Office of the City Manager

PUBLIC HEARING
June 12, 2018
(Continued from May 29, 2018)

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Phillip L. Harrington, Director, Public Works

Subject: Ballot Tabulation Hearing, Ordering Levies of 2018 Clean Stormwater Proposition 218 Fee Initiative

RECOMMENDATION
Conduct a public hearing, and upon conclusion, tabulate ballots for the 2018 Clean Stormwater Fee initiative, and, if there is a majority approval, adopt a Resolution approving the Final Fee Report, accepting the ballot results, and ordering the levy of fees of the 2018 Clean Stormwater Fee.

SUMMARY
The City adopted the Clean Stormwater Fee in 1991 to comply with clean water regulations and provide a secure funding source for stormwater operations, maintenance, and capital improvements. The fees have never been increased, and the revenues are no longer sufficient to pay for the Clean Stormwater Program. Staff initiated a process to increase the fees under the Proposition 218 requirements. The increase must be approved by a simple majority of property owners, and this action tabulates the votes and allows Council to adopt the fees if property owners approve them.

FISCAL IMPACTS OF RECOMMENDATION
The Clean Stormwater program has been running a deficit since 2014. In previous years, the program received General Funds (010) to maintain minimum service levels, but General Funds were removed from the program beginning in Fiscal Year (FY) 2018 and 2019 in budget-balancing efforts. The additional revenue from the new fees will help address funding deficits related to Stormwater capital and operating needs.

The Clean Stormwater fee is a property-related fee charged to property owners. The majority of properties are single family residential properties, and are currently charged an average of $50 per year. If the new fee is approved, the average single family residential property owner will be charged an additional $43 per year. The new fees will generate an additional $2.34 million for the Clean Stormwater Fund (831) in FY 2019, and can be increased on an annual basis based the Consumer Price Index in future years. If the new fees are not approved, the Fund will experience a negative fund

balance in FY 2019, and the total cumulative deficit through FY 2022 is projected to be $9.77 million. This predicted deficit condition will eliminate capital improvements and reduce basic operations and maintenance levels.

The deficit could be reduced or eliminated by diverting funds from other programs such as the paving program. The Stormwater program could also be supplemented by the General Fund (010); however, the General Fund is facing a projected structural deficit in excess of $6.3 million beginning in FY 2021. Redirecting funds from other programs to cover the deficit of the Clean Stormwater Fund will lead to an undetermined reduction in service in other critical areas.

CURRENT SITUATION AND ITS EFFECTS

The City adopted the Clean Stormwater Fee in 1991 to comply with clean water regulations and provide a secure funding source for stormwater operations, maintenance, and capital improvements. The program includes flood management, compliance with clean water requirements, operations and maintenance, and major capital improvements. Stormwater fees are paid by property owners and have not been increased since the program's inception in 1991. The program has been running a deficit since 2014 attributable to basic operations, maintenance, and compliance with clean water regulations. The Stormwater program also faces a backlog in capital improvements, with more than $208 million in project costs identified in the 2011 Watershed Management Plan[1].

To increase revenues for the Stormwater program and meet the voting requirements of Proposition 218, the Department of Public Works hired SCI Consulting Group (SCI) to assist with the process. SCI is a financial and engineering firm specializing in complying with the requirements of Proposition 218. SCI completed the Clean Water and Storm Drainage Fee Study 2018, which Council preliminarily approved at the February 13, 2018 meeting. Changes to the Fee Study were neither requested nor required; therefore, Council will approve the Final Fee Study at this meeting. Per Proposition 218, Council conducted a protest hearing. If the City received written protests from more than 50% of property owners, the City could not proceed with the ballot process. By the end of the public comment period at the April 3rd protest hearing there were 26 (0.09%) written protests. Since more than 50% of property owners did not submit written protests, the City Council approved Resolution No, 68,381 to document that a majority protest was not achieved and to proceed with the balloting process. Ballots were mailed to property owners in mid-April.

Because the 1991 Clean Stormwater Fee was adopted prior to Proposition 218 and has a different legal structure, the rates will not be changed. Instead, additional revenues will be generated by this new 2018 Clean Stormwater Fee. If passed, the 2018 fee will be shown on the property taxes as a separate line item. The ballot measure also allows

[1] Watershed Management Plan: http://bit.ly/2BR6AjZ

for an inflation adjustment based on the Consumer Price Index, but no more than 3% per year. The inflation index can be applied to the sum of the 1982 and 2018 fees.

Property owners will have until the end of the public comment period for the Stormwater Proposition 218 public hearing May 29, 2018 to return their ballot. At the end of the public comment period, the ballots will be counted. If there are more votes approving the additional fee, Council may pass the attached resolution that establishes the new fees. If passed by the voting process and Council adoption, the new fees will be assessed on the Alameda County Tax Roll for FY 2018-2019.

BACKGROUND

In 1991, Berkeley was required to and obtained a National Pollutant Discharge Elimination System (NPDES) permit from the San Francisco Bay Regional Water Quality Control Board to improve the water quality of urban runoff and discharge storm water runoff to our waterways. The permit requires the City of Berkeley implement stormwater control programs and best management practices. To fund the clean stormwater activities, operation, and maintenance, the City passed the Clean Stormwater Ordinance on August 8, 1991, No. 6070-N.S. to charge property owners a fee. Since 1991, the costs of meeting permit requirements has increased, but the Stormwater Fee has not been increased.

ENVIRONMENTAL SUSTAINABILITY

The 2018 Clean Stormwater Fee will have direct environmental benefits by providing a secure funding source for environmental protection activities related to the impacts of stormwater on the Creeks and San Francisco Bay; a reasonable fund increase provision to help meet future regulatory requirements; and preventing diverting funds from other programs, which will contribute to future undetermined environmental consequences. The fee will maintain operations and maintenance activities and reduce impacts from flooding, sink holes, trash and debris water pollution, and traffic impacts. No negative environmental impacts have been identified.

RATIONALE FOR RECOMMENDATION

The additional funding will allow the City to fund the operating deficit, continue maintenance service levels, meet clean water regulatory requirements, and develop a long-term financial plan for capital projects. The additional revenue will allow the City to continue improving water quality and minimizing the impacts of flooding in local areas.

ALTERNATIVE ACTIONS CONSIDERED

City Council could choose not to approve the resolution even if property owners pass the measure. This fee increase is needed to sustain basic operations and address critical capital needs such as sink holes and priority flood areas. If fees are not increased, the program will experience a reduction in maintenance services, including, but not limited to, less responsiveness to property owners during storms, and less cleaning and repairs of storm infrastructure. Because the maintenance efforts help

control flooding, incidents of flooding will likely increase and expand to more areas. The incidence of sink holes will likely increase. Both sink holes and flooding can damage resident property. The City will also not be able to address critical capital needs, nor develop a plan for long-term capital needs necessary to rebuild the City's 80-year-old storm system. This alternative action would preclude the City from increasing rates required to address mandated clean water requirements.

The other alternative action is that the City could redirect a portion of the funding allocated for streets to the Stormwater Program. This alternative would reduce funding available for the street program including street pavement rehabilitation, sidewalk repairs and replacement, and complete streets improvements.

CONTACT PERSON
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Attachments:
1. Resolution – Approving Final Fee Report, Accepting Ballot Results, and Ordering the Levy of Fees of the 2018 Clean Stormwater Fee
2. Final 2018 Storm Drainage Fee Report
3. Official Ballot Notice and Information Guide
4. Notice of Continued Public Hearing

RESOLUTION NO. ##,###–N.S.

