

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities  
Date of Meeting: August 5, 2005  
Time of Meeting: 8:15 a.m. (began @ 8:17 a.m.)  
Place of Meeting: Art Pick Council Chamber, City Hall  
3900 Main Street (at Tenth & Main Streets)  
Riverside, California

**PLEDGE OF ALLEGIANCE WAS GIVEN TO THE FLAG**

**Roll Call**

|                                |                |
|--------------------------------|----------------|
| Present: Peter Hubbard (Chair) | Joe Tavaglione |
| David Barnhart                 | Bob Stockton   |
| Conrad Newberry, Jr., P.E.     | Ken Sutter     |
| Lalit Acharya                  | Greg Kraft     |

Absent: Jim Anderson (Vice Chair) (absence due to vacation)

**CITIZENS PARTICIPATION**

No comments were made.

**COMMITTEE REPORTS**

**WATER COMMITTEE REPORT**

The Board of Public Utilities accepted and filed the July 15, 2005, Water Committee minutes.

**FINANCE/MARKETING COMMITTEE REPORT**

The Board of Public Utilities accepted and filed the July 29, 2005, Finance/Marketing Committee minutes.

**PROPERTY COMMITTEE REPORT**

The Board of Public Utilities accepted and filed the July 29, 2005, Property Committee minutes.

**CONSENT CALENDAR**

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

Motion – Barnhart. Second – Tavaglione.

Ayes: Hubbard, Acharya, Barnhart, Stockton, Sutter, Tavaglione, Kraft, and Newberry, Jr., P.E.

Noes: None

Abstain: None

Absent: Anderson. (absence due to vacation)

## **MINUTES**

- (1) The public hearing meeting minutes from the Board of Public Utilities meeting held on July 13, 2005 was approved as submitted.
- (2) The regular meeting minutes from the Board of Public Utilities meeting held on July 15, 2005 was approved as submitted.

## **ELECTRIC ITEMS**

### (3) CIRCUIT 1575 IMPROVEMENTS WORK ORDER 050015-02

The Board of Public Utilities approved the estimated capital expenditure of \$74,500 to remove and install Padmounted Switch Enclosure, Transformer and Junction Cabinet at Valley Springs Parkway and Corporate Centre Place.  
*This project is part of the Major Feeders project. Funds are budgeted and available for this project.*

### (4) NEW CIRCUIT 1224 INSTALLATION FOR HUNTER SUBSTATION WORK ORDER 050015-4

The Board of Public Utilities approved the estimated capital expenditure of \$169,000 to install one intercept vault, one padmount switch, one 90-foot pole, and associated underground and overhead cables at Northgate and Marlborough for Circuit 1224 from the Hunter Substation.  
*This project is part of the Major Feeders project. Funds are budgeted and available for this project.*

### (5) UNDERGROUND ELECTRICAL INSTALLATION OF DISTRIBUTION WORK ORDER 0501433

The Board of Public Utilities approved the estimated capital expenditure of \$78,000 for the installation of single-phase underground facilities to 44 Unit Tract #31512 housing development located at the corner of Columbia and Main Streets.  
*Funds are budgeted in the Distribution Line Extensions and Major Tract Distribution Accounts and will be predominantly reimbursed by the Developer.*

## **WATER ITEMS**

### (6) CHEMICAL AND BACTERIOLOGICAL ANALYSIS OF WATER SAMPLES – CHANGE ORDER INCREASE TO PURCHASE ORDER WITH MONTGOMERY WATSON HARZA LABORATORIES

The Board of Public Utilities:

1. Approved the transfer of \$92,128 from Water Operations' FY 2004/05 Electric Account No. 6200000-422200 to Water Operations' FY 2004/05 Professional Services Account No. 6200000-421000; and
2. Approved the accumulated increase of additional expenditure of \$92,128 to the Purchase Order No. 050755 with Montgomery Watson Harza Laboratories, from the original amount of \$483,275 to the total amount of \$575,403, to complete the services for the contract period FY 2004/05.  
*Funds are budgeted and available for this project.*

(7) AMENDED AGREEMENT TO CONTRACT FOR PELLISSIER RANCH PROPERTY CLEANUP – BID NO. 6097

The Board of Public Utilities:

1. Authorized the additional expenditure of \$158,910 for an increase to the contract amount with International Pavement Solutions, Inc., (IPS) for the cleanup of the Pellissier Ranch Property;
2. Authorized a budget transfer of \$129,000 from the Sewer Mitigation Fund – Placentia Lane Account No. 6230000-470796 to the Reservoir Site Acquisition Account No. 6230000-470741 of the Water Capital Fund;
3. Approved an amended agreement to the contract with IPS for the completion of the Pellissier Ranch Property Cleanup for a total revised contract amount of \$211,000; and
4. Authorized the City Manager, or his designee, to execute the supplemental agreement and any other necessary documents.

