



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD/CITY COUNCIL
MONDAY, APRIL 25, 2011 – 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 Gonzales called the meeting to order.

Call to Order

ROLL CALL

Roll Call

PRESENT: BOARD MEMBERS: GONZALES, CARRILLO, HANKS, ROCHA
ABSENT: BOARD MEMBERS: MACIAS (entered meeting at 6:35 p.m.)

ALSO PRESENT:

Also Present

City Attorney Ferre, City Manager Delach, Director of Utilities Morrow, Assistant to the Director of Utilities Kalscheuer, Assistant Director of Water Operations Anderson, Public Works Director/Assistant City Manager Haes, Assistant Director of Resource Management Lehr, Assistant Director of Electric Operations Langit, Assistant Director Customer Service Vanca, City Engineer Hassel, Business Development/Public Benefits Coordinator Reid, Captain Momot, City Clerk Mendoza, Deputy City Clerk Toscano.

ELECTION OF OFFICERS

Election of Off.

Moved by Board Member Rocha, seconded by Board Member Carrillo and unanimously* carried to appoint Board Member Hanks as Utility Board Chairperson. * Board Member Macias entered the meeting following this action.

Hanks
UB Chairman

Moved by Board Member Gonzales, seconded by Board Member Rocha and unanimously carried to appoint Board Member Carrillo as Vice Chairperson of the Utility Board.

Carrillo UB
Vice Chair

PUBLIC PARTICIPATION

Pub Part

None.

None

UTILITIES DIRECTOR COMMENTS

Utilities Director Morrow announced that the Palo Verde Nuclear Power Plant operation has been extended to 2045.

Dir of Utilities
Comments
Info Palo
Verde Plant

UTILITY BOARD MEMBER COMMENTS

None.	Brd Mbr Cmts None
The CONSENT CALENDAR consisting of Items D-1 through D-4, were approved by motion of Board Member Hanks, seconded by Board Member Carrillo and unanimously carried.	Consent Cal Appvd
1. The minutes of the regular meeting of January 31, 2011, were approved as written.	Minutes
2. Approval was given to award a professional services agreement to SA Associates for inspection services for Project W-266A, Water Main Replacement Project in Hilltop in Azusa, San Bernardino Road in West Covina and Los Angeles County, and Workman Avenue in West Covina, in amount not-to-exceed \$58,000.	Water Main Replacement SA Associates W-266A
3. Amendment to blanket purchase order number 1111798 with Sterling Technologies, LLC for purchase of additional water treatment chemicals in amount of \$32,000, was approved.	Amend P.O. Sterling Tech
4. Contract was awarded to Survalent Technology Incorporated to furnish and install a SCADA system for monitoring the electric substations in amount not-to-exceed \$82,750.	Survalent Tech Cntrct SCADA

SCHEDULED ITEMS

Bill Payment Contracts Extension.

Director of Utilities Morrow presented item stating that there are two vendors who are currently processing bill payments on a contract, there are two reasons that changing vendors would be a hardship: (1) they are currently under contract with Systems & Software for enQuesta Customer Information System upgrade and according to the contract Systems & Software will only upgrade with current interfaces/vendors, which are Infosend and Paymentus; and (2) Infosend is intricately entwined in the business, including online billing and payment with web pages they wrote and designed. He responded to questions posed by Board Members regarding postage cost.

Moved by Board Member Gonzales, seconded by Board Member Macias and unanimously carried to approve the extension of contract with Infosend for two years until February 1, 2013 along with amended purchase order of \$181,000 for bill print/mail and electronic bill presentment/payment services, and approval of extension to Paymentus contract to process pay-by-phone and web payments for same period.

Solicitation of Request for Proposals to Evaluate the Azusa Hydroelectric Plant and Conduit.

Director of Utilities Morrow provided the history and background regarding conduit and powerhouse built in the late 1880's by SCE's predecessor. He stated that the power plant was replaced in late 1940's to convert from 50 hertz to 60 cycle power and in 1933 Pasadena purchased project from SCE during construction of the Pine Dam and Reservoir, now call Morris dam. He presented the revised scope of the work which was omitted from the staff report for the agenda item, and responded to questions posed. Lengthy discussion was held between Board Members and Staff.

Moved by Board Member Macias, seconded by Board Member Gonzales and unanimously carried to authorize staff to solicit proposals from qualified consultants to evaluate the condition of the Azusa Hydroelectric Plant and Conduit from an acquisition feasibility standpoint.

Refuse Rate Adjustment Public Hearing Notice Authorization.

Assistant to the Director of Utilities Kalscheuer addressed the issue stating that every year there is a refuse rate adjustment pursuant to the agreement with Athens Services and that new rates are effective July 1, and according to Prop 218 requirements there is a need for a 45 advanced notice of a public hearing.

He noted the adjustment will be made using the Consumer Price Index, Puente Hills disposal rates paid by Athens and amount of waste collected. He stated that there has been a 1.8 % increase in the CPI from January 2010 to January 2011 and landfill prices were stable at \$38.26/ton. He noted the amount of waste collected, noting the rate changes, i.e. decrease in residential barrel service and multifamily bin rates, and an increase in commercial bin service rates; he presented cost comparison for surrounding cities. He responded to questions posed by Board Members and discussion was held. Board Member Macias requested that staff look into the cost of replacement barrels and consider providing for household without them and spread cost over a certain time period.

