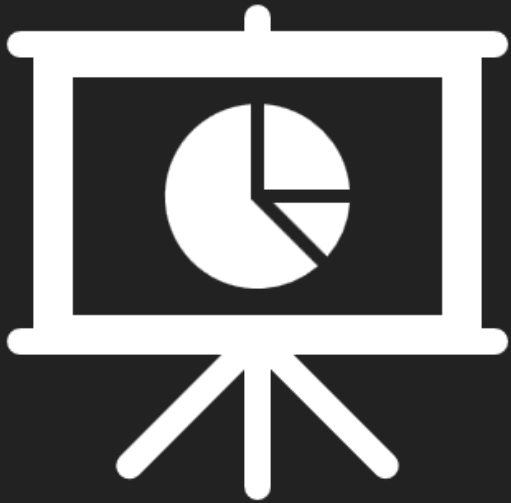


A close-up photograph of a metal storm drain grate set into a wet, textured pavement. Water is flowing through the rectangular openings of the grate, and some dry leaves and debris are caught on top. The scene is captured in a cinematic style with soft lighting.

City of Annapolis

FY2026 Stormwater Rate
Study

Agenda



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

Financial Plan Development

1) Revenue Requirements

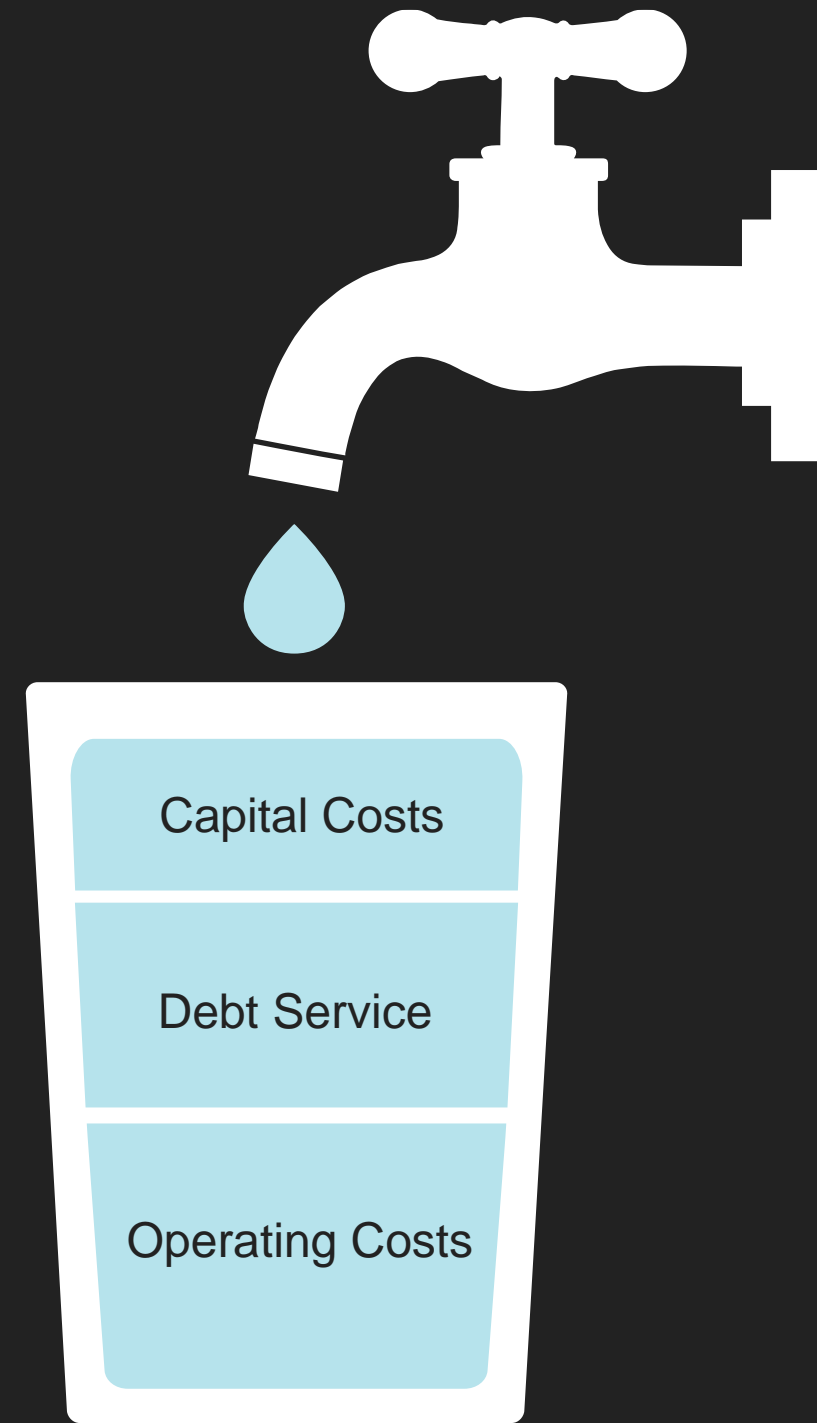
- Expenses based on FY26 proposed budget escalated at line-item level using cost indices and staff input
- Existing debt and capital improvement plan (CIP)

