



City of Palo Alto

City Council Staff Report

(ID # 10313)

Report Type: Action Items

Meeting Date: 6/24/2019

Summary Title: Utilities Connection and Miscellaneous Rate Changes

Title: PUBLIC HEARING: Adoption of Resolution Amending Utilities Rate Schedules E-15 (Electric Service Connections), W-5 (Water Service Connections), G-5 (Gas Service Connections), S-5 (Sewer Service Connections) and C-1 (Utility Miscellaneous Charges)

From: City Manager

Lead Department: Utilities

Recommendation

Staff recommends that Council adopt the attached resolution (Attachment A) amending five Utilities rate schedules which set forth charges for utility connection and capacity charges and service calls: rate schedule E-15 (Electric Service Connection Charges), W-5 (Water Service Connection Charges), G-5 (Gas Service Connection Charges), S-5 (Wastewater Service Connection Charges), and C-1 (Utility Miscellaneous Charges), effective September 1, 2019.

Background

The Utilities Department provides service connections to meet customers' requests for new gas, water, wastewater and electric services. Service connection charges and service call charges are designed to recover costs that the Utilities Department incurs to provide installation, connection, inspection and engineering of new service connections, including labor, equipment and other associated charges. Service connection charges also cover all charges related to the installation, relocation or abandonment of gas, water and wastewater services, which include Utility plan review charges, meter and hydrant installations and other service installation and inspection costs.

Capacity charges for the water and wastewater utilities were developed to recover the proportionate cost of system improvements required to serve new customers and increased loads of existing customers. The capacity charges are one-time fees calculated as an equity (buy-in) charge for adding new loads and help pay for improving the water distribution and wastewater collection systems to meet current and future demand.

Costs are recovered via a single charge based on normal conditions or an estimated charge based on unusual, non-standard field conditions. Most service connection costs are recovered

via a single charge, such as rate schedule E-15's electric service connection charge for common residential and commercial electric projects like service panel changes. These typically only require connection of the service wires on the property, without off-site work on the distribution system. Staff prepares the appropriate charge amounts based on the typical engineering and construction labor costs, and material requirements for a particular type of project. Projects that do not qualify for a single charge are larger projects that may require modifications to the electric distribution system and therefore more analysis of design and construction requirements. These projects require a detailed cost estimate, prepared by staff, of the work performed by Utilities to provide electric service. Non-standard field conditions and the associated costs associated with them are determined by the Utilities Engineering Manager. Staff determines connection charges based on the costs of labor, materials, equipment, overhead system requirements, street paving needs, meter costs (where applicable), and landfill dump charges.

Staff's recent internal cost-of-service study of connection and service-related costs indicates that current charges do not fully recover the Utilities Department's direct and indirect costs; therefore, increases are necessary. Staff last performed a cost-of-service study of Water- Gas-Wastewater (WGW) connection fees in 2015 ([Staff Report #5494](#)), and of Electric connection fees in 2016 ([Staff Report #6977](#))

Discussion

The proposed connection and service call charges reflect changes in labor rates, material costs, and time required to complete the work. Installation time varies depending on the location of the main where the connection is made. A short installation is when the property is on the same side of the street where the main is located and a long installation is when the main is located on the other side of the street or the long side of the street incurring more work crossing the street and underground facilities. The proposed WGW connection charges include revised installation time based on the average of these service lengths. New items and services were also added to the rate schedule to cover additional scenarios, new standards and changing conditions. A few services which are not common or have not been requested in the past several years will be removed from the rate schedule. If these instances arise, staff will prepare customized engineering estimates for non-standard projects to determine the appropriate charges for special requirements as needed. Staff also reviewed and updated each rate schedule making edits for clarity.

Rate Schedule E-15 (Electric Service Connection Charges) - (Table 1 and Attachment B)

Staff develops estimates of labor hours and material requirements to perform the work to connect the simpler types of service connections, i.e. projects which do not require a full estimate. These labor and material estimates are the basis of the connection charges paid by customers for new or upgraded electric service connections to recover the cost of making the electrical connections. Electric service connection charges increased an average of 23%. The proposed increases in electric service connection charges are due to the cost recovery gap

noted earlier, as well as an increase in labor rates based on annual cost of living adjustments and market based adjustments for critical positions, and rising material costs since 2016.

