City of Annapolis

FY2026 Stormwater Rate Study

Stantec

4/10/2025

Agenda

1) Financial Forecast
2) Fee Adjustments
3) Impacts and Considerations

Financial Plan Development

1) Revenue Requirements

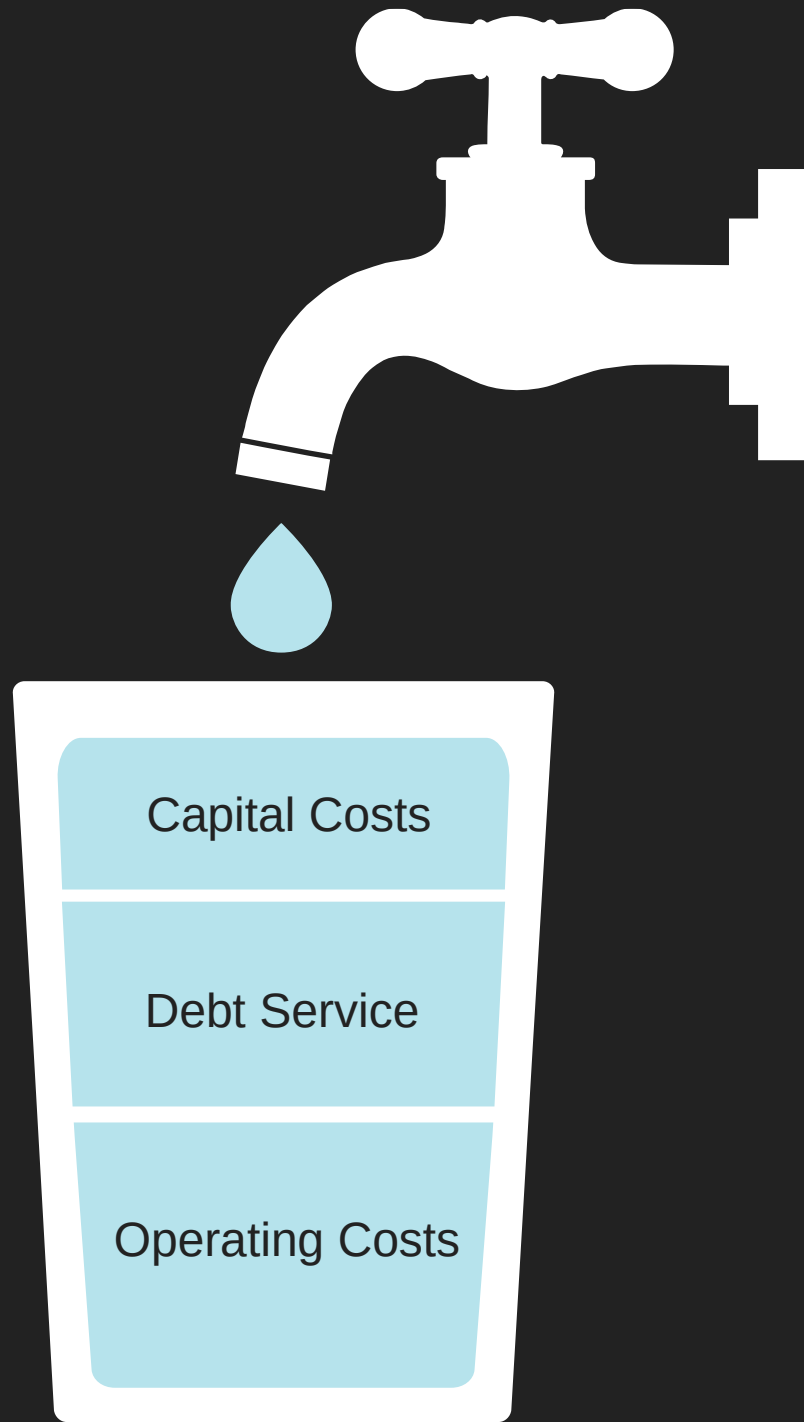
- Expenses based on FY26 proposed budget escalated at line-item level using cost indices and staff input
- Existing debt and capital improvement plan (CIP)

