PART IX - FINANCIAL PLAN

PART IX

FINANCIAL PLAN

A. SCHEDULE OF IMPROVEMENT PROGRAM

The time span over which the capital improvement program is accomplished affects both the cost of the program and the choice of method, or combination of methods, for developing revenue to support the program. Even though it would be desirable to correct all present drainage problems immediately, it is not a practical concept. Besides the financing issues, the City staff available to administer the capital improvement program is a constraint on the speed at which improvements can be made. For purposes of this study, program durations of five and ten years have been used to compare cost impacts. Since the projects identified in the recommended improvements are existing drainage problems of significant size and impact, taking corrective action over a longer period of time does not appear to accomplish the purpose of the master plan recommendations. In addition, longer durations were judged to add to the total cost of financing beyond reasonable limits.

B. FINANCING ALTERNATIVES

There are essentially only two financing alternatives available for funding the recommended improvement projects: cash-basis and debt financing. The cash-basis method assumes that improvements will be constructed only as adequate funds become available from the general budget or stormwater utility fees. Debt financing would be accomplished through the issuance of municipal bonds.

For debt financing, the City basically has three alternatives: general obligation bonds, revenue bonds and special assessment bonds. In an opinion issued by the City's bond counsel in February 1991, the basic characteristics of each type of bond issue were outlined for the City's consideration of alternative financing methods and are briefly reiterated below. Of course, assuming the City does opt to finance the improvement program through bonds, it is recommended that a qualified financial

advisor be consulted to develop and assess specific proposals and schedules.

In the case of general obligation bonds, Kansas statutes allow the City to issue such City-at-large bonds for construction of or improvements to main storm sewers with the municipal governing body determining what constitutes a main storm sewer system element. The improvements funded by these bonds may be constructed either by City employees or by a contractor obtained through a competitive bid process. These improvements may be authorized by ordinance and the general obligation bonds issued without a public vote. In addition, these bonds are not subject to legal limitations on the City's bond indebtedness. This alternative appears to be the best suited to funding the recommended improvement program in a timely manner if bonds are selected as the financing method.

The second alternative, revenue bonds, may be issued to finance improvements to any City utility and are payable solely from the fees collected for the use of that utility. These bonds may be issued by adoption of a resolution declaring the intent of the City to make improvements and finance them through revenue bonds; however, this method is subject to a 20% protest filed within 15 days of the publication of the City's notice of intent to issue such bonds. Disadvantages of this method, compared to general obligation bonds, also include greater issuance costs, higher interest rates, and the requirement to fund a debt-service reserve account when the bonds are issued.

The third alternative, special assessment bonds, allows the City governing body to authorize the construction and financing of storm drainage projects by resolution, not subject to petition or protest, where the City-at-large pays for a portion of the project costs (up to 95 percent) and special assessments on benefitted properties pay a portion. Costs for the improvements not covered by either of these two sources may be financed by the issuance of general obligation bonds. This method of financing is currently used extensively by the City for funding infrastructure construction for new development. However, because the

recommended improvements all deal with drainage problems that have system-wide impacts not limited to specific properties, this alternative does not appear to be appropriate for the capital improvements program. This alternative would be well-suited to funding many of the discretionary projects identified in the report which are more localized in scope, affecting a limited number of property owners.

C. REVENUE SOURCES

Revenue sources considered to support either major financing method include stormwater utility fees, property taxes and a capital improvements sales tax. At this time there are no known grants or subsidies available from either state or federal sources specifically for funding storm drainage system improvements. Community Block Development Grants can include storm drainage improvements which are incidental to grant projects but are not intended to fund drainage projects as such.

The City's stormwater utility was created specifically for construction, repair, and maintenance of Manhattan's storm drainage system with rates based on each property category's proportional contribution to total runoff reaching the drainage system. Currently the utility generates approximately $111,000 annually and is anticipated to increase at 2 percent per year. Funds from the utility to date have been used for preparation of the stormwater management master plan but are intended for use in financing the storm drainage capital improvements program beginning in 1995.

Property or sales taxes are also possible revenue sources for funding the capital improvements program. The 1995 property tax mill rate is 43.922, increased from 43.890 in 1994, which will generate total revenue of $6,428,226 on a valuation of $146,354,344. The City's sales tax rate as of January 1, 1995 is 1.5 percent which includes a 1-percent general sales tax, projected to generate $4,783,000 in revenue in 1995, and a 0.5-percent special economic development tax which will generate approximately $2,000,000 annually.

