

SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, April 7, 2016
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING

1:31 p.m. City Council Chamber – Room 10

ROLL CALL

Present (5) Chairman Galvin, Vice Chair Kaun, Board Members Arnone, Dowd, Tibbetts

Absent (2) Board Members Holt and Watts

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

Board Member Arnone stated that he would be abstaining from the approval of the March 17th minutes because he was absent from the meeting.

STUDY SESSION - NONE

MINUTES APPROVAL – March 17, 2016

Vice Chair Kaun moved a motion to approve the minutes from March 17, 2016. The motion was seconded by Board Member Tibbetts. AYES (4) NO (0) ABSENT (2) Holt and Watts ABSTAIN (1) Arnone

STAFF BRIEFINGS - NONE

CONSENT ITEMS

6.1 CONTINGENCY INCREASE - CONNECT FOUR PRIVATE WATER SYSTEMS TO CITY WATER

MOTION:

Board Member Arnone moved a motion to authorize an increase in the construction contingency in the amount of \$299,516.10 for a total construction contingency of \$524,153.17 for Connect Four Private Water Systems to City Water. The motion was seconded by Board Member Dowd. AYES (5) NO (0) ABSENT (2) Holt and Watts ABSTAIN (0)

REPORT ITEMS

7.1 FY 2016/17 WATER AND LOCAL WASTEWATER FUNDS OPERATION, MAINTENANCE AND CAPITAL

**EXPENDITURE REQUESTS-
RECOMMENDATION TO CITY COUNCIL**

BACKGROUND: Santa Rosa Water manages the City of Santa Rosa's water and wastewater enterprise funds under the general policy authority and direction of the Board of Public Utilities (BPU) per the City Charter. The BPU annually recommends a proposed fiscal year water and wastewater budget to the City Council to be included in the annual City budget appropriation.

The water and wastewater funds are primarily financed by Santa Rosa ratepayer user fees and charges. Water rates approved by the Santa Rosa City Council, including an ongoing annual wholesale water rate pass-through increase, combined with the use of current fund balances are considered sufficient to fund the prudent operation of the water system in 2016/17. A reduction of the authorized 3% increase to wastewater fees for fiscal year 2016/17 to 2%, is proposed by City staff as sufficient to fund the prudent operation of the wastewater system and Santa Rosa's share of the Subregional system and maintain appropriate debt service ratios through 2016/17.

RECOMMENDATION: It is recommended by Santa Rosa Water staff that the Board of Public Utilities, by resolution, recommend that the City Council approve the Fiscal Year 2016/17 Water Fund and Local Wastewater Fund operation, maintenance and capital expenditure appropriation requests and reduce the previously authorize wastewater rate increase for July 2016 from 3% to 2%.

PRESENTER(S): Linda Reed, Acting Director of Santa Rosa Water

MOTION:

Vice Chair Kaun moved to approve Resolution No.1113 entitled "Resolution of the Board of Public Utilities Recommending that the Santa Rosa City Council Approve the Proposed 2016/17 Santa Rosa Water Operating, Maintenance and Capital Improvement Budgets for the Water Fund and the Local Wastewater Fund and Recommend that the City Council Reduce the Previously

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Authorized Wastewater Rate Increase for July 2016 from 3% to 2%". The motion was seconded by Board Member Tibbetts. AYES (5) NO (0) ABSENT (2) Holt and Watts ABSTAIN (0)

7.2 APPROVAL OF THE PRELIMINARY 2016/17 SUBREGIONAL SYSTEM OPERATING AND MAINTENANCE, CAPITAL IMPROVEMENT, AND DEBT SERVICE BUDGET AND ALLOCATION OF COSTS

BACKGROUND: The Subregional System, managed by the City of Santa Rosa (City) per the Subregional Agreement, is a state-of-the-art wastewater treatment facility serving five members agencies or user agencies (Santa Rosa, Rohnert Park, Sebastopol, Cotati, and the Sonoma County South Park Sanitation District). The Laguna Treatment Plant is a tertiary- level treatment facility permitted for 21.34 million gallons per day (MGD) average dry weather flow. The Subregional Agreement requires that the City annually prepare a Preliminary Budget and Allocation of Costs for the Subregional Wastewater System and notify the user agencies of these costs by May 1st of each year. The agreement further requires that the proposed budget and allocation of costs to be reviewed by the Subregional Technical Advisory Committee (TAC), the Board of Public Utilities (BPU) and the Council of the City of Santa Rosa prior to noticing the user agencies of operating and debt service costs due for the coming fiscal year.

