



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD/CITY COUNCIL
TUESDAY, JUNE 25, 2018 – 6:30 P.M.

Chairman: Robert Gonzales
Vice Chairman: Edward J. Alvarez
Board Member: Joseph R. Rocha
Board Member: Angel A. Carrillo
Board Member: Uriel E. Macias
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 Gonzales called the meeting to order at 6:30 P.M.

Pledge to the flag was led by Board Member Carrillo.

ROLL CALL: Roll call was taken by Secretary Cornejo.

PRESENT: BOARD MEMBERS: GONZALES, ALVAREZ, ROCHA, CARRILLO, MACIAS
ABSENT: BOARD MEMBERS: NONE

ALSO PRESENT

Elected Officials: Secretary Cornejo

City Attorney: Jeff Ferre

Staff Members: Interim Utilities Director Lehr, Director of Public Works/City Engineer, Assistant Director of Water Operations Macias, Assistant Director of Electric Operations Langit, Police Captain Bertelsen, Chief Deputy City Clerk Garcia

A. PUBLIC PARTICIPATION

None

B. UTILITIES DIRECTOR COMMENTS

None

C. UTILITY BOARD MEMBER COMMENTS

In response to Board Members' questions, Interim Utilities Director Lehr explained that a Mylar balloon came into contact with power lines located at San Gabriel and Elsworth at approximately 9:20 a.m. and damaged circuitry. The power outage affected approximately 1,500 ALW customers. Staff completed repairs and energized the circuit; however, a relay on Edison's side performed a sympathetic action and caused an outage for additional customers. The relay was repaired after 30-40 minutes, but issues on the Hilltop circuit continued. Service was restored to all customers at approximately 1:20 p.m. Businesses were affected in the second outage. Staff will provide a full report once Edison completes their review and shares the results with Azusa. A bill banning Mylar balloons was presented to the State Senate in 2018;

however, special interest groups managed to kill the bill. Businesses affected by the outage do have recourse against ALW. ALW may have insurance coverage for claims. Staff will look into the issues of liability, insurance coverage, and the authority to ban Mylar balloons locally.

Board Member Carrillo was interested in learning whether the State Legislature would consider some type of registration of Mylar balloon purchases. Banning sales within the City would not be effective.

D. CONSENT CALENDAR

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

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

1. The minutes of the regular meeting of May 29, 2018 were approved as written.
2. Pursuant to Azusa Municipal Code Section 2-518(b)(1) for Contract Amendments, the City Manager was authorized to execute a maintenance services agreement amendment, in a form acceptable to the City Attorney, to extend the current two-year HVAC systems maintenance services contract with Orravan Mechanical, Inc. (August 1, 2016 to July 31, 2018) for three years from August 1, 2018 to July 31, 2021 without a price increase.
3. Task Order 7–Aspan Well Testing was awarded to General Pump Company under the existing Master Maintenance Service Agreement in a not-to-exceed amount of \$62,304.
4. Selection of the Inner-Tite Corporation proprietary Agbay electric meter lock and key device and the issuance of a Blanket Purchase Order to sole vendor Inner-Tite Corporation in the not-to-exceed amount of \$51,000 for the initial acquisition of Agbay lock and key units was approved.

E. SCHEDULED ITEMS

None

F. STAFF REPORTS/COMMUNICATIONS

1. Replacement Water Cost Adjustment Factor

Interim Utilities Director Lehr reported the Replacement Water Cost Adjustment Factor will increase effective July 1. The San Gabriel Valley Basin Watermaster implemented a five-year program to fund the purchase of replacement water in case of a continuing drought. The cost to the City is \$40 per acre foot through June 30. Effective July 1, the cost will increase to \$70 per acre foot. The surcharge will increase each year of the five-year plan. The cost to ratepayers is currently 9¢ per 100 cubic feet and will increase to 19¢ per 100 cubic feet effective July 1.

2. Azusa's Renewable Portfolio Standard Compliance Report for Calendar Year 2017

Interim Utilities Director Lehr advised the Board that ALW met the 2017 goal for 27% renewable energy. Currently, ALW's renewable generation is running at 38% with a 2018 target of 29%. ALW can bank any overage and utilize it for compliance in future years. The target increases to 31% in 2019 and 33% for 2020-2023.

3. AB 32 Annual Greenhouse Gases Compliance Report for 2017

Interim Utilities Director Lehr explained that the Cap-and-Trade program was designed to decrease the number of greenhouse gas allowances allocated to utilities annually. This factored into ALW's decision to divest from San Juan; however, ALW retains the allowances for San Juan. ALW has sufficient allowances for 2017 compliance.

4. Results of the California Air Resources Board's May 15, 2018 Auction of Greenhouse Gas Allowances

Interim Utilities Director Lehr indicated ALW can bank allowances not utilized for compliance, subject to regulations. ALW has sufficient allowances through 2020; therefore, ALW sold excess allowances in the May auction for a total of \$644,600. Staff will develop programs to utilize these funds and present the programs to the Utility Board for approval. Alternatively, ALW can utilize the funds to issue direct credits to ratepayers. Staff organized a special fund for the auction proceeds because they cannot be intermingled with other funds.

In reply to Board inquiries, Interim Utilities Director Lehr disclosed that auctions are held quarterly in February, May, August, and November. Staff analyzes the markets to determine which of the quarterly auctions may provide the best price. Allowances are considered fungible instruments. Some traders purchase allowances at auction for resale. Prices between the CARB auction and secondary markets are not much different.

G. VERBAL COMMUNICATIONS

1. Water Supply Update

Interim Utilities Director Lehr reported AB 1668 requires the State Water Resources Control Board (SWRCB) and Department of Water Resources (DWR) to adopt standards for efficient water usage by 2021. The SWRCB has provided commercial/industrial targets; residential targets will be issued later.

City Attorney Ferre clarified that SWRCB efficiency standards have been set; however, the methods to attain those standards have not yet been determined.

Interim Utilities Director Lehr stated that May rainfall totaled 1 inch. The state snow pack remains very low at 52% of average. The level of the main San Gabriel Basin has dropped to approximately 7 feet above the all-time low and will require substantial multiyear recharge to return to normal. The San Gabriel River reservoirs contain approximately 25,000 acre feet with approximately 15,000 acre feet available for release. The Sierra snowpack looks bad for water usage and hydroelectric generation. Staff does not expect an increase in the 2018 water allocation. The Independent System Operator (ISO) projects peaks of approximately 46,000 MW (1-in-2) and approximately 51,000 MW (1-in-10) for summer 2018. Typically, ALW's peak does not coincide with the ISO's peak. Northwest hydroelectric generation proposals look good at 118% of average. The unloaded ISO capacity margin is reasonably good at 23%, but some summer hours may fall below the NERC/WECC operation reserves requirement. The risk of insufficient reserves leading to a Stage 3 emergency is projected at 1.3%. The ISO estimates a 10% chance of a gas shortage, mainly in Southern California.

2. General Policy and Regulatory Updates

None

H. CLOSED SESSION

None

I. ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

TIME OF ADJOURNMENT: 7:18 P.M.

A handwritten signature in cursive script, reading "Jeffrey Lawrence Gomez, Jr.".

CITY CLERK/SECRETARY