



## **UTILITIES ADVISORY COMMISSION MEETING MINUTES OF OCTOBER 12, 2022 SPECIAL MEETING**

### **CALL TO ORDER**

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Chair Segal called the meeting of the Utilities Advisory Commission (UAC) to order at 6:02p.m.

Present: Chair Segal, Vice Chair Johnston, Commissioners Bowie, Forssell, Metz, and Scharff arrived at 6:10 pm

Absent: Commissioner Smith

### **AGENDA REVIEW AND REVISIONS**

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None.

### **ORAL COMMUNICATIONS**

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Hamilton Hitchings commented regarding residential municipal fiber. Mr. Hitchings would like the City to partner with an outside vendor to offer competing service to AT&T and have them build out and own the residential infrastructure such as Atherton Fiber. Palo Alto could use the \$30 million in its fiber fund to offer subsidies to another service provider instead of borrowing money.

### **APPROVAL OF THE MINUTES**

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Chair Segal invited comments on the September 14, 2022 UAC draft meeting minutes.

Vice Chair Johnston noted on Pages 1 and 9 the speaker *Hamilton Hutchings* should be Hamilton Hitchings.

Commissioner Johnston moved to approve the draft minutes of the September 14, 2022 meeting as amended.

Commissioner Metz seconded the motion.

The motion carried 5-0 with Chair Segal, Vice Chair Johnston and Commissioners Bowie, Forssell, Metz voting yes.

Commissioner Scharff and Smith absent.

### **UTILITIES DIRECTOR REPORT**

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Dean Batchelor, Utilities Director, delivered the Director's Report.

**WaterSmart Program:** The City recently launched WaterSmart, an online water management tool to help residents and businesses understand their water usage, enabling them to conserve water and save money by providing access to water use charts, personal recommendations for water efficiency and information on available rebates. The WaterSmart system integrates with MyCPAU portal. The City will promote the new program with a bill insert in November and a welcome letter to customers in early 2023. The City will begin sending out courtesy leak alerts and home water reports to single-family residential customers, including information on a customer's water usage, comparisons to similar-sized Palo Alto households and water saving tips.

**Advanced Heat Pump Water Heater (HPWH) Program Approval:** On October 3, Council approved a contract with Synergy Company, a Multifamily Plus Residential Energy Assistance Program for heat pump water heaters. CPAU will offer electric heat pump water heaters at three different affordability options: An all-inclusive \$2,700 turnkey, a turnkey option of \$1,500 with a \$20 monthly payment financed for 5 years, or a self-directed HPWH installation with a rebate of \$2,300 upon completion.

**S/CAP and Reach Code Update:** On October 3, Council approved the Sustainability and Climate Action Plan (S/CAP) Goals and Key Actions and adopted a resolution to achieve carbon neutrality by 2035. Staff presented a proposal for the 2022 Building Reach Codes for Council's consideration at their October 17 meeting.

**Water Supply and Drought Update:** The San Francisco Public Utilities Commission (SFPUC) is calling for voluntary Regional Water Systemwide water use reductions. Palo Alto's voluntary cutback level is 8%. The City has taken recent measures to aid in community water savings, including increasing education and outreach as well as implementing more stringent water use restrictions such as limiting irrigation to two days per week, except for the health of trees and non-turf plantings. The City hired a water waste coordinator to help with education efforts. For January through April 2022, after the driest January through March in recorded history, Palo Alto's usage was 17% above the water budget from SFPUC. For the months of July through September 2022, Palo Alto reduced water usage about 10% compared to the 2020 baseline. Palo Alto has now reduced water usage to 7% above the water budget.

**Mayors Climate Protection Award:** The City was recognized with an honorable mention for the 2020 Mayors Climate Protection Awards. The award highlighted our Multifamily Gas Furnace to Heat Pump Retrofit Pilot Program, which will reduce the City's greenhouse gas emissions and serves as a case study for future electrification projects in multifamily buildings. The Conference of Mayors made the announcement at their Annual Meeting in Reno, Nevada on June 3. Mayor Pat Burt and City staff received the award plaque in a special order of the day ceremony at the September 27 Council meeting.

**Upcoming Events:** Details and registration are available at [cityofpaloalto.org/workshops](http://cityofpaloalto.org/workshops)

**October 12 (tonight, from 6:30-7:30 p.m.):** SunShares Informational Workshop

**October 15, 10 a.m.:** Making Better Choices in Your Home Workshop

**October 18, 7 p.m.:** Landscape Design 101 – How to Get Started

**November 1, 7 p.m.:** Lawn Conversion 101

The quarterly report the Commission received tonight did not include our reliability numbers. In future quarterly reports, staff will include our reliability numbers for electric, gas and water.

In response to Chair Segal's suggestion regarding the calendar of programs offered to the public, Mr. Batchelor stated that staff could look into having a monthly event page on the Utilities website updated before the 1st of each month.

## **UNFINISHED BUSINESS**

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None.

