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Sponsors: Eric Stuckey, Kristine Brock, Michael Walters Young
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DATE: November 5, 2018

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Tallent, Assistant City Administrator/CFO
Michael Walters Young, Budget & Strategic Innovation Manager

SUBJECT:
Stormwater Utility Financial Review and Discussion

Purpose

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a financial review of the City's Stormwater Utility and the rate structure of similar utilities.

Background

In March 2004, the Board of Mayor and Aldermen established a Stormwater Utility funded by an assessment on residences as well as fees for other properties based upon the impervious surface of such parcels. In the early years of the utility, revenues exceeded expenses and the fund balance steadily increased. As of the most recently completed audit, the fund balance of the Stormwater Utility was \$4,687,695 (6/30/2017).

The stormwater utility rate has not changed since inception in 2004 while operating expenses have increased. For FY 2017, operating revenues were \$2,590,187 while operating expenses totaled \$2,364,747. Capital outlay for the same fiscal year totaled \$411,480, which resulted in a use of fund balance of \$186,040. There are several million dollars of capital projects in the areas of Drainage Mitigation and Stormwater Management being considered for funding in the short and mid term time horizon.

The Board has directed Staff to study the nature of expenses of the Stormwater Fund as well as survey the revenue structure of similar utilities. Today's report is to present information to the Board for discussion purposes.

Financial Impact

No Financial Impact at this time.

Recommendation

Staff is seeking direction from the Board of Mayor and Aldermen on the revenue and expenditure structure of the City's Stormwater Utility.