

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, NOVEMBER 6, 2008
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

1:31 p.m. City Council Chamber

ROLL CALL

Present (7) Chairman Dowd, Vice Chairman Lowe, Board Members Downey, Galvin (left at 3:45 p.m.), Holt, Lindsay and Swinth (left at 2:25 p.m.)

STATEMENTS OF ABSTENTION BY BOARD MEMBERS - NONE

STUDY SESSION

3.1 INCREMENTAL RECYCLED WATER PROGRAM DISCHARGE COMPLIANCE PROJECT SELECTION STUDY SESSION

Dr. Dave Smith, Merritt Smith Consulting gave the staff presentation and discussed the proposed schedule for project selection. He then reviewed, in detail, a range of Discharge Compliance Project alternatives, described the estimated cost of each and the ability of each to meet project objectives. The Environmentally Superior Alternative, Laguna Discharge, as identified in the Final EIR is able to fulfill the project objectives for the lowest cost. Dr. Smith presented the phases of implementation, permitting requirements and financial ramifications of each phase. Funding for phase 1 of the project was included in the July 2008 bond sale and current rates will cover that debt service. He then stated that the preferred option would be taken before Council on November 18, 2008 and then direction would be brought back to the Board for formal action on December 4, 2008.

Brenda Adelman, Russian River Watershed Protection Committee asked if the current Geysers contract offers the ability to send up to 100 mgd to geysers and if pumps could handle such flows. She then expressed concern about the impacts of allowing Windsor to use the same pipeline for their discharge.

Dr. Smith responded that the reference made to 100 MG was the quantity of water that would need to be discharged in a dry year with the Geysers Expansion Project in place at the project design flows of 25.9 mgd (adwf).

With regard to the agreement with the Town of Windsor to convey recycled water to the steam field, it will not result in an increase of discharge that exceeds the volumes that the Discharge Compliance EIR covers.

Chris DeGabriele, Manager of North Marin Water District spoke in support of the preferred alternative and thanked the Board for their efforts to protect the water supply of the community.

Vice Chairman Lowe expressed support of the preferred alternative. Board Member Holt stated that choosing the lower initial cost would allow more flexibility for spending more funds in the future if regulations change.

The Board supported the staff recommendation and directed staff to move forward to City Council for discussion and concurrence of the Environmentally Superior Alternative, Laguna Discharge.

At 2:25 p.m., Board Member Swinth left for the remainder of the meeting.

MINUTES APPROVAL

Vice Chairman Lowe moved approval of the minutes of October 16, 2008. The motion was seconded by Board Member Lindsay and carried unanimously. AYES (4) NO (0) ABSENT (1) Swinth ABSTAIN (2) Downey and Holt

STAFF BRIEFINGS

5.1 ENGINEERING SERVICES, ASSET MANAGEMENT – MATERIALS ENGINEERING OVERVIEW

David Guhin, Deputy Director Engineering Services explained that the Materials Engineering section is now under Utilities as part of the engineering reorganization. Peter Dodsworth, Materials Engineer provided a brief overview of the services provided by the team which include laboratory, field testing, pavement structural engineering and the Pavement Management Program. He explained that the core function of the division is to provide quality assurance of materials used in City infrastructure projects. He

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presented a video of the staff performing the testing functions at the laboratory.

CONSENT ITEMS

6.1 ACCEPTANCE OF A GRANT FROM THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT TO BUILD PHASE II OF THE AQUATIC BIOMASS TO FUEL PROJECT AND APPROVAL OF GRANT AGREEMENT

MOTION:

Vice Chairman Lowe moved to approve Resolution No.937 entitled "Resolution of the Board of Public Utilities Rescinding Resolution No. 932 and Accepting a Grant from the Bay Area Air Quality Management District (BAAQMD) to Build Phase II of the Aquatic Biomass to Fuel Project". The motion was seconded by Board Member Galvin and carried unanimously. AYES (6) NO (0) ABSENT (1) Swinth ABSTAIN (0)

6.2 CUSTOMER INFORMATION SYSTEM (CIS) PROJECT APPROPRIATION

Chairman Dowd asked if a different project could be postponed instead of the VCP replacement project identified as a source of funds. Mr. Guhin explained that the projects are prioritized based on condition, risk and performance of all of the assets. The projects that were identified to provide funding for the CIS project were the lowest on the year one priority list and are not currently in design and/or construction phase due to staffing constraints. Deferring these projects does not change the current available production/replacement rate and the projects deferred will be re-evaluated for placement in next year's CIP. VCP projects continue to be a key weighting factor that determines a projects priority.

Peter Alexander, asked for and received clarification on items 6.2, 6.3 and 6.5 on the consent calendar.

