



MEMO

TO: Stephanie Reyes, City Manager
FROM: Sabas Avila, P.E., Director of Public Works
THROUGH: City Manager's Office
DATE: February 27, 2025
RE: **SMCISD Stormwater Utility Fee Exemption**

On February 24, the San Marcos Consolidated Independent School District (SMCISD) submitted a letter to City Council requesting that the school district be exempt from the City's Stormwater Utility Fee.

This request prompted numerous questions regarding the Stormwater Utility Fund and impacts that the exemption would have on City projects and maintenance operations.

In response to these questions, I offer the following information:

What is the purpose of the Stormwater Utility Fee?

Located in the heart of "Flash Flood Alley," San Marcos has experienced ten 1% annual chance flood (aka 100-year flood) events or greater since 1998.

The Stormwater Utility Fee directly funds drainage projects that help to mitigate flooding in vulnerable areas, reducing risks to people and property. Additionally, the Stormwater Utility Fee supports the ongoing maintenance and operations of stormwater infrastructure, ensuring long-term resilience against severe weather events. By investing in this essential service, San Marcos is proactively protecting its residents, natural resources, and future sustainability.

What amount does the Stormwater Utility Fee collect?

The Stormwater Utility Fee collected, or is projected to collect, the following amounts in FY 2024 and FY 2025:

- FY24 = \$9,251,772
- FY25 = \$9,939,433 (projected)

What amount of the Stormwater Utility Fund is allocated to capital flood improvements, stormwater infrastructure maintenance, and river/water-quality protection?

For FY 24, the fund allocations are divided as follows:

- 46% is allocated to Flood CIP Project debt
- 49% is allocated to flood maintenance and river/water-quality protection
- 5% Fund Reserve

How is the Stormwater Utility Fee charged?

Stormwater Utility fees are based on the amount of impervious cover like roofs and pavement on a property. The table below shows customer categories, impervious cover ranges, and monthly fees. Non-residential customers are charged per Equivalent Residential Unit (ERU), where one ERU equals 2,575 square feet.

The 2025 Stormwater rates are as follows:

Stormwater Utility Rates (Monthly)			
Customer Class Code	Customer Description	Impervious Cover Range (square feet)	Stormwater Utility Rate Example (\$)
R1	Small Residential	0 to 1,980	\$9.14
R2	Typical Residential	1,980 to 3,363	\$14.90
R3	Large Residential	3,363 and above	\$21.77
NR	Non-residential examples: Commercial, Industrial, Retail, Government, Multi-family with more than 4 units.	Impervious Area / ERU	\$14.90 per ERU

What is the Stormwater Utility Fee charged to SMCISD? What percentage is that to the Stormwater Utility Fund?

The current SMCISD Stormwater Utility Fee is \$378,479 annually. This is based on 5,341,445 square feet of impervious cover.

Currently, the SMCISD fee represents 4% of the Stormwater Utility Fund.

What reductions were provided to SMCISD in 2021?

In 2021, a 95% reduction (551,452 square feet) in impervious cover associated with artificial turf fields at Miller, Goodnight, and SMHS was removed from the SMCISD account. A credit was applied retroactively to October 2020.

The resulting annual savings to SMCISD was:

- FY 21: \$33,125.64
- FY 22: \$35,926.80
- FY 23-25: \$38,291.16

Are there areas where SMCISD could potentially lower their overall fees by making changes to their properties or by partnering on City drainage projects?

Property owners may apply for a monthly credit towards the stormwater charge for property upon which, or in connection with which, a structural control or practice has been constructed above and beyond the minimum requirements some examples include oversizing detention ponds, rain harvesting, demolition or reducing impervious cover.

SMCISD could also earn credits by partnering with the City on community drainage projects located on SMCISD property. Credits would equal the value of the SMCISD land or easements donated for each drainage project.

What entities are currently exempt from Stormwater Utility Fees?

By law, public universities are exempt from Stormwater Utility Fees in Texas. The entities currently exempt from the San Marcos Stormwater Utility fees are:

- TxState University
- City of San Marcos

What amount does the City not collect associated the TxState University Stormwater Utility Fee exemption?

TxState University has 8,138,372 square feet of impervious cover. If collected, the fee associated with their impervious cover would amount to \$565,103 annually.

What would the impact be if an exemption is granted?

If the school district exemption is granted, the loss of revenue, amounting to 4% of the current Stormwater Utility Fund, would result in a reduction of CIP projects, infrastructure maintenance, and river protections.

CIP impacts would include the removal of approximately +\$5M from the FY 2026 CIP and delay the following 3 projects:

- \$2M ~ Sunset Acres Neighborhood Improvements
- \$2M ~ Old Ranch Road 12 Improvements – Craddock to Holland
- \$2M ~ Bishop/Belvin Drainage Improvements

Operational impacts would result in 14% reduction in stormwater infrastructure maintenance and river/water-quality initiatives.

Do any neighboring cities exempt school districts from drainage fees?

Stormwater Utility Exemptions for school districts vary in Central Texas. In general, the larger central Texas cities exempt school districts.

The following cities grant exemptions for school districts:

Austin
Round Rock
San Antonio*

The following cities do not grant exemptions for school districts:

Seguin
Schertz
Georgetown
Kyle
New Braunfels

* School districts in San Antonio were required to pay the Stormwater Utility Fee for 5 years (2015-2020). The school districts were exempt from the Stormwater Utility Fee in 2021.

Attachments:

1. SMCISD Stormwater Utility Fees by Year

Attachment 1 - SMCISD Stormwater Utility Fees by Year

SMCISD Stormwater Utility Fees by Year

Sum of trans_amt	Bill Date				
	2020	2021	2022	2023	2024
Location					
121 E DE ZAVALA DR	\$5,812.86	\$6,174.84	\$6,622.35	\$6,940.32	\$6,940.32
1225 HWY 123	\$18,347.34	\$17,669.84	\$18,950.52	\$19,860.24	\$12,274.08
1300 GIRARD AVE	\$11,890.12	\$12,628.04	\$13,036.47	\$13,662.24	\$13,662.24
1301 HWY 123	\$37,647.62	\$43,245.08	\$46,379.46	\$48,605.88	\$48,605.88
1437 POST RD	\$10,315.74	\$13,795.92	\$14,795.85	\$15,506.04	\$15,506.04
1481 ESPLANADE PKWY	\$11,572.08	\$16,544.32	\$17,743.44	\$18,595.20	\$18,595.20
150 E DE ZAVALA DR	\$16,637.22	\$15,529.52	\$16,655.13	\$17,454.60	\$17,454.60
1805 PETER GARZA DR	\$14,158.84	\$18,597.28	\$19,945.17	\$20,902.68	\$20,902.68
185 DE ZAVALA DR			\$1,288.06	\$7,471.08	\$7,471.08
201 S SUTTLES AVE BLDG1	\$15,030.34	\$19,979.56	\$21,427.71	\$22,456.32	\$22,456.32
211 LEE ST	\$508.20				
2601 RATTLER RD	\$69,960.24	\$126,124.72	\$127,827.51	\$133,963.80	\$133,963.80
301 FOXTAIL RUN	\$13,698.50	\$25,124.92	\$24,985.53	\$26,184.96	\$26,184.96
333 STAGECOACH TRL	\$13,734.70	\$16,504.68	\$17,700.90	\$18,550.68	\$18,550.68
4020 MONTERREY OAK ST	\$9,077.50	\$14,156.76	\$15,182.82	\$15,911.64	\$15,911.64
SMCISD Total	\$248,391.30	\$346,075.48	\$362,540.92	\$386,065.68	\$378,479.52