

STAFF REPORT

DATE: May 4, 2021

TO: City Council

FROM: Stan Gryczko, Public Works Utilities and Operations Director
Brian Mickelson, Public Works Deputy Director
Adrienne Heinig, Assistant to the Director

RE: Stormwater Utility Fee Proposition 218 Public Hearing and Ordering the Mailing of the Ballots for the City's Stormwater Fee

Recommendation

1. Conduct the Public Hearing; and
2. Conduct final count of written protests, including any written protests submitted prior to the close of the public hearing, and determine if there is a majority protest; and
3. If no majority protest exists, approve the Resolution (Attachment 1) directing a property owner ballot proceeding for the City's Stormwater fee; and
4. Provide guidance to staff on the voting of City Stormwater fee ballots.

Fiscal Impact

The Stormwater Enterprise Funds (Fund 541 & 544) have not had rate adjustments (aside from a 3% annual increase for revenue associated with Fund 544) since the 1990s. As a result, the fund cannot support the current expenditures for the utility. Current rate revenues total approximately \$2 million dollars annually. The proposed adjustments to rates will generate adequate revenue to ensure the fund revenues match expenditures, maintains a positive fund balance, develops an appropriate reserve, completes major and necessary capital improvements and continues to provide quality stormwater services to ratepayers. The proposed rate adjustments would bring rate revenue to approximately \$4 million dollars annually.

City Council Goals

This effort is consistent with the Council Goals to Ensure Fiscal Resilience, Pursue Environmental Sustainability and Fund, Maintain, and Improve Infrastructure.

Background

On December 15 2020, City Council authorized staff to set balloting procedures and to move forward with public noticing, as required through the Proposition 218 utility rate setting process, to seek approval in adjusting the City's stormwater fees. Prior to the review and approval by Council, the proposed stormwater fees and Fee Report were reviewed and recommended by the City's Utilities Commission. The first step in the approval process was the issuance of a Notice of Public Hearing on the proposed stormwater fees, at least 45 days prior to the public hearing,

held by City Council, to count written protests to the proposed fee. Notices were mailed to property owners on March 15, 2021.

Currently, the City’s stormwater fees are made up of a Storm Drainage fee and Storm Sewer fee, combined and charged as one fee on the monthly utility bill. These fees are currently calculated based on a monthly fee per square foot of each parcel (with parcels designated by land use type).

Storm sewer rates pay for the operations and maintenance of the detention ponds, the conveyance channel, sampling and testing of stormwater, studies, reporting, and permitting. Vacant parcels are exempt from the storm sewer water quality charge. **Drainage rates** are used for the acquisition, construction, reconstruction, maintenance and operation of storm drainage water systems and related facilities. The proposed rate structure would replace the two current fees and fee structure with one fee, and the structure included in Table 1, shown below.

Table 1

Land Use Category		Proposed Monthly Rate FY 2021-22	
Residential*			
Small	Under 0.14	ac	\$ 10.23 per parcel
Medium	0.14 to 0.22	ac	\$ 13.10 per parcel
Large	0.23 to 0.27	ac	\$ 17.45 per parcel
Very Large	Over 0.27	ac	\$ 19.47 per parcel
Condo – 1 Level			\$ 8.52 per parcel
Condo – 2+ Levels			\$ 3.95 per parcel
Non-Residential**			
Mobile Home Park			\$ 98.20 per acre
Apartment			\$ 104.08 per acre
Comm/Industrial/Retail			\$ 137.86 per acre
Office			\$ 113.63 per acre
Institutional			\$ 98.20 per acre
Institutional w/Field			\$ 68.89 per acre
Park			\$ 8.22 per acre
Vacant (developed)			\$ 8.22 per acre
Open Space/Agricultural			not charged
*Single-family Residential category also includes du-tri-and four-plex units			
**Non-SFR parcels size is calculated to a hundredth of an acre			

Stormwater Utility Fees and Proposition 218¹

In 1996, California voters passed Proposition 218, also called the “Right to Vote on Taxes” Act. Proposition 218 requires that jurisdictions obtain voter approval (by a majority vote) for new or increased property related fees, unless those fees are for sewer, water or refuse collection services. Fees associated with sewer, water and refuse collection services can be enacted through a majority protest process. Stormwater system fees, despite some legal back-and-forth, continue to be treated differently than sewer, water and refuse fees, requiring a majority approval vote from property owners prior to the implementation of fees, and this is unlikely to change within the timeframe that adjustments to the City’s rates are needed.

The challenges with enacting stormwater fees have resulted in fees remaining relatively flat (aside from the 3% annual increase in the Drainage rates, revenue which supports the regulatory compliance side of the Stormwater Utility) for almost 15 years, despite the growth of the stormwater system and increased demand in Davis. For perspective, from the 1990s to the 2010s, the population of Davis grew from about 46,000 people to 65,000, and expanded from about 8.5 square miles to 10 square miles.

