	0
4202	Postage	0	0	1,200	200	200	500
4210	Education & Training	0	0	500	500	500	500
4212	Mileage	300	300	451	300	300	300
4216	Building Insurance	0	0	0	4,000	4,000	4,000
4218	Insurance	0	0	0	0	0	0
4220	Membership & Subscriptions	180	380	0	1,000	1,000	1,000
4225	Professional Services (1)	2,250	3,000	3,000	4,000	4,000	4,000
4245	Printing/Advertising	75	531	0	2,000	2,000	2,000
4265	Other Contractual Services (2)	2,050	1,251	1,593	4,000	4,000	4,000
Sub-Total		\$ 4,855	\$ 5,462	\$ 6,744	\$ 16,000	\$ 16,000	\$ 16,300
Commodities							
4301	Office Supplies	0	0	0	100	100	700
4302	Printed Material	0	0	0	1,000	1,000	1,000
4316	Equipment Supplies		0	162	500	500	0
4335	Other Commodities	0	40	0	500	500	500
Sub-Total		\$ -	\$ 40	\$ 162	\$ 2,100	\$ 2,100	\$ 2,200
Capital Outlay							
4420	Structures & Improvements (3)	0	0	2,638	0	0	15,000
4425	Office Equipment/Furniture	10,133	6,506	12,300	0	0	0
Sub-Total		10,133	6,506	14,938	0	0	15,000
Total Expenditures		\$ 14,988	\$ 12,008	\$ 21,844	\$ 18,100	\$ 18,100	\$ 33,500

2020

- (1) Welcome Center Operating Agreement
- (2) CTB Grants
- (3) Wayfinding Signage

**City of Augusta
2020 Budget
Special Parks**

Fund 6		Actual 2016	Actual 2017	Budget 2018	Actual 2018	Budget 2019	Estimate 2019	Proposed 2020
Revenue:								
3315	Alcohol Liquor Tax	\$ 13,489	\$ 19,251	\$ 12,000	\$ 10,481	\$ 13,000	\$ 13,000	\$ 13,000
3466	Donations - Santa Fe Lake	0	0	0	0	0	0	0
3467	Donations	50	0	0	0	0	0	0
3469	Fishing Permits	0	12,430	7,500	12,275	10,000	10,000	10,000
3480	Miscellaneous	0	0	100	110	100	0	0
3505	Grant	727	0	0	0	0	0	0
3510	Interest	20,000	8,450	0	4,359	0	0	0
3512	Dividends	0	5,000	5,000	10,000	5,000	5,000	5,000
3519	Building Rent (Stage/Shelter)	170	215	2,000	165	250	250	250
3530	Sale of Scrap	-	-	-	-	-	13,000	-
3545	Transfer from Electric	20,000	15,000	15,000	15,000	20,000	20,000	20,000
3550	Refund of Expenditures	0	0	1,000	0	1,000	0	0
Sub-Total		\$ 54,435	\$ 60,346	\$ 42,600	\$ 52,390	\$ 49,350	\$ 61,250	\$ 48,250
3001	Revenue Forward	111,179	114,155	114,805	133,569	136,669	137,007	70,257
Resources Available		\$ 165,614	\$ 174,501	\$ 157,405	\$ 185,959	\$ 186,019	\$ 198,257	\$ 118,507
Total Expenditures		\$ 51,459	\$ 40,933	\$ 40,000	\$ 48,952	\$ 128,000	\$ 128,000	\$ 57,500
Balance Remaining		\$ 114,155	\$ 133,569	\$ 117,405	\$ 137,007	\$ 58,019	\$ 70,257	\$ 61,007
Final Balance Remaining		\$ 114,155	\$ 133,569	\$ 117,405	\$ 137,007	\$ 58,019	\$ 70,257	\$ 61,007
Expenditures: 6-33								
Contractual Services								
4260	Building & Grounds Maintenance (1)	7,226	2,111	10,000	7,751	10,000	10,000	10,000
Sub-Total		\$ 7,226	\$ 2,111	\$ 10,000	\$ 7,751	\$ 10,000	\$ 10,000	\$ 10,000
Commodities								
4321	Building & Grounds Supply (1)	7,217	4,225	5,000	2,969	5,000	5,000	7,500
4335	Other Commodities (2)	3,671	1,429	5,000	7,862	25,000	25,000	25,000
4336	Santa Fe Lake	0	0	0	0	5,000	5,000	5,000
Sub-Total		\$ 10,888	\$ 5,654	\$ 10,000	\$ 10,830	\$ 35,000	\$ 35,000	\$ 37,500
Capital Outlay								
4420	Structures/Improvements (3)	10,400	33,168	20,000	30,370	15,000	15,000	10,000
4425	Department Equipment	22,944	0	0	0	68,000	68,000	0
Sub-Total		\$ 33,344	\$ 33,168	\$ 20,000	\$ 30,370	\$ 83,000	\$ 83,000	\$ 10,000
Total Expenditures		\$ 51,459	\$ 40,933	\$ 40,000	\$ 48,952	\$ 128,000	\$ 128,000	\$ 57,500

