



CITY MANAGER'S OFFICE

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3223 • FAX: (408) 777-3366
CUPERTINO.ORG

March 18, 2019

Dear Property Owner:

The purpose of this letter is to inform you of an upcoming public process related to the City's proposed 2019 Clean Water and Storm Protection Fee.

As you are aware, property owners in Cupertino pay a Storm Drainage Service Charge as part of your annual property tax bill. Since the program's inception in 1992, this fee has partially funded the City's storm water maintenance and pollution prevention programs and has worked to protect our community's stormwater infrastructure, local creeks, regional wetlands and the San Francisco Bay. However, the amount of the fee has never been increased, and over time the costs to maintain and operate the City's aging stormwater infrastructure while continuing to provide environmental protections within our local watersheds has surpassed the fee's revenues.

In order to address this funding deficit, the City of Cupertino is proposing a new Clean Water and Storm Protection Fee this year. In addition to providing environmental protections, the increased revenue will be used to provide sustainability to our basic citywide storm drain maintenance and operations. This dedicated, reliable source of funding will reduce the Program's reliance on operations and maintenance funds allocated by the City Council from the general fund, which can rise or fall based on changes in property values and on other City funding priorities.

Please read the information on the following pages. I encourage your participation in this process.

Please visit our website for more information: www.Cupertino.org/CleanWater. If you have any questions about this process, contact us at (408) 777-3354 or environmental@cupertino.org.

Sincerely,

Timm Borden
Interim City Manager

Notice of Public Hearing 2019 Clean Water and Storm Protection Fee

PUBLIC HEARING

Notice is hereby given that the City Council will hold a public hearing on a proposed 2019 Clean Water and Storm Protection Fee for properties within the City of Cupertino.

The Public Hearing has been scheduled for:

May 7, 2019
6:45 p.m.
City Council Chambers
10350 Torre Avenue, Cupertino, California

At this public hearing, the City Council will consider the proposed fee and hear all persons interested in the matter. The public is encouraged to attend.

The public hearing is held in accordance with Article XIII D of the California Constitution (Proposition 218) and with the procedures adopted by resolution of the City Council on March 5, 2019. The procedures may be accessed on the City's web site at www.Cupertino.org/CleanWater.

Any owner of a parcel of real property subject to the proposed 2019 Clean Water and Storm Protection Fee may object to the proposed fee by filing with the City Clerk, at or before the time of the hearing, a written protest containing a legible signature of the property owner and identifying the parcel by address or assessor's parcel number. The mailing address for a written protest is as follows: 2019 Clean Water and Storm Protection Fee Protest, c/o City Clerk, 10300 Torre Avenue, Cupertino CA 95014. The property owner may also appear at the hearing and be heard on the matter.

If the City Clerk does not receive written protests from a majority of property owners regarding the proposed 2019 Clean Water and Storm Protection Fee before the close of the public testimony portion of the public hearing, the City Council may authorize a mail ballot proceeding on the question of whether to approve the fee. Under this scenario, ballots would be mailed to all property owners whose parcels are subject to the fee.

The 2019 Clean Water and Storm Protection Program would be managed by the City of Cupertino, and the proposed 2019 Clean Water and Storm Protection Fee would be collected and used strictly for the storm water services as summarized below.

COMMUNITY MEETINGS

The City will also be conducting three community meetings to provide additional opportunities for the public to receive information and provide input regarding the storm water protection system in Cupertino. The date, time and place of the meetings are shown below:

Community Meeting #1:

March 28, 2019
7:00 – 8:00 p.m.
Craft Room
Quinlan Community Center
10185 N. Stelling Rd., Cupertino, CA

Community Meeting #2:

April 13, 2019
1:00 – 2:00 p.m.
Room TBD
City Hall
10300 Torre Ave., Cupertino, CA

Community Meeting #3:

April 30, 2019
1:00 – 2:00 p.m.
Cupertino Senior Center
21251 Stevens Creek Blvd., Cupertino, CA

OVERVIEW OF PROPOSED 2019 CLEAN WATER AND STORM PROTECTION FEE

Reason for the Proposed 2019 Clean Water and Storm Protection Fee. The storm water maintenance and pollution prevention program that started in 1992 has been operating at a deficit to pay for the necessary operations, maintenance, and regulatory requirements required to proactively service the system and ensure that storm water flowing to the Bay and creeks is clean. Despite these challenges, in 2013 the City implemented a Trash Reduction Plan that benefited water flowing into the creeks and in 2017 the City began work on a Green Infrastructure Plan to reduce pollutants that are running off property and into the storm protection system. Earlier this year, the City accepted a 2018 Storm Drain Master Plan which

makes specific recommendations for flood control and water quality maintenance and operations, as well as capital improvements spread across the City's watersheds.

