



ITEM NUMBER 9

CITY OF PALO ALTO OFFICE OF THE CITY CLERK

The Honorable City Council
Palo Alto, California

April 17, 2017

Adoption of a Resolution of the Council of the City of Palo Alto Declaring the Results of the Mail Ballot Election in Connection with the City's proposed Storm water management fee

Recommended Motion

Staff recommends that Council adopt the attached Resolution declaring and certifying the results of the Storm Water Management Fee mail ballot election.

Recommendation

Staff is requesting that Council declare and certify the results of the Storm Water Management Fee mail ballot election which was held on Tuesday, April 11, 2017.

Background

The Palo Alto City Council established the Storm Drainage Fund and an associated Storm Drainage Fee in 1989 as an independent means to fund municipal storm drain capital improvements, maintenance, and storm water quality protection programs. The fee was last authorized in a 2005 property owner election, and most of the current fee will sunset in June 2017.

On August 29, 2016, Council adopted Resolution No. 9624 proposing a new Storm Water Management Fee to replace the City's existing Storm Drainage Fee, and approving the City's procedures to conduct a Protest Hearing and Mail Ballot Election in connection with the proposed Storm Water Management Fee (the Procedures).

On October 24, 2016, after a protest hearing at which it was determined that a majority protest against the proposed Fee did not exist, the City Council adopted Resolution No. 9635 (the Election Resolution), calling a mail ballot election for Tuesday, April 11, 2017 to submit the proposed Fee to property owners, directing that the election be conducted pursuant to the Procedures, and directing staff to conduct the election.

The election was conducted as directed by the City Council, and the City Clerk has tabulated the ballots cast in the Election.

The results of the Election are as follows:

- a. Total Ballots Returned and Not Withdrawn: 8257.
- b. Votes In Favor: 5161.
- c. Votes Opposed: 2931.

Environmental Review

Council's adoption of a resolution declaring the results of a mail ballot election is categorically exempt from California Environmental Quality Act review under CEQA Guidelines Section 15061(b)(3), because these actions do not have the potential for causing a significant effect on the environment. The Council's review and adoption of a funding mechanism for storm water management projects is not a project under CEQA Guidelines Section 15378(b)(4), because a "project" does not include the creation of government funding mechanisms which do not involve commitment to any specific project which may result in a potentially significant environmental impact. Thus, no environmental analysis is required at this time. Future CEQA review will occur based on the selection of storm drain capital improvement projects that may be funded by the proposed storm water management fees.

ATTACHMENTS:

- Attachment A: RESO Palo Alto Storms Election Results Pass (DOCX)

Department Head: Beth Minor, City Clerk

Resolution No. _____

Resolution of the Council of the City of Palo Alto Declaring the Results
of the Mail Ballot Election in Connection with the City's Proposed Storm Water
Management Fee

RECITALS

A. On August 29, 2016, by its adoption of its Resolution No. 9624, the City Council (i) proposed a new Storm Water Management Fee (the "Proposed Fee") to replace the City's existing Storm Drainage Fee and (ii) approved the City's "Procedures for the Conduct of Protest Hearing and Mail Ballot Election in Connection with Proposed Storm Water Management Fee" (the "Procedures") to govern proceedings for the consideration of the Proposed Fee.

B. A complete description of the Proposed Fee is attached hereto as Exhibit "A", which is attached hereto and incorporated herein by reference.

C. On October 24, 2016, following a properly noticed protest hearing at which it was determined that a majority protest against the Proposed Fee did not exist, the City Council adopted its Resolution No. 9635 (the "Election Resolution").

D. The Election Resolution (i) called a mail ballot election for Tuesday, April 11, 2017 (the "Election") to submit the Proposed Fee to property owners; (ii) directed that the Election be conducted pursuant to the Procedures; and (iii) directed staff to conduct the Election.

E. The Election was conducted as directed by the City Council, and the City Clerk has tabulated the ballots cast in the Election.

F. The City Council desires to declare the results of the Election.

NOW, THEREFORE, the City Council does hereby resolve as follows:

SECTION 1. The City Council declares and certifies that the results of the Election are as follows:

- a. Total Ballots Returned and Not Withdrawn: 8,257.
- b. Votes In Favor: 5,161.
- c. Votes Opposed: 2,931.

SECTION 2. The City Council declares that the Proposed Fee has been approved by the property owners in the Election.

SECTION 3. The City Council may, by future action, levy the Proposed Fee at any rate that does not exceed the rate set forth in Exhibit "A" as adjusted by the inflation adjustment set forth in Exhibit "A".