Currently none of the revenue from either tax source is earmarked specifically for storm drainage improvements. Although a special sales tax could be a revenue source for capital improvements, Manhattan's current rate is the maximum allowed by law; therefore, consideration of this revenue source is not feasible at this time.

D. PROGRAM COSTS

The estimated construction cost of the recommended capital improvement program is $7,200,850. Annual and total costs for different program durations and financing methods have been determined for comparison. In addition to construction costs, the analyses have included the estimated annual costs of operating and maintaining the existing drainage system. Currently these costs are included in the Public Works Department budget but not separately identified so that the actual level of expenditure is not known. Based on the recommended maintenance program outlined in Part VIII of this report, the estimated maintenance cost for the major system is $43,000. Assuming that at least this amount will be required for the minor system and that some administrative costs are associated with the program, an annual operating and maintenance budget of $100,000 has been established.

All financial analyses of the capital improvement program costs were based on the following assumptions and conditions:

- The program will be accomplished at a level rate over its duration.
- A construction cost inflation rate of 2.5 percent per year.
- Increases in stormwater utility revenue and system operating costs of 2 percent per year (not including any utility rate changes).
- Twenty-year general obligation bonds at a rate of 7 percent.
- Interest rate of 4 percent earned on invested capital funds from bonds. Interest on stormwater utility revenue has been omitted from the analyses since it would be negligible assuming all funds are used for operations or capital improvements each year.

Table IX-1 indicates the average annual costs to complete the improvement program using the cash-basis method of financing and program durations of five and ten years.

TABLE IX-1

ANNUAL COSTS FOR CASH-BASIS FUNDING

Program Duration	Total Cost of Construction	Total O&M Costs	Average Annual Program Costs
5 years	$ 7,575,000	$ 520,400	$ 1,619,080
10 years	8,067,400	1,095,000	916,240

Tables IX-2, 3 and 4 illustrate three possible scenarios using general obligation bonds to finance the capital improvements program although there are any number of variations depending on how often the City chooses to issue bonds. The first plan assumes a five-year period for completing improvement projects with a single bond issue at the beginning of the program. The second and third plans are based on a ten-year duration with a single bond issue under one and two bond issues, five years apart, under the other. In addition, each plan has been set up to essentially deplete the capital improvements fund at the end of the program duration. No additional funding for any of the discretionary projects has been included in any of the plans.

Each of the plans includes funds from the stormwater utility fees as a revenue source, and recommended operation and maintenance costs as an expense along with the debt service on the bonds. In each case the bond issue amount has been reduced from the total construction cost for the recommended projects due to the interest earned on the bond proceeds. This interest is added to the capital improvements account to make up part of the funding for subsequent years. Annual costs are indicated for each plan in Tables IX-2, 3 and 4 as "Total Proposed Debt Service." Table IX-5 indicates the total cost of each bond issue which includes the total interest paid over the term of the bonds and repayment of the principal.

TABLE IX-2
MANHATTAN, KANSAS STORMWATER MANAGEMENT MASTER PLAN
FINANCIAL PLAN WORKSHEET
5-YEAR CAPITAL IMPROVEMENTS PLAN
SINGLE BOND ISSUE

