

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, NOVEMBER 18, 2010
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 2:39 p.m.

ROLL CALL

Present (5) Chairman Dowd, Vice Chair Gale, Board Members Holt, Meechan and Swinth

MINUTES APPROVAL

Absent (1) Board Member Galvin

Board Member Holt moved approval of the minutes for October 21, 2010 as corrected. The motion was seconded by Vice Chair Gale and carried unanimously. AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0) Colleen Ferguson, Deputy Director Engineering Services, requested that the Board motion to move item 8.1 because a staff member had to leave the country later that afternoon.

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

Board Member Meechan stated that he would be abstaining from the approval of the minutes from October 21, 2010 because he was absent from that meeting.

STUDY SESSION

MOTION:

3.1 CONSERVATIVE REVENUE PROJECTIONS

Board member Swinth moved a motion to reorder the agenda and move item 8.1 in front of item 6. The motion was seconded by Vice Chair Gale and carried unanimously. AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0)

Linda Reed, Administrative Services Officer provided background information and identified the revenue sources for the department. She reviewed the water and wastewater use assumptions; interest rates and earnings and discussed the affects of the Aggressive Economic Development Incentives passed by the City Council in July 2010. She presented the estimated demand fee revenue and ongoing trends and discussed the Wholesale Pass-Through rate that went into effect July 2010 that places the impact of the Sonoma County Water Rate increase and/or decrease on the customer. Ms. Reed presented the recommended assumptions that included flat water usage in 2011/12 with a bracketed -5% / +5% scenarios; sewer base -1%; interest rates at 1% but will match the City's rate when available; demand fees at half of 2009/10; and all other revenue to remain flat. Board Member Swinth asked that a bracket be added to include rate adjustments from the Water Agency and rate increase affects on demand. Vice Chair Gale spoke on behalf of the Budget Subcommittee and stated they were pleased with the work being done and were dealing with the fact that it is very difficult to predict the future. He commended Ms. Reed and Jennifer Burke, Sr. Water Resources Planner for a recommendation that seems reasonable.

8.1 PUBLIC HEARING – MITIGATED NEGATIVE DECLARATION, PROJECT APPROVAL AND AUTHORIZATION TO PROCEED WITH DESIGN RIGHT-OF-WAY ACQUISITION AND BIDDING OF THE OAKMONT TRUNK SEWER RELOCATION PROJECT

Norman Amidon, Associate Civil Engineer provided a project overview, explained the three alternatives along with the pros and cons and reviewed the estimated project costs. He stated that staff recommended alternative 1, the gravity discharge option. Gillian Hayes, City Planner reviewed the environmental process including public notification, discussed the project impacts and mitigation and presented the comments that were received and responses given.

At 3:05 pm, Chairman Dowd opened the public hearing.

Bill Maybree, Oakmont Senior Living stated they would have been highly impacted by this project but thanks to staff, they can fully support the project. Tom Jones, civil engineer has reviewed the plans and provided some feedback on the design that has been given to

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staff.

Wally Shealt asked if alternates 2A & 2B would require a lift station on the Oakmont Treatment Plant property. He also requested clarification regarding the closure of the plant and the effects of having a lift station on that property.

Mr. Amidon provided clarification that if the Board chose Alternative 1, staffs' recommendation, no lift station would be needed as in Alternatives 2A & 2B on the Oakmont property.

At 3:08 pm, Chairman Dowd closed the public hearing.

MOTION:

Vice Chair Gale moved to approve Resolution No. 987 entitled "Resolution of the Board of Public Utilities of the City of Santa Rosa Adopting a Mitigated Negative Declaration for the Proposed Oakmont Trunk Sewer Relocation Project, Approving Project Alternative 1, and Authorizing the Public Works Department to Proceed with Design, Right-of-Way Acquisition and Bidding of the Project." The motion was seconded by Board Member Swinth and carried unanimously. AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0)

STAFF BRIEFINGS - NONE

CONSENT ITEMS

MOTION:

Board Member Swinth moved a motion to pull items 6.1 and 6.2 from the Consent calendar. The motion was seconded by Vice Chair Gale and carried unanimously. AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0)

**6.1 AMENDMENT NO. 1 TO
PROFESSIONAL SERVICES AGREEMENT
WITH THE FURMAN GROUP FOR
FEDERAL FUNDING ADVOCACY
SERVICES FOR IMPLEMENTATION OF
THE SANTA ROSA URBAN REUSE
PROJECT**

Glen Wright, Deputy Director Water Resources reviewed the components of the proposed amendment. He briefly reviewed the Santa Rosa Urban Reuse Project area; the Pilot Project – Phase 1 West currently underway and project costs for Phase 1 and 3 future phases. Mr. Wright then discussed the benefits of Urban Reuse Project and explained its role in Santa Rosa's water supply. Dave Smith, Merritt Smith Consulting reviewed the Water Resources Development Act and highlighted how much funding is available through federal funding.

Board Member Swinth read comments from Board Member Galvin, in his absence, as Chair of the Contract Review Subcommittee in which he expressed support for the contract amendment. Board Member Swinth asked staff to look into opportunities for a coordinated effort with the Sonoma County Water Agency's lobbyist. Chairman Dowd requested that Dr. Smith ask the Furman Group to look at funding opportunities that may be available in addition to those being pursued.