Table 1 – Summary of Proposed Changes to Electric Service Standard Connection Charges (Attachment B – Utility Rate Schedule E-15)

ELECTRIC SERVICE STANDARD CONNECTION CHARGES - UTILITY RATE SCHEDULE E-15			
WORK DESCRIPTION	CURRENT CONNECTION CHARGES	PROPOSED CONNECTION CHARGES	PERCENT INCREASE
TEMPORARY POWER OVERHEAD	\$970	\$1,190	23%
TEMPORARY POWER UNDERGROUND	\$970	\$1,190	23%
OVERHEAD RESIDENTIAL 200 AMP	\$840	\$1,040	24%
OVERHEAD RESIDENTIAL MIDSPAN SERVICE	\$1,930	\$2,370	23%
OVERHEAD MULTI-FAMILY COMMERCIAL <200AMP	\$1,180	\$1,440	22%
UNDERGROUND RESIDENTIAL 200 AMP	\$850	\$1,040	22%
UNDERGROUND RESIDENTIAL 200 AMP - REAR	\$1,900	\$2,330	23%
OVERHEAD MULTI-FAMILY COMMERCIAL < 200 AMP	\$1,160	\$1,420	22%
INTERCONNECTION CHG <= 10Kw	\$123	\$152	24%
INTERCONN ADV ENG FEE > THAN 10kW AND < THAN 100kW	\$675	\$840	24%
INTERCONN ADV ENG FEE > = 100kW AND < THAN 500kW	\$4,500	\$5,550	23%
INTERCONN ADV ENG CHG >= 500kW	\$8,500	\$10,700	26%

Rate Schedule G-5 (Gas Service Connection Charges) - (Table 2 and Attachment C)

The proposed increases in gas connection charges are due to a combination of factors including higher labor rates, additional meter costs, and an increase in work time to reflect the actual time required to complete each job. The proposed gas service connection and meter installation charges increased on average of 35% and 15% respectively. The increase is due to the cost recovery gap noted earlier, as well as increased labor rates, installation time, and material costs (i.e. concrete, pipe fittings, metal) since 2015.

Table 2 – Summary of Proposed Changes to Gas Service Standard Connection Charges (Attachment C – Utility Rate Schedule G-5)

GAS SER+B46:J91VICE STANDARD CONNECTION FEES - UTILITY RATE SCHEDULE G-5			
WORK DESCRIPTION	CURRENT CONNECTION CHARGES	PROPOSED CONNECTION CHARGES	PERCENT INCREASE
NEW SFR OR RES REMODEL	\$848.00	\$924.00	9%
NEW SUBDIVISION EACH SFR GAS ONLY	\$348.00	\$379.00	9%
NEW COMMERCIAL BLDG OR COMM REMODEL WATER, GAS, SEWER	\$2,316.00	\$2,557.00	10%
SYSTEM EXTENSION 2" PE GAS MAIN	\$12.00	\$13.00	8%

