

2019 Clean Water & Storm Protection Initiative

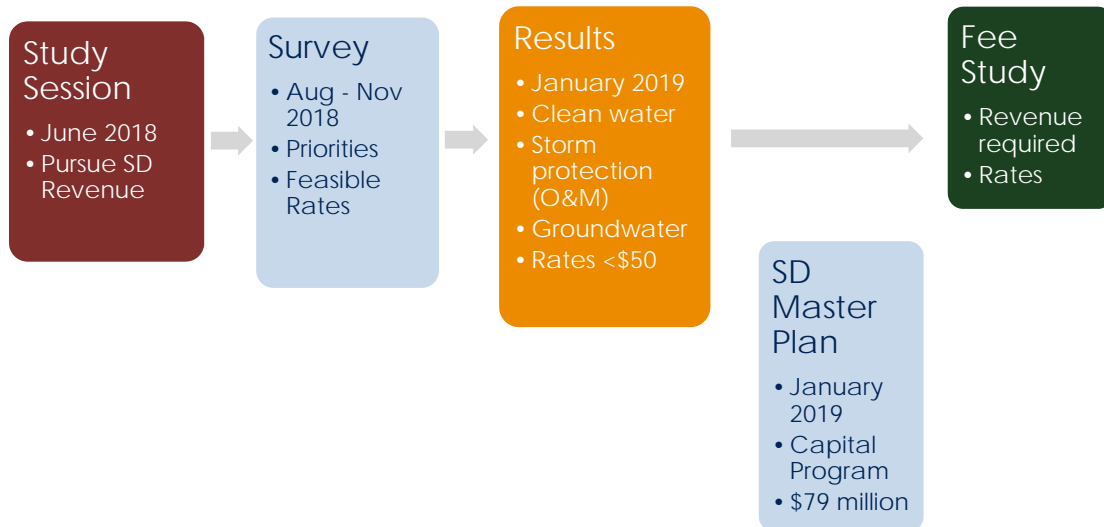
Fee Report and Balloting



Presentation Outline

1. Background
2. Current Storm Water Issues & Impacts
3. Clean Water and Storm Protection Programs
4. Fee Report
5. Ballot Process
6. Next Steps

Background



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Issue

- Program is unsustainable
 - Revenue is fixed at \$379k annually
 - Program budget for clean water & storm protection is ~\$1.54M/year
 - \$958k Clean Water
 - \$586k Protection (O&M)
 - **Revenue shortfall = \$1.16M annually**

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Impacts

- Draws away from other City priorities
- Not reliable
- This limits:
 - Smart investment in infrastructure
 - Ability to be effective and proactive

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The Clean Water Program (59% of budget)

- Pollution prevention programs
- Creek clean-up events
- Land development oversight
- Inspections
- Regional collaboration for permit compliance





O & M by the Numbers

- 4,300 inlets, manholes, outfalls
- 90 miles of pipeline
- 413 trash capture devices
- 9 miles of creeks
- \$200m system value

Storm Protection (41% of budget)

- Storm response
- Street sweeping
- Inlet Cleaning (2200)
- Storm drain inspection/repair
- Outfall inspection/repair
- Trash full capture cleaning (147 & growing)

Why is City Implementing Program?



ACHIEVE COMMUNITY PRIORITIES



SMART, SUSTAINABLE INVESTMENT IN AGING INFRASTRUCTURE



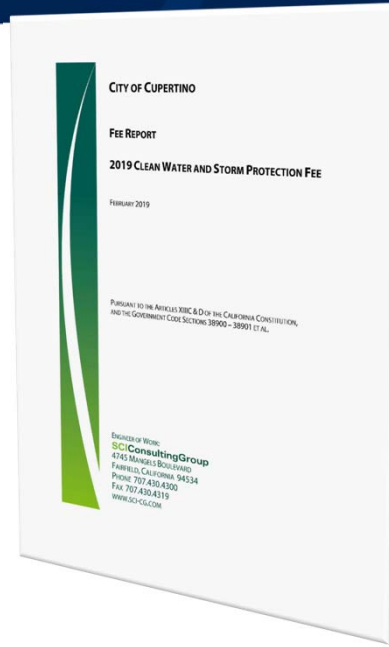
PROTECT LOCAL CREEKS & RECHARGE GROUNDWATER



PROTECT PROPERTY FROM LOCAL FLOODING

Fee Report

- Determine Revenue Requirement
- Apportion Costs Fairly



Revenue Requirement

- LWA Cost Projections
- Two Programs
- 17 elements
- 5 years
- \$7.7m Cost
 - (\$1.9m ex rev)
- \$5.8m Rev Req't
- (CIP not included)

