



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD/CITY COUNCIL
MONDAY, SEPTEMBER 24, 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

ABSENT: BOARD MEMBERS: MACIAS

ALSO PRESENT

Elected Officials: Secretary Cornejo

City Attorney: Jeff Ferre

Staff Members: Utilities Director Robledo, City Manager Gonzalez, Assistant Director of Water Operations Macias, Acting Assistant Director of Customer Service Holmes, Police Captain Chris Grant, Storekeeper Alvarez, Utilities Communications and Environmental Programs Specialist Sagun, Utilities Administrative and Financial Services Manager Tran, Chief Deputy City Clerk Garcia

A. PUBLIC PARTICIPATION

None

B. UTILITIES DIRECTOR COMMENTS

Utilities Director Robledo advised that the hot weather over the summer caused the price of power to increase, but the price has returned to normal levels. The water table has reached a new low level; therefore, staff is making arrangements to obtain water from the Metropolitan Water District (MWD). Recruitments are underway for Assistant Director of Customer Service and Assistant Director of Electric Power. The Advanced Metering Infrastructure (AMI) project is going well. Training has been provided to customer service and metering staff. Approximately 500 water and electric meters have been obtained, and testing of communications with the meters will be the next step. In response to questions about the power outage in June, the first outage was caused by a Mylar balloon. The second outage appears to have been caused by the malfunction of a Southern California Edison relay. Because of the power load, the relay cannot be tested until November at which time any issues will be addressed. The City can prohibit the sale of Mylar balloons within the City. Because such laws are typically unpopular and difficult to enforce and due to the likelihood of balloons sold in

other cities being carried into Azusa, staff does not recommend the City prohibit the sale of Mylar balloons. Beginning in 2019, the State will require warning labels on all Mylar balloons. After consulting with Customer Service staff, he wants to utilize a vendor's assistance with sending emails to customers. Under the contract with the vendor, one email per month may be sent to a maximum of 15,000 customers. The first email will promote Public Power Week and Golden Days.

C. UTILITY BOARD MEMBER COMMENTS

Board Member Carrillo welcomed Utilities Director Robledo.

Chair Gonzales thanked Utilities Communications and Environmental Programs Specialist Sagun for working on the Shred-A-Thon. He requested paper fans be distributed to the public during the Golden Days parade.

D. CONSENT CALENDAR

Utilities Director Robledo shared photos of transformers, the F-250 pickup truck, and the Shred-A-Thon and explained staff's maintenance of transformers and use of the pickup truck.

Board Member Rocha requested Item Number 3 be removed from the Consent Calendar.

Moved by Board Member Rocha, seconded by Vice Chair Alvarez, to approve Consent Calendar Items E-1 to E-9 with the exception of Item E-3 which was handled under the Special Call portion of the agenda. by the following vote of the Board:

AYES:	BOARD MEMBERS:	GONZALES, ROCHA, CARRILLO, ALVAREZ (Items 2 and 4-9)
NOES:	BOARD MEMBERS:	NONE
ABSENT:	BOARD MEMBERS:	MACIAS
ABSTAIN:	BOARD MEMBERS:	ALVAREZ (Item 1 only)

1. The minutes of the regular meeting of July 23, 2018 were approved as written.
2. A Maintenance Services Agreement (MSA) with Reinhausen Manufacturing Incorporated (RMI) was approved; and the Director of Utilities was authorized to execute the MSA and to issue a Purchase Order to RMI in an amount not to exceed \$48,877.19 pursuant to Azusa Municipal Code Section 2-520(b)(2).
4. A sale of ALW Low Carbon Fuel Standard (LCFS) Credits by use of competitive solicitation was approved; and the Director of Utilities or his designee on behalf of ALW was authorized to conduct the sale and to negotiate and execute Non-Exclusive Brokerage Agreements and Environmental Credit Transaction Agreements for the sale of ALW LCFS Credits including any revisions, modifications, or amendments (Updates) as approved by the City Attorney and as long as the Updates are in ALW's best interests and to take all such actions as required to administer and consummate the sale of ALW LCFS Credits.
5. The 2017 Power Source Disclosure Report and 2017 Power Content Label was approved.
6. The purchase of the annual turnkey interactive LivingWise® Conservation Education Program from Resource Actions Programs, LLC for Azusa fifth grade students at a cost not to exceed \$30,000 through a Southern California Public Power Authority (SCPPA) joint purchase agreement pursuant to Azusa Municipal Code Sections 2-520(b) "sole source" and 2-521(a) "cooperative and piggyback purchase" was approved; and the Director of Utilities was authorized to execute the associated SCPPA Task Order in a form acceptable to the City Attorney.
7. The Consent to Assignment of Power Purchase Agreement was approved; and the Director of Utilities was authorized to execute the Consent to Assignment of Power Purchase Agreement in a form acceptable to the City Attorney.

