



Public Works Department
Engineering Division

MEMORANDUM

Date: February 27, 2007

To: Storm Drain Oversight Committee

From: Joe Teresi (x2129)
Senior Engineer

Subject: Submittal of the Storm Drainage Fund year-end report for FY 2006-07

Attached please find documents to assist the Committee with its assigned task of comparing the Storm Drainage Fund FY 2006-07 Year-End Report with the 2005 Storm Drainage Fee increase ballot measure approved by Palo Alto property owners. Staff believes that the materials are presented in a manner which demonstrates that the FY 2006-07 Storm Drainage Fund expenditures are compatible with the approved ballot measure.

The following materials are provided for your review:

1. "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.
2. "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.
3. Summary of Use of Storm Drainage Fee Increase for FY 2006-07
4. FY 2006-07 Year-End Storm Drainage Fund Capital Improvement Program Projects Status Report
5. FY 2006-07 Comprehensive Annual Financial Report for Storm Drainage Fund (including revenue, expenses, and reserves)
6. FY 2005-06 Comprehensive Annual Financial Report for Storm Drainage Fund (including revenue, expenses, and reserves) [*For use in comparison to FY 06-07*]
7. Matrix comparing approved Storm Drainage Fee increase ballot measure with 2006-07 Storm Drainage Fund expenditures.
8. Highlights of 2006-07 Storm Drainage Year-End Report.

If you have any questions or need further information regarding the attached information, please contact me at (650) 329-2129.

DESCRIPTION OF PROPOSED STORM DRAINAGE FEE INCREASE

Reason for the Proposed Fee Increase. The storm drainage fee was established by the City Council in 1989 as a means to fund storm drain capital improvements, maintenance, and storm water quality protection programs. Although several key storm drain projects have been implemented, significant additional drainage improvements are needed throughout the City. The fee was last increased in 1994. Revenues under the current fee structure are inadequate to fund current operations, which has necessitated a subsidy from the General Fund for the past several years. The proposed increased fee would pay for the following items:

A. Seven proposed storm drain capital improvement projects

A detailed description and map of the proposed capital improvement projects are provided below.

B. Proposed funding for enhanced maintenance of the City's storm drain system

1. \$500,000 budgeted annually (subject to annual adjustment for inflation) to replace and/or rehabilitate deteriorated components of the City's storm drain system, including pipelines, catch basins, and manholes.
2. \$90,000 budgeted annually (subject to annual adjustment for inflation) to fund additional storm drain maintenance resources, including staff and/or contract services, to perform services including, but not limited to, storm drain cleaning, minor storm drain repairs, and/or video inspection of storm drain pipelines.

C. Funding of innovative projects

\$125,000 budgeted annually (subject to annual adjustment for inflation) for innovative projects to reduce the amount of storm water runoff and environmental pollutants that enter storm drains and creeks.

D. Funding of storm water quality protection activities

\$100,000 budgeted annually (subject to annual adjustment for inflation) to pay for existing services related to storm water quality protection currently funded through the Wastewater Treatment Fund.

E. Funding of additional engineering staff

\$115,000 budgeted annually (subject to annual adjustment for inflation) for an additional staff engineer to assist with implementation of the recommended storm drain capital improvements.

PROPOSED STORM DRAIN CAPITAL IMPROVEMENT PROJECTS

**1. Construct pump station at 96" storm drain outfall to San Francisquito Creek
(estimated cost = \$4.5 million)**

A 1250-acre area in the northeastern portion of the City drains through a single 96" outfall pipe into San Francisquito Creek downstream of Highway 101. High creek levels prevent this pipe from draining freely, causing storm runoff to back up and pond in streets and gutters. Street flooding frequently occurs on streets throughout the Green Gables, Crescent Park, and Walnut Grove neighborhoods.

