



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD/CITY COUNCIL
MONDAY, NOVEMBER 27, 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 City Attorney Martinez.

ROLL CALL: Roll call was taken by Secretary Cornejo.

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

ABSENT: BOARD MEMBERS: ALVAREZ

ALSO PRESENT

Elected Officials: Secretary Cornejo

City Attorney: Marco Martinez

Staff Members: Acting Utilities Director Lehr, 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, Senior Management Analyst Lacasella, Utilities Administrative and Financial Services Manager Judy Tran

A. PUBLIC PARTICIPATION

None

B. UTILITIES DIRECTOR COMMENTS

None

C. UTILITY BOARD MEMBER COMMENTS

Board Member Carrillo and Chair Macias expressed confidence in Acting Utilities Director Lehr's ability to lead ALW.

D. CONSENT CALENDAR

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

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

1. The minutes of the regular meeting of October 23, 2017 were approved as written.
2. The Water Capital Improvement Supervisory Control and Data Acquisition System and Radio Communication Upgrade Project was accepted; the Notice of Completion for the project was approved and the Mayor authorized to execute same; and the City Clerk was authorized to submit the Notice of Completion for recordation to the Office of the County Recorder of Los Angeles County within ten (10) days of Utility Board approval as required by Section 3093 of the California Civil Code.
3. Termination of the Professional Services Agreement with PMCM was ratified; issuance of a new Purchase Order to Leidos Engineering, LLC as a substitute to perform the scope of work associated with Azusa Substations Capacity Upgrades in an amount not to exceed \$49,000 was approved; and the Mayor was authorized to execute the Professional Services Agreement, in a form acceptable to the City Attorney, with Leidos.
4. The Bureau of Reclamation's WaterSmart Grant Agreement was approved; a Professional Services Agreement, subject to the City Attorney's final review, with Blais & Associates for grant management services was approved; and the Mayor was authorized to execute both documents, in forms acceptable to the City Attorney, on behalf of the City of Azusa.
5. The Second Amendment to the Professional Services Agreement with IDS Group to extend the term of the agreement to December 31, 2018, with an additional not-to-exceed amount of \$24,800 for the Lobby Remodel Project was approved; and the Mayor was authorized to execute the contract amendment in a form acceptable to the City Attorney.
6. Cancellation of the December 26, 2017, Utilities Board meeting was approved.

E. SCHEDULED ITEMS

None

F. STAFF REPORTS/COMMUNICATIONS

1. Update on Street Light Retrofit Projects

Acting Utilities Director Lehr reported the first street light retrofit project for Foothill and Alostia Avenue between the City limits will be complete in December, and the second project for Azusa Avenue between Fifth and Ninth Streets will be complete in early 2018

2. South Water Tank Condition Update

Acting Utilities Director Lehr announced that the south water tank had been returned to service. Staff engaged several contractors to review and analyze the water tank's condition, and propose potential solutions. The interior of the tank was inspected and photographed, and sediments were removed. Staff will review contractors' reports and proposed solutions, some of which may include tank replacement, and present a report to the Utility Board.

3. Fiscal Year 2017-2018 First Quarter Budget Reports for Water and Electric Funds

Utilities Administrative and Financial Services Manager Tran reported the Water Fund's cash flow was positive for the first quarter. Revenues for the quarter are 26% of budget, and expenses are 23% of budget. Water sales for the quarter increased 7.5% over the first quarter of the prior fiscal year. Debt coverage is good with a ratio of 1.87. Cash reserves total \$24.6 million. The Electric Fund in the first quarter showed positive cash flow. Revenues for the quarter are 32% of budget, and expenses are 27% of budget. Electric sales increased 2% compared to the first quarter of the prior fiscal year. A 5.8% decrease in the total billed amount was caused by the rate decrease implemented in July 2017. The debt coverage ratio of 15.78 exceeds the minimum requirement.

In response to Board Members' questions, Ms. Tran suggested the warmer weather and continued use of air conditioning is responsible for the increase in electric sales.

4. Federal Legislative Update

Acting Utilities Director Lehr reported muni bonds will continue to be tax exempt, but refunding bonds may not be tax exempt. The Hydropower Policy Modernization Act 9 passed. Senate Bill 1460, which will ease requirements for hydropower relicensing, is still under consideration. The first draft of tax reform includes repealing production tax credits for producers of wind energy and phasing out investment tax credits for solar power, which may make the long-term procurement of solar power more expensive.

In response to a Board Member's inquiry, Acting Utilities Director Lehr opined that elimination of tax exempt refunds is an attempt to level the playing field between investor-owned utilities and public utilities.

Acting Utilities Director Lehr advised that funding has increased for fighting wildfires and for studies of the effectiveness of drones in fighting wildfires. As part of wildfire prevention, the Senate is considering enhanced forest management and streamlining environmental reviews. Enhanced management may allow more timber cutting. With respect to pole attachments, the Federal Government is considering removing the exclusion for municipalities such that the Federal Communications Commission would have jurisdiction. Staff is monitoring this.

City staff reported that they are gathering the names of recruiting firms to search for a Utilities Director. The cost to utilize a firm is currently unknown. If the amount exceeds \$25,000, staff may have to call a special meeting of the Utilities Board to approve a contract with a recruiting firm.

In reply to Chair Macias' query, staff advised that replacing the holiday lights would have cost in the tens of thousands of dollars. Because of the cost and timing issues, staff purchased new bows for the lights at a cost of approximately \$4,500. Staff will obtain proposals and return to the Board with a report.

G. CLOSED SESSION

None

H. ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

TIME OF ADJOURNMENT: 6:52 P.M.



CITY CLERK/SECRETARY