



**CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD/CITY COUNCIL
MONDAY, JULY 23, 2012 – 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 (AL&W) Conference Room, located at 729 N. Azusa Avenue, Azusa, California.

Chairmember Carrillo called the meeting to order and led in the Flag Salute.

Call to Order

ROLL CALL

Roll Call

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

Also Present

ALSO PRESENT:

City Attorney Ferre, City Manager Makshanoff, Director of Utilities Morrow, Assistant to the Utilities Director Kalscheuer, Public Works Director/Assistant City Manager Haes, Police Captain Momot, Assistant Director of Water Operations Anderson, Assistant Director of Resource Management Lehr, Library Director Johnson, Interim Finance Director Paragas, City Clerk Mendoza, Administrative Technician Hernandez.

PUBLIC PARTICIPATION

Pub Part

Mr. Mike Lee addressed Board Members requesting electric discounts for local businesses.

M. Lee
Comments

Mr. Art Morales addressed Board Members on the following issues: a request to place a L&W drop off box payment at Azusa and San Gabriel, concerns on saving water, swimming pool hours of operation, electric discount to local businesses, concerns on library windows being hit by balls from the park, and a request to speak on any item at council's special meetings.

A. Morales
Comments

UTILITIES DIRECTOR'S COMMENTS

Director's
Comments

None

UTILITY BOARD MEMBERS COMMENTS

Board
Members
Comments

None

Consent Cal

The **CONSENT CALENDAR** consisting of Items D-1 through D-3, was approved by motion of Board Member Gonzales, seconded by Board Member Macias and *unanimously carried.

1. The minutes of the regular meeting of June 25, 2012, were approved as written. Min appvd
2. Director of Utilities was authorized to register and create an account with the Compliance Instrument Tracking System Service (CITSS) as required by the California Air Resources Board (CARB) and administer, either directly or through his designee(s), any activities associated with the account, as needed for AB 32 compliance. Compl
Instrument
Tracking
System
3. The Professional Services Agreement in amount of \$58,000 with SA Associates to provide inspection services for Water Main Replacement Project W-265 was approved. SA Assoc
Proj W-265

SPECIAL CALL ITEMS

None

SCHEDULED ITEMS:

(1) First Amendment to the Lodi Energy Center (LEC) Project Management and Operations Agreement (PMOA); (2) Resolution to Appoint LEC Project Representatives for Green Houses Gass (GHG) Matters.

Utilities Director Morrow addressed the item explaining that Azusa Light & Water entered into the LEC PMOA in 2010, and subsequent the adopted GHG Cap & Trade Program, that became effective 2012, enforcements of the PMOA is to begin in 2013. Covered Entities, like Azusa, are given the right to emit a limited amount of GHG per year conveyed by allowances. Azusa receives free allowances based on historical emissions. Free allowances decline annually with a total reduction of 15% by 2020. This amendment provides legal authority to comply with Cap & Trade regulations agreeable to the LEC participants. Participants are required to appoint a representative to provide Cap & Trade direction to the Northern California Power Agency (NCPA).

Moved by Board Member Macias, seconded by Boardmember Gonzales and *unanimously carried to Approve the First Amendment to the LEC Project Management and Operations Agreement and authorize execution by the Director of Utilities.

Board Member Macias offered a Resolution Entitled:

A RESOLUTION OF THE CITY COUNCIL AND UTILITY BOARD OF THE CITY OF AZUSA, CALIFORNIA, APPOINTING REPRESENTATIVES OF THE CITY TO PROVIDE GHG COMPLIANCE DIRECTIONS TO THE LEC PROJECT.

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

AYES: BOARDMEMBERS: GONZALES, CARRILLO, MACIAS, ROCHA
NOES: BOARDMENBERS: NONE
ABSENT: BOARDMEMBERS: HANKS

Ratification of Annual Water Rights Leasing Transactions Conducted by Water Division.

Assistant Director - Water Operations Anderson addressed the item explaining that Azusa is part of the Main San Gabriel Basin, which is an adjudicated water basin wherein Azusa has a certain amount of water rights. Due to the temporary suspension of Section 27, Light & Water is able to purchase additional water from the San Gabriel Valley Municipal Water District and lease excess rights to other water purveyors.

After further discussion, it was moved by Board Member Macias, seconded by Board Member Rocha, and *Unanimously carried to ratify the execution of the water rights lease agreement with Canyon Water Company.

Canyon
Water Co.

