



City of Davis

Utility Rate Advisory Commission Minutes

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

Wednesday, April 17, 2019

6:30 P.M.

Commissioner Members Present: Gerry Braun , Olof Bystrom, Linda Deos, Jacques Franco, Lorenzo Kristov, Elaine Roberts-Musser, Johannes Troost (Chair)

Absent: Jill Pascoe (Alternate)

Staff Present: Stan Gryczko, Assistant Public Works Director

Additional Attending: Lucas Frerichs, Councilmember
Bob Clarke, Public Works Director
Jeff Mischkinisky

1. Call to Order and Roll Call

Meeting was called to order by Chairperson Troost at 6:31pm.

2. Approval of Agenda

J Franco moved to approve the agenda, seconded by L Deos. The motion passed as follows:

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

Noes:

Absent: Pascoe

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

- S Gryczko updated the Commission on the status of the next steps of the Enterprise Fund Reserve Policy discussion. The policy had returned to staff for an internal review by the Finance Director. S Gryczko informed the Commission that due to the work underway for the City's budget, he and the Finance Director would not be able to work on the staff recommendations to the reserve policy until mid to late June.
- On the topic of the communication channels discussion with the Natural Resources Commission (NRC), S Gryczko stated that the challenge in the process has been getting people together in the same room, and the recommendations for communication would come back to the Commission prior to being approved by Council. To S Gryczko's comment, G Braun asked about the updates to the Commission's charge from Council, and the anticipated timeline for those updates to be approved. He indicated that the topics being discussed by the URAC could change with the new charge, and underlined the importance of developing a vision for the work of the commission in the long-term looks at the City's utilities.
- E Roberts-Musser provided two articles, one from the National Review, titled "Private Sector Must Lead the Way to 5G" and the second, from the Davis Enterprise, about

water flow issues with neighbors and liability for damages. J Troost thanked E Roberts-Musser for the article from the prior month's meeting on the "end" of recycling.

4. Public Comment

None.

5. Consent Calendar

A. URAC Draft Meeting Minutes - February 20, 2019

The minutes were pulled from the Consent Calendar by J Troost to discuss necessary corrections. The corrections were:

- On page 2, in the first sentence of the first bulleted item on the page, the word "great" was modified to read "climate experts" so the sentence reads: "*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.*"
- On page 3, in the first sentence of the first bulleted item on the page the wording of "in 1924, one" was added to the sentence, so the sentence now reads: "*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.*"

J Franco moved to approve the minutes as amended, seconded by L Kristov. The motion passed as follows:

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

B. URAC Draft Meeting Minutes - March 20, 2019

While not pulled for corrective action, there was a question in regards to the minutes of March 20, 2019, and the language for the motion approved by the Commission related to the action of the City on the contract with Astound for a fiber optic network. This language appeared on page 5 of the minutes, and reads as follows: "... *E Roberts-Musser moved that the URAC believes that the City Council should pause and do its further due diligence in reference to the contract with Astound for fiber optic network...*" The Commission requested staff check on the word "believes" in meeting notes, indicating that "recommends" could also have been used. [Staff reviewed the meeting notes and determined that the wording in the minutes is an accurate record of the motion language.] L Deos moved to approve the minutes as written, seconded by G Braun. The motion passed as follows:

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

6. Regular Items

A. Update Commission Workplan: Workshop.

J Troost began the item asking for suggestions from the Commission on items to include in the Commission Workplan outside of the rate setting processes. Initial concern with the workplan as voiced by members of the commission was a lack of detail, and a number of items that had been on the Commission Long-Range as unscheduled items were not

included. It was also suggested that the Commission should revisit the revision of the Workplan after the City Council approved of the Commission suggestions to update the charter. The intent would be to focus on a broader look at services, not focusing just on rates.

