



**City of Davis
Utilities Commission Minutes
Remote Meeting
Wednesday, October 20, 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
John Alexander, Wastewater Division Manager
Adrienne Heinig, Assistant to the Director
Abigail Seaman & Doug Dove, Bartle Wells Associates

Also in Attendance: Bill Dendy

1. Call to Order and Roll Call

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

2. Re-Swearing in of Commissioners

Commissioners G Braun, L Kristov, E Roberts-Musser and J Troost were re-sworn in.

3. Approval of Agenda

J Troost 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

- J Troost thanked A Cullen for representing the Commission at the Natural Resources Commission meeting on the CAAP, and stated that A Cullen did considerable work on preparing the report on the Commission's consent calendar.

- L Deos thanked Vice Chair Braun for chairing the September meeting in her absence, and the Commission for continuing their work.
- A Heinig reported that the City Council approved the staff recommendation to limit outdoor sprinkler irrigation to two days per week, starting on November 1, 2021.
- A Heinig also introduced Bill Dendy, a representative of the El Macero County Service Area, to participate in the Commission discussions of the Wastewater Cost of Service study and rate design.

5. Public Comment

There was no public comment.

6. Consent Calendar

A. Irrigation Restrictions and Voluntary Water Reductions (*Informational*)

B. Report from Climate Action and Adaptation Plan (CAAP) Process Subcommittee (*Informational*)

C. Greener Davis Outreach (*Informational*)

Prior to the approval of the Consent Calendar, Item 6B was pulled, to be discussed after Item 7C.

J Troost moved, A Cullen seconded, to approve the Consent Calendar minus Item 6B. Approved by following votes:

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

Noes:

Absent:

7. Regular Items

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

The item was introduced by S Gryczko, who in turn introduced Abigail Seaman from Bartle Wells Associates to continue the Commission discussion on wastewater rate structures and scenarios. Doug Dove, also of Bartle Wells, was also present, but he was having connectivity issues.

Commission discussion included the following:

- Clarification on what percentage of utility expenditures are fixed. A Seaman indicated that about 70% of the expenditures are fixed, but it is subjective how fixed charges are defined. The consultant recommendation is a division of 60% fixed and 40% variable for the structure of wastewater rates. Fully fixed costs (as some agencies have) does not allow customers to have any control over charges.

- Concern that the proposed modifications to the charges for by-the-bed rental units could be challenged, along with the request to understand if other agencies are using a similar formula for charges.
- Clarification from staff that should the percentage of fixed charge be increased, the variable charge would be balanced to ensure the revenue received from the customer is not above their proportional share of cost for the service.
- A question of whether higher-occupancy rentals would result in a sharing of utilities and a reduction in use. Staff clarified that unlike electricity or other utilities where there is overlap in use with multiple people, wastewater impacts generally do not have an overlap in use.
- A question if the City has data on any impacts of the COVID-19 shelter-in-place order on wastewater strength and flow. Staff indicated they would return to the Commission with that information.
- A question of how the consultant classifies strengths of certain elements in wastewater, e.g. ammonia, of different types of businesses, in order to group them into certain commercial customer categories. Staff indicated that wastewater strengths are generally based on industry standards and existing data from studies. The City will also work with businesses on request to assess wastewater strength to ensure appropriate charges.
- Clarification that wastewater rates are adjusted annually, not monthly. The main reason for the adjustment with the fixed versus variable rates would be to protect the sewer utility in times of drought. A higher fixed charge would also mean less change in annual rate adjustments.
- Clarification of the goals to align revenue with expenditures, as wastewater costs are highly fixed, as well as providing balance between securing revenue and allowing for some customer control over the cost of their bill.
- A request to show bill impacts for each customer class based on current charges versus the adjustments/rate increases. Staff indicated they would return to the Commission with that information.
- Clarification that the Commission is considering three adjustments to rates: to adjust the rate structure to a higher percentage of fixed, to adjust customer cost allocations to take into account ammonia costs, and to increase rates by a maximum of 5% per year for the next five years. The actual impact on each customer class depends on a number of factors and thus will vary.
- A requested correction on a slide in the presentation (32) to show the fixed/variable cost impacts.
- A request for staff to provide information on the adjustment of the residential caps in terms of revenue (if necessary) to account for lowering them, and provide data on how the caps are calculated.

