REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent

January 15, 2008

Honorable Mayor and
Members of the City Council

Title: Approval of Ordinance to establish the Utilities Rate Advisory Commission

Location/Council District: All

Recommendation: Approve an **Ordinance** adding Chapter 13.02 to Title 13 of the Sacramento City Code and amending Sections 2.16.100, 2.40.030 and 3.44.100 of the Sacramento City Code relating to the establishment of the Utilities Rate Advisory Commission.

Contact: Gary Reents (916) 808-1433, Jessica Hess, (916) 808-8260

Presenters: N/A

Department: Utilities

Division: Administration

Organization No: 3311

Description/Analysis

Issue: This ordinance would establish the Utilities Rate Advisory Commission in accordance with the direction given by Council at the October 23, 2007 meeting. The Commission will consist of seven (7) members. Five (5) members must meet a leadership and expertise criteria and two (2) members will be seated as at-large. All members must be City residents and fit within at least one of the following customer classes: single-family residential, multi-family residential, commercial, and industrial. Each customer class will be represented by a member of the Commission. The Commission will meet and advise Council regarding proposed Utilities' rate increases. In 2009, they will begin to hold rate hearings as necessary in compliance with Proposition 218.

Policy Considerations: The Utilities Rate Advisory Commission will provide community input and recommendations on and promote better understanding of Department of Utilities' rates and proposed rate increases.

Environmental Considerations: None

Commission/Committee Action: Approved by Law and Legislation Committee on December 4, 2007.

Rationale for Recommendation: Staff received direction from Council on October 23, 2007 to draft an ordinance to establish a Utilities Rate Advisory Commission. Staff has used the criteria established by council to create the ordinance to establish the commission. On January 3, 2008, the proposed ordinance was passed for publication by the Sacramento City Council.

Financial Considerations: The formation of an advisory commission will not have an impact on the Department's operating budget .

Emerging Small Business Development (ESBD): None

Respectfully Submitted by: _____
Gary Reents, Director

Recommendation Approved:

_____
for Ray Kerridge
City Manager

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Attachment 1

Background

At the June 5, 2007 Department of Utilities Rate Hearing, City Council directed staff to return with a proposal for creation of a Rate Advisory Commission to advise City Council regarding proposed utility rate increases. The Utilities staff has researched and reviewed several options for this type of commission and recommended to Council on October 23, 2007 the creation of a seven-member committee, of which 5 members would be selected based upon specified criteria, and 2 members are appointed at-large. Members would be appointed by the Mayor and City Council.

The recommended approach to the Commission will provide representation from the community and will also provide City Council with an advisory panel with relevant expertise regarding the rate structure for water, sewer, drainage and solid waste services in Sacramento. It is anticipated that members can be appointed and the Commission can commence operations by March, 2008. Although staff is recommending that the Commission be empowered to hold the hearings required for utility rate increases, instead of the City Council, this responsibility will not be transferred from the City Council to the Commission until 2009. This will provide adequate time for the Commission members to review and educate themselves regarding the Department, its rates and fee structures and committed levels of service.

On December 4, 2007, the City of Sacramento Law and Legislation Committee approved this ordinance to move forward to Council.

On January 3, 2008, the proposed ordinance was passed for publication by the Sacramento City Council.

Attachment 2

ORDINANCE NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AN ORDINANCE ADDING CHAPTER 13.02 TO TITLE 13 OF THE SACRAMENTO CITY CODE, AND AMENDING SECTIONS 2.16.100, 2.40.030 AND 3.44.100 OF THE SACRAMENTO CITY CODE, RELATING TO ESTABLISHMENT OF THE UTILITIES RATE ADVISORY COMMISSION

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

SECTION 1.

Chapter 13.02 is added to Title13 of the Sacramento City Code, to read as follows:

Chapter 13.02

UTILITIES RATE ADVISORY COMMISSION

13.02.010 Establishment of commission.

The Utilities Rate Advisory Commission is hereby established.

13.02.020 Definitions.

As used in this chapter, the following words and phrases shall have the meaning given them in this section, unless the context clearly requires otherwise:

"Commission" means the Utilities Rate Advisory Commission.

"Department" means the City of Sacramento department of utilities.

"Utility service" or "utility services" means the utility service or utility services provided by the department pursuant to title 13 of this code.

"Utility service levels" means the levels of service established by the city council for the provision of utility services by the department.

"Utility service rates" means the monthly utility service charges established by the city council for utility services provided by the department.

13.02.030 Purpose and intent.

It is the purpose and intent of the city council to establish the commission to serve as an advisory body providing advice and recommendations to the mayor and city council on the City's utility service rates.

13.02.040 Powers and duties of the commission.

The powers and duties of the commission shall be as follows:

A. Review and comment on proposals made by the department for changes to the utility service rates.

B. Develop and provide recommendations to the mayor and city council on issues relevant to the setting of the utility service rates, provided that the commission shall have no authority to review or revise the utility service levels.

C. Beginning on January 1, 2009, hold rate hearings on proposals made by the department to increase the utility service rates or establish new utility service rates for property related services furnished by the department, and, upon conclusion of the hearing, provide recommendations to the mayor and city council on such proposals. In the preceding sentence, "rate hearings" means the public hearings (i) required when a local government agency proposes to impose or increase any user fee or charge for a property related service, pursuant to subdivision (2) of section 6 of article XIII D of the California Constitution, and (ii) held pursuant to section 3.44.100 of this code.

D. Act as a liaison to encourage community understanding of, and participation in, the utility service rate setting process.

13.02.050 Commission membership

The commission shall be comprised of seven (7) members, appointed by the mayor subject to the concurrence of a majority of the city council, and subject to the following requirements:

A. All members shall be City residents who receive utility service from the department.

B. Five members shall possess expertise or have demonstrated leadership in one or more of the following areas: accounting, auditing, construction management, engineering, finance, law, sewage collection and treatment, solid waste collection and disposal, storm water collection and conveyance, water quality or water supply and distribution.

C. Two members shall not be required to meet the qualifications specified in subsection B, above.

D. A current city employee or elected city official may not serve as a member of the commission.

E. The membership of the commission shall include representation of each of the following customer categories: (1) single family residential; (2) multiple family residential; (3) commercial; and (4) industrial.

13.02.060 Term of office

A. Except as otherwise provided in this section, members shall serve a term of two years. No member shall serve for more than three consecutive terms. The provisions of section 2.40.120(A) of this code shall not apply to members of the commission.

B. In order to establish staggered terms, the initial appointments of four of the members shall be for a two-year term, and the initial appointments of three of the members shall be for a three-year term.

13.02.070 Organization and procedures of the commission

At its first meeting, and annually thereafter, the commission shall elect from among the commission members a chairperson and vice chairperson, who each shall hold that office at the pleasure of the commission. When there is a vacancy in the office of the chairperson or vice chairperson, the commission shall fill that office from among its members. The commission may adopt rules and procedures as it may deem necessary, and consistent with the provisions of this chapter, for the conduct of its business. Staff support to the commission shall be provided by one or more City employees designated by the director of the department.

13.02.080 Commission meetings

The commission shall establish a time and place for regular meetings to be held approximately quarterly, not to exceed twelve (12) times per year. Each meeting shall be noticed and held in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950 et seq). The commission may hold special meetings in the manner specified by the Ralph M. Brown Act.

13.02.090 Quorum – voting

A quorum comprised of commission members present and qualified to act shall be required for the commission to conduct a meeting and take any action. A quorum shall consist of four (4) members. The affirmative vote of a majority of the members present and qualified to vote shall be necessary to approve any item.

13.02.100 Stipend

Each member of the commission shall receive compensation as determined by the compensation commission established by section 29 of the city charter.

13.02.110 Conflict of interest - statements of economic interests

All appointees to the commission shall be subject to chapter 2.16 of this code relating to conflicts of interest and shall be required to file statements of economic interest pursuant to the city's conflict of interest code.

13.02.120 General Requirements

Unless specifically provided otherwise in this chapter, the general requirements set forth in article XV of the city charter and in chapter 2.40 of this code governing the appointment of commission and commission members, attendance at commission and commission meetings, voting and removal shall apply to the commission. A member is subject to removal for good cause, neglect of duty or misconduct as provided in city charter section 232.

SECTION 2.

Section 2.16.100 of the Sacramento City Code is amended to read as follows:

2.16.100 Applicability.

The provisions of Sections 2.16.110 through 2.16.150 of this article shall apply to members of the city council and members of the following boards, commissions, and bodies:

Administration, investment and fiscal management board of the Sacramento city retirement system
Board of plumbing examiners
Building and fire code advisory and appeals board
Civil service board
Design commission
Design director
Electrical code advisory and appeals board
Housing code advisory and appeals board
Mechanical and plumbing code advisory and appeals board
Old Sacramento variance appeals board
Planning commission
Preservation commission
Preservation director
Retirement hearing commission
Sacramento city public facilities financing corporation
Sacramento city financing authority
Utilities rate advisory commission
Zoning administrator

SECTION 3.

Section 2.40.030 of the Sacramento City Code is amended to read as follows:

2.40.030 Applicability.

The provisions of this article shall apply to persons recommended to the mayor by the personnel and public employees commission as appointees for positions on the city council and the following boards and commissions:

Administration, investment and fiscal management board of the city retirement system

Board of plumbing examiners
Building and fire code advisory and appeals board
Civil service board
Design commission
Electrical code advisory and appeals board
Housing code advisory and appeals board
Mechanical and plumbing code advisory and appeals board
Old Sacramento variance appeals board
Planning commission
Preservation commission
Retirement hearing commission
Sacramento city public facilities financing corporation
Utilities rate advisory commission

SECTION 4.

Section 3.44.100 of the Sacramento City Code is amended to read as follows:

3.44.100 Public hearing.

A. For any public hearing held pursuant to this section prior to January 1, 2009, the following provisions shall apply:

Not less than forty-five (45) days after mailing the notice of the proposed property related fee or charge in accordance with this chapter, the city council shall hold a public hearing on the proposed fee or charge. At the public hearing the city council shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of record owners of each of the parcels that will be subject to the fee or charge, the fee or charge shall not be imposed. In the case of an increase in an existing fee or charge, a successful majority protest shall have no effect upon the existing fee or charge. Any protest that is irregular for any reason, including but not limited to those that are made by persons or entities not the record owner of a parcel that will be subject to the fee or charge, may be rejected by the city council.

B. For any public hearing held pursuant to this section on or after January 1, 2009, the following provisions shall apply:

Not less than forty-five (45) days after mailing the notice of the proposed property related fee or charge in accordance with this chapter, the utilities rate advisory commission established pursuant to chapter 13.02 of this code shall hold a public hearing on the proposed fee or charge. At the public hearing the commission shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of record owners of each of the parcels that will be subject to the fee or charge, the fee or charge shall not be imposed. In the case of an increase in an existing fee or charge, a successful majority protest shall have no effect upon the existing fee or charge. Any protest that is irregular for any reason, including but not limited to those that are made by persons or entities not the

record owner of a parcel that will be subject to the fee or charge, may be rejected by the commission.

Attachment 3

REDLINE VERSION

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