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DEPARTMENT OF
UTILITIES
BUSINESS SERVICES

CITY OF SACRAMENTO
CALIFORNIA

5770 FREEPORT BLVD.
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SACRAMENTO, CA
95822-2911

PH 916-433-6318
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June 7, 1994

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: PROPOSED STORM DRAINAGE RATES FOR FISCAL YEAR 1994-95

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution and approve an increase of 7% in the storm drainage user fees to be effective July 1, 1994.

CONTACT PERSON: Kathy Mullen, Administrative Services Officer, 433-6609

FOR COUNCIL MEETING OF: June 14, 1994

SUMMARY

This report recommends the adoption of a 7% increase in storm drainage rates, effective July 1, 1994. This rate increase is to support a growing Capital

City Council
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PROPOSED STORM DRAINAGE RATES FOR FISCAL YEAR 1994/95

Improvement Program. It will enable the City to plan and implement both system-wide and area-specific infrastructure programs aimed at achieving long-term goals to enhance and protect the quality of life for City residents.

COMMITTEE/COMMISSION ACTION: None.

BACKGROUND INFORMATION

The Storm Drainage Fund is an enterprise fund which supports storm drainage pumping operations, the storm drainage collection system, related engineering services, flood plain management, customer services, and a significant capital improvement program. Revenues in this fund are derived primarily from user fees, which comprise 90% of total revenues. Interest income and intergovernmental revenues make up the remaining 10% of revenues.

The operating environment for this utility is impacted by increasing regulation by state and federal agencies, reducing the extent of local control over service levels and costs. Stricter regulation has led to closer scrutiny of daily operations by the State Regional Water Quality Control Board (RWQCB) and increasingly stringent Environmental Protection Agency requirements for storm water quality monitoring. The RWQCB has issued a revised operating permit for the combined sewer/stormwater system which calls for potential capital improvement expenditures of \$382.5 million in 3 phases over the next 27 years. There is also a continued need to conduct long-range master planning leading to capital projects, for both existing and newly developing areas as discussed in the Infrastructure Report presented to the City Council in March 1993. The need to respond to regulatory pressures while also planning for the orderly economic development of the City drive the spending plans for this utility.

Goals for the Storm Drainage Utility. The specific goals for this utility for FY 1994-95 are outlined below.

- Support the six major goals of the City Council
- Protect community health
- Improve opportunities for Affirmative Action and youth hiring

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PROPOSED STORM DRAINAGE RATES FOR FISCAL YEAR 1994/95

- Provide a safe, reliable and environmentally sensitive storm drainage collection system
- Ensure uninterrupted service through attention to daily operations and maintenance.
- Plan and implement a balanced approach to capital maintenance and improvement:
 - √ system-wide projects
 - √ area specific projects
- Comply with regulatory authority
- Keep utility rate increases to a minimum while meeting the City's long and short-term infrastructure needs
- Increase organizational efficiency through flattening and altering the span of control

Proposed FY 1994-95 Operating and Capital Budgets for the Storm drainage Utility. In keeping with the goals for next year, the Department of Utilities is proposing a status quo operating budget, an increase in capital spending, a reduction in fund balance, and a rate increase.

The operating budget will remain status quo at the fund level. Any savings achieved in the current year will be carried over into FY 1994-95. Financial resources within the fund will be shifted to meet changing needs, such as tipping fees for new dumping sites after the City landfill is closed, and to implement the Affirmative Action Plan presented to the City Council on March 29. In connection with the Affirmative Action Plan, the Department of Utilities is requesting an additional 4.5 FTE in the Storm Drainage Fund for a half time utility services aide, four half time positions for Minority Engineering Program students, and two full time positions for water and sewer serviceworker apprentices. Salaries and other expenses for the Affirmative Action Plan positions will be borne within existing means. See Attachment B for a complete description of the Department's affirmative Action Plan.

The Capital Improvement Program (CIP) is proposed to increase from \$7 million to \$16.1 million. The primary purpose for this increase in the CIP is to prepare the Storm Drainage Fund for rehabilitation of the combined system. Of the \$16.1 million proposed for FY 1994-95, \$3.8 million is for the combined system, \$9.5 million is for other capital projects and studies, and \$2.8 million is to be reserved for future

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PROPOSED STORM DRAINAGE RATES FOR FISCAL YEAR 1994/95

combined system projects. The reserve for future combined system projects will also receive funds derived from defunding projects which are no longer needed.

