



FINANCE COMMITTEE MINUTES

Special Meeting
May 13, 2008

Chairperson Morton called the meeting to order at 7:10 p.m. in the Council Chambers, 250 Hamilton Avenue, Palo Alto, California.

Present: Burt, Morton (chair), Schmid, Yeh

Absent: None

1. Oral Communications

None.

2. Utilities Electric Fund Operating Budget, Rates and Reserves

MOTION: Council Member Yeh moved, seconded by Council Member Schmid, that the Finance Committee recommend to the City Council tentative approval of the Utilities Electric Fund, including the Operating Budget, Proposed Rates and Reserves Balances.

MOTION PASSED 4-0

3. Utilities Fiber Optics Fund Operating Budget, Rates and Reserves

MOTION: Council Member Schmid moved, seconded by Council Member Yeh, that the Finance Committee recommend to the City Council tentative approval of the Utilities Fiber Optics Fund Operating Budget, Proposed Rates and Reserves Balances.

MOTION PASSED 4-0

4. Utilities Gas Fund Operating Budget, Rates and Reserves.

MOTION: Council Member Schmid moved, seconded by Council Member Yeh, that the Finance Committee recommend to the City Council tentative approval for the Proposed 2008/09 Utilities Gas Fund Operating Budget, Proposed Rates and Reserves Balances.

MOTION PASSED 4-0

5. Utilities Water fund Operating Budget, Rates and Reserves

MOTION: Councilperson Morton moved, seconded by Council Member Yeh, that the Finance Committee recommend to the City Council tentative approval of the 2008/09 Utilities Water Fund Operating Budget, Proposed Rates and Reserves Balances.

MOTION PASSED 4-0

6. Utilities Wastewater Collection Fund Operating Budget, Rates and Reserves

MOTION: Chairperson Morton moved, seconded by Council Member Schmid, that the Finance Committee recommend to the City Council tentative approval of the Utilities Wastewater Collection Fund Operating Budget, Proposed Rates and Reserves Balances.

MOTION PASSED 4-0

7. Public Works Refuse Enterprise Fund Operating Budget, Rates and Reserves.

MOTION: Council Member Yeh moved, seconded by Council Member Schmid, that the Finance Committee recommend to the City Council tentative approval of the 2008/09 Public Works Refuse Enterprise Fund Operating Budget, Proposed Rates and Reserves Balances.

MOTION PASSED 4-0

8. Public Works Wastewater Treatment Enterprise Fund Operating Budget, Rates and Reserves.

MOTION: Council Member Schmid moved, seconded by Chairperson Morton, that the Finance Committee recommend to the City Council tentative approval of the 2008/09 Public Works Wastewater Treatment Enterprise Fund Operating Budget, Proposed Rates and Reserves Balances.

MOTION PASSED 4-0

9. Public Works Storm Drainage Fund Operating Budget, Rates and Reserves.

MOTION: Chairperson Morton moved, seconded by Council Member Yeh, that the Finance Committee recommend to the City Council tentative approval of the 2008/09 Public Works Storm Drainage Fund Operating Budget, Proposed Rates and Reserves Balances.

MOTION PASSED 4-0

10. Utilities Advisory Commission Recommendation to Approve Proposed Increases in Utility, Electric, Water, Gas and Wastewater Connection Fees and Water and Wastewater Capacity Fees (CMR: 227:08)

MOTION: Council Member Schmid moved, seconded by XXX to accept target FY 08-09 capacity and connection fees.

MOTION FAILED due to lack of second

MOTION: Chairperson Morton moved, seconded by Council Member Yeh, that the Finance Committee recommend that the City Council adopt the resolution to: a) approve utility connection fee increase in electric schedule E-15, gas schedule G-5, water schedule W-5, and wastewater schedule S-5 effective August 1 2008; b) approve 100% Capacity fee increases in water schedule W-5 and wastewater schedule S-5 effective August 1, 2008; and c) approve a 50% increases in capacity fees in water schedule W-5 and wastewater schedule S-5 to take effect on July 1, 2009 for FY 2009-10, and a 40% increase in capacity fees in schedule W-5 and S-5 to take effect on July 1, 2010 for FY 2010-11.

