



# Storm System and Funding Analysis

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# Presentation Agenda

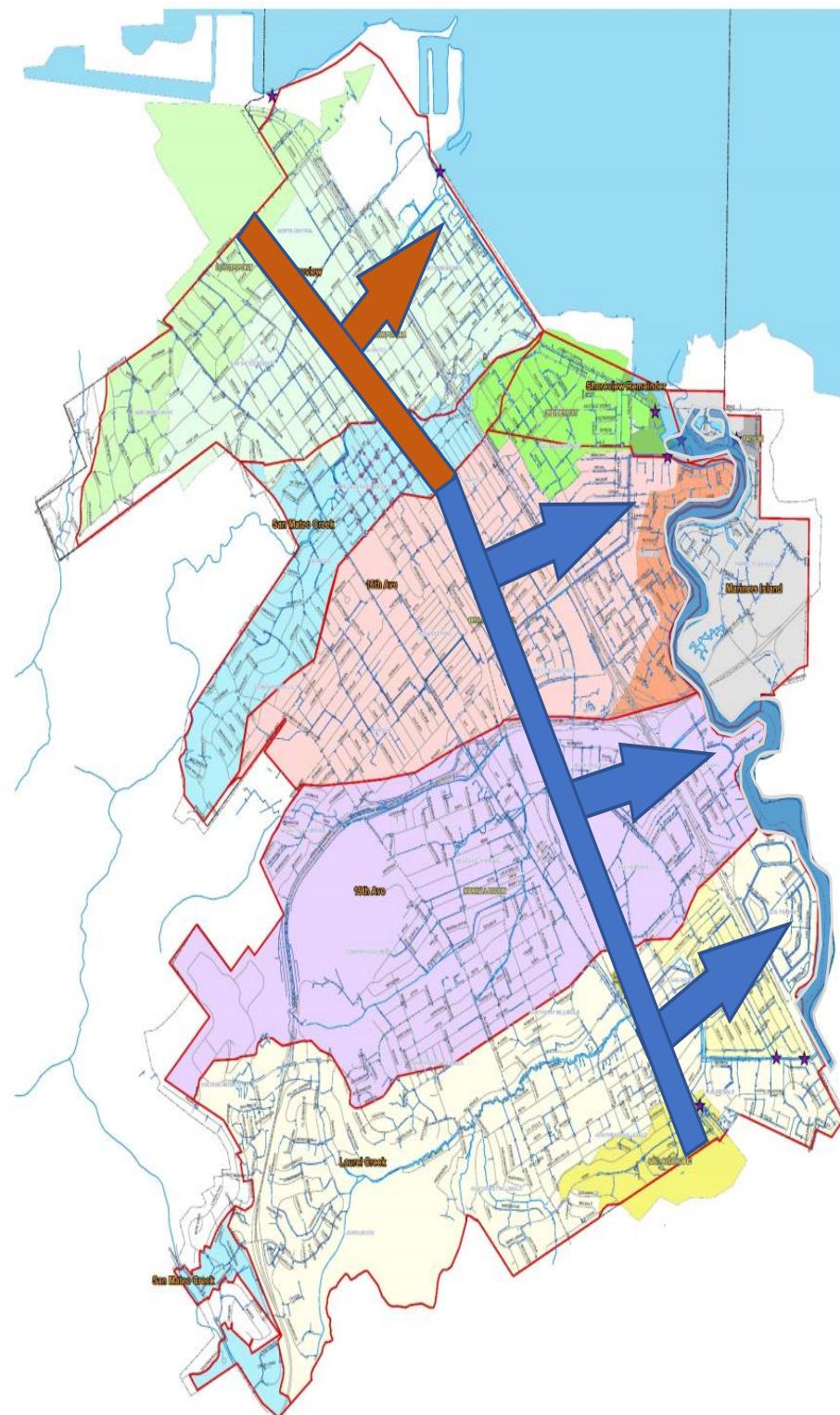
- Project background and history
- Evaluation Process
- Stormwater system overview
- Stormwater Funding Analysis
- Considerations
  - Financial / Environmental / Community
- Next Steps