CASHFLOW

Cashflow Table

Line No.	System Operations	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Increase
1	Revenues - Existing Stormwater Utility Fees	113,220	115,484	117,794	120,150	122,553	125,004	127,504	130,054	132,655	135,308	2.00%
2	Operation and Maintenance Expenses	100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509	2.00%
3	Outstanding Debt Service	0	0	0	0	0	0	0	0	0	0	
	Proposed Debt Service:											
	Year / Month / Amount / Interest / Term											
4	1995 / 1 / 7,180,000 / 7.00% / 20	677,740	677,740	677,740	677,740	677,740	677,740	677,740	677,740	677,740	677,740	
5	1996 / 1 / 0 / 7.00% / 20		0	0	0	0	0	0	0	0	0	
6	1997 / 1 / 0 / 7.00% / 20			0	0	0	0	0	0	0	0	
7	1998 / 1 / 0 / 7.00% / 20				0	0	0	0	0	0	0	
8	1999 / 1 / 0 / 7.00% / 20					0	0	0	0	0	0	
9	2000 / 1 / 0 / 7.00% / 20						0	0	0	0	0	
10	2001 / 1 / 0 / 7.00% / 20							0	0	0	0	
11	2002 / 1 / 0 / 7.00% / 20								0	0	0	
12	2003 / 1 / 0 / 7.00% / 20									0	0	
13	2004 / 1 / 0 / 7.00% / 20										0	
14	Total Proposed Debt Service	677,740	677,740	677,740	677,740	677,740	677,740	677,740	677,740	677,740	677,740	
15	Total Operating Expenses	777,740	779,740	781,780	783,861	785,983	788,148	790,356	792,609	794,906	797,249	
16	Annual Balance	(664,520)	(664,256)	(663,986)	(663,711)	(663,430)	(663,144)	(662,852)	(662,554)	(662,251)	(661,941)	
17	Increase in Revenues Required	586.9%	575.2%	563.7%	552.4%	541.3%	530.5%	519.9%	509.4%	499.2%	489.2%	
	Major Capital Improvement Financing											
18	Beginning Balance - Capital Funds	0	5,671,540	4,392,705	3,025,075	1,559,050	(60)	(60)	(60)	(60)	(60)	
19	Bond or Note Issue	7,180,000	0	0	0	0	0	0	0	0	0	
20	Issuance Costs	(179,500)	0	0	0	0	0	0	0	0	0	
21	Interest Earnings - Capital Funds	111,210	197,340	145,450	89,880	30,570	0	0	0	0	0	
22	Total Available Capital Funds	7,111,710	5,868,880	4,538,155	3,114,955	1,589,620	(60)	(60)	(60)	(60)	(60)	
23	Major Capital Improvements	1,440,170	1,476,175	1,513,080	1,555,905	1,589,680	0	0	0	0	0	
24	Ending Balance - Capital Funds	5,671,540	4,392,705	3,025,075	1,559,050	(60)	(60)	(60)	(60)	(60)	(60)	
	Debt Service Coverage											
25	Revenues Available for Debt Service	13,220	13,484	13,754	14,029	14,310	14,596	14,888	15,186	15,489	15,799	
26	Annual Debt Service	677,740	677,740	677,740	677,740	677,740	677,740	677,740	677,740	677,740	677,740	
27	Debt Service Coverage	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	

TABLE IX-3
MANHATTAN, KANSAS STORMWATER MANAGEMENT MASTER PLAN
FINANCIAL PLAN WORKSHEET
10-YEAR CAPITAL IMPROVEMENTS PLAN
SINGLE BOND ISSUE

CASHFLOW

Cashflow Table

Line No.	System Operations					1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Increase
1	Revenues - Existing Stormwater Utility Fees					113,220	115,484	117,794	120,150	122,553	125,004	127,504	130,054	132,655	135,308	2.00%
2	Operation and Maintenance Expenses					100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509	2.00%
3	Outstanding Debt Service					0	0	0	0	0	0	0	0	0	0	
	Proposed Debt Service:															
	Year	Month	Amount	Interest	Term											
4	1995	1	6,925,000	7.00%	20	653,670	653,670	653,670	653,670	653,670	653,670	653,670	653,670	653,670	653,670	
5	1996	1	0	7.00%	20		0	0	0	0	0	0	0	0	0	
6	1997	1	0	7.00%	20			0	0	0	0	0	0	0	0	
7	1998	1	0	7.00%	20				0	0	0	0	0	0	0	
8	1999	1	0	7.00%	20					0	0	0	0	0	0	
9	2000	1	0	7.00%	20						0	0	0	0	0	
10	2001	1	0	7.00%	20							0	0	0	0	
11	2002	1	0	7.00%	20								0	0	0	
12	2003	1	0	7.00%	20									0	0	
13	2004	1	0	7.00%	20										0	
14	Total Proposed Debt Service					653,670	653,670	653,670	653,670	653,670	653,670	653,670	653,670	653,670	653,670	
15	Total Operating Expenses					753,670	755,670	757,710	759,791	761,913	764,078	766,286	768,539	770,836	773,179	
16	Annual Balance					(640,450)	(640,186)	(639,916)	(639,641)	(639,360)	(639,074)	(638,782)	(638,484)	(638,181)	(637,871)	
17	Increase in Revenues Required					565.7%	554.3%	543.2%	532.4%	521.7%	511.2%	501.0%	490.9%	481.1%	471.4%	
	Major Capital Improvement Financing															
18	Beginning Balance - Capital Funds					0	6,152,425	5,645,675	5,099,835	4,512,865	3,882,645	3,206,945	2,483,445	1,709,710	883,195	
19	Bond or Note Issue					6,925,000	0	0	0	0	0	0	0	0	0	
20	Issuance Costs					(173,130)	0	0	0	0	0	0	0	0	0	
21	Interest Earnings - Capital Funds					120,640	231,340	210,700	188,480	164,620	139,010	111,580	82,220	50,840	17,340	
22	Total Available Capital Funds					6,872,510	6,383,765	5,856,375	5,288,315	4,677,485	4,021,655	3,318,525	2,565,665	1,760,550	900,535	
23	Major Capital Improvements					720,085	738,090	756,540	775,450	794,840	814,710	835,080	855,955	877,355	899,290	
24	Ending Balance - Capital Funds					6,152,425	5,645,675	5,099,835	4,512,865	3,882,645	3,206,945	2,483,445	1,709,710	883,195	1,245	
	Debt Service Coverage															
25	Revenues Available for Debt Service					13,220	13,484	13,754	14,029	14,310	14,596	14,888	15,186	15,489	15,799	
26	Annual Debt Service					653,670	653,670	653,670	653,670	653,670	653,670	653,670	653,670	653,670	653,670	
27	Debt Service Coverage					0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	

