



UTILITIES ADVISORY COMMISSION MEETING MINUTES OF MAY 12, 2021 SPECIAL MEETING

CALL TO ORDER

Chair Forssell called the meeting of the Utilities Advisory Commission (UAC) to order at 5:01 p.m.

Present: Chair Forssell, Vice Chair Segal, Commissioners Danaher, Jackson, Johnston, Scharff and Smith

Absent:

ORAL COMMUNICATIONS

Bob Wenzlau shared that he had sent an email to the UAC regarding the quality of the City's drinking water. He mentioned that the water has a high suspended solid content which is composed of inorganic and organic materials. To mitigate bacterial growth in the water, chloramine is used which when mixed with organic spores can result in trace levels of carcinogens. He noted that San Francisco Public Utilities Commission (SFPCU) does not test for suspended solids. He invited the City to characterize the suspended solid load coming into the City, study what proportions are organic and inorganic, and characterize sizing. He suggested the City treat the incoming raw water to remove sediments. He requested that the UAC included the topic in their Work Plan.

APPROVAL OF THE MINUTES

Commissioner Jackson suggested on the Page 5, in the fourth paragraph, changing the word disclosed to suggested in the third sentence, changing Utility Internet Requirements to Utility Interconnect Requirement in the fifth sentence and changing the word acknowledged to predicted in the 17th sentence. Also, he added to/corrected the April 7 minutes on Page 5, the fourth paragraph to include the City's "ENERGY STORAGE SYSTEMS (ESS) SUBMITTAL GUIDELINES" which stated Rooms containing an ESS shall be equipped with an automatic sprinkler system, smoke detection system, ventilation, and gas detection Systems.

Vice Chair Segal moved to approve the minutes of the April 7, 2021 meeting as corrected. Commissioner Jackson seconded the motion. The motion carried 7-0 with Chair Forssell, Vice Chair Segal, and Commissioners Danaher, Jackson, Johnston, Scharff, and Smith voting yes.

Commissioner Smith disclosed that the Commission had a lengthy discussion regarding what the language of the action in the motion from April 21st should be and that was not reflected in the minutes. He mentioned that most important to him was the notion of accelerating and completing the community education and engagement survey regarding fiber to the home (FTTH) by end of Quarter 1, March 31st. His preference was to use the motion that was typed up during the meeting.

Commissioner Jackson indicated that Commissioner Danaher transcribed the motion during the discussion and that motion was voted on and approved.

Commissioner Danaher restated the motion. Commissioner Smith acknowledged that the minutes do reflect the motion as was restated by Commissioner Danaher but remembered there being an extensive conversation regarding completing the community education and engagement survey by the end of Quarter 1. Chair Forsell believed that the minutes do reflect what happened at the meeting.

Dean Bachelor, Utilities Director, noted that in the motion the word “analysis” should be changed to “survey” in 4C.

Commissioner Jackson noted corrections on Page 6 in the fourth paragraph, the first sentence should be changed to “stated that it would be done with a CoP (Certificate of Participation), which doesn’t go to the voters”. Also, add additional language to the third sentence that Mr. Honker explained that the City of Boulder, CO issued \$20 million of CoPs, and were able to use the network being built as collateral.

Vice Chair Segal moved to approve the minutes of the April 21, 2021 meeting as corrected. Commissioner Jackson seconded the motion. The motion carried 7-0 with Chair Forsell, Vice Chair Segal, and Commissioners Danaher, Jackson, Johnston, Scharff, and Smith voting yes.

AGENDA REVIEW AND REVISIONS

None.

REPORTS FROM COMMISSIONER MEETINGS/EVENTS

None.

UTILITIES DIRECTOR REPORT

Dean Batchelor, Utilities Director, delivered the Director's Report.

Water Supply Update

California is experiencing dry weather conditions but the San Francisco Regional Water System storage is in reasonably good shape. The San Francisco Public Utilities Commission (SFPUC) is asking wholesale customers, such as Palo Alto, to keep summer water usage to 2019 levels. Valley Water, which provides water to other retailers in Santa Clara County, has also requested a voluntary 25% reduction in water use. While there may be some discrepancies in messaging between our regional water providers, we will reiterate what our direct water supplier requests of us.