APPROVING THE FEE REPORT, ACCEPTING THE BALLOT TABULATION RESULTS, AND ORDERING THE LEVY OF THE CITY OF BERKELEY'S 2018 CLEAN STORMWATER FEE (CALIFORNIA CONSTITUTION, ARTICLE XIII D, § 6)

WHEREAS, the City Council ("Council") of the City of Berkeley (“City”) has previously authorized the initiation of proceedings to conduct a ballot proceeding to obtain approval of a proposed property-related fee, called the "2018 Clean Stormwater Fee" consistent with the procedures established in Article XIII D of the California Constitution. If approved, the 2018 Clean Stormwater Fee would raise revenue to pay for services and improvements provided by the City that are necessary to comply with requirements of the National Pollutant Discharge Elimination System (NPDES) stormwater permit issued to the City. NPDES stormwater permits require the public agency permittee to take certain prescribed measures to keep pollutants from entering storm drain systems and being discharged into other bodies of water, such as our local creeks and the San Francisco Bay; and

WHEREAS, the City is responsible for installing, operating, and maintaining its catch basins, pipes, and channels, including cleaning them of debris in order to prevent trash and pollutants from entering the creeks and Bay, as well as to prevent local flooding; and

WHEREAS, the City seeks to prevent the formation of sink holes caused, in part, by the failure of old pipes, and which are a hazard to drivers, bicycle riders and pedestrians; and

WHEREAS, on February 13, 2018, the Council adopted Resolution No. 68,334-N.S., to initiate the property related fee process and Resolution No. 68,335 N.S. on February 13, 2018, to establish the balloting procedures for the proposed 2018 Clean Stormwater Initiative consistent with California Constitution Article XIII D; and

WHEREAS, on April 3, 2018, the Council conducted a public hearing at which a majority protest was not achieved, and subsequently adopted Resolution No. 68,381-N.S. directing the mailing of fee ballots to all property owners of properties within the City subject to the fee; and

WHEREAS, pursuant to the provisions of California Constitution Article XIII-D, the Council has provided a ballot to each record owner of parcels of real property located within the boundaries of the City subject to the fee, and the returned ballots have been received and tabulated.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Berkeley as follows:

SECTION 1. Tabulation of the Ballots. The canvass of the fee ballots submitted by property owners is complete and certified by the City Clerk, and the votes cast are as follows:

Total Number of Valid Ballots Processed: _____

Total Number of "Yes" Votes Processed: _____
Total Percentage of "Yes" Votes Processed: _____%

Total Number of "No" Votes Processed: _____
Total Percentage of "No" Votes Processed: _____%

Total Number of "Invalid" Ballots Processed: _____

SECTION 2. Invalid Ballots. _____ fee ballots were returned and received prior to the close of the public input portion of the public hearing on May 29, 2018. This represents a _____% ballot return rate on the _____ ballots mailed. Of the fee ballots returned, _____ ballots were declared invalid, in that they were either not marked with a "Yes" or "No", were marked with both a "Yes" and a "No," were not signed, or the property ownership and barcode information was illegible.

SECTION 2. Ballots Results. As determined by ballots cast, _____% of the votes cast by property owners were in support of the measure. Since a majority protest, as defined by Article XIII D of the California Constitution, did not exist, this Council thereby acquired jurisdiction to order the levy of the 2018 Clean Stormwater Fee.

SECTION 3. Findings. The City Council finds that the 2018 Clean Stormwater Fee is being implemented in compliance with the requirements of Proposition 218, as codified in Article XIII D of the California Constitution. Based on the oral and documentary evidence, including the 2018 Storm Drainage Fee Report, received by the Council, the Council expressly finds and determines that it is in the best interest of the City and the public to order the fee to be levied.

SECTION 4. Ordering of the Levies. The Council hereby orders the fees for fiscal year 2018-19 shall be levied at the rates specified in the 2018 Storm Drainage Fee Report.

SECTION 5. CPI. The authorized maximum fee amount to be levied in future fiscal years shall be increased annually based on the San Francisco-Oakland-Hayward Consumer Price Index (CPI), not to exceed 3% per year. The maximum annual CPI adjustment for each property shall be calculated by adding the existing 1991 Clean Stormwater Fee amount to the new 2018 Clean Stormwater Fee amount, and multiplying the sum by the CPI or 3%, whichever is lower. The resulting maximum authorized adjustment will added to the 2018 Clean Stormwater Fee. The fee amount charged in any year cannot exceed the cost to provide the stormwater services and improvements.

SECTION 6. Filing this Resolution. Shortly after the adoption of this Resolution, but in no event later than August 10th following such adoption, the City Clerk shall file a certified copy of this Resolution and a fee levy roll with the Auditor of Alameda County ("County Auditor"). Upon such filing, the County Auditor shall enter on the County assessment roll opposite each lot or parcel of land the amount of fee thereupon as shown in the levy roll.

The fees shall be collected at the same time and in the same manner as County taxes are collected and all laws providing for the collection and enforcement of County taxes shall apply to the collection and enforcement of the fees. After collection by the County, the net amount of the fees, after deduction of any compensation due the County for collection, shall be paid to the City of Berkeley.

SECTION 7. Corrections. The 2018 Clean Stormwater Fee, as it applies to any parcel, may be corrected, cancelled or a refund granted as appropriate, by order of the City Council or its designee, by a determination from the City Council or its designee that the fee for that parcel should be revised to be consistent with the fee method established in the Fee Report. Any such corrections, cancellations or refunds shall be limited to the current fiscal year in which the correction, cancellation or refund was requested.

CITY OF BERKELEY

2018 STORM DRAINAGE FEE REPORT

JANUARY 2018

PURSUANT TO THE ARTICLES XIIIC & D OF THE CALIFORNIA CONSTITUTION, AND THE GOVERNMENT CODE SECTIONS 38900 – 38901 ET AL.

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CITY OF BERKELEY

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OVERVIEW

The City of Berkeley ("City") has engaged SCI Consulting Group to study, make recommendations, and assist in the implementation of a funding approach for its municipal separate storm sewer system[1] ("MS4") including capital improvements, maintenance and operations, and compliance to all state and federal regulations associated with the National Pollutant Discharge Elimination System ("NPDES").

In 2012, Resolution 65,930 NS, the City adopted a Watershed Management Plan ("WMP") that presented an integrated and sustainable strategy for managing urban water resources. It meant to guide further City efforts in promoting a healthier balance between the urban environment and the natural ecosystem. More specifically, it addressed water quality, flooding, and the preservation of creeks and habitats using multi-objective approaches where possible. The WMP concluded with a set of recommendations that included over $207 million in capital improvements spread across the City's 10 watersheds. The WMP also presented four funding scenarios ranging from existing revenue levels up to a $30 million bond measure and/or a $7.7 million fee program.

In 2017 the City engaged SCI Consulting Group to conduct a comprehensive storm drainage fee study that would include recommendations to update the City's storm drainage fees and the strategic plans to meet the City's storm drainage regulatory compliance requirements. This work was to be done in three phases: 1) Estimate preliminary user rates; 2) Conduct a public opinion survey of Berkeley property owners; and 3) Implement a funding mechanism. This Fee Report ("Report") is the first task of Phase 3.

CITY'S FACILITIES

The City operates and maintains a storm drainage system, as it is empowered to do so per Government Code Sections 38900 and 38901. It is comprised of an integrated system of storm drain pipes, culverts and ditches. Local creeks are not considered part of the City's storm drain system, although they receive most of the urban runoff and are impacted by how the City's storm drainage system functions.

