



City of Davis
Utilities Commission Minutes
Remote Meeting
Wednesday, September 16, 2020
5:30 P.M.

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

Commissioner(s) Absent: Olof Bystrom, Jacques Franco (Alternate)

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

Staff Present: Stan Gryczko, Public Works Utilities & Operations Director
Jason Best, IS Director
Brian Mickelson, Assistant City Engineer
Matt Deusenberry, Water Division Manager
Adrienne Heinig, Management Analyst

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

1. Call to Order and Roll Call

Chairperson Troost called meeting to order at 5:30pm.

2. Approval of Agenda

Prior to the approval of the agenda, S Gryczko stated that edits to the minutes for August 19, 2020 had been submitted prior to the meeting, and that staff would suggest the minutes be removed from consideration in the Consent Calendar to include the suggested modifications, and brought back at the meeting in September. M Williams moved to approve the agenda as amended, seconded by E Roberts-Musser. The motion passed as follows:

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

Noes:

Absent: Bystrom, Franco

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

- S Gryczko discussed two items:
 - The City's Zoom meeting webinar is now equipped to provide closed captions.
 - The City, UC Davis and Yolo County are partnering to provide environmental monitoring in an effort to combat COVID-19.
- E Roberts-Musser provided one article for review:
 - Bentolink.com – *San Juan Bautista Accepts EPA Terms on Water Issues*

4. Public Comment

None.

5. Consent Calendar

A. ~~UC Draft Meeting Minutes – August 19, 2020~~ – Removed prior to meeting agenda approval

B. Sewer System Capacity Fee Additional Information (Informational)

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

Prior to the vote on the item, M Williams indicated that Item 5C, as a snapshot of the current month of rates is only marginally useful, and what would be more beneficial to see would be how the utility bill has changed historically.

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

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

Noes:

Absent: Bystrom, Franco

6. Regular Items

A. Improving City of Davis Decision Making: An Open Letter and Proposal.

The item was presented by L Kristov. He provided background on the item, indicating that a number of Davis citizens, including himself, had brought the proposal on improving processes and decision making to the City Council. He indicated that the proposal was specifically focused on three areas:

- a. Transparency, information disclosure and public engagement, as they intersect with the Brown Act; and
- b. The function of City commissions, focusing on items related to functioning, such as the process of appointing new commissioners (including onboarding), agenda preparation and the collaboration between chair and staff, as well as the recommendation to hold workshops with all commission chairs on an annual basis; and
- c. Commissions and interaction with City staff, and the role of Commissions in the development of staff proposals to Council.

When the proposal was sent to Council in late July, the proposal was also sent to the other City Commissions to request that the Commissions consider the proposal, and consider making a recommendation in support, or for action to implement the recommendations. One Commission, the Natural Resources Commission (NRC) has passed such a motion. L Kristov asked the Commission to consider making a recommendation to Council to support the concepts in the proposal, and to act on improvements that are based in whole or in part on the proposal. He indicated that a recommendation from the Commission wouldn't mean the Commission supports every line item in the proposal, rather there is

support for the intentions, or objectives that are in the proposals that could enhance city engagement and collaborations with local experts and City staff.

Discussion included the following:

- Vice Mayor Frerichs indicated that the Open Letter and Proposal were placed on the City Council agenda for discussion at the meeting on October 6, and that the City Manager is meeting with L Kristov and others in advance of the Council meeting to discuss the items in the proposal.
- The understanding that in speaking to City Council members, of those who the group were able to contact, all were supportive of most of the themes in the proposal in some form, and demonstrates the intent of the letter writers to work collaboratively with Council and the City Manager.
- Appreciation for the City Council, and in particular Vice Mayor Frerichs, for having the Chair of the Natural Resources Commission present at the Council meeting during a discussion on an item that was brought forward by the NRC. Additionally, the Council discussion and deliberation included Chair Stafford, and demonstrated good collaboration between the Council, staff and the commissions.
- Concern that, although the proposal contains solid recommendations, other recommendations in the proposal range from ridiculous to possibly illegal. When asked to clarify, the points of concern were the following: 1) indicating that staff should not be providing an opinion in staff reports, which is like asking staff not to do their job. Staff should give their opinion as long as staff allows the Commission to give their opinion; 2) indicating that the City Manager evaluation should be undertaken in public, which may not be legal.
- The understanding that the action of the Commission would not be to support each of the items in the proposal. Rather the Commission would urge the Council to work with the Commissions to give serious consideration to all the proposals, determining the best way to implement those recommendations with merit in the most efficient, effective and legal way possible, rather than implement the recommendations as written.
- A request that the Commission commend the efforts of L Kristov and his allies to put the proposal together and move it forward, and to request that the City Manager be identified as the key recipient of the recommendation, as transparency is a cultural thing. It is important to recognize that implementing any recommendations is a lot of work and will take time.
- Reiterating the importance of the engagement of the City Manager on the proposal, and implementing cultural change within the City. The City manager has to lead the cultural change effort, as it requires continuity and on-going day to day leadership.