To that end, messaging to our customers will focus on the wise use of water for outdoor purposes, adherence to the City’s permanent water use restrictions, and information about free services and rebates to help customers achieve efficiency. CPAU will also emphasize making Conservation a California Way of Life in its summer messaging. We are anticipating some changes to the rebate levels and programs offered by Valley Water, who we partner with for water conservation programs. Our water utility continues to maintain a good financial position with no rate increase or drought surcharges expected this year.

Recent Events

Genie Webinar – Summers are Getting Hotter; Prepare your Home Now: On May 4, CPAU hosted a Home Efficiency Genie webinar to inform residents about how best to prepare their homes for the upcoming summer season. While attendance numbers were somewhat low, around 15 people, we consider it a success to share this information with any large or small group of people. Please contact the Home Efficiency Genie for a free phone consultation or low-cost virtual home assessment at cityofpaloalto.org/efficiencygenie

Landscape Conversion 101: On May 6, CPAU, hosted a webinar focused on outdoor water use efficiency. The Landscape Conversion 101 workshop taught close to 40 attendees the basics of how to replace high-water using landscaping with a sustainable, beautiful, low-water use landscape design. In partnership with Valley Water, Palo Alto residents and businesses can receive rebates for a landscape conversion project. Visit watersavings.org for details.

Upcoming Events - details and registration at cityofpaloalto.org/workshops

Electrify Your Drive – May 12, 4-5pm: Join Drive Clean Bay Area for a webinar that covers the basics of what you need to know about driving an electric or hybrid electric vehicle. In this presentation, you will learn about the various financial and other incentives available to make it affordable and easy to drive electric.

Pervious Pavement – May 18, 7-8:30pm: Pervious pavement is ideal for parking areas, sidewalks, patios, tennis courts, roads and driveways. It is also a unique and effective means to address important environmental issues and support green, sustainable growth. By capturing stormwater and allowing it to seep into the ground, pervious pavement is instrumental in reducing ponding, recharging groundwater, and preventing stormwater pollution. CPAU is partnering with the City's Public Works Department and Valley Water to promote this beneficial practice and offer rebates to Palo Alto customers.

COMMISSIONER COMMENTS

None.

UNFINISHED BUSINESS

None.

NEW BUSINESS

ITEM 1: DISCUSSION: Discussion and Update on Recent Utilities Outages.

Chair Forssell noted that Vice Chair Segal and herself had requested that a short discussion take place regarding the recent power outages.

Dean Bachelor, Director of Utilities, emphasized that the top priority of the Utilities Department is to provide reliable utility services. Unfortunately, three outages occurred within a 2 ½-week period. The first outage was on March 27, 2021, that impacted approximately 7,000 customers for roughly 2-hours. The outage was caused by preventive maintenance work at a substation. The maintenance project has been put on hold so that staff can evaluate the outage further. An investigation was underway but it was discovered there was a lack of communication between engineering personal and operational personnel. On April 4th, 2021, the power outage impacted 570 customers for roughly 4-hours and the cause of the outage was an elbow blowing where the cables intersect with the transformer. The cable and the transformer were installed 22-years ago. Testing was being conducted on the transformer to determine what happened. On April 13, 2021, there was a third power outage and roughly 2,000 customers who were impacted by the March 27, 2021 outage were impacted again. The outage was caused by a tie switch failure. The failed switch was removed and a new switch was installed. Regarding communication to the public, if there is no systems operator at the Utilities Control Center (UCC) at the time folks' phone in an outage, phone calls are reverted to 911 operators. Since the outages, the settings have been changed on the Outage Management System (OMS) so that as soon as there is an outage and the system operator is at home. They can now turn on the OMS from their home. Staff was also working with information technology (IT) to install an interactive voice response (IVR) on the front half of the OMS so that calls will not be reverted to the 911 operators. Staff will be writing a Request for Proposal (RFP) to replace the existing OMS with a new system. The department has three fully trained system operators currently but the department has hired additional operators who have begun their training. The training and in process takes roughly 3-years. Staff has been

exploring ways of improving communication to the public as well as they have hired a consultant to review the department's procedures.

