



City of Palo Alto City Council Staff Report

(ID # 6932)

Report Type: Action Items

Meeting Date: 6/13/2016

Summary Title: FY2017 Adopted Budget

Title: PUBLIC HEARING & PROPOSITION 218 HEARING: Adoption of Budget Amendment Ordinance for Fiscal Year 2017, including Adoption of Operating & Capital Budgets and Municipal Fee Schedule; Adoption of the Following Resolutions: Adopting a Dark Fiber Rate Increase of 3.2 Percent and Amending Utility Rate Schedules EDF-1 & EDF-2; Approving the FY 2017 Electric Financial Plan & Amending the Electric Utility Reserves Management Practices; Adopting an Electric Rate Increase of 11 Percent and Amending Utility Rate Schedules E-1, 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 & Repealing Utility Rate Schedules E-18 & E-18-G; Approving the FY 2017 Gas Utility Financial Plan; Adopting a Gas Rate Increase of 8 Percent and Amending Utility Rate Schedules G-1, G-1-G, G-2, G-2-G, G-3, G-3-G, G-10, & G-10-G; Adopting Refuse Rate Changes Including a 7 Percent Decrease and Up to a Percent Increase & Amending Utility Rate Schedule R-1, & Consolidating Utility Rate Schedules R-2 & R-3 Into a New Utility Rate Schedule Designated R-C; Amending Utility Rate Schedule D-1 to Increase Storm Drain Rates 3.2 Percent per Month per Equivalent Residential Unit for FY 2017; Approving the FY 2017 Wastewater Collection Utility Financial Plan; Adopting a Wastewater Collection Fee Increase of 9 Percent & Amending Utility Rate Schedules S-1, S-6, and S-7; Approving the FY 2017 Water Utility Financial Plan; Adopting a Water Rate Increase of 6 Percent and Amending Utility Rate Schedules W-1, W-2, W-3, W-4, & W-7; Amending Salary Schedules for the Utilities Management Professional Association of Palo Alto (UMPAPA), the Service Employees International Union (SEIU), and the International Association of Fire Fighters (IAFF)

From: City Manager

Lead Department: Administrative Services

Recommendation

Staff and the Finance Committee Recommend that the City Council approve and adopt the following:

1. Budget Amendment Ordinance (Attachment – A), which includes:
 - a. City Manager’s Fiscal Year 2017 Proposed Operating and Capital budgets, previously distributed at the April 25th City Council meeting (Attachment – A, Exhibit 1);
 - b. Amendments to the City Manager’s Fiscal Year 2017 Proposed Operating and Capital Budget (Attachment – A, Exhibit 2);
 - c. Fiscal Year 2017 City Table of Organization (City Manager’s Fiscal Year 2017 Proposed Operating Budget on pages 481 through 497); and
 - d. Fiscal Year 2017 Proposed Municipal Fee Changes (Attachment – A, Exhibit 3).
2. Resolution of the City Council of the City of Palo Alto increasing the Dark Fiber Rates by 3.2% effective July 1, 2016 by Amending the EDF-1 and EDF-2 Rate Schedules (Attachment – B).
3. Resolutions of the City Council of the City of Palo Alto:
 - a. Approving the Fiscal Year 2017 Electric Financial Plan and Amending the Electric Utility Reserves Management Practices (Attachment – C), and
 - b. Increasing Electric Rates by 11% Effective July 1, 2016 by Amending the E-1, E-2, E-2-G, E-4, E-4-G, E-4 TOU, E-7, E-7-G, E-7 TOU, E-14, and E-16 Rate Schedules, and Repealing Rate Schedules E-18 and E-18-G (Attachment – D).
4. Resolutions of the City Council of the City of Palo Alto:
 - a. Approving the Fiscal Year 2017 Gas Utility Financial Plan (Attachment – E); and
 - b. Increasing Gas rates by 8% effective July 1, 2016 by amending Rate Schedules G-1 (Residential Gas Service), G-1-G (Residential Green Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-2-G (Residential Master-Metered and Commercial Green Gas Service), G-3 (Large Commercial Gas Service), G-3-G (Large Commercial Green Gas Service), G-10 (Compressed Natural Gas Service) and G-10-G (Compressed Natural Green Gas Service) (Attachment – F).
5. Resolution of the City Council of the City of Palo Alto amending the Refuse Rates for Fiscal Year 2017 between a decrease of 7% and increases of up to 9% effective July 1, 2016 (Attachment – G) to cover program costs for both Residential and Commercial Sectors and provide a reduced cost for commercial compost collection by:
 - a. Amending Utility Rate Schedule R-1 (Residential Refuse Rates) (Attachment – H); and
 - b. Reorganizing Utility Rate Schedules R-2 and R-3 (Commercial Refuse Rates) into a new Utility Rate Schedule designated R-C (Commercial Refuse Rates) (Attachment – I).

6. Resolution of the City Council of the City of Palo Alto amending Utility Rate Schedule D-1 (Storm Water and Surface Water Drainage) to increase by 3.2% per month per equivalent residential unit for Fiscal Year 2017 (Attachment – J).
7. Resolutions of the City Council of the City of Palo Alto:
 - a. Approving the Fiscal Year 2017 Wastewater Collection Utility Financial Plan (Attachment – K); and
 - b. Increasing Wastewater Collection rates by 9% by amending rate schedules S-1 (Residential Wastewater Collection and Disposal), S-6 (Restaurant Wastewater Collection and Disposal) and S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger) (Attachment – L) .
8. Resolutions of the City Council of the City of Palo Alto:
 - a. Approving the Fiscal Year 2017 Water Utility Financial Plan (Attachment – M); and
 - b. Increasing Water Rates by 6% by amending Rate Schedules W-1 (General Residential Water Service), W-2 (Water Service from Fire Hydrants), W-3 (Fire Service Connections), W-4 (Residential Master-Metered and General Non-Residential Water Service), and W-7 (Non-Residential Irrigation Water Service) (Attachment – N).
9. Resolution of the City Council of the City of Palo Alto Amending Salary Schedules for:
 - a. Utilities Management Professional Association of Palo Alto (UMPAPA) Salary Schedule, as Amended by Resolution No. 9527 to add one new position classification, delete one position classification, and change the title of one position classification (Attachment O, Exhibit 1);
 - b. Service Employees International Union (SEIU) 2015-2018 MOA, adopted on April 11, 2016 (CMR #6789), to add four position classifications and update the salary rates for one position classification (Attachment O, Exhibit 2);
 - c. Service Employees International Union (SEIU) 2013-2015 MOA, as Amended by Resolution No. 9398 to change the title of one position classification (Attachment O, Exhibit 3); and
 - d. International Association of Fire Fighters (IAFF) 2016-2017 MOA adopted on April 11, 2016 (CMR #6789) to add two position classifications and delete three Position classifications (Attachment O, Exhibit 4).

EXECUTIVE SUMMARY

During April and May 2016, the City Council and Finance Committee have received and been reviewing the City Manager's Fiscal Year 2017 Proposed Operating and Capital Budgets as well as various fee and rate changes recommended by staff. During these discussions some changes have been recommended to the City Manager's Proposed Budgets by both the Finance Committee and staff. This report outlines this process and the results from these changes. The sections include:

- Fiscal Year 2017 Finance Committee Budget Balancing Process
- City Manager's Final Recommended Amendments to the Fiscal Year 2017 Proposed Budget
- Table of Organization
- Municipal Fee Schedule
- Fiscal Year 2017 Proposed Rate Changes
- Compensation Plans
- Referral Items for Full Council at the Request of the Finance Committee
- Attachments

The first section outlines the Finance Committee budget balancing process. It outlines the changes that the Finance Committee recommended at staff's recommendation during the duration of the hearings. These changes resided in the Capital Proposed Budget. It then summarizes the balancing process that the Finance Committee ultimately used during the Budget Wrap-up session where two scenarios and a few points of additional information were recommended and requested by the committee. The Finance Committee also made a motion to recognize areas where they were unable to reach a majority opinion for the City Council's edification. In response to the scenarios and additional information requested by the Committee this report then outlines and summarizes the recommended changes to the FY 2017 Proposed Operating and Capital Budgets in totality.

Lastly this report details a list of areas that the Finance Committee wished to refer to the full Council for potential referral to staff. These are areas identified for potentially deeper analysis or alternative funding strategies to be explored over the course of the next fiscal year.

Attached to this report are a number of documents as outlined and referenced throughout the recommendation language and the report. In addition, attached are all the materials presented throughout the budget process to both the City Council and/or the Finance Committee. Attached documents include:

- various City Manager Reports and *At Places Memorandums* transmitted
- presentations made during the budget hearings
- transcripts from the following City Council or Finance Committee Hearings: April 25th, May 3rd, 5th, 10th, 12th, and 17th meetings

Not included in this CMR is the transcript for the May 23, 2016 Budget Wrap-up meeting or the approval of the GANN Limit. It is anticipated that these will be transmitted separately in late packet or as separate items for City Council consideration.

FISCAL YEAR 2017 FINANCE COMMITTEE BUDGET BALANCING PROCESS

Finance Committee Tentatively Approved Changes: 2 CIP changes + Reappropriations

Only two formal changes to the FY 2017 Proposed Budget were recommended by the Finance Committee prior to the Budget Wrap-up meeting on May 23, 2016. The Finance Committee tentatively approved staff recommended changes to the Electric Fund and the Capital Improvement Fund. In the Electric Fund, a new Facility Relocation for CalTrain Modernization (EL-17007) capital project with \$150,000 in Fiscal Year 2017 was added to study the cost of relocating overhead electric and fiber optic lines to allow for the conversion of CalTrain from diesel to electric power. In the Capital Improvement Fund, the funding in Fiscal Year 2017 for the Art in Public Spaces (AC-86017) capital project was reduced by \$156,327 due to a calculation error with an offsetting adjustment to the Infrastructure Reserve Balance.

The two adjustments are outlined below with additional details that can be found in the May 17, 2016 *At Places* memorandum.

Proposed Revision Description	FY 2017 Current Proposed Budget	Tentative Approved Change	FY 2017 Revised Proposed Budget
<i>Electric Fund</i>			
Facility Relocation for Caltrain Modernization Project (EL-17007)	\$0	\$150,000	\$150,000
Supply Operations Reserve (FY 2017 Proposed Operating Budget pp.102)	\$24,507,000	(\$150,000)	\$24,357,000

<i>General Capital Fund</i>			
Art in Public Spaces (AC-86017)	\$579,840	(\$156,327)	\$423,513
General Capital Fund Infrastructure Reserve (FY 2017 Proposed Capital Budget pp.91)	\$11,594,442	\$156,327	\$11,750,769

Finance Committee Recommended General Fund Balancing Options

At the Budget Wrap-up meeting on May 23, 2016, the Finance Committee approved two motions outlining changes to the City Manager's FY 2017 Proposed Budgets, these motions outlined a Scenario A and a Scenario B as discussed in detail below.

Included in the City Manager's Proposed Operating Budget was an estimated June 30, 2016 BSR level of \$40.5 million with a recommended draw on this reserve by \$4.9 million bringing the FY 2017 recommended BSR level to approximately 18% or \$35.6 million of the estimated FY 2017 expenses. The scenarios below outline 1) the changes to draw on the BSR for FY 2017, 2) provides the revised estimated percent of FY 2017 expenses in the General Fund, and 3) context of the revised FY 2017 BSR level based on the City Council adopted policies guiding the BSR level (15% of General Fund expenses minimum, 20% of General Fund expenses maximum, with an 18.5% target level within that range).

Finance Committee Recommended Changes – Scenario A

On May 23, 2016, the Finance Committee approved a motion to amend the City Manager's FY 2017 Proposed Budget with the actions outlined in the scenario below. These changes would result in a reduction to the Budget Stabilization Reserve proposed use of \$4.9 million to \$3.5 million, resulting in a \$37.0 million BSR or 18.8% of the FY 2017 Proposed Expenses.

GENERAL FUND BALANCING MODELING

	<i>FY2017 Exp Proposed</i>	<i>FC Revised</i>
	<i>\$ 198,072</i>	<i>\$ 196,598</i>
Estimated BSR (June 30, 2016)	\$ 40,511	20.61%
<i>Current Use of BSR (City Manager's FY17 Proposed Budget)</i>	<i>\$ (4,944)</i>	18.09%
<i>Finance Committee (FC) Proposed Adjustments</i>		
- Reduce Tree Trimming Cycle to 10 years	(170)	
- Two New RPPs Operations and Maintenance Costs	(230)	
- Planning & Transportation Contingency	(500)	
- 2.0 Position Reduction	374	
- POTENTIAL: FY 2017 General CIP Fund Reduction/Deferral (resulting in a reduction to the General Fund Transfer)	2,000	
<i>Subtotal Finance Committee Proposed Adjustments</i>	<i>\$ 1,474</i>	
Proposed BSR (FY 2017)	\$ 37,041	18.84%
<i>Revised BSR Draw</i>	<i>(3,470)</i>	
Budget Stabilization Reserve (BSR) Goals (based on "FC Revised" expense level)		<i>spend/(save)</i>
15% Minimum	\$ 29,490	\$ 7,551
18.5% Target	\$ 36,371	\$ 670
20% Maximum	\$ 39,320	\$ (2,279)

Finance Committee Recommended Changes – Scenario B

On May 23, 2016, the Finance Committee approved a motion to amend the City Manager's FY 2017 Proposed Budget with the actions outlined in scenario A and then they made a subsequent motion directing staff to explore a second scenario B that would eliminate any draw on the Budget Stabilization Reserve, thereby increasing the potential reductions to the General CIP in FY 2017 from \$2.0 million to \$5.5 million in total. These changes would result in no reduction to the Budget Stabilization Reserve leaving it slightly above the 20% maximum at an estimated 21% of expenditures or \$40.5 million.

GENERAL FUND BALANCING MODELING

	<i>FY2017 Exp Proposed</i>	<i>FC Revised</i>
	\$ 198,072	\$ 193,128
Estimated BSR (June 30, 2016)	\$ 40,511	20.98%
<i>Current Use of BSR (City Manager's FY17 Proposed Budget)</i>	\$ (4,944)	18.42%
<i>Finance Committee (FC) Proposed Adjustments</i>		
- Reduce Tree Trimming Cycle to 10 years	(170)	
- Two New RPPs Operations and Maintenance Costs	(230)	
- Planning & Transportation Contingency	(500)	
- 2.0 Position Reduction	374	
- POTENTIAL: FY 2017 General CIP Fund Reduction/Deferral (resulting in a reduction to the General Fund Transfer)	2,000	
- POTENTIAL SCENARIO B: FY 2017 General CIP Fund additional Reduction/Deferral (resulting in a reduction to the General Fund Transfer)	3,470	
<i>Subtotal Finance Committee Proposed Adjustments</i>	\$ 4,944	
Proposed BSR (FY 2017)	\$ 40,511	20.98%
<i>Revised BSR Draw</i>		
-		
Budget Stabilization Reserve (BSR) Goals (based on "FC Revised" expense level)		spend/(save)
15% Minimum	\$ 28,969	\$ 11,542
18.5% Target	\$ 35,729	\$ 4,782
20% Maximum	\$ 38,626	\$ 1,885

Finance Committee Identified Areas of Differing Opinions

During the Finance Committee Budget Hearings, a number of items arose where a majority vote to recommend a certain change was unable to be achieved. The Finance Committee directed staff to provide a list of these areas that they struggled to find consensus, which is outlined below:

- A request to ask staff for a 1.0 FTE position reduction or a 2.0 FTE position reduction
- City Manager's recommended Office of Sustainability Contingency of \$250,000 reduction by 50% to \$125,000; FY 2017 Proposed Operating Budget page 469.
- Fire Station Furniture, Fixtures, & Equipment - Phase 2 (exercise equipment) one year deferral; FY 2017 Proposed Operating Budget page 250.

- Changes to the Planning & Transportation Contingency dependent on additional details on the potential use of these funds (additional information outlined below).
- Tree trimming Services frequency cycle, 7 year, 10 year, or 15 year cycle.
- Downtown Parking Wayfinding (PL-15004) reallocation of \$600,000 University Avenue Parking Permit Fund support to other initiatives with the goal to achieve General Capital Improvement Fund savings; FY 2017 Proposed Capital Budget page 278-279.
- Human Services Resource Allocation Process (HSRAP) additional funding of \$50,000 for emerging needs

Additional Information Provided by Staff at the Request of the Finance Committee

The Finance Committee requested additional information from staff in regards to the implications of their proposed balancing solutions. This information is detailed below as requested.

General Capital Improvement Fund Potential Scenario Impacts: \$2.0 million or \$5.5 million

At the May 23, 2016 Finance Committee Budget Wrap-up meeting, the Finance Committee approved a motion requesting staff to provide two scenarios in which the Fiscal Year 2017 General Capital Improvement Fund budget be reduced or deferred by \$2.0 million and \$5.5 million. At the Finance Committee's request, staff reviewed the Proposed Capital Budget focusing only on the projects included in the FY 2017 Capital Budget. After looking at the status of current projects and the upcoming pipeline in the context of resource capacity, the following projects have been identified by staff that could be deferred to FY 2018 and beyond in order to reach the Fiscal Year 2017 \$2.0 million to \$5.5 million target reduction. The value represents the net FY 2017 hard costs of the project, excluding salaries and benefits and adjusted for outside funding sources which will be reallocated to support other capital initiatives under way.

It should be noted, that this one year deferral will be reviewed in the context of the full five year Capital Improvement Plan as part of the development of the FY2018-FY2022 Proposed CIP to ensure project plans align within the five year plan.

Potential project deferrals:

- Ramos Park Improvements (PG-14000); page 226	\$ 175,000
- Ventura Buildings Improvements (PE-15011); page 174	\$ 600,000
- Municipal Services Center A, B, & C, Roof Replacement (PF-17000); Page 150	\$ 817,000
- Rinconada Park Improvements (PE-08001); page 228	<u>\$3,335,000</u>
	<u>\$4,927,000</u>

Planning & Transportation Contingency Reserve: \$500,000

On May 10, 2016, the Finance Committee discussed the Department of Planning and Community Environment's need for additional resources. As a result, staff recommended a \$500,000 contingency reserve, similar to the \$500,000 transportation contingency reserve in FY 2016. The Department would use this reserve to supplement staff resources in furtherance of City Council priority projects during the course of the year. Specific uses of the reserve would require City Council approval, and recommended uses would include, but may not be limited to the following activities:

- Urban design support: The Department would retain the services of an architect or urban design professional to support staff's work and to manage the preparation of design guidelines for two story homes in Eichler neighborhoods (either in the form of standalone guidelines or an amendment/supplement to the Individual Review (IR) guidelines).
- Middlefield Road traffic analysis and safety enhancements: The City has committed to undertake a review of the time of day turn restrictions implemented on a trial basis at two intersections along Middlefield Road close to the border with Menlo Park. The review will include a comprehensive analysis of traffic safety in this area, community engagement, and analysis of options for the future. This analysis and implementation of the selected option are not currently budgeted.
- Shuttle and RPP expenditures: A portion of the Department's FY 2016 contingency was used to support implementation of Downtown RPP phase two, and the FY 2017 contingency could likewise support any unanticipated costs associated with the Evergreen Park and Southgate programs. The contingency could also support shuttle service expansions, either in the form of increased frequencies or a new route(s), if the City Council elects to pursue these expansions based on results of an ongoing study of the shuttle system.

This funding will increase the Planning and Community Environment's effectiveness and responsiveness in the course of the year.

2.0 FTE Position Eliminations

As part of the Finance Committee recommended balancing revisions approved on May 23, 2016, a request for 2.0 FTE position reductions was requested. The City Manager is currently evaluating staffing resources and priorities throughout the City and will bring forward a recommendation at a later time.

Post Office Acquisition

Concurrent with the development of the FY 2017 Proposed Operating and Capital Budgets, the City has explored the acquisition of the Post Office Building on Hamilton Avenue. As discussed, no assumptions for either the acquisition costs or the remodel costs associated with outfitting the space for City use have been included in the City Manager's FY 2017 Proposed Budget. It is anticipated that the acquisition costs would need to be financed and a further reprioritization

beyond the reprioritization of projects outlined in this report will be necessary for the full FY 2017-2021 Capital Improvement Plan in the General Capital Improvement Fund.

Golf Course Reconfiguration

As discussed during the May 23, 2016 Finance Committee meeting, staff is currently in the midst of evaluating the bids received for the Golf Course Reconfiguration CIP and the financial feasibility of the project given the project costs versus projected future Golf Course revenue. It is anticipated that a discussion surrounding the reconfiguration project will be brought forward at the June 20, 2016 City Council meeting.

CITY MANAGER'S FINAL RECOMMENDED AMENDMENTS TO THE FISCAL YEAR 2017 PROPOSED BUDGET

Based on the Finance Committee Budget Hearing deliberations and requested changes during the month of May 2016 as well as changes at the behest of staff, this section aggregates and outlines all the final changes recommended by staff to be made to the FY 2017 Proposed Operating and Capital Budgets distributed to the City Council on April 25, 2016.

General Fund

Summary of Recommended Changes to the FY 2017 City Manager's Proposed Budget

Throughout the FY 2017 Budget hearings, the Finance Committee members recommended amendments to the FY 2017 City Manager Proposed Budget as described above in Scenario A and Scenario B. Staff has worked to incorporate those directions into the amended budget, including:

- a \$170,000 increase for the Tree Trimming Contract associated with decreasing the cycle time from 15 years to 10 years in the next contract;
- a \$280,000 increase for Operations and Maintenance costs associated with two new RPP programs for Evergreen and Southgate;
- a \$500,000 Planning and Transportation Contingency Fund;
- a \$374,000 reduction in expenses in the Non-Departmental section reflects a placeholder for savings that is anticipated to be identified as a result of 2.0 FTE position eliminations; and
- a reduction in the General Fund Transfer to the General Capital Fund in the amount of \$4.3 million.

In order to offset some of these recommended adjustments, staff has identified some alternative funding for the two new RPP programs. Of the needed \$280,000, partial funding of \$50,000 was included in the original Proposed Budget for Fiscal Year 2017 in the Residential Parking Permit Fund, \$70,000 is recommended to be used from the FY 2016 Transportation

Contingency Fund, leaving a remaining balance of \$160,000. After further consultation, staff recommends postponing the California Avenue Retail Feasibility Study that was included in the proposed budget, and that the \$75,000 in funding allocated for that action in the Proposed Budget is used for the RPP programs instead. The remaining \$85,000 in funding necessary for the development of these two new RPP programs is recommended to come from the general fund Budget Stabilization Reserve.

All recommended changes to the City Manager's FY 2017 Proposed Operating Budget are explained in further detail in Attachment A, Exhibit 2, Amendments to the City Manager's Fiscal Year 2017 Proposed Operating and Capital Budgets.

Once adjusting for all the recommended changes, the revised draw on the BSR is \$998,000. This is a \$3.9 million decrease from the levels proposed in the FY 2017 City Manager Proposed Operating Budget of \$4.9 million. The estimated FY 2017 BSR would be at \$39.5 million or 20.4% of the FY 2017 General Fund Recommended Expenditure budget. This level is \$3.6 million above the target level of 18.5% and slightly exceeds (\$688,000) the 20% maximum as approved by the City Council.

General Capital Improvement Fund

Summary of Recommended Changes to the FY 2017 City Manager's Proposed Budget

In order to meet the directions requested by the Finance Committee and after further analysis by staff, a number of adjustments are recommended to the Capital Improvement Fund as outlined in detail in Attachment A, Exhibit 2. Adjustments primarily fall into two categories: 1) projects have been identified and are recommended to be deferred for one year from FY 2017 to FY 2018 and 2) the reappropriation of projects from FY 2016 to FY 2017 (\$1.8 million).

After looking at the status of current projects and the upcoming pipeline in the context of resource capacity, three projects are recommended for deferral. This is compared to the four projects outlined earlier to meet the request of the Finance Committee target level of reductions. The Ventura Building Improvement's Project is not recommended for deferral due to the high priority level of this project for the City Council.

Attachment – A, Exhibit 2 outlines in detail the transactions to reduce the FY 2017 Proposed Capital Budget and reallocate the staffing costs that will be redirected to complete remaining projects in the pipeline. These changes are offset by a recommended reduction in the transfer from the General Fund in the amount of \$4.3 million, resulting in a net transfer of \$17.6 million including the \$8.0 million of Transient Occupancy Tax proceeds.

The recommended project deferrals and the net potential savings to the General Capital Fund include:

- Municipal Services Center A, B, & C, Roof Replacement (PF-17000)	\$ 817,000
- Ramos Park Improvements (PG-14000)	\$ 175,000

- Rinconada Park Improvements (PE-08001)	<u>\$3,335,000</u>
	\$4,327,000

In total, when including recommended reappropriations of funds, a net reduction to the FY 2017 City Manager Proposed General Capital Improvement Fund Budget of \$3.6 million is recommended by staff. This would reduce the Capital Improvement Fund FY 2017 budget from \$71.9 million to \$68.3 million.

Enterprise Funds

Summary of Recommended Changes to the FY 2017 City Manager's Proposed Budget

Recommended adjustments in the various Enterprise Funds are minimal and outlined in Attachment A, Exhibit 2. Overall, there are two types of changes recommended in the Enterprise Funds, 1) the reappropriation of funds for various capital projects and 2) recommended adjustments to projects to correct for omissions or defer projects.

Recommended Project Revisions

As approved by the Finance Committee, the addition of the Electric Fund Capital Improvement Project: Facility Relocation for Caltrain Modernization Project was included in the recommended changes. Subsequent to the printing of the FY 2017-2021 Proposed Capital Improvement Plan, a new project was identified by the Utilities Department that is recommended to be added to the five-year plan with \$150,000 recommended to be budgeted in FY 2017. This project is detailed in the *At Places Memorandum* dated May 17, 2016, and provides funding for the relocation of overhead Utility Electric and Fiber Optic lines to provide adequate clearance from new electric lines being installed by the Peninsula Corridor Joint Powers Board (Caltrain) to convert their diesel powered commuter trains to electric power.

As discussed in the General Capital Improvement Fund Section, several Capital Improvement Projects are recommended to be deferred from FY 2017. One of these projects, the Municipal Services Center A, B, & C, Roof Replacement (PF-17000) Project is partially funded by some of the Enterprise Funds, as shown in the table below:

- Electric Fund	\$308,204
- Fiber Optics Fund	18,671
- Gas Fund	144,273
- Refuse Fund	19,000
- Wastewater Treatment Fund	79,857
- Water Fund	<u>132,995</u>
	\$703,000

The remaining changes recommended in various Enterprise Funds reflect the reappropriation of funds from FY 2016 to FY 2017 for capital projects as discussed later in this report.

In total, when including recommended reappropriations of funds, the following net changes occur by fund:

- a net increase to the FY 2017 City Manager's Proposed Electric Fund Capital Budget of \$4.3 million is recommended by staff.
- a net increase to the FY 2017 City Manager's Proposed Fiber Optics Fund Capital Budget of \$0.2 million is recommended by staff.
- a net increase to the FY 2017 City Manager's Proposed Gas Fund Capital Budget of \$4.8 million is recommended by staff.
- a net decrease to the FY 2017 City Manager's Proposed Refuse Fund Capital Budget of \$0.1 million is recommended by staff.
- a net increase to the FY 2017 City Manager's Proposed Storm Drainage Fund Capital Budget of \$0.5 million is recommended by staff.
- a net increase to the FY 2017 City Manager's Proposed Wastewater Collection Fund Capital Budget of \$1.8 million is recommended by staff.
- a net decrease to the FY 2017 City Manager's Proposed Wastewater Treatment Fund Capital Budget of \$3.8 million is recommended by staff.
- a net increase to the FY 2017 City Manager's Proposed Water Fund Capital Budget of \$10.4 million is recommended by staff.

Internal Service Funds

Summary of Recommended Changes to the FY 2017 City Manager's Proposed Budget

As discussed above, the Municipal Services Center A, B, & C, Roof Replacement (PF-17000) Project is recommended to be deferred from FY 2017, and \$380,000 of the project is funded by the Vehicle Replacement Fund. In total, when including recommended reappropriations of funds, a net increase to the FY 2017 City Manager Proposed Vehicle Replacement Fund Capital Budget of \$55,253 is recommended by staff.

In total, when including recommended reappropriations of funds, a net increase to the FY 2017 City Manager Proposed Technology Fund Capital Budget of \$1.5 million is recommended by staff.

Special Revenue Funds

As discussed above, the City Manager's Fiscal Year 2017 Proposed Operating Budget included \$50,000 in the Residential Parking Permit Fund for initial work associated with new Residential Parking Permit programs. Following the direction given by the City Council on May 9, 2016 to establish new RPP programs in Evergreen Park and Southgate, an additional \$230,000 will be transferred from the General Fund to the Residential Parking Permit Fund for the establishment of those programs. This action is detailed further in Attachment A, Exhibit 2, Amendments to the City Manager's Fiscal Year 2017 Proposed Operating and Capital Budgets.

Capital Reappropriations

As described in the Proposed Capital Budget document and discussed during the Finance Committee Budget Hearings, the City Council-approved a change in the method for accounting for capital budget reappropriations, which are included in the 2017-2021 Proposed Capital

Budget Improvement Program (CIP). Previously, any unspent capital funds carried forward from one fiscal year to the next automatically, as long as the project was active. As a result of the October 2014 change to the Municipal Code, City Council authorization is now required for reappropriations. The FY 2017 budget continues this process with the FY 2017 Proposed Capital Budget including approximately \$58.0 million in reappropriated funds, across all funds. In the time since the Proposed Budget figures were developed (late winter and early spring of 2016), departments have re-reviewed current year estimates and the reappropriation amounts built into the proposed CIP. Additional reappropriation adjustments are recommended as part of this wrap-up memorandum in order to update the FY 2017 Capital Budget with current, more refined estimated activity levels in Fiscal Year 2016. Cumulatively, this re-review of projects has resulted in staff's recommendation to increase the Fiscal Year 2017 Proposed Budget by a net total of \$21.7 million. These adjustments, as outlined in detail in Attachment – A Exhibit 2, will ensure that funds are available at the onset of Fiscal Year 2017 for projects that have experienced delays in the current year and will reduce the Fiscal Year 2017 Proposed budget for projects that experienced higher than anticipated expenditure levels in Fiscal Year 2016. These projects are at various stages of their plans and the funding is required to fulfill the commitment and/or contractual obligations.

TABLE OF ORGANIZATION

At this time, no changes from the Table of Organization as outlined in the City Manager's FY 2017 Proposed Operating Budget on pages 481 through 497 for full time benefited positions are recommended. As discussed earlier, an evaluation of a 2.0 FTE position reduction recommendation from the City Manager is pending. Once that is brought forward, a motion can be made to amend the Table of Organization as outlined in the FY 2017 Proposed Operating Budget as appropriate.

MUNICIPAL FEE SCHEDULE

On May 12, 2016, the Finance Committee recommended that the City Council adopt the changes to the Fiscal Year 2017 Proposed Municipal Fee Schedule with amendments (Attachment A, Exhibit 5). Major changes made to the Fiscal Year 2016 Proposed Municipal Fee Schedule include a 5.5% fee increase for average salary and benefits and adjustments to achieve cost recovery levels per the guidelines approved by the City Council, and adjustments to Planning and Community Environment Impact Fees in accordance with Municipal Codes. Additionally, as detailed in the attached City Manager's Report, the Finance Committee approved eleven new fees, 118 fees adjusted by a rate other than 5.5% to either adjust for cost-recovery levels, align with market value, or capture other technical adjustments, and the deletion of eight fees. It should be noted that amendments to Municipal Fees for Development Services, with the exception of the Public Works division, will be brought forward separately following the completion of a cost of services analysis that is currently underway.

FISCAL YEAR 2017 PROPOSED RATE CHANGES

Staff and the Finance Committee recommend that the City Council approve the Utility Rate Changes listed below. These rate changes were approved by the Finance Committee between April and May of 2016.

- Dark Fiber Optic Rate Increase (Attachment B): Rates are adjusted annually based on the Consumer Price Index (CPI). The Fiber Optic Rate will increase 3.2% to reflect the annual CPI change. See Attachment B for more information.
- FY 2017 Electric Financial Plan (Attachment C) and Electric Rate Increase (Attachment D): The FY 2017 Electric Utility Financial Plan includes projections of the utility's costs and revenues through FY 2023. Costs are projected to rise substantially for the next several years, most notably for electric supply purchases, transmission costs, and additional capital investments. An 11% overall rate increase is proposed for July 1, 2016, although the actual rate increases for each customer class will differ as a result of rebalancing of the cost allocation between customer groups as determined by the new cost of service analysis (COSA). See Staff Report #6857 for additional information.
- FY 2017 Gas Financial Plan (Attachment E) and Gas Rate Increase (Attachment F): The FY 2017 Gas Utility Financial Plan includes projections of the utility's costs and revenues for FY 2017 through FY 2026. Costs have risen over the past several years and revenues have not kept pace. An 8% gas rate increase on July 1, 2016 is proposed. See Staff Report #6858 for additional information.
- FY 2017 Refuse Rate Increase (Attachment G): Rates are proposed to increase by 9% for residential users (Attachment H), by 5% for commercial garbage and demolition, and the commercial compost rate is proposed to be decreased by 7% (Attachment I). Additionally, it is recommended that rate schedules R-2 and R-3 (Commercial Refuse Rates) be consolidated into a new Utility Rate Schedule designated R-C (Commercial Refuse Rates) (Attachment I). See Staff Report #6723 for additional information.
- FY 2017 Storm Water and Surface Water Drainage Rate Increase (Attachment J): Rates are adjusted annually based on the Consumer Price Index (CPI). The Storm Water and Surface Drainage Rate will increase 3.2% to reflect the annual CPI change. See Staff Report #6657 for more information.
- FY 2017 Wastewater Financial Plan (Attachment K) and Wastewater Rate Increase (Attachment L): The FY 2017 Wastewater Collection Utility Financial Plan includes projections of the utility's costs and revenues through FY 2026. Expenses have been higher than revenues for several years, and treatment costs are increasing. A 9% wastewater collection rate increase in FY 2017 is proposed. See Staff Report #6690 for additional information.
- FY 2017 Water Financial Plan (Attachment M) and Water Rate Increase (Attachment N): The FY 2017 Water Utility Financial Plan includes projections of the utility's costs and revenues for FY 2017 through FY 2026. Costs are projected to rise substantially for the next several years due primarily to increasing water supply costs. Staff recommends a 6% water rate increase effective on July 1, 2016. See Staff Report #6689 for more information.

A separate Staff Report detailing the establishment of a Net Energy Metering Successor Rate, the establishment of the Net Energy Metering Transition Policy, and amending Rule and Regulation 2 (Definitions and Abbreviations) and 29 (Net Energy Metering and Interconnection) is anticipated to be brought forward for City Council consideration on June 27, 2016.

COMPENSATION PLANS

In addition to the approval of the Table of Organization, the changes in the City Manager's Fiscal Year 2017 Budget result in amendments to three of the City's labor group's compensation plans. These are changes to classification compensations or changes to them add or amend current job classifications for these labor groups. Below is a summary of the recommended changes:

Utilities Management Professional Association of Palo Alto (UMPAPA) (Attachment O, Exhibit 1):

- Add Manager, Utilities Strategic Business classification
- Delete Senior Management Analyst-U classification
- Title change Manager, Utilities Marketing Services to Manager, Utilities Program Services

Service Employees International Union (SEIU) 2015-2018 MOA (Attachment O, Exhibit 2):

- Add Electric Equipment Technician classification
- Add Heavy Equipment Operator/Installer Repairer classification
- Add Plant Mechanic classification
- Add Substation Electrician - Apprentice classification
- Update Facilities Technician classification Salary Rates

Service Employees International Union (SEIU) 2013-2015 MOA (Attachment O, Exhibit 3):

- Title change Facilities Mechanic to Facilities Technician to retroactively align the reclassification in the appropriate salary schedule

International Association of Fire Fighters (IAFF) (Attachment O, Exhibit 4):

- Add Fire Fighter EMT, Hazardous Materials, Paramedic classification
- Add Fire Apparatus Operator EMT, Hazardous Materials, Paramedic classification
- Delete Fire Apparatus Operator classification
- Delete Fire Captain classification
- Delete 40-Hour Training Captain classification

REFERRAL ITEMS FOR FULL COUNCIL AT THE REQUEST OF THE FINANCE COMMITTEE

The Finance Committee approved a motion on May 23, 2016 to recommend to the full City Council to refer to staff the following items for further review. A motion by the full City Council would be necessary to refer these items to staff.

- Review sworn versus non-sworn staffing for cost savings/enhanced services/ increased revenues.
- Identify options for increasing Human Services Resource Allocation Process (HSRAP) funding in fiscal year 2018. Potentially increase to the \$667,000 level which reflects a 2.5% cost of living increase annually from fiscal year 2002 levels.
- Capture costs associated with parking and traffic initiatives attaining cost recovery between revenues and expense.
- Recommended to the City Council that a referral be made to the Policy and Services Committee to explore a low income fee program, specifically with regards to Community Services.
- Reach a sustainable budget with staffing cost escalators such as salaries and benefits.

RESOURCE IMPACT

This report summarizes and seeks the City Council approval of the FY 2017 Operating and Capital budgets and the supporting fee schedules, rate schedules, and salary schedules in order to support the projections and appropriation included. The approval of the City Manager's FY 2017 Proposed Capital and Operating Budget as recommended to be amended in this report would result in the appropriation of funds for these services and programs to be completed during the 2017 fiscal year.

ENVIRONMENTAL REVIEW

Adoption of a budget is not a project for purposes of the California Environmental Quality Act.

Attachments:

- Attachment A: FY 2017 Budget Adoption Ordinance (DOCX)
- Attachment A, Exhibit 1: FY 2017 City Manager's Proposed Budget & Muni Fee (Previously Distributed) (PDF)

- Attachment A, Exhibit 2: Recommended Amendments to the City Manager's FY 2017 Proposed Budget (PDF)
- Attachment A, Exhibit 3: Municipal Fee Schedule Amendments for FY 2017 (PDF)
- Attachment B: Dark Fiber Resolution and Schedule (PDF)
- Attachment C: Electric Financial Plan Resolution and Plan (PDF)
- Attachment D: Electric Rates Resolution and Schedule (PDF)
- Attachment E: Gas Utility Financial Plan and Resolution (PDF)
- Attachment F: Gas Rates Resolution and Schedule (PDF)
- Attachment G: Refuse Resolution (PDF)
- Attachment H: Refuse Residential Rates (PDF)
- Attachment I: Refuse Commercial (PDF)
- Attachment J: Storm Drain Resolution and Rates Schedule (PDF)
- Attachment K: Wastewater Collection Resolution and Financial Plan (PDF)
- Attachment L: Wastewater Resolution and Rates Schedule (PDF)
- Attachment M: Water Financial Plan Resolution and Plan (PDF)
- Attachment N: Water Resolution and Rates Schedule (PDF)
- Attachment O: Salary Schedule Resolution (PDF)
- Attachment P: Budget Wrap-up Report (CMR #7018) (PDF)
- Attachment Q: Budget Hearings At Places Memoranda (PDF)
- Attachment R: Budget Hearings Various Presentations to Finance Committee (PDF)
- Attachment S: FY 2017 Budget Hearing Transcripts (PDF)

ATTACHMENT A

ORDINANCE NO. XXXX

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO ADOPTING THE BUDGET FOR FISCAL YEAR 2017

SECTION 1. The Council of the City of Palo Alto finds and determines as follows:

A. Pursuant to the provisions of Section 6(g) of Article IV of the Charter of the City of Palo Alto and Chapter 2.28 of the Palo Alto Municipal Code, the City Manager has prepared and submitted to the City Council, by letter of transmittal, a budget proposal for Fiscal Year 2017; and

B. Pursuant to the provisions of Section 12 of Article III of the Charter, the Council did, on June 13, 2016, hold public hearings on the budget after publication of notice in accordance with Section 2.28.070 of the Palo Alto Municipal Code; and

C. In accordance with the provisions of Chapter 8 of Division 1, of Title 7, commencing with Section 66016 of the Government Code, as applicable, the Council did on June 13, 2016, hold a public hearing on the proposed amendments to the Municipal Fee Schedule, after publication of notice and after availability of the data supporting the amendments was made available to the public at least 10 days prior to the hearing.

SECTION 2. Pursuant to Chapter 2.28 of the Palo Alto Municipal Code, the following documents, collectively referred to as “the budget” are hereby approved and adopted for Fiscal Year 2017:

- (a) The budget document (Exhibit “1”) containing the proposed operating and capital budgets submitted on April 25, 2016, by the City Manager for Fiscal Year 2017, entitled “City of Palo Alto - City Manager’s Fiscal Year 2017 Proposed Budget” covering General Government Funds, Enterprise Funds and Internal Service Funds, a copy of which is on file in the Department of Administrative Services, to which copy reference is hereby made concerning the full particulars thereof, and by such reference is made a part hereof; and
- (b) The Amendments to the City Manager’s Fiscal Year 2017 Proposed Budget, attached hereto as Exhibit “2,” and made a part hereof; and

ATTACHMENT A

- (c) Changes and revised pages in the Table of Organization, as displayed on pages 481 through 497 in “Exhibit 1,” and made a part hereof; and
- (d) Fee changes of the Municipal Fee Schedule attached hereto as Exhibit “3”; and

SECTION 3. The sums set forth in the budget for the various departments of the City, as herein amended, are hereby appropriated to the uses and purposes set forth therein.

SECTION 4. All expenditures made on behalf of the City, directly or through any agency, except those required by state law, shall be made in accordance with the authorization contained in this ordinance and the budget as herein amended.

SECTION 5. Appropriations for the Fiscal Year 2016 that are encumbered by approved purchase orders and contracts for which goods or services have not been received or contract completed, and/or for which all payments have not been made, by the last day of the Fiscal Year 2016 shall be carried forward and added to the fund or department appropriations for Fiscal Year 2017.

SECTION 6. The City Manager is authorized and directed to make changes in the department and fund totals and summary pages of the budget necessary to reflect the amendments enumerated and aggregated in the budget as shown in Exhibit “2” and the Fiscal Year 2016 appropriations carried forward as provided in Section 5.

SECTION 7. As specified in Section 2.04.320 of the Palo Alto Municipal Code, a majority vote of the City Council is required to adopt this ordinance.

SECTION 8. As specified in Section 2.28.140(b) of the Palo Alto Municipal Code, the Council of the City of Palo Alto hereby delegates the authority to invest the City’s funds to the Director of Administrative Services, as Treasurer, in accordance with the City’s Investment Policy for Fiscal Year 2017.

SECTION 9. The Council of the City of Palo Alto adopts the changes to the Municipal Fee Schedule as set forth in Exhibit “3”. The amount of the new or increased fees and charges is no more than necessary to cover the reasonable costs of the governmental activity, and the manner in which those costs are allocated to a payer bears a fair and reasonable relationship to the payer’s burden on, or benefits received from, the governmental activity. All new and increased fees shall go into effect immediately; provided that pursuant to Government Code Section 66017, all Planning & Community Environment Department and Development Services Department fees relating to a “development project” as defined in Government Code Section 66000 shall become effective sixty (60) days from the date of adoption.

ATTACHMENT A

SECTION 10. Fees in the Municipal Fee Schedule are for government services provided directly to the payor that are not provided to those not charged. The amount of this fee does not exceed the reasonable costs to the City of providing the services. Consequently, pursuant to Art. XIII C, Section 1(e)(2), such fees are not a tax.

SECTION 11. As provided in Section 2.04.330 of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

SECTION 12. The Council of the City of Palo Alto hereby finds that this is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

ATTACHMENT A

INTRODUCED AND PASSED: Enter Date Here

AYES:

NOES:

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

City Manager

City Attorney

Director of Administrative Services

**Fiscal Year 2017 City Manager's
Proposed Operating & Capital Budget**

These documents were originally distributed in Council Packet of April 25, 2016. Printed copies are available upon request for \$27 per book.

These documents may be viewed at any City of Palo Alto Library or the City's website:

www.cityofpaloalto.org/gov/depts/asd/budget.asp

Changes to the Municipal Fee Schedule were distributed in Council Packet on May 5, 2016. The City Manager's Staff Report can be viewed on the City's website:

<http://www.cityofpaloalto.org/civicax/filebank/documents/52312>

In addition, a replacement page for that staff report was issued on May 5, 2016. That replacement page can be viewed on the City's website:

<http://www.cityofpaloalto.org/civicax/filebank/documents/52326>



CMR #6932: ATTACHMENT A, EXHIBIT 2

CITY OF PALO ALTO RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
GENERAL FUND				
<i>Planning and Community Environment Department</i>	California Avenue Retail Feasibility Study This action eliminates funding associated with the California Avenue Retail Feasibility Study included in the City Manager's Fiscal Year 2017 Proposed Operating Budget. The \$75,000 in funding that was included will instead be used to offset costs associated with the development of two new Residential Parking Permit programs for Evergreen Park and Southgate.		Contract Services	\$ (75,000)
<i>Public Works Department</i>	Tree Trimming Contract This action provides additional funding to the Public Works Department associated with the Tree Trimming Contract to improve the cycle time for tree trimming from 15 years to 10 years, as recommended by the Finance Committee. This additional funding will enable the number of trees pruned proactively on an annual basis to increase from 1,978 per year in the 15 year cycle to 3,415 per year in the 10 year cycle.		Contract Services	\$ 170,000
<i>Non-Departmental Budget</i>	FY 2016 Transportation Contingency This action recognizes anticipated planned savings in the FY 2016 Transportation Contingency of \$70,000 and increases the June 30, 2016 estimated Budget Stabilization Reserve that will be carried forward to FY 2017 by \$70,000 as a source of funds. This action will partially offset funding for the establishment of two RPPs in Evergreen Park and Southgate. The City Council directed staff to create these new RPPs on May 9, 2016.	Beginning Fund Balance: Budget Stabilization Reserve		\$ 70,000
<i>Non-Departmental Budget</i>	FY 2017 Planning and Transportation Contingency This action establishes a \$500,000 contingency for Transportation and Planning projects that may arise over the course of Fiscal Year 2017. Potential uses include urban design support for professional staff and for the development of design guidelines in Eichler neighborhoods, Middlefield Road traffic analysis and safety enhancements, and Shuttle and RPP expenditures. Any use of the Contingency funding would require City Council approval.		Contingency	\$ 500,000
<i>Non-Departmental Budget</i>	Position Reduction/Elimination (2.0 FTE positions) This action reduces the Non-Departmental Budget by the equivalent of approximately 2.0 FTE positions. As part of the Finance Committee recommended balancing revisions approved on May 23, 2016, a request for 2.0 position reductions was requested. The City Manager is currently evaluating staffing resources and priorities throughout the city and will bring forward a recommendation at a later time.		Salaries & Benefits	\$ (374,000)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
GENERAL FUND				
Non- Departmental Budget	Transfer to the Residential Parking Permit Fund: This action establishes a transfer of \$230,000 to the Residential Parking Permit fund to provide funding for two new RPPs in FY 2017 in Evergreen Park and Southgate, as directed by the City Council on May 9th, 2016. This action is partially offset by the elimination of the California Avenue Retail Feasibility Study (\$75,000) and by the use of the remaining FY 2016 Transportation Contingency (\$70,000).		Transfers Out	\$ 230,000
Non- Departmental Budget	Transfer to the General Capital Fund: This action reduces the transfer to the General Capital Fund by an additional \$4.3 million for a total reduction of \$5.7 million in FY 2017. This additional reduction is recommended to be a one-time reduction as a result of the deferral of construction activity in projects in the Capital Fund that was programmed in the City Manager's Fiscal Year 2017 Proposed Capital Budget. The total transfer in FY 2017 would be \$17.6 million, including the transfer of Transient Occupancy Tax revenues of and estimated \$8.0 million. Additional details can be found in the General Capital Improvement Fund section of this attachment.		Transfers	\$ (4,327,000)
Non- Departmental Budget	Adjustment to Ending Fund Balance/Budget Stabilization Reserve: This action increases the Budget Stabilization Reserve (BSR) to account for actions recommended in this report. This increase in the BSR would bring the FY 2017 estimated level to \$39.5 million reflecting a recommended draw on the BSR of \$998,000 in the FY 2017 Proposed Budget. The estimated BSR level of \$39.5 million in FY 2017 reflects approximately 20.4% of the FY 2017 General Fund expenditures and is \$3.6 million above the target level of 18.5% and slightly exceeds (\$688,000) the range of a 15% minimum to 20% maximum as approved by the City Council.		Fund Balance	\$ 3,946,000
GENERAL FUND SUBTOTAL		\$ 70,000		\$ 70,000

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
GENERAL CAPITAL IMPROVEMENT FUND				
Capital	Art in Public Places (AC-86017) This action reduces the Art in Public Places project to correct an error in the calculation of this project that was identified subsequent to the printing of the FY 2017-2021 Proposed Capital Improvement Plan.		Capital: Design/Construction	\$ (156,327)
Capital	Municipal Services Center A, B, & C Roof Replacement (PF-17000)	Transfers In \$ (1,083,000)	Capital: Construction	\$ (1,942,328)
	This action recommends deferring the Municipal Services Center (MSC) A, B, & C Roof Replacement project by one year to fiscal year 2018. Given staffing resources and the current status of the work being completed for this project, it is anticipated that a deferral is feasible and will not present undue risk to the MSC facility. A corresponding reduction in transfers from various funds is recommended that will partially offset this FY 2017 budget adjustment. These transfers were budgeted to recovered these funds fair share of the replacement costs as a number of workgroups are housed at the MSC.			
Capital	Ramos Park Improvements (PG-14000) This action recommends deferring funding for the Ramos Park Improvements by an additional year to Fiscal Year 2018. In Fiscal Year 2016, funding was allocated to for the replacement of existing park playground, benches, and drinking fountain, as well as resurfacing the basketball court playing surface. This project was recommended to be extended to FY 2017 due to staffing constraints and as a result of this action, is recommended to be deferred one additional year to Fiscal Year 2018. The Community Services Department is currently undergoing a Parks Master Plan as well and it is anticipated that upon completion of that a review of parks capital investments will be evaluated in the context of any finding in that plan and recommended adjustments may be brought forward to align with the Master Plan.		Capital: Design/Construction	\$ (199,019)
Capital	Rinconada Park Improvements (PE-08001) This action recommends deferring funding for the Rinconada Park Improvements to Fiscal Year 2018. This project timing was adjusted to Fiscal Year 2017 to align with the completion of the Rinconada Parks Master Plan, however, due to current staffing capacity levels and the larger Parks Master Plan that the Community Services Department is currently undergoing, a deferral of this project is recommended.		Capital: Design/Construction	\$ (3,474,224)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
GENERAL CAPITAL IMPROVEMENT FUND				
Capital	Salaries and Benefits - Capital Improvement Fund CIP Projects (AS-10000)		Capital: Salaries & Benefits	\$ 205,571
	This action recommends increasing the Salaries and Benefits - Capital Improvement Fund CIP Projects budget in fiscal year 2017 by \$206,000 (from \$1.5 million to \$1.7 million). This project provides funding for the estimated salaries and benefit costs of City Staff assigned to manage the General Fund Capital Improvement program. With the recommended deferral of some projects, the associated salary and benefit costs previously programmed in those projects are recommended to be allocated to this project. During the course of the year, these resources will be reallocated and charged appropriately to other CIP activities.			
Capital	Transfer from the General Fund to the General Capital Improvement Fund	Transfers In	\$	(4,327,000)
	This action recommends a one-time reduction in the transfer of funds from the General Fund to the General Capital Fund of \$4.3 million bringing the FY 2017 transfer level to \$17.6 million compared to the recommended \$21.9 million that was included in the FY2017 City Manager's Proposed Capital Budget. This action is recommended to be offset by the recommended deferral of three capital improvement projects formerly budgeted to be addressed during FY 2017, however, upon further review sufficient resources do not exist to complete these projects in this timeframe. This one-time reduction would require a increase in the General Fund transfer of a comparable or increased level to the FY2018 Proposed Capital Improvement Budget above what is included in the FY 2017-2026 Long Range Financial Forecast in order to ensure sufficient funding is available to complete these projects.			
Capital	Reappropriation: Americans With Disabilities Act Compliance (PF-93009)		Capital Impv. Program	\$ 23,884
Capital	Reappropriation: Art In Public Spaces (AC-86017)		Capital Impv. Program	\$ 110,910
Capital	Reappropriation: Baylands Boardwalk Improvements (PE-14018)		Capital Impv. Program	\$ 22,191
Capital	Reappropriation: Baylands Nature Interpretive Center Facility Improvements (PE-15029)		Capital Impv. Program	\$ 45,004
Capital	Reappropriation: Bicycle and Pedestrian Plan-Implementation Project (PL-04010)		Capital Impv. Program	\$ (1,117,226)
Capital	Reappropriation: Buckeye Creek Hydrology Study (PG-15000)		Capital Impv. Program	\$ 149,180
Capital	Reappropriation: Byxbee Park Trails (PE-13020)		Capital Impv. Program	\$ 4,183

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
GENERAL CAPITAL IMPROVEMENT FUND				
Capital	Reappropriation: California Avenue Parking District Parking Improvements (PF-14004)		Capital Impv. Program	\$ (2,800)
Capital	Reappropriation: California Avenue- Transit Hub Corridor Project (PL-11002)		Capital Impv. Program	\$ 199,705
Capital	Reappropriation: City Facility Parking Lot Maintenance (PE-09003)		Capital Impv. Program	\$ (44,194)
Capital	Reappropriation: City Hall First Floor Renovations (PE-12017)		Capital Impv. Program	\$ 161,995
Capital	Reappropriation: Civic Center Waterproofing Study and Repairs (PE-15020)		Capital Impv. Program	\$ 154,048
Capital	Reappropriation: Curb and Gutter Repairs (PO-12001)		Capital Impv. Program	\$ (38,381)
Capital	Reappropriation: Dinah Summerhill Pedestrian/Bicycle Path (PL-11001)		Capital Impv. Program	\$ 113,641
Capital	Reappropriation: El Camino Real & Churchill Intersection Improvements-Design (PL-14000)		Capital Impv. Program	\$ 21,555
Capital	Reappropriation: Embarcadero Road Corridor Improvements (PL-15001)		Capital Impv. Program	\$ 28,129
Capital	Reappropriation: Facility Interior Finishes Replacement (PF-02022)		Capital Impv. Program	\$ (2,120)
Capital	Reappropriation: Fire Station 1 Improvements (PF-14002)		Capital Impv. Program	\$ (11,870)
Capital	Reappropriation: Fire Station 3 Replacement (PE-15003)		Capital Impv. Program	\$ 59,232
Capital	Reappropriation: Library & Community Center - Temporary Facilities (PE-09010)		Capital Impv. Program	\$ 117,155
Capital	Reappropriation: Lucie Stern Buildings Mechanical and Electrical Upgrades (PE-14015)		Capital Impv. Program	\$ 1,054,723
Capital	Reappropriation: Midtown Connector (PL-14001)		Capital Impv. Program	\$ 91,234
Capital	Reappropriation: Mitchell Park Library and Community Center (PE-09006)		Capital Impv. Program	\$ 22,369
Capital	Reappropriation: New Downtown Parking Garage (PE-15007)		Capital Impv. Program	\$ 100,000
Capital	Reappropriation: New Public Safety Building (PE-15001)		Capital Impv. Program	\$ (369,711)
Capital	Reappropriation: Off-Road Pathway Resurfacing And Repair (OS-09001)		Capital Impv. Program	\$ 20,459
Capital	Reappropriation: Open Space Lakes And Pond Maintenance (OS-00002)		Capital Impv. Program	\$ 20,409
Capital	Reappropriation: Open Space Trails and Amenities (OS-00001)		Capital Impv. Program	\$ (72,759)
Capital	Reappropriation: Park and Open Space Emergency Repairs (PG-09002)		Capital Impv. Program	\$ (28,466)
Capital	Reappropriation: Park Maintenance Shop Remodel (PG-09003)		Capital Impv. Program	\$ 6,000
Capital	Reappropriation: Parking Guidance Systems, Access Controls, and Revenue Collection Equipment (PL-15002)		Capital Impv. Program	\$ 129,724

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department		Revenues		Expenses		
		Category	Adjustment	Category	Adjustment	
GENERAL CAPITAL IMPROVEMENT FUND						
Capital	Reappropriation: Parking Wayfinding (PL-15004)			Capital Impv. Program	\$ 25,524	
Capital	Reappropriation: Rinconada Library New Construction and Improvements (PE-11000)			Capital Impv. Program	\$ (11,996)	
Capital	Reappropriation: Roofing Replacement (PF-00006)			Capital Impv. Program	\$ (28,178)	
Capital	Reappropriation: Roth Building Maintenance (PF-07011)			Capital Impv. Program	\$ (2,313)	
Capital	Reappropriation: Safe Routes To School (PL-00026)			Capital Impv. Program	\$ 250,639	
Capital	Reappropriation: Sarah Wallis Park Improvements (PG-12004)			Capital Impv. Program	\$ 48,002	
Capital	Reappropriation: Sign Reflectivity Upgrade (PO-11000)			Capital Impv. Program	\$ (97,525)	
Capital	Reappropriation: Street Lights Improvements (PO-05054)			Capital Impv. Program	\$ 44,953	
Capital	Reappropriation: Street Maintenance (PE-86070)			Capital Impv. Program	\$ (166,228)	
Capital	Reappropriation: Tennis and Basketball Court Resurfacing (PG-06001)			Capital Impv. Program	\$ (11,100)	
Capital	Reappropriation: Thermoplastic Lane Marking and Striping (PO-11001)			Capital Impv. Program	\$ 29,376	
Capital	Reappropriation: Traffic Signal and Intelligent Transportation System Upgrades (PL-05030)			Capital Impv. Program	\$ 567,968	
Capital	Reappropriation: Transportation and Parking Improvements (PL-12000)			Capital Impv. Program	\$ 131,523	
Capital	Reappropriation: Ventura Buildings Improvements (PE-15011)			Capital Impv. Program	\$ 89,998	
Capital	Adjustment to Infrastructure Reserve/Beginning Fund Balance:		Beginning Fund Balance	\$ 1,838,846	Reserve: Infrastructure Reserve	\$ 156,327
This action increases the FY 2017 Beginning Fund Balance due to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY2017. An increase in the Infrastructure Reserve offsets actions recommended in this report.						
GENERAL CAPITAL IMPROVEMENT FUND SUBTOTAL			\$ (3,571,154)		\$ (3,571,154)	

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
INTERNAL SERVICE FUNDS				
<u>TECHNOLOGY FUND</u>				
Capital	Reappropriation: Public Safety Computer-Aided Dispatch Replacement (TE-09000)		Capital Impv. Program	\$ (75,380)
Capital	Reappropriation: Development Center Blueprint Technology Enhancements (TE-12001)		Capital Impv. Program	\$ (102,921)
Capital	Reappropriation: Interactive Voice Response (TE-13001)		Capital Impv. Program	\$ 106,181
Capital	Reappropriation: Library Computer System Software (TE-11001)		Capital Impv. Program	\$ 200,868
Capital	Reappropriation: Library RFID Implementation (TE-06001)		Capital Impv. Program	\$ 314,589
Capital	Reappropriation: Mobile In-Car Video System Replacement (TE-11002)		Capital Impv. Program	\$ 30,902
Capital	Reappropriation: Radio Infrastructure Replacement (TE-05000)		Capital Impv. Program	\$ 576,841
Capital	Reappropriation: Telephone System Replacement (TE-00010)		Capital Impv. Program	\$ 143,194
Capital	Reappropriation: Utilities Customer Bill System Improvements (TE-10001)		Capital Impv. Program	\$ 175,656
Capital	Reappropriation: Virtual Library Branch (TE-14002)		Capital Impv. Program	\$ 170,425
Capital	Adjustment to Beginning Fund Balance: This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY2017.	Beginning Fund Balance	\$ 1,540,355	
TECHNOLOGY FUND SUBTOTAL			\$ 1,540,355	\$ 1,540,355

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
INTERNAL SERVICE FUNDS				
<u>VEHICLE REPLACEMENT & MAINTENANCE FUND</u>				
<i>Capital</i>	<i>Transfer to General Capital Improvement Fund</i>		Transfer Out	\$ (380,000)
	This action reduces the transfer from the Vehicle Replacement and Maintenance Fund to the General Capital Improvement Fund budgeted for the Municipal Services Center A, B, & C Roof Replacement Project (PF-17000) to adjust for the recommended deferral of this project. A corresponding increase in the Retained Earnings Reserve is recommended to offset this action.			
<i>Capital</i>	<i>Reappropriation:</i> Scheduled Vehicle and Equipment Replacement - Fiscal Year 2015 (VR-15000)		Capital Impv. Program	\$ (72,606)
<i>Capital</i>	<i>Reappropriation:</i> Scheduled Vehicle and Equipment Replacement - Fiscal Year 2016 (VR-16000)		Capital Impv. Program	\$ 127,859
<i>Capital</i>	<i>Adjustment to Beginning Fund Balance/Retained Earnings Reserve:</i> This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY2017 as well as decreased expenses in FY 2017 offset by increases to the Retained Earnings Reserve.	Beginning Fund Balance	\$ 55,253	Reserve: Retained Earnings \$ 380,000
VEHICLE REPLACEMENT & MAINTENANCE FUND SUBTOTAL		\$ 55,253		\$ 55,253

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
SPECIAL REVENUE FUNDS				
<u>RESIDENTIAL PARKING PERMIT FUND</u>				
<i>Operations and Maintenance Costs for Evergreen and Southgate Residential Preferential Parking (RPP) Programs/Transfer from the General Fund</i> This action establishes a transfer from the General Fund to the Residential Parking Permit fund and appropriates the funds to provide operations and maintenance costs associated with the creation of two new RPPs. On May 9th, 2016 the City Council directed staff to create RPPs for each of these districts.	Transfers in	\$ 230,000	General Expense	\$ 230,000
RESIDENTIAL PARKING PERMIT FUND SUBTOTAL		\$ 230,000		\$ 230,000

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
ENTERPRISE FUNDS				
<u>ELECTRIC FUND</u>				
Capital	Transfer to General Capital Improvement Fund		Transfer Out	\$ (308,204)
	This action reduces the transfer from the Electric Fund to the General Capital Improvement Fund budgeted for the Municipal Services Center A, B, & C Roof Replacement Project (PF-17000) to adjust for the recommended deferral of this project. Corresponding increases to the Supply Reserve and the Distribution Reserve are recommended to offset this action.			
Capital	Facility Relocation for Caltrain Modernization Project (EL-17007):		Capital Impv. Program	\$ 150,000
	This action established the Facility Relocation for Caltrain Modernization Project in the amount of \$150,000 in FY 2017. This project provides for the relocation of overhead Utility Electric and Fiber Optic lines to provide adequate clearance from new electric lines being installed by the Peninsula Corridor Joint Powers Board (Caltrain) to convert their diesel powered commuter trains to electric power.			
Capital	Reappropriation: SCADA System Upgrades (EL-02010)		Capital Impv. Program	\$ 30,000
Capital	Reappropriation: Electric Utility Geographic Information System (EL-02011)		Capital Impv. Program	\$ 200,000
Capital	Reappropriation: Rebuild Underground District 24 (EL-10006)		Capital Impv. Program	\$ 1,075,560
Capital	Reappropriation: Street Light System Conversion Project (EL-10009)		Capital Impv. Program	\$ 30,000
Capital	Reappropriation: Rebuild Underground District 15 (EL-11003)		Capital Impv. Program	\$ 144,181
Capital	Reappropriation: Rebuild Underground District 19 (EL-11008)		Capital Impv. Program	\$ 12,262
Capital	Reappropriation: Underground District 47-Middlefield, Homer, Webster, Addison (EL-11010)		Capital Impv. Program	\$ 744,038
Capital	Reappropriation: Smart Grid Technology Installation (EL-11014)		Capital Impv. Program	\$ 109,096
Capital	Reappropriation: Underground District 46 - Charleston/El Camino Real (EL-12001)		Capital Impv. Program	\$ 28,651
Capital	Reappropriation: Sand Hill / Quarry 12kV Tie (EL-13006)		Capital Impv. Program	\$ 157,259
Capital	Reappropriation: Underground Distribution System Security (EL-13007)		Capital Impv. Program	\$ 50,000
Capital	Reappropriation: Upgrade Electric Estimating System (EL-13008)		Capital Impv. Program	\$ 25,000
Capital	Reappropriation: Maybell 1&2 4/12kV Conversion (EL-14004)		Capital Impv. Program	\$ 185,372
Capital	Reappropriation: Reconfigure Quarry Feeders (EL-14005)		Capital Impv. Program	\$ 11,606

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
ENTERPRISE FUNDS				
Capital	Reappropriation: Colorado/Hopkins System Improvement (EL-15000)		Capital Impv. Program	\$ 50,000
Capital	Reappropriation: Electric Substation Battery Replacement (EL-15001)		Capital Impv. Program	\$ 142,117
Capital	Reappropriation: Rebuild Underground District 26 (EL-16000)		Capital Impv. Program	\$ (50,000)
Capital	Reappropriation: Underground System Rebuild (EL-16001)		Capital Impv. Program	\$ (180,000)
Capital	Reappropriation: Capacitor Bank Installation (EL-16002)		Capital Impv. Program	\$ 75,000
Capital	Reappropriation: Electric Customer Connection (EL-89028)		Capital Impv. Program	\$ 534,000
Capital	Reappropriation: Communications System Improvements (EL-89031)		Capital Impv. Program	\$ 187,759
Capital	Reappropriation: Substation Protection Improvements (EL-89038)		Capital Impv. Program	\$ 281,812
Capital	Reappropriation: Substation Facility Improvements (EL-89044)		Capital Impv. Program	\$ 204,243
Capital	Reappropriation: Electric System Improvements (EL-98003)		Capital Impv. Program	\$ 300,000
Capital	Adjustment to Supply Reserve: This action increases the FY 2017 Supply Reserve to account for the estimated savings as a result of decreased expenses.		Reserve: Supply Reserve	\$ 22,394
Capital	Adjustment to Beginning Fund Balance/Distribution Reserve: This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY 2017 as well as decreased expenses in FY 2017 offset by increases to the Distribution Reserve.	Beginning Fund Balance	Reserve: Distribution Reserve	\$ 135,810
ELECTRIC FUND SUBTOTAL		\$ 4,347,956		\$ 4,347,956

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
ENTERPRISE FUNDS				
<u>FIBER OPTIC FUND</u>				
Capital	Transfer to General Capital Improvement Fund This action reduces the transfer from the Fiber Optic Fund to the General Capital Improvement Fund budgeted for the Municipal Services Center A, B, & C Roof Replacement Project (PF-17000) to adjust for the recommended deferral of this project. A corresponding increase in the Distribution Reserve is recommended to offset this action.		Transfer Out	\$ (18,671)
Capital	Reappropriation: Fiber Optics Network System Improvements (FO-10001)		Capital Impv. Program	\$ 158,000
Capital	Adjustment to Beginning Fund Balance/Distribution Reserve: This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY 2017 as well as decreased expenses in FY 2017 offset by increases to the Distribution Reserve.		Reserve: Distribution Reserve	\$ 18,671
		Beginning Fund Balance		\$ 158,000
FIBER OPTIC FUND SUBTOTAL		\$ 158,000		\$ 158,000
<u>GAS FUND</u>				
Capital	Transfer to General Capital Improvement Fund This action reduces the transfer from the Gas Fund to the General Capital Improvement Fund budgeted for the Municipal Services Center A, B, & C Roof Replacement Project (PF-17000) to adjust for the recommended deferral of this project. Corresponding increases to the Supply Reserve and the Distribution Reserve are recommended to offset this action.		Transfer Out	\$ (144,273)
Capital	Reappropriation: System Extensions - Unreimbursed (GS-03009)		Capital Impv. Program	\$ 128,690
Capital	Reappropriation: Gas Main Replacement - Project 21 (GS-11000)		Capital Impv. Program	\$ 100,000
Capital	Reappropriation: Gas Distribution System Improvements (GS-11002)		Capital Impv. Program	\$ 143,714
Capital	Reappropriation: Gas Main Replacement - Project 22 (GS-12001)		Capital Impv. Program	\$ 3,568,560
Capital	Reappropriation: Gas Main Replacement - Project 23 (GS-13001)		Capital Impv. Program	\$ 37,500
Capital	Reappropriation: Gas Equipment and Tools (GS-13002)		Capital Impv. Program	\$ 70,106
Capital	Reappropriation: Gas Distribution System Model (GS-14004)		Capital Impv. Program	\$ 106,791

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
ENTERPRISE FUNDS				
Capital	Reappropriation: Security at City Gas Receiving Stations (GS-15001)		Capital Impv. Program	\$ 150,000
Capital	Reappropriation: Gas System, Customer Connections (GS-80017)		Capital Impv. Program	\$ 194,976
Capital	Reappropriation: Gas Meters and Regulators (GS-80019)		Capital Impv. Program	\$ 304,927
Capital	Adjustment to Supply Reserve: This action increases the FY 2017 Supply Reserve to account for the estimated savings as a result of decreased expenses.		Reserve: Supply Reserve	\$ 4,517
Capital	Adjustment to Beginning Fund Balance/Distribution Reserve: This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY 2017 as well as decreased expenses in FY 2017 offset by increases to the Distribution Reserve.	Beginning Fund Balance \$ 4,805,264	Reserve: Distribution Reserve	\$ 139,756
GAS FUND SUBTOTAL		\$ 4,805,264		\$ 4,805,264
<u>REFUSE FUND</u>				
Capital	Transfer to General Capital Improvement Fund This action reduces the transfer from the Refuse Fund to the General Capital Improvement Fund budgeted for the Municipal Services Center A, B, & C Roof Replacement Project (PF-17000) to adjust for the recommended deferral of this project. A corresponding increase in the Distribution Reserve is recommended to offset this action.		Transfer Out	\$ (19,000)
Capital	Reappropriation: Household Hazardous Waste Station Improvements (RF-16001)		Capital Impv. Program	\$ (92,176)
Capital	Adjustment to Beginning Fund Balance/Distribution Reserve: This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY 2017 as well as decreased expenses in FY 2017 offset by increases to the Distribution Reserve.	Beginning Fund Balance \$ (92,176)	Reserve: Distribution Reserve	\$ 19,000
REFUSE FUND SUBTOTAL		\$ (92,176)		\$ (92,176)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
ENTERPRISE FUNDS				
<u>STORM DRAINAGE FUND</u>				
Capital	Reappropriation: Channing Avenue/Lincoln Avenue Storm Drain Improvements (SD-11101)		Capital Impv. Program	\$ 25,000
Capital	Reappropriation: Matadero Creek Storm Water Pump Station and Trunk Line Improvements (SD-13003)		Capital Impv. Program	\$ 21,462
Capital	Reappropriation: Storm Drain System Replacement And Rehabilitation (SD-06101)		Capital Impv. Program	\$ 484,700
Capital	Adjustment to Beginning Fund Balance: This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY 2017.	Beginning Fund Balance \$ 531,162		
STORM DRAINAGE FUND SUBTOTAL		\$ 531,162		\$ 531,162

WASTEWATER COLLECTION FUND

Capital	Transfer to General Capital Improvement Fund This action reduces the transfer from the Wastewater Collection Fund to the General Capital Improvement Fund budgeted for the Municipal Services Center A, B, & C Roof Replacement Project (PF-17000) to adjust for the recommended deferral of this project. A corresponding increase in the Distribution Reserve is recommended to offset this action.		Transfer Out	\$ (79,857)
Capital	Reappropriation: Wastewater Collection System Rehabilitation/Augmentation Project 23 (WC-10002)		Capital Impv. Program	\$ 100,000
Capital	Reappropriation: Wastewater Collection System Rehabilitation/Augmentation Project 24 (WC-11000)		Capital Impv. Program	\$ 7,066
Capital	Reappropriation: Wastewater Collection System Rehabilitation/Augmentation Project 25 (WC-12001)		Capital Impv. Program	\$ 369,419
Capital	Reappropriation: Wastewater Collection System Rehabilitation/Augmentation Project 26 (WC-13001)		Capital Impv. Program	\$ 130,700
Capital	Reappropriation: Wastewater Collection System Rehabilitation/Augmentation Project 27 (WC-14001)		Capital Impv. Program	\$ 498,169
Capital	Reappropriation: Wastewater Collection System Rehabilitation/Augmentation Project 28 (WC-15001)		Capital Impv. Program	\$ 330,000
Capital	Reappropriation: Wastewater System Improvements (WC-15002)		Capital Impv. Program	\$ 53,567
Capital	Reappropriation: Sewer System, Customer Connections (WC-80020)		Capital Impv. Program	\$ 207,439
Capital	Reappropriation: Sewer Lateral/Manhole Rehab/Replacement (WC-99013)		Capital Impv. Program	\$ 145,189

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department		Revenues		Expenses	
		Category	Adjustment	Category	Adjustment
ENTERPRISE FUNDS					
Capital	Adjustment to Beginning Fund Balance/Distribution Reserve: This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY 2017 as well as decreased expenses in FY 2017 offset by increases to the Distribution Reserve.	Beginning Fund Balance	\$ 1,841,549	Reserve: Distribution Reserve	\$ 79,857
WASTEWATER COLLECTION FUND SUBTOTAL			\$ 1,841,549		\$ 1,841,549
WASTEWATER TREATMENT FUND					
Capital	Reappropriation: Facility Condition Assessment and Retrofit (WQ-04011)			Capital Impv. Program	\$ (303,544)
Capital	Reappropriation: Plant Master Plan (WQ-10001)			Capital Impv. Program	\$ (333,933)
Capital	Reappropriation: New Dewatering and Loadout Facility (WQ-14001)			Capital Impv. Program	\$ (1,867,627)
Capital	Reappropriation: Plant Equipment Replacement (WQ-80021)			Capital Impv. Program	\$ (1,263,710)
Capital	Adjustment to Beginning Fund Balance: This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY 2017.	Beginning Fund Balance	\$ (3,768,814)		
WASTEWATER TREATMENT FUND SUBTOTAL			\$ (3,768,814)		\$ (3,768,814)
WATER FUND					
Capital	Transfer to General Capital Improvement Fund This action reduces the transfer from the Water Collection Fund to the General Capital Improvement Fund budgeted for the Municipal Services Center A, B, & C Roof Replacement Project (PF-17000) to adjust for the recommended deferral of this project. A corresponding increase in the Distribution Reserve is recommended to offset this action.			Transfer Out	\$ (132,995)
Capital	Reappropriation: Asset Management Mobile Deployment (WS-13004)			Capital Impv. Program	\$ (82,163)
Capital	Reappropriation: Emergency Water Supply Project (WS-08002)			Capital Impv. Program	\$ 271,208
Capital	Reappropriation: Seismic Water System Upgrades (WS-09000)			Capital Impv. Program	\$ 1,881,097

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2017 PROPOSED BUDGET

Department	Revenues		Expenses	
	Category	Adjustment	Category	Adjustment
ENTERPRISE FUNDS				
Capital	Reappropriation: Water Distribution System Improvements (WS-11003)		Capital Impv. Program	\$ 126,582
Capital	Reappropriation: Water General Equipment/Tools (WS-13002)		Capital Impv. Program	\$ 20,685
Capital	Reappropriation: Water Main Replacement - Project 25 (WS-11000)		Capital Impv. Program	\$ 725,386
Capital	Reappropriation: Water Main Replacement - Project 26 (WS-12001)		Capital Impv. Program	\$ 5,904,489
Capital	Reappropriation: Water Main Replacement - Project 27 (WS-13001)		Capital Impv. Program	\$ 525,565
Capital	Reappropriation: Water Meters (WS-80015)		Capital Impv. Program	\$ 252,092
Capital	Reappropriation: Water Recycling Facilities (WS-07001)		Capital Impv. Program	\$ 193,358
Capital	Reappropriation: Water Regulation Station Improvements (WS-07000)		Capital Impv. Program	\$ 135,541
Capital	Reappropriation: Water Reservoir Coating Improvements (WS-08001)		Capital Impv. Program	\$ 320,682
Capital	Reappropriation: Water System Master Plan (WS-15004)		Capital Impv. Program	\$ 155,520
Capital	Reappropriation: Water System Supply Improvements (WS-11004)		Capital Impv. Program	\$ 17,700
Capital	Adjustment to Beginning Fund Balance/Distribution Reserve: This action increases the FY 2017 Beginning Fund Balance to account for the estimated savings in FY 2016 and reappropriation of that savings from FY 2016 to FY 2017 as well as decreased expenses in FY 2017 offset by increases to the Distribution Reserve.	Beginning Fund Balance \$ 10,447,742	Reserve: Distribution Reserve	\$ 132,995
WATER FUND SUBTOTAL		\$ 10,447,742		\$ 10,447,742

CMR #6932: ATTACHMENT A, EXHIBIT 3

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

Community Services Department

Fee Title	2016 Adopted		2017 Proposed		% Change		Justification
	Residents	Non-Residents	Residents	Non-Residents	Residents	Non-Residents	
Art Center - Auditorium	\$131.00 per hour	\$197.00 per hour	\$145.00 per hour	\$219.00 per hour	10.7%	11.2%	Fee increase from \$131.00 per hour to \$145.00 per hour for Residents and from \$197.00 per hour to \$219.00 per hour for Non-Residents to align with market value based on new A/V equipment in the Auditorium.
Art Center - Children's Clay Studio	\$37.00 per hour	\$56.00 per hour	\$39.00 per hour	\$59.00 per hour	5.4%	5.4%	Fee increase from \$37.00 per hour to \$39.00 per hour for Residents and from \$56.00 to \$59.00 per hour for Non-Residents to align with market value.
Art Center - Children's Outdoor Classroom	\$85.00 per hour	\$128.00 per hour	\$89.00 per hour	\$133.00 per hour	4.7%	3.9%	Fee increase from \$85.00 per hour to \$89.00 per hour for Residents and from \$128.00 to \$133.00 per hour for Non-Residents to align with market value.
Art Center - Historic Courtyard	\$85.00 per hour	\$128.00 per hour	\$89.00 per hour	\$133.00 per hour	4.7%	3.9%	Fee increase from \$85.00 per hour to \$89.00 per hour for Residents and from \$128.00 per hour to \$133.00 per hour for Non-Residents to align with market value.
Art Center - Kitchen/Pre-school	\$37.00 per hour	\$56.00 per hour	\$39.00 per hour	\$59.00 per hour	5.4%	5.4%	Fee increase from \$37.00 per hour to \$39.00 per hour for Residents and from \$56.00 per hour to \$59.00 per hour for Non-Residents to align with market value.
Art Center - Lobby	\$85.00 per hour	\$128.00 per hour	\$89.00 per hour	\$133.00 per hour	4.7%	3.9%	Fee increase from \$85.00 per hour to \$89.00 per hour for Residents and from \$128.00 to \$133.00 per hour for Non-Residents to align with market value.
Art Center - Meeting Room	\$85.00 per hour	\$128.00 per hour	\$89.00 per hour	\$133.00 per hour	4.7%	3.9%	Fee increase from \$85.00 per hour to \$89.00 per hour for Residents and from \$128.00 to \$133.00 per hour for Non-Residents to align with market value.
Art Center - Project LOOK! Studio	\$37.00 per hour	\$56.00 per hour	\$39.00 per hour	\$59.00 per hour	5.4%	5.4%	Fee increase from \$37.00 per hour to \$39.00 per hour for Residents and from \$56.00 to \$59.00 per hour for Non-Residents to align with market value.
Art Center - Sculpture Garden	\$112.00 per hour	\$168.00 per hour	\$117.00 per hour	\$175.00 per hour	4.5%	4.2%	Fee increase from \$112.00 per hour to \$117.00 per hour for Residents and from \$168.00 per hour to \$175.00 per hour for Non-Residents to align with market value.
Art Center - Studio A	\$37.00 per hour	\$56.00 per hour	\$39.00 per hour	\$59.00 per hour	5.4%	5.4%	Fee increase from \$37.00 per hour to \$39.00 per hour for Residents and from \$56.00 to \$59.00 per hour for Non-Residents to align with market value.
Art Center - Studio B	\$37.00 per hour	\$56.00 per hour	\$39.00 per hour	\$59.00 per hour	5.4%	5.4%	Fee increase from \$37.00 per hour to \$39.00 per hour for Residents and from \$56.00 to \$59.00 per hour for Non-Residents to align with market value.
Arts Activities - Drop-in Activities	\$4.00 - \$54.00 per person	\$4.00 - \$54.00 per person	\$4.00 - \$100.00 per person	\$4.00 - \$100.00 per person	85.2%	85.2%	Fee range increase from \$4.00 - \$54.00 per person to \$4.00 - \$100.00 per person to expand the range to charge quarterly for ceramic lab fees which used to be paid on a hourly basis.
Foothills Park - A. Oak Grove Picnic 1 - 50 People	\$80.00 per group	Not Available	\$75.00 per group	Not Available	-6.3%	N/A	Fee decrease from \$80.00 per group to \$75.00 per group for Residents to align with market value.
Foothills Park - B. Oak Grove Picnic 51 - 100 People	\$135.00 per group	Not Available	\$149.00 per group	Not Available	10.4%	N/A	Fee increase from \$135.00 per group to \$149.00 per group for Residents to align with market value.
Foothills Park - C. Oak Grove Picnic 101 - 150 People	\$180.00 per group	Not Available	\$205.00 per group	Not Available	13.9%	N/A	Fee increase from \$180.00 per group to \$205.00 per group for Residents to align with market value.
General - Alma Plaza Community Room	\$110.00 per hour	\$165.00 per hour	\$115.00 per hour	\$173.00 per hour	4.5%	4.8%	Fee increase from \$110.00 per hour to \$115.00 per hour for Residents and from \$165.00 to \$173.00 per hour for Non-Residents to align with market value.
General - Arastradero Gateway Educational Facility	\$83.00 per hour	Not Available	\$87.00 per hour	Not Available	4.8%	N/A	Fee increase from \$83.00 per hour to \$87.00 per hour for Residents to align with market value.
General - Baylands Nature Interpretive Center Meeting Room	\$83.00 per hour	\$94.00 per hour	\$87.00 per hour	\$131.00 per hour	4.8%	39.4%	Fee increase from \$83.00 per hour to \$87.00 per hour for Residents and from \$94.00 to \$131.00 per hour for Non-Residents to align with market value.
General - Chairs - Metal Folding	\$1.00 per chair	\$1.50 per chair	\$1.50 per chair	\$2.25 per chair	50.0%	46.7%	Fee increase from \$1.00 per chair to \$1.50 per chair for Residents and \$1.50 per chair to \$2.25 per chair to align with market value.

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

Community Services Department

Fee Title	2016 Adopted		2017 Proposed		% Change		Justification
	Residents	Non-Residents	Residents	Non-Residents	Residents	Non-Residents	
General - Lawn Bowling Green's Kitchen and Meeting Facility	\$110.00 per hour	\$165.00 per hour	\$115.00 per hour	\$173.00 per hour	4.5%	4.8%	Fee increase from \$110.00 per hour to \$115.00 per hour for Residents and from \$165.00 to \$173.00 per hour for Non-Residents to align with market value.
General - Peers Park, Mitchell Park Field House	\$22.00 per hour	Not Available	\$23.00 per hour	Not Available	4.5%	N/A	Fee increase from \$22.00 per hour to \$23.00 per hour for Residents to align with market value.
General - Picnic Reservations - Arbor Group Site	\$43.00 per group	Not Available	\$45.00 per group	Not Available	4.7%	N/A	Fee increase from \$43.00 per hour to \$45.00 per hour for Residents to align with market value.
General - Picnic Reservations - East Meadow Group Site	\$65.00 per group	Not Available	\$69.00 per group	Not Available	6.2%	N/A	Fee increase from \$65.00 per hour to \$69.00 per hour for Residents to align with market value.
General - Picnic Reservations - Pine Grove Group Site	\$119.00 per group	Not Available	\$125.00 per group	Not Available	5.0%	N/A	Fee increase from \$119.00 per hour to \$125.00 per hour for Residents to align with market value.
General - Picnic Reservations - Redwood Group Site	\$97.00 per group	Not Available	\$101.00 per group	Not Available	4.1%	N/A	Fee increase from \$97.00 per hour to \$101.00 per hour for Residents to align with market value.
General - Picnic Reservations - Sequoia Group Site	\$54.00 per group	Not Available	\$57.00 per group	Not Available	5.6%	N/A	Fee increase from \$54.00 per hour to \$57.00 per hour for Residents to align with market value.
General - Picnic Reservations (1 - 15 people)	\$15.00 per group	\$19.00 per group	\$17.00 per group	\$21.00 per group	13.3%	10.5%	Fee increase from \$15.00 per hour to \$17.00 per hour for Residents and from \$19.00 to \$21.00 per hour for Non-Residents to align with market value.
General - Portable Public Address System	\$12.00 per use	\$18.00 per use	\$15.00 per use	\$21.00 per use	25.0%	16.7%	Fee increase from \$12.00 per use to \$15.00 per use for Residents and from \$18.00 per use to \$21.00 per use for Non-Residents to align with market value.
General - Tables - 6' Round	\$6.00 per table	\$9.00 per table	\$9.00 per table	\$11.00 per table	50.0%	22.2%	Fee increase from \$6.00 per table to \$9.00 per table for Residents and \$9.00 per table to \$11.00 per table to align with market value.
Junior Museum & Zoo - JMZ - Group Admission	\$55.00-\$135.00 per group	Fee plus up to 50%	\$5.00 per child	\$5.00 per child	N/A	N/A	Changing the fee structure from a group rate to an individual child rate to align with how we charge the fee.
Junior Museum & Zoo - JMZ - Science Child and Family Programs	\$57.00-\$1,120 per unit	Fee plus up to 50%	\$28.00 - \$379.00 per program	Fee plus up to 50%	N/A	N/A	Changing the fee structure from unit based to individual program based to align with how customer purchase programs.
Junior Museum & Zoo - JMZ - Science School and Group Programs	\$1,120.00-\$56,021.00 per program	Fee plus up to 50%	\$129.00 - \$340.00 per program	Fee plus up to 50%	N/A	N/A	Changing the fee structure from a unit to per program basis since most schools purchase individual programs.
Junior Museum & Zoo - Exhibit Hall	\$216.00 per hour	\$324.00 per hour	\$227.00 per hour	\$341.00 per hour	5.1%	5.2%	Fee increase from \$216.00 per hour to \$227.00 per hour for Residents and from \$324.00 to \$341.00 per hour for Non-Residents to align with market value.
Junior Museum & Zoo - Other Rooms	\$60.00 per hour	\$90.00 per hour	\$63.00 per hour	\$95.00 per hour	5.0%	5.6%	Fee increase from \$60.00 per hour to \$63.00 per hour for Residents and from \$90.00 to \$95.00 per hour for Non-Residents to align with market value.
Junior Museum & Zoo - Package Rental - All Available Space	\$540.00 per hour	\$810 per hour	\$567.00 per hour	\$851.00 per hour	5.0%	5.1%	Fee increase from \$540.00 per hour to \$567.00 per hour for Residents and from \$810.00 to \$851.00 per hour for Non-Residents to align with market value.
Junior Museum & Zoo - Science Lab 1	\$92.00 per hour	\$138.00 per hour	\$97.00 per hour	\$145.00 per hour	5.4%	5.1%	Fee increase from \$92.00 per hour to \$97.00 per hour for Residents and from \$138.00 to \$145.00 per hour for Non-Residents to align with market value.

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

Community Services Department

Fee Title	2016 Adopted		2017 Proposed		% Change		Justification
	Residents	Non-Residents	Residents	Non-Residents	Residents	Non-Residents	
Junior Museum & Zoo - Science Lab 2	\$60.00 per hour	\$90.00 per hour	\$63.00 per hour	\$95.00 per hour	5.0%	5.6%	Fee increase from \$60.00 per hour to \$63.00 per hour for Residents and from \$90.00 to \$95.00 per hour for Non-Residents to align with market value.
Junior Museum & Zoo - Zoo	\$216.00 per hour	\$324.00 per hour	\$227.00 per hour	\$341.00 per hour	5.1%	5.2%	Fee increase from \$216.00 per hour to \$227.00 per hour for Residents and from \$324.00 to \$341.00 per hour for Non-Residents to align with market value.
Lucie Stern Community Center - Ballroom (Room S)	\$167.00 per hour	\$249.00 per hour	\$175.00 per hour	\$263.00 per hour	4.8%	5.6%	Fee increase from \$167.00 per hour to \$175.00 per hour for Residents and from \$249.00 to \$263.00 per hour for Non-Residents to align with market value.
Lucie Stern Community Center - Community Room (Room R)	\$125.00 per hour	\$185.00 per hour	\$131.00 per hour	\$197.00 per hour	4.8%	6.5%	Fee increase from \$125.00 per hour to \$131.00 per hour for Residents and from \$185.00 to \$197.00 per hour for Non-Residents to align with market value.
Lucie Stern Community Center - Fireside Room (Room D)	\$95.00 per hour	\$145.00 per hour	\$99.00 per hour	\$149.00 per hour	4.2%	2.8%	Fee increase from \$95.00 per hour to \$99.00 per hour for Residents and from \$145.00 to \$149.00 per hour for Non-Residents to align with market value.
Lucie Stern Community Center - Kitchen	\$35.00 per hour	\$55.00 per hour	\$37.00 per hour	\$55.00 per hour	5.7%	0.0%	Fee increase from \$35.00 per hour to \$37.00 per hour for Residents to align with market value.
Lucie Stern Community Center - Package Rental - Community Room	\$149.00 per hour	\$229.00 per hour	\$157.00 per hour	\$235.00 per hour	5.4%	2.6%	Fee increase from \$149.00 per hour to \$157.00 per hour for Residents and from \$229.00 to \$235.00 per hour for Non-Residents to align with market value.
Lucie Stern Community Center - Package Rental - Exclusive Use	\$330.00 per hour	\$495.00 per hour	\$347.00 per hour	\$521.00 per hour	5.2%	5.3%	Fee increase from \$330.00 per hour to \$347.00 per hour for Residents and from \$495.00 to \$521.00 per hour for Non-Residents to align with market value.
Lucie Stern Community Center - Package Rental - Fireside Room	\$129.00 per hour	\$189.00 per hour	\$135.00 per hour	\$203.00 per hour	4.7%	7.4%	Fee increase from \$129.00 per hour to \$135.00 per hour for Residents and from \$189.00 to \$203.00 per hour for Non-Residents to align with market value.
Lucie Stern Community Center - Package Rental - Weddings (Saturday and Sunday) <i>Note: Includes facility attendant</i>	\$360.00 per hour	\$545.00 per hour	\$379.00 per hour	\$569.00 per hour	5.3%	4.4%	Fee increase from \$360.00 per hour to \$379.00 per hour for Residents and from \$545.00 to \$569.00 per hour for Non-Residents to align with market value.
Lucie Stern Community Center - Patio	\$90.00 per hour	\$135.00 per hour	\$95.00 per hour	\$143.00 per hour	5.6%	5.9%	Fee increase from \$90.00 per hour to \$95.00 per hour for Residents and from \$135.00 to \$143.00 per hour for Non-Residents to align with market value.
Mitchell Park Community Center - Adobe North Tech Lab	\$104.00 per hour	\$156.00 per hour	\$109.00 per hour	\$163.00 per hour	4.8%	4.5%	Fee increase from \$104.00 per hour to \$109.00 per hour for Residents and from \$156.00 to \$163.00 per hour for Non-Residents to align with market value.
Mitchell Park Community Center - Adobe South or Matadero Room	\$82.00 per hour	\$123.00 per hour	\$87.00 per hour	\$131.00 per hour	6.1%	6.5%	Fee increase from \$82.00 per hour to \$87.00 per hour for Residents and from \$123.00 to \$131.00 per hour for Non-Residents to align with market value.
Mitchell Park Community Center - El Palo Alto East or West Only	\$104.00 per hour	\$156.00 per hour	\$109.00 per hour	\$163.00 per hour	4.8%	4.5%	Fee increase from \$104.00 per hour to \$109.00 per hour for Residents and from \$156.00 to \$163.00 per hour for Non-Residents to align with market value.
Mitchell Park Community Center - El Palo Alto Room (Ballroom)	\$208.00 per hour	\$312.00 per hour	\$219.00 per hour	\$329.00 per hour	5.3%	5.4%	Fee increase from \$208.00 per hour to \$219.00 per hour for Residents and from \$312.00 to \$329.00 per hour for Non-Residents to align with market value.
Mitchell Park Community Center - Kitchen	\$60.00 per hour	\$90.00 per hour	\$63.00 per hour	\$95.00 per hour	5.0%	5.6%	Fee increase from \$60.00 per hour to \$63.00 per hour for Residents and from \$90.00 to \$95.00 per hour for Non-Residents to align with market value.
Mitchell Park Community Center - Package Rental - Adobe North	\$177.00 per hour	\$265.00 per hour	\$185.00 per hour	\$277.00 per hour	4.5%	4.5%	Fee increase from \$177.00 per hour to \$185.00 per hour for Residents and from \$265.00 to \$277.00 per hour for Non-Residents to align with market value.
Mitchell Park Community Center - Package Rental - Birthday Package <i>Note: Includes game room, basketball court, and party host.</i>	\$208.00 per hour	\$312.00 per hour	\$219.00 per hour	\$329.00 per hour	5.3%	5.4%	Fee increase from \$208.00 per hour to \$219.00 per hour for Residents and from \$312.00 to \$329.00 per hour for Non-Residents to align with market value.

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

Community Services Department

Fee Title	2016 Adopted		2017 Proposed		% Change		Justification
	Residents	Non-Residents	Residents	Non-Residents	Residents	Non-Residents	
Mitchell Park Community Center - Package Rental - El Palo Alto	\$254.00 per hour	\$381.00 per hour	\$267.00 per hour	\$401.00 per hour	5.1%	5.2%	Fee increase from \$254.00 per hour to \$267.00 per hour for Residents and from \$381.00 to \$401.00 per hour for Non-Residents to align with market value.
Mitchell Park Community Center - Package Rental - Exclusive Use <i>Note: Includes facility attendant.</i>	\$473.00 per hour	\$709.00 per hour	\$497.00 per hour	\$745.00 per hour	5.1%	5.1%	Fee increase from \$473.00 per hour to \$497.00 per hour for Residents and from \$709.00 to \$745.00 per hour for Non-Residents to align with market value.
Mitchell Park Community Center - Package Rental - Weddings (Saturday and Sunday) <i>Note: Includes facility attendant.</i>	\$498.00 per hour	\$747.00 per hour	\$523.00 per hour	\$785.00 per hour	5.0%	5.1%	Fee increase from \$498.00 per hour to \$523.00 per hour for Residents and from \$747.00 to \$785.00 per hour for Non-Residents to align with market value.

Fee Title	2016 Adopted		2017 Proposed		% Change		Justification
	Basic Rate	Non-Profit Rate	Basic Rate	Non-Profit Rate	Basic Rate	Non-Profit Rate	
Cubberley Community Center - K. Additional Performance	\$355.00 each	\$249.00 each	\$350.00 each	\$245.00 each	-1.4%	-1.6%	Fee decrease from \$355.00 each to \$350.00 each for the basic rate and \$249.00 each to \$245.00 each for the Non-Profit Rate as we are splitting the difference between the additional package fee and the basic add on fee.

Fee Title	2016 Adopted		2017 Proposed		% Change		Justification
	Regular Time	Overtime & Holiday	Regular Time	Overtime & Holiday	Regular Time	Overtime & Holiday	
Cubberley Community Center - Theatre Technician	\$34.00 per hour	\$51.00 per hour	\$35.00 per hour	\$53.00 per hour	2.9%	3.9%	Fee increase from \$34.00 per hour to \$35.00 per hour for Regular Time and from \$51.00 per hour to \$53.00 per hour for Overtime and Holiday Pay for staffing cost increase.
General - Custodial Services	\$33.00 per hour	\$50.00 per hour	\$35.00 per hour	\$53.00 per hour	6.1%	6.0%	Fee increase from \$33.00 per hour to \$35.00 per hour for Regular Hours and \$50.00 per hour to \$53.00 per hour for Overtime & Holiday Hours to align with market value and increase personal cost.
General - Facility Attendant and/or Assistant	\$31.00 per hour	\$47.00 per hour	\$33.00 per hour	\$49.00 per hour	6.5%	4.3%	Fee increase from \$31.00 per hour to \$33.00 per hour for Regular Hours and \$47.00 per hour to \$49.00 per hour for Overtime & Holiday Hours to align with market value and increase personal cost.
General - Lifeguard	\$21.00 per hour	\$32.00 per hour	\$23.00 per hour	\$35.00 per hour	9.5%	9.4%	Fee increase from \$21.00 per hour to \$23.00 per hour for Regular Hours and \$32.00 per hour to \$35.00 per hour for Overtime & Holiday Hours to align with market value and increase personal cost.
General - Palo Alto Junior Museum & Zoo Attendant	\$29.00 per hour	\$44.00 per hour	\$31.00 per hour	\$47.00 per hour	6.9%	6.8%	Fee increase from \$29.00 per hour to \$31.00 per hour for Regular Hours and \$44.00 per hour to \$47.00 per hour for Overtime & Holiday Hours to align with market value and increase personal cost.
General - Park Ranger	\$61.00 per hour	Not Available	\$75.00 per hour	Not Available	23.0%	N/A	Fee increase from \$61.00 per hour to \$75.00 per hour for Residents to align with market value and increase personal cost.

Fee Title	2016 Adopted	2017 Proposed	% Change	Justification
Cubberley Community Center - Exclusive Storage Space (As Available)	\$1.00 per sq. ft. per month	\$1.50 per sq. ft. per month	50.0%	Fee increase from \$1.00 per sq. ft. per month to \$1.50 per sq. ft. per month to align with market value.
Golf - C. Large Bucket	\$10.00 - \$14.00 per bucket	\$10.00 - \$12.00 per bucket	-14.3%	Changes range from \$10.00 - \$14.00 to \$10.00 - \$12.00 as the large and jumbo bucket fees we reversed.
Golf - D. Jumbo Bucket	\$10.00 - \$12.00 per bucket	\$10.00 - \$14.00 per bucket	16.7%	Changes range from \$10.00 - \$12.00 to \$10.00 - \$14.00 as the large and jumbo bucket fees we reversed.
Park Activities - Open Space & Parks Special Use Permit	\$324.00 - \$2,163.00 each	\$300.00 - \$2,163.00 each	-7.4%	Changing fee range from \$324.00 - \$2,163.00 to \$300.00 - \$2,163.00 to accommodate smaller group, 1-150 people, Special Use Permits that occur on the fields/grass areas.

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

Development Services - Public Works Division

Fee Title	2016 Adopted	2017 Proposed	% Change	Justification
Director's Approval - Protected Tree Removal	\$280.00 plus applicable Other Application fees	\$353.00 plus applicable Other Application fees	26.1%	Fee increased from \$280.00 to \$353.00 per removal to meet Council Cost-recovery directive
Engineering - A. 101 - 1,000 cubic yards	\$148.00 for the first 100 cubic yards, plus \$148.00 for each additional 100 cubic yards or fraction thereof	\$139.00 for the first 100 cubic yards, plus \$139.00 for each additional 100 cubic yard or fraction thereof	-6.1%	Base fee reduced from \$148.00 to \$139.00 for first 100 cubic yards to adjust for actual costs and meet Council cost-recovery directive
Engineering - B. 1,001 - 10,000 cubic yards	\$1,480.00 for the first 1,000 cubic yards, plus \$148.00 for each additional 1,000 cubic yards or fraction thereof	\$1,390.00 for the first 1,000 cubic yards, plus \$129.00 for each additional 1,000 cubic yards or fraction thereof	-6.1%	Base fee reduced from \$1,480.00 to \$1,390.00 for first 1,000 cubic yards to adjust for actual costs and meet Council cost-recovery directive
Engineering - C. 10,000+ cubic yards	\$2,960 for the first 10,000 cubic yards, plus \$148.00 for each additional 10,000 cubic yards or fraction thereof	\$2,680.00 for the first 10,000 cubic yards, plus \$517.00 for each additional 10,000 cubic yards or fraction thereof	-9.5%	Base fee reduced from \$2,960.00 to \$2,680.00 for first 10,000 cubic yards to adjust for actual costs and meet Council cost-recovery directive
Inspection Fees - Tree Inspection for Private Development	\$243.00 per inspection	\$210.00 per inspection	-13.6%	Fee changed from \$243.00 for two inspections (1 each pre & post construction) to \$210.00 per inspection to adjust for actual costs and meet Council cost-recovery directive
Storm Water - Stormwater Treatment Feature Operations and Maintenance Inspection (Fmr. Storm Drain Inspection Fee)	\$436.00 per inspection (up to 4 hours) plus \$82.00 per hour thereafter	\$551.00 per inspection (up to 4 hours) plus \$82.00 per hour thereafter	26.4%	Fee increased from \$436.00 to 551.00 per inspection to meet Council Cost-recovery directive, name changed from Storm Drain Inspection Fee to Stormwater Treatment Operations and Maintenance Inspection
Storm Water - Storm Drain Plan Check Fee	\$476.00 per project	\$595.00 per project	25.0%	Fee increased from \$476.00 per project to \$595.00 per project. Staff proposes to increase the fee by 25% annually for six years until cost recovery is met.

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

Public Works Department

Fee Title	2016 Adopted	2017 Proposed	% Change	Justification
Encroachment Permit - Dumpster Container	\$168.00 each	\$210.00 each	25.0%	Fee increased from \$168.00 each to \$210.00 each to meet Council cost-recovery directive
Encroachment Permit - Fence	\$191.00 each	\$1,496.00 each	683.2%	Fee increased from \$191.00 to \$1496.00 each to meet Council cost-recovery directive
Encroachment Permit - Non-Residential Single-Day	\$236.00 each	\$862.00 each	265.3%	Fee increased from \$236.00 to \$862.00 per project to adjust for actual costs and meet Council cost-recovery directive
Encroachment Permit - Non-Residential Long-Term (More than 5 days)	\$1,009.00 each	\$1,418.00 each	40.5%	Fee increased from \$1,009.00 to \$1,418.00 per project to adjust for actual costs and meet Council cost-recovery directive
Encroachment Permit - Non-Residential Short-Term (Less than 5 days)	\$504.00 each	\$1,014.00 each	101.2%	Fee increased from \$504.00 to \$1,014.00 to adjust for actual costs and meet Council cost-recovery directive
Encroachment Permit - Residential	\$501.00 each	\$721.00 each	43.9%	Fee increased from \$501.00 each to \$721.00 to adjust for actual costs and meet Council cost-recovery directive
Inspection Fees - Off Hour Inspection	\$209.00 per hour	\$230.00 per hour	10.0%	Fee increased from \$209.00 to \$230.00 to meet Council Cost-recovery directive
Operations - Tree Removal	\$100.00 per inch of damage plus planting installation	\$112.00 per inch of damage plus planting installation	12.0%	Fee increased from \$100.00 to 112.00 to meet Council Cost-recovery directive
Permit Fees - A. Construction in Public Right of Way (\$1.00 - \$5,999) <i>Note: Including public or private subdivision streets</i>	\$285.00 per occurrence	\$503.00 per occurrence	76.5%	Base fee increased from \$285.00 to \$503.00 to adjust for actual costs and meet Council cost-recovery directive
Permit Fees - B. Construction in Public Right of Way (\$6,000 - \$25,999) <i>Note: Including public or private subdivision streets</i>	\$285.00 + 3.9% of value greater than \$6,000	\$503.00 + 6.2% of value greater than \$6,000	76.5%	Base fee increased from \$285.00 to \$503.00 to adjust for actual costs and meet Council cost-recovery directive
Permit Fees - C. Construction in Public Right of Way (\$26,000 - \$100,999) <i>Note: Including public or private subdivision streets</i>	\$912.00 + 4.4% of value greater than \$26,000.00	\$1,743 + 7.5% of value greater than \$26,000.00	91.1%	Base fee increased from \$912.00 to \$1,743.00 to adjust for actual costs and meet Council cost-recovery directive
Permit Fees - D. Construction in Public Right of Way (\$101,000+) <i>Note: Including public or private subdivision streets</i>	\$4,745 + 3.0% of value greater than \$100,000.00	\$7,368 + 6.4% of value greater than \$100,000.00	55.3%	Base fee increased from \$4,745.00 to \$7,368.00 to adjust for actual costs and meet Council cost-recovery directive
Permit Fees - E. Certificate of Compliance/Certificate of Correction/Map Amendment <i>Note: Including public or private subdivision streets</i>	\$3,290.00 per occurrence	\$4,216.00 per occurrence	28.1%	Fee increased from \$3,290.00 to \$4,216.00 to meet Council Cost-recovery directive
Street Cut Fees - Pavement Condition - Excellent	\$18.00 per square foot	\$22.00 per square foot	22.2%	Fee increased from \$18.00 to \$22.00 to meet Council cost-recovery directive
Street Cut Fees - Pavement Condition - Fair	\$10.00 per square foot	\$13.00 per square foot	30.0%	Fee increased from \$10.00 to \$13.00 to meet Council cost-recovery directive
Street Cut Fees - Pavement Condition - Good	\$13.00 per square foot	\$16.00 per square foot	23.1%	Fee increased from \$13.00 to \$16.00 to meet Council cost-recovery directive
Street Cut Fees - Pavement Condition - Poor	\$9.00 per square foot	\$10.00 per square foot	11.1%	Fee increased from \$9.00 to \$10.00 to meet Council cost-recovery directive
Street Cut Fees - Service Lateral Connection	\$1,113 each	\$1,350 each	21.3%	Fee increased from \$1113.00 to \$1350.00 to meet Council cost-recovery directive

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

Public Works Department

Fee Title	2016 Adopted	2017 Proposed	% Change	Justification
Storm Drain - Flood Zone Determination Letter	\$69.00 per letter	\$106.00 per letter	53.6%	Fee increased from \$69.00 per letter to \$106.00 per letter to meet Council cost-recovery directive
Storm Drain - Temporary Discharge to Storm Drain from Construction Site Dewatering	\$167.00 per request to discharge plus \$82.00 per month of discharge	\$2,903.00 per request to discharge	1638.3%	Fee increased from \$167.00 per request to discharge to \$2,903.00 per request to discharge to adjust for actual costs and meet Council cost-recovery directive. A new fee was added, as discussed in the body of the CMR, to separately cover the weekly cost of discharge.
Storm Drain - Temporary Elevation Benchmarks	\$314.00 per benchmark	\$365.00 per benchmark	16.2%	Fee increased from \$314.00 to \$365.00 to meet Council cost-recovery directive

Fee Title	2016 Adopted		2017 Proposed		% Change		Justification
	Regular Time	Overtime & Holiday	Regular Time	Overtime & Holiday	Regular Time	Overtime & Holiday	
Operations - Construction and Repair	\$107.00 per hour	\$161.00 per hour	\$125.00 per hour	\$185.00 per hour	16.8%	14.9%	Fee increased from \$107.00 per hour to \$125.00 per hour for regular time and \$161.00 per hour to \$185.00 per hour for overtime to meet Council cost-recovery directive
Operations - Supervision	\$128.00 per hour	\$192.00 per hour	\$139.00 per hour	\$207.00 per hour	8.6%	7.8%	Fee increased from \$128.00 per hour to \$139.00 per hour for regular time and \$192.00 per hour to \$207.00 per hour for overtime to meet Council cost-recovery directive
Operations - Sweeping Services	\$89.00 per hour	\$134.00 per hour	\$112.00 per hour	\$167.00 per hour	25.8%	24.6%	Fee increased from \$89.00 per hour to \$112.00 per hour for regular time and \$134.00 per hour to \$167.00 per hour for overtime to meet Council cost-recovery directive
Operations - Traffic Control/Graffiti Services	\$87.00 per hour	\$131.00 per hour	\$91.00 per hour	\$137.00 per hour	4.6%	4.6%	Fee increased from \$87.00 per hour to \$91.00 per hour for regular time and \$131.00 per hour to \$137.00 per hour for overtime to meet Council cost-recovery directive
Operations - Tree Services	\$103.00 per hour	\$155.00 per hour	\$117.00 per hour	\$137.00 per hour	13.6%	-11.6%	Fee increased from \$103.00 per hour to \$117.00 per hour for regular time and \$155.00 per hour to \$174.00 per hour for overtime to meet Council Cost-recovery directive

Fee Title	2016 Adopted		2017 Proposed		% Change		Justification
	Per load of 1,000 gal. or Less	Each Additional 500 gal.	Per load of 1,000 gal. or Less	Each Additional 500 gal.	Per load of 1,000 gal. or Less	Each Additional 500 gal.	
Wastewater Treatment - Grease Waste Disposal	\$110.00 per load of 1,000 gal. or less	\$56.00 each Additional 500 gal.	\$121.00 per load of 1,000 gal. or less	\$61.60 each Additional 500 gal.	10.0%	8.9%	Fee increased 10% to get closer to Council cost-recovery directive and lower subsidy from RWQCP partners
Wastewater Treatment - Septic Tank Waste and Portable Toilet Pumping Disposal	\$67.00 per load of 1,000 gal. or less	\$31.00 each Additional 500 gal.	\$73.00 per Load of 1,000 gal. or less	\$34.00 each Additional 500 gal.	9.0%	9.7%	Fee increased 10% to get closer to Council cost-recovery directive and lower subsidy from RWQCP partners

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

Police Department

Fee Title	2016 Adopted	2017 Proposed	% Change	Justification
Licenses - Massage Establishment - Renewal	\$100.00 per year	\$150.00 per year	50.0%	Staff time estimate increased to include inspection time. Fee adjusted to conform to cost recovery range.
Licenses - Massage Establishment - Sole Proprietor (New)	\$150.00 per year	\$200.00 per year	33.3%	Staff time estimate increased to include inspection time. Fee adjusted to conform to cost recovery range.
Licenses - Massage Establishment - Sole Proprietor (Renewal)	\$100.00 per year	\$150.00 per year	50.0%	Staff time estimate increased to include inspection time. Fee adjusted to conform to cost recovery range.
Licenses - Massage Establishment - Non-Certified (New)	\$150.00 per year	\$317.00 per year	111.3%	Staff time estimate increased to include inspection time. Fee adjusted to conform to cost recovery range.
Licenses - Massage Establishment - Non-Certified (Renewal)	\$100.00 per year	\$150.00 per year	50.0%	Staff time estimate increased to include inspection time. Fee adjusted to conform to cost recovery range.
Licenses - Taxicab - Driver <i>Note: Does not include DOJ Fingerprint and Rolling Processing Fee</i>	\$24.00 per year up to 4 years	\$40.00 per year up to 4 years	66.7%	Unit of measure clarified that fee is charged \$40 annually or up to \$160 for a four year permit. Fee amount also adjusted to come into conformance with cost recovery range.
Licenses - Taxicab - Master License (New)	\$1,467.00 per year	\$2,400 per year	63.6%	Previous staff cost estimate did not properly account for hearing officer, risk manager and city attorney time.
Licenses - Taxicab - Transfer Fee	\$35.00 each	\$50.00 each	42.9%	Previous staff time calculation did not account for appointment related administrative tasks such as scheduling, filing, and recording permits. Fee amount adjusted to conform with cost recovery range.
Licenses - Taxicab - Vehicle Inspection for Each Vehicle	\$34.00 per year	\$60.00 per year	76.5%	Previous fee calculation did not account for appointment related administrative tasks such as scheduling, filing, and recording new permit. Fee amount adjusted to conform with cost recovery range.
Licenses - Secondhand Dealer - New	This fee was incorporated into the municipal fee schedule outside of the adopted budget process.	\$300.00 per application	N/A	The California Department of Justice has discontinued accepting new Secondhand Dealer/Pawnbroker License applications and has shifted this responsibility entirely to local law enforcement agencies. The local agency is required to accept and remit the license payment to the state after it has processed the application. Fee change reflects staff costs to process permit.
Licenses - Secondhand Dealer - DOJ -New	This fee was incorporated into the municipal fee schedule outside of the adopted budget process.	\$300.00 per application	N/A	The California Department of Justice has discontinued accepting new Secondhand Dealer/Pawnbroker License applications and has shifted this responsibility entirely to local law enforcement agencies. The local agency is required to accept and remit the license payment to the state after it has processed the application. Fee reflects only California Department of Justice costs.
Miscellaneous - Helicopter Landing Fee	\$25.00 per occurrence	\$50.00 per occurrence	100.0%	Staff time estimate increased to more accurately reflect time to review and process permit.
False Alarm - Alarm Registration Fee - New	\$25.00 each	\$40.00 each	60.0%	Staff time estimate revised to include additional administrative time.
False Alarm - Alarm Registration Fee - Renewal	\$18.00 each	\$40.00 each	122.2%	Staff time estimate revised to include additional administrative time.
Special Fees - Subpoena Fee	\$24.00 per hour plus \$12.00 per box offsite recovery	\$24.00 per hour	0.0%	Fee updated to separate subpoena fee and offsite document recovery charge, which is now its own Fee as detailed in the body of the CMR.

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

New Fees

Department	Fee Title	FY 2017 Proposed Fee		Justification
Community Services	Mitchell Park - Cleaning Package (Add-on Only)	\$80.00 - \$500.00 per event		New Cleaning Package for Facility Rental customers who do not wish to arrange Cleaning with an outside vendor.
Community Services	Mitchell Park Community Center - Teen Center	Basic Rate N/A	Non-Profit Rate \$40.00 per hour	Adding a fee to be able to rent the Mitchell Park Teen Center to Non-Profits, Co-Sponsored Groups or PAUSD Groups.
Community Services	Cubberley Community Center - Running Track	Resident Rate \$15.00 per hour	Non-Resident Rate \$15.00 per hour	New fee to charge for the Cubberley Running Track as CSD receives requests to rent this space.
Development Services - Public Works	Storm Water - Wet Season Construction Site Stormwater Inspection	\$230.00 per month October through April		New Fee to comply with Municipal Regional Stormwater Permit requirement for sites >1 acre and/or high priority (hillside, near creek, prior violation).
Planning and Community Environment	Individual Review - Individual Review Refund Processing Fee <i>Note: Applies if staff work has commenced</i>	20% of Fee will be retained		New Fee to process refunds in instances where staff work has already commenced.
Police	Licenses - Secondhand Dealer - Renewal	\$75.00 per application		The California Department of Justice has discontinued accepting new Secondhand Dealer/Pawnbroker License applications and has shifted this responsibility entirely to local law enforcement agencies. The local agency is required to accept and remit the license payment to the state after it has processed the application. Fee reflects only staff costs to process renewal permit.
Police	Background Check - OPM/DOD Background Check	\$5.00 per application		Fee for background checks for Federal Office of Personnel Management and Department of Defense.
Police	Special Fees - Offsite Document Recovery	\$30.00 per item		This was formerly included as part of the Subpoena fee, but has been separated into its own fee. Additionally, the cost of offsite document recovery increased from \$12.00 per box to \$30.00 per item.
Public Works	Map/Plan Review Fees - IR Review Trees	\$647.00 per application		Fee created to capture actual costs related to Planning Arborist's review of IR plans .
Public Works	Encroachment - Additional Non-Residential Long-Term (More than 5 days)	\$500.00 per month		Fee created for non-residential long-term encroachments that occur in more than one month.
Public Works	Storm Drain - Additional Temporary Discharge to Storm Drain from Construction Site Dewatering	\$217.00 per week for the duration of the dewatering activities		Fee created to capture ongoing inspection and administration costs, meeting Council cost-recovery directive.

Municipal Fee Schedule Amendments for FY 2017 - Changed Fees

Deleted Fees

Department	Fee Title	FY 2016 Adopted Fee		Fee Change Justification
Community Services	Art Center - Green Room	Resident Rate \$55.00 per hour	Non-Resident Rate \$83.00 per hour	Deleting fee since the Green Room was converted to offices and is no longer rentable.
Community Services	Art Center - Package Rental - Auditorium and Green Room	\$119.00 per hour	\$179.00 per hour	Deleting this fee since the Green Room was converted to offices and is no longer rentable.
Community Services	Recreation Activities - Tennis Court Registrations for Tournaments and USTA League Play	\$5.00 - \$16.00 per hour	\$7.50 - \$24.00 per hour	Deleting this fee since CSD no longer charges per person, but rather rents by the hour for Tournament and League play.
Community Services	Cubberley Community Center - Gymnastics Equipment	\$5.00 per piece	\$7.50 per piece	Deleting this fee since the equipment is no longer available.
Community Services	Cubberly Community Center - Theater rentals - D. Additional Performance Hours beyond Four Hours per performance	Basic Rate \$115.00 per hour	Non-Profit Rate \$81.00 per hour	Deleting fee to simplify the pricing structure to have one common set of add-on fees for all packages rather than add-ons for each individual package.
Community Services	Cubberley Community Center - Theater Rentals - H. Additional Rehearsal Hours Past Ten	\$130.00 per hour	\$91.00 per hour	Deleting fee to simplify the pricing structure to have one common set of add-on fees for all packages rather than add-ons for each individual package.
Community Services	Cubberley Community Center - Theater Rentals - B. Additional Performance	\$335.00 each	\$235.00 each	Deleting fee to simplify the pricing structure to have one common set of add-on fees for all packages rather than add-ons for each individual package.
Library	Sales - Coffee/Tea - Self/Serve	\$2.00 per cup		Library discontinued coffee/tea self-service when Rinocanada Library reopened in 2015.

* NOT YET APPROVED *

Resolution No. _____

Resolution of the Council of the City of Palo Alto Adopting a Dark
Fiber Rate Increase and Amending Rate Schedules EDF-1 (Dark Fiber
Licensing Services) and EDF-2 (Dark Fiber Connection Fees)

A. The City of Palo Alto administers three different fiber rates. Fiber Rate schedule EDF-1 applies to customers with fiber optic licenses that began prior to September 18, 2006, and is closed to new customers. Fiber rate schedule EDF-2 applies to customer engineering, construction and connection expenses. Fiber rate schedule EDF-3 applies to customers who obtained licenses since 2006.

B. The original Council-approved Dark Fiber Licensing Agreement annually increases both the EDF-1 and EDF-2 rates by the Consumer Price Index for all Urban Consumers for the San Francisco-Oakland-San Jose Metropolitan Statistical Area (CPI). EDF-3 has no CPI adjustment factor.

C. The last time Council adopted a resolution incorporating CPI-adjusted rates into the EDF-1 and EDF-2 rate schedules was June 15, 2015 [Resolution 9523].

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule EDF-1 (Dark Fiber Licensing Services) is hereby amended to read as attached and incorporated. Utility Rate Schedule EDF-1, as amended, shall become effective July 1, 2016.

SECTION 2. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule EDF-2 (Dark Fiber Connection Fees) is hereby amended to read as attached and incorporated. Utility Rate Schedule EDF-2, as amended, shall become effective July 1, 2016.

SECTION 3. The Council finds that the revenue derived from the adoption of this resolution shall be used only for the purpose set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

SECTION 4. The Council finds that the adoption of this resolution increasing dark fiber rates by the Consumer Price Index to meet operating expenses, purchase supplies and materials, meet financial reserve needs and obtain funds for capital improvements necessary to maintain service is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec. 15273(a). After reviewing the staff report and all attachments presented to Council, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

* NOT YET APPROVED *

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

APPROVED AS TO FORM:

Senior Deputy City Attorney

Mayor

APPROVED:

City Manager

Director of Utilities

Director of Administrative Services

DARK FIBER LICENSING SERVICES

UTILITY RATE SCHEDULE EDF-1

A. APPLICABILITY:

This rate schedule applies to customer accounts established prior to September 18, 2006, unless the customer elects to apply the EDF-3 rate to the entire customer account. This rate applies to Fiber Optic services from the City of Palo Alto Utilities (CPAU) pertaining to the City's network (Backbone and associated connections).

B. TERRITORY:

Within the incorporated limits of the City of Palo Alto and land owned or leased by the City.

C. FEES:

1. DARK FIBER BACKBONE LICENSE FEES:

The values or ranges for each of these price components are shown below:

(1) Fiber Price.....	\$3 ~~5645.325~~ /FM/month
(2) Quantity discount	\$0 to \$59.84/FM/month
(3) Buffer tube discount.....	\$0 to \$59.84/FM/month
(4) Route length discount.....	\$0 to \$77.80/FM/month
(5) Ring topology discount.....	\$0 to \$23.94/FM/month
(6) Length of term discount.....	\$0 to \$46.80/FM/month

Minimum Backbone License Fee.....\$5~~3822.392~~/month

Project Minimum Backbone Fees apply to any project proposal signed after September 18, 2006 in which the project connects with the Backbone.

Description for Discounts:

Quantity discount: based on an array of discounts for quantities of fiber licensed on a specific path.

Buffer tube discount: discount for numbers of full buffer tubes licensed on a specific path.

Route length discount: based on the route length licensed on a specific project.

Ring topology discount: The ring topology discount for customers contracting for complete rings.

Term discount: based on an array of discounts for contracts greater than one and less than ten years.

2. DARK FIBER LATERAL CONNECTION FEES:

Customer responsibilities and fees for drop and custom cable construction are described in the CPAU Rules and Regulations, Rate Schedule EDF-2, project proposals and other associated documents. In all cases, the Licensee shall pay an annual Drop/Custom Cable Management Fee based on the follow per foot fees:

(1) Drop Cable Management Fees (for the first 12-Fibers)	\$0.03-\$0.07/ft/month
(2) Custom Cable Management Fees (for the first 12-Fibers).....	\$0.3 ~~43~~ /ft/month
(3) Fees for additional Drop or Custom Cable fibers (each additional set of 12-Fibers)	\$0.07/ft/month

Minimum Drop or Custom Cable Management Fees..... \$2~~6658.029~~/month

Minimum Drop Cable Management Fees apply to any project proposal signed after September 18, 2006.

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No EDF-1-1
dated 7-01-201~~54~~



CITY OF PALO ALTO
UTILITIES

Effective 07-01-201~~65~~
Sheet No. EDF-1-1

DARK FIBER LICENSING SERVICES

UTILITY RATE SCHEDULE EDF-1

3. EARLY TERMINATION FEES:

If the Licensee chooses to terminate for convenience the License Agreement or the term of any project under the License Agreement, then the Licensee shall pay the applicable termination payment as specified in this schedule or in the License Agreement, as provided below.

Unless otherwise provided in the License Agreement, the Licensee shall pay a termination fee in one of the following amounts, whichever is less:

- Annual fee of the contract year that the Licensee chooses to terminates in full without term discounts, or
- Remaining fees of the project term as indicated in the License Agreement.

D. SPECIAL NOTES:

1. All fees must be paid to the City in accordance with the terms of the Dark Fiber License Agreement, the customer's project proposals and all the applicable Utilities Rates, Rules, and Regulations.
2. All fees and minimum charges are subject to Consumer Price Index (CPI) adjustments, to be applied annually, except as defined by Section D.3 of this Rate Schedule. Discounts will not be modified by changes to CPI.
3. The CPI adjustment will be based on the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose MSA, published by the U.S. Department of Labor, Bureau of Labor Statistics. The adjustment is calculated by dividing the most recent calendar year December CPI by the December CPI in the year rates last changed. In the event that the change between December CPI's indicates an adjustment of less than 1% is required, a change to rate schedules may not be made for the upcoming year. Future rate changes will take the last year of change as the new base year for purposes of calculation.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No EDF-1-2
dated 7-01-2015~~4~~



CITY OF PALO ALTO
UTILITIES

Effective 07-01-2016~~5~~
Sheet No. EDF-1-2

DARK FIBER SERVICE CONNECTION FEES

UTILITY RATE SCHEDULE EDF-2

A. APPLICABILITY:

This schedule applies to all connections, expansions, and upgrades to the City's Dark Fiber network (Backbone).

B. TERRITORY:

All territory within the incorporated limits of the City and land owned or leased by the City.

C. FEES:

1. ADVANCE ENGINEERING FEES:

Advance engineering (AER) fees must be paid to start the engineering process and are non-refundable. The fees will be credited against the estimated project cost prior to the collection of the project construction fees.

(1) Commercial/Industrial AER minimum fee	\$8 ~~51~~ ²⁵ .00
(2) Special conditions (requiring expert assessment)	By Estimate

2. ESTIMATED SERVICE CONNECTION AND RECONFIGURATION FEES

All estimated service connection and reconfiguration fees must be paid prior to the scheduling of any construction or reconnections to the City's Dark Fiber network.

(1) Service connection (Interconnection) fee	By Estimate
(2) Reconfiguration Fees	By Estimate

Labor rates are subject to change as stated in the Utility Rate Schedule C-1.

D. NOTES:

1. The Customer is responsible for the installation and maintenance of all ducts and pathways from the facility to the property line in compliance with City of Palo Alto Utilities Rules and Regulations and contract agreements.
2. The City shall not be held liable for delays or interruptions in service, but will make reasonable efforts to provide timely continuous service.
3. All fees are subject to Consumer Price Index (CPI) adjustments, to be applied annually. The CPI adjustment will be based on the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose MSA, published by the U.S. Department of Labor, Bureau of Labor Statistics. The adjustment is calculated by dividing the most recent calendar year December CPI by the December CPI in the year rates last changed. In the event that the change between December CPI's indicates an adjustment of less than 1% is required, a change to rate schedules may not be made for the upcoming year. Future rate changes will take the last year of change as the new base year for purposes of calculation.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No EDF-2-1
dated 7-01-201~~5~~⁴



CITY OF PALO ALTO
UTILITIES

Effective 7-01-201~~6~~⁵
Sheet No. EDF-2-1

NOT YET APPROVED

Resolution No. _____

Resolution of the Council of the City of Palo Alto Approving the
FY 2017 Electric Utility Financial Plan and Amending the Electric
Utility Reserves Management Practices

R E C I T A L S

A. Each year the City of Palo Alto (“City”) regularly assesses the financial position of its utilities with the goal of ensuring adequate revenue to fund operations. This includes making long-term projections of market conditions, the physical condition of the system, and other factors that could affect utility costs, and setting rates adequate to recover these costs. It does this with the goal of providing safe, reliable, and sustainable utility services at competitive rates. The City adopts Financial Plans to summarize these projections.

B. The City uses reserves to protect against contingencies and to manage other aspects of its operations, and regularly assesses the adequacy of these reserves and the management practices governing their operation. The status of utility reserves and their management practices are included in Reserves Management Practices attached to and made part of the Financial Plans.

C. The City intends to make changes to its Electric Utility Reserves Management Practices to amend the management practices of the Electric Utility’s Capital Improvement Program (CIP) Reserve.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. The Council hereby approves the FY 2017 Electric Utility Financial Plan, including the amended Electric Utility Reserves Management Practices. These Reserves Management Practices replace the Reserves Management Practices previously approved for the Electric Utility as part of the FY 2016 Electric Utility Financial Plan (Resolution 9521).

SECTION 2. The Council hereby approves the transfer of \$5.6 million in FY 2016 from the Hydro Stabilization Reserve to the Supply Operations Reserve, \$2.0 million in FY 2016 from the Supply Operations Reserve to the Distribution Operations Reserve, the transfer of \$5.6 million in FY 2016 from the CIP Reserve to the Distribution Operations Reserve, the transfer of \$5.4 million from the Supply Rate Stabilization Reserve to the Supply Operations Reserve in FY 2017, up to \$9.0 million from the Hydroelectric Stabilization Reserve to the Supply Operations Reserve in FY 2017, and up to \$4.5 million from the Supply Operations Reserve to the Distribution Operations Reserve in FY 2017, as described in the FY 2017 Electric Utility Financial Plan approved via this resolution.

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NOT YET APPROVED

SECTION 3. The Council finds that the adoption of this resolution does not meet the California Environmental Quality Act's (CEQA) definition of a project under Public Resources Code Section 21065, and therefore, no environmental assessment is required.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Utilities

Director of Administrative Services

FY 2017 ELECTRIC UTILITY

FINANCIAL PLAN

FY 2017 TO FY 2023



FY 2017 ELECTRIC UTILITY FINANCIAL PLAN

FY 2017 TO FY 2023

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

CAISO	California Independent System Operator
CARB	California Air Resources Board
CIP	Capital Improvement Program
CPAU	City of Palo Alto Utilities Department
CPUC	California Public Utilities Commission
CVP	Central Valley Project
GWh	a gigawatt-hour, equal to 1,000 MWh or 1,000,000 kWh. Commonly used for discussing total monthly or annual electric load for the entire city, or the monthly or annual output of an electric generator.
kWh	a kilowatt-hour, the standard unit of measurement for electricity sales to customers.
kW	a kilowatt, a unit of measurement used in reference a customer's peak demand (the highest 15 minute average consumption level in a month), which is used for billing large and mid-size commercial customers.
kV	a kilovolt, one thousand volts, a unit of measurement of the voltage at which a section of the distribution system operates. The transmission system operates at 115-500 kV, and this is lowered to 60 kV in the subtransmission section of the Electric Utility's distribution section, then 12 kV or 4 kV in the rest of the distribution system, and finally 120, 240, or 480 volts at the electric outlet.
MWh	a megawatt-hour, equal to 1,000 kWh. Commonly used for measuring wholesale electricity purchases.
MW	a megawatt, equal to 1,000 kW. Commonly used when discussing maximum electricity demand for all customers in aggregate.
PG&E	Pacific Gas and Electric
REC	Renewable Energy Certificate
RPS	Renewable Portfolio Standard
Subtransmission System:	The section of the Electric Utility's distribution system that operates at 60 kV and which interfaces with PG&E's transmission system.
Transmission System:	Sections of the electric grid that operate at high voltages, generally 115 kV or more. The voltage at the intersection of the Electric Utility's distribution system and PG&E's transmission system is 115 kV. The Electric Utility does not own or operate any transmission lines.
UCC	Utility Control Center
SCADA	Supervisory Control and Data Acquisition system, the system of sensors, communications, and monitoring stations that enables system operators to monitor and operate the system remotely.
WAPA, or Western:	Western Area Power Administration, the agency that markets power from CVP hydroelectric generators and other hydropower owned by the Bureau of Reclamation.

SECTION 2: EXECUTIVE SUMMARY AND RECOMMENDATIONS

This document presents a Financial Plan for the City's Electric Utility for the next seven fiscal years. This Financial Plan describes how revenues will cover the costs of operating the utility safely over that time while adequately investing for the future. It also addresses the financial risks facing the utility over the short term and long term, and includes measures to mitigate and manage those risks.

SECTION 2A: OVERVIEW OF FINANCIAL POSITION

The Electric Utility's costs will increase substantially over the next few years, as shown in Table 1. Most of the increases are related to electric supply costs, which are increasing due to increased transmission costs and the cost of new renewable energy projects coming online. There are also inflationary increases in Operations costs, and some additional capital investment costs.

Table 1: Electric Utility Expenses for FY 2015 to FY 2023

Expenses (\$000)	FY 2015 (actual)	FY 2016 (est.)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Power Supply Purchases	80,022	75,705	86,378	88,524	89,131	90,304	89,637	88,543	89,919
Operations	47,611	52,170	52,923	53,922	54,579	55,277	56,076	56,898	58,696
Capital Projects	12,713	16,989	27,652	22,058	26,649	15,868	16,320	16,785	17,263
TOTAL	140,346	144,864	166,953	164,504	168,710	161,450	162,034	161,225	165,877

To cover these increases in costs, revenues (and therefore rates) need to increase over the next several years to balance costs and revenues, as shown in Table 2. The table also compares current rate projections to those projected in last year's Financial Plan. The rate projections are higher this year than last year primarily due to the continued drought that has required additional electric supply purchases to replace hydroelectric supplies.

Table 2: Projected Electric Rate Trajectory for FY 2017 to FY 2023

Projection	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Current	11%	10%	3%	0%	1%	0%	2%
Last Year	6%	6%	1%	1%	0%	0%	2%

Table 3 shows the projected reserve transfers over the forecast period. The Supply Rate Stabilization Reserve is projected to be drawn down entirely by the end of FY 2017. Funds are projected to be transferred from the Electric Special Projects (ESP) Reserve to the Operations Reserve to fund smart grid projects included in the long term CIP budget. Funds are projected to be drawn from the Hydro Stabilization Reserve in FY 2017 and FY 2018 due to lower than average hydroelectric generation, though this projection is subject to change with weather conditions. It should be noted that the smart grid costs included in the forecast are

placeholders, as are the transfers from the ESP Reserve. Any transfers from the ESP Reserve require Council approval.

Table 3: Reserves Transfers for FY 2016 to FY 2023 (\$000)

Reserve	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 to FY 2023
Supply Reserves					
Electric Special Projects		(151)	(333)	(3,750)	-
Hydro Stabilization	(5,600)	(9,000)	(2,400)	-	-
Supply Rate Stabilization	9,000*	(5,411)	-	-	-
Supply Operations	3,600	14,562	2,733	3,750	-
Distribution Reserves					
Capital Improvement Program	(5,600)				
Distribution Operations	7,700	-	-	-	-

* A \$9 million transfer from the Supply Rate Stabilization Reserve to the Supply Operations Reserve was approved by Council when it adopted the FY 2016 Electric Utility Financial Plan

SECTION 2B: SUMMARY OF PROPOSED ACTIONS

Staff proposes the following actions for the Electric Utility in FY 2016:

1. Complete the proposed FY 2016 reserves transfers described Section 3D: Proposed Reserve Transfers.

Staff proposes the following actions for the Electric Utility in FY 2017:

1. Complete the proposed FY 2017 reserves transfers described in Section 3D: Proposed Reserve Transfers.
2. Increase rates effective July 1, 2016 to generate an 11% increase in sales revenues.
3. Amend the Electric Utility Reserves Management Practices to modify the minimums and maximums for the CIP Reserve.

Note that while the projected rate increases and reserves transfers in this FY 2017 Financial Plan are adequate to recover costs over the forecast period, the Supply Operations Reserves are projected to be as much as \$3.9 million below the minimum Supply Operations Reserve level for FY 2017 through FY 2020. Staff still recommends proceeding with this plan for two reasons: first, due to the presence of a strong El Niño condition in the Pacific Ocean, there is a chance of high spring rains that may change this forecast, resulting in higher reserves, and second, the presence of the Electric Special Projects Reserve with a balance of \$51 million means that a small temporary shortfall in the Supply Operations Reserve should not affect the Electric Utility's financial health and bond ratings. In the event drought continues, staff will re-evaluate its projections for FY 2018 and may recommend additional rate increases or the adoption of a hydroelectric rate adjuster.

SECTION 3: DETAIL OF FY 2017 RATE AND RESERVES PROPOSALS

SECTION 3A: RATE DESIGN

The Electric Utility's current rate structure and methodology are consistent with the cost of service analysis (COSA) update in 2007 by Boris Metrics. Staff is completing a new COSA with revised rates to become effective July 1, 2016. The new COSA is based on design guidelines adopted by Council on September 15, 2015 (Staff Report 6061).

SECTION 3B: CURRENT AND PROPOSED RATES

The current rates were adopted on July 1, 2009, when CPAU increased electric rates by 10%. Table 4, below, summarizes the current rates for the four largest customer classes. The Electric Utility also has specialty rates for smaller groups of customers. These include variations on its primary rates, such as time of use rates, the PaloAltoGreen rates, and solar net metering. Another specialty rate is the E-18 municipal electric rate.

Table 4: Current Electric Rates (Adopted July 1, 2009)

Rate Component	Units	E-1 (Residential)	E-2 (Small Commercial)	E-4 (Medium Commercial)	E-7 (Large Commercial)
Demand (Summer)	\$/kW	N/A	N/A	20.54	18.97
Demand (Winter)	\$/kW	N/A	N/A	13.84	11.54
Energy (Summer)					
Tier 1	\$/kWh	0.09524	0.14045	0.08171	0.07808
Tier 2	\$/kWh	0.13020	N/A	N/A	N/A
Tier 3	\$/kWh	0.17399	N/A	N/A	N/A
Energy (Winter)					
Tier 1	\$/kWh	Same as summer energy	0.12661	0.07318	0.07209
Tier 2	\$/kWh		N/A	N/A	N/A
Tier 3	\$/kWh		N/A	N/A	N/A
Tier amounts:					
Tier 1	kWh/day	0-10	N/A	N/A	N/A
Tier 2	kWh/day	11-20	N/A	N/A	N/A
Tier 3	kWh/day	>20	N/A	N/A	N/A

Staff proposes an 11% overall increase in revenue along with changes in rate design and changes in the allocation of costs between customer classes to ensure that the rates are based on the cost of service for each customer group. These proposals are detailed in the consultant report titled "City of Palo Alto Electric Cost of Service and Rate Study," by EES Consulting (2016).

SECTION 3C: RESERVES MANAGEMENT PRACTICES, PROPOSED CHANGE

Staff proposes one change to the Electric Utility Reserves Management Practices (See *Appendix B: Electric Utility Reserves Management Practices*) in this Financial Plan. Staff recommends

revising the CIP Reserve minimum to be 60 days of capital expenses, with a maximum of 120 days of expenses, which aligns with the Government Financial Officers of America rule of thumb for operating reserves and the minimum and maximum guidelines for the Distribution Operations Reserve. Staff recommends transferring \$5.6 million from the CIP Reserve to the Distribution Operations Reserve. Also see *Section 3D: Proposed Reserve Transfers*.

SECTION 3D: PROPOSED RESERVE TRANSFERS

In the FY 2016 Electric Financial Plan Council approved a \$9 million transfer from the Supply Rate Stabilization Reserve to the Supply Operations Reserve. Staff proposes the following additional transfers in FY 2016:

- Transfer \$5.6 million from the Hydroelectric Stabilization Reserve fund to the Supply Operations Reserve to cover additional costs associated with low hydroelectric generation due to the drought.
- Transfer \$2.0 million from the Supply Operations Reserve to the Distribution Operations Reserve to ensure reserve adequacy in the Distribution Operations Reserve.
- Transfer \$5.6 million from the CIP Reserve to the Distribution Operations Reserve as part of the change to Reserves Management Practices described above.

For FY 2017, staff proposes the following transfers:

- Transfer \$5.4 million from the Supply Rate Stabilization Reserve to the Supply Operations Reserve. This transfer is to enable the City to spread necessary long term rate increases over multiple years to reduce the short-term impact on ratepayers.
- Transfer up to \$9.0 million from the Hydroelectric Stabilization Reserve to offset potential costs associated with low hydroelectric generation. Some or all of this transfer may be unnecessary if weather conditions change, but if drought continues, this transfer will enable the City to fund the associated additional energy costs.
- Transfer up to \$4.5 million from the Supply Operations Reserve to the Distribution Operations Reserve if necessary to ensure reserve adequacy in the Distribution Operations Reserve.

The impact of these transfers on reserves levels can be seen in Figure 8 (for Supply Fund Reserves) and Figure 9 (for Distribution Fund Reserves) in *Section 5E: FY 2017 – FY 2023 Projections*. Table 5 shows the projected balance of each of the Electric Utility reserves for the period covered by this Financial Plan. The projected balances are also provided in. *Appendix A: Electric Utility Financial Forecast Detail*

Table 5: End of Fiscal Year Electric Utility Reserve Balances for FY 2016 to FY 2023

Ending Reserve Balance (\$000)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Reappropriations	-	-	-	-	-	-	-	-
Commitments	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102
Underground Loan	730	730	730	730	730	730	730	730
Public Benefits	2,574	2,700	2,790	2,799	2,717	2,545	2,434	2,374
Special Projects	51,838	51,535	51,383	51,050	47,300	47,300	47,300	47,300
Hydro Stabilization	17,000	11,400	2,400	0	0	0	0	0
Capital	0	2,864	2,864	2,864	2,864	2,864	2,864	2,864
Rate Stabilization	14,411	5,411	0	0	0	0	0	0
Operations	22,498	22,734	22,015	22,281	24,814	27,033	30,783	34,269
Unassigned	0	0	0	0	0	0	0	0
TOTAL	112,153	100,476	85,284	82,827	81,528	83,574	87,214	90,639

SECTION 4: UTILITY OVERVIEW

This section provides an overview of the utility and its operations. It is intended as general background information to help readers better understand the forecasts in *Section 5: Utility Financial Projections* and

SECTION 4A: ELECTRIC UTILITY HISTORY

On January 16, 1900, Palo Alto began operating its own electric system. One of the earliest sources of Palo Alto's electricity was a steam engine, which was later replaced by a diesel engine in 1914 due to rising fuel oil costs. As the population and the demand for electricity continued to grow, CPAU connected to PG&E's system in the early 1920s. Power from PG&E proved more economical than the diesel engines, and by the late 1920s CPAU was using its own diesel engines only during peak demand periods. At that time CPAU owned 45 miles of distribution lines and the City used 9.7 GWh annually, less than 1% of today's annual consumption. The diesel engines remained in operation until 1948, when they were retired.

From 1950 to 1970 electric consumption in Palo Alto grew dramatically, just as it did throughout the rest of the country. In 1970 total annual sales were 602 GWh, twenty times the sales in 1950 (30 GWh). Some of that growth was related to a development boom in Palo Alto, which doubled the number of customers. Some was related to the proliferation of electric appliances, as evidenced by the fact that residential customers were using three times more electricity in 1970 than they had been in 1950. But the most notable factor was the growth of industry in Palo Alto during that time. By 1970, commercial customers were using 20 times more electricity per customer than they had been in 1950. These decades also saw several other notable events, including:

- 1964: CPAU entered into a favorably priced 40-year contract with the Federal Bureau of Reclamation to purchase power from the Central Valley Project (CVP), a contract which later was managed by the Western Area Power Administration (WAPA) an office of the Department of Energy created in the 1970s to market power from various hydroelectric projects operated by the Federal Government, including the CVP.
- 1965: The City began a long-term program to underground its overhead utility lines (Ordinance 2231).
- 1968: Palo Alto joined several other small municipal utilities to form the Northern California Power Agency (NCPA), a joint action agency intended to make the group less vulnerable to actions by private utilities and to enable investment in energy supply projects.

Palo Alto's first new power plant investment in over 50 years came in the mid-80s. Palo Alto joined other NCPA members to invest in the construction and operation of the Calaveras Hydroelectric Project on the Stanislaus River in the Sierra-Nevada Mountains. The project commenced operation in 1990. The 1980s also saw an increased focus on infrastructure maintenance. In 1987 the UCC was built to house the terminals for a new SCADA system, which enabled utility staff to monitor the distribution system in real time, improving response time to outages. CPAU also commenced a preventative maintenance and planned replacement program for its underground system in the early 1990s.

In the early 1990s the CPUC issued a ruling to deregulate the electric industry in California, and in 1996 the State legislature passed Assembly Bill 1890, which, among other things, created the California Independent System Operator (CAISO) to operate the transmission system and the Power Exchange to facilitate wholesale energy transactions. This restructuring was anticipated to bring lower costs to consumers, and while CPAU was not required to participate in the industry restructuring, in 1997 the Council approved a Direct Access Program for the Electric Utility¹ that enabled CPAU to sell electricity outside its service territory and allowed customers within CPAU's service territory to choose other providers. The utility unbundled its electric rates, creating separate supply and distribution components, which would enable customers to receive only distribution service while purchasing the electricity itself from another provider. The energy crisis in 2000 to 2001 led to the suspension of direct access by the CPUC in September 2001 as wholesale energy prices skyrocketed. The Electric Utility was less impacted than other utilities by the 2000 to 2001 energy crisis thanks to the Calaveras project and its contract with WAPA for CVP hydropower.

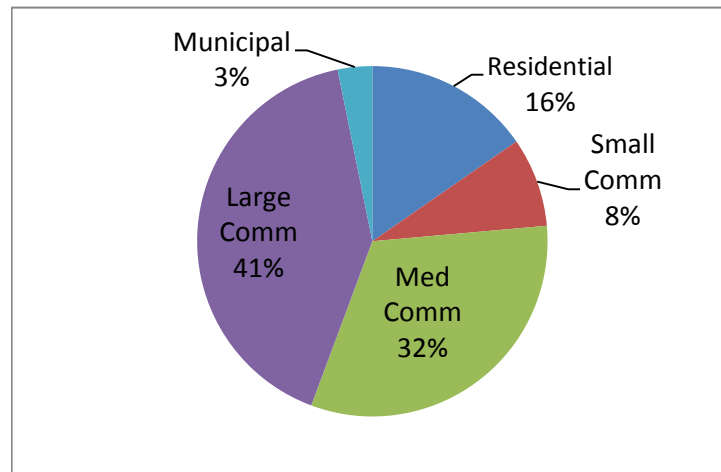
In 2001 CPAU began planning for the impacts associated with the new terms of its contract with WAPA, set to take effect in 2005. The previous contract had provided 90% of Palo Alto's power supply at favorable rates, and PG&E, as a party to the contract, had provided supplemental power to balance the monthly and annual variability of CVP generation. The new contract would provide only a third of Palo Alto's requirement, and the monthly and annual variability in CVP generation would be passed directly to Palo Alto. As a result, electric supply costs would increase and CPAU needed to more actively managing its supply portfolio. CPAU began purchasing power from marketers and also investigated building a power plant in Palo Alto or partnering in the development of a gas-fired power plant elsewhere. Climate change was also becoming more of a concern to the community, and gradually CPAU shifted its focus to the procurement of renewable energy. In 2002 CPAU adopted a goal of achieving 20% of its energy supply from renewables by 2015. Subsequently CPAU signed its first contract for renewable power, a contract for energy from a wind generator commencing deliveries in 2005. In 2011 the renewable energy goal was increased to at least 33% by 2015, and in 2013 the City adopted a plan to make its electric supply 100% carbon neutral, which it achieves through the combination of its carbon-free hydroelectric supplies, purchases of long-term renewable energy supplies, and short-term renewable energy purchases (RECs) to meet the balance of its needs.

¹ *Implementation of Direct Access for Electric Utility Customers*, CMR:460:97, December 1, 1997

SECTION 4B: CUSTOMER BASE

The City of Palo Alto's Electric Utility provides electric service to the residents, businesses, and other electric customers in Palo Alto. There are roughly 29,300 customers connected to the electric system, 26,400 (90%) of which are residential and 2,900 (10%) of which are non-residential. Residential customers consumed 173 gigawatt-hours (GWh) in FY 2015, approximately 18% of the electricity sold, while non-residential customers consumed 82% or 763 GWh. Residential customers use electricity primarily for lighting, refrigeration, electronics, and air conditioning.² Non-residential customers use the majority of their electricity for cooling, ventilation, lighting, office equipment (offices), cooking (restaurants), and refrigeration (grocery stores).³

Figure 1: Customer Base (FY 2015)



As shown in Figure 1 large customer loads represent a larger proportion of sales for the Electric Utility than they do for the City's other utilities. The largest customers (the 66 customers on the E-7 rate schedule) account for over 40% of CPAU's sales. The next largest customer group (the 740 commercial customers on the E-4 rate schedule) represents another 32% of sales. In total, that means that less than 3% of customers account for nearly three quarters of the electric load.

SECTION 4C: DISTRIBUTION SYSTEM

The Electric Utility receives electricity at a single connection point with PG&E's transmission system. From there the electricity is delivered to customers through nearly 470 miles of distribution lines, of which 223 miles (48%) are overhead lines and 245 miles (52%) are underground. The Electric Utility also maintains six substations, roughly 2,000 overhead line transformers, 1,075 underground and substation transformers, and the associated electric services (which connect the distribution lines to the customers' homes and businesses). These lines, substations, transformers, and services, along with their associated poles, meters, and

² Source: Residential Appliance Saturation Survey, California Energy Commission, 2010

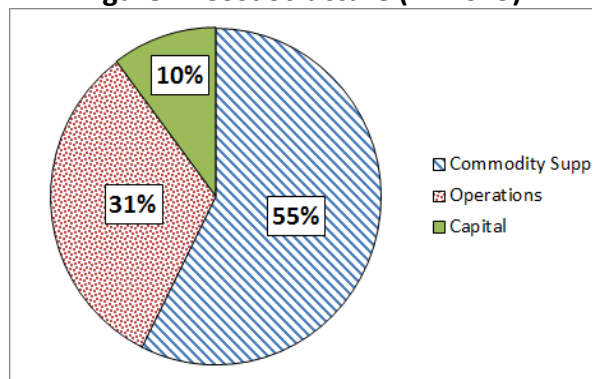
³ Source: Statewide Commercial End Use Study, California Energy Commission report, 2006.

other associated electric equipment, represent the vast majority of the infrastructure used to deliver electricity in Palo Alto.

SECTION 4D: COST STRUCTURE AND REVENUE SOURCES

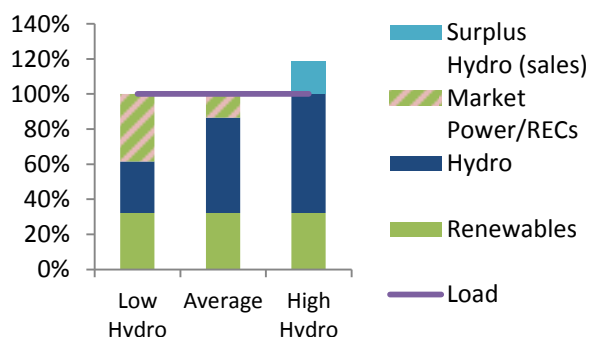
As shown in Figure 2, electric commodity purchases accounted for roughly 55% of the Electric Utility's costs in FY 2015. Operational costs represented roughly 31%, and capital investment was responsible for the remaining 10%. CPAU's non-hydro long-term commodity supply is heavily dependent on long-term contracts which have little variability in price. On average, costs for these long-term contracts are not predicted to increase as quickly as operations and CIP costs, and will steadily become a smaller proportion of the Electric Utility's costs. Commodity supply costs are projected to be roughly 47% of total costs in FY 2023.

Figure 2: Cost Structure (FY 2015)



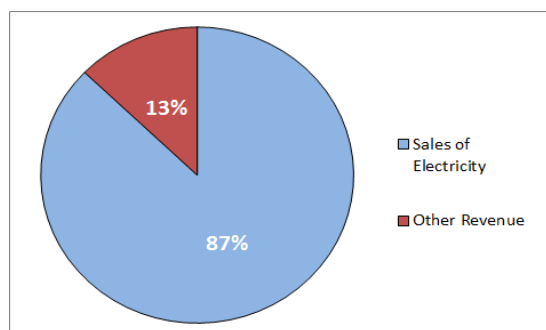
While average year purchase costs for the electric utility are predictable due to its long-term contracts, variability in hydroelectric generation can result in increased or decreased costs. This is by far the largest source of variability the utility faces. Figure 3 shows the difference in costs under high, average, and low hydroelectric generation scenarios. Additional costs associated with a very low generation scenario can range from \$10-12 million per year. For the current hydroelectric risk assessment see *Section 5F: Risk Assessment and Reserves Adequacy*.

Figure 3: Hydroelectric Variability (FY 2016)



As shown in Figure 4 the Electric Utility receives 87% of its revenue from sales of electricity and the remainder from connection fees, interest on reserves, cost recovery transfers from other funds for shared services provided by the electric utility, and other sources. Some revenue sources are primarily accounting entries that reflect things such as CPAU's participation in a pre-funding program associated with its contract with WAPA, as well

Figure 4: Revenue Structure (FY 2015)



as accounting entries associated with occasional sales of surplus hydroelectric energy during wet years. Without these entries sales revenues represent roughly 93% of total revenues. *Appendix A: Electric Utility Financial Forecast Detail*

shows more detail on the utility's cost and revenue structures.

As discussed in *Section 4B: Customer Base*, nearly three quarters of the utility's electricity sales are to the 800 largest customers, which provide a similar share of the utility's revenue stream. The utility's retail rate schedules have no fixed charges, although about 25% of the utility's revenue comes from peak demand charges on large commercial customers. Due to moderate weather and the prevalence of natural gas heating, however, loads (and therefore revenues) are very stable for this utility, without the large seasonal air conditioning or winter heating loads seen at some other utilities.

SECTION 4E: RESERVES STRUCTURE

CPAU maintains several reserves for its Electric Utility to manage various types of contingencies. It also maintains two funds, the Supply Fund and the Distribution Fund, to manage costs associated with electricity supply and electricity distribution, respectively. This separation of supply and distribution costs was established as the City prepared to allow its customers a choice of electricity providers (referred to as "Direct Access") back in the late 1990s and early 2000s. Though the 2000/2001 energy crisis halted these plans, CPAU continues to maintain separate funds to facilitate separation of supply and distribution costs in the rates. This could be important in case California ever decides to reintroduce Direct Access, and may also be useful for rate design as the nature of utility services evolves in response to higher penetrations of distributed generation.

The various reserves are summarized below, but see *Appendix B: Electric Utility Reserves Management Practices* for more detailed definitions and guidelines for reserve management:

- **Reserves for Commitments:** Reserves equal to the utility's outstanding contract liabilities for the current fiscal year. Most City funds, including the General Fund, have a Commitments Reserve.
- **Reserves for Reappropriations:** Reserves for funds dedicated to projects reappropriated by the City Council, nearly all of which are capital projects. Most City funds, including the General Fund, have a Reappropriations Reserve. This is currently an important reserve for all utility funds, but changes in budgeting practices will change that in future years, as described in Section 3C (Reserves Management Practices, Proposed Change).
- **Electric Special Projects (ESP) Reserve:** This reserve was formerly called the Calaveras Reserve, which was accumulated during deregulation of California's electric system to fund the stranded costs associated primarily with the Calaveras hydroelectric resource and the California-Oregon Transmission Project. When that reserve was no longer needed for that purpose, the reserve was renamed and the purpose was changed to

fund projects with significant impact that provide demonstrable value to electric ratepayers.

- **Hydroelectric Stabilization Reserve:** This contingency reserve is used for managing additional costs due to below average hydroelectric generation, or to hold surpluses resulting from above average hydroelectric generation.
- **Underground Loan Reserve:** This reserve is an accounting tool used to offset receivables associated with loans made through the underground loan program. It is adjusted according to principal payments made on those loans.
- **Public Benefits Reserve:** CPAU's electric rates include a separate charge called the "Public Benefits Charge" which generates revenue to be used for energy efficiency, demand-side renewable energy, research and development, and low-income energy efficiency services. Any funds not expended in the current year are added to the Public Benefits Reserve for use in future years.
- **Capital Improvement Program (CIP) Reserve:** The CIP reserve is used to provide working capital and contingency funds for the CIP program, as well as to accumulate funds for major future one-time expenditures. This type of reserve is used in other utility funds (Electric, Gas, and Wastewater Collection) as well.
- **Supply and Distribution Rate Stabilization Reserves:** These reserves are intended to be empty unless one or more large rate increases are anticipated in the forecast period. In that case, funds can be accumulated to spread the impact of those future rate increases across multiple years. This type of reserve is used in other utility funds (Gas, Wastewater Collection, and Water) as well.
- **Supply and Distribution Operations Reserves:** These are the primary contingency reserves for the Electric Utility, and are used to manage yearly variances from budget for operational costs and electric supply costs (aside from variances related to hydroelectric generation). This type of reserve is used in other utility funds (Gas, Wastewater Collection, and Water) as well.
- **Unassigned Reserves (Supply/Distribution):** As in the other utility funds, these reserves are for any financial resources not assigned to the other reserves and are normally empty.

SECTION 4F: COMPETITIVENESS

For the median consumption level the annual residential electric bill for calendar year 2015 was \$513.17 under current CPAU rates, 36% lower than the annual bill for a PG&E customer with the same consumption and 9% lower than the annual bill for a City of Santa Clara customer. The bill calculations for PG&E customers are based on PG&E Climate Zone X, which includes most surrounding comparison communities.

Table 6 presents sample median residential bills for Palo Alto, PG&E, and the City of Santa Clara (Silicon Valley Power) for several usage levels. Rates used to calculate the monthly bills shown below were in effect as of January 1, 2016. Note that rates for PG&E customers increased

substantially on that date, and with rates currently in effect, the bill for the median residential user is roughly 45% below PG&E's rates.

Over the next several years low usage customers in PG&E territory are expected to continue to see higher percentage rate increases than high usage customers as PG&E compresses its tiers from the highly exaggerated levels that have been in place since the energy crisis. This is likely to make the bill for the median Palo Alto consumer look even more favorable compared to most PG&E customers. Even with the compressed tiers, bills for high usage Palo Alto consumers are likely to remain substantially lower than the bills for high usage PG&E customers.

The bill calculations show bills under the existing rates, not the proposed July 1, 2016 rates. However, even with the proposed rate increases, Palo Alto's residential bills will remain substantially below PG&E's current rates, but slightly above Santa Clara's.

Table 6: Residential Monthly Electric Bill Comparison (Effective 1/1/16, \$/mo)

Season	Usage (kwh)	Palo Alto	PG&E	Santa Clara
Winter (December)	300	28.57	54.45	34.16
	(Median) 453	48.49	88.39	52.21
	650	76.33	142.09	75.47
	1200	172.03	333.61	140.38
Summer (July)	300	28.57	54.45	34.16
	(Median) 330	32.48	62.05	36.65
	650	76.33	148.02	75.47
	1200	172.03	339.84	140.38

Table 7 shows the average monthly electric bill for commercial customers for various usage levels. Bills for small commercial customers in Palo Alto are 37% below what they would be in PG&E territory and 20% below what they would be in Santa Clara (Silicon Valley Power). For large commercial customers, rates are 30% to 35% below PG&E's and are 4% to 10% lower than Santa Clara's. Even with the proposed rate increases, Palo Alto's commercial bills will remain substantially below PG&E's, and below Santa Clara's for most commercial customers.

Table 7: Commercial Monthly Electric Bill Comparison (1/1/16, \$/mo)

Usage (kwh/mo)	Palo Alto	PG&E	Santa Clara
1,000	134	212	167
160,000	18,364	27,221	19,228
500,000	43,319	66,152	47,913
2,000,000	216,594	311,640	234,322

SECTION 5: UTILITY FINANCIAL PROJECTIONS

SECTION 5A: LOAD FORECAST

Figure 5 shows a 40-year history of Palo Alto electricity consumption. Average electricity consumption grew from 1986 to 1998, then returned to 1986 levels by 2002. Since then electricity consumption has declined slowly as a result of a continuing focus on energy efficiency, as well as the adoption of more stringent appliance efficiency standards and energy standards in building codes.

Figure 5: Historical Electricity Consumption

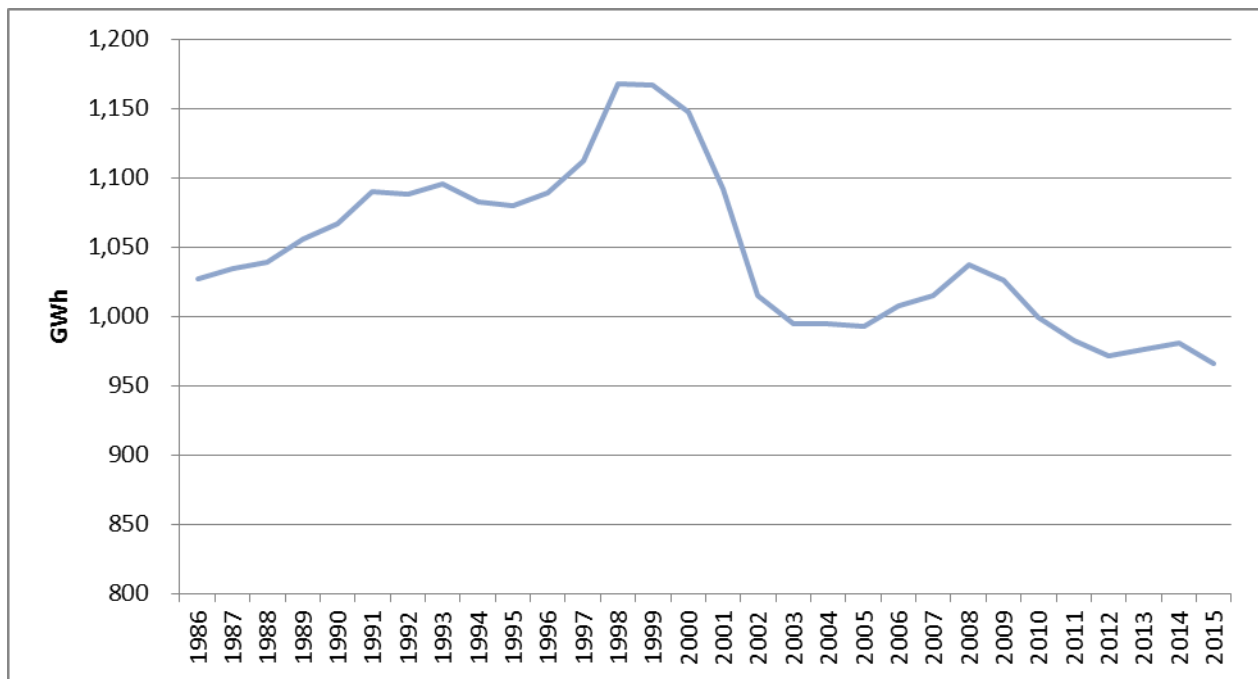
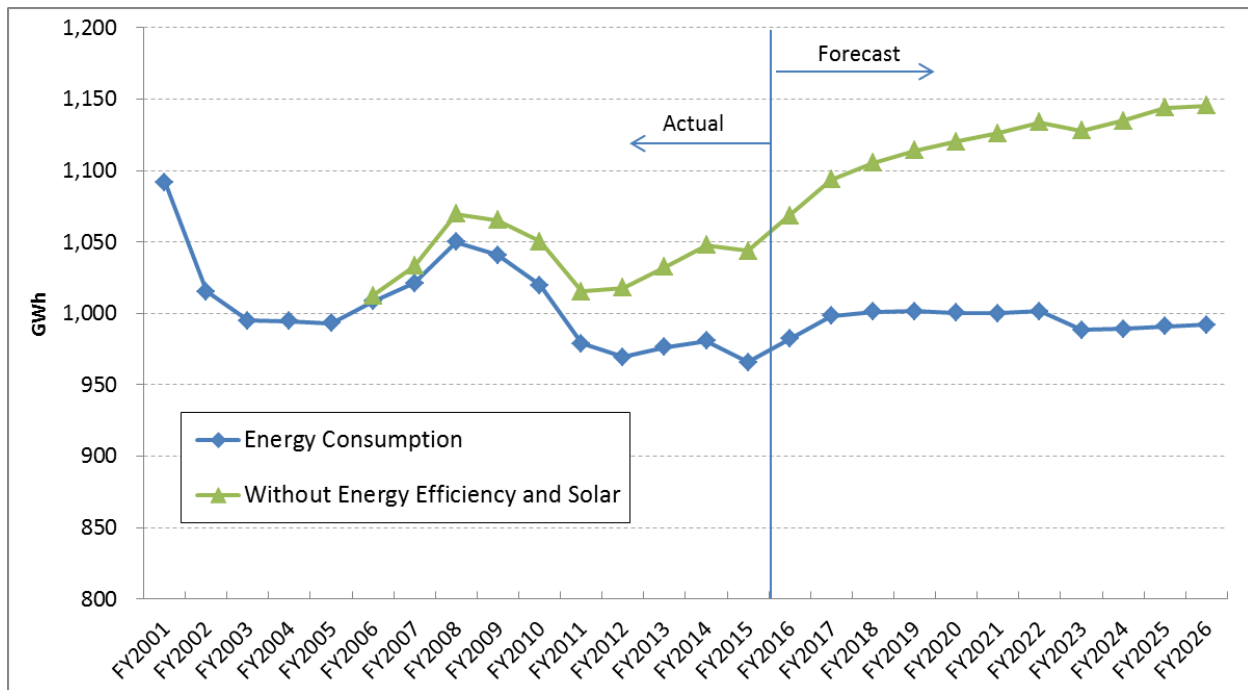


Figure 6 shows the forecast of electricity consumption through FY 2023, as well as what electricity consumption would have been without energy efficiency rebates, appliance efficiency standards, stricter building codes, and rooftop solar photovoltaic (PV) generation. The forecast assumes that current trends continue and sales through the forecast period decline slightly. As of the end of December 2015, net metered PV installations in Palo Alto provided roughly 1% of the total electricity consumed in the City. The Council-adopted Local Solar Plan's goal is to increase the energy generated by local solar to 4% of the City's needs by 2023.