2020

- (1) Includes funds for Play Park maintenance; Landscape Maintenance
- (2) Includes funds for replacement trees in parks
- (3) Park system improvements

City of Augusta
 2020 Budget
 Cemetery Endowment

Fund 11		Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimate 2019	Proposed 2020
Revenue:							
3510	Interest	223	0	0	0	0	0
3511	Interest Income	0	516	925	0	0	0
3561	Endowment	9,450	10,200	6,200	8,000	8,000	5,000
Sub-Total		\$ 9,673	\$ 10,716	\$ 7,125	\$ 8,000	\$ 8,000	\$ 5,000
3001	Revenue Forward	106,183	78,717	89,433	46,933	89,058	67,058
Resources Available		\$115,856	\$ 89,433	\$ 96,558	\$ 54,933	\$ 97,058	\$ 72,058
Total Expenditures		\$ 37,139	\$ -	\$ 7,500	\$ 30,000	\$ 30,000	\$ 10,000
Balance Remaining		\$ 78,717	\$ 89,433	\$ 89,058	\$ 24,933	\$ 67,058	\$ 62,058
Final Balance Remaining		\$ 78,717	\$ 89,433	\$ 89,058	\$ 24,933	\$ 67,058	\$ 62,058

Expenditures: 11-38							
Contractual Service							
4260	Building & Grounds Maintenance (1)	37,139	0	0	30,000	30,000	10,000
4265	Other Services (Memorials)	0	0	0	0	0	0
Sub-Total		\$ 37,139	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 10,000
Capital Outlay							
4420	Structure & Improvements	0	0	0	0	0	0
4425	Equipment	0	0	0	0	0	0
5025	TF to Scattering Garden Project	0	0	7,500	0	0	0
Sub-Total		\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ -
Total Expenditures		\$ 37,139	\$ -	\$ 7,500	\$ 30,000	\$ 30,000	\$ 10,000

2020

(1) Bag Worm Spray; Misc grounds maintenance



PARTNERSHIP FOR HEALTH AND WELFARE BENEFITS MANAGEMENT

CITY OF AUGUSTA

June 10, 2019

Aaron Wells | Trent Nichols | Amy Schroeder | Casey Johnson
www.usi.com

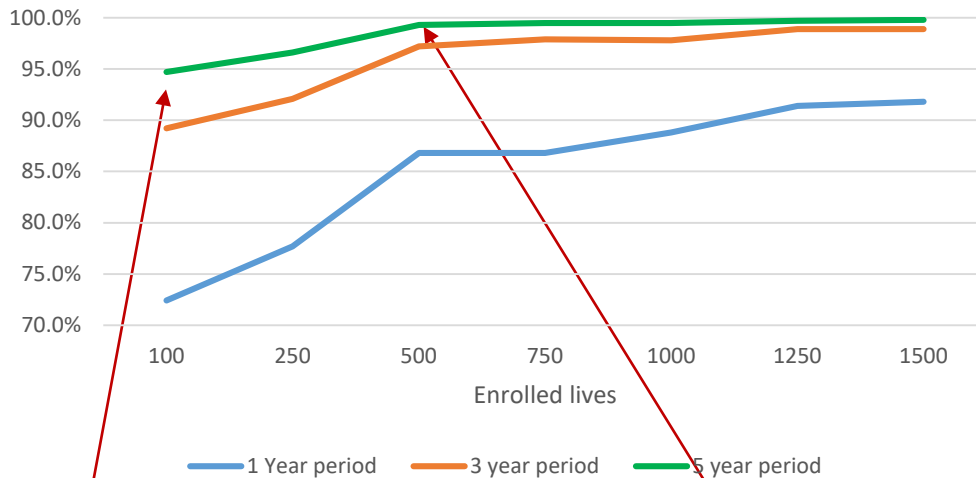


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Understanding Probability & Risk

Given inherent tax and fee advantages of alternative funding arrangements, long-term savings are highly likely.

