



City of Palo Alto

City Council Staff Report

(ID # 8186)

Report Type: Action Items

Meeting Date: 6/27/2017

Summary Title: FY 2018 Budget Adoption

Title: PUBLIC HEARING: Adoption of Budget Ordinance for Fiscal Year 2018, Including Adoption of Operating and Capital Budgets and Municipal Fee Schedule; Adoption of the Following Resolutions: 1) Approving the FY 2018 Electric Financial Plan, 2) Adopting an Electric Rate Increase and Amending Electric 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, and E-14, 3) Approving the FY 2018 Gas Utility Financial Plan, 4) Approving the FY 2018 Wastewater Collection Utility Financial Plan, 5) Adopting a Dark Fiber Rate Increase and Amending Dark Fiber Rate Schedules EDF-1 and EDF-2, 6) Approving the FY 2018 Water Utility Financial Plan, and 7) Amending Resolution 9671 to Modify Permit Fees for the Downtown Residential Preferential Parking (RPP) Program and Finding the Action Exempt From the California Environmental Quality Act; and Amending Salary Schedules for the Management and Professional Group, the Services Employees International Union, and the Limited Hourly Group

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 2018 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 2018 Proposed Operating and Capital Budget (Attachment A, Exhibit 2);
 - c. Fiscal Year 2018 City Table of Organization (Attachment A, Exhibit 2);
 - d. Fiscal Year 2018 Proposed Municipal Fee Changes (Attachment A, Exhibit 3).
2. A Resolution of the City Council of the City of Palo Alto approving the Fiscal Year 2018 Electric Financial Plan and proposing several transfers for FY 2018 (Attachments B & C);

3. A Resolution of the City Council of the City of Palo Alto amending Rate Schedules E-1 (Residential Electric Service), E-2 (Small Non-Residential Electric Service), E-2-G (Small Non-Residential Green Power Electric Service), E-4 (Medium Non-Residential Electric Service), E-4-G (Medium Non-Residential Green Power Electric Service), E-4 TOU (Medium Non-Residential Time of Use Electric Service), E-7 (Large Non-Residential Electric Service), E-7-G (Large Non-Residential Green Power Electric Service), E-7 TOU (Large Non-Residential Time of Use Electric Service), and E-14 (Street Lights) (Attachments D & E);
4. A Resolution of the City Council of the City of Palo Alto approving the Fiscal Year 2018 Gas Utility Financial Plan (Attachments F & G);
5. A Resolution of the City Council of the City of Palo Alto approving the Fiscal Year 2018 Wastewater Collection Utility Financial Plan (Attachments H & I);
6. A Resolution of the City Council of the City of Palo Alto increasing the Dark Fiber Rates by 3.5% effective July 1, 2017 by Amending the EDF-1 and EDF-2 Rate Schedules (Attachments J & K);
7. A Resolution of the City Council of the City of Palo Alto approving the Fiscal Year 2018 Water Utility Financial Plan and a transfer of \$1.877 million from the Water Rate Stabilization Reserve to the Water Operations Reserve (Attachments L & M); and
8. A Resolution Amending Resolution 9671 to Modify Permit Fees for the Downtown Residential Preferential Parking (RPP) Program and finding the Action Exempt from the California Environmental Quality Act (Attachment N).
9. Approve Amending Salary Schedules for:
 - a. Management and Professional Group (MGMT) (Attachment O, Exhibit 1) as amended by [CMR #7840](#) to add one new classification and change titles of three classifications.
 - b. Service Employees International Union (SEIU) 2015-2018 MOA (Attachment O, Exhibit 2) as amended by [CMR #7656](#) to reclassify four classifications and change the salary rates of two classifications.
 - c. Limited Hourly Group (Attachment O, Exhibit 3) as amended by [CMR #7656](#) to update the salary rates of one classification.

EXECUTIVE SUMMARY

As a result of actions recommended in this memorandum both by staff and the Finance Committee, the total Fiscal Year 2018 Proposed Budget (restated) of \$651.8million will increase by \$20.4 million which reflects a 3.1% increase for a total Fiscal Year 2018 Adopted Budget of \$672.2 million. This Adopted Budget leaves the City in a fiscally healthy situation with the General Fund Budget Stabilization Reserve (BSR) at the Council recommended level of 18.5% of the General Fund Adopted Budget total expenses; however, there are some challenges that will need to be addressed in Fiscal Year 2018 and beyond. Staff will continue to proactively undertake these challenges and with the Finance Committee and the Council in FY 2018 and as part of the FY 2019 budget process.

During May 2017, the Finance Committee reviewed the Fiscal Year 2018 City Manager Proposed Operating and Capital Budgets as well as various fee and rate changes recommended by staff. During these discussions 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 it. Overall, the Finance Committee approved the proposed budgets as amended on a 3-1 vote (nay: Tanaka). This

report summarizes the hearings that occurred in May including all approved changes and recommends limited additional changes staff has identified since the last Finance Committee meeting on May 18, 2017. This report includes the following sections:

- *Fiscal Year 2018 Finance Committee Budget Balancing & Final Recommended Changes:* A summary of the budget balancing process including major changes approved by the Finance Committee and additional recommended adjustments from staff. This is organized by fund type beginning with citywide, General Fund, General Capital Fund, Enterprise Funds, Internal Services Fund, Special Revenue Funds, and Capital Reappropriations.
- *Table of Organization:* a summary of additional changes to the Table of Organization as it was presented in the FY 2017 Proposed Budget released April 25, 2017.
- *Municipal Fee Schedule:* A summary of the changes recommended in the attached City Manager Report #8020 FY 2018 Proposed Municipal Fee Schedule as well as revisions made subsequently as part of the Finance Committee hearing on May 18, 2017.
- *Fiscal Year 2018 Rate Changes (various utilities such as electric):* A brief overview of the rate changes recommended as part of this report as reviewed by the Utilities Advisory Commission and Finance Committee. Each of these rate changes are included in the FY 2018 budget assumptions. This report outlines the actions requested, transmits the resolutions from these reviews, and requests City Council approval and adoption. In limited instances, rates have already been approved or scheduled for approval prior to June 27, 2017 – water, refuse, and storm drain. This section also references those changes for informational purposes only.
- *Compensation Plans:* A description of all compensation plans and the amendments contained within in order to align with the recommended adjustments in the FY 2018 Budget as well as limited clean-up actions.
- *Referral Items for Full Council at the Request of the Finance Committee:* 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.
- *Attachments:* Attached to this report are a number of documents as outlined and referenced throughout the recommendation language and the report. In addition, links to all the materials presented throughout the budget process to both the City Council and/or the Finance Committee such as *At Places Memorandums*, presentations made during the budget hearings, and transcripts from Finance Committee Hearings are included.

Not included in this CMR is the approval of the GANN Limit. This has been transmitted separately for City Council consideration.

FISCAL YEAR 2018 FINANCE COMMITTEE BUDGET BALANCING PROCESS & FINAL RECOMMENDED CHANGES

During the Finance Committee meetings, the Finance Committee approved staff recommended changes and recommended and approved their own changes. Based on the Finance Committee Budget Hearing deliberations and requested changes during the month of May 2017 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 2018 Proposed Operating and Capital Budgets distributed to the City Council on April 25, 2017. All

adjustments are outlined in Attachment A Exhibit 2, however below is a summary of the changes across all funds and the General Fund accounting for the various approved motions and staff recommendations. This chart provides a high level summary of the status of the City's FY 2018 citywide revenues and expenses. Following the chart are highlights by fund category: General Fund, General Capital Improvement Fund, Enterprise Funds, Special Revenue Funds, Internal Service Funds, and the Capital Improvement Budget.

FY 2018 REVISED Proposed Budget
General Fund/Citywide (All Funds)
(\$'s in thousands)

	General Fund		All Funds	
	Revenues	Expenses	Revenues	Expenses
Citywide Proposed Budget, released April 25, 2017	\$206,842	\$210,031	\$591,651	\$661,774
Revised Citywide Proposed Budget (Restated for Correction)*	\$206,842	\$210,031	\$581,582	\$651,801
Finance Committee Approved Amendments				
<i>Finance Committee Initiated</i>				
Transportation Management Association (TMA) (annual funding of \$480,000)	\$0	\$0	\$0	\$345
Tree Trimming Cycle (7 year cycle)	\$0	\$338	\$0	\$338
Employee Parking Permit Rate Increases	\$0	\$98	\$762	\$123
Youth Community Services Funding (three year matching grant)	\$0	\$50	\$0	\$50
Citizen's Suvery on Code Enforcement (City Auditor's Office)	\$0	\$20	\$0	\$20
California Avenue General Fund Loan	\$0	(\$75)	(\$75)	(\$75)
FY 2018 Vehicle Replacement Deferral	\$0	(\$50)	(\$50)	(\$100)
<i>Staff Initiated</i>				
Storm Drainage Fund Ballot Measure Implementation (+1.0 FTE)	\$0	\$14	\$315	\$996
Junior Museum and Zoo Capital Project	\$0	\$0	\$0	\$706
Below Market Rate Program Oversight Contract	\$0	\$0	\$0	\$137
Airport Tiedown Lease and Property Rental Revenue Correction	\$0	\$0	\$500	\$0
Reallocation of Parking Evaluation Study Funding (From CMO to Non-Departmental, \$150,000)	\$0	\$0	\$0	\$0
Utilities Capital Improvement Program Correction	\$0	\$0	\$0	(\$12,240)
Various Capital Reappropriations	\$0	\$0	\$7,000	\$14,762
Additional Staff Recommended Amendments (subsequent to Finance Committee Review)				
Buena Vista Mobile Home Park	\$0	\$0	\$0	\$14,875
Property Tax Increase	\$200	\$0	\$200	\$0
SUBTOTAL CHANGES FROM FY 2018 PROPOSED BUDGET	\$200	\$395	\$8,652	\$19,937
Adjustments, including Transfers, Internal Service Funds, and Capital	\$0	\$0	\$2	\$499
Citywide Proposed Revenue and Expenses (as of June 27th Adoption Hearing)	\$207,042	\$210,426	\$590,236	\$672,237

* Subsequent to the release of the FY 2018 City Manager's Proposed budget on April 25, 2017, staff found an error in the Citywide revenues and expenses summary tables as reported in the proposed budget document. It was identified that within these summary tables, a non-budgeted fund was included resulting in an overstatement of both revenues and expenses. Revenues were overstated by \$10.07 million, and expenses were overstated by \$9.97 million. This chart restates the FY 2018 Proposed citywide revenues and expenses as they would have been had this non-budgeted fund been excluded in the "Revised Citywide Proposed Budget (restated for Correction)" row.

General Fund

Throughout the Finance Committee meetings, various minor amendments were proposed by both the Finance Committee and staff in the General Fund. All departmental budgets as amended by the Committee were approved by majority vote with the exclusion of the City Manager's Office budget. The City Manager's Budget resulted in a 2:2 vote (nay: CM Tanaka, CM Holman) after thorough discussion over staffing levels and staff assignments, primarily surrounding the topic of economic development. In the fall of 2016, subsequent to the Adoption of the FY 2017 Operating Budget, a staffing reorganization was approved by the City Council; however, it was this reorganization and the duties assigned to the impacted staffing as a result of this reorganization that resulted in the split vote for the FY 2018 Budget. Overall the City Manager's Budget reflects a 9.6 percentage increase year over year due to this staffing restructuring. Should the figures be normalized for this staffing realignment, year over year growth of approximately 3 percent would be reflected.

Summary of Recommended Changes to the FY 2018 City Manager Proposed Budget

Throughout the FY 2018 Budget hearings, the Finance Committee members recommended amendments to the FY 2018 City Manager Proposed Budget. Staff has worked to incorporate those directions into the amended budget, and recommended a few additional actions as a result of changes approved by the Finance Committee including:

- a \$338,000 increase for the Tree Trimming Contract associated with decreasing the cycle time from 10 years to 7 years (ongoing);
- a \$98,000 increase for the cost of employee parking permits for City employees working in City Hall consistent with the increase in downtown parking permits (see the Municipal Fee Section for fee changes) (ongoing);
- a \$50,000 increase for the Youth Community Services (YCS) matching grant funding (three years, \$50,000 annually);
- a \$20,000 increase for a Citizen's Survey on Code Enforcement to be completed by the City Auditor's Office (one-time);
- a \$75,000 reduction for the loan to the California Avenue Parking Fund as a result of higher parking permit prices and therefore additional revenue to support planned expenses (see the Municipal Fee Section for fee changes); and
- a \$50,000 reduction for the deferral of the replacement of a forklift in the Administrative Services Department. Corresponding decreases in the Vehicle Maintenance and Replacement Fund revenue and expenditures are discussed elsewhere.

In order to offset some of these recommended adjustments, staff has identified an increase in the estimate for Property Tax revenues based on the June 2017 estimated property tax roll growth for FY 2018. This increase reflects updated information from the Santa Clara County Assessor's Office, which now estimates an increase of 6.9 percent from FY 2017, an increase of 0.4% more than the original estimate, which was a year over year increase of 6.5 percent. These figures exclude the estimated surpluses of \$2 million to \$5 million projected for FY2017 since the year-end has not ended and the financials need to be audited.

Once adjusting for all the recommended changes, the revised draw on the BSR is \$3.37 million. This is a \$195,000 increase from the levels proposed in the FY 2018 City Manager Proposed Operating Budget of \$3.2 million. The estimated FY 2018 BSR would be at \$38.9 million or 18.5 percent of the FY 2018

General Fund Recommended Expenditure budget. This level is at the target level of 18.5 percent as approved by the City Council.

Should the City Council wish to increase the proposed level of the Budget Stabilization Reserve or find a need for additional financial capacity in the General Fund, one option could be to reallocate the maintenance costs associated with Cubberley facilities to the Cubberley Property Infrastructure Fund. The Cubberley Property Infrastructure Fund is intended for the maintenance and renovation of the Cubberley property. In the 2014 lease agreement between the City of Palo Alto and the Palo Alto Unified School District (PAUSD), the parties agreed to dedicate approximately \$1.86 million annually for repairing, renovating and/or improving the Cubberley site, which is jointly owned by the City and PAUSD. On an annual basis, the City dedicates approximately \$348,000, or 1.5 positions and operation and facility expenses for Cubberley from the General Fund budget in the Public Work's Department. Reallocating these expenses to the Cubberley Property Infrastructure Fund would dedicate approximately 18 percent of the annual contribution of \$1.86 million.

General Capital Improvement Fund

At the May 18, 2017 Finance Committee Budget meeting, the Finance Committee recommended approval of the General Capital Improvement Fund including the staff recommended amendments. The Committee also requested information from staff in regards to the implications of potentially reducing the estimated General Fund Capital Improvement Fund gap of \$4.3 million in FY 2019. This section addresses both items by first providing a summary of recommended changes as approved by the Finance Committee as well as information pertaining to eliminating the FY 2019 funding gap.

Summary of Recommended Changes to the FY2018 City Manager Proposed Budget

In total, an increase of \$2.0 million in expenses is recommended in this fund in FY 2018. This reflects the combined impact of the reappropriation of funds for various capital projects (\$1.3 million) and establishing the Junior Museum and Zoo Renovation Project (AC-18001) in the amount of \$706,000. In total, when including recommended reappropriations of funds, this would increase the FY 2018 budget from \$75.5 million to \$77.5 million.

The Junior Museum and Zoo Renovation (AC-18001) Project in the amount of \$706,000 is offset by a reduction in FY 2019 funding to the Rinconada Park Improvements Project (PE-08001). The Community Services Department is planning to move the Junior Museum and Zoo (JMZ) operation to the Cubberley Community Center in Fiscal Year 2018 to vacate the current site ahead of the JMZ Rebuild Project that is expected to commence in spring 2018. Expenses consist of \$30,000 in design costs for renovations at Cubberley, \$376,000 in construction and contingency costs, and \$300,000 in permit and inspection fees for the temporary reconfiguration and operation of JMZ at Cubberley. This will minimize the disruption to services during the move and ensure the continuity of JMZ operations.

Information Requested by the Finance Committee – FY 2019 Expense Reduction of \$4.3 million

During the FY 2018 Proposed Budget wrap-up discussion on May 18, 2017, Finance Committee directed staff to return to the City Council with recommendations to eliminate the \$4.3 million gap in Fiscal Year 2019 of the proposed five-year 2018-2022 Capital Improvement Program (CIP). In releasing a five year 2018-2022 Capital Improvement Program that reflects negative balances in FY 2019 through FY 2022, it was staff's intent to demonstrate the appetite for capital improvement investments against the available resources. This has clearly articulated a need for focus and prioritization over the coming year since the five year program, as displayed in the 2018-2022 Proposed Budget, is \$27.7 million short. The

remaining four years of the CIP are only a plan and are anticipated to be adjusted as part of the Fiscal Year 2019 budget process; however, some of the types of adjustments staff plan to review subsequent to the adoption of the FY 2018 budget are outlined below.

- Project Close-out Analysis: over the next year, staff anticipates reviewing all projects, especially those that have been reappropriated, to evaluate if all planned funding is needed and close projects as appropriate. For example, analyzing the close-out of major bond funded projects to ensure all proceeds are properly distributed. It is anticipated that approximately \$4 million in reductions to projects may be feasible.
- Defer/Delay Projects: Staff have identified a handful of projects that could be deferred or delayed and will evaluate additional options as part of the FY 2019 budget process. Current projects that could be deferred or delayed include the Foothills Park, Pearson Arastradero Preserve & Ester Clark Park Comprehensive Conservation Plan (PG-17001), Municipal Services Center(MSC) A,B & C Roof Replacement (PF-17000), Baylands Boardwalk Improvements (PE-14018), and Boulware Park Improvements (PE-17005). The deferral of these projects will result in assets remaining in poor condition, assets remaining closed or with limited use to the community and various users, and increased maintenance for those assets that are beyond useful life.
- Alternative Funding: The current capital plan relies heavily on alternative funding sources such as the Stanford University Medical Center funding, however, some projects could be reimbursed or shifted to a different funding source. For example, staff recommends evaluation of the CalTrain Corridor Video Management System Installation (PE-18001) to be funded by a transfer from the Fiber Optics Fund. This funding alignment and others like it require review by various parties including the City Attorney's Office and would most likely require a review of the current City Council policies that guide the expenses in the Fiber Optics Fund.

In addition, the City collects various developer impact fees, which can be used for capital projects if allowed under the terms of the fee and approved by Council. [CMR #7386](#) outlines the fund balances in the developer impact fee funds as of the end of Fiscal Year 2016. Many of these funds have already been programmed in the 2018-2022 CIP; however, staff will continue to assess these funds as part of the annual budget process to ensure they are being used to offset costs related to capital projects where applicable.

- Additional Revenue Sources: There are several potential revenue sources for capital work that have been identified, but the amounts that Palo Alto will receive have not been finalized; therefore, funding was not programmed into the current 2018-2022 CIP. More information about these funds should be available during Fiscal Year 2018 and staff will return to Council to recognize and appropriate the funds when they become available.

Measure B Funding - In November 2016, Santa Clara County passed a 30-year, half-cent countywide sales tax to enhance transit, highways, expressways and active transportation (bicycles, pedestrians, and complete streets). Tax collections are expected to begin in April 2017 and the Valley Transportation Authority (VTA) expects to receive its first payment in June 2017. Measure B is anticipated to generate between \$6 billion and \$6.5 billion in 2017 dollars.

Road Maintenance and Rehabilitation SB1 - The recent passage of SB1 for Road Maintenance and Rehabilitation is estimated to provide an additional \$1.2 million by Fiscal Year 2019. This funding could supplement and enhance the City's street maintenance program, possibly allowing some funds to be reallocated to other capital projects with Council approval.

The City is also continuing to explore new revenue opportunities such as proposed new hotels, car dealership opportunities, and the sale of Transfer Development Rights (TDRs) while understanding related impacts. These funds could be used to support capital infrastructure through Council policies similar to the increased TOT funds that were approved to fund the City Council Infrastructure Plan capital projects.

Overall, all of these strategies will be necessary to address the forecasted gap in revenues and capital improvement expenses over the five year CIP. Closing out appropriate projects, and deferring/delaying projects outlined in this memorandum will not fully eliminate the Infrastructure Reserve gap in all five years of the CIP; however, staff anticipates these actions would, at minimum, address the funding gap in Fiscal Year 2019. More work is still needed as part of the Fiscal Year 2019 budget process to further prioritize projects, minimize costs, and balance the five-year CIP.

Enterprise Funds

Adjustments in the various enterprise funds primarily resulted from staff initiated changes that were approved by the Finance Committee. Below reflect the significant adjustments, additional details on all adjustments can be found on Attachment A, Exhibit 2.

- Implementation of the Storm Water Management fee was approved by a majority of property owners via a ballot-by-mail process in April 2017. A base rate of \$13.65 per Equivalent Residential Unit (ERU) per month was established along with a provision that the City Council could increase the rate on an annual basis by the local inflation rate (as measured by the Consumer Price Index) or 6 percent, whichever is less. Under the provisions of the ballot measure, the base component of the fee of \$7.48 per ERU per month would be charged monthly until terminated by the City Council.

Various Operating changes and Capital Improvement projects related to Storm Water Management are the result of staff working with a city manager-appointed blue ribbon committee to generate programmatic and project improvements. Recommended actions result in the addition of 1.0 Associate Engineer, \$8.3 million in capital investments over the five year CIP, realignment of existing staffing between funding sources, and the Green Infrastructure Plan for Storm Water Management.

- Realignment of the “Capital Improvement” expense category in various Utility Funds which was inadvertently overstated due to the double counting of salaries and benefits associated with capital improvement projects. Therefore, in order to reflect the lower level of expenses anticipated in FY 2018, it is recommended that the appropriated expenses in the following funds be adjusted downward to accurately align with the anticipated staffing and construction costs. It is important to note that there is no impact to rates or the financial forecasting in these funds, this was simply a display issue in the Proposed Budget documents.

Fund	Recommended Adjustment
Electric Fund	(\$5,856,030)
Fiber Fund	(\$166,370)
Gas Fund	(\$2,666,977)
Wastewater Collection Fund	(\$2,155,768)
Water Fund	(\$1,395,292)
TOTAL	(\$12,240,437)

- Airport Tie Down Lease and Property Rental Revenue increase to the estimate for tie down lease and property rental revenues at the Airport that were inadvertently cited as \$1,011,509 in the

FY 2018 Proposed Operating Budget when they should have been higher by \$500,000. These revenues are associated with the anticipated sunset of the Fix Based Operator (FBO) leases in April 2017 and were anticipated in the development of the Airport Fund and were included in the 5 year financial forecast previously provided therefore, no implications on the General Fund loans to this fund are impacted.

- Various reappropriations for ongoing capital improvement projects as discussed and outlined later in this report.

Internal Service Funds

Minimal adjustments were approved in the various Internal Services Funds. Details the major changes approved by the Finance Committee are below:

- Various transfers to the University Avenue Parking District Fund to reflect the increased City employee permit costs; and
- Deferral of the replacement of a vehicle beyond FY 2018, a forklift in the Administrative Service Department (as discussed in the General Fund section).

Subsequent to the Finance Committee meetings, the Buena Vista Mobile Home Park litigation was settled. Staff recommends an additional transaction in the General Liability Fund appropriating \$375,000 to resolve and settle Buena Vista MHP Residents Association v. City of Palo Alto, Santa Clara County Superior Court Case No. 2015-1-CV-284763. The funds are a compromise settlement of a claim for attorneys' fees from the Residents Association.

Special Revenue Funds

The primary adjustments in these funds reflect the Finance Committees' recommended changes to the various parking fees and permits throughout University Avenue Parking, California Avenue parking, and the current Residential Preferred Parking Programs. As discussed in further detail in the FY 2018 Municipal Fees section of the report and an [At Places Memorandum to the CMR #8020](#), permit increases are intended to:

- begin bringing the cost of off-street parking permits closer to market (as evidenced by other parking charges in the region);
- begin bringing the cost of off-street parking permits closer to the cost of commuting by transit (as evidenced by the cost of a Caltrain Go Pass) so there is less incentive for employees to drive to work;
- begin bringing the cost of off-street parking permits in the California Avenue area in line with permits in the Downtown area;
- increase the value of off-street parking permits so that employees are discouraged from purchasing permits "just in case" they need them instead of when they plan to use them regularly; and
- increase revenues to the University Avenue Parking District Fund to support activities of the Transportation Management Association (TMA); and
- increase revenues to the California Avenue Parking District Fund to support needed capital projects in this districts.

The adjustments recommended in this section primarily reflect these changes as well as the Finance Committee recommendation to increase funding to the TMA from \$135,000 (in the proposed budget released April 25, 2017) to total annual funding of \$480,000 funded through increases in permit fees downtown. With this funding, the TMA has estimated that they can reduce SOV commute trips to 14% below the baseline of 5,500 (from the benchmark survey).

Subsequent to the Finance Committee meetings, the Buena Vista Mobile Home Park litigation was settled. Staff recommends additional transactions to appropriate funds in the Housing In-Lieu Residential and Commercial Funds totaling \$14.5 million to complete the payment commitment to resolve matters related to the Buena Vista Mobile Home Park (BVMHP) anticipated to occur in Fiscal Year 2018 as outlined in Attachment A, Exhibit 2. The City is partnering with Santa Clara County to assist the Housing Authority of the County of Santa Clara (HACSC) to acquire, improve, and operate the Buena Vista Mobile Home Park, according to the terms of a purchase agreement reached in May 2017 between HACSC and the Buena Vista Mobile Home Park owner.

These actions are detailed further in Attachment A, Exhibit 2, Amendments to the City Manager's Fiscal Year 2018 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 are included in the 2018-2022 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 2018 budget process continues this process with the current FY 2018 Proposed Capital Budget including approximately \$46.1 million in reappropriated funds, across all funds. In the time since the Proposed Budget figures were developed (late winter and early spring of 2017), 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 2018 Capital Budget with current, more refined estimated activity levels in Fiscal Year 2017. Cumulatively, this re-review of projects has resulted in staff's recommendation to increase the Fiscal Year 2018 Proposed Budget by a total of \$14.8 million, from \$157.2 million to \$172.0 million.

Fund	Recommended Fiscal Year 2018 Funding Adjustment
Airport Fund	\$45,000
Capital Improvement Fund	\$1,280,713
Electric Fund	\$950,865
Gas Fund	\$3,495,960
Vehicle Replacement Fund	\$400,000
Wastewater Collection Fund	\$448,740
Wastewater Treatment Fund (R)	\$7,000,000
Water Fund	\$1,140,717
Total All Funds	\$14,761,995

(R) Denotes a reappropriation of revenues as well.

These adjustments, as outlined by project in Attachment A, Exhibit 2, combined with those outlined in

the Proposed Capital Budget will ensure that funds are available at the onset of Fiscal Year 2018 for projects that have experienced delays in the current year and will reduce the Fiscal Year 2018 Proposed budget for projects that experienced higher than anticipated expenditure levels within Fiscal Year 2017. In total, reappropriations of an estimated \$60.9 million remain below those assumed in the FY 2017 Adopted Capital Budget of \$79.8 million.

TABLE OF ORGANIZATION

At this time, only one change from the Table of Organization as outlined in the FY 2018 City Manager's Proposed Operating Budget on pages 487 through 503 for full time benefited positions is recommended. As a result of the approval by the voters of the Storm Water Management fee, 1.0 Associate Engineer was recommended by staff and approved by the Finance Committee. Below is a revised position summary based on all recommended and Finance Committee approved changes as of May 18, 2017 resulting in a net addition of 4.85 positions.

FY 2017 Adopted to FY 2018 Budget Position Changes (As of May 18, 2017)

	General Fund	Enterprise Funds	Other Funds*	Total
Fiscal Year 2017 Adopted Budget	603.94	353.61	94.55	1,052.10
Fiscal Year 2017 Approved Adjustments**	1.25	0.75	0.00	2.00
FY 2017 Modified Budget	605.19	354.36	94.55	1,054.10
FY 2018 Net Increase	0.35	3.50	1.00	4.85
FY 2018 Reallocation	(1.12)	0.00	1.12	0.00
Fiscal Year 2018 Budget	604.42	357.86	96.67	1,058.95
Net Difference	(0.77)	3.50	2.12	4.85

* Other Funds include the Capital Improvement, Internal Service, and Special Revenue Funds.

** CMO Reorganization: This action reorganized the City Manager's Office staffing, eliminating 2.75 positions including 1.75 Assistant City Manager positions and 1.0 Economic Development Manager and adding 2.0 Deputy City Manager and 2.0 Assistant to the City Manager positions. In the Utilities Department, 1.0 Utilities Chief Operating Officer was added and the Utilities Director was retitled to the Assistant City Manager/Utilities General Manager shared by the CMO and Utilities Departments. NOTE: This table does not include Hourly positions.

MUNICIPAL FEE SCHEDULE

On May 18, 2017 the Finance Committee recommended that the City Council adopt the changes to the Fiscal Year 2018 Proposed Municipal Fee Schedule with amendments (Attachment A, Exhibit 3). Major changes made to the Fiscal Year 2018 Proposed Municipal Fee Schedule include a 6.0 percent 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 prior Council resolutions.

Additionally, as detailed in the attached [CMR #8020](#), the Finance Committee approved 17 new fees, the deletion of 16 fees, and adjustments to 120 fees by a rate other than 6.0% to either adjust for cost recovery levels, align with market value, or capture other technical adjustments. Three of the 17 new fees approved by the Committee are related to the City's electric vehicle charging stations. These fees will allow for fees that will recover the costs associated with charging including the electricity, maintenance, and replacement costs of the charging stations as well as establish two fees to be charged

at the authorization of the City Manager – an Electric Vehicle Charger Connection Fee and an Electric Vehicle Charger Connection Overstay fee. The intent of these fees is to encourage turnover in the use of the charging stations. More detailed information can be found in the [At Places Memorandum to the CMR #8020](#). Analysis of amendments to valuation-based municipal fees for Development Services is currently underway and will be brought forward separately following the completion of a cost of service analysis.

The Committee made a number of changes to fee rates for parking permits. Specifically, the Committee amended staff's recommendations and recommended the following changes:

- Amend the fee for Downtown Garage/Lot and *full price employee* Downtown RPP employee permits to \$365 for six months (\$730 for one year). This represents a 57% increase from the current price of \$466 for one year. Funds from the garage/lot permits would support the TMA.
- Amend the fee for California Avenue Garage/Lot and *full price employee* Evergreen Park/Mayfield RPP full price employee permits to \$182.50 for six month (\$365 for one year). This represents a 145% increase from the current price of \$149 for one year. Funds from the garage/lot permits would support capital projects in the area. (As noted below, full price RPP employee permits would not rise until the end of the "pilot" period which ends March 31, 2018.)
- Standardize the cost of daily permits in the Downtown and California Avenue areas at \$25 per day, up from the current price of \$17.50 downtown and \$8.00 in the California Avenue Area.
- Standardize all annual *residential* RPP permit fees at \$50 per year and leave the *low income employee* RPP permit fees at \$50 for six months (\$100 for one year).

Included in this report are minor additional changes from those actions approved by the Finance Committee in related to various parking programs and fees. The additional recommended changes to fees and program ordinances are outlined below.

- Additional modifications to seven fee titles proposed in the Planning and Community Environment department specific to parking permits in University Avenue, California Avenue, and RPP districts. Included are minor revisions to consolidate and clarify permit types and simplify the title.
- In accordance with Resolution No. 9663, which established the Evergreen Park/Mayfield pilot program and pricing, additional language is recommended to be included with Employee and Employee Daily parking permits to specify that these recommended price increases will not take effect in this particular RPP until the program pilot period ends on March 31, 2018. With the staff recommendation, the parking permit fees would be set by the Municipal Fee Schedule at the conclusion of the pilot phase.
- Staff recommends that parking permit fees be streamlined and set by the Municipal Fee Schedule at the conclusion of the pilot phase.

The Citywide Residential Preferential Parking Ordinance originally, adopted in December 2014 and amended in February 2016, includes parameters for all residential preferential parking programs citywide. Resolutions 9473, 9577 and 9671 provide specific direction on the details of the Downtown Residential Preferential Parking (RPP) Program, including the establishment of parking permit fees. The attached draft resolution (Attachment N), if adopted, will remove the reference to parking permit fees in Resolution 9671, and tie all Downtown Residential Preferential Parking (RPP) Program parking permit fees to the Municipal Fee Schedule in FY 2018 and future years. Downtown Residential Preferential Parking (RPP) Program resident parking

permits are currently set to expire on March 31, 2018 and employee parking permits will expire on September 30, 2017 and March 31, 2018. The new fees will be collected at the time new parking permits are purchased by residents and employees.

Lastly, Attachment P, “Parking at a Glance,” summarizes the various parking fee changes recommended for FY 0218 across all programs.

FISCAL YEAR 2018 RATE CHANGES

From March through May 2017, the Utilities Advisory Commission and Finance Committee received and reviewed various utility financial plans, transfer requests, and rate changes recommended by staff. This report outlines the actions requested, transmits the resolutions from these reviews, and requests City Council approval and adoption.

Attached to this report are a number of documents referenced throughout the recommendation language and the report. In addition, this report also includes links to the City’s website for all the staff reports presented throughout the review process to the Utilities Advisory Commission, Finance Committee, and City Council.

Staff and the Finance Committee recommend that the City Council approve the Utility financial plans and rate changes listed below. These financial plans and rate changes were reviewed and approved by the Utilities Advisory Commission between February and April of 2017, and by the Finance Committee between March and May of 2017. This year, there have been three separate rates that have already been approved by the City Council – Storm Drain, Water, and Refuse. Details of these changes are provided below as informational items. No new action is recommended to be taken on these.

Proposed Rate Changes (recommended for adoption in this report)

Electric

The FY 2018 Electric Utility Financial Plan (Attachment C) includes projections of the utility’s costs and revenues through FY 2027. For FY 2018, a 10% to 14% rate increase, depending on customer class and usage, is proposed. Beyond FY 2018, a 7% increase is projected for the following fiscal year. However, even with these increases, residential electric rates will remain approximately 35% to 45% below Pacific Gas & Electric (PG&E) rates and comparable to, or lower than, Santa Clara and Roseville, other publicly-owned utilities that maintain very low bills for customers. The proposed Electric rate schedules are included as Attachment D & E.

In addition, to maintain adequate Operations Reserves, the following FY 2018 transfers are requested: 1) up to \$911,000 from the Supply Rate Stabilization Reserve to the Supply Operations Reserve, 2) up to \$9.0 million from the Hydroelectric Stabilization Reserve to the Supply Operations Reserve, and 3) up to \$4.5 million from the Supply Operations Reserve to the Distribution Operations Reserve (Attachment B). For more information, see [CMR #7980](#), approved by the Finance Committee on May 18, 2017.

Gas

The FY 2018 Gas Utility Financial Plan (Attachment G) includes projections of the utility’s costs and revenues through FY 2027. While the FY 2017 Financial Plan projected a 9% rate increase for FY 2018, the FY 2018 Gas Utility Financial Plan includes no distribution-related gas rate increase. However, beginning in FY 2018, customers may see an increase of up to 4% on their bills as a result of the costs of implementing the Carbon Neutral Gas Plan adopted by Council in December 2016. Future-year distribution-related rate increases are projected to be 4% to 6% over the next four years. The annual

gas bill for the median residential customer for calendar year 2016 was \$426.72, about 20% lower than the annual bill for a PG&E customer with the same consumption.

In addition, the plan includes proposed transfers to the Operations Reserve of \$1.2 million and \$4.8 million from the Rate Stabilization Reserve in FY 2018 and FY 2019, respectively, to ensure that there are appropriate financial reserves for contingencies. For more information, see [CMR #7979](#), approved by the Finance Committee on May 18, 2017.

Wastewater Collections

The FY 2018 Wastewater Collection Utility Financial Plan (Attachment I) includes projections of the utility's costs and revenues through FY 2027. Staff projects no need for a wastewater rate adjustment in FY 2018; however, rate increases of 7% are projected for FY 2019 through FY 2023. The annual sewer bill for a Palo Alto resident will remain \$418 under the current rates, 31% lower than the average of neighboring communities. For more information, see [CMR #7855](#), approved by the Finance Committee on April 4, 2017.

Dark Fiber

Since 2007, the EDF-1 and EDF-2 rates for Dark Fiber (Attachment K) customers have increased annually by the annual December change in the Consumer Price Index for All Urban Consumers (CPI-U) in the San Francisco area per their dark fiber contract agreements. Based on prior Utilities Advisory Committee and City Council direction, these rate changes are routinely included as part of the Budget adoption process and are not discussed or called out in a separate staff report. This year's change in CPI-U was 3.5%, as reported by the Bureau of Labor Statistics.

Water Financial Forecast

The FY 2018 Water Utility Financial Plan (Attachment M) includes projections of the utility's costs and revenues for FY 2018 through FY 2027. A 4% rate increase is scheduled for City Council approval on June 19, 2017 along with the repeal of the drought surcharge, as outlined below. In addition, as discussed in last year's financial plan, staff still recommends the transfer of \$1.877 million from the Rate Stabilization Reserve to the Operations Reserve in FY 2018. This action will reduce the Rate Stabilization Reserve to zero. For more information, see [CMR #7854](#), approved by the Finance Committee on April 4, 2017.

Approved Rate Changes (City Council has already adopted these; information only)

The proposed changes to Water and Refuse Rates were considered in a separate Public Hearing. As required under Article XIID of the California State Constitution, the Water and Refuse rate public hearing was noticed as June 19, 2017. For more information on these proposed rate changes to Water and Refuse rates, see [CMR #8171](#).

In April 2017, the majority of Palo Alto property owners voted to approve a new Storm Water Management fee that will replace the City's existing Storm Drainage fee in June 2017. These results were certified by the City Council on April 17, 2017 (CMR#7937) and the updated Storm Water Management Fee schedule (D-1) was adopted by the City Council on May 22, 2017 ([CMR #8125](#)).

Water Rates

The net result of the changes scheduled for City Council approval on June 19, 2017 in CMR 8171 means that water bills will decrease 2-4% for customers whose usage remains similar to pre-drought consumption. This is because the 4% increase to base water rates is offset by the removal of the drought surcharge currently in effect. Costs are projected to rise by about 3% per year over the next

several years, primarily due to increasing water supply costs. As a result, staff recommends a 4% water rate increase in FY 2018, and 6% rate increases in FY 2019 through FY 2023.

As the State has removed mandatory usage restrictions for California agencies, the San Francisco Public Utilities Commission (SFPUC) has adequate water supplies, and as the Water Fund's reserves are within guideline levels, staff is also recommending that Council deactivate the drought surcharge on July 1, 2017.

Refuse

The FY 2018 Refuse Rate is recommended to be increased by 5% for residential customers, and all other refuse rates are recommended to stay at current levels. This residential rate increase of 5% completes a three year plan of residential rate adjustments and brings residential revenues fully in line with the cost to serve customers.

This increase is less than the projected increase of 8% that was initially anticipated in the three-year plan primarily as a result of GreenWaste depreciation expenses and reductions in the Sunnyvale Materials and Recycling Transfer (SMaRT) station debt services budget. The monthly cost of a 32 gallon cart would increase from \$47.69 to \$50.07, or by \$2.38 per month. See staff report #7724, approved by the Finance Committee on April 4, 2017 and staff report #8171 scheduled for City Council approval on June 19, 2017, for more information.

Storm Water Management Fee

In April 2017, the majority of Palo Alto property owners voted to approve a new Storm Water Management fee that will replace the City's existing Storm Drainage fee. These results were certified by the City Council on April 17, 2017, [CMR #7937](#). A typical homeowner will pay about \$13.65 per month per Rate Schedule D-1, effective June 1, 2017. This represents a 62 cent increase for a typical residential property.

COMPENSATION PLANS

In addition to the approval of the Table of Organization, the changes in the Fiscal Year 2018 City Manager's Budget result in amendments to three of the City's employee group's salary schedules. These reflect changes to classification compensations or changes to add or amend current job classifications for these employee groups. Below is a summary of the recommended changes:

Management and Professional Group (MGMT) (Attachment O, Exhibit 1)

- Add the Principal Planner classification as it is needed for duties higher than the Senior Planner but lesser than the Planning Manager.
- Title change of the Principal Attorney to Chief Assistant City Attorney. This title change is detailed in greater length in the "City Attorney's Office Staffing Restructure" budget proposal in the City Attorney's Office Departmental section of the FY 2018 Operating Budget.
- Title change Senior Assistant City Attorney to Assistant City Attorney due to restructuring of the department. This title change is detailed in greater length in the "City Attorney's Office Staffing Restructure" budget proposal in the City Attorney's Office Departmental section of the FY 2018 Operating Budget.
- Title change Senior Deputy City Attorney to Deputy City Attorney due to restructuring of the department. This title change is detailed in greater length in the "City Attorney's Office Staffing

Restructure” budget proposal in the City Attorney’s Office Departmental section of the FY 2018 Operating Budget.

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

- Update Senior Industrial Waste Investigator salary rates due to internal salary alignment. This change is detailed in greater length in the “Senior Industrial Waste Investigator Pay Scale Adjustment” budget proposal in the Public Work’s Departmental section of the FY 2018 Operating Budget.
- Update Utilities Compliance Technician and Utilities Compliance Technician salary rates. This change is detailed in greater length in the “Utilities Compliance Group Workload Realignment” in the Utilities Departmental section of the FY 2018 Operating Budget.
- Reclassify Gas System Technician to Assistant Gas Measurement and Control Technician. This change is based on a grievance settled through a reclassification agreement between the Union and the City.
- Reclassify Gas System Technician II to Gas Measurement and Control Technician. This change is based on a grievance settled through a reclassification agreement between the Union and the City.
- Add Assistant Gas and Water Measurement and Control Technician classification. This change is detailed in greater length in the “Gas and Water Meter Shop Reorganization” in the Utilities Departmental section of the FY 2018 Operating Budget.
- Add Gas and Water Measurement and Control Technician classification. This change is detailed in greater length in the “Gas and Water Meter Shop Reorganization” in the Utilities Departmental section of the FY 2018 Operating Budget.
- Add Gas and Water Measurement and Control Technician - Lead classification. This change is detailed in greater length in the “Gas and Water Meter Shop Reorganization” in the Utilities Departmental section of the FY 2018 Operating Budget.

Limited Hourly Group (Attachment O, Exhibit 3):

- Update Management Specialist salary rates with a higher maximum range to compensate for highly skilled recruitments.

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

The Finance Committee approved a motion on May 18, 2017 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.

- Return to the Finance Committee in August to review the citywide implications of: 1) structural revenue and expense growth ensuring expense growth remains at or below that of revenues; and 2) unfunded pension liability. Some specific areas to address include:
 - Look first at current public safety growth rate of 10 to 12 percent in relation to citywide growth rate of 6 percent. Include a review of staffing levels and alternative models.
 - Review of the financial reporting of the unfunded pension liability

- Report to City Council on the plan and implications for power redundancy

RESOURCE IMPACT

This reports summaries and seeks the City Council approval of the FY 2018 Operating and Capital budgets and the supporting fee schedules, rate schedules, and salary schedules in order to support the projections and appropriations included. The approval of the City Manager's FY 2018 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 2018 fiscal year.

This report also summarizes and seeks the City Council approval of the proposed FY 2018 Financial Plans and Utility rate changes, as attached. Further information on the impact related to each utility may be found within the attached Financial Plans.

ENVIRONMENTAL REVIEW

Adoption of the attached Financial Plans and budgeted transfers does not meet the California Environmental Quality Act's definition of a project, pursuant to Public Resources Code Section 21065 and CEQA Guidelines Section 15378(b)(4) and (5), because it is a governmental fiscal and administrative activity which will not cause a direct or indirect physical change in the environment. Adoption of the proposed electric and dark fiber 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.

Attachments:

- Attachment A: FY 2018 Budget Adoption Ordinance
- Attachment A, Exhibit 1: FY 2018 Proposed Budgets & Municipal Fee Report (Previously Distributed)
- Attachment A, Exhibit 2: Recommended Amendments to the City Manager's FY 2018 Proposed Budget
- Attachment A, Exhibit 3: FY 2018 Municipal Fee Schedule Amendments
- Attachment B: Resolution Approving the FY 2018 Electric Utility Financial Plan and Various Electric Utility Reserve Transfers
- Attachment C: FY 2018 Electric Utility Financial Plan
- Attachment D: Resolution Adopting Electric Rate Increase and Amending Rate Schedules
- Attachment E: Electric 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, and E-14
- Attachment F: Resolution Approving the FY 2018 Gas Utility Financial Plan
- Attachment G: FY 2018 Gas Utility Financial Plan
- Attachment H: Resolution Approving the FY 2018 Wastewater Collection Utility Financial Plan
- Attachment I: FY 2018 Wastewater Collection Utility Financial Plan

- Attachment J: Resolution Adopting FY 2018 Dark Fiber Rate Increase and Amending Rate Schedules EDF-1 and EDF-2
- Attachment K: Dark Fiber Optic Rate Schedules EDF-1 and EDF-2
- Attachment L: Resolution Approving the FY 2018 Water Utility Financial Plan and Reserve Transfer
- Attachment M: FY 2018 Water Utility Financial Plan
- Attachment N: Resolution Amending Resolution No. 9671, Downtown Residential Preferential Parking District Program
- Attachment O, Exhibit 1: Management Professional Salary Schedule for FY 2018
- Attachment O, Exhibit 2: Service Employees International (SEIU) Salary Schedule for FY 2018
- Attachment O, Exhibit 3: Limited Hourly Salary Schedules FY 2018
- Attachment P: FY 2018 Parking at a Glance
- Attachment Q: Finance Committee Budget Proceedings
- Attachment R: Public Letters to Council

ORDINANCE NO. XXXX

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO ADOPTING THE
BUDGET FOR FISCAL YEAR 2018

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 2018; and

B. Pursuant to the provisions of Section 12 of Article III of the Charter, the Council did, on June 27, 2017, 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 27, 2017, 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 2018:

- (a) The budget document (Exhibit “1”) containing the proposed operating and capital budgets submitted on April 25, 2017, by the City Manager for Fiscal Year 2018, entitled “City of Palo Alto - City Manager’s Fiscal Year 2018 Proposed Budget” covering General Government Funds, Enterprise Funds, Special Revenue 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 2018 Proposed Budget, attached hereto as Exhibit “2,” and made a part hereof; and
- (c) Changes and revised pages in the Table of Organization, as displayed on pages 487 through 503 in “Exhibit 1,” and amended in Exhibit “2” made a part hereof; and

ATTACHMENT A

(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 2017 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 2017 shall be carried forward and added to the fund or department appropriations for Fiscal Year 2018.

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 2018.

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.

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

ATTACHMENT A

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.

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 2018 City Manager's Proposed Operating & Capital Budget, & Municipal Fees

These documents were originally distributed on April 25, 2017.
Printed copies are available upon request for \$27 per book (FY
2017 fee).