Figure 6: Forecasted Electricity Consumption



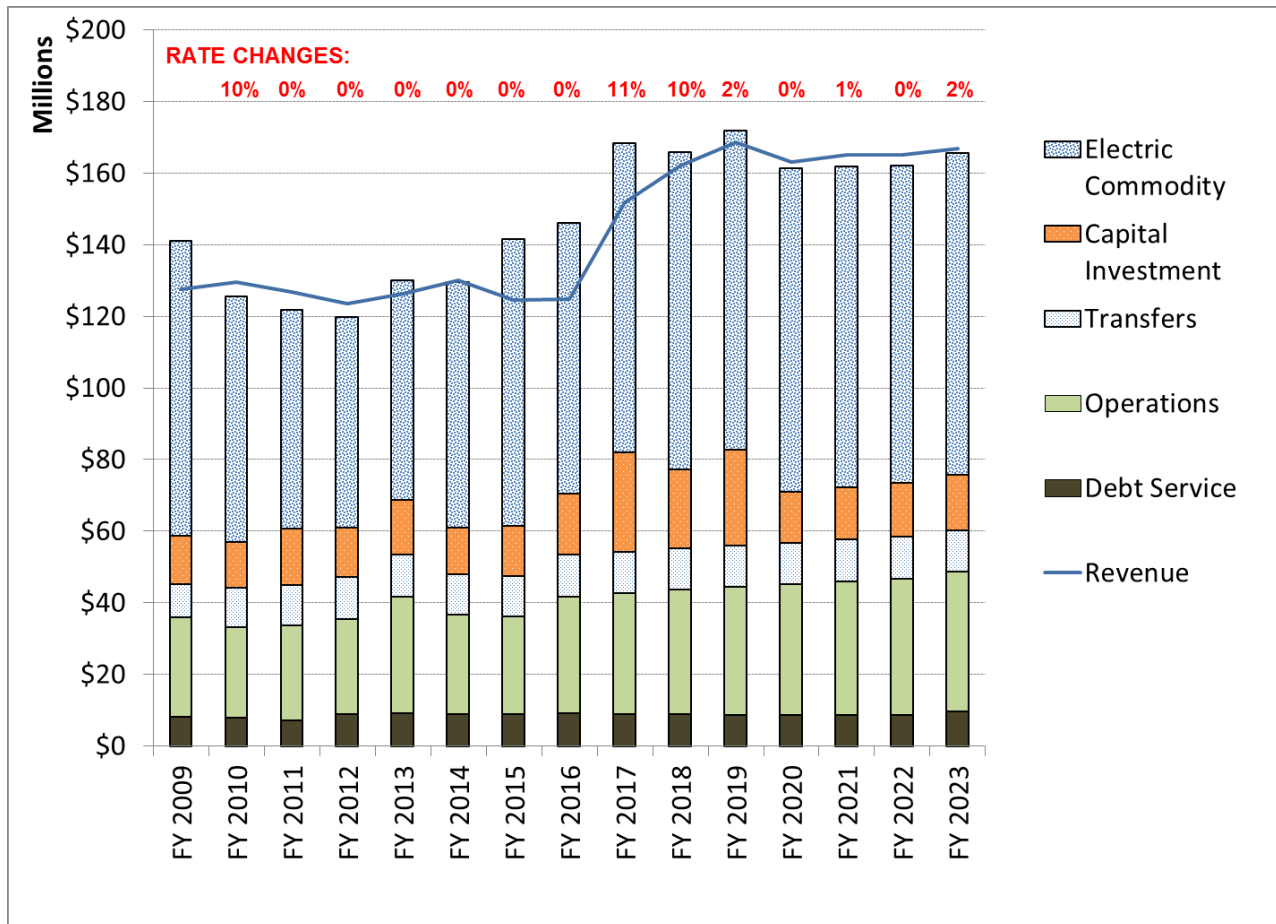
SECTION 5B: FY 2009 TO FY 2015 COST AND REVENUE TRENDS

The annual expenses for the Electric Utility declined between FY 2009 and FY 2012, as shown in Figure 7 and the tables in *Appendix A: Electric Utility Financial Forecast Detail*

. These decreases were partly related to declines in electricity market prices due to the impact of shale gas and partly due to above average output from hydroelectric resources. These factors are discussed in more detail in *Section 6A: Electricity Purchases*. Since FY 2012, total expenses for the utility have been increasing as renewable resources come online. In FY 2014 through FY 2015 costs were higher due to lower than average output from hydroelectric resources.

Commodity costs are responsible for most of the changes in the utility's expenses over the last six years. Operational costs and capital investment increased at less than 1% per year over that time.

**Figure 7: Electric Utility Expenses, Revenues, and Rate Changes:
Actual Costs through FY 2015 and Projections through FY 2023**



SECTION 5C: FY 2015 RESULTS

In spring of 2014 staff recommended no rate change for July 1, 2014, the start of FY 2015. Although staff forecast a \$5.7 million deficit for FY 2015 without a rate change, reserves were adequate to absorb this deficit. However, drought conditions worsened in the spring of 2014 and continued through the winter of 2014/2015, resulting in a deficit of \$17.0 million for FY 2015. The increased deficit was entirely related to the low output from hydroelectric resources, which necessitated electricity market purchases to replace the lower than expected hydroelectric energy.

SECTION 5D: FY 2016 PROJECTIONS

In spring of 2015, staff recommended (and Council approved) no rate change for July 1, 2015, the start of FY 2016. Based on hydroelectric conditions at the time, staff forecasted a \$10.3 million deficit for FY 2016. This deficit was primarily related to low hydroelectric output, and was to be funded from the Operations and Hydroelectric Stabilization reserves. Staff's current

forecast for FY 2016 is for a deficit of \$20.1 million, \$9.8 million more than forecasted in spring of 2015. This change is mainly related to two factors: 1) capital improvement program costs have increased by roughly \$7 million, and 2) energy costs have increased by roughly \$3 million due to continuing drought and resulting low hydroelectric generation.

The \$7 million increase in CIP costs is largely related to the delay of projects from previous fiscal years to FY 2016 rather than mid-year adjustments requesting new funding. Staff proposes partially funding this portion of the deficit using a \$5.6 million transfer from the CIP Reserve, which contains \$8.4 million collected in previous fiscal years to fund capital projects. The additional \$3 million related to energy costs would be funded from the Hydroelectric Stabilization Reserve. These transfers are discussed in *Section 3D: Proposed Reserve Transfers*.

SECTION 5E: FY 2017 – FY 2023 PROJECTIONS

As shown in Figure 7 above, costs for the Electric Utility are projected to increase in FY 2017 and level off in subsequent years. Revenues will have to increase 11% in FY 2017 and another 10% in FY 2018 to keep up with these cost increases. The increases are primarily related to electricity purchase costs, which have been increasing since FY 2013 and will continue to increase through FY 2018 as new renewable projects come online to fulfill the City's environmental goals and as transmission costs increase. Operations costs are expected to increase substantially in FY 2017 to begin catching up on deferred maintenance, but subsequently are expected to increase at or below the inflation rate (2-3 %/year) through the forecast period. Projected capital expenses for FY 2017 through FY 2023 are \$30 million higher than last year's forecast due mostly to several large one-time projects, some customer driven, but also due to an increase in spending on system improvements. The increased costs are partially offset by \$13.4 million in revenue from reimbursements associated with those projects. Aside from those one-time costs, capital expenses are projected to increase in FY 2017 and then stay roughly level through the forecast period. This forecast also assumes that smart grid costs are funded from the Electric Special Projects Reserves.

Reserves trends based on these revenue projections are shown in Figure 8 (for Supply Fund reserves) and Figure 9 (for Distribution Fund reserves), below. The Supply Rate Stabilization Reserve is projected to be empty by the end of FY 2016. Assuming the projected increases in revenue, the Distribution Operations reserve will remain adequate through the forecast period, comfortably above minimum levels and adequate to meet all identified risks. The Supply Operations Reserve, however, is forecasted to be below minimum levels. This is discussed in more detail in *Section 5F: Risk Assessment and Reserves Adequacy*.

With respect to the Hydro Stabilization Reserve, these projections assume average rainfall next winter, although hydro generation is still predicted to be below average due to low reservoir levels. The current forecast does not take into account potential rainfall associated with El Niño conditions in the spring of 2016, nor potential drought in the 2016/2017 year, which may follow the El Niño conditions of 2016. This scenario may help reserves, hurt reserves, or have little net effect depending on the associated rainfall levels.

**Figure 8: Electric Utility Reserves (Supply Fund):
Actual Reserve Levels through FY 2015 and Projections through FY 2023**

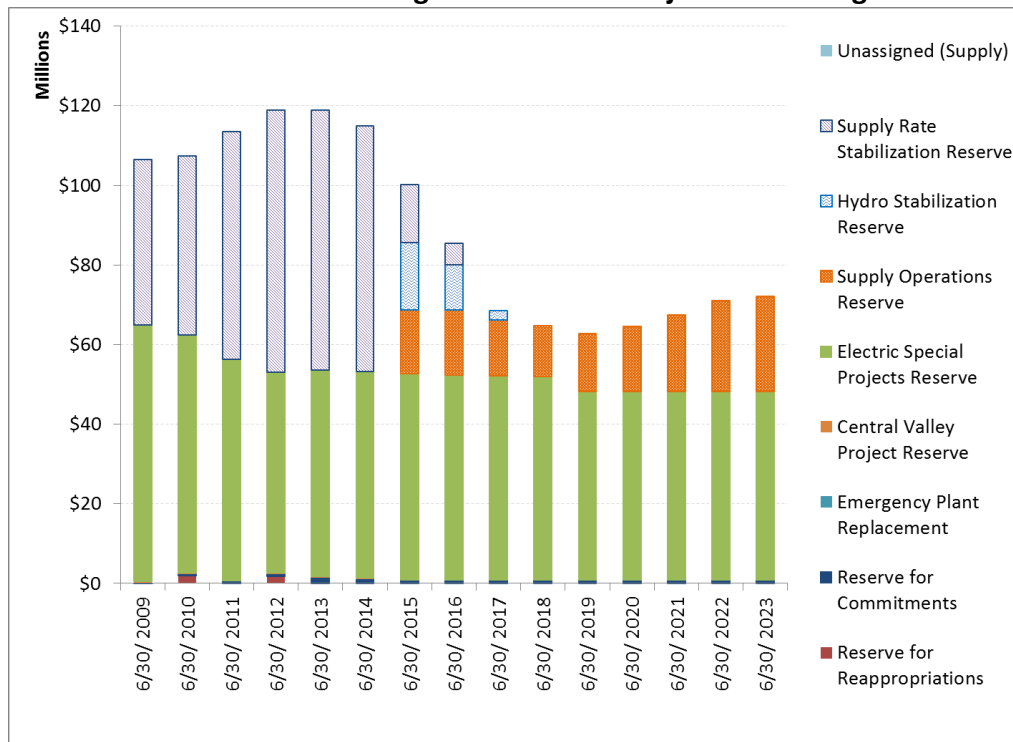
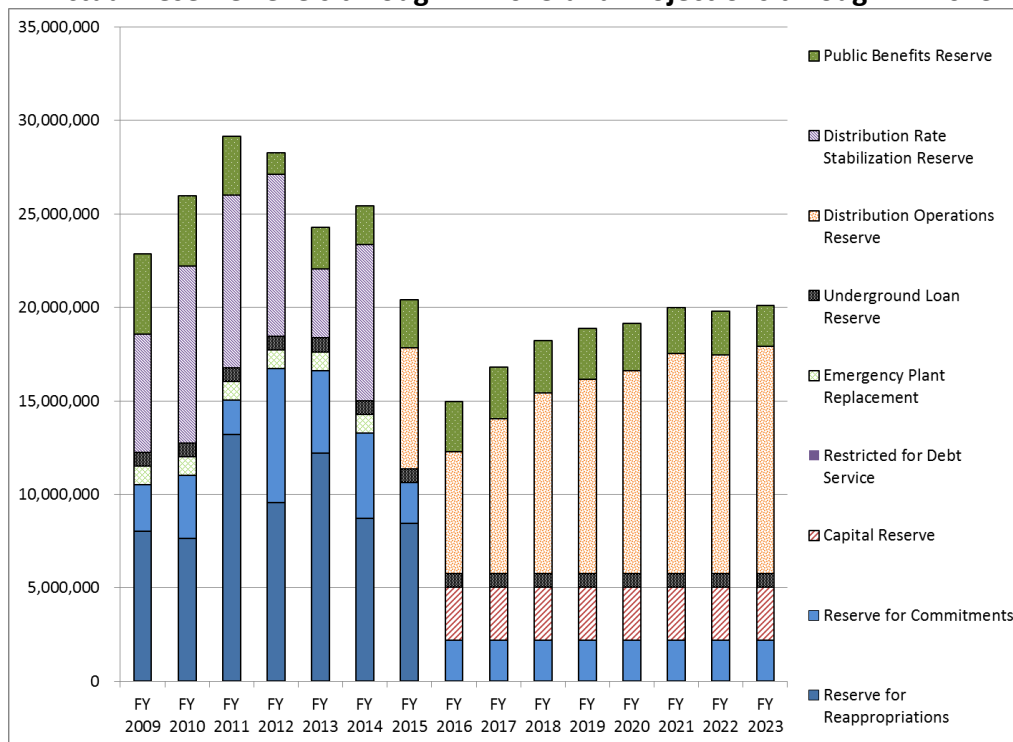


**Figure 9: Electric Utility Reserves (Distribution Fund):
Actual Reserve Levels through FY 2015 and Projections through FY 2023**



SECTION 5F: RISK ASSESSMENT AND RESERVES ADEQUACY

The Electric Utility currently has two contingency reserves, the Supply Operations Reserve and the Distribution Operations Reserve. This Financial Plan maintains reserves in excess of the reserve minimum for the Distribution Operations Reserve throughout the forecast period. Reserve levels also exceed the short-term risk assessment level for the Distribution Fund. The Supply Operations Reserve, however, may end up below minimum levels and below the short-term risk assessment level.

There are a variety of risks associated with the Supply Fund as are shown in Table 8. Because of the high range of uncertainty in energy price predictions more than three years in the future, this risk assessment is only performed for the first two fiscal years of the forecast period. It is important to note that the likelihood of all of these adverse scenarios occurring simultaneously and to the degree described in Table 8 is very low.

Table 8: Electric Supply Fund Risk Assessment

Categories of Electric Supply Cost Uncertainties	Estimates of Adverse Outcomes (M\$)		Notes
	FY 2017	FY 2018	
1. Load Net Revenue	1.2	1.3	Revenue loss from load decreases (net of reduction in energy purchases)
2. Production from Hydroelectric Resources: Western & Calaveras	3.4	2.4	Lower than forecasted hydro
3. Renewable Production: Landfill & Wind	0.5	2.1	Additional cost of renewable output that is higher than forecasted
4. Carbon Neutral Cost	0.1	-	Higher than forecasted market prices for RECs
5. Market Price (Energy)	1.1	0.5	Higher than forecasted market prices for energy
6. Local Capacity	0.4	0.7	Higher than forecasted market prices for local capacity
7. Transmission/CAISO	2.8	3.0	High-end transmission forecast scenario
8. Plant Outage	1.0	1.0	Uninsured losses from Calaveras plant outage
9. Western Cost	3.0	3.5	Risk of rate adjustments from Western
Electric Supply Fund Risks	\$13.6 million	\$14.3 million	
Projected Supply Operations + Hydro Stabilization Reserve Levels	\$16.4 million	\$12.8 million	

Of the risks faced by the Electric Utility's Supply Fund in FY 2016, the risk of a dry year with very low hydroelectric output is normally the largest, accounting for nearly half the total cost of all adverse outcomes. Since the utility's costs for its hydroelectric resources are almost entirely fixed, costs do not decline when the output of those resources are low, but the utility needs to buy power to replace the lost output. The converse happens when hydroelectric output is higher than average. However, for FY 2017 and FY 2018, lower than average hydroelectric output is already expected, so the adverse risk is smaller than usual. Risks associated with hydroelectric output account for \$3.4 million (25%) of FY 2017 contingencies.

Of the remaining risks for FY 2017, \$2.8 million (20%) is related to the projected costs if transmission cost increases are higher than staff's current forecast. Another \$3.0 million (22%) is related to the possibility of drought-related changes to Western rates for CVP hydropower, and \$1.1 million (8%) is related to fluctuations in market prices for capacity, energy, and RECs.

As shown in Figure 10, the Supply Operations Reserve will drop below the minimum reserve guidelines by as much as \$3.9 million over the course of the forecast period. In addition, as shown in Figure 11, the combined hydro stabilization and supply operations reserves will drop below the risk assessment level. It is acceptable under the Electric Utility Reserves Management Practices to drop below minimum reserve guidelines so long as Council approves the Financial Plan. Staff recommends proceeding with this plan for two reasons: first, due to the presence of a strong El Niño condition in the Pacific Ocean, there is a chance of high spring rains that may change this forecast, resulting in higher reserves, and second, the presence of the \$51 million Electric Special Projects Reserve means that a small temporary shortfall in the Supply Operations Reserve should not affect the Electric Utility's bond ratings. In the event drought continues, staff will re-evaluate its projections for FY 2018 and may recommend additional rate increases or the adoption of a hydroelectric rate adjuster.

Figure 10: Electric Supply Operations Reserve Adequacy

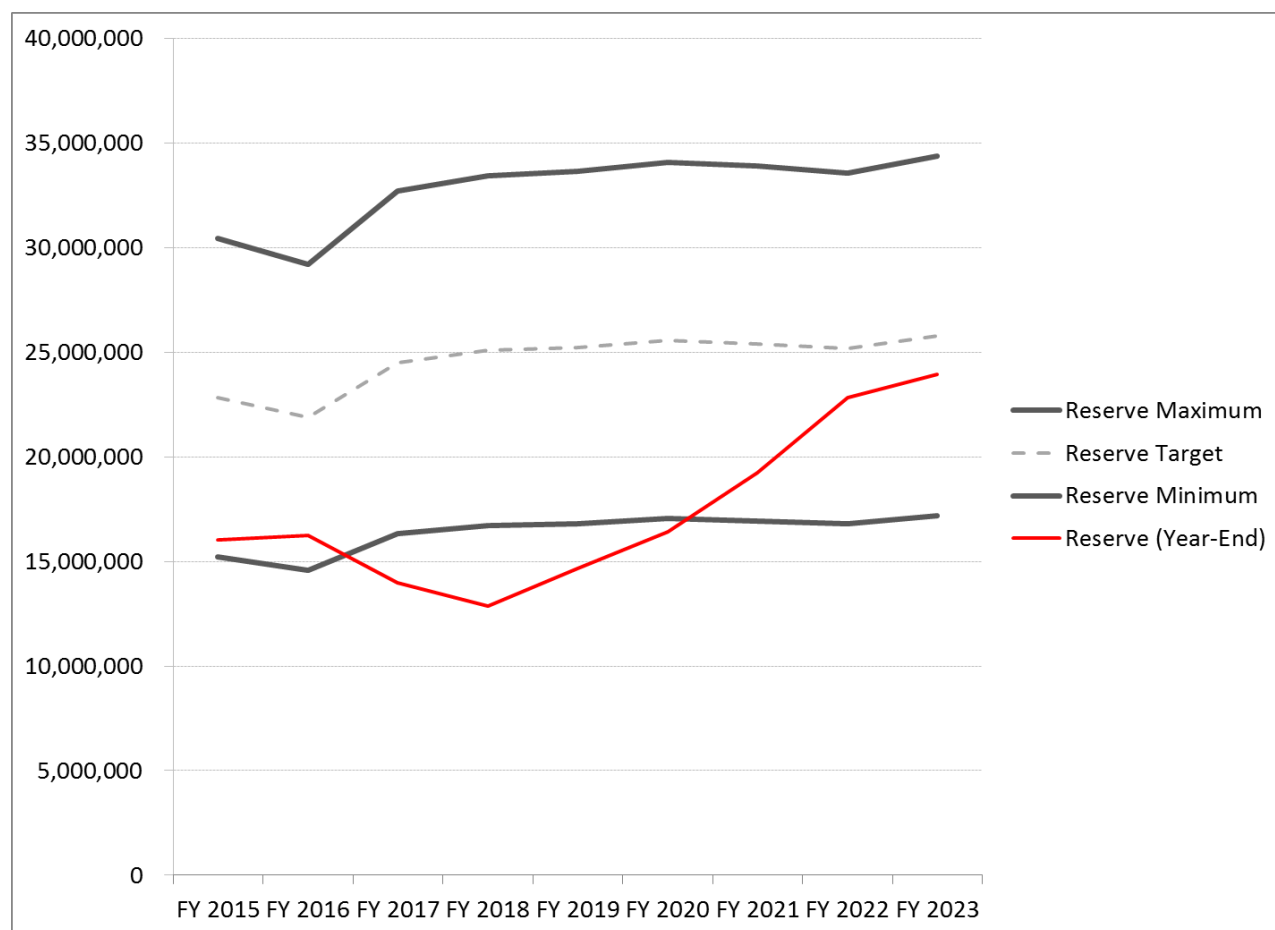


Figure 11: Adequacy of Supply Operations and Hydro Stabilization Reserves, Combined

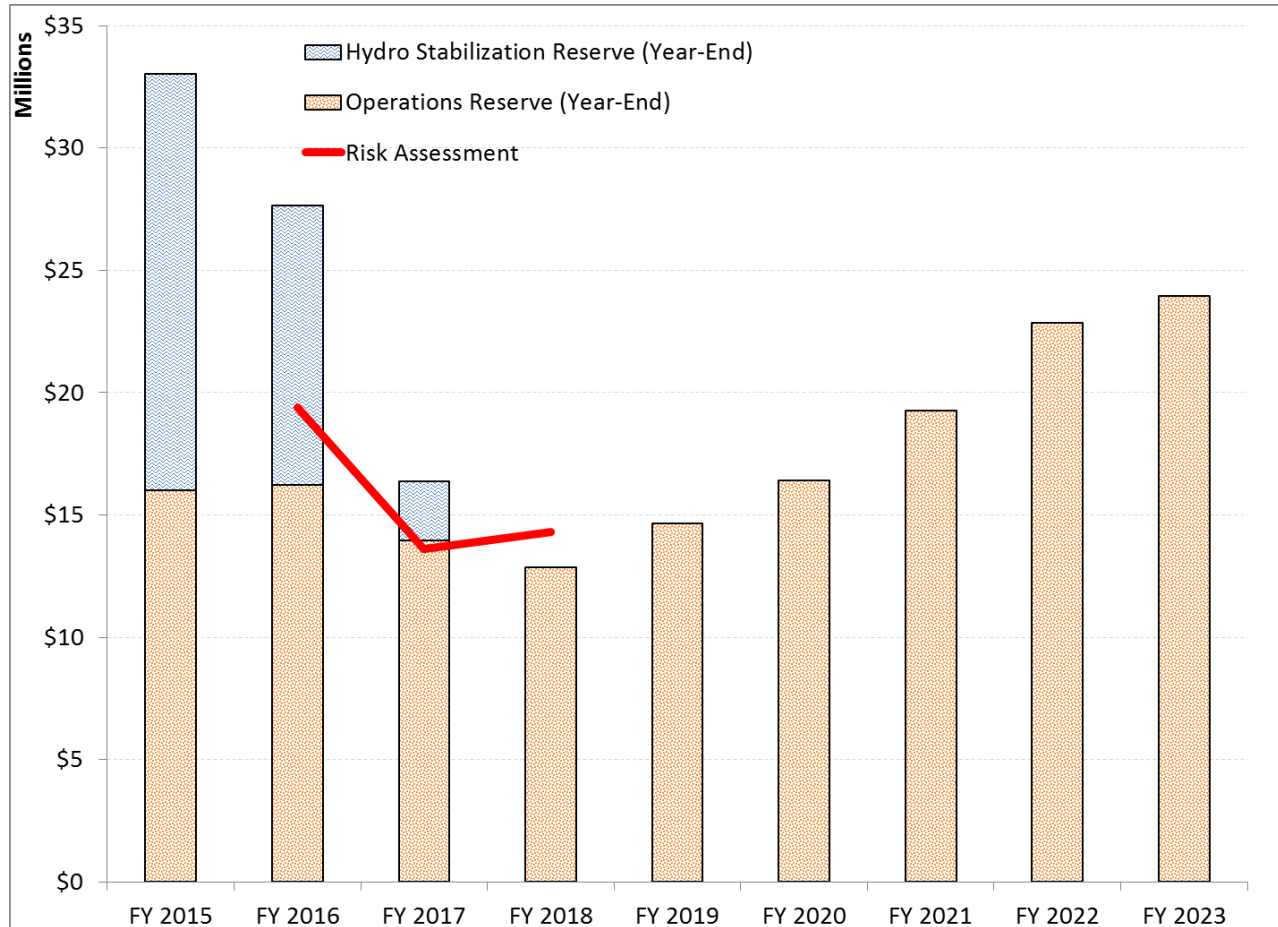


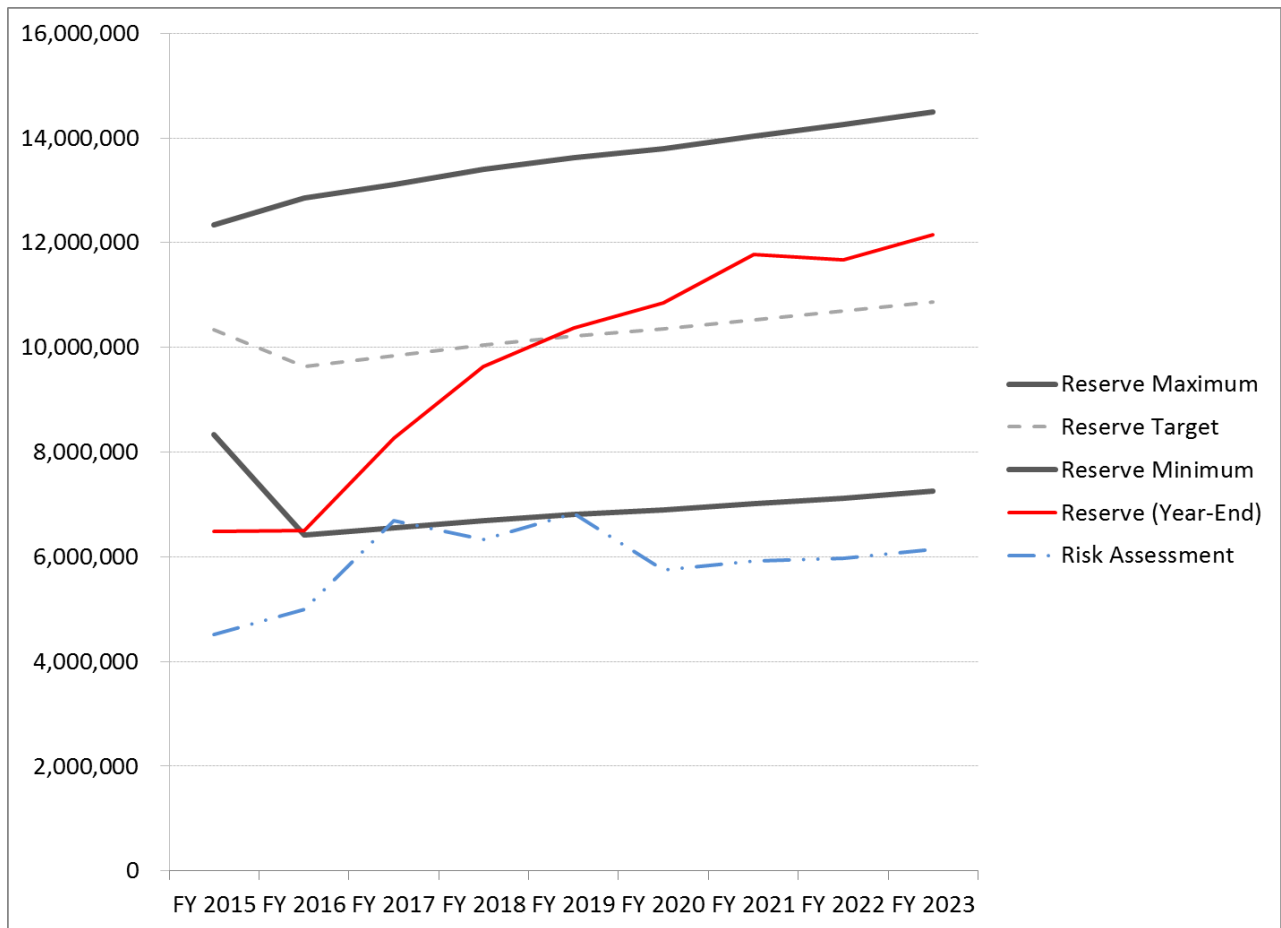
Table 9 summarizes the risk assessment calculation for the Distribution Operations Reserve through FY 2021. As shown in Figure 12, the Distribution Operations Reserve will stay within the reserve guidelines over the course of the forecast period. The risk assessment includes the revenue shortfall that could accrue due to:

1. Lower than forecasted sales revenue; and
2. An increase of 10% of planned system improvement CIP expenditures for the budget year.

Table 9: Electric Distribution Fund Risk Assessment (\$000)

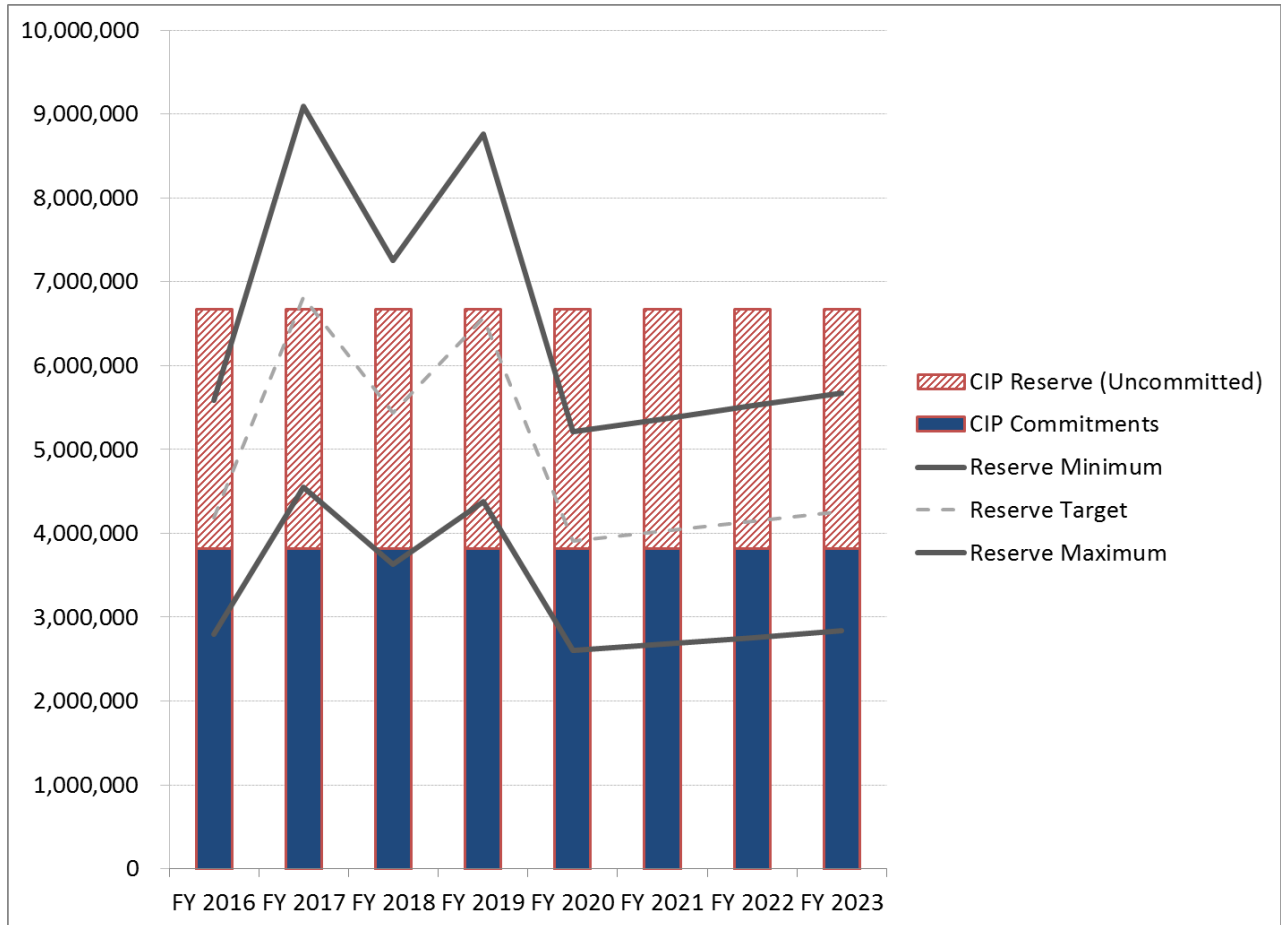
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total non-commodity revenue	\$49,651	\$52,233	\$52,275	\$52,237	\$53,804
Max. revenue variance, previous ten years	8%	8%	8%	8%	8%
Risk of revenue loss	\$3,919	\$4,122	\$4,126	\$4,123	\$4,246
CIP Budget	\$27,652	\$22,058	\$26,649	\$15,868	\$16,320
CIP Contingency @10%	\$2,765	\$2,206	\$2,665	\$1,587	\$1,632
Total Risk Assessment value	\$6,684	\$6,328	\$6,791	\$5,710	\$5,879

Figure 12: Electric Distribution Operations Reserve Adequacy



As shown in Figure 13, the CIP Reserve is projected to be well within the proposed revised minimum and maximum guidelines over the forecast period. While the Reserve is above maximum levels in later years, CIP Commitments are nearly impossible to project that far out, and adjustments to the reserve can be made in future years.

Figure 13: Electric Distribution Operations Reserve Adequacy



SECTION 5G: LONG-TERM OUTLOOK

This forecast covers the period from FY 2017 through FY 2023, but various long-term developments may create new costs for the utility over the next 5 to 35 years. While it is challenging to accurately forecast the impact these events will have on the utility's costs, it is worth noting them as future milestones and keeping them in mind for long-term planning purposes.

For the supply portfolio, the 2020s will see a number of notable events. The contract with Western for power from the CVP will expire in 2024. Determining the future relationship with Western after 2024 will be important in the years leading up to the contract expiration, especially because this resource represents nearly 40% of the electric portfolio, and is the utility's largest source of carbon-free electricity. The utility's three earliest and lowest cost renewable contracts will also begin expiring around that time, with the first contract expiring in 2021 and the last in 2028. These three contracts, plus one more expiring in 2030, currently provide 17% to 18% of the energy for the utility's supply portfolio at prices under \$65 per megawatt-hour (MWh). It is difficult to know what renewable energy prices will be when those

contracts expire. Although recent prices have been in that range (or even lower), and costs may decrease in the future, current renewable projects also benefit from a wide range of tax and other incentives that may or may not be available in the 2020s and beyond. However, staff is in the process of procuring a replacement for the contract expiring in 2021 at a lower price than any of the City's current renewable contracts.

The costs of the Calaveras hydro project will also change in the 2020s, with debt service costs dropping by half in 2025 as some of the debt is paid off, and all debt retired by the end of 2032 (assuming no new debt is issued). The project will only be 40 years old at that time. Calaveras debt service represents roughly 70% of the annual costs of that project (and nearly 7% of the utility's total costs), so when the debt is retired, the project could be a low-cost asset for the utility, providing carbon-free energy equal to 13% of the Electric Utility's supply needs in an average year.

Another factor that may affect the utility's supply costs in the long run is carbon allowance revenue. Currently the Electric Utility receives \$3 to 5 million per year in revenue from allocated carbon allowances under the State's cap-and-trade program. It uses that revenue to pay for energy efficiency and to purchase renewable energy to support the utility's Carbon Neutral Plan. That revenue source is expected to continue through 2020, but there is no provision for the continuation of these allocations past 2020. If the Electric Utility no longer received these allowances, it would have to fund these programs from sales revenues.

Transmission costs are also continuing to rise. If the State continues to increase mandates or incentives for renewable energy development, integrating these new projects into the transmission grid will be an ever increasing challenge, some costs of which will be borne by Palo Alto. The planned expansion of the CAISO to a larger regional grid control area may result in additional transmission costs that could further increase CPAU's transmission costs. In addition to the costs of new transmission lines that will need to be built, flexible resources will be required to balance rapid changes in wind or solar output throughout the day. Palo Alto will likely bear some of the costs of these new lines and resources. CPAU is also currently investigating installing a second transmission interconnection for Palo Alto, which could be funded by the Electric Special Projects reserve.

Over the next several years the Electric Utility will continue to execute its usual monitoring, repair, and replacement routine for the distribution system, but will also begin the rollout of various smart grid technologies. The utility continues to monitor the growth of electric vehicle ownership and gas-to-electric fuel switching in Palo Alto. In the next 10 to 20 years, these factors may begin to create notable increases in electric consumption and have a variety of impacts on the distribution system. As housing stock is turned over, however, stricter building codes may help to counteract load growth, as may increasing numbers of rooftop solar installations. The utility has already started to take some of these factors into account in its long-term planning processes, but will need to continue to incorporate them into its planning methodologies.

Looking out toward 2050 and beyond, if the State were to adopt climate goals consistent with Executive Orders S-3-05 and B-16-2012 (with a goal of reducing GHG emissions to 80 percent below 1990 levels by 2050), or if similar (or more aggressive) local goals were adopted, it is conceivable that electricity could replace natural gas and petroleum almost entirely. Many, if not most, vehicles would use electricity, though hydrogen is another potential fuel source under development and other technologies might be developed. Initial analysis of these types of scenarios is being undertaken in the context of the Sustainability and Climate Action Plan (S/CAP) development process. These types of scenarios require careful planning for the associated load growth to make sure the distribution system did not end up overloaded, or conversely, to avoid overinvestment.

SECTION 6: DETAILS AND ASSUMPTIONS

SECTION 6A: ELECTRICITY PURCHASES

As shown in Figure 14 the utility gets roughly 50% of its energy from hydroelectric projects in a normal year (FY 2014 and FY2015 were dry). Contracts with renewable sources made up just over 20% of the portfolio in FY 2015, and are projected to rise to roughly 50% in FY 2017. The remainder comes from unspecified market sources. Under the City's Carbon Neutral Plan, CPAU purchases RECs corresponding to the amount of market energy it purchases.

Figure 14: Electricity Supply by Source

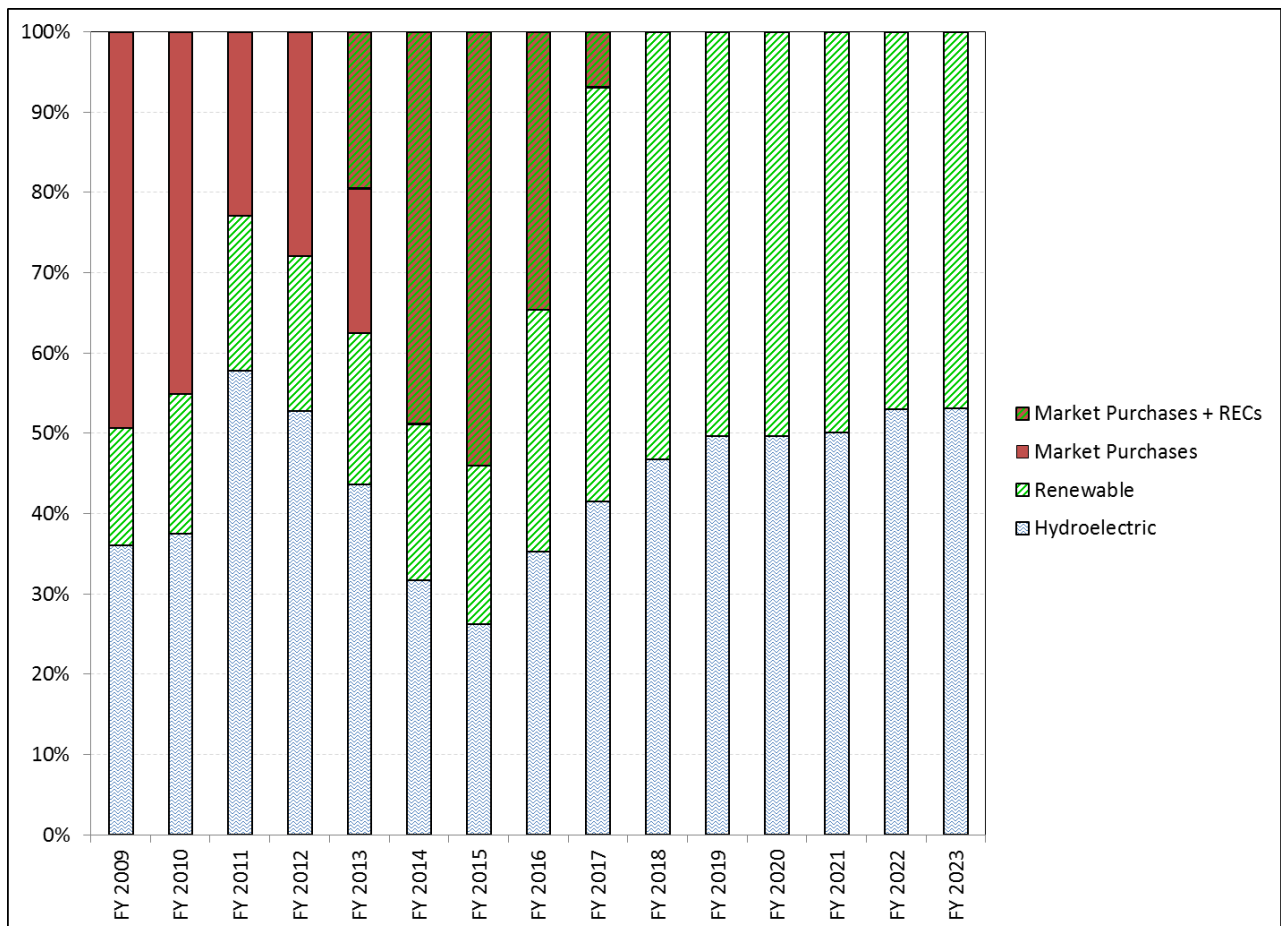
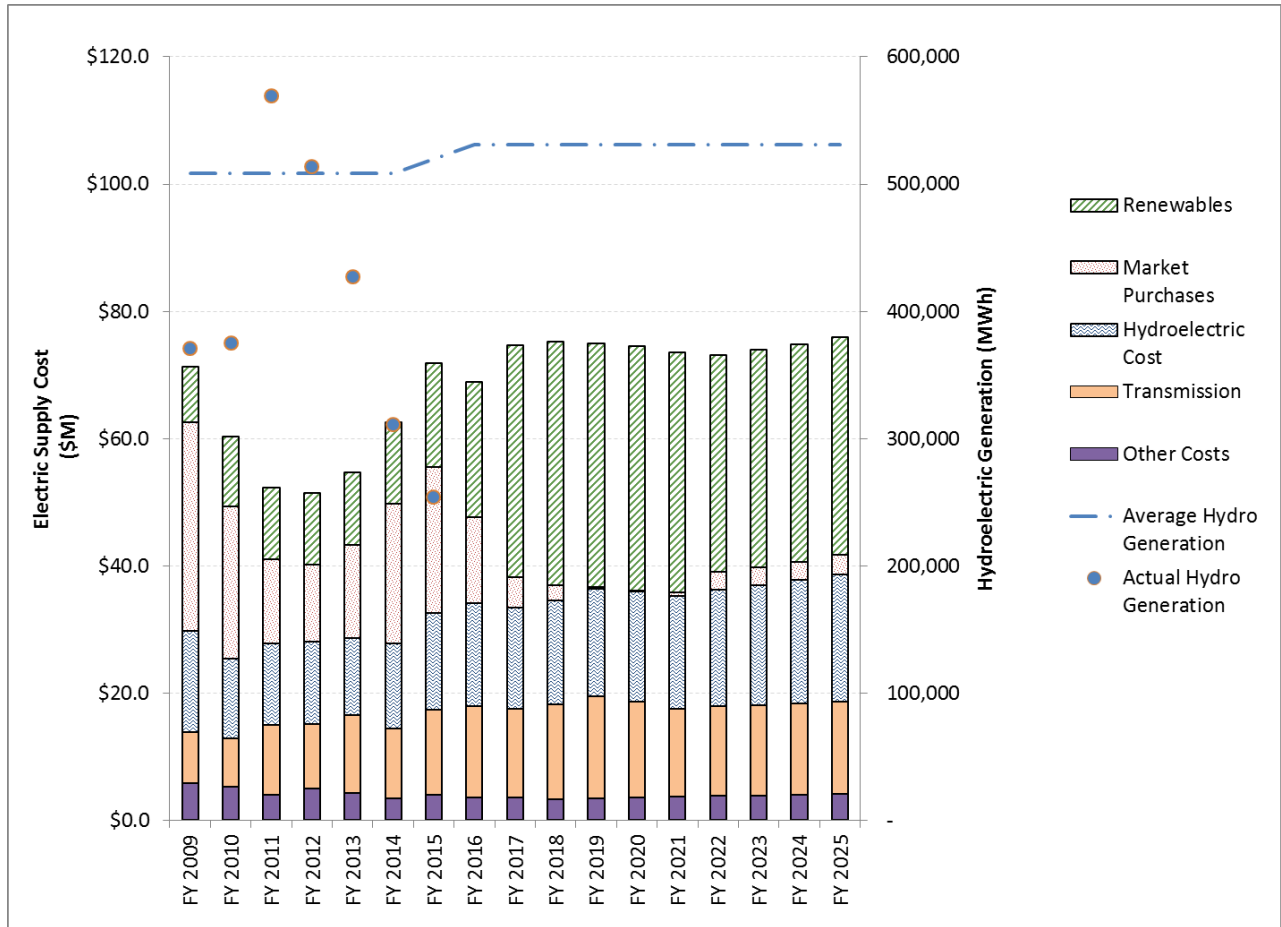


Figure 15 shows the historical and projected costs for the electric supply portfolio,⁴ as well as average and actual hydroelectric generation.⁵ Electric supply costs decreased in FY 2010 and FY 2011 due to decreases in market prices related to shale gas. In addition, FY 2009 was a dry year with low hydroelectric production, so FY 2010 and FY 2011 looked better by comparison. Costs increased in FY 2013, FY 2014, and FY 2015 due to the drought, which reduced the amount of generation from hydroelectric resources. Costs are projected to decrease slightly in FY 2016 due to slightly higher hydroelectric generation, and may decrease substantially depending on rainfall. Even if hydroelectric generation returns to normal levels, costs will increase in FY 2017 due to increases in renewable energy costs as various renewable projects come online to fulfill the City's carbon neutral and RPS goals. Transmission charges are also projected to increase as new transmission lines are built throughout California to accommodate new renewable projects. In total, electric supply costs are projected to increase to \$75.2 million by FY 2018, at which point all currently contracted renewable projects will be online. Supply costs are only projected to change slightly in subsequent years.

⁴ Costs are shown net of wholesale revenues, and cannot be directly compared with the electric supply purchase figures shown in Appendix **Error! Reference source not found. (Error! Reference source not found.)**.

⁵ Average hydroelectric generation increased in January of 2015 due to an increase in the utility's contractual share of the output of the CVP Federal hydropower project.

Figure 15: Electric Supply Portfolio Costs, Historical and Projected



SECTION 6B: OPERATIONS

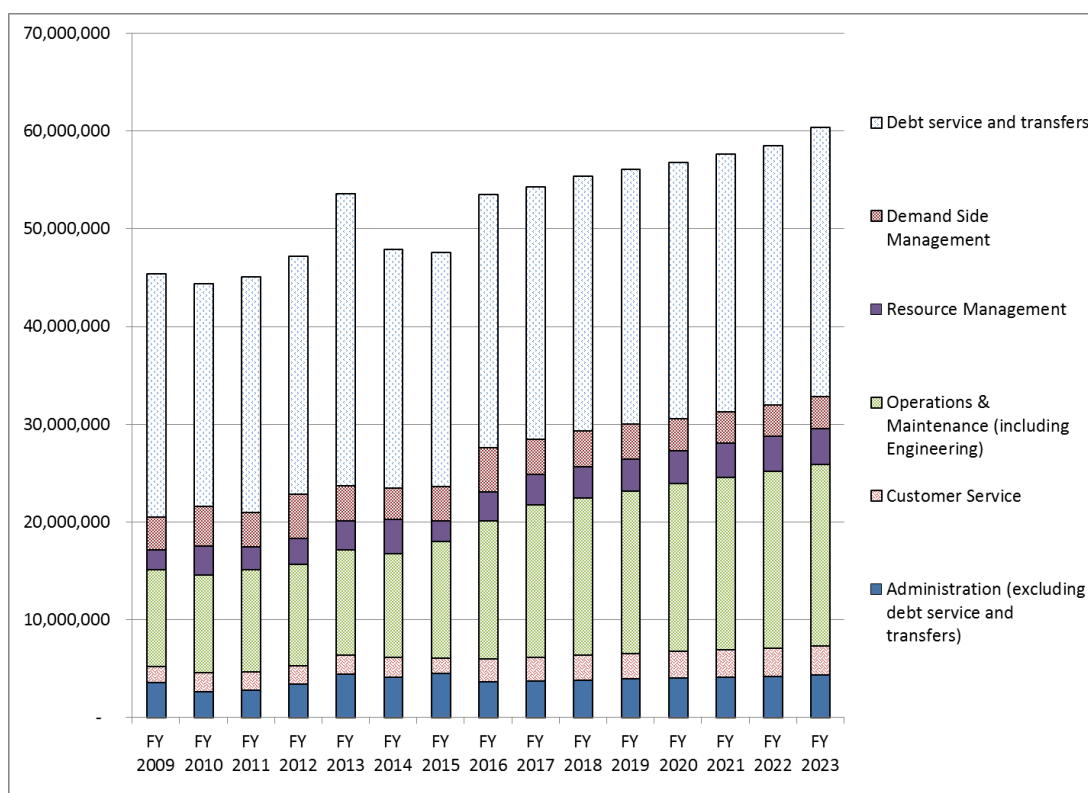
CPAU's Electric Utility operations include the following activities:

- Administration, including financial management of charges allocated to the Electric Utility for administrative services provided by the General Fund and for Utilities Department administration, as well as debt service and other transfers. Additional detail on Electric Utility debt service is provided in Section 6D (Debt Service)
- Customer Service
- Engineering work for maintenance activities (as opposed to capital activities)
- Operations and Maintenance of the distribution system; and
- Resource Management

Appendix C: Description of Electric utility Operational Activities includes detailed descriptions of the work associated with each of these activities.

From FY 2009 to FY 2015, Operations costs increased by \$2.2 million, or less than 1% per year on average. In 2013 there was a one-time increase in expenses associated with an adjustment to the value of the City's investment portfolio. Excluding debt service and transfers, which stay relatively stable over time, costs increased roughly 2.5% per year over that time. In FY 2016, however, Operations costs increased \$4.5 million (9.6%). This was primarily due to increases in overhead and salary and benefit costs. Operations costs are projected to increase by an additional \$1M per year starting in FY 2017 as work is done to begin catching up on deferred maintenance that has accumulated due to difficulty filling certain maintenance positions. Aside from those increases, costs are projected to increase with inflation over the remainder of the forecast period.

Figure 16: Historical and Projected Electric Utility Operational Costs



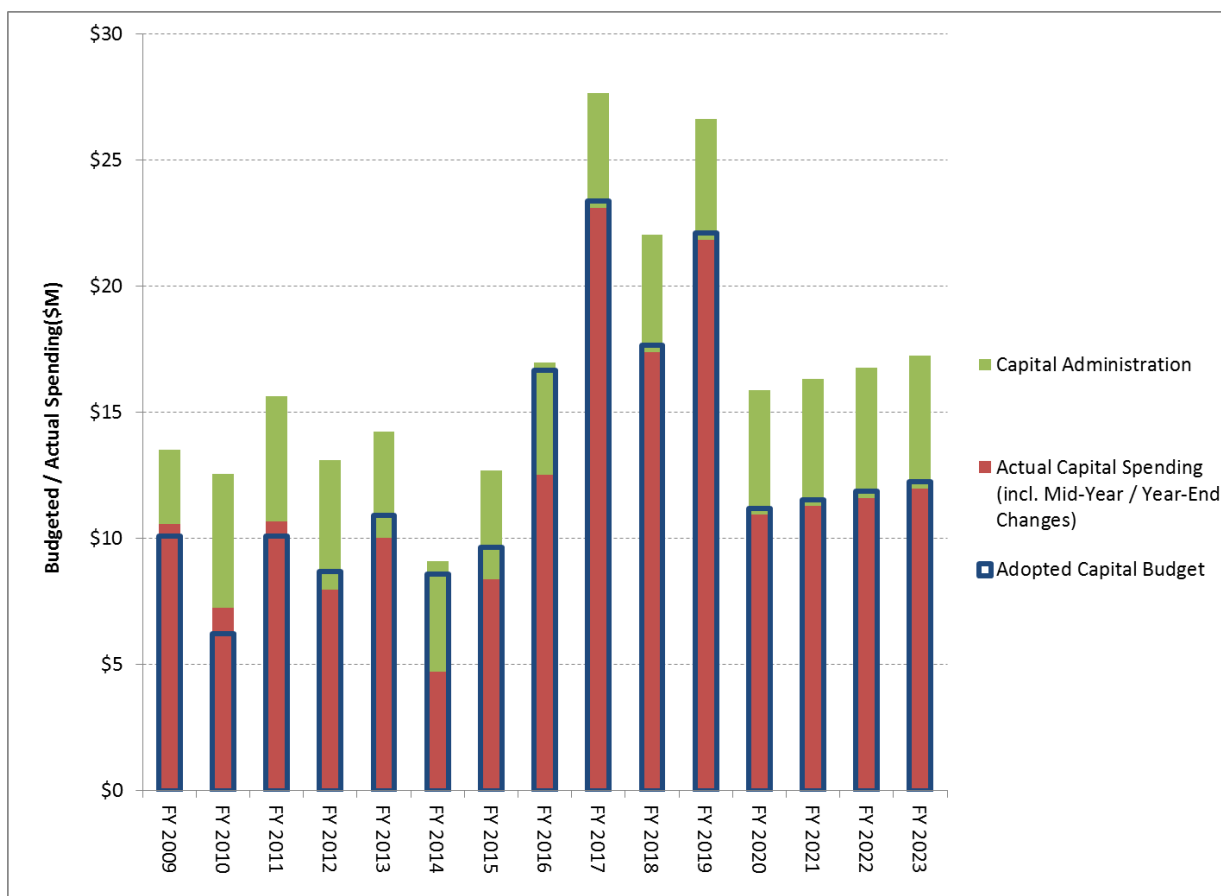
SECTION 6C: CAPITAL IMPROVEMENT PROGRAM (CIP)

CIP spending for FY 2017 through FY 2019 is projected to increase substantially, primarily due to major one-time projects, including service connection upgrades for a few major customers, pole replacements related to the Fiber to the Home project, and Smart Grid upgrades. Ongoing capital investment in the electric distribution system is also increasing. The one-time projects will mostly be funded by customer-specific fees and transfers from other funds. Only \$3.4 million of the funding for the one-time projects is projected to come from utility rates. This forecast assumes that smart grid projects are financed from the Electric Special Projects

Reserve and with additional funding from the water and gas funds, but it would also be possible to use bond financing.

Excluding the one-time projects listed above, the CIP plan for FY 2017 to FY 2023 is primarily funded by utility rates, but other sources of funds include connection fees (for Customer Connections), phone and cable companies (primarily for undergrounding), and other funds (for smart grid). The details of the CIP budget will be available in the Proposed FY 2017 Utilities Capital Budget. Figure 16 shows the adopted / proposed / projected capital budgets as well as actual and projected capitalized administrative overhead associated with the program.

Figure 17: Electric Utility CIP Spending



SECTION 6D: DEBT SERVICE

The Electric Utility's annual debt service is \$100,000 per year. The Electric Utility currently makes payment on one bond issuance, the 2007 Electric Utility Clean Renewable Energy Tax Credit Bonds, Series A. This \$1.5 million bond issuance was to fund a portion of the construction costs of solar demonstration projects at the Municipal Services Center, Baylands Interpretive Center, and Cubberley Community Center. The capacity of these projects totaled 250 kW. In exchange for funding part of the construction costs Electric Utility receives the RECs from these

projects. The bonds were Clean Renewable Energy Bonds (CREBs), meaning they are interest free (the investors receive a tax credit from the federal government). This bond issuance is secured by the net revenues of the Electric Utility. Debt service for this bond continues through 2021, and for the financial forecast period is as follows:

Table 10: Electric Utility Debt Service (\$000)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
2007 Clean Renewable Energy Bonds	100	100	100	100	100	100	-	-

The 2007 bonds include a covenant stating that the Electric Utility will maintain a debt coverage ratio of 125% of debt service. The current Financial Plan maintains compliance with these covenants throughout the forecast period, as shown in Appendix C.

The Electric Utility's reserves and net revenue are also pledged as security for the bond issuances listed in Table 11, even though the Electric Utility is not responsible for the debt service payments. The Electric Utility's reserves or net revenues would only be called upon if the responsible utilities are unable to make their debt service payments. Staff does not currently foresee this occurring.

Table 11: Other Issuances Secured by Electric Utility's Revenues or Reserves

Bond Issuance	Responsible Utilities	Annual Debt Service (\$000)	Secured by Electric Utility's:	
			Net Revenues	Reserves
1995 Utility Revenue Bonds, Series A	Storm Drain	\$680	Yes	No
1999 Utility Revenue Bonds, Series A	Storm Drain Wastewater Collection Wastewater Treatment	\$1,207	No	Yes
2009 Water Revenue Bonds (Build America Bonds)	Water	\$1,977*	No	Yes
2011 Utility Revenue Refunding Bonds, Series A	Gas Water	\$1,457	No	Yes
<i>*Net of Federal interest subsidy</i>				

SECTION 6E: EQUITY TRANSFER

The City calculates the equity transfer from its Electric Utility based on a methodology adopted by Council in 2009, which has remained unchanged since⁶. Each year it is calculated according to the 2009 Council-adopted methodology, and does not require additional Council action.

⁶ For more detail on the ordinance adopting the 2009 transfer methodology, see CMR 280:09, Budget Adoption Ordinance for Fiscal Years 2009 and 2010; and CMR 260:09, Finance Committee Report explaining proposed changes to equity transfer methodology.

SECTION 6F: WHOLESALE REVENUES AND OTHER REVENUES

The Electric Utility receives most of its revenues from sales of electricity, but about 12% comes from other sources. Of these other sources, about a third represent wholesale “revenues” that is included solely for accounting purposes. These revenues have offsetting electric supply purchase costs, and do not normally affect the utility’s net position. Of the remaining revenues, the largest revenue sources are interest on reserves, connection fees for new or replacement electric services, and carbon allowance revenues associated with the State’s cap-and-trade program. In FY 2015 these sources represented roughly 50% of revenue from sources other than electricity sales. The remaining FY 2015 revenues consisted of a variety of one-time transfers.

Revenues from connection fees have more than doubled since FY 2009. Revenue from these sources decreased slightly during the recession, but has increased substantially since then, peaking in FY 2014. Staff is forecasting slightly lower revenue from this source in subsequent years.

Carbon allowance revenues are projected to stay stable through the forecast period, as is interest income. However, both of these revenue sources are subject to some uncertainty. The State’s cap-and-trade program regulations only describe the program through 2020. This forecast assumes the program will remain in place with similar program design following 2020, but that may not be the case. CARB is in the process of establishing post-2020 rules.

The forecast for interest income assumes current interest rates continue and there are no major reserve reductions aside from what is anticipated in this Financial Plan. If interest rates rise, interest income could increase, and if reserves decreased (due to drought or a withdrawal from the ESP reserve for a major project), interest income would decrease.

SECTION 6G: SALES REVENUES

Sales revenue projections are based on the load forecast in *Section 5A: Load Forecast* and the projected rate changes shown in Figure 7. As discussed in Section 5A, sales revenues for this utility stay relatively stable due to the mild climate in Palo Alto. In addition, Palo Alto is a built out City, with incremental growth in population and relatively stable commercial customer loads.

SECTION 7: COMMUNICATIONS PLAN

CPAU communication methods include use of the Utilities website, utility bill inserts, messaging on bills and envelopes, email newsletters, print ads in local publications, videos and participation in community outreach events. The FY 2017 Electric Utility communications strategy covers these primary areas: rates, drought impacts, efficiency, renewables, operations, infrastructure and safety.

In FY 2017, CPAU is proposing an 11% increase in electric utility rates. Electric utility rates have not increased since 2009, as the City has been drawing down reserves from the Electric Fund. The rate increase is necessary this year, as these reserves are below the minimum reserve level. Communications will focus on the reasons why a rate increase is necessary, and why the percentage increase is higher than projected in past financial forecasts, particularly due to the impact of the drought. Palo Alto purchases a significant portion of its electricity from hydroelectric resources. Severe drought conditions over the past few years have reduced available hydroelectric supplies, requiring the City to purchase more costly replacement electric supplies.

Reliability and safety are primary concerns for CPAU and City Council has placed increasing emphasis on capital improvement investments for utility infrastructure. In order to maintain system integrity, continued capital improvement costs are necessary. Deferring such costs to future years would not be prudent, as deferred investment in maintenance, operations and capital improvement upgrades could potentially jeopardize the safety and reliability of the electric utility system. Despite these costs and increasing rates, CPAU's rates are far lower than PG&E's. Keeping costs low is one of the benefits CPAU offers its customers as a public utility provider.

CPAU will continue to communicate about the City's carbon neutral electric supply portfolio. Outreach includes apprising the public of major renewable energy purchase agreements, which contribute toward Palo Alto's long-term energy security and commitment to sustainability. Recent power purchase agreements have allowed CPAU to procure long-term renewable electric supplies at low costs. CPAU will highlight these environmental attributes and value in our communications.

Throughout the year, communications staff promotes CPAU's electric efficiency services, rebates and local renewable energy programs. Since January 2015, CPAU has been encouraging community participation in the Georgetown University Energy Prize competition, a friendly, national campaign for energy efficiency. This two-year campaign encourages the community to reduce energy use and compete for a \$5 million prize. Just recently, CPAU launched new programs that will allow customers to better understand and manage their energy use. Such programs include a free utility bill analysis service with option for a subsidized in-depth home energy assessment, and an online utility portal for customers to view consumption history, learn about efficiency tips and CPAU programs they can take advantage of for home energy efficiency.

APPENDICES

Appendix A: Electric Utility Financial Forecast Detail

Appendix B: Electric Utility Reserves Management Practices

Appendix C: Description of Electric utility Operational Activities

Appendix D: Samples of Recent Electric Utility Outreach Communications

APPENDIX A: ELECTRIC UTILITY FINANCIAL FORECAST DETAIL

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1	FISCAL YEAR	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
2																
3	ELECTRIC LOAD															
4	Purchases (MWh)	1,040,851	1,019,788	978,833	969,519	976,319	980,894	979,005	977,292	993,844	997,125	998,260	997,531	997,596	999,464	986,864
5	Sales (MWh)	995,811	965,048	946,518	942,562	946,841	950,784	936,773	946,996	963,035	966,215	967,314	966,608	966,670	968,481	956,271
6																
7	BILL AND RATE CHANGES															
8	System Average Rate (\$/kWh)	\$ 0.1048	\$ 0.1155	\$ 0.1168	\$ 0.1156	\$ 0.1154	\$ 0.1164	\$ 0.1158	\$ 0.1158	\$ 0.1274	\$ 0.1398	\$ 0.1435	\$ 0.1435	\$ 0.1452	\$ 0.1452	\$ 0.1477
9	Change in System Average Rate		10%	1%	-1%	0%	1%	0%	0%	11%	10%	3%	0%	1%	0%	2%
10	Change in Average Residential Bill		11%	-5%	-1%	-4%	-1%	-5%	10%	8%	10%	2%	0%	1%	0%	1%
11																
12	STARTING RESERVES															
13	Reappropriations (Non-CIP)	-	-	2,760,000	343,000	1,886,000	305,000	-	-	-	-	-	-	-	-	-
14	Commitments (Non-CIP)	2,241,000	1,916,000	1,463,000	1,593,000	2,737,000	3,528,000	3,164,000	3,102,000	3,102,000	3,102,000	3,102,000	3,102,000	3,102,000	3,102,000	3,102,000
15	Restricted for Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Emergency Plant Replacement	3,057,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-
17	Central Valley Project Reserve	22,000	153,000	306,000	305,000	314,000	313,000	329,000	-	-	-	-	-	-	-	-
18	Underground Loan Reserve	709,000	717,000	731,000	736,000	742,000	738,000	734,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000
19	Public Benefits Reserves	2,109,000	4,280,000	3,750,000	3,139,000	1,149,000	2,197,000	2,064,000	2,574,000	2,700,394	2,790,356	2,799,046	2,717,399	2,544,810	2,434,376	2,373,578
20	Electric Special Projects Reserve	70,397,000	64,535,000	59,865,000	55,558,000	50,320,000	51,838,000	51,838,000	51,838,000	51,534,944	51,383,460	51,050,127	47,300,127	47,300,127	47,300,127	47,300,127
21	Hydro Stabilization Reserve	-	-	-	-	-	-	-	17,000,000	11,400,000	2,400,000	-	-	-	-	-
22	Capital Reserves	-	-	-	-	-	-	-	-	2,864,000	2,864,000	2,864,000	2,864,000	2,864,000	2,864,000	2,864,000
23	Rate Stabilization Reserves	55,418,000	47,783,000	54,339,000	66,331,000	74,609,000	69,029,000	70,049,000	14,411,000	5,411,000	-	-	-	-	-	-
24	Operations Reserves	-	-	-	-	-	-	-	22,498,000	22,733,825	22,014,607	22,281,475	24,814,237	27,032,576	30,783,222	34,269,008
25	Unassigned	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-
26	TOTAL STARTING RESERVES	133,953,000	120,384,000	124,214,000	129,005,000	132,757,000	128,948,000	129,178,000	112,153,000	100,476,163	85,284,424	82,826,649	81,527,763	83,573,514	87,213,725	90,638,713
27																
28	REVENUES															
29	Net Sales	105,312,712	113,129,269	111,948,267	109,309,318	109,974,337	110,301,711	108,674,986	109,644,507	122,721,963	135,111,161	138,828,086	138,726,658	140,313,744	140,576,542	141,259,300
30	Wholesale Revenues	10,618,388	7,903,940	8,443,016	7,189,218	6,635,790	6,010,409	6,267,000	6,763,000	11,732,580	13,249,634	14,128,345	15,816,411	16,063,130	15,367,103	15,992,486
31	Other Revenues and Transfers In	<u>11,744,330</u>	<u>8,458,392</u>	<u>6,374,799</u>	<u>6,316,048</u>	<u>8,736,976</u>	<u>9,772,185</u>	<u>8,379,507</u>	<u>8,315,879</u>	<u>17,306,372</u>	<u>13,685,157</u>	<u>16,104,331</u>	<u>8,952,387</u>	<u>9,297,064</u>	<u>9,706,437</u>	<u>10,042,027</u>
32	TOTAL REVENUES	127,675,429	129,491,602	126,766,082	122,814,584	125,347,103	126,084,305	123,321,493	124,723,385	151,760,915	162,045,951	169,060,763	163,495,456	165,673,937	165,650,082	167,293,813
33																
34	EXPENSES															
35	Electric Supply Purchases	82,348,075	68,714,475	61,247,248	58,724,136	61,313,637	68,785,977	80,022,010	75,705,000	86,377,737	88,523,524	89,131,094	90,303,886	89,637,135	88,542,665	89,918,517
36	Operating Expenses															
37	Administration															
38	Allocated Charges	3,585,068	2,667,704	2,807,991	3,416,423	4,399,674	4,139,837	4,511,222	3,651,896	3,743,559	3,837,533	3,933,853	4,032,597	4,133,584	4,236,960	4,342,932
39	Rent	3,428,294	3,963,377	3,721,542	3,839,201	3,875,836	4,051,044	4,147,742	4,991,328	5,141,068	5,295,300	5,454,159	5,617,784	5,786,317	5,959,907	6,138,704
40	Debt Service	8,185,819	7,919,136	7,343,352	8,902,751	9,265,736	9,020,651	9,037,000	9,139,768	8,953,886	8,955,164	8,808,619	8,818,349	8,783,507	8,792,388	9,624,493
41	Transfers and Other Adjustments	<u>13,282,668</u>	<u>10,860,269</u>	<u>13,056,927</u>	<u>11,603,695</u>	<u>16,797,054</u>	<u>11,385,421</u>	<u>10,789,119</u>	<u>11,778,415</u>	<u>11,781,400</u>	<u>11,784,460</u>	<u>11,787,597</u>	<u>11,790,812</u>	<u>11,794,107</u>	<u>11,797,485</u>	<u>11,800,947</u>
42	Subtotal, Administration	28,481,848	25,410,486	26,929,812	27,762,069	34,338,299	28,596,953	28,485,082	29,561,407	29,619,914	29,872,457	29,984,228	30,259,541	30,497,516	30,786,740	31,907,076
43	Resource Management	2,062,511	3,033,428	2,380,313	2,654,024	3,024,268	3,541,524	2,138,615	2,966,005	3,071,752	3,182,092	3,295,330	3,413,039	3,513,915	3,605,059	3,699,533
44	Demand Side Management	3,336,356	4,048,114	3,490,676	4,541,531	3,529,529	3,187,875	3,491,470	4,476,424	3,612,447	3,694,961	3,558,989	3,275,399	3,213,446	3,169,620	3,251,901
45	Operations and Mtc	8,975,462	8,892,002	9,339,340	9,288,490	9,601,481	9,488,627	10,716,881	12,216,961	13,621,453	14,075,224	14,540,523	15,022,687	15,450,353	15,847,643	16,258,382
46	Engineering (Operating)	879,303	1,094,766	1,070,441	1,057,783	1,114,945	1,102,008	1,230,160	1,929,843	1,981,771	2,035,192	2,089,931	2,146,191	2,201,598	2,257,007	2,313,920
47	Customer Service	1,650,731	1,896,956	1,881,881	1,908,493	2,007,322	2,032,231	1,548,851	2,348,349	2,436,928	2,529,629	2,624,844	2,724,064	2,806,984	2,880,302	2,956,458
48	Allowance for Unspent Budget	-	-	-	-	-	-	-	(1,328,747)	(1,421,462)	(1,467,484)	(1,514,688)	(1,563,571)	(1,607,504)	(1,648,717)	(1,691,289)
49	Subtotal, Operating Expenses	45,386,213	44,375,751	45,092,464	47,212,389	53,615,844	47,949,218	47,611,059	52,170,242	52,922,803	53,922,071	54,579,157	55,277,350	56,076,307	56,897,655	58,695,982
50	Capital Program Contribution	13,510,141	12,571,376	15,635,370	13,126,059	14,226,622	9,119,111	12,713,425	16,988,980	27,652,114	22,058,131	26,649,398	15,868,470	16,320,285	16,784,774	17,262,590
51	TOTAL EXPENSES	141,244,429	125,661,602	121,975,082	119,062,584	129,156,103	125,854,305	140,346,493	144,864,222	166,952,654	164,503,726	170,359,649	161,449,705	162,033,726	162,225,093	165,877,088
52																
53	ENDING RESERVES															
54	Reappropriations (Non-CIP)	-	2,760,000	343,000	1,886,000	305,000	-	-	-	-	-	-	-	-	-	-
55	Commitments (Non-CIP)	1,916,000	1,463,000	1,593,000	2,737,000	3,528,000	3,164,000	3,102,000	3,102,000	3,102,000	3,102,000	3,102,000	3,102,000	3,102,000	3,102,000	3,102,000
56	Restricted for Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Emergency Plant Replacement	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-
58	Central Valley Project Reserve	153,000	306,000	305,000	314,000	313,000	329,000	-	-	-	-	-	-	-	-	-
59	Underground Loan Reserve	717,000	731,000	736,000	742,000	738,000	734,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000
60	Public Benefits Reserves	4,280,000	3,750,000	3,139,000	1,149,000	2,197,000	2,064,000	2,574,000	2,700,394	2,790,356	2,799,046	2,717,399	2,544,810	2,434,376	2,373,578	2,191,308
61	Electric Special Projects Reserve	64,535,000	59,865,000	55,558,000	50,320,000	51,838,000	51,838,000	51,838,000	51,534,944	51,383,460	51,050,127	47,300,127	47,300,127	47,300,127	47,300,127	47,300,127
62	Hydro Stabilization Reserve	-	-	-	-	-	-	17,000,000	11,400,000	2,400,000	-	-	-	-	-	-
58	Capital Reserve	-	-	-	-	-	-	-	2,864,000	2,864,000	2,864,000	2,864,000	2,864,000	2,864,000	2,864,000	2,864,000
59	Rate Stabilization Reserve	47,783,000	54,339,000	66,331,000	74,609,000	69,029,000	70,049,000	14,411,000	5,411,000	-	-	-	-	-	-	-
60	Operations Reserve	-	-	-	-	-	-	22,498,000	22,733,825	22,014,607	22,281,475	24,814,237	27,032,576	30,783,222	34,269,008	35,868,004
61	Unassigned	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-
62	TOTAL ENDING RESERVES	120,384,000	124,214,000	129,005,000	132,757,000	128,948,000	129,178,000	112,153,000	100,476,163	85,284,424	82,826,649	81,527,763	83,573,514	87,213,725	90,638,713	92,055,438

1	FISCAL YEAR	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
2																
3	REVENUES															
4	Net Sales	82%	87%	88%	89%	88%	87%	88%	88%	81%	83%	82%	85%	85%	85%	84%
5	Other Revenues and Transfers In	18%	13%	12%	11%	12%	13%	12%	12%	19%	17%	18%	15%	15%	15%	16%
6	TOTAL REVENUES	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
7																
8	EXPENSES															
9	Commodity Purchases	56%	54%	46%	47%	46%	54%	56%	51%	46%	46%	45%	47%	47%	47%	46%
10	Operating Expenses															
11	Administration															
12	Allocated Charges	3%	2%	2%	3%	3%	3%	3%	3%	2%	2%	2%	2%	3%	3%	3%
13	Rent	2%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%	4%	4%
14	Debt Service	6%	6%	6%	7%	7%	7%	6%	6%	5%	5%	5%	5%	5%	5%	6%
15	Transfers and Other Adjustments	9%	9%	11%	10%	13%	9%	8%	8%	7%	7%	7%	7%	7%	7%	7%
16	Subtotal, Administration	20%	20%	22%	23%	27%	23%	20%	20%	18%	18%	18%	19%	19%	19%	19%
17	Resource Management	1%	2%	2%	2%	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%
18	Operations and Mtc	6%	7%	8%	8%	7%	8%	8%	8%	9%	9%	9%	9%	10%	10%	10%
19	Engineering (Operating)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
20	Customer Service	1%	2%	2%	2%	2%	2%	1%	2%	1%	2%	2%	2%	2%	2%	2%
21	Allowance for Unspent Budget	0%	0%	0%	0%	0%	0%	0%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
22	Subtotal, Operating Expenses	30%	32%	34%	36%	39%	36%	31%	33%	30%	31%	30%	32%	33%	33%	33%
23	Capital Program Contribution	10%	10%	13%	11%	11%	7%	9%	12%	17%	13%	16%	10%	10%	10%	10%
24	TOTAL EXPENSES	95%	96%	93%	93%	96%	97%	96%	95%	92%	90%	90%	89%	89%	90%	90%
25																
26	RISK ASSESSMENT DETAIL (SUPPLY FUND)															
27	FISCAL YEAR	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
28	1. Load Net Revenue							77,428	652,853	1,208,477						
29	2. Hydro Production: Western & Calaveras							9,314,822	9,050,313	3,397,119						
30	3. Renewable Production: Landfill & Wind & Solar							375,755	743,945	539,073						
31	4. Carbon Neutral Cost							331,630	303,022	114,983						
32	5. Market Price							909,196	775,584	1,138,589						
33	6. Local Capacity							475,962	408,388	446,695						
34	7. Transmission/CAISO							4,555,915	3,741,647	2,806,120						
35	8. Plant Outage							1,000,000	1,000,000	1,000,000						
36	9. Western Cost							3,130,000	2,704,738	2,973,619						
37	10. Regulatory & Legal							-	-	-						
38	11. Supplier Default							-	-	-						
39	TOTAL							20,170,708	19,380,490	13,624,674						
40	Supply Operations + Hydro Stabilization Reserves, % of Risk Assessment							196%	176%	179%						
41																
42	RISK ASSESSMENT DETAIL (DISTRIBUTION FUND)															
43	FISCAL YEAR	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
44	Distribution Revenue Variance							3,240,845	3,290,258	3,918,697	4,122,469	4,163,694	4,160,651	4,285,471	4,293,497	4,422,302
45	10% CIP Program Contingency							1,271,343	1,698,898	2,765,211	2,205,813	2,664,940	1,586,847	1,632,028	1,678,477	1,726,259
46	Total Risk Assessment Value							4,512,188	4,989,156	6,683,908	6,328,282	6,828,634	5,747,498	5,917,499	5,971,975	6,148,561
47	Projected Operations Reserve							22,498,000	22,733,825	22,014,607	22,281,475	24,814,237	27,032,576	30,783,222	34,269,008	35,868,004
48	Operations Reserve, % of Risk Value							499%	456%	329%	352%	363%	470%	520%	574%	583%
49																
44	SUPPLY OPERATIONS RESERVE															
45	Min (60 days of non-capital expenses)	-	-	-	-	-	-	8,339,587	6,424,305	6,557,102	6,698,857	6,808,081	6,897,553	7,013,278	7,126,792	7,248,481
46	Target (90 days of non-capital expenses)	-	-	-	-	-	-	10,338,923	9,636,457	9,835,653	10,048,285	10,212,121	10,346,329	10,519,917	10,690,188	10,872,721
47	Max (120 days of non-capital expenses)	-	-	-	-	-	-	12,338,259	12,848,609	13,114,204	13,397,714	13,616,162	13,795,105	14,026,555	14,253,584	14,496,961
48																
49	DISTRIBUTION OPERATIONS RESERVE															
50	Min (60 days of non-capital expenses)	-	-	-	-	-	-	8,339,587	6,424,305	6,557,102	6,698,857	6,808,081	6,897,553	7,013,278	7,126,792	7,248,481
51	Target (90 days of non-capital expenses)	-	-	-	-	-	-	10,338,923	9,636,457	9,835,653	10,048,285	10,212,121	10,346,329	10,519,917	10,690,188	10,872,721
52	Max (120 days of non-capital expenses)	-	-	-	-	-	-	12,338,259	12,848,609	13,114,204	13,397,714	13,616,162	13,795,105	14,026,555	14,253,584	14,496,961
53	Risk Assessment Value							4,512,188	4,989,156	6,683,908	6,328,282	6,828,634	5,747,498	5,917,499	5,971,975	6,148,561

APPENDIX B: ELECTRIC UTILITY RESERVES MANAGEMENT PRACTICES

(This section includes the proposed amendments to this section. This section will be finalized following Council adoption of the final amended version.)

The following reserves management practices are used when developing the Electric Utility Financial Plan:

Section 1. Definitions

- a) “Financial Planning Period” – The Financial Planning Period is the range of future fiscal years covered by the Financial Plan. For example, if the Financial Plan delivered in conjunction with the FY 2015 budget includes projections for FY 2015 to FY 2019, FY 2015 to FY 2019 would be the Financial Planning Period.
- b) “Fund Balance” – As used in these Reserves Management Practices, Fund Balance refers to the Utility’s Unrestricted Net Assets.
- c) “Net Assets” - The Government Accounting Standards Board defines a Utility’s Net Assets as the difference between its assets and liabilities.
- d) “Unrestricted Net Assets” - The portion of the Utility’s Net Assets not invested in capital assets (net of related debt) or restricted for debt service or other restricted purposes.

Section 2. Supply Fund Reserves

The Electric Supply Fund Balance is reserved for the following purposes:

- a) For existing contracts, as described in Section 4 (Reserve for Commitments)
- b) For operating budgets reappropriated from previous years, as described in Section 5 (Reserve for Reappropriations)
- c) For special projects for the benefit of the Electric Utility ratepayers, as described in Section 6 (Electric Special Projects Reserve)
- d) For year to year balancing of costs associated with the Electric Utility’s hydroelectric resources, as described in Section 7 (Hydroelectric Stabilization Reserve)
- e) For rate stabilization, as described in Section 1.d) (Rate Stabilization Reserves)
- f) For operating contingencies, as described in Section 12 (Operations Reserves)
- g) Any funds not included in the other reserves will be considered Unassigned Reserves and shall be returned to ratepayers or assigned a specific purpose as described in Section 13 (Unassigned Reserves).

Section 3. Distribution Fund Reserves

The Electric Distribution Fund Balance is reserved for the following purposes:

- a) For existing contracts, as described in Section 4 (Reserves for Commitments)
- b) For operating and capital budgets reappropriated from previous years, as described in Section 5 (Reserves for Reappropriations)
- c) As an offset to underground loan receivables, as described in Section 8 (Underground Loan Reserve)
- d) To hold Public Benefit Program funds collected but not yet spent, as described in Section 9 (Public Benefits Reserve)

- e) For cash flow management and contingencies related to the Electric Utility's Capital Improvement Program (CIP), as described in Section 10 (CIP Reserve)
- f) For rate stabilization, as described in Section 1.d) (Rate Stabilization Reserves)
- g) For operating contingencies, as described in Section 12 (Operations Reserves)
- h) Any funds not included in the other reserves will be considered Unassigned Reserves and shall be returned to ratepayers or assigned a specific purpose as described in Section 14 (Unassigned Reserves).

Section 4. Reserves for Commitments

At the end of each fiscal year the Electric Supply Fund and Electric Distribution Fund Reserves for Commitments will be set to an amount equal to the total remaining spending authority for all contracts in force for the Electric Supply Fund and Electric Distribution Fund, respectively, at that time.

Section 5. Reserves for Reappropriations

At the end of each fiscal year the Electric Supply Fund and Electric Distribution Fund Reserves for Reappropriations will be set to an amount equal to the amount of all remaining capital and non-capital budgets that will be reappropriated to the following fiscal year for each Fund in accordance with Palo Alto Municipal Code Section 2.28.090.

Section 6. Electric Special Projects Reserve

The Electric Special Projects Reserve (ESP Reserve) will be managed in accordance with the policies and timelines set forth in Resolution 9206 (Resolution of the Council of the City of Palo Alto Approving Renaming the Calaveras Reserve to the Electric Special Project Reserve and Adoption of Electric Special Project Reserve Guidelines). These policies and timelines are included from Resolution 9206 as amended to refer to the reserves structure set forth in these Reserves Management Practices:

- a) The purpose of the ESP Reserve is to fund projects that benefit electric ratepayers;
- b) The ESP Reserve funds must be used for projects of significant impact;
- c) Projects proposed for funding must demonstrate a need and value to electric ratepayers. The projects must have verifiable value and must not be speculative, or high-risk in nature;
- d) Projects proposed for funding must be substantial in size, requiring funding of at least \$1 million;
- e) The preferred projects to be funded by the ESP Reserve must be identified by end of FY 2015;
- f) Any uncommitted funds remaining at the end of FY 2020 will be transferred to the Electric Supply Operations Reserve and the ESP Reserve will be closed; and
- g) Funds may be used for analysis and pilot projects which would be the basis for planned large projects.

Section 7. Hydroelectric Stabilization Reserve

Supply cost savings and surplus energy sales revenue associated with higher than average generation from hydroelectric resources may be added to the Electric Supply Fund's Hydroelectric Stabilization Reserve by action of the City Council and held to offset higher

commodity supply costs during years of lower than average generation. Withdrawal of funds from the Hydroelectric Stabilization Reserve requires action by the City Council.

Section 8. Underground Loan Reserve

At the end of each fiscal year, the Underground Loan Reserve will be adjusted by the principal payments made against outstanding underground loans.

Section 9. Public Benefits Reserve

The Public Benefits Reserve will be increased by the amount of unspent Public Benefits Revenues remaining at the end of each fiscal year. Expenditure of these funds requires action by the City Council.

Section 10. CIP Reserve

The CIP Reserve is used to manage cash flow for capital projects and acts as a reserve for capital contingencies. Staff will manage the CIP Reserve according to the following practices:

- a) The following guideline levels are set forth for the CIP Reserve. These guideline levels are calculated for each fiscal year of the Financial Planning Period based on the levels of CIP expense budgeted for that year.

Minimum Level	<u>60 days</u> ~~6 months~~ of budgeted CIP expense
Maximum Level	<u>120 days</u> ~~12 months~~ of budgeted CIP expense

- b) Changes in Reserves: Staff is authorized to transfer funds between the CIP Reserve and the Reserve for Commitments when funds are added to or removed from the Reserve for Commitments as a result of a change in contractual commitments related to CIP projects. Any other additions to or withdrawals from the CIP reserve require Council action.

- c) Minimum Level:

- i) Funds held in the Reserve for Commitments may be counted as part of the CIP Reserve for the purpose of determining compliance with the CIP Reserve minimum guideline level.
- ii) If, at the end of any fiscal year, the minimum guideline is not met, staff shall present a plan to the City Council to replenish the reserve. The plan shall be delivered by the end of the following fiscal year, and shall, at a minimum, result in the reserve reaching its minimum level by the end of the next fiscal year. For example, if the CIP Reserve is below its minimum level at the end of FY 2017, staff must present a plan by June 30, 2018 to return the reserve to its minimum level by June 30, 2019. In addition, staff may present, and the Council may adopt, an alternative plan that takes longer than one year to replenish the reserve, or that does so in a shorter period of time.

- d) Maximum Level: If, at any time, the CIP Reserve reaches its maximum level, no funds may be added to this reserve. If there are funds in this reserve in excess of the maximum level staff must propose to transfer these funds to another reserve or return them to ratepayers in the next Financial Plan. Staff may also seek City Council to

approve holding funds in this reserve in excess of the maximum level if they are held for a specific future purpose related to the CIP.

Section 11. Rate Stabilization Reserves

Funds may be added to the Electric Supply or Distribution Fund's Rate Stabilization Reserves by action of the City Council and held to manage the trajectory of future year rate increases. Withdrawal of funds from either Rate Stabilization Reserve requires action by the City Council. If there are funds in either Rate Stabilization Reserve at the end of any fiscal year, any subsequent Electric Utility Financial Plan must result in the withdrawal of all funds from this Reserve by the end of the Financial Planning Period.

Section 12. Operations Reserves

The Electric Supply Fund and Electric Distribution Fund Operations Reserves are used to manage normal variations in the costs of providing electric service and as a reserve for contingencies. Any portion of the Electric Utility's Fund Balance not included in the reserves described in Section 4 to d) above will be included in the appropriate Operations Reserve unless the reserve has reached its maximum level as set forth in Section 12 (e) below. Staff will manage the Operations Reserves according to the following practices:

- a) The following guideline levels are set forth for the Electric Supply Fund Operations Reserve. These guideline levels are calculated for each fiscal year of the Financial Planning Period based on the levels of Operations and Maintenance (O&M) and commodity expense forecasted for that year in the Financial Plan.

Minimum Level	60 days of Supply Fund O&M and commodity expense
Target Level	90 days of Supply Fund O&M and commodity expense
Maximum Level	120 days of Supply Fund O&M and commodity expense

- b) The following guideline levels are set forth for the Electric Distribution Fund Operations Reserve. These guideline levels are calculated for each fiscal year of the Financial Planning Period based on the levels of O&M expense forecasted for that year in the Financial Plan.

Minimum Level	60 days of Distribution Fund O&M expense
Target Level	90 days of Distribution Fund O&M expense
Maximum Level	120 days of Distribution Fund O&M expense

- c) Minimum Level: If, at the end of any fiscal year, the funds remaining in the Supply Fund or Distribution Fund's Operations Reserve are lower than the minimum level set forth above, staff shall present a plan to the City Council to replenish the reserve. The plan shall be delivered within six months of the end of the fiscal year, and shall, at a minimum, result in the reserve reaching its minimum level by the end of the following fiscal year. For example, if the Operations Reserve is below its minimum level at the end of FY 2014, staff must present a plan by December 31, 2014 to return the reserve to its minimum level by June 30, 2015. In addition, staff may present an alternative plan that takes longer than one year to replenish the reserve.
- d) Target Level: If, at the end of any fiscal year, either Operations Reserve is higher or lower than the target level, any Financial Plan created for the Electric Utility shall be

designed to return both Operations Reserves to their target levels by the end of the forecast period.

- e) Maximum Level: If, at any time, either Operations Reserve reaches its maximum level, no funds may be added to this Reserve. Any further increase in that fund's Fund Balance shall be automatically included in the Unassigned Reserve described in Section 13, below.

Section 13. Unassigned Reserves

If the Operations Reserve in either the Electric Supply Fund or the Electric Distribution Fund reaches its maximum level, any further additions to that fund's Fund Balance will be held in the Unassigned Reserve. If there are any funds in either Unassigned Reserve at the end of any fiscal year, the next Financial Plan presented to the City Council must include a plan to assign them to a specific purpose or return them to the Electric Utility ratepayers by the end of the first fiscal year of the next Financial Planning Period. For example, if there were funds in the Unassigned Reserves at the end of FY 2016, and the next Financial Planning Period is FY 2017 through FY 2021, the Financial Plan shall include a plan to return or assign the funds in the Unassigned Reserve by the end of FY 2017. Staff may present an alternative plan that retains these funds or returns them over a longer period of time.

Section 14. Intra-Utility Transfers between Supply and Distribution Funds

Transfers between Electric Distribution Fund Reserves and Electric Supply Fund Reserves are permitted if consistent with the purposes of the two reserves involved in the transfer. Such transfers require action by the City Council.

APPENDIX C: DESCRIPTION OF ELECTRIC UTILITY OPERATIONAL ACTIVITIES

This appendix describes the activities associated with the various cost categories referred to in this Financial Plan.

Customer Service: This category includes the Electric Utility's share of the call center, meter reading, collections, and billing support functions. Billing support encompasses staff time associated with bill investigations and quality control on certain aspects of the billing process. It does not include maintenance of the billing system itself, which is included in Administration. This category also includes CPAU's key account representatives, who work with large commercial customers who have more complex requirements for their electric services.

Resource Management: This category includes supply portfolio management, energy procurement, rate setting, and tracking of legislation and regulation related to the electric industry.

Operations and Maintenance: This category includes the costs of a variety of distribution system maintenance activities, including:

- monitoring the substations and performing routine maintenance;
- performing preventative maintenance on the system;
- monitoring the system's status from the UCC using SCADA;
- maintaining the SCADA system;
- investigating outages and other customer complaints and performing emergency repairs;
- clearing vegetation near overhead power lines; and
- testing and replacing meters to ensure accurate sales metering.

Administration: Accounting, purchasing, legal, and other administrative functions provided by the City's General Fund staff, as well as shared communications services, Utilities Department administrative overhead and billing system maintenance costs.

Demand Side Management: Includes the cost of administering energy efficiency programs and the direct cost of rebates paid. Includes solar rebates.

Engineering (Operating): The Electric Utility's engineers focus primarily on the CIP, but a small portion of their time is spent assisting with distribution system maintenance.

APPENDIX D: SAMPLES OF RECENT ELECTRIC UTILITY OUTREACH COMMUNICATIONS

Palo Alto Utilities

Who to Contact

For all your utility needs, just call, email, or visit us in person at 250 Hamilton Avenue. We're here to help!

Service Disruptions Call to report an electrical outage.	cityofpaloalto.org/outageinfo (650) 496-6914
Safety Visit us online to learn more about gas and electrical safety.	cityofpaloalto.org/safeutility (650) 496-2579
Rebates The City offers appliance rebates and home efficiency audits.	cityofpaloalto.org/resrebate (650) 329-2241
Customer Service Call with questions about your bill or account information.	cityofpaloalto.org/utilitiescustomerservice (650) 329-2161
Feedback Call us with questions or concerns about your utilities.	cityofpaloalto.org/gov/depts/utl/services (650) 329-2479
Drought Stay informed on water use restrictions and current conditions.	cityofpaloalto.org/water (650) 496-6968
Emergency	(650) 329-2579 or 911

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Contact UtilitiesCommunications@cityofpaloalto.org to request a free refrigerator magnet with this information and more.

PENINSULA SUNSHARES

SOLAR MADE SIMPLE.

Just in time for Earth Day, Palo Alto is partnering with neighboring communities throughout San Mateo County and local nonprofit, Vote Solar, to launch a discounted purchasing program for homeowners wanting to install solar.

The Peninsula SunShares program pools the buying power of individual participants to allow the solar industry to offer more competitive pricing on solar PV array installations. Participants in this program will receive a greater financial benefit than if they had independently purchased PV arrays.

Vote Solar has worked with a community evaluation committee to select qualified contractors for the program. Peninsula SunShares makes it easy and more affordable than ever to use solar energy at your home!

Enrollment in Peninsula SunShares begins in April and is available for a limited time only. Sign up soon to receive a no-cost, no-obligation site evaluation and learn how you can benefit from going solar.

BENEFITS

- **SIMPLE, QUALIFIED CONTRACTORS**
- **DISCOUNTED SYSTEMS: 15% BELOW MARKET PRICES**
- **OPTIONS: RANGE OF FINANCING AVAILABLE**

PALO ALTO **VOTE SOLAR**

For more information about the Peninsula SunShares Program, visit www.peninsulasunshares.com

Make Your Home Eco-Friendly & Efficient!

It's easy - find out more!

There are many ways you can reduce your greenhouse gas emissions while making your home more energy-efficient. Call today to find out more about Palo AltoGreen Gas and schedule a Home Efficiency Genie assessment to learn things about your home energy use you never knew.

Palo AltoGreen Gas

CARBON OFFSET NATURAL GAS

✓ Reduce greenhouse gas emissions

1. Join the voluntary Palo AltoGreen Gas program.
2. Pay a small premium on your utility bill to neutralize the emissions from your natural gas use with carbon offsets.
3. Become a leader in making our community one of the most sustainable in the country.

Genie

✓ Make your home more efficient

1. Call for a FREE utility bill analysis
2. Schedule a subsidized assessment with the Home Efficiency Genie.
3. Receive a customized roadmap to cost-effective home performance improvements.
4. Get support selecting contractors and reviewing bids.

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efficiencygenie.com

Individuals with disabilities who require accommodations to access City facilities, services or programs, or who need the information on this flyer in an alternative format, please contact the City at (650) 496-6968 or email info@cityofpaloalto.org.

ARE YOU READY?

Don't wait to prepare your home for emergencies! Natural disasters can happen at any time. Are you and your family prepared? The City of Palo Alto Utilities offers resources to help you know what to do if you see a downed power line, smell gas, need to contact us to shut off or on natural gas meters, or otherwise report an unsafe situation. Let us send you a free copy of our Utilities Safety and Emergency Preparedness brochure or download a copy from our website. Email us at UtilitiesCommunications@cityofpaloalto.org or call **(650) 329-2479** to receive this important safety information.

CITY OF PALO ALTO UTILITIES
Inspired by a brighter tomorrow.

cityofpaloalto.org/safeutility
cityofpaloalto.org/preparedness

CUSTOMIZATION, NOT AUTOMATION

CITY OF PALO ALTO UTILITIES
Inspired by a brighter tomorrow.

The Home Efficiency Genie program delivers easy efficiency solutions, including in-home assessments and a hotline staffed by living, breathing humans.

No hassles, no long wait times. Just our friendly staff, ready to help you make smart, informed and thoughtful choices.

Visit efficiencygenie.com to schedule your assessment, or get in touch with your advisor today:

advisor@efficiencygenie.com | **650.713.3411**

cityofpaloalto.org/PowerContentLabel **CITY OF PALO ALTO UTILITIES**
Inspired by a brighter tomorrow.

2014 POWER CONTENT LABEL

This flyer informs customers of the source of the power they are being sold. Information is provided on page 2 in the form of a Power Content Label, which is very much like a nutrition label and helps consumers make informed decisions.

Palo Alto electricity has been 100% "carbon neutral" since 2013!
cityofpaloalto.org/UTLCarbonFree

Carbon neutral electric power comes from a variety of sources. Some carbon neutral power comes from renewable resources such as solar, wind and small hydroelectric plants. Other carbon neutral power comes from large hydroelectric sources which do not emit carbon, but are not considered "eligible renewables" by the state. Finally, some power sources emit carbon but are then "greened up" by an equivalent amount of renewable power funded through Renewable Energy Certificates (RECs).

POWER SOURCES

In 2014, extremely dry weather conditions limited the City of Palo Alto Utilities (CPAU) hydroelectric (hydro) generation. But in spite of the below-average hydro output, 100% of CPAU's power is carbon neutral. CPAU power sources include the High Winds and Shish wind projects, California landfill gas-fired projects in Watsonville, Half Moon Bay, Pittsburg, Gonzales, and Linden, the Calaveras hydroelectric project, the Western Area Power Administration (Western) contract and short-term contracts from the wholesale market that are matched with RECs. Western power comes from California Central Valley Project hydroelectric facilities. Percentages vary annually based on the available output from our contracted hydro, wind and landfill gas generators.

Individuals with disabilities who require accommodations to access City facilities, services or programs, or who need the information on this flyer in an alternative format, please contact the City at (650) 496-6968 or email info@cityofpaloalto.org.

NOT YET APPROVED

Resolution No. _____

Resolution of the Council of the City of Palo Alto Adopting an Electric Rate Increase and Amending Rate Schedules E-1 (Residential Electric Service), E-2 (Small Commercial Electric Service), E-2-G (Small Commercial Green Power Electric Service), E-4 (Medium Commercial Electric Service), E-4-G (Medium Commercial Green Power Electric Service), E-4 TOU (Medium Commercial Time of Use Electric Service), E-7 (Large Commercial Electric Service), E-7-G (Large Commercial Green Power Electric Service), E-7 TOU (Large Commercial Time of Use Electric Service), E-14 (Street Lights), and E-16 (Unmetered Electrical Service) and Repealing Rate Schedules E-18 (Municipal Electric Service) and E-18-G (Municipal Green Power Electric Service)

R E C I T A L S

A. Pursuant to Chapter 12.20.010 of the Palo Alto Municipal Code, the Council of the City of Palo Alto may by resolution adopt rules and regulations governing utility services, fees and charges.

B. On ____, 2016, the City Council heard and approved the proposed rate increase at a noticed public hearing.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-1 (Residential Electric Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-1, as amended, shall become effective July 1, 2016.

SECTION 2. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-2 (Small Commercial Electric Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-2, as amended, shall become effective July 1, 2016.

SECTION 3. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-2-G (Small Commercial Green Power Electric Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-2-G, as amended, shall become effective July 1, 2016.

SECTION 4. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-4 (Medium Commercial Electric Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-4, as amended, shall become effective July 1, 2016.

NOT YET APPROVED

SECTION 5. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-4-G (Medium Commercial Green Power Electric Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-4-G, as amended, shall become effective July 1, 2016.

SECTION 6. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-4 TOU (Medium Commercial Time of Use Electric Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-4 TOU, as amended, shall become effective July 1, 2016.

SECTION 7. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-7 (Large Commercial Electric Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-7, as amended, shall become effective July 1, 2016.

SECTION 8. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-7-G (Large Commercial Green Power Electric Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-7, as amended, shall become effective July 1, 2016.

SECTION 9. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-7 TOU (Large Commercial Time of Use Electric Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-7 TOU, as amended, shall become effective July 1, 2016.

SECTION 10. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-14 (Street Lights) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-14, as amended, shall become effective July 1, 2016.

SECTION 11. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-16 (Unmetered Electrical Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule E-16, as amended, shall become effective July 1, 2016.

SECTION 12. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-18 (Municipal Electric Service) is hereby repealed effective July 1, 2016.

SECTION 13. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-18-G (Municipal Green Power Electric Service) is hereby repealed effective July 1, 2016.

SECTION 14. The City Council finds as follows:

- a. Revenue derived from the electric rates approved by this resolution does not exceed the funds required to provide electric service.

NOT YET APPROVED

- b. Revenue derived from the adoption of this resolution shall be used only for the purpose set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.
- c. The fees and charges adopted by this resolution are charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product.

SECTION 15. The adoption of this resolution changing electric rates to meet operating expenses, purchase supplies and materials, meet financial reserve needs and obtain funds for capital improvements necessary to maintain service is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec. 15273(a).

After reviewing the staff report and all attachments presented to Council, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Utilities

Director of Administrative Services

RESIDENTIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-1

A. APPLICABILITY:

This schedule applies to separately metered single-family residential dwellings receiving retail energy services from the City of Palo Alto Utilities.

B. TERRITORY:

This rate schedule applies everywhere the City of Palo Alto provides electric service.

C. UNBUNDLED RATES:

<u>Per kilowatt-hour (kWh)</u>	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
Tier 1 usage	~~\$0.05448~~ <u>\$0.05883</u>	~~\$0.03755~~ <u>\$0.04795</u>	~~\$0.00321~~ <u>\$0.00351</u>	~~\$0.09524~~ <u>\$0.11029</u>
Tier 2 usage				
~~100%-200% of Any~~ <u>usage over</u> Tier 1	~~0.07654~~ <u>0.09728</u>	~~0.05045~~ <u>0.06822</u>	~~0.00321~~ <u>0.00351</u>	~~0.13020~~ <u>0.16901</u>
~~Tier 3 usage~~ ~~—Over 200% of Tier 1~~	~~0.10349~~	~~0.06729~~	~~0.00321~~	~~0.17399~~
<u>Minimum Bill (\$/day)</u>				<u>0.3067</u>

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Calculation of Usage Tiers

Tier 1 electricity usage shall be calculated and billed based upon a level of ~~10-11~~ kWh per day, prorated by meter reading days of service. As an example, for a 30-day bill, the Tier 1 level would be ~~300-330~~ kWh. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council



CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-1-1 dated 11-1-2008

Effective 7-1-2009

Sheet No E-1-1

SMALL COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-2

A. APPLICABILITY:

This schedule applies to non-demand metered electric service for small commercial customers and master-metered multi-family facilities.

B. TERRITORY:

This rate schedule applies everywhere the City of Palo Alto provides electric service.

C. UNBUNDLED RATES:

<u>Per kilowatt-hour (kWh)</u>	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
	<u>\$0.08219</u>	<u>\$0.05505</u>	<u>\$0.00321</u>	<u>\$0.14045</u>
Summer Period	<u>\$0.09094</u>	<u>\$0.07400</u>	<u>\$0.00351</u>	<u>\$0.16845</u>
	<u>0.07406</u>	<u>0.04934</u>	<u>0.00321</u>	<u>0.12661</u>
Winter Period	<u>0.06417</u>	<u>0.04677</u>	<u>0.00351</u>	<u>0.11445</u>
<u>Minimum Bill (\$/day)</u>				<u>0.7657</u>

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Seasonal Rate Changes

The Summer Period is effective May 1 to October 31 and the Winter Period is effective from November 1 to April 30. When the billing period includes use in both the Summer and the Winter Periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates therein. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No E-2-1 dated ~~7-1-2009~~1-1-2008



CITY OF PALO ALTO
UTILITIES

Effective ~~7-1-2016~~7-1-2009

Sheet No **E-2-1**

SMALL COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-2

3. **Maximum Demand Meter**

Whenever the monthly use of energy has exceeded 8,000 kWh for three consecutive months, a maximum demand meter will be installed as promptly as is practicable and thereafter continued in service until the monthly use of energy has fallen below 6,000 kWh for twelve consecutive months, whereupon, at the option of the City, it may be removed.

The maximum demand in any month will be the maximum average power in kilowatts taken during any 15-minute interval in the month provided that in case the load is intermittent or subject to violent fluctuations, the City may use a 5-minute interval. A thermal-type demand meter which does not reset after a definite time interval may be used at the City's option.

The billing demand to be used in computing charges under this schedule will be the actual maximum demand in kilowatts for the current month. An exception is that the billing demand for customers with Thermal Energy Storage (TES) will be based upon the actual maximum demand of such customers between the hours of noon and 6 pm on weekdays.

{End}

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-2-2 dated ~~7-1-2009~~~~1-1-2008~~

Effective ~~7-1-2016~~~~7-1-2009~~

Sheet No **E-2-2**

SMALL COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-2-G

A. APPLICABILITY:

This schedule applies to the following Customers receiving Electric Service from the City of Palo Alto Utilities under the Palo Alto Green Program:

1. Small commercial Customers receiving Non-Demand Metered electric service; and
2. Customers with accounts at Master-metered multi-family facilities.

B. TERRITORY:

This rate schedule applies everywhere the City of Palo Alto provides Electric Service.

C. UNBUNDLED RATES:

1. 100% Renewable Option:

				Palo Alto	
			Public	Green	
<u>Per kilowatt-hour (kWh)</u>	<u>Commodity</u>	<u>Distribution</u>	<u>Benefits</u>	<u>Charge</u>	<u>Total</u>
Summer Period	<u>\$0.09094</u>	<u>\$0.07400</u>	<u>\$0.00351</u>		<u>\$0.14245</u>
	<u>\$0.08219</u>	<u>\$0.05505</u>	<u>\$0.00321</u>	\$0.0020	<u>\$0.17045</u>
Winter Period	<u>0.06417</u>	<u>0.04677</u>	<u>0.00351</u>		<u>0.12861</u>
	<u>0.07406</u>	<u>0.04934</u>	<u>0.00321</u>	0.0020	<u>\$0.11645</u>
<u>Minimum Bill (\$/day)</u>					<u>0.7657</u>

2. 1000 kWh Block Purchase Option:

<u>Per kilowatt-hour (kWh)</u>	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
Summer Period	<u>\$0.09094</u>	<u>\$0.07400</u>	<u>\$0.00351</u>	<u>\$0.16845</u>
	<u>\$0.08219</u>	<u>\$0.05505</u>	<u>\$0.00321</u>	<u>\$0.14045</u>
Winter Period	<u>0.06417</u>	<u>0.04677</u>	<u>0.00351</u>	<u>0.11445</u>
	<u>0.07406</u>	<u>0.04934</u>	<u>0.00321</u>	<u>0.12661</u>
<u>Minimum Bill (\$/day)</u>				<u>0.7657</u>
Palo Alto Green Charge (per 1000 kWh block)				\$2.00

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No E-2-G-1 dated 7-1-2014~~9-1-2014~~



CITY OF PALO ALTO
UTILITIES

Effective 7-1-2016~~7-1-2014~~
Sheet No **E-2-G-1**

SMALL COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-2-G

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Seasonal Rate Changes

The Summer Period is effective May 1 to October 31 and the Winter Period is effective from November 1 to April 30. When the billing period includes use in both the Summer and Winter Periods, usage will be prorated based upon the number of days in each seasonal period, and the charges based on the applicable rates therein. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Palo Alto Green Program Description and Participation

Palo Alto Green provides for either the purchase of enough renewable energy credits (RECs) to match 100% of the energy usage at the facility every month, or for the purchase of 1000 kilowatt-hour (kWh) blocks. These REC purchases support the production of renewable energy, increase the financial value of power from renewable sources, and create a transparent and sustainable market that encourages new development of wind and solar power.

Customers choosing to participate shall fill out a Palo Alto Green Power Program application provided by the Customer Service Center. Customers may request at any time, in writing, a change to the number of blocks they wish to purchase under the Palo Alto Green Program.

4. Maximum Demand Meter

Whenever the monthly use of energy has exceeded 8,000 kWh for three consecutive months, a maximum Demand Meter will be installed as promptly as is practicable and thereafter continued in service until the monthly use of energy has fallen below 6,000 kWh for twelve consecutive months, whereupon, at the option of the City, it may be

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No E-2-G-2 dated ~~7-1-2014~~ ~~9-1-2014~~



CITY OF PALO ALTO
UTILITIES

Effective ~~7-1-2016~~ ~~7-1-2014~~
Sheet No E-2-G-2

SMALL COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-2-G

removed.

The maximum Demand in any month will be the maximum average power in kilowatts taken during any 15-minute interval in the month, provided that in case the load is intermittent or subject to violent fluctuations, the City may use a 5-minute interval. A thermal-type Demand Meter which does not reset after a definite time interval may be used at the City's option.

The billing Demand to be used in computing charges under this schedule will be the actual maximum Demand in kilowatts for the current month. An exception is that the billing Demand for Customers with Thermal Energy Storage (TES) will be based upon the actual maximum Demand of such Customers between the hours of noon and 6 pm on weekdays.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No E-2-G-3 dated ~~7-1-2014~~ 9-1-2016



CITY OF PALO ALTO
UTILITIES

Effective ~~7-1-2016~~ 7-1-2014
Sheet No E-2-G-3

MEDIUM COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4

A. **APPLICABILITY:**

This schedule applies to Demand metered secondary Electric Service for customers with a Maximum Demand below 1,000 kilowatts. This schedule applies to three-phase Electric Service and may include Service to master-metered multi-family facilities or other facilities requiring Demand-metered services, as determined by the City.

B. **TERRITORY:**

This rate schedule applies anywhere the City of Palo Alto provides Electric Service.

C. **UNBUNDLED RATES:**

Rates per kilowatt (kW) and kilowatt-hour (kWh):

	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
<u>Summer Period</u>				
	<u>\$5.31</u>	<u>\$15.23</u>		<u>\$20.54</u>
Demand Charge (per kW)	<u>\$2.53</u>	<u>\$17.14</u>		<u>\$19.68</u>
	<u>0.06083</u>	<u>0.01767</u>	<u>0.00321</u>	<u>0.08171</u>
Energy Charge (per kWh)	<u>0.08218</u>	<u>0.01661</u>	<u>0.00351</u>	<u>0.10229</u>
<u>Winter Period</u>				
	<u>\$4.80</u>	<u>\$9.04</u>		<u>\$13.84</u>
Demand Charge (per kW)	<u>\$1.55</u>	<u>\$12.49</u>		<u>\$14.04</u>
	<u>0.05281</u>	<u>0.01716</u>	<u>0.00321</u>	<u>0.07318</u>
Energy Charge (per kWh)	<u>0.06037</u>	<u>0.01661</u>	<u>0.00351</u>	<u>0.08049</u>
<u>Minimum Bill (\$/day)</u>				<u>16.3216</u>

D. **SPECIAL NOTES:**

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

CITY OF PALO ALTO UTILITIES

Issued by the City Council



CITY OF PALO ALTO
UTILITIES

Effective 7-1-2016~~2-5-2013~~

Supersedes Sheet No E-4-1 dated 2-5-2013~~7-1-2009~~

Sheet No **E-4-1**

MEDIUM COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4

2. Seasonal Rate Changes

The Summer Period is effective May 1 to October 31 and the Winter Period is effective from November 1 to April 30. When the billing period includes use both in the Summer and the Winter Periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates therein. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Maximum Demand Meter

Whenever the monthly use of energy has exceeded 8,000 kWh for three consecutive months, a Maximum Demand meter will be installed as promptly as is practicable and thereafter continued in Service until the monthly use of energy has fallen below 6,000 kWh for twelve consecutive months, whereupon, at the option of the City, it may be removed.

The Maximum Demand in any month will be the maximum average power in kilowatts taken during any 15-minute interval in the month, provided that in case the load is intermittent or subject to violent fluctuations, the City may use a 5-minute interval. A thermal-type Demand meter which does not reset after a definite time interval may be used at the City's option.

The Billing Demand to be used in computing charges under this schedule will be the actual Maximum Demand in kilowatts for the current month. An exception is that the Billing Demand for customers with Thermal Energy Storage (TES) will be based upon the actual Maximum Demand of such customers between the hours of noon and 6 pm on weekdays.

4. Power Factor

For new or existing customers whose Demand is expected to exceed or has exceeded 300 kilowatts for three consecutive months, the City has the option of installing applicable metering to calculate a Power Factor. The City may remove such metering from the Service of a customer whose Demand has been below 200 kilowatts for four consecutive months.

When such metering is installed, the monthly Electric bill will include a "Power Factor Adjustment", if applicable. The adjustment will be applied to a customer's bill prior to

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO
UTILITIES

Effective ~~7-1-2016~~ ~~2-5-2013~~

Supersedes Sheet No E-4-2 dated ~~2-5-2013~~ ~~7-1-2009~~

Sheet No ~~E-4-2~~

MEDIUM COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4

the computation of any primary voltage discount. The Power Factor Adjustment is applied by increasing the total energy and Demand charges for any month by 0.25 percent (0.25%) for each one percent (1%) that the monthly Power Factor of the customer's load was less than 95%.

The monthly Power Factor is the average Power Factor based on the ratio of kilowatt hours to kilovolt-ampere hours consumed during the month. Where time-of-day metering is installed, the monthly Power Factor shall be the Power Factor coincident with the customer's Maximum Demand.

5. Changing Rate Schedules

Customers may request a rate schedule change at any time to any City of Palo Alto full-service rate schedule as is applicable to their kilowatt-Demand and kilowatt-hour usage profile.

6. Primary Voltage Discount

Where delivery is made at the same voltage as that of the line from which the Service is supplied, a discount of 2 1/2 percent for available line voltages above 2 kilovolts will be allowed provided the City is not required to supply Service at a particular line voltage where it has, or will install, ample facilities for supplying at another voltage equally or better suited to the customer's electrical requirements. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any customer receiving a discount hereunder and affected by such change. The customer then has the option to change his system so as to receive Service at the new line voltage or to accept Service (without voltage discount) through transformers to be supplied by the City subject to a maximum kilovolt-ampere size limitation.

7. Standby Charge

- a. Applicability: The standby charge, subject to the exemptions in subsection D(7)(e), applies to Customers that have a non-utility generation source interconnected on the Customer's side of the City's revenue meter and that occasionally require backup power from the City due to non-operation of the non-utility generation source.

CITY OF PALO ALTO UTILITIES

Issued by the City Council



CITY OF PALO ALTO
UTILITIES

Effective ~~7-1-2016~~ ~~2-5-2013~~

Sheet No **E-4-3**

Supersedes Sheet No E-4-3 dated ~~2-5-2013~~ ~~7-1-2009~~

MEDIUM COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4

b. Standby Charges:

	<u>Commodity</u>	<u>Distribution</u>	<u>Total</u>
Standby Charge (per kW of Reserved Capacity)			
Summer Period	\$0.69	\$15.23	\$15.92
Winter Period	\$0.63	\$9.04	\$9.67

c. Meters. A separate meter is required for each non-utility generation source.

d. Calculation of Maximum Demand Credit.

(1) In the event the Customer's Maximum Demand (as defined in Section D.3) occurs when one or more of the non-utility generators on the Customer's side of the City's revenue meter are not operating, the Maximum Demand will be reduced by the sum of the Maximum Generation of those non-utility generators, but in no event shall the Customer's Maximum Demand be reduced below zero.

(2) If the non-utility generation source does not operate for an entire billing cycle, the standby charge does not apply and the Customer shall not receive the Maximum Demand credit described in this Section.

e. Exemptions.

(1) The standby charge shall not apply to backup generators designed to operate only in the event of an interruption in utility Service and which are not used to offset Customer electricity purchases.

(2) The standby charge shall not apply if the Customer meets the definition of an "Eligible Customer-generator" as defined in California Public Utilities Code Section 2827(b)(4), as amended.

(3) The applicability of these exemptions shall be determined at the discretion of the Utilities Director.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council



CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-4-4 dated ~~2-5-2013~~ ~~7-1-2009~~

Effective ~~7-1-2016~~ ~~2-5-2013~~

Sheet No ~~E-4-4~~

MEDIUM COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-4 TOU

A. APPLICABILITY:

This voluntary rate schedule applies to Demand metered secondary Electric Service for customers with Demand between 500 and 1,000 kilowatts per month and who have sustained this level of usage for at least three consecutive months during the most recent 12 month period. This schedule applies to three-phase Electric Service and may include Service to master-metered multi-family facilities or other facilities requiring Demand-metered services, as determined by the City. In addition, this rate schedule is applicable for customers who did not pay Power Factor Adjustments during the last 12 months.

B. TERRITORY:

This rate schedule applies anywhere the City of Palo Alto provides Electric Service.

C. UNBUNDLED RATES:

Rates per kilowatt (kW) and kilowatt-hour (kWh):

	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
<u>Summer Period</u>				
Demand Charge (per kW)				
Peak	~~\$1.52~~ <u>\$3.12</u>	~~\$5.91~~ <u>\$8.96</u>		~~\$7.42~~ <u>\$12.08</u>
Mid-Peak	~~0.54~~ <u>1.99</u>	~~5.91~~ <u>5.65</u>		~~6.44~~ <u>7.64</u>
Off-Peak	~~0.54~~ <u>1.13</u>	~~5.91~~ <u>3.26</u>		~~6.44~~ <u>4.39</u>
Energy Charge (per kWh)				
Peak	~~\$0.088~~ <u>19</u>	~~\$0.016~~ <u>61</u>	~~\$0.003~~ <u>51</u>	~~\$0.108~~ <u>30</u>
	~~\$0.109~~ <u>63</u>	~~\$0.032~~ <u>42</u>	~~\$0.003~~ <u>21</u>	~~\$0.145~~ <u>26</u>
	~~0.083~~ <u>67</u>	~~0.016~~ <u>61</u>	~~0.003~~ <u>51</u>	~~0.103~~ <u>78</u>
Mid-Peak	~~0.056~~ <u>17</u>	~~0.016~~ <u>23</u>	~~0.003~~ <u>21</u>	~~0.075~~ <u>61</u>
	~~0.073~~ <u>32</u>	~~0.016~~ <u>61</u>	~~0.003~~ <u>51</u>	~~0.093~~ <u>44</u>
Off-Peak	~~0.042~~ <u>98</u>	~~0.012~~ <u>18</u>	~~0.003~~ <u>21</u>	~~0.058~~ <u>37</u>
<u>Winter Period</u>				
Demand Charge (per kW)				
Peak	~~\$2.77~~ <u>\$0.87</u>	~~\$5.10~~ <u>\$6.96</u>		~~\$7.87~~ <u>\$7.83</u>
Off-Peak	~~1.49~~ <u>0.87</u>	~~2.94~~ <u>6.96</u>		~~4.43~~ <u>7.83</u>

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-4-TOU-1 dated ~~2-5-2013~~7-1

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Sheet No **E-4-TOU-1**

MEDIUM COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-4 TOU

	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
Energy Charge (per kWh)				
Peak	~~\$0.07003~~ <u>\$0.06566</u>	~~\$0.02296~~ <u>\$0.01661</u>	~~\$0.00321~~ <u>\$0.00351</u>	~~\$0.09620~~ <u>\$0.08577</u>
Off-Peak	~~0.04088~~ <u>0.06167</u>	~~0.01313~~ <u>0.01661</u>	~~\$0.00351~~ <u>0.00321</u>	~~0.05722~~ <u>0.08178</u>
<u>Minimum Bill (\$/day)</u>				<u>16.3216</u>

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Definition of Time Periods

SUMMER PERIOD (Service from May 1 to October 31):

Peak: 12:00 noon to 6:00 p.m. Monday through Friday (except holidays)

Mid Peak: 8:00 a.m. to 12:00 noon Monday through Friday (except holidays)
6:00 p.m. to 9:00 p.m.

Off-Peak: 9:00 p.m. to 8:00 a.m. Monday through Friday (except holidays)
All day Saturday, Sunday, and holidays

WINTER PERIOD (Service from November 1 to April 30):

Peak: 8:00 a.m. to 9:00 p.m. Monday through Friday (except holidays)

Off-Peak: 9:00 p.m. to 8:00 a.m. Monday through Friday (except

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Sheet No E-4-TOU-2

MEDIUM COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-4 TOU

holidays)

All day

Saturday, Sunday, and holidays

HOLIDAYS: “Holidays” for the purposes of this rate schedule are New Years Day, President’s Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas Day. The dates will be those on which the holidays are legally observed.

SEASONAL RATE CHANGES: When the billing period includes use in both the Summer and the Winter periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates therein.. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Demand Meter

Whenever the monthly use of energy has exceeded 8,000 kilowatt-hours for three consecutive months, a Demand meter will be installed as promptly as is practicable and thereafter continued in Service until the monthly use of energy has fallen below 6,000 kilowatt-hours for twelve consecutive months, whereupon, at the option of the City, it may be removed.

The Billing Demand to be used in computing charges under this schedule will be the actual Maximum Demand in kilowatts taken during any 15-minute interval in each of the designated Time periods as defined under Section D.2.

4. Power Factor Adjustment

Time of Use customers must not have had a Power Factor Adjustment assessed on their Service for at least 12 months. Power factor is calculated based on the ratio of kilowatt hours to kilovolt-ampere hours consumed during the month, and must not have fallen below 95% to avoid the Power Factor Adjustment.

Should the City of Palo Alto Utilities Department find that the Customer’s Service should be subject to Power Factor Adjustments, the Customer will be removed from the E-4-TOU rate schedule and placed on another applicable rate schedule as is suitable to their kilowatt Demand and kilowatt-hour usage.

5. Changing Rate Schedules

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CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-4-TOU-3 dated ~~2-5-2013~~ 7-1-2016

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Sheet No **E-4-TOU-3**

MEDIUM COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-4 TOU

Customers electing to be served under E-4 TOU must remain on said schedule for a minimum of 12 months. Should the Customer so wish, at the end of 12 months, the Customer may request a rate schedule change to any applicable City of Palo Alto full-service rate schedule as is suitable to their kilowatt Demand and kilowatt-hour usage.

6. **Primary Voltage Discount**

Where delivery is made at the same voltage as that of the line from which the Service is supplied, a discount of 2 1/2 percent for available line voltages above 2 kilovolts will be allowed provided the City is not required to supply Service at a particular line voltage where it has, or will install, ample facilities for supplying at another voltage equally or better suited to the Customer's electrical requirements. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving a discount hereunder and affected by such change. The Customer then has the option to change his system so as to receive Service at the new line voltage or to accept Service (without voltage discount) through transformers to be supplied by the City subject to a maximum kilovolt-ampere size limitation.

7. **Standby Charge**

a. **Applicability:** The standby charge, subject to the exemptions in subsection D(7)(e), applies to Customers that have a non-utility generation source interconnected on the Customer's side of the City's revenue meter and that occasionally require backup power from the City due to non-operation of the non-utility generation source.

b. **Standby Charges:**

	<u>Commodity</u>	<u>Distribution</u>	<u>Total</u>
Standby Charge (per kW of Reserved Capacity)			
Summer Period	\$0.69	\$15.23	\$15.92
Winter Period	\$0.63	\$9.04	\$9.67

c. **Meters.** A separate meter is required for each non-utility generation source.

d. **Calculation of Maximum Demand Credit.**

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UTILITIES

Effective ~~7-1-2016~~ ~~2-5-2013~~

Sheet No **E-4-TOU-4**

Supersedes Sheet No E-4-TOU-4 dated ~~2-5-2013~~ ~~7-1~~

MEDIUM COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-4 TOU

(1) In the event the Customer's Maximum Demand occurs when one or more of the non-utility generators on the Customer's side of the City's revenue meter are not operating, the Maximum Demand will be reduced by the sum of the Maximum Generation of those non-utility generators, but in no event shall the Customer's Maximum Demand be reduced below zero.

(2) If the non-utility generation source does not operate for an entire billing cycle, the standby charge does not apply and the Customer shall not receive the Maximum Demand credit described in this Section.

e. Exemptions.

(1) The standby charge shall not apply to backup generators designed to operate only in the event of an interruption in utility Service and which are not used to offset Customer electricity purchases.

(2) The standby charge shall not apply if the Customer meets the definition of an "Eligible Customer-generator" as defined in California Public Utilities Code Section 2827(b)(4), as amended.

(3) The applicability of these exemptions shall be determined at the discretion of the Utilities Director.

{End}



MEDIUM COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4-G

A. **APPLICABILITY:**

This schedule applies to Demand Metered Secondary Electric Service for Customers with a Maximum Demand below 1,000 kilowatts (kW) who receive power under the Palo Alto Green Program. This schedule applies to three-phase Electric Service and may include Service to Master-metered multi-family facilities or other facilities requiring Demand-Metered Services, as determined by the City.

B. **TERRITORY:**

The rate schedule applies everywhere the City of Palo Alto provides Electric Service.

C. **UNBUNDLED RATES:**

1. **100% Renewable Option:**

	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Palo Alto Green Charge</u>	<u>Total</u>
<u>Summer Period</u>					
Demand Charge (per kW)	~~\$2.53~~ \$5.31	~~\$17.14~~ \$15.23			~~\$19.68~~ \$20.54
Energy Charge (per kWh)	~~0.08218~~ 0.06083	~~0.01661~~ 0.01767	~~0.00351~~ 0.00321	0.0020	~~0.10429~~ 0.08371
<u>Winter Period</u>					
Demand Charge (per kW)	~~\$1.55~~ \$4.80	~~\$12.49~~ \$9.04			~~\$14.04~~ \$13.84
Energy Charge (per kWh)	~~0.06037~~ 0.05281	~~0.01661~~ 0.01716	~~0.00351~~ 0.00321	0.0020	~~0.08249~~ 0.07518
<u>Minimum Bill (\$/day)</u>					<u>16.3216</u>

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Sheet No E-4-G-1

MEDIUM COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4-G

2. 1000 kWh Block Purchase Option:

	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
<u>Summer Period</u>				
Demand Charge (per kW)	~~\$2.53~~ ~~\$5.31~~	~~\$17.14~~ ~~\$15.23~~		~~\$19.68~~ ~~\$20.54~~
Energy Charge (per kWh)	~~0.08218~~ ~~0.06083~~	~~0.01661~~ ~~0.01767~~	~~0.00351~~ ~~0.00321~~	~~0.10229~~ ~~0.08371~~
Palo Alto Green Charge (per 1000 kWh block)				\$2.00
<u>Winter Period</u>				
Demand Charge (per kW)	~~\$1.55~~ ~~\$4.80~~	~~\$12.49~~ ~~\$9.04~~		~~\$14.04~~ ~~\$13.84~~
Energy Charge (per kWh)	~~0.06037~~ ~~0.05281~~	~~0.01661~~ ~~0.01716~~	~~0.00351~~ ~~0.00321~~	~~0.08049~~ ~~0.07518~~
Palo Alto Green Charge (per 1000 kWh block)				\$2.00
<u>Minimum Bill (\$/day)</u>				<u>16.3216</u>

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges, and/or taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Seasonal Rate Changes

The Summer Period is effective May 1 to October 31 and the Winter Period is effective from November 1 to April 30. When the billing period includes use both in the Summer and the Winter Periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates therein. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Maximum Demand Meter

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CITY OF PALO ALTO
UTILITIES

Effective ~~7-1-2016~~ ~~7-1-2014~~
Sheet No **E-4-G-2**

Supersedes Sheet No E-4-G-2 dated ~~7-1-2014~~ ~~10-2~~

MEDIUM COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4-G

Whenever the monthly use of energy has exceeded 8,000 kilowatt-hours for three consecutive months, a Maximum Demand Meter will be installed as promptly as is practicable and thereafter continued in Service until the monthly use of energy has dropped below 6,000 kilowatt-hours for twelve consecutive months, whereupon, at the option of the City, it may be removed.

The Maximum Demand in any month will be the maximum average power in kilowatts taken during any 15-minute interval in the month, provided that in case the load is intermittent or subject to violent fluctuations, the City may use a 5-minute interval. A thermal-type Demand Meter, which does not reset after a definite time interval, may be used at the City's option.

The Billing Demand to be used in computing charges under this schedule will be the actual Maximum Demand in kilowatts for the current month. An exception is that the Billing Demand for Customers with Thermal Energy Storage (TES) will be based upon the actual Maximum Demand of such Customers between the hours of noon and 6 PM on weekdays.

4. Power Factor

For new or existing Customers whose Demand is expected to exceed or has exceeded 300 kilowatts for three consecutive months, the City has the option of installing applicable Metering to calculate a Power Factor. The City may remove such Metering from the Service of a Customer whose Demand has dropped below 200 kilowatts for four consecutive months.

When such Metering is installed, the monthly Electric bill will include a "Power Factor Adjustment", if applicable. The adjustment will be applied to a Customer's bill prior to the computation of any primary voltage discount. The Power Factor Adjustment is applied by increasing the total energy and Demand charges for any month by 0.25 percent or (1/4) for each one percent (1%) that the monthly Power Factor of the Customer's load was less than 95%.

The monthly Power Factor is the average Power Factor based on the ratio of kilowatt-hours to kilovolt-ampere hours consumed during the month. Where time-of-day Metering is installed, the monthly Power Factor shall be the Power Factor coincident with the Customer's Maximum Demand.

5. Changing Rate Schedules

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Sheet No **E-4-G-3**

MEDIUM COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4-G

Customers may request a rate schedule change at any time to any applicable full-service rate schedule as is applicable to their kilowatt-Demand and kilowatt-hour usage profile.

6. Palo Alto Green Program Description and Participation

Palo Alto Green provides for either the purchase of enough renewable energy credits (RECs) to match 100% of the energy usage at the facility every month, or for the purchase of 1000 kilowatt-hour (kWh) blocks. These REC purchases support the production of renewable energy, increase the financial value of power from renewal sources, and creates a transparent and sustainable market that encourages new development of wind and solar.

Customers choosing to participate shall fill out a Palo Alto Green Power Program application provided by the Customer Service Center. Customers may request at any time, in writing, a change to the number of blocks they wish to purchase under the Palo Alto Green Program.

7. Primary Voltage Discount

Where delivery is made at the same voltage as that of the line from which the Service is supplied, a discount of 2.5 percent for available line voltages above 2 kilovolts will be allowed provided the City is not required to supply Service at a particular line voltage where it has, or will install, ample facilities for supplying at another voltage equally or better suited to the Customer's electrical requirements. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving a discount hereunder and affected by such change. The Customer then has the option to change the system so as to receive Service at the new line voltage or to accept Service (without voltage discount) through transformers to be supplied by the City subject to a maximum kilovolt-ampere size limitation.

8. Standby Charge

- a. Applicability: The standby charge, subject to the exemptions in subsection D(8)(e), applies to Customers that have a non-utility generation source interconnected on the Customer's side of the City's revenue Meter and that occasionally require backup power from the City due to non-operation of the non-utility generation source.

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MEDIUM COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4-G

b. Standby Charges:

	<u>Commodity</u>	<u>Distribution</u>	<u>Total</u>
Standby Charge (per kW of Reserved Capacity)			
Summer Period	\$0.69	\$15.23	\$15.92
Winter Period	\$0.63	\$9.04	\$9.67

c. Meters: A separate Meter is required for each non-utility generation source.

d. Calculation of Maximum Demand Credit:

(1) In the event the Customer's Maximum Demand (as defined in Section D.3) occurs when one or more of the non-utility generators on the Customer's side of the City's revenue Meter are not operating, the Maximum Demand will be reduced by the sum of the Maximum Generation of those non-utility generators, but in no event shall the Customer's Maximum Demand be reduced below zero.

(2) If the non-utility generation source does not operate for an entire billing cycle, the standby charge does not apply and the Customer shall not receive the Maximum Demand credit described in this Section.

e. Exemptions:

(1) The standby charge shall not apply to backup generators designed to operate only in the event of an interruption in utility Service and which are not used to offset Customer electricity purchases.

(2) The standby charge shall not apply if the Customer meets the definition of an "Eligible Customer-generator" as defined in California Public Utilities Code Section 2827(b)(4), as amended.

(3) The applicability of these exemptions shall be determined at the discretion of the Utilities Director.

{End}

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Sheet No E-4-G-5

LARGE COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7

A. APPLICABILITY:

This schedule applies to Demand metered secondary Service for commercial Customers with a Maximum Demand of at least 1,000KW per month per site, who have sustained this Demand level at least 3 consecutive months during the last twelve months.

B. TERRITORY:

This rate schedule applies anywhere the City of Palo Alto provides Electric Service.

C. RATES:

Rates per kilowatt (kW) and kilowatt-hour (kWh):

	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
<u>Summer Period</u>				
	<u>\$6.42</u>	<u>\$12.55</u>		<u>\$18.97</u>
Demand Charge (kW)	<u>\$2.50</u>	<u>\$15.85</u>		<u>\$18.34</u>
	<u>0.05662</u>	<u>0.01825</u>	<u>0.00321</u>	<u>0.07808</u>
Energy Charge (kWh)	<u>0.08311</u>	<u>0.00087</u>	<u>0.00351</u>	<u>0.08749</u>
<u>Winter Period</u>				
	<u>\$5.50</u>	<u>\$6.04</u>		<u>\$11.54</u>
Demand Charge (kW)	<u>\$1.53</u>	<u>\$14.11</u>		<u>\$15.65</u>
	<u>0.04990</u>	<u>0.01898</u>	<u>0.00321</u>	<u>0.07209</u>
Energy Charge (kWh)	<u>0.05804</u>	<u>0.00087</u>	<u>0.00351</u>	<u>0.06242</u>
<u>Minimum Bill (\$/day)</u>				<u>48.5054</u>

D. SPECIAL NOTES:

1. Calculation of Charges

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

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LARGE COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7

2. Seasonal Rate Changes

The Summer Period is effective May 1 to October 31 and the Winter Period is effective from November 1 to April 30. When the billing period includes use both in the summer and in the winter periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates therein. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Request for Service

Qualifying Customers may request Service under this schedule for more than one account or one meter if the accounts are on one site. A site shall be defined as one or more utility accounts serving contiguous parcels of land with no intervening public right-of-ways (e.g. streets) and have a common billing address.

4. Maximum Demand Meter

Whenever the monthly use of energy has exceeded 8,000 kilowatt-hours for three consecutive months, a Maximum Demand meter will be installed as promptly as is practicable and thereafter continued in Service until the monthly use of energy has fallen below 6,000 kilowatt-hours for twelve consecutive months, whereupon, at the option of the City, it may be removed.

The Maximum Demand in any month will be the maximum average power in kilowatts taken during any 15-minute interval in the month provided that in case the load is intermittent or subject to violent fluctuations, the City may use a 5-minute interval. A thermal-type Demand meter which does not reset after a definite time interval may be used at the City's option.

The Billing Demand to be used in computing charges under this schedule will be the actual Maximum Demand in kilowatts for the current month. An exception is that the Billing Demand for Customers with Thermal Energy Storage (TES) will be based upon the actual Maximum Demand of such Customers between the hours of noon and 6 pm on weekdays.

5. Power Factor

For new or existing Customers whose Demand is expected to exceed or has exceeded 300 kilowatts for three consecutive months, the City has the option to install applicable

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Sheet No E-7-2

LARGE COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7

metering to calculate a Power Factor. The City may remove such metering from the Service of a Customer whose Demand has been below 200 kilowatts for four consecutive months.

When such metering is installed, the monthly Electric bill shall include a "Power Factor Adjustment", if applicable. The adjustment shall be applied to a Customer's bill prior to the computation of any primary voltage discount. The Power Factor Adjustment is applied by increasing the total energy and Demand charges for any month by 0.25 percent (0.25%) for each one percent (1%) that the monthly Power Factor of the Customer's load was less than 95%.

The monthly Power Factor is the average Power Factor based on the ratio of kilowatt hours to kilovolt-ampere hours consumed during the month. Where time-of-day metering is installed, the monthly Power Factor shall be the Power Factor coincident with the Customer's Maximum Demand.

6. Changing Rate Schedules

Customers may request a rate schedule change at any time to any applicable full service rate schedule as is applicable to their kilowatt-Demand and kilowatt-hour usage profile.

7. Primary Voltage Discount

Where delivery is made at the same voltage as that of the line from which the Service is supplied, a discount of 2 1/2 percent for available line voltages above 2 kilovolts will be allowed provided the City is not required to supply Service at a particular line voltage where it has, or will install, ample facilities for supplying at another voltage equally or better suited to the Customer's electrical requirements. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving a discount hereunder and affected by such change. The Customer then has the option to change his system so as to receive Service at the new line voltage or to accept Service (without voltage discount) through transformers to be supplied by the City subject to a maximum kVA size limitation.

8. Standby Charge

- a. Applicability: The standby charge, subject to the exemptions in subsection D(8)(e), applies to Customers that have a non-utility generation source interconnected on the Customer's side of the City's revenue meter and that occasionally require backup power from the City due to non-operation of the non-

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Sheet No E-7-3

LARGE COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7

utility generation source.

b. Standby Charges:

	<u>Commodity</u>	<u>Distribution</u>	<u>Total</u>
Standby Charge (per kW of Reserved Capacity)			
Summer Period	\$0.84	\$12.55	\$13.39
Winter Period	\$0.72	\$6.04	\$6.76

c. Meters. A separate meter is required for each non-utility generation source.

d. Calculation of Maximum Demand Credit.

(1) In the event the Customer's Maximum Demand (as defined in Section D.4) occurs when one or more of the non-utility generators on the Customer's side of the City's revenue meter are not operating, the Maximum Demand will be reduced by the sum of the Maximum Generation of those non-utility generators, but in no event shall the Customer's Maximum Demand be reduced below zero.

(2) If the non-utility generation source does not operate for an entire billing cycle, the standby charge does not apply and the Customer shall not receive the Maximum Demand credit described in this Section.

e. Exemptions.

(1) The standby charge shall not apply to backup generators designed to operate only in the event of an interruption in utility Service and which are not used to offset Customer electricity purchases.

(2) The standby charge shall not apply if the Customer meets the definition of an "Eligible Customer-generator" as defined in California Public Utilities Code Section 2827(b)(4) , as amended.

(3) The applicability of these exemptions shall be determined at the discretion of the Utilities Director.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council



CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-7-4 dated ~~2-5-2013~~ ~~7-1-2009~~

Effective ~~7-1-2016~~ ~~2-5-2013~~

Sheet No ~~E-7-4~~

LARGE COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-7 TOU

A. APPLICABILITY:

This voluntary rate schedule applies to Demand metered secondary Service for commercial customers with a Maximum Demand of at least 1,000KW per month per site, who have sustained this Demand level at least 3 consecutive months during the last twelve months. In addition, this rate schedule is applicable for customers who did not pay Power Factor Adjustments during the last 12 months.

B. TERRITORY:

This rate schedule applies everywhere the City of Palo Alto provides Electric Service.

C. UNBUNDLED RATES:

Rates per kilowatt (kW) and kilowatt-hour (kWh):

	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
<u>Summer Period</u>				
Demand Charge (per kW)				
Peak	~~\$4.24~~ <u>\$1.48</u>	~~\$8.25~~ <u>\$5.33</u>		~~\$12.49~~ <u>\$6.80</u>
Mid-Peak	~~2.06~~ <u>0.51</u>	~~4.13~~ <u>5.33</u>		~~6.19~~ <u>5.84</u>
Off-Peak	~~1.17~~ <u>0.51</u>	~~2.06~~ <u>5.33</u>		~~3.23~~ <u>5.84</u>
Energy Charge (per kWh)				
Peak	~~\$0.07029~~ <u>\$0.09267</u>	~~\$0.02296~~ <u>\$0.00087</u>	~~\$0.00321~~ <u>\$0.00351</u>	~~\$0.09646~~ <u>\$0.09705</u>
Mid-Peak	~~0.05867~~ <u>0.08792</u>	~~0.01901~~ <u>0.00087</u>	~~0.00321~~ <u>0.00351</u>	~~0.08089~~ <u>0.09230</u>
Off-Peak	~~0.04870~~ <u>0.07705</u>	~~0.01567~~ <u>0.00087</u>	~~0.00321~~ <u>0.00351</u>	~~0.06758~~ <u>0.08143</u>
<u>Winter Period</u>				
Demand Charge (per kW)				
Peak	~~\$3.04~~ <u>\$0.78</u>	~~\$3.38~~ <u>\$7.15</u>		~~\$6.42~~ <u>\$7.92</u>
Off-Peak	~~1.59~~ <u>0.78</u>	~~1.68~~ <u>7.15</u>		~~3.27~~ <u>7.92</u>

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CITY OF PALO ALTO
UTILITIES

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Sheet No **E-7-TOU-1**

Supersedes Sheet No E-7-TOU-1 dated ~~2-5-2013~~ 7-1

LARGE COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-7 TOU

Energy Charge (per kWh)

Peak	~~\$0.05617~~ <u>\$0.06009</u>	~~\$0.02142~~ <u>\$0.00087</u>	~~\$0.00321~~ <u>\$0.00351</u>	~~\$0.08080~~ <u>\$0.06447</u>
Off-Peak	~~0.04663~~ <u>0.05643</u>	~~0.01767~~ <u>0.00087</u>	~~0.00321~~ <u>0.00351</u>	~~0.06751~~ <u>0.06081</u>

Minimum Bill (\$/day) 48.5054

D. SPECIAL NOTES:

1. Calculation of Charges

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Definition of Time Periods

SUMMER PERIOD (Service from May 1 to October 31):

Peak: holidays)	12:00 noon to 6:00 p.m.	Monday through Friday (except
Mid Peak:	8:00 a.m. to 12:00 noon holidays) 6:00 p.m. to 9:00 p.m.	Monday through Friday (except
Off-Peak:	9:00 p.m. to 8:00 a.m. All day	Monday through Friday Saturday, Sunday, and holidays

WINTER PERIOD (Service from November 1 to April 30):

Peak: holidays)	8:00 a.m. to 9:00 p.m.	Monday through Friday (except
Off-Peak:	9:00 p.m. to 8:00 a.m.	Monday through Friday (except

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CITY OF PALO ALTO
UTILITIES

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Sheet No **E-7-TOU-2**

LARGE COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-7 TOU

holidays)

All day

Saturday, Sunday, and holidays

HOLIDAYS: “Holidays” for the purposes of this rate schedule are New Years Day, President’s Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas Day. The dates will be those on which the holidays are legally observed.

SEASONAL RATE CHANGES: When the billing period includes use in both the Summer and the Winter periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates therein. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Request for Service

Qualifying customers may request Service under this schedule for more than one account or one meter if the accounts are on one site. A site shall be defined as one or more utility accounts serving contiguous parcels of land with no intervening public right-of-ways (e.g. streets) and have a common billing address.

4. Demand Meter

Whenever the monthly use of energy has exceeded 8,000 kilowatt-hours for three consecutive months, a Demand meter will be installed as promptly as is practicable and thereafter continued in Service until the monthly use of energy has fallen below 6,000 kilowatt-hours for twelve consecutive months, whereupon, at the option of the City, it may be removed.

The Billing Demand to be used in computing charges under this schedule will be the actual Maximum Demand in kilowatts taken during any 15-minute interval in each of the designated Time periods as defined under Section D.2.

5. Power Factor Adjustment

Time of Use customers must not have had a Power Factor Adjustment assessed on their Service for at least 12 months. Power factor is calculated based on the ratio of kilowatt hours to kilovolt-ampere hours consumed during the month, and must not have fallen below 95% to avoid the Power Factor Adjustment.

Should the City of Palo Alto Utilities Department find that the Customer’s Service should be

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Sheet No E-7-TOU-3

LARGE COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-7 TOU

subject to Power Factor Adjustments, the Customer will be removed from the E-7-TOU rate schedule and placed on another applicable rate schedule as is suitable to their kilowatt Demand and kilowatt-hour usage.

6. Changing Rate Schedules

Customers electing to be served under E-7 TOU must remain on said schedule for a minimum of 12 months. Should the Customer so wish, at the end of 12 months, the Customer may request a rate schedule change to any applicable City of Palo Alto full-service rate schedule as is suitable to their kilowatt Demand and kilowatt-hour usage.

7. Primary Voltage Discount

Where delivery is made at the same voltage as that of the line from which the Service is supplied, a discount of 2 1/2 percent for available line voltages above 2 kilovolts will be allowed provided the City is not required to supply Service at a particular line voltage where it has, or will install, ample facilities for supplying at another voltage equally or better suited to the Customer's electrical requirements. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving a discount hereunder and affected by such change. The Customer then has the option to change his system so as to receive Service at the new line voltage or to accept Service (without voltage discount) through transformers to be supplied by the City subject to a maximum kilovolt-ampere size limitation.

8. Standby Charge

- a. Applicability: The standby charge, subject to the exemptions in subsection D(8)(e), applies to Customers that have a non-utility generation source interconnected on the Customer's side of the City's revenue meter and that occasionally require backup power from the City due to non-operation of the non-utility generation source.
- b. Standby Charges:

	<u>Commodity</u>	<u>Distribution</u>	<u>Total</u>
Standby Charge (per kW of Reserved Capacity)			
Summer Period	\$0.84	\$12.55	\$13.39

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CITY OF PALO ALTO
UTILITIES

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Sheet No E-7-TOU-4

LARGE COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-7 TOU

Winter Period	\$0.72	\$6.04	\$6.76

c. Meters. A separate meter is required for each non-utility generation source.

d. Calculation of Maximum Demand Credit.

(1) In the event the Customer's Maximum Demand occurs when one or more of the non-utility generators on the Customer's side of the City's revenue meter are not operating, the Maximum Demand will be reduced by the sum of the Maximum Generation of those non-utility generators, but in no event shall the Customer's Maximum Demand be reduced below zero.

(2) If the non-utility generation source does not operate for an entire billing cycle, the standby charge does not apply and the Customer shall not receive the Maximum Demand credit described in this Section.

e. Exemptions.

(1) The standby charge shall not apply to backup generators designed to operate only in the event of an interruption in utility Service and which are not used to offset Customer electricity purchases.

(2) The standby charge shall not apply if the Customer meets the definition of an "Eligible Customer-generator" as defined in California Public Utilities Code Section 2827(b)(4) , as amended.

(3) The applicability of these exemptions shall be determined at the discretion of the Utilities Director.

{End}

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CITY OF PALO ALTO
UTILITIES

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Effective ~~7-1-2016~~ 2-5-2013

Sheet No E-7-TOU-5

LARGE COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

A. APPLICABILITY:

This schedule applies to Demand Metered Service for large commercial Customers who choose Service under the Palo Alto Green Program. A Customer may qualify for this rate schedule if the Customer's Maximum Demand is at least 1,000KW per month per site, who have sustained this Demand level at least 3 consecutive months during the last twelve months

B. TERRITORY:

The rate schedule applies everywhere the City of Palo Alto provides Electric Service.

C. UNBUNDLED RATES:

1. 100% Renewable Option:

	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Palo Alto Green Charge</u>	<u>Total</u>
<u>Summer Period</u>					
Demand Charge (per kW)	<u>\$2.50</u>	<u>\$15.85</u>			<u>\$18.34</u>
	~~\$6.42~~	~~\$12.55~~			~~\$18.97~~
Energy Charge (per kWh)	<u>0.08311</u>	<u>0.00087</u>	<u>0.00351</u>	0.0020	<u>0.08949</u>
	~~0.05562~~	~~0.01825~~	~~0.00321~~		~~0.07908~~
<u>Winter Period</u>					
Demand Charge (per kW)	<u>\$1.53</u>	<u>\$14.11</u>			<u>\$15.65</u>
	~~\$5.50~~	~~\$6.04~~			~~\$11.54~~
Energy Charge (per kWh)	<u>0.05804</u>	<u>0.00087</u>	<u>0.00351</u>	0.0020	<u>0.06442</u>
	~~0.04990~~	~~0.01898~~	~~0.00321~~		~~0.07409~~
<u>Minimum Bill (\$/day)</u>					<u>48.5054</u>

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CITY OF PALO ALTO
UTILITIES

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LARGE COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

2. 1000 kWh Block Purchase Option:

	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Total</u>
<u>Summer Period</u>				
Demand Charge (per kW)	~~\$2.50~~ ~~\$6.42~~	~~\$15.85~~ ~~\$12.55~~		~~\$18.34~~ ~~\$18.97~~
Energy Charge (per kWh)	~~0.08311~~ ~~0.05562~~	~~0.00087~~ ~~0.01825~~	~~0.00351~~ ~~0.00321~~	~~0.08749~~ ~~0.07708~~
Palo Alto Green Charge (per 1000 kWh block)				\$2.00
<u>Winter Period</u>				
Demand Charge (per kW)	~~\$1.53~~ ~~\$5.50~~	~~\$14.11~~ ~~\$6.04~~		~~\$15.65~~ ~~\$11.54~~
Energy Charge (per kWh)	~~0.05804~~ ~~0.04990~~	~~0.00087~~ ~~0.01898~~	~~0.00351~~ ~~0.00321~~	~~0.06242~~ ~~0.07209~~
Palo Alto Green Charge (per 1000 kWh block)				\$2.00
<u>Minimum Bill (\$/day)</u>				<u>48.5054</u>

D. SPECIAL NOTES:

1. Calculation of Charges

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Seasonal Rate Changes

The Summer Period is effective May 1 to October 31 and the Winter Period is effective from November 1 to April 30. When the billing period includes use both in the Summer and the Winter Periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates therein. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Maximum Demand Meter

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LARGE COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

Whenever the monthly use of energy has exceeded 8,000 kilowatt-hours for three consecutive months, a Maximum Demand Meter will be installed as promptly as is practicable and thereafter continued in Service until the monthly use of energy has dropped below 6,000 kilowatt-hours for twelve consecutive months, whereupon, at the option of the City, it may be removed.

The Maximum Demand in any month will be the maximum average power in kilowatts taken during any 15-minute interval in the month, provided that in case the load is intermittent or subject to violent fluctuations, the City may use a 5-minute interval. A thermal-type Demand Meter which does not reset after a definite time interval may be used at the City's option.

The Billing Demand to be used in computing charges under this schedule will be the actual Maximum Demand in kilowatts for the current month. An exception is that the Billing Demand for Customers with Thermal Energy Storage (TES) will be based upon the actual Maximum Demand of such Customers between the hours of noon and 6 PM on weekdays.

4. Request for Service

Qualifying Customers may request Service under this schedule for more than one Account or one Meter if the Accounts are at one site. A site shall be defined as one or more utility Accounts serving contiguous parcels of land with no intervening public right-of-ways (e.g. streets) and have a common billing address.

5. Power Factor

For new or existing Customers whose Demand is expected to exceed or has exceeded 300 kilowatts for three consecutive months, the City has the option of installing applicable Metering to calculate a Power Factor. The City may remove such Metering from the Service of a Customer whose Demand has dropped below 200 kilowatts for four consecutive months.

When such Metering is installed, the monthly Electric bill shall include a "Power Factor Adjustment", if applicable. The adjustment shall be applied to a Customer's bill prior to the computation of any primary voltage discount. The Power Factor Adjustment is applied by increasing the total energy and Demand charges for any month by 0.25 percent or (1/4) for each one percent (1%) that the monthly Power Factor of the Customer's load was less than 95%.

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Sheet No **E-7-G-3**

LARGE COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

The monthly Power Factor is the average Power Factor based on the ratio of kilowatt-hours to kilovolt-ampere hours consumed during the month. Where time-of-day Metering is installed, the monthly Power Factor shall be the Power Factor coincident with the Customer's Maximum Demand.

6. Changing Rate Schedules

Customers may request a rate schedule change at any time to any applicable full service rate schedule as is applicable to their kilowatt-Demand and kilowatt-hour usage profile

7. Palo Alto Green Program Description and Participation

Palo Alto Green provides for either the purchase of enough renewable energy credits (RECs) to match 100% of the energy usage at the facility every month, or for the purchase of 1000 kilowatt-hour (kWh) blocks. These REC purchases support the production of renewable energy, increase the financial value of power from renewal sources, and creates a transparent and sustainable market that encourages new development of wind and solar.

Customers choosing to participate shall fill out a Palo Alto Green Power Program application provided by the Customer Service Center. Customers may request at any time, in writing, a change to the number of blocks they wish to purchase under the Palo Alto Green Program.

8. Primary Voltage Discount

Where delivery is made at the same voltage as that of the line from which the Service is supplied, a discount of 2 1/2 percent for available line voltages above 2 kilovolts will be allowed; provided, however, the City is not required to supply Service at a qualified line voltage where it has, or will install, ample facilities for supplying at another voltage equally or better suited to the Customer's Electrical requirements. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving a discount hereunder and affected by such change. The Customer then has the option to change the system so as to receive Service at the new line voltage or to accept Service (without voltage discount) through transformers to be supplied by the City subject to a maximum kilovolt-ampere size limitation.

9. Standby Charge

CITY OF PALO ALTO UTILITIES

Issued by the City Council



CITY OF PALO ALTO
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Sheet No **E-7-G-4**

LARGE COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

- a. Applicability: The standby charge, subject to the exemptions in subsection D(9)(e), applies to Customers that have a non-utility generation source interconnected on the Customer's side of the City's revenue Meter and that occasionally require backup power from the City due to non-operation of the non-utility generation source.

- b. Standby Charges:

	<u>Commodity</u>	<u>Distribution</u>	<u>Total</u>
Standby Charge (per kW of Reserved Capacity)			
Summer Period	\$0.84	\$12.55	\$13.39
Winter Period	\$0.72	\$6.04	\$6.76

- c. Meters: A separate Meter is required for each non-utility generation source.

- d. Calculation of Maximum Demand Credit:

(1) In the event the Customer's Maximum Demand (as defined in Section D.3) occurs when one or more of the non-utility generators on the Customer's side of the City's revenue Meter are not operating, the Maximum Demand will be reduced by the sum of the Maximum Generation of those non-utility generators, but in no event shall the Customer's Maximum Demand be reduced below zero.

(2) If the non-utility generation source does not operate for an entire billing cycle, the standby charge does not apply and the Customer shall not receive the Maximum Demand credit described in this Section.

- e. Exemptions:

(1) The standby charge shall not apply to backup generators designed to operate only in the event of an interruption in utility Service and which are not used to offset Customer electricity purchases.

(2) The standby charge shall not apply if the Customer meets the definition of an "Eligible Customer-generator" as defined in California Public Utilities Code Section 2827(b)(4), as amended.

(3) The applicability of these exemptions shall be determined at the discretion of the Utilities Director.

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LARGE COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

{End}

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UTILITIES

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Sheet No **E-7-G-6**

STREET LIGHTS

UTILITY RATE SCHEDULE E-14

A. APPLICABILITY:

This schedule applies to all street and highway lighting installations ~~owned by any governmental agency other than the City of Palo Alto.~~

B. TERRITORY:

Within the incorporated limits of the City of Palo Alto and on land owned or leased by the City.

C. RATES:

Per Lamp Per Month

Class A: Utility supplies energy and switching service only.

	kWh's Per Month		
Burning Schedule:	All Night/Midnight	All Night	Midnight

Lamp Rating:

Mercury Vapor Lamps

100 watts	42/20	\$ 12.08	\$ 8.92
175 watts	68/35	14.41	11.23
400 watts	154/71	29.66	22.87

High Pressure Sodium Vapor Lamps

120 volts

70 watts	29/15	10.59	7.43
100 watts	41/20	14.19	10.36
150 watts	60/30	18.43	15.48

240 volts

70 watts	34/17	11.85	8.92
100 watts	49/25	15.48	11.23
150 watts	70/35	18.43	12.72
200 watts	90/45	20.55	15.87
250 watts	110/55	23.32	19.50
310 watts	134/67	27.32	24.13
400 watts	167/84	33.47	31.07

Fluorescent Lamps

40 watts	15/8	4.46	3.60

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STREET LIGHTS

UTILITY RATE SCHEDULE E-14

(Continued)

Per Lamp Per Month —

Class C: Utility supplies energy and switching service and maintains entire system, including lamps and glassware.

Burning Schedule:	kWh's Per Month	All Night	Midnight

Lamp Rating:

Mercury-Vapor Lamps

100 watts	42/20	\$ 13.56	\$ 10.36
175 watts	68/35	16.31	12.91
250 watts	97/49	20.32	15.70
400 watts	154/71	30.2932.58	23.32

Incandescent Lamps

189 watts (2,500 L)	65/32	14.41	11.46
295 watts (4,000 L)	101/5	18.43	14.41
405 watts (6,000 L)	139/70	23.32	19.27
620 watts (10,000 L)	212/106	32.42	26.88

Fluorescent Lamps

25 watts	12/6	5.30	4.04
40 watts	15/8	5.49	4.46
55 watts	18/9	6.36	4.68

High Pressure Sodium Vapor Lamps

120 volts

70 watts	29/15	11.02	7.84
100 watts	41/20	14.82	10.81
150 watts	60/30	19.06	15.91

240 volts

70 watts	34/17	12.2928.61	9.33
100 watts	49/25	16.0930.79	11.85
150 watts	70/35	19.0634.43	13.35
200 watts	90/45	21.18	16.94
250 watts	110/55	23.7441.70	17.38

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UTILITIES

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Sheet No. E-14-2

STREET LIGHTS

UTILITY RATE SCHEDULE E-14

(Continued)

Light Emitting Diode (LED) Lamps

70 watts-equivalent	23.79
100 watts-equivalent	25.44
150 watts-equivalent	26.96
250 watts	31.12

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STREET LIGHTS

UTILITY RATE SCHEDULE E-14

(Continued)

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Sheet No. **E-14-2**

STREET LIGHTS

UTILITY RATE SCHEDULE E-14

(Continued)

D. SPECIAL CONDITIONS:

1. Type of Service: This schedule is applicable to series circuit and multiple street lighting systems to which the Utility will deliver current at secondary voltage. Unless otherwise agreed, multiple current will be delivered at 120/240 volts, three-wire, single-phase. In certain localities the Utility may supply service from 120/208 volt star-connected poly-phase lines in place of 240-volt service. Single phase service from 480-volt sources will be available in certain areas at the option of the Utility when this type of service is practical from the Utility's engineering standpoint. All currents and voltages stated herein are nominal, reasonable variations being permitted. New lights will normally be supplied as multiple systems.
2. Point of Delivery: Delivery will be made to the customer's system at a point or at points mutually agreed upon. The Utility will furnish the service connection to one point for each group of lamps, provided the customer has arranged his system for the least practicable number of points of delivery. All underground connections will be made by the customer or at the customer's expense.
3. Switching: Switching will be performed by the Utility (on the Utility's side of points of delivery) and no charge will be made for switching provided there are at least 10 kilowatts of lamp load on each circuit separately switched, including all lamps on the circuit whether served under this schedule or not; otherwise, an extra charge of \$2.50 per month will be made for each circuit separately switched unless such switching installation is made for the Utility's convenience or the customer furnishes the switching facilities and, if installed on the Utility's equipment, reimburses the Utility for installing and maintaining them.
4. Annual Burning Schedule: The above rates apply to lamps which will be turned on and off once each night in accordance with a regular burning schedule agreeable to the customer but not exceeding 4,100 hours per year ~~for all night service and 2,050 hours per year for midnight service.~~
5. Maintenance: The rates under Class C include all labor necessary for replacement of glassware and for inspection and cleaning of the same. Maintenance of glassware by the Utility is limited to standard glassware such as is commonly used and manufactured in reasonably large quantities. A suitable charge will be made for maintenance of glassware of a type entailing unusual expense. Under Class C, the rates include maintenance of circuits between lamp posts and of circuits and equipment in and on the posts, provided these are all of good standard construction; otherwise, the Utility may decline to grant Class C rates.

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO
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Effective ~~7-1-2016~~ ~~7-1-2009~~

Sheet No. **E-14-4**

Supersedes Sheet No. E-14-4 dated ~~7-1-2009~~ ~~7-1-2001~~

STREET LIGHTS

UTILITY RATE SCHEDULE E-14

(Continued)

Class C rates applied to any agency other than the City of Palo Alto also include painting of posts with one coat of good ordinary paint as required to maintain good appearance but do not include replacement of posts broken by traffic accidents or otherwise.

- ~~6. Multilamp Electroliers: The above charges are made on per lamp basis. For posts supporting one or more lamps, where the lamps are less than nine feet apart, the above charges for Class C will be reduced by 6 percent (6%) computed to the nearest whole cent, for all lamps other than the first one.~~
- ~~7. Operating Schedules Other Than All Night and Midnight: Rates for regular operating schedules other than all night and midnight will be the midnight rates plus or minus one-eleventh of the difference between the midnight and the all night rate, computed to the nearest whole cent, for each half hour per night more or less than midnight service. This adjustment will apply only to lamps on regular operating schedules which do not exceed 4,500 hours per year.~~
- ~~8. Street Light Lamps, Standard and Nonstandard Ratings: The rates for incandescent lamps under Class A are applicable for service to regular street lamps only and must be increased by 6 percent, computed to the nearest whole cent, for service to group replacement street lamps. The rates under Class C are applicable to both regular and group replacement street lamps.~~
- ~~9. Continuous Operation: The rate for continuous 24 hour operation under Class A service will be twice the all night rate.~~
10. System Owned In-Part by Utility: Where, at customer's request, the Utility installs, owns, and maintains any portion of the lighting fixtures, supports, and/or interconnecting circuits, an extra monthly charge of one and one-fourth percent of the Utility's estimate of additional investment shall be made.
11. Rates For Lamps Not on Schedule: In the event a customer installs a lamp which is not presently represented on this schedule, the Utility will prepare an interim rate reflecting the Utility's estimated costs associated with the specific lamp size. This interim rate will serve as the effective rate for billing purposes until the new lamp rating is added to Schedule E-14.

{End}

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Supersedes Sheet No. E-14-4 dated ~~7-1-2009~~ 7-1-2016

Effective ~~7-1-2016~~ 7-1-2009

Sheet No. E-14-4

UNMETERED ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-16

A. APPLICABILITY:

This rate schedule is applicable under the terms and conditions of the City of Palo Alto Utilities Department to Customers who contract with the City for unmetered electric service for billboards, unmetered telephone services, telephone booths, railroad signals, cathodic protection units, traffic cameras, wireless antenna and related equipment, community antenna television and video systems, cable TV power supplies, and automatic irrigation systems and also applies to other miscellaneous Electric Utility fees to various public agencies and private entities.

B. TERRITORY:

Within the incorporated limits of the City of Palo Alto and land owned or leased by the City.

C. NET MONTHLY BILL:

1. Customer Charge: \$9.00 per month
2. Energy Charge:
(for all kWh supplied) using Electric Rate Schedule E2 plus all applicable riders
3. Minimum Charge:
Minimum monthly charge will be the Customer Charge.

D. DETERMINATION OF ENERGY REQUIREMENTS:

a. Initial Inventory

Customer shall enter into a contract for service under this Schedule and provide a written inventory of all equipment at each of service requested, including the type and nameplate rating for each piece of equipment. The billing energy for each point of service will be determined by the Utilities Electric Engineering Division estimation of the kWh usage based on the type, rating and quantity of the equipment provided by the Customer.

Monthly bill will be based on the following calculations:

1. Total Wattage.
2. Total Wattage times estimated annual operating hours as set in the contract equals annual watt hours.
3. Annual watt hours divided by 1000 hours equals annual kilowatt hours (kWh)

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No.E-16-3 dated ~~10-16-2012~~ 7-26-

Effective ~~7-1-2016~~ 10-16-2012

Sheet No. **E-16- 1**

CITY OF PALO ALTO
UTILITIES

UNMETERED ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-16

4. Annual kWh divided by twelve (12) months equal monthly kWh.
 5. Monthly kWh times current rate per kWh = monthly bill for each unmetered service location or equipment.
- b. Updating Inventory
- Customer will update its inventory by informing the Utilities Electric Engineering Division in writing of changes in type, rating and/or quantity of equipment as such changes occur, and billings will be adjusted accordingly. Upon Utilities Electric Engineering Division request, but no later than the one year anniversary of the date on which Customer first takes service, Customer shall provide an updated inventory of all equipment at each point of service.
- c. Test Metering
- The Utilities Electric Engineering Division may, at its discretion, test meter the load at various types and ratings of the Customer's equipment to the extent necessary to verify the estimated kWh usage used for billing purpose and, where dictated by such test metering, Utilities Electric Engineering Division will make prospective adjustments in estimated usage for subsequent billing purposes; however, Utilities shall be under no obligation to test meter- the load of Customer's equipment. Utilities' decision not to test meter the load of Customer's equipment shall not release Customer from the obligation to provide to Utilities Electric Engineering Division, and to update, annually as provided in section b, an accurate inventory of the types, rating and quantities of equipment upon which billing is based.
- d. Inspection
- The Utilities Electric Engineering Division shall endeavor to inspect the equipment at each point of service annually as close to the anniversary date of the contract as is practical, and make prospective adjustments in billing as indicated by such inspections; however, Utilities shall be under no obligation to conduct such inspections for the purpose of determining accuracy of billing or otherwise. Utilities decisions not to conduct such inspections shall not release Customer from the obligation to provide to Utilities Electric Engineering Division, and to update, an accurate inventory of the types, rating and quantities of equipment upon which billing is based.
- e. Billing for Service
- As the service described in this schedule is unmetered, Customer agrees to pay amounts billed in accordance with the current inventory, regardless of whether any of the installations of the Customer's equipment were electrically operable during the period in

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Sheet No. **E-16- 2**

CITY OF PALO ALTO
UTILITIES

UNMETERED ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-16

question and regardless of the cause of such equipment failure to operate.

