

RESOLUTION NO R070918B

A RESOLUTION OF THE BOARD OF PUBLIC WORKS AND SAFETY OF THE CITY OF FISHERS RECOMMENDING ADJUSTMENT OF THE STORMWATER UTILITY FEES AND CHARGES

WHEREAS, the Board of Public Works and Safety is charged with the operation, management, and control of the City of Fishers Stormwater Utility (“Stormwater Utility”), pursuant to Indiana Code 36-9-23 et seq.

WHEREAS, the Board of Stormwater Management, now repealed, established the Stormwater Utility Rates and Charges on December 17, 2007, Resolution No. 121707E, and reapproved the rates and charges on April 20, 2009, Resolution 030209F, and on August 19, 2010, Resolution No. SW081910, and the Fishers Town Council approved a basic monthly stormwater service charge be set at \$4.95 per ERU;

WHEREAS, Indiana Code 36-9-23-25 requires stormwater rates and charges to maintain the stormwater works in the sound physical and financial condition necessary to render adequate and efficient service. The fees must be sufficient to (1) pay all expenses incidental to the operation of the works, including legal expenses, maintenance costs, operating charges, repairs, lease rentals, and interest charges on bonds or other obligations; (2) provide the sinking fund required by I.C. 36-9-23-21; (3) provide adequate money to be used as working capital; and (4) provide adequate money for improving and replacing the works;

WHEREAS, the Stormwater Utility has developed a Master Plan that includes stormwater capital projects to improve serviceability and protect public infrastructure and property, to improve public health and safety and to comply with the federal stormwater quality regulations (“Master Plan”);

WHEREAS, the City of Fishers engaged Policy Analytics to perform a rate study and to analyze the Stormwater Utility’s Master Plan and estimated project costs and projected revenues, in order to determine stormwater fees and charges that will generate sufficient funds to meet the fiscal needs of the Stormwater Utility, in accordance with I.C. 36-9-23-25; and

WHEREAS, Policy Analytics’ analysis indicates that the existing rates and charges for the use of services provided to the City of Fishers residents by the Stormwater Utility do not produce sufficient revenue to satisfy the requirements of the Stormwater Utility, including but not limited to those costs related to the Master Plan and regulatory compliance, and therefore staff recommends that the existing rates and charges should be adjusted.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Public Works & Safety, of the City of Fishers, Indiana, meeting in regular session, as follows:

- Section 1. (A) That the existing fees and charges for the use of and services rendered by the Stormwater Utility do not produce sufficient revenue to (1) pay all expenses incidental to the operation of the works, including legal expenses, maintenance costs, operating charges, repairs, lease rentals, and interest charges on bonds or

other obligations; (2) provide the sinking fund required by I.C. 36-9-23-21; (3) provide adequate money to be used as working capital; and (4) provide adequate money for improving and replacing the works.

(B) That adjustments in the Stormwater Utility’s fees and charges are necessary to provide sufficient revenue maintain the sewage works in the sound physical and financial condition necessary to render adequate and efficient service.

(C) That the Board of Public Works & Safety does hereby recommend that the Common Council of the City of Fishers adjust the stormwater fees and charges to \$6.66 per ERU per month (an increase of \$1.71 per ERU per month) based on the June 28, 2018 rate analysis performed by Policy Analytics (Exhibit A) , and incorporated herein.

Section 2. This resolution shall become effective upon its adoption in accordance with law.

ALL OF WHICH IS SO RESOLVED BY THE Board of Public Works & Safety of the City of Fishers, Indiana this 9th day of July 2018.

**BOARD OF PUBLIC WORKS &
SAFETY, CITY OF FISHERS
HAMILTON COUNTY, INDIANA**

AYE

NAY

	Scott Fadness.	
	Jeff Lantz.	
	Jason Meyer.	

ATTEST: _____ DATE: _____

Jennifer L. Kehl, City Clerk

This instrument was prepared by: Christopher P. Greisl, City Attorney, Fishers, Indiana, One Municipal Drive Fishers, Indiana 46038.

EXHIBIT A

City of Fishers Stormwater Fee Analysis



June 28, 2018



February 23, 2018

Scott Fadness, Mayor
City of Fishers
1 Municipal Drive
Fishers, Indiana 46038

Dear Mayor Fadness:

Policy Analytics is pleased to present the attached analysis containing unaudited and limited financial information for the purposes of discussion and decision-making for a proposed series of projects and adjustment in stormwater utility user fees. Policy Analytics was previously engaged by the City of Fishers to undertake a *Demand Forecasting and Fiscal Sustainability Analysis* which detailed the projected growth in the City of Fishers population and demand for services. In 2018, Policy Analytics responded to a request from the City of Fishers to evaluate stormwater utility fees in light of future operating and capital needs.

