MEETING DATE: 5/7/07
ITEM NO: 7

COUNCIL AGENDA REPORT

DATE: MAY 3, 2007

TO: MAYOR AND TOWN COUNCIL

FROM: DEBRA J. FIGONE, TOWN MANAGER

SUBJECT: APPROVE THE FY 2007/08 STORM WATER MANAGEMENT BUDGET AND AUTHORIZE THE WEST VALLEY SANITATION DISTRICT TO COLLECT PROGRAM RELATED FEES ON BEHALF OF THE TOWN

RECOMMENDATION:

Approve the FY 2007/08 Storm Water Management Budget and authorize the West Valley Sanitation District to collect program related fees on behalf of the Town.

BACKGROUND:

Locally, there are four programs that manage the prevention of urban runoff pollution from entering the creeks which lead to San Francisco Bay: the "Santa Clara Valley Urban Runoff Pollution Prevention Program" (SCVURPPP), the West Valley Sanitation District (WVSD), the "West Valley Clean Water Program" (WVCWP), and the Town-managed "Non-Point Source Discharge Program" (NPDES). These programs perform various functions required under the Clean Water Act, Environmental Protection Agency regulations and respective NPDES permits. The following background information describes the history and purpose of each of these four programs.

Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP)
SCVURPPP is made up of fifteen co-permittees comprised of the County of Santa Clara, thirteen cities and towns and the Santa Clara Valley Water District. Originally known as the Santa Clara Valley Non-point Source Pollution Control Program, it was issued a Municipal Storm Water National Pollution Discharge Elimination System permit in 1990 by the San Francisco Regional Water Quality Control Board. SCVURPPP directs its resources to the technical aspects of watershed monitoring through the assessment of specific pollutants and conditions of designated beneficial uses.

PREPARED BY: KEVIN ROHANI
Interim Director of Parks and Public Works

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Reviewed by: PSJ Assistant Town Manager _____Town Attorney _____ Clerk Administrator
Finance SC Community Development

In October 2001, an amendment to the NPDES permit's Provision C-3 (New and Redevelopment) was added, increasing monitoring requirements to further reduce pollutants from entering creeks and the Bay.

West Valley Sanitation District, (WVSD)
In 1994, WVSD entered into an agreement with the Town of Los Gatos, and the Cities of Campbell and Monte Sereno to collect a fee from property owners to fund various activities related to the NPDES permit and storm drain management. Each year the Town and the WVSD conduct annual work that clears the storm drains of debris that would otherwise enter the creeks and Bay. WVSD cleans half of the Town's storm drains annually.

West Valley Clean Water Program (WVCWP)
WVCWP is a consolidated local program under WVSD for the Town and the cities of Campbell, Monte Sereno, and Saratoga. WVCWP's purpose includes coordinating efforts of other agencies (County Fire District and County Environmental Health Department) that perform NPDES inspection activities for the Town, conducting public education activities and streamlining implementation of the current NPDES permit and writing and submitting the Annual Report and Work Plan for the four towns/cities to the State Regional Water Quality Control Board. Town staff gathers and provides NPDES related activities to WVCWP for this annual report. WVCWP offers a unified stronger voice to represent the interests of the West Valley cities at the countywide program level and before regional bodies.

Town of Los Gatos' Non-Point Source Discharge Elimination System Program (NPDES)
The Town's NPDES program's purpose is to prevent debris and hazardous materials from entering the storm drain system and entering creeks or the Bay. This is accomplished by regularly sweeping streets and parking lots, clearing storm drains, ditches and culverts and disposing collected material in a safe and secure manner. This activity includes volunteer groups who regularly pick up debris along the Los Gatos Creek Trail. Town staff tracks and reports the amount of debris collected by all these activities to WVCWP.

The NPDES permit which regulates each of these four programs is under review. It had been reissued every five years since 1990 directly to each local agency. However, the current permit has been extended indefinitely while a new, expanded permit is finalized. This is due to a new effort to provide consistency among all the Bay Area agencies that drain storm water into the bay. A new NPDES permit is being planned for issuance to all 76 Bay Area agencies, so all agencies follow the same guidelines. It is anticipated that this new permit will be issued during FY 2007/08, and that the NPDES permit fee will increase at that time. The current NPDES permit fee for the Town of Los Gatos is $7,776 annually. It is unknown at this time what the new NPDES permit fee amount will be.

DISCUSSION:

Each year, the Town and the District cooperatively prepare an outline of the annual work plan for WVCWP and the associated budget for approval prior to the establishment of the annual user fees, and prior to the District transmitting those fees to the County for collection from the property tax roll.

The property assessment fee collected from an average single-family residence remains at $20.37 per year, and is higher for commercial businesses. The fee collected from 10,673 property owners in Los Gatos provides revenue of approximately $340,000 per year to sustain the program. No increases are being proposed at this time.

