# CITY OF EL PASO, TEXAS AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM

**DEPARTMENT:** City Clerk **AGENDA DATE:** December 9, 2008 for Introduction.

Public Hearing on December 16, 2008

CONTACT PERSON/PHONE: Richarda Duffy Momsen, City Clerk, 541-4127

**DISTRICT(S) AFFECTED:** All

SUBJECT: An Ordinance of the City of El Paso, Texas, transferring rate making authority and changing the rate of a municipal utility drainage system.

BACKGROUND / DISCUSSION: On October 30, 2008, an initiative petition was filed with the City Clerk's Office, proposing this ordinance. On November 14, 2008, the City Clerk certified the petition as having the requisite number of signatures.

Section 3.11 (Initiative) of the City Charter states that upon verification of the petition, the ordinance must be placed on the agenda of a Council meeting to be held within thirty working days of receipt. The provision further states that this ordinance is to be treated by the Council as any other proposed ordinance. Under other Charter provisions, all proposed ordinances must be introduced and published before a public hearing is held and action may be taken.

Thus, pursuant to all applicable City Charter provisions and requirements, the City Clerk is presenting this ordinance to the City Council for introduction—the required first step of the process.

## PRIOR COUNCIL ACTION:

Has the Council pr	eviously considered this item or a closely related one?
Related Ordinance N	No. 16668 was adopted on June 19, 2007.
AMOUNT AND SO	DURCE OF FUNDING:
BOARD / COMMI	SSION ACTION:
*******	****REQUIRED AUTHORIZATION************
LEGAL: (if required)	FINANCE: (if required)
DEPARTMENT HEAD:	
	(Example:if RCA is initiated by Purchasing, client department should sign also) <i>Information copy to appropriate Deputy City Manager</i>
APPROVED FOR AGEN	DA:
CITY MANAGER:	DATE:

ORDINANCE NO.
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# AN ORDINANCE OF THE CITY OF EL PASO, TEXAS, TRANSFERRING RATE MAKING AUTHORITY AND CHANGING THE RATE OF A MUNICIPAL UTILITY DRAINAGE SYSTEM.

**WHEREAS**, the City of El Paso ("El Paso") previously established a Municipal Drainage Utility System via Ordinance No. 16668; and

**WHEREAS,** the citizens of El Paso have clearly voiced the opposition of the Municipal Drainage Utility System and the fees imposed for its operation; and

WHEREAS, the City, in deference to the views of its Citizens, wishes to restructure and reduce the fees imposed for the operation of the Municipal Drainage Utility System; and

**WHEREAS**, the City recognizes state law prohibits it from altogether dissolving the Municipal Drainage Utility System until it has operated substantially continuously for five years; and

**WHEREAS**, the City retains the authority to transfer operation of the Municipal Drainage Utility System from the Public Service Board back to City Council and to reduce the rate for the drainage utility.

# NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

Section I. Definitions.

"Board" means that certain board of trustees known as the "Public Service Board" established by the City pursuant to Section 1502.070 of the Texas Government Code and charged with having complete authority and control of the management and operation of the water and wastewater system of the City, as "City" means the City of El Paso, Texas, a Texas Home Rule Municipality.

"System" means the Municipal Drainage Utility System established by Ordinance 16668 and encompasses the complete drainage system of the City as it now exists and may be improved, added to, or extended hereafter, there being included in such term all drainage facilities now or hereafter owned or operated.

Section II.

1. Section III D of Ordinance 16668 is hereby rescinded. The authority and control

of the management and operation of the system is hereby transferred from the

Board to the City. The System shall be operated by the City Manager subject to

the control and direction of City Council.

2. No monthly stormwater fee shall be imposed on any improved parcel within the

City of El Paso or on any customers of the Board until further action by the City

of El Paso acting through its City Council.

3. All fees and charges of the Municipal Drainage Utility System and all fees for

storm water drainage are hereby suspended until further action by the City of El

Paso acting through its City Council.

