

Stormwater Rate Adoption and Public Hearing

January 31, 2023





Agenda



Overview

- Stormwater Program Overview
- Financial Planning
- Rate Study Journey
- New Baseline O&M Needs
- Capital Plan Scenarios & Financial Plan
- Impact Summary of Scenarios
- Outreach



Stormwater Program Overview



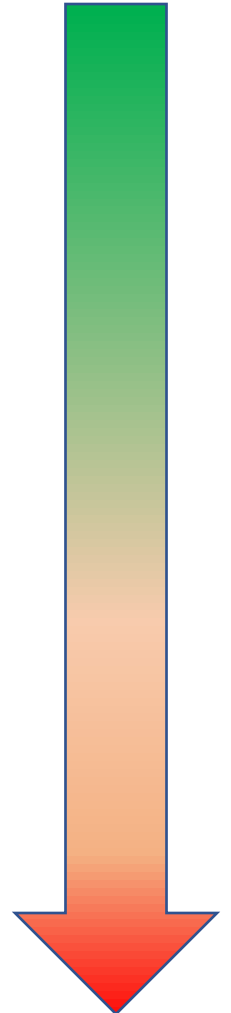


Utility Structure – Flagstaff is complex



- Water quality (NPDES, MS4, etc)
- Outreach and education
- Drainage development review
- Construction inspections (SWPP, erosion control plans, BMPs)
- Master planning and technical assistance
- Capital Improvements
- FEMA floodplain management
- “Green” infrastructure programs (LID)
- Stormwater maintenance
- Asset management, inventory, life cycle planning, GIS
- Climate change planning and management
- Rain and stream gauging (flood alert infrastructure)
- Floodproofing, property purchases, direct assistance
- Regional studies
- Regional flood management (including post-fire)
- Regional watershed management (forest thinning, water supply management, Natural Beneficial Floodplains)

Core services





Stormwater Rate & Program History

	2003	2005	2007	2009	2012	2018	2019	2021	2022
News:	Stormwater Section Created	First Rate Change and credit manual	Master Planning	ALERT network, LID Ordinance	FWPP	Rio De Flag Flood Control Project	Museum Fire, Climate Action Plan, Rio de Flag Project	Spruce Wash flooding	Pipeline Fire
Rate (\$/ERU month)	\$ 0.53	\$ 0.93	\$ 1.02	\$ 1.22	\$ 1.30	\$ 2.24	\$ 3.74	\$ 3.74	\$ 3.74
Responsibilities:	FEMA Floodplain Management Development review, Construction Inspections, Maintenance funding Water quality & MS4	Capital Improvement Drainage Investigation	NEAMDS Study	ALERT gauges LID ordinance	Regional Watershed Management	Rio De Flag Flood Control Project	Climate change planning Post-fire flood response Maintenance operations Asset Management/GIS Rio de Flag Project	Regional Flood Management	Individual Direct Assistance Detention Basin Maintenance



Stormwater Rates

Rate Basis – ERU

Stormwater Rates are based on Equivalent Rate Units (ERUs)

- 1 ERU is equal to 1,500 square foot of impervious area
- Residential properties have a maximum of 5 ERUs
 - Average Residential property for the City of Flagstaff has 3 ERUs
- Commercial properties do not have a maximum ERU
- Impervious surfaces are reviewed every three to five years for ERU adjustments. The City is completing a review based on 2021 ortho-imagery. Anticipated to be implemented in 2023-2024.



Stormwater Program Accounts

Summary of Accounts

Customer Class Billed ERU Summary

Customer Type	Billed ERU's	# of Billed Locations	By Location Average	Median ERU's Billed
Commercial (C)	48,748	1,440	33.85	17.00
Residential (R1-R4)	50,517	18,651	2.71	2.00
Total	99,265	20,091	4.94	

Customer Stormwater Credit Summary

Commercial	# of Accounts	Residential	# of Accounts
Stormwater - 10%	2	Stormwater - 10%	62
Stormwater - 19.5%	5	Stormwater - 19.5%	348
Stormwater - 20%	1	Stormwater - 29.25%	12
Stormwater - 22%	1	Stormwater - 9%	4
Stormwater - 68%	1		
Stormwater - 9%	3		



Stormwater Rates



Current Rates

- Limited Capital Funding
 - \$600K annually
- Limited Operations Budget
 - Large increase to Operations Needs
 - Temporary Flood Mitigation
 - Flood Response
 - Currently Unfunded
- **Unsustainable Budget**





Stormwater CIP History

RDF Project*

Design fees*

Butler Tunnel*

Clay Ave. Detention Basin*

Thorpe Bridge*

City Owned LID Basins (15 total)

Solierre Low Water (design)

Columbia Circle (design)

Linda Vista Culvert upsizing

Phoenix Ave. Bridge

Paradise Channel widening

Dortha culvert and channel

Schultz Creek Basins

FUTS low water crossing at Rt. 66

Killip School Basins

Zuni Drive drainage*

Fanning Wash near Thomas School*

Penstock Wash repairs at Smokerise

E Route 66 culvert replacement*

Robust spot improvement program (~ 20 small repairs)



Annual Capital Funding History	
2005:	Initiated at <\$200,000
2006-2015:	\$150,000 - \$500,000
2016:	\$600,000

*Some projects only partly funded by Stormwater



2022: Spruce Wash at Dortha Ave.



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Financial Planning



Financial Planning 101



A sustainable financial plan should have rates that are:

1. Sufficient to cover operating costs
2. Sufficient to cover debt service obligation/ coverage ratio requirements (1.20)
 - Debt service is calculated based on total revenues and expenses from water, wastewater and stormwater
 - Ideally each fund should be self-sufficient
3. Generate sufficient funds to meet reserve targets
 - 25% of Revenue
 - Emergency CIP Fund - \$300K in 2023 to \$2M in 2027





