



City of Davis

Utility Rate Advisory Commission Minutes

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

Wednesday, June 19, 2019

6:30 P.M.

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

Absent: Olof Bystrom, Jill Pascoe (Alternate)

Staff Present: Stan Gryczko, Assistant Public Works Director

Additional Attending: Lucas Frerichs, City Councilmember
Richard Tsai, Environmental Resources Manager
Adrienne Heinig, Management Analyst
John Johnston, Matt Williams

1. Call to Order and Roll Call

Meeting was called to order by Chairperson Troost at 6:30pm.

2. Approval of Agenda

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

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

Noes:

Absent: Bystrom, Pascoe

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

- L Deos thanked staff for incorporating requested changes in the Stormwater Rate Study Request for Proposals (RFP)
- L Kristov and L Frerichs spoke about the Green Infrastructure Grant application work in city neighborhoods, which would develop infrastructure to capture stormwater runoff, create rain gardens, and could be replicable in other city neighborhoods. L Frerichs indicated that the City would contribute matching funds for the grant.
- L Frerichs discussed the approval of the feasibility study for Aquafer Storage and Recovery (ASR) in Davis, and the success of the project recently in Woodland. He indicated that the study was structured to allow for a check-in with City commissions prior to the full expenditure of funds.
- S Gryczko spoke about the CREAT Risk Assessment Application for Water Utilities tool, developed by the EPA, and the request EPA made to the Woodland Davis Clean Water Agency (WDWCA) to be a case study for a resilient water utility. The tool looks to help agencies adapt to extreme weather events and demonstrates possible reductions of future infrastructure expenditures when identified risks are addressed. Information

about the tool can be found here: <https://www.epa.gov/crwu/creat-risk-assessment-application-water-utilities>.

- L Frerichs discussed the Valley Clean Energy board meeting held on June 17. Meeting highlights included: stepping in the direction of bringing Winters into VCE, approving a new dividend program, and bringing into VCE the outstanding Net Energy Metering (NEM) (solar) customers.
- S Gryczko outlined the recent passage of the City’s budget for fiscal years 2019-2021, which includes \$500,000 for the update of the City’s Climate Action Adaptation Plan (CAAP), which will have a great deal of commission involvement. He stated that there had been questions from the public about staffing and the structure of the sustainability program in the City, and encouraged the Commission to review the video of the City Manager and Assistant City Manager’s remarks on that topic, beginning at timestamp 1:58:30 on June 16, 2019.
- S Gryczko also addressed the split of the Public Works Department into two separate departments: Public Works - Utilities & Operations, and Public Works - Engineering & Transportation. He outlined the background of the decision, including the size of the former Public Works Department, and how the split allows each department greater focus on their work and service delivery.

4. Public Comment

None.

5. Consent Calendar

Prior to action being taken on the consent calendar, Item 6B was pulled for discussion by G Braun.

A. URAC Draft Meeting Minutes – May 15, 2019

B. Informational Item on the City’s Urban & Community Forest Grant

One minor change to the minutes was included, with the addition of “water pumping electricity” between the words *California* and *is* in the last sentence of the third bullet under Brief Announcements. The sentence now reads: “Northern California *water pumping electricity* is 3% of the total electricity used in the state.”

G Braun moved, seconded by J Franco, to approve the minutes as amended. The motion passed by the following votes:

Ayes: Braun, Franco, Kristov, Roberts-Musser

Noes:

Absent: Bystrom, Pascoe

Abstain: Deos, Troost

On Item 6B, the commission discussed the need to include a plan to work with residents who have solar panels installed on their property so that trees don’t conflict with solar panels, and protecting the existing city utilities from root growth, e.g. gas lines. They also discussed the tree planting, the types of trees considered (or not considered) for planting, the impact on the City’s on-street yard material pile collection, and ensuring that residents are provided the outreach and education necessary to keep the trees alive and the utilities safe.

Following this discussion, E Roberts-Musser moved to approve the item, seconded by L Deos. The motion passed by the following votes:

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

6. Regular Items

A. Water Cost of Service/Rate Study Draft Request for Proposals.

The item was introduced by S Gryczko. Following the adopted process for utility cost of service studies, staff prepared a Request for Proposals (RFP) for the Water Cost of Service study, anticipating the process to be started in July, with a Utility Orientation meeting followed by the award of the study contract in August. He requested that the Commission provide topics to cover during the Water Utility special meeting, to be held July 17.

