

CITY OF RIVERSIDE
BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities
Date of Meeting: September 16, 2005
Time of Meeting: 8:15 a.m. (began at 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 TO THE FLAG

Roll Call

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

Absent: Lalit Acharya (absence due to business)

MINUTES

- (1) The regular meeting minutes from the Board of Public Utilities meeting held on August 19, 2005 was approved as submitted.

Motion – Tavaglione. Second – Barnhart.

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

Noes: None

Abstain: None

Absent: Lalit Acharya (absence due to business)

CITIZENS PARTICIPATION

No comments were made.

COMMITTEE REPORTS

WATER COMMITTEE REPORT

The Board of Public Utilities accepted and filed the August 19, 2005, Water Committee minutes.

FINANCE/MARKETING COMMITTEE REPORT

The Finance/Marketing Committee meeting scheduled on August 26, 2005 was cancelled.

PROPERTY COMMITTEE REPORT

The Board of Public Utilities accepted and filed the September 2, 2005, Property Committee minutes.

CONSENT CALENDAR

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

Motion – Tavaglione. Second – Anderson.

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

Noes: None

Abstain: None

Absent: Lalit Acharya (absence due to business)

ELECTRIC ITEMS

(2) INSTALLATION OF UNDERGROUND ELECTRICAL DISTRIBUTION FACILITIES – WORK ORDER 0503143

The Board of Public Utilities approved the estimated capital expenditure of \$80,000 for the installation of three-phase and single-phase underground facilities to Phase 3 (43 Lots) Tract 30922-3 located at La Rivera and Strong Streets.

Funds are budgeted in the Distribution Line Extensions and Major Tract Distribution Accounts and will be predominantly reimbursed by the Developer.

WATER ITEMS

(3) RELOCATION OF A 16-INCH TRANSMISSION MAIN WORK ORDER 704224

The Board of Public Utilities approved the estimated capital expenditure of \$253,300 for the relocation of 30 linear feet of 16-inch Cement Mortar Lined and Coated Water Transmission Main at the intersection of Minnesota Way and Sycamore Canyon Boulevard.

The relocation of the transmission is part of the 60/91/215 Freeway Reconstruction Project by Caltrans. All cost associated with the relocation will be reimbursed by Caltrans. Work will be performed by City Forces.

(4) SELECTION OF PROFESSIONAL CONSULTANTS FOR PROVIDING ENVIRONMENTAL SERVICES FOR VARIOUS WATER FACILITY PROJECTS

The Board of Public Utilities:

1. Awarded contracts running through December 31, 2008, to Helix Environmental Planning, Inc., Jones & Stokes Associates, P&D Consultants, Inc., and Recon Environmental, Inc.; and
2. Authorized the City Manager, or his designee, to execute the necessary documents.

OTHER ITEMS

DISCUSSION CALENDAR

(5) WESTERN MUNICIPAL WATER DISTRICT – INTERIM WATER SERVICE LETTERS OF UNDERSTANDING

Interim Assistant Director/Water Kevin Milligan reported that on May 6, 2005, the Board of Public Utilities adopted a provisional retail water service boundary between the Riverside Public Utilities and Western Municipal Water District (Western) and authorized the Public Utilities Director to execute Interim Water Service Letters of Understanding (Agreement) with Western to facilitate development along the boundary. After reviewing application of the Letters of Understanding to specific development projects, staff believes revisions to the basic terms of the agreement are warranted. The proposed changes to the agreements are summarized as follows:

- Interim wholesale water service would be provided to properties proposed for subdivision subject to the following terms:
 - Development fees would be assessed and collected by the agency providing wholesale service at the greater of Western's or Riverside's standard rules, and rebated in their entirety to the agency receiving interim service at the time interim service is terminated.
 - Wholesale water cost (the rate billed to the agency receiving interim service) would be at the wholesale water provider's applicable retail water rate.
 - If after 15 years, interim service has not been terminated, the development fees collected would be retained by the agency providing wholesale service and used to construct needed capital improvements to serve the development.