The Subregional Operating and Maintenance Fund budget request is up \$1,227,451, or 4%. The Subregional cash-funded capital improvement program continues to increase at \$1 million per year as per agreement of the user agencies, making this year's budget request \$3.2 million. The Subregional debt service is seeing a one-time reduction of approximately \$4.5 million in fiscal year 2016/17. Overall all, user agency required contributions will be reduced for the 2016/17 budget year. The user agencies may agree to make a one-time contribution to the capital improvement program to maintain a consistent annual allocation.

RECOMMENDATION: It is recommended by Santa Rosa Water Staff and the Subregional Technical Advisory Committee (TAC) that the Board of Public Utilities, by resolution, recommend that the City Council approve the Preliminary 2016/17 Subregional Water Resource Recovery System Operating, Capital and Debt Service Budget and Allocation of Costs for the purpose of notifying the participating Subregional user agencies of their allocation of such costs for fiscal year 2016/17.

PRESENTER(S): Linda Reed, Acting Director of Santa Rosa Water

MOTION:

Board Member Dowd moved to approve Resolution No. 1114 entitled "Resolution of the Board of Public Utilities Recommending that the Santa Rosa City Council Approve the Preliminary FY 2016/17 Subregional System Operating, Capital and Debt Service Budget and the Proposed Operations and Debt Service Allocation of Costs". The motion was seconded by Vice Chair Kaun. AYES (5) NO (0) ABSENT (2) Holt and Watts ABSTAIN (0)

8. PUBLIC COMMENTS ON NON-AGENDA MATTERS – NONE

9. REFERRALS - NONE

10. WRITTEN COMMUNICATION (AND POSSIBLE BOARD DISCUSSION/ ACTION) - NONE

11. SUBCOMMITTEE REPORTS - NONE

12. BOARD MEMBER REPORTS

Board Member Dowd informed the the Board that Chairman Galvin, Acting Director Linda Reed, Director David Guhin and himself will be attending the Northern California Engineering Contractors Associations Public Officials Night to receive the Bridge Award for Santa Rosa Water's work on the Geysers Pipeline Project.

13. DIRECTORS REPORT

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Linda Reed, Acting Director, acknowledged one of our crews that recently responded to a private sewer spill until 2 am, and when they returned to the Municipal Yard, they received word of a water main break and went back out into the field to do the repair until the Weekend Crew relieved them later in the morning. This is an example of the hard working, dedicated employees of the Department. Director Reed thanked the Budget Subcommittee for all their work on the budget review process. She also announced that the Farmers Lane Wells have been turned on and are producing 1,800 gallons per minute.

Council Chamber, City Hall, 100 Santa Rosa Avenue, Santa Rosa.

Daniel J. Galvin III

Gina Perez

14. ANNOUNCEMENT OF CLOSED SESSION ITEM(S) AND ADJOURNMENT TO CLOSED SESSION (MAYOR'S CONFERENCE ROOM – ROOM 10)

At 1:52 pm, Chairman Galvin announced the closed session item and the Board adjourned to closed session.

14.1 CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: 7630 and 7650 Lakeville Hwy.

APN's 068-120-012, 013

Agency negotiator: Jill Scott – Right of Way Agent, Mike Prinz – Deputy Director, Linda Reed – Interim Director

Negotiating parties: Cypress Abbey Company represented by Mark Stornetta – Alain Pinel Realtors

Under negotiation: Price and Terms of payment

15. ADJOURN TO OPEN SESSION AND ANNOUNCEMENT OF CLOSED SESSION ACTION, IF ANY

The Board adjourned to open session at 2:37 pm. Assistant City Attorney Dillon reported that the Board gave real property negotiator direction to proceed with negotiations within price and terms parameters.

16. ADJOURNMENT OF MEETING

At 2:37 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, April 21, 2016 at approximately 1:30 p.m. in the