2) Revenue Forecast

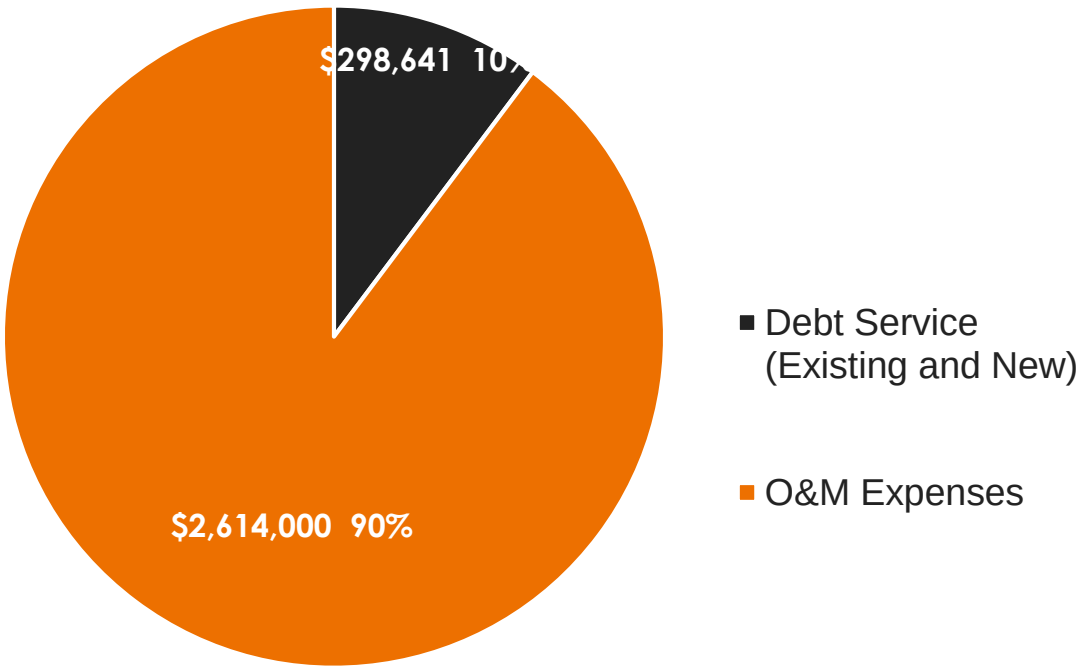
- Forecast of system demands and customer counts
- Development of revenue forecast with existing rates and fees

