



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Members of the Finance Subcommittee

FROM: Steve S. Charelion, Finance Director
Henry Mitzner, Controller
Libby Bretthauer, Senior Financial Analyst
Marcelo Serrano, Management Analyst

DATE: September 26, 2019

SUBJECT: Stormwater Assessment Engineer's Report

RECOMMENDATION:

Staff recommends the Finance Subcommittee receive this report and provide direction.

FISCAL IMPLICATION:

The current Stormwater Fee is fixed at \$19.12 for Single Family Residential (SFR) parcels and charged to property owners. The fee generates approximately \$345,000 in annual revenue and is collected through the property tax bill as a direct assessment. If a new Stormwater Fee is approved it would need to generate about \$1.23 million in revenues annually to maintain the Stormwater Fund. According to the Stormwater Assessment Engineer's Report by Harris & Associates (Attachment 1), to generate this amount the City would need to set the annual parcel fee at a rate that would average around \$84 for all privately owned lots. For residential parcels, this fee would roughly average \$69 per year. For more information regarding the fee across different land use types, please see Attachment 5. As costs generally rise over time, the new fee can be adjusted annually based on the Consumer Price Index (CPI).

Separately, it is expected that the City will receive approximately \$410,000 in additional funds through the County's Measure W program (Attachment 3). 70% of these funds are reserved for the construction, maintenance, and operation of program eligible projects. The remaining 30% is available for use in any stormwater activities, including the operations and maintenance of existing infrastructure considered to be ineligible.

BACKGROUND:

On July 15, 2019, as a step towards addressing projected Stormwater Fund deficits, the Finance Subcommittee gave direction to staff to update the Stormwater Assessment Engineer's Report. Subsequent to this action, the Finance Department contracted with Harris & Associates to provide an updated report.

DISCUSSION:

The Finance Department is providing the Finance Subcommittee with the updated Stormwater Assessment Engineer's Report prepared by Harris & Associates. This report employs the best practice of utilizing the impervious square footage of each property within the City as a method of determining its proportional contribution to stormwater runoff. The

calculated area is used to generate an amount that each parcel would need to contribute to adequately fund the Stormwater Program. Matching the fee to expected expenditures and indexing it to the CPI will effectively allow the City to eliminate its reliance on General Fund transfers to maintain the stormwater system in future years.

The Stormwater Program encompasses the design, construction, and maintenance of the City's stormwater infrastructure. Initially, stormwater systems were built to provide municipal flood control, however, the functions of these programs have expanded beyond the construction and maintenance of flood control infrastructure to include environmental protection and regulatory objectives. Despite this increase in scope, the current fee paid by property owners to support the City's system has remained unchanged since its inception in 1996. As such, even with the additional funds expected annually from Los Angeles County through Measure W, current revenue projections fall short of generating the amount needed to properly finance stormwater expenditures. Furthermore, as the system ages, infrastructure maintenance and replacement costs are expected to increase. Annual General Fund transfers have been required to support minimum service levels and, as costs continue to rise, transfer amounts are projected to increase.

As indicated in the Stormwater Assessment Engineer's Report, a proposed Stormwater Fee would replace the existing Stormwater Fee and generate the revenues required to provide adequate funding for the program. Currently, all SFR parcels subject to the fee pay a fixed rate of \$19.12 annually on their property tax assessment regardless of lot size. All other parcels contribute a fixed amount based on stormwater runoff calculations that were performed in 1996. As opposed to having all SFR parcels pay a single rate, the proposed fee will allocate the expected contribution for each lot upon anticipated stormwater runoff as a function of the amount of the impermeable surface area on site. It is anticipated that this new fee will generate approximately \$1.23 million for the Stormwater Fund in the first year and can be increased on an annual basis based on current fund forecasts and the CPI in future years, thereby reducing the system's reliance on subsidies from the General Fund. According to the Engineer's Report, there are 12,914 privately owned parcels of various types and sizes within the City limits. Under the proposed fee estimate, the anticipated contributions for nearly 9,000 out of 9,300 of the SFR parcels would range between \$45 and \$100 annually with an the average property in this range paying about \$71 per year. Owners of the largest SFR lots can expect a higher annual fee range capping at around \$260 annually with an average of about \$135 per year.

In order to initiate the process for a new fee, the Finance Subcommittee would need to recommend that the City Council begin the Proposition 218 procedure as outlined in the Prop 218 - Process for Fees document (Attachment 2). Should City Council approve the recommendation, public outreach would need to be conducted in accordance with the requirements of Proposition 218 as follows:

- A notice must be mailed to all property owners signifying the start of a protest period
- A Public Hearing must be set for at least 45 days after the mailing of the notice
- All written protests must be totaled and announced at the conclusion of the public hearing

Assuming a majority of property owners have not registered a protest:

- City Council must adopt a resolution to mail ballots for approval of the Stormwater Fee
- Ballots must be mailed out for a vote by property owners
- The voting period can be set to end at least 45 days after the mailing of the ballots

Should a majority of property owners approve of the fee through the balloting process:

- City Council will be able to adopt the new fee by a two-thirds approval vote of an ordinance
- The new fee could be placed on the Los Angeles County Tax Roll for FY 2020-21.

As part of securing background information regarding the feasibility of implementing Stormwater Fee ballot measures, staff contacted Dr. Timothy McLarney, a market research industry expert from True North Research, on August 9, 2019. Dr. McLarney indicated that stormwater fee initiatives could be challenging to pass.

