



**City of Davis
Utilities Commission Minutes
Remote Meeting
Wednesday, December 15, 2021
5:30 P.M.**

Commissioners Present: Gerry Braun, Andrew Cullen, Linda Deos (Chair), Steve Gellen, Lorenzo Kristov, Emma O'Rourke-Powell (Alternate), Elaine Roberts-Musser, Johannes Troost

Commissioner(s) Absent: None

Council Liaison(s) Present: None

Staff Present: Stan Gryczko, Public Works Utilities & Operations Director
Adrienne Heinig, Assistant to the Director
John Alexander, Wastewater Division Manager

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

1. Call to Order and Roll Call

Chairperson Deos called meeting to order at 5:31pm.

2. Approval of Agenda

J Troost moved to approve the agenda, seconded by L Kristov. Approved by the following votes:

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

Noes:

Absent:

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

- A Heinig provided an update on the Council review of the Senate Bill (SB) 1383 Implementation Plan, along with the feedback and comments from the Utilities, Natural Resources and Social Services Commissions.
- E Roberts-Musser provided five articles for Commission review:
 - Coal-fired power plants close after new wastewater rule
 - How the Ancient Romans Went to the Bathroom

- Worst toxic waste
- Robotic film could suck up oil spills
- Stepwells Built 1,000 Years Ago to Catch Rain is Being Revived to Save India's Parched Villages
- In response to a question from L Deos on recent news around the possibility of solar panel subsidy reductions, L Kristov indicated that while it is difficult to get good information from news coverage, such a decision would be drastic, and would have positive and negative impacts. He also indicated that the vote at the California Public Utilities Commission (CPUC) on this issue would be occurring in late January 2022.
- A Cullen provided an update on the City's efforts around the Climate Action and Adaptation Plan (CAAP) update. He indicated that the CAAP adoption date was pushed out to May or June of 2022.

4. Public Comment

There was no public comment.

5. Consent Calendar

A. Utilities Commission Minutes - November 17, 2021

E Roberts-Musser moved, G Braun seconded, to move the Consent Calendar.

Approved by following votes:

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

Noes:

Absent:

6. Regular Items

A. Wastewater Cost of Service Study – Rate Setting and Scenarios.

The item was introduced by S Gryczko, who introduced Doug Dove and Abigail Seaman from Bartle Wells Associates, to provide a presentation addressing Commission questions and resolving outstanding issues in recent discussions on the Wastewater cost of service study and rate structure recommendations. The presentation to the Commission was provided by Doug Dove.

Discussion included the following:

- The pros and cons of a “phase in” approach to shifting the rate structure to a higher fixed percentage from variable. D Dove stated that phasing does provide more gradual change. However, adjusting between fixed and variable percentages would likely not result in rate shocks. A new fixed/variable ratio in the first year provides more revenue stability.
- Clarification that the numbers presented to the Commission for rate amounts reflect a monthly rate.

- Request for the addition of a survey of commercial wastewater rates in the final report, to see if Davis rates are in line with other jurisdictions.
- The definition of 'strength' (pollutants) in referring to wastewater billing.
- Whether the revised rate recommendation for "dorm-style" apartments is ambiguous, how the rate would be determined, as well as questions about single-family properties housing a higher number of occupants. Staff indicated that the "dorm-style" billing category would be assessed when new multifamily developments are in the planning stages. Staff also indicated assessing rates for single-family residences based on the number of people living there would be extremely difficult, would likely not be accomplished in the development stage (as with the multifamily properties) and would be a significant ongoing challenge to enforce.
- If the financial plan for the wastewater utility reflects the payoff of the loan to the Solid Waste utility.
- Staff indicated that the rates in the five-year schedule, if approved, are the maximum amount that rates can be implemented. Should future years of the wastewater utility see a higher than anticipated revenue return, rates could be set lower than the maximum amount (including postponement of rate adjustments altogether).
- If the increases in wastewater billing for large multifamily developments would impact rent. Staff indicated that the increase would be an impact to the landlord, but whether or not the owner would pass on the full amount in the lease agreement is unknown. The assessment conducted by BWA indicated the cost would be around \$7-9.00 per bed per month.
- The consideration of the income of the population most likely living in multifamily housing, and the importance of considering affordability and possibilities for subsidies where possible. Staff indicated that rates are set around the cost of operating the utility, which is guided by the financial plan and proportioning the cost among customers. Considerations of subsidies are a discussion outside of setting the rates.
- In response to a question regarding impacts to customers, and if any one customer class might see a higher adjustment than others, staff responded that the adjustment to cost allocation in 2017 did impact restaurants. However there was very little comment or protest, and the City does work with commercial customers on request to evaluate wastewater strength based on measurements.

Motion: Support for the BWA/staff recommendation to move to wastewater rates that are 60% fixed, 40% volumetric.

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

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

Noes:

Absent:

Motion: Support for the BWA/staff recommendation to simplify current rate structures for multifamily charges, excluding developments with 5+ bedroom units.

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

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

Noes:

Absent:

Motion: Support for the BWA/staff recommendation to adopt a separate fixed rate per bed for future dormitory-style multifamily customers with 5 or more beds per unit.

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

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

Noes:

Absent:

Motion: Support for the BWA/staff recommendation to combine customer classes for commercial customers.

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

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

Noes:

Absent:

The item was opened for public comment and one comment was received:

- Matt Williams - stated that winter water rates have become less accurate with climate change, and while the winter water average might work in other areas (such as Chicago), it does not work in Davis. Indicated he was struck by question of where is the dividing line with multifamily/ residential occupancy. While not perfect, the City should be doing all the rates outside of commercial on the basis of the proxy of human beings in the house. Proxy is beds. What about mini-dorm where you have as many beds, vs.

single family. Need to count beds. Had discussion about rate balancing, but the individual user doesn't care about rates of individual utility. Rate setting needs to be in the context of the total utility bill. It is not that difficult to count by bedroom (two beds per bedroom, with ability of file exception). Changes could occur when house is modified and only changes when there are renovations or new construction.

B. Solid Waste Cost of Service Study Request for Proposals (RFP) Draft.

The item was introduced by A Heinig, who provided a summary of the report on the draft RFP for the upcoming solid waste cost of service study. She requested feedback and comments on the request for proposals, and for the Commission to appoint a member to participate in the consultant selection for the study.

Discussion included the following:

- A request for additional time to review the RFP as proposed. Staff requested that Commissioners with additional feedback submit it to staff over the last two weeks of December. Should feedback require significant, content related changes to the RFP, staff proposed to bring the RFP back for additional review in January 2022. If comments from Commissioners did not include content changes, staff would release the RFP in January, with consultant selection likely in February.
- If the City would consider requiring cost of service study consultants to have a staff person assigned to the project with expertise on climate change impacts. Historically staff have responded to that request by suggesting that the expertise in climate change would be provided by a separate consultant. Staff indicated that cost of service studies are focused as an exercise in accounting, with space provided for inputs related to potential impacts to the cost of service, such as regulatory changes or increased costs associated with climate change impacts, rather than that being a specific area of focus for the overall rate setting effort.
- In response to a question if there is a difference in the RFP proposed for release and the RFP released for the previous cost of service study, staff indicated that the proposed RFP is focused on incorporating the costs associated with SB 1383 regulatory changes, and conducting a cost allocation review. Staff further indicated that yard material pile collection would not be a focus of the current study.
- In response to a question of the financial impact of losing solid waste customers on the City and Recology, staff indicated that the impact is shared to the extent that less business is a reduction of revenue for both parties. However in the short-term impact of losing commercial customers during the pandemic lock-down, the faster impact was on the City.

- The hope that a consultant brought on board would be conscious of the pace of change, and that a rate consultant would aid the City in anticipating what could alter that would impact rates or what contingencies need to be considered. Staff indicated that the development and maintenance of the reserve, provides the buffer to any changes, with focused looks on the actual impacts as they are introduced.
- When asked about the focus away from the yard material pile collection program, staff indicated other priorities for the current fiscal review are the focus of the proposed study. Discussion of the yard material pile collection program too often can monopolize discussions around solid waste service.
- The importance of incentivizing water conservation in the structure of the rates.

Motion: to appoint Emma O'Rourke-Powell to participate in the Solid Waste Cost of Service Study consultant selection.

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

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

Noes:

Absent:

No public comment was received on this item.

C. Consideration of Candidates for Chair/Vice Chair Elections in January/Status of Subcommittees and Liaison Appointments

This item was introduced by L Deos, who indicated that she was interested in continuing on as Commission chair into 2022. She opened the floor for any commissioner interested in taking on the role of chair or vice chair to offer statements of interest.

Brief discussion included the following:

- A Cullen indicated interest in the role of Vice Chair.
- G Braun suggested that he would come back to the Commission with a mission statement for the NRC liaison, specifically what the Commission would expect of the role.
- L Kristov indicated that the Community Resilience Subcommittee had not had an opportunity to connect, and indicated that the subcommittee members could come back with suggestions for Commission review in January.

7. Commission and Staff Communication

A. Long Range Calendar

The item was introduced by S Gryczko, who outlined the next few months for the Long Range calendar.

Discussion included the following:

- The request to include an item on the agenda for January for the Community Resilience Subcommittee
- The request to bolster the language for the item on the Chair and Vice Chair election to include discussions around the NRC liaison role and subcommittees in general.

No public comment was received on this item.

8. Adjourn

Motion: To adjourn the Utilities Commission meeting at 7:40 p.m.

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

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

Noes:

Absent: