1. **Call to Order and Roll Call**
   Meeting was called to order by Chairperson Troost at 6:31pm.

2. **Approval of Agenda**
   Prior to the approval of the agenda, there was a request to move Item 5E forward to be discussed after Item 5A in the Regular Items.

   L Deos moved to approve the amended agenda, seconded by J Franco. The motion passed as follows:
   
   Ayes: Bystrom, Deos, Franco, Kristov, Pascoe, Roberts-Musser, Troost
   Noes:
   Absent: Braun

3. **Brief Announcements from Staff, Commission Members, and City Council Members**
   - S Gryczko updated the Commission on the status of the Yard Material Collection schedule proposed changes and the Solid Waste rates. The direction received from Council at the City Council meeting on February 5, 2019 was to move forward on details for a new collection schedule, with 11 collections altogether, 10 in the fall, and 1 in spring. The maximum solid waste rate structure of a 13.5% increase in March 2019, 10% increase in June 2020, and 8%, 5% and 5% effective each January 1 till 2023 was approved by Council. Prior to each year of adopted rates, however, staff will return to Council with a report on the financial health of the Solid Waste fund, and a recommended rate adjustment for the following year. J Troost thanked Commissioners
E Roberts-Musser, L Deos, J Franco for attending the City Council meeting (along with J Troost). E Roberts-Musser reported that the Council meeting discussion was thoughtful and any change for the LITS service offering would take time.

- J Troost thanked the Commission for electing him Chair in his absence (in January) and reported his attendance at the Sac Valley Regional Climate Symposium, where he heard climate experts’ thoughts about what the community is facing moving forward with climate change. He stated that, in his opinion, the missing information was related to what the climate change impacts will cost ratepayers, and wanted further information on cost implications. In response to a question about the leading initiatives, J Troost outlined the discussion of the impact of the 4th Climate Assessment for California, looking at what we will face in the future (such as 100+ days of 100+ temperatures). He said he would share the documents provided at the discussion via the Commission staff liaison.

4. Public Comment
- ME Gladis - Stated that she is attending multiple commission meetings, and is excited to be in attendance at the URAC meeting.

5. Regular Items
A. Stormwater Cost of Service Study Scoping.
S Gryczko introduced the Public Works Director, Bob Clarke, and the city’s Assistant City Engineer, Brian Mickelson, to discuss the upcoming stormwater cost of service study. Bob Clarke continued the presentation to discuss the initiation of the cost of service/rate study for the stormwater utility, and indicated that the study was long overdue, as the first fees were established in 1978, and were last reviewed in 1989 (one of the charges related to stormwater has a 3% escalator built in). The current study will essentially be starting from scratch. He outlined the history of the current schedule of charges for stormwater and reviewed a map of the drainage system provided for the Commission. He stated that a detailed review of the infrastructure related to stormwater would be conducted at a later date, and the assumption of staff is that the structure of the cost of service/rate study would be similar to the study conducted in past years on the wastewater utility. He outlined the anticipated timeline for the study, remarking that the URAC would be involved in each step, and the desired timeframe to have the study ready for Council consideration would be in mid to late 2020. He also explained that the process for establishing rates for the stormwater utility is different from the other three utilities reviewed by the Commission. Stormwater rates are assessed by category, related to land use and the amount of impervious surfaces, as well as regulatory reliance obligations (permits, erosion plan, enforcement, drainage maintenance). The stormwater charges are set out in a parcel tax, so approval of the charges is dependent on majority citizen approval (51%) of a ballot measure, rather than majority protest. He indicated that the stormwater utility currently generates $1.3 million, expends $1.7 million, with the difference covered by the Stormwater Quality program, or by loans (one loan was from the Wastewater fund for $2 million to fund investment of infrastructure on Third Street). Presently, there is no capital investment reserve fund for this utility, which necessitated the Wastewater fund loan. He also outlined some of the concerns around the stormwater infrastructure from three recent studies, and potential upcoming issues requiring significant investment.

During the item, the Commission discussed the following:
• The extreme age of much of the infrastructure. One pumping station was built in 1924, one in 1948, and another in 1966. Much of the infrastructure is at the end or past its useful life.

• The need for updated drainage shed hydrology assessments (specifically in the western part of town. Hydrological assessments are separate from rate study considerations.

• The need to review current data on storm frequencies and impact.

• The importance of establishing a time horizon on the study looking out more than 10 years (potentially 20 years).

• The importance of seeing the stormwater RFP draft.

• The elements of cost associated with the stormwater utility, including operations costs, debt payments, setting realistic reserve levels in light of the need to replace aging infrastructure, and anticipated capital expenditures.

• The request that feedback on the wastewater scope, or elements needed to be included in the scope, should be sent to staff for collection.

• Availability of funding from grant programs, or low-cost loans, and the scarcity of such planning grants. The possibility of water quality runoff and flood protection grants.

• The possibility of regulating future development in the city to reduce the need for stormwater infrastructure e.g. providing more permeable surfaces, larger retention ponds, prohibiting impervious surfaces.

