



Attendees:

<b>SDC Members Present</b>		<b>City Staff</b>	
Rod McNall, Chair	John Tarlton, Vice-Chair	Matt Brunnings	Joe Teresi
Stephenny McGraw	Richard Whaley	Rajeev Hada	Dale Wong
Susan Rosenberg		Mike Sartor	

**Agenda Item I – Roll Call**

The meeting opened with roll call at 9:10am. Four members of the Committee were present. Rod McNall arrived during the staff presentation of the FY 2007-2008 year end financial report. No members of the public were present.

**Agenda Item II – Old Business**

The minutes from the April 23, 2008 Storm Drain Oversight Committee meeting were approved unanimously (4-0, McNall absent).

**Agenda Item III – Oral Communication**

No members of the public were present for the meeting.

**Agenda Item IV – New Business**

1. The meeting began with nominations and elections for the positions of Storm Drain Oversight Committee Chair and Vice-Chair for 2009. John Tarlton made a motion to re-elect Rod McNall Chair for another year, and Richard Whaley seconded the motion. Rod was re-elected on a 4-0 vote (McNall absent). Stephenny McGraw made a motion to nominate John Tarlton as 2009 Vice-Chair. Richard Whaley second this nomination, and John Tarlton was re-elected Vice-Chair on a 4-0 vote (McNall absent).
2. Joe Teresi began his staff presentation of the FY 2007-08 year-end financial report by proclaiming it the “Year of the Pump Station”. This is due to the fact that the vast majority of the FY 2007-08 expenditures were applied towards the San Francisquito Creek Storm Water Pump Station Project. Joe announced that Matt Brunnings had accepted a promotional opportunity within the Engineering Division and that Matt would no longer be working on the storm drain projects. He indicated that Matt’s Engineer position had been frozen due to the economic downturn and associated City budget shortfall.

Joe then pointed out the noteworthy portions of the FY 2007-08 summary of expenditures matrix. Joe noted that this is the final year of the City’s pre-payment of the storm drain fees for the City’s General Fund properties. The \$708,181 in pre-payments made in FY 2007-08 will not be part of the Storm Drainage Fund revenue available for FY 2008-09 and beyond. Joe also noted that the FY 2007-08 revenue also included a \$1.1 million dollar loan from the General Fund for the construction of the pump station. The full amount of the loan was \$1.7 million, but \$600,000 was immediately paid back following the processing of a deductive change order to the pump station construction contract. During the budget discussion, John Tarlton asked if the savings from the

vacant Storm Drain CIP Engineer position would benefit the Storm Drain Enterprise Fund. Mike Sartor confirmed that this indeed is the case. Susan Rosenberg asked Joe about the breakdown of the expenditures for the San Francisquito Creek Pump Station. Joe responded that the total use of funds is the sum of the Expended, Committed by Contract, and Remaining Appropriation columns. The remaining appropriations column also includes consultant expenses. Susan also commented that the Innovative Projects expenditures are very low. Joe replied that the expenditures for this project will start appearing in the FY 2008-09 budget reports. A discussion on rain barrels and cisterns began, and Susan noted that her newly-installed 14,000-gallon cistern is full from recent rains. She expects this harvested water to supply 4 or 5 months of outdoor irrigation needs. John Tarlton stressed the importance of these types of projects. He is interested in an analysis comparing the cost of spending money building pump stations to the cost of projects that decrease the volume of storm water runoff. He believes that stormwater is a problem that is best treated at the source.

