



**REPORT TO  
Utilities Rate Advisory Commission  
City of Sacramento**

**1395 35<sup>th</sup> Ave. Sacramento, CA 95822  
[www.cityofsacramento.org/utilities](http://www.cityofsacramento.org/utilities)**

**Discussion Calendar  
September 26, 2012**

**Honorable Chair and Members of  
Utilities Rate Advisory Commission**

**Title: Rate Increase Revenue Accountability Plan Update**

**Location/Council District: (Citywide)**

**Recommendation: Receive and File**

**Contact: Dave Brent, Director, 808-1420**

**Presenters: Dave Brent, Director; Bill Busath, Interim Engineering Services Manager;  
Susan Goodison, Supervising Financial Analyst**

**Department: Utilities**

**Division: Administration**

**Organization No: 14001011**

**Description/Analysis**

**Issue:** Utilities is providing a quarterly Accountability Plan update as discussed during the January 25, 2012 Utilities Rate Advisory Commission Meeting. Utilities will be providing updates regarding the financing approach for bond sales, the Capital Improvement Programming Guide, outreach and the Utility Rate Assistance Program.



**REPORT TO  
Utilities Rate Advisory Commission  
City of Sacramento**

**1395 35<sup>th</sup> Ave. Sacramento, CA 95822  
[www.cityofsacramento.org/utilities](http://www.cityofsacramento.org/utilities)**

**Rational for Recommendation:** Not applicable.

**Financial Considerations:** None.

Respectfully Submitted by:     /s/ Dave Brent      
Dave Brent  
Director

**Attachment #1****Background**

As part of the Utilities Rate Advisory Commission's (Commission's) recommendation of the water and wastewater rate increases in March of 2012, the Department of Utilities (DOU) is providing a quarterly update to the Commission regarding bond financing, capital improvements and the Capital Improvement Programming Guide, continued community outreach and the Utility Rate Assistance Program.

**Bond Sales/Financing**

DOU is working actively to secure financing for the Capital Improvement Program ("CIP") consistent with the financing plan that was presented to the Commission on January 25, 2012, and subsequently approved on February 2, 2012. DOU has been successful in securing new grants in the amount of \$3.5M and is working closely with the City Treasurer's Office to secure bond financing in an estimated aggregate amount not to exceed \$300M for new-money purposes. In addition, the Department will evaluate refunding opportunities in 2013 associated with loans entered into with various State of California agencies or departments. The City Treasurer has assembled a financing team for the sale and issuance of the City's Water Revenue Bonds and Wastewater Revenue Bonds (collectively, the "Bonds") and the Department is working closely with the financing team on the terms of the bond financing, as well as preparation of the bond-related marketing and legal documents. The City expects to issue the Bonds in early calendar year 2013. In the meantime, the Department is funding its CIP with funds that were budgeted for this purpose for FY13.

**Capital Improvements/ Capital Improvement Programming Guide**

DOU has completed a draft of the Capital Improvement Programming Guide (CIP Programming Guide) that shares with readers the way the department determines the projects within the capital program and its asset management program. The CIP Programming Guide is meant to be an iterative document and will continue to be updated over time. The current version is posted on the DOU website at <http://www.cityofsacramento.org/utilities/media-room/publications.cfm>.

**Community Outreach**

Since the rates were approved and implemented in July of 2012, the Department has continued its efforts to engage and educate the community on the rates and what they are being used for.

DOU updated its webpage, as it stated it would at the Rate Hearing, to reflect the projects budgeted as part of the rate approval. The list of projects and links to the project fact sheets can be found at <http://www.cityofsacramento.org/utilities/water/current-projects.cfm>.

DOU is continuing to reach out to its stakeholders. Meetings have been set up with key stakeholders in the community to provide updates to the bond financing and capital improvements.

In addition, the Department is currently circulating a request for qualifications (RFQ) for assistance with continuing its community engagement with workshops, open houses, printed materials, translation services and web site and video support. It is anticipated that vendors qualified through this process will also be able to assist in communications regarding the Utility Rate Assistance Program.

### **Utility Rate Assistance Program**

On May 22, 2012, DOU presented to City Council a sample of a low-income program for City utility customers, in which further definition of the program would be developed upon approval. The proposal included using 11% of the general tax on utility revenues, related to the approved rate increases, to fund the program. The funding for FY13 was estimated at \$1,130,700, with \$782,870 allocated for water and \$347,820 allocated for wastewater. In addition, minimum eligibility would require the customer's income being at or below 100% of the federal poverty level and the property consist of a single-family home in which the customer resides. It was estimated at that time, based upon income, that approximately 16,000 Sacramento residents, or 11.8% of utility customers, would be eligible. The funding would also be used to offset administration costs of the program by DOU. City Council approved the proposal to develop a utility rate assistance program and requested that DOU attempt to capture as many eligible customers as possible, such as tenants. DOU has since developed a team to define and recommend additional eligibility guidelines, along with further estimates on the cost and participation based upon the customer's currently billing for single-family homes. Once approved by DOU management, this month, the full program will be presented to City Council for approval on October 30, 2012. Upon approval of the program, DOU will proceed with a soft communication launch between November and December, followed by a full launch in January 2013 with the program being implemented at that time.