TABLE IX-4
MANHATTAN, KANSAS STORMWATER MANAGEMENT MASTER PLAN
FINANCIAL PLAN WORKSHEET
10-YEAR CAPITAL IMPROVEMENTS PLAN
TWO BOND ISSUES

CASHFLOW

Cashflow Table

Line No.	System Operations					1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Increase
1	Revenues - Existing Stormwater Utility Fees					113,220	115,484	117,794	120,150	122,553	125,004	127,504	130,054	132,655	135,308	2.00%
2	Operation and Maintenance Expenses					100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509	2.00%
3	Outstanding Debt Service					0	0	0	0	0	0	0	0	0	0	
	Proposed Debt Service:															
	Year	Month	Amount	Interest	Term											
4	1995	1	3,600,000	7.00%	20	339,810	339,810	339,810	339,810	339,810	339,810	339,810	339,810	339,810	339,810	
5	1996	1	0	7.00%	20		0	0	0	0	0	0	0	0	0	
6	1997	1	0	7.00%	20			0	0	0	0	0	0	0	0	
7	1998	1	0	7.00%	20				0	0	0	0	0	0	0	
8	1999	1	0	7.00%	20					0	0	0	0	0	0	
9	2000	1	4,050,000	7.00%	20						382,290	382,290	382,290	382,290	382,290	
10	2001	1	0	7.00%	20							0	0	0	0	
11	2002	1	0	7.00%	20								0	0	0	
12	2003	1	0	7.00%	20									0	0	
13	2004	1	0	7.00%	20										0	
14	Total Proposed Debt Service					339,810	339,810	339,810	339,810	339,810	722,100	722,100	722,100	722,100	722,100	
15	Total Operating Expenses					439,810	441,810	443,850	445,931	448,053	832,508	834,716	836,969	839,266	841,609	
16	Annual Balance					(326,590)	(326,326)	(326,056)	(325,781)	(325,500)	(707,504)	(707,212)	(706,914)	(706,611)	(706,301)	
17	Increase in Revenues Required					288.5%	282.6%	276.8%	271.1%	265.6%	566.0%	554.7%	543.6%	532.7%	522.0%	
	Major Capital Improvement Financing															
18	Beginning Balance - Capital Funds					0	2,845,715	2,206,695	1,523,295	793,265	14,255	3,211,545	2,488,225	1,714,680	888,365	
19	Bond or Note Issue					3,600,000	0	0	0	0	4,050,000	0	0	0	0	
20	Issuance Costs					(90,000)	0	0	0	0	(101,250)	0	0	0	0	
21	Interest Earnings - Capital Funds					55,800	99,070	73,140	45,420	15,830	63,250	111,760	82,410	51,040	17,550	
22	Total Available Capital Funds					3,565,800	2,944,785	2,279,835	1,568,715	809,095	4,026,255	3,323,305	2,570,635	1,765,720	905,915	
23	Major Capital Improvements					720,085	738,090	756,540	775,450	794,840	814,710	835,080	855,955	877,355	899,290	
24	Ending Balance - Capital Funds					2,845,715	2,206,695	1,523,295	793,265	14,255	3,211,545	2,488,225	1,714,680	888,365	6,625	
	Debt Service Coverage															
25	Revenues Available for Debt Service					13,220	13,484	13,754	14,029	14,310	14,596	14,888	15,186	15,489	15,799	
26	Annual Debt Service					339,810	339,810	339,810	339,810	339,810	722,100	722,100	722,100	722,100	722,100	
27	Debt Service Coverage					0.04	0.04	0.04	0.04	0.04	0.02	0.02	0.02	0.02	0.02	