After discussion, the Board of Public Utilities approved and recommended that the City Council:

1. Approve the modified Interim Water Service Letters of Understanding with Western Municipal Water District; and
2. Authorize the Public Utilities Director to execute Interim Water Service Letters of Understanding with Western Municipal Water District of Riverside County in accordance with the principles outlined in this report.

Motion – Anderson. Second – Stockton.

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

Noes: None

Abstain: None

Absent: Lalit Acharya (absence due to business)

At this time, City Manager Brad Hudson joined the meeting.

(6) CONTRACT AMENDMENTS FOR CONSULTANT ENGINEERING FIRMS ON THE GENERAL CONTRACT ENGINEERING SERVICES PANEL FOR PUBLIC UTILITIES CAPITAL IMPROVEMENT PROJECTS.

Deputy Director Steve Badgett reported that due to the high volume of work completed over the past few years, the approved contract funds for some engineering firms on the General Contract Engineering Services Panel have been exhausted. Staff recommends an additional \$1,000,000 contract amendment for each of the firms on the existing panel.

Mr. Badgett explained how the engineering services panel works and how they are selected to the Board. He emphasized that these firms are on the panel for a five-year contract and are renewed periodically. Firms are added and removed, as needed on an annual basis

The Board of Public Utilities:

1. Approved an amendment to the Agreement for Professional Consultant Services for General Contract Engineering Services between the City of Riverside and R.W. Beck adding \$1,000,000 for a total amount not-to-exceed \$2,000,000;
2. Approved an amendment to the Agreement for Professional Consultant Services for General Contract Engineering Services between the City of Riverside and HDR Engineers, Inc. adding \$1,000,000 for a total amount not-to-exceed \$2,000,000;
3. Approved an amendment to the Agreement for Professional Consultant Services for General Contract Engineering Services between the City of Riverside and Black & Veatch, Inc. adding \$1,000,000 for a total amount not-to-exceed \$2,000,000;
4. Approved an amendment to the Agreement for Professional Consultant Services for General Contract Engineering Services between the City of Riverside and Burns & McDonnell adding \$1,000,000 for a total amount not-to-exceed \$2,792,000;
5. Approved an amendment to the Agreement for Professional Consultant Services for General Contract Engineering Services between the City of Riverside and Power Engineers adding \$1,000,000 for a total amount not-to-exceed \$3,765,000;
6. Approved an amendment to the Agreement for Professional Consultant Services for General Contract Engineering Services between the City of Riverside and Shaw Energy Delivery Services, Inc. adding \$1,000,000 for a total amount not-to-exceed \$3,450,000;
7. Approved an amendment to the Agreement for Professional Consultant Services for General Contract Engineering Services between the City of Riverside and ICPE, Inc. adding \$1,000,000 for a total amount not-to-exceed \$2,500,000;
8. Approved an amendment to the Agreement for Professional Consultant Services for General Contract Engineering Services between the City of Riverside and Wunderlich-Malec Engineering Inc. adding \$1,000,000 for a total amount not-to-exceed \$1,500,000;

9. Approved an amendment to the Agreement for Professional Consultant Services for General Contract Engineering Services between the City of Riverside and KEMA Inc. adding \$1,000,000 for a total amount not-to-exceed \$2,000,000; and
10. Authorized the City Manager, or his designee, to execute the necessary documents.

Motion – Barnhart. Second – Anderson.

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

Noes: None

Abstain: None

Absent: Lalit Acharya (absence due to business)