## **NEW BUSINESS**

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### **ITEM 1: ACTION: Adoption of a Resolution Authorizing Use of Teleconferencing for Utilities Advisory Commission Meetings During COVID-19 State of Emergency**

**ACTION:** Vice Chair Johnston moved Staff recommendation that the Utilities Advisory Commission (UAC) Adopt a Resolution (Attachment A) authorizing the use of teleconferencing under Government Code Section 54953(e) for meetings of the Utilities Advisory Commission (UAC) and its committees due to the COVID-19 declared state of emergency.

Seconded by Commissioner Metz.

Motion carries 6-0 with Chair Segal, Vice Chair Johnston, and Commissioners Bowie, Forssell, Metz, and Scharff voting yes.

Commissioner Smith absent.

### **ITEM 2: DISCUSSION: Discussion and Update of Sanitary Sewer Main Replacement Acceleration Alternatives**

Matt Zucca, Assistant Director of Utilities WGW, made a presentation regarding alternatives for increasing the rate of sewer main replacement within the city. There are 138 miles of sewer mains to replace. The current rate of replacement is 1 mile per year but it needs to transition to 2.5 miles per year.

In response to Commissioner Forssell's question, Mr. Zucca explained that a State Revolving Fund (SRF) loan is a program managed by the State of California with an approximate 1.6% loan rate. There is a fixed amount of money loaned every cycle and a ranking priority depending upon the type of project.

In reply to Vice Chair Johnston's question regarding how an SRF loan affects the City's credit rating, Mr. Zucca believed it is the same as any other loan. The payback period is typically 20 years as opposed to 30 years for bond financing. Staff will continue to look for funding opportunities to offset costs, such as the Infrastructure Investment and Jobs Act. Staff will make a presentation to the Finance Committee in November. UAC and Finance will receive a preliminary financial forecast. Staff will present the final financial plans to the UAC and Finance before Council adopts final rates in June 2023.

Mr. Zucca addressed Vice Chair Johnston's queries about the frequency and causes of sanitary sewer overflows (SSOs). Staff could provide information on the frequency. A blockage might slow the water flow. When we have a rain event, leaky pipes allow water to come in and then it backs up. One way to

prevent SSOs is with our aggressive cleaning program. By keeping it clean, it flows smoothly and avoids substantial replacement. CCTV is used for pipes and laterals but not yearly. Pipes are replaced with at least the same internal diameter and vitrified clay pipes are replaced with HDPE. Vice Chair Johnston wants to avoid a 15% rate increase or borrowing money, therefore he would not propose Alternative 1A or 1B but would accept Alternative 3 if vulnerable pipes can be accurately identified.

Commissioner Bowie had questions regarding future potential infiltration events with climate change and sea level rise as well as the costs for the plant in comparison to the proposed rate increases. Mr. Zucca explained that we do not know the direct implication on groundwater levels, so it is very difficult to model. We qualitatively know the mechanics and dynamics. Hydraulics at the plant are expensive because of mechanical infrastructure (pipes, pumps, concrete, etc.). A master plan in the next couple years will include obtaining data on the rate of inflow and infiltration in the collection system now as opposed to 2006 when the last master plan was done.

Commissioner Forssell stated Options 1A and 2 are reasonable as well as 1B if we get the 1.6 rate. Commissioner Scharff supports Option 2, however does not think we should be bonding at current interest rates.

**ACTION:** None

**ITEM 3: DISCUSSION:** Discussion and Presentation of 2018 Strategic Plan Implementation

Anna Vuong, Sr. Business Analyst, made a presentation on Priority 1: Workforce. Initiatives in progress include applying the training and career path template to other divisions, conducting an employee satisfaction survey, promotion readiness evaluations to develop succession plans, digital recruitment ads (one is posted along Highway 101 at the Ikea board), working on ways to share team-building ideas and exploring how to collaborate with local daycare centers.

Ms. Vuong addressed Commissioner Metz's request for further details on recruitment efforts. Staff has attended college career fairs at Sacramento State, Cal Poly and San Jose State. One initiative is to work with some of the college counselors to determine which of their programs are suitable for entry-level positions in our engineering groups and operations.

Mr. Batchelor stated that staff works with NCPA (Northern California Power Agency) and SCPPA (Southern California Public Power Agency). One option may be working with high schools to recruit for the classification of operational helpers to learn the trade and become an apprentice. Staff is thinking about going to the high schools and if a student were interested in becoming a lineman, we would send them to 15 weeks of training. Staff has used two outside recruitment firms but we have not found an engineer or a lineman. Staff has been to Foothill and Cañada community colleges. Staff has targeted Sacramento State and San Luis Obispo because of their power engineering degree. Staff had some conversations with the union representing our line workers, SEIU (Service Employee International Union). The other 15 cities in the NCPA have IBEW, which has trainings and facilities but SEIU does not. IBEW will not let us into their apprenticeship trainings. Recruitment is an industrywide problem. Roseville and Alameda are having difficulties as well as two other agencies up north.