The Berkeley area began experiencing residential development over one hundred years ago. As the community grew, the storm drainage system was developed along with the neighborhoods and commercial areas while still maintaining many native creek segments. Although the City is highly urbanized, there are a large number of open creek segments that cross streets, private properties and roadways through numerous culvert sections.

[1] In this report, the terms "storm sewer", "storm drainage", and "stormwater" are used interchangeably, and are considered to be synonymous.

In the early 1990s, in response to the federal Clean Water Act amendment of 1987, municipalities were, for the first time, required to obtain an NPDES[2] permit from the California Regional Water Quality Control Board to address urban storm drainage runoff pollution. Under this permit, the City works to reduce stormwater pollution, protect and enhance its watersheds, preserve beneficial uses of local waterways, and implement State and federal water quality regulations within the limits of its jurisdiction. Over the years, the range of actions taken by the City has greatly increased in response to evolving regulatory requirements and community needs.

STORM DRAINAGE FUNDING

In response to the NPDES permit requirements, the City implemented a Clean Storm Water Fee in 1991 for all residences and businesses in the City. The City collects approximately $2 million annually from this fee, which has not been increased since its 1991 inception. In addition, the City receives an annual allocation from UC Berkeley's long range development plan ("LRDP") of approximately $277,000. Initially these revenues were sufficient to fund ongoing maintenance, operations and capital improvement projects. Today, those costs well exceed the available storm drainage funding.

Based on the current and projected revenue shortfalls for the City's storm drainage activities, SCI recommends that the City implement a property-related fee as the preferred mechanism[3] to generate revenue for storm drainage services. This Report proposes a new fee structure, to be known as the 2018 Storm Drainage Fee ("Storm Drainage Fee"), that would be implemented without replacing or affecting the existing fee that has been in place for over 25 years.

IMPLEMENTATION PROCESS & LEGAL REQUIREMENTS OF STORM DRAINAGE FEE

Property-related fees are primarily defined by Articles XIIIC and D of the State Constitution, which was approved by voters in 1996 through Proposition 218, as well as the Proposition 218 Omnibus Implementation Act (Government Code Sections 53750 – 53758). In particular, Article XIIID, Section 6 describes the procedures for a property-related fee. Once a proposed fee has been determined, there is a two-step process for approval:

- The City must mail a Notice of the proposed fee to all property owners subject to the fee at least 45 days before a public hearing on the matter. At that hearing, the City shall consider all protests against the fee. If written protests are presented by a majority of owners, the City shall not impose the fee. If a majority protest does not exist, the City may proceed to the next step.

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[2] NPDES stands for the National Pollutant Discharge Elimination System as specified in the Federal Clean Water Act. The City is one of the co-permittees named on the Alameda County NPDES permit issued by the Regional Water Board. The most recent MRP was issued in November 2015, however, these permits typically are renewed every five years, with each new iteration containing additional requirements.

[3] The only other practical option for funding storm drainage programs is a parcel tax, which requires a two-thirds majority as opposed to a 50% majority for a property-related fee.

- No property-related fee shall be imposed until it is submitted and approved by a majority vote of the property owners of the properties subject to the fee[4]. This election, or ballot proceeding, shall not be conducted less than 45 days after the public hearing.

The required public hearing is tentatively scheduled for April 3, 2018, which requires the Notices to be mailed before February 16, 2018. The tentative date for the election (or when mailed ballots are due) is May 29, 2018.

OTHER LEGAL REQUIREMENTS

Any property-related fee must also comply with other requirements of Article XIIID, Section 6. These include the following:

- Revenues derived from the fee shall not exceed the funds required to provide the property-related service.
- Revenues derived from the fee shall not be used for any purpose other than that for which the fee was imposed.
- The amount of a fee upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- No fee may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees based on potential or future use of service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with the assessment section of the code.
- No fee may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services where the service is available to the public at large in substantially the same manner as it is to property owners.

HOWARD JARVIS TAXPAYERS ASSOCIATION V. CITY OF SALINAS (2002) 98 CAL. APP.4TH 1351

According to Article XIIID, Section 6 property related fees for sewer, water and refuse collection services are exempt from the balloting requirement. In 1999, the City of Salinas adopted ordinances that implemented a property related fee to fund NPDES water quality services associated with storm drainage without a ballot proceeding, by relying on "sewer" exemption from balloting. They were legally challenged by the Howard Jarvis Taxpayers Association (the authors and proponents of Proposition 218) which argued that a balloting was required because the services to be funded did not fall within the definition of "sewer". The Court of Appeal made two rulings pertinent to this Report: 1) Storm drainage services are property-related, and 2) Storm drainage does not qualify for the sewer exemption, and therefore must be balloted. However, in making these findings, the Salinas Court concluded that the meaning of "sewer services" was ambiguous in the context of both Section 6c and in Proposition 218 as a whole. As such, the Court ruled in favor the voters' intent to curb the

[4] Proposition 218 also allows approval by two-thirds of the electorate residing in the area. This is essentially the same requirement as a parcel tax, which was rejected by the City for lack of support.

rise in "excessive" taxes, assessments, and fees exacted by local governments with taxpayer consent.

COMPLIANCE WITH CURRENT LAW

This Fee Report is consistent with the *Salinas* decision and with the requirements of Article XIIIC and D of the California Constitution because the Services to be funded are clearly defined and the City intends to follow both approval steps (including a ballot proceeding).

FACILITIES AND SERVICES

The City operates and maintains a "municipal separate storm sewer system" ("MS4") within its boundaries. The MS4 is made of up man-made drainage systems including, but not limited to, curbs and gutters, ditches, culverts, pipelines, manholes, catch basins (inlets) and outfall structures.

There are about 93 miles of storm drain pipelines under the public right-of-way. There are approximately 8 miles of open creeks in the City, only 7% of which are on public lands. There are about 6.5 miles of creek culverts, with about 60% on public property. All the creeks and storm drains in Berkeley eventually drain to the San Francisco Bay. The rainfall varies generally with elevation. The Bay plain areas receive an average annual rainfall of approximately 18 inches per year, while the hills receive as much as 26 inches annually.

The open creeks and storm drain system serving the University of California at Berkeley ("UCB") campus, located within the City, are owned and maintained by the University, but discharge downstream, primarily to Strawberry Creek. The Lawrence Berkeley National Laboratory, located on University property, also contributes storm drainage runoff to the City's storm drainage system.

The primary storm drainage service provided by the City is the collection, conveyance, and overall management of the storm drainage runoff from improved parcels. By definition, all improved parcels that shed storm drainage into the City's MS4, either directly or indirectly, utilize, or are served by, the City's storm drainage system. The need and necessity of this service is derived from those property improvements, which historically have increased the amount of storm drainage runoff from the parcel by constructing impervious surfaces such as rooftops, concrete areas, and certain types of landscaping that restrict or retard the percolation of water into the soil beyond the conditions found in the natural, or unimproved, state. To the extent that a property is in a natural condition or includes features that hold any increased runoff, that property is exempted from any MS4 service. As such, open space land (in a natural condition), and agricultural lands that demonstrate storm drainage absorption equal to or greater than natural conditions, are typically exempt. The service area is concurrent with the City boundaries.

FINANCIAL NEEDS SUMMARY

SUMMARY OF STORM DRAINAGE SYSTEM NEEDS

As part of the 2018 Storm Drainage Fee implementation task, the SCI team conducted an analysis of the City's storm drain system needs. This analysis is contained in a technical memorandum from the firm of Larry Walker Associates, and is included in Appendix A of this Report. This analysis reviewed existing revenues and estimated the true costs of storm drainage to prevent local flooding and to remain in compliance with the current NPDES permit, commonly known as the Municipal Regional Permit ("MRP") issued by the Water Board to all Phase 1 permittees in the San Francisco Bay area. The first MRP was issued in 2009. The second MRP was issued in 2015, and is referred to as MRP 2.0.

