

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, NOVEMBER 7, 2013
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

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

ROLL CALL

Present (7) Chairman Gale, Vice Chair Galvin, Board Members Arnone, Dowd, Holt, Kaun and Steffensen

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

Board Member Arnone stated that he would be abstaining from the approval of the minutes for the October 3, 2013 meeting as he was not a member of the Board at that time.

STUDY SESSION

3.1 REVIEW OF DRAFT DESIGN BUILD ORDINANCE

BACKGROUND: On November 6, 2012, the voters approved Measure S, adding Section 58 to the City Charter which authorizes the use of design-build procurement by competitive negotiation and directs the City Council to establish by ordinance regulations for the award, use and evaluation of such design-build contracts.

A draft of the proposed ordinance is being presented to the Board for input as requested before taken to City Council for approval. The City Attorney has also meet with other interested stakeholders to review the proposed ordinance. The Board may provide input regarding the draft ordinance.

Caroline Fowler, City Attorney, provided the staff report and responded to questions. No action was taken by the Board.

3.2 2014 SUBREGIONAL BOND DEBT FINANCING

BACKGROUND: PFM, the City's financial advisor regarding bonds, will discuss the bond market, structuring future debt service and the proposed upcoming Subregional bond sale. The Board may discuss this item and give direction to staff.

Linda Reed, Administrative Services Officer as well as Sarah Hollenbeck and Nick Jones

from PFM provided the staff report and responded to questions. No action was taken by the Board.

Chairman Gale recessed the meeting at 2:35 p.m. and reconvened the meeting at 2:47 p.m.

PRESENTATION FOR OUTGOING BOARD MEMBER MICHAEL CARNEY

The Board presented outgoing Board Member Carney with a plaque of appreciation for his service on the Board.

MINUTES APPROVAL

Vice Chair Galvin moved the approval of the minutes for October 3, 2013 as corrected. The motion was seconded by Board Member Holt and carried unanimously. AYES (6) NO (0) ABSENT (0) ABSTAIN (1) Arnone

STAFF BRIEFINGS

6.1 GEYSERS 10 YEAR ANNIVERSARY

BACKGROUND: On November 5, 2003, the City of Santa Rosa's Geysers Operation in partnership with the Calpine Corporation, began pumping over 11 million gallons per day of highly treated wastewater to the Geysers steam fields to generate renewable energy and reduce the amount of recycled water discharged to the Russian River. This month the Geysers Operation celebrates its 10th anniversary of continuous pumping to Calpine, averaging 12.6 million gallons per day and over 42.5 billion gallons to date.

Mike Prinz, Deputy Director Subregional Operations provided the staff briefing. No action was taken by the Board.

CONSENT ITEMS

Board Member Kaun moved a motion to pull Consent item 7.1 from the Consent agenda for discussion. The motion was seconded by Vice Chair Galvin and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

7.1 WAIVER OF COMPETITIVE BIDDING AND SOLE SOURCE AWARD—ULTRAVIOLET SYSTEM PARTS

Jim Wright, Purchasing Agent, responded to

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Board questions.

MOTION:

Board Member Kaun to approve Resolution No. 1057 entitled "Resolution of the Board of Public Utilities Waiving Competitive Bidding and Authorizing the Award of a Sole Source Blanket Purchase Order for Ultraviolet Disinfection System Parts to DC Frost Associates, Inc., Walnut Creek, California and Amending the Current Blanket Purchase Order." The motion was seconded by Board Member Holt and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

REPORT ITEMS

8.1 REPORT–WATER, RECYCLED WATER AND WASTEWATER RATE INCREASE RECOMMENDATIONS FOR 2014 AND 2015

BACKGROUND: The Board of Public Utilities Budget Subcommittee is charged with reviewing annual budget expenses, ongoing master plan provisions, Board directives, capital improvement needs of the system and revenue projections in order to make rate recommendations to the full Board. After extensive review and scenario analysis, the Budget Subcommittee made a recommendation to the full Board which was reviewed by the Board in study session on October 3, 2013. The Budget Subcommittee and the Subregional Technical Advisory Committee (SubTAC) were simultaneously reviewing recommendations for a future Subregional bond sale and future ongoing financing needs. The budget subcommittee has taken new information into consideration and has revised the recommendation for wastewater rates up by 0.5% in order to start cash funding additional Subregional capital improvement projects in order to avoid some of the otherwise projected future bond funding.

RECOMMENDATION: The Board of Public Utilities Budget Subcommittee will recommend that the Board of Public Utilities discuss and vote on resolutions making recommendations to the City Council to raise water, recycled water and wastewater rates. These recommendations include:

- Readopt the wholesale pass-through rate on water usage charges for another 5 year period

- Effective on February 14, 2014

- Increase potable and recycled water fixed charges 5% which, when combined with the expected pass through rate will result in an average increase of 3%

- Increase wastewater fixed and usage charges 3.5% each

- Effective on January 1, 2015

- Increase potable and recycled water fixed charges 5% which, when combined with the expected pass through rate will result in an average increase of 3%

- Increase wastewater fixed and usage charges 3.5% each.

Linda Reed, Administrative Services Officer provided the staff report.

Comments by members of the Budget Review Subcommittee were made in support of the staff recommendations.

MOTION:

Board Member Dowd moved to approve Resolution No. 1058 entitled "Resolution of the Board of Public Utilities Recommending that the Council of the City of Santa Rosa Increase the Charges and Rates for Wastewater Services". The motion was seconded by Board Member Steffensen and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

Board Member Dowd moved to approve Resolution No. 1059 entitled "Resolution of the Board of Public Utilities Recommending that the Council of the City of Santa Rosa Increase the Charges and Rates for Water Services". The motion was seconded by Board Member Steffensen and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

The Board requested that staff work on developing a low income assistance program and working with other departments that work

with these types of programs. The item will be brought back to the Board at a future date.

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9. PUBLIC COMMENTS ON NON-AGENDA
MATTERS–NONE

10. REFERRALS - NONE

11. WRITTEN COMMUNICATION (And
Possible Board Action)

11.1 Memo dated October 16, 2013 from
David Guhin, Director of Utilities re: Hansen 7
Platform Migration; included in packet

12. SUBCOMMITTEE REPORTS

Vice Chair Galvin reported that the Contract
Review Subcommittee met on November 5
and a contract with Kennedy/Jenks would be
coming to the Board for approval.

13. BOARD MEMBER REPORTS - NONE

14. DIRECTORS REPORT

David Guhin, Director of Utilities reported on a
tour of the treatment plant that was taken by a
delegation from China; the Plant's NPDES
permit renewal scheduled to be heard at the
Regional Board on November 21, 2013; and
the completion of the Llano trunk lining
project.

15. ADJOURNMENT OF MEETING

At 3:58 p.m. the meeting was adjourned. The
next regular meeting of the Board of Public
Utilities will be held on Thursday, December
9, 2013 at approximately 1:30 p.m. in the
Community Development, City Hall, 100
Santa Rosa Avenue, Santa Rosa.

Stephen Gale

Gina Perez