



Finance Committee Staff Report

From: Kiely Nose, Assistant City Manager

Lead Department: Utilities Department

Meeting Date: March 21, 2023

Staff Report: 2303-1172

TITLE

Recommend the City Council Adopt a Resolution Approving a Revised Fiscal Year 2024 Water Utility Financial Plan, Including Revised Proposed Reserve Transfers, and Increasing Water Rates by Amending Rate Schedules W-1 (General Residential Water Service), W-2 (Water Service From Fire Hydrants), W-3 (Fire Service Connections), W-4 (Residential Master- Metered and General Non-Residential Water Service), and W-7 (Non-Residential Irrigation Water Service)

BACKGROUND

On March 7, 2023 the Finance Committee unanimously recommended Council approve the FY 2024 Water rate changes and Financial Plan. However, based on the Committee's feedback, staff plan to bring forward an alternative scenario for Committee consideration. Staff recommends reviewing this revised scenario in-lieu of possible alternations to the Wastewater Financial Plans and Rates as discussed on March 7, 2023.

Staff is providing Attachment A for review with alternatives.¹

Overall, when compared to the total expected utility bill impacts outlined on March 1, 2023 to the Utilities Advisory Commission and the Finance Committee on March 7, 2023, staff have brought forward two alternative scenarios impacts the electric and water rates or the electric water and wastewater rates. Below is a summary of total bill impacts that staff will review in greater detail at the Committee meeting.

On March 7, 2023, staff presented an overall projected change in residential median bill of \$17.10 per month, a 5% increase. The total bill projection is inclusive of the following utilities: electric, gas, wastewater, water, refuse, and storm drain.

Alternative Electric and Water Rates:

When considering the recommended adjustments to the electric and water rates included on the March 21, 2023 Finance Committee agenda, the overall projected change in total residential

¹ Water Presentation <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/attachments/03-21-2023-id2303-1172-w-presentation-fy24.pdf>

median bill is \$11.70 per month, a 3% increase from current rates, a difference of \$5.40 per month lower than the March 7 proposals reviewed by the Committee.

Alternative Electric, Water, and Wastewater Rates:

When considering the potential adjustments to the electric, water, and wastewater rates included on the March 21, 2023 Finance Committee agenda, the overall projected change in total residential median bill is \$10.80 per month, a 3% increase from current rates, a difference of \$6.30 per month lower than the March 7 proposals reviewed by the Committee.

ATTACHMENT:

Attachment A: Water Presentation

APPROVED by:

Dean Batchelor, Director Utilities

Staff: Lisa Bilir, Sr. Resource Planner