



Storm Drain Oversight Committee

MEMORANDUM

Date: April 25, 2007

To: Honorable Finance Committee of the Palo Alto City Council

From: Members of the Storm Drain Oversight Committee

Subject: Review of the Proposed FY 2007-08 Storm Drainage Fund budget

As directed by the City Council, we have reviewed the proposed Storm Drainage Fund budget for fiscal year 2007-08 and compared it with the provisions of the Storm Drainage Fee increase approved by Palo Alto property owners in 2005. Based on this review, we find that the proposed budget reflects the increased fees, CIP projects, and operating expenditures approved in the ballot measure.

The Committee met to discuss the proposed budget on Wednesday, April 25, 2007. Prior to the meeting, Storm Drainage staff provided a packet of informational materials about the approved ballot measure and the proposed budget for the Committee's review. During the meeting, staff presented information regarding the Storm Drainage Fund operating and capital budgets and answered questions from the Committee members. Based upon our review of the materials provided to us by Storm Drainage staff, we find that the attached matrix describing the proposed use of the Storm Drainage Fee increase for FY 2007-08 and the table providing a side-by-side comparison of the ballot measure and the proposed budget accurately describe the relationship between the budget and the ballot measure.

In addition to these findings, we offer the following comment to the Finance Committee relevant to the proposed budget:

1. Based on staff's current construction estimate for the San Francisquito Creek Storm Water Pump Station, it is likely that most or all of the \$915,000 previously appropriated for the Clara Drive Storm Drain Improvement Project (CIP SD-06104) will need to be reappropriated to the pump station project (CIP SD-06102) in order to cover the cost of construction. The Committee concurs with staff's plan to reappropriate funds, but recommends that the funds be reappropriated as part of the FY 2007-08 budget approval. Staff has indicated its intent to postpone the request for the funds transfer until after construction bids for the pump station are received, when total project costs can be determined. Staff intends to submit a Budget Amendment Ordinance (BAO) to Council requesting transfer of a specific dollar amount from CIP SD-06104 to CIP SD-06102 when the pump station construction contract is presented for approval in July 2007.

Attachments

Proposed Use of Storm Drainage Fee Increase for FY 2007-08

Line Item	Revenue	Expenditures
Fee Increase Revenue		
SD Fee Increase	\$3,087,504	
General Fund Advance of SD Fee Increase	\$702,399	
Capital Improvements and Program Enhancements		
A. One-time SD CIP Projects		
San Francisquito Creek Pump Station		\$4,600,000
Channing/Lincoln Storm Drain		\$0
Southgate Neighborhood Storm Drains		\$0
Gailen/Bibbits SD Improvements		\$0
Clara Drive SD Improvements		\$0
Matadero Creek Pump Station & Trunks		\$0
Alma Street SD Improvements		\$0
B. Enhanced Maintenance		
SD Replacement/Rehabilitation CIP		\$530,000
Augmented SD Maintenance		\$90,000
C. Innovative SD Projects		\$132,000
D. Augmented Storm Water Quality		\$100,000
E. New CIP Engineer		\$115,000
SUBTOTALS	\$3,789,903	\$5,567,000
From Storm Drainage Fund Reserves	\$1,980,255	
Other storm drain expenses previously covered by General Fund subsidy		\$203,158
TOTALS	\$5,770,158	\$5,770,158

Approved Storm Drainage Fee Increase Ballot Measure vs. Proposed 2007-08 Storm Drainage Fund Budget

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 (adjusted annually for salary increases) to fund storm water quality protection activities formerly funded by the Wastewater Treatment Fund.
6. \$ 115,000 annually (adjusted annually for salary increases) for an engineer to assist with implementation of storm drain capital improvement projects.
7. Annual adjustment of fees by local CPI increase or 6%, whichever is lower.
8. Pre-payment of Storm Drainage Fees for City-owned properties to accelerate implementation of storm drain capital improvement projects.

PROPOSED BUDGET

1. \$ 4,600,000 for San Francisquito Creek Storm Water Pump Station (CIP SD-06102).
2. \$ 530,000 for Storm Drain System Replacement and Rehabilitation (CIP SD-06101).
3. Additional funding for Storm Drain In-House Maintenance (\$ 75,000 for Contract Services, \$ 6,000 for Pumps, \$ 9,000 for Supplies & Materials).
4. \$ 132,000 for Innovative Storm Drain Improvements (CIP SD-06105).
5. Additional funding for Storm Water Quality Protection (0.6 additional FTE staffing, \$ 28,000 for Contract Services, \$ 6,000 for Equipment, \$ 3,500 for Supplies & Materials, \$1,500 for Travel & Meetings).
6. New Engineer position (1.0 FTE) funded in Storm Drain System Improvements.
7. Proposed 3.4% fee increase per the CPI increase for San Francisco-Oakland-San Jose for calendar year 2006.
8. Pre-payment of \$ 934,751 to Storm Drainage Fund by General Fund for FY 2007-08.