Motion: The Utilities Commission recommends that the City Council support the concepts of transparency and better decision making put forth in the proposal and take actions to implement improvements based in part or whole on the proposal. The Commission

authorizes staff to work with Commissioners Braun and Troost to paraphrase Commissioner Braun's comments to the motion and include those comments in conveyancing the motion to City Council.

Moved by L Kristov, seconded by M Williams. The motion passed by the following votes:

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

Noes:

Absent: Bystrom, Franco

Note (10/13/20): The additional language that went to the City Council in the October 6, 2020 report on the Proposal read as follows: The Commission would like to commend the efforts of local Davis residents in bringing forth the proposal and recommendations. We emphasize the importance of the engagement of the City Manager in the City's response to the proposal, understanding that the implementation of the recommendations within the proposal will take time, and the consistent, day-to-day leadership of the City Manager is essential. With consideration of this context, the Commission passed the following motion.

There was no public comment on this item.

B. Water Cost of Service Study – Financial Plan Discussion Continued.

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 continue the discussion around the Water Utility financial plan, and to address questions and discussion items from the meeting in August. Abigail Seaman gave the presentation to the Commission.

Discussion included the following:

- Clarification that the proportion of the City's water rates reflecting fixed charges has shifted from 13% of the rate paid by water customers to about 20% of the rate, and that this has not changed the amount that the customer has paid, rather the proportion of the payment that is dedicated to fixed charges.
- Any recommended percentage rate increase would apply to the fixed and volumetric portions of the water rate.
- Part of the shift in the rates between fixed and variable could likely be attributed to the rate adjustments being apportioned a bit differently between the fixed and variable charges.
- When asked why the portions of the rates dedicated to fixed and variable have changed, A Seamen indicated that over the years, consumption has gone down. Customers pay the fixed charge regardless of consumption, and if consumption goes down, a greater portion of the revenue comes from the fixed charges.

- Appreciation to see the low recommended increases over the years, and the modeling of no increase the first year, with the caveat that asking the community to conserve water has a consequence that it then drives the rates up.
- The methods of setting rates, and the understanding that the people who use the most water are the people who are more capable of paying for the water, and the people who use less pay less. So, the additional cushion in reserves is being built by the customers that use water the most.
- Other agencies have needed to implement increases in rates due to conservation, as you need the same amount to operate the Water Utility whether a rate payer uses one gallon or 100 gallons.
- The challenge with having information that's only forward looking. If someone can see the large rate increases of 14% and 10%, and then show the subsequent proposed 2% across the 5 years, it shows the good decisions the City has made, prevents rate spikes, and shows a good story of decision making over the last few years.
- The recommendation that it would be fiscally prudent to keep an increase of 2% across all 5 years of the Proposition 218 period, rather than forgo an increase in the first year.
- Clarification on the difference between the reserve fund target, and ending fund balance. The reserve fund target is based on the newly established reserve fund policy (three months of operations expenditures, an average of 5 years of planned CIP, and 10% of annual revenue, in addition to debt service coverage). The fund balance being higher than the reserve balance target offers flexibility for the utility to look to pay down debt, purchase additional water rights, or address other needs.
- The importance of preparing for further water conservation; and to look to ensure that the City does not have to go back to the rate payer with emergency asks for rate increases.
- The statement from staff that any decrease in consumption exacerbates the fund decrease. If the City experiences additional drought, there would likely be a dip in revenue. The reserve fund, as currently modeled, would likely buffer the need to implement a drought surcharge, which would lessen the impact to the community by absorbing the decrease in revenues. As with the last drought, the City took a hit in revenue and was able to absorb that hit without enacting a drought surcharge.
- That the 79%/21% breakdown looks to be a good balance, arrived at by the community.
- When asked about the resolution of State regulations around water budgets, staff indicated that COVID-19 and other factors have contributed to delays in State action, and staff are monitoring the progress of the regulations.
- The intention of staff to move into the discussion of rate design at the next meeting.

