



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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STAFF REPORT
June 23, 2009

Honorable Mayor and
Members of the City Council

Title: AMENDMENT OF THE FY2009/10 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGETS AND APPROVAL OF TWO YEAR WATER, SEWER AND SOLID WASTE SERVICE RATES

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) amending the approved FY2009/10 Operating and Capital Improvement Program Budgets; and 2) approving a two-year Water, Sewer and Solid Waste services rate increase and amending the City's Fee and Charge Report to include these rates to take effect on July 1, 2009, and July 1, 2010, respectively.

Contact: Jamille Moens, Business Services Division Manager, 808-5988

Presenters: Marty Hanneman, Assistant City Manager/Director of Utilities, 808-7508
Jamille Moens, Business Services Manager, 808-5988

Department: Utilities

Division: Business Services

Organization No: 14001611

Description/Analysis

Issue: The Department of Utilities proposes amending the approved FY2009/10 Operating and Capital Improvement Budgets to include a net reduction of \$9.7 million to the Utilities funds for a total Department budget of \$174.6 million. As part of the reduced spending plans for the Utilities Department, financial support for the City's 311 call center will also be reduced and therefore, an additional amendment is being proposed for the Department of General Services' budget to include a net reduction of \$130,000 to the General Fund.

Per Council's June 9, 2009 direction the Department of Utilities also proposes a revised two-year utility service rate increase for FY2009/10 and FY2010/11 (effective July 1, 2009 and July 1, 2010 respectively) to address increasing water, sewer, and solid waste operational, regulatory and capital improvement costs. The overall revised proposed rate increase for a typical residential customer receiving water, sewer, solid waste and storm drainage services is 9.0% for FY2009/10, and 9.2% for FY2010/11, a reduction from the Utility Rate Advisory Commission's (Commission) recommendation of 12.2% in FY2009/10 and 12.4% in FY2010/11 presented to Council on June 9, 2009.

Details of the Operating and Capital Improvement Program budgets and proposed amendments based on the Commission's recommended rate increases can be found in Attachment 1 – FY2009/10 Proposed Budget and Two Year Utility Service Rate Adjustment Report and Background (June 9, 2009). This report focuses on the additional budget amendments, and related utility service impacts, that are being proposed based on an overall utility rate increase of approximately 9% each year for FY2009/10 and FY2010/11.

The proposed rate increases for each utility service (water, sewer, and solid waste) are shown in the Rationale for Recommendation section of this report and the amended utility service rates for each individual utility service for FY 2009/10 and FY 2010/11 are set forth in Exhibits A, B, and C of the Resolution.

Policy Considerations: The approved FY2009/10 Utilities Operating and Capital Improvement Budgets are balanced. The amended budgets and rate increases are consistent with the City of Sacramento's mission to protect, preserve, and enhance the quality of life for present and future generations.

The proposed amendments to the Approved FY2009/10 Operating Budget includes projected labor savings for both represented and unrepresented employees reflecting cost of living and step deferrals and furloughs at one day per month, with the exception of Solid Waste in which furlough savings for collection-related staff were not included. Absent labor union concessions, the Department's levels of service will be impacted due to the layoffs that will be required to achieve budgeted labor savings.

Utility service levels will be further impacted by reducing the initial proposed overall rate increase of 12% to 9% as this rate increase does not generate the revenue necessary to continue providing existing levels of service. As a result, the Department will reduce and suspend several services to reduce expenses to align with reduced revenues.

To achieve the budgeted labor savings for the labor concessions and reflect an overall rate increase of approximately 9%, a total of 56.5 positions, 38 of which are filled, have been targeted for reduction. Affected employees will receive layoff notices on June 19, 2009. Projected impacts of layoffs, and service level suspensions and reductions include:

- o Increased response time for repairs to water, sewer, and drainage systems serving residents

- Decrease in scheduled and preventative maintenance programs and deferral of needed improvements or upgrades to the utility systems which may result in lower water pressure and/or unanticipated breaks affecting the quality and delivery of water (including fire hydrant water pressure) and increase the potential for catastrophic failures
- Fewer resources during rain events which may cause increased levels of flooding
- Suspension of annual and appointment-based neighborhood cleanup and reduction of the illegal dumping collection program by 50% potentially increasing blight in the City
- Reduction of Street Sweeping from monthly to annual service
- Increased hold times/reduced service in Utilities and 311 Call Centers
- Potential loss of federal and state grants if insufficient funds to cover debt service for loans and/or not perceived as making a good-faith effort in implementing the water meter program
- Increased risk of non-compliance with the \$10 million per year National Pollutant Discharge Elimination System (NPDES) regulatory requirement for combined sewer system improvement which could result in regulatory penalties including fines and building moratoriums
- Higher rate increases in the out-years to address increased operating and capital costs and rebuild reserves.

Of the 38 employees impacted by the layoffs, 24 are being released to achieve the projected savings for labor concessions. Therefore, if concessions are realized and the proposed rate increases are adopted, the majority of the layoff notices would be rescinded and the anticipated service level suspensions and reductions would be less severe.

Committee/Commission Action: The City Council formed a Utilities Rate Advisory Commission last year to provide recommendations to the Mayor and City Council on the City's utility service rates. The Commission is also charged with holding the public hearing required by Proposition 218 when the City proposes to impose or increase utility service rates.

Consistent with Proposition 218 mandates for utility service rate increases, the Commission held a public hearing on the proposed two-year rate increases on May 27, 2009. After conclusion of the public hearing, the Commission approved a recommendation that was presented to City Council on June 9, 2009. Details of the Commission's recommendations and rate development process can be found in Attachment 1.

Environmental Considerations:

California Environmental Quality Act (CEQA): The actions recommended in this report pertain solely to the establishment of rates and other charges and are not subject to the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080(b)(8). The recommended actions also constitute administrative and fiscal activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the CEQA Guidelines [Sections 15061(b)(3); 15378(b)(2), (4) and (5)].

Sustainability Considerations: There are no sustainability considerations with this report.

Rationale for Recommendation: The Department of Utilities presented the Utility Rate Advisory Commission’s recommendation to the City Council on June 9, 2009. After considering the Commission’s recommended rate increases and public comment, the City Council passed an intent motion to approve an overall 9% rate increase each year for FY2009/10 and FY2010/11, and asked the Department to report back on the revised rate increases on June 23, 2009.

The proposed two-year rate increases are as follows:

	<u>FY2009/10</u>	<u>FY2010/11</u>
Water service rates:	15%	15%
Sewer service rates:	5%	5%
Solid Waste rates:	9%	9%
Overall increase ¹ :	9.0%	9.2%

¹ For typical residential customer receiving water, sewer, solid waste and storm drainage services.

Due to reduced revenues, the increased cost of doing business, spikes in bad debt expense, the exhaustion of most fund reserves, and City Council’s direction to reduce overall rates, the proposed amendments to the Approved Operating Budget and Capital Improvement Program (CIP) reflect reductions and/or suspension of several utility services and CIPs. To reduce the overall rate increase from 12% to 9%, the following adjustments are proposed:

WATER

- ↙ Reduce Meter Program from 5% to 3% (\$1,200,000)
- ↙ Suspend Economic Development CIP (\$400,000)
- ↙ Reduce Baseline CIP program (\$600,000)
- ↙ Additional reductions needed in FY10/11 (\$1,000,000)

SEWER

- ↙ Use of fund reserves (\$1,000,000)
- ↙ Suspend Economic Development CIP (\$200,000)

SOLID WASTE

- Suspend Neighborhood Cleanup program (\$1,000,000)
- Reduce Illegal Dumping (O & M savings) (\$100,000)
- Reduce Street Sweeping to annual service (\$800,000)

To reduce the Water Fund's proposed increase from 19% to 15%, the Department is proposing reducing the water meter program allocation of 5% to 3%. While the Department is aggressively pursuing state and federal grants and loans to help offset costs of the meter program, continued commitment to funding the meter program is an important factor in the City's ability to remain competitive in this process. It is also recommended that the Economic Development CIP be suspended and the baseline water CIP budget be reduced. There will be an additional \$1,000,000 in savings that will need to be identified in FY2010/11 to keep the fund balance positive.

To reduce the Sewer Fund's proposed increase from 10% to 5%, the Department proposes using fund reserves. Initially, the higher rate increase was designed to build up the reserve to allow for rate stabilization over the next five years in order to build the sewer program's CIP to meet the City's regulatory requirement of \$10 million annually to comply with the \$10 million per year NPDES regulatory requirement for combined sewer system improvement. The proposed sewer rate is designed to cover FY2009/10 costs and sustain its reserve. However, the reduced rate is not adequate to assist with rate stabilization and therefore, significant rate increases are expected in FY2011/12 through FY2013/14 in order to meet regulatory requirements. It is also recommended to suspend the Sewer Fund Economic Development CIP.

As Solid Waste has a nominal CIP budget specifically allocated to landfill activity and has a fund deficit (no reserves and negative fund balance at year end), the reduction from 12% to 9% is achieved entirely through program and service reductions. By suspending the Neighborhood Cleanup program and reducing levels of service for the Illegal Dumping and Street Sweeping programs, the Solid Waste Fund is projected to eliminate its structural deficit. The suspension of the Neighborhood Cleanup program includes both annual and appointment based collection. Illegal Dumping program resources will be reduced by 50% resulting in decreased service levels (increased wait times) for pickups from the current 24-48 hours to up to 7 days. Street Sweeping will be reduced to annual sweeping as opposed to the existing monthly service. These reductions will result in 14 layoffs for the Solid Waste Division.

Financial Considerations: The Department of Utilities proposes amending the Approved Operating Budget of \$165.3 million to include a net reduction of \$7.7 million for a total amended Operating Budget of \$157.6 million and 751 full-time equivalent (FTE) positions.

The Department of Utilities proposes amending the Approved FY2009/10 Capital Improvement Budget of \$19.0 million to include a net reduction of \$2.0 million for a total Capital Improvement Budget of \$17 million.

The FY2009/10 Approved Operating and CIP Budgets reflect revenues and expenditures based on higher rate increases than are currently being proposed. Therefore, amendments

to the Approved Operating and CIP budgets are necessary to align revenues with expenditures based on the final proposed rate increases. In addition, various account codes will need to be amended to reflect revised revenue and expenditure projections to achieve a balanced budget.

The proposed Operating and CIP Budget amendments, detailed in the tables below, reflect the following: reduced revenues as a result of lower rate increases; labor savings projected from labor union concessions (or layoffs) and the reduction/suspension of several utility services; reduction of various services and supplies such as chemicals and utilities; reductions in capital projects as a result of scaling back the meter program allocation and defunding the Economic Development CIP and other baseline CIPs; augmentations to address increased costs associated with the Dellar Landfill Project and for water conservation efforts to comply with Best Management Practices, and the reduction of 1.0 SAFCA position.

Proposed Amendments to the Department of Utilities Approved FY2009/10 Operating Budget			
Fund	Net Change	FTE	Description
REVENUES			
6005	(\$6,286,000)		Reduction in Revenues in the amount of \$6,286,000
6006	(\$1,926,000)		Reduction in Revenues in the amount of \$1,926,000
6007	(\$2,284,000)		Reduction in Revenues in the amount of \$2,284,000
6011	(\$84,000)		Reduction in Revenues in the amount of \$84,000
Total Revenue Amendments	(\$10,580,000)		
EXPENDITURES			
6005	(\$2,880,000)		Reduction in Employee services in the amount of \$1,818,000 and reduction in service and supplies in the amount of \$1,062,000
6006	(\$925,000)		Reduction in Employee services in the amount of \$463,000 and reduction in service and supplies in the amount of \$462,000
6007	(\$2,215,000)		Reduction in Employee services in the amount of \$2,532,000 and an increase in service and supplies in the amount of \$317,000
6011	(\$1,666,000)	(1.0)	Reduction in Employee services in the amount of \$1,665,000 and reduction in

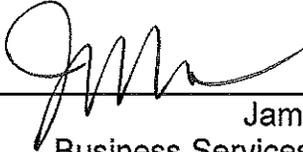
			service and supplies in the amount of \$1,000; Reduce augmentation for SAFCA staffing from 11.0 to 10.0 FTE
Total Expenditure Amendments	(\$7,686,000)	(1.0)	

Proposed Amendments to the Department of Utilities Approved FY2009/10 Capital Budget		
Fund	Net Change	Description
6007	\$400,000	Increase funding in Dellar Landfill CIP for landfill activities Y14000100
6005	\$943,000	Increase funding for CIP Wholesale Wheeling Connection Fee Improvements (Z14006700)
6005	(\$2,000,000)	Defund/Cancel CIP RWM Retro 6M1 Fruitridge (Z14010016)
6005	(\$100,000)	Decrease funding CIP RWM Retro 8M6 North (Z14010017)
6005	(\$37,000)	Decrease funding in CIP Base CIP Reserve Water (Z14000700)
6005	(\$210,000)	Decrease funding in CIP Sacramento River Water Reliability Study (Z14002400)
6005	(\$400,000)	Decrease funding in CIP T-Main Power Inn Road (Z14004000)
6005	(\$400,000)	Defund/Suspend CIP Economic Development Program FY10 (Z14008000)
6006	(\$200,000)	Defund/Suspend CIP Economic Development Program FY10 (Z14008000)
Total Capital Amendments	(\$2,004,000)	

As part of the reduced spending plans for the utility funds resulting from projected labor savings through union concessions and the suspension of specific solid waste programs, the Department's financial support for the City's 311 call center will also be reduced. While a decline in demand on the call center's services is expected, the impact of this reduction will reduce the level of service that can be provided by the City's 311 program. This impact will be felt by all 311 customers due to the reduced resources. The proposed amendment to the Department of General Services operating budget is in the table below:

Proposed Amendments to the Department of General Services Approved FY2009/10 Operating Budget		
Fund/Operating Unit	Net Change	Description
1000/13000	(\$130,000)	Reduction in Employee Services in the amount of \$65,656 and reduction in service and supplies in the amount of \$64,344
Total Operating Amendments	(\$130,000)	

Emerging Small Business Development (ESBD): There are no ESBD considerations with this report.