Alternative Funding Options

As an alternative to a new Stormwater Fee, the Finance Subcommittee could recommend that the City continue to provide General Fund transfers to the Stormwater Fund. As this would limit the amount of General Fund dollars available for other purposes, the City could propose a ballot measure to increase the sales tax rate from its current 9.5% rate. The maximum sales tax rate within the County of Los Angeles allowed by State law is 10.25%, leaving the City the option to propose an increase of up to 0.75%. Currently, many beach cities, including El Segundo, Hermosa Beach, and Redondo Beach maintain a sales tax rate of 9.5%. However, many other neighboring cities in the area, including Culver City, Hawthorne, Lawndale, and Santa Monica, have increased their sales tax to 10.25%. It is currently estimated that each additional 0.25% increase in sales tax would generate approximately \$2 million annually in General Fund revenues.

The passage of a ballot measure to increase the General Sales Tax rate would require a simple majority and could be put to a vote as early as November 2020. All locally controlled tax revenues would be available to pay for general City operations and services debt including transfers to other funds as necessary; various infrastructure, protecting the environment, streets and roads, and public safety projects; and recreation and older adult services. Ballot measures for General Sales Tax increases seem to have fairly high passage rates. In an analysis of the election results from November 2018, Michael Coleman of CaliforniaCityFinance.com indicated that 52 out of 58 measures increasing General Sales Tax were approved during the voting cycle. In the future, should Los Angeles County decide to utilize a ballot measure to increase sales tax, it could limit the amount available for the City to collect. Due to the nature of the 10.25% maximum, any municipality that is already fully utilizing the maximum rate will not have a Los Angeles County increase applied to their locality.

Attachments:

1. Stormwater Assessment Engineer's Report
2. Proposed Prop 218 - Process for Fees
3. Los Angeles County – Measure W – Estimated Annual Municipal Program Funds

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By Municipality

4. Average Annual Contributions for Proposed Stormwater Assessment Fee Per Parcel Type – Privately Owned Parcels
5. Average Annual Contributions for Proposed Stormwater Assessment Fee Per Parcel Type – Total City Parcels

Storm Drain Utility Fee

September 26, 2019

Prepared for:



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Section 1 INTRODUCTION

To ensure dedicated funding for its storm drain program, the City of Manhattan Beach (“City”) established a storm drain utility fee in May 1996. For the past several years, storm drain utility fee revenues have not been adequate to support the City’s stormwater enterprise and, as a result, the General Fund has had to contribute funds to cover the stormwater fund’s (“Stormwater Fund”) deficits. From FY 2015-16 to FY 2018-19, the General Fund has contributed a total of \$4.01 million to the Stormwater Fund to cover operating and maintenance expenses, which were in excess of the current stormwater fee revenues. The General Fund is projected to contribute \$0.86 million to the Stormwater Fund in FY 2019-20, bringing General Fund subsidies to the Stormwater Fund of \$4.87 million since FY 2015-16. In addition, inadequate revenues generated by the current storm drain utility fee have necessitated the deferral of capital improvements to the storm drain system.

The purpose of this report is to:

- Review the requirements of Article XIID of the State Constitution (Proposition 218) relating to requirements for the adoption of a property related fee for storm water.
- Ensure that the fee rate structure established is fair and equitable for the levying of the costs of the City’s Stormwater Enterprise.
- Develop a methodology for the calculation of fees for stormwater, which is based on the impervious area for each parcel developed for the Los Angeles County Flood Control District for Measure W.
- Outline the process for the approval and adoption of the new storm drain utility fee based on Proposition 218.

Proposition 218 Requirements

The proposed storm drain utility fee is defined as a “property related fee” under Article XIID of the California Constitution (Proposition 218). Section 6.b of Proposition 218 has the following requirements for all “new, extended, imposed or increased” fees and charges:

- 1) “Revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service.”
- 2) “Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.”
- 3) “The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.”
- 4) “No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of service are not permitted. Standby charges, whether characterized as

charges or assessments, shall be classified as assessments and shall not be imposed without compliance with [the assessment section of this code].”

- 5) “No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services where the service is available to the public at large in substantially the same manner as it is to property owners.”

There have been a number of court cases related to property-related fees in the last few years; however, they have all focused on water rates or groundwater charges. The only substantive part of these cases that related to storm water fees is the requirement that the fees be based on the cost of service and that they must be proportional to the service received. The City’s current rate structure complies with this requirement as does the new fee methodology recommended in this report.

Impact of Los Angeles County’s Safe Clean Water Program (Measure W)

The Safe, Clean Water Program (“Measure W” or the “Program”) was passed by voters on November 6, 2018. The County of Los Angeles’ (“County”) Measure W placed a 2.5 cents per square foot of impermeable surface parcel tax, which will generate \$300 million per year for the Los Angeles region, subject to reductions as provided for in a credit program and exemptions for parcels owned by qualifying low income seniors. As outlined in the ordinance adopted by the Los Angeles County Board of Supervisors for Measure W, of the \$300 million that will generated by Measure W, 40% or \$120 million will be allocated to cities within the County. It is estimated that the City of Manhattan Beach will receive \$410,000 annually from Measure W. Under the ordinance, of the funds which the City will receive, 30%, or \$123,000 may be used at the City’s discretion to use for programs in place prior to the adoption of Measure W. The funds collected will be managed by the Los Angeles County Flood Control District (“District”) and will be used to upgrade stormwater infrastructure to increase the region’s local water supply, improve water quality and protect public health. According to the Program, projects and programs by municipalities are required to include a water quality benefit; multi-benefit projects and nature-based solutions are encouraged. Eligible activities include, but not limited to, project development, design, construction, effectiveness monitoring, operations and maintenance (including operation and maintenance projects built to comply with 2012 MS4 permits), as well as for other programs and studies related to protecting and improving water quality in lakes, rivers and oceans.