4. This Ordinance shall take effect immediately upon its adoption.

5. The City Manager is authorized to execute documents and take all appropriate

action to give effect to this Ordinance.

APPROVED AND ADOPTED this	day of	
	CITY OF EL PASO	
ATTEST:	John F. Cook, Mayor	
Richarda Duffy Momsen City Clerk		

Source: Initiative Petition



# OFFICE OF THE CITY ATTORNEY

### MEMORANDUM

TO: Mayor and City Representatives

Joyce Wilson, City Manager

FROM: Elaine S. Hengen, Senior Assistant City Attorney

THRU: Charlie F. McNabb, City Attorney

SUBJECT: Analysis of the proposed initiative petition ordinance

DATE: December 4, 2008

The initiative petition ordinance has been placed for introduction on the City Council's agenda for December 9, 2008. Based on a review of this proposed ordinance, we have identified several issues and other critical matters that are not addressed and resolved by the language in the initiative petition. Accordingly, we are advising you of these issues and the potential consequences to the City and the PSB if these issues are not addressed and resolved prior to the adoption of any ordinance that would transfer the authority and management of the storm water utility from the PSB back to the City.

## Analysis of the language and effect of the initiative petition ordinance:

The ordinance contained in the initiative petition does not directly amend Ordinance No. 16668, except to the extent that the initiative petition ordinance rescinds Section III D of that ordinance. Thus, nearly all of the original language and provisions in Ordinance No. 16668 remain in place and the initiative petition ordinance would constitute a new ordinance that must be read and interpreted together with Ordinance No. 16668.

In reading the language in the two ordinances, the initiative petition ordinance contains many terms and provisions that conflict with the provisions remaining in Ordinance No. 16668. Several of these provisions are so contrary and irreconcilable that

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the two provisions could not both stand in force and effect. Part of the language of the initiative petition ordinance states that, "The authority and control of the management and operation of the System is hereby transferred from the Board to the City. The System shall be operated by the City Manager subject to the control and direction of City Council." We believe that under the most appropriate statutory construction principles, this language will operate to constitute an implied or constructive repeal of the provisions in Ordinance No. 16668 that are directly contradictory. As a result, we believe that if a court of law were to analyze and rule on the proper interpretation of the two ordinances, that the initiative petition ordinance would operate to rescind the delegation to the PSB of the authority to operate the storm water utility, and in effect rescind other, contradictory provisions of Ordinance No. 16668 relating to the duties of the PSB Board and the General Manager.

### Issues not addressed or resolved by the initiative petition ordinance:

There are several unresolved issues regarding matters that are not addressed by the initiative petition ordinance and which cannot be reconciled by reading both ordinances together or determining that some provisions in Ordinance No. 16668 would be impliedly repealed. These are detailed below.

### • No provision for storm water fees already collected:

The PSB has collected fees for the storm water utility and also has billed, but not yet collected other fees. Section 402.049, Local Govt Code, requires that the income of a drainage utility system must be segregated and be completely identifiable in the municipality's accounting. Under Ordinance No. 16668, the PSB was obligated to perform this function and maintain this accounting. The initiative petition ordinance makes no provisions for the transfer of these funds to the City. By law, these funds cannot remain with the PSB if the utility will be transferred to the City, so the Council is legally obligated to take appropriate action to provide for the transfer of these funds.

### • No provision for the transfer of the utility's assets and liabilities:

The initiative petition ordinance fails to address the storm water utility's assets and liabilities, if any. I am aware that the PSB purchased equipment for use by the storm water utility, but I do not know how those purchases were funded, nor do I have any information as to other assets and the liabilities of the utility. Council must also take appropriate action to address the transfer of all of the assets, and to make the necessary legal arrangements for the City to assume all liabilities that have been incurred by the utility. Adopting the initiative petition ordinance without first making the necessary and appropriate arrangements to transfer the funds, assets and liabilities of the utility, would create issues of potential non-compliance with state law, and potentially jeopardize the financial standing of both the PSB and the City and potentially subject both to liability.