3) Evaluate Key Metrics

- Establish/maintain minimum reserve balances

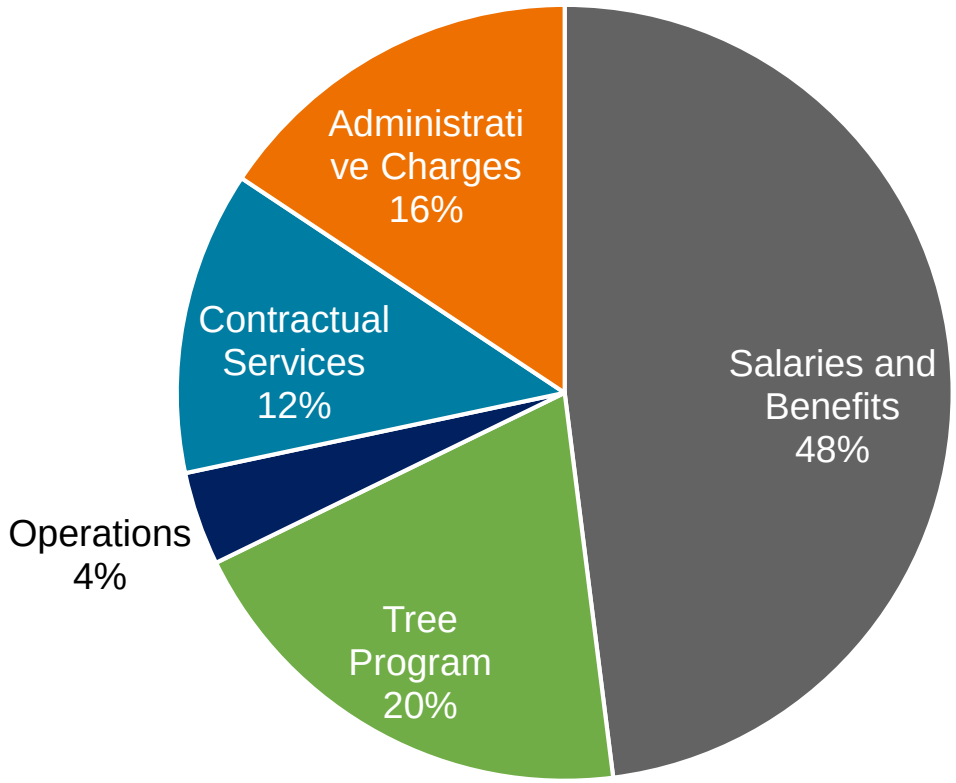


FY 2026 Stormwater Revenue Requirements



- CIP spending has increased over the past couple years utilizing existing reserves
- CIP will be funded by the capital fund and debt in FY 26
- Future CIP will be funded primarily with borrowing

FY 2026 Operating Expenditures



Expenditure	Amount
Salaries and Benefits	$1,250,000
Tree Program	$515,000
Operations	$101,500
Contractual Services	$329,500