*Funds are budgeted and available for this project.*

**OTHER ITEMS**

**DISCUSSION CALENDAR**

(8) AMENDMENT NO. 1 TO THE POWER SALES AGREEMENT BETWEEN SALTON SEA POWER L.L.C. AND THE CITY OF RIVERSIDE

Assistant Director/Resources Gary Nolff reported that Riverside Public Utilities (RPU) entered into a 10-year Power Sales Agreement executed on May 20, 2003 and approved by City Council on July 2003. Under this Agreement, RPU purchases from Salton Sea Power L.L.C., 20 MW of energy generated by Salton Sea Unit 5 until 2009. Beginning in 2009 an additional 26 MW will become available for purchase to provide RPU a total of 46 MW of renewable geothermal energy through 2020. Under Amendment No. 1 to the Power Sales Agreement, RPU will purchase 20 MW from June 1, 2003 to May 31, 2009 at \$61 per megawatt-hour delivered from 2003 through 2013 and then from June 1, 2009 to May 31, 2020 purchase 46 MW at \$61 per megawatt-hour plus indexed escalator delivered from 2013 through 2020.

The Board of Public Utilities approved and recommended that the City Council approve and authorize the City Manager, or his designee, to execute the Amendment No. 1 to the Power Sales Agreement between Salton Sea Power L.L.C. and the City of Riverside:

Motion – Barnhart. Second – Tavaglione.

Ayes: Hubbard, Acharya, Barnhart, Stockton, Sutter, Tavaglione, Kraft, and Newberry, Jr., P.E.

Noes: None

Abstain: None

Absent: Anderson. (absence due to vacation)

(9) SURPLUS DECLARATION AND PROPOSED SALE OF FLUME WELL TRACT PROPERTY – ADDITIONAL APPROPRIATION

Director Dave Wright reported that the Riverside Public Utilities (RPU) owns approximately 48 acres of land commonly referred to as the Flume Well Tract. This property is zoned as open space, which can only be developed for park-like use or habitat conservation. The Wildlands Conservancy has offered to purchase approximately 38 acres of this land for the purpose of developing, in cooperation with the County of San Bernardino, a regional park.

RPU's existing and planned uses related to wells, pipelines, treatment facilities, and potential environmental uses, mitigation reservations, trail uses, and buffer zones will require that RPU reserve approximately 10 of the 48 acres currently held. Subject to final survey and the establishment of this reservation, staff anticipates that the remaining 38 acres will be surplus to the utility's needs, subject to establishment of access easements. Staff has discussed the proposed park plans with San Bernardino County staff and believes the proposed park development is compatible with and will not diminish Riverside's water supply interests. Staff will request that the County Parks indemnify and defend claims, liabilities, and costs of City arising out of or related to the County's development and use of the sale property.

Director Wright assured the Board that there will be adequate security around all of our water facilities and Supervising Deputy City Attorney Eileen Teichert stated that the monies derived from the sale of the property will be returned to the water utility fund.

The Board of Public Utilities:

1. Declared approximately 38-acres of the Flume Well Tract property surplus to the Utility's needs, the remaining approximately 10 acres to be reserved for existing and future wells, pipelines, other Utility uses, buffer zones, and trail uses (such reservation to be further developed by staff and certified by the Public Utilities Director), and subject to blanket access and utilities' easements across the 38-acres, the sale price at fair market value, and County's indemnity of Riverside Public Utilities as set forth in this report; and
2. Recommended that the City Council approve the additional appropriation equal to the sales proceeds to the Water Fund Account No. 6230000-47XXXX to fund preliminary design of the Grand Terrace Flume Well Surface Water Treatment Plant and three proposed reservoirs.

Motion – Tavaglione. Second – Stockton.

Ayes: Hubbard, Acharya, Barnhart, Stockton, Sutter, Tavaglione, Kraft, and Newberry, Jr., P.E.

Noes: None

Abstain: None

Absent: Anderson. (absence due to vacation)

**City Manager Brad Hudson joined the Board of Public Utilities' meeting at this time.**

(10) ELEVENTH STREET WELL SITE – PROPOSED LEASE TO RIVERSIDE TRANSIT AUTHORITY (RTA)

Director Dave Wright reported that on July 26, 2005, the City Council directed Public Utilities to lease the Eleventh Street Well site to the Riverside Transit Authority (RTA). The RTA will use the property to establish a multi-modal transportation center providing for the convenient co-location of several transportation services, including Metrolink services at the Marketplace Metrolink Station, City of Riverside Special Services, San Bernardino OmniTrans services, local taxi services, and RTA services.