E. MISCELLANEOUS RATES:

<u>Service Description</u>	<u>Rate *</u>
~~1. Traffic Signal maintenance and energy costs~~	
~~(A) Controller~~	~~\$522.26 ea~~
~~(B) 8" Lamp (LED)~~	~~\$1.85 ea~~
~~(C) 12" & PVH Lamp (LED)~~	~~\$2.16 ea~~
~~(D) Pedestrian Head (LED)~~	~~\$5.58 ea~~
~~(E) Vehicle, System and Bike Sensor Loop~~	~~\$43.22 ea~~
 ~~21.~~ License Fee for Electric Conduit Usage	
(A) Exclusive use	\$1.94/ft/yr
(B) Non-Exclusive use	\$0.97/ft/yr
 ~~32.~~ Processing Fee for Electric Conduit Usage	Actual Cost
 ~~43.~~ License Fee for Utility Pole Attachments	
(A) 1 ft. of usable space	\$29.59/pole/yr
(B) 2 ft. of usable space	\$32.39/pole/yr
(C) 3 ft. of usable space	\$35.18/pole/yr
(D) 4 ft. of usable space	\$37.98/pole/yr
 ~~54.~~ Processing Fee for Utility Pole Attachments	\$55.00/pole
 ~~65.~~ License Fee for mounting communication equipment including distributed antenna systems on utility poles	\$270.00/pole/yr

* Rates are monthly unless otherwise indicated.

F. NOTES:

The fees set forth in Section E.1 through E.65, inclusive, are subject to adjustment annually in accordance with fluctuations in the Consumer Price Index (CPI), if any. The base for computing

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CITY OF PALO ALTO
UTILITIES

Effective ~~7-1-2016~~ 10-16-2012

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UNMETERED ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-16

the adjustment is the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose MSA, which is published by the U.S. Department of Labor, Bureau of Labor Statistics for the month of December of a base year, which falls within the year in which a master license agreement is signed by the City and the licensee. The adjustment shall be calculated, if there is an increase or decrease between December of a base year (when the rate(s) is/are first applicable) and December of any subsequent base year.

{End}

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CITY OF PALO ALTO
UTILITIES

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Sheet No. E-16- 4

CMR #6932: ATTACHMENT E

Attachment A

* NOT YET APPROVED *

Resolution No. _____

Resolution of the Council of the City of Palo Alto Approving the
FY 2017 Gas Utility Financial Plan

R E C I T A L S

A. Each year the City of Palo Alto ("City") regularly assesses the financial position of its utilities with the goal of ensuring adequate revenue to fund operations. This includes making long-term projections of market conditions, the physical condition of the system, and other factors that could affect utility costs, and setting rates adequate to recover these costs. It does this with the goal of providing safe, reliable, and sustainable utility services at competitive rates. The City adopts Financial Plans to summarize these projections.

B. The City uses reserves to protect against contingencies and to manage other aspects of its operations, and regularly assesses the adequacy of these reserves and the management practices governing their operation. The status of utility reserves and their management practices are included in Reserves Management Practices attached to and made part of the Financial Plans.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. The Council hereby adopts the FY 2017 Gas Utility Financial Plan.

SECTION 2. The Council hereby approves the transfer of \$1.5 million in FY 2016 from the Rate Stabilization Reserve to the Operations Reserve, as described in the FY 2017 Gas Utility Financial Plan approved via this resolution.

SECTION 3. The Council finds that the adoption of this resolution does not meet the California Environmental Quality Act's (CEQA) definition of a project under Public Resources Code Section 21065, and therefore, no environmental assessment is required.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

* NOT YET APPROVED *

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Utilities

Director of Administrative Services

**FY 2017 GAS
UTILITY
FINANCIAL PLAN
FY 2017 TO FY 2026**

GAS UTILITY FINANCIAL PLAN

FY 2017 TO FY 2026

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

ABS: Acrylonitrile butyene styrene, a plastic gas main material

CARB: California Air Resources Board

CIP: Capital Improvement Program

CNG: Compressed Natural Gas

CPAU: City of Palo Alto Utilities Department

CPUC: California Public Utilities Commission

Cross-bore: A cross-bore exists when one utility line has been drilled or “bored” through a portion of another line. Gas cross-bores can occur in sewer lines as a result of “horizontal boring” construction practices.

Distribution: transportation of gas to customers.

GMR Program: Gas Main Replacement Program

Local Transportation: transportation of gas to Palo Alto across PG&E’s distribution system from PG&E City Gate.

Malin: a delivery hub referred to in gas purchase contracts and located in Malin, Oregon, where the northern end of PG&E’s Redwood Transmission Pipeline is located.

MMBtu: Millions of British thermal units, a unit of gas measurement equal to ten therms. Commonly used for high volume gas measurement. Wholesale purchases of gas from suppliers are typically measured in MMBtu.

O&M: Operations and Maintenance

PE or HDPE: Polyethylene, a gas main material (more specifically, High-Density Polyethylene)

PG&E: Pacific Gas and Electric

PG&E Citygate, or Citygate: a delivery hub referred to in gas purchase contracts. Any gas delivered to PG&E’s distribution system (such as gas delivered at the southern end of PG&E’s Redwood Transmission Pipeline) is said to have been delivered at PG&E Citygate.

PVC: Polyvinyl chloride, a plastic gas main material

Summer: April 1 to October 31

Therms: The standard unit of measurement for natural gas sales to customers, equal to 100,000 British thermal units. Therms measure the heating value of the gas, rather than its volume.

Transmission: transportation of gas between major gas delivery hubs via a gas transmission pipeline, such as PG&E’s Redwood pipeline.

UAC: Utilities Advisory Commission, an appointed body that advises the City Council on CPAU issues.

Winter: November 1 to March 31

SECTION 2: EXECUTIVE SUMMARY AND RECOMMENDATIONS

This document presents a Financial Plan for the City's Gas Utility for the next ten years. This Financial Plan provides revenues to cover the costs of operating the utility safely over that time while adequately investing for the future. It also addresses the financial risks facing the utility over the short term and long term, and includes measures to mitigate and manage those risks.

SECTION 2A: OVERVIEW OF FINANCIAL POSITION

From FY 2017 through FY 2026, non-commodity costs are projected to increase at roughly 3.5% per year. In the short term, some of these costs are related to the cross-bore inspection program, as well as cap-and-trade allowance purchase costs. In addition, capital improvement program (CIP) costs have increased as the economy has improved, and CPAU is also planning new gas main replacement projects after completing a large multi-year gas main replacement project. The Gas Utility expenses over the period of this financial plan are shown in Table 1 below.

Table 1: Gas Utility Expenses for FY 2015 to FY 2026 (Thousand \$'s)

Expenses (\$000)	FY 2015 (act.)	FY 2016 (est.)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Commodity costs	10,519	9,258	12,337	13,293	13,770	14,338	14,834	15,380	16,013	16,600	17,178	17,613
Operations	18,529	19,738	21,792	22,443	23,541	23,548	24,535	25,553	26,631	27,755	28,929	30,257
Capital Projects	1,832	6,889	6,305	5,985	6,115	6,301	6,488	6,680	6,879	7,083	7,293	7,509
TOTAL	30,881	35,886	40,434	41,721	43,426	44,188	45,857	47,613	49,522	51,438	53,400	55,380

To ensure that revenues cover these rising costs, the financial plan includes the rate trajectory shown in Table 2. There was no rate increase in FY 2016 since new gas main replacement projects were not added in FY 2014 and FY 2015 in order to complete a multi-year project to replace the last of the ABS plastic mains in Palo Alto. An 8% increase is projected for FY 2017, followed by 9% and 7% increases for FY 2018 and FY 2019. An 8% increase in FY 2017 is equivalent to \$2.52 per month for the median residential customer's monthly gas bill, based on commodity prices as of February 2016.

Table 2: Projected Gas Rate Trajectory for FY 2017 to FY 2026

Projection	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Current Financial Plan	8%	9%	7%	4%	1%	1%	1%	1%	1%	1%
FY 2016 Financial Plan	7%	4%	4%	4%	3%	3%	N/A	N/A	N/A	N/A

The Gas Rate Stabilization Reserve is used to smooth rate increases over several years. This Financial Plan projects that these reserves will be exhausted by the end of FY 2017. The Gas CIP Reserve can be used to offset one-time unanticipated capital costs. Table 3 shows the projected reserve transfers over the forecast period.

Table 3: Transfers To/(From) Reserves for FY 2016 to FY 2026 (\$000)

Reserve	FY 2016	FY 2017	FY 2018 to FY 2026
Rate Stabilization	(1,531)	(5,275)	-
Operations	1,531	5,275	-

SECTION 2B: SUMMARY OF PROPOSED ACTIONS

Staff proposes the following actions for the Gas Utility in FY 2016:

1. Amend the \$3.4 million transfer proposed in the FY 2016 Gas Financial Plan to \$1.5 million, based on ending Operations Reserve levels.

Staff proposes the following actions for the Gas Utility in FY 2017:

2. Increase rates as shown in *Section 3B: Current and Proposed Rates*. These changes are projected to increase rates by 8%, assuming monthly commodity prices are constant. However, should commodity prices rise, relative bill increases will be higher, and conversely lower if commodity prices should fall.
3. Transfer \$5.3 million from the Rate Stabilization Reserve to the Operations Reserve. See *Section 3B: Current and Proposed Rates* for more details.

SECTION 3: DETAIL OF FY 2017 RATE AND RESERVE PROPOSALS

SECTION 3A: RATE DESIGN

The Gas Utility's rates are evaluated and implemented in compliance with cost of service requirements. The Gas Utility's current rates are based on the methodology from the April 2012 *Gas Utility Cost of Service Study* completed by Utility Financial Solutions¹. Staff tentatively plans to review this cost of service study in the next year or two unless any major changes occur to the utility's operations or customer base that would necessitate an earlier study. Before any such update, staff will review current rates and the scope of the study with the UAC and Council to determine UAC and Council policy priorities.

SECTION 3B: CURRENT AND PROPOSED RATES

On July 1, 2012 CPAU restructured its rates so that the commodity component varied monthly to match changes in gas market prices². In addition, monthly service charges were increased to recover the cost of providing gas service to customers. In January 2015, the Council adopted a new rate component to collect the costs of purchasing allowances for the purpose of compliance with the State's cap-and-trade program³. This component will change depending on the cost of allowances and gas demand. At the same time, two bill components (Local

¹ Staff Report 2812, 5/17/ 2012 <http://archive.cityofpaloalto.org/civica/filebank/blobdload.asp?BlobID=31395>

² Staff Report 2812, 5/17/2012: <http://archive.cityofpaloalto.org/civica/filebank/blobdload.asp?BlobID=31395>

³ Staff Report 5397, 1/26/2015: <https://www.cityofpaloalto.org/civica/filebank/documents/45537>

transportation and Administration) were collapsed into the Distribution rate to streamline bill presentation.

CPAU has four rate schedules: one for separately metered residential customers (G-1), one for small commercial and master-metered multi-family residential customers (G-2), one for customers using over 250,000 therms per year (G-3) and a specific schedules for the Compressed Natural Gas station (G-10). All customers pay a monthly service charge, which represents meter reading, billing, and other customer service costs, as well as a portion of operations and maintenance cost. All customers are also charged for each therm of gas used. Separately metered residential customers are charged on a tiered basis, differentiated by season. During the Winter months, the first 2 therms per day (60 therms for a 30 day billing period) are charged a base price per CCF, and all additional units charged a higher price per therm. During the Summer months, the first tier level is 0.667 therms per day, or 20 therms for a 30 day billing period. Commercial customers pay a uniform price for each therm used.

Table 4 shows the current and proposed monthly service charges for all rate schedules. Table 9 shows the consumption charges related to distribution charges. As mentioned earlier, commodity charges change monthly. Some recent commodity price history is discussed in *Section 6A: Gas Purchase Costs*.

Table 4: Current and Proposed Monthly Service Charges

Rate Schedule	Monthly Service Charge (\$/month)		Change	
	Current (7/1/12)	Proposed (7/1/16)	\$/mo	%
G-1 (Residential)	\$9.88	\$10.32	\$0.44	4.5%
G-2 (Small Commercial)	\$74.86	\$78.23	\$3.37	4.5%
G-3 (Large Commercial)	\$361.18	\$377.43	\$16.25	4.5%
G-10 (CNG)	\$50.65	\$52.93	\$2.28	4.5%

Table 5: Current and Proposed Gas Distribution Charges

	Current (7/1/12)	Proposed (7/1/16)	Change	
			\$/Therm	%
G-1 (Residential)				
Tier 1 Rates	0.4392	0.5021	0.0629	14.3%
Tier 2 Rates	0.9546	1.0407	0.0861	9.0%
G-2 (Residential Master-Metered and Small Commercial)				
Uniform Rate	0.6147	0.6855	0.0708	11.5%
G-3 (Large Commercial)				
Uniform Rate	0.6071	0.6775	0.0704	11.5%
G-10 (Compressed Natural Gas)				
Uniform Rate	0.0509	0.0963	0.0454	89.2%

SECTION 3C: BILL IMPACT OF PROPOSED RATE CHANGES

Table 6 shows the impact of the proposed July 1, 2016 rate changes on the median residential bill. The average increase is roughly 8% based on March 2016 commodity rates, but some customers may see slightly higher or lower increases due to slight changes in the composition of the utility's costs, as well as prevailing market prices.

Table 6: Impact of Proposed Gas Rate Changes on Residential Bills

Usage (Therms/month)	Bill under Current Rates	Bill under Proposed Rates	Change	
			\$/mo.	%
Winter (Using March 2016 commodity prices)				
30	\$ 29.67	\$ 32.00	\$ 2.33	8%
54 (median)	45.40	49.34	3.84	8%
80	72.96	78.89	5.94	8%
150	155.21	167.17	11.96	8%
Summer (Using July 2015 commodity prices)				
10	\$ 17.70	\$ 18.77	\$ 1.07	6%
18 (median)	23.95	25.52	1.57	7%
30	38.49	41.05	2.56	7%
45	57.95	61.80	3.85	7%

Table 7 shows the impact of the proposed July 1, 2016 rate changes on various representative commercial customer bills.

Table 7: Impact of Proposed Gas Rate Changes on Commercial Bills
(Using March 2016 commodity prices)

Usage (Therms/month)	Bill under Current Rates	Bill under Proposed Rates	Change
			%
G-2 (Residential Master-Metered and Small Commercial)			
500	492	531	8%
5,000	4,250	4,608	8%
10,000	8,426	9,137	8%
G-3 (Large Commercial)			
25,000	21,049	22,825	8%
50,000	41,736	45,272	8%

SECTION 3D: PROPOSED RESERVE TRANSFERS

In the FY 2016 Financial Plan, several transfers between reserves were discussed for FY 2016. CIP related funds were transferred out of the Reappropriations Replacement into the CIP Reserve, and \$3.4 million was proposed to be transferred from the Rate Stabilization Reserve into the Operations Reserve.

As lower expenses in FY 2015 resulted in higher ending reserve balances than initially projected, staff recommends reducing the \$3.4 million transfer from the Rate Stabilization Reserve in FY 2016 to \$1.5 million, and proposes transferring \$5.3 million in FY 2017. For FY 2016, staff proposes a \$3.4 million transfer from the Rate Stabilization Reserve. This transfer will exhaust the Rate Stabilization Reserve, as planned for and discussed in *Section 5E: FY 2017-FY 2026 Projections* Section 4E: Reserves Structure, and is included in the financial projections in this Financial Plan. It will enable CPAU to maintain adequate Operations Reserve levels while moderating the pace of increase in gas rates. The impact of these transfers on reserves levels can be seen in *Appendix A: Gas Utility Financial Forecast Detail*.

SECTION 4: UTILITY OVERVIEW

This section provides an overview of the utility and its operations. It is intended as general background information and to help readers better understand the forecasts in *Section 5: Utility Financial Projections* and *Section 6: Details and Assumptions*.

SECTION 4A: GAS UTILITY HISTORY

On September 22, 1917, the City of Palo Alto issued a bond to purchase the property of Palo Alto Gas Company and continue it as a municipal enterprise. At the time, the system comprised 21 miles of mains, 1,900 meters, and was valued at \$65,500. PG&E supplied the gas, which was synthesized from coal at its Potrero facility. Almost immediately the City faced challenges. Losses were at nearly 25% according to PG&E's master meter, and PG&E had filed with the Railroad Commission (the forerunner to today's Public Utilities Commission) to increase rates by nearly 72.5%. Despite these initial hurdles, Palo Alto's system grew tremendously, and by 1924 revenues had exceeded those of the electric utility. Sales were such that the annual reports of the time noted gas usage "appears to be greater than that of any other city in the state, showing that gas is a very popular form of fuel in Palo Alto." Just prior to the acquisition of the neighboring town of Mayfield's gas system (centered around today's California Avenue) in 1929, the miles of main in service and customers connections had doubled.

Notable changes to the gas supply itself came in 1930, when PG&E ceased supplying purely manufactured (or coal) gas from its Potrero Hill facility in San Francisco and instead switched to natural gas. In 1935, a supplementary butane injection system (later retired) was purchased from Standard Oil to mitigate large wintertime peaks. Gas sales were at 248,658 million cubic feet (MCF) with 4,849 active services.

Early gas mains in Palo Alto were made of steel, but in the 1950s, like many other utilities, CPAU switched to ABS plastic. CPAU switched to PVC plastic in the early 1970s, but around 100 miles of ABS mains had already been installed. A 1990 evaluation of the system found a steadily increasing rate of gas leaks associated with those mains, something that other gas utilities had also been experiencing. To reduce leaks, CPAU accelerated its main replacement program from 7,000 feet (1.3 miles) of replacements per year to 20,000 feet (3.8 miles) per year. This would enable the utility to replace all of its ABS and its most vulnerable steel and PVC mains with

polyethylene (PE) mains over the course of the following 36 years.⁴ As of 2015 the Gas Utility had replaced approximately 99 miles of ABS, as well as some sections of steel where cathodic protection was not effective. Current main replacement projects will target the last ~800 feet of remaining ABS main as well as tackling PVC replacement. A PVC risk analysis to determine the appropriate footage of annual PVC replacement for future CIP projects is currently being conducted. This is an example of how local control of its Gas Utility has provided Palo Alto residents with substantial benefits. During the 1990s and 2000s, while CPAU was increasing its main replacement rate to ensure a robust gas distribution system, PG&E was underspending on safety-related infrastructure, according to a past audit.⁵

In the 1990s, while grappling with the issues surrounding its distribution system, CPAU was also participating in major changes to the structure of the gas industry in California. Until 1988 CPAU had a formal policy of setting its rates equal to PG&E's rates and successfully did so with the exception of one year in the mid-1970s. At times this led to inadequate revenue (1974 to 1981) as PG&E, the City's only gas supplier, regularly filed requests with the CPUC to increase the wholesale gas supply rates charged to the Gas Utility. In the 1990s, as the CPUC began deregulating the natural gas industry in California, the Gas Utility began purchasing gas from suppliers other than PG&E. In 1997 the CPUC adopted the "Gas Accord,"⁶ which enabled the Gas Utility (along with other local transportation-only customers) to obtain transmission rights on PG&E's Redwood transmission pipeline running from Malin, Oregon into California.

In 2000/2001 the California energy crisis occurred, causing major disruptions to the Gas Utility's supply costs. Wholesale gas prices rose over 500% between January 2000 and January 2001. The Council approved drawing down reserves to provide ratepayer relief and, for two years following the crisis, CPAU rates were above PG&E's as reserves were replenished. In April 2001 the Council approved a hedging practice of buying fixed price gas one to three years into the future. After reaching a low point in October 2001, prices continued to rise, and as a result the CPAU hedging strategy frequently resulted in a wholesale supply cost advantage compared to PG&E until prices began to decline steeply in mid-2008. At that point the Gas Utility's wholesale supply costs became higher than market gas prices due to fixed price contracts entered into prior to 2008. As a result the Gas Utility's wholesale supply costs were higher than PG&E's for several years. In 2012 Council approved a plan to formally cease the hedging strategy and purchase all gas on the short-term ("spot") markets. As of July 1, 2012, the commodity portion of the gas rates changes every month based on the spot market gas price.

SECTION 4B: CUSTOMER BASE

CPAU's Gas Utility provides natural gas service to the residents, businesses, and other gas customers in Palo Alto. Close to 23,400 customers are connected to the natural gas system, approximately 21,700 (93%) of which are residential and 1,700 (7%) of which are non-residential. Residential customers consume about 10 to 12 million therms of gas per year,

⁴ Staff Report CMR:183:90. *Infrastructure Review and Update*, March 1, 1990

⁵ *Focused Financial Audit of The Pacific Gas & Electric Company's Gas Distribution Operations*, Overland Consulting, made available through a CPUC Administrative Law Judge's ruling on A12-11-009/I13-03-007 on 5/31/2013

⁶ CPUC decision 97-08-055. Since then, the Gas Accord has been amended four times, with the most recent being Gas Accord V, application A.09-09-013

roughly 45% of the gas sold, while non-residential customers consume 55% (about 14 to 15 million therms). Residential customers use gas primarily for space heating (46% of gas consumed) and water heating (42%), with the remainder consumed for other purposes such as cooking, clothes drying, and heating pools and spas⁷. Non-residential customers use gas for space and water heating (73% of gas consumed), cooking (20%), and industrial processes (6%).⁸

The Gas Utility receives gas at the four receiving stations within Palo Alto where CPAU's distribution system connects with Pacific Gas and Electric's (PG&E's) system. These receiving stations are jointly operated by CPAU and PG&E. CPAU purchases gas from a various natural gas marketers, with PG&E providing only local transportation service (transportation from the PG&E City Gate gas delivery hub to Palo Alto). CPAU also has transmission rights on PG&E's transmission pipeline from Malin, Oregon to PG&E City Gate, allowing it to purchase lower priced gas at that location. CPAU does not produce or store any natural gas, and purchases gas in the monthly and daily spot markets. The cost of the purchased gas is passed through directly to customers through a rate adjuster that varies monthly with market prices. The cost of purchased gas and PG&E local transportation service accounts for roughly one third of the utility's expenditures.

SECTION 4C: DISTRIBUTION SYSTEM

To deliver gas from the receiving stations to its customers, the utility owns 210 miles of gas mains (which transport the gas to various parts of the city) and 23,400 gas services (which connect the gas mains to the customers' gas lines). These mains and services, along with their associated valves, regulators, and meters, represent the vast majority of the infrastructure used to deliver gas in Palo Alto. CPAU has an ongoing CIP to repair and replace its infrastructure over time, the expense of which accounts for around 15 to 20% of the utility's expenditures. Costs for main replacements have been going up in recent years.

In addition to the CIP, the Gas Utility performs a variety of maintenance activities related to the system, such as monitoring the system for leaks, testing and replacing meters, monitoring the condition of steel pipe, and building and replacing gas services for buildings being built or redeveloped throughout the city. The utility also shares the costs of other system-wide operational activities (such as customer service, billing, meter reading, supply planning, energy efficiency, equipment maintenance, and street restoration) with the City's other utilities. These maintenance and operations expenses, as well as associated administration, debt service, rent, and other costs, make up roughly half of the utility's expenses. In addition to these ongoing activities, CPAU has conducted a program to find and replace cross-bores over the last several years. Currently, \$3 million is budgeted for the cross-bore program over the next three years. However, the ongoing cross-bore investigation may require additional funding, or extend for longer into the future, as the remaining sewer lines are more difficult to examine than the majority of the wastewater collection system that has been examined to date.

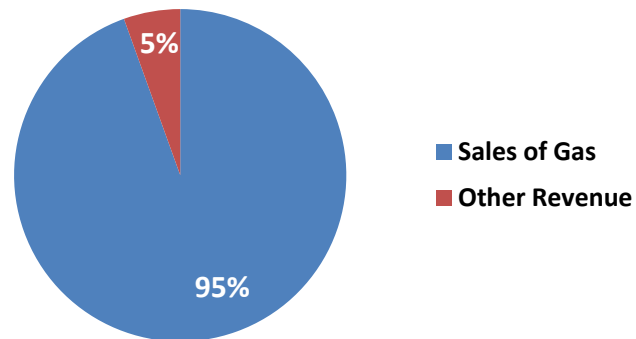
⁷ <http://energyalmanac.ca.gov/naturalgas/overview.html>

⁸ Source: Statewide Commercial End Use Study, California Energy Commission report, 2006. Statistics shown are for end users in PG&E Climate Zone 4 (the Peninsula) where Palo Alto is located.

SECTION 4D: COST STRUCTURE AND REVENUE SOURCES

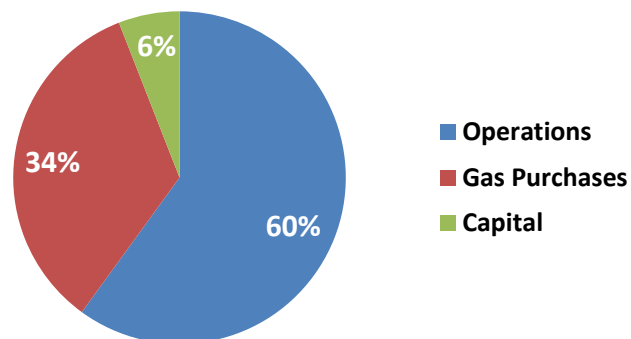
As shown in Figure 1, the Gas Utility receives 95% of its revenue from sales of gas and the remainder from capacity and connection fees, interest on reserves, and other sources. *Appendix A: Gas Utility Financial Forecast Detail* shows more detail on the utility's cost and revenue structures.

Figure 1: Revenue Structure (FY 2015)



As shown in Figure 2, in FY 2015, gas purchase costs accounted for roughly 34% of the Gas Utility's costs. This percentage can vary widely from year to year, as this cost is based upon market purchases. Operational costs represented roughly 60%, and capital investment was responsible for the remaining 6%. The percentages for FY 2015 are skewed by the fact that CIP, which is normally about 20% of expenses, was reduced in FY 2014 and FY 2015 to allow for a backlog of projects to be completed.

Figure 2: Cost Structure (FY 2015)



SECTION 4E: RESERVES STRUCTURE

CPAU maintains six reserves for its Gas Utility to manage various types of contingencies. These are summarized below, but see *Appendix C: Gas Utility Reserves Management Practices* for more detailed definitions and guidelines for reserve management:

- **Reserve for Commitments:** A reserve equal to the utility's outstanding contract liabilities for the current fiscal year. Most City funds, including the General Fund, have a Commitments Reserve.
- **Reserve for Reappropriations:** A reserve for funds dedicated to projects reappropriated by the City Council, nearly all of which are capital projects. Most City funds, including the General Fund, have a Reappropriations Reserve.
- **Capital Improvement Program (CIP) Reserve:** The CIP reserve can be used to accumulate funds for future expenditure on CIP projects and is anticipated to be empty unless a major one-time CIP expenditure is expected in future years. This CIP can also

act as a contingency reserve for the CIP. This type of reserve is used in other utility funds (Electric, Water, and Wastewater Collection) as well.

- **Rate Stabilization Reserve:** This reserve is intended to be empty unless one or more large rate increases are anticipated in the forecast period. In that case, funds can be accumulated to spread the impact of those future rate increases across multiple years. This type of reserve is used in other utility funds (Electric, Water, and Wastewater Collection) as well.
- **Operations Reserve:** This is the primary contingency reserve for the Gas Utility, and is used to manage yearly variances from budget for operational gas costs. This type of reserve is used in other utility funds (Electric, Water, and Wastewater Collection) as well.
- **Unassigned Reserve:** This reserve is for any funds not assigned to the other reserves and is normally empty.

SECTION 4F: COMPETITIVENESS

Table 8 presents winter and summer residential bills for Palo Alto and PG&E at several usage levels for commodity rates in effect as of July 2015 (to illustrate a summer month bill) and March 2016 (to illustrate a winter month bill). The annual gas bill for the median residential customer for calendar year 2015 was \$420.86, about 15% lower than the annual bill for a PG&E customer with the same consumption. PG&E's distribution rates for gas have increased substantially to collect for needed system improvements for pipeline safety and maintenance.

The bill calculations for PG&E customers are based on PG&E Climate Zone X, an area which includes the surrounding communities.

Table 8: Residential Monthly Natural Gas Bill Comparison (\$/month)

Season	Usage (therms)	Palo Alto	PG&E Zone X	% Difference
Winter (March 2016)	30	31.25	40.23	-22%
	(Median) 54	48.34	72.42	-33%
	80	77.16	117.37	-34%
	150	163.10	245.51	-34%
Summer (Jul 2015)	10	17.75	12.47	42%
	(Median) 18	24.04	22.60	6%
	30	38.64	43.44	-11%
	45	58.18	69.50	-16%

Table 9 shows the monthly gas bills for commercial customers for various usage levels for rates in effect as of March 1, 2016. Bills for CPAU customers at the usage levels shown are around 9% lower for smaller commercial customers and 4 to 17% higher for larger commercial customers than for PG&E customers. This is a substantial improvement over the calendar year 2013 bill comparison, when commercial gas bills for CPAU customers were 27% to 44% higher than for PG&E customers. This is primarily attributable to PG&E's increased distribution rates as the

commodity rates for CPAU and PG&E are very similar, both being based on spot market gas prices.

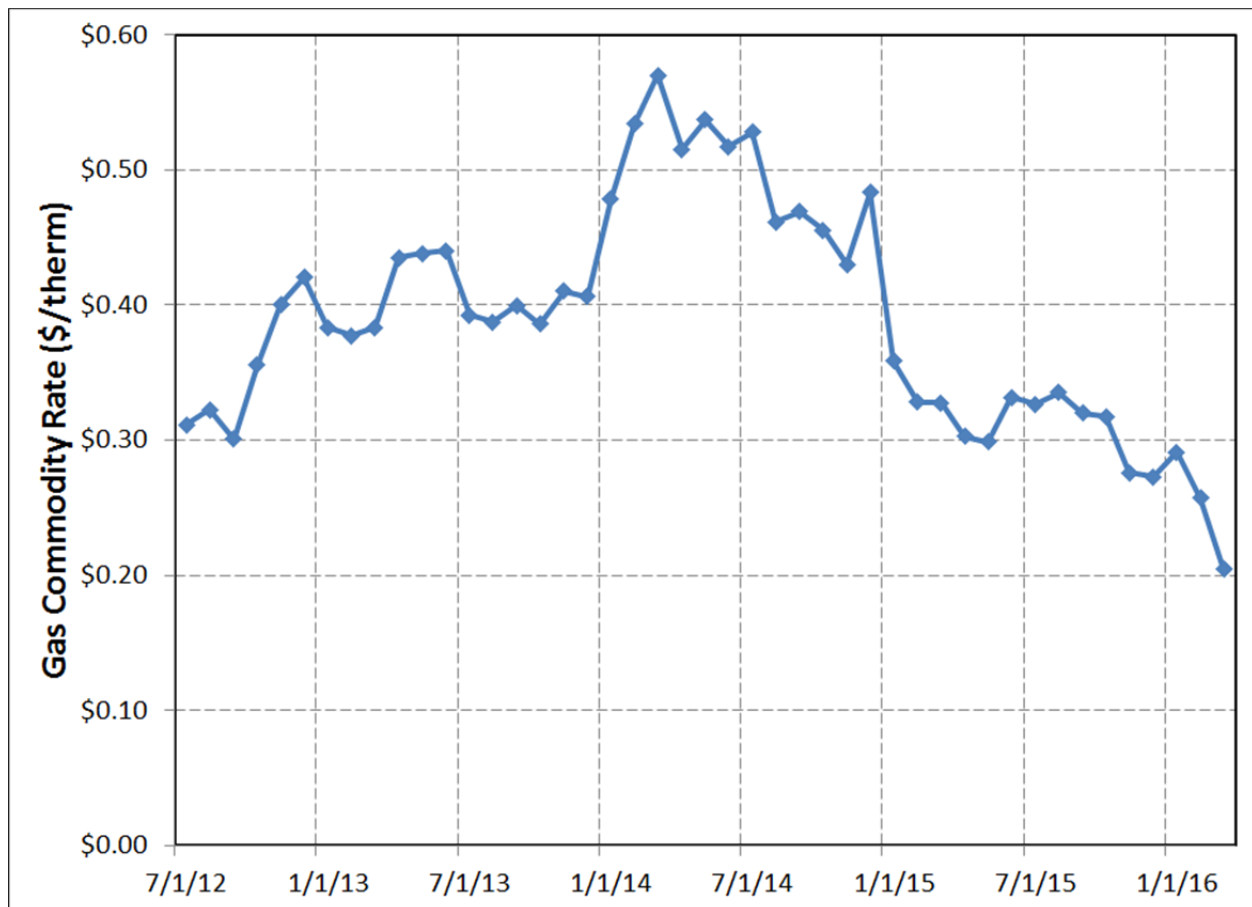
Table 9: Commercial Monthly Average Gas Bill Comparison (for Rates in Effect Feb. 1, 2016)

Usage (therms/mo)	Gas Bill (\$/month)		% Difference
	Palo Alto	PG&E	
500	518	572	-9%
5,000	4,510	4,953	-9%
10,000	9,231	8,859	4%
50,000	44,711	38,104	17%

SECTION 4G: GAS SUPPLY RATES

Starting in July 2012, CPAU replaced a “laddering” hedging strategy for purchasing gas supplies with a strategy to buy gas on the short-term, or “spot” markets and pass the commodity cost to customers on a monthly basis. The actual commodity prices are shown in Figure 3. As shown, commodity prices have steadily fallen for the last two years.

Figure 3: Gas Commodity Rates from July 2012 through March 2016



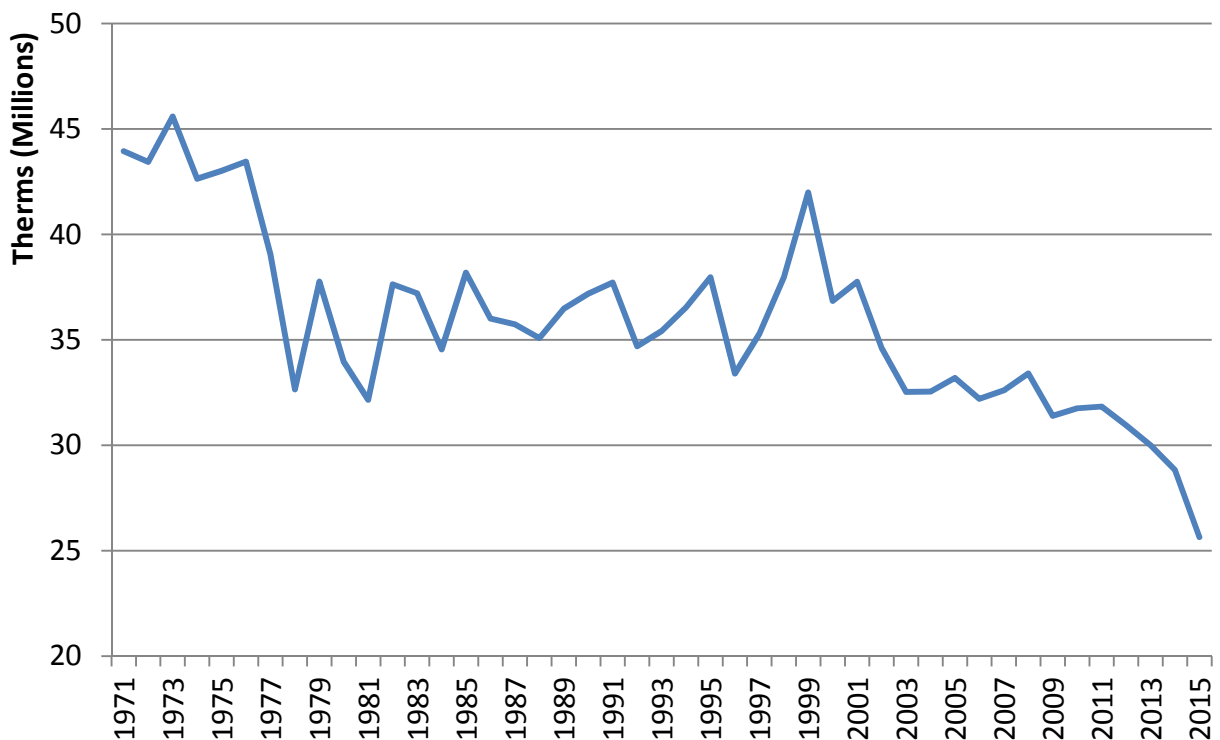
SECTION 5: UTILITY FINANCIAL PROJECTIONS

SECTION 5A: LOAD FORECAST

Gas usage in Palo Alto is volatile, varying with both economic and weather conditions. As shown in Figure 4, in the early 1970's, gas purchases reached over 45 million therms per year. Usage dropped dramatically in the 1976/1977 drought when customers saved significant amounts of (hot) water by upgrading to efficient showerheads. During the 1980s and 90s average gas usage was around 36 million therms per year. Usage dropped again in the early 2000's. In FY 2001, gas prices escalated during the California energy crisis and Palo Alto's rates increased by nearly 200%. From 2003 to 2011, usage decreased by 2.3% mainly as a result of continued customer investments in energy efficiency.

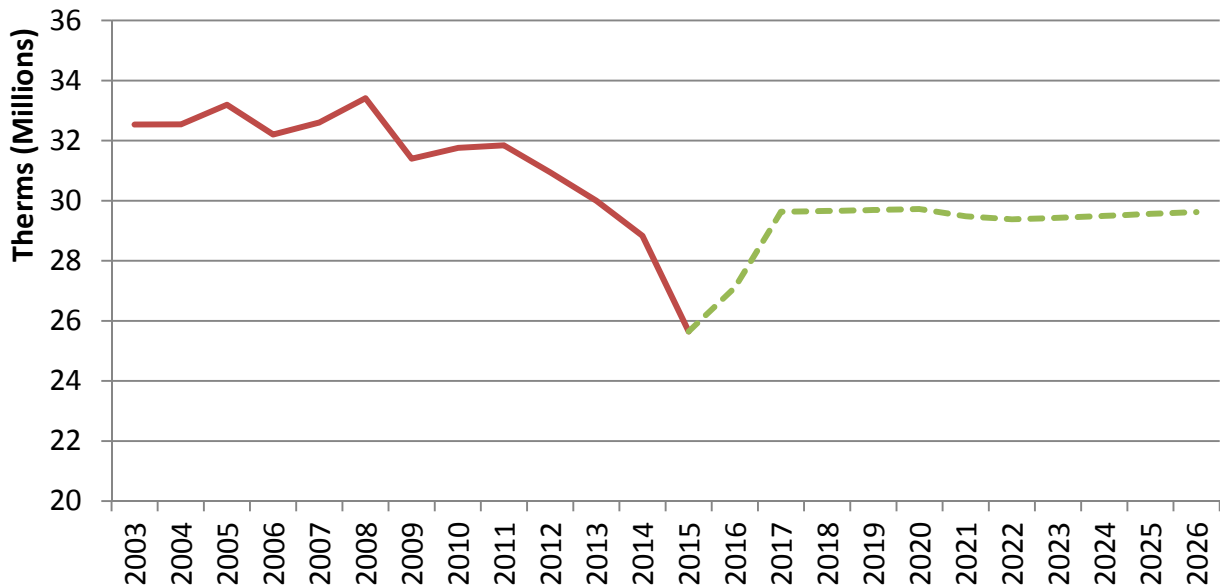
In FY 2015 an unusually warm winter, as well as ongoing drought, have again caused gas usage to tumble to historic lows. Gas usage was 25.6 million therms in FY 2015.

Figure 4: Historic Gas Consumption



Gas consumption, as denoted by the dotted line in Figure 5, is projected to recover somewhat and stay stable over the forecast period, although changes such as replacement of gas appliances with electric appliances or customer behavior may result in lower long run usage.

Figure 5: Forecast Gas Consumption



SECTION 5A: FY 2011 TO FY 2015 COST AND REVENUE TRENDS

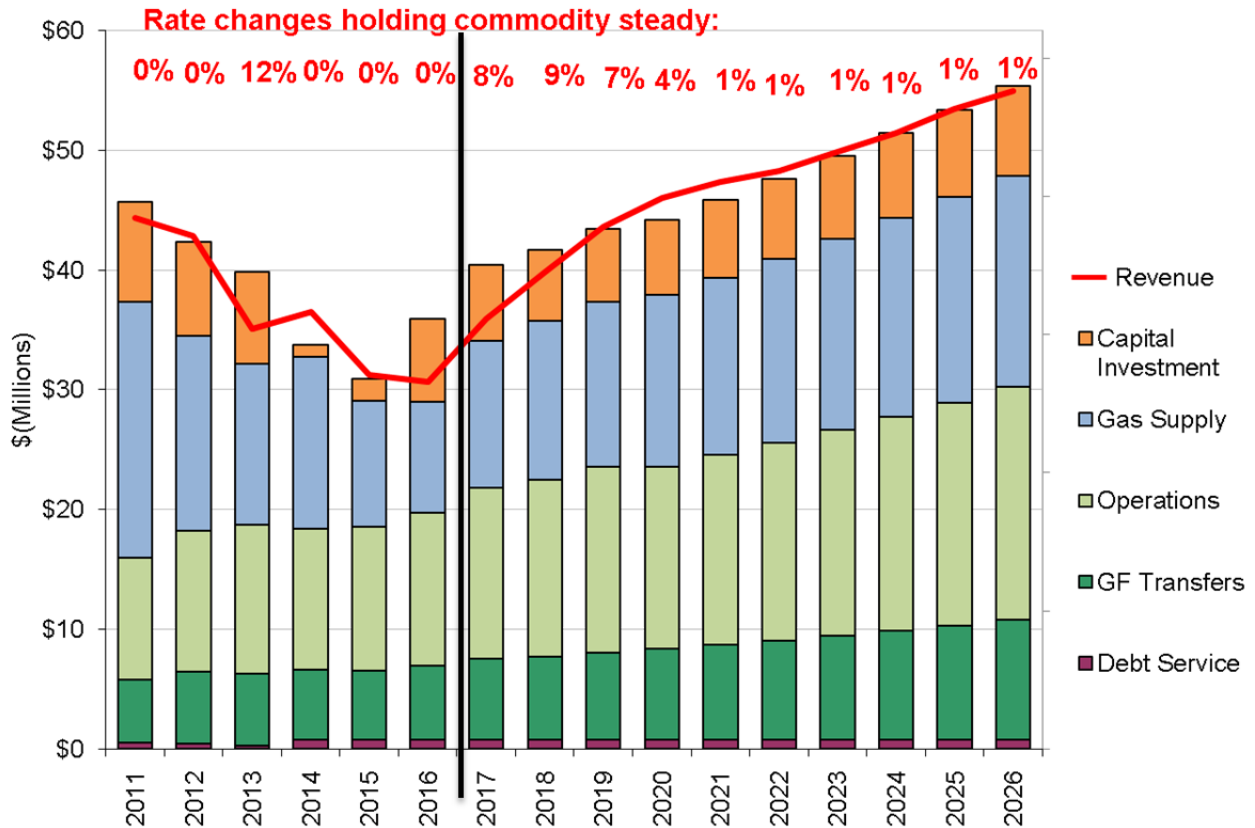
Figure 6 and *Appendix A: Gas Utility Financial Forecast Detail* show how costs have changed during the last five years as well as how they are projected to change over the next decade.

The annual expenses for the gas utility decreased substantially between 2011 and 2015 due to lower gas sales. Market prices for gas supplies are shown in Figure 3 above. FY 2014 and 2015 were notable for a temporary hiatus in most CIP budgeting, to permit the completion of a backlog of projects which had previously been budgeted for. This budgetary hold allowed for backlogged gas main replacement projects to be started, which consumed capital reserves. Starting in FY 2012, additional funding for gas cross-bore inspections increased Operations costs.

Revenues are below expenses, and the projected rate trajectory will bring revenues in line with costs by FY 2019. As shown in Figure 6 below, revenues were below cost in FY 2011 and FY 2013 and are projected to be below cost in FY 2016. Reduced budgeting for new CIP in FY 2014 and FY 2015, as well as the availability of relatively large reserves, forestalled the need for rate increases until now. However, since Rate Stabilization Reserves are projected to be depleted by FY 2017, the Gas Utility must increase rates to cover costs.

As shown in Figure 6, the last gas rate adjustment was in July 2012 when rates were increased by 12%. However, this was at the same time that the commodity rates were changed to a market-based, monthly pass-through cost—and commodity rates (and usage) fell, so revenues actually declined in FY 2013 after the rate increase.

Figure 6: Gas Utility Expenses, Revenues, and Rate Changes:
Actual Costs through FY 2015 and Projections through FY 2026



SECTION 5B: FY 2015 RESULTS

Sources of funds for FY 2015 were lower than projected by \$4.8 million, but expenses related to Purchases and Operations and Maintenance activities came in well below expected budget. Total FY 2015 expenses were \$30.9 million compared to projections of \$34.9 million in the FY 2015 Financial Plan. Table 10 summarizes the variances from forecast.

Table 10: FY 2015, Actual Results vs. Financial Plan Forecast

	Net Cost/(Benefit)	Type of change
Sales revenues lower than forecast	5,427,000	Revenue decrease
Other revenues and interest were higher than forecasted	(628,000)	Revenue increase
Purchase costs lower than forecast	(3,212,000)	Cost savings
Operations & maintenance, Customer service and other savings	(760,000)	Cost savings
Net Cost / (Benefit) of Variances	\$827,000	

SECTION 5C: FY 2016 PROJECTIONS

Current projections indicate that sales revenues continue to be lower than forecast, at this time projected to be \$4.7 million. However, Purchase cost reductions of \$4.2 million offset most of this. Table 11 summarizes the current projected variances from FY 2016 Financial Plan.

Table 11: FY 2016, Projected Results vs. Financial Plan Forecast

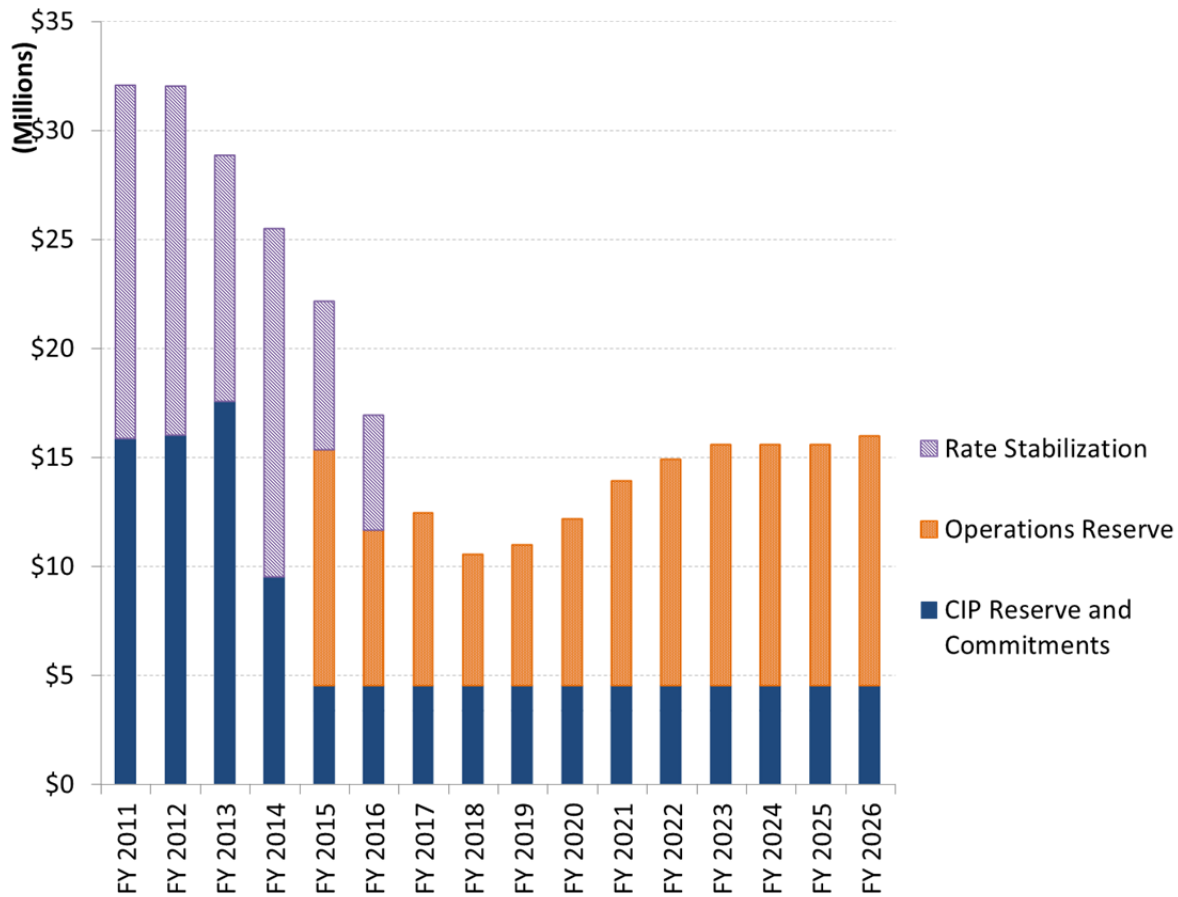
	Net Cost/ (Benefit)	Type of change
Sales revenues lower than forecast	4,719,000	Revenue decrease
Purchase costs lower than forecast	(4,171,000)	Cost savings
Operations & maintenance, Customer service and other savings	(1,843,000)	Cost savings
Capital improvement budgets higher	1,216,000	Cost increase
Other revenues and interest lower than forecasted	611,000	Revenue decrease
Net Cost / (Benefit) of Variances	\$531,000	

SECTION 5D: FY 2017-FY 2026 PROJECTIONS

As can be seen in Figure 6 above, costs for the Gas Utility are projected to rise in FY 2017, then are projected to increase at a bit less than 3.5% per year through FY 2026. In Operations, this is due to an additional \$1 million for cross-bore inspections (this expense is projected to continue for at least three years), as well as general inflationary increases of around 2.6% per year. Salaries and benefits expenses are projected to rise at nearly 4% per year, per the City's Long Range Financial Plan. CIP programs are projected to increase, then stabilize at around \$6 million per year in FY 2018, then grow at around 2% per year thereafter. Gas commodity costs are the most variable component. At the time the budget was developed in December 2015, gas supply prices were projected to increase by around 3 to 4% per year, but recently gas prices have hit near record lows. Since this is a pass-through cost to customers, the risk of these costs being higher or lower than expected has a minimal impact on reserves.

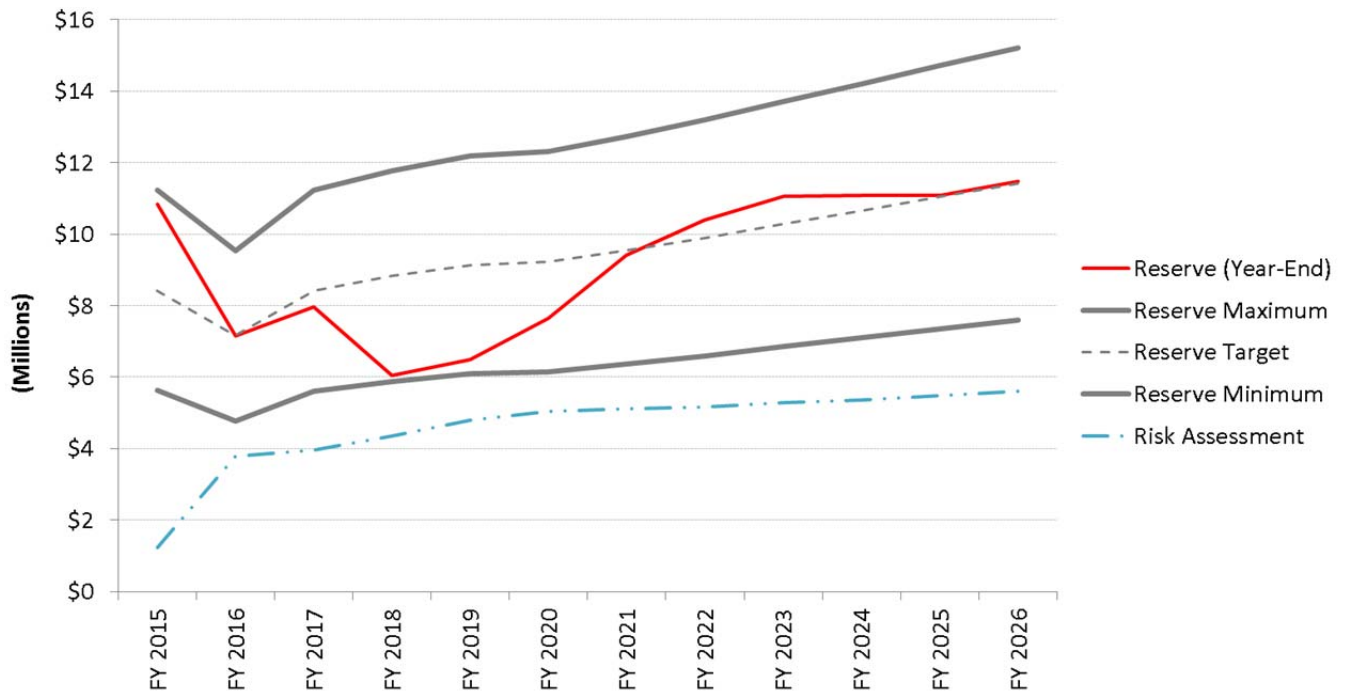
As shown in Figure 7, the Rate Stabilization Reserves are projected to be depleted by FY 2017.

Figure 7: Gas Utility Reserves
Actual Reserve Levels for FY 2011 and Projections through FY 2026



SECTION 5E: RISK ASSESSMENT AND RESERVES ADEQUACY

The Gas Utility's primary contingency reserve, the Operations Reserve, is projected to be right at the approved minimum guideline level in FY 2018 and FY 2019, barring either short-run budget savings and/or larger future increases. Figure 8 shows the Operations Reserve recovering to the target level by FY 2021 with the projected rate trajectory.

Figure 8: Operations Reserve Adequacy

Forecast Operations Reserve levels also exceed the short-term risk assessment for the Utility. Table 12 summarizes the risk assessment calculation for the Gas Utility through FY 2021. The same methodology is used for FY 2022 through FY 2026 as well. The risk assessment includes the revenue shortfall that could accrue due to:

1. Lower than forecasted distribution sales revenue; and
2. An increase of 10% of planned system improvement CIP expenditures for the budget year.

Table 12: Gas Risk Assessment (\$000)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total non-commodity revenue	\$21,587	\$24,256	\$26,956	\$28,370	\$28,781
Max. revenue variance, previous ten years	16%	16%	16%	16%	16%
Risk of revenue loss	\$3,462	\$3,890	\$4,323	\$4,549	\$4,615
CIP Budget	\$5,076	\$4,720	\$4,811	\$4,958	\$5,105
CIP Contingency @10%	\$508	\$472	\$481	\$496	\$511
Total Risk Assessment value	\$3,969	\$4,362	\$4,804	\$5,045	\$5,126

Finally, the CIP Reserve was created at the end of FY 2015 to act as a contingency reserve for capital improvement projects. Current guidelines state that the balance of this reserve should fall between 12 and 24 months of budgeted CIP expense.

At the end of FY 2016, the sum of the CIP Reserve and existing Commitments was a bit below \$5 million, as shown in Figure 7. However, based upon FY 2016's CIP budget, the minimum reserve level is \$6.9 million. As such, this reserve is technically below the minimum level, but the Risk assessment reserve level for the Operations Reserve is also set to handle a 10% increase to CIP costs should that arise. As such, staff does not recommend an additional increase to rates to fund this reserve at this time. If any CIP funds budgeted in FY 2016 are not used or committed by the end of the fiscal year, those funds flow to the Operations Reserve and those funds could be used to fund the CIP reserve, so increasing rates for this contingency is premature. Staff is in the process of reviewing this reserve and the appropriateness of the current minimum and maximum guideline levels.

SECTION 5F: ALTERNATE SCENARIOS

At the UAC's February 2016 meeting, it was suggested that staff prepare two alternate scenarios for rate increases. The first ("Target") scenario keeps the Operations Reserve at or near the Target level throughout the forecast period as shown in Figure 9 below. The second ("Minimum") has no rate change in FY 2017 and lets the Operations Reserve stay at minimum for five years as shown in Figure 10 below. Both options as well as the proposed rate adjustments are shown in Table 13.

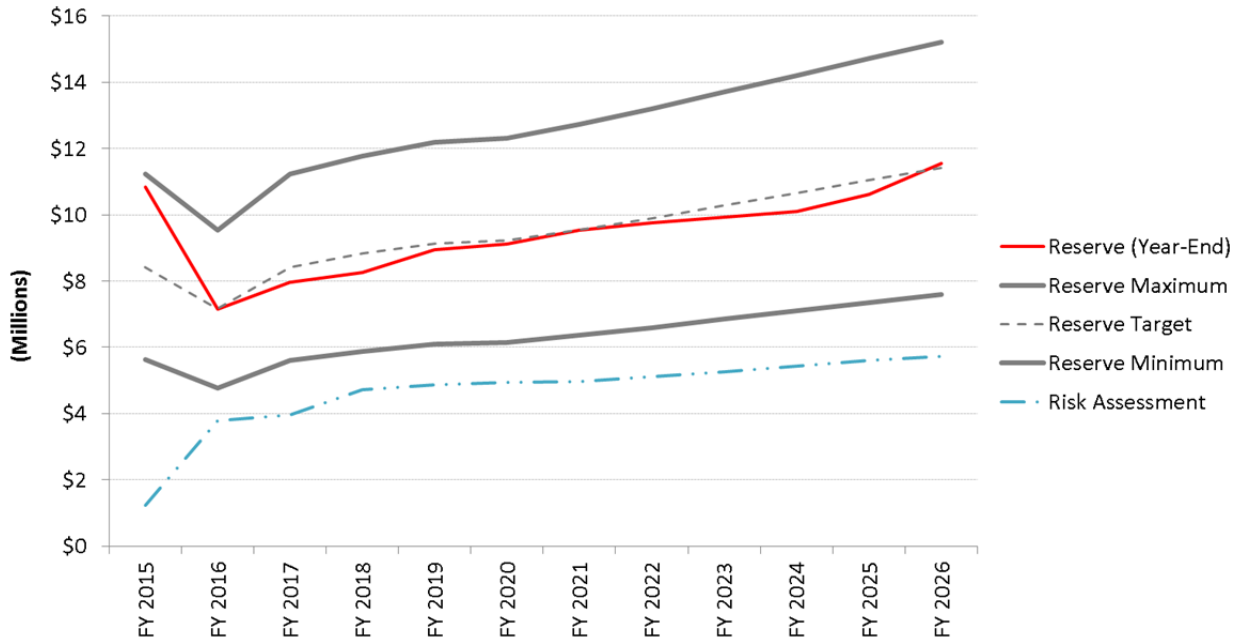
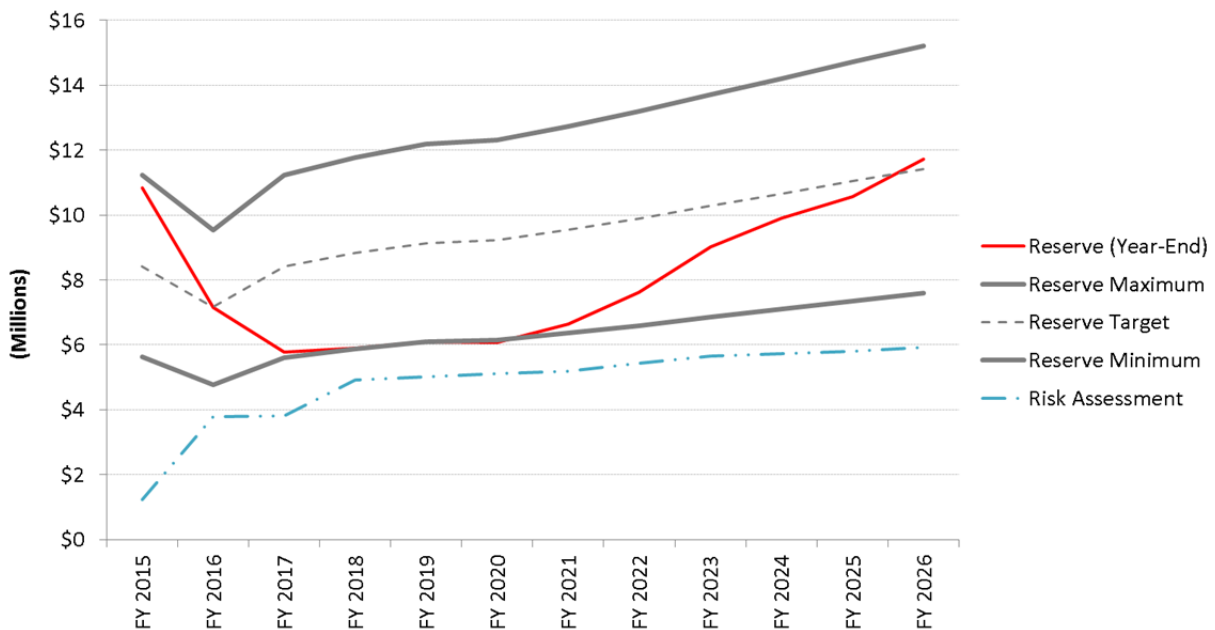
Table 13: Projected Gas Rate Trajectory for FY 2017 to FY 2026

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Proposed	8%	9%	7%	4%	1%	1%	1%	1%	1%	1%
Target	8%	16%	2%	1%	1%	2%	2%	2%	2%	1%
Minimum	0%	24%	1%	1%	1%	4%	3%	1%	1%	1%

The Target scenario does not change the FY 2017 proposed rate increase, but a 16% rate increase in FY 2018 would be needed to bring reserves to target levels. Figure 9 shows that the Operations Reserve levels for the Target scenario.

The Minimum scenario avoids a rate increase in FY 2017, but requires a significant increase in FY 2018 (24%). If sales are lower than expected or costs rise, then this rate increase would be even higher. Figure 10 shows that the Operations Reserve levels for the Minimum scenario.

Staff recommends an 8% gas rate increase in FY 2017 to moderate the rate increases that are projected in FY 2018 while keeping the Gas Operations Reserve at healthy levels.

Figure 9: Operations Reserve at Target**Figure 10: Operations Reserve at Minimum**

SECTION 5G: LONG-TERM OUTLOOK

In the longer term (5 to 35 years out) it is very difficult to predict the Gas Utility's commodity costs. A variety of long-term trends could affect commodity costs either positively or negatively. Continuing improvement in gas extraction technology, such as fracking, could continue to create generous supplies of gas, but these technologies are also under greater scrutiny with respect to their environmental impacts. On the demand side, a continued shift from coal to natural gas for electricity generation or an increase in manufacturing in the U.S. might drive up

natural gas prices, but other factors, such as generally more mild winters, might drive gas demand lower. It is also difficult to predict the magnitude of the additional cost impacts associated with the State's cap-and-trade program over the long term. In the face of this uncertainty, CPAU is able to protect the financial position of the Gas Utility by continuing its current strategy of passing these costs directly to its customers via month-varying rate adjustment mechanisms.

Future CIP investment needs for the Gas Utility may be lower than in the past, although costs per foot for main replacement may increase substantially. The Gas Utility has replaced nearly all of its ABS gas mains and its most problematic steel and PVC mains as well. The PE pipe being used now is expected to have at least a fifty-year lifetime, and there is growing evidence that it may last much longer than that. This would result in lower CIP investment over the long term. CPAU is considering performing a study in the near future to develop its future main replacements priorities and strategy.

Long-term state or local climate goals could also have a major impact on the Gas Utility. The Global Warming Solutions Act, Assembly Bill 32 (AB32), set a goal of reducing greenhouse gas (GHG) emissions to 1990 levels by 2020 and then maintaining those reductions. In its December 2007 Climate Protection Plan, the City set a goal of lowering emissions to 15% below 2005 levels by 2020. As a community Palo Alto achieved these goals in 2012 even with continued use of natural gas for heating, cooking, and industrial processes. If stricter goals are enacted at the state or local level, however, it could lead to "electrification", or consumer switching from gas-using appliances to electric-using appliances for heating, cooking and processes. If significant amounts of electrification occurred, stranded investment and higher rates could be required as the costs of the distribution system are recovered over a lower sales base. One example of a stricter standard has been stated by the Governor—reducing GHG emissions to 80% below 1990 levels by 2050.⁹ This goal, or less ambitious interim state goals, would require legislation to implement. But it is instructional that, in the recent discussion draft of its scoping plan update, CARB says, to meet those goals, natural gas use would have to be "mostly phased out."¹⁰ Legislation has been recently passed addressing the Governor's 2030 climate goals of 50% renewable generation, 50% reduction in transportation fuels, and a doubling of energy efficiency. A few bills have already been introduced on post-2020 GHG emission reduction goals and the GHG cap-and-trade market. As stewards of the Gas Utility, the City should continue to stay aware of developments in state climate planning, participate as a stakeholder, and consider these types of impacts and ways to mitigate them when developing its own sustainability goals.

⁹ Executive Orders S-3-05 and B-16-2012.

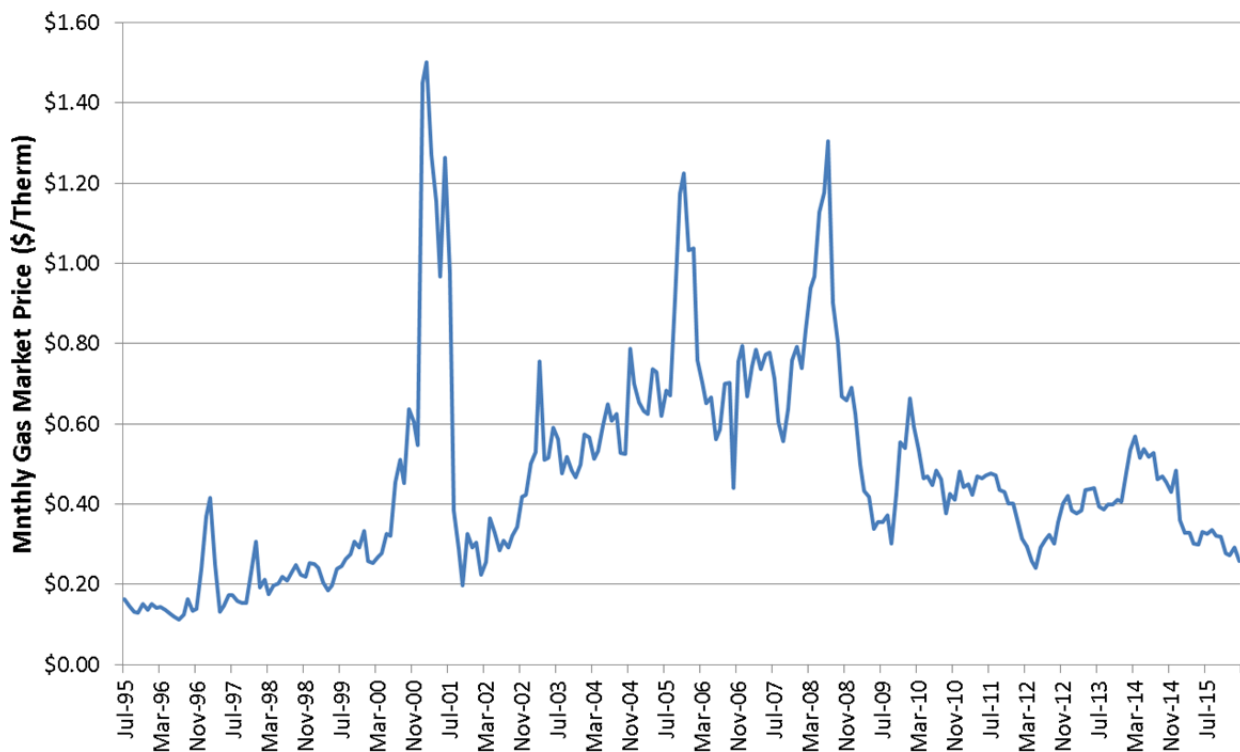
¹⁰ *Climate Change Scoping Plan, First Update, Discussion Draft for Public Review and Comment*, California Air Resources Board, October 2013, pg 88.

SECTION 6: DETAILS AND ASSUMPTIONS

SECTION 6A: GAS PURCHASE COSTS

The Gas Utility purchases much of its gas for delivery at Malin, Oregon which is almost always cheaper than delivery at PG&E City Gate, even including the costs of transmission from Malin to City Gate. Gas is purchased on a month-ahead and day-ahead basis in the spot market. The last few years have seen gas prices in a relatively narrow but low band, and prices for the last year in particular have been lower than most projections. High levels of natural gas in storage, along with warmer than normal weather on the West coast has kept prices low, as shown in Figure 11.

Figure 11: Gas Market Prices at PG&E Citygate



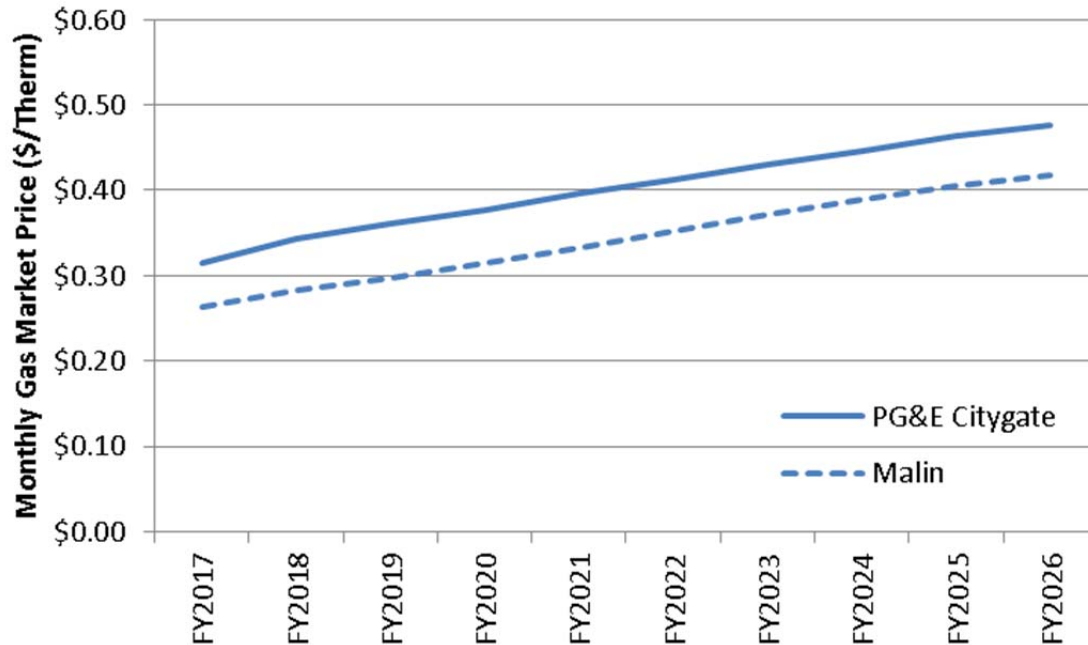
Future gas commodity costs are expected to increase steadily over the next several years. Figure 12 shows the projected gas prices used to generate this forecast. Projections for transmission costs associated with transporting gas over PG&E's Redwood transmission pipeline (from Malin, Oregon to the PG&E Citygate) are based on rates adopted in the most recent update to the Gas Accord.

Local transportation costs decreased on January 1, 2015 due to the expiration of a temporary adder to PG&E's local transportation rate,¹¹ but in December 2014 PG&E applied to the CPUC to more than double local transportation costs. Staff is tracking PG&E's application and, based on

¹¹ California Public Utilities Commission Advice Letter 3430-G, effective January 1, 2014. Also see CPUC Decision 12-12-30 regarding the Pipeline Safety Enhancement Plan Adder.

discussions to date, expects that nearly all of the proposed increase in local transportation costs will be approved. Staff projects these costs to escalate at 3% per year in subsequent years. As these charges are dictated by PG&E and are outside of Palo Alto's control, staff may propose making these costs a pass-through charge, similar to the commodity charge, in FY 2018.

Figure 12: Wholesale Gas Price Projections



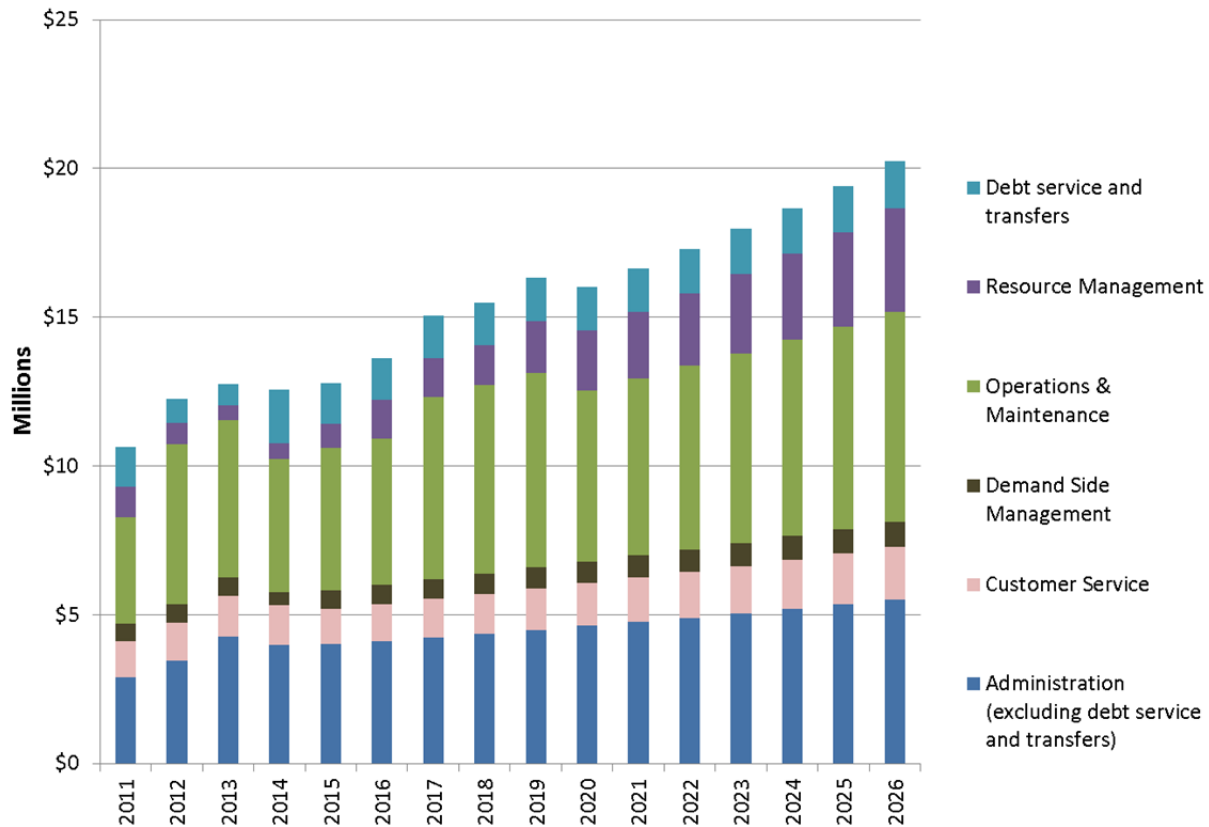
SECTION 6B: OPERATIONS

Operations costs include the Customer Service, Demand Side Management, Operations and Maintenance (including Engineering), Resource Management, and Administration categories in Figure 13, below. Debt service, rent, and transfers are also included in Operations costs (excluding the General Fund equity transfer). *Appendix D: Description of Gas Utility Cost Categories* includes detailed descriptions of the activities associated with these cost categories. Operations costs are projected to increase by 2 to 4% per year. Salary and benefits, inflation, and other assumptions match those used in the City's long-range financial forecast.

Operations costs for FY 2017 to FY 2019 include funding for the cross-bore program. In the 1970s CPAU, like many other utilities, adopted horizontal drilling as an alternative to trenching when installing new gas services. This created the possibility of cross-bores, which can happen when a gas service is bored through a sewer lateral. Though cross-bores are very rare, they can create a dangerous situation when a contractor attempts to clear a blocked sewer line, because if the cross-bored gas service is damaged during the line clearing it can result in a gas leak. CPAU has been inspecting new gas services since 2001, and in 2011 began video inspections of the sewer laterals at the location of horizontally-drilled gas services installed before 2001. This inspection program has cost roughly \$1 million per year since FY 2012. While a majority of sewer laterals have been inspected, staff has come across several services which are not able to be scoped, either due to infiltration by roots or broken/collapsed pipe segments. Staff has

included \$3 million in additional funding between FY 2017 and FY 2019 for this program, but the program will likely require additional funding in future years to complete.

Figure 13: Historical and Projected Operational Costs



SECTION 6C: CAPITAL IMPROVEMENT PROGRAM (CIP)

The Gas Utility's CIP program consists of the following programs and budgets:

- The Gas Main Replacement Program, under which the Gas Utility replaces aging gas mains
- Customer Connections, which covers the cost when the Gas Utility installs new services or upgrades existing services at a customer's request in response to development or redevelopment. The Gas Utility charges a fee to these customers to cover the cost of these projects.
- Ongoing Projects, which covers the cost of routine meter, regulator, and service replacement, minor projects to improve reliability or increase capacity, and other general improvements.
- Tools and Equipment, which covers the cost of capitalized equipment, such as directional boring equipment.
- One-time Projects, which represents occasional large projects that do not fall into any other category.

Table 14 shows the current status of these project categories and future projected spending.

Table 14: Budgeted Gas CIP Spending

Project Category	Current Budget*	Spending, Curr. Yr	Remain. Budget**	Committed	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
One Time Projects	150	(9)	141	125	-	-	-	-	-
Gas Main Replacement	8,097	(367)	7,730	3,580	4,191	3,811	3,878	4,000	4,121
Tools And Equipment	291	(76)	214	-	100	100	100	100	100
Ongoing Projects	918	(193)	726	76	785	809	833	858	884
Customer Connections	953	(576)	377	38	1,229	1,265	1,303	1,342	1,383
TOTAL	10,409	(1,222)	9,187	3,818	6,305	5,985	6,115	6,301	6,488

*Includes unspent funds from previous years carried forward or reappropriated into the current fiscal year

**Equal to CIP Reserves (Reserve for Reappropriations + Reserve for Commitments).

The Gas Main Replacement (GMR) Program is in the process of reaching a major milestone, the replacement of the last gas mains made from ABS plastic. The program to replace ABS and other low-performing materials in the system started in the 1990s (see *Section 4A: Gas Utility History* for more detail). CPAU temporarily slowed down its new CIP appropriations in this category in FY 2014 and 2015 in order to finish the last major ABS main replacement project and to catch up on a backlog of projects that has accumulated due to staffing issues. With the replacement of all ABS mains with PE plastic, the material most at risk for failure is removed leaving only PVC plastic, steel (wrapped, with cathodic protection), and PE mains. The next focus of the GMR program will be PVC mains. CPAU is considering updating the Gas System Master Plan to determine which areas of the system to prioritize. The plan will help CPAU determine whether the pace of main replacement (approximately three miles of main each year, or 1.5% of the system) needs to be increased, decreased, or whether it needs to remain the same.

The current budget for gas main replacement assumes the current pace of main replacement, but does not take into account the recent rise in costs for main replacement, which have increased from the levels seen during the recent recession. Several factors may be contributing to this. Economic recovery in the Bay Area, as well as a greater focus on infrastructure improvement by many municipal agencies and utilities could be creating high demand for contractors in these fields. Newer, more leak resistant pipe materials may have ongoing greater costs. CPAU has seen the replacement cost per linear foot increase by 25 to 50% over the last couple of years. Currently CPAU plans to complete as much main replacement as possible within its current budget, provided there are no safety concerns. However, if this trend of higher cost continues, the Gas Utility may require larger CIP budgets, and as a result, larger rate increases.

Ongoing Projects, Tools and Equipment, and Customer Connections are projected to cost approximately \$0.8 million in FY 2017 and increase by 3% per year through the end of the forecast period. In practice, these projects can fluctuate dramatically depending on system conditions and the pace of development and redevelopment in the city. It is worth noting that the Customer Connections program is paid for through fee revenue, so when costs go up, so does fee revenue.

Aside from customer connections and some transfers from other funds, the CIP plan for FY 2017 to FY 2021 is funded by utility rates. The details of the plan are shown in *Appendix B: Gas Utility Capital Improvement Program (CIP) Detail*.

SECTION 6D: DEBT SERVICE

The Gas Utility currently makes debt service payments on one bond issuance, the 2011 Series A Utility Revenue Refunding Bonds. This bond issuance was to refinance the \$18 million principal remaining on the Utility Revenue Bonds, 2002 Series A issued for the Gas and Water Utilities to finance various improvements to the distribution systems. \$9.4 million of this issuance was secured by the net revenues of the Gas Utility. Debt service for this bond for the financial forecast period is shown in Table 15. Debt service on this bond will continue through 2026.

Table 15: Gas Utility Debt Service

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
2011 Utility Revenue Refunding Bonds, Series A	803	802	800	800	802	804	805	803	800	803

The 2011 bonds include two covenants stating that 1) the Gas Utility will maintain a debt coverage ratio of 125% of debt service, and 2) that the City will maintain “Available Reserves”¹² equal to five times the annual debt service. The current financial plan complies with these covenants throughout the forecast period, as shown in Table 16 and

Table 17.

Table 16: Debt Service Coverage Ratio (\$000)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	35,938	39,825	43,628	46,051	47,336	48,323	49,891	51,465	53,429	54,696
Expenses (Excluding CIP and Debt Service)	-33,310	-34,933	-36,511	-37,086	-38,566	-40,128	-41,838	-43,552	-45,307	-47,068
Net Revenues	2628	4892	7117	8965	8770	8195	8053	7913	8,122	7,628
Debt Service	803	802	800	800	802	804	805	803	800	803
Coverage Ratio	327%	610%	890%	1121%	1094%	1019%	1000%	985%	985%	985%

Table 17: Debt Service Minimum Reserves (\$000)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Gas Utility ^a	9,543	7,647	7,849	9,712	11,191	11,901	12,270	12,298	12,327	12,742
Debt Service ^b	803	804	803	802	801	801	802	803	800	803
Reserves Ratio ^c	12x	10x	10x	12x	14x	15x	15x	15x	15x	15x

a) CIP, Rate Stabilization, Operations, and Unassigned Reserves

b) Gas Utility's share of the debt service on the 2011 bonds.

c) Calculated using only Gas Utility reserves. The actual reserves ratio for the 2011 bonds is calculated based on the combined Electric, Gas, and Water Utility reserves and debt service and is higher than shown here.

¹² Available Reserves as defined in the 2011 bonds include the reserves for the Water, Electric, and Gas Utilities

The Gas Utility's reserves and net revenue are also pledged as security for the bond issuances listed in Table 18, even though the Gas Utility is not responsible for the debt service payments. The Gas Utility's reserves or net revenues would only be called upon if the responsible utilities are unable to make their debt service payments. Staff does not currently foresee this occurring.

Table 18: Other Issuances Secured by Gas Utility's Revenues or Reserves

Bond Issuance	Responsible Utilities	Annual Debt Service (\$000)	Secured by Gas Utility's:	
			Net Revenues	Reserves
1995 Series A Utility Revenue Bonds	Storm Drain	\$680	Yes	No
1999 Utility Revenue Bonds, Series A	Wastewater Collection Wastewater Treatment Storm Drain	\$1,207	No	Yes
2009 Water Revenue Bonds (Build America Bonds)	Water	\$1,977*	No	Yes
*Net of Federal interest subsidy				

SECTION 6E: EQUITY TRANSFER

The City calculates the equity transfer from its Gas Utility based on methodology adopted by Council in 2009 that has remained unchanged since¹³. Each year it is calculated according to the 2009 Council-adopted methodology, and does not require additional Council action.

SECTION 6F: REVENUES

The Gas Fund receives most of its revenues from sales of gas, but about 5% comes from other sources. The largest of these comes from service connection and capacity fees, followed closely by sales of allowances related to California's cap-and-trade program. Another revenue item related to the cap-and-trade program is collected in customer's bills. While the State provides CPAU with a certain number of free allowances each year, the Gas Utility is required to sell a portion of those in accordance with the regulations. In order to have enough allowances to cover customer's natural gas emissions, CPAU must buy allowances at market, and subsequently passes through the cost of those allowances to customers. The regulations do not allow the revenue derived from the sale of the free allowances to offset allowance purchases, thus the pass-through rate component.

Sales revenue projections are based on the load forecast in *Section 5A: Load Forecast*. Except where stated otherwise, these load forecasts are based on normal weather. Weather can vary substantially, however, and this can affect revenues substantially. Also, changes in customer behavior, as well as changes to more efficient gas appliances, or switching to electric

¹³ For more detail on the ordinance adopting the 2009 transfer methodology, see CMR 280:09, Budget Adoption Ordinance for Fiscal Years 2009 and 2010; and CMR 260:09, Finance Committee Report explaining proposed changes to equity transfer methodology.

appliances, will modify these forecasts. Forecasts are continually evaluated to see when new trends emerge.

SECTION 6G: COMMUNICATIONS PLAN

The FY 2017 communications strategy covers four primary areas: operations, infrastructure, safety, efficiency, renewables and rates. Since moving to market pricing for commodity rates, changes to the commodity rates are posted monthly on the City's website. Gas use efficiency incentives are promoted year-round, but most heavily during winter months to impact heating activities. Promotional methods include community outreach events, print ads in local publications, utility bill inserts, messaging on the bills and envelopes, website pages, email blasts, videos for the web and local Comcast channels, Home Energy Reports and the use of social media.

To keep customers apprised of the status and accomplishments of capital improvement projects, a network of project web pages are maintained. Traffic is driven to the website via print and digital ads, social media and email blasts. Safety topics are emphasized year-round. CPAU is engaging in several campaigns and programs in FY 2017 to promote gas utility efficiency and renewable energy. The Georgetown University Energy Prize competition is a friendly, national campaign to encourage communities to reduce energy use. Energy savings from reduced gas and electric consumption qualify to help Palo Alto compete for a \$5 million prize at the end of a two-year campaign. Since adoption of a carbon neutral electric supply portfolio, CPAU launched a new voluntary renewable natural gas carbon offsets program, PaloAltoGreen Gas. Much of our programmatic promotional activity will center around customer education and encouragement to sign up for participation in PaloAltoGreen Gas. Other new programs include home efficiency services and online tools to help customers manage their energy use.

Stepping up efforts to promote gas safety education, staff is focusing outreach around youth, the importance of calling USA (811) before digging for anyone who may excavate in and around Palo Alto, such as plumbers and contractors, potential sewer and gas line crossbores, keeping fats, oils and greases out of drains, and ensuring clear access to meters. For younger "customers-to-be," CPAU created a Home Safety Detective campaign that includes special tool kits to help them identify home safety problems. Staff provides safety kits to youth and adults at school presentations, neighborhood safety and emergency preparedness fairs and other community outreach events. Meter access awareness is highlighted through use of materials featuring photos of some unusual ways people obstruct access to their meters, including using them as bike racks and building storage sheds around them.

CPAU will continue to promote safety, infrastructure, operations, efficiency and rate adjustment messages through a variety of marketing and media channels. Every year, CPAU publishes an updated gas safety awareness brochure which is mailed to all customers in Palo Alto, as well as plumbers, contractors and excavators that may work in and around the area. Staff talks with business customers at special facilities meetings, attends neighborhood safety and emergency preparedness fairs and offers presentations to school and community groups. While print materials and website pages still feature prominently, CPAU is turning the outreach

emphasis to direct mail, newspaper inserts, social media, online videos and cable TV. Copies of all outreach materials and logs of activities are saved in the Gas Safety Public Awareness Plan that is reviewed at least once per year by the Department of Transportation.

APPENDICES

Appendix A: Gas Financial Forecast Detail

Appendix B: Gas Utility Capital Improvement Program (CIP) Detail

Appendix C: Gas Utility Reserves Management Practices

Appendix D: Description of Gas Utility Cost Categories

Appendix E: Gas Utility Communications Samples

APPENDIX A: GAS FINANCIAL FORECAST DETAIL

 City of Palo Alto Gas Utility		(\$'000)															
Fiscal Year		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
1	RATE CHANGE (%) *	0%	0%	12%	0%	0%	0%	8%	9%	7%	4%	1%	1%	1%	1%	1%	1%
2	SALES IN THOUSAND THERMS	30,914	30,447	28,901	28,117	28,881	27,261	28,653	28,680	28,711	28,743	28,511	28,412	28,461	28,522	28,590	28,658
3																	
4	Utilities Retail Sales	42,855	41,034	33,759	34,843	29,515	28,608	33,259	37,038	40,365	42,408	43,293	43,965	45,170	46,396	47,584	48,622
5	Service Connection & Capacity Fees	516	592	731	654	602	655	1,017	1,048	1,079	1,110	1,145	1,145	1,145	1,145	1,145	1,145
6	Other Revenues & Transfers In	203	103	830	313	666	1,026	1,373	1,517	1,975	2,328	2,635	2,920	3,221	3,529	4,313	4,834
7	Interest plus Gain or Loss on Investment	821	1,119	(239)	706	450	376	288	223	210	205	264	293	355	396	387	368
8	Total Sources of Funds	44,396	42,847	35,081	36,517	31,233	30,665	35,938	39,825	43,628	46,051	47,336	48,323	49,891	51,465	53,429	54,969
9																	
10	Purchases of Utilities:																
11	Supply Commodity	20,732	15,356	12,461	12,992	9,537	6,693	9,393	10,141	10,598	11,131	11,621	12,145	12,741	13,288	13,825	14,219
12	Supply Transportation	706	879	994	1,333	982	2,566	2,944	3,152	3,172	3,207	3,213	3,234	3,272	3,312	3,353	3,394
13	Total Purchases	21,438	16,235	13,455	14,325	10,519	9,258	12,337	13,293	13,770	14,338	14,834	15,380	16,013	16,600	17,178	17,613
14																	
15	Administration (CIP + Operating)	2,895	3,473	4,273	3,988	4,007	4,114	4,243	4,370	4,497	4,629	4,764	4,902	5,045	5,192	5,343	5,499
16	Customer Service	1,230	1,270	1,358	1,338	1,195	1,232	1,286	1,335	1,384	1,435	1,486	1,539	1,594	1,651	1,711	1,772
17	Demand Side Management	563	614	630	438	632	648	665	683	701	720	739	759	779	799	821	842
18	Engineering (Operating)	280	333	340	352	369	380	396	411	425	440	455	471	487	504	522	540
19	Operations and Maintenance	3,297	5,032	4,940	4,119	4,403	4,534	5,720	5,918	6,116	5,320	5,502	5,690	5,885	6,087	6,295	6,512
20	Resource Management	1,039	729	506	516	808	1,302	1,327	1,350	1,751	2,006	2,223	2,434	2,665	2,904	3,149	3,498
21	Debt Service Payments	488	406	296	805	804	804	803	802	801	801	803	804	805	803	800	803
22	Rent	230	230	219	419	431	443	455	467	480	492	505	519	532	546	561	574
23	Transfers to General Fund	5,304	6,006	5,971	5,811	5,730	6,126	6,722	6,945	7,220	7,535	7,883	8,255	8,653	9,078	9,533	10,019
24	Other Transfers Out	614	170	207	606	151	154	158	163	167	171	176	180	185	190	195	200
25	Capital Improvement Programs	8,325	7,821	7,620	1,026	1,832	6,889	6,305	5,985	6,115	6,301	6,488	6,680	6,879	7,083	7,293	7,509
26	Total Uses of Funds	45,704	42,320	39,814	33,743	30,881	35,886	40,418	41,721	43,426	44,188	45,857	47,613	49,522	51,438	53,400	55,380
27																	
28	Into/ (Out of) Reserves	(1,308)	528	(4,733)	2,773	352	(5,221)	(4,480)	(1,896)	202	1,864	1,479	710	369	28	29	(410)
29																	
30	Reappropriations + Commitments	17,174	19,211	19,363	11,305	6,491	6,491	6,491	6,491	6,491	6,491	6,491	6,491	6,491	6,491	6,491	6,491
31	Plant Replacement	1,000	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0
32	CIP Reserve	0	0	0	0	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591
33	Rate Stabilization	16,188	15,992	11,318	15,981	6,806	5,275	0	0	0	0	0	0	0	0	0	0
34	Operations Reserve	0	0	0	0	10,847	7,158	7,952	6,056	6,258	8,121	9,600	10,310	10,679	10,707	10,736	11,151
35	Unassigned	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	Total Reserves	34,362	36,203	31,681	27,286	25,735	20,514	16,034	14,138	14,340	16,203	17,682	18,392	18,761	18,789	18,818	19,233
37																	
38	Short Term Risk Assessment Value					1,226	3,789	3,969	4,362	4,766	5,005	5,085	5,134	5,247	5,365	5,487	5,612
39																	
40	Operations Reserve Guidelines																
41	Min (60 Days Commodity + O&M)					5,620	4,772	5,618	5,889	6,090	6,151	6,368	6,599	6,851	7,103	7,361	7,603
42	Target (90 Days Commodity + O&M)					8,429	7,158	8,426	8,833	9,135	9,227	9,552	9,898	10,277	10,654	11,041	11,405
43	Max (120 Days Commodity + O&M)					11,239	9,543	11,235	11,778	12,180	12,302	12,736	13,198	13,703	14,206	14,721	15,207
44																	

APPENDIX B: GAS UTILITY CAPITAL IMPROVEMENT PROGRAM (CIP) DETAIL

Project #	Project Name	Reappropriated / Carried Forward from Previous Years	Current Year Funding	Budget Amendments	Spending, Current Year	Remaining in CIP Reserve Fund	Commitments	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
ONE TIME PROJECTS												
GS-09000	Gas Station 1 Rebuild	-	-	-	-	-	-	-	-	-	-	-
GS-08000	Gas Station 2 Rebuild	-	-	-	-	-	-	-	-	-	-	-
GS-10000	Gas Station 3 Rebuild	4	-	-	-	4	-	-	-	-	-	-
GS-11001	Gas Station 4 Rebuild	-	-	-	-	-	-	-	-	-	-	-
GS-13003	COBUG emissions equipment	-	-	-	-	-	-	-	-	-	-	-
GS-15001	Security at Receiving Stations	150,000	150,000	(150,000)	(9,459)	140,541	125,000	-	-	-	-	-
Subtotal, One-time Projects		150,004	150,000	(150,000)	(9,459)	140,545	125,000	-	-	-	-	-
GAS MAIN REPLACEMENT (GMR) PROGRAM												
GS-08011	GMR - Project 18	-	-	-	-	-	-	-	-	-	-	-
GS-09002	GMR - Project 19	526,621	-	(30,410)	(68,899)	427,312	427,312	-	-	-	-	-
GS-10001	GMR - Project 20	2,311,602	-	(13,981)	(23,297)	2,274,324	2,274,325	-	-	-	-	-
GS-11000	GMR - Project 21	867,159	-	(20,512)	(100,049)	746,598	832,416	-	-	-	-	-
GS-12001	GMR - Project 22	295,985	4,033,001	(493,001)	(175,008)	3,660,977	3,000	-	-	-	-	-
GS-13001	GMR - Project 23	-	620,650	-	-	620,650	42,500	3,550,650	-	-	-	-
GS-14003	GMR - Project 24	-	-	-	-	-	-	640,000	3,100,000	-	-	-
GS-15000	GMR - Project 25	-	-	-	-	-	-	-	711,000	3,200,000	-	-
GS-16000	GMR - Project 26	-	-	-	-	-	-	-	-	678,200	3,300,000	-
GS-20000	GMR - Project 27	-	-	-	-	-	-	-	-	-	700,000	3,400,000
GS-20001	GMR - Project 28	-	-	-	-	-	-	-	-	-	-	721,000
Subtotal, Gas Main Replacement Program		4,001,367	4,653,651	(557,904)	(367,253)	7,729,861	3,579,553	4,190,650	3,811,000	3,878,200	4,000,000	4,121,000
TOOLS AND EQUIPMENT												
GS-13002	General Shop Equipment/Tools	130,931	100,000	(113,062)	(46,069)	71,800	-	100,000	100,000	100,000	100,000	100,000
GS-01019	Global Positioning System	73,578	-	(70,768)	(641)	2,169	-	-	-	-	-	-
GS-02013	Directional Boring Machine	-	-	-	-	-	-	-	-	-	-	-
GS-03007	Directional Boring Equipment	-	-	-	-	-	-	-	-	-	-	-
GS-03008	Polyethylene Fusion Equip.	29,168	-	-	-	29,168	-	-	-	-	-	-
GS-14004	Gas Distribution System Model	140,742	87,690	(87,690)	(29,544)	111,198	-	-	-	-	-	-
Subtotal, Tools and Equipment		374,419	187,690	(271,520)	(76,254)	214,335	-	100,000	100,000	100,000	100,000	100,000

Gas Utility Capital Improvement Program (CIP) Detail (continued)

Project #	Project Name	Reappropriated / Carried Forward from Previous Years	Current Year Funding	Budget Amendments	Spending, Current Year	Remaining in CIP Reserve Fund	Commitments	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
ONGOING PROJECTS												
GS-11002	Gas System Improvements	151,021	292,669	(66,397)	(114,635)	262,658	76,036	231,913	238,870	246,036	253,417	261,020
GS-03009	System Ext. - Unreimbursed	284,821	192,675	(284,095)	(35,809)	157,592	-	198,500	204,455	210,590	216,908	223,415
GS-80019	Gas Meters and Regulators	736,596	344,690	(733,487)	(42,523)	305,276	-	355,030	365,681	376,652	387,952	399,591
Subtotal, Ongoing Projects		1,172,438	830,034	(1,083,979)	(192,967)	725,526	76,036	785,443	809,006	833,278	858,277	884,025
CUSTOMER CONNECTIONS (FEE FUNDED)												
GS-80017	Gas System Extensions	(252,428)	950,000	255,428	(575,893)	377,107	37,880	1,228,500	1,265,355	1,303,315	1,342,415	1,382,688
Subtotal, Customer Connections		(252,428)	950,000	255,428	(575,893)	377,107	37,880	1,228,500	1,265,355	1,303,315	1,342,415	1,382,688
GRAND TOTAL		5,445,800	6,771,375	(1,807,975)	(1,221,826)	9,187,374	3,818,469	6,304,593	5,985,361	6,114,793	6,300,692	6,487,713
Funding Sources												
Connection Fees			639,600	255,428				1,017,000	1,047,510	1,078,935	1,111,303	1,144,642
Utility Rates			6,131,775	(2,063,403)				5,287,593	4,937,851	5,035,857	5,189,389	5,343,070
CIP-RELATED RESERVES DETAIL		6/30/2015 (Actual)				9/30/2015						
Reappropriations		2,100,800				5,368,905		5,076,093	4,720,006	4,811,478	4,958,277	5,105,025
Commitments		3,345,000				3,818,469						

APPENDIX C: GAS UTILITY RESERVES MANAGEMENT PRACTICES

The following reserves management practices shall be used when developing the Gas Utility Financial Plan:

Section 1. Definitions

- a) “Financial Planning Period” – The Financial Planning Period is the range of future fiscal years covered by the Financial Plan. For example, if the Financial Plan delivered in conjunction with the FY 2015 budget includes projections for FY 2015 to FY 2019, FY 2015 to FY 2019 would be the Financial Planning Period.
- b) “Fund Balance” – As used in these Reserves Management Practices, Fund Balance refers to the Utility’s Unrestricted Net Assets.
- c) “Net Assets” - The Government Accounting Standards Board defines a Utility’s Net Assets as the difference between its assets and liabilities.
- d) “Unrestricted Net Assets” - The portion of the Utility’s Net Assets not invested in capital assets (net of related debt) or restricted for debt service or other restricted purposes.

Section 2. Supply Fund Reserves

The Gas Utility’s Supply Fund Balance is reserved for the following purposes:

- a) For existing contracts, as described in Section 4 (Reserve for Commitments)
- b) For operating and capital budgets re-appropriated from previous years, as described in Section 5 (Reserve for Re-appropriations)

Section 3. Distribution Fund Reserves

- a) For existing contracts, as described in Section 4 (Reserve for Commitments)
- b) For operating and capital budgets re-appropriated from previous years, as described in Section 5 (Reserve for Re-appropriations)
- c) For cash flow management and contingencies related to the Gas Utility’s Capital Improvement Program (CIP), as described in Section 6 (CIP Reserve)
- d) For rate stabilization, as described in Section 7 (Rate Stabilization Reserve)
- e) For operating contingencies, as described in Section 8 (Operations Reserve)
- f) Any funds not included in the other reserves will be considered Unassigned Reserves and shall be returned to ratepayers or assigned a specific purpose as described in Section 9 (Unassigned Reserves)

Section 4. Reserve for Commitments

At the end of each fiscal year the Gas Supply Fund and Gas Distribution Fund Reserve for Commitments will be set to an amount equal to the total remaining spending authority for all contracts in force for the Wastewater Collection Utility at that time.

Section 5. Reserve for Reappropriations

At the end of each fiscal year the Gas Supply Fund and Gas Distribution Fund Reserve for Reappropriations will be set to an amount equal to the amount of all remaining capital and

non-capital budgets, if any, that will be re-appropriated to the following fiscal year for each fund in accordance with Palo Alto Municipal Code Section 2.28.090.

Section 6. CIP Reserve

The CIP Reserve is used to manage cash flow for capital projects and acts as a reserve for capital contingencies. Staff will manage the CIP Reserve according to the following practices:

- a) The following guideline levels are set forth for the CIP Reserve. These guideline levels are calculated for each fiscal year of the Financial Planning Period based on the levels of CIP expense budgeted for that year.

Minimum Level	12 months of budgeted CIP expense
Maximum Level	24 months of budgeted CIP expense

- b) Changes in Reserves: Staff is authorized to transfer funds between the CIP Reserve and the Reserve for Commitments when funds are added to or removed from the Reserve for Commitments as a result of a change in contractual commitments related to CIP projects. Any other additions to or withdrawals from the CIP reserve require Council action.
- c) Minimum Level:
- Funds held in the Reserve for Commitments may be counted as part of the CIP Reserve for the purpose of determining compliance with the CIP Reserve minimum guideline level.
 - If, at the end of any fiscal year, the minimum guideline is not met, staff shall present a plan to the City Council to replenish the reserve. The plan shall be delivered by the end of the following fiscal year, and shall, at a minimum, result in the reserve reaching its minimum level by the end of the next fiscal year. For example, if the CIP Reserve is below its minimum level at the end of FY 2017, staff must present a plan by June 30, 2018 to return the reserve to its minimum level by June 30, 2019. In addition, staff may present, and the Council may adopt, an alternative plan that takes longer than one year to replenish the reserve, or that does so in a shorter period of time.
- d) Maximum Level: If, at any time, the CIP Reserve reaches its maximum level, no funds may be added to this reserve. If there are funds in this reserve in excess of the maximum level staff must propose to transfer these funds to another reserve or return them to ratepayers in the next Financial Plan. Staff may also seek Council approval to hold funds in this reserve in excess of the maximum level, if they are held for a specific future purpose related to the CIP.

Section 7. Rate Stabilization Reserve

Funds may be added to the Rate Stabilization Reserve by action of the City Council and held to manage the trajectory of future year rate increases. Withdrawal of funds from the Rate Stabilization Reserve requires Council action. If there are funds in the Rate Stabilization Reserve at the end of any fiscal year, any subsequent Gas Utility Financial Plan must result in the withdrawal of all funds from this Reserve by the end of the Financial Planning Period.

Section 8. Operations Reserve

The Operations Reserve is used to manage normal variations in costs and as a reserve for contingencies. Any portion of the Gas Utility's Fund Balance not included in the reserves described in Section 4-Section 7 above will be included in the Operations Reserve unless this reserve has reached its maximum level as set forth in Section 8 d) below. Staff will manage the Operations Reserve according to the following practices:

- a) The following guideline levels are set forth for the Operations Reserve. These guideline levels are calculated for each fiscal year of the Financial Planning Period based on the levels of Operations and Maintenance (O&M) and commodity expense forecasted for that year in the Financial Plan.

Minimum Level	60 days of O&M and commodity expense
Target Level	90 days of O&M and commodity expense
Maximum Level	120 days of O&M and commodity expense

- b) Minimum Level: If, at the end of any fiscal year, the funds remaining in the Operations Reserve are lower than the minimum level set forth above, staff shall present a plan to the City Council to replenish the reserve. The plan shall be delivered within six months of the end of the fiscal year, and shall, at a minimum, result in the reserve reaching its minimum level by the end of the following fiscal year. For example, if the Operations Reserve is below its minimum level at the end of FY 2014, staff must present a plan by December 31, 2014 to return the reserve to its minimum level by June 30, 2015. In addition, staff may present, and the Council may adopt, an alternative plan that takes longer than one year to replenish the reserve.
- c) Target Level: If, at the end of any fiscal year, the Operations Reserve is higher or lower than the target level, any Financial Plan created for the Gas Utility shall be designed to return the Operations Reserve to its target level by the end of the forecast period.
- d) Maximum Level: If, at any time, the Operations Reserve reaches its maximum level, no funds may be added to this reserve. Any further increase in the Gas Utility's Fund Balance shall be automatically included in the Unassigned Reserve described in Section 9, below.

Section 9. Unassigned Reserve

If the Operations Reserve reaches its maximum level, any further additions to the Gas Utility's Fund Balance will be held in the Unassigned Reserve. If there are any funds in the Unassigned Reserve at the end of any fiscal year, the next Financial Plan presented to the City Council must include a plan to assign them to a specific purpose or return them to the Gas Utility ratepayers by the end of the first fiscal year of the next Financial Planning Period. For example, if there were funds in the Unassigned Reserves at the end of FY 2015, and the next Financial Planning Period is FY 2016 through FY 2020, the Financial Plan shall include a plan to return or assign any funds in the Unassigned Reserve by the end of FY 2016. Staff may present an alternative plan that retains these funds or returns them over a longer period of time.

Section 10. Intra-Utility Transfers Between Supply and Distribution Funds

The Gas Utility records costs in two separate funds: the Gas Supply Fund and the Gas Distribution Fund. At the end of each fiscal year staff is authorized to transfer an amount equal to the difference between Gas Supply Fund costs and Gas Supply Fund Revenues from the Gas Distribution Fund Operations Reserve to the Gas Supply Fund, or vice versa. Such transfers shall be included in the ordinance closing the budget for the fiscal year.

APPENDIX D: DESCRIPTION OF GAS UTILITY COST CATEGORIES

This appendix describes the activities associated with the various cost categories referred to in this Financial Plan.

Customer Service: This category includes the Gas Utility's share of the call center, meter reading, collections, and billing support functions. Billing support encompasses staff time associated with bill investigations and quality control on certain aspects of the billing process. It does not include maintenance of the billing system itself, which is included in Administration. This category also includes CPAU's key account representatives, who work with large commercial customers who have more complex requirements for their gas services.

Resource Management: This category includes gas procurement, contract management, rate setting, and tracking of legislation and regulation related to the gas industry.

Operations and Maintenance: This category includes the costs of a variety of distribution system maintenance activities, including:

- surveying the gas system (50% of the system each year) and repairing any leaks found;
- investigating reports of damaged mains or services and perform emergency repairs;
- building and replacing gas services for new or redeveloped buildings; and
- testing and replacing meters to ensure accurate sales metering.

This category also includes a variety of functions the utility shares with other City utilities, including:

- the Field Services team (which does field research of various customer service issues);
- the Cathodic Protection team (which monitors and maintains the systems that prevent corrosion in metal pipes and reservoirs); and
- the General Services team (which manages and maintains equipment, paves and restores streets after gas, water, or sewer main replacements, and provides welding services, including certified gas line welding services)

Administration: Accounting, purchasing, legal, and other administrative functions provided by the City's General Fund staff, as well as shared communications services and Utilities Department administrative overhead and billing system maintenance costs.

Demand Side Management: Includes the cost of administering gas efficiency programs and the direct cost of rebates paid.

Engineering (Operating): The Gas Utility's engineers focus primarily on the CIP, but a small portion of their time is spent assisting with distribution system maintenance.



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CALL BEFORE YOU DIG

Make sure it is safe before you:

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- Stake a sapling tree
- Dig a trench
- Build or repair a fence or deck
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- Replace a driveway or walkway

Avoid costly accidents & dangerous conditions

Call Underground Service Alert (USA) at 811 48 hours prior to any excavation. USA is a free service.



WHAT'S WRONG WITH THIS PICTURE?

CLEAR METER ACCESS—IT'S THE LAW!

If you can't easily spot your meters—neither can we. To ensure your safety, such as when meters need to be shut off during leaks or fires, as well as to ensure accurate billing—we need to

FALL SEASON MEANS COOLER WEATHER

COOLER WEATHER

Visit us online for a free energy assessment of your home or business. CPAU provides energy efficiency services, rebates and programs.

Sign up for My Utility online account.

Insulating your home or business by sealing windows, reducing gas and electricity for heating can reduce your energy bill.

THE CITY OF PALO ALTO HAS ENERGY ASSISTANCE

SOLUTIONS FOR CUSTOMERS ON LIMITED BUDGETS



WE CAN HELP YOU SAVE ENERGY AND MONEY

Customers facing challenging economic times can use our programs and services to help cope with utilities costs. If you're overwhelmed by your utility bills, the City of Palo Alto Utilities (CPAU) can help.

Residential Energy Assistance Program (REAP)

TOILET OR SINK BACKING UP? CALL THE CITY FIRST!

CALL (650) 496-6995 AND WE'LL BE OUT ON THE DOUBLE (FOR FREE)



- 1 Call the City Utilities BEFORE you call your plumber to have your sewer cleared.
- 2 The City will come out right away to verify there

www.cityofpaloalto.org/utilities

CITY OF PALO ALTO UTILITIES
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CLOGS PIPES!

It's a whole different world under our city!

I'm part of a team who are in the trenches (literally) every day keeping your gas, water and sewer pipelines operating safely and efficiently. You're on my team, too! For example, when you put rags, wipes, diapers or grease in the trash, instead of down drains and toilets, that means we all have fewer sewer back-ups to deal with.

So let's work as a team to keep our City's underground utilities operating well.

Get important gas and sewer safety tips:
www.cityofpaloalto.org/safeutility

Learn about what we're working on:
www.cityofpaloalto.org/utilityprojects



—Filberto "Fil" Castro
City of Palo Alto Utilities
Inspector/Regulator

*** NOT YET APPROVED ***

Resolution No. _____

Resolution of the Council of the City of Palo Alto Increasing Gas Rates by Amending Rate Schedules G-1 (Residential Gas Service), G-1-G (Residential Green Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-2-G (Residential Master-Metered and Commercial Green Gas Service), G-3 (Large Commercial Gas Service), G-3-G (Large Commercial Green Gas Service), G-10 (Compressed Natural Gas Service Service) and G-10-G (Compressed Natural Green Gas Service)

R E C I T A L S

A. Pursuant to Chapter 12.20.010 of the Palo Alto Municipal Code, the Council of the City of Palo Alto may by resolution adopt rules and regulations governing utility services, fees and charges.

B. On ____, 2016, the City Council heard and approved the proposed rate increase.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-1 (Residential Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-1, as amended, shall become effective July 1, 2016.

SECTION 2. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-1-G (Residential Green Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-1-G, as amended, shall become effective July 1, 2016.

SECTION 3. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-2 (Residential Master-Metered and Commercial Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-2, as amended, shall become effective July 1, 2016.

SECTION 4. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-2-G (Residential Master-Metered and Commercial Green Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-2-G, as amended, shall become effective July 1, 2016.

SECTION 5. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-3 (Large Commercial Gas Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-3, as amended, shall become effective July 1, 2016.

SECTION 6. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-3-G (Large Commercial Green Gas Service) is hereby amended to read as

* NOT YET APPROVED *

attached and incorporated. Utility Rate Schedule G-3-G, as amended, shall become effective July 1, 2016.

SECTION 7. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-10 (Compressed Natural Gas Service Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-10, as amended, shall become effective July 1, 2016.

SECTION 8. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule G-10-G (Compressed Natural Green Gas Service Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule G-10-G, as amended, shall become effective July 1, 2016.

SECTION 9. The City Council finds as follows:

- a. Revenues derived from the gas rates approved by this resolution do not exceed the funds required to provide water service.
- b. Revenues derived from the gas rates approved by this resolution shall not be used for any purpose other than providing gas service, and the purposes set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

SECTION 10. The Council finds that the fees and charges adopted by this resolution are charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product.

SECTION 11. The Council finds that the adoption of this resolution changing gas rates to meet operating expenses, purchase supplies and materials, meet financial reserve needs and obtain funds for capital improvements necessary to maintain service is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec. 15273(a). After reviewing the staff report and all attachments presented to Council, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

* NOT YET APPROVED *

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Utilities

Director of Administrative Services

RESIDENTIAL GAS SERVICE

UTILITY RATE SCHEDULE G-1**A. APPLICABILITY:**

This schedule applies to the following Customers receiving Gas Service from City of Palo Alto Utilities:

1. Separately-metered single-family residential Customers.
2. Separately-metered multi-family residential Customers in multi-family residential facilities.

B. TERRITORY:

This schedule applies anywhere the City of Palo Alto provides Gas Service.

C. UNBUNDLED RATES:Per Service

Monthly Service Charge:\$~~910.3288~~

Tier 1 Rates:

Per Therm

Supply Charges:

1. Commodity (Monthly Market Based) \$0.10-\$2.00
2. Cap and Trade Compliance Charge\$0.00-\$0.25

Distribution Charge:.....\$0.~~50214392~~

Tier 2 Rates: (All usage over 100% of Tier 1)

Supply Charges:

1. Commodity (Monthly Market Based) \$0.10-2.00
2. Cap and Trade Compliance Charge\$0.00-\$0.25

Distribution Charge:.....
.....\$~~01.0407954~~

6

D. SPECIAL NOTES:**1. Calculation of Cost Components**

The actual bill amount is calculated based on the applicable rates in Section C above and

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No G-1-1
dated ~~42~~-1-201~~35~~

Effective ~~72~~-1-201~~56~~
Sheet No G-1-1

RESIDENTIAL GAS SERVICE

UTILITY RATE SCHEDULE G-1

adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter. The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required. The Commodity and Cap and Trade Compliance Charges will fall within the minimum/maximum ranges set forth in Section C.

2. Seasonal Rate Changes:

The Summer period is effective April 1 to October 31 and the Winter period is effective from November 1 to March 31. When the billing period includes use in both the Summer and the Winter periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates for each period. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Calculation of Usage Tiers

Tier 1 natural gas usage shall be calculated and billed based upon a level of 0.667 therms per day during the Summer period and 2.0 therms per day during the Winter period, rounded to the nearest whole therm, based on meter reading days of service. As an example, for a 30 day bill, the Tier 1 level would be 20 therms during the Summer period and 60 therms during the Winter period months. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

{End}

CITY OF PALO ALTO UTILITIES

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dated ~~4-2-1-2013~~5



CITY OF PALO ALTO
UTILITIES

Effective ~~7-2-1-2015~~6
Sheet No G-1-2

RESIDENTIAL GREEN GAS SERVICE

UTILITY RATE SCHEDULE G-1-G

A. APPLICABILITY:

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities under the PaloAltoGreen Gas Program:

1. Separately-metered single-family residential Customers.
2. Separately-metered multi-family residential Customers in multi-family residential facilities.

B. TERRITORY:

This schedule applies anywhere the City of Palo Alto provides Gas Service.

C. UNBUNDLED RATES:

Per Service

Monthly Service Charge:\$~~910.3288~~

Tier 1 Rates:

Per Therm

Supply Charges:

1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
2. Cap and Trade Compliance Charges\$0.00-\$0.25

Distribution Charge:.....\$0.~~50214392~~

PaloAltoGreen Gas Charge..... \$0.1200

Tier 2 Rates: (All usage over 100% of Tier 1)

Supply Charges:

1. Commodity (Monthly Market Based)..... \$0.10-2.00
2. Cap and Trade Compliance Charges.....\$0.00-\$0.25

Distribution Charge:.....\$~~01.04079546~~

PaloAltoGreen Gas Charge..... \$0.1200

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No G-1-G-1
dated ~~72~~-1-201~~45~~



CITY OF PALO ALTO
UTILITIES

Effective ~~27~~-1-201~~56~~
Sheet No **G-1-G-1**

RESIDENTIAL GREEN GAS SERVICE

UTILITY RATE SCHEDULE G-1-G

adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter. The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required. The Commodity and Cap and Trade Compliance Charges will fall within the minimum/maximum ranges set forth in Section C.

2. Seasonal Rate Changes:

The Summer period is effective April 1 to October 31 and the Winter period is effective from November 1 to March 31. When the billing period includes use in both the Summer and the Winter periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates for each period. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

3. Calculation of Usage Tiers

Tier 1 natural gas usage shall be calculated and billed based upon a level of 0.667 therms per day during the Summer period and 2.0 therms per day during the Winter period, rounded to the nearest whole therm, based on meter reading days of service. As an example, for a 30 day bill, the Tier 1 level would be 20 therms during the Summer period and 60 therms during the Winter period months. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

4. PaloAltoGreen Gas Program Description and Participation

PaloAltoGreen Gas provides for the reduction of green-house gas (GHG) emissions associated with a Customer's Gas usage, through the purchase of certified environmental offsets, with a preference to projects located in California. Purchases are made to match 100% of the therm usage at the Customer's premises every month.

Customers choosing to participate shall fill out a PaloAltoGreen Gas Program application provided by the Customer Service Center.

{End}

CITY OF PALO ALTO UTILITIES

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dated ~~72~~-1-201~~45~~



CITY OF PALO ALTO
UTILITIES

Effective ~~27~~-1-201~~56~~
Sheet No **G-1-G-2**

RESIDENTIAL MASTER-METERED AND COMMERCIAL GAS SERVICE

UTILITY RATE SCHEDULE G-2

A. APPLICABILITY:

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities:

1. Commercial Customers who use less than 250,000 therms per year at one site.
2. Master-metered residential Customers in multi-family residential facilities.

B. TERRITORY:

This schedule applies anywhere the City of Palo Alto provides Gas Service.

C. UNBUNDLED RATES:

Per Service

Monthly Service Charge:\$7~~84~~.~~23~~86

Per Therm

Supply Charges:

1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
2. Cap and Trade Compliance Charges \$0.00-0.25

Distribution Charge:\$0.6~~85~~~~51~~47

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter. The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required. The Commodity and Cap and Trade Compliance Charges will fall within the minimum/maximum ranges set forth in Section C.

{End}

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No G-2-1
dated ~~7~~2-1-201~~25~~



CITY OF PALO ALTO
UTILITIES

Effective ~~2~~7-1-201~~56~~
Sheet No G-2-1

RESIDENTIAL MASTER-METERED AND COMMERCIAL GREEN GAS SERVICE

UTILITY RATE SCHEDULE G-2-G

A. APPLICABILITY:

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities under the PaloAltoGreen Gas Program:

1. Master-metered residential Customers in multi-family residential facilities.
2. Commercial Customers who use less than 250,000 therms per year at one site.

B. TERRITORY:

This schedule applies anywhere the City of Palo Alto provides Gas Service.

C. UNBUNDLED RATES:

1. 100% Renewable/Full Green option: Per Service

Monthly Service Charge:\$7~~84~~.~~2386~~

Per Therm

Supply Charges:

1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
2. Cap and Trade Compliance Charges \$0.00-0.25

Distribution Charge:\$0.6~~855~~~~147~~

PaloAltoGreen Gas Charge..... \$0.1200

2. 100 Therm block option: Per Service

Monthly Service Charge:\$7~~84~~.~~2386~~

Per Therm

Supply Charges:

1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
2. Cap and Trade Compliance Charges \$0.00-0.25

Distribution Charge:\$0.6~~855~~~~147~~

PaloAltoGreen Gas Charge (per 100 therm block)..... \$12.00

CITY OF PALO ALTO UTILITIES

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dated ~~7~~2-1-201~~4~~5



CITY OF PALO ALTO
UTILITIES

Effective ~~2~~7-1-201~~5~~6
Sheet No G-2-G-1

RESIDENTIAL MASTER-METERED AND COMMERCIAL GREEN GAS SERVICE

UTILITY RATE SCHEDULE G-2-G

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter. The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required. The Commodity and Cap and Trade Compliance Charges will fall within the minimum/maximum ranges set forth in Section C.

2. Request for Service

A qualifying Customer may request service under this schedule for more than one account or meter if the accounts are located on one. A site consists of one or more contiguous parcels of land with no intervening public right-of-ways (e.g. streets).

3. PaloAltoGreen Gas Program Description and Participation

PaloAltoGreen Gas provides for the reduction of green-house gas (GHG) emissions associated with a Customer's gas usage, through the purchase of certified environmental offsets, with a preference to projects located in California. Purchases are made to match 100% of the therm usage at the Customer's facility every month (the 100% Renewable/Full Green option), or in 100 therm blocks.

Customers choosing to participate shall fill out a PaloAltoGreen Gas Program application provided by the Customer Service Center.

{End}

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No G-2-G-2
dated ~~7~~2-1-20145



CITY OF PALO ALTO
UTILITIES

Effective ~~2~~7-1-20156
Sheet No **G-2-G-2**

LARGE COMMERCIAL GAS SERVICE

UTILITY RATE SCHEDULE G-3

A. APPLICABILITY:

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities:

1. Commercial Customers who use at least 250,000 therms per year at one site.
2. Customers at City-owned generation facilities.

B. TERRITORY:

This schedule applies anywhere the City of Palo Alto provides natural gas service.

C. UNBUNDLED RATES:

Per Service

Monthly Service Charge: \$3~~7761.4318~~

Per Therm

Supply Charges:

1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
2. Cap and Trade Compliance Charges \$0.00-0.25

Distribution Charge:\$0.6~~775071~~

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter. The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required. The Commodity and Cap

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No G-3-1
dated ~~72~~-1-201~~25~~



CITY OF PALO ALTO
UTILITIES

Effective ~~27~~-1-201~~56~~
Sheet No **G-3-1**

LARGE COMMERCIAL GAS SERVICE

UTILITY RATE SCHEDULE G-3

and Trade Compliance Charges will fall within the minimum/maximum ranges set forth in Section C.

2. Request for Service

A qualifying Customer may request service under this schedule for more than one account or meter if the accounts are located on one site. A site consists of one or more contiguous parcels of land with no intervening public right-of- ways (e.g. streets).

3. Changing Rate Schedules

Customers may request a rate schedule change at any time to any applicable City of Palo Alto full-service rate schedule. ~~Customers served under this rate schedule may elect Gas Direct Access at any time.~~

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No G-3-2
dated ~~72~~-1-201~~25~~



CITY OF PALO ALTO
UTILITIES

Effective ~~27~~-1-201~~56~~
Sheet No G-3-2

LARGE COMMERCIAL GREEN GAS SERVICE

UTILITY RATE SCHEDULE G-3-G

A. APPLICABILITY:

This schedule applies to the following Customers receiving Gas Service from the City of Palo Alto Utilities under the PaloAltoGreen Gas Program:

1. Commercial Customers who use at least 250,000 therms per year at one site.
2. Customers at City-owned generation facilities.

B. TERRITORY:

This schedule applies anywhere the City of Palo Alto provides Gas Service.

C. UNBUNDLED RATES:

1. 100% Renewable/Full Green option: Per Service

Monthly Service Charge: \$3~~7761.4318~~

Per Therm

Supply Charges:

1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
2. Cap and Trade Compliance Charges \$0.00-0.25

Distribution Charge:\$0.6~~775071~~

PaloAltoGreen Gas Charge:.....\$0.1200

2. 100 Therm block option: Per Service

Monthly Service Charge: \$3~~7761.4318~~

Per Therm

Supply Charges:

1. Commodity (Monthly Market Based)..... \$0.10-\$2.00
2. Cap and Trade Compliance Charges \$0.00-0.25

Distribution Charge:\$0.6~~775071~~

PaloAltoGreen Gas Charge (per 100 therm block):.....\$12.00

D. SPECIAL NOTES:

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dated ~~72~~-1-201~~45~~



CITY OF PALO ALTO
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Effective ~~27~~-1-201~~56~~
Sheet No G-3-G-1

LARGE COMMERCIAL GREEN GAS SERVICE

UTILITY RATE SCHEDULE G-3-G

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity Charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter. The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required. The Commodity and Cap and Trade Compliance Charges will fall within the minimum/maximum ranges set forth in Section C.

2. Request for Service

A qualifying Customer may request service under this schedule for more than one account or meter if the accounts are located on one site. A site consists of one or more contiguous parcels of land with no intervening public right-of-ways (e.g. streets).

3. PaloAltoGreen Gas Program Description and Participation

PaloAltoGreen Gas provides for the reduction of green-house gas (GHG) emissions associated with a Customer's gas usage, through the purchase of certified environmental offsets, with a preference to projects located in California. Purchases are made to match 100% of the therm usage at the Customer's facility every month, (the 100% Renewable/Full Green option), or in 100 therm blocks.

Customers choosing to participate shall fill out a PaloAltoGreen Gas Program application provided by the Customer Service Center.

{End}

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No G-3-G-2
dated ~~72~~-1-2014~~5~~



CITY OF PALO ALTO
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Effective ~~27~~-1-201~~56~~
Sheet No **G-3-G-2**

COMPRESSED NATURAL GAS SERVICE

UTILITY RATE SCHEDULE G-10

A. APPLICABILITY:

This schedule applies to the sale of natural gas to the City-owned compressed natural gas (CNG) fueling station at the Municipal Service Center in Palo Alto

B. TERRITORY:

Applies to location at the Municipal Service Center in City of Palo Alto.

C. UNBUNDLED RATES:

Per Service

Monthly Service Charge:\$5~~20.93~~65

Per Therm

Supply Charges:

Commodity (Monthly Market Based)..... \$0.10-\$2.00

Cap and Trade Compliance Charges..... \$0.00 to \$0.25

Distribution Charge.....\$0.0~~963~~509

D. SPECIAL CONDITIONS

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter. The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to changing market conditions, retail sales volumes and the quantity of allowances required. The Commodity and Cap and Trade Compliance Charges will fall within the minimum/maximum range set forth in Section C. **{End}**

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO
UTILITIES

Effective ~~47-201~~-201~~56~~
Sheet No. **G-10-1**

COMPRESSED NATURAL GREEN GAS SERVICE

UTILITY RATE SCHEDULE G-10-G

A. APPLICABILITY:

This schedule applies to the wholesale sale of natural gas to the City-owned compressed natural gas (CNG) fueling station at the Municipal Service Center in Palo Alto under the PaloAltoGreen Gas Program:

B. TERRITORY:

The City-owned compressed natural gas (CNG) fueling station located at the Municipal Service Center in City of Palo Alto.

C. UNBUNDLED RATES: Per Service

Monthly Service Charge:\$5~~20.93~~65

Per Therm

Supply Charges:

Commodity (Monthly Market Based)..... \$0.10-\$2.00

Cap and Trade Compliance Charges..... \$0.00 to \$0.25

Distribution Charge.....\$0.09~~63~~509

PaloAltoGreen Gas Charge.....\$0.1200

D. SPECIAL CONDITIONS

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or Taxes. On a Customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

The Commodity charge is based on the monthly natural gas Bidweek Price Index for delivery at PG&E Citygate, accounting for delivery losses to the Customer's Meter. The Cap and Trade Compliance Charge reflects the City's cost of regulatory compliance with the state's Cap and Trade Program, including the cost of acquiring compliance instruments sufficient to cover the City's Gas Utility's compliance obligations. The Cap and Trade Compliance Charge will change in response to

CITY OF PALO ALTO UTILITIES

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Effective ~~47-120-2015~~
Sheet No. **G-10-G-1**

COMPRESSED NATURAL GREEN GAS SERVICE

UTILITY RATE SCHEDULE G-10-G

changing market conditions, retail sales volumes and the quantity of allowances required. The Commodity and Cap and Trade Compliance Charges will fall within the minimum/maximum range set forth in Section C.

2. PaloAltoGreen Gas Program Description and Participation

PaloAltoGreen Gas provides for the reduction of green-house gas (GHG) emissions associated with a Customer's Gas usage, through the purchase of certified environmental offsets, with a preference to projects located in California. Purchases are made to match 100% of the therm usage at the Customer's premises every month.

Customers choosing to participate shall fill out a PaloAltoGreen Gas Program application provided by the Customer Service Center.

{End}

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No G-10-G--2
dated 4-20-2015



Effective ~~47-120-2015~~
Sheet No. **G-10-G-2**

NOT YET APPROVED

Resolution No. _____

Resolution of the Council of the City of Palo Alto Changing Refuse Rates by
Amending Utility Rate Schedule R-1 (Domestic Refuse Collection) and
Consolidating Utility Rate Schedules R-2 and R-3 (Commercial Refuse Collection)
into Utility Rate Schedule R-C (Commercial Refuse Collection)

R E C I T A L S

A. Pursuant to Chapter 12.20.010 of the Palo Alto Municipal Code, the Council of the City of Palo Alto may by resolution adopt rules and regulations governing utility services, fees and charges.

B. On June 13, 2016, the City Council held a full and fair public hearing regarding the proposed rate increase and considered all protests against the proposals.

C. As required by Article XIII D, Section 6 of the California Constitution and applicable law, notice of the June 13, 2016 public hearing was mailed to all City of Palo Alto Utilities refuse customers by April 29, 2016.

D. The City Clerk has tabulated the total number of written protests presented by the close of the public hearing, and determined that it was less than fifty percent (50%) of the total number of customers and property owners subject to the proposed refuse rate amendments, therefore a majority protest does not exist against the proposal.

NOW, THEREFORE, the Council of the City of Palo Alto RESOLVES as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule R-1 (Domestic Refuse Collection) is hereby amended to read in accordance with Sheets R-1-1 and R-1-2, and Utility Rate Schedules R-2 and R-3 are hereby consolidated into Utility Rate Schedule R-C (Commercial Refuse Collection) to read in accordance with Sheets R-C-1 through R-C-8, attached to the FY2017 Adopted Budget Staff Report # 6932 as Attachment H - Residential Rate Schedule and Attachment I – Refuse, and incorporated herein. The foregoing Utility Rate Schedules, as amended, shall become effective on July 1, 2016.

SECTION 2. The rates contained in the Rate Schedules shall be in effect until Council adopts a new refuse rate structure.

SECTION 3. The Council finds that the revenue derived from the refuse rates approved by this resolution do not exceed the funds required to provide refuse service, and the revenue derived from the adoption of this resolution shall be used only for the purposes set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

//

NOT YET APPROVED

SECTION 4. The Council finds that the fees and charges adopted by this resolution are charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product.

SECTION 5. The Council finds that the adoption of this resolution changing refuse collection rates to meet operating expenses, purchase supplies and materials, meet financial reserve needs and obtain funds for capital improvements necessary to maintain service is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec. 15273(a). After reviewing the staff report and all attachments presented to Council, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

Senior Deputy City Attorney

City Manager

Director of Administrative Services

CMR #6932: ATTACHMENT H

DOMESTIC REFUSE COLLECTION

UTILITY RATE SCHEDULE R-1

A. APPLICABILITY:

This schedule applies to each occupied domestic dwelling as required by City ordinance, including separate single-family domestic dwelling and multi-unit dwellings (4 units or less). An occupied dwelling unit is defined as any home, apartment unit, cottage, flat or duplex unit, having kitchen, bath, and sleeping facilities, and to which gas or electric service is being rendered.

B. TERRITORY:

Within the incorporated limits of the City of Palo Alto and on land owned or leased by the City.

C. RATES:

The refuse rates below provide weekly collection, processing and disposal of materials properly deposited in the number of garbage containers indicated below, as well as weekly collection and processing of recyclables from blue carts (standard service includes one 64-gallon blue cart), weekly collection and processing of compostables (yard trimmings, food scraps, and food soiled paper) from green carts (standard service includes one 96-gallon green cart), ongoing maintenance of the closed Palo Alto Landfill, zero waste programs, street sweeping service, the household hazardous waste program, and the annual Clean Up Day.

Monthly Refuse Services Cost

Garbage Cart Sizes

Mini-can/20-gallon cart *	26.48
1 32-gallon cart**	47.69
1 64-gallon cart	95.38
1 96-gallon cart	143.07

*Mini-can service cannot be combined with any other cart service

**Standard cart service is one 32-gallon cart.

D. SPECIAL ITEM CHARGES:

1. Stove/washer/dryer/water heater pick up * 25.00
2. Freezer/refrigerator/air conditioner/garbage compactor pick up * 40.00

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Effective 7-01-16

Supersedes Rate Schedule R-1 dated
7-01-15

Sheet No. **R-1-1**

3. Upholstered furniture pick up (per unit) *	15.00
4. Mattress pick up *	15.00
5. Tire pick up (per tire, limit of 4 tires) *	20.00
6. Pallet pick up *	5.00

* "Surcharge special" fee (see E5. below) applies when special item is not collected under the annual Clean Up Day Program guidelines.

E. SPECIAL LABOR CHARGES:

1. Return trip (next day service).....	24.00
2. Return trip (same day service)	36.00
3. Extra collection (for service of additional material; charged per cubic yard)	60.00
4. Miscellaneous 1 person service rate (pull out service)	2.50/min
5. Surcharge special (one time pick up of large or non-standard items; or delivery of containers for special events)	80.00
6. Repair rate.....	2.50/min + material
7. Back/side yard collection of garbage (monthly charge per residence – available to current back/side yard service customer only)	3.66

F. SPECIAL CART CHARGES:

1. 32-gallon cart rental***	3.00
2. 64-gallon cart rental***	3.00
3. 96-gallon cart rental***	3.00
4. 20-gallon cart purchase	60.00
5. 32-gallon cart purchase.....	51.00
6. 64-gallon cart purchase.....	57.00
7. 96-gallon cart purchase.....	62.00
8. Cart wash	30.00
9. Compost cart contamination (entire cart dumped).....	30.00
10. Recycling cart contamination (entire cart dumped).....	30.00
11. Damaged cart exchange (one allowed per customer each calendar year at no cost).	20.00
12. Monthly key service (customer provided lock)	15.00
13. Lock (Collector provided)	25.00
14. Cart lock installation.....	40.00

*** Monthly charge for each additional cart of service above three carts for the compostable materials or recycling cart.

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Effective 7-01-15

*Supersedes Rate Schedule R-1 dated
11-01-14*

Sheet No. **R-1-2**

CMR #6932: ATTACHMENT I

COMMERCIAL REFUSE COLLECTION

UTILITY RATE SCHEDULE R-C

A. APPLICABILITY:

This schedule applies to all occupied establishments other than residential premises as required by City ordinance.

B. TERRITORY:

Within the incorporated limits of the City of Palo Alto and on land owned or leased by the City.

C. RATES:

The refuse rates below provide collection, processing and disposal of materials properly deposited in the number of refuse containers indicated below, as well as collection and processing of recyclables from special blue carts. The refuse rates below also provide hazardous waste programs, zero waste programs, ongoing maintenance of the closed Palo Alto Landfill, and street sweeping programs.

(1) MONTHLY GARBAGE CAN/CARTS

Collection Frequency

Cart Sizes	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week	Cart Rental
32-gal. can or cart	\$35.48						\$3.15
64-gal. cart*	73.25	163.66	254.08	344.49	434.91	525.33	3.15
96-gal. cart	109.87	236.91	363.95	490.99	618.03	745.07	3.15

* Standard service is one 64-gallon cart.

CITY OF PALO ALTO UTILITIES

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Effective 7-01-16

Supersedes Sheets .R-2-1&2 and R-3-1 through R-3-5
dated 10-01-11

Sheet No. **R-C-1**

COMMERCIAL REFUSE COLLECTION**UTILITY RATE SCHEDULE R-C****(2) MONTHLY GARBAGE BINS**

Size (cubic yards)	Collection Frequency						Bin Rental
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week	
1	\$178.54	\$363.95	\$549.36	\$733.62	\$919.03	\$1,103.30	\$40.95
1.5	243.78	501.29	759.95	1,017.46	1,274.97	1,532.49	40.95
2	309.02	638.63	970.54	1,301.30	1,630.91	1,961.67	52.50
3	437.20	913.31	1,388.28	1,864.39	2,341.65	2,817.76	67.20
4	581.41	1,174.26	1,825.48	2,448.09	3,068.40	3,689.87	67.20
5	709.59	1,477.55	2,243.22	3,011.18	3,779.14	4,545.95	81.90
6	853.80	1,768.25	2,679.27	3,592.59	4,505.90	5,418.06	81.90
8	1,113.60	2,315.32	3,519.34	4,724.50	5,928.51	7,132.52	107.10

(3) MONTHLY COMPOST CARTS*

Collection Frequency

Cart Sizes	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week	Bin Rental
32-gal. cart	\$28.38						\$3.15
64-gal. cart	58.60	130.93	203.26	275.60	347.93	420.26	3.15
96-gal. cart	87.90	189.53	291.16	392.79	494.42	596.06	3.15

*Multi-unit dwellings with five (5) to ten (10) units may receive up to one 96-gallon compostables cart collected once per week at no charge. Service over 96 gallons will be charged as described in G-7 below.

Note: "Cart wash" (see G-1) is available and the additional cost of \$30 will be assessed to account holders if odors become a public nuisance.

CITY OF PALO ALTO UTILITIES

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Effective 7-01-16

Supersedes Sheets .R-2-1&2 and R-3-1 through R-3-5
dated 10-01-11

Sheet No. **R-C-2**

COMMERCIAL REFUSE COLLECTION**UTILITY RATE SCHEDULE R-C****(4) MONTHLY COMPOST BINS**

Size (cubic yards)	Collection Frequency						Monthly Bin Rental
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week	
1	\$142.83	\$291.16	\$439.49	\$586.90	\$735.25	\$882.64	\$40.95
1.5	195.02	401.03	607.96	813.97	1,019.98	1,225.99	40.95
2	247.21	510.90	776.43	1,041.04	1,304.73	1,569.34	52.50
3	349.76	730.65	1,110.62	1,491.51	1,873.32	2,254.21	67.20
4	465.12	939.41	1,460.38	1,958.47	2,454.72	2,951.89	67.20
5	567.67	1,182.04	1,794.58	2,408.94	3,023.31	3,636.76	81.90
6	683.04	1,414.60	2,143.42	2,874.07	3,604.72	4,334.45	81.90

Note: "Bin wash" (see G-2) is available and the additional cost of \$40 will be assessed to account holders if odors become a public nuisance.

(5) DEBRIS BOXES

NOTE: GreenWaste of Palo Alto has the exclusive rights to haul any and all mixed material (garbage, generic C&D, or mixed recycling) generated in Palo Alto.

Category A: Includes garbage, mixed construction and demolition (C&D).

Category B: Includes single-source separated materials and can be and directly marketed as a single commodity.

Debris Box On-Call Service*					
	7 CY	15 CY	20 CY	30 CY	40 CY
Delivery (A or B)	\$132.30	\$132.30	\$132.30	\$132.30	\$132.30
Service (Cat A)	676.40	676.40	785.13	1,004.87	1,095.29
Service (Cat B)	344.40	344.40	399.84	512.40	558.60
Non-use **	\$76.00	\$76.00	\$76.00	\$76.00	\$76.00

* Additional "Contaminated charge" of \$185.30 (see I-5) may apply on debris boxes used for construction and demolition materials.

**Within a fourteen (14) day period.

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Sheet No. **R-C-3**

COMMERCIAL REFUSE COLLECTION

UTILITY RATE SCHEDULE R-C

Debris Box <u>Category A</u> Permanent Service				
	15 CY	20 CY	30 CY	40 CY
1x/week	\$2,638.07	\$3,209.18	\$4,121.34	\$4,490.67
2x/week	5,276.15	6,418.36	8,241.54	8,981.35
3x/week	7,915.36	9,626.39	12,362.89	13,472.02
4x/week	10,552.29	12,836.71	16,485.38	17,962.70
5x/week	13,190.36	16,045.89	20,606.72	22,453.37
Rental	147.00	195.30	292.95	390.60

Debris Box <u>Category B</u> Permanent Service				
	15 CY	20 CY	30 CY	40 CY
1x/week	\$1,419.49	\$1,656.07	\$1,776.18	\$1,896.29
2x/week	2,838.92	3,312.15	3,552.37	3,792.59
3x/week	4,258.47	4,968.22	5,332.19	5,688.88
4x/week	5,677.96	6,624.29	7,104.73	7,585.18
5x/week	7,097.45	8,280.36	8,880.92	9,481.47
Rental	147.00	195.30	292.95	390.60

CITY OF PALO ALTO UTILITIES

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*Supersedes Sheets .R-2-1&2 and R-3-1 through R-3-5
dated 10-01-11*

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Sheet No. **R-C-4**

COMMERCIAL REFUSE COLLECTION

UTILITY RATE SCHEDULE R-C

D. SPECIAL ITEM CHARGES*:

1. Stove/washer/dryer/heater pick up.....	25.00
2. Freezer/refrigerator/air conditioner (residential only)	40.00
3. Upholstered furniture pick up	15.00
4. Mattress pick up	15.00
5. Tire pick up (per tire, limit of 4 tires)	20.00
6. Pallet pick up	5.00

* Requests for pick up of special items must be made scheduled in advance of regular pick up days. If no request is made, an "Extra collection" fee (see E-1) will be applied.

E. SPECIAL LABOR CHARGES:

1. Extra collection (for service of additional material; charged per cubic yard)	60.00
2. Miscellaneous 1 person service rate	2.50/min
3. Repair rate	2.50/min + material
4. Return trip/Special trip.....	80.00
5. Special Events	
Delivery.....	30.00
Materials and Service (per waste station)	20.00

(6) Pullout Service (per container)

	Carts	Bins
1x/week	\$50.00	\$200.00
2x/week	100.00	400.00
3x/week	150.00	600.00
4x/week	200.00	800.00
5x/week	250.00	1,000.00
6x/week	300.00	1,200.00

7. Whole cardboard box (boxes that have not been broken down)	
Cart.....	25.00
Bin.....	50.00
8. Overflowing container	
Cart.....	30.00
Bin.....	50.00

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dated 10-01-11

Sheet No. **R-C-5**

COMMERCIAL REFUSE COLLECTION

UTILITY RATE SCHEDULE R-C

Debris Box <u>Category A</u> Permanent Service				
	15 CY	20 CY	30 CY	40 CY
1x/week	\$2,638.07	\$3,209.18	\$4,121.34	\$4,490.67
2x/week	5,276.15	6,418.36	8,241.54	8,981.35
3x/week	7,915.36	9,626.39	12,362.89	13,472.02
4x/week	10,552.29	12,836.71	16,485.38	17,962.70
5x/week	13,190.36	16,045.89	20,606.72	22,453.37
Rental	147.00	195.30	292.95	390.60

Debris Box <u>Category B</u> Permanent Service				
	15 CY	20 CY	30 CY	40 CY
1x/week	\$1,419.49	\$1,656.07	\$1,776.18	\$1,896.29
2x/week	2,838.92	3,312.15	3,552.37	3,792.59
3x/week	4,258.47	4,968.22	5,332.19	5,688.88
4x/week	5,677.96	6,624.29	7,104.73	7,585.18
5x/week	7,097.45	8,280.36	8,880.92	9,481.47
Rental	147.00	195.30	292.95	390.60

CITY OF PALO ALTO UTILITIES

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dated 10-01-11*

Effective 7-01-16

Sheet No. **R-C-4**

COMMERCIAL REFUSE COLLECTION

UTILITY RATE SCHEDULE R-C

D. SPECIAL ITEM CHARGES*:

1. Stove/washer/dryer/heater pick up.....	25.00
2. Freezer/refrigerator/air conditioner (residential only)	40.00
3. Upholstered furniture pick up	15.00
4. Mattress pick up	15.00
5. Tire pick up (per tire, limit of 4 tires)	20.00
6. Pallet pick up	5.00

* Requests for pick up of special items must be made scheduled in advance of regular pick up days. If no request is made, an "Extra collection" fee (see E-1) will be applied.

E. SPECIAL LABOR CHARGES:

1. Extra collection (for service of additional material; charged per cubic yard)	60.00
2. Miscellaneous 1 person service rate	2.50/min
3. Repair rate	2.50/min + material
4. Return trip/Special trip.....	80.00
5. Special Events	
Delivery.....	30.00
Materials and Service (per waste station)	20.00

(6) Pullout Service (per container)

	Carts	Bins
1x/week	\$50.00	\$200.00
2x/week	100.00	400.00
3x/week	150.00	600.00
4x/week	200.00	800.00
5x/week	250.00	1,000.00
6x/week	300.00	1,200.00

7. Whole cardboard box (boxes that have not been broken down)	
Cart.....	25.00
Bin.....	50.00
8. Overflowing container	
Cart.....	30.00
Bin.....	50.00

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Effective 7-01-16

Supersedes Sheets R-2-1&2 and R-3-1 through R-3-5
dated 10-01-11

Sheet No. **R-C-5**

COMMERCIAL REFUSE COLLECTION

UTILITY RATE SCHEDULE R-C

F. RECYCLING AND COMPOST ORDINANCE CHARGES:

If contamination is identified in a recycling or compost cart or bin, the customer will have an opportunity to remove the contamination and will only be charged a “Return trip” fee. If the customer chooses to not remove the contamination, the customer will be charged an “Extra solid waste pick-up” fee in addition to a “Return trip” fee.

1. Return trip..... 80.00

(2) EXTRA SOLID WASTE PICK UP (for contaminated recycling or compost containers only. Additional charges will apply to any materials left outside of the containers)

Cart/Bin Size	Contaminated Recycling	Contaminated Compost
32-gal.	\$8.19	\$1.64
64-gal.	16.92	3.38
96-gal	25.37	5.07
1 CY	41.23	8.25
1.5 CY	56.30	11.26
2 CY	71.37	14.27
3 CY	100.97	20.19
4 CY	134.27	26.85
5 CY	163.88	32.78
6 CY	197.18	39.44
8 CY	257.18	51.44

3. De minimus (no garbage service but subscribes to both compost and recycling) 25.00

G. SPECIAL CART AND BIN CHARGES:

1. Cart wash 30.00
2. Bin wash..... 40.00
3. Cart exchange 20.00
4. Monthly key service (customer provided lock) per lock..... 15.00
5. Lock (Contractor provided)..... 25.00
6. Cart lock installation..... 40.00
7. Each additional 32-gallon increment of weekly compostables cart service (in excess of 96 gallons per week) for multi-unit dwellings with five (5) to ten (10) units (monthly

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Effective 7-01-16

COMMERCIAL REFUSE COLLECTION

UTILITY RATE SCHEDULE R-C

charge).....	20.00
8. Temporary bin-delivery (per bin).....	80.00
9. Temporary bin non-use fee (within a fourteen (14) day period)	25.00
10. Auto-bar lock installation	200.00

H. SPECIAL DEBRIS BOX CHARGES:

1. Debris box delivery	132.30
2. Debris box non-use (within a fourteen (14) day period).....	76.00
3. Special debris box service between 12 PM to 6 PM	100.00
4. Special debris box service between 6 PM to 12 AM	200.00
5. Special debris box service on Saturday before 12 PM	100.00
6. Special debris box service on Sunday before 6 PM	300.00
7. Special debris box service on Sunday, 6 PM to 12 AM	400.00
8. Contaminated loads of construction and demolition recycling materials.....	185.30
9. Overweight: 8 ton weight limit.....	60.00 per ton
(or fraction thereof) over 8 tons, up to 10 tons.	

Note: GreenWaste cannot transport a debris box that is greater than 10 tons.

I. SPECIAL COMPACTOR CHARGES:

1. Compacted garbage (per compacted cubic yard)	73.25
2. Compacted compostables (per compacted cubic yard)	58.60
3. Compacted recyclables (transportation)	200.00
4. Overweight (per ton).....	60.00
5. Contaminated loads of construction and demolition recycling materials.....	185.30

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

NOT YET APPROVED

Resolution No. _____

Resolution of the Council of the City of Palo Alto Amending Utility Rate
Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm
Drain Rates by 3.2% Per Month Per Equivalent Residential Unit for
Fiscal Year 2017

The Council of the City of Palo Alto RESOLVES, as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule D-1 (Storm and Surface Water Drainage) is hereby amended to read in accordance with sheet D-1-1, attached hereto and incorporated herein. The foregoing Utility Rate Schedule, as amended, shall become effective July 1, 2016.

SECTION 2. The Council finds that this rate increase is being imposed to offset the effects of inflation on labor and material costs pursuant to the annual inflationary fee escalator provision of the Storm Drainage Fee ballot measure, which was approved by a majority of Palo Alto property owners on April 26, 2005.

SECTION 3. The Council finds that the revenue derived from the authorized adoption enumerated herein shall be used only for the purpose set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

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NOT YET APPROVED

SECTION 4. The Council finds that modification and approval of this change to the Utility Rate Schedule D-1 (Storm and Surface Water Drainage) for the purpose of meeting operating expenses is statutorily exempt from California Environmental Quality Act (CEQA) review, pursuant to Public Resources Code Section 15273(a).

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

City Attorney

City Manager

Director of Public Works

Director of Administrative
Services

GENERAL STORM AND SURFACE WATER DRAINAGE

UTILITY RATE SCHEDULE D-1

A. APPLICABILITY:

This schedule applies to all storm and surface water drainage service, excepting only those users and to the extent that they are constitutionally exempt under the Constitution of the State of California or who are determined to be exempt pursuant to Rule and Regulation 25.

B. TERRITORY:

Inside the incorporated limits of the city of Palo Alto and land owned or leased by the city.

C. RATES:

Per Month:

Storm Drainage Fee per Equivalent Residential Unit (ERU) \$13.03

D. SPECIAL NOTES:

1. An Equivalent Residential Unit (ERU) is the basic unit for computation of storm drainage fees for residential and non-residential customers. All single-family residential properties shall be billed the number of ERUs specified in the following table, based on an analysis of the relationship between impervious area and lot size for Palo Alto properties.

RESIDENTIAL RATES (Single-Family Residential Properties)	
PARCEL SIZE (sq.ft.)	ERU
<6,000 sq.ft.	0.8 ERU
6,000 - 11,000 sq.ft.	1.0 ERU
>11,000 sq.ft.	1.4 ERU

All other properties will have ERU's computed to the nearest 1/10 ERU using the following formula:

$$\text{No. of ERU} = \frac{\text{Impervious Area (Sq. Ft.)}}{2,500 \text{ Sq. Ft.}}$$

2. For more details on the storm drainage fee, refer to Utilities Rule and Regulation 25.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council



Supersedes Sheet No.D-1-1 dated 7-1-2015

Effective 7-1-2016
Sheet No. **D-1-1**

Rate Adjustments for All Utilities: FY 2017 Proposed, FY 2018 to FY 2021 Projected

Utility		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Electric Utility		11%	10%	2%	0%	1%
Gas Utility		8%	9%	7%	1%	1%
Wastewater		9%	10%	9%	7%	6%
Water Utility		6%	9%	9%	6%	2%
Refuse ¹		9%	8%	5%	3%	3%
Storm Drain		3.2%	2% to 3%	2% to 3%	2% to 3%	2% to 3%
Bill Change	(%)	8%	9%	6%	4%	2%
	(\$/mo)	\$20.80	\$23.45	\$18.49	\$11.16	\$7.77

* NOT YET APPROVED *

Resolution No. _____
Resolution of the Council of the City of Palo Alto Approving the
FY 2017 Wastewater Utility Financial Plan

R E C I T A L S

A. Each year the City of Palo Alto (“City”) assesses the financial position of its utilities with the goal of ensuring adequate revenue to fund operations. This includes making long-term projections of market conditions, the physical condition of the system, and other factors that could affect utility costs, and setting rates adequate to recover these costs. It does this with the goal of providing safe, reliable, and sustainable utility services at competitive rates. The City adopts Financial Plans to summarize these projections.

B. The City uses reserves to protect against contingencies and to manage other aspects of its operations, and regularly assesses the adequacy of these reserves and the management practices governing their operation. The status of utility reserves and their management practices are included in Reserves Management Practices attached to and made a part of the Financial Plans.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. The Council hereby approves the FY 2017 Wastewater Utility Financial Plan.

SECTION 2. The Council hereby approves the transfer of \$3.95 million in FY 2016 from the Rate Stabilization Reserve to the Operations Reserve, as described in the FY 2017 Wastewater Utility Financial Plan approved via this resolution.

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* NOT YET APPROVED *

SECTION 3. The Council finds that the adoption of this resolution does not meet the California Environmental Quality Act's definition of a project under Public Resources Code Section 21065, and therefore, no environmental assessment is required.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Utilities

Director of Administrative Services

FY 2017 WASTEWATER COLLECTION UTILITY FINANCIAL PLAN

FY 2017 TO FY 2026

FY 2017 WASTEWATER COLLECTION UTILITY FINANCIAL PLAN

FY 2017 TO FY 2026

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

CCF	The standard unit of measurement for water delivered to water customers, equal to one hundred cubic feet, or roughly 748 gallons. When water usage is used to assess wastewater charges for commercial customers, it is measured in CCF.
CIP	Capital Improvement Program
CPAU	City of Palo Alto Utilities Department
FOG	Fats, oils, and grease. When flushed into the sewer system, these materials accumulate in parts of the sewer system and create blockages.
O&M	Operations and Maintenance
RWQCP	Regional Water Quality Control Plant, the wastewater treatment plant owned and operated by the City of Palo Alto that serves Palo Alto and several surrounding communities.
UAC	Utilities Advisory Commission

SECTION 2: EXECUTIVE SUMMARY AND RECOMMENDATIONS

This document presents a Financial Plan for the City of Palo Alto's Wastewater Collection Utility for the next ten years. It provides revenues to cover the costs of operating the utility safely over that time while adequately investing for the future. It also addresses the financial risks facing the utility over the short term and long term, and includes measures to mitigate and manage those risks.

SECTION 2A: OVERVIEW OF FINANCIAL POSITION

Overall costs in the Wastewater Collection Utility are expected to rise by about 5% per year from fiscal year (FY) 2016 to FY 2026. The primary driver is wastewater treatment costs, which are projected to rise by 7% in FY 2017 and 6% per year thereafter, with other costs rising at roughly 3% to 4% per year. The costs for the Wastewater Collection Utility are shown in Table 1 below.

Table 1: Expenses for FY 2015 to FY 2026

Expenses (\$000)	FY 2015 (act.)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Treatment Costs	8,589	9,012	9,855	10,446	11,073	11,737	12,442	13,188	13,980	14,818	15,707	16,650
Operations	3,684	6,044	6,261	6,466	6,670	6,881	7,097	7,320	7,795	7,904	8,150	8,404
Capital Projects	4,067	4,985	4,852	4,996	5,144	5,297	5,455	5,617	5,784	5,955	6,132	6,315
TOTAL	16,340	20,041	20,968	21,908	22,887	23,916	24,993	26,125	27,558	28,678	29,990	31,368

Expenses continue to be higher than revenues, and the Rate Stabilization Reserve has been drawn down in lieu of having larger rate increases. To ensure that revenues cover these rising costs and reserves remain healthy, the financial plan includes the rate trajectory shown in Table

2. The table also shows rate projections from last year's Financial Plan. Note that the rate increase for FY 2017 is the same as projected in the FY 2016 Financial Plan.

Table 2: Projected Wastewater Collection Rate Trajectory for FY 2017 to FY 2026

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Current Plan	9%	10%	9%	7%	6%	4%	4%	4%	4%	4%
FY 2016 Plan	9%	9%	9%	6%	6%	N/A	N/A	N/A	N/A	N/A

The FY 2016 Financial Plan projected that reserves would fall nearly to the minimum reserve levels. However, as costs are increasing faster than projected last year, higher rate increases are required to keep pace.

The Wastewater Collection Utility's Rate Stabilization Reserve is being used to spread the projected cost increases over several years. The FY 2016 Financial Plan proposed a \$2 million transfer from the Rate Stabilization Reserve, but staff recommends increasing this to \$3.95 million. This Financial Plan projects that the Rate Stabilization Reserve will be exhausted by FY 2017.

Table 3: Transfers To/(From) Reserves for FY 2016 to FY 2026 (\$000)

Reserve	FY 2016	FY 2017	FY 2018 to FY 2026
Rate Stabilization	(3,950)	(342)	-
Operations	3,950	342	-

SECTION 2B: SUMMARY OF PROPOSED ACTIONS

Staff proposes the following actions for the Wastewater Collection Utility in FY 2016:

1. Transfer \$3.95 million from the Rate Stabilization Reserve to the Operations Reserve. See *Section 3D: Proposed Reserve Transfers* for more details.

Staff proposes the following actions for the Wastewater Collection Utility in FY 2017:

1. Increase the Wastewater Collection rates as shown in *Section 3B: Current and Proposed Rates*. The changes are projected to increase average system revenues by 9% effective July 1, 2016.
2. Transfer \$342,000 from the Rate Stabilization Reserve to the Operations Reserve. See *Section 3D: Proposed Reserve Transfers* for more details.

SECTION 3: DETAIL OF FY 2017 RATE AND RESERVES PROPOSALS

SECTION 3A: RATE DESIGN

The Wastewater Collection Utility's rates are evaluated and implemented in compliance with the cost of service requirements and procedural rules set forth in the California Constitution (Proposition 218). Current rates were structured based on staff's annual assessment of the wastewater utility's financial position, as well as the methodology from the January 2011

Wastewater Collection Utility Cost of Service & Rate Study completed by Utility Financial Solutions (Staff Report 1399). Staff plans to review and update this cost of service study in 2 to 3 years, unless any major changes occur to the utility's operations or customer base that would necessitate an earlier study. Before conducting any new cost of service study, staff will review current rates and the scope of the study with the Utilities Advisory Commission (UAC) and Council to determine the City's policy priorities.

SECTION 3B: CURRENT AND PROPOSED RATES

The current rates were adopted July 1, 2015, when the City increased sewer rates by 9%. CPAU's sewer rates for commercial customers are based on the previous winter's water use. This closely approximates non-irrigation water consumption, which represents actual sewer use.

CPAU has three sewer rate schedules: one for residents (S-1), one for commercial customers (S-2), and a special schedule for restaurants (S-6), which discharge higher than average amounts of grease and oil and, therefore, have a greater impact on the sewer system. Residential customers are billed a monthly service charge, while commercial customers are billed based on their dry month water usage (January through March). Restaurant customers are billed monthly based on water usage. CPAU also maintains a rate schedule for industrial dischargers (S-7), but there are currently no customers required to be on this rate schedule.

Table 4, below, summarizes the current and proposed rates for all customer classes. Comparisons with neighboring communities are discussed in *Section 4F: Competitiveness*.

Table 4: Sewer Rates (Current and Proposed)

		Current (7/1/2015)	Proposed (7/1/2016)	Change	
				\$/mo.	%
Monthly Service and Minimum Charges (\$/month)					
S-1 (Residential)	Service charge	\$31.95	\$34.83	\$2.88	9%
S-2 (Commercial), S-6 (Restaurant)	Minimum	\$31.95	\$34.83	\$2.88	9%
Quantity Rates: based on winter water usage (average for January - March bill period)					
S-2 (Commercial)	\$/CCF	6.16	6.71	0.55	9%
S-6 (Restaurant)	\$/CCF	9.52	10.38	0.86	9%
S-7 (Industrial)	\$/CCF	2.83	3.08	0.25	9%

SECTION 3C: BILL IMPACT OF PROPOSED RATE CHANGES

Table 5 below shows the impact of the proposed July 1, 2016 rate changes.

Table 5: Impact of Proposed Sewer Changes

	Current (7/1/2015)	Proposed (7/1/2016)	Change	
			\$/mo.	%
Residential	\$ 31.95	\$ 34.83	\$ 2.88	9%
General Commercial (14 CCF)	86.24	93.94	7.70	9%
Restaurant (56 CCF)	533.12	581.28	48.16	9%

SECTION 3D: PROPOSED RESERVE TRANSFERS

In the FY 2016 Financial Plan, several transfers between reserves were approved. Funds related to CIP's in the Reappropriations Reserve were transferred to the CIP reserve, to comply with updated accounting practices. Staff also proposed a \$2 million transfer from the Rate Stabilization Reserve to the Operations Reserve.

In this FY 2017 Financial Plan, staff recommends an additional \$1.95 million transfer from the Rate Stabilization Reserve in FY 2016. This will leave a small amount, \$342,000, to transfer in FY 2017, which will result in a zero balance in the Rate Stabilization Reserve at the end of FY 2017. These transfers are included in the financial projections in this Financial Plan, and will enable CPAU to maintain adequate Operations Reserve levels while moderating the pace of increase in Wastewater Collection rates. The impact of these transfers on reserves levels can be seen in *Appendix A: Wastewater Collection Financial Forecast Detail*.

SECTION 4: UTILITY OVERVIEW

This section provides an overview of the utility and its operations. It is intended as general background information and to help readers better understand the forecasts in later sections.

SECTION 4A: WASTEWATER UTILITY HISTORY

The Wastewater Utility commenced operation in 1899 to serve Palo Alto and Stanford. In its first three decades the system grew to 60 miles of sewers. Raw sewage was discharged into Mayfield Slough at the edge of the Bay. In the 1930s, at the behest of the State Department of Health, Palo Alto built the South Bay's first wastewater treatment plant. At that time the sewer system served 20,500 Stanford and Palo Alto residents and a cannery. The plant was upgraded twice in the 1940s and 1950s to increase capacity.¹ At the same time, the postwar population and industrial boom in the 1950s required rapid expansion of the sewer system. In the first half of the 1960s Palo Alto's area doubled, as did wastewater flows, overwhelming the capacity of several of the utility's "trunk lines," which are the largest diameter main sewer lines carrying wastewater to the treatment plant. This prompted the City, in 1965, to perform the first of its

¹ *Long Range Facilities Plan for the Regional Water Quality Control Plant*, August 2012, Carollo Engineers, pp 2-1 through 2-2

sewer master plans to identify needed capacity improvements. At that point the Wastewater Utility's system comprised more than 150 miles of sewer mains.²

In 1968 the City signed agreements with the Cities of Mountain View and Los Altos to build a new regional treatment plant, the RWQCP, which is still in operation today. Since 1940 the City had been providing treatment services to the East Palo Alto Sanitary District through an existing agreement, and was also serving Stanford University by transporting wastewater across the City's sewer system to the treatment plant. Both of these organizations became partners in the RWQCP as well. At the same time the Town of Los Altos Hills became the sixth partner as it signed an agreement with the City to connect the Town's sewer system to the City's sewer system to carry wastewater to the new RWQCP. The current agreements for the RWQCP extend through 2035.³

In the 1980s the City directed increased attention to the condition of its sewer system, performing a series of studies of groundwater inflow and infiltration into the system. The study found high rates of infiltration, estimating that as much as 40% of the water going to the RWQCP from Palo Alto's system was groundwater and stormwater rather than wastewater.⁴ In some parts of Palo Alto the land surface had subsided due to groundwater pumping by the water utility, and though that practice had ceased many years earlier as the water utility switched to the Hetch Hetchy Regional Water System, parts of the city had already subsided two to five feet. This subsidence had damaged several parts of the sewer collection system, leading to reduced slopes for sewer mains that caused reductions in capacity. In response to these studies the City commenced an accelerated sewer system rehabilitation program.⁵ At that point the sewer system comprised over 190 miles of mains.⁶

A Master Plan study in 1988 recommended a variety of capacity expansions, and in the 1990s the City completed about half of them. However, a 2004 Master Plan update found that the accelerated sewer rehabilitation plan started in the early 1990s had substantially reduced infiltration, easing the capacity problems that had led to the recommended capacity increases in the 1988 study. Several of the outstanding projects were canceled and replaced with a different set of projects.⁷ At the same time the City updated its hydraulic model and developed greater capacity to do system planning in house.

SECTION 4B: CUSTOMER BASE

The City of Palo Alto's Wastewater Collection Utility provides sewer service to the residents and businesses of Palo Alto. It is distinct from the Wastewater Treatment Utility, which provides treatment services for surrounding communities in addition to Palo Alto. Nearly 23,300 customers are connected to the sewer system, approximately 21,450 (92%) of which are residential and 1,850 (8%) of which are non-residential. Residential customers pay a flat fee for

² *Wastewater Collection and Storm Drainage*, 1965, Brown and Caldwell Consulting Engineers, pp 4, 6-7, 143

³ *Long Range Facilities Plan for the Regional Water Quality Control Plant*, August 2012, Carollo Engineers, pg 2-2

⁴ *Wastewater Collection System Master Plan – Capacity Assessment*, January 2004, MWH Americas, Inc., pg ES-2

⁵ CMR 183:90, *Infrastructure Review and Update*, March 1, 1990

⁶ *Master Plan of the Wastewater Collection System*, December 1988, Camp Dresser & McKee, Inc., pg 1-2

⁷ *Wastewater Collection System Master Plan – Capacity Assessment*, January 2004, MWH Americas, Inc., pg ES-3

service. Non-residential customers are billed for sewer service based on their metered winter water usage. There is little variability in revenues for this utility.