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 4, 2017. The City Manager's Staff Report
can be viewed on the City's website:

<http://www.cityofpaloalto.org/civicax/filebank/documents/57714>

- At Places memorandum: Electric Vehicle Chargers

<http://www.cityofpaloalto.org/civicax/filebank/documents/57898>

- At Places memorandum: Parking Permit Muni Fees

<http://www.cityofpaloalto.org/civicax/filebank/documents/57884>

In addition, various at places memorandum and presentations
were presented throughout the Finance Committee Hearings in
May 2017. These documents can be found on the City's website
under "FY 2018 Budget Hearings":

<http://www.cityofpaloalto.org/gov/depts/asd/budget.asp>



ATTACHMENT A, EXHIBIT 2

CITY OF PALO ALTO RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
GENERAL FUND (102)			
<i>Administrative Services</i>	Reduce Vehicle Replacement and Maintenance Fund Allocated Charges Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action reduces the General Fund's contribution to the Vehicle Fund for vehicle replacement by \$50,000. A corresponding reduction to the scheduled vehicle and equipment replacement capital project for FY 2018 (VR-18000) will remove a \$50,000 forklift from the list of vehicles to be replaced in FY 2018, as detailed in Attachment A Exhibit 2. This action was recommended in part to help balance the General Fund.	\$	(50,000)
<i>City Auditor</i>	Citizen Survey on Code Enforcement Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action provides \$20,000 to the City Auditor's Office to conduct a citizen survey of resident opinions on the quality of code enforcement in Palo Alto. Information collected from the survey will augment the Code Enforcement Audit and improve the quality of the Code Enforcement Program. In addition, funding will provide some capacity for customized questions in the City's annual National Citizen Survey.	\$	20,000
<i>City Manager's Office</i>	Reallocation of Parking Evaluation Study Funding This action reallocates \$150,000 in one-time funding from the City Manager's Office to the Non-Departmental section of the FY 2018 Proposed Operating Budget. These funds are recommended for an outside study that will help inform the path forward for the City's parking and transportation efforts, contribute to the integration of a strategic vision across each of those efforts, and review what organizational structure would best manage these new initiatives. Given the citywide nature of this evaluation, it is recommended to reallocate funding from the City Manager's Office to Non-Departmental section to better represent that it is a citywide initiative.	\$	(150,000)
<i>Community Services</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.	\$	11,205
<i>Community Services</i>	Youth Community Services Consistent with the Finance Committee recommended revisions approved on May 18, 2017 this action provides \$50,000 per year for the next three years to Youth Community Services (YCS) for them to take advantage of the Santa Clara County matching grant program. This funding, along with the County's matching funding, will allow YCS to work on their 'Youth Connectedness Initiative' to increase community involvement and foster a more connected environment through collaborative, service-based activities.	\$	50,000
<i>Fire Department</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.	\$	274
<i>Library</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.	\$	400

ATTACHMENT A, EXHIBIT 2

**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
GENERAL FUND (102)			
<i>Non-Departmental</i>	Reallocation of Parking Evaluation Study Funding This action reallocates \$150,000 in one-time funding to the Non-Departmental section from the City Manager's Office in the FY 2018 Proposed Operating Budget. These funds are recommended for an outside study that will help inform the path forward for the City's parking and transportation efforts, contribute to the integration of a strategic vision across each of those efforts, and review what organizational structure would best manage these new initiatives. Given the citywide nature of this evaluation, it is recommended to reallocate funding from the City Manager's Office to Non-Departmental section to better represent that it is a citywide initiative.	\$	150,000
<i>Non-Departmental</i>	Property Tax Increase This action increases the estimate for property tax revenue in FY 2018 by \$200,000. This increase reflects updated information from the Santa Clara County Assessor's Office, which now estimates an increase of 6.9% from FY 2017, an increase of 0.4% more than the original estimate, which was a year over year increase of 6.5%.	\$ 200,000	
<i>Police Department</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.	\$	72
<i>Planning & Community Environment</i>	Transfer to California Avenue Fund from General Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action eliminates a transfer from the General Fund to the California Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the California Avenue Fund, employee permits are recommended to increase from \$149.00 to \$365.00 per year, an increase of \$216.00. The permit cost increase will ensure sufficient resources are available in the California Avenue Fund for various initiatives and minimize the General Fund subsidy.	\$	(75,000)
<i>Planning & Community Environment</i>	Transfer to University Avenue Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases a transfer from the General Fund to the University Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the University Avenue Fund, employee parking permit prices were recommended to increase from \$466.00 to \$730.00 per year, an increase of \$264.00. The General Fund transfers funds to the University Avenue Fund each year to provide parking permits for City staff; this increase represents the marginal costs associated with the increase in permit costs for City staff permits.	\$	97,944
<i>Public Works</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.	\$	1,747

ATTACHMENT A, EXHIBIT 2

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
GENERAL FUND (102)			
<i>Public Works</i>	Tree Trimming Seven Year Cycle Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action will continue tree trimming on a seven year cycle, which was first approved as part of the Fiscal Year 2017 Adopted Operating Budget. The initial proposed Fiscal Year 2018 budget recommended transitioning to a 10 year cycle in order to minimize the costs for the remainder of the current contract. This funding restores tree trimming to a seven year cycle, thereby continuing the current level of service for the duration of the contract, which ends in FY 2019.	\$	338,220
<i>Fund Balance</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.	\$	(194,862)
		GENERAL FUND (102) SUBTOTAL	\$ 200,000
			\$ 200,000

ATTACHMENT A, EXHIBIT 2

**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
GENERAL FUND CAPITAL IMPROVEMENT FUND (471)			
<i>Capital</i>	Capital Improvement Project Adjustments This action reflects the combined impact from adjustments to projects as outlined in Attachment A, Exhibit 2, excluding the change for the JMZ Renovation Project, which is detailed in greater length below.		\$ 1,280,713
<i>Capital</i>	JMZ Renovation Project This action establishes a Junior Museum and Zoo Renovation (AC-18001) Project in the amount of \$706,000, offset by a reduction in FY 2019 funding to the Rinconada Park Improvements Project (PE-08001). The Community Services Department is planning to move the Junior Museum and Zoo (JMZ) operation to the Cubberley Community Center in Fiscal Year 2018 to vacate the current site ahead of the JMZ Rebuild Project that is expected to commence in spring 2018. Expenses consist of \$30,000 in design costs for renovations at Cubberley, \$376,000 in construction and contingency costs, and \$300,000 in permit and inspection fees for the temporary reconfiguration and operation of JMZ at Cubberley. This will minimize the disruption to services during the move and ensure the continuity of JMZ operations.	\$ -	\$ 706,000
<i>Capital</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.	\$ -	\$ (1,986,713)
GENERAL FUND CAPITAL IMPROVEMENT FUND (471) SUBTOTAL		\$ -	\$ -

ATTACHMENT A, EXHIBIT 2

**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS			
<u>AIRPORT ENTERPRISE FUND (530)</u>			
<i>Capital</i>	Capital Improvement Project Adjustments This action reflects the combined impact from adjustments to projects as outlined in Attachment A, Exhibit 2.		\$ 45,000
<i>Public Works</i>	Airport Property Rental and Tie Down Revenue This action increases the estimate for tie down lease and property rental revenues at the Airport to align with projections related to the leases ending with the Fixed Base Operators (FBOs). Airport tie down fees and rental revenues were previously collected by the FBOs; their leases expired in April 2017. As a result of the expiration of the FBO leases, revenue projections are recommended to increase. This increase has already been factored into the analysis of the Airport's anticipated finances over the next five years.	\$ 500,000	
<i>Fund Balance</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.		\$ 455,000
AIRPORT ENTERPRISE FUND (530) SUBTOTAL		\$ 500,000	\$ 500,000
<u>ELECTRIC FUND (513 & 523)</u>			
<i>Capital</i>	Capital Improvement Project Adjustments This action reflects the combined impact from adjustments to projects as outlined in Attachment A, Exhibit 2.	#REF!	\$ (4,905,165)
<i>Utilities</i>	Transfer to the University Avenue Parking Permit Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases a transfer from the Electric Fund to the University Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the University Avenue Fund, employee parking permit prices were recommended to increase from \$466.00 to \$730.00 per year, an increase of \$264.00. The Electric Fund transfers funds to the University Avenue Fund each year to provide parking permits for City staff; this increase represents the marginal costs associated with the increase in permit costs for City staff permits.		\$ 7,774
<i>Utilities</i>	Storm Drain Ballot Measure Rate Changes This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.		\$ 696
<i>Utilities</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.		\$ 4,896,695
ELECTRIC FUND (513 & 523) SUBTOTAL		#REF!	\$ -

ATTACHMENT A, EXHIBIT 2

**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS			
<u>FIBER OPTICS FUND (533)</u>			
<i>Capital</i>	Capital Improvement Project Adjustments This action reflects the combined impact from adjustments to projects as outlined in Attachment A, Exhibit 2.	\$ -	\$ (166,370)
<i>Utilities</i>	Transfer to the University Avenue Parking Permit Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases a transfer from the Fiber Optics Fund to the University Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the University Avenue Fund, employee parking permit prices were recommended to increase from \$466.00 to \$730.00 per year, an increase of \$264.00. The Fiber Optics Fund transfers funds to the University Avenue Fund each year to provide parking permits for City staff; this increase represents the marginal costs associated with the increase in permit costs for City staff permits.		\$ 499
<i>Utilities</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.		\$ 165,871
FIBER OPTICS FUND (533) SUBTOTAL		\$ -	\$ -
<u>GAS FUND (514 & 524)</u>			
<i>Capital</i>	Capital Improvement Project Adjustments This action reflects the combined impact from adjustments to projects as outlined in Attachment A, Exhibit 2.	\$ -	\$ 828,983
<i>Utilities</i>	Transfer to the University Avenue Parking Permit Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases the transfer from the Gas Fund to the University Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the University Avenue Fund, employee parking permit prices were recommended to increase from \$466.00 to \$730.00 per year, an increase of \$264.00. The Gas Fund transfers funds to the University Avenue Fund each year to provide parking permits for City staff; this increase represents the marginal costs associated with the increase in permit costs for City staff permits.		\$ 3,766
<i>Utilities</i>	Storm Drain Ballot Measure Revenue Increase This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.		\$ 13
<i>Utilities</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.		\$ (832,762)
GAS FUND (514 & 524) SUBTOTAL		\$ -	\$ -

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**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS			
<u>REFUSE FUND (525)</u>			
<i>Public Works</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.	\$	152
<i>Public Works</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.	\$	(152)
REFUSE FUND (525) SUBTOTAL		\$ -	\$ -
<u>STORM DRAINAGE FUND (528)</u>			
<i>Capital</i>	Capital Improvement Project Adjustments This action reflects the combined impact from adjustments to projects as outlined in Attachment A, Exhibit 2.	\$ -	\$ 450,000
<i>Public Works</i>	Storm Water Ballot Measure Rate Changes This action increases the revenue estimate for the Storm Drainage Fund to reflect rate increases approved through a ballot measure. In April 2017 the Storm Water Management fee was approved by a majority of property owners via a ballot-by-mail process, which established a base rate of \$13.65 per Equivalent Residential Unit (ERU) per month along with a provision that the City Council could increase the rate on an annual basis by the local inflation rate (as measured by the Consumer Price Index) or 6 percent, whichever is less. Under the provisions of the ballot measure, the base component of the fee of \$7.48 per ERU per month would be charged monthly until terminated by the City Council. This action aligns expected revenues with these changes; corresponding increases to City expenses for the City's Storm Drain costs are detailed in the respective funds throughout this document.	\$ 314,977	
<i>Public Works</i>	Watershed Protection Funding Alignment (Shift 2.21 FTE from Wastewater Treatment Fund) This action reallocates 2.21 FTE from the Wastewater Treatment (WWT) Fund to the Storm Drainage Fund. The Storm Drain Blue Ribbon Committee recommended that staff working on watershed protection activities should be funded from the Storm Drainage Fund to better align their job duties and functions with the appropriate source of funding. This will also ensure sufficient resources are available to enforce compliance with new Municipal Regional Storm Water Permit regulations related to watershed protection.	\$	346,648
<i>Public Works</i>	Green Infrastructure This action provides \$341,000 to develop and implement a Green Infrastructure Plan required by the new municipal regional permit regulations. To successfully meet the goals of the Green Infrastructure Plan, the storm drain infrastructure will be updated. Improvements will contribute to a more resilient and sustainable system that slows storm water runoff by dispersing it to areas with vegetation and will promote bioretention to clean storm water runoff.	\$	341,000

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**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS			
<i>Public Works</i>	Storm Water Management Regulatory Requirements This action adds a 1.0 FTE Associate Engineer position as well as \$40,000 for consulting services to ensure the City is in compliance with municipal regional storm water permit regulatory requirements implemented by the Regional Water Board on January 1, 2016. In addition to implementing a Green Infrastructure Plan, discussed above the revised regulations include litter assessments, Non-Profits (C3) compliance, and increased storm water inspections. This action will ensure the City has sufficient resources to enforce compliance with the storm water permit requirements. Table of Organization Amendment Consistent with the Storm Water Management Regulatory Requirements proposal detailed above, this action amends the Table of Organization, pp. 495-497 of the Proposed Operating Budget distributed on April 25, 2017, for Public Works Enterprise Funds by adding 1.0 Associate Engineer. This increases the number of Associate Engineers in the Public Works' Enterprise Funds from 1.99 to 2.99, and increases the total number of full-time FTE in the Public Works' Enterprise Funds from 100.19 to 101.19. The total FTE city-wide increases from 1,057.95 to 1,058.95 as a result of this action.	\$	188,189
<i>Fund Balance</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.	\$	(1,010,860)
STORM DRAINAGE FUND (528) SUBTOTAL		\$ 314,977	\$ 314,977
<u>WASTEWATER COLLECTION FUND (527)</u>			
<i>Capital</i>	Capital Improvement Project Adjustments This action reflects the combined impact from adjustments to projects as outlined in Attachment A, Exhibit 2.	\$ -	\$ (1,707,028)
<i>Utilities</i>	Transfer to the University Avenue Parking Permit Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases a transfer from the Wastewater Collection Fund to the University Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the University Avenue Fund, employee parking permit prices were recommended to increase from \$466.00 to \$730.00 per year, an increase of \$264.00. The Wastewater Collection Fund Transfers funds to the University Avenue Fund each year to provide parking permits for City staff; this increase represents the marginal costs associated with the increase in permit costs for City staff permits.	\$	2,031
<i>Fund Balance</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.	\$	1,704,997
WASTEWATER COLLECTION FUND (527) SUBTOTAL		\$ -	\$ -

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**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS			
<u>WASTEWATER TREATMENT FUND (526)</u>			
<i>Capital</i>	Capital Improvement Project Adjustments This action reflects the combined impact from adjustments to projects as outlined in Attachment A, Exhibit 2.	\$ 7,000,000	\$ 7,000,000
<i>Public Works</i>	Watershed Protection Funding Alignment (Shift 2.21 FTE from Wastewater Treatment Fund) This action reallocates 2.21 FTE from the Wastewater Treatment (WWT) Fund to the Storm Drainage Fund. The Storm Drain Blue Ribbon Committee recommended that staff working on watershed protection activities should be funded from the Storm Drainage Fund to better align their job duties and functions with the appropriate source of funding. This will also ensure sufficient resources are available to enforce compliance with new Municipal Regional Storm Water Permit regulations related to watershed protection.		\$ (346,648)
<i>Public Works</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain		\$ 1,659
<i>Fund Balance</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.		\$ 344,989
WASTEWATER TREATMENT FUND (526) SUBTOTAL		\$ 7,000,000	\$ 7,000,000
<u>WATER FUND (522)</u>			
<i>Capital</i>	Capital Improvement Project Adjustments	\$ -	\$ (254,575)
<i>Utilities</i>	Transfer to the University Avenue Parking Permit Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases the transfer from the Water Fund to the University Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the University Avenue Fund, employee parking permit prices were recommended to increase from \$466.00 to \$730.00 per year, an increase of \$264.00. The Water Fund transfers funds to the University Avenue Fund each year to provide parking permits for City staff; this increase represents the marginal costs associated with the increase in permit costs for City staff permits.		\$ 3,356
<i>Utilities</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.		\$ 61
<i>Fund Balance</i>	Adjustment to Fund Balance This action decreases the fund balance to offset adjustments recommended in this report.		\$ 251,158
WATER FUND (522) SUBTOTAL		\$ -	\$ -

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CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
INTERNAL SERVICE FUNDS			
<u>GENERAL LIABILITY FUND (689)</u>			
<i>General Liability</i>	Buena Vista Mobile Home Park This action appropriates funding necessary to resolve and settle Buena Vista MHP Residents Association v. City of Palo Alto, Santa Clara County Superior Court Case No. 2015-1-CV-284763. As discussed in the Special Revenue Fund section of this document, the City is partnering with Santa Clara County to assist the Housing Authority of the County of Santa Clara (HACSC) to acquire, improve, and operate the Buena Vista Mobile Home Park, according to the terms of a purchase agreement reached in May 2017 between HACSC and the Buena Vista Mobile Home Park owner. The funds are a compromise settlement of a claim for attorneys' fees from the Residents Association.	\$	375,000
<i>Fund Balance</i>	Adjustment to Fund Balance This action decreases the fund balance to offset the net changes resulting from the actions recommended in this report.	\$	(375,000)
GENERAL LIABILITY FUND (689) SUBTOTAL		\$ -	\$ -
<u>INFORMATION TECHNOLOGY FUND (682)</u>			
<i>Information Technology</i>	Transfer to the University Avenue Parking Permit Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases the transfer from the Information Technology Fund to the University Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the University Avenue Fund, employee parking permit prices were recommended to increase from \$466.00 to \$730.00 per year, an increase of \$264.00. The Information Technology Fund transfers funds to the University Avenue Fund each year to provide parking permits for City staff; this increase represents the marginal costs associated with the increase in permit costs for City staff permits.	\$	7,656
<i>Fund Balance</i>	Adjustment to Fund Balance This action decreases the fund balance to offset the net changes resulting from the actions recommended in this report.	\$	(7,656)
INFORMATION TECHNOLOGY FUND (682) SUBTOTAL		\$ -	\$ -

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CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
INTERNAL SERVICE FUNDS			
<u>VEHICLE REPLACEMENT & MAINTENANCE FUND (681)</u>			
<i>Capital</i>	Capital Improvement Project Adjustments This action reflects the combined impact from adjustments to projects as outlined in Attachment A, Exhibit 2, excluding the adjustment to VR-18000, which is detailed in greater length below.	\$ -	\$ 400,000
<i>Public Works</i>	Reduce Vehicle and Maintenance Replacement Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action reduces the General Fund's contribution to the Vehicle Fund for vehicle replacement by \$50,000. A corresponding reduction to the scheduled vehicle and equipment replacement capital project for FY 2018 (VR-18000) will remove a \$50,000 forklift from the list of vehicles to be replaced in FY 2018, as detailed in Attachment A Exhibit 2. This action was recommended in part to help balance the General Fund.	\$ (50,000)	\$ (50,000)
<i>Fund Balance</i>	Adjustment to Fund Balance This action decreases the fund balance to offset the net changes resulting from the actions recommended in this report.		\$ (300,000)
VEHICLE REPLACEMENT & MAINTENANCE FUND (681) SUBTOTAL		\$ (50,000)	\$ (50,000)

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**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
SPECIAL REVENUE FUNDS			
<u>BELOW MARKET RATE FUND (230)</u>			
<i>Planning & Community Environment</i>	Below Market Rate Housing Contract Consistent with staff recommended changes approved by Finance Committee on May 18th, 2017, this actions increases contract service funding necessary for Palo Alto Housing Corporation (PAHC) oversight of the City's Below Market Rate (BMR) housing program. Activities performed include administering the sale and re-sale of new and existing BMR owner units, maintaining the home purchase waiting list, monitoring occupancy of BMR rental units, providing advice and consultation to the City regarding negotiations of BMR agreements with developers, and addressing special issues related to the program as a whole.	\$	137,000
<i>Fund Balance</i>	Ending Fund Balance This action decreases the fund balance to offset the actions recommended in this report.	\$	(137,000)
BELOW MARKET RATE FUND (230) SUBTOTAL		\$ -	\$ -
<u>CALIFORNIA AVENUE PARKING PERMITS FUND (237)</u>			
<i>Planning & Community Environment</i>	California Avenue Parking Permit Revenue Alignment Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases the revenue estimates for the California Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the California Avenue Fund, employee permits in lots and garages are recommended to increase from \$149.00 to \$365.00 per year, an increase of \$216.00. This increase will ensure sufficient resources are available in the California Avenue Fund for various initiatives and minimize the General Fund subsidy.	\$ 100,000	
<i>Planning & Community Environment</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.	\$	136
<i>Planning & Community Environment</i>	Transfer to California Avenue Fund from General Fund Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action eliminates a transfer from the General Fund to the California Avenue Fund. In order to fully fund parking initiatives in respective funds, various increases to the costs of parking permits were recommended. In the California Avenue Fund, employee permits in lots and garages are recommended to increase from \$149.00 to \$365.00 per year, an increase of \$216.00. The permit cost increase will ensure sufficient resources are available in the California Avenue Fund for various initiatives and minimize the General Fund subsidy.	\$ (75,000)	
<i>Fund Balance</i>	Ending Fund Balance This action increases the fund balance to offset the actions recommended in this report.	\$	24,864
CALIFORNIA AVENUE PARKING PERMITS FUND (237) SUBTOTAL		\$ 25,000	\$ 25,000

ATTACHMENT A, EXHIBIT 2

**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
SPECIAL REVENUE FUNDS			
<u>HOUSING IN-LIEU/COMMERCIAL FUND (234)</u>			
<i>Planning & Community Environment</i>	Buena Vista Mobile Home Park This action appropriates funding necessary for the City to complete its payment commitment to resolve matters related to the Buena Vista Mobile Home Park (BVMHP) anticipated to occur in Fiscal Year 2018. In June 2015, the City Council set aside a total of \$14.5 million in the Residential and Commercial Housing In-Lieu Fund reserves for the purpose of preserving affordable housing at BVMHP. In June 2016, the Council approved a Memorandum of Understanding with Santa Clara County and the Housing Authority of the County of Santa Clara (HACSC), where the City and County committed to provide \$14.5 million each to assist HACSC to acquire and improve BVMHP and operate it as an affordable mobile home park for up to 50 years. In May 2017, HACSC and the private-party owner of BVMHP entered into a purchase and sale agreement. The transaction is expected to close in September 2017, pending division of a portion of the property fronting El Camino Real and approval of a regulatory and funding agreement between the City, County and HACSC.	\$	7,700,000
<i>Fund Balance</i>	Ending Fund Balance This action decreases the fund balance to offset the actions recommended in this report.	\$	(7,700,000)
HOUSING IN-LIEU/COMMERCIAL FUND (234) SUBTOTAL		\$ -	\$ -
<u>HOUSING IN-LIEU/RESIDENTIAL FUND (233)</u>			
<i>Planning & Community Environment</i>	Buena Vista Mobile Home Park This action appropriates funding necessary for the City to complete its payment commitment to resolve matters related to the Buena Vista Mobile Home Park (BVMHP) anticipated to occur in Fiscal Year 2018. In June 2015, the City Council set aside a total of \$14.5 million in the Residential and Commercial Housing In-Lieu Fund reserves for the purpose of preserving affordable housing at BVMHP. In June 2016, the Council approved a Memorandum of Understanding with Santa Clara County and the Housing Authority of the County of Santa Clara (HACSC), where the City and County committed to provide \$14.5 million each to assist HACSC to acquire and improve BVMHP and operate it as an affordable mobile home park for up to 50 years. In May 2017, HACSC and the private-party owner of BVMHP entered into a purchase and sale agreement. The transaction is expected to close in September 2017, pending division of a portion of the property fronting El Camino Real and approval of a regulatory and funding agreement between the City, County and HACSC.	\$	6,800,000
<i>Fund Balance</i>	Ending Fund Balance This action decreases the fund balance to offset the actions recommended in this report.	\$	(6,800,000)
HOUSING IN-LIEU/RESIDENTIAL FUND (233) SUBTOTAL		\$ -	\$ -

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CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
SPECIAL REVENUE FUNDS			
<u>RESIDENTIAL PREFERRED PARKING (RPP) FUND (239)</u>			
<i>Planning & Community Environment</i>	Parking Permit Revenue Alignment Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases the estimate for revenue from RPP parking permit sales. In order to align prices with Downtown and California Avenue garages and remove the incentive for employees to park in neighborhoods, full price Employee Parking Permits in the Downtown district RPP will increase from \$466.00 to \$730.00 per year, an increase of \$264.00 or 57%. Full price Employee RPP permits in the Evergreen Park/Mayfield district will increase from \$149.00 to \$365.00 per year, representing increases of \$216.00 or 145%, though these fees will not go into effect until the program pilot period ends on March 31, 2018 (per Resolution No. 9663). Additionally, the resident Residential Parking Permit prices in all districts are recommended to change from a range between \$40.00 - \$100.00 to \$50.00 per year, representing a percentage change between a reduction of 50% to an increase of 20%. The net impact of this action is an increase in revenue estimates of \$106,000 in the Downtown district and a reduction of \$10,000 in the Crescent Park district. As a result of the pilot period, no adjustments have been made to revenue estimates in the Evergreen Park/Mayfield district. Price adjustments in this district will be factored in Fiscal Year 2019 estimates.	\$ 96,000	
<i>Fund Balance</i>	Ending Fund Balance This action increases the fund balance to offset the actions recommended in this report.		\$ 96,000
RESIDENTIAL PREFERRED PARKING (RPP) FUND (239) SUBTOTAL		\$ 96,000	\$ 96,000

ATTACHMENT A, EXHIBIT 2

**CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 PROPOSED BUDGET**

Department		Revenues Adjustment	Expenses Adjustment
SPECIAL REVENUE FUNDS			
<u>UNIVERSITY AVENUE PARKING PERMITS FUND (236)</u>			
<i>Planning & Community Environment</i>	Parking Permit Revenue Alignment Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases the revenue estimate for parking permit sales. In order to ensure sufficient funding of parking initiatives and to support the recommendation to increase Transportation Management Authority (TMA) funding, discussed in more detail in the following transaction, the Employee Parking Permit rate is recommended to increase from \$466.00 to \$730.00, an increase of \$264.00 or 57%. Also recognized as part of this transaction is an increase in transfers from the General Fund (\$97,944) and Information Technology and Utilities Funds (\$25,080) for the purchase of Employee Parking Permits provided to City staff.	\$ 565,524	
<i>Planning & Community Environment</i>	Transportation Management Authority (TMA) Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this action increases expenses by \$345,000 for a total funding of \$480,000 in Fiscal Year 2018 for TMA services. In accordance with the objective to reduce single occupancy vehicle (SOV) rates, TMA estimates that the additional funding could shift up to 750 people to alternate modes, thereby achieving a 14% reduction in SOV rates. This action is funded through recommended increases in parking permit rates, thereby minimizing the General Fund subsidy for this activity.		\$ 345,000
<i>Planning & Community Environment</i>	Storm Drain Ballot Measure Rate Change This action appropriates the expenses associated with the marginal increase to Storm Drain rates as a result of the passage of the Storm Drain Ballot Measure. More information can be found in the Storm Drain section of this document.	\$	618
<i>Fund Balance</i>	Ending Fund Balance This action increases the fund balance to offset the actions recommended in this report.	\$	219,906
UNIVERSITY AVENUE PARKING PERMITS FUND (236) SUBTOTAL		\$ 565,524	\$ 565,524

ATTACHMENT A, EXHIBIT 2

CITY OF PALO ALTO RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 CAPITAL IMPROVEMENT PROGRAM

Title	Project Number	Revenue	Expense	Comments
AIRPORT FUND				
Airport Apron Reconstruction	AP-16000		\$ 30,000	Adjust for reappropriation based on more up-to-date current year estimates.
Wildlife Hazard Plan	AP-16002		\$ 15,000	Adjust for reappropriation based on more up-to-date current year estimates.
Total		\$ -	\$ 45,000	
CAPITAL IMPROVEMENT FUND				
Baylands Nature Interpretive Center Exhibit Improvements	AC-14001		\$ 56,000	Adjust for reappropriation based on more up-to-date current year estimates.
Performing Arts Visual Venues Soft Goods Replacement	AC-17000		\$ 55,000	Adjust for reappropriation based on more up-to-date current year estimates.
JMZ Renovation	AC-18001		\$ 706,000	Establish a Junior Museum and Zoo Renovation Project and recommend an appropriation of \$706,000 to fund design and construction costs associated with renovations at Cubberley. This funding is offset by a reduction in FY 2019 funding to the Rinconada Park Improvements Project (PE-08001).
Art in Public Spaces	AC-86017		\$ (2,500)	Adjust for reappropriation based on more up-to-date current year estimates.
Open Space Trails and Amenities	OS-00001		\$ 18,652	Adjust for reappropriation based on more up-to-date current year estimates.
Open Space Lakes and Pond Maintenance	OS-00002		\$ (27,791)	Adjust for reappropriation based on more up-to-date current year estimates.
Off-Road Pathway Resurfacing and Repair	OS-09001		\$ 20,587	Adjust for reappropriation based on more up-to-date current year estimates.
Rinconada Library New Construction and Improvements	PE-11000		\$ (15,389)	Adjust for reappropriation based on more up-to-date current year estimates.
Structural Assessment of City Bridges	PE-13012		\$ 25,000	Adjust for reappropriation based on more up-to-date current year estimates.
Baylands Boardwalk Improvements	PE-14018		\$ (22,199)	Adjust for reappropriation based on more up-to-date current year estimates.
Fire Station 3 Replacement	PE-15003		\$ 55,000	Adjust for reappropriation based on more up-to-date current year estimates.
Mitchell Park Adobe Creek Bridge Replacement	PE-17000		\$ (2,994)	Adjust for reappropriation based on more up-to-date current year estimates.
City Hall Floor 4 Remodel	PE-17008		\$ (9,573)	Adjust for reappropriation based on more up-to-date current year estimates.
City Hall Floor 5 Remodel	PE-17009		\$ (7,019)	Adjust for reappropriation based on more up-to-date current year estimates.
New California Avenue Area Parking Garage	PE-18000		\$ (38,264)	Adjust for reappropriation based on more up-to-date current year estimates.
Building System Improvements	PF-01003		\$ 100,000	Adjust for reappropriation based on more up-to-date current year estimates.
Facility Interior Finishes Replacements	PF-02022		\$ 40,000	Adjust for reappropriation based on more up-to-date current year estimates.
Americans with Disabilities Act Compliance	PF-93009		\$ (1,163)	Adjust for reappropriation based on more up-to-date current year estimates.

ATTACHMENT A, EXHIBIT 2

CITY OF PALO ALTO RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 CAPITAL IMPROVEMENT PROGRAM

Title	Project Number	Revenue	Expense	Comments
Tennis and Basketball Court Resurfacing	PG-06001		\$ 89,039	Adjust for reappropriation based on more up-to-date current year estimates.
Benches, Signage, Walkways, Perimeter Landscaping	PG-06003		\$ 1,172	Adjust for reappropriation based on more up-to-date current year estimates.
Stanford/Palo Alto Playing Fields Soccer Turf Replacement	PG-13001		\$ 502,139	Adjust for reappropriation based on more up-to-date current year estimates.
Golf Reconfiguration & Baylands Athletic Center Improvements	PG-13003		\$ 53,991	Adjust for reappropriation based on more up-to-date current year estimates.
Buckeye Creek Hydrology Study	PG-15000		\$ (2,095)	Adjust for reappropriation based on more up-to-date current year estimates.
Midtown Connector	PL-14001		\$ 53,120	Adjust for reappropriation based on more up-to-date current year estimates.
Residential Preferential Parking	PL-15003		\$ 40,000	Adjust for reappropriation based on more up-to-date current year estimates.
Downtown Parking Wayfinding	PL-15004		\$ 300,000	Adjust for reappropriation based on more up-to-date current year estimates.
Total		\$ -	\$ 1,986,713	
ELECTRIC FUND				
Utility Fund Capital Corrections	Multiple Projects		\$ (5,856,030)	As discussed in the Budget Wrap-Up memorandum submitted to the Finance Committee on May 18, 2017, the "Capital Improvement" expense category was inadvertently overstated in the Utility Funds. This action corrects the budget to reflect the lower level of expenses anticipated in FY 2018.
SCADA System Upgrades	EL-02010		\$ 59,196	Adjust for reappropriation based on more up-to-date current year estimates.
Electric Utility Geographic Information System	EL-02011		\$ (63,663)	Adjust for reappropriation based on more up-to-date current year estimates.
Utility Site Security Improvements	EL-04012		\$ 15,613	Adjust for reappropriation based on more up-to-date current year estimates.
230 Kv Electric Intertie	EL-06001		\$ 14,255	Adjust for reappropriation based on more up-to-date current year estimates.
Rebuild Underground District 24	EL-10006		\$ 277,087	Adjust for reappropriation based on more up-to-date current year estimates.
Rebuild Underground District 15	EL-11003		\$ 30,000	Adjust for reappropriation based on more up-to-date current year estimates.
Underground District 47 - Middlefield, Homer, Webster, Addison	EL-11010		\$ 476,976	Adjust for reappropriation based on more up-to-date current year estimates.
Smart Grid Technology Installation	EL-11014		\$ (521,766)	Adjust for reappropriation based on more up-to-date current year estimates.
Underground District 46 - Charleston/El Camino Real	EL-12001		\$ (497,480)	Adjust for reappropriation based on more up-to-date current year estimates.
Underground Distribution System Security	EL-13007		\$ 290,534	Adjust for reappropriation based on more up-to-date current year estimates.
Colorado/Hopkins System Improvement	EL-15000		\$ 50,000	Adjust for reappropriation based on more up-to-date current year estimates.
Capacitor Bank Installation	EL-16002		\$ 350,000	Adjust for reappropriation based on more up-to-date current year estimates.
East Meadows Circles 4/12Kv Conversion	EL-17001		\$ 50,000	Adjust for reappropriation based on more up-to-date current year estimates.

ATTACHMENT A, EXHIBIT 2

CITY OF PALO ALTO RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 CAPITAL IMPROVEMENT PROGRAM

Title	Project Number	Revenue	Expense	Comments
HCB Pilot Wire Relay Replacement	EL-17005		\$ 107,559	Adjust for reappropriation based on more up-to-date current year estimates.
Facility Relocation for Caltrain Modernization Project	EL-17007		\$ 150,000	Adjust for reappropriation based on more up-to-date current year estimates.
Communications System Improvements	EL-89031		\$ (137,446)	Adjust for reappropriation based on more up-to-date current year estimates.
Substation Protection Improvements	EL-89038		\$ 200,000	Adjust for reappropriation based on more up-to-date current year estimates.
Substation Facility Improvements	EL-89044		\$ 100,000	Adjust for reappropriation based on more up-to-date current year estimates.
Total		\$ -	\$ (4,905,165)	
FIBER OPTICS FUND				
Utility Fund Capital Corrections	Multiple Projects		\$ (166,370)	As discussed in the Budget Wrap-Up memorandum submitted to the Finance Committee on May 18, 2017, the "Capital Improvement" expense category was inadvertently overstated in the Utility Funds. This action corrects the budget to reflect the lower level of expenses anticipated in FY 2018.
Total		\$ -	\$ (166,370)	
GAS FUND				
Utility Fund Capital Corrections	Multiple Projects		\$ (2,666,977)	As discussed in the Budget Wrap-Up memorandum submitted to the Finance Committee on May 18, 2017, the "Capital Improvement" expense category was inadvertently overstated in the Utility Funds. This action corrects the budget to reflect the lower level of expenses anticipated in FY 2018.
Gas Distribution System Improvements	GS-11002		\$ 241,178	Adjust for reappropriation based on more up-to-date current year estimates.
Gas Main Replacement - Project 22	GS-12001		\$ 3,254,782	Adjust for reappropriation based on more up-to-date current year estimates.
Total		\$ -	\$ 828,983	
STORM DRAIN FUND				
Storm Drain System Replacement and Rehabilitation	SD-06101	\$ -	\$ 450,000	Continue funding for SD-06101 for Storm Drain System Replacement and Rehabilitation.
Total		\$ -	\$ 450,000	
VEHICLE REPLACEMENT FUND				
Scheduled Vehicle and Equipment Replacement - Fiscal Year 2015	VR-15000		\$ 50,000	Adjust for reappropriation based on more up-to-date current year estimates.
Scheduled Vehicle and Equipment Replacement - Fiscal Year 2016	VR-16000		\$ 150,000	Adjust for reappropriation based on more up-to-date current year estimates.
Scheduled Vehicle and Equipment Replacement - Fiscal Year 2017	VR-17000		\$ 200,000	Adjust for reappropriation based on more up-to-date current year estimates.
Scheduled Vehicle and Equipment Replacement - Fiscal Year 2018	VR-18000		\$ (50,000)	Consistent with Finance Committee's recommended revisions to the FY 2018 Budget approved on May 18th, 2017, adjust for reduction of Electric Forklift.
Total		\$ -	\$ 350,000	

ATTACHMENT A, EXHIBIT 2

CITY OF PALO ALTO RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2018 CAPITAL IMPROVEMENT PROGRAM

Title	Project Number	Revenue	Expense	Comments
WASTEWATER COLLECTION FUND				
Utility Fund Capital Corrections	Multiple Projects		\$ (2,155,768)	As discussed in the Budget Wrap-Up memorandum submitted to the Finance Committee on May 18, 2017, the "Capital Improvement" expense category was inadvertently oversteaed in the Utility Funds. This action corrects the budget to reflect the lower level of expenses anticipated in FY 2018.
Wastewater Collection System Rehabilitation/Augmentation Project 27	WC-14001		\$ 97,440	Adjust for reappropriation based on more up-to-date current year estimates.
Wastewater Collection System Rehabilitation/Augmentation Project 28	WC-15001		\$ 351,300	Adjust for reappropriation based on more up-to-date current year estimates.
Total		\$ -	\$ (1,707,028)	
WASTEWATER TREATMENT FUND				
New Dewatering and Loadout Facility	WQ-14001	\$ 7,000,000	\$ 7,000,000	Adjust for reappropriation based on more up-to-date current year estimates.
Total		\$ 7,000,000	\$ 7,000,000	
WATER FUND				
Utility Fund Capital Corrections	Multiple Projects		\$ (1,395,292)	As discussed in the Budget Wrap-Up memorandum submitted to the Finance Committee on May 18, 2017, the "Capital Improvement" expense category was inadvertently oversteaed in the Utility Funds. This action corrects the budget to reflect the lower level of expenses anticipated in FY 2018.
Water Main Replacement - Project 26	WS-12001		\$ 1,143,000	Adjust for reappropriation based on more up-to-date current year estimates.
Seismic Water System Upgrades	WS-09000		\$ (2,283)	Adjust for reappropriation based on more up-to-date current year estimates.
Total		\$ -	\$ (254,575)	
TOTAL CIP ADJUSTMENTS		\$ 7,000,000	\$ 3,627,558	

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018

New Fees

Department	Fee Title	FY 2018 Proposed Fee	Justification
Administrative Services	Duplicate Receipt	\$6.00 each	New fee to recover costs of Revenue Collections staff time for processing duplicate receipt requests.
Community Services	Additional Key	\$15.00 each	New fee to recover costs of providing additional keys to lease holders at the Cubberley Community Center.
Community Services	Corporate Package (Add-on Only)	\$150.00 to \$250.00 per rental	Fee created, in response to customer demand, to consolidate and offer commonly rented equipment, such as audiovisual equipment, tables, chairs, as a single package at a discounted rate instead of having to rent each item separately.
Community Services	Package Rental - Exclusive Use (Saturday 2:00 PM to Midnight)	<div> <u>Resident Rate</u> \$3,800.00 </div> <div> <u>Non-Resident Rate</u> \$4,400.00 </div>	Fee created to offer an option for an exclusive 10-hour Saturday rental at the Lucie Stern Community Room and Patio area at a discounted rate.
Community Services	Portable Dance Floor	\$125.00 each	New fee to charge for setting up and installing a portable dance floor for meetings or special events.
Development Services	Technology Surcharge	1.8% of each transaction	New surcharge to recover costs associated with a new technical support service contract for the City's permit software platform.
Library	3-D Printing	\$2.00 to \$5.00 each	New fee to recover some of the costs associated with providing this service, including costs for materials and staff time maintaining and troubleshooting printers.
Planning & Community Environment	College Terrace RPP - Daily Resident Parking Permit	\$5.00 per day	Establishes a separate "Day Use Permit" for residents in the College Terrace RPP district. Previously, all "Day Use Permits" were authorized under the global fee titled "Residential - Day Use Permit". This "new" fee is intended to bring clarity to individual RPP districts and all the fees that apply.
Planning & Community Environment	Crescent Park NOP RPP - Annual Resident Parking Permit	\$50.00 per year	Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, Annual Resident Parking Permits in RPP districts are recommended to be standardized throughout program at \$50.00 per year. This replaces the fee titled "Residential - Other (Trial)" to specify Crescent Park, remove the trial period language, and reduce the price from \$100.00 per year. Crescent Park is a No Overnight Parking (NOP) program, where permits for day use do not apply.
Planning & Community Environment	Crescent Park NOP RPP - Daily Resident Parking Permit	\$5.00 per night	Establishes a separate "Day Use Permit" for residents in the Crescent Park RPP district. Previously, all "Day Use Permits" were authorized under the global fee titled "Residential - Day Use Permit". This "new" fee is intended to bring clarity to individual RPP districts and all the fees that apply. Crescent Park is a No Overnight Parking (NOP) program, where permits for day use do not apply.
Planning & Community Environment	Downtown RPP - Daily Resident Parking Permit	\$5.00 per day	Establishes a separate "Day Use Permit" for residents in the Downtown RPP district. Previously, all "Day Use Permits" were authorized under the global fee titled "Residential - Day Use Permit". This "new" fee is intended to bring clarity to individual RPP districts and all the fees that apply.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018

New Fees

Department	Fee Title	FY 2018 Proposed Fee	Justification
Planning & Community Environment	Evergreen Park - Mayfield RPP - Annual Resident Parking Permit	\$50.00 per year (after pilot ending 3/31/2018)	New fee effective at the sunset of the Evergreen Park - Mayfield RPP District Resolution #9663 on March 31, 2018. This fee was previously approved in this resolution as "Resident Permit" at \$50.00 per year for the duration of the pilot period, ending on March 31, 2018. Consistent with the Finance Committee recommended revisions approved on May 18th to standardize Annual Resident permits throughout the RPP program at \$50.00 per year, this fee will remain unchanged at the end of the pilot period.
Planning & Community Environment	Evergreen Park - Mayfield RPP - Daily Resident Parking Permit	\$5.00 per day (after pilot ending 3/31/2018)	New fee effective at the sunset of the Evergreen Park - Mayfield RPP District Resolution #9663 on March 31, 2018. This fee was previously approved in this resolution as "Resident Visitor Daily Permit" at \$5.00 per year for the duration of the pilot period, ending on March 31, 2018. The fee is not proposed to increase after the pilot period.
Planning & Community Environment	Evergreen Park - Mayfield RPP - Daily Employee Parking Permit	\$25.00 per day (after pilot ending 3/31/2018)	New fee effective at the sunset of the Evergreen Park - Mayfield RPP District Resolution #9663 on March 31, 2018. This fee was previously approved in this resolution as "Employee Visitor Daily Permit" at \$5.00 per day for the duration of the pilot period. The increased rate is intended to match the rate charged at garages, removing the incentive for employees to park in neighborhoods.
Planning & Community Environment	Evergreen Park - Mayfield RPP - Full Price Employee Parking Permit	\$182.50 per six months (after pilot ending 3/31/2018)	New fee effective at the sunset of the Evergreen Park - Mayfield RPP District Resolution #9663 on March 31, 2018. This fee was previously approved in this resolution as "Standard Annual Permit" at \$149.00 per year for the duration of the pilot period. Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, Full Price Employee RPP Parking Permits are aligned to the same price as garages, removing the incentive for employees to park in neighborhoods. A six month period is recommended rather than an annual amount due to employee turnover.
Planning & Community Environment	Evergreen Park - Mayfield RPP - Reduced Price Employee Parking Permit	\$25.00 per six months (after pilot ending 3/31/2018)	New fee effective at the sunset of the Evergreen Park - Mayfield RPP District Resolution #9663 on March 31, 2018. This fee was previously approved in this resolution as "Low-income Annual Permit" at \$50.00 per year for the duration of the pilot period. The rate is not proposed to change at the end of the pilot period, though a six month period is recommended rather than an annual amount due to employee turnover.
Planning & Community Environment	Parking Space Closure	\$25.00 per space	New fee for activities that close a parking space to the public. The recent parking study recommends that the City ensure that the price of a closed/rented permit space correlates to on-street paid parking rates. If this space is no longer available to the public, the City loses parking inventory and any associated revenue.
Planning & Community Environment	Residential Parking Permit - Temporary Work Parking Permit	\$100.00 per month	New fee under the Construction Permits category and will be charged at the Development Center to recover the impact of parking by work vehicles.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018

New Fees

Department	Fee Title	FY 2018 Proposed Fee	Justification
Public Works	Electric Vehicle Charging	\$0.23 per kilowatt hour	New fee to recover the City's cost to administer electric vehicle charging stations.
Public Works	Electric Vehicle Charger Connection	\$0.00 to \$2.00 per connection	New fee to charge a baseline fee for connection to any electric vehicle charging station in the City.
Public Works	Electric Vehicle Charger Connection Overstay	\$0.00 to \$5.00 per hour	New fee to charge for overstay after charging has been completed to allow for more frequent turnover and availability of charging stations.
Public Works	Traffic Property Damage	\$115.00 per hour	Fee created to recover costs associated with repairing or replacing a damaged traffic property.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018

Deleted Fees

Department	Fee Title	FY 2017 Adopted Fee		Justification
Community Services	Field Inspector Fee	\$83.00 per hour		There is no longer a demand for this service.
Community Services	Playground Inspection Fee	\$162.00 per inspection		There is no longer a demand for this service.
Community Services	Damage and Cleaning Deposit	\$150.00 - \$2,000.00 depending upon event size		This is a duplicate fee.
Community Services	Easel	<u>Resident Rate</u> \$4.00 per day	<u>Non-Resident Rate</u> \$6.00 per day	CSD is proposing to include this in the basic rental price.
Community Services	Gymnastics Mat	<u>Resident Rate</u> \$27.00 per use	<u>Non-Resident Rate</u> \$40.50 per use	CSD no longer has any gymnastics mat available for rent.
Community Services	Personal Flotation Device (Foothills Park Only)	<u>Resident Rate</u> \$4.00 per day	<u>Non-Resident Rate</u> \$6.00 per day	This fee is no longer necessary as all canoe rentals already include life vests for all users for safety purposes.
Planning & Community Environment	800 High Street - Parking Permit	\$146.60 per quarter; \$466.00 per year		Individual garage and lot fees have been consolidated into one "Downtown Garages and Lots" parking fee.
Planning & Community Environment	California Avenue Business District All Lots - Transferable Permit	\$49.50 per quarter		The FY17 Municipal Fee schedule listed two types of Quarterly permits for Downtown and California Avenue lots and garages, at the same price: Transferable Permits and Permits. The proposed change removes all quarterly permit entries in favor of annual permits with a note that reads that quarterly and six month permits will be prorated based on the annual permit fee.
Planning & Community Environment	College Terrace - Guest Permit	\$40.00 per permit		This permit has been consolidated into the existing Annual Resident permit, proposed title "Annual Resident/Annual Guest Permit". Consistent with other RPP programs, daily permits may be purchased for residents or guests.
Planning & Community Environment	College Terrace - Lost Guest Permit	\$40.00 per permit		This fee is recommended for deletion because it is duplicative. The College Terrace Guest Permit and Annual Permit are the same price.
Planning & Community Environment	Downtown RPP - Annual Guest Permit for Residents	\$50.00 per annual permit		This fee is recommended for deletion. Guest permits are not part of the Downtown RPP program. Daily permits may be purchased for residents or guests.
Planning & Community Environment	Downtown RPP - Five-day Employee Guest Permit	\$15.00 per 5 day period in the same week		This fee is recommended for deletion. Five day employee guest permits are not part of the Downtown RPP program.
Planning & Community Environment	Downtown RPP - Visitor Permit	\$5.00 each for 24 hour period, 50 max per year		This fee is recommended for deletion, consistent with RPP programs. Daily permits may be purchased for residents or guests.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Community Services

Fee Title	2017 Adopted		2018 Proposed		% Change		Justification
	Residents	Non-Residents	Residents	Non-Residents	Residents	Non-Residents	
Aquatics - C. Adult (18 and Over)	\$4.00 - \$6.00 per person	\$5.00 - \$9.00 per person	\$4.00 - \$7.00 per person	\$5.00 - \$9.00 per person	16.7%	No Change	Fee range increase from \$4.00-\$6.00 per person to \$4.00-\$7.00 per person for Residents to align with market value.
Aquatics - D. Lap Swimming	\$4.00 - \$6.00 per person	\$4.00 - \$6.00 per person	\$4.00 - \$7.00 per person	\$4.00 - \$9.00 per person	16.7%	50.0%	Fee range increase from \$4.00-\$6.00 per person to \$4.00-\$7.00 per person for Residents and from \$4.00-\$6.00 to \$4.00-\$9.00 for Non-Residents to align with market value.
Art Center - Auditorium	\$145.00 per hour	\$219.00 per hour	\$154.00 per hour	\$232.00 per hour	6.2%	5.9%	Fee increase from \$145.00 to \$154.00 per hour for Residents and from \$219.00 to \$232.00 per hour for Non-Residents to align with market value.
Foothills Park - A. Oak Grove Picnic 1 - 50 People	\$75.00 per group	Not Available	\$80.00 per group	Not Available	6.7%	N/A	Fee increase from \$75.00 per group to \$80.00 per group to align with market value.
Foothills Park - B. Oak Grove Picnic 51 - 100 People	\$149.00 per group	Not Available	\$158.00 per group	Not Available	6.0%	N/A	Fee increase from \$149.00 per group to \$158.00 per group to align with market value.
Art Center - Historic Courtyard	\$89.00 per hour	\$133.00 per hour	\$94.00 per hour	\$141.00 per hour	10.1%	6.0%	Fee increase from \$89.00 to \$94.00 per hour for Residents and from \$133.00 to \$141.00 per hour for Non-Residents to align with market value.
Art Center - Meeting Room	\$89.00 per hour	\$133.00 per hour	\$98.00 per hour	\$147.00 per hour	10.1%	10.5%	Fee increase from \$89.00 to \$98.00 per hour for Residents and from \$133.00 to \$147.00 per hour to align with market value.
Palo Alto Swim Club and Palo Alto Masters Swim Club	\$4.00 - \$6.00 per hour per lane; \$55.00 - \$75.00 per hour for all lanes	Not Available	\$4.00 - \$15.00 per hour per lane; \$55.00 - \$210.00 per hour for all lanes	Not Available	150.0%	N/A	Increase upper range from \$6.00 to \$15.00 per hour per lane and \$75.00 to \$210.00 per hour for all lanes to align with market value.
Peers Park, Mitchell Park Field House	\$23.00 per hour	Not Available	\$24.50 per hour	Not Available	6.5%	N/A	Fee increase from \$23.00 per hour to \$24.50 per hour to align with market value.
Picnic Reservations (1 - 15 people)	\$17.00 per group	\$21.00 per group	\$25.00 per group	\$30.00 per group	47.1%	42.9%	Fee increase from \$17.00 to \$25.00 per group for Residents and \$21.00 to \$30.00 per group for Non-Residents.
Golf Course - Senior 10 Play Discount Card (60 and Older) - Weekdays	\$235.00 - \$259.00 per player	\$299.00 - \$329.00 per player	\$235.00 - \$337.00 per player	\$299.00 - \$428.00 per player	30.1%	30.1%	Increase of upper range by 30% due to potential increase in operating cost of new golf course.
Golf Course - Senior Monthly Play Discount Card (60 and Over)	\$125.00 - \$135.00 per player	Not Available	\$125.00 - \$176.00 per player	Not Available	30.4%	N/A	Increase of upper range by 30% due to potential increase in operating cost of new golf course.
Golf Course - Student 10 Play Discount Card (21 and Under)	\$199.00 - \$219.00 per player	Not Available	\$199.00 - \$285.00 per player	Not Available	30.1%	N/A	Increase of upper range by 30% due to potential increase in operating cost of new golf course.
Golf Course - Student Annual Play Card	\$999.00 - \$1,099.00 per player	Not Available	\$999.00 - \$1,429.00 per player	Not Available	30.0%	N/A	Increase of upper range by 30% due to potential increase in operating cost of new golf course.
Golf Course - Student Weekday Unlimited Play	\$105.00 - \$115.00 per player	Not Available	\$105.00 - \$150.00 per player	Not Available	30.4%	N/A	Increase of upper range by 30% due to potential increase in operating cost of new golf course.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Community Services

Fee Title	2017 Adopted		2018 Proposed		% Change		Justification
	Regular Time	Overtime & Holiday	Regular Time	Overtime & Holiday	Regular Time	Overtime & Holiday	
Custodial Staff	\$30.00 per hour	\$45.00 per hour	\$37.00 per hour	\$53.00 per hour	23.3%	17.8%	Fee increase from \$30.00 to \$37.00 per hour for Residents and from \$45.00 to \$53.00 per hour to align with market value.
Facility Attendant and/or Assistant	\$33.00 per hour	\$49.00 per hour	\$37.00 per hour	\$56.00 per hour	12.1%	14.3%	Fee increase from \$33.00 to \$37.00 per hour for Residents and from \$49.00 to \$56.00 per hour for Overtime/Holidays to align with market value.
Lifeguard	\$23.00 per hour	\$35.00 per hour	\$25.00 per hour	\$38.00 per hour	8.7%	8.6%	Fee increase from \$23.00 to \$25.00 per hour for Residents and \$35.00 to \$38.00 per hour for Non-Residents to align with market value.
Palo Alto Junior Museum & Zoo Attendant	\$31.00 per hour	\$47.00 per hour	\$33.00 per hour	\$50.00 per hour	6.5%	6.4%	Fee increase from \$31.00 to \$33.00 per hour for Residents and \$47.00 to \$50.00 per hour for Non-Residents to align with market value.

Fee Title	2017 Adopted		2017 Proposed		% Change		Justification
	Basic	Non-Profit	Basic	Non-Profit	Basic	Non-Profit	
Cubberley - Amphitheater (Grass)	\$25.00 per hour	\$20.00 per hour	\$27.00 per hour	\$21.00 per hour	8.0%	5.0%	Fee increase from \$25.00 to \$27.00 per hour for Basic Rate and from \$20.00 to \$21.00 per hour for Non-Profit Rate to align with market value.
Cubberley - Auditorium (Includes Kitchen)	\$95.00 per hour	\$59.00 per hour	\$101.00 per hour	\$63.00 per hour	6.3%	6.8%	Fee increase from \$95.00 to \$101.00 per hour for Basic Rate and from \$59.00 to \$63.00 per hour for Non-Profit Rate to align with market value.
Cubberley Theater Rentals - A. Performance Day Package	\$1,400.00 each	\$980.00 each	\$1,500.00 each	\$1050.00 each	7.1%	7.1%	Fee increase from \$1400.00 to \$1500.00 each for Basic Rate and from \$980.00 to \$1050.00 each for Non-Profit Rate to align with market value.
Cubberley Theater Rentals - K. Additional Performance	\$350.00 each	\$245.00 each	\$375.00 each	\$262.00 each	7.1%	6.9%	Fee increase from \$350.00 to \$375.00 each for Basic Rate and from \$245.00 to \$262.00 each for Non-Profit Rate to align with market value.
Cubberley - Dance Studio	\$41.00 per hour	\$36.00 per hour	\$44.00 per hour	\$38.00 per hour	7.3%	5.6%	Fee increase from \$41.00 to \$44.00 per hour for Basic Rate and from \$36.00 to \$38.00 per hour for Non-Profit Rate to align with market value.
Cubberley - Gym B	\$93.00 per hour	\$63.00 per hour	\$99.00 per hour	\$67.00 per hour	6.5%	6.3%	Fee Increase from \$93.00 to \$99.00 per hour for Basic Rate and from \$63.00 to \$67.00 per hour for Non-Profit Rate to align with market value.
Cubberley - Meeting Room - Large (2,000 - 4,000 sq. ft.)	\$66.00 per hour	\$52.00 per hour	\$70.00 per hour	\$55.00 per hour	6.1%	5.8%	Fee increase from \$66.00 to \$70.00 per hour for Basic Rate and from \$52.00 to \$55.00 per hour for Non-Profit Rate to align with market value.
Cubberley - Meeting Room - Small (Less than 1,000 sq. ft.)	\$33.00 per hour	\$26.00 per hour	\$35.00 per hour	\$28.00 per hour	6.1%	7.7%	Fee increase from \$33.00 to \$35.00 per hour for Basic Rate and from \$26.00 to \$28.00 per hour for Non-Profit Rate to align with market value.
Cubberley - Pavilion	\$122.00 per hour	\$95.00 per hour	\$129.00 per hour	\$101.00 per hour	5.7%	6.3%	Fee increase from \$122.00 to \$129.00 per hour for Basic Rate and from \$95.00 to \$101.00 per hour for Non-Profit Rate to align with market value.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Community Services

Fee Title	2017 Adopted		2018 Proposed		% Change		Justification
	Weekday	Weekend / Prime Time	Weekday	Weekend / Prime-Time	Weekday	Weekend / Prime-Time	
Golf Course - 9 Holes (When Available)	\$23.00 - \$25.00 per player	\$26.00 - \$29.00 per player	\$23.00 - \$33.00 per player	\$26.00 - \$38.00 per player	32.0%	31.0%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Daily Fee - Non-Resident	\$39.00 - \$44.00 per player	\$49.00 - \$54.00 per player	\$39.00 - \$57.00 per player	\$49.00 - \$70.00 per player	29.5%	29.6%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Daily Fee - Resident	\$37.00 - \$42.00 per player	\$47.00 - \$52.00 per player	\$37.00 - \$55.00 per player	\$47.00 - \$67.00 per player	31.0%	28.8%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Junior (17 and Under)	\$12.00 - \$16.00 per player	\$15.00 - \$18.00 per player	\$12.00 - \$21.00 per player	\$15.00 - \$23.00 per player	31.3%	27.8%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Mid-Day Rate (1 Hour Before Twilight)	\$32.00 - \$35.00 per player	\$42.00 - \$46.00 per player	\$32.00 - \$46.00 per player	\$42.00 - \$60.00 per player	31.4%	30.4%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Northern CA Golf Association Junior (NCGA Jr) Fee	\$10.00 - \$12.00 per player	\$10.00 - \$12.00 per player	\$10.00 - \$16.00 per player	\$10.00 - \$16.00 per player	33.3%	33.3%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Senior - Non-Resident (60 and Over)	\$32.00 - \$35.00 per player	Not Available	\$32.00 - \$46.00 per player	Not Available	31.4%	N/A	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Senior - Resident (60 and Over)	\$27.00 - \$30.00 per player	Not Available	\$27.00 - \$39.00 per player	Not Available	30.0%	N/A	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Shotgun Start Tournaments	\$59.00 - \$65.00 per player	\$70.00 - \$85.00 per player	\$59.00 - \$85.00 per player	\$70.00 - \$111.00 per player	30.8%	30.6%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Student (21 and Under)	\$26.00 - \$29.00 per player	\$29.00 - \$32.00 per player	\$26.00 - \$38.00 per player	\$29.00 - \$42.00 per player	31.0%	31.3%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Super Twilight Rates	\$24.00 - \$28.00 per player	\$26.00 - \$30.00 per player	\$24.00 - \$36.00 per player	\$26.00 - \$39.00 per player	28.6%	30.0%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Twilight Rates	\$28.00 - \$32.00 per player	\$33.00 - \$37.00 per player	\$28.00 - \$42.00 per player	\$33.00 - \$48.00 per player	31.3%	29.7%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Community Services

Fee Title	2017 Adopted	20178 Proposed	% Change	Justification
Art Center - Locker Rental - Large	\$28.00 per season	\$30.00 per season	7.1%	Fee increase from \$28.00 per season to \$30.00 per season to align with market value.
Art Center - Locker Rental - Small	\$17.00 per season	\$19.00 per season	11.8%	Fee increase from \$17.00 per season to \$19.00 per season to align with market value.
Golf Course - A. Small Bucket	\$3.00 - \$5.00 per bucket	\$3.00 - \$7.00 per bucket	40.0%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - B. Medium Bucket	\$6.00 - \$9.00 per bucket	\$6.00 - \$12.00 per bucket	33.3%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - C. Large Bucket	\$10.00 - \$12.00 per bucket	\$10.00 - \$16.00 per bucket	33.3%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - D. Jumbo Bucket	\$10.00 - \$14.00 per bucket	\$10.00 - \$18.00 per bucket	28.6%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - E. Medium Bucket Card - 10	\$60.00 - \$80.00 per bucket	\$60.00 - \$104.00 per bucket	30.0%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - F. Large Bucket Card - 10	\$90.00 - \$110.00 per bucket	\$90.00 - \$143.00 per bucket	30.0%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Hand Cart - 18 Holes	\$4.00 - \$8.00 per rental	\$4.00 - \$10.00 per rental	25.0%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Hand Cart - 9 Holes	\$2.00 - \$5.00 per rental	\$2.00 - \$7.00 per rental	40.0%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - League Reservation Fee	\$250.00 - \$450.00 per team	\$250.00 - \$585.00 per team	30.0%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Off Premise Club Rental - 18 Holes	\$45.00 - \$55.00 per rental	\$45.00 - \$72.00 per rental	30.9%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Power Cart - 18 Holes	\$26.00 - \$37.00 per rental	\$26.00 - \$48.00 per rental	29.7%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Power Cart - 4 Bagger	\$30.00 - \$34.00 per rental	\$30.00 - \$44.00 per rental	29.4%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Power Cart - 9 Holes	\$13.00 - \$17.00 per rental	\$13.00 - \$22.00 per rental	-88.2%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Pro-Line Clubs - 18 Holes	\$28.00 - \$32.00 per rental	\$28.00 - \$42.00 per rental	31.3%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Pro-Line Clubs - 9 Holes	\$19.00 - \$22.00 per rental	\$19.00 - \$29.00 per rental	31.8%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Single Rider - 18 Holes	\$15.00 - \$19.00 per rental	\$15.00 - \$25.00 per rental	31.6%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.
Golf Course - Tournament Reservation Fee	\$1.00 - \$5.00 per player	\$1.00 - \$7.00 per player	40.0%	Increase of upper range by approximately 30% due to potential increase in operating cost of new golf course.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Development Services - Green Building Division