The Commission discussion included a list of the items requested to be covered in the special meeting on the Water Utility. These items included:

- Explanation of different water structures (tiered, flat, variable)
- Definition/description of water budgets
- Drought surcharge and conditions of use, and relationship to water conservation
- Aquafer Storage and Recovery (ASR) - what it is, how it works, and why we need it
- Advanced Metering Infrastructure (AMI) - a description of the water meter replacement project and the tasks performed
- An overview of the state regulations in place and anticipated, includes a review of the Urban Water Management Plan and Integrated Water Resources Study and update process
- List of the Capital Improvement Projects (CIPs), current and anticipated
- The impact of expanding housing on water use (want to see graphs of usage) - in reference to ongoing and future development (% basis of growth)

S Gryczko also outlined that staff would look the Commission to appoint a member to work with staff on selecting the contractor for the study.

Included in the staff report on the item was a list of accomplishments and goals of the Water Utility from the 2019-2021 City Budget document. The Commission discussed some of the items.

J Troost pointed out that the RFP did not contain a response to the City Council's recently passed Climate Action Emergency Declaration. He indicated that the scope of work should address Council priorities. S Gryczko replied that the expectation of the rate study model consultant would not be to produce the work around preparing the utility for climate change impacts, rather the model would be used once the data is produced to estimate impacts on the utility over time and any commensurate increases in customer rates. He added that the upcoming update to the Climate Action Adaptation Plan (CAAP) would help with determining the information necessary to include in the model. J Troost countered that the scope could be redesigned to account for climate change, and L Kristov asked if the scope could include a description of risk scenarios to include in the study. J Troost asked if the funding for the study could be reviewed and perhaps raised in order to allow for the additional scope. He indicated that the lack of collaboration on climate change was a significant issue, and real numbers are needed to know the impact of climate change. S Gryczko indicated that the effort would most likely be divided into two separate requests

for proposals, for concurrent studies, to achieve the desired results. J Troost stated that ideal situation would be to conduct the study once, rather than have to revisit the rates once the estimated impacts of climate change on the utility had been established. L Kristov outlined the wider issue at the table - that the threat of climate change links to the cost of service for the utilities, but the missing information is the list of projects necessary to enhance the water utility. He stated that the CAAP would bring information that would be part of a larger process, and would link together all of the utilities, rather than just focus on one. S Gryczko added that the model is under staff control once created, and the numbers that come out of the CAAP (as well as scenarios) can be fed into the tool to demonstrate the rate impacts of climate change.

E. Roberts Musser requested that water budgets specifically be included in the RFP as part of the rate design analysis that would include 4 rate structures. Stan noted that the state is encouraging such rate structures, and may require them at a future date.

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

- Matt Williams - He indicated that what L Kristov brought up is crucial. The effort is so complex, that it's important to base the look on simple use calculations and examine the sensitivity of each rate structure based on risk. Knowing capital expenses, environmental expenses, can make informed decisions of the resiliency of rates, and aid in developing the best models with the various climate change scenarios. He indicated that the RFP should include discussion that specifies language to link the two.

G Braun indicated that the reviewers will need to have clear and specific criteria to evaluate the proposals, and the proposal should have a high level of detail. Following the discussion, L Deos moved, seconded by L Kristov, to appoint Johannes Troost as the member of the URAC to service on the selection panel for the consultant to conduct the city's Water Cost of Service study. The motion passed by the following votes:

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

Noes:

Absent: Bystrom, Pascoe

B. Feasibility Study on the Relocation of the Materials Recovery Facility (MRF) from 2727 Second Street.

Richard Tsai, Environmental Resources Manager introduced the item. He explained how the city's waste streams are diverted, with recycling pulled out at the Materials Recovery Facility (MRF) on Second Street, the organics are also diverted, and then trash is taken to the landfill. The City does not currently have an agreement on organics or recyclables which are processed, sorted and sold as commodities. He indicated that part of the long-term look at the solid waste utility would include a review of all of the city's waste streams (landfill, organics and recycling), but this short term look is aimed at the location of the MRF. In the contract with Davis Waste Removal, the city did not have an option to request that the MRF be relocated to examine other uses for the property. Prior to the move to the Second Street location, DWR had been operating out of 1818 Fifth Street, and had moved at the request of the City. With the assignment of the contract for waste hauling to Recology, a clause was added in the contract to look at the feasibility of requesting the MRF be re-located. He also outlined work underway with the Natural Resources Commission (NRC) to look at

whether or not the City should consider processing its own organics, but the timeline under the contract for the review of moving the MRF is shorter-term (within two years of the assignment). During the item, the Commission discussed the following:

- The URAC had recommended to the City that the City should acquire the site from DWR at the time the city was considering the DWR sale to Recology. The City decided against acquiring the site, so the new contractor Recology holding the franchise would have to be recompensed for any loss for any land transfer transaction if the City decides at a future date to move the MRF.
- The City did not have the opportunity to purchase only the land during the franchise sale process.
- The look at *what is in it for the City if the contractor owns and operates the new MRF* would be what the consultant for the effort would be charged with reviewing, and there are a number of pieces to review (including environmental impacts, the legal/regulatory aspects, and future trends).
- The review would be to look and see if the site currently occupied by the MRF would be of a higher benefit to the City if utilized for another purpose.
- If Recology would need to invest in new equipment at the current site, would it make more sense to move to a different site and “start fresh.”
- The City would have to ensure that Recology would be “made whole” if the City requests the MRF be moved, based on the sale price of the land at that time, not on the land after redevelopment.
- Recology is currently behind the Police Department and Carlton Plaza. The site is noisy, and there would be advantages to the surrounding neighbors if the MRF was moved.
- The need for the URAC to be presented the Organics Processing Feasibility study.
- Four options for moving forward: 1) reconsider more information for returning to the topic at a later meeting; 2) assigning a subcommittee to review the question now; 3) doing nothing; or 4) the whole commission undertaking the review.
- The concern around wasting time and money on an effort that would have no positive outcome for the city.
- That the subcommittee could be tasked with reviewing the questions in need of clarification before diving too deeply into the topic, and if the group could come up with realistic scenarios (one or two) that would be plausible and would provide the City some benefit.
- The time crunch necessary to make a decision (less than 1 year).

The item was also opened for public comment. One comment was received:

- John Johnson - He stated that he would appreciate it if the charge to the Subcommittee formed to review the MRF move would include a cursory thought of the impacts of moving a centrally located facility in terms of vehicle miles and GHG. He asked the Commission to consider looking at the net benefits that include GHG considerations.

At the conclusion of the discussion, G Braun moved, seconded by L Deos, to appoint a subcommittee of Linda Deos and Elaine Roberts-Musser to determine the plausibility and net benefits of moving the Material Recovery Facility (MRF). The motion passed by the following votes:

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

At this point in the meeting, it was agreed by consensus of the Commission that Item 6E should be brought forward for discussion.

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

The item was introduced by J Troost, outlining the steps in recommending the changes to the Commission charter, and the discussion about the communication between commissions. He also indicated that a meeting would be held on Monday night prior to the NRC meeting with the Chairs, Vice-Chairs, staff liaisons and the Council Subcommittee on Commissions to review the documents. S Gryczko stated that the NRC representatives looked at the proposed changes and did not indicate major issues, but they made the point that the environmental matters are the purview of the NRC, and wanted to look into how to communicate when there is overlap of scope.

E Roberts-Musser voiced concerns that the NRC would take over the discussions of all environmental issues, and that the URAC would not have the ability to provide feedback or comment. She indicated that in the discussion of environmental issues, it was important to include discussions of the impact to ratepayers of any climate change solutions being proposed. She mentioned the effort for the update of the CAAP, and her concern that the URAC would not be included in the discussion. S Gryczko indicated that the information from the CAAP would feed into the rate models presented to the Commission, and staff would bring discussions of the CAAP to the Commission. J Franco indicated that the URAC is the “utility shop” and should look at all issues.

S Gryczko outlined the communication process between commissions as recommended: specifically that the URAC would have a topic for discussion that would overlap with the NRC charge, a recommendation would come from the URAC to the NRC to review the topic, and if the NRC were to indicate they did not have time to address the issue, than the URAC would take over. If the NRC were willing to take on the issue, the URAC would be invited to provide comments and its own recommendations.