To operate within the fund supported by current revenues, the Stormwater program has limited capital expenditures, as well as mostly reactive operations and maintenance practices rather than proactive services. In 2016, the City undertook an analysis of the stormwater infrastructure to develop a plan to address the deferred capital maintenance within the utility. The analysis found a number of critical investments needed to ensure that the City’s stormwater system has the capacity to handle the current demand, let alone future demand. In 2018, a study was conducted on the current and needed service level of stormwater operations, which also highlighted deficiencies within the program. The current capital improvement plan within the stormwater financial plan totals \$34 million dollars over 30 years, one of the most significant drivers of the need for rate increases. The additions related to operations and maintenance, and regulatory compliance, total about \$868,000 annually.

Public Engagement & Community Meetings

With the mailing of the Notice of Public Hearing, the City issued a press release and launched a website, [Stormwater Rates and Rate Studies | City of Davis, CA](#) as a resource for the community by providing the documents, reports and studies associated with the stormwater fee initiative. The City scheduled four community meetings, held on Zoom in March and April, to provide opportunities for the public to ask questions of City staff related to the City’s stormwater infrastructure and the development of the proposed fees.

These meetings were held on:

- Wednesday, March 24, 2021 at 12:00pm with 12 people in attendance
- Tuesday, March 30, 2021 at 6:00pm with 5 people in attendance
- Thursday, April 8, 2021 at 6:00pm with 7 people in attendance

- Saturday, April 24, 2021 at 1:00pm with 8 people in attendance.

Each of the community meetings consisted of a video providing information on the stormwater utility and proposed fee process, followed by responses from staff to frequently asked questions, and a live question and answer session with city staff. Each of the public meetings was recorded, and is posted on the City's [Stormwater Rates and Rate Studies](#) webpage. Questions received by staff during the meeting are also summarized (with answers) in posted PDFs with the recorded meeting.

Feedback

Public Works Utilities and Operations staff have received many questions since the mailing of the Notice of Public Hearing related to the proposed stormwater fees and stormwater infrastructure. As stated in the section above, the most frequently asked questions were included in the staff presentation of the live questions and answers in the community meetings. These questions and the responses are included below:

Is the charge on the monthly utility bill, or the annual property tax bill? If there are two charges for stormwater, where is the second charge on the utility bill?

- *The current charge for stormwater appears as one charge, however it is a reflection of two charges. The charge appears on the monthly utility bill.*

Will the City be able to use some of the money received from the Federal Government as part of the stimulus package to offset the costs of infrastructure improvements?

- *Likely no, as the funding is presumed to be intended for COVID-19 relief measures. In addition, one-time payments are not appropriate for ongoing costs. Staff are continuously tracking grant opportunities for stormwater infrastructure, and have successfully received two planning grants related to stormwater projects.*

Can you expand on the listed “enhanced services” included in the Notice of Public Hearing, and what that means?

- *It refers to proactive operations and maintenance work (full detail is included in the Fee Study) and is based on assessments performed by consultants over the last few years in preparation for this effort. “Enhanced” in this case means that these services are not currently being performed (or are not performed as frequently as needed), but are necessary to maintain efficient and effective operation of the utility, and prevent backlogs like the one the stormwater utility is currently experiencing.*

Why did the City choose the San Francisco-Oakland-Hayward Consumer Price Index-Urban (CPI-U) as the annual inflator?

- *Staff used the San Francisco-Oakland-Hayward Consumer Price Index-Urban (CPI-U) because we believe it is the best available cost index to use, as it is used for taxes, assessments, and fees by agencies throughout Northern California. It is important to add*

that the rate will not change automatically based on any CPI that is used, the City Council will set the actual rate each year based on program costs and expenditures.

Additional questions, received with less frequency or during the community meetings, can be grouped into three categories:

- Concerns around the increase in cost (any cost) associated with City operations
- Questions about possible alternative funding options for infrastructure projects or other needs of the utility
- Questions about annual rate adjustments

Concerns around the increase in cost (any cost) associated with City operations

Any rate adjustment proposed by the City is a thoughtful process, as City staff are aware that increases associated with City services directly impact City customers. City staff began the process to review and update the stormwater utility fees a number of years ago, and at the time this effort was started, would not have anticipated that a global pandemic would occur. Further delaying the process, which takes between 6 months to a year in the Proposition 218 process alone, would only serve to increase the deficit of the program's revenue and expenses, and could place the City in a precarious position in terms of stormwater flood management.

Questions about possible alternative funding options for infrastructure projects or other needs of the utility

It is important to keep in mind that costs associated with the City's stormwater utility are a combination of one-time and ongoing expenses. The large capital improvements and the establishment of a reserve fund for the utility are one-time expenses, and the increased regulatory requirements, in addition to necessary increases in operations and maintenance services are ongoing costs that the utility will need to sustain. Another challenge with one-time funding options, as staff has already indicated, is the current revenue of the stormwater utility, which is too low to support the acquisition of debt. While one-time payments, including grant opportunities, could potentially address the short-term needs associated with some of the recognized capital projects, it is unlikely that one-time funding could adequately cover all of the capital investment needed and without the revenue generated by these rates the City would be unable to fund the currently identified capital improvements. In addition, inadequate revenue in the future would significantly hamper the ability of the City to obtain debt for future, currently unforeseen projects. Also, while the costs associated with the necessary capital improvements are a large driver in the initial amount of the stormwater rate adjustment, the ongoing cost increases are a part of the rate structure, and one-time support from the City's general fund, or other source, would not provide the necessary sustaining funds for the fiscal health of the fund. As the City's general fund has a wide variety of demands and priorities, it would be short-sighted of the Council, and City staff, to offer a temporary solution for a long-term problem.