Respectfully Submitted by: 
 Jamille Moens
 Business Services Manager

Approved by: 
 Marty Hanneman
 Assistant City Manager/Director of Utilities

Recommendation Approved:

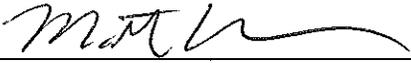

 Ray Kerridge
 City Manager

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REPORT TO COUNCIL City of Sacramento

ATTACHMENT 1

915 I Street, Sacramento, CA 95814-2604
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STAFF REPORT
June 9, 2009

Honorable Mayor and
Members of the City Council

**Title: FY 2009/10 PROPOSED BUDGET AND TWO YEAR UTILITY SERVICE RATE
ADJUSTMENTS – DEPARTMENT OF UTILITIES**

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) approving a two-year utility service rate increase and amending the City's Fee and Charge Report to include these rates, to take effect on July 1, 2009, and July 1, 2010, respectively; and 2) adopting an intent motion to approve the FY 2009/10 Utilities Operating and Capital Improvement Program Budgets, as amended.

Contact: Jammie Moens, Business Services Division Manager, 808-5988

Presenters: Marty Hanneman, Assistant City Manager/Director of Utilities, 808-7508
Jammie Moens, Business Services Manager, 808-5988

Department: Utilities

Division: Business Services

Organization No: 14001611

Description/Analysis

Issue: The Department of Utilities (DOU) proposes an Operating Budget of \$165.3 million, a Capital Improvement Program of \$19.0 million, and amendments in the amount of \$(5.9) million for a total Department budget of \$178.4 million. DOU also proposes a two-year utility service rate increase for FY 2009/10 and FY 2010/11 (effective July 1, 2009 and July 1, 2010 respectively) to address increasing water, sewer, and solid waste operational, regulatory and capital improvement costs. The overall proposed rate increase for a typical residential customer receiving water, sewer, solid waste and storm drainage services is

12.2% for FY 2009-10, and 12.4% for FY 2010-11. Details of the Operating and Capital Improvement Program budgets and the proposed two-year rate increases are provided in the Background section of this report (Attachment 1). The proposed rate increases for each utility service (water, sewer, and solid waste) are shown in the Committee/Commission Action section of this report and in Attachment 1, and the amended utility service rates for each individual utility service for FY 2009/10 and FY 2010/11 are set forth in Exhibits A, B, and C of the Resolution.

Concurrently with this staff report and recommendation, the Department has submitted a separate staff report recommending adoption of a new metered water service rate structure to take effect, if adopted, on July 1, 2009. The two-year rate increases proposed in this report will apply to the new metered water service rate structure, if adopted by the City Council.

Policy Considerations: The proposed FY 2009/10 Utilities Operating and Capital Improvement Budgets are balanced. The proposed budgets and rate increases are consistent with the City of Sacramento's mission to protect, preserve, and enhance the quality of life for present and future generations. Approval of the proposed budgets as amended and the two-year rate increases are necessary to maintain core utility services to City residents and improve vital services and infrastructure, helping to achieve the City's goals to improve and expand public safety, achieve sustainability and livability, and expand economic development throughout the City.

In April, the City mailed notice of proposed two-year water, sewer and solid waste service rate increases and the public hearing to be held by the Utility Rate Advisory Commission to all owners of property subject to the rates. The rate increases proposed by the Department at the public hearing, and now to City Council, were less than the increases included in the notice mailed to customers. The lower rate proposals are a result of projected increases in interest revenue, labor savings calculated assuming labor concessions, adjustments to various services and supplies (including chemical and utility budgets based on vendor contracts and revised rate notifications), and a reduction of the meter program budget from 6% to 5% of FY 2008/09 user fee revenues.

The proposed amendments to the FY 2009/10 labor budget include the projected savings that would result if concessions are obtained from the unions which include cost of living and step deferrals and furloughs at 1 day per month. These savings have been projected for all funds and all represented utility employees, with the exception of Solid Waste in which furlough savings for collection-related staff were not included. With the implementation of furloughs, the Department expects modest impacts to service levels, primarily in the areas of responsiveness to customer calls both in the call center and in the field, and in preventative maintenance activities. If the projected labor savings are not realized via concessions, the Department will report back to Council with the more significant service level impacts that would result.

Last year, no additional funding was approved for the water meter program. Initially, and as part of the notice mailed to customers, the Department proposed a water rate increase for FY 2009/10 that included 6% to fund the water meter program, consisting of 3% to recover

funding that was not approved for FY 2008/09 and 3% for FY 2009/10. However, as these are very difficult economic times and the meter program is an internally controlled cost, the Department is now proposing a water rate increase for FY 2009/10 that includes 5% to fund the water meter program. The Department is also very aggressively pursuing state and federal grants and loans to help offset costs of the meter program.

Committee/Commission Action: The City Council formed a Utilities Rate Advisory Commission (Commission) last year to provide recommendations to the Mayor and City Council on the City's utility service rates. The Commission is also charged with holding the public hearing required by Proposition 218 when the City proposes to impose or increase utility service rates.

On April 10, 2009, the City mailed notice of the proposed two-year utility service rate increases and the public hearing to be held by the Commission to all owners of property subject to the City's utility service rates, as required by Proposition 218. Under Proposition 218, utility service rates cannot be adopted or increased if, at the time of the public hearing, written protests are received from a majority of the owners or tenants of parcels receiving the service. Up through the date of the public hearing, 325 written protests were received, representing less than 1% of the parcels that will be subject to the proposed rate increases.

The Commission held the public hearing on the proposed two-year utility service rate increases on May 27, 2009. The rate increases proposed by the Department at the public hearing were less than the increases included in the mailed notice as a result of additional interest revenue, labor and supplies savings, and a reduction in the meter program capital improvement project budget.

After conclusion of the public hearing, the Commission approved the following recommendations for increases to the City's utility service rates:

	FY 2009/10	FY 2010/11
Water service rates:	19%	19%
Sewer service rates:	10%	12%
Solid Waste rates:	12%	11%
Storm Drainage rates:	0%	0%
Overall increase: ¹	12.2%	12.4%

¹ For typical residential customer receiving water, sewer, solid waste and storm drainage services.

This report is proposing adoption of the above two-year utility service rate increases as recommended by the Commission. The effect of these proposed increases on the utility bill of a typical residential customer is shown in the presentation materials in Attachment 9.

Included in this report as Attachment 2 is the Commission's letter to the Mayor and Council outlining the Commission's final FY 2009/10 and FY 2010/11 rate recommendations and the process and key considerations in developing the recommendations.

Environmental Considerations:

California Environmental Quality Act (CEQA): The actions recommended in this report pertain solely to the establishment of rates and other charges and are not subject to the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080(b)(8). The recommended actions also constitute administrative and fiscal activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the CEQA Guidelines [Sections 15061(b)(3); 15378(b)(2), (4) and (5)].

Sustainability Considerations: There are no sustainability considerations with this report.

Rationale for Recommendation: The Department proposed rate increases for water and solid waste services in June 2008. The City Council approved the proposed increase for solid waste services and asked the Department to come back in December 2008 with another proposal for a water service rate increase. The Department proposed a water service rate increase in December 2008 and the City Council directed the Department to work with the newly formed Utility Rate Advisory Commission (Commission) and return at a later date with new rate proposals. The Department has held nine meetings and a public hearing with the Commission and conducted community outreach sessions educating the public about utility service rates, all of which was critical to the development of the proposed rates. The Department, with the support of the Commission, is proposing rate increases for water, sewer, and solid waste services as part of the FY 2009/10 budget process.

The economic recession and the prolonged drought have unexpectedly increased the Department's expenses while at the same time driven down its revenues. Despite the efficiencies implemented by the Department, the operational, capital, and regulatory costs have become too high to finance current levels of service with existing resources. Rate adjustments are necessary to maintain core service levels.

The proposed Operating Budget addresses the increased cost of doing business at the Department's current levels of service, and with the exception of the water conservation outreach and education program as directed by Council, no new service delivery or programs are being proposed. The proposed operating budget as amended, assumes labor union concessions and therefore, participation in furloughs by all utility employees is projected to have modest impact on service levels. If labor savings are not achieved as part of the concessions, much more significant service level impacts are anticipated. While the proposed operating budget reflects staffing increases, these additional positions are for the Sacramento Area Flood Control Agency and the citywide generator maintenance program and are fully funded from outside sources. No additional staffing for DOU operations is proposed as part of this budget.

The proposed Capital Improvement Program (CIP) budget funds the capital program which enables the Department to replace, rehabilitate and maintain aging Utilities' infrastructure;

meet state and federal standards and regulations; improve existing facilities; and develop new facilities to accommodate growth. The proposed FY 2009/10 CIP budget is a baseline budget increased by the ENR construction price index for all funds. Additional CIP funding is being proposed for the meter program, the Dellar landfill operation, and the combined sewer system to comply with regulatory requirements.

To determine the proposed rate increases, the Department considered its projected end of year fund balance for the current year and projected expenditures and revenues for FY 2009/10. Generally, the Department then proposes a rate increase to generate the additional revenue required to meet the increased expenses while maintaining a prudent reserve equal to 45 days of operating costs in the event no revenue is received or to absorb other unanticipated revenue or expenditure impacts. Unfortunately, the 45 day reserve goal is not achieved for two of the funds with the FY 2009/10 proposed rate increases. These two funds are the water fund and the solid waste fund.

Water fund reserves have been exhausted to close budget gaps in the current fiscal year and as part of the FY 2009/10 budget development strategy. The solid waste fund has no reserves available to use and the proposed solid waste rate will help reduce the fund's deficit position. The proposed sewer rate is designed to preserve the prudent reserve in that fund to help stabilize rates over the next five years as the Department builds its Capital Improvement Program to meet its regulatory requirement of \$10 million annually for combined sewer system improvements.

Approval of the proposed rates will generate the revenue necessary to fund the increased costs of service and enable the Department of Utilities to continue to provide high quality, reliable, and environmentally sensitive utility services to City of Sacramento residents.

Financial Considerations: The Department of Utilities Proposed Operating Budget of \$165.3 million has been amended to include a net reduction of \$(6.4) million for a total revised Operating Budget of \$159 million and 751 full-time equivalent (FTE) positions. The budget includes increased operating expenses for major cost drivers such as labor, fuel, utilities, chemicals, waste hauling "tipping" fees, as well as recession and drought-driven costs and shortfalls such as bad debt, declining development and wholesale water revenues, and costs for water conservation programs. In addition, the budget reflects the additional cost imposed by the City's general tax that pays 11% of the gross revenues from utility service rates to the general fund.

The Proposed FY 2009/10 Capital Improvement Budget of \$19.0 million has been amended to include a net increase of \$428,000 for a total Capital Improvement Budget of \$19.4 million. The CIP Budget includes costs for the continued improvements and rehabilitation of Department of Utilities' infrastructure, and also includes funding for the water meter retrofit program mandated by State of California law.

The FY 2009/10 Proposed Budget reflected rate increases higher than currently being proposed. Therefore, amendments to the proposed operating and CIP budgets are necessary to align revenues with expenditures based on the final proposed rate increases. Various account codes need to be amended to reflect revised revenue and expenditure

projections to achieve a balanced budget.

The proposed Operating and CIP Budget amendments, detailed in the tables below, reflect savings projected from labor concessions and various services and supplies, augmentations for water conservation efforts to comply with Best Management Practices (BMPs) and to address increased costs associated with the Dellar Landfill Project, and the reduction of 1.0 SAFCA position.

Department of Utilities OPERATING BUDGET Amendments			
Fund	Net Change	FTE	Description
REVENUES			
6005	(\$3,823,000)		Reduction in Revenues in the amount of \$3,823,000
6006	(\$963,000)		Reduction in Revenues in the amount of \$1,814,000
6007	(\$1,814,000)		Reduction in Revenues in the amount of \$1,814,000
6011	(\$84,000)		Reduction in Revenues in the amount of \$84,000
Total Revenue Amendments	(\$6,684,000)		
EXPENDITURES			
6005	(\$2,609,000)		Reduction in Employee services in the amount of \$1,818,000 and reduction in service and supplies in the amount of \$791,000
6006	(\$819,000)		Reduction in Employee services in the amount of \$463,000 and reduction in service and supplies in the amount of \$356,000
6007	(\$1,279,000)		Reduction in Employee services in the amount of \$732,000 and reduction in service and supplies in the amount of \$547,000
6011	(\$1,666,000)	(1.0)	Reduction in Employee services in the amount of \$1,665,000 and reduction in service and supplies in the amount of \$1,000; Reduce augmentation for SAFCA staffing from 11.0 to 10.0 FTE
Total Expenditure Amendments	(\$6,373,000)	(1.0)	

Department of Utilities CAPITAL BUDGET Amendments		
Fund	Net Change	Description
6007	\$400,000	Increase funding in Deller Landfill CIP for landfill activities Y14000100
6005	\$943,000	Increase funding for CIP Wholesale CIP (Z14006700)
6005	(\$905,000)	Decrease funding for meters (Z14010016)
6005	(\$10,000)	Decrease CIP funding (Z14000700)
Total Capital Amendments	\$428,000	

Emerging Small Business Development (ESBD): There are no ESBD considerations with this report.