C. Kalscheuer
Continued

Moved by Board Member Macias, seconded by Board Member Gonzales and unanimously carried to authorize staff to print and mail advanced notice of public hearing to be held June 20, 2011 to consider the annual refuse rate adjustment and “true up.”

Pub Hrg Ntc
Approved
Refuse Rate

Water Supply Update and Ratification of Cancellation of Phase II Water Shortage Declaration.

Water Supply

Director of Utilities Morrow detailed the reason for the current Water Rule 21 which provided for the declaration of various drought phases adopted as of July 1, 2008. He stated that the rainfall has been above average for the past two years, groundwater in the Main San Gabriel Basin is at 230 feet (37 feet higher than last year), State Water Project allocation raised from 50% to 80%, Dams are 80% full, and Azusa’s percolation ponds are full and overflowing. He stated that Governor Brown declared the 3 year drought over on March 30, 2011, and the snowpack state-wide is 165% of normal. He stated that he and the City Manager recommend cancellation of the Phase II water shortage and voluntary continuation of sound water use & efficiency practices by water users. Lengthy discussion was held.

Dir of Util
Comments

Moved by Board Member Macias, seconded by Board Member Hanks and carried by roll call to ratify the City Manager’s and Director of Utilities’ recommendation to cancel the Phase II Water Shortage Declaration effective May 1, 2011 due to an improved water supply situation, while strongly encouraging continuation of water conservation measures by consumers. Board Member Rocha and Board Member Gonzales dissenting.

Cancel Phase II
Water Shortage
Declaration
Approved

Local Resource Adequacy Capacity Purchase Agreements for 2012.

Capacity Pur
2012

Assistant Director of Resource Management Lehr addressed the item stating the Resource Adequacy Program provides that the city procure sufficient electric power capacity plus 15% for reserve margin ahead of time to ensure adequate supply of electricity. Azusa’s Local Capacity requirement for 2012 is 35 MW and current wind and hydro resources provide 4 MW; there is a net requirement is 31 MW. He reported that proposals for capacity resources were received from five bidders on April 12th; he detailed the System Capacity and Local Capacity, and recommended to purchase 31 MW of Local Capacity from NRG and Calpine and reject all System capacity offers as too high and continue to monitor the market.

Y. Lehr
Comments

Moved by Board Member Carrillo, seconded by Board Member Macias and unanimously carried to approve two Local Resource Adequacy Capacity purchases totaling 31 Megawatts (\$883,200) from NRG and Calpine; and authorize the Director of Utilities to execute confirmation agreements.

Pur LRA
Capacity NRG
And Calpine

STAFF REPORTS/COMMUNICATIONS

Staff Rpts

Assistant Director of Electric Operations Langit presented background information on Emergency Repair Work at 543-529 Virginia Ann Drive stating that on March 12th a 1980’s vintage “direct buried” electric service line failed and a temporary overhead service was installed, but permanent repair required installation of underground conduit. Emergency purchase order was issued to MJ Star Lite to install the conduit and all repair work was completed on April 12, 2011. He responded to questions posed by the Board Members.

Emergency
Repair work
Virginia Ann

Assistant Director of Electric Operations Langit reported on the Novinium Cable Rejuvenation Pilot Project, detailing the technology involved and displaying the several photos of the project, i.e. riser treatment, UG cables inside vault and transformer, cable rejuvenation tools and equipment and the cable rejuvenation. He presented a cost comparison regarding buried cable rejuvenation versus conventional cable reconstruction.

Cable
Rejuvenation
Pilot Project

Director of Utilities Morrow and Business Development/Public Benefits Coordinator Reid presented the “Keep Your Cool” Programs which Audits and Retrofits Small Businesses as well as convenience stores and small grocery stores which are limited to lighting and building shell improvements. It provides refrigerator equipment tune-ups, refrigerator door seal replacements, and inside case lighting retrofits. The Program is administered through existing SCPPA joint action agreement with a \$60,000 budget per year. They responded to questions posed by Board Members.

Keep Your
Cool Program

Assistant to the Director of Utilities Kalscheuer presented the 2nd Quarter Budget Reports for Electric and Water Utilities. He stated that the Water utility started FY 11 with a \$22M cash reserve, sales dropped 5.2% from prior year and 25% from FY07 for 2nd quarter. Debt service coverage of 1.57 is good and major pipeline replacement project is planned for later in the fiscal year. For the Electric, the beginning reserve balance was \$11.4 million with a positive cash flow of \$732,000 to date. Debt coverage of 7.08 is good, PCA revenue to date of \$1.2 million and sales declined 5.2% from prior year through second quarter and 9.2% from two years ago. Discussion was held.

2nd Quarter
Budget Reports
Water and
Electric
Utilities

It was consensus of Board Members to adjourn.

Adjourn

TIME OF ADJOURNMENT: 8:13 P.M.

SECRETARY

NEXT RESOLUTION NO. 11-C32.