Five Year Projections for this Utility. The long-range outlook for this utility is for increasing expenditures in the capital improvement program, both for the combined system rehabilitation and for area-specific projects which arise from the master planning process approved by the City Council in March 1993. It is anticipated that continued annual rate increases will be needed to provide the resources to accomplish this work, either on a "pay as you go" basis, through borrowing, or a combination of the two. Table One below provides the revenue and expenditure projections for the Storm Drainage Fund for the next five years and reflects the rate increases which will be needed to support this level of effort.

TABLE ONE: STORM DRAINAGE FUND FIVE YEAR PROJECTION*

FIVE YEAR PROJECTION:	FY 94/95	FY 95/96	FY 96/97	FY 97/98	FY 98/99
Rate Increase Projected	7%	7%	7%	7%	7%
BEGINNING FUND BALANCE					
	10,703	3,728	3,603	3,710	4,446
REVENUES/OTHER SOURCES					
Revenue(without rate increase)	25,245	27,155	29,469	31,749	33,734
Revenue from Rate Increase	1,784	1,909	2,043	2,186	2,339
Bond Proceeds (SAFCA loan)				10,000	
Subtotal Rev/Other Sources:	27,029	29,064	31,512	43,935	36,073
EXPENDITURES					
Operating Budget	16,177	17,240	17,997	18,796	19,642
Debt Service	780	780	780	780	825
CIP Budget	16,122	10,214	11,647	22,612	15,078
Subtotal Expenditures:	34,004	29,189	31,405	43,199	36,586
ENDING FUND BALANCE					
	3,728	3,603	3,710	4,446	3,933

*Dollars expressed in thousands.

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PROPOSED STORM DRAINAGE RATES FOR FISCAL YEAR 1994/95

The rate projections depicted in Table One account for the effects of inflation (0% for FY 1994-95, 3% thereafter) and growth.

ENVIRONMENTAL DETERMINATION: Not applicable

FINANCIAL CONSIDERATIONS

A breakdown of what the proposed typical monthly residential storm drainage user charge pays for is shown in Table Two below.

TABLE TWO: COMPONENTS OF STORM DRAINAGE CHARGES		
Program	Current	Proposed
Storm Drainage Pumping Operations	\$1.48	\$1.48
Drainage Collection System	1.15	1.15
Engineering Services	.55	.55
Flood Plain Management	.10	.10
Debt Service	.35	.35
Customer Service, Administration, Retiree Payments	.25	.25
Central Support Costs	1.20	.70
Approved Capital Improvement Projects	2.05	5.06
Contingency Reserve	2.65	.82
TOTAL	\$9.78	\$10.46

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PROPOSED STORM DRAINAGE RATES FOR FISCAL YEAR 1994/95

The effect of the proposed fee adjustments on the typical residential and commercial customer is shown in Table Three.

TABLE THREE: TYPICAL STORM DRAINAGE SERVICE CHARGES				
Category	Current	Proposed	\$ Change	% Increase
Single Family Residence (6-7 room house)	9.78	10.46	\$.68	7%
Commercial Property (per 10,000 sq.ft.)	16.66	17.83	\$1.17	7%

Attachment A shows the proposed changes in all rate categories.

The proposed increase in storm drainage rates is expected to generate \$1,784,000 in additional revenue to the Storm Drainage Fund. Total revenue from the storm drainage user fees is expected to be \$26,104,000.

POLICY CONSIDERATIONS

Sacramento City Code 36.502, Division 1, Article V, of Chapter 36 allows the City Council to establish sewer and storm drainage rates by resolution. The proposed 7% rate increase will be used to begin implementing the City's vision of repairing, rehabilitating, and improving its storm drainage infrastructure as well as maintaining the system in a manner which balances system wide projects with area specific projects in individual drainage basins.

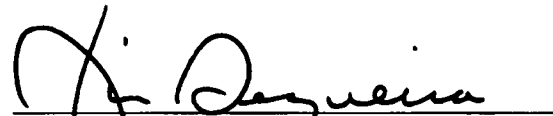
In the Storm Drainage operating budget, 93% of the expenditures appropriated are keyed directly to the volume of stormwater conveyed in the system. As such, these expenditures are "fixed" and cannot be reduced without impacting public health and safety. Therefore, if the Council wished to reduce or eliminate the proposed rate increase, up to \$1,784,000 in Capital Improvements projects would be eliminated.