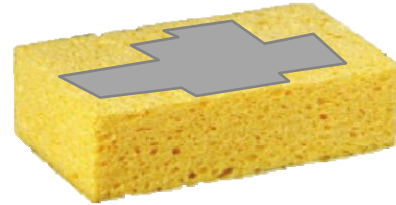
Table 4. City Estimated Expenditures for MRP, by Cost Category (Fund) and Fiscal Year

Fund	MRP Provision	Prior ^(a)	Current ^(a)	Future - Projected ^(b)				
		2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Fund 100-85, Operations & Maintenance								
	Program Management			\$59,000	\$81,000	\$83,000	\$65,000	\$67,000
	C.2 Municipal Operations			\$493,000	\$508,000	\$523,000	\$539,000	\$555,000
	Fund Total	\$449,950	\$478,503	\$552,000	\$569,000	\$586,000	\$603,000	\$622,000
Fund 230-81, Clean Water Program								
	C.1 Permit Compliance			\$23,000	\$24,000	\$25,000	\$25,000	\$26,000
	C.2 Municipal Operations			\$148,000	\$153,000	\$157,000	\$162,000	\$167,000
	C.3 New Development and Redevelopment			\$70,000	\$72,000	\$77,000	\$80,000	\$82,000
	C.4 Industrial and Commercial Site Controls			\$83,000	\$86,000	\$88,000	\$91,000	\$94,000
	C.5 Illicit Discharge Detection and Elimination			\$129,000	\$133,000	\$137,000	\$141,000	\$145,000
	C.6 Construction Site Control			\$43,000	\$44,000	\$46,000	\$47,000	\$49,000
	C.7 Public Information and Outreach			\$118,000	\$122,000	\$126,000	\$129,000	\$133,000
	C.8 Water Quality Monitoring			\$11,000	\$11,000	\$12,000	\$12,000	\$13,000
	C.9 Pesticides Toxicity Control			\$21,000	\$21,000	\$22,000	\$23,000	\$23,000
	C.10 Trash Load Reduction			\$130,000	\$134,000	\$148,000	\$152,000	\$157,000
	C.11 Mercury Controls			\$24,000	\$25,000	\$27,000	\$27,000	\$28,000
	C.12 PCBs Controls			\$51,000	\$52,000	\$57,000	\$59,000	\$61,000
	C.13 Copper Controls			\$11,000	\$11,000	\$12,000	\$12,000	\$13,000
	C.17 Annual Reports			\$29,000	\$30,000	\$33,000	\$34,000	\$35,000
	Fund Total	\$761,720	\$720,785	\$891,000	\$918,000	\$964,000	\$994,000	\$1,025,000
	Total	\$1,211,670	\$1,197,288	\$1,443,000	\$1,487,000	\$1,550,000	\$1,598,000	\$1,646,000

(a) Values are from the City's Fiscal Year 2018-2019 Adopted Budget⁽¹⁾ (2018 Adopted Budget and 2019 Adopted Budget for both Non-Point Source (Fund 230-81) (p. 407-409) and Storm Drain Maintenance (Fund 100-85) (p. 434-435)).
 (b) Each value for the fiscal years under the "Future - Projected" column is considered to be estimated and has been rounded to the nearest \$1,000; thus, summing individual values may result in a slightly different total than those shown in the "Fund Total" and "Total" rows.

Rates & Rate Structure

- Based on fair share of stormwater runoff
 - Impermeable Surfaces
- ❖ Property Classifications
 - ❖ Residential (" *per parcel*")
 - ❖ 6 size groups
 - ❖ 61% of revenue (94% of parcels)
 - ❖ Non-Residential (" *per acre*")
 - ❖ 7 categories based on impermeability characteristics
 - ❖ 39% of revenue (6% of parcels)



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Recommended Rates

- \$44.42 single-family rate
- 16,612 parcels
 - 15,838 residential
 - 774 non-residential
- \$1.1m revenue

Figures are for FY 2019-20
 Future years' revenue assumed to increase @ 3%

Land Use Category	Proposed Fee FY 2019-20
Single-Family Residential *	
Small (Under 0.13 acre)	\$ 36.58 per parcel
Medium (0.13 to 0.22 acre)	\$ 44.42 per parcel
Large (0.23 to 0.40 acre)	\$ 55.58 per parcel
Extra Large (over 0.40 acre)	\$ 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

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Sampling of Rates

\$44.42 / yr Single Family Residential

\$3.70 / mo Single Family Residential

\$161.53 / yr Average Commercial (0.4 acre)