Measure W parcel tax recipient municipalities are required to comply with certain provisions of the County Ordinance (Section 18.06) related to the Program. These provisions state that the municipality perform the following functions:

- 1) Prioritize the development of projects that comply with the MS4 permit to the extent feasible.
- 2) Prior to the start of the municipality’s fiscal year, prepare a plan as to how Program funds will be used.
- 3) Comply with reporting and auditing requirements of the Program.
- 4) Consider municipal-level requests for projects from eligible Infrastructure Program project applicants.

- 5) Prepare and provide public information materials regarding the municipality's actual and budgeted revenues from the Program.
- 6) Operate in accordance with best practices for government agencies.
- 7) Be accountable for all funds, receipts and disbursements.
- 8) Identify or establish, and then execute, a plan to engage stakeholders in the planning process for the use of Program funds during the planning and implementation of projects and programs.
- 9) Comply with all Transfer Agreement requirements.
- 10) Prepare a vector minimization plan addressing vector considerations for the design, operation and maintenance of each eligible project.

Timing of the administration and disbursement of Program funds commences in summer 2019, when the District submits to the County the final FY 2019-20 tax roll. Starting in fall 2019, tax bills for FY 2019-20 will be mailed to property owners; and, in winter 2019-20, municipalities will enter into Fund Transfer Agreements with the District, followed by the allocation of Program funds to appropriate parties in spring 2020.

The Measure W parcel tax will be based on impermeable surface on a parcel, which has been determined by the County. It is recommend that this same impermeable surface data be used to determine the City's proposed storm drain utility fee. This will provide an approach that is consistent with the County's Measure W parcel tax and meet the requirement of the State Constitution.

Section 2 FEE CALCULATION

Within the City of Manhattan Beach, there are many separate watersheds of various terrain and with inlets, pipes and channels made of various materials and in various conditions. Some of these watersheds flow directly to the ocean and others flow through other cities or into the unincorporated county areas.

All parcels draining into City-maintained drainage infrastructure are proposed to be charged the same storm drain utility fee rate per impervious square foot for storm drain operations, maintenance and related capital improvements. The storm drain utility fee is proposed to be levied in perpetuity (unless rescinded by the City Council) to maintain the storm drain system and provide a source of funds to make essential capital improvements.

Impervious Factor

Impervious data on parcels have been provided by the County. To simplify the proposed City storm drain utility fee, the methodology will utilize impervious area data used in the calculation of the County's Measure W parcel tax as opposed to the current methodology established in 1996, which uses a hydrologic factor (i.e., runoff coefficients) by land use type to determine the parcel's storm drain utility fee. Pursuant to Proposition 218, all parcels impacting the City's storm drain system will be subject to the proposed storm drain utility fee.

Projected Revenues and Expenses

As in previous years, the City projects deficits for the Stormwater Fund in the next several years as expenditures are anticipated to increase. Except for FY 2020-21 in which capital improvements is estimated to be \$1,210,000, the City estimates \$710,000 per year in capital improvements through FY 2024-25. The following table shows the projected deficits for the Stormwater Fund. Note that the projections through FY 2023-24 are per the City's FY 2019-20 Adopted Budget Addendum. The projections have been extended to FY 2024-25 through the escalation of core expenditures by 3.00%.

**Table 1. Projected Revenues and Expenditures
Fiscal Years 2018-19 through 2024-25 (per the City's Approved Budget Addendum)^[e]**

Fund 502 - Stormwater Fund	Estimated FY 2018-19	Budgeted FY 2019-20	Projected FY 2020-21	Projected FY 2021-22	Projected FY 2022-23	Projected FY 2023-24	Projected FY 2024-25
Revenues:							
[a] Existing Fee Revenues	\$ 345,000	\$ 345,000	\$ 345,000	\$ 345,000	\$ 345,000	\$ 345,000	\$ 345,000
[b] Miscellaneous	4,484	4,484	4,484	4,484	4,484	4,484	4,484
[c] Nonoperating Revenues	20,576	19,149	19,667	20,196	20,737	21,290	21,290
Total Revenues	<u>370,060</u>	<u>368,633</u>	<u>369,151</u>	<u>369,680</u>	<u>370,221</u>	<u>370,774</u>	<u>370,774</u>
Expenditures:							
[d] Core Expenditures	888,964	929,089	955,596	982,371	1,009,689	1,037,466	1,068,590
Capital Equipment and Projects	290,000	710,000	1,210,000	710,000	710,000	710,000	710,000
Total Expenditures	<u>1,178,964</u>	<u>1,639,089</u>	<u>2,165,596</u>	<u>1,692,371</u>	<u>1,719,689</u>	<u>1,747,466</u>	<u>1,778,590</u>
Surplus (Deficit)	<u>\$ (808,904)</u>	<u>\$ (1,270,456)</u>	<u>\$ (1,796,445)</u>	<u>\$ (1,322,691)</u>	<u>\$ (1,349,468)</u>	<u>\$ (1,376,692)</u>	<u>\$ (1,407,816)</u>
<p>[a] Revenues from current storm drain fees. [b] Revenues from storm sweeping. [c] Revenues from interest earnings. [d] Expenditures from salaries, benefits, materials, services, and internal service charges. [e] The projections through FY 2023-24 are per the City's Budget. Projections have been extended to FY 2024-25 through the escalation of core expenditures by 3.00%.</p>							

Revenue Requirements

The County of Los Angeles Flood Control District has developed impervious data for each parcel within the County for the implementation of Measure W. A copy of that data has been provided to the City and will be used for the calculation of the parcel's proposed City storm drain utility fee. The City's budget figures for each year will be used to compute the storm drain utility fee. The total revenues for the proposed City storm drain utility fee in FY 2020-21 is \$1,231,445, which is spread among parcels impacting the City's storm drain system in proportion to the parcel's impervious area.