Installation of a pump station at the 96" outfall is the initial step in improving drainage in this watershed. The pump station will alleviate chronic street flooding by allowing the streets to be drained regardless of the creek level. This work will be carefully coordinated with the Santa Clara Valley Water District and the San Francisquito Creek Joint Powers Authority in order to avoid any negative flooding impacts on San Francisquito Creek.

2. Install new storm drain pipelines to increase drainage capacity on Channing and Lincoln Avenues (from Channing/Heather to Lincoln/Alma) (estimated cost = \$4.6 million)

The existing Channing Avenue box culvert between Heather Lane and Newell Road is at a higher elevation than the tributary storm drains that feed into it at Newell Road and from De Soto and Walter Hays Drives. This hydraulically inefficient condition causes

the upstream pipes to back up and water to pond onto the street surface at multiple locations upstream of the Newell Road/Channing Avenue intersection. Drainage in the Professorville neighborhood is extremely poor due to undersized storm drain pipelines.

Installation of new storm drains along Channing and Lincoln Avenues will provide needed drainage capacity. The Green Gables, Walnut Grove, Community Center, and Professorville neighborhoods will benefit from this proposed project.

3. Install Southgate neighborhood storm drain system (estimated cost = \$2.0 million)

The Southgate neighborhood drains to a single storm drain inlet at the corner of Mariposa and Sequoia Avenues. There are no underground storm drain pipelines to serve the neighborhood, and there are many sections of uneven curb and gutter that pond water during rain events.

The recommended infrastructure improvements include the construction of additional storm drain inlets, new pipelines, and curb and gutter repairs to eliminate street flooding in the Southgate neighborhood.

4. Extend Gailen Avenue/Bibbits Drive storm drain outfall to the Adobe Storm Water Pump Station (estimated cost = \$650 thousand)

A 280-acre watershed in the Charleston Terrace, Greenhouse, and Greenmeadow neighborhoods is served by a 36" storm drain that flows by gravity into Adobe Creek behind Bibbits Drive. Once the water level in Adobe Creek rises, the pipeline cannot drain by gravity. Subsequently, water begins ponding on Bibbits Drive and Gailen Avenue, and causes back-ups upstream in the drainage system.

The recommended infrastructure improvements involve the construction of 1,800 feet of 36" storm drain to connect the existing gravity outfall to the Adobe Pump Station. Connection of this watershed's drainage system to the pump station will allow the streets to be drained regardless of the creek level.

5. Connect the Clara Drive storm drains to the Matadero Storm Water Pump Station (estimated cost = \$900 thousand)

Clara Drive currently drains to Matadero Creek by gravity. Street flooding occurs during even moderate storm events, with the extent of the ponding increasing with the creek level.

Connection to the pump station will allow Clara Drive to drain regardless of the creek level.

6. Construct improvements to the Matadero Storm Water Pump Station and install new storm drain pipelines to increase drainage capacity leading to the Matadero Storm Water Pump station (estimated cost = \$3.0 million)