Policy Analytics reviewed the Stormwater Utility's capital plan and analyzed the operating expenditures, revenues and balances of the utility to understand the resources available for near term service delivery and capital investment.

Policy Analytics would appreciate any comments or questions that you or your staff might have and will be pleased to provide additional information at your request.

Very truly yours,

A handwritten signature in black ink, appearing to read "William J. Sheldrake". The signature is fluid and cursive, with a prominent initial 'W'.

William J. Sheldrake, President
Policy Analytics, LLC

Table of Contents

- 1. Stormwater Fee Overview..... 4
- 2. Financial Analysis 8
- 3. Stormwater Fee Methodology..... 10
- 4. Customer Implications..... 17
- 5. Appendix A: Stormwater Capital Plan..... 19

1 Fishers Stormwater Fee Overview

Fishers Stormwater Utility

The Fishers Town Council established a Stormwater Utility in 2007. The purpose of the utility is to fund six minimum control measures as required by State and Federal regulations:

- Public participation and involvement
- Public education and outreach
- Illicit discharge detection and elimination
- Pollution prevention and good housekeeping
- Construction site runoff control
- Post construction runoff control

The utility also funds the following local projects:

- Storm sewer maintenance
- City right-of-way drainage improvements
- Stormwater quality projects

Stormwater Fee Structure

The Stormwater fee is levied on the basis of the impervious (non-porous) surface area of a property. Stormwater fees are applied on the basis of the “Equivalent Residential Unit” (ERU) which is defined by the City as 3,318 square feet of impervious surface area. The stormwater utility fee was initially set at 4.95 per month per ERU and has not been subsequently modified.

Each single family residential housing unit is charged for one ERU. Non-residential properties are charged on the basis of actual impermeable area at a monthly rate of \$4.95 per every 3,318 square feet. Unimproved properties, condos and very small properties are charged on the basis of a pro-rated ERU. The Fishers stormwater fee schedule is summarized in Figure 1.

Figure 1: Fishers Stormwater Fee Schedule

Classification	Monthly Fee	Annual Fee	Applicability
Residential Improved	\$4.95	\$59.40	Per parcel
Non Residential improved	\$4.95	\$59.40	Per Equivalent Runoff Unit (ERU)
Condominium	\$2.97	\$35.64	Per residential unit
Unimproved	\$1.65	\$19.80	Per parcel
Small Non-Residential	\$1.65	\$19.80	Per parcel

Stormwater Fee Revenue

Based on information provided by the City, Fishers collects stormwater fee revenue from over \$3.3 million in annual stormwater fee revenue from approximately 34,000 stormwater customers. Residential properties (including condominiums) comprise approximately 50% of the overall revenue base, with the remainder coming from commercial, industrial and institutional uses.

Because Fishers' stormwater management operation is a utility, stormwater fees apply to both traditionally taxable and tax exempt properties.

The characteristics of the Stormwater revenue base are summarized in Figure 2.

Figure 2: Fishers Stormwater Revenue Profile

Account Type	Parcel Count	Deeded Acres	Impervious Area (SqFt)	Number of ERU's	Monthly Fee per ERU	Annual Revenues	Pct. of Total
Small Non-Residential	159	140	85,019	26	\$1.65	\$3,148	0.1%
Non Residential Improved	1,510	5,776	90,365,076	27,235	\$4.95	\$1,617,747	48.1%
General Residential	26,762	8,117	-	26,762	\$4.95	\$1,589,663	47.3%
Condos	2,338	30	-	1,403	\$2.97	\$83,326	2.5%
Unimproved	3,431	5,239	18,690	6	\$1.65	\$67,934	2.0%
Non-Billed	106	884	3,594,841	1,083		-	0.0%
Grand Total	34,306	20,187	94,063,626	56,514		\$3,361,818	

Note: Residential and condo accounts are assessed stormwater fees on a standardized basis of one ERU. Estimates of impervious surface area were not made available for these accounts.