Questions about annual rate adjustments

As proposed, the Utilities Commission and City Council would review the expenditures and revenue of the stormwater utility on an annual basis, with the City Council setting annual rate

adjustments based on the financial review and CPI-U adjustments. Comments received by City staff from community members have indicated some concern that the annual rate adjustments would follow a “rubber stamp” process, i.e. recommendations would receive little attention and the highest available increase would be requested each year. However, the determination of annual rate adjustments is by no means a “rubber stamp” process. Historically, the City’s Utilities Commission has undertaken in-depth and detailed reviews of utility rate adjustments. In addition, historically City staff have recommended either reductions in planned rate adjustments, or have recommended the City forgo rate adjustments, when the fiscal conditions of the funds did not necessitate further rate adjustments.

Should the City be successful in grant opportunities for major infrastructure needs, or find other methods to offset or decrease the costs of operating the stormwater system, the resulting changes to the City’s financial model would be reflected in the discussions around annual rate adjustments. As an example, the City was recently successful in receiving a planning grant for \$200,000 to begin design on the eventual replacement station for the H Street pump station. While this grant does not change the funding needs of the utility it provides an example of the efforts of staff to locate, apply, and hopefully use grants as much as possible in the future.

Other Comments/Concerns

- *How the fee is calculated (for larger residential properties)*

Owners of larger properties have voiced concerned that the fee calculations did not a) take into account the amount of *pervious surface* on a property (i.e. the amount of stormwater that is absorbed by pervious surfaces) and b) was the result of an average calculation, that would mean the same fee for the same size property, regardless of the size of the house on the property.

The fee is calculated based on the average percentage of impervious surface within each parcel as grouped by land use type. The land use type is the key component, as houses have an average amount of impervious surface, as do the other land uses (such as schools, or businesses). The calculation is done by averages as it’s not practical to assess each property individually, and there can be improvements or changes to properties over time that may impact the percentage of impervious surfaces.

- *Support for rate credits for single family properties that adopt rainwater capture or other stormwater devices*

As currently proposed, there is no rate credit applicable for single-family properties within the City. The rate credit would be applicable to certain categories of properties (commercial developments) that are mandated to utilize Low Impact Development (LID) techniques that reduce stormwater runoff and treat stormwater on site.

The community of Davis is environmentally minded, and a number of residents have voiced support for a single-family rate credit. The study as presented to the Council did not envision single-family properties as eligible for the LID credit (as the criteria is specific to developments). If residents do take steps to reduce stormwater runoff and reuse stormwater to offset potable water use, the savings on the utility bill would be

recognized in the variable portion of the resident's water bill. This is a much more direct method of achieving cost savings and does not add additional staff time or resources administering a single-family stormwater rate credit. If Council would like more information on this topic, staff would ask for direction to return with a review of a possible single-family property credit (should the rates be approved).

Next Steps in the Proposition 218 Process: Balloting

As of the drafting of this report, the City has received 15 unvalidated protests to the proposed stormwater fee. Approximately 8,240 validated protests would need to be received to successfully protest the proposed fees.

Should no majority protest be found at the public hearing, and should Council authorize the next steps associated with this rate adjustment, a ballot packet will be mailed to all property owners (16,476 parcels) in mid-May 2021. For the purposes of this vote, each parcel subject to the Fee equals one vote, and of those ballots cast, a 50% majority approval is required for the new Fee to pass. Ballots not returned do not count for or against the proposed fees. Ballots will be due to the City Clerk by June 25, 2021, who will then oversee the ballot tabulation, with a presentation to Council on the results of the balloting tentatively scheduled on July 6, 2021.

As a reminder, the balloting is not an election, meaning the City's standard process for a special tax measure would not occur. There is no impartial analysis or arguments for or against the measure.

Should the ballot measure pass, staff will provide an annual fund update on the City's stormwater utility to the Utilities Commission, and to Council, to review the performance of the fund during the fiscal year immediately preceding, and to develop recommendations for Council on the next year rate adjustment, based on the performance of the fund.

The City's Stormwater Fee Ballots

If this ballot measure passes, all property that impacts the City's Stormwater system would be required to pay its fair share of the costs of the system. This includes property owned by the City of Davis. As a result, the City will receive ballots for the property it owns and which would be subject to the proposed Fee.