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PROPOSED STORM DRAINAGE RATES FOR FISCAL YEAR 1994/95

MBE/WBE

Not applicable. There are no goods or services being purchased as a direct result of this action.

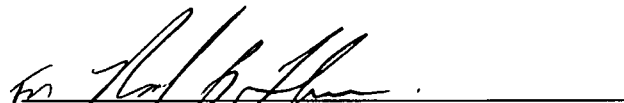
Respectfully submitted,



James G. Sequeira
Director of Utilities

RECOMMENDATION APPROVED:

APPROVED:



William H. Edgar
City Manager



Robert P. Thomas
Deputy City Manager

RESOLUTION AMENDING THE CITY OF SACRAMENTO FEE AND CHARGE REPORT TO ESTABLISH STORM DRAINAGE SERVICE FEES AND CHARGES PURSUANT TO SECTION 36.502 OF THE SACRAMENTO CITY CODE

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the City of Sacramento Fee and Charge Report is hereby amended to include the following storm drainage fees and charges to take effect on July 1, 1994.

		RATE	FY94/95	PROPOSED
		CODE	RATE	RATE
I. STORM DRAINAGE SERVICE RATES - RESIDENCE				
Single-family residence:	1-3 rooms	300	6.50	6.96
	4-5 rooms	300	8.28	8.86
	6-7 rooms	300	9.78	10.46
	8-9 rooms	300	11.56	12.37
	10-15 rooms	300	13.18	14.10
	over 15, each additional room	300	1.03	1.10

Multiple-family residence:
 Each dwelling unit charged the same as a single-family residence

II. STORM DRAINAGE SERVICE RATES - MONTHLY COMMERCIAL

For each 10,000 sq.ft. of gross surface area of fraction thereof	330	16.66	17.83
Minimum Rate	330	7.25	7.76

Where commercial property contains common facilities, e.g., a parking lot, the common facilities will be treated as one property and the owner shall be liable for payment of fees for the common facilities, notwithstanding the fact that other fees charged to the property may be charged to the tenants or owners of divided interests. Common areas in planned unit developments or condominium developments shall be treated as commercial property for the purposes of this division.



**DEPARTMENT OF
UTILITIES**

BUSINESS SERVICES

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CALIFORNIA

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PH 916-433-6318
FAX 916-433-6652

March 15, 1994

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Affirmative Action Plan Concept, Department of Utilities

LOCATION AND COUNCIL DISTRICT: City Wide

RECOMMENDATION

Staff recommends that the City Council approve the Department's Affirmative Action Plan in concept.

CONTACT PERSON: Kathy Mullen, Administrative Services Officer (433-6609)

FOR COUNCIL MEETING OF: March 29, 1994

SUMMARY

This report requests that the City Council approve the Department of Utilities Affirmative Action Plan in concept. If this plan is approved, the Department will return to the Council during the budget hearings to request additional positions and funding to implement the plan.

City Council
Department of Utilities-Affirmative Action Plan Concept
March 15, 1994

COMMITTEE/COMMISSION ACTION

This report was reviewed by the Personnel and Public Employees Committee on March 22, 1994. It was presented to the Affirmative Action Advisory Committee March 9, 1994.

BACKGROUND INFORMATION

The City Council has established goals for 1994 that include providing positive alternatives for City youth and inclusiveness for City residents and employees. With a view toward these goals, the Department of Utilities has completed an analysis of its work force diversity and has found only two cases department-wide where minority employment has achieved parity with the City population. These are in the employment of Hispanic males and Native American males. Not surprisingly, Caucasian males also exceed parity goals. For males of all other minority groups as well as for females of every group, the Department's employment statistics are well below the parity goals established by the City Council.

Current Efforts to Increase Work Force Diversity. The Department of Utilities is committed to developing a fully diversified and fully empowered work force. In the past year, the Utilities Department has hired or promoted 20 minorities and females out of a total 43 opportunities. Many of these hiring decisions involved City employees who were facing layoff. Through already existing programs, apprentice or career development trainee status was offered to those who did not meet the minimum qualifications for their positions. Additionally, the Department is currently engaged in a selective recruitment for two superintendent positions in the Plant Services Division. However, the annual vacancy rate has been very low, less than 3% of authorized positions. Therefore, we are proposing additional efforts to diversify the work force which will also have the effect of providing positive youth alternatives as well as inclusiveness for City residents.

