



**CITY OF AZUSA**  
**MINUTES OF THE REGULAR MEETING**  
**OF THE AZUSA UTILITY BOARD/CITY COUNCIL**  
**MONDAY, JULY 24, 2017 – 6:30 P.M.**

Chairman: Uriel E. Macias  
Vice Chairman: Robert Gonzales  
Board Member: Joseph R. Rocha  
Board Member: Edward J. Alvarez  
Board Member: Angel A. Carrillo  
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.

Chair Macias called the meeting to order at 6:30 P.M.

Pledge to the flag was led by Chair Macias.

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

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

**ABSENT: BOARD MEMBERS:** NONE

**ALSO PRESENT**

**Elected Officials:** Secretary Cornejo

**City Attorney:** Jeff Ferre

**Staff Members:** Utilities Director Morrow, Assistant Director Customer Care Solutions Kalscheuer, Assistant Director of Electric Operations Langit, Assistant Director of Water Operations Macias, Utilities Communications and Environment Programs Specialist Sagun, Utility Programs Specialist Reid, Assistant Director Resource Management Lehr, Senior Management Analyst Lacasella

**A. PUBLIC PARTICIPATION**

None.

**B. UTILITIES DIRECTOR COMMENTS**

Utilities Director Morrow provided a chart comparing electric rates in the region. Azusa Light and Water's (ALW) electric rates compare very well with other utilities' rates. ALW's commercial electric rates compare especially well. This chart does not include ALW's recent PCA rate decrease.

Assistant Director of Electric Operations Langit presented the Utility Board with a Certificate of Excellence in Reliability from the American Public Power Association in recognition of the achievement of the electric division in maintaining a reliable electric distribution system for the Azusa community.

Utilities Director Morrow shared a video of a metallic balloon contacting an electric power line. Squirrels are also a problem with power lines.

In response to Board Members' questions, Utilities Director Morrow advised that IID stands for the Imperial Irrigation District located in El Centro. IID is a member of the Southern California Public Power Authority (SCPPA). Cerritos is a different kind of public power agency. Bill Carnahan retired from SCPPA and is now interim CEO for the Community Choice Aggregation (CCA) in Los Angeles known as Los Angeles Community Choice Energy (LACCE). At this point, LACCE looks good for cities served by an investor-run utility with high rates. Any city located in Los Angeles County with no municipal utility should seriously consider joining LACCE.

**C. UTILITY BOARD MEMBER COMMENTS**

None.

**D. CONSENT CALENDAR**

Moved by Board Member Carrillo, seconded by Board Member Gonzales, to approve the Consent Calendar by the following vote of the Board:

AYES:	BOARD MEMBERS:	MACIAS, GONZALEZ, ROCHA, ALVAREZ, CARRILLO
NOES:	BOARD MEMBERS:	NONE
ABSENT:	BOARD MEMBERS:	NONE

1. The minutes of the regular meeting of June 26, 2017 were approved as written.
2. Resolution No. UB-09-0271, accepting the Grant of Easement for the property at 219 South Azusa Avenue was adopted; and the City Clerk was authorized to file the easement in the Office of the Los Angeles County Recorder.
3. Resolution No. UB-10-2017, accepting the Grant of Easement for the property at 229 South Azusa Avenue was adopted; and the City Clerk was authorized to file the easement in the Office of the Los Angeles County Recorder.
4. Resolution No. UB-11-2017, authorizing the Director of Utilities or his designee to execute the Direct Payment – Letter of Instruction, Agreement No. 17Y-1403 and any subsequent and similar Agreements with the State of California for the Low Income Home Energy Assistance Program, was adopted; and the Mayor was authorized to executed the resolution.
5. The Director of Utilities was authorized to opt-in and register ALW in the Low Carbon Fuel Standard Program administered by the California Resources Board.
6. The Professional Services Agreement (PSA) with PMCM Consulting Engineers in an amount not to exceed \$49,000 was approved; and the City Manager was authorized to execute the associated PSA in a form acceptable to the City Attorney.
7. Cancellation of the Utility Board regular meeting for August 28, 2017 was approved.

**E. SCHEDULED ITEMS**

1. Award Contract to Alridge Electric, Inc., for Furnishing and Installing New LED Street Lights and Mast Arms Along Foothill Boulevard as per Project LD2017-1.

Utilities Director Morrow reported ALW has two projects on the calendar. The first project is an upgrade to LED lights and some mast arm replacement on Foothill and Alostia Boulevards. The low bid came in at \$255,000, which includes approximately \$19,000 for optional painting of the light fixtures. Utilities Director Morrow requested the Board's feedback regarding the color of the fixtures. Three standard colors are available, and staff is considering the gray color. The quote includes custom paint to match the fixtures in downtown.