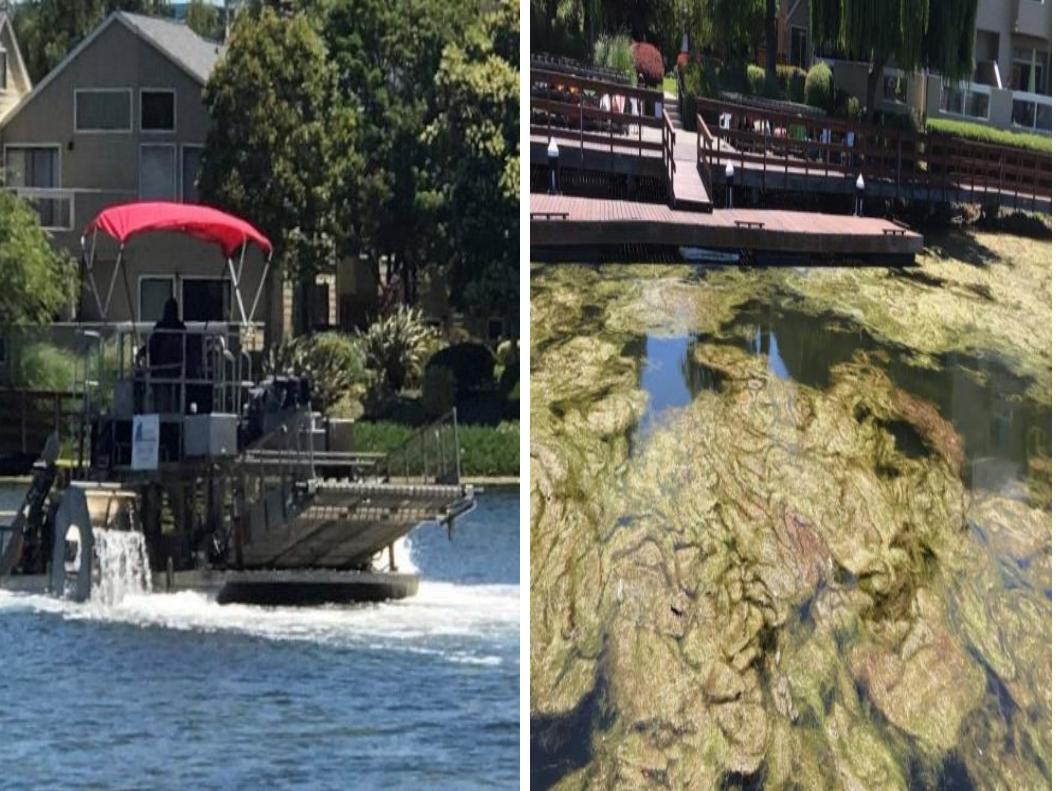
# Storm Systems Evaluation Process



# Stormwater System

- Stormwater Infrastructure
  - 80 miles of pipe
  - 24 miles of channels and ditches
  - Nine pump stations
  - Creeks & Channels
- MRP Compliance
  - Trash | Green Infrastructure
- Marina Lagoon
  - Captures most of City's drainage
  - *Also, a recreational Amenity ...*





# Marina Lagoon Vegetation Management and Water Quality

- Permit compliance
- Water quality monitoring
- Vegetation management
- Challenges:
  - Impaired water body
  - Sedimentation
  - Less effective herbicides

# Marina Lagoon Sedimentation

## Dredging Assessment (2018)

- Stormwater storage capacity – flood control
- Water quality
- Aesthetics
- Recreational



# Funding Analysis

# Stormwater System Funding Analysis

- Evaluation of projected financial needs
  - Separate analysis of NPDES compliance needs
  - Approach: Create a *hypothetical utility*
- Evaluation of potential funding sources
- Preliminary rate structure
  - Rate ranges
  - Road map to revenue mechanism
- *Potential future tasks*
  - *Public outreach (throughout process)*
  - *Community polling*
  - *Rate Study*
  - *Prop 218 implementation*