The storm drain utility fee reflects the annual projected revenue requirements the City has determined to adequately maintain a safe and reliable storm drain system. Annual projected revenue requirements in each fiscal year are shown in Table 2 below. Core and capital equipment project expenditures are taken from the City's 2019-20 Adopted Budget Addendum. New revenues of \$410,000 per year is the amount the City is estimated to receive from Measure W funds per the Program. It is anticipated that a General Fund subsidy will be required for capital equipment and projects through FY 2020-21.

Table 2. Revenue Requirements, Fiscal Years 2018-19 through 2024-25

	Estimated FY 2018-19	Budgeted FY 2019-20	Projected FY 2020-21	Projected FY 2021-22	Projected FY 2022-23	Projected FY 2023-24	Projected FY 2024-25
Revenues:							
Opening Balance	\$ 856,532						
[a] Miscellaneous	30,173	4,484	4,484	4,484	4,484	4,484	4,484
[b] Nonoperating Revenues	20,576	19,149	19,667	20,196	20,737	21,290	21,290
[c] Add: Measure W Funds		410,000	410,000	410,000	410,000	410,000	410,000
[d] General Fund Transfer	1,274,735	860,456	500,000				
Existing Storm Drain Utility Fee Revenues	345,000	345,000					
Proposed Storm Drain Utility Fee Revenues			1,231,445	1,257,691	1,284,468	1,311,692	1,342,816
Total Revenues	\$ 2,527,016	\$ 1,639,089	\$ 2,165,596	\$ 1,692,371	\$ 1,719,689	\$ 1,747,466	\$ 1,778,590
Expenditures:							
[e] Core Expenditures	\$ 763,955	\$ 929,089	\$ 955,596	\$ 982,371	\$ 1,009,689	\$ 1,037,466	\$ 1,068,590
Capital Equipment and Projects	127,135	710,000	1,210,000	710,000	710,000	710,000	710,000
Carryforward	1,635,926						
Total Expenditures	\$ 2,527,016	\$ 1,639,089	\$ 2,165,596	\$ 1,692,371	\$ 1,719,689	\$ 1,747,466	\$ 1,778,590
<p>[a] Revenues from street sweeping. [b] Revenues from interest earnings. [c] Per the Safe, Clean Water Program for the City of Manhattan Beach. Measure W parcel tax revenues will be allocated to appropriate parties in Spring 2020. [d] General Fund transfers are per City staff. Note that City staff indicated there will be no General Fund transfers beginning FY 2021-22. [e] Expenditures from salaries, benefits, materials, services and internal service charges.</p>							

Storm Drain Utility Fee Calculation

By definition, all properties that drain into the City’s storm drain system use the storm drain system. The amount of use attributed to each parcel is measurable by the amount of storm runoff contributed by the property, which is directly proportional to the amount of impervious area on a parcel (such as buildings and concrete). The more impervious area on a property, the more storm runoff the property generates.

Table 4 below shows the derivation of the revenue requirement per impervious square foot for a parcel that impacts the City’s storm drain system. Using the County’s total impervious area of all the parcels impacting the City’s storm drain system of 1,094.01 acres and the revenue requirement of \$1,231,445 in FY 2020-21, the revenue requirement per impervious acre is \$1,125.63 or 2.6 cents per impervious square foot.

Table 3. Revenue Requirement per Acre and Square Foot^[a], FY 2020-21

Proposed City Storm Drain Utility Fee Revenues	\$ 1,231,445
Total Impervious Area in Acres	1,094.01
Storm Drain Utility Fee per Impervious Acre	\$ 1,125.63
Storm Drain Utility Fee per Impervious Sq. Ft.	\$ 0.0258

[a] One acre = 43,560 square feet.

The formula for calculating the City’s storm drain utility fee is as follows:

$$\text{Revenue requirement per Impervious Square Foot} \times \text{The Parcel's Impervious Area in Square Feet} = \text{The Parcel's City Storm Drain Utility Fee}$$

The calculation above uses the County’s impervious area data to determine a parcel’s City storm drain utility fee. The average storm drain utility fee for each land use category in FY 2020-21 is shown in the table below. However, it should be noted that, if adopted, the City’s new storm drain utility fee will be based on a parcel’s actual impervious area.