Mr. Batchelor stated there are some linemen contracts for responding to emergencies along with our crews but the cost is about 2½ times more than we pay our linemen. Included in the contract is helping some of our apprentices, which has been a good partnership. The SEIU and the City are currently

negotiating salary compensation. Staff made a comparison between the rates we pay contractors and our employees and have given those salary ranges to HR. About five agencies are part of our salary benchmark, including Santa Clara, Alameda and Roseville.

UAC took a break at 7:32 p.m. and returned at 7:45 p.m.

Catherine Elvert, Utilities Communications Manager, presented Priority 2: Collaboration.

Commissioner Metz would like to have a customer satisfaction metric added as one of the first focus areas to address quality.

Council Liaison Cormack would like to have the net promotor score included in the next iteration as well as a presentation from the residence in as opposed to from the utilities out.

There is a new customer welcome letter this week, which was a project that the City Manager's Office and a few other departments collaborated on with the Utilities Department.

Council Liaison Cormack noted there are many phone numbers for Utilities, which is confusing but an opportunity to make it straightforward who the customer calls for what.

The Utilities Department has historically conducted customer satisfaction surveys. The National Citizen Survey has a few questions about utilities. Ms. Elvert stated we should add an initiative to collaborate with other departments and recognize what surveys are going out to the community so we are not duplicating our efforts or inducing survey fatigue.

Dave Yuan, Strategic Business Manager, presented Priority 3: Technology.

Chair Segal asked if the AMI data was integrated into the new SAP system. Mr. Yuan explained that flat files are exchanged. In the second half of next year, staff will decide if we stay with flat-file exchanges or real-time API for Phase 2 but there is a cost. We have a consultant if we decide to do so. Currently, the system collects all data on an SFTP server. At the end of the day, the system generates a file and schedules it to be sent to the SAP system.

Mr. Yuan addressed the commission's questions regarding maps. A VPN connection is required, so that is an extra layer of security. The desire for paperless tools is coming from the engineering and operations crew. Service and maintenance orders are written in the field and entered into SAP upon return to the office. With a mobile solution, the orders can be uploaded to the system.

Jonathan Abendschein, Assistant Director of Utilities of Resource Management, presented Priority 4: Finance and Resource Optimization.

In response to Commissioner Metz' question regarding how resilience is a financial objective, Mr. Abendschein explained it is not just about achieving financial savings but also clearly defining our objectives for utility services and resiliency is central to that. Achieving improvements in resiliency and providing those services requires significant investment, so this priority is about balancing the needs for investment against the objectives we want to achieve.

Mr. Abendschein addressed Chair Segal's questions about capital replacement. Each investment and maintenance plan has a list of things to do yearly or areas of investment or pace of investment. Sometimes we did not have enough definition for the needed investment or maintenance for our assets, so it is a strategic effort to fully define and track. Success is defined as us meeting our plan objectives.

Commissioner Forssell asked for an update on the second transmission line. Staff submitted an application to CAISO, which was not selected but we were provided feedback. We are in the process of working with a consultant on submitting a follow-up application.

**ACTION:** None.

### **COMMISSIONER COMMENTS and REPORTS from MEETINGS/EVENTS**

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Vice Chair Johnston thanked Dean Batchelor and Tabatha Boatwright for the recognition event.

### **FUTURE TOPICS FOR UPCOMING MEETINGS:**

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Commission requested on update on the second transmission line.

Vice Chair Johnston asked if fiber to the premises was scheduled for the November meeting.

Commissioner Metz had questions regarding grid modernization. Dean Batchelor, Director of Utilities, responded that an upgrade update would be provided at the December meeting as well as a report on what the consultant found, an estimation of costs and the next steps. Commissioner Metz suggested having a strategic discussion on grid modernization, to include the impacts of the Inflation Reduction Act (IRA), heat pumps and EVs. Mr. Batchelor replied that first the plant needs to be taken care of, then the strategic pieces and new programs.

Mr. Batchelor addressed Commissioner Metz' questions related to resilience. An intern's report will be shared, which includes the resiliency of what the system could do and how it could be improved.

Commissioner Metz asked about the scheduling for Distributed Energy Resources (DER). Tabatha Boatwright, Utilities Administrative Assistant, responded that staff gives a quarterly report that includes updates on multiple items. Resiliency and DER are listed as reminders for staff to report on any items that include those topics.

Commissioner Forssell suggested having a conversation about capacity planning at the state level. The community is very concerned given the flex alerts and it would be great to understand how capacity is being planned by the state as well as local capacity planning for the increased loads with e-pumps, EVs and new housing.

**NEXT SCHEDULED MEETING:** November 2, 2022

Commissioner Forssell moved to adjourn. Vice Chair Johnston seconded the motion. The motion carried 6-0 with Chair Segal, Vice Chair Johnston, and Commissioners Bowie, Forssell, Metz, and Scharff voting yes.

Commissioner Smith absent.

Meeting adjourned at 8:53 p.m.

Respectfully Submitted  
Tabatha Boatwright  
City of Palo Alto Utilities