

Section 22. - Dedicated Pay-As-You-Go Fund for Drainage and Streets.

To provide for the enhancement, improvement and ongoing renewal of Houston's drainage and streets, a dedicated, pay-as-you-go fund entitled the 'Dedicated Drainage and Street Renewal Fund' shall be established, applied and funded as follows:

(a) The Dedicated Drainage and Street Renewal Fund shall be established as a dedicated, pay-as-you-go source of funding for the City's drainage and streets.

(b) To ensure the continued availability of the Dedicated Drainage and Street Renewal Fund as a pay-as-you-go source for the capital cost of future drainage and street needs, no more than 25% of each annual appropriation to the Fund may be used for maintenance and operation expenses, except where third party contracts, grants or payments may provide otherwise. The balance shall be used exclusively on a pay-as-you-go basis for capital costs of drainage and streets, including planning, engineering and right-of-way acquisition. **The Fund may not be used to pay debt service.** Beginning in the budget for fiscal year 2012, the Dedicated Drainage and Street Renewal Fund shall be funded annually in each budget adopted by the city council from the following sources, the first two of which are intended to supplement and not replace historic funding sources and the third and fourth of which are intended to confirm the City's commitment to continue historic funding:

(i) All proceeds of developer impact fees, which beginning in fiscal year 2012, and continuing thereafter shall be imposed in an equitable manner as provided by law to recover allocable costs of providing drainage and streets for properties under development.

(ii) All proceeds of drainage charges, which beginning in fiscal year 2012, and continuing thereafter shall be imposed in an equitable manner as provided by law to recover allocable costs of providing drainage to benefiting properties, with drainage charges initially set at levels designed to generate at least \$125 million for fiscal year 2012.

(iii) An amount equivalent to proceeds from \$0.118 of the City's ad valorem tax levy minus an amount equal to debt service for drainage and streets for any outstanding bonds or notes:

(A) Issued prior to December 31, 2011, and

(B) Bonds or notes issued to refund them.

(iv) All proceeds from third party contracts, grants or payments of any kind earmarked or dedicated to drainage or streets.

(c) This Section is subject to modification as permitted by law or termination at the end of fiscal year 2031 (i.e., after 20 years of operation) if during fiscal year 2030 (i.e. 19th year of operation) such modification or termination is authorized by an affirmative vote of two-thirds of the City Council following a public hearing on the matter. If not so terminated, this Section shall continue in full force and effect for successive 20 year periods, subject in each case to modification or termination in the same manner.

(d) Funding for the Dedicated Drainage and Street Renewal Fund that is not derived from ad valorem taxes levied by the City (i.e., that portion derived from fees, charges and third-party payments) shall not be included in those revenues limited by this Charter.

(Added by amendment November 2, 2010)