Fee Title	2017 Adopted	2018 Proposed	% Change	Justification
Alterations and additions for single and multifamily > 1,000 sq ft	\$1,300.00 each	\$708.00 each	-45.5%	Fee adjusted from \$1300.00 to \$708.00 to realign the fee to full cost recovery.
Alterations and additions for single family and multifamily < 1,000 sq ft and increases conditioned space	\$1,158.00 each	\$429.00 each	-63.0%	Fee adjusted from \$1158.00 to \$429.00 to realign the fee to full cost recovery.
If the project is over \$100,000 Energy Star is required after 12 months of occupancy	\$737.00 each	\$140.00 each	-81.0%	Fee adjusted from \$737.00 to \$140.00 to realign the fee to full cost recovery.
Landscape Inspection	\$230.00 per inspection	\$185.00 per inspection	-19.6%	Fee added to provide services and compliance with the Emergency Building Standards for Outdoor Potable Water. Fee adjusted from \$230.00 to \$185.00 to realign the fee to full cost recovery.
Landscape Plan Review - Non-Residential & Multi-Family	\$1,553.00 each	\$1,886.00 each	21.4%	Fee added to provide services and compliance with the Emergency Building Standards for Outdoor Potable Water. Fee adjusted from \$1553.00 to \$1886.00 to realign the fee to full cost recovery.
Landscape Plan Review - Single Family Residential	\$943.00 each	\$1,161.00 each	23.1%	Fee added to provide services and compliance with the Emergency Building Standards for Outdoor Potable Water. Fee adjusted from \$943.00 to \$1161.00 to realign the fee to full cost recovery.
Multi Family New Construction of < 4	\$1,306.00 each	\$1,481.00 each	13.4%	Fee adjusted from \$1306.00 to \$1481.00 Fees to realign the fee to full cost recovery.
Multi Family New Construction of 4 or More (attached) units	\$1,591.00 each	\$923.00 each	-42.0%	Fee adjusted from \$1591.00 to \$923.00 to realign the fee to full cost recovery.
New Commercial >50,000 SF	\$2,303.00 per review	\$1,761.00 per review	-23.5%	Fee adjusted from \$2303.00 to \$1761.00 to realign the fee to full cost recovery.
New Commercial 1,000-25,000 SF	\$1,876.00 per review	\$1,202.00 per review	-35.9%	Fee adjusted from \$1876.00 to \$1202.00 to realign the fee to full cost recovery.
New Commercial 25,001 - 50,000 SF	\$2,160.00 per review	\$1,481.00 per review	-31.4%	Fee adjusted from \$2160.00 to \$1481.00 to realign the fee to full cost recovery.
New Single Family	\$1,449.00 per review	\$923.00 per review	-36.3%	Fee adjusted from \$1449.00 to \$923.00 to realign the fee to full cost recovery.
Tenant improvements, renovations or alterations > \$200,000 in valuation (and not triggered by a Calgreen Tier)	\$1,306.00 per review	\$644.00 per review	-50.7%	Fee adjusted from \$1306.00 to \$644.00 to realign the fee to full cost recovery.
Tenant improvements, renovations or alterations > 5,000 SF	\$1,591.00 per review	\$644.00 per review	-59.5%	Fee adjusted from \$1591.00 to \$644.00 to realign the fee to full cost recovery.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Development Services - Public Works Division

Fee Title	2017 Adopted	2018 Proposed	% Change	Justification
Engineering - A. 101 - 1,000 cubic yards	\$139.00 for the first 100 cubic yards, plus \$139.00 for each additional 100 cubic yards or fraction thereof	\$197.00 for the first 100 cubic yards, plus \$197.00 for each additional 100 cubic yards or fraction thereof	41.7%	Base fee increased from \$139.00 to \$197.00 for first 100 cubic yards to adjust for actual costs, including department specific overhead and meet Council cost-recovery directive.
Engineering - B. 1,001 - 10,000 cubic yards	\$1390.00 for the first 1,000 cubic yards plus \$129.00 for each additional 1,000 cubic yards or fraction thereof	\$1970.00 for the first 1,000 cubic yards plus \$186.00 for each additional 1,000 cubic yards or fraction thereof	41.7%	Base fee increased from \$1,390.00 to \$1,970.00 for first 1,000 cubic yards to adjust for actual costs, including department specific overhead and meet Council cost-recovery directive.
Engineering - C. 10,001 or more cubic yards	\$2680.00 for the first 10,000 cubic yards plus \$517.00 for each additional 10,000 cubic yard or fraction thereof	\$3830.00 for the first 10,000 cubic yards plus \$711.00 for each additional 10,000 cubic yard or fraction thereof	42.9%	Base fee increased from \$2,680.00 to \$3830.00 for first 10,000 cubic yards to adjust for actual costs, including department specific overhead and meet Council cost-recovery directive.
Storm Drain Plan Check Fee	\$595.00 per project	\$743.00 per project	24.9%	Fee increased from \$595.00 per project to \$743.00 per project. Staff proposes to increase the fee by 25% annually for six years until cost recovery is met.
Tree Inspection for Private Development	\$210.00 per inspection	\$139.00 per inspection	-33.8%	Fee decreased to \$139 from \$210 per project to reflect the shift to contract services, include department-specific overhead, and meet Council cost-recovery directive.
Wet Season Construction Site Stormwater Inspection	\$230.00 per month, charge monthly October thru April	\$287.00 per month, charge monthly October thru April	24.8%	Fee increased to \$287 from \$230 per month to include department-specific overhead, and meet Council cost-recovery directive.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Fire

Fee Title	2017 Adopted	2018 Proposed	% Change	Justification
911 Advanced Life Support Transport Mileage	\$25.00 per mile	\$27.00 per mile	8.0%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
911 Basic Life Support Transport Mileage	\$25.00 per mile	\$27.00 per mile	8.0%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Advanced Life Support - Base/BLS Downgrades Bundled Rate	\$1,718.00 per occurrence	\$1,872.50 per occurrence	9.0%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Advanced Life Support - LS II Bundled Rate	\$1995.00 per occurrence	\$2,174.50 per occurrence	9.0%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Advanced Life Support - Special Event Standby	\$208.00 - \$340.00 per hour	\$227.00 - \$371.00 per hour	9.1%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Basic Life Support - Scheduled Transport	\$270.00 - \$595.00 per occurrence	\$294.00 - \$649.00 per occurrence	8.9%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Basic Life Support - Single	\$512.00 per occurrence	\$558.00 per occurrence	9.0%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Basic Life Support - Special Event Standby	\$85.00 - \$160.00 per hour	\$93.00 - \$174.00 per hour	9.4%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Contracted Interfacility Basic Life Support Transport	\$25.00 per mile	\$27.00 per mile	8.0%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Interfacility Basic Life Support Transport Mileage	\$25.00 per mile	\$27.00 per mile	8.0%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Night Transport Fee	\$75.00 per occurrence	\$82.00 per occurrence	9.3%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.
Oxygen	\$127.00 per occurrence	\$138.00 per occurrence	8.7%	This proposed increase aligns the fee with increasing costs to provide emergency medical transport services, driven by personnel cost increases as well as services and supply costs that support the program.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Planning and Community Environment

Fee Title	2017 Adopted	2018 Proposed	% Change	Justification
California Avenue Area - Daily Parking Permit	\$8.00 per day	\$25.00 per day	212.5%	This fee is consistent with the daily parking rate in the Downtown area. The proposed fee is increased to provide cost recovery for the provision of parking facilities and to discourage the use of single occupancy vehicles.
California Avenue Area All Garages and Lots - Annual Parking Permit	\$49.50 per quarter; \$149 per year	\$365.00 per year	145.0%	Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this fee is increased to provide cost recovery for various parking initiatives in California Avenue and to minimize General Fund subsidy. The fee includes a note that quarterly and six month permits are prorated based upon the annual amount.
College Terrace RPP - Annual Resident Parking Permit	\$40.00 per permit	\$50.00 per year	25.0%	Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, Annual Resident Parking Permits in RPP districts are recommended to be standardized throughout program at \$50.00 per year. This fee was previously titled "College Terrace - Annual Permit" and has been consolidated with the deleted fee titled "College Terrace - Guest Permit".
Downtown RPP - Daily Employee Parking Permit	\$5.00 per day	\$25.00 per day	400.0%	Daily employee RPP permits are set at the same cost as garages, removing the incentive for employees to park in neighborhoods.
Downtown RPP - Full Price Employee Parking Permit	\$466.00 per year	\$365 per six months	56.7%	Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, Full Price Employee RPP Parking Permits are aligned to the same price as garages, removing the incentive for employees to park in neighborhoods. A six month period is recommended rather than an annual amount due to employee turnover.
Downtown RPP - Reduced Price Employee Parking Permit	\$100.00 per annual permit	\$50.00 per six months	N/A	The total price for low income workers is not proposed to change, rather a six month period is recommended rather than an annual amount due to employee turnover.
On-Street Parking Space Rental	\$79.00 per space per week	\$25 per space per day	N/A	The recent parking study recommends that the City ensure that the price of rented permit spaces correlates to on-street paid parking rates. If this space is no longer available to the public, the City is in loss of parking inventory and any associated revenue.
Records Retention	\$4.00 per plan sheet	\$6.00 per plan sheet	50.0%	Increased to align with costs and to be consistent with Development Services fee for the same activity.

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Planning and Community Environment

Fee Title	2017 Adopted	2018 Proposed	% Change	Justification
Standard On-street Disabled Parking Space	\$250.00 per year	\$915.00 per five years	N/A	The fee listed in the FY17 Municipal Schedule was for the piloting of this activity. The proposal updates the fee based upon the actual cost of providing the disabled space, reduced in consideration of similar fees in neighboring cities. The space is not for the exclusive use of the applicant, anyone with appropriate designation may park in it.
All Downtown and SOFA Garages and Lots - Annual Parking Permit	\$146.50 per quarter; \$466.00 per year	\$730.00 per year	56.7%	Consistent with the Finance Committee recommended revisions approved on May 18th, 2017, this fee is increased to provide cost recovery for various parking initiatives in University Avenue and to support the recommendation to increase Transportation Management Authority (TMA) funding. This proposed fee encapsulates the annual parking fee for all downtown lots and garages, and has been renamed from the prior title "University Avenue - All Lots". The FY17 Municipal Fee Schedule lists each by garage, which can cause confusion to the public who are unaware of garage designations. The fee includes a note that quarterly and six month permits are prorated based upon the annual amount.
All Downtown and SOFA Garages and Lots - Daily Parking Permit	\$17.50 per day	\$25.00 per day	42.9%	This proposed fee encapsulates the annual parking fee for all downtown lots and garages, and has been renamed from the prior title "University Avenue - One Day Parking Permit". The FY17 Municipal Fee Schedule lists each by garage, which can cause confusion to the public who are unaware of garage designations. The fee is increased to begin bringing the price closer to market and to discourage the use of single occupancy vehicles

ATTACHMENT A, Exhibit 3

Municipal Fee Schedule Amendments for FY 2018 Changed Fees

Public Works

Fee Title	2017 Adopted	2018 Proposed	% Change	Justification
Additional Non-Residential Long-Term (More than 5 days) Monthly	\$500.00 per month	\$746.00 per month	49.2%	Fee increased from \$500 to \$746 per encroachment to adjust for actual costs, including department-specific overhead, and meet Council cost-recovery directive.
Additional Temporary Discharge to Storm Drain from Construction Site Dewatering	\$217.00 per week for the duration of dewatering activities	\$313.00 per week for the duration of dewatering activities	44.2%	Fee increased to \$313 from \$217 per week per project to adjust for actual costs, including department specific overhead, and to meet Council cost-recovery directive .
Dumpster, Container	\$210.00 each	\$310.00 each	47.6%	Fee increased from \$210 each to \$310 each to adjust for actual costs, including department specific overhead, and meet Council cost-recovery directive.
IR Review - Trees	\$647.00 per application	\$304.00 per application	-53.0%	Fee decreased from \$647 to \$304 as contract services will be used to provide this service with Urban Forester quality control.
Non-Residential - Single Day	\$862.00 each	\$1,249.00 each	44.9%	Fee increased to \$1249.00 from \$862.00 per project to adjust for actual costs, including department specific overhead, and meet Council cost-recovery directive.
Non-Residential Long-Term (More than 5 days)	\$1,418.00 each	\$2,039.00 each	43.2%	Fee increased from \$1418.00 to \$2039.00 per project to adjust for actual costs, including department specific overhead and meet Council cost-recovery directive.
Non-Residential Short-Term (Less than 5 days)	\$1,014.00 each	\$1,466.00 each	44.6%	Fee increased from \$1014.00 to \$1466 to adjust for actual costs, including department specific overhead and meet Council cost-recovery directive.
Permit Fees - A. Construction in Public Right-of-Way (\$1.00 - \$5,999)	\$503.00 per occurrence	\$702.00 per occurrence	39.6%	Base fee increased from \$503.00 to \$712.00 per occurrence to adjust for actual costs, including department specific overhead and meet Council cost-recovery directive.
Permit Fees - B. Construction in Public Right-of-Way (\$6,000 - \$25,999)	\$503.00 + 6.2% of value greater than \$6,000.00	\$712.00 + 8.8% of value greater than \$6,000.00	41.6%	Base fee increased from \$503.00 to \$712.00 to adjust for actual costs, including department specific overhead and meet Council cost-recovery directive.
Permit Fees - C. Construction in Public Right-of-Way (\$26,000 - \$100,999)	\$1,743.00 + 7.5% of value greater than \$26,000.00	\$2472.00 + 10.8% of value greater than \$26,000.00	41.8%	Base fee increased from \$1743.00 to \$2472.00 per occurrence to adjust for actual costs, including department specific overhead and meet Council cost-recovery directive.
Permit Fees - D. Construction in Public Right-of-Way (\$101,000 +)	\$7,368.00 + 6.4% of value greater than \$100,000.00	\$10,572.00 + 9% of value greater than \$100,000.00	43.5%	Base fee increased from \$7368.00 to \$10,572 to adjust for actual costs and meet Council cost-recovery directive.
Temporary Discharge to Storm Drain from Construction Site Dewatering	\$2,903.00 per request to discharge	\$14,093 per request to discharge	385.5%	Fee increased from \$2,903.00 to \$14,093.00 per request to discharge to adjust for actual costs, including department specific overhead, and meet Council cost-recovery directive. \$10,000 is for Council adopted ordinance for dewatering to pay consultant per instance.

Attachment B

Not Yet Approved

Resolution No. _____

Resolution of the Council of the City of Palo Alto Approving the FY 2018 Electric 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 approves the FY 2018 Electric Utility Financial Plan.

SECTION 2. The Council hereby approves the transfer of up to \$911 thousand 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 2018 Electric Utility Financial Plan approved via this resolution.

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Attachment B

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 2018 ELECTRIC UTILITY FINANCIAL PLAN

FY 2018 TO FY 2027

FY 2017 ELECTRIC UTILITY FINANCIAL PLAN

FY 2018 TO FY 2027

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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
Sub-transmission 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 ten 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 2016 to FY 2027

Expenses (\$000)	FY 2016 (act.)	FY 2017 (est.)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Power Supply Purchases	79,115	84,371	87,987	89,066	90,841	90,728	92,221	91,758	92,925	93,904	95,224	96,465
Operations	35,443	54,152	56,307	56,795	58,409	59,238	60,089	61,931	62,507	59,519	60,550	61,610
Capital Projects	21,128	21,490	15,574	15,869	25,150	19,048	17,449	18,354	18,878	19,417	19,972	20,543
TOTAL	135,685	160,013	159,868	161,730	174,400	169,014	169,759	172,042	174,309	172,840	175,746	178,617

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 lower actual and projected sales and increases to transmission cost projections. In addition, the continued drought has had a greater impact than expected on hydroelectric supplies. This has affected reserves, making it difficult to phase in rate increases over multiple years.

Table 2: Projected Electric Rates, FY 2017 to FY 2023

Projection	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Current	14%	7%	0%	0%	1%	2%	1%	1%	1%	1%
Last Year	10%	3%	0%	1%	0%	2%	N/A	N/A	N/A	N/A

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 2018. 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, but 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.

Staff will request a temporary loan from the ESP reserve of \$10 million for the Distribution Operations reserve, as it is otherwise projected to be critically low. As the intent of the ESP reserve is to fund projects, not to stabilize rates, this will be a temporary transfer, to be reversed once distribution rates have increased and stabilized (FY 2020 and 2021) and funds can be returned to the ESP reserve. Staff is also requesting authority to withdraw funds 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. Based on precipitation to-date, this projection is likely to change, and staff will not perform these transfers if they become unnecessary.

Table 3: Reserves Transfers for FY 2017 to FY 2027 (\$000)

Reserve	FY 2017	FY 2018	FY 2019 to FY 2027
Supply Reserves			
Electric Special Projects	(10,173)		3,000
Hydro Stabilization*	(9,000)	(2,400)	-
Supply Rate Stabilization	(5,411)	(3,600)	-
Supply Operations	10,084	5,500	7,000
Distribution Reserves			
Capital Improvement Program			
Distribution Operations	14,500	500	(10,000)

* 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 2017:

1. Complete the proposed FY 2017 reserves transfers described Section 3D: Proposed Reserve Transfers, as previously requested as part of the FY 2017 Electric Financial Plan
2. Request a new transfer of \$10 million from the ESP reserve to the Distribution Operations Reserve, to be repaid within five years.

Staff proposes the following actions for the Electric Utility in FY 2018:

1. Request the proposed FY 2018 reserves transfers described in Section 3D: Proposed Reserve Transfers.
2. Increase rates effective July 1, 2017 for a 14% increase in system average rates, and thereby increase sales revenues by 10% based upon current sales projections.

Note that while the projected rate increases and reserves transfers in this FY 2018 Financial Plan are adequate to recover costs over the forecast period, the Supply Operations Reserves are projected to be at or below the minimum Supply Operations Reserve level for FY 2017 through FY 2019, and lower sales have dropped Distribution Operations reserves to very low levels requiring new transfer requests. While more aggressive increases could be requested, staff still recommends proceeding with this plan for two reasons: first, recent rains and

favorable snowpack levels may result in favorable hydroelectric production, resulting in higher reserves, and second, the presence of the Electric Special Projects Reserve with a balance of \$41 million means that a small temporary shortfall in the Operations Reserves should not affect the Electric Utility's financial health and bond ratings. In the event drought resurfaces or hydro fails to materialize, staff will re-evaluate its projections at midyear of FY 2018 and may recommend additional rate increases or the adoption of a hydroelectric rate adjuster.

SECTION 3: DETAIL OF FY 2018 RATE AND RESERVES PROPOSALS

SECTION 3A: RATE DESIGN

The rates discussed in the previous section are based on the cost of service methodology established in "City of Palo Alto Electric Cost of Service and Rate Study"¹ drafted by EES Consulting, Inc. in 2015/16. Staff provided EES with updated sales and budget projections, including projected transmission and distribution costs, power supply costs and billing data, in order for EES to update individual cost of service model components and determine the proposed rates. The 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, 2016, when CPAU increased electric rates by 11%. Table 4, below, summarizes the current and proposed 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. Staff proposes a 14% overall increase in revenue, requiring 14% increase in system average rates. Different customer classes may see different percentage changes to their rates, based upon their usage of the system and cost to serve each group.

¹ Staff Report 6857 <http://www.cityofpaloalto.org/civicax/filebank/documents/52274>

Table 4: Current and Proposed Electric Rates

	Current Rates	Proposed Rates (7/1/17)	Change	
			\$	%
E-1 (Residential)				
Tier 1 Energy (\$/kWh)	0.11029	0.12159	0.01130	10%
Tier 2 Energy (\$/kWh)	0.16901	0.19001	0.02100	12%
Minimum Bill (\$/day)	0.3067	0.2938	(0.0129)	-4%
E-2 & E-2-G(Small Non-Residential)				
Summer Energy (\$/kWh)	0.16845	0.18885	0.02040	12%
Winter Energy (\$/kWh)	0.11445	0.13267	0.01822	16%
Minimum Bill (\$/day)	0.7657	0.7328	(0.0329)	-4%
E-4 & E-4-G (Medium Non-Residential)				
Summer Energy (\$/kWh)	0.10229	0.11673	0.01444	14%
Winter Energy (\$/kWh)	0.08049	0.08890	0.00841	10%
Summer Demand (\$/kW)	19.68	21.05	1.37	7%
Winter Demand (\$/kW)	14.04	15.36	1.32	9%
Minimum Bill (\$/day)	16.3216	14.8414	(1.4802)	-9%
E-7 & E-7-G (Large Non-Residential)				
Summer Energy (\$/kWh)	0.08749	0.09802	0.01053	12%
Winter Energy (\$/kWh)	0.06242	0.07188	0.00946	15%
Summer Demand (\$/kW)	18.34	23.84	5.50	30%
Winter Demand (\$/kW)	15.65	15.59	(0.06)	0%
Minimum Bill (\$/day)	48.5054	42.3648	(6.1406)	-13%

These proposed rates were prepared in conformance with the “FY 2017 City of Palo Alto Electric Cost of Service and Rate Study,” performed by EES Consulting (2016).

SECTION 3C: RESERVES MANAGEMENT PRACTICES

No changes to the Electric Utility Reserves Management Practices (See *Appendix B: Electric Utility Reserves Management Practices*) are proposed at this time.

SECTION 3D: PROPOSED RESERVE TRANSFERS

In the FY 2017 Electric Financial Plan, Council approved several proposed transfers for FY 2017:

- Transfer up to \$1 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. Current estimates are that the amount will be closer to \$911,000.
- 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 current estimates still indicate the full amount will be needed, since excess generation in the spring of 2017 may not fully offset below-average generation in the summer and fall of 2016.

- Transfer up to \$4.5 million from the Supply Operations Reserve to the Distribution Operations Reserve to ensure reserve adequacy in the Distribution Operations Reserve.

Staff will also request the following for FY 2017:

- Transfer up to \$10 million from the ESP Reserve to the Distribution Operations Reserve. This transfer will be construed as a temporary transfer, to be repaid to the ESP Reserve within five years.

Proposed transfers for FY 2018 will not be requested by resolution at this time, but will be requested as part of the FY 2019 Financial Plan, or at FY 2017 year-end should ending reserve balances require it.

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 2018 – FY 2027 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 2027

Ending Reserve Balance (\$000)	FY 2016 (Act.)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Reappropriations	-	-	-	-	-	-	-	-	-	-	-	-
Commitments	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777
Underground Loan	729	729	729	729	729	729	729	729	729	729	729	729
Public Benefits	1,839	1,331	739	280	95	-	-	-	-	-	-	-
Special Projects	51,838	41,665	41,526	41,192	42,859	46,192	44,665	44,665	44,665	44,665	44,665	44,665
Hydro Stabilization	11,400	2,400	-	-	-	-	-	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-	-	-
Rate Stabilization	9,011	3,600	-	-	-	-	-	-	-	-	-	-
Operations	21,850	21,570	28,477	31,328	31,984	32,727	36,734	36,600	36,226	38,957	40,471	41,658
Unassigned	-	-	-	916	-	-	-	-	-	-	-	-
TOTAL	100,444	75,072	75,248	78,222	79,444	83,425	85,906	85,771	85,397	88,128	89,642	90,830

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 Utility² 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.

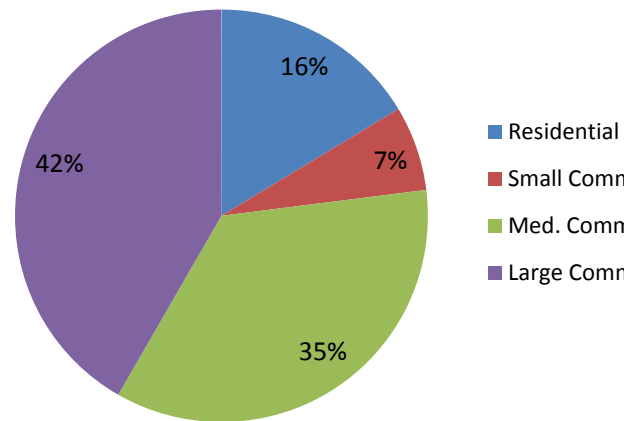
In 2001 CPAU began planning for the impacts associated with the new terms of its contract with WAPA, set to take effect in 2005. The previous contract had provided 90% of Palo Alto's power supply at favorable rates, and PG&E, as a party to the contract, had provided supplemental power to balance the 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 manage 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.

² *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 29,750 customers connected to the electric system, 25,700 (86%) of which are residential and 4,050 (14%) of which are non-residential. Residential customers consumed 148 gigawatt-hours (GWh) in FY 2016, approximately 16% of the electricity sold, while non-residential customers consumed 88% or 759 GWh. Residential customers use electricity primarily for lighting, refrigeration, electronics, and air conditioning.³ Non-residential customers use the majority of their electricity for cooling, ventilation, lighting, office equipment (offices), cooking (restaurants), and refrigeration (grocery stores).⁴

Figure 1: Customer Base (FY 2016)



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 72 customers on the E-7 rate schedule) account for over 40% of CPAU's sales. The next largest customer group (the 835 non-residential customers on the E-4 rate schedule) represents another 35% of sales. In total, that means that about 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

³ Source: Residential Appliance Saturation Survey, California Energy Commission, 2010

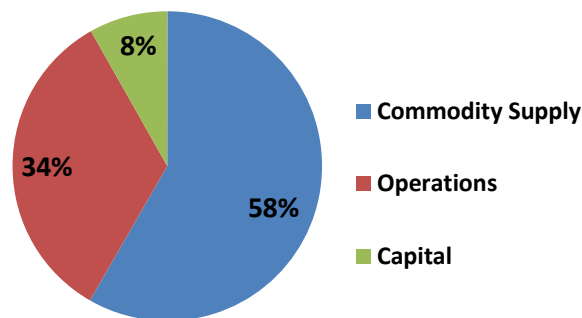
⁴ Source: Statewide Commercial End Use Study, California Energy Commission report, 2006.

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

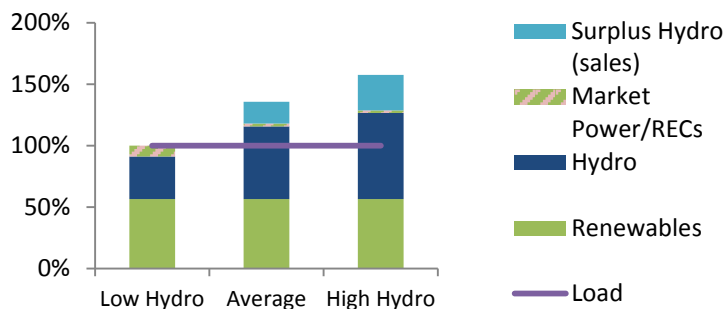
As shown in Figure 2, electric commodity purchases accounted for roughly 58% of the Electric Utility's costs in FY 2016. Operational costs represented roughly 34%, and capital investment was responsible for the remaining 8%. CPAU's non-hydro long-term commodity supply is heavily dependent on long-term 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 54% of total costs in FY 2027.

Figure 2: Cost Structure (FY 2016)



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, projected, and low hydroelectric generation scenarios for FY 2018. Additional costs associated with a very low generation scenario can range from \$9-11 million per year. For the current hydroelectric risk assessment see *Section 5F: Risk Assessment and Reserves Adequacy*.

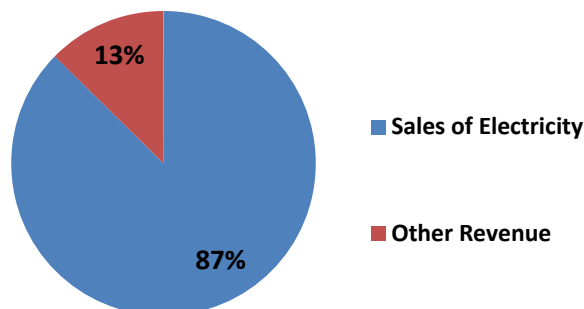
Figure 3: Hydroelectric Variability (FY 2018)



Additional costs associated with a very low generation scenario can range from \$9-11 million per year. For the current hydroelectric risk assessment see *Section 5F: Risk Assessment and Reserves Adequacy*.

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

Figure 4: Revenue Structure (FY 2016)



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 as accounting entries associated with occasional sales of surplus hydroelectric energy during wet years. Without these entries sales revenues represent roughly 91% 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 900 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 24% of the utility's revenue comes from peak demand charges on large non-residential 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).
- **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 2016 was \$551.65 under current CPAU rates, 38% lower than the annual bill for a PG&E customer with the same consumption and roughly the same as 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 March 1, 2017. PG&E rates were recently increased, and their residential tiers moved from three to two.

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, 2017 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 3/1/17, \$/mo)

Season	Usage (kwh)	Palo Alto	PG&E	Santa Clara
Winter (March)	300	33.09	57.04	35.18
	453 (Median)	57.18	97.81	53.78
	650	90.48	154.38	77.73
	1200	183.43	374.19	144.59
Summer (July)	300	33.09	57.04	35.25
	(Median) 330	36.40	63.85	38.83
	650	90.48	159.66	77.73
	1200	183.43	380.43	144.59

Table 7 shows the average monthly electric bill for commercial customers for various usage levels. Even with the proposed rate increases, Palo Alto's commercial bills will remain substantially below PG&E's, and below Santa Clara's for some commercial customers.

Table 7: Commercial Monthly Electric Bill Comparison (3/1/17, \$/mo)

Usage (kwh/mo)	Palo Alto	PG&E	Santa Clara
1,000	142	240	181
160,000	21,366	29,108	20,562
500,000	54,473	87,015	62,956
2,000,000	200,895	333,041	243,390

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

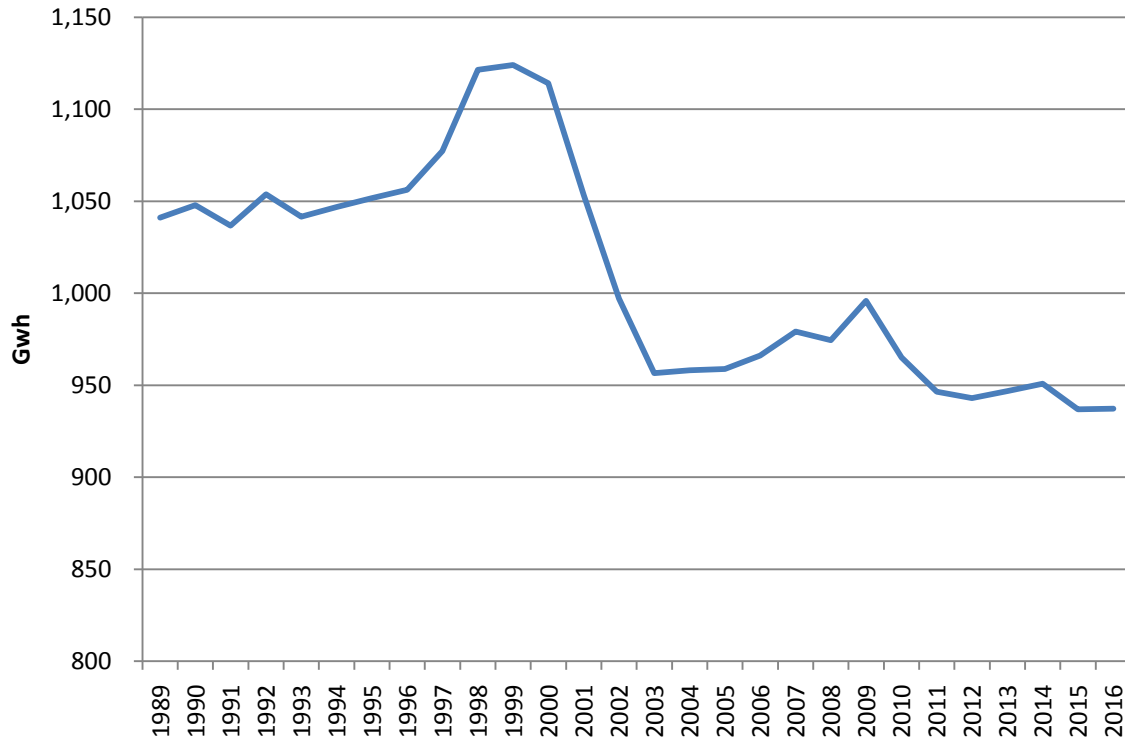
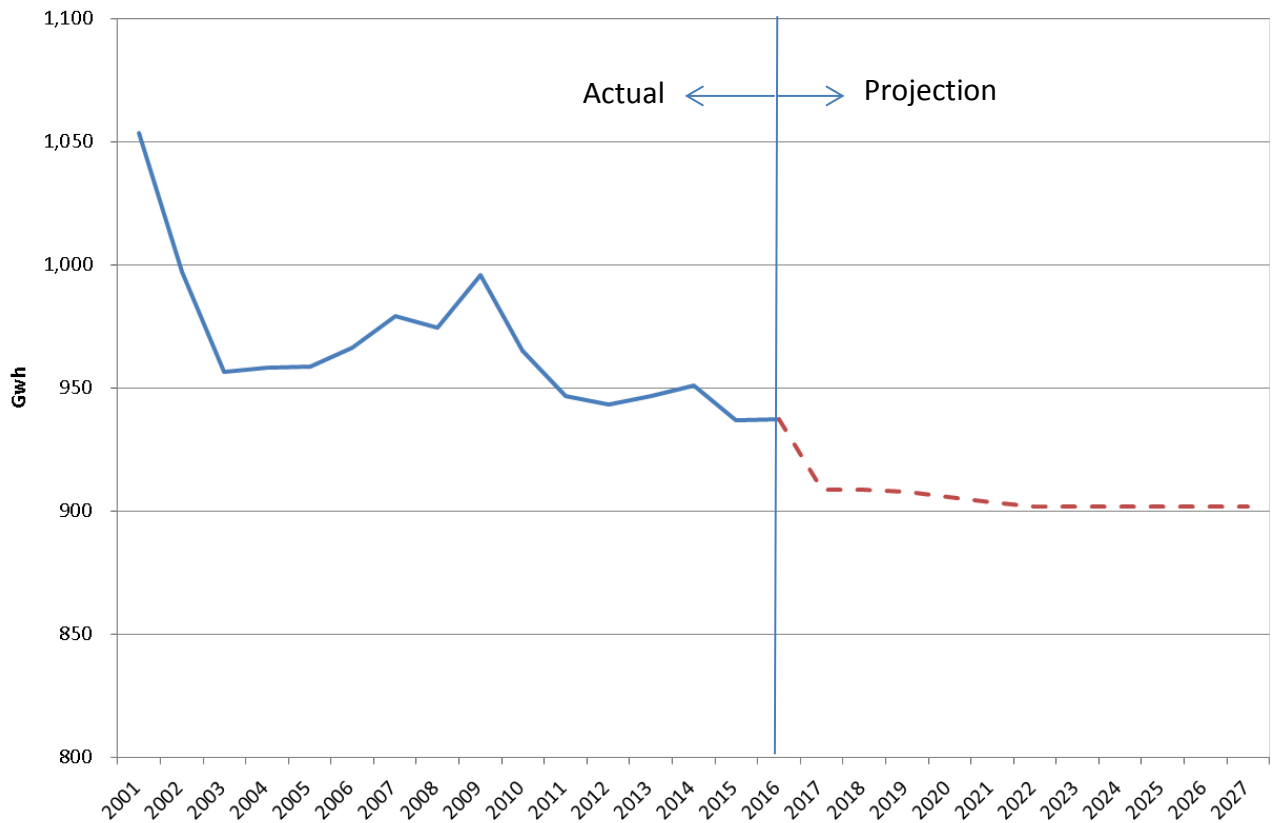


Figure 6 shows the forecast of electricity consumption through FY 2027. Sales after the July 2016 rate change decreased by 6% from projections. To be conservative, the forecast assumes that current trends continue and sales through the forecast period decline slightly.

Figure 6: Forecasted Electricity Consumption



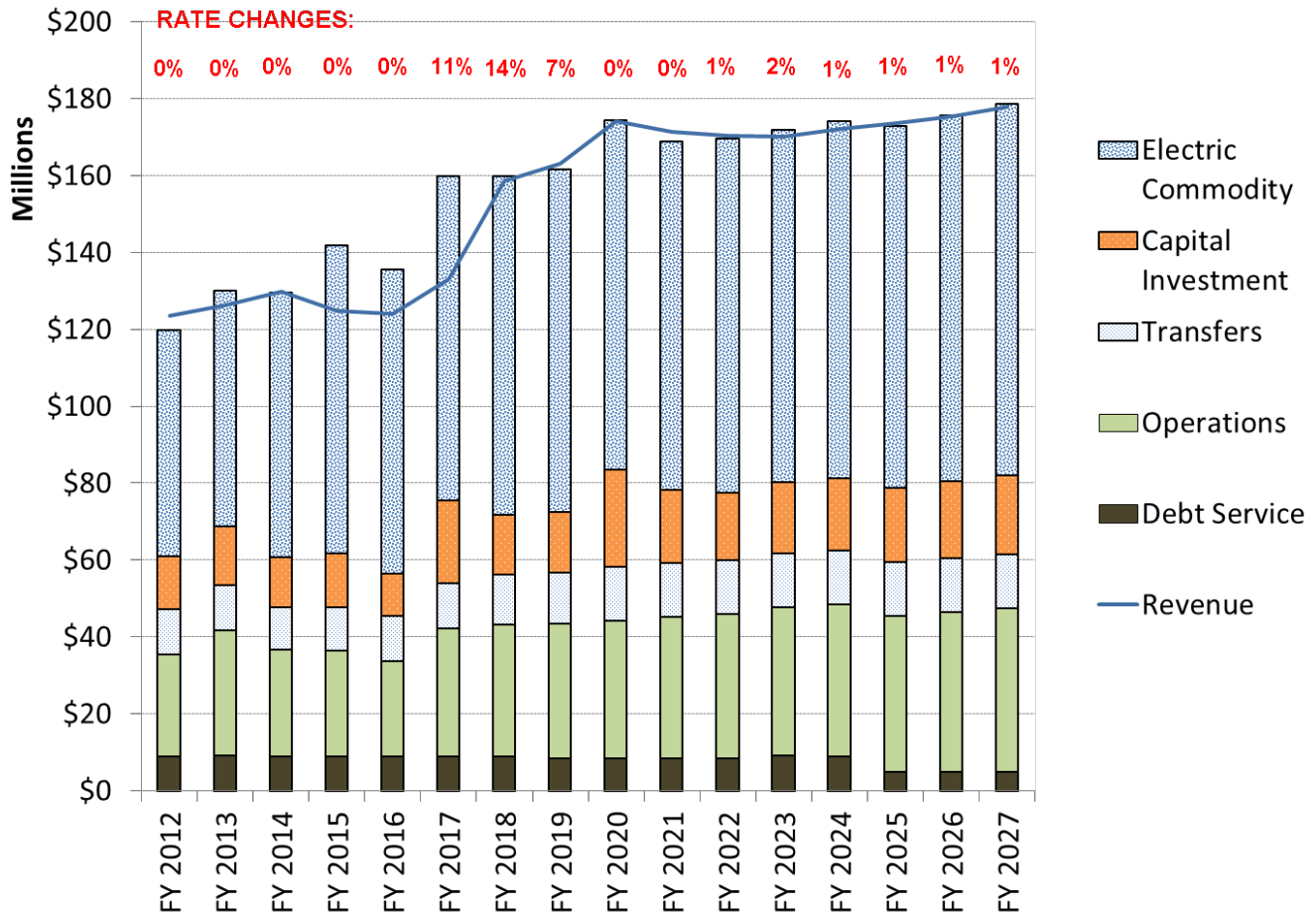
SECTION 5B: FY 2012 TO FY 2016 COST AND REVENUE TRENDS

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 2016 and Projections through FY 2027**



SECTION 5C: FY 2016 RESULTS

California's drought, with its corresponding lower hydroelectric energy output, continued to increase electricity costs in FY 2016. Offsetting this were lower operations and capital program spending. FY 2016 expenses were \$9.2 million lower than in the FY 2017 Financial plan, with revenues being roughly equal.

SECTION 5D: FY 2017 PROJECTIONS

Last year, staff recommended (and Council approved) an 11% rate change for July 1, 2016, the start of FY 2017. Based on hydroelectric conditions at the time, staff forecasted a roughly \$15.2 million deficit for FY 2017. This deficit was primarily related to low hydroelectric output, and was to be funded from the Rate Stabilization and Hydroelectric Stabilization reserves. Staff's current forecast for FY 2017 is for a deficit of \$25.4 million, \$10.2 million more than forecast

last year. This change is mainly due to sales decreasing by 6% after the last rate increase, cutting projected revenues by \$11 million. The onset of wet weather and a forecast for a reversal in hydro conditions has brought down electric purchase cost projections, but the full impact of better hydro conditions likely won't be felt until next fiscal year.

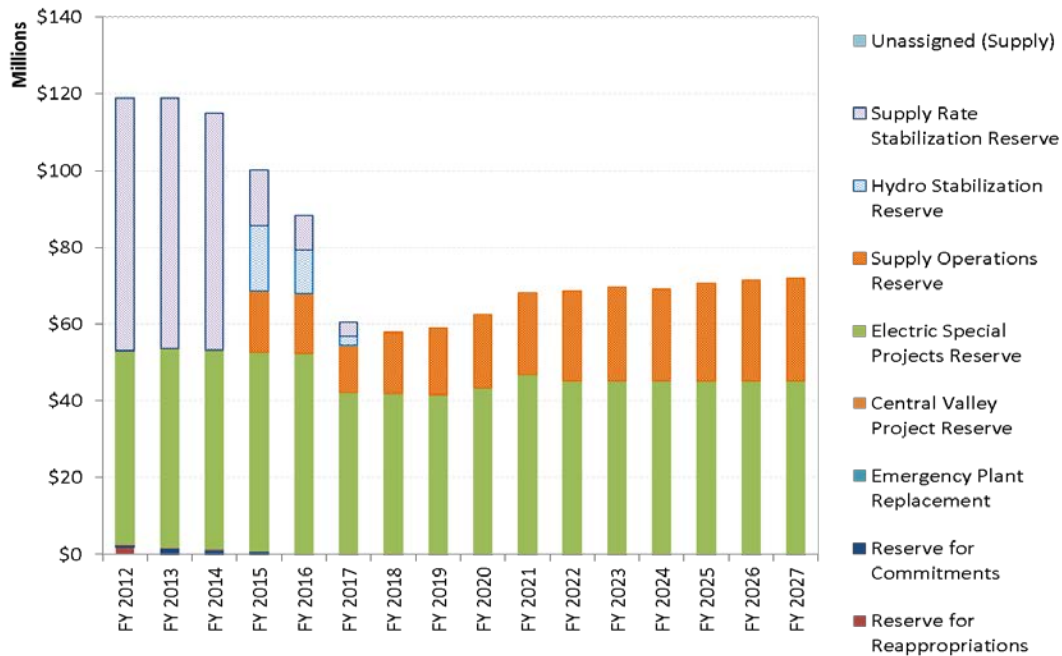
With Operations reserves projected to be below minimum, several transfers, including a temporary loan from the Electric Special Projects Reserve, proposed. These transfers are discussed in *Section 3D: Proposed Reserve Transfers*.

SECTION 5E: FY 2018 – FY 2027 PROJECTIONS

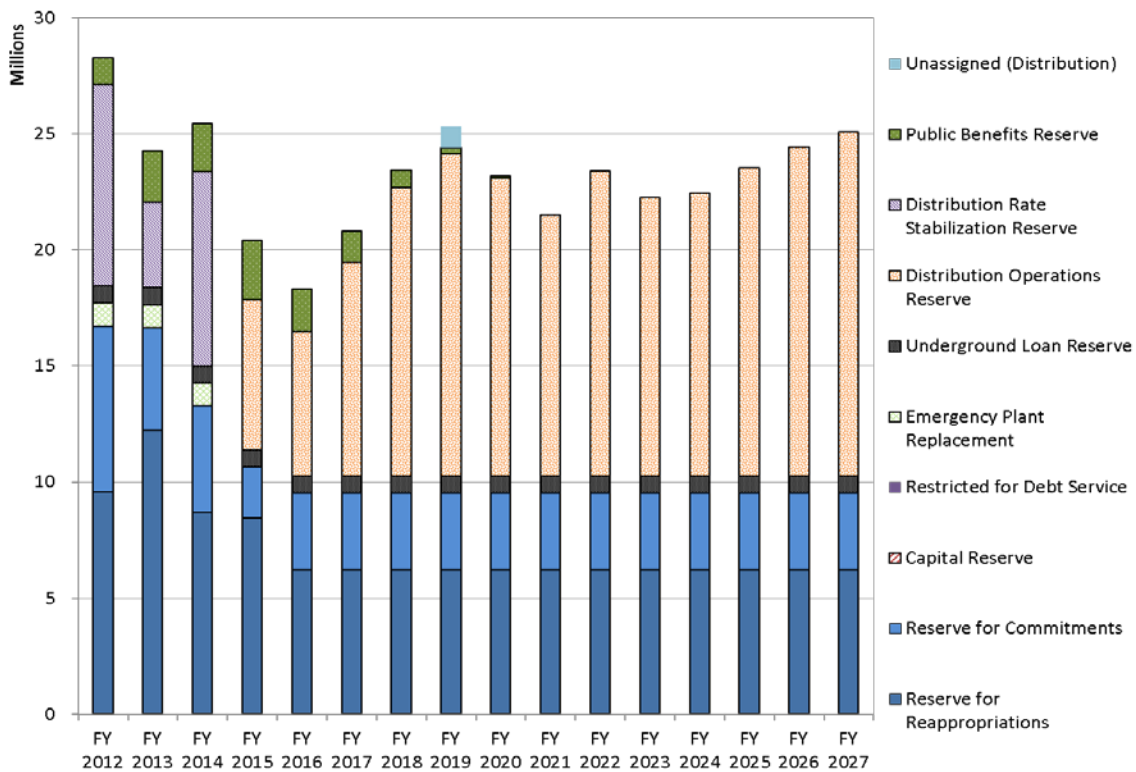
As shown in Figure 7 above, costs for the Electric Utility are projected to increase at a fairly steady rate through the forecast period. Revenues will have to increase 10% in FY 2018 and another 7% in FY 2019 to bring revenues in line with expenses. The largest increases are primarily related to electricity 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 at or near the inflation rate (2-4 %/year) through the forecast period. Projected capital expenses for FY 2018 through FY 2023 are about \$4.6 million lower than last year's forecast as one large, customer driven project has been put on hold. The project would have been funded mostly through customer reimbursement. 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 will be empty by the end of FY 2017. The Distribution Operations reserve will require a short term transfer of \$10 million from the Electric Special Projects reserve to remain adequate through the forecast period. The \$10 million is projected to be transferred back between FY 2020 and FY 2021. 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*. The Hydro Stabilization reserve is projected to be depleted by the end of FY 2017. Staff will bring plans to Council in spring or summer for a Hydro rate adjustment mechanism to better utilize, and fund, this particular reserve.

**Figure 8: Electric Utility Reserves (Supply Fund):
Actual Reserve Levels through FY 2016 and Projections through FY 2027**



**Figure 9: Electric Utility Reserves (Distribution Fund):
Actual Reserve Levels through FY 2016 and Projections through FY 2027**



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 2018	FY 2019	
1. Load Net Revenue	0.9	1.0	Revenue loss from load decreases (net of reduction in energy purchases)
2. Production from Hydroelectric Resources: Western & Calaveras	9.3	13.7	Lower than forecasted hydro
3. Renewable Production: Landfill & Wind	0.5	2.0	Additional cost of renewable output that is higher than forecasted
4. Carbon Neutral Cost	0.0	0.0	Higher than forecasted market prices for RECs
5. Market Price (Energy)	0.7	0.6	Higher than forecasted market prices for energy
6. Local Capacity	0.6	1.5	Higher than forecasted market prices for local capacity
7. Transmission/CAISO	3.2	3.3	High-end transmission forecast scenario
8. Plant Outage	1.0	1.0	Uninsured losses from Calaveras plant outage
9. Western Cost	2.4	3.5	Risk of rate adjustments from Western
10. Regulatory and Legal	0.0	0.0	Risks associated with legislative uncertainties
11. Supplier Default	0.2	0.2	Estimate of supplier default risks
Electric Supply Fund Risks	\$18.8 million	\$26.8 million	
Projected Supply Operations + Hydro Stabilization Reserve Levels	\$16.0 million	\$17.5 million	

Of the risks faced by the Electric Utility's Supply Fund in FY 2018, 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.

Of the remaining risks for FY 2018, \$3.2 million is related to the projected costs if transmission cost increases are higher than staff's current forecast. Another \$2.4 million is related to the possibility of drought-related changes to Western rates for CVP hydropower.

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 larger than normal rains and snowpack to date, there is a chance of better hydro conditions will result in higher reserves, and second, the presence of the 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 re-emerges, staff will re-evaluate its projections for FY 2019 and may recommend additional rate increases or the adoption of a hydroelectric rate adjuster.