3 Stormwater Fee Methodology

Overview

Three stormwater fee scenarios were developed for the purpose of this analysis, which support varying levels of capital infrastructure investment:

- Scenario 1: Break Even Scenario - This scenario estimates the stormwater fee required to offset the projected structural deficit in the stormwater fund. This scenario does not include additional funding for Fishers’ proposed stormwater capital improvement program.
- Scenario 2: Stormwater Capital Plan - This scenario assumes the funding of Fishers’ proposed stormwater improvement plan.
- Scenario 3: Airport Detention Project - This scenario assumes the funding of Fishers’ full capital plan plus a possible proposed underground stormwater detention project at the Indianapolis Metropolitan Airport.

The stormwater fee scenarios were designed to sustainably fund the stormwater utility over a five year period between 2019 to 2023. Per the City’s direction, the scenarios assume no changes to the stormwater fee structure, or to the defined size of a standard ERU.

Budgetary Projections

Each of the three scenarios are based on a single budgetary expenditure projection. The “Test Year,” from which changes are evaluated is defined as the 2018 calendar year. Adjustments to the test year, equal to 50% of the five-year projected change in budgetary expenditures, were applied to determine revenues necessary to sufficiently fund the utility over the five-year term of the fee analysis.

Figure 7: Stormwater Budgetary Projections
Dollars in Thousands

	Test Year		Projection					Change 18 to 23	Adjustment 50% of Change
	2018	2019	2020	2021	2022	2023			
Revenue	1,856	1,856	1,856	1,856	1,856	1,856	1,856	1,856	
Operating Expenses	1,856	1,856	1,856	1,856	1,856	1,856	1,856	1,856	
Capital Expenses	0	0	0	0	0	0	0	0	
Structural Deficit	0	0	0	0	0	0	0	0	
Stormwater Fee	0	0	0	0	0	0	0	0	

Capital Improvement Plan

The planned projects and estimated expenditures for Fishers' stormwater capital improvement plan were provided by the City of Fishers. The capital improvement plan is summarized in Figure 8, and is detailed in Appendix A. The stormwater capital improvement plan is comprised of projects totaling \$8.3 million (2018 dollars), designed to address drainage, maintenance, equipment and other water quality issues.

The capital projects were grouped into two categories: cash funded projects and bond funded projects. Projects with relatively short expected life cycles were included in the cash funded projects category. For the purposes of the rate analysis, it was assumed that the cash funded projects would be completed over a five year timespan. A 2% annual cost escalator was applied to capital costs in this category.

Projects with long expected life cycles were grouped into the bond funded category. The annual debt service requirement was estimated for this category assuming a 20 year bond at an interest rate of 4%.

In addition to the capital improvement plan, Scenario 3 models an investment in a \$5.7 million underground stormwater retention project at the Indianapolis Metropolitan Airport. This capital option is not included in Scenario 1 or Scenario 2.

Figure 8: Stormwater Capital Improvement Plan

Project Category	Cost
Cash Funded Projects (Scenarios 2 and 3)	
Drainage	\$1,330,809
Maintenance	\$58,000
Equipment	\$150,000
Study	\$246,500
Total	\$1,785,309
<i>5 Year Average*</i>	<i>\$379,065</i>
Bond Funded Projects (Scenario 2 and 3)	
Redevelopment	\$2,000,000
Drainage	\$4,570,216
Total	\$6,570,216
<i>Estimated Annual Debt Svc.</i>	<i>\$483,448</i>
Total Capital Plan Costs	
<i>Avg. Annual Cash Funded</i>	<i>\$379,065</i>
<i>Est. Annual Debt Svc</i>	<i>\$483,448</i>
Potential Airport Underground Retention	
Stormwater Retention	\$5,670,000
Total	\$5,670,000
<i>Est. Debt Svc.</i>	<i>\$417,209</i>

Scenario Outcomes

The user fee outcomes of the three modeled scenarios are illustrated in Figure 9. Detailed schedules for each scenario are included on pages 11 through 13 of the report.

The analysis finds that a user fee increase of \$0.44 per ERU per month is required to sustainably fund the stormwater utility over the next five years, without consideration for additional capital programming (Scenario 1).

A user fee increase of \$1.71 per ERU per month is required to sustainably fund the stormwater utility, and fund the stormwater capital improvement plan (excluding the Airport detention project) as proposed (Scenario 2).

Finally, a user fee increase of \$2.32 per ERU per month is required to fund the full capital plan plus the Airport stormwater detention project. A full listing of the stormwater user fee by property class for each scenario is shown in Figure 13.