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## • No provision for fees already billed but not collected:

The initiative petition ordinance contains provisions relating to the cessation of charging and collecting the fees until the City Council takes further action. The language specifically states, "All fees and charges of the Municipal Drainage Utility System and all fees for storm water drainage are hereby suspended until further action . . .." This provision creates a dilemma that must be addressed for the fees that have been billed, but not collected, for which payment may be tendered after the initiative petition ordinance would be adopted. The language plainly prohibits collecting charges without regard to the date on which the fees were billed. Potentially, this language could require staff to issue refunds for these tendered payments at a significant cost to the City. Because of this, we wanted to call this particular language and problem to the Council's attention.

## • No provision addressing the insurance policy covering the assets:

Ordinance No. 16668 requires the PSB to insure the assets of the drainage utility system. However, the initiative petition ordinance does not address this obligation. By law, the Council cannot require the PSB to continue to hold and pay for this insurance policy if the utility is transferred from it. Accordingly, the Council needs to determine how to legally transfer or otherwise eliminate the obligations imposed on the PSB by the insurance policy before the utility would be transferred.

## Charter requirements for Council action on the initiative petition ordinance:

Section 3.11 of the City Charter provides that this "item shall be treated by the Council exactly as any other proposed ordinance." Thus, the Council has the ability to act on this ordinance in the same manner as it would address any other ordinance for which unresolved issues have been identified that need to be resolved prior to adoption. Accordingly, the Council does have the opportunity to fully address the outstanding unresolved issues before the Council takes the vote on the ordinance.

Cc: City Clerk

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# **OFFICE OF THE CITY ATTORNEY**

### MEMORANDUM

TO:

Richarda Duffy Momsen, City Clerk

FROM:

Elaine S. Hengen, Senior Assistant City Attorney

SUBJECT:

Draft of amended ordinance—Stormwater utility

DATE:

December 11, 2008

As a follow-up to the discussions had during the City Council meeting of December 9, 2008 pertaining to the stormwater utility initiative petition ordinance, the City Attorney's Office has prepared a draft of an ordinance amending Ordinance No. 16668 which addresses the issues that this office had identified as unresolved.

A copy of this draft is attached, and we would request that you include this memo and draft as part of the back-up to be posted for the initiative petition ordinance agenda item.

Thank you for your assistance.

Attachment

Cc:

Mayor and City Representatives Joyce Wilson, City Manager

# ORDINANCE NO.

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WHEREAS, the citizens of El Paso have clearly voiced the opposition of the Municipal Drainage Utility System and the fees imposed for its operation; and

WHEREAS, the City, in deference to the views of its Citizens, wishes to restructure and reduce the fees imposed for the operation of the Municipal Drainage Utility System; and

WHEREAS, the City recognizes state law prohibits it from altogether dissolving the Municipal Drainage Utility System until it has operated substantially continuously for five years; and

WHEREAS, the City retains the authority to transfer operation of the Municipal Drainage Utility System from the Public Service Board back to City Council and to reduce the rate for the drainage utility; and

**WHEREAS,** most portions of City Ordinance No. 16668, are being amended to accomplish the transfer of the Municipal Drainage Utility System from the Public Service Board back to the City Council and to provide a transition process for such transfer.

# NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

Section 1. That SECTION I of Ordinance No. 16668, Findings Required by Law, be amended in its entirety to read as follows:

The City hereby adopts the Municipal Drainage Utility Systems Act and finds that the City will:

- (i) Establish a schedule of drainage charges against all real property in the proposed service area subject to charges;
- (ii) Provide drainage service for all real property in the proposed area upon payment of drainage charges (except real property that is exempt from such charges); and

- (iii) Offer and provide drainage service on nondiscriminatory, reasonable, and equitable terms in accordance with any resolutions or ordinances of the City, as are required by state law.
- Section 2. That SECTION II of Ordinance No. 16668, Definitions, be amended to delete the following definition:

"Storm 2006 Projects"

- Section 3. That SECTION II of Ordinance No. 16668, Definitions, be amended to provide that the following definitions shall read as follows:
- "Benefited property" means an improved lot or tract to which drainage service is made available under the Act and this Ordinance and in accordance with any other applicable resolutions or ordinances as are required by state law.