Discussion of the workplan also included the following:

- Concerns with the lack of accountability within the Workplan format, and the need to ensure that when items are shifted to a future meeting for discussion, there is a clear discussion of why the item shifted, and what could be done in the future to prevent further shifting.
- The definition of a “workplan” as providing milestones and a timetable for when items should be brought forward and when completed, and that the Workplan as presented is more of a “URAC List of Stuff.”
- If the workplan has value without hard due dates for tasks.
- The importance of seeing the work that is underway at a glance for each meeting date.
- The difference between the Long Range Calendar discussed at the end of each meeting, and the Workplan, submitted to Council once a year.
- Brief discussion of additional items for the workplan, without consensus.

After the discussion, J Troost stated that he would look to bring back the workplan based on the feedback received and discussions with staff. He reiterated that the goal of the workplan was to create visibility and clarity for the Commission.

B. Stormwater Cost of Service Study Request for Proposals Review.

At the beginning of the discussion on the draft Stormwater Cost of Service Study request for proposals (RFP), S Gryczko introduced Bob Clarke, Director of Public Works. S Gryczko indicated that B Clarke drafted the RFP, with assistance from staff, and was at the meeting to collect feedback and comments on the draft RFP prior to its release.

Initial thoughts from the Commission overall on the draft included concern around a lack of reference to climate change impacts, and a concern about the lack of information on the city’s side for the development of the rate structure. Within the RFP, the city references the lack of a comprehensive asset replacement plan and capital enhancement plan, which was a concern for commissioners. To that point, B Clarke underscored the point that the Stormwater utility lacks the funding needed to support the studies for those plans. One goal of the cost of service study would be to prepare a rate structure that would generate the revenue to support those studies, which could in turn impact future rate studies. In response to additional questions about the focus of the cost of service studies, B Clarke also remarked that the rate study is not intended to be a technical expert review of the infrastructure, hydrology or global warming impacts. Rather, the study is to assist in the development of a rate structure that can support those types of studies as needed in the future, and to establish a planning level number that is defensible and will support capital expenditure needs.

The Commission also discussed the following:

- The difference between the two charges associated with Storm Drainage on the utility bill - Storm Sewer (related to stormwater quality and regulatory compliance, which is not a part of the study underway) and Drainage Rates (focused on operations and maintenance).

- General comments on points of clarification or changes to the document.
- The next steps of the process, with a proposed timeline to reach an election in 2020.
- The need to provide an overview of the utilities and the operations (in general) to the full commission prior to the review of rate structures, and the possibility of adding a special meeting with the education on the utility as a focus.
- The need for the RFP to include historical cost of service, how the cost has changed, and benchmarks to understand how the City costs compares to other city agencies.
- Potential changes to the law that could allow for stormwater utilities to follow a Proposition 218 process similar to Water and Wastewater (majority protest, rather than a vote). However the progress of the legal proceedings on the issue would most likely not impact the timeline of the current study.

C. Establishment of Subcommittees for Reviews of City's Utility Funds.

J Troost introduced the item with a brief summary of the memo provided by staff on the establishment of subcommittees. Initial discussion was focused on subcommittees that are subject to the Brown Act, the process for establishing such a body (which can only be done by the City Council) and whether or not staff would be required to be present at meetings of those subcommittees. S Gryczko outlined that subcommittees subject to the Brown Act will take up staff resources. Subcommittees not subject to the Brown Act, however, do not require a staff liaison.

J Troost outlined that the city's language on subcommittee formation within the Commission Handbook is identical to neighboring cities. He also discussed the view that subcommittees could be used to help staff, further information for the Commission's own interest, and help make progress on Commission priorities.

G Braun indicated that there are, in his view, two categories of what the URAC is asked to do - operation-driven tasks (like rate setting) and commission-driven tasks, which often fall by the wayside in the Workplan and frequently do not include staff support. He suggested, given the limited resources and time that the subcommittee formation focus be on commission-driven items. E Roberts-Musser outlined the additional items in the URAC Long Range calendar parking lot, and how those items could be good topics for subcommittees.

During the discussion the item was opened for public comment. One comment was received:

- Jeff Mischkinsky - Spoke about the Broadband Task Force using subcommittees to great effect, mostly because, he stated, as long as you have less of a quorum you can meet whenever you want and talk about whatever you want, as long as it's focused on the task at hand. He said that the response to the WAVE contract was quick because of the subcommittee's work. He offered that since most people don't have time, subcommittees can be very helpful in analyzing and forming proposals.