Financial Plan Before Fire

	2023	2024	2025	2026	2027	2028
Cash Position Opening Balance	\$ 13,010,222	\$ 5,693,643	\$ 5,695,020	\$ 4,226,734	\$ 4,001,438	\$ 4,488,973
Revenues						
Sale of Storm Service	\$ 4,409,705	\$ 4,453,802	\$ 4,498,340	\$ 4,543,323	\$ 4,588,757	\$ 4,634,644
Other Operating Revenue	\$ 938	\$ 961	\$ 985	\$ 1,010	\$ 1,035	\$ 1,061
Non-Operating Revenue	\$ 29,232	\$ 29,963	\$ 30,712	\$ 31,480	\$ 32,267	\$ 33,074
Interest on Fund Balance	\$ 185,187	\$ 112,759	\$ 98,235	\$ 81,467	\$ 84,063	\$ 89,763
Total Revenues	\$ 4,625,062	\$ 4,597,485	\$ 4,628,272	\$ 4,657,280	\$ 4,706,122	\$ 4,758,542
Operating Expenses	\$ 1,826,108	\$ 1,451,963	\$ 1,527,413	\$ 1,556,356	\$ 1,640,284	\$ 1,631,785
Current Debt Service	\$ 623,894	\$ 816,213	\$ 800,679	\$ 785,602	\$ 769,956	\$ 753,732
Proposed Debt Service	\$ -	\$ 1,256,807	\$ 1,256,807	\$ 1,256,807	\$ 1,256,807	\$ 1,256,807
Total Operating and Debt Service	\$ 2,450,002	\$ 3,524,983	\$ 3,584,899	\$ 3,598,765	\$ 3,667,047	\$ 3,642,324
Net Revenues	\$ 2,175,060	\$ 1,072,502	\$ 1,043,373	\$ 1,058,515	\$ 1,039,075	\$ 1,116,218
Capital Expenditure	\$ 10,991,639	\$ 18,116,125	\$ 4,231,598	\$ 2,310,861	\$ 2,474,476	\$ 1,028,100
Borrowed Funds	\$ -	\$ 16,000,000	\$ -	\$ -	\$ -	\$ -
Grants	\$ 1,500,000	\$ 1,045,000	\$ 1,719,939	\$ 1,027,050	\$ 1,922,936	\$ -
Cash	\$ 9,491,639	\$ 1,071,125	\$ 2,511,659	\$ 1,283,811	\$ 551,540	\$ 1,028,100
Net Income	\$ (7,316,579)	\$ 1,377	\$ (1,468,286)	\$ (225,296)	\$ 487,535	\$ 88,118
Ending Balance	\$ 5,693,643	\$ 5,695,020	\$ 4,226,734	\$ 4,001,438	\$ 4,488,973	\$ 4,577,091
Reserve Target	\$ 1,402,426	\$ 2,113,451	\$ 2,124,585	\$ 2,135,831	\$ 3,147,189	\$ 3,158,661
Coverage Ratio	4.49	1.52	1.51	1.52	1.51	1.56



Capital Needs Before Fire

Largely driven by prior master planning (NEAMDS), known deficiencies, and resident/business complaints.

Outstanding CIP prior to fire:

- Steve's Wash at Soliere (business complaint)
- Columbia Circle (resident complaint, improper drainage)
- Wildwood Hills
- Fanning Wash (numerous projects, mostly NEAMDS driven)
- Numerous neighborhood drainage improvements (NEAMDS)

Fire, and changes in weather patterns, has really impacted the paradigm

2021-2022 Flood Impact on Stormwater Fund



Awaiting final details from Finance, will update prior to the 31st meeting



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Rate Study Journey

Review of Rate Options





GO Bonds Pass

Voters Approved Proposition 441

- \$26 million in General Obligation Bonds for Stormwater
- Addressing high-risk of Post-Wildfire flooding within the Spruce Wash including channel improvements from Paradise to the Killip Retention Basin
- GO Bond Projects not included in this capital-revenue plan





Stormwater Rate Assessment

Purpose of Rate Adjustment

- Increased fire and flood events over the past few years have made current infrastructure insufficient
- Increased fire and flood events have increased demand on operations – staffing and equipment
- Increased Mitigation costs in new flood areas, such as Spruce Wash and Schultz Creeks
- Construct some deferred Capital Improvement Projects
- Meet inflationary cost reality for construction projects.
- Completing critical capital projects reduces flood response - operations costs

Rate Adoption Journey



Stormwater Rate Adjustment- Notice of Intent

Council Presentation: August 23, 2022



- August 23 Notice of Intent
- September 15 Discussion
 - Two Scenarios – based on Bond Measure Adoption
- October 25 Discussion and Public Hearing
 - Three Scenarios- Minimal CIP, Early versus Steady Increases, Grant projects
- November 15 Public Hearing
 - Three Scenarios- Early versus Steady Increases, Minimal CIP
- **January 31 Extended Public Hearing**
 - Three Scenarios – Cut CIP Projects, added future grants

Bulk of Rate Increase is O&M Needs



New Baseline O&M Needs





Operating Position with Increased O&M

	2023	2024	2025	2026	2027	2028
Revenues						
Current Revenue	\$ 4,409,705	\$ 4,453,802	\$ 4,498,340	\$ 4,543,323	\$ 4,588,757	\$ 4,634,644
Proposed Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Operating Revenue	\$ 938	\$ 961	\$ 985	\$ 1,010	\$ 1,035	\$ 1,061
Non-Operating Revenue	\$ 29,232	\$ 29,963	\$ 30,712	\$ 31,480	\$ 32,267	\$ 33,074
Total Revenue	\$ 4,439,875	\$ 4,484,726	\$ 4,530,037	\$ 4,575,813	\$ 4,622,059	\$ 4,668,779
Operating Expenses						
Operating Expenses	\$ 2,001,108	\$ 4,288,668	\$ 4,391,050	\$ 4,497,229	\$ 4,560,226	\$ 3,781,159
Current Debt Service	\$ 623,894	\$ 816,213	\$ 800,679	\$ 785,602	\$ 769,956	\$ 753,732
Proposed Debt Service	\$ -	\$ 1,256,807	\$ 1,256,807	\$ 1,256,807	\$ 1,256,807	\$ 1,256,807
Total O&M with Debt Service	\$ 2,625,002	\$ 6,361,688	\$ 6,448,536	\$ 6,539,638	\$ 6,586,989	\$ 5,791,698
Net Operating Position	\$ 1,814,873	\$ (1,876,962)	\$ (1,918,499)	\$ (1,963,825)	\$ (1,964,931)	\$ (1,122,919)



Baseline Operational Needs: Two-Year Increase to Meet O&M Needs

Increase	25%	25%	0%	0%	0%	0%
	April	Jan	Jan	Jan	Jan	Jan
	2023	2024	2025	2026	2027	2028
Revenues						
Current Revenue	\$ 4,409,705	\$ 4,453,802	\$ 4,498,340	\$ 4,543,323	\$ 4,588,757	\$ 4,634,644
Proposed Increase	\$ 275,607	\$ 1,809,357	\$ 2,530,316	\$ 2,555,619	\$ 2,581,176	\$ 2,733,716
Other Operating Revenue	\$ 938	\$ 961	\$ 985	\$ 1,010	\$ 1,035	\$ 1,061
Non-Operating Revenue	\$ 29,232	\$ 29,963	\$ 30,712	\$ 31,480	\$ 32,267	\$ 33,074
Total Revenue	\$ 4,715,482	\$ 6,294,083	\$ 7,060,353	\$ 7,131,433	\$ 7,203,234	\$ 7,402,495
Operating Expenses						
Operating Expenses	\$ 2,001,108	\$ 4,288,668	\$ 4,391,050	\$ 4,497,229	\$ 4,560,226	\$ 3,781,159
Current Debt Service	\$ 623,894	\$ 816,213	\$ 800,679	\$ 785,602	\$ 769,956	\$ 753,732
Proposed Debt Service	\$ -	\$ 1,256,807	\$ 1,256,807	\$ 1,256,807	\$ 1,256,807	\$ 1,256,807
Total O&M with Debt Service	\$ 2,625,002	\$ 6,361,688	\$ 6,448,536	\$ 6,539,638	\$ 6,586,989	\$ 5,791,698
Net Operating Position	\$ 2,090,480	\$ (67,605)	\$ 611,818	\$ 591,795	\$ 616,245	\$ 1,610,797



