



City of Davis
Utilities Commission Minutes
Remote Meeting
Wednesday, May 20, 2020
5:30 P.M.

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

Commissioner(s) Absent: None

Council Liaison(s) Present: Lucas Frerichs

Staff Present: Stan Gryczko, Public Works Utilities & Operations Director
Brian Mickelson, Assistant City Engineer
Adrienne Heinig, Management Analyst
Kerry Loux, Sustainability Coordinator

Also in Attendance: Jim Wilson

1. Call to Order and Roll Call

Chairperson Troost called meeting to order at 5:33pm.

2. Approval of Agenda

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

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

Noes:

Absent:

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

- J Franco discussed one item
 - Provided an update that a former member of the Utilities Commission, Ben Borne, had accepted a job with BrightNight as the Vice President of Engineering. In response to a Commissioner question, it was noted that Ben Borne resigned from the Commission in 2016.
- L Frerichs discussed one item
 - Provided an update on the City budget process which had been delayed, and outlined that a variety of draft items were up for consideration by the Council. He indicated that the budget hearing would be on June 2, and the second hearing for the budget would likely be on June 16, with adoption of the budget

by the end of June. In response to a question, he stated that the budget discussion covers all of the city's funds.

- J Troost discussed one item
 - Indicated work was underway with the Solid Waste Subcommittee, and the Subcommittee was looking to collect data from the State on how much recycling is being done by Recology.

4. Public Comment

None.

5. Consent Calendar

Prior to the approval of the Consent Calendar, Items 5A and 5B were pulled for discussion.

A. UC Draft Meeting Minutes – April 15, 2020

Pulled after revisions to minutes submitted by Commissioners prior to the meeting.

Revisions included the following:

1. Changes throughout the minutes:
 - a. Martin Hermann's name was corrected.
 - b. Text was reformatted into bullet form on pages 4, 5 and 7.
2. Non-content related changes:
 - a. Page 2 – Item 5A – within the line containing UC Draft Meeting Minutes – “January 15, 2020” was removed and replaced with “February 19, 2020.”
 - b. Page 2 – Item 5D – the words “in a time” added between *impact* and *when* in the third line of the section, “expending money on” was added between *avoid* and *capital* in the fourth line, and “and also” was added between *possible* and *avoid* in the fourth line to read: “Pulled by O Bystrom to express the need to include a discussion of how the City will look to protect ratepayers, and actions that can be taken to avoid rate increases as a result of the COVID-19 impact, **in a time** when incomes are dropping and job losses are mounting. Have to look at utility costs and have Council instruct staff to avoid **expending money on** capital projects if at all possible, **and also** avoid operations and maintenance costs that can be temporarily avoided. Discussion included the following...”
 - c. Page 4 – first bullet on the page, the word “that” was added between *indicate* and *a* to read: “Initial timeline discussion prefaced by staff to indicate **that** a specific timeline was not immediately available for the Commission meeting.”

- d. Page 4 – Second bullet on the page, the words “at the WWTP” were added between *power* and *to* in the last sentence to read: “Staff was also asked about the need for power **at the WWTP** to offset costs.”
- e. Page 4 – third bullet on the page, added a statement: “**Had some discussions and provided some information around power bills**”
- f. Page 4 – fourth bullet on the page, added “while they crunched numbers” to the end of the sentence, to read: “Discussions went silent for a little while, **while they crunched numbers.**”
- g. Page 4 – fifth bullet on the page, added “and Valley Clean Energy” between *PVEL* and *were*, as well as “about what might be potentially available” at the end of the sentence to read: “BrightNight and PVEL **and Valley Clean Energy** were having discussions **about what might be potentially available.**”
- h. Page 4 – sixth bullet on the page, added “regarding potential opportunity for a property arrangement, with property out at the plant” to the end of the sentence to read: “Discussions started with Council December 17 **regarding a potential opportunity for a property arrangement, with property out at the plant.**”
- i. Page 5 – first bullet on the page, added “**Closed session is intended so Council can consider agreements that are not timely for public consideration.**”
- j. Page 5 – first bullet under “Discussion included the following: “The” was added to the beginning of the sentence, “ever” was added in between *there* and *was*, and “during the process” was added between *time* and *that*, to read: **The** question of whether there **ever** was a time **during the process** that staff recommended that the City undertake a public solicitation process.
- k. Page 5 – second bullet – added “the question of whether there are” to the beginning of the sentence, and removed “asking about” to read: **The question of whether there are** opportunities for ending, or rescinding the contract; and if the contract is to move forward, if it was anticipated that the Utilities Commission would be able to weigh in on the terms proposed for the ground lease.
- l. Page 5 – last bullet – removed “impact” from the second line, and replaced it with “stay in”, and added “or go to the General Fund” to end the sentence, and added: “Staff said they did not know, but would get back to the Commission with an answer.” to read: “Questions related to the potential revenue of the solar activities, and if that revenue would