Likelihood of Self-Funding Costing Less than Fully Insured *



Over a 5 year period, there is a 94.7% chance of a 100 life group saving money by self funding

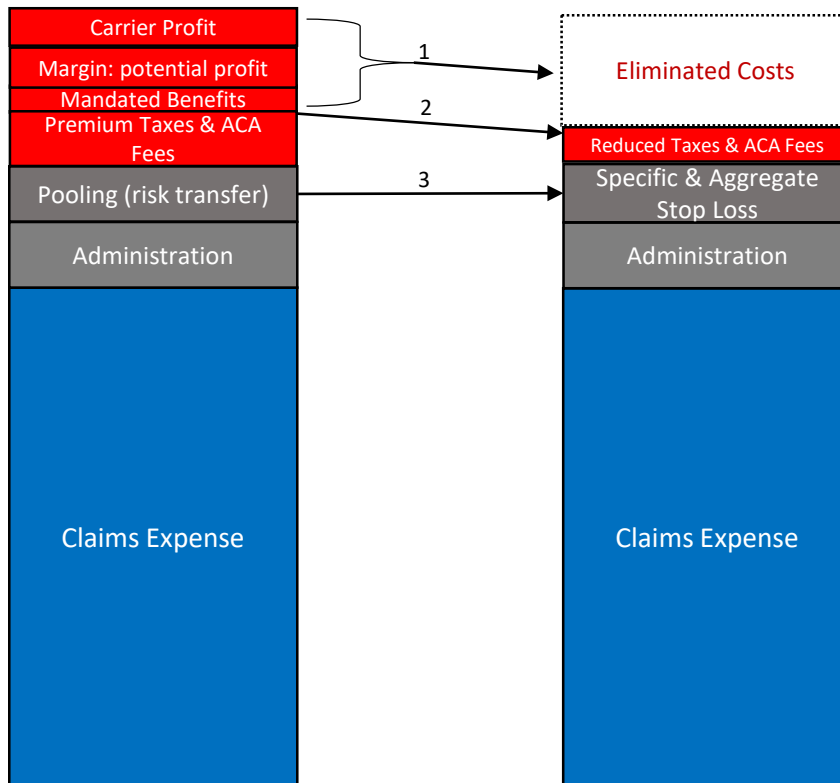
Over a 5 year period, there is a 99.3% chance of a 500 life group saving money by self funding

- Using case specific factors and robust actuarial tools, USI demonstrates the very high likelihood of partial self-funding costing less than fully insured over the course of 1, 3, and 5 year periods.
- The inherent cost advantage of 7-12% of premium for alternative funding arrangements drives the long term savings.
- USI helps employers understand the appropriate balance of risk and premium.

* Data Source: Windsor Strategy Solutions, Risk Decision Support Tool

Understanding the Components

For groups over 100 employees, actual claims experience plays the most significant role in determining health insurance rates. Alternative funding strategies offer a different way to manage the rest of the cost. Either way, the employer is bearing the cost of actual claims.



Fully Insured

Partially Self-Funded

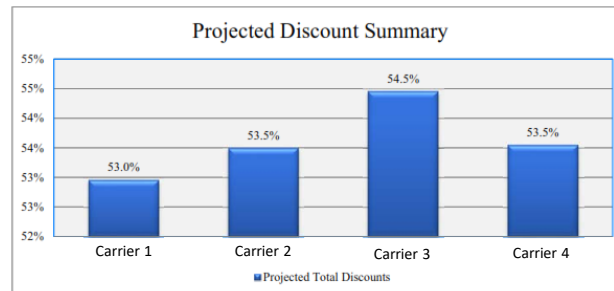
1. Margin, carrier profit and review of mandated benefits become potential savings for the employer.
2. Partially self funded plans reduce state premium taxes and many ACA fees.
3. Stop loss replaces the pooling charges, protecting the employer from large individual claimants and excessive total claims.



