



City of Palo Alto

City Council Staff Report

(ID # 8750)

Report Type: Consent Calendar

Meeting Date: 1/22/2018

Summary Title: 2018 City and Utilities Legislative Guidelines

Title: Adoption of 2018 Utilities Legislative Policy Guidelines and City Legislative Priorities

From: City Manager

Lead Department: City Manager

Recommendation

1. Staff and the Utilities Advisory Commission (UAC) recommend that Council adopt the 2018 Utilities Legislative Policy Guidelines, as recommended by the UAC on November 1, 2017.
2. Staff and the Policy & Services (P&S) Committee recommend that Council adopt the City's 2018 Legislative Policies, as recommended by P&S on November 14, 2017.

Executive Summary

Each year, staff drafts utilities-specific legislative guidelines for review and discussion by the UAC prior to moving to the City Council for approval. Likewise, each year staff also drafts citywide legislative priorities for review and discussion by the P&S committee before moving to the City Council for approval; these citywide priorities include all subject areas other than utilities. This year, at its November 1, 2017 meeting, the UAC reviewed and voted unanimously to recommend that Council approve the 2018 Utilities Legislative Policy Guidelines as drafted. (Attachment A). At its November 14, 2017 meeting, the P&S committee reviewed and voted unanimously to recommend that Council approve a modified 2018 Federal and State Legislative Priority document. (Attachment C).

Background

The utility industry is a high-profile and heavily regulated industry subject to continuous legislative action at both the state and federal levels. Such legislation can influence the reliability and security of the supply and distribution infrastructure, customer service and billing, program and rate design, to name just a few issue-areas. The Utilities Department annually prepares a set of policy guidelines for review and approval by both the UAC and the City Council, separate from the larger City priority document. While both documents work together, the Utilities Department guidelines are crafted to recognize the high-profile, unique, and extremely specific nature of utilities-related legislation.

Separately, a crucial component of the City's Legislative Program is its annual priorities. These priorities lay out the specific issues believed to be ripe for government action in 2018; issues staff and the P&S committee believe the City should track and when warranted, engage in with policymakers on behalf of the City. Additionally, the document contains general foundational principles through which all the priorities and legislation are viewed. Taken together, the Utilities guidelines and City's priorities inform staff and the City's lobbyists on issues that are important to and could impact the City of Palo Alto's programs and operations and the City's utility infrastructure and services. Both the Utilities guidelines and the City's priorities were reviewed and informed by staff, close stakeholder groups, and our federal and state lobbyists.

The Utilities document contains guidelines rather than specific policy issues due to the width and breadth of all possible utilities-related legislation. For example, prior legislation has concerned issues ranging from energy storage to water conservation, renewable energy goals to providing customer data, rebate mandates to the future of the Cap & Trade program, and water rates to reporting requirements. Rather than attempting to capture or prioritize all possible future issues, the UAC recommends guiding staff on approved principles to apply to any utilities issues that could become legislation in 2018.

Discussion

Utilities Department's legislative guidelines

The Utilities legislative guidelines were the subject of review and discussion at the November 1, 2017 UAC meeting. There, staff proposed a new streamlined set of guidelines. In years past, the Utilities policy document attempted to include a guideline for every possible federal and state legislative action for each of the five utilities and for all of the utilities together. Each guideline noted whether it could affect the City on a federal, state, or local level, as well as specifying to which of four overarching goals it related. Some guidelines were particularly wordy, causing interpretation confusion, and some appeared more than once. This resulted in a 15 page document containing a large amount of words, tables, and checkmarks that made its practical use difficult.

This year, staff suggested a streamlined approach. Removed are the charts, checkmarks, lengthy sentences, and redundant verbiage; maintained are the themes and broad goals of local accountability, reliability, protecting ratepayers, and cost control. At the November meeting, the Commissioners discussed with staff the suggested changes and provided suggestions and direction:

- Commissioner Schwartz noted that guideline number 2: "where possible, seek funding and program incentives," might be too vague. Staff stated that the intention was to seek government funding, through grants or appropriations, for any Utilities Department program or service as a way to offset or mitigate costs. Such funding will be sought where opportunities exist.

- Commissioner Danaher suggested that item 10: “support government action that cost effectively reduces greenhouse gas emissions” should also include language regarding water conservation and fair pricing. On item 8: “advocate for fair cost allocation and support the principle of beneficiary pays,” he prefers tiered rates to penalize overconsumption rather than cost recovery rates. And on item 12: “support government action allowing CPAU to maintain customer confidentiality,” Commissioner Danaher noted that confidentiality should be balanced with obtaining and using data to support actions. Commissioner Schwartz agreed with the last point, and wondered if item 12 was too simplistic.
- Commissioner Johnston asked staff if the guidelines are sufficient in providing direction. Staff noted that they are, as legislation tends to be fairly narrow in scope and subject. Specific legislation coupled with the utilities guidelines and the larger City priorities provides adequate direction for staff.
- Commissioner Trumbull expressed support for the guidelines and the approach, noting he could support an even more streamlined document to provide staff with the ability to react quickly to legislation.
- Commissioner Forssell appreciated the simplicity of the proposed guidelines.

The UAC unanimously passed the guidelines as drafted, without requesting any changes, and so the suggestions noted above are not reflected in the attached final document.