SECTION 4C: COLLECTION SYSTEM

The Wastewater Collection Utility delivers all the wastewater it collects to the Regional Water Quality Control Plant (RWQCP) operated by the City of Palo Alto under a partnership agreement with several surrounding communities. Palo Alto is responsible for 37% to 40% of the wastewater sent to the RWQCP. The cost of running the RWQCP is contained in the Wastewater Treatment Utility and is not described in detail in this Financial Plan, but since these costs are a major driver of CPAU's sewer rates, there is some discussion of future trends in treatment costs in *Section 6A: Wastewater Treatment Costs*. Treatment costs make up nearly half of the Wastewater Collection Utility's expenses as shown in Table 1 above.

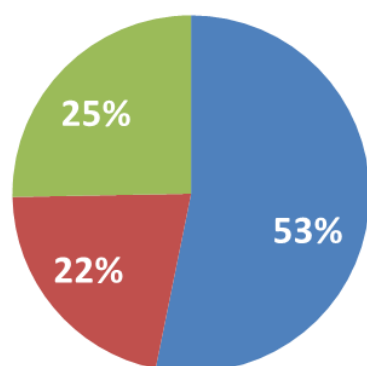
To collect wastewater from its customers and deliver it to the RWQCP, CPAU owns roughly 18,100 sewer laterals (which collect wastewater from customers' plumbing systems) and 217 miles of sewer mains (which transport the waste to the treatment plant). These laterals and mains, along with the associated manholes and cleanouts, represent the vast majority of infrastructure used to collect wastewater in Palo Alto. CPAU conducts a sewer rehabilitation and replacement program to replace mains over time as they deteriorate or to increase capacity. For more discussion of this program, see *Section 6C: Capital Improvement Program (CIP)*. CIP expense accounts for roughly a quarter of the utility's expenditures.

In addition to its CIP, CPAU performs various maintenance activities on the sewer system. These include inspecting and repairing sewer laterals, responding to sewer overflows, regularly cleaning sections of the system heavily impacted by fats, oils, and grease (FOG), and building and replacing sewer laterals for new or redeveloped buildings. The utility also shares the costs of other operational activities (such as customer service, billing, equipment maintenance, and street restoration) with the City's other utilities. These maintenance and operations expenses, as well as associated administration, debt service, rent, and other costs, make up another quarter of the utility's expenses.

SECTION 4D: COST STRUCTURE AND REVENUE SOURCES

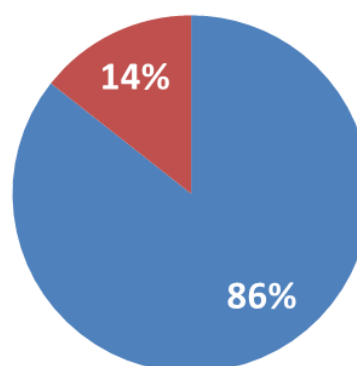
In FY 2015, treatment costs represented nearly half of the Wastewater Collection Utility's costs (53%), followed by Operations (25%) and Capital costs (22%). These expenditures are shown in Figure 1. The utility's revenue in FY 2015, shown in Figure 2, came primarily from sewer charges (86%), with the remainder coming mainly from capacity and connection fees and other sources (14%).

Figure 1: Cost Structure (FY 2015)



■ Treatment ■ Capital ■ Operations

Figure 2: Revenue Structure (FY 2015)



■ Sales Revenues ■ Other Revenues

SECTION 4E: RESERVES STRUCTURE

CPAU maintains six reserves for its Wastewater Collection Utility to manage various types of contingencies. These are summarized below, but see *Appendix C: Wastewater Collection Utility Reserves Management Practices* for more detailed definitions and guidelines for reserve management:

- **Reserve for Commitments:** A reserve equal to the utility's outstanding contract liabilities for the current fiscal year. Most City funds, including the General Fund, have a Commitments Reserve.
- **Reserve for Reappropriations:** A reserve for funds dedicated to projects reappropriated by the City Council, nearly all of which are capital projects. Most City funds, including the General Fund, have a Reappropriations Reserve.
- **Capital Improvement Program (CIP) Reserve:** The CIP reserve can be used to accumulate funds for future expenditure on CIP projects and is anticipated to be empty unless a major one-time CIP expenditure is expected in future years. It also acts as a contingency reserve for the CIP. This type of reserve is used in other utility funds (Electric, Gas, and Water) as well.
- **Rate Stabilization Reserve:** This reserve is intended to be empty unless one or more large rate increases are anticipated in the forecast period. In that case, funds can be accumulated to spread the impact of those future rate increases across multiple years. This type of reserve is used in other utility funds (Electric, Gas, and Water) as well.
- **Operations Reserve:** This is the primary contingency reserve for the Wastewater Collection Utility, and is used to manage yearly variances from budget for operational costs. This type of reserve is used in other utility funds (Electric, Gas, and Water) as well.
- **Unassigned Reserve:** This reserve is for any funds not assigned to the other reserves and is normally empty.

SECTION 4F: COMPETITIVENESS

Table 6 shows the monthly sewer bills for residential customers compared to what they would be in surrounding communities. The annual sewer bill for a Palo Alto customer is \$383 under current rates, 32% lower than the average neighboring community. Palo Alto has the third lowest bill of the group.

Table 6: Residential Monthly Sewer Bill Comparison

Palo Alto	Neighboring Communities						Neighboring Community Average
	Menlo Park	Redwood City	Mountain View	Los Altos	Santa Clara	Hayward	
31.95	81.08	74.95	28.80	32.01	37.94	28.93	47.29
<i>Based on rates as of February 2016</i>							

If the proposed rate change discussed in *Section 3B: Current and Proposed Rates* is adopted by Council, and assuming other agencies do not change their sewer rates, Palo Alto would be 26% lower than the average neighboring community and retain the third lowest bill.

Table 7 compares the sewer bills for two classes of commercial customers to what they would be under surrounding communities' rate schedules. Note that other communities often have specific rates for industrial customers that discharge high intensity wastewater, such as food processors or chemical or electronics manufacturers, but Palo Alto does not currently have any customers that require these special rates. Palo Alto is less competitive with surrounding cities with regards to commercial sewer rates, but is not the most expensive jurisdiction.

Table 7: Commercial Monthly Sewer Bill Comparison

	Palo Alto	Neighboring Communities						Neighboring Community Average
		Menlo Park	Redwood City	Mountain View	Los Altos	Santa Clara	Hayward	
General Commercial	\$86.24	\$125.58	\$74.95	\$52.78	\$44.82	\$60.06	\$61.18	\$69.90
Restaurant	\$533.12	\$626.08	\$686.78	\$412.16	\$121.68	\$537.60	\$463.12	\$474.57
<i>Based on rates as of February 2016</i>								

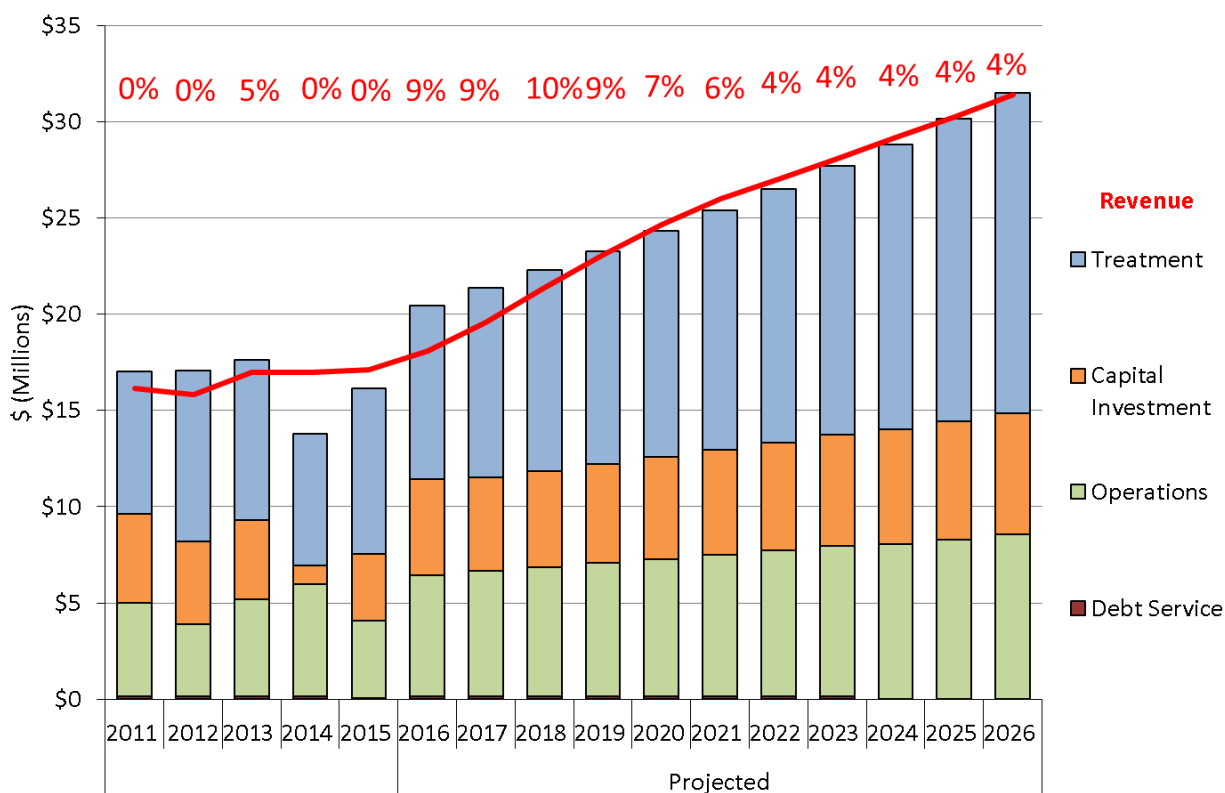
SECTION 5: UTILITY FINANCIAL PROJECTIONS

SECTION 5A: FY 2011 TO FY 2015 COST AND REVENUE TRENDS

Figure 3 shows the Wastewater Collection Utility's actual expenses and revenues for the past five years and projections through FY 2026. For FY 2011 through FY 2015, Operations costs grew at about the pace of inflation, at around 2% per year. Capital Investment expenses actually saw a slight contraction over this period, but this was partially due to backlogged projects necessitating a short term lowering of CIP budgets. Treatment costs during this time rose by 4% annually on average.

Since the revenue for this utility is very stable, revenue changes closely follow rate changes. The other large revenue item of note is the continued connection and capacity fees from new construction. These fees have grown dramatically since FY 2010, and it is uncertain when this trend may dampen.

Figure 3: Wastewater Collection Utility Expenses, Revenues and Rate Changes
Actual Costs through FY 2015 and Projections through FY 2026



SECTION 5B: FY 2015 RESULTS

Forecast sources of funds for FY 2015 were higher than projected by \$137,000, but expenses related to Administration and Customer Service activities came in well below expected budget. Total FY 2015 expenses were \$16.15 million compared to projections of \$18.64 million in the FY 2016 Financial Plan. Table 8 summarizes the variances from forecast.

Table 8: FY 2015, Actual Results vs. Financial Plan Forecast

	Net Cost/ (Benefit)	Type of change
Admin and customer service costs lower than projected	(1,985,000)	Cost savings
Connection, capacity fees and other revenues were higher than forecasted	(489,000)	Revenue increase
Sales revenues lower than forecast	352,000	Revenue decrease
Operations, capital and other cost savings	(502,000)	Cost savings
Net Cost / (Benefit) of Variances	(\$2,625,000)	

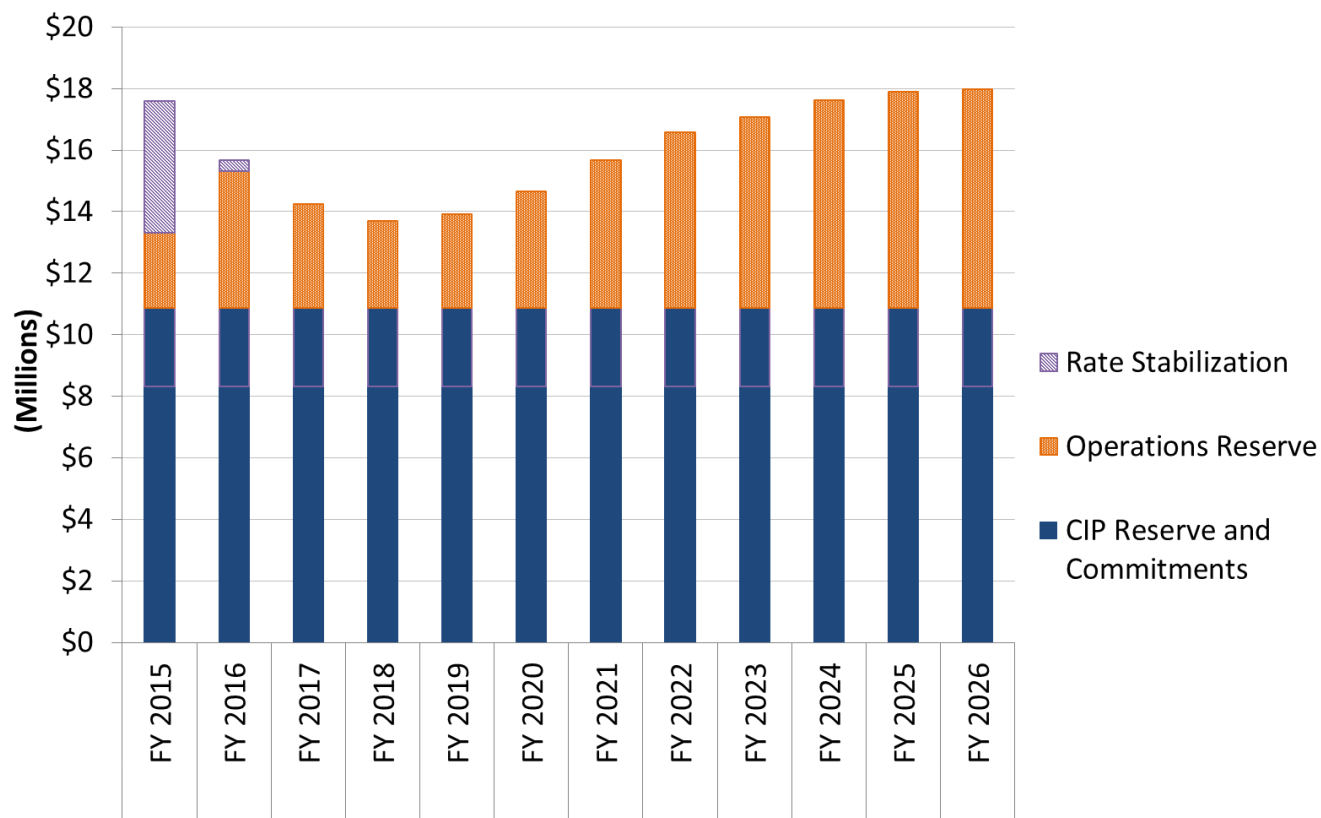
SECTION 5C: FY 2016 PROJECTIONS

There are no notable changes from the FY 2016 budget identified at this time.

SECTION 5D: FY 2017 – FY 2026 PROJECTIONS

Staff has prepared a forecast of costs and revenues through FY 2026. As shown in Figure 3 above (and, in more detail, in *Appendix A: Wastewater Collection Financial Forecast Detail*), the Wastewater Collection Utility's total costs are projected to increase by roughly 4.4% per year on average for FY 2016 through FY 2026. The majority of this increase is borne by projected treatment cost increases. The treatment plant itself is facing the need for major upgrades in coming years, both due to age of equipment and constantly changing environmental regulations. While the costs of the plant are shared among member agencies, Palo Alto is still expected to see average cost increases of 6.3% per year over the forecast horizon.

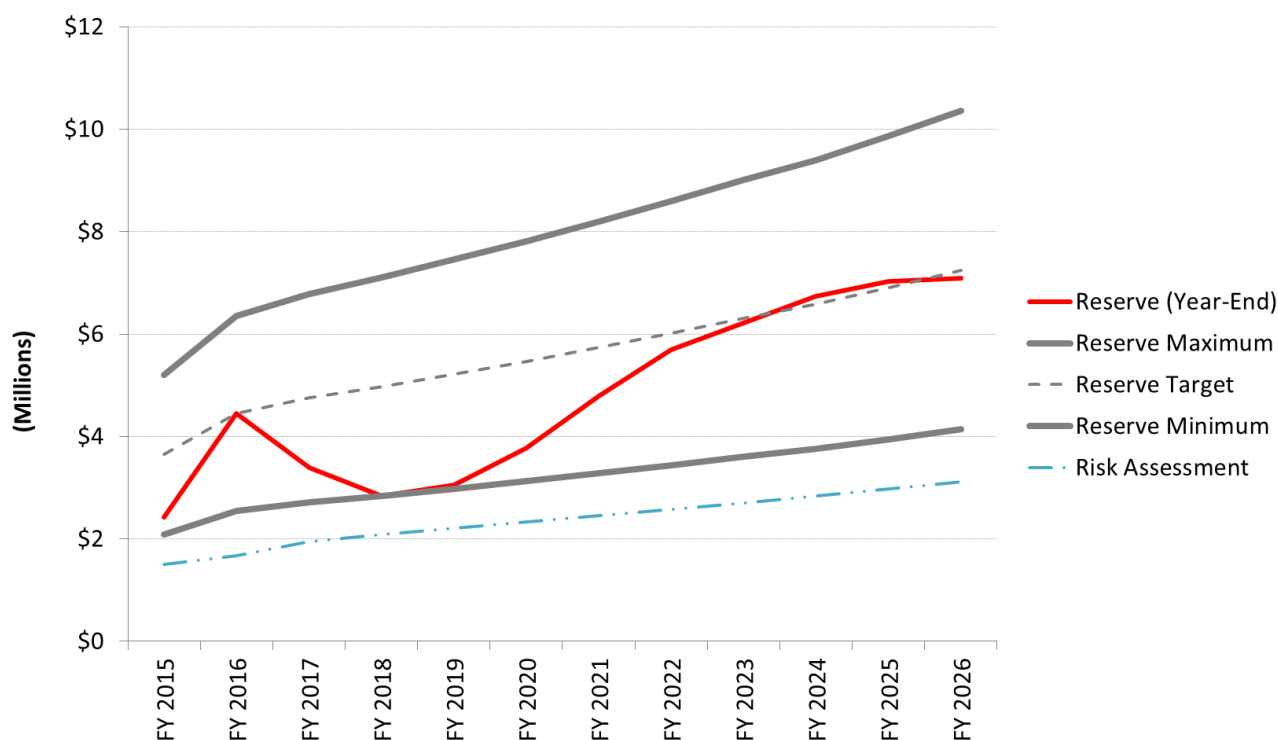
Revenues are shown by the red line in Figure 3, and what is notable here is that costs have been generally higher than revenue. While some relief was experienced during times of lower CIP expenditures, this trend of under-collection continues into the future, resulting in a rapid reduction of reserves. A path of 9% and 10% annual rate increases in the near term, decreasing to more inflationary increases in outer years, is required to keep reserves from dropping too low. Figure 4 below shows the relative drop in reserves, only showing slowing replenishment after the projected 10% increase in FY 2018.

Figure 4: Wastewater Collection Reserves Projections

SECTION 5E: RISK ASSESSMENT AND RESERVES ADEQUACY

The Wastewater Collection Utility currently has one contingency reserve, the Operations Reserve, and this Financial Plan maintains reserves within the approved guideline levels throughout the forecast period, as shown in Figure 5 below. Reserve levels also exceed the short term risk assessment for the utility.

Figure 5: Operations Reserve Adequacy



Staff performs an annual assessment of risks for the Wastewater Collection Utility. For this evaluation, staff estimates the revenue shortfall due to:

1. the maximum observed budget-to-actual variance in one year during the past five years;
2. an increase of 10% in system improvement CIP expenditures for the year; and
3. an increase of 10% in treatment costs.

Table 9 summarizes the risk assessment calculation for the Wastewater Collection Utility through FY 2021. The Operations Reserve is projected to be adequate to manage these levels of risk over the entire forecast period.

Table 9: Wastewater Collection Risk Assessment

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Revenue (\$000)	17,505	19,249	20,989	22,474	23,832
Max. Historical Budget-to-Actual variance	3%	3%	3%	3%	3%
Budget-to-Actual Risk (\$000)	525	577	630	674	715
System Rehabilitation CIP Budget (\$000)	4,458	4,590	4,726	4,867	5,011
CIP Contingency @10% (\$000)	446	459	473	487	501
Treatment Budget (\$000)	9,855	10,446	11,073	11,737	12,442
Treatment Cost Contingency @10% (\$000)	986	1,045	1,107	1,174	1,244
Total risk assessment value (\$000)	1,957	2,081	2,210	2,335	2,460
Projected Operations Reserve Level (\$000)	3,386	2,837	3,048	3,780	4,793

SECTION 5F: ALTERNATE SCENARIOS

At its February 2016 meeting, the UAC suggested that staff prepare two alternate scenarios for rate increases. The first (“Target”) scenario keeps the Operations Reserve at or near the Target level during the forecast period. The second (“Minimum”) scenario tries to mitigate rate increases and get as near to the minimum reserve level as possible for five years before moving to Target level. Rate trajectories for both alternate scenarios as well as the proposed rate adjustments are shown in Table 10 below.

Staff also modeled a scenario with no wastewater rate increase in FY 2017. This scenario decreases the Operations Reserve to the Risk Assessment value, and requires a 25% in FY 2018 to keep reserves at that value for one more year, before net revenue growth starts.

Table 10: Projected Wastewater Rate Trajectory for FY 2017 to FY 2026

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Proposed	9%	10%	9%	7%	6%	4%	4%	4%	4%	4%
Target	16%	9%	4%	4%	5%	5%	4%	6%	4%	4%
Minimum	5%	19%	4%	4%	6%	6%	6%	6%	5%	4%

The Target scenario, represented in Figure 6 below, requires a 16% rate increase (larger than the proposed 9% increase) in FY 2017, but reduces the rate increase slightly in FY 2018. The Minimum scenario, represented in Figure 7 below, allows a lower rate increase in FY 2017, but requires a significant rate increase (19%) in FY 2018.

Staff recommends a 9% wastewater rate increase in FY 2017 to smooth the rate increases over the next two years while keeping the Wastewater Collection Operations Reserve at healthy levels.

Figure 6: Operations Reserve at Target Level

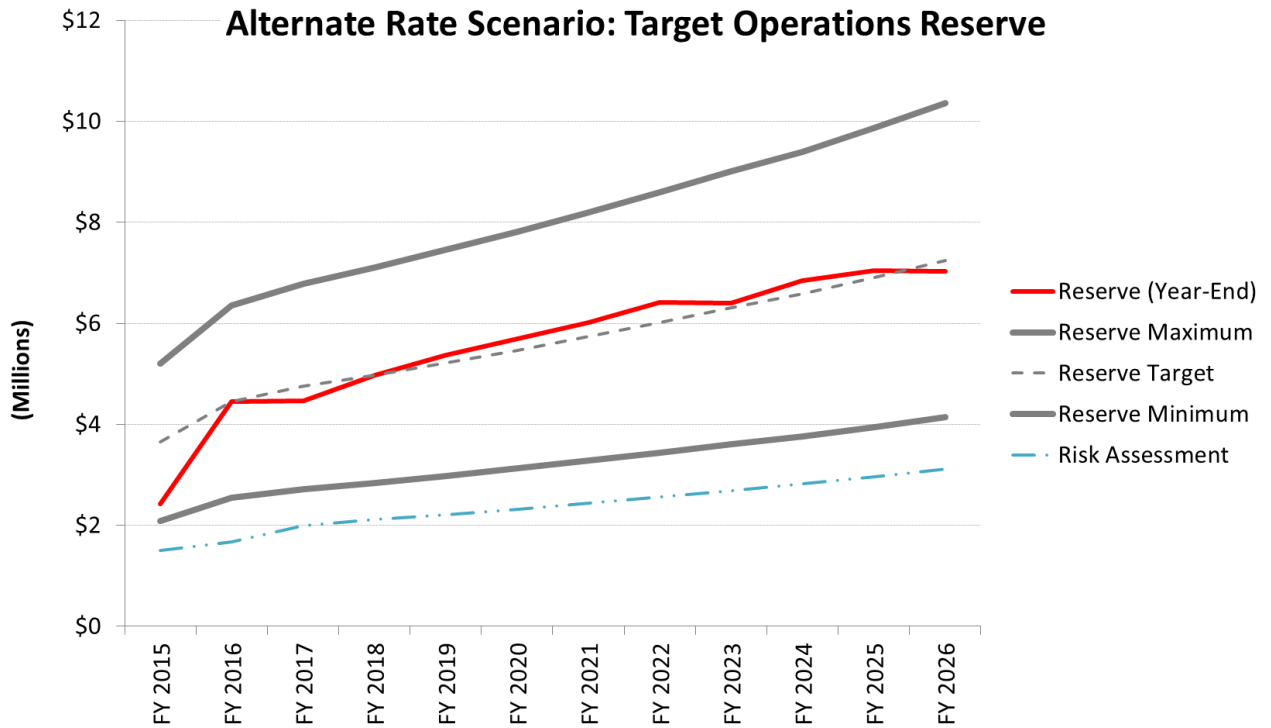
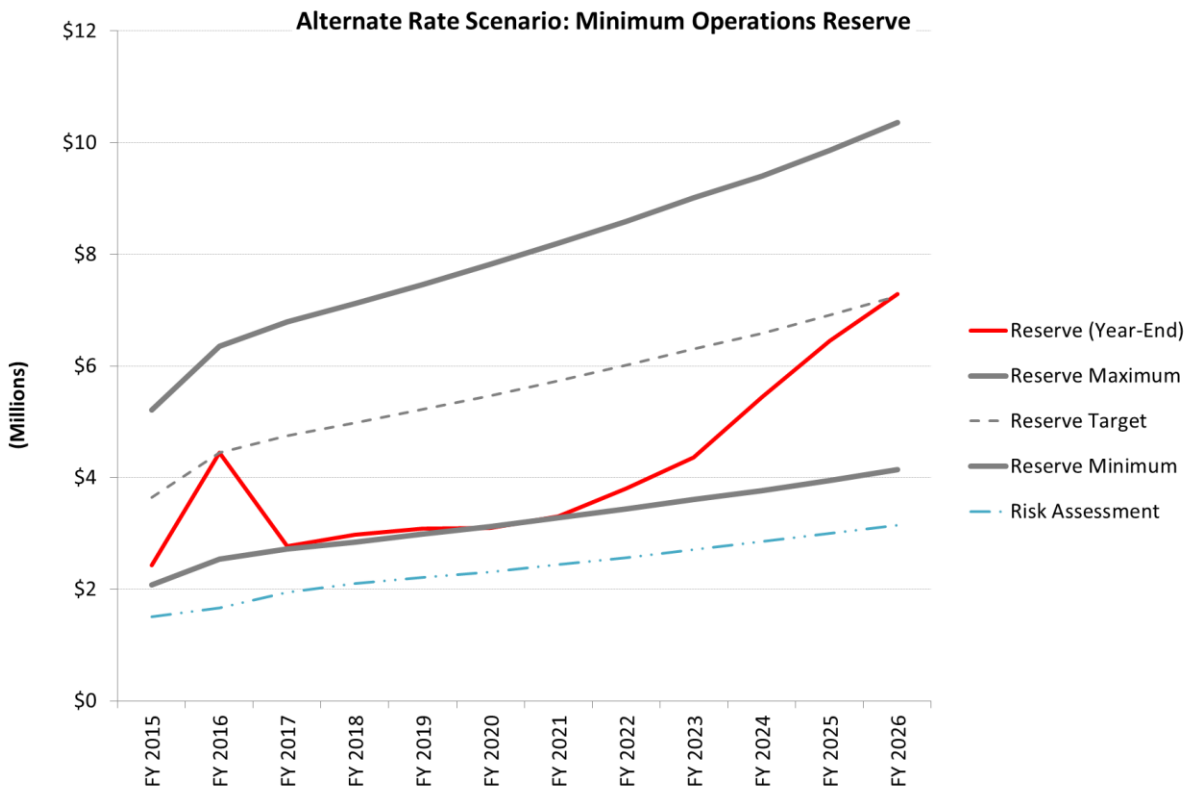


Figure 7: Operations Reserve at Minimum for FY 2017 through FY 2021



SECTION 5G: LONG-TERM OUTLOOK

In the longer term (5 to 35 years) the primary factor that could lead to increased costs for the Wastewater Collection Utility are major upgrades at the RWQCP, a share of which will be allocated to the utility as part of treatment costs. These upgrades includes replacement or rehabilitation of the parts of the facility that pump raw sewage to the main treatment works (the headworks), separate out primary sludge (the primary settling tank), process sludge (the bio-solids facility), and treat wastewater (the fixed film reactors). Upgrades to the laboratories and operational buildings are planned as well. In addition, the 72-inch regional trunk sewer line flowing into the plant needs to be evaluated and rehabilitated.

SECTION 6: DETAILS AND ASSUMPTIONS

SECTION 6A: WASTEWATER TREATMENT COSTS

Treatment expenses represent the Wastewater Collection Utility's share of the costs of operating the RWQCP. Per the partnership agreements between Palo Alto and its partner agencies, these charges are assessed based on a formula that takes into account the total amount of wastewater delivered, the amount of organic material in it, its ammonia content, and the total suspended solids it is carrying. The Wastewater Collection Utility's assessed share of the RWQCP's revenue requirement fluctuates in the 38% to 40% range. Mountain View is the other large agency served by the RWQCP (39% of the revenue requirement for FY 2014) with the smaller agencies (Stanford, Los Altos, East Palo Alto, and Los Altos Hills) making up the remainder of the flow to the treatment plant.

Due to the ongoing drought and reduced wastewater flows to the plant, concentrations of chemicals and solids have increased. The amount of chemicals needed to counteract and treat this more concentrated wastewater increases and the cost of those chemicals has gone up in recent years. Therefore, FY 2017 treatment costs are projected to increase by 7%, while over the forecast horizon in general treatment costs are expected to rise by 6% per year. The longer term cost increases are primarily due to increased CIP spending by the RWQCP.

Based on detailed project cost projections provided by RWQCP staff, treatment costs are likely to continue to increase by roughly 5% per year through at least 2030. Two of Palo Alto's comparison cities, Mountain View and Los Altos, are partners in the RWQCP and will see similar increases, but other comparison agencies may not.

SECTION 6B: OPERATIONS

Operations costs include the Customer Service, Distribution Operations, Engineering, and Allocated Charges categories in *Appendix A: Wastewater Collection Financial Forecast Detail*. Debt service, rent, and transfers are also included in this category. Customer Service costs are primarily related to the call center and collections on delinquent accounts. The Distribution Operations category includes preventative and corrective maintenance on sewer mains and laterals, investigation of sewer overflows, regular cleaning of heavily impacted sections of the sewer system, and services shared with other utilities (such as street restoration and

equipment maintenance). Allocated Charges include the costs of accounting, purchasing, legal, and other administrative functions provided by the City's General Fund staff, as well as shared communications services and Utilities Department administrative overhead and billing system maintenance costs.

Operations costs are projected to increase by 3% per year, on average, over the forecast period. Underlying these projections are salary and benefit, consumer price index, and other cost projections used in the City's long-range financial forecast.

SECTION 6C: CAPITAL IMPROVEMENT PROGRAM (CIP)

The Wastewater Collection Utility's CIP consists of the following programs:

- The Sewer System Replacement/Rehabilitation Program, under which the Wastewater Collection Utility replaces aging sewer mains.
- Customer Connections, which covers the cost when the Wastewater Collection Utility installs new services or upgrades existing services at a customer's request in response to development or redevelopment. CPAU charges a fee to these customers to cover the cost of these projects.
- Ongoing Projects, which covers the cost of replacing degraded manholes and sewer laterals, as well as the cost of capitalized tools and equipment.

The Sewer System Replacement and Rehabilitation Program funds the replacement of deteriorating sewer mains and projects to increase capacity in various parts of the sewer system. The sewer system consists of over 217 miles of mains, and CPAU uses a variety of tools to establish which sections are in need of replacement. Maintenance statistics (such as records of the location and number of sewer overflows on the system) and videotape of sewer mains during regular cleaning can reveal areas with large amounts of deteriorating pipe. CPAU uses a scoring system to prioritize which mains to replace first, and coordinates with the Public Works street maintenance program to avoid cutting into newly repaved streets. A major goal of the program is to minimize groundwater and rainwater infiltration. As mains deteriorate they begin to allow groundwater and rainwater to infiltrate the system. Some level of infiltration is expected on any sewer system, but if there is too much, the combined flow of wastewater and groundwater/rainwater can overwhelm the capacity of various parts of the sewer system. Reducing infiltration can reduce the need to expand the system to accommodate increased flow. To achieve this goal, deteriorating mains are either repaired with a plastic lining or replaced. CPAU replaces or repairs approximately 25,000 feet of main per year, or 2.5% of the system.

The CIP program also funds sewer capacity improvements. CPAU uses a hydraulic model, data from various flow meters on the system, and land use data to identify sections of the system that are being overloaded. When sewer mains are operating at or above their capacity on a regular basis it will increase the likelihood of sewer overflows. CPAU also does occasional comprehensive master planning studies to identify necessary capacity improvements. The most recent study, in 2004, identified eight projects, three of which have been completed. The

remaining four projects are low priority projects and will be scheduled and planned as the need arises.

Over the last few years, main replacement costs have been increasing for Wastewater as well as the Gas and Water utilities. The replacement cost per linear foot has increased by between 25 and 50% in some cases. Several factors may be contributing to this. Economic recovery in the Bay Area, as well as a greater focus on infrastructure improvement by many municipal agencies and utilities could be creating high demand for contractors in this field. There may be ongoing greater costs for newer, more leak resistant pipe materials. Should these trends prove to be less than short-term phenomena, wastewater main replacement budgets may need to be increased by \$1.5 to \$1.7 million more per year to maintain the current pace of replacement.

Since the last master plan study was updated over a decade ago, and due to these escalating costs, staff is considering a new wastewater collection system master plan study, tentatively planned for 2016, to evaluate the current state of the sewer system and determine the optimal rate of main replacement in future years. The process may reveal a need for a higher or lower replacement, or possibly target areas for more urgent focus. In the case that prices remain high and the updated plan shows a need for similar rates of replacement that CPAU had previously planned, CIP costs will rise.

Customer Connections costs are projected to increase steadily by around 3% each year through the end of the forecast period. Ongoing projects are seeing a temporary surge in FY 2016 but are expected to drop by \$200,000 in FY 2017, then resume a path of cost increases similar to Customer Connections. Actual expenses for these projects fluctuate annually depending on how many defective laterals and manholes are discovered during routine maintenance, as well as how much development and redevelopment is going on that prompts the replacement or upgrade of sewer laterals. It is worth noting that property owners pay a fee for sewer lateral replacement or expansion during redevelopment, so when the number of projects increases, so does fee revenue.

Projected CIP spending is displayed in Table 11 for the 5-year financial forecast period.

Table 11: Projected CIP Spending

Project Category	Current Budget*	Spending, Curr. Yr	Remain. Budget**	Committed	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Sewer Rehab/Augmentation	12,848	(646)	12,202	7,009	3,511	3,616	3,725	3,836	3,951
Ongoing Projects	1,562	-	1,562	1,232	907	933	959	985	1,015
Customer Connections	288	(173)	115	58	394	406	418	431	443
TOTAL	14,698	(819)	13,878	8,298	4,812	4,955	5,101	5,252	5,410

*Includes unspent funds from previous years carried forward or reappropriated into the current fiscal year

**Equal to CIP Reserves (Reserve for Reappropriations + Reserve for Commitments).

Aside from Customer Connections, the CIP plan for FY 2017 to FY 2021 is funded by sewer rates and capacity fees. The details of the plan are shown in *Appendix B: Wastewater Collection Utility Capital Improvement Program (CIP) Detail*.

SECTION 6D: DEBT SERVICE

The Wastewater Collection Utility currently pays its share of one bond issuance, the 1999 Utility Revenue Bonds, Series A, which is due to be retired in 2024. This \$17.7 million issuance refinanced various earlier Storm Drain, Wastewater Treatment, and Wastewater Collection Utility bond issuances. The Wastewater Collection Utility's share of the issuance was roughly \$1.9 million. This amount represented the second refinancing of the remaining principal of a 1990 bond issuance which itself was a refinancing of a 1985 issuance that financed a variety of improvements to the sewer system. The cost of debt service for the Wastewater Collection Utility's share of this bond issuance for the financial forecast period is roughly \$128,000 per year as shown in Table 12 below.

Table 12: Wastewater Collection Utility Debt Service (\$000)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1999 Utility Revenue Bonds, Series A	128	128	128	128	128	128

The 1999 Utility Revenue Bonds include two covenants stating that 1) the Wastewater Collection Utility will maintain a debt coverage ratio of 125% of debt service, and 2) that the City will maintain "Available Reserves"⁸ equal to five times the annual debt service. The current financial plan maintains compliance with both covenants throughout the forecast period. Compliance with covenant one is shown below in Table 13, below. Due to the small size of the annual debt service payment for these bonds, the Wastewater Collection Utility's Operations Reserve alone more than satisfies the second covenant at more than 30 times annual debt service throughout the forecast period.

Table 13: Debt Service Coverage Ratio (\$000)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	19,565	21,359	23,099	24,647	26,007	27,026
Expenses (Excl. CIP and Debt Service)	(16,388)	(17,184)	(18,015)	(18,891)	(19,810)	(20,779)
Net Revenues	3,177	4,175	5,084	5,756	6,197	6,247
Debt Service	128	128	128	128	128	128
Coverage Ratio	2482%	3262%	3972%	4497%	4841%	4880%

The Wastewater Collection Utility's reserves (but not its net revenues) are also considered security for the Storm Drain and Wastewater Treatment Utilities' shares of the debt service on the 1999 bonds. Throughout the term of the bonds there remains a small risk that the Wastewater Collection Utility's reserves could be called upon to make a debt service payment on behalf of one of those utilities if it cannot meet its debt service obligations. Staff does not foresee this occurring based on the current financial condition of those utilities. If the Wastewater Collection Utility's reserves were used this way, any amounts advanced would have to be repaid by the borrowing utility.

⁸ Available Reserves as defined in the 1999 Utility Revenue Bonds included reserves for the Water, Wastewater Treatment, Wastewater Collection, Refuse, Storm Drain, Electric, and Gas Utilities

One other bond series is secured by the net revenues (but not the reserves) of the Wastewater Collection Utility. The 1995 Series A Utility Revenue Bonds issued for the Storm Drain utility was secured by the net revenues of the City's "Enterprise," which was defined as the City's water, gas, wastewater, storm drain, and electric utilities, and are senior to the 1999 bonds referenced above. Debt service payments of roughly \$680,000 per year are made on the 1995 Series A bonds by the City's Storm Drain Utility, and staff does not currently foresee any risk of that utility being unable to make payment.

SECTION 6E: OTHER REVENUES

The utility has seen substantial increases in connection and capacity fee revenues in recent years, offsetting the need for increased sales revenue in the past, and these are assumed to continue, albeit slightly reduced from current levels. Income from interest and transfers in are projected to remain steady through the forecast horizon.

SECTION 7: COMMUNICATIONS PLAN

The FY 2017 Wastewater Collection Utility communications strategy covers three primary areas: rates, operations and infrastructure, and safety. Communication about wastewater rate adjustments will highlight the important infrastructure and operations upgrades that are occurring at the Regional Water Quality Control Plant to improve wastewater collection utility services. To keep customers apprised of the status and accomplishments of CIP projects, a network of project web pages are maintained and updated as needed. Traffic is driven to the website via ads in publications, newspaper inserts, social media and email blasts.

An important communications topic for the wastewater utility is avoiding sewer back-ups due to FOG (fats, oil and grease) and trash being dumped down drains and toilets. Safety topics are emphasized year-round. Staff continues its outreach goal of educating customers about the utility's gas-sewer line cross-bore inspection program, including the importance of calling Utilities first when there is a sewer back-up.

Promotional activity about wastewater utility maintenance and safety operations includes use of bill inserts, ads in local print publications, website pages, email blasts and social media. While print materials and website pages feature prominently, CPAU is increasing the outreach emphasis on use of direct mail, social media and digital advertising including videos and short commercials on the local television channels. Staff is also attending more community safety/emergency preparation events and neighborhood meetings.

APPENDICES

Appendix A: Wastewater Collection Financial Forecast Detail

Appendix B: Wastewater Collection Utility Capital Improvement Program (CIP) Detail

Appendix C: Wastewater Collection Utility Reserves Management Practices

Appendix D: Sample of Wastewater Collection Outreach Materials

APPENDIX A: WASTEWATER COLLECTION FINANCIAL FORECAST DETAIL

 City of Palo Alto Wastewater Collection		FINANCIAL PROJECTIONS															
		(\$'000)															
Fiscal Year		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
1																	
2	% CHANGE IN RETAIL RATE	0%	0.0%	5.0%	0.0%	0.0%	9.0%	9.0%	10.0%	9.0%	7.0%	6.0%	4.0%	4.0%	4.0%	4.0%	4.0%
3	PROJECTED CHANGE IN RETAIL SALES REVENUE	-	-	715	-	-	1,352	1,450	1,757	1,739	1,474	1,352	956	994	1,033	1,075	1,118
4																	
5	RETAIL SALES REVENUE	14,287	14,094	15,019	14,588	14,658	16,139	17,529	19,272	21,012	22,497	23,855	24,827	25,819	26,851	27,924	29,040
6	CONNECTION AND CAPACITY FEES	1,081	989	1,609	1,703	1,392	1,402	1,445	1,487	1,519	1,578	1,578	1,578	1,578	1,578	1,578	1,578
7	OTHER / TRANSFERS IN	307	264	545	361	753	271	241	271	241	271	241	271	241	271	241	271
8	INTEREST	454	494	(211)	339	315	295	351	328	327	301	333	351	438	513	529	545
9	TOTAL SOURCES OF FUNDS	16,129	15,841	16,963	16,991	17,119	18,106	19,565	21,359	23,099	24,647	26,007	27,026	28,075	29,212	30,271	31,434
10																	
11	PURCHASES/CHARGES OF UTILITIES (TREATMENT)	7,414	8,895	8,314	6,863	8,589	9,012	9,855	10,446	11,073	11,737	12,442	13,188	13,980	14,818	15,707	16,650
12	ALLOCATED CHARGES (CIP&OPERATING)	1,787	791	1,926	2,359	1,062	2,363	2,442	2,518	2,594	2,673	2,753	2,836	2,921	3,010	3,101	3,194
13	CUSTOMER SERVICE	281	72	1	133	(324)	499	504	509	513	518	523	528	533	538	544	549
14	DISTRIBUTION OPERATIONS	2,227	2,466	2,617	2,570	2,646	2,725	2,837	2,941	3,043	3,150	3,258	3,370	3,486	3,606	3,730	3,859
15	ENGINEERING (OPERATING)	195	258	271	310	319	328	342	355	368	381	394	408	423	438	453	469
16	DEBT SERVICE	128	128	128	129	51	128	128	128	128	128	129	129	129	-	-	-
17	RENT	115	106	110	217	223	293	300	308	316	324	333	341	350	359	369	378
18	OTHER/ TRANSFERS OUT	267	88	147	241	108	108	108	108	108	108	108	108	108	108	108	108
19	CAPITAL IMPROVEMENT FUNDING	4,630	4,274	4,094	989	3,477	4,985	4,852	4,996	5,144	5,297	5,455	5,617	5,784	5,955	6,132	6,315
20	ALLOWANCE FOR UNSPENT CAPITAL FUNDS				-	-	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(155)	(154)	(154)	(154)
21	TOTAL USES OF FUNDS	17,044	17,079	17,610	13,811	16,150	20,041	20,968	21,908	22,887	23,916	24,993	26,125	27,558	28,678	29,990	31,368
22																	
23	INTO / (OUT OF) RESERVES	(914)	(1,238)	(647)	3,180	969	(1,935)	(1,402)	(549)	212	731	1,013	902	517	534	282	66
24																	
25	ENDING COMMITMENTS & REAPPROPRIATION	10,250	11,044	11,228	8,312	8,291	8,291	8,291	8,291	8,291	8,291	8,291	8,291	8,291	8,291	8,291	8,291
26	ENDING PLANT REPLACEMENT RESERVE	1,000	1,000	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-
27	ENDING CIP RESERVE	-	-	-	-	2,551	2,551	2,551	2,551	2,551	2,551	2,551	2,551	2,551	2,551	2,551	2,551
28	ENDING RATE STABILIZATION RESERVE	5,858	4,751	4,104	4,556	4,292	342	-	-	-	-	-	-	-	-	-	-
29	ENDING OPERATIONS RESERVE	-	-	-	3,728	2,431	4,446	3,386	2,837	3,048	3,780	4,793	5,695	6,212	6,746	7,027	7,093
30	UNASSIGNED RESERVES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31																	
32	RISK ASSESSMENT VALUE	1,815	1,879	2,736	2,230	2,722	2,876	3,043	3,221	3,409	3,598	3,727					
33																	
34	OPERATIONS RESERVE GUIDELINES																
35	MIN (60 DAYS TREATMENT/IO&M EXP)	2,156	2,156	2,253	1,915	2,083	2,541	2,715	2,846	2,982	3,126	3,278	3,437	3,605	3,760	3,947	4,144
36	TARGET (105 DAYS TREATMENT/IO&M EXP)	1,815	1,879	1,681	3,352	3,646	4,446	4,751	4,980	5,219	5,471	5,736	6,015	6,308	6,581	6,907	7,251
37	MAX (150 DAYS TREATMENT/IO&M EXP)	4,311	4,311	4,506	4,788	5,208	6,352	6,787	7,115	7,456	7,816	8,194	8,592	9,012	9,401	9,867	10,359

APPENDIX B: WASTEWATER COLLECTION UTILITY CAPITAL IMPROVEMENT PROGRAM (CIP) DETAIL

Project #	Project Name	Reappropriated / Carried Forward from Previous Years	Current Year Funding	Budget Amendments	Spending, Current Year	Remaining in CIP Reserve Fund	Commitments	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SEWER SYSTEM REHABILITATION AND AUGMENTATION (SSR/A) PROGRAM												
WC-07004	SSR/A-Project 20	39,293	-	-	-	39,293	-	-	-	-	-	-
WC-08012	SSR/A-Project 21	151,847	-	(151,847)	-	-	-	-	-	-	-	-
WC-09001	SSR/A-Project 22	(42,912)	-	42,912	(176)	(176)	-	-	-	-	-	-
WC-10002	SSR/A-Project 23	982,263	-	-	-	982,263	224,253	-	-	-	-	-
WC-11000	SSR/A-Project 24	2,340,130	206,084	(206,084)	(200,554)	2,139,576	2,032,231	-	-	-	-	-
WC-12001	SSR/A-Project 25	2,686,175	528,246	(528,246)	(164,950)	2,521,225	2,046,281	-	-	-	-	-
WC-13001	SSR/A-Project 26	3,163,649	268,014	(268,014)	(200,567)	2,963,082	2,705,906	-	-	-	-	-
WC-14001	SSR/A-Project 27	216,417	3,358,133	(268,133)	(79,938)	3,226,479	1	-	-	-	-	-
WC-15001	SSR/A-Project 28	-	330,000	-	-	330,000	-	3,183,000	-	-	-	-
WC-16001	SSR/A-Project 29	-	-	-	-	-	-	327,849	3,278,490	-	-	-
WC-17001	SSR/A-Project 30	-	-	-	-	-	-	-	337,684	3,376,845	-	-
WC-19001	SSR/A-Project 31	-	-	-	-	-	-	-	-	347,815	3,478,150	-
WC-20000	SSR/A-Project 32	-	-	-	-	-	-	-	-	-	358,249	3,582,495
WC-21000	SSR/A-Project 33	-	-	-	-	-	-	-	-	-	-	368,997
Subtotal, Sewer Rehab./ Augmentation		9,536,862	4,690,477	(1,379,412)	(646,185)	12,201,742	7,008,672	3,510,849	3,616,174	3,724,660	3,836,399	3,951,492
ONGOING PROJECTS												
WC-13002	Fusion & Gen. Equip./Tools	78,132	50,000	(78,132)	-	50,000	-	50,000	50,000	50,000	50,000	50,000
WC-15002	WW System Improvements	435,981	232,000	(377,717)	-	290,264	216,120	239,000	246,000	253,000	260,000	269,000
WC-99013	Sewer/ Manhole Rehab.	621,917	600,000	(506)	-	1,221,411	1,015,451	618,000	636,540	655,636	675,305	695,564
Subtotal, Ongoing Projects		1,136,030	882,000	(456,355)	-	1,561,675	1,231,571	907,000	932,540	958,636	985,305	1,014,564
CUSTOMER CONNECTIONS (FEE FUNDED)												
WC-80020	Sewer System Extensions	210,275	383,000	(305,227)	(173,204)	114,844	57,994	394,000	405,820	417,995	430,534	443,450
Subtotal, Customer Connections		210,275	383,000	(305,227)	(173,204)	114,844	57,994	394,000	405,820	417,995	430,534	443,450
GRAND TOTAL		10,883,167	5,955,477	(2,140,994)	(819,389)	13,878,261	8,298,237	4,811,849	4,954,534	5,101,291	5,252,239	5,409,507
Funding Sources												
Connection/Capacity Fees			383,000	(305,227)				394,000	405,820	417,995	430,534	443,450
Funded by Rates and Other Revenue			5,572,477	(1,835,767)				4,417,849	4,548,714	4,683,296	4,821,704	4,966,056
CIP-RELATED RESERVES DETAIL		6/30/2015 (Actual)				9/30/2015						
Reappropriations		2,700,167				5,580,024						
Commitments		8,183,000				8,298,237						

APPENDIX C: WASTEWATER COLLECTION UTILITY RESERVES MANAGEMENT PRACTICES

The following reserves management practices shall be used when developing the Wastewater Collection Utility Financial Plan:

Section 1. Definitions

- a) “Financial Planning Period” – The Financial Planning Period is the range of future fiscal years covered by the Financial Plan. For example, if the Financial Plan delivered in conjunction with the FY 2015 budget includes projections for FY 2015 to FY 2019, FY 2015 to FY 2019 would be the Financial Planning Period.
- b) “Fund Balance” – As used in these Reserves Management Practices, Fund Balance refers to the Utility’s Unrestricted Net Assets.
- c) “Net Assets” - The Government Accounting Standards Board defines a Utility’s Net Assets as the difference between its assets and liabilities.
- d) “Unrestricted Net Assets” - The portion of the Utility’s Net Assets not invested in capital assets (net of related debt) or restricted for debt service or other restricted purposes.

Section 2. Reserves

The Wastewater Collection Utility’s Fund Balance is reserved for the following purposes:

- a) For existing contracts, as described in Section 3 (Reserve for Commitments)
- b) For operating and capital budgets re-appropriated from previous years, as described in Section 4 (Reserve for Re-appropriations)
- c) For cash flow management and contingencies related to the Wastewater Collection Utility’s Capital Improvement Program (CIP), as described in Section 5 (CIP Reserve)
- d) For rate stabilization, as described in Section 6 (Rate Stabilization Reserve)
- e) For operating contingencies, as described in Section 7 (Operations Reserve)
- f) Any funds not included in the other reserves will be considered Unassigned Reserves and shall be returned to ratepayers or assigned a specific purpose as described in Section 8 (Unassigned Reserves).

Section 3. Reserve for Commitments

At the end of each fiscal year the Reserve for Commitments will be set to an amount equal to the total remaining spending authority for all contracts in force for the Wastewater Collection Utility at that time.

Section 4. Reserve for Re-appropriations

At the end of each fiscal year the Reserve for Re-appropriations will be set to an amount equal to the amount of all remaining capital and non-capital budgets, if any, that will be re-appropriated to the following fiscal year in accordance with Palo Alto Municipal Code Section 2.28.090.

Section 5. CIP Reserve

The CIP Reserve is used to manage cash flow for capital projects and acts as a reserve for capital contingencies. Staff will manage the CIP Reserve according to the following practices:

- a) The following guideline levels are set forth for the CIP Reserve. These guideline levels are calculated for each fiscal year of the Financial Planning Period based on the levels of CIP expense budgeted for that year.

Minimum Level	12 months of budgeted CIP expense
Maximum Level	24 months of budgeted CIP expense

- b) Changes in Reserves: Staff is authorized to transfer funds between the CIP Reserve and the Reserve for Commitments when funds are added or removed from that reserve as a result of a change in contractual commitments related to CIP projects. Any other additions to or withdrawals from the CIP reserve require Council action.
- c) Minimum Level:
- Funds held in the Reserve for Commitments may be counted as part of the CIP Reserve for the purpose of determining compliance with the CIP Reserve minimum guideline level.
 - If, at the end of any fiscal year, the minimum guideline is not met, staff shall present a plan to the City Council to replenish the reserve. The plan shall be delivered by the end of the following fiscal year, and shall, at a minimum, result in the reserve reaching its minimum level by the end of the next fiscal year. For example, if the CIP Reserve is below its minimum level at the end of FY 2017, staff must present a plan by June 30, 2018 to return the reserve to its minimum level by June 30, 2019. In addition, staff may present, and the Council may adopt, an alternative plan that takes longer than one year to replenish the reserve, or that does so in a shorter period of time.
- d) Maximum Level: If, at any time, the CIP Reserve reaches its maximum level, no funds may be added to this reserve. If there are funds in this reserve in excess of the maximum level staff must propose to transfer these funds to another reserve or return them to ratepayers in the next Financial Plan. Staff may also seek City Council to approve holding funds in this reserve in excess of the maximum level if they are held for a specific future purpose related to the CIP.

Section 6. Rate Stabilization Reserve

Funds may be added to the Rate Stabilization Reserve by action of the City Council and held to manage the trajectory of future year rate increases. Withdrawal of funds from the Rate Stabilization Reserve requires Council action. If there are funds in the Rate Stabilization Reserve at the end of any fiscal year, any subsequent Wastewater Collection Utility Financial Plan must result in the withdrawal of all funds from this Reserve by the end of the Financial Planning Period.

Section 7. Operations Reserve

The Operations Reserve is used to manage normal variations in costs and as a reserve for contingencies. Any portion of the Wastewater Collection Utility's Fund Balance not included in the reserves described in Section 3-Section 6 above will be included in the Operations Reserve unless this reserve has reached its maximum level as set forth in Section 7(d) below. Staff will manage the Operations Reserve according to the following practices:

- a) The following guideline levels are set forth for the Operations Reserve. These guideline levels are calculated for each fiscal year of the Financial Planning Period based on the levels of Operations and Maintenance (O&M) and commodity expense forecasted for that year in the Financial Plan.

Minimum Level	60 days of O&M and commodity expense
Target Level	105 days of O&M and commodity expense
Maximum Level	150 days of O&M and commodity expense

- b) Minimum Level: If, at the end of any fiscal year, the funds remaining in the Operations Reserve are lower than the minimum level set forth above, staff shall present a plan to the City Council to replenish the reserve. The plan shall be delivered within six months of the end of the fiscal year, and shall, at a minimum, result in the reserve reaching its minimum level by the end of the following fiscal year. For example, if the Operations Reserve is below its minimum level at the end of FY 2014, staff must present a plan by December 31, 2014 to return the reserve to its minimum level by June 30, 2015. In addition, staff may present, and the Council may adopt, an alternative plan that takes longer than one year to replenish the reserve.
- c) Target Level: If, at the end of any fiscal year, the Operations Reserve is higher or lower than the target level, any Financial Plan created for the Wastewater Collection Utility shall be designed to return the Operations Reserve to its target level within four years.
- d) Maximum Level: If, at any time, the Operations Reserve reaches its maximum level, no funds may be added to this reserve. Any further increase in the Wastewater Collection Utility's Fund Balance shall be automatically included in the Unassigned Reserve described in Section 8, below.

Section 8. Unassigned Reserve

If the Operations Reserve reaches its maximum level, any further additions to the Wastewater Collection Utility's Fund Balance will be held in the Unassigned Reserve. If there are any funds in the Unassigned Reserve at the end of any fiscal year, the next Financial Plan presented to the City Council must include a plan to assign them to a specific purpose or return them to the Wastewater Collection Utility ratepayers by the end of the first fiscal year of the next Financial Planning Period. For example, if there were funds in the Unassigned Reserves at the end of FY 2015, and the next Financial Planning Period is FY 2016 through FY 2020, the Financial Plan shall include a plan to return or assign any funds in the Unassigned Reserve by the end of FY 2016. Staff may present an alternative plan that retains these funds or returns them over a longer period of time.

APPENDIX D: SAMPLE OF WASTEWATER COLLECTION OUTREACH MATERIALS

www.cityofpaloalto.org/utilities

CITY OF PALO ALTO UTILITIES
Inspired by a brighter tomorrow.

It's a whole different world under our city!



I'm part of a team who are in the trenches (literally) every day keeping your gas, water and sewer pipelines operating safely and efficiently. **You're on my team, too!** For example, when you put rags, wipes, diapers or grease in the trash, instead of down drains and toilets, that means we all have fewer sewer back-ups to deal with.

So let's work as a team to keep our City's underground utilities operating well.

Get important gas and sewer safety tips:
www.cityofpaloalto.org/safeutility

Learn about what we're working on:
www.cityofpaloalto.org/utilityprojects

—Filiberto "Fili" Castro
City of Palo Alto Utilities
Installer/Repairer



KEEP CALM AND DIG SAFE



Illustration of Sewer and Gas Pipeline Cross-Bone (not to scale)

Crossbone

NEED TO CLEAR A SEWER LINE? CALL US FIRST (650) 496-6995

On rare occasions, natural gas pipelines have been found within sewer lines. When there is a sewer blockage, equipment used to unclog the sewer line can penetrate the gas pipe, causing a gas release. **Please call (650) 496-6995 BEFORE your sewer pipe is cleared or rooted out.** We'll come out promptly, at no cost to you, to verify your natural gas pipeline is not near your sewer pipeline. If you failed to call us prior to cleaning out your sewer line, then be sure you or your plumber calls us immediately if you sense or see an obstruction so we can verify a gas pipeline has not been damaged. Of course, **if you believe you've penetrated a gas line—or any time you smell gas—leave the area immediately and call 911.**



CALL BEFORE YOU DIG

Make sure it is safe before you:

- Plant a tree
- Stake a sapling tree
- Dig a trench
- Build or repair a fence or deck
- Pour a building foundation
- Dig up sprinklers
- Replace a driveway or walkway

Avoid costly accidents & dangerous conditions

Call Underground Service Alert (USA) at **811** 48 hours prior to any excavation. **USA is a free service.**

www.usanorth.org



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Call 811 Before You Dig

Leftover fats, oils, and grease (FOG) from food should never be poured down a drain or toilet. FOG may be liquid when poured but can solidify in your plumbing. Over time it can clog pipes, possibly spilling raw sewage into a street, stream or even your own home. Repairing clogged pipes and damaged property can be costly! Try removing grease from cookware by wiping oily dishes with paper or a rag. Consolidate small amounts of oil and grease in a tightly sealed container and toss in the garbage. Bring large amounts of unwanted cooking oil (salad dressing, fryer oil) to the Household Hazardous Waste (HHW) Station. **Learn more at cityofpaloalto.org/ur**



What you pour down your sink may be costing you money, time and hassle.

Leftover fats, oils, and grease (FOG) from food can consist of liquid, solid, yellow or brown grease substances. These should never be poured down a drain or toilet. FOG may be liquid when poured but can solidify in your plumbing. Over time it can clog your pipes, spilling raw sewage into a street, a stream or even your own home. Repairing clogged pipes can cost hundreds of dollars to fix and thousands of dollars if the clog causes wastewater to spill out and damage bathrooms and floors.

WHAT TO DO WITH FOG:

- Try removing grease from plates and utensils by wiping oily dishes with paper or a rag.
- For small amounts of oil and grease, consolidate them into a tightly sealed container and toss in the garbage.
- Bring large amounts of unwanted cooking oil (salad dressing, fryer oil) to the Household Hazardous Waste (HHW) Station—cityofpaloalto.org/hazwaste
- Consider using dry absorbent materials to clean up spills and dispose in the trash.

WHAT TO DO WITH FOOD SCRAPS:

- Try composting produce scraps at home to reduce waste, create healthy soil and improve your garden—cityofpaloalto.org/compost
- Toss any meat scraps, bones or dairy products in the garbage

Have a clogged sewer line? ALWAYS call us before calling a plumber! The City needs to check the line to make sure no other utility services will be damaged by clearing it. Call us at (650) 496-6995 and visit cityofpaloalto.org/safeutility for more information on avoiding sewer backups and safety information.





FOG CLOGS PIPES!

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www.cityofpaloalto.org/safeutility (650) 496-6995

* NOT YET APPROVED *

Resolution No. _____

Resolution of the Council of the City of Palo Alto Increasing
Wastewater Rates by Amending Rate Schedules S-1 (Residential
Wastewater Collection and Disposal), S-2 (Commercial Wastewater
Collection and Disposal), S-6 (Restaurant Wastewater Collection and
Disposal) and S-7 (Commercial Wastewater Collection and Disposal –
Industrial Discharger)

R E C I T A L S

A. Pursuant to Chapter 12.20.010 of the Palo Alto Municipal Code, the Council of the City of Palo Alto may by resolution adopt rules and regulations governing utility services, fees and charges.

B. On _____, 2016, the City Council held a full and fair public hearing regarding the proposed rate increase and considered all protests against the proposals.

C. As required by Article XIII D, Section 6 of the California Constitution and applicable law, notice of the _____ 2016 public hearing was mailed to all City of Palo Alto Utilities wastewater customers by _____, 2016.

D. The City Clerk has tabulated the total number of written protests presented by the close of the public hearing, and determined that it was less than fifty percent (50%) of the total number of customers and property owners subject to the proposed wastewater rate amendments, therefore a majority protest does not exist against the proposal.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-1 (Residential Wastewater Collection and Disposal) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-1, as amended, shall become effective July 1, 2016.

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* NOT YET APPROVED *

SECTION 2. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-2 (Commercial Wastewater Collection and Disposal) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-2, as amended, shall become effective July 1, 2016.

SECTION 3. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-6 (Restaurant Wastewater Collection and Disposal) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-6, as amended, shall become effective July 1, 2016.

SECTION 4. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-7, as amended, shall become effective July 1, 2016.

SECTION 5. The Council finds that the revenue derived from the wastewater rates approved by this resolution do not exceed the funds required to provide water service, and the revenue derived from the adoption of this resolution shall be used only for the purposes set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

SECTION 6. The Council finds that the fees and charges adopted by this resolution are charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product.

SECTION 7. The Council finds that the adoption of this resolution changing wastewater collection rates to meet operating expenses, purchase supplies and materials, meet financial reserve needs and obtain funds for capital improvements necessary to maintain service is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec.

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* NOT YET APPROVED *

15273(a). After reviewing the staff report and all attachments presented to Council, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Utilities

Director of Administrative Services

ATTACHMENT D

RESIDENTIAL WASTEWATER COLLECTION AND DISPOSAL

UTILITY RATE SCHEDULE S-1

A. APPLICABILITY:

This schedule applies to each occupied residential dwelling unit.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides wastewater service.

C. RATES:

Per Month

Each domestic dwelling unit
\$~~31~~34.83~~95~~

D. SPECIAL NOTES:

1. Any dwelling unit being individually served by a water, gas, or electric meter will be considered continuously occupied.
2. For two or more occupied dwelling units served by one water meter, the monthly wastewater charge will be calculated by multiplying the current wastewater rate by the number of dwelling units.
3. Each developed separate lot shall have a separate service lateral to a sanitary main or manhole.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No S-1-1
dated 7-1-201~~2~~5



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~5~~6
Sheet No **S-1-1**

COMMERCIAL WASTEWATER COLLECTION AND DISPOSAL

UTILITY RATE SCHEDULE S-2

A. APPLICABILITY:

This schedule applies to all commercial establishments other than those served under Utility Rate Schedule S-1 (~~Domestic-Residential~~ Wastewater Collection and Disposal), Rate Schedule S-6 (Restaurant Wastewater Collection and Disposal) or Rate Schedule S-7 (Commercial Establishments Wastewater Disposal – Industrial Discharger).

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides wastewater services.

C. RATES:

1. Minimum Charge per connection per month	\$ ~~3134.83~~ ⁹⁵
2. Quantity Rates, per 100 cubic feet (See Section D.1).....	\$6. ~~71~~ ⁴⁶

D. SPECIAL NOTES:

1. The monthly charge for the quantity rate set forth in Section C.2 of this rate schedule will be based upon the average water usage for the months of January, February and March, and applied in the following July. If a water meter is identified as exclusively serving irrigation landscaping, such meter will be exempted from wastewater charge calculations. Customers without an applicable usage history will be charged at the minimum monthly charge until such time as such usage may reasonably be established by the City of Palo Alto Utilities Department.
2. The City of Palo Alto Utilities Department may require wastewater metering facilities, in which case service will be governed by terms of a special agreement between the City and the Customer.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No S-2-1
dated 7-1-201~~25~~



Effective 7-1-201~~56~~
Sheet No S-2-1

RESTAURANT WASTEWATER COLLECTION AND DISPOSAL

UTILITY RATE SCHEDULE S-6

A. APPLICABILITY:

This schedule applies to all restaurants.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides wastewater services.

C. RATES:

1.	Minimum charge per connection per month	\$ ~~3134.83~~ ⁹⁵
2.	Quantity Rates, per 100 cubic feet of monthly metered water usage.....	\$ ~~910.52~~ ³⁸

D. SPECIAL NOTES:

1. The City of Palo Alto Utilities Department may require wastewater metering facilities, in which case service will be governed by terms of a special agreement between the City and the Customer.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

*Supersedes Sheet No S-6-1
dated 7-1-201~~2~~⁵*



**CITY OF PALO ALTO
UTILITIES**

Effective 7-1-201~~5~~⁶
Sheet No **S-6-1**

**COMMERCIAL WASTEWATER COLLECTION AND DISPOSAL
– INDUSTRIAL DISCHARGER**

UTILITY RATE SCHEDULE S-7

A. APPLICABILITY:

This schedule applies to any establishment requiring sampling of industrial discharges in excess of 25,000 gallons per day, or special discharge monitoring, as defined in Rule and Regulation 23, Section D.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides wastewater services.

C. RATES:

1. Collection System Operation, Maintenance, and Infiltration Inflow:
\$~~1.78~~94 per 100 cubic feet of metered water use.
2. Advanced Waste Treatment Operations and Maintenance Charge:
\$~~1.14~~05 per 100 cubic feet of metered water use
3. \$ 247.56 per 1000 pounds (lbs) of COD (Chemical Oxygen Demand)
4. \$ 596.62 per 1000 lbs of SS (Suspended Solids)
5. \$ 3,983.85 per 1000 lbs of NH₃ (Ammonia)
6. \$ 14,781.25 per 1000 lbs of toxics (chromium, copper, cyanide, lead, nickel, silver, and zinc)

D. SPECIAL NOTES:

1. Water usage will be determined as defined in Rule and Regulation 23, Section D. If a water meter is identified as exclusively serving irrigation landscaping, such meter will be exempted from wastewater charge calculations.
2. The City of Palo Alto Utilities Department may require wastewater metering facilities, in which case service will be governed by terms of a special agreement between the City of Palo Alto and the Customer.
3. Charges for large discharges will be determined on the basis of sampling as outlined in Utilities Rule and Regulation 23, Section D. However, for purposes of arriving at an accurate flow estimate, discharge meters, if installed, can be utilized to measure outflow for billing purposes. Annual charges will be determined and allocated monthly for billing purposes.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

*Supersedes Sheet No S-7-1
dated 7-1-201~~2~~5*



**CITY OF PALO ALTO
UTILITIES**

Effective 7-1-201~~5~~6
Sheet No **S-7-1**

ATTACHMENT E



EXCERPTED DRAFT MINUTES OF THE MARCH 2, 2016 UTILITIES ADVISORY COMMISSION MEETING

ITEM 1: ACTION: Staff Recommendation that the Utilities Advisory Commission Recommend that the City Action Council Adopt: (1) a Resolution Approving the Fiscal Year 2017 Wastewater Collection Financial Plan; and (2) a Resolution Increasing Wastewater Rates by Amending Rate Schedules S-1 (Residential Wastewater Collection and Disposal), S-2 (Commercial Wastewater Collection and Disposal), S-6 (Restaurant Wastewater Collection and Disposal) and S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger)

Acting Rates Manager Eric Keniston provided a summary of the written report. He said that the forecast of costs and rate changes has not changed from what the UAC saw last month when it reviewed the preliminary financial projections. He said that the primary driver for the 9% rate increase requested as well as the rate increases projected for the next several years is that the costs of wastewater treatment are rising quickly. He noted that the Rate Stabilization Reserve would be exhausted by the end of fiscal year (FY 2016 and that the Operations Reserve is being drawn down as well. He said that the long-term rate projections assumed continuing increases in treatment costs as well as operational costs.

Keniston noted that the 9% rate increase proposed is exactly what was projected in last year's Financial Plan. He noted that the rate trajectory in this year's Financial Plan result in the Operations Reserve going down to the minimum level in FY 2018 and FY 2019 before increasing to the target level by FY 2022. He said that the 9% increase is the same for all customer groups and that the increase for residential customers is \$2.88 per month.

Keniston said that at its meeting last month, the UAC asked for scenarios showing the Operations Reserve held to the minimum level and at the target level. He showed the in the minimum reserve scenario, the FY 2017 rate increase could be held to 5% instead of 9%, but that the rate increase for FY 2018 would be 19%. For the target reserve scenario, the FY 2017 rate increase would have to be 16% for FY 2017, following by a 9% increase in FY 2018 with somewhat lower rate increases in the following years. After developing these alternate scenarios, staff did not change its recommendation for a 9% rate increase for FY 2017.

Commissioner Danaher, noting that the reserve minimum is only about \$2 million, asked what would be done if the revenues were not sufficient and more money was needed. Keniston said that a rate increase would be pursued if that ever arose. Such a mid-year rate increase would need to go through the normal review process starting with the UAC, then consideration by the

Finance Committee—and the Proposition 218 45-day noticing process—with final decision by the Council. Commissioner Ballantine asked if there is always enough notice of what its needs are going to be. Keniston noted that in the Wastewater Collection Utility, the expense profile is fairly flat and known ahead of the year and there shouldn't be a surprise need for extra money.

Commissioner Ballantine asked if revenues could fall due to drought due to lowered water usage. Keniston said that rates for this fund are generally independent of water usage with only the commercial wastewater collection customers having revenues depend on relatively steady wintertime water usage. Residential revenues are the majority of the fund's revenues and are based on a flat monthly charge so there is no variability due to changes in water usage.

Commissioner Danaher asked, if usage falls, do costs go down. Keniston responded that the costs are fixed and revenues are also mostly fixed in the Wastewater Collection Utility and, therefore, not dependent on the flow rate. Keniston said that the residential rates have no element that is based on water flows.

Commissioner Eglash noted that the real cause for the dramatic rate increase seems to be the wastewater treatment costs. He asked why those costs rose so much from FY 2014 to FY 2015 and from FY 2015 to FY 2016.

Keniston introduced Jamie Allen, Regional Water Quality Control Plant Manager, to describe the components of the treatment plant costs that are passed on the plant partners, including Palo Alto. Allen explained that there was an accounting change that lowered the costs for one year in FY 2014 so that year's costs are anomalous. He said that the majority of the wastewater treatment costs are operations costs with two categories of capital improvement program (CIP) costs—"minor", or rate-funded CIP and major CIP debt service. Operations costs are expected to grow at the same rate it has for the last 5 years—at about 5.5% per year and CIP costs are discussed with the plant partners and minor CIP costs grow at about the rate of inflation, about 2.6% per year. Major CIP debt service is for planned plant upgrades.

Allen showed a breakdown of the FY 2017 wastewater treatment costs: 47% for salaries and benefits for operators, engineers, chemists, etc.; 12% for allocated charges for services provided by the City such as HR, attorney, IT, finance, etc.; 9% for utilities expenses (electric, gas, water); 11% for minor CIP projects; 7% for contract services; 3% for debt service for major CIP projects; and 10% for general expense and supplies and materials.

Commissioner Eglash summarized this to say that minor CIP are only modestly growing, major CIP expenses are growing from about \$0.5 million per year to \$2 million per year and that operations expenses are growing by 5.5% per year, a modest and steady rate. He noted that the charts showed that expenses were lower than revenues for FY 2014 and FY 2015, which replenished the reserves. In FY 2016, costs were above revenues. He said that rate increases on the order of 9% per year for the forecast horizon period don't make sense and are impossible to explain to the public when treatment costs are only rising 5.5% per year. Keniston said that CIP

expenditures were lower for the wastewater collection (not for wastewater treatment) in FY 2014 and FY 2015, but that CIP costs are projected to increase over the forecast period.

Commissioner Eglash concluded that, based on the numbers, an increase in treatment cost is not the real cause of the high rate increases forecast, but instead there was a period of time when costs were rising, but no rate increases were put into place, which resulted in a drawing down of reserves. Keniston said that reserves will be drawn down in FY 2016 through FY 2018 until revenues balance expenses. Commissioner Eglash agreed that reserves have been depleted over time.

Commissioner Danaher asked for an explanation of the difference between wastewater treatment costs and wastewater collection costs. Keniston said that the wastewater treatment fund's expenses are paid by the plant partners including Palo Alto and that those wastewater treatment costs are an expense for the wastewater collection utility. Interim Utilities Director Shikada said that the wastewater conveyance is a Utilities activity and that wastewater treatment is a Public Works activity and that the combined costs are paid for by ratepayers. Wastewater Collection Utility expenses include the treatment costs, which are a pass through expense from the wastewater treatment plant.

Commissioner Schwartz noted that the wastewater collection operations costs increased significantly from FY 2015 to FY 2016. Keniston said that this was due to a one-year accounting anomaly. Assistant Director Jane Ratchye said that the three primary costs buckets for the wastewater collection fund include: 1) operations costs for wastewater collection, which are rising at 2-3% per year; 2) CIP costs for wastewater collection, which are rising at 2-3% per year; and 3) wastewater treatment costs, which are rising at 5-6% per year. The treatment costs that are passed through to the wastewater collection utility are the main driver for increasing costs—and, therefore, rates.

Allen pointed out that his breakdown of the wastewater treatment expenses showed the costs in terms of operations, minor CIP and major CIP debt service. He noted that there was a major jump in major CIP debt service in FY 2019 when the dewatering facility would go on line.

Commissioner Eglash reiterated the difficulty in explaining that total wastewater collection expenses are rising at 4-5% per year, but we are asking for rate increases of 9-10% per year without driving the reserves below the minimum. He said that a better explanation must be forthcoming or the projected expenses should be reduced.

Public Comment

Herb Borock said that wastewater treatment plant costs estimates for the future are increasing dramatically, but that no explanation has been provided for the CIP plans at the treatment plant. He said that Council has approved a plan to replace the incinerator with a dewatering and load-out facility and that the current plan is to have an anaerobic digester at the plant. He said that the cost for the anaerobic digester keep increasing dramatically. He said it's unclear what assumption is in the cost projections regarding what happens after the incinerator is

dismantled – will we keep using the haul out facility, or will something be built on site to handle the sludge. Trying to predict future costs depends on the plan and how easy it would be for Council to change direction. He said that the long-term facilities plan at treatment plant should be reviewed again by Council since there are choices about what to do that have impacts on greenhouse gas emissions. He also commented on the Proposition 218 noticing process saying that the Council should support the rate proposals prior to staff issuing the Proposition 218 notices.

Commissioner Eglash said that in order to support the proposal, he would need a better understanding of the revenues and expenses over the years. Ratchye pointed to page 24 of the Wastewater Collection Financial Plan (Appendix A: Wastewater Collection Financial Forecast Detail) that is attached to the UAC memo and reminded the UAC that the reserve structure was changed in FY 2015 to lower the reserve amounts and that at the time of the change, there was significant money in the reserves that was placed initially in the new Rate Stabilization Reserve, which would normally have a zero balance. Over FY 2015 and FY 2016, all the funds in the Rate Stabilization Reserve will be drawn down to zero. She said that reserves were being drawn down in FY 2011, FY 2012, and FY 2013, then there were two anomalous lower cost years—in FY 2014 when there was a one-year hiatus in new CIP budgeting and in FY 2015 when reduced operations expenses due to an accounting anomaly—when reserves were somewhat replenished. However, underlying those anomalies, costs were rising and revenues were not keeping pace. As shown on page 24 of the plan, reserves will be drawn down again in FY 2016, FY 2017 and FY 2018 before revenues catch up with expenses. She said that rate increases need to be significant to get revenues to the levels that are needed to cover expenses.

Commissioner Eglash said that his understanding from that explanation is that we've allowed revenues to fall below expenses during the last few years and we did that because costs were increasing steadily and we chose not to increase rates. The reason we did not increase rates is that reserves were available to draw on. In addition, there were two years with anomalously low cost that somewhat replenished reserves, but we are now at the point when we must increase revenues. He said that he can now see this on page 24 of the plan (line 20: into/(out of) reserves), which shows that reserves were drawn down in FY 2011 through FY 2013, were replenished in the anomalous years of FY 2014 and FY 2015, but that reserves will be drawn down again in FY 2016, FY 2017 and FY 2018 before revenues cover expenses. He said that reviewing line 18: (total uses of funds) shows that expenses increased slightly from FY 2012 to FY 2013, but increased about \$3.6 million from FY 2013 to FY 2016 ignoring the anomalous years of FY 2014 and FY 2015. Then costs increase by about 5% from FY 2017 and onward. He said that the costs increases have been hidden from customers. He said that even with adding \$4 million to reserves in FY 2014 and FY 2015, that a 9% increase in revenue is needed. He said that it seems like with costs increasing at about 5% per year, we should be fine with 5% per year rate increases. Ratchye pointed out that a one-time adjustment into reserves doesn't help much with ongoing cost increases whereas a 9% rate increase raises revenue to a new base level upon which a subsequent 9-10% rate increase will increase revenues even more with the power of compounding.

Commissioner Eglash said that he was beginning to understand the issue by examining the lines on page 24 of the plan showing the “Total Sources of Funds” and the “Total Uses of Funds,” which show that revenues have not been keeping up with expenses for years. Keniston says that revenues have not kept up with expenses for a period beyond the years shown on the chart on page 24 and was the case in FY 2009 and FY 2010 as well. Commissioner Eglash said that we have been in a long period when rates provided insufficient revenues to cover normal year expenses (ignoring FY 2014 and FY 2015). He asked how revenues could lag expenses for up to 7 years. Ratchye said that the answer to that question is that reserves were high and that the anomalous two years of lower expenses made calling for rate increases hard to justify. In addition, the change to the reserve structure in FY 2015 lowered the amount of reserves that were considered sufficient—and this is the case for all funds, not just the Wastewater Collection Fund.

Commissioner Eglash said that the reserves were reduced when we realized that we had more than we needed and we’ve been slowly consuming them over the years and that all customers have been the beneficiaries for several years of holding the line on rates by using the financial reserves. The day of reckoning has been delayed due to the two anomalous years of low expenses. He said that with no rate increase, we would have a \$3 million deficit and we don’t have enough reserves to cover that and we need to get back to a place where income covers expenses and staff’s proposal phases in rate increases so that we don’t get to that place until FY 2019.

Commissioner Schwartz agreed that the public has been insulated from the increasing costs so now we need to raise rates to cover costs. This can be presented as saving the customers over the last several years when rate increases were low.

Commissioner Eglash said that a chart comparing revenues to costs would show the years when there was a deficit and costs were not covered by revenues and for how long this went on. It is the same as if your salary was staying the same, but rent climbs and when you deplete your savings, you have a problem and can’t afford the rent.

Chair Foster said that the Council made decisions in past to delay rate increases and now the rates must increase. He said that he recalls that in the past several years, moderate rate increases could have been proposed, but the case for them was somewhat borderline and that there was value in a zero rate increase for the community knowing that, sooner or later, the rates would have to increase. Ratchye agreed and recalled that these conversations occurred every year; for example, last year, staff proposed a 3% gas rate increase followed by a 4% increase the following year, but the feedback was that a 3% increase was so low that it’s not worth it and would be better to have no rate increase and a 7% in the following year. Chair Foster said that there is a desire to insulate customers from rate increases and that, even with a delayed higher rate increase, the customers are not actually paying more over the whole period.

Commissioner Ballantine noted that (on the chart on page 24) the allocated charges (line 12) are anomalously low in FY 2015 and that for FY 2016 and forward, those costs are rising. He said that the low cost in FY 2015 could be due to an operational cost saving that year that could be found in future years, but the future forecasts do not include any cost savings that may actually accrue.

Commissioner Eglash pointed out the reduced cost for FY 2014 could be repeated in the future, but that the projections show costs only increasing, which may not reflect reality. Ratchye pointed out that the reduced CIP costs in FY 2014 was a cause for consternation in the past as the UAC and Council was concerned that it signaled a slowdown in infrastructure replacement. However, it was only a pause in new funding for CIP to allow staff to catch up to CIP projects in the queue. She also pointed out that the allocated cost line item referred to by Commissioner Ballantine is not related to operational cost savings, but are the costs allocated from the services provided by the City such as HR, City attorney, finance department, etc. and that the reduced charges in FY 2015 were related to an accounting anomaly. Both these one-time cost reductions are not related to finding efficiencies were found and that these efficiencies won't be found in the future.

Commissioner Eglash said that he was now adequately satisfied with the explanations for the need for the rate increase and supports going forward with the staff recommendation.

ACTION:

Commissioner Danaher made a motion that the UAC recommend that the Council adopt resolutions approving the FY 2017 Wastewater Collection Financial Plan and increasing wastewater rates by amending Rate Schedules S-1 (Residential Wastewater Collection and Disposal), S-2 (Commercial Wastewater Collection and Disposal), S-6 (Restaurant Wastewater Collection and Disposal) and S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger). Commissioner Schwartz seconded the motion. The motion carried unanimously (5-0) with Chair Foster, Commissioners Ballantine, Danaher, Eglash, and Schwartz voting yes and Vice Chair Cook and Commissioner Hall absent.

* NOT YET APPROVED *

Resolution No. _____

Resolution of the Council of the City of Palo Alto Increasing
Wastewater Rates by Amending Rate Schedules S-1 (Residential
Wastewater Collection and Disposal), S-2 (Commercial Wastewater
Collection and Disposal), S-6 (Restaurant Wastewater Collection and
Disposal) and S-7 (Commercial Wastewater Collection and Disposal –
Industrial Discharger)

R E C I T A L S

A. Pursuant to Chapter 12.20.010 of the Palo Alto Municipal Code, the Council of the City of Palo Alto may by resolution adopt rules and regulations governing utility services, fees and charges.

B. On June 13, 2016, the City Council held a full and fair public hearing regarding the proposed rate increase and considered all protests against the proposals.

C. As required by Article XIII D, Section 6 of the California Constitution and applicable law, notice of the June 13, 2016 public hearing was mailed to all City of Palo Alto Utilities wastewater customers by April 29, 2016.

D. The City Clerk has tabulated the total number of written protests presented by the close of the public hearing, and determined that it was less than fifty percent (50%) of the total number of customers and property owners subject to the proposed wastewater rate amendments, therefore a majority protest does not exist against the proposal.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-1 (Residential Wastewater Collection and Disposal) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-1, as amended, shall become effective July 1, 2016.

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* NOT YET APPROVED *

SECTION 2. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-2 (Commercial Wastewater Collection and Disposal) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-2, as amended, shall become effective July 1, 2016.

SECTION 3. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-6 (Restaurant Wastewater Collection and Disposal) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-6, as amended, shall become effective July 1, 2016.

SECTION 4. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-7, as amended, shall become effective July 1, 2016.

SECTION 5. The Council finds that the revenue derived from the wastewater rates approved by this resolution do not exceed the funds required to provide water service, and the revenue derived from the adoption of this resolution shall be used only for the purposes set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

SECTION 6. The Council finds that the fees and charges adopted by this resolution are charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product.

SECTION 7. The Council finds that the adoption of this resolution changing wastewater collection rates to meet operating expenses, purchase supplies and materials, meet financial reserve needs and obtain funds for capital improvements necessary to maintain service is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec.

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* NOT YET APPROVED *

15273(a). After reviewing the staff report and all attachments presented to Council, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Utilities

Director of Administrative Services

ATTACHMENT D

RESIDENTIAL WASTEWATER COLLECTION AND DISPOSAL

UTILITY RATE SCHEDULE S-1

A. APPLICABILITY:

This schedule applies to each occupied residential dwelling unit.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides wastewater service.

C. RATES:

Per Month

Each domestic dwelling unit
\$~~31~~34.83~~95~~

D. SPECIAL NOTES:

1. Any dwelling unit being individually served by a water, gas, or electric meter will be considered continuously occupied.
2. For two or more occupied dwelling units served by one water meter, the monthly wastewater charge will be calculated by multiplying the current wastewater rate by the number of dwelling units.
3. Each developed separate lot shall have a separate service lateral to a sanitary main or manhole.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No S-1-1
dated 7-1-201~~2~~5



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~5~~6
Sheet No **S-1-1**

COMMERCIAL WASTEWATER COLLECTION AND DISPOSAL

UTILITY RATE SCHEDULE S-2

A. APPLICABILITY:

This schedule applies to all commercial establishments other than those served under Utility Rate Schedule S-1 (~~Domestic-Residential~~ Wastewater Collection and Disposal), Rate Schedule S-6 (Restaurant Wastewater Collection and Disposal) or Rate Schedule S-7 (Commercial Establishments Wastewater Disposal – Industrial Discharger).

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides wastewater services.

C. RATES:

1. Minimum Charge per connection per month	\$ ~~3134.83~~ ⁹⁵
2. Quantity Rates, per 100 cubic feet (See Section D.1).....	\$6. ~~71~~ ⁴⁶

D. SPECIAL NOTES:

1. The monthly charge for the quantity rate set forth in Section C.2 of this rate schedule will be based upon the average water usage for the months of January, February and March, and applied in the following July. If a water meter is identified as exclusively serving irrigation landscaping, such meter will be exempted from wastewater charge calculations. Customers without an applicable usage history will be charged at the minimum monthly charge until such time as such usage may reasonably be established by the City of Palo Alto Utilities Department.
2. The City of Palo Alto Utilities Department may require wastewater metering facilities, in which case service will be governed by terms of a special agreement between the City and the Customer.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No S-2-1
dated 7-1-201~~25~~



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~56~~
Sheet No S-2-1

RESTAURANT WASTEWATER COLLECTION AND DISPOSAL

UTILITY RATE SCHEDULE S-6

A. APPLICABILITY:

This schedule applies to all restaurants.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides wastewater services.

C. RATES:

1.	Minimum charge per connection per month	\$ ~~3134.83~~ ⁹⁵
2.	Quantity Rates, per 100 cubic feet of monthly metered water usage.....	\$
	~~910.52~~ ³⁸	

D. SPECIAL NOTES:

1. The City of Palo Alto Utilities Department may require wastewater metering facilities, in which case service will be governed by terms of a special agreement between the City and the Customer.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No S-6-1
dated 7-1-201~~2~~⁵



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~5~~⁶
Sheet No **S-6-1**

**COMMERCIAL WASTEWATER COLLECTION AND DISPOSAL
– INDUSTRIAL DISCHARGER**

UTILITY RATE SCHEDULE S-7

A. APPLICABILITY:

This schedule applies to any establishment requiring sampling of industrial discharges in excess of 25,000 gallons per day, or special discharge monitoring, as defined in Rule and Regulation 23, Section D.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides wastewater services.

C. RATES:

1. Collection System Operation, Maintenance, and Infiltration Inflow:
\$~~1.78~~94 per 100 cubic feet of metered water use.
2. Advanced Waste Treatment Operations and Maintenance Charge:
\$~~1.14~~05 per 100 cubic feet of metered water use
3. \$ 247.56 per 1000 pounds (lbs) of COD (Chemical Oxygen Demand)
4. \$ 596.62 per 1000 lbs of SS (Suspended Solids)
5. \$ 3,983.85 per 1000 lbs of NH₃ (Ammonia)
6. \$ 14,781.25 per 1000 lbs of toxics (chromium, copper, cyanide, lead, nickel, silver, and zinc)

D. SPECIAL NOTES:

1. Water usage will be determined as defined in Rule and Regulation 23, Section D. If a water meter is identified as exclusively serving irrigation landscaping, such meter will be exempted from wastewater charge calculations.
2. The City of Palo Alto Utilities Department may require wastewater metering facilities, in which case service will be governed by terms of a special agreement between the City of Palo Alto and the Customer.
3. Charges for large discharges will be determined on the basis of sampling as outlined in Utilities Rule and Regulation 23, Section D. However, for purposes of arriving at an accurate flow estimate, discharge meters, if installed, can be utilized to measure outflow for billing purposes. Annual charges will be determined and allocated monthly for billing purposes.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No S-7-1
dated 7-1-201~~25~~



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~56~~
Sheet No S-7-1

* NOT YET APPROVED *

Resolution No. _____
Resolution of the Council of the City of Palo Alto Approving the
FY 2017 Water Utility Financial Plan

R E C I T A L S

A. Each year the City of Palo Alto (“City”) regularly assesses the financial position of its utilities with the goal of ensuring adequate revenue to fund operations. This includes making long-term projections of market conditions, the physical condition of the system, and other factors that could affect utility costs, and setting rates adequate to recover these costs. It does this with the goal of providing safe, reliable, and sustainable utility services at competitive rates. The City adopts Financial Plans to summarize these projections.

B. The City uses reserves to protect against contingencies and to manage other aspects of its operations, and regularly assesses the adequacy of these reserves and the management practices governing their operation. The status of utility reserves and their management practices are included in Reserves Management Practices attached to and made part of the Financial Plans.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. The Council hereby adopts the FY 2017 Water Utility Financial Plan.

SECTION 2. The Council hereby approves the transfer of \$4.7 million in FY 2016 from the Rate Stabilization Reserve to the Operations Reserve, as described in the FY 2017 Water Utility Financial Plan approved via this resolution.

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* NOT YET APPROVED *

SECTION 3. The Council finds that the adoption of this resolution does not meet the California Environmental Quality Act's (CEQA) definition of a project under Public Resources Code Section 21065, and therefore, no environmental assessment is required.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Utilities

Director of Administrative Services

**FY 2017 WATER
UTILITY
FINANCIAL PLAN
FY 2017 TO FY 2026**

FY 2017 WATER UTILITY FINANCIAL PLAN

FY 2017 TO FY 2026

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

BAWSCA	Bay Area Water Supply and Conservation Agency
CCF	The standard unit of measurement for water delivered to water customers, equal to one hundred cubic feet, or roughly 748 gallons.
CIP	Capital Improvement Program
CPAU	City of Palo Alto Utilities Department
O&M	Operations and Maintenance
RFC	Raftelis Financial Consultants, Inc.
SFPUC	San Francisco Public Utilities Commission
SFWD	San Francisco Water Department
UAC	Utilities Advisory Commission
WSIP	The SFPUC's Water System Improvement Program to seismically strengthen the transmission lines of the Hetch Hetchy regional water system.

SECTION 2: EXECUTIVE SUMMARY AND RECOMMENDATIONS

This document presents a Financial Plan for the City's Water Utility for the next ten years. This Financial Plan provides revenues to cover the costs of operating the utility safely over that time while adequately investing for the future. It also addresses the financial risks facing the utility over the short term and long term, and includes measures to mitigate and manage those risks.

SECTION 2A: OVERVIEW OF FINANCIAL POSITION

By FY 2026, costs for the Water Utility will increase 24% over FY 2016 levels, as shown in Table 1. Most of increase is related to the cost of water supplied by the San Francisco Public Utilities Commission (SFPUC), which is projected to rise 34% in that time due to the issuance of long term debt to finance major seismic improvements to the Hetch Hetchy transmission system. The cost of replacing the water mains in the City's water distribution system has also increased substantially from the low costs seen during the recent recession, but is projected to remain relatively level during the forecast horizon. Staff projects only inflationary increases to most other costs over the forecast period.

Table 1: Expenses for FY 2015 to FY 2026 (Thousand \$'s)

Expenses (\$000)	FY 2015 (act.)	FY 2016 (est.)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Water Purchases	15,670	17,645	18,899	19,976	21,177	21,259	21,475	21,697	21,915	22,302	23,652	23,426
Operations	15,826	17,442	17,065	17,509	17,960	18,429	18,863	19,276	19,703	20,135	20,578	21,033
Capital Projects	8,580	11,039	10,216	10,012	10,252	10,555	10,867	11,189	11,519	11,860	12,211	12,572
TOTAL	40,077	46,127	46,180	47,498	49,390	50,243	51,205	52,161	53,137	54,297	56,441	57,031

To cover these increases in costs, revenues (and therefore rates) need to increase over the next several years to balance costs and revenues. The rate trajectory shown in Table 2 assumes that

the drought continues through 2017 and that consumption does not return to its pre-drought levels. Table 2 also compares current rate projections to those projected in last year's Financial Plan.

Table 2: Projected Water Rate Trajectory for FY 2017 to FY 2026

Projection	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Current	6%	9%	9%	6%	2%	2%	2%	3%	5%	3%
Last year	8%	8%	8%	3%	1%	2%	3%	N/A	N/A	N/A

The Water Utility has a Rate Stabilization Reserve that can be used to smooth rate increases over several years. This Financial Plan projects that these reserves will be exhausted by the end of FY 2017. The Water Utility also has a Capital Improvement Program (CIP) Reserve that can be used to offset one-time unanticipated capital costs. This Financial Plan assumes that the CIP Reserve will be used for unanticipated capital expenses or returned to the Operations Reserve by the end of FY 2017. At that point the Emergency Water Supply and Storage Project and the Water System Master Plan will have been completed, so capital costs will be known with more certainty. Table 3 shows the projected reserve transfers over the forecast period.

Table 3: Transfers To/(From) Reserves for FY 2016 to FY 2026 (\$000)

Reserve	FY 2016	FY 2017	FY 2018 to FY 2026
Capital Improvement	-	(4,000)	-
Rate Stabilization	(4,700)	(1,867)	-
Operations	4,700	5,867	-

SECTION 2B: SUMMARY OF PROPOSED ACTIONS

Staff proposes the following actions for the Water Utility in FY 2016:

1. Transfer \$4.7 million from the Rate Stabilization Reserve to the Operations Reserve. See *Section 3D: Proposed Reserve Transfers* for more details.

Staff proposes the following actions for the Water Utility in FY 2017:

1. Increase rates as shown in *Section 3B: Current and Proposed Rates*. These changes are projected to increase the system average rate by roughly 6%.
2. Transfer \$1.867 million from the Rate Stabilization Reserve to the Operations Reserve. See *Section 3D: Proposed Reserve Transfers* for more details.
3. Transfer \$4 million from the CIP Reserve to the Operations Reserve.

SECTION 3: DETAIL OF FY 2017 RATE AND RESERVES PROPOSALS

SECTION 3A: RATE DESIGN

The Water Utility's rates are evaluated and implemented in compliance with the cost of service requirements and procedural rules set forth in the California Constitution under Article 13 (per Proposition 218). Current rates were structured based on staff's assessment of the financial

position of the Water Utility, and updated using the methodology from the March 2012 *Palo Alto Water Cost of Service & Rate Study* by Raftelis Financial Consultants, Inc., as well as Raftelis' 2015 memoranda updating the 2012 Study and analyzing drought rates (Staff Report 2676). Staff plans to review and update this cost of service study in 2 to 3 years, unless any major changes occur to the utility's operations or customer base that would necessitate an earlier study. Before conducting any new cost of service study, staff will review current rates and the scope of the study with the Utilities Advisory Commission (UAC) and Council to determine the City's policy priorities.

SECTION 3B: CURRENT AND PROPOSED RATES

The current rates and surcharges were effective on September 1, 2015. Rates were re-aligned to the results of an updated cost of service study, performed by Raftelis Financial Consultants, Inc. (RFC), which both developed the drought surcharges and reviewed the City's water rate methodology and structure in light of recent court decisions interpreting the state constitution's cost of service requirements. RFC examined and validated both the City's methodology and rate structure as fundamentally sound, recommending only minor adjustments to ensure that peaking costs were equitably allocated to each customer class and residential rate tier.

CPAU has five rate schedules: one for separately metered residential customers (W-1), one for commercial and master-metered multi-family residential customers (W-4), and specific schedules for irrigation-only services (W-7), services to fire sprinkler systems in buildings and private hydrants (W-3), and for service to fire hydrant rental meters used for construction (W-2). All customers pay a monthly service charge, based on the size of their inlet meter. This charge represents meter reading, billing, and other customer service costs, but also the cost of maintaining the capability to deliver a peak flow for that customer corresponding to their meter size. All customers are also charged for each CCF (one hundred cubic feet) of water used. Separately metered residential customers are charged on a tiered basis, with the first 0.2 CCF per day (6 CCF for a 30 day billing period) charged a base price per CCF, and all additional units charged a higher price per CCF. Commercial customers pay a uniform price for each CCF used, and a higher price for separately metered irrigation service.

Table 4 and Table 6 show the current and proposed monthly service charges for all rate schedules. Staff evaluated grouping the smallest meter sizes (5/8", 3/4" and 1" meters) into one charge category, but confirmed that there is a significant variation in actual demand on the water distribution system among customers using each of these water sizes. As such, staff is not recommending a change to the monthly service charge schedule.

Table 5 shows the consumption charges. Table 7 shows the current and proposed drought surcharge levels. The basis for calculating these charges is staff's annual assessment of the water utility's financial position, as well as the cost of service methodology from the 2012 *Palo Alto Water Cost of Service & Rate Study* and 2015 update, prepared by RFC.

Table 4: Current and Proposed Monthly Service Charges

Meter Size	Monthly Service Charge (\$/month based on meter size)		Change	
	Current (9/1/15)	Proposed (7/1/16)	\$/mo	%
5/8"	\$16.03	\$16.77	\$0.74	5%
3/4"	\$21.50	\$22.60	\$1.10	5%
1"	\$32.45	\$34.26	\$1.81	6%
1 1/2"	\$59.83	\$63.40	\$3.57	6%
2"	\$92.67	\$98.37	\$5.70	6%
3"	\$196.70	\$209.11	\$12.41	6%
4"	\$350.00	\$372.31	\$22.31	6%
6"	\$716.82	\$762.81	\$45.99	6%
8"	\$1,319.07	\$1,403.94	\$84.87	6%
10"	\$2,085.57	\$2,219.92	\$134.35	6%
12"	\$2,742.56	\$2,919.34	\$495.89	6%

Table 5: Current and Proposed Water Consumption Charges

	Current (9/1/15)	Proposed (7/1/16)	Change	
			\$/CCF	%
W-1 (Residential) Volumetric Rates (\$/CCF)				
Tier 1 Rates	5.93	6.30	0.37	6%
Tier 2 Rates	8.38	8.82	0.44	5%
W-2 (Construction) Volumetric Rates (\$/CCF)				
Uniform Rate	6.92	7.32	0.40	6%
W-4 (Commercial) Volumetric Rates (\$/CCF)				
Uniform Rate	6.92	7.32	0.40	6%
W-7 (Irrigation) Volumetric Rates (\$/CCF)				
Uniform Rate	8.29	8.72	0.43	5%

Table 6: Current and Proposed Monthly Fire Service Charges

Meter Size	Monthly Service Charge (\$/month based on meter size)		Change	
	Current (9/1/15)	Proposed (7/1/16)	\$/mo	%
2"	\$3.43	\$3.79	\$0.36	10%
4"	\$21.22	\$23.42	\$2.20	10%
6"	\$61.63	\$68.03	\$6.40	10%
8"	\$131.34	\$144.97	\$13.63	10%
10"	\$236.20	\$260.70	\$24.50	10%
12"	\$381.52	\$421.11	\$39.59	10%

Table 7: Current and Proposed Drought Surcharge Charges

	Current (9/1/15)	Proposed (7/1/16)	Change	
			\$/CCF	%
10%/15% Reduction (\$/CCF)				
W-1 Residential (Tier 1)	0.19	0.20	\$0.01	5%
W-1 Residential (Tier 2)	0.55	0.58	0.03	5%
W-4 (Non-residential and Master Metered Multi-Family)	0.24	0.26	0.02	8%
W-7 (Irrigation)	0.51	0.53	0.02	4%
20% Reduction (\$/CCF)				
W-1 Residential (Tier 1)	0.39	0.43	0.04	10%
W-1 Residential (Tier 2)	1.14	1.21	0.07	6%
W-4 (Non-residential and Master Metered Multi-Family)	0.49	0.53	0.04	8%
W-7 (Irrigation)	1.18	1.25	0.07	6%
25% Reduction (\$/CCF)				
W-1 Residential (Tier 1)	0.59	0.64	0.05	8%
W-1 Residential (Tier 2)	1.76	1.85	0.09	5%
W-4 (Non-residential and Master Metered Multi-Family)	0.72	0.77	0.05	7%
W-7 (Irrigation)	1.93	2.02	0.09	5%

SECTION 3C: BILL IMPACT OF PROPOSED RATE CHANGES

Table 8 shows the impact of the proposed July 1, 2016 rate changes on the median residential bill. The average increase is roughly 6%, but some customers may see slightly higher or lower increases due to slight changes in the composition of the utility's costs. Table 8 is presented assuming continued activation of the drought surcharge at the 20% reduction level.

Table 8: Impact of Proposed Water Rate Changes on Residential Bills

Usage (CCF/month)	Bill under Current Rates (9/15/15)	Bill under Proposed Rates (7/1/16)	Change	
			\$/mo.	%
4	\$ 41.31	\$ 43.69	\$ 2.38	6%
(Winter median) 7	63.47	67.18	3.71	6%
(Annual median) 9	82.51	87.24	4.73	6%
(Summer median) 14	130.11	137.39	7.28	6%
25	234.83	247.72	12.89	5%

Table 9 shows the impact of the proposed July 1, 2016 rate changes on various representative commercial customer bills. This comparison includes continuation of the drought surcharge at the 20% reduction level.

Table 9: Impact of Proposed Water Rate Changes on Commercial Bills

Usage (CCF/month)	Bill under Current Rates (9/15/15)	Bill under Proposed Rates (7/1/16)	Change	
			\$/mo.	%
Commercial (W-4) (5/8" meters)				
(Annual median) 12	\$ 104.95	110.97	6.02	6%
(Annual average) 64	490.27	519.17	28.90	6%
Irrigation (W-7) (1 ½" meters)				
(Winter median) 9	145	153	8	6%
(Summer median) 37	410	432	22	5%
(Winter average) 56	590	622	32	5%
(Summer average) 199	1,944	2,047	103	5%

SECTION 3D: PROPOSED RESERVE TRANSFERS

In the FY 2016 Financial Plan, several transfers between reserves were discussed for FY 2016. CIP related funds were transferred out of the Reappropriations Replacement into the CIP Reserve, and \$5.5 million was proposed to be transferred from the Rate Stabilization Reserve into the Operations Reserve.

Due to the long running drought in California, and as lower expenses in FY 2015 resulted in higher ending reserve balances than initially projected, staff recommends reducing the \$5.5 million transfer from the Rate Stabilization Reserve in FY 2016 to \$4.7 million, and proposes transferring \$1.87 million in FY 2017. This transfer will exhaust the Rate Stabilization Reserve, as planned for and discussed in *Section 4E: Reserves Structure*, and is included in the financial projections in this Financial Plan. It will enable CPAU to maintain adequate Operations Reserve levels while moderating the pace of increase in water rates.

A proposed \$4 million transfer from the CIP Reserve to the Operations Reserve was also discussed in the FY 2016 Financial Plan. This transfer will help fund the Operations Reserve, as well as bring the CIP Reserve closer to its target reserve level. The impact of these transfers on reserves levels can be seen in *Section 4E: Reserves Structure* and *Appendix A: Water Utility Financial Forecast Detail*.

SECTION 4: UTILITY OVERVIEW

This section provides an overview of the utility and its operations. It is intended as general background information and to help readers better understand the forecasts in *Section 5: Utility Financial Projections* and *Section 6: Details and Assumptions*.

SECTION 4A: WATER UTILITY HISTORY

The Water Utility was established on May 9, 1896, two years after the city was incorporated. Voters of the 750 person community approved a \$40,000 bond to buy local, private water companies who operated one or more shallow wells to serve the nearby residents. The city grew and the well system expanded until nine wells were in operation in 1932. Palo Alto began

receiving water from the San Francisco Water Department (SFWD) in 1937 to supplement these sources.

A 1950 engineering report noted, “the capricious alternation of well waters and the San Francisco Water Department water...has made satisfactory service to the average customer practically impossible”. By 1950, only eight wells were still in operation. Despite this, groundwater production increased in the 1950’s leading to lower groundwater tables and water quality concerns. In 1962, a survey of water softening costs to CPAU customers determined that CPAU should purchase 100% of its water supply needs from the SFWD. A 20-year contract was signed with San Francisco, and CPAU’s wells were placed in standby condition. The SFWD later became known as the SFPUC. Since 1962 (except for some very short periods) CPAU’s entire supply of potable water has come from the SFPUC.

As the city grew, so did the number of mains in the water system. The system of mains expanded along with the town, while existing sections of the system continued to age. In the mid-1980s, the number of breaks in cast iron mains installed during the 1940s and earlier started to accelerate. In FY 1994, to combat deterioration of older sections of the system, an analysis of cost effective system improvements was performed and the rate of main replacement was increased from one mile per year to three. A plan to replace 75 miles of deficient mains within 25 years was begun.

In 1999, a study of system reliability concluded that major upgrades were needed to the distribution system to provide adequate water supply during a natural disaster. This ultimately resulted in the \$40 million Emergency Water Supply and Storage Project, nearly completed, which involved a new underground reservoir in El Camino Park, the siting and construction of several emergency supply wells, and the upgrade of several existing wells and the Mayfield pump station.

At the same time that CPAU was evaluating the reliability of its own system, the SFPUC, in consultation with BAWSCA members, was evaluating the reliability of the Hetch Hetchy water system, which crosses two major fault lines between the Sierras and the Bay Area. That evaluation concluded that major upgrades to the system were required. This planning process culminated in the SFPUC’s \$4.8 billion Water System Improvement Project (WSIP), which is ongoing.

SECTION 4B: CUSTOMER BASE

CPAU’s Water Utility provides water service to the residents and businesses of Palo Alto, plus a handful of residential customers not in Palo Alto (Los Altos Hills, primarily). Nearly 20,300 customers are connected to the water system, approximately 16,500 (81%) of which are separately metered residential customers and 3,800 (19%) of which are commercial, master-metered residential, irrigation and fire service customers.

Judging from seasonal consumption patterns, between 35% and 50% of Palo Alto’s water is used for irrigation, and that consumption is heavily weather dependent. It also varies significantly by season. As a result of these two factors, there is significant variability in the amount of water that is demanded from the system month to month and year to year.

SECTION 4C: DISTRIBUTION SYSTEM

To deliver water to its customers, the utility owns roughly 233 miles of mains (which transport the water from the SFPUC meters at the city's borders to the customer's service laterals and meters), eight wells (to be used in emergencies), five water storage reservoirs (also for emergency purposes) and several tanks used to moderate pressure and deal with peaks in flow and demand (due to fire suppression, heavy usage times, etc.). These represent the vast majority of the infrastructure used to distribute water in Palo Alto.

SECTION 4D: COST STRUCTURE AND REVENUE SOURCES

As shown in Figure 1, water purchase costs accounted for roughly 39% of the Water Utility's costs in FY 2015. Operational costs represented roughly 40%, and capital investment was responsible for the remaining 21%. Water purchase costs are projected to rise to roughly 41% of costs by FY 2026.

The Water Utility receives 93% of its revenue from sales of water and the remainder from capacity and connection fees, interest on reserves, and other sources. As rates increase over the next several years, the percentage of revenue from sales of water is expected to increase as well. *Appendix A: Water Utility Financial Forecast Detail* shows more detail on the utility's cost and revenue structures. Roughly 15% of the utility's revenues come from fixed service charges, though most of its costs are fixed. This is typical for California water utilities, and conforms to the Best Management Practices (BMPs) of the

California Urban Water Conservation Council (CUWCC), a statewide conservation council of environmental groups, state agencies, and water utilities to which the City is a signatory. One of CUWCC's BMPs is that a utility's revenue from fixed service charges constitutes at most 30% of the utility's total revenue from all charges¹.

Figure 1: Cost Structure (FY 2015)

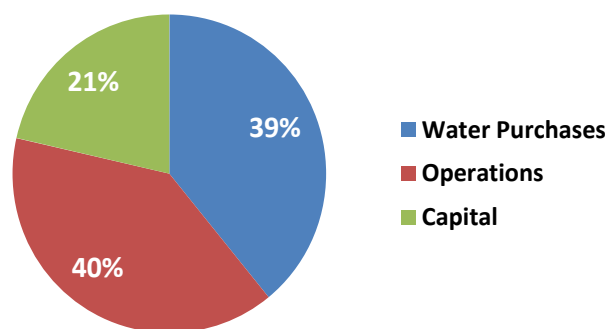
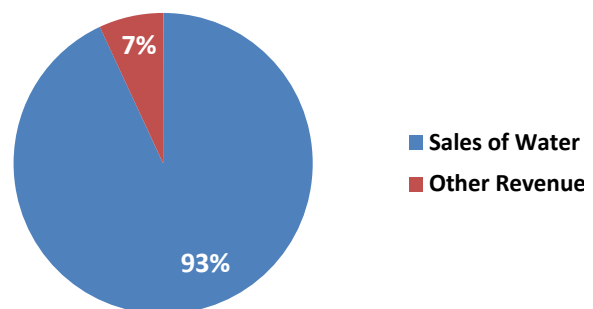


Figure 2: Revenue Structure (FY 2015)



¹ See <http://www.cuwcc.org/Resources/Memorandum-of-Understanding/Exhibit-1-BMP-Definitions-Schedules-and-Requirements/BMP-1-Utility-Operations-Programs>

SECTION 4E: RESERVES STRUCTURE

CPAU maintains six reserves for its Water Utility to manage various types of contingencies. These are summarized below, but see *Appendix C: Water Utility Reserves Management Practices* for more detailed definitions and guidelines for reserve management:

- **Reserve for Commitments:** A reserve equal to the utility's outstanding contract liabilities for the current fiscal year. Most City funds, including the General Fund, have a Commitments Reserve.
- **Reserve for Reappropriations:** A reserve for funds dedicated to projects reappropriated by the City Council, nearly all of which are capital projects. Most City funds, including the General Fund, have a Reappropriations Reserve.
- **Capital Improvement Program (CIP) Reserve:** The CIP reserve can be used to accumulate funds for future expenditure on CIP projects and is anticipated to be empty unless a major one-time CIP expenditure is expected in future years. This CIP can also act as a contingency reserve for the CIP. This type of reserve is used in other utility funds (Electric, Gas, and Wastewater Collection) as well.
- **Rate Stabilization Reserve:** This reserve is intended to be empty unless one or more large rate increases are anticipated in the forecast period. In that case, funds can be accumulated to spread the impact of those future rate increases across multiple years. This type of reserve is used in other utility funds (Electric, Gas, and Wastewater Collection) as well.
- **Operations Reserve:** This is the primary contingency reserve for the Water Utility, and is used to manage yearly variances from budget for operational water supply costs. This type of reserve is used in other utility funds (Electric, Gas, and Wastewater Collection) as well.
- **Unassigned Reserve:** This reserve is for any funds not assigned to the other reserves and is normally empty.

SECTION 4F: COMPETITIVENESS

Table 10 shows the current water bills for residential customers compared to what they would be under surrounding communities' rate schedules. CPAU has the highest monthly bills of the group, although bills for smaller water users are less than in some surrounding communities.

Table 10: Residential Monthly Water Bill Comparison

Usage (CCF/month)	Residential monthly bill comparison (\$/month)* As of February 2016					
	Palo Alto	Menlo Park	Mountain View	Hayward	Redwood City	Santa Clara
4	41.31	44.11	31.46	28.68	43.69	16.64
(Winter median) 7	63.47	62.25	48.77	48.42	57.13	29.12
(Annual median) 9	82.51	74.36	60.31	61.58	66.77	37.44
(Summer median) 14	130.11	106.12	89.16	96.24	95.46	58.24
25	234.83	176.80	187.23	181.49	182.14	104.00

* All comparisons use the 5/8" meter size.

SECTION 5: UTILITY FINANCIAL PROJECTIONS

SECTION 5A: LOAD FORECAST

Figure 3 shows 40 years of water consumption history. Average water use has trended downward over time even as Palo Alto's population has grown. Significant water use reductions over the 40-year history were in response to requests to reduce water use in the 1976-77 and 1988-92 drought periods. During these periods, customers invested in efficient equipment and modified behavior to achieve the water reduction goals. More recently, water sales decreased substantially during the 2007-2009 recession and during the current drought. Water use is down by similar amounts among both commercial and residential customers. Both summertime and wintertime use have decreased for all customer classes.

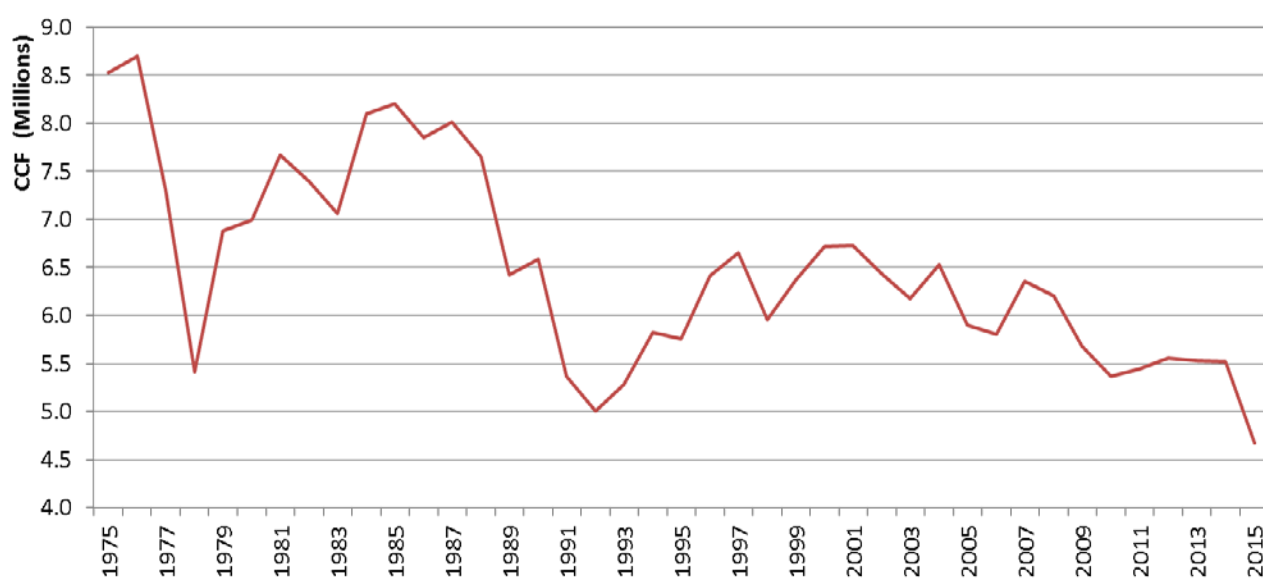
Figure 3: Historical Water Consumption


Figure 4 shows the forecast of water consumption through FY 2026, as denoted by the dotted line.

Figure 4: Forecast Water Consumption



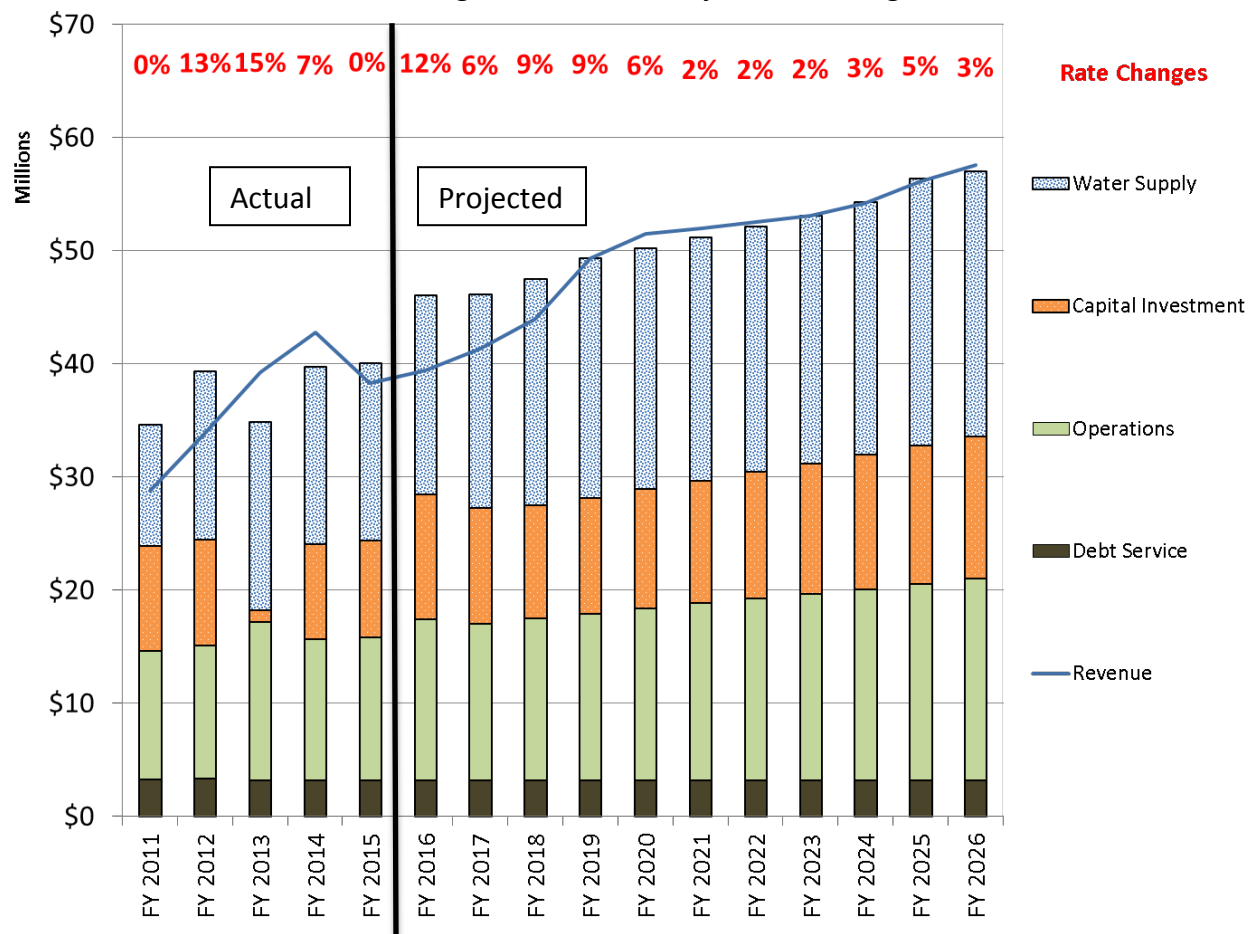
Palo Alto is currently experiencing drought conditions with State mandated 24% water use restrictions in effect. The current forecast assumes current conditions continue through FY 2017, with the drought easing in spring of 2017. It also assumes consumption only returns to 50% of its pre-drought levels, which is consistent with patterns experienced in prior droughts.

SECTION 5B: FY 2011 TO FY 2015 COST AND REVENUE TRENDS

Figure 5 and the tables in *Appendix A: Water Utility Financial Forecast Detail* show how costs have changed during the last five years as well as how they are projected to change over the next decade.

The annual expenses for the water utility rose substantially between 2011 and 2015. The increases were primarily related to water purchase costs, which increased 47% from \$10.7 million in FY 2011 to \$15.7 million in FY 2014. A more in-depth discussion of water purchase costs will be found in *Section 6A: Water Purchase Costs*. Operations cost increased by about 3% annually, while CIP costs stayed relatively flat, except in FY 2013 when there was a hold on new CIP spending to permit completion of a backlog of projects. This budgetary hold allowed for backlogged water main replacement projects to be started, which consumed surplus capital reserves.

Figure 5: Water Utility Expenses, Revenues, and Rate Changes:
Actual Costs through FY 2015 and Projections through FY 2026



SECTION 5C: FY 2015 RESULTS

In early 2014, when proposing rate adjustments to be effective on July 1, 2014, staff forecast the need for a 4% rate increase. However, higher sales in FY 2014, and projected increased sales in FY 2015 increased reserves such that no rate change was needed for FY 2015. Forecast revenues for FY 2015 were actually \$41.2 million instead of the projected revenues of \$36.4 million. The largest reason for this was a return of funds related to a return of CIP funds. Connection and capacity fees were, and have continued to be, higher than forecast. Actual expenses for FY 2015 were \$40.1 million compared to the projected expenses of \$38.7 million. Table 11 summarizes the variances from forecast.

Table 11: FY 2015, Actual Results vs. 2014 Forecast

	Net Cost/ (Benefit)	Type of change
Return of capital project funds	(\$2,667,000)	Revenue increase
Connection and capacity fees higher than forecast	(\$1,043,000)	Revenue increase
Water supply costs lower than expected	(700,000)	Cost savings
Other revenues (interest income, etc.) were higher than forecasted	(\$1,152,000)	Revenue increase
Operations costs lower than expected	(1,300,000)	Cost savings
Capital project costs higher than projected	3,500,000	Cost increase
Net Cost / (Benefit) of Variances	(\$3,362,000)	

SECTION 5D: FY 2016 PROJECTIONS

Several factors have contributed to changes between last year's forecast and this year's projections. Most notably, the ongoing drought has reduced projected FY 2016 sales by around 12%. The activation of a drought rate surcharge in September 2015, however, means that FY 2016 revenues are projected to be only 4.6% lower than forecast. On the cost side, reduced purchases and lower than forecast wholesale supply rates from the SFPUC are expected to result in supply cost decreases of 13.7% for FY 2016. Notable are projected CIP cost increases of \$2.3 million, or 26%, mainly due to general cost increases and completing some projects. Table 12 summarizes the changes from last year's forecast.

Table 12: FY 2016 Change in Projected Results, 2016 Forecast vs 2017 Forecast

	Net Cost/ (Benefit)	Type of change
Lower purchase costs	(\$2,809,000)	Cost savings
Higher misc. revenues (interest income, fees)	(\$111,000)	Revenue increase
Lower sales revenue	\$2,039,000	Revenue decrease
Capital project costs higher than projected	\$2,315,000	Cost increase
Higher Operations budgets	\$163,000	Cost increase
Net Cost / (Benefit) of Variances	\$1,507,000	

SECTION 5E: FY 2017-FY 2026 PROJECTIONS

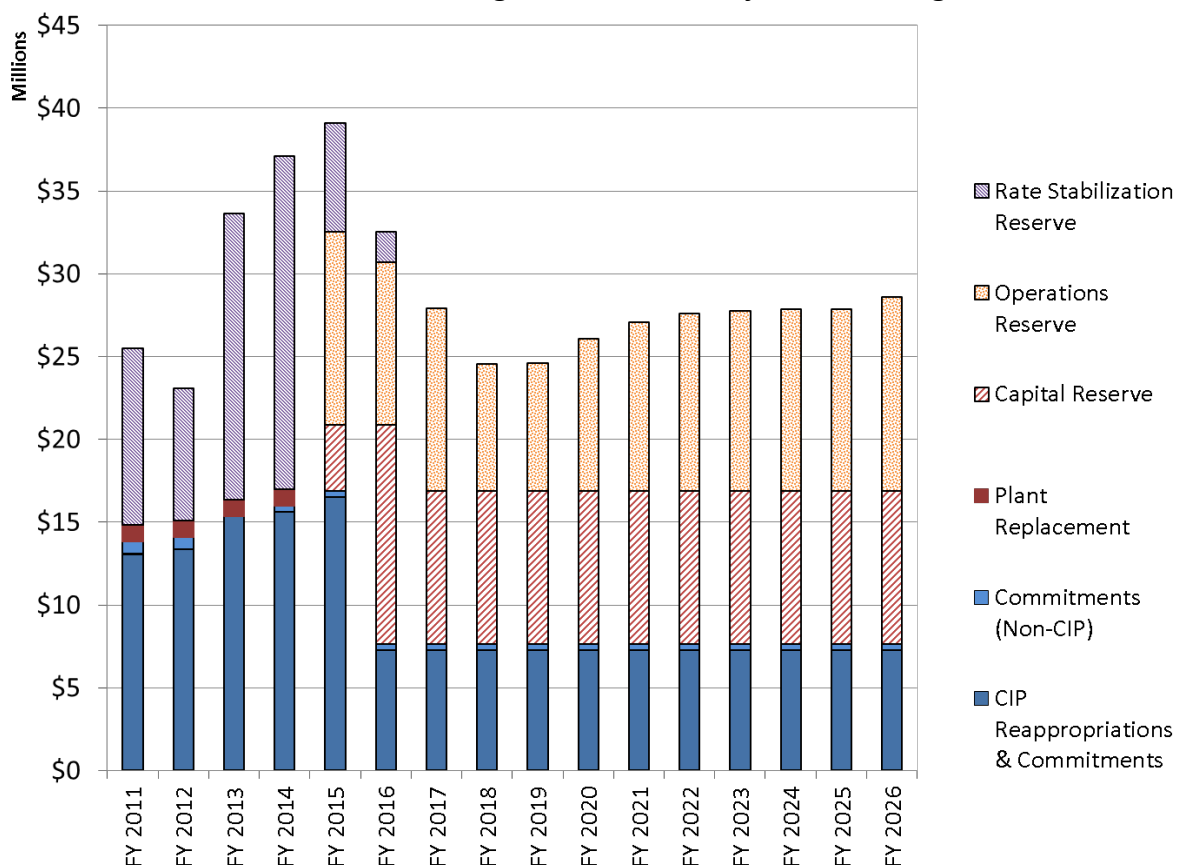
As can be seen in Figure 5 above, costs for the Water Utility are not projected to change significantly between FY 2016 and FY 2017. However, as discussed earlier, water supply costs are the main reason for the cost increases. Water supply costs are projected to increase by 7% in FY 2017 and grow steadily over the coming years. Operations costs include will increase by \$1 million in FY 2017 for emergency generator leasing and maintenance, but will otherwise roughly match inflation through the forecast period. Capital investment costs are also expected to increase at the same rate of inflation used in the City's long-term financial plans (2.5 to 3%/year), though there is still uncertainty with regard to the utility's future costs for main replacement. See *Section 6: Details and Assumptions* for more detail on the costs that make up these projections, as well as the various assumptions underlying the projections.

Revenues are below expenses and will require annual rate increases between 6% and 9% through FY 2020 to keep up with these cost increases even with the use of the Rate Stabilization Reserve to spread the increases over multiple years. Costs have already increased substantially over the last few years, and revenues have not kept pace. Sales revenues were adequate in FY 2014 due to lower than average CIP expenditures in that year, but starting in FY 2015 deficits are forecast. To help close this gap, revenues were increased by 12% in FY 2016.

Reserves trends based on these revenue projections are shown in Figure 6 below. The Rate Stabilization Reserve is projected to have a zero balance by the end of FY 2017, and the CIP Reserve is projected to decrease by \$4 million by the end of FY 2017. Assuming these increases in revenue, the Operations Reserve, the main contingency reserve, is expected to remain above the minimum reserve level and will be adequate to meet all identified risks, as discussed in *Section 5F: Risk Assessment and Reserves Adequacy*.

These projections assume that drought restrictions end in FY 2017, and that the request for water usage reductions remains at 24%. If the drought worsens or continues longer than projected, the level of the drought surcharge currently in place may need to be reviewed. The forecast also assumes that water main replacement project costs do not increase by more than inflation. This is a major uncertainty as staff awaits the results of the Water Master Plan study to determine the advisable water main replacement strategy.

Figure 6: Water Utility Reserves
Actual Reserve Levels through FY 2015 and Projections through FY 2026



SECTION 5F: RISK ASSESSMENT AND RESERVES ADEQUACY

The Water Utility currently has one contingency reserve, the Operations Reserve, and this Financial Plan maintains reserves within the approved reserve maximum and minimum guidelines throughout the forecast period, as shown in Figure 7. Reserve levels also exceed the short term risk assessment for the utility. Note that while the Operations Reserve is above the target level in FY 2017, it falls to below the target (but above the minimum) in FY 2018 through FY 2020.

Figure 7: Operations Reserve Adequacy

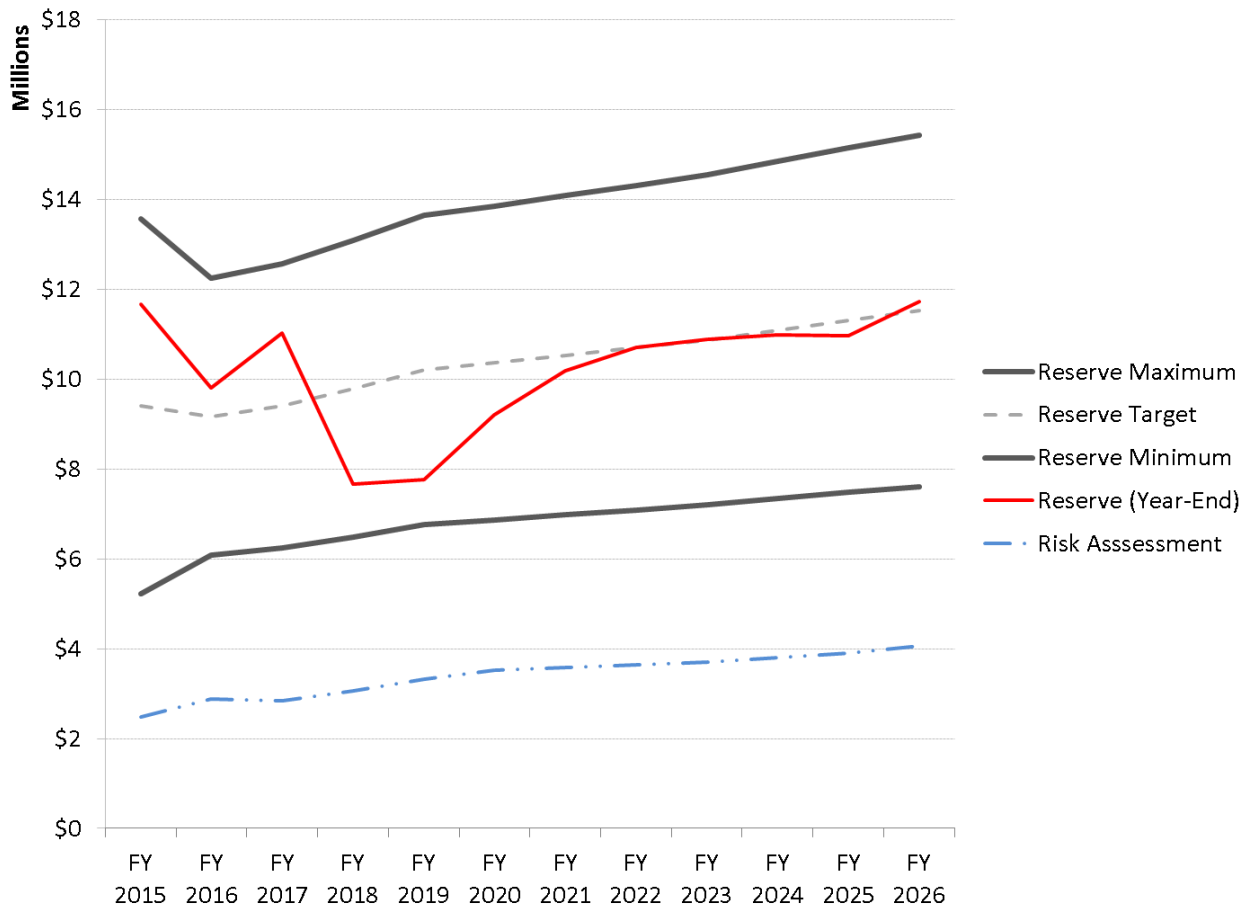


Table 13 summarizes the risk assessment calculation for the Water Utility through FY 2021. The same methodology is used for FY 2022 through FY 2026 as well. The risk assessment includes the revenue shortfall that could accrue due to:

1. Lower than forecasted sales revenue; and
2. An increase of 10% of planned system improvement CIP expenditures for the budget year.

Table 13: Water Risk Assessment (\$000)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total non-commodity revenue	\$18,406	\$20,744	\$23,233	\$24,976	\$25,226
Max. revenue variance, previous ten years	13%	13%	13%	13%	13%
Risk of revenue loss	\$1,819	\$2,050	\$2,296	\$2,468	\$2,492
CIP Budget	\$10,216	\$10,012	\$10,252	\$10,555	\$10,867
CIP Contingency @10%	\$1,022	\$1,001	\$1,025	\$1,056	\$1,087
Total Risk Assessment value	\$2,840	\$3,051	\$3,321	\$3,523	\$3,579

SECTION 5G: ALTERNATE SCENARIOS

At the UAC's February 2016 meeting, it was suggested that staff prepare two alternate scenarios for rate increases. The first ("Target") scenario keeps the Operations Reserve at or near the Target level throughout the forecast period as shown in Figure 8 below. The second ("Minimum") has no rate change in FY 2017 and lets the Operations Reserve stay at minimum for five years as shown in Figure 9 below. Both options as well as the proposed rate adjustments are shown in Table 14.

Table 14: Projected Water Rate Trajectory for FY 2017 to FY 2026

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Proposed	6%	9%	9%	6%	2%	2%	2%	3%	5%	3%
Target	3%	20%	3%	2%	3%	3%	2%	4%	2%	4%
Minimum	0%	18%	7%	3%	3%	4%	3%	4%	3%	4%

The Target scenario requires a 3% rate increase (smaller than the proposed 6% increase) in FY 2017, but requires a very large rate increase (20%) in FY 2018 to make up for another year with a significant deficit with revenues not covering costs. The level of the Operations Reserve in the target scenario is shown in Figure 8 below.

The Minimum scenario also requires a significant rate increase (18%) in FY 2018 if no rate change is implemented in FY 2017 with a large (7%) rate increase required for FY 2019. The level of the Operations Reserve in the target scenario is shown in Figure 9 below.

Staff recommends a 6% water rate increase in FY 2017 to moderate the rate increases that are projected in FY 2018 while keeping the Water Operations Reserve at healthy levels.

Figure 8: Operations Reserve at Target Level

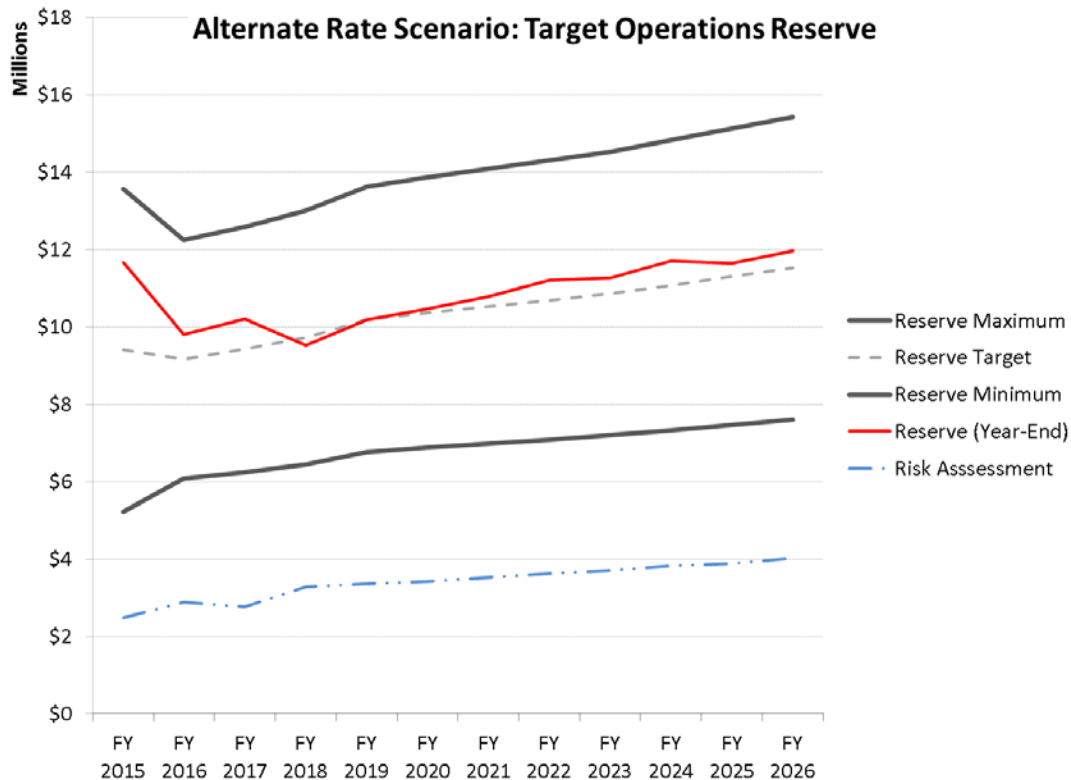
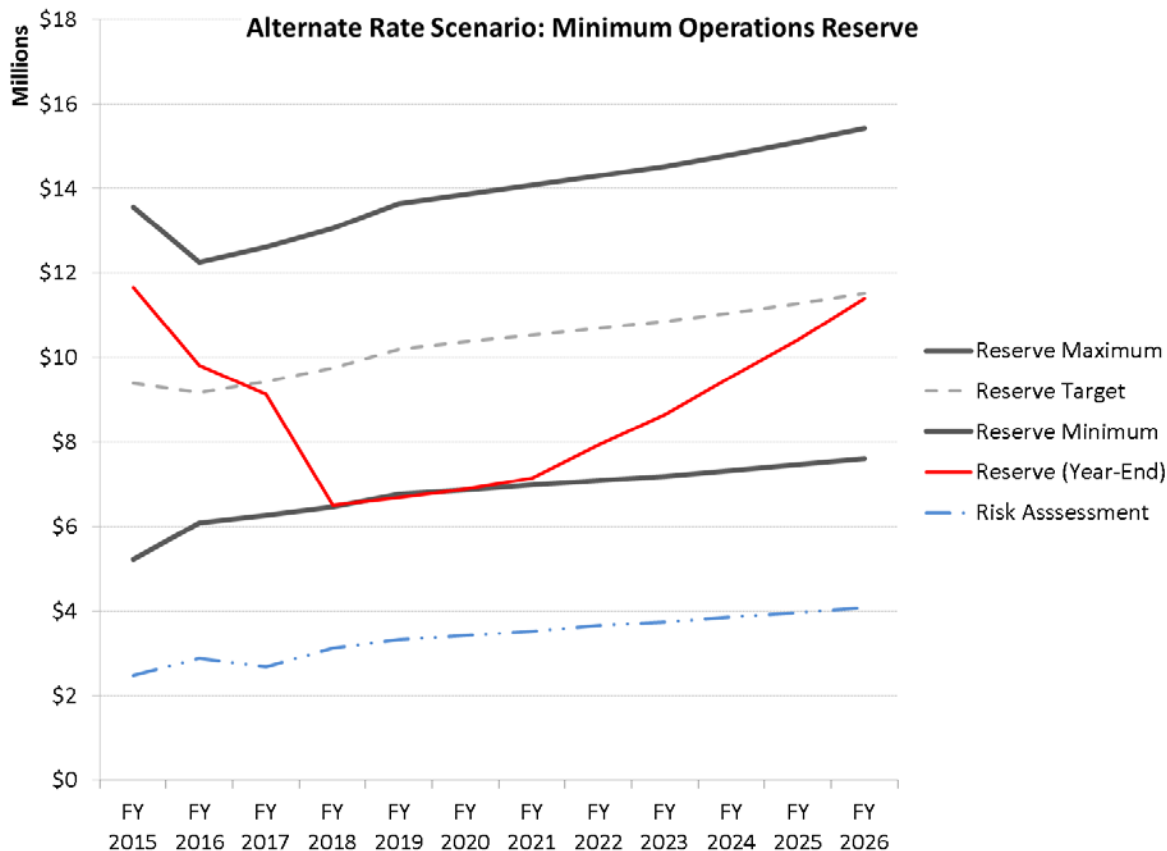


Figure 9: Operations Reserve at Minimum for FY 2018 through FY 2021



SECTION 5H: LONG-TERM OUTLOOK

CPAU has put its Water Utility on strong footing by investing in its distribution system infrastructure and emergency water facilities over the last 20 years. The Water System Master Plan, currently under review, will give CPAU a better picture of the long-term outlook for its infrastructure and will result in a plan for an appropriate schedule for infrastructure replacement and upgrades. In addition, CPAU's water supplier, the SFPUC, has replaced and seismically strengthened its water transmission infrastructure, which will benefit Palo Alto and all Hetch Hetchy customers over the long term.

The opportunities for CPAU's Water Utility over the long term may be in alternative water supplies such as recycled water, groundwater, and water from the Santa Clara Valley Water District. These alternatives have been analyzed in the past, and will be analyzed again in an upcoming update to the Water Integrated Resource Plan. Some of these alternatives may provide cost savings or increased drought protection.

Climate change may begin to present challenges for the Water Utility over the next 20 to 40 years. Availability of water from SFPUC's Regional Water System may change with changing seasonal precipitation patterns. Water consumption patterns may change. Consumption could increase due to drier weather or decrease as customers become even more focused on water conservation. Droughts may become more frequent. The risk of wildfire in the foothills could increase, possibly threatening utility infrastructure or placing greater demands on it. Sea level rise could result in greater exposure of utility infrastructure to saltwater intrusion or the need to protect infrastructure from inundation, possibly resulting in higher maintenance and replacement costs. It could also affect the groundwater aquifer that the utility relies on in emergencies. Any of these could result in increases to the costs of operating the Water Utility. As part of the Sustainability/Climate Action Plan, CPAU is currently working on a Climate Change Adaptation Roadmap that will begin to assess some of these risks.

SECTION 6: DETAILS AND ASSUMPTIONS

SECTION 6A: WATER PURCHASE COSTS

CPAU purchases all of the potable water supplies from the SFPUC, which owns and operates the Hetch Hetchy Regional Water System. CPAU is one of several agencies that purchase water from the SFPUC, all of whom are members of the Bay Area Water Supply and Conservation Agency (BAWSCA). Palo Alto uses roughly 7% of the water delivered by the SFPUC to BAWSCA member agencies.

The Hetch Hetchy Regional Water System system begins with a system of reservoirs and tunnels in the high Sierra in Yosemite County and is transported by a gravity-fed pipeline to the Bay Area. Currently, the SFPUC is in the midst of a \$4.8 billion bond-financed capital improvement program (the Water System Improvement Program, or WSIP) to seismically retrofit the facilities that transport water to the Bay Area. This has resulted in large increases in the annual debt service costs assigned to wholesale customers like Palo Alto. The wholesale customer debt service share of the WSIP is increasing from \$53 million in FY 2010 to over \$200

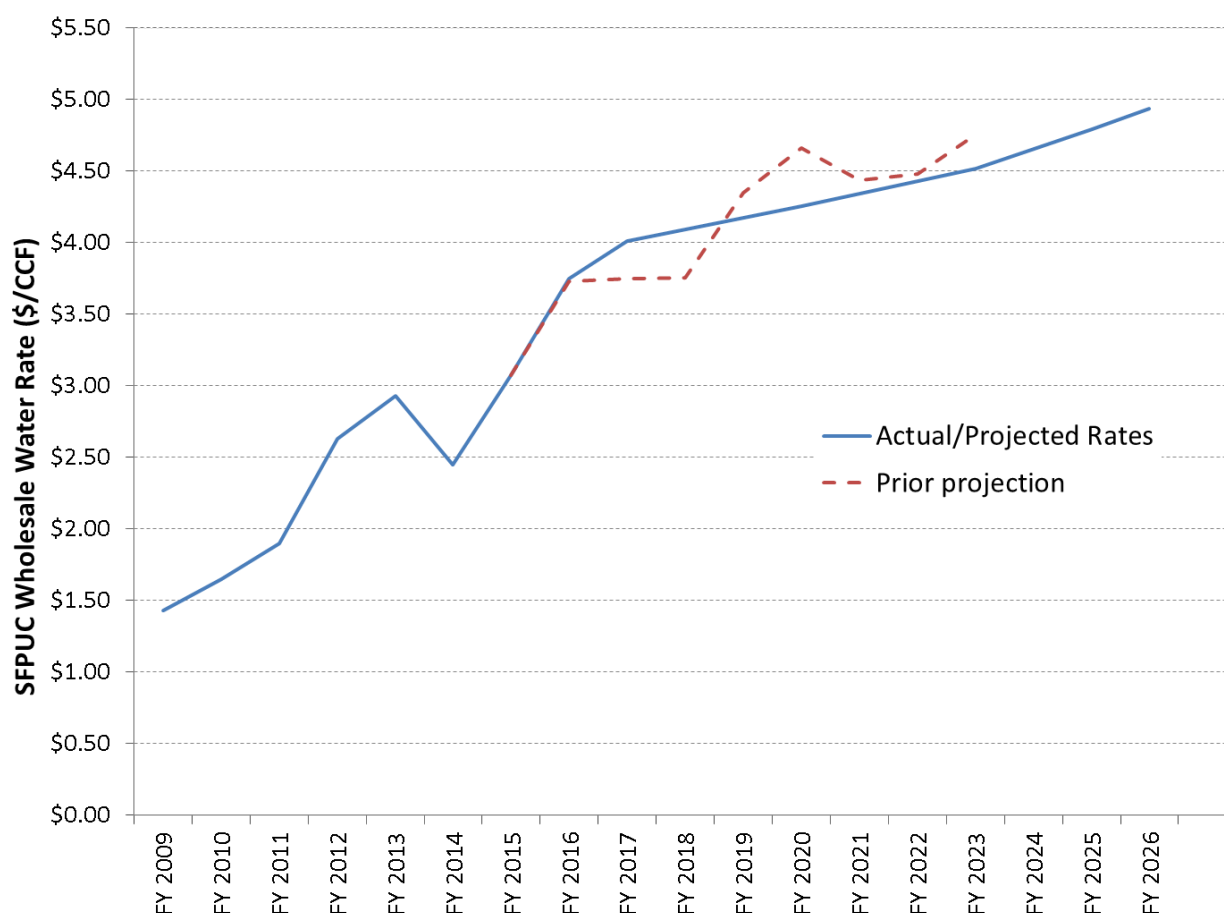
million in FY 2020. As a result, the SFPUC's wholesale water rate has already increased from \$1.43 per CCF in FY 2009 to \$3.75 per CCF in FY 2016, and is forecasted to increase to over \$5.00 per CCF by FY 2025. Figure 10 shows the SFPUC's actual wholesale water rate since FY 2009 and a projection through FY 2026. Note that the wholesale water rate decreased in FY 2014, but the apparent rate decrease is due to a part of the debt being directly paid by the BAWSCA agencies. This cost is paid in addition to the wholesale water rate and add about \$0.35 to \$0.45 per CCF to the wholesale rate.

The SFPUC's water rate projections show a less steeply increasing rate trajectory after all of the debt for the WSIP has been issued. Parts of SFPUC's system not included in the WSIP also may need rehabilitation. Some of these projects are already included in the SFPUC's rate projections, but the SFPUC is conducting condition assessments of other "up-country" facilities, located in the Sierras in the coming years. If the these assessments identify other facilities that need replacement, it may result in additional rate increases beyond FY 2020 as new debt is issued to finance the projects.

In January 2016, the SFPUC provided a range for FY 2017 wholesale water rates of between \$4 and \$5 per CCF. In February, the SFPUC updated its estimate for FY 2017 to \$4.05/CCF, but there is much uncertainty surrounding the length of the drought and water usage by the BAWSCA agencies. Since the State has mandated water use reductions for most BAWSCA agencies by 20% or more, SFPUC's rates will invariably need to increase since its costs are almost entirely fixed with no relation to the quantity of water that delivered by the system.

As shown in Figure 10, this year's projection of SFPUC wholesale rates has increased from the previous year's projection. If the drought ends in FY 2017 and sales increase (or at least don't decline further), then rate projections may level out. However, if snow and rain do not materialize, current calls for restricted usage may continue or even be increased.

Figure 10: Historical and Projected SFPUC Wholesale Water Rate



SECTION 6B: OPERATIONS

CPAU's Water Utility operations include the following activities:

- Administration, a category that includes charges allocated to the Water Utility for administrative services provided by the General Fund and for Utilities Department administration, as well as debt service and other transfers. Additional detail on Water Utility debt service is provided in *Section 6D: Debt Service*
- Customer Service
- Engineering work for maintenance activities (as opposed to capital activities)
- Operations and Maintenance of the distribution system; and
- Resource Management

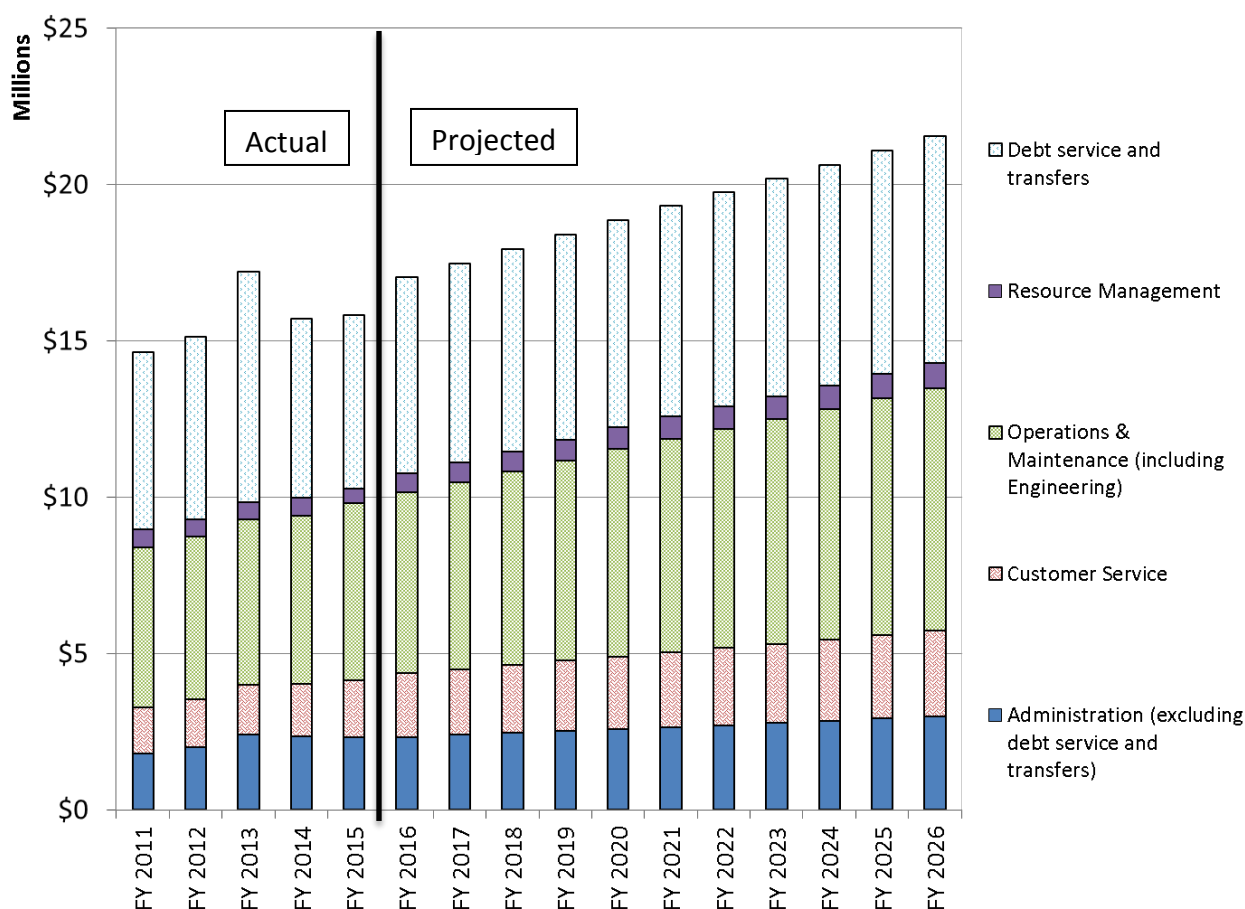
Appendix D: Description of Water Utility Operational Activities includes detailed descriptions of the work associated with each of these activities.

From FY 2011 to FY 2015 Operations costs (excluding debt service, rent, and transfers) increased 3.5% per year on average (see Figure 11). The increases were driven by allocated charges, which increased by 7% per year on average and increases in other Operations costs, which increased by roughly 4% per year. Debt service costs increased by \$2.4 million per year as a result of a bond issued to finance the Emergency Water Supply and Storage Project. Transfers

have varied from year to year, but are expected to remain relatively low and stable through the forecast period.

In FY 2017 Operations costs are projected to increase by \$1 million for a capital lease of emergency generators for various wells and pump stations. This is a new ongoing cost. Aside from that, only inflationary increases are projected for Operations costs. Underlying these projections are assumptions for salary and benefit costs, consumer price index, and other cost projections that match the City's long-range financial forecast.

Figure 11: Historical and Projected Operational Costs



SECTION 6C: CAPITAL IMPROVEMENT PROGRAM (CIP)

The Water Utility's CIP consists of the following types of projects:

- Customer connections, which represents the cost when the Water Utility installs new services or upgrades existing services at a customer's request in response to development or redevelopment. CPAU charges a fee to these customers to cover the cost of these projects.
- Ongoing projects, which represent the cost of replacing aging and under-recording meters and degraded boxes and covers, minor replacements of various types of distribution system equipment, and the cost of capitalized tools and equipment.

- One time projects, or large, non-recurring replacement of system assets (such as reservoir rehabilitation)
- Water main replacement, which represents the ongoing replacement of aging water mains, and sometimes the services associated with those mains.

Table 15 shows the FY 2016 adopted budget, with actual spending and remaining budget as of December 31, 2015. Also included is the five year CIP spending plan, although these figures are preliminary pending budget discussions starting in May. The 'committed' column represents funds committed to contracts for which work has not yet been completed or invoices paid.

Table 15: Budgeted Water Utility CIP Spending (\$000)

Project Category	Current Spending, Remain.		Committed	FY 2017	FY 2018	FY 2019	FY 2021
	Budget*	Curr. Yr Budget**					
One Time Projects	10,686	(1,035)	9,651	6,115	200	-	-
Water Main Replacement	11,380	(3,706)	7,674	236	6,266	6,454	6,647
Ongoing Projects	1,687	(524)	1,163	333	2,359	1,924	1,925
Customer Connections	463	(443)	20	43	690	711	732
TOTAL	24,216	(5,708)	18,508	6,726	9,515	9,088	9,305

*Includes unspent funds from previous years carried forward or reappropriated into the current fiscal year

**Equal to Reserve for Reappropriations + Reserve for Commitments.

The water main replacement program funds the replacement of deteriorating water mains. The water system consists of over 236 miles of mains, approximately 2000 fire hydrants, and over 20,000 metered service connections spanning 9 pressure zones over a 26 square mile service area. CPAU utilizes an asset management database in conjunction with hydraulic modeling software to prioritize capital improvements. Mains are selected by researching the maintenance history of the system and identifying those that are undersized, corroded, and subject to recurring breaks. CPAU uses a scoring system based on criticality in order to prioritize which mains to replace first, and coordinates with the Public Works street maintenance program to avoid cutting into newly repaved streets. CPAU replaces approximately 3 miles of main per year, or 1.3% of the system.

Costs for the water main replacement program are increasing for a variety of reasons:

- Fire Code regulations now mandate fire sprinklers for new residential units. To accommodate increased fire flows, new main replacement projects require larger diameter pipe.
- CPAU has switched to high-density polyethylene (HDPE) for its mains. Installation costs for this material are slightly higher, though lifecycle costs are lower, and the material performs better. Joints in distribution mains are the most likely place for failure, and sections of HDPE pipe can be fused together rather than connected with fittings. In the long run, this will reduce losses and maintenance costs.
- To take full advantage of HDPE's fusibility, CPAU is now replacing the services along with the water mains with new HDPE services. In the past, the existing services were reconnected, regardless of the material. This new practice costs more in the short run, but will provide long term benefits.
- Lastly, costs have escalated after the recession.

These factors have created some uncertainty in future water main replacement costs. If the cost of water main replacement continues at its current levels, water main replacement budgets will need to be increased by \$1M to \$2M per year to keep up the current pace of main replacement. However, CPAU is nearing the end of a long term water main replacement program initiated in 1993 to replace the oldest and most degraded parts of the system. Roughly 25% of the system has been replaced, and the rate of water leaks has decreased 50%. This makes it a good time to re-evaluate the program. CPAU initiated a master planning process in FY 2015 to evaluate the current state of the distribution system and determine the necessary rate of main replacement in future years. Currently the utility replaces about 1.3% of the system each year, which is an 80-year replacement cycle. The master planning process may reveal a need for a higher main replacement rate, or may reveal that pipes are currently in good condition and a lower rate of replacement is sufficient. Results are being reviewed and follow up questions prepared.

If this study determines that a lower rate of main replacement is acceptable, increases to water main replacement project budgets may not be necessary. Likewise, if the per-mile costs of main replacement come down, that would also reduce or eliminate the need to increase main replacement budgets. A combination of reduced costs and a reduced rate of main replacement could even allow CPAU to reduce those budgets. However, if per-mile main replacement costs stay at their current levels and the study reveals the need to maintain the same rate of main replacement (or a higher rate), CPAU's CIP costs would rise.

One project not included in this forecast is the seismic strengthening of a large water transmission line in the foothills. Staff has engaged a consultant to investigate alternatives for this project. The consultant is analyzing an alternative that involves installing a valve and hose system that could be used to bypass breaks in the line while they are repaired after an earthquake. This is a relatively low cost alternative that would not substantially affect the financial forecast. The study is not finalized yet, however, and if it is determined that the entire pipeline needs to be replaced, it could cost between \$15 million and \$20 million, which would likely require bond financing and would substantially affect the financial forecast. The final report with recommendations is expected to be available in 2016.

Ongoing Projects and Customer Connections are projected to cost approximately \$1.9 million in FY 2016 and increase by 3.5% per year through the end of the forecast period. Actual expenses for these projects fluctuate annually depending on how many defective meters are discovered and replaced during routine maintenance, as well as how much development and redevelopment is going on that prompts the replacement or upgrade of water services. It is worth noting that property owners pay a fee for water service replacement or expansion during redevelopment, so when the number of projects go up (meaning higher costs for this activity), so does fee revenue.

Aside from customer connections, the CIP plan for FY 2016 to FY 2020 is funded by utility rates and capacity fees. The details of the plan are shown in *Appendix B: Water Utility Capital Improvement Program (CIP) Detail*.

SECTION 6D: DEBT SERVICE

The Water Utility's annual debt service is roughly \$3.2 million per year. This is related to two bond issuances, one requiring payments through 2026, the other through 2035. CPAU is in compliance with all covenants on both bonds.

The first bond is the 2009 Water Revenue Bond, Series A, issued for \$35 million to finance construction of the Emergency Water Supply and Storage project (the El Camino Reservoir, new wells, rehabilitation of existing wells and tanks, etc.) and to be retired by 2035. As part of the 'Build America' bond program, there is an interest payment subsidy from the Federal Government of 35%. There is always the possibility that the federal government will choose to stop payment on this subsidy. The automatic federal spending cuts under the Budget Control Act (BCA) of 2011 have already reduced the subsidy by \$50,000 per year, and if planned cuts through 2021 proceed without amendment, staff estimates that the subsidy would be reduced by over \$200,000 per year by 2021. The Bipartisan Budget Act of 2013, which relieved some of the discretionary spending cuts in the 2011 BCA, did not affect automatic cuts to the subsidy, and actually extended the automatic cuts through 2023.

The second bond issuance is the 2011 Utility Revenue Refunding Bond, Series A, which is to be retired in 2026. This \$17.2 million issuance refinanced an earlier Water and Gas Utility bond issuance, the 2002 Utility Revenue Bonds, Series A, which was issued to finance various capital improvements for both systems. The Water Utility's share of the issuance was roughly \$7.8 million.

The cost of debt service for the Water Utility's share of these bond issuances for the financial forecast period is shown in Table 16:

Table 16: Water Utility Debt Service (\$000)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
2009 Water Revenue Bonds, Series A (net of grants)	2,002	2,012	2,031	2,046	2,064	2,079	2,101	2,151
2011 Utility Revenue Bonds, Series A	657	657	656	654	656	657	657	657

Both the 2009 and 2011 Bonds include the following covenants: 1) net revenues plus Available Reserves shall at least equal 125% of the maximum annual debt service, and 2) Available Reserves shall be at least 5 times the maximum annual debt service. Note that "Available Reserves," as defined for both bonds, include the reserves for the Gas and Electric systems, not just the Water system. This Financial Plan maintains compliance with these covenants throughout the forecast period, as shown in *Appendix A: Water Utility Financial Forecast Detail*.

The net revenues (but not the reserves) of the Water Utility are also pledged for one other bond as shown in Table 17 below, even though the Water Utility is not responsible for the debt service payments. The Water Utility's reserves or net revenues would only be called upon if the responsible utilities are unable to make their debt service payments. Staff does not currently foresee this occurring. Requirements of the California Constitution require that any amounts advanced from one utility to pay debt service for another utility must be repaid by the borrowing fund.

Table 17: Other Issuances Secured by the Water Utility's Revenues or Reserves

Bond Issuance	Responsible Utilities	Annual Debt Service (\$000)	Secured by Water Utility's:	
			Net Revenues	Reserves
1995 Series A Utility Revenue Bonds	Storm Drain	\$680	Yes	No

SECTION 6E: OTHER REVENUES

The Water Utility receives most of its revenues from sales of water, but about 7% comes from other sources. The largest revenue source in FY 2015 was a one-time return of previously budgeted CIP dollars (36%). The next largest source is connection and capacity fees, which in FY 2015 represented 29% of revenue from sources other than water sales. The remainder consisted of a variety of miscellaneous charges and transfers.

Revenues from connection and capacity fees have more than doubled since FY 2009. Connection fees are charged to new developments that need new or replacement service connections, while capacity fees are charged to development that put additional demands on the water distribution system. Revenue from these sources decreased slightly during the recession, but has increased substantially since then. Staff is forecasting lower revenue from these sources in subsequent years, but has increased connection fees that are expected to offset these reductions to some extent.

Other revenue sources are projected to stay stable through the forecast period, though interest income always fluctuates depending on changes in interest rates. Some uncertainty also exists related to the Federal government's commitment to continuing to pay the interest subsidy on the Build America Bonds.

SECTION 6F: SALES REVENUES

Sales revenue projections are based on the load forecast in *Section 5A: Load Forecast* and the projected rate changes shown in Figure 5. Except where stated otherwise, these load forecasts are based on normal precipitation. Precipitation can vary substantially, however, even in non-drought years, and this can affect revenues substantially. In dry years customers use more water, increasing revenues, and in wet years they use less. These variations happen in the winter, since summers have virtually no local precipitation regardless of whether it is a dry or wet year. The variations are most likely related to winter irrigation demand.

SECTION 7: COMMUNICATIONS PLAN

In FY 2017, communications will continue to focus on water utility rate increases, including the reasons why and how rates may change contingent upon continued drought conditions. The City will also communicate how infrastructure costs and rising rates from our wholesale water supplier, the San Francisco Public Utilities Commission, increases CPAU costs and must be recovered through rate increases. Rates communications will include a substantial update to information on a webpage dedicated to Utilities rates, "breaking news" on the Utility home webpage, discussion in the Proposition 218 rate adjustment notice, bill inserts, print ads, videos

for web and television, social media posts and frequent educational updates to internal and external stakeholders (customer service, marketing, City Manager's Office, UAC, City Council, business and residential customers). Other communications vehicles will include financial plans, presentations to UAC, Finance Committee, City Council and any media coverage as a result of the rate increases. CPAU will continue its outreach about drought conditions and importance of water use efficiency, tying in the message that although rates are increasing, efficient usage should mean that a customer should not see a significant increase in water utility costs on their bills.

Water conservation outreach will include bill inserts, web updates, email blasts, videos for the web and television, presentations to customer groups and the use of social media. To keep customers apprised of the status and accomplishments of CIP projects, a network of project web pages are maintained. Traffic is driven to the website via ads in publications, newspaper inserts, and through the comprehensive portfolio of outreach strategies as outlined above. Safety topics are also emphasized year-round. For all utility outreach, while print materials and website pages still feature prominently, CPAU is placing more emphasis on digital advertising content, direct mail, community safety/emergency preparation events and presentations.