Figure 10: Electric Supply Operations Reserve Adequacy

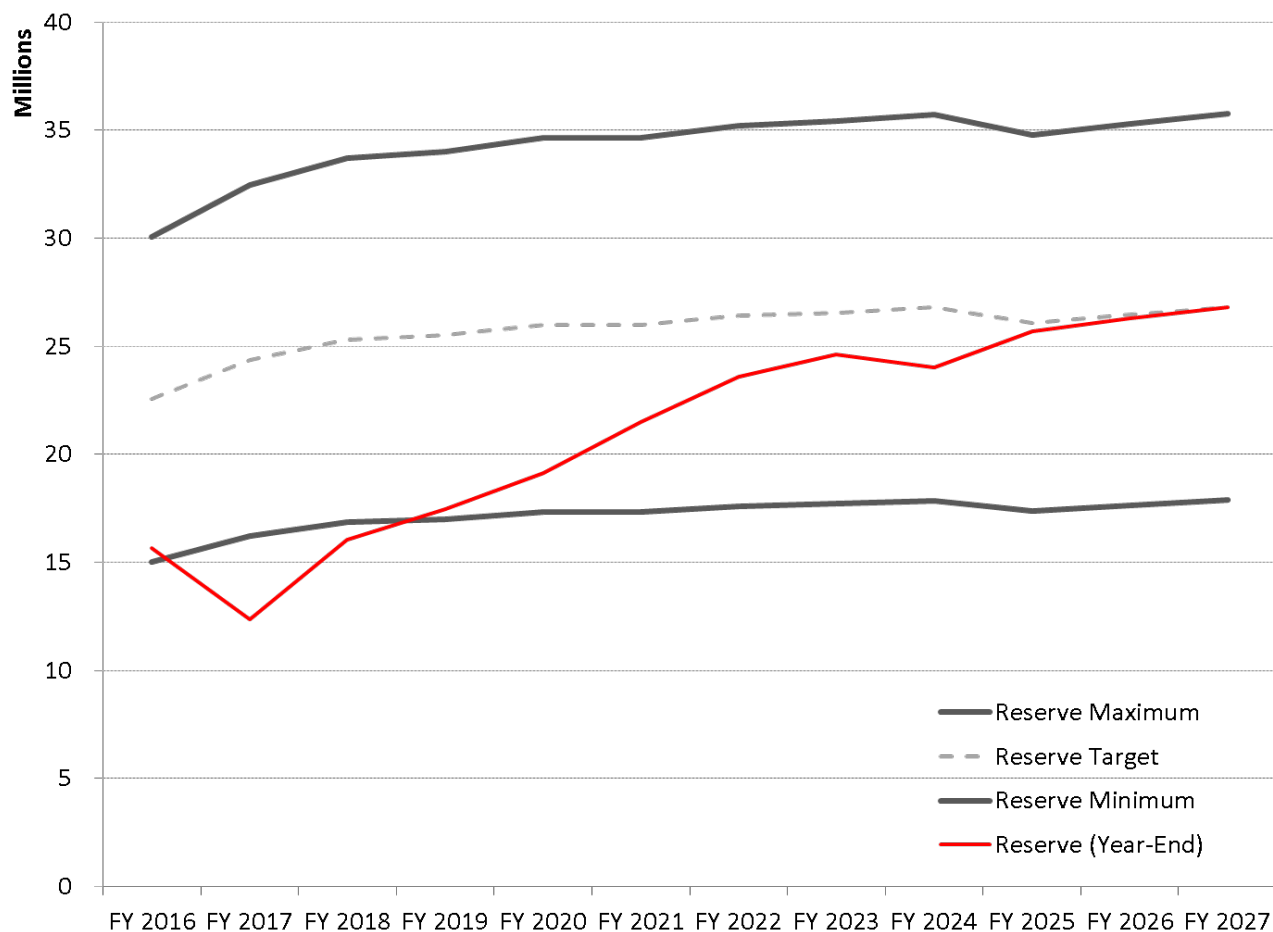


Figure 11: Adequacy of Supply Operations and Hydro Stabilization Reserves, Combined

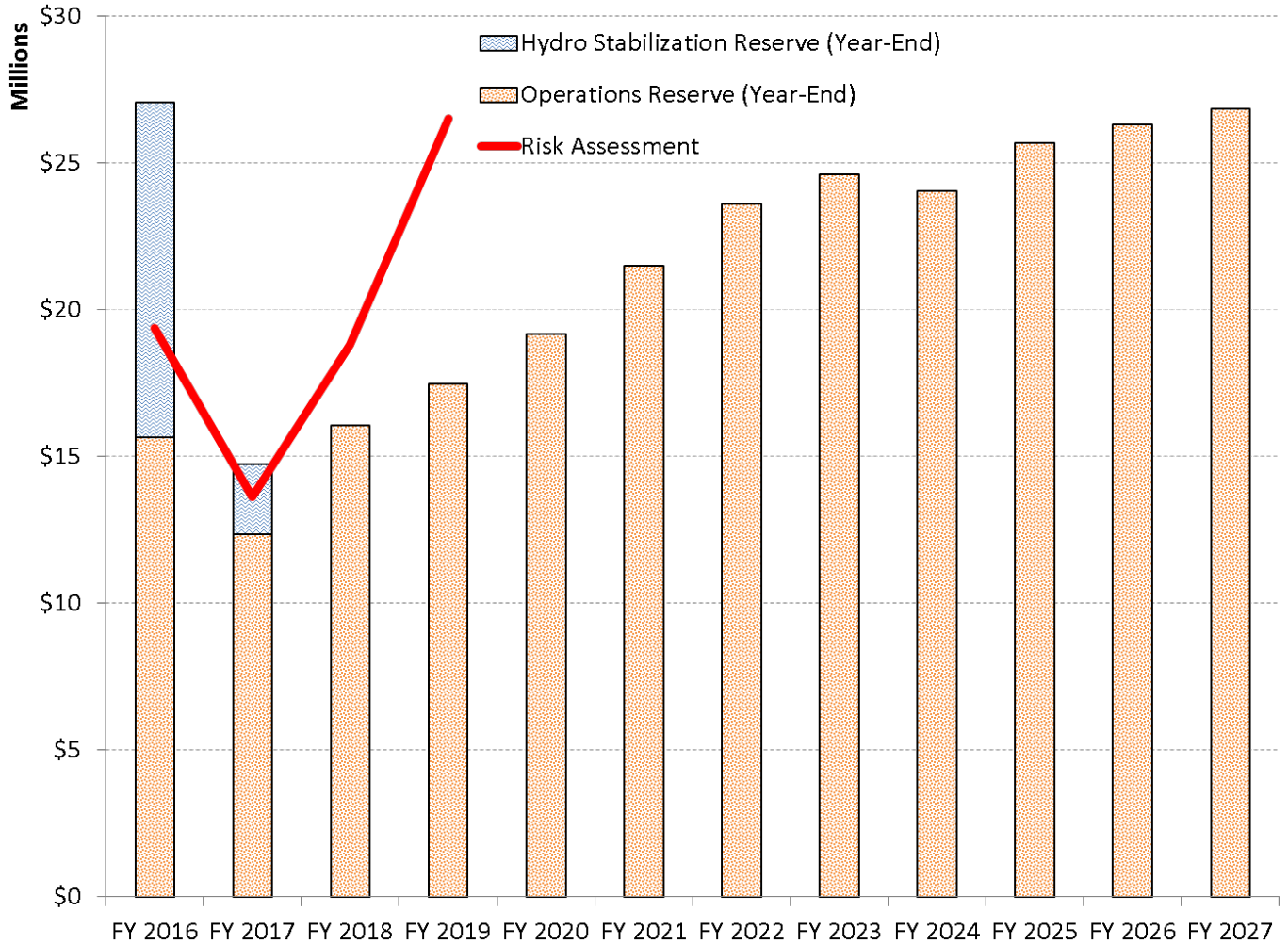


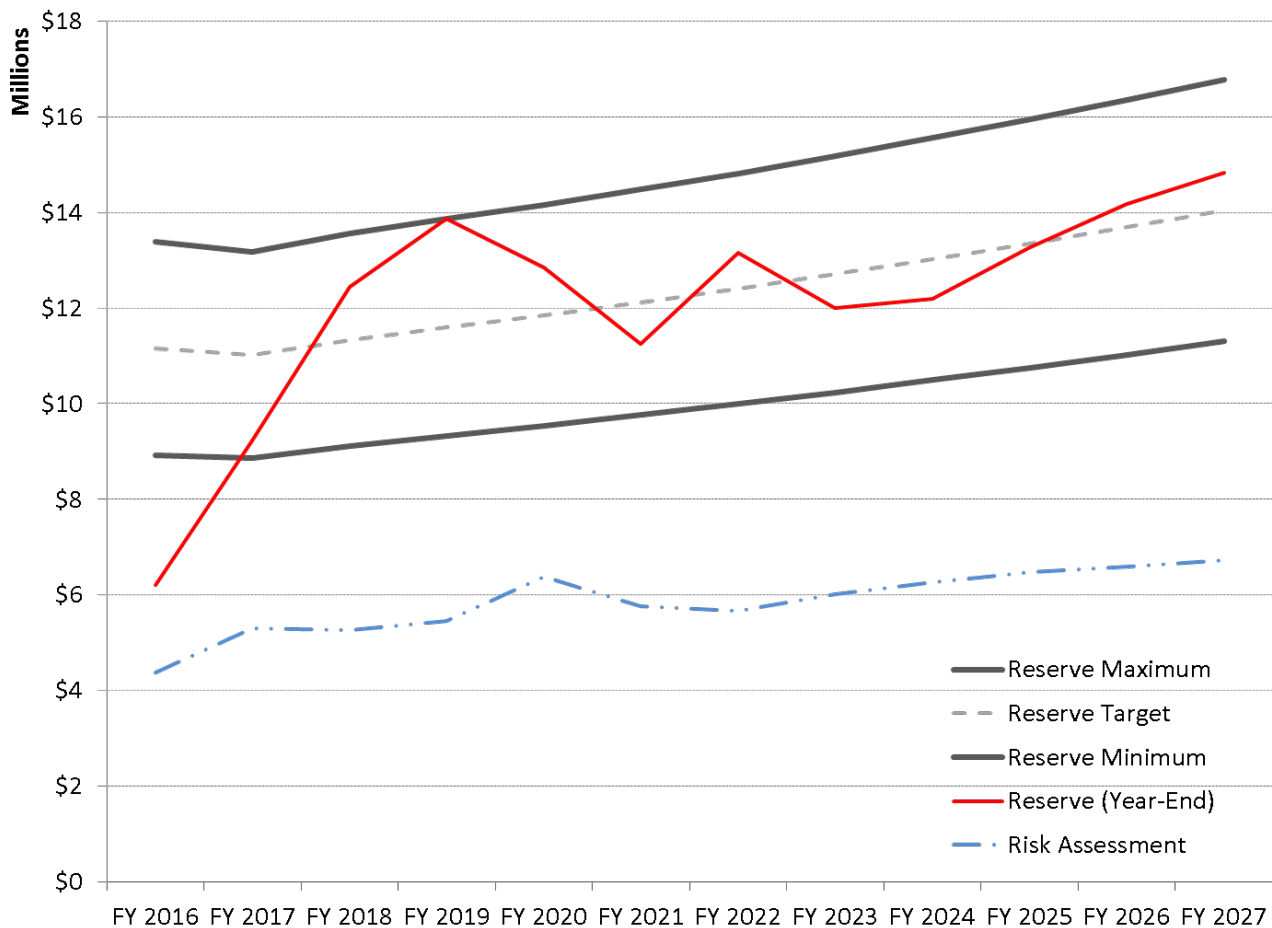
Table 9 summarizes the risk assessment calculation for the Distribution Operations Reserve through FY 2022. As shown in Figure 12, the Distribution Operations Reserve will stay within the reserve guidelines over the course of the forecast period. The risk assessment includes the revenue shortfall that 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)

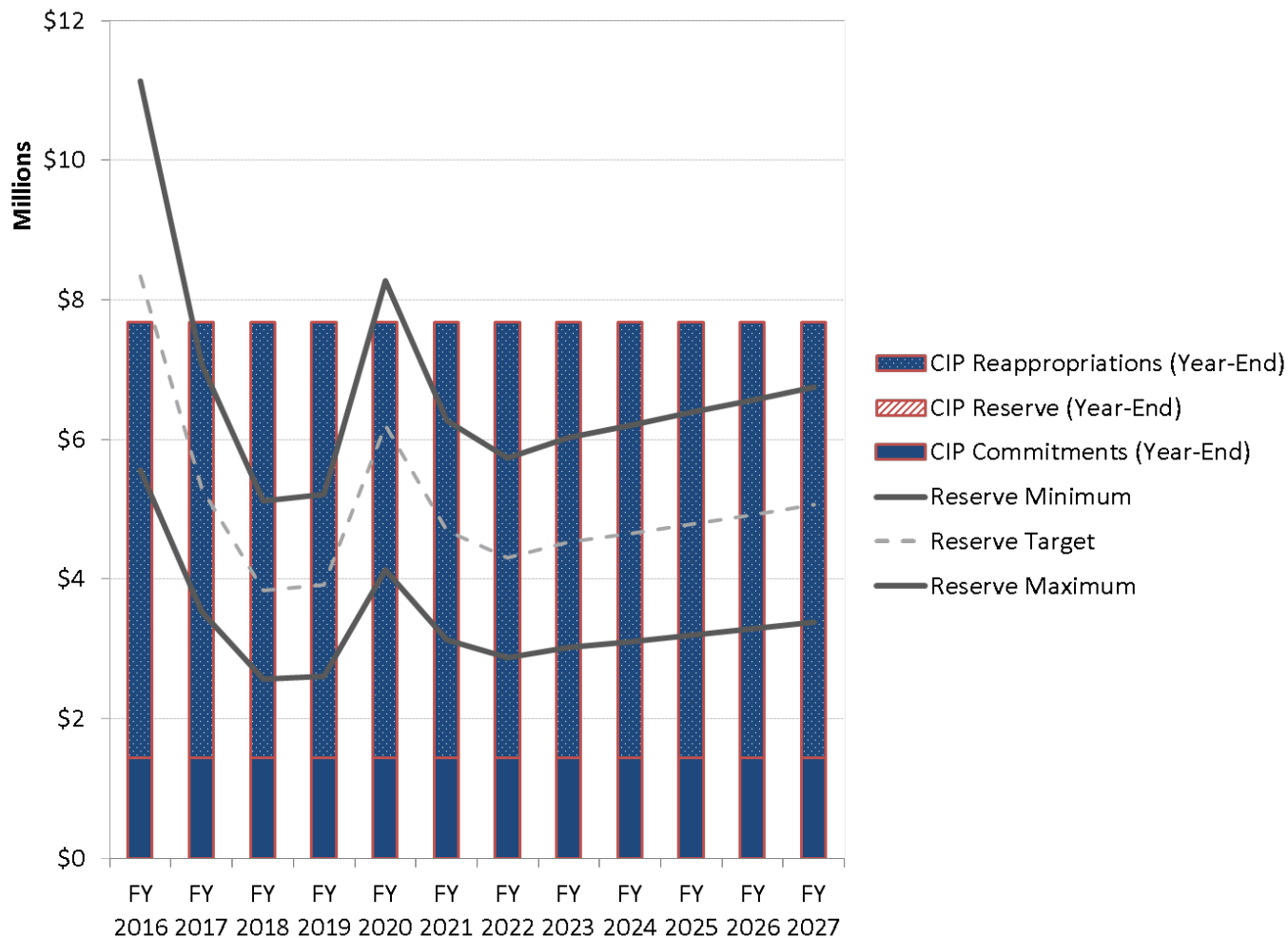
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total non-commodity revenue	\$46,877	\$49,044	\$48,931	\$48,812	\$49,612
Max. revenue variance, previous ten years	8%	8%	8%	8%	8%
Risk of revenue loss	\$3,700	\$3,871	\$3,862	\$3,852	\$3,916
CIP Budget	\$15,574	\$15,869	\$25,150	\$19,048	\$17,449
CIP Contingency @10%	\$1,557	\$1,587	\$2,515	\$1,905	\$1,745
Total Risk Assessment value	\$5,257	\$5,458	\$6,377	\$5,757	\$5,661

Figure 12: Electric Distribution Operations Reserve Adequacy



As shown in Figure 13, the CIP Reserve is projected to be at or above 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 CIP Reserve Adequacy



SECTION 5G: LONG-TERM OUTLOOK

This forecast covers the period from FY 2018 through FY 2027, 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 provisions for whether or not these allocations continue past 2020 are still being discussed. 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.

Over the long term, 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 over investment, and the evaluation of changes to utility distribution system management to accommodate integration of the various technologies involved in electrification.

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 30% of the portfolio in FY 2016, and are projected to rise to roughly 50% starting 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

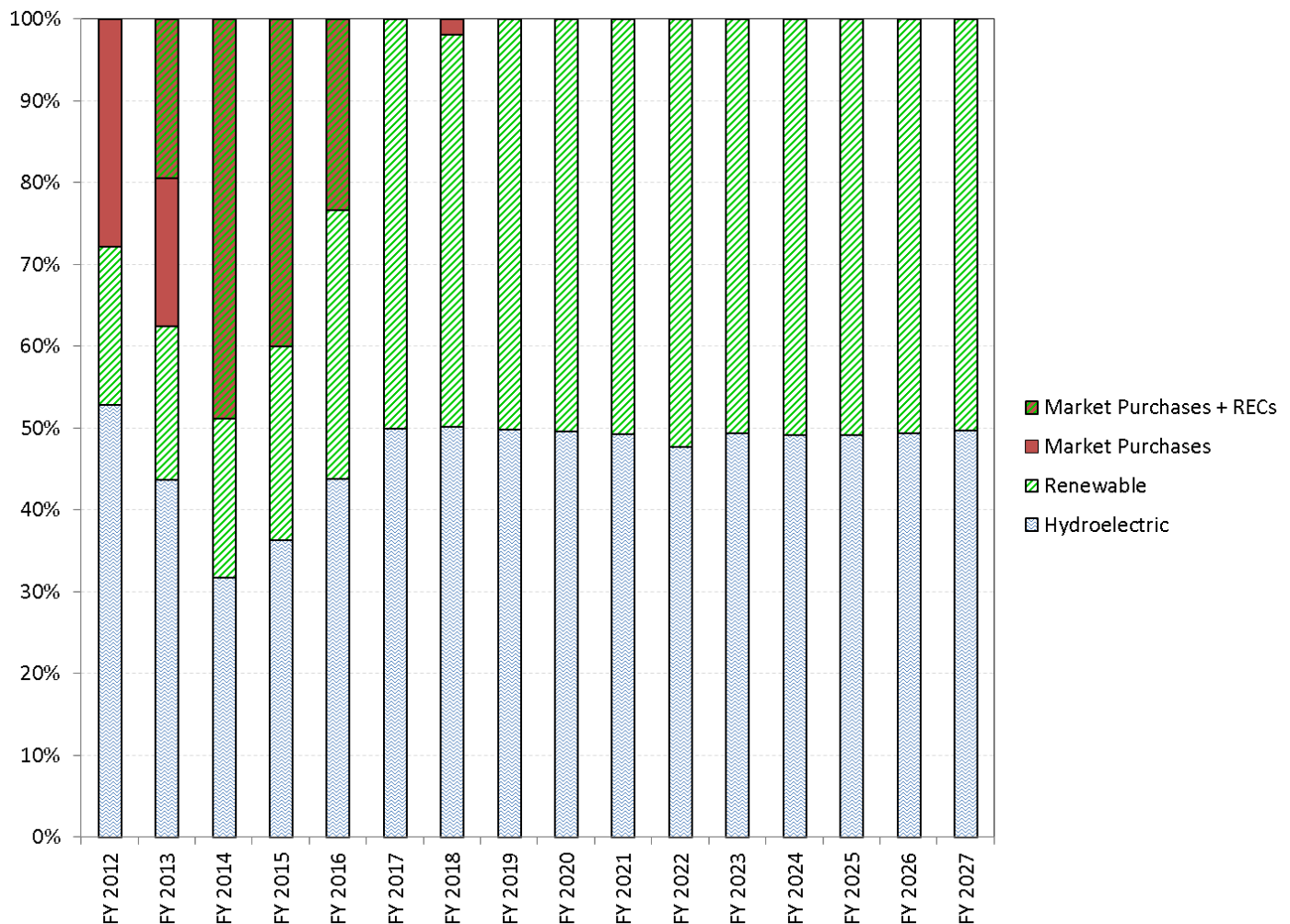
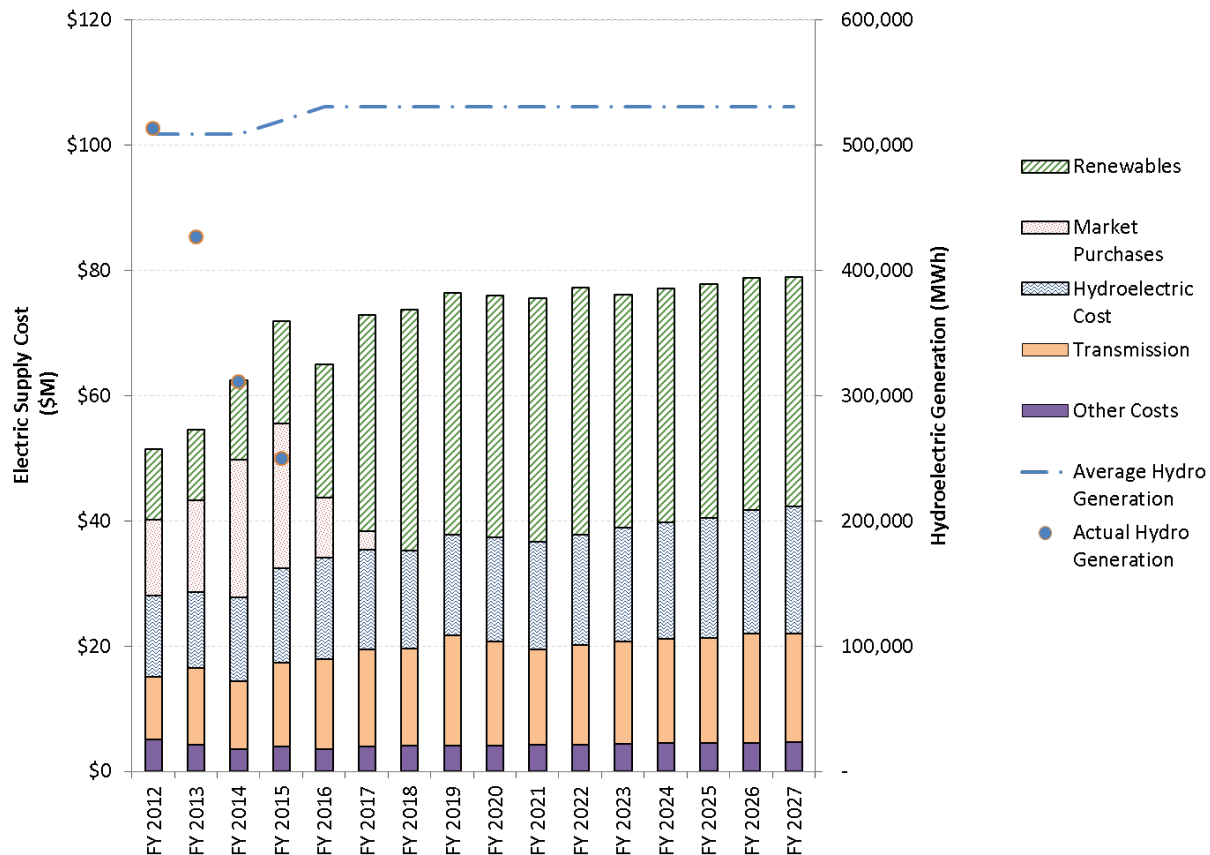


Figure 15 shows the historical and projected costs for the electric supply portfolio,⁵ as well as average and actual hydroelectric generation.⁶ Electric supply costs increased in FY 2013, FY 2014, and FY 2015 due to the drought, which reduced the amount of generation from hydroelectric resources. Costs decreased slightly in FY 2016 due to better than expected market purchase costs. 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 \$77.8 million by FY 2020, at which point all currently contracted renewable projects will be online. Supply costs are only projected to change slightly in subsequent years.

Figure 15: Electric Supply Portfolio Costs, Historical and Projected



⁵ Costs are shown net of wholesale revenues, and cannot be directly compared with the electric supply purchase figures shown in Appendix A: Electric Utility Financial Forecast Detail

⁶ 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.

SECTION 6B: OPERATIONS

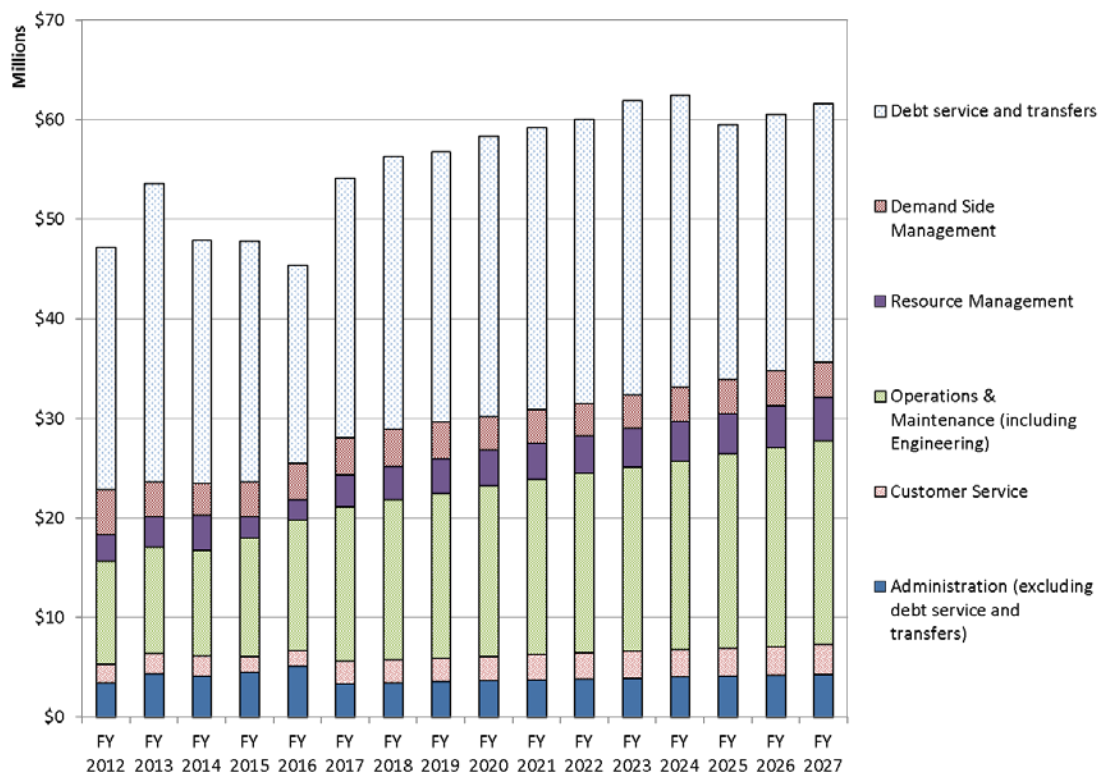
CPAU's Electric Utility operations include the following activities:

- 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 2012 to FY 2015, Operations costs increased by 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. Over the forecast horizon, excluding debt service and transfers, costs are projected to increase by roughly 2 to 4 % per year.

Figure 16: Historical and Projected Electric Utility Operational Costs



SECTION 6C: CAPITAL IMPROVEMENT PROGRAM (CIP)

CIP spending for FY 2018 through FY 2023 is projected to decrease somewhat from last year's forecast, primarily due to the removal of some major one-time projects, including service connection upgrades for a few major customers. Other projects still slated to continue are 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. 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 2018 to FY 2022 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 2018 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

Project Category	Current Budget*	Spending, Curr. Yr	Remain. Budget**	Committed	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
One-Time Projects	1,462	(40)	1,972	690	1,400	1,300	10,750	5,000	5,000
System Expansion	3,500	(30)	3,470	-	-	-	-	-	-
Reliability	2,531	(230)	2,301	138	1,067	317	150	-	-
Undergrounding	1,376	(289)	1,087	28	900	-	2,000	2,250	500
4/12 Kv Conversion	235	(0)	235	-	-	1,750	800	-	-
Underground Rebuilding	2,954	(21)	2,932	3	-	2,656	1,500	350	350
Ongoing Projects	6,416	(1,367)	5,050	1,348	3,145	3,625	3,280	3,280	3,230
Customer Connections (Fee Funded)	3,985	(1,406)	2,578	352	3,220	3,336	3,456	3,580	3,600
TOTAL	22,459	(3,383)	19,626	2,560	9,732	12,984	21,936	14,460	12,680

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 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
2007 Clean Renewable Energy Bonds	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 since then.⁷ Each year it is calculated according to the 2009 Council-adopted methodology, and does not require additional Council action.

SECTION 6F: WHOLESALE REVENUES AND OTHER REVENUES

The Electric Utility receives most of its revenues from sales of electricity, but about 13% comes from other sources. Of these other sources, about a third represent wholesale "revenues" that are included solely for accounting purposes. These revenues have offsetting electric supply

⁷ 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.

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 2016 these sources represented roughly 50% of revenue from sources other than electricity sales. The remaining FY 2016 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, but decreased significantly in FY 2017. 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 2018 Electric Utility communications strategy covers these primary areas: rates, efficiency, renewables, operations, infrastructure, safety, and changes to utility economic conditions in the wake of the drought.

In FY 2018, CPAU is proposing an 12% increase in electric utility rates. Prior to FY 2017, electric utility rates had not increased since 2009, as the City has been drawing down reserves from the Electric Fund. The rate increase was necessary last year and again in FY 2018, as these reserves are below the minimum reserve level. Communications will focus on the reasons why a rate increase is necessary, and how this percentage has been impacted due to the drought, renewable projects, capital improvement and other costs. Palo Alto purchases a significant portion of its electricity from hydroelectric resources. Severe drought conditions over the past few years reduced available hydroelectric supplies, requiring the City to purchase more costly replacement electric supplies. Since the State received a great deal of precipitation in the latter part of FY 2017, communications staff will now focus messaging on how increased hydroelectric supplies will impact and potentially change the forecast for electric rates moving forward, at least in the short-term.

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 remain lower than the neighboring community average, including for municipal and investor-owned utilities (PG&E). 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. While upfront capital costs to bring these renewable projects online may initially contribute towards some increase in CPAU's electric rates, these higher costs are expected to taper off once the projects begin commercial operations. 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. From January 2015 to December 2016, CPAU encouraged community participation in the Georgetown University Energy Prize competition, a friendly, national campaign for energy efficiency. This two-year campaign encouraged the

community to reduce energy use and compete for a \$5 million prize. Within the past one to two years, CPAU launched new programs that allow customers to better understand and manage their energy use. These programs include the Home Efficiency Genie; 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 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	FY 2027
2																	
3	ELECTRIC LOAD																
4	Purchases (MWh)	969,519	976,319	980,894	979,005	977,292	945,703	960,601	940,860	938,688	936,402	934,369	934,369	934,369	934,369	934,369	934,369
5	Sales (MWh)	942,562	946,841	950,784	936,773	937,157	906,562	908,459	907,858	905,762	903,556	901,594	901,594	901,594	901,594	901,594	901,594
6																	
7	BILL AND RATE CHANGES																
8	System Average Rate (\$/kWh)	\$ 0.1156	\$ 0.1154	\$ 0.1164	\$ 0.1158	\$ 0.1156	\$ 0.1233	\$ 0.1407	\$ 0.1506	\$ 0.1506	\$ 0.1506	\$ 0.1516	\$ 0.1553	\$ 0.1568	\$ 0.1579	\$ 0.1589	\$ 0.1600
9	Change in System Average Rate	-1%	0%	1%	0%	0%	10%	14%	7%	0%	0%	1%	2%	1%	1%	1%	1%
10	Change in Average Residential Bill	-1%	-4%	-1%	-5%	3%	10%	11%	6%	-1%	-1%	0%	2%	1%	0%	0%	0%
11																	
12	STARTING RESERVES																
13	Reappropriations (Non-CIP)	343,000	1,886,000	305,000	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Commitments (Non-CIP)	1,593,000	2,737,000	3,528,000	3,164,000	3,102,000	3,777,000	3,777,000	3,777,000	3,777,000	3,777,000	3,777,000	3,777,000	3,777,000	3,777,000	3,777,000	3,777,000
15	Restricted for Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Emergency Plant Replacement	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-
17	Central Valley Project Reserve	305,000	314,000	313,000	329,000	-	-	-	-	-	-	-	-	-	-	-	-
18	Underground Loan Reserve	736,000	742,000	738,000	734,000	730,000	729,000	729,000	729,000	729,000	729,000	729,000	729,000	729,000	729,000	729,000	729,000
19	Public Benefits Reserves	3,139,000	1,149,000	2,197,000	2,064,000	2,574,000	1,839,000	1,330,970	739,050	279,587	94,959	-	-	-	-	-	-
20	Electric Special Projects Reserve	55,558,000	50,320,000	51,838,000	51,838,000	51,838,000	51,838,000	41,665,260	41,525,693	41,192,360	42,859,027	46,192,360	44,665,260	44,665,260	44,665,260	44,665,260	44,665,260
21	Hydro Stabilization Reserve	-	-	-	-	17,000,000	11,400,000	2,400,000	-	-	-	-	-	-	-	-	-
22	Capital Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Rate Stabilization Reserves	66,331,000	74,609,000	69,029,000	70,049,000	14,411,000	9,011,000	3,600,000	-	-	-	-	-	-	-	-	-
24	Operations Reserves	-	-	-	-	22,498,000	21,850,000	21,570,031	28,477,295	31,328,331	31,984,129	32,727,128	36,734,340	36,600,128	36,226,077	38,957,005	40,470,904
25	Unassigned	-	-	-	-	-	-	-	-	915,938	(0)	0	0	-	-	-	-
26	TOTAL STARTING RESERVES	129,005,000	132,757,000	128,948,000	129,178,000	112,153,000	100,444,000	75,072,262	75,248,039	78,222,216	79,444,115	83,425,489	85,905,601	85,771,388	85,397,337	88,128,265	89,642,164
27																	
28	REVENUES																
29	Net Sales	109,309,318	109,974,337	110,246,264	108,873,377	108,312,917	111,743,300	127,804,839	136,731,078	136,415,457	136,083,1						

1	FISCAL YEAR	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	FY 2027
2																	
3	REVENUES																
4	Net Sales	88%	87%	85%	87%	87%	84%	81%	84%	78%	79%	80%	82%	82%	82%	82%	81%
5	Other Revenues and Transfers In	12%	13%	15%	13%	13%	16%	19%	16%	22%	21%	20%	18%	18%	18%	18%	19%
6	TOTAL REVENUES	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
7																	
8	EXPENSES																
9	Commodity Purchases	46%	46%	52%	55%	54%	50%	46%	47%	45%	46%	46%	46%	46%	47%	47%	47%
10	Operating Expenses																
11	Administration																
12	Allocated Charges	3%	3%	3%	3%	4%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
13	Rent	3%	3%	3%	3%	4%	3%	3%	3%	3%	3%	4%	4%	4%	4%	4%	4%
14	Debt Service	7%	7%	7%	6%	7%	6%	6%	5%	5%	5%	5%	5%	5%	3%	3%	3%
15	Transfers and Other Adjustments	10%	13%	9%	8%	4%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
16	Subtotal, Administration	23%	26%	22%	20%	18%	19%	19%	19%	18%	19%	19%	20%	19%	17%	17%	17%
17	Resource Management	2%	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
18	Operations and Mtc	8%	7%	7%	8%	8%	9%	9%	9%	9%	9%	9%	10%	10%	10%	10%	10%
19	Engineering (Operating)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
20	Customer Service	2%	2%	2%	1%	1%	1%	1%	1%	1%	2%	2%	2%	2%	2%	2%	2%
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	36%	39%	34%	31%	31%	31%	32%	32%	31%	32%	33%	33%	33%	32%	32%	32%
23	Capital Program Contribution	12%	12%	10%	10%	8%	14%	10%	10%	15%	11%	10%	11%	11%	11%	11%	12%
24	TOTAL EXPENSES	94%	96%	97%	96%	93%	94%	88%	89%	90%	90%	89%	90%	90%	90%	90%	90%
25																	
26	RISK ASSESSMENT DETAIL (SUPPLY FUND)																
27	FISCAL YEAR	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	FY 2027
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%	172%	176%										
41																	
42	RISK ASSESSMENT DETAIL (DISTRIBUTION FUND)																
43	FISCAL YEAR	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	FY 2027
44	Distribution Revenue Variance				3,244,706	3,260,213	3,146,827	3,699,758	3,870,807	3,861,873	3,852,466	3,915,598	4,175,044	4,368,672	4,527,949	4,602,989	4,679,481
45	10% CIP Program Contingency				1,400,592	1,112,802	2,149,034	1,557,395	1,586,940	2,515,022	1,904,794	1,744,910	1,835,357	1,887,781	1,941,711	1,997,192	2,054,267
46	Total Risk Assessment Value				4,645,297	4,373,014	5,295,861	5,257,153	5,457,746	6,376,895	5,757,260	5,660,508	6,010,401	6,256,453	6,469,660	6,600,181	6,733,749
47	Projected Operations Reserve				22,498,000	21,850,000	21,570,031	28,477,295	28,507,266	31,984,129	32,727,129	36,734,340	36,600,128	36,226,077	38,957,005	40,470,904	41,658,286
48	Operations Reserve, % of Risk Value				484%	500%	407%	542%	522%	502%	568%	649%	609%	579%	602%	613%	619%
49																	
44	SUPPLY OPERATIONS RESERVE																
45	Min (60 days of non-capital expenses)	-	-	-	15,208,552	15,033,113	16,240,825	16,860,400	17,001,701	17,325,251	17,328,711	17,602,415	17,709,305	17,862,689	17,395,887	17,642,251	17,876,454
46	Target (90 days of non-capital expenses)	-	-	-	22,812,829	22,549,669	24,361,237	25,290,599	25,502,552	25,987,877	25,993,067	26,403,622	26,563,958	26,794,033	26,093,831	26,463,376	26,814,681
47	Max (120 days of non-capital expenses)	-	-	-	30,417,105	30,066,225	32,481,649	33,720,799	34,003,403	34,650,502	34,657,422	35,204,830	35,418,611	35,725,378	34,791,775	35,284,501	35,752,908
48																	
49	DISTRIBUTION OPERATIONS RESERVE																
50	Min (60 days of non-capital expenses)	-	-	-	8,339,587	8,918,586	8,865,932	9,113,516	9,331,206	9,531,858	9,761,423	9,991,554	10,232,781	10,490,348	10,754,532	11,025,503	11,303,437
51	Target (90 days of non-capital expenses)	-	-	-	10,338,923	11,153,006	11,018,050	11,332,032	11,599,742	11,840,409	12,123,155	12,405,343	12,702,586	13,022,725	13,351,132	13,688,022	14,033,616
52	Max (120 days of non-capital expenses)	-	-	-	12,338,259	13,387,426	13,170,167	13,550,548	13,868,279	14,148,960	14,484,888	14,819,131	15,172,392	15,555,102	15,947,732	16,350,541	16,763,794
53	Risk Assessment Value				4,645,297	4,373,014	5,295,861	5,257,153	5,457,746	6,376,895	5,757,260	5,660,508	6,010,401	6,256,453	6,469,660	6,600,181	6,733,749
54																	
55	DEBT SERVICE COVERAGE RATIO																
56	Net Revenues (125% of Debt Service)	1090%	1140%	1193%	1315%	1286%	1442%	1510%	1603%	1641%	1656%	1682%	1534%	1628%	2995%	3043%	3090%
57	Available Reserves (5x Debt Service)*	14.4	13.5	14.0	12.1	10.8	8.0	8.1	8.8	8.9	9.4	9.7	8.8	9.2	17.2	17.5	17.8
58	*For the purposes of debt covenants, the unrestricted reserves of other utilities may be counted toward the available reserves for meeting this measure. A ratio below 5x means that this utility is relying on the reserves of other utilities to meet its debt covenants.																

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	60 days of budgeted CIP expense
Maximum Level	120 days 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/uti/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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Just in time for Earth Day, Palo Alto is partnering with neighboring communities throughout San Mateo County and local nonprofits, 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.paloalto.org/sunshares

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Palo Alto Green Gas
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✓ Reduce greenhouse gas emissions

1. Join the voluntary Palo Alto Green 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.

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HOME EFFICIENCY

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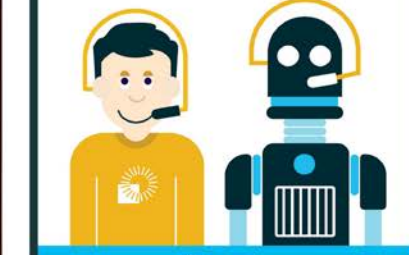
ARE YOU READY?

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 utility 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.

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cityofpaloalto.org/safeutility
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CUSTOMIZATION, NOT AUTOMATION



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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.

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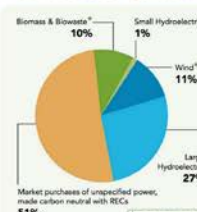
cityofpaloalto.org/PowerContentLabel **CITY OF PALO ALTO UTILITIES**
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2014 POWER CONTENT LABEL

This flyer informs customers of the source of 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 (hydel) 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 Shiloh 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.

Attachment D

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), and E-14 (Street Lights)

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.

The Council of the City of Palo Alto hereby RESOLVES 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, 2017.

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, 2017.

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, 2017.

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, 2017.

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

Not Yet Approved

read as attached and incorporated. Utility Rate Schedule E-4-G, as amended, shall become effective July 1, 2017.

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, 2017.

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, 2017.

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-G, as amended, shall become effective July 1, 2017.

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, 2017.

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, 2017.

SECTION 11. The Council makes the following findings:

- a. 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.
- b. 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.
- c. 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

Not Yet Approved

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

ATTACHMENT E

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	\$0.0 660588 3	\$0.0 5164795	\$0.003 9154	\$0. 4402912159
Tier 2 usage Any usage over Tier 1	0. 11253097 28	0. 0682207358	0.003 9154	0.1 69001
<u>Minimum Bill (\$/day)</u>				0. 30672938

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 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 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

Supersedes Sheet No E-1-1 dated 7-1-20~~1609~~



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~76~~

Sheet No **E-1-1**

**RESIDENTIAL MASTER-METERED AND SMALL NON-RESIDENTIAL COMMERCIAL
ELECTRIC SERVICE**

UTILITY RATE SCHEDULE E-2

A. APPLICABILITY:

This schedule applies to non-demand metered electric service for small non-residential~~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>
Summer Period	\$0. 105910909 4	\$0. 0740007903	\$0.003 9154	\$0. 1684518885
Winter Period	0. 0641707520	0. 0467705356	0.003 9154	0.1 32671445
<u>Minimum Bill (\$/day)</u>				0.7 328657

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



CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-2-1 dated 7-1-20~~1609~~

Effective 7-1-201~~76~~
Sheet No E-2-1

**RESIDENTIAL MASTER-METERED AND SMALL NON-RESIDENTIAL 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 ~~if in case the~~ Customer's 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}

**RESIDENTIAL MASTER-METERED AND SMALL NON-RESIDENTIAL COMMERCIAL
ELECTRIC SERVICE**

UTILITY RATE SCHEDULE E-2

CITY OF PALO ALTO UTILITIES
Issued by the City Council

Supersedes Sheet No E-2-1 dated 7-1-20~~16~~⁰⁹



Effective 7-1-201~~7~~⁶
Sheet No **E-2-1**

**RESIDENTIAL MASTER-METERED AND SMALL NON-RESIDENTIAL 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 ~~non-residential 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:

<u>Per kilowatt-hour (kWh)</u>	<u>Commodity</u>	<u>Distribution</u>	<u>Public Benefits</u>	<u>Palo Alto Green Charge</u>	<u>Total</u>
Summer Period	\$0. 10591090 94	\$0.07 903400	\$0.003 915 4	\$0.0020	\$0. 170451 9085
Winter Period	0.0 75206417	0.0 53564677	0.003 5491	0.0020	\$0. 116451 3467
<u>Minimum Bill (\$/day)</u>					0.7 328657

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	\$0. 09094105 91	\$0.0 7903074 00	\$0.003 915 4	\$0. 168451 8885
Winter Period	0. 064170752 0	0.0 53564677	0.003 9154	0. 1144513 467

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No E-2-G-1 dated 7-1-201~~64~~



Effective 7-1-201~~76~~
Sheet No **E-2-G-1**

**RESIDENTIAL MASTER-METERED AND SMALL NON-RESIDENTIAL COMMERCIAL
GREEN POWER ELECTRIC SERVICE**

UTILITY RATE SCHEDULE E-2-G

<u>Minimum Bill (\$/day)</u>	0.7 328 ⁶⁵⁷
Palo Alto Green Charge (per 1000 kWh block)	\$2.00

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. 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.

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No E-2-G-2 dated 7-1-201~~6~~⁴



Effective 7-1-201~~6~~⁷
Sheet No **E-2-G-2**

**RESIDENTIAL MASTER-METERED AND SMALL NON-RESIDENTIAL COMMERCIAL
GREEN POWER ELECTRIC SERVICE**

UTILITY RATE SCHEDULE E-2-G

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 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 ~~if in case~~ the Customer-s 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 7-1-2016⁴



Effective 7-1-2017⁶
Sheet No E-2-G-3

MEDIUM ~~NON-RESIDENTIAL 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>				
Demand Charge (per kW)	\$ 2.53 <u>3.38</u>	\$ 17.44 <u>67</u>		\$ 19.68 <u>21.05</u>
Energy Charge (per kWh)	0.0821 <u>8095</u> <u>26</u>	0.0166 <u>101756</u>	0.0035 <u>100391</u>	0.1022 <u>911673</u>
<u>Winter Period</u>				
Demand Charge (per kW)	\$ 1.93 <u>55</u>	\$ 12.49 <u>13.43</u>		\$ 14.04 <u>15.36</u>
Energy Charge (per kWh)	0.0603 <u>7067</u> <u>43</u>	0.0166 <u>10176</u>	0.0035 <u>100391</u>	0.0804 <u>908890</u>
Minimum Bill (\$/day)				16.32 <u>1614.8414</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

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Supersedes Sheet No E-4-1 dated ~~27-51~~-20136



CITY OF PALO ALTO
UTILITIES

Effective 7-1-20176
Sheet No **E-4-1**

MEDIUM ~~NON-RESIDENTIAL 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 ~~if in case the~~ Customer-s 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.

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No E-4-2 dated ~~27-51-2013~~6



CITY OF PALO ALTO
UTILITIES

Effective 7-1-20176
Sheet No **E-4-2**

MEDIUM ~~NON-RESIDENTIAL COMMERCIAL~~ ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4

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 (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 ~~offered, allowed provided but~~ 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, as determined in the City's sole discretion. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any customer receiving ~~a the~~ discount in this section 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-

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-4-3 dated ~~27-51-2013~~6

Effective 7-1-2017
Sheet No **E-4-3**

MEDIUM NON-RESIDENTIAL COMMERCIAL ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4

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.

(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.

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No E-4-4 dated ~~27-51-2013~~36



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~7~~6
Sheet No **E-4-4**

MEDIUM NON-RESIDENTIAL ~~COMMERCIAL~~ ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-4

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No E-4-5 dated ~~27-51~~-201~~36~~



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~7~~
Sheet No **E-4-5**

MEDIUM NON-RESIDENTIAL 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 <u>3.38</u>	\$17. 67 <u>44</u>			\$19.68 <u>21.05</u>
Energy Charge (per kWh)	0.0821 <u>80952</u> <u>6</u>	0.01 756661	0.003 9151	0.0020	0.1 187304 <u>29</u>
<u>Winter Period</u>					
Demand Charge (per kW)	\$1. 55 <u>93</u>	\$12.49 <u>13.43</u>			\$15.36 <u>14.04</u>
Energy Charge (per kWh)	0.0603 <u>70674</u> <u>3</u>	0.01 756661	0.003 9151	0.0020	0.0 909082 <u>49</u>
Minimum Bill (\$/day)					16.32 <u>14.84</u> <u>14</u>

CITY OF PALO ALTO UTILITIES

Issued by the City Council



CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-4-G-1 dated 7-1-20164

Effective 7-1-20176
Sheet No **E-4-G-1**

MEDIUM NON-RESIDENTIAL 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)	\$3.382.53	\$17.6714		\$21.0519.68
Energy Charge (per kWh)	0.095268218	0.01756661	0.0039151	0.116730229
Palo Alto Green Charge (per 1000 kWh block)				\$2.00
<u>Winter Period</u>				
Demand Charge (per kW)	\$1.9355	\$12.4913.43		\$15.3614.04
Energy Charge (per kWh)	0.06743037	0.01756661	0.0039151	0.08890049
Palo Alto Green Charge (per 1000 kWh block)				\$2.00
Minimum Bill (\$/day)				14.841416.3216

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

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

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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 if~~ the Customer's 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**

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 ~~offered, allowed provided but~~ 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, as determined in the City's sole discretion. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving ~~a the discount in this section 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.



MEDIUM NON-RESIDENTIAL 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}



MEDIUM NON-RESIDENTIAL 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	\$ 2.121 .52	\$ 6.095 .91		\$ 8.217 .42
Mid-Peak	0. 665 4	6.095 .91		6. 764 4
Off-Peak	0. 665 4	6.095 .91		6. 764 4
Energy Charge (per kWh)				
Peak	\$0. 10144 08 819	\$0.01 75666 1	\$0.003 9151 4	\$0.1 2291 0830
Mid-Peak	0.0 98358 36 7	0.01 75666 1	0.003 9151 4	0.1 19820 378
Off-Peak	0.0 87487 33 2	0.01 75666 1	0.003 9151 4	0. 108950 9344
<u>Winter Period</u>				
Demand Charge (per kW)				
Peak	\$ 1.070 .87	\$ 7.496 .96		\$ 8.567 .83
Off-Peak	1.070 .87	7.496 .96		8.567 .83

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MEDIUM NON-RESIDENTIAL 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	\$0.0 816465 66	\$0.01 756661	\$0.003 9151	\$0. 1031108577
Off-Peak	0.0 5738616 7	0.01 756661	\$0.003 9151	0.0 78858178
Minimum Bill (\$/day)				16.3216 14.8414

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 6:00 p.m. to 9:00 p.m.	Monday through Friday (except holidays)
Off-Peak:	9:00 p.m. to 8:00 a.m. All day	Monday through Friday (except holidays) 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. All day	Monday through Friday (except holidays) 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.

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MEDIUM NON-RESIDENTIAL COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-4 TOU

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

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

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MEDIUM NON-RESIDENTIAL COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-4 TOU

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 ~~offered, allowed provided but~~ 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, as determined in the City's sole discretion. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving ~~a the~~ discount in this section 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.

(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

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UTILITY RATE SCHEDULE E-4 TOU

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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Supersedes Sheet No E-4-TOU-5 dated ~~27-51-2013~~

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Effective 7-1-201~~7~~⁶
Sheet No **E-4-TOU-5**

LARGE ~~NON-RESIDENTIAL COMMERCIAL~~ ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7

A. APPLICABILITY:

This schedule applies to Demand metered secondary Service for ~~non-residential 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>				
Demand Charge (kW)	\$ 3.492.50	\$ 20.3515.85		\$ 23.8418.34
Energy Charge (kWh)	0.0 9353834 4	0.000 5887	0.003 9154	0.0 98028749
<u>Winter Period</u>				
Demand Charge (kW)	\$1. 9053	\$ 13.6914.14		\$15. 5965
Energy Charge (kWh)	0.0 6739580 4	0.000 5887	0.003 9154	0.0 71886242
Minimum Bill (\$/day)				42.364848.5054

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.

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LARGE ~~NON-RESIDENTIAL 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 if~~ the Customer's 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.

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LARGE ~~NON-RESIDENTIAL COMMERCIAL~~ ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7

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 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 ~~offered, allowed provided but~~ 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, ~~as determined in the City's sole discretion.~~ The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving ~~a-the~~ discount ~~in this section 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.

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LARGE ~~NON-RESIDENTIAL COMMERCIAL~~ ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7

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
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

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LARGE NON-RESIDENTIAL ~~COMMERCIAL~~ ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7

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-7-5**

LARGE NON-RESIDENTIAL COMMERCIAL GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

A. APPLICABILITY:

This schedule applies to Demand Metered Service for large non-residential 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)	\$ 3.492.50 0.0 9353831	\$ 20.3515.85			\$ 23.841 8.34
Energy Charge (per kWh)	4	0.000 5887	0.003 9151	0.0020	0. 10002 08949
<u>Winter Period</u>					
Demand Charge (per kW)	\$1. 9053 0.0 6739580	\$ 13.6914.11			\$15. 596 5
Energy Charge (per kWh)	4	0.000 5887	0.003 9151	0.0020	0. 07388 6442
Minimum Bill (\$/day)					42.3648 48.5054

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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)	\$3.492.50	\$20.3515.85		\$23.841
	0.0 9353831			8.34
Energy Charge (per kWh)	4	0.000 5887	0.003 9154	0.0 9802
				8749
Palo Alto Green Charge (per 1000 kWh block)				\$2.00
<u>Winter Period</u>				
Demand Charge (per kW)	\$1.9053	\$13.6914.14		\$15.596
	0.0 6739580			5
Energy Charge (per kWh)	4	0.000 5887	0.003 9154	0.0 7188
				6242
Palo Alto Green Charge (per 1000 kWh block)				\$2.00
Minimum Bill (\$/day)				42.364848.5054

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. 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 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

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LARGE ~~NON-RESIDENTIAL COMMERCIAL~~ GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

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 if~~ 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%.

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

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Supersedes Sheet No E-7-G-3 dated 7-1-201~~6~~⁴



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~7~~⁶
Sheet No **E-7-G-3**

LARGE ~~NON-RESIDENTIAL COMMERCIAL~~ GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

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 ~~offered, but~~ 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, as determined in the City's sole discretion. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving ~~a~~ the discount ~~in this section 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

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Supersedes Sheet No E-7-G-4 dated 7-1-201~~6~~4



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UTILITIES

Effective 7-1-201~~6~~7
Sheet No **E-7-G-4**

LARGE ~~NON-RESIDENTIAL 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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CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~76~~
Sheet No **E-7-G-5**

LARGE NON-RESIDENTIAL ~~COMMERCIAL~~ GREEN POWER ELECTRIC SERVICE

UTILITY RATE SCHEDULE E-7-G

{End}

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CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~7~~⁶

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

LARGE ~~NON-RESIDENTIAL~~ ~~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 ~~non-residential~~ ~~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	\$ 2.22 1.48	\$ 6.84 5.33		\$ 9.06 6.80
Mid-Peak	0. 64 51	6.84 5.33		7.48 5.84
Off-Peak	0. 64 51	6.84 5.33		7.48 5.84
Energy Charge (per kWh)				
Peak	\$0. 1017 7092 67	\$0.000 5887	\$0.003 9154	\$0. 1062 609705
Mid-Peak	0.0 986 88792	0.000 5887	0.003 9154	0. 1031 609230
Off-Peak	0.0 877 77705	0.000 5887	0.003 9154	0.0 922 68143
<u>Winter Period</u>				
Demand Charge (per kW)				
Peak	\$0. 9678	\$ 6.93 7.15		\$ 7.89 2
Off-Peak	0. 9678	6.93 7.15		7.89 2
Energy Charge (per kWh)				
Peak	\$0.0 803 6600 9	\$0.000 5887	\$0.003 9154	\$0.0 848 46447
Off-Peak	0.0564 73	0.000 5887	0.003 9154	0.060 9684

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Supersedes Sheet No E-7-TOU-1 dated ~~72-15-2016~~

Effective 7-1-201~~6~~
Sheet No E-7-TOU-1

CITY OF PALO ALTO
UTILITIES

LARGE ~~NON-RESIDENTIAL~~ ~~COMMERCIAL~~ ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-7 TOU

Minimum Bill (\$/day)

~~42.3648~~ ~~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: 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
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 holidays)
All day Saturday, Sunday, and holidays

HOLIDAYS: "Holidays" for the purposes of this rate schedule are New Year's 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.

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No E-7-TOU-2 dated ~~72-15-2016~~

CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~6~~
Sheet No **E-7-TOU-2**

LARGE ~~NON-RESIDENTIAL~~ COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-7 TOU

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 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.

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Supersedes Sheet No E-7-TOU-3 dated ~~7-15-2016~~

CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~6~~⁷
Sheet No **E-7-TOU-3**

LARGE NON-RESIDENTIAL COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-7 TOU

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 offered, but ~~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 , as determined in the City's sole discretion. The City retains the right to change its line voltage at any time after providing reasonable advance notice to any Customer receiving ~~a the~~ discount in this section 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
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.

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No E-7-TOU-4 dated ~~72-15-2016~~

Effective 7-1-201~~6~~⁷
Sheet No **E-7-TOU-4**

LARGE NON-RESIDENTIAL COMMERCIAL ELECTRIC TIME OF USE SERVICE

UTILITY RATE SCHEDULE E-7 TOU

- (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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Supersedes Sheet No E-7-TOU-5 dated ~~7-1-2016~~ 7-1-2017

CITY OF PALO ALTO
UTILITIES

Effective 7-1-2017
Sheet No **E-7-TOU-5**

STREET LIGHTS

UTILITY RATE SCHEDULE E-14

A. APPLICABILITY:

This schedule applies to all street and highway lighting installations.

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.

Lamp Rating:

High Pressure Sodium Vapor Lamps

100 watts	8.59 <u>9.66</u>
200 watts	15.87 <u>17.83</u>
250 watts	19.50 <u>21.92</u>
310 watts	24.13 <u>27.12</u>
400 watts	31.07 <u>34.92</u>



STREET LIGHTS

UTILITY RATE SCHEDULE E-14

Per Lamp Per Month –

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

Lamp Rating:

Mercury-Vapor Lamps

400 watts

~~32.58~~34.94

High Pressure Sodium Vapor Lamps

70 watts

~~28.61~~30.48

100 watts

~~30.79~~32.93

150 watts

~~34.43~~37.02

250 watts

~~41.70~~45.19

Light Emitting Diode (LED) Lamps

70 watts-equivalent

~~23.79~~25.06

100 watts-equivalent

~~25.44~~26.91

150 watts-equivalent

~~26.96~~28.62

250 watts

~~31.12~~33.30

CITY OF PALO ALTO UTILITIES

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CITY OF PALO ALTO
UTILITIES

Supersedes Sheet No. E-14-2 dated 7-1-200916

Effective 7-1-2016

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

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.
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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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.

- 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}

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No. E-14-24 dated 7-1-2009~~16~~



CITY OF PALO ALTO
UTILITIES

Effective 7-1-201~~7~~⁶
Sheet No. E-14-24

Attachment F

* NOT YET APPROVED *

Resolution No. _____

Resolution of the Council of the City of Palo Alto Approving the
FY 2018 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 2018 Gas Utility Financial Plan.

SECTION 2. 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

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* NOT YET APPROVED *

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 2018 GAS
UTILITY
FINANCIAL PLAN
FY 2018 TO FY 2027**

GAS UTILITY FINANCIAL PLAN

FY 2018 TO FY 2027

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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 2018 through FY 2027, non-commodity costs are projected to increase at 3% to 4% per year. In the short term, some of these costs are related to the cross-bore inspection program, as well as cap-and-trade and carbon neutral allowance purchase costs. Capital improvement program (CIP) costs have increased as the economy has improved, and while CPAU plans a new gas main replacement project every year, recent larger than expected bids have required resizing and redesign of some existing plan projects. Because of this, the next new main replacement project will take place in FY 2019. As a result, CIP costs for FY 2017 and 2018 will be lower than normal by around \$3.7 million. The Gas Utility expenses over the period of this financial plan are shown in Table 1 below.

Table 1: Gas Utility Expenses for FY 2016 to FY 2027 (Thousand \$'s)

Expenses (\$000)	FY 2016 (act.)	FY 2017 (est.)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Commodity costs	8,127	13,042	15,437	14,931	15,304	15,584	16,021	16,569	17,227	17,909	18,679	19,235
Operations	17,239	21,687	22,587	22,901	22,559	23,022	24,403	25,292	26,221	27,195	28,222	27,982
Capital Projects	5,017	2,214	2,074	5,725	5,960	6,145	6,335	6,525	6,721	6,923	7,130	7,344
TOTAL	30,384	36,943	40,098	43,557	43,823	44,751	46,759	48,386	50,169	52,027	54,032	54,561

To ensure that revenues cover projected rising costs, the financial plan includes the rate trajectory shown in Table 2. No increase is projected for FY 2018.

Table 2: Projected Gas Rate Trajectory for FY 2018 to FY 2027

Projection	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Current Financial Plan	0%	4%	6%	6%	5%	3%	3%	2%	1%	0%
FY 2017 Financial Plan	9%	7%	4%	1%	1%	1%	1%	1%	1%	N/A
FY 2016 Financial Plan	4%	4%	4%	3%	3%	N/A	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 2020. 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 2017 to FY 2027 (\$000)

Reserve	FY 2017	FY 2018	FY 2019 to FY 2027
Rate Stabilization	0	(1,208)	(4,810)
Operations	0	1,208	4,810

SECTION 2B: SUMMARY OF PROPOSED ACTIONS

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

1. Amend the proposed \$5.3 million transfer from the Rate Stabilization Reserve to the Operations Reserve, as proposed in the FY 2017 Gas Financial Plan, to no transfer, based on projected ending Operations Reserve levels.