TABLE IX-5

NET BOND FINANCING COST

Program Duration	Issue Amount	Annual Debt Service	Total Cost of Bond Issue
5 years	$ 7,180,000	$ 677,740	$ 13,554,800
10 years - 1 issue	6,925,000	653,670	13,073,400
10 years - 2 issues	7,650,000	339,810/722,100	14,442,000

E. REVENUE REQUIREMENTS

No matter which alternative is chosen to finance the recommended capital improvements, current revenues are not adequate to fund the program. Tables IX-2, 3 and 4, referenced previously, indicate the required percentage increase in revenues for each scenario.

Current revenues from the stormwater utility fees, less recommended O&M expenditures, provide only two to four percent of the amount required to service the bond debt and less than two percent of the funds needed for a cash-basis program. Assuming that all funding for stormwater improvements will come from the utility fees and that all recommended improvements will be made, total revenues must be increased to approximately 800 to 1450 percent of current levels for cash-basis financing, and 600 to 650 percent for bond financing depending on the specific program.

To put the City's current stormwater utility rate schedule in perspective, rate structures of stormwater utilities in Wichita, Topeka and Columbia, Missouri have been summarized below for comparison. Both Wichita and Topeka have based the rates on an equivalent residential unit (ERU) which is equal to 2,139 square feet of impervious area in Wichita and 2,018 square feet in Topeka. Both Topeka and Columbia also have three classes of residential units based on square footage although Columbia's rates are not based on a specific ERU. Table IX-6 presents the various rates and revenues.

TABLE IX-6

COMPARISON OF STORMWATER UTILITY RATES

City	Residential Rate/Month	Non-residential Rate/Month[1]	Approximate Annual Revenue
Wichita	$ 1.66	$1.66 x No. ERU	$ 5,000,000
Topeka	$1.85 - 4.45	$2.85 x No. ERU	$ 3,660,000
Columbia	$0.65 - 1.35	$0.04/100 SF	$ 550,000[2]
Manhattan	$ 0.25	$1.30 - 150.00	$ 111,000

(1) Based on impervious area only in Wichita, Topeka and Columbia.
(2) Development fees for new construction add approx. $275,000.

To illustrate the impact of the rate structure for nonresidential properties on revenue, Table IX-7 provides a comparison of monthly charges for typical commercial, industrial or other nonresidential land uses.

TABLE IX-7

EXAMPLES OF TYPICAL NONRESIDENTIAL UTILITY FEES

Land Use	Impervious Area (S.F.)	Approx. Monthly Utility Fee			
		Wichita	Topeka	Columbia	Manhattan
Mall	1,250,000	$ 970	$1,765	$ 500	$ 150
High School	500,000	388	706	200	50
Warehouse	250,000	194	353	100	24
Grocery	150,000	116	212	60	12
Fast Food	25,000	19	35	10	4.60
Fire Station	10,000	8	14	4	1.30

As discussed previously, the utility rate schedule must be substantially modified in order to fund the capital improvements program from utility fees. Table IX-8 illustrates the revenue available if the rates for each property category are increased so that they are approximately on the same order of magnitude as those of the cities to which comparisons have been made. At these rates adequate funding is available for system O&M and debt service on bonds with some additional money that could be used either immediately for discretionary projects or to establish a reserve fund for future capital improvements. Exact increases in the rates would be dependent on the financing method chosen for the improvements program, the

duration, other available sources of revenue, and public reaction to and acceptance of the proposed changes.

