



Storm Water Management Oversight Committee

MEMORANDUM

Date: April 18, 2018

To: Honorable Finance Committee of the Palo Alto City Council

From: Members of the Storm Water Management Oversight Committee

Subject: Review of the Proposed Fiscal Year 2019 Storm Drainage Fund budget

As directed by the City Council, the Committee met to discuss the proposed budget on Wednesday, April 18, 2018. We have reviewed the proposed Storm Drainage (Storm Water Management) Fund budget for fiscal year 2019 and compared it with the provisions of the Storm Water Management Fee approved by Palo Alto property owners in 2017. Based on this review, we find that the proposed budget reflects the CIP projects and operating expenditures approved in the ballot measure.

Prior to the meeting, Public Works staff provided informational materials about the approved 2017 ballot measure and the proposed budget for the Committee's review. During the meeting, staff presented information regarding the Storm Drainage Fund capital and operating budgets, and answered questions from the Committee members.

We find that the attached spreadsheet describing the proposed budget of the Storm Drainage Fund for Fiscal Year 2019 and the document describing budget change items accurately describe the relationship between the budget and the ballot measure. Staff and the Committee concur that there will be adequate funding generated by the Storm Water Management Fee approved through the 2017 ballot measure to fund the capital improvement projects, enhanced maintenance of storm drain system, storm water quality protection programs specified for implementation in the ballot measure in Fiscal Year 2019.

Attachments

STORMWATER MANAGEMENT PROGRAM
Fiscal Year 2019 Proposed Budget and Projections
(Amounts in 1000s, adjusted for annual inflation)

	Adopted Budget Year 1 2018	Estimated Projection Year 1 2018	Proposed Budget Year 2 2019	Projection Year 3 2020	Projection Year 4 2021	Projection Year 5 2022	Projection Year 6 2023
Revenue Collected	7,178	7,184	7,382	7,595	7,815	8,041	8,273
Fee Revenue	6,927	6,914	7,128	7,335	7,547	7,766	7,991
Interest Earnings	130	150	130	133	137	140	144
Development Fees & Violation Fines	121	120	124	127	131	134	138
From Fund Reserve	0	0	989	(0)	897	445	308
Total Revenue	7,178	7,184	8,371	7,595	8,712	8,485	8,581
Annual Expenses	6,300	6,195	8,371	6,698	8,267	8,177	8,581
Base Program (Incl. Water Quality, Flood Control)	2,787	2,750	2,522	2,588	2,655	2,724	2,795
Storm Drainage Maintenance	1,486	1,440	1,603	1,645	1,687	1,731	1,776
Debt Service for Past Capital Project	947	947	947	950	951	950	947
Capital Improvements Program (13)	0	0	2,200	400	1,840	1,620	1,892
Loma Verde Ave Trunk Line Improvements (#1/ SD-19000)			2,200	0			
West Bayshore Road Pump Station (#4/ SD-20000)				200	840		
Corporation Way System Upgrades and Pump Station (#2/ SD-21000)				200	1,000	1,220	
East Meadow Drive System Upgrades (#7/ SD-22000)						400	
Recurring System Repair (SD-06101)	400	400	412	424	437	450	464
Capital Program Engineering Support	175	175	182	187	192	197	202
Green Stormwater Infrastructure (GSI)	380	380	380	380	380	380	380
GSI - CIP Design/Construction	330 ^[1]	330 ^[1]	330 ^[1]	300			
GSI - Consulting Services	35 ^[2]	35 ^[2]	50 ^[3]	40 ^[3]			
GSI - Other unassigned tasks	15	15	0	40			
Innovative Project	125	103	125	125	125	125	125
Innovative Project - Green Stormwater Infrastructure	0	0	30 ^[4]	35 ^[4]			
Innovative Project - Rebates	125	3	95	90			
Innovative Project - Other unassigned tasks		100					
To Fund Reserve	878	989	(0)	897	445	308	0
Total Expenses	7,178	7,178	8,371	7,595	8,712	8,485	8,581

^[1]Charleston / Arastradero CIP project GSI elements

^[2]Contract with EOA on development of GSI Plan

^[3]Contract service to develop GSI engineering spec document

^[4]Contract service to develop GSI maintenance and monitoring manual

Stormwater Management Fund

Fiscal Year 2019 Budget Change Requests

1. **Revenue:** Fee increased by 2.9%
 - a. Based on December 2017 CPI, fee will be increased from \$13.65 to \$14.05 per ERU
 - b. FY2019 Revenue estimate (based on Q2 Actuals) is \$7.13M
 - c. FY2018 Adopted budget for Fee Revenue is \$6.93M
 - d. The proposed increase is approximately \$201K

2. **Expense:** Fiber Connection Fee Increase
 - a. During construction, double-strand fiber was installed for the fiber optic connection between storm drain pump stations and creek monitors to ensure an outage wouldn't affect more than one camera in line.
 - b. This is a fee paid from the Storm Water maintenance budget to the Utilities Fiber Optic fund.
 - c. FY2019 Expense estimate for this fee is \$117,500
 - d. FY2018 Adopted budget for this fee is \$72,800
 - e. The proposed increase is approximately \$42,500

3. **Expense:** Public Safety Radio Service Fee Increase
 - a. Maintenance group acquired 6 public safety radios via Silicon Valley Regional Communications System (SVRCS).
 - b. This is a fee paid from Storm Water maintenance budget for the access fee of \$420 per year per radio through a contract.
 - c. No fee was associated with the old radio system, so no budget was ever allocated.
 - d. FY2019 Expense estimate for this fee and the proposed increase is \$2,520