"Service Area" means all that area of land located within the city limits of the City and any other land areas in the City's extraterritorial jurisdiction as provided by the Municipal Drainage Utility Systems Act which, as a result of topography or hydraulics, contribute to overland flow into the watersheds served by the drainage system of the City. Upon the effective dates of competed annexation of additional lands into the City, each such annexed additional land shall become part of the service area. Land annexed for limited purposes shall become a part of the service area upon annexation for full purposes. The Service Area may be extended by written resolution or ordinance of the City Council as is required by state law, to the extent permitted by the Act at the time of such adoption, to include other land areas outside the city limits of the City which, as a result of topography or hydraulics, contribute overland flow into the watersheds served by the System provided, however, in no event may the Service Area extend farther than the boundaries of the City's then current extraterritorial jurisdiction, nor, except as expressly provided by the Act, may the Service Area extend into the boundaries of another municipality.

- Section 4. That SECTION III of Ordinance No. 16668, Establishment and Management of the System, be amended in its entirety to read as follows:
- A. The System is hereby established as a municipal drainage utility system and declared to be a public utility.
- B. The City shall establish a Master Stormwater Management Plan ("Stormwater Plan"), by obtaining any such Stormwater Plan that has been prepared by the Public Service Board pursuant to Ordinance No. 16668, or in the event that no such Stormwater Plan exists, the City shall cause such Stormwater Plan to be prepared. In developing such

Stormwater Plan, or amending or updating the Plan, the City shall take into account the use of open space as natural drainage and to the extent reasonably possible preserve the City's open spaces, greenways, arroyos and wilderness areas in their natural state as a means to assist in the management of storm water and in accordance with the City's Open Space Master Plan.

#### C. Reserved.

D. The City Council shall have complete authority and control of the management and operation of the System, and pursuant to City Charter, the City Manager shall direct and supervise the administration of the System in the same manner as all other City departments. The City Council shall approve such fees or charges as recommended by the City Manager.

The City Manager shall bring to the City Council annually a Stormwater Capital Improvement Plan (the "Capital Plan") for its approval which shall include both short and long term objectives. To assure compliance with the Stormwater Plan, the City's Flood Plain Administrator shall review the proposed Capital Plan prior to its presentation to the Council. The Capital Plan shall, to the extent reasonably possible, include the use and maintenance of arroyos and other natural drainage systems as a means to manage stormwater and otherwise take into account environmental best practices in the construction of any stormwater infrastructure. The Capital Plan shall identify stormwater infrastructure projects (including land acquisitions) which have the potential dual purposes of stormwater management and preservation of the City's open spaces, greenways, arroyos and wilderness areas in their natural state in accordance with the City's Open Space Master Plan and the City's Parks and Recreation Master Plan ("Green Projects"). The Council may allocate an amount equal to ten percent (10%) of the System's annual drainage utility fee revenues for such Green Projects.

- E. A drainage utility fee shall be imposed on each improved parcel within the City for services and facilities provided by the System, except as to exemptions provided for by law, by this Ordinance, or by other appropriate ordinance of the City Council. For purposes of imposing the rates for drainage charges (drainage utility fee), all eligible parcels within the Service Area shall be classified into categories assigned by resolutions or ordinances of the City Council, as are required by state law. Such classifications of the eligible parcels shall distinguish between residential and non-residential use, take into account estimated impervious area or surface and be nondiscriminatory, equitable and reasonable, in accordance with the Act. In evaluating drainage utility fee structures, the City Council shall consider alternatives that group or establish sub-categories of residential uses based on parcel size, impervious area or other reasonable criteria.
- F. The City shall bill for the drainage utility fees as provided by statute and as may otherwise be authorized by law, and the City Manager is authorized to take all action necessary to institute such billing processes.

