

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, OCTOBER 1, 2009
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

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

Chairman Dowd opened the meeting and adjourned to the Council Chamber.

ROLL CALL

Present (6) Chairman Dowd, Vice Chair Swinth, Board Members Gale, Galvin, Holt and Meechan

Absent (1) Board Member Lowe

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

Chairman Dowd stated that he would be abstaining from the approval of the minutes from September 17, 2009 because he was absent from that meeting.

STUDY SESSION - NONE

MINUTES APPROVAL

Board Member Galvin moved approval of the minutes of September 17, 2009. The motion was seconded by Board Member Holt and carried unanimously. AYES (5) NO (0) ABSENT (1) Lowe ABSTAIN (1) Dowd

STAFF BRIEFINGS

5.1 UTILITY BILLING CUSTOMER INFORMATION SYSTEM (CIS) SOFTWARE REPLACEMENT PROJECT UPDATE

Patty Kutches, Project Manager gave the staff briefing and provided a brief overview of the history of the project and the vendor selection process. She identified the project team members and explained the new features that will be provided to customers that include an online payment system which will provide usage and account history; merged accounts; multiple bill messages and a new look for the bills. Ms. Kutches then discussed the status of implementation of the replacement system, explained that hard parallel testing is currently being performed and the official "go live" date is scheduled for October 12, 2009.

CONSENT ITEMS - NONE

The Board moved a motion to reorder the agenda and move item 7.2 in front of item 7.1. The motion carried unanimously and the agenda was reordered.

REPORT ITEMS

7.2 RAMSAR DESIGNATION FOR CITY OWNED PROPERTIES IN THE LAGUNA DE SANTA ROSA

Miles Ferris, Director of Utilities introduced David Bannister and Dr. Christina Sloop from the Laguna Foundation. Dr. Sloop provided background information on the International Wetland of Importance under the Ramsar Convention and explained how the designation could apply to City. Mr. Bannister added that the designation would allow recognition for the work on City owned properties in the Laguna Watershed and could help secure grant funding for additional restoration projects to improve the Laguna's water quality, wildlife habitat and ability to provide flood protection. He then explained that no additional regulations would apply to the City, the designation would not conflict with current or future uses of the properties and the Laguna Foundation would be responsible for all reporting to the Convention. Dr. Sloop noted that the 'Letter of Inclusion' could be modified to cover the concerns of the Board.

MOTION:

Vice Chair Swinth moved a motion to authorize the Director of Utilities to execute a letter to the Laguna de Santa Rosa Foundation supporting their application for designating the Laguna de Santa Rosa as an International Wetland of Importance under the Ramsar Convention with modifications that no additional regulation by any person or entity is involved; that it does not conflict with the City's current use or future uses of the properties; and all reporting will be completed by the Laguna Foundation. The motion was seconded by Board Member Gale and carried unanimously. AYES (6) NO (0) ABSENT (1) Lowe ABSTAIN (0)

7.1 REPORT ON WATER, WASTEWATER AND RECYCLED WATER RATE STUDY

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RECOMMENDATIONS

Linda Reed, Administrative Services Officer, provided a brief review of the Study Sessions held on August 20, 2009 and September 17, 2009 and the Board direction given at that time. Consultant Bob Reed of The Reed Group discussed the automatic rate adjustment formula that would pass through changes in wholesale water costs from the Sonoma County Water Agency (SCWA) in July of each year when the rates take effect and would take out the SCWA cost issue of the City's rate update process. He then presented the modified tiered rate structure for single family residential accounts and dedicated irrigation accounts that would limit the impact of rate increases on non-discretionary water use. Ms. Reed reviewed the water rate model initial results and identified the reductions in water expenditures that had reduced the rate request to a 8% increase in both January 2010 and January 2011. She also reviewed the wastewater rate model results which had identified an increase in wastewater service charges and wastewater usage rates by 7% on January 8, 2010 and 7% on January 1, 2011. Ms. Reed then presented charts that showed the impact of the proposed rates to the various customers and compared the rates with other area water districts. The recycled water retail and wholesale rates were also reviewed.

Ronald Hamann, expressed concern about the proposed rate increase, spoke about his reduction in water use and the fact that his HOA no longer has green lawns because of the City's request to reduce water use. He also stated that they had tried to request a rebate through the Green Exchange Program but were denied because the lawns were already dead.

Kathleen Emery, expressed concern that the new rate system discourages outdoor watering and suggested that the focus should be on further reducing indoor use because of the energy costs associated with pumping and heating water. She also stated that PG&E have been encouraging customers to plant large trees to reduce cooling costs, and she further expressed concern about bees and

their need for flowers and therefore a need for outdoor watering.

