



City of Davis Stormwater Initiative

RESPONSES TO QUESTIONS

Community Meeting No. 2

Please clarify confusion about stormwater billing - does the charge appear on the annual property tax bill, or monthly utility bill

The charge appears on the monthly utility bill, there was an error in the Notice that was received by residents. We apologize for any confusion.

Additional information on stormwater billing:

- [Stormwater Rates and Rate Studies](#) webpage

How quickly will the proposed rate adjustment generate the funds needed for capital improvements?

The design of the rate structure included a number of options in terms of funding the necessary capital improvements, including pay-as-you go or debt financing. There are \$29 M of capital improvements that have been identified, and staff would propose beginning the planning phases for those improvements as soon as possible, with the goal of completing the majority of the work in the next five to seven years. This is contingent of course on the proposed fees being approved, and on discussions with City commissions and Council in terms of the plans to finance these projects.

Additional information on the included capital improvement projects:

- [Stormwater Fee Report](#) (starts on page 8 of the Report)
- [Capital Improvement Projects Staff Report](#) from the September 16, 2020 Utilities Commission Meeting

If the City implements the enhanced services, can the City go the next 25 years potentially without needing increases in the rates, because the equipment and stormwater infrastructure will be modernized and proactively maintained?

The Fee Report has taken into account the necessary service levels for the stormwater utility and has provided a financial model that staff is confident reflects the current and known future needs of the utility. Should the State increase regulatory requirements around stormwater quality that would require testing or containment above and beyond the current regulations, it is possible that the City would need to evaluate the fees further, however to the best of the current knowledge the Report reflects the costs of the utility for the foreseeable future.

(Additional resources on next page)

Additional information on the proposed costs for enhanced services:

- [Stormwater Fee Report](#)
- [Memorandum from Larry Walker Associates – Comprehensive Stormwater/Drainage Rate Study](#) from the June 17, 2020 Utilities Commission Meeting
- [Stormwater Additional Resources: Regulatory & Operations and Maintenance Requirements](#) from the September 16, 2020 Utilities Commission meeting
- [Responses to the Questions from Community Meeting No. 1](#) also includes information on how the regulatory requirements were assessed.

If citizens do not approve the rate increase, what would that do to the City's ability to borrow money for capital improvement projects?

The City (through the utility) is required to collect enough revenue to cover annual debt payments associated with any debt incurred for capital improvement project financing. Without the revenue in place to support the required debt payments, the City would not be able to incur debt for the stormwater utility using stormwater utility funds. If the rates are not successful, the necessary costs will have to be reassessed and reviewed to determine if some of the necessary expenditures can be addressed in another way.

Additional information on funding for the stormwater utility:

- [Responses to the Questions from Community Meeting No. 1](#) included discussion on funding sources for the stormwater utility on page 4.

With the cap of 3% annually, if the Council determines that the rate adjustment for one year would be less than 3%, would they then be able to go above 3% in a future year utilizing the unused percentage increase?

As currently proposed, the cap for adjusting the rates in any one year would be at 3%. Should the CPI-U increase be 4% in a year, the City is still limited to a 3% increase, however, if a future year increase was 1%, the unused percentage from the 4% increase could be added to the CPI-U to make the annual adjustment 2%. This is called CPI Banking, and further detail can be found in the Fee Report.

Additional information on annual cost indexing:

- [Stormwater Fee Report](#) (page 22)
- [Stormwater Utility Cost of Service and Rate Study and Approval to Initiate City Stormwater Utility Fee Proposition 218 Process](#) from the December 15, 2020 City Council Meeting (discussion on annual cost banking starts on page 9)