FLOOD CONTROL AND STORMWATER FUNDING IN CA
Can a civil engineer and a financial engineer get along?
What are we discussing?

**Agenda for today:**

- Funding opportunities - Ten step plan
- Success stories Culver City and Palo Alto
- Lessons learned for all
- The engineer’s role
- What is the future?
Why are we here today to discuss $$?$$

Local Government Revenue
Dropped Immediately After Proposition 13

Local Government Annual Property Tax Revenue (In Billions, 2014-15 Dollars)

Proposition 13 Approved (1978)
What are your flood and stormwater priorities?

Environment?

Infrastructure?

Maint. & services?

Lunch???
The fundamental process

1. Develop Priorities

2. Choose Funding sources and tool(s)
Priorities and policies

1. Priorities

Community needs and desires, fully vetted...and plans!
Choosing funding and financing tools

1. Priorities

2. Funding sources and tools
Capital vs. services

One-time capital investment

Ongoing services

Options
10 step plan

1. Water/Sewer/Trash Utilities
2. Development Impact Fees
3. Regulatory Fees
4. Property-related Fee
10 step plan | continued

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Utility rates and property-related fees

- Utility rates for water, sewer, trash
- Other “property-related fees”
Stormdrain and Flood Control Fees?

Still need analysis and approval process

- Environment/pollution control
- “Water supply”
### CFDs and parcel taxes

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| • Reasonable metrics  
• Achieves local goals and policies | • Voter approved, still 2/3 required  
• CFD landowner vote(s) | • Schools and libraries  
• New development  
• Open space acquisition and maintenance |
Special assessments

**ARE BENEFIT-BASED**
- General benefit
- Rigor of assessment engineering
- Still viable...

**APPROVAL MECHANISM**
- Property-owner
- Protest ballot
- 50% + protest?

**SAMPLE PROJECTS**
- Infrastructure, new and replacement
- Ongoing maintenance
- PBIDs/CBDs
Property-related fee (*not* water, sewer, trash)

**ANALYTICAL RIGOR**
- Voluntary nature?
- Analytical analysis

**APPROVAL MECHANISM**
- “Property-based fees” balloted

**SAMPLES**
- Palo Alto Storm drain fee
- CSA fee
City of Culver City

- Parcel tax for stormwater/NPDES
- Creek restoration/environmental perspective
- Voter approved tax
City of Palo Alto

Creation of a Storm Drainage Enterprise Fund:

• 1993 Storm Drain Condition Assessment and Master Plan

• Property-related fee set at $3.25 per month for single family residential properties

• $60 million in capital needs identified over 30 years

• Debt financing would be covered by a series of fee increases

Schaaf & Wheeler
CONSULTING CIVIL ENGINEERS
City of Palo Alto

Creation of a Storm Drainage Enterprise Fund:

- Council approved a fee increase to $4.25 per month in 1994
- Proposition 218 passed in 1996
- 1998 over 1,000 properties were damaged in a major flood
- In 2000 mailed ballots to 20,000 property owners asking for approval to increase fee to $9 per month with CPI for a $48 million capital plan over 30 years
- Received 53 percent response rate – results NO 63 percent!
City of Palo Alto

What now?

• Created 15 member Blue Ribbon SD Committee
• Developed a community based proposal $17 million over 12 years with a sunset fee proposal and annual CPI cap on fee
• In 2005 Mailed 20,000 ballots asking for fee to be $10 per month - this time YES 58%!
City of Palo Alto

What now?

- Completed all projects identified in $17 million plan, but more work was needed and funding for ongoing operations was not keeping up with inflation and labor costs – CPI not enough
- In 2017 asked for permanent fee increase to cover ongoing operations ($7.48 per month) and sunset fee for capital needs ($6.17 per month) over 15 years – ballot results YES 64%
- The new $13.65 per month also included the building of a small reserve and coverage of prior bond debt
Lessons learned

Palo Alto:

• Creation of independent Blue Ribbon Storm Drainage Committee
• Cap on annual increases (CPI) and creating small reserve
• Brought together leaders for business, neighborhoods and environmental interest, which led to campaigning for ballot and endorsements
• Focused presentations to Council, community, media and created clear, informative ballot materials
• Volunteers raised $20,000 for the campaign and called property owners to inform of upcoming ballot
How can engineers help the process?

- Work with finance team early in the process
- Include alternatives analyses
- Define development impacts
- Cost estimates and assumptions need to be very clear
- Schedules need to be realistic and collaborative
- It’s an iterative process, be prepared to adjust
- Can you Grant your way out of it?
Legislation and updates

- SB 231
- GSA relationships?
- Recent updates?
- Stay tuned in!
What’s the future for funding?

• Is Prop 218 going away?
• What SBs are coming up?
• Recent fees/votes results
  • Berkeley ~61%
  • Moraga ~49%
  • Marin County - Novato ~33%
Recommended resources

• League Municipal Revenue Handbook and 218 Implementation Guide
  [cacities.org/resources/publications]
• NBS’ SFD Primer, Rate/Fee Compendium, Stormwater: A Ten Step Plan
  [nbsgov.com/publications]
• CSDA Proposition 218 Implementation Guide
  [members.csda.net/iMIS1/CSDA2/store]
• NRDC Issue Brief: Making it rain: Effective stormwater fees...
  [nrdc.org]
• Recent TV News clip on stormwater:
  [https://www.youtube.com/watch?v=KHNzdvDTmaw]
Questions and Comments

Contacts:
• Tim Seufert, NBS
• Dan Schaaf, Schaaf & Wheeler

tseufert@nbsgov.com
dschaaf@swsv.com