

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, AUGUST 20, 2009
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

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

ROLL CALL

Present (5), Vice Chair Swinth, Board Members Gale, Galvin, Holt, and Meechan

Absent (2) Chairman Dowd and Board Member Lowe

Vice Chair Swinth reported that Chairman Dowd was home recovering from the mild heart attack he had on August 10th. He is in good spirits but currently on forced time off with hopes to return soon.

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

Vice Chair Swinth stated that she would be abstaining from the approval of the minutes for August 6, 2009 because she was absent from that meeting.

STUDY SESSION

3.1 WATER AND WASTEWATER RATES – RATE MODEL INPUTS

Linda Reed, Administrative Services Officer reported that the Budget Subcommittee had met on August 14, 2009 to discuss the items included in the Study Session. Ms. Reed explained that the information being presented was only preliminary because the end of fiscal year numbers would not be available until September. She then reviewed the FY 2008/09 revenue and expenditures and stated that water revenue is down considerably from previous years, likely depleting water reserves beyond the City's reserve policy level. Ms. Reed then reviewed the FY 2009/10 approved budget and presented the Budget Subcommittee's funding priorities which include energy projects; groundwater exploration; I & I Reduction; Infrastructure replacement and restoring reserves. Ms. Reed and consultant Bob Reed of The Reed Group presented four potential water demand assumptions that could be used to develop the water rate model and noted that the subcommittee preferred the most conservative option; the Board concurred, with slight modifications to reflect the lower

usage numbers in 2009 to date. Ms. Reed discussed the 2008 water and wastewater revenue bond funds and explained that \$8 million dollars of one time funds were available due to construction bids coming in below estimates. The Board concurred with using those funds to support the 2009/10 Capital Improvement Program. Mr. Reed presented proposed revised tiered rate structures for single family residential accounts and dedicated irrigation accounts that could lessen the impact of a water rate increase for tier one usage. Mr. Reed then provided information about implementing an automatic rate adjustment that would pass through changes in wholesale water costs from the Sonoma County Water Agency in July of each year when the rates take effect. The Board suggested that there be an identifier of the cost of wholesale water on the utility bill. The Board asked for additional information regarding the implementation date of future rate adjustments. Ms. Reed discussed the proposed timeline for the current rate recommendation review with BPU and City Council and the Board requested that the time line be moved out 1 week to allow additional time to prepare and review the complex data. The Board asked for a second study session at the September 17th BPU meeting. The Board also requested additional information on the tiered rates and asked for a financial update on a quarterly basis.

Adjourn study session and reconvene to open session in City Council Chamber at approximately 3:22 p.m.

MINUTES APPROVAL

Board Member Meechan moved approval of the minutes of August 6, 2009. The motion was seconded by Board Member Holt and carried unanimously. AYES (4) NO (0) ABSENT (2) Dowd and Lowe ABSTAIN (1) Swinth

STAFF BRIEFINGS - NONE

CONSENT ITEMS - NONE

REPORT ITEMS

7.1 WAIVER OF COMPETITIVE BIDDING –

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**SOLE SOURCE AWARD OF PLC
REPLACEMENT SERVICES**

Paul Doroff, Departmental Technology Coordinator provided background information on the approved SCADA Master Plan Model; the projects that have been completed to date within the Plan and how the project would be incorporated. PLC's are digital computers integral to automatic and reliable operations of various processes at the Laguna Treatment Plant. Mr. Doroff discussed the typical installation, labor and reengineering costs and the proposed implementation schedule. Jim Wright, Purchasing Agent discussed the Request for Information process that received 9 responses, including review panel determinations highlighting the qualifications of the selected contractor. Board Members Galvin, Gale and Holt added that the Contract Review Subcommittee thoroughly reviewed the sole source and waiver of competitive bidding, impressed with the presentation and they unanimously supported staff's award recommendation. Suzanne Rawlings, Assistant City Attorney advised that the resolution needed an additional line item that would authorize the Director of Utilities to execute project orders against the contract.

