



CITY OF AZUSA

MINUTES OF THE REGULAR MEETING

OF THE AZUSA UTILITY BOARD/CITY COUNCIL

MONDAY, JUNE 28, 2010 – 6:30 P.M.

The Utility Board/City Council of the City of Azusa met in regular session, at the above date and time, at the Azusa Light and Water Conference Room, located at 729 N. Azusa Avenue, Azusa, California.

Chairman Macias called the meeting to order.

Call to Order

ROLL CALL

Roll Call

PRESENT: BOARD MEMBERS: GONZALES, CARRILLO, MACIAS, HANKS, ROCHA
ABSENT: BOARD MEMBERS: NONE

ALSO PRESENT:

Also Present

City Attorney Ferre, Assistant City Manager Makshanoff, Director of Utilities Morrow, Assistant to the Director of Utilities Kalscheuer, Director of Customer Care and Solutions Vanca, Assistant Director of Water Operations Anderson, Captain Momot, Assistant Economic and Community Director McNamara, City Engineer Hassel, C, Administrative Services Director – Chief Financial Officer Kreimeier, Revenue Supervisor Cawte, City Clerk Mendoza, Deputy City Clerk Toscano.

PUBLIC PARTICIPATION

None.

Pub Part
None

UTILITIES DIRECTOR COMMENTS

Dir Comments

Director of Utilities Morrow provided an update on Proposition 16 which was recently defeated and thanked the Board Members for their Resolution in opposition to the proposition. He also provided an update on San Juan Project. He introduced Mr. Yarek Lehr, new Assistant Director of Resource Management and Mr. Federico Langit, new Assistant Director of Electric Operations.

G. Morrow
Comments

UTILITY BOARD MEMBER COMMENTS

Brd Mbr Cmts

Board Member Hanks voiced his opinion in favor of Assembly Bill 32.

Hanks
Comment

The **CONSENT CALENDAR** consisting of Items D-1 through E-4, was approved by motion of Board Member Carrillo, seconded by Board Member Hanks and unanimously carried, with the exception of item D-2, which was considered under the Special Call portion of the Agenda.

Consent Cal
Appvd, D2
Spec Call

- | | |
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| 1. The minutes of the regular meeting of April 26, 2010, were approved. | Minutes |
| 2. SPECIAL CALL ITEM. | Spec Call |
| 3. A RESOLUTION OF THE CITY COUNCIL AND UTILITY BOARD OF THE CITY OF AZUSA, CALIFORNIA, APPROVING PARTICIPATION IN USED OIL PAYMENT PROGRAM ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY. | Res. 10-C38
Used Oil
Payment Prgm |
| 4. Approval was given to extend the R.T. Lawrence, Corporation contract for two years until October 31, 2012 per extension option of Professional Services Agreement for third-party payment processing signed on November 1, 2007; and amend contract purchase order to add \$60,000 to cover this period. | R.T. Lawrence
Corp. Contract
Extension |

SPECIAL CALL ITEMS

Special Call

Board Member Rocha asked since the project was funded under budget, where the excess funds would go. Director of Utilities Morrow responded stating that the funds would go into the Electric Fund and complemented staff for the savings.

Question &
Response

Moved by Board Member Rocha, seconded by Board Member Carrillo and unanimously carried to find that Perry C. Thomas Company has completed Project LD2010-2, furnish and install underground electric substructures on Lark Ellen Avenue; approve the Notice of Completion; authorize the Mayor to execute document; and direct City Clerk's Office to record same at the Los Angeles County Recorder Office.

NOC Perry
C. Thomas Co.

SCHEDULED ITEMS

Sched Items

Director of Utilities Morrow addressed item regarding Water Service Agreement with Rancho Vasquez detailing the water issue, terms of the agreement and responded to questions posed by Board Members.

Agmt
w/Rancho

Moved by Board Member Carrillo, seconded by Board Member Hanks and unanimously carried to approve the water service agreement with Rancho Vasquez and authorize the City Manager to execute said agreement.

Approved

Director of Utilities Morrow presented the Electric Financial Study which was based on five (5) findings as follows: 1. Current revenues are not adequate to maintain the long-term financial stability of the electric utility (Page 17). A \$2.6 million reduction in our cash reserves is forecasted for FY 2010-11, which would lower cash reserves to about \$9 million by FY end. 2. The Board should replace the current San Juan Fuel Cost Adjustment mechanism with a Power Cost Adjustment (PCA) that factors in all purchase power costs and wholesale revenues. The PCA should be implemented for FY 2010-11. 3. A series of base rate adjustments should be considered after the PCA is implemented. Based on current five year forecast, consultant is recommending that a 2.5% increase be implemented each year for the next 5 fiscal years, in order to meet reserve requirements as identified in the consultant report. 4. That a minimum reserve policy should be set at \$12.6 million for FY 2010-11 and increased annually to \$14.3 million by 2015 based on a formula. 5. The five year financial projection should be updated annually as part of the budget process including review and update of five year capital improvement program projection.

Dir of Utilities
Detailed
Electric
Financial Study

Board Member Hanks offered a Resolution entitled:

A RESOLUTION OF THE CITY COUNCIL AND UTILITY BOARD OF THE CITY OF AZUSA, CALIFORNIA, REPLACING ELECTRIC RATE SCHEDULE "FCA-SJ FUEL COST ADJUSTMENT - SAN JUAN RESOURCE" WITH "PCA - POWER COST ADJUSTMENT" SCHEDULE."

Res. 10-C39
Replacing
Electric Rate
Schedule

Moved by Board Member Hanks, seconded by Board Member Carrillo to waive further reading and adopt. Resolution passed and adopted by the following vote of the Board Members:

PCA

AYES: BOARD MEMBERS: GONZALES, CARRILLO, MACIAS, HANKS, ROCHA
NOES: BOARD MEMBERS: NONE
ABSENT: BOARD MEMBERS: NONE

Director of Utilities Morrow presented a new rate schedule "EDR" establishing an Economic Development Rate Incentives Pilot Program and detailed its contents. Discussion was held between Board Members and Staff.

Dir of Utilities
Comments

A RESOLUTION OF THE CITY COUNCIL AND UTILITY BOARD OF THE CITY OF AZUSA, CALIFORNIA, APPROVING ELECTRIC RATE SCHEDULE "EDR - ECONOMIC DEVELOPMENT RATE" INCENTIVES FOR QUALIFIED COMMERCIAL AND INDUSTRIAL ELECTRIC CUSTOMERS.

Res. 10-C40
EDR Rates

Moved by Board Member Hanks, seconded by Board Member Macias to waive further reading and adopt. Resolution passed and adopted by the following vote of the Board Members:

AYES: BOARD MEMBERS: GONZALES, CARRILLO, MACIAS, HANKS
NOES: BOARD MEMBERS: ROCHA
ABSENT: BOARD MEMBERS: NONE

Staff Reports

STAFF REPORTS/COMMUNICATIONS

Director of Utilities Morrow presented the Replacement Water Cost Adjustment Factor (RWCAF) as an information item and advised that it will be decreased to \$0.00 per CCF from the current rate of \$0.0518 per CCF effective July 1, 2010 until June 30, 2011 which is good for customers.

Info on
RWCAF

Moved by Board Member Carrillo, seconded by Board Member Macias and unanimously carried to adjourn.

Adjourn

TIME OF ADJOURNMENT: 7:42 P.M.

SECRETARY

NEXT RESOLUTION NO. 10-C41.