

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities
Date of Meeting: July 25, 2016
Time of Meeting: 6:30 p.m.
Place of Meeting: Art Pick Council Chambers
3900 Main Street (at Main and Tenth Streets)
Riverside, California

DRAFT

PLEDGE OF ALLEGIANCE TO THE FLAG WAS GIVEN

Roll Call

Present: Dave Austin (Chair) Justin Scott-Coe (Vice-Chair)
Ron Cole (arrived late) Kevin Foust
Jennifer O'Farrell Andrew Walcker

Absent: David Crohn (excused absence due to vacation)
Darrell Ament (unexcused absence)

MINUTES

- 1 The minutes from the Board of Public Utilities meeting held on June 27, 2016 were approved as submitted.

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

Ayes: Austin, Scott-Coe, Foust, and O'Farrell.

Abstain: Walcker.

Absent: David Crohn (excused absence due to vacation)
Darrell Ament (unexcused absence)
Ron Cole (arrived late)

CITIZENS PARTICIPATION

- 2 E-comment was submitted by Mr. Jason Hunter commenting on the costs of the Northside Specific Plan. He also commented on Items 4, 6, 7, 8, and 10 in the e-comment.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar, with the exception of Item 4, **THE UNIVERSITY OF CALIFORNIA RIVERSIDE'S PROPOSAL FOR RIVERSIDE PUBLIC UTILITIES' WATER INNOVATIONS GRANT TO FUND RESEARCH FOR ELECTRO-OXIDATIVE ROUTE TOWARDS NITRATE REMOVAL FROM DRINKING WATER RESOURCES USING ACTIVATED CARBON AS ELECTROACTIVE SUBSTRATE IN THE AMOUNT OF \$50,000**, which was moved to the Discussion Calendar.

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

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

Absent: David Crohn (excused absence due to vacation)
Darrell Ament (unexcused absence)
Ron Cole (arrived late)

Electric Items

- 3 CABLE REJUVENATION PILOT PROJECT TO TEST THE TREATMENT OF UNDERGROUND ELECTRIC CABLE TO EXTEND ITS USEFUL LIFE – WORK ORDER NO. 1525067 FOR \$449,000

The Board of Public Utilities approved a capital expenditure of \$449,000 for Work Order No. 1525067 which includes all design, construction, contract administration, and inspection costs for the Cable Rejuvenation Pilot Project.

Other Items

- 4 **MOVED TO DISCUSSION CALENDAR**

- 5 THIRD AMENDMENT TO THE AGREEMENT WITH BAKER TILLY VIRCHOW KRAUSE, LLP FOR PROFESSIONAL CONSULTANT SERVICES FOR AN EXAMINATION AND PERFORMANCE AUDIT EXTENDING THE TERM OF THE AGREEMENT TO OCTOBER 1, 2016

The Board of Public Utilities approved the Third Amendment to the Professional Service Agreement with Baker Tilly Virchow Krause, LLP for the performance audit to extend the term through October 1, 2016.

DISCUSSION CALENDAR

- 4 THE UNIVERSITY OF CALIFORNIA RIVERSIDE'S PROPOSAL FOR RIVERSIDE PUBLIC UTILITIES' WATER INNOVATIONS GRANT TO FUND RESEARCH FOR ELECTRO-OXIDATIVE ROUTE TOWARDS NITRATE REMOVAL FROM DRINKING WATER RESOURCES USING ACTIVATED CARBON AS ELECTROACTIVE SUBSTRATE IN THE AMOUNT OF \$50,000

Deputy City Attorney Susan Wilson noted that the corrected agreement was distributed to the Board because the first page of the agreement was revised to reference the Water Innovations Grant Program, not the Energy Innovations Grant Program, and that sections 12 and 14 were revised to change the term "energy-savings" to "water savings".

Board Member Foust requested this item be placed on the Discussion Calendar for more clarification to why RPU provides grants. Assistant General Manager Bacich and General Manager Balachandran explained that the Water Reclamation Surcharge includes stipulations on the use of these funds to provide support for research and development activities as long as the grants are working toward stated goals and that the grant making activity is part compliance and taking advantage of the knowledge center at UCR, an intellectual capital in the community, by providing support for activities that can apply to the utility industry.

Following discussion, the Board of Public Utilities recommended that the City Council approve the University of California, Riverside request for a Water Innovations Grant in the amount of \$50,000 to be paid in three installments funded in Fiscal Year 2016-17, to research Electro-oxidative Route towards Nitrate Removal from Drinking Water Resources using Activated Carbon as Electroactive Substrate.

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

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

Absent: David Crohn (excused absence due to vacation)
Darrell Ament (unexcused absence)
Ron Cole (arrived late)

Board Member Ron Cole arrived at this time.

6 PUBLIC UTILITIES FINANCIAL AND PERFORMANCE AUDITS PREPARED BY BAKER TILLY VIRCHOW KRAUSE, LLP – REVIEW OF CONSULTANTS' FINDINGS AND RECOMMENDATIONS

General Manager Balachandran introduced the speaker, Mr. Russ Hissom, external auditor at Baker Tilly. Also introduced was Mr. Lee McDougal, Project Manager; Ms. Marianna Marysheva-Martinez, Assistant City Manager; Ms. Cheryl Johannes, City Internal Auditor Manager; Mr. Vincent Price, City Internal Auditor, and Mr. Edward Enriquez, City Controller, who all were present in the audience for support.

Mr. Hissom presented findings and recommendations and an initial assessment of RPU's financial processes.

