



CITY OF AZUSA

MINUTES OF THE REGULAR MEETING

OF THE AZUSA UTILITY BOARD/CITY COUNCIL

MONDAY, SEPTEMBER 26, 2011 – 6:31 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 Hanks called the meeting to order.

Call to Order

Mr. Art Morales led in the Flag Salute.

Flag Salute

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, Assistant Director of Customer Service Vanca, Assistant Director of Water Operations Anderson, Assistant Director of Resource Management Lehr, Administrative Services Director – Chief Financial Officer Kreimeier, Public Works Director/Assistant City Manager Haes, Assistant Library Director Strege, Assistant Director of Electric Operations Langit, Lieutenant Bertleson, City Clerk Mendoza, Deputy City Clerk Toscano.

PUBLIC PARTICIPATION

Pub Part

Mr. Art Morales addressed the Board Members expressing his concern regarding the Edgewood Shopping Center stating that people do not shop there due to vagrants, and crime. He thanked the Azusa Light and Water employees for their quick response to a power outage in the area where he resides. He stated that people are taking shopping carts out of the Target parking lot and suggested that the curb by the alley where the Post Office is be painted red as it is hard to get in and out of the parking lot.

A. Morales
Comments

Lieutenant Bertleson responded to comments made regarding the Edgewood Shopping Center stating that the Service Area Officer is well aware of problems and is looking into the matter.

Lt. Bertleson
Response

UTILITIES DIRECTOR COMMENTS

Dir Comment

Director of Utilities Morrow addressed the Board Members stating that the new Customer Information Billing System is now live, they have completed the installation of Ice Bear cooling system replacing the air conditioning system in the computer room and they may install the same at North Recreation Center and City Hall, the Governor has signed Bills for heavier penalties for the theft of copper wire and allowing DMV to provide information on electric vehicle registration, and the EPA order SCR, selective catalytic reduction at San Juan new environmental system has been appealed.

Dir of Utilities
Comments

UTILITY BOARD MEMBER COMMENTS

Brd Mbr Com

None.

None

The **CONSENT CALENDAR** consisting of Items D-1 through D-7, were approved by motion of Board Member Gonzales, seconded by Board Member Carrillo and unanimously carried.

Consent Cal
Appvd

- 1. The minutes of the regular meeting of July 25, 2011, were approved as written. Minutes
- 2. Approval was given to award of contract to Systems & Software in amount not-to-exceed \$16,000 to automate the process of uploading/downloading payment files from Azusa Light & Water's three payment vendors. Systems &
Software
- 3. Approval was given to ratify the award of contract to AAJ Incorporated in amount not-to-exceed \$12,745 for urgent repairs of the underground electric conduit that runs along the north end of Avenida Conejo and onto the property of Azusa Greens Golf Course, north of Sierra Madre Avenue. AAJ Inc.
Repair of
Elect Conduit
- 4. Approval was given to award contract to Best Contracting Services in amount not-to-exceed \$112,345 for refurbishing the existing roof at the Electric Division Yard (1020 W. 10th Street). Best Contract
Svs roof repair
- 5. Approval was given to ratify the water rights leases to the Sunny Slope Water Company and Miller-Coors and ratify signature of the leasing documents signed by Sunny Slope Water Company as allowed by Resolution No. 09-C69 approved by the Utility Board on July 27, 2009. Sunny Slope
Water ratify
Wtr rights
- 6. The bid by Ironman was approved in the amount of \$61,981.00 to retrofit four (4) Water Division diesel trucks with Particulate Matter (PM) Traps pursuant to Azusa Municipal Code 2-523. Ironman
retrofit trucks
- 7. The proposal of Moss, Levy, & Hartzheim, LLP was approved in amount not-to-exceed \$19,845 to provide auditing services to the Financing Authority for Resource Efficiency of California (FARECal) pursuant to agreement with FARECal approved by the Utility Board on November 22, 2010. Moss, Levy &
Hartzheim
audit svcs

SPECIAL CALL ITEM

Spec Call Item

None.