MOTION:

Board Member Galvin moved to approve Resolution No. 960 entitled "Resolution of the Board of Public Utilities Waiving Competitive Bidding and Authorizing the Award of a Sole Source Three Year Contract for PLC Replacement Services to E&M Electric and Machinery, Inc., DBA Serra, Healdsburg, California," as amended. The motion was seconded by Board Member Gale and carried unanimously. AYES (5) NO (0) ABSENT (2) Dowd and Lowe ABSTAIN (0)

**7.2 CONTRACT AWARD – LAGUNA
TREATMENT PLANT SEWER LINING –
EAST HEADWORKS**

Tracy Duenas, Associate Civil Engineer gave the staff presentation, reviewed the project site, and explained that the project was needed because of the age of the pipe and deteriorated condition of the trunk piping immediately upstream of this section

which was replaced two years ago. He explained that two bids were received with Rain for Rent of Bakersfield, CA, identified as the low bidder. Dan Carlson, Deputy Director-Subregional Utility Operations discussed the transfer of funds requested in the staff recommendation which includes transfer of \$500K from the Subregional Reserves and noted that the amount budgeted 2 years ago was, in retrospect, too low and the detailed design of the project determined the project was more complex and would require greater flow diversions than previously anticipated. The contract specifications require bypass pumping of 33 MGD which was expected to occur during daily peak flow. Based on current flow projections, this requirement may be lowered somewhat and this could result in a savings for the City. Board Member Gale asked if execution of a change order prior to award had been considered since this would result in less of a transfer from the reserves. Mr. Carlson responded that the amount of potential savings had not been determined yet but was likely small. Any funds not spent, whether from contract savings, or from contingency or construction inspection savings, would be returned to the Subregional Reserves upon project completion.

MOTION:

Board Member Galvin moved to approve Resolution No. 961 entitled "Resolution of the Board of Public Utilities of the City of Santa Rosa Awarding Contract No. 2009-034 to Rain for rent of Bakersfield, CA, for Laguna Treatment Plant Sewer Lining – East Headworks". The motion was seconded by Board Member Meechan. AYES (4) NO (1) Gale ABSENT (2) Dowd and Lowe ABSTAIN (0)

7.3 RECYCLED WATER PILOT PROJECT

Jennifer Burke, Senior Water Resources Planner gave the staff presentation and provided a brief overview of the Recycled Water Project Phase 1 West that the Board and Council had approved for design only pending a Basin Plan Amendment addressing incidental runoff of recycled water. She explained that the project is being funded by

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grant money from the State of California Proposition 50 in the amount of \$4.004 million, as well as funding from the Sonoma County Water Agency in the amount of \$1.1 million. Ms. Burke reported that on July 23, 2009, the Regional Board adopted the Low Treat Discharge Basin Plan Amendment (BPA) that addressed incidental runoff of recycled water and addressed conflicts between the seasonal discharge prohibition and existing statewide policies and permits specifically with the State Board. She identified the proposed schedule for BPA review and approval and/or adoption through the State Board, Office of Administrative Law and the EPA. Ms. Burke then highlighted the benefits of moving forward with construction at this time.

Brenda Adelman, Russian River Watershed Protection Committee asked where the recycled water would be coming from; expressed concern about the number of incidents of runoff from over irrigation that have been reported to water conservation; and expressed concern about a recent report on mercury levels in fish.

Ms. Burke responded that contracts exist for the Geysers and the urban users in Rohnert Park and allocations have been made and are available for this project. The overwhelming majority of the runoff incidents reported are single family residential and the project would not be targeting those users but would focus on large landscape. As part of the Recycled Water Project, users will be required to have a certified site supervisor that goes through training that the City provides that would educate them on the requirements of using recycled water.

