



**City of Davis**  
**Utilities Commission Minutes**  
**Remote Meeting**  
**Wednesday, August 19, 2020**  
**5:30 P.M.**

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

Commissioner(s) Absent: Linda Deos, Jacques Franco

Council Liaison(s) Present: Lucas Frerichs (left during Item 6A)

Staff Present: Stan Gryczko, Public Works Utilities & Operations Director  
Matt Deusenberry, Water Division Manager  
Adrienne Heinig, Management Analyst

Also in Attendance: Doug Dove and Abigail Seaman, Bartle Wells Associates

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**1. Call to Order and Roll Call**

Chairperson Troost called meeting to order at 5:32pm.

**2. Approval of Agenda**

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

Ayes: Braun, Bystrom, Kristov, Roberts-Musser, Troost, Williams

Noes:

Absent: Deos, Franco

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

- E Roberts-Musser provided four articles for review:
  - Public Policy Institute of California - *Groundwater Sustainability Moves from Planning to Implementation*
  - Public Policy Institute of California - *The Virus Detectives: Tracking COVID-19 in Bay Area Water*
  - Public Policy Institute of California - *Forging Connections to Provide Safe Drinking Water*
  - Super Lawyers - *Fighting Fire: Five Attorneys on Their Massive Class Action Against PG&E*
- J Troost discussed one item:
  - The distribution of a report to the Commission authored by G Braun, titled *Pathways to Local Decarbonization and Energy Resilience*. Appreciation was

expressed for the work, along with a request the report be sent to the City Manager and Council.

- S Gryczko discussed one item:
  - Should the area experience a power outage during the Commission meeting, and the Commission lose a quorum of the members, the meeting would be adjourned, and the items on the agenda would be taken up next month. J Troost added that the Commission may look to meet twice in September if a power outage should occur. There was additional discussion that the time-sensitive item on the agenda, the request of Commissioners Franco and Williams to exchange roles, be taken up as the first item in case the meeting was cut short.

#### **4. Public Comment**

None.

#### **5. Consent Calendar**

**A. UC Draft Meeting Minutes – July 15, 2020**

**B. Open Letter on Improving City of Davis Decision Making (Informational)**

**C. Monthly Utility Bill Breakdown for Average Single-Family Residence (Informational)**

M Williams moved, O Bystrom seconded, to approve the Consent Calendar. Approved by following votes:

Ayes: Braun, Bystrom, Kristov, Roberts-Musser, Troost, Williams

Noes:

Absent: Deos, Franco

Prior to the start of the Regular Calendar, a motion was made and passed for the Commission to consider Item 6C first. The item is time-sensitive, and the Commission could be impacted by rolling blackouts occurring in California because of high power demands from the recent heatwave.

O Bystrom moved, seconded by E Roberts-Musser, to hear Item 6C first. Approved by following votes:

Ayes: Braun, Bystrom, Kristov, Roberts-Musser, Troost, Williams

Noes:

Absent: Deos, Franco

#### **6. Regular Items**

**C. Commissioner Franco Role Change Request.**

The item discussion began with a question from Vice Mayor Frerichs on why J Franco was looking to switch roles with the alternate position on the Commission. M Williams responded, stating he had received communication from J Franco stating that J Franco would not be requesting an additional term on the Commission, and had other responsibilities taking priority for his time. J Franco contacted M Williams to discuss exchanging roles, with J Franco becoming the Commission alternate until the end of his

term, and M Williams assuming the role of a regular member. Chair Troost received the request from J Franco to shift his position for the remaining meetings of the year.

Brief discussion included the following:

- Vice Mayor Frerichs indicating that there is not a precedence for “swapping roles,” rather alternates assume regular roles on the Commission when regular members step down or no longer participate.
- Clarification that the item is for the Commission to discuss J Franco’s request, and forward the request to Council for their consideration and/or approval.
- Comment from M Williams – indicating that he is already participating fully with the Commission, and is willing to support J Franco in his request.