Stormwater Maintenance

- Currently 2 FTE operators and one part-time supervisor
 - 24 miles of FEMA recognized channel,
 - >100 miles of ditches,
 - >60 miles of storm pipe
 - 15 City owned LID facilities
- Additional needs:
 - Pre-season flood mitigation
 - Flood response (>\$1M in both 2021 and 2022)
 - Detention Basin maintenance (Schultz, Killip School, Frances Short Pond, and Park Way regional flood mitigation basins)
 - Expectation of a full-time supervisor and 2 to 6 additional FTE operators plus equipment





Maintenance example - Copeland

Copeland Detention Basins when completed in 2015



Copeland Basins with four feet of sediment under removal in August 2022

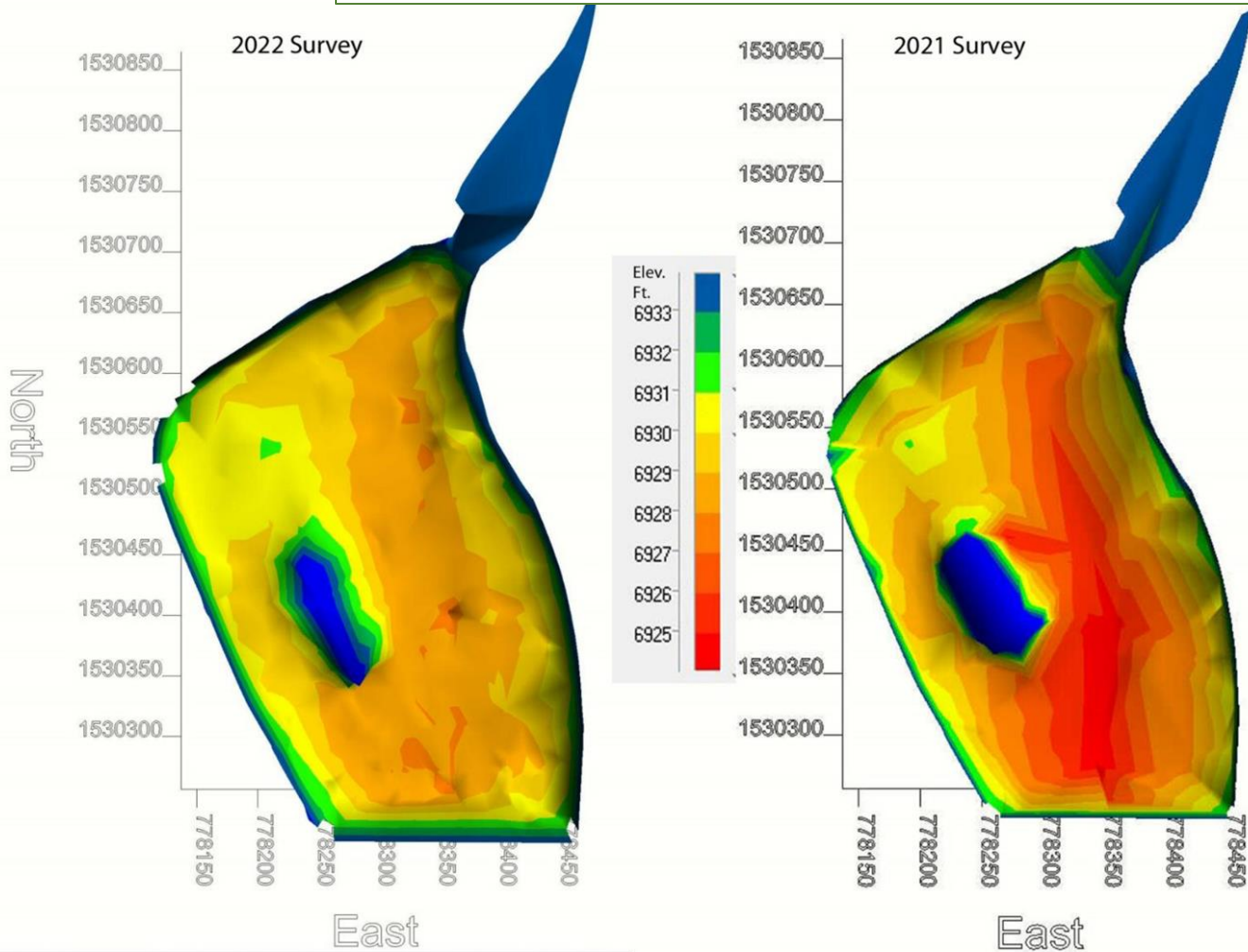




Maintenance example - Frances Short Pond



Over 5 feet of sediment in 2022; 33,000 cubic yards



Please avoid the Frances Short Pond area
Restoration in progress

Frances Short Dredging & Restoration Project

The City of Flagstaff is dredging Frances Short Pond to remove ash & debris from post-wildfire flooding that has settled to the bottom of the pond.

Dredging increases the capacity of the pond for any future post-wildfire flooding & allows a healthy pond ecosystem to develop.

What's going on here?
We are removing ash from the pond to create a healthier environment for plants and wildlife.



Operating Position Needs

Takeaways

- Operating cost increase has crowded out CIP
- At minimum, a 25% increase is needed in each of the next two years just to meet operating costs
- Additional increases will be required to fund CIP



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Capital Plan Scenarios



Scenario 1 (minimal CIP)	Scenario 2 (capital with grants)	Scenario 3 (capital with rates)
Rio de Flag Flood Control Project	Rio de Flag Flood Control Project	Rio de Flag Flood Control Project
Downtown Mile	Downtown Mile	Downtown Mile
Killip Detention Basin	Killip Detention Basin	Killip Detention Basin
Schultz Creek-Highway 180 Culvert Improvements	Schultz Creek-Highway 180 Culvert Improvements	Schultz Creek-Highway 180 Culvert Improvements
Side Drain Lateral North Downtown	Side Drain Lateral North Downtown	Side Drain Lateral North Downtown
Spruce Wash Resiliency - 4th and Butler	Spruce Wash Resiliency - 4th and Butler	Spruce Wash Resiliency - 4th and Butler
Killip Inlet	Killip Inlet	Killip Inlet
Spot Improvements	Spot Improvements	Spot Improvements
Wildwood Drainage Project	Wildwood Drainage Project	Wildwood Drainage Project
Spruce Avenue Wash Dortha Inlet	Spruce Avenue Wash Dortha Inlet	Spruce Avenue Wash Dortha Inlet
	Columbia Circle	Columbia Circle
These projects in red will be funded by debt in capital plan	Steves Wash at Soliere Ave (Soliere Project)	Steves Wash at Soliere Ave (Soliere Project)
	Fanning Drive Wash at Route 66	Fanning Drive Wash at Route 66
These projects in yellow are existing projects with grant funds, 25% City match	Fanning Wash at Steves Boulevard	Fanning Wash at Steves Boulevard
	Switzer Canyon Flood Detention Structure	Switzer Canyon Flood Detention Structure
These projects in green are anticipated to be funded with future grants, 25% City match	Fanning Wash Channel Capacity Improvements	Fanning Wash Channel Capacity Improvements
	Mobile Haven Drainage Ditch Improvements	Mobile Haven Drainage Ditch Improvements
Projects in white are rate-funded	Shadow Mountain-Monte Vista Drainage Improvements	Shadow Mountain-Monte Vista Drainage Improvements
	Smokerise Neighborhood Drainage Improvements	Smokerise Neighborhood Drainage Improvements





