



Meeting Recap -- Wednesday, November 10, 2010

Committee Members Present: Laura Whitehouse; Gladys Deniz; Marvin Harms; Carol Maul; Alec Plumb; Sarah Velasquez; and Nick Webber.

Absent: Sharon Schilling and Nick Yovino.

1. Welcome and Opening Remarks

Marvin Harms, Utility Advisory Committee (UAC) Vice Chair, opened the meeting, welcomed attendees and began a round of introductions. Chair Laura Whitehouse joined the meeting via conference call. Christal Love, Center for Collaborative Policy (CCP) facilitator, reviewed the meeting agenda and packet materials. She reviewed the group's ground rules and reminded participants that the last part of the meeting is reserved to allow members of the public the opportunity to share their comments.

2. General Plan Update Presentation

Keith Bergthold, City of Fresno Assistant Director for Development and Resource Management, gave a presentation on the efforts to update the City's General Plan for 2025. He explained that the last plan update efficiency and conservation were not considered, and the City now faces resource constraints. Previously, Fresno's growth followed a low density pattern. With changes to the economy and slowed growth, Mr. Bergthold explained the easy-to-develop open space is limited.

To integrate the necessary changes, areas of change and stability have been identified. Based on the plans of six other like cities, the City is looking at alternative types of development and prioritizing projects. Mr. Bergthold described the three committees overseeing the General Plan and Zoning Update: a Steering Committee, a Citizens' Committee, and a Technical Advisory Committee.

UAC members posed the following questions and comments:

- When will the committee meetings begin?
 - Meetings will begin during the first quarter of 2011, and produce a first draft of the plan by June 2012 to submit to the SEQA process. The City will pass on information to the UAC to appoint a liaison to the Technical Advisory Committee.
- Can the UAC see a copy of the growth statistics?
 - The maps and statistics will be posted, and the DPU will ensure the information is distributed to the UAC.

- Large portions of the City are unincorporated sections of the county. How does the City plan for these areas?
 - State law requires that the City plan for inhabited annexations. The City is suggesting using financing as a coherent model.

Mr. Bergthold encouraged members to contact him with any additional questions.

3. Solid Waste Franchising Update

Mark Scott, Fresno City Manager, announced a public workshop on the Solid Waste Franchise proposal for the City Council on November 16th. The presentation will be distributed to UAC members prior to the workshop. He explained there are five proposals submitted through the RFP process. The process required that companies respond to serving the city in a quadrant system, where a single company may only serve two quadrants. Mr. Scott communicated that all the companies offered proposals for all the quadrants, and that the offered rates were encouraging. The companies would be required to buy the City's equipment, and the proposals will be selected based on the projected rates for each quadrant. Mr. Scott also noted that if one of the companies fails to provide service, the company serving the other two quadrants would be able to take up the remaining quadrants. Some drawbacks include the benefits package for company employees is different from City employment, and the companies are not required to have two operators per truck, as with the City labor contracts. Mr. Scott added that several other big cities in California have moved their commercial solid waste service to the private sector, and while the City would refrain from rate-setting, the City can set a maximum rate for the companies at five-year periods.

UAC members posed the following questions and comments:

- The City will set the maximum rate for five years, but what happens to the rate after five years?
 - The City can move the maximum rate after the five years, but we cannot be involved in specific rate-setting.
- Why can the private sector employ one operator per truck but the City cannot?
 - The employer must cover the risk. The City determined that two operators appropriately addressed the liability.
- Is there an estimate of the revenue the companies will generate over the first year versus the revenue the DPU could generate as an enterprise?
 - We don't have the numbers at hand, but it was a consideration for the consultants' evaluation.
- What is the cost to the community for laying off 125 workers?
 - There is no good outcome. If the cost reduction goal is not achieved through commercial solid waste, jobs will be cut from other areas. The Request for Proposals (RFP) did require first right of refusal to city employees.

Mr. Scott also announced that the workshop will be taped and posted to the City website the next day.

4. Solid Waste Rate Model Presentation, Part II

Ric Hutchinson, R3 Consulting Group, presented updated information for the Solid Waste Rate Model. He reported that the final numbers for FY10 were much larger than anticipated, due to a legal settlement and reprioritization of programs.

