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City Council Staff Report

From: City Manager
Report Type: CONSENT CALENDAR
Lead Department: Utilities

Meeting Date: April 3, 2023
Staff Report: 2301-0895

TITLE

Approval of the Utilities Department's 2023 Legislative Guidelines

RECOMMENDATION

Staff recommends the City Council approve the Utilities Department's 2023 Legislative Guidelines as reviewed and approved by the Utilities Advisory Commission.

EXECUTIVE SUMMARY

On February 1, 2023¹, the Utilities Advisory Commission (UAC) received a staff presentation related to 2022 state legislation and potential regulatory, legislative, and state budget issues for 2023. After the verbal presentation, staff recommended the UAC approve a set of legislative guidelines for 2023, subject to Council approval. After a review of draft guidelines and a discussion of the staff proposal, the UAC voted to approve the 2022 guidelines for 2023.

BACKGROUND

The Utilities Department is possibly the City's most regulated department, particularly at the state level. The scope and breadth of regulatory and legislative action span most utility lines, especially the water and electric utility. Examples of the issues with recent government action in just these two utility lines include: water quality testing and reporting, wildfire mitigation action reporting, carbon emission accounting, electric resource adequacy requirements, water pipe testing, bond financing, notification procedures prior to fieldwork, and electric resource planning.

This unique public policy environment - and the related staff effort necessary to respond, educate policymakers, inform stakeholders, and advocate for departmental priorities - calls for a set of legislative guidelines specific to the Utilities Department. These guidelines, approved by the UAC

and Council annually, work in parallel with the City's own legislative guidelines and the City's Advocacy Process Manual, the latter of which specifically notes the distinction of the Utilities Department.

Per the annual process, on February 1, 2023¹ the UAC discussed and formally moved that the City Council approve the 2023 Utilities Legislative Guidelines (Attachment A). At the February 1 meeting, staff suggested changes to the guidelines for 2023. The changes were an attempt to remove the call to any specific action and clarify values while maintaining the same set of principles as in prior years. The UAC found the suggested changes to be too vague and ambiguous, such that they would provide little actual guidance, particularly to any new staff participating in the Utilities legislative and regulatory affairs program. As such and as the 2022 guidelines served the current staff well, the principles remain the same, and there is no apparent need to significantly change them for 2023, the UAC voted to approve the 2022 guidelines for 2023.

As an indication of effectiveness, this is the third time the UAC has approved the same guidelines. When first crafted in 2020, the guidelines were intended to be evergreen in nature, subject to Council approval and UAC review each year. The attempt to craft ongoing guidelines that allow for reasonable staff discretion and annual UAC discussion has worked well. Council is now asked to approve the same guidelines for 2023 that it approved on January 13, 2020², February 8, 2021³, and February 7, 2022⁴. This request corresponds with the November 7, 2022⁵ Council staff report noting that the UAC "will make their recommendations soon, reflecting recent City Council actions and bring the proposed 2023 Utilities Legislative Guidelines for City Council adoption on Consent in early 2023." Also, of note in the Citywide Legislative Guidelines, the City Council added a new guideline to "Strengthen and modernize the State and Local electric grids" as a link to Utilities Guideline #13 of "Support government action to expand the workforce in trades and technical disciplines necessary to support building and vehicle electrification and grid modernization" (based on City Council direction during an SCAP discussion in late 2022).

FISCAL/RESOURCE IMPACT

¹ Utilities Advisory Commission Meeting February 1, 2023

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/utilities-advisory-commission/archived-agenda-and-minutes/agendas-and-minutes-2023/02-feb-2023/02-01-2023-id-14676-item-3.pdf>

² Utilities Advisory Commission Meeting January 13, 2020

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020/id-10772.pdf>

³ Utilities Advisory Commission Meeting February 8, 2021

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-11968.pdf>

⁴ City Council Staff Report 13904 <https://portal.laserfiche.com/Portal/DocView.aspx?id=59361&repo=r-704298fc>

⁵ City Council Staff Report 14913 <https://portal.laserfiche.com/Portal/DocView.aspx?id=59153&repo=r-704298fc>

There is no direct resource impact associated with adopting legislative guidelines for the Utilities Department. However, actions taken that support the efficient use of the City's resources will help control costs, implement the Council's policies and goals, and protect the interests of our community.

STAKEHOLDER ENGAGEMENT

The guidelines were informed through an internal and external stakeholder process involving gaining information from internal departments and business associations. Additionally, the guidelines were reviewed and discussed at a noticed public hearing.

ENVIRONMENTAL REVIEW

This report is not a project for the purposes of the California Environmental Quality Act; an environmental review is not required.

ATTACHMENTS

Attachment A: Draft 2023 Utilities Legislative Policy Guidelines

APPROVED BY:

Dean Batchelor, Director of Utilities

Staff: Heather Dauler, Sr. Resource Planner