stay in the Wastewater Utility or go to the General Fund. Staff said they did not know, but would get back to the Commission with an answer.

- m. Page 6 – First bullet under Public Comment. Fourth sentence of the paragraph, added the words “both the” between *Yet* and *address*, “and the name of the” between *address* and *other*, and “were” between *negotiator* and *not*, to read: “Yet **both the** address **and the name of** the other negotiator **were** not listed on the notice.”
 - n. Page 6 – second bullet under Public Comment. First sentence of the paragraph “is” was removed, “is” added between *matter* and *of*, “who” was added between *experience* and *were*, “by BrightNight” was added between *misdirected* and *a*, to read: “stated that the subject matter **is** of importance; what happened appears to be well-meaning staff without experience **who** were misdirected **by BrightNight.**”
 - o. Page 6 – third bullet under Public Comment, last sentence. Added comma after case, to read: “...and staff to make the highest and best use of city assets, but in this case, it didn’t happen.”
 - p. Page 7 – sixth bullet under Further Discussion included the following, last sentence of the paragraph. “The motion was rescinded by the mover prior to a vote” was moved from the last sentence of the item to its own bullet.
 - q. Page 7 – seventh bullet under Further Discussion Included, “The” was removed and “During discussion of the motion several commissioners argued there was a” was added to the beginning of the sentence. In the second sentence, “try to” was added between *to* and *be*, to read: “**During discussion of the motion several commissioners argued there was a** need for the Commission to **try to** be unanimous in its recommendations to Council on the item, due to the importance of the issue, and that the Commission members needed more time to consider what actions they would like to take.”
3. Content changes:
- a. Page 4 – seventh bullet on the page. Suggested text modified by commission during the meeting: “After the December meeting, BrightNight had been talking to staff in and around their ideas. **Discussion occurred on items that may be of possible interest to the Council.**”
 - b. Page 4 – eighth bullet on the page. Suggested text modified by commission during the meeting: “BrightNight's first proposal offer came

in on January 27th. **Staff took it** to closed session the next day. Council directed staff to refine the terms, and the revision came back to Council on February 11.”

- c. Page 5 – last bullet on the page. Suggested text modified by commission during the meeting: **“Some members of the commission indicated at various points in the discussion that staff do not have the experience necessary to engage in the type of negotiations involved with the BrightNight project, as the negotiations are not within their regular course of duties.”**

L Kristov moved, O Bystrom seconded, to approve the minutes for April 15, 2020 as amended. Approved by following votes:

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

Noes:

Absent:

B. UC Draft Special Meeting Minutes – April 22, 2020

Pulled after revisions to minutes submitted by Commissioners prior to meeting. Revisions included the following:

1. Changes throughout the minutes:
 - a. Martin Hermann’s name was corrected.
 - b. Text was reformatted into bullet form on pages 2 and 5.
2. Non-content related changes:
 - a. Page 2 – third bullet on the page. The acronym “MIL” was deleted, and “million” added in its place, and the word “principle” was replaced with “principal” to read: “Clarification on the loan repayment terms for the \$3 **million** loan from the Wastewater Fund (Interest-only payments, consideration of starting **principal** payments with original recommendation of a 10% increase June 1, 2020).”
 - b. Page 2 – fourth bullet on the page. “Staff noted that it was” was added to the beginning of the sentence, and “focus on” replaced “consider” in the sentence, to read: **“Staff noted that it was** important to **focus on** near-term impacts now, as the Commission will have additional opportunities to review fund and make rate recommendations throughout the current Proposition 218 term.”
 - c. Page 2 – seventh bullet on the page. The word “on” was replaced by “of,” and “possible” was added between *for* and *rate* to read: “Discussion **of** Recology options for **possible** rate adjustments.