Respectfully Submitted by: 
 Jamille Moens
 Business Services Manager

Approved by: 
 Marty Hanneman
 Assistant City Manager/Director of Utilities

Recommendation Approved:


 Ray Kerridge
 City Manager

FY 2009/10 Proposed Budget and Two Year Utility Service Rates

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Attachment 1

Background

The Department of Utilities provides and maintains water, sewer, solid waste, storm drainage, and flood control services and facilities. These essential services and facilities are provided for its customers, the ratepayers of the City, and are in place to safeguard the health and safety of the public and improve the quality of life in our City. The Department works in conjunction with other City departments, Sacramento County, regional, state and federal agencies in the development and rehabilitation of urban utility infrastructure.

The Department of Utilities is an enterprise operation self-supported through fee and charge revenues and consists of four funds: Water, Sewer, Storm Drainage and Solid Waste. The FY2009/10 Proposed Operating and Capital Budgets, as amended, for the Department totals \$178.4 million and includes 751 full-time equivalent (FTE) positions. The Proposed Budget as amended reflects increases of \$11.6 million across all funds to address increased costs associated with providing core service levels and funding regulatory programs and costs imposed by the City's General Tax.

The economic recession and the prolonged drought have unexpectedly increased the Department's expenses while at the same time driven down its revenues. These factors, along with other more predictable cost factors impacting the budget, are noted below:

- Economic recession
 - Revenue shortfalls – development and wholesale water related
 - Bad debt expense – dramatic increase in the number of foreclosures
- Escalating operating and infrastructure improvement costs
 - 2008/09 labor costs, chemical pricing spikes, SMUD rate increases
- Expanding regulatory and environmental forces from government and public interest groups
 - Water conservation and rebate programs
 - Meter implementation and replacement
 - Medical waste disposal; landfill post closure
- No rate increase in FY2008/09 for Water and Sewer; use of one-time reserves to cover expenses

To help mitigate the above impacts to its budget, the Department has employed the following efficiency measures:

- Management furloughs starting in January 2009
- Holding positions vacant
- Reducing fuel consumption
- Freezing all non-critical equipment and supplies requests
- Transitioning to 4/10 scheduling and routing to limit labor and overtime costs
- Limiting travel requests

In addition to the efficiencies above, the Department is proposing a labor budget that assumes labor unions representing Department employees agree to concessions. Despite the projected savings resulting from the Department efficiencies and labor concessions, projected operational, capital and regulatory costs exceed existing resources. Rate adjustments are necessary to continue providing utility services. The Department proposes, consistent with the Utilities Rate Advisory Commission recommendations, the two-year rate increases described in this report. The overall proposed rate increase for a typical residential customer receiving water, sewer, solid waste and storm drainage services is 12.2% for FY 2009/10, and 12.4% for FY 2010/11.

Proposed Operating Budget

The FY 2009/10 Proposed Operating Budget, as amended, is \$159 million. Five major cost drivers (labor, fuel, utilities, chemicals and waste hauling "tipping" fees) as well as increased or new expenses for water conservation and rebate programs, meter replacement, medical waste disposal, landfill post closure, water quality regulatory requirements for testing and alum sludge removal, and billing costs due to postage account for increased costs to the operating budget. Additionally, the Department is facing a dramatically increasing amount of unforeseen bad debt expense due to the foreclosure crisis and significant declines in its development and wholesale water revenues and needs to recover those costs and shore-up the revenue shortfalls. The proposed rate increases are needed to continue providing core service levels.

Organizational Changes

The Department currently has an authorized work force of 741 full time equivalent (FTE) positions. The FY2009/10 Proposed Operating Budget does not increase department-funded staffing. The Department is proposing, however, to add the following staff that will be funded by other sources:

- 12.0 FTE for the Sacramento Area Flood Control Agency (SAFCA) that will be 100% financed by SAFCA Projects
- 2.0 FTE transferring from the Department of General Services (DGS) to the Department of Utilities for the citywide Generator Program; the FTE will be 100% financed by DGS

The Department also proposes to transfer four FTE to the Department of General Services to provide support for the City of Sacramento 311 Division. The total net change to the Department of Utilities is 10.0 positions for a total FY 2009/10 FTE of 751.

Proposed Capital Improvement Program Budget

The FY 2009/10 Proposed Capital Improvement Program (CIP) Budget, as amended, for Utilities is \$19.4 million. The proposed CIP budget is a baseline budget increased by the ENR construction price index for all funds. The proposed rate increases provide additional CIP funding for the meter program, the Dellar landfill operation, and the combined sewer system to comply with regulatory requirements. All remaining projects are funded with existing CIP budgets that are adjusted for inflation using the ENR construction price index.

Projects in the Capital Improvement Program are selected based on priorities related to the repair and replacement of inadequate utilities infrastructure; compliance with state and federal standards and regulations; improvement of existing facilities; and development of new facilities to

accommodate growth. There is a significant backlog of old, deteriorated, and aging water, sewer, and drainage infrastructure, and repair and replacement of this infrastructure is necessary. The projects are selected using an infrastructure asset management approach that systematically addresses infrastructure criticality, condition assessment and prioritizes replacement timetables.

The number of projects and total value by fund is noted in the table below.

Fund	# of Projects	FY 2009/10
Water	35	\$13,551,000
Sewer	19	\$3,315,000
Solid Waste	3	\$1,117,000
Storm Drainage	6	\$1,425,000
Total FY 2009/10 CIP Budget	63	\$19,408,000

Meter Program

In 2004, the State Legislature adopted Assembly Bill 2572, mandating meters on all water service by January 1, 2025. The effort to transition customers to water meters is a significant undertaking involving installation of over 100,000 meters and replacement of miles of aging water mains, including the abandonment of aging backyard water mains and installation of new water mains in the streets for those locations.

Water rates finance the water meter program. Last year, the Department proposed a budget reflecting 3% of user fee revenue for the water meter program. The proposed budget was not adopted. Therefore, initially and as part of the notice mailed to customers, the Department proposed a water rate increase for FY 2009/10 that included 6% to fund the water meter program, consisting of 3% to recover funding that was not approved for FY 2008/09 and 3% for FY 2009/10. However, as these are very difficult economic times and the meter program is an internally controlled cost, the Department is now proposing a water rate increase for FY 2009/10 that includes 5% (approximately \$3 million) to fund the water meter program. The \$3 million committed in FY 2009/10, added to the \$4.7 million already allocated from previous years, brings the total Department commitment to the water meter program to \$7.7 million in FY 2009/10. The Department is aggressively pursuing state and federal grants and loans to help offset costs of the meter program. Continued funding of the meter program is necessary to ensure compliance with the State's meter retrofit mandate, comply with any matching grant requirements and to achieve the City's water conservation objectives.

Reserves

To determine the proposed rate increases, the Department considered its projected end of year fund balance for the current year, and projected expenditures and revenues for FY 2009/10. The goal is to provide the same level of service while maintaining a prudent reserve (equivalent to 45 days operating costs) in each fund in the event revenue is interrupted or the fund is faced with other unanticipated fiscal impacts. The calculation of the actual reserve amount necessary to cover 45 days is based on the operating budget and varies from fund to fund.

The proposed two-year rate increases will have the following impact of each fund's prudent reserve:

- Water Fund: All reserves will be exhausted as a result of being utilized to close budget gaps in the current fiscal year and being included as part of the FY 2009/10 budget development strategy. Beginning in FY 2010/11 the prudent reserve in this fund will start to be gradually restored over a five-year period.
- Solid Waste Fund: This fund has been operating in a deficit and is expected to do so in FY 2009/10, although revenues from the proposed rates will begin to reduce the fund's deficit. The remaining deficit will be reduced in FY 2010/11, and the prudent reserve will begin to be restored in FY 2011/12.
- Sewer Fund: The proposed rate for sewer is designed to preserve the prudent reserve in this fund as, over the next five years, the reserve will be used to stabilize rates as the Department builds the sewer fund CIP to comply with the \$10 million per year National Pollutant Discharge Elimination System (NPDES) regulatory requirement for combined sewer system improvement.

Proposed Utility Service Rate and Fee Increases

Water, Sewer, Solid Waste, and Storm Drainage Rates

Preparation of the Utilities budget is focused on maintaining and meeting established levels of service and Utilities' commitment to its customers. Each year, the Department evaluates the needs of its customers, reviews provisions of mandated programs, and identifies current system needs associated with operation and maintenance services. At the same time and on an on-going basis, the Department identifies ways to meet its service levels in more efficient and effective ways. Analysis is then completed on the projected costs associated with continuing to provide the current levels of service, meeting regulatory requirements and addressing capital improvement program needs. If additional revenues are needed to provide the funding to support these activities, recommendations for rate increases are made to the Utilities Rate Advisory Commission and the Sacramento City Council.

On April 10, 2009, the City mailed notice to all owners of property subject to the rates of the public hearing to be held by the Commission and proposed two-year water, sewer and solid waste rate increases of 25%, 15% and 15% each year, respectively. However, at the public hearing held by the Commission on May 27, 2009, the rate increases proposed by the Department were less than the increases included in the mailed notice. Projected increases in interest revenue, reductions in labor and service and supplies expenses, and an adjustment of the meter program budget from 6% to 5% of user fee revenue, enabled the Department to propose rate increases lower than initially proposed.

Consistent with the Utilities Rate Advisory Commission's recommendations, the Department of Utilities is now proposing a two year overall rate increase for a typical residential customer receiving water, sewer, solid waste and storm drainage services of 12.2% for FY 2009/10 and 12.4% for FY 2010/11 (effective July 1, 2009 and July 1, 2010 respectively). The multiyear approach is necessary to close fund deficits and stabilize future rates. The proposed increases will

result in approximately \$19.9 million in additional user fee revenue which will be used to address increasing Water, Sewer, and Solid Waste operational, capital improvement, and regulatory costs, allowing the Department to continue providing most of its current service levels.

Comparison charts of the Department of Utilities' utility service fees with other local service providers are displayed in Attachment 9 – Presentation Materials. As displayed in the comparison charts, the City of Sacramento proposed residential water rate is the lowest in the region; the proposed sewer rate is in the low to midrange; and the proposed solid waste rates are in the high range.

At this time, the Department of Utilities is not proposing an increase in storm drainage service rates due to the Proposition 218 mandate requiring voter approval for an increase in storm drainage service rates. Without an increase in revenue, at the current rate, the City's Storm Drainage Fund is projected to have a fund deficit (negative balance) by FY 2011/12. The Department plans to develop a storm drainage service rate adjustment proposal in the fall of 2009, and meanwhile, is closely monitoring Senate Bill 18 which would enable Council to approve rate adjustments for storm drainage in the same manner as water, sewer and solid waste rates.

Rate and Fee Increase Summary

The Department requests that the City Council approve the proposed two-year utility service rate increase to generate additional revenue to continue providing core levels of service. The proposed two-year rate increases are as follows:

	FY2009/10	FY2010/11
Water service rates:	19%	19%
Sewer service rates:	10%	12%
Solid Waste rates:	12%	11%
Storm Drainage rates:	0%	0%
Overall increase ¹ :	12.2%	12.4%

¹ For typical residential customer receiving water, sewer, solid waste and storm drainage services.

Water Service Fees and Charges

The Fee and Charge Report of the City of Sacramento is hereby amended to include the following water service, connection, and special services, and development fees and charges effective July 1, 2008 2009, and July 1, 2010, respectively.