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

1. Review the findings and recommendations of the external auditor on the City Council directed Performance Audit;
2. Review the findings and recommendations of the external auditor on the City Council directed Financial Audit;
3. Receive and file staff's initial assessment of the findings and recommendations; and
4. Direct staff to return to return in September 2016 with an Action Plan.

Motion – Foust. Second – Walcker.

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

Absent: David Crohn (excused absence due to vacation)
Darrell Ament (unexcused absence)

7 UPDATE ON THE ICE ENERGY PEAK LOAD REDUCTION PILOT PROGRAM

Assistant General Manager Michael Bacich provided a presentation giving background and an update on the Ice Energy Peak Load Reduction Pilot Program.

Following discussion, the Board of Public Utilities received and filed this update on the Ice Energy Peak Load Reduction Pilot (Peak Load Reduction) Program.

Motion – Walcker. Second – O'Farrell.

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

Absent: David Crohn (excused absence due to vacation)
Darrell Ament (unexcused absence)

8 REJECTION OF BIDS FOR THE JACKSON STREET RECYCLED WATER PIPELINE PROJECT (PHASE 1), BID NO. RPU-7377

Assistant General Manager Todd Jorgenson provided a presentation to give a brief history of the project.

Following discussion, the Board of Public Utilities rejected all bids for the Jackson Street Recycled Water Pipeline

Motion – Scott-Coe. Second – Foust.

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

Absent: David Crohn (excused absence due to vacation)
Darrell Ament (unexcused absence)

9 PROFESSIONAL SERVICES AGREEMENT, FROM REQUEST FOR PROPOSAL 1564, WITH SCHNEIDER ELECTRIC USA, INC. OF SAN DIEGO, CA, FOR THE SUBSTATION SWITCHGEAR UPGRADE PROJECT FOR \$4,349,740 AND APPROVAL OF WORK ORDER NO. 1601400 FOR \$5,530,000

Assistant General Manager Pat Hohl provided a presentation explaining that a substation switchgear is the protection system that houses the controls for distribution to neighborhood circuits. Upgrades like this one will be needed moving forward to support grid modernization.

Following discussion, the Board of Public Utilities:

1. Approved a Professional Services Agreement in the amount of \$4,349,740 to Schneider Electric USA, Inc. of San Diego, California, for the Substation Switchgear Upgrade Project; and
2. Approved Work Order No. 1601400 in the amount of \$5,530,000.

Motion – Cole. Second – O'Farrell.

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

Absent: David Crohn (excused absence due to vacation)
Darrell Ament (unexcused absence)

- 10 CITY-WIDE STREETLIGHT LIGHT EMITTING DIODE CONVERSION PROGRAM – (PHASE ONE - DESIGN) APPROVAL OF WORK ORDER 1611216 FOR \$1,150,000; PROFESSIONAL SERVICES AGREEMENT WITH DESIGN SERVICES, INC. DBA BENYA BURNETT CONSULTANCY RFP #1569, FOR \$855,290; PERMISSIBLE USE OF GREENHOUSE GAS ALLOWANCE VALUE AND PROCEEDS POLICY AND AUTHORIZE USE OF GREEN HOUSE GAS ALLOWANCES FOR QUALIFYING PROJECTS

Assistant General Manager Pat Hohl provided a presentation explaining that this item marks the beginning of the project as the item covers the design phase of what will be a multi-phase project to replace the streetlights which could provide smart city infrastructure options at the same time. He also provided a physical streetlight demonstration that showed the difference in light quality between High Pressure Sodium streetlights that are currently installed and the new LED lights that are being proposed as a replacement.

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

1. Approve Work Order No. 1611216 in the amount of \$1,150,000 for the development of a City-wide Streetlight LED Conversion Program;
2. Approve the Professional Services Agreement with Design Services Inc. dba Benya Burnett Consultancy of Davis California, for the development of a City-wide Streetlight LED Conversion Program in the amount of \$855,290;
3. Approve the Permissible Use of Greenhouse Gas Allowance Value and Proceeds Policy ("Policy") as reflected in this report;
4. Authorize the City Manager, or his designee, to make changes to the Policy in accordance with the goals of Assembly Bill 32, as enacted in 2006, for the benefit of Riverside's retail electric ratepayers; and
5. Authorize the City Manager, or his designee, to attest and file the annual Electric Distribution Utility Use of Allocated Allowance Form with the California Air Resources Board.

Motion – Cole. Second – Scott-Coe.

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

Absent: David Crohn (excused absence due to vacation)
Darrell Ament (unexcused absence)

BOARD MEMBER/STAFF COMMUNICATIONS

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

None.

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

- Water Efficiency Update (Water Use Requirements – City-wide)

GENERAL MANAGER'S REPORT

13 Aliso Canyon Update –

Reported that RPU is on continued alert – Peak loads have been close to 15-20% more than last year – Fortunately RPU has had no real issues, but a plan is in place.

14 Open Work Orders over \$200,000 and Closed Work Orders – Summary Report for June 2016

15 Electric / Water Contract Panel Update – June 2016

16 SCPPA Miscellaneous Billings – June 2016

17 City Council Agendas – July 12, 2016

18 Upcoming Meetings

19 Electric / Water Utility Acronyms

20 Quarterly Board of Public Utilities Attendance Report – April, May, and June 2016

UPCOMING MEETING

Chair Dave Austin adjourned the meeting at approximately 8:50 p.m. The next scheduled meeting of the Board of Public Utilities is to be held on Monday, August 8, 2016 at 6:30 p.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: _____