Under the currently proposed terms, the RTA will lease the property for a period of 30 years with a nominal annual payment to Riverside Public Utilities (RPU). The City and the RTA will assume all responsibility for site improvements, including improvements to RPU's existing Eleventh Street well facilities, and fully indemnify RPU against any liability arising from the RTA's use of the property.

During the term of the lease, RPU will retain all necessary access to and control of the Eleventh Street Well site for the purpose of operating and maintaining the related pumping facilities.

City Manager Brad Hudson stated this was a unique opportunity to obtain significant transportation grant funding that required an unusually quick approval process. Mr. Hudson also stated that security for the site will be provided by RTA.

The Board of Public Utilities authorized leasing of the Eleventh Street Well Site as directed by the City Council.

Motion – Stockton. Second – Tavaglione.

Ayes: Hubbard, Acharya, Barnhart, Stockton, Sutter, Tavaglione, Kraft, and Newberry, Jr., P.E.

Noes: None

Abstain: None

Absent: Anderson. (absence due to vacation)

(11) WATER AND ELECTRIC RULES, RATES, AND FEES PROCESS

Assistant Director/Finance Jerry Rogers reported that changes to Water and Electric Rules, Rates and Fees are brought to the Board on an as needed basis. The process typically requires approximately three months and includes initial staff analysis, presentment of recommended changes to rules, rates and fees charges to the appropriate RPU Committee for discussion, conducting the requisite Public Hearing, consideration by the Board, appropriate Board action and recommendation to the City Council for approval or denial.

Assistant Director Rogers stated a more practical fiscal policy suggests a consistent review along with matching the anticipated revenues derived from changes in rules, rates and fees with timely inclusion in budget documents is desirable for both management and Board oversight. Additionally, a Public

Hearing was held on July 13, 2005 at 6:30 pm to allow public participation concerning three items:

- Adoption of Proposed Changes to Cross-Connections and Pollution of Supply and Recycled Water Rules
- Adoption of Proposed Changes to Electric and Water Rules, Rates and Fees
- Adoption of Proposed Electric Overhead to Underground Funding

In an effort to put this policy into effect and concurrently administer the three items comprising the public hearing of July 13, 2005, staff is recommending that two items (Cross-Connections and Pollution of Supply and Recycled Water Rules and Changes to Electric and Water Rules, Rates and Fees) be forwarded to City Council for approval during the current fiscal year mid-year budget review and the Electric Overhead to Underground Funding item be referred to the Electric Committee for further analysis, discussion and direction.

City Manager Brad Hudson reported that the City Council adopted a policy of not raising any fees this fiscal year and to bring the fees back during the budget process in January 2006.

Board Member Greg Kraft requested staff to develop a historical chart on fees and rates; over what period whether it was 6 months, 1 year, or 5 years and if the rates generally increase based on inflation, cost of doing business, or infrastructure because of growth.

The Board of Public Utilities:

1. Approved the concept of reviewing and recommending changes to the Water and Electric Rules, Rates and Fees, along with all procedural requirements, as part of the mid-year and annual budget process on an as needed basis; and
2. Recommended that the adoption of Proposed Electric Overhead to Underground Funding (public hearing held July 13, 2005) be referred to the Electric Committee for further analysis, discussion and direction.

The Board of Public Utilities approved and recommended that the City Council:

1. Adopt the appropriate resolution during and as part of the current fiscal year mid-year budget review process approving the proposed changes to Cross-Connections and Pollution of Supply and Recycled Water Rules (public hearing held July 13, 2005); and
2. Adopt the appropriate resolution during and as part of the current fiscal year mid-year budget review process approving the proposed changes to Electric and Water Rules, Rates, and Fees (public hearing held July 13, 2005).

Motion – Tavaglione. Second – Stockton.

Ayes: Hubbard, Barnhart, Stockton, Sutter, Tavaglione, Kraft, and Newberry, Jr., P.E.

Noes: None

Abstain: None

Absent: Anderson. (absence due to vacation)  
Acharya. (left at 8:55 a.m.)