8. The competitive purchase requirements pursuant to Section 2-521(a), Article VII, Chapter 2 of the Azusa Municipal Code (Cooperative and Piggyback Purchasing) were waived; and the issuance of a Purchase Order to Downtown Ford Sales of Sacramento, California, in an amount not to exceed \$37,898.62 including sales tax and delivery charges for a 2019 Ford F-250 4x2 Supercab Pickup was approved.
9. A Proclamation recognizing Public Power Week on October 7-13, 2018, was approved.

SPECIAL CALL

The Advanced Metering Infrastructure Program Opt-Out Policy was approved; and Schedule AMI was approved and incorporated into Azusa Light & Water's Rules and Regulations (Electric and Water Rate Schedules).

In response to questions regarding Item Number 3, Utilities Director Robledo suggested customers may choose to opt out of the AMI system because of health concerns about radio waves. However, he had not found any evidence of radio waves causing health issues. The exposure from radio waves emitted by AMI equipment is less than that emitted by cell phones and microwave ovens. Staff suggested a one-time fee of \$75 to cover the cost of reprogramming equipment and a monthly fee of \$10 to cover the cost of manually reading each meter. Staff currently in positions that will be eliminated with the implementation of AMI will be retrained for other positions. Staff estimated the City's costs and suggested fees comparable to Southern California Edison's fees but did not inquire regarding Glendale's fees. He hoped customers did not choose to opt-out of the system. Staff proposed a one-time fee because customers would likely opt out after the new meters are installed. Less than 1 percent of Glendale's customers opted out. A few staff members will be needed to handle problems with the meters and to read meters manually. The monthly fee is needed to pay for the City's costs of reading meters manually; to prevent the customers who remain in the program from paying for the cost of reading meters manually; and to encourage customers to remain in the system. Chair Gonzales clarified that the one-time fee was a disconnection fee and the monthly fee reimbursed the City for the additional labor needed for customers outside the system. Utilities Director Robledo explained that a person who moved into a home that had opted out of the system would not pay a fee to have the meter reconnected to the system. The cost of reconnecting the meter was covered by the fees to opt out of the system. City Manager Gonzalez added that the new meters could save customers significant amounts of money by detecting water leaks quickly. By law, the City can only charge fees to cover the City's costs; therefore, staff calculated the costs before proposing the one-time and monthly fees. The fees are not a punishment for customers who opt out. A Board Member requested the policy state a customer must complete an opt-out form within 30 calendar days of being notified of meter installation. Utilities Director Robledo reported the vendor would notify customers via a door hanger of the time period to opt out of the system. If the Utility Board wishes, the door hanger can state the end date of the 30-day period. Homes with meters that have been historically difficult to read include homes where meters are located in areas difficult to access or areas with dogs; homes where service has been interrupted twice over the life of the account; and homes where service is routinely interrupted.

Chair Gonzales remarked that problems would occur with the implementation of the AMI system, and Board Members' concerns were valid. The system would benefit customers by reducing the length of a service disruption caused by nonpayment and would increase staff's efficiency. He appreciated staff being retrained for other positions rather than being laid off.

Moved by Board Member Rocha, seconded by Board Member Carrillo, to approve Item 3 on the Consent Calendar by the following vote of the Board:

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

In answer to questions regarding Item Number 7, Acting Assistant Director of Utilities Resource Management Torres advised that ALW has the option to extend the agreement for five years beyond 2029 with the agreement of both parties. The Assignment does not alter the option. Typically, a notification of the wish to extend the agreement is issued a year in advance. Utilities Director Robledo added that the price will remain the same for the extension. Following the five-year extension, the price is subject to negotiation.

E. SCHEDULED ITEMS

None.