2) Revenue Forecast

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

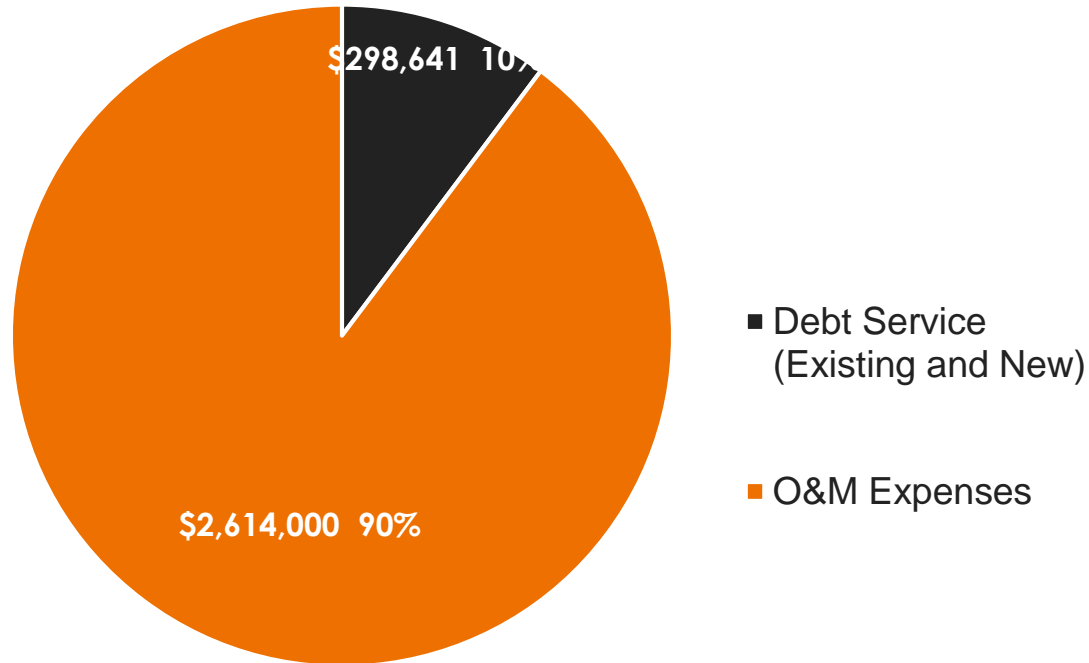
3) Evaluate Key Metrics

- Establish/maintain minimum reserve balances





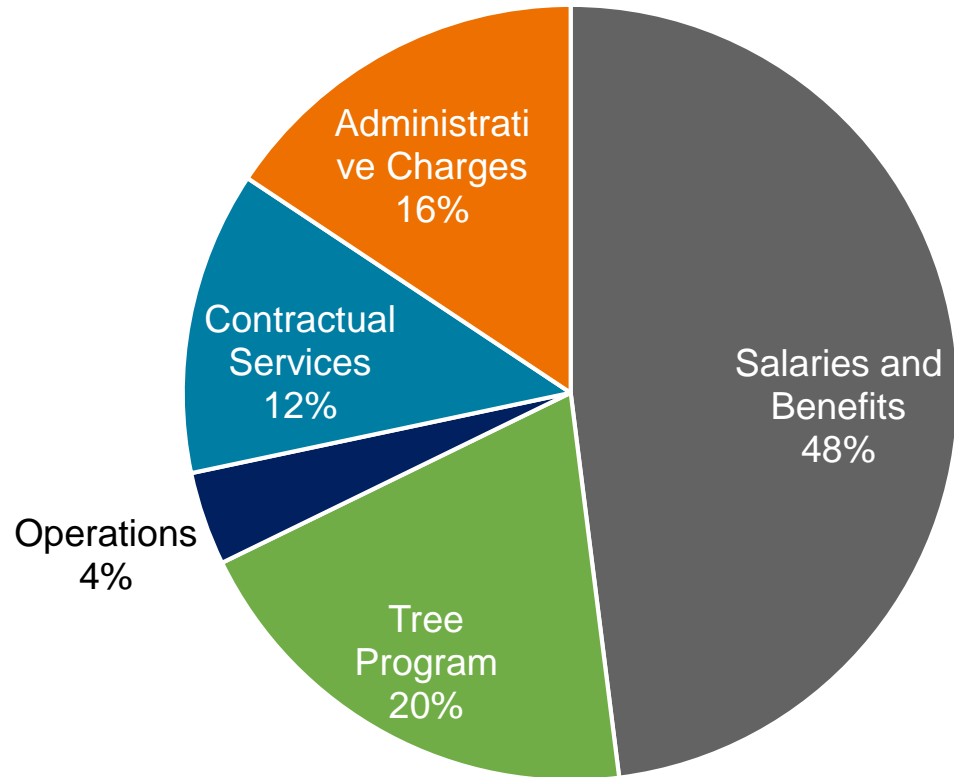
