



STORM DRAINAGE RATE IMPLEMENTATION ASSISTANCE

OPINION RESEARCH AND SURVEY OF PROPERTY OWNERS

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PREPARED FOR:

CITY OF SACRAMENTO, DEPARTMENT OF UTILITIES

PREPARED BY:

SCIConsultingGroup

4745 MANGELS BOULEVARD
FAIRFIELD, CALIFORNIA 94534
PHONE 707.430.4300
FAX 707.430.4319
www.sci-cg.com

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This Opinion Research and Survey was prepared by SCI Consulting Group under contract with the City of Sacramento, Department of Utilities.

The work was accomplished under the general direction of the following persons:

- Bill Busath, Director of Utilities
- Wally Cole, Senior Management Analyst
- Robert Armijo, Senior Engineer

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SCI Consulting Group
4745 Mangels Boulevard
Fairfield, CA 94534
Phone: 707.430.4300
Fax: 707.430.4319

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INTRODUCTION

PURPOSE

This report presents the findings of a scientific mailed survey of property owners within the City of Sacramento ("City"). The City's Department of Utilities ("Department") is interested in increasing revenue for its Storm Drainage utility to fund needed operations and capital investment and restructuring of the Storm Drainage rate structure to provide more equity for rate payers. Any increase in rates or rate restructuring would impact rate payers (property owners) and would require a public hearing and balloting process.

The primary purposes of the study were to:

- Evaluate the support, desires, and priorities of property owners within the City with respect to the proposed Storm Drainage services.
- Measure the relative level of support and priorities of property owners and voters overall in the area by type of property owner.
- Measure the level of financial support for the proposed Storm Drainage services.

The survey documents were mailed to a stratified and randomized sample of city property owners including a questionnaire, a supporting informational document that provided an overview of the Department's services and a postage-paid return envelope. There were two different and distinct "emphasis" versions of the survey, with corresponding different informational documents and questionnaires. One version emphasized needed improvements to Water, Wastewater and Storm Drainage systems, while the other version focused primarily on the Storm Drainage system. Each version was further divided into two distinct 5-year rate adjustment scenarios, with one version displaying a rate increasing at 11% per year, and the other version displaying a rate increasing at 16% per year. The proposed rates for each property owner surveyed were independently calculated by SCI Consulting Group and individually printed on each survey.

To be clear, within the overall sample universe, property owners would randomly receive one of the four survey packages: 1.) "Water, Wastewater and Storm Drainage" emphasis with an 11% increase; 2.) "Storm Drainage Only" emphasis with an 11% increase, 3.) "Water, Wastewater and Storm Drainage" emphasis with an 16% increase, or 4.) "Storm Drainage Only" emphasis with an 16% increase. Throughout this report, we also refer to the "Water, Wastewater and Storm Drainage" emphasis as the "All Utilities" emphasis.

After a brief overview of the methodology employed in the survey, this report presents the key survey findings. The survey utilized a mailed survey approach because SCI has found this survey technique to more closely, and accurately, model actual ballot results for a property owner mailed ballot proceeding such as is required for a property related Storm Drainage fee.

SUMMARY OF FINDINGS

As noted, two five-year rate scenarios were tested for this project: 11% per year increase, and 16% per year increase. The survey finds levels of support for the two rate structures at 55% for an 11% increase and 47% for a 16% increase. The survey showed a slight preference for the Water, Wastewater and Storm Drainage emphasis over the Storm Drainage only emphasis.

For a balloted property related fee, a 50% + 1 support level as determined by a Proposition 218 ballot proceeding is required. Based on the survey results, the City may consider proceeding with a rate proposal at or below the 11% per year increase surveyed, and should also carefully consider the approach taken in its informational outreach to the community. Further findings and recommendations are presented later in this report.

METHODOLOGY

The City of Sacramento's Department of Utilities operates and manages three crucial public utilities: Water, Wastewater and Storm Drainage. Keeping these utilities operating in a safe and reliable manner requires significant resources funded by rate payers. While funding for Water and Wastewater have had periodic adjustments for inflation, meeting increasing federal, state and local regulatory requirements as well as capital investment needs to ensure system reliability and sustainability, Storm Drainage funding has not increased since 1996. As a result, there is inadequate funding available for system upgrades and improvements, and all current revenue is required simply for day-to-day operations. The City recognizes that it cannot responsibly go forward without investing in the future safety and reliability of this crucial infrastructure system.

Proposition 218, the Right to Vote on Taxes Act passed by California voters in 1996, sets out requirements that must be met before a property related fee such as those for the City's utilities can be increased. However, Proposition 218 treats Storm Drainage differently than Water and Wastewater in that it must meet the additional burden of a property owner ballot proceeding with a majority (50% + 1) approving the proposed rate increase. In addition, the City's Storm Drainage residential rate structure has for decades utilized a rate structure based on the number of rooms in a home, which is not as tailored to a property's impact on the Storm Drainage system as other potential approaches. Therefore, as the City considers increasing revenues to meet system needs, it is simultaneously considering a revised method for structuring Storm Drainage rates – one more related to a property's use of the Storm Drainage system.

The Department of Utilities has, through its planning efforts, established two distinct improvement programs, each with its own revenue requirement. The preferred scenario included a thorough set of major projects and programs that would meet the needs of the community far into the future. In order to meet these revenue requirements, it was calculated that the proposed base rates would need to increase 16% per year for a five year period. The Department also developed a scenario whereby only the critical projects and programs needed to meet current needs were included. This resulted in rates increasing at 11% per year for a five year period.

For each property in Sacramento, a new five-year rate table was calculated using the proposed new rate methodology as a baseline, and projecting those rates for five years for the two scenarios summarized above (11% and 16%).

The context in which these rate changes are presented to the rate payers is an important part of the process. To that end, two distinct approaches were developed: one in the context of Storm Drainage as one of three public utilities, the other focusing on Storm Drainage as a stand-alone utility. With each questionnaire, an information sheet was included to help explain what the survey was about and background on the proposed rates.

The survey was designed to simulate the property owner ballot that would be used for the actual balloting procedures as closely as possible, including the stratified response pool and data collection method. In this way, the survey results will be predictive in evaluating the support a rate measure would likely receive in the actual mailed ballot proceeding.

It should be noted that a property related ballot proceeding is one of only a few local funding mechanisms that gives a vote to all property owners who are being asked to pay the Storm Drainage rates. This type of local funding mechanism is discussed in further detail in the following section.

SAMPLE

SCI created a stratified sample pool that included all of the qualified property owners in the City. The sample was designed to draw from the property owners eligible to participate in the mailed ballot proceeding for a property related fee, and in proportion to their representation of property ownership throughout the area.

First, the sample universe was randomly divided into two sub-samples with one sub-sample to receive the Water, Wastewater and Storm Drainage emphasis survey package and the other sub-sample to receive the Storm Drainage Only emphasis survey package. Next, each of the two sub-samples above was again randomly divided into two sub-samples. Each of these sub-samples was designed to test levels of support at two rate levels (as discussed above, 11% and 16% increase per year) corresponding to two distinct improvement program levels. All sub-samples for this research project were created using a randomized, stratified approach designed to replicate the profile of property ownership within the City.

DATA COLLECTION METHOD

The surveys were designed as a mail-based survey to replicate the mailed ballot proceeding that would be used if the City moves forward with a property related fee measure. On April 24, 2015, just over 23,000 surveys were mailed to unique property owners within the City. This data collection method closely mirrors the mailed ballot

proceeding, and has proven to be highly reliable for predicting the results from an actual property related fee ballot measure.

