

May 15, 2007

FROM: ^{for} RENE A. RAMIREZ, Director L.W.
Department of Public Utilities

SUBJECT: AUTHORIZATION TO PROCEED WITH THE FORMATION OF A UTILITY ADVISORY COMMITTEE

KEY RESULT AREA

Customer Service

RECOMMENDATION

Staff recommends City Council authorize staff to proceed with the formation of a Utility Advisory Committee (UAC).

EXECUTIVE SUMMARY

During the public hearing for utility rate increases on February 27, 2007, the value of the Utility Commission was discussed and it was recommended that a similar citizens advisory committee be formed going forward. Staff has prepared a mission with guidelines for the creation of a UAC, whose purpose will be to act as public advisors on utility issues for the Department.

KEY OBJECTIVE BALANCE

The formation of a UAC balances the three key objectives in that it seeks customer input and participation with regard to public utility matters affecting customer service, it allows for employee participation, and will make recommendations to the financial management of the utility enterprise funds.

BACKGROUND

At the February 27, 2007 public hearing for the utility rate increase, City Council approved a motion that included the establishment of a permanent citizens' utility commission, similar to the one-time Utility Commission. Staff has developed a mission and guidelines to provide the framework of a Utility Advisory Committee (UAC). It is envisioned the UAC will act as a fact finding body to review, analyze and when appropriate, make recommendations to the Mayor, the City Council, the City Manager and the Department regarding utility issues.

Staff reviewed and researched citizen advisory committee practices used by other cities including Seattle, Fort Lauderdale, Tucson, Colorado Springs and Olympia, WA. Staff proposes that the UAC consist of seven (7) members, which is an optimal committee size similar to the City Council, the Planning Commission and many other City committees. Staff recommends a two (2) year UAC term of service since this is a fairly demanding job without any compensation. Citizens who live in the City of Fresno and business owners and managers who

AGENDA ITEM NO.	1 F
COUNCIL MEETING	5/15/07
APPROVED BY	
For	
DEPARTMENT DIRECTOR	<i>L. M. Ramirez</i>
CITY MANAGER	<i>[Signature]</i>

Presented to City Council

Date 5/15/07

Disposition Res. 2007-191

adopted as amended for a total of 11 members

4 by Mayor & 1 by ea. Council member

are City of Fresno utility customers are eligible to apply for the UAC. Staff proposes a selection process with applicant interviews by a selection panel including representatives from City Council, the City Manager's Office, Finance and Public Utilities. Based on the candidate interviews, the selection panel will choose the top seven (7) candidates with the right mix of skills, motivation and dedication to be successful UAC members. Those seven (7) candidates' names and applications will be submitted to the Mayor who will make the final recommendation to Council for appointment.

The UAC will act as principal policy advisors on the following utility matters:

- Annual and five-year utility rate setting
- Urban Growth Management and other types of utility fees
- Five-year utility financial plans
- Five-year utility capital plans
- Utility financial policies
- Opportunities for expanding public involvement
- Review and monitor the transition to a Special District

The UAC will prepare an annual report including recommendations on the upcoming fiscal year spending plan and future rate adjustments each January. It is envisioned the UAC will meet monthly, on the second Thursday, in the early evening.

The remainder of the guideline addresses such matters as:

- Principles of collaboration
- Decision making
- Quorum
- Meeting ground rules and protocols
- Posting of UAC proceedings
- Department primary point of contact

The City Attorney's Office has reviewed the UAC Mission and Guidelines for form and function.

FISCAL IMPACT

Funding for a professional facilitator, if needed, will be derived from utility funds.

RESOLUTION NO. _____

RESOLUTION OF THE COUNCIL ESTABLISHING THE UTILITY
ADVISORY COMMITTEE (UAC)

WHEREAS, the City Council of the City of Fresno desires to establish a UTILITY ADVISORY COMMITTEE to serve as principal public advisors on utility issues for the City's five public utilities that include water, wastewater, sewer maintenance, solid waste and community sanitation;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Fresno as follows:

1. The UTILITY ADVISORY COMMITTEE is hereby established.
2. The Purpose of the UTILITY ADVISORY COMMITTEE is to review, analyze and make recommendations to the Mayor, the City Council, the City Manager and the Department of Public Utilities regarding utility rates and various policies of the City's public utilities.
3. The UTILITY ADVISORY COMMITTEE shall continue to exist until April 30, 2009.
4. The membership shall consist of:
 - a. Seven (7) members.
 - b. The members shall be appointed in the following manner: Interested citizens will complete an application and submit it to the Department of Public Utilities. Interviews will be held for the most qualified applicants by a UAC selection committee consisting of City Council, City Manager, Finance and Public Utilities or their designee's. Names of those persons chosen by the selection committee for Utility Advisory Committee membership shall be submitted to the Mayor who will make final recommendation to the City Council for appointment.
 - c. Qualifications for the members include: Must be a City of Fresno resident or own/manage a business that is a customer for one of the City's utilities. Also, must have the proper skills, experience, motivation and dedication that will

enable that person to be a positive, contributing member of the Utility Advisory Committee.

5. The term of office shall be two years. Members may be removed for cause.
6. There shall be no compensation.
7. The Staff Representative shall be Lon Martin, Assistant Director of Public

Utilities.

CLERK'S CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

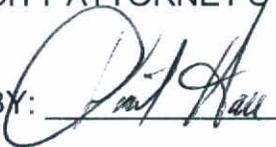
I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the _____ day of May, 2007.

AYES :
NOES :
ABSENT :
ABSTAIN :

REBECCA E. KLISCH
City Clerk

BY: _____
DEPUTY

APPROVED AS TO FORM;
CITY ATTORNEY'S OFFICE

BY:  _____

Chief Assistant City Attorney

May 15, 2007

**City of Fresno
Utility Advisory Committee
Mission and Guidelines**

Overview: The Utility Advisory Committee (UAC) is comprised of 7 members who serve as principal public advisors on utility issues for the City's five public utilities- Water, Wastewater, Sewer Maintenance, Solid Waste and Community Sanitation.

The UAC replaces the Utilities Commission, which was comprised of 11 members and was established in July 2006 to develop a multi-year rate plan for the City's public utilities. It was originally intended to be a temporary committee that would be dissolved when its work was complete, but was later modified by City Council to be a longer term committee responsible for reviewing utility rates and other related issues.

Committee members are selected by first submitting an application to become a committee member, being interviewed and selected by a panel of managers and employees representing various City departments including the City Manager and City Council offices. The Mayor will recommend committee members to the City Council for final approval.

Mission: The Utility Advisory Committee is a fact finding body whose purpose is to review, analyze and when appropriate, make recommendations to the Mayor, the City Council, the City Manager and the Department of Public Utilities regarding various operating, capital and financial policies of the City's public utilities.

Roles and responsibilities: The UAC advises the Mayor, the City Council, the City Manager and the Department of Public Utilities on the following City utility issues:

- Annual and five year utility rate setting
- Urban Growth Management and other types of utility fees
- Five year utility financial plans
- Five year utility capital plans
- Utility financial policies
- Opportunities for expanding public involvement
- Review and monitor the transition to a special district

The UAC will summarize its deliberations in an annual report to the Mayor and City Council in January of each year. This report will include recommendations on the spending plan for the upcoming fiscal year, future rate increases and ways to improve the utility operations.

Meeting times: The UAC meets the second Thursday of each month from 6:00 p.m.- 9:00 p.m. at Fresno City Hall, located at 2600 Fresno Street in Fresno.

Application information: You can obtain an application form from the City Clerk's office or on the City website at www.fresno.gov. Citizens who live in the City of Fresno and business owners and managers who are City of Fresno utility customers are eligible to apply for the committee. Professional experience in public utilities and related

businesses/industries is especially helpful. Applicants will be screened to avoid any possible conflicts of interest which might hinder their effectiveness while serving on the UAC.

Term: Committee members will serve two-year terms. Committee members who are interested in serving a subsequent term will be eligible to apply to do so.