Scenario 1: Minimal Capital Plan

RED = Debt Funded
 YELLOW = Current Grant
 WHITE = Rate Funded



	2023	2024	2025	2026	2027	2028	Total
Rio De Flag	\$ 2,085,744	\$ 16,000,000	\$ -	\$ -	\$ -	\$ -	\$ 18,085,744
Downtown Mile	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Side Drain Lateral North Downtown	\$ -	\$ -	\$ -	\$ 570,583	\$ 834,763	\$ -	\$ 1,405,346
Stormwater Capital Reserve	\$ 50,000	\$ 209,000	\$ 218,405	\$ 218,405	\$ 218,405	\$ 218,405	\$ 1,132,620
Spot Improvements	\$ 165,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 915,000
Wildwood Drainage Project	\$ 413,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,443
Phoenix Avenue Bridge - Construction	\$ 122,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,425
Steves Wash at Soliere Ave (Soliere Project)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Columbia Circle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spruce Avenue Wash Dortha Inlet Improvements	\$ 2,715,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,715,281
Spruce Wash Resiliency - 4th and Butler	\$ 14,815	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ -	\$ 194,815
Killip Detention Basin	\$ 2,180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,180,000
Killip Inlet	\$ -	\$ 50,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,550,000
Fanning Drive Wash at Route 66	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fanning Wash at Steves Boulevard	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Switzer Canyon Flood Detention Structure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fanning Wash Channel Capacity Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Schultz Creek-Hwy 180 Culvert Improvements	\$ -	\$ 4,366,334	\$ -	\$ -	\$ -	\$ -	\$ 4,366,334
Mobile Haven Drainage Ditch Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shadow Mountain - Monte Vista Drainage Impr.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Smokerise Neighborhood Drainage Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 9,746,708	\$ 20,865,334	\$ 1,958,405	\$ 938,988	\$ 1,203,168	\$ 368,405	\$ 35,081,008
Grant	\$ 14,815	\$ 140,000	\$ 1,590,000	\$ 570,583	\$ 834,763	\$ -	\$ 3,150,161
Debt Service	\$ -	\$ 18,000,000	\$ -	\$ -	\$ -	\$ -	\$ 18,000,000
Cash	\$ 9,731,893	\$ 2,725,334	\$ 368,405	\$ 368,405	\$ 368,405	\$ 368,405	\$ 13,930,847



Scenario 2: Recommended CIP, with Future Grants

RED = Debt Funded
YELLOW = Current Grant
GREEN = Future Grants
WHITE = Rate Funded



	2023	2024	2025	2026	2027	2028	Total
Rio De Flag	\$ 2,085,744	\$ 16,000,000	\$ -	\$ 0	\$ -	\$ -	\$ 18,085,744
Downtown Mile	\$ 2,000,000	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 2,000,000
Side Drain Lateral North Downtown	\$ -	\$ -	\$ -	\$ 570,583	\$ 834,763	\$ -	\$ 1,405,346
Stormwater Capital Reserve	\$ 50,000	\$ 209,000	\$ 218,405	\$ 218,405	\$ 218,405	\$ 218,405	\$ 1,132,620
Spot Improvements	\$ 165,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 915,000
Wildwood Drainage Project	\$ 413,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,443
Phoenix Avenue Bridge - Construction	\$ 122,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,425
Steves Wash at Soliere Ave (Soliere Project)	\$ -	\$ -	\$ -	\$ 570,583	\$ 596,259	\$ -	\$ 1,166,842
Columbia Circle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 894,389	\$ 894,389
Spruce Avenue Wash Dortha Inlet Improvements	\$ 2,715,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,715,281
Spruce Wash Resiliency - 4th and Butler	\$ 14,815	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ -	\$ 194,815
Killip Detention Basin	\$ 2,180,000	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 2,180,000
Killip Inlet	\$ -	\$ 50,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,550,000
Fanning Drive Wash at Route 66	\$ -	\$ -	\$ -	\$ 655,215	\$ 798,816	\$ 834,763	\$ 2,288,794
Fanning Wash at Steves Boulevard	\$ -	\$ -	\$ -	\$ 59,626	\$ 934,636	\$ 976,695	\$ 1,970,957
Switzer Canyon Flood Detention Structure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,638,038	\$ 1,638,038
Fanning Wash Channel Capacity Improvements	\$ -	\$ -	\$ -	\$ -	\$ 1,419,633	\$ 1,483,516	\$ 2,903,149
Schultz Creek-Hwy 180 Culvert Improvements	\$ -	\$ 4,366,334	\$ -	\$ -	\$ -	\$ -	\$ 4,366,334
Mobile Haven Drainage Ditch Improvement	\$ -	\$ -	\$ -	\$ -	\$ 1,252,145	\$ -	\$ 1,252,145
Shadow Mountain - Monte Vista Drainage Impr.	\$ -	\$ -	\$ -	\$ -	\$ 586,017	\$ -	\$ 586,017
Smokerise Neighborhood Drainage Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 976,695	\$ 976,695
Total	\$ 9,746,708	\$ 20,865,334	\$ 1,958,405	\$ 2,224,412	\$ 6,790,674	\$ 7,172,501	\$ 48,758,034
Debt	\$ -	\$ 18,000,000	\$ -	\$ -	\$ -	\$ -	\$ 18,000,000
Grant - 75% funded	\$ 11,111	\$ 2,105,000	\$ 1,192,500	\$ 964,068	\$ 4,369,508	\$ 4,432,280	\$ 13,074,467
Cash	\$ 9,735,597	\$ 760,334	\$ 765,905	\$ 1,260,344	\$ 2,421,167	\$ 2,740,221	\$ 17,683,567



Scenario 3: Recommended CIP, with Rates

RED = Debt Funded
YELLOW = Current Grant
GREEN = Future Grants
WHITE = Rate Funded