	<u>Current FY08 Rate</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
I. WATER USE RATES, MONTHLY DOMESTIC			
Single-family residence:			
1-3 rooms	48.36	21.11	24.28
4-5 rooms	23.89	27.47	31.59
6-9 rooms	25.97	29.87	34.35
10-15 rooms	30.02	34.52	39.70
Over 15, each additional room	2.40	2.42	2.78
Multiple-family residences (for each family dwelling unit in a multiple family residence)			
1-3 rooms	44.08	16.19	18.62
4-5 rooms	48.03	20.73	23.84
6-7 rooms	22.00	25.30	29.10
8-9 rooms	25.97	29.87	34.35
10-15 rooms	30.02	34.52	39.70
Over 15, each additional room	2.40	2.42	2.78
Lot Irrigation, per Water Service Tap	38.57	42.06	48.37
II. WATER USE RATES, MONTHLY COMMERCIAL			
Bakery, first 1,000 sq. ft. of gross floor area or fraction thereof	50.99	58.64	67.44
Each additional 1,000 sq. ft. or fraction thereof	33.94	39.00	44.85
Barber Shop or Beauty Parlor, first 1,000 sq. ft. of gross floor area or fraction thereof	25.50	29.33	33.73
Each additional 1,000 sq. ft. or fraction thereof	16.45	18.92	21.76
Bowling Alley, first 1,000 sq. ft. of gross floor area or fraction thereof	25.50	29.33	33.73
Each additional 1,000 sq. ft. or fraction thereof	16.45	18.92	21.76
Cemetery, for the irrigation season, first 1,000 sq. ft. or fraction thereof	46.80	53.82	61.89
Each additional 1,000 sq. ft. or fraction thereof	3.73	4.29	4.93
Dining Facilities (including restaurant, cafeteria, cafe, bar)			
first 1,000 sq. ft. of gross floor area or fraction thereof	50.82	58.44	67.21
Each additional 1,000 sq. ft. or fraction thereof	33.50	38.53	44.31
Drug Store, first 1,000 sq. ft. of gross floor area or fraction thereof	23.49	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	10.46	12.03	13.83
Fire Hydrant Service Charge			
Wharf Hydrant	9.88	11.36	13.06
Standard Hydrant	24.42	28.08	32.29

FY2009/10 Proposed Budget Amendments and Two-Year Utility Rates

June 23, 2009

	<u>Current</u> <u>FY09 Rate</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
ii. WATER USE RATES, MONTHLY COMMERCIAL. (cont'd)			
Furniture Store, first 1,000 sq. ft. of gross floor area or fraction thereof	23.49	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	2.58	2.97	3.42
Garage, first 1,000 sq. ft. of gross floor area or fraction thereof	23.49	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	2.58	2.97	3.42
Halls (including lodge and auditorium), first 1,000 sq. ft. of gross floor area or fraction thereof	23.49	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	40.46	12.03	13.83
Hotel, Rest or Convalescent Homes, first 10 sleeping rooms or fraction thereof	46.80	53.82	61.89
Over 10 sleeping rooms, each additional sleeping room	3.73	4.29	4.93
Laundry, first 1,000 sq. ft. of gross floor area or fraction thereof	401.56	116.79	134.31
Each additional 1,000 sq. ft. or fraction thereof	64.58	74.27	85.41
Market, first 1,000 sq. ft. of gross floor area or fraction thereof	25.50	29.33	33.73
Each additional 1,000 sq. ft. or fraction thereof	16.45	18.92	21.76
Mortuary, first 1,000 sq. ft. of gross floor area or fraction thereof	23.49	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	40.46	12.03	13.83
Motel, first 10 sleeping rooms or fraction thereof	46.80	53.82	61.89
Each additional sleeping room over 10	3.73	4.29	4.93
Office Building, first 1,000 sq. ft. of gross floor area or fraction thereof	23.49	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	7.96	9.15	10.52
Park (not municipal), for irrigation season, first 1,000 sq. ft. or fraction thereof	46.80	53.82	61.89
Each additional 1,000 sq. ft. or fraction thereof	3.73	4.29	4.93
Religious Worship, including the building used exclusively for religious worship and any other building used for religious activities, first 1,000 sq. ft. of gross floor area or fraction thereof	23.49	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	4.33	4.98	5.73
School, first 100 pupils or fraction thereof	45.14	51.91	59.70
Each additional 100 pupils or fraction thereof	35.16	40.43	46.49
Service Station (no wash racks) and Used Car Lots:			
tap size to City main: 3/4"	25.50	29.33	33.73
1"	33.50	38.53	44.31
1 1/2"	54.73	62.94	72.38
2"	93.57	107.61	123.75
Store, first 1,000 sq. ft. of gross floor area or fraction thereof	23.49	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	40.46	12.03	13.83

FY2009/10 Proposed Budget Amendments and Two-Year Utility Rates

June 23, 2009

	Current <u>FY08 Rate</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
II. WATER USE RATES, MONTHLY COMMERCIAL (cont'd)			
Theater, first 1,000 sq. ft. of gross floor area or fraction thereof	25.60	29.44	33.86
Each additional 1,000 sq. ft. or fraction thereof	16.45	18.92	21.76
Warehouse, first 1,000 sq. ft. of gross floor area or fraction thereof	23.49	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	2.58	2.97	3.42
Minimum Rate: In no case shall a commercial flat-rate be less than:	23.49	27.01	31.06
III. SPECIAL WATER USE RATES, MONTHLY			
Air Conditioning System:			
Monthly demand charge (system without water conservation devices) per ton of capacity for each month of the air conditioning season of 5 months.	45.60	17.94	20.63
For systems on flat-rate service the following charge will apply for each month during the air conditioning season, per ton of system capacity			
With Water Conservation Device	3.59	4.13	4.75
Without Water Conservation Device	54.81	63.03	72.48
Evaporative coolers (commercial establishments) - for units on flat rate service the following charges will apply for each month during the air conditioning season, per 1,000 cubic feet per minute unit capacity.			
With Water Conservation Device	2.07	2.38	2.74
Without Water Conservation Device	5.62	6.46	7.43
Refrigeration Systems:			
For systems on flat-rate service, the following charges will apply for each month during the year, per compressor horsepower.			
With Water Conservation Device	3.80	4.37	5.03
Without Water Conservation Device	35.85	41.23	47.41
Dining Facility, (including restaurant, cafeteria, cafe, kitchen, bar) each 1,000 sq. ft. of gross floor area or fraction thereof	27.50	31.63	36.37
Gymnasium, each shower head	12.42	14.28	16.42
Hydraulically-operated elevator			
With Water Conservation Device	10.62	22.56	25.94
Without Water Conservation Device	109.09	125.45	144.27
Irrigation: Supplemental (Commercial)			
0 - 10,000 sq. ft. (net irrigable area)	0.00	0.00	0.00
over 10,000 sq. ft. (net irrigable area), each additional 1,000 sq. ft.	3.73	4.29	4.93
Irrigation: Supplemental (Domestic)			
0 - 13,000 sq. ft. (gross lot area)	0.00	0.00	0.00
over 13,000 sq. ft. (gross lot area), each additional 1,000 sq. ft.	3.73	4.29	4.93

FY2009/10 Proposed Budget Amendments and Two-Year Utility Rates

June 23, 2009

			Current <u>FY08 Rate</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
III. SPECIAL WATER USE RATES, MONTHLY (Cont'd)					
Private Fire Protection	Tap size to City main:	0 - 2"	15.60	17.94	20.63
		3"	23.49	27.01	31.06
		4"	31.18	35.86	41.24
		6"	46.80	53.82	61.89
		8"	62.41	71.77	82.54
		10"	78.00	89.70	103.16
		12"	93.67	107.61	123.75
Swimming Pool, non-residential (where pool is not principal function of said establishment)					
	Under 300 cu. ft. fill & draw, per 100 cu. ft.		0.00	0.00	0.00
	Over 300 cu. ft. fill & draw, per 100 cu. ft.		4.80	5.5200	6.3480
	Under 300 cu. ft. per 100 cu. ft., filtered		0.00	0.00	0.00
	Over 300 cu. ft. per 100 cu. ft., filtered		0.9456	1.0529	1.2108
IV. MONTHLY METERED WATER USE, PER 100 CUBIC FEET					
A. For irrigation of landscaping on parks and medians which are owned and operated by the City of Sacramento and are open to the general public, provided that a turf audit is submitted to the Department of Utilities once every three (3) years, or at such time sooner as may be required by any individual user's case by the Department of Utilities:					
	Per 100 cubic feet:		0.1150	0.1323	0.1521
B. For all other metered water services:					
	Per 100 cubic feet:		0.5660	0.6509	0.7485
For metered service, monthly basic service charges, regardless of water usage, as follows:					
	<u>Metered Size</u>				
	5/8" x 3/4"		13.86	15.94	18.33
	3/4"		13.86	15.94	18.33
	1"		13.86	15.94	18.33
	1 1/2"		26.10	30.02	34.52
	2"		40.79	46.91	53.95
	3"		76.08	86.34	99.29
	4"		124.05	142.66	164.06
	6"		246.49	283.46	325.98
	8"		393.41	452.42	520.28
	10"		584.82	649.54	746.97
	12"		1054.66	1,212.74	1,394.65

Sewer Service Fees and Charges

The Fee and Charge Report of the City of Sacramento is hereby amended to include the following sewer service, connection, and special services, and development fees and charges effective July 1, 2008, 2009, and July 1, 2010, respectively.

		<u>FY09 Rates</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
I. SEWER SERVICE RATES - RESIDENTIAL				
Single-family residence:	1-3 rooms	8.76	9.20	9.66
	4-5 rooms	44.40	11.66	12.24
	6-7 rooms	43.37	14.04	14.74
	8-9 rooms	45.45	16.22	17.03
	10-15 rooms	47.72	18.61	19.54
	over 15, each additional room	4.24	1.27	1.33
Multiple-family residence:	Each dwelling unit charged the same as a single-family residence			
II. SEWER SERVICE RATES - MONTHLY COMMERCIAL				
Bakery, each 1,000 sq.ft. of gross floor area or fraction thereof		49.33	20.30	21.32
Barber Shop or Beauty Parlor, each 1,000 sq.ft. of gross floor area or fraction thereof		40.37	10.89	11.43
Bowling Alley, each 1,000 sq.ft. of gross floor area or fraction thereof		9.06	9.51	9.99
Dining Facilities (including restaurant, cafeteria, cafe, bar) each 1,000 sq.ft. of gross floor area or fraction thereof		20.75	21.79	22.88
Drug Store, each 1,000 sq.ft. of gross floor area or fraction thereof		6.80	7.14	7.50
Furniture Store, each 1,000 sq.ft. of gross floor area or fraction thereof		2.24	2.35	2.47
Garage, each 1,000 sq.ft. of gross floor area or fraction thereof		4.83	1.92	2.02
Halls (including lodge or auditorium), each 1,000 sq.ft. of gross floor area or fraction thereof		6.04	6.31	6.63
Hotel, per sleeping room		2.96	2.16	2.27
Laundry (where laundry is performed on premises), each 1,000 sq. ft. of gross floor area or fraction thereof		40.20	42.21	44.32
Market, each 1,000 sq.ft. of gross floor area or fraction thereof		8.67	9.10	9.56
Mortuary, each 1,000 sq.ft. of gross floor area or fraction thereof		5.70	5.99	6.29
Motel, per sleeping room or fraction thereof		2.06	2.16	2.27
Office Building, each 1,000 sq.ft. of gross floor area or fraction thereof		7.02	7.37	7.74
Religious Worship (premises), each 1,000 sq.ft. of gross floor area or fraction thereof		3.40	3.26	3.42
Rest or Convalescent Home, per sleeping room or fraction thereof		3.32	3.49	3.66
School, each 100 pupils or fraction thereof		48.34	19.26	20.22
Service Station and Used Car Lot (no wash racks):				
Water tap size to City main:	3/4"	40.94	11.46	12.03
	1"	44.24	14.92	15.67
	1 1/2"	23.35	24.52	25.75
	2"	40.20	42.21	44.32

FY2009/10 Proposed Budget Amendments and Two-Year Utility Rates

June 23, 2009

	<u>FY09 Rates</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
Store, each 1,000 sq.ft. of gross floor area or fraction thereof	7.20	7.56	7.94
Theater, each 1,000 sq.ft. of gross floor area or fraction thereof	8.55	8.98	9.43
Warehouse, each 1,000 sq.ft. of gross floor area or fraction thereof	1.67	1.75	1.84
Minimum rate, not less than:	10.84	11.38	11.95
III. SPECIAL SEWER RATES - MONTHLY			
Air Conditioning Systems			
For systems on flat-rate service, each month during air conditioning season, per ton of system capacity:	17.20	18.16	19.07
With water conservation device:	1.67	1.75	1.84
Evaporative coolers (commercial establishments), for each month during air conditioning season, unit capacity - per 1,000 cfm, without recirculation	2.32	2.44	2.56
With water conservation device, with recirculation:	0.88	0.71	0.75
Refrigeration systems, for systems on flat-rate service, per compressor horsepower:	17.20	18.16	19.07
With water conservation device:	1.67	1.75	1.84
Dining Facility, each 1,000 sq.ft. or fraction thereof	13.43	14.10	14.81
Gymnasium, each shower head	6.40	6.50	6.83
Hydraulically operated elevator	53.26	55.92	58.72
With water conservation device	0.30	9.77	10.28
Swimming Pool, non-commercial, per pool capacity			
Under 300 cu.ft. (fill & draw)	0.00	0.00	0.00
Over 300 cu.ft. (fill & draw), each 100 cu.ft. contents	2.24	2.35	2.47
Under 300 cu.ft. (filtered)	0.00	0.00	0.00
Over 300 cu.ft. (filtered), each 100 cu.ft. contents	0.58	0.61	0.64
	0.66	0.57	0.60
IV. MONTHLY METERED SEWER USE, PER 100 CU.FT.			

Water Meter Size	Quantity of Sewage Allowed Without Additional Payment			
5/8" x 3/4"	1200 cu.ft., 9000 gal.	6.57	6.90	7.25
3/4"	1700 cu.ft., 13000 gal.	9.30	9.77	10.26
1"	2100 cu.ft., 16000 gal.	11.40	12.07	12.67
1 1/2"	3700 cu.ft., 28000 gal.	20.25	21.26	22.32
2"	6200 cu.ft., 46000 gal.	33.93	35.63	37.41
3"	12500 cu.ft., 94000 gal.	68.30	71.81	75.40
4"	21800 cu.ft., 163000 gal.	119.20	125.26	131.52
6"	50000 cu.ft., 374000 gal.	273.64	287.29	301.65
8"	106200 cu.ft., 794000 gal.	581.12	610.18	640.69
10"	168700 cu.ft., 1262000 gal.	923.13	969.29	1,017.75
12"	262500 cu. ft., 1964000 gal.	1,436.42	1,508.24	1,583.65

Solid Waste Service Fees and Charges

The Fee and Charge Report of the City of Sacramento is hereby amended to include the following solid waste service charges effective July 1, 2008 2009 and July 1, 2010, respectively.