STORM DRAINAGE PROGRAM REVENUES

The first step of the analysis was to review the revenues available to the City's storm drain system. Based on information provided by the City, the existing revenues are projected through Fiscal Year 2021-22 as shown in Table 1 below. The State Transportation Tax and a portion of the Measure M Bond funds were allocated to the Stormwater Capital Improvement Program ("CIP"). Other funds were dedicated to other operational activities.

TABLE 1 – SUMMARY OF STORM DRAINAGE PROGRAM REVENUE

Shown in millions

Revenue Category	Prior 2016-17	Current 2017-18	Future 2018-19	2019-20	2020-21	2021-22
Stormwater Fees	$ 2.06	$ 2.08	$ 2.08	$ 2.08	$ 2.08	$ 2.08
University in Lieu (LRDP)	0.27	0.28	0.29	0.29	0.30	0.31
General Fund Transfer In	0.13	-	-	-	-	-
Interest *	0.00	-	-	-	-	-
State Transportation Tax	-	0.30	0.30	0.30	0.30	0.30
Measure M Bonds	-	3.26	1.17	-	-	-
TOTAL Revenues	**$ 2.47**	**$ 5.91**	**$ 3.83**	**$ 2.67**	**$ 2.68**	**$ 2.69**

** Actual Interest revenue for FY 2016-17 was $2,697*

STORM DRAINAGE PROGRAM COSTS

The City's storm drainage program is influenced primarily by the requirements to prevent local flooding and to comply with the MRP 2.0. These estimates were based on budgetary and supplemental information provided by the City. In broadly assessing the City's storm drainage program's costs, three main categories were used: Capital Costs ("CIP"); Operations and Maintenance ("O&M") Costs, and Water Quality (NPDES) Costs. These categories reflect how the City generally allocates funds to implement its day-to-day storm drainage-related operations.

More detailed information can be found in Appendix A. The storm drainage program costs are summarized in Table 2 below. (Note: The CIP costs summarized in the table below reflect a relatively minor subset of overall storm drainage capital needs. The City will continue to pursue non-City funding sources to address large-scale CIP costs.)

TABLE 2 – SUMMARY OF STORM DRAINAGE PROGRAM COSTS

Shown in millions

Category	Prior 16-17	Current 17-18	Future 18-19	19-20	20-21	21-22	TOTAL
CIP	$ 0.16	$ 3.95	$ 2.82	$ 1.70	$ 1.86	$ 2.02	$ 12.51
O & M	1.53	1.23	2.03	1.89	1.95	2.00	10.62
NPDES	0.93	1.05	1.27	1.32	1.37	1.42	7.36
TOTAL COSTS	**$ 2.61**	**$ 6.23**	**$ 6.12**	**$ 4.91**	**$ 5.18**	**$ 5.44**	**$ 30.49**

ANNUAL REVENUE REQUIREMENT

The proposed fee is scheduled to begin in Fiscal Year 2018-19. Therefore, the data presented in Appendix A for prior years will not be considered. What remains for analysis is a four-year window in which existing revenue sources and projected costs are presented.

Over the four fiscal years, the projected costs exceed revenues by $9.77 million. This is the amount that the proposed storm drainage fee would need to generate in order to bring the Stormwater Fund into balance. The resulting revenue requirement is therefore based on an annual revenue, estimated to be adjusted for inflation at 2.8%[5] per year over the four-year period, that totals $9.77 million over those four years. These projections are summarized in Table 3 below.

TABLE 3 – ESTIMATE OF ANNUAL REVENUE REQUIREMENT

Shown in millions

Category	Prior 16-17	Current 17-18	Future 18-19	19-20	20-21	21-22	TOTAL
Revenues	na	na	$ 3.83	$ 2.67	$ 2.68	$ 2.69	$ 11.87
Expenditures	na	na	6.12	4.91	5.18	5.44	21.65
Shortfall	**na**	**na**	**$(2.29)**	**$(2.24)**	**$(2.49)**	**$(2.75)**	**$ (9.77)**
Fee Revenues *			$ 2.34	$ 2.41	$ 2.48	$ 2.55	**$ 9.77**

** Revenues are increased by 2.8% annually for inflation*

[5] This Fee Report includes an Annual Cost Indexing factor (see next section) that is equal to the Consumer Price Index ("CPI"), but is capped at 3% in any single year. Since the CPI may not reach 3% in any of the coming four years, a value of 2.8% is used in this analysis.

RATE STRUCTURE ANALYSIS

All properties which generate storm and urban runoff which flow into the City's MS4 are served by the system. The amount of use attributed to each parcel is proportional to the amount of storm and urban runoff flow contributed by the parcel, which is proportional to the amount of impervious surface area (e.g. building roofs, pavement, etc.) on a parcel.

In this Report, the median single-family residential parcel is used as the basic unit of measure, called the single-family equivalent, or "SFE." Accordingly, since the primary quantifiable attribute for this fee structure is impervious surface area, the amount of impervious surface area on the median SFR parcel serves as the basic unit of impervious area.

The basic unit of impervious area can be expressed by the following formula:

$$\begin{aligned} & \textit{Median SFR Parcel Area} \\ x \quad & \textit{Average SFR Impervious Percentage} \\ = \ & \textit{SFE Impervious Area} \end{aligned}$$

The median SFR parcel is 0.11 acres (4,792 square feet). Careful analysis[6] revealed that the average percentage of impervious area ("%IA") of the medium class of SFR parcels is 44.82%. Therefore, the amount of impervious area for the SFE is 2,148 square feet. This becomes the basis for calculating the SFEs for all other types of land uses. In order to accomplish this, a representative sample of each land use category was studied through aerial photographs to measure the actual impervious area, which was, in turn, used to calculate the %IA for each land use category (see Appendix B).

SINGLE-FAMILY RESIDENTIAL PARCELS

Berkeley has a wide range of sizes of SFR parcels, which have varying levels of %IA. Generally, smaller parcels tend to have a higher proportion of impervious area than larger parcels, which tend to have a lower percentage of impervious area. (This can be best visualized by the fact that larger residential properties tend to have a larger proportion of *pervious* landscaping, and therefore *less impervious* area.) Therefore, the range of SFRs were broken into three size categories as shown in Table 4 below. Since the size of a parcel is considered in finite groups, the resultant SFEs were calculated on a per-parcel basis for each size category using the formula above.

It should be noted that the SFR category also includes multiplex parcels of two, three or four units, since their lot development characteristics do not vary significantly from the SFR parcels of similar size. In all, this includes the approximately 3,400 multiplex parcels in the

[6] Appendix B includes a summary of results of parcels sampled in each category

City. Any residential structure with five or more units is categorized as multi-family residential ("MFR"), which is calculated separately. For parcels with multiple SFRs, analysis showed that those parcels contained 22% more impervious area than single-home SFRs within the same size category. Therefore, multiple-SFR parcels are computed separately.

SPECIAL NOTES ON CONDOMINIUMS

Condominium units are particularly difficult to categorize as they are often on very small individual parcels, yet share larger common areas that are made up of landscaped (pervious) areas; parking lots and shared roofs (impervious); and other recreational uses (either pervious or impervious). The data for these variables are not readily available, so it is assumed that overall their characteristics were most similar to the small lot make up. Overall, condominium units are smaller than the average SFR, and may include two or more stories of residences in some cases. When combined with the various common areas (which were exempted from the SFE process), the overall effect would be less runoff impact than the median size SFR. Thus, the Small SFR rate was used.