Commissioner Johnston appreciated Bachelor's report and being proactive on fixing the issues. He mentioned that in regards to the second and third power outage, those had to do with equipment failures and he encouraged the department to be on top of what equipment is coming to the end of its useful life. He commented that placing an outage banner on the City's website is a good idea. He suggested that the department communicate to the community via billing insert or social media that the City is investigating the outages and will be making improvements.

Batchelor noted that the department will be higher a contracting firm that will do a complete walk out of the electrical system to make sure that compliance staff is catching all issues in the system.

Commissioner Jackson noted that his home was affected by the March 27, 2021 outage. He remarked that the outage map for the April 13, 2021, outage was not helpful. Also, on April 21, 2021, his home had no power for roughly 7-hours but he indicated that the outage was scheduled and he was provided notice from the Utilities Department. He suggested that staff explore texting or emailing customers information when outages are reported. Also, to provide notification to residents who may not necessarily be affected by an outage but are on the same system as the outage.

Commissioner Scharff agreed that the Utilities Department is moving in the right direction in terms of fixing the problems. In answer to his questions will staff return with an update on improvements and is there sufficient funding for maintenance, Batchelor explained that every other month he will provide a short presentation on how things are moving forward. In terms of funding for maintenance, the department has not done as much maintenance to the system as it deserves. The department has hired a six-person crew from a contracting firm to help with maintenance as well as underfilling linemen classifications and bringing in apprentices. As more apprentices are brought on board, there will be more scheduled neighborhood outages to reduce the risk of danger to the untrained crews. He concluded that in terms of the budget, resources will be pulled from the reserves to fund maintenance projects.

Commissioner Danaher worried that the City was not investing enough resources into maintenance. He appreciated that the department is hiring more staff. In respect to budget and rates, he noted that the City is well below neighboring Cities and he encouraged staff to not be so conservative with the budget.

Vice Chair Segal agreed with the comments made by Commissioner Scharff and Commissioner Danaher regarding the budget. She concurred with Commissioner Jackson's comment regarding communication to folks by using social media platforms, text, and email. Batchelor confirmed that staff does use social media to provide updates. In terms of emails, he remarked that it will be hard to link residents who are experiencing an outage to their respective emails. He agreed that pushing notification is better than waiting for notification to come in. In reply to Vice Chair Segal's inquiry regarding the nighttime mode on the OMS, Batchelor explained that customers call at all hours with billing questions and staff did not want those calls to be routed to the 911 operators.

Commissioner Johnson shared that Pacific Gas and Electric (PG&E) sends out text messages to customers with information regarding scheduled outages or unscheduled outages.

Chair Forssell loved Commissioner Johnson's suggestion to proactively communicate out the plan to minimize future outages as well as improve communication. She supported Commissioner Jackson's suggestion that there be a proactive system that communicates to folks about what is going on. She commented that a system operator position is hard to attract and retain. She encouraged staff to explore ways to communicate with folks after an outage has occurred.

ACTION: None

ITEM 2: ACTION: Staff Recommends That the Utilities Advisory Commission Recommend the City Council Adopt Resolutions Approving the 2020 Urban Water Management Plan and the Water Shortage Contingency Plan.

Peter Drekmeirer, Policy Director for the Tuolumne River Trust, announced that he has sent a letter to the UAC requesting that the UAC recommend to Council to request that the SFPUC create a special appendix for the Urban Water Management Plan (UWMP) for Bay Area Water Supply and Conservation (BAWSCA) agencies to use. The concern was that SFPUC and BAWSCA supplied figures for rationing water for droughts but they do not explain how they came to those figures and they exaggerate the figures.

Dave Warner requested that the Utilities Department reduce the 2045 water demand projects by taking into account less aggressive population growth and aligning the City's per capita demand reductions closer to the City's track record. He disclosed that the City has a track record of overestimating water demand as well as BAWSCA and SFPUC. He emphasized that overestimating water demand has substantial negative consequences.

Chair Forssell reported that she did not receive a letter from Mr. Drekmeirer. Commissioner Scharff announced that he also did not receive a letter. Karla Dailey, Senior Resource Planner, announced that she did receive the email and will forward it to the Commissioners.

