



30 **COMMENTS BY OVERSIGHT TRUSTEE**

31 Oversight Trustee Joanne Schivley was not present.

32 **BREAK**

33 This would be done later, if needed.

34 **STORM DRAINAGE RATE EQUITY STUDY**

35 District Manager said that the Committee had requested  
36 survey information regarding storm water fees charged by other  
37 agencies. He presented a handout received from Grant Hoag on the  
38 survey. District Manager said the District had done an informal  
39 survey in-house. He said it appears that other agencies are  
40 struggling with the same Prop 218 issue as the District.

41 District Manager noted that some agencies have diverted  
42 monies from other funds to pay for storm water projects. He  
43 stated this was not the correct way to pay for storm water  
44 projects.

45 District Manager said that it was unlikely that a rate  
46 increase would be successful. He commented that San Clemente is  
47 the only city in California that had been successful in passing a  
48 rate increase post Prop 218. He said that most of the agencies  
49 had not pursued a rate increase and were waiting for legislation  
50 to be passed to exempt storm water fees from Prop 218.

51 Thomas Pehl asked if the District was certain that the rate  
52 increase would be subject to Prop 218. District Manager said the  
53 rate increase would fall under Prop 218. He said the District  
54 had requested a decision from the State Attorney General's office  
55 in 2000 regarding the inclusion of storm water rates as part of  
56 Prop 218. The State Attorney General's office said that the

57 District's rate structure as it stood was illegal, but was  
58 acceptable because the District was not changing the rate, and  
59 that storm water rates were subject to 218 requirements. Prop  
60 218 is a constitutional amendment and would require the vote of  
61 the people to change the amendment.

62 District Manager noted that he felt the chances of approving  
63 a storm water rate increase were not good. He said the District  
64 would not stop funding storm water projects.

65 Finance Director stated he lives in Alameda County, and that  
66 the storm water fees are charged on the property tax bill.

67 Ms. Hayes asked if billing on the property tax had been  
68 considered as an option. It was noted that regardless of how the  
69 fees were collected, there would still be the Prop 218 issue.

70 District Manager stated that 25 cities or storm water  
71 agencies had been contacted during the District's informal  
72 survey. He said that only eight (8) agencies could respond to  
73 the questions asked concerning storm water rates and how they  
74 were assessed. Most indicated that Prop 218 is a major obstacle.

75 Ms. Hayes said she had attended a meeting where the speaker  
76 had indicated that because of ongoing changes to the regulations  
77 it could become harder on waste disposers to release treatment  
78 plant treated water into the Bay. She asked what type of  
79 regulations does the District foresee regarding storm water and  
80 would there have to be some type of lawsuit against agencies  
81 before Prop 218 is addressed.

82 District Manager said there is a concern regarding storm  
83 water regulations. He said he had previously reported to the

84 Board of Trustees that in Southern California area there are now  
85 zero trash regulations. Agencies are being required to not have  
86 any trash go into the storm drains. District Manager said that  
87 lawsuits have been filed to overturn the regulation, and that all  
88 suits have failed. He thought that agencies had to be in  
89 compliance with the zero trash regulation by 2007.

90 Russ Turnbull stated he had hoped there would be some  
91 information on what businesses are being charged. He did not  
92 want to see business stay away from the area because of a  
93 possible rate increase.

94 Dan Glaze noted that the refinery he works for pays storm  
95 water fees based on the residential unit equivalent and those  
96 funds then go to BAASMA. District Manager noted that the  
97 District is a member of BAASMA. He said the District pays large  
98 permit fees for the storm water permit.

99 Ms. Hayes said she did not see a direct response to the  
100 questions that had been developed at the last meeting. She noted  
101 that Mr. Hoag had prepared reports showing that the single-family  
102 residence would pay less in the plan he had recommended. Ms.  
103 Hayes said she did not recall if Mr. Hoag had indicated what the  
104 average businessperson with "x" amount of acres or impervious  
105 area might pay. She also thought if businesses had the  
106 opportunity to install best management practices as newer  
107 facilities are required to do, this could help to offset the cost  
108 of an increase.

109 Ms. Hayes noted that at the last meeting, that a number of  
110 questions were asked that would help the Committee to address the

111 issue on a more factual and localized basis. She said the  
112 Committee was looking for some comparisons from the Bay Area  
113 agencies so that the Committee would not be referencing Southern  
114 California.

115 Finance Director said that Mr. Hoag had stated that the  
116 average business size was 40,000 square feet that equated to  
117 approximately \$31.00 per month. Currently businesses pay \$1.97  
118 per month for storm water fees.

119 Ms. Hayes there was a concern about an institutional  
120 category. She noted that some schools and churches could have as  
121 large an impervious area as Marine World or Costco. She said she  
122 did not recall there being a special rate for this category.

