

* NOT YET APPROVED *

Resolution No. ____

Resolution of the Council of the City of Palo Alto Approving the
FY 2024 Wastewater Collection Utility Financial Plan, Including Reserve
Transfers, and Adjusting 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)

R E C I T A L S

A. Each year the City of Palo Alto (“City”) assesses the financial position of its utilities with the goal of ensuring adequate revenue to fund operations. This includes making long-term projections of market conditions, the physical condition of the system, and other factors that could affect utility costs, and setting rates adequate to recover these costs. The City does this with the goal of providing safe, reliable, and sustainable utility services at competitive rates. The City adopts Financial Plans to summarize these projections.

B. The City uses reserves to protect against contingencies and to manage other aspects of its operations, and regularly assesses the adequacy of these reserves and the management practices governing their operation. The status of utility reserves and their management practices are included in Reserves Management Practices attached to and made a part of the Financial Plans.

C. Pursuant to Chapter 12.20.010 of the Palo Alto Municipal Code, the Council of the City of Palo Alto may by resolution adopt rules and regulations governing utility services, fees and charges.

D. On _____, 2023, the City Council held a full and fair public hearing regarding the proposed rate increase and considered all protests against the proposals.

E. As required by Article XIII D, Section 6 of the California Constitution and applicable law, notice of the _____, 2023 public hearing was mailed to all City of Palo Alto Utilities wastewater customers by _____, 2023.

F. The City Clerk has tabulated the total number of written protests presented by the close of the public hearing, and determined that it was less than fifty percent (50%) of the total number of customers and property owners subject to the proposed wastewater rate amendments, therefore a majority protest does not exist against the proposal.

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

SECTION 1. The Council hereby adopts the FY 2024 Wastewater Collection Utility Financial Plan.

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SECTION 2. The Council hereby approves the following transfers as described in the FY 2024 Wastewater Collection Utility Financial Plan:

- a. Up to \$3,178,000 in FY 2023 from the Capital Improvement Projects Reserve to the Operations Reserve.
- b. Up to \$342,000 in FY 2023 from the Rate Stabilization Reserve to the Operations Reserve.

SECTION 3. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-1 (Residential Wastewater Collection and Disposal) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-1, as amended, shall become effective July 1, 2023.

SECTION 4. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-2 (Commercial Wastewater Collection and Disposal) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-2, as amended, shall become effective July 1, 2023.

SECTION 5. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-6 (Restaurant Wastewater Collection and Disposal) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-6, as amended, shall become effective July 1, 2023.

SECTION 6. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger) is hereby amended to read as attached and incorporated. Utility Rate Schedule S-7, as amended, shall become effective July 1, 2023.

SECTION 7. The Council finds that the revenue derived from the wastewater rates approved by this resolution do not exceed the funds required to provide wastewater service, and the revenue derived from the adoption of this resolution shall be used only for the purposes set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

SECTION 8. 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 9. The Council finds that the adoption of this resolution approving the FY 2024 Wastewater Financial Plan and Reserve transfers does not meet the California Environmental Quality Act's definition of a project under Public Resources Code Section 21065 and CEQA Guidelines Section 15378(b)(5), because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment, and therefore, no environmental review is required. The Council finds that the adoption of this resolution changing Wastewater collection rates to meet operating expenses, purchase supplies and materials, meet financial reserve needs and obtain funds for capital improvements necessary to maintain 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.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS

ATTEST:

City Clerk_____
Mayor

APPROVED AS TO FORM:

APPROVED:

Assistant City Attorney_____
City Manager_____
Director of Utilities_____
Director of Administrative Services