# Baseline Storm System Activities - Operating Costs

Program	<i>in thousands</i>	
	FY 21	FY 22
Stormwater Pollution	\$ 452	\$ 466
Marina Lagoon	497	499
Storm and Flood	186	189
Waste Mangement - Disposal	384	393
Waste Management - Special Events	32	35
Environmental Compliance	226	232
Sewer Maintenance - Pump Repair	307	312
Storm Sewer Maintenance	876	887
<b>Baseline Costs</b>	<u>\$ 2,959</u>	<u>\$ 3,014</u>
Additional Needs	481	625
<b>TOTAL OPERATING COSTS</b>	<u><b>\$ 3,440</b></u>	<u><b>\$ 3,638</b></u>

*With all needs factored in:*

**\$3.6 million annually**

# Capital Improvement Program

Source	Project	Cost	
Current CIP	Storm Drain Condition Assessment	\$ 1,000,000	
	Storm Drain Master Plan Update	115,000	
	Pacific Blvd Drainage Channel Rehabilitation	600,000	
	Creek & Lagoon Routine Maintenance Permitting	380,000	
2018 Assessment	Marina Lagoon Dredging	80,000,000	\$2 m
2004 Storm Drain Master Plan	16th Avenue Drainage Area	9,521,000	\$80 m
	19th Avenue Drainage Area	11,972,000	
	Laurel Creek Drainage Area	9,567,000	
	Coyote Point Drainage Area	17,050,000	\$57 m
	Detroit Drive Drainage Area	5,728,000	
	San Mateo Creek Drainage Area	2,620,000	
<b>TOTAL</b>		<b>\$ 138,553,000</b>	<i>Hi - \$33 Med - \$16 Low - \$8</i>



# Dredging Options

## Large Project

- 275,000 cy
- Entire Lagoon
- Off Haul
- \$42 – 85 M

## Medium Project

- 100,000 cy
- 3 Worst Areas
- Infill
- \$10 M

## Small Project

- 77,500 cy
- Worst Area (South End)
- Off Haul
- \$14 – 26 M

-- or --

- Infill
- \$9 M

# Life Cycle Approach to Marina Lagoon

- Dredging NOT a one-time event
- Spread costs over useful life
- In-fill option can only be used once
- ***\$1.9 million = Annual cost for any option***



# Adjusted Capital Improvement Program

- Move lagoon out of CIP
- Keep \$9.7 m
- Kick-start the dredging program

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Current CIP	Storm Drain Condition Assessment	\$ 1,000,000
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<b>TOTAL</b>		<del>\$ 139,553</del> <b>\$68.3 m</b>

# Revenue Requirement and User Fee Estimates

*Operations*

\$3.6 M

*Lagoon Dredging*

\$1.9 M

*Capital Program*

\$2.9 M

**Annual Requirement**  
= \$8.4 M

Equates to ~\$16 / month  
(average home)



\$6.92

\$3.61

\$5.47

# Funding Options and Practical Considerations

# Funding Options

- User Fees
  - Proposition 218 requirements
  - Similar to water and wastewater rates
  - Adds extra step – mail-in ballot Process
- Other
  - General or Special Tax
  - Benefit Assessment

More political than usual

- Community engagement
- Opinion survey
- Strategic communications

# Funding Mechanisms

Type	Majority	Mode	When
User Fee	50% <sup>1</sup>	Mail	Any Time
Parcel Tax	2/3	Election	General Election
Other Tax	50% or 2/3 <sup>2</sup>	Election	General Election
Benefit Assessment <sup>3</sup>	50% (weighted) <sup>1</sup>	Mail	Any Time
Bond Measure (GO) <sup>4</sup>	2/3	Election	General Election

1. *Voted on by property owners (not registered voters)*
2. *50% for general tax; 2/3 for special tax*
3. *Benefit Assessments may be limited to funding Lagoon Costs*
4. *GO Bonds can fund ONLY capital improvements (no O&M)*

