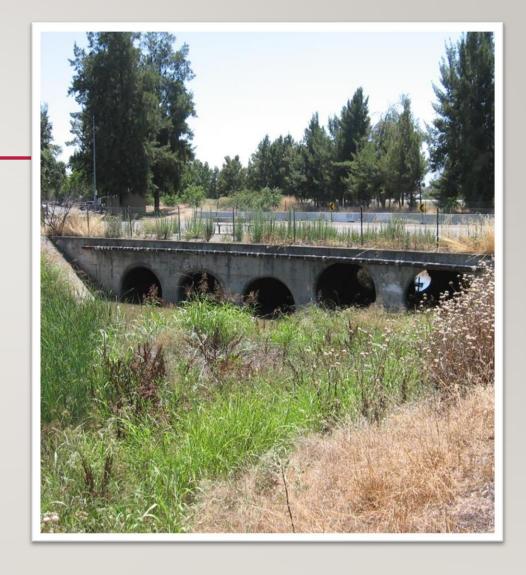


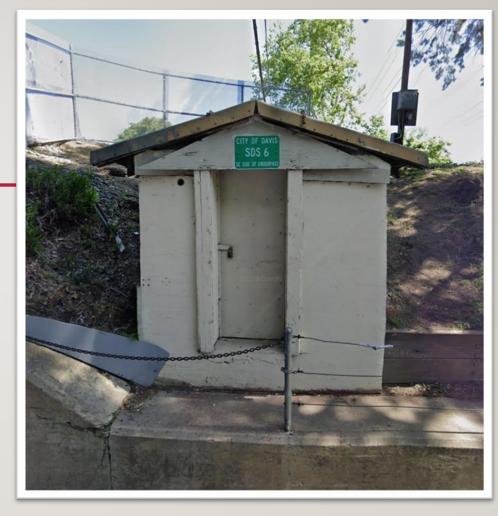
BACKGROUND

- 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



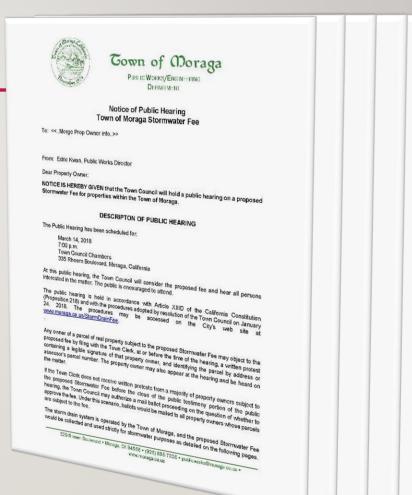
STORMWATER SYSTEM

- 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 XIIID 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		nnual	Year	Mechanism
			Rate	2002	Bullisted Beaucity Bullion of Francisco
an Clemente	Successful	\$	60.15	2002	Balloted Property Related Fee
armel	Unsuccessful	\$	38.00	2003	Balloted Property Related Fee
alo Alto	Unsuccessful	\$	57.00	2003	Balloted Property Related Fee
os Angeles	Successful	\$	28.00	2004	Special Tax - G. O. Bond
alo Alto	Successful	S	120.00	2005	Balloted Property Related Fee
tancho Palos Verde	Successful , then recalled and				banoted Property Related Fee
ancho raios veide	reduced	\$	200.00	2005, 2007	Balloted Property Related Fee
Encinitas	Unsuccessful	\$	60.00	2006	Non-Balloted Property Related Fe adopted in 2004, challenged, balloted and falled in 2006
Ross Valley	Successful, Overturned by Court of Appeals, Decertified by Supreme	5	125.00	2006	
Santa Monica	Court			2006	Balloted Property Related Fee
San Clemente	Successful	Ś	87.00	the same of	
	Successfully renewed	\$	The Part of the Local	2006	Special Tax
Solana Beach	Non-Balloted, Threatened	2	60.15	2007	Balloted Property
Woodland	lawsuit, Balloted, Successful	s	21.84	2000	Balloted Property Related Fee
Del Mar	Unsuccessful	10	- AMESIA	2007	Roll-Balloted & Balloted Property
Hawthorne	Successful	\$	60.00	2007	
Santa Cruz	Unsuccessful	\$	163.38	2008	Balloted Property Related Fee
Burlingame	Successful	\$	30,00		
Santa Clarita		5	28.00	2008	Balloted Property Related Fee
Stockton	Successful	\$	150.00	2008	Coperty Related Fee
Country	Successful	5		2009	
County of Contra Costa	Unsuccessful	\$	21.00	2009	Balloted Property Related Fee