Figure 9: Stormwater User Fee Scenario Outcomes

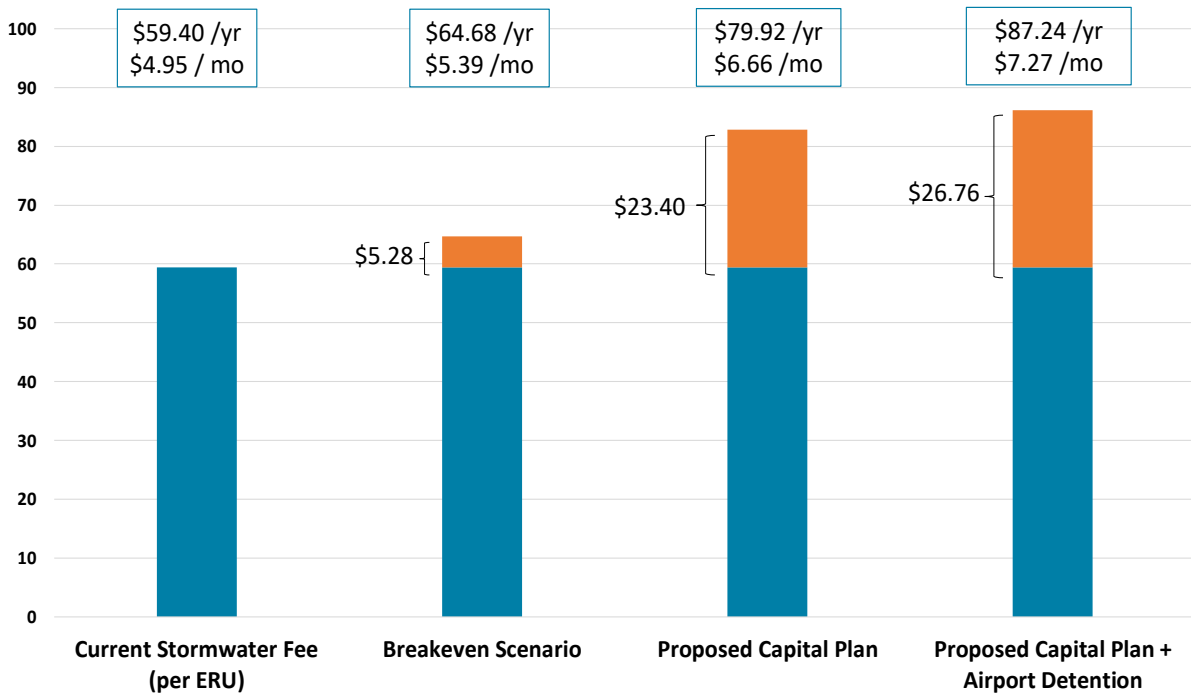


Figure 10: Scenario 1 - Break even Scenario

	Test Year (2018)	Adjustments	Adjusted Test Year
Operating Expenses			
Personal services	\$2,079,503	\$183,675	\$2,263,178
Supplies	\$267,778	\$11,257	\$279,035
Other services and charges	\$886,010	\$37,248	\$923,258
Total	\$3,233,291	\$232,181	\$3,465,472
Capital Expenses			
Maintenance (Char. 4)	\$67,000	\$122,729	\$189,729
Total Capital	\$67,000	\$122,729	\$189,729
Total Expenses	\$3,300,291		\$3,655,201
Stormwater Rate (monthly)	\$4.95	\$0.44	\$5.39
Stormwater Rate (annually)	\$59.40	\$5.28	\$64.68
Stormwater Fee Revenues	\$3,294,582	\$366,065	\$3,660,647
Revenue Surplus (Deficit)	(\$5,709)		\$5,446