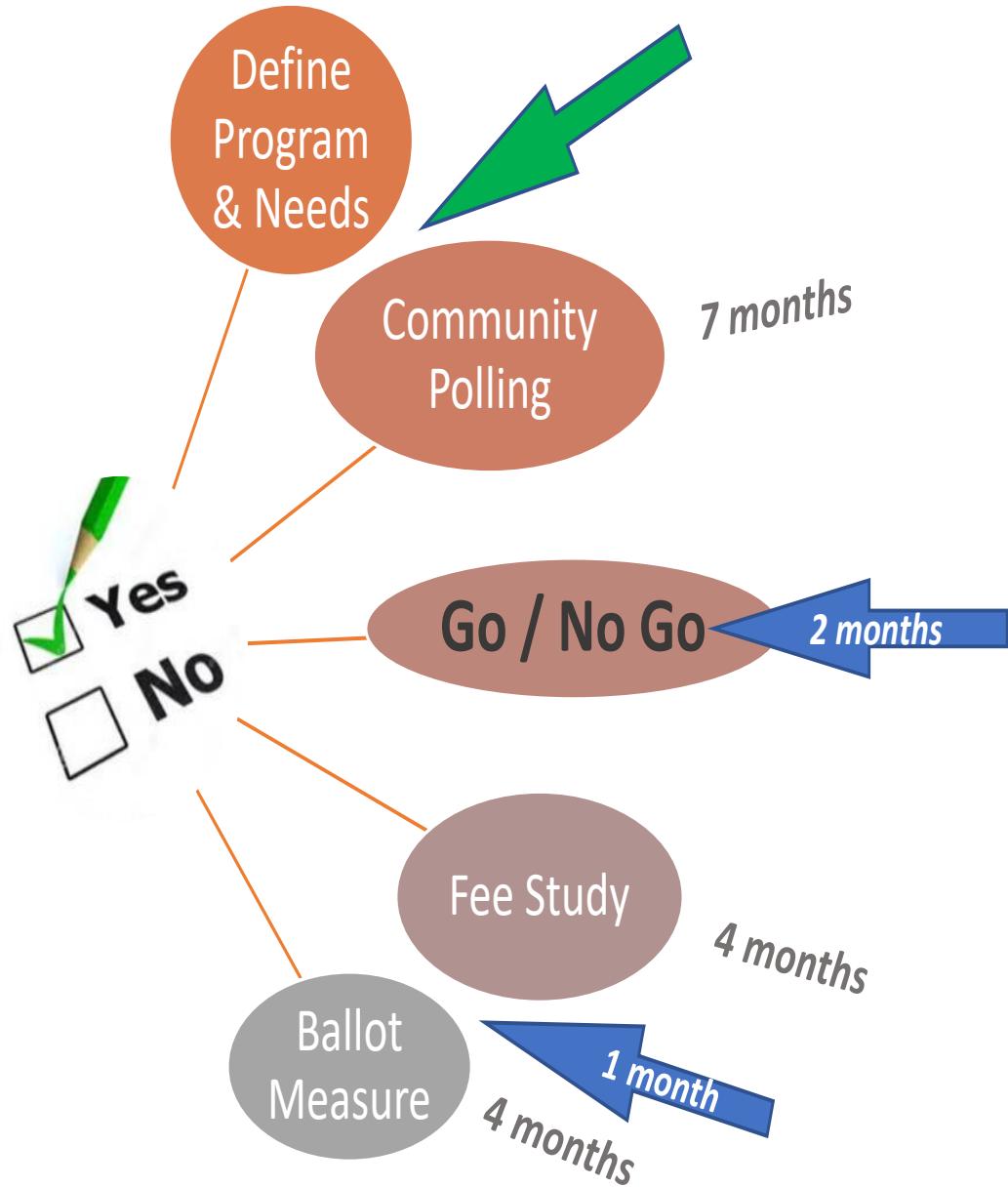


## SIC Comments

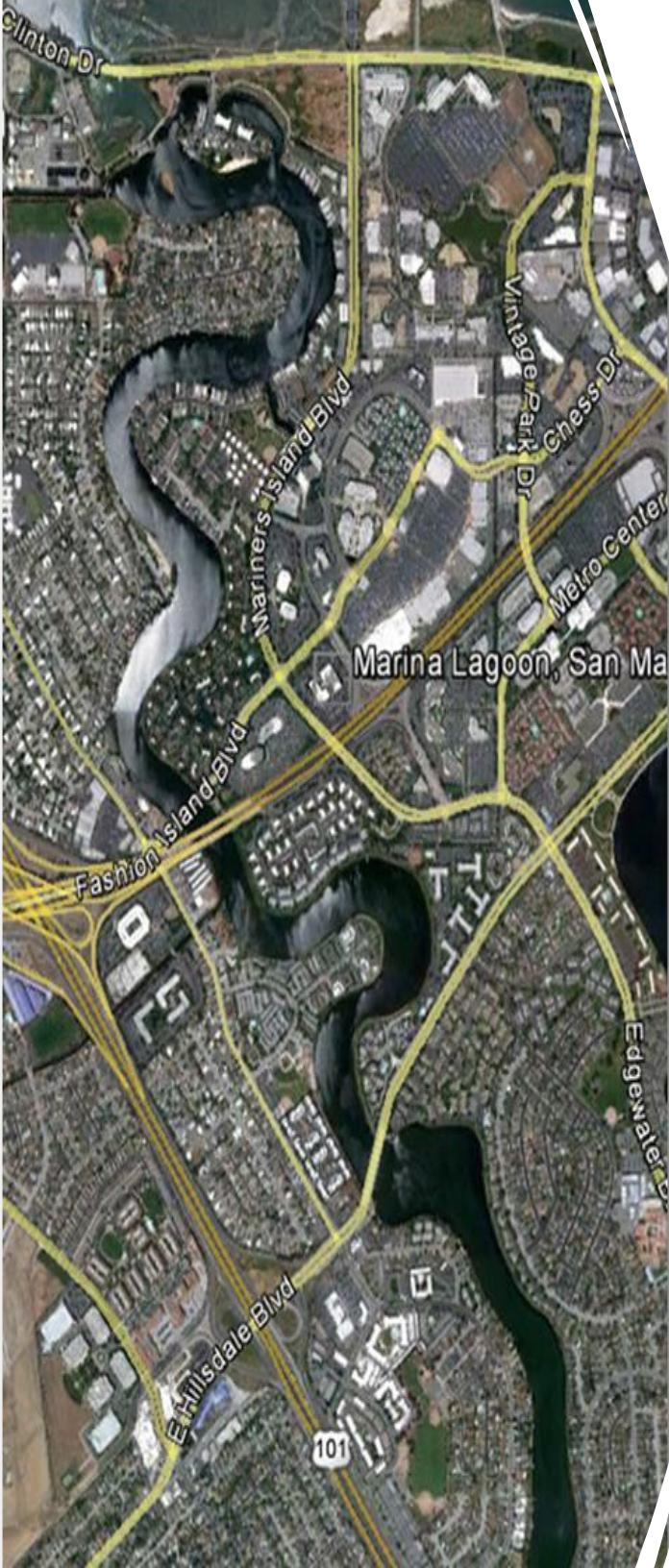
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- Refine Lagoon costs
- Explore partnerships (C/CAG or County)
- Consider creating the enterprise even without funding.
- Incorporate green infrastructure into any final fee study.
- Consider a stormwater branding campaign.
- Consider impacts of the COVID pandemic on the timing

# Road Map to a Stormwater Utility



- Three Decision Points
- 18 Months (minimum)
  - Variables tend to lengthen it
  - Actual revenue could lag by additional year (annual tax bill)
- Community Engagement Throughout
- Coordinate with other City priorities & initiatives



# Next Step – Community Survey

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What

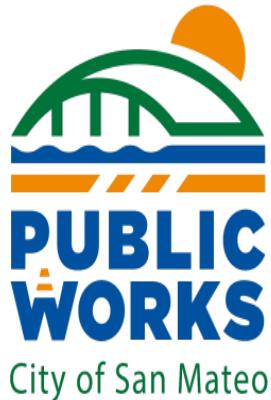
Test Messaging & Willingness to Invest  
Narrow Options → Best Path Forward (*fee / tax / assessment*)

Why

Learn Community Priorities – Verify Alignment with City's

How

Mail Survey (*predictive of mail ballot*)  
Include Information Sheet



# Thank You

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