APPENDICES

Appendix A: Water Utility Financial Forecast Detail

Appendix B: Water Utility Capital Improvement Program (CIP) Detail

Appendix C: Water Utility Reserves Management Practices

Appendix D: Description of Water Utility Operational Activities

Appendix E: Sample of Water Utility Outreach Communications

APPENDIX A: WATER UTILITY FINANCIAL FORECAST DETAIL

1	FISCAL YEAR	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
2																	
3	WATER SUPPLY																
4	Purchases	5,416,220	5,538,305	5,532,947	5,507,153	4,671,433	4,127,085	4,172,372	4,353,850	4,556,414	4,486,307	4,448,095	4,410,865	4,372,643	4,328,601	4,285,924	4,231,873
5	Sales	4,992,473	5,062,873	5,097,392	5,047,148	4,433,016	3,858,825	3,859,444	4,027,311	4,214,683	4,149,834	4,114,488	4,080,051	4,044,695	4,003,956	3,964,480	3,914,482
6							(530,686)	-12.1%									
7	BILL AND RATE CHANGES																
8	Variable Charge (Supply)	15%	38%	11%	-16%	25%	22%	7%	2%	2%	2%	2%	2%	2%	3%	3%	3%
9	Variable Charge (Distribution)	-7%	-12%	17%	30%	-16%	10%	5%	15%	14%	9%	2%	2%	2%	3%	3%	6%
10	Change in System Average Rate	0%	12%	22%	8%	0%	11%	6%	9%	9%	6%	2%	2%	2%	3%	3%	5%
11																	
12	STARTING RESERVES																
13	Reappropriations (Non-CIP)	54,000	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Commitments (Non-CIP)	40,000	765,000	714,000	2,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000
15	Restricted for Debt Service	3,348,000	3,348,000	3,225,000	3,225,000	3,331,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000
16	Emergency Plant Replacement	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-	-
17	Capital Reserve	-	-	-	-	-	4,000,000	13,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000
18	Rate Stabilization Reserve	17,037,000	10,639,000	7,996,000	17,272,000	20,133,000	6,567,000	1,867,000	-	-	-	-	-	-	-	-	-
19	Operations Reserve	-	-	-	-	-	11,663,836	9,807,734	11,017,309	7,655,292	7,759,702	9,208,904	10,185,947	10,710,850	10,890,498	10,976,735	10,969,473
20	Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	TOTAL STARTING RESERVES	21,479,000	15,772,000	12,935,000	21,499,000	24,811,000	25,893,836	28,593,734	23,936,309	20,574,292	20,678,702	22,127,904	23,104,947	23,629,850	23,809,498	23,895,735	23,888,473
22																	
23	REVENUES																
24	Net Sales	26,133,998	30,673,882	36,647,924	39,029,262	33,654,549	36,263,267	38,159,141	40,715,075	46,016,043	48,155,815	48,584,946	49,023,735	49,587,825	50,566,700	51,576,926	53,401,555
25	Other Revenues and Transfers In	<u>2,812,063</u>	<u>5,892,133</u>	<u>6,811,461</u>	<u>4,053,920</u>	<u>7,504,848</u>	<u>3,307,155</u>	<u>3,363,253</u>	<u>3,420,419</u>	<u>3,478,285</u>	<u>3,536,762</u>	<u>3,597,449</u>	<u>3,662,424</u>	<u>3,728,765</u>	<u>3,816,351</u>	<u>3,906,270</u>	<u>3,998,583</u>
26	TOTAL REVENUES	28,946,061	36,566,015	43,459,385	43,083,182	41,159,397	39,570,422	41,522,394	44,135,494	49,494,328	51,692,577	52,182,395	52,686,158	53,316,590	54,383,051	55,483,196	57,400,138
27																	
28	EXPENSES						26.4 %										
29	Water Purchases	10,677,914	14,889,399	16,605,351	15,705,288	15,669,935	17,644,669	18,899,310	19,976,217	21,177,479	21,259,327	21,475,294	21,696,607	21,914,567	22,302,108	22,701,664	23,050,946
30	Operating Expenses																
31	Administration																
32	Allocated Charges	1,798,630	2,003,116	2,422,880	2,366,077	2,342,985	2,343,499	2,402,461	2,462,917	2,524,882	2,588,411	2,653,298	2,719,668	2,787,709	2,857,466	2,928,969	3,002,261
33	Rent	2,122,405	2,156,887	1,911,963	2,192,454	2,249,457	2,677,106	2,757,419	2,840,142	2,925,346	3,013,106	3,103,500	3,196,605	3,292,503	3,391,278	3,493,016	3,597,807
34	Debt Service	3,341,781	3,385,986	3,219,165	3,220,208	3,218,869	3,222,606	3,219,316	3,222,669	3,220,858	3,220,638	3,222,843	3,223,563	3,224,553	3,224,553	3,224,553	3,224,553
35	Transfers and Other Adjustments	<u>200,286</u>	<u>301,963</u>	<u>2,241,793</u>	<u>335,808</u>	<u>63,612</u>	<u>376,108</u>	<u>383,630</u>	<u>391,302</u>	<u>399,129</u>	<u>407,111</u>	<u>415,253</u>	<u>423,558</u>	<u>432,030</u>	<u>432,030</u>	<u>432,030</u>	<u>432,030</u>
36	Subtotal, Administration	7,463,102	7,847,952	9,795,801	8,114,546	7,874,923	8,619,319	8,762,826	8,917,030	9,070,214	9,229,266	9,394,893	9,563,393	9,736,794	9,905,326	10,078,567	10,256,650
37	Resource Management	575,834	552,972	557,910	570,040	488,331	601,238	621,475	642,529	664,121	686,511	706,216	724,410	743,231	762,742	782,766	803,316
38	Operations and Mtc	4,885,428	4,900,606	4,944,064	4,986,274	5,283,426	5,345,288	5,529,766	5,721,935	5,919,070	6,123,705	6,301,710	6,464,531	6,633,106	6,808,061	6,987,630	7,171,936
39	Engineering (Operating)	247,488	301,278	338,659	381,502	358,128	447,404	463,096	479,457	496,243	513,680	528,735	542,422	556,602	571,328	586,444	601,959
40	Customer Service	1,476,175	1,544,608	1,584,759	1,677,926	1,821,447	2,027,659	2,098,960	2,173,305	2,249,589	2,328,837	2,397,182	2,459,257	2,523,568	2,590,368	2,658,935	2,729,318
41	Allowance for Unspent Budget	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,476</u>	<u>(411,505)</u>	<u>(424,995)</u>	<u>(438,832)</u>	<u>(453,167)</u>	<u>(465,976)</u>	<u>(477,939)</u>	<u>(490,301)</u>	<u>(503,100)</u>	<u>(516,234)</u>	<u>(529,711)</u>
42	Subtotal, Operating Expenses	14,648,027	15,147,415	17,221,192	15,730,288	15,826,254	17,442,384	17,064,620	17,509,261	17,960,405	18,428,832	18,862,761	19,276,075	19,702,999	20,134,724	20,578,108	21,033,467
43	Capital Program Contribution	9,327,120	9,366,201	1,068,841	8,335,605	8,580,372	11,039,470	10,215,889	10,012,033	10,252,034	10,555,216	10,867,297	11,188,574	11,519,375	11,859,984	12,210,686	12,571,782
44	TOTAL EXPENSES	34,653,061	39,403,015	34,895,385	39,771,182	40,076,561	46,126,524	46,179,819	47,497,511	49,389,918	50,243,375	51,205,352	52,161,256	53,136,941	54,296,815	55,490,458	56,656,195
45																	
46	ENDING RESERVES																
47	Reappropriations (Non-CIP)	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	Commitments (Non-CIP)	765,000	714,000	2,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000	347,000
49	Restricted for Debt Service	3,348,000	3,225,000	3,225,000	3,331,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000	3,316,000
50	Emergency Plant Replacement	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-
51	Capital Reserve	-	-	-	-	4,000,000	13,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000	9,256,000
52	Rate Stabilization Reserve	10,639,000	7,996,000	17,272,000	20,133,000	6,567,000	1,867,000	-	-	-	-	-	-	-	-	-	-
53	Operations Reserve	-	-	-	-	11,663,836	9,807,734	11,017,309	7,655,292	7,759,702	9,208,904	10,185,947	10,710,850	10,890,498	10,976,735	10,969,473	11,713,415
54	Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	TOTAL ENDING RESERVES	15,772,000	12,935,000	21,499,000	24,811,000	25,893,836	28,593,734	23,936,309	20,574,292	20,678,702	22,127,904	23,104,947	23,629,850	23,809,498	23,895,735	23,888,473	24,632,415
56																	
57	OPERATIONS RESERVE																
58	Min (60 days of non-capital expenses)	-	-	-	-	5,230,611	6,082,017	6,232,446	6,488,975	6,767,143	6,864,270	6,977,906	7,089,168	7,202,255	7,336,928	7,475,494	7,607,764
59	Target (90 days of non-capital expenses)	-	-	-	-	9,395,240	9,166,903	9,395,593	9,783,548	10,204,079	10,353,171	10,527,111	10,697,594	10,870,947	11,085,459	11,306,122	11,517,661
60	Max (120 days of non-capital expenses)	-	-	-	-	13,559,870	12,251,790	12,558,739	13,078,120	13,641,014	13,842,072	14,076,317	14,306,020	14,539,639	14,833,990	15,136,750	15,427,559
61	Risk Assessment Value					2,481,768	2,873,181	2,840,361	3,050,960	3,320,931	3,523,428	3,579,316	3,636,369	3,704,694	3,794,916	3,892,600	4,062,286

Appendix A (continued)																	
1	FISCAL YEAR	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
2																	
3	REVENUES																
4	Net Sales	90%	84%	84%	91%	82%	92%	92%	92%	93%	93%	93%	93%	93%	93%	93%	93%
5	Other Revenues and Transfers In	10%	16%	16%	9%	18%	8%	8%	8%	7%	7%	7%	7%	7%	7%	7%	7%
6	TOTAL REVENUES	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
7																	
8	EXPENSES																
9	Water Purchases	31%	38%	48%	39%	39%	38%	41%	42%	43%	42%	42%	42%	41%	41%	41%	41%
10	Operating Expenses																
11	Administration																
12	Allocated Charges	5%	5%	7%	6%	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
13	Rent	6%	5%	5%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
14	Debt Service	10%	9%	9%	8%	8%	7%	7%	7%	7%	6%	6%	6%	6%	6%	6%	6%
15	Transfers and Other Adjustments	1%	1%	6%	1%	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
16	Subtotal, Administration	22%	20%	28%	20%	20%	19%	19%	19%	18%	18%	18%	18%	18%	18%	18%	18%
17	Resource Management	2%	1%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
18	Operations and Mtc	14%	12%	14%	13%	13%	12%	12%	12%	12%	12%	12%	12%	12%	13%	13%	13%
19	Engineering (Operating)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
20	Customer Service	4%	4%	5%	4%	5%	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
21	Allowance for Unspent Budget	0%	0%	0%	0%	0%	1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
22	Subtotal, Operating Expenses	42%	38%	49%	40%	39%	38%	37%	37%	36%	37%	37%	37%	37%	37%	37%	37%
23	Capital Program Contribution	27%	24%	3%	21%	21%	24%	22%	21%	21%	21%	21%	21%	22%	22%	22%	22%
24	TOTAL EXPENSES	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
25																	
26	RISK ASSESSMENT DETAIL																
27	Distribution Revenue Variance					1,623,731	1,769,234	1,818,772	2,049,757	2,295,727	2,467,907	2,492,586	2,517,512	2,552,757	2,608,918	2,671,532	2,805,108
28	10% CIP Program Contingency					858,037	1,103,947	1,021,589	1,001,203	1,025,203	1,055,522	1,086,730	1,118,857	1,151,938	1,185,998	1,221,069	1,257,178
29	Total Risk Assessment Value					2,481,768	2,873,181	2,840,361	3,050,960	3,320,931	3,523,428	3,579,316	3,636,369	3,704,694	3,794,916	3,892,600	4,062,286
30	Projected Operations Reserve					11,663,836	9,807,734	11,017,309	7,655,292	7,759,702	9,208,904	10,185,947	10,710,850	10,890,498	10,976,735	10,969,473	11,713,415
31	Operations Reserve, % of Risk Value					470%	341%	388%	251%	234%	261%	285%	295%	294%	289%	282%	288%
32																	
33	OPERATIONS RESERVE																
34	Min (60 days of non-capital expenses)	-	-	-	-	5,230,611	6,082,017	6,232,446	6,488,975	6,767,143	6,864,270	6,977,906	7,089,168	7,202,255	7,336,928	7,475,494	7,607,764
35	Target (90 days of non-capital expenses)	-	-	-	-	9,395,240	9,166,903	9,395,593	9,783,548	10,204,079	10,353,171	10,527,111	10,697,594	10,870,947	11,085,459	11,306,122	11,517,661
36	Max (120 days of non-capital expenses)	-	-	-	-	13,559,870	12,251,790	12,558,739	13,078,120	13,641,014	13,842,072	14,076,317	14,306,020	14,539,639	14,833,990	15,136,750	15,427,559
37	Risk Assessment Value					2,481,768	2,873,181	2,840,361	3,050,960	3,320,931	3,523,428	3,579,316	3,636,369	3,704,694	3,794,916	3,892,600	4,062,286
38																	
39	DEBT SERVICE COVERAGE RATIO																
40	Net Revenues (125% of Debt Service)	658%	787%	951%	876%	878%	989%	1017%	1063%	1115%	1132%	1152%	1171%	1191%	1216%	1242%	1267%
41	Available Reserves (5x Debt Service)*	3.5	2.7	5.7	6.6	6.9	7.7	6.3	5.2	5.3	5.7	6.0	6.2	6.2	6.3	6.3	6.5

APPENDIX B: WATER UTILITY CAPITAL IMPROVEMENT PROGRAM (CIP) DETAIL

Project #	Project Name	Remaining in CIP Reserve Fund	Commitments	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
ONE TIME PROJECTS								
WS-07000	Regulation Station Imp.	929,920	-	-	-	-	-	-
WS-07001	Water Recycling Facilities	200,601	2,291	-	-	-	-	-
WS-08001	Water Reservoir Coating	2,475,603	-	-	-	-	-	-
WS-09000	Seismic Water System	4,850,291	-	-	-	-	-	-
WS-11001	Vacuum Excavation Equip.	-	-	-	-	-	-	-
WS-13003	GPS Equipment Upgrade	200,000	-	-	-	-	-	-
WS-13004	Asset Mgmt. Mobile Sys.	91,522	-	-	-	-	-	-
WS-13006	Meter Shop Renovations	46,892	-	-	-	-	-	-
WS-15004	Water System Master Plan	244,814	78,666	-	-	-	-	-
WS-08002	Emergency Water Supply	703,817	448,739	-	-	-	-	-
Subtotal, One-time Projects		9,743,460	529,696	-	-	-	-	-
WATER MAIN REPLACEMENT PROGRAM								
WS-xxxx	WMR - Project 32	-	-	-	-	-	-	658,543
WS-09001	WMR - Project 23	-	-	-	-	-	-	-
WS-10001	WMR-Project 24	-	-	-	-	-	-	-
WS-11000	WMR-Project 25	1,181,868	193,000	-	-	-	-	-
WS-12001	WMR- Project 26	5,924,570	-	-	-	-	-	-
WS-13001	WMR - Project 27	568,065	42,500	5,680,651	-	-	-	-
WS-14001	WMR - Project 28	-	-	585,107	5,851,070	-	-	-
WS-15002	WMR - Project 29	-	-	-	602,660	6,026,602	-	-
WS-16001	WMR - Project 30	-	-	-	-	620,740	6,207,400	-
WS-19001	WMR - Project 31	-	-	-	-	-	639,362	6,396,000
Subtotal, Water Main Replacement Prog.		7,674,503	235,500	6,265,758	6,453,730	6,647,342	6,846,762	7,054,543

Appendix B: Water Utility Capital Improvement Program (CIP) Detail (Continued)

Project #	Project Name	Remaining in CIP Reserve Fund	Commitments	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
ONGOING PROJECTS								
WS-80014	Services/Hydrants	194,863	-	400,000	412,000	424,360	437,091	450,204
WS-80015	Water Meters	402,888	110,905	565,000	565,000	500,000	515,000	530,450
WS-02014	W-G-W Utility GIS Data	285,257	183,063	366,025	402,628	442,890	456,177	469,862
WX-xxxx	Annual Survey			40,000	41,200	42,436	43,709	45,020
WS-13002	Equipment/Tools	50,000	-	50,000	50,000	50,000	50,000	50,000
WS-11003	Dist. Sys. Improvements	155,803	3,000	739,000	247,000	254,000	261,620	269,469
WS-11004	Supply Sys. Improvements	106,524	35,614	239,000	247,000	254,000	261,620	269,469
Subtotal, Ongoing Projects		1,195,335	332,588	2,399,025	1,964,828	1,967,686	2,025,217	2,084,473
CUSTOMER CONNECTIONS (FEE FUNDED)								
WS-80013	Water System Extensions	50,496	42,880	690,000	710,700	732,021	753,982	776,601
Subtotal, Customer Connections		50,496	42,880	690,000	710,700	732,021	753,982	776,601
GRAND TOTAL		18,663,794	1,140,664	9,354,783	9,129,258	9,347,049	9,625,961	9,915,617
Funding Sources								
Connection/Capacity Fees				690,000	710,700	732,021	753,982	
Other Utility Funds (Asset Mgmt, GIS Systems)				244,017	268,418	295,260	304,118	
Utility Rates				9,354,783	9,129,258	9,347,049	9,625,961	9,915,617
CIP-RELATED RESERVES DETAIL		9/30/2015						
Reappropriations (excl. Bond Funded)		17,523,130						
Commitments (excl. Bond Funded)		1,140,664						

APPENDIX C: WATER UTILITY RESERVES MANAGEMENT PRACTICES

The following reserves management practices shall be used when developing the Water Utility Financial Plan:

Section 1. Definitions

- a) “Financial Planning Period” – The Financial Planning Period is the range of future fiscal years covered by the Financial Plan. For example, for the Water Utility Financial Plan delivered in conjunction with the FY 2015 budget, FY 2015 to FY 2021 is the Financial Planning Period.
- b) “Fund Balance” – As used in these Reserves Management Practices, Fund Balance refers to the Utility’s Unrestricted Net Assets.
- c) “Net Assets” - The Government Accounting Standards Board defines a Utility’s Net Assets as the difference between its assets and liabilities.
- d) “Unrestricted Net Assets” - The portion of the Utility’s Net Assets not invested in capital assets (net of related debt) or restricted for debt service or other restricted purposes.

Section 2. Reserves

The Water Utility’s Fund Balance is reserved for the following purposes:

- a) For existing contracts, as described in Section 3 (Reserve for Commitments)
- b) For operating and capital budgets re-appropriated from previous years, as described in Section 4 (Reserve for Re-appropriations)
- c) For cash flow management and contingencies related to the Water Utility’s Capital Improvement Program (CIP), as described in Section 5 (CIP Reserve)
- d) For rate stabilization, as described in Section 6 (Rate Stabilization Reserve)
- e) For operating contingencies, as described in Section 7 (Operations Reserve)
- f) Any funds not included in the other reserves will be considered Unassigned Reserves and shall be returned to ratepayers or assigned a specific purpose as described in Section 8 (Unassigned Reserves).

Section 3. Reserve for Commitments

At the end of each fiscal year the Reserve for Commitments will be set to an amount equal to the total remaining spending authority for all contracts in force for the Water Utility at that time.

Section 4. Reserve for Re-appropriations

At the end of each fiscal year the Reserve for Re-appropriations will be set to an amount equal to the amount of all remaining capital and non-capital budgets, if any, that will be re-appropriated to the following fiscal year in accordance with Palo Alto Municipal Code Section 2.28.090.

Section 5. CIP Reserve

The CIP Reserve is used to manage cash flow for capital projects and acts as a reserve for capital contingencies. Staff will manage the CIP Reserve according to the following practices:

- a) The following guideline levels are set forth for the CIP Reserve. These guideline levels are calculated for each fiscal year of the Financial Planning Period based on the levels of CIP expense budgeted for that year.

Minimum Level	12 months of budgeted CIP expense
Maximum Level	24 months of budgeted CIP expense

- b) Changes in Reserves: Staff is authorized to transfer funds between the CIP Reserve and the Reserve for Commitments when funds are added or removed from to that reserve as a result of a change in contractual commitments related to CIP projects. Any other additions to or withdrawals from the CIP reserve require Council action.
- c) Minimum Level:
- Funds held in the Reserve for Commitments may be counted as part of the CIP Reserve for the purpose of determining compliance with the CIP Reserve minimum guideline level.
 - If, at the end of any fiscal year, the minimum guideline is not met, staff shall present a plan to the City Council to replenish the reserve. The plan shall be delivered by the end of the following fiscal year, and shall, at a minimum, result in the reserve reaching its minimum level by the end of the next fiscal year. For example, if the CIP Reserve is below its minimum level at the end of FY 2017, staff must present a plan by June 30, 2018 to return the reserve to its minimum level by June 30, 2019. In addition, staff may present, and the Council may adopt, an alternative plan that takes longer than one year to replenish the reserve, or that does so in a shorter period of time.
- d) Maximum Level: If, at any time, the CIP Reserve reaches its maximum level, no funds may be added to this reserve. If there are funds in this reserve in excess of the maximum level staff must propose to transfer these funds to another reserve or return them to ratepayers in the next Financial Plan. Staff may also seek City Council to approve holding funds in this reserve in excess of the maximum level if they are held for a specific future purpose related to the CIP.

Section 6. Rate Stabilization Reserve

Funds may be added to the Rate Stabilization Reserve by action of the City Council and held to manage the trajectory of future year rate increases. Withdrawal of funds from the Rate Stabilization Reserve requires Council action. If there are funds in the Rate Stabilization Reserve at the end of any fiscal year, any subsequent Water Utility Financial Plan must result in the withdrawal of all funds from this Reserve by the end of the next Financial Planning Period.

Section 7. Operations Reserve

The Operations Reserve is used to manage normal variations in costs and as a reserve for contingencies. Any portion of the Water Utility's Fund Balance not included in the reserves described in Section 3-Section 6 above will be included in the Operations Reserve unless this reserve has reached its maximum level as set forth in Section 7(d) below. Staff will manage the Operations Reserve according to the following practices:

- a) The following guideline levels are set forth for the Operations Reserve. These guideline levels are calculated for each fiscal year of the Financial Planning Period based on the levels of Operations and Maintenance (O&M) and commodity expense forecasted for that year in the Financial Plan.

Minimum Level	60 days of O&M and commodity expense
Target Level	90 days of O&M and commodity expense
Maximum Level	120 days of O&M and commodity expense

- b) Minimum Level: If, at the end of any fiscal year, the funds remaining in the Operations Reserve are lower than the minimum level set forth above, staff shall present a plan to the City Council to replenish the reserve. The plan shall be delivered within six months of the end of the fiscal year, and shall, at a minimum, result in the reserve reaching its minimum level by the end of the following fiscal year. For example, if the Operations Reserve is below its minimum level at the end of FY 2014, staff must present a plan by December 31, 2014 to return the reserve to its minimum level by June 30, 2015. In addition, staff may present, and the Council may adopt, an alternative plan that takes longer than one year to replenish the reserve.
- c) Target Level: If, at the end of any fiscal year, the Operations Reserve is higher or lower than the target level, any Financial Plan created for the Water Utility shall be designed to return the Operations Reserve to its target level within four years.
- d) Maximum Level: If, at any time, the Operations Reserve reaches its maximum level, no funds may be added to this reserve. Any further increase in the Water Utility's Fund Balance shall be automatically included in the Unassigned Reserve described in Section 8, below.

Section 8. Unassigned Reserve

If the Operations Reserve reaches its maximum level, any further additions to the Water Utility's Fund Balance will be held in the Unassigned Reserve. If there are any funds in the Unassigned Reserve at the end of any fiscal year, the next Financial Plan presented to the City Council must include a plan to assign them to a specific purpose or return them to the Water Utility ratepayers by the end of the first fiscal year of the next Financial Planning Period. For example, if there were funds in the Unassigned Reserves at the end of FY 2015, and the next Financial Planning Period is FY 2016 through FY 2021, the Financial Plan shall include a plan to return or assign any funds in the Unassigned Reserve by the end of FY 2016. Staff may present an alternative plan that retains these funds or returns them over a longer period of time.

APPENDIX D: DESCRIPTION OF WATER UTILITY OPERATIONAL ACTIVITIES

This appendix describes the activities associated with the various operational activities referred to in *Section 6B: Operations* of this Financial Plan.

Administration: Accounting, purchasing, legal, and other administrative functions provided by the City's General Fund staff, as well as shared communications services, CPAU administrative overhead, and billing system maintenance costs. This category also includes Water Utility debt service and rent paid to the General Fund for the land associated with reservoirs and various other facilities.

Customer Service: This category includes the Water Utility's share of the call center, meter reading, collections, and billing support functions. Billing support encompasses staff time associated with bill investigations and quality control on certain aspects of the billing process. It does not include maintenance of the billing system itself, which is included in Administration. This category also includes CPAU's key account representatives, who work with large commercial customers who have more complex requirements for their water services.

Engineering (Operating): The Water Utility's engineers focus primarily on the CIP, but a small portion of their time is spent assisting with distribution system maintenance.

Operations and Maintenance: This category includes the costs of a variety of distribution system maintenance activities, including:

- investigating reports of damaged mains or services and performing emergency repairs;
- testing and operating valves;
- monitoring water quality and reservoir levels;
- monitoring the status of the different pressure zones;
- flushing water at hydrants and other closed end points of the system;
- building and replacing water services for new or redeveloped buildings; and
- testing and replacing meters to ensure accurate sales metering.

This category also includes a variety of functions the utility shares with other City utilities, including:

- the Field Services team (which does field research of various customer service issues);
- the Cathodic Protection team (which monitors and maintains the systems that prevent corrosion in metal tanks and reservoirs); and
- the General Services team (which manages and maintains equipment, paves and restores streets after gas, water, or sewer main replacements, and provides welding services)

Resource Management: This category includes water procurement, contract management, water resource planning, interaction with BAWSCA, the SFPUC, and the SCVWD, and tracking of legislation and regulation related to the water industry.



MAKE EVERY PRECIOUS DROP COUNT!

In light of statewide drought and the uncertainty of Palo Alto's Hetch-Hetchy supply status, take actions that are smart under any conditions:

- **CHECK** toilets, faucets, hoses etc. for leaks—small leaks can cost BIG money.
- **WATER** landscapes in early morning or evening and only as needed.
- **REPLACE** guzzling grass with gorgeous native plants—and get rebates!*
- **REPLACE** old toilets and washers with high-efficiency models—and get rebates!*
- **CALL** the Santa Clara Valley Water District (800-548-1882) for a free "water-wise home call."
- **VISIT** us for status updates and assistance: cityofpaloalto.org/water

*Visit www.cityofpaloalto.org/resiwater for rebate program details.

CITY OF PALO ALTO UTILITIES
Inspired by a brighter tomorrow. (650) 329-2241
www.cityofpaloalto.org/water

Saving Water Checklist for Kids

Inside:

- ☐ Ask your parents to install aerators on every faucet. An aerator can save as much as 1 gallon every time you use the faucet.
- ☐ Wash only full loads in your washing machine.
- ☐ Look and listen for drips and leaks from faucets, showers, toilets and pipes.

Bathroom:

- ☐ Take a short shower instead of a bath.
- ☐ Don't use the toilet as a garbage can—only throw toilet paper in your toilet. The rest belongs in the trash!
- ☐ When you brush your teeth, turn the faucet off when you're not using the water.
- ☐ Ask your parents to install low-flow showerheads and low-flow toilets. Visit www.cityofpaloalto.org/water for info about free fixtures in rebates.
- ☐ Put dye tablets or food coloring in your toilet tank and wait to see if the color appears in the bowl without flushing. If it does, you have a leak!



"Hmm, they're asking for a 10% water use reduction? Maybe our home can get to 15%..."

www.cityofpaloalto.org/water

THE SECOND ANNUAL GREAT RACE FOR SAVING WATER

Recent water conditions remind us that water conservation is always a smart idea. The City Utilities is teaming up with the Tuolumne River Trust and others for the second annual fun run and walk in celebration of Earth Day and Water Awareness Month.

THIS FAMILY-FRIENDLY 5K RACE is a fun, healthy way to raise awareness about water resources and conservation. Join fellow community members at the scenic Baylands for prizes, granola, free compost bins and a chance to catch the "running toilet!" Win a canoe trip with the Tuolumne River Trust and more! The first 100 registrants get a free stainless steel water bottle, and all fees go to help support our community's efforts to manage and conserve our water supply.

DATE: APRIL 19, 2014 9:00 A.M.
WHERE: PALO ALTO BAYLANDS
REGISTER: WWW.CITYOFPALOALTO.ORG/GREATRACE
OR CALL (650) 329-2241

Don't miss our other free workshops offered throughout the year on water and energy efficiency, waste reduction, healthy gardening and watershed protection.

www.cityofpaloalto.org/greatrace
(650) 329-2241

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KEEP CALM AND SAVE WATER

CITYOFPALOALTO.ORG/WATER

HELP MAKE EVERY PRECIOUS DROP COUNT!

California is in a drought and outdoor potable water use regulations are in effect. The City of Palo Alto is asking everyone to do their part to help us reduce water use by 10% or more. **We're here to help!** Take advantage of free water saving services and apply for rebates—now the highest they've ever been, but for a limited time only! Find out how easy it is to reduce your water use.

What You Can Do to Reduce 10% or More

LEAKS—check toilets, faucets, hoses etc. for leaks—small leaks can waste a lot of water and cost BIG money.

IRRIGATE—before 10 am or after 6 pm and only as needed. Don't forget to water your trees during the drought! Visit the Trees and Water resource page at Canopy.org for tips on proper care.

LANDSCAPE—replace lawn, upgrade irrigation hardware & reuse graywater. Now offering the highest rebates ever!*

SURVEY—schedule a free survey of your property for water saving tips.

UPGRADE—replace old toilets and clothes washers with high-efficiency models for rebates.

CHECK—water use regulations, supply updates and resources at www.cityofpaloalto.org/water or call (650) 329-2161.

Programs offered in partnership with the Santa Clara Valley Water District.

*For a limited time only, while funding lasts.



"IT'S NO SECRET."

Cutting back on outdoor water use is where you'll get the biggest savings.

On hot summer days, most residential water use goes to landscape irrigation. There are many ways to cut back on your water usage, such as checking for and repairing leaks, watering only in the early mornings or evenings, using low-water use plants and weather-based irrigation controls.

The City of Palo Alto works with the Santa Clara Valley Water District to offer you some of the best rebates in the country and many are doubled through September 30, 2014. We even make free Water-Wise House Calls that include irrigation recommendations.

Take advantage of our free "Smarty Plants" native plant seed packets, garden hose nozzles and more! Call us at (650) 329-2241 or visit www.cityofpaloalto.org/water to discover all the free services and rebates available. Act now before these rebate offers expire!

www.cityofpaloalto.org/water



More on the drought and efficiency resources:
www.cityofpaloalto.org/water
(650) 329-2161

* NOT YET APPROVED *

Resolution No. _____

Resolution of the Council of the City of Palo Alto Increasing Water Rates by Amending Rate Schedules W-1 (General Residential Water Service), W-2 (Water Service from Fire Hydrants), W-3 (Fire Service Connections), W-4 (Residential Master-Metered and General Non-Residential Water Service), and W-7 (Non-Residential Irrigation Water Service)

R E C I T A L S

A. Pursuant to Chapter 12.20.010 of the Palo Alto Municipal Code, the Council of the City of Palo Alto may by resolution adopt rules and regulations governing utility services, fees and charges.

B. On June 13, 2016, the City Council held a full and fair public hearing regarding the proposed rate increase and considered all protests against the proposals.

C. As required by Article XIII D, Section 6 of the California Constitution and applicable law, notice of the June 13, 2016 public hearing was mailed to all City of Palo Alto Utilities water customers by April 29, 2016.

D. The City Clerk has tabulated the total number of written protests presented by the close of the public hearing, and determined that it was less than fifty percent (50%) of the total number of customers and property owners subject to the proposed water rate amendments, therefore a majority protest does not exist against the proposal.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule W-1 (General Residential Water Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule W-1, as amended, shall become effective July 1, 2016.

SECTION 2. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule W-2 (Water Service from Fire Hydrants) is hereby amended to read as attached and incorporated. Utility Rate Schedule W-2, as amended, shall become effective July 1, 2016.

SECTION 3. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule W-3 (Fire Service Connections) is hereby amended to read as attached and incorporated. Utility Rate Schedule W-3, as amended, shall become effective July 1, 2016.

* NOT YET APPROVED *

SECTION 4. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule W-4 (Residential Master-Metered and General Non-Residential Water Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule W-4, as amended, shall become effective July 1, 2016.

SECTION 5. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule W-7 (Non-Residential Irrigation Water Service) is hereby amended to read as attached and incorporated. Utility Rate Schedule W-7, as amended, shall become effective July 1, 2016.

SECTION 6. The City Council finds as follows:

- a. Revenues derived from the water rates approved by this resolution do not exceed the funds required to provide water service.
- b. Revenues derived from the water rates approved by this resolution shall not be used for any purpose other than providing water service, and the purposes set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.
- c. The amount of the water rates imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the water service attributable to the parcel.

SECTION 7. The Council finds that the fees and charges adopted by this resolution are charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product.

SECTION 8. Each of the rate schedules adopted by this resolution includes a structure of drought surcharges that correspond to different levels of water use reduction in the City. In order to charge the lowest drought surcharge possible, each rate schedule includes not only the surcharge required to meet the 25% reduction level, but also surcharges reflecting two lower levels of water use reduction. At any time, no more than one of these three surcharges will be applicable. On August 17, 2015, Council adopted Resolution 9542 which established that the Level 2 (20%) drought surcharges set forth on the City's schedule of water rates will be collected on all City of Palo Alto Utilities water customer bills as of September 1, 2015 and declared that the surcharge shall remain in effect until rescinded or modified by the City Council.

SECTION 9. The Council finds that the adoption of this resolution changing water rates to meet operating expenses, purchase supplies and materials, meet financial reserve needs and obtain funds for capital improvements necessary to maintain service is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code

* NOT YET APPROVED *

Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec. 15273(a). After reviewing the staff report and all attachments presented to Council, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Deputy City Attorney

City Manager

Director of Utilities

Director of Administrative Services

GENERAL RESIDENTIAL WATER SERVICE

UTILITY RATE SCHEDULE W-1**A. APPLICABILITY:**

This schedule applies to all separately metered single family residential water services.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides water services.

C. RATES:

<u>Monthly Service Charge:</u>	<u>Per Meter Per Month</u>
For 5/8-inch meter	\$ 16. ~~77~~ 03
For 3/4 inch meter	~~21~~ 22.60 ~~50~~
For 1 inch meter	~~32~~ 34.26 ~~45~~
For 1 1/2 inch meter	~~59~~ 63.40 ~~83~~
For 2-inch meter	~~92~~ 98.37 ~~67~~
For 3-inch meter	~~196~~ 209.11 ~~70~~
For 4-inch meter	~~350~~ 372.31 ~~00~~
For 6-inch meter	~~716~~ 762.81 ~~82~~
For 8-inch meter	~~1,319~~ 1,403.94 ~~07~~
For 10-inch meter	~~2,085~~ 2,219.92 ~~57~~
For 12-inch meter.....	~~2,742~~ 2,919.34 ~~56~~

Commodity Rate: (To be added to Service Charge and applicable to all pressure zones.)

Per Hundred Cubic Feet (ccf)
Per Month

All Pressure Zones

Tier 1 usage	~~\$56~~ 30 ~~93~~
Tier 2 usage (All usage over 100% of Tier 1).....	8. ~~82~~ 38

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-1-1
dated ~~7~~**9**-1-2015



CITY OF PALO ALTO
UTILITIES

Effective ~~9~~**7**-1-201**5**~~6~~
Sheet No **W-1-1**

GENERAL RESIDENTIAL WATER SERVICE

UTILITY RATE SCHEDULE W-1

Drought Surcharges:

A drought surcharge will be added to the Customer's applicable Commodity Rate for Tier 1 and Tier 2 water usage when the City Council has determined that a water reduction level is in effect for the City as described in Section D.3. The drought surcharges in the table below are measured in dollars per hundred cubic feet (ccf).

Water Usage Reduction level	Level 1 (10/15%)	Level 2 (20%)	Level 3 (25%)
Tier 1	0. ~~2019~~	0. ~~4339~~	0. ~~6459~~
Tier 2	0. ~~5855~~	1. ~~2114~~	1. ~~8576~~

Temporary unmetered service to residential
subdivision developers, per connection \$6.00

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Calculation of Usage Tiers

Tier 1 water usage shall be calculated and billed based upon a level of 0.2 ccf per day rounded to the nearest whole ccf, based on meter reading days of service. As an example, for a 30 day bill, the Tier 1 level would be 0 through 6 ccf. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-1-2
dated ~~79~~-1-2015



Effective ~~97~~-1-2015
Sheet No **W-1-2**

GENERAL RESIDENTIAL WATER SERVICE

UTILITY RATE SCHEDULE W-1

3. Drought Surcharge

During period of water shortage or restrictions on local water use, the City Council may, by resolution, declare the need for citywide water conservation at the 10/15%, 20% or 25% level. While such a resolution is in effect, a drought surcharge will apply. The purpose of the Drought Surcharge is to recover revenues lost as a result of reduced consumption.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-1-3
dated ~~79~~-1-2015



CITY OF PALO ALTO
UTILITIES

Effective ~~97~~-1-2015
Sheet No **W-1-3**

WATER SERVICE FROM FIRE HYDRANTS

UTILITY RATE SCHEDULE W-2

A. APPLICABILITY:

This schedule applies to all water taken from fire hydrants for construction, maintenance, and other uses in conformance with provisions of a Hydrant Meter Permit.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides water services.

C. RATES:

1. Monthly Service Charge.

METER SIZE

5/8 inch	50.00
3 inch	125.00

2. Commodity Rate: (per hundred cubic feet) \$~~67.32~~⁹²

3. Drought Surcharges:

A drought surcharge will be added to the Customer's applicable Commodity Rate when the City Council has determined that a water reduction level is in effect for the City as described in Section D.5. The drought surcharges in the table below are measured in dollars per hundred cubic feet (ccf).

Water Usage Reduction level	Level 1 (10/15%)	Level 2 (20%)	Level 3 (25%)
Surcharge	0. ~~26~~ ²⁴	0. ~~53~~ ⁴⁹	0. ~~77~~ ⁷²

D. SPECIAL NOTES:

1. Monthly charges shall include the applicable monthly service charge in addition to usage billed at the commodity rate.
2. Any applicant using a hydrant without obtaining a Hydrant Meter Permit or any permittee using a hydrant without a Hydrant Meter Permit shall pay a fee of \$50.00 for each day of such use in

CITY OF PALO ALTO UTILITIES

Issued by the City Council

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dated ~~79~~-1-2015



CITY OF PALO ALTO
UTILITIES

Effective ~~97~~-1-201~~56~~⁵⁶
Sheet No W-2-1

WATER SERVICE FROM FIRE HYDRANTS

UTILITY RATE SCHEDULE W-2

addition to all other costs and fees provided in this schedule. A hydrant permit may be denied or revoked for failure to pay such fee.

3. A meter deposit of \$750.00 may be charged any applicant for a Hydrant Meter Permit as a prerequisite to the issuance of a permit and meter(s). A charge of \$50.00 per day will be added for delinquent return of hydrant meters. A fee will be charged for any meter returned with missing or damaged parts.
4. Any person or company using a fire hydrant improperly or without a permit, or who draws water from a hydrant without a meter installed and properly recording usage shall, in addition to all other applicable charges be subject to criminal prosecution pursuant to the Palo Alto Municipal Code.
5. During period of water shortage or restrictions on local water use, the City Council may, by resolution, declare the need for citywide water conservation at the 10/15%, 20% or 25% level. While such a resolution is in effect, a drought surcharge will apply. The purpose of the Drought Surcharge is to recover revenues lost as a result of reduced consumption.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-2-2
dated ~~7~~9-1-2015



Effective ~~9~~7-1-201~~5~~6
Sheet No W-2-2

WATER SERVICE FROM FIRE HYDRANTS

UTILITY RATE SCHEDULE W-2

A. APPLICABILITY:

This schedule applies to all water taken from fire hydrants for construction, maintenance, and other uses in conformance with provisions of a Hydrant Meter Permit.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides water services.

C. RATES:

1. Monthly Service Charge.

METER SIZE

5/8 inch	50.00
3 inch	125.00

2. Commodity Rate: (per hundred cubic feet) \$~~67.32~~⁹²

3. Drought Surcharges:

A drought surcharge will be added to the Customer's applicable Commodity Rate when the City Council has determined that a water reduction level is in effect for the City as described in Section D.5. The drought surcharges in the table below are measured in dollars per hundred cubic feet (ccf).

Water Usage Reduction level	Level 1 (10/15%)	Level 2 (20%)	Level 3 (25%)
Surcharge	0. ~~26~~ ²⁴	0. ~~53~~ ⁴⁹	0. ~~77~~ ⁷²

D. SPECIAL NOTES:

1. Monthly charges shall include the applicable monthly service charge in addition to usage billed at the commodity rate.
2. Any applicant using a hydrant without obtaining a Hydrant Meter Permit or any permittee using a hydrant without a Hydrant Meter Permit shall pay a fee of \$50.00 for each day of such use in

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-2-1
dated ~~79~~-1-2015



CITY OF PALO ALTO
UTILITIES

Effective ~~97~~-1-201~~56~~⁵⁶
Sheet No W-2-1

WATER SERVICE FROM FIRE HYDRANTS

UTILITY RATE SCHEDULE W-2

addition to all other costs and fees provided in this schedule. A hydrant permit may be denied or revoked for failure to pay such fee.

3. A meter deposit of \$750.00 may be charged any applicant for a Hydrant Meter Permit as a prerequisite to the issuance of a permit and meter(s). A charge of \$50.00 per day will be added for delinquent return of hydrant meters. A fee will be charged for any meter returned with missing or damaged parts.
4. Any person or company using a fire hydrant improperly or without a permit, or who draws water from a hydrant without a meter installed and properly recording usage shall, in addition to all other applicable charges be subject to criminal prosecution pursuant to the Palo Alto Municipal Code.
5. During period of water shortage or restrictions on local water use, the City Council may, by resolution, declare the need for citywide water conservation at the 10/15%, 20% or 25% level. While such a resolution is in effect, a drought surcharge will apply. The purpose of the Drought Surcharge is to recover revenues lost as a result of reduced consumption.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-2-2
dated ~~7~~9-1-2015



Effective ~~9~~7-1-201~~5~~6
Sheet No W-2-2

FIRE SERVICE CONNECTIONS

UTILITY RATE SCHEDULE W-3

A. APPLICABILITY:

This schedule applies to all public fire hydrants and private fire service connections.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides water services.

C. RATES:

1. Monthly Service Charges

Public Fire Hydrant	\$5.00
Private Fire Service:	
2-inch connection.....	\$3. ~~79~~ ⁴³
4-inch connection.....	~~21~~ ²³ . ~~42~~ ²²
6-inch connection.....	~~64~~ ⁶⁸ . ~~03~~ ⁶³
8-inch connection.....	~~131~~ ¹⁴⁴ . ~~97~~ ³⁴
10-inch connection.....	~~236~~ ²⁶⁰ . ~~70~~ ²⁰
12-inch connection.....	~~384~~ ⁴²¹ . ~~11~~ ⁵²

2. Commodity (To be added to Service Charge unless water is used for fire extinguishing or testing purposes.)

Per Hundred Cubic Feet

All water usage..... \$10.00

D. SPECIAL NOTES:

1. Service under this schedule may be discontinued if water is used for any purpose other than fire extinguishing or testing and repairing the fire extinguishing facilities. Using hydrants and fire services for other purposes is illegal and will be subject to the commodity charge as noted above, fines, and criminal prosecution pursuant to the Palo Alto Municipal Code.
2. For a combination water and fire service, the general water service schedule shall apply.

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-3-1
dated ~~7~~⁹-1-2015



CITY OF PALO ALTO
UTILITIES

Effective ~~9~~⁷-1-201~~5~~⁶
Sheet No W-3-1

FIRE SERVICE CONNECTIONS

UTILITY RATE SCHEDULE W-3

3. Utilities Rule and Regulation No. 21 provides additional information on Automatic Fire Services.
4. Repairs and testing of fire extinguishing facilities are not considered unauthorized use of water if records and documentation are supplied by the customer.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

*Supersedes Sheet No W-3-2
dated ~~79~~-1-2015*



**CITY OF PALO ALTO
UTILITIES**

Effective ~~97~~-1-201~~56~~
Sheet No **W-3-2**

**RESIDENTIAL MASTER-METERED AND
GENERAL NON-RESIDENTIAL WATER SERVICE**

UTILITY RATE SCHEDULE W-4

A. APPLICABILITY:

This schedule applies to non-residential water service in the City of Palo Alto and its distribution area. This schedule is also applicable to multi-family residential customers served through a master meter.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides water services.

C. RATES:

Monthly Service Charge		Per Meter Per Month
For	5/8-inch meter	\$ 16. ~~77~~ <u>03</u>
For	3/4-inch meter	~~21~~ <u>22</u> . ~~60~~ <u>50</u>
For	1-inch meter	~~32~~ <u>34</u> . ~~26~~ <u>45</u>
For	1 1/2-inch meter	~~59~~ <u>63</u> . ~~40~~ <u>83</u>
For	2-inch meter	~~92~~ <u>98</u> . ~~37~~ <u>67</u>
For	3-inch meter	~~196~~ <u>209</u> . ~~11~~ <u>70</u>
For	4-inch meter	~~350~~ <u>372</u> . ~~31~~ <u>00</u>
For	6-inch meter	~~716~~ <u>762</u> . ~~81~~ <u>82</u>
For	8-inch meter	1, ~~319~~ <u>403</u> . ~~94~~ <u>07</u>
For	10-inch meter	2, ~~085~~ <u>219</u> . ~~92~~ <u>57</u>
For	12-inch meter	2, ~~742~~ <u>919</u> . ~~34~~ <u>56</u>

Commodity Rates: (to be added to Service Charge)

Per Hundred Cubic Feet (ccf)
Per Month

All Pressure Zones

Per ccf	\$ ~~67~~ . ~~32~~ <u>92</u>

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-4-1
dated ~~79~~-1-2015



CITY OF PALO ALTO
UTILITIES

Effective ~~97~~-1-20156
Sheet No **W-4-1**

**RESIDENTIAL MASTER-METERED AND
GENERAL NON-RESIDENTIAL WATER SERVICE**

UTILITY RATE SCHEDULE W-4

Drought Surcharges:

A drought surcharge will be added to the Customer's applicable Commodity Rate when the City Council has determined that a water reduction level is in effect for the City as described in Section D.2. The drought surcharges in the table below are measured in dollars per hundred cubic feet (ccf).

Water Usage Reduction level	Level 1 (10/15%)	Level 2 (20%)	Level 3 (25%)
Surcharge	0. ~~26~~ <u>24</u>	0. ~~49~~ <u>53</u>	0. ~~77~~ <u>72</u>

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Drought Surcharge

During period of water shortage or restrictions on local water use, the City Council may, by resolution, declare the need for citywide water conservation at the 10/15%, 20% or 25% level. While such a resolution is in effect, a drought surcharge will apply. The purpose of the Drought Surcharge is to recover revenues lost as a result of reduced consumption.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-4-2
dated ~~7~~9-1-2015



CITY OF PALO ALTO
UTILITIES

Effective ~~9~~7-1-2015
Sheet No **W-4-2**

NON-RESIDENTIAL IRRIGATION WATER SERVICE

UTILITY RATE SCHEDULE W-7

A. APPLICABILITY:

This schedule applies to non-residential water service supplying dedicated irrigation meters in the City of Palo Alto and its distribution area.

B. TERRITORY:

This schedule applies everywhere the City of Palo Alto provides water services.

C. RATES:

<u>Monthly Service Charge</u>		<u>Per Meter Per Month</u>
For	5/8-inch meter	\$ 16. ~~7703~~
For	3/4-inch meter	~~2122.6050~~
For	1-inch meter	~~3234.2645~~
For	1 1/2 inch meter	~~5963.4083~~
For	2-inch meter	~~9298.3767~~
For	3-inch meter	~~196209.1170~~
For	4-inch meter	~~350372.3100~~
For	6-inch meter	~~716762.8182~~
For	8-inch meter	1, ~~319403.9407~~
For	10-inch meter	2, ~~085219.9257~~
For	12-inch meter	2, ~~742919.3456~~

Commodity Rates: (to be added to Service Charge)

Per Hundred Cubic Feet (ccf)

Per Month

All Pressure Zones

Per ccf	\$ 8. ~~7229~~

Drought Surcharges:

A drought surcharge will be added to the Customer's applicable Commodity Rate when the City Council has determined that a water reduction level is in effect for the City as described in Section D.2. The drought surcharges in the table below are measured in dollars per hundred cubic feet (ccf).

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-7-1
dated ~~79~~-1-2015



CITY OF PALO ALTO
UTILITIES

Effective ~~97~~-1-2015
Sheet No W-7-1

NON-RESIDENTIAL IRRIGATION WATER SERVICE

UTILITY RATE SCHEDULE W-7

Water Usage Reduction level	Level 1 (10/15%)	Level 2 (20%)	Level 3 (25%)
Surcharge	0. ~~5351~~	1. ~~2518~~	~~12.0293~~

D. SPECIAL NOTES:

1. Calculation of Cost Components

The actual bill amount is calculated based on the applicable rates in Section C above and adjusted for any applicable discounts, surcharges and/or taxes. On a customer's bill statement, the bill amount may be broken down into appropriate components as calculated under Section C.

2. Drought Surcharge

During period of water shortage or restrictions on local water use, the City Council may, by resolution, declare the need for citywide water conservation at the 10/15%, 20% or 25% level. While such a resolution is in effect, a drought surcharge will apply. The purpose of the Drought Surcharge is to recover revenues lost as a result of reduced consumption.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No W-7-2
dated ~~79~~-1-2015



Effective ~~97~~-1-2015
Sheet No W-7-2

CMR #6932: ATTACHMENT O

NOT YET APPROVED

Resolution No. _____

Resolution of the Council of the City of Palo Alto Amending Salary Schedules for the Utilities Managers of Palo Alto Professional Association, the Service Employees International Union, and the International Association of Fire Fighters, Local 1319

The Council of the City of Palo Alto RESOLVES as follows:

SECTION 1. The Salary Schedule for the Utilities Managers of Palo Alto Professional Association, as amended by Resolution 9527, is hereby further amended as set forth in Exhibit "1", attached hereto and incorporated herein by reference.

SECTION 2. The Salary Schedule in the 2015-2018 Memorandum of Agreement with the Service Employees International Union, as adopted on April 11, 2016 (CMR # 6789), is hereby amended as set forth in Exhibit "2", attached hereto and incorporated herein by reference.

SECTION 3. The Salary Schedule in the 2013-2015 Memorandum of Agreement with the Service Employees International Union, as adopted by Resolution No. 9398 and amended by Resolution No. 9527, is hereby amended as set forth in Exhibit "3", attached hereto and incorporated herein by reference.

SECTION 4. The Salary Schedule in the 2014-2018 Memorandum of Agreement with the International Association of Fire Fighters, Local 1319, as adopted on April 11, 2016 (CMR # 6789) is hereby amended as set forth in Exhibit "4", attached hereto and incorporated herein by reference.

SECTION 5. The Director of Administrative Services is authorized to implement the amended salary schedules set forth in Sections 1, 2, 3, and 4.

SECTION 6. The Council finds that this is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Sr. Deputy City Attorney

City Manager

Director of Administrative Services

Chief People Officer

UMPAPA Salary Schedule

Job Code	Classifications	Grade Codes	Min Hourly Rate	Mid Point Hourly Rate	Max Hourly Rate	Approx Mid-Point Monthly Salary	Annual Salary
2076	Administrative Assistant - U	700	\$30.08	\$37.59	\$45.11	\$6,516	\$78,187
1002	Assistant Director Utilities - Customer Support	230	\$63.42	\$79.27	\$95.13	\$13,740	\$164,882
1003	Assistant Director Utilities - Engineering	190	\$70.46	\$88.07	\$105.69	\$15,265	\$183,186
6	Assistant Director Utilities - Operations	210	\$70.46	\$88.07	\$105.69	\$15,265	\$183,186
65	Assistant Director Utilities - Resource Management	190	\$70.46	\$88.07	\$105.69	\$15,265	\$183,186
84	Division Manager/Manager of Communications	380	\$45.72	\$57.14	\$68.57	\$9,904	\$118,851
129	Engineering Manager, Electric	231	\$60.48	\$75.59	\$90.71	\$13,102	\$157,227
120	Engineering Manager, Water, Gas & Wastewater	231	\$60.48	\$75.59	\$90.71	\$13,102	\$157,227
179	Manager, Customer Service and Meter Reading	300	\$48.56	\$60.70	\$72.84	\$10,521	\$126,256
185	Manager, Electric Operations	270	\$59.22	\$74.02	\$88.83	\$12,830	\$153,962
1114	Manager, Utilities Credit & Collection	300	\$48.56	\$60.70	\$72.84	\$10,521	\$126,256
150	~~Manager, Utilities Marketing Services~~ Manager, Utilities Program Services	300	\$48.56	\$60.70	\$72.84	\$10,521	\$126,256
156	Manager, Utilities Operations WGW	290	\$59.14	\$73.92	\$88.71	\$12,813	\$153,754
48	Manager, Utilities Telecommunications	250	\$53.47	\$66.83	\$80.20	\$11,584	\$139,006
13	Senior Business Analyst	340	\$43.86	\$54.82	\$65.79	\$9,502	\$114,026
188	Senior Electrical Engineer	291	\$55.33	\$69.16	\$83.00	\$11,988	\$143,853
2187	Senior Engineer - U	710	\$52.64	\$65.79	\$78.95	\$11,404	\$136,843
~~2014~~	~~Senior Management Analyst - U~~	~~350~~	~~\$42.74~~	~~\$53.42~~	~~\$64.11~~	~~\$9,259~~	~~\$111,114~~
64	Sr. Resource Planner	271	\$54.02	\$67.52	\$81.03	\$11,703	\$140,442
27	Supervising Electrical Project Engineer	341	\$51.42	\$64.27	\$77.13	\$11,140	\$133,682
28	Supervising Project Engineer	360	\$47.75	\$59.68	\$71.62	\$10,345	\$124,134
1115	Supervisor, Inspection Services	390	\$36.72	\$45.89	\$55.07	\$7,955	\$95,465
1011	Utilities Compliance Manager	290	\$59.14	\$73.92	\$88.71	\$12,813	\$153,754
114	Utilities Supervisor	680	\$51.32	\$64.14	\$76.97	\$11,118	\$133,411
2020	Principal Business Analyst - U	TBD	\$46.93	\$58.66	\$70.40	\$10,168	\$122,013
2017	Utility Safety Officer	TBD	\$34.91	\$43.63	\$52.36	\$7,563	\$90,750
2025	Manager Utilities Strategic Business	231	\$60.48	\$75.59	\$90.71	\$13,102	\$157,227

EXHIBIT "2"

Appendix A-2 To MOA Between City of Palo Alto and SEIU FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2017)			Salary Effective 12/29/17 (PP26:2017)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
203	non-exempt	Facilities Asst	1	\$23.09			\$24.44			\$25.12			\$25.87		
			2	\$24.31			\$25.73			\$26.44			\$27.23		
			3	\$25.59			\$27.08			\$27.83			\$28.66		
			4	\$26.94			\$28.50			\$29.29			\$30.17		
			5	\$28.36	\$4,915.73	\$58,988.80	\$30.00	\$5,200.00	\$62,400.00	\$30.83	\$5,343.87	\$64,126.40	\$31.76	\$5,505.07	\$66,060.80
204	non-exempt	Acct Spec	1	\$24.44			\$25.18			\$25.18			\$25.94		
			2	\$25.73			\$26.51			\$26.51			\$27.31		
			3	\$27.08			\$27.90			\$27.90			\$28.75		
			4	\$28.51			\$29.37			\$29.37			\$30.26		
			5	\$30.01	\$5,201.73	\$62,420.80	\$30.92	\$5,359.47	\$64,313.60	\$30.92	\$5,359.47	\$64,313.60	\$31.85	\$5,520.67	\$66,248.00
205	non-exempt	Court Liaison Officer	1	\$33.95			\$35.58			\$36.20			\$37.30		
			2	\$35.74			\$37.45			\$38.11			\$39.26		
			3	\$37.62			\$39.42			\$40.12			\$41.33		
			4	\$39.60			\$41.49			\$42.23			\$43.50		
			5	\$41.68	\$7,224.53	\$86,694.40	\$43.67	\$7,569.47	\$90,833.60	\$44.45	\$7,704.67	\$92,456.00	\$45.79	\$7,936.93	\$95,243.20
206	non-exempt	Account Assistant	1	\$20.92			\$21.56			\$21.56			\$22.21		
			2	\$22.02			\$22.69			\$22.69			\$23.38		
			3	\$23.18			\$23.88			\$23.88			\$24.61		
			4	\$24.40			\$25.14			\$25.14			\$25.90		
			5	\$25.68	\$4,451.20	\$53,414.40	\$26.46	\$4,586.40	\$55,036.80	\$26.46	\$4,586.40	\$55,036.80	\$27.26	\$4,725.07	\$56,700.80
207	non-exempt	Acct Spec-Lead	1	\$26.15			\$26.96			\$26.96			\$27.77		
			2	\$27.53			\$28.38			\$28.38			\$29.23		
			3	\$28.98			\$29.87			\$29.87			\$30.77		
			4	\$30.51			\$31.44			\$31.44			\$32.39		
			5	\$32.12	\$5,567.47	\$66,809.60	\$33.09	\$5,735.60	\$68,827.20	\$33.09	\$5,735.60	\$68,827.20	\$34.09	\$5,908.93	\$70,907.20
208	non-exempt	CDBG Coordinator	1	\$38.43			\$39.85			\$40.15			\$41.34		
			2	\$40.45			\$41.95			\$42.26			\$43.52		
			3	\$42.58			\$44.16			\$44.48			\$45.81		
			4	\$44.82			\$46.48			\$46.82			\$48.22		
			5	\$47.18	\$8,177.87	\$98,134.40	\$48.93	\$8,481.20	\$101,774.40	\$49.28	\$8,541.87	\$102,502.40	\$50.76	\$8,798.40	\$105,580.80
209	non-exempt	Property Evid Tech	1	\$26.11			\$27.35			\$27.84			\$28.68		
			2	\$27.48			\$28.79			\$29.31			\$30.19		
			3	\$28.93			\$30.31			\$30.85			\$31.78		
			4	\$30.45			\$31.90			\$32.47			\$33.45		
			5	\$32.05	\$5,555.33	\$66,664.00	\$33.58	\$5,820.53	\$69,846.40	\$34.18	\$5,924.53	\$71,094.40	\$35.21	\$6,103.07	\$73,236.80
211	non-exempt	Equip Maint Serv Per	1	\$22.62			\$23.56			\$23.83			\$24.54		
			2	\$23.81			\$24.80			\$25.08			\$25.83		
			3	\$25.06			\$26.10			\$26.40			\$27.19		
			4	\$26.38			\$27.47			\$27.79			\$28.62		
			5	\$27.77	\$4,813.47	\$57,761.60	\$28.92	\$5,012.80	\$60,153.60	\$29.25	\$5,070.00	\$60,840.00	\$30.13	\$5,222.53	\$62,670.40
212	non-exempt	Buyer	1	\$34.49			\$35.54			\$35.56			\$36.61		
			2	\$36.30			\$37.41			\$37.43			\$38.54		
			3	\$38.21			\$39.38			\$39.40			\$40.57		
			4	\$40.22			\$41.45			\$41.47			\$42.71		
			5	\$42.34	\$7,338.93	\$88,067.20	\$43.63	\$7,562.53	\$90,750.40	\$43.65	\$7,566.00	\$90,792.00	\$44.96	\$7,793.07	\$93,516.80
213	non-exempt	Mailing Svcs Spec	1	\$20.48			\$21.12			\$21.16			\$21.78		
			2	\$21.56			\$22.23			\$22.27			\$22.93		
			3	\$22.69			\$23.40			\$23.44			\$24.14		
			4	\$23.88			\$24.63			\$24.67			\$25.41		
			5	\$25.14	\$4,357.60	\$52,291.20	\$25.93	\$4,494.53	\$53,934.40	\$25.97	\$4,501.47	\$54,017.60	\$26.75	\$4,636.67	\$55,640.00

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
214	non-exempt	Crime Analyst	1	\$33.95			\$35.58			\$36.20			\$37.30		
			2	\$35.74			\$37.45			\$38.11			\$39.26		
			3	\$37.62			\$39.42			\$40.12			\$41.33		
			4	\$39.60			\$41.49			\$42.23			\$43.50		
			5	\$41.68	\$7,224.53	\$86,694.40	\$43.67	\$7,569.47	\$90,833.60	\$44.45	\$7,704.67	\$92,456.00	\$45.79	\$7,936.93	\$95,243.20
215	non-exempt	Util Acct Rep	1	\$38.15			\$39.29			\$39.29			\$40.48		
			2	\$40.16			\$41.36			\$41.36			\$42.61		
			3	\$42.27			\$43.54			\$43.54			\$44.85		
			4	\$44.49			\$45.83			\$45.83			\$47.21		
			5	\$46.83	\$8,117.20	\$97,406.40	\$48.24	\$8,361.60	\$100,339.20	\$48.24	\$8,361.60	\$100,339.20	\$49.69	\$8,612.93	\$103,355.20
216	non-exempt	Marketing Eng	1	\$43.64			\$45.17			\$45.37			\$46.74		
			2	\$45.94			\$47.55			\$47.76			\$49.20		
			3	\$48.36			\$50.05			\$50.27			\$51.79		
			4	\$50.91			\$52.68			\$52.92			\$54.52		
			5	\$53.59	\$9,288.93	\$111,467.20	\$55.45	\$9,611.33	\$115,336.00	\$55.71	\$9,656.40	\$115,876.80	\$57.39	\$9,947.60	\$119,371.20
217	non-exempt	Cust Svc Spec	1	\$28.56			\$29.41			\$29.41			\$30.31		
			2	\$30.06			\$30.96			\$30.96			\$31.90		
			3	\$31.64			\$32.59			\$32.59			\$33.58		
			4	\$33.31			\$34.31			\$34.31			\$35.35		
			5	\$35.06	\$6,077.07	\$72,924.80	\$36.12	\$6,260.80	\$75,129.60	\$36.12	\$6,260.80	\$75,129.60	\$37.21	\$6,449.73	\$77,396.80
218	non-exempt	Cust Svc Represent	1	\$25.98			\$26.76			\$26.76			\$27.56		
			2	\$27.35			\$28.17			\$28.17			\$29.01		
			3	\$28.79			\$29.65			\$29.65			\$30.54		
			4	\$30.30			\$31.21			\$31.21			\$32.15		
			5	\$31.89	\$5,527.60	\$66,331.20	\$32.85	\$5,694.00	\$68,328.00	\$32.85	\$5,694.00	\$68,328.00	\$33.84	\$5,865.60	\$70,387.20
219	non-exempt	Util Credit/Col Spec	1	\$31.47			\$32.40			\$32.40			\$33.38		
			2	\$33.13			\$34.11			\$34.11			\$35.14		
			3	\$34.87			\$35.91			\$35.91			\$36.99		
			4	\$36.70			\$37.80			\$37.80			\$38.94		
			5	\$38.63	\$6,695.87	\$80,350.40	\$39.79	\$6,896.93	\$82,763.20	\$39.79	\$6,896.93	\$82,763.20	\$40.99	\$7,104.93	\$85,259.20
223	non-exempt	Util Acctg Tech	1	\$26.41			\$27.20			\$27.20			\$28.03		
			2	\$27.80			\$28.63			\$28.63			\$29.51		
			3	\$29.26			\$30.14			\$30.14			\$31.06		
			4	\$30.80			\$31.73			\$31.73			\$32.69		
			5	\$32.42	\$5,619.47	\$67,433.60	\$33.40	\$5,789.33	\$69,472.00	\$33.40	\$5,789.33	\$69,472.00	\$34.41	\$5,964.40	\$71,572.80
224	non-exempt	Sr Chemist	1	\$39.02			\$40.20			\$40.23			\$41.45		
			2	\$41.07			\$42.32			\$42.35			\$43.63		
			3	\$43.23			\$44.55			\$44.58			\$45.93		
			4	\$45.50			\$46.89			\$46.93			\$48.35		
			5	\$47.89	\$8,300.93	\$99,611.20	\$49.36	\$8,555.73	\$102,668.80	\$49.40	\$8,562.67	\$102,752.00	\$50.89	\$8,820.93	\$105,851.20
226	non-exempt	Wtr Mtr Crs Cn Tec	1	\$27.34			\$28.60			\$29.07			\$29.93		
			2	\$28.78			\$30.10			\$30.60			\$31.51		
			3	\$30.29			\$31.68			\$32.21			\$33.17		
			4	\$31.88			\$33.35			\$33.90			\$34.92		
			5	\$33.56	\$5,817.07	\$69,804.80	\$35.11	\$6,085.73	\$73,028.80	\$35.68	\$6,184.53	\$74,214.40	\$36.76	\$6,371.73	\$76,460.80
227	non-exempt	Inspector, Field Svc	1	\$34.47			\$36.05			\$36.61			\$37.72		
			2	\$36.28			\$37.95			\$38.54			\$39.70		
			3	\$38.19			\$39.95			\$40.57			\$41.79		
			4	\$40.20			\$42.05			\$42.71			\$43.99		
			5	\$42.32	\$7,335.47	\$88,025.60	\$44.26	\$7,671.73	\$92,060.80	\$44.96	\$7,793.07	\$93,516.80	\$46.31	\$8,027.07	\$96,324.80

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
229	non-exempt	Theater Specialist	1	\$34.65			\$36.01			\$36.33			\$37.42		
			2	\$36.47			\$37.90			\$38.24			\$39.39		
			3	\$38.39			\$39.89			\$40.25			\$41.46		
			4	\$40.41			\$41.99			\$42.37			\$43.64		
			5	\$42.54	\$7,373.60	\$88,483.20	\$44.20	\$7,661.33	\$91,936.00	\$44.60	\$7,730.67	\$92,768.00	\$45.94	\$7,962.93	\$95,555.20
230	non-exempt	Offset Equip Op	1	\$23.22			\$23.94			\$23.98			\$24.70		
			2	\$24.44			\$25.20			\$25.24			\$26.00		
			3	\$25.73			\$26.53			\$26.57			\$27.37		
			4	\$27.08			\$27.93			\$27.97			\$28.81		
			5	\$28.50	\$4,940.00	\$59,280.00	\$29.40	\$5,096.00	\$61,152.00	\$29.44	\$5,102.93	\$61,235.20	\$30.33	\$5,257.20	\$63,086.40
232	non-exempt	Prog-Analyst	1	\$39.44			\$41.71			\$42.85			\$44.14		
			2	\$41.52			\$43.91			\$45.11			\$46.46		
			3	\$43.71			\$46.22			\$47.48			\$48.91		
			4	\$46.01			\$48.65			\$49.98			\$51.48		
			5	\$48.43	\$8,394.53	\$100,734.40	\$51.21	\$8,876.40	\$106,516.80	\$52.61	\$9,119.07	\$109,428.80	\$54.19	\$9,392.93	\$112,715.20
233	non-exempt	Util Rate Analyst	1	\$36.77			\$37.88			\$37.88			\$39.02		
			2	\$38.71			\$39.87			\$39.87			\$41.07		
			3	\$40.75			\$41.97			\$41.97			\$43.23		
			4	\$42.89			\$44.18			\$44.18			\$45.51		
			5	\$45.15	\$7,826.00	\$93,912.00	\$46.51	\$8,061.73	\$96,740.80	\$46.51	\$8,061.73	\$96,740.80	\$47.91	\$8,304.40	\$99,652.80
239	non-exempt	Chf Inspec WGW	1	\$38.18			\$39.94			\$40.56			\$41.79		
			2	\$40.19			\$42.04			\$42.69			\$43.99		
			3	\$42.31			\$44.25			\$44.94			\$46.30		
			4	\$44.54			\$46.58			\$47.31			\$48.74		
			5	\$46.88	\$8,125.87	\$97,510.40	\$49.03	\$8,498.53	\$101,982.40	\$49.80	\$8,632.00	\$103,584.00	\$51.30	\$8,892.00	\$106,704.00
240	non-exempt	Meter Reader-Lead	1	\$26.01			\$26.84			\$26.89			\$27.71		
			2	\$27.38			\$28.25			\$28.31			\$29.17		
			3	\$28.82			\$29.74			\$29.80			\$30.70		
			4	\$30.34			\$31.31			\$31.37			\$32.32		
			5	\$31.94	\$5,536.27	\$66,435.20	\$32.96	\$5,713.07	\$68,556.80	\$33.02	\$5,723.47	\$68,681.60	\$34.02	\$5,896.80	\$70,761.60
241	non-exempt	Meter Reader	1	\$24.31			\$25.09			\$25.14			\$25.90		
			2	\$25.59			\$26.41			\$26.46			\$27.26		
			3	\$26.94			\$27.80			\$27.85			\$28.69		
			4	\$28.36			\$29.26			\$29.32			\$30.20		
			5	\$29.85	\$5,174.00	\$62,088.00	\$30.80	\$5,338.67	\$64,064.00	\$30.86	\$5,349.07	\$64,188.80	\$31.79	\$5,510.27	\$66,123.20
242	non-exempt	Coord Zero Waste	1	\$33.39			\$34.70			\$35.02			\$36.07		
			2	\$35.15			\$36.53			\$36.86			\$37.97		
			3	\$37.00			\$38.45			\$38.80			\$39.97		
			4	\$38.95			\$40.47			\$40.84			\$42.07		
			5	\$41.00	\$7,106.67	\$85,280.00	\$42.60	\$7,384.00	\$88,608.00	\$42.99	\$7,451.60	\$89,419.20	\$44.28	\$7,675.20	\$92,102.40
244	non-exempt	Assoc Buyer	1	\$31.32			\$32.28			\$32.30			\$33.27		
			2	\$32.97			\$33.98			\$34.00			\$35.02		
			3	\$34.71			\$35.77			\$35.79			\$36.86		
			4	\$36.54			\$37.65			\$37.67			\$38.80		
			5	\$38.46	\$6,666.40	\$79,996.80	\$39.63	\$6,869.20	\$82,430.40	\$39.65	\$6,872.67	\$82,472.00	\$40.84	\$7,078.93	\$84,947.20

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
246	non-exempt	Power Engr	1	\$46.60			\$48.22			\$48.45			\$49.91		
			2	\$49.05			\$50.76			\$51.00			\$52.54		
			3	\$51.63			\$53.43			\$53.68			\$55.30		
			4	\$54.35			\$56.24			\$56.51			\$58.21		
			5	\$57.21	\$9,916.40	\$118,996.80	\$59.20	\$10,261.33	\$123,136.00	\$59.48	\$10,309.87	\$123,718.40	\$61.27	\$10,620.13	\$127,441.60
247	non-exempt	Assoc Power Engr	1	\$41.25			\$42.69			\$42.89			\$44.18		
			2	\$43.42			\$44.94			\$45.15			\$46.50		
			3	\$45.71			\$47.30			\$47.53			\$48.95		
			4	\$48.12			\$49.79			\$50.03			\$51.53		
			5	\$50.65	\$8,779.33	\$105,352.00	\$52.41	\$9,084.40	\$109,012.80	\$52.66	\$9,127.73	\$109,532.80	\$54.24	\$9,401.60	\$112,819.20
248	non-exempt	Storekeeper	1	\$25.45			\$26.21			\$26.21			\$27.00		
			2	\$26.79			\$27.59			\$27.59			\$28.42		
			3	\$28.20			\$29.04			\$29.04			\$29.92		
			4	\$29.68			\$30.57			\$30.57			\$31.49		
			5	\$31.24	\$5,414.93	\$64,979.20	\$32.18	\$5,577.87	\$66,934.40	\$32.18	\$5,577.87	\$66,934.40	\$33.15	\$5,746.00	\$68,952.00
250	non-exempt	Equip Parts Tech	1	\$24.31			\$25.04			\$25.04			\$25.81		
			2	\$25.59			\$26.36			\$26.36			\$27.17		
			3	\$26.94			\$27.75			\$27.75			\$28.60		
			4	\$28.36			\$29.21			\$29.21			\$30.10		
			5	\$29.85	\$5,174.00	\$62,088.00	\$30.75	\$5,330.00	\$63,960.00	\$30.75	\$5,330.00	\$63,960.00	\$31.68	\$5,491.20	\$65,894.40
251	non-exempt	Sr Librarian	1	\$30.48			\$31.57			\$31.75			\$32.70		
			2	\$32.08			\$33.23			\$33.42			\$34.42		
			3	\$33.77			\$34.98			\$35.18			\$36.23		
			4	\$35.55			\$36.82			\$37.03			\$38.14		
			5	\$37.42	\$6,486.13	\$77,833.60	\$38.76	\$6,718.40	\$80,620.80	\$38.98	\$6,756.53	\$81,078.40	\$40.15	\$6,959.33	\$83,512.00
252	non-exempt	Library Associate	1	\$24.52			\$25.27			\$25.27			\$26.03		
			2	\$25.81			\$26.60			\$26.60			\$27.40		
			3	\$27.17			\$28.00			\$28.00			\$28.84		
			4	\$28.60			\$29.47			\$29.47			\$30.36		
			5	\$30.11	\$5,219.07	\$62,628.80	\$31.02	\$5,376.80	\$64,521.60	\$31.02	\$5,376.80	\$64,521.60	\$31.96	\$5,539.73	\$66,476.80
253	non-exempt	Library Specialist	1	\$23.20			\$23.90			\$23.90			\$24.62		
			2	\$24.42			\$25.16			\$25.16			\$25.92		
			3	\$25.71			\$26.48			\$26.48			\$27.28		
			4	\$27.06			\$27.87			\$27.87			\$28.72		
			5	\$28.48	\$4,936.53	\$59,238.40	\$29.34	\$5,085.60	\$61,027.20	\$29.34	\$5,085.60	\$61,027.20	\$30.23	\$5,239.87	\$62,878.40
254	non-exempt	Librarian	1	\$26.84			\$27.80			\$27.96			\$28.79		
			2	\$28.25			\$29.26			\$29.43			\$30.31		
			3	\$29.74			\$30.80			\$30.98			\$31.91		
			4	\$31.30			\$32.42			\$32.61			\$33.59		
			5	\$32.95	\$5,711.33	\$68,536.00	\$34.13	\$5,915.87	\$70,990.40	\$34.33	\$5,950.53	\$71,406.40	\$35.36	\$6,129.07	\$73,548.80
255	non-exempt	Coord Library Prog	1	\$33.24			\$34.43			\$34.62			\$35.66		
			2	\$34.99			\$36.24			\$36.44			\$37.54		
			3	\$36.83			\$38.15			\$38.36			\$39.52		
			4	\$38.77			\$40.16			\$40.38			\$41.60		
			5	\$40.81	\$7,073.73	\$84,884.80	\$42.27	\$7,326.80	\$87,921.60	\$42.51	\$7,368.40	\$88,420.80	\$43.79	\$7,590.27	\$91,083.20
256	non-exempt	Asst Power Engr	1	\$37.25			\$38.54			\$38.72			\$39.89		
			2	\$39.21			\$40.76			\$40.76			\$41.99		
			3	\$41.27			\$42.70			\$42.91			\$44.20		
			4	\$43.44			\$44.95			\$45.17			\$46.53		
			5	\$45.73	\$7,926.53	\$95,118.40	\$47.32	\$8,202.13	\$98,425.60	\$47.55	\$8,242.00	\$98,904.00	\$48.98	\$8,489.87	\$101,878.40

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
257	non-exempt	Environmental Spec	1	\$37.67			\$39.35			\$39.92			\$41.13		
			2	\$39.65			\$41.42			\$42.02			\$43.29		
			3	\$41.74			\$43.60			\$44.23			\$45.57		
			4	\$43.94			\$45.89			\$46.56			\$47.97		
			5	\$46.25	\$8,016.67	\$96,200.00	\$48.31	\$8,373.73	\$100,484.80	\$49.01	\$8,495.07	\$101,940.80	\$50.49	\$8,751.60	\$105,019.20
258	non-exempt	Ind Waste Invtgr	1	\$35.58			\$37.15			\$37.69			\$38.83		
			2	\$37.45			\$39.10			\$39.67			\$40.87		
			3	\$39.42			\$41.16			\$41.76			\$43.02		
			4	\$41.49			\$43.33			\$43.96			\$45.28		
			5	\$43.67	\$7,569.47	\$90,833.60	\$45.61	\$7,905.73	\$94,868.80	\$46.27	\$8,020.13	\$96,241.60	\$47.66	\$8,261.07	\$99,132.80
260	non-exempt	Desktop Technician	1	\$31.13			\$32.06			\$32.06			\$33.03		
			2	\$32.77			\$33.75			\$33.75			\$34.77		
			3	\$34.49			\$35.53			\$35.53			\$36.60		
			4	\$36.31			\$37.40			\$37.40			\$38.53		
			5	\$38.22	\$6,624.80	\$79,497.60	\$39.37	\$6,824.13	\$81,889.60	\$39.37	\$6,824.13	\$81,889.60	\$40.56	\$7,030.40	\$84,364.80
261	non-exempt	Sr Util Field Svc Rep	1	\$36.49			\$38.58			\$39.64			\$40.84		
			2	\$38.41			\$40.61			\$41.73			\$42.99		
			3	\$40.43			\$42.75			\$43.93			\$45.25		
			4	\$42.56			\$45.00			\$46.24			\$47.63		
			5	\$44.80	\$7,765.33	\$93,184.00	\$47.37	\$8,210.80	\$98,529.60	\$48.67	\$8,436.13	\$101,233.60	\$50.14	\$8,690.93	\$104,291.20
262	non-exempt	Resource Planner	1	\$47.19			\$48.61			\$48.61			\$50.07		
			2	\$49.67			\$51.17			\$51.17			\$52.71		
			3	\$52.28			\$53.86			\$53.86			\$55.48		
			4	\$55.03			\$56.69			\$56.69			\$58.40		
			5	\$57.93	\$10,041.20	\$120,494.40	\$59.67	\$10,342.80	\$124,113.60	\$59.67	\$10,342.80	\$124,113.60	\$61.47	\$10,654.80	\$127,857.60
263	non-exempt	Animal Services Spec	1	\$24.32			\$25.13			\$25.20			\$25.97		
			2	\$25.60			\$26.45			\$26.53			\$27.34		
			3	\$26.95			\$27.84			\$27.93			\$28.78		
			4	\$28.37			\$29.31			\$29.40			\$30.29		
			5	\$29.86	\$5,175.73	\$62,108.80	\$30.85	\$5,347.33	\$64,168.00	\$30.95	\$5,364.67	\$64,376.00	\$31.88	\$5,525.87	\$66,310.40
265	non-exempt	Program Assistant	1	\$25.00			\$25.79			\$25.82			\$26.62		
			2	\$26.32			\$27.15			\$27.18			\$28.02		
			3	\$27.70			\$28.58			\$28.61			\$29.49		
			4	\$29.16			\$30.08			\$30.12			\$31.04		
			5	\$30.69	\$5,319.60	\$63,835.20	\$31.66	\$5,487.73	\$65,852.80	\$31.71	\$5,496.40	\$65,956.80	\$32.67	\$5,662.80	\$67,953.60
267	non-exempt	Elec Undgd Inspec	1	\$33.84			\$35.39			\$35.94			\$37.03		
			2	\$35.62			\$37.25			\$37.83			\$38.98		
			3	\$37.49			\$39.21			\$39.82			\$41.03		
			4	\$39.46			\$41.27			\$41.92			\$43.19		
			5	\$41.54	\$7,200.27	\$86,403.20	\$43.44	\$7,529.60	\$90,355.20	\$44.13	\$7,649.20	\$91,790.40	\$45.46	\$7,879.73	\$94,556.80
268	non-exempt	Asst Res Planner	1	\$35.91			\$36.98			\$36.98			\$38.10		
			2	\$37.80			\$38.93			\$38.93			\$40.11		
			3	\$39.79			\$40.98			\$40.98			\$42.22		
			4	\$41.88			\$43.14			\$43.14			\$44.44		
			5	\$44.08	\$7,640.53	\$91,686.40	\$45.41	\$7,871.07	\$94,452.80	\$45.41	\$7,871.07	\$94,452.80	\$46.78	\$8,108.53	\$97,302.40
269	non-exempt	Assoc Res Planner	1	\$39.78			\$40.97			\$40.97			\$42.20		
			2	\$41.87			\$43.13			\$43.13			\$44.42		
			3	\$44.07			\$45.40			\$45.40			\$46.76		
			4	\$46.39			\$47.79			\$47.79			\$49.22		
			5	\$48.83	\$8,463.87	\$101,566.40	\$50.30	\$8,718.67	\$104,624.00	\$50.30	\$8,718.67	\$104,624.00	\$51.81	\$8,980.40	\$107,764.80

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
270	non-exempt	Prod Arts/Sci Prog	1	\$32.39			\$33.66			\$33.97			\$34.99		
			2	\$34.09			\$35.43			\$35.76			\$36.83		
			3	\$35.88			\$37.29			\$37.64			\$38.77		
			4	\$37.77			\$39.25			\$39.62			\$40.81		
			5	\$39.76	\$6,891.73	\$82,700.80	\$41.32	\$7,162.13	\$85,945.60	\$41.70	\$7,228.00	\$86,736.00	\$42.96	\$7,446.40	\$89,356.80
271	non-exempt	Util Locator	1	\$31.32			\$33.13			\$34.03			\$35.06		
			2	\$32.97			\$34.87			\$35.82			\$36.91		
			3	\$34.70			\$36.70			\$37.71			\$38.85		
			4	\$36.53			\$38.63			\$39.69			\$40.89		
			5	\$38.45	\$6,664.67	\$79,976.00	\$40.66	\$7,047.73	\$84,572.80	\$41.78	\$7,241.87	\$86,902.40	\$43.04	\$7,460.27	\$89,523.20
272	non-exempt	Util Comp Tech	1	\$41.31			\$43.19			\$43.85			\$45.18		
			2	\$43.48			\$45.46			\$46.16			\$47.56		
			3	\$45.77			\$47.85			\$48.59			\$50.06		
			4	\$48.18			\$50.37			\$51.15			\$52.69		
			5	\$50.72	\$8,791.47	\$105,497.60	\$53.02	\$9,190.13	\$110,281.60	\$53.84	\$9,332.27	\$111,987.20	\$55.46	\$9,613.07	\$115,356.80
273	non-exempt	Util Comp Tech-L	1	\$44.19			\$46.20			\$46.90			\$48.31		
			2	\$46.52			\$48.63			\$49.37			\$50.85		
			3	\$48.97			\$51.19			\$51.97			\$53.53		
			4	\$51.55			\$53.88			\$54.71			\$56.35		
			5	\$54.26	\$9,405.07	\$112,860.80	\$56.72	\$9,831.47	\$117,977.60	\$57.59	\$9,982.27	\$119,787.20	\$59.32	\$10,282.13	\$123,385.60
274	non-exempt	Volunteer Coord	1	\$29.41			\$30.55			\$30.83			\$31.76		
			2	\$30.96			\$32.16			\$32.45			\$33.43		
			3	\$32.59			\$33.85			\$34.16			\$35.19		
			4	\$34.30			\$35.63			\$35.96			\$37.04		
			5	\$36.10	\$6,257.33	\$75,088.00	\$37.51	\$6,501.73	\$78,020.80	\$37.85	\$6,560.67	\$78,728.00	\$38.99	\$6,758.27	\$81,099.20
275	non-exempt	Animal Services Spec II	1	\$26.82			\$27.71			\$27.80			\$28.63		
			2	\$28.23			\$29.17			\$29.26			\$30.14		
			3	\$29.72			\$30.70			\$30.80			\$31.73		
			4	\$31.28			\$32.32			\$32.42			\$33.40		
			5	\$32.93	\$5,707.87	\$68,494.40	\$34.02	\$5,896.80	\$70,761.60	\$34.13	\$5,915.87	\$70,990.40	\$35.16	\$6,094.40	\$73,132.80
276	non-exempt	Animal Control Off	1	\$24.66			\$25.48			\$25.56			\$26.32		
			2	\$25.96			\$26.82			\$26.90			\$27.71		
			3	\$27.33			\$28.23			\$28.32			\$29.17		
			4	\$28.77			\$29.72			\$29.81			\$30.71		
			5	\$30.28	\$5,248.53	\$62,982.40	\$31.28	\$5,421.87	\$65,062.40	\$31.38	\$5,439.20	\$65,270.40	\$32.33	\$5,603.87	\$67,246.40
277	non-exempt	Animal Attendant	1	\$23.02			\$23.78			\$23.86			\$24.58		
			2	\$24.23			\$25.03			\$25.12			\$25.87		
			3	\$25.51			\$26.35			\$26.44			\$27.23		
			4	\$26.85			\$27.74			\$27.83			\$28.66		
			5	\$28.26	\$4,898.40	\$58,780.80	\$29.20	\$5,061.33	\$60,736.00	\$29.29	\$5,076.93	\$60,923.20	\$30.17	\$5,229.47	\$62,753.60
278	non-exempt	Veterinarian Tech	1	\$25.18			\$26.03			\$26.12			\$26.90		
			2	\$26.51			\$27.40			\$27.49			\$28.32		
			3	\$27.91			\$28.84			\$28.94			\$29.81		
			4	\$29.38			\$30.36			\$30.46			\$31.38		
			5	\$30.93	\$5,361.20	\$64,334.40	\$31.96	\$5,539.73	\$66,476.80	\$32.06	\$5,557.07	\$66,684.80	\$33.03	\$5,725.20	\$68,702.40
280	non-exempt	Sr Ranger	1	\$31.85			\$32.81			\$32.81			\$33.80		
			2	\$33.53			\$34.54			\$34.54			\$35.58		
			3	\$35.29			\$36.36			\$36.36			\$37.45		
			4	\$37.15			\$38.27			\$38.27			\$39.42		
			5	\$39.10	\$6,777.33	\$81,328.00	\$40.28	\$6,981.87	\$83,782.40	\$40.28	\$6,981.87	\$83,782.40	\$41.49	\$7,191.60	\$86,299.20

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
281	non-exempt	Park Ranger	1	\$28.79			\$29.66			\$29.66			\$30.55		
			2	\$30.30			\$31.22			\$31.22			\$32.16		
			3	\$31.89			\$32.86			\$32.86			\$33.85		
			4	\$33.57			\$34.59			\$34.59			\$35.63		
			5	\$35.34	\$6,125.60	\$73,507.20	\$36.41	\$6,311.07	\$75,732.80	\$36.41	\$6,311.07	\$75,732.80	\$37.51	\$6,501.73	\$78,020.80
284	non-exempt	Utilities Engineer Estimator Lead	1	\$43.90			\$45.41			\$45.64			\$47.02		
			2	\$46.21			\$47.80			\$48.04			\$49.49		
			3	\$48.64			\$50.32			\$50.57			\$52.09		
			4	\$51.20			\$52.97			\$53.23			\$54.83		
			5	\$53.89	\$9,340.93	\$112,091.20	\$55.76	\$9,665.07	\$115,980.80	\$56.03	\$9,711.87	\$116,542.40	\$57.72	\$10,004.80	\$120,057.60
286	non-exempt	Motor Equipment Mechanic I	1	\$30.36			\$31.27			\$31.27			\$32.21		
			2	\$31.96			\$32.92			\$32.92			\$33.91		
			3	\$33.64			\$34.65			\$34.65			\$35.69		
			4	\$35.41			\$36.47			\$36.47			\$37.57		
			5	\$37.27	\$6,460.13	\$77,521.60	\$38.39	\$6,654.27	\$79,851.20	\$38.39	\$6,654.27	\$79,851.20	\$39.55	\$6,855.33	\$82,264.00
287	non-exempt	Motor Equipment Mechanic II	1	\$32.78			\$33.76			\$33.76			\$34.78		
			2	\$34.50			\$35.54			\$35.54			\$36.61		
			3	\$36.32			\$37.41			\$37.41			\$38.54		
			4	\$38.23			\$39.38			\$39.38			\$40.57		
			5	\$40.24	\$6,974.93	\$83,699.20	\$41.45	\$7,184.67	\$86,216.00	\$41.45	\$7,184.67	\$86,216.00	\$42.70	\$7,401.33	\$88,816.00
288	non-exempt	Storekeeper-L	1	\$27.23			\$28.05			\$28.05			\$28.90		
			2	\$28.66			\$29.53			\$29.53			\$30.42		
			3	\$30.17			\$31.08			\$31.08			\$32.02		
			4	\$31.76			\$32.72			\$32.72			\$33.71		
			5	\$33.43	\$5,794.53	\$69,534.40	\$34.44	\$5,969.60	\$71,635.20	\$34.44	\$5,969.60	\$71,635.20	\$35.48	\$6,149.87	\$73,798.40
289	non-exempt	Utl Install Repair-Welding Cert	1	\$34.58			\$36.58			\$37.57			\$38.70		
			2	\$36.40			\$38.50			\$39.55			\$40.74		
			3	\$38.32			\$40.53			\$41.63			\$42.88		
			4	\$40.34			\$42.66			\$43.82			\$45.14		
			5	\$42.46	\$7,359.73	\$88,316.80	\$44.90	\$7,782.67	\$93,392.00	\$46.13	\$7,995.87	\$95,950.40	\$47.52	\$8,236.80	\$98,841.60
290	non-exempt	Utl Install Repair Lead-Welding Cert	1	\$37.15			\$39.29			\$40.37			\$41.59		
			2	\$39.11			\$41.36			\$42.49			\$43.78		
			3	\$41.17			\$43.54			\$44.73			\$46.08		
			4	\$43.34			\$45.83			\$47.08			\$48.50		
			5	\$45.62	\$7,907.47	\$94,889.60	\$48.24	\$8,361.60	\$100,339.20	\$49.56	\$8,590.40	\$103,084.80	\$51.05	\$8,848.67	\$106,184.00
291	non-exempt	Maintenance Mechanic-Welding	1	\$33.53			\$35.46			\$36.44			\$37.54		
			2	\$35.29			\$37.33			\$38.36			\$39.52		
			3	\$37.15			\$39.29			\$40.38			\$41.60		
			4	\$39.11			\$41.36			\$42.50			\$43.79		
			5	\$41.17	\$7,136.13	\$85,633.60	\$43.54	\$7,546.93	\$90,563.20	\$44.74	\$7,754.93	\$93,059.20	\$46.09	\$7,988.93	\$95,867.20
292	non-exempt	Electric Underground Inspector - Lead	1	\$36.20			\$37.84			\$38.44			\$39.60		
			2	\$38.10			\$39.83			\$40.46			\$41.68		
			3	\$40.10			\$41.93			\$42.59			\$43.87		
			4	\$42.21			\$44.14			\$44.83			\$46.18		
			5	\$44.43	\$7,701.20	\$92,414.40	\$46.46	\$8,053.07	\$96,636.80	\$47.19	\$8,179.60	\$98,155.20	\$48.61	\$8,425.73	\$101,108.80
293	non-exempt	Junior Museum & Zoo Educator	1	\$26.71			\$27.76			\$28.02			\$28.86		
			2	\$28.12			\$29.22			\$29.49			\$30.38		
			3	\$29.60			\$30.76			\$31.04			\$31.98		
			4	\$31.16			\$32.38			\$32.67			\$33.66		
			5	\$32.80	\$5,685.33	\$68,224.00	\$34.08	\$5,907.20	\$70,886.40	\$34.39	\$5,960.93	\$71,531.20	\$35.43	\$6,141.20	\$73,694.40

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
294	non-exempt	Administrative Associate I	1	\$24.05			\$24.81			\$24.84			\$25.60		
			2	\$25.32			\$26.12			\$26.15			\$26.95		
			3	\$26.65			\$27.49			\$27.53			\$28.37		
			4	\$28.05			\$28.94			\$28.98			\$29.86		
			5	\$29.53	\$5,118.53	\$61,422.40	\$30.46	\$5,279.73	\$63,356.80	\$30.51	\$5,288.40	\$63,460.80	\$31.43	\$5,447.87	\$65,374.40
295	non-exempt	Administrative Associate II	1	\$26.14			\$26.97			\$27.00			\$27.82		
			2	\$27.52			\$28.39			\$28.42			\$29.28		
			3	\$28.97			\$29.88			\$29.92			\$30.82		
			4	\$30.49			\$31.45			\$31.49			\$32.44		
			5	\$32.09	\$5,562.27	\$66,747.20	\$33.10	\$5,737.33	\$68,848.00	\$33.15	\$5,746.00	\$68,952.00	\$34.15	\$5,919.33	\$71,032.00
296	non-exempt	Administrative Associate III	1	\$28.03			\$28.90			\$28.94			\$29.81		
			2	\$29.50			\$30.42			\$30.46			\$31.38		
			3	\$31.05			\$32.02			\$32.06			\$33.03		
			4	\$32.68			\$33.71			\$33.75			\$34.77		
			5	\$34.40	\$5,962.67	\$71,552.00	\$35.48	\$6,149.87	\$73,798.40	\$35.53	\$6,158.53	\$73,902.40	\$36.60	\$6,344.00	\$76,128.00
298	non-exempt	Public Safety Dispatcher I	1	\$34.30			\$35.33			\$35.33			\$36.40		
			2	\$36.10			\$37.19			\$37.19			\$38.32		
			3	\$38.00			\$39.15			\$39.15			\$40.34		
			4	\$40.00			\$41.21			\$41.21			\$42.46		
			5	\$42.11	\$7,299.07	\$87,588.80	\$43.38	\$7,519.20	\$90,230.40	\$43.38	\$7,519.20	\$90,230.40	\$44.69	\$7,746.27	\$92,955.20
			6	\$43.17			\$44.47			\$44.47			\$45.81		
			7	\$44.25			\$45.58			\$45.58			\$46.95		
299	non-exempt	Bldg Inspector	1	\$35.69			\$37.33			\$37.91			\$39.05		
			2	\$37.57			\$39.29			\$39.91			\$41.11		
			3	\$39.55			\$41.36			\$42.01			\$43.27		
			4	\$41.63			\$43.54			\$44.22			\$45.55		
			5	\$43.82	\$7,595.47	\$91,145.60	\$45.83	\$7,943.87	\$95,326.40	\$46.55	\$8,068.67	\$96,824.00	\$47.95	\$8,311.33	\$99,736.00
300	non-exempt	Bldg Inspector Spec	1	\$38.10			\$39.84			\$40.48			\$41.70		
			2	\$40.11			\$41.94			\$42.61			\$43.89		
			3	\$42.22			\$44.15			\$44.85			\$46.20		
			4	\$44.44			\$46.47			\$47.21			\$48.63		
			5	\$46.78	\$8,108.53	\$97,302.40	\$48.92	\$8,479.47	\$101,753.60	\$49.69	\$8,612.93	\$103,355.20	\$51.19	\$8,872.93	\$106,475.20
301	non-exempt	Code Enforcement Off	1	\$34.29			\$35.85			\$36.41			\$37.52		
			2	\$36.09			\$37.74			\$38.33			\$39.49		
			3	\$37.99			\$39.73			\$40.35			\$41.57		
			4	\$39.99			\$41.82			\$42.47			\$43.76		
			5	\$42.09	\$7,295.60	\$87,547.20	\$44.02	\$7,630.13	\$91,561.60	\$44.71	\$7,749.73	\$92,996.80	\$46.06	\$7,983.73	\$95,804.80
302	non-exempt	Program Assistant I	1	\$26.51			\$27.35			\$27.40			\$28.22		
			2	\$27.91			\$28.79			\$28.84			\$29.71		
			3	\$29.38			\$30.31			\$30.36			\$31.27		
			4	\$30.93			\$31.91			\$31.96			\$32.92		
			5	\$32.56	\$5,643.73	\$67,724.80	\$33.59	\$5,822.27	\$69,867.20	\$33.64	\$5,830.93	\$69,971.20	\$34.65	\$6,006.00	\$72,072.00
303	non-exempt	Program Assistant II	1	\$28.51			\$29.41			\$29.44			\$30.33		
			2	\$30.01			\$30.96			\$30.99			\$31.93		
			3	\$31.59			\$32.59			\$32.62			\$33.61		
			4	\$33.25			\$34.30			\$34.34			\$35.38		
			5	\$35.00	\$6,066.67	\$72,800.00	\$36.10	\$6,257.33	\$75,088.00	\$36.15	\$6,266.00	\$75,192.00	\$37.24	\$6,454.93	\$77,459.20

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
304	non-exempt	Plans Check Engr	1	\$42.38			\$43.85			\$44.07			\$45.39		
			2	\$44.61			\$46.16			\$46.39			\$47.78		
			3	\$46.96			\$48.59			\$48.83			\$50.29		
			4	\$49.43			\$51.15			\$51.40			\$52.94		
			5	\$52.03	\$9,018.53	\$108,222.40	\$53.84	\$9,332.27	\$111,987.20	\$54.10	\$9,377.33	\$112,528.00	\$55.73	\$9,659.87	\$115,918.40
306	non-exempt	Comm Tech	1	\$35.92			\$36.99			\$36.99			\$38.11		
			2	\$37.81			\$38.94			\$38.94			\$40.12		
			3	\$39.80			\$40.99			\$40.99			\$42.23		
			4	\$41.89			\$43.15			\$43.15			\$44.45		
			5	\$44.09	\$7,642.27	\$91,707.20	\$45.42	\$7,872.80	\$94,473.60	\$45.42	\$7,872.80	\$94,473.60	\$46.79	\$8,110.27	\$97,323.20
307	non-exempt	Util Syst Oper	1	\$47.94			\$50.11			\$50.89			\$52.42		
			2	\$50.46			\$52.75			\$53.57			\$55.18		
			3	\$53.12			\$55.53			\$56.39			\$58.08		
			4	\$55.92			\$58.45			\$59.36			\$61.14		
			5	\$58.86	\$10,202.40	\$122,428.80	\$61.53	\$10,665.20	\$127,982.40	\$62.48	\$10,829.87	\$129,958.40	\$64.36	\$11,155.73	\$133,868.80
308	non-exempt	Instrum Elec	1	\$34.16			\$35.57			\$35.96			\$37.05		
			2	\$35.96			\$37.44			\$37.85			\$39.00		
			3	\$37.85			\$39.41			\$39.84			\$41.05		
			4	\$39.84			\$41.48			\$41.94			\$43.21		
			5	\$41.94	\$7,269.60	\$87,235.20	\$43.66	\$7,567.73	\$90,812.80	\$44.15	\$7,652.67	\$91,832.00	\$45.48	\$7,883.20	\$94,598.40
310	non-exempt	Util Engr Estimator	1	\$41.03			\$42.45			\$42.66			\$43.95		
			2	\$43.19			\$44.68			\$44.90			\$46.26		
			3	\$45.46			\$47.03			\$47.26			\$48.69		
			4	\$47.85			\$49.51			\$49.75			\$51.25		
			5	\$50.37	\$8,730.80	\$104,769.60	\$52.12	\$9,034.13	\$108,409.60	\$52.37	\$9,077.47	\$108,929.60	\$53.95	\$9,351.33	\$112,216.00
311	non-exempt	Eng Tech I	1	\$26.50			\$27.69			\$28.09			\$28.94		
			2	\$27.89			\$29.15			\$29.57			\$30.46		
			3	\$29.36			\$30.68			\$31.13			\$32.06		
			4	\$30.90			\$32.29			\$32.77			\$33.75		
			5	\$32.53	\$5,638.53	\$67,662.40	\$33.99	\$5,891.60	\$70,699.20	\$34.49	\$5,978.27	\$71,739.20	\$35.53	\$6,158.53	\$73,902.40
312	non-exempt	Animal Control Off - L	1	\$26.39			\$27.27			\$27.35			\$28.18		
			2	\$27.78			\$28.70			\$28.79			\$29.66		
			3	\$29.24			\$30.21			\$30.31			\$31.22		
			4	\$30.78			\$31.80			\$31.90			\$32.86		
			5	\$32.40	\$5,616.00	\$67,392.00	\$33.47	\$5,801.47	\$69,617.60	\$33.58	\$5,820.53	\$69,846.40	\$34.59	\$5,995.60	\$71,947.20
313	non-exempt	Police Records Specialist I	1	\$23.98			\$25.13			\$25.57			\$26.34		
			2	\$25.24			\$26.45			\$26.92			\$27.73		
			3	\$26.57			\$27.84			\$28.34			\$29.19		
			4	\$27.97			\$29.31			\$29.83			\$30.73		
			5	\$29.44	\$5,102.93	\$61,235.20	\$30.85	\$5,347.33	\$64,168.00	\$31.40	\$5,442.67	\$65,312.00	\$32.35	\$5,607.33	\$67,288.00
314	non-exempt	Police Records Specialist II	1	\$25.23			\$26.45			\$26.91			\$27.72		
			2	\$26.56			\$27.84			\$28.33			\$29.18		
			3	\$27.96			\$29.30			\$29.82			\$30.72		
			4	\$29.43			\$30.84			\$31.39			\$32.34		
			5	\$30.98	\$5,369.87	\$64,438.40	\$32.46	\$5,626.40	\$67,516.80	\$33.04	\$5,726.93	\$68,723.20	\$34.04	\$5,900.27	\$70,803.20

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
315	non-exempt	Public Safety Dispatcher - Lead	1	\$40.54			\$41.76			\$41.76			\$43.02		
			2	\$42.67			\$43.96			\$43.96			\$45.28		
			3	\$44.92			\$46.27			\$46.27			\$47.66		
			4	\$47.28			\$48.71			\$48.71			\$50.17		
			5	\$49.77	\$8,626.80	\$103,521.60	\$51.27	\$8,886.80	\$106,641.60	\$51.27	\$8,886.80	\$106,641.60	\$52.81	\$9,153.73	\$109,844.80
			6	\$51.02			\$52.56			\$52.56			\$54.14		
			7	\$52.29			\$53.86			\$53.86			\$55.48		
316	non-exempt	Public Safety Dispatcher II	1	\$36.11			\$37.21			\$37.21			\$38.33		
			2	\$38.01			\$39.17			\$39.17			\$40.35		
			3	\$40.01			\$41.23			\$41.23			\$42.47		
			4	\$42.12			\$43.40			\$43.40			\$44.71		
			5	\$44.34	\$7,685.60	\$92,227.20	\$45.68	\$7,917.87	\$95,014.40	\$45.68	\$7,917.87	\$95,014.40	\$47.06	\$8,157.07	\$97,884.80
			6	\$45.44			\$46.81			\$46.81			\$48.22		
			7	\$46.58			\$47.98			\$47.98			\$49.42		
317	non-exempt	Coord Rec Prog	1	\$29.88			\$31.04			\$31.32			\$32.27		
			2	\$31.45			\$32.67			\$32.97			\$33.97		
			3	\$33.10			\$34.39			\$34.71			\$35.76		
			4	\$34.84			\$36.20			\$36.54			\$37.64		
			5	\$36.67	\$6,356.13	\$76,273.60	\$38.11	\$6,605.73	\$79,268.80	\$38.46	\$6,666.40	\$79,996.80	\$39.62	\$6,867.47	\$82,409.60
318	non-exempt	Sr Planner	1	\$44.39			\$46.05			\$46.37			\$47.76		
			2	\$46.73			\$48.47			\$48.81			\$50.27		
			3	\$49.19			\$51.02			\$51.38			\$52.92		
			4	\$51.78			\$53.70			\$54.08			\$55.71		
			5	\$54.51	\$9,448.40	\$113,380.80	\$56.53	\$9,798.53	\$117,582.40	\$56.93	\$9,867.87	\$118,414.40	\$58.64	\$10,164.27	\$121,971.20
319	non-exempt	Engr Tech III	1	\$32.02			\$33.45			\$33.94			\$34.96		
			2	\$33.70			\$35.21			\$35.73			\$36.80		
			3	\$35.47			\$37.06			\$37.61			\$38.74		
			4	\$37.34			\$39.01			\$39.59			\$40.78		
			5	\$39.30	\$6,812.00	\$81,744.00	\$41.06	\$7,117.07	\$85,404.80	\$41.67	\$7,222.80	\$86,673.60	\$42.93	\$7,441.20	\$89,294.40
320	non-exempt	Community Service Officer - Lead	1	\$27.89			\$29.24			\$29.75			\$30.65		
			2	\$29.36			\$30.78			\$31.32			\$32.26		
			3	\$30.91			\$32.40			\$32.97			\$33.96		
			4	\$32.54			\$34.10			\$34.70			\$35.75		
			5	\$34.25	\$5,936.67	\$71,240.00	\$35.89	\$6,220.93	\$74,651.20	\$36.53	\$6,331.87	\$75,982.40	\$37.63	\$6,522.53	\$78,270.40
321	non-exempt	Police Records Specialist - Lead	1	\$27.00			\$28.29			\$28.79			\$29.68		
			2	\$28.42			\$29.78			\$30.31			\$31.24		
			3	\$29.92			\$31.35			\$31.91			\$32.88		
			4	\$31.49			\$33.00			\$33.59			\$34.61		
			5	\$33.15	\$5,746.00	\$68,952.00	\$34.74	\$6,021.60	\$72,259.20	\$35.36	\$6,129.07	\$73,548.80	\$36.43	\$6,314.53	\$75,774.40
323	non-exempt	Engr Tech II	1	\$28.67			\$29.95			\$30.40			\$31.31		
			2	\$30.18			\$31.53			\$32.00			\$32.96		
			3	\$31.77			\$33.19			\$33.68			\$34.69		
			4	\$33.44			\$34.94			\$35.45			\$36.52		
			5	\$35.20	\$6,101.33	\$73,216.00	\$36.78	\$6,375.20	\$76,502.40	\$37.32	\$6,468.80	\$77,625.60	\$38.44	\$6,662.93	\$79,955.20
325	non-exempt	Surveyor, Public Wks	1	\$34.89			\$36.48			\$37.07			\$38.18		
			2	\$36.73			\$38.40			\$39.02			\$40.19		
			3	\$38.66			\$40.42			\$41.07			\$42.30		
			4	\$40.69			\$42.55			\$43.23			\$44.53		
			5	\$42.83	\$7,423.87	\$89,086.40	\$44.79	\$7,763.60	\$93,163.20	\$45.50	\$7,886.67	\$94,640.00	\$46.87	\$8,124.13	\$97,489.60

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
326	non-exempt	Surveying Asst	1	\$32.06			\$33.53			\$34.06			\$35.09		
			2	\$33.75			\$35.29			\$35.85			\$36.94		
			3	\$35.53			\$37.15			\$37.74			\$38.88		
			4	\$37.40			\$39.11			\$39.73			\$40.93		
			5	\$39.37	\$6,824.13	\$81,889.60	\$41.17	\$7,136.13	\$85,633.60	\$41.82	\$7,248.80	\$86,985.60	\$43.08	\$7,467.20	\$89,606.40
330	non-exempt	Asst Engineer	1	\$35.10			\$36.32			\$36.49			\$37.59		
			2	\$36.95			\$38.23			\$38.41			\$39.57		
			3	\$38.89			\$40.24			\$40.43			\$41.65		
			4	\$40.94			\$42.36			\$42.56			\$43.84		
			5	\$43.09	\$7,468.93	\$89,627.20	\$44.59	\$7,728.93	\$92,747.20	\$44.80	\$7,765.33	\$93,184.00	\$46.15	\$7,999.33	\$95,992.00
332	non-exempt	Engineer	1	\$43.64			\$45.17			\$45.37			\$46.74		
			2	\$45.94			\$47.55			\$47.76			\$49.20		
			3	\$48.36			\$50.05			\$50.27			\$51.79		
			4	\$50.91			\$52.68			\$52.92			\$54.52		
			5	\$53.59	\$9,288.93	\$111,467.20	\$55.45	\$9,611.33	\$115,336.00	\$55.71	\$9,656.40	\$115,876.80	\$57.39	\$9,947.60	\$119,371.20
333	non-exempt	Assoc Engineer	1	\$38.75			\$40.10			\$40.29			\$41.50		
			2	\$40.79			\$42.21			\$42.41			\$43.68		
			3	\$42.94			\$44.43			\$44.64			\$45.98		
			4	\$45.20			\$46.77			\$46.99			\$48.40		
			5	\$47.58	\$8,247.20	\$98,966.40	\$49.23	\$8,533.20	\$102,398.40	\$49.46	\$8,573.07	\$102,876.80	\$50.95	\$8,831.33	\$105,976.00
340	non-exempt	Business Analyst	1	\$48.82			\$51.62			\$53.04			\$54.63		
			2	\$51.39			\$54.34			\$55.83			\$57.51		
			3	\$54.09			\$57.20			\$58.77			\$60.54		
			4	\$56.94			\$60.21			\$61.86			\$63.73		
			5	\$59.94	\$10,389.60	\$124,675.20	\$63.38	\$10,985.87	\$131,830.40	\$65.12	\$11,287.47	\$135,449.60	\$67.08	\$11,627.20	\$139,526.40
341	non-exempt	Coor Trans Sys Mgmt	1	\$36.60			\$38.04			\$38.38			\$39.54		
			2	\$38.53			\$40.04			\$40.40			\$41.62		
			3	\$40.56			\$42.15			\$42.53			\$43.81		
			4	\$42.69			\$44.37			\$44.77			\$46.12		
			5	\$44.94	\$7,789.60	\$93,475.20	\$46.70	\$8,094.67	\$97,136.00	\$47.13	\$8,169.20	\$98,030.40	\$48.55	\$8,415.33	\$100,984.00
342	non-exempt	Coord Pub Wks Proj	1	\$34.78			\$36.14			\$36.46			\$37.56		
			2	\$36.61			\$38.04			\$38.38			\$39.54		
			3	\$38.54			\$40.04			\$40.40			\$41.62		
			4	\$40.57			\$42.15			\$42.53			\$43.81		
			5	\$42.70	\$7,401.33	\$88,816.00	\$44.37	\$7,690.80	\$92,289.60	\$44.77	\$7,760.13	\$93,121.60	\$46.12	\$7,994.13	\$95,929.60
344	non-exempt	Coord Utility Proj	1	\$37.55			\$39.02			\$39.38			\$40.57		
			2	\$39.53			\$41.07			\$41.45			\$42.70		
			3	\$41.61			\$43.23			\$43.63			\$44.95		
			4	\$43.80			\$45.51			\$45.93			\$47.32		
			5	\$46.11	\$7,992.40	\$95,908.80	\$47.91	\$8,304.40	\$99,652.80	\$48.35	\$8,380.67	\$100,568.00	\$49.81	\$8,633.73	\$103,604.80
345	non-exempt	Electric Project Engineer	1	\$49.43			\$51.15			\$51.39			\$52.93		
			2	\$52.03			\$53.84			\$54.09			\$55.72		
			3	\$54.77			\$56.67			\$56.94			\$58.65		
			4	\$57.65			\$59.65			\$59.94			\$61.74		
			5	\$60.68	\$10,517.87	\$126,214.40	\$62.79	\$10,883.60	\$130,603.20	\$63.09	\$10,935.60	\$131,227.20	\$64.99	\$11,264.93	\$135,179.20
346	non-exempt	Management Assistant	1	\$30.44			\$31.40			\$31.45			\$32.40		
			2	\$32.04			\$33.05			\$33.11			\$34.10		
			3	\$33.73			\$34.79			\$34.85			\$35.89		
			4	\$35.50			\$36.62			\$36.68			\$37.78		
			5	\$37.37	\$6,477.47	\$77,729.60	\$38.55	\$6,682.00	\$80,184.00	\$38.61	\$6,692.40	\$80,308.80	\$39.77	\$6,893.47	\$82,721.60

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
347	non-exempt	Planning Arborist	1	\$41.76			\$43.66			\$44.35			\$45.70		
			2	\$43.96			\$45.96			\$46.68			\$48.10		
			3	\$46.27			\$48.38			\$49.14			\$50.63		
			4	\$48.70			\$50.93			\$51.73			\$53.29		
			5	\$51.26	\$8,885.07	\$106,620.80	\$53.61	\$9,292.40	\$111,508.80	\$54.45	\$9,438.00	\$113,256.00	\$56.09	\$9,722.27	\$116,667.20
348	non-exempt	Payroll Analyst	1	\$29.15			\$30.03			\$30.03			\$30.93		
			2	\$30.68			\$31.61			\$31.61			\$32.56		
			3	\$32.29			\$33.27			\$33.27			\$34.27		
			4	\$33.99			\$35.02			\$35.02			\$36.07		
			5	\$35.78	\$6,201.87	\$74,422.40	\$36.86	\$6,389.07	\$76,668.80	\$36.86	\$6,389.07	\$76,668.80	\$37.97	\$6,581.47	\$78,977.60
349	non-exempt	Project Engineer	1	\$46.99			\$48.62			\$48.83			\$50.30		
			2	\$49.46			\$51.18			\$51.40			\$52.95		
			3	\$52.06			\$53.87			\$54.11			\$55.74		
			4	\$54.80			\$56.70			\$56.96			\$58.67		
			5	\$57.68	\$9,997.87	\$119,974.40	\$59.68	\$10,344.53	\$124,134.40	\$59.96	\$10,393.07	\$124,716.80	\$61.76	\$10,705.07	\$128,460.80
352	non-exempt	Planner	1	\$38.43			\$39.85			\$40.15			\$41.34		
			2	\$40.45			\$41.95			\$42.26			\$43.52		
			3	\$42.58			\$44.16			\$44.48			\$45.81		
			4	\$44.82			\$46.48			\$46.82			\$48.22		
			5	\$47.18	\$8,177.87	\$98,134.40	\$48.93	\$8,481.20	\$101,774.40	\$49.28	\$8,541.87	\$102,502.40	\$50.76	\$8,798.40	\$105,580.80
353	non-exempt	Assoc Planner	1	\$35.94			\$37.28			\$37.55			\$38.68		
			2	\$37.83			\$39.24			\$39.53			\$40.72		
			3	\$39.82			\$41.31			\$41.61			\$42.86		
			4	\$41.92			\$43.48			\$43.80			\$45.12		
			5	\$44.13	\$7,649.20	\$91,790.40	\$45.77	\$7,933.47	\$95,201.60	\$46.10	\$7,990.67	\$95,888.00	\$47.49	\$8,231.60	\$98,779.20
355	non-exempt	Bldg/Plg Technician	1	\$29.16			\$30.24			\$30.45			\$31.37		
			2	\$30.69			\$31.83			\$32.05			\$33.02		
			3	\$32.31			\$33.51			\$33.74			\$34.76		
			4	\$34.01			\$35.27			\$35.52			\$36.59		
			5	\$35.80	\$6,205.33	\$74,464.00	\$37.13	\$6,435.87	\$77,230.40	\$37.39	\$6,480.93	\$77,771.20	\$38.52	\$6,676.80	\$80,121.60
360	non-exempt	Sr Buyer	1	\$34.87			\$35.93			\$35.93			\$37.02		
			2	\$36.70			\$37.82			\$37.82			\$38.97		
			3	\$38.63			\$39.81			\$39.81			\$41.02		
			4	\$40.66			\$41.90			\$41.91			\$43.18		
			5	\$42.80	\$7,418.67	\$89,024.00	\$44.10	\$7,644.00	\$91,728.00	\$44.12	\$7,647.47	\$91,769.60	\$45.45	\$7,878.00	\$94,536.00
361	non-exempt	Sr Mkt Analyst	1	\$43.30			\$44.60			\$44.60			\$45.94		
			2	\$45.58			\$46.95			\$46.95			\$48.36		
			3	\$47.98			\$49.42			\$49.42			\$50.91		
			4	\$50.50			\$52.02			\$52.02			\$53.59		
			5	\$53.16	\$9,214.40	\$110,572.80	\$54.76	\$9,491.73	\$113,900.80	\$54.76	\$9,491.73	\$113,900.80	\$56.41	\$9,777.73	\$117,332.80
362	non-exempt	Technologist	1	\$48.82			\$51.62			\$53.04			\$54.63		
			2	\$51.39			\$54.34			\$55.83			\$57.51		
			3	\$54.09			\$57.20			\$58.77			\$60.54		
			4	\$56.94			\$60.21			\$61.86			\$63.73		
			5	\$59.94	\$10,389.60	\$124,675.20	\$63.38	\$10,985.87	\$131,830.40	\$65.12	\$11,287.47	\$135,449.60	\$67.08	\$11,627.20	\$139,526.40
363	non-exempt	Util Key Acct Rep	1	\$40.16			\$41.35			\$41.35			\$42.61		
			2	\$42.27			\$43.53			\$43.53			\$44.85		
			3	\$44.49			\$45.82			\$45.82			\$47.21		
			4	\$46.83			\$48.23			\$48.23			\$49.69		
			5	\$49.29	\$8,543.60	\$102,523.20	\$50.77	\$8,800.13	\$105,601.60	\$50.77	\$8,800.13	\$105,601.60	\$52.30	\$9,065.33	\$108,784.00

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
365	non-exempt	Industrial Waste Technician	1	\$28.58			\$29.85			\$30.27			\$31.19		
			2	\$30.08			\$31.42			\$31.86			\$32.83		
			3	\$31.66			\$33.07			\$33.54			\$34.56		
			4	\$33.33			\$34.81			\$35.31			\$36.38		
			5	\$35.08	\$6,080.53	\$72,966.40	\$36.64	\$6,350.93	\$76,211.20	\$37.17	\$6,442.80	\$77,313.60	\$38.29	\$6,636.93	\$79,643.20
366	non-exempt	Restoration Lead	1	\$33.39			\$34.98			\$35.60			\$36.67		
			2	\$35.15			\$36.82			\$37.47			\$38.60		
			3	\$37.00			\$38.76			\$39.44			\$40.63		
			4	\$38.95			\$40.80			\$41.52			\$42.77		
			5	\$41.00	\$7,106.67	\$85,280.00	\$42.95	\$7,444.67	\$89,336.00	\$43.70	\$7,574.67	\$90,896.00	\$45.02	\$7,803.47	\$93,641.60
368	non-exempt	Program Coordinator	1	\$27.96			\$29.06			\$29.33			\$30.21		
			2	\$29.43			\$30.59			\$30.87			\$31.80		
			3	\$30.98			\$32.20			\$32.49			\$33.47		
			4	\$32.61			\$33.89			\$34.20			\$35.23		
			5	\$34.33	\$5,950.53	\$71,406.40	\$35.67	\$6,182.80	\$74,193.60	\$36.00	\$6,240.00	\$74,880.00	\$37.08	\$6,427.20	\$77,126.40
369	non-exempt	Meter Shop Lead	1	\$29.29			\$30.64			\$31.14			\$32.07		
			2	\$30.83			\$32.25			\$32.78			\$33.76		
			3	\$32.45			\$33.95			\$34.50			\$35.54		
			4	\$34.16			\$35.74			\$36.32			\$37.41		
			5	\$35.96	\$6,233.07	\$74,796.80	\$37.62	\$6,520.80	\$78,249.60	\$38.23	\$6,626.53	\$79,518.40	\$39.38	\$6,825.87	\$81,910.40
370	non-exempt	Bldg Serviceperson	1	\$21.10			\$21.98			\$22.24			\$22.90		
			2	\$22.21			\$23.14			\$23.41			\$24.10		
			3	\$23.38			\$24.36			\$24.64			\$25.37		
			4	\$24.61			\$25.64			\$25.94			\$26.71		
			5	\$25.91	\$4,491.07	\$53,892.80	\$26.99	\$4,678.27	\$56,139.20	\$27.30	\$4,732.00	\$56,784.00	\$28.12	\$4,874.13	\$58,489.60
371	non-exempt	Bldg Serviceperson-L	1	\$22.59			\$23.54			\$23.80			\$24.52		
			2	\$23.78			\$24.78			\$25.05			\$25.81		
			3	\$25.03			\$26.08			\$26.37			\$27.17		
			4	\$26.35			\$27.45			\$27.76			\$28.60		
			5	\$27.74	\$4,808.27	\$57,699.20	\$28.89	\$5,007.60	\$60,091.20	\$29.22	\$5,064.80	\$60,777.60	\$30.10	\$5,217.33	\$62,608.00
373	non-exempt	Facilities Maint-L	1	\$39.41			\$41.68			\$42.84			\$44.13		
			2	\$41.48			\$43.87			\$45.09			\$46.45		
			3	\$43.66			\$46.18			\$47.46			\$48.89		
			4	\$45.96			\$48.61			\$49.96			\$51.46		
			5	\$48.38	\$8,385.87	\$100,630.40	\$51.17	\$8,869.47	\$106,433.60	\$52.59	\$9,115.60	\$109,387.20	\$54.17	\$9,389.47	\$112,673.60
374	non-exempt	Facilities Carpenter	1	\$30.11			\$31.85			\$32.75			\$33.73		
			2	\$31.69			\$33.53			\$34.47			\$35.50		
			3	\$33.36			\$35.29			\$36.28			\$37.37		
			4	\$35.12			\$37.15			\$38.19			\$39.34		
			5	\$36.97	\$6,408.13	\$76,897.60	\$39.11	\$6,779.07	\$81,348.80	\$40.20	\$6,968.00	\$83,616.00	\$41.41	\$7,177.73	\$86,132.80
375	non-exempt	Facilities Elect	1	\$30.02			\$31.26			\$31.61			\$32.56		
			2	\$31.60			\$32.90			\$33.27			\$34.27		
			3	\$33.26			\$34.63			\$35.02			\$36.07		
			4	\$35.01			\$36.45			\$36.86			\$37.97		
			5	\$36.85	\$6,387.33	\$76,648.00	\$38.37	\$6,650.80	\$79,809.60	\$38.80	\$6,725.33	\$80,704.00	\$39.97	\$6,928.13	\$83,137.60
376	non-exempt	Facilities Tech	1	~~\$30.11~~			~~\$31.85~~			~~\$32.75~~			~~\$33.73~~		
			2	~~\$31.69~~			~~\$33.53~~			~~\$34.47~~			~~\$35.50~~		
			3	~~\$33.36~~			~~\$35.29~~			~~\$36.28~~			~~\$37.37~~		
			4	~~\$35.12~~			~~\$37.15~~			~~\$38.19~~			~~\$39.34~~		
			5	~~\$36.97~~	~~\$6,408.13~~	~~\$76,897.60~~	~~\$39.11~~	~~\$6,779.07~~	~~\$81,348.80~~	~~\$40.20~~	~~\$6,968.00~~	~~\$83,616.00~~	~~\$41.41~~	~~\$7,177.73~~	~~\$86,132.80~~

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
376	non-exempt	Facilities Tech	1	\$ 32.57			\$33.79			\$34.04			\$35.07		
			2	\$ 34.28			\$35.57			\$35.83			\$36.92		
			3	\$ 36.08			\$37.44			\$37.72			\$38.86		
			4	\$ 37.98			\$39.41			\$39.70			\$40.90		
			5	\$ 39.98	\$ 6,929.87	\$ 83,158.40	\$41.48	\$ 7,189.87	\$ 86,278.40	\$41.79	\$ 7,243.60	\$ 86,923.20	\$43.05	\$ 7,462.00	\$ 89,544.00
377	non-exempt	Facilities Painter	1	\$30.11			\$31.85			\$32.75			\$33.73		
			2	\$31.69			\$33.53			\$34.47			\$35.50		
			3	\$33.36			\$35.29			\$36.28			\$37.37		
			4	\$35.12			\$37.15			\$38.19			\$39.34		
			5	\$36.97	\$6,408.13	\$76,897.60	\$39.11	\$6,779.07	\$81,348.80	\$40.20	\$6,968.00	\$83,616.00	\$41.41	\$7,177.73	\$86,132.80
381	non-exempt	Motor Equip Mech-L	1	\$35.06			\$36.11			\$36.11			\$37.21		
			2	\$36.91			\$38.01			\$38.01			\$39.17		
			3	\$38.85			\$40.01			\$40.01			\$41.23		
			4	\$40.89			\$42.12			\$42.12			\$43.40		
			5	\$43.04	\$7,460.27	\$89,523.20	\$44.34	\$7,685.60	\$92,227.20	\$44.34	\$7,685.60	\$92,227.20	\$45.68	\$7,917.87	\$95,014.40
383	non-exempt	Fleet Svcs Coord	1	\$28.97			\$29.84			\$29.84			\$30.73		
			2	\$30.49			\$31.41			\$31.41			\$32.35		
			3	\$32.09			\$33.06			\$33.06			\$34.05		
			4	\$33.78			\$34.80			\$34.80			\$35.84		
			5	\$35.56	\$6,163.73	\$73,964.80	\$36.63	\$6,349.20	\$76,190.40	\$36.63	\$6,349.20	\$76,190.40	\$37.73	\$6,539.87	\$78,478.40
384	non-exempt	Mobile Service Tech	1	\$34.41			\$35.44			\$35.44			\$36.52		
			2	\$36.22			\$37.31			\$37.31			\$38.44		
			3	\$38.13			\$39.27			\$39.27			\$40.46		
			4	\$40.14			\$41.34			\$41.34			\$42.59		
			5	\$42.25	\$7,323.33	\$87,880.00	\$43.52	\$7,543.47	\$90,521.60	\$43.52	\$7,543.47	\$90,521.60	\$44.83	\$7,770.53	\$93,246.40
385	non-exempt	Senior Fleet Services Coordinator	1	\$33.27			\$34.27			\$34.27			\$35.29		
			2	\$35.02			\$36.07			\$36.07			\$37.15		
			3	\$36.86			\$37.97			\$37.97			\$39.11		
			4	\$38.80			\$39.97			\$39.97			\$41.17		
			5	\$40.84	\$7,078.93	\$84,947.20	\$42.07	\$7,292.13	\$87,505.60	\$42.07	\$7,292.13	\$87,505.60	\$43.34	\$7,512.27	\$90,147.20
390	non-exempt	Heavy Equip Oper	1	\$31.49			\$33.26			\$34.13			\$35.15		
			2	\$33.15			\$35.01			\$35.93			\$37.00		
			3	\$34.89			\$36.85			\$37.82			\$38.95		
			4	\$36.73			\$38.79			\$39.81			\$41.00		
			5	\$38.66	\$6,701.07	\$80,412.80	\$40.83	\$7,077.20	\$84,926.40	\$41.90	\$7,262.67	\$87,152.00	\$43.16	\$7,481.07	\$89,772.80
391	non-exempt	Heavy Equip Oper-L	1	\$33.68			\$35.58			\$36.50			\$37.60		
			2	\$35.45			\$37.45			\$38.42			\$39.58		
			3	\$37.32			\$39.42			\$40.44			\$41.66		
			4	\$39.28			\$41.49			\$42.57			\$43.85		
			5	\$41.35	\$7,167.33	\$86,008.00	\$43.67	\$7,569.47	\$90,833.60	\$44.81	\$7,767.07	\$93,204.80	\$46.16	\$8,001.07	\$96,012.80
392	non-exempt	St Sweeper Op	1	\$27.76			\$29.32			\$30.08			\$30.98		
			2	\$29.22			\$30.86			\$31.66			\$32.61		
			3	\$30.76			\$32.48			\$33.33			\$34.33		
			4	\$32.38			\$34.19			\$35.08			\$36.14		
			5	\$34.08	\$5,907.20	\$70,886.40	\$35.99	\$6,238.27	\$74,859.20	\$36.93	\$6,401.20	\$76,814.40	\$38.04	\$6,593.60	\$79,123.20
396	non-exempt	Equip Operator	1	\$27.81			\$29.37			\$30.13			\$31.04		
			2	\$29.27			\$30.92			\$31.72			\$32.67		
			3	\$30.81			\$32.55			\$33.39			\$34.39		
			4	\$32.43			\$34.26			\$35.15			\$36.20		
			5	\$34.14	\$5,917.60	\$71,011.20	\$36.06	\$6,250.40	\$75,004.80	\$37.00	\$6,413.33	\$76,960.00	\$38.11	\$6,605.73	\$79,268.80
397	non-exempt	Equip Operator - Lead	1	\$29.75			\$31.43			\$32.24			\$33.21		
			2	\$31.32			\$33.08			\$33.94			\$34.96		
			3	\$32.97			\$34.82			\$35.73			\$36.80		
			4	\$34.70			\$36.65			\$37.61			\$38.74		

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

			5	\$36.53	\$6,331.87	\$75,982.40	\$38.58	\$6,687.20	\$80,246.40	\$39.59	\$6,862.27	\$82,347.20	\$40.78	\$7,068.53	\$84,822.40

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
398	non-exempt	Geographic Inform Syst Specialist	1	\$40.98			\$43.34			\$44.53			\$45.88		
			2	\$43.14			\$45.62			\$46.87			\$48.29		
			3	\$45.41			\$48.02			\$49.34			\$50.83		
			4	\$47.80			\$50.55			\$51.94			\$53.50		
			5	\$50.32	\$8,722.13	\$104,665.60	\$53.21	\$9,223.07	\$110,676.80	\$54.67	\$9,476.13	\$113,713.60	\$56.32	\$9,762.13	\$117,145.60
399	non-exempt	Emergency Med Svs Data Specialist	1	\$28.03			\$28.90			\$28.94			\$29.81		
			2	\$29.50			\$30.42			\$30.46			\$31.38		
			3	\$31.05			\$32.02			\$32.06			\$33.03		
			4	\$32.68			\$33.71			\$33.75			\$34.77		
			5	\$34.40	\$5,962.67	\$71,552.00	\$35.48	\$6,149.87	\$73,798.40	\$35.53	\$6,158.53	\$73,902.40	\$36.60	\$6,344.00	\$76,128.00
405	non-exempt	St Maint Asst	1	\$23.72			\$24.84			\$25.28			\$26.04		
			2	\$24.97			\$26.15			\$26.61			\$27.41		
			3	\$26.28			\$27.53			\$28.01			\$28.85		
			4	\$27.66			\$28.98			\$29.48			\$30.37		
			5	\$29.12	\$5,047.47	\$60,569.60	\$30.50	\$5,286.67	\$63,440.00	\$31.03	\$5,378.53	\$64,542.40	\$31.97	\$5,541.47	\$66,497.60
406	non-exempt	Traf Cont Maint I	1	\$27.76			\$29.08			\$29.58			\$30.47		
			2	\$29.22			\$30.61			\$31.14			\$32.07		
			3	\$30.76			\$32.22			\$32.78			\$33.76		
			4	\$32.38			\$33.92			\$34.50			\$35.54		
			5	\$34.08	\$5,907.20	\$70,886.40	\$35.70	\$6,188.00	\$74,256.00	\$36.32	\$6,295.47	\$75,545.60	\$37.41	\$6,484.40	\$77,812.80
407	non-exempt	Traf Cont Maint-L	1	\$29.70			\$31.11			\$31.65			\$32.60		
			2	\$31.26			\$32.75			\$33.32			\$34.32		
			3	\$32.91			\$34.47			\$35.07			\$36.13		
			4	\$34.64			\$36.28			\$36.92			\$38.03		
			5	\$36.46	\$6,319.73	\$75,836.80	\$38.19	\$6,619.60	\$79,435.20	\$38.86	\$6,735.73	\$80,828.80	\$40.03	\$6,938.53	\$83,262.40
408	non-exempt	Cement Finisher	1	\$30.11			\$31.85			\$32.75			\$33.73		
			2	\$31.69			\$33.53			\$34.47			\$35.50		
			3	\$33.36			\$35.29			\$36.28			\$37.37		
			4	\$35.12			\$37.15			\$38.19			\$39.34		
			5	\$36.97	\$6,408.13	\$76,897.60	\$39.11	\$6,779.07	\$81,348.80	\$40.20	\$6,968.00	\$83,616.00	\$41.41	\$7,177.73	\$86,132.80
409	non-exempt	Cement Finisher Lead	1	\$32.21			\$34.08			\$35.03			\$36.08		
			2	\$33.91			\$35.87			\$36.87			\$37.98		
			3	\$35.69			\$37.76			\$38.81			\$39.98		
			4	\$37.57			\$39.75			\$40.85			\$42.08		
			5	\$39.55	\$6,855.33	\$82,264.00	\$41.84	\$7,252.27	\$87,027.20	\$43.00	\$7,453.33	\$89,440.00	\$44.29	\$7,676.93	\$92,123.20
412	non-exempt	Traf Cont Maint II	1	\$25.70			\$26.92			\$27.39			\$28.22		
			2	\$27.05			\$28.34			\$28.83			\$29.70		
			3	\$28.47			\$29.83			\$30.35			\$31.26		
			4	\$29.97			\$31.40			\$31.95			\$32.91		
			5	\$31.55	\$5,468.67	\$65,624.00	\$33.05	\$5,728.67	\$68,744.00	\$33.63	\$5,829.20	\$69,950.40	\$34.64	\$6,004.27	\$72,051.20
413	non-exempt	Landfill Technician	1	\$34.91			\$36.47			\$37.01			\$38.13		
			2	\$36.75			\$38.39			\$38.96			\$40.14		
			3	\$38.68			\$40.41			\$41.01			\$42.25		
			4	\$40.72			\$42.54			\$43.17			\$44.47		
			5	\$42.86	\$7,429.07	\$89,148.80	\$44.78	\$7,761.87	\$93,142.40	\$45.44	\$7,876.27	\$94,515.20	\$46.81	\$8,113.73	\$97,364.80
415	non-exempt	Cust Srv Specialist-L	1	\$30.55			\$31.47			\$31.47			\$32.40		
			2	\$32.16			\$33.13			\$33.13			\$34.11		
			3	\$33.85			\$34.87			\$34.87			\$35.91		
			4	\$35.63			\$36.70			\$36.70			\$37.80		
			5	\$37.50	\$6,500.00	\$78,000.00	\$38.63	\$6,695.87	\$80,350.40	\$38.63	\$6,695.87	\$80,350.40	\$39.79	\$6,896.93	\$82,763.20

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
430	non-exempt	Tree Trim/Ln Clr	1	\$28.48			\$29.60			\$29.89			\$30.78		
			2	\$29.98			\$31.16			\$31.46			\$32.40		
			3	\$31.56			\$32.80			\$33.12			\$34.11		
			4	\$33.22			\$34.53			\$34.86			\$35.91		
			5	\$34.97	\$6,061.47	\$72,737.60	\$36.35	\$6,300.67	\$75,608.00	\$36.69	\$6,359.60	\$76,315.20	\$37.80	\$6,552.00	\$78,624.00
431	non-exempt	Tree Trim/Ln Clr-L	1	\$30.46			\$31.67			\$31.98			\$32.94		
			2	\$32.06			\$33.34			\$33.66			\$34.67		
			3	\$33.75			\$35.09			\$35.43			\$36.49		
			4	\$35.53			\$36.94			\$37.29			\$38.41		
			5	\$37.40	\$6,482.67	\$77,792.00	\$38.88	\$6,739.20	\$80,870.40	\$39.25	\$6,803.33	\$81,640.00	\$40.43	\$7,007.87	\$84,094.40
432	non-exempt	Tree Trm/Ln Clr Asst	1	\$26.84			\$27.90			\$28.17			\$29.01		
			2	\$28.25			\$29.37			\$29.65			\$30.54		
			3	\$29.74			\$30.92			\$31.21			\$32.15		
			4	\$31.31			\$32.55			\$32.85			\$33.84		
			5	\$32.96	\$5,713.07	\$68,556.80	\$34.26	\$5,938.40	\$71,260.80	\$34.58	\$5,993.87	\$71,926.40	\$35.62	\$6,174.13	\$74,089.60
434	non-exempt	Tree Maintenance Specialist	1	\$28.93			\$30.07			\$30.36			\$31.27		
			2	\$30.45			\$31.65			\$31.96			\$32.92		
			3	\$32.05			\$33.32			\$33.64			\$34.65		
			4	\$33.74			\$35.07			\$35.41			\$36.47		
			5	\$35.52	\$6,156.80	\$73,881.60	\$36.92	\$6,399.47	\$76,793.60	\$37.27	\$6,460.13	\$77,521.60	\$38.39	\$6,654.27	\$79,851.20
435	non-exempt	Tree Maint Asst	1	\$24.80			\$25.77			\$26.01			\$26.81		
			2	\$26.10			\$27.13			\$27.38			\$28.22		
			3	\$27.47			\$28.56			\$28.82			\$29.70		
			4	\$28.92			\$30.06			\$30.34			\$31.26		
			5	\$30.44	\$5,276.27	\$63,315.20	\$31.64	\$5,484.27	\$65,811.20	\$31.94	\$5,536.27	\$66,435.20	\$32.90	\$5,702.67	\$68,432.00
451	non-exempt	Park Maint Person	1	\$25.70			\$26.55			\$26.64			\$27.45		
			2	\$27.05			\$27.95			\$28.04			\$28.89		
			3	\$28.47			\$29.42			\$29.52			\$30.41		
			4	\$29.97			\$30.97			\$31.07			\$32.01		
			5	\$31.55	\$5,468.67	\$65,624.00	\$32.60	\$5,650.67	\$67,808.00	\$32.70	\$5,668.00	\$68,016.00	\$33.69	\$5,839.60	\$70,075.20
452	non-exempt	Park Maint - Lead	1	\$29.79			\$30.78			\$30.88			\$31.82		
			2	\$31.36			\$32.40			\$32.50			\$33.49		
			3	\$33.01			\$34.11			\$34.21			\$35.25		
			4	\$34.75			\$35.90			\$36.01			\$37.10		
			5	\$36.58	\$6,340.53	\$76,086.40	\$37.79	\$6,550.27	\$78,603.20	\$37.91	\$6,571.07	\$78,852.80	\$39.05	\$6,768.67	\$81,224.00
460	non-exempt	Parks/Golf Crew-Lead	1	\$27.96			\$28.90			\$28.98			\$29.86		
			2	\$29.43			\$30.42			\$30.50			\$31.43		
			3	\$30.98			\$32.02			\$32.11			\$33.08		
			4	\$32.61			\$33.70			\$33.80			\$34.82		
			5	\$34.33	\$5,950.53	\$71,406.40	\$35.47	\$6,148.13	\$73,777.60	\$35.58	\$6,167.20	\$74,006.40	\$36.65	\$6,352.67	\$76,232.00
461	non-exempt	Sprinkler Sys Repr	1	\$26.14			\$27.00			\$27.08			\$27.89		
			2	\$27.52			\$28.42			\$28.51			\$29.36		
			3	\$28.97			\$29.92			\$30.01			\$30.91		
			4	\$30.49			\$31.49			\$31.59			\$32.54		
			5	\$32.09	\$5,562.27	\$66,747.20	\$33.15	\$5,746.00	\$68,952.00	\$33.25	\$5,763.33	\$69,160.00	\$34.25	\$5,936.67	\$71,240.00
462	non-exempt	Field Service Pers WGW	1	\$27.89			\$29.51			\$30.31			\$31.23		
			2	\$29.36			\$31.06			\$31.91			\$32.87		
			3	\$30.91			\$32.69			\$33.59			\$34.60		
			4	\$32.54			\$34.41			\$35.36			\$36.42		
			5	\$34.25	\$5,936.67	\$71,240.00	\$36.22	\$6,278.13	\$75,337.60	\$37.22	\$6,451.47	\$77,417.60	\$38.34	\$6,645.60	\$79,747.20

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
463	non-exempt	Gas System Tech II	1	\$31.91			\$33.74			\$34.68			\$35.72		
			2	\$33.59			\$35.52			\$36.50			\$37.60		
			3	\$35.36			\$37.39			\$38.42			\$39.58		
			4	\$37.22			\$39.36			\$40.44			\$41.66		
			5	\$39.18	\$6,791.20	\$81,494.40	\$41.43	\$7,181.20	\$86,174.40	\$42.57	\$7,378.80	\$88,545.60	\$43.85	\$7,600.67	\$91,208.00
464	non-exempt	Cathodic Protection Tech Assistant	1	\$33.56			\$35.49			\$36.47			\$37.57		
			2	\$35.33			\$37.36			\$38.39			\$39.55		
			3	\$37.19			\$39.33			\$40.41			\$41.63		
			4	\$39.15			\$41.40			\$42.54			\$43.82		
			5	\$41.21	\$7,143.07	\$85,716.80	\$43.58	\$7,553.87	\$90,646.40	\$44.78	\$7,761.87	\$93,142.40	\$46.13	\$7,995.87	\$95,950.40
479	non-exempt	Util Install/Rep-L	1	\$36.31			\$38.39			\$39.44			\$40.64		
			2	\$38.22			\$40.41			\$41.52			\$42.78		
			3	\$40.23			\$42.54			\$43.71			\$45.03		
			4	\$42.35			\$44.78			\$46.01			\$47.40		
			5	\$44.58	\$7,727.20	\$92,726.40	\$47.14	\$8,170.93	\$98,051.20	\$48.43	\$8,394.53	\$100,734.40	\$49.89	\$8,647.60	\$103,771.20
480	non-exempt	Util Install/Rep	1	\$33.27			\$35.18			\$36.15			\$37.24		
			2	\$35.02			\$37.03			\$38.05			\$39.20		
			3	\$36.86			\$38.98			\$40.05			\$41.26		
			4	\$38.80			\$41.03			\$42.16			\$43.43		
			5	\$40.84	\$7,078.93	\$84,947.20	\$43.19	\$7,486.27	\$89,835.20	\$44.38	\$7,692.53	\$92,310.40	\$45.72	\$7,924.80	\$95,097.60
481	non-exempt	Util Install/Rep Ast	1	\$28.22			\$29.84			\$30.66			\$31.58		
			2	\$29.70			\$31.41			\$32.27			\$33.24		
			3	\$31.26			\$33.06			\$33.97			\$34.99		
			4	\$32.91			\$34.80			\$35.76			\$36.83		
			5	\$34.64	\$6,004.27	\$72,051.20	\$36.63	\$6,349.20	\$76,190.40	\$37.64	\$6,524.27	\$78,291.20	\$38.77	\$6,720.13	\$80,641.60
482	non-exempt	Water Meter Rep Asst	1	\$24.06			\$25.18			\$25.57			\$26.34		
			2	\$25.33			\$26.50			\$26.92			\$27.73		
			3	\$26.66			\$27.89			\$28.34			\$29.19		
			4	\$28.06			\$29.36			\$29.83			\$30.73		
			5	\$29.54	\$5,120.27	\$61,443.20	\$30.90	\$5,356.00	\$64,272.00	\$31.40	\$5,442.67	\$65,312.00	\$32.35	\$5,607.33	\$67,288.00
484	non-exempt	Water Meter Repair	1	\$26.65			\$27.88			\$28.33			\$29.18		
			2	\$28.05			\$29.35			\$29.82			\$30.72		
			3	\$29.53			\$30.89			\$31.39			\$32.34		
			4	\$31.08			\$32.52			\$33.04			\$34.04		
			5	\$32.72	\$5,671.47	\$68,057.60	\$34.23	\$5,933.20	\$71,198.40	\$34.78	\$6,028.53	\$72,342.40	\$35.83	\$6,210.53	\$74,526.40
486	non-exempt	Util Fld Svcs Rep	1	\$34.12			\$36.09			\$37.08			\$38.19		
			2	\$35.92			\$37.99			\$39.03			\$40.20		
			3	\$37.81			\$39.99			\$41.08			\$42.32		
			4	\$39.80			\$42.09			\$43.24			\$44.55		
			5	\$41.89	\$7,260.93	\$87,131.20	\$44.30	\$7,678.67	\$92,144.00	\$45.52	\$7,890.13	\$94,681.60	\$46.89	\$8,127.60	\$97,531.20
489	non-exempt	Gas System Tech	1	\$30.39			\$32.14			\$33.01			\$34.01		
			2	\$31.99			\$33.83			\$34.75			\$35.80		
			3	\$33.67			\$35.61			\$36.58			\$37.68		
			4	\$35.44			\$37.48			\$38.50			\$39.66		
			5	\$37.31	\$6,467.07	\$77,604.80	\$39.45	\$6,838.00	\$82,056.00	\$40.53	\$7,025.20	\$84,302.40	\$41.75	\$7,236.67	\$86,840.00
499	non-exempt	Water Sys Oper I	1	\$28.98			\$29.86			\$29.86			\$30.75		
			2	\$30.50			\$31.43			\$31.43			\$32.37		
			3	\$32.11			\$33.08			\$33.08			\$34.07		
			4	\$33.80			\$34.82			\$34.82			\$35.86		
			5	\$35.58	\$6,167.20	\$74,006.40	\$36.65	\$6,352.67	\$76,232.00	\$36.65	\$6,352.67	\$76,232.00	\$37.75	\$6,543.33	\$78,520.00

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
500	non-exempt	WQC Plt Oper I	1	\$30.41			\$31.32			\$31.32			\$32.26		
			2	\$32.01			\$32.97			\$32.97			\$33.96		
			3	\$33.69			\$34.70			\$34.70			\$35.75		
			4	\$35.46			\$36.53			\$36.53			\$37.63		
			5	\$37.33	\$6,470.53	\$77,646.40	\$38.45	\$6,664.67	\$79,976.00	\$38.45	\$6,664.67	\$79,976.00	\$39.61	\$6,865.73	\$82,388.80
501	non-exempt	Sr Water Sys Oper	1	\$37.55			\$38.68			\$38.68			\$39.84		
			2	\$39.53			\$40.72			\$40.72			\$41.94		
			3	\$41.61			\$42.86			\$42.86			\$44.15		
			4	\$43.80			\$45.12			\$45.12			\$46.47		
			5	\$46.10	\$7,990.67	\$95,888.00	\$47.49	\$8,231.60	\$98,779.20	\$47.49	\$8,231.60	\$98,779.20	\$48.92	\$8,479.47	\$101,753.60
502	non-exempt	Chemist	1	\$35.11			\$36.20			\$36.21			\$37.30		
			2	\$36.96			\$38.10			\$38.12			\$39.26		
			3	\$38.90			\$40.10			\$40.13			\$41.33		
			4	\$40.95			\$42.21			\$42.24			\$43.51		
			5	\$43.10	\$7,470.67	\$89,648.00	\$44.43	\$7,701.20	\$92,414.40	\$44.46	\$7,706.40	\$92,476.80	\$45.80	\$7,938.67	\$95,264.00
503	non-exempt	Laboratory Tech Wqc	1	\$31.40			\$32.37			\$32.40			\$33.36		
			2	\$33.05			\$34.07			\$34.10			\$35.12		
			3	\$34.79			\$35.86			\$35.89			\$36.97		
			4	\$36.62			\$37.75			\$37.78			\$38.92		
			5	\$38.55	\$6,682.00	\$80,184.00	\$39.74	\$6,888.27	\$82,659.20	\$39.77	\$6,893.47	\$82,721.60	\$40.97	\$7,101.47	\$85,217.60
504	non-exempt	Sr Mech	1	\$37.13			\$38.24			\$38.24			\$39.39		
			2	\$39.08			\$40.25			\$40.25			\$41.46		
			3	\$41.14			\$42.37			\$42.37			\$43.64		
			4	\$43.30			\$44.60			\$44.60			\$45.94		
			5	\$45.58	\$7,900.53	\$94,806.40	\$46.95	\$8,138.00	\$97,656.00	\$46.95	\$8,138.00	\$97,656.00	\$48.36	\$8,382.40	\$100,588.80
506	non-exempt	Sr Operator Wqc	1	\$39.40			\$40.58			\$40.58			\$41.80		
			2	\$41.47			\$42.72			\$42.72			\$44.00		
			3	\$43.65			\$44.97			\$44.97			\$46.32		
			4	\$45.95			\$47.34			\$47.34			\$48.76		
			5	\$48.37	\$8,384.13	\$100,609.60	\$49.83	\$8,637.20	\$103,646.40	\$49.83	\$8,637.20	\$103,646.40	\$51.33	\$8,897.20	\$106,766.40
507	non-exempt	Water Sys Oper II	1	\$33.12			\$34.11			\$34.11			\$35.12		
			2	\$34.86			\$35.90			\$35.90			\$36.97		
			3	\$36.69			\$37.79			\$37.79			\$38.92		
			4	\$38.62			\$39.78			\$39.78			\$40.97		
			5	\$40.65	\$7,046.00	\$84,552.00	\$41.87	\$7,257.47	\$87,089.60	\$41.87	\$7,257.47	\$87,089.60	\$43.13	\$7,475.87	\$89,710.40
508	non-exempt	Ind Waste Inspec	1	\$31.65			\$33.06			\$33.54			\$34.56		
			2	\$33.32			\$34.80			\$35.30			\$36.38		
			3	\$35.07			\$36.63			\$37.16			\$38.29		
			4	\$36.92			\$38.56			\$39.12			\$40.30		
			5	\$38.86	\$6,735.73	\$80,828.80	\$40.59	\$7,035.60	\$84,427.20	\$41.18	\$7,137.87	\$85,654.40	\$42.42	\$7,352.80	\$88,233.60
509	non-exempt	WQC Plt Oper II	1	\$34.74			\$35.78			\$35.78			\$36.86		
			2	\$36.57			\$37.66			\$37.66			\$38.80		
			3	\$38.49			\$39.64			\$39.64			\$40.84		
			4	\$40.52			\$41.73			\$41.73			\$42.99		
			5	\$42.65	\$7,392.67	\$88,712.00	\$43.93	\$7,614.53	\$91,374.40	\$43.93	\$7,614.53	\$91,374.40	\$45.25	\$7,843.33	\$94,120.00
510	non-exempt	WQC Plt Oper Trn	1	\$26.77			\$27.57			\$27.57			\$28.41		
			2	\$28.18			\$29.02			\$29.02			\$29.90		
			3	\$29.66			\$30.55			\$30.55			\$31.47		
			4	\$31.22			\$32.16			\$32.16			\$33.13		
			5	\$32.86	\$5,695.73	\$68,348.80	\$33.85	\$5,867.33	\$70,408.00	\$33.85	\$5,867.33	\$70,408.00	\$34.87	\$6,044.13	\$72,529.60

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
512	non-exempt	Sr Instrum Elect	1	\$37.31			\$38.85			\$39.27			\$40.46		
			2	\$39.27			\$40.89			\$41.34			\$42.59		
			3	\$41.34			\$43.04			\$43.52			\$44.83		
			4	\$43.52			\$45.31			\$45.81			\$47.19		
			5	\$45.81	\$7,940.40	\$95,284.80	\$47.69	\$8,266.27	\$99,195.20	\$48.22	\$8,358.13	\$100,297.60	\$49.67	\$8,609.47	\$103,313.60
513	non-exempt	Plans Examiner	1	\$36.22			\$37.88			\$38.48			\$39.63		
			2	\$38.13			\$39.87			\$40.51			\$41.72		
			3	\$40.14			\$41.97			\$42.64			\$43.92		
			4	\$42.25			\$44.18			\$44.88			\$46.23		
			5	\$44.47	\$7,708.13	\$92,497.60	\$46.51	\$8,061.73	\$96,740.80	\$47.24	\$8,188.27	\$98,259.20	\$48.66	\$8,434.40	\$101,212.80
514	non-exempt	Development Project Coordinator I	1	\$27.42			\$28.67			\$29.13			\$30.01		
			2	\$28.86			\$30.18			\$30.66			\$31.59		
			3	\$30.38			\$31.77			\$32.27			\$33.25		
			4	\$31.98			\$33.44			\$33.97			\$35.00		
			5	\$33.66	\$5,834.40	\$70,012.80	\$35.20	\$6,101.33	\$73,216.00	\$35.76	\$6,198.40	\$74,380.80	\$36.84	\$6,385.60	\$76,627.20
515	non-exempt	Development Project Coordinator II	1	\$31.15			\$32.59			\$33.10			\$34.09		
			2	\$32.79			\$34.30			\$34.84			\$35.88		
			3	\$34.52			\$36.10			\$36.67			\$37.77		
			4	\$36.34			\$38.00			\$38.60			\$39.76		
			5	\$38.25	\$6,630.00	\$79,560.00	\$40.00	\$6,933.33	\$83,200.00	\$40.63	\$7,042.53	\$84,510.40	\$41.85	\$7,254.00	\$87,048.00
516	non-exempt	Development Project Coordinator III	1	\$34.36			\$35.93			\$36.50			\$37.60		
			2	\$36.17			\$37.82			\$38.42			\$39.58		
			3	\$38.07			\$39.81			\$40.44			\$41.66		
			4	\$40.07			\$41.90			\$42.57			\$43.85		
			5	\$42.18	\$7,311.20	\$87,734.40	\$44.11	\$7,645.73	\$91,748.80	\$44.81	\$7,767.07	\$93,204.80	\$46.16	\$8,001.07	\$96,012.80
517	non-exempt	Plant Mechanic	1	\$34.53			\$35.58			\$35.58			\$36.64		
			2	\$36.35			\$37.45			\$37.45			\$38.57		
			3	\$38.26			\$39.42			\$39.42			\$40.60		
			4	\$40.27			\$41.49			\$41.49			\$42.74		
			5	\$42.39	\$7,347.60	\$88,171.20	\$43.67	\$7,569.47	\$90,833.60	\$43.67	\$7,569.47	\$90,833.60	\$44.99	\$7,798.27	\$93,579.20
528	non-exempt	Lnper/Cbl Spl-Appren	1	\$36.77			\$38.45			\$39.04			\$40.21		
			2	\$38.71			\$40.47			\$41.09			\$42.33		
			3	\$40.75			\$42.60			\$43.25			\$44.56		
			4	\$42.89			\$44.84			\$45.53			\$46.90		
			5	\$45.15	\$7,826.00	\$93,912.00	\$47.20	\$8,181.33	\$98,176.00	\$47.93	\$8,307.87	\$99,694.40	\$49.37	\$8,557.47	\$102,689.60
529	non-exempt	Electrician-Appren	1	\$34.30			\$35.70			\$36.10			\$37.18		
			2	\$36.10			\$37.58			\$38.00			\$39.14		
			3	\$38.00			\$39.56			\$40.00			\$41.20		
			4	\$40.00			\$41.64			\$42.10			\$43.37		
			5	\$42.10	\$7,297.33	\$87,568.00	\$43.83	\$7,597.20	\$91,166.40	\$44.32	\$7,682.13	\$92,185.60	\$45.65	\$7,912.67	\$94,952.00
530	non-exempt	Electrician	1	\$36.23			\$37.72			\$38.14			\$39.28		
			2	\$38.14			\$39.70			\$40.15			\$41.35		
			3	\$40.15			\$41.79			\$42.26			\$43.53		
			4	\$42.26			\$43.99			\$44.48			\$45.82		
			5	\$44.48	\$7,709.87	\$92,518.40	\$46.31	\$8,027.07	\$96,324.80	\$46.82	\$8,115.47	\$97,385.60	\$48.23	\$8,359.87	\$100,318.40
531	non-exempt	Lineperson/Cable Spl-T	1	\$40.78			\$42.63			\$43.29			\$44.59		
			2	\$42.93			\$44.87			\$45.57			\$46.94		
			3	\$45.19			\$47.23			\$47.97			\$49.41		
			4	\$47.57			\$49.72			\$50.49			\$52.01		
			5	\$50.07	\$8,678.80	\$104,145.60	\$52.34	\$9,072.27	\$108,867.20	\$53.15	\$9,212.67	\$110,552.00	\$54.75	\$9,490.00	\$113,880.00

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
532	non-exempt	Lineperson/Cable Spl-TL	1	\$43.61			\$45.59			\$46.30			\$47.69		
			2	\$45.91			\$47.99			\$48.74			\$50.20		
			3	\$48.33			\$50.52			\$51.30			\$52.84		
			4	\$50.87			\$53.18			\$54.00			\$55.62		
			5	\$53.55	\$9,282.00	\$111,384.00	\$55.98	\$9,703.20	\$116,438.40	\$56.84	\$9,852.27	\$118,227.20	\$58.55	\$10,148.67	\$121,784.00
533	non-exempt	Elec Asst I	1	\$27.09			\$28.22			\$28.53			\$29.39		
			2	\$28.52			\$29.70			\$30.03			\$30.94		
			3	\$30.02			\$31.26			\$31.61			\$32.57		
			4	\$31.60			\$32.90			\$33.27			\$34.28		
			5	\$33.26	\$5,765.07	\$69,180.80	\$34.63	\$6,002.53	\$72,030.40	\$35.02	\$6,070.13	\$72,841.60	\$36.08	\$6,253.87	\$75,046.40
535	non-exempt	Electrician-Lead	1	\$38.79			\$40.38			\$40.83			\$42.07		
			2	\$40.83			\$42.51			\$42.98			\$44.28		
			3	\$42.98			\$44.75			\$45.24			\$46.61		
			4	\$45.24			\$47.10			\$47.62			\$49.06		
			5	\$47.62	\$8,254.13	\$99,049.60	\$49.58	\$8,593.87	\$103,126.40	\$50.13	\$8,689.20	\$104,270.40	\$51.64	\$8,950.93	\$107,411.20
536	non-exempt	Cathodic Tech	1	\$41.21			\$43.59			\$44.77			\$46.12		
			2	\$43.38			\$45.88			\$47.13			\$48.55		
			3	\$45.66			\$48.29			\$49.61			\$51.10		
			4	\$48.06			\$50.83			\$52.22			\$53.79		
			5	\$50.59	\$8,768.93	\$105,227.20	\$53.50	\$9,273.33	\$111,280.00	\$54.97	\$9,528.13	\$114,337.60	\$56.62	\$9,814.13	\$117,769.60
541	non-exempt	Lineper/Cable Spl	1	\$42.81			\$44.75			\$45.45			\$46.83		
			2	\$45.06			\$47.11			\$47.84			\$49.29		
			3	\$47.43			\$49.59			\$50.36			\$51.88		
			4	\$49.93			\$52.20			\$53.01			\$54.61		
			5	\$52.56	\$9,110.40	\$109,324.80	\$54.95	\$9,524.67	\$114,296.00	\$55.80	\$9,672.00	\$116,064.00	\$57.48	\$9,963.20	\$119,558.40
542	non-exempt	Lineper/Cable Spl-L	1	\$45.82			\$47.90			\$48.63			\$50.09		
			2	\$48.23			\$50.42			\$51.19			\$52.73		
			3	\$50.77			\$53.07			\$53.88			\$55.51		
			4	\$53.44			\$55.86			\$56.72			\$58.43		
			5	\$56.25	\$9,750.00	\$117,000.00	\$58.80	\$10,192.00	\$122,304.00	\$59.71	\$10,349.73	\$124,196.80	\$61.51	\$10,661.73	\$127,940.80
543	non-exempt	Overhead Underground Troubeman	1	\$44.98			\$47.03			\$47.75			\$49.18		
			2	\$47.35			\$49.50			\$50.26			\$51.77		
			3	\$49.84			\$52.10			\$52.91			\$54.49		
			4	\$52.46			\$54.84			\$55.69			\$57.36		
			5	\$55.22	\$9,571.47	\$114,857.60	\$57.73	\$10,006.53	\$120,078.40	\$58.62	\$10,160.80	\$121,929.60	\$60.38	\$10,465.87	\$125,590.40
544	non-exempt	Sr Industrial Waste Investigator	1	\$38.05			\$39.75			\$40.33			\$41.53		
			2	\$40.05			\$41.84			\$42.45			\$43.72		
			3	\$42.16			\$44.04			\$44.68			\$46.02		
			4	\$44.38			\$46.36			\$47.03			\$48.44		
			5	\$46.72	\$8,098.13	\$97,177.60	\$48.80	\$8,458.67	\$101,504.00	\$49.50	\$8,580.00	\$102,960.00	\$50.99	\$8,838.27	\$106,059.20
545	non-exempt	Street Light, Traffic Signal and Fiber – Apprentice	1	\$36.54			\$38.19			\$38.78			\$39.95		
			2	\$38.46			\$40.20			\$40.82			\$42.05		
			3	\$40.48			\$42.32			\$42.97			\$44.26		
			4	\$42.61			\$44.55			\$45.23			\$46.59		
			5	\$44.85	\$7,774.00	\$93,288.00	\$46.89	\$8,127.60	\$97,531.20	\$47.61	\$8,252.40	\$99,028.80	\$49.04	\$8,500.27	\$102,003.20
546	non-exempt	Street Light, Traffic Signal and Fiber Technician	1	\$38.61			\$40.36			\$40.97			\$42.21		
			2	\$40.64			\$42.48			\$43.13			\$44.43		
			3	\$42.78			\$44.72			\$45.40			\$46.77		
			4	\$45.03			\$47.07			\$47.79			\$49.23		
			5	\$47.40	\$8,216.00	\$98,592.00	\$49.55	\$8,588.67	\$103,064.00	\$50.31	\$8,720.40	\$104,644.80	\$51.82	\$8,982.13	\$107,785.60

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
547	non-exempt	Street Light, Traffic Signal and Fiber – Lead	1	\$41.31			\$43.19			\$43.85			\$45.18		
			2	\$43.48			\$45.46			\$46.16			\$47.56		
			3	\$45.77			\$47.85			\$48.59			\$50.06		
			4	\$48.18			\$50.37			\$51.15			\$52.69		
			5	\$50.72	\$8,791.47	\$105,497.60	\$53.02	\$9,190.13	\$110,281.60	\$53.84	\$9,332.27	\$111,987.20	\$55.46	\$9,613.07	\$115,356.80
548	non-exempt	Substation Electrician - Apprentice	1	\$39.87			\$41.68			\$42.32			\$43.60		
			2	\$41.97			\$43.87			\$44.55			\$45.89		
			3	\$44.18			\$46.18			\$46.89			\$48.30		
			4	\$46.50			\$48.61			\$49.36			\$50.84		
			5	\$48.95	\$8,484.67	\$101,816.00	\$51.17	\$8,869.47	\$106,433.60	\$51.96	\$9,006.40	\$108,076.80	\$53.52	\$9,276.80	\$111,321.60
549	non-exempt	Substation Electrician	1	\$42.11			\$44.03			\$44.71			\$46.05		
			2	\$44.33			\$46.35			\$47.06			\$48.47		
			3	\$46.66			\$48.79			\$49.54			\$51.02		
			4	\$49.12			\$51.36			\$52.15			\$53.71		
			5	\$51.71	\$8,963.07	\$107,556.80	\$54.06	\$9,370.40	\$112,444.80	\$54.89	\$9,514.27	\$114,171.20	\$56.54	\$9,800.27	\$117,603.20
550	non-exempt	Substation Electrician - Lead	1	\$45.06			\$47.11			\$47.83			\$49.29		
			2	\$47.43			\$49.59			\$50.35			\$51.88		
			3	\$49.93			\$52.20			\$53.00			\$54.61		
			4	\$52.56			\$54.95			\$55.79			\$57.48		
			5	\$55.33	\$9,590.53	\$115,086.40	\$57.84	\$10,025.60	\$120,307.20	\$58.73	\$10,179.87	\$122,158.40	\$60.50	\$10,486.67	\$125,840.00
552	non-exempt	Metering Technician	1	\$40.36			\$42.19			\$42.85			\$44.14		
			2	\$42.48			\$44.41			\$45.10			\$46.46		
			3	\$44.72			\$46.75			\$47.47			\$48.90		
			4	\$47.07			\$49.21			\$49.97			\$51.47		
			5	\$49.55	\$8,588.67	\$103,064.00	\$51.80	\$8,978.67	\$107,744.00	\$52.60	\$9,117.33	\$109,408.00	\$54.18	\$9,391.20	\$112,694.40
553	non-exempt	Metering Technician – Lead	1	\$43.20			\$45.16			\$45.87			\$47.23		
			2	\$45.47			\$47.54			\$48.28			\$49.72		
			3	\$47.86			\$50.04			\$50.82			\$52.34		
			4	\$50.38			\$52.67			\$53.49			\$55.09		
			5	\$53.03	\$9,191.87	\$110,302.40	\$55.44	\$9,609.60	\$115,315.20	\$56.30	\$9,758.67	\$117,104.00	\$57.99	\$10,051.60	\$120,619.20
554	non-exempt	SCADA Technologist	1	\$47.94			\$50.69			\$52.08			\$53.66		
			2	\$50.46			\$53.36			\$54.82			\$56.48		
			3	\$53.12			\$56.17			\$57.71			\$59.45		
			4	\$55.92			\$59.13			\$60.75			\$62.58		
			5	\$58.86	\$10,202.40	\$122,428.80	\$62.24	\$10,788.27	\$129,459.20	\$63.95	\$11,084.67	\$133,016.00	\$65.87	\$11,417.47	\$137,009.60
560	non-exempt	Code Enforcement Off - L	1	\$36.68			\$38.36			\$38.96			\$40.14		
			2	\$38.61			\$40.38			\$41.01			\$42.25		
			3	\$40.64			\$42.50			\$43.17			\$44.47		
			4	\$42.78			\$44.74			\$45.44			\$46.81		
			5	\$45.03	\$7,805.20	\$93,662.40	\$47.09	\$8,162.27	\$97,947.20	\$47.83	\$8,290.53	\$99,486.40	\$49.27	\$8,540.13	\$102,481.60
570	non-exempt	Parking Operations Lead	1	\$44.20			\$46.31			\$47.14			\$48.55		
			2	\$46.53			\$48.75			\$49.62			\$51.11		
			3	\$48.98			\$51.32			\$52.23			\$53.80		
			4	\$51.56			\$54.02			\$54.98			\$56.63		
			5	\$54.27	\$9,406.80	\$112,881.60	\$56.86	\$9,855.73	\$118,268.80	\$57.87	\$10,030.80	\$120,369.60	\$59.61	\$10,332.40	\$123,988.80
575	non-exempt	Traffic Engineering Lead	1	\$49.43			\$51.15			\$51.39			\$52.93		
			2	\$52.03			\$53.84			\$54.09			\$55.72		
			3	\$54.77			\$56.67			\$56.94			\$58.65		
			4	\$57.65			\$59.65			\$59.94			\$61.74		
			5	\$60.68	\$10,517.87	\$126,214.40	\$62.79	\$10,883.60	\$130,603.20	\$63.09	\$10,935.60	\$131,227.20	\$64.99	\$11,264.93	\$135,179.20

