



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:

*Terrance Davis, Program Specialist
 Jessica Hess, Media and Communication Specialist
 Joe Robinson, Senior Deputy City Attorney*

*City Hall
 915 I Street, Council Chambers*

February 25, 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 20, 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

February 25, 2009

City Hall

915 I Street – Council Chambers

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, Karen McBride, Douglas Brown, Bob Blymyer, Tess Kretschmann, John Puente (left at 6:50 p.m.), and Steven Archibald.

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 18, 2009.**

Location: (Citywide)

Recommendation: Approve Commission minutes for February 18, 2009.

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

Summary: Motion to approve by Steve Archibald, seconded 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.

Reminder by Chair to go through Mrs. Hess or the chair to request information from staff. Also requested that the commission limit questions to presentation that night. Recommend holding off on additional questions until staff has finished presenting all the information to the commission. Shared that the department director and Mrs. Hess have been introducing the chair to the council members.

2. **Drainage Fund Overview**

Location: (Citywide)

Recommendation: Continued from 2/18/2009. Review and file. This information is being presented to inform the Commission regarding the Drainage Fund for the end of FY 2008/2009 and projections for 2009/2010.

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

Summary: Drainage fund reviewed, including rate models. Storm Drainage rate model very similar to the Water and Sewer rate models, will spend more in depth discussion on the elements of the model. Review of cost mitigation/efficiencies, regulatory requirements, cost drivers, all of which are very similar to previous funds discussed. Primary efficiencies accomplished in Drainage such as overtime down 32% and 14% in previous years. Overtime hours booked against regular hours scheduled is less than 2%, relatively small overall. Drainage fund is most applicable to have a higher number of overtime hours than other departments. Other similar reductions mirror Water and Sewer in terms of vehicles, fuel usage etc. Handout provided of regulatory requirements for this fund, including activities crews do in order to work towards compliance. Cost drivers reviewed; labor, utilities, fuel and chemicals. Clarification of chemical usage in Drainage.

Drainage Rate model reviewed including categories, cost drivers and overview of variances between budgeted figures and estimated year end, as well as the next fiscal year estimates. Reviewed background of drainage fund, inability to raise rates due to Proposition 218. Will be working with commission to work on a 218 ballot vote measure to raise rates. Revenue is stable in this fund, no connection to development or wholesale. Accounting closing out revenue for FY this Friday, will give a close accurate projection for revenues. Review of combined system fee and relation to regulatory requirements. Drainage requires 1.4 million just to meet regulatory mandates.

Commission correction to calculation of revenue estimate, interest on account maintenance fees & compliance. Clarification of user fee revenue up due to connections of new accounts coming on line. Clarification of debt services, review of debt service schedule worksheet by staff as well as difference of CIP projects vs. debt service projects. Commission clarification of stopping the contribution to CIP versus the 1.3 million contributions discussed. Clarification that funding is only supporting regulatory costs, not projects currently being worked, these projects funding was in past years. Staff provided CIP information for future projects at 2/18/09 meeting and stated they can provide the same information for the Drainage and Solid Waste funds to the commission.

Action: Received and filed.

3. **Solid Waste Fund Overview**

Location: (Citywide)

Recommendation: Review and file. This information is being presented to inform the Commission regarding the Solid Waste Fund for the end of FY 2008/2009 and projections for 2009/2010.

Contact: Edison Hicks, Integrated Waste General Manager, (916) 808-4949 and Jammie Moens, Business Services Manager, (916) 808-5988, Utilities

Summary: Marty Strauss, Enrique Hernandez, William Skinner, and Angelo Ray Escobar in attendance with Mr. Hicks and introduced from Solid Waste. Overview of staffing structure in the division reviewed. Description of services provided including residential and commercial services; lawn and garden containerized and loose in the street; street sweeping; appointment based neighborhood cleanup; bin maintenance; etc.