Network Discount Analysis

USI's proprietary provider discount analysis quantifies savings opportunities to evaluate a network change

- Networks negotiate discounts with providers based on membership size and utilization within a given geography
- USI actuaries evaluate carrier discount data through our *Uniform Data Set (UDS)* methodology
- Employer utilization and employee location records are used to tailor results
- Analysis includes inpatient, outpatient and professional services to accommodate varying employer characteristics
- Negotiate discount performance guarantee and access fees



Impact and Benefits:

- Reduce provider reimbursements, resulting in **2.5% to 5%** of total plan savings
- Reduce out-of-pocket costs for employees
- Offer in conjunction with a provider disruption analysis
- Identify and manage network access fees

Evaluate Discounts to Maximize Network Savings



PHARMACY

PBM Contract Review

Negotiate PBM contract language to ensure favorable definitions, appropriate pricing, and rebate sharing.

- Pharmacy costs are unique in that carrier/Pharmacy Benefit Manager (PBM) typically earns profit in the cost of the claim as opposed to the cost of insurance or administration
- Contract review is applicable to both embedded carrier pharmacy solutions and carve-out plans
- USI provides a 7-point contract review to facilitate negotiation of favorable terms and pricing. Including but not limited to rebate terms, AWP discounts and brand definition

Impact and Benefits:

- **Savings of 10-15%** of pharmacy cost
- Zero disruption to members



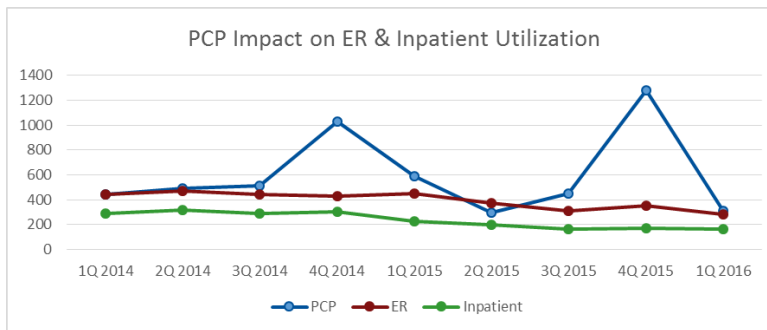
Reduce Carrier Profit Hidden & Embedded in Claims Costs



Incentivized Physician Engagement

USI's strategy to incentivize employees to engage with their primary care physician reduces high cost drivers and improves employee health.

- Less than 30% of US population has an active primary care relationship
- Determine current physician engagement level through carrier and USI proprietary analytics tool
- Design financial incentives around plan & contribution structure to increase primary care utilization
- Use data to evaluate the program's effectiveness and provide future program direction



Impact and Benefits:

- Employees with active primary care relationships experience **40%** lower rate of ER services and **33%** lower inpatient admissions, resulting in an estimated **1-3%** reduction of total program cost
- With proper incentives, **70-95%** of participants establish active primary care relationship within 12 months

Low Cost, High Impact Cost Containment Strategy



CARE INTERVENTION Telemedicine

USI's analytics team evaluates the cost savings opportunity to redirect members to a telemedicine solution and away from high cost alternatives

- Routine or self diagnosed issues can often be resolved by a phone call to a physician; eliminating need to miss work or ER visit
- Analyze eligible charges to perform projected ROI calculation
- Create communication pieces to increase employee understanding

Impact and Benefits:

- An estimated **50%** savings in eligible charges or **1%** reduction in total claims
- Increased employee productivity by eliminating 1 sick day per employee per year
- Increased employee satisfaction by improving flexibility of benefit plan

Where Member would have gone	Visits	Average National Cost	Telemedicine Cost	Net Savings
Primary Care Physician	188	\$132.00	\$40.00	\$17,296.00
Specialist	38	\$162.00	\$40.00	\$4,636.00
Urgent Care Clinic	186	\$169.00	\$40.00	\$23,994.00
Emergency Room	24	\$1,558.00	\$40.00	\$36,432.00
No Treatment	45	\$0.00	\$40.00	-\$1,800.00
Total Consultations	457			\$80,558.00