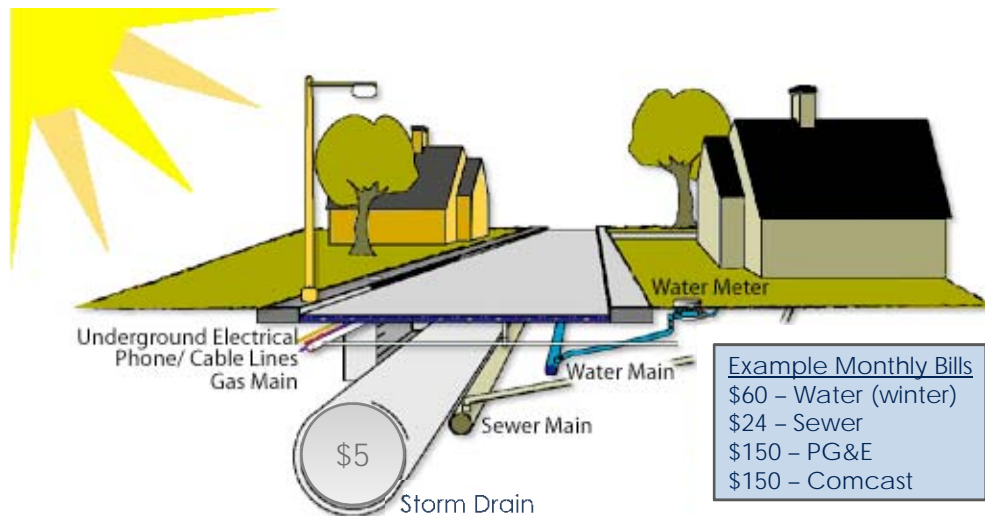
\$13.46 / mo Commercial

\$7.13 / yr Average Vacant (0.3 acres)

\$0.59 / mo Vacant

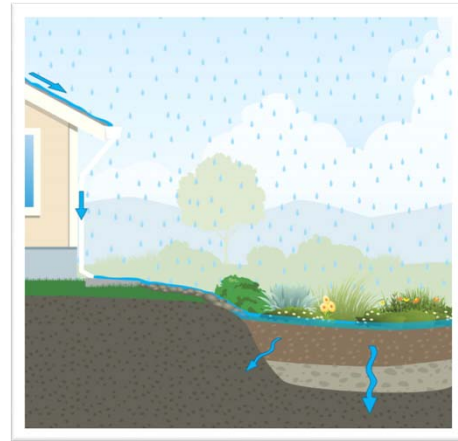
- Rates are in addition to the existing Fee
- \$12 for the average home
 - \$144/acre for non-residential

Storm Drain Fee Context



Some Rate Details

- Green Infrastructure (LID)
 - Helps City achieve goals
 - Rate* reduced by 25%
- Open Space / Agriculture not charged
- Developed Vacant Land IS charged



* LID rate adjustment is for non-residential and condos only

Ballot Process (Prop 218)

- ❖ Mail Notice to Property Owners (March)
- ❖ Conduct Public Hearing (May 7)
 - ❖ Majority Protest Can Halt Process
- ❖ Ballot Period (May - June)
- ❖ Tabulate Ballots & Announce Results (June)
 - ❖ City Clerk – Official Tabulator
- ❖ Simple Majority (50%) Approves Measure
 - ❖ One Parcel – One Vote



What Have Other Cities Done

- Ballot Measures:
 - Statewide: 29 measures
 - Bay Area: 12 measures (e.g., Palo Alto (3), Burlingame, Berkeley (2), Moraga, Vallejo)
- Stormwater Fee Mechanisms:
 - Statewide: 69
 - Bay Area: 24

