



Storm Drain Oversight Committee

MEMORANDUM

Date: March 7, 2007

To: Honorable City Council

From: Members of the Storm Drain Oversight Committee
John Melton, Chair

Subject: Review of FY 2005-06 Storm Drainage Fund Expenditures

As directed by the City Council, we have reviewed the Storm Drainage Fund's expenditures for fiscal year 2005-06. Specifically, we have reviewed the expenditure of the revenue generated by the increased Storm Drainage Fee and compared it with the provisions of the Storm Drainage Fee increase approved by Palo Alto property owners in 2005. Based on this review, we find that the Storm Drainage Fund's use of the increased revenue is compatible with the approved ballot measure (including \$139,027 which was used for storm drain operational expenses previously covered by the General Fund subsidy).

The Committee met on January 17 and March 7, 2007 to review the FY 2005-06 Storm Drainage Fund expenditures. During its meetings, the Committee reviewed the following materials presented by staff:

1. Summary of Use of Storm Drainage Fee Increase for FY 2005-06
2. "Description of Proposed Storm Drainage Fee Increase," included with the official notices mailed to each property owner prior to the March 7, 2005 public hearing on the proposed fee increase.
3. "Resolution No. 8483," adopted by the City Council on December 6, 2004 and included with the storm drain ballots mailed to each property owner prior to the April 26, 2005 Storm Drainage Fee increase ballot proceeding.
4. Budget vs. Actual FY 2005-06 Storm Drainage Fund budget (including revenues, expenditures, and staff positions).
5. FY 2005-06 Year-End Storm Drainage Fund Capital Improvement Program Projects Status Report
6. FY 2005-06 Comprehensive Annual Financial Report for Storm Drainage Fund (including revenue, expenses, and reserves)
7. FY 2004-05 Comprehensive Annual Financial Report for Storm Drainage Fund (including revenue, expenses, and reserves) [*For use in comparison to FY 05-06*]
8. Matrix comparing approved Storm Drainage Fee increase ballot measure with 2005-06 Storm Drainage Fund expenditures.
9. Highlights of 2005-06 Storm Drainage Year-End Report.

The financial information was prepared and verified by Public Works and Administrative Services Department staff, using existing documentation whenever possible. In addition, the Comprehensive Annual Financial Reports were reviewed and approved by the City's external auditor. Based upon our review of these materials, we find that the attached document labeled "Summary of Use of Storm Drainage Fee Increase for FY 2005-06" accurately summarizes the use of the revenue generated by the increased Storm Drainage Fee for FY 2005-06 and that the expenditures are compatible with the provisions of the Storm Drainage Fee increase ballot measure approved by Palo Alto property owners in 2005 (see above).

Summary of Use of Storm Drainage Fee Increase for FY 2005-06

Line Item	Revenue		Expenditures			Total Use of Funds
	Revenue	Expended	Committed by Contract	Remaining Appropriation		
Fee Increase Revenue						
SD Fee Increase	\$2,804,418					
General Fund Advance of SD Fee Increase	\$440,113					
Capital Improvements and Program Enhancements						
A. One-time SD CIP Projects						
San Francisco Creek Pump Station		\$95,632	\$452,876	\$351,492	\$900,000	
Channing/Lincoln Storm Drain		\$0	\$0	\$0	\$0	
Southgate Neighborhood Storm Drains		\$0	\$0	\$0	\$0	
Gallen/Bibbits SD Improvements		\$5,825	\$2,000	\$665,658	\$673,483	
Clara Drive SD Improvements		\$0	\$0	\$180,000	\$180,000	
Matadero Creek Pump Station & Trunks		\$0	\$0	\$0	\$0	
Alma Street SD Improvements		\$0	\$0	\$0	\$0	
B. Enhanced Maintenance						
SD Replacement/Rehabilitation CIP		\$109,578	\$77,533	\$525,064	\$712,175	
Augmented SD Maintenance		\$53,437	\$1,264	\$0	\$54,701	
C. Innovative SD Projects						
		\$0	\$0	\$50,000	\$50,000	
D. Augmented Storm Water Quality						
		\$61,170	\$2,975	\$0	\$64,145	
E. New CIP Engineer						
		\$81,000	\$0	\$0	\$81,000	
SUBTOTALS	\$3,244,531	\$406,642	\$536,648	\$1,772,214	\$2,715,504	
To Storm Drainage Fund Reserves					\$390,000	
Other storm drain expenses previously covered by General Fund subsidy					\$139,027	
TOTALS	\$3,244,531				\$3,244,531	