In 2019 the City prepared a comprehensive 2019 Clean Water and Storm Protection Fee Report, including recommendations to update the City's existing fees and strategic plans to meet the City's storm water regulatory compliance requirements and to maintain the storm protection system. This work is summarized in the Fee Report which contains the Financial Planning a Funding Options Analysis, as well as recommendations for a fee structure.

PROPOSED 2019 CLEAN WATER AND STORM PROTECTION FEE RATES

If approved, these new fees will be collected on the annual property tax bill along with the current storm water fee and other fees and charges. The new fee for a single-family home on a medium sized parcel between 0.13 and 0.23 acres, which is the most common fee, is proposed to be **\$44.42 per year**. The entire schedule of proposed annual fee rates is shown in the table below.

Schedule of Proposed Clean Storm Water Fee Rates

Land Use Category	Proposed Fee FY 2019-20
Single-Family Residential *	
Small <i>(Under 0.13 acre)</i>	\$ 36.58 per parcel
Medium <i>(0.13 to 0.22 acre)</i>	\$ 44.42 per parcel
Large <i>0.23 to 0.40 acre)</i>	\$ 55.58 per parcel
Extra Large <i>(over 0.40 acre)</i>	\$ 106.42 per parcel
Condominium 1 (1 story)	\$ 36.58 per parcel
Condominium 2+ (2+ stories)	\$ 11.99 per parcel
Non-Single-Family Residential **	
Multi-Family Residential	\$ 30.88 per 0.1 acre
Commercial / Retail / Industrial	\$ 40.38 per 0.1 acre
Office	\$ 30.88 per 0.1 acre
Church / Institutional	\$ 26.13 per 0.1 acre
School (w/playfield)	\$ 19.00 per 0.1 acre
Park	\$ 7.13 per 0.1 acre
Vacant (developed)	\$ 2.38 per 0.1 acre
Open Space / Agricultural	no charge
Low Impact Development Adjustment ***	25% Fee Reduction

* Single-Family Residential category also includes du- tri- and four-plex units

** Non-SFR parcels are charge per the tenth of an acre or portion thereof

*** Low Impact Development Adjustment only applies to condominium and non-single-family properties.

DESCRIPTION OF PROPOSED CLEAN WATER AND STORM PROTECTION PROGRAM NEEDS

Operations and Maintenance

Effective operations and maintenance are critical to the City's storm water system. Regular operations and maintenance tasks include storm-day preparations, periodic video inspections, timely storm system repairs, as well as ensuring green infrastructure facilities are working properly. The proposed fee provides funding for operating and maintaining essential infrastructure.

Safe, Clean and Healthy Water

The City's storm water system must comply with strict State and Federal clean water standards to ensure that water discharged from the system is safe, clean and healthy, in order to protect our local creeks and the Bay. The City has a strong compliance program, but the current financial analysis indicates that additional funds will be required to continue to address increasing water quality standards.

Summary

The total additional amount to be collected by the proposed 2019 Clean Water and Storm Protection Fee in Fiscal Year 2019-20 is \$1,097,787. This proposed fee will fully address the annual structural financial shortfall of the operations and maintenance and water quality requirements of the storm water system. A summary table showing a four-year financial projection for fee revenues and expenditures is shown below.

SUMMARY OF FISCAL ACTIVITY AND PROJECTIONS							
Fiscal Year	Current 2018-19	Future 2019-20	2020-21	2021-22	2022-23	2023-24	5-Yr
Revenues	\$ 1,197	\$ 379	\$ 379	\$ 379	\$ 379	\$ 379	\$ 1,895
Expenses	\$ 1,197	\$ 1,443	\$ 1,487	\$ 1,550	\$ 1,597	\$ 1,647	\$ 7,724
Shortfall	\$ -	\$ (1,064)	\$ (1,108)	\$ (1,171)	\$ (1,218)	\$ (1,268)	\$ (5,829)
New Revenues		\$ 1,098	\$ 1,131	\$ 1,165	\$ 1,200	\$ 1,236	\$ 5,828

All numbers are in thousands

ADMINISTRATION OF THE 2019 CLEAN WATER AND STORM PROTECTION FEE

How the Fee Is Calculated. The proposed 2019 Clean Water and Storm Protection Fee is based on the quantity of rain water runoff produced by each parcel or category of parcel. This runoff is based upon the proportional impervious area (e.g. roof tops and pavements) on each

category of parcel. A copy of the full 2019 Clean Water and Storm Protection Fee, Fee Report can be found on the City's website at www.cupertino.org/cleanwater.

Properties Subject to the Fee. All properties are subject to the fee except for open space, agricultural land, and other undeveloped parcels that do not include measurable impervious area.

Annual Inflation Adjustment. In order to offset the effects of inflation on labor and material costs, the proposed fee is subject to an annual increase based on the change in the Consumer Price Index, but will be limited to 3% in any single year.

Accountability and Oversight Provision. The proposed 2019 Clean Water and Storm Protection Fee revenues will be collected and deposited into a separate account that can only be used for specified storm protection projects, maintenance and operations, and regulatory activities.

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