

City of Sacramento

Legislation Text

File #: 2019-00659, **Version:** 1

Title:

Repeal Ordinance No. 2016-0019, Storm Drainage Service Rate Schedule (Passed for Publication 05/14/2019; Published 05/17/2019)

File ID: 2019-00659

Location: Citywide

Recommendation:

1) Adopt an Ordinance repealing Ordinance No. 2016-0019, which adopted the current storm drainage rate schedule; and 2) adopt a Resolution approving an amended storm drainage service rate schedule to set a reduced charge for common area parcels with a low impervious area.

Contact: Bill Busath, Director, (916) 808-1434; Chuong (Ryan) Pham, Business Services Division Manager, (916) 808-8995; Department of Utilities

Presenter: None.

Attachments:

- 1-Description/Analysis
- 2-Ordinance Repeal
- 3-Resolution
- 4-Exhibit A (Storm Drainage Rate Schedule Redline)
- 5-Exhibit A (Storm Drainage Rate Schedule Clean)

Description/Analysis

Issue Detail: Staff recommends repealing the existing storm drainage service charge ordinance and associated storm drainage service rate schedule, effective July 1, 2019, and replacing it with a storm drainage service charge resolution and storm drainage service rate schedule that includes a new reduced rate for common area parcels with a low impervious area. The City's current rate schedule for non-residential storm drainage service is based upon a parcel's gross parcel square footage, irrespective of impervious area, with the exception of City parks, cemeteries, airports, and vacant undeveloped non-residential parcels. Based on the rationale that common area parcels with a low impervious area do not generate the same runoff as improved parcels, a reduction in the storm drainage service charge for such parcels is recommended.

Policy Considerations: Sacramento City Code section 13.08.400 authorizes the Sacramento City Council to set the amount of the City's storm drainage service rates, fees and charges by ordinance or resolution. This action is not subject to the notice protest, public hearing and voter approval requirements applicable to the imposition of new or increased property-related fees under Proposition 218 because reducing the storm drainage charge for such parcels does not impose a new charge or increase an existing charge.

Economic Impacts: None.

Environmental Considerations: The ordinance repeal and adoption of an amended storm drain service rate schedule is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15273. Section 15273 states that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of: (1) meeting operating expenses, including employee wage rates and fringe benefits; (2) purchasing supplies, equipment, or materials; (3) meeting financial reserve needs and requirements; (4) obtaining funds for capital projects, necessary to maintain service within existing service areas; or (5) obtaining funds necessary to maintain such intra-city transfers as are authorized by city charter.

Sustainability: Not Applicable.

Commission/Committee Action: This report was reviewed by the Law and Legislation Committee on April 16, 2019, and City Council passed for publication on May 14, 2019.

Rationale for Recommendation: In 2016, the Department of Utilities (DOU) determined the City relied on Health & Safety Code sections 5471, 5473, 5474, and 5474.8 for its rates and lien of delinquent charges. To comply with the above codes, DOU updated the storm drainage rate schedule via an ordinance. Later in 2016, a Local Government Omnibus bill was passed amending the existing statutes to authorize a local agency to adopt either an ordinance or a resolution. This recommendation to approve the Storm Drainage service rates would allow for annual inclusion in the City's Fees and Charges Report, via resolution.

DOU previously contracted with Raftelis Financial Consultants, Inc. (RFC) to review and evaluate the City's current storm drainage rate structure for fairness and consistency with industry best management practices. RFC found that the amount of impervious area on a parcel (surfaces not permeable by water, such as driveways, pavement and buildings) is most directly related to a property's need for storm drainage service. RFC also advised that a storm drainage utility rate structures based on impervious area are most commonly used throughout the county.

A common area parcel with a low impervious area generally contributes less surface runoff to the

City's storm drainage system only during peak storm events, similar to the storm drainage runoff that the storm drainage system receives from other parcels which are billed for an impervious area, such as City parks, cemeteries, airports, or vacant undeveloped non-residential parcels.

Due to the small number of parcels, staff used aerial photographs to analyze each common area parcel currently billing in the City's Customer Information System to assess their use and proportion of impervious to pervious area. The analysis found that approximately 36 percent (275 parcels) of common area parcels currently billing contained 30 percent or less impervious area, which is generally consistent with parcels that are mostly turfed and the impervious factor for irrigation parcels in RFC's recommendation. Given the fact that 36 percent of the existing common area parcels were found to have an impervious area of 30 percent or less, to more accurately reflect the impact these parcels have on the storm drainage system, a new rate for the affected parcels is being recommended.

Financial Considerations: The ordinance repeal and proposed resolution would take effect on July 1, 2019. DOU estimates that storm drainage revenue will be reduced by approximately \$37,000 per year beginning in FY2019/20.

Local Business Enterprise (LBE): Not Applicable.