

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities

Date of Meeting: January 20, 2006

Time of Meeting: 8:15 a.m.

Place of Meeting: Utilities Plaza Conference Room
3460 Orange Street (at Fifth and Orange Streets)
Riverside, California

PLEDGE OF ALLEGIANCE WAS GIVEN TO THE FLAG

Roll Call

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

Assistant City Manager Michael Beck attended this meeting.

INTRODUCTIONS:

- (A) City Attorney Greg Priamos introduced newly appointed Deputy City Attorney – Mark Parsons.
- (B) Assistant Director/Water Kevin Milligan introduced newly appointed Public Utilities Principal Water Engineer – David Ferguson.
- Assistant Director/Resources Gary Nolff introduced newly appointed Public Utilities Principal Power Projects/Contracts Administrator – Martin Ochtorena.

MINUTES

- (1) The regular meeting minutes from the Board of Public Utilities meeting held on December 16, 2005 was approved as submitted.

Motion – Tavaglione. Second – Acharya.

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

Noes: None

Abstain: None

Absent: None

- (2) The regular meeting minutes from the Board of Public Utilities meeting held on

January 6, 2006 was approved as submitted.

Motion – Barnhart. Second – Tavaglione.

Ayes: Hubbard, Anderson, Barnhart, Tavaglione, Sutter, and Stockton.

Noes: None

Abstain: Newberry, Jr., P.E.
Acharya

Absent: None

CITIZENS PARTICIPATION

No comments were made.

COMMITTEE REPORTS

PROPERTY COMMITTEE REPORT

The regular meeting minutes from the Property Committee meeting held on January 6, 2006 was deferred to the next meeting.

ELECTRIC COMMITTEE REPORT

The Board of Public Utilities accepted and filed the January 11, 2006, Electric Committee minutes.

CONSENT CALENDAR

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

Motion – Anderson. Second – Tavaglione.

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

Noes: None

Abstain: None

Absent: None

ELECTRIC ITEMS

- (3) **PERIMETER LANDSCAPE AND SECURITY UPGRADES AT MAGNOLIA AND LA COLINA SUBSTATIONS – WORK ORDER 0604511**

The Board of Public Utilities approved the estimated capital expenditure of \$175,000 for Work Order 0604511 for the design and installation of landscaping, irrigation, and fencing upgrades at Magnolia Substation located at 3416 Central Avenue and La Colina Substation located at 599 Central Avenue.

WATER ITEMS

OTHER ITEMS

DISCUSSION CALENDAR

(4) **APPROVAL OF THE NEW ENERGY POINT-OF-DELIVERY PROJECT, ADDITIONAL APPROPRIATION, AND CONSULTING ENGINEERING SERVICES – WORK ORDER 642975**

Deputy Director Badgett reported that for many years the Public Utilities Board, management and staff have expressed concern that the sole source of energy delivery for Riverside Public Utilities (RPU) has been Vista Substation, which is operated by Southern California Edison. Because of this single point of energy delivery into RPU's system, reliability and emergency preparedness are of concern. Additionally, it is anticipated that the RPU system demand will exceed the Vista Substation capacity limit during the summer of 2006. Deputy Director Badgett explained the two planning options under consideration:

Option 1 – Add Capacity at Vista Substation

- Short term solution for approximately 13 years, then requires additional capacity elsewhere at Vista Substation
- Costs more than Option 2 over the long term
- Not recommended by SCE
- Does not address the City's emergency preparedness needs– still a single point of delivery

Option 2 – Construct Second Point of Energy Delivery Within the City

- Cost is less than Option 1 over the long term
- Capacity adequate for 27 years and can be expanded at that time
- 20-acre site was purchased for this purpose in the 1970's (Jurupa site)
- Improves electric reliability and emergency preparedness

By approving Option 2, the project would be divided into two phases. During Phase 1, the consulting firm, Power Engineers would provide system studies of alternatives and perform environmental review and permitting services that would enable RPU to construct the project. Upon successful completion of PHASE 1, Phase 2 work, including the detailed design, easement acquisition, material procurement, and construction management, would be included in a separate agreement with Power Engineers that would be brought back to the Board for approval.

