

CITY OF DAVIS
UTILITIES COMMISSION
MAY 20, 2020

STORMWATER RATE STUDY:

PROCESS & NEXT STEPS

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BACKGROUND

- Two existing rates have been in place since 1990s
 - Storm Drainage
 - Water Quality
- No rate structure change since then
- Does not cover capital investment needs
 - *Studies have shown significant needs*
- RFP for cost of service study out in 2019
- SCI Hired for New Rate Study



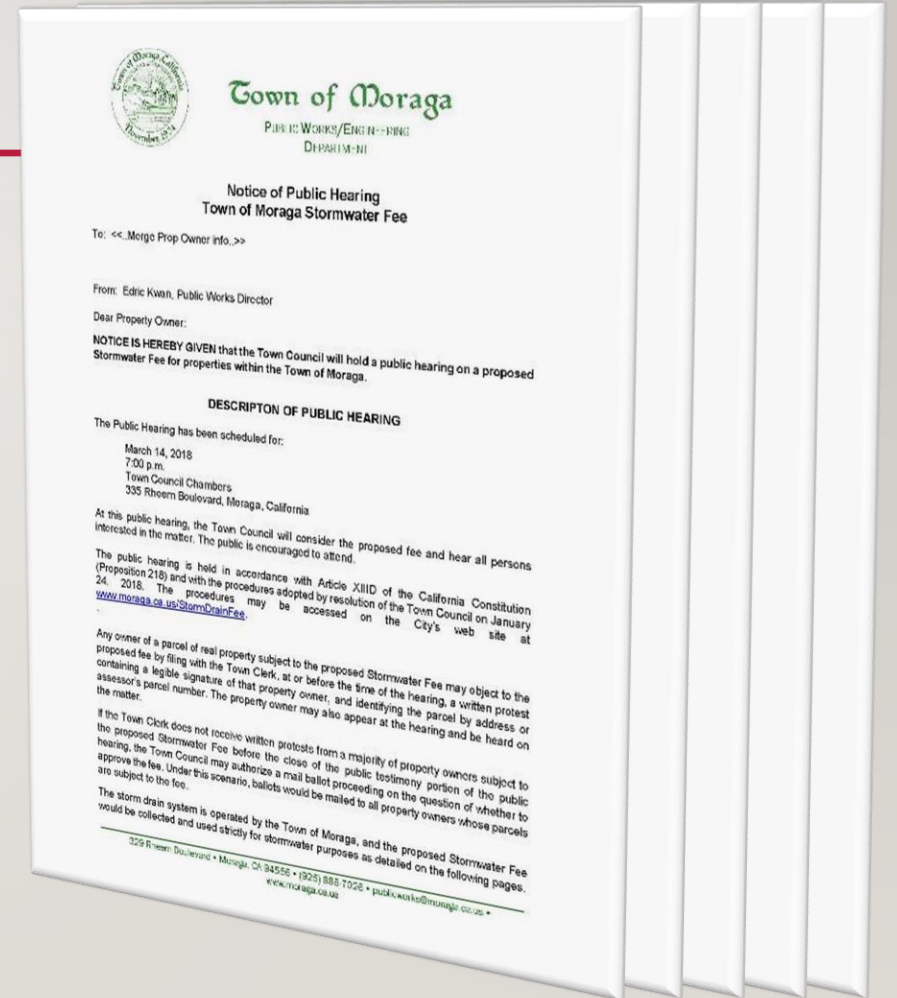
STORMWATER SYSTEM

- Some reminders about the stormwater system:
 - 130 miles of gravity pipes
 - 16 miles of open channel
 - 7 detention / retention basins
 - 19 pump stations
 - 2,000 maintenance holes
 - 3,300 inlets / catch basins
- Infrastructure is aging considerably and in need of upgrades to address capacity



PROPOSITION 218 PROCESS

- After Rates Are Determined
- Mail Notice of Hearing (45 days ahead)
- Conduct Hearing
 - Majority protest can stop process
- For Water, Sewer and Garbage rates, that's the end.
- Not so for Stormwater
- What's different..???