***At 8:55 a.m. Board Member Lalit Acharya excused himself from the meeting because of prior business.***

(12) ITEMS FOR FUTURE BOARD OF PUBLIC UTILITIES CONSIDERATION AS REQUESTED BY MEMBER OF THE BOARD OF PUBLIC UTILITIES

None

**DIRECTOR'S REPORT**

- (A) State and Federal Legislative Update  
Economic Development/Legislative Affairs Manager Gerald Buydos reported on the great outcome of Board Member Lalit Acharya meeting with legislators while attending the APPA Policymakers meeting in Washington, D.C. Board Member Acharya met with Congressman Ken Calvert who signed the clean energy bonds that same day.
- (B) Public Utilities Board Committee Assignments  
Chair Peter Hubbard delegated the following committee assignments:
1. **Property Committee (1<sup>st</sup> Fri.)** immediately following RPU Board Mtg  
Bob Stockton (Chair)  
Jim Anderson  
Ken Sutter  
Greg Kraft
  2. **Electric Committee (2<sup>nd</sup> Wed) 4:00-5:00**  
Jim Anderson (Chair)  
Lalit Acharya  
Conrad Newberry, Jr., P.E.  
Ken Sutter
  3. **Water Committee (3<sup>rd</sup> Fri.)** immediately following RPU Board Mtg  
Dave Barnhart (Chair)  
Bob Stockton  
Joe Tavaglione  
Greg Kraft
  4. **Finance/Marketing Committee (4<sup>th</sup> Fri) 8:00-10:00**  
Peter Hubbard (Chair)  
Jim Anderson  
Dave Barnhart  
Bob Stockton

- (C) Update – WMWD & City of Riverside Ad Hoc Committee Meeting on July 26, 2005  
Director Dave Wright gave an update to the Board.
- (D) Leak on 42" Main on Dartmouth off Hunts Lane – Update  
Assistant Director/Water Dieter Wirtzfeld reported that the leak on the 42" main on Dartmouth was caused by the recent earthquakes in the area and was repaired but hopefully it will be replaced soon. The Board requested that the Water Committee discuss that the Waterman Project contractor add this section of pipe to be replaced to his contract order and use him as sole contractor on this project.
- (E) Monthly Power Supply Report — June 2005
- (F) Rolling Calendar Outlining Future Utility Projects as of July 29, 2005
- (G) City Council Agendas – July 26, 2005

### **SYSTEMATIC REPORTING ON CONFERENCES/SEMINARS**

*The Board of Public Utilities moved the meeting to the Board Room at 9:15 a.m. to discuss Item 13 in closed session:*

#### **CLOSED SESSION**

#### **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

- (13) Name of Case: City of Riverside, California  
Federal Energy Regulatory Commission Docket No. EL 03-20-000  
[Government Code §54956.9(a)]

*The Board of Public Utilities opened the meeting to the public at 9:25 a.m. in the Board Room to discuss Item 14:*

#### **WORKSHOP**

Present: Peter Hubbard (Chair)                      Conrad Newberry, Jr., P.E.  
          David Barnhart                                 Bob Stockton  
          Joe Tavaglione                                Ken Sutter  
          Greg Kraft

Staff:     Dave Wright                                 Steve Badgett                      Reiko Kerr  
          Dieter Wirtzfeld                            Eileen Teichert                    Jerry Rogers  
          Gary Nolf                                     MJ Abraham                        Kevin Milligan

Absent:   Anderson. (absence due to vacation)  
          Acharya. (left at 8:55 a.m.)

#### **UTILITY OWNED PROPERTY**

- (14) City Manager Brad Hudson discussed with the Board of Public Utilities the aspects of utility-owned property. Mr. Hudson updated the Board on the following issues:
  - Utilities Plaza Sale
  - Orange Square Lease
  - 3<sup>rd</sup> Street redevelopment; possibly becoming a Utilities campus site
  - Grade separation sites & Transportation crossings

- Pellissier Ranch Sale
- Water aging infrastructures – need more monies in the water fund

City Manager Hudson discussed the reasoning behind changing the purchaser of the Utilities Plaza site from Riverside Public Utilities to the City of Riverside. He indicated that long-term development goals identified this property as a potential site for future development and as such wanted to maintain control of the site. Mr. Hudson indicated that new lease payments would be tied to the debt service incurred by the City to purchase the property providing a reduction in current budgeted lease payments made by the Utility.

Mr. Hudson also discussed various aspects of moving Utilities staff out of city hall into the Orange Square facility currently under construction. He discussed the importance of parking needs in the downtown area and the criticality of maintaining control of the parking structure for future downtown development. He indicated that he was in full support of this proposal mentioning again the financial benefit to the Utility of tying lease payments for the property to debt service incurred by the City to construct the facility.

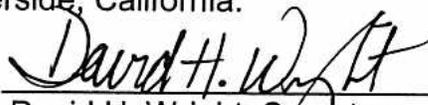
In conclusion, Mr. Hudson stressed the importance to keep the Board up-to-date of the City Council's present and future endeavors and to keep the communication open between both the Board of Public Utilities and City Council.

***At 10:00 a.m. Board Member Greg Kraft excused himself from the meeting because of prior business.***

### **UPCOMING MEETING**

Chair Peter Hubbard adjourned the meeting at 10:10 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, August 19, 2005**, at 8:15 a.m. in the Art Pick Council Chamber at City Hall located at 3900 Main Street in Riverside, California.

By: \_\_\_\_\_

  
David H. Wright, Secretary  
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: August 19, 2005

