



**City of Davis**

**Utility Rate Advisory Commission Minutes**

**Community Chambers Conference Room, 23 Russell Boulevard, Davis CA 95616**

**Thursday, August 10, 2017**

**7:00 P.M.**

Commissioner Members Present: Gerry Braun (Chair), Jacques Franco, Richard McCann, Elaine Roberts Musser, Johannes Troost

Absent: Mariyam Azam, Olof Bystrom, Lorenzo Kristov

Staff Present: Stan Gryczko, Assistant Public Works Director

Additional Attending: Kelly Fletcher, Finance Administrator  
Adrienne Heinig, Administrative Analyst  
Dan Carson

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**1. Call to Order and Roll Call**

Meeting was called to order by Chairperson Braun at 7:03pm.

**2. Approval of Agenda**

E Roberts-Musser moved, seconded by J Troost to approve the agenda. The motion passed as follows:

Ayes: Braun, Franco, McCann, Roberts-Musser, Troost

Noes:

Absent: Azam, Bystrom, Kristov

**3. Brief Announcements from Staff, Commission Members, and City Council Members**

- J Franco updated the Commission on the activities of the Broadband Advisory Task Force. City staff and task force members met with the consultant for the project to discuss the models to be run. The engineering report is due in one week, and the group will pin down feasibility numbers for cost. Potential sources of revenue were discussed at the meeting, as well as the possibility of a cooperative model for service.
- G Braun mentioned the Brown Act Compliance document from Matt Williams of the Finance and Budget Commission – which will be distributed to Commission members.

**4. Public Comment**

None.

**5. Consent Calendar**

**A. URAC Draft Minutes – June 8, 2017.**

E Roberts-Musser moved to approve the June 8, 2017 minutes as amended, seconded by J Franco, with the following minor corrections. The motion passed as follows:

Ayes: Braun, Franco, Roberts-Musser, Troost

Noes:

Absent: Azam, Bystrom, Kristov

Abstain: McCann

- i. On page 1, within the third bulleted item, the end of the third sentence will be edited to remove the portion beginning at “and voiced concerns about having similar issues...” The sentence will now read: “J Franco asked about bandwidth issues with SCADA systems.”

#### **B. URAC Draft Minutes – July 13, 2017.**

E Roberts-Musser moved to approve the July 13, 2017 minutes as amended, seconded by J Franco, with the following minor corrections. The motion passed as follows:

Ayes: Braun, Franco, McCann, Roberts-Musser, Troost

Noes:

Absent: Azam, Bystrom, Kristov

- i. On page 2, the top bulleted item on the page, the end of the second sentence will be edited to remove the portion beginning at “and the BATF will receive...” and the portion “to discuss business models.” will be added to the end of the sentence. The sentence will now read: “J Franco provided an update on the Broadband Advisory Task Force (BATF), the next meeting will be held on July 28, 2017 with the contractor to discuss the business models.”

### **6. Regular Items**

#### **A. Finance and Budget Commission Discussion.**

G Braun introduced the item by reviewing the discussion of the prior month’s meeting with members of the Finance and Budget Commission (FBC), and thanked Dan Carson for coming to the meeting with members of his commission to present the information. He asked S Gryczko to provide the context for the Commission discussion, and requested all questions from the Commission be held until after the presentation was complete.

S Gryczko began his presentation with emphasis that the discussion points for the meeting at hand were the consideration of topics for the joint meeting with URAC and FBC, not for delving into the details. He spoke to the staff recommendation timeline approved by Council in April 2017, directing staff to work on the reserve policy for utility Enterprise funds with the FBC and URAC this fall, and to look at any reserve balances as a result of the implementation of the policies, and what to do with those funds, in the summer of 2019, when more data will be available. Studies of each of the utility Enterprise funds are underway, with Wastewater having been recently completed, Water next, followed by Stormwater and Solid Waste, providing staff, and the Commission, with forecast models to provide insight and information on what may impact rates moving forward. At present, this recommendation is the only direction URAC has received from the Council on the topic of utility Enterprise reserve funds. He added that although there has been interest in the use of excess funds within the utility Enterprise funds (specifically Wastewater), the targets for the reserve must be established prior to the discussion of expenditures of any excess in reserves.

