



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD AND
SPECIAL MEETING OF THE CITY COUNCIL
MONDAY, JANUARY 28, 2019 – 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 Rocha.

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: City Manager Robledo, Utilities Director Robledo, Assistant Director of Water Operations Macias, Assistant Director of Electric Operations Palmer, Utilities Programs Specialist Reid, Senior Management Analyst Smith, Police Captain Bertelsen, Utilities Administrative and Financial Services Manager Tran, Chief Deputy City Clerk Garcia

A. PUBLIC PARTICIPATION

Jorge V. Rosales thanked the City for testing drinking water at Azusa schools. He expressed concern regarding the range of bid amounts for the water main replacement project. The staff report should state clearly whether bidders included the 10% contingency amount in their bids. Regarding Item E-2, Mr. Rosales questioned the consequences for the developer should it not fulfill the occupancy requirement.

Utilities Director Robledo reported the bidders included a 10% contingency amount in their bids. However, the contract for the water main replacement project would reflect 90% of the bid amount so that staff could authorize work for unforeseen difficulties without delaying the project.

Assistant Director of Water Operations Macias explained that the water main replacement project is small. Typically, large contractors inflate their bids for small projects. While Bonadiman is a new contractor for the City, its bid met the project specifications and requirements.

B. UTILITIES DIRECTOR COMMENTS

Utilities Director Robledo introduced James Palmer, ALW's new Assistant Director of Electric Operations, and Daniel Smith who will work in financial reporting and facility management. Staff has been working on expanding the electric system to serve new loads. Water main replacement projects are going well. Staff has identified a block of street lights for replacement with LED lights. In addition, compact fluorescent security lights will be upgraded to LED lights. Energy efficiency funds will be used to pay for replacement of the lights.

Assistant Director of Electric Operations Palmer related his experience with municipal utilities.

C. UTILITY BOARD MEMBER COMMENTS

Board Member Rocha noted a presentation regarding water supply has been postponed to the second meeting in February. During a recent tree planting event, Chair Gonzales and he spoke with youth about public safety concerns. He apologized to Board Members for not including all of them in informal meetings with the public. The next meeting will be held at 7:00 p.m. on February 12 at Foothill Community Church. Board Member Rocha explained the reasons for Castaneda's

restaurant installing lights around the building and requested the restaurant be allowed to utilize the lights to prevent individuals from congregating.

Board Member Carrillo remarked that the Azusa Police Department cannot publicize its efforts to address public safety concerns. At the appropriate time, the Council will schedule a community meeting.

D. CONSENT CALENDAR

Moved by Board Member Carrillo, seconded by Board Member Rocha, to approve 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

1. The minutes of the regular meeting of November 26, 2018 were approved as written.
2. The Award of Contract to Bonadiman Water, Inc. of Riverside, California for Water Project W-351, water main replacement on Sunset Avenue between 5th Street and 6th Street, was approved; and the Mayor was authorized to execute the document on behalf of the City.
3. The existing blanket purchase order for Armorcast Products Company, Inc. was amended to \$100,000.

E. SCHEDULED ITEMS

1. Amendments to Azusa Light & Water Rules and Regulations to Reflect the Intent of Previous Electric Rate Actions.

Utilities Director Robledo advised that the amendment will restructure rates so that revenues are not dependent on usage and align the rate schedules with the intent of the April 2018 staff report. The amendment is based on the cost of service. A customer charge is not based on usage; whereas, a minimum charge is based on usage. Staff proposes a revision of three rate schedules to substitute "customer charge" for "minimum charge."

In answer to a Board Member's question, Utilities Director Robledo indicated the amendment will not be retroactive.

Moved by Vice Chair Alvarez, seconded by Board Member Carrillo, to approve 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

JOINT CITY COUNCIL AND UTILITY BOARD ITEM

2. Public Hearing: Consideration of Economic Development Subsidy Report Pursuant to California Government Code Section 53083; Partial Waiver of Electric Utility Rule 15 for Development Planned at 1025 N. Todd Avenue; and Operating covenant Agreement with Azusa Todd LLC

Utilities Director Robledo reported the Planning Commission has approved the proposed development. ALW will provide electric service to it. To provide approximately 3 megawatts of service, ALW will need to extend high voltage lines to the area. The total cost of extending the lines is approximately \$1.7 million. Under Electric Rule 15, a developer is required to pay for infrastructure upgrades needed to serve a property. Proficiency Capital, the parent company of Azusa Todd LLC, has requested a reduction in the cost in light of the development creating jobs. The development will provide ALW with approximately \$200,000 per month in net revenue. The additional tax base created by the development will increase property tax revenue by \$100,000 annually. Staff has proposed two requirements that will protect the City's investment in the project. Staff recommends the Utility Board approve a partial waiver of Electric Rule 15.C.2.b to allow staff to install electric cable and transformers for the development.