MOTION:

Vice Chair Gale moved to approve Resolution No. 988 entitled "Resolution of the Board of Public Utilities Approving Amendment No. 1 to the Professional Services Agreement with the Furman Group for Federal Funding Advocacy Services." The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0)

**6.2 CONTRACT AWARD – LAGUNA
TREATMENT PLANT COMBINED HEAT
AND POWER PROJECT**

Mike Prinz, Supervising Engineer reviewed the project background, presented a project timeline, discussed the proposed new engines and their performance. He discussed the funding for the project, provided a summary of bids and outlined the project schedule.

Vice Chair Gale indicated that one of the bidders is a company that he performs a field examination on behalf of their bank. Suzanne Rawlings, Assistant City Attorney responded

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that if the company is not the low bidder, then there is not any connection between a source of income to him and the low bidder.

MOTION:

Board Member Swinth moved a motion to award a construction contract in the amount of \$9,410,000 to Overaa Construction of Richmond, California for the Laguna Treatment Plant Combined Heat and Power Project and approve a contingency of 10%. The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0)

**6.3 CONTRACT AMENDMENT –
CUSTOMER INFORMATION SYSTEM
SOFTWARE AND SERVICES**

MOTION:

Vice Chair Gale moved a motion to approve Amendment No. 3 to Contract No. 08-8830 for Customer Information System (CIS) software and services to N. Harris Computer Corporation, Toronto, Canada, in the amount of \$100,000. The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (1) Galvin ABSTAIN (0)

REPORT ITEMS

**7.1 CONTINUED – OAKMONT GOLF
COURSES IRRIGATION UPDATE**

Dan Carlson, Deputy Director Utility Operations stated that he had nothing new to report but that a motion was made at the last meeting but a quorum was not present to take action. The Board had directed Mr. Carlson to move forward with negotiations. Mr. Carlson reported that contact had been made with Barbara Spangler, Chair of the negotiating team but since that date an attorney has advised members of the Oakmont team to wait on negotiations until he and the attorney for the City of Santa Rosa have an opportunity to talk. Suzanne Rawlings, Assistant City Attorney indicated that that week of November 29th would be available to meet to get the interests back on the table.

Chairman Dowd stated that the Oakmont Treatment Plant decommissioning has an impact on the budget for the Utilities Department and is of particular urgency.

Barbara Spangler, spoke on behalf of the Oakmont Negotiating Team and identified the members of the team.

Bob Chapman, read and submitted a statement that was sent out to all members of the Oakmont Village Association regarding the City/Developer contract.

Rod Metzler, Oakmont Golf Club and Empire Golf spoke about the group's overall desired outcome which includes a secure, continuing supply of water on a cost neutral basis; continue to be a thriving, beautiful place to live; the City wants to be relieved of the burden of an expensive water treatment plant; and City wants to keep the asset of Oakmont. He hopes the group can work together to achieve the desired outcome.

7.2 WATER SUPPLY UPDATE

Glen Wright, Deputy Director Water Resources reported that Lake Mendocino is currently at 67,792 acre feet measuring 96.9% of the water supply pool and 55.3% of the total capacity. Lake Sonoma is currently at 214,327 acre feet measuring 87.5% of the water supply pool and 56.3% of total capacity. Inflow and outflow are both at 121 cfs. Lake Pillsbury has 47,531 acre feet measuring 63.4% of total capacity and releasing approximately 309 cfs. The flows at Hacienda Bridge are at 723 cfs. Mr. Wright then stated that 2271 Chinook salmon had been counted. The Water Use Efficiency Division has begun providing audit services to the City of Cotati, 5 audits have been completed and 10 additional have been scheduled. Mr. Wright reported that the Russian River Watershed Association held the Russian River Friendly Landscape Guidelines Workshop and 100 people attended. The Cash for Grass Program has reached 1.4 million sq. feet of turf removed to date. Board Member Swinth suggested that this information on the program be sent to Grant Davis at the Water Agency.

9. PUBLIC COMMENTS ON NON-AGENDA

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MATTERS - NONE

10. REFERRALS - NONE

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

Richard Dowd

12. SUBCOMMITTEE REPORTS

Vice Chair Gale reported that the Budget Review Subcommittee met on November 3rd to review future presentations that will be made to the full Board and are scheduled to meet on November 22nd.

Gina Perez

13. BOARD MEMBER REPORTS

Chairman Dowd reported that he and Board Member Holt attended the USGS Groundwater Management Plan Workshop yesterday. Board Member Holt commented that the presentation was similar to what the Board had seen at their last meeting with a few additions. Approximately 80-100 people were in attendance. Chairman Dowd added that he was shocked that the younger community was not represented and outreach should be done in the high schools or junior colleges to get them more involved.

14. DIRECTORS REPORT

Miles Ferris, Director of Utilities reported that city staff is now being furloughed and he will be out of the office next week and Linda Reed will be the Acting Director during his absence. He stated that things are still on schedule to bring the Steering Team recommendation to the Board at the second meeting in December.

16. ADJOURNMENT OF MEETING

At 4:26 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, December 2, 2010 at approximately 1:30 p.m. in the Council Chamber, City Hall, 100 Santa Rosa Avenue, Santa Rosa.