Five Year Pro Forma

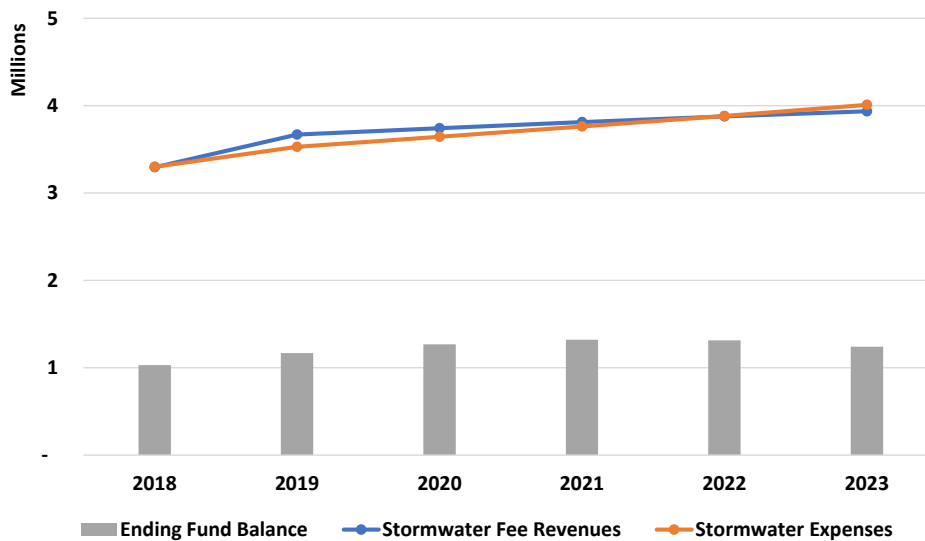


Figure 11: Scenario 2 - Proposed Capital Plan

	Test Year (2018)	Adjustments	Adjusted Test Year
Operating Expenses			
Personal services	\$2,079,503	\$183,675	\$2,263,178
Supplies	\$267,778	\$11,257	\$279,035
Other services and charges	\$886,010	\$37,248	\$923,258
Total	\$3,233,291	\$232,181	\$3,465,472
Capital Expenses			
Maintenance (Char. 4)	\$67,000	\$122,729	\$189,729
Cash Funded Projects	-	\$379,065	\$379,065
Annual Debt Service		\$483,448	\$483,448
Total Capital	\$67,000	\$985,242	\$1,052,242
Total Expenses	\$3,300,291		\$4,517,714
Stormwater Rate (monthly)	\$4.95	\$1.71	\$6.66
Stormwater Rate (annually)	\$59.40	\$20.52	\$79.92
Stormwater Fee Revenues	\$3,294,582	\$1,228,592	\$4,523,174
Revenue Surplus (Deficit)	(\$5,709)		\$5,460

Five Year Pro Forma

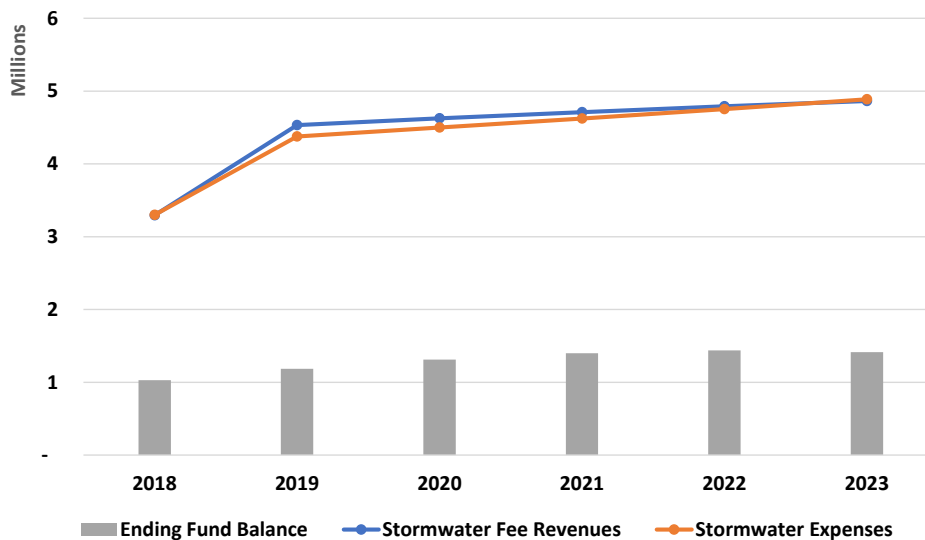


Figure 12: Scenario 3 - Airport Detention Project

	Test Year (2018)	Adjustments	Adjusted Test Year
Operating Expenses			
Personal services	\$2,079,503	\$183,675	\$2,263,178
Supplies	\$267,778	\$11,257	\$279,035
Other services and charges	\$886,010	\$37,248	\$923,258
Total	\$3,233,291	\$232,181	\$3,465,472
Capital Expenses			
Maintenance (Char. 4)	\$67,000	\$122,729	\$189,729
Cash Funded Projects	-	\$379,065	\$379,065
Annual Debt Service		\$900,657	\$900,657
Total Capital	\$67,000	\$1,402,451	\$1,469,451
Total Expenses	\$3,300,291		\$4,934,922
Stormwater Rate (monthly)	\$4.95	\$2.32	\$7.27
Stormwater Rate (annually)	\$59.40	\$27.84	\$87.24
Stormwater Fee Revenues	\$3,294,582	\$1,642,877	\$4,937,459
Revenue Surplus (Deficit)	(\$5,709)		\$2,536