(7) 2005 ELECTRIC AND WATER BONDS–RATING AGENCY PRESENTATIONS AND CREDIT RATING RESULTS

Assistant Director/Finance Jerry Rogers reported that the 2005 electric and water bonds-rating agency presentations and credit rating results with Standard & Poor's and Fitch Rating Agencies went very well. Standard & Poor's issued a rating of A+ for electric and AA for water and Fitch issued an AA- for electric and AA for water. The AA- rating from Fitch Credit Rating Agency represents a significant upgrade from a previous rating of A+. Fitch cited improvements to RPU's credit fundamentals resulting from management's successful execution of its business strategy coupled with increased stability of the California power market as the key drivers for the rating upgrade. This upgrade places RPU in a very elite class of electric utilities in California – only Pasadena, Los Angeles Department of Water and Power and Palo Alto have been assigned a AA rating. Favorable ratings are key to successfully selling new bonds into the market and can lower overall interest cost, expand the pool of potential purchasers of the debt offering, and provide significant reductions in bond insurance premiums. These ratings also provides the Board, City Council, and RPU management an independent report card assessing all aspects of the current utility environment and how RPU's goals, direction, and financial results compare within that industry.

The Board congratulated staff on their outstanding accomplishment in these rating presentations.

The Board of Public Utilities received and filed this report.

Director Dave Wright presented the Raincross Award to Reiko Kerr for her significant efforts utilizing the award's components of credibility, commitment to action, innovation, teamwork, determination, and endless hours of hard work that provided the final elements required for Fitch to upgrade the Electric Utility from A+ to AA-.

Also presented was the PRIDE Award to Jerry Rogers for his leadership in assisting in the Public Utilities' bond issuance, refunding, and rating agency presentation, which the rating upgrade will greatly lower costs of financing for future years.

At this time Board Member Joe Tavaglione excused himself from the meeting because he received a phone call.

(8) RETIREMENT ANNOUNCEMENT OF ASSISTANT DIRECTOR – WATER RESOURCES AND ASSOCIATED TRANSITION PLAN

Director Dave Wright presented a high-level transition plan for the next six months now that Assistant Director/Water Dieter Wirtzfeld announced his retirement effective October 27, 2005 (the transition plan is attached to the Board report in the Riverside Public Utilities Department). Mr. Wright reported that Kevin Milligan has been named Interim Assistant Director/Water Delivery.

Vice-Chair Anderson and Chair Hubbard both expressed their congratulations to Dieter Wirtzfeld and that he will be greatly missed.

The Board of Public Utilities received and filed this report.

Board Member Joe Tavaglione left the meeting at 8:57 a.m.

(9) PUBLIC UTILITIES REAL PROPERTY – CHANGE IN SURPLUS STATUS OF CERTAIN PARCELS

Assistant Director/Resources Gary Nolff reported on the changes in surplus status of certain parcels:

- (1) Public Utilities has recently identified the need for a future water reservoir to be located on or around a 9.46 acre parcel near UCR previously designated by the City Council as surplus (APN 253-090-002). Public Utilities requests that the parcel's previous surplus designation be rescinded.
- (2) Public Utilities has identified two parcels that will not be required for future utility needs and should be declared surplus. These include a 1.71-acre parcel and a 4.0-acre parcel in the vicinity of Fairmount Park on the westerly side of the Santa Ana River, proposed development of Emerald Meadows Ranch.

City Manager Brad Hudson reported that declaring the two parcels near Fairmount Park surplus was a request from Supervisor Tavaglione as part of his ongoing efforts to revitalize the Rubidoux area, which will also benefit Riverside.

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

1. Rescind its previous surplus determination regarding the 9.46 acre parcel designated as APN 253-090-0002;
2. Declare as surplus the 1.71 and 4.0 parcels designated as APNs 179-340-005 and 179-310-005, respectively, and approve their sale or disposition by the Real Properties Services Division in accordance with the procedures outlined in the City of Riverside Administrative Manual entitled "Sale of City Owned Real Property," Section No. 09.003.00;

3. Authorize the City Manager, or his designee, to execute any contracts and related documents necessary to effectuate the sale of APNs 179-340-005 and 179-310-005;
4. Direct that any proceeds from the sale of APNs 179-340-005 and 179-310-005 be deposited into the Capital Expenditure Accounts of the respective funds owning the properties.

Motion – Anderson. Second – Barnhart.

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

Noes: None

Abstain: None

Absent: Lalit Acharya (absence due to business)
Joe Tavaglione (left the meeting @ 8:57 a.m.)

City Manager Brad Hudson left the meeting at this time.