3. Following a brief discussion on the Committee findings memo to be sent to the City Council, John Tarlton made a motion to approve the memo as drafted by Joe Teresi. The memo was basically identical to the one from last year but with updated dates and costs. Stepheny McGraw seconded the motion, and it passed unanimously on a 4-0 vote (McNall absent).
4. Joe then updated the Oversight Committee on the progress of the San Francisquito Creek Storm Water Pump Station, the Innovative Storm Drain Improvements Project, and other storm drain capital improvement projects. John Tarlton suggested that in the future the project update be given before approving the memo to Council, and Joe Teresi agreed. Joe continued his status report by informing the Committee that construction of the new pump station has been nearly completed and that the only remaining work is to finish the electrical connections and then functional testing. Joe reminded the group that this project will benefit the residents of northeastern Palo Alto. Susan asked if there would be access to the trail and the public art from the Pump Station. Joe responded that the pump station features a new trailhead to the San Francisquito Creek Trail, a public art element, as well as public parking for trail users. John Tarlton asked about the availability of tours for the new pump station. He would like the community to have access to tours of this facility so they can see the consequences of paving over permeable surfaces. Joe noted that there would be a dedication celebration on April 30<sup>th</sup>. John would like to see tours given on an ongoing basis. Joe was then asked if the storm drain system could drain to the creek without the pumps working. He answered that the original gravity outfall would still drain during low creek levels, but that the pumps are expected to operate at least once a day because the elevation of the wet well is lower than that of the discharge flap gate. Rod commented that he is impressed with the pump station facility and feels that \$7 million was a reasonable price for the project. Joe then mentioned that an interpretive panel will be installed on the retaining wall overlooking the water discharge area and the public art. The panel display will educate the public about the workings of the pump station. Dick Whaley suggested that schools bring their students to the new pump station for tours.

Rod McNall asked about the status of the proposed Lincoln Avenue/Channing Avenue trunk line. Joe said that the project scope has not been reduced and that construction is expected to begin in FY 2009-10.

Joe then discussed the status of the Innovative Storm Drain Improvements Project. He described the logistics of the storm water rebate program and the September 2008 utility bill stuffer announcing the program and providing a program description to Palo Alto Utilities customers. He noted that another bill stuffer would be mailed out with March 2009 utility bills. He said that the

response to the program has not been overwhelming thusfar, with only 10 rebates awarded and 50 inquiries. Staff has been running ads in the *Palo Alto Weekly*, conducting outreach to the various neighborhood associations, and communicating with local architects and landscape architects to stimulate participation in the program. Joe was asked if rebates for innovative measures could be awarded to City projects. He said that the City Manager has decided it is not appropriate to award rebates to City projects that would already be implementing environmentally friendly storm drain measures. Mike Sartor noted that the upcoming library projects are both green projects, with the new Mitchell Park library and community center aiming to achieve a LEED Gold rating. The storm drain measures that would potentially receive rebates are already included in the project scope and budget. Joe noted that the parking lot at the new pump station is paved with pervious concrete. Stepheny McGraw asked if it was feasible to use permeable pavement on City streets. Mike Sartor said that doing so would be very costly because to install it you would have to dig up the entire street and install a completely new roadway. Joe was asked if staff would encourage the use of permeable pavements in the new developments in south Palo Alto. He responded that most of the permeable pavement installed to-date has been in parking lots. Mike Sartor added that the City of Palo Alto's new Green Building Ordinance includes minimum LEED requirements for new developments. John Tarlton advocated that the City should enact project conditions of approval stipulating 100% onsite storm water retention by a certain date and that there should be costs for using the storm drain. He also wanted to know if it would be possible to provide the public with a true per gallon costs of processing storm water runoff. Rod McNall suggested that Joe work on developing more incentives for the installation of innovative storm water measures. John suggested increasing the amount given for the stormwater rebates. He thinks that the rebate for rain barrels should increase, as well as the permeable pavement rebates. Joe replied that he set the initial rebate amounts with the \$125,000/year figure in mind and that the limit for commercial projects is \$10,000. When Susan asked about the level of rebates for other communities, Joe replied that there are not many other communities with programs like this. John Tarlton suggested that staff look into the actual costs, including installation, for the various qualifying measures. Susan believes that the rain barrels are the least effective of the four project options for the rebates. She suggested that we add a rebate for residents who build berms around their landscaped areas to encourage rainwater to soak into the ground instead of running off into the storm drains. John Tarlton agrees that the most urgent need for the storm drain system is reducing peak runoff, not using storm water for irrigation. John Tarlton then made a motion to authorize staff to spend up to \$10,000 for consultants to clarify actual costs of the four project types that are eligible for rebate and up to two additional innovative storm water measures. One of the additional measures shall be berms around landscaped areas. Stepheny McGraw seconded the motion, and it passed on a 5-0 vote.