F. STAFF REPORTS/COMMUNICATIONS

1. Fiscal Year 2017-2018 Fourth Quarter Budget Reports for Electric and Water Fund

Utilities Director Robledo reported the Electric and Water Funds are doing well. Water sales increased 7.5 percent over the prior year. Water revenues reached 99 percent of budget, and water expenses reached 94 percent of budget, both of which resulted in a positive cash flow of \$1.7 million. Debt service coverage of 1.55 is above the minimum. Water Fund cash reserves total approximately \$24 million. Electric sales decreased 1.2 percent for the fiscal year, which does not include sales during the hot weather of July. Revenues and expenses also decreased. The Electric Fund had positive cash flow of \$3.5 million. The debt service ratio was extremely good because of the low number of outstanding bonds. Cash reserves total approximately \$27 million.

2. Annual SB 1037 Report

Utilities Director Robledo advised that ALW exceeded its goal of a 1-percent reduction through reducing peak demand by 1.1 megawatt (MW) and reducing energy usage by 2.7 percent. Measures for LED lighting, residential cooling, and non-residential process improvements resulted in energy savings of approximately 2¢ per kilowatt hour (kWh).

3. Residential Energy Star and Weatherization Rebate Program Update

Utilities Director Robledo indicated ALW's rebate program helps customers purchase Energy Star appliances. The LED TV and Energy Star computer monitor rebate program pays up to 50 percent of the cost of an LED TV or monitor with a maximum limit on the cost and is limited to two rebates per customer.

4. Water Conservation Programs Update

Utilities Director Robledo reported ALW rebate programs mirror those offered by the Metropolitan Water District. Staff revised the drought-tolerant landscape program to offer less money per square foot and to increase the total rebate amount from \$1,000 to \$1,500. Staff also removed synthetic turf and bare dirt from the program. Staff has returned to administering the program, which eliminates the vendor's \$500 minimum charge.

In answer to questions, Utilities Director Robledo advised that the winter conservation schedule returns November 1. Customers' confusion about rebate programs was caused by the different programs offered by the various water providers.

5. Results of the California Air Resources Board's August 14, 2018 Auction of Greenhouse Gas Allowances

Utilities Director Robledo reported ALW offered allowances at the quarterly auction in August and received proceeds of approximately \$667,000. The proceeds will be applied to the cost of renewable energy. The use of proceeds is restricted to measures that will reduce greenhouse gas emissions.

G. VERBAL COMMUNICATIONS

1. Power Supply Update

Utilities Director Robledo noted SB 100 sets a goal of 100-percent carbon neutral energy by 2045. By 2030, ALW's electric portfolio will be required to contain 60 percent renewable energy. As of 2018, ALW's portfolio contains 29 percent renewable energy. When ALW purchases renewable energy, it will not have stranded assets. The electric portfolio has moved from a heavy reliance on coal in 2017 to primarily renewable energy, gas, purchases, and nuclear in 2018.

2. Water Supply Update

Utilities Director Robledo advised that the Main San Gabriel Basin reached an historic low level of 171.9 feet; the normal range is 200-250 feet. Water from the MWD will be used to recharge it. The water treatment plant is now operating with water from the Pasadena Conduit. The 2018 water allocation increased to 35 percent. The Watermaster is exploring MWD purchases at a cost of \$800 per acre foot, which is approximately four times the current cost.

3. General Policy and Regulatory Updates

Utilities Director Robledo related that ALW will increase its use of clean energy to 60 percent as opportunities arise. Increasing the use of clean energy from 60 percent to 100 percent involves many unknown factors. Technically, energy produced by a natural gas plant is not carbon neutral. SB 100 does not contain any sanctions or penalties for utilities that do not meet the goal of 100 percent carbon neutral energy. With the passage of SB 901, ALW has to ensure it is not at risk to cause a wildfire and prepare a mitigation plan for review by a third party and approval by the governing board. AB 2450 requires warning labels on Mylar balloons. SB 606/AB 1668 requires the State Water Resource Control Board to implement long-term standards for the efficient use of water. The State Water Resource Control Board will impose a per person limit of 55 gallons of water per day beginning in 2025. SB 998 prohibits the discontinuation of residential water service for accounts that have been delinquent less than 60 days, for low-income customers, and for customers with life-threatening conditions. Once the prohibition becomes effective February 1, 2020, ALW will have less leverage to discontinue service.

In response to questions, Utilities Director Robledo shared that approximately half a dozen outages each year are caused by Mylar balloons. The method for determining the number of persons per household has not been determined, but typically the burden for determining the number of persons is placed on the utilities. City Manager Gonzalez added that the number is usually determined by the square footage or number of bedrooms of the residence or self-determination.

H. CLOSED SESSION

None

I. ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

TIME OF ADJOURNMENT: 7:18 P.M.



CITY CLERK/SECRETARY