



Agenda Report

18-070

Agenda Date: 6/12/2018

REPORT TO COUNCIL

SUBJECT

Public Hearing: Adoption of a Resolution Setting the Rates for the Storm Drain Environmental Compliance Fee

BACKGROUND

The City's stormwater discharges are regulated by the Municipal Regional Stormwater National Pollutant Discharge Elimination System Permit (MRP) issued by the California Regional Water Quality Control Board (RWQCB), San Francisco Bay Region. The MRP mandates the City to require building permit applicants to incorporate stormwater treatment measures into certain development projects, implement business and construction site inspection programs, maintain illegal discharge elimination protocols, conduct public education programs, conduct water quality monitoring, and reduce trash loads and other pollutants of concern from entering waterways.

The City Council established the Storm Drain Environmental Compliance Fee in 1994 to improve stormwater quality. The revenue generated from the fee supports the City's effort to comply with the MRP requirements. The requirements in the MRP continue to get more stringent and the cost to comply has escalated. It is necessary to increase the fee to generate sufficient revenue to fund the necessary programs to maintain compliance.

At the June 12, 2018 Council meeting, Council will open the public hearing and hear protests regarding the proposed rates. In addition, the Council meeting will be the last opportunity for City storm drain utility customers to return written protests against the proposed rates. At the close of the public hearing, the protests will be tabulated. If a majority of storm drain utility customers protest the proposed rates, Council will be unable to raise the storm drain rates. If there is not a majority protest of the rates, Council may increase the storm drain rates as specified in Table A of the Resolution (Attachment 1).

DISCUSSION

A summary of the proposed adjustments to the monthly Storm Drain Environmental Compliance Fee rates is included below.

| | <u>Current</u> <u>Rate</u> | <u>Proposed</u> <u>Rate</u> | <u>Difference</u> | <u>Percent</u> <u>Change</u> |
|----------------------------|-------------------------------|--------------------------------|-------------------|---------------------------------|
| Single-family Home | \$ 1.70 | \$ 1.96 | \$0.26 | + 15.3% |
| 20-unit Apartment Complex | \$17.04 | \$19.68 | \$2.64 | + 15.3% |
| 1-acre Commercial Property | \$23.30 | \$26.86 | \$3.53 | + 15.3% |

Single-family dwellings of up to four dwelling units are currently charged \$1.70/month per unit. Multi-family dwellings with five or more dwelling units are charged \$1.70/month per unit for the first four

units, plus \$0.64/month for each additional unit. Commercial, industrial, and other non-residential properties are charged \$23.30/month/acre with a minimum monthly charge of \$1.70.

The revenues generated by the storm drain rates are needed to fund the operating and capital improvement project expenses for the City's Urban Runoff Pollution Prevention Program (URPPP). Rate increases are necessary to fully fund FY 2018/19 URPPP operating expenditures, which include participation in the Santa Clara Valley Urban Run-off Program, staffing to comply with MRP requirements, annual permit fees to the RWQCB, and contractual services funds to maintain full trash capture devices.

Staff is proposing to increase the single-family dwelling rate to \$1.96/month per unit. The multi-family dwelling rates will be \$1.96/month for the first four dwelling units, plus \$0.74 per month for each additional dwelling unit.

The commercial, industrial and other non-residential property rate will be \$26.86/month/acre with a minimum monthly charge of \$1.96/month. The notices that were mailed to customers stated that the proposed rate for commercial, industrial and other non-residential properties would be \$26.93/month/acre, which is greater than \$26.86/month/acre.

The URPPP can achieve full cost recovery if the proposed storm drain rates are approved. Revenues generated by the proposed storm drain rates will not be spent on storm drain system maintenance and infrastructure improvements that are not regulated by the MRP. For FY 2018/19, \$3.4 million is budgeted in the General Fund for storm drain maintenance and infrastructure improvements.

FISCAL IMPACT

If approved, the proposed storm drain rates will generate approximately \$1,447,000 of revenue in FY 2018/19 which will be offset by the cost to administer the program.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or as a reasonably foreseeable indirect physical change in the environment.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

A notice, as required by Article XIII D of the California Constitution, was mailed to all 25,733 customers on April 26, 2018 describing proposed increases to the monthly storm drain rates. The

notice was sent out more than 45 days prior to the Public Hearing to give customers the opportunity to submit written protests against the proposed rates.

ALTERNATIVES

1. Adopt a Resolution setting the rates for the Storm Drain Environmental Compliance Fee, effective for the utility bills issued on and after July 1, 2018.
2. Do not adopt a Resolution to increase the proposed rates for the Storm Drain Environmental Compliance Fee and subsidize FY 2018/19 expenditures with funds from the General Fund.

RECOMMENDATION

1. Adopt a Resolution setting the rates for the Storm Drain Environmental Compliance Fee, effective for the utility bills issued on and after July 1, 2018.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Resolution