Motion: Approve the recommendation for Commissioner Franco and Commissioner Williams to exchange roles on the Commission, with Commissioner Williams assuming the role of a regular member for the remainder of the Commissioners terms.

Moved by E Roberts-Musser, seconded by J Troost. The motion passed by the following votes:

Ayes: Braun, Bystrom, Kristov, Roberts-Musser, Troost, Williams

Noes:

Absent: Deos, Franco

**A. Water Cost of Service Study – Financial Plan Introduction.**

S Gryczko introduced Abigail Seaman and Doug Dove of Bartle Wells Associates, the consulting firm assisting the City with the Water Utility cost of service study. He indicated that the item was to introduce the financial plan, and to collect questions to address in the presentation in September. Abigail Seaman gave the presentation to the Commission.

Discussion included the following:

- In response to a question on the increase in water rate revenue seen between FY 17/18 and FY 18/19 (without rate increases), staff indicated that while water use had rebounded in recent years from the drought reductions in usage, water use remains below the state baseline year of 2013. The Cannery development coming online assisted in the increase of water use. Staff also indicated the new meters recaptured the loss of accuracy seen from the old city meters reaching the end of their useful life.
- The request to have a sense of the usage and revenue trends and changes in the period since the expiration of the prior Proposition 218 rates, with a recognition of changing demands in Davis (specifically the uncertainty around COVID-19 impacts on the university, and subsequent potential impacts to the City), so that future usage scenarios would be helpful in consideration of the future needs of the utility. Staff indicated that water usage by month for the last few years (and compared to the state baseline year of 2013) is posted online, and while historical

consumption can be provided, it is not in the opinion of staff a bellwether of need moving forward.

- The request to understand the range and fluctuation of water use.
- The request to understand water consumption of the community currently as compared to the State baseline year of 2013. Staff indicated that the link to the chart provided online would be distributed to the Commission. The link is also included here: <https://www.cityofdavis.org/city-hall/public-works-utilities-and-operations/water/production>
- The request that the answers to Commission questions and additional requested information be distributed to the Commission as far in advance of a meeting as possible, to inform deliberations.
- The clarification from the consultant that water consumption will be a large part of the study in future discussions, and will be discussed in the context of financial needs.
- An explanation of the City accounting for elements of the reserve for each fund. Staff indicated that operations costs for the Utility are in Fund 511, and that capital improvement funding (CIPs) is maintained in Fund 512. Staff are working with the Finance Department to further clarify where funds are kept.
- The impact of COVID-19 on utility funds, and whether the Water Division operations and maintenance program would risk cuts because of that impact. Staff indicated that tracking revenues have shown little reduction to date, which doesn't mean impacts won't occur, but the utilities have weathered 2020 issues well to date. If a significant reduction in revenue did occur, the reductions would delay capital projects or reduce service.
- In response to a question about emerging technologies that might displace need for labor, staff responded that while updates in technology are monitored by staff, typically advances are seen in remote monitoring and control of equipment, which doesn't displace the need for labor, rather it changes the skillset required for staffing.
- The clarification about water rights, as staff at the Woodland Davis Clean Water Agency (WDCWA) are considering the purchase of additional water rights, as Term 91 curtailments become more frequent, and the City needs to meet water demand in the warmer months. While the cost will likely not be as high as the originally purchased water rights, it will be a cost to the utility, and is included in the CIP portion of the financial plan.
- The clarification about the Aquifer Storage and Recovery (ASR) study underway. Staff explained that if the City does pursue ASR, WDCWA would still pursue purchasing additional water rights, because ASR is used primarily in the summer to offset peak water demand.
- A request that the debt service table include the annual percentage rate of interest.
- An outline of the impact on the fund and reserves of minimal rate adjustments utilized for the purposes of the financial plan. The adjustments, starting in 2022,

would go before the Utility Commission each year with the water fund update, for review of the need for adjustment (if any). A recommendation would go to Council for the rate adjustment if necessary. Consistent adjustments can prevent “rate shock” in future years.

