



# CITY COUNCIL DRAFT ACTION MINUTES

Special Meeting  
April 17, 2023

The City Council of the City of Palo Alto met on this date in the Council Chambers and by virtual teleconference at 5:00 P.M.

Present In Person: Burt, Kou, Lauing, Lythcott-Haims, Stone, Tanaka, Veenker

Present Remotely:

Absent:

## Closed Session

1. CONFERENCE WITH CITY ATTORNEY-EXISTING LITIGATION California Court of Appeal, Sixth Appellate District, Case No. H049425 Subject: Hamilton and High LLC, et al., Appellants v. City of Palo Alto, et al., Respondents Authority: Government Code Section 54956.9(d)(1)
2. CONFERENCE WITH LABOR NEGOTIATORS City Designated Representatives: City Manager and his Designees Pursuant to Merit System Rules and Regulations (Ed Shikada, Kiely Nose, Sandra Blanch, Tori Anthony, Molly Stump, and Jennifer Fine) Employee Organization: Service Employees International Union, (SEIU) Local 521, Utilities Management and Professional Association of Palo Alto (UMPAPA), Palo Alto Peace Officers' Association (PAPOA), Palo Alto Police Management Association (PMA), International Association of Fire Fighters (IAFF) local 1319, Palo Alto Fire Chiefs' Association (FCA); Authority: Government Code Section 54957.6 (a)

**MOTION:** Mayor Stone moved, seconded by Council Member Lauing to go into Closed Session.

**MOTION PASSED: 7-0**

Council went into Closed Session at 5:03 P.M.

Council returned from Closed Session at 7:33 P.M.

Mayor Kou reported that the Council voted on Item 1 to authorize staff to seek review in the California Supreme Court of the Sixth District appeal decision as follows: 6-1, Tanaka no.

Mayor Kou announced no reportable action for Item 2.

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## Study Session

3. Study Session Regarding Proposed Electric, Gas, Water and Wastewater July 2023 Rate Changes

**ACTION:** None

## Agenda Changes, Additions and Deletions

## Public Comment

## Consent Calendar

Council Member Tanaka registered a no vote on Agenda Item Number 8, 10 ,11, 13.

**MOTION:** Mayor Kou moved, seconded by Council Member Burt to approve Agenda Item Numbers 4-13, AA1.

**MOTION SPLIT FOR THE PURPOSE OF VOTING**

**MOTION PASSED ITEMS 4-7, 9, 12, AA1: 7-0**

**MOTION PASSED ITEMS 8, 10, 11, 13: 6-1, Tanaka no**

4. Approval of Minutes from March 31, 2023 and April 3, 2023 City Council Meetings
5. Finance Committee and the Utilities Advisory Commission Recommend the City Council Approve and Authorize the City Manager or Their Designee to Execute a Third Phase Agreement With Northern California Power Agency for the Purchase of up to 87,600 Megawatt Hours per Year of Geothermal Energy From Calpine Corporation's Geysers Power Company, LLC Over a Term of up to 12 Years for a Total not to Exceed Amount of \$76.2 Million; CEQA status: not a project under CEQA Guidelines sections 15378(a) and (b)
6. Stanford University Medical Center (SUMC) Annual Report to Council for Fiscal Year 2021-2022
7. Approval of Amendment #3 with Professional Account Management LLC, dba Duncan Solutions Contract (C17164727) in the Amount of \$80,000 and to Extend the Contract Term to April 28, 2024 for Parking Citation Management; CEQA Status – Not a Project.

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8. **Resolution 10098** to Oppose the Taxpayer Protection and Government Accountability Act (Initiative 21-0042A1)
9. Approve Substantial Amendments to the Community Development Block Grant (CDBG) FY2021-22 and FY2022-23 Annual Action Plans and the Associated Budget Amendment and **Resolution 10099**
10. Staff Recommends that Council Approve Bringing the Water and Wastewater Rate Proposals to Council on June 19, 2023, Pending Proposition 218 Notifications, for a Public Hearing to Consider Two Resolutions: 1) Approving the Fiscal Year 2024 Wastewater Collection Utility Financial Plan, Proposed Reserve Transfers, and Increasing Wastewater Collection Utility Rates by Amending Wastewater Collection Rate Schedules S-1, S-2, S-6 and S-7; 2) Approving the Fiscal Year 2024 Water Utility Financial Plan, Proposed Reserve Transfers, and Increasing Water Rates by Amending Water Rate Schedules W-1, W-2, W-3, W-4, and W-7; CEQA Status: Not a project under Public Resources Code 15378(b)(5)
11. Adoption of a Memorandum of Agreement with the Palo Alto Police Officers' Association and the Police Management Association; Adopt an Amendment to correct the Fire Chiefs' Association salary schedules; and, Adopt revised Management and Professional salary schedules CEQA Status - Not a project
12. Approval of a Funding Agreement with the Santa Clara Valley Water District for Reimbursement Costs Incurred in Support of the Purified Water Project, and a Budget Amendment in the Wastewater Treatment Fund Advanced Water Purification Facility capital project (WQ-19003)
13. Approval of Tenant Work Letter for Lease of 300 Homer Avenue Roth Building between the City of Palo Alto and the Palo Alto Museum; CEQA Status--Not a Project
- AA1. Adoption of a **Resolution 10100** Authorizing the City Manager to Execute Participation Agreements on Behalf of the City of Palo Alto to Enter Into Settlement Agreements Regarding Manufacture and Distribution of Opioid Products with Allergan Finance, LLC and related entities (Allergan), Teva Pharmaceutical Industries Ltd. and related entities (Teva); Walgreens Co.; CVS Health Corporation and CVS Pharmacy, Inc. (CVS), and Walmart, Inc.; Agree to the Terms of the Memorandum of Understanding (MOU) Allocating Settlement Proceeds; and Authorize Entry Into the MOU with the California Attorney General.