	2023	2024	2025	2026	2027	2028	Total
Rio De Flag	\$ 2,085,744	\$ 16,000,000	\$ -	\$ -	\$ -	\$ -	\$ 18,085,744
Downtown Mile	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Side Drain Lateral North Downtown	\$ -	\$ -	\$ -	\$ 570,583	\$ 834,763	\$ -	\$ 1,405,346
Stormwater Capital Reserve	\$ 50,000	\$ 209,000	\$ 218,405	\$ 218,405	\$ 218,405	\$ 218,405	\$ 1,132,620
Spot Improvements	\$ 165,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 915,000
Wildwood Drainage Project	\$ 413,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,443
Phoenix Avenue Bridge - Construction	\$ 122,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,425
Steves Wash at Soliere Ave (Soliere Project)	\$ -	\$ -	\$ -	\$ 570,583	\$ 596,259	\$ -	\$ 1,166,842
Columbia Circle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 894,389	\$ 894,389
Spruce Avenue Wash Dortha Inlet Improvements	\$ 2,715,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,715,281
Spruce Wash Resiliency - 4th and Butler	\$ 14,815	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ -	\$ 194,815
Killip Detention Basin	\$ 2,180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,180,000
Killip Inlet	\$ -	\$ 50,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,550,000
Fanning Drive Wash at Route 66	\$ -	\$ -	\$ -	\$ 655,215	\$ 798,816	\$ 834,763	\$ 2,288,794
Fanning Wash at Steves Boulevard	\$ -	\$ -	\$ -	\$ 59,626	\$ 934,636	\$ 976,695	\$ 1,970,957
Switzer Canyon Flood Detention Structure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,638,038	\$ 1,638,038
Fanning Wash Channel Capacity Improvements	\$ -	\$ -	\$ -	\$ -	\$ 1,419,633	\$ 1,483,516	\$ 2,903,149
Schultz Creek-Hwy 180 Culvert Improvements	\$ -	\$ 4,366,334	\$ -	\$ -	\$ -	\$ -	\$ 4,366,334
Mobile Haven Drainage Ditch Improvement	\$ -	\$ -	\$ -	\$ -	\$ 1,252,145	\$ -	\$ 1,252,145
Shadow Mountain - Monte Vista Drainage Impr.	\$ -	\$ -	\$ -	\$ -	\$ 586,017	\$ -	\$ 586,017
Smokerise Neighborhood Drainage Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 976,695	\$ 976,695
Total	\$ 9,746,708	\$ 20,865,334	\$ 1,958,405	\$ 2,224,412	\$ 6,790,674	\$ 7,172,501	\$ 48,758,034
Debt	\$ -	\$ 18,000,000	\$ -	\$ -	\$ 5,000,000	\$ -	\$ 23,000,000
Grant- 75% funded	\$ 11,111	\$ 105,000	\$ 1,192,500	\$ 427,937	\$ 626,072	\$ -	\$ 2,362,621
Cash	\$ 9,735,597	\$ 2,760,334	\$ 765,905	\$ 1,796,475	\$ 1,164,602	\$ 7,172,501	\$ 23,395,413



Scenario 1: Minimal CIP Proposed Financial Plan



Rate Increase	25.0%	25.0%	4.0%	4.0%	4.0%	4.0%
Rate Month Implemented	April	January	January	January	January	January
	2023	2024	2025	2026	2027	2028
Cash Position Opening Balance	\$ 13,010,222	\$ 5,552,599	\$ 2,684,111	\$ 2,966,947	\$ 3,529,169	\$ 4,438,967
Revenues						
Sale of Storm Service	\$ 4,685,312	\$ 6,263,159	\$ 7,169,229	\$ 7,530,559	\$ 7,910,099	\$ 8,308,768
Other Operating Revenue	\$ 938	\$ 961	\$ 985	\$ 1,010	\$ 1,035	\$ 1,061
Non-Operating Revenue	\$ 29,232	\$ 29,963	\$ 30,712	\$ 31,480	\$ 32,267	\$ 33,074
Interest on Fund Balance	\$ 183,790	\$ 81,552	\$ 55,951	\$ 64,318	\$ 78,892	\$ 109,036
Total Revenues	\$ 4,899,272	\$ 6,375,635	\$ 7,256,877	\$ 7,627,367	\$ 8,022,293	\$ 8,451,939
Operating Expenses						
Operating Expenses	\$ 2,001,108	\$ 4,288,668	\$ 4,391,050	\$ 4,497,229	\$ 4,560,226	\$ 3,781,159
Current Debt Service	\$ 623,894	\$ 816,213	\$ 800,679	\$ 785,602	\$ 769,956	\$ 753,732
Proposed Debt Service	\$ -	\$ 1,413,908	\$ 1,413,908	\$ 1,413,908	\$ 1,413,908	\$ 1,413,908
Total Operating and Debt Service	\$ 2,625,002	\$ 6,518,789	\$ 6,605,637	\$ 6,696,739	\$ 6,744,090	\$ 5,948,799
Net Revenues	\$ 2,274,270	\$ (143,154)	\$ 651,240	\$ 930,628	\$ 1,278,203	\$ 2,503,140
Capital Expenditure	\$ 9,746,708	\$ 20,865,334	\$ 1,958,405	\$ 938,988	\$ 1,203,168	\$ 368,405
Borrowed Funds	\$ -	\$ 18,000,000	\$ -	\$ -	\$ -	\$ -
Grants	\$ 14,815	\$ 140,000	\$ 1,590,000	\$ 570,583	\$ 834,763	\$ -
Cash	\$ 9,731,893	\$ 2,725,334	\$ 368,405	\$ 368,405	\$ 368,405	\$ 368,405
Net Income	\$ (7,457,623)	\$ (2,868,488)	\$ 282,835	\$ 562,223	\$ 909,798	\$ 2,134,735
Ending Balance	\$ 5,552,599	\$ 2,684,111	\$ 2,966,947	\$ 3,529,169	\$ 4,438,967	\$ 6,573,702
Reserve Target	\$ 1,471,328	\$ 2,565,790	\$ 2,792,307	\$ 2,882,640	\$ 2,977,525	\$ 4,077,192
Coverage Ratio	4.65	0.94	1.29	1.42	1.59	2.15



Scenario 2: CIP with Future Grants

Proposed Financial Plan



Rate Increase	25.0%	25.0%	10.0%	10.0%	10.0%	3.5%
Rate Month Implemented	April	January	January	January	January	January
	2023	2024	2025	2026	2027	2028
Cash Position Opening Balance	\$ 13,010,222	\$ 5,548,858	\$ 4,664,945	\$ 4,798,891	\$ 5,172,301	\$ 5,252,966
Revenues						
Sale of Storm Service	\$ 4,685,312	\$ 6,263,159	\$ 7,380,089	\$ 8,199,279	\$ 9,109,399	\$ 9,807,287
Other Operating Revenue	\$ 938	\$ 961	\$ 985	\$ 1,010	\$ 1,035	\$ 1,061
Non-Operating Revenue	\$ 29,232	\$ 29,963	\$ 30,712	\$ 31,480	\$ 32,267	\$ 33,074
Interest on Fund Balance	\$ 183,753	\$ 101,127	\$ 93,701	\$ 98,725	\$ 103,220	\$ 116,583
Total Revenues	\$ 4,899,235	\$ 6,395,210	\$ 7,505,487	\$ 8,330,494	\$ 9,245,921	\$ 9,958,005
Operating Expenses						
Operating Expenses	\$ 2,001,108	\$ 4,288,668	\$ 4,391,050	\$ 4,497,229	\$ 4,560,226	\$ 3,781,159
Current Debt Service	\$ 623,894	\$ 816,213	\$ 800,679	\$ 785,602	\$ 769,956	\$ 753,732
Proposed Debt Service	\$ -	\$ 1,413,908	\$ 1,413,908	\$ 1,413,908	\$ 1,413,908	\$ 1,413,908
Total Operating and Debt Service	\$ 2,625,002	\$ 6,518,789	\$ 6,605,637	\$ 6,696,739	\$ 6,744,090	\$ 5,948,799
Net Revenues	\$ 2,274,233	\$ (123,579)	\$ 899,850	\$ 1,633,755	\$ 2,501,831	\$ 4,009,206
Capital Expenditure						
Capital Expenditure	\$ 9,746,708	\$ 20,865,334	\$ 1,958,405	\$ 2,224,412	\$ 6,790,674	\$ 7,172,501
Borrowed Funds	\$ -	\$ 18,000,000	\$ -	\$ -	\$ -	\$ -
Grants	\$ 11,111	\$ 2,105,000	\$ 1,192,500	\$ 964,068	\$ 4,369,508	\$ 4,432,280
Cash	\$ 9,735,597	\$ 760,334	\$ 765,905	\$ 1,260,344	\$ 2,421,166	\$ 2,740,221
Net Income	\$ (7,461,364)	\$ (883,913)	\$ 133,945	\$ 373,411	\$ 80,665	\$ 1,268,985
Ending Balance	\$ 5,548,858	\$ 4,664,945	\$ 4,798,891	\$ 5,172,301	\$ 5,252,966	\$ 6,521,951
Reserve Target	\$ 1,471,328	\$ 2,565,790	\$ 2,845,022	\$ 3,049,820	\$ 3,277,350	\$ 4,451,822
Coverage Ratio	4.65	0.94	1.41	1.74	2.15	2.85



