



## Finance Committee Staff Report

**From: Kiely Nose, Assistant City Manager**

**Lead: Utilities Department**

**Meeting Date: March 21, 2023**

**Staff Report: 2303-1173**

### **TITLE**

The Utilities Advisory Commission and Staff Request That the Finance Committee Recommend the City Council Adopt a Resolution Approving the FY 2024 Wastewater Collection Utility Financial Plan Including Proposed Reserve Transfers and Increasing Wastewater Rates by Amending Rate Schedules S-1 (Residential Wastewater Collection and Disposal), S-2 (Commercial Wastewater Collection and Disposal), S-6 (Restaurant Wastewater Collection and Disposal) and S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger) (Continued from March 7, 2023)

### **BACKGROUND & ANALYSIS**

The Finance Committee continued this item at the March 7, 2023 meeting and directed staff to return with implications of sewer main replacements on the horizon of adopting Alternative A or Modified Alternative B as discussed at that meeting.

Staff is providing a [presentation](#) with the alternatives for consideration<sup>1</sup>

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

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<sup>1</sup> Updated Wastewater Presentation <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/attachments/03-21-2023-id2302-1107-ww-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: Wastewater Presentation

**APPROVED by:**

Dean Batchelor, Director Utilities

Staff: Lisa Bilir, Senior Resource Planner