TABLE 4 – SUMMARY OF SINGLE-FAMILY RESIDENTIAL PARCELS

Lot Type	Parcel Size Range	Total Parcels	Total Acres	Median Parcel Size	% Imperv Area	Median Imperv Area	SFE per Parcel	
	Square Footage			SF		SF	Single Home	Multiple Homes
Small	under 3,200	2,358	142	2,614	65.73%	1,718	**0.80**	**0.98**
Medium	3,200 to 7,200	16,371	1,861	4,792	44.82%	2,148	**1.00**	**1.22**
Large	7,200 and over	2,677	680	8,712	29.81%	2,597	**1.21**	**1.48**
Condos	na	2,260	23	na	na	na	**0.80**	**na**
		23,666	**2,706**					

* Total Parcels and Acres do not factor into the basis of the SFE calculation; they are shown for informational purposes only.

NON-SINGLE-FAMILY RESIDENTIAL PARCELS

Unlike the SFR parcels, the non-SFR parcels can vary widely in size as well as characteristics. For this reason, the parcels have been grouped into land use categories according their %IA characteristics (as shown in Appendix B) so that SFE per acre can be computed for each category using the following formula:

$$\frac{(43{,}560\ sf/acre) \times \%IA}{2{,}148\ sf/SFE} = SFE\ per\ Acre$$

where 2,148 square feet is the amount of the impermeable area in one SFE.

Table 5 below shows a summary of the non-single-family parcel SFEs for each non-SFR land use category.

TABLE 5 – SUMMARY OF NON-SFR PARCELS

Land Use Category	Total Parcels	Total Acres	% Imperv Area	SFE per Acre
Multi-Family (Apartments)	1,417	291	86%	17.44
Commercial / Retail / Industrial	1,740	630	96%	19.47
Office	236	87	90%	18.25
Institutional / Church	274	94	82%	16.63
School / Hospital	34	432	75%	15.21
Recreational	22	53	58%	11.76
Park	73	91	6%	1.22
Vacant (developed)	620	114	5%	1.01
Open Space / Agricultural	na	na	Exempt	
TOTAL	4,416	1,792		

* Total Parcels and Acres do not factor into the basis of the SFE calculation; they are shown for informational purposes only.

Each individual parcel's SFE is then calculated by multiplying the parcel size (in acres) times the SFE per acre for that land use category, as shown in the following formula:

$$Parcel\ Size\ (acres) \quad x \quad SFE\ per\ Acre \quad = \quad SFE$$

DEVELOPED VACANT PARCELS

Developed vacant parcels are distinguished from undeveloped vacant land by one of several characteristics. Typically, a developed vacant parcel has been graded to be ready for building construction (possibly as part of the original subdivision or adjacent street grading). In some cases, the parcel was previously improved, but the improvement has been removed. Although developed vacant parcels may have significant vegetative cover, the underlying soil conditions resulting from grading work can usually cause some rainfall to run off into the storm drainage system. The %IA for developed vacant parcels is conservatively assumed to be 5%.[7] Vacant parcels that have significant impervious paving remaining from prior improvements may be classified as Commercial or some other classification best representing the %IA of the parcel.

OPEN SPACE AND AGRICULTURAL PARCELS ARE EXEMPT

The City's MS4 was developed in response to land development over the past several decades. Tracts of land that have not yet been developed, or have been used primarily for

[7] For instance, the City of Sacramento in 2015 used a %IA of 20% for vacant parcels.

agricultural purposes, have not created an impact on the drainage system beyond the natural condition, and are therefore considered to receive no service from the MS4. In practical terms, these parcels generate no additional storm runoff beyond the natural condition. For these reasons, open space and agricultural parcels are exempt from the storm drainage fee.

Berkeley is a City with some open space land, which can be situated on portions of developed parcels. For parcels that have a significant portion that is considered open space (or agricultural), those portions have been taken into consideration in the calculations of the %IA and SFEs. For SFR parcels, these open space lands have been included in the sampled lots size when calculating the average %IA, which produced a lower %IA for the large parcel category, and, thus, a lower SFE and Fee to accommodate the open space areas. For non-SFR parcels the fees are calculated on individual acreage. However, the open space portion has been deducted from the acreage prior to all analyses including %IA as well as SFE and fee calculation.

EFFECTS OF LOW IMPACT DEVELOPMENT

The current NPDES Permit requires certain properties to construct storm drainage treatment and attenuation facilities, also known as low impact development ("LID"). These facilities often are designed to capture a portion of the storm flows, retain them, and enable them to infiltrate into the ground. While this is intended to help filter pollutants from the water, it also can reduce the parcel's storm drainage runoff quantity to some extent. However, LID is designed to capture, retain and treat frequent, but low intensity storms. Conversely, the MS4 is designed around the infrequent, high intensity storms, those storms which will typically overflow most LID facilities. For this reason, no discount in the storm drainage fees is made available for parcels with LID facilities.

STORM DRAINAGE FEE CALCULATION

The primary metric in this analysis is the SFE as illustrated above. To arrive at the fee amount for the various land use categories, the total SFEs must be divided into the total revenue requirement to arrive at the rate per SFE. That calculation is represented by the following formula:

$$\frac{Total\ Revenue\ Requirement}{Total\ SFEs} = SFE\ Rate$$

Or, using numbers from the analysis, the SFE rate is:

$$\frac{\$2,343,041}{54,629.085\ SFEs} = \mathbf{\$42.89\ per\ SFE}$$

This SFE rate amount is then multiplied by the SFE per parcel or SFE per acre for the various land use categories to arrive at the Storm Drainage Fee Rate Schedule shown in Table 6 below.

TABLE 6 – STORM DRAINAGE FEE SCHEDULE

Land Use Category				SFE Rate	Proposed Fee	Unit
Single-Family Residential *						
Small	*Under*	*3,200*	*sf*	0.79992	$ 34.31	parcel
Medium	*3,200 to*	*7,200*	*sf*	1.00000	$ 42.89	parcel
Large	*over*	*7,200*	*sf*	1.20933	$ 51.87	parcel
Condominium				0.79992	$ 34.31	parcel
Multiple SFR on a single parcel pay 22% higher rate						
Non-Single-Family Residential						
Multi-Family Residential				17.44360	$ 748.16	acre
Comm / Industrial / Parking				19.47193	$ 835.15	acre
Office				18.25493	$ 782.95	acre
Institutional / Church				16.63227	$ 713.36	acre
School / Hospital				15.21244	$ 652.46	acre
Recreational				11.76429	$ 504.57	acre
Park				1.21700	$ 52.20	acre
Vacant (developed)				1.01416	$ 43.50	acre
Open Space / Agricultural				exempt		

* Single-Family Residential category also includes duplex, triplex and four-plex units

The proposed $42.89 SFR rate is well within the range of storm drainage rates adopted by other municipalities. For a listing of rates adopted by other municipalities, see Appendix C.

ANNUAL COST INDEXING

The storm drainage fees are subject to an annual adjustment tied to the Consumer Price Index-U for the San Francisco Bay Area as of December of each succeeding year (the "CPI"), with a maximum annual adjustment not to exceed 3%. Any increase in the CPI in excess of 3% shall be cumulatively reserved as the "Unused CPI" and shall be used to increase the maximum authorized rate in years in which the CPI is less than 3%. The maximum authorized rate is equal to the maximum rate in the first fiscal year the Fee was approved adjusted annually by the lower of either 3% or the increase in the CPI plus any Unused CPI as described above. Note: In order for the City's dedicated storm drainage revenue sources to satisfy costs requirement into the future, the annual adjustment for each property may be calculated based upon the sum of the storm drainage fee and the existing Clean Storm Water Fee.