TABLE IX-8

EXAMPLE OF REVISED UTILITY RATE SCHEDULE

Class	No. Units	Monthly Rate	Annual Revenue
SMR (Res.)	14,960	$ 2.00	$ 359,040
SMB1	516	8.00	49,536
SMB2	311	40.00	149,280
SMB3	43	85.00	43,860
SMB4	25	260.00	78,000
SMB5	25	525.00	157,500
SMB6	9	1,100.00	118,800
Total	15,889		$ 956,016

Although the recommended capital improvements program totaling $ 7,200,000 should be considered the minimum required at this time to correct existing problems in the system, other options for financing improvements have been investigated in the event only a limited amount of money will be available and the capital improvements program must be reduced to match the funds available. Table IX-9 summarizes various options considered for a limited capital improvements program, as well as the entire recommended program, and the associated increases in the stormwater utility rate schedule required to fund each option. Bond financing was assumed in each case with one issue of the total amount. It was also assumed that funds would be spent almost immediately rather than over a planned program duration so that interest from invested capital funds would essentially have no impact on the total costs.

TABLE IX-9

FINANCING COSTS FOR VARIOUS LEVELS OF CAPITAL IMPROVEMENTS PROGRAM

Bond Issue Amount	Bond Term (Years)	Annual Debt Service	Total Cost of Bonds	Approx. Increase in Utility Rates
$1,000,000	20	$ 94,390	$ 1,887,800	170%
2,000,000	20	188,790	3,775,800	260%
3,000,000	20	283,180	5,663,600	340%
4,000,000	20	377,570	7,551,400	425%
5,000,000	20	471,960	9,439,200	500%
7,200,000	20	679,630	13,592,600	680%

TABLE IX-9 (CONT'D.)

FINANCING COSTS FOR VARIOUS LEVELS OF CAPITAL IMPROVEMENTS PROGRAM

Bond Issue Amount	Bond Term (Years)	Annual Debt Service	Total Cost of Bonds	Approx. Increase in Utility Rates
$1,000,000	10	$ 142,380	$ 1,423,800	215%
2,000,000	10	284,760	2,847,600	340%
3,000,000	10	427,130	4,271,300	470%
4,000,000	10	569,510	5,695,100	590%
5,000,000	10	711,890	7,118,900	715%
7,200,000	10	1,025,120	10,251,200	1000%

In these cases utility rate percentage increases were assumed to be applied evenly to all classes of property and no revisions to the property classifications were assumed. Although some utilities have divided residential properties into several categories based on size, at the time Manhattan's rate structure was established it was determined that the size of a residential property had negligible impact on the amount of runoff reaching the storm drainage system. In order to keep the rate structure as simple as possible for classification and billing purposes, only one residential category was established. To determine the specific effects of multiple residential classes on the rate structure and potential revenues, a considerable amount of additional data would need to be developed and analyzed which is beyond the scope of this study.

In contrast, if it is assumed that all improvements are to be funded solely from property taxes, an increase of approximately 10 to 15 percent in the adopted 1995 mill levy rate will generate adequate revenue for the program depending on the duration and financing method. Table IX-10 indicates the additional revenue for various increases based on the 1995 actual valuation of $146,354,344 and mill levy rate of 43.922.

TABLE IX-10

REVENUE FROM MILL LEVY INCREASES

Mill Increase	Percent Increase	Additional Annual Revenue
4.5	10.2	$ 658,600
5.0	11.4	731,770
6.25	14.2	914,715

F. SUMMARY

An increase in the present level of funding is essential to construct the recommended capital improvements to correct present major drainage problems, to undertake operation and maintenance of the City's drainage system at a level that can avoid the development of new drainage problems, and to provide funds for future capital improvement projects. Both the duration and method of financing the capital program affect its cost. In order to maintain public support for the capital improvements program and the stormwater utility, it is recommended that the City adopt the shortest possible program duration to construct the recommended improvements in prioritized order and establish or expand the necessary revenue sources to support it.

The choice of the revenue source, or sources, is the prerogative of the City Commission subject to approval by the electorate where applicable; however, it is recommended that the majority, if not all, of the funding for the program be derived from the stormwater utility fees since the utility was created primarily for this purpose and the fees fairly apportion the cost of drainage service to runoff generators as opposed to funds from taxes which are not tied to system usage.

Since the utility rates were set by the ordinance which created the stormwater utility, any change will require that the ordinance be amended by the City Commission while a tax increase would be subject to approval by a public vote. Rate increases could be phased in over a period of time if the City issues bonds for the improvement program over several years, gradually increasing the required funding and making the rate increases seem less drastic. Once the revised rate schedule is established and the recommended capital program is complete, funds from the utility fees will continue to be available for future capital improvement programs including the discretionary projects identified in this study.

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