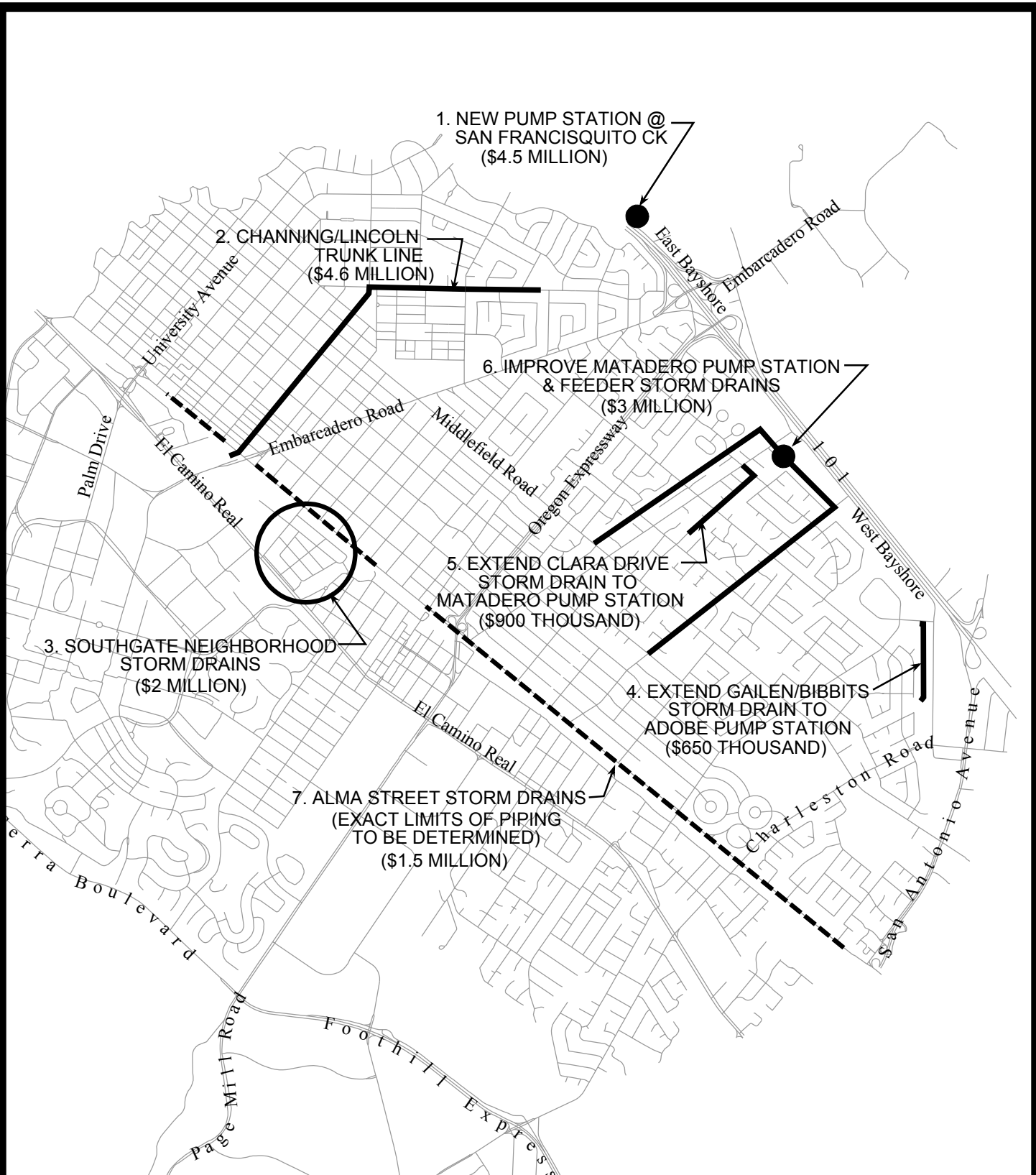
A 1200-acre area of southeastern Palo Alto drains to Matadero Creek via the Matadero Storm Water Pump Station. Much of the land in this watershed, particularly the eastern portion near Highway 101, is lower than the creek water level during storm events. Without the pump station, this area would be unable to drain until the creek recedes, several hours after the rainfall stops. Problems in this watershed, which encompasses the Midtown and Palo Verde neighborhoods, include the capacity of the pump station and the storm drain pipelines leading to it.

The recommended infrastructure improvements include upgrades to the Matadero Pump Station and the construction of new storm drains feeding the pump station. Storm drains along Loma Verde Avenue, the former Seale-Wooster Canal right-of-way north of Colorado Avenue, and the former Sterling Canal right-of-way east of Maddux Drive and Kenneth Drive are undersized and need to be replaced with larger pipelines or supplemented with parallel pipelines.

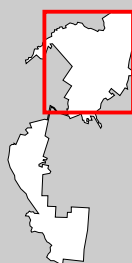
7. Install storm drainage improvements along southbound Alma Street (estimated cost = \$1.5 million)

There are several locations along southbound Alma Street that do not have adequate storm drain capacity. Due to nonexistent or undersized storm drains, excess storm runoff ponds along the roadway edge, causing dangerous road conditions for motorists.