COLLECTION, MANAGEMENT AND USE OF STORM DRAINAGE FUNDS

The City shall collect the 2018 Storm Drainage Fees in the same manner as the annual property taxes on each parcel subject to the Fee. The City shall also deposit into a separate account(s) all 2018 Storm Drainage Fee revenues collected, and shall appropriate and

expend such funds only for the purposes authorized by this Report. The specific assumptions utilized in this Report, the specific CIP projects listed, and the division of revenues and expenses between the three primary categories (CIP, O&M and NPDES) are used as a reasonable model of future revenue needs, and not intended to be binding on future use of funds.

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APPENDICES

APPENDIX A – FINANCIAL PLANNING AND FUNDING OPTIONS REPORT

On the following pages is regulatory assessment and cost and revenue analyses, drawn from a technical memorandum prepared for this project by Larry Walker Associates. The information contained in this Appendix forms a partial basis for the fee calculations in the main body of this Fee Report, and is referenced as appropriate.

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APPENDIX B – RESULTS OF PERCENTAGE OF IMPERVIOUS AREA SAMPLING

For each land use category, a sample of parcels were analyzed using aerial photography and other data to determine the average percentage of impervious area ("%IA"). Table 7 below shows the results of that analysis.

TABLE 7 – RESULTS OF PERCENTAGE OF IMPERVIOUS AREA SAMPLING

Land Use Category	No. of Parcels	No. of Parcels Analyzed	Total Acres Sampled	Total Acres Impervious Area	Average % I A
Residential					
Small *Under 3,200 sf*	2,333	94	5.69	3.74	65.73%
Medium *3,200 to 7,200 sf*	15,819	401	44.11	19.77	44.82%
Extra Large *over 7,200 sf*	2,590	100	23.28	6.94	29.81%
Multiple Home Lots	664	29	3.77	2.06	54.64%
Condominium	2,260	not sampled			
Non-Residential					
Apartments	1,417	50	8.30	7.16	86.27%
Comm / Industrial / Parking	1,740	79	20.74	19.85	95.71%
Office	236	23	8.69	7.56	89.87%
Institutional / Church	274	32	10.86	8.95	82.41%
School / Hospital	34	28	78.64	59.02	75.05%
Recreational	22	21	51.02	29.76	58.33%
Park	73	15	23.84	1.50	6.29%
Vacant (developed)	620	not sampled			
TOTAL	28,082	872	278.94	166.31	

APPENDIX C – STORM DRAINAGE RATES FROM OTHER MUNICIPALITIES

There have been relatively few voter-approved local revenue mechanisms in the past 15 years to support storm drainage programs in California. A summary of those efforts plus some others in process or being studied is shown in Table 8 below, in roughly chronological order. Amounts are annualized and are for single family residences or the equivalent.

TABLE 8 – RECENT STORM DRAIN MEASURES

Municipality	Status	Annual Rate	Year	Mechanism
San Clemente	Successful	$ 60.15	2002	Balloted Property Related Fee
Carmel	Unsuccessful	$ 38.00	2003	Balloted Property Related Fee
Palo Alto	Unsuccessful	$ 57.00	2003	Balloted Property Related Fee
Los Angeles	Successful	$ 28.00	2004	Special Tax - G. O. Bond
Palo Alto	Successful	$ 120.00	2005	Balloted Property Related Fee
Rancho Palos Verde	Successful , then recalled and reduced	$ 200.00	2005, 2007	Balloted Property Related Fee
Encinitas	Unsuccessful	$ 60.00	2006	Non-Balloted Property Related Fee adopted in 2004, challenged, ballot and failed in 2006
Ross Valley	Successful, Overturned by Court of Appeals, Decertified by Supreme Court	$ 125.00	2006	Balloted Property Related Fee
Santa Monica	Successful	$ 87.00	2006	Special Tax
San Clemente	Successfully renewed	$ 60.15	2007	Balloted Property Related Fee
Solana Beach	Non-Balloted, Threatened by lawsuit, Balloted, Successful	$ 21.84	2007	Non-Balloted & Balloted Property Related Fee
Woodland	Unsuccessful	$ 60.00	2007	Balloted Property Related Fee
Del Mar	Successful	$ 163.38	2008	Balloted Property Related Fee
Hawthorne	Unsuccessful	$ 30.00	2008	Balloted Property Related Fee
Santa Cruz	Successful	$ 28.00	2008	Special Tax
Burlingame	Successful	$ 150.00	2009	Balloted Property Related Fee
Santa Clarita	Successful	$ 21.00	2009	Balloted Property Related Fee
Stockton	Unsuccessful	$ 34.56	2009	Balloted Property Related Fee
County of Contra Costa	Unsuccessful	$ 22.00	2012	Balloted Property Related Fee
Santa Clara Valley Water District	Successful	$ 56.00	2012	Special Tax
City of Berkeley	Successful	varies	2012	Measure M - GO Bond
County of LA	Deferred	$ 54.00	2012	NA
Vallejo San & Flood	Successful	$ 23.00	2015	Balloted Property Related Fee
Culver City	Successful	$ 99.00	2016	Special Tax
County of El Dorado	Studying	NA	NA	NA
County of Orange	Studying	NA	NA	NA
County of San Mateo	In Process	NA	NA	NA
City of Sacramento	In Process	NA	NA	Balloted Property Related Fee
Town of Moraga	In Process	NA	NA	Balloted Property Related Fee
City of Santa Clara	In Process	NA	NA	Balloted Property Related Fee
Town of Los Altos	In Process	NA	NA	Balloted Property Related Fee
County of San Joaquin	In Process	NA	NA	Balloted Property Related Fee
County of Ventura	Studying	NA	NA	Balloted Property Related Fee

In addition to the agencies listed above in Table 8 that have gone to the ballot for new or increased storm drainage fees, there are several other municipalities throughout the State that have existing storm drainage fees in place. Some of these rates are summarized in Table 9 below. Amounts are annualized and are for single family residences or the equivalent.

The City's proposed $42.89 SFR rate is well within the range of storm drainage rates adopted by other municipalities. When coupled with the existing 2018 Storm Drainage Fee (with an average SFR rate of $47.66), the rates are still within the reasonable range for municipal rates.

TABLE 9 – LOCAL STORM DRAINAGE FEES

Municipality	Annual Rate	Type of Fee
Bakersfield	$ 200.04	Property Related Fee
Culver City	$ 99.00	Special tax
Davis	$ 84.94	Property Related Fee
Elk Grove	$ 70.08	Property Related Fee
	$ 190.20	Property Related Fee
Hayward	$ 28.56	Property Related Fee
Los Angeles	$ 27.00	Special tax
Palo Alto	$ 136.80	Property Related Fee
Redding	$ 15.84	Property Related Fee
Sacramento (City)	$ 135.72	Property Related Fee
Sacramento (County)	$ 70.08	Property Related Fee
San Bruno	$ 46.16	Property Related Fee
San Clemente	$ 60.24	Property Related Fee
San Jose	$ 91.68	Property Related Fee
Santa Cruz	$ 109.08	Special Tax
Stockton *	$ 221.37	Property Related Fee
Vallejo Sanitation and Flood Control District	$ 23.64	Property Related Fee
West Sacramento	$ 144.11	Property Related Fee
Woodland	$ 5.76	Property Related Fee

* This is the calculated average rate for the City of Stockton, which has 15 rate zones with rates ranging from $3.54 to $651.68 per year.

Please Complete Your Ballot and Mail It Back Promptly

Ballot Instructions

The enclosed ballot includes separate ballot questions for the 2018 Clean Stormwater Fee and the 2018 Street Lighting Assessment. You may vote "Yes" or "No" for either measure. The votes for each measure will be tabulated separately.

To complete the enclosed ballot, mark the oval next to either "Yes" or "No" for the 2018 Clean Stormwater Fee on the left and the 2018 Street Lighting Assessment on the right. Then sign and date the ballot, place it in the provided postage-paid return envelope and mail or hand deliver it by 3:00 p.m. on May 29 to:

City Clerk's Office
City of Berkeley
2180 Milvia St.
Berkeley, CA 94704

Or you can deliver your completed ballot at the City Council meeting on May 29 by the end of the public input portion of the public hearing. Only official ballots that are signed and marked with the property owner's support or opposition, and are received before the end of the public input portion of the public hearing for the 2018 Street Lighting Assessment held on May 29, 2018, will be counted.

The 2018 Clean Stormwater Fee shall not be imposed if votes submitted in opposition of the fee exceed the votes submitted in favor of the fee. The 2018 Street Lighting Assessment shall not be imposed if the ballots submitted in opposition to the assessment, weighted by the proposed assessment amount, exceed the ballots submitted in favor of the assessment, weighted by the proposed assessment amount.

If the fee and/or assessment are approved, the fee and/or assessment may be levied beginning in fiscal year 2018-19 and will continue in future years, unless ended by the City Council.

Ongoing maintenance includes removing debris and trash from pipes to prevent flooding.

Ballot Tabulation

For the 2018 Clean Stormwater Fee, each parcel with a fee greater than zero will get one vote. For the 2018 Street Lighting Assessment, ballots will be weighted according to the total amount of the proposed street lighting assessment(s) listed on the ballot. For instance, if the proposed assessment for a property on a ballot is $50, that ballot will count as 50 votes; a ballot with $100 in proposed assessment will count as 100 votes. Ballots will be tabulated under the direction of the City Clerk at a location accessible to the public. The tabulation for both measures will commence on May 29, 2018 after the close of the public input portion of the 2018 Street Lighting Assessment public hearing to be held at the Berkeley City Council meeting which will take place in the City Council Chambers at 2134 Martin Luther King Jr. Way, Berkeley, CA. The tabulation is expected to be completed before the end of the City Council meeting on May 29, but may be continued on a future date if there is not sufficient time to complete it before the end of the City Council meeting. The tabulation may be performed by technological methods including but not limited to optically readable (bar-coded) ballots.

Public Accountability Safeguards

If approved by property owners, the proposed 2018 Clean Stormwater Fee revenues will be collected and deposited into a fund that can only be used for the Stormwater Program, and the 2018 Street Lighting Assessment revenues will be collected and deposited into a fund that can only be used for the Street Lighting Program. The funds cannot be used for other purposes. The revenues and expenditures will be regularly audited by an independent auditor, and the funds cannot be taken by the County or State for any other use.

Additional Information

For additional information or if you lose your ballot, require a replacement ballot, or want to change your vote, please call (855) 831-1188.

You may also find additional information by going to the City's website at www.cityofberkeley.info and clicking on "Public Works" under the "Services" section.

All Ballots must be received on or before May 29, 2018, to be counted.

Official Ballot Notice and Information Guide
City of Berkeley 2018 Clean Stormwater Fee
City of Berkeley Street Lighting Assessment 2018

Why Did You Receive This Ballot?

Clean Stormwater Program

The City of Berkeley Stormwater Program manages rain water that runs off hard surfaces such as driveways and streets. The City is responsible for constructing and maintaining an integrated system of storm drainage inlets, pipes, culverts, and ditches. The City also complies with strict government clean water standards regulating the removal of pollutants from stormwater prior to its entering creeks and the San Francisco Bay.

Local Street Lighting Infrastructure

The City maintains streetlights throughout the City, to provide lighting to improve our quality of life as well as to increase bicycle, pedestrian, and driver safety.

Current Funding for Stormwater and Street Lighting

The stormwater program is funded by the Clean Stormwater Fee, approved in 1991, and street lights are funded through the 1982 Streetlight Assessment District. This fee and assessment have not been increased since they were implemented, and as a result, the revenue to support these two important programs are no longer sufficient to cover costs. Inflation plus higher maintenance and regulatory demands have caused the City's stormwater fund to operate at a deficit since 2014 while the street lighting fund has been operating at a deficit since 2006.

To provide sufficient funding to sustain the operations and maintenance, as well as to address capital improvements for these two critical components of our local infrastructure, the City is proposing these new funding measures.

The enclosed ballot provides property owners in the City of Berkeley the opportunity to vote on whether to approve the proposed new 2018 Clean Stormwater Fee and/or the new 2018 Street Lighting Assessment. The proposed new fee and assessment would be in addition to what you are already paying.

What This Fee and Assessment Would Provide

If approved by property owners, the proposed Clean Stormwater Fee and Street Lighting Assessment will provide funding for the following:

Operations and Maintenance

Both the stormwater program and the street lights require additional funding to maintain the current level of maintenance and operations. Maintenance of the stormwater system includes removing trash and repairing broken pipes to minimize flooding and pollution, and emergency repairs. Streetlight poles and electrical hardware must be maintained regularly to prevent light outages and premature deterioration of infrastructure. Additionally, this measure would help pay for electricity costs.

Capital Improvement Program - High Priority Projects

The expected useful life of a storm drain pipe is about 50 years, but the average age of the pipes in the City's storm water system is about 80 years old. Funds from the Clean Stormwater Fee will be used to repair and replace old deteriorating stormwater infrastructure. Funds from the Street Lighting Assessment will be used to repair and replace old, damaged light poles, and to provide new street lights in areas that don't have them.

Safe, Clean & Healthy Water and Safer Neighborhoods

The City is committed to ensuring that all the stormwater runoff meets strict State and Federal clean water quality standards, and is committed to providing well-lit streets for pedestrian, bicycle and vehicular safety.

Public Hearing

A public hearing for the 2018 Street Lighting Assessment will be held on Tuesday, May 29, 2018 during the regularly scheduled Berkeley City Council Meeting at 6:00 p.m. at the City Council Chambers located at 2134 Martin Luther King Jr. Way, Berkeley, CA 94704. You are invited to attend the public hearing. Tabulation of the ballots will commence after the close of the public input portion of the public hearing, and the results are expected to be announced before the end of the City Council meeting on May 29.

Please complete your ballot and mail it back promptly.
All Ballots must be received by May 29, 2018, to be counted.

Official Ballot Notice and Information Guide
City of Berkeley 2018 Clean Stormwater Fee and Street Lighting Assessment 2018

How Much Is the Proposed Clean Stormwater Fee?

The new proposed 2018 Clean Stormwater Fee for your property (or properties) for fiscal year 2018-19 is printed on the Official Ballot included with this notice and information guide. For example, the annual fee for a single-family home on a medium-sized parcel between 3,200 square feet ("sf") and 7,200 sf, (the most common size of residential parcel), would be $42.89. The total anticipated revenue to be collected by the proposed 2018 Clean Stormwater Fee in Fiscal Year 2018-19 is $2.34 million. The entire schedule of proposed Stormwater Fee rates is shown in the table below.