- A request to receive information farther in advance for more review prior to the meeting.
- The suggestion that the City provide a narrative description of the excellent level of service provided for the rates paid by customers, and how this might be different from surrounding communities.
- The question of how the rate adjustments would impact low income individuals.
- Support for a 60/40 split of fixed versus variable rates, reduction in the customer commercial classes, and having a charge for dormitory-style rental units.

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

B. Solid Waste Fund Update/Rate Recommendation.

The item was introduced by A Heinig, who provided an overview of the memo prepared by staff, and a brief discussion of the contents.

Discussion included the following:

- Clarification that the recommendation from staff is only for Jan 2022. Consideration will be given to the next adjustment in the schedule (January 2023) in October of next year.
- Concern around the debt taken on by the solid waste fund from the wastewater utility. With the loan being extended from 10- to a 15-year payoff, required payments of interest have continued, but principal payments have been unable to be made as the fund has progressed toward recovery. Commissioners requested that the payments to the principal loan be made in earnest (and prior to the financial plan discussions with the cost of service study).
- Concern around external contingencies that may impact the fund, including the likelihood of Recology requesting a detailed rate review, and how that review might impact rates moving forward. Staff indicated that external impacts such as rate reviews or tipping fees, etc. would be a consideration of the upcoming cost of service study.
- How utilities are able to provide loans to other utilities, with a concern that the true cost of running the utility is not accurately reflected with a loan balance outstanding.
- The timing of rate studies, and how Proposition 218 rate schedules provide boundaries for how jurisdictions can move forward in reviewing the cost of service of the utility.

Motion: Recommend to the City Council that the fourth-year rate adjustment for the Solid Waste utility be implemented at 5%, with the adjustment occurring on January 1, 2022.

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:

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

C. Community Resilience Subcommittee Report.

The item was presented by L Kristov, who provided background on the discussions around community resilience, and outlined the recent work of the Commission subcommittee, with a focus on the development of resilience hubs in Davis.

Discussion included the following:

- Subcommittee members outlined the meeting with staff, discussing the five proposals and suggestions on where to widen the scope of the subcommittee review.
- How the discussion of community resilience and the resilience hubs align with the City's effort on the Climate Action and Adaptation Plan (CAAP).
- The suggestion that the subcommittee look into emergency response preparedness efforts and lessons learned from disasters.
- The need to identify resources that currently exist for emergency response, what resources and plans currently exist, and where gaps or opportunities for expansion can be identified.
- The concern that emergency plans in place might not be in sync with each other, and the value in going above prescriptive emergency services.
- Deliberation around whether the Commission should ask City Council whether to pursue this effort at the current stage, or wait for more details.
- The request to find out why the resilience hub development suggestion from the CAAP project was not included in the current list of priorities.
- The suggestion that the subcommittee look into state funding opportunities, and how the state defines a resilience hub, to present possible grant opportunities to the City that would meet state requirements and tailor the project to Davis needs.

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

D. Report from Climate Action and Adaptation Plan (CAAP) Process Subcommittee (Informational) - Pulled by J Troost.

The item was presented by J Troost, who outlined the analysis conducted by the subcommittee on the review of the CAAP Vulnerability Assessment, and the outcomes of the review. He indicated that the subcommittee would like to forward the report to the NRC for their CAAP deliberation process.

Discussion included the following:

- The request from the subcommittee to forward the report to the Natural Resources Commission (NRC) for consideration. Staff provided clarification that with the item on the agenda as informational, the Commission would not be able to endorse the report with a formal motion. The members of the subcommittee could submit the report to the NRC in advance of Commission action, but would need to indicate that the full approval of the Commission had not yet been obtained.
- Clarification on the placement of the subcommittee report as a consent item on the Commission agenda. Chair Deos indicated that the report was placed on consent due to limited time on the agenda, with the focus on the Wastewater Cost of Service study and solid waste rate recommendations.
- Discussion on the time-sensitive nature of the CAAP process.

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

8. Commission and Staff Communication

A. Long Range Calendar

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

Discussion included the following:

- The inclusion of the consideration of formal support for the CAAP Subcommittee report on the November agenda, along with an update from the Commission liaison to the NRC discussions on the CAAP process.

9. Adjourn

Motion: To adjourn the Utilities Commission meeting at 8:27 p.m.

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: