

CITY OF RIVERSIDE
BOARD OF PUBLIC UTILITIES

DRAFT

Minutes of: Regular Meeting of the Board of Public Utilities
Date of Meeting: January 22, 2016
Time of Meeting: 8:30 a.m.
Place of Meeting: Art Pick Council Chambers
3900 Main Street (at Main and Tenth Streets)
Riverside, California

PLEDGE OF ALLEGIANCE TO THE FLAG WAS GIVEN

Roll Call

Present:	Susan Cash (Chair)	Dave Austin (Vice-Chair)
	Ron Cole	Jennifer O'Farrell
	Justin Scott-Coe	Andrew Walcker

Absent: Darrell Ament (unexcused absence)

MINUTES

- 1 Following discussion and correcting the adjourned time from 12:23 a.m. to 12:23 p.m. of the regular minutes of the Board of Public Utilities meeting held on December 18, 2015, the Board approved the minutes as revised .

Motion – Scott-Coe. Second – Austin.

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Abstain: None.

Absent: Darrell Ament (unexcused absence)

CITIZENS PARTICIPATION

- 2 Public Comment
None.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar with the exception of Item 5, **ELECTRICAL FEEDER EXTENSION ON DIANA AVENUE BETWEEN ADAMS AND MONROE STREETS - BID RPU 7363, WORK ORDER NO. 1525536 FOR \$850,000**; Item 7, **INSTALLATION OF BACK-UP EMERGENCY GENERATOR FOR 24-HOUR MARKET OPERATIONS – RFP 1524, WORK ORDER NO. 1521253 FOR \$146,000**; Item 9, **BROKER LISTING SERVICES FOR THE MISSION SQUARE OFFICE COMPLEX; PROFESSIONAL SERVICES AGREEMENT WITH NEWMARK GRUBB KNIGHT FRANK, NEWPORT BEACH, CALIFORNIA, CONTINGENCY ONLY BASIS**; Item 10, **PROPERTY MANAGEMENT SERVICES FOR THE MISSION SQUARE OFFICE COMPLEX; PROFESSIONAL SERVICES AGREEMENT WITH NEWMARK GRUBB KNIGHT FRANK, NEWPORT BEACH, CALIFORNIA, FOR AN ANNUAL AMOUNT NOT TO EXCEED \$1,087,000**; Item 11, **APPROVAL OF FIFTH AMENDMENT TO LEASE AGREEMENT BETWEEN SUBWAY REAL ESTATE, LLC AND THE CITY OF RIVERSIDE – MISSION SQUARE OFFICE COMPLEX FOR \$264,600 IN REVENUE FOR FIVE YEAR BASE PERIOD**; and Item 12, **APPROVAL OF THIRD AMENDMENT TO THE TEMPORARY REVOCABLE LICENSE AGREEMENT BETWEEN BEST BEST & KRIEGER, LLP AND THE CITY OF RIVERSIDE – MISSION SQUARE OFFICE COMPLEX, SUITE 110 FOR \$31,200 IN REVENUE FOR TWELVE MONTH PERIOD** which were moved to the Discussion Calendar.

Motion – Austin. Second – O'Farrell.

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

Electric Items

- 3 FIBER USE LICENSE AGREEMENT WITH COUNTY OF RIVERSIDE – WORK ORDER NO. 1423746 FOR \$325,000

The Board of Public Utilities:

1. Approved Work Order No.1423746 for \$325,000;
2. Recommended that the City Council approve the Fiber Use License Agreement with the County of Riverside; and
3. Recommended that the City Council authorize the City Manager or his designee to execute the Agreement.

- 4 ELECTRICAL FACILITIES RELOCATION ON VAN BUREN BOULEVARD AND EQUESTRIAN DRIVE - WORK ORDER NO. 1514468 FOR \$128,000

The Board of Public Utilities approved the estimated capital expenditure of \$128,000 for Work Order No. 1514468 for the relocation of electrical facilities on Van Buren Boulevard and Equestrian Drive.

- 5 **MOVED TO DISCUSSION CALENDAR**

Other Items

6 **FIRST AMENDMENT TO THE AGREEMENT FOR PROFESSIONAL CONSULTANT SERVICES FOR AN EXAMINATION AND PERFORMANCE AUDIT**

The Board of Public Utilities approved the First Amendment to the Professional Service Agreement with Baker Tilly Virchow Krause, LLP for the performance audit to extend the term through May 31, 2016.

7 **MOVED TO DISCUSSION CALENDAR**

8 **APPROVAL OF A RESOLUTION AUTHORIZING THE COMMENCEMENT OF THE DECOMMISSIONING OF THE SAN ONOFRE NUCLEAR GENERATION STATION UNITS TWO AND THREE**

The Board of Public Utilities recommended that the City Council:

1. Adopt a Resolution authorizing the commencement of the decommissioning of Units 2 (**U2**) and 3 (**U3**) of the San Onofre Nuclear Generating Station (**SONGS**); and
2. Authorize the City Manager, or his designee, to execute any documents necessary to administer the Resolution to draw upon Riverside's decommissioning trust funds.

