

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, FEBRUARY 19, 2009
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

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

Adjourn study session and reconvene to open session in City Council Chamber at approximately 3:46 p.m.

ROLL CALL

Present (7) Chairman Dowd, Vice Chair Swinth, Board Members Gale, Galvin, Holt, Lowe and Meechan

Chairman Dowd requested a motion to reorder the agenda and move Report Items 7.1, 7.2, 7.3 and 7.4 in front of Staff Briefing Item 5.1. The motion was made by Vice Chair Swinth and seconded by Board Member Galvin. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

Board Member Galvin abstained from Consent Item 6.1 because the low bidder is a client of his law firm.

MINUTES APPROVAL

STUDY SESSION

Board Member Galvin moved approval of the minutes of February 5, 2009. The motion was seconded by Board Member Gale and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

3.1 LAGUNA TREATMENT PLANT (LTP) POWER MASTER PLAN PRE-DESIGN UPDATE

REPORT ITEMS

Dan Carlson, Deputy Director Utility Operations presented historical information on the Laguna Treatment Plant and introduced Mike Prinz, Supervising Engineer and the Winzler & Kelly Consulting Engineers and Brown and Caldwell Team. The team discussed the Request for Proposals process for the pre-design services and provided a detailed review of the analysis completed. The analysis concluded that cogeneration with the purchase of new engines and a new building to house them in would best meet the needs of the treatment plant. The Board concurred with the staff recommendation and directed the team to continue moving forward with the next phase of the project.

7.1 RECOMMENDATION RE: DECLARATION OF A WATER SHORTAGE EMERGENCY AND IMPLEMENTATION OF THE CITY'S URBAN WATER SHORTAGE CONTINGENCY PLAN

3.2 COST ALLOCATION PLAN UPDATE

Jennifer Burke, Senior Water Resources Planner gave the staff presentation and explained that the Sonoma County Water Agency is projecting their water storage may hit new historically low levels unless rationing is ordered and significant rainfall occurs. She briefly discussed Section 3.5 of the Restructured Agreement for water supply and explained how the Water Shortage Allocation Methodology would be used in the event of a water shortage. Ms. Burke then reviewed the City of Santa Rosa's Urban Water Shortage Contingency Plan (Shortage Plan) which identifies rationing stages, reduction goals, consumption limits, prohibitions of water use, a water shortage rate structure, violations and outlines an implementation plan. An overview of the various Water Conservation, Utilities Department, and Water Agency outreach strategies was presented. Ms. Burke stated that if the Board supported the water shortage declaration, and Stage 1 adoption, and authorization to utilize the Catastrophic Reserves, it would be forwarded to City Council for adoption on February 24, 2009.

Linda Reed, Administrative Services Officer provided background information about the City's current overhead practices and introduced Chad Wohlford with Wohlford Consulting who recently completed a new Cost Allocation Plan (CAP) for the City. Mr. Wohlford discussed the objectives and benefits to having a Cost Allocation Plan in place and presented details about the approach and methodology that was used to determine that costs were allocated appropriately. The updated Cost Allocation Plan will go into effect with the 2009/10 budget.

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MOTION:

Vice Chair Swinth moved to approve Resolution No. 947 entitled "Resolution of the Board of Public Utilities Recommending that the Council of the City of Santa Rosa Adopt a Resolution Declaring a Water Shortage Emergency, Implementing Stage 1 of the City's Urban Water Shortage Contingency Plan Requesting Customers to Voluntarily Reduce Water Use by 15%, and Authorizing Utilization of the Catastrophic Reserve." The motion was seconded by Board Member Holt and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

7.2 WATER SHORTAGE RATE STRUCTURE

Ms. Reed gave the staff presentation and explained that because the potential exists for the City to declare a Water Shortage Emergency, water shortage rates which are outlined in the Shortage Plan must be adopted by the City Council. She reviewed the four stages of water rationing and the additional charges that would be applied to the existing or amended rate structure. A sample water bill comparison was shown that identified the impact to the typical single family residential customer during each stage of a water rationing. Ms. Reed stated that if the Board supported the adoption of a water shortage rate structure and implementation of such rates during a declared water emergency, it would be forwarded to City Council for a Public Hearing on April 21, 2009 for adoption of an ordinance.