• The intent for the Commission to appoint a member to the selection team for the consultant on the study (to be discussed at March meeting).

• The possibility of grant funds from Proposition 68, passed in June 2018.

The item was opened for public comment, and the following comments were received:

• Richard McCann - stated that FEMA/Cal OES grant applications could be an option for stormwater utility. Sacramento Area Flood Control Agency (SAFCA) had conducted a detailed runoff study and developed from that differentiated development fees for flood control. He indicated there could be differentiated rates for new developments, different rates for developments not yet built. He also suggested the need to include the URAC’s proposed reserve policy in the RFP.

• Matt Williams - stated that the current stormwater infrastructure is impacted by water that comes across the city limits. The Covell drainage channel in particular has had historical flows in flood situations due to water coming from outside of the city’s system. Therefore Yolo County should have a part in handling the issue. He also stated that he did not understand from the description of this utility why the stormwater charges aren’t part of Proposition 218 process and requested more information.

• Jeff Mischkinsky - Stated that current storm scenarios are a repeat of 1860 storms.

E. Update on URAC/NRC Chair and Council Subcommittee on Commissions Discussions on URAC Charter and Inter-Commission Communication.

Introduced by J Troost, S Gryczko and L Frerichs also spoke to the update. S Gryczko outlined the meeting held with the chairs of the URAC and Natural Resources Commission (NRC). The meeting centered on communication and interaction between the commissions. He stated that the next meeting would include discussion on the feedback from the URAC on inter-commission communication, including any feedback on the table created by the Chair of the NRC and included in the URAC commission packet. Changes to the Charter would be submitted to the Council once the final outcome of the communication discussion
was determined. J Troost asked if the draft provided was enough of a framework to provide feedback. E Roberts-Musser stated that in her opinion, working with the Finance and Budget Commission (FBC) has been fine, but the NRC has been difficult and un-responsive. She added that she was unclear as to what the issue with communication could be and asked staff to inquire of the NRC what it might be, and that establishing protocol for communication would be good. The Commission discussed different scenarios of communication.

The item was opened for public comment. The following public comment was received:

- Matt Williams - thanked the commission for having the discussion on a topic he thought would apply to any and all commissions. He encouraged the URAC to have a 12-month long range calendar for 2019, including items suggested by the public. He stated that he didn’t think the Commissions should object to crossovers of topics. He indicated it’s useful to set up protocols, and that it would be worth it to put some time into a 12 month calendar.

J Troost requested the Commission review the draft communication chart completed by the Chair of the NRC and provide feedback for discussion at the next meeting. O Bystrom moved, seconded by L Deos, to set the deadline for feedback on the NRC/URAC procedural guidelines as March 5, 2019. The motion passed by the following votes:

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

At the close of this discussion, L Kristov offered a modification to the Charter, which would read: “Social and economic equity effects of utility service and rate options on different segments of the Davis community.” It was agreed that the suggestion would be taken up when the Commission returns to the discussion of the charter. J Troost and L Kristov also discussed the necessity of the URAC title containing the word “Advisory,” and indicated that the city’s other commissions did not contain that word, despite all commissions serving in an advisory role. It was suggested that the title of the Commission could be changed to: Utility Rates and Services Commission.

**B. Report from the Enterprise Fund Reserve Policy Subcommittee on Reserve Fund Policy.**

E Roberts-Musser began the presentation on the final report from the Enterprise Fund Reserve Policy Subcommittee on Reserve Fund Policy with a brief recap of the work already conducted. As summarized on the second to last graph on page 5 of the report, each of the subcommittee’s proposed reserve targets are more than the current reserve levels, with the exception of the Solid Waste utility. L Kristov added that the formula was created to calculate a target reserve fund amount that each reserve fund should carry:
The Commission discussed the following items:

- The capital costs associated with Recology are covered by Recology.
- The concern that Stormwater currently has no reserve, and the suggestion to pull out the third bullet on page 4 (“Currently there is no capital replacement fund nor reserve fund for the storm sewer utility, just an operations and maintenance fund”) and move it to the conclusions section of the report to highlight this issue.
- That previous studies on the Stormwater utility did not account for a reserve.
- The question of insurance, specifically in reference to the section on Capital Risk Reserve on page 3 of the report, and the potential advantage for the city of purchasing insurance rather than sitting on $25 Million per year in reserve.
- The associated timeframes for payouts from insurance claims, and delays that can occur in receiving the funding, necessitating “bridge funding” to make repairs when damage occurs.
- A possible question for the Finance and Budget Commission (FBC) review: Would holding a line of credit with the bank be less costly and more reasonable than holding on to the funds in reserve?
- Using the formula in future cost of service studies to establish the recommended reserve amounts.
- The frequency of setting the reserve levels – if the calculation should be run with each of the cost of service studies (every five years), or annually? It was anticipated that the consultant working on the cost of service studies could advise on the best practice.
- The anticipated next steps for the process: sending the report to the FBC for their review, for feedback and comments. It would then return to URAC for an opportunity to address the concerns and submit the policy to the City Council.