- d. Page 2 – eighth bullet on the page. “In a discussion of the aggregate impact of all utilities rates on ratepayers, staff noted that” was added to the beginning of the first sentence, and “are” was added between *Currently* and *three*, to read: “**In a discussion of the aggregate impact of all utilities rates on ratepayers, staff noted that** there **currently** are three cost of service studies underway – Stormwater, Water and Wastewater.”
- e. Page 2 – ninth bullet on the page. “An alternative” was added to the beginning of the second sentence, and “be to” was added between *would* and *look* to read: “Discomfort with the implementation of a rate increase in June, especially considering the job losses. **An alternative** would **be to** look to use reserves.
- f. Page 3 – first bullet on the page, added a statement: “**Discussion of the value of signaling to the public that “we care about you in your time of uncertainty.”**”
- g. Page 4 – first sentence on the page. The word “hints” was replaced by “suggestions” to read: “...and provided **suggestions** on how BrightNight could get engaged with the public process.”
- h. Page 4 – first bullet under Public Comment. The word “obviously” was struck from between *has* and *written* to read: “...stated that he has written before on this topic, and outlined fundamental problems, including a process largely misrepresented by staff and BrightNight.”
- i. Page 5 – sixth bullet on the page. The item was reformatted into a separate bullet from the full original text, and “Questions and” was added to the beginning of the newly created bullet to read: “**Questions about** what the property will be used for (discussion included comparison to a lease rate for orchards for nut crops).”
- j. Page 8 – the phrase “J Franco left the meeting again at 8:30pm” was moved from before the first bullet on the page, to right above Item 5.
Adjourn.

3. Content changes:

- a. Page 5 – seventh bullet on the page. Suggested text modified by commission during the meeting: “Staff **declined** to answer that question, reiterating their description of the Ag Land comparables process they had followed.

L Deos moved, J Franco seconded, to approve the minutes for April 22, 2020 as amended. Approved by following votes:

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

Noes:

Absent:

Abstain: Roberts-Musser

6. Regular Items

A. Stormwater Cost of Service Study-Process and Timeline Presentation.

The item was introduced by S Gryczko, who provided some background on the Stormwater Utility and the process of the cost of service study so far, as well as introduced Jerry Bradshaw from SCI Consulting Group, who gave the rest of the presentation on the challenges with the Proposition 218 process with stormwater utilities across the state, presented calculations for rate structures, and discussed next steps for the Cost of Service Study.

Discussion included the following:

- If the city's overall strategy was to: replace and restore existing stormwater infrastructure; or would look to modify and update the system to reflect changes related to climate change or others. It was noted fees for storm drainage and water quality had been last set in the 1990's and do not capture enough revenue for current capital needs. Staff indicated that in reviews of the stormwater infrastructure, analysis would be done to review changes since the infrastructure was installed, and how the community surrounding the infrastructure might have changed.
- The Prop 218 process, which is different for stormwater than for the other utilities, requiring a majority vote in addition to the protest period.
- If the city would look to those living in the County to participate in paying for their fair share of stormwater system use (would include El Macero residents and farmers in the County). Staff indicated that parallel discussions are underway with County and landowners outside city limits and what they contribute to drainage and to city infrastructure costs.
- That not all agencies use stormwater enterprise funds for stormwater utility funding. Agencies use General Fund support when enterprise funds have not been established.
- If areas that are designated as "open space" or "ag land" are exempt from paying stormwater rates, how are impacts due to changes in the management of those lands accounted for? Examples are the changes to West and North of town that have impacted infrastructure, with the transition from row crops to tree crops. Staff indicated they are engaged with county and area stakeholders to look at covering their fair share of costs.
- What legal recourse the City might have if surrounding communities do not agree to cover costs associated with runoff into City infrastructure. Staff indicated that

the question is pertinent, but would have to be answered by the City Attorney. Staff are in discussions with the County, and have been engaged with them for a while.

- What new developments within the City are subject to development requirements to mitigate stormwater impacts.
- If staff have checked with other agencies or counties dealing with similar stormwater issues, and asked what they have learned or what they are doing. Staff indicated that while unaware of discussions at present, the concern is not related just to farm runoff (farmers do not have the requirement to maintain stormwater resulting from runoff). Staff would also look to neighbors and surrounding entities to see how their stormwater infrastructure is managed.
- Questions around the methodology to develop the Single Family Equivalent (SFE), specifically the use of a sample of parcels for calculation within the different categories for stormwater rates (ultimately leading to the same cost per square foot of impervious surface across all land uses), and if calculations utilizing GIS software technology would be more effective. The consultant indicated that Monterey County is in the process of comparing sampling methods to determine the most effective technology to use. There are also emerging technologies that are being tested. The methodology used for this study is currently the preferred statistical method.
- The suggestion to consider GIS technologies moving forward, to potentially achieve a better number that could prevent challenges to rates. Staff indicated the City's GIS Master Plan process, while going well, has been put on hold with the COVID-19 response, and that lack of resources is an issue to support those types of activities.
- The suggestion that the City look to the University for leveraging expertise and build capacity for the City.
- The question about how community outreach recommended by the study changes in the time of COVID-19. The consultant indicated they would work with City Public Information staff to identify stakeholders to get the process started, small groups first (of advocates, detractors) and look to Commission, Boards and the Chamber to create the small groups to begin the discussions.
- Questions around the push by the state to require increased pervious surfaces, and if that changes the calculations being used to create the SFE calculations. The consultant indicated the requirements are already in place, and the rate setting structure would include rate credits for newly developed properties that install green infrastructure, e.g. pervious surfaces.

- Next steps, including the beginning of the discussion on the financial analysis (projected out to 30 years), and possible introduction of rate setting.
- The request for the material related to stormwater rates be released as early as possible for commission review.

No formal action was taken on this item.

B. Electric Vehicle Charging Implementation for “Electrify Yolo” Project.

The item was introduced by K Loux, who gave a presentation on the staff report. The presentation included: background on the work completed so far; suggested areas of consideration for recommendations for the Commission in reviewing the material; and providing staff with questions from commissioners for staff to address prior the next meeting on the topic, scheduled for June.

Discussion included the following:

- Questions on the involvement of The UC Davis Institute for Transportation Studies (ITS) since the development of the EV Charging Plan in 2017, and the suggestion that staff check in with ITS to discuss changes since 2017.
- Comments on the constantly changing technologies for EV infrastructure, with daily/weekly/monthly development on charger capacity.
- Outlining the funding available is to implement the current phase of the plan (to install infrastructure). While the nature of the funding allows flexibility, the locations for the installation of the chargers has already been vetted and approved. The protocols and standards used to develop the Plan are still valid.
- The suggestion the City look to the University to ask ITS grad students to validate the assumptions within the EV Charging Plan. Staff indicated the award funding should be spent on the installation of chargers. The City should weigh the balance of optimal use of the money against the goal to maximize the charging infrastructure.

Public Comment:

- Jim Wilson – Member of the Davis Electric Vehicle Association, has worked in the EV field for almost 30 years, currently working in the field of microgrids. Would like to offer help to the Commission with suggestions, feedback, visions for the future. Had sent an email to all the members and wanted to make himself available to help. He indicated that there were three things to discuss, including potential problems with the 2017 implementation plan. He indicated in the report it states the field of charging is evolving, and pointed out on page 6 within the table showing chargers, that he would eliminate bottom row of the table containing Level 3 chargers. He stated the City would be tied to the past if it was to move forward with those chargers. Instead he would add additional row with high power chargers (125KW chargers, minimum). His vision of where EVs are headed is a hope and expectation that EV vehicles will represent a significant percentage of

vehicles in use, and that the increased volume would represent a turning point where charging would occur more like using a gas station. Rapid access to these stations is important. It would be a mistake to put chargers in downtown Davis, because they are not readily accessible from a freeway. And even if lower power chargers are installed, they need to be closer to transportation corridors. He suggested the Commission review the entire 2017 implementation plan.

Further discussion included the following:

- If the funding is required to be spent only on EV charging infrastructure, or if the funding could be spent on batteries, storage, or other components. Staff indicated the minimum requirements for the funding would require minimal expenditure of funds, leaving the City flexibility on how to use the remaining funding. Partner agencies are required to spend remaining funds on “EV charging infrastructure”, and the City should consider doing the same thing.
- The dual purpose of the plan as presented by staff, is to both provide infrastructure in the downtown area and to revitalize transportation in that area, as well as aid in charging vehicles along transportation corridors.
- Clarification that the area under consideration for installations downtown is not bound by the core downtown plan boundaries.
- Clarification that the installation of chargers on public property is required to meet the minimum requirements for the funding.
- Other areas of consideration for infrastructure when minimum needs are met, include: install chargers where infrastructure has already been installed (i.e. required at new multifamily developments), or to look to expand installation on City property to expand the use of EV vehicles for the City fleet.
- Interest of staff in the Utility Commission providing recommendations on: the terms of conditions for procurement of the project; the “phasing” of the project implementation; and the second phase, which would be looking at how to spend the funds remaining after meeting the minimums required in the funding agreement.
- Clarification that consideration of charging site enhancements includes developing microgrids - to build resiliency in power outages (which would be considered in the second phase).
- Questions around the lack of information provided on the fiscal differences between leasing, owning or third-party ownership of chargers and charging stations, and on what basis the Commission should be basing any recommendations. Staff indicated that their considerations would be based on discussions with the commission, in reviewing methods to further focus the RFP, specifically if there were options that were not worth consideration. Fiscal data is

not currently available. Staff are asking the Commission to set the perimeters of what the fiscal alternatives would be. Some considerations to think about: maintenance costs, life cycle of infrastructure, fast changing technology.

- Consideration should look to the benefits of the type of procurement. For example, does the rapidly changing technology lend itself to leasing versus ownership - for flexibility to update infrastructure.
- Concern about divorcing the location of the chargers from the discussion of setting fees for use of the chargers. Chargers located in different areas could dictate what fees may be charged. For example, any charger installed in the “X” parking lot off of Richards Blvd. should require a fee, since it would be used by commuters on I-80. Chargers installed in the Yolo County Library parking lot would likely be used by City residents, and the City could consider no charge for that location.
- The importance of progress on the project, given the timeframe of the award and the expenditure deadline. Locations have been identified, and the primary request to the Commission currently is how to approach procurement on the project to get the work started.
- Excitement about: the project; the opportunity for VCE to do implementation work; and the City’s desire to see the project move forward.
- The request to submit questions to staff to be addressed during the next meeting on the topic, and the staff request that those questions should be submitted within 2 weeks to allow for the time to address them.
- The need to consider the lifecycle cost of the infrastructure, and the importance of including maintenance into the calculation of cost.
- The benefits of soliciting recommendations from the experts in the field on the best way to approach the project fiscally for the City, based on the current state of the market.
- The importance of considering total third-party ownership of the operation. The city would provide the land, but would neither own or be responsible for maintaining the equipment.
- A request that staff provide clear guidance on the expectations for recommendations from the Commission in the staff report in June.
- Further questions from commissioners can be submitted to staff before the next Utility Commission meeting.

No formal action was taken on this item.

C. Review of Charge for Subcommittee to Review Self-Generation Opportunities for Collaborative Development by the City of Davis and Valley Clean Energy (VCE).

