

**AMENDMENT NO. 2 TO THE AGREEMENT
BETWEEN THE CITY OF SAN MATEO AND
SCI CONSULTING GROUP FOR PROFESSIONAL CONSULTANT SERVICES
FOR STORM SYSTEM ACTIVITIES FUNDING ANALYSIS
\$60,397 + \$145,552 = \$205,949**

WHEREAS, the City of San Mateo ("City"), a municipal corporation of the State of California, and SCI Consulting Group, entered into an Agreement for Storm System Activities Funding Analysis ("Agreement") on October 1, 2019; and

WHEREAS, City and SCI Consulting Group wish to amend the Agreement effective August 16, 2021 to add \$145,552 for additional Storm System Funding Analysis tasks, as described in Exhibit A1.

NOW, THEREFORE, the parties agree as follows:

1. Section 1 – Scope of Services of the Agreement is amended to reference "Exhibit A, and A1"
2. Section 5 – Payment of the Agreement is amended to reference "Exhibit B, and B1" The fee schedule set forth in Exhibit B1 to the Agreement is attached and incorporated by reference, changing the fee from \$60,397 to \$205,949.
3. The remaining terms of the Agreement remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, CITY OF SAN MATEO and SCI Consulting Group have executed this Agreement on _____.

CITY OF SAN MATEO

CONTRACTOR

Azalea Mitch
Interim Public Works Director

John Bliss
President, SCI Consulting Group

CONTRACT AMENDMENT – PROPOSED SCOPE OF SERVICES

The following Scope of Services assumes the City will pursue a property-related fee as the primary revenue mechanism for its stormwater program. However, the community polling work will also evaluate the support for commensurate rates for a special tax measure and/or benefit assessment. If the City chooses to pursue one of those other mechanisms instead, SCI will gladly adjust its scope of work, timeline, and fees accordingly.

Task 4: Community Polling

A community poll and opinion research phase will provide the City with a highly accurate projection of the level of support for a new storm drain fee or tax and, just as importantly, a clear insight to the community’s priorities to enable the City to finalize a set of services and improvements that will best meet the community’s needs. This insight will support the refinement of branding and communication with the community.

Recommended Methodology

The SCI Team has developed a sophisticated research methodology for identifying the priorities of registered voters and property owners, their support for a local funding measure and how best to package the measure for success. One of the primary strengths of the recommended approach is its proven ability to most accurately identify support from different types of property owners, such as single family residential, business, industrial, apartment, and investment property owners. Moreover, this approach and methodology have proven to provide accurate and reliable research findings in a wide range of social and economic environments such as rural areas and urban communities, ranges of income, and a variety of ethnic backgrounds.

The elections environment, legal and logistical considerations, as well as the campaign opportunities for property-owner mailed-ballot proceedings, are quite different from registered voter elections for special taxes (such as bonds or parcel taxes) – so it is important that the research methodology take these differences into account in order to ensure reliable results. The methodology developed by SCI does exactly that, and it has proven to be materially more accurate than traditional “phone” surveys of registered voters in predicting actual ballot results for property related fees. In addition, our methodology also accurately captures the registered voter’s position on the surveyed topics.

For special tax revenue measures (e.g., parcel tax, general obligation bond, sales tax), all registered voters who are likely to participate in the election of interest represent the appropriate sampling universe. In a mailed ballot proceeding, however, all property owners are eligible to participate instead of just registered voters. This participant “universe” includes owners of apartment, commercial, industrial, and vacant properties. Our methodology also

accounts for the potential impact of owners of multiple properties such as commercial or newly developed land (who get a separate vote for each parcel).

Due to the demonstrated higher level of accuracy and improved ability to reach all types of property owners and voters, the SCI Team recommends a mailed survey approach specifically tailored to account for the unique aspects of the potential property-related fee, or special tax, services and other specifics.

Work Plan

The SCI Team will work closely with the City to develop messaging strategies to test, design mailed survey informational items and associated questionnaires, compile data sets, etc. Once approved, the survey will be mailed to a randomized, stratified sampling, representative of City of San Mateo voters and property owners. Each survey will be individually printed to include the proposed fee, based upon the preliminary rate structure developed in Task 3. After the period allowed for the mailing and postage-paid return of the surveys, the SCI Team will conduct a complex analysis and modeling of the survey results for the City as they relate to the expected property owner ballot participant profile and balloting scenario.

