

RECOMMENDATION MOTIONS

January 25, 2012

Unconditional Motions

- (#1) The rate for water service be increased by 8 % for FY 2012-13 to reflect operational cost increases.
- (#2) The rate for wastewater service be increased by 7 % for FY 2012-13 to reflect operational cost increases.

Conditional Motions

- (#3) The rate for water service be increased by 10% for FY 2012-13, 10% for FY 2013-14, and 10% for FY 2014-15 subject to all the following conditions being met:

That the City Council publicly commit, prior to Council approval of a three-year rate increase, that revenue generated by these rate increases intended for the purpose of funding capital replacement and improvement of the city's water system is, indeed, encumbered and expended for those purposes.

That a specific accounting and audit oversight process be established to record and confirm that promised levels of the revenue generated by these rate increases are indeed appropriately encumbered and expended on water system infrastructure replacement and improvement.

That additional General Fund revenue generated by the Utility Tax imposed on these higher rates (projected to be between \$⁶ million and \$⁷ million over the three-year period) be earmarked for the development, establishment and operation of a program of financial assistance to low-income households to mitigate, to the highest level achievable, the additional costs that would otherwise be incurred by these households.

That a detailed and comprehensive capital replacement and improvement plan be developed for Sacramento's water system needs beyond the initial projects to be funded using revenue generated by these rate increases.

That the Utilities Rate Advisory Commission be provided with a monthly report on the city's progress toward meeting these conditions and that the Department of Utilities present a quarterly report to the Commission at a public hearing of the Commission.

- (#4) The rate for wastewater service be increased by 16% for 2012-13, 15% for 2013-14, and 14% for FY 2014-15, subject to all the following conditions being met:

That the City Council publicly commit, prior to Council approval of a three-year rate increase, that revenue generated by these rate increases intended for the purpose of

funding capital replacement and improvement of the city's wastewater system is, indeed, encumbered and expended for those purposes.

That a specific accounting and audit oversight process be established to record and confirm that promised levels of the revenue generated by these rate increases are indeed appropriately encumbered and expended on wastewater system infrastructure replacement and improvement.

That additional General Fund revenue generated by the Utility Tax imposed on these higher rates (projected to be between \$5 million and \$6 million over the three-year period) be earmarked for the development, establishment and operation of a program of financial assistance to low-income households to mitigate, to the highest level achievable, the additional costs that would otherwise be incurred by these households.

That a detailed and comprehensive capital replacement and improvement plan be developed for Sacramento's wastewater system needs beyond the initial projects to be funded using revenue generated by these rate increases.

That the Utilities Rate Advisory Commission be provided with a monthly report on the city's progress toward meeting these conditions and that the Department of Utilities present a quarterly report to the Commission at a public hearing of the Commission.

Intention of the Utilities Rate Advisory Commission

(#5) That the following position of the Utilities Rate Advisory Commission be presented to the City Council prior to Council approval of any three-year rate increase proposal for water and wastewater services:

If the conditions listed and described in Motions #3 and #4 are acceptable to the City Council, and the Council approves any three-year rate increase proposal that includes significant investment in infrastructure replacement and improvement, and, in the opinion of the Commission, the City fails to adequately implement the infrastructure replacement and improvement program and all associated conditions imposed by the Commission in Motion #3 and #4, it is the intention of this Commission to revisit its recommendation for a three-year rate increase and to take appropriate action, including but not limited to, recommending the repeal of these rate increases and to refund the additional revenue generated by those rate increases, beyond the revenue generated by the rate increases recommended by Motion #1 and #2, to the water and wastewater customers of the City of Sacramento.