The recommended infrastructure improvements include the construction of numerous new catch basins along the southbound side of Alma Street and installation of approximately 4,400 linear feet of new storm drain pipelines to properly drain this heavily traveled roadway.



The City of Palo Alto



Proposed Storm Drain Capital Improvements

This map is a product of the City of Palo Alto GIS



RESOLUTION NO. 8483

RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO ADOPTING THE AMOUNT OF THE PROPOSED STORM DRAINAGE FEE INCREASE, DESCRIBING THE STORM DRAIN CAPITAL IMPROVEMENTS AND PROGRAM ENHANCEMENTS ON WHICH THE PROPOSED FEE WILL BE SPENT IF APPROVED, AND ADOPTING A SCHEDULE FOR THE PROTEST HEARING AND MAIL BALLOT PROCEEDING ON THE PROPOSED FEE INCREASE

[Approved By Palo Alto City Council on December 6, 2004]

EXHIBIT “A”
Description Of Amount Of The Proposed Storm Drainage Fee Increase

A. Summary of current storm drainage fee system

The City’s current storm drainage billing system is based on Equivalent Residential Units (“ERU”), which are generally determined by the square footage of impervious surface area on a property. One ERU equals 2500 square feet of impervious surface area on a property, and the current fee for one ERU is four dollars and twenty-five cents (\$4.25). The ERU calculation was based on a sampling of single-family and duplex properties in the City, in which the typical impervious surface area was 2500 square feet. Thus, all single-family and duplex residential properties in the City are presumed to have one ERU of impervious surface area and are currently charged \$4.25 per month for that ERU, regardless of the actual impervious surface area of their property. Commercial, industrial, institutional, government, and multi-family residential properties are charged for their actual amounts of impervious surface area, at a rate of one ERU per 2500 square feet of impervious area.

B. Proposed storm drainage fee increase

1. *New residential rate structure and increased fee*

The proposal to increase storm drainage fees involves two components. First, the charge per ERU would be raised from four dollars and twenty-five cents (\$4.25) to ten dollars (\$10). Second, the impervious surface area would no longer be presumed to be one ERU for all single-family and duplex properties. Instead, those properties would be placed into one of three ERU tiers based on the size of the property. Commercial, industrial, institutional, government, and multi-family residential properties would continue to be charged based on actual impervious surface area, but at the increased rate of \$10 per ERU.

The following tables describe the changed rate structure and proposed fee increase:

RESIDENTIAL RATES (Single-Family & Duplex)		
PARCEL SIZE (sq.ft.)	ERU	PROPOSED RATE
< 6,000 sq.ft.	.8 ERU	\$8.00
6,000-11,000 sq.ft.	1 ERU	\$10.00
> 11,000 sq.ft.	1.4 ERU	\$14.00

COMMERCIAL RATES (Commercial, industrial, multifamily res.)
\$10.00 per 2,500 square feet of impervious surface area (ERU), rounded to the nearest 0.1 ERU.

2. *Annual inflation adjustments to proposed fee increase*

In order to offset the effects of inflation on labor and material costs, the proposed fee increase would be subject to annual increases beyond the initial \$10.00 per ERU rate as of July 1 of each year, starting in 2006. Inflation adjustments would be based on the lesser of the local rate of inflation (based on the 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) or 6 percent. The City Council would have the authority and discretion to implement inflation adjustments on an annual basis as part of the City budget process.

3. *Twelve year sunset provision for proposed fee increase*

The proposed storm drainage fee increase would sunset twelve (12) years from the date the fee increase is implemented, as the storm drain capital improvements to be funded by the increase would be completed by that time.

4. *Oversight provision for proposed fee increase*

The City Council would appoint an oversight committee to monitor and review the proposed storm drain capital improvements and insure that the money raised from the increased Storm Drainage Fee is spent in accordance with this resolution. The oversight committee would report its findings to the City Council at least annually.

