



City of Davis
Utilities Commission Minutes
Remote Meeting
Wednesday, January 20, 2021
5:30 P.M.

Commissioners Present: Gerry Braun, Andrew Cullen, Linda Deos (Chair), Steve Gellen, Lorenzo Kristov, Elaine Roberts-Musser, Johannes Troost

Commissioner(s) Absent: None

Council Liaison(s) Present: None

Staff Present: Stan Gryczko, Public Works Utilities & Operations Director
John Alexander, Wastewater 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 Deos called meeting to order at 5:32pm.

2. Swearing in of New Commissioners

Andrew Cullen and Steve Gellen were sworn in.

3. Approval of Agenda

E Roberts-Musser moved to approve the agenda, seconded by G Braun. Approved by the following votes:

Ayes: Braun, Cullen, Deos, Gellen, Kristov, Roberts-Musser, Troost

Noes:

Absent:

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

- E Roberts-Musser provided three articles for review:
 - Public Policy Institute of California - *Turning the Page on a Disruptive Year in the Water World*
 - ProPublica - *She Noticed \$200 Million Missing, Then She was Fired*
 - Davis Enterprise - *Dodd: Power Grid Planning Bill Introduced*
- S Gryczko provided one update:

- Staff was notified that the Commission has been invited to participate in a joint discussion with City Council on March 16, 2021
- L Kristov discussed two items:
 - Senate Bill 99 - *Community Energy Resilience Act of 2021* (introduced by Senator Dodd). He indicated that the Climate Center in Santa Rosa worked to get the bill into the Senate. The bill was reintroduced in 2021 after being shelved in 2020 as a result of the COVID-19 pandemic.
 - In response to Commission questions, he indicated that he would be open to providing more information to the Commission, if approved by the Commission during the discussion of the Long Range Calendar

5. Public Comment

There was no public comment.

6. Consent Calendar

- A. **Memo from City Attorney on Due Process Bias** (*Informational*)
- B. **Memo on Joint Discussion with City Council in March** (*Informational*)
- C. **Monthly Utility Bill Breakdown for Average Single-Family Residence** (*Informational*)

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

Ayes: Braun, Cullen, Deos, Gellen, Kristov, Roberts-Musser, Troost

Noes:

Absent:

7. Regular Items

A. Wastewater Cost of Service Study – Financial Plan Review

The item was introduced by S Gryczko, and included a presentation from Abigail Seaman and Doug Dove of Bartle Wells Associates. The presentation included an in-depth review of the financial plan for the Wastewater Utility, including planned revenues and expenditures. S Gryczko reminded the Commission that the financial plan presentation is the time to discuss what the utility is spending, or where, rather than later in the rate study process, as has been the case in the past.

A number of items discussed by the Commission were topics that will be covered during the rate components and development portion of the rate study. These items are summarized below:

- Doug Dove of Bartle Wells discussed the components of the rate structure, and the ratio between fixed charges, which are the same each month, and volumetric charges, that vary by calculation of winter water use averages for City wastewater customers. He indicated that the calculation of the winter water use average will be

reviewed by the Commission, with the possibility of updating or changing the calculation, and that the ratio between fixed and variable charges would also be reviewed.

- The calculation of commercial wastewater rates currently includes the winter water use average, however commercial accounts often have separate irrigation meters, and have busy or slow periods, that could warrant a different type of calculation for wastewater fees.
- If a model of percent of actual water each month used could be an option for calculating rates for wastewater customers, rather than winter water use.
- The review of the possibility of a separate class for rent by the room multifamily housing complexes.
- When looking at the volumetric to fixed ratio, consideration of State encouragement for volumetric rates, and water conservation incentives.
- That the high variability of the water charge does make the customer act (they regulate how much water they consume). However, once that water is used, where it goes is no longer in the customer's control – if the variable charge is an incentive, what is that on the sewer end, or at the stage of where the water goes. Does the incentive aid conservation, or is that more on the water side of the city utility bill? Is there a connection to decisions around the installation of greywater systems or commercial operations that can be considered?

