



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

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File ID: 2019-00659

May 21, 2019

Consent Item 11

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

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

liening 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.

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AN ORDINANCE REPEALING ORDINANCE NO. 2016-0019, RELATED TO
STORM DRAINAGE SERVICE RATES FOR VACANT, UNDEVELOPED,
NON-RESIDENTIAL PARCELS

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1. Ordinance No. 2016-0019, which adopted an amended storm drainage service rate schedule, is repealed.

SECTION 2. The adoption of this ordinance is not intended to and does not affect any administrative, civil, criminal, or other actions or proceedings brought or to be brought to implement or enforce provisions of Ordinance No. 2016-0019 and the Sacramento City Code, as they existed prior to the effective date of this ordinance, including but not limited to any actions or proceedings to impose liens or special assessments under the provisions of title 13, chapter 13.12, article II of the Sacramento City Code, as they existed prior to the effective date of this ordinance. The provisions of Ordinance No. 2016-0019 and the Sacramento City Code as they existed prior to the effective date of this ordinance shall continue to be operative and effective with regard to any such actions or proceedings.

SECTION 3. This ordinance takes effect on July 1, 2019.

RESOLUTION NO. 2019-_____

Adopted by the Sacramento City Council

Date Adopted

A RESOLUTION REDUCING THE STORM DRAINAGE SERVICE CHARGE FOR COMMON AREA PARCELS WITH A LOW IMPERVIOUS AREA

BACKGROUND

- A. 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.
- B. The City of Sacramento's current charge for all common area parcels is based on the gross surface area of the parcel receiving storm drainage service.
- C. Common area parcels with a low impervious area should be subject to a reduced charge for storm drainage service, because these parcels generate a lower volume and frequency of storm drainage runoff than parcels with substantial impervious area. To more fairly reflect the service that common area parcels with a low impervious area receive from the City's storm drainage system, the storm drainage service charge for common area parcels with a low impervious area should be reduced to 30% percent of the charge for those common area parcels where not more than 30% of the surface area has impervious improvements.
- D. Approval of a reduced storm drainage service charge for common area parcels with a low impervious area is not subject to the procedural requirements that apply to the imposition of new or increased property-related fees or charges under Proposition 218 because reducing the storm drainage charge for these parcels does not impose a new charge or increase an existing charge.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The amended Storm Drainage Service Rate Schedule attached as Exhibit A is approved and adopted effective July 1, 2019. The City Manager or the City Manager's designee is authorized to make this change retroactive to any outstanding protests related to the proposed rate change.
- Section 2. The City of Sacramento Fee and Charge Report is amended to include the storm drainage service rates shown on Exhibit A.

EXHIBIT A

CITY OF SACRAMENTO
STORM DRAINAGE SERVICE RATE SCHEDULE

I. STORM DRAINAGE SERVICE RATES – MONTHLY RESIDENTIAL

Single-family residence:	1-3 rooms	7.53
	4-5 rooms	9.58
	6-7 rooms	11.31
	8-9 rooms	13.38
	10-15 rooms	15.25
	over 15, each additional room	1.19

Multiple-family residence: Each dwelling unit charged the same as a single-family residence

II. STORM DRAINAGE SERVICE RATES – MONTHLY NON-RESIDENTIAL

Non-residential, excluding cemeteries, City Parks, airports,
~~and~~ vacant undeveloped parcels and common area parcels, low impervious:

Each sq. foot of gross surface area 0.001928

Cemeteries, City Parks, and airports:

Each sq. foot of impervious surface area 0.001928

Vacant undeveloped parcels:*

Each sq. foot of 11% of gross surface area 0.001928

* "Vacant undeveloped parcel" means a non-residential parcel where not more than 11% of the surface area has impervious improvements.

Common area parcels, low impervious:*

Each sq. foot of 30% of gross surface area 0.001928

* "Common area parcel, low impervious" means a common area parcel where not more than 30% of the surface area has impervious improvements.

Minimum Rate: 8.39

Where non-residential property contains common facilities, e.g., a parking lot, the common facilities will be treated as one property and the owner shall be liable for payment of fees for the common facilities, notwithstanding the fact that other fees charged to the property may be charged to the tenants or owners of divided interests. Common areas in planned unit developments or condominium developments shall be treated as commercial property for the purposes of this rate schedule.

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