Staff is requesting direction from the City Council regarding how to respond to the Stormwater Fee ballots the City receives for City-owned property subject to the Fee. Following are the three choices:

- Direct the City Manager not to mark, sign and return the ballots, so they are not included in the ballot tabulation
- Direct the City Manager to vote Yes on the ballots, sign and date them, and return them to the City Clerk for tabulation
- Direct the City Manager to vote No on the ballots, sign and date them, and return them to the City Clerk for tabulation

According to the consultant assisting the City with this project, SCI Consulting Group, although on occasion some public agencies choose not to vote on their ballots, most do exercise their rights as a property owner subject to the proposed fee, to vote on their ballots.

In the unlikely event that the City votes Yes on its ballots and the ballot measure passes by such a slim majority that it would not have passed had the City not voted, the City Council can take that into account when the ballot tabulation results are announced and the Council decides on whether to impose the new Fee for the 2021-22 Fiscal Year. Staff recommend that the Council ask the City Manager to vote Yes on the City’s ballots, sign and date them, and return them to the City Clerk prior to the ballot deadline.

Tentative Timeline

Date	Task
2021	
May 4, 2021	Public hearing regarding proposed fee, <i>(if no majority protest)</i> City Council authorizes ballots to be mailed, First Reading of Ordinance
May 17, 2021	Mail ballots
June 25, 2021	Close of ballot period <i>(no fewer than 45 days after Public Hearing)</i>
End of June 2021	Ballot tabulation
July 6, 2021	Council certifies ballot results, adopts Ordinance, and orders fees <i>(if measure passes)</i>

Attachments

- Resolution
- Responses to questions from community meetings held by the City

RESOLUTION NO. 21-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DAVIS FINDING THAT A MAJORITY PROTEST DOES NOT EXIST AND DIRECTING A PROPERTY OWNER BALLOT PROCEEDING FOR THE CITY'S STORMWATER FEE, A PROPERTY-RELATED FEE CONFORMING TO ARTICLE XIII D, SECTION 6 OF THE CALIFORNIA CONSTITUTION

WHEREAS, on December 15, 2020, the City Council of the City of Davis adopted Resolution 20-200 initiating proceedings to obtain approval of the proposed new Stormwater Fee ("Fee"), which is a property related fee conforming to Article XIII D, Section 6 of the California Constitution; approving the Fee Report for the Stormwater Fee ("Fee Report," dated February 2019); and setting a public hearing before the City Council on May 4, 2021 in the City Council Chambers at 23 Russell Boulevard, Davis CA 95616 at 6:30 pm to consider all property owner protests to the proposed fee; and

WHEREAS, on December 15, 2020, the City Council of the City of Davis adopted Resolution 20-201 adopting ballot procedures applicable to the proposed fee pursuant to Article XIID, Section 6(c) of the California Constitution; and

WHEREAS, pursuant to the provisions of Article XIII D of the California Constitution, the City has provided 45-day written mailed notice to each record owner of parcels of real property subject to the Stormwater Fee of a public hearing, which was held at a regular meeting of the City Council on May 4, 2021 at 6:30 pm in the City Council Chambers on the issue of whether the proposed property related fee should be levied and collected as proposed in the Fee Report for Fiscal Year 2021-22; and

WHEREAS, the mailed notice of the public hearing contained the following information: (a) the total amount of fee proposed to be levied for fiscal year 2021-22; (b) the fee chargeable to each owner's parcel; (c) the reason for the Fee; (d) the basis upon which the amount of the proposed Fee was calculated; (e) the date, time and place of the public hearing as specified in this resolution; and (f) a summary of the effect of a majority protest.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Davis as follows:

SECTION 1. Tabulation of the Written Protests. The tabulation of written protests by the City Clerk is complete. A total of 15 written protests have been submitted representing 0.0009% of the 16,476 identified parcels subject to the Fee. Therefore, the City Council hereby finds that a majority protest does not exist as defined in Section 6(a)(2) of Article XIID of the California Constitution and Sections 53755(b) and (d) of the California Government Code with respect to the proposed Stormwater Fee

SECTION 2. Voter Approval for the Stormwater Fee. Pursuant to the provisions of Article XIII D, Section 6(c) of the California Constitution, the City of Davis shall conduct a ballot proceeding to obtain property owner approval of the Stormwater Fee consistent with the procedures described in Resolution No. 20-201.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Davis this 4th day of May by the following vote:

AYES:

NOES:

ABSENT:

Gloria Partida
Mayor

Zoe S. Mirabile, CMC
City Clerk



City of Davis Stormwater Initiative

RESPONSES TO QUESTIONS

Community Meeting No. 1

List the capital projects included in the proposed fee structure and the proposed timing of those projects

The projects discussed included:

- Storm Drain Pump Station #6 Replacement (Richards Blvd. Underpass) Study and Construction
- Storm Drain Pump Station #3 Upgrade (H St.)
- Storm Drain Pump Station #5 Upgrade (Yolo Bypass)
- Widening Covell Channel/Lake & Covell Improvements

The proposed fee structure allows the City to move forward with the projects, especially the priority projects identified in the Fee Report, beginning with project design. Construction would likely take a number of years, but would be started sooner rather than later.