MOTION PASSED 3-1, Schmid no

11. Recommendation to Create a Fiber Optics Emergency Plant Replacement Reserve and Establish Guidelines for the Fiber Optics Rate Stabilization and Emergency Plant Replacement Reserves.

MOTION: Chairperson Morton moved, seconded by Council Member Schmid, that the Finance Committee recommends that the Council take the following action: 1) adopt a resolution approving a policy establishing a Fiber Optics Emergency Plant Replacement Reserve; 2) Approve a minimum funding level guideline for the Fiber Optics Emergency Plant Replacement Reserve which will be equal to the lesser of A) an amount equal to the amount of the City's liability insurance coverage deductible; or B) an amount equal to the replacement cost of the most essential fiber optics infrastructure which, if damaged or destroyed, would cause a significant interruption in the normal operation of the City's fiber optics infrastructure; and 3) approve the minimum and maximum funding level guideline for the Fiber Optics Rate Stabilization Reserve which will be equal to 20% and 50% of the annual sales revenue of the Fiber Optics Fund operations, respectively.

MOTION PASSED 4-0

12. Approval of a Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) Reflecting a 3.8% Rate Increase to \$10.95 per Month per Equivalent Residential Unit for Fiscal Year 2008/09.

MOTION: Council Member Schmid moved, seconded by Chairperson Morton, that the Finance Committee recommends that Council approve the Resolution (Attachment A) amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage), to implement a 3.8% rate increase to \$10.95 per month per Equivalent Residential Unit beginning in Fiscal Year 2008/09.

MOTION PASSED 4-0

13. Approval of the Palo Alto Sanitation Company Compensation in the amount of \$10,960,234 for Fiscal Year 2008/09.

Alfredo Romo, District Manager for Palo Alto Sanitation Company (PASCO) stated there had been a letter circulated to the Committee Members to review in regards to what PASCO feels was a fair compensation and a fair rate of return for the services rendered. He stated the contract was clear and had been for the life of the contract.

Julia Butler PASCO representative summarized the contract required the City to compensate PASCO for its operating services and mandates it received a fair profit. She noted PASCO was requesting a 2008/09 budget make up for a loss in the 2006/07 fiscal year.

MOTION: Council Member Schmid moved, seconded by Council Member Burt, that the Finance Committee recommends to the Council tentative approval of the compensation for budget year 2008-09 to the Palo Alto Sanitation Company (PASCO) in the amount of \$10,960,234, acknowledging PASCO disputes that amount.

MOTION PASSED 4-0

14. Response to Finance Committee Question Related to the Refuse Fund Budget Fiscal Year 2008-09 – Informational only

No action required.

15. Third Quarter Fiscal Year 2007-08 General Fund Financial Results – Informational only

No action required.

16. Discussion for Future Meeting Schedules and Agendas

May 15, 2008 regarding 1) Municipal Fee Schedule, 2) Contracts Greater than \$85,000, and 3) Budget Wrap-up

May 20, 2008 Meeting Canceled

ADJOURNMENT: The meeting adjourned at 10:17 p.m.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The text also mentions the need for regular audits and the role of independent auditors in ensuring the reliability of financial statements.

In addition, the document highlights the significance of transparency and accountability in financial reporting. It states that stakeholders, including investors and the public, have a right to know how their money is being managed and to have confidence in the information provided. This requires a high level of ethical conduct and adherence to established standards and regulations.

Furthermore, the text addresses the challenges faced by organizations in the digital age, particularly regarding data security and privacy. It notes that as financial data is increasingly stored and processed electronically, the risk of cyberattacks and data breaches has grown significantly. Organizations must therefore invest in robust security measures and implement strict protocols to protect sensitive information.

Finally, the document concludes by reiterating the commitment to excellence and continuous improvement in financial management. It encourages organizations to stay abreast of the latest developments in technology and best practices, and to foster a culture of innovation and learning. By doing so, they can ensure the long-term success and sustainability of their operations.