

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, APRIL 2, 2009
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

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

ROLL CALL

Present (5) Chairman Dowd, Vice Chair Swinth, Board Members Gale, Galvin, Holt

Absent (2) Board Members Lowe and Meechan

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

Chairman Dowd stated he would be abstaining from Consent Item 6.4 because he has a business relationship with the low bidder.

STUDY SESSION

3.1 UTILITIES FY2009/10 OPERATIONS AND MAINTENANCE AND CAPITAL IMPROVEMENT PROGRAM BUDGET REVIEW

Linda Reed, Administrative Services Officer gave the staff presentation and highlighted the major achievements of the Department. She discussed the revenue and expenditure assumptions Included in the mid-year rate model. She reviewed the BPU Budget Subcommittee's concerns about the impacts of drought conditions and water rationing; future rate considerations to continue infrastructure replacement; the timing of economic recovery; and funding for system reserves. Ms. Reed gave a detailed review of the operating and maintenance expenditure request, highlighting areas that showed major increases or decreases. She reviewed the four new position requests; 2 limited term positions for the Water Conservation division, 1 limited term position for Project Development and 1 permanent position for Demand Management. She also identified the proposed projects included in the Water, Wastewater and Subregional funds. David Guhin, Deputy Director Asset Management reviewed the Capital Improvement Project expenditure request and noted that while funding is decreased from the previous year, the bidding climate is good and there are stimulus opportunities available. He showed a map that identified the Utilities CIP water and

sewer projects for 2009/10 and presented graphs showing the types of projects that will be completed and the percentage of funding to be used. Vice Chair Swinth, Chair of the Budget Subcommittee, stated that the Budget Subcommittee recommends approval of the 2009/10 budget requests as presented and will continue to meet with staff on a quarterly basis to stay current with any changes.

3.2 DISCHARGE COMPLIANCE PROJECT UPDATE

Mike Prinz, Supervising Engineer began the staff presentation and discussed the project elements to be implemented in 2009-2010. He identified the implementation schedule for the diffuser project that stated that the design services had been competitively awarded to the team of Kennedy/Jenks and CEG. Mr. Prinz showed a map of the project location and a schematic of the diffuser design. Dr. Dave Smith, Merritt Smith Consulting gave a detailed review of the proposed Nutrient Offset Program and Nutrient Offset Project Opportunities. One such opportunity would be a partnership with the Sonoma County Water Agency (SCWA) for the Stream Maintenance Program which would include items such as streambank erosion control; vegetation control; and sediment removal. Staff will continue to work with Merritt Smith Consulting and the SCWA and will provide an update as relevant information regarding coordination with the SCWA becomes available.

Adjourn study sessions and reconvene to open session in City Council Chamber at approximately 3:25 p.m.

MINUTES APPROVAL

Vice Chair Swinth moved approval of the minutes of March 5, 2009. The motion was seconded by Board Member Gale and carried unanimously. AYES (4) NO (0) ABSENT (2) Lowe and Meechan ABSTAIN (1) Galvin

STAFF BRIEFINGS - NONE

CONSENT ITEMS

6.1 MOSQUITO ABATEMENT CONTRACT RENEWAL

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MOTION:

Vice Chair Swinth moved a motion to approve a 3-year agreement for mosquito and vector control services with the Marin/Sonoma Mosquito and Vector Control District in the total amount of \$35,660.00. The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (2) Lowe and Meechan ABSTAIN (0)

6.2 CONTRACT AMENDMENT – REMOTE AND STANDARD-READ TYPE WATER METERS AND ANTENNAS

MOTION:

Vice Chair Swinth moved a motion to approve Amendment No.2 to Contract 07-8758 for the supply of remote and standard-read type water meters and antennas with Sensus Metering Systems, Pittsburgh, Pennsylvania, for one additional year, with a 1% increase in contract unit price. Total amount of Amendment No.2 is \$350,000. The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (2) Lowe and Meechan ABSTAIN (0)

6.3 BID AWARD – CLEVELAND AVENUE SEWER AND WATER MAIN IMPROVEMENTS

MOTION:

Vice Chair Swinth moved a motion to award a construction contract in the total amount of \$159,435.00 to the lowest responsive bidder, A-1 Septic Construction of Castro Valley, CA, for Cleveland Avenue Sewer and Water Main Improvements and approve a construction contingency of 15 percent. The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (2) Lowe and Meechan ABSTAIN (0)