GAS 2" SYSTEM EXTENSION	\$173.00	\$205.00	18%
NEW SERVICE 1" CONNECTION	\$4,343.00	\$5,892.00	36%
NEW SERVICE 2" CONNECTION	\$5,250.00	\$6,999.00	33%
ADDITIONAL PIPE INSTALLATION FOR NEW 1" OR 2" SERVICE	\$49.00	\$52.00	6%
2" PE PIPE INSTALLATION IN CONTRACTOR PROVIDED TRENCH	\$60.00	\$68.00	13%
NEW SERVICE 1" OR 2" CONNECTION	\$5,976.00	\$7,126.00	19%
PE PIPE RISER RELOCATION	\$1,422.00	\$1,920.00	35%
CURB RISER RELOCATION ON EXIST. 1" PE PIPE	\$796.00	\$1,026.00	29%
CURB RISER RELOCATION ON SAME ALIGNMENT 1/2" - 1"	\$1,274.00	\$1,539.00	21%
CURB RISER RELOCATION NEW SERVICE AND ALIGNMENT 1/2" - 1"	\$2,038.00	\$2,946.00	45%
1" - 2" TAP MAIN FOR CONTRACTOR INSTALLED SERVICE	\$1,603.00	\$1,799.00	12%
4" - 6" TAP MAIN FOR CONTRACTOR INSTALLED SERVICE	\$2,212.00	\$2,505.00	13%
ADDITIONAL METER UP TO 630 CFH WITH NEW SERVICE CONNECTION	\$529.00	\$578.00	9%
ADDITIONAL METER UP TO 630 CFH ON EXISTING SERVICE CONNECTION	\$1,193.00	\$1,412.00	18%
250 CFH METER CHARGE INSTALLATION	\$850.00	\$1,012.00	19%
400 CFH METER CHARGE INSTALLATION	\$961.00	\$1,191.00	24%
630 CFH METER CHARGE INSTALLATION	\$1,329.00	\$1,602.00	21%
800 CFH METER CHARGE INSTALLATION	NEW	\$1,772.00	NEW
1000 CFH METER CHARGE INSTALLATION	\$1,886.00	\$2,213.00	17%
250 CFH METER CHARGE CURB INSTALLATION	\$1,805.00	\$2,124.00	18%
400 CFH METER CHARGE CURB INSTALLATION	\$2,023.00	\$2,331.00	15%
630 CFH METER CHARGE CURB INSTALLATION	\$2,285.00	\$2,657.00	16%
1500 CFH METER CHARGE INSTALLATION	\$2,487.00	\$2,894.00	16%
2000 CFH METER CHARGE INSTALLATION	\$3,417.00	\$3,924.00	15%
3000 CFH METER CHARGE INSTALLATION	\$3,431.00	\$3,966.00	16%
5000 CFH METER CHARGE INSTALLATION	\$3,837.00	\$4,469.00	16%
7000 CFH METER CHARGE INSTALLATION	\$4,418.00	\$5,174.00	17%
11,000 CFH METER CHARGE INSTALLATION	\$11,405.00	\$12,639.00	11%
16,000 CFH METER CHARGE INSTALLATION	\$12,472.00	\$13,980.00	12%
23,000 CFH METER CHARGE INSTALLATION	\$14,760.00	\$16,628.00	13%
ELECTRONIC VOLUME CORRECTOR SYSTEM	\$5,808.00	\$5,808.00	0%
ERT INSTALLATION ON METERS UP TO 1000 CFH	\$155.00	\$205.00	32%
ERT INSTALLATION ON METERS OVER 1500 CFH	\$208.00	\$269.00	29%
3/4" VENT LINE INSTALLATION	\$305.00	\$385.00	26%
2" BOLLARD INSTALLATION	\$339.00	\$394.00	16%
4" BOLLARD INSTALLATION	\$494.00	\$564.00	14%
EFV INSTALLATION ON 1" - 2" PE SERVICE	NEW	\$2,740.00	NEW

Rate Schedule W-5 (Water Service Connection Charges) - (Table 3 and Attachment D).

The proposed increases in water service charges are due to a combination of factors including the cost recovery gap noted earlier, as well as higher labor rates, additional meter costs, and an increase in work time to reflect the actual time required to complete each job. The proposed water service connection and meter installation charges increase on average of 39% and 15% respectively. The proposed engineering review, inspection and tapping of water main for contractor installed services increases 17% to 19%.

The City installs water meters to match the customer's demand as stated on the Customer Utility application and load sheet. Total annual water capacity charges are expected to decrease

on average of (-\$83,088 or -29%) due to Utilities' decision to discontinue installing new E-Series ultrasonic water meters. Going forward, Utilities will use positive displacement disc water meters which have reduced (continuous) capacity. The proposed capacity charges are calculated using the disc meter capacity specified by the meter manufacturer and the corresponding fixture unit count specified by the Uniform Plumbing Code. Since the number of fixture units for 1-1/2" meter is the same for ultrasonic and positive displacements, there is no change in capacity charge. Fire capacity charges have been reduced due the reduced internal diameter (and capacity) of PE pipe from other material piping previously used.

Customers who want a large 4-inch or 6-inch compound meter will need to meet the proposed minimum number of fixture units on the application/load sheet or pay the capacity charge based on this minimum number of fixture units, with additional fixture units beyond the minimum number to be calculated at \$125.00 per fixture unit.

