



FINANCE COMMITTEE FINAL MINUTES

Special Meeting
April 6, 2021

The Finance Committee of the City of Palo Alto met on this date in virtual teleconference at 6:01 P.M.

Present: Burt, Chair Cormack, Filseth

Absent:

Chair Cormack

Oral Communications

No Speakers.

Agenda Items

1. Approval of the Macias Gini & O'Connell's Single Audit Report for the Year Ended June 30, 2020.

Kyle O'Rourke, City Auditor summarized that in January 2021, City Council approved a series of financial audit reports. The report before the Committee was not included due to a delay in the assurance of guidance by the Federal Office of Management and Budget (OMB).

Ben Lau, MGO Director, presented the report to the Committee. The report contained two components, the auditor's report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, and an Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards (SEFA) Required by the Uniform Guidance. For Fiscal Year (FY) 2020, the total SEFA expenditure was \$7.6 million for seven federal programs. Within the seven programs, a risk assessment was performed on two major federal programs which disclosed that Palo Alto (City) obtained 80 percent total coverage of the \$7.6 million total. The Financial Statement audit concluded that there are no significant deficiencies or material weaknesses over the financial report and there was no non-compliance significant to the financial statement. The Federal Award audit resulted in no significant deficiencies or material weakness over compliance, no reported instances of noncompliance or other matters, and SEFA is fairly stated in relation to the basic financial statement.

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MOTION: Vice Mayor Burt moved, seconded by Council Member Filseth for the Finance Committee to approve and forward to City Council on the consent calendar the following audit reports for the Fiscal Year ended June 30, 2020 prepared by Macias Gini & O'Connell (MGO):

- A. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance With Government Auditing Standards; and
- B. Independent Auditor's Report on Compliance for each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Federal Awards Required by the Uniform Guidance.

Vice Mayor Burt thanked Staff for their work.

Council Member Filseth concurred with that statement.

Chair Cormack agreed.

MOTION PASSED: 3-0

- 2. Staff Recommendation That the Finance Committee Recommend the City Council Adopt a Resolution Approving the Fiscal Year (FY) 2022 Wastewater Collection Utility Financial Plan Including Transfers to and From Wastewater Collection Utility Reserve Accounts and an Amendment to the Wastewater Collection Utility Reserves Management Practices; and Adopt a Resolution Adjusting Wastewater Rates by Amending Rate Schedules S-1 (Residential Wastewater Collection and Disposal), S-2 (Commercial Wastewater Collection and Disposal), S-6 (Restaurant Wastewater Collection and Disposal) and S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger).

Dean Batchelor, Utilities Director stated that Staff is recommending that the Committee recommend the City Council adopt the financial plans for each of the funds.

Lisa Bilir, Resource Planner for Utilities presented on the Wastewater Utility. Staff recommended a 3 percent overall revenue increase in Fiscal Year (FY) 2022. The two main reasons for the increase were to work towards a sustainable rate of sewer main replacement and to avoid any further cuts to the Collection System Capital Improvement Project (CIP). Additionally, treatment plant costs continued to rise and Staff predicted that wastewater costs will increase by 3 percent in FY 2022. Staff conducted a Cost of Service Study through an outside consultant which recommended a 4.7

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percent increase for residents, a 1.5 percent increase for commercial customers, and a decrease of 2.1 percent for restaurant customers. Staff also presented a 0 percent increase proposal in response to the COVID-19 pandemic. If the Committee recommended the 0 percent proposal, Palo Alto (City) would have to reduce spending by \$200,000 annually over the next 5 years. In terms of the Wastewater Operations Reserve, the reserve is predicted to drop close to the minimum guideline in the later 5-years of the 10-year period. The Regional Water Quality Control Plant treats sewage from Stanford, East Palo Alto, City of Los Altos Hills, City of Los Altos, and the City of Mountain View. Palo Alto pays a third of the total cost and the remaining expenses are reimbursed by the five partnering agencies. Due to the age of the plant, replacement of certain equipment is necessary in order for the plant to continue to operate. Palo Alto continues to be lower in residential bills by 29 percent when comparing to surrounding Cities. On the commercial side, Palo Alto commercial customers see a bill that is 10 percent higher compared to surrounding Cities and Palo Alto restaurant customers are 6 percent below average comparable bills. The wastewater cost and revenue projection for collection capital are smooth going forward because it represented an annual amount going from the Operations Reserve to the CIP Reserve. This proposed change will begin in FY 2022 and the amount of the annual transfer will be \$4.35 million. Staff also proposed a catch-up amount of \$2.2 million in order to make sure the Operations Reserve and the CIP Reserve remain in the guideline ranges throughout the 10-year period. In conclusion, Staff recommended that the Committee recommend that Council adopt the Financial Plan and the two transfers from the Operations Reserve to the CIP Reserve in FY 2021 and FY 2022. Also, to approve the amendments to the Wastewater Collection Utility Reserves Management Practices and adopt the 3 percent rate increase.

