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**MEMORANDUM**

**To:** Mayor and City Council

**From:** Michael Smith, P.E., Public Works Director

**Date:** 2/13/2012

**Subject:** **Discussion of Stormwater Utility Rate**

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**ITEM DESCRIPTION**

Discussion of Stormwater Utility Rate

**BACKGROUND**

The City created a Stormwater Utility in 2009 to provide a dedicated funding source for maintenance of public storm water infrastructure and to address state and federal regulatory requirements related to stormwater runoff. As with electric and water/sewer utilities, the stormwater utility fee paid by property owners is set to cover the operating cost of the system. Since the City did not have accurate historical information on the extent, age and cost of maintaining the stormwater system at the time the utility was created, the City adopted DeKalb County's rate structure.

In 2010 and 2011, the City completed a complete inventory of the entire public and private stormwater system throughout the City. A database was developed with the location, size, type and condition of each component of the system. The inventory identified 5,700 City maintained stormwater structures and 69 miles of pipe.

Based on the inventory information and two years of experience operating the stormwater system, staff has conducted a rate study to determine if the current rate structure provides a sustainable level of funding for maintenance of the system. Key findings of the rate study are:

- About 75% of the City's system consists of Corrugated Metal Pipe (CMP)
- The typical service life of CMP is about 35 years
- The City currently has about 300 metal pipes older than 35 years
- A number of components have been identified for replacement through citizen reports or classified in poor condition or in need of immediate repair by the inventory. The cost of this backlog is estimated at about \$2,500,000 and would take about 5 years to complete at current funding levels.
- Based on varying assumptions on the failure rate of the current metal pipe, estimated annual replacement costs to sustain the infrastructure long term range from \$800,000 to \$1,800,000. The current funding for replacement is \$460,000.

**RECOMMENDED ACTION**

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Staff recommends an increase in the stormwater utility fee of \$1.75 per single family residence or per 3,000 square feet of impervious surface for commercial property. For single family residences this would result in an annual fee of \$69. The current fee is \$48.