9 **MOVED TO DISCUSSION CALENDAR**

10 **MOVED TO DISCUSSION CALENDAR**

11 **MOVED TO DISCUSSION CALENDAR**

12 **MOVED TO DISCUSSION CALENDAR**

DISCUSSION CALENDAR

5 **ELECTRICAL FEEDER EXTENSION ON DIANA AVENUE BETWEEN ADAMS AND MONROE STREETS - BID RPU 7363, WORK ORDER NO. 1525536 FOR \$850,000**

Board Member Scott-Coe requested this item be placed on the Discussion Calendar for more detail of the cost breakdown with RPU and CBU. Assistant General Manager/Energy Delivery Pat Hohl explained the project was driven by the new CBU event center and that RPU is also making system improvements at the same time that will benefit all customers.

Following discussion, the Board of Public Utilities:

1. Approved Work Order No. 1525536 in the amount of \$850,000; and
2. Awarded a contract for the civil construction of underground infrastructure facilities (Bid No. RPU-7363) to the lowest responsive and responsible bidder E.E. Electric, Inc., of Mira Loma, California, in the amount of \$533,927.

Motion – Scott-Coe Second – Austin.

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

7 INSTALLATION OF BACK-UP EMERGENCY GENERATOR FOR 24-HOUR MARKET OPERATIONS – RFP 1524, WORK ORDER NO. 1521253 FOR \$146,000

Board Member Cole requested this item be placed on the Discussion Calendar to inform staff that the word "exceed" was omitted on page 2 of the agreement under compensation – "City shall pay Design-Build Entity the Contract Price of Not to Exceed...."

Following discussion and the revision of the agreement, the Board of Public Utilities:

1. Approved Work Order No. 1521253 in the amount of 146,000; and
2. Awarded a Design-Build Agreement to Champion Electric, Inc., in the amount not to exceed \$104,400 for the design and installation of a back-up emergency generator system.

Motion – Cole. Second – O'Farrell.

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

9 BROKER LISTING SERVICES FOR THE MISSION SQUARE OFFICE COMPLEX; PROFESSIONAL SERVICES AGREEMENT WITH NEWMARK GRUBB KNIGHT FRANK, NEWPORT BEACH, CALIFORNIA, CONTINGENCY ONLY BASIS

Vice Chair Austin requested this item be placed on the Discussion Calendar for explanation of the commission structure. Deputy General Manager Kevin Milligan clarified the commission structure and open-market procurement process for this agreement.

Following discussion, the Board of Public Utilities recommended that the City Council approve a Professional Services Agreement with Newmark Grubb Knight Frank (NGKF) of Newport Beach, California, for the professional third party broker services for the leasing of Mission Square Office Complex on a contingency (fee for services) basis.

Motion – Austin. Second – Scott-Coe

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

10 PROPERTY MANAGEMENT SERVICES FOR THE MISSION SQUARE OFFICE COMPLEX; PROFESSIONAL SERVICES AGREEMENT WITH NEWMARK GRUBB KNIGHT FRANK, NEWPORT BEACH, CALIFORNIA, FOR AN ANNUAL AMOUNT NOT TO EXCEED \$1,087,000

Vice Chair Austin requested this item be placed on the Discussion Calendar for explanation of the procurement process. Deputy General Manager Milligan clarified the open-market procurement process for this agreement and indicated that through the pricing under this agreement is fair and reasonable to maintain a Class A office space.

Following discussion, the Board of Public Utilities recommended that the City Council approve a Professional Services Agreement with Newmark Grubb Knight Frank (NGKF) of Newport Beach, California, for the professional third party commercial operation of the Mission Square Office Complex and Parking Structure, including programmed management fees and engagement of sub-contractors for ongoing building and grounds maintenance and facility operations in an annual amount not-to-exceed \$1,087,000.

Motion – Austin. Second – O'Farrell.

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

11 APPROVAL OF FIFTH AMENDMENT TO LEASE AGREEMENT BETWEEN SUBWAY REAL ESTATE, LLC AND THE CITY OF RIVERSIDE – MISSION SQUARE OFFICE COMPLEX FOR \$264,600 IN REVENUE FOR FIVE YEAR BASE PERIOD

Vice Chair Austin requested this item be placed on the Discussion Calendar for explanation of the commission. Deputy General Manager Milligan explained that the commission for this lease was paid for by the prior owner as the lease was underway when the City purchased the building.

