



City of Davis
Utilities Commission Minutes
Remote Meeting
Wednesday, April 21, 2021
5:30 P.M.

Commissioners Present: Gerry Braun, Andrew Cullen, Steve Gellen, Lorenzo Kristov, Elaine Roberts-Musser, Johannes Troost

Commissioner(s) Absent: Linda Deos

Council Liaison(s) Present: None

Staff Present: John Alexander, Wastewater Division Manager
Adrienne Heinig, Management Analyst
Heather Brown, Water Quality Coordinator
Dawn Calciano, Conservation Coordinator

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

1. Call to Order and Roll Call

Vice Chairperson Braun called meeting to order at 5:31pm.

2. Approval of Agenda

E Roberts-Musser moved to approve the agenda as amended, seconded by J Troost. Approved by the following votes:

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

Noes:

Absent: Deos

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

- E Roberts-Musser provided six articles for review:
 - Public Policy Institute of California – *Just the Facts: Access to Safe Drinking Water*
 - Associated Press – *Feds Want to Fix Canal, but Nevada Town Lives Off Leaks*
 - The Center for Growth and Opportunity at Utah State University – *The Rural Broadband Penalty*
 - MarketWatch - *Opinion: Building an Interstate System to Move Electricity Could Cost \$50 Billion*
 - League of California Cities – *Ukiah's New Water Recycling Facility is a Win for Local Farmers and the Environment*
 - Bloomberg – *America's Obsession with Wipes is Tearing up Sewer Systems*

- J Troost voiced appreciation for the articles distributed by E Roberts-Musser.
- A Heinig provided two updates:
 - The City has been experiencing some network issues and technology challenges during the day, which may or may not impact the Commission meeting.
 - At their meeting on April 20, the City Council filled the vacant alternative position on the Commission. Emma O'Rourke-Powell will be joining the Commission in July 2021.
- J Troost requested that Commissioners remain on mute during the meeting unless they are preparing to ask questions.
- L Kristov provided one update:
 - On the past Monday, Senate Bill 99 passed through the State Senate Utilities Energy Commission unanimously, 12-0. Senate Bill 99, authored by Bill Dodd, would create a program under the California Energy Commission to provide funds and technical support to local governments across the State to do energy resilience planning. He indicated that the bill would be moving through the Legislature this year, and to the Energy Commission to set up the program, to allow communities to plan for energy resilience statewide.

4. Public Comment

There was no public comment.

5. Consent Calendar

A. **Utilities Commission Draft Meeting Minutes – March 17, 2021**

B. **Amended Workplan as submitted to City Council on March 17, 2021** (Informational)

C. **Memo from the City Attorney - Summary of AB 992: The Brown Act and Social Media** (Informational)

D. **Community Resilience Strategies Introduction** (Informational)

E. **Update on Recycled Water Projects** (Informational)

Prior to the approval of the Consent Calendar, Items A and D were pulled.

Item A (*Utilities Commission Draft Meeting Minutes – March 17, 2021*) was pulled to clarify a statement in the minutes for March 17, 2021. On page 6, it was requested that the language be modified to make it clear that the Commission was not clear on the direction from Council during the Joint Discussion held on March 16, 2021. The minutes were revised as follows: “A request that the Commission reach out to Council to provide more direction, especially on the goals related to community broadband, **as the direction from Council was unclear**, and as an intermediate route request clarification from the Council liaison to the Commission. Staff cautioned that direction from the Council needs to come from the full Council body, not just one member such as the Commission liaison. Staff suggested

formulating questions or suggestions (without providing a recommended action), for Council reaction.”

J Troost moved, L Kristov seconded, to approve the Consent Calendar absent Item D.
Approved by following votes:

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

Noes:

Absent: Deos

6. Regular Items

A. *Item 5D from Consent Calendar: Community Resilience Strategies

Pulled from the Consent Calendar by E Roberts-Musser, who wanted to comment that the vision expressed in the document shared might not be the ideal for everyone across the country. She provided an example of moving from the East Coast to the West Coast, and the challenge of adjustment to smaller houses and lot sizes. She indicated that the Utilities Commission should be careful to consider community resilience as focused on utilities, rather than broader topics. Additional comments from the Commission mentioned the element of ‘social engineering’ in the document, as opposed to infrastructure engineering, and the discussion of social engineering may not be what the Commission should be discussing.

Discussion also included the following:

- How the new infrastructure bill currently making its way through Congress may be looking to expand the definition of ‘infrastructure’ beyond what it is currently, and the Commission should be open to re-examining that.

No formal action was taken on this item and no public comment was received.

B. *Item 6A on Regular Agenda: Wastewater Cost of Service Study – Financial Plan Review

The item was introduced by A Heinig, who introduced John Alexander, the City’s Wastewater Division Manager, and Abigail Seaman and Doug Dove from Bartle Wells Associates. She outlined the timeline of the Commission’s review of the cost of service for the Wastewater Utility, indicating the packet item included for the discussion had more information on the financial plan discussion of the Commission than in previous meetings, and addressed questions from Commissioners. She indicated the focus for the discussion for the evening is to close out the review of the financial plan. A. Seaman provided a presentation for the Commission on the financial plan of the Wastewater utility.

Discussion also included the following:

- Clarification on if the flow elements stay stable each year. Staff indicated that the biological oxygen demand (BOD) and total suspended solids (TSS) will stay

stable, but the flow is not stable, and is subject to water conservation and other factors. The presence of students will impact ammonia load.

- Clarification that 20% of the water use in the community is used for non-irrigation purposes.
- A request to see the Wastewater utility Capital Improvement Projects (CIPs) listed out with a description for each project and the year of project implementation.
- If assumptions of climate change (specifically the impacts of drought) are factored into the financial plan for the Wastewater utility. A. Seaman indicated wastewater is typically less impacted by drought, but a portion of the enterprise utility's reserve fund (the rate stabilization fund) is meant to account for short-term unforeseen costs or events. D Dove indicated the shift from more volumetric to more fixed rates could make the utility less vulnerable to drought, and it would be part of the Commission discussion on rate structures.
- Clarification of the current fund reserve for the Wastewater utility, and why the reserve fund balance is currently higher than the reserve fund balance target. A. Seaman indicated the balance amount is a benchmark, rather than a requirement. Staff also indicated the balance of the fund is higher than anticipated due to holding back funds on capital projects that were delayed because of the impacts of COVID-19 and other issues.
- If there are good capital improvement plans and budgets, there should be a subsequent reasonable reserve. However, showing a high fund balance could be negative optics for the public. Going forward, the Utility should have a reserve that reflects the current policy. Staff indicated the intention is to bring the Utility balance down closer to the reserve target with the implementation of the current financial plan.
- A request to understand the probability that regulatory changes will require million-dollar investments in the utility? Staff indicated the design of the Plant built in 2017 was intentionally flexible and adaptable to be ready should additional requirements be added to the City's Wastewater permit.
- Clarification of the use of the phrase 'reserve' and 'fund balance.' Staff indicated that the reserve is a *portion* of the overall fund balance. Staff also added that rate increases are necessary to maintain the current operation of the Plant, plan for major projects, and to maintain the reserve.
- A request to understand if the City is aware of what other jurisdictions are facing, and what the City might need to save in order to buffer ratepayers from the increases in costs related to climate change. Additionally, it was asked if staff or the consultant had learned anything from other communities experiencing impacts of climate change now that the Commission should be aware of, and if those items can be brought forward for consideration. Staff indicated that in recent reviews of other jurisdictions and what is occurring, the City has seen minimal increases in operations related to power costs (due to the new Plant design) and a higher concentration of waste (likely due to college students and water conservation).

Staff underscored the financial plan is for the next 5 years, and while the City is not seeing what other wastewater utilities may be seeing (like accumulated solids, or broken pipes or land shifting) but agree that it should be discussed, specifically with the reserve target and if that target is high enough.

- An observation from staff that the construction of the reserve policy has been discussed with each of the three utilities recently reviewed for cost of service. It may be of use for the Commission to revisit the structure of the enterprise fund reserve policy (once the current cost of service studies are completed) and look to offer adjustments the City Council might want to consider.
- A question of whether or not increased food waste in the wastewater system would present challenges for the Plant. Staff indicated the carbon in food is easily consumed, the higher costs of treatment are related to ammonia. Staff also indicated lab data from the Plant is monitored closely if adjustments are needed in the short term or long term.
- Clarification of the statement about larger impact of ammonia on the Plant with the presence of students. Staff were asked what the larger developments coming on line (and particularly the by-the-bed occupancy units) could mean to Plant operations. Staff indicated the current Plant capacity is built to handle an increase, however due to water conservation efforts, the Plant's capacity has been impacted and the City does need to build an additional aeration basin. The need is not related to the current development directly, rather more related to the increase in water conservation.
- The request from the Commission to focus rate discussions with the public on dollar amounts, not percentages; to discuss the rate adjustments within the context of the full utility bill; and to readily explain why adjustments are needed in terms the public will understand (rates have not been adjusted since 2015; the need for significant capital spending).
- Consensus from the Commission to begin the rate structure and scenarios discussion with "Option 4" presented to the Commission on rate adjustments – 5% for the next five years.

There was no public comment on this item.

C. *Item 6B on Regular Agenda: Urban Water Management Plan Responses.

The item was introduced by A. Heinig, who introduced Dawn Calciano and Heather Brown, who were also before the Commission in March to discuss the Urban Water Management Plan. The discussion in March (and discussion with the Natural Resources Commission in March as well) resulted in comments and feedback that have been responded to by staff, and the presentation will include discussion of where that feedback has been incorporated into the draft Plan.

Discussion included the following:

- A question of whether or not staff could provide an estimate on the relative difference of the energy intensity of providing surface water versus the provision of groundwater. Staff indicated they would research the question and provide a response.
- If the population projections account for changes of population at the University, and the associated potential impacts are incorporated into the Plan. This is especially important for consideration with the increase of by-the-bed unit developments. Staff indicated projects currently planned and underway are factored into the growth projections. In five years, the new Housing Element (which should be completed by that time) will be a key document for consideration in reviewing the population projections.
- The suggestion that calculations of energy intensity should be clearly identified as separate between the delivery of surface water and the delivery of groundwater.
- The current drought outlook has been compared to the drought experienced by the State in the 1970s, and emergencies have been declared in California counties, so the projections in the Plan may need to be reviewed with more frequency than with previous Plans.
- Clarification on how the Plan is used, and whether or not looking backward is the best way to develop a planning document for the City in looking forward, especially if the drought is worse than initially anticipated. Staff indicated the Plan is more a combination of other plans, including the CAAP, Housing Element and others, and used as reporting utilizing previous data. Staff also indicated a section in the Plan has been revised to look at climate change into 2050, using a ‘worst case scenario’ calculation from the Department of Water Resources (DWR).
- Clarification the assumptions on climate change and water demands do not include projections of reductions in use associated with voluntary water use reductions, or turf conversions.
- Clarification that demands and scenario discussions between the Woodland-Davis Clean Water Agency (WDCWA) and jurisdictions receiving water from WDCWA are consistent between Urban Water Management Plans of the suppliers.
- Clarification of the water rights held by WDCWA and how those rights are impacted by Term 91 or Lake Shasta Critical Years in different months of the year.
- A reminder from staff that the Water Shortage Contingency Plan component of the Urban Water Management Plan is required to be adopted separately to ensure that the Water Shortage Contingency Plan is regularly reviewed and updated.
- A request from the Commission to revisit the Plan annually, or at least once or twice before the next update, to recalibrate assumptions currently in the Plan with what might happen via environmental impacts or legislative process. Staff indicated support for regular internal reviews of the Plan, and an evaluation of the new elements of the Plan presented in 2020. However staff cautioned formal updates to the Urban Water Management Plan would be more complicated. The Commission indicated support for informal reviews of the Plan.

- Consensus of the Commission that endorsement of the Plan would not constrain future activities of the Commission.
- Debate as to whether or not the Commission should also make a recommendation to Council to review the Plan at regular intervals. Questions arose as to who would be conducting the review and what resources would be involved. An issues tracker was suggested to be developed to be maintained in anticipation of the next five-year update.
- The issue of the timing of the review of the Urban Water Management Plan, and what to review, in order to understand more about what would be expected, was suggested to be added to a future meeting of the Commission.

Linda Deos arrived to the meeting at the conclusion of the discussion of this item.

Motion: To support the adoption of the 2020 Urban Water Management Plan by the City Council.

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

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

Noes:

Absent:

Abstain: Deos

There was no public comment on this item.

D. *Item 6C on Regular Agenda: Climate Action Adaptation Plan Commission Liaison and Subcommittee Discussion.

The item was introduced by Gerry Braun, who outlined a discussion with A Cullen and J Troost on the topic of the Climate Action and Adaptation Plan, with the agreement in that group that having a liaison to the NRC for those discussions would be of value to the Commission. The item was before the Commission to officially appoint a liaison, and to discuss the formation of a subcommittee.

Brief discussion included the following:

- Clarification that the formal relationship to the CAAP as a Commission is via the liaison attending the Natural Resource Commission discussions on the topic.
- The first community meeting to be held on the CAAP will be Thursday, April 22.
- A request that the discussion of the subcommittee for the CAAP return in May.

Motion: To appoint Andrew Cullen and the UC representative to attend the Natural Resource Commission (NRC) meetings when the CAAP is on the agenda for discussion.

Moved by J Troost, seconded by G Braun. The motion passed by the following votes:

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

Noes:

Absent:

There was no public comment on this item.

7. Commission and Staff Communication

A. Long Range Calendar

The item was introduced by A. Heinig, outlining the upcoming months and activities suggested for those months.

Discussion included the following:

- The addition of the discussion of the subcommittee for the CAAP and the review approach for the regular check-ins on the Urban Water Management Plan to upcoming meetings.
- The possibility of a presentation from Recology in June or July.
- The request that the City develop informational videos (like the videos used in the City's Stormwater Rate public outreach meetings) on the City's utilities. Staff indicated that as resources allow, staff is looking to produce more videos.

8. Adjourn

Motion: To adjourn the Utilities Commission meeting at 8:08pm.

Moved by J Troost, seconded by G Braun. The motion passed by the following votes:

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

Noes:

Absent