Audit Recommendation #5
1. Develop a long-term funding strategy
2. Due January 2021
3. Implementation updates provided in July 2021 and November 2021

Audit Recommendation #6
1. Assess funding mechanism options
2. Conduct surveys and stakeholder outreach and engagement
3. Final required item per Audit
Funding Needs Continue to Grow at a Rapid Rate

- Bottom line: A long-term, dedicated funding mechanism is needed.

*Includes unmet needs "snowplowed" from previous years
Public Opinion
Research Approach
## Public Opinion Research Activity

<table>
<thead>
<tr>
<th>Public Opinion Research Activity</th>
<th>Primary Elements Tested</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2020 Survey</td>
<td>• Understanding, value, and priorities</td>
</tr>
<tr>
<td></td>
<td>• Perceived funding need</td>
</tr>
<tr>
<td>March 2021 Survey</td>
<td>• Willingness to pay</td>
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<td></td>
<td>• Educational and critical statements</td>
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<td></td>
<td>• Priorities</td>
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<tr>
<td>May 2021 Focus Groups</td>
<td>• Willingness to pay</td>
</tr>
<tr>
<td></td>
<td>• Outcomes of stormwater programs</td>
</tr>
<tr>
<td></td>
<td>• Awareness and understanding</td>
</tr>
<tr>
<td>August 2021 Survey</td>
<td>• Willingness to pay</td>
</tr>
<tr>
<td></td>
<td>• Educational and critical statements</td>
</tr>
<tr>
<td></td>
<td>• Priorities</td>
</tr>
</tbody>
</table>
Proportional representation of potential voters throughout City reached

• **Surveys**
  • English and Spanish
  • Online and phone
  • Diverse demographics, geographic locations

• **Focus groups**
  • By geographic region
  • Video conference
  • Screened for representative demographics
Public Opinion
Research Findings
There is a strong perceived need for additional stormwater funding

**Maintain Existing Storm Drain System**
- Great need: 26%
- Some need: 36%
- A little need: 11%
- No real need: 9%
- Don't know: 18%

**Clean and Protect Local Water Quality**
- Great/Some need: 61%
- A little/No real need: 21%
- Great/Some need: 75%
- A little/No real need: 14%

December 2020 Survey
San Diegans value the outcomes that could be achieved by funding stormwater

- Improving and protecting water quality
- Protecting Marine Life
- Reducing trash and pollution
- Capturing stormwater for use
- Preventing flooding
- Preventing damage from failed stormwater infrastructure
Various Funding Mechanism Scenarios Tested

- Impermeable area (per square foot) and property type (flat rate per parcel)
- Variable rates amounts
- Typical ratepayer impacts and estimated revenue estimated for each scenario
Impermeable area recommended as the basis for a stormwater funding measure

- Impermeable area perceived as more equitable
- Impermeable area is most commonly used basis for stormwater charges nationwide
Parcel Distribution by Ownership

- Single-family Residential: 45%
- Multi-family Residential: 14%
- Commercial: 15%
- Other: 13%
- Industrial: 11%
- Institutional: 3%

*Exempt parcels not included
### Impermeable Area Funding Mechanism Scenarios Tested

<table>
<thead>
<tr>
<th>Rate Basis Tested in Surveys</th>
<th>Typical Single-Family Residential Bill</th>
<th>Commercial/Industrial Bill</th>
<th>Estimated Annual Revenue Generated ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Median Annual</td>
<td>Median Monthly</td>
<td></td>
</tr>
<tr>
<td>$0.04 per SF</td>
<td>$128</td>
<td>$10.67</td>
<td>See Next Slide</td>
</tr>
<tr>
<td>$0.045 per SF</td>
<td>$144</td>
<td>$12.00</td>
<td>Non-residential ratepayer impacts vary widely based on parcel-specific impermeable area</td>
</tr>
<tr>
<td>$0.05 per SF</td>
<td>$160</td>
<td>$13.33</td>
<td></td>
</tr>
</tbody>
</table>
Commercial/industrial ratepayer impacts vary widely based on impermeable area

Example: Parcel with 5,000 sq-ft impermeable area at rate of 4 cents per sq-ft impermeable area

5,000 sq-ft * $0.04 per sq-ft = $200 per year
Several funding mechanism options were surveyed

<table>
<thead>
<tr>
<th>Funding Mechanism</th>
<th>Initial Vote</th>
<th>Vote After Educational Statements</th>
<th>Vote After Critical Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5¢/Square Foot Parcel Tax (Margin of Error ±3.1%)</td>
<td>63%</td>
<td>69%</td>
<td>62%</td>
</tr>
<tr>
<td>4.5¢/Square Foot Parcel Tax (Margin of Error ±3.1%)</td>
<td>61%</td>
<td>66%</td>
<td>59%</td>
</tr>
<tr>
<td>4¢/Square Foot Parcel Tax (Margin of Error ±5.0%)</td>
<td>66%</td>
<td>71%</td>
<td>61%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Decision</th>
<th>Total Yes</th>
<th>Total No</th>
<th>Undecided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
<td>63%</td>
<td>28%</td>
<td>9%</td>
</tr>
<tr>
<td>Educational Statements</td>
<td>69%</td>
<td>24%</td>
<td>7%</td>
</tr>
<tr>
<td>Critical Statements</td>
<td>62%</td>
<td>30%</td>
<td>7%</td>
</tr>
</tbody>
</table>
Ongoing education and engagement for stormwater is essential

- Stormwater issues and services are not well understood, **but the outcomes are valued**
- **Ongoing education & engagement** should continue through Think Blue San Diego
  - Coordinated media campaign on importance of improving stormwater quality
  - Revamped ThinkBlue.org
Moving Forward with Limited Resources
Stormwater is Continuing to Further High-Priority Efforts Even with Limited Funding

- Pipe repair team has doubled rate of repairs
- Stormwater harvesting/drought resilience assessments are underway
- Communications & engagement through Think Blue San Diego has accelerated
Near-term Funding and Financing Options

- WIFIA in negotiations
- CWSRF being evaluated
- Grants awarded
- State Budget Allocation anticipated
- Cost recovery efforts in progress
Near-term Funding and Financing Options

- Stormwater enforcement – proposed updates to monetary penalties
- Street sweeping – outlining process for fine increase and/or addition of posted routes
- Stormwater inspection & reinspections – pursuing municipal code change
Moving Forward

- Upcoming staffing and budget requests will reflect need
- Continued coordination with Mayor, City Councilmembers, and key stakeholders