Santa Clara Valley Water District	Unsuccessful	10000	34.56	2009	
	Successful	\$	22.00	2012	Balloted Property Related Fee
City of Berkeley		\$		2012	Balloted Property Related Fee
County of LA	Successful	9	56.00	2012	Perty Related Fee
San Clemente	Deferred	1	raries		Special Tax
Vallejo San & Flood	Successful	\$	54.00	2012	na rax
- Giver City	Successful	\$	74.76	2012	Measure M - GO Bond
Palo Alto	Successful	5		2013	NA NA
		\$	23.00	2015	Balloted Property Related Fee
Town of Moraga	Successful	-	99.00	2016	Balloted Property Related Fee
City of Berkeley	Unsuccessful	\$	163.80	THE PERSON NAMED IN	related r-
	ccessful	Division.	1000	2017	Balloted p.
Town of Los Altos	Successful	\$	120.38	-	Special Tax Balloted Property Related Fee Reauthorization of 2005 Fee Balloted Property Poly
	Successful	\$	42.89	2018	Balloted Property Related Fee
	Unsuccessful	\$	83.00	2018	Ball Property Relation
	Juccessful	\$	88.00	2018	valioted Property P.
City of Davis	Successful	\$	44.42	2019	
City of Hillsborough	Studying	\$	78.00	2019	
City of Sacramento	Studyin -		NA NA	2019	Balloted Property Related Fee Balloted Property Related Fee
City of Salinas	Studvin-		State of the last	NA	
City of San Clemente	Studyin-		NA	NA	Balloted Property Related
City of San Mateo	Studula	-	NA		Balloted Property Related Fee Balloted Property Related Fee
City of Santa Clara	Studvin-		NA	NA	TBDaced Fee
County of El Dorado	Studu:		NA	NA	Rall TRO
Course	Studiula	-	NA	NA	delioted proper
Course San Joan	Studius		NA	NA	Balloted Property Related Fee Balloted Property Related Fee Balloted Property Related Fee
County of San Joaquin	Studius		NA	NA	Balloted Property Related Fee TBD
of Ventura			NA	NA	roperty Related Fee
	Studying		NA	NA	TBD Tared Fee
Studying			NA	NA	TBD
	- udving		NA	NA	NA
			NA NA	NA NA	Ball. No
			-un	NA NA	oted Proposition
				NA	Balloted Property Related Fee
			The state of the s		NA Fee
				The state of the s	NA