Additional information on Capital Improvement Projects:

- [Capital Improvement Projects Staff Report](#) from the September 16, 2020 Utilities Commission Meeting
- [Stormwater Fee Report](#)

Describe the structure of the proposed fee

The City, working with a consultant, used the average single-family residential parcel (SFR) as the basic unit of measure, and analyzed the average amount of impervious services on SFR parcels to develop the basic structure of the fee, or the benchmark (the single-family equivalent, SFE). For property owners with questions about the fee for their parcel, there will be opportunities for individual assessments.

Additional information on the proposed fee and land use type calculations:

- [Stormwater Fee Report](#) (starts on page 15 of the Report)




CITY OF DAVIS

FEE REPORT

STORMWATER FEE

NOVEMBER 2020

PURSUANT TO THE ARTICLES XIII C & D OF THE CALIFORNIA CONSTITUTION, AND THE GOVERNMENT CODE SECTIONS 38900 – 38901 ET AL.

ENGINEER OF WORK:
SCI Consulting Group
4745 MANGELS BOULEVARD
FAIRFIELD, CALIFORNIA 94534
PHONE 707.430.4300
FAX 707.430.4319
WWW.SCI-CG.COM

Describe some of the challenges with the Richards Blvd. Pump Station, and if there is discussion around cost sharing for areas stormwater impacts from other entities

Richards Blvd Station: The Stormwater Pump Station located by the Richards Blvd undercrossing has been modified to allow for a manual pump hookup when flooding is beyond what the current station equipment can control. The manual hookup is provided by a pump that is trucked to the area when flooding exceeds the station capacity.

Cost Sharing: From stormwater case law, natural drainage that occurs and where it ultimately flows is not the responsibility of upstream users; if water is coming in, it's the responsibility of the City to make sure that it flows through without causing issue. Water flowing out of the City also follows this principle, and the City does not participate in the operations and maintenance of stormwater infrastructure outside of City boundaries. However, in some specific instances where there are clear areas of shared responsibility with other agencies (such as with South Davis and the non-City contributors to that station), the City is in discussions to establish some cost recovery agreements. Should those discussions, or the possibility of other revenue streams such as grants be successful, the additional revenue will play into the discussion of annual rate adjustments in the future.

Additional information on Stormwater Station No. 6 (Richards Blvd Station):

- [Capital Improvement Projects Staff Report](#) from the September 16, 2020 Utilities Commission Meeting

Additional information on areas with potential cost-share discussions:

- [South Davis Drainage Area](#) from the October 21, 2020 Utilities Commission Meeting
- [West Davis Drainage Area and the Proposed CIP for County Road 99 Lake Boulevard/Covell Boulevard](#) from the October 21, 2020 Utilities Commission Meeting



With the current discussions around infrastructure grants from the Federal government, does the City think that the City will be more likely to be awarded grants than in the past?

Applying for grants for the stormwater utility has been a challenge in the past as the City has had limited ability to develop plans for large infrastructure projects. Planning grants are harder to find than implementation grants for “shovel ready” projects, and without projects that are “shovel ready” grant opportunities have been extremely limited. Should the proposed fees pass, the City can develop plans for implementation projects, and be in a better position to apply for grants in the future. The City also does not qualify as a ‘disadvantaged community’ within the criteria of many grant award agencies, so it will be ranked below other agencies that do qualify. As with the discussions around other revenue sources, if the City is successful in gaining grant opportunities, it would lessen potential rate adjustments within the annual cap of 3% in future years.

Additional information on grant funding challenges:

- [Capital Improvement Projects Staff Report](#) from the September 16, 2020 Utilities Commission Meeting (starting on page 6)

Describe the updates in regulations referred to in the development of the proposed fee

There have been a number of changes to stormwater regulations that impact the City of Davis, with the largest being what’s called the “Trash Amendments,” which requires the City to mitigate trash and other contaminants from the City entering local waterways. This requires the City to add screens to stormwater discharge locations, and to improve inlets in areas of town with persistent issues. The installation and maintenance of these improvements will increase operations costs. In addition, reporting requirements and water quality testing (including sampling efforts at stormwater discharge locations) have also increased City costs. The stormwater regulatory framework is not unlike where the water/wastewater regulatory framework was 20 years ago, as stormwater is the largest contributor to contaminants in the water (and without water treatment).

Additional information on regulatory changes and Trash Amendments:

- [Memorandum from Larry Walker Associates – Comprehensive Stormwater/Drainage Rate Study](#) from the June 17, 2020 Utilities Commission Meeting
- [Stormwater Additional Resources: Regulatory & Operations and Maintenance Requirements](#) from the September 16, 2020 Utilities Commission meeting
- [Stormwater Utility 101](#) (starts on page 7)

There's a debate that the City can use general fund dollars reallocated from other planned expenditures to address the stormwater utility. Can the City use general fund dollars to fund stormwater infrastructure?

The general fund can be used for a wide variety of purposes (the benefit of general funding), however with that flexibility comes a wide variety of competing priorities in terms of what can be supported by the general fund. From the perspective of staff, the most resilient path for revenue and to ensure that the revenue is as stable as possible is via rate setting. The proposed fee is calculated based on ongoing needs over the next 20-30 years, which is one reason why it is important that the revenue source for the utility is not subject to competing priorities, economic impacts, or subject to pressures to divert the funds for purposes other than stormwater utility needs (as revenue received from fees for a utility service can only be used for expenses related to that utility service).