Approval of Request for Proposals (RFP) for Consulting Services to Assist Azusa in Formulating Least Cost AB32 Compliant Cap-and-Trade Strategies and Alternatives.

RFP Consult
Svcs to assist
on GHG Cap
& Trade

Utilities Director Morrow addressed the item explaining that Cap & Trade rules for GHG are being finalized by the California Air Resources Board (CARB). Azusa will only be allowed to emit certain metric tons of carbon a year. Light & Water needs assistance to set up a strategy to sell some of these emissions at the November Auction.

Moved by Board Member Gonzales, seconded by Board Member Rocha, and *unanimously carried to: (1) Approve the scope of work for Request for Proposals (RFP) to assist Azusa Light & Water in assessing and selecting best/viable Green House Gases (GHG) auction and Compliance Instrument trading alternatives and strategies; and (2) authorize issuance of the RFP for consulting services.

Approval of an Amendment to Rate Schedule “EDR-2” Revising Economic Development Rate Discounts for Qualified Non-Residential Electric Customers.

Amendment
EDR Schedule

Utilities Director Morrow addressed the item stating that this amendment encourages businesses, who receive a discount in excess of 15%, to stay in Azusa for a minimum of 5 years. Those who close their business and/or do not transfer it prior to the 5 years will, be required to refund a prorated portion of the discount.

Board Member Macias offered a Resolution Entitled:

A RESOLUTION OF THE CITY COUNCIL AND UTILITY BOARD OF THE CITY OF AZUSA, CALIFORNIA, AMENDING ELECTRIC UTILITY RATE SCHEDULE “EDR-2 ECONOMIC DEVELOPMENT RATE” PROVIDING ECONOMIC DEVELOPMENT INCENTIVES FOR QUALIFIED COMMERCIAL AND INDUSTRIAL ELECTRIC CUSTOMERS .

Reso 12-C57
Amend
EDR-2

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

AYES: BOARDMEMBERS: GONZALES, CARRILLO, MACIAS, ROCHA
NOES: BOARDMENBERS: NONE
ABSENT: BOARDMEMBERS: HANKS

STAFF REPORTS/COMMUNICATIONS

Staff Rpts

California Municipal Utilities Association (CMUA) Legislative Update.

Calif Muni
Utilities
Assoc
Update

Utilities Director Morrow addressed the Board Members informing them that there is no legislation pending affecting Azusa. However, at the last meeting of the CMUA, an initiative was started in 2010 to identify the 40 different regulatory and legislative mandates on electric utilities, including the Cap & Trade. Affirmative action will be taken to point these out to Legislature, and of the cost and time to manage, which is very high.

San Juan Update.

San Juan
Update

Utilities Director Morrow addressed the Board Members informing them that the owner of San Juan is negotiating with the Environmental Protection Agency (EPA) and might retire units 1 or 2, it is a 4 unit plant. This will put less expensive environmental control in the remaining units. As a result, regulated entities, mostly California, can opt out of San Juan. Due to the amount of residual debt service Azusa prefers to sell its piece instead of opting out. Even though the environmental control will be less, it is difficult to predict how it will be in 2020. The allowances from this sale can be invested elsewhere.

Expansion of City of Glendora Water Production Facilities in Azusa.

Utilities Director Morrow addressed the Board Members informing them that Azusa helps manage the Upper Canyon Basin as a water resource, and that the City of Glendora has been drawing water from this basin for several years. It is a finite bowl that depletes quickly and requires continued maintenance and replenishment, and yet Glendora does not contribute to the maintenance. Staff is currently drafting an agreement for Glendora's share of cost to maintain the Upper Basin.

Glendora
Water
Production
Facilities in
Azusa

Update on "Section 27" of the Main San Gabriel Valley Water Basin Regulations.

Utilities Director Morrow addressed the Board Members informing them that Section 27 adversely impacts Azusa's ability to economically lease of water rights. Azusa has received water from the State Water Project for 50 years through the "Four Cities" District and at times has excess water from this relatively inexpensive source. With Section 27 in place, there is a cost re-allocation by the Watermaster that eliminates the benefit to Azusa to lease water to others. Azusa and two other members of the Four Cities District are trying to eliminate Section 27 completely, because it serves a purpose that was not intended to serve.

Section 27
Update

It was consensus of the Board Members to adjourn.

Adjourn

TIME OF ADJOURNMENT: 7:32 P.M.

SECRETARY

NEXT RESOLUTION NO. 12-C58.

* Indicates Chairman Hanks absent.