**Table 3 – Summary of Proposed Changes to Water Service Standard Connection Charges
(Attachment D – Utility Rate Schedule W-5)**

WATER SERVICE STANDARD CONNECTION CHARGES - UTILITY RATE SCHEDULE W-5			
WORK DESCRIPTION	CURRENT CONNECTION CHARGES	PROPOSED CONNECTION CHARGES	PERCENT CHANGE
NEW SUBDIVISION EACH SFR WATER ONLY	\$348.00	\$378.00	9%
NEW COMMERCIAL BLDG OR COMM REMODEL WATER, GAS, SEWER	\$3,072.00	\$3,369.00	10%
SYSTEM EXTENSION 8" HDPE WATER MAIN	\$12.00	\$13.00	8%
SYSTEM EXTENSION 8" HDPE WATER MAIN	\$206.00	\$252.00	22%
NEW SERVICE 2" CONNECTION	\$4,863.00	\$7,671.00	58%
NEW SERVICE 4" CONNECTION	\$7,156.00	\$9,932.00	39%
NEW SERVICE 6" CONNECTION	\$8,137.00	\$11,274.00	39%
NEW SERVICE 8" CONNECTION	\$9,469.00	\$13,170.00	39%
NEW SERVICE 10" CONNECTION	\$10,625.00	\$14,669.00	38%
INSTALL FIRE HYDRANT ONLY	\$2,552.00	\$3,542.00	39%
INSTALL 6" FIRE HYDRANT & LATERAL	\$12,840.00	\$15,285.00	19%
FIRE HYDRANT RELOCATION	\$6,841.00	\$8,585.00	25%
ADD NEW SERVICE 2" CONNECTING TO A LARGER SERVICE	\$3,122.00	\$3,523.00	13%
ADD NEW SERVICE 4" CONNECTING TO A LARGER SERVICE	\$4,449.00	\$4,663.00	5%
ADD NEW SERVICE 6" CONNECTING TO A LARGER SERVICE	\$4,842.00	\$6,462.00	33%
TAP WATER MAIN FOR 2" SERVICE	\$1,649.00	\$1,929.00	17%
TAP WATER MAIN FOR 4" SERVICE	\$2,162.00	\$2,539.00	17%
TAP WATER MAIN FOR 6" SERVICE	\$3,288.00	\$3,852.00	17%
TAP WATER MAIN FOR 8" SERVICE	\$4,498.00	\$5,244.00	17%
ADDITIONAL METER ON NEW CONNECTION 5/8" - 2"	\$1,264.00	\$1,381.00	9%
ADDITIONAL METER ON EXISTING CONNECTION 5/8" - 2"	\$1,866.00	\$2,117.00	13%
5/8" x 3/4" METER CHARGE INSTALLATION	\$698.00	\$795.00	14%
1" METER CHARGE INSTALLATION	\$862.00	\$1,002.00	16%
1-1/2" METER CHARGE INSTALLATION	\$1,444.00	\$1,593.00	10%
2" METER CHARGE INSTALLATION	\$1,635.00	\$1,945.00	19%
4" METER CHARGE INSTALLATION	\$5,740.00	\$6,561.00	14%
6" METER CHARGE INSTALLATION	\$8,051.00	\$9,324.00	16%
5/8" x 3/4" METER DOMESTIC CAPACITY CHARGE	\$5,000.00	\$3,750.00	-25%
1" METER DOMESTIC CAPACITY CHARGE	\$9,400.00	\$6,250.00	-34%
1-1/2" METER DOMESTIC CAPACITY CHARGE	\$18,850.00	\$18,850.00	0%
2" METER DOMESTIC CAPACITY CHARGE	\$56,250.00	\$31,250.00	-44%
4" OR LARGER METER DOMESTIC CAPACITY CHARGE	\$125/FU	\$125/FU	0%
2" METER FIRE SERVICE CAPACITY CHARGE	\$750.00	\$750.00	0%
4" METER FIRE SERVICE CAPACITY CHARGE	\$9,000.00	\$8,425.00	-6%
6" METER FIRE SERVICE CAPACITY CHARGE	\$22,530.00	\$18,250.00	-19%
8" METER FIRE SERVICE CAPACITY CHARGE	\$43,080.00	\$30,950.00	-28%
10" METER FIRE SERVICE CAPACITY CHARGE	\$69,510.00	\$48,110.00	-31%
2" METER MANIFOLD INSTALLATION FOR 2" PE & 1" CU SERVICE	\$724.00	\$868.00	20%
3/4" - 2" SERVICE DEMOLITION	\$2,653.00	\$3,341.00	26%
3" - 8" SERVICE DEMOLITION	\$3,715.00	\$4,439.00	19%
INSPECT & ENG NEW 2" DOM/IRR SVC INSTALLED BY OTHERS	\$1,618.00	\$1,923.00	19%