Administrative Charges*	$418,000
Total	**$2,614,000**

**Includes transfer to fleet of $10k*

- O&M Expenses increased 17% over FY25 Budget
- Tree program included and held constant at $515k
- Budget includes 9.5 FTEs

FY 2026 Capital Expenditures

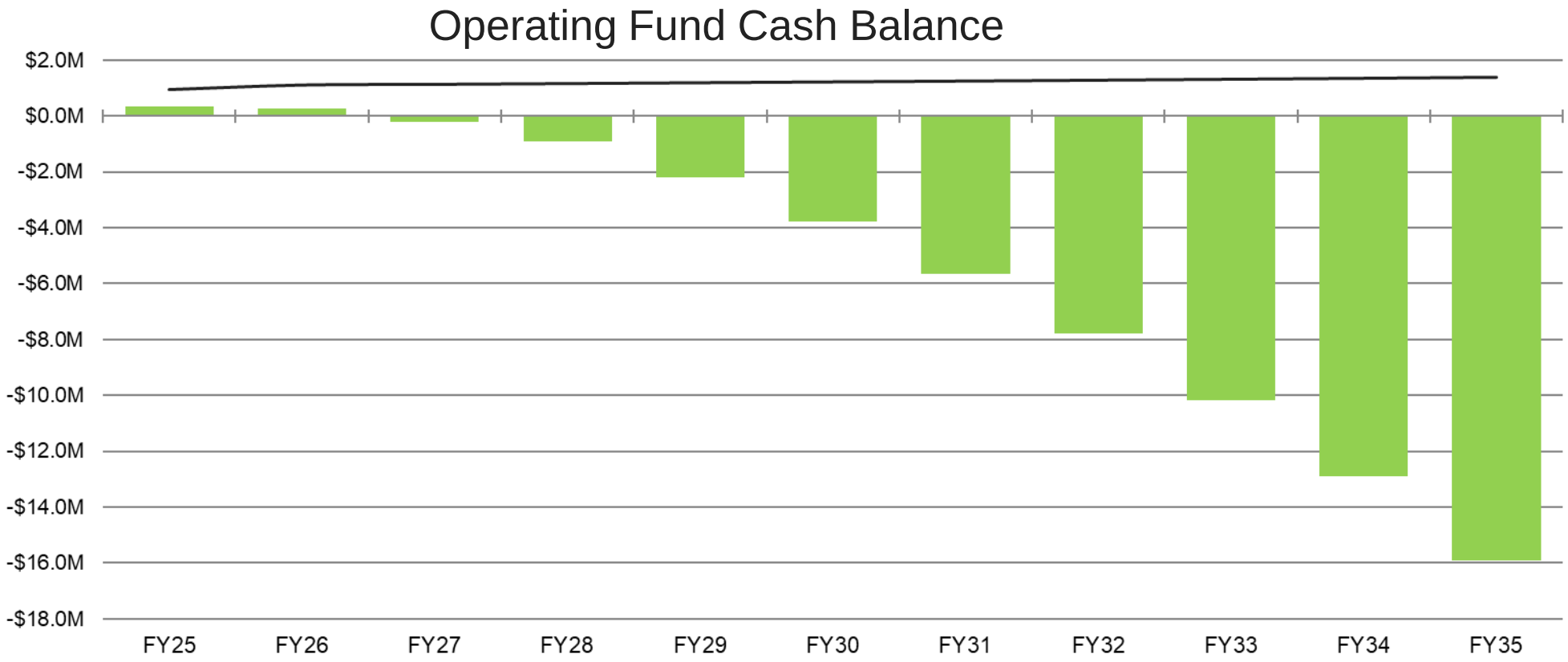
Project	Funding Source	Amount
Stormwater Management Retrofit	Debt	$333,333
Stormwater Management Retrofit	Capital Fund / Cash Funded	$166,667
MS4 Permit Compliance	Debt	$1,331,269
	Total	**$1,831,269**