123 Finance Director stated that the impervious relationship had  
124 been established in Mr. Hoag's calculations. The rate would be  
125 based on the square footage of the property. It was also noted  
126 that commercial accounts are billed monthly.

127 Finance Director said that the rate as it currently stands  
128 is not equitable, and it is clearly stated so in the ordinances.  
129 There would be an increase in the business community if the rate  
130 is changed and a decrease in the single-family dwelling rate to  
131 \$1.77/month.

132 Mr. Tipton stated reiterated that Mare Island was not  
133 included in the study. He noted that it was a large area.  
134 Finance Director stated that the rates would be the same on Mare  
135 Island. Mr. Tipton felt that if there were more commercial  
136 businesses on Mare Island, it would make a big difference because  
137 of the impervious area on Mare Island.

138 Ms. Hayes asked if once Mare Island is annexed into the  
139 District, could a different rate be established for Mare Island.  
140 District Manager said that it has been the intention that Mare  
141 Island would be treated the same as any other part of the  
142 District.

143 District Manager said there are two issues that concern Mare  
144 Island. The connection fee for sanitary sewer would not be paid  
145 until a certain level of flow use was reached. District Manager  
146 said the Navy had bought capacity in the District's treatment  
147 plant. The user fee for sanitary sewer would be the same as on  
148 the mainland, a flat rate for residential and a charge based on  
149 water consumption for commercial.

150 District Manager said that with regard to storm water, the  
151 City of Vallejo has an agreement with the developer that the  
152 developer would replace and/or repair all infrastructure that is  
153 necessary for the operation of Mare Island.

154 Mr. Tipton commented on the different categories contained  
155 in the draft report and that some of the categories had been used  
156 twice. He also expressed his frustration regarding committee  
157 member attendance at the meetings.

158 Mr. Turnbull commented that the numbers on Page 5-2 of the  
159 report appear to have come from the County Assessor's office.  
160 Mr. Tipton stated that he felt that the consultant should be the  
161 one to make sure the information presented is understandable.

162 District Manager commented that because County Assessor  
163 information would be used, he thought the consultant had  
164 condensed the information down to four categories. He noted that

165 even though the public schools have two different codes, they are  
166 considered to have the same load, which is medium runoff.

167 Ms. Hayes felt there needed to be some clarification of the  
168 language. Her interpretation of commercial is land that contains  
169 a structure.

170 Finance Director stated that the figures in the report are  
171 preliminary calculations and are based on averages as opposed to  
172 individual properties.

173 Mr. Pehl suggested using terms such as vacant or undeveloped  
174 and give a definition for each. He reiterated the information  
175 presented is a study. He also felt that the business community  
176 would not pay any more than is necessary.

177 Ms. Hayes commented on Line 182 of the minutes regarding  
178 information being presented by staff concerning pollutant loads  
179 for commercial, industrial and institutional. She noted that  
180 with storm drainage, pollutant loads also have to be considered  
181 in conjunction with impervious area. (Myrna Hayes excused at  
182 7:03 p.m. Donald Tipton was appointed Acting Chairperson.)

183 Surry Poole asked if District would receive that much more  
184 money if the residential rate is reduced and the commercial rate  
185 increased. District Manager said that the District would receive  
186 approximately \$2M to\$3M in revenue.

187 Acting Chairperson Tipton inquired about the number of  
188 units. Finance Director stated that residential is billed  
189 according to dwelling units and commercial is based on square  
190 footage of the property.

191 District Manager asked if it was felt that the number of  
192 groups should be reduced. Finance Director stated he was not  
193 agreement with reducing the number of groups.

194 Mr. Turnbull asked about the justification for the study.  
195 District Manager said that in the early 1990's, there had been an  
196 attempt made to do a storm water rate study, but it was not done.  
197 He reiterated that in a ruling from the State Attorney General in  
198 2000, it had been acknowledged that the District's rate structure  
199 was not equitable. One of the tasks of the Storm Water Master  
200 Plan was to do a rate study.

201 District Manager said that if there was no Prop 218, the  
202 rate study would have been done and the rates set by the Board.  
203 Because of the election requirement, it makes it difficult to  
204 implement a rate increase.

205 Acting Chairperson Tipton noted that previously the  
206 Committee had pushed to try and resolve the inequity issue.

207 Mr. Turnbull inquired about the District doing its own  
208 billing and what the advantage was for doing this. Finance  
209 Director stated at this time the District is losing revenue. He  
210 said that the only time a person receives a bill is when there is  
211 an active water account. The District would be able to keep  
212 track of vacant properties.