To date, about 3,909 surveys have been received from the property owners, representing a response rate of 17%. This response rate is generally consistent with SCI's experience from other similar survey projects, and is significantly higher than the typical response rate of approximately 5% for a telephone survey.

ACCURACY

The statistical margin of error for the results presented in this report is about 2.2%. This margin of error means that there is a 95% certainty that the actual levels of support in the area are $\pm 2.2\%$ from the results presented in this report.

PROPERTY RELATED FEE FUNDING OVERVIEW

PROPERTY RELATED FEE OVERVIEW

As noted, the funding mechanism being considered in this study is a property related fee. Property related fees are typically used for services tied to property ownership such as water, wastewater, and recycling/solid waste. Many municipalities also include storm drainage services in that category, and have historically set the rates through their normal rate-setting process.

In 1996 the voters of California approved Proposition 218, which amended the California Constitution to formally define property related fees and establish procedures for setting and increasing those fees. Article XIII D, Section 6 lays out the process. With the exception of water, wastewater and solid waste fees, all property related fees must be approved either by affected property owners (50% + 1 threshold) or by registered voters (two-thirds threshold) in the City. Therefore, restructuring and/or increasing fees for Storm Drainage requires a balloting. The most common balloting process for a property related fee is the mailed ballot process requiring approval by a majority of the affected property owners.

While the property owner mailed ballot process has been the most common method used for storm drainage fees, it has not been employed very often. Since the adoption of Proposition 218 in 1996, fewer than two dozen municipalities have conducted such a ballot proceeding, and results have been mixed. This is likely due to several factors. When compared to the rate-setting process for water, wastewater or recycling/solid waste services: the process of conducting a ballot proceeding requires an additional two months and the added cost of mailing and tabulating ballots; the political calculus is different in that the ultimate deciders are property owners rather than the governing body (City Council or Board of Directors); rate payers (property owners) are unfamiliar with the process and may view it with suspicion; and there is less certainty in the outcome. As a result, most municipalities, like the City of Sacramento, have struggled along on revenues supported by the rates established prior to 1996.

In order to minimize the costs and risks associated with a property owner ballot proceeding, some municipalities conduct public opinion research ahead of time to gauge support and learn about rate payers' priorities.

COMPARISON OF PROPERTY RELATED FEE WITH SPECIAL TAX

The primary local funding alternatives for Storm Drainage rates are a special tax (parcel tax) or a property related fee. A parcel tax is decided by registered voters in the City, typically in a one-day election, and it requires 66.66+% voter support. As noted, a property related fee is decided by all property owners in the City, including business and apartment owners, and it requires a simple majority support.

In an election to approve a parcel tax, only voters registered in the area where the election is held are eligible to vote. This includes tenants who will not pay the proposed tax, and excludes property owners living outside the area such as business owners, apartment owners and others who will have to pay the tax. Because non-owner voters have a significant say in parcel tax elections and many other property owners who would pay the taxes are excluded from the voting, the Howard Jarvis Taxpayers Association ("HJTA"), via Proposition 13, established a two-thirds (super-majority) requirement for parcel tax elections.

Conversely, all property owners that will be subject to a new or increased property related fee, including the owners of businesses and apartments, can vote in a balloted property related fee measure. In this way these property owners have a "say" in the outcome through these mailed ballot measures (via Proposition 218 – also authored by HJTA.)

Figure 1 provides a further comparison of parcel taxes and benefit assessments:

FIGURE 1 – COMPARISON OF PARCEL TAXES AND PROPERTY RELATED FEES

	Parcel Tax	Property Related Fee
Who Votes?	Registered Voters	Property Owners
Who Created Requirements?	Jarvis Taxpayers	Jarvis Taxpayers
Election Venue	Polling Booth	Mail Ballot
Election Period	1 Day	45 Days
Does Everyone Who Will Pay Get A Vote?	No	Yes
Threshold for Vote Required for Success	Super Majority	Simply Majority
Common for Storm Drainage Agencies?	No	Yes

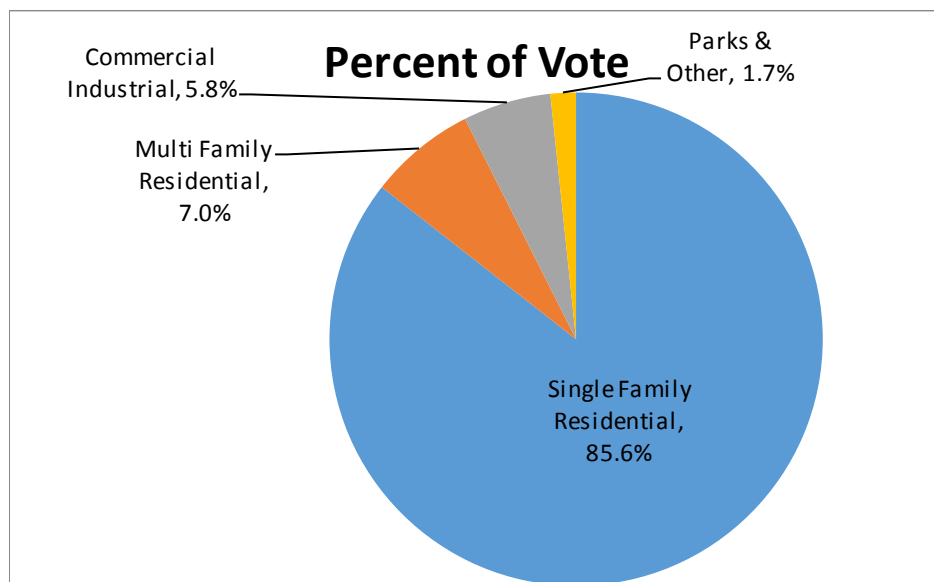
SURVEY FINDINGS

Before discussing the survey/ballot findings, it is helpful to review the types of property in the City.

TYPES OF PROPERTY AND VOTES THEY HOLD

The following Figure presents the percentage of parcels, or “votes”, for each type of property surveyed. As shown, in the City, single family residential owners represent approximately 85.6% of the overall vote; multi-family residential properties represent approximately 7.0%; commercial and industrial properties represent 5.8%; and parks and other properties (which are primarily vacant parcels) represent 1.7%.

FIGURE 2 – PARCELS BY PROPERTY TYPE



INCREASED STORM DRAINAGE RATE SURVEY QUESTION

In the survey, property owners were first asked whether they would support or oppose a proposal to pay Storm Drainage rates increasing over a five-year period, displayed in a table as shown below. As noted, there were two rate structures surveyed plus two distinct approaches to how the information was presented. For purposes of illustration, the first survey question for the Water, Wastewater and Storm Drainage emphasis approach and the 11% rate scenario is shown below. All four survey questions are included in Attachment A.

Question #1 (First Survey Question)

In order to protect our local neighborhoods by:

- Preventing local flooding; and
- Maintaining and rehabilitating our Water, Wastewater and Storm Drainage infrastructure; and
- Keeping our creeks and rivers safe, clean and healthy; and
- Improving and maintaining our water facilities to meet current critical needs;

would you support storm drainage rates on your monthly utility bill as shown in the table below?