6.4 BID AWARD – LILLIE DRIVE SEWER AND WATER IMPROVEMENTS

MOTION:

Board Member Galvin moved a motion to award a construction contract in the total

amount of \$381,716.50 to the lowest responsive bidder, North Bay Construction, Inc. of Petaluma, CA, for Lillie Drive Sewer and Water Main Improvements and approve a construction contingency of 15 percent. The motion was seconded by Board Member Gale and carried unanimously. AYES (4) NO (0) ABSENT (2) Lowe and Meechan ABSTAIN (1) Dowd

REPORT ITEMS

7.1 REPORT – RUSSIAN RIVER WATER SUPPLY ISSUES AND CHALLENGES

Glen Wright, Deputy Director Water Resources introduced Pam Jeane, Jay Jasperse and Mike Thompson from the Sonoma County Water Agency. Ms. Jeane provided an overview of the Russian River Water System and discussed the impacts to the system from Decision 1610, the Potter Valley Project and the Biological Opinion. The changes to the Potter Valley Project and dry conditions have effected storage levels at Lake Mendocino this year, resulting in storage projections that indicate Lake Mendocino will reach unprecedented low levels without reductions in the instream flow requirements. She stated that the Agency is expecting to file an Urgency Change Petition to request reductions in the instream flow requirements and that the response to the Urgency Change Petition will likely include conservation/reduction in diversions and water quality and fish monitoring. Mr. Jasperse presented a graph showing monthly water deliveries to their customers from 2002-2008 in comparison to Dry Creek maximum flow limits imposed by the Biological Opinion. He discussed the long term water supply planning goals as well as the key issues and challenges facing the Agency. A workshop will be held on April 13, 2009 with the Board of Directors to discuss the regional water picture, Agency water supply & transmission system as well as recommended strategies to address these challenges. Chairman Dowd requested that more regular updates from the Agency be given to the Board.

Duane Dewitt suggested that a water forum be held to encourage community involvement and expressed concern that citizens are still

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not conserving more water.

8. PUBLIC COMMENTS ON NON-AGENDA MATTERS

Duane Dewitt spoke about a matching grant program 2008 opportunity that could provide funding for the Roseland Creek Community Park and Trail project.

9. REFERRALS

10. WRITTEN COMMUNICATION (And Possible Board Action)

11. SUBCOMMITTEE REPORTS

Vice Chair Swinth stated that the Budget Subcommittee gave their update during the Study Session and had nothing further to report.

12. BOARD MEMBER REPORTS

Board Member Gale reported that he appreciated the opportunity to participate on the Budget Subcommittee and stated it allowed him to learn a great deal about the operation of the department and the dedicated staff. He reported that he has taken part in his first full day of the department orientation and is looking forward to Day 2 which will include a tour of the field operations.

13. DIRECTORS REPORT

Miles Ferris reported that 3,523 pounds of pharmaceuticals had been collected through the Safe Medicine Disposal Program. He also spoke about a letter that he had received from a citizen acknowledging a job well done by several members of the field crew. Chairman Dowd requested that staff prepare a letter for the Board to sign thanking staff for their efforts. Dan Carlson, Deputy Director of Utility Operations provided the Board with the Key Recycled Water Policy Statement, discussed the current status of recycled water storage and presented a graph identifying the intensity of recent rain events compared to previous years.

14. ANNOUNCEMENT OF CLOSED SESSION ITEM(S) AND ADJOURNMENT TO

CLOSED SESSION(S) (MAYOR'S CONFERENCE ROOM – ROOM 10)

At 4:38 p.m., Suzanne Rawlings, Assistant City Attorney announced the closed session items.

14.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Subdivision (a) of Government Code Section 54956.9)

Name of case: In re: Calpine Corporation, et al., Debtors: United States Bankruptcy Court Southern District of New York; Case No. 05-60200 (BRL)

14.2 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: One potential case

15. RECONVENE TO OPEN SESSION

At 5:20 p.m., the closed session was adjourned. Chairman Dowd announced it was an informational briefing and there was no reportable action taken.

16. ADJOURNMENT OF MEETING

At 5:20 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, April 16, 2009 at approximately 1:30 p.m. in the Council Chamber, City Hall, 100 Santa Rosa Avenue, Santa Rosa.

Richard Dowd

Gina Perez