



# Storm System and Funding Analysis

May 17, 2021

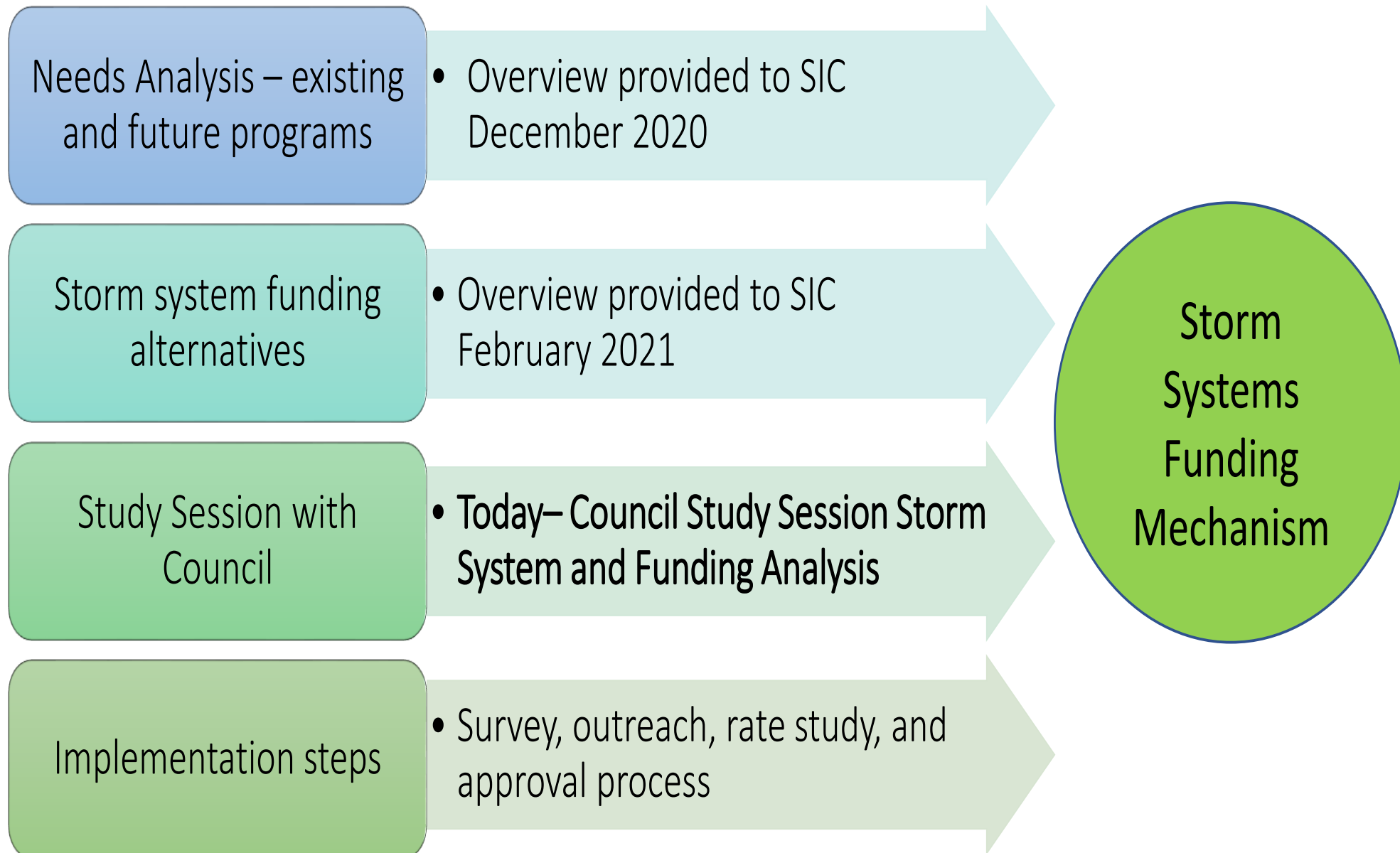
**Matt Zucca - Deputy Director of Public Works**

