



Minutes
 City of Sacramento
 Utilities Rate Advisory Commission

COMMISSION MEMBERS:

| | | |
|---------------|------------------------------|---------------------|
| Karen McBride | Steven Archibald, Chair | Ernest Lehr |
| Douglas Brown | Tess Kretschmann, Vice Chair | Melvin Johnson |
| | ***** | Carolyn Veal-Hunter |

CITY STAFF:

*Jessica Hess, Media and Communication Specialist
 Holly Lera, Senior Staff Assistant
 Joe Robinson, Senior Deputy City Attorney*

*Historic City Hall
 915 I Street, Hearing Room, 2nd Floor*

April 21, 2010 – 5:00 P.M.

The Utility Rate Advisory Commission is a commission of the City Council with review and recommendation authority. Its purpose is to review utility service rate proposals, develop recommendations on relevant issues regarding the setting of rates, hold rate hearings, and act as a liaison to the community to encourage understanding and participation.

NOTICE TO THE PUBLIC

You are welcomed and encouraged to participate in this meeting. Public comment is taken (3 minutes maximum) on items listed on the agenda when they are called. Public Comment on items not listed on the agenda will be heard at the end of the meeting as noted on the agenda. Comments on controversial items may be limited and large groups are encouraged to select 3-5 speakers to represent the opinion of the group.

Notice to Lobbyists: When addressing the Committee you must identify yourself as a lobbyist and announce the client/business/organization you are representing (City Code 2.15.160).

Speaker slips are located at the back of the room and should be completed and submitted to the Commission Clerk.

Government Code 54950 (The Brown Act) requires that a brief description of each item to be transacted or discussed be posted at least 72 hours prior to a regular meeting. The City posts Agendas at City Hall as well as offsite meeting locations.

The order of Agenda items are listed for reference and may be taken in any order deemed appropriate by the Committee. The Agenda provides a general description and staff recommendations; however, the Committee may take action other than what is recommended. The Agenda is available for public review on April 16, 2010. Hard copies are available from the Utilities Department. (10 cents per page)

Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Utilities Department at (916) 808-8260 at least 48 hours prior to the meeting.

MINUTES

April 21, 2010

*Historic City Hall
Hearing Room, 2nd Floor
915 I Street*

All items listed are heard and acted upon by the Utilities Rate Advisory Commission unless otherwise noted.

Call to Order – 5:07 p.m.

Roll Call **Present:** Steven Archibald, Douglas Brown, Carolyn Veal-Hunter (arrived at 5:56 p.m.), Dr. Ernest Lehr, Melvin Johnson and Karen McBride.
Absent: Tess Kretschmann.

Consent Calendar

All items listed under the Consent Calendar are considered and acted upon by one motion. Anyone may request an item be removed for separate consideration.

1. **Approval of Minutes for February 24, 2010.**

Location: (Citywide)

Recommendation: Approve Commission minutes for February 24, 2010.

Contact: Holly Lera, Senior Staff Assistant, (916) 808-8131 Department of Utilities

Summary: Motion to approve by Melvin Johnson, second by Karen McBride. All present in favor, none opposed.

Action: Minutes Approved.

Discussion / Action Reports

Discussion or action reports include oral presentations including those recommending receive and file.

Announcement by Commission chair that staff will be presenting item #2 and #3 on the agenda as one presentation.

2. **FY09/10 Midyear Budget Review**

Location: (Citywide)

Recommendation: Discussion and review of FY09/10 midyear budget.

Contact: Jammie Moens, Business Services Manager, (916) 808-5988, Department of Utilities.

Summary: Overview of presentation including how we got to FY10, midyear update, and proposed budget for FY11. Also to discuss what the numbers mean, audits, and

topics of interest. FY10 budget developed, presented RAC recommendation to council, Council approved lower rates, budget amended to where we are now.

Marian Fahy, Supervising Financial Analyst – Midyear update presented on individual funds. Water fund had less than projected revenue in '09, gap filled by writing down expenditures, currently monitoring revenues and on track for year end. Sewer fund had less than projected revenue in '09, gap filled by reducing CPI, bad debt and service and supplies, currently monitoring and on target for year end. Drainage fund had no changes and year end projections show a net savings of \$1M. Solid Waste included debt financing for rollout of containerized program, no net impact to fund, currently on target for year end. CIP scrub reallocated existing resources only, began utilizing option in financial system for multi-year operating programs to roll over budget until completed. CIP will now strictly be used for capital improvement projects.