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- G. At least once a year beginning with the Fiscal Year ending August 31, 2010, the City Manager shall present to the City Council a report on the status of the System.
- Section 5. That SECTION IV of Ordinance No. 16668, Administrative Provisions, be amended in its entirety to read as follows:
- A. No Assumed Liability City. By the passage of this Ordinance, the City makes no representation that all of the City's drainage problems will be immediately remedied and the City Council is given full discretion in establishing the time and quantitative priorities in expending funds as the same become available to meet the storm water needs of the City on a reasonable basis. The passage of this Ordinance shall not be construed to relieve private landowners, developers or other individuals or entities from providing drainage improvements pursuant to the ordinances of the City and the laws of this State which relate to drainage, storm water or storm water improvements.
- B. No Assumed Liability Board. For such time that the Board has had authority and control of the management and operations of the System, the Board makes no representation that all of the City's drainage problems will be immediately remedied and the Board recognizes the City Council's governmental budgeting discretion in establishing the time and quantitative priorities in expending funds as the same become available to meet the storm water needs of the City on a reasonable basis. The City and the Board recognize that the Board has undertaken a governmental function when it had accepted the delegation of the rights, duties and responsibilities of a municipal drainage utility system pursuant to the Act and the authority of the City acting as a Texas Home Rule Municipality. The effective date of Ordinance No. 16668, June 19, 2007, was the effective date for the beginning of the actions and responsibilities of the Board in this matter.
- C. <u>Administrative Authorization</u>. The City Manager is authorized to place the operations of the System within an existing City department, as he or she deems appropriate. The City Manager is authorized, within ninety days of the adoption of this ordinance, to create staffing positions that he or she determines to be necessary for the operation of the System, and to update the classification and compensation plan of the City regarding these positions within the department designated to operate the System. This direction and authorization shall constitute the Council's acceptance and authorization of such actions pursuant to Section 6.4-1 of the City Charter.
- D. <u>Insurance</u>. The City may obtain overall property insurance on the assets of the Municipal Drainage Utility System in a form and amount as the City Council may determine to be reasonable and prudent. Such insurance may take the form of general liability insurance or an umbrella insurance policy. The transfer of the insurance policy obtained by the Board pursuant to Ordinance No. 16668, shall be addressed by the City Manager and the Board in the same manner as the transfer of all other assets and liabilities of the System from the Board to the City pursuant to this Ordinance.

Section 6. That SECTION V of Ordinance No. 16668, Drainage Utility Fund, be amended in its entirety to read as follows:

## A. Drainage Utility Fund.

- (i). The City shall establish a drainage utility fund. All drainage utility fees collected by the City shall be deposited as collected and received into this fund, and shall be used exclusively for the drainage services set forth under the Act, including but not limited to those services referenced in Local Government Code Section 402.044(2).
- (ii). The Board shall maintain the drainage utility fund it established pursuant to Ordinance No. 16668 during the time of transition established under this ordinance until the balance of such fund is expended pursuant to this subsection or the fund is transferred to the City. During the time of transition and as authorized by the City Manager, the General Manager shall utilize the fund to pay the obligated expenditures of the System that were incurred during the time that the Board operated the System. Upon the direction of the City Manager, the fund balance shall be transferred to sole control of the City no later than June 1, 2009, and such funds shall be incorporated into the City's drainage utility fund.
- B. <u>Drainage Fund Accounting</u>. The revenues collected from drainage utility fees must be segregated and completely identifiable from other City or Board accounts.

