TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS
DATE: NOVEMBER 8, 2004 CMR:464:04
SUBJECT: RESULTS OF OUTREACH FOR STORM DRAIN ELECTION

RECOMMENDATION
Staff recommends that Council direct staff to return on December 6, 2004 to secure Council authorization for a property owner election in February/March 2005 for approval of an increase in the monthly Storm Drainage Fee to $10.00 per Equivalent Residential Unit (ERU) to fund the proposed enhanced storm drain program.

BACKGROUND
The City’s storm drain capital improvement, maintenance and water quality protection programs are funded through the Storm Drainage Fund, an enterprise fund established by Council in 1989. Revenue is generated by a Storm Drainage Fee, which is collected through monthly City utility bills. The fee, $4.25 per month for a single-family residential parcel, has not been increased since 1994 and is insufficient to cover the program’s operating costs. The Storm Drainage Fee is a property-related fee subject to the provisions of Proposition 218. A majority of property owners must approve a fee increase. For the current year, the General Fund is providing $800,000 in supplemental funding to maintain a baseline level of service for storm drain maintenance and storm water quality protection. There is no funding provided for storm drain capital improvements, despite a backlog of capital needs.

At the September 13, 2004 Council meeting, staff presented and endorsed a plan of action recommended by the City Manager appointed Blue Ribbon Storm Drain Committee (CMR:393:04). The plan includes a set of high-priority capital improvements totaling $17 million, $500 thousand per year for storm drain system repairs, additional funding for storm drain maintenance, and annual funding for innovative projects to reduce storm water runoff. The plan would be funded via an increase in the Storm Drainage Fee to $10.00 per month for average-sized single-family residential parcels, with provision for annual fee adjustments and a fee “sunset” after a period of 12 years. Staff and the Storm Drain Committee recommended that the City conduct a property owner election to approve the proposed fee increase in February/March 2005.
Council was generally supportive of the storm drain funding plan jointly recommended by staff and the Storm Drain Committee. In addition to endorsing the recommended program elements, Council was interested in gauging the level of public support for increasing the fee by an additional $1 per month to fund curb and gutter repairs and/or an additional $1 per month to establish a reserve fund to pay for future storm drain equipment and infrastructure replacement needs. Council directed staff to solicit public input on these additional storm drain expenditures, including the use of web-based survey techniques, and to report back with the findings.

**DISCUSSION**

Staff undertook three distinct efforts to solicit public input on the recommended storm drain funding plan and the potential program additions identified by Council. Staff and Storm Drain Committee chair Larry Klein attended the Midtown Residents Association’s Ice Cream and Issues Social on Sunday, October 3 in order to facilitate some one-on-one discussions with local residents. Staff also posted a message to the e-mail groups for the Crescent Park Neighborhood Association and the Midtown Residents Association containing basic information on the proposed storm drain funding plan and invited group participants to submit their comments and preferences electronically. Lastly, staff scheduled a presentation regarding storm drain funding to the Palo Alto Chamber of Commerce’s Government Action Committee on November 4. Staff will summarize the feedback received from members of this forum at the November 8 Council meeting.

Staff manned an information table at the Midtown event from 1:00 to 4:00 pm at Hoover Park. The table was stocked with information, maps, and photos describing the current state of the City’s storm drain system, its deficiencies and needs, and the various alternative program elements and funding levels under consideration. Attachment A is the fact sheet/project map that was distributed to the event attendees. Staff, supported by Larry Klein and Council Member Morton, engaged residents in conversation regarding storm drains in the neighborhood, answered their questions, and solicited their input on the proposed funding options. Participants were invited to endorse a particular alternative by signing their name to one of four statements (see Attachment B). Staff spoke to about 20 neighbors during the course of the afternoon. Seven people were willing to state their opinion. Three neighbors felt that the proposed fee increase was nominal and minimized the difference between $10 and $12 per month -- they believe that the drainage improvements are needed and supported the $12 option. A couple of people expressed concerns about rising costs and advocated the $10 proposal (they both mentioned the financial impact of the upcoming School District parcel tax as a reason to limit the Storm Drainage Fee). Two residents were opposed to the fee altogether and argued that the City should find the money to make the storm drain improvements without imposing higher fees on residents.

In order to obtain additional input from residents, staff worked with representatives of the Crescent Park and Midtown neighborhood associations to send information about storm
drain funding to the members of their e-mail groups. The e-mail message contained basic information about the need for additional storm drain system improvements and requested feedback on the funding plan endorsed by the Storm Drain Committee as well as the options identified by Council for higher fees to fund additional program elements. Attachment C is a copy of the e-mail message that was distributed to the two e-mail groups. Recipients of the e-mail were asked to submit responses directly to staff. The 15 responses to the e-mail posting are included as Attachment D to this report. The variety of responses was similar to the spectrum of opinions that staff heard during the live discussions at the Midtown event. There was one response each favoring the $10 and the $11 per month options. Eight respondents advocated the $12 per month alternative, citing the need to improve the City’s storm drain system and a willingness to pay for it. Five persons dismissed all of the proposed options as unacceptable, disputed the concept of a separate storm drain enterprise fund, and requested that the City fund the needed storm drain improvements through the General Fund.

Staff’s efforts to solicit public input were limited due to time and financial constraints. There was insufficient opportunity to provide the detailed information needed to educate people on the complex technical and financial issues concerning the storm drain system and funding alternatives. Absent such a public education effort, staff does not believe that it is appropriate to use the responses to change its recommendation for storm drain funding. Polling experts note that public opinion can be substantially modified through effective dissemination of information and education of the electorate. The abbreviated nature of the recent outreach effort did not allow staff to impart adequate information to those being polled. Staff intends to perform such informational outreach during the months prior to the election. Furthermore, the independent campaign committee that is expected to form in support of the storm drain ballot measure will have the opportunity to conduct public outreach during its campaign. Feedback received from the recent outreach efforts will be useful in helping to identify some key issues and community concerns that need to be addressed through public outreach efforts. Staff believes, however, that the input received to-date is not sufficient to justify modifying the recommendation presented at the September 13 Council meeting.

TIMELINE
In order to conduct the protest hearing and mail ballot process during the 2004-05 rainy season, Council must authorize the process and adopt a resolution establishing implementation procedures on December 6, 2004.

ENVIRONMENTAL REVIEW
Consideration of financing options for storm drainage program operational enhancements and capital improvements does not require additional California Environmental Quality Act (CEQA) review. Individual storm drain infrastructure improvement projects will be subject to additional environmental review as they are developed.
ATTACHMENTS
Attachment A: Summary of proposed storm drain improvements
Attachment B: List of alternative standard poll responses
Attachment C: E-mail message sent to Crescent Park and Midtown neighborhood association e-mail groups
Attachment D: E-mail responses received from e-mail group members

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