**Jerry Bradshaw – SCI Consulting Group**

# Presentation Agenda

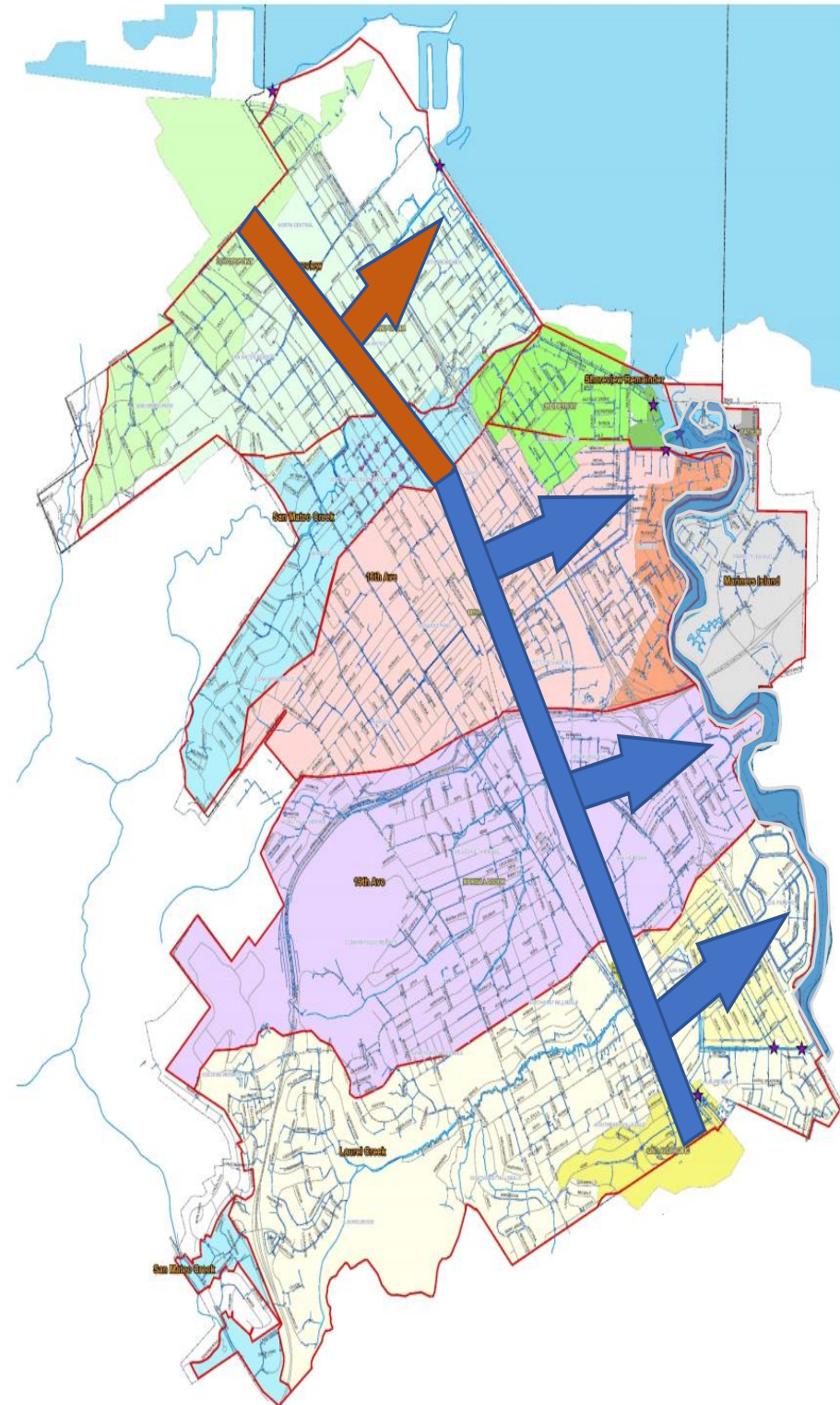
- Project background and history
  - Evaluation Process
  - Stormwater system overview
  - Stormwater Funding Analysis
  - Considerations
    - Financial / Environmental / Community
  - Next Steps
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# Storm Systems Evaluation Process



# 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

<i>in thousands</i>		
Program	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><u>\$3,440</u></u>	<u><u>\$3,638</u></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
2004 Storm Drain Master Plan	16th Avenue Drainage Area	9,521,000
	19th Avenue Drainage Area	11,972,000
	Laurel Creek Drainage Area	9,567,000
	Coyote Point Drainage Area	17,050,000
	Detroit Drive Drainage Area	5,728,000
	San Mateo Creek Drainage Area	2,620,000
TOTAL		<u><u>\$ 138,553,000</u></u>

\$2 m

\$80 m

\$57 m

*Hi - \$33*

*Med - \$16*

*Low - \$8*

# 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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2018 Assessment	Marina Lagoon Dredging	<del>80,000,000</del> <b>\$9.7 m</b>
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	San Mateo Creek Drainage Area	2,620,000
TOTAL		<del>\$ 128,553,000</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

A faint, light gray background image showing a hand dropping a ballot into a ballot box. The hand is on the left, holding a rectangular ballot, and is positioned as if about to drop it into the slot of a ballot box at the bottom center of the slide.

