



**CITY OF AZUSA**  
**MINUTES OF THE REGULAR MEETING**  
**OF THE AZUSA UTILITY BOARD/CITY COUNCIL**  
**MONDAY, OCTOBER 24, 2016 – 6:30 P.M.**

Chairman: Angel A. Carrillo  
Vice-Chairman: Uriel Edward Macias  
Board Member: Joseph Romero Rocha  
Board Member: Edward J. Alvarez  
Board Member: Robert Gonzales  
Secretary: Jeffrey Lawrence Cornejo, Jr.

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

Chairman Carrillo called the meeting to order at 6:29 P.M.

Pledge to the flag was led by Board Member Alvarez.

**ROLL CALL:** Roll call was taken by Secretary Cornejo.

**PRESENT: BOARD MEMBERS:** CARRILLO, MACIAS, ROCHA, GONZALES, ALVAREZ

**ABSENT: BOARD MEMBERS:** NONE

**ALSO PRESENT**

**Elected Officials:** Secretary Cornejo

**City Attorney:** Jeff Ferre

**Staff Members:** City Manager Butzlaff, Utilities Director Morrow, Assistant Director Customer Care Solutions Kalscheuer, Assistant Director of Electric Operations Langit, Utilities Communications and Environment Programs Specialist Sagun, Utility Programs Specialist Reid, Assistant Director Resource Management Lehr, Lietenant Bertlesen, Water System Engineer Barbosa, Chief Deputy City Clerk Garcia.

**PUBLIC PARTICIPATION**

None.

**UTILITIES DIRECTOR COMMENTS**

Utilities Director Morrow reported ten electric vehicle charging stations are located in the downtown parking structure and available at no charge until the Utility Board approves a rate structure. The Hoover tour will be rescheduled to a time when Board Members could attend. The proposed LED TV rebate would remain at 25% with no limit on the size of TVs, a maximum rebate amount of \$500 and a limit of one such rebate per family per year. If the Board approves the item, the updated program would begin November 1, 2016. The correct date of the minutes is September 26, 2016.

## **UTILITY BOARD MEMBER COMMENTS**

Chair Carrillo remarked that he had received complaints about non-electric vehicles parking in the charging station spaces. Acting Chief of Police Hunt advised that warnings would be issued for a period of time. Once that time period passed, citations would be issued. Time limitations and permits would be enforced.

## **CONSENT CALENDAR**

At the request of a Board Member, Chair Carrillo removed Items 4 and 5 from the Consent Calendar.

Moved by Chair Carrillo, seconded by Board Member Alvarez, to approve Consent Calendar Items 1-3 and 6-7 by the following vote of the Board:

AYES: BOARD MEMBERS: CARRILLO, GONZALES, ALVAREZ, ROCHA, MACIAS  
NOES: BOARD MEMBERS: NONE  
ABSTAIN: BOARD MEMBERS: ROCHA (Item 1 only), MACIAS (Item 1 only)

1. The minutes of the regular meeting of September 26, 2016 were approved as written.
2. Modifications to Azusa Light & Water's Residential Energy Efficiency Programs, effective November 1, 2016 and authorization of periodic program updates to be approved and reported to the Utility Board by the Director of Utilities, as needed, to meet cost-effectiveness goals and changes in legislation and/or regulations were approved.
3. Resolution No. UB-13-2016 approving the Electric Rate "Schedule EV – Electric Vehicle Off-Peak Charging Discount" to extend the off-peak discount for charging residential electric vehicles was adopted.
6. Pursuant to the Azusa Municipal Code Section 2-518(b)(2), authorization of the City Manager to execute a maintenance services agreement, in a form acceptable to the City Attorney, with E&L Landscape Services for a two-year contract extension beginning December 1, 2016 with a one-time 3% cost increase was approved.
7. Endorsement of the San Gabriel Mountain Community Collaborative (Collaborative) joint comment letter and plan; and authorization of the submittal of comments to the United States Forest Service conveying the City's support of the Collaborative's finalized letter and plan and raising specific interests concerning the Draft Plan were approved.

## **SPECIAL CALL ITEMS**

4. Approval of Purchase of a John Deere Backhoe Loader 310S1 Under NJPA Cooperative Contract.
5. Approval of Purchase of (2) 2017 Chevrolet Silverado 1500 Pickup Work Trucks to Winner Chevrolet Under California State Vehicles Trucks Contract Number 1-16-23-20D.

Board Member Alvarez noted staff obtained second bids for both Items 4 and 5. Utilities Director Morrow reported staff did not follow a formal bid process. Staff informally obtained second bids to verify purchase amounts. The sale prices are very good compared to the second bid amounts. The City Manager stated an informal price quote is a good due diligence litmus test to ensure pricing is reasonable. Staff showed that the City is receiving a good deal by going through the State contracts.