Appendix A-2
To MOA Between City of Palo Alto and SEIU
FY16/FY17 Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 5/6/16 (PP09:2016)			Salary Effective 12/30/16 (PP26:2016)			Salary Effective 7/28/17 (PP15:2016)			Salary Effective 12/29/17 (PP26:2016)		
				Rate	Approx. Monthly	Approx Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
702	non-exempt	Community Serv Offcr	1	\$26.09			\$27.33			\$27.82			\$28.65		
			2	\$27.46			\$28.77			\$29.28			\$30.16		
			3	\$28.90			\$30.28			\$30.82			\$31.75		
			4	\$30.42			\$31.87			\$32.44			\$33.42		
			5	\$32.02	\$5,550.13	\$66,601.60	\$33.55	\$5,815.33	\$69,784.00	\$34.15	\$5,919.33	\$71,032.00	\$35.18	\$6,097.87	\$73,174.40
389	non-exempt	HEO/Installer Repairer	1	\$34.58			\$36.58			\$37.57			\$38.70		
			2	\$36.40			\$38.50			\$39.55			\$40.74		
			3	\$38.32			\$40.53			\$41.63			\$42.88		
			4	\$40.34			\$42.66			\$43.82			\$45.14		
			5	\$42.46	\$7,359.73	\$88,316.80	\$44.90	\$7,782.67	\$93,392.00	\$46.13	\$7,995.87	\$95,950.40	\$47.52	\$8,236.80	\$98,841.60
527	non-exempt	Electrical Equipment Tech	1	\$31.85			\$32.81			\$32.81			\$33.80		
			2	\$33.53			\$34.54			\$34.54			\$35.58		
			3	\$35.29			\$36.36			\$36.36			\$37.45		
			4	\$37.15			\$38.27			\$38.27			\$39.42		
			5	\$39.10	\$6,777.33	\$81,328.00	\$40.28	\$6,981.87	\$83,782.40	\$40.28	\$6,981.87	\$83,782.40	\$41.49	\$7,191.60	\$86,299.20

Appendix A-2

Effective 11/29/14

**MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule**

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
206	Non-exempt	Account Assistant	Step 1	\$20.11			Step 1	\$20.61		
			Step 2	\$21.16			Step 2	\$21.69		
			Step 3	\$22.28			Step 3	\$22.83		
			Step 4	\$23.45			Step 4	\$24.04		
			Step 5	\$24.68	\$4,277.87	\$51,334.40	Step 5	\$25.30	\$4,385.33	\$52,624.00
204	Non-exempt	Acct Spec	Step 1	\$23.49			Step 1	\$24.07		
			Step 2	\$24.72			Step 2	\$25.34		
			Step 3	\$26.02			Step 3	\$26.67		
			Step 4	\$27.39			Step 4	\$28.08		
			Step 5	\$28.84	\$4,998.93	\$59,987.20	Step 5	\$29.56	\$5,123.73	\$61,484.80
207	Non-exempt	Acct Spec-Lead	Step 1	\$25.14			Step 1	\$25.77		
			Step 2	\$26.46			Step 2	\$27.12		
			Step 3	\$27.86			Step 3	\$28.55		
			Step 4	\$29.32			Step 4	\$30.05		
			Step 5	\$30.87	\$5,350.80	\$64,209.60	Step 5	\$31.64	\$5,484.27	\$65,811.20
294	Non-exempt	Administrative Associate I	Step 1	\$23.09			Step 1	\$23.67		
			Step 2	\$24.30			Step 2	\$24.91		
			Step 3	\$25.58			Step 3	\$26.22		
			Step 4	\$26.93			Step 4	\$27.60		
			Step 5	\$28.35	\$4,914.00	\$58,968.00	Step 5	\$29.05	\$5,035.33	\$60,424.00
295	Non-exempt	Administrative Associate II	Step 1	\$25.09			Step 1	\$25.72		
			Step 2	\$26.41			Step 2	\$27.07		
			Step 3	\$27.80			Step 3	\$28.50		
			Step 4	\$29.26			Step 4	\$30.00		
			Step 5	\$30.80	\$5,338.67	\$64,064.00	Step 5	\$31.57	\$5,472.13	\$65,665.60
296	Non-exempt	Administrative Associate III	Step 1	\$26.89			Step 1	\$27.57		
			Step 2	\$28.31			Step 2	\$29.02		
			Step 3	\$29.80			Step 3	\$30.54		
			Step 4	\$31.37			Step 4	\$32.15		
			Step 5	\$33.02	\$5,723.47	\$68,681.60	Step 5	\$33.84	\$5,865.60	\$70,387.20
277	Non-exempt	Animal Attendant	Step 1	\$22.06			Step 1	\$22.61		
			Step 2	\$23.22			Step 2	\$23.80		
			Step 3	\$24.44			Step 3	\$25.05		
			Step 4	\$25.73			Step 4	\$26.37		
			Step 5	\$27.08	\$4,693.87	\$56,326.40	Step 5	\$27.76	\$4,811.73	\$57,740.80

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
276	Non-exempt	Animal Control Off	Step 1	\$23.63			Step 1	\$24.22		
			Step 2	\$24.88			Step 2	\$25.50		
			Step 3	\$26.18			Step 3	\$26.84		
			Step 4	\$27.56			Step 4	\$28.25		
			Step 5	\$29.01	\$5,028.40	\$60,340.80	Step 5	\$29.74	\$5,154.93	\$61,859.20
312	Non-exempt	Animal Control Off Lead	Step 1	\$25.28			Step 1	\$25.92		
			Step 2	\$26.61			Step 2	\$27.28		
			Step 3	\$28.01			Step 3	\$28.72		
			Step 4	\$29.49			Step 4	\$30.23		
			Step 5	\$31.04	\$5,380.27	\$64,563.20	Step 5	\$31.82	\$5,515.47	\$66,185.60
263	Non-exempt	Animal Services Spec	Step 1	\$23.30			Step 1	\$23.89		
			Step 2	\$24.53			Step 2	\$25.14		
			Step 3	\$25.82			Step 3	\$26.47		
			Step 4	\$27.18			Step 4	\$27.86		
			Step 5	\$28.61	\$4,959.07	\$59,508.80	Step 5	\$29.33	\$5,083.87	\$61,006.40
275	Non-exempt	Animal Services Spec II	Step 1	\$25.70			Step 1	\$26.34		
			Step 2	\$27.05			Step 2	\$27.72		
			Step 3	\$28.47			Step 3	\$29.18		
			Step 4	\$29.97			Step 4	\$30.72		
			Step 5	\$31.55	\$5,468.67	\$65,624.00	Step 5	\$32.34	\$5,605.60	\$67,267.20
244	Non-exempt	Assoc Buyer	Step 1	\$30.09			Step 1	\$30.85		
			Step 2	\$31.68			Step 2	\$32.47		
			Step 3	\$33.35			Step 3	\$34.18		
			Step 4	\$35.10			Step 4	\$35.98		
			Step 5	\$36.95	\$6,404.67	\$76,856.00	Step 5	\$37.87	\$6,564.13	\$78,769.60
333	Non-exempt	Assoc Engineer	Step 1	\$37.08			Step 1	\$38.00		
			Step 2	\$39.03			Step 2	\$40.00		
			Step 3	\$41.08			Step 3	\$42.11		
			Step 4	\$43.24			Step 4	\$44.32		
			Step 5	\$45.52	\$7,890.13	\$94,681.60	Step 5	\$46.66	\$8,087.73	\$97,052.80
353	Non-exempt	Assoc Planner	Step 1	\$34.32			Step 1	\$35.17		
			Step 2	\$36.12			Step 2	\$37.03		
			Step 3	\$38.02			Step 3	\$38.97		
			Step 4	\$40.02			Step 4	\$41.03		
			Step 5	\$42.13	\$7,302.53	\$87,630.40	Step 5	\$43.18	\$7,484.53	\$89,814.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
247	Non-exempt	Assoc Power Engr	Step 1	\$39.47			Step 1	\$40.46		
			Step 2	\$41.55			Step 2	\$42.59		
			Step 3	\$43.73			Step 3	\$44.83		
			Step 4	\$46.04			Step 4	\$47.19		
			Step 5	\$48.46	\$8,399.73	\$100,796.80	Step 5	\$49.67	\$8,609.47	\$103,313.60
269	Non-exempt	Assoc Res Planner	Step 1	\$38.23			Step 1	\$39.18		
			Step 2	\$40.24			Step 2	\$41.24		
			Step 3	\$42.35			Step 3	\$43.41		
			Step 4	\$44.58			Step 4	\$45.70		
			Step 5	\$46.93	\$8,134.53	\$97,614.40	Step 5	\$48.10	\$8,337.33	\$100,048.00
330	Non-exempt	Asst Engineer	Step 1	\$33.57			Step 1	\$34.41		
			Step 2	\$35.34			Step 2	\$36.22		
			Step 3	\$37.20			Step 3	\$38.13		
			Step 4	\$39.15			Step 4	\$40.13		
			Step 5	\$41.22	\$7,144.80	\$85,737.60	Step 5	\$42.25	\$7,323.33	\$87,880.00
256	Non-exempt	Asst Power Engr	Step 1	\$35.63			Step 1	\$36.52		
			Step 2	\$37.51			Step 2	\$38.45		
			Step 3	\$39.48			Step 3	\$40.47		
			Step 4	\$41.56			Step 4	\$42.60		
			Step 5	\$43.75	\$7,583.33	\$91,000.00	Step 5	\$44.84	\$7,772.27	\$93,267.20
268	Non-exempt	Asst Res Planner	Step 1	\$34.50			Step 1	\$35.37		
			Step 2	\$36.32			Step 2	\$37.23		
			Step 3	\$38.23			Step 3	\$39.19		
			Step 4	\$40.24			Step 4	\$41.25		
			Step 5	\$42.36	\$7,342.40	\$88,108.80	Step 5	\$43.42	\$7,526.13	\$90,313.60
299	Non-exempt	Bldg Inspector	Step 1	\$33.78			Step 1	\$34.63		
			Step 2	\$35.56			Step 2	\$36.45		
			Step 3	\$37.43			Step 3	\$38.37		
			Step 4	\$39.40			Step 4	\$40.39		
			Step 5	\$41.48	\$7,189.87	\$86,278.40	Step 5	\$42.51	\$7,368.40	\$88,420.80
300	Non-exempt	Bldg Inspector Spec	Step 1	\$36.06			Step 1	\$36.96		
			Step 2	\$37.96			Step 2	\$38.91		
			Step 3	\$39.96			Step 3	\$40.96		
			Step 4	\$42.06			Step 4	\$43.11		
			Step 5	\$44.28	\$7,675.20	\$92,102.40	Step 5	\$45.38	\$7,865.87	\$94,390.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
370	Non-exempt	Bldg Serviceperson	Step 1	\$20.06			Step 1	\$20.56		
			Step 2	\$21.11			Step 2	\$21.64		
			Step 3	\$22.22			Step 3	\$22.78		
			Step 4	\$23.39			Step 4	\$23.98		
			Step 5	\$24.62	\$4,267.47	\$51,209.60	Step 5	\$25.24	\$4,374.93	\$52,499.20
371	Non-exempt	Bldg Serviceperson-L	Step 1	\$21.47			Step 1	\$22.00		
			Step 2	\$22.60			Step 2	\$23.16		
			Step 3	\$23.79			Step 3	\$24.38		
			Step 4	\$25.04			Step 4	\$25.66		
			Step 5	\$26.36	\$4,569.07	\$54,828.80	Step 5	\$27.02	\$4,683.47	\$56,201.60
355	Non-exempt	Bldg/Plg Technician	Step 1	\$27.83			Step 1	\$28.52		
			Step 2	\$29.29			Step 2	\$30.02		
			Step 3	\$30.83			Step 3	\$31.60		
			Step 4	\$32.45			Step 4	\$33.27		
			Step 5	\$34.16	\$5,921.07	\$71,052.80	Step 5	\$35.02	\$6,070.13	\$72,841.60
340	Non-exempt	Business Analyst	Step 1	\$45.69			Step 1	\$46.84		
			Step 2	\$48.10			Step 2	\$49.30		
			Step 3	\$50.63			Step 3	\$51.89		
			Step 4	\$53.29			Step 4	\$54.63		
			Step 5	\$56.10	\$9,724.00	\$116,688.00	Step 5	\$57.50	\$9,966.67	\$119,600.00
3400	Non-exempt	Business Analyst - S	Step 1	\$45.69			Step 1	\$46.84		
			Step 2	\$48.10			Step 2	\$49.30		
			Step 3	\$50.63			Step 3	\$51.89		
			Step 4	\$53.29			Step 4	\$54.63		
			Step 5	\$56.10	\$9,724.00	\$116,688.00	Step 5	\$57.50	\$9,966.67	\$119,600.00
212	Non-exempt	Buyer	Step 1	\$33.14			Step 1	\$33.96		
			Step 2	\$34.88			Step 2	\$35.75		
			Step 3	\$36.72			Step 3	\$37.63		
			Step 4	\$38.65			Step 4	\$39.61		
			Step 5	\$40.68	\$7,051.20	\$84,614.40	Step 5	\$41.70	\$7,228.00	\$86,736.00
464	Non-exempt	Cathodic Protection Tech Assistant	Step 1	\$31.41			Step 1	\$32.20		
			Step 2	\$33.06			Step 2	\$33.89		
			Step 3	\$34.80			Step 3	\$35.67		
			Step 4	\$36.64			Step 4	\$37.55		
			Step 5	\$38.56	\$6,683.73	\$80,204.80	Step 5	\$39.53	\$6,851.87	\$82,222.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
536	Non-exempt	Cathodic Tech	Step 1	\$38.56			Step 1	\$39.53		
			Step 2	\$40.59			Step 2	\$41.61		
			Step 3	\$42.73			Step 3	\$43.80		
			Step 4	\$44.98			Step 4	\$46.10		
			Step 5	\$47.35	\$8,207.33	\$98,488.00	Step 5	\$48.53	\$8,411.87	\$100,942.40
208	Non-exempt	CDBG Coordinator	Step 1	\$36.68			Step 1	\$37.60		
			Step 2	\$38.61			Step 2	\$39.58		
			Step 3	\$40.64			Step 3	\$41.66		
			Step 4	\$42.78			Step 4	\$43.85		
			Step 5	\$45.04	\$7,806.93	\$93,683.20	Step 5	\$46.16	\$8,001.07	\$96,012.80
408	Non-exempt	Cement Finisher	Step 1	\$28.17			Step 1	\$28.88		
			Step 2	\$29.66			Step 2	\$30.40		
			Step 3	\$31.22			Step 3	\$32.00		
			Step 4	\$32.86			Step 4	\$33.68		
			Step 5	\$34.59	\$5,995.60	\$71,947.20	Step 5	\$35.45	\$6,144.67	\$73,736.00
409	Non-exempt	Cement Finisher Lead	Step 1	\$30.14			Step 1	\$30.89		
			Step 2	\$31.73			Step 2	\$32.52		
			Step 3	\$33.40			Step 3	\$34.23		
			Step 4	\$35.16			Step 4	\$36.03		
			Step 5	\$37.01	\$6,415.07	\$76,980.80	Step 5	\$37.93	\$6,574.53	\$78,894.40
502	Non-exempt	Chemist	Step 1	\$33.72			Step 1	\$34.56		
			Step 2	\$35.49			Step 2	\$36.38		
			Step 3	\$37.36			Step 3	\$38.29		
			Step 4	\$39.32			Step 4	\$40.31		
			Step 5	\$41.39	\$7,174.27	\$86,091.20	Step 5	\$42.43	\$7,354.53	\$88,254.40
297	Non-exempt	Chf Elec Undg Inspec	Step 1	\$37.37			Step 1	\$38.31		
			Step 2	\$39.34			Step 2	\$40.32		
			Step 3	\$41.41			Step 3	\$42.45		
			Step 4	\$43.59			Step 4	\$44.68		
			Step 5	\$45.88	\$7,952.53	\$95,430.40	Step 5	\$47.03	\$8,151.87	\$97,822.40
239	Non-exempt	Chf Inspec WGW	Step 1	\$36.14			Step 1	\$37.04		
			Step 2	\$38.04			Step 2	\$38.99		
			Step 3	\$40.04			Step 3	\$41.04		
			Step 4	\$42.15			Step 4	\$43.20		
			Step 5	\$44.37	\$7,690.80	\$92,289.60	Step 5	\$45.48	\$7,883.20	\$94,598.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
301	Non-exempt	Code Enforcement Off	Step 1	\$32.45			Step 1	\$33.26		
			Step 2	\$34.15			Step 2	\$35.01		
			Step 3	\$35.95			Step 3	\$36.85		
			Step 4	\$37.84			Step 4	\$38.79		
			Step 5	\$39.84	\$6,905.60	\$82,867.20	Step 5	\$40.83	\$7,077.20	\$84,926.40
306	Non-exempt	Comm Tech	Step 1	\$34.51			Step 1	\$35.37		
			Step 2	\$36.33			Step 2	\$37.24		
			Step 3	\$38.24			Step 3	\$39.20		
			Step 4	\$40.25			Step 4	\$41.26		
			Step 5	\$42.37	\$7,344.13	\$88,129.60	Step 5	\$43.43	\$7,527.87	\$90,334.40
702	Non-exempt	Community Serv Offcr	Step 1	\$24.64			Step 1	\$25.25		
			Step 2	\$25.93			Step 2	\$26.58		
			Step 3	\$27.30			Step 3	\$27.98		
			Step 4	\$28.73			Step 4	\$29.45		
			Step 5	\$30.25	\$5,243.33	\$62,920.00	Step 5	\$31.00	\$5,373.33	\$64,480.00
320	Non-exempt	Community Service Officer - Lead	Step 1	\$26.35			Step 1	\$27.01		
			Step 2	\$27.74			Step 2	\$28.43		
			Step 3	\$29.20			Step 3	\$29.93		
			Step 4	\$30.73			Step 4	\$31.50		
			Step 5	\$32.35	\$5,607.33	\$67,288.00	Step 5	\$33.16	\$5,747.73	\$68,972.80
341	Non-exempt	Coor Trans Sys Mgmt	Step 1	\$34.87			Step 1	\$35.74		
			Step 2	\$36.70			Step 2	\$37.62		
			Step 3	\$38.64			Step 3	\$39.60		
			Step 4	\$40.67			Step 4	\$41.69		
			Step 5	\$42.81	\$7,420.40	\$89,044.80	Step 5	\$43.88	\$7,605.87	\$91,270.40
3410	Non-exempt	Coor Trans Sys Mgmt - S	Step 1	\$34.87			Step 1	\$35.74		
			Step 2	\$36.70			Step 2	\$37.62		
			Step 3	\$38.64			Step 3	\$39.60		
			Step 4	\$40.67			Step 4	\$41.69		
			Step 5	\$42.81	\$7,420.40	\$89,044.80	Step 5	\$43.88	\$7,605.87	\$91,270.40
255	Non-exempt	Coord Library Prog	Step 1	\$31.77			Step 1	\$32.56		
			Step 2	\$33.44			Step 2	\$34.27		
			Step 3	\$35.20			Step 3	\$36.08		
			Step 4	\$37.05			Step 4	\$37.98		
			Step 5	\$39.00	\$6,760.00	\$81,120.00	Step 5	\$39.98	\$6,929.87	\$83,158.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
342	Non-exempt	Coord Pub Wks Proj	Step 1	\$33.13			Step 1	\$33.96		
			Step 2	\$34.88			Step 2	\$35.75		
			Step 3	\$36.71			Step 3	\$37.63		
			Step 4	\$38.64			Step 4	\$39.61		
			Step 5	\$40.68	\$7,051.20	\$84,614.40	Step 5	\$41.69	\$7,226.27	\$86,715.20
317	Non-exempt	Coord Rec Prog	Step 1	\$28.45			Step 1	\$29.17		
			Step 2	\$29.95			Step 2	\$30.70		
			Step 3	\$31.53			Step 3	\$32.32		
			Step 4	\$33.19			Step 4	\$34.02		
			Step 5	\$34.94	\$6,056.27	\$72,675.20	Step 5	\$35.81	\$6,207.07	\$74,484.80
343	Non-exempt	Coord Util Saf & Sec	Step 1	\$37.64			Step 1	\$38.58		
			Step 2	\$39.62			Step 2	\$40.62		
			Step 3	\$41.71			Step 3	\$42.75		
			Step 4	\$43.91			Step 4	\$45.00		
			Step 5	\$46.22	\$8,011.47	\$96,137.60	Step 5	\$47.37	\$8,210.80	\$98,529.60
3430	Non-exempt	Coord Util Saf & Sec - S	Step 1	\$37.64			Step 1	\$38.58		
			Step 2	\$39.62			Step 2	\$40.62		
			Step 3	\$41.71			Step 3	\$42.75		
			Step 4	\$43.91			Step 4	\$45.00		
			Step 5	\$46.22	\$8,011.47	\$96,137.60	Step 5	\$47.37	\$8,210.80	\$98,529.60
344	Non-exempt	Coord Utility Proj	Step 1	\$35.77			Step 1	\$36.67		
			Step 2	\$37.66			Step 2	\$38.60		
			Step 3	\$39.64			Step 3	\$40.63		
			Step 4	\$41.73			Step 4	\$42.77		
			Step 5	\$43.92	\$7,612.80	\$91,353.60	Step 5	\$45.02	\$7,803.47	\$93,641.60
3440	Non-exempt	Coord Utility Proj - S	Step 1	\$35.77			Step 1	\$36.67		
			Step 2	\$37.66			Step 2	\$38.60		
			Step 3	\$39.64			Step 3	\$40.63		
			Step 4	\$41.73			Step 4	\$42.77		
			Step 5	\$43.92	\$7,612.80	\$91,353.60	Step 5	\$45.02	\$7,803.47	\$93,641.60
242	Non-exempt	Coord Zero Waste	Step 1	\$31.81			Step 1	\$32.61		
			Step 2	\$33.49			Step 2	\$34.32		
			Step 3	\$35.25			Step 3	\$36.13		
			Step 4	\$37.10			Step 4	\$38.03		
			Step 5	\$39.06	\$6,770.40	\$81,244.80	Step 5	\$40.03	\$6,938.53	\$83,262.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
205	Non-exempt	Court Liaison Officer	Step 1	\$32.07			Step 1	\$32.87		
			Step 2	\$33.76			Step 2	\$34.60		
			Step 3	\$35.54			Step 3	\$36.42		
			Step 4	\$37.41			Step 4	\$38.34		
			Step 5	\$39.37	\$6,824.13	\$81,889.60	Step 5	\$40.36	\$6,995.73	\$83,948.80
214	Non-exempt	Crime Analyst	Step 1	\$32.07			Step 1	\$32.87		
			Step 2	\$33.76			Step 2	\$34.60		
			Step 3	\$35.54			Step 3	\$36.42		
			Step 4	\$37.41			Step 4	\$38.34		
			Step 5	\$39.37	\$6,824.13	\$81,889.60	Step 5	\$40.36	\$6,995.73	\$83,948.80
415	Non-exempt	Cust Srv Specialist-L	Step 1	\$29.35			Step 1	\$30.09		
			Step 2	\$30.90			Step 2	\$31.67		
			Step 3	\$32.52			Step 3	\$33.34		
			Step 4	\$34.23			Step 4	\$35.09		
			Step 5	\$36.04	\$6,246.93	\$74,963.20	Step 5	\$36.94	\$6,402.93	\$76,835.20
218	Non-exempt	Cust Svc Represent	Step 1	\$24.96			Step 1	\$25.58		
			Step 2	\$26.27			Step 2	\$26.93		
			Step 3	\$27.65			Step 3	\$28.34		
			Step 4	\$29.11			Step 4	\$29.84		
			Step 5	\$30.64	\$5,310.93	\$63,731.20	Step 5	\$31.41	\$5,444.40	\$65,332.80
217	Non-exempt	Cust Svc Spec	Step 1	\$27.45			Step 1	\$28.14		
			Step 2	\$28.89			Step 2	\$29.62		
			Step 3	\$30.42			Step 3	\$31.18		
			Step 4	\$32.02			Step 4	\$32.82		
			Step 5	\$33.70	\$5,841.33	\$70,096.00	Step 5	\$34.54	\$5,986.93	\$71,843.20
260	Non-exempt	Desktop Technician	Step 1	\$29.92			Step 1	\$30.66		
			Step 2	\$31.49			Step 2	\$32.28		
			Step 3	\$33.15			Step 3	\$33.98		
			Step 4	\$34.89			Step 4	\$35.77		
			Step 5	\$36.73	\$6,366.53	\$76,398.40	Step 5	\$37.65	\$6,526.00	\$78,312.00
514	Non-exempt	Development Project Coordinator I	Step 1	\$25.95			Step 1	\$26.60		
			Step 2	\$27.31			Step 2	\$28.00		
			Step 3	\$28.75			Step 3	\$29.47		
			Step 4	\$30.26			Step 4	\$31.02		
			Step 5	\$31.86	\$5,522.40	\$66,268.80	Step 5	\$32.65	\$5,659.33	\$67,912.00

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
515	Non-exempt	Development Project Coordinator II	Step 1	\$29.49			Step 1	\$30.22		
			Step 2	\$31.04			Step 2	\$31.81		
			Step 3	\$32.67			Step 3	\$33.49		
			Step 4	\$34.39			Step 4	\$35.25		
			Step 5	\$36.20	\$6,274.67	\$75,296.00	Step 5	\$37.11	\$6,432.40	\$77,188.80
516	Non-exempt	Development Project Coordinator III	Step 1	\$32.52			Step 1	\$33.33		
			Step 2	\$34.23			Step 2	\$35.08		
			Step 3	\$36.03			Step 3	\$36.93		
			Step 4	\$37.92			Step 4	\$38.87		
			Step 5	\$39.92	\$6,919.47	\$83,033.60	Step 5	\$40.92	\$7,092.80	\$85,113.60
533	Non-exempt	Elec Asst I	Step 1	\$25.75			Step 1	\$26.40		
			Step 2	\$27.11			Step 2	\$27.79		
			Step 3	\$28.54			Step 3	\$29.25		
			Step 4	\$30.04			Step 4	\$30.79		
			Step 5	\$31.62	\$5,480.80	\$65,769.60	Step 5	\$32.41	\$5,617.73	\$67,412.80
267	Non-exempt	Elec Undgd Inspec	Step 1	\$32.02			Step 1	\$32.82		
			Step 2	\$33.71			Step 2	\$34.55		
			Step 3	\$35.48			Step 3	\$36.37		
			Step 4	\$37.35			Step 4	\$38.28		
			Step 5	\$39.31	\$6,813.73	\$81,764.80	Step 5	\$40.30	\$6,985.33	\$83,824.00
345	Non-exempt	Electric Project Engineer	Step 1	\$47.28			Step 1	\$48.47		
			Step 2	\$49.77			Step 2	\$51.02		
			Step 3	\$52.39			Step 3	\$53.70		
			Step 4	\$55.15			Step 4	\$56.53		
			Step 5	\$58.05	\$10,062.00	\$120,744.00	Step 5	\$59.50	\$10,313.33	\$123,760.00
3450	Non-exempt	Electric Project Engineer - S	Step 1	\$47.28			Step 1	\$48.47		
			Step 2	\$49.77			Step 2	\$51.02		
			Step 3	\$52.39			Step 3	\$53.70		
			Step 4	\$55.15			Step 4	\$56.53		
			Step 5	\$58.05	\$10,062.00	\$120,744.00	Step 5	\$59.50	\$10,313.33	\$123,760.00
292	Non-exempt	Electric Underground Inspector - Lead	Step 1	\$34.25			Step 1	\$35.11		
			Step 2	\$36.05			Step 2	\$36.95		
			Step 3	\$37.95			Step 3	\$38.90		
			Step 4	\$39.95			Step 4	\$40.95		
			Step 5	\$42.05	\$7,288.67	\$87,464.00	Step 5	\$43.10	\$7,470.67	\$89,648.00

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
530	Non-exempt	Electrician	Step 1	\$34.45			Step 1	\$35.31		
			Step 2	\$36.26			Step 2	\$37.17		
			Step 3	\$38.17			Step 3	\$39.12		
			Step 4	\$40.18			Step 4	\$41.18		
			Step 5	\$42.29	\$7,330.27	\$87,963.20	Step 5	\$43.35	\$7,514.00	\$90,168.00
529	Non-exempt	Electrician-Appren	Step 1	\$32.60			Step 1	\$33.42		
			Step 2	\$34.32			Step 2	\$35.18		
			Step 3	\$36.13			Step 3	\$37.03		
			Step 4	\$38.03			Step 4	\$38.98		
			Step 5	\$40.03	\$6,938.53	\$83,262.40	Step 5	\$41.03	\$7,111.87	\$85,342.40
535	Non-exempt	Electrician-Lead	Step 1	\$36.88			Step 1	\$37.80		
			Step 2	\$38.82			Step 2	\$39.79		
			Step 3	\$40.86			Step 3	\$41.88		
			Step 4	\$43.01			Step 4	\$44.09		
			Step 5	\$45.28	\$7,848.53	\$94,182.40	Step 5	\$46.41	\$8,044.40	\$96,532.80
399	Non-exempt	Emergency Med Svs Data Specialist	Step 1	\$26.89			Step 1	\$27.57		
			Step 2	\$28.31			Step 2	\$29.02		
			Step 3	\$29.80			Step 3	\$30.54		
			Step 4	\$31.37			Step 4	\$32.15		
			Step 5	\$33.02	\$5,723.02	\$68,676.19	Step 5	\$33.84	\$5,866.09	\$70,393.10
311	Non-exempt	Eng Tech I	Step 1	\$25.10			Step 1	\$25.73		
			Step 2	\$26.42			Step 2	\$27.08		
			Step 3	\$27.81			Step 3	\$28.51		
			Step 4	\$29.28			Step 4	\$30.01		
			Step 5	\$30.82	\$5,342.13	\$64,105.60	Step 5	\$31.59	\$5,475.60	\$65,707.20
332	Non-exempt	Engineer	Step 1	\$41.76			Step 1	\$42.80		
			Step 2	\$43.96			Step 2	\$45.06		
			Step 3	\$46.27			Step 3	\$47.43		
			Step 4	\$48.71			Step 4	\$49.92		
			Step 5	\$51.27	\$8,886.80	\$106,641.60	Step 5	\$52.55	\$9,108.67	\$109,304.00
323	Non-exempt	Engr Tech II	Step 1	\$27.16			Step 1	\$27.84		
			Step 2	\$28.59			Step 2	\$29.31		
			Step 3	\$30.10			Step 3	\$30.85		
			Step 4	\$31.68			Step 4	\$32.47		
			Step 5	\$33.35	\$5,780.67	\$69,368.00	Step 5	\$34.18	\$5,924.53	\$71,094.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
319	Non-exempt	Engr Tech III	Step 1	\$30.32			Step 1	\$31.08		
			Step 2	\$31.92			Step 2	\$32.71		
			Step 3	\$33.60			Step 3	\$34.43		
			Step 4	\$35.36			Step 4	\$36.25		
			Step 5	\$37.22	\$6,451.47	\$77,417.60	Step 5	\$38.16	\$6,614.40	\$79,372.80
257	Non-exempt	Environmental Spec	Step 1	\$35.70			Step 1	\$36.59		
			Step 2	\$37.58			Step 2	\$38.52		
			Step 3	\$39.56			Step 3	\$40.55		
			Step 4	\$41.64			Step 4	\$42.68		
			Step 5	\$43.83	\$7,597.20	\$91,166.40	Step 5	\$44.93	\$7,787.87	\$93,454.40
211	Non-exempt	Equip Maint Serv Per	Step 1	\$21.49			Step 1	\$22.03		
			Step 2	\$22.62			Step 2	\$23.19		
			Step 3	\$23.81			Step 3	\$24.41		
			Step 4	\$25.07			Step 4	\$25.69		
			Step 5	\$26.39	\$4,574.27	\$54,891.20	Step 5	\$27.05	\$4,688.67	\$56,264.00
396	Non-exempt	Equip Operator	Step 1	\$26.05			Step 1	\$26.71		
			Step 2	\$27.43			Step 2	\$28.11		
			Step 3	\$28.87			Step 3	\$29.59		
			Step 4	\$30.39			Step 4	\$31.15		
			Step 5	\$31.99	\$5,544.93	\$66,539.20	Step 5	\$32.79	\$5,683.60	\$68,203.20
397	Non-exempt	Equip Operator - Lead	Step 1	\$27.88			Step 1	\$28.58		
			Step 2	\$29.35			Step 2	\$30.08		
			Step 3	\$30.89			Step 3	\$31.67		
			Step 4	\$32.52			Step 4	\$33.33		
			Step 5	\$34.23	\$5,933.20	\$71,198.40	Step 5	\$35.09	\$6,082.27	\$72,987.20
250	Non-exempt	Equip Parts Tech	Step 1	\$23.36			Step 1	\$23.95		
			Step 2	\$24.59			Step 2	\$25.21		
			Step 3	\$25.89			Step 3	\$26.53		
			Step 4	\$27.25			Step 4	\$27.93		
			Step 5	\$28.68	\$4,971.20	\$59,654.40	Step 5	\$29.40	\$5,096.00	\$61,152.00
203	Non-exempt	Facilities Asst	Step 1	\$21.61			Step 1	\$22.15		
			Step 2	\$22.75			Step 2	\$23.31		
			Step 3	\$23.94			Step 3	\$24.54		
			Step 4	\$25.20			Step 4	\$25.83		
			Step 5	\$26.53	\$4,598.53	\$55,182.40	Step 5	\$27.19	\$4,712.93	\$56,555.20

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
374	Non-exempt	Facilities Carpenter	Step 1	\$28.17			Step 1	\$28.88		
			Step 2	\$29.66			Step 2	\$30.40		
			Step 3	\$31.22			Step 3	\$32.00		
			Step 4	\$32.86			Step 4	\$33.68		
			Step 5	\$34.59	\$5,995.60	\$71,947.20	Step 5	\$35.45	\$6,144.67	\$73,736.00
375	Non-exempt	Facilities Elect	Step 1	\$28.54			Step 1	\$29.25		
			Step 2	\$30.04			Step 2	\$30.79		
			Step 3	\$31.62			Step 3	\$32.41		
			Step 4	\$33.29			Step 4	\$34.12		
			Step 5	\$35.04	\$6,073.60	\$72,883.20	Step 5	\$35.91	\$6,224.40	\$74,692.80
373	Non-exempt	Facilities Maint-L	Step 1	\$36.41			Step 1	\$37.32		
			Step 2	\$38.32			Step 2	\$39.28		
			Step 3	\$40.34			Step 3	\$41.35		
			Step 4	\$42.46			Step 4	\$43.52		
			Step 5	\$44.70	\$7,748.00	\$92,976.00	Step 5	\$45.81	\$7,940.40	\$95,284.80
~~376~~	~~Non-exempt~~	~~Facilities-Mech~~	~~Step 1~~	~~\$28.17~~			~~Step 1~~	~~\$28.88~~		
			~~Step 2~~	~~\$29.66~~			~~Step 2~~	~~\$30.40~~		
			~~Step 3~~	~~\$31.22~~			~~Step 3~~	~~\$32.00~~		
			~~Step 4~~	~~\$32.86~~			~~Step 4~~	~~\$33.68~~		
			~~Step 5~~	~~\$34.59~~	~~\$5,995.60~~	~~\$71,947.20~~	~~Step 5~~	~~\$35.45~~	~~\$6,144.67~~	~~\$73,736.00~~
376	Non-exempt	Facilities Technician	Step 1	\$31.07			Step 1	\$31.85		
			Step 2	\$32.71			Step 2	\$33.53		
			Step 3	\$34.43			Step 3	\$35.29		
			Step 4	\$36.24			Step 4	\$37.15		
			Step 5	\$38.15	\$6,612.67	\$79,352.00	Step 5	\$39.10	\$6,777.98	\$81,335.80
377	Non-exempt	Facilities Painter	Step 1	\$28.17			Step 1	\$28.88		
			Step 2	\$29.66			Step 2	\$30.40		
			Step 3	\$31.22			Step 3	\$32.00		
			Step 4	\$32.86			Step 4	\$33.68		
			Step 5	\$34.59	\$5,995.60	\$71,947.20	Step 5	\$35.45	\$6,144.67	\$73,736.00
462	Non-exempt	Field Service Pers WGW	Step 1	\$26.11			Step 1	\$26.76		
			Step 2	\$27.48			Step 2	\$28.17		
			Step 3	\$28.93			Step 3	\$29.65		
			Step 4	\$30.45			Step 4	\$31.21		
			Step 5	\$32.05	\$5,555.33	\$66,664.00	Step 5	\$32.85	\$5,694.00	\$68,328.00

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
383	Non-exempt	Fleet Svcs Coord	Step 1	\$27.84			Step 1	\$28.54		
			Step 2	\$29.31			Step 2	\$30.04		
			Step 3	\$30.85			Step 3	\$31.62		
			Step 4	\$32.47			Step 4	\$33.28		
			Step 5	\$34.18	\$5,924.53	\$71,094.40	Step 5	\$35.03	\$6,071.87	\$72,862.40
489	Non-exempt	Gas System Tech	Step 1	\$28.44			Step 1	\$29.15		
			Step 2	\$29.94			Step 2	\$30.68		
			Step 3	\$31.51			Step 3	\$32.30		
			Step 4	\$33.17			Step 4	\$34.00		
			Step 5	\$34.91	\$6,051.07	\$72,612.80	Step 5	\$35.79	\$6,203.60	\$74,443.20
463	Non-exempt	Gas System Tech II	Step 1	\$29.87			Step 1	\$30.61		
			Step 2	\$31.44			Step 2	\$32.22		
			Step 3	\$33.09			Step 3	\$33.92		
			Step 4	\$34.83			Step 4	\$35.70		
			Step 5	\$36.67	\$6,356.13	\$76,273.60	Step 5	\$37.58	\$6,513.87	\$78,166.40
398	Non-exempt	Geographic Inform Syst Specialist	Step 1	\$38.36			Step 1	\$39.32		
			Step 2	\$40.38			Step 2	\$41.39		
			Step 3	\$42.50			Step 3	\$43.57		
			Step 4	\$44.74			Step 4	\$45.86		
			Step 5	\$47.09	\$8,162.27	\$97,947.20	Step 5	\$48.27	\$8,366.80	\$100,401.60
390	Non-exempt	Heavy Equip Oper	Step 1	\$29.51			Step 1	\$30.24		
			Step 2	\$31.06			Step 2	\$31.84		
			Step 3	\$32.69			Step 3	\$33.51		
			Step 4	\$34.41			Step 4	\$35.27		
			Step 5	\$36.23	\$6,279.87	\$75,358.40	Step 5	\$37.13	\$6,435.87	\$77,230.40
391	Non-exempt	Heavy Equip Oper-L	Step 1	\$31.56			Step 1	\$32.35		
			Step 2	\$33.22			Step 2	\$34.05		
			Step 3	\$34.97			Step 3	\$35.84		
			Step 4	\$36.81			Step 4	\$37.73		
			Step 5	\$38.75	\$6,716.67	\$80,600.00	Step 5	\$39.72	\$6,884.80	\$82,617.60
508	Non-exempt	Ind Waste Inspec	Step 1	\$29.99			Step 1	\$30.74		
			Step 2	\$31.57			Step 2	\$32.36		
			Step 3	\$33.24			Step 3	\$34.07		
			Step 4	\$34.98			Step 4	\$35.86		
			Step 5	\$36.83	\$6,383.87	\$76,606.40	Step 5	\$37.75	\$6,543.33	\$78,520.00

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
258	Non-exempt	Ind Waste Invtgr	Step 1	\$33.71			Step 1	\$34.55		
			Step 2	\$35.48			Step 2	\$36.37		
			Step 3	\$37.35			Step 3	\$38.28		
			Step 4	\$39.31			Step 4	\$40.30		
			Step 5	\$41.38	\$7,172.53	\$86,070.40	Step 5	\$42.42	\$7,352.80	\$88,233.60
365	Non-exempt	Industrial Waste Technician	Step 1	\$27.08			Step 1	\$27.76		
			Step 2	\$28.51			Step 2	\$29.22		
			Step 3	\$30.01			Step 3	\$30.76		
			Step 4	\$31.59			Step 4	\$32.38		
			Step 5	\$33.25	\$5,763.33	\$69,160.00	Step 5	\$34.08	\$5,907.20	\$70,886.40
227	Non-exempt	Inspector, Field Svc	Step 1	\$32.63			Step 1	\$33.44		
			Step 2	\$34.34			Step 2	\$35.20		
			Step 3	\$36.15			Step 3	\$37.05		
			Step 4	\$38.05			Step 4	\$39.00		
			Step 5	\$40.06	\$6,943.73	\$83,324.80	Step 5	\$41.06	\$7,117.07	\$85,404.80
308	Non-exempt	Instrum Elec	Step 1	\$32.48			Step 1	\$33.29		
			Step 2	\$34.19			Step 2	\$35.04		
			Step 3	\$35.99			Step 3	\$36.89		
			Step 4	\$37.88			Step 4	\$38.83		
			Step 5	\$39.87	\$6,910.80	\$82,929.60	Step 5	\$40.87	\$7,084.13	\$85,009.60
293	Non-exempt	Junior Museum & Zoo Educator	Step 1	\$25.46			Step 1	\$26.09		
			Step 2	\$26.80			Step 2	\$27.47		
			Step 3	\$28.21			Step 3	\$28.91		
			Step 4	\$29.69			Step 4	\$30.43		
			Step 5	\$31.25	\$5,416.67	\$65,000.00	Step 5	\$32.03	\$5,551.87	\$66,622.40
503	Non-exempt	Laboratory Tech Wqc	Step 1	\$30.15			Step 1	\$30.91		
			Step 2	\$31.74			Step 2	\$32.53		
			Step 3	\$33.41			Step 3	\$34.25		
			Step 4	\$35.17			Step 4	\$36.05		
			Step 5	\$37.02	\$6,416.80	\$77,001.60	Step 5	\$37.95	\$6,578.00	\$78,936.00
413	Non-exempt	Landfill Technician	Step 1	\$33.08			Step 1	\$33.90		
			Step 2	\$34.82			Step 2	\$35.69		
			Step 3	\$36.65			Step 3	\$37.57		
			Step 4	\$38.58			Step 4	\$39.54		
			Step 5	\$40.61	\$7,039.07	\$84,468.80	Step 5	\$41.62	\$7,214.13	\$86,569.60

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
254	Non-exempt	Librarian	Step 1	\$25.65			Step 1	\$26.29		
			Step 2	\$27.00			Step 2	\$27.68		
			Step 3	\$28.42			Step 3	\$29.13		
			Step 4	\$29.92			Step 4	\$30.67		
			Step 5	\$31.49	\$5,458.27	\$65,499.20	Step 5	\$32.28	\$5,595.20	\$67,142.40
252	Non-exempt	Library Associate	Step 1	\$23.57			Step 1	\$24.16		
			Step 2	\$24.81			Step 2	\$25.43		
			Step 3	\$26.12			Step 3	\$26.77		
			Step 4	\$27.49			Step 4	\$28.18		
			Step 5	\$28.94	\$5,016.27	\$60,195.20	Step 5	\$29.66	\$5,141.07	\$61,692.80
222	Non-exempt	Library Asst	Step 1	\$20.43			Step 1	\$20.94		
			Step 2	\$21.50			Step 2	\$22.04		
			Step 3	\$22.64			Step 3	\$23.20		
			Step 4	\$23.83			Step 4	\$24.42		
			Step 5	\$25.08	\$4,347.20	\$52,166.40	Step 5	\$25.71	\$4,456.40	\$53,476.80
253	Non-exempt	Library Specialist	Step 1	\$22.29			Step 1	\$22.85		
			Step 2	\$23.46			Step 2	\$24.05		
			Step 3	\$24.70			Step 3	\$25.32		
			Step 4	\$26.00			Step 4	\$26.65		
			Step 5	\$27.37	\$4,744.13	\$56,929.60	Step 5	\$28.05	\$4,862.00	\$58,344.00
541	Non-exempt	Lineper/Cable Spl	Step 1	\$40.53			Step 1	\$41.54		
			Step 2	\$42.66			Step 2	\$43.73		
			Step 3	\$44.91			Step 3	\$46.03		
			Step 4	\$47.27			Step 4	\$48.46		
			Step 5	\$49.76	\$8,625.07	\$103,500.80	Step 5	\$51.01	\$8,841.73	\$106,100.80
542	Non-exempt	Lineper/Cable Spl-L	Step 1	\$43.38			Step 1	\$44.47		
			Step 2	\$45.67			Step 2	\$46.81		
			Step 3	\$48.07			Step 3	\$49.27		
			Step 4	\$50.60			Step 4	\$51.86		
			Step 5	\$53.26	\$9,231.73	\$110,780.80	Step 5	\$54.59	\$9,462.27	\$113,547.20
531	Non-exempt	Lineperson/Cable Spl-T	Step 1	\$38.61			Step 1	\$39.57		
			Step 2	\$40.64			Step 2	\$41.66		
			Step 3	\$42.78			Step 3	\$43.85		
			Step 4	\$45.03			Step 4	\$46.16		
			Step 5	\$47.40	\$8,216.00	\$98,592.00	Step 5	\$48.59	\$8,422.27	\$101,067.20

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
532	Non-exempt	Lineperson/Cable Spl-TL	Step 1	\$41.30			Step 1	\$42.33		
			Step 2	\$43.47			Step 2	\$44.56		
			Step 3	\$45.76			Step 3	\$46.91		
			Step 4	\$48.17			Step 4	\$49.37		
			Step 5	\$50.71	\$8,789.73	\$105,476.80	Step 5	\$51.97	\$9,008.13	\$108,097.60
528	Non-exempt	Lnper/Cbl Spl-Appren	Step 1	\$34.82			Step 1	\$35.69		
			Step 2	\$36.65			Step 2	\$37.57		
			Step 3	\$38.58			Step 3	\$39.54		
			Step 4	\$40.61			Step 4	\$41.63		
			Step 5	\$42.75	\$7,410.00	\$88,920.00	Step 5	\$43.82	\$7,595.47	\$91,145.60
213	Non-exempt	Mailing Svcs Spec	Step 1	\$19.65			Step 1	\$20.14		
			Step 2	\$20.68			Step 2	\$21.20		
			Step 3	\$21.77			Step 3	\$22.32		
			Step 4	\$22.92			Step 4	\$23.49		
			Step 5	\$24.12	\$4,180.80	\$50,169.60	Step 5	\$24.73	\$4,286.53	\$51,438.40
505	Non-exempt	Maint Mech	Step 1	\$33.18			Step 1	\$34.01		
			Step 2	\$34.93			Step 2	\$35.80		
			Step 3	\$36.77			Step 3	\$37.69		
			Step 4	\$38.70			Step 4	\$39.67		
			Step 5	\$40.74	\$7,061.60	\$84,739.20	Step 5	\$41.76	\$7,238.40	\$86,860.80
291	Non-exempt	Maintenance Mechanic-Welding	Step 1	\$31.38			Step 1	\$32.16		
			Step 2	\$33.03			Step 2	\$33.86		
			Step 3	\$34.77			Step 3	\$35.64		
			Step 4	\$36.60			Step 4	\$37.51		
			Step 5	\$38.53	\$6,678.53	\$80,142.40	Step 5	\$39.49	\$6,844.93	\$82,139.20
346	Non-exempt	Management Assistant	Step 1	\$29.21			Step 1	\$29.94		
			Step 2	\$30.75			Step 2	\$31.52		
			Step 3	\$32.37			Step 3	\$33.18		
			Step 4	\$34.07			Step 4	\$34.92		
			Step 5	\$35.86	\$6,215.73	\$74,588.80	Step 5	\$36.76	\$6,371.73	\$76,460.80
3460	Non-exempt	Management Assistant - S	Step 1	\$29.21			Step 1	\$29.94		
			Step 2	\$30.75			Step 2	\$31.52		
			Step 3	\$32.37			Step 3	\$33.18		
			Step 4	\$34.07			Step 4	\$34.92		
			Step 5	\$35.86	\$6,215.73	\$74,588.80	Step 5	\$36.76	\$6,371.73	\$76,460.80

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
216	Non-exempt	Marketing Eng	Step 1	\$41.76			Step 1	\$42.80		
			Step 2	\$43.96			Step 2	\$45.06		
			Step 3	\$46.27			Step 3	\$47.43		
			Step 4	\$48.71			Step 4	\$49.92		
			Step 5	\$51.27	\$8,886.80	\$106,641.60	Step 5	\$52.55	\$9,108.67	\$109,304.00
241	Non-exempt	Meter Reader	Step 1	\$23.33			Step 1	\$23.91		
			Step 2	\$24.56			Step 2	\$25.17		
			Step 3	\$25.85			Step 3	\$26.50		
			Step 4	\$27.21			Step 4	\$27.89		
			Step 5	\$28.64	\$4,964.27	\$59,571.20	Step 5	\$29.36	\$5,089.07	\$61,068.80
240	Non-exempt	Meter Reader-Lead	Step 1	\$24.96			Step 1	\$25.58		
			Step 2	\$26.27			Step 2	\$26.93		
			Step 3	\$27.65			Step 3	\$28.34		
			Step 4	\$29.11			Step 4	\$29.84		
			Step 5	\$30.64	\$5,310.93	\$63,731.20	Step 5	\$31.41	\$5,444.40	\$65,332.80
369	Non-exempt	Meter Shop Lead	Step 1	\$27.71			Step 1	\$28.40		
			Step 2	\$29.17			Step 2	\$29.89		
			Step 3	\$30.70			Step 3	\$31.47		
			Step 4	\$32.32			Step 4	\$33.12		
			Step 5	\$34.02	\$5,896.80	\$70,761.60	Step 5	\$34.87	\$6,044.13	\$72,529.60
552	Non-exempt	Metering Technician	Step 1	\$38.22			Step 1	\$39.17		
			Step 2	\$40.23			Step 2	\$41.23		
			Step 3	\$42.35			Step 3	\$43.40		
			Step 4	\$44.57			Step 4	\$45.69		
			Step 5	\$46.92	\$8,132.80	\$97,593.60	Step 5	\$48.09	\$8,335.60	\$100,027.20
551	Non-exempt	Metering Technician – Apprentice	Step 1	\$36.16			Step 1	\$37.07		
			Step 2	\$38.07			Step 2	\$39.02		
			Step 3	\$40.07			Step 3	\$41.07		
			Step 4	\$42.18			Step 4	\$43.24		
			Step 5	\$44.40	\$7,696.00	\$92,352.00	Step 5	\$45.51	\$7,888.40	\$94,660.80
553	Non-exempt	Metering Technician – Lead	Step 1	\$40.89			Step 1	\$41.91		
			Step 2	\$43.04			Step 2	\$44.12		
			Step 3	\$45.31			Step 3	\$46.44		
			Step 4	\$47.69			Step 4	\$48.89		
			Step 5	\$50.20	\$8,701.33	\$104,416.00	Step 5	\$51.46	\$8,919.73	\$107,036.80

Appendix A-2

Effective 11/29/14

**MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule**

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
384	Non-exempt	Mobile Service Tech	Step 1	\$33.07			Step 1	\$33.90		
			Step 2	\$34.81			Step 2	\$35.68		
			Step 3	\$36.65			Step 3	\$37.56		
			Step 4	\$38.58			Step 4	\$39.54		
			Step 5	\$40.61	\$7,039.07	\$84,468.80	Step 5	\$41.62	\$7,214.13	\$86,569.60
381	Non-exempt	Motor Equip Mech-L	Step 1	\$33.70			Step 1	\$34.54		
			Step 2	\$35.47			Step 2	\$36.36		
			Step 3	\$37.34			Step 3	\$38.27		
			Step 4	\$39.30			Step 4	\$40.28		
			Step 5	\$41.37	\$7,170.80	\$86,049.60	Step 5	\$42.40	\$7,349.33	\$88,192.00
286	Non-exempt	Motor Equipment Mechanic I	Step 1	\$29.17			Step 1	\$29.90		
			Step 2	\$30.70			Step 2	\$31.47		
			Step 3	\$32.32			Step 3	\$33.13		
			Step 4	\$34.02			Step 4	\$34.87		
			Step 5	\$35.81	\$6,207.07	\$74,484.80	Step 5	\$36.71	\$6,363.07	\$76,356.80
287	Non-exempt	Motor Equipment Mechanic II	Step 1	\$31.50			Step 1	\$32.28		
			Step 2	\$33.16			Step 2	\$33.98		
			Step 3	\$34.90			Step 3	\$35.77		
			Step 4	\$36.74			Step 4	\$37.66		
			Step 5	\$38.67	\$6,702.80	\$80,433.60	Step 5	\$39.64	\$6,870.93	\$82,451.20
230	Non-exempt	Offset Equip Op	Step 1	\$22.28			Step 1	\$22.84		
			Step 2	\$23.45			Step 2	\$24.04		
			Step 3	\$24.69			Step 3	\$25.31		
			Step 4	\$25.99			Step 4	\$26.64		
			Step 5	\$27.36	\$4,741.78	\$56,901.31	Step 5	\$28.04	\$4,860.32	\$58,323.84
543	Non-exempt	Overhead Underground Troubeman	Step 1	\$40.56			Step 1	\$41.57		
			Step 2	\$42.69			Step 2	\$43.76		
			Step 3	\$44.94			Step 3	\$46.06		
			Step 4	\$47.30			Step 4	\$48.49		
			Step 5	\$49.79	\$8,630.27	\$103,563.20	Step 5	\$51.04	\$8,846.93	\$106,163.20
452	Non-exempt	Park Maint - Lead	Step 1	\$28.56			Step 1	\$29.27		
			Step 2	\$30.06			Step 2	\$30.81		
			Step 3	\$31.64			Step 3	\$32.43		
			Step 4	\$33.31			Step 4	\$34.14		
			Step 5	\$35.06	\$6,077.07	\$72,924.80	Step 5	\$35.93	\$6,227.87	\$74,734.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
451	Non-exempt	Park Maint Person	Step 1	\$24.63			Step 1	\$25.24		
			Step 2	\$25.92			Step 2	\$26.57		
			Step 3	\$27.29			Step 3	\$27.97		
			Step 4	\$28.72			Step 4	\$29.44		
			Step 5	\$30.24	\$5,241.60	\$62,899.20	Step 5	\$30.99	\$5,371.60	\$64,459.20
281	Non-exempt	Park Ranger	Step 1	\$27.66			Step 1	\$28.35		
			Step 2	\$29.12			Step 2	\$29.85		
			Step 3	\$30.65			Step 3	\$31.42		
			Step 4	\$32.26			Step 4	\$33.07		
			Step 5	\$33.96	\$5,886.40	\$70,636.80	Step 5	\$34.81	\$6,033.73	\$72,404.80
243	Non-exempt	Parking Enf Off	Step 1	\$23.23			Step 1	\$23.81		
			Step 2	\$24.46			Step 2	\$25.07		
			Step 3	\$25.74			Step 3	\$26.39		
			Step 4	\$27.10			Step 4	\$27.78		
			Step 5	\$28.52	\$4,943.47	\$59,321.60	Step 5	\$29.24	\$5,068.27	\$60,819.20
282	Non-exempt	Parking Enf Off-L	Step 1	\$24.85			Step 1	\$25.47		
			Step 2	\$26.16			Step 2	\$26.81		
			Step 3	\$27.53			Step 3	\$28.22		
			Step 4	\$28.98			Step 4	\$29.71		
			Step 5	\$30.51	\$5,288.40	\$63,460.80	Step 5	\$31.27	\$5,420.13	\$65,041.60
460	Non-exempt	Parks/Golf Crew-Lead	Step 1	\$26.79			Step 1	\$27.46		
			Step 2	\$28.20			Step 2	\$28.91		
			Step 3	\$29.69			Step 3	\$30.43		
			Step 4	\$31.25			Step 4	\$32.03		
			Step 5	\$32.89	\$5,700.93	\$68,411.20	Step 5	\$33.72	\$5,844.80	\$70,137.60
348	Non-exempt	Payroll Analyst	Step 1	\$28.01			Step 1	\$28.71		
			Step 2	\$29.49			Step 2	\$30.23		
			Step 3	\$31.04			Step 3	\$31.82		
			Step 4	\$32.67			Step 4	\$33.49		
			Step 5	\$34.39	\$5,960.93	\$71,531.20	Step 5	\$35.25	\$6,110.00	\$73,320.00
3480	Non-exempt	Payroll Analyst - S	Step 1	\$28.01			Step 1	\$28.71		
			Step 2	\$29.49			Step 2	\$30.23		
			Step 3	\$31.04			Step 3	\$31.82		
			Step 4	\$32.67			Step 4	\$33.49		
			Step 5	\$34.39	\$5,960.93	\$71,531.20	Step 5	\$35.25	\$6,110.00	\$73,320.00

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
352	Non-exempt	Planner	Step 1	\$36.68			Step 1	\$37.60		
			Step 2	\$38.61			Step 2	\$39.58		
			Step 3	\$40.64			Step 3	\$41.66		
			Step 4	\$42.78			Step 4	\$43.85		
			Step 5	\$45.04	\$7,806.93	\$93,683.20	Step 5	\$46.16	\$8,001.07	\$96,012.80
347	Non-exempt	Planning Arborist	Step 1	\$39.52			Step 1	\$40.50		
			Step 2	\$41.60			Step 2	\$42.64		
			Step 3	\$43.79			Step 3	\$44.88		
			Step 4	\$46.09			Step 4	\$47.24		
			Step 5	\$48.52	\$8,410.13	\$100,921.60	Step 5	\$49.73	\$8,619.87	\$103,438.40
3470	Non-exempt	Planning Arborist - S	Step 1	\$39.52			Step 1	\$40.50		
			Step 2	\$41.60			Step 2	\$42.64		
			Step 3	\$43.79			Step 3	\$44.88		
			Step 4	\$46.09			Step 4	\$47.24		
			Step 5	\$48.52	\$8,410.13	\$100,921.60	Step 5	\$49.73	\$8,619.87	\$103,438.40
304	Non-exempt	Plans Check Engr	Step 1	\$40.54			Step 1	\$41.56		
			Step 2	\$42.68			Step 2	\$43.75		
			Step 3	\$44.93			Step 3	\$46.05		
			Step 4	\$47.29			Step 4	\$48.47		
			Step 5	\$49.78	\$8,628.53	\$103,542.40	Step 5	\$51.02	\$8,843.47	\$106,121.60
321	Non-exempt	Police Records Specialist - Lead	Step 1	\$25.51			Step 1	\$26.15		
			Step 2	\$26.85			Step 2	\$27.53		
			Step 3	\$28.27			Step 3	\$28.97		
			Step 4	\$29.76			Step 4	\$30.50		
			Step 5	\$31.32	\$5,428.80	\$65,145.60	Step 5	\$32.10	\$5,564.00	\$66,768.00
313	Non-exempt	Police Records Specialist I	Step 1	\$22.65			Step 1	\$23.21		
			Step 2	\$23.84			Step 2	\$24.44		
			Step 3	\$25.09			Step 3	\$25.72		
			Step 4	\$26.41			Step 4	\$27.07		
			Step 5	\$27.80	\$4,818.67	\$57,824.00	Step 5	\$28.50	\$4,940.00	\$59,280.00
314	Non-exempt	Police Records Specialist II	Step 1	\$23.84			Step 1	\$24.44		
			Step 2	\$25.10			Step 2	\$25.72		
			Step 3	\$26.42			Step 3	\$27.08		
			Step 4	\$27.81			Step 4	\$28.50		
			Step 5	\$29.27	\$5,073.47	\$60,881.60	Step 5	\$30.00	\$5,200.00	\$62,400.00

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
246	Non-exempt	Power Engr	Step 1	\$44.58			Step 1	\$45.70		
			Step 2	\$46.93			Step 2	\$48.10		
			Step 3	\$49.40			Step 3	\$50.63		
			Step 4	\$52.00			Step 4	\$53.30		
			Step 5	\$54.74	\$9,488.27	\$113,859.20	Step 5	\$56.10	\$9,724.00	\$116,688.00
270	Non-exempt	Prod Arts/Sci Prog	Step 1	\$30.85			Step 1	\$31.62		
			Step 2	\$32.47			Step 2	\$33.28		
			Step 3	\$34.18			Step 3	\$35.03		
			Step 4	\$35.98			Step 4	\$36.88		
			Step 5	\$37.87	\$6,564.13	\$78,769.60	Step 5	\$38.82	\$6,728.80	\$80,745.60
232	Non-exempt	Prog-Analyst	Step 1	\$36.92			Step 1	\$37.84		
			Step 2	\$38.86			Step 2	\$39.83		
			Step 3	\$40.91			Step 3	\$41.93		
			Step 4	\$43.06			Step 4	\$44.14		
			Step 5	\$45.32	\$7,855.47	\$94,265.60	Step 5	\$46.46	\$8,053.07	\$96,636.80
231	Non-exempt	Program Analyst	Step 1	\$39.46			Step 1	\$40.45		
			Step 2	\$41.54			Step 2	\$42.58		
			Step 3	\$43.73			Step 3	\$44.82		
			Step 4	\$46.03			Step 4	\$47.18		
			Step 5	\$48.45	\$8,398.00	\$100,776.00	Step 5	\$49.66	\$8,607.73	\$103,292.80
265	Non-exempt	Program Assistant	Step 1	\$23.99			Step 1	\$24.59		
			Step 2	\$25.26			Step 2	\$25.89		
			Step 3	\$26.59			Step 3	\$27.25		
			Step 4	\$27.98			Step 4	\$28.68		
			Step 5	\$29.46	\$5,106.40	\$61,276.80	Step 5	\$30.19	\$5,232.93	\$62,795.20
302	Non-exempt	Program Assistant I	Step 1	\$25.46			Step 1	\$26.09		
			Step 2	\$26.80			Step 2	\$27.47		
			Step 3	\$28.21			Step 3	\$28.91		
			Step 4	\$29.69			Step 4	\$30.43		
			Step 5	\$31.25	\$5,416.67	\$65,000.00	Step 5	\$32.03	\$5,551.87	\$66,622.40
303	Non-exempt	Program Assistant II	Step 1	\$27.36			Step 1	\$28.04		
			Step 2	\$28.80			Step 2	\$29.52		
			Step 3	\$30.31			Step 3	\$31.07		
			Step 4	\$31.91			Step 4	\$32.71		
			Step 5	\$33.59	\$5,822.27	\$69,867.20	Step 5	\$34.43	\$5,967.87	\$71,614.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
368	Non-exempt	Program Coordinator	Step 1	\$26.64			Step 1	\$27.30		
			Step 2	\$28.04			Step 2	\$28.74		
			Step 3	\$29.51			Step 3	\$30.25		
			Step 4	\$31.07			Step 4	\$31.84		
			Step 5	\$32.70	\$5,668.00	\$68,016.00	Step 5	\$33.52	\$5,810.13	\$69,721.60
349	Non-exempt	Project Engineer	Step 1	\$44.94			Step 1	\$46.06		
			Step 2	\$47.31			Step 2	\$48.49		
			Step 3	\$49.80			Step 3	\$51.04		
			Step 4	\$52.42			Step 4	\$53.73		
			Step 5	\$55.18	\$9,564.53	\$114,774.40	Step 5	\$56.56	\$9,803.73	\$117,644.80
3490	Non-exempt	Project Engineer - S	Step 1	\$44.94			Step 1	\$46.06		
			Step 2	\$47.31			Step 2	\$48.49		
			Step 3	\$49.80			Step 3	\$51.04		
			Step 4	\$52.42			Step 4	\$53.73		
			Step 5	\$55.18	\$9,564.53	\$114,774.40	Step 5	\$56.56	\$9,803.73	\$117,644.80
209	Non-exempt	Property Evid Tech	Step 1	\$24.65			Step 1	\$25.27		
			Step 2	\$25.95			Step 2	\$26.60		
			Step 3	\$27.32			Step 3	\$28.00		
			Step 4	\$28.76			Step 4	\$29.47		
			Step 5	\$30.27	\$5,246.80	\$62,961.60	Step 5	\$31.03	\$5,378.53	\$64,542.40
238	Non-exempt	Pub Safety Disp-Flex	Step 1	\$26.49			Step 1	\$27.15		
			Step 2	\$27.88			Step 2	\$28.58		
			Step 3	\$29.35			Step 3	\$30.08		
			Step 4	\$30.89			Step 4	\$31.66		
			Step 5	\$32.52	\$5,636.80	\$67,641.60	Step 5	\$33.33	\$5,777.20	\$69,326.40
315	Non-exempt	Public Safety Dispatcher - Lead	Step 1	\$35.47			Step 1	\$36.35		
			Step 2	\$37.33			Step 2	\$38.27		
			Step 3	\$39.30			Step 3	\$40.28		
			Step 4	\$41.37			Step 4	\$42.40		
			Step 5	\$43.54	\$7,546.93	\$90,563.20	Step 5	\$44.63	\$7,735.87	\$92,830.40
			Step 6	\$44.63			Step 6	\$45.75		
			Step 7	\$45.75			Step 7	\$46.89		
298	Non-exempt	Public Safety Dispatcher I	Step 1	\$30.01			Step 1	\$30.76		
			Step 2	\$31.59			Step 2	\$32.38		

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
			Step 3	\$33.25			Step 3	\$34.08		
			Step 4	\$35.00			Step 4	\$35.88		
			Step 5	\$36.84	\$6,385.60	\$76,627.20	Step 5	\$37.76	\$6,545.07	\$78,540.80
			Step 6	\$37.76			Step 6	\$38.71		
			Step 7	\$38.71			Step 7	\$39.68		
316	Non-exempt	Public Safety Dispatcher II	Step 1	\$31.60			Step 1	\$32.39		
			Step 2	\$33.26			Step 2	\$34.09		
			Step 3	\$35.01			Step 3	\$35.88		
			Step 4	\$36.85			Step 4	\$37.77		
			Step 5	\$38.79	\$6,723.60	\$80,683.20	Step 5	\$39.76	\$6,891.73	\$82,700.80
			Step 6	\$39.76			Step 6	\$40.75		
			Step 7	\$40.75			Step 7	\$41.77		
262	Non-exempt	Resource Planner	Step 1	\$45.35			Step 1	\$46.49		
			Step 2	\$47.74			Step 2	\$48.93		
			Step 3	\$50.25			Step 3	\$51.51		
			Step 4	\$52.90			Step 4	\$54.22		
			Step 5	\$55.68	\$9,651.20	\$115,814.40	Step 5	\$57.07	\$9,892.13	\$118,705.60
366	Non-exempt	Restoration Lead	Step 1	\$31.56			Step 1	\$32.35		
			Step 2	\$33.22			Step 2	\$34.05		
			Step 3	\$34.97			Step 3	\$35.84		
			Step 4	\$36.81			Step 4	\$37.73		
			Step 5	\$38.74	\$6,714.93	\$80,579.20	Step 5	\$39.71	\$6,883.07	\$82,596.80
554	Non-exempt	SCADA Technologist	Step 1	\$44.86			Step 1	\$45.98		
			Step 2	\$47.22			Step 2	\$48.40		
			Step 3	\$49.71			Step 3	\$50.95		
			Step 4	\$52.33			Step 4	\$53.63		
			Step 5	\$55.08	\$9,547.20	\$114,566.40	Step 5	\$56.46	\$9,786.40	\$117,436.80
385	Non-exempt	Senior Fleet Services Coordinator	Step 1	\$31.97			Step 1	\$32.77		
			Step 2	\$33.65			Step 2	\$34.49		
			Step 3	\$35.42			Step 3	\$36.31		
			Step 4	\$37.29			Step 4	\$38.22		
			Step 5	\$39.25	\$6,803.33	\$81,640.00	Step 5	\$40.23	\$6,973.20	\$83,678.40
461	Non-exempt	Sprinkler Sys Repr	Step 1	\$25.05			Step 1	\$25.67		
			Step 2	\$26.37			Step 2	\$27.02		
			Step 3	\$27.75			Step 3	\$28.45		
			Step 4	\$29.21			Step 4	\$29.94		
			Step 5	\$30.75	\$5,330.00	\$63,960.00	Step 5	\$31.52	\$5,463.47	\$65,561.60

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
360	Non-exempt	Sr Buyer	Step 1	\$33.50			Step 1	\$34.33		
			Step 2	\$35.26			Step 2	\$36.14		
			Step 3	\$37.12			Step 3	\$38.04		
			Step 4	\$39.07			Step 4	\$40.05		
			Step 5	\$41.13	\$7,129.20	\$85,550.40	Step 5	\$42.15	\$7,306.00	\$87,672.00
3600	Non-exempt	Sr Buyer - S	Step 1	\$33.50			Step 1	\$34.33		
			Step 2	\$35.26			Step 2	\$36.14		
			Step 3	\$37.12			Step 3	\$38.04		
			Step 4	\$39.07			Step 4	\$40.05		
			Step 5	\$41.13	\$7,129.20	\$85,550.40	Step 5	\$42.15	\$7,306.00	\$87,672.00
224	Non-exempt	Sr Chemist	Step 1	\$37.47			Step 1	\$38.41		
			Step 2	\$39.44			Step 2	\$40.43		
			Step 3	\$41.52			Step 3	\$42.56		
			Step 4	\$43.70			Step 4	\$44.80		
			Step 5	\$46.00	\$7,973.33	\$95,680.00	Step 5	\$47.15	\$8,172.67	\$98,072.00
544	Non-exempt	Senior Industrial Waste Investigator	Step 1	\$36.06			Step 1	\$36.96		
			Step 2	\$37.96			Step 2	\$38.91		
			Step 3	\$39.96			Step 3	\$40.96		
			Step 4	\$42.06			Step 4	\$43.11		
			Step 5	\$44.28	\$7,675.20	\$92,102.40	Step 5	\$45.38	\$7,865.87	\$94,390.40
512	Non-exempt	Sr Instrum Elect	Step 1	\$35.47			Step 1	\$36.36		
			Step 2	\$37.34			Step 2	\$38.27		
			Step 3	\$39.31			Step 3	\$40.29		
			Step 4	\$41.37			Step 4	\$42.41		
			Step 5	\$43.55	\$7,548.67	\$90,584.00	Step 5	\$44.64	\$7,737.60	\$92,851.20
251	Non-exempt	Sr Librarian	Step 1	\$29.13			Step 1	\$29.86		
			Step 2	\$30.66			Step 2	\$31.43		
			Step 3	\$32.28			Step 3	\$33.09		
			Step 4	\$33.98			Step 4	\$34.83		
			Step 5	\$35.77	\$6,200.13	\$74,401.60	Step 5	\$36.66	\$6,354.40	\$76,252.80
504	Non-exempt	Sr Mech	Step 1	\$35.68			Step 1	\$36.57		
			Step 2	\$37.55			Step 2	\$38.49		
			Step 3	\$39.53			Step 3	\$40.52		
			Step 4	\$41.61			Step 4	\$42.65		
			Step 5	\$43.80	\$7,592.00	\$91,104.00	Step 5	\$44.90	\$7,782.67	\$93,392.00

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
361	Non-exempt	Sr Mkt Analyst	Step 1	\$41.61			Step 1	\$42.65		
			Step 2	\$43.80			Step 2	\$44.90		
			Step 3	\$46.11			Step 3	\$47.26		
			Step 4	\$48.54			Step 4	\$49.75		
			Step 5	\$51.09	\$8,855.60	\$106,267.20	Step 5	\$52.37	\$9,077.47	\$108,929.60
3610	Non-exempt	Sr Mkt Analyst - S	Step 1	\$41.61			Step 1	\$42.65		
			Step 2	\$43.80			Step 2	\$44.90		
			Step 3	\$46.11			Step 3	\$47.26		
			Step 4	\$48.54			Step 4	\$49.75		
			Step 5	\$51.09	\$8,855.60	\$106,267.20	Step 5	\$52.37	\$9,077.47	\$108,929.60
506	Non-exempt	Sr Operator Wqc	Step 1	\$36.08			Step 1	\$36.98		
			Step 2	\$37.98			Step 2	\$38.93		
			Step 3	\$39.98			Step 3	\$40.98		
			Step 4	\$42.08			Step 4	\$43.14		
			Step 5	\$44.30	\$7,678.67	\$92,144.00	Step 5	\$45.41	\$7,871.07	\$94,452.80
318	Non-exempt	Sr Planner	Step 1	\$42.38			Step 1	\$43.44		
			Step 2	\$44.61			Step 2	\$45.72		
			Step 3	\$46.96			Step 3	\$48.13		
			Step 4	\$49.43			Step 4	\$50.66		
			Step 5	\$52.03	\$9,018.53	\$108,222.40	Step 5	\$53.33	\$9,243.87	\$110,926.40
280	Non-exempt	Sr Ranger	Step 1	\$30.61			Step 1	\$31.38		
			Step 2	\$32.22			Step 2	\$33.03		
			Step 3	\$33.92			Step 3	\$34.77		
			Step 4	\$35.71			Step 4	\$36.60		
			Step 5	\$37.59	\$6,515.60	\$78,187.20	Step 5	\$38.52	\$6,676.80	\$80,121.60
261	Non-exempt	Sr Util Field Svc Rep	Step 1	\$34.16			Step 1	\$35.01		
			Step 2	\$35.95			Step 2	\$36.85		
			Step 3	\$37.85			Step 3	\$38.79		
			Step 4	\$39.84			Step 4	\$40.83		
			Step 5	\$41.93	\$7,267.87	\$87,214.40	Step 5	\$42.98	\$7,449.87	\$89,398.40
501	Non-exempt	Sr Water Sys Oper	Step 1	\$36.08			Step 1	\$36.98		
			Step 2	\$37.98			Step 2	\$38.93		
			Step 3	\$39.98			Step 3	\$40.98		
			Step 4	\$42.08			Step 4	\$43.14		
			Step 5	\$44.30	\$7,678.67	\$92,144.00	Step 5	\$45.41	\$7,871.07	\$94,452.80

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
405	Non-exempt	St Maint Asst	Step 1	\$22.41			Step 1	\$22.97		
			Step 2	\$23.59			Step 2	\$24.18		
			Step 3	\$24.83			Step 3	\$25.45		
			Step 4	\$26.13			Step 4	\$26.79		
			Step 5	\$27.51	\$4,768.40	\$57,220.80	Step 5	\$28.20	\$4,888.00	\$58,656.00
392	Non-exempt	St Sweeper Op	Step 1	\$26.01			Step 1	\$26.66		
			Step 2	\$27.38			Step 2	\$28.06		
			Step 3	\$28.82			Step 3	\$29.54		
			Step 4	\$30.34			Step 4	\$31.10		
			Step 5	\$31.93	\$5,534.53	\$66,414.40	Step 5	\$32.73	\$5,673.20	\$68,078.40
393	Non-exempt	St Sweeper Op-Lead	Step 1	\$27.83			Step 1	\$28.52		
			Step 2	\$29.29			Step 2	\$30.03		
			Step 3	\$30.84			Step 3	\$31.61		
			Step 4	\$32.46			Step 4	\$33.27		
			Step 5	\$34.17	\$5,922.80	\$71,073.60	Step 5	\$35.02	\$6,070.13	\$72,841.60
248	Non-exempt	Storekeeper	Step 1	\$24.45			Step 1	\$25.06		
			Step 2	\$25.74			Step 2	\$26.38		
			Step 3	\$27.09			Step 3	\$27.77		
			Step 4	\$28.52			Step 4	\$29.23		
			Step 5	\$30.02	\$5,203.47	\$62,441.60	Step 5	\$30.77	\$5,333.47	\$64,001.60
288	Non-exempt	Storekeeper-L	Step 1	\$26.17			Step 1	\$26.82		
			Step 2	\$27.55			Step 2	\$28.24		
			Step 3	\$29.00			Step 3	\$29.72		
			Step 4	\$30.52			Step 4	\$31.29		
			Step 5	\$32.13	\$5,569.20	\$66,830.40	Step 5	\$32.93	\$5,707.87	\$68,494.40
545	Non-exempt	Street Light, Traffic Signal and Fiber – Apprentice	Step 1	\$34.59			Step 1	\$35.45		
			Step 2	\$36.41			Step 2	\$37.32		
			Step 3	\$38.32			Step 3	\$39.28		
			Step 4	\$40.34			Step 4	\$41.35		
			Step 5	\$42.46	\$7,359.73	\$88,316.80	Step 5	\$43.52	\$7,543.47	\$90,521.60
547	Non-exempt	Street Light, Traffic Signal and Fiber – Lead	Step 1	\$39.11			Step 1	\$40.09		
			Step 2	\$41.17			Step 2	\$42.20		
			Step 3	\$43.34			Step 3	\$44.42		
			Step 4	\$45.62			Step 4	\$46.76		
			Step 5	\$48.02	\$8,323.47	\$99,881.60	Step 5	\$49.22	\$8,531.47	\$102,377.60

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
546	Non-exempt	Street Light, Traffic Signal and Fiber Technician	Step 1	\$36.56			Step 1	\$37.47		
			Step 2	\$38.48			Step 2	\$39.44		
			Step 3	\$40.50			Step 3	\$41.52		
			Step 4	\$42.64			Step 4	\$43.70		
			Step 5	\$44.88	\$7,779.20	\$93,350.40	Step 5	\$46.00	\$7,973.33	\$95,680.00
549	Non-exempt	Substation Electrician	Step 1	\$39.88			Step 1	\$40.88		
			Step 2	\$41.98			Step 2	\$43.03		
			Step 3	\$44.19			Step 3	\$45.29		
			Step 4	\$46.51			Step 4	\$47.67		
			Step 5	\$48.96	\$8,486.40	\$101,836.80	Step 5	\$50.18	\$8,697.87	\$104,374.40
548	Non-exempt	Substation Electrician - Apprentice	Step 1	\$37.74			Step 1	\$38.69		
			Step 2	\$39.73			Step 2	\$40.72		
			Step 3	\$41.82			Step 3	\$42.87		
			Step 4	\$44.02			Step 4	\$45.12		
			Step 5	\$46.34	\$8,032.27	\$96,387.20	Step 5	\$47.50	\$8,233.33	\$98,800.00
550	Non-exempt	Substation Electrician - Lead	Step 1	\$42.67			Step 1	\$43.74		
			Step 2	\$44.92			Step 2	\$46.04		
			Step 3	\$47.28			Step 3	\$48.46		
			Step 4	\$49.77			Step 4	\$51.01		
			Step 5	\$52.39	\$9,080.93	\$108,971.20	Step 5	\$53.70	\$9,308.00	\$111,696.00
326	Non-exempt	Surveying Asst	Step 1	\$30.35			Step 1	\$31.10		
			Step 2	\$31.94			Step 2	\$32.74		
			Step 3	\$33.62			Step 3	\$34.46		
			Step 4	\$35.39			Step 4	\$36.28		
			Step 5	\$37.26	\$6,458.40	\$77,500.80	Step 5	\$38.19	\$6,619.60	\$79,435.20
325	Non-exempt	Surveyor, Public Wks	Step 1	\$33.02			Step 1	\$33.84		
			Step 2	\$34.75			Step 2	\$35.62		
			Step 3	\$36.58			Step 3	\$37.50		
			Step 4	\$38.51			Step 4	\$39.47		
			Step 5	\$40.54	\$7,026.93	\$84,323.20	Step 5	\$41.55	\$7,202.00	\$86,424.00
309	Non-exempt	System Op/Sched	Step 1	\$37.33			Step 1	\$38.27		
			Step 2	\$39.30			Step 2	\$40.28		
			Step 3	\$41.37			Step 3	\$42.40		
			Step 4	\$43.54			Step 4	\$44.63		
			Step 5	\$45.84	\$7,945.60	\$95,347.20	Step 5	\$46.98	\$8,143.20	\$97,718.40

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
362	Non-exempt	Technologist	Step 1	\$45.69			Step 1	\$46.84		
			Step 2	\$48.10			Step 2	\$49.30		
			Step 3	\$50.63			Step 3	\$51.89		
			Step 4	\$53.29			Step 4	\$54.63		
			Step 5	\$56.10	\$9,724.00	\$116,688.00	Step 5	\$57.50	\$9,966.67	\$119,600.00
3620	Non-exempt	Technologist - S	Step 1	\$45.69			Step 1	\$46.84		
			Step 2	\$48.10			Step 2	\$49.30		
			Step 3	\$50.63			Step 3	\$51.89		
			Step 4	\$53.29			Step 4	\$54.63		
			Step 5	\$56.10	\$9,724.00	\$116,688.00	Step 5	\$57.50	\$9,966.67	\$119,600.00
229	Non-exempt	Theater Specialist	Step 1	\$33.01			Step 1	\$33.83		
			Step 2	\$34.74			Step 2	\$35.61		
			Step 3	\$36.57			Step 3	\$37.49		
			Step 4	\$38.50			Step 4	\$39.46		
			Step 5	\$40.52	\$7,023.47	\$84,281.60	Step 5	\$41.54	\$7,200.27	\$86,403.20
406	Non-exempt	Traf Cont Maint I	Step 1	\$26.23			Step 1	\$26.89		
			Step 2	\$27.62			Step 2	\$28.31		
			Step 3	\$29.07			Step 3	\$29.80		
			Step 4	\$30.60			Step 4	\$31.36		
			Step 5	\$32.21	\$5,583.07	\$66,996.80	Step 5	\$33.01	\$5,721.73	\$68,660.80
412	Non-exempt	Traf Cont Maint li	Step 1	\$24.29			Step 1	\$24.89		
			Step 2	\$25.56			Step 2	\$26.20		
			Step 3	\$26.91			Step 3	\$27.58		
			Step 4	\$28.33			Step 4	\$29.03		
			Step 5	\$29.82	\$5,168.80	\$62,025.60	Step 5	\$30.56	\$5,297.07	\$63,564.80
407	Non-exempt	Traf Cont Maint-L	Step 1	\$28.06			Step 1	\$28.76		
			Step 2	\$29.54			Step 2	\$30.28		
			Step 3	\$31.09			Step 3	\$31.87		
			Step 4	\$32.73			Step 4	\$33.55		
			Step 5	\$34.45	\$5,971.33	\$71,656.00	Step 5	\$35.31	\$6,120.40	\$73,444.80
435	Non-exempt	Tree Maint Asst	Step 1	\$23.61			Step 1	\$24.20		
			Step 2	\$24.85			Step 2	\$25.47		
			Step 3	\$26.16			Step 3	\$26.81		
			Step 4	\$27.54			Step 4	\$28.23		
			Step 5	\$28.99	\$5,024.93	\$60,299.20	Step 5	\$29.71	\$5,149.73	\$61,796.80

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
434	Non-exempt	Tree Maintenance Specialist	Step 1	\$27.55			Step 1	\$28.24		
			Step 2	\$29.00			Step 2	\$29.72		
			Step 3	\$30.52			Step 3	\$31.29		
			Step 4	\$32.13			Step 4	\$32.93		
			Step 5	\$33.82	\$5,862.13	\$70,345.60	Step 5	\$34.67	\$6,009.47	\$72,113.60
430	Non-exempt	Tree Trim/Ln Clr	Step 1	\$27.12			Step 1	\$27.80		
			Step 2	\$28.55			Step 2	\$29.26		
			Step 3	\$30.05			Step 3	\$30.80		
			Step 4	\$31.63			Step 4	\$32.42		
			Step 5	\$33.30	\$5,772.00	\$69,264.00	Step 5	\$34.13	\$5,915.87	\$70,990.40
431	Non-exempt	Tree Trim/Ln Clr-L	Step 1	\$29.02			Step 1	\$29.74		
			Step 2	\$30.54			Step 2	\$31.31		
			Step 3	\$32.15			Step 3	\$32.95		
			Step 4	\$33.84			Step 4	\$34.69		
			Step 5	\$35.62	\$6,174.13	\$74,089.60	Step 5	\$36.51	\$6,328.40	\$75,940.80
432	Non-exempt	Tree Trm/Ln Clr Asst	Step 1	\$25.56			Step 1	\$26.20		
			Step 2	\$26.91			Step 2	\$27.58		
			Step 3	\$28.32			Step 3	\$29.03		
			Step 4	\$29.81			Step 4	\$30.56		
			Step 5	\$31.38	\$5,439.20	\$65,270.40	Step 5	\$32.17	\$5,576.13	\$66,913.60
215	Non-exempt	Util Acct Rep	Step 1	\$31.87			Step 1	\$32.67		
			Step 2	\$33.55			Step 2	\$34.39		
			Step 3	\$35.31			Step 3	\$36.20		
			Step 4	\$37.17			Step 4	\$38.10		
			Step 5	\$39.13	\$6,782.53	\$81,390.40	Step 5	\$40.11	\$6,952.40	\$83,428.80
223	Non-exempt	Util Acctg Tech	Step 1	\$25.38			Step 1	\$26.02		
			Step 2	\$26.72			Step 2	\$27.38		
			Step 3	\$28.12			Step 3	\$28.83		
			Step 4	\$29.60			Step 4	\$30.34		
			Step 5	\$31.16	\$5,401.07	\$64,812.80	Step 5	\$31.94	\$5,536.27	\$66,435.20
272	Non-exempt	Util Comp Tech	Step 1	\$39.11			Step 1	\$40.09		
			Step 2	\$41.17			Step 2	\$42.20		
			Step 3	\$43.33			Step 3	\$44.42		
			Step 4	\$45.62			Step 4	\$46.76		
			Step 5	\$48.02	\$8,323.47	\$99,881.60	Step 5	\$49.22	\$8,531.47	\$102,377.60

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
273	Non-exempt	Util Comp Tech-L	Step 1	\$41.85			Step 1	\$42.89		
			Step 2	\$44.05			Step 2	\$45.15		
			Step 3	\$46.37			Step 3	\$47.53		
			Step 4	\$48.81			Step 4	\$50.03		
			Step 5	\$51.38	\$8,905.87	\$106,870.40	Step 5	\$52.66	\$9,127.73	\$109,532.80
219	Non-exempt	Util Credit/Col Spec	Step 1	\$30.23			Step 1	\$30.99		
			Step 2	\$31.82			Step 2	\$32.62		
			Step 3	\$33.50			Step 3	\$34.34		
			Step 4	\$35.26			Step 4	\$36.14		
			Step 5	\$37.12	\$6,434.13	\$77,209.60	Step 5	\$38.05	\$6,595.33	\$79,144.00
310	Non-exempt	Util Engr Estimator	Step 1	\$39.25			Step 1	\$40.23		
			Step 2	\$41.32			Step 2	\$42.35		
			Step 3	\$43.49			Step 3	\$44.58		
			Step 4	\$45.78			Step 4	\$46.93		
			Step 5	\$48.19	\$8,352.93	\$100,235.20	Step 5	\$49.39	\$8,560.93	\$102,731.20
486	Non-exempt	Util Fld Svcs Rep	Step 1	\$31.93			Step 1	\$32.73		
			Step 2	\$33.61			Step 2	\$34.45		
			Step 3	\$35.38			Step 3	\$36.27		
			Step 4	\$37.24			Step 4	\$38.18		
			Step 5	\$39.20	\$6,794.67	\$81,536.00	Step 5	\$40.18	\$6,964.53	\$83,574.40
480	Non-exempt	Util Install/Rep	Step 1	\$31.14			Step 1	\$31.92		
			Step 2	\$32.78			Step 2	\$33.59		
			Step 3	\$34.50			Step 3	\$35.36		
			Step 4	\$36.32			Step 4	\$37.22		
			Step 5	\$38.23	\$6,626.53	\$79,518.40	Step 5	\$39.18	\$6,791.20	\$81,494.40
481	Non-exempt	Util Install/Rep Ast	Step 1	\$26.41			Step 1	\$27.07		
			Step 2	\$27.80			Step 2	\$28.49		
			Step 3	\$29.26			Step 3	\$29.99		
			Step 4	\$30.80			Step 4	\$31.57		
			Step 5	\$32.42	\$5,619.47	\$67,433.60	Step 5	\$33.23	\$5,759.87	\$69,118.40
479	Non-exempt	Util Install/Rep-L	Step 1	\$33.98			Step 1	\$34.83		
			Step 2	\$35.77			Step 2	\$36.66		
			Step 3	\$37.65			Step 3	\$38.59		
			Step 4	\$39.63			Step 4	\$40.63		
			Step 5	\$41.72	\$7,231.47	\$86,777.60	Step 5	\$42.76	\$7,411.73	\$88,940.80

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
363	Non-exempt	Util Key Acct Rep	Step 1	\$38.59			Step 1	\$39.56		
			Step 2	\$40.62			Step 2	\$41.64		
			Step 3	\$42.76			Step 3	\$43.83		
			Step 4	\$45.01			Step 4	\$46.14		
			Step 5	\$47.38	\$8,212.53	\$98,550.40	Step 5	\$48.56	\$8,417.07	\$101,004.80
271	Non-exempt	Util Locator	Step 1	\$29.31			Step 1	\$30.04		
			Step 2	\$30.85			Step 2	\$31.62		
			Step 3	\$32.47			Step 3	\$33.29		
			Step 4	\$34.18			Step 4	\$35.04		
			Step 5	\$35.98	\$6,236.53	\$74,838.40	Step 5	\$36.88	\$6,392.53	\$76,710.40
364	Non-exempt	Util Mkt Analyst	Step 1	\$34.87			Step 1	\$35.74		
			Step 2	\$36.70			Step 2	\$37.62		
			Step 3	\$38.64			Step 3	\$39.60		
			Step 4	\$40.67			Step 4	\$41.69		
			Step 5	\$42.81	\$7,420.40	\$89,044.80	Step 5	\$43.88	\$7,605.87	\$91,270.40
233	Non-exempt	Util Rate Analyst	Step 1	\$35.34			Step 1	\$36.23		
			Step 2	\$37.20			Step 2	\$38.13		
			Step 3	\$39.16			Step 3	\$40.14		
			Step 4	\$41.22			Step 4	\$42.25		
			Step 5	\$43.39	\$7,520.93	\$90,251.20	Step 5	\$44.48	\$7,709.87	\$92,518.40
307	Non-exempt	Util Syst Oper	Step 1	\$41.38			Step 1	\$42.41		
			Step 2	\$43.56			Step 2	\$44.65		
			Step 3	\$45.85			Step 3	\$47.00		
			Step 4	\$48.26			Step 4	\$49.47		
			Step 5	\$50.80	\$8,805.33	\$105,664.00	Step 5	\$52.07	\$9,025.47	\$108,305.60
284	Non-exempt	Utilities Engineer Estimator Lead	Step 1	\$42.00			Step 1	\$43.05		
			Step 2	\$44.21			Step 2	\$45.31		
			Step 3	\$46.53			Step 3	\$47.70		
			Step 4	\$48.98			Step 4	\$50.21		
			Step 5	\$51.56	\$8,937.07	\$107,244.80	Step 5	\$52.85	\$9,160.67	\$109,928.00
3630	Non-exempt	Utility Key Account Rep - S	Step 1	\$38.59			Step 1	\$39.56		
			Step 2	\$40.62			Step 2	\$41.64		
			Step 3	\$42.76			Step 3	\$43.83		
			Step 4	\$45.01			Step 4	\$46.14		
			Step 5	\$47.38	\$8,212.53	\$98,550.40	Step 5	\$48.56	\$8,417.07	\$101,004.80

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
290	Non-exempt	Utl Install Repair Lead-Welding Cert	Step 1	\$34.78			Step 1	\$35.65		
			Step 2	\$36.61			Step 2	\$37.52		
			Step 3	\$38.53			Step 3	\$39.50		
			Step 4	\$40.56			Step 4	\$41.58		
			Step 5	\$42.70	\$7,401.33	\$88,816.00	Step 5	\$43.76	\$7,585.07	\$91,020.80
289	Non-exempt	Utl Install Repair-Welding Cert	Step 1	\$32.36			Step 1	\$33.17		
			Step 2	\$34.07			Step 2	\$34.92		
			Step 3	\$35.86			Step 3	\$36.75		
			Step 4	\$37.75			Step 4	\$38.69		
			Step 5	\$39.73	\$6,886.53	\$82,638.40	Step 5	\$40.73	\$7,059.87	\$84,718.40
278	Non-exempt	Veterinarian Tech	Step 1	\$24.14			Step 1	\$24.74		
			Step 2	\$25.41			Step 2	\$26.05		
			Step 3	\$26.75			Step 3	\$27.42		
			Step 4	\$28.16			Step 4	\$28.86		
			Step 5	\$29.64	\$5,137.60	\$61,651.20	Step 5	\$30.38	\$5,265.87	\$63,190.40
274	Non-exempt	Volunteer Coord	Step 1	\$28.01			Step 1	\$28.71		
			Step 2	\$29.49			Step 2	\$30.23		
			Step 3	\$31.04			Step 3	\$31.82		
			Step 4	\$32.67			Step 4	\$33.49		
			Step 5	\$34.39	\$5,960.93	\$71,531.20	Step 5	\$35.25	\$6,110.00	\$73,320.00
482	Non-exempt	Water Meter Rep Asst	Step 1	\$22.77			Step 1	\$23.34		
			Step 2	\$23.97			Step 2	\$24.57		
			Step 3	\$25.23			Step 3	\$25.86		
			Step 4	\$26.56			Step 4	\$27.22		
			Step 5	\$27.95	\$4,844.67	\$58,136.00	Step 5	\$28.65	\$4,966.00	\$59,592.00
484	Non-exempt	Water Meter Repair	Step 1	\$25.22			Step 1	\$25.85		
			Step 2	\$26.54			Step 2	\$27.21		
			Step 3	\$27.94			Step 3	\$28.64		
			Step 4	\$29.41			Step 4	\$30.15		
			Step 5	\$30.96	\$5,366.40	\$64,396.80	Step 5	\$31.73	\$5,499.87	\$65,998.40
499	Non-exempt	Water Sys Oper I	Step 1	\$27.85			Step 1	\$28.55		
			Step 2	\$29.32			Step 2	\$30.05		
			Step 3	\$30.86			Step 3	\$31.64		
			Step 4	\$32.49			Step 4	\$33.30		
			Step 5	\$34.20	\$5,928.00	\$71,136.00	Step 5	\$35.05	\$6,075.33	\$72,904.00

Appendix A-2
MOA Between City of Palo Alto and SEIU
2014-2015 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 2014-PP8				Salary Effective 2014-PP26			
			Steps	Rate	Approx. Monthly	Approx. Annual	Steps	Rate	Approx. Monthly	Approx. Annual
507	Non-exempt	Water Sys Oper II	Step 1	\$31.82			Step 1	\$32.62		
			Step 2	\$33.50			Step 2	\$34.33		
			Step 3	\$35.26			Step 3	\$36.14		
			Step 4	\$37.11			Step 4	\$38.04		
			Step 5	\$39.07	\$6,772.13	\$81,265.60	Step 5	\$40.04	\$6,940.27	\$83,283.20
500	Non-exempt	WQC Plt Oper I	Step 1	\$27.85			Step 1	\$28.55		
			Step 2	\$29.32			Step 2	\$30.05		
			Step 3	\$30.86			Step 3	\$31.64		
			Step 4	\$32.49			Step 4	\$33.30		
			Step 5	\$34.20	\$5,928.00	\$71,136.00	Step 5	\$35.05	\$6,075.33	\$72,904.00
509	Non-exempt	WQC Plt Oper II	Step 1	\$31.82			Step 1	\$32.62		
			Step 2	\$33.50			Step 2	\$34.33		
			Step 3	\$35.26			Step 3	\$36.14		
			Step 4	\$37.11			Step 4	\$38.04		
			Step 5	\$39.07	\$6,772.13	\$81,265.60	Step 5	\$40.04	\$6,940.27	\$83,283.20
510	Non-exempt	WQC Plt Oper Trn	Step 1	\$24.52			Step 1	\$25.13		
			Step 2	\$25.81			Step 2	\$26.45		
			Step 3	\$27.17			Step 3	\$27.84		
			Step 4	\$28.60			Step 4	\$29.31		
			Step 5	\$30.10	\$5,217.33	\$62,608.00	Step 5	\$30.85	\$5,347.33	\$64,168.00
226	Non-exempt	Wtr Mtr Crs Cn Tec	Step 1	\$25.87			Step 1	\$26.51		
			Step 2	\$27.23			Step 2	\$27.91		
			Step 3	\$28.66			Step 3	\$29.38		
			Step 4	\$30.17			Step 4	\$30.92		
			Step 5	\$31.76	\$5,505.07	\$66,060.80	Step 5	\$32.55	\$5,642.00	\$67,704.00

EXHIBIT "4"

IAFF Salary Schedule															
Job Code	FLSA	Shift/ Non-Shift	Job Title	Salary Effective the pay period following adoption (7.5% Increase)				Salary Effective PP including 7/1/2016 2016-14 (10.5% Increase)				Salary Effective PP including 06/26/2017 2017-14 (2.5% Increase)			
				Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
601	Non-exempt	SH	FIRE APPARATUS OP	Step 1	\$ 27.58			Step 1	\$ 30.48			Step 1	\$ 31.25		
				Step 2	\$ 29.03			Step 2	\$ 32.08			Step 2	\$ 32.89		
				Step 3	\$ 30.56			Step 3	\$ 33.77			Step 3	\$ 34.62		
				Step 4	\$ 32.17			Step 4	\$ 35.55			Step 4	\$ 36.44		
				Step 5	\$ 33.86	~~\$ 8,216.69~~	~~\$ 98,600.32~~	Step 5	\$ 37.42	~~\$ 9,080.59~~	~~\$ 108,967.04~~	Step 5	\$ 38.36	~~\$ 9,308.69~~	~~\$ 111,704.32~~
602	Non-exempt	SH	FIRE CAPTAIN	Step 1	\$ 32.73			Step 1	\$ 36.17			Step 1	\$ 37.07		
				Step 2	\$ 34.45			Step 2	\$ 38.07			Step 2	\$ 39.02		
				Step 3	\$ 36.26			Step 3	\$ 40.07			Step 3	\$ 41.07		
				Step 4	\$ 38.17			Step 4	\$ 42.18			Step 4	\$ 43.23		
				Step 5	\$ 40.18	~~\$ 9,750.35~~	~~\$ 117,004.16~~	Step 5	\$ 44.40	~~\$ 10,774.40~~	~~\$ 129,292.80~~	Step 5	\$ 45.51	~~\$ 11,043.76~~	~~\$ 132,525.12~~
603	Non-exempt	SH	FIRE INSPECTOR	Step 1	\$ 34.36			Step 1	\$ 37.97			Step 1	\$ 38.91		
				Step 2	\$ 36.17			Step 2	\$ 39.97			Step 2	\$ 40.96		
				Step 3	\$ 38.07			Step 3	\$ 42.07			Step 3	\$ 43.12		
				Step 4	\$ 40.07			Step 4	\$ 44.28			Step 4	\$ 45.39		
				Step 5	\$ 42.18	\$ 10,235.68	\$ 122,828.16	Step 5	\$ 46.61	\$ 11,310.69	\$ 135,728.32	Step 5	\$ 47.78	\$ 11,594.61	\$ 139,135.36
604	Non-exempt	SH	FIRE FIGHTER	Step 1	\$ 25.80			Step 1	\$ 28.51			Step 1	\$ 29.23		
				Step 2	\$ 27.16			Step 2	\$ 30.01			Step 2	\$ 30.77		
				Step 3	\$ 28.59			Step 3	\$ 31.59			Step 3	\$ 32.39		
				Step 4	\$ 30.09			Step 4	\$ 33.25			Step 4	\$ 34.09		
				Step 5	\$ 31.67	\$ 7,685.25	\$ 92,223.04	Step 5	\$ 35.00	\$ 8,493.33	\$ 101,920.00	Step 5	\$ 35.88	\$ 8,706.88	\$ 104,482.56
606	Non-exempt	SH	OPER PARAMEDIC-12.5	Step 1	\$ 31.03			Step 1	\$ 34.29			Step 1	\$ 35.14		
				Step 2	\$ 32.66			Step 2	\$ 36.09			Step 2	\$ 36.99		
				Step 3	\$ 34.38			Step 3	\$ 37.99			Step 3	\$ 38.94		
				Step 4	\$ 36.19			Step 4	\$ 39.99			Step 4	\$ 40.99		
				Step 5	\$ 38.09	\$ 9,243.17	\$ 110,918.08	Step 5	\$ 42.09	\$ 10,213.84	\$ 122,566.08	Step 5	\$ 43.15	\$ 10,471.07	\$ 125,652.80
608	Non-exempt	SH	CAPTAIN PARAMEDIC-12.5	Step 1	\$ 36.81			Step 1	\$ 40.69			Step 1	\$ 41.71		
				Step 2	\$ 38.75			Step 2	\$ 42.83			Step 2	\$ 43.90		
				Step 3	\$ 40.79			Step 3	\$ 45.08			Step 3	\$ 46.21		

Job#	FLSA	Shift/ Non-Shift	Job Title	Salary Effective the pay period following adoption (7.5% Increase)				Salary Effective PP including 7/1/2016 2016-14 (10.5% Increase)				Salary Effective PP including 06/26/2017 2017-14 (2.5% Increase)			
				Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
				Step 4	\$ 42.94			Step 4	\$ 47.45			Step 4	\$ 48.64		
				Step 5	\$ 45.20	\$ 10,968.53	\$ 131,622.40	Step 5	\$ 49.95	\$ 12,121.20	\$ 145,454.40	Step 5	\$ 51.20	\$ 12,424.53	\$ 149,094.40
610	Non-exempt	SH	INSPCTR PARAMDC-12.5	Step 1	\$ 37.14			Step 1	\$ 41.05			Step 1	\$ 42.08		
				Step 2	\$ 39.09			Step 2	\$ 43.21			Step 2	\$ 44.29		
				Step 3	\$ 41.15			Step 3	\$ 45.48			Step 3	\$ 46.62		
				Step 4	\$ 43.32			Step 4	\$ 47.87			Step 4	\$ 49.07		
				Step 5	\$ 45.60	\$ 11,065.60	\$ 132,787.20	Step 5	\$ 50.39	\$ 12,227.97	\$ 146,735.68	Step 5	\$ 51.65	\$ 12,533.73	\$ 150,404.80
676	Non-exempt	SH	F FIGHTR PARAMEDC-12.5	Step 1	\$ 29.02			Step 1	\$ 32.07			Step 1	\$ 32.88		
				Step 2	\$ 30.55			Step 2	\$ 33.76			Step 2	\$ 34.61		
				Step 3	\$ 32.16			Step 3	\$ 35.54			Step 3	\$ 36.43		
				Step 4	\$ 33.85			Step 4	\$ 37.41			Step 4	\$ 38.35		
				Step 5	\$ 35.63	\$ 8,646.21	\$ 103,754.56	Step 5	\$ 39.38	\$ 9,556.21	\$ 114,674.56	Step 5	\$ 40.37	\$ 9,796.45	\$ 117,557.44
677	Non-exempt	SH	HAZ MAT SPEC	Step 1	\$ 35.37			Step 1	\$ 39.08			Step 1	\$ 40.05		
				Step 2	\$ 37.23			Step 2	\$ 41.14			Step 2	\$ 42.16		
				Step 3	\$ 39.19			Step 3	\$ 43.30			Step 3	\$ 44.38		
				Step 4	\$ 41.25			Step 4	\$ 45.58			Step 4	\$ 46.72		
				Step 5	\$ 43.42	\$ 10,536.59	\$ 126,439.04	Step 5	\$ 47.98	\$ 11,643.15	\$ 139,717.76	Step 5	\$ 49.18	\$ 11,934.35	\$ 143,212.16
678	Non-exempt	SH	HAZ MAT INSPECTOR	Step 1	\$ 34.36			Step 1	\$ 37.97			Step 1	\$ 38.91		
				Step 2	\$ 36.17			Step 2	\$ 39.97			Step 2	\$ 40.96		
				Step 3	\$ 38.07			Step 3	\$ 42.07			Step 3	\$ 43.12		
				Step 4	\$ 40.07			Step 4	\$ 44.28			Step 4	\$ 45.39		
				Step 5	\$ 42.18	\$ 10,235.68	\$ 122,828.16	Step 5	\$ 46.61	\$ 11,310.69	\$ 135,728.32	Step 5	\$ 47.78	\$ 11,594.61	\$ 139,135.36
680	Non-exempt	SH	FIRE FIGHTER HAZ MAT	Step 1	\$ 27.08			Step 1	\$ 29.93			Step 1	\$ 30.69		
				Step 2	\$ 28.51			Step 2	\$ 31.50			Step 2	\$ 32.30		
				Step 3	\$ 30.01			Step 3	\$ 33.16			Step 3	\$ 34.00		
				Step 4	\$ 31.59			Step 4	\$ 34.91			Step 4	\$ 35.79		
				Step 5	\$ 33.25	\$ 8,068.67	\$ 96,824.00	Step 5	\$ 36.75	\$ 8,918.00	\$ 107,016.00	Step 5	\$ 37.67	\$ 9,141.25	\$ 109,695.04
681	Non-exempt	SH	FIRE APPR OP HAZ MAT	Step 1	\$ 28.95			Step 1	\$ 32.00			Step 1	\$ 32.80		
				Step 2	\$ 30.47			Step 2	\$ 33.68			Step 2	\$ 34.53		

Job#	Code	FLSA	Shift/ Non-Shift	Job Title	Salary Effective the pay period following adoption (7.5% Increase)				Salary Effective PP including 7/1/2016 2016-14 (10.5% Increase)				Salary Effective PP including 06/26/2017 2017-14 (2.5% Increase)			
					Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
					Step 3	\$ 32.07			Step 3	\$ 35.45			Step 3	\$ 36.35		
					Step 4	\$ 33.76			Step 4	\$ 37.32			Step 4	\$ 38.26		
					Step 5	\$ 35.54	\$ 8,624.37	\$ 103,492.48	Step 5	\$ 39.28	\$ 9,531.95	\$ 114,383.36	Step 5	\$ 40.27	\$ 9,772.19	\$ 117,266.24
682		Non-exempt	SH	FIRE CAPTAIN HAZ MAT	Step 1	\$ 34.37			Step 1	\$ 37.98			Step 1	\$ 38.92		
					Step 2	\$ 36.18			Step 2	\$ 39.98			Step 2	\$ 40.97		
					Step 3	\$ 38.08			Step 3	\$ 42.08			Step 3	\$ 43.13		
					Step 4	\$ 40.08			Step 4	\$ 44.29			Step 4	\$ 45.40		
					Step 5	\$ 42.19	\$ 10,238.11	\$ 122,857.28	Step 5	\$ 46.62	\$ 11,313.12	\$ 135,757.44	Step 5	\$ 47.79	\$ 11,597.04	\$ 139,164.48
683		Non-exempt	SH	FIRE FIGHTER EMT	Step 1	\$ 26.57			Step 1	\$ 29.36			Step 1	\$ 30.10		
					Step 2	\$ 27.97			Step 2	\$ 30.91			Step 2	\$ 31.68		
					Step 3	\$ 29.44			Step 3	\$ 32.54			Step 3	\$ 33.35		
					Step 4	\$ 30.99			Step 4	\$ 34.25			Step 4	\$ 35.11		
					Step 5	\$ 32.62	\$ 7,915.79	\$ 94,989.44	Step 5	\$ 36.05	\$ 8,748.13	\$ 104,977.60	Step 5	\$ 36.96	\$ 8,968.96	\$ 107,627.52
684		Non-exempt	SH	FIRE FGHTR HZ MT EMT	Step 1	\$ 27.87			Step 1	\$ 30.79			Step 1	\$ 31.57		
					Step 2	\$ 29.34			Step 2	\$ 32.41			Step 2	\$ 33.23		
					Step 3	\$ 30.88			Step 3	\$ 34.12			Step 3	\$ 34.98		
					Step 4	\$ 32.50			Step 4	\$ 35.92			Step 4	\$ 36.82		
					Step 5	\$ 34.21	\$ 8,301.63	\$ 99,619.52	Step 5	\$ 37.81	\$ 9,175.23	\$ 110,102.72	Step 5	\$ 38.76	\$ 9,405.76	\$ 112,869.12
685		Non-exempt	SH	FIRE APPARATUS OP EMT	Step 1	\$ 28.41			Step 1	\$ 31.40			Step 1	\$ 32.19		
					Step 2	\$ 29.91			Step 2	\$ 33.05			Step 2	\$ 33.88		
					Step 3	\$ 31.48			Step 3	\$ 34.79			Step 3	\$ 35.66		
					Step 4	\$ 33.14			Step 4	\$ 36.62			Step 4	\$ 37.54		
					Step 5	\$ 34.88	\$ 8,464.21	\$ 101,570.56	Step 5	\$ 38.55	\$ 9,354.80	\$ 112,257.60	Step 5	\$ 39.52	\$ 9,590.19	\$ 115,082.24
686		Non-exempt	SH	FIRE AP OP HZ MT EMT	Step 1	\$ 29.78			Step 1	\$ 32.92			Step 1	\$ 33.74		
					Step 2	\$ 31.35			Step 2	\$ 34.65			Step 2	\$ 35.52		
					Step 3	\$ 33.00			Step 3	\$ 36.47			Step 3	\$ 37.39		
					Step 4	\$ 34.74			Step 4	\$ 38.39			Step 4	\$ 39.36		
					Step 5	\$ 36.57	\$ 8,874.32	\$ 106,491.84	Step 5	\$ 40.41	\$ 9,806.16	\$ 117,673.92	Step 5	\$ 41.43	\$ 10,053.68	\$ 120,644.16
687		Non-exempt	SH	FIRE CAPTAIN EMT	Step 1	\$ 33.70			Step 1	\$ 37.25			Step 1	\$ 38.18		

Job#	FLSA	Shift/ Non-Shift	Job Title	Salary Effective the pay period following adoption (7.5% Increase)				Salary Effective PP including 7/1/2016 2016-14 (10.5% Increase)				Salary Effective PP including 06/26/2017 2017-14 (2.5% Increase)			
				Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
				Step 2	\$ 35.47			Step 2	\$ 39.21			Step 2	\$ 40.19		
				Step 3	\$ 37.34			Step 3	\$ 41.27			Step 3	\$ 42.31		
				Step 4	\$ 39.31			Step 4	\$ 43.44			Step 4	\$ 44.54		
				Step 5	\$ 41.38	\$ 10,041.55	\$ 120,498.56	Step 5	\$ 45.73	\$ 11,097.15	\$ 133,165.76	Step 5	\$ 46.88	\$ 11,376.21	\$ 136,514.56
688	Non-exempt	SH	FIRE CAP HAZ MAT EMT	Step 1	\$ 35.35			Step 1	\$ 39.06			Step 1	\$ 40.04		
				Step 2	\$ 37.21			Step 2	\$ 41.12			Step 2	\$ 42.15		
				Step 3	\$ 39.17			Step 3	\$ 43.28			Step 3	\$ 44.37		
				Step 4	\$ 41.23			Step 4	\$ 45.56			Step 4	\$ 46.70		
				Step 5	\$ 43.40	\$ 10,531.73	\$ 126,380.80	Step 5	\$ 47.96	\$ 11,638.29	\$ 139,659.52	Step 5	\$ 49.16	\$ 11,929.49	\$ 143,153.92
689	Non-exempt	SH	FIRE INSPECTOR EMT	Step 1	\$ 35.41			Step 1	\$ 39.12			Step 1	\$ 40.11		
				Step 2	\$ 37.27			Step 2	\$ 41.18			Step 2	\$ 42.22		
				Step 3	\$ 39.23			Step 3	\$ 43.35			Step 3	\$ 44.44		
				Step 4	\$ 41.29			Step 4	\$ 45.63			Step 4	\$ 46.78		
				Step 5	\$ 43.46	\$ 10,546.29	\$ 126,555.52	Step 5	\$ 48.03	\$ 11,655.28	\$ 139,863.36	Step 5	\$ 49.24	\$ 11,948.91	\$ 143,386.88
691	Non-exempt	SH	F FGH PRDMD-12.5 EMT	Step 1	\$ 29.79			Step 1	\$ 32.94			Step 1	\$ 33.76		
				Step 2	\$ 31.36			Step 2	\$ 34.67			Step 2	\$ 35.54		
				Step 3	\$ 33.01			Step 3	\$ 36.49			Step 3	\$ 37.41		
				Step 4	\$ 34.75			Step 4	\$ 38.41			Step 4	\$ 39.38		
				Step 5	\$ 36.58	\$ 8,876.75	\$ 106,520.96	Step 5	\$ 40.43	\$ 9,811.01	\$ 117,732.16	Step 5	\$ 41.45	\$ 10,058.53	\$ 120,702.40
693	Non-exempt	SH	OPR PRMDC-12.5 EMT	Step 1	\$ 31.85			Step 1	\$ 35.21			Step 1	\$ 36.09		
				Step 2	\$ 33.53			Step 2	\$ 37.06			Step 2	\$ 37.99		
				Step 3	\$ 35.29			Step 3	\$ 39.01			Step 3	\$ 39.99		
				Step 4	\$ 37.15			Step 4	\$ 41.06			Step 4	\$ 42.09		
				Step 5	\$ 39.11	\$ 9,490.69	\$ 113,888.32	Step 5	\$ 43.22	\$ 10,488.05	\$ 125,856.64	Step 5	\$ 44.31	\$ 10,752.56	\$ 129,030.72
695	Non-exempt	SH	CAPT PRMDC-12.5 EMT	Step 1	\$ 37.80			Step 1	\$ 41.77			Step 1	\$ 42.82		
				Step 2	\$ 39.79			Step 2	\$ 43.97			Step 2	\$ 45.07		
				Step 3	\$ 41.88			Step 3	\$ 46.28			Step 3	\$ 47.44		
				Step 4	\$ 44.08			Step 4	\$ 48.72			Step 4	\$ 49.94		
				Step 5	\$ 46.40	\$ 11,259.73	\$ 135,116.80	Step 5	\$ 51.28	\$ 12,443.95	\$ 149,327.36	Step 5	\$ 52.57	\$ 12,756.99	\$ 153,083.84

Job#	FLSA	Shift/ Non-Shift	Job Title	Salary Effective the pay period following adoption (7.5% Increase)				Salary Effective PP including 7/1/2016 2016-14 (10.5% Increase)				Salary Effective PP including 06/26/2017 2017-14 (2.5% Increase)			
				Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
696	Non-exempt	SH	HAZ MAT SPEC EMT	Step 1	\$ 36.42			Step 1	\$ 40.25			Step 1	\$ 41.26		
				Step 2	\$ 38.34			Step 2	\$ 42.37			Step 2	\$ 43.43		
				Step 3	\$ 40.36			Step 3	\$ 44.60			Step 3	\$ 45.72		
				Step 4	\$ 42.48			Step 4	\$ 46.95			Step 4	\$ 48.13		
				Step 5	\$ 44.72	\$ 10,852.05	\$ 130,224.64	Step 5	\$ 49.42	\$ 11,992.59	\$ 143,911.04	Step 5	\$ 50.66	\$ 12,293.49	\$ 147,521.92
TBD	Non-exempt	SH	FIRE FGTR EMT HAZ MT PARA	Step 1	\$ 31.08			Step 1	\$ 34.35			Step 1	\$ 35.22		
				Step 2	\$ 32.72			Step 2	\$ 36.16			Step 2	\$ 37.07		
				Step 3	\$ 34.44			Step 3	\$ 38.06			Step 3	\$ 39.02		
				Step 4	\$ 36.25			Step 4	\$ 40.06			Step 4	\$ 41.07		
				Step 5	\$ 38.16	\$ 9,260.16	\$ 111,121.92	Step 5	\$ 42.17	\$ 10,233.25	\$ 122,799.04	Step 5	\$ 43.23	\$ 10,490.48	\$ 125,885.76
TBD	Non-exempt	SH	FIRE AP OP EMT HAZ MT PARA	Step 1	\$ 33.23			Step 1	\$ 36.74			Step 1	\$ 37.64		
				Step 2	\$ 34.98			Step 2	\$ 38.67			Step 2	\$ 39.62		
				Step 3	\$ 36.82			Step 3	\$ 40.70			Step 3	\$ 41.71		
				Step 4	\$ 38.76			Step 4	\$ 42.84			Step 4	\$ 43.91		
				Step 5	\$ 40.80	\$ 9,900.80	\$ 118,809.60	Step 5	\$ 45.09	\$ 10,941.84	\$ 131,302.08	Step 5	\$ 46.22	\$ 11,216.05	\$ 134,592.64
634	Non-exempt	NS	FIRE APPARATUS OP	Step 1	\$ 38.61			Step 1	\$ 42.66			Step 1	\$ 43.74		
				Step 2	\$ 40.64			Step 2	\$ 44.91			Step 2	\$ 46.04		
				Step 3	\$ 42.78			Step 3	\$ 47.27			Step 3	\$ 48.46		
				Step 4	\$ 45.03			Step 4	\$ 49.76			Step 4	\$ 51.01		
				Step 5	\$ 47.40	\$ 8,216.00	\$ 98,592.00	Step 5	\$ 52.38	\$ 9,079.20	\$ 108,950.40	Step 5	\$ 53.69	\$ 9,306.27	\$ 111,675.20
635	Non-exempt	NS	FIRE CAPTAIN	Step 1	\$ 45.82			Step 1	\$ 50.64			Step 1	\$ 51.90		
				Step 2	\$ 48.23			Step 2	\$ 53.30			Step 2	\$ 54.63		
				Step 3	\$ 50.77			Step 3	\$ 56.10			Step 3	\$ 57.50		
				Step 4	\$ 53.44			Step 4	\$ 59.05			Step 4	\$ 60.53		
				Step 5	\$ 56.25	\$ 9,750.00	\$ 117,000.00	Step 5	\$ 62.16	\$ 10,774.40	\$ 129,292.80	Step 5	\$ 63.72	\$ 11,044.80	\$ 132,537.60
636	Non-exempt	NS	FIRE INSPECTOR	Step 1	\$ 48.11			Step 1	\$ 53.16			Step 1	\$ 54.49		
				Step 2	\$ 50.64			Step 2	\$ 55.96			Step 2	\$ 57.36		
				Step 3	\$ 53.30			Step 3	\$ 58.90			Step 3	\$ 60.38		
				Step 4	\$ 56.10			Step 4	\$ 62.00			Step 4	\$ 63.56		

Job#	FLSA	Shift/ Non-Shift	Job Title	Salary Effective the pay period following adoption (7.5% Increase)				Salary Effective PP including 7/1/2016 2016-14 (10.5% Increase)				Salary Effective PP including 06/26/2017 2017-14 (2.5% Increase)			
				Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
				Step 5	\$ 59.05	\$ 10,235.33	\$ 122,824.00	Step 5	\$ 65.26	\$ 11,311.73	\$ 135,740.80	Step 5	\$ 66.90	\$ 11,596.00	\$ 139,152.00
637	Non-exempt	NS	FIRE FIGHTER	Step 1	\$ 36.11			Step 1	\$ 39.91			Step 1	\$ 40.91		
				Step 2	\$ 38.01			Step 2	\$ 42.01			Step 2	\$ 43.06		
				Step 3	\$ 40.01			Step 3	\$ 44.22			Step 3	\$ 45.33		
				Step 4	\$ 42.12			Step 4	\$ 46.55			Step 4	\$ 47.72		
				Step 5	\$ 44.34	\$ 7,685.60	\$ 92,227.20	Step 5	\$ 49.00	\$ 8,493.33	\$ 101,920.00	Step 5	\$ 50.23	\$ 8,706.53	\$ 104,478.40
638	Non-exempt	NS	OPER PARAMEDIC-12.5	Step 1	\$ 43.42			Step 1	\$ 47.98			Step 1	\$ 49.19		
				Step 2	\$ 45.71			Step 2	\$ 50.51			Step 2	\$ 51.78		
				Step 3	\$ 48.12			Step 3	\$ 53.17			Step 3	\$ 54.51		
				Step 4	\$ 50.65			Step 4	\$ 55.97			Step 4	\$ 57.38		
				Step 5	\$ 53.32	\$ 9,242.13	\$ 110,905.60	Step 5	\$ 58.92	\$ 10,212.80	\$ 122,553.60	Step 5	\$ 60.40	\$ 10,469.33	\$ 125,632.00
639	Non-exempt	NS	CAPTAIN PARAMEDIC-12.5	Step 1	\$ 51.54			Step 1	\$ 56.95			Step 1	\$ 58.40		
				Step 2	\$ 54.25			Step 2	\$ 59.95			Step 2	\$ 61.47		
				Step 3	\$ 57.11			Step 3	\$ 63.11			Step 3	\$ 64.70		
				Step 4	\$ 60.12			Step 4	\$ 66.43			Step 4	\$ 68.10		
				Step 5	\$ 63.28	\$ 10,968.53	\$ 131,622.40	Step 5	\$ 69.93	\$ 12,121.20	\$ 145,454.40	Step 5	\$ 71.68	\$ 12,424.53	\$ 149,094.40
641	Non-exempt	NS	INSPCTR PARAMDC-12.5	Step 1	\$ 51.98			Step 1	\$ 57.45			Step 1	\$ 58.90		
				Step 2	\$ 54.72			Step 2	\$ 60.47			Step 2	\$ 62.00		
				Step 3	\$ 57.60			Step 3	\$ 63.65			Step 3	\$ 65.26		
				Step 4	\$ 60.63			Step 4	\$ 67.00			Step 4	\$ 68.69		
				Step 5	\$ 63.82	\$ 11,062.13	\$ 132,745.60	Step 5	\$ 70.53	\$ 12,225.20	\$ 146,702.40	Step 5	\$ 72.30	\$ 12,532.00	\$ 150,384.00
642	Non-exempt	NS	40-HR TRAINING CAPTAIN	Step 1	\$ 48.11			Step 1	\$ 53.16			Step 1	\$ 54.49		
				Step 2	\$ 50.64			Step 2	\$ 55.96			Step 2	\$ 57.36		
				Step 3	\$ 53.20			Step 3	\$ 58.90			Step 3	\$ 60.38		
				Step 4	\$ 56.10			Step 4	\$ 62.00			Step 4	\$ 63.56		
				Step 5	\$ 59.05	\$ 10,235.33	\$ 122,824.00	Step 5	\$ 65.26	\$ 11,311.73	\$ 135,740.80	Step 5	\$ 66.90	\$ 11,596.00	\$ 139,152.00
643	Non-exempt	NS	40-HR TRAINING CAPTAIN EMT	Step 1	\$ 49.55			Step 1	\$ 54.76			Step 1	\$ 56.13		
				Step 2	\$ 52.16			Step 2	\$ 57.64			Step 2	\$ 59.08		
				Step 3	\$ 54.90			Step 3	\$ 60.67			Step 3	\$ 62.19		

Job#	Code	FLSA	Shift/ Non-Shift	Job Title	Salary Effective the pay period following adoption (7.5% Increase)				Salary Effective PP including 7/1/2016 2016-14 (10.5% Increase)				Salary Effective PP including 06/26/2017 2017-14 (2.5% Increase)			
					Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
					Step 4	\$ 57.79			Step 4	\$ 63.86			Step 4	\$ 65.46		
					Step 5	\$ 60.83	\$ 10,543.87	\$ 126,526.40	Step 5	\$ 67.22	\$ 11,651.47	\$ 139,817.60	Step 5	\$ 68.91	\$ 11,944.40	\$ 143,332.80
644		Non-exempt	NS	F FIGHTR PARAMEDC-12.5	Step 1	\$ 40.62			Step 1	\$ 44.88			Step 1	\$ 46.02		
					Step 2	\$ 42.76			Step 2	\$ 47.24			Step 2	\$ 48.44		
					Step 3	\$ 45.01			Step 3	\$ 49.73			Step 3	\$ 50.99		
					Step 4	\$ 47.38			Step 4	\$ 52.35			Step 4	\$ 53.67		
					Step 5	\$ 49.87	\$ 8,644.13	\$ 103,729.60	Step 5	\$ 55.11	\$ 9,552.40	\$ 114,628.80	Step 5	\$ 56.49	\$ 9,791.60	\$ 117,499.20
645		Non-exempt	NS	HAZ MAT SPEC	Step 1	\$ 49.51			Step 1	\$ 54.72			Step 1	\$ 56.09		
					Step 2	\$ 52.12			Step 2	\$ 57.60			Step 2	\$ 59.04		
					Step 3	\$ 54.86			Step 3	\$ 60.63			Step 3	\$ 62.15		
					Step 4	\$ 57.75			Step 4	\$ 63.82			Step 4	\$ 65.42		
					Step 5	\$ 60.79	\$ 10,536.93	\$ 126,443.20	Step 5	\$ 67.18	\$ 11,644.53	\$ 139,734.40	Step 5	\$ 68.86	\$ 11,935.73	\$ 143,228.80
646		Non-exempt	NS	HAZ MAT INSPECTOR	Step 1	\$ 48.11			Step 1	\$ 53.16			Step 1	\$ 54.49		
					Step 2	\$ 50.64			Step 2	\$ 55.96			Step 2	\$ 57.36		
					Step 3	\$ 53.30			Step 3	\$ 58.90			Step 3	\$ 60.38		
					Step 4	\$ 56.10			Step 4	\$ 62.00			Step 4	\$ 63.56		
					Step 5	\$ 59.05	\$ 10,235.33	\$ 122,824.00	Step 5	\$ 65.26	\$ 11,311.73	\$ 135,740.80	Step 5	\$ 66.90	\$ 11,596.00	\$ 139,152.00
647		Non-exempt	NS	FIRE FIGHTER HAZ MAT	Step 1	\$ 37.91			Step 1	\$ 41.90			Step 1	\$ 42.95		
					Step 2	\$ 39.91			Step 2	\$ 44.11			Step 2	\$ 45.21		
					Step 3	\$ 42.01			Step 3	\$ 46.43			Step 3	\$ 47.59		
					Step 4	\$ 44.22			Step 4	\$ 48.87			Step 4	\$ 50.09		
					Step 5	\$ 46.55	\$ 8,068.67	\$ 96,824.00	Step 5	\$ 51.44	\$ 8,916.27	\$ 106,995.20	Step 5	\$ 52.73	\$ 9,139.87	\$ 109,678.40
650		Non-exempt	NS	FIRE APPR OP HAZ MAT	Step 1	\$ 40.54			Step 1	\$ 44.80			Step 1	\$ 45.92		
					Step 2	\$ 42.67			Step 2	\$ 47.16			Step 2	\$ 48.34		
					Step 3	\$ 44.92			Step 3	\$ 49.64			Step 3	\$ 50.88		
					Step 4	\$ 47.28			Step 4	\$ 52.25			Step 4	\$ 53.56		
					Step 5	\$ 49.77	\$ 8,626.80	\$ 103,521.60	Step 5	\$ 55.00	\$ 9,533.33	\$ 114,400.00	Step 5	\$ 56.38	\$ 9,772.53	\$ 117,270.40
648		Non-exempt	NS	FIRE CAPTAIN HAZ MAT	Step 1	\$ 48.11			Step 1	\$ 53.16			Step 1	\$ 54.49		
					Step 2	\$ 50.64			Step 2	\$ 55.96			Step 2	\$ 57.36		

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					Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
					Step 3	\$ 53.30			Step 3	\$ 58.90			Step 3	\$ 60.38		
					Step 4	\$ 56.10			Step 4	\$ 62.00			Step 4	\$ 63.56		
					Step 5	\$ 59.05	\$ 10,235.33	\$ 122,824.00	Step 5	\$ 65.26	\$ 11,311.73	\$ 135,740.80	Step 5	\$ 66.90	\$ 11,596.00	\$ 139,152.00
649		Non-exempt	NS	FIRE FIGHTER EMT	Step 1	\$ 37.20			Step 1	\$ 41.11			Step 1	\$ 42.14		
					Step 2	\$ 39.16			Step 2	\$ 43.27			Step 2	\$ 44.36		
					Step 3	\$ 41.22			Step 3	\$ 45.55			Step 3	\$ 46.69		
					Step 4	\$ 43.39			Step 4	\$ 47.95			Step 4	\$ 49.15		
					Step 5	\$ 45.67	\$ 7,916.13	\$ 94,993.60	Step 5	\$ 50.47	\$ 8,748.13	\$ 104,977.60	Step 5	\$ 51.74	\$ 8,968.27	\$ 107,619.20
651		Non-exempt	NS	FIRE FGHR HZ MT EMT	Step 1	\$ 39.02			Step 1	\$ 43.10			Step 1	\$ 44.18		
					Step 2	\$ 41.07			Step 2	\$ 45.37			Step 2	\$ 46.51		
					Step 3	\$ 43.23			Step 3	\$ 47.76			Step 3	\$ 48.96		
					Step 4	\$ 45.50			Step 4	\$ 50.27			Step 4	\$ 51.54		
					Step 5	\$ 47.89	\$ 8,300.93	\$ 99,611.20	Step 5	\$ 52.92	\$ 9,172.80	\$ 110,073.60	Step 5	\$ 54.25	\$ 9,403.33	\$ 112,840.00
652		Non-exempt	NS	FIRE APPARATUS OP EMT	Step 1	\$ 39.78			Step 1	\$ 43.96			Step 1	\$ 45.04		
					Step 2	\$ 41.87			Step 2	\$ 46.27			Step 2	\$ 47.41		
					Step 3	\$ 44.07			Step 3	\$ 48.70			Step 3	\$ 49.91		
					Step 4	\$ 46.39			Step 4	\$ 51.26			Step 4	\$ 52.54		
					Step 5	\$ 48.83	\$ 8,463.87	\$ 101,566.40	Step 5	\$ 53.96	\$ 9,353.07	\$ 112,236.80	Step 5	\$ 55.31	\$ 9,587.07	\$ 115,044.80
653		Non-exempt	NS	FIRE AP OP HZ MT EMT	Step 1	\$ 41.71			Step 1	\$ 46.08			Step 1	\$ 47.24		
					Step 2	\$ 43.90			Step 2	\$ 48.51			Step 2	\$ 49.73		
					Step 3	\$ 46.21			Step 3	\$ 51.06			Step 3	\$ 52.35		
					Step 4	\$ 48.64			Step 4	\$ 53.75			Step 4	\$ 55.10		
					Step 5	\$ 51.20	\$ 8,874.67	\$ 106,496.00	Step 5	\$ 56.58	\$ 9,807.20	\$ 117,686.40	Step 5	\$ 58.00	\$ 10,053.33	\$ 120,640.00
655		Non-exempt	NS	FIRE CAPTAIN EMT	Step 1	\$ 47.20			Step 1	\$ 52.16			Step 1	\$ 53.47		
					Step 2	\$ 49.68			Step 2	\$ 54.90			Step 2	\$ 56.28		
					Step 3	\$ 52.29			Step 3	\$ 57.79			Step 3	\$ 59.24		
					Step 4	\$ 55.04			Step 4	\$ 60.83			Step 4	\$ 62.36		
					Step 5	\$ 57.94	\$ 10,042.93	\$ 120,515.20	Step 5	\$ 64.03	\$ 11,098.53	\$ 133,182.40	Step 5	\$ 65.64	\$ 11,377.60	\$ 136,531.20
654		Non-exempt	NS	FIRE CAP HAZ MAT EMT	Step 1	\$ 49.48			Step 1	\$ 54.66			Step 1	\$ 56.04		

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				Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
				Step 2	\$ 52.08			Step 2	\$ 57.54			Step 2	\$ 58.99		
				Step 3	\$ 54.82			Step 3	\$ 60.57			Step 3	\$ 62.09		
				Step 4	\$ 57.70			Step 4	\$ 63.76			Step 4	\$ 65.36		
				Step 5	\$ 60.74	\$ 10,528.27	\$ 126,339.20	Step 5	\$ 67.12	\$ 11,634.13	\$ 139,609.60	Step 5	\$ 68.80	\$ 11,925.33	\$ 143,104.00
656	Non-exempt	NS	FIRE INSPECTOR EMT	Step 1	\$ 49.55			Step 1	\$ 54.76			Step 1	\$ 56.13		
				Step 2	\$ 52.16			Step 2	\$ 57.64			Step 2	\$ 59.08		
				Step 3	\$ 54.90			Step 3	\$ 60.67			Step 3	\$ 62.19		
				Step 4	\$ 57.79			Step 4	\$ 63.86			Step 4	\$ 65.46		
				Step 5	\$ 60.83	\$ 10,543.87	\$ 126,526.40	Step 5	\$ 67.22	\$ 11,651.47	\$ 139,817.60	Step 5	\$ 68.91	\$ 11,944.40	\$ 143,332.80
657	Non-exempt	NS	F FGH PRDMD-12.5 EMT	Step 1	\$ 41.71			Step 1	\$ 46.09			Step 1	\$ 47.24		
				Step 2	\$ 43.91			Step 2	\$ 48.52			Step 2	\$ 49.73		
				Step 3	\$ 46.22			Step 3	\$ 51.07			Step 3	\$ 52.35		
				Step 4	\$ 48.65			Step 4	\$ 53.76			Step 4	\$ 55.11		
				Step 5	\$ 51.21	\$ 8,876.40	\$ 106,516.80	Step 5	\$ 56.59	\$ 9,808.93	\$ 117,707.20	Step 5	\$ 58.01	\$ 10,055.07	\$ 120,660.80
658	Non-exempt	NS	OPR PRMDC-12.5 EMT	Step 1	\$ 44.58			Step 1	\$ 49.28			Step 1	\$ 50.50		
				Step 2	\$ 46.93			Step 2	\$ 51.87			Step 2	\$ 53.16		
				Step 3	\$ 49.40			Step 3	\$ 54.60			Step 3	\$ 55.96		
				Step 4	\$ 52.00			Step 4	\$ 57.47			Step 4	\$ 58.91		
				Step 5	\$ 54.74	\$ 9,488.27	\$ 113,859.20	Step 5	\$ 60.49	\$ 10,484.93	\$ 125,819.20	Step 5	\$ 62.01	\$ 10,748.40	\$ 128,980.80
697	Non-exempt	NS	CAPT PRMDC-12.5 EMT	Step 1	\$ 52.92			Step 1	\$ 58.48			Step 1	\$ 59.95		
				Step 2	\$ 55.70			Step 2	\$ 61.56			Step 2	\$ 63.10		
				Step 3	\$ 58.63			Step 3	\$ 64.80			Step 3	\$ 66.42		
				Step 4	\$ 61.72			Step 4	\$ 68.21			Step 4	\$ 69.92		
				Step 5	\$ 64.97	\$ 11,261.47	\$ 135,137.60	Step 5	\$ 71.80	\$ 12,445.33	\$ 149,344.00	Step 5	\$ 73.60	\$ 12,757.33	\$ 153,088.00
660	Non-exempt	NS	HAZ MAT INSPECTOR EMT	Step 1	\$ 49.55			Step 1	\$ 54.76			Step 1	\$ 56.13		
				Step 2	\$ 52.16			Step 2	\$ 57.64			Step 2	\$ 59.08		
				Step 3	\$ 54.90			Step 3	\$ 60.67			Step 3	\$ 62.19		
				Step 4	\$ 57.79			Step 4	\$ 63.86			Step 4	\$ 65.46		
				Step 5	\$ 60.83	\$ 10,543.87	\$ 126,526.40	Step 5	\$ 67.22	\$ 11,651.47	\$ 139,817.60	Step 5	\$ 68.91	\$ 11,944.40	\$ 143,332.80

Job Code	FLSA	Shift/ Non-Shift	Job Title	Salary Effective the pay period following adoption (7.5% Increase)				Salary Effective PP including 7/1/2016 2016-14 (10.5% Increase)				Salary Effective PP including 06/26/2017 2017-14 (2.5% Increase)			
				Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
659	Non-exempt	NS	HAZ MAT SPEC EMT	Step 1	\$ 51.00			Step 1	\$ 56.35			Step 1	\$ 57.76		
				Step 2	\$ 53.68			Step 2	\$ 59.32			Step 2	\$ 60.80		
				Step 3	\$ 56.51			Step 3	\$ 62.44			Step 3	\$ 64.00		
				Step 4	\$ 59.48			Step 4	\$ 65.73			Step 4	\$ 67.37		
				Step 5	\$ 62.61	\$ 10,852.40	\$ 130,228.80	Step 5	\$ 69.19	\$ 11,992.93	\$ 143,915.20	Step 5	\$ 70.92	\$ 12,292.80	\$ 147,513.60
TBD	Non-exempt	NS	FIRE FGHTR EMT HAZ MT PARA	Step 1	\$ 43.49			Step 1	\$ 48.07			Step 1	\$ 49.28		
				Step 2	\$ 45.78			Step 2	\$ 50.60			Step 2	\$ 51.87		
				Step 3	\$ 48.19			Step 3	\$ 53.26			Step 3	\$ 54.60		
				Step 4	\$ 50.73			Step 4	\$ 56.06			Step 4	\$ 57.47		
				Step 5	\$ 53.40	\$ 9,256.00	\$ 111,072.00	Step 5	\$ 59.01	\$ 10,228.40	\$ 122,740.80	Step 5	\$ 60.49	\$ 10,484.93	\$ 125,819.20

Job Code	FLSA	Shift/ Non-Shift	Job Title	Salary Effective the pay period following adoption (7.5% Increase)				Salary Effective PP including 7/1/2016 2016-14 (10.5% Increase)				Salary Effective PP including 06/26/2017 2017-14 (2.5% Increase)			
				Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual	Steps	Rate	Monthly	Annual
TBD	Non-exempt	NS	FIRE AP OP EMT HAZ MT PARA	Step 1	\$ 46.52			Step 1	\$ 51.40			Step 1	\$ 52.71		
				Step 2	\$ 48.97			Step 2	\$ 54.11			Step 2	\$ 55.48		
				Step 3	\$ 51.55			Step 3	\$ 56.96			Step 3	\$ 58.40		
				Step 4	\$ 54.26			Step 4	\$ 59.96			Step 4	\$ 61.47		
				Step 5	\$ 57.12	\$ 9,900.80	\$ 118,809.60	Step 5	\$ 63.12	\$ 10,940.80	\$ 131,289.60	Step 5	\$ 64.70	\$ 11,214.67	\$ 134,576.00



City of Palo Alto

Finance Committee Staff Report

(ID # 7018)

Report Type: Action Items

Meeting Date: 5/23/2016

Summary Title: FY 2017 Finance Committee Budget WrapUp

Title: Fiscal Year 2017 Finance Committee Budget Wrap-Up

From: City Manager

Lead Department: Administrative Services

Executive Summary

This staff report includes additional information pertaining to the Fiscal Year 2017 Proposed Budget, summarizes changes to the City Manager's Fiscal Year 2017 Proposed Budget, brings forth recommended actions to revise the Fiscal Year 2017 Proposed Budget, and responds to questions raised by the Finance Committee during previous budget hearings. Please refer to the table of contents below for specific items.

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1) ADDITIONAL INFORMATION PERTAINING TO THE FISCAL YEAR 2017 PROPOSED BUDGET

This section provides additional information requested by the Finance Committee and/or provided at staff's behest in regards to the Fiscal Year 2017 Proposed Budget.

Fire Inspections Staffing: Sworn vs. Non-Sworn

At the May 10, 2016 Finance Committee Meeting, Councilmember Schmid requested further information about the sworn staffing used to complete various Development Services activities for the Fire Division. It was requested that the staff evaluate and follow-up with the Committee on this staffing strategy. Staff has taken this question under advisement and plan to evaluate Fire and Development Services potential cost savings opportunities by using civilian staff for some of the Fire Prevention Bureau functions. These include plan checking, inspections of fire and life safety systems (fire sprinklers, smoke alarms) and annual risk reduction inspections. It should be noted that any recommendations from this evaluation would require management to meet with the labor unions before any changes are made.

Citywide Sworn vs. Non-Sworn Staffing

At the May 10, 2016 Finance Committee meeting, Councilmember Filseth asked if there are any sworn employees performing non-sworn activities citywide. Staff have taken this question under advisement and plan to evaluate both the Police and Fire Departments over the course of Fiscal Year 2017 to determine if there are sworn employees performing non-sworn activities. If so, are there areas where these activities could be shifted to non-sworn employees to increase capacity for sworn employees or are there areas where civilianizing positions is possible and would generate cost savings. It should be noted that any recommendations from this evaluation would require management to meet with the labor unions before any changes are made.

2) WRAP-UP DISCUSSION OF OUTSTANDING ISSUES FROM PRIOR BUDGET HEARING MEETINGS

This section describes Finance Committee recommended changes made to the budget along with follow-up items as discussed at the Finance Committee budget hearings held on May 3, 5, 10, 12, and 17. During these hearings, only two formal motions (staff recommended) were made to amend the FY 2017 Proposed Capital Budget on May 17th to 1) include a new project in the Electric Fund and 2) amend the Art in Public Places project. Details on these motions can be found later in this report. Therefore, the FY 2017 Proposed Operating and Capital Budgets remain in balance as transmitted to the full City Council April 25th. This section also outlines those items recommended by the Finance Committee to be placed in the “Parking Lot” for further discussion and staff-recommended changes to the proposed budget document.

The items in this memorandum and any additional changes made during the May 23rd budget hearing will be incorporated into the budget adoption staff report scheduled to be presented to the City Council on June 13, 2016.

Current Status of Proposed Budget

As discussed above, only two formal changes to the FY 2017 Proposed Budget have been recommended by the Finance Committee as of May 17, 2016. The Finance Committee tentatively approved staff recommended changes to the Electric Fund and the Capital Improvement Fund. In the Electric Fund, a new Facility Relocation for CalTrain Modernization (EL-17007) capital project with \$150,000 in Fiscal Year 2017 was added to study the cost of relocating overhead electric and fiber optic lines to allow for the conversion of CalTrain from diesel to electric power. In the Capital Improvement Fund, the funding in Fiscal Year 2017 for the Art in Public Spaces (AC-86017) capital project was reduced by \$156,327 due to a calculation error with an offsetting adjustment to the Infrastructure Reserve Balance.

The two adjustments are outlined below with additional details that can be found in the May 17, 2016 *At Places* memorandum.

Proposed Revision Description	FY 2017 Current Proposed Budget	Tentative Approved Change	FY 2017 Revised Proposed Budget
<i>Electric Fund</i>			
Facility Relocation for Caltrain Modernization Project (EL-17007)	\$0	\$150,000	\$150,000
Supply Operations Reserve (FY 2017 Proposed Operating Budget pp.102)	\$24,507,000	(\$150,000)	\$24,357,000
<i>General Capital Fund</i>			
Art in Public Spaces (AC-86017)	\$579,840	(\$156,327)	\$423,513
General Capital Fund Infrastructure Reserve (FY 2017 Proposed Capital Budget pp.91)	\$11,594,442	\$156,327	\$11,750,769

Budget Process Parking Lot Summary

During the budget hearings, the Finance Committee moved to make various changes to the proposed budget primarily by moving items to the “Parking Lot” for further discussion at a future meeting. This section outlines those items in two formats. 1) by meeting date and 2) by type of item.

Below is a list of actions taken organized by meeting date.

May 3, 2016

- Non-Departmental: Establish Sustainability Contingency (\$250,000; pg. 468)
- Non-Departmental: 2016 Elections Funding (\$150,000; pg. 468)
- Non-Departmental: Establish Budget Uncertainty Reserve (\$2.0 million; pg. 468)
- Non-Departmental: Transfer from the General Fund: Traffic Signal and Streetlight Electric Costs (\$2.2 million; pg. 468)
- Non-Departmental: Reduce Transfer to General Capital Improvement Fund (-\$1.4 million; pg. 468)

May 5, 2016

- Fire Department: Realignment of Fire Prevention Staff from Development Services Department (\$412,867; pg. 249)
- Fire Department: Fire Station Furniture, Fixtures, and Equipment – Phase 2 (\$125,000; pg. 249)
- Police Department: Project Safety Net – Track Watch Program (\$824,000; pg. 341)
- Community Services Department: HSRAP Funding (\$1.4 million; pg. 221)

May 10, 2016

- Development Services Department: Realignment of Fire Prevention, Planning, and Public Works’ Staff (-\$607,922; pg. 236)
- Planning & Community Environment Department: Planning and Transportation Contingency Funding (new item)
- Planning & Community Environment Department: Ongoing Operations and maintenance for two new Residential Preferential Parking program (\$232,000; new item)
- Planning & Community Environment Department: Planning/Development Services Staffing alignment (\$95,060; pg. 325)

May 12, 2016

- Public Works Department General Fund: Public Works Division Reallocations from Development Services (\$100,173; pg. 358)
- Public Works Department General Fund: Tree Trimming Services 15 year cycle vs 10 year cycle (\$170,000; pg. 359)
 - Potentially offset by a 1.0 position reduction in the General Fund as recommended by the City Manager

May 17, 2016

- General Capital Fund Public Works: Municipal Services Center Lighting, Mechanical, & Electrical Improvements potential 1 year project delay (\$1.4 million; pg. 148)
- General Capital Fund Public Works: Municipal Services Center A, B, & C Roof Replacement potential 1 year project delay (\$1.9 million; pg. 150)
- General Capital Fund Community Services: Ramos Park Improvements potential 1 year project delay (\$199,019; pg. 226)
- General Capital Fund Planning & Community Environment: Downtown Parking Wayfinding University Avenue Parking District Fund (\$632,076; pg. 278)

This table is organized to include the date the action was taken, a short description of the action that was tentatively approved, and the dollar value. Following the table is additional information for a few select items from the list as denoted by a “*” in the chart. These items provide additional information requested by the Finance Committee and/or provided at staff’s behest in regards to the items in the parking lot. Staff hopes that this additional information will facilitate the committee’s review, discussion, and approval of these items.

Summary of "Parking Lot" Items

Date	Dept	Description	GF Rev.	All Funds Rev.	GF Exp.	All Fund Exp	GF Net	All Funds Net
Requirements/Legal Compliance:								
5/3	Non-Dept	Transfer from the General Fund: Traffic Signal and Streetlight Electric Costs*	\$0	\$0	\$2,226	\$2,226	(\$2,226)	(\$2,226)
5/3	Non-Dept	Reduce Transfer to General Capital Improvement Fund	0	0	(1,400)	(1,400)	1,400	1,400
5/3	Non-Dept	2016 Elections Funding	0	0	150	150	(150)	(150)
5/10	DSD	DSD Realignment: of Fire Prevention, Planning, and Public Works' Staff	0	0	(608)	(608)	608	608
5/5	Fire	DSD Realignment: of Fire Prevention Staff from Development Services Department	0	0	413	413	(413)	(413)
5/10	PCE	DSD Realignment: Planning/Development Services Staffing Alignment	0	0	95	95	(95)	(95)
5/12	PW	DSD Realignment: Public Works Division Reallocations from Development Services	0	0	100	100	(100)	(100)
Funding Source:								
5/5	Police	Project Safety Net - Track Watch Program	0	0	824	824	(824)	(824)
5/17	GF Cap	Downtown Parking Wayfinding (University Ave. Parking District Fund)	0	600	0	632	0	(32)
Potential One Year Deferral:								
5/17	GF Cap	Municipal Service Center Lighting, Mechanical, and Electric Improvements*	0	491	0	1,433	0	(942)
5/17	GF Cap	Municipal Service Center A, B, & C Roof Replacement*	0	1,083	0	1,942	0	(859)
5/17	GF Cap	Ramos Park Improvements*	0	0	0	199	0	(199)
Policy/Service Levels/Project Priorities:								
5/3	Non-Dept	Establish Sustainability Contingency*	0	0	250	250	(250)	(250)
5/3	Non-Dept	Establish Budget Uncertainty Reserve	0	0	2,000	2,000	(2,000)	(2,000)
5/5	Fire	Fire Station Furniture, Fixtures, and Equipment - Phase 2	0	0	125	125	(125)	(125)
5/5	CSD	Human Services Resource Allocation Process (HSRAP) - Operating Budget pg 221				TBD		
5/10	PCE	Planning and Transportation Contingency Funding* (staff rec. funding level)	0	0	500	500	(500)	(500)
5/10	PCE	Ongoing Operations & Maintenance of 2 new RPPs (Council 5/9/16)*	0	0	230	230	(230)	(230)
5/12	PW	Tree Trimming Services - 15 year cycle versus 10 year cycle	0	0	170	170	(170)	(170)
5/12	All	1.0 position reduction in the General Fund as advised by the City Manager				TBD		
Total Parking Lot Items			\$0	\$2,174	\$5,075	\$9,281	(\$5,075)	(\$7,107)

* These items have additional information provided following the chart.

Additional Information Pertaining to Parking Lot Issues

General Fund

Transfer from the General Fund: Traffic Signal and Streetlight Electric: \$2.2 million/Reduce Transfer to General Capital Improvement Fund: -\$1.4 million

As part of the Electric Fund Cost of Services Analysis (COSA), electricity costs associated with City streetlight and traffic signal costs were identified as more appropriately aligned with the General Fund. The proposed change in Electric Utility rates this year necessitates this transfer in order to ensure the new rate structure fully complies with state law requirements.

Therefore, in order to partially offset this increased cost in the General Fund, staff recommended that the transfer from the General Fund to the Capital Improvement Fund be reduced resulting in a \$21 million transfer from the General Fund in FY2017.

Planning and Community Environment Contingency: \$500,000

The Finance Committee discussed the Planning & Community Environment Department's need for additional resources given the community focus on planning issues and the Council's "Built Environment" priority. Members suggested the need for additional architectural/urban design expertise and the possibility of additional spending related to transportation demand management. As a result, the Committee placed the idea of a planning and transportation contingency in the "Parking Lot".

Staff recommends a \$500,000 contingency similar to the Fiscal Year 2016 Transportation Contingency. In FY 2016, a \$500,000 contingency was set aside for transportation initiatives. By the end of this fiscal year, it is estimated that \$430,000 of the contingency funds will have been spent or obligated for various projects including support of the downtown Residential Preferential Parking program (RPP), a coordinated traffic signal program for San Antonio Road, and a speed survey contract. In FY 2017, a \$500,000 contingency for planning and transportation initiatives is recommended and may support similar transportation initiatives as well as planning initiatives such as the Council's request for Eichler-specific design guidelines. Use of funds from the planning and transportation contingency for specific items during the year would be subject to City Council approval. Staff recommends funding for this be reduced from the Budget Stabilization Reserve.

Residential Preferential Parking Funding: \$280,000

On May 9, 2016, the City Council asked the Finance Committee to include funding in the FY 2017 Operating Budget for new Residential Preferential Parking (RPP) districts in Southgate and Evergreen Park (Capital costs are already addressed in the CIP). A preliminary estimate suggests these programs will require an additional \$280,000 on an ongoing annual basis. Of this funding, \$50,000 was already included in the development of the FY 2017 Proposed Operating Budget. In order to provide sufficient funding in FY 2017, staff recommends the following adjustments to the FY 2017 Proposed Operating Budget resulting in a net reduction to the Budget Stabilization Reserve of \$85,000:

Action	Source	Use
FY 2017 Budget Stabilization Reserve (source of funding is the estimated FY 2016 Transportation Contingency Reserve remaining balance)	\$70,000	(\$155,000)
FY 2017 budget proposal for California Avenue Retail Feasibility Study (FY 2017 Proposed Operating Budget page 327)		(\$75,000)
Residential Preferential Parking Operations		\$230,000

The ongoing costs of this program will be included as part of the development of the FY 2018 Long Range Financial Forecast.

Sustainability Contingency Reserve: \$250,000

On May 3, 2016, the Finance Committee approved a tentative motion to place the recommended \$250,000 Office of Sustainability Contingency funding in the parking lot for further consideration. Historically, the Office of Sustainability has operated with limited resources including a staff of approximately 1.6 full time equivalent positions, staff matrixed from other departments, and a reliance on contractors to fulfill its mandate. The proposed contingency reserve is recommended to be used for the following activities necessary to execute the recently City Council approved Sustainability and Climate Action Plan (S/CAP):

- *S/CAP research and analysis:* The Office of Sustainability proposed staffing resources in conjunction with other departmental staff will spend Fiscal Year 2017 working to develop S/CAP work plans, in response to Council's April 18, 2016 direction. It is anticipated that funding will be partially used to engage contract services to refine S/CAP implementation scenarios, adoption rates, estimated costs and projected greenhouse gas (GHG) and financial impacts, in response to community and Council input. (Estimated cost: \$100,000)
- *Management of Existing and Pending Pilot projects and grants:* Contractual services are anticipated to be necessary to manage the following active and anticipated initiatives to be pursued: EV charging infrastructure; Electric Vehicle outreach and education (e.g., "ride and drive" events); Sustainability financing strategies; MaaS (mobility as a service) pilots; Other short term consulting projects. (Estimated cost: \$100,000)
- *Community Engagement:* Various methods and programs are necessary to ensure proper community engagement for sustainability initiatives including: Web site development (\$10,000); Development of educational materials (\$15,000); Digital Commenter management (\$10,000); Interactive modeling tools to support dynamic community exploration of S/CAP options (\$15,000). (Estimated cost: \$50,000)

This funding will increase the Office of Sustainability effectiveness and responsiveness to emerging opportunities in the implementation of Sustainability programs, including the Sustainability and Climate Action Plan (S/CAP).

Capital Improvement Fund

At the May 17, 2016 meeting, the Committee discussed the potential of moving the construction phases of various Capital projects from Fiscal Year 2017 to Fiscal Year 2018 as well as the proposed and potential uses of revenues from the University Avenue Parking District Fund. To assist the Committee in the further evaluation of these projects, below is additional information to articulate the funding mechanisms.

Municipal Service Center Lighting, Mechanical, and Electrical Improvements (PF-16006): \$1.4 million

Of the \$1.4 million project, the proposed construction budget in FY 2017 is \$1.1 million, partially offset by the following transfers totaling \$491,307 outlined below. The balance of the construction cost, \$576,021, was to be paid for by the Capital Improvement Fund Infrastructure Reserve.

Source	FY 2017 Construction Budget (\$s)
Transfer from the Utilities Administration Fund	305,239
Transfer from the Vehicle Replacement and Maintenance Fund	195,991
Transfer from the Refuse Fund	(9,923)
<i>Sub-total Transfers to Capital:</i>	<i>\$491,307</i>
Capital Improvement Fund – Infrastructure Reserve	576,021
Total:	1,067,328

Municipal Service Center A, B, & C Roof Replacement (PF-17000): \$1.9 million

Of the \$1.9 million project, all funding was designated for construction costs partially offset by the following transfers totaling \$1.0 million outlined below. The balance of the construction cost, \$859,328, was to be paid for the Capital Improvement Fund Infrastructure Reserve.

Source	FY 2017 Construction Budget (\$s))
Transfer from the Utilities Administration Fund	684,000
Transfer from the Vehicle Replacement and Maintenance Fund	380,000
Transfer from the Refuse Fund	19,000
<i>Sub-total Transfers to Capital:</i>	<i>1,083,000</i>
Capital Improvement Fund – Infrastructure Reserve	859,328
Total:	1,067,328

Ramos Park Improvements (PG-14000): \$190,257

The entirety of the \$190,257 construction budget included in the FY 2017 Proposed Capital Budget was anticipated to come from the Capital Improvement Fund Infrastructure Reserve.

Downtown Parking Wayfinding (PL-15004): \$632,076

The FY 2017 Proposed Capital Budget recommends a project construction budget of \$632,076 primarily funded by a recommended \$600,000 transfer from the University Avenue Parking District Fund. The balance of the construction cost, \$32,076, was anticipated to come from the Capital Improvement Fund Infrastructure Reserve.

Fiscal Year 2017 Projected General Fund Budget Stabilization Reserve (BSR) Ending Balance

To date, the Finance Committee has not made any tentative changes to the Proposed Budget that resulted in any change to the proposed \$4.9 million use of the Budget Stabilization Reserve, leaving the recommended FY 2017 Reserve balance of \$35.6 million or nearly 18% intact. However, included in this report is a recommended further use of this reserve by an additional \$585,000 in net adjustments, decreasing the projected BSR balance from \$35.6 million to \$35.0 million, or 17.6% of the Proposed Budget. The General Fund BSR policy maintains a reserve level of 15-20 percent of the General Fund operating budget, with a targeted goal of 18.5 percent. This amount is \$1.8 million below the 18.5 percent target.

Recommended Changes to the Capital Budget

Capital Reappropriations

As described in the Proposed Capital Budget document and discussed during the Finance Committee Budget Hearings, the City Council-approved a change in the method for accounting for capital budget reappropriations are included in the 2017-2021 Proposed Capital Budget Improvement Program (CIP). Previously, any unspent capital funds carried forward from one fiscal year to the next automatically, as long as the project was active. As a result of this October 2014 change to the Municipal Code, City Council authorization is now required for reappropriations. The FY 2017 budget process continues this process with the current FY 2017 Proposed Capital Budget including approximately \$58.0 million in reappropriated funds, across all funds.

In the time since the Proposed Budget figures were developed (late winter and early spring of 2016), departments have re-reviewed current year estimates and the reappropriation amounts built into the proposed CIP. Additional reappropriation adjustments are recommended as part of this wrap-up memorandum in order to update the FY 2017 Capital Budget with current, more refined estimated activity levels in Fiscal Year 2016.

Cumulatively, this re-review of projects has resulted in staff's recommendation to increase the Fiscal Year 2017 Proposed Budget by a net total of \$21.7 million, from \$170.5 million to \$192.2 million, and are recommended in the following funds:

Fund	Recommended Fiscal Year 2017 Funding Adjustment
Airport Fund	\$17,415
Capital Improvement Fund	\$1,838,846
Electric Fund	\$4,347,956
Fiber Optic Fund	\$158,000
Gas Fund	\$4,805,264
Refuse Fund	\$(92,176)
Storm Drainage Fund	\$531,162
Technology Fund	\$1,504,355
Vehicle Replacement and Maintenance Fund	\$55,253
Wastewater Collection Fund	\$1,841,549
Wastewater Treatment Fund	\$(3,768,814)
Water Fund	\$10,447,742
Total All Funds	\$21,722,552

These adjustments, as outlined in detail in Attachment - A, will ensure that funds are available at the onset of Fiscal Year 2017 for projects that have experienced delays in the current year and will reduce the Fiscal Year 2017 Proposed budget for projects that experienced higher than anticipated expenditure levels within Fiscal Year 2016. These projects are at various stages of their pan and the funding is required to fulfill the commitment and/or contractual obligations.

Changes to the FY 2017 Capital Budget Publication

At the Finance Committee hearing regarding the General Capital Improvement Fund on May 17, 2016, the Committee members discussed the presentation of a few projects and the descriptions of others. This can also be seen in a few of the tentative motions to add clarifying language to projects such as the Street Lights Improvement project to include “to preserve and repair at sensitive locations and settings” language. Staff has taken these questions and comments under advisement and will reassess the categorization of funding between project phases such as design and construction and make corrections to the categorization as appropriate as part of the production of the Final FY 2017 Adopted Capital Budget. In addition, the descriptions and “Potential Board/Commission Review section will be updated to include additional commission such as the Parks Commission as requested by the committee as appropriate.

Additional Information for Follow-up Provided by Staff

FY 2017 Municipal Fee Schedule

When the amendments to the Municipal Fee Schedule for Fiscal Year 2017 were discussed by the Finance Committee, the motion that tentatively approved the Schedule also included direction to recommend to City Council that a referral be made to the Policy and Services

Committee to explore a low income fee program, specifically with regards to Community Services.

Pension Trust Fund 115

As part of the Long Range Financial Forecast review with the City Council on April 4, 2016 and the transmittal of the FY 2017 Proposed Operating and Capital Budget to the City Council on April 25, 2016 conversations over establishing a 115 Pension Trust Fund continued. Strong support was voiced for this concept and it was requested to be considered as part of the FY 2017 Budget Hearings. Thus far, no actions have been taken as part of the budget hearings. Below is a summary of staff and Council actions to date:

- FY 2015 General Fund Budget Stabilization Reserve: \$1.3 million in one-time funding was set aside from the General Fund BSR from excess revenues and expenditure savings from FY 2015. This funding remains unspent and unallocated.
- Staff returned to the Finance Committee on April 5, 2016 to review various options to address the unfunded pension liability and provide direction on a funding plan (CMR #6792). The Finance Committee approved the following motion:
Chair Filseth moved, seconded by Council Member Wolbach that the Finance Committee direct Staff to begin the process of identifying a partner to establish a Section 115 Trust with the \$1.3 million from the Fiscal Year 2016 General Fund Budget as the initial payment and direct Staff to explore additional contributions to the Section 115 Trust with contributions from other Funds. Recommend Staff and Council consider any possible Fiscal Year 2017 contributions during the 2017 budget process. Also, direct Staff to return to Council with the recommendation agendaized as an Action Item on the City Council Agenda.

3) SUMMARY OF MAY 2016 FY 2017 BUDGET HEARING PROCEEDINGS

The items listed below summarize motions made and/or action items made by the Finance Committee as of May 17 that result in a fiscal change or other recommended change to the Fiscal Year 2017 Proposed Budget.

Finance Committee Tentative Motions

General Fund

City Attorney

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 City Attorney budget (4-0)

City Auditor

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 City Auditor budget. (4-0)

City Clerk

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 City Clerk budget. (4-0)

City Council

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 City Council budget. (4-0)

City Manager

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 City Manager budget. (4-0)

Office of Sustainability

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Office of Sustainability budget. (3-1, Wolbach no)

Human Resources Department

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Human Resources Operating Budget. (4-0)

Administrative Services Department

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Administrative Services Department budget. (4-0)

Non-Departmental

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Non-Departmental Operating Budget with the exception of the following Budget Adjustments which will be moved to the parking lot for future discussion: Establish Sustainability Contingency, 2016 Elections Funding, Establish Budget Uncertainty Reserve, Transfer from General Fund for Traffic Signal and Streetlight Electric Costs and Reduce Transfer to General Capital Improvement Fund. (3-1, Wolbach no)

Fire Department

Motion: On May 5, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Fire Department Operating Budget with the exception of the following budget adjustments which will be moved to the parking lot for future discussion: Realignment of Fire Prevention Staff from Development Services Department, and Fire Station Furniture, Fixtures, and Equipment - Phase 2. (2-2, Wolbach, Holman no)

Office of Emergency Services Department

Motion: On May 5, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Office of Emergency Services, Operating Budget. (4-0)

Police Department

Motion: On May 5, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Police Department Budget with the exception of the following budget adjustments which will be moved to the parking lot for future discussion: Track Watch, \$824,000. (3-1, Schmid no)

Community Services Department

Motion: On May 5 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Community Services Department Budget with the exception of the Human Services Resource Allocation Process Funding (HSRAP). (4-0)

Library Department

Motion: On May 5, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Library Department, Operating Budget. (4-0)

Development Services Department

Motion: On May 10, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Development Services Department budget with the exception of the following budget adjustments which will be moved to the parking lot for future discussion: Realignment of the Fire Prevention, Planning, and Public Works' Staff in the amount of \$607,922. (4-0)

Planning and Community Environment Department

Motion: On May 10, 2016, the Finance Committee recommended tentative approval the Planning and Community Environment Fiscal Year 2017 Operating Budget, and to place in the parking lot, funding for a "contingency fund." (4-0)

Motion: On May 10, 2016, the Finance Committee recommended tentative addition of the funding to address costs for the two new Residential Preferential Parking (RPP) districts to the parking lot. (4-0)

Public Works Department

Motion: On May 12, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2016 Public Works General Fund Department budget . (3-0, 1 absent)

Motion: On May 12, 2016, the Finance Committee recommended placing \$135,000 in incremental costs to increase the tree trimming cycle from 15 years to 10 years as well as a potential direction to the City Manager to identify a position in the General Fund that could offset the potential increase in costs in the parking lot

for future discussion. (3-0, 1 absent)

Enterprise Funds

Utilities Department

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Utilities Department Electric Fund operating and capital budgets. (3-0, 1 absent)

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the inclusion of \$150,000 for the Facility Relocation for Caltrain Modernization Project in the final recommended FY 2017-2021 Capital Improvement Plan with a corresponding decrease in the Distribution Reserve in the Electric Fund. (3-0, 1 absent)

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Utilities Department Fiber Fund operating and capital budgets. (3-0, 1 absent)

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Utilities Department Gas Fund operating and capital budgets. (3-0, 1 abstain)

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Utilities Department Wastewater Collection Fund operating and capital budgets. (3-0, 1 absent)

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Utilities Department Water Fund operating and capital budgets. (4-0)

Storm Drain Fund

Motion: On May 12, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Storm Drain Fund operating and capital budgets. (3-0, 1 absent)

Refuse Fund

Motion: On May 12, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Refuse Fund operating and capital budget. (3-0, 1 absent)

Wastewater Treatment Fund

Motion: On May 12, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Wastewater Treatment Fund operating and capital budgets.

