1. **Call to Order and Roll Call**
   Meeting was called to order by Chairperson Braun at 6:32pm.

2. **Approval of Agenda**
   E Roberts-Musser moved to approve the agenda, seconded by O Bystrom. The motion passed as follows:
   - **Ayes:** Braun, Bystrom, Franco, Kristov, McCann, Roberts-Musser
   - **Noes:**
   - **Absent:** Troost

4. **Public Comment**
   None.

5. **Regular Items**
   a. **Draft 5-Year Solid Waste Rate recommendations.**
      G Braun introduced the item by outlining the two recommendations presented by staff, the first regarding the solid waste rate recommendations, and the second a recommendation to continue working on the yard material pile collection service level discussion. He reiterated that the items were presented separately by design, in an effort to separate the discussion of the yard material collection service level from the discussion around rate setting, as the current need for rate increases was not solely or primarily based on solid waste service levels. S Gryczko emphasized that the commission focus should be on making sure the solid waste fund is fiscally sound prior to shifting focus to the potential modifications to the yard material collection program. R Tsai outlined the Solid Waste Rate report from staff, including a summary of the main section of the report as well as the attached Questions and
Answers on the Solid Waste Rate Study (included as a summary of all the questions received by staff on the Solid Waste Rate Study from URAC commissioners since July 2018).

L Kristov asked about the reasoning behind the staff recommendation to not only keep the current level of yard material pile collection (or LITS) service, but extend the weekly pickup schedule by one month. S Gryczko stated that staff considered the additional month to lessen the impact of potentially more significant rate increases on customers and to provide some additional service. In addition, the feedback from the city’s survey on yard material pile collection had over 60% of respondents in favor of the month extension to the weekly collection period.

R Tsai further outlined how each recommendation was considered, with the emphasis on maintaining a positive fund balance (to prevent the need for future loans) and the current timeline anticipated by staff in bringing the recommended rate structure to Council. Garth Schultz of R3 Consulting presented his report along with each proposed rate structure.

After the consultant presentation, Commission discussion began with L Kristov outlining two important issues with the staff recommendation – the first being his discomfort with increasing a service that is potentially going to be taken away, and the second being the need to show the full cost of the service to the customer - including “rate shock” from a significant increase the first year, requesting that the rate increases not be ‘flattened’ over the five year period of the increase in rates. There was consensus on this comment with a number of commission members. R McCann asked if, rather than extending out current weekly service one month, the weekly service itself could be moved forward by one month, meaning weekly service would start in November, rather than October, and end in January, rather than December. S Gryczko responded that staff would reach out to Recology and see if the shift could be done.

In response to E Roberts-Musser’s concern expressed at the last meeting on the amount in dollars of the increase in conjunction with the other utilities on the city’s bill, the Commission was presented with a draft customer utility bill for an average household with all utility costs included (in addition to scheduled rate increases) - to demonstrate the limited impact. In addition, E Roberts-Musser reiterated L Kristov’s comment on not extending a service that might be taken away, because it sent the wrong message. She noted that it will be important for residents to find alternative ways to deal with their yard waste, and shifting or increasing the service would defeat that message.

R Tsai outlined that the recommended rate structure from staff (13.5%, 10%, 8%, 5% and 5% over the next 5 years) would be the maximum rates set by Council, and after the Proposition 218 notice and hearing, if passed, Council could recommend setting lower rates if some cost-saving measures are found.

The commission discussion went back and forth on the merits of recommending the elimination of the program completely, but there was no consensus on this suggestion. S Gryczko reminded the commission that the intention was to return to the discussion on the future of the yard material pile collection program over the next six months, with the Natural Resources Commission (NRC). R Tsai reported that the NRC was in favor of the approach
of adopting the rate structure first, and returning to the discussion later, based on feedback from the meeting visited by staff in September.

G Braun shifted focus of the discussion to the included attachment with the Commission Q&A and asked if there were any necessary questions for clarification. The Commission then discussed the following:

- The item of $150,000 annually for mitigation of the old landfill site.
  - J Franco questioned why the annual cost towards the mitigation of the old landfill site would be borne by the ratepayers, rather than the developers of the site. S Gryczko replied that the site is owned by the city and could benefit the city should the site be redeveloped. S Gryczko added that the ideal way to improve the land at the site would be to remove the existing material (waste deposited by the city’s solid waste customers prior to the closure of the landfill.) He noted the revenues from any land sale should go back to the solid waste enterprise fund. R McCann suggested that the cost associated with preparing the land for development would be based on what the redevelopment plan is, and could be netted out of the land value.