Cost-effective and convenient alternatives



CARE INTERVENTION

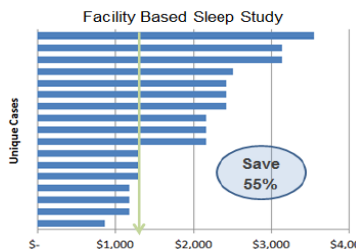
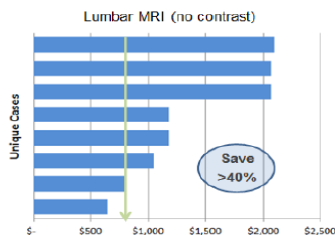
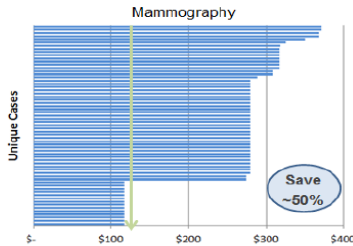
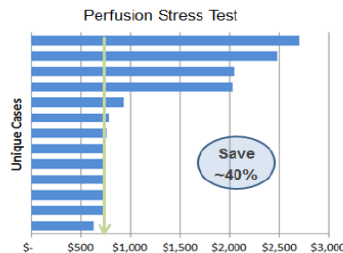
Transparency Pricing Tools

USI's implementation of consumer pricing comparison tools can reduce member out of pocket expense and overall claims cost

- The third-party payer system creates a lack of understanding of quality and of price sensitivity on behalf of consumer/members
- Leverage transparency tools to improve employee awareness and reduce expense in conjunction with high deductible plans

Impact and Benefits:

- In-Network pricing can vary by up to **300%** for certain procedures
- Typical estimated employer savings using transparency tool range from **1-3%** of overall claims cost
- **50%** reduction on employee out of pocket expense for applicable procedures



Cost and Quality Comparisons for Informed Decision Making



2020 Early Renewal Projection

January 1, 2020 Renewal Date

Enrollment

Medical

Employee	19
Employee + Spouse	19
Employee + Child(ren)	11
Employee + Family	43
Total Annual	92

	Current (2019)	Proposed (2020)
Total Annual	\$1,150,793	\$1,151,194
Percentage Change		0.0%

Contribution Share Illustration:

- Based on current claims data, current enrollment, current contribution percentages

City Contributions:

- \$1,059,098

Employee Share :

- \$92,096

Clear Understanding of Employee and Employer Cost



Tiered PPO Network

USI's implementation of a tiered PPO network will incent employees to select the most cost efficient care options.

- Quantify projected savings from a tiered network
- Evaluate network access for employee population to determine disruption
- Tailor plan designs to drive utilization to the tiered network facilities

Plan Type: Tiered PPO Network	
Deductible	High Value Network: \$1000 PPO Network: \$1500 Non-Network: \$3000
Out-of-Pocket Maximum	High Value Network: \$2,000 PPO Network: \$3,000 Non-Network: \$6,000
Coinsurance	High Value Network: 90% PPO Network: 80% Non-Network: 50%

Impact and Benefits:

- Channeling health care delivery to more efficient settings reduces costs by ~1-3%
- Potential to offer richer benefits without increasing plan costs
- Allows for member "choice" but with some level of responsibility for the member

Proactively Manage Healthcare Costs with a Consumer Driven Approach



Spousal Coverage Strategy

USI's identifies opportunities to reduce expenses related to spousal coverage through contribution surcharges, carve-outs or buy-out incentives

- The Affordable Care Act provides opportunity for all spouses to obtain coverage through public exchanges and specifically doesn't require employers to offer spousal coverage
- USI offers strategies to reduce cost based on claims analysis while providing in a responsible transition to employee/dependent only coverage

Impact and Benefits:

- Spouses typically represent 20% of members but 30% of claims cost
- Through increased contributions or spousal attrition, savings range from an estimated **3-10%** of total program cost

USI 3D database

Cohort Statistics:	SPOUSE	ALL	% of Total
Total Paid	\$1,121,828,876.47	\$ 3,924,557,773.25	28.58%
Total Medical Paid	\$933,292,961.23	\$ 3,291,238,274.86	28.36%
Total Pharmacy Paid	\$188,535,915.24	\$ 633,319,498.49	29.77%
No. of Members	123,625	650,497	19.00%



Removing 1 spouse coverage will save on average \$4500 per year

Changing Landscape of Coverage Expectations Due to ACA



Creation of a Stormwater Utility

What is Stormwater?