5. *Applicability of the Rate Assistance Program*

The City's existing Rate Assistance Program, which provides a 20% discount to qualified low-income utility customers, would apply to the Storm Drainage Fee.

6. *Pay-as-you-go funding of capital improvements*

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

7. *Up-front payment of Storm Drainage Fees by City of Palo Alto*

In order to accelerate the construction of the proposed storm drain capital improvements, the City of Palo Alto would pre-pay in advance the Storm Drainage Fees attributable to City-owned properties for a period of twelve years, upon approval of the increased Storm Drainage Fee.

EXHIBIT "B"

List Of Storm Drain Capital Improvements And Program Enhancements To Be Completed With Funding From The Proposed Fee Increase

A. Seven proposed storm drain capital improvement projects

1. Construct pump station at 96" storm drain outfall to San Francisquito Creek (estimated cost = \$4.5 million)
2. Install new storm drain pipelines to increase drainage capacity on Channing and Lincoln Avenues (from Channing/Heather to Lincoln/Alma) (estimated cost = \$4.6 million)
3. Install Southgate neighborhood storm drain system (estimated cost = \$2.0 million)
4. Extend Gailen Avenue/Bibbits Drive storm drain outfall to the Adobe Storm Water Pump Station (estimated cost = \$650 thousand)
5. Connect the Clara Drive storm drains to the Matadero Storm Water Pump Station (estimated cost = \$900 thousand)
6. Construct improvements to the Matadero Storm Water Pump Station and install new storm drain pipelines to increase drainage capacity leading to the Matadero Storm Water Pump station (estimated cost = \$3.0 million)
7. Install storm drainage improvements along southbound Alma Street (estimated cost = \$1.5 million)

A map of the proposed projects is included in this exhibit.

B. Proposed funding for enhanced maintenance of the City's storm drain system

1. \$500,000 budgeted annually (subject to annual adjustment for inflation) to replace and/or rehabilitate deteriorated components of the City's storm drain system, including pipelines, catch basins, and manholes.
2. \$90,000 budgeted annually (subject to annual adjustment for inflation) to fund additional storm drain maintenance resources, including staff and/or contract services, to perform services including, but not limited to, storm drain cleaning, minor storm drain repairs, video inspection of storm drain pipelines, and/or curb and gutter repairs.

C. Funding of innovative projects

1. \$125,000 budgeted annually (subject to annual adjustment for inflation) for innovative projects to reduce the amount of storm water runoff and environmental pollutants that enter storm drains and creeks.

D. Funding of storm water quality protection activities

1. \$100,000 budgeted annually (subject to annual adjustment for inflation) to pay for existing services related to storm water quality protection currently funded through the Wastewater Treatment Fund.

E. Funding of additional engineering staff

1. \$115,000 budgeted annually (subject to annual adjustment for inflation) for an additional staff engineer to assist with implementation of the recommended storm drain capital improvements.

Summary of Use of Storm Drainage Fee Increase for FY 2006-07						
Line Item	Revenue		Expenditures			
	Storm Drainage Fees	Carryover	Expended	Committed by Contract	Remaining Appropriation	Total Use of Funds
Fee Increase Revenue						
SD Fee Increase	\$2,880,943					
General Fund Advance of SD Fee Increase	\$688,277					
Capital Improvements and Program Enhancements						
A. One-time SD CIP Projects						
San Francisquito Creek Pump Station		\$804,368	\$396,708	\$81,720	\$325,940	\$804,368
Channing/Lincoln Storm Drain		\$0	\$0	\$0	\$0	\$0
Southgate Neighborhood Storm Drains		\$0	\$0	\$0	\$0	\$0
Gailen/Bibbits SD Improvements		\$667,658	\$761,940	\$67,462	\$38,256	\$867,658
Clara Drive SD Improvements		\$180,000	\$471	\$0	\$914,529	\$915,000
Matadero Creek Pump Station & Trunks		\$0	\$0	\$0	\$0	\$0
Alma Street SD Improvements		\$0	\$0	\$0	\$0	\$0
B. Enhanced Maintenance						
SD Replacement/Rehabilitation CIP		\$602,597	\$140,084	\$9,092	\$763,422	\$912,598
Augmented SD Maintenance			\$0	\$0	\$0	\$0
C. Innovative SD Projects		\$50,000	\$0	\$0	\$253,000	\$253,000
D. Augmented Storm Water Quality			\$78,714	\$20,000	\$0	\$98,714
E. New CIP Engineer			\$76,000	\$0	\$0	\$76,000
SUBTOTALS	\$3,569,220	\$2,304,623	\$1,453,917	\$178,274	\$2,295,147	\$3,927,338
To Storm Drainage Fund Reserves						\$1,466,000
Other storm drain expenses previously covered by General Fund subsidy						\$480,505
TOTALS		\$5,873,843				\$5,873,843