Table 4. Average Storm Drain Utility Fee by Land Use, FY 2020-21

Land Use	Lot Size (Acres)	Units/Parcels	Total Impervious Area		Total Impervious Area		Allocation of Proposed Utility Fee Revenues		FY 2020-21 Average Fee
			Total Lot Area (Sq Ft)	Total Impervious Area (Sq Ft)	Total Lot Area (Acres)	Total Impervious Area (Acres)			
Single Family Residential	< 0.08	2,265	5,143,004	3,875,566	118.07	88.97	\$ 100,148	\$ 44.22 /unit	
Single Family Residential	0.08 - 0.14	5,066	24,799,756	13,837,935	569.32	317.68	357,583	70.58 /unit	
Single Family Residential	0.15 - 0.19	2,200	16,163,577	8,248,022	371.06	189.35	213,135	96.88 /unit	
Single Family Residential	0.20 - 0.24	230	2,147,841	1,061,264	49.31	24.36	27,424	119.23 /unit	
Single Family Residential	0.25 - 0.49	117	1,561,940	704,434	35.86	16.17	18,203	155.58 /unit	
Single Family Residential	0.50 - 1.00	19	466,817	188,285	10.72	4.32	4,865	256.08 /unit	
Condominium		1,111	8,029,189	1,526,442	184.32	35.04	39,444	35.50 /unit	
Multi-Family Residential		1,357	4,461,162	3,362,627	102.41	77.20	86,893	64.03 /unit	
Commercial		461	12,514,005	9,137,194	287.28	209.76	236,112	1,125.63 /acre	
Vacant Land		78	553,639	205,294	12.71	4.71	5,305	1,125.63 /acre	
Subtotal		12,908	75,840,930	42,147,063	1,741.07	967.56	1,089,114		
School		40	4,581,354	2,013,634	105.17	46.23	52,034	1,125.63 /acre	
Park/Greenbelt		2	1,209,891	281,070	27.78	6.45	7,263	1,125.63 /acre	
Parking Lots		54	996,449	714,454	22.88	16.40	18,462	1,125.63 /acre	
Utility		13	973,207	113,824	22.34	2.61	2,941	1,125.63 /acre	
Government Property		90	6,760,257	2,385,030	155.19	54.75	61,631	1,125.63 /acre	
Subtotal		199	14,521,158	5,508,012	333.36	126.45	142,331		
TOTAL [a]		13,107	90,362,088	47,655,075	2,074.43	1,094.01	\$ 1,231,445		

[a] Includes 4 parcels that have no land use records per County data.

Annual Storm Drain Utility Fees

Below is a projection of the storm drain utility fee for a 5-year period, from Fiscal Years 2020-21 through 2024-25, using the revenue requirements in Table 2 and assuming the total of 1,094.01 acres of impervious area in the City does not change as determined by the County for the purpose of calculating the current Measure W parcel tax for the City’s parcels.

Table 5. Proposed Storm Drain Utility Fees, Fiscal Years 2020-21 through 2024-25

	Projected FY 2020-21	Projected FY 2021-22	Projected FY 2022-23	Projected FY 2023-24	Projected FY 2024-25
Proposed Storm Drain Utility Fee Revenues	\$ 1,231,445	\$ 1,257,691	\$ 1,284,468	\$ 1,311,692	\$ 1,342,816
[a] Total Impervious Area in Acres	1,094.01	1,094.01	1,094.01	1,094.01	1,094.01
Storm Drain Utility Fee per Impervious Acre	\$ 1,125.63	\$ 1,149.62	\$ 1,174.09	\$ 1,198.98	\$ 1,227.43
Storm Drain Utility Fee per Impervious Sq. Ft.	\$ 0.0258	\$ 0.0264	\$ 0.0270	\$ 0.0275	\$ 0.0282
Percentage Increase from Previous Fiscal Year		2.13%	2.13%	2.12%	2.37%
<hr/>					
[a] Assumes total impervious area of parcels in the City does not change. One acre equals 43,560 square feet.					

Section 3 FEE ESTABLISHMENT PROCESS

Article XIII D of the California Constitution requires that the proposed Fee must go through a two-step approval process. The first step is a Public Hearing, and the second step is a property owner election.

Public Hearing

All property owners subject to the proposed City storm drain utility fee will be given the opportunity to protest the fee at the Public Hearing scheduled for _____, 2020. If at the conclusion of the Public Hearing, written protests against the proposed fee have been filed (and not withdrawn) by the owners of a majority of the parcels subject to the fee, then the process will stop and the fee will not be imposed.

A written protest must identify the property and be signed. The City cannot accept electronic protests, such as email or texting. In order to be counted in determining whether there is a majority protest, written protests must be filed with the City Clerk prior to the conclusion of the Public Hearing. Written protests may be delivered to the City Clerk at the Public Hearing or mailed or hand-delivered to the City Clerk at City Hall at the address shown on the front of the notice. A majority protest exists, if upon the conclusion of the Public Hearing, ballots submitted in opposition to the fee exceed the ballots submitted in favor of the fee. In tabulating the ballots, each ballot shall be weighted by the amount of the proposed fee to be imposed upon the parcel for which such ballot was submitted. The City Council shall not imposed the fee if there is a majority protest.

Property Owner Election

If there is an absence of a majority protest, the City Council may order an election on the proposed fee. One ballot will be provided for each parcel subject to the proposed fee. Ballots will be mailed to the record owner(s) of the parcels and property owners will be given 45 days to return their ballot. Property owners will be informed of the date and time tabulation of the ballots will occur and they will have the opportunity to view the tabulation process. The results will be presented to the City Council at the next regular Council Meeting following the completion of the tabulation and the Council may impose the fee if the fee is approved by the majority of the returned ballots. If approved, City Council shall pass a City Ordinance or adopt a City Resolution regarding the approval and collection of the fee. The fee will be collected on the annual County Property Tax Bills commencing with FY 2020-21 and may be subject to annual increases based on the Consumer Price Index (CPI) published by the U.S. Bureau of Labor Statistics or another index reasonably comparable to the CPI. The mailed ballot election is expected to occur in fall of 2019.

A flowchart of the process for establishing a new fee or charge is provided in Exhibit A.