Stormwater Revenue Sufficiency

($ Million)	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35
Total Operating Expenses	**$2.61**	**$2.68**	**$2.75**	**$2.82**	**$2.89**	**$2.96**	**$3.04**	**$3.12**	**$3.20**	**$3.29**
Cash Funded Capital	$0.00	$0.00	$0.00	$0.34	$0.43	$0.45	$0.46	$0.47	$0.49	$0.50
Existing and Future Debt Service	$0.30	$0.43	$0.58	$0.74	$0.91	$1.09	$1.28	$1.47	$1.67	$1.87
Total Capital Expenses	**$0.30**	**$0.43**	**$0.58**	**$1.09**	**$1.34**	**$1.53**	**$1.74**	**$1.94**	**$2.16**	**$2.38**
Total Stormwater Expenses	**$2.91**	**$3.11**	**$3.33**	**$3.90**	**$4.23**	**$4.50**	**$4.78**	**$5.07**	**$5.36**	**$5.67**
Revenues from Existing Stormwater Fees*	**$2.61**	**$2.62**	**$2.62**	**$2.63**	**$2.64**	**$2.64**	**$2.65**	**$2.65**	**$2.66**	**$2.66**

**Assumes no increases in stormwater fees*

Stormwater Fund Forecast - No Increases



Financial Plan Considerations

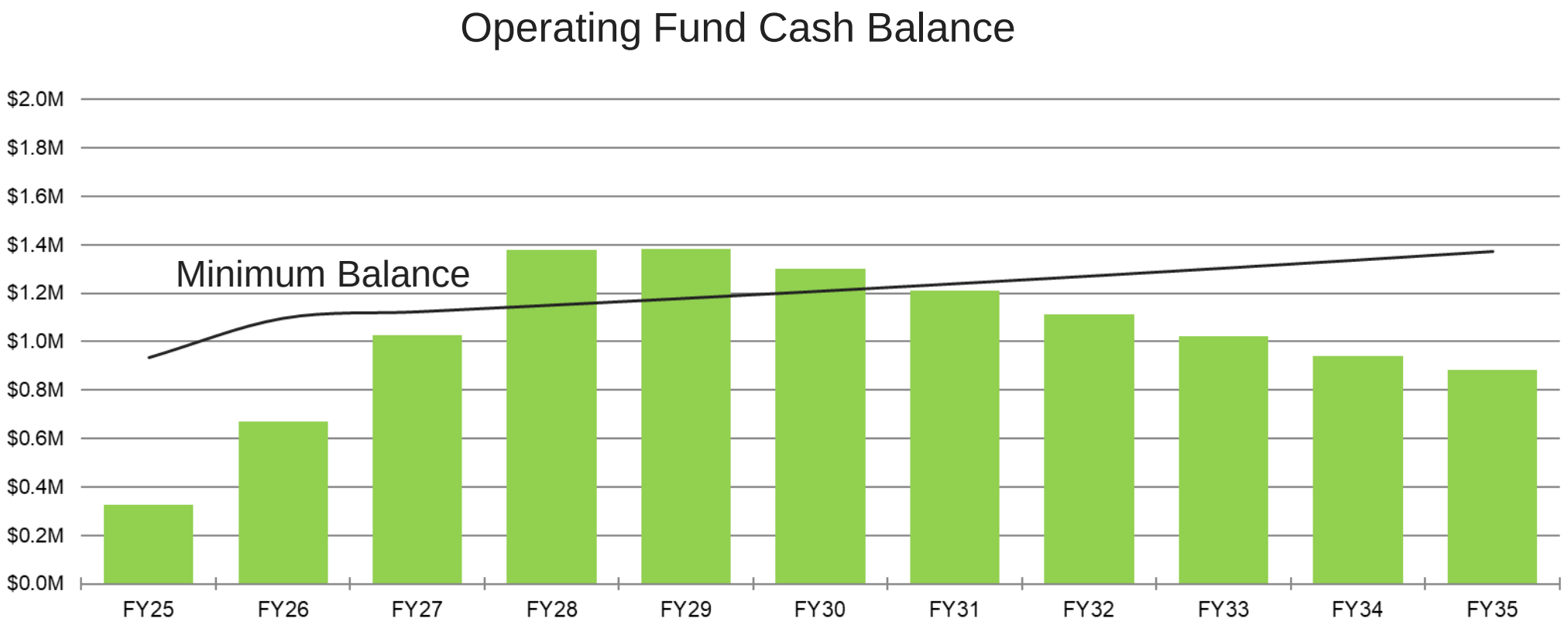
- The City will need to continue to escalate stormwater fees to meet capital needs and restore cash balance.

- Magnitude of adjustments
  1) Capital funding plan (cash and bond)
  2) Capital execution schedule

- 15% increases in stormwater fees are necessary to meet funding needs of stormwater system and restore balances