PROPOSITION 218 PROCESS FOR STORMWATER

- Article XIID Section 6(c), Voter approval for New or Increased Fees:
 - *“Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge...”*
- *Water and Sewer rate processes don't need to read that far into Prop 218, but it's real and significant.*

AREN'T STORM SEWERS A TYPE OF SEWER..??



Salinas Case, 2002

Stormwater Fees are required to be submitted to voters in a ballot measure.



Senate Bill 231, 2017

Legislature added definition of Sewers to P-218 Omnibus Act to include stormwater – directly against the Court.

SB 231 will be tested in the courts.

RESULT: VERY FEW STORMWATER FEES

- Since 2002,
 - 31 Balloted Attempts
 - 21 Successes (*10 defeats*)
- Including Pre-Prop 218 Fees
 - Over 50 in California
 - (*~1,800 nationwide*)

Municipality	Status	Annual Rate	Year	Mechanism
San Clemente	Successful	\$ 60.15	2002	Balloted Property Related Fee
Carmel	Unsuccessful	\$ 38.00	2003	Balloted Property Related Fee
Palo Alto	Unsuccessful	\$ 57.00	2003	Balloted Property Related Fee
Los Angeles	Successful	\$ 28.00	2004	Special Tax - G. O. Bond
Palo Alto	Successful	\$ 120.00	2005	Balloted Property Related Fee
Rancho Palos Verde	Successful, then recalled and reduced	\$ 200.00	2005, 2007	Balloted Property Related Fee
Encinitas	Unsuccessful	\$ 60.00	2006	Non-Balloted Property Related Fee adopted in 2004, challenged, balloted and failed in 2006
Ross Valley	Successful, Overturned by Court of Appeals, Decertified by Supreme Court	\$ 125.00	2006	Balloted Property Related Fee
Santa Monica	Successful	\$ 87.00	2006	Special Tax
San Clemente	Successfully renewed	\$ 60.15	2007	Balloted Property Related Fee
Solana Beach	Non-Balloted, Threatened by lawsuit, Balloted, Successful	\$ 21.84	2007	Non-Balloted & Balloted Property Related Fee
Woodland	Unsuccessful	\$ 60.00	2007	Balloted Property Related Fee
Del Mar	Successful	\$ 163.38	2008	Balloted Property Related Fee
Hawthorne	Unsuccessful	\$ 30.00	2008	Balloted Property Related Fee
Santa Cruz	Successful	\$ 28.00	2008	Balloted Property Related Fee
Burlingame	Successful	\$ 150.00	2009	Special Tax
Santa Clarita	Unsuccessful	\$ 21.00	2009	Balloted Property Related Fee
Stockton	Unsuccessful	\$ 34.56	2009	Balloted Property Related Fee
County of Contra Costa	Unsuccessful	\$ 22.00	2012	Balloted Property Related Fee
Santa Clara Valley Water District	Successful	\$ 56.00	2012	Balloted Property Related Fee
City of Berkeley	Successful	varies	2012	Special Tax
County of LA	Deferred	\$ 54.00	2012	Measure M - GO Bond
San Clemente	Successful	\$ 74.76	2013	NA
Vallejo San & Flood	Successful	\$ 23.00	2015	Balloted Property Related Fee
Culver City	Successful	\$ 99.00	2016	Balloted Property Related Fee
Palo Alto	Successful	\$ 163.80	2017	Special Tax
Town of Moraga	Unsuccessful	\$ 120.38	2018	Balloted Property Related Fee
City of Berkeley	Successful	\$ 42.89	2018	Reauthorization of 2005 Fee
County of Los Angeles	Unsuccessful	\$ 83.00	2018	Balloted Property Related Fee
Town of Los Altos	Successful	\$ 88.00	2019	Balloted Property Related Fee
City of Cupertino	Successful	\$ 44.42	2019	Special Tax
City of Alameda	Successful	\$ 78.00	2019	Balloted Property Related Fee
City of Del Mar	Studying	NA	NA	Balloted Property Related Fee
City of Davis	Studying	NA	NA	Balloted Property Related Fee
City of Hillsborough	Studying	NA	NA	Balloted Property Related Fee
City of Sacramento	Studying	NA	NA	Balloted Property Related Fee
City of Salinas	Studying	NA	NA	Balloted Property Related Fee
City of San Clemente	Studying	NA	NA	TBD
City of Santa Mateo	Studying	NA	NA	TBD
County of El Dorado	Studying	NA	NA	Balloted Property Related Fee
County of Orange	Studying	NA	NA	Balloted Property Related Fee
County of San Joaquin	Studying	NA	NA	Balloted Property Related Fee
County of San Mateo	Studying	NA	NA	TBD
County of Ventura	Studying	NA	NA	TBD
	Studying	NA	NA	NA
	Studying	NA	NA	NA
	Studying	NA	NA	Balloted Property Related Fee
	Studying	NA	NA	NA
	Studying	NA	NA	NA

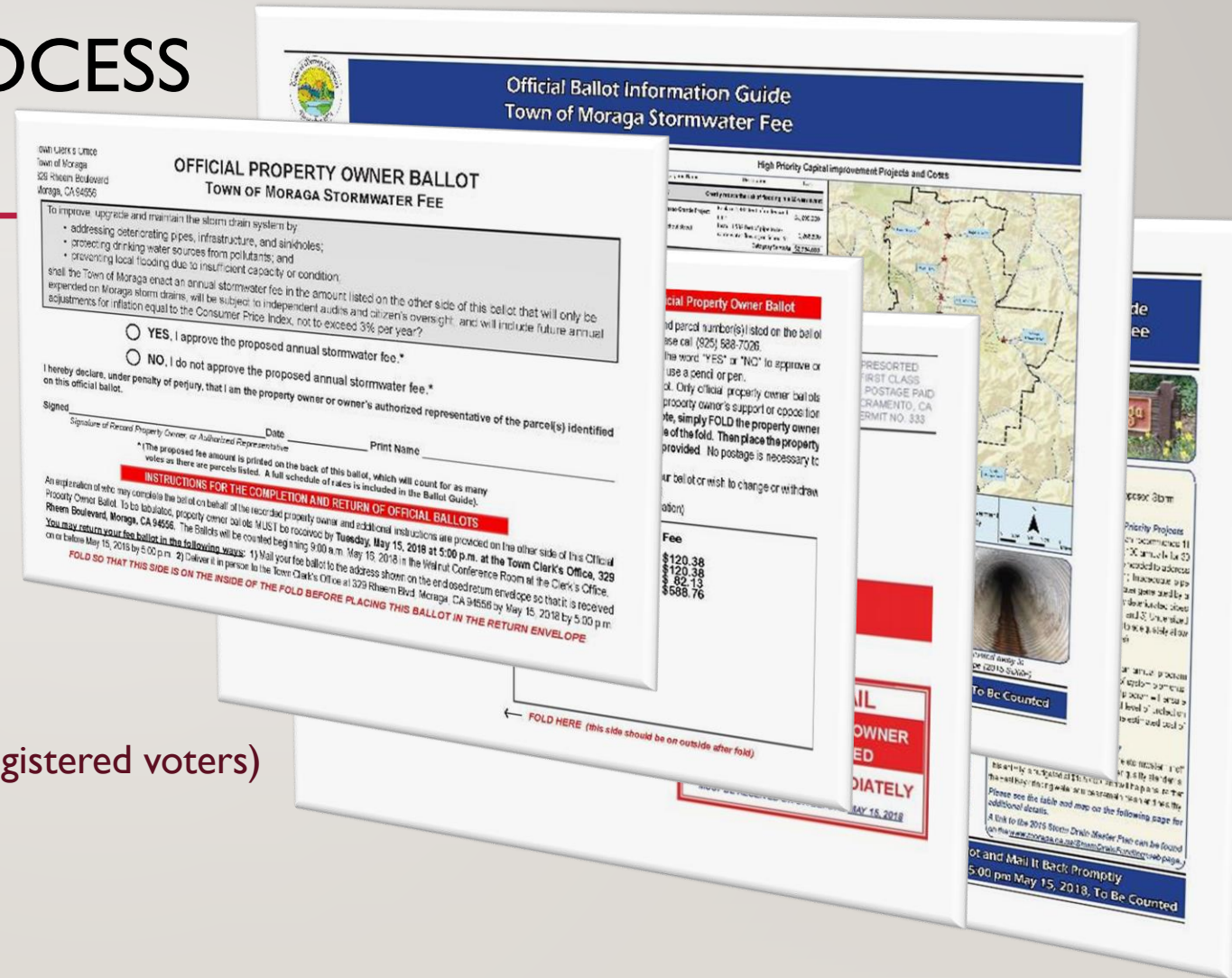
RATE DURATION

- Rates are limited to 5-year duration
 - For Water, Sewer or Garbage
 - Stormwater not included
- Gov Code §53739
 - Fees submitted for voter approval (stormwater)
 - No duration limit
- Trade Off – vote required, but no limit on duration (“*permanent*” fee structure)
- *All fees may include inflationary formulae if stated in Ordinance or Resolution*



PROPOSITION 218 PROCESS

- After Rates Are Determined