Staff proposes the following actions for the Gas Utility in FY 2018:

2. No distribution rate increase for FY 2018. See *Section 3B: Current and Proposed Rates* for more details.
3. Transfer \$1.2 million from the Rate Stabilization Reserve to the Operations Reserve. See *Section 3C: Proposed Reserve Transfers* for more details.

SECTION 3: DETAIL OF FY 2018 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. In preparation for an update to the study, staff discussed a proposed scope with the Utilities Advisory Commission in October 2016, and the Council in November 2016². The updated study is projected to be completed by the end of FY 2017, and will provide guidance for the next proposed rate action, currently slated for FY 2019.

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 prices.³ 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 program⁴. This component will change depending on the cost of allowances and gas demand. In October 2016, the Council adopted a resolution changing the Local Transportation rate (which had been collapsed into the Distribution rate in

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

² Staff Report 7416 11/14/2016 <http://www.cityofpaloalto.org/civicax/filebank/documents/54576>

³ Staff Report 2812, 5/17/2012: <http://archive.cityofpaloalto.org/civica/filebank/blobdload.asp?BlobID=31395>

⁴ Staff Report 5397, 1/26/2015: <https://www.cityofpaloalto.org/civicax/filebank/documents/45537>

2015 to streamline bill presentation), to be a pass-through of PG&E's Gas Transportation Rate to Wholesale/Resale Customers (G-WSL) charge to Palo Alto.⁵ This went into effect November 1, 2016. In December 2016, Council approved a carbon neutral gas plan, with a goal of achieving a carbon neutral gas portfolio by FY 2018.⁶ The plan is for costs associated with the plan to be a passed through directly to customers as well, although the rate impact is not to exceed \$0.10 per therm.

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 schedule 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 monthly service charges for all rate schedules. Table 7 shows the consumption charges related to distribution charges. As mentioned earlier, commodity charges change monthly, and transportation charges are tied to the PG&E G-WSL rate schedule. Three years' worth of volumetric rate history can be found on Palo Alto's website.⁷ Some recent commodity price history is discussed in *Section 6A: Gas Purchase Costs*.

Table 4: Current Monthly Service Charges

Rate Schedule	Monthly Service Charge (\$/month)
	Current (as of 7/1/16)
G-1 (Residential)	\$10.32
G-2 (Small Commercial)	\$78.23
G-3 (Large Commercial)	\$377.43
G-10 (CNG)	\$52.93

⁵ Staff Report 7260 10/17/2016 <http://www.cityofpaloalto.org/civicax/filebank/documents/54165>

⁶ Staff Report 7533 12/05/2016 <http://www.cityofpaloalto.org/civicax/filebank/documents/54882>

⁷ Monthly Gas Commodity & Volumetric Rates <http://www.cityofpaloalto.org/civicax/filebank/documents/30399>

Table 5: Current Gas Distribution Charges

	Current (as of 11/1/16)
G-1 (Residential)	
Tier 1 Rates	0.3933
Tier 2 Rates	0.9319
G-2 (Residential Master-Metered and Small Commercial)	
Uniform Rate	0.5767
G-3 (Large Commercial)	
Uniform Rate	0.5687
G-10 (Compressed Natural Gas)	
Uniform Rate	0.0093

No changes to distribution rates are proposed for FY 2018.

SECTION 3C: PROPOSED RESERVE TRANSFERS

In the FY 2017 Financial Plan, \$5.3 million was proposed to be transferred from the Rate Stabilization Reserve into the Operations Reserve.

Lower actual expenses in FY 2016 as well as projected lower expenses in FY 2017 are expected to result in higher ending reserve balances than initially projected, so staff recommends not transferring funds at this time. A tentative transfer of \$1.2 million in FY 2018, followed by \$4.3 million in FY 2019, is included in the financial projections in this Financial Plan. These 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.⁸ 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.⁹

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,"¹⁰ 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.

⁸ Staff Report CMR:183:90. *Infrastructure Review and Update*, March 1, 1990

⁹ *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

¹⁰ 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

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, 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 spas.¹¹ Non-residential customers use gas for space and water heating (73% of gas consumed), cooking (20%), and industrial processes (6%).¹²

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 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. In a similar fashion, the cost for local transportation has now been tied to PG&E's G-WSL rate schedule, and varies when and if PG&E changes their rate schedule. The cost of purchased gas and PG&E local transportation service usually account for roughly one third of the utility's expenditures.

¹¹ <http://energyalmanac.ca.gov/naturalgas/overview.html>

¹² 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 4C: DISTRIBUTION SYSTEM

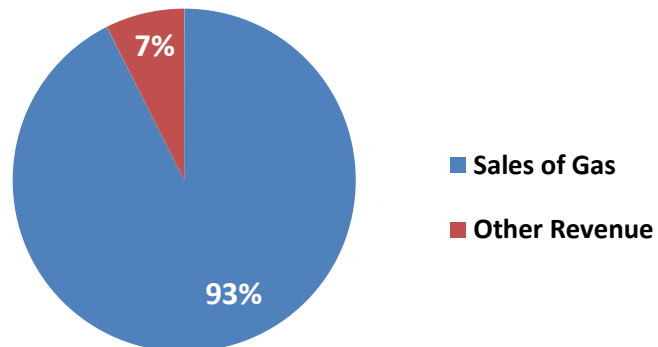
To deliver gas from the receiving stations to its customers, the utility owns 210 miles of gas mains (which transport the gas to various parts of the city) and 23,400 gas services (which connect the gas mains to the customers' gas lines). These mains and services, along with their associated valves, 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 normally 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, \$1 million is budgeted per year for the cross-bore program through FY 2019. 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.

SECTION 4D: COST STRUCTURE AND REVENUE SOURCES

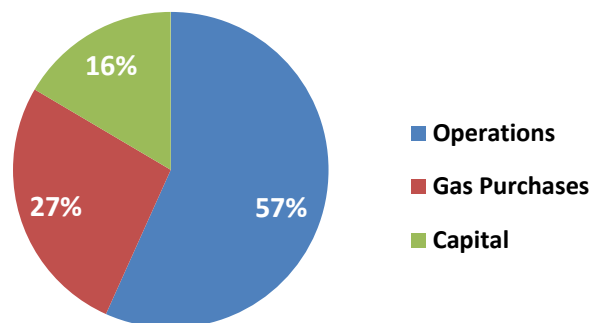
As shown in Figure 1, the Gas Utility receives 93% of its revenue from sales of gas and the remainder from capacity and connection fees, interest on reserves, and other sources. *Appendix A: Gas Utility Financial Forecast Detail* shows more detail on the utility's cost and revenue structures.

Figure 1: Revenue Structure (FY 2016)



As shown in Figure 2, in FY 2016, gas purchase costs accounted for roughly 27% of the Gas Utility's costs. This percentage can vary widely from year to year, as this cost is based upon market purchases, but now also includes costs related to cap and trade. In FY 2016, Palo Alto received a large transportation rate settlement from PG&E, which lowered costs substantially. This stemmed from the CPUC's findings related to the San Bruno pipeline explosion. Operational costs represented roughly 57%, and capital investment was responsible for the remaining 16%. CIP is normally about 20% of expenses, but this may be lower in times when projects are deferred, as will happen in FY 2017 and FY 2018.

Figure 2: Cost Structure (FY 2016)



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 6 presents winter and summer residential bills for Palo Alto and PG&E at several usage levels for commodity rates in effect as of May 2016 (to illustrate a summer month bill) and March 2017 (to illustrate a winter month bill). The annual gas bill for the median residential customer for calendar year 2016 was \$426.72, about 20% 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 6: Residential Monthly Natural Gas Bill Comparison (\$/month)

Season	Usage (therms)	Palo Alto	PG&E Zone X	% Difference
Winter (March 2017)	30	34.88	41.57	-16%
	(Median) 54	54.53	74.82	-27%
	80	85.50	120.77	-29%
	150	180.51	255.05	-29%
Summer (May 2016)	10	19.93	17.77	12%
	(Median) 18	21.94	21.46	2%
	30	35.13	41.55	-15%
	45	52.91	66.66	-21%

Table 7 shows the monthly gas bills for commercial customers for various usage levels for rates in effect as of March, 2017. Bills for CPAU customers at the usage levels shown are around 10% to 33% higher for 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 7: Commercial Monthly Average Gas Bill Comparison
(for Rates in Effect March, 2017)**

Usage (therms/mo)	Gas Bill (\$/month)		% Difference
	Palo Alto	PG&E	
500	616	545	13%
5,000	5,459	4,957	10%
10,000	10,840	8,856	22%
50,000	53,788	40,453	33%

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 fluctuated by around \$0.20 over the last two years, but have generally been lower than prices seen in 2013 and 2014.

Figure 3: Gas Commodity Rates from July 2012 through March 2017



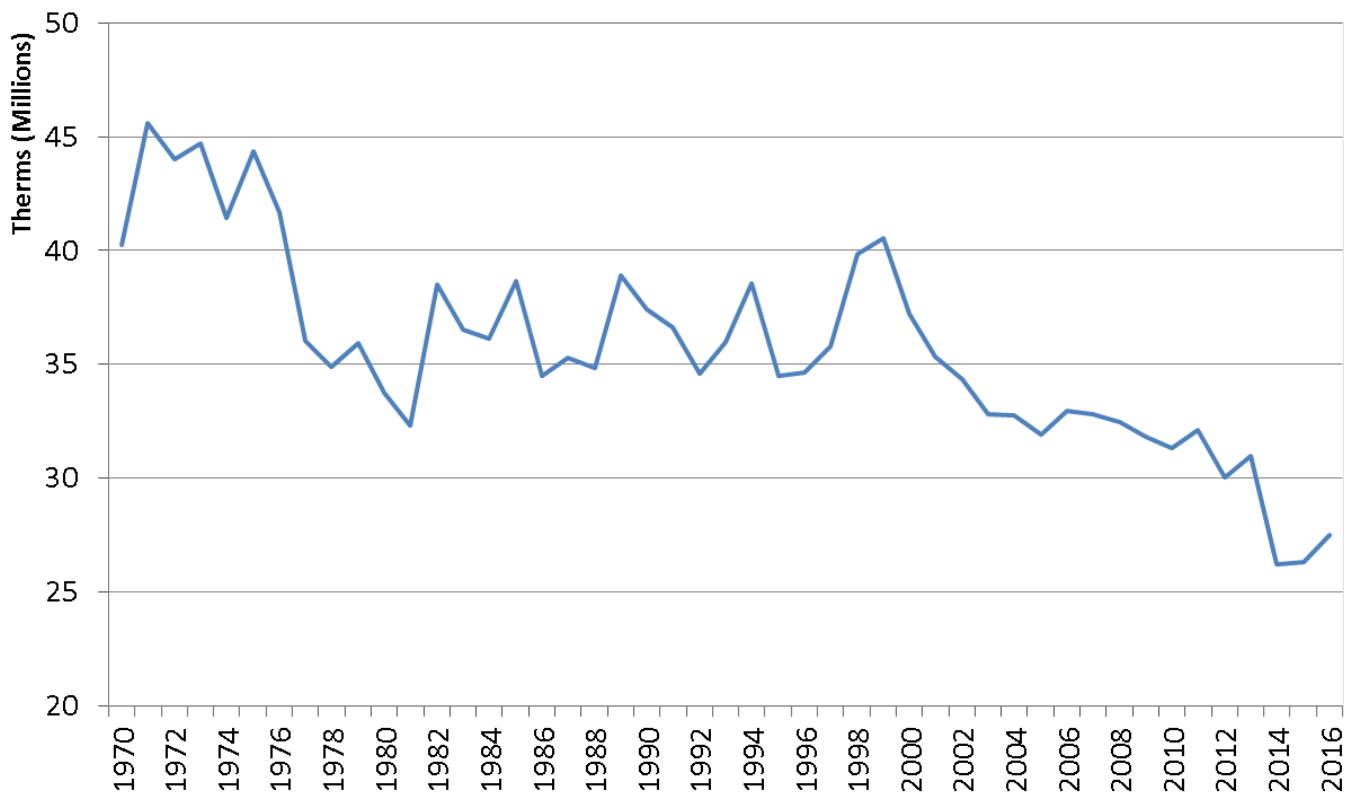
SECTION 5: UTILITY FINANCIAL PROJECTIONS

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 2014 and 2015, unusually warm winters, as well as ongoing drought, caused gas usage to tumble to historic lows. In FY 2017, as the drought has eased and a relatively normal winter has progressed, gas usage has started to increase again.

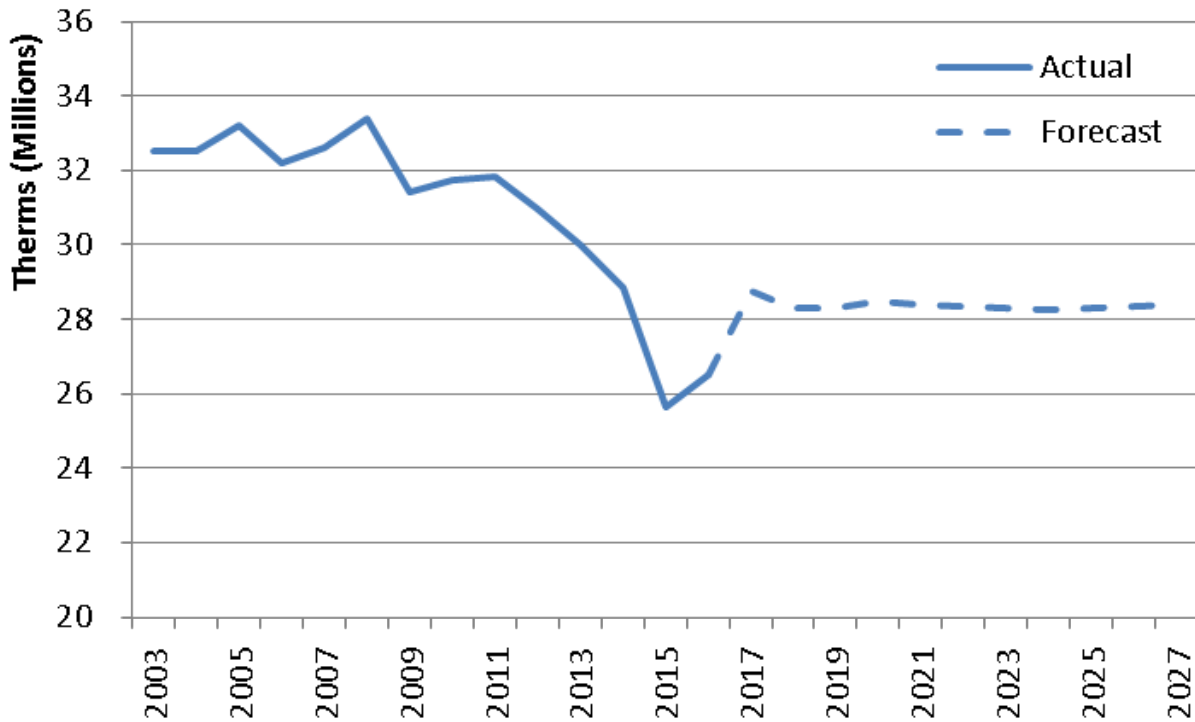
Figure 4: Historic Gas Consumption



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. As with prior drought/gas usage declines in the past, it is likely that consumption will not come

back to pre-conservation levels. It is too early to tell, however, where the new 'normal' level of consumption will be.

Figure 5: Forecast Gas Consumption



SECTION 5A: FY 2012 TO FY 2016 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.

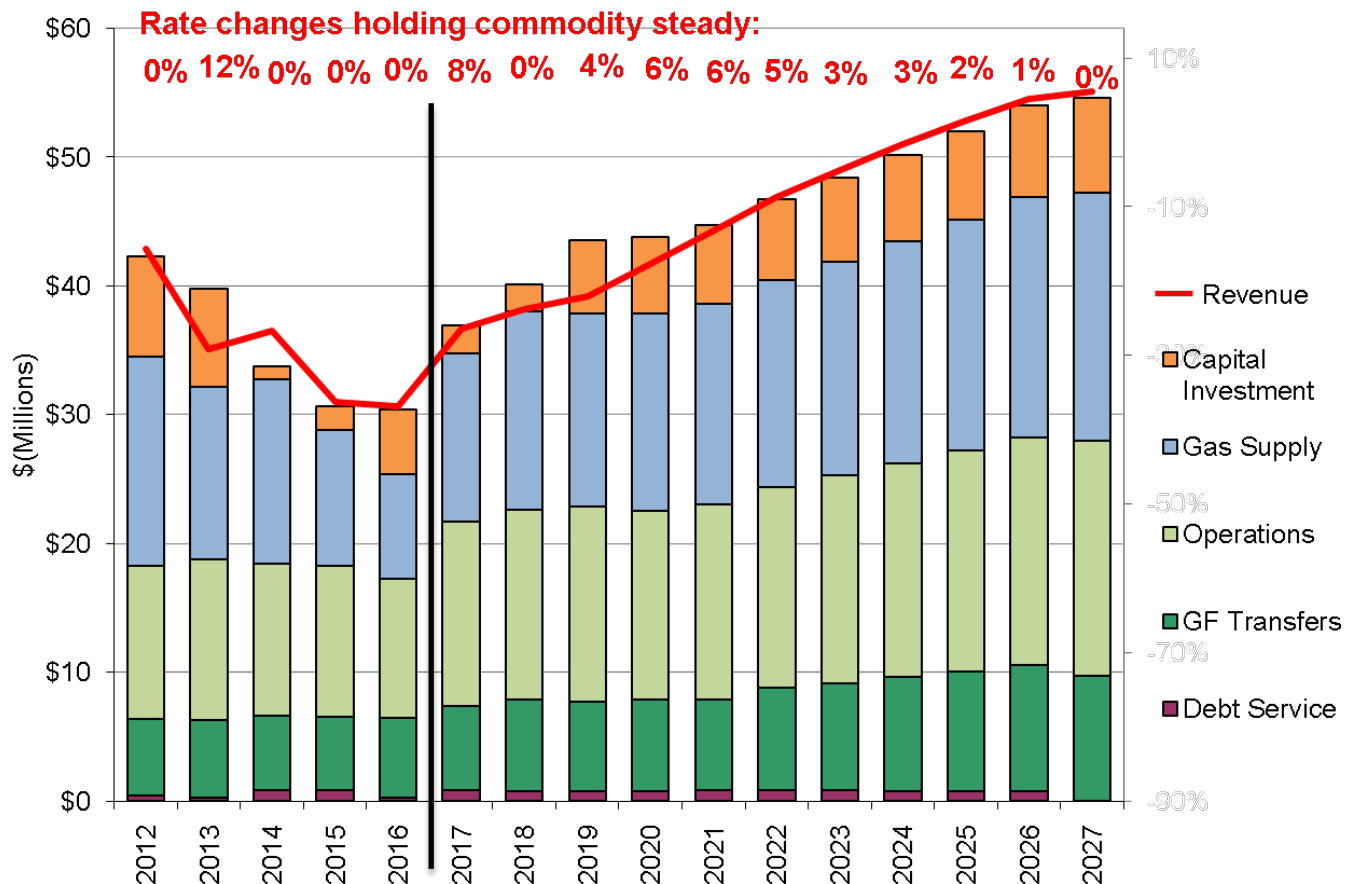
The annual expenses for the gas utility decreased substantially between 2012 and 2016 due to lower gas sales. Market prices for gas supplies are shown in Figure 3 above. FY 2014 and 2015 were notable due to the fact that no new funding was added for main replacement projects, to permit the completion of a backlog of projects which had previously been funded. This allowed for backlogged gas main replacement projects to be started, and used existing capital reserves. Starting in FY 2012, additional funding for gas cross-bore inspections increased Operations costs.

Revenues have generally matched expenses in most years. As shown in Figure 6 below, revenues were below cost in FY 2011 and FY 2013 and nearly at cost in FY 2016. The absence of funding for main replacement projects in FY 2014 and FY 2015, as well as the availability of relatively large reserves, forestalled the need for rate increases until now.

As shown in Figure 6, the last adjustment to gas distribution rates was in July 2016 when rates were increased by 8%. In FY 2012, 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 2016 and Projections through FY 2027



SECTION 5B: FY 2016 RESULTS

Sources of funds for FY 2016 were in line with projections, but expenses related to Purchases and Capital spending came in well below expected budget. Total FY 2016 expenses were \$30.4 million compared to projections of \$35.9 million in the FY 2017 Financial Plan. Table 8 summarizes the variances from forecast.

Table 8: FY 2016, Actual Results vs. Financial Plan Forecast

	Net Cost/(Benefit)	Type of change
Purchase costs lower than forecast	(1,132,000)	Cost savings
Operations cost savings and reclass	(2,498,000)	Cost savings
Capital Improvement cost spending	(1,872,000)	Cost savings
Operations cost savings	(31,000)	Cost savings
Net Cost / (Benefit) of Variances	\$(5,465,000)	

SECTION 5C: FY 2017 PROJECTIONS

Current projections indicate that sales revenues will be slightly higher than last year's forecast. However, a main replacement projected budgeted for this year will not be started until FY 2019. Table 9 summarizes the current and projected variances from FY 2017 Financial Plan.

Table 9: FY 2017 Projected Results vs. Financial Plan Forecast

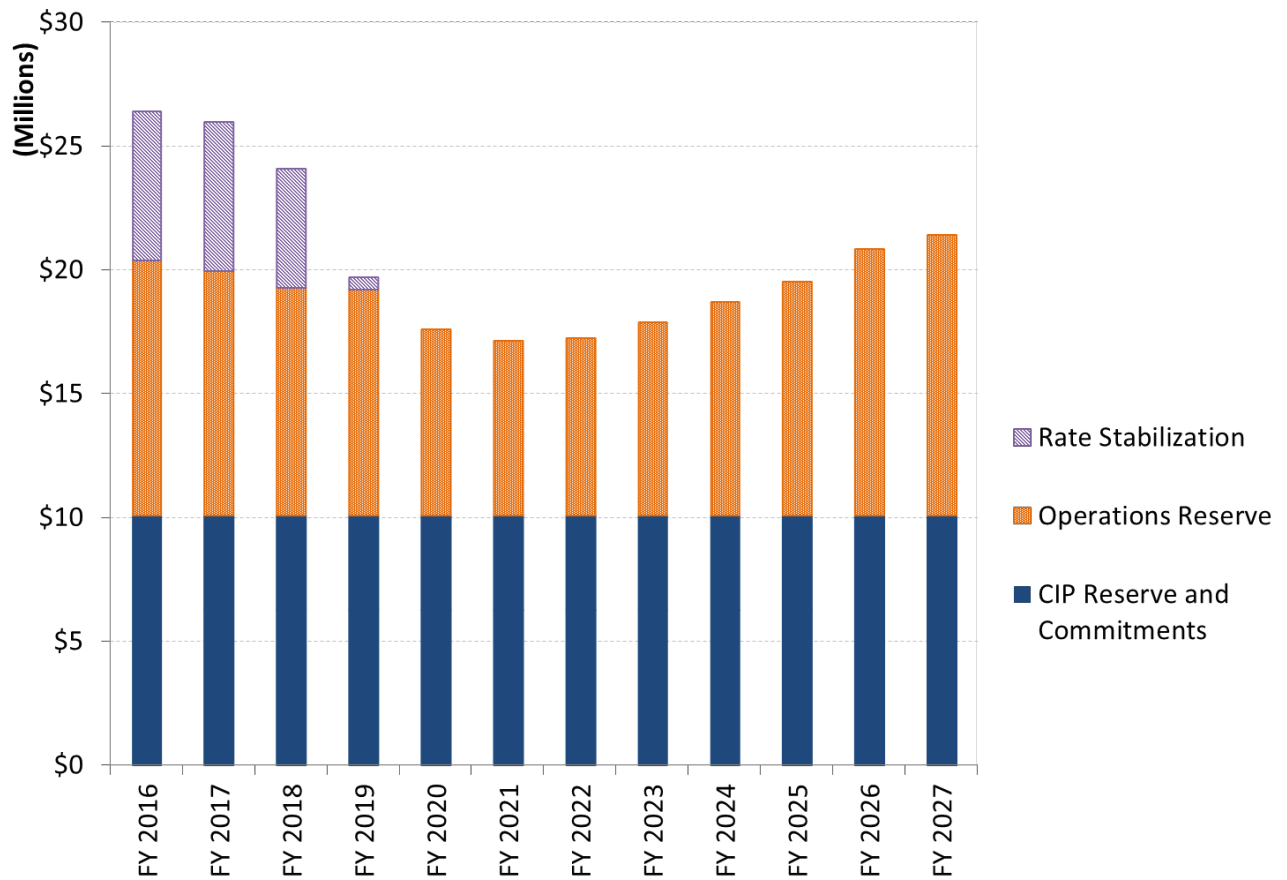
	Net Cost/ (Benefit)	Type of change
Sales revenues higher than forecast	(984,000)	Revenue increase
Other revenues and interest higher than forecast	(742,000)	Revenue increase
Operations & maintenance, Customer service and purchase cost increases	617,000	Cost increase
Main replacement projects delayed	(4,091,000)	Cost savings
Net Cost / (Benefit) of Variances	(\$5,200,000)	

SECTION 5D: FY 2018-FY 2027 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 around 3% per year through FY 2026. In Operations, this is due to an additional continuing \$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. New CIP main replacement programs are projected to be put on hold until FY 2019. At that point, CIP spending is projected to return to normal levels (around \$6 million), 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 2016, gas supply prices were projected to increase by around 3 to 4% per year. 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 2020.

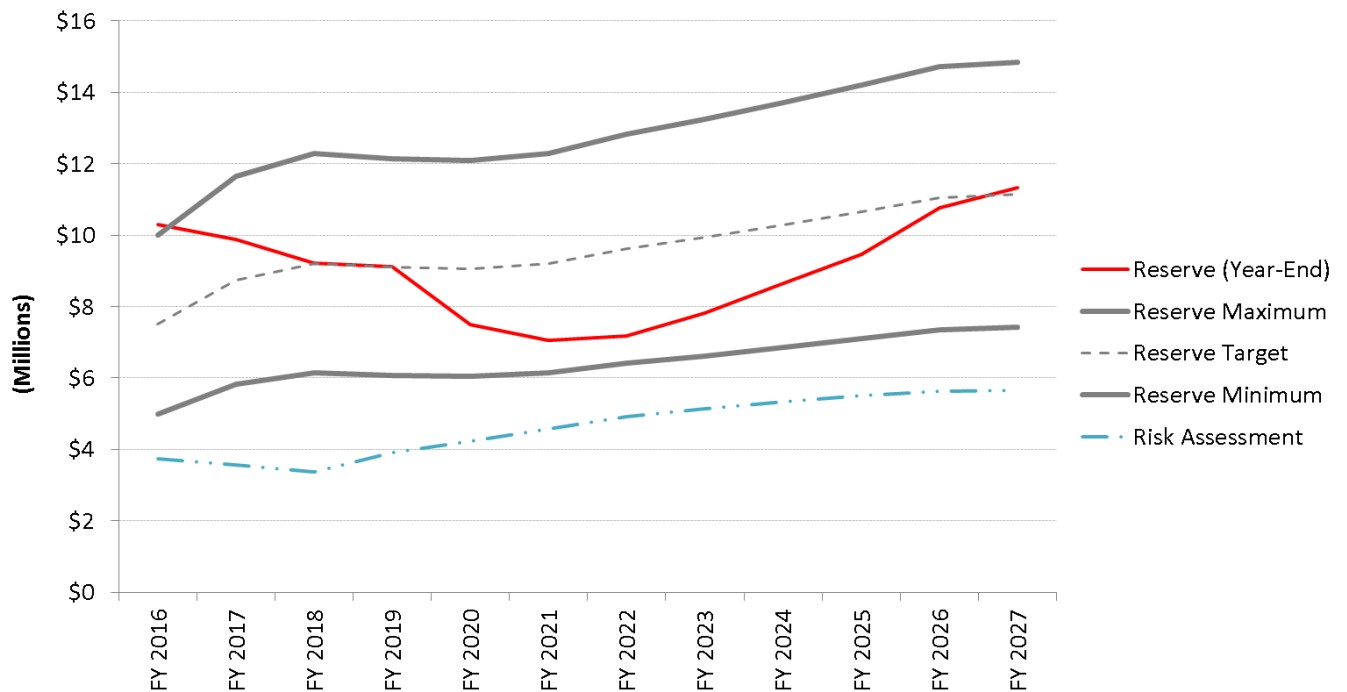
Figure 7: Gas Utility Reserves
Actual Reserve Levels for FY 2016 and Projections through FY 2027



SECTION 5E: RISK ASSESSMENT AND RESERVES ADEQUACY

The Gas Utility's primary contingency reserve, the Operations Reserve, is projected to be within guideline levels throughout the forecast period, barring either short-run budget savings and/or larger future increases. Figure 8 shows the Operations Reserve recovering to the target level by FY 2027 with the projected rate trajectory.

Figure 8: Operations Reserve Adequacy



Forecasted Operations Reserve levels also exceed the short-term risk assessment for the Utility. Table 10 summarizes the risk assessment calculation for the Gas Utility through FY 2022. The same methodology is used for FY 2023 through FY 2027 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 10: Gas Risk Assessment (\$000)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total non-commodity revenue	\$20,465	\$21,676	\$23,503	\$25,557	\$27,559
Max. revenue variance, previous ten years	16%	16%	16%	16%	16%
Risk of revenue loss	\$3,282	\$3,476	\$3,769	\$4,098	\$4,419
CIP Budget	\$809	\$4,421	\$4,617	\$4,762	\$4,911
CIP Contingency @10%	\$81	\$442	\$462	\$476	\$491
Total Risk Assessment value	\$3,363	\$3,918	\$4,231	\$4,575	\$4,910

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 over \$10 million, as shown in Figure 7. Based upon FY 2017's adjusted CIP budget, this is well above the maximum reserve level of \$1.97 million. However, the next two years are anomalous in that a main replacement project is not scheduled. As a normal year maximum would be between \$9 to \$11 million, staff does not recommend reducing the CIP reserve at this time, especially in

light of the fact that CIP project costs have been increasing. Staff will continue to review this reserve and the appropriateness of the current minimum and maximum guideline levels.

SECTION 5F: 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. The City has recently opted to pursue a policy of purchasing offsets to make gas usage in Palo Alto carbon neutral. The cost is not to exceed \$0.10/therm.

Future CIP investment needs for the Gas Utility may be lower than in the past, although costs per foot for main replacement have been increasing 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. 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. However, to achieve the recently adopted Sustainability and Climate Action Plan (S/CAP) goal of an 80% reduction in carbon emissions by 2030, or the State's adopted goal of an 80% reduction in emissions by 2050 some amount of electrification of gas-using appliances is likely to be necessary. 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. 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."¹³ Staff intends to begin evaluating how to manage potential impacts of these trends over the next few years..

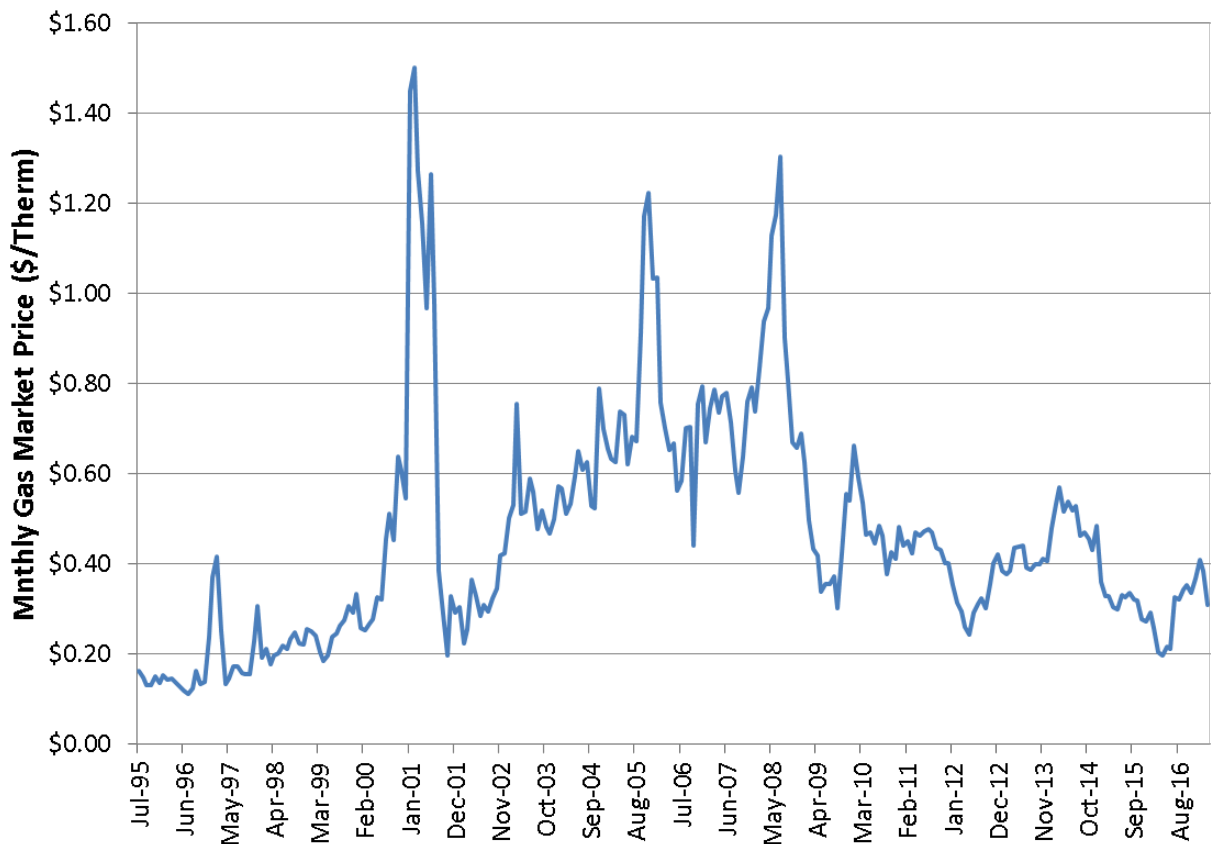
¹³ *Climate Change Scoping Plan, First fUpdate, Discussion Draft for Public Review and Comment*, California Air Resources Board, October 2013, pg 88.

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, but prices for the last year have risen somewhat. 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 9.

Figure 9: Gas Market Prices at PG&E Citygate



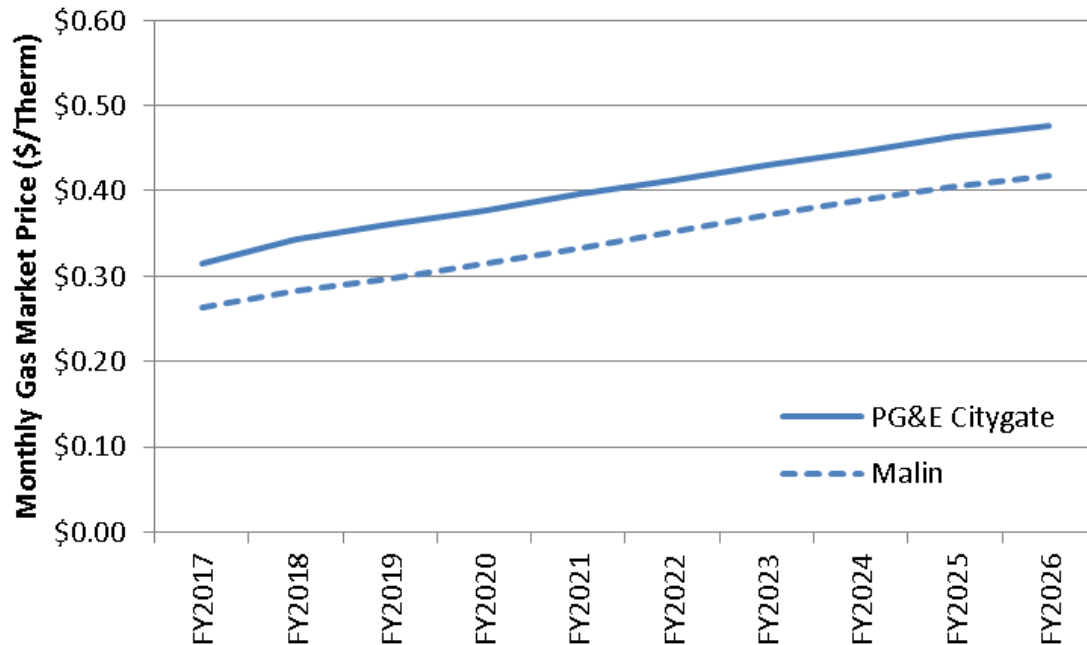
Gas commodity costs are expected to increase steadily over the next several years. Figure 10 shows the projected gas prices used to generate this forecast. Projections for transmission costs associated with transporting gas over PG&E's Redwood transmission pipeline (from Malin, Oregon to the PG&E Citygate) 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,¹⁴ but in December 2014 PG&E applied to the CPUC

¹⁴ 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.

to more than double local transportation costs. The application was not settled until late 2016. As these charges are dictated by PG&E and are outside of Palo Alto's control, staff proposed making these costs pass-through charge, similar to the commodity charge, and this became effective in November, 2016.

Figure 10: Wholesale Gas Price Projections



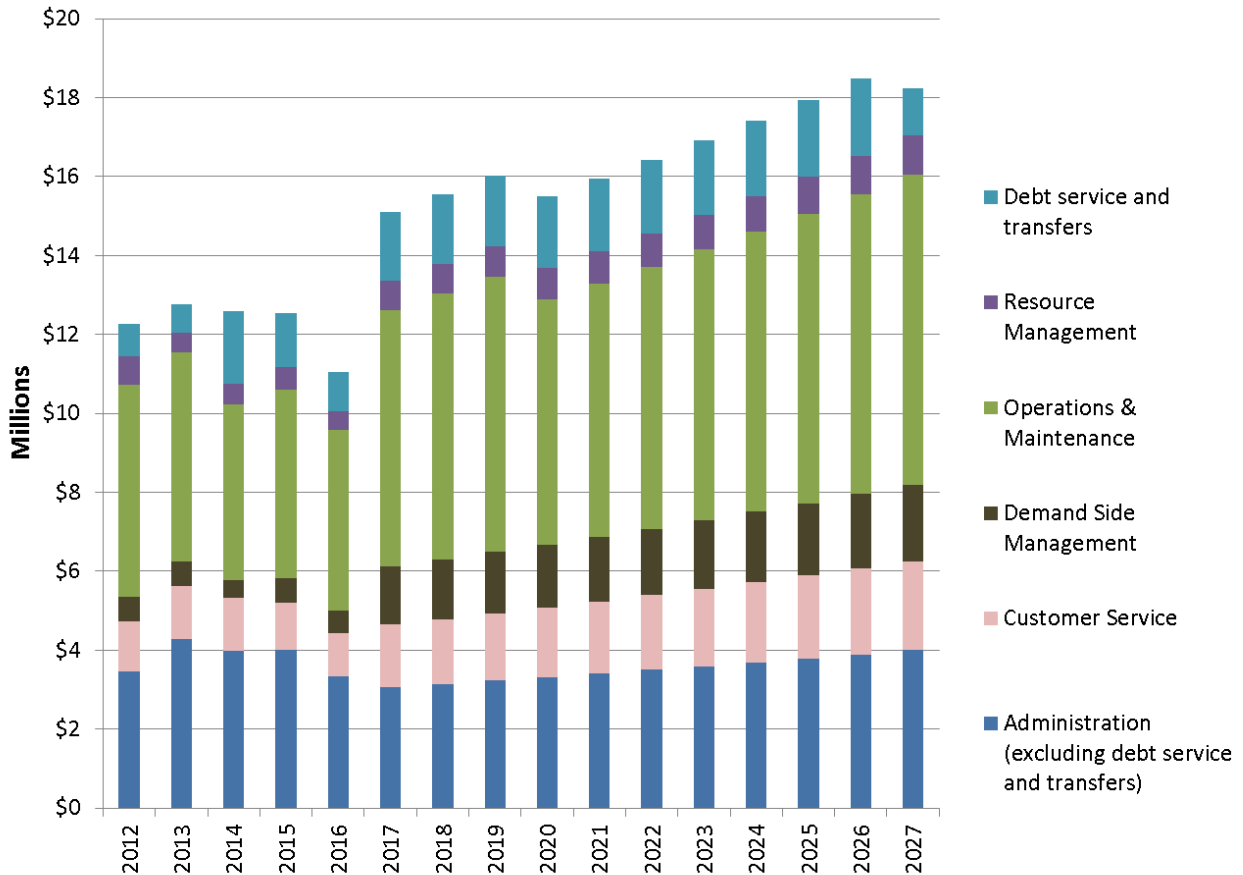
SECTION 6B: OPERATIONS

Operations costs include the Customer Service, Demand Side Management, Operations and Maintenance (including Engineering), Resource Management, and Administration categories in Figure 11, 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 11: 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 11 shows the current status of these project categories and future projected spending.

Table 11: Budgeted Gas CIP Spending

Project Category	Current Budget*	Spending, Curr. Yr	Remain. Budget**	Committed	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
One Time Projects	425	(2)	423	109	-	-	-	-	-
Gas Main Replacement	4,878	(187)	4,691	-	-	3,588	3,759	3,878	4,000
Tools And Equipment	146	-	146	20	-	640	-	-	-
Ongoing Projects	254	(140)	114	88	809	833	858	884	911
Customer Connections	232	(660)	(428)	159	1,265	1,303	1,342	1,383	1,424
TOTAL	5,935	(988)	4,946	375	2,074	6,365	5,960	6,145	6,335

*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 budgets for gas main replacement might not fully 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.

These increases in cost are a partial reason for the two year delay in projects. The most recent project, when put out for bid, resulted in very few contractors competing, and project bids larger than budgeted. Staff will redesign this and future projects into smaller segments to keep budgets lower, while not compromising on overall system integrity. The other reason for delay is the University Avenue Business District project, and getting coordination amongst all departments is taking more time than expected. Finally, there has been an ongoing issue with keeping and maintaining qualified staff to design and work on projects.

Ongoing Projects, Tools and Equipment, and Customer Connections are projected to cost approximately \$0.8 million in FY 2018 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 2018 to FY 2022 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 12. Debt service on this bond will continue through 2026.

Table 12: 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”¹⁵ equal to five times the annual debt service. The current financial plan complies with these covenants throughout the forecast period, as shown in Table 13 and

Table 14.

Table 13: 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	36,643	38,225	39,175	41,695	44,306	46,879	49,025	50,992	52,835	54,530
Expenses (Excluding CIP and Debt Service)	(33,926)	(37,223)	(37,033)	(37,063)	(37,804)	(39,621)	(41,057)	(42,646)	(44,305)	(46,100)
Net Revenues	2,717	1,002	2,142	4,632	6,502	7,258	7,968	8,346	8,530	8,430
Debt Service	803	802	800	800	802	804	805	803	800	803
Coverage Ratio	338%	125%	268%	579%	811%	903%	990%	1039%	1039%	1039%

¹⁵ Available Reserves as defined in the 2011 bonds include the reserves for the Water, Electric, and Gas Utilities

Table 14: 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	19711	17838	13456	11328	10883	11003	11642	12465	13273	14588
Debt Service ^b	803	804	803	802	801	801	802	803	800	803
Reserves Ratio ^c	25x	22x	17x	14x	14x	14x	15x	16x	16x	16x
<i>a) CIP, Rate Stabilization, Operations, and Unassigned Reserves</i> <i>b) Gas Utility's share of the debt service on the 2011 bonds.</i> <i>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.</i>										

The Gas Utility's reserves and net revenue are also pledged as security for the bond issuances listed in Table 15, 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 15: 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 a methodology adopted by Council in 2009 that has remained unchanged since¹⁶. 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 8% 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 customers' 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

¹⁶ 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.

cover customers' 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 appliances, will modify these forecasts. Forecasts are continually evaluated to see when new trends emerge.

SECTION 6G: COMMUNICATIONS PLAN

The FY 2018 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 2018 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 cross-bores, 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		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	RATE CHANGE (%)*	0%	12%	0%	0%	0%	8%	0%	4%	6%	6%	5%	3%	3%	2%	1%	0%
2	SALES IN THOUSAND THERMS	30,447	28,901	28,117	28,881	26,719	27,829	27,434	27,463	27,623	27,546	27,482	27,432	27,394	27,450	27,510	27,541
3																	
4	Utilities Retail Sales	41,034	33,759	34,843	29,515	28,065	33,243	33,852	34,339	36,422	38,683	40,918	42,694	44,275	45,736	46,948	47,566
5	Service Connection & Capacity Fees	592	731	654	602	961	1,017	1,048	1,079	1,111	1,145	1,179	1,179	1,179	1,179	1,179	1,179
6	Other Revenues & Transfers In	103	830	313	415	873	1,857	2,965	3,395	3,906	4,251	4,573	4,916	5,266	5,623	6,081	6,043
7	Interest plus Gain or Loss on Investment	1,119	(239)	706	450	730	526	361	362	256	227	209	237	272	297	322	338
8	Total Sources of Funds	42,847	35,081	36,517	30,982	30,629	36,643	38,225	39,175	41,695	44,306	46,879	49,025	50,992	52,835	54,530	55,126
9																	
10	Purchases of Utilities:																
11	Supply Commodity	15,356	12,461	12,992	9,537	9,178	10,098	12,106	11,487	11,805	12,097	12,495	13,001	13,616	14,254	14,980	15,468
12	Supply Transportation	879	994	1,333	982	(1,051)	2,944	3,331	3,444	3,499	3,487	3,526	3,568	3,611	3,655	3,699	3,767
13	Total Purchases	16,235	13,455	14,325	10,519	8,127	13,042	15,437	14,931	15,304	15,584	16,021	16,569	17,227	17,909	18,679	19,235
14																	
15	Administration (CIP + Operating)	3,473	4,273	3,988	4,007	3,337	3,064	3,147	3,232	3,319	3,408	3,500	3,594	3,691	3,790	3,892	3,997
16	Customer Service	1,270	1,358	1,338	1,195	1,097	1,584	1,644	1,705	1,767	1,830	1,896	1,964	2,034	2,107	2,183	2,261
17	Demand Side Management	614	630	438	632	566	1,471	1,512	1,554	1,597	1,641	1,686	1,732	1,780	1,828	1,879	1,930
18	Engineering (Operating)	333	340	352	369	426	529	547	565	584	604	623	644	665	687	710	733
19	Operations and Maintenance	5,032	4,940	4,119	4,403	4,153	5,980	6,189	6,398	5,613	5,807	6,007	6,215	6,429	6,652	6,882	7,120
20	Resource Management	729	506	516	556	472	724	748	772	798	823	850	877	905	934	965	996
21	Debt Service Payments	406	296	805	804	249	803	802	800	800	802	803	804	802	799	802	-
22	Rent	230	219	419	431	443	455	467	480	492	505	519	532	546	561	574	587
23	Transfers to General Fund	6,006	5,971	5,811	5,730	6,194	6,594	7,035	6,888	7,069	7,069	7,974	8,370	8,794	9,248	9,734	9,739
24	Other Transfers Out	170	207	606	151	303	484	496	508	520	533	546	560	573	587	602	617
25	Capital Improvement Programs	7,821	7,620	1,026	1,832	5,017	2,214	2,074	5,725	5,960	6,145	6,335	6,525	6,721	6,923	7,130	7,344
26	Total Uses of Funds	42,320	39,814	33,743	30,629	30,384	36,943	40,098	43,557	43,823	44,751	46,759	48,386	50,169	52,027	54,032	54,561
27																	
28	Into/ (Out of) Reserves	528	(4,733)	2,773	353	245	(300)	(1,874)	(4,382)	(2,127)	(446)	120	639	823	808	499	565
29																	
30	Reappropriations + Commitments	19,211	19,363	11,305	6,491	6,255	6,255	6,255	6,255	6,255	6,255	6,255	6,255	6,255	6,255	6,255	6,255
31	Plant Replacement	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	CIP Reserve	0	0	0	1,591	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820
33	Rate Stabilization	15,992	11,318	15,981	7,215	6,018	6,018	4,810	524	0	0	0	0	0	0	0	0
34	Operations Reserve	0	0	0	10,847	10,296	9,873	9,208	9,112	7,508	7,063	7,183	7,822	8,645	9,453	10,768	11,333
35	Unassigned	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
36	Total Reserves	36,203	31,681	27,286	26,144	26,389	25,966	24,093	19,711	17,583	17,138	17,258	17,897	18,720	19,528	20,843	21,409
37																	
38	Short Term Risk Assessment Value				1,226	3,753	3,560	3,363	3,918	4,231	4,575	4,910	5,144	5,340	5,510	5,635	5,659
39																	
40	Operations Reserve Guidelines																
41	Min (60 Days Commodity + O&M)				5,620	5,000	5,821	6,139	6,074	6,039	6,136	6,412	6,622	6,856	7,100	7,357	7,425
42	Target (90 Days Commodity + O&M)				8,429	7,500	8,731	9,208	9,112	9,058	9,204	9,618	9,933	10,284	10,650	11,036	11,137
43	Max (120 Days Commodity + O&M)				11,239	10,000	11,641	12,277	12,149	12,077	12,272	12,824	13,244	13,712	14,201	14,715	14,849
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 2018	FY 2019	FY 2020	FY 2021	FY 2022
ONE TIME PROJECTS												
GS-10000	Gas Station 3 Rebuild	-	-	-	-	-	-	-	-	-	-	-
GS-15001	Security at Receiving Stations	275,000	-	150,000	(1,563)	423,437	109,174	-	-	-	-	-
Subtotal, One-time Projects		275,000	-	150,000	(1,563)	423,437	109,174	-	-	-	-	-
GAS MAIN REPLACEMENT (GMR) PROGRAM												
GS-09002	GMR - Project 19	-	-	-	-	-	-	-	-	-	-	-
GS-10001	GMR - Project 20	-	-	-	-	-	-	-	-	-	-	-
GS-11000	GMR - Project 21	100,000	-	(100,000)	-	-	-	-	-	-	-	-
GS-12001	GMR - Project 22	3,571,560	-	3,000	(144,495)	3,430,065	-	-	-	-	-	-
GS-13001	GMR - Project 23	620,650	3,010,000	(2,967,500)	(42,500)	620,650	-	-	3,588,150	-	-	-
GS-14003	GMR - Project 24	-	640,000	-	-	640,000	-	-	-	3,100,000	-	-
GS-15000	GMR - Project 25	-	-	-	-	-	-	-	-	659,000	3,200,000	-
GS-16000	GMR - Project 26	-	-	-	-	-	-	-	-	-	678,200	3,300,000
GS-20000	GMR - Project 27	-	-	-	-	-	-	-	-	-	-	700,000
GS-20001	GMR - Project 28	-	-	-	-	-	-	-	-	-	-	-
Subtotal, Gas Main Replacement Program		4,292,210	3,650,000	(3,064,500)	(186,995)	4,690,715	-	-	3,588,150	3,759,000	3,878,200	4,000,000
TOOLS AND EQUIPMENT												
GS-13002	General Shop Equipment/Tools	70,106	100,000	(170,106)	-	-	-	-	-	-	-	-
GS-01019	Global Positioning System	-	-	-	-	-	-	-	-	-	-	-
GS-03008	Polyethylene Fusion Equip.	-	-	-	-	-	-	-	-	-	-	-
GS-14004	Gas Distribution System Model	126,365	-	19,574	-	145,939	19,574	-	640,000	-	-	-
Subtotal, Tools and Equipment		196,471	100,000	(150,532)	-	145,939	19,574	-	640,000	-	-	-

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 2018	FY 2019	FY 2020	FY 2021	FY 2022
ONGOING PROJECTS												
GS-11002	Gas System Improvements	202,373	231,913	(173,254)	(77,393)	183,639	87,771	238,870	246,036	253,417	261,020	268,851
GS-03009	System Ext. - Unreimbursed	128,690	198,500	(334,679)	(62,123)	(69,612)	-	204,455	210,590	216,908	223,415	230,117
GS-80019	Gas Meters and Regulators	304,927	355,030	(659,957)	-	-	-	365,681	376,652	387,952	399,591	411,579
Subtotal, Ongoing Projects		635,990	785,443	(1,167,890)	(139,516)	114,027	87,771	809,006	833,278	858,277	884,026	910,547
CUSTOMER CONNECTIONS (FEE FUNDED)												
GS-80017	Gas System Extensions	213,712	1,228,500	(1,209,764)	(660,368)	(427,920)	158,819	1,265,355	1,303,315	1,342,415	1,382,688	1,424,169
Subtotal, Customer Connections		213,712	1,228,500	(1,209,764)	(660,368)	(427,920)	158,819	1,265,355	1,303,315	1,342,415	1,382,688	1,424,169
GRAND TOTAL		5,613,383	5,763,943	(5,442,686)	(988,442)	4,946,198	375,338	2,074,361	6,364,743	5,959,692	6,144,914	6,334,716
Funding Sources												
Connection Fees			1,017,000	(1,209,764)				1,047,510	1,078,935	1,111,303	1,144,642	1,178,981
Utility Rates			4,746,943	(4,232,922)				1,026,851	5,285,808	4,848,389	5,000,272	5,155,735
CIP-RELATED RESERVES DETAIL		6/30/2016 (Actual)				6/30/2017 (Unaudited)						
Reappropriations		5,345,914				4,570,860						
Commitments		267,469				375,338						

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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So let's work as a team to keep our City's underground utilities operating well.

Get important gas and sewer safety tips:
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Learn about what we're working on:
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—Filberto "Fil" Castro
City of Palo Alto Utilities
Insulation Registrar

Attachment H

* NOT YET APPROVED *

Resolution No. _____

Resolution of the Council of the City of Palo Alto Approving the
FY 2018 Wastewater Collection 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 2018 Wastewater Collection Utility Financial Plan.

SECTION 2. The Council finds that the adoption of this resolution does not meet the definition of a project requiring California Environmental Quality Act (CEQA) review, under

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* NOT YET APPROVED *

California Public Resources Code 21065 and CEQA Guidelines Section 15378(b)(5), because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

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 2018 WASTEWATER COLLECTION UTILITY FINANCIAL PLAN

FY 2018 TO FY 2027

FY 2018 WASTEWATER COLLECTION UTILITY FINANCIAL PLAN

FY 2018 TO FY 2027

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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. The 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

Overall costs in the Wastewater Collection Utility are expected to rise by about 6% per year from fiscal year (FY) 2017 to FY 2027. Excluding FY 2018 (which, unlike a normal year, does not include a sewer main replacement project), wastewater treatment and CIP costs are projected to rise by five to six percent annually through the projection period, with other costs rising at roughly three percent per year. The costs for the Wastewater Collection Utility are shown in Table 1 below.