Five Year Pro Forma

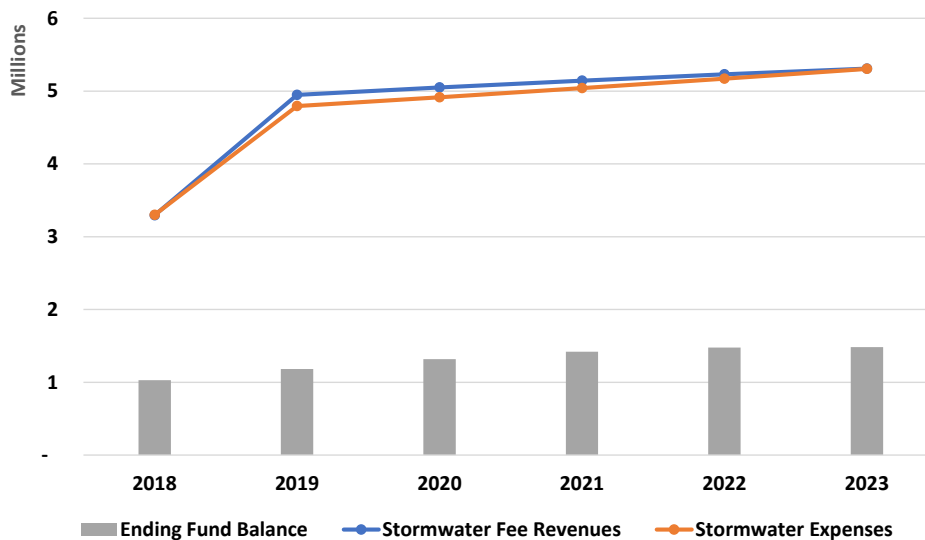


Figure 13: Stormwater User Fees by Scenario and Account Type

Account Type	Current Fee per ERU	Scenario 1	Scenario 2	Scenario 3
		Break Even	Proposed Capital Plan	Airport Detention
Non Residential Improved	\$4.95	\$5.39	\$6.66	\$7.27
General Residential	\$4.95	\$5.39	\$6.66	\$7.27
Condos	\$2.97	\$3.23	\$4.00	\$4.36
Unimproved	\$1.65	\$1.80	\$2.22	\$2.42
Small Non-Residential	\$1.65	\$1.80	\$2.22	\$2.42
Non-Billed	\$0.00	\$0.00	\$0.00	\$0.00