None

SCHEDULED ITEMS

Sched Items

Execution of Memorandum of Understanding for the Assignment of San Juan Unit 3 Entitlement Rights.

MOU Assign
San Juan Rights
Dir of Utilities
Comments

Director of Utilities Morrow addressed the issue stating that the Utah Associated Municipal Power Systems (UAMPS) has been identified as a possible buyer of Azusa's San Juan Interests. He talked about the increased cost for San Juan with declining performance and cited many issues. He presented a Memorandum of Understanding regarding the acquisition of Rights in San Juan 3, and talked about UAMPS and its baseload needs, and detailed the MOU.

Moved by Board Member Carrillo, seconded by Board Member Rocha and unanimously carried to authorize the Director of Utilities to sign a Memorandum of Understanding (MOU) for the layoff and sale of Azusa Light & Water's interest in the San Juan Project to the Utah Association of Municipal Power Systems (UAMPS). MOU w/ UAMPS Approved

Amendment to the Azusa Risk Management Policy. Amend RMP

Assistant Director of Resource Management Lehr addressed the issue stating that Risk Management Policy was adopted in 1999 and amended once to allow for gas hedging. SBX1 2, California Renewable Energy Resources, and AB 32 Global Warming Solutions Act were enacted and affect electric utilities which make it necessary to enhance the Risk Management Policy. The GHG regulation is an allowance to emit one metric ton of Nox equivalent gas, which offsets the need to reduce GHG or CO emissions. The RPS regulation is the Renewable Energy Credit which is the "renewable attribute" associated with generating one MWH of energy by the CEC certified renewable resource. Asst Dir Res Management Lehr

Moved by Board Member Macias, seconded by Board Member Gonzales and unanimously carried to approve the amendments to the Azusa Risk Management Policy as shown in the attachments to this report, including Exhibit A and Appendix D-1. Risk Mngmt Policy amend Approved

Authorization to Solicit Proposals for Financial Advisor. Prop Fin Advsr

Assistant to the Director of Utilities Kalscheuer stated this is a request or proposals for a Financial Advisor to evaluate and facilitate refunding of long term debt for water utility. He talked about the revenue bonds issued to buy Azusa Valley Water Company in 1993 that were refinanced in 2003 by the issuance of \$20,370,000 in Certificates of Participation. He stated that recent bond market trends indicate possible savings by refinancing, and the current debt service is \$1.255 million per year with an average yield of 4.78%. He highlighted the Scope of Work which would analyze the 2003 debt to validate savings, develop a strategy to implement refinancing, assist with selection of bond counsel to develop necessary documents, obtain updated rating from credit rating agencies and advise City during sale proceedings and closing. Asst Dir Util Kalscheuer

Moved by Board Member Carrillo, seconded by Board Member Macias and unanimously carried to approve Request for Proposal (RFP) scope of work and authorize staff to issue RFP to solicit proposals from Financial Advisors to consider options to refinance long term debt of water utility related to the purchase of Azusa Valley Water Company. RFP Financial Advisors Approved

STAFF REPORTS/COMMUNICATIONS Staff Rpts

Assistant to the Director of Utilities Kalscheuer presented the Fourth Quarter Budget Report for Electric and Water Funds, FY 2010-2011. The Water utility ended FY 11 with \$26.3M cash reserve (\$25M minimum, quarterly sales dropped 6.0% from prior year and 26% from FY07, debt service coverage of 1.33 is adequate (1.25 goal). The Electric fund has a positive cash flow of \$323K, reserve level is \$11.7 million, debt coverage of 5.6 is good and sales declined 2.8% from prior year through second quarter and 5.6% from two years ago. C. Kalscheuer Water and Electric Fourth Quarter Budget Report

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

TIME OF ADJOURNMENT: 7:18 P.M.

SECRETARY

NEXT RESOLUTION NO. 11-C71.

09/26/11 PAGE THREE