After completing this detailed modeling and analysis, the SCI Team will prepare a comprehensive community public opinion report that summarizes the opinion research findings and makes recommendations regarding residents' and owners' storm drain improvement and service priorities, as well as the feasibility of moving forward with a ballot measure to fund such priorities. The report will also include additional value-added elements such as the recommended ballot measure alternatives and services to be funded, an outline of the recommended action plan for proceeding with local funding measures, profiles of likely supporters and opponents, service priorities, support by geographic area, and key messaging elements and strategies. The SCI Team recommends mailing 9,000 survey questionnaires to achieve a +/-3% margin of error.

Deliverables:

- *Develop a detailed approach for opinion research*
- *Design information piece and survey instrument*
- *Conduct statistically valid mailed community survey*
- *Provide printing, addressing, mailing, return postage for 9,000 surveys*
- *Analyze responses and present community public opinion report results to City Council*

In-Person Meetings:

- *One Presentation to City Council*

Task 5: Stormwater Fee Report

A Building on the information developed in the Stormwater Funding Analysis (January 2021) and the community survey (Task 4), the SCI Team will prepare a comprehensive Proposition 218-compliant property-related fee engineering and nexus/justification report (“Fee Report”) for the proposed programs and improvements to be funded. The preliminary work will include at least four (4) rate structure options incorporating all necessary revenues, costs, fund balance targets, reserves, debt service considerations, and capital improvement scenarios. The Final Report will include a detailed description of the programs and improvements to be funded as well as the rationale used for the fee apportionment (likely to be based on impervious area) and calculation of the specific proposed fee amount for each parcel in the City.

The Fee Report may also include rate credit provisions to incentivize on-site runoff abatement that could apply to traditionally impervious large sites such as commercial, industrial and institutional parcels as well as newly developed sites to help the City implement structural BMPs and hydrograph modification practices. Additionally, the Report will include legal considerations and issues for the fee methodology, appeal processes, and alternative revenue enhancement options. The process will build on the data gathered in previous tasks, including parcel data, community priorities, and budgets, cost estimates, and multi-year proforma for all services and improvements. The Fee Report will also include storm drainage rate levels for various similar and nearby municipalities.

The first step would be to update the financial information developed for the Stormwater Funding Analysis. The second part of this task will be the compilation of the parcel attributes. In particular, SCI will need to perform an audit of parcel lot coverage of impervious surfaces for the various land classes. The parcel audit is a time-consuming task that will require looking at all our data sources, viewing aerial photos, and possibly some site visits. The data generated in this effort will be the backbone of the analysis that follows, where the nexus of parcel attributes to the fee structure is developed. This analysis uses many layers of statistical work and a reasoned and stout rationale for the resulting nexus.

The Fee Report’s development is an iterative process and will be interwoven with the early stakeholder outreach, findings from the Community Survey, and critical input from City staff. This process varies depending on the community and will be tailored to fit the City’s situation. SCI will present these fiscal plans, data review and analysis, and various fee scenarios to the City in up to three review sessions. Issues uncovered by the reviews will be highlighted and remedies suggested. Depending on the iterative path followed, new scenarios may be presented to internal (and possibly selected external) stakeholders to help refine the rate structure and incorporate the community’s priorities.

Once City staff (and possibly the City’s legal counsel) have reviewed the data and information, we will prepare a Draft Fee Report for a consolidated review by City staff of the recommended rate structure and fee levels. After that review, SCI will prepare the Final Fee Report that satisfies

the requirements of Articles XIIC and XIID of the California Constitution (Proposition 218), the Government Code, and other relevant code sections. The Report will be prepared and signed by Jerry Bradshaw, PE, a registered Civil Engineer with extensive experience in this field. The Report will include a detailed description of the proposed fee structure for the programs and improvements, future capital and facility improvement needs, a detailed cost estimate, the rationale used for the fee apportionment, calculation of the specific proposed fee amount for each parcel in the City, any necessary maps or diagrams, and other elements.

Deliverables:

- *Preliminary Rate Scenarios – Spreadsheet & PowerPoint level*
- *Draft Stormwater Fee Report*
- *Final Draft Stormwater Fee Report¹ and supporting PowerPoint for City Council Study Session*
- *Final Fee Report for City Council Approval*

In-Person Meetings:

- *One Presentation to Senior Staff (possibly in virtual format)*
- *One Study Session with City Council*

Task 6: Proposition 218-Complaint Fee Implementation

Implementation of a property-related fee includes several steps:

- a. City Council approval of the Fee Report, setting a public hearing² date and time, and authorizing the mailing of notices.
- b. Printing and mailing of notices.
- c. Conduct a public hearing no less than 45 days after the mailing of notices.
- d. City Council authorization of mailing of ballots (*if no majority protest is formed*).
- e. Printing and mailing of ballots.
- f. Tabulation of ballots after close of ballot period (*at least 45 days after public hearing*).