Stormwater is basically runoff from rainfall or snow melt that, rather than being absorbed into the ground, flows over the ground because of impervious surfaces (i.e. buildings, parking lots, paved driveways and sidewalks, etc.) and saturation.

What is a Stormwater Utility?

A *utility* is an entity that maintains the infrastructure for a particular service and provides a service using that infrastructure. The primary services of a stormwater utility are drainage maintenance, flood control, and nuisance abatement. Utilities are financed through user fees rather than taxes, and the fees are based on an individual property's usage or contribution to the system.

Stormwater Infrastructure

Any physical structure designed to collect, store, convey or treat stormwater runoff, including the following:

- Pipes, culverts, open channels, ditches
- Inlets, catch basins, detention ponds
- Storm sewers, curb & gutter, streets
- Parks and green space
- Flood control structures (e.g. dams, spillways, levees)
- Receiving water bodies (i.e. lakes, rivers, etc.)

Why should Augusta consider a stormwater utility?

Currently, the primary motivation would be to finance maintenance, upkeep, and capital improvements to our stormwater infrastructure. Long term, the city needs to consider how it will comply with regulatory requirements through National Pollutant Discharge Elimination System (NPDES).

Cities with Stormwater Utilities

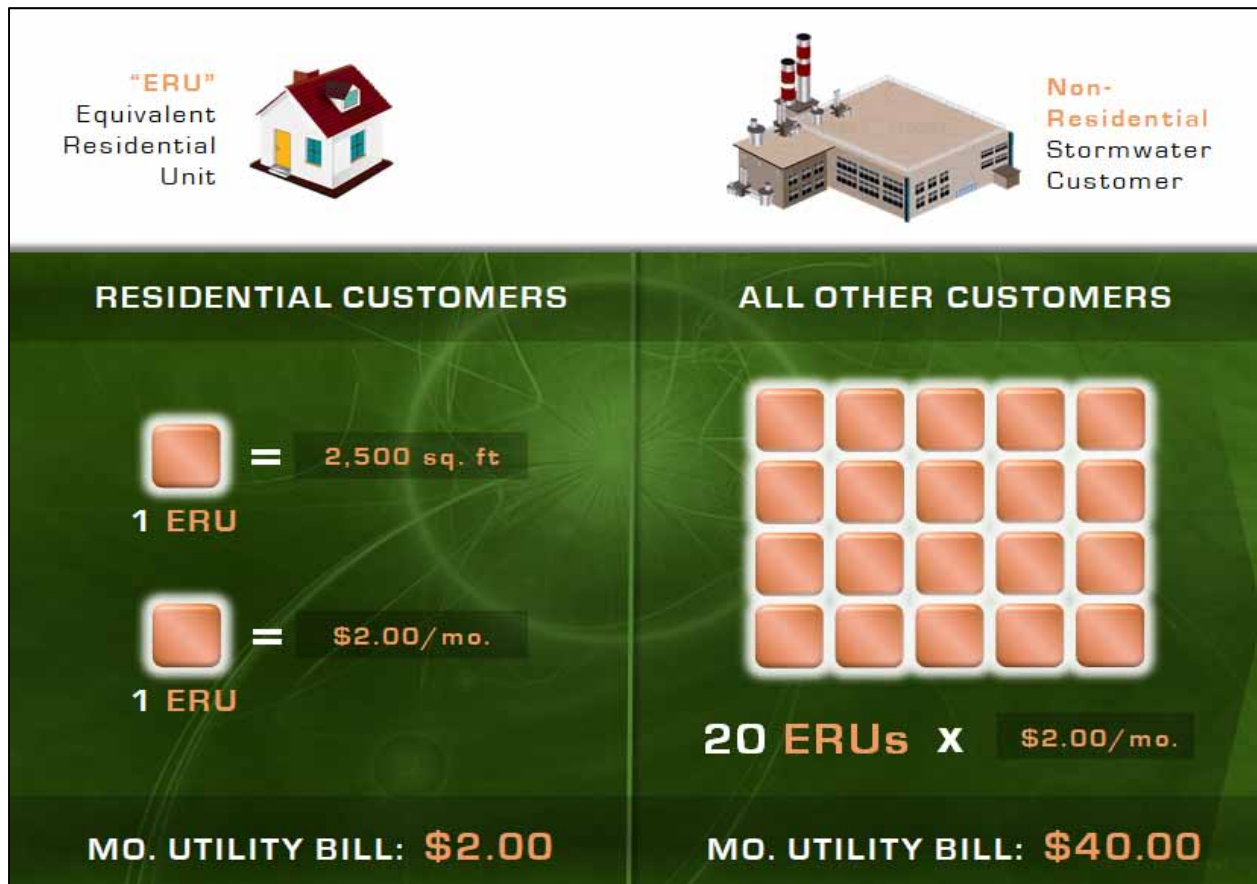
- Lawrence, KS
- Topeka, KS
- Pittsburg, KS
- Winfield, KS
- Andover, KS
- Derby, KS
- Valley Center, KS
- Bel Aire, KS
- Arkansas City, KS
- Haysville, KS
- Wichita Metro