Increasing Diversity Through Outreach to Youth. In order to accomplish the diversity goal, the Department is investigating the feasibility of an innovative plan aimed at hiring minorities and grooming them, along with existing staff, for advancement through the full range of occupational categories. This plan is multifaceted. It involves working with local school districts to determine if mutual benefits can be obtained by employing high school students under the Regional

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March 15, 1994

Occupation Program (ROP). A second facet involves working with the Minority Engineering Program (MEP) at California State University, Sacramento (CSUS) for the purpose of providing "real world" experience to engineering students. The Department already has in place programs to offer apprenticeships to under-qualified but motivated persons. We also offer Career Development Trainee (CDT) status to those who are within one year of meeting the minimum qualifications for a full time position. And we have a 0.5 FTE student trainee position in the Engineering Services Division which is used to train student engineers.

In order to provide positive alternatives to the City's youth and to accelerate the diversification of the work force, the Department will be prepared to request, as part of the 1994-95 budget cycle, that additional part-time and full-time positions be authorized for the specific purpose of recruiting minorities, females, and the disabled into the Department's work force. This assumes that discussions with the school districts and CSUS prove fruitful and beneficial for all.

Any new positions authorized for the affirmative action program would be dedicated for the employment of minority and female students. The Utilities Department is working in cooperation with the Human Resources Department to develop appropriate class specifications and salary schedules for ROP students. The plan calls for them to advance, upon graduation, to full time apprentice status (for those classifications under the Plumbers and Pipefitters Union) or to full time CDT status (for those classifications under the jurisdiction of the Plant Operators Unit of Local 39). These former ROP students would continue to advance through the training program applicable to their career goals until they achieved full career status as a City employee. Students hired under the MEP program would be utilized as student trainees during their internship with the City. They would not be guaranteed a full time engineering position with the City upon graduation.

In order to assure the success of the program, the Utilities Department would train and assign mentors to new hires. These mentors would be carefully chosen from among existing employees for their ability to establish rapport, to serve as a role model, and to provide guidance to the mentee. Mentors would be available to support the candidates through the entire process to full time career employment, or until graduation, in the case of MEP students.

The Department would like to establish a program which is large enough to effect real progress toward achieving diversity, while keeping it at a manageable level. A

successful program will also require a major investment of time and financial resources from current Utilities staff . With these two opposing factors in mind, the Department is prepared to propose 12.5 additional FTE for affirmative action purposes. The distribution of these positions among the Engineering Services, Field Services, and Plant Services Divisions is shown in the table below.

PROPOSED ADDITIONAL FTE						
ORG	ROP	APPRENTICE PROGRAM	CDT	MEP	STUDENT TRAINEE	ORG TOTALS
Engineering Services				1.5	0.5	2.0
Field Services	1.5	6.0				7.5
Plant Services	1.0		2.0			3.0
Program Totals	2.5	3.0	5.0	1.5	0.5	12.5

Increasing Existing Work Force Diversity By Enhancing Promotion Opportunities.

The second Departmental goal is to field a well trained and fully empowered work force. This also is integrally linked to the diversity issue. At present, only the Service Maintenance Occupational Category has reached parity for any minority group (Hispanic males). Other categories, such as Skilled Crafts, Technicians, Clerical, Supervisory, Professional and Exempt, are farther from parity. Positions in the Supervisory Category are filled almost exclusively from within. In order to improve opportunities for existing personnel to move up and enter these categories, the Department is embarking upon a training plan and a career development plan to enhance the skills and promotability of its existing staff.

The Training Plan is aimed at improving the quality of the work force overall, improving efficiency and effectiveness, and complying with state and federal regulations. The Department offers training in technical, safety, managerial, supervisory, leadership, and diversity subjects. In the coming year, we plan to

City Council
Department of Utilities-Affirmative Action Plan Concept
March 15, 1994

improve our employee orientation training. Professional conferences and networking are also supported.

