

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, JULY 16, 2015
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

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

ROLL CALL

Present (6) Chairman Galvin, Vice Chair Kaun, Board Members Dowd, Holt, Steffensen, Tibbetts

Absent (1) Board Member Arnone

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

Board Member Steffensen and Board Member Tibbetts stated that they would be abstaining from the approval of the minutes from June 18, 2015 because they were absent from the meeting.

STUDY SESSION

3.1 LEGISLATION ADVOCACY - THE FURMAN GROUP

BACKGROUND: The City's Federal lobbyist, Hal Furman of the Furman Group, will provide an update on the process to obtain funding under the Water Resources and Reform Development Act (WRRDA) for funding expansion of the City's recycled water system. In addition, he will provide an update on other federal initiatives that could affect the City's activities. The Board may discuss this item and give direction to staff.

PRESENTER(S): Jennifer Burke, Deputy Director Water and Engineering Resources and Hal Furman, The Furman Group

At 2:05 p.m., the Board adjourned the Study Session and reconvened to open session in City Council Chamber at 2:10 p.m.

MINUTES APPROVAL – June 18, 2015 and July 2, 2015

Board Member Holt moved a motion to approve the minutes from June 18, 2015. The motion was seconded by Vice Chair Kaun. AYES (4) NO (0) ABSENT (1) Arnone ABSTAIN (2) Steffensen and Tibbetts

Board Member Holt moved a motion to approve the minutes from July 2, 2015. The motion was seconded by Vice Chair Kaun. AYES (6) NO (0) ABSENT (1) Arnone ABSTAIN (0)

STAFF BRIEFINGS - NONE

CONSENT ITEMS

Board Member Dowd requested that Item 6.2 be pulled from consent to allow for discussion.

David Guhin, Director provided a brief explanation on the variances in bid submittals and added that there appears to be due to a lower ability to procure necessary equipment and supplies.

6.1 CONTRACT AWARD – DIAMOND CT AND BELMONT CT SEWER AND WATER REPLACEMENT

MOTION:

Vice Chair Kaun moved a motion to award Construction Contract No. C00400 in the amount of \$1,244,334.00 to the lowest responsive bidder, Ghilotti Bros / Terracon Constructors JV, of San Rafael, California for the Diamond Ct. and Belmont Ct. Sewer and Water Replacement project, approve a 15% contract contingency, and authorize a total contract amount of \$1,430,984.10. The motion was seconded by Board member Dowd. AYES (6) NO (0) ABSENT (1) Arnone ABSTAIN (0)

6.2 CONTRACT AWARD - GEYSERS PIPELINE STABILIZATION PINE FLAT SOUTH AND PINE FLAT NORTH IMPROVEMENTS

Board member Dowd asked for and received clarification about possible future slides in the area and potential impacts to the City.

Board member Holt asked for and received clarification about additional alternatives that may be looked at for stabilizing the pipeline.

MOTION:

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Board member Dowd moved a motion to approve the project and award Construction Contract No. C01880 in the amount of \$988,367.00 to the lowest responsive bidder, Valentine Corporation, of San Rafael, California for Pipeline Stabilization Pine Flat South and Pine Flat North Improvements, approve a 15% contract contingency, and authorize a total contract amount of \$1,136,622.05. The motion was seconded by Vice Chair Kaun. AYES (6) NO (0) ABSENT (1) Arnone ABSTAIN (0)

REPORT ITEMS

7.1 PRODUCER/DISTRIBUTOR AGREEMENT FOR TRANSFER OF THE ROHNERT PARK URBAN REUSE SYSTEM AND SUPPLY OF RECYCLED WATER BETWEEN THE CITY OF SANTA ROSA AND THE CITY OF ROHNERT PARK

BACKGROUND: The Subregional Recycled Water System, which is owned and operated by the City of Santa Rosa, has included an urban reuse component in Rohnert Park since 1989. The Rohnert Park Urban Reuse System's (RPURS) original purpose was to provide additional recycled water disposal capacity through irrigation of large landscapes. The RPURS now provides a significant supply of recycled water in Rohnert Park, offsetting potable water demand for irrigation purposes. In 2007, with the adoption of Phase 1-West of the Santa Rosa Urban Reuse Project, a wholesale-retail (producer-distributor) relationship was established between the Subregional System and the Local Division of the Santa Rosa Water Department. The producer-distributor relationship was to serve as the model for any future expansion of urban reuse within the Subregional System service area.

In recognition of the RPURS value as a non-potable water supply system and the continuing expansion of recycled water use in Rohnert Park, implementation of a producer-distributor relationship between the Subregional System and the City of Rohnert Park is appropriate. The proposed Agreement will set up a producer-distributor relationship between the Subregional System and the City of Rohnert Park and transfer the

RPURS located within the Rohnert Park Service Area to Rohnert Park.