	FY 26	FY 27	FY 28	FY 29
Stormwater Fee Increase	***15.0%***	15.0%	6.0%	6.0%

Stormwater Fund Forecast – with Increases



**Assumes annual increases in stormwater fees, 15% FY 26 – FY 27, followed by 6% increases from FY 2028 to FY 2035*

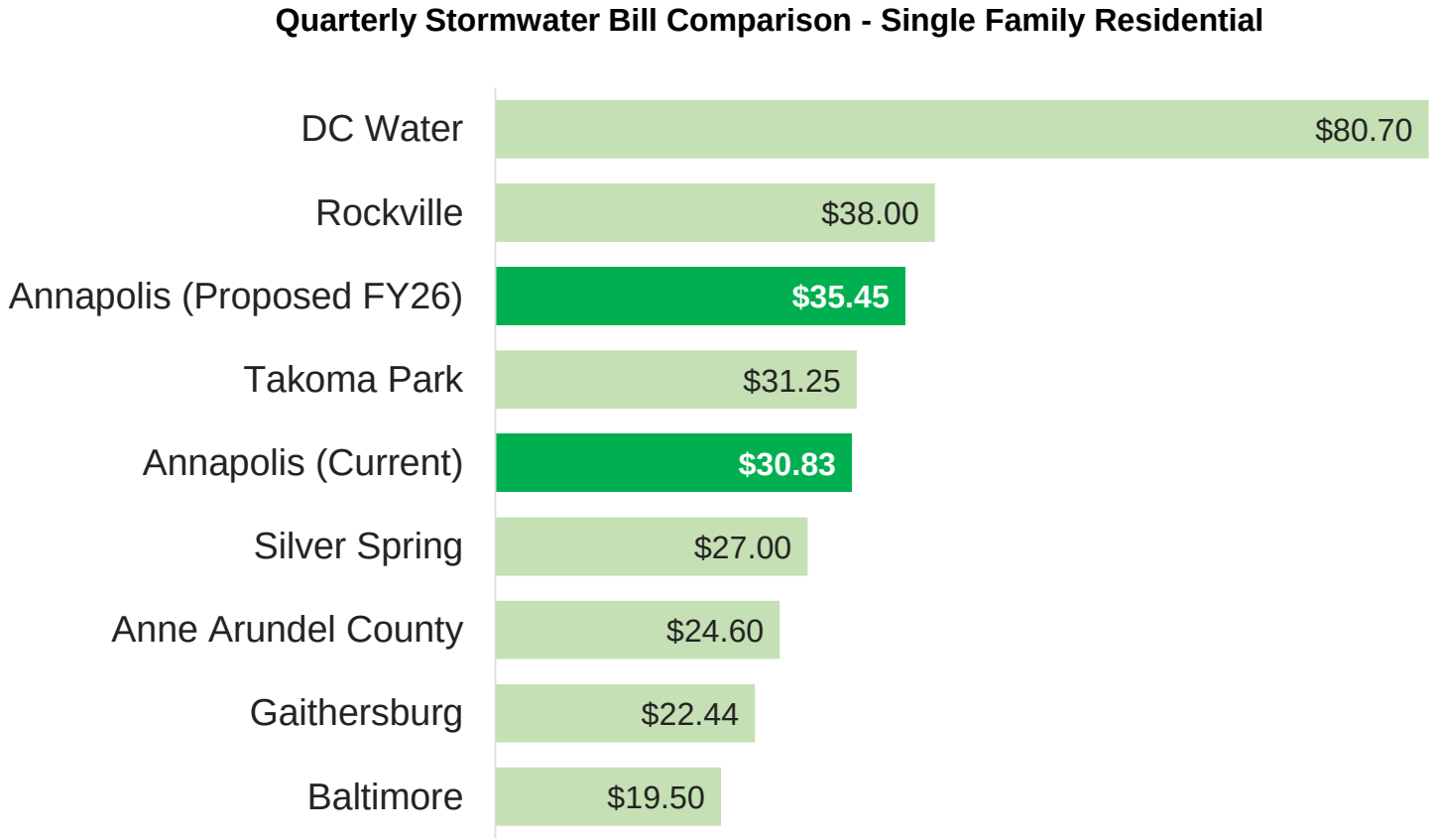
Stormwater Fees (Current Structure)