Stormwater Utility Fees Comparison

Andover		Mo. Fee
Up to 1 Acre		\$2.00
1 to 2 Acres		\$3.00
2-5 Acres		\$5.00
5+ Acres		\$8.00
Derby		Mo. Fee
ERU - 2,233 sq. ft		\$3.00
Commercial - \$3.00 per ERU		
Arkansas City		Mo. Fee
Residential		\$3.00
Commercial		\$6.00
Haysville		Mo. Fee
ERU - 2,233 sq. ft		\$1.75
0 to 2500 square feet ERU x 1.26		\$2.21
2501 to 5000 sq. feet ERU x 2.53		\$4.43
5001 to 7500 sq. feet ERU x 3.79		\$6.63
7501 to 10,000 sq. feet ERU x 5.05		\$8.84
10,001 to 20,000 sq. feet ERU x 10.10		\$17.68
20,001 to 30,000 sq. feet ERU x 15.15		\$26.51
30,001 to 40,000 sq. feet ERU x 20.20		\$35.35
40,001 to 50,000 sq. feet ERU x 25.25		\$44.19
50,001 to 75,000 sq. feet ERU x 37.88		\$66.29
75,001+ sq. feet ERU x 50.51		\$88.39
Wichita		Mo. Fee
ERU - 2,139 sq. ft		\$2.00
Commercial - \$2.00 per ERU		
Valley Center		Mo. Fee
Residential ERU \$2,000 sq. ft		\$5.50
Commercial $\leq 1,000$ sq. ft		\$5.50
Commercial $1,001 \leq 5,000$ sq. ft.		\$15.00
Commercial $5,001 \leq 100,000$ sq. ft.		\$30.00
Commercial 100,000 sq. ft. +		\$60.00
Bel Aire		Mo. Fee
ERU		\$2.00

