

Regular Meeting
March 18, 2008

Chairperson Morton called the meeting to order at 7:01 p.m. in the Council Chambers, 250 Hamilton Avenue, Palo Alto, California.

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

1. Oral Communications

Wynn Grcich, 3045 Mira Loma, Union City, spoke regarding water pollution in the bay and where it is coming from.

Mike Francois, 224 Gardenia Way, East Palo Alto, spoke regarding pollution in the water in East Palo Alto.

2. Update on General Fund Infrastructure Backlog

Assistant Public Works Director Mike Sartor spoke regarding original general fund infrastructure reserve backlog versus updated inventory, summary of updated plan, challenges and next steps.

MOTION: Chairman Morton moved, seconded by Council Member Schmid to have staff incorporate tonight's visual presentation during the upcoming budget process for full Council review.

MOTION PASSED 4-0.

3. Utilities Advisory Commission Recommendation to Adopt a Resolution Adopting a Water Rate Increase and Amending Utility Rate Schedules W-1, W-2, W-4, and W-7

Utilities Director Valerie Fong presented the need for rate increases for the water, gas, and electric funds via the Proposition 218 process.

Wynn Grcich, 3045 Mira Loma, Union City spoke regarding water rates charged to Bay Area residents and not to raise water rates for Palo Alto residents.

MOTION: Council Member Yeh moved, seconded by Chairman Morton, that the Finance Committee recommend to the City Council to adopt the attached resolution to:

(a) Approve an 8 percent increase to retail water rates, for Fiscal Year (FY) 2008-09, effective July 1, 2008, which will increase annual revenues by \$2.0 million; and

(b) Approve the changes to the Water Utility Rate Schedules (W-1, W-2, W-4, and W-7).

MOTION PASSED 4-0

The Committee took a break at 8:30 p.m., returning at 8:35 p.m.

4. Utilities Advisory Commission Recommendations to Adopt a Resolution to Adopting a Natural Gas Rate Increase and Amending Utility Rate Schedules G-1, G-2, G-6, and G-10

MOTION: Council Member Burt moved, seconded by Council Member Yeh, that the Finance Committee recommend to the City Council to approve the attached resolution to:

(a) Approve a 7.1 percent increase to natural gas retail rates, for Fiscal Year (FY) 2008-09, effective July 1, 2008, which will increase annual revenues by \$3.4 million; and

(b) Approve the changes to the Gas Utility Rate Schedules (G-1, G-2, G-6 and G-10).

MOTION PASSED 4-0

5. Utilities Advisory Commission Recommendation to Adopt a Resolution Adopting an Electric Rate Increase and Amending Utility Rate Schedules E-1, E-1-G, E-2, E-2-G, E-4, E-4-G, E-4-TOU, E-7, E-7-G, E-7-TOU, E-14, E-16, E-18 and E-18-G

MOTION: Chairman Morton moved, seconded by Council Member Schmid, that the Finance Committee recommend to the City Council to approve to adopt the attached resolution to:

- (a) Approve a 14 percent increase to electric retail rates, for Fiscal Year (FY) 2008-09, effective July 1, 2008, which will increase annual revenues by \$12.9 million; and,
- (b) Approve the changes to the Electric Utility Rate Schedules (E-1, E-1-G, E-2, E-2-G, E-2, E-2-G, E-4, E-4-G, E-4-TOU, E-7, E-7-G, E-7-TOU, E-14, E-16, E-18 AND E-18-G).

MOTION PASSED 4-0.

6. Approval of Refuse Rate Increase; Request for Adoption of a Resolution to Amend Utility Rate Schedules R-1, R-2, and R-3

Public Works Director Glen Roberts spoke regarding challenges in the refuse fund and the need for rate increases for refuse services via the Proposition 218 process.

MOTION: Council Member Schmid moved, seconded by Council Member Burt that the Finance Committee recommend to the City Council to approve the increase in Refuse Rates; and to adopt the resolution to Amend Utility Rate Schedules R-1, R-2, and R-3;

MOTION PASSED: 4-0

MOTION: Council Member Burt moved, seconded by Council Member Yeh that Staff bring back with the budget additional information based on discussion with the City Attorney on ways in which the cost structure might encourage waste reduction.

MOTION PASSED 4-0.

7. Discussion for Future Meeting Schedules and Agendas

April 1, 2008
April 22, 2008
May 2008- Budget Meetings

ADJOURNMENT: The meeting adjourned at 10:01 p.m.