Residential daily routes require 33 trucks to complete routes, overview of 4/10 schedule conversion being proposed and decreases in cost, daily tons collection amount and cost of BLT landfill services reviewed. In negotiations with BLT to save operational costs. Recycling routes require 22 trucks daily, 4/10 allows 17 trucks daily, tons collected and costs reviewed. Reduction in recycling revenues discussed. Levels of services overviewed. Green waste routes and benefits of 4/10 needs additional research. Loose street collection requires 26 employees daily, 4/10 would reduce to 22 employees daily. Containerized green waste program vs. loose in the street overviewed by Enrique Hernandez and William Skinner. Street sweeping overviewed and effects of 4/10, also reviewed illegal dumping, appointment based neighborhood cleanup, and bin maintenance. Review of the 28th St., Old Elvis and Dellar landfill closures by Marty Strauss as well as required 30 year post closing monitoring costs.

Commission explanation of weight of vehicles used for collection services and length of operation of claw and truck service for loose in the street collection. Clarification of staff reduction suggested by 4/10 proposal being city employees or contract workers. Clarification by staff that part VSP and temporary positions. Cost differences between containerized and loose in the street and future plans. Requires a vote to make mandated (currently voluntary) and looking into financing to put in place full containerized program by month two of the next fiscal year.

Review of Solid Waste fund issues, currently at a deficit of roughly \$3 million. Contributing factors are overtime, loose in the street operating costs, aging fleet. Overview of Solid Waste Rate model reviewed including categories, cost drivers and overview of variances between budgeted figures and estimated year end, as well as the next fiscal year estimates. Brief description of negotiations with BLT regarding rates. Change over to fully containerized for Green Waste a big cost driver for the upcoming fiscal year.

Commission clarification of how negative balance in budget is backfilled. Staff shared borrowed from the general fund and is repaid with interest. Options of opening a green waste facilities broached, staff shared that bid going out in the next few weeks will give the city options. Review of the green cycle program in process to have an in-town green waste processing and composting facility. Clarification by staff that it may not come up at a savings to bring these services in-town. Commission discussion of suggesting recommendation to ease the readability of the City utility bills. Discussion of revision of bill statements 2 years ago with the new billing system and input from council and residents to be most beneficial. Discussion of how the region is defined in terms of bringing the waste back into the region.

Action: Received and filed.

4. Rate Adjustment Strategy

Location: (Citywide)

Recommendation: Provide feedback to staff regarding strategy surrounding rate adjustment proposals.

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

Summary: Staff reviews to get input from commission regarding approach to rate adjustment and feedback on what should be included in options for proposal next week. Staff hopes the commission would weigh in on the cost drivers, augmentations, etc and agree that increases are valid. Request for input as to what commission feels is feasible and what the commission is prepared to support. Rate adjustment discussion on 1 year versus 2 year rate adjustment and timeline reviewed.

Commission suggestions for rate strategy to be presented by staff. Emphasis on the old infrastructure. Request to provide different scenarios and look at multi year adjustment in proposal by staff, as well as the possibility of a 5 year plan. Desire inclusion of the fully loaded model, overview of effort to reduce cuts to service level, multi year projections and comparison to other jurisdictions. Beneficial to show the council the ramification to department and city of a no rate increase as well as comparison to other jurisdictions. Discussion of importance of validating numbers given existing level of services, with discretion to the CIP projections. Staff emphasized next week will bring various options and questions will be welcome regarding validating assumptions used.

Once the 218 notification goes out to the public, staff cannot present a rate higher to council than information given to the public. Importance of identifying validity of figures used discussed. Staff stated that salaries cannot fluctuate due to labor agreements and layoffs would be necessary to not go into the red. Possibility of concessions in the future reviewed, but cannot make assumption that they will concede, because if they don't the department would be forced to reduce levels of service to accommodate the loss. Clarification of how information is being presented through the commission to council. Revisit the possibility of creating focus groups to discuss further on the validity and comfort level on the numbers being used. Staff clarification that at the next meeting staff will be presenting hard numbers, all presentations at this point are estimates, therefore discussions on validity may be premature. Next meeting will not require a decision, rather presentation of the proposal that will then be asking for a decision on the meeting held March 18.

Action: Received and filed.

Public Comments- Matters Not on the Agenda

5. No public comment.

Commission Ideas, Questions and Announcements

6. No commission comments or announcements.

Adjournment: 8:22 p.m.

Attest:



Holly Lera, Commission Secretary

Approved:


Bob Blymyer, Commission Chair