Land Use Category		Proposed Fee	Unit
Single-Family Residential *			
Small	(Lot size: under 3,200 sf)	$ 34.31	parcel
Medium	(Lot size: 3200 to 7,200 sf)	$ 42.89	parcel
Large	(Lot size: over 7,200 sf)	$ 51.87	parcel
Condominium		$ 34.31	parcel
Multiple SFR on a single parcel pay 22% higher rate			
Non-Single-Family Residential **			
Multi-Family Residential		$ 17.18	ksf
Comm / Industrial / Parking		$ 19.17	ksf
Office		$ 17.97	ksf
Institutional / Church		$ 16.38	ksf
School / Hospital		$ 14.98	ksf
Recreational		$ 11.58	ksf
Park		$ 1.20	ksf
Vacant (developed)		$ 1.00	ksf
Open Space / Agricultural		exempt	

* Single-Family Residential category also includes du- tri- and four-plex units
** Rates shown are "per thousand square feet", or "ksf", of parcel size

How Was the Clean Stormwater Fee Determined?

The City of Berkeley prevents flooding and protects the local environment by collecting, cleaning, and managing all rainfall and urban runoff via its storm drainage system. Currently, the costs of this system are paid for by a fee that was implemented in 1991. As shown in the chart in the column to the right, without additional revenue, the Stormwater Program faces a $9.77 million deficit over the next four years alone. The proposed 2018 Clean Stormwater Fee will address the shortfall between projected revenues and expenses. The 2018 fee is based on the quantity of water runoff generated by each parcel or category of parcel, which is proportional to the impervious surfaces (such as pavement) found on the property or category of parcel. The 2018 Storm Drainage Fee Report, which includes more information about the Stormwater Program's revenues and costs, as well as more details about how the proposed fees were calculated, can be found on the City's website.

Category	18-19	19-20	20-21	21-22	Total
Revenues	3.83	2.67	2.68	2.69	11.87
Expenses	6.12	4.91	5.18	5.44	21.65
Shortfall	-2.29	-2.24	-2.49	-2.75	-9.77

The proposed rates in the chart to the left would fill the shortfall in the stormwater revenue shown above. Figures below are shown in millions of dollars.

How Much Is the Proposed Street Lighting Assessment?

The new proposed 2018 Street Lighting Assessment for your property (or properties) for fiscal year 2018-19 is printed on the Official Ballot included with this notice and information guide. For example, the annual fee for a single-family home would be $11.17. The total anticipated revenue to be collected by the proposed Street Lighting Assessment 2018 in Fiscal Year 2018-19 is $500,000. The entire schedule of proposed 2018 Street Lighting Assessment rates is shown in the table to the right.

How Was the Street Lighting Assessment Determined?

The City of Berkeley provides and maintains local street lights using funds from its Street Lighting Assessment 1982. The rate for this assessment has never been increased above the initial rates. As a result, the revenues have not kept pace with increasing expenses. As shown on the chart on the right, without the new assessment, the Streetlight Program will experience a $2.2 million deficit over the next four years alone. The 2018 proposed assessment amount was for each property was determined based on the special benefit each property would receive from the services and improvements provided by this assessment. A copy of the Street Lighting Assessment 2018 Engineer's Report, which includes more information about the street lighting revenues and costs, as well as more details about how the proposed assessments were calculated, can be found on the City's website.

Landuse Category	Proposed Annual Assessment for 2018-19	Unit
Residential		
Single Family	$ 11.17	parcel
Multi-Family < 5 units	$ 8.94	unit
Multi-Family 5 or more units *	$ 6.70	unit
Condominium	$ 8.94	parcel
Mobile Home	$ 5.59	unit
Multiple SFR on parcel	$ 11.17	unit
Non-Residential **		
General Commercial	$ 3.85	ksf
Industrial / Warehouse	$ 0.38	ksf
Auto Repair	$ 2.56	ksf
Hotel / Motel / Boarding	$ 2.56	ksf
Hospital	$ 1.60	ksf
Retirement Home	$ 0.32	ksf
School / Day Care	$ 0.58	ksf
Medical / Dental / Vet	$ 3.21	ksf
Church	$ 0.19	ksf
Mortuary	$ 0.06	ksf
Recreational	$ 0.64	ksf
Parking / Transportation	$ 1.28	ksf
Mini Storage	$ 0.19	ksf
Office	$ 0.96	ksf
Bank	$ 3.21	ksf
Park / Open Space / Agriculture	$ 0.01	ksf
Vacant	not assessed	

* Parcels with over 100 units: excess units are charged at one-tenth the rate
** Parcel over 5 acres: excess acres (or portions thereof) are charged at one-tenth the rate
** Rates shown are "per thousand square feet", or "ksf", of parcel size

The proposed rates in the chart above would help fill the shortfall in the street lighting revenue shown below. Figures below are shown in millions of dollars.

Category	18-19	19-20	20-21	21-22	Total
Revenues	1.41	1.41	1.41	1.41	5.64
Expenses	2.53	2.23	2.31	2.3	9.37
Shortfall	-1.12	-0.82	-0.90	-0.89	-3.73
Fund Balance	0.17	-0.64	-1.54	-2.24	

Will the Fee or Assessment Increase in the Future?

In order to offset the effects of inflation on labor and material costs, the proposed fee and assessment are subject to an annual increase based on the change in the San Francisco-Oakland-Hayward Consumer Price Index-U ("CPI"), not to exceed 3 percent per year. The annual CPI adjustment for each property may be calculated based upon the sum of the existing fee/assessment and the proposed 2018 fee/assessment.

What if This Fee and Assessment Are Not Approved?

Reduced Service Levels

Without the new fee and assessment, the two programs face reductions in service levels, which will likely result in increased flooding, sink holes, a decrease in water quality that impacts the creeks and Bay. Damaged streetlight poles that are removed may not be replaced in a time-sensitive manner with new poles, leading to dark areas and impacting safety for bicyclists, pedestrians, and vehicles. The City currently receives about 500 calls per year from residents about their streetlights. Without the funding, the City may not be able to respond to all the calls from the public.

Lack of Stormwater Improvements

The stormwater infrastructure requires significant capital improvements to address major structural problems and make maintenance efforts more efficient. Because the stormwater system is approximately 80 years old, the pipes are deteriorating with some imminent risk of failure. Without the new fee, the City will not have the funds to address the $208 million in capital needs identified in the 2011 Watershed Management Plan. It will also impact the City's ability to develop a Capital Improvement Plan that considers climate change, rising sea levels, and green infrastructure.

Lack of Streetlight Improvements

There are many areas in the City that are dark and need new lights. Especially around intersections, new lights are needed to enhance visibility for pedestrian crossing and bicycle and car navigation. Without new funds, the City's ability to install new lights will be limited. The City has identified over 150 poles that need to be replaced. Without new funding, these poles will not be replaced in a timely manner, leading to an increase in dark areas, which decreases visibility and safety.

How Long Will the Fee and Assessment Last?

The proposed ballot measures, if approved, may continue each year with Council approval. However, the Council must annually review actual storm drainage and street lighting needs and costs, and determine adjustments.

NOTICE OF CONTINUED PUBLIC HEARING AND BALLOT TABULATION

NOTICE IS HEREBY GIVEN that the Public Hearing for the Stormwater Fee and Streetlight Assessment has been continued to June 12, 2018 at 6:00p.m.

NOTICE IS FURTHER GIVEN that, pursuant to Government Code Secs. 53753 and 53755.5, and Resolutions Nos. 68,335-N.S. and 68,376-N.S. ballot tabulation for the above named fee and assessment will continue on Wednesday, May 30, 2018 at 8:30 a.m. at 2180 Milvia Street, 1st Floor.

Mark Numainville, City Clerk
May 29, 2018

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