INSPECT & ENG 2" DOM/IRR SVC TO FIRE SVC INSTALLED BY OTHERS	\$1,078.00	\$1,282.00	19%
INSPECT & ENG FOR 4" OR LARGER SVC INSTALLED BY OTHERS	\$2,426.00	\$2,885.00	19%
INSPECT & ENG NEW 6" FIRE HYDRANT & LAT INSTALLED BY OTHERS	\$2,426.00	\$2,885.00	19%
INSPECT & ENG ABAND UP TO 2" WATER SVC BY OTHERS	\$809.00	\$962.00	19%
INSPECT & ENG ABAND 3" & LARGER WATER SVC BY OTHERS	\$1,078.00	\$1,282.00	19%
INSPECT & ENGINEERING FOR NEW 8" MAIN INSTALLED BY OTHERS	\$27.00	\$32.00	19%

Rate Schedule S-15 (Wastewater Service Connection Charges) - (Table 4 and Attachment E)

The proposed increase in wastewater connection charges are due to the cost recovery gap noted earlier, as well as rising labor rates and material costs, and revised installation time to reflect the actual time required to complete each job. The proposed wastewater service connection charges increased on average of 38%.

The City installs water meters to match the customer’s demand as stated on the Customer Utility application and load sheet. Total annual wastewater capacity charges are expected to decrease on average of (-\$38,500 or -41%) respectively due to Utilities’ decision to discontinue installing new E-Series ultrasonic water meters.

Customers who want a large 4-inch or 6-inch compound meter will need to meet the proposed minimum number of fixture units on the application/load sheet or pay the capacity charge based on this minimum number of fixture units, with additional fixture units beyond the minimum number to be calculated at \$210.00 per fixture unit.

Table 4 – Summary of Proposed Changes to Wastewater Service Standard Connection Charges (Attachment E – Utility Rate Schedule S-5)

SEWER SERVICE STANDARD CONNECTION CHARGES - UTILITY RATE SCHEDULE S-5			
WORK DESCRIPTION	CURRENT CONNECTION CHARGES	PROPOSED CONNECTION CHARGES	PERCENT INCREASE
NEW SUBDIVISION EACH SFR SEWER ONLY	\$160.00	\$172.00	8%
NEW COMMERCIAL BLDG OR COMM REMODEL WATER, GAS, SEWER	\$2,316.00	\$2,547.00	10%
SYSTEM EXTENSION 8" HDPE WASTEWATER MAIN	\$22.00	\$24.00	9%
COLLECTION SYSTEM 8" EXTENSION	\$204.00	\$248.00	22%
NEW LATERAL 4" CONNECTION	\$6,589.00	\$8,559.00	30%
NEW LATERAL 6" CONNECTION	\$7,124.00	\$9,846.00	38%
NEW LATERAL 4" CONNECTION	\$8,225.00	\$11,456.00	39%
NEW LATERAL 6" CONNECTION	\$8,748.00	\$12,186.00	39%
REHABILITATE EXISTING 4" OR 6" LATERAL	\$4,233.00	\$5,861.00	38%
5/8" WATER METER CAPACITY CHARGE	\$5,250.00	\$5,250.00	0%
1" WATER METER CAPACITY CHARGE	\$15,750.00	\$10,500.00	-33%
1-1/2" WATER METER CAPACITY CHARGE	\$31,668.00	\$31,668.00	0%
2" WATER METER CAPACITY	\$94,500.00	\$52,500.00	-44%

6" CONNECTION WITH 4" WATER METER (WM)	\$210/FU	\$210/FU	0%
NEW MANHOLE INSTALLATION	\$10,743.00	\$12,952.00	21%
NEW MANHOLE INSTALLATION	\$13,726.00	\$16,346.00	19%
NEW CLEANOUT 4" OR 6" INSTALLATION	\$2,109.00	\$2,523.00	20%
DEMOLITION AND ABANDONMENT 4" OR 6"	\$2,753.00	\$3,261.00	18%
INSPECT & ENG FOR NEW WASTEWATER 4" OR 6" LATERAL	\$2,157.00	\$2,564.00	19%
INSPECT & ENG FOR NEW 8" WASTEWATER MAIN	\$34.00	\$40.00	18%
INSPECT & ENG FOR NEW WASTEWATER MANHOLE	\$2,696.00	\$3,205.00	19%
INSPECT & ENG FOR ABANDONMENT OF WASTEWATER 4" OR 6" SERVICE	\$1,348.00	\$1,603.00	19%