FY 2026 Stormwater Revenue Requirements



- 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



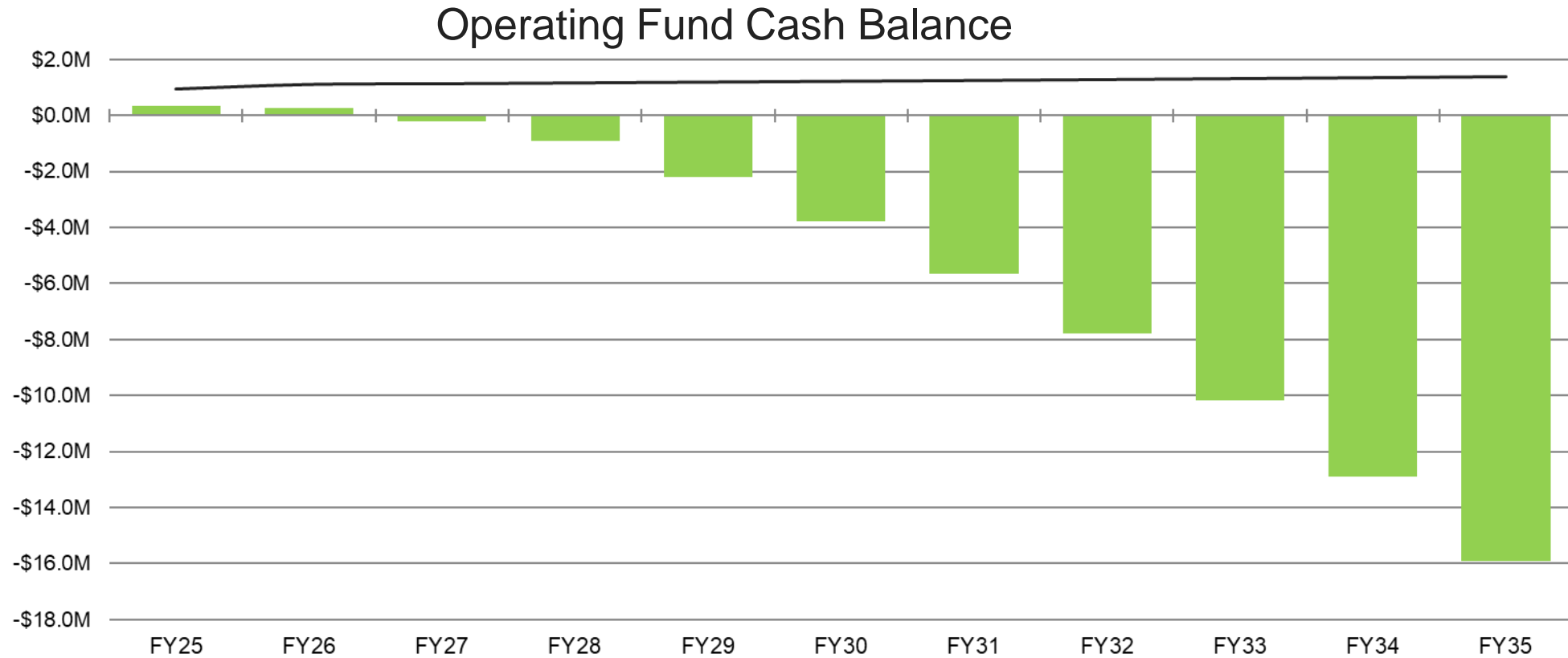
Stormwater Revenue Sufficiency

(\$ 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





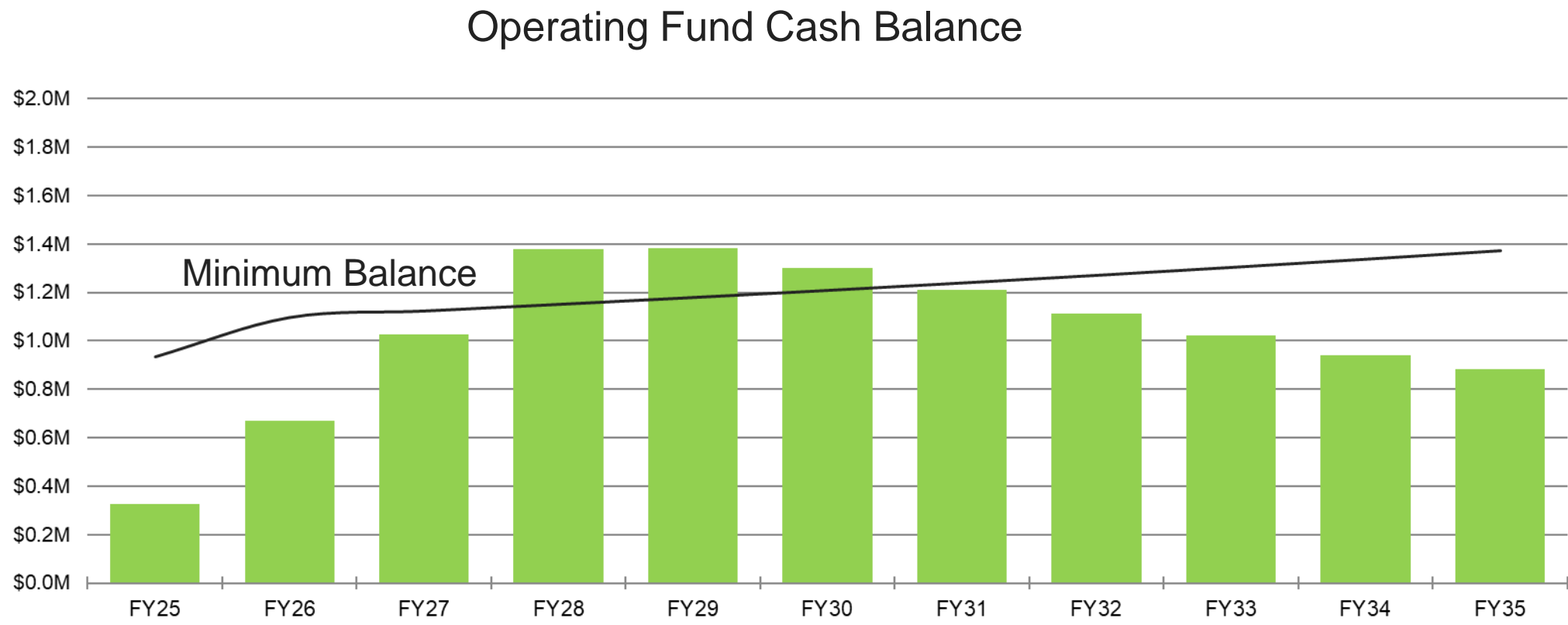
Financial Plan Considerations

- 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

	<i>FY 26</i>	<i>FY 27</i>	<i>FY 28</i>	<i>FY 29</i>
Stormwater Fee Increase	<i>15.0%</i>	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