MOTION:

Board Member Gale moved to approve Resolution No. 962 entitled "Resolution of the Board of Public Utilities Recommending that the City Council Direct Staff to Proceed with the Construction of Phase I West of the Santa Rosa Urban Reuse Project." The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (2) Dowd and Lowe ABSTAIN (0)

7.4 PROPOSED WAIVER OF COMPETITIVE BIDDING AND APPROVAL OF PROFESSIONAL SERVICES AGREEMENT FOR NPDES PERMIT SUPPORT WITH MERRITT SMITH CONSULTING

Lynn Small, Deputy Director Environmental Services gave the staff presentation and explained that the current NPDES permit expires on November 9, 2011 and an application for renewal is due by March 20, 2011. Mr. Small reviewed the items that would be included in the scope of services that need to be addressed in the application as required by the Regional Board. Also included in the scope are management services for the preparation of the Salt and Nutrient Management Plan required by the State Water Resources Control Board's Recycled Water Policy adopted in 2009. The Regional Board has requested completion of the Salt and Nutrient Management Plan so that it may be delivered in conjunction with the NPDES Permit application. Mr. Small reviewed the justification for the sole source recommendation and added that this item was brought before the Contract Review Subcommittee for review. Board Member Gale reported that the subcommittee unanimously supported this contract but suggested that staff look into a way to preserve the long institutional memory that Merritt Smith has obtained. Board Member Galvin added that the subcommittee discussed issues with redundancy and also noted that they are comfortable with the high level of service that Dr. Smith has provided to date.

Brenda Adelman, RRWPC said that staff may have come up with the same results had they gone through a more open Request for Proposals process and stated that there are other contractors that could perform the work.

MOTION:

Board Member Galvin moved to approve Resolution No. 963 entitled "Resolution of the Board of Public Utilities Waiving Competitive Bidding and Authorizing the Award of a Professional Services Agreement for NPDES Permit Services to Merritt Smith Consulting." The motion was seconded by Board Member

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Holt and carried unanimously. AYES (5) NO (0) ABSENT (2) Dowd and Lowe ABSTAIN (0)

7.5 WATER SUPPLY UPDATE

Glen Wright, Deputy Director Water Resources reported that Lake Mendocino was 61.7% full with releases at 125 cubic feet per second (cfs) and Lake Sonoma was 84.1% full with releases at 119 cfs. He then reported that storage has met levels of 2006 & 2007 and there should be sufficient flow for the fall Chinook run this year. Last Friday afternoon, the Water Agency reported storage levels at 79.4 mg but the 100 top irrigators were not notified and storage returned to 82 mg on Monday. Santa Rosa's water use has dropped for 25.39% for July compared to 2004. Mr. Wright stated that a milestone has been reached with the Cash for Grass Program and 750,000 sq feet of turf or 18 acres had been removed. Water Conservation staff have estimated that this program is saving 50 acre feet of water per year and an article should be in the Press Democrat this weekend highlighting the success of the program. Mr. Wright showed a graph that compared water purchases vs. allocations. The City's allocation is 2,257 acre feet per month and in June 2,131 acre feet were purchased and in July it was down to 1,879 acre feet.

8. PUBLIC COMMENTS ON NON-AGENDA MATTERS - NONE

9. REFERRALS

10. WRITTEN COMMUNICATION (And Possible Board Action)

11. SUBCOMMITTEE REPORTS

All updates were given during the report items.

12. BOARD MEMBER REPORTS

Board Member Galvin reported that he attended the Mayor's lunch in place of the Chairman Dowd and Vice Chair Swinth and gave an update on the Board's activities. He also heard a presentation on a City sponsored training that is being offered called Building an Inclusive Workplace and provided a handout

to the members. Members of the Boards and Commissions are welcomed and encouraged to participate on of the 2 day seminars.

13. DIRECTORS REPORT

Miles Ferris, Director of Utilities reported that the State Board will be considering new fee increases for the City's NPDES permits and depending on what amount they choose, costs will rise 4-10 times. A response will be prepared and presented through the California Association of Sanitation Agencies (CASA). He also updated the Board on the recent CASA meeting that he attended that focused on proposed changes to the current taxation method and guarantees income during economical ups and downs.

14. ADJOURNMENT OF MEETING

At 5:05 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, September 3, 2009 at approximately 1:30 p.m. in the Mayor's Conference Room, City Hall, 100 Santa Rosa Avenue, Santa Rosa.

Robin Swinth

Gina Perez