- Mail Notice of Hearing (45 days ahead)
- Conduct Hearing
 - Majority protest can stop process
- Mail Ballot Packet
- Count Votes
 - Votes cast by property owners (not registered voters)
 - One parcel = one vote
 - 50% majority is required for passage



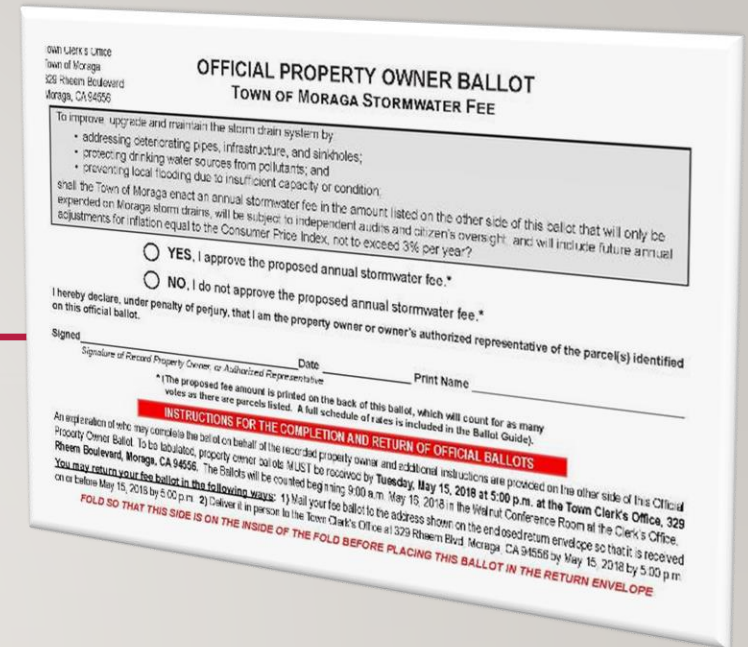
BALLOTING PROCESS

Not an Election

- Not tied election dates
- No impartial analysis
- No arguments pro/con
- Only mail ballots
- Registrar of Voters not involved
- One vote per parcel
 - *Not weighted*

