



FINANCE COMMITTEE ACTION MINUTES

Regular Meeting
April 21, 2020

The Finance Committee of the City of Palo Alto met on this date, virtually by the use of Zoom at 7:01 P.M.

Present: Kniss, DuBois, Tanaka (Chair)

Absent:

Oral Communications

None

Agenda Items

1. Adoption of a Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) Increasing the Storm Water Management Fee by 2.5 Percent to \$15.04 per Month per Equivalent Residential Unit for Fiscal Year (FY) 2021.

MOTION: Vice Mayor DuBois moved, seconded by Council Member Kniss to recommend that the City Council adopt a Resolution amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage), to implement a 2.5 percent rate increase consistent with the applicable Consumer Price Index, increasing the monthly charge per Equivalent Residential Unit by \$0.36, from \$14.68 to \$15.04 for Fiscal Year 2021.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion to direct Staff to also bring to Council the cost per rate payer and information on deferred maintenance.

MOTION AS AMENDED: Vice Mayor DuBois moved, seconded by Council Member Kniss to recommend that the City Council adopt a Resolution amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage), to implement a 2.5 percent rate increase consistent with the applicable Consumer Price Index, increasing the monthly charge per Equivalent Residential Unit by \$0.36, from \$14.68 to \$15.04 for Fiscal Year 2021; and direct Staff to also bring to Council the cost per rate payer and information on deferred maintenance.

MOTION PASSED: 2-1, Tanaka no

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2. Staff and the Utilities Advisory Commission Recommended the Finance Committee Recommend the City Council Adopt a Resolution Approving the Fiscal Year (FY) 2021 Water Utility Financial Plan, Including Proposed Reserve Transfers and an Amendment to the Water Utility Reserves Management Practices, With no Water Rate Adjustment for FY 2021.

MOTION: Council Member Kniss moved, seconded by Vice Mayor DuBois to recommend that the City Council:

- A. Adopt a Resolution approving:
 - i. The Fiscal Year (FY) 2021 Water Utility Financial Plan;
 - ii. Up to a \$3 million transfer from the Operations Reserve to the CIP Reserve in FY 2020;
 - iii. Up to a \$5 million transfer from the Operations Reserve to the Rate Stabilization Reserve in FY 2020;
 - iv. Up to an \$8 million capital program contribution from the Operations Reserve to the CIP Reserve in FY 2021;
 - v. Amendments to the Water Utility Reserves Management Practices relating to the CIP Reserve (as set forth in the Financial Plan, with a redline provided by Staff);
 - vi. Approve the maintenance of a balance in the Rate Stabilization Reserve through FY 2028 in order to provide greater rate stabilization to customers.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion to direct Staff to provide details as to why Palo Alto's rates are higher than cities (New Part B.)

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion Part B. "with the same supplier at next year's Finance Committee."

MOTION: Council Member Kniss moved, seconded by Vice Mayor DuBois to recommend that the City Council:

- A. Adopt a Resolution approving:
 - i. The Fiscal Year (FY) 2021 Water Utility Financial Plan;

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- ii. Up to a \$3 million transfer from the Operations Reserve to the CIP Reserve in FY 2020;
 - iii. Up to a \$5 million transfer from the Operations Reserve to the Rate Stabilization Reserve in FY 2020;
 - iv. Up to an \$8 million capital program contribution from the Operations Reserve to the CIP Reserve in FY 2021;
 - v. Amendments to the Water Utility Reserves Management Practices relating to the CIP Reserve (as set forth in the Financial Plan, with a redline provided by Staff);
 - vi. Approve the maintenance of a balance in the Rate Stabilization Reserve through FY 2028 in order to provide greater rate stabilization to customers; and
- B. Direct Staff to provide details as to why Palo Alto's rates are higher than cities with the same supplier at next year's Finance Committee

MOTION PASSED: 3-0

3. Staff Recommends the Finance Committee Recommend the City Council Make no Changes to Wastewater Rates for Fiscal Year (FY) 2021 Beginning July 1, 2020.

MOTION: Council Member Kniss moved, seconded by Vice Mayor DuBois to recommend the City Council make no changes to Wastewater rates for Fiscal Year (FY) 2021 beginning July 1, 2020.

MOTION PASSED: 3-0

Adjournment: The meeting was adjourned at 8:40 P.M.