



# City of Palo Alto

## City Council Staff Report

(ID # 8681)

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**Report Type: Study Session**

**Meeting Date: 11/27/2017**

**Summary Title: Study Session Between the Council and UAC**

**Title: Joint Study Session of the City Council and the Utilities Advisory Commission**

**From: City Manager**

**Lead Department: Utilities**

This report is provided as discussion material for the joint study session of the Palo Alto City Council and Utilities Advisory Commission (“UAC”). As a study session, no formal action will be taken during the joint session.

The City Council and the UAC periodically meet in a joint study session to discuss matters that fall within or are otherwise related to the role, purposes and duties of the UAC. Based on UAC interests expressed, below is the list of potential topics for discussion during the joint Council-UAC study session scheduled on November 27, 2017:

1. Fiscal Year 2017 Accomplishments
2. FY 2018 Workplan
3. UAC Interest Areas
  - a. Resiliency
  - b. Electric Vehicles
  - c. Fiber Utility
  - d. Workforce
4. Council Focus Areas
5. Local Solar Policy
6. Council-UAC Communications & Relationship

The joint Council-UAC study session discussion may also touch on other matters concerning to the role, duties and purpose of the UAC (See Palo Alto Municipal Code § 2.23.050).

### **FISCAL YEAR 2017 ACCOMPLISHMENTS**

2016-17 was a typically active year for the UAC. With leadership from Chair James F. Cook and Vice Chair Michael Danaher, the UAC discussed and made recommendations on the following issues that were then advanced for approval by the City Council:

- Carbon Neutral Gas Plan
- Rooftop Solar Net Energy Metering Transition Policy
- Design Guidelines for Natural Gas Cost of Service Analysis
- Utilities Legislative Policy Guidelines
- 2017 Water Integrated Resource Plan
- Ten-Year Electric and Gas Energy Efficiency Goals (2018 to 2027)
- FY 2018 Electric, Gas, Wastewater Collection, and Water Utility Financial Plans
- Drought Water Savings
- EIR Approval for Recycled Water Pipeline Project
- Future Plans for Fiber and Broadband Expansion/Expand Wi-Fi to Unserved City Facilities and Discontinue Consideration of City-Provided Wi-Fi in Commercial Areas
- Draft Sustainability and Climate Action Plan (S/CAP) Implementation Plan (SIP)
- Review of Development Services Analysis of Cost-Effectiveness of Mandates for Building Electrification
- Utilities Operating and Capital Budgets for FY 2018
- Declining to Set an Energy Storage System Target Due to Lack of Cost-effective Options
- Community Solar Preliminary Program Design Elements

In addition to the items above, the UAC also discussed and provided feedback to staff on a variety of discussion items. Staff greatly appreciates the thoughtful and constructive input provided by the UAC on a wide range of utility-related topics.

### **WORKPLAN FOR FY 2018**

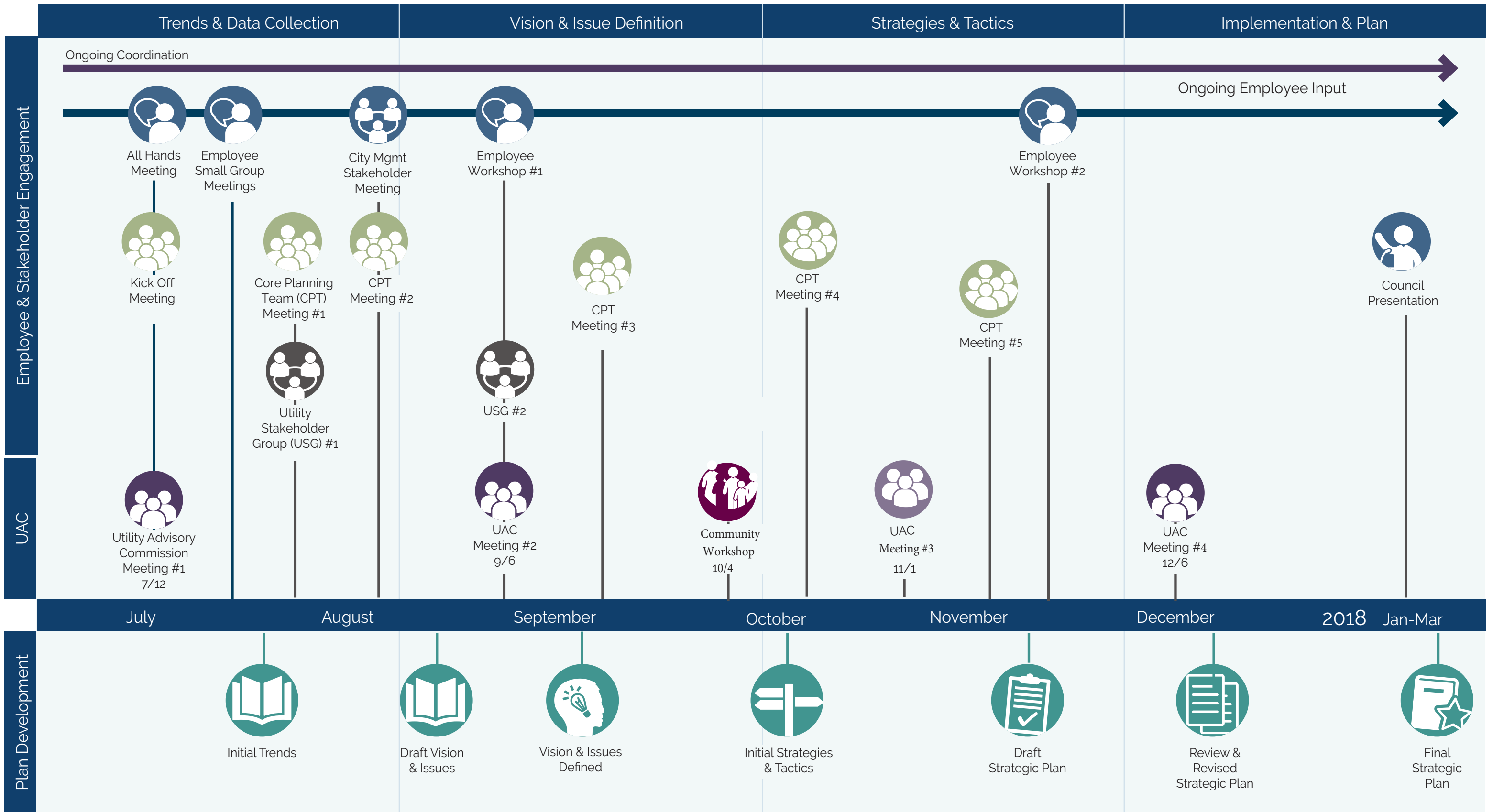
With ongoing UAC engagement, the Utilities Department is well into the process of updating its five-year Strategic Plan. The goal of the Strategic Plan is to ensure maximum alignment between CPAU's resources and activities with the City Council's policy direction, citywide organizational culture, employee and stakeholder interests, and customer service expectations. The Strategic Plan also is intended to guide CPAU in successfully advancing the City's mission and priorities over the next five years through the development of CPAU goals, objectives and initiatives; revisit the vision and/or mission statements; and result in the identification of tactical action items and a refined system for tracking performance. The strategic planning process anticipates an extensive stakeholder engagement process with the UAC providing a key advisory role in the development of the Strategic Plan. A schematic of the strategic planning process is provided in Attachment A.