Table 1: Expenses for FY 2016 to FY 2027

Expenses (\$000)	FY 2016 (act.)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Treatment Costs	8,770	9,855	9,932	10,298	11,088	11,885	12,293	13,001	14,056	14,928	15,407	15,901
Operations	5,429	6,142	6,342	6,142	6,349	6,561	6,779	7,250	7,354	7,594	7,842	8,099
Capital Projects	4,985	971	1,338	5,218	5,033	5,207	5,336	5,495	5,658	5,827	6,000	6,178
TOTAL	19,184	16,968	17,613	21,659	22,470	23,652	24,408	25,746	27,069	28,348	29,249	30,178

The short term reduction in CIP expenses will result in higher revenues than expenses, and the Rate Stabilization Reserve will be drawn down over a longer time frame than projected in last

year's financial plan. Going forward, to ensure that revenues cover 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. Last year's plan projected earlier, more aggressive rate increases. However, the delay of the planned FY 2017 and FY 2018 sewer main replacement projects resulted in an increase in reserves, which enabled the more gradual increases projected in the current plan.

Table 2: Projected Wastewater Collection Rate Trajectory for FY 2018 to FY 2026

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Current Plan	0%	7%	7%	7%	7%	7%	5%	5%	4%	3%
FY 2017 Plan	10%	9%	7%	6%	4%	4%	4%	4%	4%	N/A

The Wastewater Collection Utility has a small balance in its Rate Stabilization Reserve. This reserve is used to phase in rate increases over several years. The FY 2017 Financial Plan proposed a \$342,000 transfer from the Rate Stabilization Reserve, but in the proposed FY 2018 Financial Plan this transfer is moved to later years. Due to the delays in main replacement noted above, the Operations reserve is above its target level, and will rise again in FY 2018 before beginning to decline. This Financial Plan projects that the Rate Stabilization Reserve will not be needed until FY 2020.

Table 3: Transfers To/(From) Reserves for FY 2017 to FY 2027 (\$000)

Reserve	FY 2017	FY 2018	FY 2019 to FY 2027
Rate Stabilization	-	-	(342)
Operations	-	-	342

SECTION 2B: SUMMARY OF PROPOSED ACTIONS

Staff proposes no rate changes or transfers for the Wastewater Collection Utility in FY 2017 and FY 2018.

SECTION 3: DETAIL OF FY 2018 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 FY 2018 or FY 2019, 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, 2016, when the City increased sewer rates by 9%.

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 (previous January through March). This closely approximates non-irrigation water consumption, which represents actual sewer use. 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.

CPAU is not proposing any rate changes for FY 2018 at this time. Table 4, below, summarizes the current rates for all customer classes. Comparisons with neighboring communities are discussed in *Section 4F: Competitiveness*.

Table 4: Current Sewer Rates

		Current (as of 7/1/2016)
Monthly Service and Minimum Charges (\$/month)		
S-1 (Residential)	Service charge	\$34.83
S-2 (Commercial), S-6 (Restaurant)	Minimum	\$34.83
Quantity Rates: based on winter water usage (average for January - March bill period)		
S-2 (Commercial)	\$/CCF	6.71
S-6 (Restaurant)	\$/CCF	10.38
S-7 (Industrial)	\$/CCF	3.08

SECTION 3C: PROPOSED RESERVE TRANSFERS

In the FY 2017 Financial Plan, staff recommended a \$1.95 million transfer from the Rate Stabilization Reserve in FY 2016. This left a small amount, \$342,000, which was originally to be transferred in FY 2017 and bring the Rate Stabilization Reserve balance to zero.

With main replacement projects being deferred in FY 2017 and FY 2018, the Operations reserve will not require a transfer from the Rate Stabilization Reserve. It is now anticipated that the remaining \$342,000 will not need to be transferred until FY 2020.

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 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 studies 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

¹ *Long Range Facilities Plan for the Regional Water Quality Control Plant*, August 2012, Carollo Engineers, pp 2-1 through 2-2

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

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 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 35% 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

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

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 2016, treatment costs represented nearly half of the Wastewater Collection Utility's costs (47%), followed by Capital (27%) and Operations costs (26%). These expenditures are shown in Figure 1. The utility's revenue in FY 2016, shown in Figure 2, came primarily from sewer charges (94%), with the remainder coming mainly from capacity and connection fees and other sources (6%).

Figure 1: Cost Structure (FY 2016)

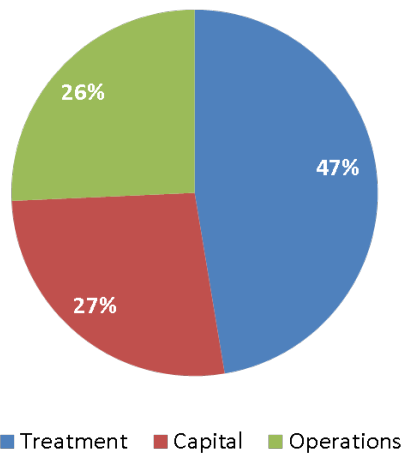
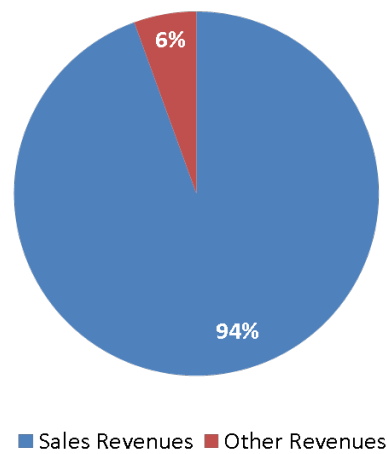


Figure 2: Revenue Structure (FY 2016)



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 \$418 under current rates, 31% lower than the average neighboring community. Palo Alto has the fourth lowest bill of the group.

Table 5: Residential Monthly Sewer Bill Comparison

Palo Alto	Neighboring Communities						Neighboring Community Average
	Menlo Park	Redwood City	Mountain View	Los Altos	Santa Clara	Hayward	
34.83	85.91	75.11	34.30	33.93	41.65	29.80	50.12
<i>Based on rates as of February 2017</i>							

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 in all cases.

Table 6: 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	\$ 94.00	\$ 33.14	\$ 75.11	\$ 62.86	\$ 50.76	\$ 65.94	\$ 62.02	\$ 74.97
Restaurant	581.10	664.72	781.08	490.56	137.70	590.24	463.12	521.24
<i>Based on rates as of February 2017</i>								

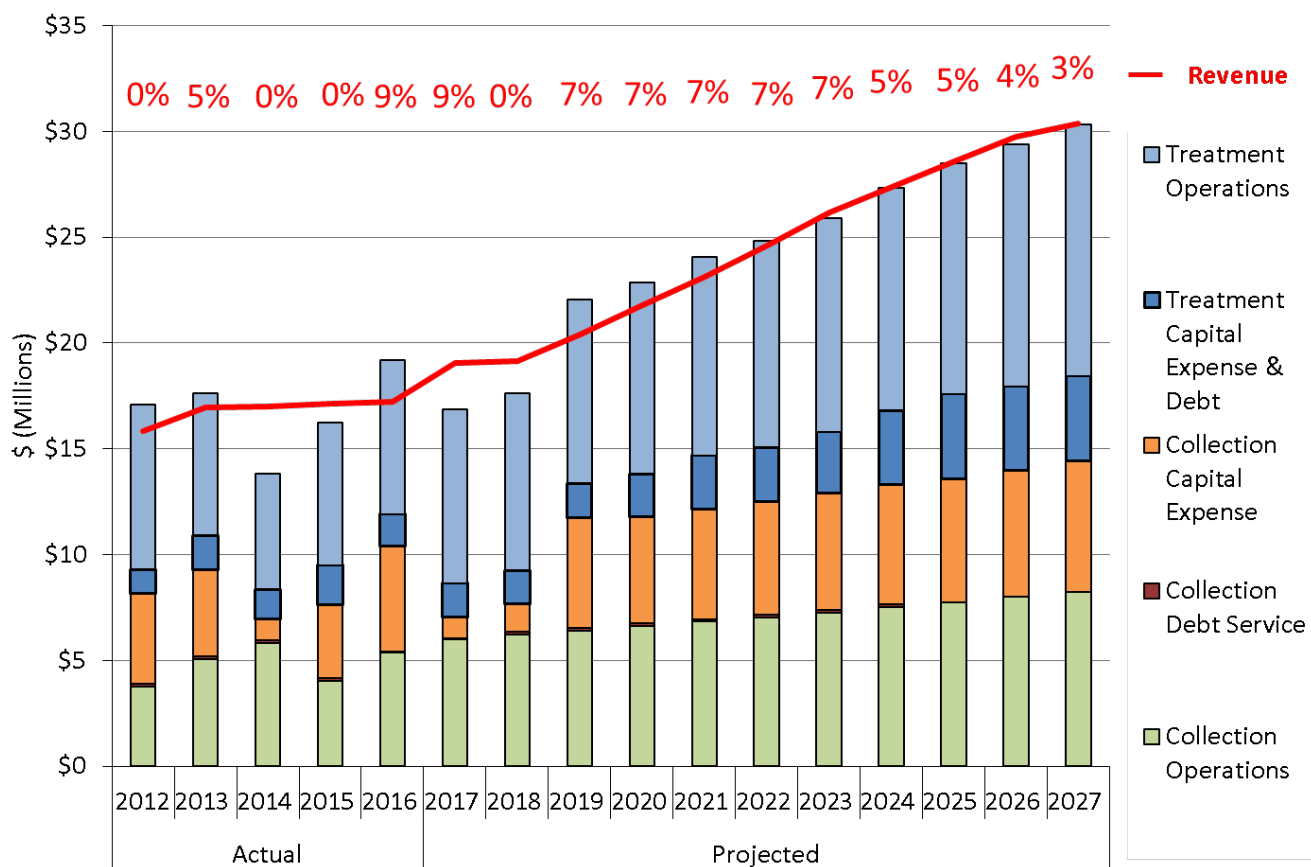
SECTION 5: UTILITY FINANCIAL PROJECTIONS

SECTION 5A: FY 2012 TO FY 2016 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 2027. Operations costs were low in FY 2012, but in general expenses have grown with inflation at around 2% per year. Capital Investment grew on average by around 3%, with FY 2014 and FY 2015 seeing a reduction in investment mainly due to delayed main replacement projects. Treatment costs stayed relatively flat during this time frame.

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 2016 and Projections through FY 2027



SECTION 5B: FY 2016 RESULTS

Forecasted revenues for FY 2016 were lower than projected (\$16.6 million actual vs. \$18 million projected), but expenses related to Administration and Customer Service activities came in well below expected budget as well. Total FY 2016 expenses were \$18.5 million compared to projections of \$19.9 million in the FY 2017 Financial Plan. Table 8 summarizes the variances from forecast.

Table 7: FY 2016, Actual Results vs. Financial Plan Forecast

	Net Cost/ (Benefit)	Type of change
Admin and customer service costs lower than projected	(806,000)	Cost savings
Sales revenues lower than forecast	657,000	Revenue decrease
Connection, capacity fees and other revenues were lower than forecasted	119,000	Revenue decrease
Operations, capital and other cost increases	131,000	Cost increase
Net Cost / (Benefit) of Variances	(\$101,000)	

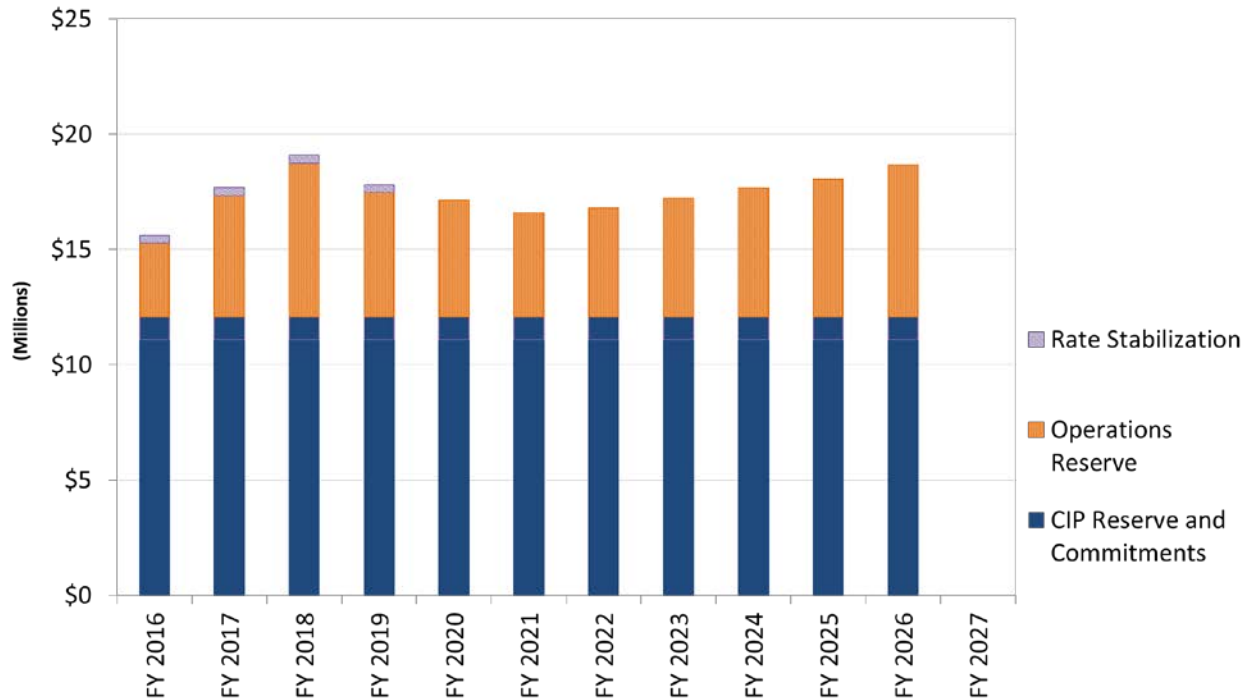
SECTION 5C: FY 2017 PROJECTIONS

The most notable change from the FY 2017 budget identified at this time is the deferral of Wastewater Collection System Rehabilitation Project 28. Originally budgeted at \$3.5 million, this project is now anticipated to start in FY 2019. Also deferred to FY 2019 will be the design phase of Project 29, budgeted at \$328,000. Capital Improvement issues are further discussed in Section 6c below.

SECTION 5D: FY 2018 – FY 2027 PROJECTIONS

Staff has prepared a forecast of costs and revenues through FY 2027. 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 6% per year on average for FY 2017 through FY 2027. The majority of this increase is due to 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 5% per year over the forecast horizon.

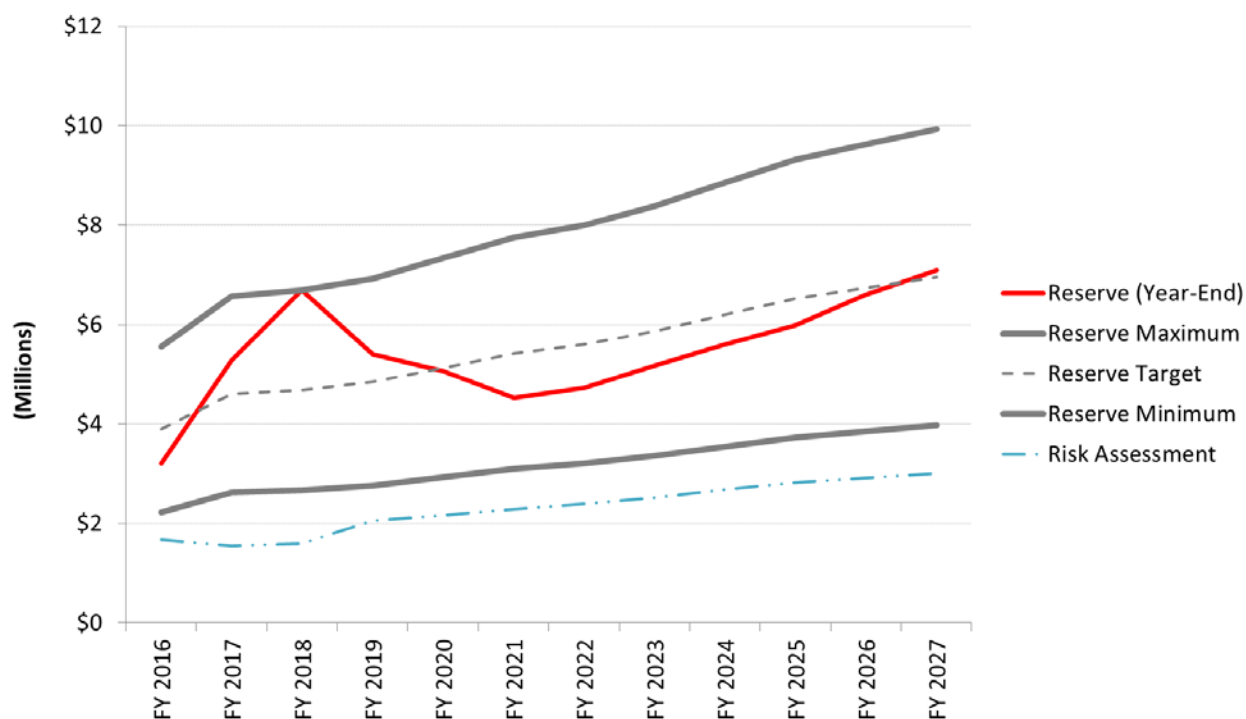
Revenues are shown by the red line in Figure 3, and what is notable here is that costs have been generally higher than revenue. Some relief was experienced during times of lower CIP expenditures, and this is projected to be seen in FY 2017 and 2018. The trend of under-collection picks up in the future, however, resulting in a fairly rapid reduction of reserves. A path of 7% 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 increase in FY 2021.

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 2022. The Operations Reserve is projected to be adequate to manage these levels of risk over the entire forecast period.

Table 8: Wastewater Collection Risk Assessment

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Revenue (\$000)	17,146	18,296	19,577	20,947	22,413
Max. Historical Budget-to-Actual variance	3%	3%	3%	3%	3%
Budget-to-Actual Risk (\$000)	514	549	587	628	672
System Rehabilitation CIP Budget (\$000)	933	4,800	4,602	4,763	4,880
CIP Contingency @10% (\$000)	93	480	460	476	488
Treatment Budget (\$000)	9,932	10,298	11,088	11,885	12,293
Treatment Cost Contingency @10% (\$000)	993	1,030	1,109	1,188	1,229
Total risk assessment value (\$000)	1,600	2,059	2,156	2,292	2,389
Projected Operations Reserve Level (\$000)	6,688	5,410	5,069	4,529	4,732

SECTION 5F: ALTERNATE SCENARIOS

At its February 2017 meeting, staff presented an earlier scenario with a 2% rate increase in FY 2018 followed by 6% rate increases in outer years. However, with the Operations reserve projected to be above the target level and well within the guideline levels adopted by Council, staff no longer sees the need for an increase at this time.

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.

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. Wastewater Treatment Fund costs are increasing due to rising salary and benefit costs as well as the attendant allocated charges for centralized city services needed by the Fund. Additional expenses include increased water and air permitting fees from the Regional Water Quality Control Board and the Bay Area Air Quality Management District. Commodity and utility rates to operate the facility are also increasing with the largest increases in FY2018 for electrical, water, refuse, and storm rates. Chemical commodity expenses, needed to adjust water quality and meet permit requirements, are also increasing modestly per latest chemical market conditions and procurement contract conditions.

Capital projects, parts, and materials are increasing about 3% to keep up with ongoing replacement of aging equipment. Larger increase to capital expenses are expected to begin in FY2020 in the form of new debt service for major projects to implement the Plant's capital program. The Plant's major project in FY2018 will be making progress constructing the Sludge Dewatering and Truck Loadout Facility, which will allow (in about 2019) the retirement of the Plant's two sewage sludge incinerators that have been in operation since 1972.

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.

This increase in cost is a partial reason for the two year delay in projects. The most recent project, when put out for bid, resulted in very few contractors competing, and project bids larger than budgeted. Staff will redesign this and future projects into smaller segments to keep budgets lower, while not compromising on overall system integrity. The other reason for delay is the University Avenue Business District project, and getting coordination amongst all departments is taking more time than expected. Finally, there has been an ongoing issue with keeping and maintaining qualified staff to design and work on projects.

Customer Connections costs are projected to increase steadily by around 3% each year through the end of the forecast period. 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 10 for the 5-year financial forecast period.

Table 9: Projected CIP Spending

Project Category	Current Budget*	Spending, Curr. Yr	Remain. Budget***	Committed	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Sewer Rehab/Augmentation	9,252	(4,704)	4,548	4,287	-	3,841	3,616	3,749	3,836
Ongoing Projects	2,055	(554)	1,501	448	933	959	986	1,014	1,043
Customer Connections	623	(178)	445	80	406	418	431	443	457
TOTAL	11,931	(5,437)	6,494	4,815	1,338	5,218	5,033	5,207	5,336

*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 2018 to FY 2022 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 11 below.

Table 10: Wastewater Collection Utility Debt Service (\$000)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
1999 Utility Revenue Bonds, Series A	128	128	128	129	129	129

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 12, 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.

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

Table 11: Debt Service Coverage Ratio (\$000)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	19,042	19,170	20,381	21,787	23,112	24,611
Expenses (Excl. CIP and Debt Service)	-15,869	-16,146	-16,713	-17,709	-18,717	-19,343
Net Revenues	3,173	3,024	3,668	4,078	4,395	5,268
Debt Service	128	128	128	128	129	129
Coverage Ratio	2479%	2363%	2866%	3186%	3407%	4084%

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.

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, maintenance and operations, 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 newspapers and local publications, utility bill inserts, social media and email newsletters.

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 prior to clearing sewer lines in the event of 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 newsletters and social media. While print materials and website pages feature prominently, CPAU is increasing the outreach emphasis on more direct communication with customers, including through use of social media, email newsletters, digital ads, 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		2012	2013	2014	2015	Actual 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1																	
2	% CHANGE IN RETAIL RATE	0%	5%	0%	0%	9%	9%	0%	7%	7%	7%	7%	7%	5%	5%	4%	3%
3	PROJECTED CHANGE IN RETAIL SALES REVENUE	-	715	-	-	1,352	1,416	-	1,200	1,284	1,374	1,470	1,573	1,202	1,262	1,060	827
4																	
5	RETAIL SALES REVENUE	14,094	15,019	14,588	14,658	15,648	17,005	17,064	18,214	19,495	20,865	22,332	23,901	25,118	26,378	27,447	28,284
6	CONNECTION AND CAPACITY FEES	989	1,609	1,703	1,392	794	1,445	1,487	1,519	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578
7	OTHER / TRANSFERS IN	264	545	361	753	321	241	291	241	291	241	291	241	291	241	291	241
8	INTEREST	494	(211)	339	315	475	351	328	407	424	428	411	465	521	534	548	560
9	TOTAL SOURCES OF FUNDS	15,841	16,963	16,991	17,119	17,238	19,042	19,170	20,381	21,787	23,112	24,611	26,184	27,508	28,731	29,864	30,663
10																	
11	PURCHASES/CHARGES OF UTILITIES (TREATMENT)	8,895	8,314	6,863	8,589	8,770	9,855	9,932	10,298	11,088	11,885	12,293	13,001	14,056	14,928	15,407	15,901
12	ALLOCATED CHARGES (CIP&OPERATING)	791	1,926	2,359	1,062	1,900	2,454	2,529	2,604	2,682	2,762	2,844	2,928	3,015	3,105	3,198	3,293
13	CUSTOMER SERVICE	72	1	133	(324)	(22)	(17)	(12)	(7)	(2)	3	9	14	20	26	32	39
14	DISTRIBUTION OPERATIONS	2,466	2,617	2,570	2,646	2,635	2,742	2,842	2,941	3,043	3,147	3,255	3,366	3,481	3,601	3,724	3,852
15	ENGINEERING (OPERATING)	258	271	310	319	347	361	374	387	401	415	429	443	459	474	491	507
16	DEBT SERVICE	128	128	129	51	47	128	128	128	128	129	129	129	-	-	-	-
17	RENT	106	110	217	223	293	300	308	316	324	333	341	350	359	369	378	388
18	OTHER/ TRANSFERS OUT	88	147	241	108	230	173	173	173	173	173	173	173	173	173	173	173
19	CAPITAL IMPROVEMENT FUNDING	4,274	4,094	989	3,477	4,985	971	1,338	5,218	5,033	5,207	5,336	5,495	5,658	5,827	6,000	6,178
20	ALLOWANCE FOR UNSPENT CAPITAL FUNDS			-	-	-	-	-	(400)	(400)	(400)	(400)	(155)	(154)	(154)	(154)	(154)
21	TOTAL USES OF FUNDS	17,079	17,610	13,811	16,150	19,184	16,968	17,613	21,659	22,470	23,652	24,408	25,746	27,069	28,348	29,249	30,178
22																	
23	INTO / (OUT OF) RESERVES	(1,238)	(647)	3,180	969	(1,946)	2,074	1,557	(1,278)	(683)	(541)	203	438	439	383	615	484
24																	
25	ENDING COMMITMENTS & REAPPROPRIATIONS	11,044	11,228	8,312	8,291	11,088	11,088	11,088	11,088	11,088	11,088	11,088	11,088	11,088	11,088	11,088	11,088
26	ENDING PLANT REPLACEMENT RESERVE	1,000	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	ENDING CIP RESERVE	-	-	-	2,551	978	978	978	978	978	978	978	978	978	978	978	978
28	ENDING RATE STABILIZATION RESERVE	4,751	4,104	4,556	4,292	342	342	342	342	-	-	-	-	-	-	-	-
29	ENDING OPERATIONS RESERVE	-	-	3,728	2,431	3,211	5,285	6,688	5,410	5,069	4,529	4,732	5,170	5,609	5,992	6,607	7,091
30	UNASSIGNED RESERVES	-	-	-	-	-	-	154	-	-	-	-	-	-	-	-	-
31																	
32	RISK ASSESSMENT VALUE	1,879	2,736	2,230	2,722	1,667	1,556	1,601	2,059	2,156	2,293	2,390	2,522	2,679	2,819	2,915	3,006
33																	
34	OPERATIONS RESERVE GUIDELINES																
35	MIN (60 DAYS TREATMENT/O&M EXP)	2,156	2,253	1,915	2,083	2,224	2,630	2,675	2,768	2,932	3,098	3,201	3,354	3,545	3,727	3,847	3,970
36	TARGET (105 DAYS TREATMENT/O&M EXP)	1,879	1,681	3,352	3,646	3,891	4,602	4,682	4,845	5,131	5,421	5,601	5,870	6,203	6,523	6,732	6,948
37	MAX (150 DAYS TREATMENT/O&M EXP)	4,311	4,506	4,788	5,208	5,559	6,574	6,688	6,921	7,330	7,745	8,002	8,386	8,862	9,319	9,618	9,926

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 2018	FY 2019	FY 2020	FY 2021	FY 2022
SEWER SYSTEM REHABILITATION AND AUGMENTATION (SSR/A) PROGRAM												
WC-07004	SSR/A - Project 20	-	-	-	-	-	-	-	-	-	-	-
WC-08012	SSR/A - Project 21	-	-	-	-	-	-	-	-	-	-	-
WC-09001	SSR/A - Project 22	-	-	-	-	-	-	-	-	-	-	-
WC-10002	SSR/A - Project 23	324,253	-	-	-	324,253	224,253	-	-	-	-	-
WC-11000	SSR/A - Project 24	1,359,185	-	-	(893,227)	465,958	628,966	-	-	-	-	-
WC-12001	SSR/A - Project 25	1,754,938	-	-	(952,660)	802,278	643,016	-	-	-	-	-
WC-13001	SSR/A - Project 26	1,929,790	-	-	(1,196,617)	733,173	834,886	-	-	-	-	-
WC-14001	SSR/A - Project 27	3,884,187	-	-	(1,661,520)	2,222,667	1,956,044	-	-	-	-	-
WC-15001	SSR/A - Project 28	330,000	3,183,000	(3,513,000)	-	-	-	-	3,513,000	-	-	-
WC-16001	SSR/A - Project 29	-	327,849	(327,849)	-	-	-	-	327,849	3,278,490	-	-
WC-17001	SSR/A - Project 30	-	-	-	-	-	-	-	-	337,684	3,376,845	-
WC-19001	SSR/A - Project 31	-	-	-	-	-	-	-	-	-	372,148	3,478,150
WC-20000	SSR/A - Project 32	-	-	-	-	-	-	-	-	-	-	358,249
WC-21000	SSR/A - Project 33	-	-	-	-	-	-	-	-	-	-	-
Subtotal, Sewer Rehab./Augmentation		9,582,353	3,510,849	(3,840,849)	(4,704,024)	4,548,329	4,287,165	-	3,840,849	3,616,174	3,748,993	3,836,399
ONGOING PROJECTS												
WC-13002	Fusion & Gen. Equip./Tools	-	50,000	-	-	50,000	-	50,000	50,000	50,000	50,000	50,000
WC-15002	WW System Improvements	187,946	239,030	-	(113,454)	313,522	20,925	246,000	253,380	260,981	268,811	276,875
WC-99013	Sewer / Manhole Rehab.	960,189	618,000	-	(440,650)	1,137,539	426,720	636,540	655,363	675,305	695,564	716,431
Subtotal, Ongoing Projects		1,148,135	907,030	-	(554,104)	1,501,061	447,645	932,540	958,743	986,286	1,014,375	1,043,306
CUSTOMER CONNECTIONS (FEE FUNDED)												
WC-80020	Sewer System Extensions	229,231	394,030	-	(178,451)	444,810	80,118	405,820	417,995	430,534	443,450	456,754
Subtotal, Customer Connections		229,231	394,030	-	(178,451)	444,810	80,118	405,820	417,995	430,534	443,450	456,754
GRAND TOTAL		10,959,719	4,811,909	(3,840,849)	(5,436,579)	6,494,200	4,814,928	1,338,360	5,217,587	5,032,994	5,206,818	5,336,459
Funding Sources												
Connection/Capacity Fees			394,030	-				405,820	417,995	430,534	443,450	456,754
Funded by Rates and Other Revenue			4,417,879	(3,840,849)				932,540	4,799,592	4,602,460	4,763,368	4,879,705
CIP-RELATED RESERVES DETAIL		6/30/2016 (Actual)				6/30/2017 (Unaudited)						
Reappropriations		1,841,549				1,679,272						
Commitments		9,118,170				4,814,928						

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 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 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

—Fillberto "Fill" Castro
City of Palo Alto Utilities
Installer/Repairer



KEEP CALM AND DIG SAFE



Illustration of Sewer and Gas Pipeline Cross-Bore (not to scale)

Crossbore

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.**



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, etc.) to the Household Hazardous Waste (HHW) Station. **Learn more at cityofpaloalto.org/ur**



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



FOG CLOGS PIPES!

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 greasy 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.



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www.cityofpaloalto.org/safeutility (650) 496-6995

Individuals with disabilities who require accommodations to access City facilities, services or programs, or who need this information in the City's compliance with the Americans with Disabilities Act (ADA) may request the City's ADA Coordinator at (650) 496-6995 or email ada@cityofpaloalto.org. Printed on 100% post-consumer recycled paper, bleached without chlorine. 1/2/14

ATTACHMENT J

* 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 13, 2016 [Resolution 9592].

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, 2017.

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, 2017.

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

ATTACHMENT K

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.....	\$356.32 <u>\$368.91</u> /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
~~\$538.92~~\$557.95/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 <u>64</u> /ft/month
(3) Fees for additional Drop or Custom Cable fibers (each additional set of 12-Fibers)	\$0.07/ft/month

CITY OF PALO ALTO UTILITIES

Issued by the City Council

Supersedes Sheet No EDF-1-1
dated 7-01-20165



CITY OF PALO ALTO
UTILITIES

Effective 07-01-20176
Sheet No. EDF-1-1

DARK FIBER LICENSING SERVICES

UTILITY RATE SCHEDULE EDF-1

Minimum Drop or Custom Cable Management Fees.....

\$~~266.29~~^{275.69}/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-1-2
dated 7-01-201⁶₅



CITY OF PALO ALTO
UTILITIES

Effective 07-01-201⁷₆
Sheet No. **EDF-1-2**

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 terminate 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-1-3
dated 7-01-201~~65~~



CITY OF PALO ALTO
UTILITIES

Effective 07-01-201~~7~~⁶
Sheet No. EDF-1-3

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 85 1.00
(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~~65~~



CITY OF PALO ALTO
UTILITIES

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

Attachment L

* NOT YET APPROVED *

Resolution No. _____
Resolution of the Council of the City of Palo Alto Approving the
FY 2018 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 2018 Water Utility Financial Plan.

SECTION 2. The Council hereby approves the transfer of \$1.877 million in FY 2018 from the Rate Stabilization Reserve to the Operations Reserve, as described in the FY 2018 Water Utility Financial Plan approved via this resolution.

SECTION 3. The Council finds that the adoption of this resolution does not meet the definition of a project requiring California Environmental Quality Act (CEQA) review, under

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* NOT YET APPROVED *

California Public Resources Code 21065 and CEQA Guidelines Section 15378(b)(5), because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

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 2018 WATER
UTILITY
FINANCIAL PLAN
FY 2018 TO FY 2027**

FY 2018 WATER UTILITY FINANCIAL PLAN

FY 2018 TO FY 2027

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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

Overall costs in the Water Utility are expected to rise by about 3% per year from fiscal year (FY) 2017 to 2027. Excluding FY 2018 (which, unlike a normal year, does not include a water main replacement project), most costs are projected to rise by two to three percent annually through the projection period. The costs for the Water Utility are shown in Table 1 below.

Table 1: Expenses for FY 2016 to FY 2027 (Thousand \$'s)

Expenses (\$000)	FY 2016 (act.)	FY 2017 (est.)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water Purchases	17,626	19,246	21,347	22,756	22,850	22,933	23,016	23,120	23,367	23,625	23,890	24,495
Operations	15,895	17,601	18,064	18,535	19,023	19,475	19,905	20,349	20,798	21,260	21,734	22,220
Capital Projects	9,082	4,110	4,082	10,314	10,067	10,364	10,671	10,986	11,310	11,645	11,989	12,343
TOTAL	42,603	40,610	43,494	51,605	51,940	52,773	53,591	54,455	55,475	56,529	57,613	59,059

This proposed financial plan projects that the rate increases shown in Table 2 are needed to ensure that revenues cover rising costs and reserves remain healthy. The table also shows rate projections from last year's Financial Plan. Last year's plan projected earlier, more aggressive rate increases. However, the delay of the planned FY 2017 and FY 2018 water main replacement projects resulted in an increase in reserves, which enabled the more gradual

increases projected in the current plan. This also means that the Rate Stabilization Reserve will be drawn down over a longer time frame than projected in last year's financial plan.

Table 2: Projected Water Rate Trajectory for FY 2018 to FY 2027

Projection	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Current	4%	6%	6%	6%	6%	6%	2%	2%	2%	1%
Last year	9%	9%	6%	2%	2%	2%	3%	5%	3%	N/A
2 years	8%	8%	3%	1%	2%	3%	N/A	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 2020. Table 3 shows the projected reserve transfers over the forecast period.

Table 3: Transfers To/(From) Reserves for FY 2017 to FY 2027 (\$000)

Reserve	FY 2017	FY 2018	FY 2019 to FY 2027
Capital Improvement	-		(2,726)
Rate Stabilization	(1,877)	-	-
Operations	1,867	-	2,726

SECTION 2B: SUMMARY OF PROPOSED ACTIONS

Staff proposes the following actions for the Water Utility in FY 2018:

1. Increase rates by 4%, reflecting proposed increases to SFPUC wholesale rates. This is described in more detail in Section 3B: *Current and Proposed Rates*.
2. Transfer \$1.877 million from the Rate Stabilization Reserve to the Operations Reserve. See Section 3D: *Proposed Reserve Transfers* for more details.

SECTION 3: DETAIL OF FY 2018 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. (Staff Report 2676), as well as Raftelis' 2015 *Memorandum: Proposed Water Rates* updating the 2012 Study and analyzing drought rates (Staff Report 5951). 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.

In 2015 Council adopted a drought surcharge to assist the water utility in recovering its costs due to decreased revenue due to lower water consumption resulting from conservation measures. Recent rains have dramatically improved the water supply outlook for the Hetch Hetchy system, eliminating local drought impacts. Mandatory usage restrictions have been lifted by the State of California, and while voluntary measures may still remain in place, customers' usage of water has started to increase. The increasing usage, the end of the drought, and the healthy level of Operations reserves indicate to staff that the drought surcharge can be removed at this time.

SECTION 3B: CURRENT AND PROPOSED RATES

The current rates and surcharges were effective on July 1, 2016. Rates were adjusted in accordance with the results of an updated cost of service study performed by Raftelis Financial Consultants, Inc. (RFC) in 2015. The 2015 study both developed the drought surcharges and validated the City's water rate methodology and structure in light of court decisions interpreting provisions of the State Constitution applicable to water rates. RFC recommended 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 at the 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 shows the current and proposed consumption charges.

The average increase is projected to be about four percent, which is related to commodity cost increases. The increase represents the difference between what was projected by staff during the FY 2017 forecasting process (\$4.01/ccf) to the current estimate of what the FY 2018 SFPUC W-25 (Wholesale Use with Long-Term Contract) rate will be. While staff forecast \$4.01/ccf based on preliminary figures provided by the SFPUC, the final rate adopted for FY2017 was \$4.10/ccf, with reserves used to cover the difference in cost vs. revenues.

In early January, the SFPUC provided a preliminary range for their FY 2018 increase to the W-25 wholesale rate (\$4.10 to \$4.37/ccf). The SFPUC will not determine the final rate until May or

June. However, in order to have rates in place for July 1, staff must notice customers by the end of April. Staff has chosen to conservatively forecast at the high end of the SFPUC estimate.

The SFPUC does not typically provide its final, annual change to its wholesale rate until the City's retail rate is already proposed to Council for adoption. To meet Palo Alto's timeline to increase rates by July 1, staff has historically set retail rates based on early estimates from the SFPUC, which are subject to change.

Changes in the SFPUC's wholesale rate require staff to reconcile costs and revenues well after the fact. To calculate the rate increase needed as a result of the City's increased commodity costs, staff, in coordination with the City's cost of service consultant, applied the per-unit commodity cost to the volumetric component of the rates, based on the analysis and methodology from the cost of service study. The per-unit commodity cost is the same for all classes of customers and across all usage levels. As this proposed increase only reflects changes to commodity costs, volumetric rates will increase by the same amount per ccf, regardless of customer type or usage tier.

California law implementing Prop. 218 (Government Code 53766) allows for automatic adjustments that pass-through increases or decreases in the City's wholesale water costs, so long as customers are informed of the rate adjustment at least 30 days in advance of each rate adjustment. Customers would be informed of the City's initial intent to automatically adjust these costs via the standard Proposition 218 notice and hearing process. If no majority protest occurred and Council adopted the proposed rates, future changes to the wholesale rate could be passed through to customers upon 30 days' notice, which is typically included on the utility bill. The automatic pass-through adjustment would need to be reapproved, via a new Prop. 218 notice and public hearing process, every five years.

Table 4: Current and Proposed Water Consumption Charges

	Current (7/1/16)	Proposed (7/1/17)	Change*	
			\$/CCF	%
W-1 (Residential) Volumetric Rates (\$/CCF)				
Tier 1 Rates	6.30	6.66	0.36	6%
Tier 2 Rates	8.82	9.18	0.36	4%
W-2 (Construction) Volumetric Rates (\$/CCF)				
Uniform Rate	7.32	7.68	0.36	5%
W-4 (Commercial) Volumetric Rates (\$/CCF)				
Uniform Rate	7.32	7.68	0.36	5%
W-7 (Irrigation) Volumetric Rates (\$/CCF)				
Uniform Rate	8.72	9.08	0.36	4%

Table 5 shows the current monthly service charges for all rate schedules. Staff is not recommending a change to the monthly service charge schedule at this time, as they are not affected by the SFPUC's wholesale water rate changes.

Table 5: Current Monthly Service Charges

Meter Size	Monthly Service Charge (\$/month based on meter size)	
	Residential (W-1) Commercial (W-4) Irrigation (W-7)	Fire Services (W-3)
5/8"	\$16.77	N/A
3/4"	\$22.60	N/A
1"	\$34.26	N/A
1 ½"	\$63.40	N/A
2"	\$98.37	\$3.79
3"	\$209.11	N/A
4"	\$372.31	\$23.42
6"	\$762.81	\$68.03
8"	\$1,403.94	\$144.97
10"	\$2,219.92	\$260.70
12"	\$2,919.34	\$421.11

SECTION 3C: BILL IMPACT OF PROPOSED RATE CHANGES

Table 6 shows the impact of the estimated July 1, 2017 rate changes on the median residential bill. The average increase is projected to be about four percent, but some customers may see slightly higher or lower increases due to slight changes in the composition of the utility's costs. To allow for effective comparison, the sample bills shown in Table 6 do not include the temporary drought surcharge, since this would make the bills based on the July 1, 2016 rates appear artificially high and obscure the effects of the increases to long-term rates effective July 1, 2017. In reality, though, many customers will see a decrease in their bills due to the removal of the drought surcharge. This is shown in Table 7.

Table 6: Impact of Proposed Water Rate Changes on Residential Bills (no surcharge)

Usage (CCF/month)	Bill under Current Rates (7/1/16)	Bill under Proposed Rates (7/1/17)	Change	
			\$/mo.	%
4	\$41.97	\$43.41	\$1.44	3.4%
(Winter median) 7	63.39	65.91	2.52	4.0%
(Annual median) 9	81.03	84.27	3.24	4.0%
(Summer median) 14	125.13	130.17	5.04	4.0%
25	222.15	231.15	9.00	4.1%

Table 7: Impact of Proposed Water Rate Changes on Residential Bills (with 20% drought surcharge)

Usage (CCF/month)	Bill under Current Rates (7/1/16)	Bill under Proposed Rates (7/1/17)	Change	
			\$/mo.	%
4	\$43.69	\$43.41	(\$0.28)	-0.6%
(Winter median) 7	67.18	65.91	(1.27)	-1.9%
(Annual median) 9	87.24	84.27	(2.97)	-3.4%
(Summer median) 14	137.39	130.17	(7.22)	-5.3%
25	247.72	231.15	(16.57)	-6.7%

Error! Reference source not found. shows the impact of the proposed July 1, 2017 rate changes on various representative commercial customer bills. As for the residential comparison in Table 6 above, this comparison does not include the drought surcharge. A comparison with the existing 20% surcharge is shown in Table 9.

Table 8: Impact of Proposed Water Rate Changes on Commercial Bills (no surcharge)

Usage (CCF/month)	Bill under Current Rates (7/1/16)	Bill under Proposed Rates (7/1/17)	Change	
			\$/mo.	%
Commercial (W-4) (5/8" meters)				
(Annual median) 12	\$104.61	\$108.93	\$4.32	4%
(Annual average) 64	485.25	508.29	23.04	5%
Irrigation (W-7) (1 ½" meters)				
(Winter median) 9	142	145	3	2%
(Summer median) 37	386	399	13	3%
(Winter average) 56	552	572	20	4%
(Summer average) 199	1,799	1,870	72	4%

Table 9: Impact of Proposed Water Rate Changes on Commercial Bills (with 20% drought surcharge)

Usage (CCF/month)	Bill under Current Rates (7/1/16)	Bill under Proposed Rates (7/1/17)	Change	
			\$/mo.	%
Commercial (W-4) (5/8" meters)				
(Annual median) 12	\$110.97	\$108.93	(\$2.04)	-2%
(Annual average) 64	519.17	508.29	(10.88)	-2%
Irrigation (W-7) (1 ½" meters)				
(Winter median) 9	153	145	(8)	-5%
(Summer median) 37	432	399	(33)	-8%
(Winter average) 56	622	572	(50)	-8%
(Summer average) 199	2,047	1,870	(177)	-9%

SECTION 3D: PROPOSED RESERVE TRANSFERS

In the FY 2017 Financial Plan, staff proposed transferring \$1.87 million from the Rate Stabilization Reserve to the Operations Reserve 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.

However, a proposed \$4 million transfer from the CIP Reserve to the Operations Reserve was also discussed in the FY 2016 Financial Plan. As the Operations reserve is projected to end the year at its maximum allowed level, this transfer is no longer required at this time. These funds will be retained for unexpected CIP expenses. 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, completed in 2013, 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. Upon completion, the City began to focus its reliability efforts on its system of water storage reservoirs and transmission lines in the Foothills.

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. The SFPUC continues to evaluate its aging system for other needed infrastructure improvements.

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.

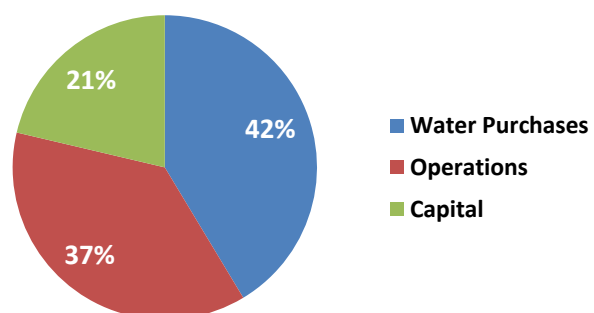
SECTION 4C: DISTRIBUTION SYSTEM

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 42% of the Water Utility's costs in FY 2016. Operational costs represented roughly 37%, and capital investment was responsible for the remaining 21%. These percentage distributions are projected to

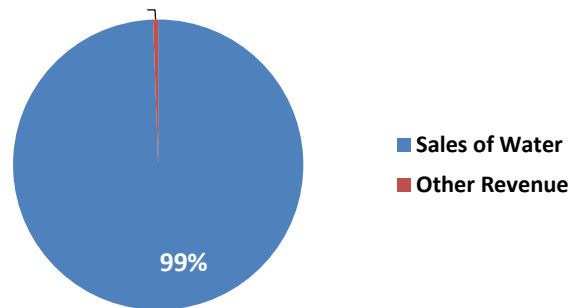
Figure 1: Cost Structure (FY 2016)



remain roughly the same over the forecast period.

The Water Utility receives nearly all 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 2: Revenue Structure (FY 2016)



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.

¹ See <http://www.cuwcc.org/Resources/Memorandum-of-Understanding/Exhibit-1-BMP-Definitions-Schedules-and-Requirements/BMP-1-Utility-Operations-Programs>

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. Note that Palo Alto's rates include the Level 2 (20%) drought surcharge currently in effect.²

Table 10: Residential Monthly Water Bill Comparison

Usage (CCF/month)	Residential monthly bill comparison (\$/month)* As of February 2017					
	Palo Alto	Menlo Park	Mountain View	Hayward	Redwood City	Santa Clara
4	43.69	44.46	46.47	34.63	33.37	19.80
(Winter median) 7	67.18	63.03	65.43	53.68	45.20	34.65
(Annual median) 9	87.24	75.43	78.07	66.38	53.09	44.55
(Summer median) 14	137.39	107.95	119.47	98.13	73.81	69.30
25	247.72	180.33	229.94	206.08	119.91	123.75

* 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.

² The City's water rate schedules allow for drought surcharges to be activated by Council at Level One (10%-15% water use reduction level), Level Two (20%), or Level Three (25%)

Figure 3: Historical Water Consumption

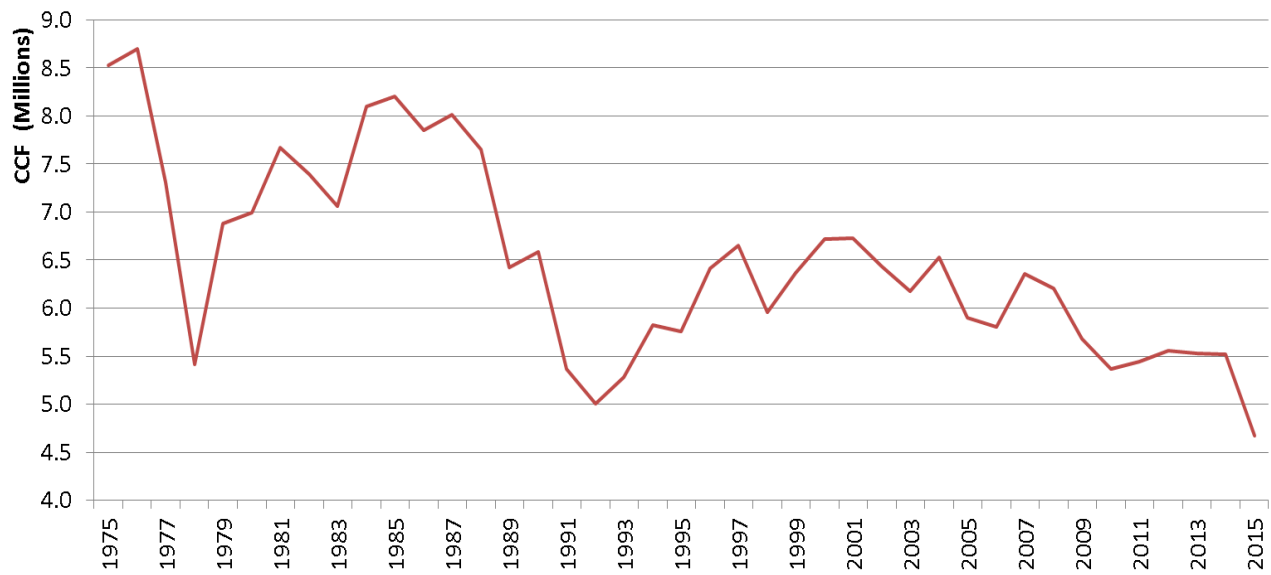
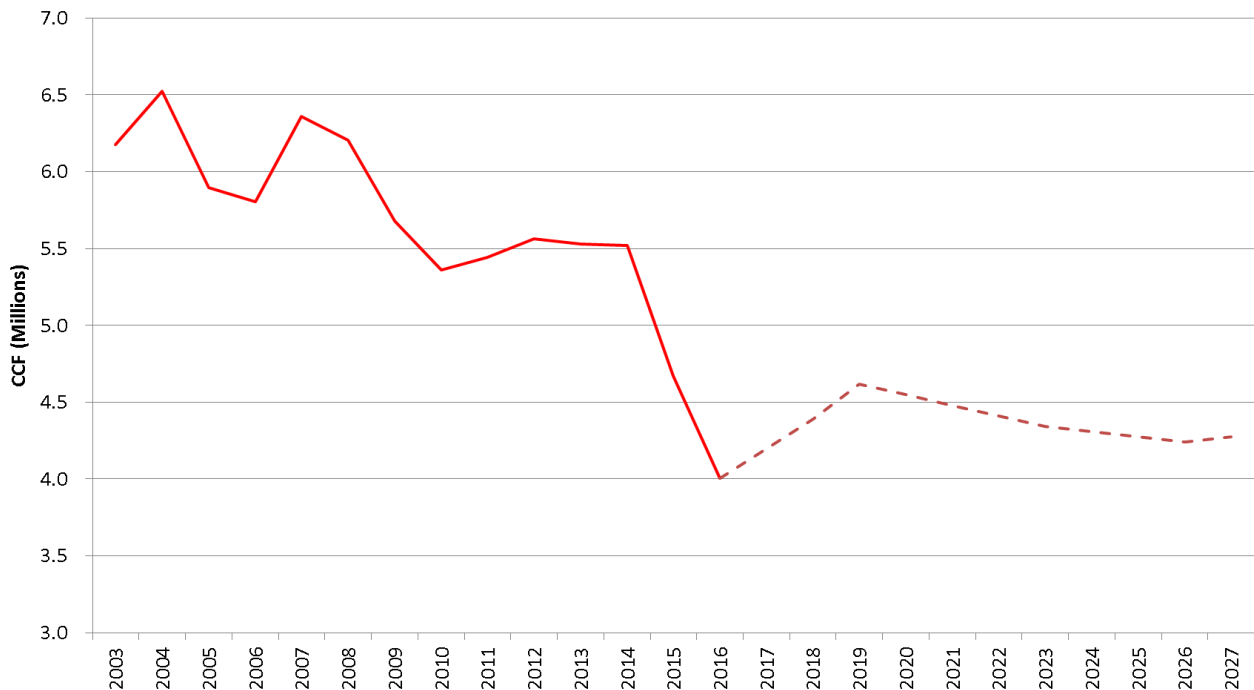


Figure 4 shows the forecast of water consumption through FY 2027, as denoted by the dotted line.

Figure 4: Forecast Water Consumption



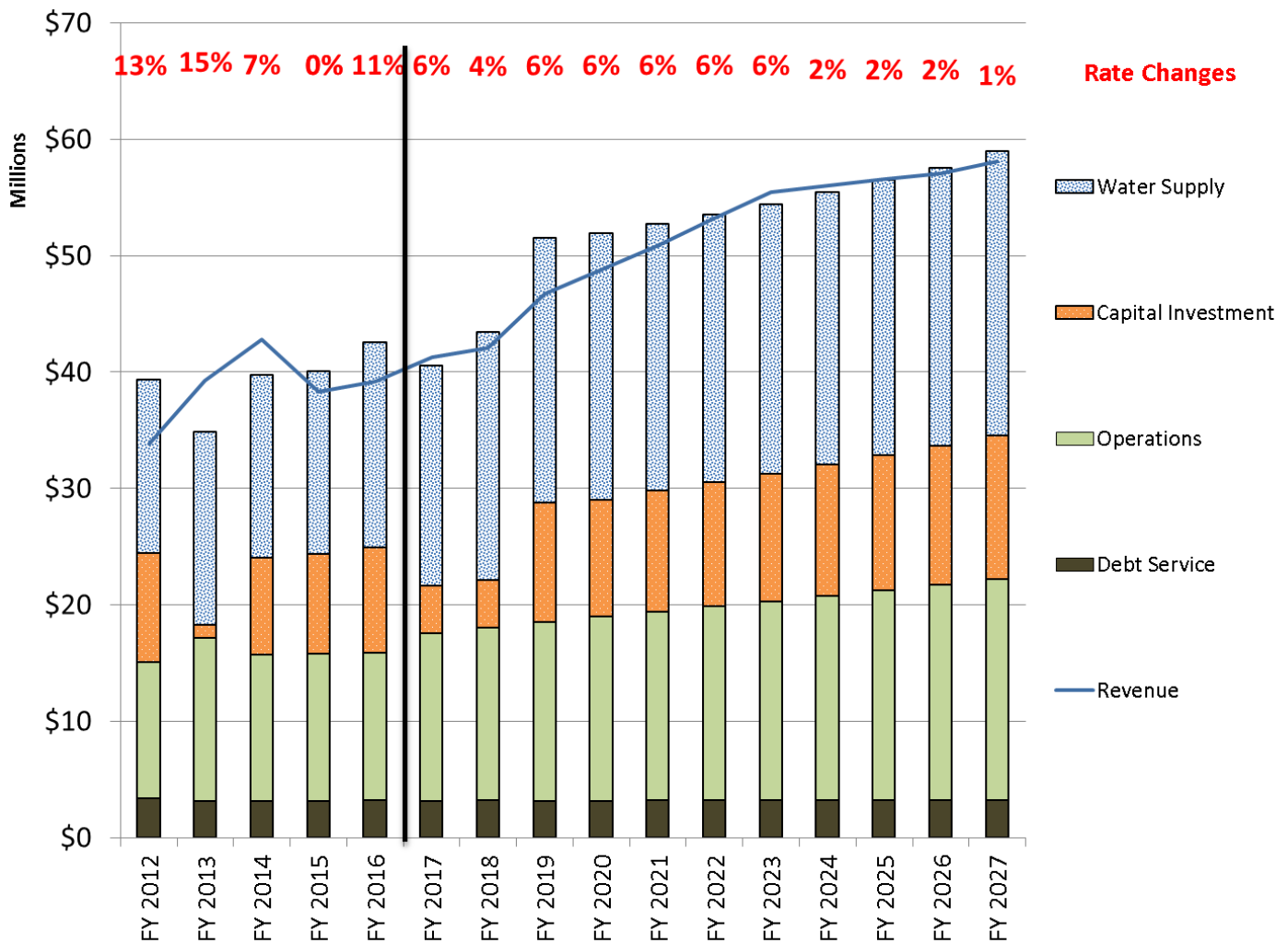
California has until recently been experiencing drought conditions, and the State had mandated a 24% water use restriction for Palo Alto up until May 2016. Customers continue to conserve, but water usage has been increasing. Based on patterns experienced in previous droughts and in recognition of continued state-level calls for conservation, this forecast assumes consumption will only return to 50% of its pre-drought levels, then resume with the previous trend of decreasing usage over time.