Dailey announced that the UWMP is a plan that supported long-term resource planning. The plan is required by an act of the legislature and is revised every 5-years. There are new requirements for the 2020 UWMP cycle which included an extension of the Water Reliability Analysis to 5-years, new requirements for drought risk and supply and demand assessment, seismic resiliency, as well as the Water Shortage Contingency Plan must include a six stage that has a greater than 50 percent water supply reduction. The last UWMP was done in the year 2015 and key changes since then included updated water demand projects, completion of the Northwest County Recycled Water Strategic Plan and execution of the historical agreement with Valley Water and Mountain View. One policy within the UWMP was that projects that have not been approved and funded by Council are not counted as available water supply. The only exception was conservation. The projected water demands presented by staff were consistent with the employment and populations number in the Comprehensive Plan as well as consistent with the Housing Work Plan. The per capita demand has been decreasing and projected to continue to decline but the increase in population resulted in a slight increase in water demand over the next 20-years. In terms of usage, roughly two-thirds of the usage was used by residents. The City has several water demand management programs including the Water Waste Prevention Ordinance, Green Building ordinance and several others. In terms of water supply reliability, the City is 100 percent reliant on SFPUC for portable water supplies. The assumptions that were included in the analysis provided by SFPUC included the Bay Delta Plan in 2023 as well as the designed drought. In terms of the 5-year drought risk assessment, it assumed that the Bay Delta Plan will come into effect in year 2023 and SFPUC has implied that customers can expect water supply shortages in the 40 to 50 percent range in the outer years.

In response to Chair Forssell's request for clarification between a 5-year drought risk assessment and the designed drought of 8 ½-years, Dailey explained that the 5-year analysis is required by the UWMP. The 8 ½-year design drought is an SFPUC policy that they use for long-term planning. The 8 ½-year design drought does not translate to real-time operational decisions as much as it did to long-term planning. Nicole Sandkulla, BAWSCA Representative, concurred that the designed drought is a planning tool to understand how the system will respond to that long of drought and to understand what investment SFPUC might want to make to eliminate cutbacks.

Daily continued with the presentation and explained that actions such as information outreach and demand-side management programs are tailored to each stage in the Water Shortage Contingency Plan. Staff continued to explore water supply alternatives including groundwater which is managed by Valley Water, water reuse, stormwater, greywater, conservation and several others. The deadline to file the UWMP with the state was June 30, 2021.

Commissioner Danaher stated that BAWSCA is projecting to deliver only one-third of the contracted amount of water in a dry year. Daily clarified that was for SFPUC. Commissioner Danaher stated that a 53 percent cut back was equivalent to 6,000 acre-feet instead of the 18,000 acre-feet that is the City's contractual right. Daily clarified that the cutback is from the City's demand, not from the ISG. Commissioner Danaher acknowledged that the City had done a lot with new codes to address water shortages. He encouraged staff to continue to explore alternative water supplies.