After discussion and questions answered, the Board of Public Utilities:

1. Approved the preferred option to build a new 220 kV source and move forward with Phase I; and
2. Approved and recommended to the City Council the appropriation of \$800,000 from the Electric Fund balance to the new 220 kV Station Account No. 6130000-470685; and
3. Approved the estimated Work Order 642975 in the amount of \$1,000,000 for

Phase 1 of the 220 kV Upgrade Project; and

4. Approved Power Engineers as Riverside Public Utilities' consulting engineer for the 220 kV Upgrade Project.

Motion – Stockton. Second – Anderson.

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

Noes: None

Abstain: None

Absent: None

- (5) ITEMS FOR FUTURE BOARD OF PUBLIC UTILITIES CONSIDERATION AS REQUESTED BY MEMBERS OF THE BOARD OF PUBLIC UTILITIES

None.

DIRECTOR'S REPORT

General Manager announced that Board Member Greg Kraft resigned prior to this meeting and that hopefully the vacancy in Ward 6 would be filled in March 2006.

- (A) Open and Closed Work Orders – December 2005
- (B) Monthly Benchmark Report Cards – December 2005
- (C) Water Highlights – December 2005
- (D) Rolling Calendar Outlining Future Utility Projects as of January 13, 2006
- (E) City Council Agenda – January 10, 2006 and January 17, 2006

SYSTEMATIC REPORTING ON CONFERENCES / SEMINARS / BOARD MEETINGS

The Board of Public Utilities recessed for 10 minutes and reconvened at 9:10 a.m.

Board Member Joe Tavaglione left the meeting at this time.

WORKSHOPS

- (6) SAFE W.A.T.E.R. PLAN AND ASSOCIATED WATER RATE ADJUSTMENTS

General Manager Dave Wright reported that the delivery of safe and reliable water to the citizens of Riverside is a critical mission for Riverside Public Utilities and that reliable water resources and infrastructure issues are quickly evolving to a regional and national concern that must be addressed. General Manager Wright discussed in more detail the various components of the SAFE W.A.T.E.R. (**W**ater **A**vailable **T**o **E**veryone in **R**iverside) Plan, which included the following:

- Industry Challenges – Regional Leadership
- Long-Term Water Facility Master Plan
- Asset Management
- Security Enhancement
- Recycled Water Plan

Water Quality and Treatment
Staffing Requirements
Water Resources
Conservation Strategies
Joint Work with Western Municipal Water District
Property Issues
Legal Issues and Challenges
Legislative Issues
Financial and Rate Plan

After questions and discussion, the Board of Public Utilities conceptually approved the concepts and recommendations outlined in the SAFE W.A.T.E.R. Plan and scheduled a public hearing for March 2, 2006 at 6:00 p.m. in the Art Pick Council Chambers at City Hall to receive input from staff and customers who wish to comment on the proposed three-year rate increase plan.

Motion – Anderson. Second – Newberry, Jr., P.E.

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

Noes: None

Abstain: None

Absent: Tavaglione.

(7) 2005-2011 CAPITAL IMPROVEMENT PROGRAM APPROVAL

Assistant Director/Finance Rogers, Assistant Director/Water Milligan, and Deputy Director Badgett presented an overview of the Capital Improvement Program (CIP) for Water and Electric Utilities. Highlights of the CIP presentation were:

- The proposed capital program generally meets financial plan targets
- Water financing plan in progress
- Electric program includes COLA increases
- CIP will be funded by rates, reserves, bonds, and proceeds from excess property sales
- Projects not yet funded were shown for information only, as the funding sources will be determined at a later date and approval sought at that time

The Board of Public Utilities approved the proposed 2005-2011 Capital Improvement Program and potential rate impacts that were presented at the workshop.

Motion – Acharya. Second – Stockton.

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

Noes: None

Abstain: None

Absent: Tavaglione.

UPCOMING MEETING

Chairman Peter Hubbard adjourned the meeting at 10:45 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, February 3, 2006**, 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: February 3, 2006