Section 7. That SECTION X of Ordinance No. 16668, Transition, be amended to read as follows:

- A. The City Manager and the General Manager shall provide for a transition process and transfer to the City, the System personnel, physical assets and real property currently which had been transferred to the Public Service Board for the operation of the system, as well as all other assets that had been purchased with the fees that had been collected by the City.
- B. On or before January 31, 2009, the Board shall provide a complete inventory of the assets and liabilities of the System to the City Manager. The Board and the City Manager shall develop an orderly process for the transfer of such assets and the assumption of such liabilities within the time frame and processes provided in this Ordinance.
- C. The City Manager shall have the authority, in the reasonable, ordinary and lawful course of business, to direct the transfer of and assume the assets, liabilities and obligations of the System, on behalf of the City, and if necessary negotiate reimbursement to the Board in the event that the Board utilized funding outside of the System's funds to procure assets, such as equipment, that will be transferred to the City.

D. It is intended that the transfers provided for in the transition process shall be completed by May 1, 2009, but in no event later than June 1, 2009. The City Manager is hereby authorized to take whatever action, including but not limited to, budget transfers to accomplish the intent of this Ordinance.

Section 8. Except as herein amended, the provisions in Ordinance No. 16668 shall remain in full force and effect.

Section 9. That, in order to allow for the orderly transition of the System back to the authority and control of the City Council, the amendments contained herein which place the authority and control of the System in the City Council shall take effect on February 1, 2009. In the interim, the responsibilities of the Board to operate the System shall continue through January 31, 2009, and the responsibilities of the Board and its General Manager to employ appropriate and necessary personnel, take action and cooperate with the transition of the System to the City shall continue through June 1, 2009.

The remaining provisions of this ordinance shall be effective on December 29, 2008. On and after December 29, 2008, the City Manager and his or her designees are authorized to administratively set up and create appropriate administrative processes for the implementation of the System, to include establishing the appropriate budget within the appropriate city department. The City Manager and his or her designees are authorized to make appropriate budget transfers, and in addition to the authorization in SECTION IV C as amended herein, to take the necessary steps for the hiring and compensation of all necessary personnel, so as to enable the start of the transition process set forth herein for City controlled operations no later than February 1, 2009.

Section 10. At the first regular City Council meeting held after February 1, 2009, the City Council shall consider, as provided in Section 402.047(c), Texas Local Government Code, whether the rates for drainage charges (fees) previously determined and established by the Board should remain in place or be changed, adjusted or readjusted and take action as appropriate.

APPROVED AND ADOPTED this _	day of	•

(signatures begin in the following page)

	CITY OF EL PASO	
ATTEST:	John F. Cook, Mayor	_
Richarda Duffy Momsen City Clerk		

Elaine S. Hengen

Senior Assistant City Attorney

APPROVED AS TO FORM:



# El Paso Stormwater System

Progress Update
December 2008

# Maintenance Progress

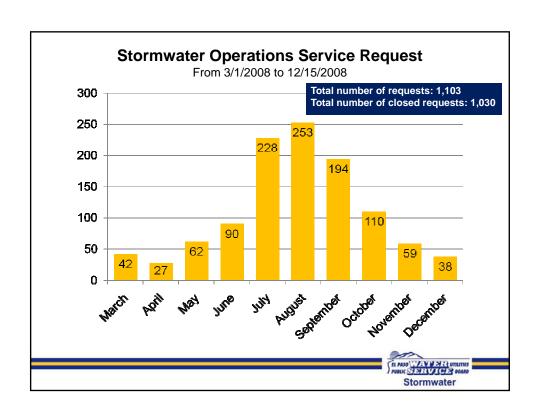
- Aggressive maintenance effort resulting in significant progress.
- 1,103 maintenance projects to clear debris and vegetation from conduits, channels and agricultural drains (1,030 completed).
- 296 work orders generated to clean, repair and inspect drainage system (243 completed).