Chris Robell noticed that none of the reports show the trends of what the rate increases have been over time for each class. He suggested that Staff provide an overall perspective for all the utilities to help residents see the big picture.

Vice Mayor Burt noted that the title of the utility should be Collection and Treatment Utility, not Wastewater Collection Utility. He asked why it is called a collection utility when it is both.

Ed Shikada, City Manager mentioned that the topic has been raised in the past regarding the name of the utility.

Mr. Batchelor explained that collection means collection from a system of where the rates go. Even though the utility supports the plant itself, some of the charges come from the plant and budgeting dollars come from the

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Wastewater Collection Utility. He shared that Staff can be clearer in future reports that the fund is for wastewater and is not tied to the treatment plant other than what is being charged from the plant to the City.

Mr. Shikada acknowledged that this issue needs to be corrected.

Vice Mayor Burt requested that Staff provide a breakdown of the prospective cost increases and the drivers for those increases. He acknowledged that rate increases have not kept up with the growing cost of equipment replacement at the treatment plant. He requested that rate changes be presented to the public and Council in terms of the bigger pictures of what is going on at the treatment plant and how it affects recent and future rate increases.

Ms. Bilir noted that there is a 12 percent increase in the total treatment cost in FY 2024 and another 18 percent increase in FY 2026. Those two large increases are what is driving the need to increase rates over the 5-year period. Long-term costs trends for the treatment operations showed that the cost will increase by 2.8 percent per year during the 5-period and the debt service will be increasing significantly over the 5-year period. In terms of the replacement rate for wastewater, Staff discovered that the City was averaging a replacement rate of 2.6-miles per year since 1990 which is a sustainable rate replacement schedule, but due to construction costs, the City has fallen behind in that replacement schedule.

Vice Mayor Burt asked if Staff has a slide pertaining to the average rate of increase over an extended period.

Ms. Bilir confirmed that in FY 2021 there was no rate increase, the proposal for FY 2022 is a 3 percent increase, and then future rate proposals will be 3 percent in FY 2023 with 5 percent increases in FY 2024, FY 2025, and FY 2026.

Vice Mayor Burt acknowledged that the bill comparison is an under-told story and he doubted whether the community and Council understands that the City has lower bills when compared to surrounding Cities. He stated that the City is doing a disservice by not making that information more easily and readily available. He emphasized that the Staff report for all the utilities are long, very comprehensive, and not easily digestible. He wanted to see a simplified version available to the public on a regular basis for all the utilities.

Council Member Filseth asked why in future years the treatment capital and debt increased substantially.

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Ms. Bilir clarified that the costs pertain to the replacement of infrastructure at the treatment plant. All five treatment plant partners share those costs.

Council Member Filseth wanted to know what the treatment plant's capital and debt looked like in FY 2028 and FY 2029.

Ms. Bilir expressed that debt service will be coming online in FY 2024 and FY 2026 and those increases will continue. She mentioned that there will be another new debt service coming online in FY 2029.

Council Member Filseth inquired if those debt services will continue past FY 2029.

Kiely Nose, Administrative Services Director indicated that this is a multi-year ramp-up and investment that is going to happen. There will be a lot of activity during the ramp-up period but then will plateau as the debt is paid down.

Council Member Filseth summarized that the City should anticipate the debt service costs to continue to put upward pressure on rates through FY 2029 and FY 2030 and then level off.

James Allen, Manager Water Quality Control Plant confirmed that it will level off after FY 2029 but there may be new emergencies that come to light.

Council Member Filseth wanted to know if there are any big significant chunks of capital investments that are the main driver.

Mr. Allen shared that there is \$310 million in the near term as well as a project that is worth \$146 million.

Chair Cormack inquired how close will the City's average bill be to the City of Menlo Park and Redwood City after all the treatment plant projects are completed.

Ms. Bilir commented that over the next 5-years, if the City adopts all the proposed rate increases, the City will still be below the average of the comparison group at the end of the 5-year period.

Chair Cormack requested that Staff provide additional information on the reference to COVID-19 and the \$400,000 for FY 2022 and \$1 million for FY 2023.

Ms. Bilir explained that the commercial class in the Wastewater Utility pays for their service based upon their average usage. The amount is an

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estimated reduction in winter average usage and the associated revenue reduction due to COVID-19.

Chair Cormack mentioned she reviewed the Cost of Service Study and concluded that it was straightforward.

Ms. Bilir confirmed that since the last Cost of Service Study was done, there has been a reduction in usage due to conservation and there was a large reduction in the residential class relative to the assumptions in the last study. The last study contained a large number of industrial customers. Those customers were reclassified or have left the system and that change affected the usage on the non-residential side. The reduction in flow and the differential between residential and commercial are two of the key reasons for the higher increase in the residential class and a decrease in the commercial class.

Vice Mayor Burt clarified that the City has had lower rates for decades when compared to other jurisdictions.

Mr. Allen added that all the neighboring treatment plants continue to have large capital programs and those Cities will not see their rates flattening out in future years.

MOTION: Vice Mayor Burt moved, seconded by Council Member Filseth that the Finance Committee recommend the City Council:

A. Adopt a Resolution approving:

- i. The Fiscal Year (FY) 2022 Wastewater Collection Financial Plan;
- ii. Up to a \$2.2 million transfer from the Operations Reserve to the Capital Improvements Projects Reserve in FY 2021;
- iii. Up to a \$4.35 million transfer from the Operations Reserve to the Capital Improvement Projects Reserve in FY 2022;
- iv. Amendments to the Wastewater Collection Utility Reserves Management Practices; and

B. Adopt a Resolution approving:

- i. Adjustments to Wastewater Collection Utility Rates via the Amendment of Rate Schedules S-1 (Residential Wastewater Collection and Disposal), S-2 (Commercial Wastewater Collection and Disposal), S-6 (Restaurant Wastewater Collection and

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Disposal) and S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger).

Vice Mayor Burt summarized that the City is in the beginning of a major capital investment, the City continues to have competitive rates and the City has a very high performing treatment plant.

MOTION PASSED: 3-0

3. Staff Recommendation That the Finance Committee Recommend the City Council Adopt a Resolution Approving the Fiscal Year 2022 Water Utility Financial Plan, With no Water Rate Increase for Fiscal Year 2022.

Lisa Bilir, Resource Planner for Utilities announced that Staff is not recommending a rate increase for the Water Utility in Fiscal Year (FY) 2022. The year-end Operation Reserve is at the maximum guideline level with additional funds above the maximum that are considered unassigned. The preliminary forecast will bring the reserve to target levels by FY 2023. The plan continues with the approach that was approved in the previous year to actively utilize the Capital Improvement Project (CIP) Reserve to help stabilize rates and provide available funds for CIP projects. Staff recommended \$8 million be transferred in FY 2022 to fund the CIP Budget. Additionally, they recommended \$5 million be transferred to be used for reservoir rehabilitation work in FY 2022. Also, Staff recommended 5 percent increases annually for FY 2023 through FY 2026 due to wholesale cost increases. Palo Alto (City) was above the comparison bill average by 7 percent. Staff investigated why Palo Alto's water bill is higher than surrounding Cities. In summary, Palo Alto came very close to charging the same amount that Redwood City does to its customers. In terms of the City of Hayward, the cost difference between the two City's bills was roughly 6- to 10-percent but the City of Hayward's residential customers use less water on average while their non-residential customers have an increase in usage. Palo Alto has seen a reduction in its non-residential usage.

Dean Batchelor, Utilities Director added that the City of Hayward does not currently have a lot of CIP upgrade projects and when new homes are constructed, the developer is required to install all components for the utility.

Ms. Bilir concluded that Staff and the Utilities Advisory Commission (UAC) recommend that the Committee recommend Council adopt the Resolution approving the financial plan as well as a transfer of \$13 million from the Operations Reserve to the CIP Reserve.

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Council Member Filseth stated that in the City of Hayward, the Impact Fees for new development covers more of the capital costs than Palo Alto's Impact Fees do.

Mr. Batchelor confirmed that is correct.

Council Member Filseth noted that there are scaled economies in capital infrastructure for water distribution that the City of Hayward takes advantage of because they have commercial customers.

Mr. Batchelor reported that the City of Hayward is built out in their commercial areas.

Council Member Filseth gave the scenario of an office park being constructed near a housing development in the City of Hayward. He asked how does that relieve rate pressure on the residential customers.