Utility Miscellaneous Charges (Utility Rate Schedule C-1) - (Table 5 and Attachment F)

Utility Rate Schedule C-1 covers flat rate charges for service calls related to service disconnection and restoration for non-payment, plus engineering and inspection labor rates. In addition to the flat rate charges for service calls, Utility hourly labor rates have been revised to reflect updated labor costs. The proposed service call flat rates and labor rates are increasing on average 24% due to the cost recovery gap noted earlier, as well as increases in salaries and market-base salary realignments since 2015. However, the after regular hour rates are decreasing between (-19%) to (-32%) due to a change in methodology. Previously, the after hour rate was based on a 2 times multiplier of one regular hour including labor and overhead. Instead, staff recommends changing the after hour rate by keeping the overhead rate flat and applying a pay multiplier in accordance with SEIU MOA contract to a calculated average hourly wage. When service is provided after hours for the City's convenience, Overtime is calculated using a 1.5 times multiplier of the average hourly wage. Whereas, if service is provided after hours for the Customer's convenience, Overtime is based on a 2 times multiplier of the average hourly rate.

Table 5 – Summary of Proposed Changes to Utility Miscellaneous Charges (Attachment F – Utility Rate Schedule C-1)

UTILITY MISCELLANEOUS CHARGES - UTILITY RATE SCHEDULE C-1			
WORK DESCRIPTION	CURRENT CHARGES	PROPOSED CHARGES	PERCENT CHANGE
ELECTRIC METER SET AFTER REGULAR HOURS	\$300.00	\$204.00	-32%
DISCONNECTION OF SERVICE FOR NON-PAYMENT	\$147.00	\$152.00	3%
RESTORATION OF SERVICE FOR NON-PAYMENT	\$147.00	\$152.00	3%
RESTORATION OF SERVICE FOR NON-PAYMENT AFTER REGULAR HOURS	\$300.00	\$204.00	-32%
RESTORATION OF ELECTRIC SERVICE AT POWER POLE FOR NON-PAYMENT	\$294.00	\$304.00	3%
RESTORATION OF ELECTRIC SERVICE AT POWER POLE FOR NON-PAYMENT AFTER REGULAR HOURS	\$504.00	\$408.00	-19%
SERVICE PROVIDED DURING REGULAR HOURS	\$123.00	\$152.00	24%
SERVICE PROVIDED ON OVERTIME AT CITY'S CONVENIENCE	\$144.00	\$178.00	24%
SERVICE PROVIDED ON OVERTIME AT CUSTOMER'S CONVENIENCE	\$166.00	\$204.00	23%

Public Noticing

Staff developed the proposed charges in accordance with the Mitigation Fee Act (California Government Code Section 66000 – 66008), which governs water and wastewater utility connection and capacity charges. The Act sets forth notice and hearing procedures and requires that charges be cost-based. Although the City’s gas and electric connection fees and service call charges are not covered by the Act, the City has followed its procedural and substantive requirements with respect to these cost-based fees, for transparency and ease of administration.

Government Code 66016 requires that prior to levying a new or increased fee or service charge; the City Council must hold at least one public meeting to listen to any oral or written presentations of the charges. If approved, the proposed charge changes will take effect on September 1, 2019, over 60 days after the City Council adopts the resolution amending the charges, in accordance with Government Code Section 66017.

Resource Impact

Based on the proposed rate changes and number of customer service orders in prior years, the estimated annual change in connection and capacity charge revenues is an increase of approximately \$54,240 in the Electric Fund, \$255,661 in the Gas Fund, \$179,272 in the Water Fund, and \$49,760 in the Wastewater Fund. Actual connection charge revenues vary annually based on the number of paid applications. Staff is not recommending a budget change at this time.

Policy Implications

These recommendations do not represent a change in current City policies.