Moved by Board Member Alvarez, seconded by Board Member Gonzalez, to approve Items 4 and 5 by the following vote of the Board:

AYES: BOARD MEMBERS: CARRILLO, MACIAS, ROCHA, GONZALES, ALVAREZ  
NOES: BOARD MEMBERS: NONE  
ABSTAIN: BOARD MEMBERS: NONE

4. Competitive purchase requirements pursuant to Section 2-521(a), Article VII, Chapter 2 of the Azusa Municipal Code were waived; and issuance of a Purchase Order to John Deere Construction Retail Sales of Moline, Illinois, in an amount not to exceed \$127,722.11, including sales tax and delivery charges, for a 2016 John Deere Backhoe Loader 310SL with attachments was approved.
5. Competitive purchase requirements pursuant to Section 2-521(a), Article VII, Chapter 2 of the Azusa Municipal Code were waived; and issuance of a Purchase Order to Winner Chevrolet of Elk Grove, California, in an amount not to exceed \$48,546.72, including sales tax and delivery charges, for (2) 2017 Chevrolet Silverado 1500 Regular Cab 119.0-inch pickup work trucks was approved.

**SCHEDULED ITEMS**

1. Azusa Light & Water's Integrated Resource Plan.

Utilities Director Morrow advised that periodically updating the strategic vision and reviewing the entire power resource program is critical because power resources are a large part of the total budget.

Yarek Lehr, Assistant Director of Resource Management, reported that the Integrated Resource Plan (IRP) is a holistic look into potential scenarios for load and resources. Key issues for consideration are meeting load, adequacy of resources, compliance with laws and regulations, identification of reliable resources, and flexibility. Modeling of scenarios allows staff to develop portfolios. Assistant Director Lehr briefly reviewed the history of Azusa Light & Water, power contracts, peak load, and load factor. Due to efficiencies and load management, load growth is fairly moderate. From 2017 to 2036, growth is expected to total approximately 4 or 5%. Azusa Light & Water currently has 11 renewable Power Purchase Agreements (PPA). Azusa Light & Water is over-resourced because it was required to buy renewables. The San Juan contract ends December 31, 2017 however. After that date, staff can better match resources to the electric load profile. Currently, prices in the energy market are depressed and would be a good time to consider purchases to replace San Juan..

Staff and the Board discussed possible bid prices and community choice aggregation (CCA). Staff expects to request 3-year quotes and 5-year quotes by on-peak and off-peak periods. As a contract extends over more years, market prices typically include a higher risk premium/price. Utilities Director Morrow does not anticipate having to deal with community choice in the immediate future.

Moved by Vice-Chair Macias, seconded by Board Member Gonzales to adopt and file the Azusa Integrated Resource Plan and to authorize issuance of an RFP for energy supplies for up to 5 years by the following vote of the Board:

AYES:	BOARD MEMBERS:	CARRILLO, MACIAS, ROCHA, GONZALES, ALVAREZ
NOES:	BOARD MEMBERS:	NONE
ABSTAIN:	BOARD MEMBERS:	NONE

**STAFF REPORTS/COMMUNICATIONS**

Fiscal Year 2015/2016 Fourth Quarter Budget Reports for Electric and Water Funds.

Utilities Director Morrow indicated both the Electric and Water Funds have positive cash flow, revenues are over-budget, and expenses are under revenues as a percentage. Water sales are down 13 percent, and debt service coverage is sufficient by a small margin. The Electric Fund has good debt service coverage, and cash reserves are at a good level. Electric sales are comparable to the previous year. While revenues are down, expenses are down even more. Miscellaneous revenue in the Electric Fund are contributions from developers.

Water Supply Update

Utilities Director Morrow reported that the water basin is at the lowest level ever, well below the minimum level. The WaterMaster's preliminary strategy to mitigate the low level of the basin would cost Azusa Light & Water approximately \$665,000 the first year with an increase of approximately \$400,000 each year thereafter. Staff is pushing back on this strategy, because the water would go into the main basin from which Azusa Light & Water draws only a little water.

Utilities Director Morrow reviewed advantages and disadvantages of actions the WaterMaster is considering. In the longer term, Azusa Light & Water's two largest customers would raise concerns regarding the use of reclaimed water if reclaimed water were brought into the basin near Azusa. At one time, Azusa Light & Water had quite a few wells in the main basin, but they were shut down because of water quality. Staff is testing water quality to determine whether a well in the main basin is feasible.

City Manager Butzlaff advised that San Gabriel Valley City Managers expressed concern about the water assessment and impacts of the Carson reclaimed water facility. They would put pressure on the WaterMaster to delay any decisions so they could discuss the impacts to cities in the eastern San Gabriel Valley.

SCPPA Federal Legislative Update

Utilities Director Morrow noted a report is included in Board information.

CLOSED SESSION

None

ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

**TIME OF ADJOURNMENT: 7:22 P.M.**



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**CITY CLERK/SECRETARY**