(10) LOCAL AGENCY FORMATION COMMISSION ("LAFCO") MUNICIPAL SERVICE REVIEW OF SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT ("CONSERVATION DISTRICT")

Assistant Director/Resources Gary Nolff gave an overview of the terms contained in the proposed Memorandum Of Understanding (MOU) and answered questions from the Board members.

Vice Chair Anderson provided historical background relating to operations and operational considerations within the Bunker Hill Basin. Mr. Anderson also distributed to the Board a memorandum (attached) containing his questions and concerns related to the MOU.

After an extended discussion among the Board members, the Board directed staff to express to LAFCO the Board's concern that San Bernardino Valley Municipal Water District's (Valley District) acquisition of the Conservation District's surface water rights may constitute a conflict of interest given Valley District's Water Master responsibilities. The Board also recommended removing the pump tax, changing the binding arbitration clause, and in general not supporting the consolidation. The Board also wanted the other water pumpers in the Upper Basin to be notified of the Board's concern over this issue.

The Board was concerned that this item was not presented in a timelier manner to the Board. Director Dave Wright explained that LAFCO decided to move this item forward and only gave us a 12-day notice to prepare an MOU to voice our concerns over this action. The Board directed staff to make this LAFCO consolidation a standing issue at the Water Committee.

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

1. Affirm its support of a Local Agency Formation Commission (LAFCO) determination requiring consolidation of the Conservation District with the Muni District and the permanent elimination of pumping charges currently levied on Riverside by the Conservation District, subject to the negotiation of terms and conditions acceptable to Riverside during the consolidation process in accordance with LAFCO's rules and regulations; and
2. Authorize the City Manager, or his designee, to execute the proposed Memorandum of Understanding between Riverside, the Muni District, and the Western Municipal Water District.

Motion – Anderson. Second – Stockton.

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

Noes: None

Abstain: None

Absent: Lalit Acharya (absence due to business)
Joe Tavaglione (left the meeting @ 8:57 a.m.)

Vice Chair Anderson requested the following recommendation be added and approved by the Board.

The Board of Public Utilities:

1. Referred this item to the Water Committee for further discussion; and
2. Requested legal counsel to advise the Water Committee on the method of reforming the Water Master.

Motion – Anderson. Second – Stockton.

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

Noes: None

Abstain: None

Absent: Lalit Acharya (absence due to business)
Joe Tavaglione (left the meeting @ 8:57 a.m.)

11. ITEMS FOR FUTURE BOARD OF PUBLIC UTILITIES CONSIDERATION AS REQUESTED BY MEMBERS OF THE BOARD OF PUBLIC UTILITIES

Vice-Chair Anderson requested that an update on the Casa Blanca Resource Center be on the Board agenda in the near future.

DIRECTOR'S REPORT

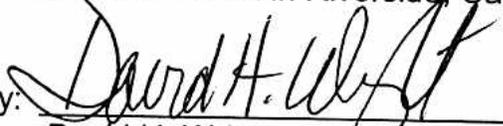
- (A) State and Federal Legislative Update
- (B) Resources Update
- (C) Update – WMWD & City of Riverside Ad Hoc Committee Meeting on August 23, 2005
- (D) Monthly Power Supply Report — July 2005
- (E) Financial Statements – July 2005
- (F) Monthly Update of Goals
- (G) Open and Closed Work Orders – August 2005
- (H) Monthly Benchmark Report Cards – August 2005
- (I) Water Highlights – August 2005
- (J) Rolling Calendar Outlining Future Utility Projects as of September 9, 2005
- (K) City Council Agenda – August 23, September 6, and September 13, 2005

SYSTEMATIC REPORTING ON CONFERENCES / SEMINARS / BOARD MEETINGS

UPCOMING MEETING

Chairman Peter Hubbard adjourned the meeting at 10:18 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, October 7, 2005**, at **8:15** a.m. in the Large Conference Room at the Utilities Operations Center located at 2911 Adams Street in Riverside, California.

By: _____


David H. Wright, Secretary
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: October 21, 2005