



City of Franklin, Tennessee
Board of Mayor and Aldermen

Stormwater Fund Review Update

BOMA Work Session

January 28, 2020



City of Franklin, Tennessee

Stormwater Fund Review Update

Agenda

- **Review of November 2018 Study**
- **Progress**
 - **Billing Structure**
 - **Update to Impervious Surface Maps**
 - **Financial Sustainability**
- **Options**
- **Next Steps**
- **Questions**



City of Franklin, Tennessee

Stormwater Fund Review Update

Review of November 2018 Study

- **Finance Department spearheaded review of the Stormwater Fund**
- **Analyzed financial and operational stability of City Stormwater Fund**
- **Researched 14 other municipalities within Tennessee & Nationally to determine how others funds function. Found Franklin to have a basic fee structure and comparatively lower rates**
- ***Staff recommended more funding for fund, billing structure be analyzed, and Title 23 be amended to ensure a review every five years of the fee and fund***



City of Franklin, Tennessee

Stormwater Fund Review Update

Review of November 2018 Study

- Fee Structure: Based upon “ERU” – Equivalent Residential Unit
- Fee has not increased since 2004 (inception of the fund)

STORMWATER				
Applies to all properties inside the city limits of Franklin				
	SMALL ($<3,350$ ft*)	LARGE ($>3,350$ ft*)	Designated Rate	ERU ($3,350$ ft*)
3,350 = impervious surface*				
Residential - Inside City	\$2.74	\$4.38	NA	NA
Duplexes/Trailers (not codified)	NA	NA	\$2.74	NA
Apts/Condos (not codified)	NA	NA	\$2.74	NA
Commercial - Inside City (per ERU)	NA	NA	NA	\$3.65

- BOMA asked staff to continue to research and bring back refined recommendations



City of Franklin, Tennessee

Stormwater Fund Review Update

Slide 5

Progress - Billing Structure

- Engineering, Finance, and Revenue Management reviewed existing stormwater customers and classifications to better understand our current billing structure
- Analyzed customer data to understand how multi-family units are billed
- *Determined current billing structure is suitable for system needs*

Progress - Impervious Surface Maps

- Administration, Finance, Information Technology (GIS) and Revenue Management reviewed impervious surface maps in comparison to billing data to determine billing accuracy
- Integrated 2018 aerial (LIDAR) information into maps used to determine impervious surface.
- *Determined City, for the most part, is accurately capturing existing and new impervious surface areas and minimal change required to current ERU*



City of Franklin, Tennessee

Stormwater Fund Review Update

Progress - Financial Sustainability

- **Finance and Stormwater (Engineering and Streets) divisions reviewed current and forecast revenues and expenditures for the stormwater fund**
- **Staff worked to refine necessary operational capital equipment needs (for streets division)**
- ***Validated earlier 2018 study that in order to maintain financial sustainability of the stormwater fund, either a fee increase or expense shift to the general fund is required or both***



City of Franklin, Tennessee

Stormwater Fund Review Update

Slide 8

Options for Financial Sustainability

Parameters

- Staff analyzed 3, 5 and 10 year scenarios
- Assumed 0.5% growth in revenues (new customers), 5% net growth in Personnel costs (no new personnel) and 2% net growth in operations, regular equipment replacement
- Maintain at least \$1,000,000 in Fund Balance (for state requirements & emergencies)
- Options DO NOT ASSUME sufficient resources for Stormwater Capital Projects – only Operational needs



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TENNESSEE

City of Franklin, Tennessee

Stormwater Fund Review Update

Options for Financial Sustainability

Status Quo: No fee increase, no expense shift

	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
Beginning Balance	\$ 3,800,010	\$ 1,337,282	\$ 1,337,614	\$ 801,619	\$ 269,701
Revenues	\$ 2,647,500	\$ 2,660,738	\$ 2,674,041	\$ 2,687,411	\$ 2,700,848
Personnel	\$ 1,632,440	\$ 1,714,062	\$ 1,799,765	\$ 1,889,753	\$ 1,984,241
Operations	\$ 927,788	\$ 946,344	\$ 965,271	\$ 984,576	\$ 1,004,268
Capital	\$ 2,550,000	\$ -	\$ 445,000	\$ 345,000	\$ 257,000
Streets Capital	\$ -	\$ -	\$ 445,000	\$ 345,000	\$ 257,000
Engineering Capital	\$ 2,550,000	\$ -	\$ -	\$ -	\$ -
Expenses	\$ 5,110,228	\$ 2,660,406	\$ 3,210,036	\$ 3,219,329	\$ 3,245,509
Remaining Fund Balance	\$ 1,337,282	\$ 1,337,614	\$ 801,619	\$ 269,701	\$ (274,959)

Annual Rate Increase	0.0%
Annual Growth In System (a.k.a. customers)	0.5%
Annual Personnel Increase	5.0%
Annual Operations Increase	2.0%

Next Steps

- **Staff will prepare a budget recommendation for FY 2021 to be presented in March to Budget & Finance**
- **FY 2021 budget recommendation in May will include some combination either fee increase or expense shift**
- **Staff will work towards a five-year rate plan for the Stormwater Fund similar to Water & Sewer and ask BOMA to consider adopting multiple years of rates at one time.**



City of Franklin, Tennessee
Stormwater Fund Review Update

Slide 13

Questions