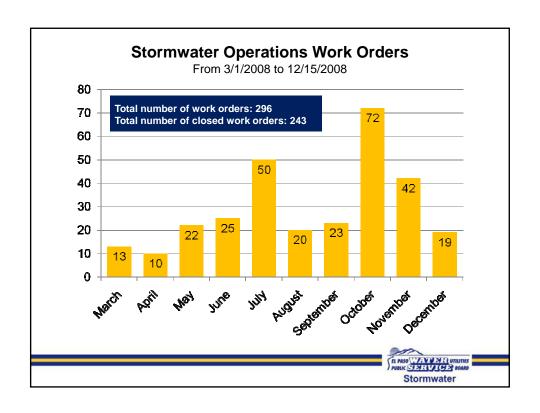


# Project Types – Top 5

- Debris removal (299)
- Vegetation removal (311)
- Flooding (180)
- Obstructed conduit (52)
- Clogged drainage structure (42)
- Miscellaneous (219)







# Repairs

- Repairs of conduits, concrete spillways, storm drains and pump stations increases system effectiveness.
- Fleet of Vactor trucks relieves nuisance flooding during rain storms.
- 176 such calls during the recent rainy season.



# Sign of Progress

- No flooding on IH-10 between Piedras and Cotton.
- Flooding frequent in the past.
- Resulted from month-long clean-out of adjacent ponds, culverts and conduits.



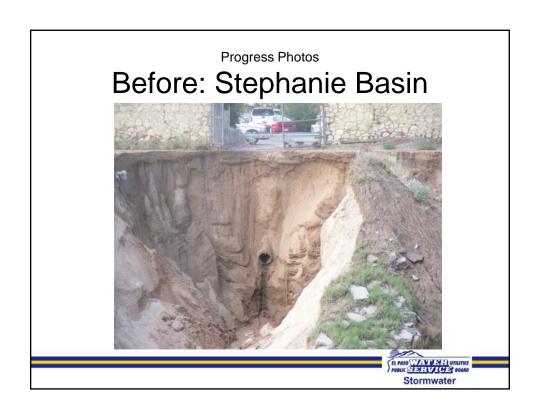




# The Size of the Challenge

EPWU Stormwater Facilities		
Dams	39	
Pump stations	16	
Detention/Retention ponds	275	
Channels	69 miles	
Agricultural drains	39 miles	
Storm drain conduits	57 miles	
Storm drain inlets	5,000	