In answer to Commissioner Scharff's questions regarding the formula used to determine how much the City will receive in a drought, Dailey explained that the Water Supply Agreement uses a formula to predict water supply shortages up to 20 percent but the contract does not address anything above 20 percent. The contract states that all wholesale customers will have to discuss how to split up the water if it is over 20 percent. Commissioner Scharff declared that he is worried about the urban canopy and the implication that the City may cut back water by more than 50 percent was unacceptable. In response to Commissioner Scharff's query regarding the legal significance of the document, Dailey mentioned that the SFPUC has a level of service obligation to not cut back all wholesale customers by 20 percent. BAWSCA agencies have been pressuring SFPUC to engage in alternative water supply programs. Amy Bartell, Deputy City Attorney, explained that part of the UWMP is the Water Storage Contingency Plan which sets forth a resolution that says if there is a cutback, then the City will respond in a certain way and those are written in the City's Municipal Code. In preparing a UWMP, local agencies do have a lot of discretion in what factors are used and what data they are relying on. In reply to Commissioner Scharff's inquiry regarding what happens if the deadline is missed and can the Council make changes to the UWMP, Bartell assumed there was no financial penalty for missing the deadline. Dailey added that if the deadline is missed, the agency can not be approved for any state grants or loans for water or wastewater projects until the UWMP is approved. She noted that the wastewater plant has roughly \$200 million in state loans that they have applied for and missing the deadline may impact those loans. In terms of making changes to the UWMP, Bartell explained that there is guidance in the Water Code and in the state guidance on how the plan is prepared but the City does have some discretion on inputs. In answer to Commissioner Scharff's question why the City does not sell its left-over water, Bartell shared that the City can transfer water to other wholesale customers but cannot sell water to another agency. Dailey added that the City can sell part of its ISG. Commissioner Scharff did not support that idea. In answer to his question regarding buying water from the Valley Water District, Dailey answered the City can but the water will be supplied at cost. Commissioner Scharff remarked that if the City contracted with two different water agencies at the same time, the City could use different numbers. Dailey confirmed that was one alternative that staff was exploring. Commissioner Scharff acknowledged that he was uncomfortable voting for a plan that included major cutbacks. In response to his query regarding the Bay Delta Plan negotiations and do other BAWSCA agencies' Water Management Plans predict such major cutbacks, Bartell confirmed that the negotiations are ongoing at the state level with the water rights holders and others. In terms of other agencies' Water Management Plans, Bartell confirmed that those plans do show major cutbacks.

In response to Vice Chair Segal's inquiry regarding an appendix, Dailey answered that originally SFPUC was going to use the contractual demands in their official UWMP and have an appendix for projected demands. Those were switched and the official numbers are based on projected demands. In terms of the impact and implications of the appendix, SFPUC has decided to provide an additional scenario that showed what would happen if they had to meet their full contractual demand. In reply to Vice Chair Segal's question if the City has explored doing a home efficiency genie for water, Dailey noted that Valley Water District does provide services for home efficiency. Jonathan Abendschein, Assistant Director of Utilities specified that the Genie is not heavily focused on water efficiency.

Chair Forssell assumed that the City is free to update its demand projections and is not bound to the UWMP for future decision-making. Also, that the Water Shortage Contingency Plan laid out how the City will implement a required reduction for water. Dailey confirmed that is correct to both assumptions but the contingency plan contains a lot of flexibility and can be easily updated. Chair Forssell agreed what the tree

canopy is important. In answer to her query has the utility thought about what specific types of programs are required to save the trees while reducing all other forms of landscape irrigation, Dailey suggested that be included in the infrastructure water supply development plan for the future.

ACTION: Commissioner Danaher moved Staff Recommendation that the Utilities Advisory Commission recommend the City Council adopt a resolution (Attachment A Linked Document) approving the 2020 Urban Water Management Plan and a resolution (Attachment B Linked Document) adopting the Water Shortage Contingency Plan. Commissioner Smith seconded the motion. The motion carried 7-0 with Chair Forssell, Vice Chair Segal, and Commissioners Danaher, Jackson, Johnston, Scharff, and Smith voting yes.

The UAC recessed at 7:07 p.m. and returned at 7:16 p.m.

ITEM 3: ACTION: Staff Recommendation That the Utilities Advisory Commission Recommend the City Council Adopt the Proposed Operating and Capital Budgets for the Utilities Department for Fiscal Year 2022.

Dean Batchelor, Director of Utilities, remarked that staff is recommending the UAC recommend to Council to adopt the Utilities Department Capital and Expense Budget for Fiscal Year (FY) 2022.

