



CITY OF AZUSA
MINUTES OF THE REGULAR MEETING
OF THE AZUSA UTILITY BOARD
MONDAY, MARCH 23, 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. Please note this meeting was done via Teleconference only.

Chairman Alvarez called the meeting to order at 6:31 P.M.

ROLL CALL: Roll call was taken by Secretary Cornejo.

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

ALSO PRESENT

Elected Officials: Secretary Cornejo

City Attorney: Jeff Ferre

Staff Members: City Manager Gonzalez, Utilities Director Robledo, Assistant Director of Water Operations Macias, Utilities Programs Specialist Reid, Senior Water System Engineer Barbosa, Administrative Services Director Johnson, Assistant Director of Customer Care and Solutions, Senior Management Analyst Smith, and Chief Deputy City Clerk Garcia

A. PUBLIC PARTICIPATION

City Attorney Ferre reported the public may participate in the meeting via telephone and email.

B. UTILITIES DIRECTOR COMMENTS

Utilities Director Robledo reported over the past few weeks staff has focused on responding to the COVID-19 pandemic. There have been no shortages and no prolonged outages for either water or electricity. Supplies for both are stable. Statewide, power usage has declined 10%. Staff has been practicing social distancing and disinfecting surfaces. Water, electric, and customer service staff are working staggered schedules as a preventative measure. Email and website messaging states tap water is safe to drink because chlorine disinfects it. During the crisis, disconnection of service for nonpayment has been suspended. Payments may be made at the drive-through window and online. Staff is answering telephone calls. Morale is high, and staff feels they are helping people and are part of the solution. Athens has ceased recycling materials and is using the facility as a transfer station. Athens will attempt to increase the amount of refuse being burned at the waste energy facility, but a lot of refuse will be sent to the landfill. If the pandemic affects Athens' ability to staff services, street sweeping will be the first service to cease. The automated metering information (AMI)

project will focus on the installation of electric meters during the pandemic. Recycling events in April have been postponed to hopefully June or July. Work on the line extension to Canyon Business Park will continue. Work at the Orchard site is currently complete.

In reply to Chair Alvarez's question, Assistant Director for Customer Service Holmes indicated a few hundred customers have requested payment arrangements. Utilities Director Robledo added that the City Attorney has advised staff not to forgive payments. Staff will work with customers to arrange affordable payments.

C. UTILITY BOARD MEMBER COMMENTS

None

D. SCHEDULED ITEMS

1. Authorize Plan to Fund the CalPERS Unfunded Accrued Liability Obligation for the Water Fund.

Utilities Director Robledo advised that staff recommends a loan from the Electric Fund to the Water Fund. The Water Fund will pay interest of approximately 2.4% to the Electric Fund rather than pay approximately 3% in bond fees.

Administrative Services Director Johnson reported the Water Fund, Electric Fund, and Sewer Fund have unfunded accrued liability (UAL) balances of approximately \$6.4 million, \$5.4 million, and \$1.8 million respectively. The Electric and Sewer Funds have sufficient cash to decrease their portion of the UAL and maintain good credit ratings. Staff proposes that the \$6.4 million Water Fund UAL balance be paid in full by: i) the Water Fund forgiving the \$2.9 million loan owed by the General Fund; ii) the General Fund issuing \$2.9 million in Pension Obligation Bonds in lieu of paying off said loan; and iii) the Water Fund borrow \$3.5 million from the Electric Fund.

In answer to Board Members' questions, Administrative Services Director Johnson indicated the term of the loan to the Water Fund would be five years, and the interest rate would be approximately 2.4%. The transactions will not negatively affect the City's credit rating. Cash on hand in the Water Fund would exceed Moody's criterium for a AA rating.