Environmental Review

The adoption of a resolution amending charges set forth in Utility Rate Schedule E-15, W-5, S-5 and G-5 to meet operating expenses and provide service is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec. 15273(a). After reviewing the staff report and all attachments presented to Council, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

Attachments:

- Attachment A - Resolution
- Proposed Utility Rate Schedules Attached Links
- Redlined Utility Rate Schedules Attached Links

RESOLUTION NO. _____
RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO AMENDING ELECTRIC,
WATER, GAS, AND WASTEWATER CONNECTION AND CAPACITY FEES AND
MISCELLANEOUS UTILITY CHARGES (UTILITY RATE SCHEDULES E-15, G-5, W-5, S-5, AND
C-1)

The Council of the City of Palo Alto does hereby RESOLVE as follows:

Section 1. Pursuant to section 12.20.010 of the Palo Alto Municipal Code, Schedule E-15 (Electric Service Connection Fees) of the Palo Alto Utilities Rates and Charges is hereby amended to read as attached and incorporated. The foregoing Utility Rate Schedule, as amended, shall become effective September 1, 2019.

Section 2. Pursuant to section 12.20.010 of the Palo Alto Municipal Code, Schedule G-5 (Gas Service Connection Fees) of the Palo Alto Utilities Rates and Charges is hereby amended to read as attached and incorporated. The foregoing Utility Rate Schedule, as amended, shall become effective September 1, 2019.

Section 3. Pursuant to section 12.20.010 of the Palo Alto Municipal Code, Schedule W-5 (Water Service Connection Fees) of the Palo Alto Utilities Rates and Charges is hereby amended to read as attached and incorporated. The foregoing Utility Rate Schedule, as amended, shall become effective September 1, 2019.

Section 4. Pursuant to section 12.20.010 of the Palo Alto Municipal Code, Schedule S-5 (Wastewater Service Connection Fees) of the Palo Alto Utilities Rates and Charges is hereby amended to read as attached and incorporated. The foregoing Utility Rate Schedule, as amended, shall become effective September 1, 2019.

Section 5. Pursuant to section 12.20.010 of the Palo Alto Municipal Code, Schedule C-1 (Utility Miscellaneous Charges) of the Palo Alto Utilities Rates and Charges is hereby amended to read as attached and incorporated. The foregoing Utility Rate Schedule, as amended, shall become effective September 1, 2019.

Section 6. The Council finds that the fees and charges adopted by this resolution are charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product.

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Section 7. Council finds that the adoption of this resolution is statutorily exempt from the California Environmental Quality Act (CEQA), pursuant to California Code of Regulations Title 14, Chapter 3, Section 15273(a), because the fees and charges proposed are necessary to recover the cost of providing utility service and meet operating expenses. After reviewing the reports presented, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

City Manager

Assistant City Attorney

Director of Utilities

Director of Administrative Services

Proposed Utility Rate Schedules
Staff Report 10313

PUBLIC HEARING: Adoption of Resolution Amending Utilities Rate Schedules E-15 (Electric Service Connections), W-5 (Water Service Connections), G-5 (Gas Service Connections), S-5 (Sewer Service Connections) and C-1 (Utility Miscellaneous Charges)

Links are available below to view the Proposed Rate Schedules:

Attachment B [Proposed Utility Rate Schedule E-15](#)

Attachment C [Proposed Utility Rate Schedule G-5](#)

Attachment D [Proposed Utility Rate Schedule W-5](#)

Attachment E [Proposed Utility Rate Schedule S-5](#)

Attachment F [Proposed Utility Rate Schedule C-1](#)

Utility Rate Schedules Redlined
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PUBLIC HEARING: Adoption of Resolution Amending Utilities Rate Schedules E-15 (Electric Service Connections), W-5 (Water Service Connections), G-5 (Gas Service Connections), S-5 (Sewer Service Connections) and C-1 (Utility Miscellaneous Charges)

Links are available below to view the Redlined Rate Schedules:

Attachment B [Utility Rate Schedule E-15 - Redlined](#)

Attachment C [Utility Rate Schedule G-5 - Redlined](#)

Attachment D [Utility Rate Schedule W-5 - Redlined](#)

Attachment E [Utility Rate Schedule S-5 - Redlined](#)

Attachment F [Utility Rate Schedule C-1 - Redlined](#)