- The item of $140,000 annually for bike path sweeping.
  - There was clarification from staff as to why there would be a need to sweep the bike paths, rather than sweeping being the responsibility of the Parks Department (efficiency). Multiple commissioners indicated that the cost to have Recology sweep the city’s bike paths should be covered by the Parks Department, and staff agreed that the bike path sweeping warranted additional discussion. G Braun cautioned that it seemed as if the enterprise fund was being used to offset costs of the general fund. He suggested that the Finance and Budget Commission could be asked to weigh in on this issue. L. Kristov suggesting eliminating both bike path sweeping and the landfill mitigation services from consideration, moving the city towards accumulating the desired reserves for the solid waste utility.

- The rate components under discussion.
  - There was confusion among the commission members as to the components of the rates under discussion. It had been anticipated by commissioners that the recommended rate structure was essentially made up of percentages of maximum amounts. Then the rate structure would return to the Commission once more, to determine the actual cost components (whether or not to include the bike path sweeping, or old landfill mitigation, for example.) S Gryczko clarified that the rate recommendations, and first year increase (with all included cost components) would go straight to the City Council for review and approval of the Proposition 218 notice. Future years, after the first-year increase, would return to the URAC prior to recommendation to Council, to review if the full increase up to the approved Proposition 218 maximum is warranted, or if a smaller increase could be recommended.

- The development of the utility reserve.
  - During the discussion of the cost components, the commissioners also discussed the merits of removing an expense from the recommendation and the associated rate impact reduction. G Schultz advised against that approach, as the first 2-3 years of rate collection builds the reserve at a slower pace. Removing an expense would result in a faster achievement of
the reserve target that could mitigate necessary increases in coming years, allowing the utility to reach a favorable fund position sooner. Multiple commissioners spoke to the favorable nature of reaching the recommended fund balance sooner rather than later, to prevent future deficits due to emergencies, or other risks to the fund, including detailed rate review requests from the hauler looking to increase rates. Other concerns discussed also included the necessity of capital reinvestment in the equipment used for the yard material pile collection, and the associated impact of that cost on the city and the ratepayer. G Braun stated that the recommendation from the URAC subcommittee on the enterprise reserve funds should be a priority, so the right amount to carry for each utility reserve can be determined.

G Schultz reiterated the consultant’s recommendation, that the rate structure was intentionally slow to accumulate over time, to build the reserve over a period of 10 years, to mitigate the fiscal impact on rate payers. The design was not to build the reserve near-term.

It was noted the three largest risks that needed to be taken into account when determining the solid waste reserve fund are: 1) Recology deciding to do a detailed rate review in anticipation of a need for a rate increase; 2) an increase in the county landfill tipping fees; 3) capital costs of replacing LITS program equipment (claws and dump trucks - at a cost of approximately $1 million).

O Bystrom moved to recommend to City Council to adopt Option #1 presented by staff, but remove the bike path sweeping and old Davis landfill mitigation costs from the revenue requirements, and adjust rates accordingly. This motion was seconded by R McCann. Prior to the vote on the motion, a friendly amendment was suggested by J Franco to remove the adjustment of rates language. This friendly amendment was rejected. A substitute motion was made, to recommend the City Council adopt option #1 [of staff recommendations] but remove the bike path sweeping and old Davis landfill mitigation costs from the revenue requirement without any adjustment to the option #1 rate. This motion was made by J Franco and seconded by E Roberts-Musser. A vote was taken on the substitute motion, which passed by the following votes (and defeated the prior motion by O Bystrom):

Ayes: Braun, Franco, Kristov, McCann, Roberts-Musser
Noes: Bystrom
Absent: Troost

Following this motion, E Roberts-Musser moved to approve staff recommendation Item 4Aii (recommend City Council direct staff to work with URAC and NRC to revisit LITS program and develop recommendations) as written, and to invite the Tree Commission and Bicycling Transportation, and Street Safety Commissioners to attend meetings to provide comments. This was seconded by O Bystrom and included a friendly amendment from R McCann to invite the participation of the Tree and Bicycling Transportation and Street Safety Commissions, which was accepted. The motion passed by the following votes:

Ayes: Braun, Bystrom, Franco, Kristov, McCann, Roberts-Musser
Noes:
Absent: Troost

Further, a third motion was made by R McCann, and seconded by G Braun, or staff to explore the option to shift the weekly LITS pickup from mid-October through mid-December to mid-November through mid-January. This motion passed by the following votes:

Ayes: Braun, Bystrom, Franco, Kristov, McCann, Roberts-Musser

Noes:

Absent: Troost

At the conclusion of the discussion, S Gryczko outlined his vision of the next steps with the Solid Waste utility work, including setting up the first meeting between the NRC and URAC to set priorities for the discussion. He stated that it was expected that the review of the yard material pile collection would expand, and that other options outside of the original four considered by the URAC would be included.

8. Adjourn
The meeting was adjourned by consensus at 8:19pm.