SECTION 5B: FY 2012 TO FY 2016 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 2012 and 2016. The increases were primarily related to water purchase costs, which increased 18% from \$14.9 million in FY 2012 to \$17.6 million in FY 2016. 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 water main replacement projects were delayed to permit completion of a backlog of projects budgeted in prior years.

Figure 5: Water Utility Expenses, Revenues, and Rate Changes:
Actual Costs through FY 2016 and Projections through FY 2027



SECTION 5C: FY 2016 RESULTS

Forecasted revenues for FY 2016 were only slightly lower than projected (\$39.4 million vs. \$39.6 million) due to customers conserving more than requested during the drought. Savings in CIP spending as well as operations and maintenance expenses were the main drivers. Table 11 summarizes the variances from forecast.

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

	Net Cost/ (Benefit)	Type of change
Lower sales revenues	\$175,000	Revenue decrease
Capital improvement costs lower than expected	(\$1,957,000)	Cost savings
Admin and general costs lower than expected	(\$715,000)	Cost savings
Operations and maintenance costs lower than expected	(852,000)	Cost savings
Net Cost / (Benefit) of Variances	(\$3,349,000)	

SECTION 5D: FY 2017 PROJECTIONS

The most notable change from the FY 2017 budget identified at this time is the deferral of Water Main Replacement Project 27. Originally budgeted at \$6.2 million, this project is now anticipated to start in FY 2019. Also deferred to FY 2019 will be the design phase of Project 28, budgeted at \$585,000. 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
Higher purchase costs	\$343,000	Cost increase
Higher sales and misc. revenues (interest income, fees)	(\$327,000)	Revenue increase
Capital project deferments	(\$6,106,000)	Cost decrease
Higher Operations budgets	\$536,000	Cost increase
Net Cost / (Benefit) of Variances	(\$5,553,000)	

SECTION 5E: FY 2018 – FY 2027 PROJECTIONS

As can be seen in Figure 5 above, costs for the Water Utility are not projected to change significantly through the rest of the forecast period. Water supply costs are the largest component, but generally projected to grow steadily by two to three percent over the coming years. Operations and 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 3.0% per 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.

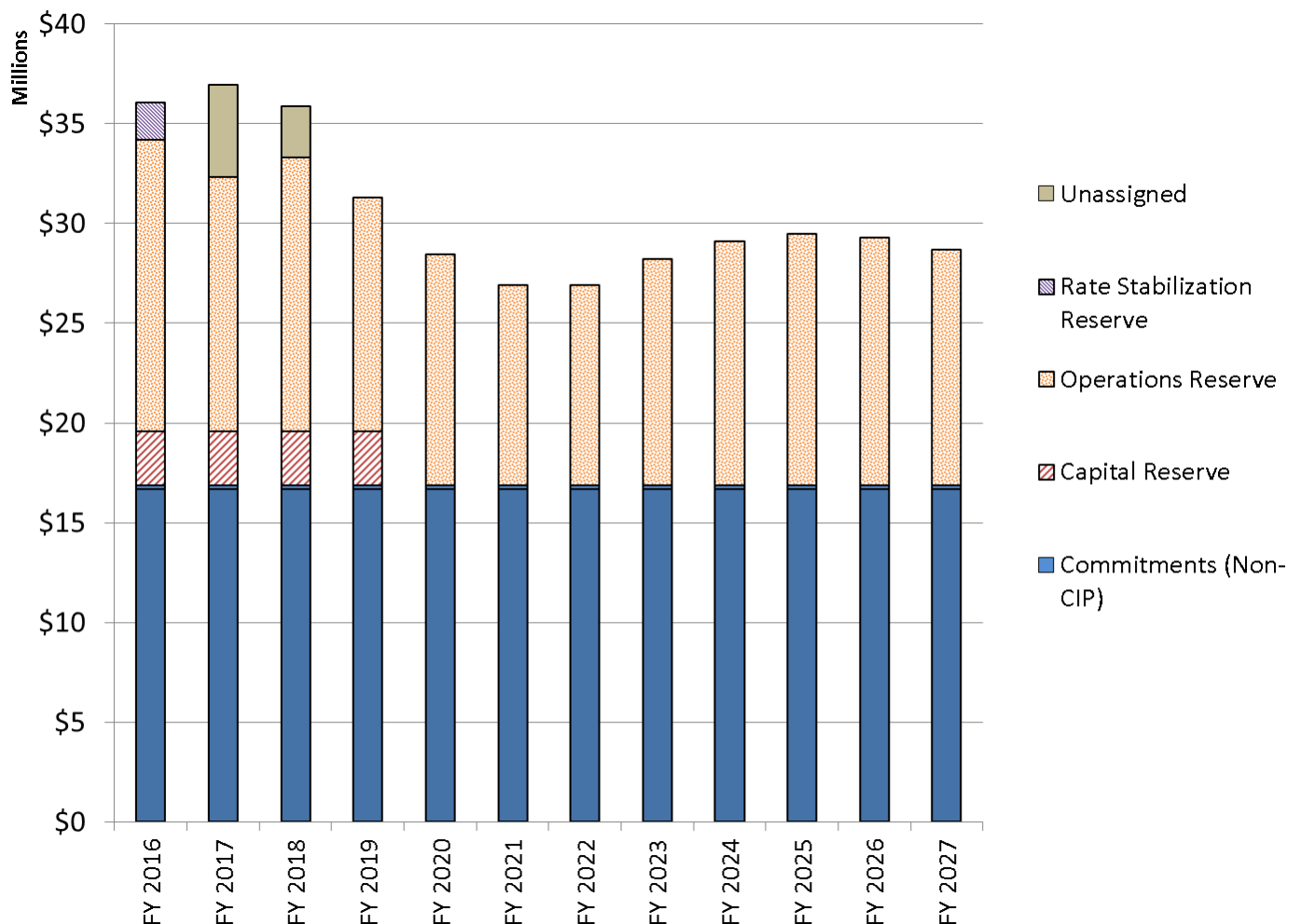
As shown in Figure 5, above, revenues are currently below normal year expenses. Revenues match expenses in FY 2017 and FY 2018 due to delays in water main replacement projects,

leading to much lower annual CIP spending in those years. As main replacement resumes, revenues are projected to be below expenses in the future and will require annual rate increases of around 6% per year through FY 2023 to bring revenues up to match annual expenses. This forecast assumes the use of the Rate Stabilization Reserve to spread the increases over multiple years.

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 \$2.7 million by the end of FY 2019. 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 are not re-imposed by the State. The forecast also assumes that water main projects can be resized such that costs do not increase by more than inflation.

Figure 6: Water Utility Reserves
Actual Reserve Levels for FY 2016 and Projections through FY 2027



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.

Figure 7: Operations Reserve Adequacy

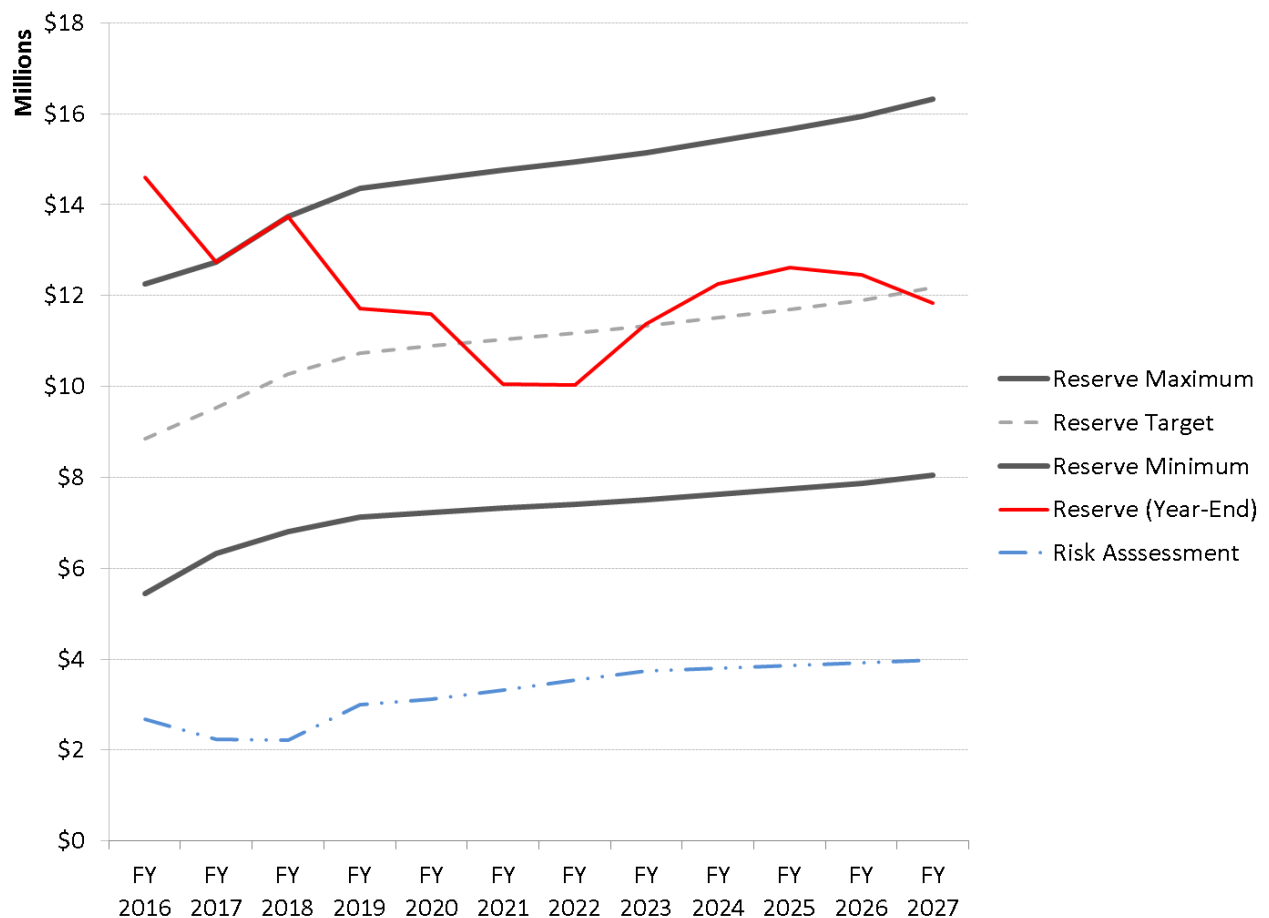


Table 13 summarizes the risk assessment calculation for the Water Utility through FY 2022. The same methodology is used for FY 2023 through FY 2027 as well. The risk assessment includes the revenue shortfall that could accrue due to:

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 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total non-commodity revenue	\$18,406	\$18,239	\$19,829	\$21,415	\$23,129
Max. revenue variance, previous ten years	13%	13%	13%	13%	13%
Risk of revenue loss	\$1,819	\$1,802	\$1,959	\$2,116	\$2,285
CIP Budget	\$4,110	\$4,082	\$10,314	\$10,067	\$10,364
CIP Contingency @10%	\$411	\$408	\$1,031	\$1,007	\$1,036
Total Risk Assessment value	\$2,230	\$2,210	\$2,991	\$3,123	\$3,322

SECTION 5G: ALTERNATE SCENARIOS

At its February 2017 meeting, staff presented an earlier scenario with a 6% rate increase in FY 2018 followed by 6% rate increases in outer years. However, with the Operations reserve projected to be above the target level and well within the guideline levels adopted by Council, staff feels that a lower rate increase would be feasible, and is only proposing to increase City retail rates to match the increase in SFPUC wholesale water rates.

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, recently completed and 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 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. As of December 2016, nearly 60% of the program (by dollar value) had been completed, while 40% was under construction.³ 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 \$4.10 per CCF in FY 2017, and is forecasted to increase to over \$5.00 per CCF by FY 2025. Figure 8 shows the SFPUC's actual wholesale water rate since FY 2009 and a projection through FY 2027. 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 adds 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 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.

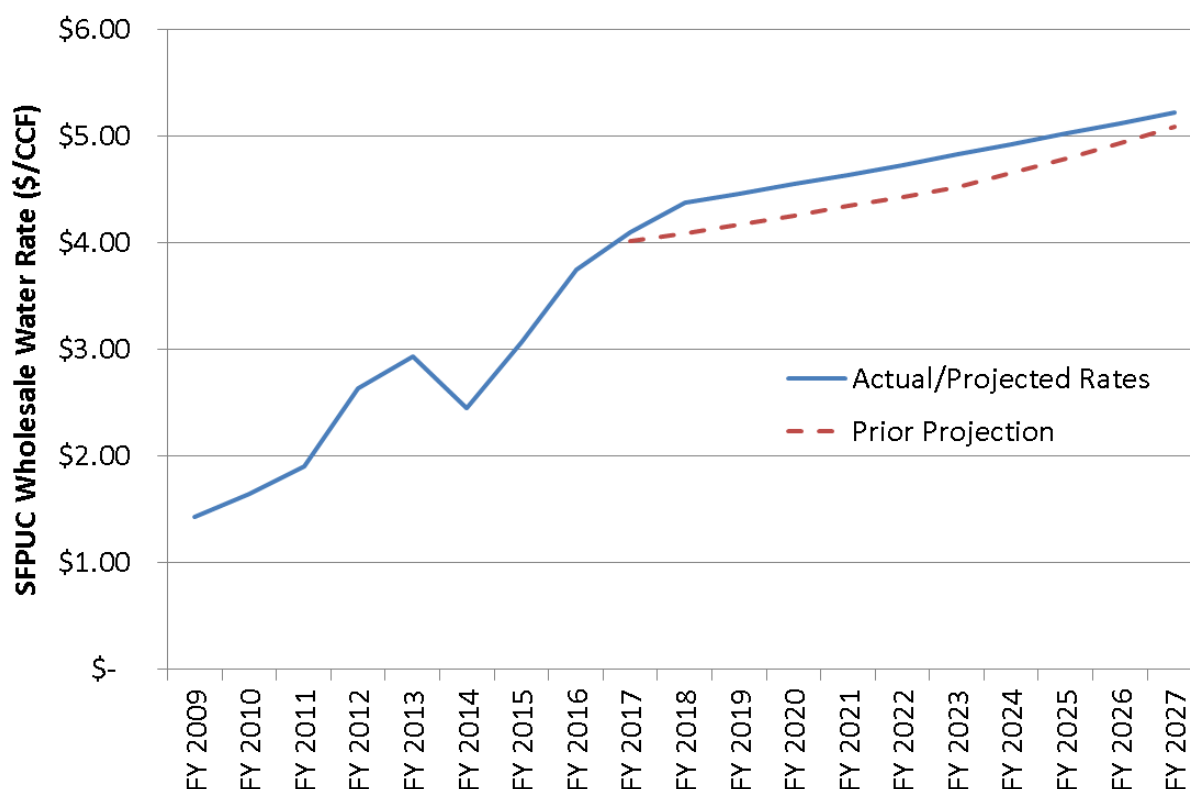
In January 2016, the SFPUC provided an early estimate for FY 2018 wholesale water rates of \$4.37 per CCF. Staff has yet to receive a new estimate, but there is much uncertainty surrounding continued lower water usage by the BAWSCA agencies. While drought restrictions ended in May 2016, customers' behavior changes and wet weather may keep water usage low. 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 8, this year's projection of SFPUC wholesale rates has increased from the previous year's projection. As the drought ostensibly ended in FY 2017 and sales have started

³ Second Quarter FY 2017 WSIP Regional Quarterly Report, <http://www.sfwater.org/index.aspx?page=307>

increasing, rate projections are projected to level out. However, if snow and rain do not materialize in future years, current calls for restricted usage may continue or even be increased.

Figure 8: 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

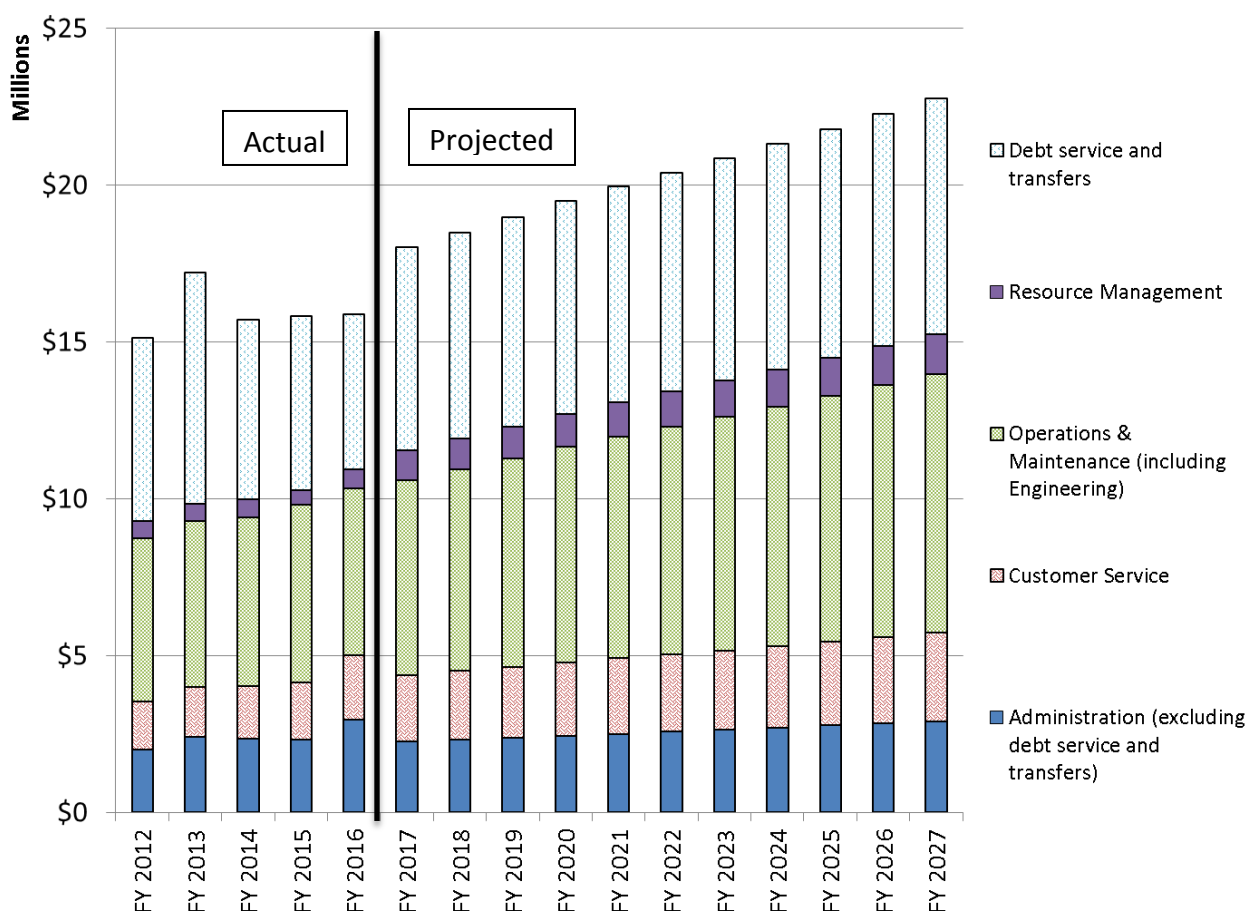
Appendix D: Description of Water Utility Operational Activities includes detailed descriptions of the work associated with each of these activities.

From FY 2012 to FY 2016 Operations costs (excluding debt service, rent, and transfers) increased 3.5% per year on average (see Figure 9). The increases were driven by allocated charges, which increased by 6% 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 9: 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 14 shows the FY 2017 projected budget and 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 14: Budgeted Water Utility CIP Spending (\$000)

Project Category	Current Budget**	Spending, Curr. Yr	Remain. Budget***	Committed	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
One Time Projects	7,906	(1,392)	6,514	4,304	-	-	-	-	-
Water Main Replacement	6,368	(364)	6,003	0	-	6,802	6,454	6,647	6,847
Ongoing Projects	2,941	(364)	2,578	518	1,874	1,875	1,932	1,989	2,049
Customer Connections	709	(320)	389	113	711	732	754	777	800
TOTAL	17,924	(2,440)	15,484	4,935	2,584	9,409	9,139	9,413	9,696

*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 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%. 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, and it was completed in 2016. Currently the utility replaces about 1.3% of the system each year, which is an 80-year replacement cycle.

Increases in CIP cost are a partial reason for the projected two year delay in projects. The most recent project, when put out for bid, resulted in very few contractors competing, and project bids were larger than budgeted. Staff will redesign this and future projects into smaller segments to keep budgets lower, while not compromising on overall system integrity. The other reason for delay is the University Avenue Business District project, and getting coordination amongst all departments is taking more time than expected. Finally, there has been an ongoing issue with keeping and maintaining qualified staff to design and work on projects.

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.

Ongoing Projects and Customer Connections are projected to cost approximately \$2.5 million in FY 2018 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 2017 to FY 2022 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 15:

Table 15: Water Utility Debt Service (\$000)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
2009 Water Revenue Bonds, Series A (net of grants)	2,012	2,031	2,046	2,064	2,079	2,101	2,151	2,151
2011 Utility Revenue Bonds, Series A	657	656	654	656	657	657	657	658

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 16 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 16: 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. The next largest source is connection and capacity fees, which in FY 2016 represented 51% of revenue from sources other than water sales. The remainder consisted of a variety of miscellaneous charges, transfers and interest income.

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 2018, 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 newsletters, 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 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	FY 2027
2																	
3	WATER SUPPLY																
4	Purchases	5,538,305	5,532,947	5,507,153	4,671,433	4,127,085	4,164,524	4,388,840	4,618,793	4,548,794	4,477,618	4,407,222	4,342,411	4,307,346	4,274,401	4,242,367	4,274,975
5	Sales	5,062,873	5,097,392	5,047,148	4,433,016	3,858,825	3,852,185	4,037,731	4,318,572	4,253,123	4,186,573	4,120,753	4,060,155	4,027,369	3,996,565	3,966,613	3,997,101
6																	
7	BILL AND RATE CHANGES																
8	Variable Charge (Supply)	38%	11%	-16%	25%	22%	9%	7%	2%	2%	2%	2%	2%	2%	2%	2%	2%
9	Variable Charge (Distribution)	-12%	17%	30%	-16%	10%	5%	0%	9%	9%	9%	9%	8%	2%	1%	1%	0%
10	Service Charge (Distribution)	72%	75%	9%	0%	-10%	3%	0%	7%	8%	8%	8%	7%	1%	1%	1%	1%
11	Change in System Average Rate	12%	22%	8%	0%	11%	7%	3%	6%	6%	6%	6%	6%	2%	2%	2%	1%
12	Change in Average Residential Bill	12%	21%	7%	-1%	17%	4%	-3%	5%	5%	5%	5%	4%	1%	1%	1%	1%
13																	
14	STARTING RESERVES																
15	Reappropriations (Non-CIP)	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Commitments (Non-CIP)	765,000	714,000	2,000	347,000	347,000	177,273	177,273	177,273	177,273	177,273	177,273	177,273	177,273	177,273	177,273	177,273
17	Restricted for Debt Service	3,348,000	3,225,000	3,225,000	3,331,000	3,316,000	3,299,194	3,299,194	3,299,194	3,299,194	3,299,194	3,299,194	3,299,194	3,299,194	3,299,194	3,299,194	3,299,194
18	Emergency Plant Replacement	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-
19	Capital Reserve	-	-	-	-	4,000,000	2,726,096	2,726,096	2,726,096	-	-	-	-	-	-	-	-
20	Rate Stabilization Reserve	10,639,000	7,996,000	17,272,000	20,133,000	6,567,000	1,877,437	-	-	-	-	-	-	-	-	-	-
21	Operations Reserve	-	-	-	-	11,663,836	14,606,828	12,734,948	13,741,252	11,719,450	11,584,505	10,055,718	10,036,283	11,372,030	12,259,805	12,625,012	12,452,508
22	Unassigned	-	-	-	-	-	-	4,645,111	2,536,339	-	-	-	-	-	-	-	-
23	TOTAL STARTING RESERVES	15,772,000	12,935,000	21,499,000	24,811,000	25,893,836	22,686,828	23,582,622	22,480,154	17,922,013	15,060,972	13,532,185	13,512,750	14,848,497	15,736,272	16,101,479	15,928,975
24																	
25	REVENUES																
26	Net Sales	30,673,882	36,647,924	39,029,262	33,654,549	36,136,644	38,472,811	38,957,254	43,554,523	45,527,612	47,631,527	49,893,912	52,045,952	52,530,594	52,972,178	53,425,127	54,321,702
27	Other Revenues and Transfers In	5,892,133	6,811,461	4,053,920	7,504,848	3,258,936	3,376,354	3,433,864	3,492,074	3,550,893	3,611,902	3,677,134	3,743,736	3,831,586	3,921,772	4,014,356	4,109,403
28	TOTAL REVENUES	36,566,015	43,459,385	43,083,182	41,159,397	39,395,579	41,849,165	42,391,118	47,046,597	49,078,505	51,243,429	53,571,045	55,789,688	56,362,180	56,893,950	57,439,483	58,431,104</

Appendix A (continued)

1	FISCAL YEAR	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	FY 2027
2																	
3	REVENUES																
4	Net Sales	84%	84%	91%	82%	92%	92%	92%	93%	93%	93%	93%	93%	93%	93%	93%	93%
5	Other Revenues and Transfers In	16%	16%	9%	18%	8%	8%	8%	7%	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	38%	48%	39%	39%	41%	47%	49%	44%	44%	43%	43%	42%	42%	42%	41%	41%
10	Operating Expenses																
11	Administration																
12	Allocated Charges	5%	7%	6%	6%	7%	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
13	Rent	5%	5%	6%	6%	4%	7%	7%	6%	6%	6%	6%	6%	6%	6%	7%	7%
14	Debt Service	9%	9%	8%	8%	8%	8%	7%	6%	6%	6%	6%	6%	6%	6%	6%	5%
15	Transfers and Other Adjustments	1%	6%	1%	0%	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
16	Subtotal, Administration	20%	28%	20%	20%	19%	21%	20%	18%	18%	18%	18%	18%	18%	18%	18%	18%
17	Resource Management	1%	2%	1%	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
18	Operations and Mtc	12%	14%	13%	13%	12%	14%	14%	12%	12%	13%	13%	13%	13%	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%	5%	4%	5%	5%	5%	5%	4%	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	38%	49%	40%	39%	37%	43%	42%	36%	37%	37%	37%	37%	37%	38%	38%	38%
23	Capital Program Contribution	24%	3%	21%	21%	21%	10%	9%	20%	19%	20%	20%	20%	20%	21%	21%	21%
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	1,802,211	1,959,352	2,116,101	2,285,389	2,468,220	2,640,995	2,667,405	2,694,079	2,721,020	2,748,230
28	10% CIP Program Contingency				858,037	908,202	411,013	408,215	1,031,420	1,006,697	1,036,441	1,067,060	1,098,586	1,131,047	1,164,468	1,198,880	1,234,311
29	Total Risk Assessment Value				2,481,768	2,677,436	2,229,786	2,210,426	2,990,773	3,122,798	3,321,829	3,535,280	3,739,581	3,798,452	3,858,547	3,919,900	3,982,541
30	Projected Operations Reserve				11,663,836	14,606,828	12,734,948	13,741,252	11,719,450	11,584,505	10,055,718	10,036,283	11,372,030	12,259,805	12,625,012	12,452,508	11,825,761
31	Operations Reserve, % of Risk Value				470%	546%	571%	622%	392%	371%	303%	284%	304%	323%	327%	318%	297%
32																	
33	OPERATIONS RESERVE																
34	Min (60 days of non-capital expenses)	-	-	-	5,230,611	5,447,741	6,320,551	6,805,571	7,121,003	7,223,351	7,318,139	7,409,255	7,506,449	7,620,837	7,739,213	7,860,713	8,040,147
35	Target (90 days of non-capital expenses)	-	-	-	9,395,240	8,849,765	9,527,750	10,273,411	10,734,869	10,891,793	11,037,461	11,177,725	11,327,238	11,511,321	11,701,700	11,897,086	12,179,700
36	Max (120 days of non-capital expenses)	-	-	-	13,559,870	12,251,790	12,734,948	13,741,252	14,348,735	14,560,236	14,756,784	14,946,195	15,148,027	15,401,806	15,664,187	15,933,458	16,319,253
37	Risk Assessment Value				2,481,768	2,677,436	2,229,786	2,210,426	2,990,773	3,122,798	3,321,829	3,535,280	3,739,581	3,798,452	3,858,547	3,919,900	3,982,541
38																	
39	DEBT SERVICE COVERAGE RATIO																
40	Net Revenues (125% of Debt Service)	787%	951%	876%	878%	940%	1044%	1123%	1182%	1200%	1216%	1231%	1248%	1270%	1292%	1315%	1349%
41	Available Reserves (5x Debt Service)*	2.7	5.7	6.6	6.9	6.0	6.2	5.9	4.5	3.6	3.1	3.1	3.5	3.8	3.9	3.9	3.7
42	*For the purposes of debt covenants, the unrestricted reserves of other utilities may be counted toward the available reserves for meeting this measure. A ratio below 5x means that this utility is relying on the reserves of other utilities to meet its debt covenants.																

APPENDIX B: WATER UTILITY CAPITAL IMPROVEMENT PROGRAM (CIP) DETAIL

Project #	Project Name	Reappropriated / Carried Forward from Previous Years	Current Year Funding	Proposed Budget Amendments	Spending, Current Year	Remaining in CIP Reserve Fund	Commitments	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ONE TIME PROJECTS												
WS-07000	Regulation Station Imp.	1,092,430	-	(135,541)	(136,529)	820,360	624,149	-	-	-	-	-
WS-07001	Water Recycling Facilities	193,358	200,000	2,291	-	395,649	-	-	-	-	-	-
WS-08001	Water Reservoir Coating	1,919,605	-	(304,403)	(823,254)	791,948	1,088,707	-	-	-	-	-
WS-09000	Seismic Water System	4,452,355	-	(317,178)	(431,985)	3,703,192	2,213,969	-	-	-	-	-
WS-13003	GPS Equipment Upgrade	-	-	-	-	-	-	-	-	-	-	-
WS-13004	Asset Mgmt. Mobile Sys.	-	-	-	-	-	-	-	-	-	-	-
WS-13006	Meter Shop Renovations	-	-	-	-	-	-	-	-	-	-	-
WS-15004	Water System Master Plan	202,469	-	(681)	(358)	201,430	46,592	-	-	-	-	-
WS-08002	Emergency Water Supply	601,701	-	-	-	601,701	330,493	-	-	-	-	-
Subtotal, One-time Projects		8,461,919	200,000	(755,513)	(1,392,126)	6,514,280	4,303,910	-	-	-	-	-
WATER MAIN REPLACEMENT PROGRAM												
WS-20000	WMR - Project 32	-	-	-	-	-	-	-	-	-	-	-
WS-11000	WMR-Project 25	1,165,085	-	(725,386)	(270,754)	168,945	-	-	-	-	-	-
WS-12001	WMR- Project 26	5,904,489	-	(18,731)	(51,224)	5,834,534	1	-	-	-	-	-
WS-13001	WMR - Project 27	568,065	5,680,651	(6,206,216)	(42,500)	-	-	-	6,216,841	-	-	-
WS-14001	WMR - Project 28	-	585,107	(585,107)	-	-	-	-	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
Subtotal, Water Main Replacement Prog.		7,637,639	6,265,758	(7,535,440)	(364,478)	6,003,479	1	-	6,801,948	6,453,730	6,647,342	6,846,762

Appendix B: Water 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 2018	FY 2019	FY 2020	FY 2021	FY 2022
ONGOING PROJECTS												
WS-80014	Services/Hydrants	-	400,000	-	(171,657)	228,343	50,533	412,000	424,360	437,091	450,204	463,710
WS-80015	Water Meters	252,092	565,000	-	(26,213)	790,879	-	565,000	500,000	515,000	530,450	546,364
WS-02014	W-G-W Utility GIS Data	82,817	366,025	(0)	(87,607)	361,235	295,211	402,628	442,890	456,177	469,862	483,958
WS-13002	Equipment/Tools	20,685	50,000	-	-	70,685	-	-	-	-	-	-
WS-11003	Dist. Sys. Improvements	131,508	739,000	(602)	(5,000)	864,906	163,985	247,000	254,000	261,620	269,469	277,553
WS-11004	Supply Sys. Improvements	95,884	239,000	(190)	(73,156)	261,538	8,136	247,000	254,000	261,620	269,469	277,553
Subtotal, Ongoing Projects		582,986	2,359,025	(792)	(363,633)	2,577,586	517,865	1,873,628	1,875,250	1,931,508	1,989,454	2,049,138
CUSTOMER CONNECTIONS (FEE FUNDED)												
WS-80013	Water System Extensions	18,736	690,000	-	(320,117)	388,619	112,897	710,700	732,021	753,981	776,601	799,899
Subtotal, Customer Connections		18,736	690,000	-	(320,117)	388,619	112,897	710,700	732,021	753,981	776,601	799,899
GRAND TOTAL		16,701,281	9,514,783	(8,291,745)	(2,440,354)	15,483,964	4,934,673	2,584,328	9,409,219	9,139,219	9,413,397	9,695,799
Funding Sources												
Connection/Capacity Fees			690,000	-				902,280	929,348	957,228	985,946	1,015,524
Other Utility Funds (Asset Mgmt, GIS Systems)			244,109	-				268,418	295,260	304,118	313,242	322,640
Utility Rates			9,514,783	(8,291,745)				1,413,630	8,184,611	7,877,873	8,114,209	8,357,635
CIP-RELATED RESERVES DETAIL		6/30/2016 (Actual)				6/30/2017 (Unaudited)						
Reappropriations (excl. Bond Funded)		10,529,905				10,549,291						
Commitments (excl. Bond Funded)		6,171,376				4,934,673						

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 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-flush toilets. Visit www.cityofpaloalto.org/water for info about free fixtures in schools.
- ☐ 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, goodie bags, free compost bins and a chance to catch the "running toilet!" Win a chance to go with the Tuolumne River Trust and meet the first 100 registrants get a free reusable 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

CITY OF PALO ALTO UTILITIES
Inspired by a brighter tomorrow.



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

CITY OF PALO ALTO UTILITIES
Inspired by a brighter tomorrow.

More on the drought and efficiency resources:
www.cityofpaloalto.org/water
(650) 329-2161

Attachment N

Not Yet Approved

Resolution No. ____

Resolution of the Council of the City of Palo Alto Amending Resolution
9671 to Set and Update Future Permit Fees Using the Municipal Fee
Schedule

RECITALS

A. On March 6, 2017, the Council adopted Resolution No. 9671 continuing the Downtown Residential Preferential Parking District (RPP) Program.

B. Resolution No. 9671 set the initial prices of the various parking permits offered for purchase by residents and employees participating in the Downtown RPP Program.

C. The Council desires to amend Resolution No. 9671 to use the Municipal Fee Schedule to set and update future permit fees annually.

NOW, THEREFORE, the Council of the City of Palo Alto RESOLVES, as follows:

SECTION 1. Amendment. SECTION 6 of Resolution 9671 is hereby amended to state: “The cost of Parking Permits shall be set by the Municipal Fee Schedule and updated on an annual basis.”

SECTION 2. CEQA. The Council finds that the adoption of this resolution does not constitute a project for the purposes of the California Environmental Quality Act, and therefore, no environmental assessment is required.

SECTION 3. Effective Date. This resolution shall take effect immediately.

Not Yet Approved

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Assistant City Attorney

City Manager

Director of Planning and Community
Environment

Attachment O, Exhibit 1

City of Palo Alto Management, Professional and Confidential Salary Schedule

				Effective pay period including 7/1/2016 (2.5% Increase)			Effective pay period including 7/1/2017 (2.5% Increase)					Effective pay period including 7/1/2018 (2.5% Increase)		
Job Code	FLSA Status	Classifications	Grade Codes	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate	Mid-Point Monthly Salary	Mid-Point Annual Salary	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate
190	Non-Exempt	Accountant	690P	\$32.89	\$41.11	\$49.34	\$33.72	\$42.14	\$50.57	\$7,304.27	\$87,651.20	\$34.56	\$43.20	\$51.84
76	Exempt	Administrative Assistant	750P	\$28.37	\$35.46	\$42.56	\$29.08	\$36.35	\$43.62	\$6,300.67	\$75,608.00	\$29.81	\$37.26	\$44.72
115	Exempt	Assistant Chief Building Official	405M	\$46.08	\$57.60	\$69.12	\$47.24	\$59.04	\$70.85	\$10,233.60	\$122,803.20	\$48.42	\$60.52	\$72.63
132	Exempt	Assistant Chief of Police	100A	\$75.43	\$94.28	\$113.14	\$77.32	\$96.64	\$115.97	\$16,750.93	\$201,011.20	\$79.25	\$99.06	\$118.88
108	Exempt	Assistant City Attorney	165A	\$63.94	\$79.92	\$95.91	\$65.54	\$81.92	\$98.31	\$14,199.47	\$170,393.60	\$67.18	\$83.97	\$100.77
109	Exempt	Assistant City Clerk	630M	\$37.21	\$46.51	\$55.82	\$38.15	\$47.68	\$57.22	\$8,264.53	\$99,174.40	\$39.11	\$48.88	\$58.66
107	Exempt	Assistant City Manager	20E	\$78.36	\$97.94	\$117.53	\$80.32	\$100.39	\$120.47	\$17,400.93	\$208,811.20	\$82.32	\$102.90	\$123.48
2026	Exempt	Assistant City Manager / Utilities General Manager	10E	\$98.47	\$123.08	\$147.70	\$100.93	\$126.16	\$151.40	\$21,867.73	\$262,412.80	\$103.46	\$129.32	\$155.19
73	Exempt	Assistant Director Administrative Services	120A	\$64.47	\$80.58	\$96.70	\$66.08	\$82.60	\$99.12	\$14,317.33	\$171,808.00	\$67.74	\$84.67	\$101.61
126	Exempt	Assistant Director Community Services	150A	\$61.72	\$77.14	\$92.57	\$63.26	\$79.07	\$94.89	\$13,705.47	\$164,465.60	\$64.84	\$81.05	\$97.26
1007	Exempt	Assistant Director Human Resources	155A	\$59.65	\$74.56	\$89.48	\$61.15	\$76.43	\$91.72	\$13,247.87	\$158,974.40	\$62.68	\$78.35	\$94.02
2001	Exempt	Assistant Director Library Services	160A	\$59.03	\$73.78	\$88.54	\$60.51	\$75.63	\$90.76	\$13,109.20	\$157,310.40	\$62.03	\$77.53	\$93.04
10	Exempt	Assistant Director Planning & Community Environment	130A	\$63.23	\$79.03	\$94.84	\$64.81	\$81.01	\$97.22	\$14,041.73	\$168,500.80	\$66.44	\$83.04	\$99.65
143	Exempt	Assistant Director Public Works	140A	\$62.49	\$78.11	\$93.74	\$64.06	\$80.07	\$96.09	\$13,878.80	\$166,545.60	\$65.67	\$82.08	\$98.50
168	Exempt	Assistant Fleet Manager	585M	\$39.11	\$48.88	\$58.66	\$40.09	\$50.11	\$60.14	\$8,685.73	\$104,228.80	\$41.10	\$51.37	\$61.65
102	Exempt	Assistant Manager WQCP	240D	\$50.52	\$63.14	\$75.77	\$51.78	\$64.72	\$77.67	\$11,218.13	\$134,617.60	\$53.08	\$66.34	\$79.61
30	Exempt	Assistant to the City Manager	390M	\$48.82	\$61.02	\$73.23	\$50.04	\$62.55	\$75.06	\$10,842.00	\$130,104.00	\$51.30	\$64.12	\$76.95
118	Exempt	Chief Building Official	290M	\$59.99	\$74.98	\$89.98	\$61.49	\$76.86	\$92.24	\$13,322.40	\$159,868.80	\$63.04	\$78.79	\$94.55
2008	Exempt	Chief Communications Officer	135A	\$62.89	\$78.61	\$94.34	\$64.47	\$80.58	\$96.70	\$13,967.20	\$167,606.40	\$66.08	\$82.60	\$99.12
112	Exempt	Chief Planning Official	220D	\$53.61	\$67.01	\$80.42	\$54.96	\$68.69	\$82.43	\$11,906.27	\$142,875.20	\$56.33	\$70.41	\$84.50
95	Exempt	Chief Procurement Officer	235D	\$50.72	\$63.39	\$76.07	\$51.99	\$64.98	\$77.98	\$11,263.20	\$135,158.40	\$53.29	\$66.61	\$79.94
2010	Exempt	Chief Sustainability Officer	435M	\$54.75	\$68.43	\$82.12	\$56.12	\$70.15	\$84.18	\$12,159.33	\$145,912.00	\$57.53	\$71.91	\$86.30
82	Exempt	Chief Transportation Official	204D	\$56.40	\$70.50	\$84.60	\$57.82	\$72.27	\$86.73	\$12,526.80	\$150,321.60	\$59.27	\$74.08	\$88.90
96	Exempt	Claims Investigator	660P	\$34.56	\$43.19	\$51.83	\$35.42	\$44.27	\$53.13	\$7,673.47	\$92,081.60	\$36.31	\$45.38	\$54.46
24	Exempt	Communication Specialist	615M	\$37.43	\$46.78	\$56.14	\$38.36	\$47.95	\$57.54	\$8,311.33	\$99,736.00	\$39.32	\$49.15	\$58.98
89	Exempt	Contracts Administrator	585P	\$39.11	\$48.88	\$58.66	\$40.09	\$50.11	\$60.14	\$8,685.73	\$104,228.80	\$41.10	\$51.37	\$61.65
186	Non-Exempt	Coordinator Library Circulation	675M	\$32.95	\$41.18	\$49.42	\$33.77	\$42.21	\$50.66	\$7,316.40	\$87,796.80	\$34.62	\$43.27	\$51.93
191	Exempt	Deputy Chief/Fire Marshall	125A	\$63.71	\$79.63	\$95.56	\$65.31	\$81.63	\$97.96	\$14,149.20	\$169,790.40	\$66.95	\$83.68	\$100.42
9	Exempt	Deputy City Attorney	480P	\$45.34	\$56.67	\$68.01	\$46.48	\$58.09	\$69.71	\$10,068.93	\$120,827.20	\$47.64	\$59.55	\$71.46
11	Exempt	Senior Deputy City Attorney	375M	\$50.04	\$62.55	\$75.06	\$51.30	\$64.12	\$76.95	\$11,114.13	\$133,369.60	\$52.59	\$65.73	\$78.88
71	Exempt	Deputy City Clerk	720M	\$29.80	\$37.25	\$44.70	\$30.56	\$38.19	\$45.83	\$6,619.60	\$79,435.20	\$31.32	\$39.15	\$46.98
55	Exempt	Deputy City Manager	115A	\$65.31	\$81.63	\$97.96	\$66.95	\$83.68	\$100.42	\$14,504.53	\$174,054.40	\$68.63	\$85.78	\$102.94
195	Exempt	Deputy Director Technical Services Division	200D	\$63.52	\$79.39	\$95.27	\$65.11	\$81.38	\$97.66	\$14,105.87	\$169,270.40	\$66.74	\$83.42	\$100.11
20	Exempt	Deputy Fire Chief	110A	\$66.38	\$82.97	\$99.57	\$68.04	\$85.05	\$102.06	\$14,742.00	\$176,904.00	\$69.75	\$87.18	\$104.62
81	Exempt	Director Administrative Services/Chief Financial Officer	50E	\$75.11	\$93.88	\$112.66	\$76.99	\$96.23	\$115.48	\$16,679.87	\$200,158.40	\$78.92	\$98.64	\$118.37
72	Exempt	Director Community Services	45E	\$75.68	\$94.60	\$113.52	\$77.58	\$96.97	\$116.37	\$16,808.13	\$201,697.60	\$79.52	\$99.40	\$119.28
1012	Exempt	Director Development Services	145A	\$66.45	\$83.06	\$99.68	\$68.12	\$85.14	\$102.17	\$14,757.60	\$177,091.20	\$69.82	\$87.27	\$104.73
133	Exempt	Director Human Resources/Chief People Officer	55E	\$71.58	\$89.47	\$107.37	\$73.37	\$91.71	\$110.06	\$15,896.40	\$190,756.80	\$75.21	\$94.01	\$112.82
128	Exempt	Director Information Technology/Chief Information Officer	25E	\$78.21	\$97.76	\$117.32	\$80.17	\$100.21	\$120.26	\$17,369.73	\$208,436.80	\$82.18	\$102.72	\$123.27
131	Exempt	Director Libraries	60E	\$70.84	\$88.54	\$106.25	\$72.61	\$90.76	\$108.92	\$15,731.73	\$188,780.80	\$74.43	\$93.03	\$111.64
2028	Exempt	Director of Emergency Medical Services	215D	\$55.58	\$69.47	\$83.37	\$56.97	\$71.21	\$85.46	\$12,343.07	\$148,116.80	\$58.40	\$73.00	\$87.60

				Effective pay period including 7/1/2016 (2.5% Increase)			Effective pay period including 7/1/2017 (2.5% Increase)					Effective pay period including 7/1/2018 (2.5% Increase)		
Job Code	FLSA Status	Classifications	Grade Codes	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate	Mid-Point Monthly Salary	Mid-Point Annual Salary	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate
2005	Exempt	Director Office of Emergency Services	215D	\$55.58	\$69.47	\$83.37	\$56.97	\$71.21	\$85.46	\$12,343.07	\$148,116.80	\$58.40	\$73.00	\$87.60
49	Exempt	Director Office of Management and Budget	120A	\$64.47	\$80.58	\$96.70	\$66.08	\$82.60	\$99.12	\$14,317.33	\$171,808.00	\$67.74	\$84.67	\$101.61
134	Exempt	Director Planning & Community Environment	40E	\$75.86	\$94.82	\$113.79	\$77.76	\$97.20	\$116.64	\$16,848.00	\$202,176.00	\$79.71	\$99.63	\$119.56
135	Exempt	Director Public Works/City Engineer	30E	\$76.84	\$96.04	\$115.25	\$78.76	\$98.45	\$118.14	\$17,064.67	\$204,776.00	\$80.74	\$100.92	\$121.11
121	Exempt	Director Utilities	10E	\$98.47	\$123.08	\$147.70	\$100.93	\$126.16	\$151.40	\$21,867.73	\$262,412.80	\$103.46	\$129.32	\$155.19
2002	Exempt	Division Head Library Services	260D	\$46.36	\$57.95	\$69.54	\$47.52	\$59.40	\$71.28	\$10,296.00	\$123,552.00	\$48.72	\$60.89	\$73.07
172	Exempt	Division Manager Open Space, Parks & Golf	245D	\$49.84	\$62.29	\$74.75	\$51.08	\$63.85	\$76.62	\$11,067.33	\$132,808.00	\$52.36	\$65.45	\$78.54
1005	Exempt	Executive Assistant to the City Manager	705M	\$32.09	\$40.11	\$48.14	\$32.90	\$41.12	\$49.35	\$7,127.47	\$85,529.60	\$33.72	\$42.15	\$50.58
139	Exempt	Fire Chief	35E	\$76.41	\$95.51	\$114.62	\$78.32	\$97.90	\$117.48	\$16,969.33	\$203,632.00	\$80.28	\$100.35	\$120.42
163	Exempt	Hearing Officer	480M	\$45.34	\$56.67	\$68.01	\$46.48	\$58.09	\$69.71	\$10,068.93	\$120,827.20	\$47.64	\$59.55	\$71.46
101	Exempt	Human Resources Representative	735P	\$29.08	\$36.34	\$43.61	\$29.80	\$37.25	\$44.70	\$6,456.67	\$77,480.00	\$30.56	\$38.19	\$45.83
90	Exempt	Landscape Architect Park Planner	510M	\$43.16	\$53.94	\$64.73	\$44.24	\$55.29	\$66.35	\$9,583.60	\$115,003.20	\$45.35	\$56.68	\$68.02
2015	Exempt	Legal Fellow	755P	\$37.11	\$46.38	\$55.66	\$38.04	\$47.54	\$57.05	\$8,240.27	\$98,883.20	\$38.99	\$48.73	\$58.48
171	Exempt	Management Analyst	585M	\$39.11	\$48.88	\$58.66	\$40.09	\$50.11	\$60.14	\$8,685.73	\$104,228.80	\$41.10	\$51.37	\$61.65
79	Exempt	Manager Accounting	235D	\$50.72	\$63.39	\$76.07	\$51.99	\$64.98	\$77.98	\$11,263.20	\$135,158.40	\$53.29	\$66.61	\$79.94
2007	Exempt	Manager Airport	210D	\$55.59	\$69.48	\$83.38	\$56.98	\$71.22	\$85.47	\$12,344.80	\$148,137.60	\$58.41	\$73.01	\$87.62
2023	Exempt	Manager Budget	360M	\$53.84	\$67.29	\$80.75	\$55.19	\$68.98	\$82.78	\$11,956.53	\$143,478.40	\$56.57	\$70.71	\$84.86
38	Exempt	Manager Communications	525M	\$42.11	\$52.63	\$63.16	\$43.16	\$53.95	\$64.74	\$9,351.33	\$112,216.00	\$44.24	\$55.30	\$66.36
154	Exempt	Manager Community Services	630M	\$37.21	\$46.51	\$55.82	\$38.15	\$47.68	\$57.22	\$8,264.53	\$99,174.40	\$39.11	\$48.88	\$58.66
169	Exempt	Manager Community Services Sr Program	585M	\$39.11	\$48.88	\$58.66	\$40.09	\$50.11	\$60.14	\$8,685.73	\$104,228.80	\$41.10	\$51.37	\$61.65
1013	Exempt	Manager Development Center	495M	\$44.24	\$55.29	\$66.35	\$45.35	\$56.68	\$68.02	\$9,824.53	\$117,894.40	\$46.48	\$58.10	\$69.72
63	Exempt	Manager Economic Development	220D	\$53.61	\$67.01	\$80.42	\$54.96	\$68.69	\$82.43	\$11,906.27	\$142,875.20	\$56.33	\$70.41	\$84.50
44	Exempt	Manager Employee Benefits	450M	\$45.81	\$57.26	\$68.72	\$46.96	\$58.70	\$70.44	\$10,174.67	\$122,096.00	\$48.14	\$60.17	\$72.21
45	Exempt	Manager Employee Relations & Training	235D	\$50.72	\$63.39	\$76.07	\$51.99	\$64.98	\$77.98	\$11,263.20	\$135,158.40	\$53.29	\$66.61	\$79.94
93	Exempt	Manager Environmental Control Program	419M	\$46.91	\$58.63	\$70.36	\$48.08	\$60.10	\$72.12	\$10,417.33	\$125,008.00	\$49.29	\$61.61	\$73.94
1116	Exempt	Manager Facilities	445M	\$46.50	\$58.12	\$69.75	\$47.67	\$59.58	\$71.50	\$10,327.20	\$123,926.40	\$48.86	\$61.07	\$73.29
127	Exempt	Manager Fleet	255D	\$46.97	\$58.71	\$70.46	\$48.15	\$60.18	\$72.22	\$10,431.20	\$125,174.40	\$49.36	\$61.69	\$74.03
2018	Exempt	Manager Human Services	540M	\$41.08	\$51.35	\$61.62	\$42.12	\$52.64	\$63.17	\$9,124.27	\$109,491.20	\$43.17	\$53.96	\$64.76
32	Exempt	Manager Information Technology	230D	\$51.85	\$64.81	\$77.78	\$53.16	\$66.44	\$79.73	\$11,516.27	\$138,195.20	\$54.49	\$68.11	\$81.74
2006	Exempt	Manager Information Technology Security	230D	\$51.85	\$64.81	\$77.78	\$53.16	\$66.44	\$79.73	\$11,516.27	\$138,195.20	\$54.49	\$68.11	\$81.74
158	Exempt	Manager Laboratory Services	495M	\$44.24	\$55.29	\$66.35	\$45.35	\$56.68	\$68.02	\$9,824.53	\$117,894.40	\$46.48	\$58.10	\$69.72
78	Exempt	Manager Library Services	565M	\$38.61	\$48.26	\$57.92	\$39.58	\$49.47	\$59.37	\$8,574.80	\$102,897.60	\$40.57	\$50.71	\$60.86
92	Exempt	Manager Maintenance Operations	469M	\$43.33	\$54.16	\$65.00	\$44.42	\$55.52	\$66.63	\$9,623.47	\$115,481.60	\$45.53	\$56.91	\$68.30
26	Exempt	Manager Transportation Planning	345M	\$50.71	\$63.38	\$76.06	\$51.98	\$64.97	\$77.97	\$11,261.47	\$135,137.60	\$53.28	\$66.60	\$79.92
51	Exempt	Manager Planning	415M	\$46.96	\$58.70	\$70.44	\$48.14	\$60.17	\$72.21	\$10,429.47	\$125,153.60	\$49.35	\$61.68	\$74.02
103	Exempt	Manager Real Property	235D	\$50.72	\$63.39	\$76.07	\$51.99	\$64.98	\$77.98	\$11,263.20	\$135,158.40	\$53.29	\$66.61	\$79.94
2011	Exempt	Manager Revenue Collections	250D	\$47.64	\$59.55	\$71.46	\$48.84	\$61.04	\$73.25	\$10,580.27	\$126,963.20	\$50.06	\$62.57	\$75.09
160	Exempt	Manager Solid Waste	330M	\$51.30	\$64.12	\$76.95	\$52.59	\$65.73	\$78.88	\$11,393.20	\$136,718.40	\$53.91	\$67.38	\$80.86
57	Exempt	Manager Treasury, Debt & Investments	235D	\$50.72	\$63.39	\$76.07	\$51.99	\$64.98	\$77.98	\$11,263.20	\$135,158.40	\$53.29	\$66.61	\$79.94
86	Exempt	Manager Urban Forestry	436M	\$45.50	\$56.87	\$68.25	\$46.64	\$58.30	\$69.96	\$10,105.33	\$121,264.00	\$47.81	\$59.76	\$71.72
178	Exempt	Manager Water Quality Control Plant	205D	\$57.08	\$71.34	\$85.61	\$58.51	\$73.13	\$87.76	\$12,675.87	\$152,110.40	\$59.97	\$74.96	\$89.96
39	Exempt	Manager Watershed Protection	330M	\$51.30	\$64.12	\$76.95	\$52.59	\$65.73	\$78.88	\$11,393.20	\$136,718.40	\$53.91	\$67.38	\$80.86
1008	Exempt	Office of Emergency Services Coordinator	525M	\$42.11	\$52.63	\$63.16	\$43.16	\$53.95	\$64.74	\$9,351.33	\$112,216.00	\$44.24	\$55.30	\$66.36
2024	Exempt	Performance Auditor I	750P	\$28.37	\$35.46	\$42.56	\$29.08	\$36.35	\$43.62	\$6,300.67	\$75,608.00	\$29.81	\$37.26	\$44.72