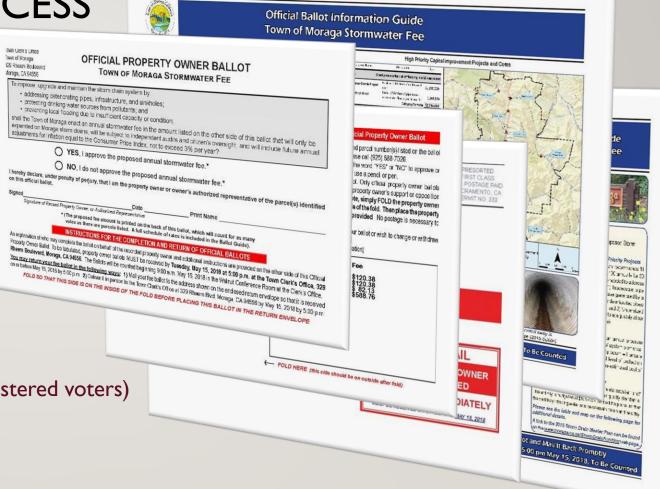
RATE DURATION

- 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

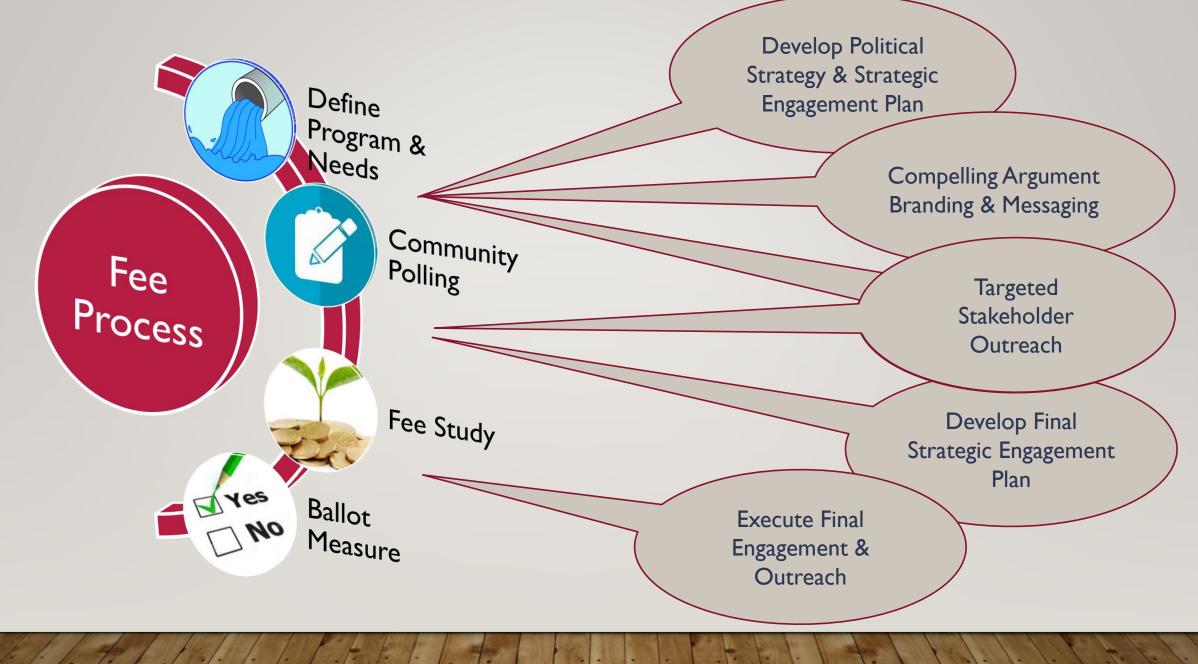
- Commercial
- Apartments & rentals
- Tax exempt properties (e.g., churches)
- Government agencies
 - Including the City
- Tenants have no vote
 - Through the landlord..??

lown of Moraga OFFICIAL PROPERTY OWNER BALLOT 329 Rheem Boulevan TOWN OF MORAGA STORMWATER FEE Moraga, CA 94556 To improve upgrade and maintain the storm drain system by · addressing deteriorating pipes, infrastructure, and sinkhole-· protecting drinking water sources from pollutants; and preventing local flooding due to insufficient capacity or condition. shall the Town of Moraga enaction annual stormwater fee in the amount listed on the other side of this ball of that will only be Also de construir manage de la second en los secondes de la tras en locales allectrativos de la seconde de la manage de la seconde del seconde de la seconde de la seconde de la seconde del seconde de la seconde de la seconde del seconde de la seconde del seconde de la seconde de la seconde de la seconde del seconde del seconde del seconde de la seconde de la seconde de la seconde de la seconde del YES, I approve the proposed annual stormwater fee. I hereby declare, under penalty of perjury, that I am the property owner or owner's authorized representative of the parcel(s) identified on this official hallow. The proposed te amount is printed on the back of this ballot, which will count for as many wies as there are purcels listed. A full schedule of rates is included in the Ballot Guide). disappreciation static may compass the particle beautiful property owner and expected instructions are procedured in the units state of the control property owner and expected in the procedure on the units state of the ULST be received by Tuesday, Bay 15, 2018 at 5:00 p.m. at the Town Clark's Office, 329 to the procedure of the Control procedur To an any month, we seem to consider the second or of the second or of the second of t About the ballot in the tellowing ways: 1) Mail you tell ballot be address shown on the endoscurerum enverage so that it is received (15, 2015 b) 500 pm. 2) Defere it in passes to the form Clarks Office all 329 Rheem Bird. Micropa. CA 94556 by May 15, 2018 by 500 pm.