Following discussion, the Board of Public Utilities recommended that the City Council:

1. Approve the Fifth Amendment to Lease with Subway Real Estate, LLC (Attachment 1); and
2. Authorize the City Manager, or his designee, to execute the Lease, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction.

Motion – Austin. Second – Cole.

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

12 APPROVAL OF THIRD AMENDMENT TO THE TEMPORARY REVOCABLE LICENSE AGREEMENT BETWEEN BEST BEST & KRIEGER, LLP AND THE CITY OF RIVERSIDE – MISSION SQUARE OFFICE COMPLEX, SUITE 110 FOR \$31,200 IN REVENUE FOR TWELVE MONTH PERIOD

Vice Chair Austin requested this item be placed on the Discussion Calendar for explanation of the commissions. Deputy General Manager Milligan stated that NGKF received 2.5% commission of \$781.

Following discussion, the Board of Public Utilities recommended that the City Council:

1. Approve the Third Amendment to the Temporary Revocable License Agreement with Best Best & Krieger, LLC (Attachment 1); and

2. Authorize the City Manager, or his designee, to execute the Lease, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction.

Motion – Austin. Second – O'Farrell.

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

13 FIBER BUSINESS PLAN – REVIEW OF MAGELLAN ADVISORS REPORT ON USE OF FIBER FOR ENHANCED COMMUNITY BROADBAND COMMUNICATION INFRASTRUCTURE; \$300,000 IN STARTUP COSTS OFFSET BY CURRENT REVENUES OF \$455,000

Representatives from Magellan Advisors and Deputy General Manager Kevin Milligan presented a Fiber Business Plan intended to be used as a road map to allow RPU to capitalize on unused (dark) fiber optic cable assets that have been installed alongside electric cable for the past 15 years.

The Board approved the expenditure of \$300,000 in start-up costs offset by \$455,000 in current revenue; directed staff to identify through the ten-year pro-forma, an allocation of prior years' revenue for future appropriation through the budget process; and, directed staff to return to the Board in six months with a comprehensive update, and complete Phase 1 in twelve months.

The Board also provided specific feedback to staff requesting an appendix to the report outlining other electric utility case studies, requesting greater specificity for Riverside, and ensuring that revenue and expenses for the fiber program (current and future) be tracked and accounted for distinctly.

Following discussion and the addition of Recommendation No.6, the Board of Public Utilities:

1. Received a report from Magellan Advisors summarizing their work to develop a fiber business plan for Riverside Public Utilities;
2. Provided feedback to staff and the consultant on policy considerations relative to availability and expansion of broadband services in Riverside;
3. Approved in concept the roadmap for dark fiber deployment within the community;
4. Approved the expenditure of \$300,000 to begin implementation of Phase 1 of the proposed roadmap which will formalize RPU's dark fiber leasing program; and
5. Directed staff to identify through the ten-year proforma, an allocation of prior years' fiber revenue for future appropriation through the budget process; and
6. Directed staff to provide a comprehensive update in six months.

Motion – Scott-Coe. Second – Cole.

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

- 14 RECYCLED WATER PROJECTS –JACKSON STREET RECYCLED WATER PIPELINE PROJECT (PHASES I AND II), ARLINGTON AVENUE RECYCLED WATER PIPELINE PROJECT AND WORK ORDER NO. 1521905 FOR JACKSON STREET RECYCLED WATER PIPELINE PHASE 1 IN THE AMOUNT OF \$500,000

Assistant General Manager/Water Todd Jorgenson provided a concise presentation that gave the background and timeline related to Recycled Water planning that dates back to 1992.

Following discussion, the Board of Public Utilities:

1. Approved the Jackson Street Recycled Water Pipeline Project, Phases I and II, as necessary for exemption from the State California Environmental Quality Act (CEQA) guidelines pursuant to Public Resources Code Section 21080.08 under the Governor's State of Emergency drought declaration for projects consisting of construction or expansion of recycled water pipeline and directly related infrastructure within existing rights-of-way during the state of emergency due to drought conditions;
2. Approved the Arlington Avenue Recycled Water Pipeline Project; as necessary for exemption from the State California Environmental Quality Act (CEQA) guidelines pursuant to Public Resources Code Section 21080.08 under the Governor's State of Emergency drought declaration for projects consisting of construction or expansion of recycled water pipeline and directly related infrastructure within existing rights-of-way during the state of emergency due to drought conditions; and
3. Approved a capital expenditure of \$500,000 for Work Order No. 1521905 which includes the upfront costs of design and utility potholing for the Jackson Street Recycled Water Pipeline Project, Phase I.

Motion – Scott-Coe. Second – O'Farrell.

Ayes: Cash, Austin, Cole, O'Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

- 15 DEVELOPMENT OF BOARD OF PUBLIC UTILITIES' ANNUAL ACTIVITY REPORT TO CITY COUNCIL ON FEBRUARY 23, 2016

Following discussion, the Board of Public Utilities discussed and provided the following feedback for development of the annual activities report for presentation to the City Council by Board Chair Susan Cash:

Significant subject matter which occupied the Board during 2015 (not in priority order) includes:

- Strategic Planning, "*Utility 2.0*", February through August, including 2 joint meetings with the City Council
- Computer Information System (CIS) implementation, corrections, and solutions
- Water Drought Policy and RPU recommendation for and response to State Water Resources Control Board Mandatory Emergency Response Regulations
- Plaza Substation construction and upgrade of surrounding electrical systems

- San Onofre Nuclear Generating Station Decommissioning
- Mission Square Office Complex purchase recommendation
- Audits: Northside property transactions, RPU performance and financial audits (“deep dive”).
- Reviews: fiscal policy review, cost allocation review, and Hometown Connections Organizational Review
- Continued Riverside Transmission Reliability Project (RTRP) implementation
- Utilities Reserves Policy recommendation
- Long-range planning for RPU property holdings on the Northside, including Pellissier Ranch
- Strategic Technology Roadmap including twenty-two new technology initiatives
- Water utility infrastructure replacement and renewal
- Electric utility infrastructure replacement and renewal
- Change of time and day of RPU Board meetings to evening.

The principal tasks that lie ahead for the Board in 2016 include:

- Implementation of Utility 2.0 strategic plan as conceptually approved by the City Council, including ongoing public outreach
- Implementation of the Phase 1 Fiber Business Plan as approved by the Board
- Development and implementation of plans for LED street lights and automated metering infrastructure for commercial and industrial accounts.
- Review of financial 10-year Proforma
- Oversight of the City’s renewable power portfolio
- Oversight of continued progress of the RTRP to bring a second electrical grid connection to the City.
- Consideration of financial and rate plans to support ongoing utility capital and operations
- Receipt of audit reports and development of appropriate actions for improvement, including financial and performance audits.

The City Council and staff can continue to support and facilitate the work of the Board of Public Utilities in the following ways:

- Review and improve the agenda approval process to meet the Sunshine Ordinance, the move to twice monthly evening meetings, and the utilities need for timeliness.
- Reaffirm and clarify the governance process and the relationship between the City Council and boards and commissions, including consideration of one or two joint meetings per year between the RPU Board and City Council.
- Ensure timely appointments of members to the Board of Public Utilities with a diversity of Board talent.
- Appreciate, celebrate, and recognize the good work and value of Riverside Public Utilities to reinforce that working and serving the City is a desirable undertaking

Motion – Cole. Second – O’Farrell.

Ayes: Cash, Austin, Cole, O’Farrell, Scott-Coe, and Walcker.

Absent: Darrell Ament (unexcused absence)

BOARD MEMBER/STAFF COMMUNICATIONS

16 SYSTEMATIC REPORTING ON MEETINGS/CONFERENCES/SEMINARS BY BOARD MEMBERS AND/OR STAFF

Chair Cash reported that she attended the WMWD & City Special Committee Meeting on January 11, 2016 and the Gage Shareholders and Board meeting on January 12, 2016.

Chair Cash also thanked the Board members who attended the City Council meeting on January 12, 2016 in support of the item entitled “Water Production and Conveyance Agreement with Western Municipal Water District – Monetization of Excess Water Resources for Calendar Year 2015 – Customer Refund Analysis”.

17 ITEMS FOR FUTURE BOARD OF PUBLIC UTILITIES CONSIDERATION AS REQUESTED BY A MEMBER OF THE BOARD OF PUBLIC UTILITIES

- Water Purchase Policy (long-term sales of water to WMWD)

GENERAL MANAGER'S REPORT

- 18 Drought Update
- 19 Committee Reports – Electric Committee, Water Committee and Customer Relations/Finance Committee
- 20 Electric / Water Contract Panel Update – December 2015
- 21 Open and Closed Work Orders – November 2015
- 22 Water Highlights – November 2015
- 23 Monthly Power Supply Report – November 2015
- 24 SCPPA Monthly Agenda / Minutes – November 19, 2015
- 25 SCPPA Miscellaneous Billings – December 2015
- 26 Financial Report – October 30, 2015
- 27 City Council Agendas – January 5, 2016 and January 12, 2016
- 28 Upcoming Meetings
- 29 Electric / Water Utility Acronyms

UPCOMING MEETING

Chair Susan Cash adjourned the meeting at approximately 11:06 a.m. The next scheduled meeting of the Board of Public Utilities is to be held on Friday, February 5, 2016 at 8:30 a.m. in the Art Pick Council Chamber, Riverside, California.

By: _____
Girish Balachandran, Secretary
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: _____