The Commission also discussed the following:

- The meaning of the bullet point: *Involve all sides of the issue* in the city's guidance for subcommittees within the Commission Handbook.
- The suggestion that the unscheduled items be brought back to the Commission for review and possible subcommittee creation. If there is no interest in the item, the Commission could consider removing the item from the list.

- The subcommittees are entitled to bring in experts they choose to advise them on the issues related to the assigned task.
- The approval of the Workplan, and subcommittee discussion (with a list of potential subcommittees presented by the Chair/Vice Chair), to be included in the May meeting agenda.
- The possibility of subcommittees of different commissions working together, and any guidelines associated with that request.
- A potential way of approaching understanding of different issues by working with the Davis Futures Forum to hold forums on the impacts of climate change on utilities, including rate implications.

D. Review Resolution Declaring a Climate Emergency and Proposing Mobilization Efforts to Restore a Safe Climate.

The discussion began with O Bystrom commenting that, given the long list of resolutions included in the proposed discussion, the Commission could go through and cross off those items unrelated to the URAC to save some time. However, there was not consensus among the Commissioners as to what did or did not relate to the URAC. L Kristov indicated that in his conversation with the NRC staff liaison Kerry Loux, the priority item moving forward would be the update of the Climate Action Adaptation Plan (CAAP). He suggested the Commission consider a subcommittee to engage with the CAAP process. S Gryczko also added that the CAAP process overlaps with Commissions and departments, and that the team in the Environmental Resources Division of Public Works will also be assisting in that effort. The Commission indicated that if there is a consultant recommended to assist as well, that they would like to be a part of that RFP process. E Roberts-Musser reminded the commission that goals, while well-intentioned, are not always achievable or fiscally practical, but it is good to strive for them with the knowledge that some things aren't reachable.

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 stated that the BATF meets after the URAC. After the last meeting, the subcommittee prepared a memo that went to the entire BATF containing elements of the motion passed by the URAC at the last meeting, as well as a recommendation to the task force to adopt a longer, more detailed motion. Along with the recommendation to pause and do further due diligence, the task force recommended a financial analysis of the WAVE contract, assessment of the proposal and how it would affect viability and feasibility of doing a broader city-owned broadband arrangement, and assessment of an alternative option of a fully city-owned broadband network, with city owning 100% of the capacity. The task force approved the motion, and there was a great deal of public comment.

As an update, L Kristov indicated engaged citizens reported the City Manager said staff would be slowing down and doing further due diligence and analysis on the issue. Attached to the suggested motion was a subcommittee draft plan of how to develop the broadband city infrastructure (architecturally) starting with a basic ring structure, which would connect city sites within the proposed WAVE contract. He concluded that the BATF was waiting on an update from City staff on the next steps.

The Commission requested to receive agenda updates from staff.

L Frerichs discussed the wording of the closed session item on the April 9, 2019 Council agenda related to the Astound/WAVE contract, and stated it was the first time that the Council was able to discuss the issue, as it was not intended for negotiations. He stated that he reached out to communicate about the purpose of the closed session meeting as soon as he saw the agenda wording. He concluded that the wording is a procedural concern that needs to be rectified in the future, and that the motion passed by the URAC related to the contract on March 20 was received well by the entire City Council.

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

- Jeff Mischkinsky - stated that he thought that the motion that was passed by URAC was helpful for making the point with Council, and personally hoped that the City will work with the school district to replace the iNet services and use them as its own network, with whatever model of ownership and operation makes sense. He added the city can also institute policies that address digital divide, where school children regardless of income can have access to fast internet services. He stated that having a public utility to make those services available is essential.

B. Long Range Calendar

By consensus of the Commission, and as recommended by J Troost, the Workplan and Long Range updates will be completed by the Chair, Vice Chair and staff, and then brought back to the URAC for approval.

8. Adjourn

O Bystrom made a motion to adjourn the meeting, seconded by L Deos. The motion passed by the following votes and adjourned at 8:36pm:

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

Noes:

Absent: Pascoe