CONCLUSION:

It is recommended that the Council approve the proposed FY 2007-08 Storm Water Management Program Budget and authorize West Valley Sanitation District to collect program related fees on behalf of the Town.

ENVIRONMENTAL ASSESSMENTS:

None. Neither the work plan nor the fees are considered a project under CEQA.

FISCAL IMPACT:

For FY 2007-08, the estimated total revenue to be collected by the West Valley Sanitation District for Storm Water Program activities remains at $340,000 per year. For FY 2007/08, the District is proposing to retain $173,344 for management of the West Valley Clean Water Program including State permit fees and inspection activities on behalf of the Town.

The remaining $166,656 of the WVCWP fees is budgeted by the District for reimbursement to the Town for its eligible expenses in carrying out the Town's FY 2007/08 Urban Runoff program.

Per the Town's Proposed FY 2007/08 budget, the current amount of fees collected does not fully reimburse the Town for its urban runoff costs as per the recap below:

Description:	**Amount**
West Valley Clean Water Program Fees	$166,656
City of Monte Sereno-Street Sweeping Reimb.	5,354
Total Revenues	172,010
Town Storm Water Program Estimated Expenditures	(180,940)
Revenues Above (Below) Program Expenditures	($ 8,930)

As depicted in the table above, the current level of reimbursement to the Town is not anticipated to fully reimburse the Town for its annual program expenditures for FY 2007/08. Because annual revenues remitted to the Town are not anticipated to fully recover program costs, the Urban Runoff Fund balance will be used as a funding source as shown below:

Town Urban Runoff Program Fund	**Amount**
Estimated Beginning Fund Balance (7/01/2007)- Town Urban Runoff Fund	$114,841
Estimated Use of Town Urban Runoff Program Fund Bal. FY 2007/08	($8,930)
Estimated Ending Funding Balance (7/01/2008)	$105,911

As demonstrated above there are sufficient fund balances available in FY 2007/08 to absorb the excess of program expenditure above program reimbursements of $8,930. However, the fund cannot continue absorbing under reimbursement indefinitely.

Addressing the under repayment of program expenditures will likely require an adjustment to the annual fee of $20.37 for Los Gatos property owners (fee for residential, it is moderately higher for commercial properties). Any future adjustment to the annual fees will need to be pursued by West Valley Sanitation District using the appropriate process, which may require a mail-in ballot pursuant to Proposition 218.

Attachments:

West Valley Clean Water Program - Municipal Budget Detail FY 07-08

Distribution:

Bob Reid, Manager, West Valley Sanitation District, 100 East Sunnyoaks Ave, Campbell, CA 95008
Cheri Donnelly, Program Manager, West Valley Clean Water Program, 18041 Saratoga-Los Gatos Rd, Monte Sereno, CA 95030-4299