The item was introduced by O Bystrom, who provided an overview of the establishment of the subcommittee consisting of L Kristov, O Bystrom and G Braun, and the need for the Commission to look at the charge for that subcommittee for approval. In addition, he discussed the need to ascertain the City's interest and whether they are willing to buy into the idea. He looked to take the charge to Council to see if they support the work of the subcommittee. The presentation included a review of the draft charge as prepared by the Subcommittee.

Discussion included the following:

- State landscape of PUC proceedings on microgrids is evolving as the State budget alters with the COVID-19 response. There is interest in the industry in doing microgrids because of planned public safety power outages to prevent wildfires, but there is a lot of uncertainty about state funding due to budget impacts of COVID pandemic.
- Consideration of the update for the city's Climate Action Adaptation Plan (CAAP), and what role the subcommittee might play in that process. Staff indicated that the Natural Resources Commission (NRC) is the lead on the CAAP update, and will be reviewing the proposed scope on June 2 or 3. All input will be valuable.
- VCE has started the strategic planning process, and has asked board members and advisors to weigh in with questions. The subcommittee might bring the questions VCE is considering to the Commission, for its consideration on what the City should weigh-in on.
- Caution not to overlap with the work being done by the NRC, and to focus consideration on the rate aspect of any item discussed by the subcommittee. However, items under discussion by the Utility Commission are foundational items that will ultimately drive rates, so service discussions are crucial to that foundation.

Motion: Approve the recommendation to approve proposed charge for Subcommittee to Review Self-Generation Opportunities for Collaborative Development by the City of Davis and VCE, and to send the charge to the City Council to recommend they approve the charge as well.

Moved by E Roberts-Musser, seconded by J Franco. Approved by following votes:

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

Noes:

Absent:

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

The item was introduced by S Gryczko, providing a brief presentation on the process of issuing the request for funds for the Wastewater Cost of Service study, the review of the submitted proposals and the ultimate recommendation for the consultant on the project.

Discussion included the following:

- The request to submit questions to staff if there are comments on the scope of the study.
- The reminder that during the commission meeting on February 19, the Utilities Commission stated each cost of service study should include outreach and education for the public on the impacts of regulatory and climate changes, and that each RFP should include reference to that. Staff indicated that while the outreach and education is not a specific task within the RFP, the selection of the consultant included a careful review of the proposed outreach process, and that the education and outreach on the rates, and any impacts related to climate change, would be included in the report as a separate line item, and detailed within the Proposition 218 notice.
- When asked about involvement in the process of selecting the consultant, J Troost indicated that he encouraged commission members to participate in the process. He found the process interesting, and that the choice between the firms was close, but ultimately came down to the proposal on outreach. He added that the page limit of the response created a challenge to fully understand the consultant proposal.

Motion: To move staff recommendation to recommend that Council approve the selection of Bartle Wells as the consultant for the Wastewater Cost of Service/Rate Study.

Moved by E Roberts-Musser, seconded by J Franco. Approved by following votes:

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

Noes:

Absent:

7. Commission and Staff Communication

A. Long Range Calendar

M Williams indicated that he sent communication to staff (A Heinig and S Gryczko) with a series of actions to review (determinations from the October meeting onward), and had prepared a table with questions on those actions and answers.

S Gryczko outlined the Long Range items coming up for meetings in June and July, and indicated that some items might shift as the Commission begins the review of the Stormwater Cost of Service financial plan.

Discussion also included the following:

- The possibility that the meeting in June might be three hours long.

- The request to add an item on the June agenda to review budget adjustments completed to take into account reductions in revenues. The item would be a quick status update to the Commission, and could be a consent item.
- The request to add another short, possibly consent item providing an update on where the revenue from the proposed solar project would go. Would it return to the wastewater fund or the general fund? Staff indicated that the information would be provided as soon as that answer was determined.

8. Adjourn

O Bystrom made a motion to adjourn the meeting, seconded by J Franco. The motion passed by the following votes and adjourned at 8:33pm:

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

Noes:

Absent: