

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, AUGUST 7, 2014
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

1:30 p.m. Mayor's Conference Room – Room 10

may discuss this item and give direction to staff.

ROLL CALL

PRESENTER(S): Steve Allen, Supervising Engineer and Norman Amidon, Associate Civil Engineer

Present (5) Vice Chair Kaun, Board Members Arnone, Dowd, Holt, and Steffensen

No action was taken by the Board.

Absent (1) Chairman Galvin

Adjourn Study Session and reconvene to open session in City Council Chamber at 3:12 p.m.

Vacant (1)

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

MINUTES APPROVAL

No statements of abstention were made.

Board Member Dowd moved a motion to approve the minutes of July 3, 2014 and July 24, 2014. The motion was seconded by Board Member Holt and carried unanimously. **AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0) VACANT (1)**

STUDY SESSION

STAFF BRIEFINGS – NONE

3.1 WATER AND WASTEWATER DEMAND FEE UPDATE

BACKGROUND: Staff and the Demand Fee consultant, The Reed Group, Inc., will review the changes in assumptions and input since the last Demand Fee update and will review the recommended methodology and resulting considerations. The Board may discuss this item and give direction to staff.

CONSENT ITEMS

6.1 CONTRACT AWARD – SEWER MAIN LINING AT VARIOUS LOCATIONS 2014

PRESENTER(S) Linda Reed, Deputy Director Administration and Bob Reed, The Reed Group, Inc.

Staff requested direction on the date to be used for the Administrative adjustments that can be reviewed and approved by the Director of Utilities. The Board requested the date of August 7, 2014 be used for this purpose. No action was taken by the Board.

MOTION:

Board Member Arnone moved a motion to award construction contract in the amount of \$366,650.00 to the lowest responsive bidder, SAK Construction of California, Inc., of O'Fallon, MO for Sewer Main Lining At Various Locations 2014, approve a 15% contract contingency, and authorize a total contract amount of \$421,647.50. The motion was seconded by Board Member Holt and carried unanimously. **AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0) VACANT (1)**

3.2 PRINCIPLES OF ASSET MANAGEMENT

BACKGROUND: Staff will present an overview of the Utilities Department Asset Management (AM) Program. The AM Section of Utilities develops the City-wide Capital Improvement Program (CIP) on an annual basis. This is a rigorous and collaborative process that utilizes Advanced AM principles. This presentation will outline some of those principles and the process AM uses to develop the CIP. It will also touch briefly on other projects and advancements in the AM Section. No action is requested, but the Board

REPORT ITEMS

7.1 REPORT – 2014 WATER AND WASTEWATER DEMAND FEE UPDATE

BACKGROUND: Demand fees are the one-time fees charged for new service connections to the City's water and wastewater systems. The fees are intended to recover costs attributable to new development. In 2012, the City of Santa Rosa retained The Reed Group, Inc. to update the Demand Fees previously adopted in 2007.

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Based upon a comprehensive review and update, the Board of Public Utilities Budget Subcommittee, City staff, and the consultant recommend revising the fee basis to a 'System Buy In' approach. New data was incorporated based on revised building code and landscape installation standards for new development that have been adopted since 2007 to determine peak demand. These changes result in the recommended fees being significantly lower than fees established by the previous study. Because the impact of lower fees is significant for new development, the BPU Budget Subcommittee recommends that the Board recommend that Council add a provision to the sewer ordinance and resolution that persons or entities paying demand fees beginning with a time period determined by the Board and confirmed by Council and until the ordinance and or resolution takes effect may apply to the Director of Utilities for an administrative adjustment of the fees in accordance with the fees established by the adopted ordinance and resolution.

In addition, changes are recommended to Table 15-1 of Chapter 15 of the City code to incorporate current flow data into the Commercial, Industrial and Institutional demand fee calculation factors and related changes are recommended to the BPU approved Guide to Potable Water, Recycled Water and Wastewater Policy subject to Council action to approve the recommended revisions to City Code.

Finally, proposed amendments to City Code Sections 15-16.030 (C) and 15-16.050 will allow wastewater demand fees to be paid per Title 21 of the City Code per the City's Aggressive Economic Development Policy. This proposed amendment makes wastewater demand fees consistent with all other Development Impact Fees regarding time of payment.

RECOMMENDATION: The Board of Public Utilities Budget Subcommittee and staff recommend that the Board of Public Utilities recommend that, per the 2014 Water and Wastewater Demand Fee Study, the City Council adopt the recommended fees, re-adopt the annual escalator, make related revisions to the City Code and conditionally

approve changes to the Guide to Potable Water, Recycled Water and Wastewater Policy subject to Council action to approve the recommended revisions to City Code.

PRESENTER(S): Linda Reed, Deputy Director – Administration and Bob Reed, The Reed Group

Kurt Nichols, Carlile Macy spoke in support of the new fees but urged the Board to reconsider how to apply the fee schedule back to those that may have already paid the current fees.

MOTION:

Board Member Arnone moved a motion recommending that, per the 2014 Water and Wastewater Demand Fee Study, the City Council adopt the recommended fees, readopt the annual escalator, make related revisions to the City Code and allow the Director of Utilities to make an administrative adjustment to the fees from August 7, 2014 until the new fees go into effect to allow new connections to pay the proposed fees. The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0) VACANT (1)

MOTION:

Board Member Steffensen moved a motion to approve Resolution No. 1073 entitled "Resolution of the Board of Public Utilities of the City of Santa Rosa Conditionally Approving Amendments to the Guide to Potable Water, Recycled Water and Wastewater Policy Subject to Adoption of Revised Demand Fees Proposed Under the 2014 Water and Wastewater Demand Fee Study by the City Council." The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0) VACANT (1)

7.2REPORT - WATER SUPPLY UPDATE

BACKGROUND: Staff will update the Board on water supply issues. The Board may discuss this item and give direction to staff.

PRESENTER(S): Jennifer Burke, Deputy Director, Water and Engineering Resources

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and Mike Prinz, Deputy Director, Utility Operations

No action was taken by the Board.

8. PUBLIC COMMENTS ON NON-AGENDA MATTERS – NONE

9. REFERRALS - NONE

10. WRITTEN COMMUNICATION (And Possible Board Action)

11. SUBCOMMITTEE REPORTS

Board Member Holt reported that the Water Conservation Subcommittee meeting has been moved to August 14.

12. BOARD MEMBER REPORTS - NONE

13. DIRECTORS REPORT

David Guhin, Director of Utilities reported that the new City Manager, Sean McGlynn starts on September 12; he expressed appreciation for all the staff that have been assisting customers during the drought and reported that the water supply planning division as well as local operations have all been assisting with these customers. He further reported that the Reclamation staff is continuing to juggle all of the needs of the various users and noted that this is a difficult time for the City.

14. ADJOURNMENT OF MEETING

At 4:12 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, August 21, 2014 at approximately 1:30 p.m. in the Council Chamber, City Hall, 100 Santa Rosa Avenue, Santa Rosa.

Dan Galvin

Gina Perez