Additional information the general fund and utilities:

- [Capital Improvement Projects Staff Report](#) from the September 16, 2020 Utilities Commission Meeting (on page 6)

Does the City coordinate responses to camping in the stormwater channels to address possible impacts?

Camping in the storm drainage channels has been a persistent issue, and the City's stormwater operations teams work with the County to mitigate impacts to the stormwater system and waterways, while the City Council has been working to address reasons why people are living in the channels, with the work supporting homelessness outreach and the Respite Center. Teams of staff from all City departments work to address the maintenance and clean out of the areas, but it is an ongoing issue.

Does the proposed project to widen the Covell Channel address the causes of flooding at the hospital seen in previous years (and does staff know the purpose of the activity underway in the hospital parking lot?)



While staff is not aware of the reasons behind the activity in the hospital parking lot (as it's private property), one of the priority projects included in the proposed fee and Fee Report is to address the storm drainage issues in the area of Lake Blvd and West Covell, to prevent any major flooding that would impede access to Sutter Davis Hospital.

Additional information on addressing the flooding in West Davis by the hospital:

- [West Davis Drainage Area and the Proposed CIP for County Road 99 Lake Boulevard/Covell Boulevard](#) from the October 21, 2020 Utilities Commission Meeting

City of Davis Stormwater Initiative

RESPONSES TO QUESTIONS

Community Meeting No. 2

Please clarify confusion about stormwater billing - does the charge appear on the annual property tax bill, or monthly utility bill

The charge appears on the monthly utility bill, there was an error in the Notice that was received by residents. We apologize for any confusion.

Additional information on stormwater billing:

- [Stormwater Rates and Rate Studies](#) webpage

How quickly will the proposed rate adjustment generate the funds needed for capital improvements?

The design of the rate structure included a number of options in terms of funding the necessary capital improvements, including pay-as-you go or debt financing. There are \$29 M of capital improvements that have been identified, and staff would propose beginning the planning phases for those improvements as soon as possible, with the goal of completing the majority of the work in the next five to seven years. This is contingent of course on the proposed fees being approved, and on discussions with City commissions and Council in terms of the plans to finance these projects.

Additional information on the included capital improvement projects:

- [Stormwater Fee Report](#) (starts on page 8 of the Report)
- [Capital Improvement Projects Staff Report](#) from the September 16, 2020 Utilities Commission Meeting

If the City implements the enhanced services, can the City go the next 25 years potentially without needing increases in the rates, because the equipment and stormwater infrastructure will be modernized and proactively maintained?

The Fee Report has taken into account the necessary service levels for the stormwater utility and has provided a financial model that staff is confident reflects the current and known future needs of the utility. Should the State increase regulatory requirements around stormwater quality that would require testing or containment above and beyond the current regulations, it is possible that the City would need to evaluate the fees further, however to the best of the current knowledge the Report reflects the costs of the utility for the foreseeable future.

Additional information on the proposed costs for enhanced services:

- [Stormwater Fee Report](#)
- [Memorandum from Larry Walker Associates – Comprehensive Stormwater/Drainage Rate Study](#) from the June 17, 2020 Utilities Commission Meeting
- [Stormwater Additional Resources: Regulatory & Operations and Maintenance Requirements](#) from the September 16, 2020 Utilities Commission meeting
- [Responses to the Questions from Community Meeting No. 1](#) also includes information on how the regulatory requirements were assessed.

If citizens do not approve the rate increase, what would that do to the City's ability to borrow money for capital improvement projects?

The City (through the utility) is required to collect enough revenue to cover annual debt payments associated with any debt incurred for capital improvement project financing. Without the revenue in place to support the required debt payments, the City would not be able to incur debt for the stormwater utility using stormwater utility funds. If the rates are not successful, the necessary costs will have to be reassessed and reviewed to determine if some of the necessary expenditures can be addressed in another way.

Additional information on funding for the stormwater utility:

- [Responses to the Questions from Community Meeting No. 1](#) included discussion on funding sources for the stormwater utility on page 4.

With the cap of 3% annually, if the Council determines that the rate adjustment for one year would be less than 3%, would they then be able to go above 3% in a future year utilizing the unused percentage increase?

As currently proposed, the cap for adjusting the rates in any one year would be at 3%. Should the CPI-U increase be 4% in a year, the City is still limited to a 3% increase, however, if a future year increase was 1%, the unused percentage from the 4% increase could be added to the CPI-U to make the annual adjustment 2%. This is called CPI Banking, and further detail can be found in the Fee Report.

Additional information on annual cost indexing:

- [Stormwater Fee Report](#) (page 22)
- [Stormwater Utility Cost of Service and Rate Study and Approval to Initiate City Stormwater Utility Fee Proposition 218 Process](#) from the December 15, 2020 City Council Meeting (discussion on annual cost banking starts on page 9)

City of Davis Stormwater Initiative

RESPONSES TO QUESTIONS

Community Meeting No. 3

Provide the backup information and documentation on the costs associated with the replacement of facilities (Capital Improvement Projects), and differentiate between one-time costs and ongoing costs.