Voter Universe – Property Owners

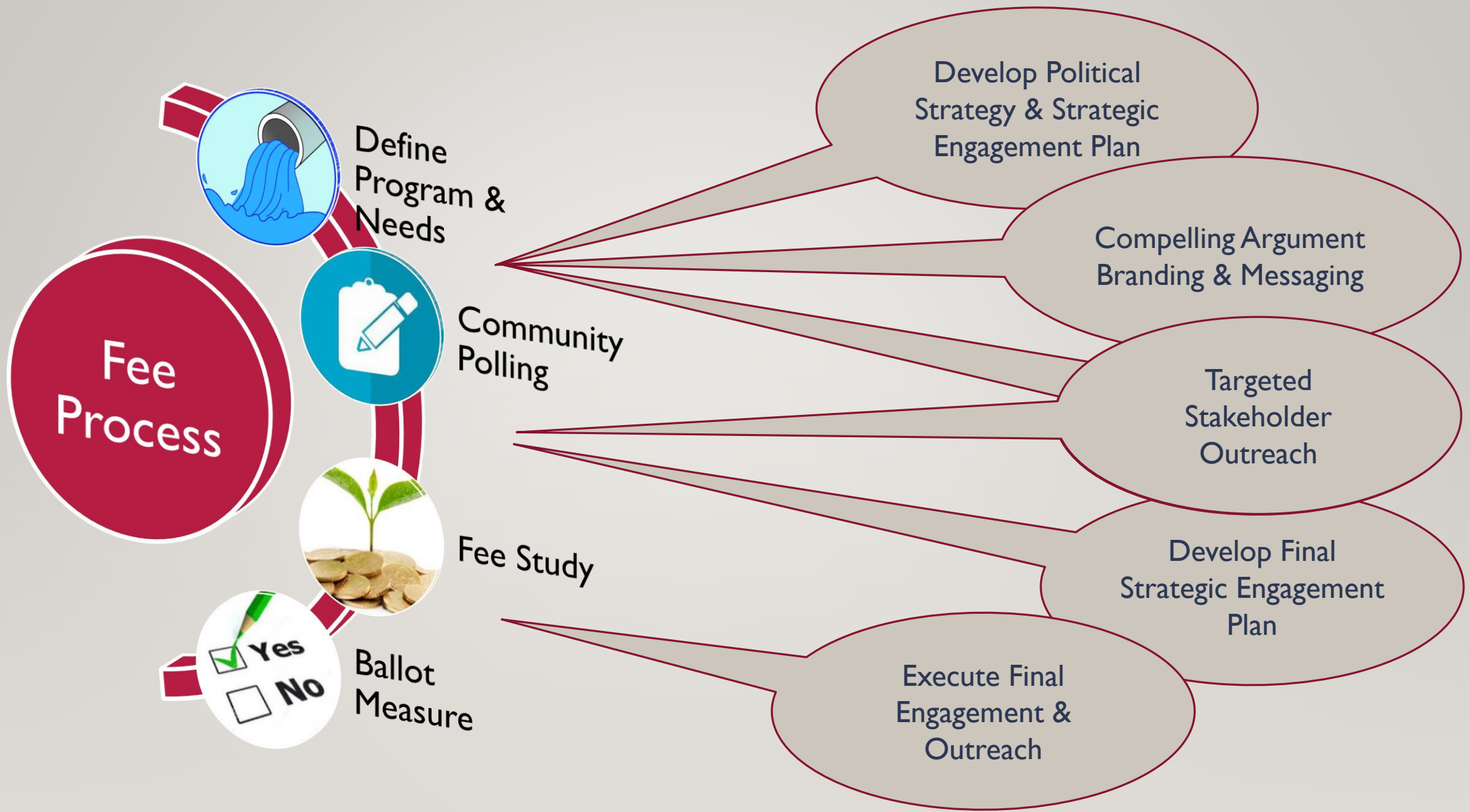
- Commercial
- Apartments & rentals
- Tax exempt properties (e.g., churches)
- Government agencies
 - *Including the City*
- Tenants have no vote
 - *Through the landlord..??*



POLITICS

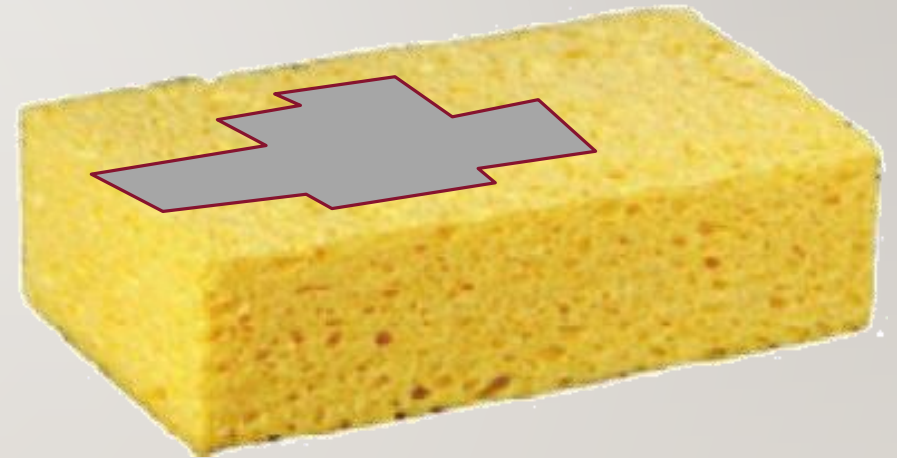
- A New Paradigm for Rate Setting
 - Not just for Engineers and Financial Consultants
 - Add: Political Consultants and Public Opinion Polling
- Community Engagement – Pro-Active (*not re-active*)
 - Stakeholder Engagement – early and often
 - Community Meetings
 - Media (*social and traditional*)