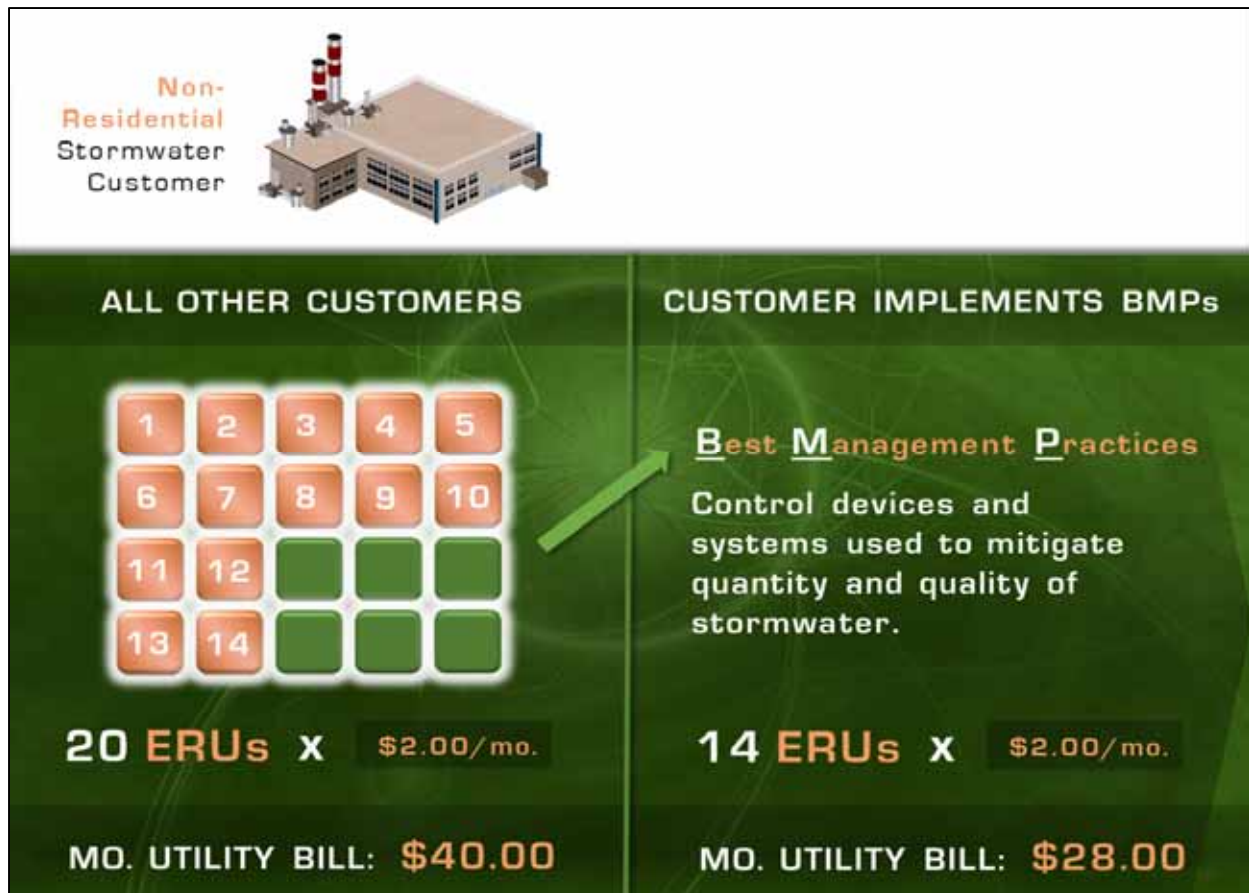
Stormwater Utility Basics



Impervious Surface and Equivalent Residential Units (ERUs)

Stormwater utilities are based upon the concept of *impervious surface*. Impervious surfaces (i.e. hard surfaces such as roofs, driveways, sidewalks, etc.) prevent natural percolation of stormwater into the ground, resulting in stormwater runoff. This *runoff* is conveyed away from the property by way of streets, curbs and gutters, storm sewers, etc. to be discharged into a water source. Stormwater utilities assess utility fees based on a property's contribution to stormwater runoff. That contribution is generally determined based on a formula utilized *Equivalent Residential Units (ERUs)*.

An ERU is generally calculated by a planner or GIS person by determining an average square footage for a residential lot within your community utilizing aerial mapping and/or survey data. The City then determines a cost per ERU to cover the operational and infrastructure needs for the City to manage that stormwater runoff. All residential properties are billed the same rate for a single ERU. All other property types are billed based on square footage (the total number of ERUs) on the property.



The challenge with a strictly ERU (square footage) based system is that it requires a big investment amount of work through GIS mapping to calculate the impervious surface for hundreds of non-residential properties. Development also has to be tracked more closely through the building permit process to insure that impervious surface areas are updated for billing purposes whenever new construction occurs. Alternatively, some communities choose to implement a flat fee structure for stormwater utilities because of the ease of implementation. However, this method is arguably subject to legal challenge as an unconstitutional “excise tax” or “special assessment” because the fees are not as clearly tied to usage as a strictly ERU-based system would be. To staff’s knowledge, no cities have been challenged in court regarding their flat stormwater fee structures, but other similarly structured usage fees (such as the [Driveway Tax in Mission, KS](#)) have been challenged and declared unconstitutional.

An ERU system will greatly impact churches, schools, and large commercial facilities financially, whereas a flat fee structure would have a more nominal impact. One benefit of an ERU structure is that you can incentivize certain types of green development best management practices (BMPs) as shown in the illustration above.