



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD
MONDAY, FEBRUARY 24, 2020– 6:30 P.M.

Chairman: Edward J. Alvarez
Vice Chairman: Angel A. Carrillo
Board Member: Joseph R. Rocha
Board Member: Robert Gonzales
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.

Vice Chairman Carrillo called the meeting to order at 6:30 P.M.

Pledge to the flag was led by Vice Chairman Carrillo.

ROLL CALL: Roll call was taken by Secretary Cornejo.

PRESENT: BOARD MEMBERS: CARRILLO, ROCHA, GONZALES

ABSENT: BOARD MEMBERS: ALVAREZ, MACIAS

ALSO PRESENT

Elected Officials: Secretary Cornejo

City Attorney: Jeff Ferre

Staff Members: City Manager Gonzalez, Utilities Director Robledo, Assistant Director of Water Operations Macias, Assistant Director of Electric Operations Vuong, Utilities Programs Specialist Reid, Senior Management Analyst Smith, Police Captain Grant, Chief Deputy City Clerk Garcia.

A. PUBLIC PARTICIPATION

None.

B. UTILITIES DIRECTOR COMMENTS

Utilities Director Robledo reported staff is preparing for budget workshops. The Advanced Metering Infrastructure (AMI) project is approximately 50 percent complete and on schedule for completion by the end of the year. When the project is complete, meter readers will be redeployed with one moving to the Water Utility. Attrition may result in a reduction in force. Inspection of electrical panels at the Canyon City Business Park project has been scheduled. All Light and Water facilities have been relocated for the Orchard project. Staff will continue to budget for meter replacement and plans to replace all streetlights with LED lights over three years without a rate increase.

C. UTILITY BOARD MEMBER COMMENTS

None.

D. SCHEDULED ITEMS

None.

E. CONSENT CALENDAR

Moved by Board Member Gonzales, seconded by Board Member Rocha, and carried by the following vote of the Board to approve the Consent Calendar:

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

1. The minutes of the January 27, 2020 regular meeting of the Utility Board were approved.
2. Adherence to the ISDA 2018 U.S. Resolution Stay Protocol as published by the International Swaps and Derivatives Association (ISDA) on July 31, 2018 was approved; and the Director of Utilities was authorized to execute the ISDA 2018 U.S. Resolution Stay Protocol in a form acceptable to the City Attorney.
3. The Consent of Assignment Agreement for the assignment of the Communications Site Lease Agreement with T-Mobile West LLC, a subsidiary of T-Mobile USA, to a subsidiary of Vertical Bridge Towers III LLC was approved; and the Director of Utilities was authorized to execute the Consent of Assignment Agreement with T-Mobile USA in a form acceptable to the City Attorney.

F. STAFF REPORTS/COMMUNICATIONS

1. Fiscal Year 2019-2020 Second Quarter Budget Reports for Water and Electric Funds

Utilities Director Robledo reported Water Fund revenues and expenses are 50 percent and 48 percent, respectively of budgeted amounts. There is positive cash flow of \$1.9 million. Retail sales have decreased 0.1 percent over 2018 likely due to the mild weather. Cash reserves and debt service coverage are both good. Positive cash flow in the Electric Fund is \$2.9 million. Revenues are 50 percent and expenses are 45 percent of budgeted amounts, respectively. Retail sales have decreased 2.7 percent over 2018, again due to the mild weather. Cash reserves have increased to \$22.6 million, and debt coverage is 11.42.

G. VERBAL COMMUNICATIONS

1. Power Supply Update

Utilities Director Robledo advised that in January 2020 the portfolio contained about 17.8 percent of renewable energy, but staff expects the amount will increase throughout the year. In January 2019, the percentage of renewable energy was 15 percent. Failure of the gas turbine at the Lodi power plant has been determined to be the result of a design flaw. The preference is to replace the turbine with a revised model. The insurance policy will cover the repairs with the exception of \$800,000. ALW's share of the \$800,000 may be taken from reserve funds. Hopefully, repairs will be completed by July. Permitting to replace the turbines in the Mesa wind project should be approved by August. An audit of 2019 greenhouse gas emissions is underway. Staff anticipates auctioning surplus Renewable Energy Credits. Staff is working with the Southern California Public Power Authority (SCPPA) to prepare a Request for Proposals (RFP) for backup renewable energy capacity. The RFP should be ready for issuance in the next few months.

In response to Board Member Gonzales' question, Utilities Director Robledo explained that 30 wind turbines would be removed and eight turbines installed in the Mesa project.

2. Water Supply Update

Utilities Director Robledo indicated the water table is holding steady. Rainfall for the fourth quarter of 2019 was above average, but rainfall for January and February has been below average. ALW's allocation from the State Water Project is 15 percent. Reservoir storage of water is in good shape. Statewide, reservoir conditions are good. Negotiations for a tunnel to transport water from Northern California to Southern California without disturbing wildlife habitat have begun. If negotiations fail, litigation could last for years.

3. General Policy and Regulatory Updates

Utilities Director Robledo reported AB 2255 proposes to turn a quarry into pumped storage. ALW opposes AB 2255. AB 2547 proposes to eliminate Renewable Energy Credits. Labor supports the bill to ensure power supplies are located in California and built by union labor. Most of ALW's energy is provided by facilities located in California. SB 953 proposes the elimination of charges to customers who have solar plants. ALW opposes the bill. AB 3014 proposes to establish a statewide central procurement for utilities that do not take care of their own needs.

H. CLOSED SESSION

None.

I. ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

TIME OF ADJOURNMENT: 6:53 P.M.



CITY CLERK/SECRETARY