Scenario 3: CIP with Rates

Proposed Financial Plan



Rate Increase	30.0%	30.0%	20.0%	10.0%	3.5%	3.5%
Rate Month Implemented	April	January	January	January	January	January
	2023	2024	2025	2026	2027	2028
Cash Position Opening Balance	\$ 13,010,222	\$ 5,604,530	\$ 3,100,958	\$ 4,195,773	\$ 5,505,656	\$ 7,929,022
Revenues						
Sale of Storm Service	\$ 4,740,433	\$ 6,658,434	\$ 8,362,414	\$ 9,674,553	\$ 10,415,739	\$ 10,888,093
Other Operating Revenue	\$ 938	\$ 961	\$ 985	\$ 1,010	\$ 1,035	\$ 1,061
Non-Operating Revenue	\$ 29,232	\$ 29,963	\$ 30,712	\$ 31,480	\$ 32,267	\$ 33,074
Interest on Fund Balance	\$ 184,304	\$ 86,193	\$ 72,245	\$ 96,054	\$ 133,017	\$ 134,090
Total Revenues	\$ 4,954,907	\$ 6,775,551	\$ 8,466,356	\$ 9,803,097	\$ 10,582,058	\$ 11,056,318
Operating Expenses						
Operating Expenses	\$ 2,001,108	\$ 4,288,668	\$ 4,391,050	\$ 4,497,229	\$ 4,560,226	\$ 3,781,159
Current Debt Service	\$ 623,894	\$ 816,213	\$ 800,679	\$ 785,602	\$ 769,956	\$ 753,732
Proposed Debt Service	\$ -	\$ 1,413,908	\$ 1,413,908	\$ 1,413,908	\$ 1,663,908	\$ 1,663,908
Total Operating and Debt Service	\$ 2,625,002	\$ 6,518,789	\$ 6,605,637	\$ 6,696,739	\$ 6,994,090	\$ 6,198,799
Net Revenues	\$ 2,329,905	\$ 256,762	\$ 1,860,719	\$ 3,106,358	\$ 3,587,968	\$ 4,857,519
Capital Expenditure						
Capital Expenditure	\$ 9,746,708	\$ 20,865,334	\$ 1,958,405	\$ 2,224,412	\$ 6,790,674	\$ 7,172,501
Borrowed Funds	\$ -	\$ 18,000,000	\$ -	\$ -	\$ 5,000,000	\$ -
Grants	\$ 11,111	\$ 105,000	\$ 1,192,500	\$ 427,937	\$ 626,072	\$ -
Cash	\$ 9,735,597	\$ 2,760,334	\$ 765,905	\$ 1,796,475	\$ 1,164,602	\$ 7,172,501
Net Income	\$ (7,405,692)	\$ (2,503,572)	\$ 1,094,814	\$ 1,309,883	\$ 2,423,366	\$ (2,314,982)
Ending Balance	\$ 5,604,530	\$ 3,100,958	\$ 4,195,773	\$ 5,505,656	\$ 7,929,022	\$ 5,614,040
Reserve Target	\$ 1,485,108	\$ 2,664,609	\$ 3,090,604	\$ 3,418,638	\$ 3,603,935	\$ 4,722,023
Coverage Ratio	4.73	1.12	1.84	2.41	2.47	3.01



Rate Summary of Scenarios

Proposed Rate							
	Current Rate	Apr-23	Jan-24	Jan-25	Jan-26	Jan-27	Jan-28
Scenario 1: Minimal CIP	3.74	4.68	5.84	6.08	6.32	6.57	6.84
Scenario 2: Recommended CIP with Grants	3.74	4.68	5.84	6.43	7.07	7.78	8.05
Scenario 3: Recommended CIP with Rates	3.74	4.86	6.32	7.58	8.34	8.64	8.94



Rate Impact



Average Monthly Increase - Residential (3 ERU)		
	Year 1	Year 6
Scenario 1 (minimal CIP)	\$2.82	\$9.30
Scenario 2 (capital with grants)	\$2.82	\$12.93
Scenario 3 (capital with rates)	\$3.36	\$15.60

Average Monthly Increase - Restaurant (14 ERU)		
	Year 1	Year 6
Scenario 1 (minimal CIP)	\$13.16	\$43.40
Scenario 2 (capital with grants)	\$13.16	\$60.34
Scenario 3 (capital with rates)	\$15.68	\$72.80

Average Monthly Increase - Big Box (220 ERU)		
	Year 1	Year 6
Scenario 1 (minimal CIP)	\$206.80	\$682.00
Scenario 2 (capital with grants)	\$206.80	\$948.20
Scenario 3 (capital with rates)	\$246.40	\$1,144.00

Future Impact on Rates

Keep in mind:

Current Responsibility for
Flood Mitigation lies with
City Stormwater Section

*Long term mitigation costs
less than repeated flood
response*



• Factors to Consider

- Grant Success – or not!
- Outside Agency Assistance
 - Coconino County Flood Control
 - Federal and State Programs
- Internal Assistance
 - General Fund Contributions
- Fire Threat
 - Camping, Fire Restrictions on Forest
- Weather
 - Mild Monsoon Season
 - Heavy Rains