After the presentation, the Commissioners asked questions about the history of any utility reserve fund policies historically used by the city, the library of past studies done on utility Enterprise funds and rates, and the historical practice of the use of funds by the Council, including a review of past transfers to and from utility Enterprise funds, with historical expenditure data. There was clarification that the council does not have an existing reserve policy for the utility Enterprise funds.

The item was opened for public comment, and one member of the public addressed the Commission. Dan Carson stated that there are variations in the approach to the utility reserve policies, that the sequencing should mean the utility reserve policy is determined first, and other issues are worked out later, and asked for clarification on the 2019 date to discuss the (potential) resulting revenue. He asked if the council specifically embraced the implementation presented by staff, or if there was flexibility to start with the review of Wastewater first, as the existing fund balance in Wastewater is large, and within the year it will be clear if the adjustments in rates are effective or are not for the program and ratepayers. He stated also that the other utility Enterprise funds will have different elements that will need to make up the reserve – and that the Water fund, for example, will take more time and effort to develop a reserve policy.

After public comment was closed, there was additional discussion around the process of developing items for the agenda. J Franco stated that the most efficient way to continue would be to move forward with a subcommittee to expedite answers to questions on the utility reserve issue. R McCann added that the subcommittee could do research and preparation beforehand, and undertake the “heavy lifting” required to develop a proposal.

J Franco moved to establish a subcommittee of URAC to address pieces of the utility reserve discussion. Prior to being seconded, this motion was restated as: the URAC will establish a subcommittee on utility Enterprise fund reserve policies. This restated motion was seconded by R McCann. E Roberts Musser asked for clarification on what the subcommittee would be expected to provide to the URAC. R McCann stated the subcommittee would provide a review of what has been done in studies, financial transactions, policies to set reserves in the past. Prior to continued discussion and a vote on the item, G Braun requested the discussion and vote be held until after Item B on the agenda – an item specifically requested to clarify the rules related to the creation of subcommittees. There was a temporary suspension of Item A by consensus.

#### **B. Subcommittee Creation Process.**

A Heinig presented the item with a summary of the memo given to the Commission, and a highlighted review of the requirements set forth for the formation of subcommittees. Discussion on the item included what other commissions have done with subcommittees, and the overlap between work completed by staff and work completed by the formed subcommittee. Questions were asked to clarify who can and cannot be a part of a subcommittee.

G Braun asked to reopen the previous agenda item.

#### **A. Finance and Budget Commission Discussion Resumed.**

There was discussion regarding the motion on the floor, made by J Franco and seconded by R McCann. Procedural items were discussed, including what the subcommittee would provide to

the Commission, and what requirements would be added to the subcommittee. The work product was stated to be:

1. Digest of financial information
  - a. Results from existing studies undertaken by the City
  - b. Historic financial data
2. Standards of other communities
3. Legal requirements for utility reserves

E Roberts Musser suggested a friendly amendment to the motion under consideration to add “the subcommittee will come back to the URAC with a statement of purpose and workplan.” After continued discussion, the friendly amendment was again modified to add "Lorenzo Kristov, Richard McCann and Elaine Roberts Musser are appointed subcommittee members." The amendment was accepted by the mover and the second, and the motion passed by the following votes:

Ayes: Braun, Franco, McCann, Troost, Roberts Musser

Noes:

Absent: Bystrom, Kristov, Azam

G Braun closed the item by stating that specific topics reviewed by URAC could benefit from a closer look, and he would encourage the Commission to take the experience of developing a subcommittee and establish a process for future establishments of subcommittees.

## **7. Commission and Staff Communication**

### **A. Long Range Calendar.**

The following items were added by the Commission to future meetings:

- J Franco asked about the status of the two studies underway on the Solid Waste Rates and the Organic Processing Facility Feasibility Analysis – and when URAC will be able to review findings. S Gryczko replied that the studies should be ready for review in January.
- A discussion of subcommittees was added to October.
- There was clarification on the NEXUS item on the unscheduled list, that it was in reference to southeastern San Francisco micro-grid.
- J Franco corrected an item on the unscheduled list, to differentiate the discussion of water conservation technologies and regulations from the direct moisture technology item.
- Based on discussion, the Water Cost of Service draft report will be presented in two parts, first as an introduction in September, followed by another review and possible recommendation in October.

## **8. Adjourn**

The meeting was adjourned by consensus at 8:51pm.

Respectively Submitted by,  
Adrienne Heinig  
Administrative Analyst I