Municipal Budget Detail FY07-08
West Valley Clean Water Program

Item	Campbell 35.10% FY 06-07 Current	Campbell 35.10% FY 07-08 Proposed	Los Gatos 32.50% FY 06-07 Current	Los Gatos 32.50% FY 07-08 Proposed	Monte Sereno 2.70% FY 06-07 Current	Monte Sereno 2.70% FY 07-08 Proposed	Saratoga 29.70% FY 06-07 Current	Saratoga 29.70% FY 07-08 Proposed	Total WVCWP FY 07-08 Proposed
West Valley Clean Water Program									
1. WVCWP Staff									
A. Prgm Mgr - Shared by 4 Cities/Town	$ 23,517	$ 24,991	$ 21,775	$ 23,140	$ 1,809	$ 1,922	$ 19,899	$ 21,146	$ 71,200
B. WVCWP Part-time Staff <20 hours	$ 25,974	$ 26,676	$ 24,050	$ 24,700	$ 1,998	$ 2,052	$ 21,978	$ 22,572	$ 76,000
C. Payroll Costs (SS, SDI, Medi)	$ 7,511	$ 9,881	$ 6,955	$ 9,149	$ 578	$ 760	$ 6,356	$ 8,361	$ 28,152
Subtotal	**$ 57,002**	**$ 61,549**	**$ 52,780**	**$ 56,989**	**$ 4,385**	**$ 4,735**	**$ 48,233**	**$ 52,080**	**$ 175,352**
2. NPDES Compliance by WVCWP									
A. URMP Support	$ 6,494	$ 5,616	$ 6,013	$ 5,200	$ 500	$ 432	$ 5,495	$ 4,752	$ 16,000
B. Permit - Technical Assistance(C.3)	$ 2,317	$ 1,755	$ 2,145	$ 1,625	$ 178	$ 135	$ 1,960	$ 1,485	$ 5,000
Subtotal	**$ 8,810**	**$ 7,371**	**$ 8,158**	**$ 6,825**	**$ 678**	**$ 567**	**$ 7,455**	**$ 6,237**	**$ 21,000**
3. PI/P - Public Education Program									
A. Events/Ads/Brochures/Prom Items	$ 2,808	$ 2,562	$ 2,600	$ 2,373	$ 216	$ 197	$ 2,376	$ 2,168	$ 7,300
Subtotal	**$ 2,808**	**$ 2,562**	**$ 2,600**	**$ 2,373**	**$ 216**	**$ 197**	**$ 2,376**	**$ 2,168**	**$ 7,300**
4. Facility Expenses									
A. Office Rent	$ 1,773	$ 1,773	$ 1,641	$ 1,641	$ 136	$ 136	$ 1,500	$ 1,500	$ 5,050
B. Building Maintenance/Repair	$ 456	$ 386	$ 423	$ 358	$ 35	$ 30	$ 386	$ 327	$ 1,100
C. Utilities	$ 2,106	$ 2,282	$ 1,950	$ 2,113	$ 162	$ 176	$ 1,782	$ 1,931	$ 6,500
Subtotal	**$ 4,335**	**$ 4,440**	**$ 4,014**	**$ 4,111**	**$ 333**	**$ 342**	**$ 3,668**	**$ 3,757**	**$ 12,650**
5. Program Administration & Operation									
A. Office Supplies	$ 983	$ 983	$ 910	$ 910	$ 76	$ 76	$ 832	$ 832	$ 2,800
B. Operating Exp	$ 4,212	$ 3,370	$ 3,900	$ 3,120	$ 324	$ 259	$ 3,564	$ 2,851	$ 9,600
Subtotal	**$ 5,195**	**$ 4,352**	**$ 4,810**	**$ 4,030**	**$ 400**	**$ 335**	**$ 4,396**	**$ 3,683**	**$ 12,400**
Total WVCWP	**$ 78,150**	**$ 80,274**	**$ 72,361**	**$ 74,328**	**$ 6,012**	**$ 6,175**	**$ 66,127**	**$ 67,924**	**$ 228,702**
6. Fire Dept Comm/Ind Inspect Prog***	**$ 11,000**	**$ 13,000**	**$ 5,000**	**$ 6,000**	**$ -**	**$ -**	**$ 1,000**	**$ 1,000**	**$ 20,000**
7. Permit Fees & SCV Program Mgmt									$ -
A. SCV Program Assessment	$ 58,772	$ 58,762	$ 54,395	$ 54,386	$ 4,377	$ 4,376	$ 49,706	$ 49,698	**$ 167,222**
B. State NPDES Permit fees *	**$ 7,776**	**$ 7,776**	**$ 7,776**	**$ 7,776**	**$ 3,111**	**$ 3,111**	**$ 7,776**	**$ 7,776**	**$ 26,439**
Subtotal	**$ 66,548**	**$ 66,538**	**$ 62,171**	**$ 62,162**	**$ 7,488**	**$ 7,487**	**$ 57,482**	**$ 57,474**	**$ 193,661**
Total WVCWP, Fire Dept, SCVURPPP & State Permit fees	**$ 155,698**	**$ 159,812**	**$ 139,532**	**$ 142,490**	**$ 13,500**	**$ 13,662**	**$ 124,609**	**$ 126,398**	**$ 442,363**

Municipal Budget Detail FY07-08
West Valley Clean Water Program

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WVSD. Administration Cost (15%)	**$ 11,723**	**$ 11,723**	**$ 10,854**	**$ 10,854**	**$ 902**	**$ 902**	**$ 9,919**	**$ 9,919**	**$ 33,398**
WVSD Storm Drain Maintenance	**$ 15,000**	**$ 15,000**	**$ 20,000**	**$ 20,000**	**$ 7,000**	**$ 7,000**	**$ 20,000**	**$ 20,000**	**$ 62,000**
All NPDES & WVSD Expenditures	**$ 182,421**	**$ 186,535**	**$ 170,386**	**$ 173,344**	**$ 15,390**	**$ 15,389**	**$ 87,401**	**$ 87,393**	**$ 537,761**
**** Municipal Expenditures**	**$ 189,379**	**$ 185,265**	**$ 169,614**	**$ 166,656**	**$ 4,910**	**$ 4,911**	**TBD**	**TBD**	
***** Estimtd Municipal Revenue** from previous year's Parcel Tax	$ 371,800	$ 371,800	$ 340,000	$ 340,000	$ 20,300	$ 20,300	XXX	XXX	

*** State NPDES fees are invoiced by the Regional Water Board at a predetermined rate with annual increases since FY 02-03.**

** Municipal Expenditures:
depend on the services each municipality uses - total normally comes close to the difference between the previous year's taxroll revenue and the WVCWP/ WVSD estimated Expenditures.

*** Estimated Revenue for FY07-08: This is a preliminary estimate based on last year's revenue.
A realistic estimated revenue is not available until the Cities or Town and the WVSD Board of Directors approve it in June, just prior to the start of the fiscal year named in this report.

Revenue by parcel. Every reconfiguration of the parcels, changes the parcel #s and causes old parcel #s to drop off. Reconfigured parcels get new numbers.