<u>Description</u>	<u>Level of Service</u>	<u>FY09- Rates</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
I. GARDEN REFUSE COLLECTION (LAWN & GARDEN)				
<u>Residential Services - Non-Containerized</u>				
Single family residence	Weekly	44.23	12.24	13.34
Two family residence	Weekly	47.22	18.77	20.46
Multi-Family Residential Units				
3-5 units	Weekly	48.67	20.35	22.18
6-10 units	Weekly	24.97	27.22	29.67
11-25 units	Weekly	31.24	34.02	37.08
26-50 units	Weekly	37.46	40.83	44.50
<u>Residential Services - Containerized</u>				
Single family residence (1 to 4 units)	Weekly - Per unit	8.48	9.24	10.07
Additional can	Weekly - Per unit	4.67	5.09	5.55
<u>Non-Residential/Commercial Services - Non Containerized</u>				
Multi-Family Residential Units - 51 units and over	Weekly	43.70	47.63	51.92
2 cubic yards	Weekly	31.24	34.02	37.08
3 cubic yards	Weekly	37.46	40.83	44.50
4 cubic yards	Weekly	43.70	47.63	51.92
<u>Non-Residential/Commercial Services - Containerized</u>				
96 gal can	1 pickup/wk	8.48	9.24	10.07

Note: Lawn and Garden loose in the street (non-containerized) collection is a periodic service. Service is generally provided on a weekly basis throughout the year, with exception of "leaf season" where fewer collections may occur.

II. STREET SWEEPING

<u>Residential Services</u>				
Single family residence	Monthly	1.34	1.46	1.59
Two family residence	Monthly	2.12	2.31	2.52
Multi-Family Residential Units				
3-5 units	Monthly	3.80	4.14	4.51
6-50 units	Monthly	4.19	4.47	4.87
51 units and over	Monthly	4.38	4.77	5.20
<u>Commercial Services</u>				
Per commercial premise	Monthly	4.38	4.77	5.20
<u>Miscellaneous Services</u>				
AdHoc Street Sweeping Requests	Per hour	303.40	330.71	360.47

III. RECYCLING SERVICES

<u>Residential Services</u>				
Commingled 32, 64, or 96 gallon can	Weekly - Per Unit	4.09	4.46	4.86

Note: Disabled Service is provided to a qualified residence at same rates as non-disabled.

<u>Non-Residential/Commercial (WITH GARBAGE SERVICES)</u>				
1 yard commingled bin	1 pickup/wk	25.67	27.98	30.50

<u>Description</u>	<u>Level of Service</u>	<u>FY09 Rates</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
2 yard commingled bin	1 pickup/wk	35.04	38.16	41.59
3 yard commingled bin	1 pickup/wk	46.68	50.88	55.46
4 yard commingled bin	1 pickup/wk	52.54	57.24	62.39
In-office recycle can (autolift)	1 pickup/wk	41.67	43.07	44.54
Multi-family/commercial commingled can	1 pickup/wk	44.67	12.72	13.86

Note: Bin service is available to residential customers at the Non-Residential/Commercial rates.

Non-Residential/Commercial (WITHOUT GARBAGE SERVICES)

1 yard commingled bin	1 pickup/wk	32.68	35.62	38.83
2 yard commingled bin	1 pickup/wk	43.47	47.06	51.30
3 yard commingled bin	1 pickup/wk	53.68	58.51	63.78
4 yard commingled bin	1 pickup/wk	60.68	66.14	72.09
In-office recycle can (autolift) Multi-family/commercial commingled can	1 pickup/wk	44.67	12.72	13.86

IV. GARBAGE COLLECTION SERVICE

Residential Services

Auto-lift 96 gallon	Weekly - Per unit	48.43	20.09	21.90
Additional Auto-lift 96 gallon	Weekly - Per unit	45.55	16.95	18.48
Auto-lift 64 gallon	Weekly - Per unit	45.44	16.50	17.99
Additional Auto-lift 64 gallon	Weekly - Per unit	43.45	14.33	15.62
Auto-lift 32 gallon	Weekly - Per unit	44.49	12.52	13.65
Additional Auto-lift 32 gallon	Weekly - Per unit	41.36	12.38	13.49
Extra bag (5 - 6 bags)	Per pickup	40.76	11.73	12.79
Extra bag (3 - 4 bags)	Per pickup	8.36	9.11	9.93
Extra bag (1 - 2 bags)	Per pickup	7.47	7.82	8.52

Note: Disabled Service provided to qualified residence at same rates as non-disabled.

Collection on special call (autolift) 96-gallon	Per pickup	34.68	34.53	37.64
Collection on special call additional 96-gallon can or extra bags (5 - 6 bags)	Per pickup	46.74	18.25	19.89
Collection on special call (autolift) 64-gallon	Per pickup	28.70	31.28	34.10
Collection on special call additional 64-gallon can or extra bags (3 - 4 bags)	Per pickup	44.64	15.96	17.40
Collection on special call (autolift) 32-gallon	Per pickup	25.70	28.01	30.53
Collection on special call additional 32-gallon can or extra bags (1 - 2 bags)	Per pickup	43.45	14.33	15.62
Dormant Service (Fee to stop garbage & recycling charges temporarily)	One-time	69.78	65.16	71.02
Dormant Service Fee (vacant residences)	Monthly	5.56	6.06	6.61
Manual Service 32 gal or less non-curb*	1 pickup/wk	27.69	30.18	32.90
	2 pickups/wk	54.86	59.80	65.18
	3 pickups/wk	72.03	78.51	85.58
	Additional can/pickup	43.39	14.60	15.91
Manual Service 33-40 gal non-curb*	1 pickup/wk	30.49	32.91	35.87
	2 pickups/wk	60.44	65.88	71.81
	3 pickups/wk	89.64	87.90	95.81
	Additional can/pickup	47.35	18.91	20.61
Manual Service 32 gal or less curbside	1 pickup/wk	48.96	20.67	22.53
	2 pickups/wk	37.96	41.38	45.10
	3 pickups/wk	56.43	61.51	67.05
	Additional can/pickup	9.64	10.47	11.41
Manual Service 33-40 gal curbside	1 pickup/wk	20.98	22.87	24.93
	2 pickups/wk	42.02	45.80	49.92
	3 pickups/wk	62.99	68.66	74.84
	Additional can/pickup	42.35	13.46	14.67
Manual Service Collection on special call - 40 gal or less	per pickup	37.48	40.85	44.53
Each additional can	per pickup	44.46	15.43	16.82

<u>Description</u>	<u>Level of Service</u>	<u>FY09- Rates</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
* "Non-curb" is defined as container placement more than 6 feet from curb.				
Multi-Family (5 units and above)/Commercial Services				
Auto-lift 96 gallon	per pickup/wk	25.86	28.19	30.73
Additional Auto-lift 96 gallon	per pickup/wk	49.89	21.68	23.63
Auto-lift 64 gallon	per pickup/wk	23.27	25.36	27.64
Additional Auto-lift 64 gallon	per pickup/wk	48.44	19.77	21.55
Auto-lift 32 gallon	per pickup/wk	49.89	21.68	23.63
Additional Auto-lift 32 gallon	per pickup/wk	47.40	18.97	20.68
Automated collection on special call				
96-gallon automated can	per pickup	33.86	36.91	40.23
64-gallon automated can	per pickup	29.45	32.10	34.99
32-gallon automated can	per pickup	25.49	27.78	30.28
	Each additional can	21.76	23.72	25.85
1 yd bin loose	per pickup/wk	63.78	69.52	75.78
1 yd bin compacted	per pickup/wk	132.30	144.21	157.19
2 yd bin loose	per pickup/wk	83.47	90.98	99.17
2 yd bin compacted	per pickup/wk	168.19	183.33	199.83
3 yd bin loose	per pickup/wk	103.17	112.46	122.58
3 yd bin compacted	per pickup/wk	148.37	161.72	176.27
4 yd bin loose	per pickup/wk	122.88	133.94	145.99
4 yd bin compacted	per pickup/wk	181.95	198.33	216.18
5 yd bin loose	per pickup/wk	142.59	155.42	169.41
5 yd bin compacted	per pickup/wk	193.73	211.17	230.18
6 yd bin loose	per pickup/wk	162.28	176.89	192.81
6 yd bin compacted	per pickup/wk	248.80	271.19	295.60
8 yd bin loose	per pickup/wk	229.96	250.66	273.22
8 yd bin compacted	per pickup/wk	393.47	428.88	467.48
10 yd bin Roll-Off Box loose	per pickup/wk	379.25	413.38	450.58
10 yd bin Roll-Off Box compacted	per pickup/wk	538.10	586.53	639.32
20 yd bin Roll-Off Box loose	per pickup/wk	462.35	503.96	549.32
20 yd bin Roll-Off Box compacted	per pickup/wk	896.10	976.75	1,064.66
25 yd bin Roll-Off Box compacted	per pickup/wk	1,060.80	1,156.27	1,260.33
30 yd bin Roll-Off Box loose	per pickup/wk	833.34	908.34	990.09
30 yd bin Roll-Off Box compacted	per pickup/wk	1,221.91	1,331.88	1,451.75
35 yd bin Roll-Off Box compacted	per pickup/wk	1,347.45	1,468.72	1,600.90
40 yd bin Roll-Off Box loose	per pickup/wk	969.64	1,056.91	1,152.03
40 yd bin Roll-Off Box compacted	per pickup/wk	1,474.19	1,606.87	1,751.49

Note: Bin service is available to residential customers at the Multi-Family/Commercial rates.
 Three (3) months continuous service is required for Commercial Bin Service

1 blanket	per pickup/wk	25.44	28.49	31.62
2 blanket	per pickup/wk	41.80	46.82	51.97
3 blanket	per pickup/wk	64.96	72.76	80.76
4 blanket	per pickup/wk	88.16	98.74	109.60
5 blanket	per pickup/wk	110.18	123.40	136.97
Cart	5 pickups	110.67	123.95	137.58
Trailer	5 pickups	462.38	503.99	549.35
Two-person route surcharge	per pickup/wk	22.19	24.19	26.37

"Non-curb" is defined as container placement more than 6 feet from curb.

Manual Cans Service 32 gal or less	per pickup/wk	33.69	36.72	40.02
Each additional can 32 gal or less	per pickup/wk	49.38	21.12	23.02
Manual Cans Service 33-40 gal	per pickup/wk	37.12	40.46	44.10
Each additional can 33-40 gal	per pickup/wk	24.24	26.42	28.80
Manual Cans Service 41-50 gal	per pickup/wk	44.58	48.59	52.96
Each additional can 41-50 gal	per pickup/wk	27.91	30.42	33.16

<u>Description</u>	<u>Level of Service</u>	<u>FY09 Rates</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
Manual Cans Service 51-60 gal	per pickup/wk	51.28	55.90	60.93
Each additional can 51-60 gal	per pickup/wk	32.58	35.51	38.71
Manual collection on special call 32 gal or less	per pickup	43.84	47.79	52.09
Each additional can 32 gal or less	per pickup	24.76	23.72	25.85

V. OLD SACRAMENTO SERVICE COURTS

The property adjacent to each service court will be billed for solid waste service utilizing the following criteria:

Parcel size	25%			
Square footage of building	50%			
Front footage of building	25%			
Commercial 6 yd compact unit	1 pickup	654.84	710.51	774.46
	2 pickups	892.33	972.64	1,060.18
	3 pickups	1,132.82	1,234.77	1,345.90
	4 pickups	1,496.07	1,630.72	1,777.48
	5 pickups	1,812.17	1,757.27	1,915.42
	6 pickups	1,972.07	2,149.56	2,343.02
	Special call/ daily	120.75	131.62	143.47
	Special call/ Sunday	179.30	195.44	213.03
Commercial 8 yd bin loose	per pickup per week	224.42	241.02	262.71
Commercial 8 yd bin compacted	per pickup per week	343.94	374.89	408.63

VI. SPECIAL GARBAGE COLLECTION SERVICES

Bins				
1 cubic yard	per pickup	53.34	58.14	63.37
2 cubic yards	per pickup	69.66	75.93	82.76
3 cubic yards	per pickup	85.75	93.47	101.88
4 cubic yards	per pickup	101.86	111.03	121.02
5 cubic yards	per pickup	117.95	128.57	140.14
6 cubic yards	per pickup	134.04	146.10	159.25
Bins/Sunday				
1 cubic yard	Sunday pickup	95.98	104.62	114.04
2 cubic yards	Sunday pickup	125.40	136.69	148.99
3 cubic yards	Sunday pickup	154.35	168.24	183.38
4 cubic yards	Sunday pickup	183.33	199.83	217.81
5 cubic yards	Sunday pickup	212.30	231.41	252.24
6 cubic yards	Sunday pickup	241.28	263.00	286.67
Roll-off containers (inert materials)				
10 cubic yard	per pickup	229.55	250.21	272.73
20 cubic yards	per pickup	257.06	280.20	305.42
25 cubic yards	per pickup	298.90	325.80	355.12
30 cubic yards	per pickup	340.75	371.42	404.85
35 cubic yards	per pickup	380.24	414.43	451.73
40 cubic yards	per pickup	436.40	475.68	518.49
Roll-off containers/Sunday				
10 cubic yard	Sunday pickup	262.66	286.30	312.07
20 cubic yards	Sunday pickup	385.74	420.46	458.30
25 cubic yards	Sunday pickup	448.19	488.53	532.50
30 cubic yards	Sunday pickup	510.63	556.59	606.68
35 cubic yards	Sunday pickup	571.24	622.65	678.69
40 cubic yards	Sunday pickup	633.70	690.73	752.90
Deliver bin and pickup				
1 cubic yard	per pickup	106.64	116.24	126.70
2 cubic yards	per pickup	139.33	151.87	165.54
3 cubic yards	per pickup	171.50	186.94	203.76
4 cubic yards	per pickup	203.70	222.03	242.01
Compactors				
3 cubic yards	per pickup	409.11	118.93	129.63
4 cubic yards	per pickup	445.11	158.17	172.41
5 cubic yards	per pickup	481.40	197.73	215.53

<u>Description</u>	<u>Level of Service</u>	<u>FY09 Rates</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
6 cubic yards	per pickup	217.67	237.26	258.61
Compactors/Sunday				
3 cubic yards	Sunday pickup	163.65	178.38	194.43
4 cubic yards	Sunday pickup	217.67	237.26	258.61
5 cubic yards	Sunday pickup	272.07	296.56	323.25
6 cubic yards	Sunday pickup	326.49	355.87	387.90
Compacted Roll-off container				
10 cubic yard	per pickup	304.36	331.75	361.61
20 cubic yards	per pickup	479.22	522.35	569.36
25 cubic yards	per pickup	567.28	618.34	673.99
30 cubic yards	per pickup	654.06	712.93	777.09
35 cubic yards	per pickup	742.14	808.93	881.73
40 cubic yards	per pickup	828.90	903.50	984.82
Compacted Roll-off container/Sunday				
10 cubic yard	Sunday pickup	697.81	651.61	710.25
20 cubic yards	Sunday pickup	747.26	814.51	887.82
25 cubic yards	Sunday pickup	896.71	977.41	1,065.38
30 cubic yards	Sunday pickup	1,221.91	1,331.88	1,451.75
35 cubic yards	Sunday pickup	1,347.45	1,468.72	1,600.90
40 cubic yards	Sunday pickup	1,474.10	1,606.87	1,751.49
Special cleanups/per hour (per worker)		53.80	58.64	63.92
Out of City limits charge for commercial bins/roll-offs services		59.78	65.16	71.02
Special waste hauling				
10 cubic yards	per pickup	449.88	490.37	534.50
20 cubic yards	per pickup	660.68	720.14	784.95
25 cubic yards	per pickup	767.64	836.73	912.04
30 cubic yards	per pickup	874.61	953.32	1,039.12
35 cubic yards	per pickup	978.41	1,066.47	1,162.45
40 cubic yards	per pickup	1,085.41	1,183.10	1,289.58

Attachment 5**RESOLUTION NO.**

Adopted by the Sacramento City Council

**AMENDMENT TO THE CITY OF SACRAMENTO FEE AND CHARGE REPORT
FOR UTILITY SERVICE RATES FOR FY2009/10 AND 2010/11****BACKGROUND:**

- A. Articles XIIC and XIID of the California Constitution (Proposition 218) establish various procedures for the approval of taxes, assessments and property-related service fees by local government agencies.
- B. For the imposition or increase of water, sewer and solid waste service rates that are "property-related fees" within the meaning of Proposition 218, Proposition 218 requires that a notice describing the proposed fee or fee increase and establishing a date, time and location of a public hearing on the proposed fee or fee increase (held not less than 45 days after the notice is mailed), be mailed to the record owner of each parcel subject to the proposed fee or fee increase. Under Section 13.02.040(C) and Section 3.44.100(B) of the Sacramento City Code, for fees or fee increases proposed by the City of Sacramento, the public hearing is held by the City's Utilities Rate Advisory Commission.
- C. At the public hearing, Proposition 218 requires that all protests filed against the proposed fee or fee increase be considered, and the agency may not approve the proposed fee or fee increase if written protests against the proposed fee or fee increase are presented by a majority of the owners or tenants of the affected parcels.
- D. On April 10, 2009, the City mailed a notice to all owners of property subject to the City's water, sewer and solid waste service rates, which notice: (i) described proposed two-year increases in the City's water, sewer and solid waste service rates, to take effect on July 1, 2009, and July 1, 2010, respectively; (ii) provided the date, time and location of the public hearing when these proposed rate increases would be heard by the City's Utilities Rate Advisory Commission; and (iii) provided notice that an owner or tenant had the right to file a written protest against the proposed rate increases at or before the time set for public hearing.
- E. The City's Utilities Rate Advisory Commission held such public hearing on May 27, 2009, and considered all protests against the proposed rate increases as well as all testimony and other information presented by City staff and members of the public.
- F. As of the date and time of such public hearing, the number of written protests received

against the proposed two-year increases in the City's water, sewer and solid waste service rates was less than a majority of the record owners or tenants of the parcels that will be subject to the proposed increased rates.

- G. After the conclusion of such public hearing, the City's Utilities Rate Advisory Commission approved the following recommendations for increases to the City's utility service rates:

	<u>FY 2009/10</u>	<u>FY 2010/11</u>
• Water service rates:	19%	19%
• Sewer service rates:	10%	12%
• Solid Waste rates:	12%	11%

- H. The Department of Utilities presented the Utilities Rate Advisory Commission's recommendation for increases to the City's utility service rates to the City Council on June 9, 2009. At that time City Council adopted an intent motion directing the Department of Utilities to return to the City Council on June 23, 2009 with a recommendation for lower rate increases that would result in a 9% overall rate increase in FY2009/10 and a 9% overall rate increase in FY2010/11 for a typical residential customer receiving water, sewer, solid waste and storm drainage services.

- I. The Department of Utilities proposes the following recommendations for two-year increases to the City's water, sewer and solid waste service rates, with no increase to storm drainage rates:

	<u>FY 2009/10</u>	<u>FY 2010/11</u>
• Water service rates:	15%	15%
• Sewer service rates:	5%	5%
• Solid Waste rates:	9%	9%

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

1. The two-year utility service rates shown on Exhibit A (Water Rates), Exhibit B (Sewer Rates) and Exhibit C (Solid Waste Rates), to take effect on July 1, 2009, and on July 1, 2010, respectively, are hereby approved and imposed. The City of Sacramento Fee and Charge Report is amended to include the utility service rates shown on Exhibits A, B and C, which exhibits are incorporated herein by this reference.
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 rates, fees and charges are for the purpose of:

- a. Providing funds to meet operating expenses, including employee wage rates and fringe benefits.
- b. Permitting the generation of necessary cash flow to finance maintenance of the City's utility service systems and meeting financial reserve needs and requirements.
- c. Funding the purchase or lease of necessary supplies and equipment for the systems.
- d. Providing funds for capital projects necessary to provide and maintain service by the systems.

Table of Contents:

Exhibit A: Water Rates
Exhibit B: Sewer Rates
Exhibit C: Solid Waste Rates

Exhibit A

Water Service Fees and Charges

The Fee and Charge Report of the City of Sacramento is hereby amended to include the following water service charges effective July 1, 2009, and July 1, 2010, respectively.

	<u>FY10 Rates</u>	<u>FY11 Rates</u>
I. WATER USE RATES, MONTHLY DOMESTIC		
Single-family residence:		
1-3 rooms	21.11	24.28
4-5 rooms	27.47	31.59
6-9 rooms	29.87	34.35
10-15 rooms	34.52	39.70
Over 15, each additional room	2.42	2.78
Multiple-family residences (for each family dwelling unit in a multiple family residence)		
1-3 rooms	16.19	18.62
4-5 rooms	20.73	23.84
6-7 rooms	25.30	29.10
8-9 rooms	29.87	34.35
10-15 rooms	34.52	39.70
Over 15, each additional room	2.42	2.78
Lot Irrigation, per Water Service Tap	42.06	48.37
II. WATER USE RATES, MONTHLY COMMERCIAL		
Bakery, first 1,000 sq. ft. of gross floor area or fraction thereof	58.64	67.44
Each additional 1,000 sq. ft. or fraction thereof	39.00	44.85
Barber Shop or Beauty Parlor, first 1,000 sq. ft. of gross floor area or fraction thereof	29.33	33.73
Each additional 1,000 sq. ft. or fraction thereof	18.92	21.76
Bowling Alley, first 1,000 sq. ft. of gross floor area or fraction thereof	29.33	33.73
Each additional 1,000 sq. ft. or fraction thereof	18.92	21.76
Cemetery, for the irrigation season, first 1,000 sq. ft. or fraction thereof	53.82	61.89
Each additional 1,000 sq. ft. or fraction thereof	4.29	4.93
Dining Facilities (including restaurant, cafeteria, cafe, bar)		
first 1,000 sq. ft. of gross floor area or fraction thereof	58.44	67.21
Each additional 1,000 sq. ft. or fraction thereof	38.53	44.31
Drug Store, first 1,000 sq. ft. of gross floor area or fraction thereof	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	12.03	13.83
Fire Hydrant Service Charge		
Wharf Hydrant	11.36	13.06
Standard Hydrant	28.08	32.29

FY2009/10 Proposed Budget Amendments and Two-Year Utility Rates

June 23, 2009

	<u>FY10 Rates</u>	<u>FY11 Rates</u>
II. WATER USE RATES, MONTHLY COMMERCIAL (cont'd)		
Furniture Store, first 1,000 sq. ft. of gross floor area or fraction thereof	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	2.97	3.42
Garage, first 1,000 sq. ft. of gross floor area or fraction thereof	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	2.97	3.42
Halls (including lodge and auditorium), first 1,000 sq. ft. of gross floor area or fraction thereof	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	12.03	13.83
Hotel, Rest or Convalescent Homes, first 10 sleeping rooms or fraction thereof	53.82	61.89
Over 10 sleeping rooms, each additional sleeping room	4.29	4.93
Laundry, first 1,000 sq. ft. of gross floor area or fraction thereof	116.79	134.31
Each additional 1,000 sq. ft. or fraction thereof	74.27	85.41
Market, first 1,000 sq. ft. of gross floor area or fraction thereof	29.33	33.73
Each additional 1,000 sq. ft. or fraction thereof	18.92	21.76
Mortuary, first 1,000 sq. ft. of gross floor area or fraction thereof	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	12.03	13.83
Motel, first 10 sleeping rooms or fraction thereof	53.82	61.89
Each additional sleeping room over 10	4.29	4.93
Office Building, first 1,000 sq. ft. of gross floor area or fraction thereof	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	9.15	10.52
Park (not municipal), for irrigation season, first 1,000 sq. ft. or fraction thereof	53.82	61.89
Each additional 1,000 sq. ft. or fraction thereof	4.29	4.93
Religious Worship, including the building used exclusively for religious worship and any other building used for religious activities, first 1,000 sq. ft. of gross floor area or fraction thereof	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	4.98	5.73
School, first 100 pupils or fraction thereof	51.91	59.70
Each additional 100 pupils or fraction thereof	40.43	46.49
Service Station (no wash racks) and Used Car Lots:		
tap size to City main: 3/4"	29.33	33.73
1"	38.53	44.31
1 1/2"	62.94	72.38
2"	107.61	123.75
Store, first 1,000 sq. ft. of gross floor area or fraction thereof	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	12.03	13.83

FY2009/10 Proposed Budget Amendments and Two-Year Utility Rates

June 23, 2009

	<u>FY10 Rates</u>	<u>FY11 Rates</u>
II. WATER USE RATES, MONTHLY COMMERCIAL (cont'd)		
Theater, first 1,000 sq. ft. of gross floor area or fraction thereof	29.44	33.86
Each additional 1,000 sq. ft. or fraction thereof	18.92	21.76
Warehouse, first 1,000 sq. ft. of gross floor area or fraction thereof	27.01	31.06
Each additional 1,000 sq. ft. or fraction thereof	2.97	3.42
Minimum Rate: In no case shall a commercial flat-rate be less than:	27.01	31.06
III. SPECIAL WATER USE RATES, MONTHLY		
Air Conditioning System:		
Monthly demand charge (system without water conservation devices) per ton of capacity for each month of the air conditioning season of 5 months.	17.94	20.63
For systems on flat-rate service the following charge will apply for each month during the air conditioning season, per ton of system capacity		
With Water Conservation Device	4.13	4.75
Without Water Conservation Device	63.03	72.48
Evaporative coolers (commercial establishments) - for units on flat rate service the following charges will apply for each month during the air conditioning season, per 1,000 cubic feet per minute unit capacity.		
With Water Conservation Device	2.38	2.74
Without Water Conservation Device	6.46	7.43
Refrigeration Systems:		
For systems on flat-rate service, the following charges will apply for each month during the year, per compressor horsepower.		
With Water Conservation Device	4.37	5.03
Without Water Conservation Device	41.23	47.41
Dining Facility, (including restaurant, cafeteria, cafe, kitchen, bar) each 1,000 sq. ft. of gross floor area or fraction thereof	31.63	36.37
Gymnasium, each shower head	14.28	16.42
Hydraulically-operated elevator		
With Water Conservation Device	22.56	25.94
Without Water Conservation Device	125.45	144.27
Irrigation: Supplemental (Commercial)		
0 - 10,000 sq. ft. (net irrigable area)	0.00	0.00
over 10,000 sq. ft. (net irrigable area), each additional 1,000 sq. ft.	4.29	4.93
Irrigation: Supplemental (Domestic)		
0 - 13,000 sq. ft. (gross lot area)	0.00	0.00
over 13,000 sq. ft. (gross lot area), each additional 1,000 sq. ft.	4.29	4.93