Joe then continued his project updates by informing the group that this year's storm drain rehabilitation and replacement project is now complete. Rajeev provided construction oversight for the project and the project scope included lining deteriorated corrugated metal pipe, installing bolt-down manholes lids, and replacing damaged pipes.

Rajeev is currently working on the design for the Alma Street Storm Drain Improvements project. John asked what improvements are included in the scope. Joe answered that in stretches of the roadway with existing curb and gutter, some of the storm drain inlets will be enlarged to provide enhanced drainage performance. Where there is no existing curb and gutter, there will be a swale / infiltration trench installed along the shoulder of the roadway. There may be new curb and gutter installed with periodic openings to allows storm water to flow into the new swale. The roadside swale will be designed to be permeable and maintainable. John Tarlton asked if it would be possible to put a French drain beneath the pavement. Joe said that there are multiple AT&T

cables along the edge of pavement that would preclude this option. John suggested that because there is currently not enough money in the project to install a traditional storm drain system along Alma Street, that staff should report back to the Oversight Committee at the April meeting to present options for the project. Joe replied that he was going to follow the original scope and did not want to wait for the next meeting to get oversight approval.

5. Joe then discussed other potential funding sources for Storm Drainage Fund Capital Improvement Projects. He told the group that the Clara Drive Storm Drain Improvements project was included on the short list of possible federal stimulus package projects developed in January. He noted that the Stimulus Bill passed last week, but that it was unclear exactly which agency funds which projects. He added that the Southgate Neighborhood Storm Drain Improvements project was not on the list because it was not “shovel ready.” Clara Drive was also included as part of a request for other federal grant funding. Rod asked if the funding for the Matadero Pump Station project could be built back up to its original scope. Joe replied that the focus right now is to identify potential outside funding for Clara Drive.

Joe continued the funding discussion by informing the group that there would be no Storm Drainage Fee increase for FY 2009-10. The amount of the rate increase is tied to the local rate of inflation, and there was no increase in the local CPI this past year.

Rod then asked Joe about the current status of construction costs compared to the rate at which they had been increasing during past years. Mike Sartor responded that the City Council asked the Public Works Engineering Division to provide a status report on the current construction market conditions. He noted that recent project bids have been coming in well below the estimates. This phenomenon is attributed to a general lack of work that is increasing competition between contractors. Rod asked Mike what he thought about construction cost inflation in the coming years, and he answered that the current market is projected to hold steady for the next one to two years. Rod recommended that the City should move ahead with its projects as soon as possible to take advantage of the current construction market.

Rod then asked about the level of funding for storm drainage activities subsidized by the City’s General Fund prior to the 2005 ballot measure. He believes that there has not been an accurate accounting of the storm drain revenue from the fee increase versus the revenue from the original Storm Drainage Fee. Rod would like an explanation for why the financial reports provided to the Committee exhibit large fluctuations in the dollar amount for the “Other storm drain expenses previously covered by the General Fund subsidy”. Joe responded by explaining that the dollar figure for the “Other storm drain expenses previously covered by the General Fund subsidy” is determined by calculating what is left after accounting for the use of the fee increase revenue on projects and activities identified in the ballot measure. Joe noted that he is not sure why the number fluctuates but pointed out that the fluctuations may be partially attributable to the fact that the Storm Drain Division doesn’t spend all of its allocated money every year. Joe reiterated that there no longer is an annual transfer from the General Fund to the Storm Drainage Fund. He noted that the Storm Drainage Fund is a self-sufficient entity, with its expenses fully covered by its revenues. Rod then presented his own spreadsheet and indicated that the sum of expenditures on pre-2005 activities amounts to approximately \$1.5 million. Rod believes that not enough money is being allocated to the ballot items, and he would like to see more of a concentration placed on capital improvement projects. He expressed a desire for staff to clarify the cost figures for “Other storm drain expenses previously covered by the General Fund subsidy” and made a motion for staff to “investigate and explain the variations in the fee increase funds not used on ballot items.”

This motion was seconded by Dick Whaley, and it passed on a 2-1 vote (McNall, Whaley in favor; McGraw opposed; Tarlton, Rosenberg abstaining).

### **Agenda Item V – Adjournment**

The meeting was adjourned at 11:02 am.

Meeting notes prepared by Matt Brunnings  
April 6, 2009