213 Mr. Turnbull asked if the billing would be done in-house or  
214 sent out. Finance Director stated that the billing would be done  
215 in-house. Finance Director said that the data accumulated by Mr.  
216 Hoag would be placed in the District's financial system in the

217 Land Application module. Information would be able to be  
218 received directly from the County on each parcel.

219 District Manager said the District would save approximately  
220 \$50,000 per year by doing its own billing. The District would  
221 also have the ability to place stuffers in the billing to provide  
222 information to the public.

223 Mr. Turnbull asked how difficult would it be to calculate  
224 the square footage for each residential parcel rather than having  
225 a flat rate. Finance Director said there would be 34,000  
226 calculations that would have to be done. Also, if a resident  
227 challenged the rate set for their parcel, it would be necessary  
228 for staff to go and measure the parcel.

229 District Manager said that the most common approach for  
230 charging residential units is with the flat rate. For commercial  
231 it would be the amount times the square footage.

232 Mr. Glaze said that he would support staff in using the flat  
233 rate for residential units and use calculations for commercial  
234 parcels.

235 Mr. Whittaker asked for the justification for billing of  
236 wastewater when the water is off. District Manager said that it  
237 is not intention to collect the sanitary sewer fee when the  
238 residence has been declared vacant and there is no water usage.

239 Mr. Whittaker asked about the upper lateral fee. District  
240 Manager said that a residence would still be contributing  
241 groundwater to the sanitary sewer system so the fee would be  
242 ongoing. He also noted that even if a residence is vacant, and  
243 the homeowner meets the qualifications for replacement of the

244 upper lateral, the District would reimburse the homeowner for the  
245 lateral.

246 Mr. Whittaker asked how the rate would be billed for a four-  
247 plex. Finance Director stated the rate would be billed per  
248 dwelling unit.

249 Mr. Poole commented on the suggestion offered by Mr.  
250 Turnbull regarding calculations for residential parcels. He said  
251 he would not like to see the Committee close their minds to  
252 something simply because it has not been done before. Mr. Poole  
253 acknowledged that it would be cumbersome to figure out the square  
254 footage on every home to calculate the rate. He felt the flat  
255 rate was the best solution for billing. Mr. Poole mentioned that  
256 with the billing from the County Assessor's office that a person  
257 could have the same square footage, but that the billing amount  
258 is different.

259 Mr. Poole also asked if additional staff would be needed  
260 once the District begins its own billing. He was told no  
261 additional staff would be needed.

262 District Manager said that it appears that the CAC fees that  
263 residential should be charged a flat rate and commercial based  
264 upon square footage.

265 Mr. Pehl also indicated that it appears that the residential  
266 rate should be a flat rate and the commercial rate based on  
267 square footage. He noted that the Committee would make a  
268 recommendation to the Board on a recommended rate structure. Mr.  
269 Pehl stated that it is then up to the Board to either proceed  
270 with a new rate structure or not.

271 Acting Chairperson Tipton felt that the report needed more  
272 work, and  
273 that perhaps the information could be provided on a spreadsheet.

274 Mr. Turnbull commented on the use of the Southern California  
275 data. He said that if it be could be determined that if there is  
276 some relevance to our area, then use of the Southern California  
277 information may be okay. He said that maybe agencies in the Bay  
278 Area could come together to fund a study.

279 Mr. Whittaker questioned the justification of the entire  
280 process. He felt that the most a residential customer would save  
281 be \$20/month and the commercial would pay an additional  
282 \$200/year. He also felt that residential should be a flat rate  
283 and the commercial based on square footage.

284 District Manager said it seems that even though there is a  
285 study, the Committee would like a summary showing the rates for  
286 each of the groups.

287 Mr. Pehl stated that if it is more cost effective to go with  
288 the flat rate then this approach should be used. He noted that  
289 whatever is decided there will be controversy.

290 District Manager said that it could be that no action would  
291 be taken on the rate structure because of the business  
292 environment. He noted that eventually the District would run out  
293 of money in the storm water fund.

294 Mr. Poole stated that he would be having surgery at the end  
295 of the month and would not be available for at least a couple of  
296 months.

297 Acting Chairperson Tipton asked if staff could develop  
298 something for the next meeting concerning the different  
299 categories.

300 District Manager noted there is an ordinance in place for  
301 wastewater that clearly defines the rate schedule. He said that  
302 a summary could be put together that would show the same for  
303 storm water. It would contain descriptions of the different  
304 categories. District Manager said he felt the summary should  
305 contain examples of various businesses and how they would be  
306 affected.

307 Mr. Glaze felt that staff should develop the model for the  
308 storm water structure.

309 **OTHER COMMITTEE COMMENTS AND QUESTIONS**

310 None.

311 **PUBLIC COMMENTS**

312 None.

313 **NEXT MEETING DATE**

314 The next meeting will be October 15, 2003 at 6:00 p.m.

315 **ADJOURNMENT**

316 The meeting was adjourned at 8:03 p.m.

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CHERYL LYNN MCBRIDE, Clerk