(3-0, 1 absent)

Airport Fund

Motion: On May 12, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Airport Fund operating and capital budget. (3-0, 1 absent)

Internal Service Funds

Information Technology Department

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Information Technology Department budget. (4-0)

Vehicle Replacement Fund

Motion: On May 12, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Vehicle Replacement Fund operating and capital budgets. (3-0, 1 absent)

Employee Benefits Funds

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 General Benefits and Workers' Compensation Funds budget. (4-0)

Motion: On May 10, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Retiree Health Benefit Fund budget. (4-0)

General Liability Fund

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 General Liability Fund budget. (4-0)

Printing and Mailing Fund

Motion: On May 3, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Printing and Mailing Fund budget. (4-0)

Capital Improvement Fund

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the Buildings and Facilities Capital Budget and to place the construction costs for the Municipal Service Center Lighting, Mechanical and Electrical Improvements and the Municipal Service Center A, B, & C Roof Replacements projects in the parking lot. (3-1)

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of

the Parks and Open Space Capital Budget including the addition of the corrected funding levels for the Art in Public Spaces capital project as outlined by Staff with the exception of placing the Ramos Park Improvements project in the parking lot. (4-0)

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the Streets and Sidewalks Capital Budget and include language in the description of the Street Lights Improvement project to include “to preserve and repair at sensitive locations and settings.” (4-0)

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the Traffic and Transportation Capital Budget with the exception of the Downtown Parking Wayfinding Project in the parking lot. (2-1, 1 absent)

Motion: On May 17, 2016, the Finance Committee recommended tentative approval of the Cubberley Infrastructure Capital Budget and for the Cubberley Infrastructure Master Plan go to the Parks and Recreation Commission. (3-0, 1 absent)

Special Revenue Funds

Motion: On May 10, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Special Revenue Funds, Parking Permit District Fund, the Stanford Development Agreement Fund, and the Other Special Revenue Fund Budgets. (4-0)

Municipal Fee Schedule

Motion: On May 12, 2016, the Finance Committee recommended tentative approval of the Fiscal Year 2017 Municipal Fee Schedule and to ask Council to refer to the Policy and Services Committee a review of Low-income rates for municipal fee rates. (3-0, Wolbach absent)

Related Memos Distributed At Places

Throughout the Finance Committee Budget Hearings, various memorandums were distributed “at places” in order to respond to inquiries made by the committee or provide additional pertinent information at staffs behest. Below is a summary of the topics included in those memorandums.

May 3, 2016

- FY 2017 Proposed Operating Budget Replacement Pages

May 10, 2016

- Community Services HSRAP Allocations
- Community Services Staffing by Division

- Healthcare Actuarial Analysis
- Storm Drain Oversight Committee Findings

May 12, 2016

- Community Services HSRAP Allocations – Historical Funding Levels
- Development Services Development Fee Cost Recovery
- Housing In-Lieu Fund Balance
- Development Services Performance Measure Goals

May 17, 2016

- Street Trees Contract Increase vs. Cycle Time
- Electric Fund Capital Improvement Project: Facility Relocation for CalTrain Modernization Project
- Art in Public Places
- Planning Transportation Commission Findings
- Zero Waste Coordinator to Environmental Specialist Reclassification
- Unfunded Liability & Salary Growth Assumptions

In addition, summary presentations were given at each hearing providing high level overviews of each item. Those presentations as well as the memos listed above can be referenced on the City of Palo Alto's Budget Office website under "Budget Hearing 2017" at:

<http://www.cityofpaloalto.org/gov/depts/asd/budget.asp>

Referral Items for Staff to Return to Finance Committee at a Later Date

Below is a list of referral items for staff to return to the Finance Committee at a later date that emerged through the course of the FY 2017 Budget Hearings:

- Review of Information Technology performance measures
- Development Services Fire Sworn vs. Non-Sworn Staffing
- Citywide Sworn vs. non-sworn staffing

Staff will return to the Committee regarding these items throughout FY 2017.

4) LIST OF ATTACHMENTS

Attachments:

- FY 2017 CIP Reappropriation (PDF)

CAPITAL BUDGET REAPPROPRIATIONS

Project ID	Project Title	FY 2017 Funding: Proposed Capital Budget Document	FY 2017 Funding Adjustment	FY 2017 Revised Funding: Proposed Capital Budget Document

Airport Fund

AP-16002	Wildlife Hazard Plan	\$ 6,000	\$ 17,415	\$ 23,415
	Total Airport Fund	\$ 6,000	\$ 17,415	\$ 23,415

Capital Improvement Fund

AC-86017	Art In Public Spaces	\$ 425,513	\$ 110,910	\$ 536,423
OS-00001	Open Space Trails and Amenities	\$ 308,618	\$ (72,759)	\$ 235,859
OS-00002	Open Space Lakes And Pond Maintenance	\$ 45,000	\$ 20,409	\$ 65,409
OS-09001	Off-Road Pathway Resurfacing And Repair	\$ 178,621	\$ 20,459	\$ 199,080
PE-09003	City Facility Parking Lot Maintenance	\$ 651,788	\$ (44,194)	\$ 607,594
PE-09006	Mitchell Park Library and Community Center	\$ 2,861,558	\$ 22,369	\$ 2,883,927
PE-09010	Library & Community Center - Temporary Facilities	\$ -	\$ 117,155	\$ 117,155
PE-11000	Rinconada Library New Construction and Improvements	\$ 1,037,274	\$ (11,996)	\$ 1,025,278
PE-12017	City Hall First Floor Renovations	\$ -	\$ 161,995	\$ 161,995
PE-13020	Byxbee Park Trails	\$ 15,000	\$ 4,183	\$ 19,183
PE-14015	Lucie Stern Buildings Mechanical and Electrical Upgrades	\$ 1,763,247	\$ 1,054,723	\$ 2,817,970
PE-14018	Baylands Boardwalk Improvements	\$ 400,000	\$ 22,191	\$ 422,191
PE-15001	New Public Safety Building	\$ 3,583,423	\$ (369,711)	\$ 3,213,712
PE-15003	Fire Station 3 Replacement	\$ 6,293,471	\$ 59,232	\$ 6,352,703
PE-15007	New Downtown Parking Garage	\$ 1,320,977	\$ 100,000	\$ 1,420,977
PE-15011	Ventura Buildings Improvements	\$ 689,330	\$ 89,998	\$ 779,328
PE-15020	Civic Center Waterproofing Study and Repairs	\$ 89,065	\$ 154,048	\$ 243,113
PE-15029	Baylands Nature Interpretive Center Facility Improvements	\$ 631,542	\$ 45,004	\$ 676,546
PE-86070	Street Maintenance	\$ 6,800,843	\$ (166,228)	\$ 6,634,615
PF-00006	Roofing Replacement	\$ 384,913	\$ (28,178)	\$ 356,735
PF-02022	Facility Interior Finishes Replacement	\$ 501,915	\$ (2,120)	\$ 499,795
PF-07011	Roth Building Maintenance	\$ 48,201	\$ (2,313)	\$ 45,888
PF-14002	Fire Station 1 Improvements	\$ 390,890	\$ (11,870)	\$ 379,020
PF-14004	California Avenue Parking District Parking Improvements	\$ 32,400	\$ (2,800)	\$ 29,600
PF-93009	Americans With Disabilities Act Compliance	\$ 343,379	\$ 23,884	\$ 367,263
PG-06001	Tennis and Basketball Court Resurfacing	\$ 508,560	\$ (11,100)	\$ 497,460
PG-09002	Park and Open Space Emergency Repairs	\$ 139,623	\$ (28,466)	\$ 111,157
PG-09003	Park Maintenance Shop Remodel	\$ -	\$ 6,000	\$ 6,000
PG-12004	Sarah Wallis Park Improvements	\$ -	\$ 48,002	\$ 48,002
PG-15000	Buckeye Creek Hydrology Study	\$ 41,202	\$ 149,180	\$ 190,382
PL-00026	Safe Routes To School	\$ 212,737	\$ 250,639	\$ 463,376
PL-04010	Bicycle and Pedestrian Plan-Implementation Project	\$ 3,360,021	\$ (1,117,226)	\$ 2,242,795
PL-05030	Traffic Signal and Intelligent Transportation System Upgrades	\$ 417,529	\$ 567,968	\$ 985,497
PL-11001	Dinah Summerhill Pedestrian/Bicycle Path	\$ -	\$ 113,641	\$ 113,641
PL-11002	California Avenue- Transit Hub Corridor Project	\$ -	\$ 199,705	\$ 199,705
PL-12000	Transportation and Parking Improvements	\$ 442,949	\$ 131,523	\$ 574,472
PL-14000	El Camino Real & Churchill Intersection Improvements-Design	\$ 84,974	\$ 21,555	\$ 106,529

CAPITAL BUDGET REAPPROPRIATIONS

Project ID	Project Title	FY 2017 Funding: Proposed Capital Budget Document	FY 2017 Funding Adjustment	FY 2017 Revised Funding: Proposed Capital Budget Document
PL-14001	Midtown Connector	\$ 118,984	\$ 91,234	\$ 210,218
PL-15001	Embarcadero Road Corridor Improvements	\$ 541,983	\$ 28,129	\$ 570,112
PL-15002	Parking Guidance Systems, Access Controls, and Revenue Collection Equipment	\$ -	\$ 129,724	\$ 129,724
PL-15004	Parking Wayfinding	\$ 632,076	\$ 25,524	\$ 657,600
PO-05054	Street Lights Improvements	\$ 423,029	\$ 44,953	\$ 467,982
PO-11000	Sign Reflectivity Upgrade	\$ 191,936	\$ (97,525)	\$ 94,411
PO-11001	Thermoplastic Lane Marking and Striping	\$ 99,276	\$ 29,376	\$ 128,652
PO-12001	Curb and Gutter Repairs	\$ 485,444	\$ (38,381)	\$ 447,063
	Total Capital Improvement Fund	\$ 36,497,291	\$ 1,838,846	\$ 38,336,137

Electric Fund				
EL-02010	SCADA System Upgrades	\$ 270,000	\$ 30,000	\$ 300,000
EL-02011	Electric Utility Geographic Information System	\$ 165,000	\$ 200,000	\$ 365,000
EL-10006	Rebuild Underground District 24	\$ -	\$ 1,075,560	\$ 1,075,560
EL-10009	Street Light System Conversion Project	\$ -	\$ 30,000	\$ 30,000
EL-11003	Rebuild Underground District 15	\$ 307,434	\$ 144,181	\$ 451,615
EL-11008	Rebuild Underground District 19	\$ -	\$ 12,262	\$ 12,262
EL-11010	Underground District 47-Middlefield, Homer, Webster, Addison	\$ -	\$ 744,038	\$ 744,038
EL-11014	Smart Grid Technology Installation	\$ 672,670	\$ 109,096	\$ 781,766
EL-12001	Underground District 46 - Charleston/El Camino Real	\$ 622,315	\$ 28,651	\$ 650,966
EL-13006	Sand Hill / Quarry 12kV Tie	\$ -	\$ 157,259	\$ 157,259
EL-13007	Underground Distribution System Security	\$ 240,534	\$ 50,000	\$ 290,534
EL-13008	Upgrade Electric Estimating System	\$ 103,650	\$ 25,000	\$ 128,650
EL-14004	Maybell 1&2 4/12kV Conversion	\$ -	\$ 185,372	\$ 185,372
EL-14005	Reconfigure Quarry Feeders	\$ 774,758	\$ 11,606	\$ 786,364
EL-15000	Colorado/Hopkins System Improvement	\$ 775,000	\$ 50,000	\$ 825,000
EL-15001	Electric Substation Battery Replacement	\$ -	\$ 142,117	\$ 142,117
EL-16000	Rebuild Underground District 26	\$ 50,000	\$ (50,000)	\$ -
EL-16001	Underground System Rebuild	\$ 580,000	\$ (180,000)	\$ 400,000
EL-16002	Capacitor Bank Installation	\$ 275,000	\$ 75,000	\$ 350,000
EL-89028	Electric Customer Connection	\$ 3,108,000	\$ 534,000	\$ 3,642,000
EL-89031	Communications System Improvements	\$ 100,000	\$ 187,759	\$ 287,759
EL-89038	Substation Protection Improvements	\$ 450,000	\$ 281,812	\$ 731,812
EL-89044	Substation Facility Improvements	\$ 195,000	\$ 204,243	\$ 399,243
EL-98003	Electric System Improvements	\$ 2,000,000	\$ 300,000	\$ 2,300,000
	Total Electric Fund	\$ 10,689,361	\$ 4,347,956	\$ 15,037,317

Fiber Optic Fund				
FO-10001	Fiber Optics Network System Improvements	\$ 200,000	\$ 158,000	\$ 358,000
	Total Fiber Optic Fund	\$ 200,000	\$ 158,000	\$ 358,000

CAPITAL BUDGET REAPPROPRIATIONS

Project ID	Project Title	FY 2017 Funding: Proposed Capital Budget Document	FY 2017 Funding Adjustment	FY 2017 Revised Funding: Proposed Capital Budget Document

Gas Fund

GS-03009	System Extensions - Unreimbursed	\$ 198,500	\$ 128,690	\$ 327,190
GS-11000	Gas Main Replacement - Project 21	\$ -	\$ 100,000	\$ 100,000
GS-11002	Gas Distribution System Improvements	\$ 231,913	\$ 143,714	\$ 375,627
GS-12001	Gas Main Replacement - Project 22	\$ -	\$ 3,568,560	\$ 3,568,560
GS-13001	Gas Main Replacement - Project 23	\$ 3,550,650	\$ 37,500	\$ 3,588,150
GS-13002	Gas Equipment and Tools	\$ 100,000	\$ 70,106	\$ 170,106
GS-14004	Gas Distribution System Model	\$ -	\$ 106,791	\$ 106,791
GS-15001	Security at City Gas Receiving Stations	\$ -	\$ 150,000	\$ 150,000
GS-80017	Gas System, Customer Connections	\$ 1,228,500	\$ 194,976	\$ 1,423,476
GS-80019	Gas Meters and Regulators	\$ 355,030	\$ 304,927	\$ 659,957
	Total Gas Fund	\$ 5,664,593	\$ 4,805,264	\$ 10,469,857

Refuse Fund

RF-16001	Household Hazardous Waste Station Improvements	\$ 240,522	\$ (92,176)	\$ 148,346
	Total Refuse Fund	\$ 240,522	\$ (92,176)	\$ 148,346

Storm Drainage Fund

SD-11101	Channing Avenue/Lincoln Avenue Storm Drain Improvements	\$ 107,687	\$ 25,000	\$ 132,687
SD-13003	Matadero Creek Storm Water Pump Station and Trunk Line Improvements	\$ 5,820,910	\$ 21,462	\$ 5,842,372
SD-06101	Storm Drain System Replacement And Rehabilitation	\$ 1,776,811	\$ 484,700	\$ 2,261,511
	Total Storm Drainage Fund	\$ 7,705,408	\$ 531,162	\$ 8,236,570

Technology Fund

TE-00010	Telephone System Replacement	\$ -	\$ 143,194	\$ 143,194
TE-05000	Radio Infrastructure Replacement	\$ 1,626,163	\$ 576,841	\$ 2,203,004
TE-06001	Library RFID Implementation	\$ -	\$ 314,589	\$ 314,589
TE-09000	Public Safety Computer-Aided Dispatch Replacement	\$ 495,548	\$ (75,380)	\$ 420,168
TE-10001	Utilities Customer Bill System Improvements	\$ 250,000	\$ 175,656	\$ 425,656
TE-11001	Library Computer System Software	\$ -	\$ 200,868	\$ 200,868
TE-11002	Mobile In-Car Video System Replacement	\$ -	\$ 30,902	\$ 30,902
TE-12001	Development Center Blueprint Technology Enhancements	\$ 729,652	\$ (102,921)	\$ 626,731
TE-13001	Interactive Voice Response	\$ -	\$ 106,181	\$ 106,181
TE-14002	Virtual Library Branch	\$ -	\$ 170,425	\$ 170,425
	Total Technology Fund	\$ 3,101,363	\$ 1,540,355	\$ 4,641,718

Vehicle Replacement Fund

VR-15000	Scheduled Vehicle and Equipment Replacement - Fiscal Year 2015	\$ 2,444,674	\$ (72,606)	\$ 2,372,068
VR-16000	Scheduled Vehicle and Equipment Replacement - Fiscal Year 2016	\$ 2,293,348	\$ 127,859	\$ 2,421,207
	Total Vehicle Replacement Fund	\$ 4,738,022	\$ 55,253	\$ 4,793,275

CAPITAL BUDGET REAPPROPRIATIONS

Project ID	Project Title	FY 2017 Funding: Proposed Capital Budget Document	FY 2017 Funding Adjustment	FY 2017 Revised Funding: Proposed Capital Budget Document

Wastewater Collection Fund

WC-10002	Wastewater Collection System Rehabilitation/Augmentation Project 23	\$ -	\$ 100,000	\$ 100,000
WC-11000	Wastewater Collection System Rehabilitation/Augmentation Project 24	\$ -	\$ 7,066	\$ 7,066
WC-12001	Wastewater Collection System Rehabilitation/Augmentation Project 25	\$ -	\$ 369,419	\$ 369,419
WC-13001	Wastewater Collection System Rehabilitation/Augmentation Project 26	\$ -	\$ 130,700	\$ 130,700
WC-14001	Wastewater Collection System Rehabilitation/Augmentation Project 27	\$ -	\$ 498,169	\$ 498,169
WC-15001	Wastewater Collection System Rehabilitation/Augmentation Project 28	\$ 3,183,000	\$ 330,000	\$ 3,513,000
WC-15002	Wastewater System Improvements	\$ 239,000	\$ 53,567	\$ 292,567
WC-80020	Sewer System, Customer Connections	\$ 394,000	\$ 207,439	\$ 601,439
WC-99013	Sewer Lateral/Manhole Rehab/Replacement	\$ 618,000	\$ 145,189	\$ 763,189
	Total Wastewater Collection Fund	\$ 4,434,000	\$ 1,841,549	\$ 6,275,549

Wastewater Treatment Fund

WQ-04011	Facility Condition Assessment and Retrofit	\$ 2,811,765	\$ (303,544)	\$ 2,508,221
WQ-10001	Plant Master Plan	\$ 3,183,417	\$ (333,933)	\$ 2,849,484
WQ-14001	New Dewatering and Loadout Facility	\$ 11,672,744	\$ (1,867,627)	\$ 9,805,117
WQ-80021	Plant Equipment Replacement	\$ 4,835,365	\$ (1,263,710)	\$ 3,571,655
	Total Wastewater Treatment Fund	\$ 22,503,291	\$ (3,768,814)	\$ 18,734,477

Water Fund

WS-07000	Water Regulation Station Improvements	\$ -	\$ 135,541	\$ 135,541
WS-07001	Water Recycling Facilities	\$ 200,000	\$ 193,358	\$ 393,358
WS-08001	Water Reservoir Coating Improvements	\$ -	\$ 320,682	\$ 320,682
WS-08002	Emergency Water Supply Project	\$ -	\$ 271,208	\$ 271,208
WS-09000	Seismic Water System Upgrades	\$ -	\$ 1,881,097	\$ 1,881,097
WS-11000	Water Main Replacement - Project 25	\$ -	\$ 725,386	\$ 725,386
WS-11003	Water Distribution System Improvements	\$ 739,000	\$ 126,582	\$ 865,582
WS-11004	Water System Supply Improvements	\$ 239,000	\$ 17,700	\$ 256,700
WS-12001	Water Main Replacement - Project 26	\$ -	\$ 5,904,489	\$ 5,904,489
WS-13001	Water Main Replacement - Project 27	\$ 5,680,651	\$ 525,565	\$ 6,206,216
WS-13002	Water General Equipment/Tools	\$ 50,000	\$ 20,685	\$ 70,685
WS-13004	Asset Management Mobile Deployment	\$ 82,163	\$ (82,163)	\$ -
WS-15004	Water System Master Plan	\$ -	\$ 155,520	\$ 155,520
WS-80015	Water Meters	\$ 565,000	\$ 252,092	\$ 817,092
	Total Water Fund	\$ 7,555,814	\$ 10,447,742	\$ 18,003,556

GRAND TOTAL	\$ 103,335,665	\$ 21,722,552	\$ 125,058,217

CMR #6932: ATTACHMENT Q

FINANCE COMMITTEE MEETING

5/3/2016

☒ Placed Before Meeting

☐ Received at Meeting

1

City of Palo Alto

MEMORANDUM

TO: Finance Committee

DATE: May 3, 2016

SUBJECT: Fiscal Year 2017 Proposed Operating Budget Replacement Pages

This memorandum transmits replacement pages for the Fiscal Year 2017 Proposed Operating Budget.

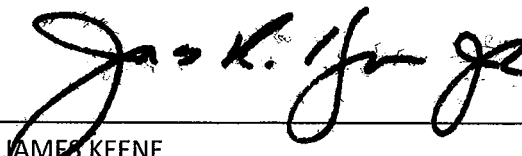
The Citywide Average Salary chart on page 63, in the Citywide Funds Overview section, has been updated to be internally consistent, specifically the Average Salary and Benefits line for each bargaining group and the weighted average of all groups. This is reflected in the replacement page provided. (See **Attachment A**).

Additionally, the Budget Reconciliation chart for the Information Technology Department, on pages 284 and 285, was updated to be internally consistent. The total revenues and expenditures and the total reconciliation of the fund were correct, but the Net Technology Fund column in the table inadvertently contained some errors that persisted through publication. This update is reflected in the replacement page provided. (See **Attachment B**).



DEPARTMENT HEAD:

LALO PEREZ
Director, Administrative Services/CFO



CITY MANAGER:

JAMES KEENE
City Manager

5/3/2016

CITYWIDE FUNDS OVERVIEW

Citywide Average Salary

CATEGORY	Mgmt/ Professional	Utilities Mgmt/ Professional	Fire Chief Association	IAFF	Police Mgmt Association	PAPOA	SEIU	Weighted Average
Citywide Average Salary & Benefits								
Full-Time Equivalent (FTE)	224.35	48.00	5.00	99.00	7.00	83.00	585.75	1,052.10
Percent of City	21.3%	4.6%	0.5%	9.4%	0.7%	7.9%	55.7%	100%
Salary (1)	\$132,796	\$155,920	\$175,005	\$119,381	\$190,906	\$123,945	\$84,435	\$105,553
In-Lieu Holiday	n/a	n/a	n/a	\$4,829	n/a	\$2,420	\$177	\$744
Incentive Pay (2)	n/a	n/a	n/a	\$776	n/a	\$1,154	\$357	\$363
Overtime	n/a	n/a	n/a	\$14,280	n/a	\$13,012	\$4,334	\$4,783
Management Leave (80 Hours)	\$5,108	\$5,997	\$6,731	n/a	\$7,343	n/a	n/a	\$11,772
Pension Employer Portion Misc 28.390%; Safety 43.426%	\$37,701	\$44,266	\$75,998	\$54,276	\$82,903	\$55,377	\$24,123	\$33,878
Pension Employee Portion Paid by City FCA 3.9% (3)	n/a	n/a	\$6,825	n/a	n/a	n/a	n/a	\$32
Medicare	\$1,926	\$2,261	\$2,538	\$1,731	\$2,768	\$1,797	\$1,224	\$1,531
Medical	\$16,416	\$19,602	\$18,675	\$17,398	\$20,317	\$16,642	\$17,091	\$17,084
Dental/Vision	\$2,142	\$2,349	\$2,219	\$2,371	\$2,508	\$2,165	\$2,097	\$2,152
Retiree Medical (4)	\$5,474	\$7,063	\$8,200	\$7,556	\$11,714	\$9,530	\$1,566	\$5,842
Workers' Compensation	\$1,901	\$1,454	n/a	\$3,421	n/a	\$3,603	\$1,258	\$1,778
Life Insurance/LTD/SUI	\$672	\$672	\$672	\$672	\$672	\$672	\$672	\$672
Non-salary Benefits (5)	\$3,567	\$3,210	\$2,647	\$147	\$2,647	\$3,493	\$157	\$1,309
Average Salary and Benefits	\$207,702	\$242,791	\$299,509	\$226,838	\$321,778	\$233,811	\$137,149	\$187,493
Isolate Holiday Pay from Salary Category								
Salary, includes holidays	\$132,796	\$155,920	\$175,005	\$119,381	\$190,906	\$123,945	\$84,435	\$105,553
Holidays (assumes 11 9-hour days)	\$6,321	\$7,421	\$8,330	\$5,682	\$9,086	\$5,899	\$4,019	\$5,024
Salary, excludes holidays	\$126,476	\$148,499	\$166,675	\$113,699	\$118,820	\$118,046	\$80,416	\$100,529
1) Salary is calculated at actual pay rate (base pay and special pays, as applicable) as of February 2016 adjusted for step increases in accordance with applicable Memoranda of Understanding with the City's bargaining groups or pay for performance increases for Management and Professional employees. 2) Incentive pay includes: Fair Labor and Standards Act Charges and Night Shift Differential pay. 3) The City will pay 3.9% of FCA employee pension contributions in accordance with the Memorandum of Understanding. 4) Annual amount incurred for active employees (normal cost only). 5) Non-salary Benefits include professional development for Management, Utilities Management, FCA and PMA; tuition reimbursement for FCA and PMA; and management excess benefit for Management, Utilities Management, FCA and PMA. Does not include administrative fees for General Benefits and Workers' Compensation Funds.								

INFORMATION TECHNOLOGY

Staffing

Job Classification	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Adopted Budget	FY 2017 Proposed Budget	FY 2017 Change \$	FY 2017 Salary
Manager Information Technology Security	1.00	1.00	1.00	1.00	—	141,855
Principal Business Analyst	—	—	1.00	1.00	—	137,113
Principal Management Analyst	1.00	1.00	—	—	—	—
Senior Business Analyst	2.00	—	2.00	2.00	—	250,701
Senior Management Analyst	—	2.00	1.00	1.00	—	114,940
Senior Technologist	12.00	13.50	15.00	16.00	1.00	1,975,109
Technologist	4.00	2.00	2.00	1.00	(1.00)	116,262
Sub-total: Full-Time Equivalent Positions	32.20	31.70	34.10	35.10	1.00	4,211,546
Temporary/Hourly	1.96	1.96	1.48	0.98	(0.50)	171,222
Total Positions	34.16	33.66	35.58	36.08	0.50	4,382,768

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Technology Fund
Prior Year Budget	35.58	20,481,617	14,907,317	5,574,300
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Council Chamber Recording Equipment	—	(350,000)	(187,145)	(162,855)
Enterprise Resource Planning System Selection	—	(250,000)	—	(250,000)
IT Service Management System	—	(200,000)	—	(200,000)
Docusign First Year Costs	—	(24,500)	(13,100)	(11,400)
Pitney Bowes Utility Bill Printing Upgrade	—	(12,000)	—	(12,000)
Utilities Customer Service Bill Improvements	—	—	(243,000)	243,000
Capital Improvement Project Funding	—	(5,160,457)	—	(5,160,457)
Restoration of Prior Year One-time deletions	—	50,000	—	50,000
One-Time Prior Year Expenditures and Revenues	—	(5,946,957)	(443,245)	(5,503,712)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	0.50	362,132	—	362,132
Capital Improvement Funding Adjustments	—	3,374,732	1,140,912	2,233,820
Application Replacement and Maintenance	—	197,557	—	197,557

INFORMATION TECHNOLOGY

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Technology Fund
Telecommunication Services	—	16,600	—	16,600
Infrastructure Replacement and Maintenance	—	41,877	—	41,877
Rental Expense Adjustment	—	8,907	—	8,907
Desktop Replacement and Maintenance	—	(40,120)	—	(40,120)
Enterprise Systems Service and Maintenance	—	(20,357)	—	(20,357)
Administrative Services Department Staffing Alignment	—	(6,563)	—	(6,563)
General Fund Administrative Cost Plan Allocated Charges Adjustments	—	24,359	—	24,359
General Liability Insurance Allocated Charges Adjustments	—	(35,336)	—	(35,336)
Printing and Mailing Allocated Charges Adjustment	—	(390)	—	(390)
Utilities Allocated Charges Adjustments	—	3,062	—	3,062
Vehicle Allocated Charges Adjustments	—	4,051	—	4,051
Charges to Other Funds - Information Technology Services	—	—	551,952	(551,952)
Transfers to Other Funds	—	(37,410)	—	(37,410)
Information Technology Surcharge Revenue	—	—	69,126	(69,126)
Adjustments to Costs of Ongoing Activities	0.50	3,893,101	1,761,990	2,131,111
Total FY 2017 Base Budget	36.08	18,427,761	16,226,062	2,201,699
Budget Adjustments				
1 SAP Consultant for Human Resources	—	125,000	—	125,000
2 Data Center Failover Redundancy	—	120,000	—	120,000
3 Accela Enhancements	—	100,000	—	100,000
4 HelpDesk Desktop Staffing	—	59,024	59,024	—
5 Project Management Application Pilot	—	50,000	—	50,000
6 Annual Security Testing	—	35,000	35,000	—
7 Information Technology Operations Staffing	—	20,331	20,331	—
Total Budget Adjustments	—	509,355	114,355	395,000
Total FY 2017 Proposed Budget	36.08	18,937,116	16,340,417	2,596,699

City of Palo Alto

MEMORANDUM

TO: Finance Committee

DATE: May 10, 2016

SUBJECT: Additional Information Pertaining to the Fiscal Year 2017 Proposed Operating Budget

This memorandum transmits additional information requested by the Finance Committee and/or provided at staff's behest in regards to the Fiscal Year 2017 Proposed Operating Budget.

Community Services HSRAP Allocations (Finance Committee Budget Hearing May 5th; Agenda Item #5)

At the May 5th Finance Committee meeting, the Committee inquired about Human Services Resource Allocation Process (HSRAP). Below are details about the programs funding history, funding cycle, and reserve funding.

HSRAP Funding Cycle

HSRAP funding is allocated to a limited number of approved organizations on a two-year cycle. The current grant cycle is from July 1, 2015 – June 30, 2017, therefore FY 2017 will be year two of the current cycle. Year two funding levels are not guaranteed, but have historically been allocated at the same level as the previous year, unless a CPI is approved or a funding reduction is proposed as part of a city-wide budget shortfall.

Total funding for FY 2016 is \$436,659 and 14 agencies are receiving funding. The total funding requested at the beginning of this current cycle was \$617,855. Only one agency's request for \$500,000 (more than the total HSRAP funding available in FY 2016) was denied, as the request was to provide a similar service to one that Stanford law students are providing local agencies pro-bono at this time.

HSRAP Funding History

Please see below for HSRAP funding history for the last three HSRAP cycles (two years each – FY 2012 and FY 2013, FY 2014 and FY 2015, FY 2016 and FY 2017). Note that totals do not include funding for Avenidas and Palo Alto Community Child Care during that time in order to provide a more accurate comparison to the current funding amount.

Historical HSRAP Funding Levels

FY 2012	FY 2013	FY 2014	FY2015	FY2016	FY2017
\$292,558	\$300,737	\$348,163	\$425,594	\$436,659	\$448,013
	2.8%	15.8%	22.2%	2.6%	2.6%

During the Fiscal Year 2014 HSRAP allocation discussion, the Human Relations Commission (HRC) reported that in order to fund two more agencies it needed to recommend cutting all agencies 5% across the board (except for Avenidas & PACCC) to free up funding to allocate to the new agencies. The Finance Committee was not supportive of this approach and through a series of discussions with the Finance Committee and with the full City Council, an increase of 7.1% across the board (including Avenidas & PACCC), plus additional funding to include three new grantees was approved, resulting in a year-over-year increase of 15.8%.

During the Fiscal Year 2015 budget allocation discussion for the HSRAP program, the HRC brought to the attention of the Finance Committee the fact that HSRAP used to receive a regular CPI increase until 2003 when it was temporarily suspended (never to be reinstated) and that funding was further reduced in 2007 and 2009. By FY 2015 funding levels were virtually the same as FY 2005. The Council responded by instituting a 2.6% (CPI) increase across the board plus an additional \$68,000 to be awarded as part of an additional allocation process to address unmet and emergency needs. A \$50,000 HSRAP Reserve fund was also created, as discussed below.

For the Fiscal Year 2016 and Fiscal Year 2017 funding cycle, a 2.6 percent CPI was assessed over the FY 2015 allocation in each year of the cycle.

In regards to comparing whether Palo Alto is doing more or less than comparable cities, this is difficult to do as each city invests in a unique mix of human services, some with general fund dollars, some with Community Development Block Grant Funding, and some both. It should be noted that Palo Alto funds non-HSRAP general fund human services expenditures such as senior services, child care subsidies, mediation services, a special contract for outreach to the homeless in downtown Palo Alto and a special contract with the County of Santa Clara for case management and housing subsidies for homeless individuals.

HSRAP Reserve Fund

As discussed above, the City Council authorized the creation of a HSRAP Reserve Fund on June 16, 2014. The Reserve had an initial investment of \$50,000 with the option that future City Councils could add additional funding. It was stated that utilization of the Reserve Fund would be strictly under the auspices of the City Council in order to assist with any funding shortfalls for HSRAP in the future. Thus, Council could utilize the Reserve Fund rather than decrease funding for HSRAP. To date, the fund has not been utilized and no additional funding has been added to the reserve. Staff is recommending that Council consider expanding the use of the HSRAP Reserve Fund to also address the following:

- To provide one-time funding to current HSRAP grantees to address an emerging or emergency need that was not evident or at a level of crisis during the original funding period. (HSRAP year one or two)
- To provide one-time funding to a non-HSRAP nonprofit organization in the community to address an existing critical need for which normal funding is no longer available and for which a demonstrated human consequence will occur if funding is not obtained. (Non-HSRAP grantees)

If approved, a final and more detailed funding request process, including scope, criteria, and eligibility would be drafted by staff, with the assistance of the HRC, and submitted for review and approval by Council. Staff envisions a review and recommendation role for the HRC similar to their involvement in the HSRAP process. If approved, staff in the Community Service Department's Office of Human Services, would provide process oversight and management. In addition, if this expansion is approved, staff would

request an additional allocation through the FY 18 budget process to replenish the HSRAP Reserve Fund to a pre-designated minimum balance if any spending from the reserve occurred during FY 17.

Avenidas & Palo Alto Community Child Care (PACCC)

For clarification, Avenidas and PACCC are no longer part of the HSRAP process. They were removed, at their own request, starting with the FY16 budget year. They are now a direct service contractor with the City (term is July 1, 2015 – June 30, 2020) and their compensation was negotiated as part of the contract approval process. There is no CPI language in their contracts and an increase was not part of the motion when their contracts were approved. There is general contract language in the compensation section of their contracts that reads “The parties agree that the amount of compensation for the second through the fifth contract years may be adjusted up or down, depending on availability of funds.” They were given a 2.6% CPI as part of FY16 budget process because Council wanted to provide them parity with the HSRAP grantees. That CPI was also applied in the development of the Fiscal Year Proposed Operating Budget 2017 to continue to provide parity.

Community Services Staffing by Division (Finance Committee Budget Hearing May 5th; Agenda Item #5)

At the May 5th Finance Committee meeting, the Committee inquired about the net addition of 2.80 positions, when only 1.93 positions were detailed as part of the budget adjustments. Through the base budget process, an additional 0.87 FTE (0.77 FTE part-time, and 0.10 full-time) was added to the CSD Budget, resulting in a net increase of 2.80 positions from the Fiscal Year 2016 Adopted Operating Budget to the Fiscal Year 2017 Proposed Operating Budget. This increase is primarily a correction to the FY 2016 Adopted Budget, which allocated funding for temporary salaries without identifying the associated hourly FTE equivalent. Therefore, these transactions, which are identified as “Corrections” in the table below, did not impact funding levels, rather more accurately reflected the budgeted funding as temporary FTE. A reconciliation of all FTE changes are detailed in the table on the following page.

FTE Reconciliation for Community Services Department

Action	FTE Change
Base Budget FTE Changes	
Arts and Science Staffing Correction	0.49
Custodial Staffing Correction	0.96
Middle School Athletics Staffing Correction	0.28
Hourly Consolidation and Staffing Alignment	(0.57)
Project Manager (added through CMR 6401)	0.10
MakeX Reallocation from Library	0.48
Human Services Staffing Alignment	(0.02)
Youth Community Services Staffing Alignment	(0.85)
Base Budget Sub-Total:	0.87
Proposed Budget FTE Changes	
CSD Service Delivery Enhancements	0.68
Open Space Technicians	0.96
Bryant Street Garage Program Staffing	0.29
Proposed Budget Sub-Total:	1.93
Grand Total:	2.80

The positions by division chart that appears on page 212 of the Proposed Operating Budget represents these changes, as well as any staffing realignments made to move positions between divisions within the department. The change of 1.25 FTE in the Arts and Science Division from FY 2016 Adopted to FY 2017 Proposed represents the Children's Theater Correction, the CSD Service Delivery Enhancements, and net changes between divisions to consolidate and align staffing with service delivery in the department.

The FY 2016 Adopted Budget in this column is overstated by 0.1 FTE in the Open Space, Parks and Golf division due to the inadvertent inclusion of the 0.1 Project Manager position that was added as part of CMR 6401, as seen in the table above. This table will be corrected as part of the production of the Fiscal Year 2017 Adopted Operating Budget.

Retiree Healthcare Actuarial Analysis

(Finance Committee Budget Hearing May 10th; Agenda Item #3)

Consistent with past practice, the City contracts with Bartel Associates, LLC ("Bartel") for an annual actuarial valuation of the retiree healthcare plan. Attached is the City of Palo Alto Retiree Healthcare Plan June 30, 2015 BASB 45 Actuarial Valuation Results (Attachment – A). This document provides details regarding the benefit summary, participant statistics, actuarial assumptions, results of the analysis, and much more detail as outlined in the Table of Contents on the first page of the attachment. Mr. Bartel will provide a brief presentation to review the highlights of this report at the May 10th Finance Committee meeting followed by a summary of the implications on the FY 2017 Proposed Budget provided by staff.

Storm Drain Oversight Committee Findings

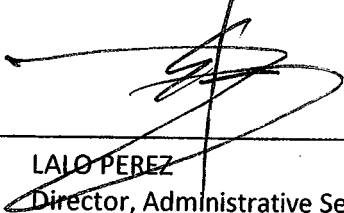
(Finance Committee Budget Hearing May 12th; Agenda Item #3.c)

The following materials are provided to inform the Finance Committee's review of the Storm Drainage Fund Fiscal Year 2017 Proposed Budget on Thursday, May 12th item #3.c:

April 19, 2016 staff report recommending that Council approve a 3.2% rate increase in the Storm Drainage Fee, consistent with the applicable Consumer Price Index, increasing the monthly charge per Equivalent Residential Unit by \$0.40, from \$12.63 to \$13.03 for Fiscal Year 2017. (Attachment – B)

May 4, 2016 memo from the Storm Drain Oversight Committee documenting its finding that the proposed Fiscal Year 2017 Storm Drainage Fund budget is consistent with the provisions of the 2005 storm drain funding ballot measure approved by property owners. (Attachment – C)

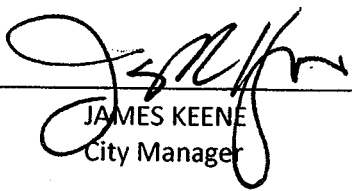
DEPARTMENT HEAD:



LALO PEREZ

Director, Administrative Services/CFO

CITY MANAGER:



JAMES KEENE

City Manager

5/10/2016



CITY OF PALO ALTO
RETIREE HEALTHCARE PLAN

June 30, 2015
 GASB 45 Actuarial Valuation
 Results

John E. Bartel, President
 Mary Beth Redding, Vice President & Actuary
 Deanna Van Valer, Assistant Vice President & Actuary
 Adam Zimmerer, Actuarial Analyst
Bartel Associates, LLC

May 9, 2016

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BENEFIT SUMMARY

■ Eligibility	■ Retire directly from the City under CalPERS (age 50 ¹ and 5 years of CalPERS service or disability)
■ Medical Provider	■ CalPERS health plans (PEMHCA) ■ CalPERS administrative fees paid by City
■ Retiree Medical Hired < 1/1/04 (1/1/05 SEIU, 1/1/06 PAPOA)	■ GROUP 1: Retired < 1/1/07 (3/1/09 for PAPOA) • Full premium up to family coverage ■ GROUP 2: Retired between 1/1/07 (3/1/09 for PAPOA) and 5/1/11 (12/1/11 IAFF, 6/1/12 PMA, 4/1/15 PAPOA) • Same as above but premium limited to 2 nd most expensive Basic (non-Medicare) medical plan in the Bay Area Region (Blue Shield NetValue in 2015, Blue Shield in 2016)

¹ Age 52 for Miscellaneous New Hires under PEPR



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BENEFIT SUMMARY

■ Retiree Medical Hired < 1/1/04 (1/1/05 SEIU, 1/1/06 PAPOA) (continued)	■ GROUP 3: Retired ≥ 5/1/11 (12/1/11 IAFF, 5/1/12 FCA, 6/1/12 PMA, 4/1/15 PAPOA) • UTLM; FCA; PMA retired prior to 1/11/16; IAFF retired prior to 4/1/16: 90% of premium up to 90% of Group 2 cap • PAPOA retired prior to 4/1/15 get 100% (same as Group 2) • SEIU retired prior to 4/1/16; Mgmt/Conf; & any IAFF/SEIU not electing Group 4²: limited to flat dollar caps same as active contribution (for Mgmt/Conf, commences for payments beginning after 1/1/15) <table><tr><td></td><td><u>2015</u></td><td><u>2016</u></td><td><u>2017</u></td><td><u>2018</u></td></tr><tr><td>Single</td><td>\$ 708</td><td>\$ 743</td><td>\$ 773</td><td>\$ 804</td></tr><tr><td>2-Party</td><td>1,415</td><td>1,485</td><td>1,544</td><td>1,606</td></tr><tr><td>Family</td><td>1,840</td><td>1,931</td><td>2,008</td><td>2,088</td></tr></table> ■ One-time irrevocable election for current active employees of PAPOA, PMA, IAFF, & SEIU to opt into Group 4 • All active Group 3 PAPOA & PMA elected into Group 4³ • All active Group 3 IAFF & SEIU assumed to elect into Group 4		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	Single	\$ 708	\$ 743	\$ 773	\$ 804	2-Party	1,415	1,485	1,544	1,606	Family	1,840	1,931	2,008	2,088
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>																	
Single	\$ 708	\$ 743	\$ 773	\$ 804																	
2-Party	1,415	1,485	1,544	1,606																	
Family	1,840	1,931	2,008	2,088																	

² IAFF & SEIU elections not yet held. All Group 3 members assumed to elect into Group 4, same as PAPOA and PMA.

³ PAPOA & PMA members who did not elect into Group 4 would have switched to active contribution dollar caps.



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BENEFIT SUMMARY

■ Retiree Medical Hired ≥ 1/1/04 (1/1/05 SEIU, 1/1/06 PAPOA) & All Current Active PAPOA, PMA, SEIU & IAFF⁴	■ GROUP 4: Government Code §22893 “Vesting Schedule” (based on all CalPERS Service)⁵: <table><tr><td><u>Years of Service</u></td><td><u>%</u></td></tr><tr><td>< 10</td><td>0%</td></tr><tr><td>10</td><td>50%</td></tr><tr><td>↓</td><td>↓</td></tr><tr><td>≥ 20</td><td>100%</td></tr></table> ■ 100% vesting for disability retirements ■ Vesting applies to 100/90 formula amounts, which are the maximum amounts payable by the City (retirees pay any difference between these amounts and actual premiums): <table><tr><td></td><td><u>2015</u></td><td><u>2016</u></td></tr><tr><td>Single</td><td>\$ 655</td><td>\$ 705</td></tr><tr><td>2-Party</td><td>1,246</td><td>1,343</td></tr><tr><td>Family</td><td>1,605</td><td>1,727</td></tr></table> ■ If have 20 years City service do not need to retire directly from City	<u>Years of Service</u>	<u>%</u>	< 10	0%	10	50%	↓	↓	≥ 20	100%		<u>2015</u>	<u>2016</u>	Single	\$ 655	\$ 705	2-Party	1,246	1,343	Family	1,605	1,727
<u>Years of Service</u>	<u>%</u>																						
< 10	0%																						
10	50%																						
↓	↓																						
≥ 20	100%																						
	<u>2015</u>	<u>2016</u>																					
Single	\$ 655	\$ 705																					
2-Party	1,246	1,343																					
Family	1,605	1,727																					

⁴ As of the date of this valuation, SEIU and IAFF have not yet held the individual elections, but all members are assumed to elect into Group 4, same as both PAPOA and PMA.

⁵ Minimum 5 years City Service.



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BENEFIT SUMMARY

■ Dental, Vision & Medicare Part B	■ None			
■ Surviving Spouse Benefit	■ 100% of retiree benefit continues to surviving spouse if retiree elects CalPERS pension survivor allowance			
■ Waived Re-election	■ Waived retirees/beneficiaries may re-elect coverage at a future date			
■ Pay-As-You-Go (\$000s)	Fiscal		Implied	
	<u>Year</u>	<u>Cash</u>	<u>Subsidy</u>	<u>Total</u>
	2014/15	\$ 8,995	\$ 1,916	\$ 10,911
	2013/14	7,317	-	7,317
	2012/13	8,766	-	8,766
	2011/12	8,165	-	8,165
	2010/11	6,216	-	6,216
	2009/10	5,519	-	5,519



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BENEFIT SUMMARY

Changes to Benefits Since Prior Valuation

Group	Prior Benefit	Current Benefit
■ GROUP 3 Mgmt/Conf (eff 1/1/15)	■ 90% of premium limited to 2 nd most expensive Basic (non- Medicare) medical plan in the Bay Area Region	■ Same as SEIU GROUP 3: 100% of premium limited to fixed dollar caps (subject to change beginning 2016)
■ GROUP 3 PAPOA (eff 4/1/15)	■ Same as GROUP 2 benefit: Full premium limited to 2 nd most expensive Basic (non- Medicare) medical plan in the Bay Area Region	■ All active members elected to have GROUP 4 benefit: Vesting schedule applied to 100/90 formula amounts (additional detail on slide 3)
■ GROUP 3 PMA (eff 1/11/16)	■ 90% of premium limited to 2 nd most expensive Basic (non- Medicare) medical plan in the Bay Area Region	■ All active members elected to have GROUP 4 benefit: Vesting schedule applied to 100/90 formula amounts (additional detail on slide 3)



BENEFIT SUMMARY

■ GROUP 3 IAFF (eff 4/1/16)	■ 90% of premium limited to 2 nd most expensive Basic (non- Medicare) medical plan in the Bay Area Region	■ Assume all active members elect into GROUP 4 benefit. Vesting schedule applied to 100/90 formula amounts (additional detail on slide 3)
■ GROUP 3 SEIU (eff 4/1/16)	■ Premium limited to active contribution flat dollar caps	■ Assume all active members elect into GROUP 4 benefit. Vesting schedule applied to 100/90 formula amounts (additional detail on slide 3)



BENEFIT SUMMARY

Monthly Benefit Cap Amounts

Group	2015			2016		
	Single	2-Party	Family	Single	2-Party	Family
Group 1 ⁶	\$928.87	\$1,857.74	\$2,415.06	\$1,033.86	\$2,067.72	\$2,688.04
Group 2	870.60	1,741.20	2,263.56	1,016.18	2,032.36	2,642.07
Group 3 ⁷	783.54	1,567.08	2,037.20	914.56	1,829.12	2,377.86
Group 3 Flat ⁸	708.00	1,415.00	1,840.00	743.00	1,485.00	1,931.00
Group 4 ⁹	655.00	1,246.00	1,605.00	705.00	1,343.00	1,727.00
% Decrease from Group 1 (assumes Group 1 is in most expensive plan)						
Group 2	6%	6%	6%	2%	2%	2%
Group 3	16%	16%	16%	12%	12%	12%
Group 3 Flat	24%	24%	24%	28%	28%	28%
Group 4	29%	33%	34%	32%	35%	36%

⁶ No cap for Group 1. Amount shown is most expensive Non-Medicare Bay Area region premium.

⁷ For FCA and UTLM only. All active Group 3 PAPOA, PMA and IAFF members assumed to elect Group 4.

⁸ For Mgmt/Conf only. All active SEIU Group 3 members assumed to elect Group 4.

⁹ Assuming 20 years of service/100% vesting.



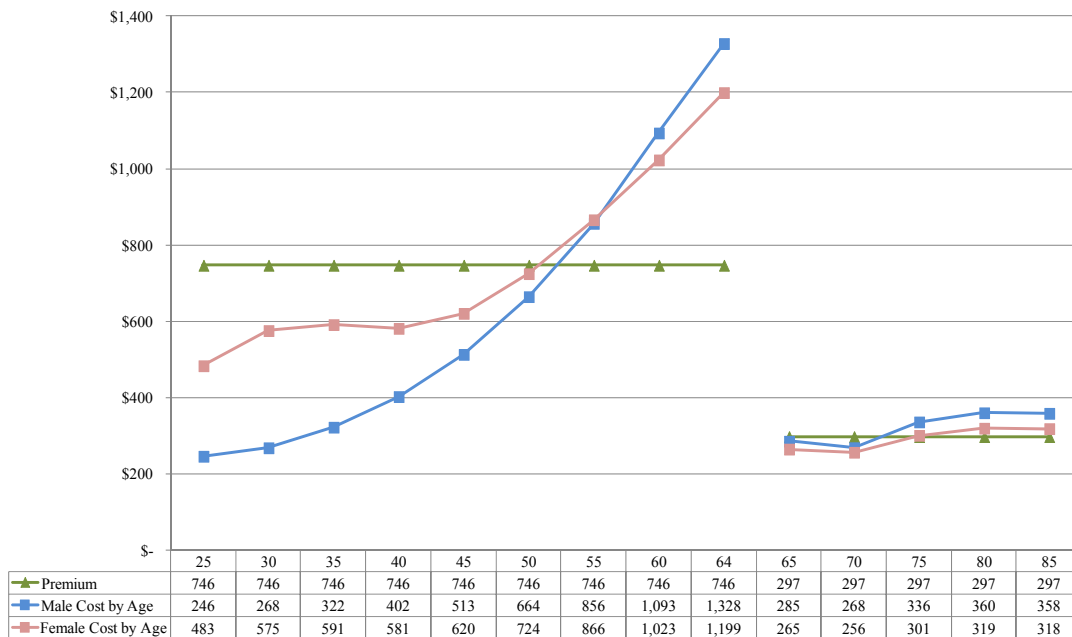
BENEFIT SUMMARY

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IMPLIED SUBSIDY

- For PEMHCA, employer cost for allowing retirees to participate at active rates.
 - Kaiser Bay Area plan:



- The City included the implied subsidy beginning with the June 30, 2013 valuation.



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IMPLIED SUBSIDY

Estimated 2016/17 Implied Subsidy Transfer Illustration

(Amounts in 000's)

Before	Actives	Retirees	Total
■ Total Premiums ¹⁰	\$ 16,486	\$ 11,042	\$ 27,528
■ Participant Contributions ¹¹	-	(620)	(620)
■ City Contributions	16,486	10,422	26,908

After	Actives	Retirees	Total
■ Total Premiums	\$ 16,486	\$ 11,042	\$ 27,528
■ Participant Contributions	-	(620)	(620)
■ Implied Subsidy Transfer	(2,203)	2,203	-
■ City Contributions	14,283	12,625	26,908

¹⁰ Estimated premiums based on the 6/30/15 participant data.

¹¹ Assumes City pays full active participant premiums.



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PARTICIPANT STATISTICS

Participant Statistics

	6/30/09 ¹²	6/30/11	6/30/13	6/30/15
■ Actives				
• Count	955	923	948	955
• Average Age	45.3	44.7	45.2	45.3
• Average City Service	11.2	10.8	10.8	10.8
• Average PERS Service		13.7	11.7	11.9
• Average Salary	\$103,602	\$86,007	\$86,271	\$91,714
• Total Salary (000's)	\$98,940	\$79,384	\$81,785	\$87,586
■ Retirees:				
• Count	710	860	968	1,007
• Average Age	67.2	67.0	68.2	68.9
• Average Retirement Age				
o Service	n/a	55.5 ¹³	57.8	57.7
o Disability	n/a	n/a	45.3	45.6

¹² From 1/1/09 Milliman report

¹³ All retirements included. Disability retirement data unreliable.

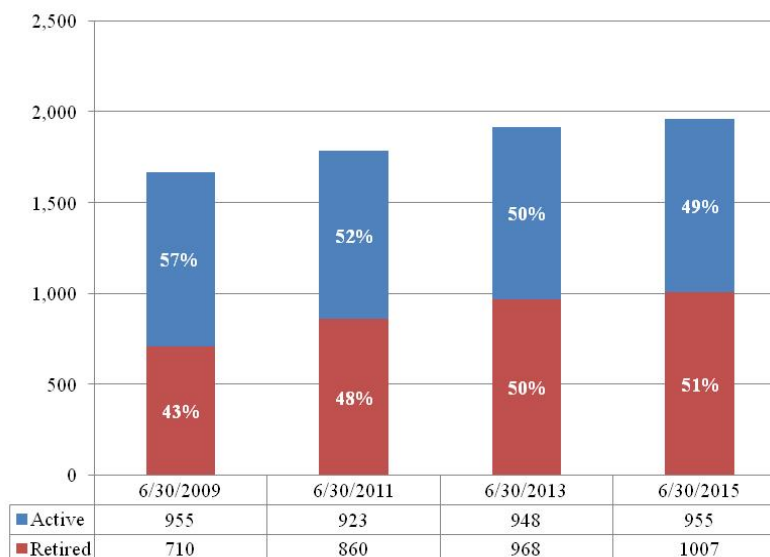


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PARTICIPANT STATISTICS

Historical Active and Retiree Counts¹⁴



¹⁴ Retiree count is subscribers: retirees and surviving spouses



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PARTICIPANT STATISTICS

Participant Statistics

June 30, 2015

	Group 1	Group 2	Group 3	Group 4 ¹⁵	Total
■ Actives					
• Count	n/a	n/a	107	848	955
• Average Age	n/a	n/a	52.0	44.5	45.3
• Average Entry Age	n/a	n/a	32.6	34.8	34.5
• Average City Service	n/a	n/a	19.4	9.7	10.8
• Average PERS Service	n/a	n/a	20.2	10.9	11.9
• Average Salary	n/a	n/a	\$129,385	\$ 86,960	\$ 91,714
• Total Salary (000's) ¹⁶	n/a	n/a	\$ 13,844	\$ 73,742	\$ 87,586
■ Retirees ¹⁷ :					
• Count	598	307	92	10	1,007
• Average Age	73.8	63.0	57.5	62.3	68.9
• Avg Service Ret Age	57.8	58.0	56.6	60.0	57.7
• Avg Disability Ret Age	45.4	46.7	44.9	50.0	45.6

¹⁵ Includes Group 3 PAPOA & PMA (elected Group 4 benefits) and Group 3 IAFF & SEIU (assumed to elect Group 4).

¹⁶ Actual 2014/15 pay paid for those hired < 7/1/14. New hire pay is annualized.

¹⁷ Includes retirees who have waived coverage.



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PARTICIPANT STATISTICS

Participant Statistics

June 30, 2013

	Group 1	Group 2	Group 3 ¹⁸	Group 4	Total
■ Actives					
• Count	n/a	n/a	518	430	948
• Average Age	n/a	n/a	49.1	40.6	45.2
• Average Entry Age	n/a	n/a	32.0	35.4	33.5
• Average City Service	n/a	n/a	16.5	4.0	10.8
• Average PERS Service	n/a	n/a	17.1	5.2	11.7
• Average Salary	n/a	n/a	\$92,284	\$79,027	\$86,271
• Total Salary (000's) ¹⁹	n/a	n/a	\$47,803	\$33,982	\$81,785
■ Retirees ²⁰ :					
• Count	617	308	34	9	968
• Average Age	72.6	61.0	56.0	56.1	68.2
• Avg Service Ret Age	57.9	58.0	55.7	57.5	57.8
• Avg Disability Ret Age	45.2	46.8	47.5	31.1	45.3

¹⁸ Group 3 PAPOA have Group 2 benefits

¹⁹ Actual 2012/13 pay paid for those hired < 7/1/12. New hire pay is annualized.

²⁰ Includes retirees who have waived coverage.



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PARTICIPANT STATISTICS

Data Reconciliation
6/30/2013 to 6/30/2015

	Actives	Retirees	Disabled	Benefic.	Total
■ June 30, 2013	948	702	180	86	1,916
• New Hires/Rehires	158	-	-	-	158
• Disabled	(3)	-	3	-	-
• Terminated ²¹	(93)	-	-	-	(93)
• Died with Benefic. ²²	-	(10)	-	10	-
• Died, no Beneficiary	-	(22)	(6)	(6)	(34)
• Retired	(56)	56	-	-	-
• Reinstatement	1	(1)	-	-	-
• Retired ⇔ Disabled	-	(1)	1	-	-
• Adjustment/Other	<u>-</u>	<u>4</u>	<u>2</u>	<u>9</u>	<u>15</u>
■ June 30, 2015	955	728	180	99	1,962

²¹ All actives in June 30, 2013 valuation and not in June 30, 2015 valuation assumed terminated.

²² Retirees in the June 30, 2013 valuation not in the June 30, 2015 valuation assumed deceased.



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PARTICIPANT STATISTICS

Medical Plan Participation – June 30, 2015

Medical Plan ²⁴	Actives		Retirees ²³					
			< 65		≥ 65		Total	
Miscellaneous/Safety	M	S	M	S	M	S	M	S
Anthem Select	5%	1%	1%	0%	0%	0%	0%	0%
Anthem Traditional	17%	16%	10%	16%	1%	0%	5%	9%
Blue Shield	9%	4%	22%	6%	27%	16%	25%	11%
Blue Shield NetValue	2%	4%	1%	3%	0%	0%	0%	2%
Kaiser	44%	33%	27%	20%	31%	34%	29%	26%
PERS Choice	13%	2%	30%	2%	23%	6%	26%	4%
PERS Select	0%	0%	1%	0%	0%	0%	1%	0%
PERSCare	2%	1%	4%	3%	15%	32%	10%	16%
PORAC	1%	34%	1%	47%	1%	12%	1%	32%
UnitedHealthcare	8%	6%	4%	3%	1%	0%	2%	2%
Total	100%	100%	100%	100%	100%	100%	100%	100%

²³ Under 65 only includes employees who retired on or after June 30, 2008; over 65 only includes retirees up to age 72.

²⁴ All Anthem and Blue Shield Medicare retirees are assumed to switch to UnitedHealthcare in 2016 when their current plans are no longer offered.



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Valuation Date	■ June 30, 2013 ■ Fiscal Years 2014/15 & 2015/16 ARCs (end of year) ■ 1 year lag	■ June 30, 2015 ■ GASB 45 ARC for Fiscal Year 2016/17. ADC ²⁵ for Fiscal Year 2017/18. (end of year) ■ 1 year lag
■ Funding Policy	■ Full Pre-funding through CalPERS trust (CERBT) asset allocation #1	■ Same
■ Discount Rate	■ 7.61% (no Margin for Adverse Deviation)	■ 7.25%, net of expenses based on CERBT Fund 1
■ Payroll Increases	■ Aggregate Increases – 3.25% ■ Merit Increases – CalPERS 1997-2007 Experience Study	■ Aggregate Increases – 3.25% ■ Merit Increases – CalPERS 1997-2011 Experience Study

²⁵ Actuarially Determined Contribution



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation	June 30, 2015 Valuation																																																																		
■ Medical Trend	<table> <tr> <th></th><th colspan="2">Increase from Prior Year</th></tr> <tr> <th>Year</th><th>Non-Medicare</th><th>Medicare</th></tr> <tr> <td>2013</td><td colspan="2">Premiums</td></tr> <tr> <td>2014</td><td colspan="2">Premiums</td></tr> <tr> <td>2015</td><td>8.0%</td><td>8.3%</td></tr> <tr> <td>2016</td><td>7.5%</td><td>7.8%</td></tr> <tr> <td>2017</td><td>7.0%</td><td>7.2%</td></tr> <tr> <td>2018</td><td>6.5%</td><td>6.7%</td></tr> <tr> <td>2019</td><td>6.0%</td><td>6.1%</td></tr> <tr> <td>2020</td><td>5.5%</td><td>5.6%</td></tr> <tr> <td>2021+</td><td>5.0%</td><td>5.0%</td></tr> </table>		Increase from Prior Year		Year	Non-Medicare	Medicare	2013	Premiums		2014	Premiums		2015	8.0%	8.3%	2016	7.5%	7.8%	2017	7.0%	7.2%	2018	6.5%	6.7%	2019	6.0%	6.1%	2020	5.5%	5.6%	2021+	5.0%	5.0%	<table> <tr> <th></th><th colspan="2">Increase from Prior Year</th></tr> <tr> <th>Year</th><th>Non-Medicare</th><th>Medicare</th></tr> <tr> <td>2013</td><td colspan="2">n/a</td></tr> <tr> <td>2014</td><td colspan="2">n/a</td></tr> <tr> <td>2015</td><td colspan="2">Premiums</td></tr> <tr> <td>2016</td><td colspan="2">Premiums</td></tr> <tr> <td>2017</td><td>7.0%</td><td>7.2%</td></tr> <tr> <td>2018</td><td>6.5%</td><td>6.7%</td></tr> <tr> <td>2019</td><td>6.0%</td><td>6.1%</td></tr> <tr> <td>2020</td><td>5.5%</td><td>5.6%</td></tr> <tr> <td>2021+</td><td>5.0%</td><td>5.0%</td></tr> </table>		Increase from Prior Year		Year	Non-Medicare	Medicare	2013	n/a		2014	n/a		2015	Premiums		2016	Premiums		2017	7.0%	7.2%	2018	6.5%	6.7%	2019	6.0%	6.1%	2020	5.5%	5.6%	2021+	5.0%	5.0%
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2021+	5.0%	5.0%																																																																		
■ Increase to Dollar Caps for SEIU Group 3	■ ½ of Medical Trend, not less than assumed inflation (3.0%) ²⁶	■ Same ■ Now also applies to Mgmt/Conf Group 3																																																																		
■ Participation at Retirement	■ Group 3: 90% ■ Group 4: 85%	■ Groups 3 & 4: 90% ■ Based on Plan Experience ²⁷																																																																		

²⁶ Increase is for purposes of financial projection only and does not imply any obligation to increase the cap in the future.

²⁷ Actual participation percentages for Group 3 since 6/30/13 are 73% Miscellaneous and 93% Safety, or 78% overall. We recommend continued monitoring but do not update this year. Group 4 has very little actual experience, but those with less than 10 years service will receive no benefit at all (assumption applies only to those with more than 10 years service).



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Retirement, Mortality, Termination, Disability	■ CalPERS 1997-2007 Experience Study ■ Mortality improvement projection Scale AA <u>Misc</u> Tier 1 2.7%²⁸@55 Exp. RA 59.3 Tier 2 2%²⁹@60 Exp. RA 61.1 PEPPRA³¹ 2.5%³¹@67 Exp. RA 61.0 <u>Fire & Police</u> 3%³⁰@50 55.7 & 54.5 3%³⁰@55 n/a & 59.7 2.7%³⁰@57 n/a & 56.8	■ CalPERS 1997-2011 Experience Study ■ Mortality improvement Scale MP-14 modified to converge to ultimate mortality improvement rate in 2022 <u>Misc</u> Tier 1 2.7%²⁸@55 Exp. RA²⁵ 58.6 Tier 2 2%²⁹@60 Exp. RA 60.9 PEPPRA²⁸ 2.5%³¹@67 Exp. RA 60.9 <u>Fire & Police</u> 3%³⁰@50 56.7 & 55.0 3%³⁰@55 n/a & 57.3 2.7%³⁰@57 n/a & 57.7

²⁸ Retirement Age

²⁹ Applies to non-PEPPRA (Classic) employees hired after 7/17/2010

³⁰ Applies to non-PEPPRA (Classic) Police employees hired after 12/7/2012 and Fire employees hired after 6/7/2012

³¹ Applies to employees hired after 1/1/2013 and considered "New Members" under PEPPRA



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Medical Plan at Retirement & Retirees Attaining age 65	■ Rates based on elections in January 2014 (see slide E-39 for further details)	■ Rates based on elections in June 2015 and January 2016 (see slide E-39 for further details)
■ Family Coverage at Retirement	■ Actives • Misc : 15% until age 65 • Safety : 40% until age 65 ■ Retirees: based on current elections until age 65	■ Same ■ Based on Plan Experience
■ Waived Retiree Re-election	■ Pre-65 – 20% re-elect at age 65 ■ Post-65 – 0%	■ Same
■ ACA Excise Tax	■ N/A	■ Estimate by 2% load on cash subsidy



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Basis for Assumptions	■ No experience study performed for this plan ■ CalPERS experience studies used, since covered employees are also in CalPERS plans. ■ Mortality improvement is the most recent Society of Actuaries table, modified slightly as, in our estimate, appropriate for application to CalPERS base mortality table ■ Inflation based on our estimate for the Plan's very long time horizon. ■ Age-based claims are based on Society of Actuaries publications.	



ACTUARIAL METHODS

Method	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Cost Method	■ Entry Age Normal Level % of Pay	■ Same
■ Unfunded Liability Amortization	■ 30 years closed period	■ 28 years closed period ■ Sensitivity analysis: 24 & 20 years
■ Actuarial Asset Value	■ Market Value of Assets ³²	■ Same
■ Future New Entrants	■ Closed group – no new participants	■ Same
■ Implied Subsidy	■ Implied subsidy valued	■ Same
■ Plan Continuance	■ For purposes of financial projections, the plan and benefits are assumed to continue unchanged. The calculation of this accounting obligation does not imply that there is any legal liability to provide or continue providing the benefits valued.	

³² Using Market Value of Assets to determine the ARC will result in more volatile future ARCs than if a smoothed Market Value were used.



ASSETS

Market Value of Plan Assets – CERBT

(Amounts in 000's)

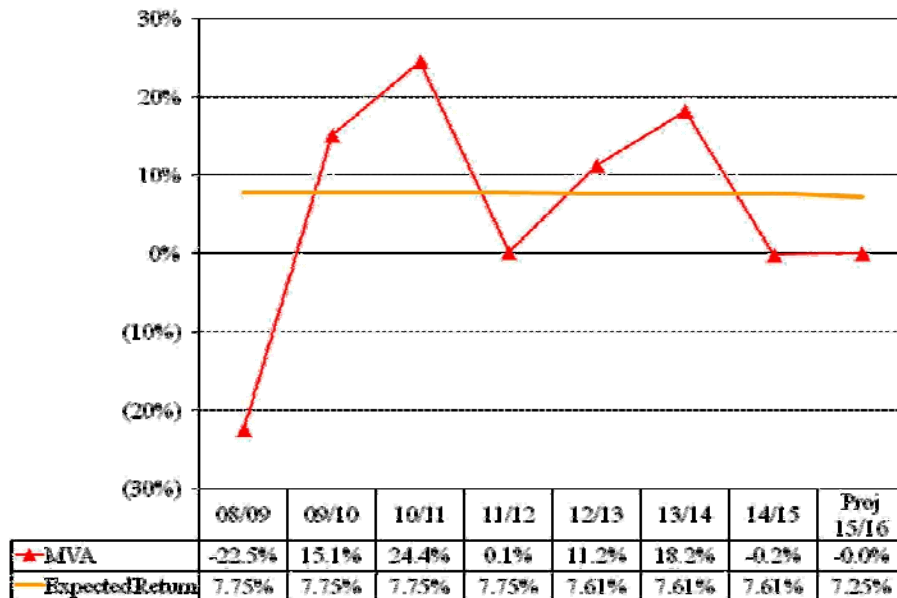
	2010/11	2011/12	2012/13	2013/14	2014/15	Proj. 2015/16 ³³
■ MVA (Beg. of Year)	\$ 34,014	\$ 44,774	\$ 49,238	\$ 60,070	\$ 75,363	\$ 78,578
• Contributions	2,447	4,419	5,248	4,295	3,371	3,169
• Benefit Payments ³⁴	-	-	-	-	-	-
• Admin. Expenses	(50)	(52)	(80)	(91)	(76)	(65)
• Investment Return	<u>8,363</u>	<u>97</u>	<u>5,664</u>	<u>11,088</u>	<u>(80)</u>	<u>59</u>
■ MVA (End of Year)	44,774	49,238	60,070	75,363	78,578	81,741
■ Approx. Annual Return	24.4%	0.1%	11.2%	18.2%	(0.2%)	0.0%

³³ Projected from actual 12/31/2015 balance using assumed rate of return for last half of fiscal year.³⁴ Benefit Payments made outside of trust by City. Refer to Slide 3 for fiscal year amounts.

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ASSETS

Historical Returns³⁵³⁵ Projected return for 2015/16 uses actual investment return for first half of fiscal year and assumed rate of return for last half of fiscal year

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RESULTS

Actuarial Obligations

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	6/30/13	Proj. 6/30/14	6/30/15	Proj.6/30/16
■ Discount Rate	7.61%		7.25%	
■ Present Value of Benefits				
• Actives	\$ 105,008		\$ 125,764	
• Retirees	<u>139,378</u>		<u>157,547</u>	
• Total	244,386		283,311	
■ Actuarial Accrued Liability				
• Actives	64,264		77,248	
• Retirees	<u>139,378</u>		<u>157,547</u>	
• Total	203,642		234,795	
■ Actuarial Value of Assets(MV)	<u>60,070</u>		<u>78,578</u>	
■ Unfunded AAL	143,572		156,217	
■ Funded Ratio	29%		33%	
■ Normal Cost	5,674		6,340	
■ Pay-As-You-Go Cost (Cash)	9,152		10,353	
■ Pay-As-You-Go Cost (IS)	1,916		2,203	



RESULTS

Historical Funded Status

(Amounts in 000's)



RESULTS

Actuarial Gain/Loss

(Amounts in 000's)

	AAL	(MVA)	UAAL
■ Actual 6/30/13	\$ 203,642	\$ (60,070)	\$143,572
■ Expected 6/30/16	233,639	(89,796)	143,843
■ Assumption Changes			
• CalPERS 97-11 Experience Study	1,298		1,298
• Projected Mortality Improvement	7,908		7,908
• Medical Plan Election	(965)		(965)
• Excise Tax	3,709		3,709
• Discount Rate: 7.61% → 7.25%	10,153		10,153
■ Contribution (Gain)/Loss		(169)	(169)
■ Investment (Gain)/Loss		8,224	8,224
■ Plan Changes → Slides 5 & 6	2,493		2,493
■ Experience (Gains)/Losses			
• Premiums/Caps < Expected	(6,786)		(6,786)
• EE Elections – Coverage Changes	(4,130)		(4,130)
• Demographic & Other	<u>(1,410)</u>	<u>-</u>	<u>(1,410)</u>
■ Total (Gain)/Loss	12,269	8,055	20,324
■ Projected 6/30/16	245,908	(81,741)	164,167



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RESULTS

Schedule of Funding Progress

(Amounts in 000's)

Actuarial Valuation Date	Actuarial Value of Assets³⁶ (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
1/1/2011	\$ 40,213	\$ 165,660	\$ 125,447	24.3%	\$ 98,940	126.8%
6/30/2011	44,774	168,053	123,279	26.6%	80,664	152.8%
6/30/2013	60,070	203,642	143,572	29.5%	81,785	175.5%
6/30/2015	78,578	234,795	156,217	33.5%	87,586	178.4%

³⁶ Actuarial value equals market value of assets



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RESULTS

Annual Required Contribution (ARC)

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	2014/15	2015/16	2016/17	2017/18 ³⁷
■ Discount Rate	7.61%		7.25%	
■ ARC - \$				
• Normal Cost	\$ 5,674	\$ 5,880	\$ 6,340	\$ 6,587
• UAAL Amortization	8,607	8,887	10,025	10,351
• Total	14,282	14,767	16,365	16,938
■ Projected Payroll	87,187	90,021	93,372	96,406
■ ARC - %Pay				
• Normal Cost	6.5%	6.5%	6.8%	6.8%
• UAAL Amortization	9.9%	9.9%	10.7%	10.7%
• Total	16.4%	16.4%	17.5%	17.5%

³⁷ ADC for 2017/18.

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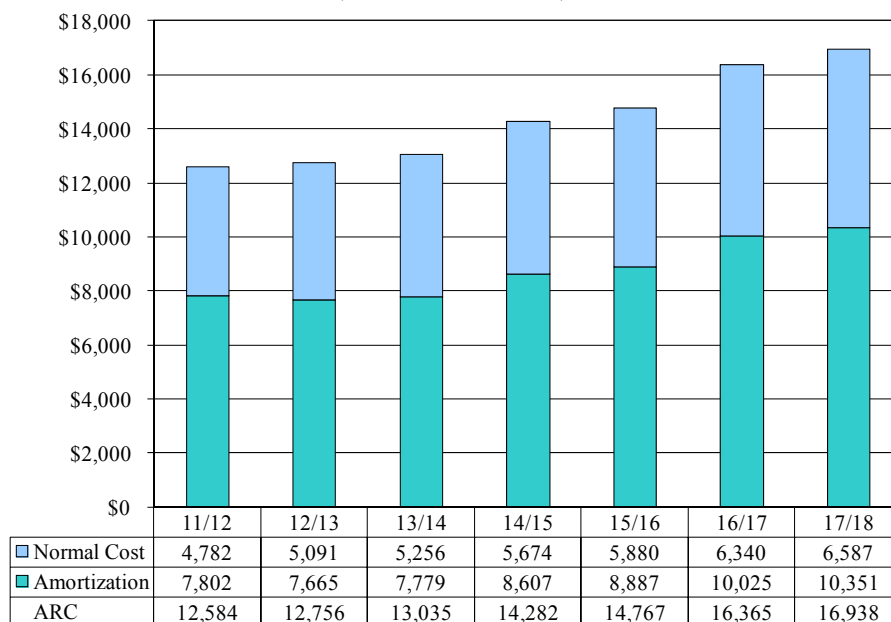
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RESULTS

Annual Required Contribution (ARC)³⁸

(Amounts in 000's)

³⁸ ADC for 2017/18.

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RESULTS

Amortization Bases & Payments

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	6/30/14	6/30/15	6/30/16	6/30/17
■ UAAL Balance	\$ 140,333	\$ 142,405	\$ 164,167	\$ 166,044
■ Amortization Payment - \$	8,607	8,887	10,025	10,351
■ Amortization Period	30	29	28	27



RESULTS

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RESULTS

Estimated Net OPEB Obligation/(Asset) Illustration

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation
	CAFR 2014/15	Estimate 2015/16	Estimate 2016/17
■ NOO/(NOA) at Beginning of Year	\$(22,610)	\$(20,955)	\$ (21,295)
■ Annual OPEB Cost			
• Annual Required Contribution	14,282	14,767	16,365
• Interest on NOO	(1,721)	(1,595)	(1,544)
• NOO Adjustment	<u>2,212</u>	<u>1,255</u>	<u>1,301</u>
• Annual OPEB Cost	14,773	14,427	16,122
■ Contributions			
• Cash Benefit Payments ³⁹	8,995	9,638	10,353
• Implied Subsidy Benefit Payments ⁴⁰	1,916	1,960	2,203
• Trust Funding	<u>4,123</u>	<u>3,169</u>	<u>3,809</u>
• Total Contributions	13,118	14,767	16,365
■ NOO/(NOA) at End of Year	(20,955)	(21,295)	(21,538)

³⁹ Estimated cash payments shown for all years after 2014/15. Actual cash payments should be used for OPEB footnote.⁴⁰ Use amounts listed here for 2015/16 and 2016/17 OPEB footnotes.

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RESULTS

10 Year Contribution Projection

(Amounts in 000's)

FYE	ARC / ADC ⁴¹	Contribution				Pay	ARC / ADC % of Pay
		Cash BP	IS BP	Pre- Funding	Total		
2017	\$16,365	\$10,353	\$2,203	\$3,809	\$16,365	\$ 93,372	17.5%
2018	16,938	11,099	2,444	3,395	16,938	96,406	17.5%
2019	17,530	11,766	2,629	3,135	17,530	99,539	17.6%
2020	18,138	12,371	2,802	2,965	18,138	102,774	17.6%
2021	18,765	13,014	3,033	2,718	18,765	106,115	17.7%
2022	19,411	13,654	3,271	2,486	19,411	109,563	17.7%
2023	20,076	14,324	3,540	2,212	20,076	113,124	17.7%
2024	20,760	14,985	3,774	2,001	20,760	116,801	17.8%
2025	21,466	15,618	3,984	1,864	21,466	120,597	17.8%
2026	22,192	16,214	4,107	1,871	22,192	124,516	17.8%

⁴¹ ARC is defined by GASB 45. Actuarially Determined Contribution (ADC) beginning 2017/18.

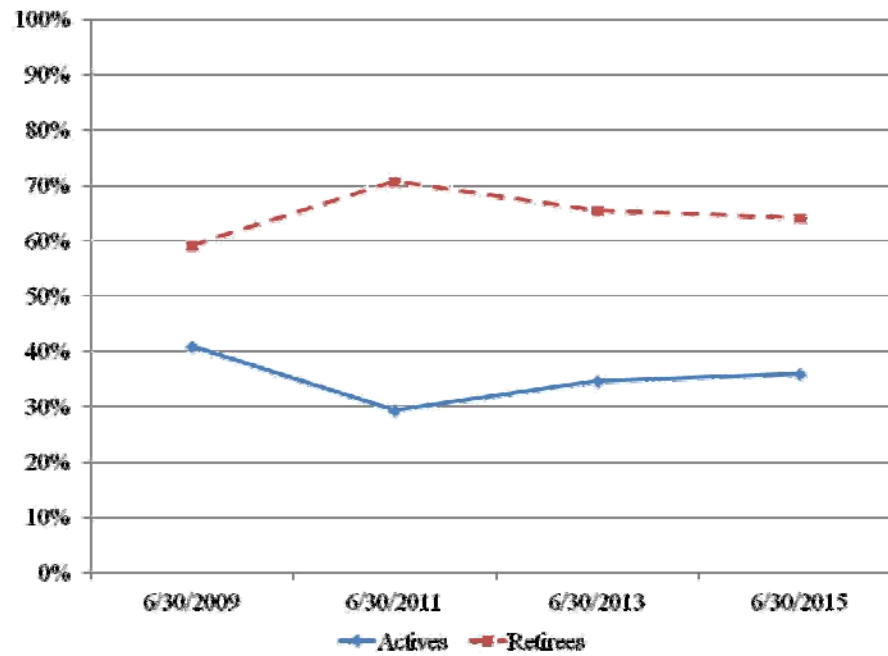
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RESULTS

% of Total Actuarial Accrued Liability for Actives and Retirees
Miscellaneous



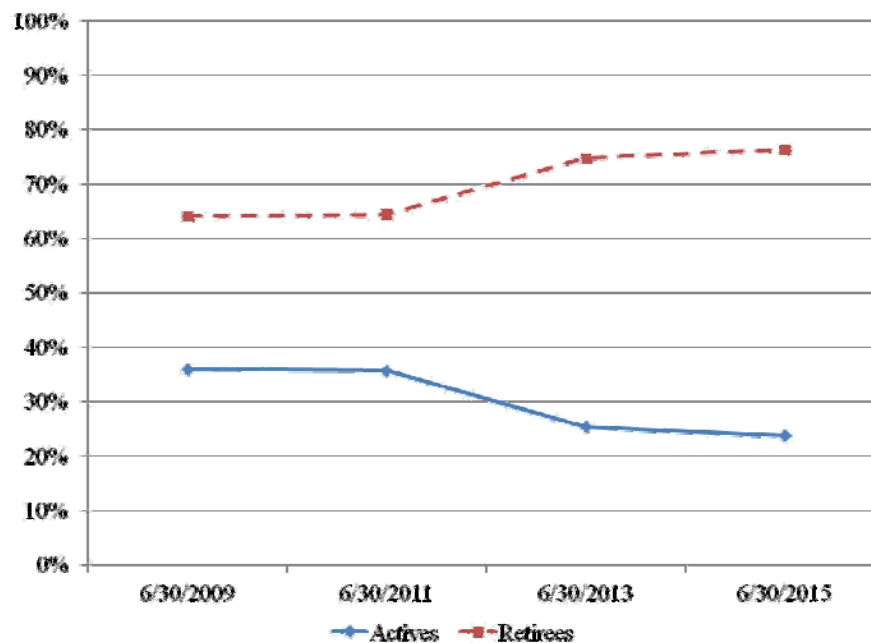
BA May 9, 2016

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RESULTS

% of Total Actuarial Accrued Liability for Actives and Retirees
Safety



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RESULTS

UAAL – % of Payroll

(Amounts in 000's)

	6/30/11	6/30/13	6/30/15
■ UAAL/Payroll for year ending on valuation date			
• Miscellaneous	147%	158%	152%
• Safety	168%	228%	276%
• Total	153%	176%	178%



RESULTS



RESULTS - DETAILS

Actuarial Obligations**June 30, 2015**

(Amounts in 000's)

	Benefits < Age 65	Benefits ≥ Age 65	Total
■ Present Value of Benefits			
• Actives	\$ 63,897	\$ 61,867	\$125,764
• Retirees	<u>47,382</u>	<u>110,165</u>	<u>157,547</u>
• Total	111,279	172,032	283,311
■ Actuarial Accrued Liability			
• Actives	38,198	39,050	77,248
• Retirees	<u>47,382</u>	<u>110,165</u>	<u>157,547</u>
• Total	85,580	149,215	234,795
■ Normal Cost 2016/17	3,235	3,105	6,340



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RESULTS - DETAILS

Actuarial Obligations**June 30, 2015**

(Amounts in 000's)

	Group 1	Group 2	Group 3	Group 4⁴²	Total
■ Present Value of Benefits					
• Actives	\$ -	\$ -	\$ 18,960	\$106,804	\$125,764
• Retirees	<u>70,845</u>	<u>65,247</u>	<u>20,229</u>	<u>1,225</u>	<u>157,547</u>
• Total	70,845	65,247	39,189	108,029	283,311
■ Actuarial Accrued Liability					
• Actives	-	-	15,649	61,599	77,248
• Retirees	<u>70,845</u>	<u>65,247</u>	<u>20,229</u>	<u>1,225</u>	<u>157,547</u>
• Total	70,845	65,247	35,878	62,824	234,795
■ Normal Cost 2016/17	-	-	572	5,769	6,340
■ NC as % of Payroll			4.3%	7.2%	6.8%
■ Count	n/a	n/a	107	848	955
■ Total Salary (000's)	n/a	n/a	\$ 13,844	\$ 73,742	\$ 87,586

⁴² Includes all active Group 3 PAPOA, PMA, IAFF & SEIU who elected (or are assumed to have elected) Group 4 benefits.



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RESULTS - DETAILS

Cash/Implied Subsidy – Actuarial Obligations – June 30, 2015

(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits			
• Actives	\$ 107,817	\$ 17,947	\$ 125,764
• Retirees	<u>124,770</u>	<u>32,777</u>	<u>157,547</u>
• Total	232,587	50,724	283,311
■ Actuarial Accrued Liability			
• Actives	65,601	11,647	77,248
• Retirees	<u>124,770</u>	<u>32,777</u>	<u>157,547</u>
• Total	190,371	44,424	234,795
■ Market Value of Assets⁴³	<u>78,578</u>	-	<u>78,578</u>
■ Unfunded AAL	111,793	44,424	156,217
■ Normal Cost 2016/17	5,494	846	6,340
■ Pay-As-You-Go Cost 2016/17	10,353	2,203	12,556

⁴³ Allocated to cash subsidy for illustrative purposes.

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RESULTS - DETAILS

Cash/Implied Subsidy – Annual Required Contribution – 2016/17 FY

(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$			
• Normal Cost	\$ 5,494	\$ 846	\$ 6,340
• UAAL Amortization	<u>7,190</u>	<u>2,835</u>	<u>10,025</u>
• ARC	12,684	3,682	16,365
■ Projected Payroll	93,372	93,372	93,372
■ ARC - %			
• Normal Cost	5.9%	0.9%	6.8%
• UAAL Amortization	<u>7.7%</u>	<u>3.0%</u>	<u>10.7%</u>
• ARC	13.6%	3.9%	17.5%



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RESULTS - DETAILS

Actuarial Obligations**June 30, 2015**

(Amounts in 000's)

	Misc	Safety	Total
■ Present Value of Benefits			
• Actives	\$ 90,816	\$ 34,948	\$125,764
• Retirees	<u>99,731</u>	<u>57,816</u>	<u>157,547</u>
• Total	190,547	92,764	283,311
■ Actuarial Accrued Liability			
• Actives	58,625	18,623	77,248
• Retirees	<u>99,731</u>	<u>57,816</u>	<u>157,547</u>
• Total	158,356	76,439	234,795
■ Market Value of Assets⁴⁴	<u>52,996</u>	<u>25,582</u>	<u>78,578</u>
■ Unfunded AAL	105,360	50,857	156,217
■ Normal Cost 2016/17	4,580	1,760	6,340
■ Pay-As-You-Go Cost 2016/17	8,313	4,243	12,556

⁴⁴ Allocated in proportion to the Actuarial Accrued Liability.



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RESULTS - DETAILS

Annual Required Contribution (ARC)**2016/17 Fiscal Year**

(Amounts in 000's)

	Misc	Safety	Total
■ ARC - \$			
• Normal Cost	\$ 4,580	\$ 1,760	\$ 6,340
• UAAL Amortization ⁴⁵	<u>6,779</u>	<u>3,246</u>	<u>10,025</u>
• ARC	11,359	5,006	16,365
■ Projected Payroll	73,716	19,656	93,372
■ ARC - %			
• Normal Cost	6.2%	9.0%	6.8%
• UAAL Amortization	<u>9.2%</u>	<u>16.5%</u>	<u>10.7%</u>
• ARC	15.4%	25.5%	17.5%

⁴⁵ Allocated in proportion to the Actuarial Accrued Liability.



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RESULTS - DETAILS

Actuarial Obligations – By Bargaining Unit**June 30, 2015**

(Amounts in 000's)

	FCA	IAFF	M/C	PAPOA	PMA	SEIU	UTLM	Total
■ PVB								
• Actives	\$ 995	\$16,926	\$21,849	\$14,414	\$1,987	\$ 61,396	\$8,197	\$125,764
• Retirees	<u>1,653</u>	<u>29,962</u>	<u>49,876</u>	<u>19,549</u>	<u>1,420</u>	<u>54,242</u>	<u>844</u>	<u>157,547</u>
• Total	2,648	46,888	71,725	33,963	3,407	115,638	9,041	283,311
■ AAL								
• Actives	692	9,617	12,820	6,315	1,518	40,008	6,279	77,248
• Retirees	<u>1,653</u>	<u>29,962</u>	<u>49,876</u>	<u>19,549</u>	<u>1,420</u>	<u>54,242</u>	<u>844</u>	<u>157,547</u>
• Total	2,345	39,579	62,696	25,864	2,938	94,250	7,123	234,795
■ MVA⁴⁶	<u>785</u>	<u>13,246</u>	<u>20,982</u>	<u>8,656</u>	<u>983</u>	<u>31,542</u>	<u>2,384</u>	<u>78,578</u>
■ UAAL	1,560	26,333	41,714	17,208	1,955	62,708	4,739	156,217
■ NC 16/17	42	769	1,290	837	77	2,972	353	6,340
■ Pay-Go	103	2,220	3,906	1,454	87	4,631	155	12,556

⁴⁶ Allocated in proportion to the Actuarial Accrued Liability.

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RESULTS - DETAILS

Annual Required Contribution (ARC) – By Bargaining Unit**2016/17 Fiscal Year**

(Amounts in 000's)

	FCA	IAFF	M/C	PAPOA	PMA	SEIU	UTLM	Total
■ ARC - \$								
• Normal Cost	\$ 42	\$ 769	\$1,290	\$ 837	\$ 77	\$ 2,972	\$ 353	\$ 6,340
• UAAL Amort ⁴⁷	<u>101</u>	<u>1,674</u>	<u>2,635</u>	<u>1,107</u>	<u>129</u>	<u>4,059</u>	<u>321</u>	<u>10,025</u>
• ARC	143	2,443	3,925	1,944	206	7,031	674	16,365
■ Proj. Payroll	714	8,280	24,214	8,662	1,368	43,493	6,640	93,372
■ ARC - %								
• Normal Cost	5.9%	9.3%	5.3%	9.6%	5.7%	6.9%	5.3%	6.8%
• UAAL Amort	<u>14.1%</u>	<u>20.2%</u>	<u>10.9%</u>	<u>12.8%</u>	<u>9.4%</u>	<u>9.3%</u>	<u>4.8%</u>	<u>10.7%</u>
• ARC	20.0%	29.5%	16.2%	22.4%	15.1%	16.2%	10.1%	17.5%

⁴⁷ Allocated in proportion to the Actuarial Accrued Liability.

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RESULTS - DETAILS

Actuarially Determined Contribution (ADC) – By Bargaining Unit**2017/18 Fiscal Year**

(Amounts in 000's)

	FCA	IAFF	M/C	PAPOA	PMA	SEIU	UTLM	Total
■ ARC - \$								
• Normal Cost	\$ 44	\$ 793	\$1,355	\$ 864	\$ 80	\$ 3,069	\$ 382	\$ 6,587
• UAAL Amort ⁴⁸	<u>104</u>	<u>1,729</u>	<u>2,721</u>	<u>1,143</u>	<u>133</u>	<u>4,191</u>	<u>332</u>	<u>10,351</u>
• ARC	147	2,522	4,075	2,007	213	7,260	714	16,938
■ Proj. Payroll	737	8,549	25,001	8,943	1,412	44,906	6,856	96,406
■ ARC - %								
• Normal Cost	5.9%	9.3%	5.4%	9.6%	5.7%	6.9%	5.6%	6.8%
• UAAL Amort	<u>14.1%</u>	<u>20.2%</u>	<u>10.9%</u>	<u>12.8%</u>	<u>9.4%</u>	<u>9.3%</u>	<u>4.8%</u>	<u>10.7%</u>
• ARC	20.0%	29.5%	16.3%	22.4%	15.1%	16.2%	10.4%	17.5%

⁴⁸ Allocated in proportion to the Actuarial Accrued Liability.



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SENSITIVITY ANALYSIS

CERBT Investment Options

- Updated Target asset allocations (approved by CalPERS Board October 2014)

Asset Classifications	Option 1	Option 2	Option 3
Global Equity	57%	40%	24%
US Nominal Bonds	27%	39%	39%
REIT's	8%	8%	8%
TIPS	5%	10%	26%
Commodities	<u>3%</u>	<u>3%</u>	<u>3%</u>
Total	100%	100%	100%

- Bartel Associates analysis of expected returns:

	Option 1	Option 2	Option 3
Expected Real Rate of Return	4.48%	3.82%	3.16%
Inflation Assumption	3.00%	3.00%	3.00%
Expenses (Admin. & Invest.)	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>
Nominal Rate of Return	7.33%	6.67%	6.01%
Recommended Discount Rate	7.25%	6.50%	6.00%



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SENSITIVITY ANALYSIS

Discount Rate Sensitivity

(Amounts in 000's)

	CERBT		
	#1	#2	#3
■ Discount Rate	7.25%	6.50%	6.00%
■ Present Value of Benefits	\$ 283,311	\$ 318,455	\$ 345,972
■ Funded Status 6/30/15			
• Actuarial Accrued Liability	234,795	258,084	275,772
• Actuarial Value of Assets	<u>78,578</u>	<u>78,578</u>	<u>78,578</u>
• Unfunded AAL	156,217	179,506	197,194
■ Funded Ratio	33.5%	30.4%	28.5%
■ ARC 2016/17			
• Normal Cost	\$ 6,340	\$ 7,442	\$ 8,311
• UAAL Amortization ⁴⁹	<u>10,025</u>	<u>10,550</u>	<u>10,907</u>
• Total	16,365	17,992	19,218
• ARC % of Payroll	17.5%	19.3%	20.6%

⁴⁹ UAAL projected using the same 6/30/16 projected assets for all scenarios. UAAL amortized over 28 years for all scenarios.



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SENSITIVITY ANALYSIS

Amortization Period Sensitivity

(Amounts in 000's)

■ Amortization Period	28 Years	24 Years	20 Years
■ Funded Status Projected to 6/30/16			
• Actuarial Accrued Liability	\$ 245,908	\$ 245,908	\$ 245,908
• Actuarial Value of Assets	<u>81,741</u>	<u>81,741</u>	<u>81,741</u>
• Unfunded AAL	164,167	164,167	164,167
■ Total Projected Payroll 2016/17	93,372	93,372	93,372
■ ARC 2016/17			
• Normal Cost	\$ 6,340	\$ 6,340	\$ 6,340
• UAAL Amortization	<u>10,025</u>	<u>10,974</u>	<u>12,334</u>
• Total	16,365	17,314	18,674
• ARC % of Payroll	17.5%	18.5%	20.0%



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ACTUARIAL CERTIFICATION

This report presents the City of Palo Alto Retiree Healthcare Plan ("Plan") June 30, 2015 actuarial valuation. The purpose of this valuation is to:

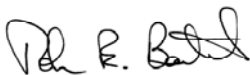
- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 June 30, 2015 Benefit Obligations,
- Determine the Plan's June 30, 2015 Funded Status,
- Calculate the 2016/17 Annual Required Contribution, and
- Calculate the 2017/18 recommended City contribution.

The report provides information intended for reporting under GASB 43 and 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the City for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, and asset information provided by the City as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASB 43 and 45. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

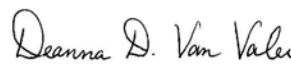
Respectfully submitted,



John E. Bartel, ASA, MAAA
President
Bartel Associates, LLC
May 9, 2016



Mary Elizabeth Redding, FSA, EA, MAAA
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EXHIBITS

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PREMIUMS

2014 PEMHCA Monthly Premiums**Bay Area**

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$657.33	\$1,314.66	\$1,709.06	\$341.12	\$682.24	\$1,023.36
Anthem Traditional	728.41	1,456.82	1,893.87	341.12	682.24	1,023.36
Blue Shield Access+	836.59	1,673.18	2,175.13	298.21	596.42	894.63
Blue Shield NetValue	704.01	1,408.02	1,830.43	298.21	596.42	894.63
Kaiser	742.72	1,485.44	1,931.07	294.97	589.94	884.91
United Healthcare	764.24	1,528.48	1,987.02	193.33	386.66	579.99
PERS Choice	690.77	1,381.54	1,796.00	307.23	614.46	921.69
PERS Select	661.52	1,323.04	1,719.95	307.23	614.46	921.69
PERSCare	720.04	1,440.08	1,872.10	327.36	654.72	982.08
PORAC	634.00	1,186.00	1,507.00	397.00	791.00	1,264.00



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PREMIUMS

2015 PEMHCA Monthly Premiums**Bay Area**

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$ 662.41	\$ 1,324.82	\$ 1,722.27	\$ 445.38	\$ 890.76	\$ 1,336.14
Anthem Traditional	827.57	1,655.14	2,151.68	445.38	890.76	1,336.14
Blue Shield Access+	928.87	1,857.74	2,415.06	352.63	705.26	1,057.89
Blue Shield NetValue	870.60	1,741.20	2,263.56	352.63	705.26	1,057.89
Kaiser	714.45	1,428.90	1,857.57	295.51	591.02	886.53
UnitedHealthcare	850.67	1,701.34	2,211.74	267.41	534.82	802.23
PERS Choice	700.84	1,401.68	1,822.18	339.47	678.94	1,018.41
PERS Select	690.43	1,380.86	1,795.12	339.47	678.94	1,018.41
PERSCare	775.08	1,550.16	2,015.21	368.76	737.52	1,106.28
PORAC	675.00	1,292.00	1,642.00	402.00	802.00	1,281.00



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PREMIUMS

2016 PEMHCA Monthly Premiums**Bay Area**

Medical Plan	Non-Medicare Eligible			Medicare Eligible ⁵⁰		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$ 721.79	\$ 1,443.58	\$ 1,876.65	n/a	n/a	n/a
Anthem Traditional	855.42	1,710.84	2,224.09	n/a	n/a	n/a
Blue Shield Access+	1,016.18	2,032.36	2,642.07	n/a	n/a	n/a
Blue Shield NetValue	1,033.86	2,067.72	2,688.04	n/a	n/a	n/a
Health Net SmartCare	808.44	1,616.88	2,101.94	n/a	n/a	n/a
Kaiser	746.47	1,492.94	1,940.82	\$ 297.23	\$ 594.46	\$ 891.69
UnitedHealthcare	955.44	1,910.88	2,484.14	320.98	641.96	962.94
PERS Choice	798.36	1,596.72	2,075.74	366.38	732.76	1,099.14
PERS Select	730.07	1,460.14	1,898.18	366.38	732.76	1,099.14
PERSCare	889.27	1,778.54	2,312.10	408.04	816.08	1,224.12
PORAC	699.00	1,399.00	1,789.00	442.00	881.00	1,408.00

⁵⁰ Beginning January 1, 2016, the only non-Kaiser HMO plan to offer a Medicare plan is UnitedHealthcare.



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PREMIUMS

PEMHCA Monthly Premium Increases/(Decreases)**Bay Area**

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	2014	2015	2016	2014	2015	2016
Anthem Select	n/a	0.8%	9.0%	n/a	30.6%	n/a
Anthem Traditional	n/a	13.6%	3.4%	n/a	30.6%	n/a
Blue Shield	6.6%	11.0%	9.4%	14.1%	18.2%	n/a
Blue Shield NetValue	5.0%	23.7%	18.8%	14.1%	18.2%	n/a
Kaiser	11.1%	(3.8%)	4.5%	2.3%	0.2%	0.6%
UnitedHealthCare	n/a	11.3%	12.3%	n/a	38.3%	20.0%
PERS Choice	3.6%	1.5%	13.9%	(5.7%)	10.5%	7.9%
PERS Select	35.8%	4.4%	5.7%	(5.7%)	10.5%	7.9%
PERSCare	(33.5%)	7.6%	14.7%	(11.6%)	12.6%	10.7%
PORAC	9.1%	6.5%	3.6%	(5.0%)	1.3%	10.0%



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DATA SUMMARY

Participant Statistics by Bargaining Unit**June 30, 2015**

	FCA	IAFF	M/C	PAPOA	PMA	SEIU	UTLM	Total
■ Actives								
• Count	5	88	188	76	8	544	46	955
• Avg Age	48.3	42.0	47.6	38.3	45.6	45.6	50.7	45.3
• Avg City Svc	15.8	12.2	9.8	9.1	18.6	10.5	16.5	10.8
• Avg PERS Svc	15.9	13.0	11.8	10.3	19.3	11.4	17.6	11.9
• Avg Salary	\$133,943	\$88,265	\$120,820	\$106,911	\$160,412	\$74,997	\$135,404	\$91,714
• Total Salary ⁵¹	\$670	\$7,767	\$22,714	\$8,125	\$1,283	\$40,798	\$6,229	\$87,586
■ Retirees ⁵² :								
• Count	5	148	298	107	3	441	5	1,007
• Avg Age	59.8	68.9	68.7	64.9	52.6	70.3	58.8	68.9
• Avg Service Ret Age	54.9	54.4	57.9	52.2	50.1	59.1	55.3	57.7
• Avg Disab Ret Age	49.9	47.7	49.9	40.6	n/a	48.2	n/a	45.6

⁵¹ Actual 2014/15 pay paid for those hired < 7/1/14. New hire pay is annualized.⁵² Amount in 000's. Includes retirees who have waived coverage.

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DATA SUMMARY

Participant Statistics by Bargaining Unit**June 30, 2013**

	FCA	IAFF	M/C	PAPOA	PMA	SEIU	UTLM	Total
■ Actives								
• Count	4	95	188	75	7	537	42	948
• Avg Age	51.5	41.7	48.2	37.6	44.5	45.5	49.7	45.2
• Avg City Svc	21.2	11.8	10.2	8.7	19.7	10.6	16.1	10.8
• Avg PERS Svc	21.2	12.4	11.8	9.5	20.0	11.3	16.9	11.7
• Avg Salary	\$150,409	\$104,373	\$106,212	\$110,117	\$168,881	\$68,423	\$121,811	\$86,271
• Total Salary ⁵³	\$602	\$9,915	\$19,968	\$8,259	\$1,182	\$36,743	\$5,116	\$81,785
■ Retirees ⁵⁴ :								
• Count	3	144	280	112	2	423	4	968
• Avg Age	62.6	67.8	67.6	65.3	51.8	69.6	56.0	68.2
• Avg Service Ret Age	58.2	54.4	58.0	53.2	50.2	59.2	55.4	57.8
• Avg Disab Ret Age	49.9	47.1	50.0	40.5	n/a	48.4	n/a	45.3

⁵³ Actual 2012/13 pay paid for those hired < 7/1/12. New hire pay is annualized.⁵⁴ Amount in 000's. Includes retirees who have waived coverage.

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DATA SUMMARY

Participant Statistics by CalPERS Pension Category

June 30, 2015

	Miscellaneous	Police	Fire	Total
■ Actives				
• Count	776	84	95	955
• Average Age	46.3	39.3	42.4	45.3
• Average City Service	10.6	10.4	12.5	10.8
• Average PERS Service	11.8	11.5	13.2	11.9
• Average Salary	\$89,108	\$113,933	\$93,347	\$91,714
• Total Salary (000's) ⁵⁵	\$69,148	\$9,570	\$8,868	\$87,586
■ Retirees ⁵⁶ :				
• Count	722	121	164	1,007
• Average Age	69.6	64.8	68.5	68.9
• Avg Service Ret Age	58.8	51.9	54.3	57.7
• Avg Disability Ret Age	48.2	40.7	47.9	45.6

⁵⁵ Actual 2014/15 pay paid for those hired < 7/1/14. New hire pay is annualized.⁵⁶ Includes retirees who have waived coverage.

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DATA SUMMARY

Participant Statistics by CalPERS Pension Category

June 30, 2013

	Miscellaneous	Police	Fire	Total
■ Actives				
• Count	765	82	101	948
• Average Age	46.4	38.5	42.1	45.2
• Average City Service	10.8	10.0	12.2	10.8
• Average PERS Service	11.7	10.8	12.8	11.7
• Average Salary	\$80,179	\$117,217	\$107,291	\$86,271
• Total Salary (000's) ⁵⁷	\$61,337	\$9,612	\$10,836	\$81,785
■ Retirees ⁵⁸ :				
• Count	690	121	157	968
• Average Age	68.9	64.4	67.6	68.2
• Avg Service Ret Age	58.8	52.1	54.5	57.8
• Avg Disability Ret Age	48.4	40.6	47.3	45.3

⁵⁷ Actual 2012/13 pay paid for those hired < 7/1/12. New hire pay is annualized.⁵⁸ Includes retirees who have waived coverage.

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DATA SUMMARY

Medical Plan Participation – June 30, 2015

Medical Plan ⁶⁰	Actives		Retirees ⁵⁹					
			< 65		≥ 65		Total	
<i>Miscellaneous/Safety</i>	M	S	M	S	M	S	M	S
Anthem Select	5%	1%	1%	0%	0%	0%	0%	0%
Anthem Traditional	17%	16%	10%	16%	1%	0%	5%	9%
Blue Shield	9%	4%	22%	6%	27%	16%	25%	11%
Blue Shield NetValue	2%	4%	1%	3%	0%	0%	0%	2%
Kaiser	44%	33%	27%	20%	31%	34%	29%	26%
PERS Choice	13%	2%	30%	2%	23%	6%	26%	4%
PERS Select	0%	0%	1%	0%	0%	0%	1%	0%
PERSCare	2%	1%	4%	3%	15%	32%	10%	16%
PORAC	1%	34%	1%	47%	1%	12%	1%	32%
UnitedHealthcare	8%	6%	4%	3%	1%	0%	2%	2%
Total	100%	100%	100%	100%	100%	100%	100%	100%

⁵⁹ Under 65 only includes employees who retired on or after June 30, 2008; over 65 only includes retirees up to age 72.

⁶⁰ All Anthem and Blue Shield Medicare retirees are assumed to switch to UnitedHealthcare in 2016 when their current plans are no longer offered.



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DATA SUMMARY

Medical Plan Participation – January 1, 2014

Medical Plan	Actives		Retirees					
			< 65 ⁶¹		≥ 65 ⁶²		Total	
<i>Miscellaneous/Safety</i>	M	S	M	S	M	S	M	S
Anthem Select	1%	1%	0%	0%	0%	0%	0%	0%
Anthem Traditional	19%	17%	6%	11%	0%	0%	4%	9%
Blue Shield	12%	3%	27%	18%	33%	16%	29%	18%
Blue Shield NetValue	6%	4%	1%	4%	0%	0%	0%	3%
Kaiser	37%	32%	28%	15%	27%	41%	28%	20%
PERS Choice	13%	1%	29%	0%	23%	9%	27%	2%
PERS Select	0%	0%	1%	0%	0%	0%	0%	0%
PERSCare	2%	1%	2%	2%	16%	22%	6%	6%
PORAC	1%	35%	2%	47%	1%	13%	2%	41%
UnitedHealthcare	10%	7%	4%	4%	1%	0%	3%	3%
Total	100%	100%	100%	100%	100%	100%	100%	100%

⁶¹ Only includes employees who retired on or after June 30, 2008.

⁶² Only includes retirees up to age 70.



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DATA SUMMARY

Active Medical Coverage - Miscellaneous

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Select	5	7	19	-	31
Anthem Traditional	27	26	62	-	115
Blue Shield	26	12	21	-	59
Blue Shield NetValue	2	3	10	-	15
Kaiser	97	68	132	-	297
PERS Choice	25	28	34	-	87
PERS Select	1	-	1	-	2
PERSCare	3	6	7	-	16
PORAC	2	1	2	-	5
UnitedHealthcare	13	10	32	-	55
Waived	-	-	-	94	94
Total	201	161	320	94	776

% as of June 30, 2015	26%	21%	41%	12%	100%
% as of June 30, 2013	25%	21%	43%	11%	100%



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DATA SUMMARY

Active Medical Coverage - Safety

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Select	-	-	2	-	2
Anthem Traditional	3	4	18	-	25
Blue Shield	2	1	3	-	6
Blue Shield NetValue	-	-	6	-	6
Kaiser	14	6	33	-	53
PERS Choice	-	1	2	-	3
PERS Select	-	-	-	-	-
PERSCare	-	-	1	-	1
PORAC	11	7	37	-	55
UnitedHealthcare	4	-	6	-	10
Waived	-	-	-	18	18
Total	34	19	108	18	179

% as of June 30, 2015	19%	11%	60%	10%	100%
% as of June 30, 2013	20%	10%	62%	8%	100%



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DATA SUMMARY

Retiree Medical Coverage⁶³ - Miscellaneous

Medical Plan	Single		2-Party		Family		Waived		Total
	<65	65+	<65	65+	<65	65+	<65	65+	
Anthem EPO	1	-	-	-	-	-	-	-	1
Anthem Select	-	-	1	-	-	-	-	-	1
Anthem Traditional	3	-	5	1	8	1	-	-	18
Blue Shield	26	51	17	40	7	5	-	-	146
Blue Shield NetValue	1	-	-	-	-	-	-	-	1
Kaiser	31	53	24	53	6	6	-	-	173
PERS Choice	30	41	27	36	9	2	-	-	145
PERS Select	2	-	-	-	-	-	-	-	2
PERSCare	9	78	5	44	-	-	-	-	136
PORAC	2	-	1	2	-	-	-	-	5
UnitedHealthcare	3	2	4	2	1	-	-	-	12
Waived	-	-	-	-	-	-	29	53	82
Total	108	225	84	178	31	14	29	53	722

% as of June 30, 2015	42%	48%	33%	38%	13%	3%	12%	11%	100%
% as of June 30, 2013	46%	48%	35%	38%	14%	3%	5%	11%	100%

⁶³ Approximately 69% of retirees have coverage in a Bay Area region plan. The rest are in other state regions or out of state.



May 9, 2016

E-13



DATA SUMMARY

Retiree Medical Coverage⁶⁴ - Safety

Medical Plan	Single		2-Party		Family		Waived		Total
	<65	65+	<65	65+	<65	65+	<65	65+	
Anthem EPO	-	-	-	-	-	-	-	-	-
Anthem Select	-	-	-	-	-	-	-	-	-
Anthem Traditional	1	-	1	-	9	-	-	-	11
Blue Shield	6	14	2	12	7	-	-	-	41
Blue Shield NetValue	-	1	1	-	3	-	-	-	5
Kaiser	5	14	5	19	12	2	-	-	57
PERS Choice	3	7	3	15	3	-	-	-	31
PERS Select	-	-	-	-	-	-	-	-	-
PERSCare	11	27	4	23	2	1	-	-	68
PORAC	6	3	15	4	18	2	-	-	48
UnitedHealthcare	1	-	1	-	1	-	-	-	3
Waived	-	-	-	-	-	-	6	15	21
Total	33	66	32	73	55	5	6	15	285

% as of June 30, 2015	26%	42%	25%	46%	44%	3%	5%	9%	100%
% as of June 30, 2013	31%	43%	27%	43%	40%	4%	2%	11%	100%

⁶⁴ Approximately 51% of retirees have coverage in a Bay Area region plan. The rest are in other state regions or out of state.



May 9, 2016

E-14



DATA SUMMARY

Retirees Medical Coverage by Age – Miscellaneous

Age	Single	2-Party	Family	Waived	Total
Under 50	2	-	1	-	3
50-54	8	2	6	8	24
55-59	38	29	13	13	93
60-64	60	53	11	8	132
65-69	61	59	11	12	143
70-74	69	58	3	6	136
75-79	43	29	-	6	78
80-84	22	24	-	14	60
85 & Over	30	8	-	15	53
Total	333	262	45	82	722
Average Age	70.4	69.3	61.2	72.3	69.6

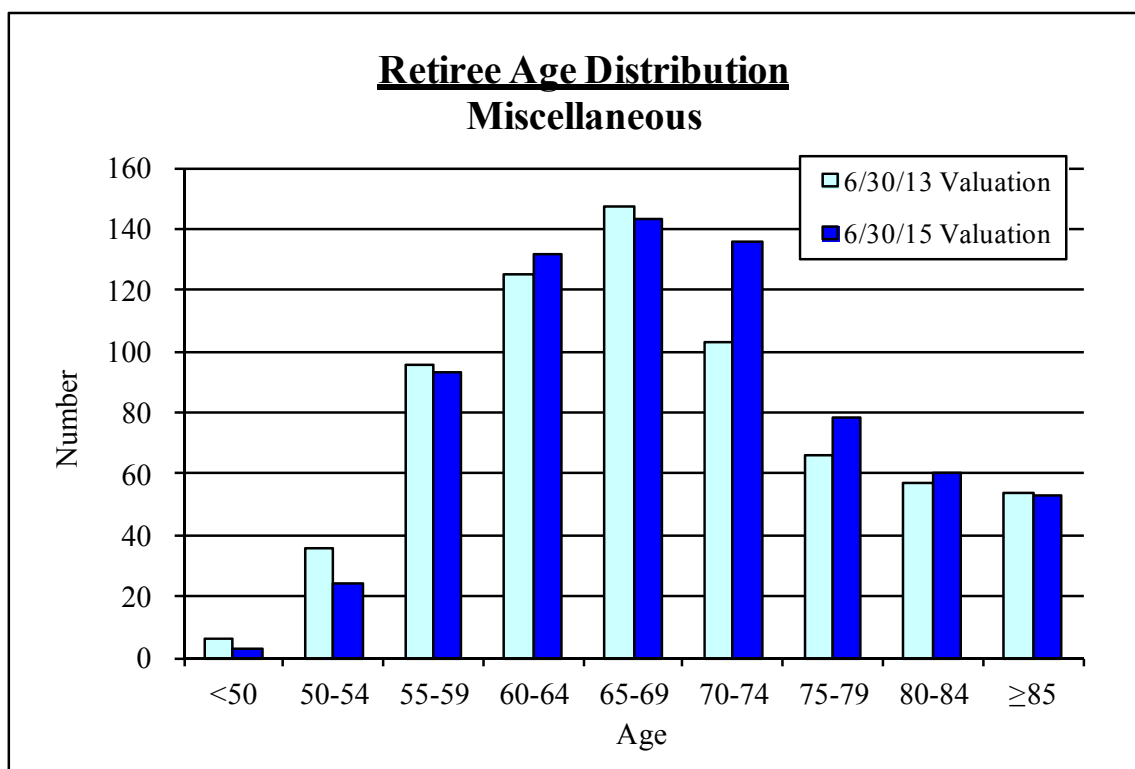


May 9, 2016

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DATA SUMMARY



May 9, 2016

E-16



DATA SUMMARY

Retirees Medical Coverage by Age – Police

Age	Single	2-Party	Family	Waived	Total
Under 50	2	1	1	3	7
50-54	6	3	8	-	17
55-59	8	4	8	2	22
60-64	10	4	5	1	20
65-69	4	11	2	3	20
70-74	7	4	-	2	13
75-79	4	1	-	-	5
80-84	6	2	-	2	10
85 & Over	5	2	-	-	7
Total	52	32	24	13	121
Average Age	66.8	67.8	56.8	62.2	64.8

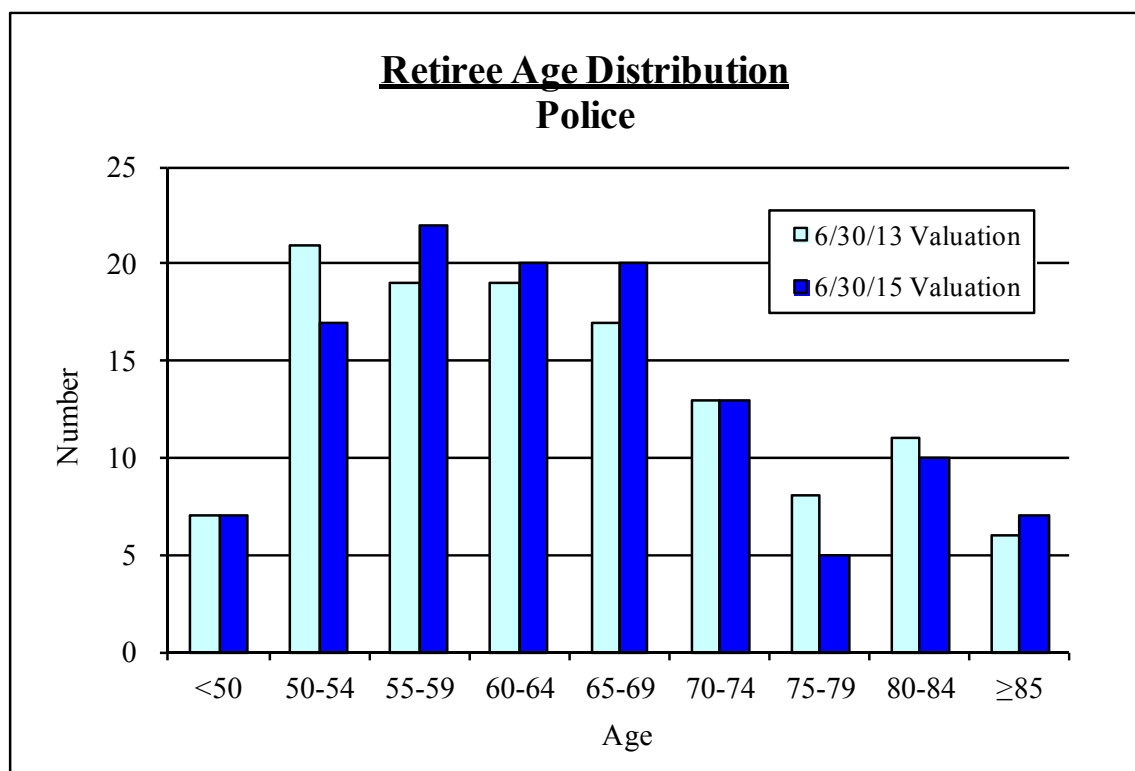


May 9, 2016

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DATA SUMMARY



May 9, 2016

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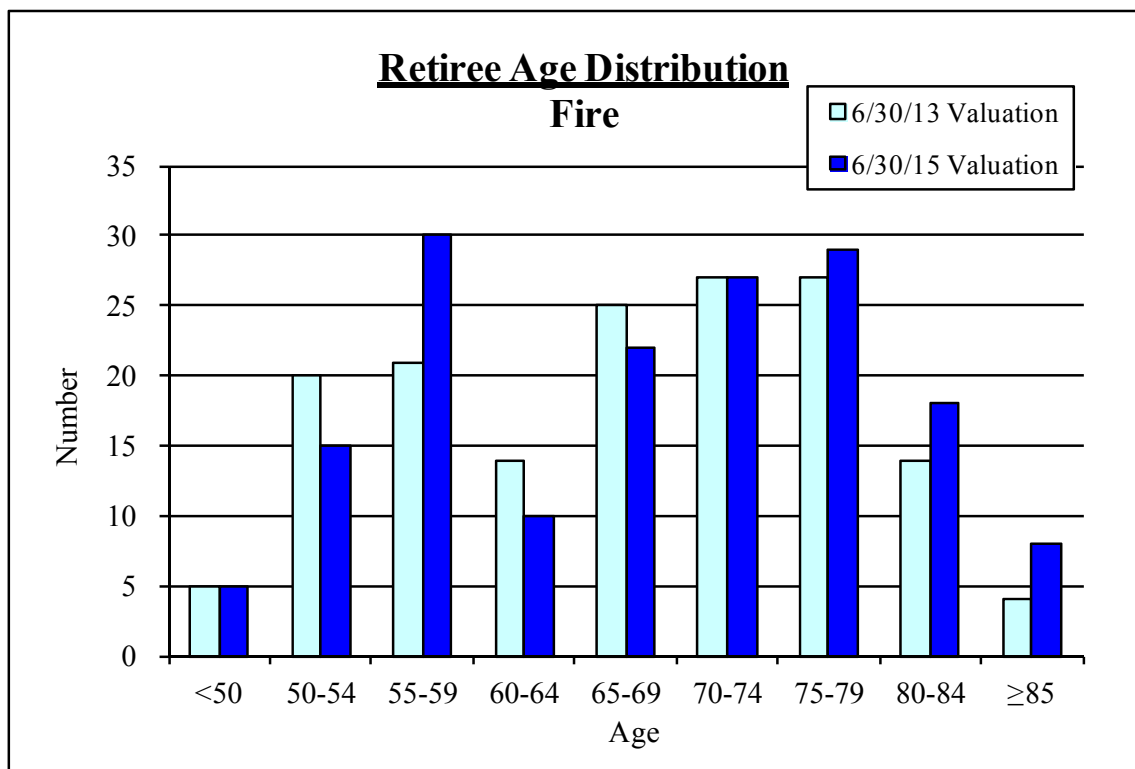
DATA SUMMARY

Retirees Medical Coverage by Age – Fire

Age	Single	2-Party	Family	Waived	Total
Under 50	-	1	4	-	5
50-54	-	3	12	-	15
55-59	5	10	15	-	30
60-64	2	6	2	-	10
65-69	6	13	1	2	22
70-74	10	13	2	2	27
75-79	14	14	-	1	29
80-84	6	10	-	2	18
85 & Over	4	3	-	1	8
Total	47	73	36	8	164
Average Age	74.0	70.4	55.8	75.9	68.5



DATA SUMMARY



DATA SUMMARY

Retirees Medical Coverage by Age – Total

Age	Single	2-Party	Family	Waived	Total
Under 50	4	2	6	3	15
50-54	14	8	26	8	56
55-59	51	43	36	15	145
60-64	72	63	18	9	162
65-69	71	83	14	17	185
70-74	86	75	5	10	176
75-79	61	44	-	7	112
80-84	34	36	-	18	88
85 & Over	39	13	-	16	68
Total	432	367	105	103	1,007
Average Age	70.5	69.3	58.4	71.3	68.9

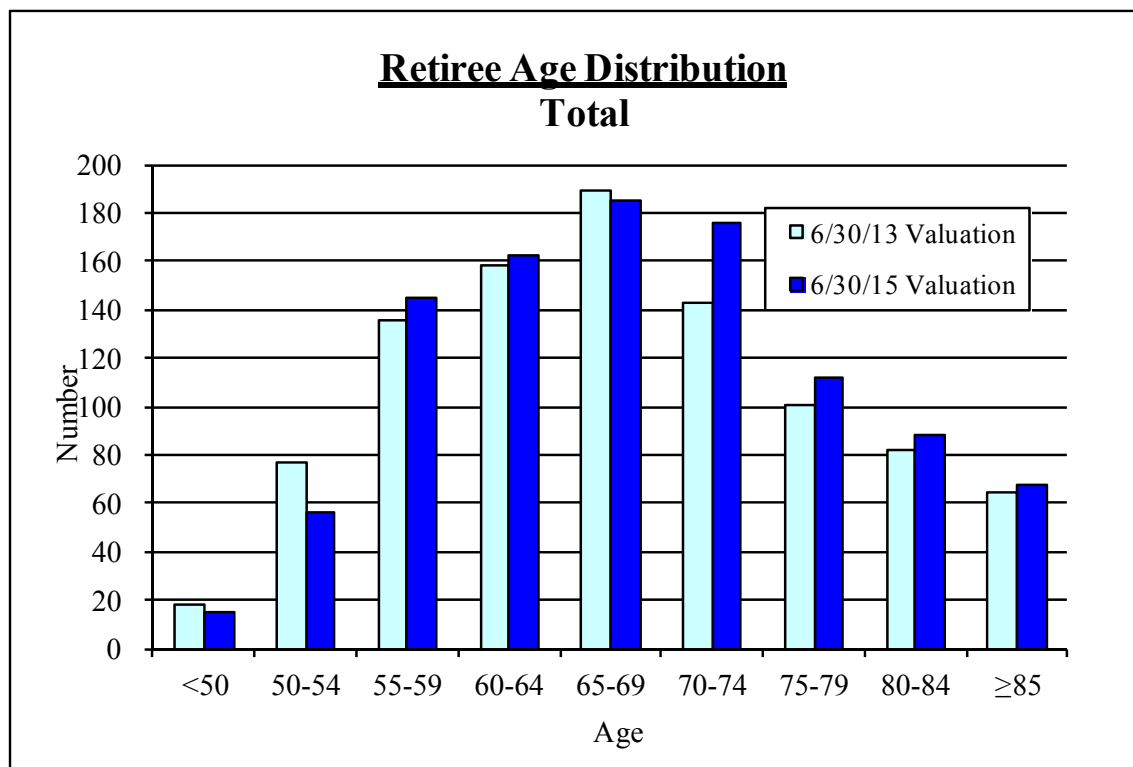


May 9, 2016

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DATA SUMMARY



May 9, 2016

E-22



DATA SUMMARY

Actives by Age and Service – Miscellaneous

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	4	4	-	-	-	-	-	8
25-29	17	26	1	-	-	-	-	44
30-34	13	45	23	3	-	-	-	84
35-39	10	32	32	28	5	-	-	107
40-44	10	17	18	27	17	3	-	92
45-49	11	22	23	23	25	10	3	117
50-54	7	12	28	24	37	27	22	157
55-59	3	15	18	13	22	8	14	93
60-64	1	4	12	11	11	10	4	53
≥ 65	-	1	3	3	4	6	4	21
Total	76	178	158	132	121	64	47	776



DATA SUMMARY

Actives by Age and Service – Police

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	-	1	-	-	-	-	-	1
25-29	1	3	1	-	-	-	-	5
30-34	-	8	13	1	-	-	-	22
35-39	1	5	8	7	3	-	-	24
40-44	-	1	2	4	4	1	-	12
45-49	-	1	1	2	1	5	1	11
50-54	-	-	1	1	2	1	1	6
55-59	-	-	1	-	1	-	1	3
60-64	-	-	-	-	-	-	-	-
≥ 65	-	-	-	-	-	-	-	-
Total	2	19	27	15	11	7	3	84



DATA SUMMARY

Actives by Age and Service – Fire

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	-	-	-	-	-	-	-	-
25-29	-	9	3	-	-	-	-	12
30-34	-	5	2	2	-	-	-	9
35-39	-	6	4	3	-	-	-	13
40-44	-	3	3	5	8	-	-	19
45-49	-	-	-	8	9	8	1	26
50-54	-	1	1	3	3	4	1	13
55-59	-	-	-	-	-	1	-	1
60-64	-	-	-	-	-	-	1	1
≥ 65	-	-	-	-	-	1	-	1
Total	-	24	13	21	20	14	3	95



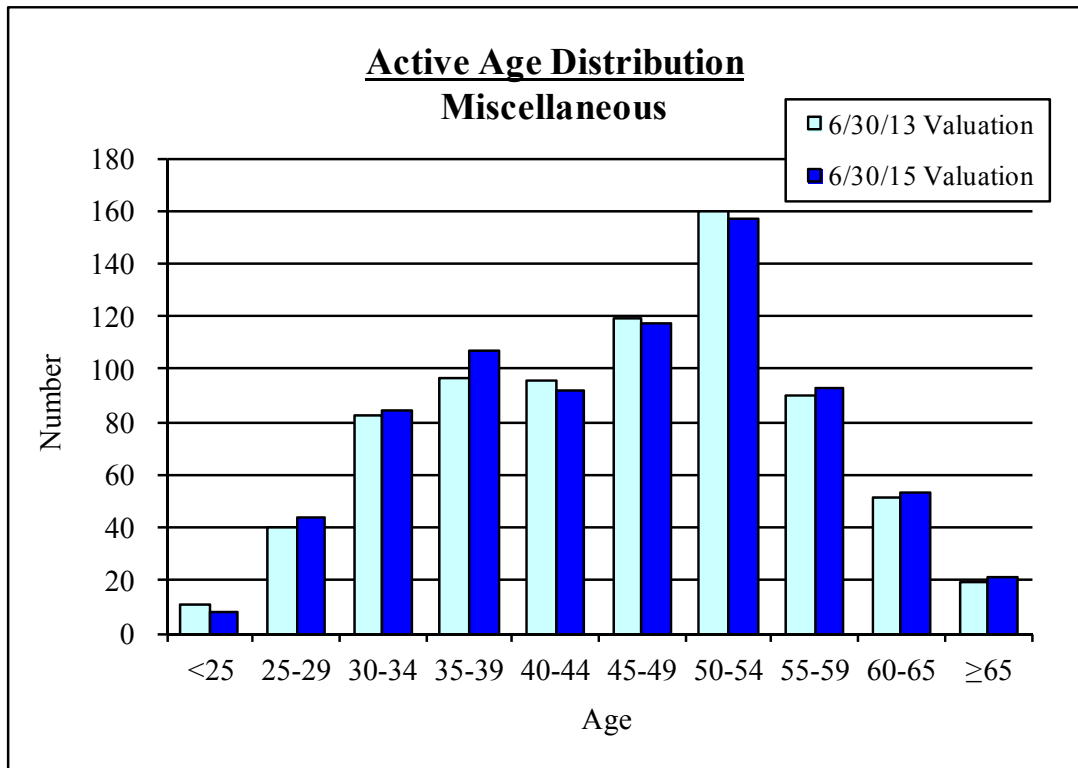
DATA SUMMARY

Actives by Age and Service – Total

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	4	5	-	-	-	-	-	9
25-29	18	38	5	-	-	-	-	61
30-34	13	58	38	6	-	-	-	115
35-39	11	43	44	38	8	-	-	144
40-44	10	21	23	36	29	4	-	123
45-49	11	23	24	33	35	23	5	154
50-54	7	13	30	28	42	32	24	176
55-59	3	15	19	13	23	9	15	97
60-64	1	4	12	11	11	10	5	54
≥ 65	-	1	3	3	4	7	4	22
Total	78	221	198	168	152	85	53	955



DATA SUMMARY



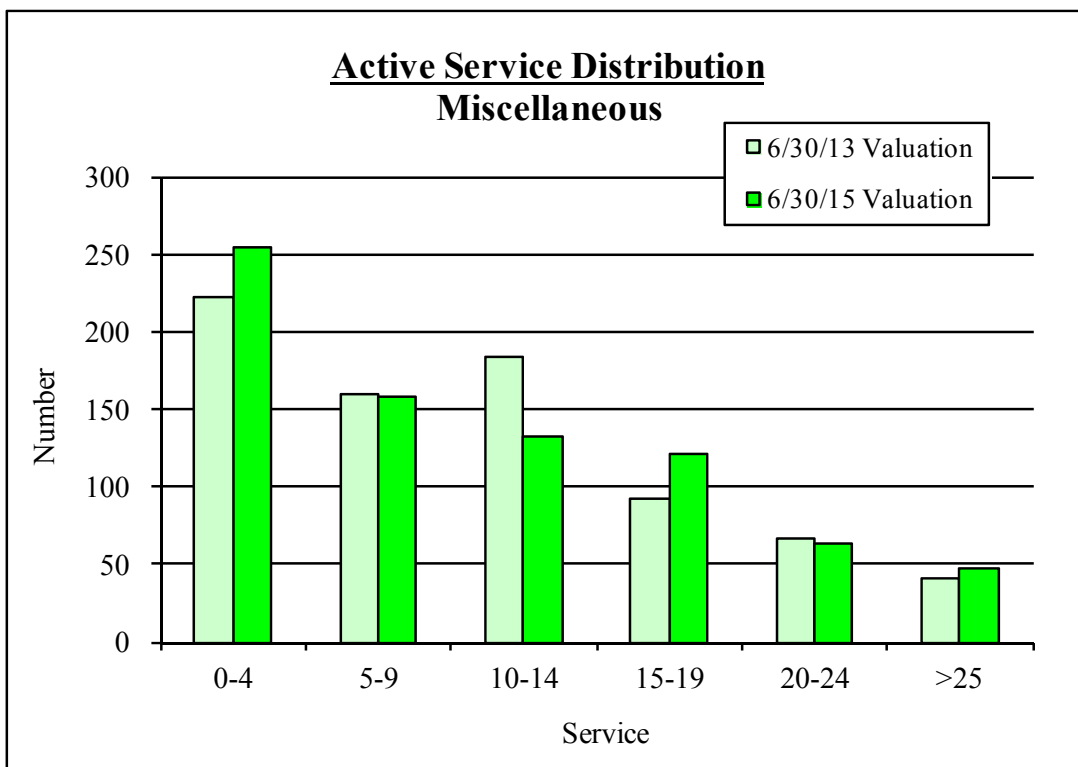
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May 9, 2016

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DATA SUMMARY



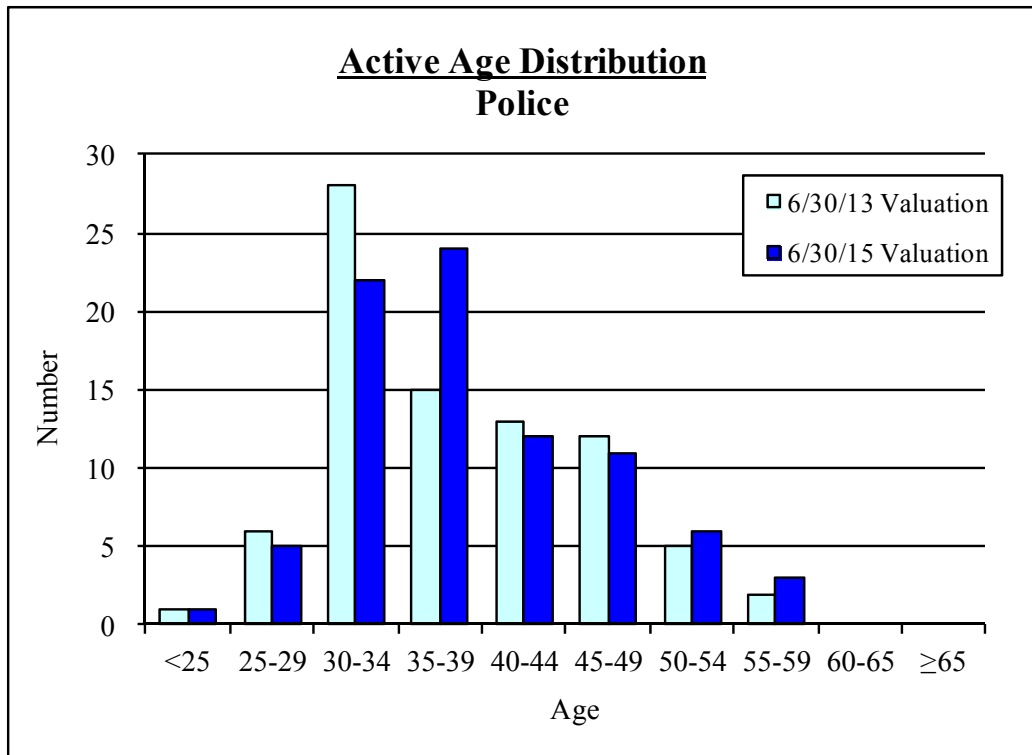
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May 9, 2016

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DATA SUMMARY

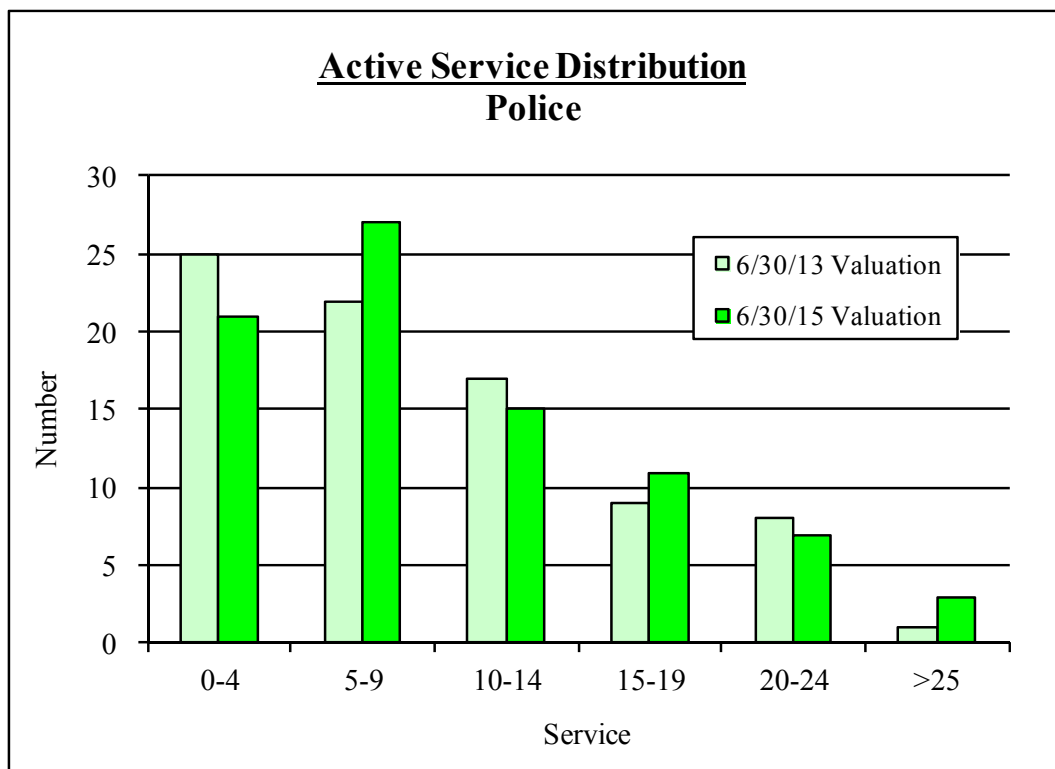


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DATA SUMMARY

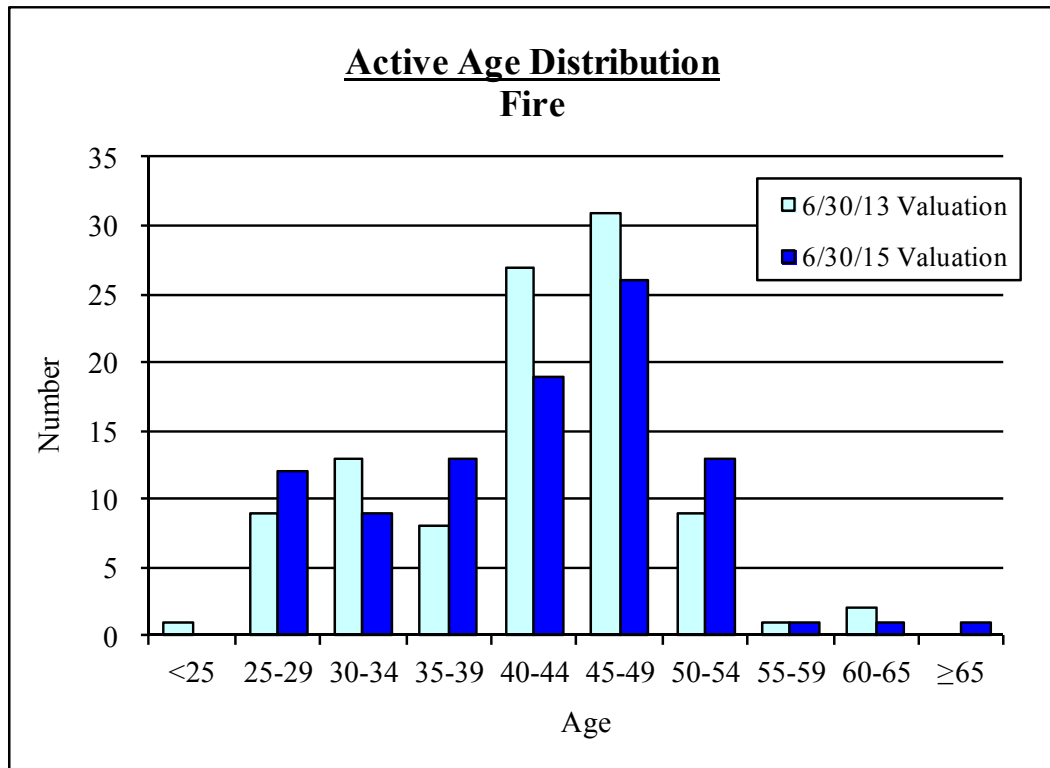


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DATA SUMMARY

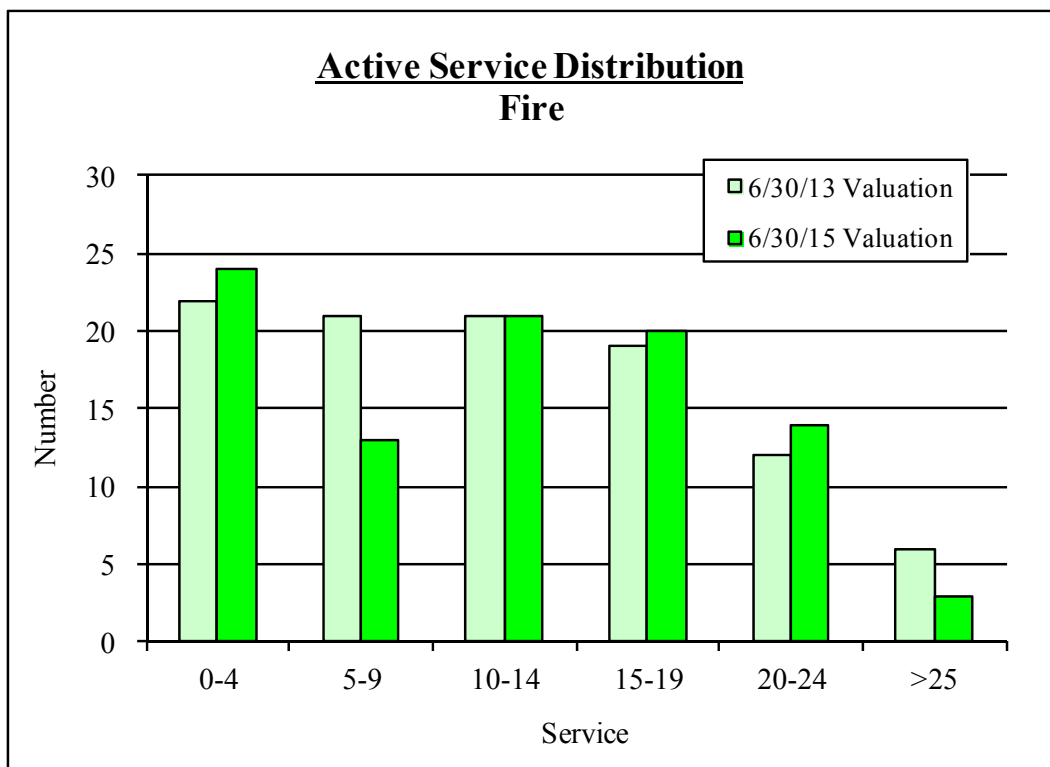


May 9, 2016

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DATA SUMMARY

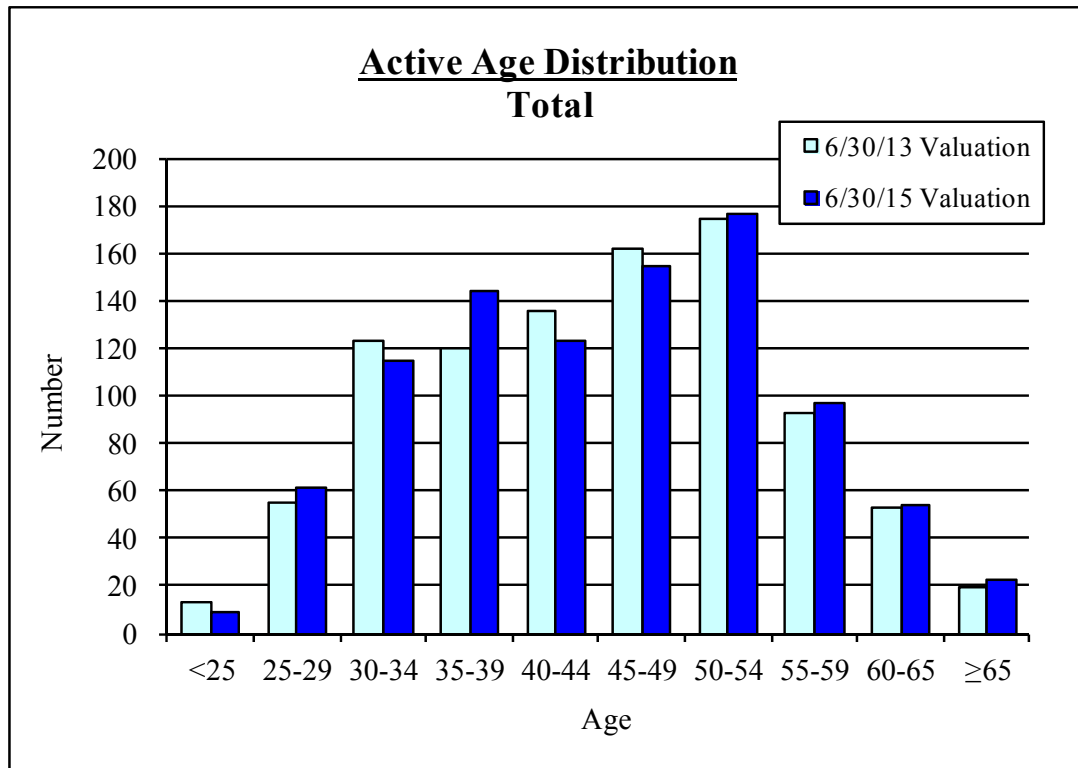


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DATA SUMMARY

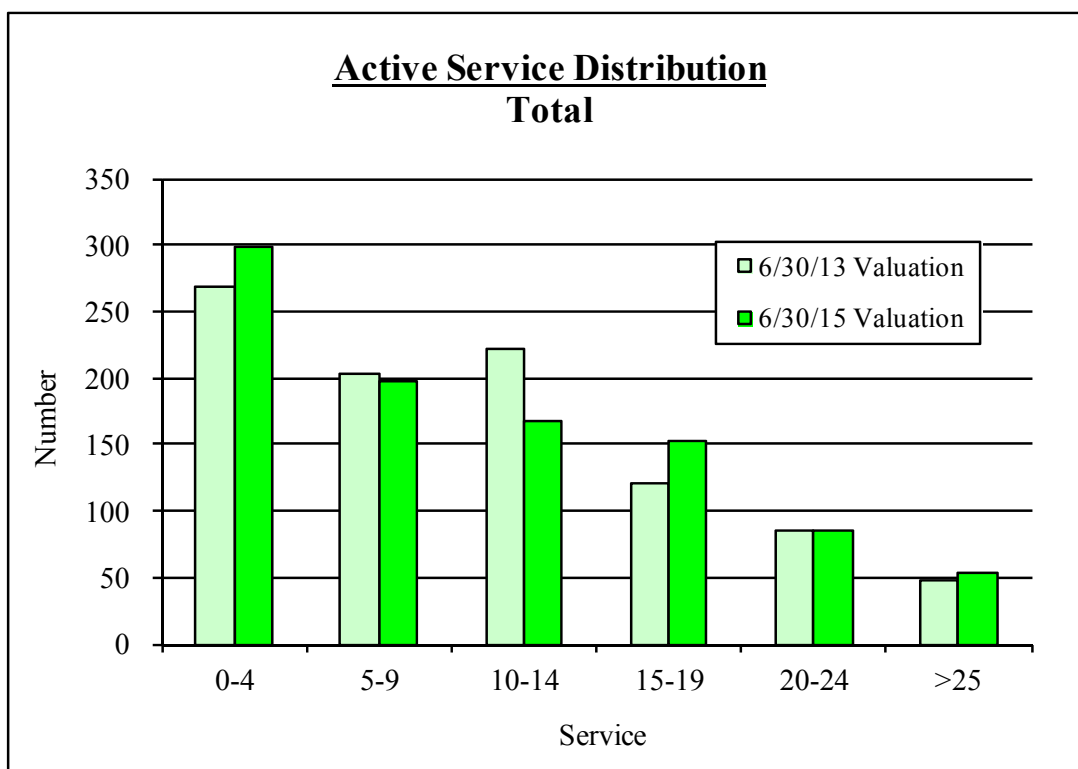


May 9, 2016

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DATA SUMMARY



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Valuation Date	■ June 30, 2013 ■ Fiscal Years 2014/15 & 2015/16 ARCs (end of year) ■ 1 year lag	■ June 30, 2015 ■ GASB 45 ARC for Fiscal Year 2016/17. ADC ⁶⁵ for Fiscal Year 2017/18. (end of year) ■ 1 year lag
■ Funding Policy	■ Full Pre-funding through CalPERS trust (CERBT) asset allocation #1	■ Same
■ General Inflation	■ 3.00%	■ Same
■ Discount Rate	■ 7.61% (no Margin for Adverse Deviation)	■ 7.25%, net of expenses (based on CERBT Fund 1)

⁶⁵ Actuarially Determined Contribution



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Payroll Increases	■ Aggregate Increases – 3.25% ■ Merit Increases – CalPERS 1997-2007 Experience Study	■ Aggregate Increases – 3.25% ■ Merit Increases – CalPERS 1997-2011 Experience Study
■ Increase to Dollar Caps for SEIU Group 3	■ ½ of Medical Trend, not less than assumed inflation (3.0%). Increase is for purposes of financial projection only and does not imply any obligation to increase the cap in the future	■ Same ■ Now also applies to Mgmt/Conf Group 3



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation																																																												
■ Medical Trend	<u>Increase from Prior Year</u> <table> <thead> <tr> <th><u>Year</u></th><th><u>Non-Medicare</u></th><th><u>Medicare</u></th></tr> </thead> <tbody> <tr> <td>2013</td><td colspan="2">Premiums</td></tr> <tr> <td>2014</td><td colspan="2">Premiums</td></tr> <tr> <td>2015</td><td>8.0%</td><td>8.3%</td></tr> <tr> <td>2016</td><td>7.5%</td><td>7.8%</td></tr> <tr> <td>2017</td><td>7.0%</td><td>7.2%</td></tr> <tr> <td>2018</td><td>6.5%</td><td>6.7%</td></tr> <tr> <td>2019</td><td>6.0%</td><td>6.1%</td></tr> <tr> <td>2020</td><td>5.5%</td><td>5.6%</td></tr> <tr> <td>2021+</td><td>5.0%</td><td>5.0%</td></tr> </tbody> </table>	<u>Year</u>	<u>Non-Medicare</u>	<u>Medicare</u>	2013	Premiums		2014	Premiums		2015	8.0%	8.3%	2016	7.5%	7.8%	2017	7.0%	7.2%	2018	6.5%	6.7%	2019	6.0%	6.1%	2020	5.5%	5.6%	2021+	5.0%	5.0%	<u>Increase from Prior Year</u> <table> <thead> <tr> <th><u>Year</u></th><th><u>Non-Medicare</u></th><th><u>Medicare</u></th></tr> </thead> <tbody> <tr> <td>2013</td><td colspan="2">n/a</td></tr> <tr> <td>2014</td><td colspan="2">n/a</td></tr> <tr> <td>2015</td><td colspan="2">Premiums</td></tr> <tr> <td>2016</td><td colspan="2">Premiums</td></tr> <tr> <td>2017</td><td>7.0%</td><td>7.2%</td></tr> <tr> <td>2018</td><td>6.5%</td><td>6.7%</td></tr> <tr> <td>2019</td><td>6.0%</td><td>6.1%</td></tr> <tr> <td>2020</td><td>5.5%</td><td>5.6%</td></tr> <tr> <td>2021+</td><td>5.0%</td><td>5.0%</td></tr> </tbody> </table>	<u>Year</u>	<u>Non-Medicare</u>	<u>Medicare</u>	2013	n/a		2014	n/a		2015	Premiums		2016	Premiums		2017	7.0%	7.2%	2018	6.5%	6.7%	2019	6.0%	6.1%	2020	5.5%	5.6%	2021+	5.0%	5.0%
<u>Year</u>	<u>Non-Medicare</u>	<u>Medicare</u>																																																												
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2020	5.5%	5.6%																																																												
2021+	5.0%	5.0%																																																												
■ ACA Excise Tax	■ N/A	■ Estimate by 2% load on cash subsidy																																																												
■ Mortality, Termination, Disability	■ CalPERS 1997-2007 Experience Study ■ Mortality improvement projection Scale AA	■ CalPERS 1997-2011 Experience Study ■ Mortality improvement Scale MP-14 modified to converge to ultimate improvement in 2022																																																												



May 9, 2016

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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Retirement	■ CalPERS 1997-2007 Experience Study	■ CalPERS 1997-2011 Experience Study
	Misc Fire & Police	Misc Fire & Police
	Tier 1 2.7%^{@55} 3%^{@50}	Tier 1 2.7%^{@55} 3%^{@50}
	Exp. RA⁶⁶ 59.3 55.7 & 54.5	Exp. RA⁶⁵ 58.6 56.7 & 55.0
	Tier 2 2%^{@60}⁶⁷ 3%^{@55}⁶⁸	Tier 2 2%^{@60}⁶⁷ 3%^{@55}⁶⁸
	Exp. RA 61.1 n/a & 59.7	Exp. RA 60.9 n/a & 57.3
	PEPRA⁶⁹ 2.5%^{@67} 2.7%^{@57}	PEPRA⁶⁹ 2.5%^{@67} 2.7%^{@57}
	Exp. RA 61.0 n/a & 56.8	Exp. RA 60.9 n/a & 57.7

66 Retirement Age

⁶⁷ Applies to non-PEPRA (Classic) employees hired after 7/17/2010

⁶⁸ Applies to non-PEPRA (Classic) Police employees hired after 12/7/2012 and Fire employees hired after 6/7/2012

⁶⁹ Applies to employees hired after 1/1/2013 and considered “New Members” under PEPPRA.



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation			June 30, 2015 Valuation		
■ Medical Plan at Retirement & Retirees Attaining age 65	■ Miscellaneous:	<65	65+	■ Miscellaneous:	<65	65+
	Anthem Tradition	5%	0%	Anthem Tradition	10%	0%
	Blue Shield	25%	30%	Blue Shield	20%	30%
	Kaiser	30%	25%	Kaiser	30%	30%
	PERS Choice	30%	25%	PERS Choice	30%	25%
	PERSCare	5%	20%	PERSCare	5%	15%
	United HC	5%	0%	United HC ⁷⁰	5%	0%
	■ Safety:	<65	65+	■ Safety:	<65	65+
	Anthem Tradition	10%	0%	Anthem Tradition	15%	0%
	Blue Shield	20%	20%	Blue Shield	10%	20%
	Blue Shield NV	5%	0%	Blue Shield NV	5%	0%
	Kaiser	15%	35%	Kaiser	20%	35%
	PERS Choice	0%	10%	PERS Choice	0%	5%
	PERSCare	0%	25%	PERSCare	0%	30%
	PORAC	45%	10%	PORAC	45%	10%
	United HC	5%	0%	United HC ⁷⁰	5%	0%

⁷⁰ Beginning January 1, 2016, all retirees in Anthem and Blue Shield Medicare plans are assumed to move to UHC Medicare.



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation		June 30, 2015 Valuation	
■ Participation at Retirement	■ Groups 1 & 2: already retired		■ Groups 3 & 4: 90%	
	■ Group 3: 90%		■ Based on Plan Experience ⁷¹	
	■ Group 4: 85%			
■ Spousal Coverage at Retirement	■ Currently covered: based on current elections		■ Same	
	■ Currently waived: 80%			
■ Family Coverage at Retirement	■ Actives		■ Same	
	• Misc : 15% until age 65		■ Based on Plan Experience	
	• Safety : 40% until age 65			
	■ Retirees: based on current elections until age 65			

⁷¹ Actual participation percentages for Group 3 since 6/30/13 are 73% Miscellaneous and 93% Safety, or 78% overall. We recommend continued monitoring but do not update this year. Group 4 has very little actual experience, but those with less than 10 years service will receive no benefit at all (assumption applies only to those with more than 10 years service).



May 9, 2016

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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Medicare Eligible Rate	■ Actives hired < 4/1/86: • Miscellaneous – 80% • Safety – 90% ■ Actives hired $\geq$ 4/1/86: 100% ■ Retirees < 65: 90% ■ Everyone eligible for Medicare will elect Part B coverage	■ Actives and retirees hired < 4/1/86: • Miscellaneous – 80% • Safety – 90% ■ Actives and retirees hired $\geq$ 4/1/86: 100% ■ Retirees < 65 with unknown hire date: 90% ■ Everyone eligible for Medicare will elect Part B coverage
■ Waived Retiree Re-election	■ N/A	■ Pre-65 – 20% re-elect at age 65 ■ Post-65 – 0%
■ Surviving Spouse Participation	■ 100%	■ Same



May 9, 2016

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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation				June 30, 2015 Valuation		
■ Sample Medical Claims Costs 2014	■ Sample estimated monthly claims costs:						
	<u>Bay Area – Non-Medicare Eligible</u>						
		<u>Kaiser (HMO)</u>		<u>PERS Choice (PPO)</u>		<u>PORAC</u>	
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
	55	\$852	\$862	\$737	\$712	\$750	\$725
	60	1,088	1,017	885	818	898	832
	65	1,374	1,237	1,099	988	1,117	1,004
	70	1,629	1,430	1,303	1,142	1,323	1,160
	75	1,946	1,683	1,557	1,344	1,581	1,365
	80	2,259	1,939	1,807	1,548	1,836	1,572
	85	2,546	2,187	2,036	1,746	2,068	1,774
	<u>Bay Area – Medicare Eligible</u>						
		<u>Kaiser (HMO)</u>		<u>PERS Choice (PPO)</u>		<u>PORAC</u>	
<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	
65	\$283	\$263	\$290	\$304	\$391	\$409	
70	266	254	276	294	372	396	
75	333	298	312	324	420	437	
80	357	317	322	334	434	450	
85	356	316	318	330	428	445	



May 9, 2016

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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation				June 30, 2015 Valuation		
■ Sample Medical Claims Costs 2016	■ Sample estimated monthly claims costs:						
	Bay Area – Non-Medicare Eligible						
		Kaiser (HMO)		PERS Choice (PPO)		PORAC	
	Age	M	F	M	F	M	F
	55	\$856	\$866	\$851	\$823	\$826	\$799
	60	1,093	1,023	1,023	946	990	917
	65	1,381	1,244	1,270	1,142	1,231	1,107
	70	1,637	1,438	1,506	1,320	1,459	1,279
	75	1,956	1,691	1,799	1,553	1,743	1,505
	80	2,271	1,948	2,088	1,789	2,024	1,734
	85	2,559	2,198	2,353	2,018	2,280	1,956
	Bay Area – Medicare Eligible						
		Kaiser (HMO)		PERS Choice (PPO)		PORAC	
	Age	M	F	M	F	M	F
65	\$285	\$265	\$346	\$362	\$435	\$456	
70	268	256	329	351	414	441	
75	336	301	372	387	467	486	
80	360	319	384	399	483	501	
85	358	318	379	394	477	495	



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ CalPERS Service	■ City service plus ½ service between age 30 and City hire date	■ Actual data
■ Spouse Age	■ Actives – Males 3 years older than females ■ Retirees – Males 3 years older than females if spouse birth date not available	■ Same
■ Missing Fund	■ Retirees missing fund assumed to be based on current active percentages: 90% GF, 5% Elec, and 5% UTL ⁷²	■ Retirees missing fund assumed to be based on current active percentages: 75% GF, 15% Elec, and 10% UTL ⁷²



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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Missing Bargaining Unit	■ Retirees missing bargaining unit assumed to have the same BU as in the prior valuation if available; otherwise, assumed to be SEIU unless fund designates Police (PAPOA) or Fire (IAFF) ⁷²	■ Same
■ Missing Department	■ Liability for retirees assumed to be 90% GF from above assumption allocated proportionately across all Departments ⁷³	■ Liability for retirees assumed to be 75% GF from above assumption allocated proportionately across all Departments ⁷³

⁷² Fewer than 10% of retirees have missing Bargaining Unit, Fund or Department. Does not affect results, but does affect internal cost allocations used by the City.

⁷³ Fewer than 10% of retirees have missing Bargaining Unit, Fund or Department. Does not affect results, but does affect internal cost allocations used by the City.



May 9, 2016

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ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Future New Participants	■ None – Closed Group	■ Same



May 9, 2016

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RESULTS BY FUND

Actuarial Obligations – June 30, 2015

(Amounts in 000's)

	AAL	Assets	UAAL
■ Airport	\$ 209	\$ 4	\$ 205
■ CIP	3,036	1,114	1,923
■ Elec ⁷⁴	28,519	10,014	18,505
■ Gas ⁷⁴	10,628	3,994	6,634
■ GF	155,343	47,751	107,592
■ ISF – Technology	4,382	1,842	2,540
■ ISF – Vehicle	1,840	1,142	698
■ ISF – Printing & Mailing	723	354	369
■ Refuse	6,026	2,589	3,437
■ Storm Drain	1,920	606	1,314
■ Water ⁷⁴	5,546	2,983	2,563
■ WWC ⁷⁴	3,038	1,563	1,474
■ WWT	<u>13,585</u>	<u>4,622</u>	<u>8,963</u>
■ Total	234,795	78,578	156,217

⁷⁴ AAL for UTL employees allocated to Elec, Gas, Water, and WWC in proportion to each Fund's AAL

May 9, 2016

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RESULTS BY FUND

Annual Required Contribution (ARC)

(Amounts in 000's)

	2016/17	2017/18⁷⁵
■ Airport	\$ 34	\$ 35
■ CIP	250	258
■ Elec ⁷⁴	2,077	2,152
■ Gas ⁷⁴	723	748
■ GF	10,866	11,247
■ ISF – Technology	342	353
■ ISF – Vehicle	130	134
■ ISF – Printing & Mailing	42	43
■ Refuse	291	302
■ Storm Drain	137	142
■ Water ⁷⁴	302	313
■ WWC ⁷⁴	190	197
■ WWT	<u>981</u>	<u>1,014</u>
■ Total	16,365	16,938

⁷⁵ ADC for 2017/18.

May 9, 2016

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RESULTS BY GF DEPARTMENT

Actuarial Obligations – June 30, 2015

(Amounts in 000's)

	AAL	Assets⁷⁶	UAAL
■ ASD	\$ 9,542	\$ 2,933	\$ 6,609
■ ATT	1,950	600	1,350
■ AUD	322	99	223
■ CLK	821	252	569
■ COU	1,269	390	879
■ CSD	17,288	5,314	11,974
■ FIR	46,775	14,378	32,397
■ HRD	2,871	883	1,988
■ LIB	5,870	1,804	4,066
■ MGR	2,089	642	1,447
■ PLA	7,863	2,417	5,446
■ POL	43,702	13,434	30,268
■ PWD	<u>14,981</u>	<u>4,605</u>	<u>10,376</u>
■ Total	155,343	47,751	107,592

⁷⁶ Assets allocated in proportion to AAL.

May 9, 2016

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RESULTS BY GF DEPARTMENT

Annual Required Contribution (ARC)

(Amounts in 000's)

	2016/17	2017/18⁷⁷
■ ASD	\$ 677	\$ 704
■ ATT	149	153
■ AUD	55	57
■ CLK	55	57
■ COU	53	54
■ CSD	1,283	1,328
■ FIR	2,948	3,050
■ HRD	175	182
■ LIB	539	556
■ MGR	187	193
■ PLA	520	538
■ POL	3,150	3,260
■ PWD	<u>1,075</u>	<u>1,115</u>
■ Total	10,866	11,247

⁷⁷ ADC for 2017/18.

May 9, 2016

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DEFINITIONS

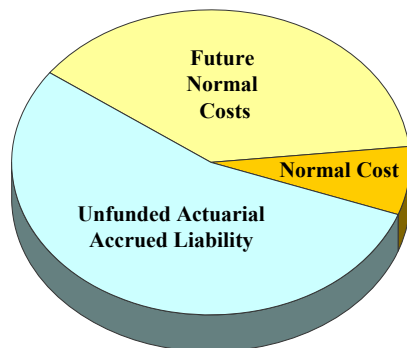
■ GASB 45 Accrual Accounting	• Project future employer-provided benefit cash flows for current active employees and current retirees • Discount projected cash flow to valuation date using discount rate (assumed return on assets used to pay benefits) and other actuarial assumptions to determine present value of projected future benefits (PVB) • Allocate PVB to past, current, and future periods using the actuarial cost method • Actuarial cost method used for this valuation is the Entry Age Normal Cost method which determines Normal Cost as a level percentage of payroll (same method used by CalPERS) • Normal Cost is amount allocated to current fiscal year • Actuarial Accrued Liability (AAL) is amount allocated to prior service with employer • Unfunded AAL (UAAL) is AAL less plan assets pre-funded in a segregated and restricted trust
■ PayGo Cost	• Cash subsidy is the pay-as-you-go employer benefit payments for retirees • Implied subsidy is the difference between the actual cost of retiree benefits and retiree premiums subsidized by active employee premiums



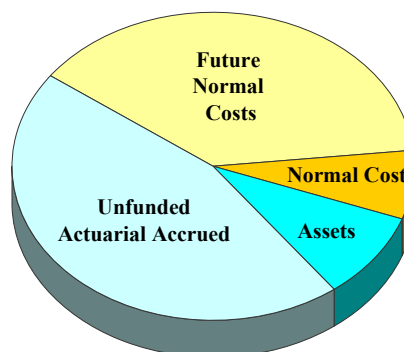
DEFINITIONS

Present Value of Benefits

**Present Value of Benefits
(Without Plan Assets)**



**Present Value of Benefits
(With Plan Assets)**



DEFINITIONS

■ Annual Required Contribution (ARC)	● “Required contribution” for the current period including: ➢ Normal Cost ➢ Amortization of: - Initial UAAL - AAL for plan, assumption, and method changes - Experience gains/losses (difference between expected and actual) - Contribution gains/losses (difference between ARC and contributions) ● ARC in excess of pay-as-you-go costs not required to be funded
■ Net OPEB Obligation (NOO)	● Net OPEB Obligation is the accumulated amounts expensed but not funded ● Net OPEB Asset if amounts funded exceed those expensed
■ Annual OPEB Cost (AOC)	● Expense for the current period including: ➢ ARC ➢ Interest on NOO ➢ Adjustment of NOO ● NOO adjustment prevents double counting of expense since ARCs include an amortization of prior contribution gains/losses previously expensed





City of Palo Alto

Finance Committee Staff Report

(ID # 6657)

Report Type: Action Items

Meeting Date: 4/19/2016

Council Priority: City Finances

Summary Title: Storm Drain Fee Increase for FY2017

Title: Adoption of a Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) Reflecting a 3.2 Percent Consumer Price Index Rate Increase to \$13.03 Per Month Per Equivalent Residential Unit for Fiscal Year 2017

From: City Manager

Lead Department: Public Works

Recommendation

Staff recommends that the Finance Committee recommend that Council adopt the attached resolution (Attachment A) amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage), to implement a 3.2% rate increase consistent with the applicable Consumer Price Index – Urban Consumers, increasing the monthly charge per Equivalent Residential Unit by \$0.40, from \$12.63 to \$13.03 for Fiscal Year 2017.