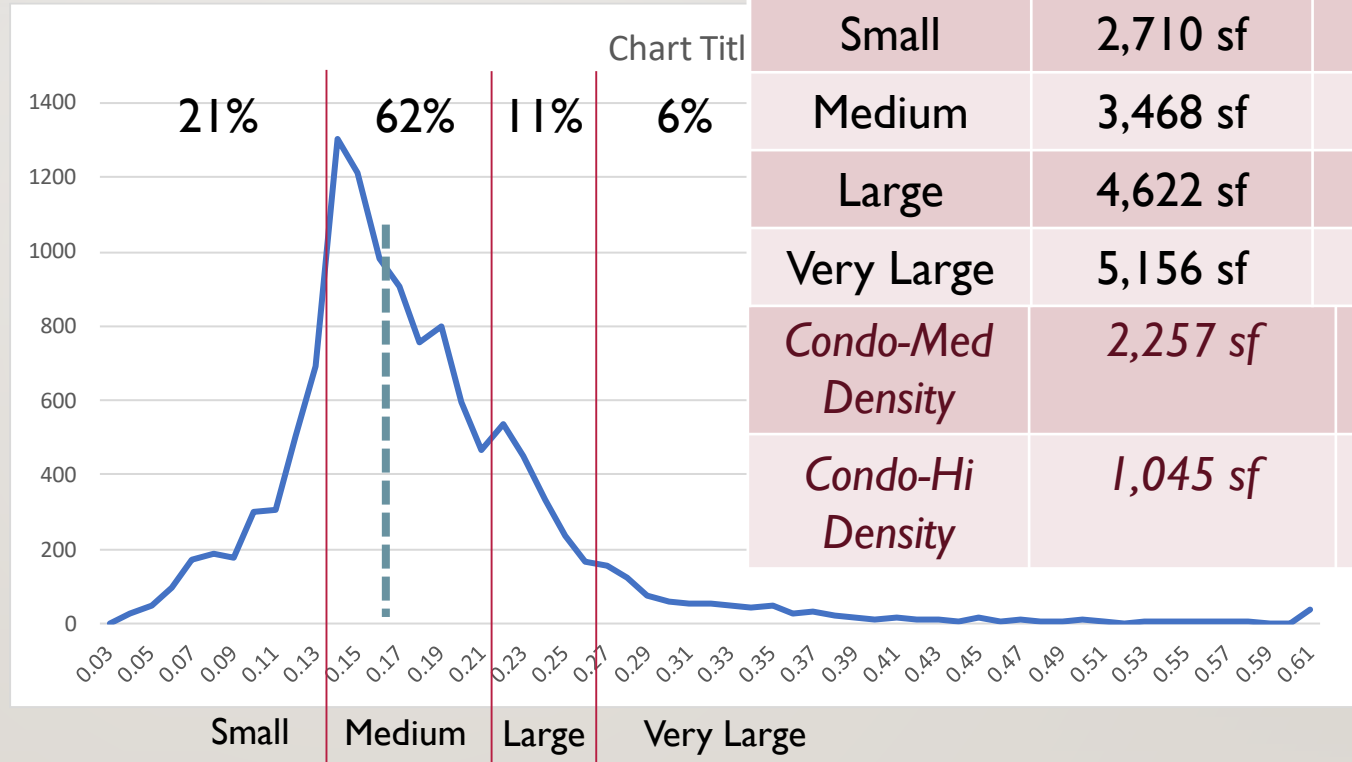
RATE STRUCTURE

- No measurable commodity
- Fair share of stormwater runoff
- Impervious Surface



RESIDENTIAL PARCELS – BELL CURVE

- Includes single, du- tri- & four-plex units (*12,290*)
- Sample approx. 2% (*243*)
 - Manually measure IA
- Create 3 or 4 size categories
 - %IA applied to median size
- Single Family Equivalent (SFE)
 - ***3,468 sf of impervious area***