UAC Recommendations: The UAC will use the following guiding principles for making its recommendations:

- The long-term health of all utility funds through the use of sound financial and rate setting policies and practices
- Protection of the community's investment in current infrastructure, through appropriate funding of maintenance
- Adequate funding of future infrastructure for planned growth to support the 2025 General Plan
- A comprehensive capital replacement program for each of the utility divisions
- Protection of public health and safety standards
- Preservation of essential service levels in all utilities
- Compliance with Federal and State regulatory requirements
- A prudent operating reserve in each utility enterprise
- Satisfaction of bond debt service coverage ratios in order to protect the City's credit rating
- Balance of the City's three key objectives of financial management, customer satisfaction and employee satisfaction

General Guidance:

- The UAC will operate under the guidelines of the City of Fresno Legal Handbook for City of Fresno Boards, Commissions, Committees, and Similar Bodies.
- The UAC will operate in compliance with the Brown Act, a state law which requires local legislative bodies to conduct meetings in open public sessions and to post meeting agendas in advance.
- The UAC is responsible for determining how best to accomplish its tasks and expected outcomes
- **General Principles of Collaboration:** The following general operating principles are proposed to guide the deliberations of the UAC:
 - The mission of the UAC will best be achieved by relationships among the UAC members characterized by mutual trust, responsiveness, flexibility, and open communication.
 - It is the responsibility of all participants in the project to work toward the common goals of the UAC
 - To that end, UAC members will:
 - Commit to expending the time, energy and organizational resources necessary to carry out the mission of the UAC

- Be prepared to listen intently to the concerns of others and identify the interests represented.
 - Ask questions and seek clarification to ensure they fully understand other's interests, concerns and comments.
 - Regard disagreements as problems to be solved rather than battles to be won.
 - Be prepared to "think outside the box" and develop creative solutions to address the many interests that will be raised throughout the UAC's deliberations

- **Decision-Making:** The UAC will strive to seek consensus on all key issues. No voting is anticipated. Rather, every effort will be made to address the concerns of even a lone voice of opposition.
 - Consensus is defined as agreement by at least 5 of the 7 UAC members.
 - Taking a consensus-based approach to decision making does not mean that 100 percent support will be required to move forward with recommendations. It does mean that every effort will be made to reach consensus, and that opposing points of view will be presented and explained if consensus cannot be reached. Consensus can include situations where participants either "step aside" from or "agree not to oppose" recommendations.
 - "Minority" views will be included in meeting summaries. If they desire, UAC members will have the opportunity to convey their views on a specific issue or recommendation (subject to a word limit) in the UAC Annual Report.

- **Quorum:** Four out of seven members will be considered a quorum. However, items can be tabled to ensure full Committee participation in a decision.

- **Meeting Ground Rules:** The UAC members agree to conduct meetings according to the following ground rules:
 - All UAC members take responsibility for the overall conduct of the Committee
 - Members agree to speak one at a time.
 - If members need to engage in sidebar conversations, they will step outside the meeting room.
 - Cell phones will be turned to "manner" mode or "off" during the UAC meetings.

- **Meeting Protocols:**
 - **Attendance:** Regular attendance of committee members is expected in order for the committee to function effectively. Members who miss more than 3 meetings per year may be removed from the UAC by a simple majority vote of the other committee members.
 - **Alternates:** The use of alternates is not anticipated. If a member is not able to attend a specific meeting, he/she may request another person to attend in his/her place. But their participation will be limited to observing the proceedings.
 - **Neutral Facilitation:** An outside neutral professional meeting facilitator will be used to assist the committee.
 - **Vacancies:** If a Committee member resigns or has to step down for any reason, the UAC selection committee will recruit a replacement.

- **Chair:** The UAC will appoint a Chair from its membership. The Chair will rotate among the members and will change annually.
- **Public Comment:** Members of the public will have an opportunity to provide public comment at each meeting. Members of the public will generally be limited to three minutes for their comments.

- Summaries of all committee proceedings will be kept and will be posted on the UAC website, which will be housed within the City website.

- The Director of the Department of Public Utilities will be the committee's primary point of contact within the City. Any logistical support will be coordinated through the Director or his/her designee.

- Any additional resources or expertise that the committee may need will be coordinated through the DPU Director or his/her designee.

- Department of Public Utilities staff will provide technical, financial and administrative support to the committee.

- The previous Utility Commission report will be used as the foundation of the committee's work.

- Members of the committee serve without compensation.

- The UAC should be prepared to develop and present their report to the City Council.

- UAC members will aid in the development of public outreach and correspondence about their deliberations.