Chairman Dowd requested that the community be informed that new construction will be responsible for a significant obligation to offset the water that they would be using at any new site. Ms. Burke responded that the Water Conservation Subcommittee continues to work to develop the Demand Offset Policy and staff will continue to provide outreach to the citizen's and work with the development community to ensure that they are aware of what will be coming forward.

MOTION:

Vice Chair Swinth moved to approve

Resolution No. 948 entitled "Resolution of the Board of Public Utilities Recommending that the Council of the City of Santa Rosa Add Water Shortage Rates to the City Code to be Enacted in the Case of a Water Shortage Emergency." The motion was seconded by Board Member Holt and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

7.3 CITYWIDE STRATEGIC PLANNING FOR THE 2009 STIMULUS PACKAGE (AMERICAN RECOVERY AND REINVESTMENT BILL OF 2009)

David Guhin, Deputy Director Asset Management provided a brief update on the latest efforts by the City to prepare for funding through the approved American Recovery and Reinvestment Bill of 2009. He presented a breakdown of where funds will be allocated and eligibility requirements and timelines. He then identified the areas where funds have been requested by the City and noted that a regional effort is underway with a focus on climate change. The Board expressed support with moving forward to City Council for approval on March 10, 2009.

Board Member Lowe left the dais for the remainder of the meeting.

Chairman Dowd requested a motion to reorder the agenda and move Consent Item 6.1 in front of Report Item 7.4. The motion was made by Vice Chairman Swinth and seconded by Board Member Gale. AYES (6) NO (0) ABSENT (1) Lowe ABSTAIN (0)

Board Member Galvin excused himself from the dais for Consent Item 6.1 and noted that he would be leaving for the remainder of the meeting.

CONSENT ITEMS

6.1 BID AWARD – DECKER, BOYCE, WEST 8TH STREETS SEWER AND WATER IMPROVEMENTS

MOTION:

Vice Chair Swinth moved a motion to award a construction contract in the total amount of \$1,160,958.00 to the lowest responsive

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bidder, Ghilotti Construction Company of Santa Rosa, CA, for Decker, Boyce, West 8th Streets Sewer and Water 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 (1) Lowe ABSTAIN (1) Galvin

7.4 WATER SUPPLY UPDATE

Glen Wright, Deputy Director Water Resources presented the storage and operations curve and noted that while there was improvement, storage continues to be behind. Lake Mendocino reports 7,000 acre feet added and was 42% full and Lake Sonoma is 80% full. Mr. Wright then reviewed the graphic from the Sonoma County Water Agency defining the Russian River Basin Streamflow Requirements and noted that according to the critical dry criteria set for Lake Pillsbury, the Agency can reduce flows from Lake Mendocino.

STAFF BRIEFINGS

5.1 ALTERNATIVE ENERGY PRODUCTION STATUS REPORT

Dell Tredinnick, Utility Project Development Manager explained that the Project Development Team has been working on Utilities funded solar projects since 2004 and introduced Tasha Wright, Administrative Analyst. Ms. Wright presented an overview of the Utility photovoltaic (PV) systems which are in place; discussed how the systems have performed; highlighted funding alternatives available through PG&E and other agencies; and provided an update on pending PV projects.

8. PUBLIC COMMENTS ON NON-AGENDA MATTERS - NONE

9. REFERRALS

10. WRITTEN COMMUNICATION (And Possible Board Action) - NONE

11. SUBCOMMITTEE REPORTS

Chairman Dowd noted that the new

subcommittee assignments had been given out and noted that he was able to accommodate most of the member preferences.

12. BOARD MEMBER REPORTS

Board Member Holt reported on the response that he had received from Patty Kutches, Revenue Operations Supervisor on his request to breakdown Agency costs and City costs on the utility bill. Unfortunately at this time, staff has nearly completed the new bill design and modification would delay that release several months. Ms. Kutches stated that an article could be placed in the Connections Newsletter explaining the cost breakdown.

13. DIRECTORS REPORT

Miles Ferris, Director of Utilities reported on a recent meeting with the farmers and noted that discussions are ongoing about the actual amount of recycled water that will be available to them this year. He then reported on the ongoing negotiations with the Regional Board on the storm water permit and on a recent discovery of a damaged sewer line by the field crews.

At 5:28 p.m., Assistant City Attorney Rawlings announced that the closed session items were not needed at this time.

14. ADJOURNMENT OF MEETING

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

Richard Dowd

Gina Perez