



MEMORANDUM

Date: June 6, 2017

To: Council Members, Sean McGlynn, Gloria Hurtado, Sue Gallagher, Daisy Gomez

From: Bennett Horenstein, Director of Water

Subject: Support: SB 231 (Hertzberg) Local Government: Storm Water Management

The Water Department requests that the City of Santa Rosa submit a letter of support for Senate Bill 231. SB 231 would define “sewer” in Proposition 218 to include storm water systems allowing the City of Santa Rosa to adopt storm water fees under Proposition 218’s alternative majority-protest process instead of the current election process. This alternative process, which is consistent with Proposition 218’s process for the adoption of water and sewer fees, will allow the City to develop a rate base for storm water capital investment, system maintenance and repair, and storm water quality compliance.

Due to current law and the difficulty and cost of adopting storm water fees, the City’s storm water system is severely underfunded; creating a long-term liability. The City currently has two funding streams: general funds, for the maintenance and operation of the City’s storm water system; and enterprise funds, for storm water quality and creek restoration projects.

Approximately \$840,000 of general fund dollars are allocated per year to maintain and operate the City’s storm water system. These funds are barely sufficient to make needed repairs and do not include capital improvement dollars for long term storm water infrastructure investments. Funding to operate, maintain, and improve the City’s aging storm water infrastructure, is essential to relieving drainage concerns, safely managing runoff and flood waters, protecting the health of our local creeks, and protecting the public health of our citizens and environment.

Santa Rosa City Council established by Resolution (No. 22880), a storm water enterprise prior to the effective date of Proposition 218, to comply with impending municipal separate storm system (MS4) permit requirements; however, this \$2.4 million per year revenue source is insufficient to keep pace with emerging state and federal storm water quality regulations and cannot be modified without being subjected to the Proposition 218 election process. Additional funding is projected to meet emerging storm water quality regulations, such as Total Maximum Daily Load (TMDL) of bacteria and sediment entering receiving waters and trash control provisions established in the newly adopted Trash amendment, which are anticipated to require a significant amount of capital.

SB 231 would provide the City with the ability to develop a rate base to adequately maintain, repair and invest in our aging storm water infrastructure and keep pace with impending storm water quality regulations, all while protecting public health and welfare of our citizens and environment.

Supporters of SB 231 include, but are not limited to:

- The Water Foundation
- California Stormwater Quality Association
- California State Association of Counties
- Sierra Club
- City of Petaluma
- Santa Clara Valley Water District

Those in support have expressed that SB 231 would effectively put storm water funding on par with funding for sewer and water, enable local governments to invest in their aging storm water infrastructure, and meet regulatory pressures. Those not in support of SB 231, such as Howard Jarvis Taxpayers Association, have expressed that storm water fees should remain within Proposition 218's election process to uphold the right to vote on taxes and fees.

On April 29th, SB 231 passed on the Senate Floor with support from Senator Mike McGuire. The Bill is anticipated to be heard in the Assembly early June. Assemblymembers Cecilia Aguiar-Curry, 4th District; Mark Levine, 10th District; and Jim Wood, 2nd District have not taken positions because a hearing and analysis of the Bill have not yet occurred in the Assembly; however, both Assemblymember Levine and Assemblymember Wood voted in favor of SB 1298 (Hertzberg) last legislative session, which had a similar intent as SB 231.

SB 231 is consistent with the City of Santa Rosa's Council Policy 000-40 "Legislative Advocacy." The City's legislative advocacy policy supports legislation that "establishes a stable revenue base...to provide needed public facilities and services," "lowers the threshold for voter approved financing mechanism," and "supports and protects opportunities for legislations and funding that enhance best practices for water supply, water distribution, wastewater collection, wastewater treatment, reuse, resource recovery and associated environmental initiatives."

Therefore, the Water Department requests that the City of Santa Rosa submit a letter of support for Senate Bill 231 to provide greater certainty in financing needed storm water management and compliance projects.

Thank you for your consideration on this matter.

Attachments:

SB 231 (Hertzberg) Local Government: Storm Water Management
Draft letter of Support for SB 231