Mr. Batchelor stated that once the commercial area is built, the developer is replacing, upgrading, or adding brand new water lines. The shorter distance for the developer for the new commercial area is going to be much shorter going into the collection system.

Council Member Filseth disclosed that the nearby residential customers benefit from that.

Mr. Batchelor concurred with that statement.

Ed Shikada, City Manager noted that Impact Fees are restricted by law to dealing with the impacts of new development. He emphasized that it would be illegal to use Impact Fees for replacement. The City of Hayward is still expanding so if the new development increases the capacity needed by the existing system, Impact Fees can be used to make upgrades.

Kiely Nose, Administrative Services Director mentioned that if there is no new development, residents still need to maintain the utility, and there will be a cost they pay to replace the infrastructure once it reached its end of life.

Vice Mayor Burt emphasized that the City has made more investments in its infrastructure than surrounding Cities and that needs to be explained to customers. He was pleased to see that the City has narrowed the water cost difference when compared to other Hetch Hetchy customers. He acknowledged that the City talks about rates in the absence of how that converges with the City's conservation and efficiency efforts. For this reason, the average customer bill does not track with the current rate. He

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asked why there is another increase in wholesale costs and should the City consider a more level approach in rate increases.

Ms. Bilir articulated that the wholesale increase is due to the infrastructure upgrades that took place for the Hetch Hetchy system. Revised estimates were made regarding the Whole Sale Customer Balancing Account and Staff predicts that the intended 5 percent increase for FY 2023 may be reduced. In terms of the Utilities Advisory Commission (UAC) discussing leveling rate increase, she did not recall that being discussed.

Vice Mayor Burt questioned if the anticipated wholesale costs reflect the drop in borrowing cost.

Ms. Bilir commented that she would provide an answer to that question at a later time.

Vice Mayor Burt restated that the public needs to be aware of why there is a proposed 5 percent increase for FY 2023 and that those increases are not based upon cost increases from within the City.

Chair Cormack asked Staff to explain the purpose of the reservoir replacement.

Mr. Batchelor clarified that there are nine reservoirs with five of them located in the Foothills. Three of the five reservoirs are being rebuilt.

Silvia Santos, Engineering Manager for Utilities Water-Gas-Wastewater explained that the reservoirs can hold up to 12.5-million gallons of storage which can supply 8-hours of water at the maximum daily demand of 14.2 million gallons per day (MGD) as well as 4-hours of fire suppression.

Chair Cormack found the analysis to be sufficient.

MOTION: Council Member Filseth moved, seconded by Vice Mayor Burt that the Finance Committee recommend the City Council adopt a Resolution approving:

- A. The Fiscal Year (FY) 2022 Water Utility Financial Plan; and
- B. A transfer of up to \$13.24 million from the Operations Reserve to the CIP Reserve in FY 2022.

MOTION PASSED: 3-0

4. Staff and the Utilities Advisory Commission Recommendation That the Finance Committee Recommend the City Council Adopt a Resolution

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Approving the Fiscal Year 2022 Gas Utility Financial Plan, Including Proposed Transfers and an Amendment to the Gas Utility Reserve Management Practices, and Increasing Gas Rates by Amending Rate Schedules G-1 (Residential Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-3 (Large Commercial Gas Service), and G-10 (Compressed Natural Gas Service).

Eric Keniston, Senior Resource Planner presented the Gas Utility Financial Projections for Fiscal Year (FY) 2022. Staff recommended an overall 3 percent increase for FY 2022 with no cost reductions. Staff also provided a rate proposal for a 2 percent increase but with the 2 percent rate increase, a \$750,000 reduction is needed in capital costs between the years 2023 and 2025. The recommended 3 percent rate proposal assumed an annual 5 percent increase for FY 2023 through FY 2025. The proposal also included the already approved \$2 million reduction in the Gas Main Replacement (GMR) project in FY 2023. The Financial Projections assumed an approximation of how much supply for gas will go up, so the 3 percent is an increase for the distribution side of the utility. Gas supply cost drivers included the volatility of the gas market price, Pacific Gas and Electric (PG&E) gas transmission rates continue to rise, cap and trade costs continue to rise as well as costs to fund the Carbon Neutral Gas Plan. The average rate increase overall for the Gas Utility was approximately 2- to 3-percent. The Gas Operating Reserves are staying above guidelines ranges in all cases. In terms of current bill comparisons, the City's residential rates compare favorably in the winter with less favorability in the summertime. For the commercial class, most rate classes are below PG&E. Staff recommended that the Committee adopt the FY 2022 Gas Financial Plan, approve the transfer of \$3.9 million from the Rate Stabilization Reserve to the Cap and Trade Program Reserve in FY 2021, adopt the amendments to the Gas Utility Reserves Management Practice and approve the 3 percent overall rate increase.