POLITICS

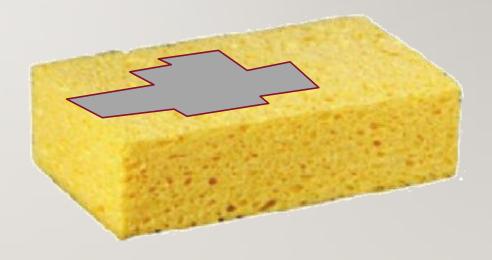
- A New Paradigm for Rate Setting
 - Not just for Engineers and Financial Consultants
 - Add: Political Consultants and Public Opinion Polling
- Community Engagement Pro-Active (not re-active)
 - Stakeholder Engagement early and often
 - Community Meetings
 - Media (social and traditional)





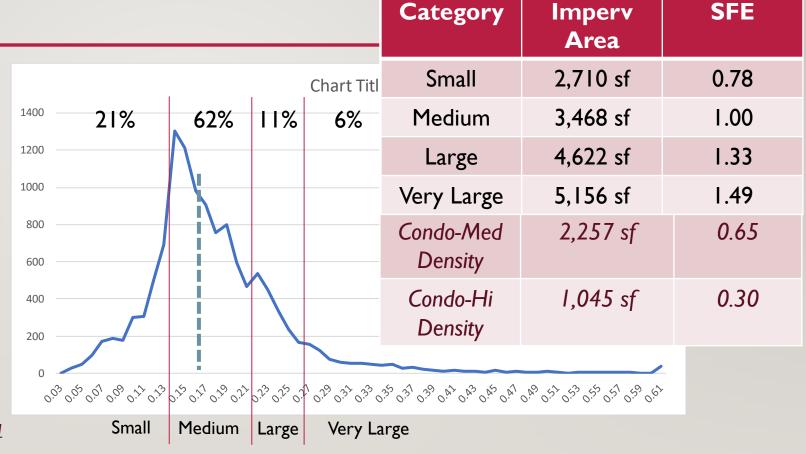
RATE STRUCTURE

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



RESIDENTIAL PARCELS – BELL CURVE

- Includes single, du- tri- & fourplex 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



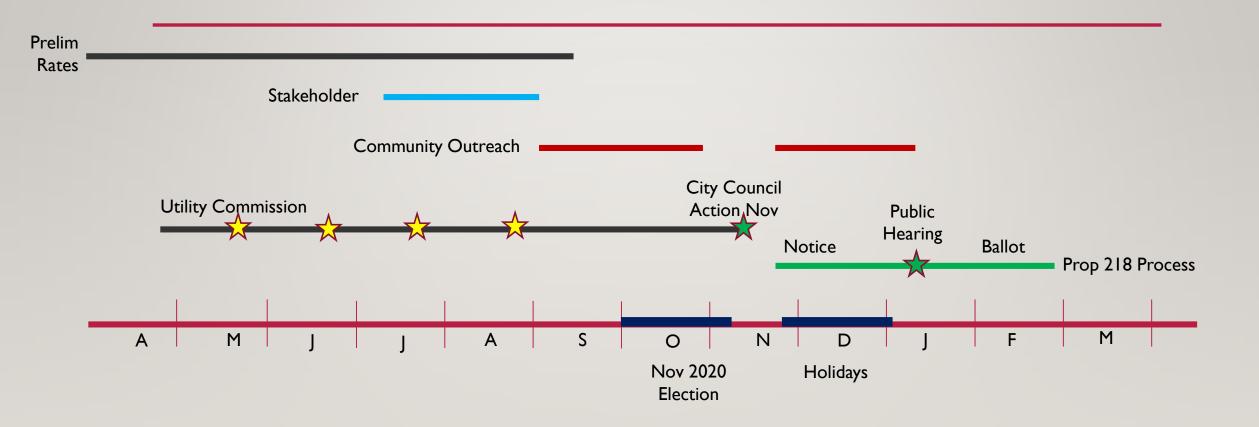
NON-RESIDENTIAL PARCELS

- 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	% I A	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