¹ Recent Examples of SCI's Stormwater Fee Report can be found at the three following locations:

- City of Davis:
<http://documents.cityofdavis.org/Media/Default/Documents/PDF/Stormwater/Stormwater-Utility-Cost-of-Service-Rate-Study-ATT1-Fee-Report.pdf>
- City of Alameda (2019): <https://www.alamedaca.gov/files/sharedassets/public/public-works/misc/exhibit-1-draft-stormwater-fee-report.pdf>
- City of Cupertino (2018): <https://www.cupertino.org/home/showdocument?id=23893>

² These public hearings are prescribed by Proposition 218, and commonly called “protest hearing” because if protests are received from owners of a majority of parcels, the rate implementation process is blocked.

- g. City Council certification of results of the balloting, authorizing the fee structure if support is over 50%.
- h. Roll out of fees into utility billing system or County property tax bill system.

As noted above, the Proposition 218 process for stormwater fees included a ballot proceeding. The final step is the tabulation of ballots, and the City Clerk will be designated as the official tabulator. Since State law does not prescribe a detailed procedure for conducting the proceeding, one of the first actions of this task is to develop a Proposition 218 Procedures resolution to be adopted by the City Council. This kicks off a stream of documents that will require input and review by the City Clerk, City Attorney, Finance Director, and other senior staff. SCI recognizes that this process is new for each of our clients, so we will bring our extensive experience in this regard to draft documents and advise (and, in many cases, train) City staff on these procedures.

The SCI Team will draft all notices, resolutions, ordinances, and staff reports required for each step in the process as well as the final ballot packet. City staff, including the City Clerk and legal counsel, will review and finalize all these documents. We will also assist the City and its legal counsel with a public hearing script for the Mayor and responses to property owner testimony at the public hearing.

The design of the official notices, ballot, and supporting informational items and mailers is one of the most important elements of a successful ballot outcome. The SCI Team will utilize its unmatched expertise and track record to design these items that clearly and concisely explain the reason for the stormwater fee while meeting all legal requirements.

After the designs of the notices and ballots are finalized, the SCI Team will oversee the printing, addressing and mailing of the notices and then the ballot packets. (This work will be performed by our reliable mail house, Admail West, a printing and mailing firm with industry-leading experience with registered voter elections and mail ballot proceedings.) Throughout the noticing and balloting periods, the SCI Team will also field and respond to property owner inquiries, will research and confirm new owners that are not reflected on the official county property ownership records, and will issue replacement ballots upon request.

Tabulation is required by law to be done either by an impartial third party (the statute defines the City Clerk as such), or in public view. For a tabulation of this size (estimated at up to 8,500 ballots returned), SCI recommends the City hire an outside auditing or accounting firm. The SCI Team will provide all necessary training to that firm for managing SCI's bar scan system and tabulation software. Alternately, if the City chooses to perform the tabulation in-house under the direction of the City Clerk (or in public view, or both), SCI will provide the same training for City staff. For a modest extra fee, a Senior SCI Consultant would be provided to oversee the tabulation process. This will require approximately 50 person-hours of City staff over a two- or three-day time span.

Deliverables:

- *Management of noticing and balloting process*
- *Designing, printing, mailing of Fee Notices (Approx. 28,300)*
- *Designing, printing, mailing of Fee Ballots (Approx. 28,300)*
- *Supporting resolutions and staff reports*
- *Property owner support throughout process*
- *Training tabulation consultant on balloting process and tabulation*

In-Person Meetings:

- *Tabulation Training*
- *Two City Council meetings (Fee Report Approval and Public Hearing)*

Task 7: Public Outreach

SCI will assist with public informational and educational outreach strategies and property owner informational services. Our informational outreach efforts, which will continue up to and throughout the ballot proceeding, include tasks necessary to ensure the property owners are adequately informed about the assessment ballot proceeding and the proposed services and/or improvements in their area prior to the mailing of ballots. Throughout this process, the SCI Team will work closely with volunteers, City staff and other stakeholders.

Informational and Education Outreach Strategies

The SCI Team understands that basic message components will need to be simple, clear and transparent, and need to be well supported with detailed and substantive information and tested with primary stakeholders throughout the project.

However, storm drain infrastructure, maintenance and operations are not well known, and not well understood by the general public, and as a result, the general public is commonly hesitant to invest in local storm drain infrastructure. Accordingly, answers to the following questions must be effectively provided to the rate payers:

- What is the purpose of storm drain infrastructure?
- Why is the storm drain system important to the San Mateo residents?
- Why is the additional funding / revenue needed?
- Has the City done all it can to reduce costs prior to increasing the rates?
- What protections are there that this additional funding will be spent wisely?