The item was opened for public comment. The following public comments were received:

- ME Gladis – Thanked the commission for tackling what needs to be considered. She also spoke to the Commission on their look at the impacts of climate change, and referenced the recent special report on global warming from the Intergovernmental Panel on Climate Change (IPCC). She indicated her concern that Congressman Garamendi isn’t supporting the report.
- Jeff Mischkinsky – Asked the Commission why the calculations behind the reserve policy included 10 years of financial data.
- Matt Williams – Stated the city’s Finance Director indicated the calculation of the reserve should include 6 months of operating expenses rather than just 3 months, and stated that the check in with the FBC could include a review of the cash flow volatility. M. Williams stated his opinion that the missing element of the report is item E (included in the discussion but not in the calculation), the “sinking fund” for capital expenditures. The challenge, in his opinion, is if the fund is accumulating
for future expenditures. He continued, that in a perfect world, the useful life of the plant is 20 years, and the plant should get to the end of that functionality with 50% of the replacement cost on-hand. However the question becomes whether that accumulation is fair for the ratepayers, and what is the equity for the ratepayers of future generations vs the current generation? He also asked how are we not throwing away money on interest.

At the end of public comment, L Deos moved, seconded by E Roberts-Musser, to accept the Reserve Policy Report, with minor modifications, and send it on to the Finance and Budget Commission (FBC) for review, appointing a subcommittee member to attend the FBC meeting to present the report. During the discussion of the motion, there were a number of suggestions of items to add, which were not accepted by the mover or the second. At the call of the vote, the motion passed by the following:

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

As a substitute motion, J Franco moved to ask the FBC to address the question of the most effective way to address the question of insurance versus credit lines, and to review the merits of a sinking fund on larger projects. This motion failed for lack of a second.

L Kristov moved, seconded by J Franco, that the URAC recommends to the FBC, in their consideration of the reserve policy, to look at the best way to cover reserve funds (including, but not limited to, the possibility of insurance or credit line) and to look at the merits of a sinking fund for large infrastructure projects. The motion passed by the following votes:

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

To present the report to the FBC, the Commission chose a member to represent the subcommittee and the Commission during the meeting. E Roberts-Musser moved, seconded by O Bystrom, to appoint Lorenzo Kristov as the URAC representative to present the Reserve Policy Subcommittee report to the FBC. The motion passed by the following votes:

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

At the close of the discussion of Item 6B, the time was near to 8:30 p.m. E Roberts-Musser moved, seconded by L Deos, to extend the meeting until 9:00 p.m. The motion passed by the following votes:

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

C. Commissioner Orientation and Continuing Education.
J Troost introduced the item, indicating that the Commission has tentatively developed an orientation process, with material. L Deos asked for a glossary of terms. S Gryczko
presented two organizational charts to the URAC of the Public Works Department, one summarizing functional areas, and the other showing positions. It was requested that the orientation packet include indications of which department or division staff host the city’s commissions, the URAC procedures, the current URAC charter, and the list of members. The assembled packet will be brought back to the Commission for formal approval in March.

D. Email Communication for Commissioners.
S Gryczko presented the item on the new email address assigned to the URAC. The new email address is intended to allow for members of the public to contact the Commission with one address, as opposed to having each individual address of the Commissioners. He indicated the responsibility of staff to reply to the messages and keep a record of them for retention. He stated that if the Commissioners would reply to emails, they should always cc staff in their response. A Heinig told the Commission that if they chose to reply to the messages from the emails, they need to keep in mind that they will be corresponding with their own private email addresses. In response to a Commission question of what the email from the box would look like when sent, A Heinig indicated that she would send a test email out to the Commission before the end of the week.

7. Commission and Staff Communication
A. Update on the Broadband Task Force.
L Kristov provided an update to the Commission on the work of the Broadband Advisory Task Force (BATF). He discussed the recent item on a City Council consent calendar of a company that wanted to enter into a contract to provide fiber internet services to City facilities, which had been pulled from the consent calendar before discussion and rescheduled to a later meeting. L. Kristov indicated that the BATF had requested the item be included on the agenda for the next meeting of the Task Force, and requested a presentation from the staff person. The organization/company included in the contract had presented to the Task Force previously, but had not mentioned the contract. L. Kristov outlined a brief meeting with a consultant working with the Task Force to discuss ideas related to funding the installation of broadband infrastructure, and the intent of the Task Force would be to collect options to compare.

The item was opened for public comment. The following public comment was received:
- Matt Williams – Outlined estimated calculations of household annual costs associated with the installation of broadband infrastructure, based on work done by the Davis Community Network (DCN) representative to the BATF.

B. Workplan Review
C. Long Range Calendar
By consensus of the Commission, and as recommended by J Troost, the Workplan and Long Range discussion would be included at the beginning of the next Commission meeting in March.

8. Adjourn
J Troost made a motion to adjourn the meeting, seconded by L Deos. The motion passed by the following votes and adjourned at 9:05pm:
Ayes: Bystrom, Deos, Franco, Kristov, Pascoe, Roberts-Musser, Troost
Noes:
Absent: Braun