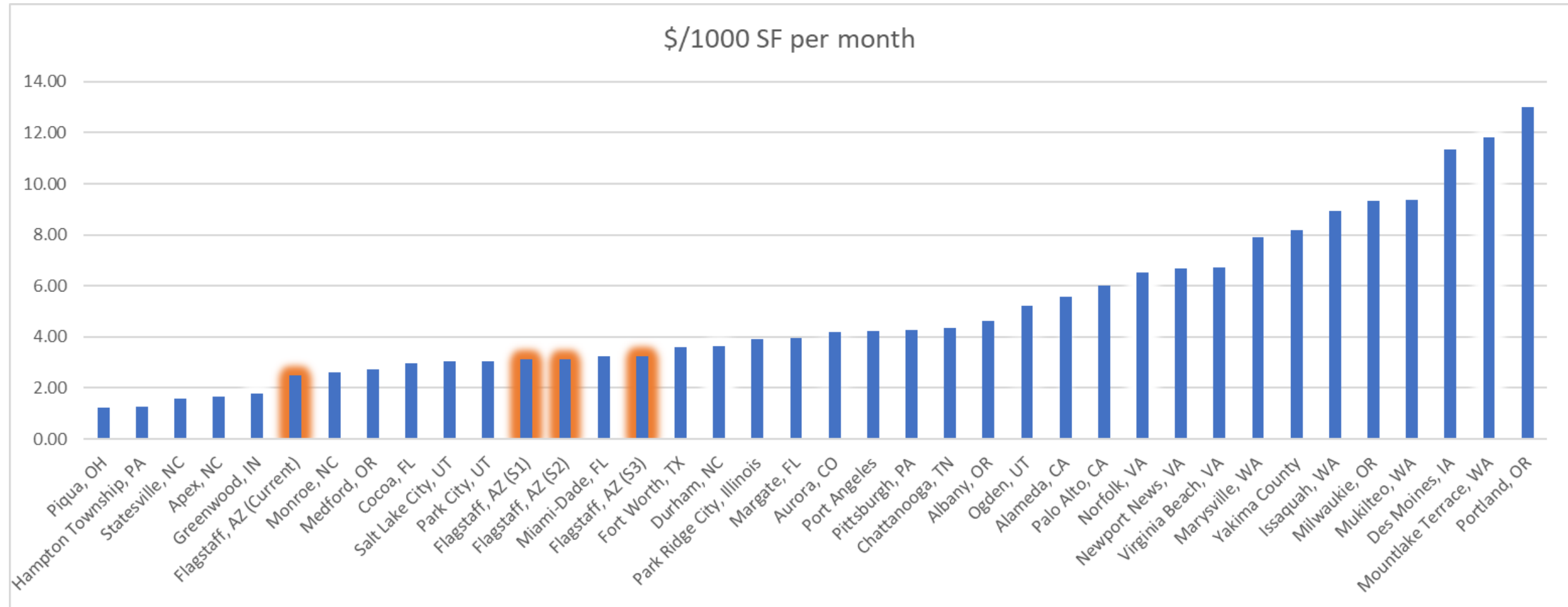
Revisit Rates in 5 years



Rate comparison – national perspective



Year 1 comparison (2022; future years are difficult to predict as many communities are increasing rates through time)