FY 06-07 YEAR-END CAPITAL IMPROVEMENT PROGRAM PROJECTS STATUS
 ENTERPRISE
 STORM DRAINAGE FUND

PUBLIC WORKS DEPARTMENT

Attachment A

Project Number	Project Title	Project Category	Total Budget From Inception	Available Budget FY 2006-07	Current Fiscal Year Expenditures	Current Labor Adjustment	Current Fiscal Year Contingencies	Current Fiscal Year Commitments	Remaining Balance	Percent Complete	Project Status	Estimated Comp. Date	Comments
MINOR PROJECTS													
SD-06103	Extend Gailen/Bibbits Storm Drain Outfall to the Adobe Pump Station	Minor	\$902,538	\$901,288	\$761,940	\$33,630	\$0	\$67,462	\$38,256	96%	Complete		
MULTI-YEAR PROJECTS													
SD-06102	San Francisquito Creek Storm Water Pump Station	Multi-Year	\$927,720	\$851,250	\$396,708	\$46,882	\$0	\$81,720	\$325,940	65%	Design	Oct 08	Design complete and in bidding process. Construction to commence Fall 2007.
SD-06104	Connect Clara Drive Storm Drains to Matadero Pump Station	Multi-Year	\$920,187	\$920,187	\$471	\$5,187	\$0	\$0	\$914,529	1%	Pre-Design		On hold.

City of Palo Alto - Proprietary Funds
Statements of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2007
(In thousands of dollars)

	Business-type Activities - Enterprise Funds	
	Storm	Drainage
OPERATING REVENUES		
Sales of utilities:		
Customers	\$4,863	
City departments	299	
Surplus energy		
Wastewater treatment		
Service connection charges and miscellaneous		
Charges for services		
Other operating revenues	19	
Total Operating Revenues	5,181	
OPERATING EXPENSES		
Purchase of utilities:		
Retail		
Surplus energy		
Administration and general	167	
Engineering (operating)	354	
Resource management and energy efficiency programs	227	
Operations and maintenance	715	
Rent		
Depreciation and amortization	524	
Claims payments and changes in estimated self-insurance liability		
Compensated absences and other benefits		
Total Operating Expenses	1,987	
Operating Income	3,194	
NONOPERATING REVENUES (EXPENSES)		
Return on investment	165	
Interest (expense)	(605)	
Joint venture debt service (Note 15)		
Gain (loss) on disposal of fixed assets		
Capacity fees		
Other		
Net Nonoperating Revenues (Expenses)	(440)	
Income (Loss) Before Transfers and Special Item	2,754	
Transfers in (Note 4)		
Transfers (out) (Note 4)	(11)	
Change in Net Assets	2,743	
Total net assets at beginning of year	8,589	
Total net assets at end of year	\$11,332	

Some amounts reported for *Business-type Activities* in the Statement of Net Assets are different because certain Internal Service Fund assets and liabilities are included with Business-type Activities

Change in Net Assets of Business-type Activities

See accompanying notes to financial statements

Summary of Fund Reserves

Notes to Basic Financial Statements - Note 10

Designated for future catastrophic losses is the portion of net assets to be used for unforeseen future losses.

