



# Minutes City of Sacramento Utilities Rate Advisory Commission

## COMMISSION MEMBERS:

Steven Archibald	Bob Blymyer, Chair	Douglas Brown
Tess Kretschmann	John Puente, Vice Chair	Ernest Lehr
Karen McBride	*****	

## CITY STAFF:

*Jessica Hess, Media and Communication Specialist  
Holly Lera, Account Clerk II  
Joe Robinson, Senior Deputy City Attorney*

*Historic City Hall  
915 I Street, Hearing Room, 2<sup>nd</sup> Floor*

*March 4, 2009 – 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 27, 2009. 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

**March 4, 2009**

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

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:** Dr. Ernest Lehr (left at 6:50 pm), Karen McBride, Douglas Brown, Bob Blymyer, Tess Kretschmann, John Puente, and Steven Archibald.

**Absent:** None.

## 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 25, 2009.**

**Location:** (Citywide)

**Recommendation:** Approve Commission minutes for February 25, 2009.

**Contact:** Jessica Hess, Media and Communications Specialist, (916) 808-8260, Department of Utilities. Terrance Davis, Program Specialist, (916) 808-4929

**Summary:** Motion to approve by Karen McBride, seconded by Tess Kretschmann. 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.

Noted by chair that staff will present items 3-5 on the agenda as one item.

Department director addressed commission, thanking them for their hard work and dedication. Reminded the commission that they were established to look at the rates, not the levels of service, this responsibility stays with City Council. Reminder of the 218 notification timeline and that staff is looking for recommendations as to what rates (per fund) can be supported by the commission. Reminder that rates stated in the 218 notification are the absolute highest that can be recommended, commission and staff can go down, but not up in percentage once notification is mailed.

## 2. **Proposed Metered Water Restructure**

**Location:** (Citywide)

**Recommendation:** Review and file. Staff and Bob Reed of The Reed Group will be presenting proposals on metered water rate restructure. Commission will not act on these proposals until March 18, 2009.

**Contact:** Jamille Moens, Business Services Manager, (916) 808-5988, Utilities. Bob Reed, The Reed Group, Inc. 444-9622

**Summary:** Mr. Reed presented an overview of proposal completed for the City regarding the Metered Rate Structure. Reviewed current requirements for required metering, rate setting objectives and proposed metered water rates. Impacts regarding the cost of the average single family residents, benefits of the proposed rate structure overviewed. Discussion of possibilities of a tiered rate structure, consultant suggests a later timeline to allow time to collect data, very important to develop an effective structure.

Commission questions comparison to other areas, consultant clarified that usage will differ in all areas because different variables exist. Clarification it will be possible to change to a tiered structure in the future. Discussion regarding commercial versus residential serviced, revenues generated, and effects on. Proposed savings have been seen in City of Roseville's retrofit program. Commission suggestion that usage charge is low and would like to see a larger percentage of the bill affected by this charge.

**Action:** Received and filed.

## 3-5. **Proposed Water, Sewer and Solid Waste Rate Adjustment**

**Location:** (Citywide)

**Recommendation:** Review and file. Staff will be presenting proposals on water, sewer and solid waste rate adjustments. Commission will not act on these proposals until March 18, 2009.

**Contact:** Jamille Moens, Business Services Manager, (916) 808-5988, Utilities

**Summary:** To review the FY08/09 rate strategy, unanticipated impacts of FY09/10, impacts of FY09/10 and FY10/11, and adjustment scenarios.

Staff went to council for FY08/09 with a minimum rate increase, use of reserves, wholesale revenue and finding department efficiencies. After proposed increase economic downturn hit (causing bad debt and revenue shortage), drought (wholesale revenue hit), no rate increase granted, and service and supply cost increased.

Overview of forecast for Water, Sewer and Solid Waste funds including FY08/09 budget, end of year figures and estimates for FY09/10. FY 09/10 budget impacts reviewed; including cost impacts of FY08/09, declining revenues, bad debt, operational contingency, as well as service and supply volatility.

FY 09/10 and FY10/11 strategy discussed; including continuing efficiencies, structural adjustments, limited support of CIP's and flexibility (in multi-year approach).

Overview of materials provided including cost drivers, rate comparisons and 5 year rate forecasts for Water, Sewer and Solid Waste funds. Also provided debt service schedule and planning reduction (if a zero increase is approved).

**Action:** Received and filed.

### **Public Comments- Matters Not on the Agenda**

#### **6. No Public Comments**

### **Commission Ideas, Questions and Announcements**

- 7. Commission suggestion to look into getting more annual meetings approved as 12 may not be sufficient to meet the needs.**
- 8. Clarification of recommending to council a 2 year rate model, although a 5 year forecast was provided to commission members.**
- 9. Commission suggestion to add a meeting on 3/11/09 at 5pm to discuss and prepare for recommendation discussion with staff at the 3/18/09 meeting. So motioned by Steven Archibald, seconded by John Puente. All present in favor (Dr. Earnest Lehr not present), none opposed. Motion passed.**

### **Adjournment: 8:00 pm**

This is to certify that the foregoing is a true and correct copy of the minutes of the March 4, 2009 meeting as approved by the Utilities Rate Advisory Commission.

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Holly Lera  
Commission Secretary