



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD AND
SPECIAL MEETING OF THE CITY COUNCIL
MONDAY, FEBRUARY 25, 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 Bruce Knoles.

ROLL CALL: Roll call was taken by Secretary Cornejo.

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

ALSO PRESENT

Elected Officials: Secretary Cornejo

City Attorney: Jeff Ferre

Staff Members: Utilities Director Robledo, Assistant Director of Water Operations Macias, Assistant Director of Electric Operations Palmer, Utilities Programs Specialist Reid, Chief Deputy City Clerk Garcia

A. PUBLIC PARTICIPATION

None

B. UTILITIES DIRECTOR COMMENTS

Utilities Director Robledo reported staff has obtained bids for electric vehicle infrastructure to be installed at City Hall and the Police Department. The Utility Board has previously approved an expenditure from Low Carbon Fuel Standard funds for ALW to lease electric vehicles for the fleet. Staff is preparing the fiscal year 2019/2020 budget and does not anticipate a rate action in fiscal year 2019/2020. Four hundred electric and water meters have been installed as part of the advanced metering infrastructure (AMI) pilot program. Testing with the billing system will begin in July. If the tests are successful, Phase II of the project will begin. The Southern California Public Power Authority (SCPPA) and the American Public Power Authority (APPA) will hold a legislative rally on February 26, and ALW will participate. ALW's participation in the rally is important because of state and federal efforts to centralize control over local utilities. ALW will participate in career day at Ellington Elementary School on March 14 to highlight non-college careers.

C. UTILITY BOARD MEMBER COMMENTS

Board Member Rocha thanked Utilities Director Robledo for his presentation at the previous Council meeting. The presentation was well received by the community. Perhaps Utilities Director Robledo could present information to the Council quarterly. Utilities Director Robledo agreed to do so.

In response to comments about better lighting in the room, Utilities Director Robledo advised that LED bulbs and diffusers have been installed.

D. CONSENT CALENDAR

Moved by Board Member Carrillo, seconded by Vice Chair Alvarez, 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 January 28, 2019 were approved as written.
2. An amendment and extension of the Professional Services Agreement with Sequoia Financial Services for collection agency services through February 28, 2021 was approved; and the City Manager was authorized to execute the contract amendment.
3. Resolution 2019-UB-02 to accept a grant of permanent easement from Vincent CC, LLC for the property located at 601 South Vincent Avenue was adopted; and the City Clerk was authorized to file the easement in the Office of the Los Angeles County Recorder.
4. Task Order 9 for Well No. 2 rehabilitation to General Pump Company under the existing Master Maintenance Services Agreement in a not-to-exceed amount of \$149,875 was awarded.
5. A Master Maintenance Service Contract for on-call water maintenance and repair services with Stephen Doreck Equipment Rentals, Inc. in an annual amount not-to-exceed \$250,000 in accordance with Azusa Municipal Code Section 2-518(g) was approved; a Master Maintenance Service Contract for on-call water maintenance and repair services with Verne's Plumbing, Inc., in an annual amount not-to-exceed \$250,000 in accordance with Azusa Municipal Code Section 2-518(g) was approved; and the Mayor was authorized to execute the two Master Maintenance Service Contracts in a form acceptable to the City Attorney.
6. The City Manager was authorized to execute a Right of Entry Permit with the Los Angeles Regional Interoperable Communications Authority for 2000 San Gabriel Canyon Road, Azusa, CA 91702.

E. SCHEDULED ITEMS

None

F. STAFF REPORTS/COMMUNICATIONS

1. FY 2018-2019 Second Quarter Budget Reports for Water and Electric Funds

Utilities Director Robledo reported rain has reduced the amount of water sales. ALW purchased water from the Metropolitan Water District (MWD) at a cost of \$6 million. The water cost recovery charge was adjusted due to the purchase. Reserve funds were used to cover the \$3.7 million negative cash flow. Debt service coverage is good at 1.42. Staff anticipates another adjustment in the recovery charge for water purchases. On the electric side, cash flow is positive. Revenues are fine even though sales are down. Electric debt service coverage is excellent.

In response to a Board Member's questions, Utilities Director Robledo indicated reserve funds will be replenished over the next two years through gradual accumulation of the recovery charge. ALW and the Finance Department track the recovery of costs.

2. Upgrade of Standard and Poors' Rating of Azusa Light and Water Electric Revenue Bonds from "A" to "A+"

Utilities Director Robledo advised that Standard and Poors has reviewed ALW's business outlook and is reporting the electric utility has strong debt coverage metrics, strong service area economic fundamentals, an extremely strong industry risk profile, a diversity of customers, and a strong market position. Standard and Poors raised the electric utility's rating from "A" to "A+." The higher rating means ALW can borrow funds at a lower interest rate.

G. VERBAL COMMUNICATIONS

1. Power Supply Update

Utilities Director Robledo reported renewable sources provided 15 percent of ALW's electric supply in January. Staff continues to project 32 percent of electric supply for the year will be obtained from renewable sources. Negotiations for the wind project are going well. The wind project will not come online until January 2022, but it should increase the percentage of renewable sources to more than 60 percent. The state will require utilities to obtain 60 percent of their electric supply from renewable sources by 2030.

2. Water Supply Update

Utilities Director Robledo indicated rainfall has increased to 27 inches.

3. General Policy and Regulatory Updates

Utilities Director Robledo advised that he will attend the legislative rally to highlight the issues of vegetation management, municipal bonds, pole attachments, utility operations communication interference, and guiding principles for consumer-owned utilities. In the federal farm bill, \$660 million is designated for fuel reduction, and the rally is intended to encourage Congress to fully fund the farm bill. Congress removed the advance refunding of bonds to save money, and the rally will support the reinstatement of advance refunding of bonds. The Federal Communications Commission (FCC) has instituted restrictions on a local jurisdiction's approval of cell phone facilities located on existing poles. The community should have input regarding the aesthetics of cell phone facilities. Microwave towers are used to monitor power distribution. A petition before the FCC will allow other parties to utilize the same frequency. The electric industry opposes the petition on the grounds of operations security and cybersecurity.

In reply to a Board Member's questions, staff related that the FCC restrictions apply even though poles are owned by the local jurisdiction. The Planning Department has crafted a standard that cell phone facilities have to be aesthetically pleasing. In December 2018, the City Council adopted an ordinance allowing the City to regulate the types of equipment that can be placed on City infrastructure. Staff is working on design guidelines for cell phone facilities. Implementing Wi-Fi in parts of the City is feasible, and the cost could be \$3,000-\$4,000 per pole. Staff is exploring smart parks or Wi-Fi in parks.

H. CLOSED SESSION

None

ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

TIME OF ADJOURNMENT: 6:51 P.M.



CITY CLERK/SECRETARY