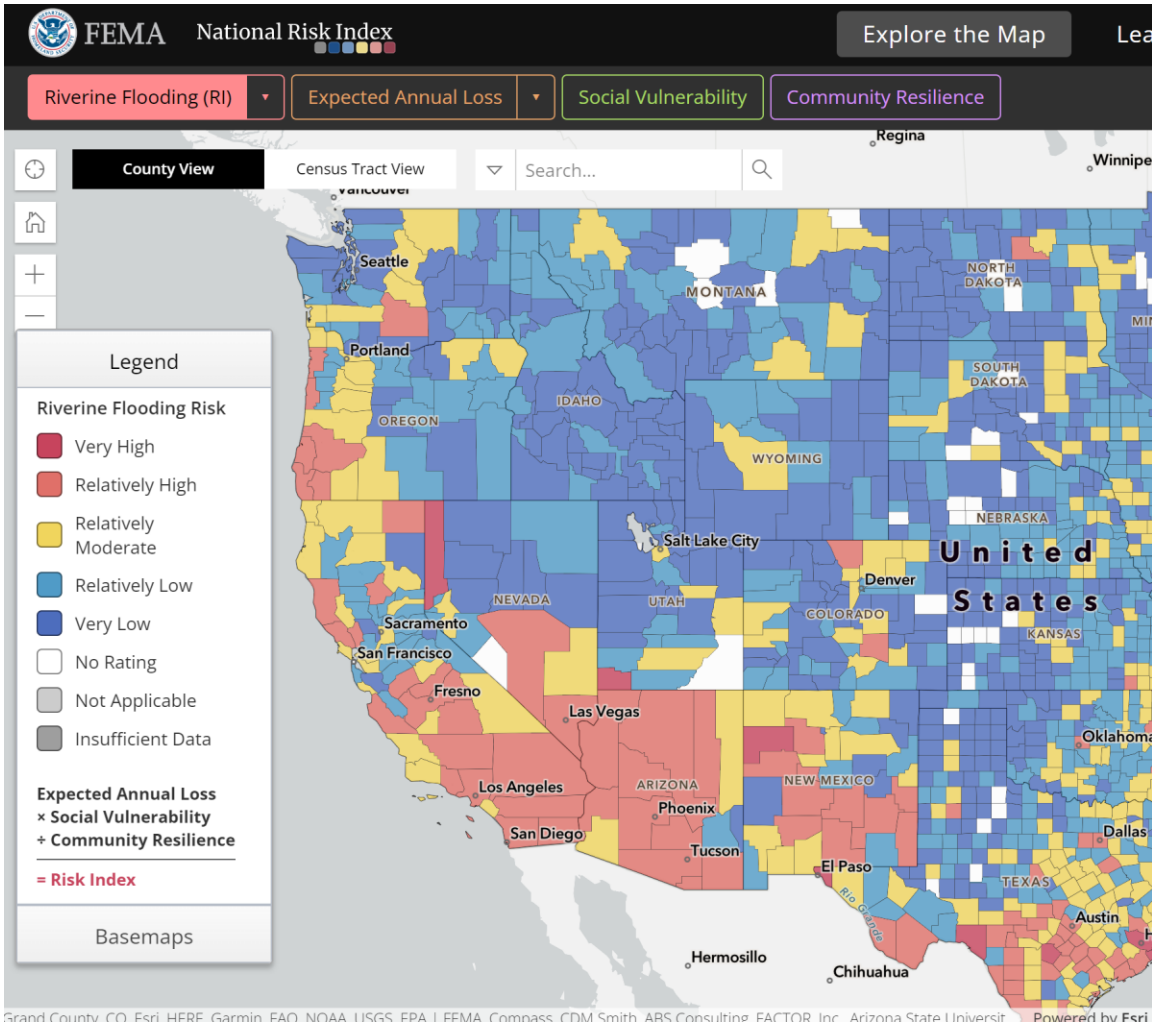




National perspective

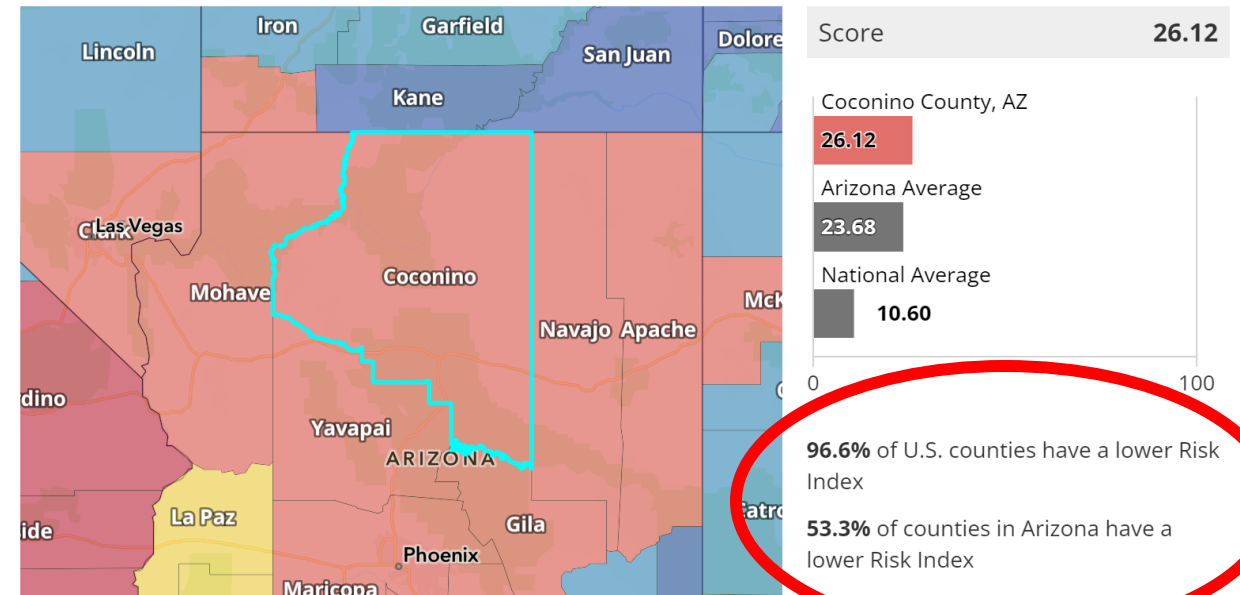


FEMA National Risk Index (2023 snapshot)



Risk Index

The Risk Index rating is **Relatively High** for **Coconino County, AZ** when compared to the rest of the U.S.



Grand County, CO. Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, FEMA, Compass, CDM Smith, ARS Consulting, FACTOR, Inc., Arizona State University. Powered by Esri

<https://www.fema.gov/flood-maps/products-tools/national-risk-index>



Outreach

Media Rollout

9/15-9/30

- Webpage, FAQ, Press Release, Facebook, Instagram
- Recorded and PPT presentations posted
- Offered presentations to 12 local organizations

Public Engagements

10/25 – 11/18

- Distributed Rack cards and Flyers to 16 public locations around town
- Presented to two organizations, communicated with another
- 26 radio spots on KNAU advertised public meetings and information
- Held four public meetings, including two virtual

Council Discussion and Public Hearing Opens

11/15

- Request for additional outreach

Printed inserts in every utility bill

12/1 - 1/31

- Inserted electronic messaging for *paperless* customers
- Sent “road show” email blast to every business license holder, plus groups identified by Council. This captures HOA’s.
- Reach Non-Profits through grant organizations, Creative Flagstaff
- Presentations during January
 - ECONA and a second Chamber of Commerce presentation

Feedback has been compiled and is available

OUTREACH: A Four-month Effort



CITY OF
FLAGSTAFF



Outreach Materials

The City of Flagstaff is proposing amendments to the City Code to adopt an increase in fees related to stormwater service charges on customers' monthly municipal services bill. The increase would go toward funding new maintenance services, such as detention basin cleanout and Capital Improvement Projects, such as the Killip Basin Inlet, Schultz Creek/Highway 180 Crossing, and other flood mitigation projects. Rates will provide match dollars for grant opportunities and debt service.



A public hearing will be held during the January 31, 2023, City Council meeting to discuss the rate adoption process. Community feedback is considered and strongly encouraged throughout this process. Email flagwater@flagstaffaz.gov with any comments, questions, and concerns.

We'd like to offer your organization a collaborative forum facilitated by the Stormwater Section to discuss our vision, our understanding of community needs, and the purpose of the pending rate adjustment. Your input in this process is important. Please let Lisa Deem know if you wish to schedule a meeting. ldem@flagstaffaz.gov or 928-213-2471.



Visit www.flagstaffaz.gov/StormwaterRates for more information and additional resources. This webpage will be updated regularly as details are finalized.

Email for comments

Notice to customers regarding proposed stormwater rate adoption

The City of Flagstaff is proposing amendments to the City Code to adopt an increase in fees related to stormwater service charges on customers' monthly municipal services bill. The increase would go toward funding Capital Improvement Projects such as the Killip Basins Inlet, Schultz Creek/Highway 180 Crossing, and other flood mitigation projects.

A public hearing will be held during the January 31, 2023, City Council meeting to discuss the rate adoption process. Community feedback is taken into account and strongly encouraged throughout this process. Email flagwater@flagstaffaz.gov with any comments, questions, and concerns.

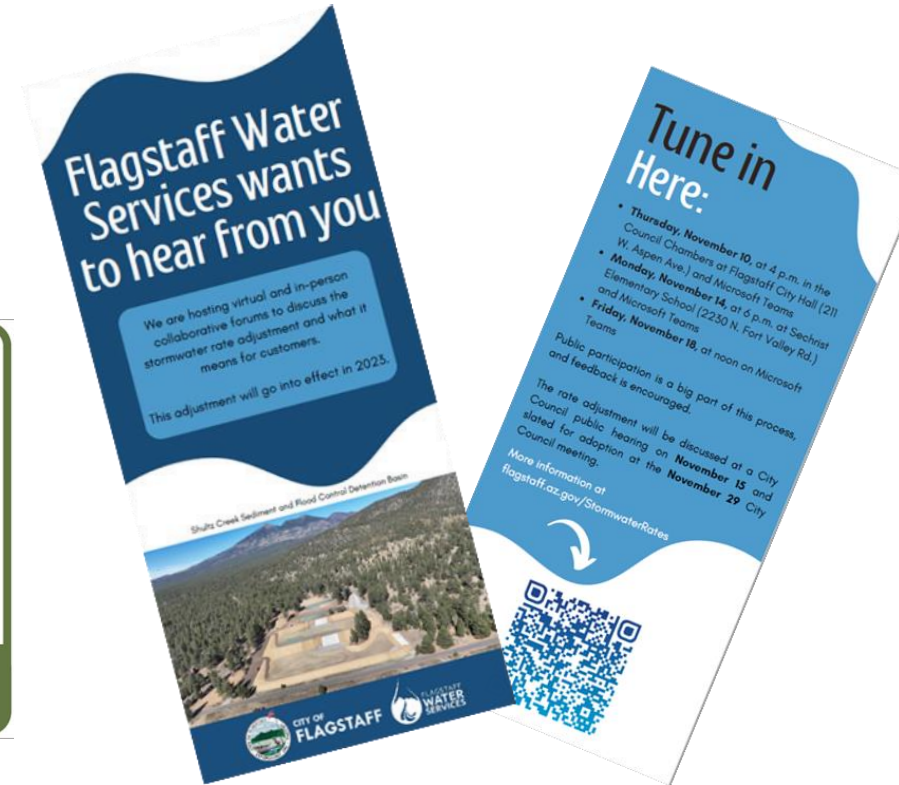
Visit www.flagstaffaz.gov/StormwaterRates for more information and additional resources. This webpage will be updated regularly as more details are finalized.



CITY OF
FLAGSTAFF



FLAGSTAFF
WATER
SERVICES



FEEDBACK: Most everyone acknowledged the need for maintenance and drainage improvements. Residents feel other agencies should share the burden.

While we work with Agencies to share mitigation efforts and their costs, the Stormwater Section still has responsibility for City drainages.



HOTEL
MONTE VISIT



Questions?