Because the City Council had not yet voted on whether to franchise commercial solid waste, Mr. Hutchinson presented Residential Only recommendation options and Commercial recommendation options.

Two issues require rate adjustments. For commercial service, the multi-family residential service uses the same equipment and routes; according to Proposition 218, the rates must be the same. Additionally, the reserves accumulated more funds than are necessary, and the current rate model would only increase the reserves. Mr. Hutchinson described the following recommendation options:

Commercial:

*Commercial service decreases 4% FY12, 2% each year after
Multi-family service increases 10.9% FY12, 2% after*

Advantages:

- Average commercial service decreases 4% in FY12
- Reaches compliance with Proposition 218

Disadvantages:

- Average multi-family service increases 10.9% in FY12

Residential Only 0% Adjustment

Advantages:

- No change in rate

Disadvantages:

- Continued reserve increase
- Have to explain the reserve increase

-3% Adjustment

Advantages:

- Reserves are reduced
- Can use the reserves to give back to the community

Disadvantages:

- Rate will need to increase sometime in the future
- Have to explain the reserve increase

UAC members posed the following comments and questions:

- Why does the multi-family service rate need to increase so dramatically?
 - During the previous five-year rate plan, the residential rates increased significantly to cover anticipated future costs. Since then, multi-family and

commercial service routes have become more efficient and need to have equitable rates in order to meet compliance with Proposition 218.

- The one year spike is regrettable, but being out of compliance is not an option. If there is another way to solve the compliance issue without the rate spike, DPU staff and the UAC should look into it.
 - The rate consultants tried to address this issue, and it is not feasible. If the commercial rate was dropped to meet the multi-family service rate, it would take years to fix and would admit inequity. A Proposition 218 settlement would also require immediate refunds.

5. Commercial Service Recommendation Decision

The UAC voted to adopt the Commercial rate recommendation proposed above, with one member dissenting. Two members were absent. The dissenting member expressed that as an owner of multi-family rental units; the one-year rate spike may lead to apartment owners going out of business. Members who voted for the recommendation also voiced concerns that the rate increase would be passed on the renters and the effect on Fresno's community. The recommendation and concerns will be passed on to the City Council if the Council has voted to retain commercial solid waste service or in the event the Council has not come to a decision.

6. Residential Service Recommendation Decision

The UAC reached full consensus to adopt the -3% adjustment for Residential Service. Two members were absent. Members expressed the importance of capturing that the funds were beyond prudent and reasonable levels, and an 0% adjustment would have increased the reserves further.

7. Next Steps & Wrap Up

Ms. Love asked the writing subgroups to report on their progress. The Solid Waste group confirmed that they have written most of the section, and this meeting provided the remaining information they needed. The Wastewater group reported they have an additional meeting with DPU staff on November 16th to gather more information. The Water group is waiting for the December UAC meeting to see the consultants' final presentation.

Ms. Love confirmed the UAC will be meeting in January to review final revisions to the recommendations document. Additional meetings can be held virtually through gotomeeting. DPU staff confirmed the regular meeting room is reserved for January 12th and February 9th, the second Wednesdays of January and February.

7. Public Comment

Loren Harding, general public, asked if the November 16th City Council Workshop and the regular December 2nd City Council meeting were open to the public, and if the residential service vote is separate from the commercial service vote. City staff confirmed that both meetings are open to the public, and that the residential and commercial service votes are separate. Mr. Harding also commented that the senior

citizen discount on water should not be cut, and further encouraged the UAC to investigate direct potable reuse with the nano filter.

6. Next Meeting

The next UAC meeting will take place on Wednesday, December 8th, 6 – 9 PM at Fresno City Hall. The group will be discussing Water Division rate adjustments, and will decide on a recommendation.

Additional Attendees:

Robert Andersen, City of Fresno

| Keith Bergthold, City of Fresno

| Rene Ramirez, City of Fresno

| Mark Scott, City of Fresno

Pat Tierce, City of Fresno

John Watkins, City of Fresno

Ric Hutchinson, R3 Consulting Group

Loren Harding, General Public

Christal Love, CSUS, Center for Collaborative Policy

Nicole Ugarte, CSUS, Center for Collaborative Policy