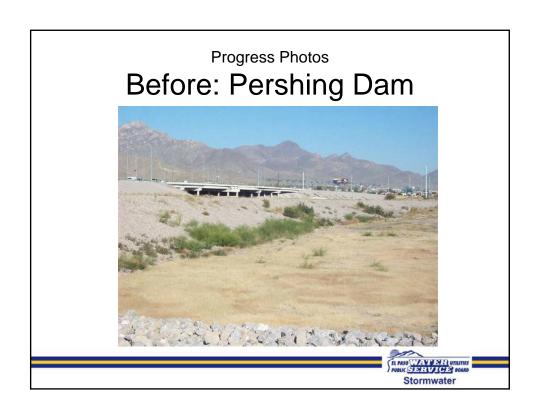


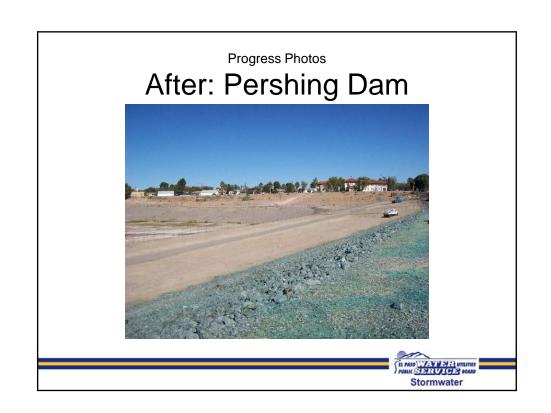




Stormwater







# The Immediate Future

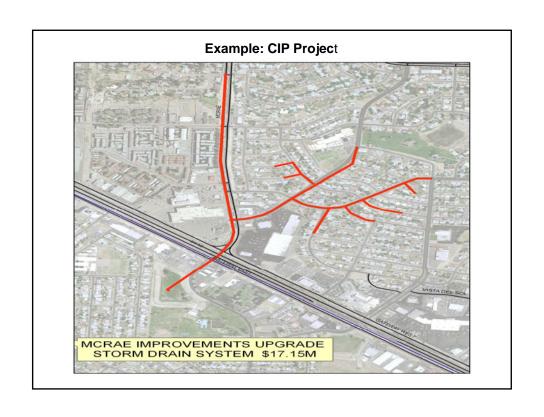
- Major maintenance catch-up will continue through 2009.
- Then maintenance will continue to keep system clear of debris, vegetation.
- Computerized system will produce regular work orders.

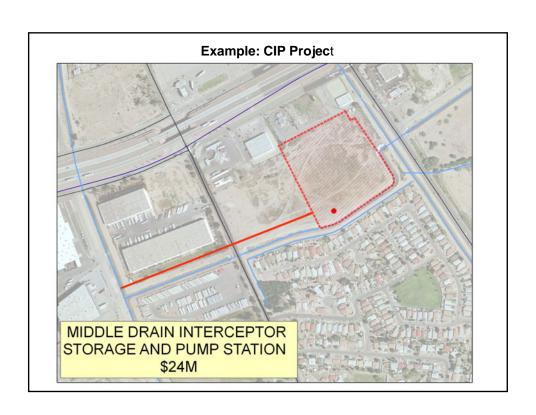


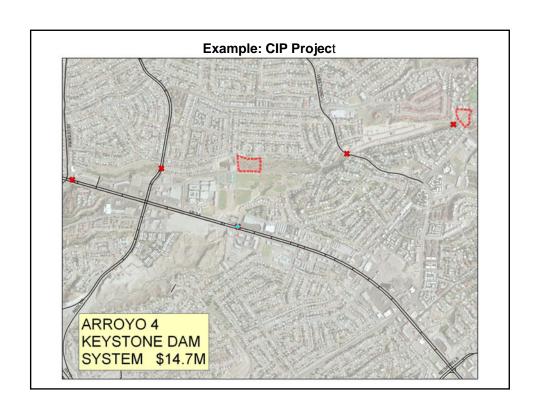
# Stormwater Master Plan

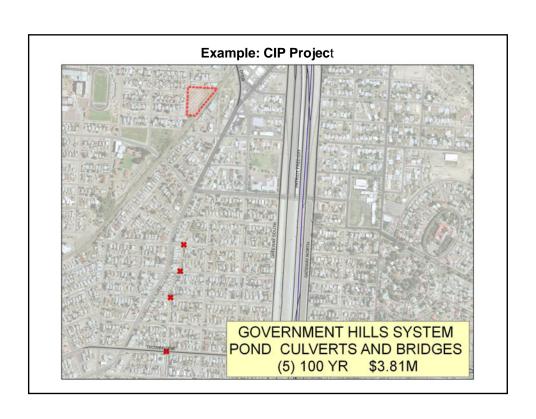
- URS, an engineering firm, has been engaged to develop a Master Plan.
- The Stormwater Master Plan Community Advisory Committee is providing input on priority order of the capital projects.
- The Master Plan is expected to be completed in March 2009, with construction to begin in late 2009.











# **Stormwater Fees Reduced**

- Across the board 37% rate cut to all residential and non residential accounts
- 10% additional credit for non residential customers with onsite retention ponds required by city ordinance
- Social service agencies and nonprofit organizations pay 25% of the non residential fee
- School districts pay 25% of the non residential fee in year one and 10% in years two and three



#### STORMWATER CHARGE FOR RESIDENTIAL

Residential Category	Previous	Current (Effective June 2008)
Small	\$2.38	\$1.49
Typical	\$4.75	\$2.97
Large	\$9.50	\$5.94

#### STORMWATER CHARGE FOR NON-RESIDENTIAL

Equivalent Residential Unit (2,000 sq. ft.)	Previous	Current (Effective June 2008)
	\$4.85	\$3.03