Anna Vuong, Senior Business Analyst, reported that the FY 2022 Proposed Budget assumed a 3 percent increase in the Gas and Wastewater Funds. FY 2021 accomplishments and initiatives included, but was not limited to, relocation of 10 overhead power and communication lines at Caltrain crossing locations, completion of high-level fiber network design, completion of the construction of the Sanitary Sewer Replacement Project, the Automated Metering Infrastructure (AMI) Project, FTTH education and community engagement survey, and several others. In terms of sales impacts as a result of the COVID-19 pandemic, the Electric Fund was 10 percent below average, the Gas Fund was 5 percent below average, and the Water Fund was up by 10 percent. For the Electric Fund, there was no rate increase proposed, the reserves would be drawn down to minimum guideline levels, expenses have increased by \$10 million due to commodity cost, revenues had increased by \$10 million, one employment reclass was requested for Supervising Electrical Project Engineer to Senior Electric Project Engineer as well as one relocation of a Utilities Supervisor from Water, Gas, and Wastewater to Electric. For the Electrical Capital Improvement Program, the budget assumed \$23.3 million in FY 2022. Significant projects included the foothills rebuild, advanced metering infrastructure, substation physical security, rebuilding underground district #15, Coleridge/Cowper/Tennyson 4/12kV, Colorado distribution feeder outlet and wood pole replacement. In terms of the Fiber Fund, customers with an EDF-1 rate would receive a proposed CPI increase of 2 percent, expenses have decreased and revenues had decreased due to a large customer moving off the EDF-1 rate. In terms of the Gas Fund, the fund proposed a rate increase of 3 percent and expenses and revenues had increased. Significant CIP projects in the Gas Fund included gas main replacement 23. In terms of the Wastewater Collection Fund, the proposal included a rate increase of 3 percent due to increased treatment costs, expenses were up but revenues had decreased. The significant CIP project for the Wastewater Fund included the wastewater collection main replacement. In regards to the Water Fund, there was no proposed rate increase, expenses have increased as well as revenues. Significant CIP projects included a water tank seismic upgrade and a rehabilitation and water main replacement project. The Utilities Department had a 14 percent vacancy overall in staffing and a vacancy rate of 32 percent in electric operations. The department continued to recruit and hire for those vacant positions. As of January 2021, 10 positions were filled by new hires and an additional 7 promotions were made.

In answer to Commissioner Johnston's request for clarification regarding staff vacancies, Vuong shared that the department has reduced its vacancy percentage compared to FY 2020. Commissioner Johnston announced that he was startled to see that only two Enterprise Funds showed a net revenue over expenses. Dave Yuan, Strategic Business Manager, noted that staff did debate the balance of the pandemic and rate increase. Staff is comfortable with the rates as proposed and felt the City has enough resources in the reserves. The budget does assume that all expenses are fully spent but in actuality, there were vacancy savings and unallocated CIP dollars so the drawdown in reserves will be less than depicted in the budget.

Commissioner Danaher advised staff to include another line in the Electric Fund key performance indicators (KPI) table that showed the percentage of retail electric sales volume provided by hydropower as well as a line that showed the percentage covered by offsets. He stated that the statement that Palo Alto is 25 percent renewable energy is misleading and does the City a disservice. Vuong answered that staff could include those recommendations.

In reply to Vice Chair Segal's query regarding the number of connections declining in the Fiber Optics Fund, Yuan confirmed that some customers have decided not to renew their service and have moved out. Staff predicted those numbers will go back to more traditional numbers within the next coming years. Also, in previous reports, staff was including inactive accounts in the total counts and that has been changed. In answer to Vice Chair Segal's inquiry regarding the number of power outages and funding for future maintenance projects, Batchelor restated that the Utilities Department will be contracting with a firm that will be doing a full walk out of the electric system. In terms of storms, staff could request that the contractors investigate tree vegetation but there is no other way to assess potential storm-caused outages. Vice Chair Segal noted that customer satisfaction is down but she acknowledged that was not surprising in light of the recent power outages. In reply to her question if there have been discussions of possible regional collaboration to fill workforce vacancies through training programs, Batchelor confirmed that there have been discussion on sharing costs to provide in-house training.

In response to Commissioner Smith's question if the sale of the Bucket 1 Renewable Energy Credits (REC) was reflected in the other revenues category, Yuan answered that the resources were listed in the net sales figure.

Commissioner Scharff commented that Santa Clara County has a higher salary for linemen than Palo Alto. In answer to his question if the City has analyzed increasing salaries for linemen, Batchelor disclosed that staff has not done that analysis recently. Commission Scharff recommended that the Utilities Department do that analysis and bring that issue forward to Council.

Commissioner Danaher agreed that the City has to be aggressive in its pay increases to retain staff.

In answer to Chair Forssell's inquiry if Council approved the direction to keep rates as low, Batchelor explained that it was implied in a conversation between himself, the City Manager and others. The Finance Committee had the same question of if the City is investing enough resources for maintenance projects. The Finance Committee will be discussing with Council about increasing the Electric Utility rate to counterbalance the removal of \$15 million from the reserves.