	Current	Proposed				
		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Monthly Rate*	\$11.31	\$11.38	\$12.63	\$14.02	\$15.56	\$17.27

** In some cases, rates may drop in the first year*

Definitely YES

☐

Probably YES

☐

Probably NO

☐

Definitely NO

☐

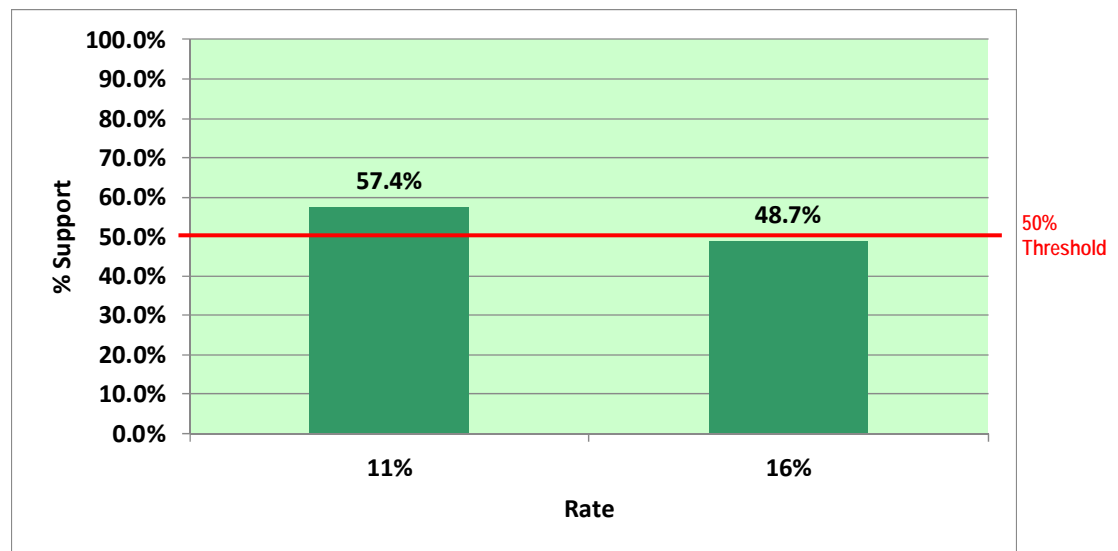
*(Note: the rates shown above are an example only. The proposed rates for each property were calculated and shown on the questionnaire mailed to that property's owner.)

SUPPORT BY RATE STRUCTURE, FROM SINGLE FAMILY HOMEOWNERS ONLY

Figure 3 below summarizes the level of support from single-family homeowners only combined across the two context approaches (“Water, Wastewater and Storm Drainage” and “Storm Drainage only”) for the proposed Storm Drainage rate structures. It is important to note that the percentage of support displayed in these tables does not include other property owners, such as business, vacant and apartment owners. (The analysis for single-family homeowners only is presented as an important datum to evaluate levels of support versus other measures, areas, etc.)

As shown in this figure, support from single family homeowners in the City overall was 57.4% at the proposed rate scenario increasing at 11% per year, and 48.7% at the proposed rate scenario increasing at 16% per year.

FIGURE 3 – OVERALL SUPPORT BY RATE SCENARIO, SINGLE FAMILY HOMEOWNERS ONLY



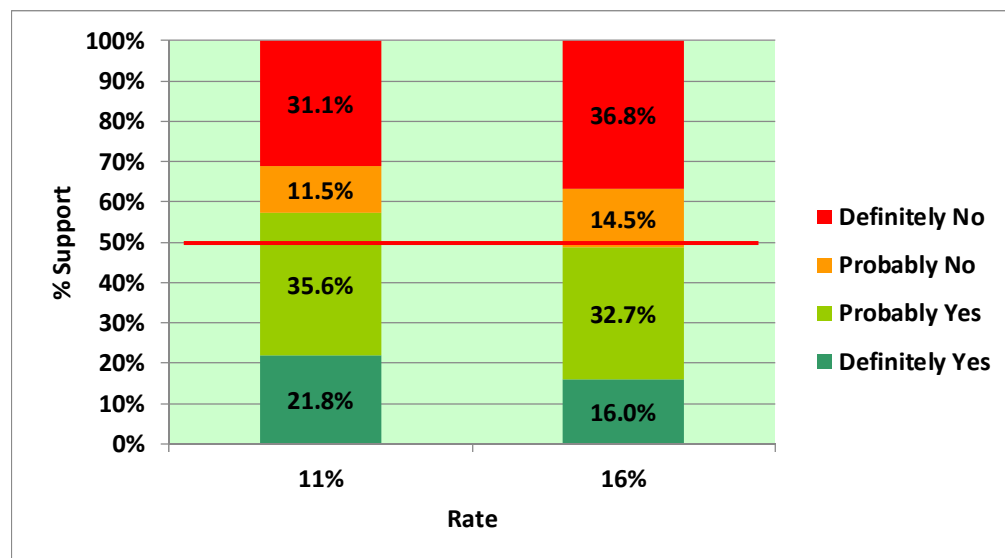
Figures 4 and 5 below present further detail about the degree of support or opposition from single family owners in the City.

Although the overall support ("Definitely Yes" + "Probably Yes") is greater than the required 50% for the 11% rate scenario, it should be noted that the "Probably Yes" support is disproportionately large versus "Definitely Yes" (35.6% versus 21.8%) when compared to a typical survey where they are usually about in the same ratio. In other words, the support is "softer" than typical, and likely more vulnerable to erode. Similarly, the "Definitely No" to "Probably No" ratio is typically 2:1 whereas in this case, it is closer to 3:1. This indicates that those opposed are more strongly opposed than typical, and less likely to become supportive when presented with additional information.

FIGURE 4 – SUPPORT BY RATE SCENARIO, SINGLE FAMILY HOMEOWNERS ONLY

Rate	Definitely Yes	Probably Yes	Probably No	Definitely No
11%	21.8%	35.6%	11.5%	31.1%
16%	16.0%	32.7%	14.5%	36.8%

FIGURE 5 – DETAILED SUPPORT BY RATE SCENARIO, SINGLE FAMILY HOMEOWNERS ONLY



OVERALL SUPPORT BY OWNER TYPE

Figure 6 summarizes the survey findings for all property owners, and the overall projected support for the two proposed alternate survey rate scenarios combined. As shown, the overall level of support, averaged over both proposed scenarios, is projected to be 50.2%. The important information to note in this table below is that the average support level for single family home owners is at 53.0% while all other property types is only 38.4%. This lower support amongst other property types is typical.

FIGURE 6 – SUPPORT BY OWNER TYPE

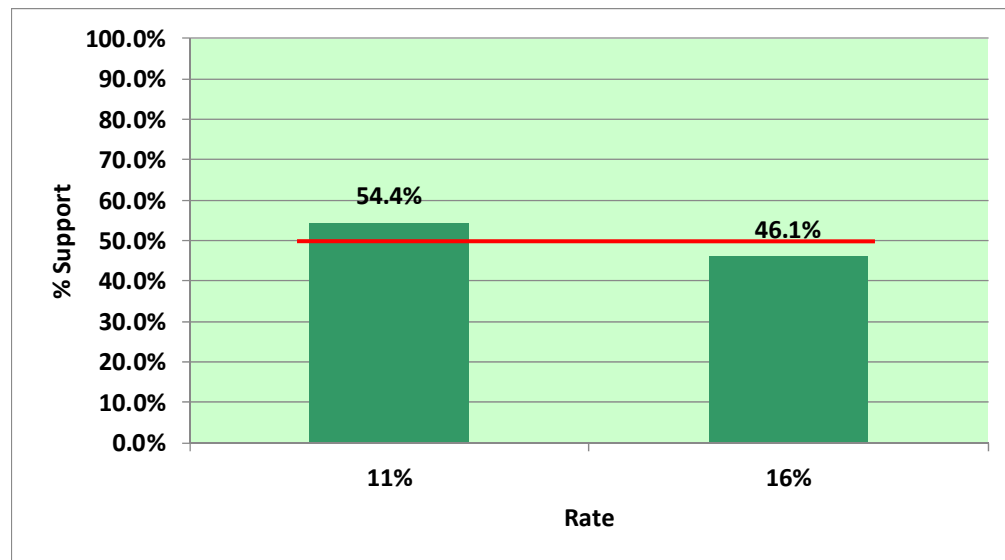
Property Type	Percent of Vote	Level of Support
Single Family Residential	85.6%	53.0%
Multi Family Residential	7.0%	38.4%
Commercial Industrial	5.8%	
Parks & Other	1.7%	
Total	100.0%	50.2%

OVERALL SUPPORT BY PROPOSED RATE STRUCTURE-ALL PROPERTIES

As noted, two rate scenarios were tested for this project with annual increases of 11% and 16%. Figure 7 below shows the overall levels of projected support for each rate scenario tested, which are most likely the predicted support levels if an actual balloting occurs.