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

- Matt Williams - He indicated that in living with the Downtown Plan Advisory Committee (DPAC), the decision should have been made up front who was taking lead on the issue. The Planning Commission and the Finance and Budget Commission determined that the DPAC was lead in the discussions. The Planning Commission had asked for input from the Finance and Budget Commission, but ownership was still with the parent commission, creating a conflict where there should not have been a conflict. The chart provided to the Commission [outlining the communication between commissions] gives a good process.
- John Johnston - (indicating that he was speaking as a private citizen) He stated that the flow chart provided too little and too much information. He outlined the assumption in one of the recommended actions that the lead for the issue would be determined well into the discussion of the issue, which would be confusing.

He stated that with GHG, and organics, as well as other issues overlapping between commissions, the City Council is where “the rubber hits the road.” He also outlined the issue that if one commission has an item on the table, and doesn’t mention the item to the other commission, it would also cause issues. In his opinion, a mechanism needs to be developed to see what the commissions are working on, and to be able to provide feedback from multiple commissions on the topic. He indicated that there should be a path to coordinate efforts and get one report to the Council at one time, to give all sides of the issue at once.

J Troost indicated that he and the Chair of the NRC had been talking, and send packets to each other when released. He stated concern with other Commissions reporting being blindsided by topics under discussion, and indicated that he would try and be better about notifying Chairs. However, he mentioned that the NRC had not extended an invitation to the URAC when discussing issues of mutual interest. He stated that the best thing to do is communicate, especially about the packets for meetings being released, stating that if there are questions about the items under discussion, please call and ask.

J Troost also asked the Commission if the revised language for the charter reflected the changes the Commission wished to see. J Franco indicated that the Commission should be involved in topics way before the rate discussion, and should look at planning, as well as other processes, including environmental topics associated with the Utilities.

By consensus, the Commission agreed that the recommended language for the new charter, including the modified last bullet from the previous discussion, should be recommended for approval by the City Council. The Commission also agreed, by consensus that the Commission would recommend the Council approve the re-naming of the URAC (Utility Rate Advisory Commission) to the Utilities Commission.

C. Establishment of Subcommittees on Unscheduled Commission Discussion Topics.

By consensus of the Commission, the item was not discussed.

D. Review and Feedback on Vision for Integration of Davis Utilities.

E Roberts-Musser suggested that the Commission table the discussion of Item 6D, as she had received comments from G Braun and J Franco, and would like O Bystrom, who also worked on the Vision, to be present to discuss the topic.

G Braun stated that the Vision work is, to him, the second step in a three step process. A plan needs to be developed to implement the Vision of the Commission, working with staff and the commission. There was clarification that the Vision does not need to be approved by the Council.

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

- Matt Williams - He indicated that he observed that the Commission wrestled with the RFP for the Water Cost of Service study, in that the discussion got into environmental topics, and that reflected the reality is it is very natural to blend topics.

F. Davis Municipal Broadband Status.

L Kristov provided a brief update for the Commission on the status of the work of the Broadband Advisory Task Force (BATF). The final report for the BATF was presented to Council on June 4, and recommended the Council authorize the next steps in investigating the feasibility of municipal broadband, based on new thinking from the original study. He indicated that there were two next steps, 1) to engage with expertise in public financing to look at alternate approaches to funding municipal broadband and 2) reviewing the possibility of approaching the project in phases (including a technical assessment). He stated that the final action of Council was to direct staff to develop a scope of work for those items, but there was no due date. In response to Commission questions, L Kristov indicated that an expert in public financing was willing to contribute to the project for no fee. He concluded that municipal broadband was a good topic for discussion, that there was a lot going on with broadband, especially with monopoly providers, net neutrality and the digital divide, and that the discussions had a lot of merit and demonstrated many details needing to be worked out.

The Commission thanked Lorenzo Kristov, and Jacques Franco, for their service on the Task Force.

7. Commission and Staff Communication

A. Long Range Calendar

J Troost indicated that the bulk of the meeting in July will be focused on the Water Utility, at least an hour, leaving little room for other items of discussion. He offered that the recommendation might be to include extra time in the meeting to accomplish the goals of the discussion. E Roberts-Musser requested that the Long Range Calendar include a summary of the month's meeting topics.

8. Adjourn

G Braun made a motion to adjourn the meeting, seconded by E Roberts-Musser. The motion passed by the following votes and adjourned at 8:56pm:

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

Noes:

Absent: Bystrom, Pascoe