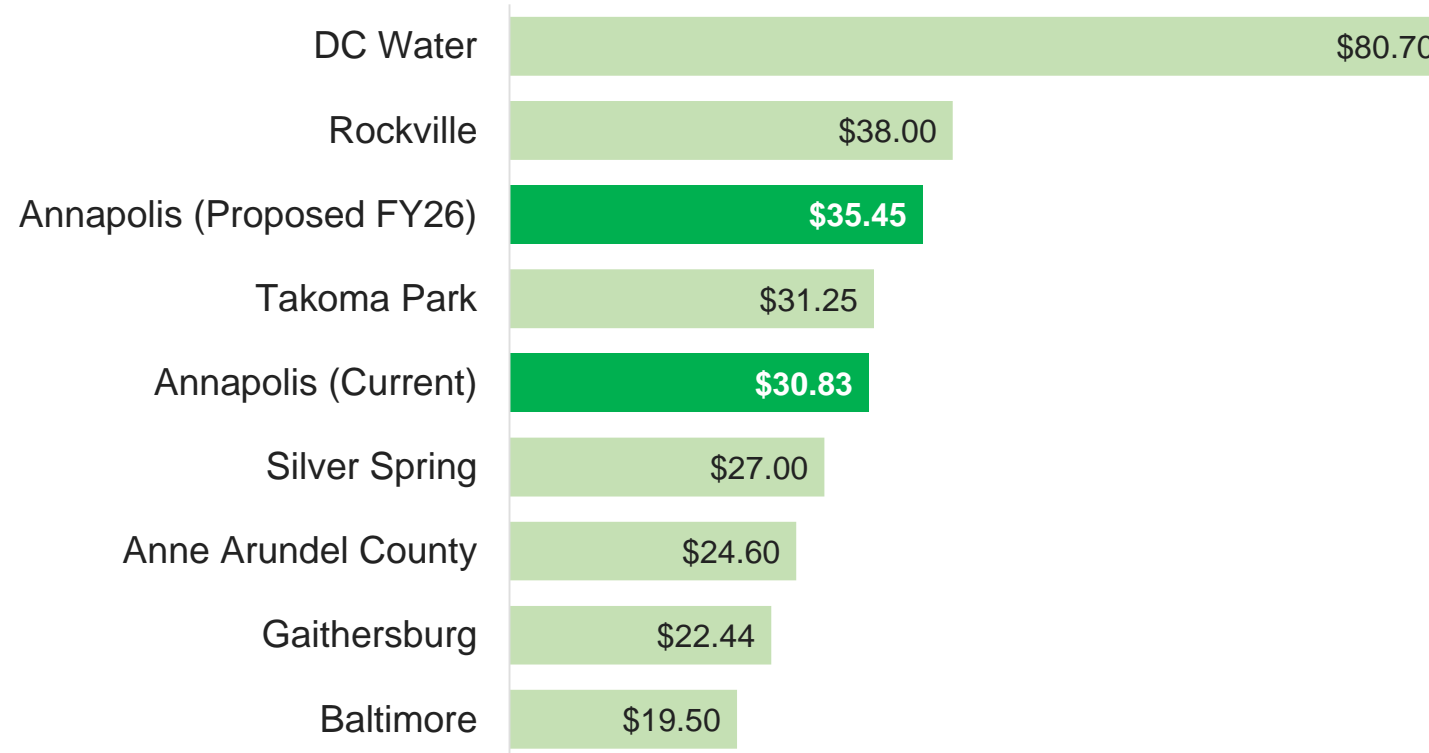
Residential	Current	FY 26
Single Family	\$30.83	\$35.45
Multi-Family (per unit)	\$15.41	\$17.73

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

Quarterly Stormwater Bill Comparison - Single Family Residential



Measured IA Fee + Credit Program

Legend:

- DPW (Blue)
- STANTEC (Grey)
- FINANCE DEPT (Green)
- REG/SPECIAL MTG (Circle)
- BUDGET MTGS (XX-XX)
- WORKSHOP (XX-XX)
- N-R NON-RESIDENTIAL

Timeline:

- RESEARCH / ANALYZE:** MODELS (Mar-Apr), EXG BILLING (Apr), USE, BMPs (Apr-May), N-R RATES (Apr-May, dashed).
- DEVELOP:** PROGRAM, CODE REVS (Apr-May), APPLICATION (May-Jun), WEBPAGE, IA VIEWER (May-Jun), BILLING SYSTEM (May-Jul).
- REVIEW:** FY26 BUDGET (Mar-May), 4/21-5/8 (May), 6/2 (Jun).
- FINANCE COM:** 2 (Apr), 16 (Apr), 29 (May, star), 21 (Jun), 4 (Jul), 18 (Aug).
- CITY COUNCIL:** 19 (Apr), 14 (Apr), 17 (Apr), 24 (May), 28 (May), 12 (Jun), 15 (Jun), 22 (Jun), 26 (Jun), 9 (Jul), 19 (Aug), 23 (Aug).
- EMC:** 10 (Apr, star), 8 (May), 12 (Jul), 10 (Aug).
- OUTREACH:** PLAN (Apr-May), PUBLICIZE (May-Jun), PUBLIC MTGS (Jun-Jul), 1:1 N-R INST'L OUTREACH (May-Jul).
- IMPLEMENT:** TECH ASSISTANCE / APPLICATION REVIEW (90 DAY AVG) (Jun-Aug), FY26 RATES (180 DAY N-R WAIVER PERIOD) (Aug-Oct), FULL FY26 (Oct-Feb, dashed).

Notes:

- *N-R RATE AMENDMENT BY 6/2 (OR BEFORE NOV) FOR COUNCIL REVIEW

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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