The City’s legislative priorities

The City’s draft legislative priorities were reviewed at the November P&S meeting. Staff noted that the bolded items in the document are new suggestions for 2018, while the other items, the bulk of the document, were carried over from 2017. After discussion and a motion by the committee to modify the draft document in three ways, the following changes were made:

- The public safety item was made a foundational principle. (Requested by Council Member Kou).
- The words “and emissions” were added to the existing airplane noise item under the transportation category. (Requested by Vice Mayor Kniss)
- A new priority regarding sea level rise was added to the environmental category. (Requested by the Chair, Council Member Wolbach).

A redlined document showing these changes is attached (Attachment B); a clean version of the final document is also attached (Attachment C).

Lastly, staff is currently developing a proposal for state legislation related to businesses and

Transportation Demand Management programs. The deadline to introduce new legislation is February 16; as this date is approaching quickly, staff is now reaching out to legislators to discuss the proposal with the idea of the City sponsoring a bill. Staff may report to Council at the January 22 meeting with more information.

Resource Impact, Environmental Review

There is no direct resource impact associated with adoption of the proposed legislative documents. However, actions taken that support the efficient use of the City’s assets and resources will help control costs, implement the Council’s policies and goals, and protect utility customers. The Council’s adoption of this item is not a project requiring California Environmental Quality Act (CEQA) review, because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

Attachments:

- Attachment A: Utilities Legislative Guidelines
- Attachment B: Redlined City Legislative Priorities
- Attachment C: Clean City Legislative Priorities

Approved by City Council on January XX, 2018

Utilities' Legislative Policy Guidelines: 2018 Update

City of Palo Alto Utilities Department (CPAU) staff will use the below guidelines as well as the City's guidelines to help determine any advocacy position or action on Utilities-related issues. Formal advocacy requires the approval of the Assistant City Manager/Utilities General Manager or his designee.

1. Seek to preserve local government flexibility, discretion, accountability, and oversight of matters impacting utility programs, services, and rates. Oppose action that could reduce the authority or ability of local government to determine how best to effectively operate local programs, services, and activities.
2. Where possible, seek funding and program incentives.
3. Advocate for reasonable government action with minimal customer impact that allows for flexibility and implementation feasibility.
4. Advocate for locally-designed conservation or efficiency programs. Support reasonable State conservation or efficiency requirements that consider local populations, environment, and resources.
5. Inform state and federal policymakers about CPAU's current programs, services, goals, and reporting requirements.
6. Oppose unnecessary, unreasonable, impractical, or costly rates or mandates.
7. Collaborate with and support the efforts of regional agencies and associations whose goals align with ours.
8. Advocate for fair cost allocation and support the principle of beneficiary pays.
9. Support efforts to maintain or improve the security and reliability of our infrastructure.
10. Support government action that cost effectively reduces greenhouse gas emissions.
11. Promote locally-designed residential and commercial electrification programs.
12. Support government action allowing CPAU to maintain customer confidentiality.
13. Educate key accounts about significant policy actions that could affect their business.

The City of Palo Alto's 2018 Federal and State Legislative Priorities

Foundational Principles

1. Protect local revenue sources and prevent unfunded mandates
2. Protect, seek, and increase funding for programs, projects, and services
3. Protect and increase local government discretion. Oppose items that preempt or reduce the authority or ability of local government to determine how to effectively operate local programs, services, and activities

4. Protecting the health and safety of the community

Public Safety

- ~~Protecting the health and safety of the community~~

Transportation

- Deterring single occupancy drivers and alleviating local traffic congestion
- Supporting local and regional public transportation
- Seek funding for rail grade separations and other means of reducing the local impacts of regional transportation systems
- Promoting the ability of Cities to enforce a default speed limit for locally-controlled streets and arterials

Environmental

- Reducing GHG emissions
- Reducing airplane noise and emissions and actively supporting such efforts
- Studying the efficacy and cost of residential electrification; promoting such programs if reasonable; promoting reasonable vehicle electrification programs
- Promoting the use of renewable resources, water conservation, and the flexible use of resources to support a healthy watershed and urban canopy
- Supporting a statewide ban on polystyrene containers and packaging materials
- Supporting advanced low emission vehicle technology and vehicle electrification
- Improving San Francisquito Creek, including seeking grant funding
- Expanding federal, state, and regional efforts to protect local communities from sea level rise and other impacts of climate change and funding for such efforts

The City of Palo Alto's 2018 Federal and State Legislative Priorities

Financial

- Supporting the long-term stability of CalPERS and the ability of local governments to mitigate and manage with flexibility its pension obligations
- Protecting the funding of ambulance, paramedic, and other emergency services
- Supporting the continued deductibility of tax-exempt municipal bonds while monitoring tax reform efforts
- Promoting the ability of states to capture sales tax revenue on Internet purchases

Public Employment

- Preserving local government's ability to manage its own employment issues, including, but not limited to: employee hiring, evaluating, disciplining, and/or terminating and negotiating collective bargaining agreements with employees' representatives

Technology

- On a pilot basis, authorizing Palo Alto, and surrounding areas as needed, as a place for autonomous vehicle testing
- Supporting reasonable state and federal efforts surrounding policies such as strengthening cybersecurity, regulating drones and shared mobility services, preserving net neutrality, and pursuing smart city initiatives

Housing

- Supporting the development and implementation of efficient and sustainable land use and building practices

Other

- Supporting reasonable state action to update, implement, and refine processes, services, and programs affecting the City
- Protecting individual privacy and the equal treatment of all individuals
- Supporting the collaborative work of regional partners and Joint Powers Authorities of which the City is a member

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