Board Members discussed the lifespan of custom paint, possible maintenance issues with a custom color, and the blue color being identified with downtown more than the corridor.

Utilities Director Morrow clarified that custom paint would be applied at the factory. The paint on the fixtures will degrade after probably 10-20 years. Aldridge Electric, the low bidder, has a location in Azusa and is very experienced.

Moved by Board Member Carrillo, seconded by Board Member Rocha, to approve the staff recommendation and to paint the fixtures gray by the following vote of the Board:

AYES:	BOARD MEMBERS:	MACIAS, GONZALEZ, ROCHA, ALVAREZ, CARRILLO
NOES:	BOARD MEMBERS:	NONE
ABSENT:	BOARD MEMBERS:	NONE

2. LED Conversion of Azusa Avenue Decorative Lights.

Utilities Director Morrow reported this project relates to the possible conversion of decorative lights along Azusa Avenue from high pressure sodium (HPS) to LED. LED light will not be as intense but will be as bright as HPS light. Staff has received some public comments that current lights are too intense. If the Board approves the conversion, staff will also replace globes that have yellowed.

Board Members remarked that LED lights will be more energy efficient and will match LED lights already installed in the area. Board Members expressed interest in knowing how long it will take for the cost savings to pay for the retrofit and in knowing the difficulty of switching out bulbs for holidays.

Utilities Director Morrow indicated LED lights require less frequent maintenance. This item will have no fiscal impact at this time because staff is seeking direction only. The cost of this project, approximately \$150-\$200 per light fixture, will be within staff's authority. Staff is considering a globe with a shield on the top to prevent light from reflecting up and into multistory residences. City staff will be able to perform the conversion.

The Board reached consensus to convert the decorative lights on Azusa Ave between 5<sup>th</sup> and 9<sup>th</sup> streets to LED lights.

**F. STAFF REPORTS/COMMUNICATIONS**

1. Advanced Metering Infrastructure (AMI) Update

Assistant Director Customer Care Solutions Kalscheuer reported that the Master Agreement with Sensus USA, Harris Computer Corporation, and Utility Partners of America (UPA) puts Sensus in a project management role and probably saves ALW time in dealing with individual contractors. Technology for the project includes installation of a fixed wireless network and replacement of meters. New software includes applications to interface with the network, store and analyze meter data, and integrate with various utility systems. Phase 1 of the project is installation of the network base station, a limited number of electric and water AMI meters, and software installation/configuration. Once ALW accepts the results of the functional testing, the project will progress into three other phases concurrently. Phase 2 will be mass meter replacements over 18-24 months. Phase 3, if needed, will complete the advanced software functions. Phase 4 will be ongoing annual support services and maintenance of the network, software, and servers. Harris Computing will be responsible for maintaining the meter data management system. Based on contract documents, staff expects the capital cost in Phase 1 to be about \$1 million and Phase 2 approximately \$9.5 million. Much of the cost in Phase 2 will result from the purchase of meters and installation of services, and some minor costs will be associated with third-party services. Staff anticipates using a third party to render an opinion that the system meets ALW's requirements. The electric and water funds have approximately \$24 million in reserves, which will be used to finance the project.

Utilities Director Morrow added that ALW will save quite a bit of money by funding the project itself versus financing.

Assistant Director Customer Care Solutions Kalscheuer advised that the service term is ten years, which can be renegotiated at the end of the ten-year term. Operational costs range from \$130,000 in the initial year to \$300,000. The

economic benefits of the project were studied in late 2015. The consultant projected a positive cash flow of \$1.2 million in year three and \$1.5 million in year five. The major benefits of the project will come from replacement of old meters with more accurate and up-to-date meters. The consultant projected a breakeven point in year eight with \$2 million in annual cash flow after that point in time. The early benefit of this project is automated and accurate collection of meter data for utility billing.

Utilities Director Morrow indicated customers will be able to access their water usage and bills throughout the billing cycle. This project sets the stage for many other benefits in later phases.

Assistant Director Customer Care Solutions Kalscheuer advised that ALW has nine full-time equivalents in the field services work group. After full deployment, this project will eliminate manual mass meter reading, but the City will still need a field service representative to perform manual water shut-off and turn-on in areas outside Azusa. Staff formulated a transition plan for staff. Phase 1 of the project will have no staff impact. During Phase 2, some meter readers will be assigned to installing electric meters. After Phase 2, duties of the field services group will change. Staff expects some attrition, specifically three retirements in the next few years. Cross-training will be provided for the customer service group. Staff continues to develop a transition plan.