Discussion also included the following:

- The last rate increase for the wastewater utility was in 2014, with a cost allocation adjustment in 2017.
- Whether the capital improvements or new equipment installations have an impact on operations and maintenance costs. Staff indicated that new equipment can be more efficient, but generally the installation of new equipment does not have a major fiscal impact on operations and maintenance costs (as an increase or decrease).
- A request to understand where the other jurisdictions are in their rate adjustment schedules.
- With the four utilities, the need to consider the impact of an increase on one of the rates related to the other three. Staff indicated that the City needs to be sensitive to the fact that the customer receives one utility bill, however, staff will continue to recommend rate adjustments that are fiscally responsible for each utility.
- The factors that can create differences between jurisdictions in the cost of wastewater utility operations (or any utility's operations), including the type of wastewater treatment in place and when treatment plants were built, making it difficult to compare costs between different jurisdictions as “apples to apples” comparisons.

- How the City can best demonstrate that the utilities are running efficiently, and communicate that to customers. Consideration of the best way to calculate the actual cost in a way that is translatable to the community.
- If the City is looking for ways to achieve savings. Staff indicated they are always looking for efficiencies, through evaluating each project to look at goals, meeting needs, and ways to be more efficient. Spending can fluctuate however, based on some unpredictable occurrences (issues with equipment, unanticipated weather events, etc.)
- Questions around what are the areas of risk for the wastewater utility, what can cause a miss on the revenue or the expenses in order to understand the risk of the estimates and models? Staff indicated that revenue is by and large stable, the largest change in revenue (a drop) was experienced in the last drought, although this was covered by the reserve. The expenses and estimates related to expenditures are fairly consistent, assessments are done to understand and mitigate risks on a regular basis, but most things can be managed within the existing revenue and expenditure structure.
- Using the example of an earthquake, does the current estimate allow for room to account for unexpected expenses? Staff indicated that equipment failures, even large ones, can be absorbed within reserves, especially with the proposed minimum capital reserve at \$3M. The funding in the bank offers a level of security that the utility needs to mitigate unforeseen risks.
- The question of whether, like the stormwater utility, the wastewater utility has infrastructure at various ages, and if the older parts of the infrastructure are costlier to maintain. Staff indicated that there is a categorization of pipes done through CCTV inspections, which feeds into major CIP projects. Additional details of the management of the wastewater utility are compiled in the City's Sewer System Management Plan, which is posted online: <https://www.cityofdavis.org/city-hall/public-works-utilities-and-operations/wastewater/wastewater-documents>
- A suggestion that the City consider metrics of operations that would underscore to rate payers the quality of the City's service.
- Explanation of the GIS Master Plan project, currently on hold due to COVID-19.
- The request to understand the potential impacts of drought on each of the proposed rate scenarios presented.
- The request to understand the utility bill impacts of the proposed rate adjustments within the context of the full City bill.
- Consideration of rate adjustments should include consistent, smoother rate increases, rather than option #3 as presented, with 0% followed by 5% increases.
- Questions around the capital improvement projects included in the financial plan, and the justifications for those projects. The assessments for the lift stations (built in the 1950s/60s) and discussion of the Recycled Water Master Plan are posted online and will be distributed to the Commissioners. Staff noted that abrasion is

- more severe in wastewater pipes, making the need for their replacement more frequent than pipes that carry just water for drinking and bathing.
- Clarification of the Proposition 218 rules around the maximum rate adjustments per year, and flexibility within that maximum for City Council to determine a rate adjustment lower than that if necessary.
 - Future regulatory changes and how those changes could impact the utility. Staff indicated that there are team members engaged in reviewing regulatory changes, current and upcoming. Agencies are given time to comply with new regulations (especially around sampling for constituents), so there is time to consider any economic impact on the utility.
 - Staff requested that any additional questions be submitted to staff and can be addressed in written form.

There was no public comment on this item, and no formal action was taken by the Commission.

B. Review of Subcommittee on the Downtown Plan

The item was introduced by S Gryczko, who outlined the establishment on the Downtown Plan subcommittee, and provided staff recommendation to dissolve the subcommittee, with the understanding that it could be re-established should it be warranted in the future.

A brief discussion also included the following:

- A request for a quick outline of the status of the Downtown Plan. Staff indicated that there is a calendar on the City's webpage, and the Commission received notification from staff in October that the public meetings had restarted. The draft EIR should be out for review soon, with the Final EIR published in June of 2021. After the brief discussion, the Commission made the following motion:

Motion: To dissolve the Subcommittee on the Downtown Plan.

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

Ayes: Braun, Cullen, Deos, Gellen, Kristov, Roberts-Musser

Noes:

Abstain: Troost

There was no public comment on this item.

C. Review of Commission Procedural Guidelines

The item was introduced by L Deos, who outlined the goal of the discussion on the procedural guidelines, specifically to review the guidelines and provide updates and edits for a final review and approval next month.

Discussion included the following:

- Specific to item #2, it was requested that staff include what outcome is anticipated from the discussion of an item – if a recommendation is requested, or if the item is for review only.
- If an item is brought to the Commission by a commission member, if that member requests a recommendation from the Commission, that recommendation as proposed should be drafted and provided with the meeting documents.
- Specific to item #5, if a commissioner votes no on a motion, the reason for the dissenting vote should be reflected in the minutes and included in the staff report.
- Also specific to item #5, recommendations in staff reports to Council should include introductory text or discussion of the Commission deliberation on the topic. Staff indicated that a number of the suggested practices in providing context for Commission discussions are already occurring with Council staff reports. Example reports will be sent to Commissioners for review and feedback.
- Specific to item #1, when an item requires a response from staff, questions should be presented to staff prior to the meeting.
- Specific to item #3, recommendations presented to the Commission should include options, as it is an important part of the process to examine the different avenues of possible action.
- Specific to item #7, if members of the public have comments that may take longer than three minutes, the member of the public should be encouraged to submit written comments.
- The Importance of capturing how often and how many public comments are received. Staff included that a record of public comment/s is/are captured in the minutes.

There was no public comment on this item, and no formal action was taken by the Commission.

8. Commission and Staff Communication

A. Long Range Calendar

The item was introduced by S Gryczko and L Deos. The Long Range calendar was presented in full to review the on-going items, and tracking/periodic checking items, to consider what the Commission may choose to prioritize for review in 2021.

Discussion included the following:

- The Commission will have the February meeting to finalize topics for the joint discussion with the City Council on March 16, 2021.
- The request for Commission introductions at the February meeting, including what topics each Commissioner is interested in, and why they offered to participate on the Commission.
- For the February discussion, it would be important to identify themes or ideas to talk about with Council at the joint meeting in March. L Deos indicated that

Commissioners should contact the Chair and staff with ideas for discussion to be provided in writing at the February meeting.

- Adding a discussion on community resilience strategies, including microgrids to the Long Range calendar. This was added to the meeting for April.
- A reminder of the request to have Recology provide a presentation on the services they provide, and any challenges they are anticipating for the remainder of the contract with the City. Staff indicated that they would reach out to Recology to discuss, with a date to be announced.
- A request that the discussion in February would include what issues staff would like the Commission to consider, or what Council would request from the Commission, as well as Commissioner items.
- A request for an update on the status of the on-street yard material pile discussion. Staff indicated that staff are planning to go to Council with an update after the current season of collection is completed, and if Council has guidance for any changes they would like to see, staff would return to the Commissions for review. The report is tentatively scheduled for June.

8. Adjourn

Motion: To adjourn the Utilities Commission meeting at 7:34pm.

Moved by J Troost, seconded by L Kristov. The motion passed by the following votes:

Ayes: Braun, Cullen, Deos, Gellen, Kristov, Roberts-Musser, Troost

Noes:

Absent