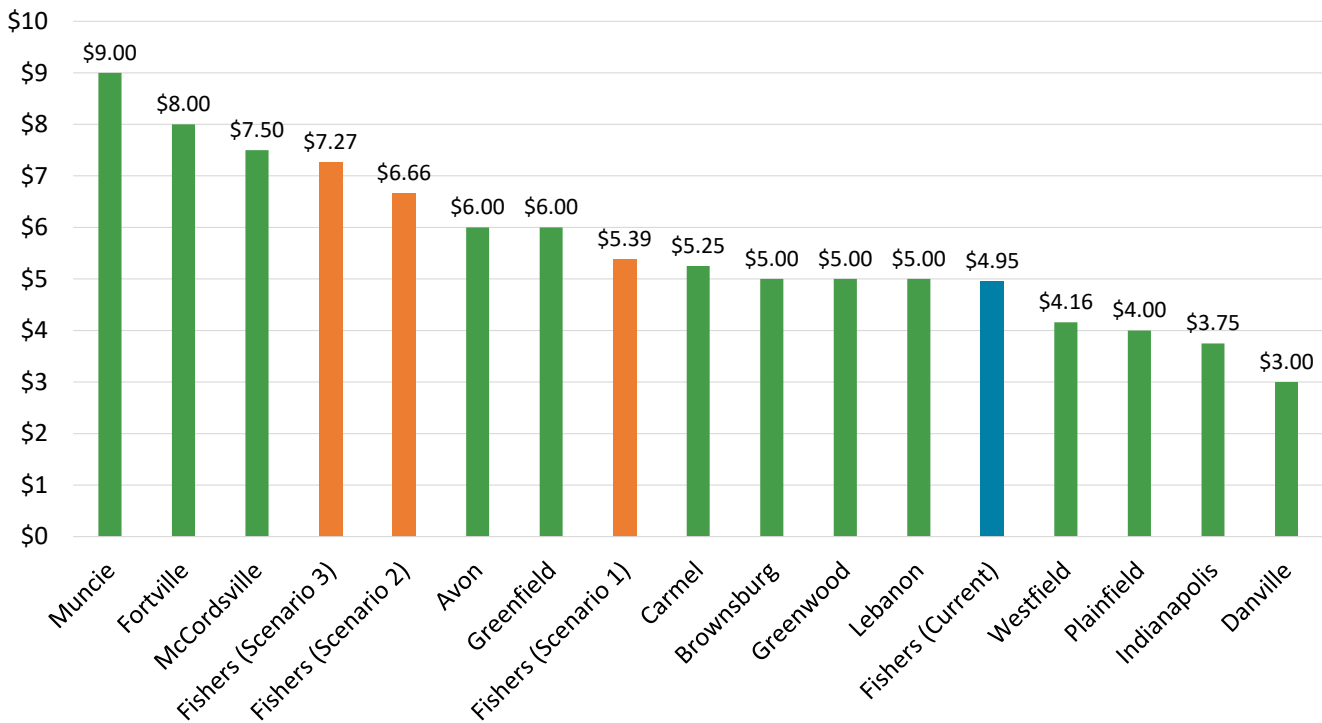
4 Implications for Stormwater Customers

Comparative Stormwater Fees

Stormwater fees established by comparative Indiana communities, ranging from \$3.00 per ERU to \$9.00 per ERU, are illustrated in Figure 14. Fisher’s current stormwater fee is near the low end of the selected municipalities.

The prospective fees for each of the three modeled scenarios rank in the top half of the comparative dataset.

Figure 14: Comparative Stormwater User Fees (per ERU)



Top Ratepayers

Figure 15 illustrates the top 25 customers of the Fishers stormwater utility and the potential fee impact under each of the three scenarios modeled for this analysis.

The most impacted fee payers are comprised largely of apartment, distribution, institution and retail uses. The largest single impacted participant is the Hamilton Southeastern School Corporation due to the many locations in which it operates.

The top 25 customers contribute approximately 14% of the overall revenues to the Fishers Stormwater Utility.

Figure 15: Top 25 Stormwater Customers

Rank	Name	ERU	Current Stormwater Fee	Scenario 1 Break Even Scenario	Scenario 2 Proposed Capital Plan	Scenario 3 Airport Detention
		Stormwater Fee per ERU	\$4.95	\$5.39	\$6.66	\$7.27
1	Hamilton Southeastern Schools	3,088	\$183,447	\$199,754	\$246,820	\$269,427
2	Indianapolis Airport Authority	647	\$38,405	\$41,819	\$51,673	\$56,406
3	Jarden Home Brands	295	\$17,551	\$19,112	\$23,615	\$25,778
4	IKEA Home Furnishings	295	\$17,523	\$19,080	\$23,576	\$25,736
5	Woods of Britton Apartments	287	\$17,046	\$18,562	\$22,935	\$25,036
6	Sunlake Apartments	269	\$16,002	\$17,424	\$21,529	\$23,501
7	Lantern Woods Apartments	214	\$12,690	\$13,818	\$17,074	\$18,637
8	LIT Industrial Limited Partnership	188	\$11,186	\$12,181	\$15,051	\$16,429
9	Fath Conner Farms LLC	177	\$10,520	\$11,455	\$14,155	\$15,451
10	USF Propco I LLC	175	\$10,408	\$11,333	\$14,004	\$15,286
11	Fry's Electronics	175	\$10,406	\$11,331	\$14,001	\$15,283
12	Duke Realty Limited Partnership	174	\$10,333	\$11,251	\$13,903	\$15,176
13	IU Saxony Hospital	174	\$10,309	\$11,225	\$13,870	\$15,141
14	Forum Credit Union	171	\$10,156	\$11,059	\$13,665	\$14,917
15	Conner Prairie	161	\$9,591	\$10,444	\$12,905	\$14,087
16	Target	160	\$9,503	\$10,347	\$12,785	\$13,957
17	St Vincent Hospital	157	\$9,305	\$10,132	\$12,520	\$13,666
18	Sunblest Apartments	156	\$9,282	\$10,107	\$12,488	\$13,632
19	Wellington Place Apartments	155	\$9,203	\$10,021	\$12,382	\$13,516
20	Fishers Station	154	\$9,136	\$9,948	\$12,292	\$13,418
21	Addison Landing	148	\$8,791	\$9,573	\$11,828	\$12,912
22	Roche Diagnostics	145	\$8,606	\$9,371	\$11,579	\$12,640
23	Roman Catholic Diocese	141	\$8,395	\$9,141	\$11,295	\$12,330
24	Bella Vista Apartments	138	\$8,183	\$8,911	\$11,011	\$12,019
25	Eastern Star Church	137	\$8,165	\$8,890	\$10,985	\$11,991

A Appendix A: Stormwater Capital Improvement Plan

Category	Project	Estimated Local Cost
Cash Funded Projects		
Drainage	10307 Cumberland Road Storm Sewer Upgrades in Bradford Knoll	\$235,000
Drainage	Allisonville and 106th Street Drainage from Airport Property	180,000
Drainage	Flat Fork Creek Park Outfall Improvements	175,000
Drainage	116th and Hoosier Road Floodplain Improvements Study, Design, Construction	150,000
Equipment	Street Sweeper	150,000
Drainage	Geist Master Plan Vegetative Swale (Fall Creek Road and Carefree Estates)	100,000
Study	Sunblest Farms Drainage Study	90,000
Drainage	136th Street Culvert Improvements at Limestone Springs	80,000
Drainage	96th Street and Cyntheanne Rd. and just north of that intersection (High Water)	80,000
Drainage	Georgia Road North of 96th Street (High Water)	75,000
Drainage	Fishers YMCA Stream/Buffer Restoration Construction	70,809
Study	Reynolds Industrial Park Redevelopment Area Existing Pond Study	50,000
Drainage	Sweet Briar to Britton Ridge Pond Network Modifications/Study	40,000
Study	Mud Creek Floodplain Restudy	30,000
Study	Geist Reservoir Floodplain Restudy (May have been done by DNR)	30,000
Study	Sand Creek Floodplain Restudy	25,000
Drainage	104th Street Pond Issue Near Timberstone	20,000
Drainage	Timberstone/Strongbow Gate Outlet Control Structure/Overflow Route Modifications	20,000
Drainage	126th St. and Atlantic Rd. Damaged Culvert Drainage Issue	20,000
Drainage	Conner Creek Pond Outlet Control Structure Modifications	20,000
Drainage	Wildwood Estates Pond Outlet Control Structure Debris Capture Adjustment	20,000
Drainage	Cherry Hill Pond Outlet Control Structure Modifications	20,000
Maintenance	Hoosier Road South of the S-Curve/Cemetery (High Water)	20,000
Maintenance	121st Street between Cross Road Lane and Blue Springs Lane (High Water)	18,000
Drainage	96th & Masters - West of Intersection at AT&T Manhole (High Water)	15,000
Study	Britton Branch Floodplain Study	15,000
Drainage	10000 block of Crosspoint Blvd (High Water)	10,000
Maintenance	Lantern Road/USA Parkway North of the RAB	10,000
Maintenance	96th Street Inlet/Swale Redesign by Psychic House	10,000
Study	Quaker Ridge Storm Drain/Pipe Study	6,500
Subtotal: Cash Funded Projects		\$1,785,309
Bond Funded Projects		
Redevelopment	116th and Lantern Area Downtown Redevelopment Dual Purpose Facility Areas	\$1,400,000
Drainage	Cumberland Road/106th Street Bridge Replacement	826,462
Drainage	Windermere Drainage Phase III Area B (areas 7,5, 2, 3) Design/Construction	718,342
Redevelopment	Airport Property Dual Purpose Facility Areas	600,000
Drainage	Windermere Drainage Phase IV Area B, C, D (B: 1, 4, 6, 9 and CD) Design/Construction	547,354
Drainage	BLN's Small Structure Survey Projects	504,248
Drainage	106th Street between Shellbourne Road and Hague Road (High Water)	400,000
Drainage	106th Street between Hague Road and Railroad Tracks (High Water)	380,000
Drainage	Prairie Baptist South of Silverleaf Blvd (High Water)	300,000
Drainage	Windermere Drainage Phase V Area B Priority 4 Design/Construction	238,810
Drainage	136th Street West of Prairie Baptist at Mud Creek	200,000
Drainage	97th and 98th Street Continued improvements? (East Side)	180,000
Drainage	136th Street and Atlantic Road (High Water)	160,000
Drainage	136th Street West of Marilyn Road at Sand Creek Flooding Improvements	100,000
Study	106th and Cheeney Creek Floodplain Improvements Study	15,000
Subtotal: Bond Funded Projects		\$6,570,216
Possible Airport Detention Project		
Redevelopment	Airport Underground Detention Project	\$5,670,000
Grand Total (excluding Airport Detention Project)		\$8,355,525
Grand Total (including Airport Detention Project)		\$14,025,525