Vice Mayor Burt wanted to know what is driving the 6 to 8-percent revenue decline.

Mr. Keniston articulated that it is due to a decrease in commercial usage.

Vice Mayor Burt asked what is the annual rate of decline outside the pandemic.

Mr. Keniston expressed that it is a 1 percent decrease or less on an annual basis.

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Vice Mayor Burt shared that 10-years ago, the Gas Utility was higher than PG&E and now the City is lower. He restated that the community and Council should be made aware of this.

Chair Cormack supported moving the Cap and Trade funds into its own reserve.

MOTION: Vice Mayor Burt moved, seconded by Council Member Filseth that the Finance Committee recommend the City Council:

A. Adopt a Resolution:

- i. Approving the Fiscal Year (FY) 2022 Gas Utility Financial Plan;
- ii. Transferring up to \$3.9 million from the Rate Stabilization Reserve (RSR) to the Operations Reserve in FY 2022;
- iii. Transferring \$4.542 million from the Rate Stabilization Reserve to the Cap-and-Trade Program Reserve in FY 2021;
- iv. Amendments to the Gas Utility Reserve Management Practices; and

B. Adopt a Resolution:

- i. Approving a 5 percent distribution rate (3 percent overall) increase to Gas Utility Rates.

MOTION PASSED: 3-0

5. Staff and the Utilities Advisory Commission Recommendation That the Finance Committee Recommend the City Council Adopt a Resolution Approving the Fiscal Year 2022 Electric Financial Plan and Reserve Transfers, and Amending Utility Rate Schedules E-EEC-1 (Export Electricity Compensation), E-NSE-1 (Net Surplus Electricity Compensation), E-2-G (Residential Master-metered and Small Non-residential Green Power Electric Service), E-4-G (Medium Non-residential Green Power Electric Service, and E-7-G (Large Non-residential Electric Service).

Eric Keniston, Senior Resource Planner presented the Electric Utility Financial Projections for Fiscal Year (FY) 2022. Staff recommended a zero percent rate increase for FY 2022 but recommended an increase to the rates for the Palo Alto Green Program as well as an increase in the metering payback rates. For future years, Staff recommended a 5 percent rate increase for FY 2023 and FY 2024. The Operation Reserve was near the minimum which

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may result in a combination of reserve withdrawals, cost reductions, or rate increase if sales forecasts worsen or energy cost rise. In bill comparisons, the City continued to be lower than Pacific Gas and Electric (PG&E) but is higher than Santa Clara County. Santa Clara County has a larger commercial customer base which skews where their costs can be distributed to.

Chair Cormack noted that the Electric Utility contains five or six reserves.

Mr. Keniston confirmed that is correct.

Council Member Filseth inquired if Staff is expecting major capital investments to come online in the outer years.

Mr. Keniston mentioned that substation rebuilds will begin in FY 2025 and FY 2026.

Dean Batchelor, Utilities Director added that several areas will be having their underground utilities rebuilt.

Vice Mayor Burt asked if there has been any consideration on leveling rate increases.

Mr. Keniston commented that leveling was not discussed at the Utilities Advisory Commission (UAC) meeting. Staff chose to not have a small rate increase due to the pandemic and there are enough funds in the reserves to support that recommendation.

Vice Mayor Burt remarked that the City needs to inform customers that there is no rate increase because of the economic rate impact and that there will be rate increases in future years. He wanted to know what the annual efficiency increases in reduction and consumption and is the City seeing a trend in electrification.

Mr. Keniston disclosed that there has been no flattening trend observed but the City will be promoting more to residents that they should electrify.

Vice Mayor Burt inquired what is the average annual reduction in usage.

Mr. Keniston predicted half a percent.

Vice Mayor Burt declared that the City should promote that the average electricity bill is lower than PG&E by a lot. He questioned what can the City do to provide more comprehensive and effective communication to customers about the City's competitive standing on utility rates.

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Ed Shikada, City Manager indicated that using the materials from the presentation is a starting point.

Vice Mayor Burt restated that the data is what he wants the public to see.

Mr. Shikada suggested resurrecting the one-page flyer that listed the rate increases and the comparables.