The projects discussed included:

- Storm Drain Pump Station #6 Replacement (Richards Blvd. Underpass) Study and Construction
- Storm Drain Pump Station #3 Upgrade (H St.)
- Storm Drain Pump Station #5 Upgrade (Yolo Bypass)
- Widening Covell Channel/Lake & Covell Improvements

Each of the major capital improvement projects are one-time costs. Details related to project costs are included in the Stormwater Fee Report, on Page 9, and in the Lift Station Assessment and Inventory, conducted in 2016. Ongoing costs related to the operations and maintenance of the stormwater utility are also detailed in the fee report.

Additional information on Capital Improvement Projects:

- [Stormwater Fee Report](#)
- [Lift Station Assessment and Inventory](#)
- [Capital Improvement Projects Staff Report](#) from the September 16, 2020 Utilities Commission Meeting

Why are larger parcels charged larger fees?

The fees are calculated based on an assessment of impervious surfaces of properties grouped by land use categories. Details regarding the methodology of the fee calculations are included in the Fee Report, starting on page 15.

Briefly, the unit of cost used to develop the fee (the SFE, or Single-Family Equivalent, discussed on page 15 of the report) is calculated per acre. The calculation is based on the total acreage of the land use category, multiplied by the %IA (the percentage of impervious area) as found in the assessment, and divided by the amount of impervious surface area in one SFE (our unit of measure). The resulting SFE per acre is used to establish the base rate for the land use category, which is then multiplied by the number of acres for the property within the category for the resulting per month fee.

Larger properties will typically have larger areas of impervious surfaces, and have more stormwater drainage off of the property.

Additional information on the included capital improvement projects:

- [Stormwater Fee Report](#) (starts on page 15 of the Report)

How does the reduction in on-street yard material pile collection (and increased material in the gutters) relate to the cost of the necessary improvements to the stormwater infrastructure? Could costs be offset with more frequent on-street yard material pile collection?

Normal maintenance procedures and cleaning procedures of pump stations and drainage inlets do account for cleaning material both above and below ground in the system. Plans within the Fee Report and included in the proposed fees include removing material from the street in a more timely manner through enhanced services, such as street sweeping. In addition, from the regulatory perspective, the Trash Amendments to the City's stormwater permit require that materials must be removed prior to discharging into area waterways, necessitating that the City plan for more proactive measures to keep materials out of the system.

Reviewing the frequency of collection to remove material above ground rather than flushing out of the system is something that the City would be able to review.

With the prevalence of ecologically-minded residents in the community, will there be opportunities to lower stormwater fees if the properties can demonstrate effective stormwater capture?

Rainwater capture can be a great tool for aiding in irrigation of landscapes and other uses. Single-family properties, however, do not have a rate credit applicable within the study. For certain categories of properties, specifically commercial developments, current State regulations mandate Low Impact Development (LID) techniques that would reduce the stormwater impact, and treat stormwater on site. With these LID features, those properties could apply for a small credit for stormwater rates.

Staff indicated that consideration of a rate credit for single-family properties could be considered in the future, but it is not included as part of the currently proposed fees.

Additional information on the Low Impact Development Credits:

- [Stormwater Fee Report](#) (on page 19)

The fee increase is high and will be difficult for some to afford. Will there be ways to offset those fees?

The fee has been more or less flat for a number of years, and the fee has unfortunately not been able to keep pace with the capital costs to improve infrastructure or the costs associated with the operations and maintenance of the system. The challenges with funding the utility resulted in staff having to take a number of years to develop the information necessary to produce the study and the Fee Report. The one-time initial increase, with modest increases annually (if approved by Council) ensures that the utility is on a fiscally responsible path moving forward.

Staff have reiterated that the City always looks for grant opportunities and ways to minimize rate impacts to rate payers. Should the City achieve grant funding for some of these projects, future adjustments to the stormwater utility can be reduced.

Proposition 218 (the utility rate setting regulations set by the State) require that all fees charged for utility services are based on the fair share of each rate payer, and do not permit any fees to be subsidized, or any customer to pay more than their fair share to offset the cost of another customer. Because of this, the City cannot use utility fee revenue to fund programs to subsidize rates. The City does offer a credit for the monthly utility bill, for households that qualify, paid partially from fees that result from late payments on utility bills.

How can I find out my property’s parcel size?

Property owners can contact the City of Davis Finance Department via email at financeweb@cityofdavis.org, to determine the size of their parcel. In addition, City staff can provide the proposed fee for individual properties with an email to pwweb@cityofdavis.org. Property owners can also search the Yolo County GIS maps by address to view parcel size. Generally, the search can be done by address or Assessor Parcel Number (APN).

Is delayed capital maintenance the main driver for the fee increase?

The increase is related to capital investment that has not been accomplished over the years, where it may not be delays, there certainly there has been some deferred maintenance based on revenue shortfalls, and the lack of information to develop the fee study.