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Job Code	FLSA Status	Classifications	Grade Codes	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate	Mid-Point Monthly Salary	Mid-Point Annual Salary	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate
100	Exempt	Performance Auditor II	585M	\$39.11	\$48.88	\$58.66	\$40.09	\$50.11	\$60.14	\$8,685.73	\$104,228.80	\$41.10	\$51.37	\$61.65
148	Exempt	Police Chief	15E	\$84.96	\$106.19	\$127.43	\$87.08	\$108.85	\$130.62	\$18,867.33	\$226,408.00	\$89.27	\$111.58	\$133.90
2021	Exempt	Principal-Chief Assistant City Attorney	101A	\$77.36	\$96.70	\$116.04	\$79.30	\$99.12	\$118.95	\$17,180.80	\$206,169.60	\$81.28	\$101.60	\$121.92
2016	Exempt	Principal Business Analyst	310M	\$54.06	\$67.57	\$81.09	\$55.41	\$69.26	\$83.12	\$12,005.07	\$144,060.80	\$56.80	\$71.00	\$85.20
TBD	Exempt	Principal Planner	469M	NA	NA	NA	\$44.42	\$55.52	\$66.63	\$9,623.47	\$115,481.60	\$45.53	\$56.91	\$68.30
2003	Exempt	Principal Management Analyst	360M	\$53.84	\$67.29	\$80.75	\$55.19	\$68.98	\$82.78	\$11,956.53	\$143,478.40	\$56.57	\$70.71	\$84.86
2009	Exempt	Project Manager	570M	\$39.36	\$49.20	\$59.04	\$40.35	\$50.43	\$60.52	\$8,741.20	\$104,894.40	\$41.36	\$51.70	\$62.04
2012	Exempt	Public Safety Communications Manager	495M	\$44.24	\$55.29	\$66.35	\$45.35	\$56.68	\$68.02	\$9,824.53	\$117,894.40	\$46.48	\$58.10	\$69.72
166	Exempt	Public Safety Program Manager	585M	\$39.11	\$48.88	\$58.66	\$40.09	\$50.11	\$60.14	\$8,685.73	\$104,228.80	\$41.10	\$51.37	\$61.65
117	Exempt	Senior Accountant	555M	\$40.08	\$50.10	\$60.12	\$41.09	\$51.36	\$61.64	\$8,902.40	\$106,828.80	\$42.12	\$52.65	\$63.18
452	Exempt	Senior Assistant City Attorney	495A	\$70.33	\$87.91	\$105.50	\$72.09	\$90.11	\$108.14	\$15,619.07	\$187,428.80	\$73.90	\$92.37	\$110.85
2013	Exempt	Senior Business Analyst - M	420M	\$47.01	\$58.76	\$70.52	\$48.19	\$60.23	\$72.28	\$10,439.87	\$125,278.40	\$49.40	\$61.74	\$74.09
187	Exempt	Senior Engineer	300M	\$53.90	\$67.37	\$80.85	\$55.25	\$69.06	\$82.88	\$11,970.40	\$143,644.80	\$56.64	\$70.79	\$84.95
106	Exempt	Senior Executive Assistant	450M	\$45.81	\$57.26	\$68.72	\$46.96	\$58.70	\$70.44	\$10,174.67	\$122,096.00	\$48.14	\$60.17	\$72.21
157	Exempt	Senior Human Resources Administrator	545M	\$39.93	\$49.91	\$59.90	\$40.93	\$51.16	\$61.40	\$8,867.73	\$106,412.80	\$41.96	\$52.44	\$62.93
14	Exempt	Senior Management Analyst	465M	\$45.77	\$57.21	\$68.66	\$46.92	\$58.65	\$70.38	\$10,166.00	\$121,992.00	\$48.10	\$60.12	\$72.15
130	Exempt	Senior Performance Auditor	510M	\$43.16	\$53.94	\$64.73	\$44.24	\$55.29	\$66.35	\$9,583.60	\$115,003.20	\$45.35	\$56.68	\$68.02
53	Exempt	Senior Project Manager	300M	\$53.90	\$67.37	\$80.85	\$55.25	\$69.06	\$82.88	\$11,970.40	\$143,644.80	\$56.64	\$70.79	\$84.95
33	Exempt	Senior Technologist	420M	\$47.01	\$58.76	\$70.52	\$48.19	\$60.23	\$72.28	\$10,439.87	\$125,278.40	\$49.40	\$61.74	\$74.09
155	Exempt	Superintendent Animal Services	540M	\$41.08	\$51.35	\$61.62	\$42.12	\$52.64	\$63.17	\$9,124.27	\$109,491.20	\$43.17	\$53.96	\$64.76
83	Exempt	Superintendent Community Services	480M	\$45.34	\$56.67	\$68.01	\$46.48	\$58.09	\$69.71	\$10,068.93	\$120,827.20	\$47.64	\$59.55	\$71.46
1117	Exempt	Superintendent Recreation	480M	\$45.34	\$56.67	\$68.01	\$46.48	\$58.09	\$69.71	\$10,068.93	\$120,827.20	\$47.64	\$59.55	\$71.46
2022	Exempt	Supervising Librarian	675M	\$33.07	\$41.33	\$49.60	\$33.90	\$42.37	\$50.85	\$7,344.13	\$88,129.60	\$34.75	\$43.43	\$52.12
161	Exempt	Supervisor Facilities Management	600M	\$38.24	\$47.79	\$57.35	\$39.20	\$48.99	\$58.79	\$8,491.60	\$101,899.20	\$40.18	\$50.22	\$60.27
113	Exempt	Supervisor Inspection and Surveying	540M	\$41.08	\$51.35	\$61.62	\$42.12	\$52.64	\$63.17	\$9,124.27	\$109,491.20	\$43.17	\$53.96	\$64.76
146	Exempt	Supervisor Warehouse	660M	\$34.56	\$43.19	\$51.83	\$35.42	\$44.27	\$53.13	\$7,673.47	\$92,081.60	\$36.31	\$45.38	\$54.46
181	Exempt	Supervisor Water Quality Control Operations	525M	\$42.11	\$52.63	\$63.16	\$43.16	\$53.95	\$64.74	\$9,351.33	\$112,216.00	\$44.24	\$55.30	\$66.36
2027	Exempt	Utilities Chief Operating Officer	60E	\$70.84	\$88.54	\$106.25	\$72.61	\$90.76	\$108.92	\$15,731.73	\$188,780.80	\$74.43	\$93.03	\$111.64
184	Exempt	Veterinarian	555M	\$40.08	\$50.10	\$60.12	\$41.09	\$51.36	\$61.64	\$8,902.40	\$106,828.80	\$42.12	\$52.65	\$63.18
Confidential Classifications														
Job Code	FLSA Status	Classifications	Grade Codes	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate	Mid-Point Monthly Salary	Mid-Point Annual Salary	Min Hourly Rate	Mid-Point Hourly Rate	Max Hourly Rate
905	Non-Exempt	Human Resources Technician	830C	\$25.08	\$31.34	\$37.61	\$25.71	\$32.13	\$38.56	\$5,569.20	\$66,830.40	\$26.36	\$32.94	\$39.53
903	Non-Exempt	Legal Secretary-Confidential	820C	\$25.70	\$32.12	\$38.55	\$26.35	\$32.93	\$39.52	\$5,707.87	\$68,494.40	\$27.01	\$33.76	\$40.52
67	Exempt	Secretary to City Attorney	800C	\$30.55	\$38.18	\$45.82	\$31.32	\$39.14	\$46.97	\$6,784.27	\$81,411.20	\$32.10	\$40.12	\$48.15
1004	Non-Exempt	Senior Legal Secretary - Confidential	810C	\$28.37	\$35.46	\$42.56	\$29.08	\$36.35	\$43.62	\$6,300.67	\$75,608.00	\$29.81	\$37.26	\$44.72

Attachment O, Exhibit 2

City of Palo Alto SEIU Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
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
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
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
256	non-exempt	Asst Power Engr	1	\$37.25			\$38.54			\$38.72			\$39.89		
			2	\$39.21			\$40.57			\$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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
3400	non-exempt	Business Analyst - S	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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
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
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
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
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
3410	non-exempt	Coor Trans Sys Mgmt - S	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
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
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
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

City of Palo Alto
SEIU Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
3440	non-exempt	Coord Utility Proj - S	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
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
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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
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
3450	non-exempt	Electric Project Engineer - S	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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
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
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
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
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		
			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
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
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
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

City of Palo Alto
SEIU Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
373	non-exempt	Facilities Maint-L	1	\$38.90			\$41.15			\$42.29			\$43.58		
			2	\$40.95			\$43.32			\$44.52			\$45.87		
			3	\$43.11			\$45.60			\$46.86			\$48.28		
			4	\$45.38			\$48.00			\$49.33			\$50.82		
			5	\$47.77	\$8,280.13	\$99,361.60	\$50.53	\$8,758.53	\$105,102.40	\$51.93	\$9,001.20	\$108,014.40	\$53.49	\$9,271.60	\$111,259.20
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
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			\$41.79			\$43.05		
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
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
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
TBD	non-exempt	Assistant Gas Measurement and Control Technician	1	\$30.39			\$32.14			\$33.58			\$34.59		
			2	\$31.99			\$33.83			\$35.35			\$36.41		
			3	\$33.67			\$35.61			\$37.21			\$38.33		
			4	\$35.44			\$37.48			\$39.17			\$40.35		
			5	\$37.31	\$6,467.07	\$77,604.80	\$39.45	\$6,838.00	\$82,056.00	\$41.23	\$7,146.53	\$85,758.40	\$42.47	\$7,361.47	\$88,337.60
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
TBD	non-exempt	Gas Measurement and Control Technician	1	\$31.91			\$33.74			\$33.58			\$36.33		
			2	\$33.59			\$35.52			\$35.35			\$38.24		
			3	\$35.36			\$37.39			\$37.21			\$40.25		
			4	\$37.22			\$39.46			\$39.17			\$42.37		
			5	\$39.18	\$6,791.20	\$81,494.40	\$41.43	\$7,181.20	\$86,174.40	\$43.30	\$7,505.33	\$90,064.00	\$44.60	\$7,730.67	\$92,768.00
TBD	non-exempt	Assistant Gas and Water Measurement and Control Technician	1	\$31.91			\$33.74			\$35.27			\$36.33		
			2	\$33.59			\$35.52			\$37.13			\$38.24		
			3	\$35.36			\$37.39			\$39.08			\$40.25		
			4	\$37.22			\$39.36			\$41.14			\$42.37		
			5	\$39.18	\$6,791.20	\$81,494.40	\$41.43	\$7,181.20	\$86,174.40	\$43.30	\$7,505.33	\$90,064.00	\$44.60	\$7,730.67	\$92,768.00

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
TBD	non-exempt	Gas and Water Measurement and Control Tech	1	\$30.39			\$32.14			\$37.04			\$38.16		
			2	\$31.99			\$33.83			\$38.99			\$40.17		
			3	\$33.67			\$35.61			\$41.04			\$42.28		
			4	\$35.44			\$37.48			\$43.20			\$44.50		
			5	\$37.31	\$6,467.07	\$77,604.80	\$39.45	\$6,838.00	\$82,056.00	\$45.47	\$7,881.47	\$94,577.60	\$46.84	\$8,118.93	\$97,427.20
TBD	non-exempt	Gas and Water Measurement and Control Tech - Lead	1	-	-	-	-	-	-	\$39.63			\$40.82		
			2	-	-	-	-	-	-	\$41.72			\$42.97		
			3	-	-	-	-	-	-	\$43.92			\$45.23		
			4	-	-	-	-	-	-	\$46.23			\$47.61		
			5	-	-	-	-	-	-	\$48.66	\$8,434.40	\$101,212.80	\$50.12	\$8,687.47	\$104,249.60
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
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
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
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
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
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
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
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

City of Palo Alto
SEIU Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
3460	non-exempt	Management Assistant - S	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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
543	non-exempt	Overhead Underground Troubleman	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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
3480	non-exempt	Payroll Analyst - S	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
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
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
3470	non-exempt	Planning Arborist - S	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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				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
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
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
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
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
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
3490	non-exempt	Project Engineer - S	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
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
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		

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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		
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		
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
366	non-exempt	Restoration Lead	1	\$33.71			\$35.60			\$36.55			\$37.64		
			2	\$35.48			\$37.47			\$38.47			\$39.62		
			3	\$37.35			\$39.44			\$40.49			\$41.71		
			4	\$39.32			\$41.52			\$42.62			\$43.90		
			5	\$41.39	\$7,174.27	\$86,091.20	\$43.71	\$7,576.40	\$90,916.80	\$44.86	\$7,775.73	\$93,308.80	\$46.21	\$8,009.73	\$96,116.80
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
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
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
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
3600	non-exempt	Sr Buyer - S	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
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

City of Palo Alto
SEIU Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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	\$106,059.28
544	non-exempt	Sr Industrial Waste Investigator	1	\$38.05			\$39.75			\$43.11			\$44.40		
			2	\$40.05			\$41.84			\$45.38			\$46.74		
			3	\$42.16			\$44.04			\$47.77			\$49.20		
			4	\$44.38			\$46.36			\$50.28			\$51.79		
			5	\$46.72	\$8,098.13	\$97,177.60	\$48.80	\$8,458.67	\$101,504.00	\$52.93	\$9,174.53	\$110,094.40	\$54.52	\$9,450.13	\$113,401.60
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
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
504	non-exempt	Sr. Mech	1	\$37.13			\$38.24			\$39.03			\$40.20		
			2	\$39.08			\$40.25			\$41.08			\$42.32		
			3	\$41.14			\$42.37			\$43.24			\$44.55		
			4	\$43.30			\$44.60			\$45.52			\$46.89		
			5	\$45.58	\$7,900.53	\$94,806.40	\$46.95	\$8,138.00	\$97,656.00	\$47.92	\$8,306.13	\$99,673.60	\$49.36	\$8,555.73	\$102,668.80
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
3610	non-exempt	Sr Mkt Analyst - S	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
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
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
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
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

City of Palo Alto
SEIU Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
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
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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salaray Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				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
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
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
3620	non-exempt	Technologist - S	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
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
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
412	non-exempt	Traf Cont Maint li	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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				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
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
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
272	non-exempt	Util Comp Tech	1	\$41.31			\$43.19			\$45.45			\$46.83		
			2	\$43.48			\$45.46			\$47.84			\$49.29		
			3	\$45.77			\$47.85			\$50.36			\$51.88		
			4	\$48.18			\$50.37			\$53.01			\$54.61		
			5	\$50.72	\$8,791.47	\$105,497.60	\$53.02	\$9,190.13	\$110,281.60	\$55.80	\$9,672.00	\$116,064.00	\$57.48	\$9,963.20	\$119,558.40
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
273	non-exempt	Util Comp Tech-L	1	\$44.19			\$46.20			\$48.63			\$50.09		
			2	\$46.52			\$48.63			\$51.19			\$52.73		
			3	\$48.97			\$51.19			\$53.88			\$55.51		
			4	\$51.55			\$53.88			\$56.72			\$58.43		
			5	\$54.26	\$9,405.07	\$112,860.80	\$56.72	\$9,831.47	\$117,977.60	\$59.71	\$10,349.73	\$124,196.80	\$61.51	\$10,661.73	\$127,940.80
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
3630	non-exempt	Util Key Acct Rep -S	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
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
215	non-exempt	Util Marketing Program Admin	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
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
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
322	non-exempt	Util Syst Oper in Training	1	\$45.54			\$47.60			\$48.35			\$49.80		
			2	\$47.94			\$50.11			\$50.89			\$52.42		
			3	\$50.46			\$52.75			\$53.57			\$55.18		
			4	\$53.12			\$55.53			\$56.39			\$58.08		
			5	\$55.92	\$9,692.80	\$116,313.60	\$58.45	\$10,131.33	\$121,576.00	\$59.36	\$10,289.07	\$123,468.80	\$61.14	\$10,597.60	\$127,171.20
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

City of Palo Alto
SEIU Salary Schedule

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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
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
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
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
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
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
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
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
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

**City of Palo Alto
SEIU Salary Schedule**

Job Code	FLSA	Job Title	Steps	Salary Effective 4/16/2016 (PP09:2016)			Salary Effective 12/10/2016 (PP26:2016)			Salary Effective 7/08/2017 (PP15:2017)			Salary Effective 12/9/2017 (PP26:2017)		
				Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual	Rate	Approx. Monthly	Approx. Annual
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

Attachment O, Exhibit 3

Limited Hourly 2014-2017 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 1st PP following Council Approval		Salary Effective 07/01/2015		Salary Effective 01/01/2016		Salary Effective 07/01/2016		Salary Effective 07/01/2016	
			Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate
910	Non-exempt	Administrative Specialist I	Step 1	\$21.38	Step 1	\$21.80	Step 1	\$21.80	Step 1	\$22.24	Step 1	\$22.24
			Step 2	\$22.50	Step 2	\$22.95	Step 2	\$22.95	Step 2	\$23.41	Step 2	\$23.41
			Step 3	\$23.68	Step 3	\$24.16	Step 3	\$24.16	Step 3	\$24.64	Step 3	\$24.64
			Step 4	\$24.93	Step 4	\$25.43	Step 4	\$25.43	Step 4	\$25.94	Step 4	\$25.94
			Step 5	\$26.24	Step 5	\$26.77	Step 5	\$26.77	Step 5	\$27.31	Step 5	\$27.31
913	Non-exempt	Administrative Specialist II	Step 1	\$25.52	Step 1	\$26.03	Step 1	\$26.03	Step 1	\$26.55	Step 1	\$26.55
			Step 2	\$26.86	Step 2	\$27.40	Step 2	\$27.40	Step 2	\$27.95	Step 2	\$27.95
			Step 3	\$28.27	Step 3	\$28.84	Step 3	\$28.84	Step 3	\$29.42	Step 3	\$29.42
			Step 4	\$29.76	Step 4	\$30.36	Step 4	\$30.36	Step 4	\$30.97	Step 4	\$30.97
			Step 5	\$31.33	Step 5	\$31.96	Step 5	\$31.96	Step 5	\$32.60	Step 5	\$32.60
915	Non-exempt	Assistant Park Ranger	Step 1	\$21.38	Step 1	\$21.80	Step 1	\$21.80	Step 1	\$22.24	Step 1	\$22.24
			Step 2	\$22.50	Step 2	\$22.95	Step 2	\$22.95	Step 2	\$23.41	Step 2	\$23.41
			Step 3	\$23.68	Step 3	\$24.16	Step 3	\$24.16	Step 3	\$24.64	Step 3	\$24.64
			Step 4	\$24.93	Step 4	\$25.43	Step 4	\$25.43	Step 4	\$25.94	Step 4	\$25.94
			Step 5	\$26.24	Step 5	\$26.77	Step 5	\$26.77	Step 5	\$27.31	Step 5	\$27.31
916	Non-exempt	Building Serviceperson	Step 1	\$19.74	Step 1	\$20.13	Step 1	\$20.13	Step 1	\$20.54	Step 1	\$20.54
			Step 2	\$20.78	Step 2	\$21.19	Step 2	\$21.19	Step 2	\$21.62	Step 2	\$21.62
			Step 3	\$21.87	Step 3	\$22.31	Step 3	\$22.31	Step 3	\$22.76	Step 3	\$22.76
			Step 4	\$23.02	Step 4	\$23.48	Step 4	\$23.48	Step 4	\$23.96	Step 4	\$23.96
			Step 5	\$24.23	Step 5	\$24.72	Step 5	\$24.72	Step 5	\$25.22	Step 5	\$25.22
917	Non-exempt	Clerical Assistant	Step 1	\$17.31	Step 1	\$17.66	Step 1	\$17.66	Step 1	\$18.01	Step 1	\$18.01
			Step 2	\$18.22	Step 2	\$18.59	Step 2	\$18.59	Step 2	\$18.96	Step 2	\$18.96
			Step 3	\$19.18	Step 3	\$19.57	Step 3	\$19.57	Step 3	\$19.96	Step 3	\$19.96
			Step 4	\$20.19	Step 4	\$20.60	Step 4	\$20.60	Step 4	\$21.01	Step 4	\$21.01
			Step 5	\$21.25	Step 5	\$21.68	Step 5	\$21.68	Step 5	\$22.12	Step 5	\$22.12
918	Non-exempt	Custodial Aide	Step 1	\$13.98	Step 1	\$14.27	Step 1	\$14.27	Step 1	\$14.56	Step 1	\$14.56
			Step 2	\$14.72	Step 2	\$15.02	Step 2	\$15.02	Step 2	\$15.33	Step 2	\$15.33
			Step 3	\$15.49	Step 3	\$15.81	Step 3	\$15.81	Step 3	\$16.14	Step 3	\$16.14
			Step 4	\$16.31	Step 4	\$16.64	Step 4	\$16.64	Step 4	\$16.99	Step 4	\$16.99
			Step 5	\$17.17	Step 5	\$17.52	Step 5	\$17.52	Step 5	\$17.88	Step 5	\$17.88

Limited Hourly 2014-2017 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 1st PP following Council Approval		Salary Effective 07/01/2015		Salary Effective 01/01/2016		Salary Effective 07/01/2016		Salary Effective 07/01/2016	
			Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate
919	Non-exempt	Custodial Assistant	Step 1	\$16.36	Step 1	\$16.70	Step 1	\$16.70	Step 1	\$17.03	Step 1	\$17.03
			Step 2	\$17.22	Step 2	\$17.58	Step 2	\$17.58	Step 2	\$17.93	Step 2	\$17.93
			Step 3	\$18.13	Step 3	\$18.50	Step 3	\$18.50	Step 3	\$18.87	Step 3	\$18.87
			Step 4	\$19.08	Step 4	\$19.47	Step 4	\$19.47	Step 4	\$19.86	Step 4	\$19.86
			Step 5	\$20.08	Step 5	\$20.49	Step 5	\$20.49	Step 5	\$20.90	Step 5	\$20.90
920	Non-exempt	House Manager	Step 1	\$16.08	Step 1	\$16.41	Step 1	\$16.41	Step 1	\$16.74	Step 1	\$16.74
			Step 2	\$16.93	Step 2	\$17.27	Step 2	\$17.27	Step 2	\$17.62	Step 2	\$17.62
			Step 3	\$17.82	Step 3	\$18.18	Step 3	\$18.18	Step 3	\$18.55	Step 3	\$18.55
			Step 4	\$18.76	Step 4	\$19.14	Step 4	\$19.14	Step 4	\$19.53	Step 4	\$19.53
			Step 5	\$19.75	Step 5	\$20.15	Step 5	\$20.15	Step 5	\$20.56	Step 5	\$20.56
921	Non-exempt	Instructor Aide	Step 1	\$9.69	Step 1	\$9.89	Step 1	\$11.00	Step 1	\$11.24	Step 1	\$12.00
			Step 2	\$10.20	Step 2	\$10.41	Step 2	\$11.58	Step 2	\$11.83	Step 2	\$12.63
			Step 3	\$10.74	Step 3	\$10.96	Step 3	\$12.19	Step 3	\$12.45	Step 3	\$13.29
			Step 4	\$11.31	Step 4	\$11.54	Step 4	\$12.83	Step 4	\$13.10	Step 4	\$13.99
			Step 5	\$11.91	Step 5	\$12.15	Step 5	\$13.51	Step 5	\$13.79	Step 5	\$14.73
922	Non-exempt	Instructor I	Step 1	\$20.20	Step 1	\$20.62	Step 1	\$20.62	Step 1	\$21.02	Step 1	\$21.02
			Step 2	\$21.26	Step 2	\$21.70	Step 2	\$21.70	Step 2	\$22.13	Step 2	\$22.13
			Step 3	\$22.38	Step 3	\$22.84	Step 3	\$22.84	Step 3	\$23.29	Step 3	\$23.29
			Step 4	\$23.56	Step 4	\$24.04	Step 4	\$24.04	Step 4	\$24.52	Step 4	\$24.52
			Step 5	\$24.80	Step 5	\$25.30	Step 5	\$25.30	Step 5	\$25.81	Step 5	\$25.81
923	Non-exempt	Instructor II	Step 1	\$24.61	Step 1	\$25.10	Step 1	\$25.10	Step 1	\$25.60	Step 1	\$25.60
			Step 2	\$25.90	Step 2	\$26.42	Step 2	\$26.42	Step 2	\$26.95	Step 2	\$26.95
			Step 3	\$27.26	Step 3	\$27.81	Step 3	\$27.81	Step 3	\$28.37	Step 3	\$28.37
			Step 4	\$28.69	Step 4	\$29.27	Step 4	\$29.27	Step 4	\$29.86	Step 4	\$29.86
			Step 5	\$30.20	Step 5	\$30.81	Step 5	\$30.81	Step 5	\$31.43	Step 5	\$31.43
982	Non-exempt	Instructor III	Step 1	\$28.31	Step 1	\$28.89	Step 1	\$28.89	Step 1	\$29.46	Step 1	\$29.46
			Step 2	\$29.80	Step 2	\$30.41	Step 2	\$30.41	Step 2	\$31.01	Step 2	\$31.01
			Step 3	\$31.37	Step 3	\$32.01	Step 3	\$32.01	Step 3	\$32.64	Step 3	\$32.64
			Step 4	\$33.02	Step 4	\$33.69	Step 4	\$33.69	Step 4	\$34.36	Step 4	\$34.36
			Step 5	\$34.76	Step 5	\$35.46	Step 5	\$35.46	Step 5	\$36.17	Step 5	\$36.17

Limited Hourly 2014-2017 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 1st PP following Council Approval		Salary Effective 07/01/2015		Salary Effective 01/01/2016		Salary Effective 07/01/2016		Salary Effective 07/01/2016	
			Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate
924	Non-exempt	Librarian	Step 1	\$25.98	Step 1	\$26.50	Step 1	\$26.50	Step 1	\$27.03	Step 1	\$27.03
			Step 2	\$27.35	Step 2	\$27.89	Step 2	\$27.89	Step 2	\$28.45	Step 2	\$28.45
			Step 3	\$28.79	Step 3	\$29.36	Step 3	\$29.36	Step 3	\$29.95	Step 3	\$29.95
			Step 4	\$30.30	Step 4	\$30.90	Step 4	\$30.90	Step 4	\$31.53	Step 4	\$31.53
			Step 5	\$31.89	Step 5	\$32.53	Step 5	\$32.53	Step 5	\$33.19	Step 5	\$33.19
925	Non-exempt	Library Clerk	Step 1	\$19.33	Step 1	\$19.73	Step 1	\$19.73	Step 1	\$20.13	Step 1	\$20.13
			Step 2	\$20.35	Step 2	\$20.77	Step 2	\$20.77	Step 2	\$21.19	Step 2	\$21.19
			Step 3	\$21.42	Step 3	\$21.86	Step 3	\$21.86	Step 3	\$22.30	Step 3	\$22.30
			Step 4	\$22.55	Step 4	\$23.01	Step 4	\$23.01	Step 4	\$23.47	Step 4	\$23.47
			Step 5	\$23.74	Step 5	\$24.22	Step 5	\$24.22	Step 5	\$24.71	Step 5	\$24.71
930	Non-exempt	Library Page	Step 1	\$11.85	Step 1	\$12.09	Step 1	\$12.09	Step 1	\$12.34	Step 1	\$12.34
			Step 2	\$12.47	Step 2	\$12.73	Step 2	\$12.73	Step 2	\$12.99	Step 2	\$12.99
			Step 3	\$13.13	Step 3	\$13.40	Step 3	\$13.40	Step 3	\$13.67	Step 3	\$13.67
			Step 4	\$13.82	Step 4	\$14.11	Step 4	\$14.11	Step 4	\$14.39	Step 4	\$14.39
			Step 5	\$14.55	Step 5	\$14.85	Step 5	\$14.85	Step 5	\$15.15	Step 5	\$15.15
935	Non-exempt	Maintenance Assistant	Step 1	\$15.56	Step 1	\$15.87	Step 1	\$15.87	Step 1	\$16.20	Step 1	\$16.20
			Step 2	\$16.38	Step 2	\$16.71	Step 2	\$16.71	Step 2	\$17.05	Step 2	\$17.05
			Step 3	\$17.24	Step 3	\$17.59	Step 3	\$17.59	Step 3	\$17.95	Step 3	\$17.95
			Step 4	\$18.15	Step 4	\$18.52	Step 4	\$18.52	Step 4	\$18.89	Step 4	\$18.89
			Step 5	\$19.10	Step 5	\$19.49	Step 5	\$19.49	Step 5	\$19.88	Step 5	\$19.88
936	Non-exempt	Open Space Technician	Step 1	\$15.56	Step 1	\$15.87	Step 1	\$15.87	Step 1	\$16.20	Step 1	\$16.20
			Step 2	\$16.38	Step 2	\$16.71	Step 2	\$16.71	Step 2	\$17.05	Step 2	\$17.05
			Step 3	\$17.24	Step 3	\$17.59	Step 3	\$17.59	Step 3	\$17.95	Step 3	\$17.95
			Step 4	\$18.15	Step 4	\$18.52	Step 4	\$18.52	Step 4	\$18.89	Step 4	\$18.89
			Step 5	\$19.10	Step 5	\$19.49	Step 5	\$19.49	Step 5	\$19.88	Step 5	\$19.88
937	Non-exempt	Print Shop Assistant	Step 1	\$19.33	Step 1	\$19.73	Step 1	\$19.73	Step 1	\$20.13	Step 1	\$20.13
			Step 2	\$20.35	Step 2	\$20.77	Step 2	\$20.77	Step 2	\$21.19	Step 2	\$21.19
			Step 3	\$21.42	Step 3	\$21.86	Step 3	\$21.86	Step 3	\$22.30	Step 3	\$22.30
			Step 4	\$22.55	Step 4	\$23.01	Step 4	\$23.01	Step 4	\$23.47	Step 4	\$23.47
			Step 5	\$23.74	Step 5	\$24.22	Step 5	\$24.22	Step 5	\$24.71	Step 5	\$24.71

Limited Hourly 2014-2017 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 1st PP following Council Approval		Salary Effective 07/01/2015		Salary Effective 01/01/2016		Salary Effective 07/01/2016		Salary Effective 07/01/2016	
			Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate
938	Non-exempt	Project Construction Inspector	Step 1	\$27.98	Step 1	\$28.55	Step 1	\$28.55	Step 1	\$29.12	Step 1	\$29.12
			Step 2	\$29.45	Step 2	\$30.05	Step 2	\$30.05	Step 2	\$30.65	Step 2	\$30.65
			Step 3	\$31.00	Step 3	\$31.63	Step 3	\$31.63	Step 3	\$32.26	Step 3	\$32.26
			Step 4	\$32.63	Step 4	\$33.29	Step 4	\$33.29	Step 4	\$33.96	Step 4	\$33.96
			Step 5	\$34.35	Step 5	\$35.04	Step 5	\$35.04	Step 5	\$35.75	Step 5	\$35.75
939	Non-exempt	Project Specialist	Step 1	\$21.38	Step 1	\$21.80	Step 1	\$21.80	Step 1	\$22.24	Step 1	\$22.24
			Step 2	\$22.50	Step 2	\$22.95	Step 2	\$22.95	Step 2	\$23.41	Step 2	\$23.41
			Step 3	\$23.68	Step 3	\$24.16	Step 3	\$24.16	Step 3	\$24.64	Step 3	\$24.64
			Step 4	\$24.93	Step 4	\$25.43	Step 4	\$25.43	Step 4	\$25.94	Step 4	\$25.94
			Step 5	\$26.24	Step 5	\$26.77	Step 5	\$26.77	Step 5	\$27.31	Step 5	\$27.31
940	Non-exempt	Recreation Aide	Step 1	\$9.69	Step 1	\$9.89	Step 1	\$11.00	Step 1	\$11.24	Step 1	\$12.00
			Step 2	\$10.20	Step 2	\$10.41	Step 2	\$11.58	Step 2	\$11.83	Step 2	\$12.63
			Step 3	\$10.74	Step 3	\$10.96	Step 3	\$12.19	Step 3	\$12.45	Step 3	\$13.29
			Step 4	\$11.31	Step 4	\$11.54	Step 4	\$12.83	Step 4	\$13.10	Step 4	\$13.99
			Step 5	\$11.91	Step 5	\$12.15	Step 5	\$13.51	Step 5	\$13.79	Step 5	\$14.73
941	Non-exempt	Recreation Leader I	Step 1	\$9.69	Step 1	\$9.89	Step 1	\$11.00	Step 1	\$11.24	Step 1	\$12.00
			Step 2	\$10.20	Step 2	\$10.41	Step 2	\$11.58	Step 2	\$11.83	Step 2	\$12.63
			Step 3	\$10.74	Step 3	\$10.96	Step 3	\$12.19	Step 3	\$12.45	Step 3	\$13.29
			Step 4	\$11.31	Step 4	\$11.54	Step 4	\$12.83	Step 4	\$13.10	Step 4	\$13.99
			Step 5	\$11.91	Step 5	\$12.15	Step 5	\$13.51	Step 5	\$13.79	Step 5	\$14.73
942	Non-exempt	Recreation Leader II	Step 1	\$13.12	Step 1	\$13.39	Step 1	\$13.39	Step 1	\$13.64	Step 1	\$13.64
			Step 2	\$13.81	Step 2	\$14.09	Step 2	\$14.09	Step 2	\$14.36	Step 2	\$14.36
			Step 3	\$14.54	Step 3	\$14.83	Step 3	\$14.83	Step 3	\$15.12	Step 3	\$15.12
			Step 4	\$15.30	Step 4	\$15.61	Step 4	\$15.61	Step 4	\$15.92	Step 4	\$15.92
			Step 5	\$16.10	Step 5	\$16.43	Step 5	\$16.43	Step 5	\$16.76	Step 5	\$16.76
943	Non-exempt	Recreation Leader III	Step 1	\$16.32	Step 1	\$16.65	Step 1	\$16.65	Step 1	\$16.99	Step 1	\$16.99
			Step 2	\$17.18	Step 2	\$17.53	Step 2	\$17.53	Step 2	\$17.88	Step 2	\$17.88
			Step 3	\$18.08	Step 3	\$18.45	Step 3	\$18.45	Step 3	\$18.82	Step 3	\$18.82
			Step 4	\$19.03	Step 4	\$19.42	Step 4	\$19.42	Step 4	\$19.81	Step 4	\$19.81
			Step 5	\$20.03	Step 5	\$20.44	Step 5	\$20.44	Step 5	\$20.85	Step 5	\$20.85

Limited Hourly 2014-2017 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 1st PP following Council Approval		Salary Effective 07/01/2015		Salary Effective 01/01/2016		Salary Effective 07/01/2016		Salary Effective 07/01/2016	
			Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate
948	Non-exempt	Stock Clerk	Step 1	\$15.48	Step 1	\$15.79	Step 1	\$15.79	Step 1	\$16.10	Step 1	\$16.10
			Step 2	\$16.29	Step 2	\$16.62	Step 2	\$16.62	Step 2	\$16.95	Step 2	\$16.95
			Step 3	\$17.15	Step 3	\$17.49	Step 3	\$17.49	Step 3	\$17.84	Step 3	\$17.84
			Step 4	\$18.05	Step 4	\$18.41	Step 4	\$18.41	Step 4	\$18.78	Step 4	\$18.78
			Step 5	\$19.00	Step 5	\$19.38	Step 5	\$19.38	Step 5	\$19.77	Step 5	\$19.77
949	Non-exempt	Swim Instructor/Lifeguard	Step 1	\$11.06	Step 1	\$11.29	Step 1	\$11.29	Step 1	\$11.50	Step 1	\$12.30
			Step 2	\$11.64	Step 2	\$11.88	Step 2	\$11.88	Step 2	\$12.11	Step 2	\$12.95
			Step 3	\$12.25	Step 3	\$12.50	Step 3	\$12.50	Step 3	\$12.75	Step 3	\$13.63
			Step 4	\$12.89	Step 4	\$13.16	Step 4	\$13.16	Step 4	\$13.42	Step 4	\$14.35
			Step 5	\$13.57	Step 5	\$13.85	Step 5	\$13.85	Step 5	\$14.13	Step 5	\$15.10
950	Non-exempt	Technical Specialist	Step 1	\$17.31	Step 1	\$17.66	Step 1	\$17.66	Step 1	\$18.01	Step 1	\$18.01
			Step 2	\$18.22	Step 2	\$18.59	Step 2	\$18.59	Step 2	\$18.96	Step 2	\$18.96
			Step 3	\$19.18	Step 3	\$19.57	Step 3	\$19.57	Step 3	\$19.96	Step 3	\$19.96
			Step 4	\$20.19	Step 4	\$20.60	Step 4	\$20.60	Step 4	\$21.01	Step 4	\$21.01
			Step 5	\$21.25	Step 5	\$21.68	Step 5	\$21.68	Step 5	\$22.12	Step 5	\$22.12
951	Non-exempt	Arts & Science Professional I	Step 1	\$20.20	Step 1	\$20.62	Step 1	\$20.62	Step 1	\$21.02	Step 1	\$21.02
			Step 2	\$21.26	Step 2	\$21.70	Step 2	\$21.70	Step 2	\$22.13	Step 2	\$22.13
			Step 3	\$22.38	Step 3	\$22.84	Step 3	\$22.84	Step 3	\$23.29	Step 3	\$23.29
			Step 4	\$23.56	Step 4	\$24.04	Step 4	\$24.04	Step 4	\$24.52	Step 4	\$24.52
			Step 5	\$24.80	Step 5	\$25.30	Step 5	\$25.30	Step 5	\$25.81	Step 5	\$25.81
952	Non-exempt	Arts & Science Professional II	Step 1	\$24.61	Step 1	\$25.10	Step 1	\$25.10	Step 1	\$25.60	Step 1	\$25.60
			Step 2	\$25.90	Step 2	\$26.42	Step 2	\$26.42	Step 2	\$26.95	Step 2	\$26.95
			Step 3	\$27.26	Step 3	\$27.81	Step 3	\$27.81	Step 3	\$28.37	Step 3	\$28.37
			Step 4	\$28.69	Step 4	\$29.27	Step 4	\$29.27	Step 4	\$29.86	Step 4	\$29.86
			Step 5	\$30.20	Step 5	\$30.81	Step 5	\$30.81	Step 5	\$31.43	Step 5	\$31.43
983	Non-exempt	Arts & Science Professional III	Step 1	\$28.31	Step 1	\$28.89	Step 1	\$28.89	Step 1	\$29.46	Step 1	\$29.46
			Step 2	\$29.80	Step 2	\$30.41	Step 2	\$30.41	Step 2	\$31.01	Step 2	\$31.01
			Step 3	\$31.37	Step 3	\$32.01	Step 3	\$32.01	Step 3	\$32.64	Step 3	\$32.64
			Step 4	\$33.02	Step 4	\$33.69	Step 4	\$33.69	Step 4	\$34.36	Step 4	\$34.36
			Step 5	\$34.76	Step 5	\$35.46	Step 5	\$35.46	Step 5	\$36.17	Step 5	\$36.17

Limited Hourly 2014-2017 Salary Schedule

Job Code	FLSA	Job Title	Salary Effective 1st PP following Council Approval		Salary Effective 07/01/2015		Salary Effective 01/01/2016		Salary Effective 07/01/2016		Salary Effective 07/01/2016	
			Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate
953	Non-exempt	Arts & Science Technician	Step 1	\$14.35	Step 1	\$14.64	Step 1	\$14.64	Step 1	\$14.92	Step 1	\$14.92
			Step 2	\$15.10	Step 2	\$15.41	Step 2	\$15.41	Step 2	\$15.71	Step 2	\$15.71
			Step 3	\$15.89	Step 3	\$16.22	Step 3	\$16.22	Step 3	\$16.54	Step 3	\$16.54
			Step 4	\$16.73	Step 4	\$17.07	Step 4	\$17.07	Step 4	\$17.41	Step 4	\$17.41
			Step 5	\$17.61	Step 5	\$17.97	Step 5	\$17.97	Step 5	\$18.33	Step 5	\$18.33
954	Non-exempt	Arts & Science Aide	Step 1	\$9.47	Step 1	\$9.66	Step 1	\$11.00	Step 1	\$11.24	Step 1	\$12.00
			Step 2	\$9.97	Step 2	\$10.17	Step 2	\$11.58	Step 2	\$11.83	Step 2	\$12.63
			Step 3	\$10.49	Step 3	\$10.71	Step 3	\$12.19	Step 3	\$12.45	Step 3	\$13.29
			Step 4	\$11.04	Step 4	\$11.27	Step 4	\$12.83	Step 4	\$13.10	Step 4	\$13.99
			Step 5	\$11.62	Step 5	\$11.86	Step 5	\$13.51	Step 5	\$13.79	Step 5	\$14.73
955	Non-exempt	Zoological Assistant	Step 1	\$21.38	Step 1	\$21.80	Step 1	\$21.80	Step 1	\$22.24	Step 1	\$22.24
			Step 2	\$22.50	Step 2	\$22.95	Step 2	\$22.95	Step 2	\$23.41	Step 2	\$23.41
			Step 3	\$23.68	Step 3	\$24.16	Step 3	\$24.16	Step 3	\$24.64	Step 3	\$24.64
			Step 4	\$24.93	Step 4	\$25.43	Step 4	\$25.43	Step 4	\$25.94	Step 4	\$25.94
			Step 5	\$26.24	Step 5	\$26.77	Step 5	\$26.77	Step 5	\$27.31	Step 5	\$27.31
960	Non-exempt	Police Reserve I	Step 1	\$26.46	Step 1	\$26.99	Step 1	\$26.99	Step 1	\$22.42	Step 1	\$22.42
			Step 2	\$26.46	Step 2	\$26.99	Step 2	\$26.99	Step 2	\$23.60	Step 2	\$23.60
			Step 3	\$26.46	Step 3	\$26.99	Step 3	\$26.99	Step 3	\$24.84	Step 3	\$24.84
			Step 4	\$26.46	Step 4	\$26.99	Step 4	\$26.99	Step 4	\$26.15	Step 4	\$26.15
			Step 5	\$26.46	Step 5	\$26.99	Step 5	\$26.99	Step 5	\$27.53	Step 5	\$27.53
961	Non-exempt	Police Reserve II	Step 1	\$21.17	Step 1	\$21.60	Step 1	\$21.60	Step 1	\$17.96	Step 1	\$17.96
			Step 2	\$21.17	Step 2	\$21.60	Step 2	\$21.60	Step 2	\$18.90	Step 2	\$18.90
			Step 3	\$21.17	Step 3	\$21.60	Step 3	\$21.60	Step 3	\$19.89	Step 3	\$19.89
			Step 4	\$21.17	Step 4	\$21.60	Step 4	\$21.60	Step 4	\$20.94	Step 4	\$20.94
			Step 5	\$21.17	Step 5	\$21.60	Step 5	\$21.60	Step 5	\$22.04	Step 5	\$22.04
962	Non-exempt	Technician I	Step 1	\$15.56	Step 1	\$15.87	Step 1	\$15.87	Step 1	\$16.20	Step 1	\$16.20
			Step 2	\$16.38	Step 2	\$16.71	Step 2	\$16.71	Step 2	\$17.05	Step 2	\$17.05
			Step 3	\$17.24	Step 3	\$17.59	Step 3	\$17.59	Step 3	\$17.95	Step 3	\$17.95
			Step 4	\$18.15	Step 4	\$18.52	Step 4	\$18.52	Step 4	\$18.89	Step 4	\$18.89
			Step 5	\$19.10	Step 5	\$19.49	Step 5	\$19.49	Step 5	\$19.88	Step 5	\$19.88

Limited Hourly 2014-2017 Salary Schedule

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			Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate	Steps	Rate
963	Non-exempt	Technician II	Step 1	\$21.38	Step 1	\$21.80	Step 1	\$21.80	Step 1	\$22.24	Step 1	\$22.24
			Step 2	\$22.50	Step 2	\$22.95	Step 2	\$22.95	Step 2	\$23.41	Step 2	\$23.41
			Step 3	\$23.68	Step 3	\$24.16	Step 3	\$24.16	Step 3	\$24.64	Step 3	\$24.64
			Step 4	\$24.93	Step 4	\$25.43	Step 4	\$25.43	Step 4	\$25.94	Step 4	\$25.94
			Step 5	\$26.24	Step 5	\$26.77	Step 5	\$26.77	Step 5	\$27.31	Step 5	\$27.31
972	TBD	Management Specialist	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
			\$10	\$130	\$10	\$130	\$11	\$130	\$11.24	\$130	\$12.00	\$130
TBD	TBD	General Laborer	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
			\$10	\$100	\$10	\$100	\$11	\$100	\$11.24	\$100	\$12.00	\$100

Parking at a Glance

Fee Title	FY17 Rate	Proposed FY 18
Parking Permit - Business District		
800 High Street - Parking Permit (See below, consolidated under All Downtown and SOFA Garages and Lots)	\$146.50 per quarter; \$466.00 per year	Consolidated Below
California Avenue Area - One Day Daily Parking Permit	\$8.00 per day	\$25.00 per day
California Avenue Area District All Garages and Lots, <i>quarterly and six month permits prorated based on annual amount</i>	\$49.50 per quarter; \$149.00 per year	\$365.00 per year
California Avenue Business District All Lots, Transferable Permit (See above, consolidated under California Avenue Area Parking Permit)	\$49.50 per quarter	Consolidated Above
Lot X - Sheraton Parking Lot (See below, consolidated under All Downtown and SOFA Garages and Lots)	\$146.50 per quarter; \$466.00 per year	Consolidated Below
University Avenue - All Lots All Downtown and SOFA Garages and Lots, <i>quarterly and six-month permits prorated based on annual amount</i>	\$146.50 per quarter; \$466.00 per year	\$730.00 per year
Downtown and SOFA Garages and Lots - One Day Parking Permit	\$17.50 per day	\$25.00 per day
University Avenue - Transferable Permit (See above, consolidated under All Downtown and SOFA Garages and Lots)	\$145.50 per quarter	Consolidated
Parking Permit Commercial/Construction		
Parking Space Closure (on-street, lots and garages)	N/A	\$25.00 per space per day
Temporary Work Parking Permit in RPP areas	N/A	\$100.00 per month
Parking Permit - Residential		
College Terrace - Annual Permit Annual Resident/ Guest Permit	\$40.00 per permit	\$50.00 per permit
College Terrace - Guest Permit (see above, consolidated under College Terrace Annual Resident Permit)	\$40.00 per permit	Consolidated Above
College Terrace - Lost Guest Permit	\$40.00 per permit	Deleted
College Terrace RPP - Daily Resident Parking Permit	\$5.00	\$5.00
Downtown RPP - Annual Guest Permit for Residents	\$50.00 per annual permit	Deleted
Downtown RPP - Annual Permit (Low Wage) Reduced-price Employee Parking Permit	\$100.000 per annual permit	\$50.00 per six months
Downtown RPP - Annual Resident Parking Permit	\$50.00 per additional annual permit, first one free	\$50.00 per year, first one free
Downtown RPP - Daily Resident Parking Permit	\$5.00 per day	\$5.00 per day
Downtown RPP - Annual Permit (Standard Employee) Full-Price Employee Parking Permit	\$466.00 per annual permit	\$365.00 per six months
Downtown RPP - Daily Employee Guest Parking Permit	\$5.00 per day	\$25.00 per day
Downtown RPP - Five day Employee Guest Permit	\$15.00 per 5 day period in the same week	Deleted
Downtown RPP - Visitor Permit	\$5.00 each for 24 hour, 50 max per year	Deleted
Residential - Day Use Permit Downtown RPP - Daily Resident Parking Permit	\$5.00 per permit	\$5.00 per day
Residential - Disabled Parking Permit Standard On-Street Disabled Parking Space <i>Note: This space is not for the exclusive use of the applicant; anyone with appropriate designation may use it</i>	\$250.00 per year	\$915.00 per five years
Crescent Park NOP Daily Resident Parking Permit	\$5.00 per night	\$5.00 per night
Residential - Other (Trial) Crescent Park NOP Annual Resident Parking Permit	\$100.00 through trial period	\$50.00 per year
Evergreen Park-Mayfield RPP - Daily Resident Parking Permit	\$5.00 per day	\$5.00 per day
Evergreen Park-Mayfield RPP - Daily Employee Parking Permit	\$5.00 per day	\$25.00 per day (after pilot)
Evergreen Park-Mayfield RPP - Annual Resident Parking Permit	\$50.00 per year	\$50.00 per year, first one free
Evergreen Park-Mayfield RPP - Reduced price Employee Parking Permit	\$50.00 per year	\$25.00 per six months
Evergreen Park-Mayfield RPP - Full Price Employee Parking Permit	\$149.00 per year	\$182.50 per six months (after pilot)
Valet Parking		
On-Street Parking Space Rental	\$79.00 per space per week	\$25 per space per day

**Fiscal Year 2018 City Manager's
Proposed Operating & Capital Budget, & Municipal Fees Finance
Committee Proceedings
(Presentations, At Places Memorandum, Transcripts)**

These documents were originally distributed throughout the Finance Committee Budget Hearing proceedings including the Planning and Transportation Commission review of the FY 2018-2022 Capital Improvement Program during the month of May 2017. Documents and presentations are organized by the meeting date they were distributed at.

May 2, 2017: Finance Committee

- Agenda: <http://www.cityofpaloalto.org/civicax/filebank/documents/57238>
- Presentation: <http://www.cityofpaloalto.org/civicax/filebank/documents/57693>
- At Places Memorandum: <http://www.cityofpaloalto.org/civicax/filebank/documents/57694>
- Action Minutes: <http://www.cityofpaloalto.org/civicax/filebank/documents/57763>
- Transcript: <http://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=57763>

May 4, 2017: Finance Committee

- Agenda: <http://www.cityofpaloalto.org/civicax/filebank/documents/57239>
- Presentation: <http://www.cityofpaloalto.org/civicax/filebank/documents/57743>
- At Places Memorandum: <http://www.cityofpaloalto.org/civicax/filebank/documents/57742> (Airport Fund)
- At Places Memorandum: <http://www.cityofpaloalto.org/civicax/filebank/documents/57746> (HSRAP)
- Action Minutes: <http://www.cityofpaloalto.org/civicax/filebank/documents/57762>
- Transcript: <http://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=58300>

May 9, 2017: Finance Committee

- Agenda: <http://www.cityofpaloalto.org/civicax/filebank/documents/57461>
- Presentation: <http://www.cityofpaloalto.org/civicax/filebank/documents/57781>
- At Places Memorandum: <http://www.cityofpaloalto.org/civicax/filebank/documents/57780>
- Action Minutes: <http://www.cityofpaloalto.org/civicax/filebank/documents/57862>
- Transcript: <http://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=57862>

May 10, 2017: Planning Transportation Commission

- Transcript: <http://www.cityofpaloalto.org/civicax/filebank/documents/58176>

May 18, 2017: Finance Committee

- Agenda: <http://www.cityofpaloalto.org/civicax/filebank/documents/57739>
- Presentation: <http://www.cityofpaloalto.org/civicax/filebank/documents/57899>
- At Places Memorandum: <http://www.cityofpaloalto.org/civicax/filebank/documents/57884> (Parking Permit Muni Fees Memo from Planning and Community Environment)
- At Places Memorandum: <http://www.cityofpaloalto.org/civicax/filebank/documents/57898> (Electric Vehicle Charging Stations)
- At Places Memorandum: <http://www.cityofpaloalto.org/civicax/filebank/documents/57875> (Bdgt Wrap Up)
- Action Minutes: <http://www.cityofpaloalto.org/civicax/filebank/documents/58022>
- Transcript: <http://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=58022>

Carnahan, David

From: Fred Balin <fbalin@gmail.com>
Sent: Tuesday, June 13, 2017 1:02 PM
To: Council, City
Subject: Proposed PAFD Budget Adjustment: Text of Remarks Last Night

FYI. My remarks in oral communications last night.

-Fred Balin
2385 Columbia Street
—

What will you cut in fire department services to meet a proposed \$1.3 million savings? Citizens have a right to know.

The purpose of the budget process is to elicit informed public reaction. Bring forth the details.

These cuts, if approved, will most likely come at the expense of engine service while still seeking to increase revenue-generating, ambulance transports.

We've been at this key decision point before:

Fiscal Year 2013 proposed an increase from one to two full-time ambulances; which went forward.

It also proposed \$1.1 million in savings by shutting an engine when daily staffing was "low." Then as now, daily staffing is almost always low, as the department operates with up to 15 fewer bodies than budgeted positions. Shutting an engine every day would reduce overtime costs and meet the reduction target. That plan was not enacted.

Now, with the aid of opacity, the city seeks to impose its equivalent.

You need at least three engines, very rapidly, at a structure fire to save lives and contain loss.

Engines also handle all kinds of other rescues: technical, rope, vehicle extrication, hazmat.

And our 6 engines, with paramedic in crew, are strategically located.

In the life-saving response to Andrew Milne's sudden cardiac arrest, detailed here last week, an engine was the first responder, as it almost always is.

Key numbers continue to rise:

Population — resident and commuter — densities, construction, congestion, call volume ... in Palo Alto, on campus, at the VA.

Dry weather remains a perennial.

And logistics will soon be tested when the Rinconada engine moves near the Baylands, for 18 months, during station reconstruction.

These proposed cuts to public safety demand full disclosure and a serious public conversation.

If you are unable or unwilling to bring that information forward and engage in the follow-on dialog, then you should not be on this dais.

City of Palo Alto | City Clerk's Office | 6/14/2017 12:01 PM

Thank you.

-fb 6/12/17