

Intent to Initiate Prop 218 Process for Stormwater Fee; Adoption of Balloting Procedures and Approval of Stormwater Fee Report



April 2, 2024
City Council Meeting



OVERVIEW

- Background
- Storm Drain Master Plan
- Financial Needs
- Proposed Rates
- Proposition 218 Process
- Next Steps



BACKGROUND

- The City is proposing an amendment to the current Stormwater Fee because additional dedicated funding is needed to:
 - Remove trash and pollutants from rain runoff using sustainable methods;
 - Repair and maintain critical pipes and pump stations; and,
 - Invest in the highest-priority storm drainage infrastructure projects for the City's aging infrastructure



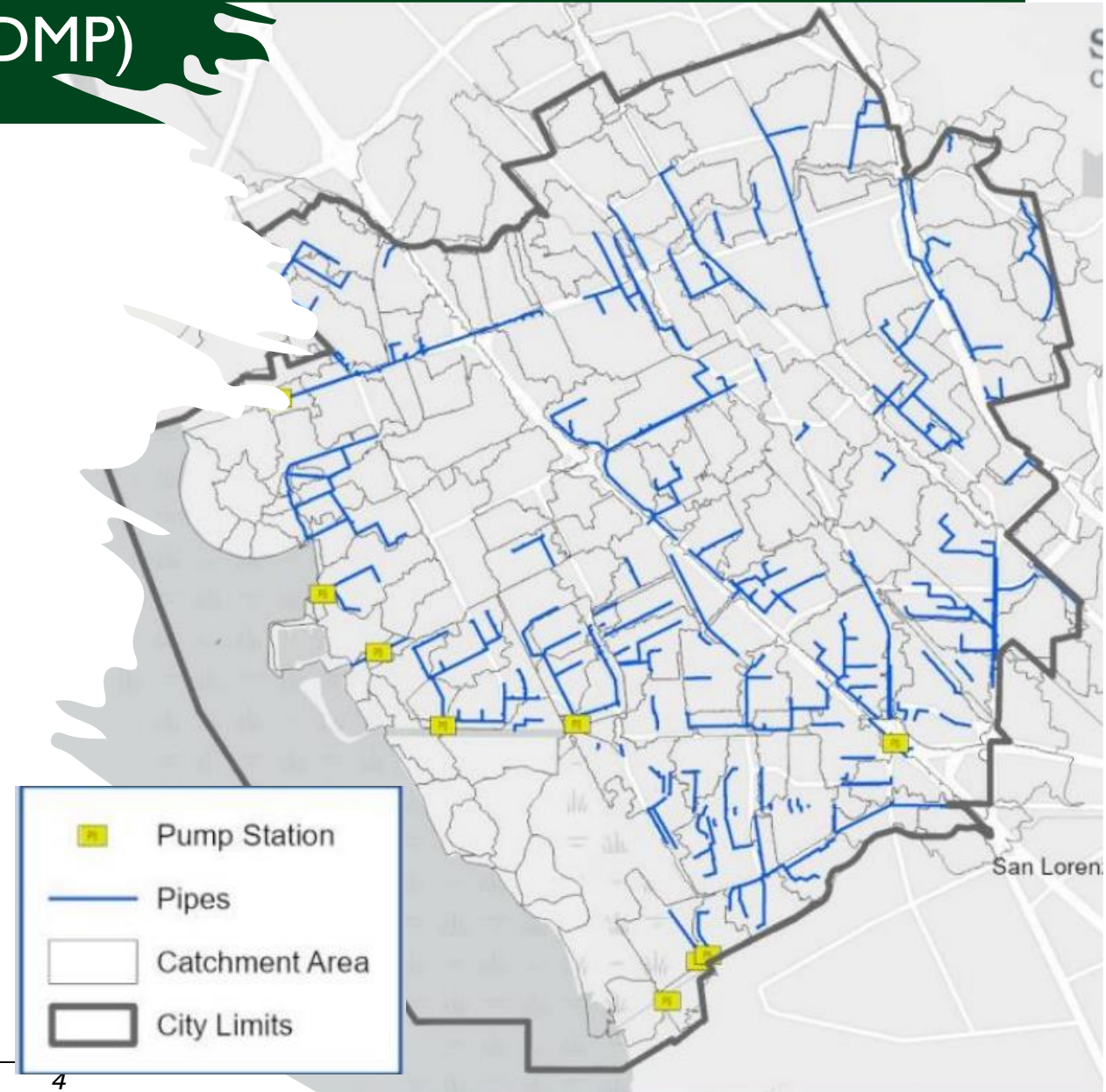
BACKGROUND

- Existing Storm Water Fee established in 1993 to meet Clean Water Act requirements and manage Storm Water System
 - Current Fee generates approximately \$1.07 million annually; Fee has not been increased since 1993
 - Costs for pollution control, O&M, monitoring and reporting, and capital needs continue to increase
 - Costs have exceeded revenues in recent years
- In 2023, Council directed staff to proceed with Proposition 218 revenue measure; approved consulting agreement with HF&H for implementation of the Prop 218 noticing and voting process and funding for consulting work to develop a Storm Drain Master Plan (SDMP)
- February 2024, draft SDMP and preliminary results of the cost-of-service study, proposed funding level, and resulting fees presented to Facilities & Transportation Committee
- March 2024, draft Stormwater Fee Study presented to Council; Council provided feedback and direction



STORM DRAIN MASTER PLAN (SDMP)

- February 2024, Schaaf & Wheeler presented the results of the SDMP study, which,
 - mapped the City's storm drain system;
 - evaluated flood risks, considers climate adaptability; and,
 - recommended actions and prioritized capital projects needed to maintain the system and meet Water Board regulations.
- The SDMP identified the financial needs of the system and is the basis for establishing the amended Stormwater Fee



FINANCIAL NEEDS

Priority	Description	Estimated Cost
Capital Improvement Projects		