			<u>FY10 Rates</u>	<u>FY11 Rates</u>
III. SPECIAL WATER USE RATES, MONTHLY (Cont'd)				
Private Fire Protection	Tap size to City main:	0 - 2"	17.94	20.63
		3"	27.01	31.06
		4"	35.86	41.24
		6"	53.82	61.89
		8"	71.77	82.54
		10"	89.70	103.16
		12"	107.61	123.75
Swimming Pool, non-residential (where pool is not principal function of said establishment)				
	Under 300 cu. ft. fill & draw, per 100 cu. ft.		0.00	0.00
	Over 300 cu. ft. fill & draw, per 100 cu. ft.		5.5200	6.3480
	Under 300 cu. ft. per 100 cu. ft., filtered		0.00	0.00
	Over 300 cu. ft. per 100 cu. ft., filtered		1.0529	1.2108
IV. MONTHLY METERED WATER USE, PER 100 CUBIC FEET				
A.	For irrigation of landscaping on parks and medians which are owned and operated by the City of Sacramento and are open to the general public, provided that a turf audit is submitted to the Department of Utilities once every three (3) years, or at such time sooner as may be required by any individual user's case by the Department of Utilities:			
		Per 100 cubic feet:	0.1323	0.1521
B.	For all other metered water services:			
		Per 100 cubic feet:	0.6509	0.7485
For metered service, monthly basic service charges, regardless of water usage, as follows:				
		<u>Metered Size</u>		
		5/8" x 3/4"	15.94	18.33
		3/4"	15.94	18.33
		1"	15.94	18.33
		1 1/2"	30.02	34.52
		2"	46.91	53.95
		3"	86.34	99.29
		4"	142.66	164.06
		6"	283.46	325.98
		8"	452.42	520.28
		10"	649.54	746.97
		12"	1,212.74	1,394.65

Exhibit B

Sewer Service Fees and Charges

The Fee and Charge Report of the City of Sacramento is hereby amended to include the following sewer service charges effective July 1, 2009, and July 1, 2010, respectively.

	<u>FY10 Rates</u>	<u>FY11 Rates</u>
I. SEWER SERVICE RATES - RESIDENTIAL		
Single-family residence:		
1-3 rooms	9.20	9.66
4-5 rooms	11.66	12.24
6-7 rooms	14.04	14.74
8-9 rooms	16.22	17.03
10-15 rooms	18.61	19.54
over 15, each additional room	1.27	1.33
Multiple-family residence:	Each dwelling unit charged the same as a single-family residence	
II. SEWER SERVICE RATES - MONTHLY COMMERCIAL		
Bakery, each 1,000 sq.ft. of gross floor area or fraction thereof	20.30	21.32
Barber Shop or Beauty Parlor, each 1,000 sq.ft. of gross floor area or fraction thereof	10.89	11.43
Bowling Alley, each 1,000 sq.ft. of gross floor area or fraction thereof	9.51	9.99
Dining Facilities (including restaurant, cafeteria, cafe, bar) each 1,000 sq.ft. of gross floor area or fraction thereof	21.79	22.88
Drug Store, each 1,000 sq.ft. of gross floor area or fraction thereof	7.14	7.50
Furniture Store, each 1,000 sq.ft. of gross floor area or fraction thereof	2.35	2.47
Garage, each 1,000 sq.ft. of gross floor area or fraction thereof	1.92	2.02
Halls (including lodge or auditorium), each 1,000 sq.ft. of gross floor area or fraction thereof	6.31	6.63
Hotel, per sleeping room	2.16	2.27
Laundry (where laundry is performed on premises), each 1,000 sq. ft. of gross floor area or fraction thereof	42.21	44.32
Market, each 1,000 sq.ft. of gross floor area or fraction thereof	9.10	9.56
Mortuary, each 1,000 sq.ft. of gross floor area or fraction thereof	5.99	6.29
Motel, per sleeping room or fraction thereof	2.16	2.27
Office Building, each 1,000 sq.ft. of gross floor area or fraction thereof	7.37	7.74
Religious Worship (premises), each 1,000 sq.ft. of gross floor area or fraction thereof	3.26	3.42
Rest or Convalescent Home, per sleeping room or fraction thereof	3.49	3.66
School, each 100 pupils or fraction thereof	19.26	20.22
Service Station and Used Car Lot (no wash racks):		
Water tap size to City main:		
3/4"	11.46	12.03
1"	14.92	15.67
1 1/2"	24.52	25.75
2"	42.21	44.32

FY2009/10 Proposed Budget Amendments and Two-Year Utility Rates

June 23, 2009

	FY10 Rates	FY11 Rates
Store, each 1,000 sq.ft. of gross floor area or fraction thereof	7.56	7.94
Theater, each 1,000 sq.ft. of gross floor area or fraction thereof	8.98	9.43
Warehouse, each 1,000 sq.ft. of gross floor area or fraction thereof	1.75	1.84
Minimum rate, not less than:	11.38	11.95

III. SPECIAL SEWER RATES - MONTHLY

Air Conditioning Systems

For systems on flat-rate service, each month during air conditioning season, per ton of system capacity:	18.16	19.07
With water conservation device:	1.75	1.84

Evaporative coolers (commercial establishments), for each month during air conditioning season, unit capacity - per 1,000 cfm, without recirculation	2.44	2.56
With water conservation device, with recirculation:	0.71	0.75

Refrigeration systems, for systems on flat-rate service, per compressor horsepower:	18.16	19.07
With water conservation device:	1.75	1.84

Dining Facility, each 1,000 sq.ft. or fraction thereof	14.10	14.81
Gymnasium, each shower head	6.50	6.83
Hydraulically operated elevator	55.92	58.72
With water conservation device	9.77	10.26
Swimming Pool, non-commercial, per pool capacity	0.00	0.00
Under 300 cu.ft. (fill & draw)	2.3520	2.4696
Over 300 cu.ft. (fill & draw), each 100 cu.ft. contents	0.00	0.00
Under 300 cu.ft. (filtered)	0.6090	0.6395
Over 300 cu.ft. (filtered), each 100 cu.ft. contents	0.5747	0.6034

IV. MONTHLY METERED SEWER USE, PER 100 CU.FT.

Water Meter Size	Quantity of Sewage Allowed Without Additional Payment		
5/8" x 3/4"	1200 cu.ft., 9000 gal.	6.90	7.25
3/4"	1700 cu.ft., 13000 gal.	9.77	10.26
1"	2100 cu.ft., 16000 gal.	12.07	12.67
1 1/2"	3700 cu.ft., 28000 gal.	21.26	22.32
2"	6200 cu.ft., 46000 gal.	35.63	37.41
3"	12500 cu.ft., 94000 gal.	71.81	75.40
4"	21800 cu.ft., 163000 gal.	125.26	131.52
6"	50000 cu.ft., 374000 gal.	287.29	301.65
8"	106200 cu.ft., 794000 gal.	610.18	640.69
10"	168700 cu.ft., 1262000 gal.	969.29	1,017.75
12"	262500 cu. ft., 1964000 gal.	1,508.24	1,583.65

Exhibit C

Solid Waste Service Fees and Charges

The Fee and Charge Report of the City of Sacramento is hereby amended to include the following solid waste service charges effective July 1, 2009 and July 1, 2010, respectively.

<u>Description</u>	<u>Level of Service</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
I. GARDEN REFUSE COLLECTION (LAWN & GARDEN)			
<u>Residential Services - Non-Containerized</u>			
Single family residence	Weekly	12.24	13.34
Two family residence	Weekly	18.77	20.46
Multi-Family Residential Units			
3-5 units	Weekly	20.35	22.18
6-10 units	Weekly	27.22	29.67
11-25 units	Weekly	34.02	37.08
26-50 units	Weekly	40.83	44.50
<u>Residential Services - Containerized</u>			
Single family residence (1 to 4 units)	Weekly - Per unit	9.24	10.07
Additional can	Weekly - Per unit	5.09	5.55
<u>Non-Residential/Commercial Services - Non Containerized</u>			
Multi-Family Residential Units - 51 units and over	Weekly	47.63	51.92
2 cubic yards	Weekly	34.02	37.08
3 cubic yards	Weekly	40.83	44.50
4 cubic yards	Weekly	47.63	51.92
<u>Non-Residential/Commercial Services - Containerized</u>			
96 gal can	1 pickup/wk	9.24	10.07
Note: Lawn and Garden loose in the street (non-containerized) collection is a periodic service. Service is generally provided on a weekly basis throughout the year, with exception of "leaf season" where fewer collections may occur.			
II. STREET SWEEPING			
<u>Residential Services</u>			
Single family residence	Monthly	1.46	1.59
Two family residence	Monthly	2.31	2.52
Multi-Family Residential Units			
3-5 units	Monthly	4.14	4.51
6-50 units	Monthly	4.47	4.87
51 units and over	Monthly	4.77	5.20
<u>Commercial Services</u>			
Per commercial premise	Monthly	4.77	5.20
<u>Miscellaneous Services</u>			
AdHoc Street Sweeping Requests	Per hour	330.71	360.47

<u>Description</u>	<u>Level of Service</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
III. RECYCLING SERVICES			
<u>Residential Services</u>			
Commingled 32, 64, or 96 gallon can	Weekly - Per Unit	4.46	4.86
<i>Note: Disabled Service is provided to a qualified residence at same rates as non-disabled.</i>			
<u>Non-Residential/Commercial (WITH GARBAGE SERVICES)</u>			
1 yard commingled bin	1 pickup/wk	27.98	30.50
2 yard commingled bin	1 pickup/wk	38.16	41.59
3 yard commingled bin	1 pickup/wk	50.88	55.46
4 yard commingled bin	1 pickup/wk	57.24	62.39
Multi-family/commercial commingled can	1 pickup/wk	12.72	13.86
<i>Note: Bin service is available to residential customers at the Non-Residential/Commercial rates.</i>			
<u>Non-Residential/Commercial (WITHOUT GARBAGE SERVICES)</u>			
1 yard commingled bin	1 pickup/wk	35.62	38.83
2 yard commingled bin	1 pickup/wk	47.06	51.30
3 yard commingled bin	1 pickup/wk	58.51	63.78
4 yard commingled bin	1 pickup/wk	66.14	72.09
Multi-family/commercial commingled can	1 pickup/wk	12.72	13.86
IV. GARBAGE COLLECTION SERVICE			
<u>Residential Services</u>			
Auto-lift 96 gallon	Weekly - Per unit	20.09	21.90
Additional Auto-lift 96 gallon	Weekly - Per unit	16.95	18.48
Auto-lift 64 gallon	Weekly - Per unit	16.50	17.99
Additional Auto-lift 64 gallon	Weekly - Per unit	14.33	15.62
Auto-lift 32 gallon	Weekly - Per unit	12.52	13.65
Additional Auto-lift 32 gallon	Weekly - Per unit	12.38	13.49
Extra bag (5 - 6 bags)	Per pickup	11.73	12.79
Extra bag (3 - 4 bags)	Per pickup	9.11	9.93
Extra bag (1 - 2 bags)	Per pickup	7.82	8.52
<i>Note: Disabled Service provided to qualified residence at same rates as non-disabled.</i>			
Collection on special call (autolift) 96-gallon	Per pickup	34.53	37.64
Collection on special call additional 96-gallon can or extra bags (5 - 6 bags)	Per pickup	18.25	19.89
Collection on special call (autolift) 64-gallon	Per pickup	31.28	34.10
Collection on special call additional 64-gallon can or extra bags (3 - 4 bags)	Per pickup	15.96	17.40
Collection on special call (autolift) 32-gallon	Per pickup	28.01	30.53
Collection on special call additional 32-gallon can or extra bags (1 - 2 bags)	Per pickup	14.33	15.62
Dormant Service (Fee to stop garbage & recycling charges temporarily)	One-time	65.16	71.02
Dormant Service Fee (vacant residences)	Monthly	6.06	6.61
Manual Service 32 gal or less non-curb*	1 pickup/wk	30.18	32.90
	2 pickups/wk	59.80	65.18
	3 pickups/wk	78.51	85.58