Moved by Board Member Rocha, seconded by Board Member Gonzales, to approve the staff recommendation by the following vote of the Board:

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

Resolution No. 2020-UB-01 authorizing the forgiveness of the loan balance of approximately \$2.9 million owed by the General Fund to the Water Fund established by Resolution No. 14-C81 upon completion of the General Fund issuing Pension Obligation Bonds to pay the same \$2.9 million towards the Water Fund's \$6.4 million portion of the Unfunded Accrued Liability for pensions to CalPERS was adopted; Resolution No. 2020-UB-01 approving an agreement for the Electric Fund to loan \$3.5 million to the Water Fund to pay the remaining portion of the Water Fund's 46.4 million Unfunded Accrued Liability for pensions to CalPERS was adopted; and the City Manager was authorized to approve lump-sum payments of the City's Unfunded Accrued Liability for pensions to CalPERS from the Water Utility (Fund 32) in a not-to-exceed amount of \$3.5 million,

E. CONSENT CALENDAR

Moved by Board Member Rocha, seconded by Board Member Gonzales, to approve the Consent Calendar by the following vote of the Board with the exception of Item E-5 which was handled under the Special Call portion of the agenda:

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

ABSENT: BOARD MEMBERS: NONE
ABSTAIN: BOARD MEMBERS: ALVAREZ (Item 1 only), MACIAS (Item 1 only)

1. The minutes of the February 24, 2020 regular meeting of the Utility Board were approved.
2. 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; the purchase of one (1) new 2020 Ford Super Duty F-350 DRW (F3G) XL 2-WD Reg Cab and Royal 12' contractor body with equipment was approved; and the issuance of a Purchase Order to National Auto Fleet Group in the amount not-to-exceed \$53,049.41 was authorized.
3. Bid document #LD2020-Switchrack Steel and bid document #LD2020-Equipment for the Circuit Breaker Expansion Project at the Azusa Substation were approved; and the City Clerk's Office was authorized to advertise and solicit for bids for these two items.
4. The competitive purchase requirements pursuant to Chapter 2, Article VII, Section 2-521(a) of the Azusa Municipal Code (Cooperative and Piggyback Purchasing) were waived; and the issuance of a Purchase Order to National Auto Fleet Group of Watsonville, California, in an amount not-to-exceed \$55,294.93, including sales tax and delivery charges, for a 2020 Ford Super Duty F-250 SRW pickup and custom body was approved.
6. Task Order 10 for Well No. 1 rehabilitation to General Pump Company under the existing Master Maintenance Services Agreement for a not-to-exceed amount of \$343,310 was awarded.

SPECIAL CALL

Authorization to Solicit Bids for Project W-277 Water Main Replacement on Cypress Street Between Vincent Ave. and Azusa Ave.

In answer to Board Member Rocha's questions, Utilities Director Robledo advised that the water main was installed in 1913 and has reached the end of its useful life. This segment of the water main needs frequent repairs. Assistant Director of Water Operations Macias indicated the anticipated life span of the new pipe is 75 years, but in some cases the lifespan has reached 100 years.

Moved by Board Member Rocha, seconded by Chair Alvarez to approve project plans and specifications for Project W-277 Water Main Replacement on Cypress Avenue between Vincent Ave and Azusa Ave; and advertise and solicit bids for the project by the following vote of the Board:

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

F. STAFF REPORTS/COMMUNICATIONS

None

G. VERBAL COMMUNICATIONS

1. Power Supply Update

Utilities Director Robledo reported renewable energy comprises approximately 21.3% of the power portfolio. The Lodi Energy Center is undergoing repairs and should be online by July. The bulk of the repair costs will be paid by insurance proceeds. Power demand has decreased due to temporary business closures. Staff is negotiating to retain ALW's cap-and-trade allowances and to purchase resource adequacy capacity for 2021. In addition, staff is working with the California Independent System Operator (CAISO) to adjust the load forecast to match supply and demand.

2. Water Supply Update

Utilities Director Robledo related that rainfall totals approximately 16 inches to date. The water table was down approximately 0.4 feet prior to 5 inches of rain in March but remained in the operating range. Reservoirs have plenty of water. Raw water is processed through the filtration plant and then treated with a chlorine solution that kills viruses and bacteria, including the coronavirus.

3. General Policy and Regulatory Updates

Utilities Director Robledo indicated most governmental actions concern the coronavirus; however, staff continues to monitor legislative and executive actions.

H. CLOSED SESSION

None

I. ADJOURNMENT

The meeting was adjourned by consensus of the Utility Board.

TIME OF ADJOURNMENT: 7:03 P.M.



CITY CLERK/SECRETARY