Very High	Mitigate the most frequent, recurring flooding issues and the most severe system deficiencies with the greatest impact to properties. Includes installation of 177 small and 6 large trash capture devices to meet MRP requirements by June 2025	\$8,240,000
High	Mitigate areas of frequent, but less damaging flooding areas where extensive deficiencies are identified in the SDMP model.	\$24,010,000
Medium	Mitigate areas where moderate and/or isolated capacity deficiency is identified by the SDMP model or known to occur.	\$24,590,000
Low	Mitigate isolated capacity deficiencies identified in the SDMP model that have the least potential impact on properties, or areas where the benefit of City projects is limited by the capacity of ACFCF facilities. Includes a \$10,000,000 cost for a new pump station on Neptune Ave.	\$22,750,000
Subtotal - Capital Projects		\$79,590,000

Annual Operating and Maintenance Costs	
Trash Capture Devices Maintenance	\$200,000
Compliance	\$540,000
Street Cleaning	\$780,000
Pipe Cleaning	\$100,000
Green Infrastructure	\$100,000
General Fund Repayment	\$107,000
Other Operations & Maintenance	\$140,000
Subtotal - Operations & Maintenance	\$1,967,000



FINANCIAL NEEDS

Cost Description	Estimated Current Cost	Less: Costs Funded by Other Sources	Net Cost	Net Annual Cost	
				Fund All Projects	Fund High and Very High Projects Only
Operations & Maintenance					
Trash Capture Devices Mainteance	\$200,000	\$0	\$200,000	\$200,000	\$200,000
Compliance	\$540,000	\$0	\$540,000	\$540,000	\$540,000
Street Cleaning	\$780,000	\$0	\$780,000	\$780,000	\$780,000
Pipe Cleaning	\$100,000	\$0	\$100,000	\$100,000	\$100,000
Green Infrastructure	\$100,000	\$0	\$100,000	\$100,000	\$100,000
General Fund Repayment	\$107,000	\$0	\$107,000	\$107,000	\$107,000
Other Operations & Maintenance	\$140,000	\$0	\$140,000	\$140,000	\$140,000
O&M Subtotal	\$1,967,000	\$0	\$1,967,000	\$1,967,000	\$1,967,000
Capital Improvement Projects					
Very High Priority Projects	\$8,240,000	(\$3,749,000) ¹	\$4,491,000	\$424,447 ²	\$424,447
High Priority Projects	\$24,010,000		\$24,010,000	\$800,333 ³	\$800,333
Medium Priority Projects	\$24,590,000		\$24,590,000	\$819,667 ³	
Low Priority Projects	\$22,750,000		\$22,750,000	\$758,333 ³	
Capital Subtotal	\$79,590,000	(\$3,749,000)	\$75,841,000	\$2,802,780	\$1,224,780
Total Annual Revenue Requirement				\$4,769,780	\$3,191,780