Designated for retiree health care represents the portion of net assets set aside to defer future costs of retiree health care coverage.

Designated for interfund advances/payables represents the portion of net assets set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Enterprise Funds

At June 30, 2007, Enterprise Fund net assets (in thousands):

	Water	Electric	Gas	Wastewater Collection	Wastewater Treatment	Refuse	Storm Drainage	External Services	Total
Unrestricted									
Rate stabilization									
Supply		\$60,594	\$6,668						\$67,262
Distribution		7,787	1,738						9,525
Operations	\$16,276	2,730		\$5,803	(\$12,596)	\$4,414	\$2,186		18,813
	16,276	71,111	8,406	5,803	(12,596)	4,414	2,186		95,600
Emergency plant replacement	1,354	2,625	1,010	666	2,583				8,238
Calaveras		71,810							71,810
Reappropriations	1,672	4,535	6,555	4,176	2,421	60	2,137		21,556
Commitments	1,995	4,387	960	1,791	21,400	824	158	\$5	31,520
Restricted bond proceeds					9				9
Underground loan		698							698
Refuse Water									
Resources Board						590			590
Public benefit program		1,377							1,377
Central Valley Project		(116)							(116)
Other/Unexpended debt portion	15	(3)	18	1	26	(1)	1		57
External Service - Information Technology								4	4
	<u>\$21,312</u>	<u>\$156,424</u>	<u>\$16,949</u>	<u>\$12,437</u>	<u>\$13,843</u>	<u>\$5,887</u>	<u>\$4,482</u>	<u>\$9</u>	<u>\$231,343</u>
Restricted for Debt Service	<u>\$780</u>		<u>\$952</u>						<u>\$1,732</u>

The City Council has committed unreserved net assets for general contingencies, future capital and debt service expenditures including operating and capital contingencies for unusual or emergency expenditures.

Basic Financial Statements

City of Palo Alto - Proprietary Funds
Statements of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2006
(In thousands of dollars)

	Business-type Activities - Enterprise Funds
	Storm Drainage
OPERATING REVENUES	
Sales of utilities:	
Customers	\$4,827
City departments	283
Wholesale	
Surplus energy	
Wastewater treatment	
Service connection charges and miscellaneous	
Charges for services	
Other operating revenues	64
Total Operating Revenues	<u>5,174</u>
OPERATING EXPENSES	
Purchase of utilities	
Retail	
Surplus energy	
Administration and general	376
Engineering (operating)	340
Resource management and energy efficiency programs	164
Operations and maintenance	676
Rent	
Depreciation and amortization	534
Claims payments and changes in estimated self-insurance liability	
Compensated absences and other benefits	
Total Operating Expenses	<u>2,090</u>
Operating Income	<u>3,084</u>
NONOPERATING REVENUES (EXPENSES)	
Return on investment	34
Interest (expense)	(623)
Joint venture debt service (Note 15)	
Gain (loss) on disposal of fixed assets	(13)
Capacity fees	
Other	
Net Nonoperating Revenues (Expenses)	<u>(602)</u>
Income (Loss) Before Transfers and Special Item	2,482
Transfers in (Note 4)	534
Transfers (out) (Note 4)	<u>(116)</u>
Change in Net Assets	2,900
Total net assets at beginning of year	<u>5,689</u>
Total net assets at end of year	<u>\$8,589</u>

Some amounts reported for *Business-type Activities* in the Statement of Net Assets are different because certain Internal Service Fund assets and liabilities are included with Business-type Activities

Change in Net Assets of Business-type Activities

See accompanying notes to financial statements

Summary of Fund Reserves

Designated for **future catastrophic losses** is the portion of net assets to be used for unforeseen future losses.

Designated for **retiree health care** represents the portion of net assets set aside to defer future costs of retiree health care coverage.