Mr. Batchelor announced that Staff will explore bringing that back.

Vice Mayor Burt did not want this communication to be a one-and-done communication. He wanted to see a steady program be crafted, that the information is readily available on the website, and that Staff periodically provides the information to residents in a variety of contexts. He encouraged the comparables to be converted to percentages. He wanted to know if the City is budgeting enough in the Electric Utility to not have any more outages, what the trend is for outages, and how the City compares to historic outage trends and other jurisdictions.

Mr. Shikada suggested that the communication with the public also includes how the public can report outages.

Chair Cormack indicated that the key takeaway is that the Electric Utility can rely on its reserves to keep rates at a zero percent increase. She disclosed that the City has not explained to the community when is the optimal time to charge their electric vehicle. She asked if the Committee can recommend that Staff work on communication for the public.

Mr. Shikada responded that Staff can work on it.

MOTION: Vice Mayor Burt moved, seconded by Council Member Filseth that the Finance Committee recommend the City Council:

- A. Adopt a Resolution:
 - i. Approving the Fiscal Year (FY) 2022 Electric Financial Plan;
 - ii. Approving a transfer of up to \$5 million from the Capital Improvement Project (CIP) Reserve to the Distribution Operations Reserve at the end of FY 2021;
 - iii. Approving a transfer of up to \$1 million from the Supply Operations Reserve to the Electric Special Projects (ESP) reserve at the end of FY 2021;

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- iv. Approving an allocation of up to \$1.19 million from the Cap and Trade Program Reserve at the end of FY 2021 to be spent on local decarbonization programs;
 - v. Updating the Export Electricity Compensation (E-EEC-1) rate to reflect current projections of avoided cost, effective July 1, 2021;
 - vi. Updating the Net Surplus Electricity Compensation (E-NSE-1) rate to reflect current projections of avoided cost, effective July 1, 2021;
 - vii. Updating the Palo Alto Green program pass-through premium charge on the Residential Master-Metered and Small Non-Residential Green Power Electric Service (E-2-G), the Medium Non-Residential Green Power Electric Service (E-4-G), and the Large Non-Residential Green Power Electric Service (E-7-G) rate schedules to reflect current costs, effective July 1, 2021; and
- B. Direct Staff to return after the summer recess with a systematic communication plan to provide customers with rate histories, trends, and competitive standing compared to other jurisdictions and forward to the Utilities Advisory Commission for review and recommendation; and
- C. Direct Staff to return after the summer recess with the evaluation of the Electric Bill Utility reliability history and comparative performance to other jurisdictions to the extent that is available and forward to the Utilities Advisory Commission for review and recommendation.

Chair Cormack asked if recommendation C is appropriate for the Finance Committee or if the UAC should hear it.

Vice Mayor Burt wanted to see the UAC engaged on the issues.

Mr. Batchelor foresaw an issue with Recommendation C and that other utilities do not report these facts on their website. For this reason, it will be difficult to find other jurisdiction's true numbers to draft a fair comparison.

Chair Cormack encouraged Staff to provide concepts, features, and benefits in the communication to the public.

Mr. Shikada concluded that this is a new referral and will result in a review and follow-up actions from Staff.

MOTION PASSED: 3-0

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Chair Cormack found it impressive how the Utilities Department has managed through the pandemic and has provided thoughtful plans and rates for each utility.

Future Meetings and Agendas

Kiely Nose, Administrative Services Director reviewed the tentative agenda for future meetings.

Vice Mayor Burt shared that on May 4th, 2021, he has a Santa Clara Valley Transportation Authority (VTA) Board meeting and that conflicts with the May 4th, 2021 Finance Committee meeting. He requested the May 4th, 2021 Finance Committee meeting be held during the day.

Ed Shikada, City Manager articulated that Staff will look to see if a 2:00 p.m. start time is feasible.

Vice Mayor Burt inquired what time will the budget hearings be.

Chair Cormack answered 9:00 a.m. to 12:00 p.m. and then continue at 2:00 p.m. and conclude by 5:00 p.m. She wanted to know what to expect at the June 15th, 2021 meeting.

Ms. Nose explained that the items included a discussion and possible action on a business tax or local tax ballot measure as well as have the Committee consider affordable housing funding.

Mr. Shikada predicted the June 15th, 2021 meeting will be a kick-off for the substantive work and expected no products to be available at the meeting.

Ms. Nose confirmed that is correct.

Adjournment: The meeting was adjourned at 8:23 P.M.