¹ Estimated contribution from CalTrans (\$2,749,000) and State grant (\$1,000,000) for the installation of trash capture devices

² Reflects bond-financing Very High Priority Projects (15-year term, 4.5% interest rate)

³ Reflects PAYGo funding amortized over 30 years

March 4 – Council provided direction to proceed with funding High and Very High projects



STORMWATER FEE AMENDMENT METHODOLOGY

- Establish Annual Revenue Need
- Calculate Single Family Equivalent (SFE)
 - Average impervious surface area, by parcel size
- Calculate Non-Single Family land use equivalents (SFE per acre)
 - Apartments
 - Commercial
 - Municipal
 - Schools
 - Parks
 - Golf Courses
 - Vacant Parcels - Developed



ANNUAL STORMWATER FEE CALCULATION TO FUND ANNUAL OPERATIONS AND HIGH AND VERY HIGH PRIORITY CAPITAL IMPROVEMENT PROJECTS

Land Use Category		SFE Rate	Medium SFE Rate	Proposed Fee FY 2024-25	Current Fee	Additional Monthly Cost
		a	b	c = a * b	d	e = (c - d)/12
Single-Family Residential				\$ per parcel	\$ per parcel	
Small	< 3,200 sq. ft.	0.52	\$49.92	\$26.07	\$26.33	(\$0.02)
Medium	3,200 to 7,200 sq. ft.	1.00	\$49.92	\$49.92	\$26.33	\$1.97
Large	> 7,200 sq. ft.	1.51	\$49.92	\$75.15	\$26.33	\$4.07
Non-Single-Family Residential				\$ per Acre	\$ per Acre	
Apartments/Condos		10.13	\$49.92	\$505.70	\$157.98	
Commercial		12.44	\$49.92	\$621.02	\$210.64	
Municipal		12.44	\$49.92	\$621.02	N/A	
Schools		7.87	\$49.92	\$392.88	N/A	
Parks		2.36	\$49.92	\$117.81	N/A	
Golf Courses		0.25	\$49.92	\$12.48	N/A	
Vacant - Developed Parcels		0.25	\$49.92	\$12.48	N/A	
Undeveloped Parcels/Open Space				No Charge		



PROP 218 PROCESS

The Prop 218 property-related fee process requires two distinct steps:

Step 1

Public Notice mailed to all property owners, followed by a Public Hearing 45 days later. Assuming no majority protest,

Step 2

Ballot mailed to property owners, including basis for fee and amount of fee, followed by a Public Hearing 45 days later

If a simple majority (50% + 1) vote “yes”, the fee can be adopted by the City Council.



NEXT STEPS

- April 2: Council to consider adoption of resolutions declaring intent to initiate proceeding to obtain approval of Stormwater Fee amendment, adopting balloting procedures and approving the Stormwater Fee Report
- April 5: Notice of Public Hearing mailed to all property owners subject to the Amended Stormwater Fee
- May 20: Council holds Public Hearing, if no majority protest (50%+1), Council considers finding that protest does not exist, directing ballot proceedings, (ballots mailed no later than May 24)
- July 8: Ballots due to City Clerk by 5pm
- July 15: Council certifies ballots results and considers adoption of fee
 - If majority of votes received are “yes” Amended Stormwater Fee implemented in FY 2024-25 Tax Assessments
 - If majority of votes received are “no” Current Stormwater Fee implemented in FY 2024-25 Tax Assessments



RECOMMENDATION

Staff recommends Council adopt:

- Resolution Declaring its Intention to Initiate a Proceeding to Obtain Approval of an Amendment of the City's Stormwater Fee, a Property-Related Fee
- Resolution Adopting Ballot Procedures for the City's Proposed Stormwater Fee Amendment and Approving Stormwater Fee Report