Designated for **interfund advances/payables** represents the portion of net assets set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Enterprise Funds

At June 30, 2006, Enterprise Fund net assets reservations included (in thousands):

	Water	Electric	Gas	Wastewater Collection	Wastewater Treatment	Refuse	Storm Drainage	External Services	Total
Rate stabilization									
Supply		\$64,542	\$2,801						\$67,343
Distribution	\$4,143	12,281	3,868						20,292
Operations				\$4,293	(\$4,597)	\$3,099	\$720		3,515
	4,143	76,823	6,669	4,293	(4,597)	3,099	720		91,150
Emergency plant replacement	1,279	2,567	972	629	2,195				7,642
Calaveras		73,163							73,163
Reappropriations	10,463	5,687	3,928	2,518	13,378	150	1,772		37,896
Commitments	2,581	3,641	692	7,069	2,598	848	608		18,037
Restricted bond proceeds					21				21
Underground loan		693							693
Refuse Water									
Resources Board						590			590
Public benefit program		1,384							1,384
Central Valley Project		(2,692)							(2,692)
Debt Service	780		952						1,732
External Service - InformationTechnology								\$18	18
Total	\$19,246	\$161,266	\$13,213	\$14,509	\$13,595	\$4,687	\$3,100	\$18	\$229,634

The City Council has committed unreserved net assets for general contingencies, future capital and debt service expenditures including operating and capital contingencies for unusual or emergency expenditures.

Approved Storm Drainage Fee Increase Ballot Measure vs. **FY 2006-07 Storm Drainage Fund Expenditures**

BALLOT MEASURE

1. Implementation of seven (7) high-priority storm drain capital improvement projects.
2. \$ 500,000 annually (adjusted annually for inflation) for storm drain system repair and rehabilitation.
3. \$ 90,000 annually for augmented storm drain system maintenance.
4. \$ 125,000 annually (adjusted annually for inflation) for innovative projects to reduce storm water runoff and pollutant levels.
5. \$ 100,000 annually to fund storm water quality protection activities formerly funded by the Wastewater Treatment Fund.
6. \$ 115,000 annually for an engineer to assist with implementation of storm drain capital improvement projects.
7. Pre-payment of Storm Drainage Fees for City-owned properties to accelerate implementation of storm drain capital improvement projects.

FY 2006-07 EXPENDITURES

1. \$1,159,119 expended and \$149,182 committed for Gailen/Bibbits, Clara Drive, and SF Creek Pump Station projects.
2. \$140,084 expended and \$9,092 committed for Storm Drain System Replacement and Rehabilitation (CIP SD-06-101).
3. No funds were expended from the augmented funds (total expenditures on SD maintenance were less than the pre-election budget).
4. No funds were expended for Innovative Storm Drain Improvements (CIP SD-06105).
5. Funded 0.6 FTE in Storm Water Quality Protection; \$12,877 expended and \$20,000 committed from the augmented funds for contract services, equipment, and supplies & materials.
6. New Engineer position (1.0 FTE) funded in Storm Drain System Improvements (replacement employee hired 9/18/06).
7. Pre-payment of \$934,751 to Storm Drainage Fund by General Fund for FY 2006-07.

Highlights of 2006-07 Storm Drainage Fund Year-End Report

- Actual Storm Drainage Fund revenue generated by customer sales (monthly Storm Drainage Fee) was 99% of expected revenue (\$5,183,912 vs. \$5,235,660).
- Pre-payment of \$ 934,751 in Storm Drainage Fees for City-owned (General Fund) properties was received to expedite the implementation of storm drain capital improvements.
- Capital program highlights included completion of the design of the San Francisquito Creek Storm Water Pump Station, construction of the Gailen Avenue/Bibbits Drive Storm Drain Connection to Adobe Pump Station, and construction of several storm drain repair/rehabilitation projects.
- Expenditures in most expense categories were less than budgeted, resulting in a higher than expected transfer to the Storm Drainage Fund reserves.