- 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)

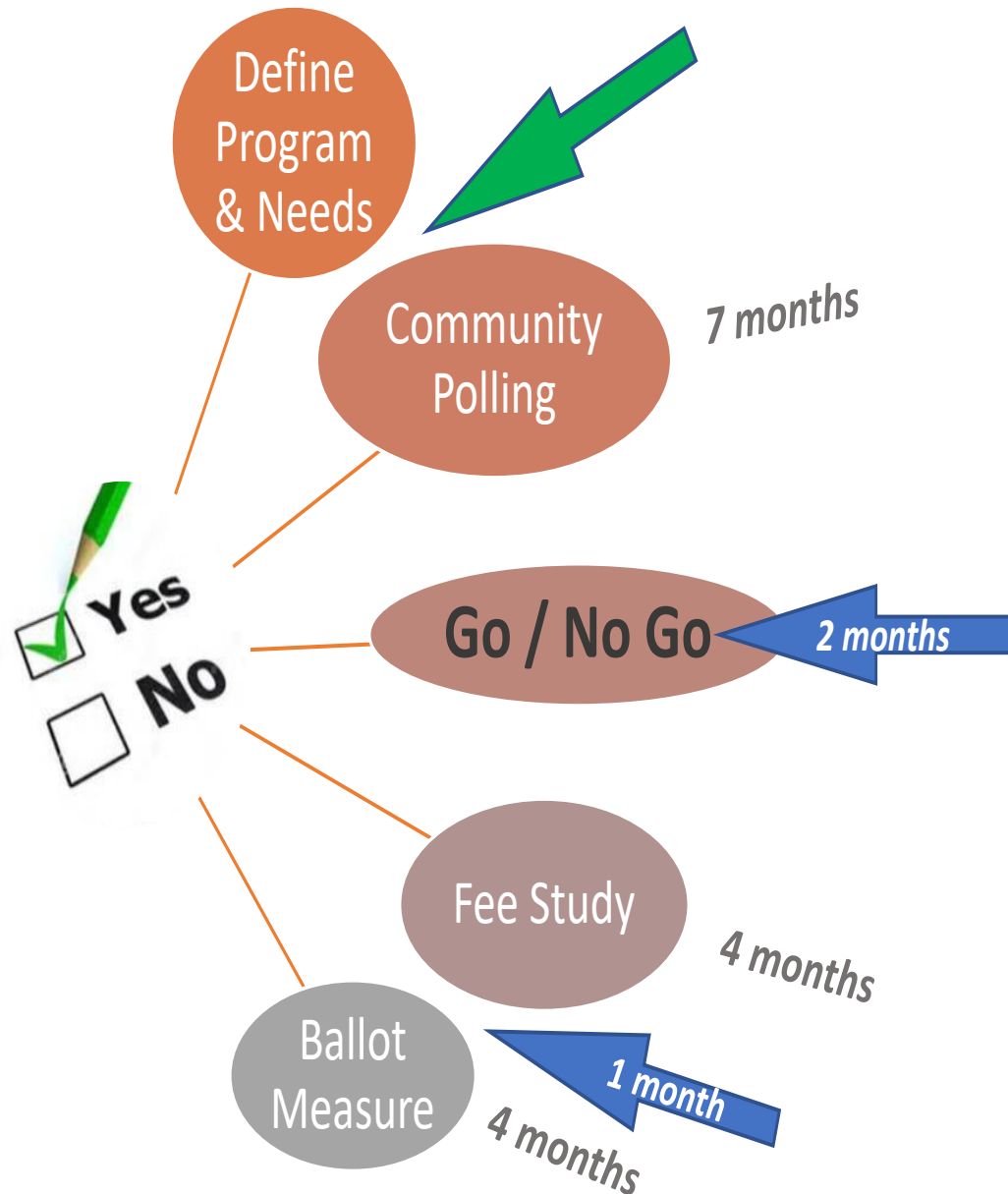


# SIC Comments

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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

## 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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