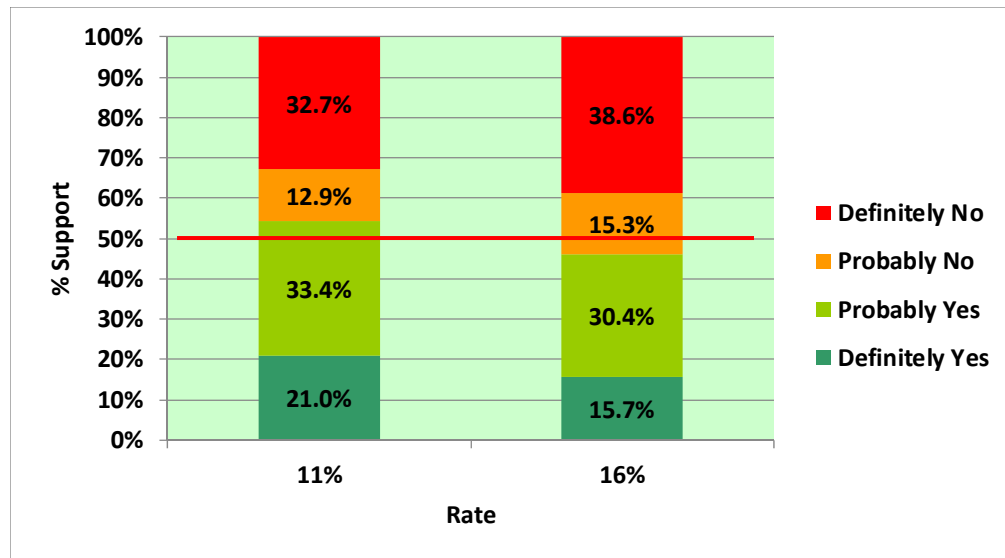
This chart shows that the overall level of support for the 11% scenario is higher than the 16% scenario, or 54.4% to 46.1%, respectively. Only the 11% rate scenario is above the required ballot threshold of 50% + 1, even accounting for the margin of error.

FIGURE 7 – OVERALL SUPPORT BY PROPOSED RATE SCENARIO



Figures 8 below presents further detail about the overall degree of support or opposition in the City.

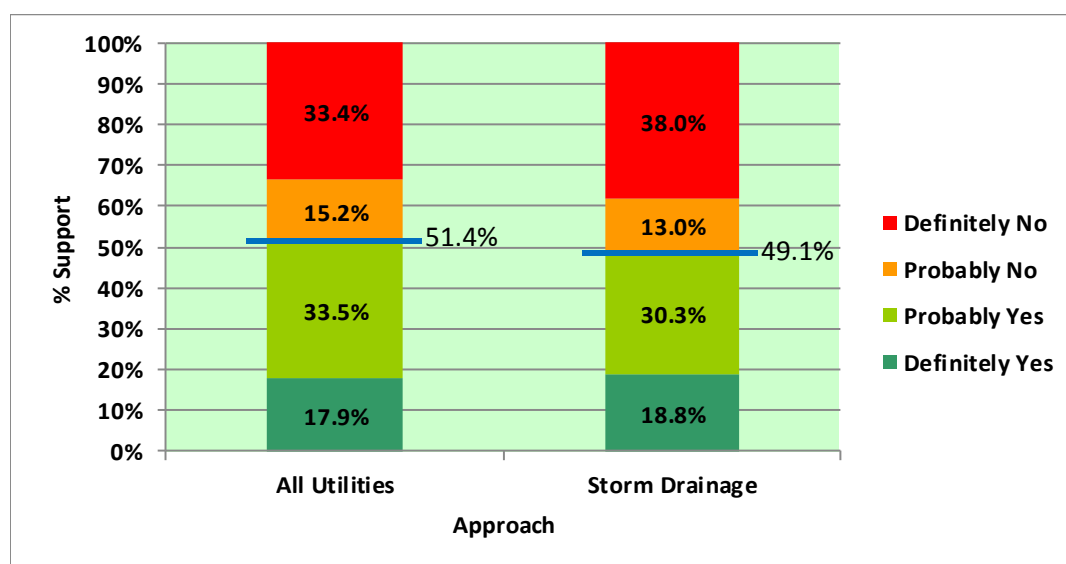
FIGURE 8 – DETAILED OVERALL SUPPORT BY PROPOSED RATE SCENARIO



OVERALL SUPPORT BY EMPHASIS: WATER, WASTEWATER & STORM DRAINAGE VS. STORM DRAINAGE ONLY

As noted, the context emphasis in which these rate structures are presented to the rate payers may be an important part of the process. Figure 9 below shows the overall level of projected support for each approach tested, which has been combined for both rate structure levels. This chart shows that the overall level of support for the Water, Wastewater and Storm Drainage (“All Utilities”) emphasis (51.4%) is slightly higher than that for Storm Drainage only (49.1%). However, it should be noted that the difference (2.3%) is only slightly larger than the margin of error, and is somewhat offset by the larger “Definitely Yes” support for the Storm Drainage only approach.

FIGURE 9 – OVERALL SUPPORT BY EMPHASIS



PROGRAM PRIORITIES

After indicating their degree of support for the measure, property owners were presented with a list of statements representing programs, projects or issues associated with Storm Drainage priorities for the Department, and were asked to indicate their degree of support for each. These questions were asked even of those owners who indicated that they intended to vote against the measure. This ensures that the Storm Drainage program and project priority ratings reflect the overall community priorities, not just the interests of those who intend to vote for the measure. As Figure 10 illustrates, the top priorities and features, garnering 50% favorable responses or better, were:

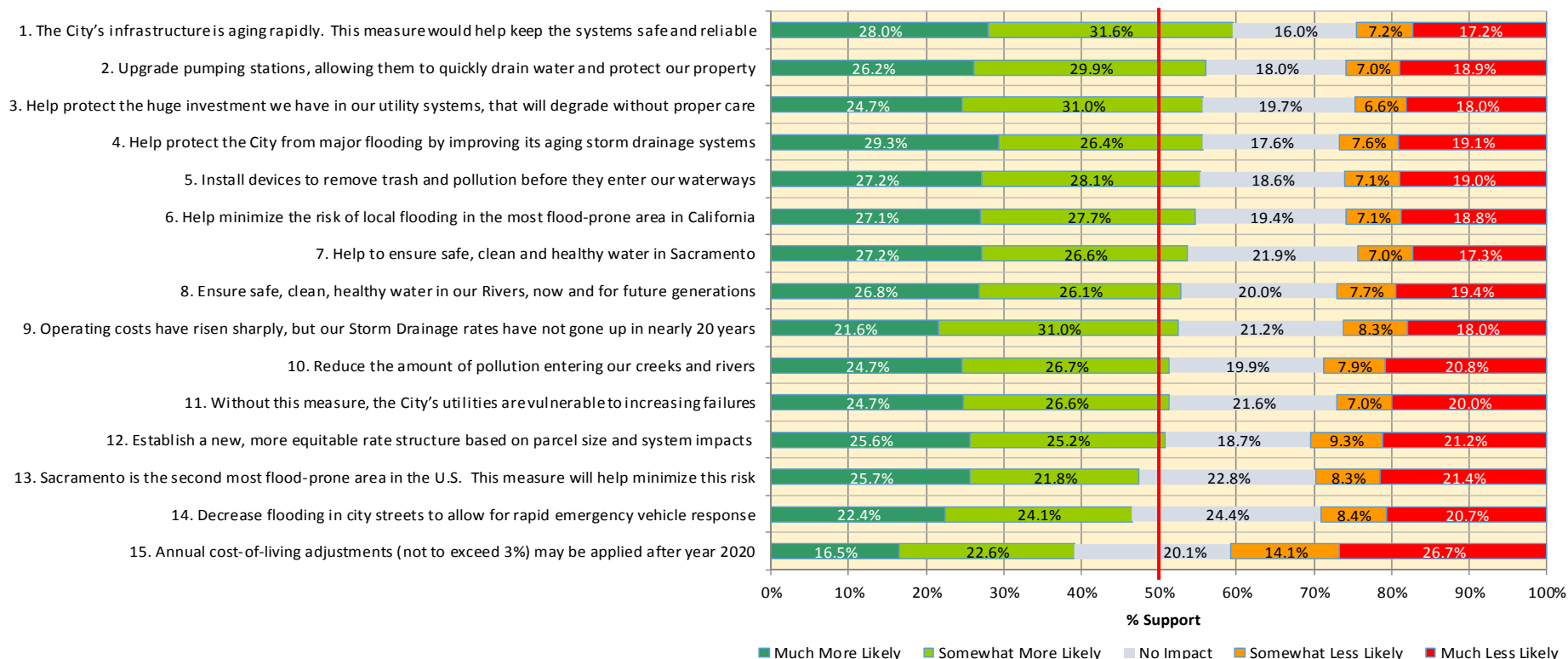
- The City's Water, Wastewater and Storm Drainage infrastructure is aging rapidly. This measure would enable the City to keep the systems safe and reliable.

- This measure would upgrade existing pumping stations, allowing them to quickly drain standing water from our streets and protect our property.
- This measure would help protect the huge investment we have in our utility systems - pipes, drain inlets and pump stations that will degrade and fail without proper maintenance and improvements.
- This measure would help protect the City of Sacramento from major flooding by maintaining, rehabilitating and replacing its aging storm drainage systems.
- This measure would install trash capture devices in storm drains to remove trash and pollution before they enter our waterways.

These priorities provide important insight to the community. The priorities can be grouped into four sets. The top priorities relate to the City's aging infrastructure and the need to re-invest in the system's safety and reliability. The next set of priorities deals with the environmental issues of reducing trash and pollution and keeping the City's waterways safe, clean and healthy. Issues dealing with the risks of local flooding did not rank as high; however, that remains as an obvious primary objective of the Storm Drainage enterprise and serves to underpin the community's concern with the aging infrastructure. Fiscal issues were only a minor concern, and the concept of annual cost-of-living-adjustments was clearly not well supported (rating below 40%). The results for all the programs, projects and issues are summarized in Figure 10.

FIGURE 10 – PROPERTY OWNER PRIORITIES

Detailed Support by Programs, Projects and Issues for All Respondents



Note: The statements above have been abbreviated to fit in the space. See Attachment B for the full text of the statements.

OTHER FINDINGS

The survey included a section for respondents to indicate their other opinions and feedback regarding the proposed Storm Drainage rates. A total of 2,297 distinct comments were received, representing approximately 50% of all respondents. Following is a summary of the comment categories. Figure 11 shows the comment categories received from respondents in favor of the proposed measure. Figure 12 lists the comment categories received from respondents who were against the proposed measure. Figure 13 lists the comment categories received from respondents who did not indicate a preference for the proposed measure.

FIGURE 11 – COMMENTS FROM THOSE IN FAVOR OF THE PROPOSED MEASURE

Respondents In Favor	
# of Comments	Comment Topic
302	Storm Drainage/Flood Control/Environment
193	General Support/Other Questions of Concerns
159	Rate & Financial
24	Government Support
28	Government Mistrust
21	Comments About the Survey Itself
10	Messages for the City
737	Total Comments in Favor

FIGURE 12 – COMMENTS FROM THOSE NOT IN FAVOR OF THE PROPOSED MEASURE

Respondents NOT In Favor	
# of Comments	Comment Topic
573	No Increased Rates - Financial Issues
349	Government Mistrust
128	Other
77	Messages for the City
66	General Concerns
53	Flood Control and Stormwater Services
47	Comments About the Survey Itself
33	Fairness of Fee Increase
1326	Total Comments NOT In Favor

FIGURE 13 – COMMENTS FROM THOSE WITH NO PREFERENCE

Respondents - No Preference	
# of Comments	Comment Topic
73	No Increased Rates - Financial Issues
36	General Concerns
33	Other
28	Government Mistrust
26	Flood Control and Stormwater Services
22	Messages for the City
9	Comments About the Survey Itself
7	Fairness of Fee Increase
234	Total Comments - No Preference

RECOMMENDATIONS

This survey found that a majority of property owners in the City currently support a new Storm Drainage rate scenario that would increase at 11% per year for the next five years to fund current critical needs. Conversely, there was not a majority of property owners that would support a rate scenario increasing at 16% per year to fund an improvement program to meet the Storm Drainage needs far into the future.

The survey respondent pool closely parallels the likely universe of property owners who will vote in the mailed ballot proceeding, and the survey results presented in the Report have been adjusted to account for the projected ballot participation. Therefore, the overall results presented in this survey should be reflective of the actual ballot outcome from a property related fee ballot proceeding.

SCI makes the following recommendations for moving forward with a property related fee ballot proceeding to fund the proposed improved services, at or below the 11% rate scenario. As noted earlier, while the survey shows support (55%) at the 11% rate scenario, that support is relatively soft and potentially vulnerable to erosion. The Water, Wastewater and Storm Drainage emphasis is preferred.

INFRASTRUCTURE IMPROVEMENTS AND WATER QUALITY SERVICES ARE DESIRED

The survey findings indicate that improvements and stewardship of the City's aging Storm Drainage infrastructure is a high priority, which fits well with the Department's plans. The two rate levels were matched to two distinct improvement programs that contained nearly identical program categories, but differed primarily in the extent to which the programs would be funded and completed. In particular, the 11% program would fund critical projects and programs to meet current needs, while the 16% program would fund major projects and programs to meet the needs of the community farther into the future.

RATE RECOMMENDATIONS

The level of support for the 11% rate scenario was above the necessary 50% mark while the support for the 16% rate scenario was below. Therefore, the City should consider a rate structure at or below the 11% rate scenario level. Further, there was very weak support for a cost-of-living-adjustment mechanism. In consideration of that low support level, it is not recommended that the City consider including the cost-of-living-adjustment mechanism.

NEXT STEPS AND INFORMATIONAL OUTREACH

If the City decides to proceed with a Storm Drainage rate measure, efforts must be taken to inform all property owners, including single family homeowners, and the business and apartment owner communities, about the rate adjustments and associated projects and programs that the new rates would fund.