Section 4 APPEALS PROCESS

If a property owner disagrees with the calculation of his or her fee, based on the parcel area and estimated impervious percentage assigned to the property, then the property owner may appeal the calculation as follows:

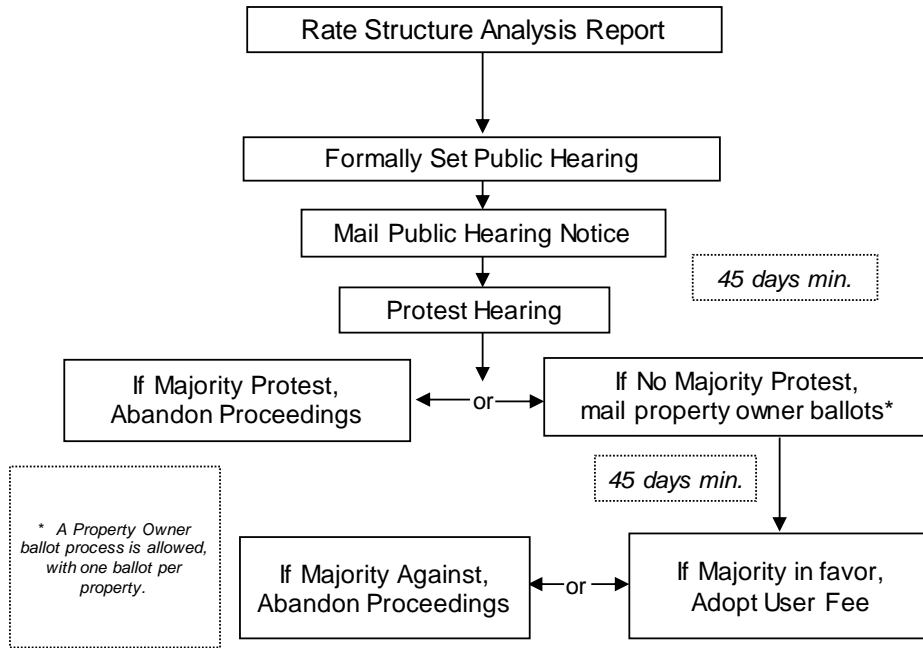
1. The property owner must provide written documentation explaining the reason why the fee should be changed. This documentation must include:
 - a. The name, phone number, mailing address, and email address, if available, of the property owner.
 - b. The Assessor's Parcel Number (APN) of the property in question.
 - c. To-scale drawings of the property in question and the impervious areas located on it with accompanying calculations. The to-scale drawings shall include the square footage and labels for each impervious area (i.e. house, garage, driveway, patio, tool shed, carport, etc.).
2. If additional documentation is required or insufficient documentation was submitted, a representative of the City's Public Works Department or his or her designee ("Staff") will notify the property owner in writing within two (2) weeks of receipt of the appeal.
3. Once Staff has determined that sufficient documentation has been submitted, Staff will perform the initial review. Staff will notify the property owner in writing within four (4) weeks from the time sufficient documentation was submitted as to whether or not the fee amount will be changed.
 - a. If the determination is to change the fee amount, then the new fee amount will be documented within the City's fee database.
 - b. If the determination is that the fee should not be changed, the property owner can appeal Staff's decision to the Director of Public Works ("Director"). The appeal must be made in writing and returned no later than four (4) weeks from the date of mailing of Staff's initial review decision. The Director will notify the property owner in writing within four (4) weeks from the date of receipt of the appeal as to whether or not the fee amount will be changed.

If the Director's determination is that the fee should not be changed, the property owner can appeal this decision to the City Council. The appeal must be made in writing and returned no later than four (4) weeks from the date of mailing of the Director's appeal decision. The City Clerk shall fix a time and place for hearing the appeal and shall give notice in writing to the appellant for service of notice of hearing. The City Council's determination on the appeal shall be final.

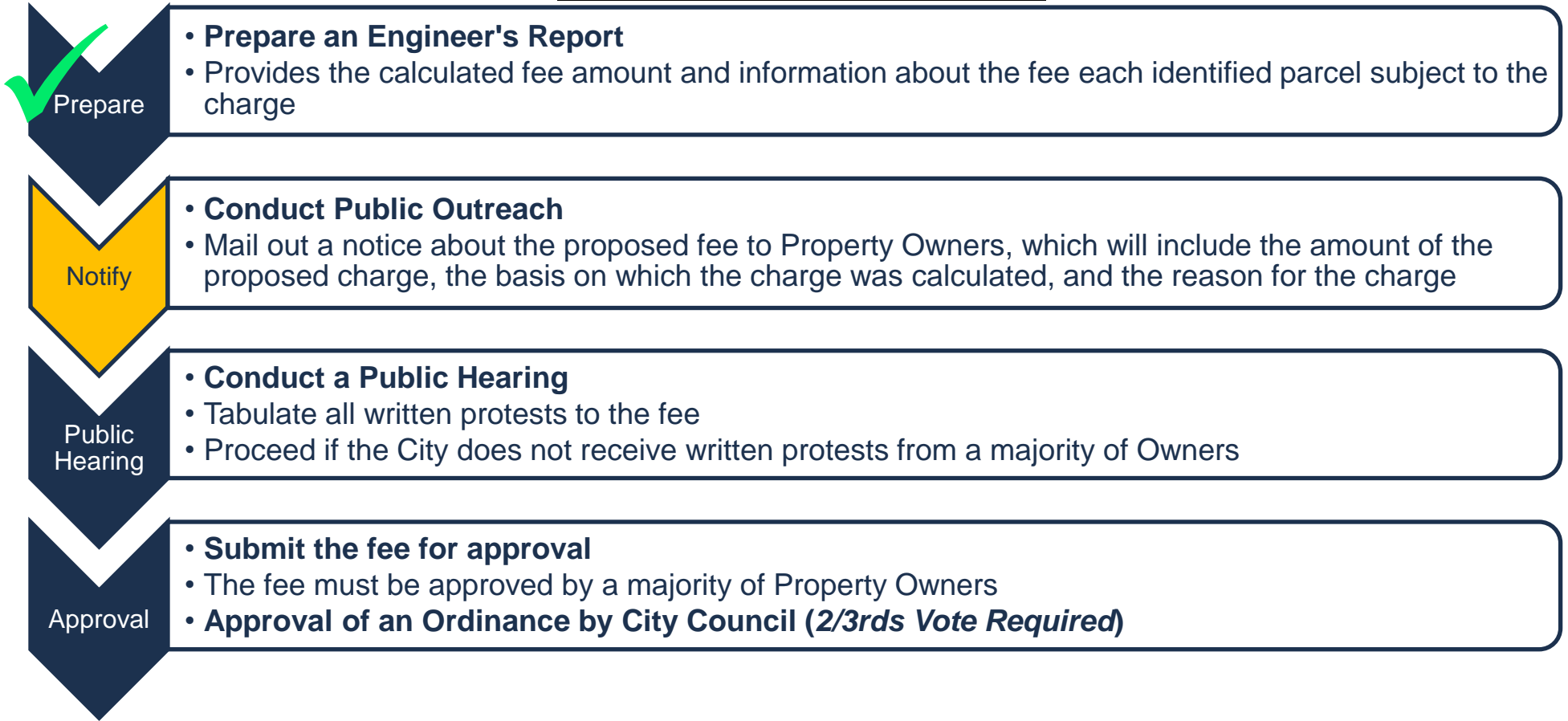
Appeals will be accepted annually up until June 30 for inclusion on the following fiscal year's property tax roll submittal. However, if an appeal is granted by Staff, the Director or the City Council, and the fee will not be included in the following fiscal year's property tax roll submittal, a reimbursement will be provided to the property owner by the City.