MOTION:

Vice Chairman Lowe moved to approve Resolution No. 938 entitled "Resolution of the Board of Public Utilities Recommending that

the Santa Rosa City Council Authorize the Transfer of Funds from Various Utilities Capital Improvement Projects to the Customer Information System (CIS) Selection and Implementation Project, Account 8387". The motion was seconded by Board Member Galvin and carried unanimously. AYES (6) NO (0) ABSENT (1) Swinth ABSTAIN (0)

6.3 AMENDMENT NO.1 TO EXISTING MASTER AGREEMENT FOR PROFESSIONAL SERVICES WITH WINZLER & KELLY FOR ENGINEERING SERVICES FOR PUBLIC WORKS CAPITAL IMPROVEMENT PROGRAM TEAM PROJECTS

Board Member Holt asked for clarification on the how funds are expended on the master agreements. Mike Prinz, Supervising Engineer responded that the agreements are considered umbrella agreements for which project specific project orders are issued. The project orders are determined based on a competitive basis of proposals from at least 2 consultants.

MOTION:

Vice Chairman Lowe moved a motion to approve Amendment No.1 to the existing Master Professional Services Agreement (MPSA) with Winzler & Kelly to increase the maximum compensation limit by \$500,000, for a total of \$2,500,000 for Engineering Services for Utilities Capital Improvement Program (CIP) projects. The motion was seconded by Board Member Galvin and carried unanimously. AYES (6) NO (0) ABSENT (1) Swinth ABSTAIN (0)

6.4 RECOMMENDATION TO THE CITY COUNCIL TO ACCEPT THE CALTRANS UTILITY AGREEMENT AND APPROPRIATE FUNDS

MOTION:

Vice Chairman Lowe moved to approve Resolution No. 939 entitled "Resolution of the Board of Public Utilities Recommending City Council Approve the CalTrans Utility Agreement and Appropriate Funds". The motion was seconded by Board Member

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THURSDAY, NOVEMBER 6, 2008
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

Galvin and carried unanimously. AYES (6)
NO (0) ABSENT (1) Swinth ABSTAIN (0)

**6.5 PROPOSED FIFTH AMENDMENT TO
THE SUBREGIONAL AGREEMENT FOR
OPERATION OF THE LAGUNA
TREATMENT PLANT AND WATER
RECLAMATION SYSTEM**

MOTION:

Vice Chairman Lowe moved to approve Resolution No. 940 entitled "Resolution of the Board of Public Utilities Recommending Approval by the City Council of the Fifth Amendment to the Subregional Agreement for the Operation of the Laguna Treatment Plant and Water Reclamation System". The motion was seconded by Board Member Galvin and carried unanimously. AYES (6) NO (0) ABSENT (1) Swinth ABSTAIN (0)

**6.6 ADDITIONAL ENVIRONMENTAL
REVIEW OF THE DISCHARGE
COMPLIANCE PROJECT AT SITE D1
(STEELHEAD BEACH)**

MOTION:

Vice Chairman Lowe moved to approve Resolution No. 941 entitled "Resolution of the City of Santa Rosa Board of Public Utilities Regarding Additional Environmental Review Prior to Implementation of the Discharge Compliance Project at Site D1 (Steelhead Beach)". The motion was seconded by Board Member Galvin and carried unanimously. AYES (6) NO (0) ABSENT (1) Swinth ABSTAIN (0)

REPORT ITEMS

**7.1 REPORT – AGREEMENT WITH TOWN
OF WINDSOR TO CONVEY RECYCLED
WATER BY AND THROUGH GEYSERS
PIPELINE FOR REUSE**

Greg Scoles, Deputy City Manager, explained that Chairman Dowd, Board Member Downey and Board Member Lindsay were part of an ad hoc subcommittee, appointed by the Chair, that helped develop most of the terms of the agreement that are under consideration before the Board. Mr. Scoles provided

background information about the Geysers Expansion Project and the key components of the agreement between Town of Windsor (Town) and the City. The agreement would deliver recycled water through 2037 and Town would begin paying the City when recycled water delivery begins or in 2011, whichever is sooner. Depending on when payments begin, the first annual payment will be between \$500,000 and \$600,000 with annual increases and final payment in 2037 of \$1,500,000. Dr. Smith discussed the clause in the agreement pertaining to the City's ability to interrupt the Town's delivery for planned or unplanned maintenance or if the City needs disposal capacity to avoid discharge. Dr. Smith then explained the CEQA compliance process that the Town undertook and noted that an Addendum to their Master Plan EIR was prepared and adopted by the Town on November 5, 2008.

Matt Mullen, Town Manager spoke in support of the agreement and thanked staff for the last 10 years worth of work to establish a relationship built on mutual trust and cooperation. He stated that the Geysers project is both innovative and futuristic and the agreement that has been formed should be a model for how a public/public partnership can work to create a win/win for each of the communities' ratepayers. He noted that the Town's Council approved the agreement on November 5, 2008 and are prepared to execute the agreement should the Board approve.