Action: Received and filed.

3. **FY10/11 Proposed Budget Review**

Location: (Citywide)

Recommendation: Discussion and review of FY10/11 proposed budget.

Contact: Jamille Moens, Business Services Manager, (916) 808-5988, Department of Utilities.

Summary: Marian Fahy, Supervising Financial Analyst – Proposed FY11 budget presentation including overview of base budget, defunding vacancies, Proposition 218 and critical augmentations. Department defunding all vacant positions being held for salary savings. Proposition 218 proposed adjustments of \$2M including Solid Waste no longer providing illegal dumping, toter and litter pickup service and City parks to begin paying for drainage services. Augmentations include SCERS, fleet, meter repair/replacement, water conservation rebates, CIP/Water Meter program and contingency. Review of FY11 proposed projections of a loss in Sewer and Drainage and a \$2.2M net in Solid Waste.

(Commissioner Veal-Hunter arrived.)

Jamille Moens, Business Services Manager – Budget driven programmatic impacts reviewed for “no concessions”, including reductions to Solid Waste services, slower response times, and meter program slowed. Preventative and routine maintenance impacts include delays in cleaning and inspecting well tanks, handling only critical work to maintain operations, increase of out of class and overtime work for plant operators, and hydrant inspections delayed. Review of current audit process including annual external financial audits, internal City Auditor, Department, Regional Sanitation, Managing Partners, and Solid Waste cost of service study. Currently looking into a cost of service/ rate study for the department. Topics of interest include proposition 218, the Howard Jarvis lawsuit and the Utilities Rollback Initiative.

Action: Received and filed.

4. Loose in the Street Proposed Rates

Location: (Citywide)

Recommendation: Update, discussion and review of Loose in the Street proposed rates.

Contact: Edison Hicks, Integrated Waste General Manager, (916) 808-4949, Department of Utilities.

Summary: Jamille Moens, Business Services Manager – Presentation includes proposal, rate restructure, who's affected, when implemented and alternative models. Proposal includes a Loose in the Street rate increase and rate restructure. Significant shifts to containerize have increased cost and department need to fully recover cost. Using opportunity to streamline the rate schedule and create equality and consistency in the structure. How is by review of assumptions, an internal cost of service analysis, review of current structure and what a restructure would include. Took internal analysis to external source for review and to determine cost. Restructured including commercial/residential, amounts and simplification. Timeline for implementation in July 2010 reviewed. Alternative options include bi-weekly service and repeal of Measure A.

Action: Received and filed.

5. Proposal: Audit of Utilities Funds

Location: (Citywide)

Recommendation: Commission to consider recommendation from Commissioner Ernest Lehr that the Commission approve presentation of a report to the Sacramento City Council recommending an audit of the Utilities funds.

Summary: Dr. Lehr shared desire to have commission recommend to Council an independent audit of Utilities, including financials, practices and operations. Motion to move forward with recommendation by Dr. Lehr, no second. Motion dropped.

Action: No action taken.

Public Comments- Matters Not on the Agenda

6. No Public Comment

Commission Ideas, Questions and Announcements

7. Staff shared with commission that URAC will begin video streaming all meeting. Requires commission to move meetings to the 2nd and 4th Wednesdays and hold meeting in Council Chambers. More information to come, including an updated work plan with new meeting schedule.

8. Discussion of possibly adding a meeting next week to field questions and possible recommend on LITS rate to push up implementation should increase be recommended and approved. Commissioner Brown and McBride would be unavailable, prefer all to be present so no additional meetings added.

9. Chair observation of water meter install, discussion with neighbors and discovery of leaks. Staff reminded commission that next meeting will be presented with a Water Conservation presentation and would be good discussion to have at that time.

Adjournment: 8:10 p.m.

Approved:

Steven Archibald, Commission Chair

Attest:

Holly Lera, Commission Secretary