More recently, communities have demanded greater detail and explanation for these questions, particularly the fourth and fifth questions. We recommend, from our experience providing

community outreach throughout the State, that the outreach material and approach combine straightforward, plain-language explanations with detailed, substantive information. Credibility is the most important factor in this outreach.

Develop Communication Infrastructure

Next, the SCI Team will carefully evaluate and develop the potential communication infrastructure. Working with City staff (i.e., Public Information Officer, etc.), we will evaluate and ultimately coordinate existing communication infrastructure, including stakeholder contacts, print media, website, social media, print publications, neighborhood groups and newsletters, etc., and will prioritize and integrate the various methods as appropriate. We will also look at e-mail contacts with HOA and neighborhood leaders, as well as web-based platforms. We will develop a schedule for the dates of community stakeholder meetings, due dates for local group newsletters, etc. Our extensive experience has shown that the most effective communication mechanisms for this type of infrastructure are small, local, and neighborhood-based, with a personal communication or face-to-face element.

Develop Communication Messaging

The development of the messaging and supporting information is an iterative process with City staff, the SCI Team, and members of the public, and with considerable input from the Task 4 opinion research. Throughout the process, the SCI Team will analyze and refine messaging associated with storm drain infrastructure. In this task, the SCI Team will develop draft communications of various types. These may include Frequently Asked Questions (FAQ) documents, camera-ready mailers and brochures, PowerPoint presentations, and emails, scripts, and other adaptable messages.

Rollout and Implementation

Once the outreach plan is well-vetted, reviewed and refined, the SCI Team will coordinate the rollout and implementation of the plan. This work is not expensive, but requires a considerable time commitment from City Staff, and is very effective when well-executed. SCI staff will attend community meetings to provide technical support and evaluate public response.

Deliverables:

- *Develop outreach plan*
- *Develop outreach material including FAQs, Talking Points, scripts, e-mail and social media*
- *Develop and refine PowerPoint presentations for public meetings*
- *Coordinate implementation of outreach efforts*

In Person Meetings:

- *Three (3) Community Meetings*

Exclusions: *This scope and pricing do not include the printing, mailing, or media buy for any outreach material.*

Timeline

The following timeline is compressed somewhat to bring the stormwater fee ballot period into the early summer months of 2022 and avoid competition from the fall elections. In order to achieve this, the Fee Report (Task 5) would proceed somewhat concurrently with the Survey (Task 4). This compressed timeline will also constrain the Public Outreach efforts (Task 7). Results from the survey (Task 4) may reveal that a more extensive public outreach effort is warranted, and the timeline may need to be altered.

Tentative Timeline

	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	
-- Strategy Review													
4 Community Survey													
5 Fee Report													
6 Fee Implementation													
7 Community Outreach													

Legend: Task Work
 Ballot Period
 Council (SIC..??)
 Primary or General Elections

Fees

Exhibit B1 – Fee Rates

SCI TEAM CITY OF SAN MATEO STORMWATER SURVEY FEES IMPLEMENTATION OUTREACH							
Assigned staff:	John Bliss	Jerry Bradshaw	Kyle Tankard	Karen Ashby	Support Staff		
Classification:	President & Senior Engineer	Fee Engineer	Senior Consultant	Financial/Regulatory			
Fully Loaded Hourly Rate:	\$275	\$255	\$195	\$299	\$75		
Subcontractor Markup				10%			
Task Number/Description	Hours					Total Hours	Total Costs
4 Community Polling	1	16	16		16	49	\$ 8,675
5 Fee Report	8	60	32	12	10	122	\$ 28,437
6 Prop 218 Implementation	4	24	40		8	76	\$ 15,620
7 Public Outreach	8	12	50		4	74	\$ 15,310
TOTALS	21	112	138	12	38	321	\$ 68,042
Direct Costs					Units	Cost	Total Cost
Incidentals	Travel, property data, maps , etc., actual costs reimbursed			1	\$ 4,000.00		\$ 4,000
Mailed Survey	Task 4: Printing, Addressing, Mailing, Return Postage			9,000	\$ 1.25		\$ 11,250
Prop 218 Notice	Task 6a: Printing, Addressing, Mailing, Return Postage			28,300	\$ 0.95		\$ 26,885
Prop 218 Ballots	Task 6b: Printing, Addressing, Mailing, Return Postage			28,300	\$ 1.25		\$ 35,375
						TOTALS	\$ 77,510
						TOTAL PROJECT COST	\$ 145,552