



City of Davis

Utilities Commission Minutes

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

Wednesday, January 15, 2020

6:30 P.M.

Commissioners Present: Gerry Braun, Linda Deos, Jacques Franco, Lorenzo Kristov, Elaine Roberts-Musser, Johannes Troost (Chair), Matt Williams (Alternate)

Commissioner(s) Absent: Olof Bystrom

Council Liaison(s) Present: Lucas Frerichs

Staff Present: Stan Gryczko, Public Works Utilities & Operations Director
Adrienne Heinig, Management Analyst

Also in Attendance: Pam Day, Financial Services Manager

1. Call to Order and Roll Call

Chairperson Troost called meeting to order 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, Williams

Noes:

Absent: Bystrom

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

- L Frerichs wished the Commission a happy new year, remarked that he had missed previous meetings due to scheduling conflicts, and discussed two items:
 - At the Council meeting on Tuesday, January 14, the determination was made that Commission liaisons will take note of City Councilmember attendance and absence at each Commission meeting. During the discussion of Commission liaison assignments, L Frerichs was assigned as Council liaison to the Natural Resources Commission (NRC).
 - The on-going discussion around 5G in the community has included a growing group of the community concerned about the process and the use of 5G. The Council will review a wireless telecommunications ordinance on January 28.
- E Roberts-Musser provided one articles for review:
 - The Atlantic - *The Toxic Bubble of Technical Debt Threatening America*

- J Troost wished the Commission a happy new year and thanked the assembled for their work during the previous year. He stated that the Commission accomplished a lot, and thanked them for maintaining productivity despite having other demands on time. He also discussed public comment received via email from a member of the public and the Commission discussed protocols for response.
- S Gryczko discussed two items:
 - The packet for the meeting had been released early, on Wednesday rather than Friday as normal. The early posting of the packet was related to the volume of material intended for review, and will not be an adjustment of the posting schedule moving forward.
 - Related to the discussion of the Alternative Uses for the Overland Flow & Ponds agenda item for February, he asked the Commission to read the accompanying Chapter 6 of the Recycled Water Near-Term Master Plan and send questions to staff prior to January 29 for inclusion in a revised staff report. Otherwise, the report will be a repeat of what was presented as an informational item in December 2019.

4. Public Comment

None. No members of the public were present.

5. Consent Calendar

Prior to the approval of the Consent Calendar, both items were pulled for discussion.

A. UC Draft Meeting Minutes - December 18, 2019

Two content changes, and a few minor corrections were made to the minutes. The content changes were as follows:

- On page 2 of 5, within the first bullet in the section under Item 6A, “Negotiating with Yolo County landfill for the next 10 years (short term solution), then deciding on which options are the most beneficial (the UC recommended that none of the suggested options be off the table.)” was added after the first sentence.
- On page 3 of 5, within the first bullet on the page, “(most likely and worst case scenarios)” was added after the first section of the first sentence, and “, including what emergency plans are required by the state. Then develop strategies to mitigate the threats coupled with costs, e.g. use of recycled water, gray water, rainwater capture during water shortages, micro grids for long term power outages” was added after the last sentence to read: “The need for a list of threats to each utility (most likely and worst case scenarios), include short-term and long-term threats, with level of threat and preparation described, including what emergency plans are required by the state. Then develop strategies to mitigate the threats coupled with costs, e.g. use of recycled water, gray water, rainwater capture during water shortages, micro grids for long term power outages.”

E Roberts-Musser moved, L Deos seconded, to approve the minutes as amended. Approved by following votes:

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

Noes:

Abstentions: Williams (*absent from the meeting*)

Absent: Bystrom

B. Wastewater Annual Fund Review

The item had not been completed in time for the inclusion in the packet, and was not provided for discussion at the meeting. The review of the Wastewater Fund will be included in the upcoming Wastewater Cost of Service study in a far more comprehensive way than would be included with a fund update.

6. Regular Items

A. Enterprise Reserve Fund Methodology

Received staff report on the recommended methodology for the calculation of reserve funds for each of the City's four utilities (Water, Wastewater, Stormwater, and Solid Waste). Discussion included the following:

- The potential impacts of the calculated reserve totals on ratepayers.
- The need to consider all types of funding for large projects, including sinking funds.
- The need to determine the useful life expectancy of large equipment and infrastructure, and put together an expectation of when the capital replacement will be necessary.
- The different focus of the Finance and Budget Commission (FBC) and the UC on the question of the reserve funds. The FBC is focused on the funding in the bank, both within the reserve and in excess of the reserve, and the UC is focused on how much should be included in each portion of the reserve to ensure an adequate protection for each utility and its impact on utility rates.
- The need for a common vocabulary between the FBC and UC when discussing financial matters.
- If the UC should offer recommendations for the FBC discussion on the reserve funds for the utilities.
- The significant difference between the staff recommendation for the Wastewater reserve fund and the UC recommendation (*related to the unique circumstances of many years of consistently matching annual budget and expenditures during the construction of the updated wastewater treatment plant, due to the State Revolving Fund (SRF) loan for that project, showing an uncharacteristic predictability in the financial activity of the fund that kept volatility calculations low. The UC recommendation looks back at capital expenditures in the past to calculate*

volatility/rate stabilization reserve, whereas the staff recommendation uses projections of capital expenditures in the future to calculate it.)

- An explanation of the Capital Improvement Projects (CIP) tables included in the report, which were provided as reference to show the numbers used in the example fund calculations presented in the report by staff.
- The determination of the emergency capital calculation as a year of average 5-year projected CIP costs, and how that recommended calculation was made.
 - Pointed out by a commission member as arbitrary.
- If there is a methodology to predict impacts to the utility created by climate change.
- The understanding that the methodology can be modified as needed, and will be assessed during each cost of service study.

Motion: to approve the methodology for setting the enterprise fund utility reserve as presented by staff with the knowledge that each cost of service study will result in new numbers.

Moved by J Kristov, seconded by E Roberts-Musser. Approved by the following vote:

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

Noes:

Absent: Bystrom

B. Update from Subcommittee on the Downtown Plan

Held discussion on the draft of the Downtown Plan, as led by the Subcommittee on the Downtown Plan established by the commission. Topics of discussion included:

- The inclusion of the consultant memos on demand projections as appendices to the plan, as requested by the Commission.
- Each development proposed in the downtown would still be modeled independently to assess impacts (even with plan in place).
- A flag from the review of the plan: cost and demand estimates for infrastructure within the plan lack the appropriate context. The concern is that a developer could point to the report and indicate that from the city's estimates, additional capacity or work would not be needed, and therefore would not be the financial responsibility of the developer. Wording should be included in the plan to make it clear that the developer will be responsible for any increased capacity needs anticipated by the city through each development review.
- Should the city look to improve infrastructure in anticipation of greater demand, each development within the area of improvement will be assigned their fair share of the cost of that improvement.

- Insufficient discussion of broadband (5G) and microgrids.

Motion: to accept comments made by the Commission as stated as the Commission's formal comments towards the Downtown Plan, (*Friendly Amendment-L Kristov*) and that discussion should include not just microgrids, but a resilient electrical supply.

Moved by J Troost, seconded by L Deos. Approved by the following vote:

Ayes: Braun, Deos, Franco, Kristov, Troost, Williams

Noes: Roberts-Musser

Absent: Bystrom

Comments from the meeting were submitted to city staff working on the Downtown Plan and will be incorporated into the staff reports for the Planning Commission and Council - tentatively to begin in March.

C. Wastewater Cost of Service Study Request for Proposals (RFP)

Motion: to appoint Johannes Troost as the Commission representative to the proposal review committee for the Wastewater Cost of Service Study.

Moved by L Deos, seconded by J Franco. Approved by the following vote:

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

Noes:

Absent: Bystrom

D. Water Cost of Service Study Consultant Selection and Study Scope Review

Motion: to recommend that the City Council approve the selection of Bartle Wells as the consultant for the Water Cost of Service/Rate Study.

Moved by E Roberts-Musser, seconded by L Deos. Approved by the following vote:

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

Noes:

Absent: Bystrom, Braun (*absent from vote*)

E. Nomination of Chair and Vice Chair for 2020

Motion: to appoint Johannes Troost as Chair of the Utilities Commission for 2020.

Moved by J Franco, seconded by M Williams. Approved by the following vote:

Ayes: Braun, Deos, Franco, Kristov, Troost, Williams

Noes: Roberts-Musser

Absent: Bystrom

Motion: to appoint Olof Bystrom as the Vice Chair of the Utilities Commission for 2020.

Moved by J Troost, seconded by J Franco. Approved by the following vote:

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

Noes:

Absent: Bystrom

7. Commission and Staff Communication

A. Long Range Calendar

Chair and Vice Chair reviewed the unscheduled items on the Long Range Calendar and offered suggestions to the Commission on what can be removed. During the discussion, the Commission agreed to the following:

- A number of items on the long range calendar were moved to a new section titled “Periodic/Tracking” rather than “Unscheduled,” where other items were shifted off the calendar or moved to the work of an existing subcommittee:
 - Moved to Periodic/Tracking
 - Organics Processing Facility Feasibility Analysis
 - Long-Term Strategy of Utility Services
 - Examine Building a City Bio Digester vs. Use of County Bio Digester
 - Pulled from the Calendar
 - Discussion of shared goals between Commission, Staff and Council
 - Review of City contracts for services with language on pass-through expenses for asset management responsibilities
 - Moved to Subcommittee on Recycling and Solid Waste
 - Scavenging of recyclables
 - Examine County Landfill Tipping Fees for Waste
- The following items were agendaized for February: Alternative Uses for Overland Flow and Pond Areas Located at the City’s Wastewater Treatment Plant; and the Utility Resiliency reports to return (with update to the Resiliency report requested during the meeting).

8. Adjourn

The meeting was adjourned by consensus at 8:29 p.m.