Category	Imperv Area	SFE
Small	2,710 sf	0.78
Medium	3,468 sf	1.00
Large	4,622 sf	1.33
Very Large	5,156 sf	1.49
<i>Condo-Med Density</i>	<i>2,257 sf</i>	<i>0.65</i>
<i>Condo-Hi Density</i>	<i>1,045 sf</i>	<i>0.30</i>

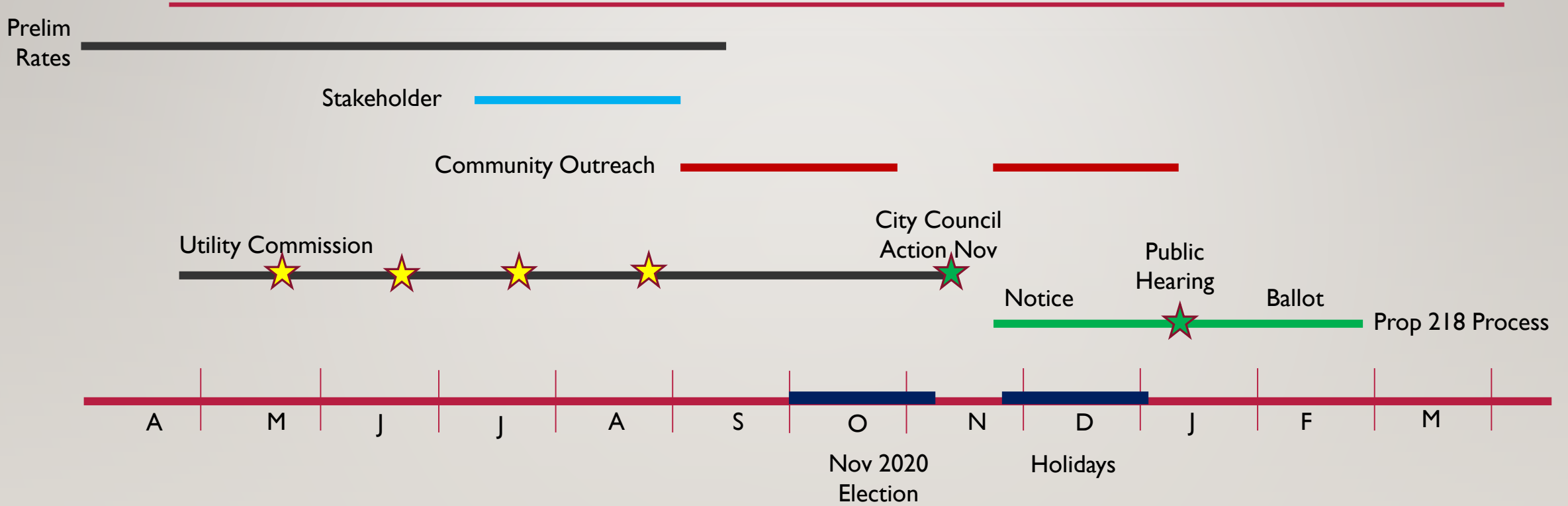
NON-RESIDENTIAL PARCELS

- Create categories
 - Land Use / Imperv Characteristics
- Sample parcels for IA (*and %IA*) in each group
- Size can vary, too
- Rates will be “per acre”

Category	% IA	SFE / ac
Apartment	63.3%	7.95
Commercial	83.8%	10.53
Office	69.1%	8.68
Institutional	59.7%	7.50
Instit w/ field	41.9%	5.26
Park / Vacant	5%	0.63

Open Space & Ag is not charged

NEXT STEPS & TENTATIVE TIMELINE



UPCOMING CHALLENGES

- Large Capital Needs
 - PayGo *or* Debt *or* blend
- Some Needs unquantified
 - Studies needed
- Additional Needs for NPDES Compliance
 - Adds ~20% onto baseline operating costs
- Political (as noted)
 - Especially in the age of COVID-19