In addition to strategic planning, the UAC's engagement encompasses both broad strategic direction and detailed tactical actions in support of the Utilities mission and operations. Attachment B provides an overview of the anticipated topics to be discussed by the UAC over the upcoming year, with most items presented as a precursor to City Council consideration. As can be seen, the UAC has a full docket of substantive issues planned for the year. The UAC also raised the topic of whether there are issues assigned that detract from organizational focus and progress in other areas. UAC members may wish to raise specific issues they believe fall into

this category and suggest modification or clarification of council direction.

**Attachments:**

- Attachment A: Utilities Strategic Planning Process
- Attachment B: Forecast 12Month Rolling Calendar



**FORECAST  
12-MONTH ROLLING CALENDAR**

**ATTACHMENT B**

	<b>Utilities Advisory Commission</b>	<b>City Council</b>
November 2017	Debrief from the Joint Study Session 2017 Util Strategic Planning – Strategies & Tactics Smart Grid Assessment and Developing Util Tech Roadmap Adopt Revised Util Rule & Reg 11, “Billing, Adjustments & Payment of Bills” 2018 Update of the Util Legislative Guidelines Review of Proposed Distributed Energy Resources Plan Customer Segmentation	Oaxaca Carbon Offset Purchasing Agreement (Council)
December 2017	2017 Utilities Strategic Plan: Recommend Approval Recycled Water Project Alternative Evaluation and Business Plan Hydroelectric Generation Variability Management Strategy Electric Integrated Resource Plan – Renewable Portfolio Standard required and possible modifications	Upgrade Downtown Project (Council) Extension of Elster Contract (Council)
January 2018	Preliminary Results of Distribution Systems Assessment to Facilitate Distributed Energy Resources: 2020 and 2030	Electric Integrated Resource Plan – Renewable Portfolio Standard requirements and possible modifications (Council)
February 2018	Approval of Distributed Energy Resource Plans: 2018 to 2030 Preliminary Findings and Recommendation on Smart Grid Assessment and Implementing Utility Technology Roadmap Electric Integrated Resource Plan – Carbon Neutral Portfolio	Hydroelectric Variability Management Strategy (Finance) 2017 Utilities Strategic Plan: Recommend Approval (Finance)
March 2018	Financial Forecasts / Rate Changes Electric Integrated Resource Plan – Portfolio Management and Transmission	Electric Integrated Resource Plan – Carbon Neutral Portfolio (Finance) Approval of Distributed Energy Resource Plans: 2018 to 2030 (Council) Hydroelectric Variability Management Strategy (Council) 2017 Utilities Strategic Plan: Approval (Council)
April 2018	Financial Forecasts / Rate Changes	Financial Forecasts / Rate Changes (Finance) Electric Integrated Resource Plan – Carbon Neutral Portfolio (Council)
May 2018	Budget Workshop	Financial Forecasts / Rate Changes (Finance)
June 2018	Electric Integrated Resource Plan – Proposed Objectives, Key Strategies and Implementation Plan	Financial Forecasts / Rate Changes (Council)
July 2018		Electric Integrated Resource Plan – Proposed Objectives, Key Strategies and Implementation Plan (Finance)
August 2018		
September 2018		
October 2018		

To be Scheduled

Water Benchmarking Study  
Update UAC Bylaws  
Update on City ERP and Utilities Billing System  
Long-Term Direction for Utilities  
Crossbore Updates, Next Steps: Phase 2 Implementation  
Util Engineering Services contract with Utilimap  
Electric Rate Design Review Related to EV and Heat Pumps  
Community Solar Program Elements