*There was no public comment on this item, and no formal action was taken on this item.
L Deos left the meeting at 6:48pm*

C. Conduit and Dark Fiber Communications Conduit Swap Agreement with WAVE Business Solutions.

The item was introduced by Jason Best, the IS Director for the City of Davis. He provided a brief overview of the contract discussions with Wave over the past year. He indicated that the proposed agreement with Wave currently under discussion would provide for access to conduit in exchange for fiber into different areas of Davis. With this agreement, the East and West area water tanks, along with some other City sites, would not be connected (as was the case with the prior agreement). The terms of the deal are the same, a conduit swap for fiber for the County and the City, but the project is still under negotiation. Staff are collecting feedback on the project from the Commission, and looking to address questions.

Discussion included the following:

- The clarification that the Senior Center is included in the sites that would receive broadband access.
- During the last year, there was interest within the Broadband Advisory Task Force to see Davis develop broadband throughout the city. When the Astound/Wave agreement came out in February of 2019, the Task Force was struck by the idea that terms of agreement would have likely had a stifling effect on citywide broadband, as the City and UC Davis would have their needs met and would not be constituents for a broader project. In addition, the long length of term for the exclusive rights for Astound to use space in the City's conduit, and exclusive rights for any new conduit would have a debilitating effect on the constituency and the viability for a citywide system. The question was asked about what differences there are in the current contract and the one from 2019, and how the contract under negotiation would affect the interest and ability of the City to move forward with some sort of broadband alternative that was municipally based. Staff indicated that the exclusivity of the contract was not about exclusive right to the City's conduit, rather that the conduit would be run by Wave. Wave would only have rights to partial paths of conduit, which would not impact future projects, because there is still empty conduit to lease or City use in the future. The current contract doesn't meet all of the City's needs, as there are a number of sites all over the City that the plan does not meet. So, the City still has to determine a solution to meet the remaining needs. The current project as presented meets needs right now; 1) replacing the I-net contract that Comcast is charging \$800 per site for I-net, this plan will drop about \$50,000 in I-net charges for the City and \$24,000 for the County annually; and 2) bringing the Wastewater Treatment Plant online with high speed internet and fiber.
- Staff indicated that from the utility perspective, the long-term plan for the City's critical infrastructure shows fiber as a main connection point when fiscally appropriate. The connection of high-speed internet to the Wastewater Treatment Plant satisfies a large ask of the City.

- In response to the question of what Wave would find valuable in the agreement with the City, staff indicated it was the proximity to the UC Davis campus, and the potential ability to get into the campus. Wave has indicated to staff that they are not interested in providing cable and internet throughout Davis, rather they are looking to make inroads into UC Davis, as the campus is heavily served by Comcast and AT&T. The new contract would allow access to the UCD campus through an already existing conduit. If contract negotiations failed, WAVE would use aerial conduit.
- Clarification that the only UC Davis site that would be included would be AOB4, as the loop would connect the City to the campus for the radio system, and connect Hunt Boyer as a satellite Police Station. AOB4 is a building designation used by UC Davis, the site is a shack where AT&T connects to campus.
- In response to a question of whether or not the agreement would include emergency backup support for the network, staff indicated Wave would be responsible for the fiber in the conduit. If the conduit and fiber were damaged, the City would fix the conduit itself, and Wave would fix everything else. In addition, data backup is provided via a consolidated link backup at the Police Department. Staff also indicated that cellular and radio are the backup for utilities.
- In response to the question of why the contract would be for a 30-year term, staff indicated that the number reflected the business case made by Wave, to make the investment worthwhile. The previous plan had been for \$1.4 Million dollars, the current proposal is \$1.1 or 1.2 Million, as a return on investment.
- In response to the question of whether or not staff have cost comparables from other cities that have undertaken this type of project in terms of the length of the contract and what benefits the City might be receiving, staff indicated that last year, due to the delays in the City's decision making, Wave was not able to access the City's conduit and instead went to aerial access. Staff also indicated that the deal proposed to the City is the same deal that Yolo County and the City of Woodland have already signed. Woodland would be the closest jurisdiction to comparing apples to apples in terms of topography and access.
- A request to bring the item back for additional review by the Commission when the contract was finalized. For this request, staff indicated that if the timeline allows for the additional review of the contract, staff would return with a draft or the finalized version.
- The request to include dropping down additional pipe when the new conduit is installed, as part of the negotiations with Wave.
- The reality that people working and studying from home is not likely to end soon, and the dependence on the internet is only going to grow, so that there is renewed awareness of the benefits of a municipal utility of some sort.

*There was no public comment on this item, and no formal action was taken on this item.
L Deos returned to the meeting at 7:20pm*

D. Stormwater Cost of Service Study – Capital Improvement Projects, Regulatory and Operations & Maintenance Additional Resources, and Outreach Plan.

Introduced by S Gryczko, the stormwater items included in the packet for the Commission were intended to address the questions received by staff during the Stormwater Cost of Service study discussions in July and August. Staff included the item as informational for the Commission to address those questions, within three major topics: Capital Improvement Projects; Regulatory and Operations & Maintenance additional resource requests; and the Outreach plan.

Brief discussion included the following:

- The challenges associated with the management and maintenance of the stormwater pump station located in South Davis, and adjacent to County land. Specifically associated with the history of the site and the status of City/County discussions related to the cost of covering the operations & maintenance of the station.
- The improvements necessary in West Davis to address the flooding concerns at Lake Blvd. and Covell Blvd. and particularly the hospital, which would also include discussions with the County related to the work of the agricultural fields in the area. This would include widening and maintaining the stormwater channel along West Covell Blvd. There is a list of objectives under contemplation in discussions with the County.
- A request that staff summarize the goals of the possible discussions with the County on the maintenance of the stormwater stations.
- A request to provide the cost of power and labor in operating the South Davis stormwater station for one year.
- The importance of El Macero and other County Service Areas to pay their fair share of stormwater costs, along with water and wastewater costs.
- The suggestion that outreach for the Stormwater Cost of Service include the age of the pumps, the existing flooding issues (including the flooding at the hospital), as well as emphasizing the proximity of the stations and stormwater infrastructure in regard to where people live.

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 October and November. The majority of items included in the calendar still 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:

- Concerns about the Solid Waste Fund and rates charged for complexes that are developed on a per-bed occupancy basis. Staff indicated that the discussion would be around the fund health, and future rate increases.
- Concern expressed about the four different cost of service studies and four rate increases, and no matter how logical the presentation or education about the rate increases, there will be resistance purely on the increase, no matter the reasoning behind it. It was suggested that the Commission review the increases apart from each utility fund, to discuss the best way to deal with the rate increases in the aggregate moving forward. It was also suggested that in a perfect world, there would be only one Proposition 218 for all four rate increases.
- The request to show rates and impact by year, looking out into five to ten years. Staff indicated that providing projected rates for utilities that do not have an approved Proposition 218 rate schedule is problematic. Specifically using the actual recommendations from the Commission through the cost of service studies would be appropriate.
- The Commission will have four members terming out at the end of December. The Chair requested that the Commissioners with terms ending at the end of the year consider whether or not they would like to continue with the Commission. E Roberts-Musser and M Williams indicated that they would be interested in reappointment, G Braun indicated that he was considering, and J Franco has already indicated that he would not seek reappointment. Staff indicated that Council would be the ultimate decision arbiter in reappointment to the Commission.
- Staff suggested that if there are residents who have expressed interest in participating in the Commission, the Commissioners should extend invitations for those interested residents to attend Commission meetings, to understand meeting structure and topics.

8. Adjourn

The meeting was adjourned by consensus at 7:56pm.