



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD/CITY COUNCIL
MONDAY, JANUARY 23, 2012 – 6:35 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.

Vice-Chairman Carrillo called the meeting to order.

Call to Order

Board Member Gonzales led in the Flag Salute.

Flag Salute

ROLL CALL

Roll Call

PRESENT: BOARD MEMBERS: GONZALES, CARRILLO, MACIAS, ROCHA
ABSENT: BOARD MEMBERS: HANKS

ALSO PRESENT:

Also Present

City Attorney Carvalho, City Manager Makshanoff, Director of Utilities Morrow, Assistant to the Director of Utilities Kalscheuer, Assistant Director of Water Operations Anderson, Assistant Director of Resource Management Lehr, Public Works Director/Assistant City Manager Haes, Assistant Director of Electric Operations Langit, Director of Economic and Community Development Christiansen, Police Officer Eldridge, City Clerk Mendoza, Deputy City Clerk Toscano.

PUBLIC PARTICIPATION

Pub Part

Mr. Jorge Rosales addressed the Board Members regarding Athens Services' Proposal on Automated Trash Collection stating the item should go through the public hearing process in order to insure input by the residents.

J. Rosales
Comments

UTILITIES DIRECTOR COMMENTS

Dir Comment

None.

None

UTILITY BOARD MEMBER COMMENTS

Brd Mbr Com

None.

None

The **CONSENT CALENDAR** consisting of Items D-1 through D-6, were approved by motion of Board Member Gonzales, seconded by Board Member Macias and unanimously carried.

Consent Cal
Appvd

1. The minutes of the regular meeting of November 28, 2011, were approved as written. Minutes appvd
2. Approval was given for the funding request of CRC in amount of \$5,525 to conduct a backyard compost workshop on April 14, 2012. Compost Workshop
3. Approval was given for the modification of Rules and Regulations Schedule RL, Residential Services with Life Support Devices, to include apnea monitors, kidney dialysis machines, and heart monitors, provided this equipment runs on electricity supplied by Azusa Light & Water. Rules & Regs Schedule Modification
4. The specification for a replacement Electric Utility flatbed dump truck and approval was given for its purchase using the City's alternative purchasing procedure from Downtown Ford Sales in amount not-to-exceed \$67,485.25 including delivery and applicable taxes. Electric Utility Flatbed Truck Replacement
5. The Director of Utilities or his designee was authorized to register the City of Azusa with California GHG program for GHG compliance and holding accounts and to administer such in accordance with AB 32 Regulations. GHG Program Registration
6. Approval was given for the amendment of Sterling Technologies, LLC blanket purchase order for purchase of chemicals for water treatment plant in amount of \$90,000. Sterling Tech. Blanket PO

SPECIAL CALL ITEM

Spec Call Item

None.

None.

SCHEDULED ITEMS

Sched Items

Refunding of Water Utility Long Term Debt – 2003 Series A Certificates of Participation (COP).

Refunding
Water Utility
Long Term
Debt – 2003
COP's

Director of Utilities Morrow addressed the issue providing information regarding refinancing the Water Series A outstanding debt, which has an average yield presently of 4.58%; this can be refinanced at a yield of 1.83% based on current market; the NPV savings is estimated to be \$1.3 million or about \$150K per year (11.5% savings).

Moved by Board Member Rocha, seconded by Board Member Gonzales, and unanimously carried to approve the following items: 1) Authorize staff to commence work to refinance outstanding debt associated with 2003 issuance of Series A COP in amount of about \$11.6 million; 2) approve scopes of work included in this report for two requests for proposals: (a) bond and disclosure counsel; and (b) underwriter services; and 3) authorize staff to solicit proposals for respective professional services necessary to prepare refinancing documents.

Refinancing
Outstanding
Debt associated
with 2003
COP's

Financial Advisory Services to Refund Electric Utility Debt – 2003 Series B Certificates of Participation (COP).

Financial
Advisory Svs

Director of Utilities Morrow addressed the issue providing information regarding refinancing Electric Series B outstanding debt, which has an average yield presently of about 4.8%; the City's FA estimates that this series can be refinanced through private placement at 3.2%, and that this would generate savings of 7.7%; the NPV saving would be about \$421K, or about \$85K annually. He stated that Staff also intends to look closer at a joint refinancing with the Water Series A to confirm private placement is the best approach.

Series B Cert
Of
Participation

Moved by Board Member Gonzales, seconded by Board Member Carrillo, and unanimously carried to approve a professional services agreement with Urban Futures in amount not-to-exceed \$19,550 to serve as financial advisor to refinance 2003 issuance of Series B COP debt in amount of about \$5.3 million.

PSA Urban
Futures
Approved

Request for Proposals (RFP) and Authorization to Solicit Engineering Services for Sludge Handling Facility at the Hsu-Canyon Water Filtration Plant.

RFP Engr Svs
Sludge
Handling
Anderson
Comments

Assistant Director of Water Operations Anderson addressed the item stating that Azusa's Water treatment Plant has been operating for approximately 2 years and the amount of sludge produced through the treatment process exceeds projections. There are presently three sludge drying beds designed to dewater using evaporation. However, evaporation is complicated by the drying beds being located at the foot of a mountain canyon. There are options to improve sludge handling and the input of an expert is recommended.

Moved by Board Member Rocha, seconded by Board Member Macias, and unanimously carried to approve the scope of work in RFP for engineering services to conduct a feasibility study of sludge handling alternatives for the Hsu-Canyon Water Filtration Plant and authorize staff to solicit proposals.

RFP Engr Svs
Approved

STAFF REPORTS/COMMUNICATIONS

Staff Reports

San Juan Update: CEC Rulemaking Affecting Local Publicly –Owned Electric Utilities with Coal Plant Participation.

San Juan
Update

Director of Utilities Morrow stated that the Sierra Club and the Natural Resources Defense Council (NRDC) filed a joint Petition with CEC related to SB 1368 which forbids California Utilities from contracting for new coal energy for more than 5 years. It also forbids utilities from making investments in existing coal power plants that would extend life by more than 5 years. The Petitioners allege that publicly –owned utilities are making non-compliant investments. On January 12th the CEC approved the Petition and established a “Rulemaking” related to SB 1368 and a variety of entities testified at the meeting including Azusa who expressed concern on what was being proposed. He stated the uncertainty of the Rulemaking adversely impacts Azusa's planned sale of San Juan and he will keep the Board Members informed.

Dir of Util
Comments

Report on Third Quarter Azusa Light & Water's Purchase of 15 MW of Power.

Purchase Pwr

Director of Utilities Morrow addressed the issue stating that due to the 2011 coal mine fire at San Juan there is a possibility that there may not be enough coal to operate the plant at full capacity in Q3 so in January 2012 Azusa purchased 15 MW of energy and capacity for Third Quarter (Q3), the price was \$31.44. He detailed the rationale for the purchase.

Dir of Util
Comments

Assistant to the Director of Utilities Kalscheuer provided an update on Athens Services' Proposal on Automated Trash Collection. He presented the proposal as follows: automated trash collection to residents using black & green 90 gall barrels, mixed waste to Athens MRF and green waste to Puente Hills until closure then to Athens' organics facility in Victorville, City to buy compost from Athens if needed. Annual free compost giveaway for residents. Athens indemnifies City against AB 939 fines if City does not reach 50% waste diversion requirement, and no additional cost except or extra barrels if needed. Request for 4 year contract extension – upon clarification, Athens indicated they wished to extend “evergreen” by 4 years (8 years to 12 years), this was not acceptable to L&W staff that prefer not to extend 8 year evergreen as it limits future flexibility. Compromise scenario: Azusa will not exercise evergreen during next eight years and would have the right to bid out waste processing services at the end of this period. Athens would have the right to match. Athens requested that street sweeping services be added to the waste contract, Staff is reviewing. With regard to Extra Barrels, Athens original proposal left this item for future discussion.

Update
Automated
Trash
Collection
Assist Dir
Utilities

Lengthy discussion was held between Staff, Board Members and Mr. Chapetta of Athens Services regarding the possible areas that may not be served, alleys and truck backing in and out, surveying of other cities, number of barrels needed, bulky item pickup, rate adjustment methodology, rates going up at landfills, not cost for equipment, alternative fuels, review process for rollout, billing rate, increase in waste diversion with the system, and two man trucks – no layoffs. It was consensus of the Board Members that Staff will bring a Power Point presenting the issue to the public at a Council Meeting and a public hearing to receive input from residents.

Discussion
Automated
Trash
Collection

Director of Utilities Morrow announced the American Public Power Association (APPA) Annual Conference to be held from June 16-20, 2012, in Seattle, Washington, and asked Board Members if they were interested in attending to contact him. APPA Annual Conference

It was consensus of the Board Members to adjourn.

Adjourn

TIME OF ADJOURNMENT 7:22 P.M.

SECRETARY

NEXT RESOLUTION NO. 12-C7.