Vice Chair Swinth stated that staff has done a lot of good work to reduce expenditures and add in pass through rates. She added that the modified tiered rate system would protect low income and low water users. The Board concurred that while rate increases are difficult; they are needed to keep the system operational and to maintain a reliable water supply. Chairman Dowd thanked the public for speaking and asked that they stay engaged and to work with the Board and staff to address their concerns.

MOTION:

Vice Chair Swinth moved to approve Resolution No. 965 entitled "Resolution of the Board of Public Utilities Recommending that the Council of the City of Santa Rosa Revise the Charges and Rates for Water Services." The motion was seconded by Board Member Galvin and carried unanimously. AYES (6) NO (0) ABSENT (1) Lowe ABSTAIN (0)

Vice Chair Swinth moved to approve Resolution No. 966 entitled "Resolution of the Board of Public Utilities Recommending that the Council of the City of Santa Rosa Revise the Charges and Rates for Wastewater Services." The motion was seconded by Board Member Meechan and carried unanimously. AYES (6) NO (0) ABSENT (1) Lowe ABSTAIN (0)

7.3 WATER SUPPLY UPDATE

Glen Wright, Deputy Director Water Resources reported that Lake Sonoma was 80% full with releases at 103 cubic feet per second (cfs) and Lake Mendocino was 56.47% full with releases at 159 cfs. He further reported that approximately 850,000 sq ft of grass have been removed with an annual water savings of 15 million gallons. A chart was shown that listed all of the water conservation activities and the expenditures for each of the programs.

8. PUBLIC COMMENTS ON NON-AGENDA MATTERS - NONE

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9. REFERRALS

10. WRITTEN COMMUNICATION (And Possible Board Action)

11. SUBCOMMITTEE REPORTS

Board Member Holt reported that the Water Conservation Subcommittee met and staff had presented the FY 08/09 accomplishments, highlights and expenditures and program goals for FY 09/10. The subcommittee requested that copies be provided to the full Board. He further reported that staff had provided additional information on the Pay as You Save Program and stated that it has been difficult to find an outside funding source. The subcommittee also reviewed a draft regional landscape ordinance that would assist citizens with their irrigation and allow for deep watering of trees.

Board Member Gale reported on the recent Steering Team meeting that he attended and stated that he noticed staff has a high level of morale that he attributed to the high level of employee involvement that takes place within the organization.

12. BOARD MEMBER REPORTS - NONE

13. DIRECTORS REPORT

Mr. Ferris reported that the new Storm Water Permit was approved by the Regional Board this morning. He thanked staff for their work to create a permit that is affordable and will produce better quality storm water. He also expressed appreciation for the Regional Board staffs' cooperation for working together through the issues and coming to a good conclusion. He reported that the recycled water ponds are currently dry. The Geysers fire used 30,000+ gallons of recycled water on the fire from the hydrant at Pine Flat Road which was of significant value to the fire fighters because they were able to contain the fire quickly and effectively. The City Council approved the ending of the Stage 1 Water Shortage Emergency effective October 3, 2009. Mr. Ferris commented that the City's wells have run extremely well this year to help offset some of the peak use times this summer and should return to full artesian 30

days after shutdown. Lastly, Mr. Ferris stated that the Oakmont Treatment Plant ran flawlessly this year.

Chairman Dowd requested staff work on an analysis of the use of groundwater in the community, both by the City and others, so the Board has more information in this area. Board Member Meechan stated that he has received a complaint from a citizen about the high cost of water for those living in apartments because those delivering the water are charging higher fees. He asked staff to check into what options are available for those users.

14. ANNOUNCEMENT OF CLOSED SESSION ITEM(S) AND ADJOURNMENT TO CLOSED SESSION(S) (MAYOR'S CONFERENCE ROOM – ROOM 10)

14.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Subdivision (a) of Section 54956.9)
City of Santa Rosa v. Sonoma County Water Agency, et al., Sonoma County Superior Court Case Number SCV – 245844

14.2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: One potential case

15. RECONVENE TO OPEN SESSION

At approximately 4:35 p.m., the Board reconvened to open session and Chairman Dowd announced the closed session consisted of an informational briefing from counsel.

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16. ADJOURNMENT OF MEETING

At 4:36 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, October 15, 2009 at approximately 1:30 p.m. in the Council Chamber, City Hall, 100 Santa Rosa Avenue, Santa Rosa.

Richard Dowd

Gina Perez