SECTION 4. The Council finds that this resolution, declaring the results of a mail ballot election is categorically exempt from California Environmental Quality Act review under CEQA Guidelines Section 15061(b)(3), because these actions do not have the potential for causing a significant effect on the environment. The Council's review and adoption of a funding mechanism for storm water management projects is not a project under CEQA Guidelines Section 15378(b)(4), because a "project" does not include the creation of government funding mechanisms which do not involve commitment to any specific project which may result in a potentially significant environmental impact. Thus, no environmental analysis is required at this time. Future CEQA review will occur based on the selection of storm drain capital improvement projects that may be funded by the proposed storm water management fees.

INTRODUCED AND PASSED: _____, 2017

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Public Works

Director of Administrative Services

EXHIBIT "A"
DESCRIPTION OF THE PROPOSED STORM WATER MANAGEMENT FEE

A. Overview

The proposed Storm Water Management Fee would have two components:

- A Base Component
- A Projects and Infrastructure Component

B. Proposed Rates (Effective June 1, 2017)

The Proposed Rate for the Storm Water Management Fee effective June 1, 2017 is:

\$13.65 per ERU (Equivalent Residential Unit) per month.

This is comprised of:

- Base Component of \$7.48 per ERU per month; and
- Projects and Infrastructure Component of \$6.17 per ERU per month

C. Inflation Adjustment

In order to offset the effects of inflation on labor and material costs, the maximum rate for the Storm Water Management Fee (and each component of the Storm Water Management Fee) will be increased annually each July 1 (beginning July 1, 2018), by the lesser of (i) the percentage change in the Consumer Price Index [CPI] for the San Francisco-Oakland-San Jose CSMA, published by the United States Department of Labor, Bureau of Labor Statistics during the prior calendar year or (ii) 6%.

The City Council would have the authority to set the rate for the Storm Water Management Fee (and each component of the Storm Water Management Fee) at any rate that is less than or equal to the inflation adjusted maximum rate.

D. Duration

- 1) Base Component

The Base Component would be charged monthly, beginning June 1, 2017, until terminated by the City Council.

2) Projects and Infrastructure Component

The Projects and Infrastructure Component would be charged monthly, beginning June 1, 2017. Unless further extended by the voters, the Projects and Infrastructure Component would no longer be charged beginning June 1, 2032.

E. Method of Collection and Calculated

The Storm Water Management Fee would be collected and calculated in the manner set forth in City of Palo Alto Utilities Rule and Regulation No. 25, subject to the exemptions set forth in this Section E.

As a general rule, ERU's are assigned to each parcel subject to the fee on the following basis:

Single-Family Residential Parcels:

<u>Lot Size</u>	<u>ERU's</u>
<6,000 sq. ft.	0.8 ERU
6,000 - 11,000 sq. ft.	1.0 ERU
>11,000 sq. ft.	1.4 ERU

All Other Improved Parcels:

$$\text{Number of ERU} = \text{Impervious Area (Sq. Ft.)} / 2,500$$

Assigned ERU's are rounded to the nearest one-tenth of an ERU.

Unimproved parcels are not subject to the Storm Water Management Fee, and the fee will not be charged for developed parcels that (i) have their own maintained storm drainage facility or facilities, and which do not utilize City facilities or (ii) make no substantial contribution of storm or surface water to the City's storm drainage facilities.

For a more complete description of the manner of collection and calculation of the Storm Water Management Fee, reference is made City of Palo Alto Utilities Rule and Regulation No. 25.

F. Use of Funds

Proceeds of the Storm Water Management Fee would be available to the City exclusively to pay for:

- (A) Improving the quality of storm and surface water;
- (B) The operation, maintenance, improvement and replacement of existing City storm drainage facilities; and
- (C) The operation, maintenance, and replacement of future such facilities.

Permissible uses would include, but not be limited to, Green Storm Water Infrastructure programs (including financial incentives to property owners) intended to reduce the quantity of storm water entering the City's public storm water system or to improve the quality of storm water before it enters that system through measures including, but not limited to, rain gardens, rain barrels/cisterns, green roofs, tree wells, bioretention/infiltration basins and planters, and permeable pavement.

G. Oversight provision for proposed fee increase

The City Council would appoint an oversight committee to monitor and review expenditures for all storm water funding elements, including, but not limited to, Green Storm Water Infrastructure projects, storm water Capital Improvement Program projects, and Incentive Project funding and ensure that the money raised from the increased storm water management fee is spent in accordance with this resolution. The Committee would be empowered to consider and recommend consolidation of Green Storm Water Infrastructure and Incentive Project funding for particular projects. The City Council may choose to retain the members of the existing Council-appointed Storm Drain Oversight Committee to perform this oversight function. The oversight committee would report its findings to the City Council at least annually.

H. Pay-as-you-go funding of capital improvements

The storm drain capital improvements to be funded through the proposed Storm Water Management Fee would be paid for on a pay-as-you-go basis, without debt financing.