- The consideration of the social justice aspect of COVID-19 impacts on ratepayers. Davis is a community where a vast majority of the residents have not been fiscally harmed by COVID-19, but members of the community have been affected, and the rate structure needs to account for that. Though there are difficulties with Proposition 218 prohibitions against financial subsidies, the City needs targeted funding to help. Staff indicated that different rate structures would be discussed during future phases of the study. The city may also look at a lifeline rate, which is a set cost for the minimum amount of water needed for basic essentials.
- The clarification that the State has yet to finalize requirements for water budgets.
- A request to run scenarios showing reduction in water use related to drought, and drought surcharges.
- A request that the next meeting include a range of rate adjustment scenarios, from 0% to 3% for review and consideration.
- The possible recalibration of the volumetric to fixed portions of the water rates, and a request to understand how much of the water utility costs are fixed versus variable, and what amount of the fixed cost should be covered by a fixed rate. This question also highlights the duality of the benefit of a stable revenue source (i.e. more fixed rates) versus the benefit of a rate that incentivizes conservation, or allows customers to have more control over what they pay (i.e. higher volumetric portion of rates). Currently the fixed portion of rates is close to 20% whereas the variable rate is about 80%.

*There was no public comment on this item, and no formal action was taken on this item.*

#### **B. Sewer System Capacity Fee Update.**

S Gryczko introduced Greg Clumpner, of the consulting firm NBS, to present a study conducted in 2019 on the sewer system capacity fees charged to new developments. The study recommended the City adjust the fees. The presentation for the Commission was the summary of the study. Staff will gather questions and continue the discussion next month.

Discussion included the following:

- The clarification about the term “EDU.” G Clumpner indicated that the term was in reference to the average residential customer (equivalent dwelling unit), which is the base unit used to calculate out the units charged to each development. The typical single-family customer effluent generation and strength is used as 1 EDU. Non-residential customers have standardized estimates for effluent generation and strength that are assigned multiples of the EDU.
- The clarification that the multifamily class is defined as per unit of an apartment complex. Commissioners discussed whether different types of multifamily

developments should have different calculations for how many EDUs should be assigned to them, because of the wide differences in number of occupants in a 1- or 2-bedroom apartment (typically rent by the room) vs 5-bedroom apartment (typically rent by the bed, a newer feature unique to Davis/college towns). It was also noted that 1-bedroom apartments are often targeted to senior members of the community.

- Pushback was received that fees paid to the city associated with developments for multifamily units are the same, specifically that a two-bedroom unit and a five-bedroom unit would each count as one unit in the calculation, when they would have widely differing occupancy. G Clumpner indicated that the same argument could be made for large single-family homes versus smaller homes. However, the use and generation of effluent in single-family homes with similar number of occupants would be the same, regardless of the size of the property. The capacity charge is a one-time payment to the city connecting the unit to the sewer system - once connected, the generation of effluent (if different) is captured with the volumetric charge in the utility rate. He also indicated that multifamily properties have a range of use, as there is no data for individual use, so estimates are created using total winter water consumption and how many units are served in the development.
- When asked if there were other jurisdictions that had modified connection fees based on similar housing types, G Clumpner indicated that in his work with existing clients across the State the issue had not come up, but he had not specifically looked for it. He added that new State legislation prohibits charging additional sewer capacity fees for accessory dwelling units (ADUs), so there are cases where jurisdictions cannot charge customers that will likely have a greater impact on the sewer system based on the additional unit on their property.
- The high likelihood that large single-family properties would have vacant bedrooms, versus the low likelihood that large apartments would have vacant bedrooms, suggesting a consideration of a per-bedroom rate for large apartments. G Clumpner indicated that the multifamily rate is not meant to be calculated as a multiple of bedrooms, and trying to track occupancy on a long-term basis with units throughout the City would be difficult.
- G Clumpner indicated that to break down the calculation into sub-units based on number of bedrooms in an apartment complex - likely the maximum the City would charge would be 1.0 (one EDU) per unit - would be complicated to determine the appropriate portion of 1 EDU (.65 or .75, etc.) to assign for those units with 1 bedroom versus those units with 4 bedrooms.
- The consideration that the developers developing housing for seniors, which would be likely studios to one-bedroom units, would be charged the same capacity fee as the developers with units for six to eight students, which does not reflect the differences in the amount of effluent generated.

