

## Board Update Meeting Summary | Monday July 25, 2016

*This summary may not include all agenda items and is not considered minutes of the meeting. For complete meeting video and agenda, click [here](#).*

### **Board of Public Utilities approved Consent Calendar Items without comment as listed below:**

- Approved work order for \$449,000 for Cable Rejuvenation Project that will extend useful life of underground cable.
- Approved Third Amendment to the Agreement with Baker Tilly Virchow extending the term of the performance audit contract to October 1, 2016.

### **Board approved grant proposal for Water Innovations Grant awarded to University of California, Riverside**

Assistant General Manager Michael Bacich clarified for the Board 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. General Manager Girish Balachandran also noted that the grant making activity is part compliance and taking advantage of the knowledge center at UCR and intellectual capital in the community by providing support for activities that can apply to the utility industry.

### **Board received and filed results from the Performance Audit prepared by Baker Tilly Virchow Krause (Baker Tilly), and directed staff to provide Action Plan based on the results in September 2016.**

General Manager Girish Balachandran introduced Russ Hissom from Baker Tilly, external auditor, that was contracted at the direction of the City Council, who presented findings and recommendations and an initial assessment of RPU's operations and financial processes. The scope of the performance audit included decision-making authority, effectiveness, efficiency and economy of use of resources and conformity with standard practices with peers and current policy. They examined 11 areas. The scope of the financial review included proper internal control, policy compliance, accurate payments, and appropriate business purpose payments. The complete report can be found [here](#).

### **Board received and filed an update on the Ice Energy (Ice Bear) Peak Load Reduction Pilot Project.**

Assistant General Manager Michael Bacich provided a presentation giving background and an update on the project. He indicated that this effort is a result of legislative mandates (AB2514) requiring utilities to set targets for energy storage. With Board approval we moved forward with feasibility studies that indicated that Thermal Energy Storage (TES) would be the most cost-effective pilot. We currently have a 5 year agreement with Ice Bear to provide these systems that produce ice at night and use it for cooling during peak hours. The goals of the program are to better understand RPU's future use of TES and analyze the benefits and impacts of demand response. The projected results and economic benefits of the program were shared based on a study circuit. Currently 36 units are installed providing 165,000 annual kWh savings with total peak kW reduction was 1.008MW. Customer installations to date include BMW Motorcycles, Gar Labs, Singh Chevrolet, Bud's Tire, Goeske Center, Magnolia Police Station, Arlington Library, Airport and Hertz. These units have the ability to help with load curtailment when needed. Funding sources are from Public Benefits funding. This project is the recipient of two awards, the 2016 IEEP Red Tape to Red Carpet Award and the 2016 CALED Award of Merit.

### **Board approves rejection of all bids for the Jackson Street Recycled Water Pipeline Project (Phase 1a).**

Assistant General Manager Todd Jorgenson provided a presentation to give a brief history of the project. He explained that we had 12 bids. , We subsequently learned that the project was eligible for low-rate financing if the original language in the bid could be modified to include special requirements, as well as the need to revise the agreement for the grant with SAWPA. He indicated that once these bids are rejected that the project would be pushed back 6 months, but would be brought forth with revised timelines for both Phase 1a and Phase 1b when re-bid.

**Board approved Professional Services Agreement with Schneider Electric USA for the Substation Switchgear Upgrade Project**

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. This project includes replacing 303 electromechanical relays with 80 microprocessor relays in 10 different switchgear units located at 3 different substations (Mt. View, Freeman and Springs). We would also be replacing 26 air circuit breakers with vacuum circuit breakers. The Board approved the Work Order for \$5,530,000 and the agreement with Schneider Electric USA for \$4,349,740. With this project underway personnel safety will be improved, regulatory compliance will be more efficient, system reliability will increase and O&M costs will be reduced.

**Board approved City-wide Streetlight LED Conversion Program for \$1,150,000 for Professional Services from Benya Burnett Consultancy to Design the system, as well as approve Green House Gas Allowance Value Proceeds Policy and authorize use of Green House Gas Allowances for Qualifying Projects.**

Assistant General Manager Pat Hohl 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. He also showed the differences of the photocells that rest on top of each light. The old photocells sense the sunlight and function as a switch. The new ones do that plus have smart capabilities that can support a myriad of communications functions when installed as a network city-wide. He explained 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 lights and propose smart city infrastructure options at the same time. RPU has undertaken several pilot programs to study efficiency and aesthetics over the past five years. He outlined the project benefits of the city-wide project to convert all street lights to LED lights. Benefits include smart capability, light quality, greenhouse gas reduction, energy efficiency, reduced maintenance, and 20 year life per light vs. 7 years. Annual cost savings to the city is approximately \$1.2 million. Payback for the project is average 9.9 years. He also requested that the Green House Gas Allowances Policy be amended to include the use of allowances to help fund the project. He indicated that future phases of the project will be brought before the Board as they come up as material costs for this technology is expected to decrease over time.

**General Manager's Report:**

Aliso Canyon Update – we have continued to be on alert. Peak loads have been close to 15-20% more than last year. Fortunately we have had no real issues, but a plan is in place.

**Board requests for future updates:**

Water Use Requirements (City-Wide)