RECOMMENDATION: It is the recommendation of the Contract Review Subcommittee and Santa Rosa Water Department Staff that the Board of Public Utilities, by resolution:

1. Approve the "Producer/Distributor Agreement for Transfer of the Rohnert Park Urban Reuse System and Supply of Recycled Water Between the City of Santa Rosa and the City of Rohnert Park" (Agreement);
2. Authorize the Chair to sign the Agreement; and
3. Authorize the Director of Santa Rosa Water to sign all "Assignment(s) of User Agreement" related to the Agreement.

PRESENTER(S): Jennifer Burke, Deputy Director Water and Engineering Resources and Mary Grace Pawson from Rohnert Park (present in the audience)

Brenda Adelman, Russian River Watershed Protection Committee, expressed concern about excessive runoff in Rohnert Park and referred to portions of the agreement in response to this concern.

MOTION:

Board Member Holt moved to approve Resolution No. 1091 entitled "Resolution of the Board of Public Utilities Approving the Producer/Distributor Agreement for Transfer of the Rohnert Park Urban Reuse system and Supply of Recycled Water Between the City of Santa Rosa and the City of Rohnert Park." The motion was seconded by Board Member Dowd. AYES (6) NO (0) ABSENT (1) Arnone ABSTAIN (0)

7.2 REQUEST BY GENTRY HOLDINGS LLC TO SUBORDINATE PAYMENT PLAN AGREEMENT FOR 624 AVALON AVENUE TO NEW FINANCING

BACKGROUND: Gentry Holdings LLC entered into a demand fee payment plan in January 2007 for the amount of \$54,380. A lien was placed upon the residential multi-family property at that time as in standard for

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these agreements. No payments were received after the initial payment of \$11,962.46. The City sent the delinquent invoices for years 2 - 5 to a collection agency in 2010. No further amounts were recovered. On May 12, 2015, the customer contacted the City with a proposal to pay half of the outstanding balance and the remainder at \$500/month if the City would allow the customer to refinance the property by subordinating the City's lien. The Board of Public Utilities Budget Subcommittee heard this proposal and requested that half of the outstanding balance be paid prior to the subordination and that the customer provide a statement of Profit and Loss showing adequate cash flow to sustain the monthly payments. Gentry Holdings LLC just provided this information along with a form of proposed subordination agreement which staff will review prior to the Board meeting.

RECOMMENDATION: In order to expedite the request of Gentry Holding LLC so that it may close on its refinance loan, staff recommends that the Board of Public Utilities authorize the Director of the Water Department to sign the Subordination Agreement, a new Payment Plan Agreement or amendment thereto, and any other documents required for Gentry Holding LLC to close its loan, subject to: (1) immediate receipt by the City of payment of half the outstanding balance; and (2) approval as to form of any agreements by the Office of the City Attorney.

PRESENTER(S): Linda Reed, Deputy Director Administration

MOTION:

Vice Chair Kaun moved to approve Resolution No. 1092 entitled "Resolution of the Board of Public Utilities Authorizing the Director of the Water Department to Sign Agreements and Documents to Subordinate or Release the City's Lien on the Property at 624 Avalon Avenue, and any Other Documents Required for Gentry Holding LLC to Close a Refinance, Subject to: (1) Immediate Receipt by the City of Payment of Half the Outstanding Balance of the Delinquent Demand Fee Payment Plan; and (2) Approval as to Form of Any

Agreements by the Office of the City Attorney." The motion was seconded by Board Member Holt. AYES (6) NO (0) ABSENT (1) Arnone ABSTAIN (0)

8. PUBLIC COMMENTS ON NON-AGENDA MATTERS – NONE

9. REFERRALS - NONE

10. WRITTEN COMMUNICATION (AND POSSIBLE BOARD DISCUSSION/ ACTION)

10.1 Memo dated July 16, 2015 from David Guhin, Director of Santa Rosa Water re: Mid-Year Project – Geysers Hypochlorination System; included in packet

Board member Dowd asked for and received clarification about how the change will affect the Geysers pipeline.

11. SUBCOMMITTEE REPORTS

Board Member Dowd reported that the Budget Review Subcommittee had their second meeting to review the rate proposals and another meeting is being scheduled.

Board Member Tibbetts reported that the Contract Review Subcommittee met to review the Rohnert Park agreement and thanked staff for getting this to the end.

12. BOARD MEMBER REPORTS

Board Member Holt report that he had attended the Colgan Creek Ribbon Cutting today and noted that it was well attended.

13. DIRECTORS REPORT

David Guhin, Director reported on the Colgan Creek Ribbon Cutting as well and added that members of Council, Representatives from Mike Thompson and Jared Huffman's offices as well as Supervisor Carrillo were in attendance. The project has received local, State and Federal money to complete and is a great project to help the ecosystem. He also reported that he and Deputy Director Burke met with the Executive Director of ACWA to share concerns about Prop 218 and the drought. Mr. Guhin also reported on the

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Drought Drive Up event and the press conference that included members from business, Ag and municipals who are members of the North Bay Water Sustainability Coalition.

14. ADJOURNMENT OF MEETING

At 2:58 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, August 6, 2015 at approximately 1:30 p.m. in the Council Chamber, City Hall, 100 Santa Rosa Avenue, Santa Rosa.

Daniel J. Galvin III

Gina Perez