- An approach for non-standard connections to the system that would utilize an analysis to provide the best estimate for EDUs to be charged for that unit, with monitoring that could adjust the charge if the effluent is different than estimated. Staff indicated that the procedure is within the current code, and the approach is used for non-residential customers, but could be a path for non-traditional residential developments and a potential solution to the valid concern brought forth by the Commission.
- The question if there is initiative or interest in looking into other communities that may have already dealt with calculating capacity fees for per-bed multifamily housing (rather than per-unit). Staff indicated that the consultant could be asked to conduct the research, at an additional cost. When asked what initiative could instead come from staff, with what could be limited effort, staff indicated that they would rely on experts in the field, like G Clumpner to advise on the issue, who had already said he wasn't aware of jurisdictions that had developed these kinds of fees, rather than asking staff to find information from other agencies. It was also remarked that the per-bed development was fairly new.
- The suggestion one additional category to the current class structure could be added, as there are now units that are designed to hold a higher number of people than in the existing unit definitions, with the consideration of a "high density unit" category.
- Additional discussion on the one-time nature of the sewer capacity fee, which would be unlikely to be passed through water bills. The fee would likely be passed through the rental fees of the unit or the purchase price of the unit.
- The request that the consultant provide some background on the assumptions of the different dwelling unit types, specifically what number of residents is assumed and how their water usage is calculated, to potentially use to provide an estimate for the larger apartment units. G Clumpner indicated that the consultant team has consumption data for each customer type by month, and can look at the actual use (winter water use) to estimate effluent generation. Distribution curves can show use distributed within each customer class. However, the distribution curves are more typically done for water rate studies. When asked to provide the curves for review, G Clumpner replied that the curves had not been done for sewer capacity studies. The curves could be helpful for reviewing distribution of use across customer classes to see demand, and how it might change for larger versus smaller properties.
- The concern with the use of winter water rates as a calculation for sewer fees, as the calculation period includes a large amount of irrigation water use that is not going into the sewer system.
- In the discussion of creating more capacity with larger housing units, paying for a larger (per-bedroom) fee should be part of the price of the purchase, as single-family and multi-family units should both be variable by number of bedrooms.

*There was no public comment on this item, and no formal action was taken on this item.*

## **7. Commission and Staff Communication**

### **A. Long Range Calendar**

S Gryczko outlined the Long Range items for upcoming meetings for the rest of the calendar year. The majority of items included in the calendar revolve around the three cost of service studies for Stormwater, Water and Wastewater (underway), and the next update of the Solid Waste fund.

Discussion also included the following:

- Adding an item for discussion on improving City Council decision making (included on the consent calendar as informational), to have a recommendation to forward to Council. Could include a summary of the discussion that has already occurred around the item.
- A question about status of any new procurement of broadband, and if so, could the commission have an update. Staff indicated that the City Manager's Office would have information to present to the Commission in September, and that the item would likely be before Council within the next three to four months.
- No further updates on broadband in Davis since the last meeting, but the importance of touching base on the issue if a further item on broadband will be presented in September. At a recent Rotary meeting, it was indicated that 1 out of every 5 students does not have access to broadband, which significantly impacts distance learning. Important not to discuss the broadband item in a piecemeal fashion.
- In reviewing minutes of previous meetings, staff had indicated that they would return with an update on where the revenue from the BrightNight land lease option would be deposited. If there is still no answer, the item should be on the agenda to close the item one way or another. Staff indicated that the check is deposited in the wastewater fund for now. However staff are reviewing records to see if the property was purchased with wastewater funds, and once that is understood, then the allocation of the funds would be determined. M Williams indicated that he had an answer for that question and suggested that a discussion was warranted.

## **8. Adjourn**

The meeting was adjourned by consensus at 7:41pm.