

**CITY MANAGER'S OFFICE**

CITY HALL
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CUPERTINO.ORG

March 18, 2019

Dear Property Owner:

I'm reaching out to you to inform you of an upcoming public process related to the City's proposed new 2019 Clean Water and Storm Protection Fee for stormwater services.

As property owners in Cupertino, you are currently paying a Storm Drainage service charge as part of your annual property tax bill. The current charge for residents is \$12 per year, which has never been increased in its 27-year history. Since the program's inception in 1992, these fees have partially funded the City's clean stormwater and storm protection programs. These programs have been essential in protecting our community's stormwater infrastructure, local creeks, regional wetlands, San Francisco Bay, and ocean. However, the costs to maintain the City's aging stormwater infrastructure and preserve clean water has far surpassed the fee's revenues.

A dedicated and reliable funding source, which would be in addition to the current fee, is needed to provide for clean stormwater, improved maintenance, and enhanced services. The proposed new fee amount varies depending on what type of property you own and is included in the pages that follow. Most single-family residential parcels will be asked to pay an additional \$44.42 per year. Non-single-family residential and commercial parcels will be asked to pay an additional amount as well.

I encourage you to read the important information in this packet and become involved in the process. In addition to the public hearing on May 7, 2019, you are invited to attend the community meetings listed on the last page. If the new proposed fee is not protested by a majority of parcel owners on May 7, you will receive a ballot by mail. This new proposed fee will only be charged if a majority of parcel owners submitting a ballot are in favor.

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,

A handwritten signature in blue ink, appearing to read 'Timm Borden'.

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 stormwater services as summarized below.

OVERVIEW OF PROPOSED 2019 CLEAN WATER AND STORM PROTECTION FEE

Reason for the Proposed 2019 Clean Water and Storm Protection Fee. The stormwater maintenance and pollution prevention program that started in 1992 has been operating at a deficit because the current fee does not generate enough revenue to pay for the necessary operations, maintenance, and regulatory requirements required to proactively service the system and ensure that stormwater flowing to the Bay and creeks is clean. For instance, in the current fiscal year, the estimate costs of the program total \$1.197 million, but the revenue from the current fee is only about \$379,000 per year.

In 2019 the City prepared a comprehensive 2019 Clean Water and Storm Protection Fee Report, to determine the amount of revenue needed by a new fee to fund the program. As shown in the table below, this resulted in a rate of \$44.42 for a typical single-family home. This would be in addition to the \$12 per year currently paid by each single-family residential property owner. This rate compares favorably to the rates in other Bay Area cities, which are about \$92 in San Jose, \$164 in Palo Alto, \$150 in Burlingame, and \$109 in Santa Cruz. If property owners do not approve the proposed fees, the City's General Fund may be used to continue subsidizing the Clean Water and Storm Protection Program, but at the cost of reduced services for other critical community priorities such as public safety, roads and parks.

PROPOSED 2019 CLEAN WATER AND STORM PROTECTION FEE RATES

If approved, these fees will be collected on the annual property tax bill along with the current storm drainage service charge 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 on the next page.

Schedule of Proposed Clean Stormwater Fee Rates

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	

* 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 stormwater drainage 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. All of these tasks are necessary to maximize the useful life of essential infrastructure and minimize the risk of flooding during storms. The proposed fee will allow the City to perform maintenance and inspection activities more frequently.

Safe, Clean and Healthy Water

The City's stormwater 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, the Bay, and the ocean. Trash, oil, and other pollutants accumulate on our streets and sidewalks on a daily basis. Without our clean water program, these pollutants would be swept into our creeks and the Bay. Street sweeping and other elements of the clean water program keep our waterways clean by removing these pollutants from the water before it is released into the creeks or 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. This additional revenue will also allow for additional street sweeping services and enhance the environmental education program offered to elementary school students within the City.

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 stormwater 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	\$ 379	\$ 379	\$ 379	\$ 379	\$ 379	\$ 379	\$ 1,895
Expenses	\$ 1,197	\$ 1,443	\$ 1,487	\$ 1,550	\$ 1,597	\$ 1,647	\$ 7,724
Shortfall	\$ * (818)	\$ (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. For example: \$1,197 = \$1,197,000

* Subsidized by City's General Fund

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 Clean Stormwater Fee Study 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 undisturbed 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.

COMMUNITY MEETINGS

The City will be conducting four community meetings to provide additional opportunities for the public to receive information and provide input regarding the stormwater 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 9, 2019
1:00 – 2:00 p.m.
Cupertino Senior Center
21251 Stevens Creek Blvd., Cupertino, CA

Community Meeting #3 (During Earth Day Festival):

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

Community Meeting #4:

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