Council Member concurred with Commissioner Scharff that the City needs to be more aggressive with its increase in salaries in the Utilities Department.

Chair Forssell recommended that staff take a retroactive look at the rate of project completion over the last 10- to 20-years. Yuan restated that in terms of electric CIP projects, staff will be reprioritizing several projects. For sewer and gas, the City is on schedule with its CIP projects. For water, the City has fallen behind due to high bid pricing. Chair Forssell recommended that UAC recommend to Council to study salary and benefits ranges needed to attract and retain key utility personnel such as line personnel, system operators and engineers.

Vice Chair Segal mentioned that the concern was not just the shortages but the deferral of work. She supported Chair Forssell's recommendation.

In reply to Commissioner Smith's inquiry if the UAC is asking Staff to study salaries and amend the Operating Budget, Council Member Filseth answered no, it is not a quantitative mandate.

In reply to Commissioner Smith's query if the 32 percent vacancies are budgeted in FY 2022, Yuan answered yes.

Chair Forssell noted that if the City supplied resources for raises, it would be worth the reliability gains.

Commissioner Scharff cautioned that the positions are union jobs, negotiations have to occur and it is a very complicated process. Council Member Filseth mentioned that it is Council's job to do the work, the UAC is making a recommendation only. Commissioner Scharff suggested that staff investigate Chair Forssell's recommendation to take a retroactive look at the rate of project completion over the last 10-years.

ACTION: Commissioner Scharff moved Staff Recommendation that the Utilities Advisory Commission recommend the City Council:

1. Approve proposed FY 2022 Utilities Operating Budget;
2. Approve proposed FY 2022 Utilities Capital Budget; and
3. Study salary and benefit ranges needed to attract and retain key utility personnel such as linespersons, system operators, and engineers.

Commissioner Danaher seconded the motion. The motion carried 7-0 with Chair Forssell, Vice Chair Segal, and Commissioners Danaher, Jackson, Johnston, Scharff, and Smith voting yes.

COMMISSIONER COMMENTS and REPORTS from MEETINGS/EVENTS

Commissioner Danaher announced that he will not be pursuing another term on the UAC. He expressed his appreciation of the Utility Department staff, the City for taking the long view on many aspects including the maintenance of the City's systems and long-term water planning. He emphasized that it is important that the City take a cost-effective approach to carbon reduction, to weigh different carbon reduction programs against each other to see which is the better approach and explore opportunities outside City boundaries. He encouraged the UAC and Council to explore new energy storage technology and electro fuels.

Commissioner Jackson announced he will also not be pursuing another term with the UAC. He expressed that it has been an honor and privilege to serve on the UAC. He thanked the Commissioners and staff for their insight, support and time.

The Commissioners and staff expressed their gratitude to the two outgoing members.

FUTURE TOPICS FOR UPCOMING MEETINGS

Commissioner Scharff suggested a discussion on water quality issues within the City and cybersecurity on the utility system.

Council Member Filseth reported that Council had a closed session discussion on cybersecurity recently. Also, Council will be reviewing a cybersecurity audit in the near future.

Commissioner Scharff requested that the UAC have a close session and hear the presentation that Council heard on cybersecurity. Dean Batchelor, Utilities Director Batchelor disclosed that he will discuss it with the City's legal department.

Commissioner Jackson supported Commissioner Scharff's recommendation to discuss water quality.

Vice Chair Segal announced that she will not be in attendance at the July 2021 UAC meeting and requested that cybersecurity not be discussed then.

Batchelor remarked that staff will provide information regarding project completion in the past 10-years.

NEXT SCHEDULED MEETING: June 02, 2021

Commissioner Danaher moved to adjourn. Vice Chair Segal seconded the motion. The motion carried 7-0 with Chair Forssell, Vice Chair Segal, and Commissioners Danaher, Jackson, Johnston, Scharff, and Smith voting yes. Meeting adjourned at 8:43 p.m.

Respectfully Submitted
Tabatha Boatwright
City of Palo Alto Utilities