Background

On April 26, 2005, a majority of Palo Alto property owners approved a ballot measure authorizing an increase in the monthly Storm Drainage Fee to fund storm drain capital improvements and augmented maintenance. Council certified the results of the ballot proceeding on May 9, 2005. The approved ballot measure contained an annual fee escalator clause that permits the Council to raise the Storm Drainage Fee each year to account for inflationary cost increases. Specifically, the ballot measure stated:

“In order to offset the effects of inflation on labor and material costs, the proposed fee increase would be subject to annual increases beyond the initial \$10.00 per Equivalent Residential Unit (ERU) rate as of July 1 of each year, starting in 2006. Inflation adjustments would be based on the lesser of the local rate of inflation (based on the change in the Consumer Price Index [CPI-U] for the San Francisco-Oakland-San Jose CMSA, published by the United States Department of Labor, Bureau of Labor Statistics) or 6 percent. The City Council would have the authority and discretion to implement inflation adjustments on an annual basis as part of the City budget process.”

On May 9, 2005, Council adopted a resolution increasing the Storm Drainage rate schedule to \$10.00 per month per ERU, effective June 1, 2005. The Council approved rate for FY 2016 is \$12.63 per month per ERU.

Discussion

Staff has determined from Bureau of Labor Statistics records that the CPI-U for the San Francisco-Oakland-San Jose CMSA increased by 3.2% between December 2014 and December 2015. As the CPI-U rate is substantially lower than 6%, consistent with the ballot measure, staff recommends that the Storm Drainage Fee be increased by the CPI-U in order to keep fund revenues consistent with general cost increases and to provide sufficient funds for planned storm drain capital expenditures. In particular, the increased revenue is needed to cover construction costs for the remaining storm drain capital improvement projects. Approval of the rate increase will help to ensure that staff can complete all seven of the capital projects specified in the 2005 ballot measure before the fee increase sunsets in June 2017. A table summarizing projected rate increases for all of the City’s utilities for the period of FY 2017 through FY 2021 is attached for reference (Attachment B). In order to enact the Storm Drainage Fee increase, Council must adopt the attached resolution amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage). The new rate for the Storm Drainage Fee will be \$13.03 per month per ERU. Single-family residential properties are billed a monthly amount based on parcel size, in accordance with the following table:

RESIDENTIAL RATES (Single-Family Residential Properties)			
PARCEL SIZE (sq. ft.)	ERU	FY2016 RATE	FY2017 RATE
< 6,000 sq. ft.	0.8 ERU	\$10.11/month	\$10.43/month
6,000-11,000 sq. ft.	1.0 ERU	\$12.63/month	\$13.03/month
> 11,000 sq. ft.	1.4 ERU	\$17.68/month	\$18.25/month

Commercial, industrial, institutional, and multi-family residential properties are billed on a monthly basis at a rate of 1.0 ERU for each 2,500 square feet of impervious surface on the parcel.

Resource Impact

The 3.2 percent increase in rates is expected to increase annual revenue to the Storm Drainage Fund by approximately \$194,000 and, if recommended, will be included in the Public Works Department Storm Drainage Fund FY 2017 proposed operating budget. When the storm drain rates approved by property owners via the 2005 ballot measure sunset on June 1, 2017, rates will revert to \$4.25 per month per ERU unless higher rates are approved through a new ballot measure process. Staff has been working with a city manager-appointed blue ribbon committee of Palo Alto residents to develop the scope and timing of a storm drain ballot measure to be presented to property owners later this year.

Timeline

The Storm Drainage Fee increase will take effect on July 1, 2016. Storm drain rates will revert to \$4.25 per month per ERU on June 1, 2017 unless higher rates are approved through a new ballot measure process.

Environmental Review

Adoption of changes to utility rate schedules does not represent a project under the California Environmental Quality Act (CEQA).

Courtesy Copies

Storm Drain Oversight Committee
Palo Alto Chamber of Commerce

Attachments:

- A - Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) (PDF)

- B - Overview of Projected City of Palo Alto Utility Rate Increases (PDF)

NOT YET APPROVED

Resolution No. _____

Resolution of the Council of the City of Palo Alto Amending Utility Rate
Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm
Drain Rates by 3.2% Per Month Per Equivalent Residential Unit for
Fiscal Year 2017

The Council of the City of Palo Alto RESOLVES, as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule D-1 (Storm and Surface Water Drainage) is hereby amended to read in accordance with sheet D-1-1, attached hereto and incorporated herein. The foregoing Utility Rate Schedule, as amended, shall become effective July 1, 2016.

SECTION 2. The Council finds that this rate increase is being imposed to offset the effects of inflation on labor and material costs pursuant to the annual inflationary fee escalator provision of the Storm Drainage Fee ballot measure, which was approved by a majority of Palo Alto property owners on April 26, 2005.

SECTION 3. The Council finds that the revenue derived from the authorized adoption enumerated herein shall be used only for the purpose set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

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NOT YET APPROVED

SECTION 4. The Council finds that modification and approval of this change to the Utility Rate Schedule D-1 (Storm and Surface Water Drainage) for the purpose of meeting operating expenses is statutorily exempt from California Environmental Quality Act (CEQA) review, pursuant to Public Resources Code Section 15273(a).

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

City Attorney

City Manager

Director of Public Works

Director of Administrative
Services

GENERAL STORM AND SURFACE WATER DRAINAGEUTILITY RATE SCHEDULE D-1**A. APPLICABILITY:**

This schedule applies to all storm and surface water drainage service, excepting only those users and to the extent that they are constitutionally exempt under the Constitution of the State of California or who are determined to be exempt pursuant to Rule and Regulation 25.

B. TERRITORY:

Inside the incorporated limits of the city of Palo Alto and land owned or leased by the city.

C. RATES:

Per Month:

Storm Drainage Fee per Equivalent Residential Unit (ERU) \$13.03

D. SPECIAL NOTES:

1. An Equivalent Residential Unit (ERU) is the basic unit for computation of storm drainage fees for residential and non-residential customers. All single-family residential properties shall be billed the number of ERUs specified in the following table, based on an analysis of the relationship between impervious area and lot size for Palo Alto properties.

RESIDENTIAL RATES (Single-Family Residential Properties)	
PARCEL SIZE (sq.ft.)	ERU
<6,000 sq.ft.	0.8 ERU
6,000 - 11,000 sq.ft.	1.0 ERU
>11,000 sq.ft.	1.4 ERU

All other properties will have ERU's computed to the nearest 1/10 ERU using the following formula:

$$\text{No. of ERU} = \frac{\text{Impervious Area (Sq. Ft.)}}{2,500 \text{ Sq. Ft.}}$$

2. For more details on the storm drainage fee, refer to Utilities Rule and Regulation 25.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council



Supersedes Sheet No.D-1-1 dated 7-1-2015

Effective 7-1-2016
Sheet No. **D-1-1**

Rate Adjustments for All Utilities: FY 2017 Proposed, FY 2018 to FY 2021 Projected

Utility		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Electric Utility		11%	10%	2%	0%	1%
Gas Utility		8%	9%	7%	1%	1%
Wastewater		9%	10%	9%	7%	6%
Water Utility		6%	9%	9%	6%	2%
Refuse ¹		9%	8%	5%	3%	3%
Storm Drain		3.2%	2% to 3%	2% to 3%	2% to 3%	2% to 3%
Bill Change	(%)	8%	9%	6%	4%	2%
	(\$/mo)	\$20.80	\$23.45	\$18.49	\$11.16	\$7.77



Storm Drain Oversight Committee

MEMORANDUM

Date: May 4, 2016

To: Honorable Finance Committee of the Palo Alto City Council

From: Members of the Storm Drain Oversight Committee

Subject: Review of the Proposed FY 2017 Storm Drainage Fund budget

As directed by the City Council, we have reviewed the proposed Storm Drainage Fund budget for fiscal year 2017 and compared it with the provisions of the Storm Drainage Fee increase approved by Palo Alto property owners in 2005. Based on this review, we find that the proposed budget reflects the increased fees, CIP projects, and operating expenditures approved in the ballot measure.

The Committee met to discuss the proposed budget on Wednesday, May 4, 2016. Prior to the meeting, Storm Drainage staff provided a packet of informational materials about the approved ballot measure and the proposed budget for the Committee's review. During the meeting, staff presented information regarding the Storm Drainage Fund operating and capital budgets and answered questions from the Committee members.

Based upon our review of the materials provided to us by Storm Drainage staff, we find that the attached matrix describing the proposed use of the Storm Drainage Fee increase for FY 2017 and the table providing a side-by-side comparison of the ballot measure and the proposed budget accurately describe the relationship between the budget and the ballot measure. In addition, the attached spreadsheet summarizes the status of the Storm Drainage Fund capital improvement program implementation to-date. Staff and the Committee concur that there will be adequate funding generated by the Storm Drainage Fee increase authorized through the 2005 ballot measure to fund the seven capital improvement projects specified for implementation in the ballot measure, with the exception of the Loma Verde/Louis Road storm drain trunkline improvements element of the Matadero Creek Storm Water Pump Station Upgrade Project, which will be deferred to the new package of capital improvements that will be proposed under the new ballot measure for storm drain funding. With this exception, the Matadero Creek Storm Water Pump Station Upgrade Project will be completed within the 2005 ballot measure funds.

Attachments

Proposed Use of Storm Drainage Fee Increase for FY 2017

Line Item	Revenue	Expenditures
Fee Increase Revenue		
SD Fee Increase	\$4,450,405	
Capital Improvements and Program Enhancements		
A. One-time SD CIP Projects		
San Francisquito Creek Pump Station		\$0
Channing/Lincoln Storm Drain		\$0
Southgate Neighborhood Storm Drains		\$0
Gailen/Bibbits SD Improvements		\$0
Clara Drive SD Improvements		\$0
Matadero Creek Pump Station & Trunks		\$1,990,000
Alma Street SD Improvements		\$0
B. Enhanced Maintenance		
SD Replacement/Rehabilitation CIP		\$660,000
Augmented SD Maintenance		\$168,691
C. Innovative SD Projects		\$159,000
D. Augmented Storm Water Quality		\$223,700
E. Capital Improvement Program Staffing		
New CIP Engineer		\$153,504
CIP Support Staff		\$34,024
Surveyor		\$16,460
SUBTOTALS	\$4,450,405	\$3,405,379
From Storm Drainage Fund Reserves	\$543,927	
Other storm drain expenses previously covered by General Fund subsidy		\$1,588,953
TOTALS	\$4,994,332	\$4,994,332

Approved Storm Drainage Fee Increase Ballot Measure vs. Preliminary FY 2017 Storm Drainage Fund Budget

BALLOT MEASURE	PROPOSED BUDGET
1. Implementation of seven (7) high-priority storm drain capital improvement projects.	1. \$1,990,000 for Matadero Pump Station Improvements (CIP SD-13003).
2. \$ 500,000 annually (adjusted annually for inflation) for storm drain system repair and rehabilitation.	2. \$ 660,000 for Storm Drain System Replacement and Rehabilitation (CIP SD-06101)
3. \$ 90,000 annually for augmented storm drain system maintenance.	3. \$168,691 in additional funding for Storm Drain In-House Maintenance: (\$ 90,000 for supplies & materials + 0.45 additional FTE staffing).
4. \$ 125,000 annually (adjusted annually for inflation) for innovative projects to reduce storm water runoff and pollutant levels.	4. \$ 159,000 allocated to Storm Water Rebate Program for rain barrels, cisterns, permeable pavement, and green roofs.
5. \$ 100,000 annually (adjusted annually for salary increases) to fund storm water quality protection activities formerly funded by the Wastewater Treatment Fund.	5. \$223,700 in additional funding for Storm Water Quality Protection (0.88 additional FTE staffing, \$39,000 for non-salary expenses, \$50,000 for Green Infrastructure Plan.
6. \$ 115,000 annually (adjusted annually for salary increases) for an engineer to assist with implementation of storm drain capital improvement projects.	6. \$203,988 in additional funding for Engineer position (0.9 FTE), CIP support staff (0.3 FTE), and Surveyor (0.12 FTE) funded in Storm Drain System Improvements.
7. Annual adjustment of fees by local CPI increase or 6%, whichever is lower.	7. Proposed 3.2% increase per the change in the CPI for San Francisco-Oakland-San Jose for calendar year 2015.
8. Pre-payment of Storm Drainage Fees for City-owned properties to accelerate implementation of storm drain capital improvement projects.	8. No pre-payment for FY 2016; all scheduled pre-payments by General Fund have been made.

Proposed Storm Drain Capital Spending Plan

Year	FY	SF Creek Pump Station \$4,500,000	Gailen / Bibbits \$650,000	Alma Street \$1,500,000	Channing Lincoln Trunk \$4,600,000	Matadero PS and Trunks \$3,000,000	Clara Drive \$900,000	Southgate Neighborhood \$2,000,000	YEARLY PROJECT TOTAL
1	FY 2005-06	\$900,000	\$650,000				\$180,000		\$1,730,000
2	FY 2006-07						\$735,000		\$735,000
3	FY 2007-08	\$7,535,000					(\$915,000)		\$6,620,000
4	FY 2008-09	\$700,000		\$785,000					\$1,485,000
5	FY 2009-10				\$820,000				\$820,000
6	FY 2010-11				\$895,000				\$895,000
7	FY 2011-12				\$1,590,000			\$140,000	\$1,730,000
8	FY 2012-13				\$1,680,000			\$860,000	\$2,540,000
9	FY 2013-14				\$1,430,000	\$315,000	\$750,000	\$1,026,271	\$3,521,271
10	FY 2014-15					\$1,840,000			\$1,840,000
11	FY 2015-16					\$1,915,000			\$1,915,000
12	FY 2016-17					\$1,990,000			\$1,990,000
		\$9,135,000	\$650,000	\$785,000	\$6,415,000	\$6,060,000	\$750,000	\$2,026,271	\$25,821,271

- NOTES:**
1. Cost figures immediately below project titles reflect Year 2005 cost estimates. Spreadsheet figures represent actual incurred costs & projected future costs.
 2. Shaded projects have been completed to-date.
 3. Phases 1 & 2 (of 3) of the Channing/Lincoln CIP have been completed.

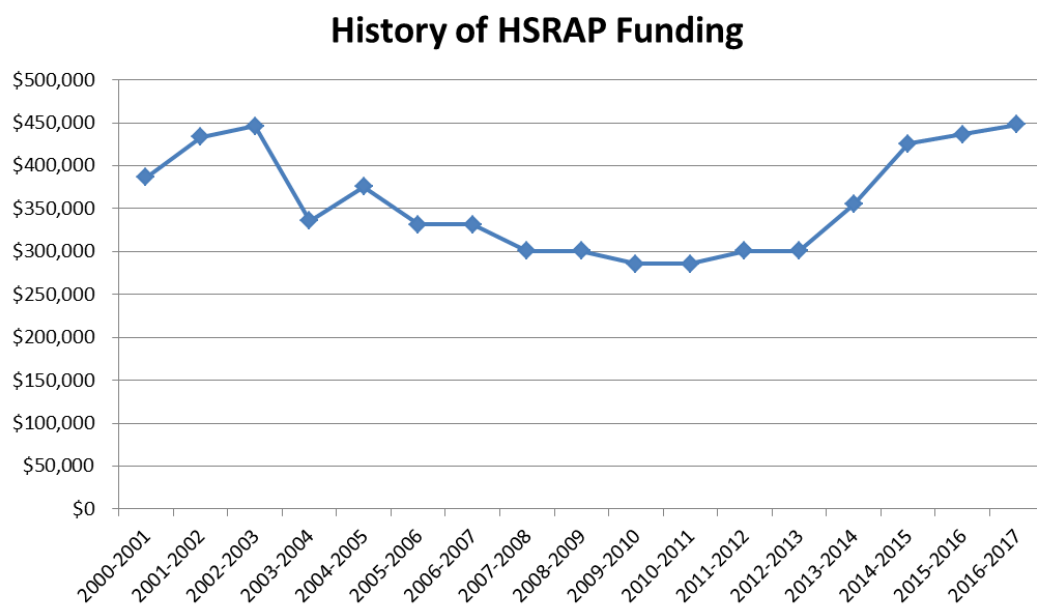
City of Palo Alto

MEMORANDUM**TO:** Finance Committee**DATE:** May 12, 2016**SUBJECT:** Additional Information Pertaining to the Fiscal Year 2017 Proposed Operating Budget

This memorandum transmits additional information requested by the Finance Committee and/or provided at staff's behest in regards to the Fiscal Year 2017 Proposed Operating Budget.

Community Services HSRAP Allocations – Historical Funding Levels(Finance Committee Budget Hearing May 5th; Agenda Item #5)

At the May 10th Finance Committee meeting, in response to the at places memorandum that was transmitted at that meeting, additional information was requested about the Human Services Resources Allocation Process (HSRAP) requesting an outline of the funding history dating back to FY 2001. Below is a chart detailing this history. These annual figures do not include funding for Avenidas and Palo Alto Community Child Care in order to provide a more accurate comparison to the current funding amount.



Historical HSRAP Funding Levels

Year	Adopted Budget	% change from prior year
2000-2001	\$386,425	
2001-2002	\$433,254	12.12%
2002-2003	\$446,251	3.00%
2003-2004	\$335,835	(24.74%)
2004-2005	\$375,835	11.91%
2005-2006	\$331,453	(11.81%)
2006-2007	\$331,453	0.00%
2007-2008	\$300,453	(9.35%)
2008-2009	\$300,453	0.00%
2009-2010	\$285,430	(5.00%)
2010-2011	\$285,430	0.00%
2011-2012	\$300,737	5.36%
2012-2013	\$300,737	0.00%
2013-2014	\$355,324	18.15%
2014-2015	\$425,594	19.78%
2015-2016	\$436,659	2.60%
2016-2017	\$448,012	2.60%

Development Services Development Fee Cost Recovery

(Finance Committee Budget Hearing May 10th; Agenda Item #2)

At the May 10th Finance Committee meeting, a discussion occurred about what costs are eligible to be recovered through development services fee payers, specifically in regards to Fire Department staffing. Per Proposition 26 “Supermajority Vote to Pass New Taxes and Fees Act” and Proposition 218 “Right to Vote on Taxes Act”, all governmental charges must be approved by the voters unless they qualify for an exemption. Under Proposition 26, California Constitution Article XIII C, Section 1(e)(3), regulatory fees, including fees for “issuing licenses and permits, performing investigations, inspections, and audits,” may be exempt, but only to the extent the fees do not exceed the amount necessary to cover the reasonable cost of the services provided. Proposition 26 places the burden on the City to show that a regulatory fee does not exceed this limitation.

Therefore, training and related certification costs can be passed on to the fee payers only if they are necessary to complete inspection work. For example, if fire suppression training is only necessary for fire suppression work and is not necessary for the inspectors to complete fire inspection work, those costs cannot be passed on to fee payers. Should the City wish to pass along the fire suppression training costs, it would need to show that suppression training is necessary for the fire inspectors to provide inspections.

Housing In-Lieu Fund Balance

(Finance Committee Budget Hearing May 10th; Agenda Item #5.c)

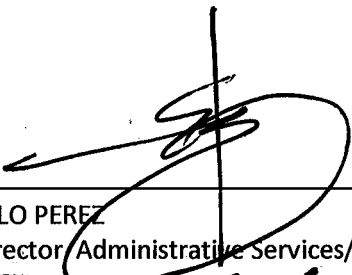
At the May 10th Finance Committee meeting, the available fund balance in Housing In-Lieu funds was requested. Attachment A is City Manager Report 6295, *Review and Acceptance of Annual Status Report on Development Impact Fees for Fiscal Year 2015*. This report, and its Attachment A, outlines the FY 2015 ending balance as reported in the Comprehensive Annual Financial Report (CAFR) with additional context provided outlining any restriction or reserved funds within the fund balance for all Development Impact Fees. The Commercial Housing In-Lieu Fund outlined a June 30, 2015 balance of \$14.6 million, however, once adjusted for other commitments/appropriations, the net available balance is \$2.0 million. The Residential Housing In-Lieu Fund outlined a June 30, 2015 balance of \$17.6 million, however, once adjusted for other commitments/appropriations, the net available balance is \$621,000. (See Attachment A).

Development Services Performance Measure Goals

(Finance Committee Budget Hearing May 10th; Agenda Item #2)

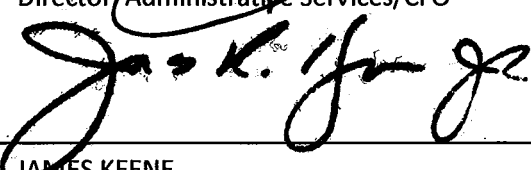
At the May 10th Finance Committee meeting, inclusion of both quantitative as well as quality goals was requested to be added to the performance measure goals (specifically in the development Services Department). Staff has taken this under advisement, will include this request into the anticipated evaluation of performance measures during FY 2017, and incorporate any recommended changes into the FY 2018 budget process.

DEPARTMENT HEAD:



LALO PEREZ
Director Administrative Services/CFO

CITY MANAGER:



JAMES KEENE
City Manager



City of Palo Alto City Council Staff Report

(ID # 6295)

Report Type: Consent Calendar**Meeting Date: 1/25/2016****Summary Title: Annual Status Report Development Impact Fees FY15****Title: Review and Acceptance of Annual Status Report on Development Impact Fees for Fiscal Year 2015****From: City Manager****Lead Department: Administrative Services****Recommendation**

Staff recommends that Council review and accept the Annual Report on Development Impact Fees for the year ended June 30, 2015 (Attachment A).

Background

State law (Government Code Section 66006) requires that each local agency that imposes development impact fees prepare an annual report providing specific information about those fees. This requirement is part of the law commonly referred to as AB 1600. It codifies the legal requirement that fees on new development must have the proper nexus to any project on which they are imposed. In addition, AB 1600 imposes certain accounting and reporting requirements with respect to the fees collected. The fees, for accounting purposes, must be segregated from the general funds of the City and from other funds or accounts containing fees collected for other improvements. Interest on each development fee fund or account must be credited to that fund or account and used only for the purposes for which the fees were collected.

Government Code Section 66006 contains comprehensive annual reporting requirements for development impact fees. This statute requires that, within 180 days after the close of the fiscal year, the agency that collected the fees must make available to the public the following information regarding each fund or account:

- Brief description of the type of fee in the fund.
- Amount of the fee.
- Beginning and ending balance in the fund.

- Amount of fees collected and interest earned.
- Identification of each public improvement on which fees were expended and the amount of the expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.
- Identification of an approximate date by which the construction of a public improvement will commence, if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement.
- Description of each interfund transfer or loan made from the account or fund, including the public improvement on which the loaned funds will be expended, and in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan.
- Amount of any refunds made due to inability to expend fees within the required time frame.

This report must also be reviewed by the City Council at a regularly scheduled public meeting not less than 15 days after the information is made available to the public. In addition, notice of the time and place of the meeting shall be mailed at least 15 days prior to the meeting to any interested party who files a written request with the local agency for such a mailed notice. An early packet consisting of Exhibit A only was made available to the public and included in the packet for the December 7, 2015 meeting of the City Council.

The law also provides that, for the fifth fiscal year following the first deposit into the fund and every five years thereafter, the local agency shall make findings with respect to any portion of the fee remaining unexpended, whether committed or uncommitted. The finding must:

- identify the purpose to which the fee is to be put;
- demonstrate a nexus between the fee and the purpose for which it was originally charged; and
- identify all sources and amounts of funding anticipated to complete financing of incomplete improvements along with the approximate dates on which the anticipated funding is expected to be deposited into the fund.

If the agency no longer needs the funds for the purposes collected, or if the agency fails to make required findings, or to perform certain administrative tasks prescribed by AB 1600, the agency may be required to refund to property owners a prorated portion of the monies collected for that project and any interest earned on those funds.

The City Auditor's office recently conducted an audit of the City's Parking in-lieu fund.

Discussion

The City of Palo Alto development fees covered by AB 1600, and documented in Attachment A, include the established fees noted below, as well as two new fees for Public Safety Facilities and General Government Facilities that were approved by Council in May 2014. In addition, though not technically a fee covered by AB 1600, the City is reporting its Public Art fee for informational purposes only.

- Stanford Research Park/El Camino Real traffic impact fees (PAMC Ch. 16.45): Fee for new nonresidential development in the Stanford Research Park/El Camino Real Service Commercial zone, to fund capacity improvements at eight intersections.
- San Antonio/West Bayshore Area traffic impact fees (PAMC Ch. 16.46): Fee for new nonresidential development in the San Antonio/West Bayshore area to fund capacity improvements at four intersections.
- Commercial housing in-lieu (PAMC Ch. 16.47): Fee on commercial and industrial development to contribute to programs that increase the City's low income and moderate-income housing stock.
- University Avenue Parking in-lieu (PAMC Ch. 16.57): Fee on new non-residential development in the University Avenue Parking Assessment District in lieu of providing required parking spaces.
- Parks, Community Centers, and Libraries impact fees (PAMC Ch. 16.58): Fee on new residential and non-residential development to provide community facility funds for parks, community centers, libraries, public safety, and general government.
- Residential housing in-lieu fees (PAMC Ch. 16.47): Fee on residential developments in-lieu of providing required below-market rate units to low and moderate income households.
- Parkland dedication fees (Quimby Act) (California Government Code Section 66477): Fee or parkland dedication imposed on new residential and non-residential development.
- Charleston-Arastradero Corridor pedestrian and bicyclist safety fees (PAMC Ch. 16.59): Fee on new development and re-development within the Charleston-Arastradero Corridor to provide for pedestrian and bicyclist improvements.
- Public Safety facilities (PAMC Ch. 16.58): Fee on residential and non-residential development to fund police and fire facilities, including fire apparatus and vehicles.
- General Government facilities (PAMC Ch. 16.58): Fee on residential and non-residential development to fund facilities associated with municipal administration.

- Citywide Transportation impact fee (PAMC Ch 16.59): Fee on development in all parts of the City to fund transportation projects and programs to reduce congestion.
- Public Art fees (PAMC 16.61): Fee on public art for private developments.
- Water and sewer capacity fees (California Government Code Section 66000): Fee on developments adding load to water and sewer systems.

AB 1600 requires the City to make specified findings in the event any funds are not expended within five fiscal years of collection and every five years thereafter. While there are several funds containing collected fees that have not been expended in five years, the required statutory carryover findings have already been made for those funds and no further findings are required.

RESOURCE IMPACT

Council approved the required findings with respect to unexpended fees in fiscal years 2012 and 2013. There were no required findings for either fiscal year 2014 or fiscal year 2015. The next finding date will be fiscal year 2017, and the unexpended balances for each fee type are noted at the bottom of each section in Attachment A.

Attachments:

- Attachment A: Developer Fees (XLS)

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

FUND	Stanford Research Park/ El Camino Fund	San Antonio/West Bayshore Fund
Purpose and Authority for Collection	Traffic impact fees imposed on new nonresidential development in the Stanford Research Park/El Camino Real CS zone to fund improvements at eight identified intersections. PAMC Ch. 16.45	Traffic impact fees imposed on new nonresidential development in the San Antonio/West Bayshore Areas to fund capacity improvements at four identified intersections. PAMC Ch. 16.46
Amount of the Fee	\$11.64 per square foot	\$2.40 per square foot
Fund Balance July 1, 2014	\$3,492,212	\$848,819
<u>Activity in 2014-15</u>		
Revenues		
Fees Collected	616,173	0
Interest Earnings	73,552	16,769
Unrealized Gain/Loss Investments	(4,692)	(361)
Total Revenues	\$685,033	\$16,408
Expenditures		
Inter-agency expenses		0
Transfer to Gas Tax Fund	(994,217)	0
Total Expenditures	(994,217)	0
Ending Balance June 30, 2015	\$3,183,028	\$865,227
Other Commitments/Appropriations Reserve for unrealized gain on investments	(19,599)	(5,037)
Net Funds Available	\$3,163,429	\$860,190
Unexpended balance at next finding date (FY 2017-18)	\$2,343,008	\$823,819
	USE OF FEES:	USE OF FEES:
	Expenditures of funds have been made in Fiscal Year 2015 for \$994K transfer to Gas Tax Fund. During the FY 2008-09, the City transferred out \$994k from Gas Tax Fund to this fund for various street related costs. However, the transfer were not used for street related expenses, as result per SCO recommendation \$994K was returned to Gas Tax Fund.	No expenditures have been made from this fund in Fiscal Year 2015.

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

FUND	Commercial Housing In-Lieu Fund	University Avenue Parking In-Lieu Fund
Purpose and Authority for Collection	Fees imposed on large commercial and industrial development to contribute to programs that increase the City's low income and moderate- income housing stock. PAMC Ch.16.47	Fees collected from non-residential development within the University Ave. Parking Assessment District in lieu of providing the required number of parking spaces. PAMC Ch 16.57
Amount of the Fee	\$19.31 per square foot	\$63,848 per space
Fund Balance July 1, 2014	\$12,538,778	\$1,970,372
<u>Activity in 2014-15</u>		
Revenues		
Fees Collected	2,297,126	2,890,950
Interest Earnings	171,150	90,052
Unrealized Gain/Loss Investments	10,053	11,685
Total Revenues	2,478,329	2,992,687
Expenditures		
Transfer to Residential Housing In- Lieu Fund	(375,000)	0
Total Expenditures	(375,000)	0
Ending Balance June 30, 2015	\$14,642,107	\$4,963,059
Other Commitments/Appropriations Reserve for Notes Receivable include:\$1,290,000 for 2811 Alma, and \$3,645,010 for 801 Alma.	(4,935,010)	
Reserve for Buena Vista	(7,700,000)	
Reserve for unrealized gain on investments	(49,863)	(20,457)
Net Funds Available	\$1,957,234	\$4,942,602
Unexpended balance at next finding date (FY 2017-18)	4,667,286	\$652,080
	USE OF FEES:	USE OF FEES:
	Expenditures of funds have been made in Fiscal Year 2015 for \$375K. This is transfer to Residential Housing In-Lieu Fund for rehabilitation and preservation of affordable housing units at 110-130 El Dorado. This will be repaid on June 30, 2016 including interest.	No expenditure of funds have been made from this fund in Fiscal Year 2015.

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

FUND	Residential & Non-Residential Housing Community Facilities Parks	Residential & Non-Residential Housing Community Facilities Community Centers
Purpose and Authority for Collection	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Parks. PAMC Ch. 16.58	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Community Centers. PAMC Ch. 16.58
Amount of the Fee	Residential: Single family \$11,180/residence (or \$16,695/residence larger than 3,000 sq ft); Multi-family \$7,318/unit (or \$3,700/unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial \$4,748 per 1,000 sq ft; Hotel/Motel \$2,147 per 1,000 sq ft	Residential: Single family \$2,898/residence (or \$4,439/residence larger than 3,000 sq ft); Multi-family \$1,907/unit (or \$963/unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial \$268 per 1,000 sq ft; Hotel/Motel \$121 per 1,000 sq ft
Fund Balance July 1, 2014	\$2,929,569	\$5,009,861
<u>Activity in 2014-15</u>		
Revenues		
Fees Collected	830,387	117,161
Interest Earnings	64,721	99,910
Unrealized Gain/Loss	5,398	(4,344)
Total Revenues	\$900,506	\$212,727
Total Expenditures	0	0
Ending Balance June 30, 2015	\$3,830,075	\$5,222,588
Other Commitments/Appropriations		
Reserve for unrealized gain on investments	(19,905)	(30,068)
Net Funds Available	\$3,810,170	\$5,192,520
Unexpended balance at next finding date (FY 2016-17)	446,005	\$843,809
	USE OF FEES: No expenditure of funds have been made from this Fund in Fiscal Year 2015.	USE OF FEES: No expenditure of funds have been made from this Fund in Fiscal Year 2015.

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

FUND	Residential & Non-Residential Housing Community Facilities Libraries	Residential Housing In-Lieu Fund
Purpose and Authority for Collection	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Libraries. PAMC Ch. 16.58	Fees collected from residential developments of three or more units in lieu of providing the required below- market rate unit(s) to low and moderate income households. PA Comprehensive Plan and PAMC Chapter 18
Amount of the Fee	Residential: Single family \$1,012/residence (or \$1,507/residence larger than 3,000 sq ft); Multi-family \$604/unit (or \$332/unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial \$255 per 1,000 sq ft; Hotel/Motel \$107 per 1,000 sq ft	Varies
Fund Balance July 1, 2014	\$730,991	\$13,909,337
<u>Activity in 2014-15</u>		
Revenues		
Fees Collected	58,007	19,800
Sterling Litigation Settlement		3,851,759
Webster Wood In-Lieu Payment		5,175
Interest Earnings	14,909	203,752
Unrealized Gain/Loss Investments	(211)	12,663
Transfer from Commercial Housing In- Lieu Fund		375,000
Total Revenues	\$72,705	\$4,468,149
Expenditures		
Legal		(278,326)
Housing Program Expense		(347,070)
Principal Retired		(131,126)
Total Expenditures	0	(756,522)
Ending Balance June 30, 2015	\$803,697	\$17,620,964
Other Commitments/Appropriations		
Reserve for Reappropriations		(1,975,000)
Reserve for Encumbrances		(363,645)
Reserve for Buena Vista		(6,800,000)
Reserve for unrealized gain on investments	(4,512)	(46,400)
Reserve for Notes Receivable include \$375,000 for 3053 Emerson, \$3,804,850 for Tree House Apts, \$203,093 for Oak Manor, \$756,819 for Sheridan Apts., and \$2,674,986 for 801 Alma		(7,814,748)
Net Funds Available	\$799,185	\$621,171

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

Unexpended balance at next finding date (FY 2016-17-Residential & Non Residential Housing Communities Facilities Libraries, FY2017-18-Residential Housing In-Lieu)	\$541,529	2,734,967
USE OF FEES:	USE OF FEES:	
No expenditure of funds have been made from this Fund in Fiscal Year 2015.	Expenditures in Fiscal Year 2015 include \$147K to Palo Alto Housing Corp for BMR fees, \$131K for Oak Manor Apts. loan forgiveness, \$279K for legal fees, and \$200K financial contribution to Housing Trust Silicon Valley.	

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

FUND	Parkland Dedication	Charleston-Arastradero Corridor Pedestrian and Bicyclist Safety
Purpose and Authority for Collection	Fees on parkland dedication imposed on new residential and non-residential development Govt Code Sec.66477 (Quimby Act)	Fees collected from new development and re-development within the Charleston- Arastradero Corridor to provide for pedest- rian and bicyclist safety improvements. PAMC Ch. 16.60
Amount of the Fee	Varies	Residential: \$1,225 per unit; Commercial: \$0.36 per sq ft
Fund Balance July 1, 2014	\$2,427,163	\$249,804
<u>Activity in 2014-15</u>		
Revenues		
Fees Collected	78,214	1,168
Interest Earnings	48,088	4,942
Unrealized Gain/Loss	(310)	(1,224)
Total Revenues	\$125,992	\$4,886
Total Expenditures	0	0
Ending Balance June 30, 2015	\$2,553,155	\$254,690
Other Commitments/Reappropriations Reserve for unrealized gain on investments	(14,534)	(1,475)
Net Funds Available	\$2,538,621	\$253,215
Unexpended balance at next finding date (FY 2016-17-Parkland Dedication, FY2017-18-Charleston)	\$757,744	\$138,989
	USE OF FEES:	USE OF FEES:
	No expenditure of funds have been made from this Fund in Fiscal Year 2015.	No expenditure of funds have been made from this Fund in Fiscal Year 2015.

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

FUND	New Public Safety Facilities	General Government Facilities
Purpose and Authority for Collection	Fees imposed on residential and non-residential development to fund police and fire facilities (including fire apparatus and vehicles) PAMC Ch. 16.58	Fees imposed on residential and non-residential development to fund facilities associated with municipal administration PAMC Ch. 16.58
Amount of the Fee	Residential: Single family \$996 per unit; Multi-family \$797 per unit Nonresidential: Commercial \$557 per 1,000 sq ft. or fraction thereof; Industrial \$186 per 1,000 sq. ft. or fraction thereof; Hotel/Motel \$743 per 1,000 sq ft or fraction thereof	Residential: Single family \$1,225 per unit; Multi-family \$1004 per unit Nonresidential: Commercial \$702 per 1,000 sq ft. or fraction thereof; Industrial \$234 per 1,000 sq. ft. or fraction thereof; Hotel/Motel \$937 per 1,000 sq ft or fraction thereof
Fund Balance July 1, 2014	\$0	\$0
<u>Activity in 2014-15</u>		
Revenues		
Fees Collected	1,594	2,008
Interest Earnings	2	3
Total Revenues	\$1,596	\$2,011
Total Expenditures	0	0
Ending Balance June 30, 2015	\$1,596	\$2,011
Other Commitments/Reappropriations		
Net Funds Available	\$1,596	\$2,011
Unexpended balance at next finding date FY 2019-20	\$1,596	\$2,011
	USE OF FEES:	USE OF FEES:
	No expenditure of funds have been made from this Fund in Fiscal Year 2015.	No expenditure of funds have been made from this Fund in Fiscal Year 2015.

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

FUND	Citywide Transportation	
Purpose and Authority for Collection	Transportation impact fees imposed on new development in all parts of the City to fund congestion reduction projects. PAMC Ch. 16.59	
Amount of the Fee	\$3,354 per net new PM peak hour trip	
Fund Balance July 1, 2014		\$3,882,010
<u>Activity in 2014-15</u>		
Revenues		
Fees Collected		405,120
Interest Earnings		62,759
Unrealized Gain/Loss Investments		(4,311)

Total Revenues		\$463,568
Expenditures		
Operating Transfer to CIP		(1,885,183)

Total Expenditures		(1,885,183)

Ending Balance June 30, 2015		\$2,460,395
Other Commitments/Reappropriations		
Reserve for unrealized gain on investments		(18,630)

Net Funds Available		\$2,441,765
Unexpended balance at next finding date (FY 2017-18)		\$1,216,124

USE OF FEES:

Expenditures have been made in Fiscal Year 2015 for \$372K to PL-15001 (Embarcadero Corridor), \$308K to PL-14000 (El Camino / Churchhill), \$841K to PL-05030 (Traffic Signal and ITS upgrades, and \$364K to PL-11003 (Palo Alto Traffic Signal)

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

(INFORMATION ONLY)

Public Art Fund

FUND	Public Art Fund	
Purpose and Authority for Collection		
	Fees imposed on new commercial developments (including mixed use projects), including new construction, remodels, additions and reconstruction that (i) have a floor area of 10,000 square feet or more, and (ii) have a construction value of \$200,000, or more, exclusive of costs for architecture, design, engineering, and required studies; and all new residential projects of five or more units to fund public art for private developments. PAMC Ch. 16.61	
Amount of the Fee	1% of first \$100 million construction valuation and .9% of construction valuation for valuation in excess of \$100 million	
Fund Balance July 1, 2014		\$56,176
<u>Activity in 2014-15</u>		
Revenues		
Fees Collected		110,485
Interest Earnings		5,707
Unrealized Gain/Loss Investments		1,208
Operating Transfer from General Fund		96,123
Total Revenues		\$213,523
Expenditures		
Salaries and benefits		(114,815)
Supplies and materials		(168)
Total Expenditures		(114,983)
Ending Balance June 30, 2015		\$154,716
Reserve for unrealized gain on investments		(1,546)
Net Funds Available		\$153,170
	This fund is not subject to AB1600 requirements and is listed only for information purposes	

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

(INFORMATION ONLY)		
FUND	Water and Wastewater Collection	
Purpose and Authority for Collection	Capacity fees charged to developers that are adding load to the water and sewer systems effective July 1, 2005.	
	California Government Code Sect 66000	
Amount of the Fee	Water Domestic: 5/8 in., 3/4 in. \$5,000, 1 in. \$9,400, 1 1/2 in. \$18,850, 2 in. by est. \$125/FU, 3 in. by est. \$125/FU , 4 in. by est. \$125/FU , 6 in. by est. \$125/FU Water Fire Service: 2 in. \$750, 4 in. \$9,000, 6 in. \$22,530, 8 in. \$43,080, 10in. \$69,510	
	Sewer: 4 in. \$10,500 first 50 FU, \$210/FU additional, 6 in. by est. \$210/FU, 8 in. by est. \$210/FU	
	FU is fixture unit	
<u>Activity in 2014-15</u>		
Capacity Fees Collected		
Water		\$1,132,095
Wastewater Collection		<u>647,640</u>
Total		\$1,779,735
USE OF FEES:		
The fees are used exclusively for water and sewer system improvements		

City of Palo Alto

M E M O R A N D U M

TO: Finance Committee

DATE: May 17, 2016

SUBJECT: Recommended Changes and Additional Information Pertaining to the Fiscal Year 2017 Proposed Budget

This memorandum transmits additional information requested by the Finance Committee and/or provided at staff's behest in regards to the Fiscal Year 2017 Proposed Budget.

Recommended Changes to the FY 2017 Proposed Budget and/or Finance Committee Motions

Street Trees Contract Increase vs. Cycle Time

(Finance Committee Budget Hearing May 12th; Agenda Item #3b)

At the May 12th Finance Committee meeting, additional details about the tree trimming contract and potential cycle times was requested. Below is a chart detailing the number of trees that would be pruned annually based on a 7 year, 10 year, and 15 year cycle time and the annual and total cost for a three year contract with each of these cycle times. In FY 2017 the unit cost for a tree is \$128 and this would increase to \$140 and \$150 in FY 2018 and FY 2019 respectively based on a population of approximately 43,100 public trees (35,400 street trees and 7,700 park, golf, and open space trees). The current FY 2017 Proposed Operating Budget recommends movement from current service delivery levels of a 7 year cycle to a 15 year cycle. The Finance Committee tentatively approved a motion on May 12th to place a reduction in the cycle time down to 10 years in the "parking lot" for further discussion at the Budget Wrap-up on May 23rd in the amount of \$135,000. *Staff recommends amending the "parking lot" adjustment to \$170,000 to align with the proposals outlined below.*

3 Year Tree Trimming Service Contract

	# of Trees Pruned Annually	FY 2017 Contract Cost	FY 2018 Contract Cost	FY 2019 Contract Cost	Total 3 Year Contract Cost
7 Year Cycle	5,380	\$1,465,785	\$1,567,150	\$1,669,515	\$4,702,450
10 Year Cycle	3,415	\$1,148,885	\$1,228,930	\$1,303,145	\$3,680,960
15 Year Cycle	1,978	\$978,930	\$1,027,750	\$1,087,795	\$3,094,475

Electric Fund Capital Improvement Project: Facility Relocation for Caltrain Modernization Project*(Finance Committee Budget Hearing May 17th, Item #2.a.ii.)*

Subsequent to the printing of the FY 2017-2021 Proposed Capital Improvement Plan, a new project was identified by the Utilities Department that is recommended to be added to the five-year plan with \$150,000 recommended to be budgeted in FY 2017. This project is detailed in Attachment – B, and provides funding for the relocation of overhead Utility Electric and Fiber Optic lines to provide adequate clearance from new electric lines being installed by the Peninsula Corridor Joint Powers Board (Caltrain) to convert their diesel powered commuter trains to electric power. *Staff recommends that the Finance Committee make a motion to include this project in the final recommended FY 2017-2021 CIP with corresponding decreases in the Distribution Reserve in the Electric Fund.*

Art in Public Places *(Finance Committee Budget Hearing May 17th, Item #3)*

Subsequent to the printing of the FY 2017-2021 Proposed Capital Improvement Plan, an error in the calculation of the Art in Public Spaces capital project (AC-86017) was identified. Replacement pages are included as Attachment – C, which contains an updated project page. *Funding levels are recommended to be adjusted as outlined in the table below offset by adjustments to the Infrastructure Reserve Balance.*

Recommended Changes to Art in Public Places Project

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
FY 2017-2021 Proposed CIP (April 25, 2016)	\$579,840	\$613,249	\$227,612	\$199,400	\$0
Recommended	\$423,513	\$212,450	\$880,700	\$240,012	\$125,958
Change	(\$156,327)	(\$400,779)	\$653,088	\$40,612	\$125,958

Additional Information Pertaining to the FY 2017 Proposed Budget**Planning Transportation Commission Findings***(Finance Committee Budget Hearing FY 2017 Proposed Capital Improvement Plan)*

On May 17th, the Planning Transportation Commission reviewed the FY 2017-2021 Proposed Capital Improvement Plan for compliance with the City's 1998-2010 Comprehensive Plan. Per Section 19.04.040 of the Palo Alto Municipal Code

The Planning Commission shall submit an annual report to the council regarding the capital improvement program, which shall review each project for its conformity to the master plan; review the programs as a whole in order to suggest any improvement in economy or efficiency which might be effected through the combining of various projects; and suggest any needed improvements which do not appear in the program.

Attached is the letter from the Commission (Attachment – D) outlining their findings in association with the compliance with the Comprehensive Plan. Due to the timing of the PTC meeting schedule and the Finance Committee Budget Hearing schedule, full minutes from this meeting are anticipated to be

transmitted to the full City Council as part of the Adopted of the FY 2017 Budget, agendized for June 13, 2016.

Zero Waste Coordinator to Environmental Specialist Reclassification

(Finance Committee Budget Hearing May 12th; Agenda Item #3b)

In accordance with the SEIU MOA that was ratified by the City Council effective April 16, 2016, the salary difference between a Zero Waste Coordinator and an Environmental Specialist is approximately \$11,000 from top-step to top-step. Factored into this difference and included in all the FY 2017 Proposed Budget assumptions include:

	Effective Upon Ratification April 16, 2016		Effective Date: December 1, 2016		Total
	General Wage Increase	Market Adjustment	General Wage Increase	Market Adjustment	
Zero Waste Coordinator	1.5%	0.9%	3.0%	0.9%	6.30%
Base Wage Adopted FY 2016 Budget = \$83,262	\$85,280		\$88,608		\$5,346
Environmental Specialist	1.5%	1.43%	3.0%	1.43%	7.36%
Base Wage Adopted FY 2016 Budget = \$93,454	\$96,200		\$100,485		\$7,031

With regards to the specific reclassification of a Zero Waste Coordinator to an Environmental Specialist as recommended in the Refuse Fund (FY 2017 Proposed Operating Budget Page 366), the total difference of salaries and benefits is approximately \$8,000. (This reflects the costing for a specific position and incumbent all in terms of changing that position from the FY 2017 costing assumptions for a the Zero Waste Coordinator level to the FY 2017 cost assumptions for an Environmental Specialist). This difference includes:

- The marginal salary cost for a specific higher level position with an incumbent employee over the costs of a lower level position
- Increased variable benefit costs (Pension, Medicare, etc.) for the higher level position based on a higher salary level.

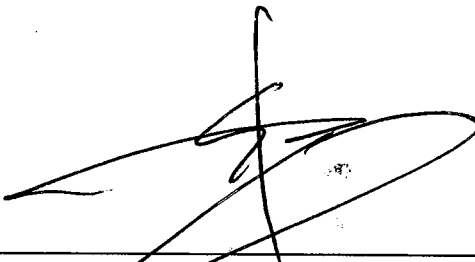
If one were to look at the year-over-year increases from FY 2016 budgeted salaries to FY 2017 budgeted salaries, the difference would be the combination of both the MOA approved increases, and the marginal salary and benefit increases from the lower level job classification to the higher level job classification described above.

In addition, when comparing FY 2016 budgeted salaries to FY 2017 budgeted salaries it should be noted that in FY 2016, funding associated with general wage increases for positions was allocated in a salary reserve, and not budgeted directly in departmental budgets due to ongoing negotiations. In FY 2017, all general salary increases for positions have been budgeted in departmental budgets due to the ratification of the MOAs, which causes the year over year salary and benefits change to be larger than just the approved FY 2017 change.

Unfunded Liability & Salary Growth Assumptions *(Finance Committee Budget Hearings May 2016)*

Throughout the Finance Committee hearings and specifically again as part of the discussion surrounding the reclassification requests during the review of the Public Works' Departmental Budget review, the impacts and assumptions used in the unfunded liability calculation for salary growth have been discussed. Bartel and Associates have provided a quick analysis outlining the percentage growth in salaries assumed and every 1% additional growth implications on the unfunded liability level. Slides 31 and 32 in Attachment – A reflect these calculations. CalPERS makes certain assumptions based on age, years of service on individual pay increases (see slide 31) and assumes a 3% aggregate growth of payroll above the individual increases. The impact figures in slide 32 are for the whole group respectively.

DEPARTMENT HEAD:



LALO PEREZ
Director, Administrative Services/CFO

CITY MANAGER:



JAMES KEENE
City Manager



MISCELLANEOUS AND SAFETY PLANS

BARTEL
ASSOCIATES, LLC

CalPERS Actuarial Issues – 6/30/14 Valuation Preliminary Results

Presented by **John Bartel, President**
Prepared by Bianca Lin, Assistant Vice President
Matthew Childs, Actuarial Analyst
Bartel Associates, LLC

April 5, 2016

ADDITIONAL 1% PAY INCREASE

■ CalPERS Pay Related Assumptions

● Aggregate Payroll Growth

☐ Inflation	2.75%
☐ Increase Above Inflation	<u>0.25%</u>
☐ Total	3.00%

● Individual Pay Increases

- ☐ Inflation, Step Rate, Merit, Promotion, Longevity, etc.
- ☐ Varies based on hire age & Agency service
- ☐ For example, hired at age 30:

Service	Miscellaneous	Safety
0	11.6%	14.7%
5	6.0%	5.8%
25	3.6%	4.3%

- ☐ Earlier hire ages have higher anticipated pay increases and later hire ages have lower anticipated pay increases

ADDITIONAL 1% PAY INCREASE

■ Impact of 1% Pay Increase above CalPERS assumption:

	Actuarial Liability Increase	Contribution Rate Increase
● Miscellaneous	≈\$2,388,000	≈0.3%
● Safety	≈ \$847,000	≈0.3%

- Based on a 20 year amortization without ramp up/down.

ELECTRIC FUND



Fund: Electric Fund - Operating
Category: Undergrounding Projects
Project Location: Various locations along railroad
Managing Department: Utilities
Initial Project Start: Fall 2017
Initial Project Completion: Winter 2018
Revised Project Start:
Revised Project Completion:
Project Number: EL-17007

Facility Relocation for Caltrain Modernization Project

Description

This project allows for the relocation of overhead Utility Electric and Fiber Optic lines to provide adequate clearance from new electric lines being installed by the Peninsula Corridor Joint Powers Board (Caltrain) to convert their diesel powered commuter trains to electric power.

Justification

The Caltrain Modernization Program consists of converting Caltrain from a diesel-hauled to Electric Multiple Unit trains. The installation of the Overhead Catenary System above the rails to power the trains will cause conflicts with the City's overhead electric and communication lines, as well as those owned by others, e.g. AT&T, Comcast, which cross the railroad tracks. Caltrain is looking to have the overhead lines relocated/removed by August 2018 for an anticipated project completion in 2020. In order to meet Caltrain's timeline, Utilities must obtain funding and start the design process in FY 2017. If lines are placed underground, Utilities will look for opportunities to share the costs with AT&T and Comcast as part of the joint construction agreement between the three entities for installation of underground facilities.

Supplemental Information

Though Electric power for the trains will be provide by PG&E from outside of Palo Alto's city limits, the timely relocation/removal of overhead electric lines will facilitate the conversion of the commuter train system from diesel fuel to electricity, reducing greenhouse gas emissions, noise, and pollution in Palo Alto. Caltrain is receiving funding for the project from several different sources. If Caltrain does not obtain full funding to complete the project, construction fund-

ELECTRIC FUND

ing approved by Council for the relocation of facilities will be returned to reserves. Revenue projections are based on shared installation underground facilities with AT&T and Comcast.

Expenditure Schedule

Project Phase	Prior Years	FY 2016 Budget	FY2016 Est.	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year CIP Total	Beyond 5 Year CIP	Total
	0	0	0	150,000	2,550,000	0	0	0	2,700,000	0	2,700,000
Total	0	0	0	150,000	2,550,000	0	0	0	2,700,000	0	2,700,000

Relationship to Comprehensive Plan
Primary Connection

Element: Natural Environment

Section: Energy

Goal: N-9

Potential Board/Commission Review:

Utilities Advisory Commission

CAPITAL IMPROVEMENT FUND



Fund: Capital Improvement Fund
Category: Parks and Open Space
Project Location: Various
Managing Department: Community Services
IBRC Reference: Keep-up
Initial Project Start: Recurring
Initial Project Completion: Recurring
Project Number: AC-86017

Brilliance, by Joe O'Connell and Blessing Hancock

Art In Public Spaces

Description

This project provides funding for innovative public art for both interior and exterior public spaces in accordance with the City Council-approved Art in City Capital Improvement Projects ordinance.

Justification

This project places art in public buildings, plazas, gateways, parks and other sites frequented by residents and visitors alike. It is expected that public art will enhance community pride and ownership in the City of Palo Alto. Public Art preserves the long-term viability of the built environment and helps set a standard for aesthetic variety and creativity in the community.

Supplemental Information

The Art in City Capital Improvement Projects ordinance states that the City will budget one percent of its CIP budget for public art, with certain exceptions. A base level of funding in the amount of \$50,000 is included each year.

Significant Changes

Prior to Fiscal Year 2015, the one percent for public art was included in the budget for each applicable project. Beginning in Fiscal Year 2015, this funding is accounted for within this project. This change provides a clearer picture of how much funding is available for public art, allows for the pooling of funds for more impactful projects, and ensures that the funds are preserved for public art.

CAPITAL IMPROVEMENT FUND

Funding Sources Schedule

Funding Source	Prior Years	FY 2016 Budget	FY2016 Est.	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year CIP Total	Beyond 5 Year CIP	Total
Capital Improvement Fund	N/A	367,994	186,800	423,513	212,270	880,700	240,012	125,958	1,882,454	0	N/A
Total	N/A	367,994	186,800	423,513	212,270	880,700	240,012	125,958	1,882,454	0	N/A

Expenditure Schedule

Project Phase	Prior Years	FY 2016 Budget	FY2016 Est.	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year CIP Total	Beyond 5 Year CIP	Total
Construction	N/A	359,716	186,800	423,513	212,270	880,700	240,012	125,958	1,882,454	0	N/A
Other	N/A	8,278	0	0	0	0	0	0	0	0	N/A
Total	N/A	367,994	186,800	423,513	212,270	880,700	240,012	125,958	1,882,454	0	N/A

Operating Impact

Annual funding in the amount of \$30,000 for public art maintenance is allocated to the Community Services Department in the General Fund. This level of funding may be reviewed in light of increased funding for public art resulting from the public art ordinance, and adjustments to the maintenance allocation may be brought forward for City Council consideration in future years, if appropriate.

Relationship to Comprehensive Plan**Primary Connection**

Element: Land Use and Community Design

Section: Public Ways

Goal: L-9

Policy: L-72

Potential Board/Commission Review:

Architectural Review Board

Parks and Recreation Commission

Environmental Impact Analysis:

This project is expected to have a possible exemption from CEQA under Section 15301.

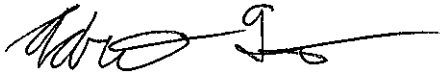
May 17, 2016

Honorable City Council
C/o City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

RE: Review of 2017-2021 Proposed Capital Improvement Program (CIP)

The Planning and Transportation Commission (PTC) reviewed the 2017-2021 Capital Improvement Plan (CIP) at a special hearing on Tuesday, May 17, 2016 and determined that all of the Capital Improvement Projects included in the 2017-2021 Capital Budget are consistent with the adopted 1998-2010 Comprehensive Plan. The Commission determined that the proposed 2017-2021 Capital Improvement Programs (CIP) are consistent with the Comprehensive Plan and forwards the finding to the City Council Finance Committee and the City Council. The Commission approved the motion by a vote of 4-0-3 (Commissioners Tanaka, Alcheck and Downing absent).

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adriane Fine', with a long horizontal flourish extending to the right.

Adriane Fine, Chair
Planning and Transportation Commission

City of Palo Alto

M E M O R A N D U M

TO: Finance Committee

DATE: May 23, 2016

SUBJECT: Additional Information Pertaining to the FY 2017 Proposed Budget

This memorandum transmits additional information requested by the Finance Committee and/or provided at staff's behest in regards to the Fiscal Year 2017 Proposed Budget.

Planning Transportation Commission Findings

On Tuesday, May 17th, the Planning and Transportation Commission (PTC) reviewed the 2017-2021 Capital Improvement Program for compliance with the Comprehensive Plan, per Municipal Code requirements. The PTC approved a motion finding the plan to be in compliance with the Comprehensive Plan. Attached to the May 17th memorandum distributed at places is a letter from the Chair of the Planning and Transportation Commission (PTC) summarizing the Commissions review of the Fiscal Year 2017-2021 Proposed Capital Improvement Plan (attached again as Attachment A for convenience). Due to the timing of the PTC meeting schedule and the Finance Committee Budget Hearing schedule, full minutes from this meeting were not transmitted to the Committee on the 17th of May and are therefore attached to this memorandum (Attachment – B).

The 1998-2010 Comprehensive Plan is in the process of being updated. As the Comprehensive Plan is reviewed by staff, the public, the PTC, the City Council, and others, the PTC's suggestion regarding the Governance Element about including policies or programs relating to prioritization of capital projects can be considered.

Staff currently aligns each capital project to the Comprehensive Plan, notating the specific alignment for each capital project within the budget document. Upon adoption of the updated Comprehensive Plan, staff will consider the PTC's recommendation to measure capital projects against Comprehensive Plan policies and determine whether policies have a target embedded for which a meaningful, sustainable, and usable measure can be developed for particular CIP projects.

FY 2017 Budget Wrap-Up CMR #7018 Correction Page 8 (Budget Hearings Wrap-up CMR#7018)

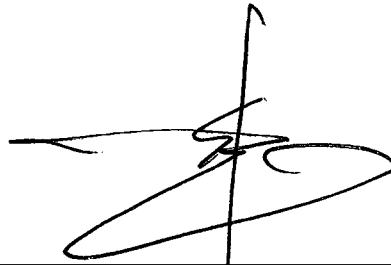
Subsequent to the distribution of CMR #7018, it was noticed that the chart on page 8 of the CMR has an incorrect total in the chart. Once restated, it should read as follows:

Municipal Service Center A, B, & C Roof Replacement (PF-17000): \$1.9 million

Of the \$1.9 million project, all funding was designated for construction costs partially offset by the following transfers totaling \$1.0 million outlined below. The balance of the construction cost, \$859,328, was to be paid for the Capital Improvement Fund Infrastructure Reserve.

Source	Construction Budget in FY 2017 (\$s)
Transfer from the Utilities Administration Fund	684,000
Transfer from the Vehicle Replacement and Maintenance Fund	380,000
Transfer from the Refuse Fund	19,000
<i>Sub-total Transfers to Capital:</i>	<i>1,083,000</i>
Capital Improvement Fund – Infrastructure Reserve	859,328
Total:	1,942,328

DEPARTMENT HEAD:



LALO PEREZ
Director, Administrative Services/CFO

CITY MANAGER:



JAMES KEENE
City Manager

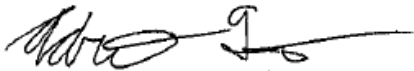
May 17, 2016

Honorable City Council
C/o City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adrian Fine', with a long horizontal flourish extending to the right.

Adrian Fine, Chair
Planning and Transportation Commission



PLANNING & TRANSPORTATION COMMISSION MINUTES

1
=====MEETINGS ARE CABLECAST LIVE ON GOVERNMENT ACCESS CHANNEL 26=====

2 This agenda is posted in accordance with Government Code Section 54954.2(a) or section 54956.

3
4 **Wednesday, May 17, 2016 Special Meeting**
5 **12:00 PM, Council Chambers**
6

7
8 **Call to Order / Roll Call: 12:03 P.M.**

9 **Commissioners Alcheck, Downing and Tanaka absent**

10
11 Chair Fine: Thank everyone for showing up and sorry for the delay in doing this meeting. Today
12 I would like to open the Planning and Transportation Commission (PTC) meeting, May 17, 2016
13 and we have only one item today. But first let's open it up to oral communications are there any
14 speaker cards? Sorry, Robin, will you take the roll please?
15

16 Robin Ellner, Administrative Associate: Commissioner Alcheck, Commissioner Downing, Chair
17 Fine, Vice-chair Gardias, Commissioner Rosenblum, Commissioner Tanaka, Commissioner
18 Waldfoegel. Four present.
19

20 Chair Fine: Thank you very much. Do we have any speaker cards on non-agenda items.
21

22 Ms. Ellner: No.
23

24 Chair Fine: Ok. Any agenda changes? I don't think so. Let's move to the Assistant Director's
25 report please.
26

27 Jonathan Lait, Assistant Director: No report.
28

29 Chair Fine: Ok, let's move on to the action item, just one today. Review and recommendation to
30 the City Council on the proposed 2017 – 2021 Capital Improvement Plan (CIP) and Compliance
31 of the Comprehensive Plan. I believe there is a short report.
32

33 Mr. Lait: Chitra will give you a brief presentation and I believe everybody in this Chamber is
34 here to answer any questions you may have.
35

36 Chitra Moitra, Planner: Good afternoon Commissioners, I am Chitra Moitra, planner, Long
37 Range Planning. Today, staff requests the PTC review the 2017 – 2021 CIP Programs to be
38 consistent with the Comprehensive Plan and forward the findings to the Finance Committee and
39 City Council. The section 19.04.040 of the Palo Alto Municipal Code (PAMC) describes PTC's
40 role in the reviewal process, which really includes review of the CIP in the Comp Plan for
41 consistency, for commenting on individual projects and suggesting improvements that can
42 increase the efficiency of the process and identify any CIP's which the Commission deems to be
43 missing from the list. This year we have in the Capital budget, 211 CIP projects of which 29 are

new. Like last year we are focusing only on reviewing the new projects, so the rest of the other projects included in the Capital Budget book has already been reviewed by the PTC. Staff has used the same matrix as last year, which is aligning each CIP with the Comprehensive Plan Element, a goal, a program and a policy. The staff has also added information on the types of boards and commissions reviews required and the type of environmental review required. This slide up here shows the number of CIP's which have been aligned, so over 80 percent of the new CIP's have been aligned with the Natural Environment Element and the Community Services Element. Staff has also linked each of these CIP's with the 2016 City Council priorities and has found that more than 83 percent of all the infrastructure improvements amounting to about \$13 million dollars for the year 2017 is being allotted for all sorts of infrastructure improvements. Staff has also done a summary of the Capital Budget, the 2017 Capital Budget invested by elements and has found that about 50 percent of them are invested for improvements and are linked with the Natural Environment Element while 39 percent is for the Community Services Element. So all of these above analysis proves that the 29 of the new CIP's are in compliance with the Comprehensive Plan and staff requests PTC to forward the findings to Finance Committee and City Council.

Thank you, this concludes my presentation.

Chair Fine: Thank you very much, do we have any speaker cards?

Ms. Ellner: No.

Chair Fine: None? Ok, let's open it up, I think we can mix comments and questions if that's alright with everybody. Let's just start with five minutes each. Vice-chair.

Vice-chair Gardias: Thank you Mr. Chairman, welcome back. I have a question to, actually Josh about transportation item, if we can start with them. A couple of comments, there were a couple of recent projects that came to us and the biking routes that we reviewed and as you remember, we didn't review Bryant Street because of procedural constraints, I know that it went to the Council. Is Bryant Street included in this budget for downtown mobility and safety improvements?

Josh Mello, Chief Transportation Official: Josh Mello, Chief Transportation Official. Thank you for the question, the downtown mobility and safety strategies project is envisioned as kind of a on-going trial and pilot process where we look at different bike-ways along Bryant Street, University, Alma Street. We are also going to look at whether it makes sense to convert High Street and Homer and Channing to two-way operation. We hope to test out different pedestrian and bicycle accommodations, we're also looking at improving the signal timing downtown for both transit, motorists, pedestrians and cyclists. There is a segment of Bryant Street that passes through the study area for this particular project. The Bryant Street bike upgrade project was not very visionary when it came to Downtown. We've heard a lot of concerns about folks using the bike boulevard through Downtown and wanting to see better accommodations, so this project will look a little more in depth at what those may be.

Vice-chair Gardias: Ok, so it's going to take a look from the concept perspective but it will not include investment in Bryant Street portion.

1 Mr. Mello: The Downtown mobility and safety strategies is both a planning and implementation
2 project, we want to use tact to go Urbanism, pop up street type thing. So we want to test out
3 different configurations in practice, see how they work and make adjustments.

4
5 Vice-chair Gardias: Ok, so the part of Bryant that will be considered under this investment would
6 be including implementation of the solutions, right?

7
8 Mr. Mello: Yes, the bike boulevard, I don't feel we had enough direct outreach to business
9 owners along Bryant, so the Downtown mobility and safety strategy will include a significant
10 amount of outreach to the business community and patrons as well to determine if there is a
11 better treatment for Bryant Street.

12 Vice-chair Gardias: Ok, so is there a chance that it will come back to our Commission after the
13 study is concluded or it will go directly into the investment phase.

14
15 Mr. Mello: We can bring back some concepts to the Planning and Transportation Commission if
16 you wish.

17
18 Vice-chair Gardias: It will be interesting to see what are some outcomes of the pop-outs and
19 some other studies that you are going to conduct, some investment. So thank you.

20 So the second question I have about the Railroad grade separation, as you may know, there was a
21 town meeting yesterday in Burlingame and they were just discussing the grade separation along
22 their tracks in Burlingame and I think the concept they had was just a partially elevate the tracks
23 and the press crossing roads and because the grade separation it just seems to me that it just
24 keeps increasing in the volume and the discussions may be not as intense yet, but, it may get
25 there in the next year or two. I was wondering if there was any discussions that you may be
26 aware of between the municipalities about solution or potential solution that would address grade
27 separation, Caltrain grade separation from San Francisco to San Jose.

28
29 Mr. Mello: San Mateo County already has a grade separation program through its sales tax
30 measure and they actually dedicate funding annually to different grade separations, I believe
31 Burlingame was able to secure some of that funding. In the discussions we were having
32 surrounding the different sales tax measure for Santa Clara County in November the preliminary
33 list of funding allocations includes \$700 million dollars for grade separation within Palo Alto,
34 Mountain View and Sunnyvale. That's still preliminary the VTA board hasn't included, hasn't
35 approved that officially yet. However, it's looking like it's going to make the final list, so that
36 would open up a pretty significant pot of funding for us to advance our grade separations. We do
37 talk with Menlo Park's working on Ravenswood, Mountain View is doing a study on Castro
38 Street. We do talk to our counterparts, we have an RFP out on the street right now for services
39 related to this Capital Improvement Project, and we used a lot of materials from other
40 communities that already moved farther along than we are on grade separations. I don't think
41 there is currently an opportunity for some kind of peninsula wide mega project that would fix all
42 of the grade crossings, but I think we are getting to a point where there is going to be better
43 coordination within Santa Clara County around prioritization of the different grade crossings.

44
45 Vice-chair Gardias: Ok, it looks like a good start. My concern was pretty much coming from
46 that grade separation in our minds, it just goes, it relates to the depressing, the tracks and then up
47 North, in San Mateo County, they pretty much talk about elevating the tracks. So pretty much
48 they think about different approach, it would be nice if somebody was thinking about putting the

1 common denominator among all of this different efforts. I think for now those are the questions I
2 had for you. Thank you for the answers.

3
4 Chair Fine: Commissioner Rosenblum.

5
6 Commissioner Rosenblum: Yes, thank you. A few questions, I just circled the big ticket items, so
7 mostly I am going to go just one by one, mostly items over \$1 million dollars, but there's just a
8 couple I am curious about that are below that threshold. The Cubberley amenities improvement,
9 there's a number of things around Cubberley and the description it notes, I'm concentrating on
10 CB17000, but there are a number of items that are all stacked around Cubberley. It notes that it is
11 allocated pending the result of the Cubberley Master Plan, when is the Master Plan expected to
12 be done and how is this figure arrived at, is it the Master Plan is already proposed and the figures
13 here is about \$1.5 million dollars are expected to be the result of that plan or are there a number
14 of scenarios expected to be developed?

15
16 Rob DeGeus, Director Community Services: Good afternoon Commissioners, Rob DeGeus,
17 Director of Community Services and this is Brad Eggleston, Assistant Director of Public Works.
18 So we are working on a Master Plan with Palo Alto Unified School District (PAUSD), we have
19 five years of the lease agreement to be able to work on that plan. We haven't really gotten started
20 on it yet, this year will be the first year we really get down and work on the process of the Master
21 Plan, I think our approach with the capital work at Cubberley is to do what's absolutely
22 necessary, roofing, those types of things and wait to see what the Master Plan will define as a
23 future of Cubberley before spending too much money, that we then have to rebuild. Brad do you
24 want to add?

25
26 Brad Eggleston, Assistant Director Public Works: Brad Eggleston, all that I would add is that if
27 you're specifically asking about the CB17000 project, Cubberley amenities improvement, that
28 it's discussing being placed in a reserve, that definitely there is no cost estimating for any future
29 projects that went into that, that was just kind of a round figure to place in a project and have
30 available for future uses.

31 Commissioner Rosenblum: Is there an estimate for the Master Plan process is supposed to be
32 decided upon, so this is just allocating money for reserve in the event the Master Plan is
33 approved to begin this work. Is that right?

34
35 Mr. DeGeus: That's correct, the Master Plan will take two to three years to complete.

36
37 Commissioner Rosenblum: So then why would this money be allocated for the 2017 budget?

38
39 Mr. Eggleston: My understanding is that the first thought was to place the money for more
40 specific projects and then as we have some discussions about that, we decided to keep it in
41 reserve until decisions have been made.

42
43 Commissioner Rosenblum: Ok, thanks for the understanding. Me second question, are, they are
44 similar but they are two different projects. Probably not for you guys, EL17003, which is
45 probably the VA Hospital customer load requirements, \$3 million dollars, and the question is, I
46 understand this is about upgrading the electrical capacity given the increased needs of the VA
47 Hospital. I am wondering , what is the VA Hospital's responsibility in this, is this something that
48 the City has to bear the cost in conjunction with the Veterans Administration or if this is

1 something that, actually I just don't know how the budgeting is apportioned when there's a
2 Federal agency that is upgrading and therefore needs us to accommodate.

3
4 Dean Batchelor, Assistant Director Utilities: Dean Batchelor, Assistant Director Utilities. So the
5 way that that works is we have to extend some of our own infrastructure portions of it to, where
6 this new substation that they want to build on their premise so anything that's built on the
7 substation costs is going to be relied on from the VA standpoint but we need to actually increase
8 our capacity from our other substations our internal substations so there's going to be two
9 substations that we have to upgrade and then we have to trench and do some overhead
10 infrastructure improvements of about two and a half miles to get to where this new substation is
11 going to be. The City is obligated to fix those pieces so that we can serve that one substation of
12 theirs but the cost of the substation on their property and the building of their substation will
13 actually be on the VA. That's how we budgeted, we looked at what our cost would be for
14 increasing our capacity as well as what it takes to do all the infrastructure improvements.

15
16 Commissioner Rosenblum: And a quick question for staff. Jonathan is this something where our
17 purview is to try to figure out if this is in accordance with our Comp Plan is not really around,
18 does the VA, who is responsible for what, but we're just looking is this in accordance with the
19 Comp Plan. Is that right?

20
21 Mr. Lait: That's correct, the former.

22
23 Commissioner Rosenblum: Ok, second just a clarifying question then. EL17006, which is
24 electrical pole replacements for fiber and the description is this would be a Google project and
25 this would be our estimate for what the City would have to do in replacements for
26 accommodating but that final costs are not yet there? I would just like to understand, this is the
27 biggest single item on the ledger, I think at \$5 million dollars. So, I would like to understand this
28 one a bit better.

29
30 Mr. Batchelor: I think the thing is what we have to do Commissioner it still hasn't been
31 determined yet if we are going to get into this co-build with Google at this period of time, if we
32 do then we've estimated out that about 600 poles, about 10 percent of our poles need to be
33 replaced because of the height limit or that the pole just needs to be replaced because the loading
34 of the calculations of the pole are not going to be able to withstand the extra cables on that pole
35 so we will have to redo those poles. Now if the City decides that we're not going to go joint
36 venture with them, then at that point Google would be on the hook for that cost of what those
37 pole replacements would look like. But we needed to put it in the budget because we don't know
38 where we are going to go at this period of time.

39
40 Commissioner Rosenblum: Ok. And then finally at least from my perspective, things understand
41 around the downtown mobility, I think this might be someone different which is the downtown
42 parking, downtown mobility and safety improvements PL16001. So, this estimate is highly
43 specific \$563,143 and it's for planning design and construction of multi-modal safety
44 improvements in downtown Palo Alto, so does that mean this already, we've had engineering
45 estimates that this dollar figure feels like it's down to the construction cost. Have we already
46 designed this?

47
48 Mr. Mello: The number is not a round number because it includes staff time allocated to the
49 project as well which gets us to the kind of wonky numbers that we see in here. The estimate is

1 based on our best guess planning level cost estimate that's for the type of improvements that we
2 would like to do downtown which includes signalization, and signing and striping and some
3 other potential changes.

4
5 Commissioner Rosenblum: Thanks. That's my final question, that's it for me.

6
7 Chair Fine: Commissioner Waldfogel.

8
9 Commissioner Waldfogel: Thank you. Josh, since you're here right now, I will just ask you one
10 very tactical question, which is whether the Embarcadero Signals are budgeted in this cycle or,
11 there seems to be some concern about whether those have been addressed yet. The ones at Town
12 and Country.

13
14 Mr. Mello: The signal at the Town and Country driveway and the adjacent signal at the
15 pedestrian crossing were updated last year, they are not yet linked to our central traffic control
16 system, we are working on that right now. We have to do a wireless connection because we can't
17 get through across the Caltrain Corridor with fiber, the rest of our signals are linked by fiber so
18 that one is in process, we are going to link that one by mobile, probably a mobile cellular
19 technology. And at that point we are going to coordinate all the signals along Embarcadero Road
20 all the way from 101 to the Town and Country driveway, we are also going to secure the timing
21 plan from Caltrans for the Embarcadero at El Camino signal and we are going to integrate our
22 signal timing with Caltrans as best as we can. That's going to be done with internal resources this
23 year.

24
25 Commissioner Waldfogel: Ok, so it's all built in.

26
27 Mr. Mello: Yes.

28
29 Commissioner Waldfogel: Great, that's fantastic. I think a lot of people will be thrilled with that.
30 The other one, I'm not sure if there is a specific line item for this, but, is there any category I
31 should be looking at for Smart City investments or data collection infrastructure? I mean is that a
32 traffic issue or sort of, whose area would that be in? No one wants to touch that one.

33
34 Lalo Perez, Chief Financial Officer: Lalo Perez, Chief Financial Officer. We have some ad hoc
35 projects but not a central project. That's why we were looking at each other, saying what do we
36 have? Jonathan Reichenenthal has started an internal group of staff members to try to get this
37 coordinated and have some visibility to it as well. We would have to dig through and figure out
38 which ones fall into that category and submit them to you. We probably wouldn't be able to do it
39 right off the bat.

40
41 Commissioner Waldfogel: That's great. I think it's something that probably ought to be visible in
42 some fashion. Although I don't know a hundred percent if it's a capital project or how much of
43 that would be an innovation fund or where that would fit.

44
45 Mr. Perez: It probably mostly operating but I could see some of it falling in capital and would
46 probably land more on the IT fund if anything.

47
48 Commissioner Waldfogel: Although some of the sensors might fall onto transportation or other
49 categories. I don't think anybody else wants to weigh in on that one before I go on to. Then the

1 other one I wanted to raise is the Bayland Flood Protection Levee Improvement, which I guess is
2 an RND, it's a planning exercise this year. I'm just curious, is there a Baylands Master Plan
3 coordination that's going on, I mean in conjunction with that project or what's the status of that
4 project?

5
6 Mr. Eggleston: Brad Eggleston, Assistant Director Public Works. We are coordinating that with
7 the San Francisquito Creek Joint Powers Authority (JPA), so what's currently going on is the
8 feasibility study phase of the project and then the CIP project you're looking at is to add funding
9 to that for an actual design. Yes, during the feasibility study phase, there is coordination with
10 City staff, between the JPA and their consultant, City staff from various departments including
11 the Planning department and consideration of the Baylands Master Plan.

12 Commissioner Waldfoegel: But it's also looking at things like coordination with the Golf Course
13 Plan and I mean whether the levee protects Golf Course or doesn't protect it or airport or other
14 facilities.

15
16 Mr. Eggleston: The Water Quality Control Plant.

17
18 Commissioner Waldfoegel: Water Quality Control Plant.

19 Mr. Eggleston: The landfill.

20
21 Commissioner Waldfoegel: That's a small detail, so it's all coordinated around those activities?

22
23 Mr. Eggleston: Yes it is.

24
25 Commissioner Waldfoegel: Great, thank you.

26
27 Chair Fine: Thank you, I just have a couple comments and a few questions. One, I really
28 appreciate this chart that staff put together. It's really nice, the only comment is, it would be
29 helpful on this green chart is to have where the funding source is so you don't have to go digging
30 for that, but otherwise I found it really helpful and easy to understand. My only question
31 actually, and I just wanted to get some clarity here. On EL17004, Stanford customer load
32 requirements, it's a half a million bucks for the medical facility and Stanford Shopping Center. I
33 was talking to Commissioner Waldfoegel before, I was hoping somebody could explain what is
34 the status of utilities on Stanford? Do we pay for it? Does Stanford pay the City back for it? How
35 does that work?

36
37 Dave Yuan: Dave Yuan, Utilities Administration. For that project, I think we are estimating
38 about 80 percent reimbursement by Stanford and the rest, the City would probably fund.

39
40 Chair Fine: Great, thank you very much. So just the last comment there, it would be helpful if
41 some of these projects if we could see where the City's being reimbursed. I saw there is another
42 one by the, I think the Air Quality Management District for the, I think the EV chargers. That's
43 stuff the City should be promoting and saying we're getting our money back from another
44 source. Otherwise, I don't have any other questions, but I will open it up to anybody else. Vice-
45 chair?

46
47 Vice-chair Gardias: Thank you, Mr. Chairman. A couple of supplemental questions about the
48 chargers for the City, I think those chargers would be in the City Hall garage. This is right?

1 Mr. Eggleston: I'm sorry, can you repeat the question?

2
3 Vice-chair Gardias: The electrical chargers would be installed in this garage right?

4 Mr. Eggleston: Actually the grants that the City has received and has indication that we expect to
5 receive have them installed in several different garages downtown and I believe also in the
6 California Avenue district. Really this project where you see the Civic Center electrical upgrade
7 this had previously been scheduled I believe in fiscal year 18 or 19 and what we've done now is
8 created a new project where we combined the electrical upgrade with Civic Center along with
9 the fronting of the money needed for the grant for the EV chargers in the hope that we will be
10 able to add some capacity here and shift some of those chargers to the Civic Center garage.

11
12 Vice-chair Gardias: I see, thank you for clarification. What I was getting to was pretty much, I
13 live by Rinconada library, prior, it was Main library. There are four charging stations over there,
14 and those are always taken or most of the time taken. It seems to me that pretty much and it may
15 be because some private vehicle owners, they just use charging stations in lieu of their home
16 charging because they have no ability probably to charge it at home. But regardless, it seems to
17 me that the capacity of those stations was not properly estimated because there should be at least
18 maybe six or eight of them to make sure there are empty stalls for some additional cars that
19 would like to just power their batteries. I'm just making this comment, just please take a look at
20 the estimate because it seems to me that demand may be greater than it was assumed at the
21 library and it may be the same reason, may be the same case at other City garages that pretty
22 much the public may not have the capabilities at their homes or residences so they pretty much
23 come to the public spaces.

24
25 Mr. Eggleston: Thank you, that's very helpful. It's something I think is a future step to develop a
26 kind of Master Plan for where throughout the City the demand is and how many chargers should
27 be added.

28
29 Vice-chair Gardias: And the next question is because, as you may know, there is a discussion
30 about those charging stations that I think, they are not, they are specifically regulated this way
31 that the public utilities like Con Edison or Pacific Gas & Electric, they don't have ability to, they
32 don't have legal power to invest in those charging stations. I believe that is the current legal
33 landscape, so for this reason small operators invest in those charging stations and they develop
34 the network. I think that's currently the landscaping in the State of California. I think this was
35 changing or maybe it just changed recently because the capacity was under-capacitated and there
36 was not enough of those charging stations giving the demand. So, my question to you is because
37 it seems to me that we rely on the grants, what is the chance are supposing to using the public
38 money that there could be a private capital investing in those in Palo Alto?

39
40 Mr. Eggleston: I have to say, it's not something I have specifically worked on. I know there is a
41 policy discussion that's scheduled or going to be scheduled soon that's going to occur with the
42 Council Policy and Services Committee that's going to consider the City's current policy that
43 charging is free and essentially provided by the City, so that may as well be part of that same
44 discussion.

45 Vice-chair Gardias: Thank you. And then just to, hold on one second. Different question from a
46 different perspective if you don't mind. Going back to a discussion you had with a colleague of
47 mine, Asher Waldfogel, about the levee's. When I was reading this funding for the San
48 Francisquito Creek Levee Improvement, it stroke me it is specifically designated for the levee

1 protections as opposed to complex study of flood protection. Do we already know that resolution
2 of that area would be to strengthen levees of San Francisquito or that still open?

3
4 Mr. Eggleston: are you referring to fluvial flooding, from stream flooding? What this study is
5 intending to do is to look at the issue of tidal flooding as it relates to sea level rise and for San
6 Francisquito Creek, there's a separate effort, a planning effort underway with the San
7 Francisquito Creek Joint Powers Authority and in fact, that's been a long standing effort and the
8 first phase of that overall project which is the Highway 101 to the Bay project which is going to
9 rebuild the levees in that area and provide flood walls is actually to begin construction this
10 summer.

11
12 Vice-chair Gardias: That's right, I was thinking about that portion, 101 to the Bay because that's
13 pretty much where the levees are, along San Francisquito Creek. I was wondering if that is
14 already given because there is still some marshes on the other side, on the western side of the
15 San Francisquito Creek adjacent to 101. I was wondering if there was an option to utilize those
16 marshes as eventual overflow when the flood level would be rising as opposed to just creating
17 the wall along the creek.

18
19 Mr. Eggleston: Actually, I believe that is a feature that has been built into the JPA's design for
20 that particular levee. If you're thinking of the tract of salt marsh that's kind of to the northwest of
21 the levee, I believe they've built in, what they are calling a degrade of the levee in that area so
22 that flows over a certain capacity flows over the levee into the wetland.

23
24 Vice-chair Gardias: Very good, thank you very much for the clarification. Thank you.

25
26 Chair Fine: Just one other comment and I want to hand it back to everyone else as well. On page
27 3 of the table, there is a number of projects around the City Hall, the Civic Center, electrical
28 upgrades, Foothills which are referencing C4 as their primary Comprehensive Plan goal. C4 is
29 more about collaborative relationship with the school district and maximize use of school
30 facilities, is that purposeful? I was just wondering, I just didn't see that complete connection
31 there. So, there's just a whole row of them on pages 3 and 4 of the table from 17008 to 21001. I
32 think the reason I'm asking is the secondary goal that is cited here C24, reinvesting aging
33 facilities to improve their usefulness and appearance seems like that might be the primary.

34
35 Mr. Lait: Yes, we can certainly take a look at that and make that adjustment.

36
37 Chair Fine: It just seemed like C4 is being used in places it might not apply. Any other questions,
38 comments? Commissioner Rosenblum?

39 Commissioner Rosenblum: Just as a comment, I personally as with all of these infrastructure
40 reviews, they always fit our Comp Plan to a certain extent. I mean it's very hard not to fit our
41 Comp Plan which emphasizes having top of the line infrastructure. It's very difficult, one thing I
42 have asked for in the past and I'll ask for again, it's difficult to really understand how well this
43 fits our Comp Plan without having in the context of other potential plans. So, when you put this
44 together, there were choices made, there's probably a long list of things that everyone in the City
45 wants, then you made some tradeoffs and decided this is what we are going to go for within a
46 budget constraint and so one thing that would be helpful to the Commission would be to
47 understand different packages and to say, ok, here's a choice that probably with a higher budget,
48 here's a choice with a lower budget, we pick this and here's why and I think it would be helpful
49 for us help give better input. The way we currently try to evaluate whether or not this is

alignment with the Comp Plan is exactly what you do, which is you take each line item and you find the relevant line in the Comp Plan that refers to something like that item and going back and making sure that that's a one-to-one connection. I think that all of us trusts that you're mapping was done properly. Given what this is, I find it difficult to say this is not in align with the Comp Plan, everything here seems quite logical, there's some items that for a matter of clarity as Chair Fine referred to, I would recommend adding so for example, what things are being reimbursed for, what things are merely being budgeted for but not intended to be spent that year and that includes some fairly large ticket items so that would change the idea of what you are actually spending and what portion of it would be either back to you or would not actually go out the door. So from a legibility standpoint I think that would be useful for Council if this goes further and for anyone who is trying to review this budget, but from my standpoint if there are no other questions I am happy to propose a Motion.

Chair Fine: I generally agree with Commissioner Rosenblum on that and one other way to think of it, especially now if we're going through the Comp Plan is, this may be a little unorthodox, but if the City were to essentially given a hundred bucks, where would you put those dollars on each Comp Plan goal and that would kind of give us a way to add up, you know, we should really be focusing on C24 because there's fifteen dollars there and fifteen dollars being spent towards that, so it's an issue of prioritization. With that, I am also open for any Motions. I think Commissioner Rosenblum was going to.

Commissioner Rosenblum: Sure, I will make a Motion that we find the 2017-2021 Capital Improvement Plan consistent with the Comprehensive Plan and forward it to the Finance Committee and City Council.

Chair Fine: There's a Motion on the floor for us to recommend approval of this and forward it on to the Finance Committee. Do we have a second?

Commissioner Waldfogel: I second.

Chair Fine: Commissioner Waldfogel seconds, would you like to speak to your Motion? Would you like to speak to your second? All in favor? And the Motion passes unanimously. Excellent. Thank you all so much for that item, thank you everyone who showed up and for the information, you helped us, you provided to us. There's no approval of Minutes, no Study Sessions. Any Committee Reports? Any questions? Alright, we are adjourned at 12:44 and thank you all so much for the lunchtime meeting. Thanks to staff to for organizing it.

Adjournment 12:44

CMR #6932: ATTACHMENT R

Fiscal Year 2017 Proposed Budget

Finance Committee

May 3, 2016



Overview

- Citywide Funds
- Internal Services Funds
- General Fund
- Enterprise Funds
- Capital Improvement Program
- Summary



2

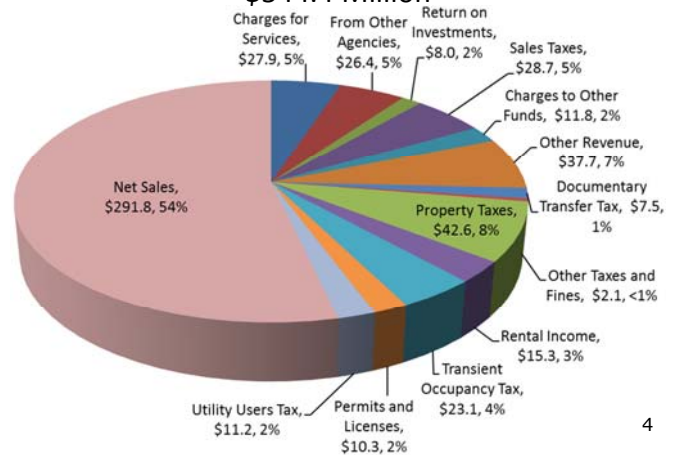
Citywide Funds



3

FY 2017 Citywide Revenues

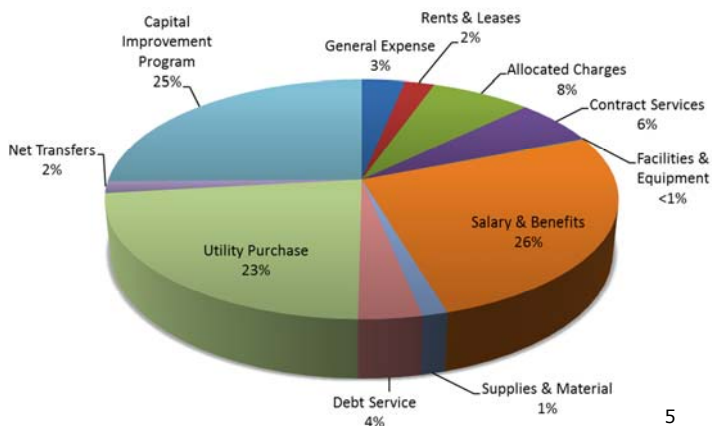
\$544.4 Million



4

FY 2017 Citywide Expenditures

\$626.1 Million



5

Citywide Position Changes

	GF	ENT	Other*	Total
FY 2016 Adopted Budget	599.31	351.09	89.70	1,040.10
FY 2016 Approved Adjustments	1.40	-	0.60	2.00
FY 2016 Modified Budget	600.71	351.09	90.30	1,042.10
FY 2017 Reallocations	0.38	(1.48)	1.10	-
FY 2017 Net Additions	2.85	4.00	3.15	10.00
Subtotal of 2017 Changes	3.23	2.52	4.25	10.00
FY 2017 Proposed Budget	603.94	353.61	94.55	1,052.10

*Other Funds are Internal Service Funds, Special Revenue Funds, and the Capital Fund



6

Average Salary & Benefit Changes (Compared to FY 2016 Adopted Budget)

Expenses Category	GENERAL FUND			ALL FUNDS		
	FY 2017 Proposed	\$	%	FY 2017 Proposed	\$	%
Salary	70,972	3,704	5.5%	101,410	5,289	5.5%
Pension	21,164	1,920	10.0%	28,835	2,553	9.7%
Healthcare	13,336	844	6.8%	19,163	1,009	5.6%
Retiree Health	9,323	(342)	-3.5%	13,129	268	2.1%
Other Benefits	2,053	(1,927)	-48.4%	2,717	(2,256)	-45.4%
Total	\$ 116,848	\$ 4,199	3.7%	\$ 165,255	\$ 6,863	4.3%



7

Internal Service Funds



8

Internal Service Fund Changes (Compared to FY 2016 Adopted Budget)

Fund	GENERAL FUND			ALL FUNDS		
	FY 2016 Adopted	FY 2017 Proposed	%	FY 2016 Adopted	FY 2017 Proposed	%
General Benefits Fund	454	-	-100.0%	768	-	-100.0%
General Liability Fund	1,299	-	-100.0%	2,369	-	-100.0%
Print & Mail Fund	939	842	-10.4%	1,553	1,297	-16.4%
Retiree Healthcare Fund	9,665	9,323	-3.5%	14,445	13,808	-4.4%
Technology Fund	6,065	6,320	4.2%	13,253	13,788	4.0%
Vehicle Fund	3,696	5,021	35.9%	6,637	8,885	33.9%
Workers' Compensation Fund	2,780	1,250	-55.0%	3,569	1,871	-47.6%
Total	\$ 24,897	\$ 22,755	-8.6%	\$ 42,593	\$ 39,650	-6.9%



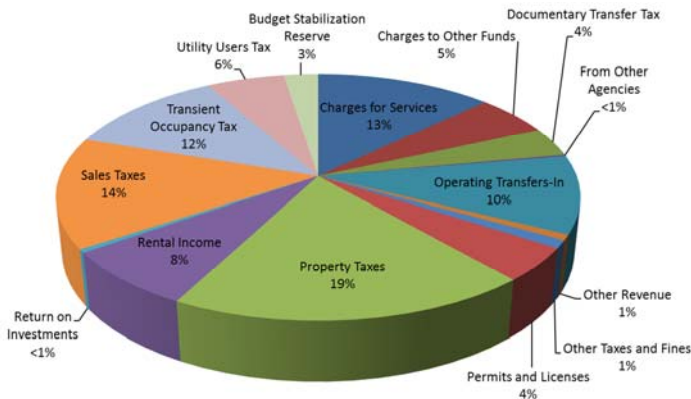
9

General Fund



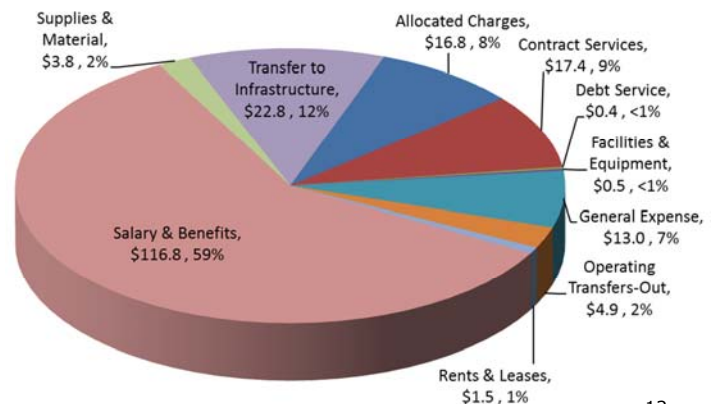
10

FY 2017 General Fund Revenues \$193.1 Million (+\$4.9 million BSR)



11

FY 2017 General Fund Expenditures \$198.1 Million



12

Major Expense Changes From Long Range Forecast

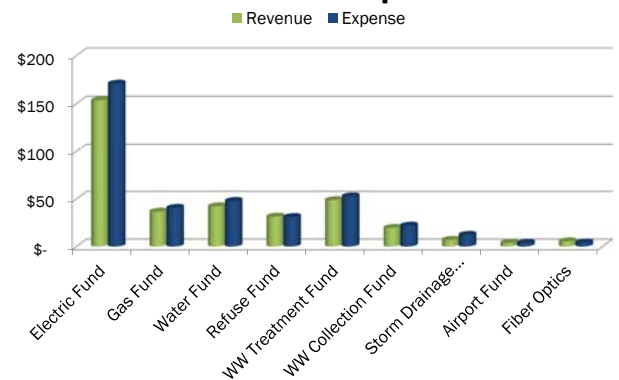
Expense Category	FY 2017 LRFF	FY 2017 Proposed	\$ Change	% Change
Allocated Charges	18,028	16,752	(1,276)	-7.1%
Contract Services	14,475	17,444	2,970	20.5%
General Expenses	10,469	13,002	2,533	24.2%
Operating Transfers-Out	1,834	4,906	3,071	167.4%
Salary & Benefits	119,521	116,848	(2,673)	-2.2%
Transfer to Infrastructure	24,213	22,813	(1,400)	-5.8%

One-Time Budget Balancing

- Use of Budget Stabilization Reserve: funding at 18% or \$35.6 million (\$4.9 million General Fund)
 - Goal will be to reset the BSR back to the 18.5% target level
- Reduce Charges for Internal Service Funds (\$5.0 million all funds; \$3.1 million General Fund)
- Budget "Uncertainty Reserve" (\$2.0 million General Fund)

Enterprise Funds

Enterprise Funds Revenues & Expenses



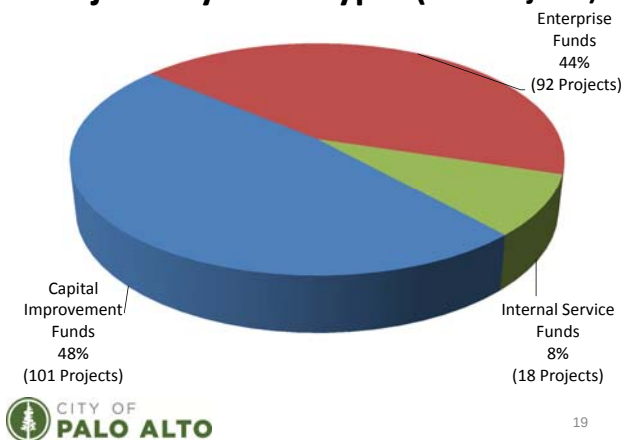
FY 2017 Utility Rate Changes

Utility Service	Proposed Rate Change
Electric	11%
Gas	8%
Wastewater	9%
Water Utility	6%
Refuse	9%
Storm Drain	3.2%

Increase the average residential bill by about 8%, for a total increase of about \$22.42 per month.

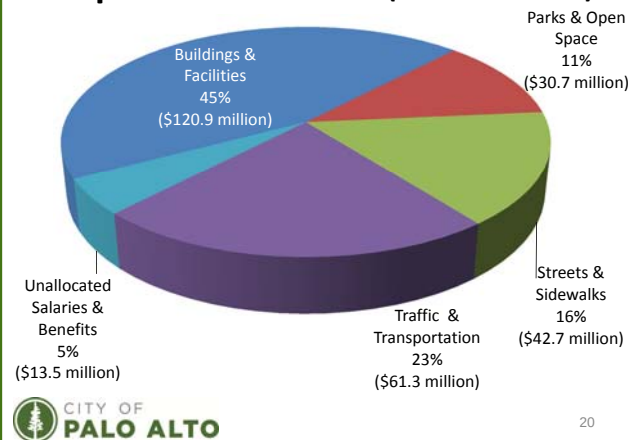
Capital Budget Overview

Fiscal Year 2017-2021 Proposed Projects by Fund Type (211 Projects)



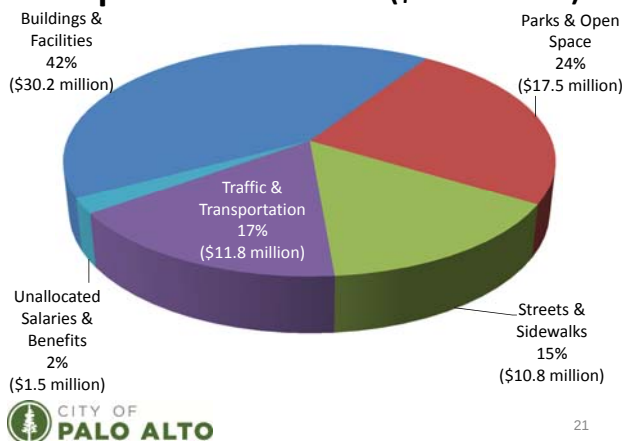
19

Fiscal Year 2017-2021 Capital Improvement Fund (\$269.2 million)



20

Fiscal Year 2017 Proposed Capital Improvement Fund (\$71.9 million)



21

Infrastructure Management Plan (\$128.8 million, +\$30 million reserve)

- Public Safety Building (\$57.0 million)
- Bicycle/Pedestrian Transportation Plan (\$20.0 million)
- Replacement of Fire Stations 3 and 4 (\$14.2 million)
- Downtown Parking Garage (\$13.0 million)
- California Avenue Parking Garage (\$9.6 million)
- Charleston/Arastradero Corridor (\$7.5 million)
- Highway 101 Bicycle/Pedestrian Bridge (\$4.7 million)
- Byxbee Park Completion (\$2.8 million)
- Infrastructure Contingency Reserve (\$30.0 million)



22

Summary



23

FY 17 Citywide Budget Proposals

- Project Safety Net: Track Watch & Collaborative (\$1.0 million General Fund)
- City Streetlights and Traffic Signals Electricity Costs (\$2.3 million General Fund)
- Citywide FY17 Capital Improvement Budget (\$170.5 million, \$639.5 million 5-year plan)
- Capital Infrastructure Management Plan (\$128.8 million)
 - (\$158.8 million with a plan to establish a \$30 million reserve for anticipated cost increases)
- Salary & Benefit Increased costs (\$6.9 million all funds)
- Budget Uncertainty Reserve (\$2.0 million General Fund)



24

Costs/Revenues - Not Included

Year 1

Transportation costs to mitigate traffic issues
Fire Services Contract with Stanford University
Animal Shelter Service Delivery
Transient Occupancy Tax increases related to two new, potential hotels
Potential acquisition of the downtown Palo Alto Post Office Junior Museum and Zoo
Cubberley Community Center Master Plan
Unfunded Actuarial Liability of \$447.5 million for Pension and Retiree Healthcare Trusts (\$298.6 million General Fund)
Parks Master Plan
City owned assets operated by non-profit organizations
Cadillac Healthcare Federal Excise Tax

Year 10

Potential recession



25

Looking Forward

- Manage expectations of the City Council, the community, and the staff
- Ensure we are a competitive employer of choice
- Address FY 2018 structural imbalance between General Fund revenues and expenses
- Rising Pension and healthcare costs
- Unfunded liability



26

Fiscal Year 2017 Finance Committee Review

- Department Presentations (with significant budget proposals only)
 - Department overview
 - Accomplishments
 - Initiatives
 - Significant budget proposals
 - Major capital projects, if applicable
- Finance Committee Questions



27

FY 2017 Proposed Operating Budget City Attorney

Operating Budget pp. 141-148

Finance Committee

May 3, 2016



28

FY 2017 Proposed Operating Budget City Auditor

Operating Budget pp. 149-157

Finance Committee

May 3, 2016



29

FY 2017 Proposed Operating Budget City Clerk

Operating Budget pp. 159-167

Finance Committee

May 3, 2016



30

FY 2017 Proposed Operating Budget City Council

Operating Budget pp. 169-172

Finance Committee

May 3, 2016



31

FY 2017 Proposed Operating Budget City Manager

Operating Budget pp. 173-182

Finance Committee

May 3, 2016



32

Department Overview

The City Manager's Office provides leadership and professional management to the City government in service to City Council policies, priorities and community civic values.



The office is guided by the values of place, community, stewardship, civics and public service.



33

Accomplishments

- Advanced City Council Priorities through department programs and initiatives
- Implemented City's Ethics Training
- Increased focus on organizational planning and performance management
- Executed First Phases of Business Registry
- Delivered communication strategy on key initiatives



34

Fiscal Year 2017 Initiatives

- Implement City Council Priorities
- Support City Council
- Community Responsiveness: Troubleshooting and Problem Solving
- Leadership and Performance Management
- Strategic Communication Support
- Economic Vitality Program
- Federal and State Legislative Programs



35

FY 2017 Proposed Operating Budget Office of Sustainability

Operating Budget pp. 307-313, 468-469

Finance Committee

May 3, 2016



36

Department Overview

Mission: Lead the organization and community in promoting a culture of environmental sustainability by developing, coordinating, and leading initiatives citywide and regionally.

Purpose: Promote and facilitate an environmentally sustainable future in ways that improve quality of life, grow prosperity and build resilience, and provide leadership in the region and to other communities.



Accomplishments

- Developed Sustainability and Climate Action Plan (S/CAP)
- Procured Sustainability Dashboard system
- Held multiple Study Sessions with City Council and UAC
- Raised \$350k external funding for sustainability initiatives
- Established 'Electric Vehicle First' policy for City fleet.



38

Fiscal Year 2017 Initiatives

- Complete development and adoption of the Sustainability and Climate Action Plan (S/CAP)
- Pilot local and regional "mobility as a service" initiatives
- Implement Sustainability Dashboard performance tracking system
- Further integrate sustainability policies, programs and practices into City operations



39

Significant Budget Proposals

- Sustainability Initiatives Contract Funding, \$110,000
- Sustainability Contingency Account, \$250,000



40

FY 2017 Proposed Operating Budget

Human Resources Department

Operating Budget pp. 253-273, 475-478

Finance Committee

May 3, 2016



41

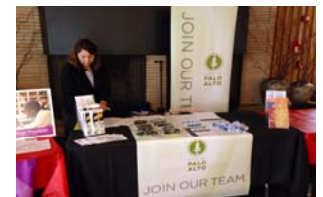
Department Overview

Mission

Purpose

Divisions

- Compensation
- Employee and Labor Relations
- Organization and Employee Development
- Recruitment
- Risk Management, Safety & Workers' Compensation



42

Accomplishments

- Four Union Agreements Completed:
 - ✓IAFF, PAPOA, SEIU and PAPMA
- Filled approximately 270 vacancies
- In-depth Ethics Training for 960 employees
- Complied with new IRS Affordable Care Act (ACA) reporting requirements
- Updated minimum wage ordinance and implemented for City hourly staff



43

Fiscal Year 2017 Initiatives

- Address recruiting challenges
- Support the Healthy City/Healthy Community priorities
- Enhance City-wide training including e-learning options
- Continue improvements in personnel actions and electronic record-keeping
- Address ergonomic and safety programs



44

Significant Budget Proposals

- General Fund
 - Hourly Staff Alignment, 0.74 FTE, \$36,000
- General Liability Fund
 - Reduced citywide allocation
- Workers' Compensation Fund
 - Workers' Compensation Manager, 1.00 FTE, \$171,000
 - Reduced citywide allocation
- General Benefits Fund
 - Employee Wellness Program, 0.48 FTE, \$23,000
 - Reduced citywide allocation



45

FY 2017 Proposed Operating Budget Information Technology Department

Operating Budget pp. 275-288

Capital Budget pp. 629-656

Finance Committee

May 3, 2016



46

Department Overview

Mission

Purpose

Divisions

- Office of the CIO
- IT Project Services
- IT Operations
- IT Enterprise Services
- Information Security Services



47

Accomplishments

- Awarded Leading Digital City – Named 4th Top City
- Outstanding Achievement in Local Government Innovation Award from the Alliance for Innovation
- Traffic Signal System Upgrade
- Fire Vehicle Technology Upgrades
- E911 Implementation
- Deployment of Sharepoint Online
- PC and Data Center Cloud Backup Systems



48

Top Fiscal Year 2017 Initiatives

- Council Chambers Equipment Replacement
- Office 365
- Smart City Strategy
- ERP Planning and System Selection
- Fiber/Wireless Efforts
- Geographic Information System Assessment



49

Significant Budget Proposals

- Data Center Failover (\$120,000)
- Security Penetration Testing (\$35,000)
- Implementation of a Project Management Tool (\$50,000)
- Staffing Adjustments:
 - IT Operations, Hourly to FTE Desktop Technician, \$59,024
 - IT Operations, FTE Technologist to Sr. Technologist, \$20,331



50

FY 2017 Proposed Operating Budget Administrative Services Department and Printing & Mailing Fund

Operating Budget pp. 183-199

Finance Committee

May 3, 2016



51

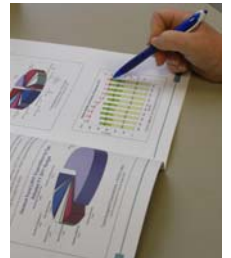
Department Overview

Mission

Purpose

Divisions

- Administration
- Accounting
- Purchasing and Contracts
- Office of Management & Budget
- Property Management and Acquisition
- Treasury (including Printing and Mailing Fund)



52

Accomplishments

- Implemented eProcurement system, PlanetBids
- Began collection of Transient Occupancy Tax for AirBNB rentals
- Implemented GASB 68 standards for financial reporting of pension liability
- Maintained City's AAA credit rating



53

Fiscal Year 2017 Initiatives

- Implement integrated online parking permit program
- Identify funding sources and investment options to address City's unfunded pension and healthcare liabilities
- Implement a technologically focused training program to facilitate staff use of financial, human resources and payroll systems
- Develop an online dashboard (presentation) of City financial and budget data for the public to access and assess City fiscal performance



54

Significant Budget Proposals

- Temporary Staffing Adjustments
 - Purchasing, \$53,974
 - 0.48 FTE Contract Administration Specialist to maintain service level and reduce backlog
 - Administration, \$74,880
 - 0.48 FTE Management Specialist to implement systems training

FY 2017 Proposed Operating Budget Non-Departmental

Operating Budget pp. 467-470

Finance Committee

May 3, 2016

Description

The General Fund Non-Departmental budget includes revenue and expenditure appropriations not related to a specific department or function. These costs typically benefit the City as a whole and include such items as Cubberley lease payments to Palo Alto Unified School District. The Non-Departmental budget may also include estimated provisions or placeholders for certain revenues and expenditures that have not yet materialized or distributed at the time the budget is developed or adopted. These items can be one-time or ongoing depending on its nature and frequency

Non-Departmental Significant Budget Adjustments & Proposals

- General Fund Transfer to Electric Fund: Traffic Signal and Streetlight Costs, \$2,266,122
- Establish Budget Uncertainty Reserve, \$2,000,000
- Capital Transfer Adjustment, (\$1,400,000)
- Sustainability Contingency Account, \$250,000
- 2016 Elections Funding, \$150,000



CITY OF
PALO ALTO

1

Date	Draft Adjustments to Budget	FY 2017	Dept	Date	Parking Lot Issues	Amount	Dept
	Beginning Balance	0		3 May	Office of Sustainability Contingency	250,000	Non-dept
3 May	No Changes	0		3 May	2016 Elections Funding	150,000	Non-dept
		0		3 May	Establish Budget Uncertainty Reserve	2,000,000	Non-dept
				3 May	Transfer from the General Fund: Traffic Signal and Streetlight E	2,226,122	Non-dept
				3 May	Reduce Transfer to General Capital Improvement Fund	(1,400,000)	Non-dept
					Total:	3,226,122	
				Date	Council Contingency		
				3 May		290,000	



2



CITY OF
PALO ALTO

3



4



5



5

Significant Budget Proposals

- Fire Station Furniture – Fitness Equipment, \$125,000
- California Incident Command Certification System Training, \$38,000
- Realignment of Development Services Staffing, 2.15 FTE



7

FY 2017 Proposed Operating Budget Office of Emergency Services (OES)

Operating Budget pp. 299-306

Finance Committee

May 5, 2016



8

Department Overview

Mission

Purpose

Objectives

- Operational Readiness
- Risk Assessment; Situational Awareness
- Community Education; Engagement
- Training & Exercises



9

Accomplishments

- Updated City Emergency Operations Plan (EOP)
- San Francisco Creek Multi Agency Coordination
- Training of Emergency Services Volunteers; Community Sand Bag Days with Public Works
- StormReady Community Certification
- Critical Infrastructure & Key Resources Survey, School Map Update
- Super Bowl 50: significant support to Stanford University and other regional partners



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Fiscal Year 2017 Initiatives

- Training: Staff & Community
- Planning: Local Hazard Mitigation and Adaptation Plan, Continuity of Operations Plan, Department Emergency Plans, regional planning
- Infrastructure Technology: Improve efficacy of the City's EOC; Exploration of energy resilience strategies (i.e. solar power for critical systems, new electric ATV, etc.); Public Safety Building



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Significant Budget Proposals

- None



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FY 2017 Proposed Operating Budget Police Department

Operating Budget pp. 331-343

Finance Committee

May 5, 2016



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Department Overview

Mission

Purpose

Divisions

- Field Services
- Personnel and Training Services
- Investigative Services
- Technical Services
- Traffic, Parking & Special Event Services
- Animal Services



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Accomplishments

- Received 135 citizen commendations in FY 2015
- Development of the Tri-City Records Management System (RMS)
- Regional preparedness initiatives and exercises, including the Silicon Valley Interoperability Authority
- Regional and Statewide initiatives to ensure vehicle occupant safety and combat drunk driving



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Fiscal Year 2017 Initiatives

- Replace 9-1-1 phone equipment
- New curriculum for Citizen's Academy
- Public Safety Building
- Implement new Records Management System
- Migrate to 700 MHz Regional Radio System



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Significant Budget Proposals

- Track Watch (Project Safety Net), \$824,000
- Police Vehicle Modems, \$100,000



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FY 2017 Proposed Operating Budget

Community Services Department

Operating Budget pp. 201-221

Finance Committee

May 5, 2016



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Department Overview

Mission

Purpose

Divisions:

- Administration
- Human Services
- Arts & Sciences
- Open Space, Parks & Golf
- Recreation



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Accomplishments

Human Services - Community Forums on Senior Services, Veterans Homelessness, Domestic Violence and Implicit Bias

Arts & Sciences – Art Center and Children’s Theatre increased audiences, attendance and outreach, dynamic new Public Art Conversation, MakeX, JMZ Initiative

Open Space, Parks & Golf – Byxbee Park, Scott Park, El Camino Park and Monroe Park, Magical Bridge Playground

Recreation – Mitchell Park Community Center, Teen Services, New Special Events



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Fiscal Year 2017 Initiatives

- Work on the Cubberley Master Planning Process with PAUSD
- Build on the Healthy City Healthy Community Priority:
 - 2nd Annual Health Fair
 - New Resident Welcome Packet
 - Workplace Health & Wellness Forum
- Complete the Parks & Recreation Master Plan
- Complete the Public Art Master Plan
- Ensure Mitchell Park Library & Community Center is a vibrant, welcoming and dynamic experience for all
- Invest in CSD Staff – Engagement, Creativity, Service



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Significant Budget Proposals

- Collaboration with Santa Clara County for Homeless Services and housing subsidies
- CSD Service Delivery Enhancements - Increased costs in several programs off set by revenues, e.g.
 - New Preschool at Mitchell Park
 - Art Center Classes and Marketing
 - Children’s Theatre Staffing
- Open Space Technicians for expanded Open Space and Trail Maintenance
- JMZ Market Analysis and Collections Management (one-time)
- Golf Course Reconfiguration Project – Anticipated Project Start July 1, 2016



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Teen Services

Bryant St. Garage Fund - Grant Program



- Bryant Street Garage Teen Program Staffing \$33K

	# of Grants	Dollars Spent	# Teens Impacted
FY15	7	\$7,430	550
FY16	18	\$12,208	1,600
FY17*	40	\$25,000	2,500

*Projected

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Golf Course Reconfiguration Project



- Pending permits to begin renovation and reconfiguration of the existing Palo Alto Municipal Golf Course
- FY 2016 estimated net loss of \$923k, projected net loss in FY 2017 of \$825k



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Golf Course

- Construction Cost Increase for base bid
 - \$9.6M lowest bid in 2014, \$10.9M estimate in 2016
 - Higher estimate attributed to less competitive environment, general inflation, and Prevailing Wage requirement
- \$7.7M to \$8.3M in COPs/Debt issuance (Annual Debt Service \$534,000 - \$569,000)
- Reconfiguration July 2016 – October 2017
- Estimated Financial Projections

	FY2018	FY2019
Revenue Projection:	\$2.1M	\$2.8M
Operating Expense:	\$2.0M	\$1.9M
Debt Service:	\$0.6M	\$0.6M
Capital Reserve:	-	\$0.2M

Net Income (Loss): (\$0.5M) \$0.1M

- Permit Update



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Project Safety Net Collaborative & Means Restriction

	FY12 – FY16 SUMC \$2M	FY17 Proposed
PSN Collaborative	\$424,506	\$270,000*
Means Restriction - Track Watch, Fencing, Cameras	\$1,490,494	\$824,000
Total Spending	\$1,915,000	\$1,094,000
Remaining SUMC (est. June 30, 2016)	\$85,000	NA

*Project Safety Net (PSN) Collaborative:

- Staffing: Executive Director 1.0 FTE & Program Specialist 0.48 FTE \$229K
- Other: Consultant(s), meetings & general supplies \$41K
- Total Cost of PSN Collaborative: \$270K
 - SUMC remaining funds June 30, 2016 \$85K
 - General Fund \$185K



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FY 2017 Proposed Operating Budget Library Services Department

Operating Budget pp. 289-298

Finance Committee

May 5, 2016



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Department Overview

Mission

Purpose

Divisions

- Public Services & Programs
- Information Technology, and Collections
- Buildings, Support, and Administration



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Accomplishments

- Increased open hours of service
- Sierra ILS
- New Americans program
- Early Literacy "Tip of the Week"
- Teen Library Advisory Board (TLAB)
- "Building up the bikes at PACL" grant
- Drive-up book drops
- Silicon Valley Reads 2016
- Increased the percent of residents satisfied with Library Services, as measured by the National Citizens Survey, from 81% to 92%



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Fiscal Year 2017 Initiatives

- Implement recommendations related to Circulation functions
- Finalize eBranch requirements and implementation evaluation
- Complete the library's procedure manual
- Continue development of the New Americans program
- Kindergarten library card campaign
- Programming for children with differing needs and abilities



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Significant Budget Proposals

- Convert a half-time Senior Librarian at Rinconada Library to full-time with offsetting allocations in part-time hourly staff

(Ongoing savings: \$2,307)



Significant Budget Proposals

- Planning Tech, \$55,974
 - Add 0.50 FTE Planning Technician to provide front desk support at the Development Services counter
- Staffing Re-alignment, (\$607,922)
 - Reallocate 2.15 FTE to Fire, 0.64 FTE to Public Works, and 0.50 to Planning (Fire staffing reallocation in parking lot per FC May 5th meeting)
- State MWELO Enforcement, \$50,000
 - Consultancy cost to implement and manage a separate landscape permit process, per state mandate



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FY 2017 Proposed Operating Budget Retiree Health Benefit Fund

Operating Budget pp. 479-480

Finance Committee

May 10, 2016



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CITY OF PALO ALTO RETIREE HEALTHCARE PLAN

June 30, 2015
GASB 45 Actuarial Valuation
Valuation Summary

BARTHEL
ASSOCIATES, LLC

Presented by **John E. Bartel, President**
Prepared by Mary Beth Redding, Vice President & Actuary
Deanna Van Valer, Assistant Vice President & Actuary
Adam Zimmerer, Actuarial Analyst
Bartel Associates, LLC
May 10, 2016

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Agenda

Topic	Page
Benefit Summary	1
Implied Subsidy	3
Participant Statistics	4
Actuarial Methods	6
Actuarial Assumptions Highlights	7
Assets	8
Valuation Results	9
Definition of Terms	15



© Client: City of Palo Alto Projects: OPEB 2015 Val Report (BA, Palo Alto) 16-05-10 OPEB 6-30-15 Valuation Summary.docx

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BENEFIT SUMMARY

■ Eligibility	■ Retire directly from the City under CalPERS (age 50 ¹ and 5 years of CalPERS service, or disability)																						
■ Retiree Medical (CalPERS Medical Plans)	Group	Hired ²	Retired ²	City-Paid Benefit																			
	1	< 1/1/04	< 1/1/07	Full premium																			
	2	< 1/1/04	≥ 1/1/07 & < 5/1/11	Premium limited to 2nd most expensive Basic (non-Medicare) medical plan in Bay Area																			
	3	< 1/1/04	≥ 5/1/11	For Mgmt/Conf and already retired SEIU: Premium limited to flat dollar caps same as active contribution: <table><tr><td></td><td>2015</td><td>2016</td><td>2017</td><td>2018</td></tr><tr><td>Single</td><td>708</td><td>743</td><td>773</td><td>804</td></tr><tr><td>2-Party</td><td>1,415</td><td>1,485</td><td>1,544</td><td>1,606</td></tr><tr><td>Family</td><td>1,840</td><td>1,931</td><td>2,008</td><td>2,088</td></tr></table> For everyone else: 90% of premium up to 90% of Group 2 cap (PAPOA gets 100%)		2015	2016	2017	2018	Single	708	743	773	804	2-Party	1,415	1,485	1,544	1,606	Family	1,840	1,931	2,008
	2015	2016	2017	2018																			
Single	708	743	773	804																			
2-Party	1,415	1,485	1,544	1,606																			
Family	1,840	1,931	2,008	2,088																			

¹ Age 52 for Miscellaneous New Hires under PEPR
² Varies somewhat by bargaining group



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BENEFIT SUMMARY

■ Retiree Medical continued	Group	Hired ³	Retired	City-Paid Benefit											
	4	≥ 1/1/04		■ \$22893 "Vesting Schedule" (based on all CalPERS Service)⁴. Percentages start at 50% with 10 years, increasing to 100% with at least 20 years of service. ■ 100% vesting for disability ■ Vesting % applies to 100/90 formula:<table><tr><td></td><td>2015</td><td>2016</td></tr><tr><td>Single</td><td>\$ 655</td><td>\$ 705</td></tr><tr><td>2-Party</td><td>1,246</td><td>1,343</td></tr><tr><td>Family</td><td>1,605</td><td>1,727</td></tr></table> ■ If 20 years City service, do not need to retire directly from City		2015	2016	Single	\$ 655	\$ 705	2-Party	1,246	1,343	Family	1,605
	2015	2016													
Single	\$ 655	\$ 705													
2-Party	1,246	1,343													
Family	1,605	1,727													
■ All Active Group 3 PAPOA, PMA, SEIU & IAFF elected Group 4 ⁵															
■ Surviving Spouse	■ 100% of retiree benefit continues to surviving spouse if retiree elects CalPERS pension survivor allowance														

³ Varies somewhat by bargaining group
⁴ Minimum 5 years City Service.

⁵ SEIU and IAFF have not yet held the individual elections, but all members are assumed to elect Group 4.



May 10, 2016

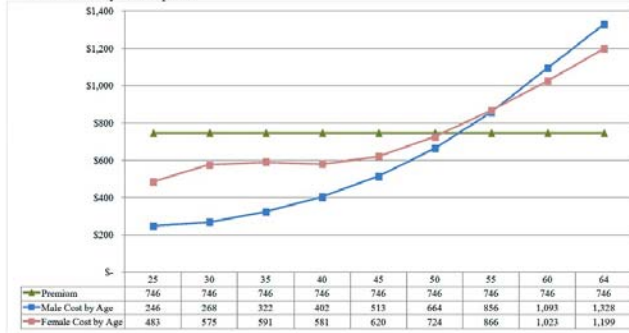
2



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IMPLIED SUBSIDY

- For PEMHCA, employer cost for allowing retirees to participate at active rates.
- Kaiser Bay Area plan:



- The City included the implied subsidy beginning with the June 30, 2013 valuation.

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PARTICIPANT STATISTICS

Participant Statistics

	6/30/2013	6/30/2015			
	Total	Misc.	Police	Fire	Total
■ Actives					
• Count	948	776	84	95	955
• Average Age	45.2	46.3	39.3	42.4	45.3
• Average City Service	10.8	10.6	10.4	12.5	10.8
• Average PERS Service	11.7	11.8	11.5	13.2	11.9
• Average Salary	\$86,271	\$89,108	\$113,933	\$93,347	\$91,714
• Total Salary (000's)	\$81,785	\$69,148	\$9,570	\$8,868	\$87,586
■ Retirees:					
• Count	968	722	121	164	1,007
• Average Age	68.2	69.6	64.8	68.5	68.9
• Avg Service Ret. Age	57.8	58.8	51.9	54.3	57.7
• Avg Disab. Ret. Age	45.3	48.2	40.7	47.9	45.6

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PARTICIPANT STATISTICS

Participant Statistics June 30, 2015

	Group 1	Group 2	Group 3	Group 4 ⁶	Total
■ Actives					
• Count	n/a	n/a	107	848	955
• Average Age	n/a	n/a	52.0	44.5	45.3
• Average Entry Age	n/a	n/a	32.6	34.8	34.5
• Average City Service	n/a	n/a	19.4	9.7	10.8
• Average PERS Service	n/a	n/a	20.2	10.9	11.9
• Average Salary	n/a	n/a	\$129,385	\$86,960	\$91,714
• Total Salary (000's) ⁷	n/a	n/a	\$13,844	\$73,742	\$87,586
■ Retirees ⁸ :					
• Count	598	307	92	10	1,007
• Average Age	73.8	63.0	57.5	62.3	68.9
• Avg Service Ret Age	57.8	58.0	56.6	60.0	57.7
• Avg Disability Ret Age	45.4	46.7	44.9	50.0	45.6

⁶ Includes Group 3 PAPOA & PMA (elected Group 4 benefits) and Group 3 IAF & SEIU (assumed to elect Group 4).

⁷ Actual 2014/15 pay paid for those hired < 7/1/14. New hire pay is annualized.

⁸ Includes retirees who have waived coverage.

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ACTUARIAL METHODS

Method	June 30, 2015 Valuation
■ Cost Method	■ Entry Age Normal Level % of Pay
■ Funding Policy	■ Full Pre-funding through CalPERS trust (CERBT) asset allocation #1
■ Unfunded Liability Amortization	■ 28 years closed period
■ Asset Value	■ Prior valuation – 30 years closed period
■ Future New Entrants	■ Market Value of Assets ⁹
■ Implied Subsidy	■ Closed group – no new participants
■ ACA Excise Tax	■ Implied subsidy valued
	■ Impact valued (2% load on cash subsidy)
	■ Prior valuation – not valued

⁹ Using Market Value of Assets to determine the ARC will result in more volatile future ARCs than if a smoothed Market Value were used.

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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Valuation Date	■ June 30, 2013 2014/15 & 2015/16 ARCs	■ June 30, 2015 2016/17 ARC & 2017/18 ADC
■ Discount Rate	■ 7.61%, net of expenses	■ 7.25%, net of expenses
■ Demographic Assumptions	■ CalPERS 1997-2007 Experience Study • Retirement, Mortality ■ Scale AA generational improvement for mortality	■ CalPERS 1997-2011 Experience Study • Retirement, Mortality ■ Scale MP-14 generational improvement for mortality
■ Medical Trend	■ Decreasing from 8.0% non-Medicare and 8.3% Medicare down to 5.0% over 6 years	■ Decreasing from 7.0% non-Medicare and 7.2% Medicare down to 5.0% over 4 years
■ Increase to Dollar Caps for SEIU Group 3	■ ½ of Medical Trend, not less than assumed inflation (3.0%)	■ Same ■ Now also applies to Mgmt/Conf Group 3

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ASSETS

Market Value of Plan Assets – CERBT (Amounts in 000's)

	2010/11	2011/12	2012/13	2013/14	2014/15	Proj. 2015/16 ¹⁰
■ MVA (Beg. of Year)	\$ 34,014	\$ 44,774	\$ 49,238	\$ 60,070	\$ 75,363	\$ 78,578
• Contributions	2,447	4,419	5,248	4,295	3,371	3,169
• Benefit Payments ¹¹	-	-	-	-	-	-
• Admin. Expenses	(50)	(52)	(80)	(91)	(76)	(65)
• Investment Return	8,363	97	5,664	11,088	(80)	59
■ MVA (End of Year)	44,774	49,238	60,070	75,363	78,578	81,741
■ Approx. Annual Return	24.4%	0.1%	11.2%	18.2%	(0.2%)	0.0%

¹⁰ Projected from actual 12/31/2015 balance using assumed rate of return for last half of fiscal year.

¹¹ Benefit Payments made outside of trust by City. Refer to Slide 3 for fiscal year amounts.

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RESULTS

Actuarial Obligations

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	6/30/13	Proj. 6/30/14	6/30/15	Proj. 6/30/16
■ Discount Rate	7.61%		7.25%	
■ Actuarial Accrued Liability				
• Actives	64,264		77,248	
• Retirees	139,378		157,547	
• Total	203,642	\$ 213,458	234,795	\$ 245,908
■ Actuarial Value of Assets(MV)	60,070	73,124	78,578	81,741
■ Unfunded AAL	143,572	140,333	156,217	164,167
■ Funded Ratio	29%	34%	33%	33%
■ Normal Cost		5,674		6,340

RESULTS

Actuarial Gain/Loss

(in millions)

	AAL	(Assets)	UAAL
■ Actual 6/30/13	\$ 203.6	\$ (60.1)	\$ 143.6
■ Expected 6/30/16	233.6	(89.8)	143.8
• Assumption Changes	22.1		22.1
• Assets		8.0	8.0
• Plan Changes	2.5		2.5
• Experience (Gains)/Losses	(12.3)	-	(12.3)
■ Total (Gain)/Loss	12.3	(8.1)	20.3
■ Actual 6/30/16	245.9	(81.7)	164.2

RESULTS

Actuarial Obligations – June 30, 2015

(Amounts in 000's)

	AAL	Assets	UAAL
■ Airport	\$ 209	\$ 4	\$ 205
■ CIP	3,036	1,114	1,923
■ Elec ¹²	28,519	10,014	18,505
■ Gas ¹²	10,628	3,994	6,634
■ GF	155,343	47,751	107,592
■ ISF – Technology	4,382	1,842	2,540
■ ISF – Vehicle	1,840	1,142	698
■ ISF – Printing & Mailing	723	354	369
■ Refuse	6,026	2,589	3,437
■ Storm Drain	1,920	606	1,314
■ Water ¹²	5,546	2,983	2,563
■ WWC ¹²	3,038	1,563	1,474
■ WWT	13,585	4,622	8,963
■ Total	234,795	78,578	156,217

¹² AAL for UTL employees allocated to Elec, Gas, Water, and WWC in proportion to each Fund's AAL.

RESULTS

Annual Required Contribution (ARC)

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	2014/15	2015/16	2016/17	2017/18 ¹³
■ Discount Rate	7.61%		7.25%	
■ ARC - \$				
• Normal Cost	\$ 5,674	\$ 5,880	\$ 6,340	\$ 6,587
• UAAL Amortization	8,607	8,887	10,025	10,351
• Total	14,282	14,767	16,365	16,938
■ Projected Payroll	87,187	90,021	93,372	96,406
■ ARC - %Pay				
• Normal Cost	6.5%	6.5%	6.8%	6.8%
• UAAL Amortization	9.9%	9.9%	10.7%	10.7%
• Total	16.4%	16.4%	17.5%	17.5%
■ Pay-As-You-Go Cost (Cash)	8,995	9,638	10,353	11,099
■ Pay-As-You-Go Cost (IS)	1,916	1,960	2,203	2,444

¹³ ADC for 2017/18.

RESULTS

10 Year Projection

(Amounts in 000's)

FYE	ARC / ADC ¹⁴	Pay	ARC / ADC % of Pay	Projected Funded Status
2017	\$16,365	\$ 93,372	17.5%	36%
2018	16,938	96,406	17.5%	38%
2019	17,530	99,539	17.6%	40%
2020	18,138	102,774	17.6%	42%
2021	18,765	106,115	17.7%	44%
2022	19,411	109,563	17.7%	46%
2023	20,076	113,124	17.7%	49%
2024	20,760	116,801	17.8%	51%
2025	21,466	120,597	17.8%	53%
2026	22,192	124,516	17.8%	55%

¹⁴ ARC is defined by GASB 45. Actuarially Determined Contribution (ADC) beginning 2017/18.

DEFINITION OF TERMS

- **Actuarial Accrued Liability (AAL)**
 - Liability for benefits “earned” for past service using actuarial methods and assumptions
- **Normal Cost (NC)**
 - Value of benefits “earned” during the current year
- **Annual Required Contribution (ARC)**
 - Normal Cost, plus
 - Amortization of Unfunded AAL (UAAL)
- **Net OPEB Obligation (NOO)**
 - Historical difference between ARC and actual contributions
- **PayGo**
 - Cash payments for retiree benefits

Impacts to FY 2017 Proposed

Funding Source	Adopted FY 2016	Modified FY 2016	Proposed FY 2017	May 9, 2016 Valuation	Change from Proposed FY 2017 to May 9, 2016
General Fund	9,664,600	8,246,207	9,322,699	9,403,256	80,557
Enterprise Funds	4,070,524	3,473,128	3,806,691	4,097,591	290,900
Other Funds	710,064	605,853	678,865	661,153	(17,712)
Employee Health Contributions	321,812	321,812	-	-	-
Implied Subsidy	-	2,120,000	2,291,745	2,203,000	(88,745)
Annual Required Contribution (ARC)	\$ 14,767,000	\$ 14,767,000	\$ 16,100,000	\$ 16,365,000	\$ 265,000

Unfunded Liability as of June 30, 2013 report: \$143.6 million
 Unfunded Liability as of June 30, 2015 report: \$156.2 million
 Citywide Change: \$12.6 million



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FY 2017 Proposed Operating Budget

Planning and Community Environment

Operating Budget pp. 315-329

Finance Committee

May 10, 2016



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Department Overview



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Sample of Accomplishments

- Ground floor retail preservation ordinance
- Comp Plan summit and CAC formation
- Comp Plan Vision and Goals
- Downtown Commute Survey and TMA launch
- Downtown RPP
- Code clean up ordinance
- Annual office/R&D limit
- 5 bicycle boulevard concept plans
- \$2M traffic signal upgrade
- Major approvals at 2555 Park, 261 Hamilton, 385 Sherman, 430 Forest, Stanford Shopping Center
- 2 SSO districts; initiated IR program review



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FY2017 Initiatives

- Comp Plan Update
- Phase 2 of Downtown RPP & next RPP
- Parking wayfinding implementation
- Paid parking study & recommendations
- Annual commute survey & TMA support
- Bike Plan implementation projects
- Traffic speed survey phase one & safety improvements
- Many more



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Budget Overview

- No Significant Change from FY 2016
 - General Fund Support of Approx \$8.9M
 - CIP Projects & Special Revenue Funds
- Staffing Requests
- Budget Adjustment Requests
- Unfunded Activities



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Staffing Requests

- Management Analyst (Administration)
- Program Assistant (Transportation)
- Building/Planning Tech (Current Planning)
- 0.5 FTE Coordinator Transportation Systems Management (Safe Routes)

Total General Fund Impact: 0.52 FTE



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Other Budget Adjustments

- Continued funding for TMA pilot programs
- Ongoing Shuttle operations
- Adjustment of staff between departments
- California Avenue retail study
- Scanning and storage
- Revenue alignment (adopted fee increases)
- Continued use of “on call” contractors



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Not Reflected in the Budget

- FY16 Comp Plan Update contract amendment
- FY16 grade separation PM contract
- Shuttle expansion
- Multiple major housing initiatives ahead of the Comp Plan
- Eichler design guidelines
- Establishment & operation of new RPP Districts



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FY 2017 Proposed Operating Budget

Special Revenue Funds

Operating Budget pp. 115-127

Finance Committee

May 10, 2016



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Significant Activity By Fund

Special District Funds

- University Ave Parking Permit Fund
 - *Street Sweeping Contractual Increase: \$39,709*
 - *Transfer to Capital: \$682,676*
- California Ave Parking Permit Fund
 - *Street Sweeping Contractual Increase: \$64,638*
- Residential Preferential Parking Fund
 - *Contract Enforcement Costs: \$437,407*
 - *Online Service: \$103,476*
 - *Additional areas discussed at Council 5/9/2016*



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Significant Activity By Fund

Stanford University Medical Center Fund

- Project Safety Net Collaborative: \$85,000 remaining
- CIP Transfers:
 - Intermodal Transit: \$441,000 (Public right of way)
 - Quarry Road Improvements: \$359,000 (Public right of way)
 - Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing:
 - \$1.6 Million (Charleston/Arastadero Corridor)
 - \$2.8 Million (New Public Safety Building)
 - \$6.0 Million (Replacement of Fire Station #3)
 - Climate Change: \$1.2 Million (Bicycle and Pedestrian Plan)



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Significant Activity By Fund

Housing In-Lieu Funds

- Revenue is projected to decrease by \$1.7 million based on tracking

Traffic Mitigation and Parking In-Lieu Funds

- University Ave Parking In-Lieu Fund
 - *Downtown Parking Garage*: \$2.7 million in FY 2019

Federal & State Revenue Funds

- Community Development Block Grant (CDBG): \$754,000



Significant Activity By Fund

Street Improvement Fund

No change in activity for FY 2017

Community Development Funds

No change in activity for FY 2017

Public Benefits Funds

No change in activity for FY 2017

Downtown Business Improvement District Fund

No change in activity for FY 2017

Public Art Fund

No change in activity for FY 2017



FY 2017 Proposed Operating Budget

May 10th Recap

Finance Committee

May 12, 2016



Current Status

BUDGET PROCESS

Date	Draft Adjustments to Budget	FY 2017	Dept	Date	Parking Lot Issues	Amount	Dept	Priority
	Beginning Balance	\$ -		3-May	Office of Sustainability Contingency	250,000	Non-Dept	
3-May	No Changes	0		3-May	2016 Elections Funding	150,000	Non-Dept	
5-May	No Changes	0		3-May	Establish Budget Uncertainty Reserve	2,000,000	Non-Dept	
10-May	No Changes	0		3-May	Transfer from the General Fund: Traffic Signal and Streetlight Electric Costs	2,226,122	Non-Dept	
12-May	TBD			3-May	Reduce Transfer to General Capital Improvement Fund	(1,400,000)	Non-Dept	
17-May	TBD			5-May	Realignment of Development Services Staffing	412,867	Fire	
23-May	TBD			5-May	Fire Station Furniture, Fixtures, and Equipment	125,000	Fire	
				5-May	TrackWatch Contract	824,000	Police	
		\$ -		5-May	HRAP - Page 221	1,435,508	CSD	
				10-May	Realignment of Fire Prevention, Planning, and Public Works Staff	(607,922)	DSO	
				10-May	Planning Contingency Funding	TBD	PCE	
				10-May	Establishment of two new RPPs at City Council 5/9/2016 ongoing O&M	232,000	PCE	
				10-May	Planning/Development Services Staffing Alignment	95,060	PCE	
					Total:	\$5,415,575		



2

FY 2017 Proposed Municipal Fee Schedule

Finance Committee

May 12, 2016



3

Background

- Annual Process
- User Fee Cost Recovery Level Policy
- Cost of Services Studies:
 - Planning & Community Environment
 - Development Services



4

Fee Adjustment Recommendations

- FY 2017 Salary & Benefit adjustment = 5.5%
- Fees over 100% adjusted down
- Development Impact fee adjustments
 - Construction Cost Index = 3.5%
- 12 new fees
- 8 deleted fees
- 118 changed fees



5

New Fees

- Mitchell Park – Cleaning Package (CSD)
- Wet Season Construction Site Stormwater Inspection (Development Services - Public Works)
- Offsite document Recovery (Police)



6

Deleted Fees

- Art Center Green Room (CSD)
- Cubberley Community Center Theater Rentals (CSD)
- Sales – Coffee/Tea – Self Serve (Library)

Changed Fees

- Fee adjusted to align with market value
 - Art Center: Auditorium Rental – 10% increase
- Fee adjusted to reach desired cost recovery
 - Encroachment Permit: Dumpster – 10% increase
- Technical adjustments



7

FY 2017 Proposed Operating Budget Public Works

Finance Committee

May 12, 2016



Department Overview

Mission

Purpose

Divisions

- Environmental Services
- Engineering Services
- Airport
- Public Services



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FY 2017 Proposed Budget Public Works

Item 3.a) General Fund

Operating Budget pp. 350-360



Accomplishments & Initiatives

Fiscal Year 2016 Accomplishments

- Pavement Condition Index
- Council Infrastructure Plan
- APWA accreditation
- Residential food scraps collection & commercial recycling and composting
- Sludge dewatering & truck loadout facility

Fiscal Year 2017 Initiatives

- Complete Baylands Interpretive Center renovation and boardwalk replacement design
- Complete Environmental Impact Review (EIR) for Newell Road Bridge Project
- Maintain the health of the urban forest
- Modernize City building systems to reduce energy consumption



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General Fund

Significant Budget Proposals:

- Tree Trimming Services, \$569,000

	Previous Tree Trimming Contract	Proposed Tree Trimming Contract
Annual Cycle	7 year	15 year
Trees pruned annually	5,050	6,300
Annual Cost	\$350,000	\$968,000

➢ Increased pruning cycle implications and risks

- Urban Forest Master Plan, \$200,000



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FY 2017 Proposed Budget Public Works

Item 3. d)

Wastewater Treatment Fund

Operating Budget pp. 378-386

Capital Budget pp. 551-580



Wastewater Treatment Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Secure state funding and award construction contract for dewatering
- Initiate strategic planning for Northwest County Water Reuse

Key Changes from Fiscal Year 2016:

- Operating Increase: 8.6%
 - (5.5% before debt service correction)
- Capital Increase: 92%
 - dewatering/incinerator; plant rehab projects
 - Funded by State Revolving Fund loans
- Capital Reappropriations \$16.0 million

Rate Increase: 9%



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Wastewater Treatment Fund Significant Budget Proposals

(Palo Alto's Share)

1/3 FTE: Senior Engineer – Emergency equipment repairs and CIPs

- Catch up: Deteriorating 45 year old Plant
- Execute: \$200 million capital program

2/9 FTE: Management Analyst – Fund analysis for partner agencies

- Multiple partner agreements, cost/rate analyses and reports
- Increased CIP activity demands greater financial management

1/3 FTE: Senior Engineer – Recycled water wholesaler management

- Compliance with state regulatory requirements for wholesaler
- Public health management



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Reuse Alternatives

www.cityofpaloalto.org/recycledwater

Recycled & Other Non-Potable Water



Water Reuse Opportunities in Palo Alto

Wastewater Treatment Plant



Emily Renzel Wetlands

(Egrets and Pelicans)



Palo Alto's Recycled Water Project is Phase 3 of Program Expansion



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FY 2017 Proposed Budget Public Works

Item 3. b) Refuse Fund

Operating Budget pp. 361-368

Capital Budget pp. 491-500



Refuse Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Implement phase 2 commercial recycling & composting ordinance
- Implement landfill post-closure inspection & maintenance program

Key Changes from Fiscal Year 2016:

- Expenses increasing by 3.9%
- Capital reappropriations \$0.1 million

Significant Budget Proposals:

- Landfill staffing, \$72,000
- Division administrative staffing, \$56,000



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FY 2017 Proposed Budget Public Works

Item 3. c)

Storm Drain Fund

Operating Budget pp. 369-377

Capital Budget pp. 501-518



Storm Drainage Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Substantially complete remaining projects in 2005 ballot measure
- Commence development of Green Infrastructure Plan
- Secure approval of Blue Ribbon Committee recommendations, funding plan and potential ballot measure for early 2017

Key Changes from Fiscal Year 2016:

- FY 2017 Proposed CIP \$7.7 million
 - Reappropriations \$4.7 million

Significant Budget Proposals:

- Increase in Storm Drainage Fee, (\$193,723)
- Green Infrastructure Plan, \$50,000



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FY 2017 Proposed Budget Public Works

Item 3. e)

Airport Fund

Operating Budget pp. 387-393

Capital Budget pp. 327-342



Airport Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Complete design of apron reconstruction project
- Construct security fencing project
- Evaluate Fixed Based Operator leasing options

Key Changes from Fiscal Year 2016:

- FY 2017 Proposed CIP \$2.6 million
 - FAA grant revenues \$2.2 million

Significant Budget Proposals:

- Increase to General Fund loan, \$400,000 (FY2017 total loan of \$0.7 million)



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FY 2017 Proposed Budget Public Works

Item 3. f) & 4

Vehicle Fund Budget/3 Year Pilot Contract

Operating Budget pp. 394-401

Capital Budget pp. 657-686

CMR #6887 Contract For On-Site Fleet Parts and Inventory Program



Vehicle Replacement Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Evaluate replacement charges
- Replace aging vehicles and analyze utilization for ideal fleet size
- Increase electric and hybrid vehicle replacements to reduce emissions
- Improve replacement parts inventory management processes

Key Changes from Fiscal Year 2016:

- FY 2017 Proposed CIP \$8.9 million
 - Capital reappropriations \$4.9 million
 - Vehicle Replacement Reserve \$3.3 million

Significant Budget Proposals:

- Replacement of co-owned fire truck, transfer from General Fund (\$158,000)
- Installation of GPS monitoring, \$53,570



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Item 4:

3-Year Pilot Program for Fleet Parts/Inventory

Current Process

- Annual inventory of \$260,000
- 4 staff members, 2,000 hours , 3,500 transactions annually

Pilot Program

- Study recommended
- Staff available for fleet maintenance and vehicle replacements
- Freeze one FTE
- Annual savings of approximately \$245,000



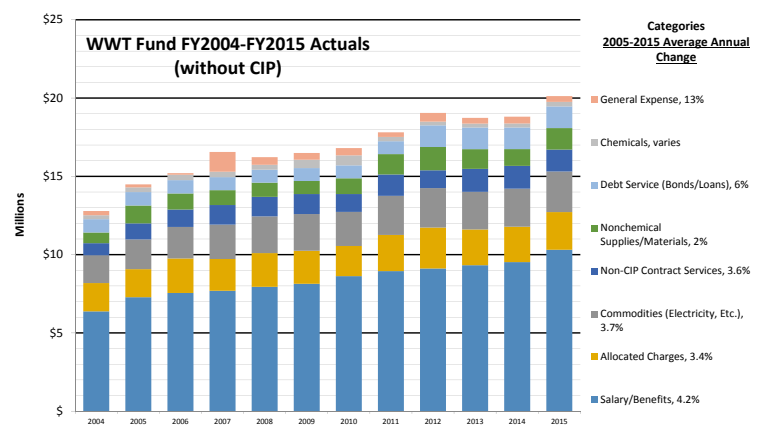
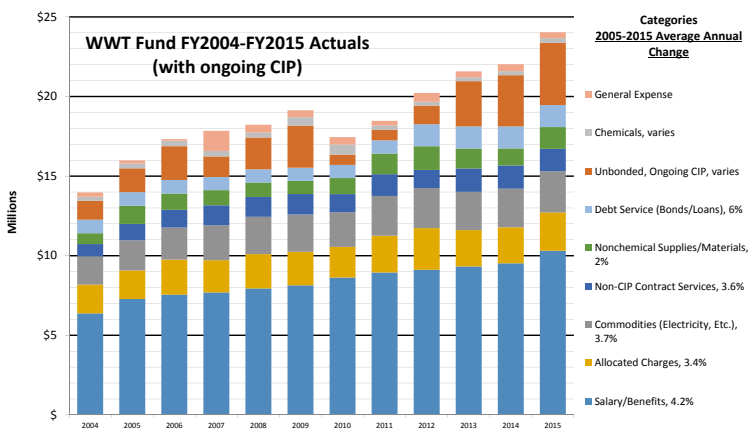
26

Refuse Fund FY17 Key Personnel Changes

- **Substitute 1 permanent FTE for landfill post closure maintenance and drop hourly position**
 - New environmental protection systems
 - Safety requirement
- **1/3rd FTE for Division Management Analyst**

Refuse Fund FTE History

FY12	FY13	FY14	FY15	FY16	FY17
38.07	26.47	21.95	16.25	15.2	15.65



FY 2017 Proposed Operating Budget

May 12th Recap

Finance Committee

May 17, 2016



1

Current Status

BUDGET PROCESS

Date	Draft Adjustments to Budget	FY 2017	Dept	Date	Parking Lot Issues	Amount	Dept	Priority
	Beginning Balance	\$ -		3-May	Office of Sustainability Contingency	250,000	Non-Dept	
3-May	No Changes	0		3-May	2016 Elections Funding	150,000	Non-Dept	
5-May	No Changes	0		3-May	Establish Budget Uncertainty Reserve	2,000,000	Non-Dept	
10-May	No Changes	0		3-May	Transfer from the General Fund: Traffic Signal and Streetlight Electric Costs	2,226,122	Non-Dept	
12-May	No Changes	0		3-May	Reduce Transfer to General Capital Improvement Fund	(1,400,000)	Non-Dept	
17-May	TBD			5-May	Realignment of Development Services Staffing	412,867	Fire	
23-May	TBD			5-May	Fire Station Furniture, Fixtures, and Equipment	125,000	Fire	
		\$ -		5-May	TrackWatch Contract	824,000	Police	
				5-May	HSRAP - Page 223	1,435,508	CSD	
				10-May	Realignment of Fire Prevention, Planning, and Public Works Staff	(807,922)	DSO	
				10-May	Planning Contingency Funding	TBD	PCE	
				10-May	Establishment of two new RPPs at City Council 5/3/2016 ongoing O&M	232,000	PCE	
				10-May	Planning/Development Services Staffing Alignment	95,060	PCE	
				12-May	Tree Trimming Services: lower from 15 years to 10 years	135,000	PW	
				12-May	Requested 1.0 position decrease in the General Fund as recommended by the City	-	All	
					Total:	\$ 5,415,575		



2

Fiscal Year 2017 Proposed Budget Utilities

Overview

Operating Budget pp. 403-410



3

Department Overview

Mission: The City of Palo Alto Utilities provides safe, reliable, environmentally sustainable, and cost effective services.

Purpose

Divisions

- Administration
- Customer Support
- Engineering
- Operations
- Resource Management



4

Accomplishments

- Coordinated successful citywide drought response efforts
- Launched and achieved very high participation in Peninsula SunShares program
- Increased the City's Renewable Portfolio Standard to 26% and projected RPS of 40% by end of CY 2016
- Launched a heat pump water heater pilot, PaloAltoGreen Gas Program, and Home Efficiency Genie Program
- Completed major Water, Gas, and Wastewater CIP replacement projects; upgraded security in two substations



5

Fiscal Year 2017 Initiatives

- Capital Improvements and Maintenance
- Energy Efficiency and Conservation Programs
- Technology and Smart Grid
- Electrification Work Plan
- Workforce Development and Succession
- Strategic Plan Implementation



6

Utilities Staffing Proposals

- No Regular Additions or Reductions
- Reclassifications (11 FTEs - \$177k)
 - Realign job title to existing and/or new duties
 - Improve operational efficiency
 - Provide staffing flexibility
 - Create job development opportunity
- Add/Drop (2 FTEs - \$74k)
 - Focus on staffing and operation needs



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FY 2017 Proposed Budget Utilities

Item 2.a) Electric Fund

Operating Budget pp. 411-424

Capital Budget pp. 343-434



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Electric Fund

Operating Budget, pp. 411-424

Fiscal Year 2017 Initiatives:

- Increase the City's Renewable Portfolio Standard to 57% by end of CY 2017
- Continue to evaluate and develop potential cost-effective Electrification programs

Significant Budget Proposals:

- Rate increase 11% (\$14.7 million in revenue)
- Commodity purchases increase of \$10.1 million
- Traffic signal & streetlight electric costs (\$2.3 million transfer from the General Fund)



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Electric Fund

Capital Budget, pp. 343-434

Fiscal Year 2017 Capital: \$21.6 million

Significant Projects:

- Customer Connections: \$11.6 million
 - Electric Pole Replacements for FTTP
 - VA Hospital Expansion
- System Improvements: \$9.2 million
 - 230 Kv Electric Intertie
- Undergrounding Projects: \$0.8 million



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FY 2017 Proposed Budget Utilities

Item 2.b) Fiber Optics Fund

Operating Budget pp. 425-431

Capital Budget pp. 435-454



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Fiber Optics Fund

Operating Budget, pp. 425-431; Capital Budget, pp. 435-454

Fiscal Year 2017 Initiatives:

- Rebuild/Upgrade the City's dark fiber network
- Reach an agreement with a 3rd party to build a citywide fiber optic network
- Issue a Request for Proposal to build wireless networks for Public Safety and Utilities
- Develop a 'Dig Once' policy or ordinance

Contractual CPI Rate Increase of 3.2%

Fiscal Year 2017 Capital: \$1.7 million

- Fiber Optic System Rebuild



12

FY 2017 Proposed Budget Utilities

Item 2.c) Gas Fund

Operating Budget pp. 432-443

Capital Budget pp. 455-490



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Gas Fund

Operating Budget, pp. 432-443

Fiscal Year 2017 Initiatives:

- Promote PaloAltoGreen Gas Program
- Cross Bore Safety inspection program
- Gas safety awareness and outreach



Significant Budget Proposals:

- Rate increase 8% offset by usage reduction (\$1.4 million revenue decrease)



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Gas Fund

Capital Budget, pp. 455-490

Fiscal Year 2017 Capital: \$6.3 million

Significant Projects:

- System Improvements: \$0.7 million
- Customer Connections: \$1.4 million
- Gas Main Replacements: \$4.2 million



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FY 2017 Proposed Budget Utilities

Item 2.d) Wastewater Collection Fund

Operating Budget pp. 444-453

Capital Budget pp. 519-550



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Wastewater Collection Fund

Operating Budget, pp. 444-453

Fiscal Year 2017 Initiatives:

- Wastewater Collection System Rehabilitation/Augmentation projects
- Reduce number of Sanitary Sewer Overflows

Significant Budget Proposals:

- Rate increase 9% (\$0.9 million in revenue)
- Wastewater Treatment Costs \$1.2 million



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Wastewater Collection Fund

Capital Budget, pp. 519-550

Fiscal Year 2017 Capital: \$4.8 million

Significant Projects:

- System Improvements: \$4.4 million
- Customer Connections: \$0.4 million



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FY 2017 Proposed Budget Utilities

Item 2.e) Water Fund

Operating Budget pp. 454-466

Capital Budget pp. 581-626



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Water Fund

Operating Budget, pp. 454-466

Fiscal Year 2017 Initiatives:

- Complete business plan to evaluate potential expansion of recycled water
- Seismic upgrades of reservoirs
- Complete the design for WMR 26

Significant Budget Proposals:

- Rate increase 6% offset by usage reduction (\$0.1 million revenue decrease)



20

Water Fund

Capital Budget, pp. 581-626

Fiscal Year 2017 Capital: \$9.6 million

Significant Project Costs:

- Water Main Replacements: \$6.3 million
- Customer Connections: \$0.7 million
- System Improvements: \$2.6 million



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Fiscal Year 2017 Proposed Budget General Fund Capital

Capital Budget pp. 95-324



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Fiscal Year 2016 Accomplishments

- Completed the El Camino Park Restoration project
- Completed Traffic Circles Improvements project
- Completed Rinconada Pool Locker Room project
- Completed site selection for Public Safety Building and California Avenue Parking Garage projects
- Completed Phase 1 of the Embarcadero Road at El Camino Real Improvements project
- Concept Plans for seven bicycle boulevards and enhanced bikeways approved by City Council



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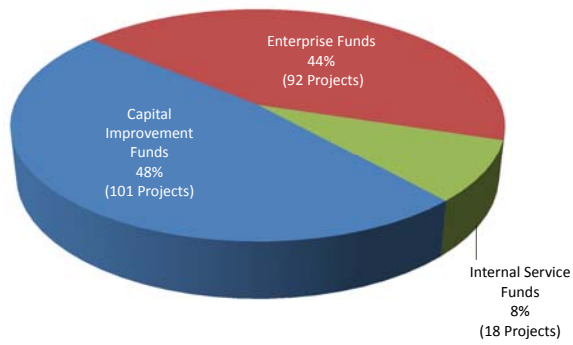
Accomplishments (cont'd)

- Increased Funding for Street Maintenance
 - FY 2010 Adopted Budget = \$1.9 million
 - FY 2011 Adopted Budget = \$3.8 million
 - FY 2017 Proposed Budget = \$6.8 million
- Improved Pavement Condition Index score
 - 2010 average PCI score = 74
 - 2016 average PCI score = 82
 - 2019 goal = 85 (originally projected for 2021)
- PCI of 82 is highest in Santa Clara County
- Annual funding reduced to \$3.8 million beginning in FY 2020

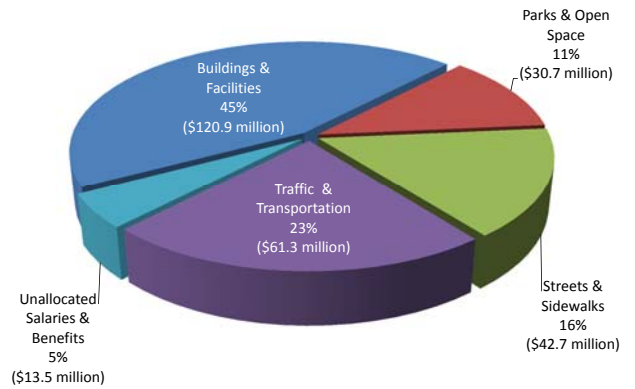


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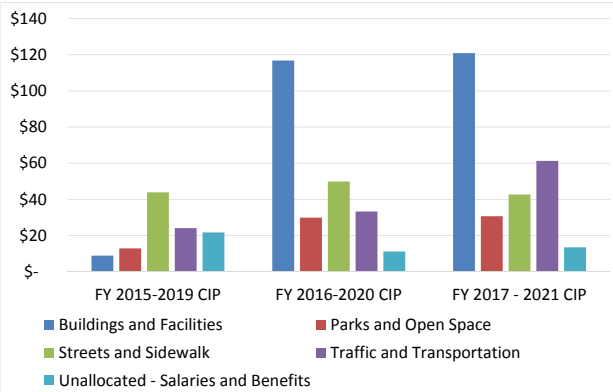
FY 2017 – 2021 Proposed Projects by Fund Type (211 Projects)



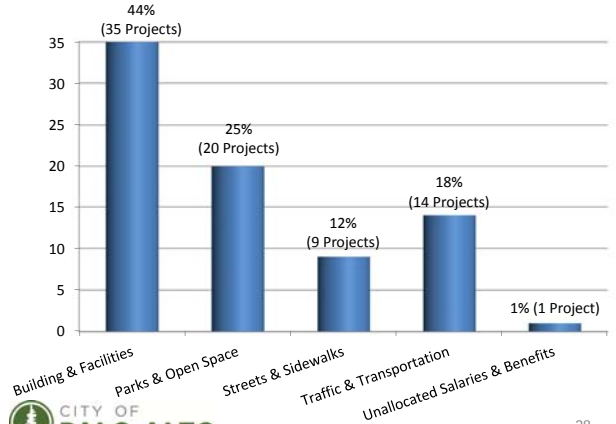
FY 2017-2021 General Capital Improvement Fund (\$269.2 million)



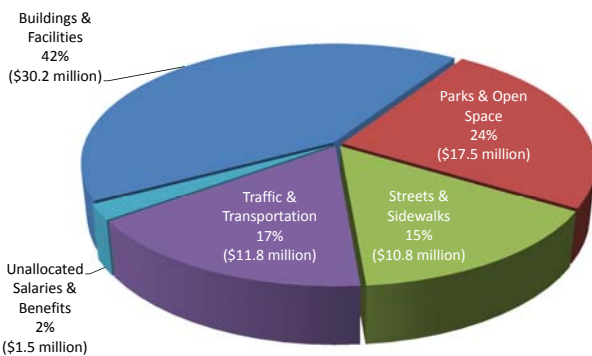
5-Year General Capital Improvement Fund Planned Expenditures (\$ millions)



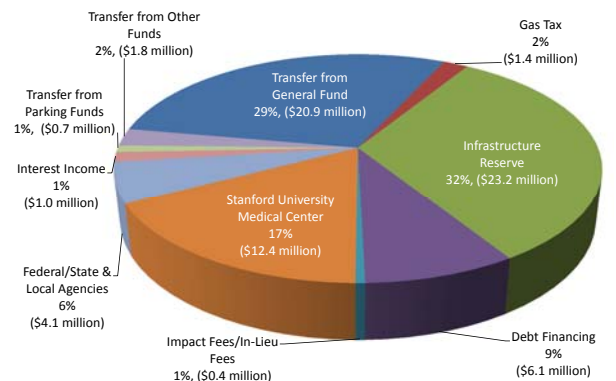
FY 2017 Proposed General Capital Improvement Fund Projects by Category (79 Projects)



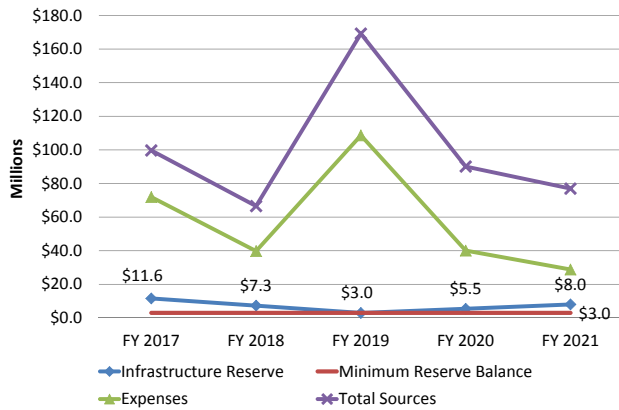
FY 2017 Proposed General Capital Improvement Fund Budget (\$71.9 million)



FY 2017 Proposed General Capital Improvement Fund Sources (\$71.9 million)



Infrastructure Reserve (IR)



City Council Infrastructure Plan

Project	5- Year Plan (in millions)
Public Safety Building	\$ 57.0
Bicycle Pedestrian Transportation Plan	20.0
Replacement of Fire Stations 3 & 4	14.2
Downtown Parking Garage	13.0
California Avenue Parking Garage	9.6
Charleston/Arastradero Corridor Improvements	7.5
Highway 101 Bicycle/Pedestrian Bridge (Gap Funding)	4.7
Byxbee Park Completion	2.8
Infrastructure Contingency Reserve	30.0

Infrastructure Plan Program Management Consultant

- Nova Partners selected after RFP process
- Council approval of contract in June
- Nova Partners successfully managed construction of:
 - Children's Library
 - College Terrace Library
 - Art Center
 - Rinconada Library
 - El Camino Park Restoration

Infrastructure Plan Program Management Consultant (Cont'd.)

- \$4 million contract over three years to assist in management of \$129 million program
- Augment staff to provide:
 - Project management, design and constructability reviews, design consultant management, schedule and budget management, quality assurance, project communication, reporting
- Goal: Ensure successful and transparent implementation of Infrastructure Plan, adhering to scope, schedule and budget

New Projects

- Baylands Boardwalk Improvements: **\$1.4 million**
- Mitchell Park Adobe Creek Bridge: **\$0.25 million**
- City Hall Floor Remodel for floors 4 and 5: **\$0.75 million**
- Civic Center Electrical Upgrades and EV Charger Installation: **\$0.65 million**
- Railroad Grade Separation: **\$1.9 million**
- Downtown Mobility and Safety Improvements: **\$1.45 million**
- Foothills Park, Arastradero Preserve and Esther Clark Park Comprehensive Conservation Plan: **\$0.3 million**
- Baylands Flood Protection Levee Improvements: **\$1.0 million**

Other Impacts NOT Included

- Additional Golf Course reconstruction costs
- Potential acquisition of Downtown Post Office
- University Ave. Parking Fund revenues currently programmed to fund projects in FY2018-2021:
 - Downtown Automated Parking Guidance Systems, Access Controls & Revenue Collection Equipment (\$2.0 million, PL- 15002)
 - Downtown Parking Management Study Implementation (\$2.3 million, PL-16002)

Progress of IBRC “Catch-up” Backlog

IBRC “Catch-up” Category	IBRC Final Report “Catch-up” Backlog	“Catch-up” amount funded to date, or included in Proposed CIP	FY 2015-2019 Backlog
Building	\$5.0 million	\$2.2 million	\$2.8 million
Cubberley	\$6.9 million	\$0.7 million	\$6.2 million
Parks	\$14.4 million	\$6.5 million	\$7.9 million
Surface	\$14.9 million	\$12.1 million	\$2.8 million
Total	\$41.2 million	\$21.5 million	\$22.4 million

Cubberley Property Infrastructure Fund

- *Cubberley Community Center Master Plan*
(Fiscal Year 2017: \$0.3 million)
- *Cubberley Field Restrooms*
(Fiscal Year 2017: \$0.3 million)
- *Cubberley Amenities Improvements - (Reserve)*
(Fiscal Year 2017: \$1.0 million)
- *Cubberley Repairs*
(Fiscal Year 2017: \$0.3 million).
- *Cubberley Roofing Replacements projects*
(Fiscal Year 2017: \$0.8 million; 5-year CIP: \$2.7 mil.)

Budget Hearing and Proposition 218 Hearing

Attachment S: FY 2017 Budget Hearing Transcripts

(Hard copies for City Council Only)

- A. April 25, 2016 City Council Meeting Excerpt Transcript
<http://cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=52679>
- B. May 3, 2016 Finance Committee Meeting Transcript
<http://cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=52664>
- C. May 5, 2016 Finance Committee Meeting Transcript
<http://cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=52665>
- D. May 10, 2016 Finance Committee Meeting Transcript
<http://cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=52666>
- E. May 12, 2016 Finance Committee Meeting Transcript
<http://cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=52667>
- F. May 17, 2016 Finance Committee Meeting Transcript
<http://cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=52668>