Secretary Cornejo provided proof of publication of the public hearing in the *San Gabriel Valley Tribune* newspaper on January 17, 2019.

Chair Gonzales opened the public hearing.

Matt Englhard, Proficiency Capital/applicant, commented that working with the City has been a positive experience. One issue remains before construction can begin. He anticipated construction extending for 10-12 months. Once the high voltage lines are extended to the project, other users can tie into the electric system.

In reply to a query from a Board Member, Utilities Director Robledo advised that the high voltage lines carry approximately 8 megawatts of power, which is more than the development will need. Therefore, the lines can provide service to other developments in the area.

Moved by Board Member Carrillo, seconded by Vice Chair Alvarez, to close the public hearing 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 response to Board Member Carrillo's inquiries, Mr. Englhard indicated manufacturers and importers have expressed interest in the project. Specific tenants have not been identified. Individual buildings could be sold rather than leased. The two large buildings at the ends of the property will most likely be leased. The smaller buildings will probably be sold. As required by the conditions of approval, Azusa Todd LLC will utilize Covenants, Conditions and Restrictions (CC&Rs) to ensure compliance with conditions of approval.

Board Member Carrillo noted the vacancy rate is 2 percent across Los Angeles County for light industrial or warehouse uses. He was confident the business park would fill rapidly. Protecting light industrial zones is extremely important.

Moved by Board Member Carrillo, seconded by Board Member Rocha, to 1) receive and file an Economic Development Subsidy Report pursuant to Government Code Section 53083; 2) waive the approximate \$400,000 electric cable reimbursement fee required under Electric Rule 15.C.2.b for the commercial development planned at 1025 North Todd Avenue in order to provide an economic subsidy to facilitate the construction of seven industrial buildings and create approximately 300 temporary construction jobs and 185 permanent full-time jobs; and 3) approve an Operating Covenant Agreement between the City of Azusa and Azusa Todd LLC for Canyon City Business Park and to require the operation of Canyon City Business Park at a minimum of 70% occupancy for a period of at least one year prior to August 31, 2022; and 4) authorize the Director of Utilities to negotiate and execute the Operating Covenant Agreement with Azusa Todd LLC for the rule waiver and operating covenant including any revisions, modifications, or amendments (Updates) as approved by the City Attorney, so long as the Updates are in ALW's best interests and to take all such actions as required to administer and consummate the Operating Covenant Agreement 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

F. STAFF REPORTS/COMMUNICATIONS

1. Lead Testing of Drinking Water in California Schools

Utilities Director Robledo announced staff tested all K-12 schools in Azusa as required by law. All test results showed no detection of lead. State law did not require the testing of drinking water in private schools; however staff tested all water mains and found no lead.

G. VERBAL COMMUNICATIONS

1. Power Supply Update

Utilities Director Robledo advised that the 2018 electric supply contained 32% renewable resources, which is 3% more than required by law. Consumption decreased by approximately 2.8% due to energy efficiency and building vacancies. Staff is negotiating a contract for 30 megawatts of wind power from a project located outside Palm Springs. The project is located advantageously in the center of a big load center.

In answer to questions, Utilities Director Robledo related that Garnett produces 6.5 megawatts. Staff will need the project specifications to determine the number of turbines in the project.

2. Water Supply Update

Utilities Director Robledo reported ALW receives approximately 60% of its water from precipitation and approximately 40% from State Water Project purchases. Approximately 70% of the treatment plant's water is obtained from groundwater and 30% from surface water. Rain and water injections have slowed the decline of the water level in the Main San Gabriel Basin. The water level is currently at 179 feet, an increase of 5 feet from the last report. Water levels of canyon reservoirs remain low but are rising. ALW will receive less water from State Water Project reservoirs and will have to rely more on groundwater. The Water Master has been purchasing water from the Metropolitan Water District (MWD) to supply the basin. MWD has 2.5 million acre feet of stored water, which can be purchased at a cost of \$834 per acre foot.

Board Member Rocha related the dam manager's invitation for a tour of the dam.

3. General Policy and Regulatory Updates

Utilities Director Robledo commented that the Legislature is concerned about the liability issues around wildfires, carbon neutrality, and reform of the Community Choice Aggregates (CCA) exit fee. Issues of forestry management, disaster recovery, and funding of wildfire prevention have been raised at the federal level.

In response to a question, Utilities Director Robledo indicated one ALW electric line is located in a danger area. Staff has mitigated the risk of wildfire by inspecting the poles and ensuring vegetation has been removed. Staff is reviewing the possibility of eliminating or undergrounding the line. The City's risk for wildfire caused by electric lines is minimal.

ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

TIME OF ADJOURNMENT: 7:22 P.M.



CITY CLERK/SECRETARY