In the fall of 1993, the Department convened The Diversity Task Force. Twenty-five Utilities employees representing all occupational categories sat on this panel. After five meetings covering various topics related to affirmative action, including the training area, The Task Force recommended additional training in leadership and supervisory skills, diversity issues, and technical and safety skills.

The career development plan provides the opportunity for individuals to direct the path of their own career by gaining job experience (through rotation, for instance) or by taking courses they are interested in. Such course work may be City sponsored, including in-house or outside training, and it may be vocational or college course work reimbursed through tuition assistance.

ENVIRONMENTAL DETERMINATION

Not Applicable

FINANCIAL CONSIDERATIONS

Full and complete financial details will be presented to the City Council later this year during the budget hearings. A preliminary analysis of the funding requirements suggest that the costs for employee services will total approximately \$300,000 and will be split fairly evenly among the three utility enterprise funds, water, sewer, and storm drainage. There will be additional costs for uniforms, tools, new hire training and mentor training.

The Department will delete one position, the Assistant Director, currently funded at \$92, 517, to help offset the cost of this program. In December 1993, the Utilities Department deleted two management positions totalling \$169,538. Together, these reductions yield a savings in the Department of \$262,055. Additionally, through the assistance of the Human Resources Department, we plan to apply for a grant from SETA of \$35,000.

City Council
Department of Utilities-Affirmative Action Plan Concept
March 15, 1994

POLICY CONSIDERATIONS

The Department of Utilities' Affirmative Action Plan directly supports the City Council's stated goals of providing positive alternatives for youth and inclusiveness for all City residents and employees.

MBA/WBE

Not Applicable. No goods or services are being purchased

Respectfully submitted,

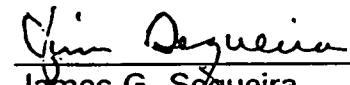


Kathy Mullen
Administrative Services Officer

RECOMMENDATION APPROVED:

William H. Edgar
City Manager

APPROVED:



James G. Sequeira
Director of Utilities

RESOLUTION NO. 94-380

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AMENDING THE CITY OF SACRAMENTO FEE AND CHARGE REPORT TO ESTABLISH STORM DRAINAGE SERVICE FEES AND CHARGES PURSUANT TO SECTION 36.502 OF THE SACRAMENTO CITY CODE

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

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	over 15, each additional room	300	1.10

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II. STORM DRAINAGE SERVICE RATES - MONTHLY COMMERCIAL

For each 10,000 sq.ft. of gross surface area of fraction thereof	330	17.83
Minimum Rate	330	7.76

Where commercial property contains common facilities, e.g., a parking lot, the common facilities will be treated as one property and the owner shall be liable for payment of fees for the common facilities, notwithstanding the fact that other fees charged to the property may be charged to the tenants or owners of divided interests. Common areas in planned unit developments or condominium developments shall be treated as commercial property for the purposes of this division.

APPROVED
BY THE CITY COUNCIL
JUN 14 1994
OFFICE OF THE
CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

2. Based on the information presented to it and upon all information in the public record, and in compliance with Public Resources Code Section 21080(b)(8), the City Council finds that the increased storm drainage fees are for the purpose of:

- I. Providing funds to meet operating expenses.
- II. Permitting the generation of necessary cash flow to finance maintenance of the system and meeting financial reserves requirements.
- III. Permitting the purchase of necessary equipment for the drainage system.
- IV. Being a source of funds for capital projects necessary to maintain the drainage system.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO.

94-381

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION APPROVING THE DEPARTMENT OF UTILITIES
AFFIRMATIVE ACTION PLAN**

BE IT RESOLVED BY THE CITY COUNCIL OF SACRAMENTO THAT:

- The FY 1994-95 Storm Drainage Fund operating budget is amended to add the following positions associated with the Department of Utilities Affirmative Action Plan.

<u>FTE</u>	<u>CODE</u>	<u>CLASSIFICATION</u>	<u>ORGANIZATION</u>
0.5	XXXX	Utility Service Aide	3343
2.0	07901	Water & Sewer Serviceworker Apprentice	3343
2.0	09108	Student Trainee	3330

MAYOR

ATTEST:

CITY CLERK

APPROVED
BY THE CITY COUNCIL
JUN 14 1994
OFFICE OF THE
CITY CLERK

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RESOLUTION NO: _____

DATE ADOPTED: _____