EXHIBIT A

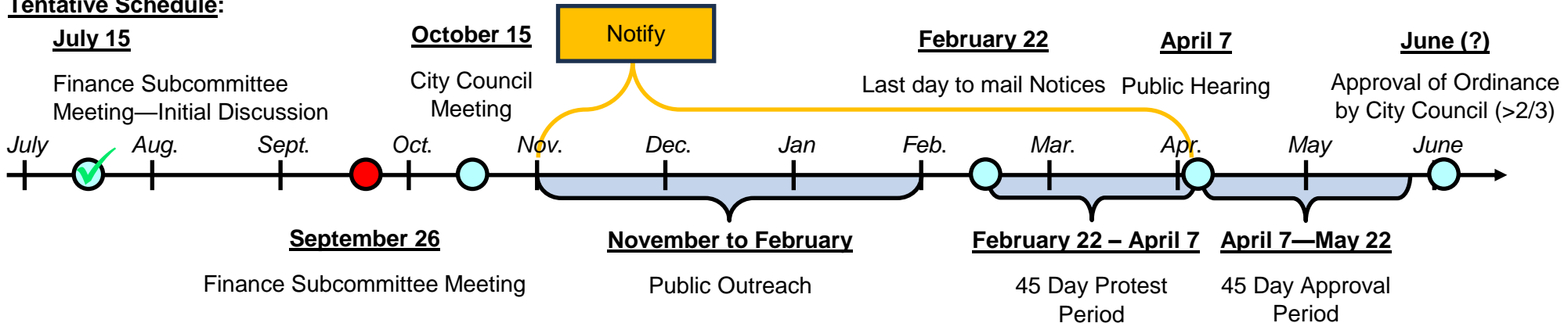
Establishment Process for a New Fee or Charge



Process for Fees (under Prop 218)



Tentative Schedule:



LOS ANGELES COUNTY – MEASURE W

ESTIMATED ANNUAL MUNICIPAL PROGRAM FUNDS BY MUNICIPALITY LOCAL TOTAL: \$114.1M*

Agoura Hills	\$0.34M
Alhambra	\$0.86M
Arcadia	\$1.02M
Artesia	\$0.21M
Azusa	\$0.62M
Baldwin Park	\$0.72M
Bell	\$0.32M
Bell Gardens	\$0.31M
Bellflower	\$0.82M
Beverly Hills	\$0.55M
Bradbury	\$0.05M
Burbank	\$1.43M
Calabasas	\$0.40M
Carson	\$2.57M
Cerritos	\$0.97M
Claremont	\$0.59M
Commerce	\$1.00M
Compton	\$1.21M
Covina	\$0.74M
Cudahy	\$0.17M
Culver City	\$0.54M
Diamond Bar	\$0.88M
Downey	\$1.44M
Duarte	\$0.25M
El Monte	\$1.08M
El Segundo	\$0.89M
Gardena	\$0.83M
Glendale	\$1.68M
Glendora	\$0.90M

Hawaiian Gardens	\$0.13M
Hawthorne	\$0.79M
Hermosa Beach	\$0.16M
Hidden Hills	\$0.08M
Huntington Park	\$0.43M
Industry	\$1.63M
Inglewood	\$1.02M
Irwindale	\$0.44M
La Canada Flintridge	\$0.38M
La Habra Heights	\$0.17M
La Mirada	\$0.93M
La Puente	\$0.34M
La Verne	\$0.57M
Lakewood	\$1.10M
Lawndale	\$0.23M
Lomita	\$0.23M
Long Beach	\$4.66M
Los Angeles	\$37.00M
Lynwood	\$0.58M
Malibu	\$0.39M
Manhattan Beach	\$0.41M
Maywood	\$0.18M
Monrovia	\$0.53M
Montebello	\$0.94M
Monterey Park	\$0.74M
Norwalk	\$1.09M
Palmdale	\$0.00M
Palos Verdes Estates	\$0.26M
Paramount	\$0.66M

