

CITY OF RIVERSIDE
BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities

Date of Meeting: December 18, 2015

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)
	Darrell Ament (left meeting early)	Ron Cole
	Jennifer O'Farrell	Justin Scott-Coe
	Andrew Walcker	

Absent: None.

PRESENTATION

1 EMPLOYEE RECOGNITION AWARD OF RON WIGG, UTILITIES DISPATCH SUPERINTENDENT

The Board of Public Utilities recognized Ron Wigg, Utilities Dispatch Superintendent, for his hard work and dedication throughout his nearly 30 years of service to the community.

MINUTES

2 The regular minutes from the Board of Public Utilities meeting held on December 4, 2015 were approved as submitted.

Motion – Austin. Second – Cole.

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

Abstain: None.

Absent: None.

CITIZENS PARTICIPATION

3 Public Comment

Mr. Jason Hunter spoke regarding sponsorships and distributed a copy of the PE Editorial article from 12/17/2015 related to advertising and sponsorships.

Ms. Rachele Sterling spoke regarding the City Charter.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar.

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

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

Absent: None.

Electric Items

- 4 UNDERGROUND ELECTRICAL INSTALLATION NEAR INDIANA AVENUE AND GRANDE VISTA PARKWAY FOR THE METRO GATEWAY APARTMENT DEVELOPMENT – WORK ORDER NO. 1601382 FOR \$105,000

The Board of Public Utilities approved the estimated capital expenditure of \$105,000 for Work Order No. 1601382 for the installation of underground electrical facilities for the Metro Gateway Apartment Development.

- 5 POLE AND OVERHEAD SWITCH REPLACEMENT ON THE FREEMAN-KAISER-HARVEY LYNN 69KV TRANSMISSION LINE – WORK ORDER NO. 1503115 FOR \$300,000

The Board of Public Utilities:

1. Approved Work Order No. 1503115 in the amount of \$300,000; and
2. Awarded a contract for the procurement of two steel poles, RFQ No. DD-2032 to the lowest responsive and responsible bidder, Western Utility Telecom, Inc. of Salem, Oregon, in the amount of \$79,019.

- 6 AWARD OF PURCHASE ORDERS FOR LINE PROTECTION RELAY REPLACEMENT EQUIPMENT – FOR \$295,065

The Board of Public Utilities:

1. Awarded a purchase order for \$147,796 to Keystone Manufacturing of Des Moines, Iowa for relay panels and additional miscellaneous material for a relay replacement project; and
2. Awarded a purchase order for \$147,269 to Crown Technical Systems of Fontana, California for relay panels in addition to miscellaneous material for a relay replacement project.

Water Items

- 7 AGREEMENT FOR PROFESSIONAL CONSULTING SERVICES WITH WATER SYSTEMS CONSULTING, INC. FOR THE PREPARATION OF THE 2015 RIVERSIDE PUBLIC UTILITIES URBAN WATER MANAGEMENT PLAN FOR \$82,818

The Board of Public Utilities approved a Professional Services Agreement with WSC, Inc. for a not-to-exceed amount of \$82,818 to prepare the RPU 2015 Urban Water Management Plan (Plan).

DISCUSSION CALENDAR

8 RIVERSIDE PUBLIC UTILITIES 2015 FINANCIAL REPORT

Assistant General Manager Laura Chavez-Nomura provided an update explaining key points related to the 2015 Financial Report that documents the time from of July 1, 2014, through June 30, 2015. She noted that RPU ended the year with a positive net position. She also indicated that there are reporting changes that improve transparency related to pension liability and this will now be included in the financial statements for all public agencies.

The Board had much discussion regarding the current drought and the effect on revenues. Staff discussed the current processes underway to track and monitor water revenues, also indicated that the cost of service study for water is underway which will outline the revenue requirements necessary to meet the needs of water utility operations, followed by the 10 year pro-forma which will be utilized for discussions with the Board regarding future rate plans.

Following discussion, the Board of Public Utilities received and filed the Riverside Public Utilities 2015 Financial Report.

Motion – Scott-Coe. Second – Cole.

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

Absent: None.

9 APPROVAL OF THE THIRD AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH POWER ENGINEERS, INC. - RIVERSIDE TRANSMISSION RELIABILITY PROJECT, FOR \$4,742,177

Assistant General Manager Pat Hohl provided a historical context and next steps moving forward to this long and complicated project. He provided status, and chronological information to explaining the role of Power Engineers in the project, and the services they have provided, and will provide under the Third Amendment.

Staff requested a revision to recommendation No. 2 to delete 15% and replace with a fixed contingency of \$280,000.

Following discussion and revision to the recommendation, the Board of Public Utilities:

1. Approved the Third Amendment to the Professional Services Agreement with Power Engineers Inc., extending the term of the agreement from December 31, 2016 to December 31, 2021, and increasing the amount of the agreement by \$4,742,177, from \$11,287,621 to \$16,029,798; and
2. Approved a change order authority of \$280,000 based on the total agreement amount of \$16,029,798.

Motion – Walcker. Second – Austin.

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

Absent: None.

10 UPDATE ON THE TEMPORARY ECONOMIC DEVELOPMENT (TED) ELECTRIC RATE

Assistant General Manager Michael Bacich provided current status of the TED rate.

Following discussion, the Board of Public Utilities received and filed this update on the Temporary Economic Development (TED) electric rate.

Motion – Scott-Coe. Second – Austin.

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

Absent: None.

The Board took a 5 minute break and at this time Board Member Darrell Ament left the meeting.

11 BOARD OF PUBLIC UTILITIES MEETING SCHEDULE

Following discussion, the Board of Public Utilities revised its Standing Rules to modify the day and time of its Regular Meetings to 6:30 pm on the second and fourth Monday of the month, effective March 2016.

Motion – Austin. Second – O'Farrell.

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

Absent: Ament (left meeting early)

After the break, Item 12 was discussed before Item 11

12 UTILITY 2.0 – THRIVING FINANCIALLY – CASH RESERVE POLICY

General Manager Girish Balachandran, Financial Advisor Brian Thomas and Assistant General Manager Laura Chavez-Nomura provided an extensive presentation explaining the new policy which includes approval of several designated reserve funds, the unrestricted, undesignated reserve and dissolution of certain electric and water internally restricted reserve funds under the new policy.

The Board had much discussion and modified the Plan on page 4, 7, and 8 and requested the reserve fund entitled Mission Square Sinking Fund be changed to Mission Square Improvement Fund and requested recommendation No. 5 be deleted from the recommendation.

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

1. Adopt the RPU Cash Reserve Policy, including approval of the following designated reserve funds: Customer Deposits, Additional Decommissioning Liability Reserve, Electric Reliability Fund, Mission Square Improvement Fund, Capital Repair/Replacement Fund; Recycled Water Reserve and the Property Reserve Fund;
2. Dissolve the Electric Utility's Operating Reserve, Regulatory Risk Reserve and the Energy Risk Management Reserve Accounts and transfer the balance as of June 30, 2015 of those accounts (\$143,031,000 \$15,000,000 and \$30,000,000, respectively) into the Undesignated, Unrestricted Reserve Fund;

3. Dissolve the Water Utility's Operating Reserve Account and transfer the balance as of June 30, 2015 (\$30,435,000) into the Undesignated, Unrestricted Reserve Fund; and
4. Direct staff to annually review the Policy and update, at a minimum, once every five years.

Motion – Scott-Coe. Second – Walcker.

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

Absent: Ament (left meeting early)

BOARD MEMBER/STAFF COMMUNICATIONS

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

Board Members Scott-Coe and O'Farrell reported that they attended the CAISO tour on December 14, 2015.

Board Chair Cash reported that she attended the Gage Board meeting on December 8, 2015.

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

- Pension Liability to Reserves Policy (12 months)

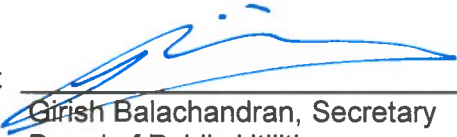
GENERAL MANAGER'S REPORT

- 15 Committee Reports – Electric Committee (September 4, 2015), Water Committee and Customer Relations/Finance Committee
- 16 Financial Report – September 30, 2015
- 17 City Council Agendas – December 8, 2015 and December 15, 2015
- 18 Upcoming Meetings
- 19 Electric / Water Utility Acronyms

UPCOMING MEETING

Chair Susan Cash adjourned the meeting at approximately 12:23 p.m. The next scheduled meeting of the Board of Public Utilities is to be held on Friday, January 22, 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: January 22, 2016