TABLE 10 - RESIDENT PROPERTY TAX MEASURES

Municipality	Status	Annual Rate	Year	Mechanism
San Clemente	Successful	\$ 60.11	2002	Ballot Property-Related Fee
San Jose	Unsuccessful	\$ 38.00	2003	Ballot Property-Related Fee
Palo Alto	Unsuccessful	\$ 57.00	2003	Ballot Property-Related Fee
Los Angeles	Successful	\$ 28.00	2004	Special Tax - G. O. Bond
Palo Alto	Successful	\$ 139.00	2005	Ballot Property-Related Fee
Sancho Palau Venice	Successful, then recalled and reduced	\$ 200.00	2005, 2007	Ballot Property-Related Fee
Orinda	Unsuccessful	\$ 60.00	2006	Non-Ballot Property-Related Fee adopted in 2004, challenged, balloted and failed in 2006
Napa Valley	Successful, Overturned by Court of Appeals, Decertified by Superior Court	\$ 125.00	2006	Ballot Property-Related Fee
Santa Monica	Successful	\$ 47.00	2006	Special Tax
San Dimas	Successfully Renewed	\$ 60.15	2007	Ballot Property-Related Fee
Alhambra	Non-Ballot, Tracked by Ivesnik, Balloted, Successful	\$ 21.84	2007	Non-Ballot & Balloted Property-Related Fee
Del Mar	Unsuccessful	\$ 60.00	2007	Ballot Property-Related Fee
San Francisco	Successful	\$ 163.38	2008	Ballot Property-Related Fee
San Jose	Successful	\$ 30.00	2008	Ballot Property-Related Fee
Burlingame	Successful	\$ 38.00	2008	Ballot Property-Related Fee
San Carlos	Successful	\$ 150.00	2009	Special Tax
Woodside	Unsuccessful	\$ 21.00	2009	Ballot Property-Related Fee
North Contra Costa	Unsuccessful	\$ 34.56	2009	Ballot Property-Related Fee
East Contra Costa	Unsuccessful	\$ 22.00	2012	Ballot Property-Related Fee
San Jose	Successful	\$ 56.00	2012	Ballot Property-Related Fee
City of Berkeley	Successful	Varies	2012	Special Tax
San Francisco	Deferred	\$ 54.00	2012	Measure Mt. CD Bond
Alameda & Piedmont	Successful	\$ 74.75	2013	NA
Palo Alto	Successful	\$ 23.00	2015	Ballot Property-Related Fee
San Jose	Successful	\$ 99.00	2015	Ballot Property-Related Fee
City of Berkeley	Unsuccessful	\$ 163.80	2017	Special Tax
San Jose	Successful	\$ 120.38	2018	Ballot Property-Related Fee
San Francisco	Successful	\$ 42.88	2018	Reauthorization of 2005 Fee
San Jose	Successful	\$ 83.00	2018	Ballot Property-Related Fee
City of Alameda	Successful	NA	NA	Special Tax
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee
City of Santa Clara	Successful	NA	NA	Ballot Property-Related Fee
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee
City of San Jose	Successful	NA	NA	Ballot Property-Related Fee

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Storm Drainage Rates in Other Cities

- \$92 – San Jose
- \$164 – Palo Alto
- \$0 – Sunnyvale
- \$150 – Burlingame
- \$109 – Santa Cruz
- \$88 – Los Altos (proposed)
- **\$56 – Cupertino (includes existing \$12 rate)**

TABLE 11 - SAMPLE OF RATES FROM OTHER MUNICIPALITIES

Municipality	Annual Rate	Type of Fee
Bakersfield	\$ 200.04	Property-Related Fee
Culver City	\$ 99.00	Special Tax
Davis	\$ 84.94	Property-Related Fee
Elk Grove	\$ 70.08	Property-Related Fee
Hayward	\$ 190.20	Property-Related Fee
Los Angeles	\$ 28.56	Property-Related Fee
Palo Alto	\$ 27.00	Special tax
Redding	\$ 136.80	Property-Related Fee
Sacramento (City)	\$ 15.84	Property-Related Fee
Sacramento (County)	\$ 135.72	Property-Related Fee
San Bruno	\$ 70.08	Property-Related Fee
San Clemente	\$ 46.16	Property-Related Fee
San Jose	\$ 60.24	Property-Related Fee
Santa Cruz	\$ 91.68	Property-Related Fee
Stockton *	\$ 109.08	Special Tax
Vallejo Sanitation and Flood Control District	\$ 221.37	Property-Related Fee
West Sacramento	\$ 23.64	Property-Related Fee
Woodside	\$ 144.11	Property-Related Fee
Yuba City	\$ 5.76	Property-Related Fee

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Some Final Notes on Rates

Most Impacted Owners

- Apple (\$55k – 18 parcels)
- Cupertino USD (\$26k – 11 site)
- De Anza (\$21k – 2 parcels)
- Fremont UHSD (\$18k – 1 site)
- Vallco LLC (\$19k – 12 parcels)
- City (\$15k – 51 parcels)

No Exemptions for:

- Seniors
- Low Income
- Churches
- Governmental

Indexed for inflation

No Sunset

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Tonight's Actions

- Consider Fee Report
- Resolution 19-022:
 - Initiating the Prop 218 Process
 - Approving Fee Report
 - Set Date for Public Hearing
- Resolution 19-023:
 - Establishing Prop 218 Procedures

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Next Steps

- ❖ Council approval of Fee Report – March 5
 - ❖ Public notice – 45 day between notice and public hearing
- ❖ Community Meetings
 - ❖ March 28 (QCC)
 - ❖ April 9 (Sr. Center)
 - ❖ April 13 (City Hall)
 - ❖ April 30 (Sr. Center)
- ❖ Public Hearing & Rate Ordinance – May 7
- ❖ Ballot period - May / June



Questions