Additional information on Capital Improvement Projects:

- [Stormwater Fee Report](#)
- [Lift Station Assessment and Inventory](#)
- [Capital Improvement Projects Staff Report](#) from the September 16, 2020 Utilities Commission Meeting

Was there a consideration of soil type when calculating the amount of stormwater runoff?

The soil type would not be a consideration in the calculation, as the calculation is based on impervious services such as driveways, patios, walkways etc. The assumption is that the soil, regardless of type in the areas of the property that are pervious, would capture the stormwater and prevent it from running off the property.

Where is the Fee Report on the website?

The Fee Report is posted on the City’s webpage dedicated to the Stormwater Rate Initiative, [Stormwater Rates and Rate Studies | City of Davis, CA](#). The Report is under the Cost of Service/Rate Study Materials section. Based on the feedback from the Community Meeting, the Fee Report was also posted above the proposed fee chart higher up on the webpage.

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Proposed Fee Chart

Below, please find the proposed fees for each land use category. Greater detail on the fees, including how they were calculated, can be found in the [Fee Report](#).

Land Use Category	Proposed Monthly Rate FY 2021-22	
Residential*		
Small	Under 0.14	oc \$ 10.23 per parcel
Medium	0.14 to 0.22	oc \$ 13.10 per parcel
Large	0.23 to 0.27	oc \$ 17.45 per parcel
Very Large	Over 0.27	oc \$ 19.47 per parcel
Condo – 1 Level		\$ 8.52 per parcel
Condo – 2+ Levels		\$ 3.95 per parcel
Non-Residential**		
Mobile Home Park		\$ 98.20 per acre
Apartment		\$ 104.08 per acre
Comm./Industrial/Retail		\$ 137.86 per acre
Office		\$ 113.63 per acre
Institutional		\$ 98.20 per acre
Institutional w/Field		\$ 68.89 per acre
Park		\$ 8.22 per acre
Vacant (developed)		\$ 8.22 per acre

[Link to the Fee Report](#)

Why are the rates based on parcel size? This would mean that properties of the same parcel size would be charged the same, even if the size of the homes on the property was different.

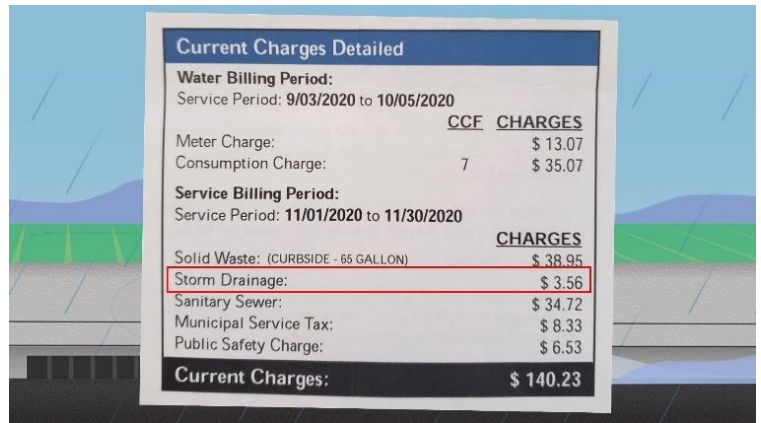
The way that the rates were set is based on percent impervious surface. Houses have an average amount of impervious surface, as to other land uses (a parking lot, for example, would have a significantly larger area of impervious surface, whereas schools, or businesses would have different characteristics). The study established the average amount of impervious surface based on the land use type. The calculation is done based on averages as it's not practical to assess each property individually (in addition, improvements or changes to properties can impact the percentage of impervious surface at any given time), so a statistical measurement of properties within each land use category were assessed to determine the average impervious area for each land use category.

Additional information on the proposed fee and land use type calculations:

- [Stormwater Fee Report](#) (starts on page 15 of the Report)

Where on the City services bill is the storm sewer fee?

Stormwater rates are currently charged on the City's monthly utility bill as one charge, as Storm Drainage. The Storm Drainage fee is a combination of the Storm Sewer Fee and the Storm Drainage Fee, which are currently charged by property type, as a flat rate charged per square foot of the parcel.



Current Charges Detailed	
Water Billing Period: Service Period: 9/03/2020 to 10/05/2020	
	CCF CHARGES
Meter Charge:	\$ 13.07
Consumption Charge: 7	\$ 35.07
Service Billing Period: Service Period: 11/01/2020 to 11/30/2020	
	CHARGES
Solid Waste: (CURBSIDE - 65 GALLON)	\$ 38.95
Storm Drainage:	\$ 3.56
Sanitary Sewer:	\$ 34.72
Municipal Service Tax:	\$ 8.33
Public Safety Charge:	\$ 6.53
Current Charges:	\$ 140.23

One comment was received at the meeting:

- A resident stated that they did not believe the greater charges for larger properties are fair, especially if the property is filtering stormwater into the ground and the property has stormwater capture devices onsite. This comment was noted by staff