Chairman Dowd and Board Member Downey echoed Mr. Mullen's comments and look forward to working with the Town in the future.

Brenda Adelman, Russian River Watershed Protection Committee commented that she received her agenda packet late and was unable to review it in its entirety. Because of this she asked for clarification about capacity of the Geysers Pipeline and the lack of a public participation process.

Mr. Mullen responded on behalf of the Town and explained that through the CEQA process, the Town identified the Geysers connection in the Master Plan at a program level that was certified and approved in 2001.

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They received no protests or challenges and conducted a thorough outreach and review process and eventual approval by the Town's Council.

Board Member Lindsay stated that the subcommittee was primarily concerned with the remuneration that the city ratepayers would be receiving as a result of the agreement. They worked through several scenarios of the fee schedule to ensure it would be representative of the costs that the city experienced to build the pipeline. Board Member Downey stated that the first responsibility is to the ratepayers and second to ensure a collaborative effort to come to a fair agreement.

MOTION:

Vice Chairman Lowe moved to approve Resolution No. 942 entitled "Resolution of the Board of Public Utilities Considering the Town of Windsor Water Reclamation Master Plan for Treatment, Storage, and Disposal EIR and Addendum and Approving the Agreement to Convey Recycled Water by and Through Geysers Pipeline for Reuse." The motion was seconded by Board Member Holt and carried unanimously. AYES (6) NO (0) ABSENT (1) Swinth ABSTAIN (0)

At 3:45 p.m., Board Member Galvin left for the remainder of the meeting.

7.2 NPDES DRAFT STORM WATER PERMIT FOR CITY OF SANTA ROSA, COUNTY OF SONOMA AND THE SONOMA COUNTY WATER AGENCY

Rita Miller, Associate Civil Engineer gave the staff presentation and provided background information about the history of the storm water permit and the Storm Water Management Program. The North Coast Regional Water Quality Control Board (Regional Water Board) issued the Draft NPDES Storm Water Permit (Draft Permit) on September 9, 2008. Comments on the Draft Permit were due on October 22, 2008. Ms. Miller reported that compliance would be very costly to the City due to the more than 90 new provisions that may not result in a commensurate improvement in water quality.

Some of those provisions of concern to the City include non-storm water discharge prohibitions; expanded municipal operations including trash excluders on catch basins; increased requirements for development/CIP projects; and unrealistic timelines for compliance. Of special note, the proposed non-storm water discharge prohibitions include emergency fire fighting flows; fire hydrant testing; water line/water tank draining; irrigation runoff and residential car washing. These flows would only be allowed with special permission from the Regional Board. Ms. Miller indicated that staff will continue to work with the Regional Water Board to resolve the concerns and that the Public Hearing previously scheduled for December 11, 2008 has been postponed until March or June 2009.

7.3 WATER SUPPLY UPDATE

Glen Wright, Deputy Director Water Resources showed a chart from the Sonoma County Water Agency that shows the amount of water in Lake Mendocino. The amounts are equivalent or more than last year. Lake Sonoma is 79.7% full and Lake Mendocino is 44.3% full. The flows being released from Lake Mendocino are only 96 cfs which are considered low and Lake Sonoma is being released at 112 csf. Mr. Wright then reported that 600 Chinook salmon have been counted to date. A graph was shown that tracked the fish counts from 2003 through 2006 and we are substantially ahead from last year at this time. The voluntary water conservation period has ended and figures will be available after November 12th.

8. PUBLIC COMMENTS ON NON-AGENDA MATTERS - NONE

9. REFERRALS

10. WRITTEN COMMUNICATION (And Possible Board Action)

11. SUBCOMMITTEE REPORTS

Board Member Holt reported on the Water Conservation Subcommittee meeting that occurred on November 4, 2008. The committee reviewed a revision to the Best

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THURSDAY, NOVEMBER 6, 2008
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Management Practices and the Memorandum of Understanding. The committee also reviewed and approved revisions to the Commercial Sustained Reduction Rebate Program. A Residential Sustained Reduction Rebate Program and a Urinal Rebate Program were proposed and approved effective January 1, 2009. A Rainwater Harvesting Rebate Program was proposed and the committee directed staff to gather additional information and bring it back for future consideration.

12. BOARD MEMBER REPORTS – NONE

13. DIRECTORS REPORT

Miles Ferris, Director of Utilities reported that staff is working to prioritize projects because of the possible availability of federal funding. There were no hydrant knock downs since the last meeting and new meter requests are averaging 1 per day. Staff continues to be reactive on hydrant inspections due to the increase in metal thefts. The County has reported that 35 solar panels have been stolen and 39 others were unbolted.

14. ADJOURNMENT OF MEETING

At 4:08 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, November 20, 2008 at approximately 1:30 p.m. in the Council Chamber, City Hall, 100 Santa Rosa Avenue, Santa Rosa.

Richard Dowd

Gina Perez