## City Manager Comments

Ed Shikada, City Manager

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## Action Items

14. PUBLIC HEARING: Adoption of a **Resolution 10101** Approving the Fiscal Year 2024 Gas Utility Financial Plan, Including Proposed Reserve and General Fund Transfers and Amending the Gas Utility Reserve Management Practices, and Increasing Gas Rates by Amending Rate Schedules G-1 (Residential Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-3 (Large Commercial Gas Service), and G-10 (Compressed Natural Gas Service); CEQA status: exempt/not a project under Public Resources Code section 21080(b)(8)

**MOTION:** Mayor Kou moved, seconded by Council Member Burt to adopt a resolution (Attachment A):

- a) Approving the fiscal year (FY) 2024 Gas Utility Financial Plan (Attachment B);
- b) Amending the Gas Utility Reserve Management Practices (Attachment C);
- c) Transferring up to 18% of gas utility gross revenues received during fiscal year 2021 to the general fund in FY 2023;
- d) Transferring up to 15.5% of gas utility gross revenues received during fiscal year 2022 to the general fund in FY 2024;
- e) Transferring up to \$3.82 million from the CIP Reserve to the Operations Reserve in FY 2023; and
- f) Increasing gas rates by amending Rate Schedules G-1 (Residential Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-3 (Large Commercial Gas Service), and G-10 (Compressed Natural Gas Service) (Attachment D).

**MOTION PASSED: 6-1, Tanaka no**

15. PUBLIC HEARING: Adoption of a **Resolution 10102** Approving the Fiscal Year 2024 Electric Utility Financial Plan and Proposed Reserve Transfers, Deactivating Utility Rate Schedule E-HRA, and Amending Utility Rate Schedules E-1, E-2, E-2-G, E- 4, E-4-G, E-4 TOU, E-7, E-7-G, E-7 TOU, E-NSE, and E-EEC; CEQA Status: Not a project under Public Resources Code 15378(b)(5) and exempt under Public Resources Code 15273(a)

**MOTION:** Council Member Burt moved, seconded by Vice Mayor Stone to adopt a Resolution (Attachment A):

- 1) Approving the FY 2024 Electric Financial Plan (Attachment B); and
- 2) Approving the following transfers at the end of FY 2023:

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- a. Up to \$12 million from the Supply Operations Reserve to the Distribution Operations Reserve; and
  - b. Up to \$4.5 million from the Supply Operations Reserve to the Cap and Trade Program Reserve; and
- 3) Approving the following transfers in FY 2024:
- a. Up to \$10 million from the Supply Operations Reserve to the Electric Special Projects (ESP) reserve; and
  - b. Up to \$8 million from the Supply Operations Reserve to the Hydroelectric Stabilization Reserve; and
  - c. Up to \$3 million from the Supply Operations Reserve to the Cap and Trade Program Reserve; and
- 4) Approving the following rate actions for FY 2024 (Attachment C):
- a. Deactivation of the hydroelectric rate adjuster from customer bills effective July 1, 2023;
  - b. An increase to retail electric rates E-1 (Residential Electric Service), E-2 (Small Non-Residential Electric Service), E-4 (Medium Non-Residential Electric Service), E-4 TOU (Medium Non-Residential Time of Use Electric Service), E-7 (Large Non-Residential Electric Service), and E-7 TOU (Large Non-Residential Time of Use Electric Service) of 21% effective July 1, 2023;
  - c. An increase to the Export Electricity Compensation (E-EEC-1) rate to reflect 2022 avoided cost, effective July 1, 2023;
  - d. An increase to the Net Surplus Electricity Compensation (E-NSE-1) rate to reflect current projections of FY 2023 avoided cost, effective July 1, 2023; and
  - e. An update to the Residential Master-Metered and Small Non-Residential Green Power Electric Service (E-2-G), the Medium Non-Residential Green Power Electric Service (E4-G), and the Large Non-Residential Green Power Electric Service (E-7-G) rate schedules to reflect modified distribution and commodity components, effective July 1, 2023

**MOTION PASSED: 6-1, Tanaka no**

## Council Member Questions, Comments and Announcements

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Adjournment: The meeting was adjourned at 10:18 P.M.

ATTEST:

APPROVED:

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City Clerk

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Mayor

NOTE: Action minutes are prepared in accordance with Palo Alto Municipal Code (PAMC) 2.04.160(a) and (b). Summary minutes (sense) are prepared in accordance with PAMC Section 2.04.160(c). Beginning in January 2018, in accordance with [Ordinance No. 5423](#), the City Council found action minutes and the video/audio recordings of Council proceedings to be the official records of both Council and committee proceedings. These recordings are available on the City's website.