



# CITY OF SAN MATEO

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## Agenda Report

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**TO:** City Council

**FROM:** Alex Khojikian, City Manager

**PREPARED BY:** Public Works Department

**MEETING DATE:** October 16, 2023

**SUBJECT:**

Community Flood and Storm Protection Fee Public Hearing and Potential Mail Balloting

**RECOMMENDATION:**

Conduct a public hearing, and if there is a determination that a majority protest does not exist, adopt a Resolution directing Staff to conduct a ballot proceeding for the proposed Community Flood and Storm Protection Fee, a property-related fee conforming to Article XIII D, Section 6 of the California Constitution.

**BACKGROUND:**

The City of San Mateo operates and maintains a stormwater system, which provides vital services to safeguard neighborhoods from flooding and protects local waterways from pollution. The system consists of complex infrastructure including surface drains, underground pipes and conduits, pump stations, creeks and channels, and the Marina Lagoon.

The City's stormwater system requires long-overdue improvements to address flood control limitations and aging infrastructure. Unlike the sanitary sewer system, the stormwater system does not have a dedicated funding source and relies on the General Fund. In 2019, the Public Works Department began working with SCI Consulting Group (SCI) on a financial analysis of the City's stormwater activities to understand the funding needs and options for revenue generation. Staff presented an overview of stormwater activities to the Sustainability and Infrastructure Commission (SIC) in December 2020 and continued to work with SCI on the funding analysis. At the February 2021 SIC meeting, staff presented a draft Stormwater Funding Analysis Report. Along with feedback from the SIC, the Stormwater Funding Analysis Report was presented to the City Council on May 17, 2021. Council directed staff to proceed with the next steps towards implementing a potential stormwater fee.

On June 5, 2023, public opinion survey results were presented to City Council. After hearing the survey results, Council directed the completion of a Fee Report with SCI. The purpose of the Fee Report was to establish the costs for stormwater capital improvements, Marina Lagoon dredging, regulatory requirements through the Municipal Regional Permit (MRP) and operation/maintenance. The total costs were used as the basis to calculate the appropriate fee designated to each parcel type so that costs and revenues balance. The overall benefit that a parcel receives from the programs as well as the amount of impervious surface were considered within the Fee Report.

At the recommendation of staff, Council took several actions on July 17, 2023, to initiate a Proposition 218 proceeding to establish a new property-related fee to provide additional funding for the stormwater program. These actions were:

1. Approval of the Fee Report by SCI, which recommended a fee structure based on a \$96 annual fee for an average single-family home; and
2. Adoption of Resolution No. 81 (2023) formally initiating the Proposition 218 process by approving the Fee Report, setting a public hearing for October 16, 2023, and directing mailing of a notice to all affected property owners

- about the hearing and their right to protest the proposed fee; and
3. Adoption of Resolution No. 81 (2023) establishing procedures for conducting a Proposition 218 ballot proceeding.

Notices regarding the proposed fee and tonight's public hearing were mailed over 45 days in advance to approximately 26,714 property owners. Please note due to property owners owning multiple properties, the total number of affected parcels is 28,994. The notice (included as Attachment 2) informed property owners of the subject of the hearing and their right to protest.

**Next Steps:**

Article XIII D, Section 6(a) of the California Constitution requires a public hearing to be conducted as well as a protest process. Any property owner affected by the proposed Storm Drainage Fee may submit a written protest before or during the public hearing. All written protests must be received prior to the close of the public hearing. If protests are received from property owners representing a majority of the affected parcels, the Storm Drain Fee cannot be established. A total of 28,994 parcels are affected by this proposed fee, so a majority would be formed by written protests timely received from owners of 14,498 parcels. Pursuant to Article XIII D, Section 6(c) of the California Constitution, if a majority protest does not exist, the City may initiate a ballot proceeding to be submitted to all property owners subject to the proposed fee.

Assuming a majority protest does not exist, and the Council adopts a resolution to direct ballot proceedings, the next step would be to print and mail the ballots to all affected property owners for consideration of the proposed Storm Drainage Fees. This process usually takes approximately two weeks, so ballots would be arriving in mailboxes in early November. Ballots are due back to the office of the tabulator by 5:00 p.m. on December 18, 2023 (postmarks will not be accepted).

Ballots will not be opened until the tabulation process commences at 9:00 a.m. on December 19, 2023, in the Tabulator's Office.. Once the tabulation is complete, the results will be brought before the Council for certification. A simple majority of returned ballots is necessary for the measure to pass. If the measure passes, the Council may at that time take action to impose the fees beginning July 1, 2024. Property owners should expect to see these fees levied on their tax bills in Fall 2024.

**BUDGET IMPACT:**

If the proposed rates are approved, the annual stormwater fee revenues will be approximately \$4,000,000 in the first year.

**ENVIRONMENTAL DETERMINATION:**

This action is not a project subject to CEQA, because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. (CEQA Guidelines Section 15378(b)(5).)

**NOTICE PROVIDED**

All meeting noticing requirements were met.

**ATTACHMENTS**

Att 1 – Proposed Resolution

Att 2 - Notice of Public Hearing - Stormwater Fee

Att 3 – Public Comment

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