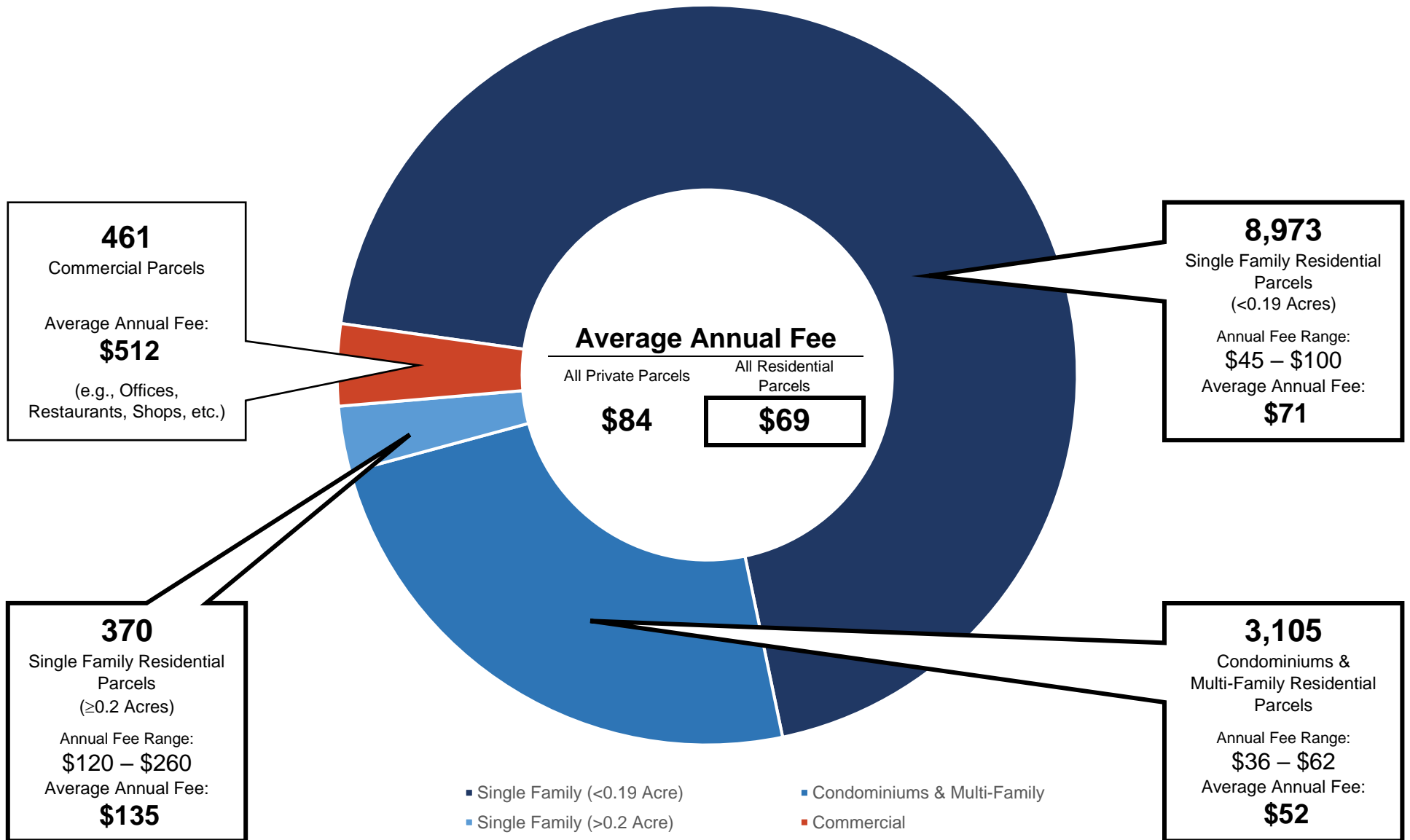
Pasadena	\$1.56M
Pico Rivera	\$0.90M
Pomona	\$1.89M
Rancho Palos Verdes	\$0.69M
Redondo Beach	\$0.72M
Rolling Hills	\$0.11M
Rolling Hills Estates	\$0.18M
Rosemead	\$0.58M
San Dimas	\$0.60M
San Fernando	\$0.28M
San Gabriel	\$0.45M
San Marino	\$0.24M
Santa Clarita	\$3.30M
Santa Fe Springs	\$1.46M
Santa Monica	\$0.81M
Sierra Madre	\$0.15M
Signal Hill	\$0.29M
South El Monte	\$0.45M
South Gate	\$1.00M
South Pasadena	\$0.25M
Temple City	\$0.45M
Torrance	\$2.39M
Unincorporated	\$11.40M
Vernon	\$0.94M
Walnut	\$0.50M
West Covina	\$1.37M
West Hollywood	\$0.26M
Westlake Village	\$0.23M
Whittier	\$1.22M

***Current totals reflect all ad valorem exemptions for 2019 and removal of utility parcels that are assessed by the State only. Actual revenues are anticipated to be lower following incorporation of any approved credits, appeals, income-based tax reductions, and low-income senior-owned exemptions.**

Average Annual Contributions for Proposed Stormwater Assessment Fee Per Parcel Type

- \$1.23 million needed annually for Stormwater Fund
- Equivalent to about 2.6¢ per Impervious Square Foot

12,914 Privately Owned Parcels



Average Annual Contributions for Proposed Stormwater Assessment Fee Per Parcel Type

- \$1.23 million needed annually for Stormwater Fund
- Equivalent to about 2.6¢ per Impervious Square Foot

13,106 Total City Parcels (12,914 Privately Owned)