<u>Description</u>	<u>Level of Service</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
Manual Service 33-40 gal non-curb*	Additional can/pickup	14.60	15.91
	1 pickup/wk	32.91	35.87
	2 pickups/wk	65.88	71.81
	3 pickups/wk	87.90	95.81
Manual Service 32 gal or less curbside	Additional can/pickup	18.91	20.61
	1 pickup/wk	20.67	22.53
	2 pickups/wk	41.38	45.10
	3 pickups/wk	61.51	67.05
Manual Service 33-40 gal curbside	Additional can/pickup	10.47	11.41
	1 pickup/wk	22.87	24.93
	2 pickups/wk	45.80	49.92
	3 pickups/wk	68.66	74.84
Manual Service Collection on special call - 40 gal or less	per pickup	13.46	14.67
	Each additional can	40.85	44.53
		15.43	16.82
* "Non-curb" is defined as container placement more than 6 feet from curb.			
<u>Multi-Family (5 units and above)/Commercial Services</u>			
Auto-lift 96 gallon	per pickup/wk	28.19	30.73
Additional Auto-lift 96 gallon	per pickup/wk	21.68	23.63
Auto-lift 64 gallon	per pickup/wk	25.36	27.64
Additional Auto-lift 64 gallon	per pickup/wk	19.77	21.55
Auto-lift 32 gallon	per pickup/wk	21.68	23.63
Additional Auto-lift 32 gallon	per pickup/wk	18.97	20.68
Automated collection on special call			
96-gallon automated can	per pickup	36.91	40.23
64-gallon automated can	per pickup	32.10	34.99
32-gallon automated can	per pickup	27.78	30.28
	Each additional can	23.72	25.85
1 yd bin loose	per pickup/wk	69.52	75.78
1 yd bin compacted	per pickup/wk	144.21	157.19
2 yd bin loose	per pickup/wk	90.98	99.17
2 yd bin compacted	per pickup/wk	183.33	199.83
3 yd bin loose	per pickup/wk	112.46	122.58
3 yd bin compacted	per pickup/wk	161.72	176.27
4 yd bin loose	per pickup/wk	133.94	145.99
4 yd bin compacted	per pickup/wk	198.33	216.18
5 yd bin loose	per pickup/wk	155.42	169.41
5 yd bin compacted	per pickup/wk	211.17	230.18
6 yd bin loose	per pickup/wk	176.89	192.81
6 yd bin compacted	per pickup/wk	271.19	295.60
8 yd bin loose	per pickup/wk	250.66	273.22
8 yd bin compacted	per pickup/wk	428.88	467.48
10 yd roll-off box loose	per pickup/wk	413.38	450.58
10 yd roll-off box compacted	per pickup/wk	586.53	639.32
20 yd roll-off box loose	per pickup/wk	503.96	549.32
20 yd roll-off box compacted	per pickup/wk	976.75	1,064.66
25 yd roll-off box compacted	per pickup/wk	1,156.27	1,260.33
30 yd roll-off box loose	per pickup/wk	908.34	990.09
30 yd roll-off box compacted	per pickup/wk	1,331.88	1,451.75

<u>Description</u>	<u>Level of Service</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
35 yd roll-off box compacted	per pickup/wk	1,468.72	1,600.90
40 yd roll-off box loose	per pickup/wk	1,056.91	1,152.03
40 yd roll-off box compacted	per pickup/wk	1,606.87	1,751.49

Note: Bin service is available to residential customers at the Multi-Family/Commercial rates.

Three (3) months continuous service is required for Commercial Bin Service

Trailer	5 pickups	503.99	549.35
Two-person route surcharge	per pickup/wk	24.19	26.37

"Non-curb" is defined as container placement more than 6 feet from curb.

Manual Cans Service 32 gal or less	per pickup/wk	36.72	40.02
Each additional can 32 gal or less	per pickup/wk	21.12	23.02
Manual Cans Service 33-40 gal	per pickup/wk	40.46	44.10
Each additional can 33-40 gal	per pickup/wk	26.42	28.80
Manual Cans Service 41-50 gal	per pickup/wk	48.59	52.96
Each additional can 41-50 gal	per pickup/wk	30.42	33.16
Manual Cans Service 51-60 gal	per pickup/wk	55.90	60.93
Each additional can 51-60 gal	per pickup/wk	35.51	38.71
Manual collection on special call 32 gal or less	per pickup	47.79	52.09
Each additional can 32 gal or less	per pickup	23.72	25.85

V. OLD SACRAMENTO SERVICE COURTS

The property adjacent to each service court will be billed for solid waste service utilizing the following criteria:

Parcel size	25%		
Square footage of building	50%		
Front footage of building	25%		
Commercial 6 yd compact unit	1 pickup	710.51	774.46
	2 pickups	972.64	1,060.18
	3 pickups	1,234.77	1,345.90
	4 pickups	1,630.72	1,777.48
	5 pickups	1,757.27	1,915.42
	6 pickups	2,149.56	2,343.02
	Special call/ daily	131.62	143.47
	Special call/ Sunday	195.44	213.03
Commercial 8 yd bin loose	per pickup per week	241.02	262.71
Commercial 8 yd bin compacted	per pickup per week	374.89	408.63

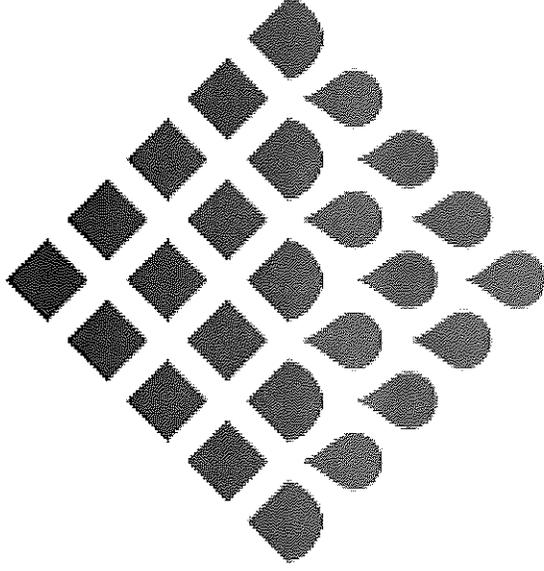
VI. SPECIAL GARBAGE COLLECTION SERVICES

Bins			
1 cubic yard	per pickup	58.14	63.37
2 cubic yards	per pickup	75.93	82.76

<u>Description</u>	<u>Level of Service</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
3 cubic yards	per pickup	93.47	101.88
4 cubic yards	per pickup	111.03	121.02
5 cubic yards	per pickup	128.57	140.14
6 cubic yards	per pickup	146.10	159.25
Bins/Sunday			
1 cubic yard	Sunday pickup	104.62	114.04
2 cubic yards	Sunday pickup	136.69	148.99
3 cubic yards	Sunday pickup	168.24	183.38
4 cubic yards	Sunday pickup	199.83	217.81
5 cubic yards	Sunday pickup	231.41	252.24
6 cubic yards	Sunday pickup	263.00	286.67
Roll-off containers (Inert materials)			
10 cubic yard	per pickup	250.21	272.73
20 cubic yards	per pickup	280.20	305.42
25 cubic yards	per pickup	325.80	355.12
30 cubic yards	per pickup	371.42	404.85
35 cubic yards	per pickup	414.43	451.73
40 cubic yards	per pickup	475.68	518.49
Roll-off containers/Sunday			
10 cubic yard	Sunday pickup	286.30	312.07
20 cubic yards	Sunday pickup	420.46	458.30
25 cubic yards	Sunday pickup	488.53	532.50
30 cubic yards	Sunday pickup	556.59	606.68
35 cubic yards	Sunday pickup	622.65	678.69
40 cubic yards	Sunday pickup	690.73	752.90
Deliver bin and pickup			
1 cubic yard	per pickup	116.24	126.70
2 cubic yards	per pickup	151.87	165.54
3 cubic yards	per pickup	186.94	203.76
4 cubic yards	per pickup	222.03	242.01
Compactors			
3 cubic yards	per pickup	118.93	129.63
4 cubic yards	per pickup	158.17	172.41
5 cubic yards	per pickup	197.73	215.53
6 cubic yards	per pickup	237.26	258.61
Compactors/Sunday			
3 cubic yards	Sunday pickup	178.38	194.43
4 cubic yards	Sunday pickup	237.26	258.61
5 cubic yards	Sunday pickup	296.56	323.25
6 cubic yards	Sunday pickup	355.87	387.90
Compacted Roll-off container			
10 cubic yard	per pickup	331.75	361.61
20 cubic yards	per pickup	522.35	569.36
25 cubic yards	per pickup	618.34	673.99
30 cubic yards	per pickup	712.93	777.09
35 cubic yards	per pickup	808.93	881.73
40 cubic yards	per pickup	903.50	984.82
Compacted Roll-off container/Sunday			
10 cubic yard	Sunday pickup	651.61	710.25
20 cubic yards	Sunday pickup	814.51	887.82
25 cubic yards	Sunday pickup	977.41	1,065.38
30 cubic yards	Sunday pickup	1,331.88	1,451.75

<u>Description</u>	<u>Level of Service</u>	<u>FY10 Rates</u>	<u>FY11 Rates</u>
35 cubic yards	Sunday pickup	1,468.72	1,600.90
40 cubic yards	Sunday pickup	1,606.87	1,751.49
Special cleanups/per hour (per worker)		58.64	63.92
Out of City limits charge for commercial bins/roll-offs services		65.16	71.02
Special waste hauling			
10 cubic yards	per pickup	490.37	534.50
20 cubic yards	per pickup	720.14	784.95
25 cubic yards	per pickup	836.73	912.04
30 cubic yards	per pickup	953.32	1,039.12
35 cubic yards	per pickup	1,066.47	1,162.45
40 cubic yards	per pickup	1,183.10	1,289.58

FY09/10 Proposed Budget Amendments & Two Year Utility Service Rate Adjustments



**CITY OF SACRAMENTO
DEPARTMENT
OF UTILITIES**

June 23, 2009

Overview

Presentation:

- Baseline Budget Assumptions
- Revised Rate Proposals
- Service Impacts to Achieve 9% Overall Average
- Layoffs (No Concessions and Rate Reduction)
- Proposed Amendments & Expenditure Distribution
- Cost to a Typical Single-Family Residence
- Potential Risks

Baseline Budget Assumptions

Assumptions carried forward from previous recommendation:

- Assumes labor savings
 - ➔ Unrepresented furloughs/COLA deferrals
 - ➔ Union concessions or layoffs
- Use of reserves
- Reductions in S&S (chemicals, SMUD)
- DOU efficiencies (unrepresented furloughs, SW 4/10)
- No new service delivery/programs
 - ➔ Water conservation exception
 - ➔ No additional staffing for DOU operations

Rate Proposal

	12% Overall		9% Overall	
FUND	FY2009/10	FY2010/11	FY2009/10	FY2010/11
Water	19%	19%	15%	15%
Sewer	10%	12%	5%	5%
SW	12%	11%	9%	9%

Adjustments:

- Reduce the meter program budget
- Use of sewer reserves
- Defund economic development & baseline CIPs
- Suspend/reduce solid waste programs

Service Impacts

WATER & SEWER

- Reduce Water Meter Program from 5% to 3%
- Suspend Economic Development CIPs
- Reduce Baseline Water CIP program
- Additional \$1 million in reductions needed in FY10/11 for Water Fund
- Preventative Maintenance programs reduced
- Increased response time for repairs from 5 to 10 days

Service Impacts (continued)

SOLID WASTE

- Suspend Neighborhood Cleanup program
- Reduce Illegal Dumping program by 50%
- Reduce Street Sweeping to annual service

ALL FUNDS

- Extended hold times in Utilities' and 311 Call Centers
- Reduction in administrative support

Solid Waste Program Activity

District	Neighborhood Cleanup Appts	Illegal Dumping Pick Ups	Street Sweeping
1	2,005	381	Citywide
2	1,990	2,341	
3	1,294	567	
4	1,599	267	
5	2,315	659	
6	2,172	433	
7	2,153	284	
8	2,405	389	
Total Collections	15,933	5,321	
Total Weight (Tons)	10,000	2,500	4,000

Risk

- **Catastrophic failure**
 - **Infrastructure rating D- (weakest links)**
- **Regulatory penalties**
 - **Fines/moratoriums**
- **Loss of Federal and State grants**

Proposed FY2009/10 and FY2010/11 Rate Increase
Typical Single-Family Customer Monthly Bill

UTILITY SERVICES	Current Rate (residential)	Proposed 07/01/09 Increase	Proposed 7/1/09 Rate	Total Proposed Monthly Increase Year 1	Proposed 07/01/10 Increase	Proposed 7/1/10 Rate	Total Proposed Monthly Increase Year 2
Water (unmetered)	\$25.97	15%	\$29.87	\$3.90	15%	\$34.35	\$4.48
Sewer	\$13.37	5%	\$14.04	\$0.67	5%	\$14.74	\$0.70
Storm Drainage	\$11.31	0%	\$11.31	\$0.00	0%	\$11.31	\$0.00
Solid Waste	\$35.09	9%	\$38.25	\$3.16	9%	\$41.69	\$3.44
TOTAL	\$85.74		\$93.47	\$7.73		\$102.09	\$8.62
<i>Average Proposed Increase</i>		9.0%				9.2%	

*Sewer charges are City of Sacramento services only and do not include SRCSD charges

Average Increases – Out Years

Addresses Operating/Baseline CIP only

	FY11/12	FY12/13	FY13/14
WATER	13%	12%	12%
SEWER	25%	15%	15%
SOLID WASTE	5%	5%	5%

**Department of Utilities
FY2009/10 Budget
Proposed Amendments**

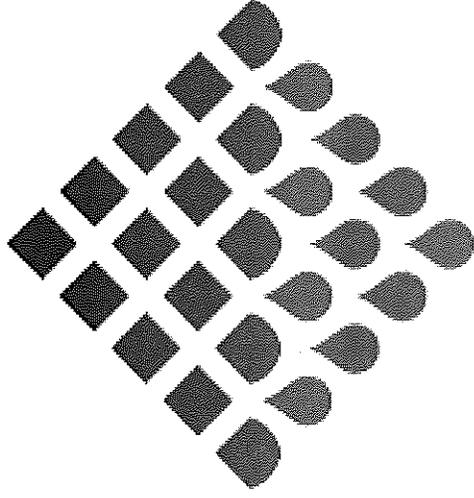
Approved Operating Budget = \$165.3 million

Approved CIP Budget = \$ 19.0 million

Augmentations/Amendments = \$ (9.7) million

Proposed FY2009/10 Budget = \$174.6 million

THANK YOU



CITY OF SACRAMENTO
**DEPARTMENT
OF UTILITIES**