ADDRESS THE KEY ISSUES AND FORM A CONSISTENT MESSAGE

The City will need to address the key issues raised in the survey and form several concise messages to present to the public during the months of informational outreach prior to the balloting. These messages should provide objective, factual, and complete information to inform the public on the proposed improvement programs. It is most important to focus on the basic message that the proposed rate structure would fund an improvement program aimed at making the City's aging Storm Drainage infrastructure safer and more reliable than is currently the case – improvements that will only become more costly as time goes by. In addition, the Department would be safeguarding the environment by implementing programs to control pollution and trash that might enter the City's waterways – water quality and National Pollutant Discharge Elimination System (NPDES) elements. Finally, the Department's primary mission of minimizing the risk of local flooding should be incorporated as the underlying goal supporting the proposed improvement program.

ESTABLISH STRONG FISCAL CONTROLS AND TRANSPARENCY

Although fiscal controls and financial issues did not rank as high as other issues, SCI finds that these issues always play a part into how much trust the community places in the City, which in turn determines whether they will support a funding measure. The City should make it clear that all revenues will be spent within the Storm Drainage enterprise for important operations and critical improvement projects.

In addition, this informational outreach should address the entire fiscal and operational status of the enterprise including previous cost cutting measures, potential consequences of not adopting the proposed rate structure, and identification of likely future needs that will remain even if the proposed rate structure is adopted.

RATE TABLE, CONSUMER PRICE INDEX ADJUSTMENT MECHANISM AND SUNSET PROVISIONS

The survey results indicate that the proposed rate increase will be best supported by the City's property owners if the rate increase is presented in the five year table like that utilized in the survey, with no additional CPI mechanism beyond five years.

EXPLAIN THAT ALL FUNDS RAISED WILL BE USED LOCALLY

The City should include in all messaging a statement that all of the funds raised by this proposed rate structure will be used for Storm Drainage programs and projects in the City, and that none of the money raised can be appropriated by the County or the State, or used for purposes unrelated to the Storm Drainage enterprise.

COORDINATION WITH WATER AND WASTEWATER RATE INCREASES, AND OTHER BALLOT MEASURES

As noted, there were two distinct versions of the survey distributed: one where Storm Drainage was described as being one of three utilities (along with Water and Wastewater), and the other where Storm Drainage was described alone. Results showed that the “All Utilities” version received slightly higher support than the Storm Drainage-only version. While statistically not significant, the City can consider including the Storm Drainage rate discussion along with that for Water and Wastewater without losing support for Storm Drainage. This is another element in the effort to provide full transparency in the activities of the Department.

Ideally, the Storm Drainage balloting would take place prior to the Water and Wastewater increases in order to focus property owners on this issue. However, a well-coordinated and messaged effort with all three utility increases proposed at the same time is viable.

In addition, the City should remain cognizant of other ballot measures in the region – particularly ones involving water, drainage or flood control. An example may be the measure being considered by the Sacramento Area Flood Control Agency (SAFCA) for regional levees and flood control.

USE MEDIA AS CONDUIT

Work with local media, particularly newspapers, to raise community awareness of the proposed services. The information presented to the media should be consistent with the main information summarized previously. It is crucial that the City get objective and factual information into the hands of the media early, and reinforce it often. Over the last several years, SCI has observed that property owners have responded significantly better to rigorous financial data justifying the rate increase, specific project lists, etc. Broad qualitative statements, unsubstantiated by detailed analysis, are often met with public skepticism.

USE LOCAL E-MAIL AND NEIGHBORHOOD SOCIAL MEDIA

ded. This result neighborhood groups, HOA, and other local organizations to disseminate information via e-mail lists, and local web services like Nextdoor.com. Twitter and broad Facebook pages tend to be less effective than specific local conduits.

CREDIBILITY IS KEY IN ALL COMMUNICATION

The credibility of the messenger (the City) is paramount to the success of the outreach. The tone of the information presented should be overtly fact-based, rigorously supported, and explained.

INVOLVE COMMUNITY LEADERS

Identify important community leaders and seek their cooperation in disseminating information. Examples may include homeowners associations and other neighborhood organizations such as Nextdoor.com.

INVOLVE THE COMMUNITY STAKEHOLDERS

Community Stakeholders are those who may benefit most significantly from the improved Storm Drainage facilities. These stakeholders could include property owners in low-lying or flood-prone areas including residents and businesses.

ATTACHMENTS

- Attachment A - All Four Versions of Rate Question
- Attachment B – Full Text for Programs, Projects and Issues Statements
- Attachment C – Examples of Information Sheets and Survey Instruments

ATTACHMENT A - ALL FOUR VERSIONS OF RATE QUESTION

All Utilities – 11%

In order to protect our local neighborhoods by:

- Preventing local flooding; and
- Maintaining and rehabilitating our Water, Wastewater and Storm Drainage infrastructure; and
- Keeping our creeks and rivers safe, clean and healthy; and
- Improving and maintaining our water facilities to meet current critical needs;

would you support storm drainage rates on your monthly utility bill as shown in the table below?

Storm Drainage Only – 11%

In order to protect our neighborhoods from local flooding and improve water quality by:

- Maintaining safe, clean, healthy water in our creeks and rivers; and
- Allowing for rapid emergency vehicle response by decreasing flooding in city streets; and
- Reducing the risk of local flood damage by maintaining, rehabilitating and replacing pipes, drain inlets, and pumping stations; and
- Improving and maintaining our drainage facilities to meet current critical needs;

would you support storm drainage rates on your monthly utility bill as shown in the table below?

All Utilities – 16%

In order to protect our local neighborhoods by:

- Preventing local flooding; and
- Maintaining and rehabilitating our Water, Wastewater and Storm Drainage infrastructure; and
- Keeping our creeks and rivers safe, clean and healthy; and
- Improving and maintaining our water facilities to meet community needs far into the future;

would you support storm drainage rates on your monthly utility bill as shown in the table below?

Storm Drainage Only – 16%

In order to protect our neighborhoods from local flooding and improve water quality by:

- Maintaining safe, clean, healthy water in our creeks and rivers; and
- Allowing for rapid emergency vehicle response by decreasing flooding in city streets; and
- Reducing the risk of local flood damage by maintaining, rehabilitating and replacing pipes, drain inlets, and pumping stations; and
- Improving and maintaining our drainage facilities to meet community needs far into the future;

would you support storm drainage rates on your monthly utility bill as shown in the table below?

ATTACHMENT B – FULL TEXT FOR PROGRAMS, PROJECTS AND ISSUES STATEMENTS

- 1 The City's Water, Wastewater and Storm Drainage infrastructure is aging rapidly. This measure would enable the city to keep the systems safe and reliable.
- 2 This measure would upgrade existing pumping stations, allowing them to quickly drain standing water from our streets and protect our property.
- 3 This measure would help protect the huge investment we have in our utility systems - pipes, drain inlets and pump stations that will degrade and fail without proper maintenance and improvements.
- 4 This measure would help protect the City of Sacramento from major flooding by maintaining, rehabilitating and replacing its aging storm drainage systems.
- 5 This measure would install trash capture devices in storm drains to remove trash and pollution before they enter our waterways.
- 6 This measure would help minimize the risk of local flooding (Sacramento is the most flood-prone area in California.)
- 7 This measure would help to ensure safe, clean and healthy water in Sacramento.
- 8 This measure would ensure safe, clean, healthy water in the American and Sacramento Rivers, now and for future generations.
- 9 The costs of operating our pump stations, cleaning our drain inlets and pipes, and keeping our levees safe have risen sharply, but our Storm Drainage rates have not gone up in nearly 20 years.
- 10 This measure would reduce the amount of pollution entering our creeks and rivers through sustainability projects such as "Green Streets" and "Rain Gardens."
- 11 Water, Wastewater and Storm Drainage utilities are funded exclusively from monthly utility bills - no taxes are used to operate, maintain and improve these systems. Without this measure, the City's utilities are vulnerable to increasing failures.
- 12 This measure would establish a new, more equitable rate structure whereby properties will be charged based on their parcel size and impacts on the Storm Drainage system.
- 13 The City of Sacramento is the second most flood-prone area in the U.S. This measure will help minimize this risk and ensure quality of life for our residents.
- 14 This measure would decrease flooding in city streets after rainstorms to allow for rapid emergency vehicle response.
- 15 To ensure responsible, long-term maintenance of our Storm Drainage system, annual cost-of-living adjustments (not to exceed 3%) may be applied after year 2020.

ATTACHMENT C – EXAMPLES OF INFORMATION SHEETS AND SURVEY INSTRUMENTS



OFFICIAL SURVEY

Information Fact Sheet

Why Am I Receiving This Survey?

The City of Sacramento Department of Utilities operates three crucial public utilities: Water, Wastewater and Storm Drainage. Keeping these utilities operating in a safe and reliable manner requires significant resources funded by rate payers like you and your neighbors. While funding for Water and Wastewater have had periodic adjustments for inflation, meeting increasing federal, state and local regulatory requirements as well as capital investment needs to ensure system reliability and sustainability, Storm Drainage funding has not increased since 1996 – almost 20 years! The City is considering updating the rates we charge our customers to be more equitable and to fund critical infrastructure needs, and we seek input from the Sacramento community on your priorities for managing the Storm Drainage system and making investments in this critical infrastructure.

Please read the following information, then complete the enclosed survey and mail it back in the postage paid envelope as soon as possible. Your confidential answers will help guide our efforts toward a safe and reliable Storm Drainage system.



Streets in Sacramento flood due to inadequate storm drainage.

Maintaining Our Water, Wastewater and Storm Drainage Systems

The City invests considerable resources in operating, maintaining and updating our Water, Wastewater and Storm Drainage systems. In 1993 the City Council adopted levels of service for the City's drainage system that include keeping storm events from flooding the streets during major storms and from flooding homes in catastrophic storm events. In order to achieve these levels of service, the City is developing a Basin Drainage Action Plan that details the needed improvements and associated costs.

In addition, the existing system requires many improvements and updates to components such as pipelines, drainage channels, pumping stations, levees and technology systems to make the day-to-day operations as safe, efficient and reliable as possible, now and for future generations.

Storm Drainage funding has not increased since 1996. As a result there is inadequate funding available for system upgrades and improvements, and all current revenue is required simply for day-to-day operations. The City recognizes that it cannot responsibly go forward without investing in the future safety and reliability of this critical infrastructure that we all rely on.

Safe, Clean and Healthy Water in Sacramento

The City is committed to implementing projects and programs that will help keep our creeks, rivers, natural habitats and drinking water safe, clean and healthy, but this takes more funding than is currently available.

Your confidential survey responses will help shape our program's goals and priorities. Please complete and return the enclosed survey in the provided envelope as soon as possible. For more information about the Department of Utilities, visit: www.cityofsacramento.org/utilities/

Page 1 - See Reverse Side for More Information

OFFICIAL SURVEY

Information Fact Sheet, Continued

Proposed Projects and Programs

Each year the City updates its Capital Improvement Program to address the infrastructure needs of our Water, Wastewater and Storm Drainage systems. Below are some of the critical projects and programs that have been given priority for our Storm Drainage system to meet current needs.

- Infrastructure Rehabilitation and Replacement Program to perform long-delayed rehabilitation and replacements on pipelines, pumping stations, and drainage channels for safe and reliable operations
- Basin Improvement Program to upgrade the City's Storm Drainage capacity so that neighborhoods are safe from flooding
- Master Planning to provide a safe, reliable drainage system that will meet the needs of a growing community and keep homes safe from flooding
- Security Master Plan Projects to improve safety, reliability and efficiency of pumping stations and other critical flood control facilities
- Levee Maintenance Program to maintain levee slopes and vegetation, repair erosion, and ensure the reliability of the City's levees
- Clean Water Program to help keep our creeks and rivers safe, clean and healthy



It is extremely important that the City is able to deliver these projects and programs. In order to finance this critical work, we are considering a ballot measure to replace the existing Storm Drainage rate to provide for a fairer allocation of costs so that funding can be collected and allocated for these projects and programs.

Funds from Storm Drainage rates could only be used for local storm drainage, flood prevention and pollution control services, and would be subject to strict fiscal safeguards and annual audits.

Did You Know....


Sacramento's Department of Utilities provides:

- Safe and reliable drinking water to 135,000 customers
- Wastewater collection and treatment of 8.83 billion gallons each year
- Storm Drainage and protection from local flooding for 150,000 properties

The City's Storm Drainage system is unique in many ways. While most cities have storm drain pipes, inlets and drainage channels, Sacramento's system also includes:

- Flood control with levee protection and detention basins
- Pumping stations required to remove storm water from low-lying neighborhoods
- Blend of old and new infrastructure

Your input on this Survey will help guide flood prevention and clean water efforts in the City of Sacramento

	<h2 style="margin: 0;">OFFICIAL SURVEY</h2>
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This survey has been mailed to property owners in the City of Sacramento to gather important information and opinions. Please fill out and return this survey as soon as possible. Your responses will help the City of Sacramento Department of Utilities make decisions about vital flood protection and water quality.

Survey Instructions:

- 1) Read each question listed below.
- 2) Fill in the circle for your response. Please use a pen and completely fill in the circle.
- 3) Detach the bottom portion of this sheet containing your answers.
- 4) Place the bottom portion of this sheet in the return envelope and mail (no postage needed).

Detach Here
Fill in Lower Portion, Detach at this Line, and Mail Back in Return Envelope
Detach Here

Property owners in your area may be asked to vote on a local ballot measure. Following is a summary of the proposal:

In order to protect our local neighborhoods by:

- Preventing local flooding; and
- Maintaining and rehabilitating our Water, Wastewater and Storm Drainage infrastructure; and
- Keeping our creeks and rivers safe, clean and healthy; and
- Improving and maintaining our water facilities to meet current critical needs;

would you support storm drainage rates on your monthly utility bill as shown in the table below?

	Current	Proposed				
		2016	2017	2018	2019	2020
Monthly Rate ^a						

^a In some cases, rates may drop in the first year

Definitely YES

☐

Probably YES

☐

Probably NO

☐

Definitely NO

☐

Now, please read the following statements regarding the proposed Flood Prevention and Clean Water ballot measure. For each one, please indicate whether they make you more or less likely to support the fee:

	Much More Likely	Somewhat More Likely	No Impact	Somewhat Less Likely	Much Less Likely
1. This measure would help minimize the risk of local flooding (Sacramento is the most flood-prone area in California)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. The costs of operating our pump stations, cleaning our drain inlets and pipes, and keeping our levees safe have risen sharply, but our Storm Drainage rates have not gone up in nearly 20 years	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. The City's Water, Wastewater and Storm Drainage infrastructure is aging rapidly. This measure would enable the city to keep the systems safe and reliable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. To ensure responsible, long-term maintenance of our Storm Drainage system, annual cost-of-living adjustments (not to exceed 3%) may be applied after year 2020	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. This measure would help to ensure safe, clean and healthy water in Sacramento	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. This measure would establish a new, more equitable rate structure whereby properties will be charged based on their parcel size and impacts on the Storm Drainage system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. This measure would help protect the huge investment we have in our utility systems - pipes, drain inlets and pump stations that will degrade and fail without proper maintenance and improvements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. This measure would reduce the amount of pollution entering our creeks and rivers through sustainability projects such as "Green Streets" and "Rain Gardens"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Water, Wastewater and Storm Drainage utilities are funded exclusively from monthly utility bills - no taxes are used to operate, maintain and improve these systems. Without this measure, the City's utilities are vulnerable to increasing failures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please use the space below to write any reasons *why* you would support or oppose this proposed measure. Also, please describe which issues are most important to you:

This survey is being conducted by an independent third party. All information obtained through this process will remain confidential and only shared with the City in aggregate form.
SSD15-1



OFFICIAL SURVEY

Information Fact Sheet

Why Am I Receiving This Survey?

The City of Sacramento is the most flood-prone area in California, second in the United States to New Orleans. Almost every resident is dependent on our surrounding levees and storm drain systems to protect us from flooding by the American and Sacramento Rivers and to keep our streets, homes, and property safe from flooding. However, this system is aging and in need of replacement, repairs, and maintenance. It is crucial for our safety and quality of life that our local infrastructure be maintained; otherwise, we stand the risk of delayed emergency response due to flooded streets and loss of life from flooding.

The City of Sacramento is considering updating the rates we charge our customers to be more equitable and to fund critical infrastructure needs, and we seek input from local property owners on your priorities for local flood protection and clean water projects. Please read the following information, then complete the enclosed survey and mail it back in the postage paid envelope as soon as possible. Your answers will help guide our efforts towards protecting the City and its residents from local flooding and improving quality of life in Sacramento.



Streets in Sacramento flood due to inadequate storm drainage.

Safe, Clean, Healthy Water in Our Community

Trash, such as plastics, cigarette butts, and other non-biodegradable products, gets swept into drainage systems with stormwater runoff and drains directly into local creeks and rivers. Chemical and bacterial contaminants such as fertilizer, pesticides, and animal waste are also spread through and pollute this untreated runoff. Installing trash filtering devices and other "green" infrastructure will enhance the quality of our local waterways.

The safety and quality of life of our residents is our top priority. One of the best ways to achieve this is by providing safe, clean water. Also, the wildlife that is native to our rivers will benefit immensely. Enhanced water quality helps restore natural habitats and results in thriving ecosystems.



Flooding of neighborhoods can leave residents stranded and can destroy their property.

Reducing The Risk of Local Flooding

Sacramento's Department of Utilities provides and maintains water, wastewater, and storm drainage services and facilities. Storm Drainage services are provided for the residents of the City of Sacramento, and are in place to:

- **Protect our property from local flooding** - This our primary mission, and, in the case of storm drainage, means keeping these systems operating effectively and efficiently.
- **Ensure rapid emergency vehicle response** - Flooding in streets can delay or even prevent response vehicles from getting to the scene of an emergency.
- **Improve the quality of life in Sacramento, now and for future generations** - This is the bottom line for all our residents, and is the focus as we build a community for our children and grandchildren.
- **Contribute to economic development** - A healthy and thriving community needs a vibrant economic climate, which, in turn, requires a safe, reliable, and affordable utility infrastructure.
- **Protect the environment** - Clean water for our creeks, rivers, and native habitats is critical not only for visual enjoyment but also provides a sustainable cityscape and makes the job of delivering quality services easier in the long run.

The City routinely develops plans that identify needs well into the future, evaluates funding alternatives and financing plans, sets priorities, and commits precious capital resources to make needed improvements. While significant progress has been made, much more needs to be done to protect our neighborhoods from flooding and contamination by polluted waters. Even modest storms can overwhelm our storm drain inlets, detention basins, pipes, pumps, canals, and levees; sending chemical and bacterial contaminants down the drains to our rivers and creeks.

We are proud of the services we provide to the community, and we are committed to delivering better service and helping to protect our residents from the hazards of flood waters and pollution for generations to come.

OFFICIAL SURVEY

Information Fact Sheet, Continued

Page 31



Most of the City of Sacramento is susceptible to flooding and is therefore dependent on levees and other flood-prevention infrastructure.

Protecting Our Neighborhood Safety

In order to ensure protection from damaging flooding in the City of Sacramento, the Department of Utilities has given the following critical projects and programs priority to meet current needs:

- **Maintain and rehabilitate pipes, drain inlets, and pumps** to reduce the risk of local flooding
- **Improve existing pumping stations** to better control local flooding in City streets, allowing open access for emergency vehicle response
- **Upgrade flood monitoring and computer technology systems** in order to detect threatening conditions before flooding occurs
- **Protect our rivers from trash and pollution** by installing natural filtering systems and trash capture devices to cleanse the water before it enters local waterways
- **Construct sustainable green spaces in public spaces**, including 'rain gardens' to capture and treat polluted water from streets and parking lots
- **Improve the Levee Maintenance Program** to certify and increase the reliability of the City's levees

It is extremely important that the City is able to deliver these critical programs and improvements to meet current needs. We are considering a ballot measure to replace an existing fee to provide for a fairer allocation of costs so that funding can be properly collected and allocated for these programs.

Funds from a local flood protection and clean water ballot measure could only be used for local flood prevention and pollution control services. A ballot measure would include strict fiscal safeguards and annual audits.

Your confidential survey responses will help shape the City's program priorities for this measure. Please complete and return the enclosed survey in the provided envelope as soon as possible. For more information about the Department of Utilities, visit: www.cityofsacramento.org/utilities/

Your input on this Survey will help guide flood prevention and clean water efforts in the City of Sacramento

System Needs

Since the Storm Drainage rates you pay have not increased since 1996, there is no longer funding available for system upgrades and improvements, and all current revenues are required simply for day-to-day operations. The City recognizes that it cannot responsibly go forward without investing in the future safety and reliability of this critical infrastructure that we all rely on.


Did You Know?

They City's Storm Drainage system is unique in many ways. Foremost is that many areas lie below the level of the Sacramento River and must continually rely on levees and pumps to keep our neighborhoods from flooding. In addition to the levees, Sacramento's Storm Drainage system contains:

- 38,000 gutter drains
- Hundreds of miles of pipes
- 66 miles of canals and ditches
- 105 pump stations
- 75 detention basins

This critical infrastructure is in need of repair and regular maintenance. Not only will this maintenance and rehabilitation keep our residents and their properties safe from local flooding, they will also enhance and protect our waterways and the wildlife that depends on them.



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This measure would help protect the City of Sacramento from major flooding by maintaining, rehabilitating and replacing its aging storm drainage systems.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	2. This measure would ensure safe, clean, healthy water in the American and Sacramento Rivers, now and for future generations.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	3. This measure would decrease flooding in city streets after rainstorms to allow for rapid emergency vehicle response.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	4. This measure would install trash capture devices in storm drains to remove trash and pollution before they enter our waterways.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5. This measure would upgrade existing pumping stations, allowing them to quickly drain standing water from our streets and protect our property.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	6. To ensure responsible, long-term maintenance of our Storm Drainage system, annual cost-of-living adjustments (not to exceed 3%) may be applied after year 2020	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	7. The City of Sacramento is the second most flood-prone area in the U.S. This measure will help minimize this risk and ensure quality of life for our residents.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	8. This measure would establish a new, more equitable rate structure whereby properties will be charged based on their parcel size and impacts on the Storm Drainage system.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	9. Water, Wastewater and Storm Drainage utilities are funded exclusively from monthly utility bills - no taxes are used to operate, maintain and improve these systems. Without this measure, the City's utilities are vulnerable to increasing failures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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