

Minutes of Commission Hearing of December 1, 2004

The Sacramento Local Agency Formation Commission met this first day of December 2004 at 5:30 P.M. in Board Chambers of the Sacramento County Administration Center, 700 H Street, Sacramento, California.

PRESENT: Illa Collin, Chair; Lauren Hammond, Vice Chair; Commissioners Elliot Mulberg, Christopher Tooker, Muriel Johnson; Gay Jones sat for Charles Rose. Also present: Alternate Commissioner John Jachens.

ABSENT: Commissioner Sophia Scherman; Alternate Steve Miklos; Not present: Don Nottoli.

STAFF: Executive Officer, Peter Brundage; Assistant Executive Officer, Donald J. Lockhart; Commission Counsel, Nancy Miller; and Commission Clerk, Marilyn Ann Flemmer.

The Chair called the meeting to order at 5:41 P.M.; Gay Jones led the Pledge of Allegiance; the Clerk called the roll.

Consent Calendar

On a motion made by Commissioner Johnson, seconded by Commissioner Tooker, the Minutes of the Meeting of November 3, 2004 and Claims dated November 26, 2004 were unanimously approved.

SACRAMENTO MUNICIPAL UTILITY DISTRICT SPHERE OF INFLUENCE AMENDMENT AND ANNEXATION OF SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT LOWER NORTHWEST INTERCEPTOR SOUTH RIVER PUMP STATION SITE [CEQA: Addendum to Environmental Impact Report] (06-04)

Executive Officer Peter Brundage reviewed the staff report and recommended approval of the proposed SMUD SOI Amendment and Annexation of SRCSD Lower Northwest Interceptor South Pump Station Site in Yolo County.

Arlen Orchard, Counsel, Sacramento Municipal Utility District, addressed the Commission. Mr. Orchard gave a power point presentation, stating that in reviewing rates, reliability and replacement of equipment, the provision of electric service to Sacramento Regional County Sanitation District is more advantageous by SMUD than by P.G. & E. "The cost of SMUD service provision is \$5 million less than P.G. & E.," stated Mr. Orchard; he urged Commission approval of the proposal.

John Butts, Northwest Interceptor Project Manager, Sacramento Regional County Sanitation District, addressed the Commission. Mr. Butts stated that by December, 2006, the project must be on line. Mr. Butts spoke briefly to the technical issues of the proposed project and

stated SMUD is the more responsive and efficient service provider. Mr. Butts urged Commission approval of the proposal.

Jeff Diel, Manager, Electric Planning for the Sacramento Area, Pacific Gas & Electric Company, addressed the Commission. Mr. Diel stated P.G. & E. is ready and willing to provide electric service to the Sacramento Regional County Sanitation District Pump Station Site. Mr. Diel addressed reliability of service, substations, distribution and integration with the whole system. Mr. Diel urged the Commission to deny the proposal, stating, coordinating restoration to critical services is not a new aspect of our business. "We can deal with emergencies."

Randall Litteneker, Counsel, Pacific Gas & Electric Company, addressed the Commission. Mr. Litteneker stated P.G. & E. wishes to retain this service area and serve the SRCS District. He addressed reliability of service, rates over time, island annexations, and future growth in the territory south of the City of West Sacramento. Mr. Litteneker stated P.G. & E. has filed with the Public Utilities Commission regarding a lowering of rates for big customers whereas SMUD is trying to raise rates 6%. The future difference in rates for service over time may be very narrow between the two service providers, stated Mr. Litteneker. Mr. Litteneker stated "the best service provider is the one that is best for the region, not just a single customer." Mr. Litteneker stated the proposed growth in territory south of West Sacramento means this is an "area that will need a lot of electric service; you do not create service islands." Mr. Litteneker then stated "P.G. & E. came up with a service option that would provide service to the District." He then asked the Commission whether they should allow the customer to make the choice of service provider. He concluded urging the Commission to deny the proposal.

Nancy Miller, Commission Counsel, addressed the Commission. Ms. Miller clarified cost is not the sole factor LAFCo analyzes. "We do not take lightly a service provider coming into territory already served by another provider, however, we have a public entity customer requesting service from a public entity. The sanitation district annexed the City of West Sacramento because of the problems they had with their treatment plant. Health and safety issues are involved. The matter is more than electricity to a pumping station, it is the benefit of the integration of a unified source of electricity to a pump station that is a part of the whole system of water treatment in Sacramento County via the Northwest Interceptor System."

There was Commission discussion. Commissioners asked questions concerning reliability and the step down process of electricity provision. Mr. Orchard stated the Sanitation District has a construction time line that is critical for health and safety issues. Peter Brundage stated LAFCo law prefers municipal service providers. "We have analyzed a number of variables and there are advantages and disadvantages with each provider, but as a whole, SMUD is the better service provider in this case," stated Mr. Brundage. Commission discussion continued and both SMUD and P.G. & E. personnel answered Commission questions. [Commissioner Muriel Johnson left the meeting.] Mr. Brundage clarified that growth issues in the territory south of the City of West Sacramento, or anywhere in Yolo County, are not a part of either the County General Plan or the City of West Sacramento General Plan. There is no formal document for the development of the area at this time.

Motion to Approve

Commissioner Christopher Tooker moved approval of the SMUD SOI Amendment and Annexation of Sacramento Regional County Sanitation District Lower Northwest Interceptor South River Pump Station Site. The motion was seconded by Commissioner Gay Jones and passed (unanimously) with the following five votes: Commissioners Mulberg, Jones, Tooker, Hammond and Collin. [Commissioner M. Johnson absent for this vote.]

Freeport Reorganization Update

Donald Lockhart reported that the Registrar of Voters has not yet determined whether or not there is sufficient protest for an election regarding the annexation of the community of Freeport to the City of Sacramento. If there is sufficient protest, stated Mr. Lockhart, the City of Sacramento will be notified; staff will report back at the January 5th Commission meeting.

Budget Update

No report.

Work Plan Update

There was Commission discussion regarding Municipal Service Reviews and policy review. There were no further reports. The next meeting was announced for January 5, 2005, 5:30 P.M., Board Chambers. The meeting was adjourned at 7:46 P.M.

Respectfully submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Marilyn Ann Flemmer
Commission Clerk