Quarterly Stormwater Fees

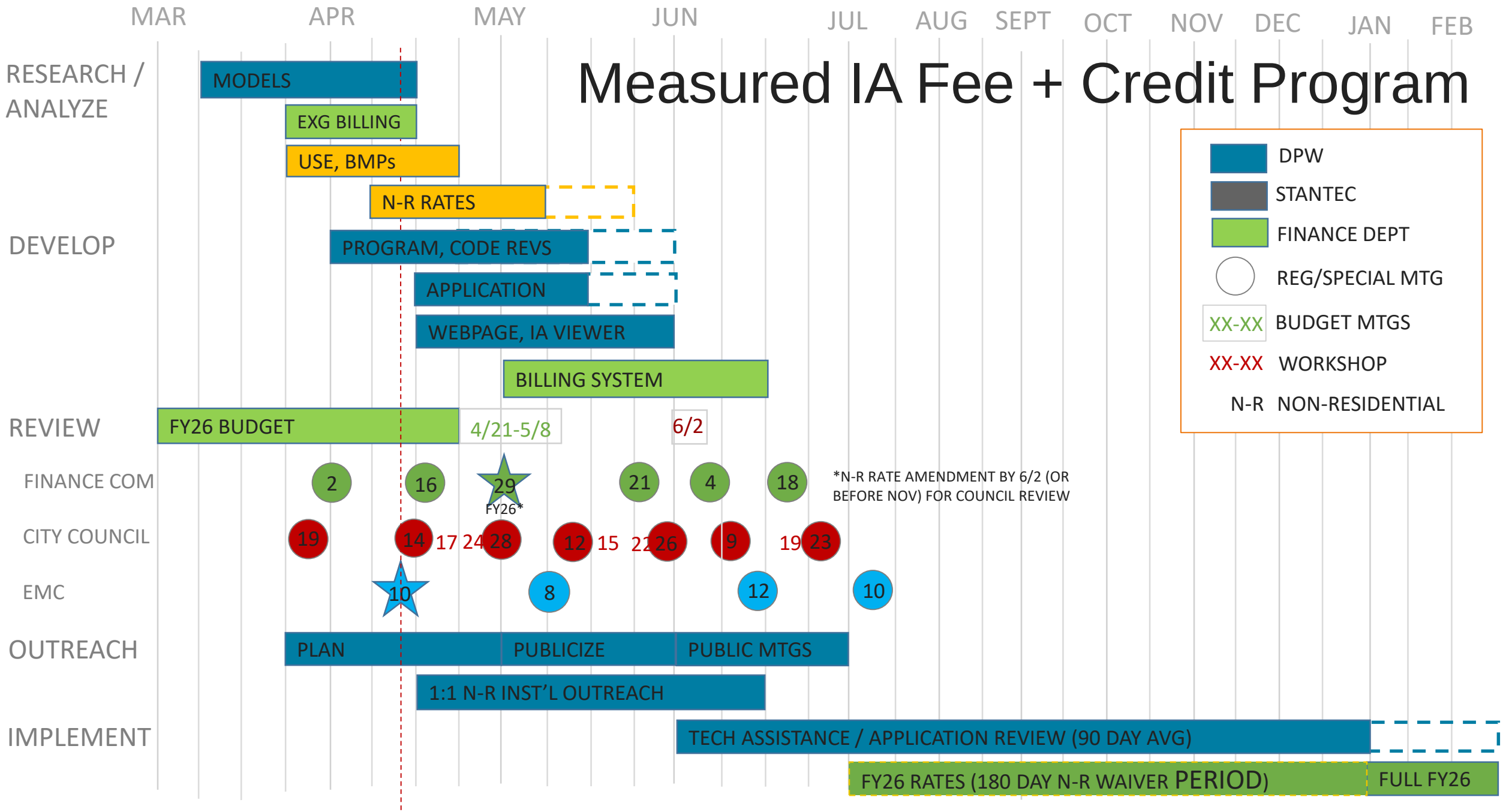
Residential	Current	FY 26
Single Family	$30.83	$35.45
Multi-Family (per unit)	$15.41	$17.73

Non-Residential (Impervious Area)	Current	FY 26
Tier 1: 0 - 5,000 sq. ft.	$30.83	$35.45
Tier 2: 5,001 - 25,000 sq. ft.	$152.55	$175.43
Tier 3: 25,001 - 80,000 sq. ft.	$644.29	$740.93
Over 80,000 sq. ft	$1,992.92	$2,291.86

Stormwater Fee Comparison



Measured IA Fee + Credit Program



Credit Program Considerations

ELIGIBILITY

- Who is eligible to receive credits? All property types? Only non-residential?
- Hardship Waiver eligibility

QUALIFYING ACTIVITIES

- Which stormwater management BMPs qualify?
- Threshold for qualification: Meet or exceed existing development guidelines / passing inspection status
- Activities such as cleanups, tree planting, education
- Master Plan for new treatment practices

ADMINISTRATION

- Code Updates
- Credit Manual
- Website / IA map
- Application
- Renewal Process

LEVEL

- Define level of credit and period associated with each activity
- Determine maximum available credit per activity

Credit programs typically evolve over time

Questions / Discussion