Morrow noted the need to seriously consider/adopt a transition plan is 2-2 1/2 years away. Staff wants to find opportunities for everybody to the extent practical.

Assistant Director Customer Care Solutions Kalscheuer indicated staff will bring a contract to the Board as early as September.

In response to Board Member questions, Assistant Director Customer Care Solutions Kalscheuer reported staff will be trained on device installation; troubleshooting the network and communication devices; syncing communications with the collectors and meter data management system; generating and importing files for the billing system; and maintenance of networking devices. Some components of the network will be maintained by support service contracts. This will be a cloud-based network, so there will not be servers onsite.

Utilities Director Morrow remarked that the new system will provide data points so that staff can find leaks more easily and faster.

## 2. Water Supply Update

Assistant Director of Water Operations Macias reported reconstruction of the Oroville Reservoir spillway should be finished by November 1. With respect to the California Water Fix, two federal agencies have issued Biological Opinions that the project is not going to threaten endangered species. Lawsuits have been filed by environmental groups. The San Gabriel Basin had a record low in October 2016 of 172 feet above sea level and is now about 8 feet above that level. Staff has not seen significant gains in water capacity locally and continues to promote water conservation. The Water Master is working with the Metropolitan Water District to bring more supplementary water to the Basin. A certain amount of water has to be sent to the Central Basin and more into the spreading basins in north Azusa. The County found Quagga Mussel larvae in San Bernardino and Riverside and is reluctant to allow imported water into facilities. The County is developing a mitigation plan for Quagga Mussels. An algae bloom in the spreading basins is emitting a foul smell, which is affecting nearby residents. Staff has halted water deliveries to allow water levels to decline and to cause the algae to dry out. The algae bloom has begun to dry out, and the smell is declining.

## 3. Assembly Bill 398 (GHG "Cap & Trade" Extension) Passes

Utilities Director Morrow reported AB 398 passed both Houses by a two-thirds vote. The current cap and trade program expires in 2020, but this bill extends it for 10 years. The new target is a 40-percent greenhouse gas reduction from 1990 levels by 2030. The electric utility industry heavily supported this bill. AB 398 continues to directly allocate allowances to utilities at basically no cost, which helps mitigate impacts on ratepayers. After the retirement of San Juan, ALW will have only one greenhouse gas-producing asset and almost no greenhouse gas footprint. The State gives each utility a greenhouse gas cap. If a utility reduces its greenhouse gas emissions below the cap, it can monetize or trade the

difference. ALW will be trading many allowances made available through the San Juan retirement, probably on the order of \$1.8 million per year for 2018, 2019, and 2020.

4. Update on Waterless Urinal Rebates for ALW Customers

Utility Programs Specialist Reid reported two rebate programs are available for retrofit and new construction urinals. The SoCalWater\$mart.com rebate program is open to all water customers inside and outside the City. The rebate is \$200 per urinal for retrofits to waterless or ultra-low-flow. Businesses within the city limits and within the San Gabriel Valley Municipal Water District territory can apply for a rebate of \$150 per waterless urinal in new construction only.

Utilities Director Morrow added that staff will work with Community Development to provide this information to businesses.

5. Future Electric Utility Rate Design "White Paper"

Utilities Director Morrow reported ALW is conducting a study of its rate structures. Staff wants to revise ALW's rate structures to deal with changes in the electric utility business. The company conducting the study released a national White Paper on electric rate design, which is attached to the staff report.

6. Preparation for the August 21, 2017 Solar Eclipse

Utilities Director Morrow reported the August 21 full solar eclipse will cause severe ramping issues due to solar power plants. Electric utilities, the California Independent System Operator, and other balancing authorities are crafting ways to deal with the quick ramp-up and ramp-down that will be caused by the eclipse. The California Public Utility Commission is encouraging customers reduce electricity use during the eclipse. ALW will likely do the same. The eclipse is expected to occur between 9:00 a.m. and 10:30-11:00 a.m.

7. Federal Legislative Update

Utilities Director Morrow advised that a summary of the SCPPA report was placed in the Board's book.

**G. CLOSED SESSION**

None

**H. ADJOURNMENT**

The meeting was adjourned by consensus of the Utility Board.

**TIME OF ADJOURNMENT: 7:29 P.M.**



---

**CITY CLERK/SECRETARY**