



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*

February 24, 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 February 19, 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

February 24, 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 – 5:04 p.m.

Roll Call **Present:** Steven Archibald, Tess Kretschmann, Douglas Brown, Dr. Ernest Lehr, Melvin Johnson and Karen McBride.
Absent: Carolyn Veal-Hunter

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 3, 2009.**

Location: (Citywide)

Recommendation: Approve Commission minutes for February 3, 2009.

Contact: Jessica Hess, Media and Communications Specialist, (916) 808-8260
Department of Utilities

Summary: Motion to approve by Dr. Ernest Lehr, second by Douglas Brown. 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.

2. **CIP Overview and Funding Strategies Workshop**

Location: (Citywide)

Recommendation: Review and file. This information is being presented to inform the Commission regarding CIP's and funding strategies in the department.

Contact: Dave Brent, Engineering Manager (916) 808-1420, Department of Utilities.

Summary: Introduction of program managers, quick overview of recent headlines related to aging infrastructure.

Dan Sherry – Water CIP Manager. Overview presented of the water system, including challenges such as age of system and undersized facilities. Priority water projects include meter retrofit project, water treatment plant rehabilitation, master plan update and riveted steel main replacement. The focus of water CIP is to keep a safe and reliable water supply and to start planning for the next pipeline replacement program. Clarification provided for difference between wholesale and wheeling. Staff clarification on treatment plant plans include going to council to request \$800k contract to hire design consultant, not the entire cost to update the plant (\$120M).

Rick Batha – Sewer CIP Manager. Unique aspects of sewer system reviewed, including the combined sewer system (CSS), 30-40% of the city is served by the county, and highly regulated. Challenges of the system are age, capacity compared to standards, CSS, regulations and flaws in original construction. Review of the CSS improvement program, sanitary sewer improvements, and capital improvement projects (CIP). CIP accomplishments discussed including phase one of CSS improvement, no major fines in 15 years, reducing Sewer System Overflows (SSO's) and replacing 20% of the oldest part of town. Status of the program, CIP needs and proposed projects also reviewed.

Bill Buseth – Drainage/Floodplain Manager. Because the city is so flat, almost all drainage must be pumped out by the city's 104 stations. Service goals are no flooding over the curb for a 10 year storm (10% chance of occurring each year) and no structure flooding for 100 year storms. Problems include not meeting these service goals, aging infrastructure and incomplete master planning. CIP backlog discussed and completion of \$54.4 M in projects the last 14 years.

Dave Brent – Asset Management reviewed including why we need it, and benefits such as lower cost and higher public confidence. Asset inventory for water sewer and drainage estimated, risk and criticality scale overviewed and conditions and challenges.

Janelle Gray – City Treasury Manager. City treasury is working closely with Utilities on how to fund CIP projects, developing strategy, and balancing between “pay as you go” and debt financing. Identifying financial market credit metrics. Discussion of City's credit strengths and concerns, targeted rating and needs to achieve that rating.

Jamille Moens – Business Services Manager. CIP financing overview including funding resources from development and impact fees, grant and rates. Review of 30 year water, sewer and drainage fund financing needs. Impact of financing options to user rates, mechanisms and options for financing discussed. Next steps shared including recommending a CIP workshop to City council, working with Treasury office for financing options and presenting a recommendation to RAC during the rate adjustment process.

Commission requested report back if debt service can be included in the fixed portion of metered rates. Clarification of benefits of debt services discussed.

Action: Received and filed.

Public Comments- Matters Not on the Agenda

3. No Public Comment

Commission Ideas, Questions and Announcements

4. Commissioner Lehr and Kretschmann met with staff two weeks ago. Dr. Lehr's questions were discussed and addressed satisfactorily to the chair and vice chair. Would like to share information from the meeting with the rest of the commissioners. Staff will provide information when bringing a midyear update to the commission at a future meeting.

5. Staff clarification that we may move some meeting dates around, including possibly moving the scheduled April meeting up to March. Topics will include a new Loose in the street presentation, midyear budget review and a Water Conservation update.

6. Commissioner McBride shared waste water /water workshop information offered by RCAC if commissioners are interested in attending.

Adjournment: 8:10 p.m.

Approved:



Steven Archibald, Commission Chair

Attest:



Holly Lera, Commission Secretary