

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities
Date of Meeting: February 2, 2007
Time of Meeting: 8:15 a.m.
Place of Meeting: Public Utilities Boardroom
3901 Orange Street (at Ninth & Orange Streets)
Riverside, California

PLEDGE OF ALLEGIANCE TO THE FLAG WAS GIVEN

Roll Call

Present: Jim Anderson (Chair) Mary Curtin
 Dave Barnhart Bob Stockton
 Ken Sutter Robert Elliott
 Bernie Titus

Absent: Joe Tavaglione (absence due to business)
 Peter Hubbard (absence due to family sick)

Assistant City Manager Michael Beck was in attendance.

MINUTES

1. The minutes from the Board of Public Utilities meeting on January 19, 2007 was approved as submitted.
Ayes: Anderson, Curtin, Barnhart, Stockton, Sutter, Elliott, and Titus.
Absent: Joe Tavaglione (absence due to business)
 Peter Hubbard. (absence due to family sick)

CITIZENS PARTICIPATION

2. No comments were made.

COMMITTEE REPORTS

3. **WATER COMMITTEE REPORT**

The Board of Public Utilities accepted and filed the January 19, 2007, Water Committee minutes.

4. **FINANCE/MARKETING COMMITTEE REPORT**

The Board of Public Utilities accepted and filed the January 26, 2007, Finance/Marketing Committee minutes.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar with the exception of Item 6, **12 kV LINE EXTENSION – AIRPORT COMMERCE CENTER – WORK ORDER 070003-30**, which was moved to the Discussion Calendar:

Motion – Curtin. Second – Sutter.

Ayes: Anderson, Curtin, Barnhart, Stockton, Sutter, Elliott, and Titus.

Noes: None

Abstain: None.

Absent: Tavaglione (absence due to business)
Hubbard (absence due to family sick)

ELECTRIC ITEMS

5. 12 kV LINE EXTENSION – PATRICIA BEATTY ELEMENTARY SCHOOL
WORK ORDER 070003-10

The Board of Public Utilities approved the estimated capital expenditure of \$190,000 to install a primary line extension to serve the Patricia Beatty Elementary School located at 4261 Latham Street.

6. **MOVED TO DISCUSSION CALENDAR**

7. 12 kV LINE EXTENSION – AMC MOVIE THEATER
WORK ORDER 070003-36

The Board of Public Utilities approved the estimated capital expenditure of \$250,000 to install a primary line extension to serve the AMC Movie Theater and accompanying restaurants located at 3775 Tyler Avenue.

8. 12 kV LINE EXTENSION – 78 SINGLE FAMILY HOMES
WORK ORDER 070013-21.

The Board of Public Utilities approved the estimated capital expenditure of \$135,000 to install a primary line extension to serve 78 new single family homes at Rivera Street intersecting Alamo Street westerly of Main Street.

9. 12 kV LINE EXTENSION – TRACT 33158 & T-31849
WORK ORDER 070016-05

The Board of Public Utilities approved the estimated capital expenditure of \$70,000 to install primary line extensions to serve 29 residences (Tract 33158 & Tract 31849) located at Jones Street and Hedrick Avenue.

10. ELECTRICAL VAULT REPLACEMENTS - 14TH STREET
WORK ORDER NO. 0705873

The Board of Public Utilities approved the estimated capital expenditure of \$65,000 to replace two underground electrical vaults on 14th Street at Lime and Mulberry Streets.

WATER ITEMS

11. CHANDLER AGGREGATES – CHANGE ORDER TO PURCHASE ORDER NO.
070998

The Board of Public Utilities:

- a. Authorized the capital expenditure of \$55,000 for purchase of aggregate materials for various construction projects; and
- b. Approved change order in the amount of \$55,000 to Purchase Order No. 070998 with Chandler Aggregates.

OTHER ITEMS

12. RIVERSIDE BASIN STUDIES: (1) JOINT STUDY AGREEMENT WITH WESTERN MUNICIPAL WATER DISTRICT, (2) FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH STEVEN BACHMAN, PH.D.

The Board of Public Utilities:

- a. Approved the First Amendment to the Professional Services Agreement between Steven Bachman, Ph.D., and the City of Riverside; and
- b. Recommended that the City Council approve the Riverside Basin Joint Study Agreement between Western and the City of Riverside, including the related Supplemental Agreement with Western for the Groundwater Monitoring Plan – Phase I, and authorize the City Manager to execute future supplements to such agreement.

13. INTEREST RATE PAID ON CUSTOMER DEPOSITS

The Board of Public Utilities increased the annual interest rate applied to customer deposits from the current 1.0 percent to 2.0 percent, beginning with the deposits held during the month of February 2007.

DISCUSSION CALENDAR

6. 12 kV LINE EXTENSION – AIRPORT COMMERCE CENTER
WORK ORDER 070003-30

Board Member Sutter requested this item be discussed more thoroughly and that in the future more detail be put in the work order reports regarding commercial/retail projects.

Following discussion, the Board of Public Utilities approved the estimated capital expenditure of \$320,000 to install a primary line extension to serve the Airport Commerce Center located at 6985 Arlington Avenue.

Motion – Sutter. Second – Curtin.

Ayes: Anderson, Curtin, Barnhart, Stockton, Sutter, Elliott, and Titus.

Noes: None

Abstain: None.

Absent: Tavaglione (absence due to business)
Hubbard (absence due to family sick)

14. VICTORIA AVENUE OVERHEAD TO UNDERGROUND CONVERSION FROM
WASHINGTON STREET TO MAUDE STREET

Dr. Dan Hays was in the audience and spoke to the Board regarding the Victoria Avenue Overhead to Underground project.

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

1. Accept a contribution from the Victoria Avenue Historic Restoration Project to be used toward a portion of the costs in converting overhead electric lines along Victoria Avenue to underground; and
2. Approve, in concept, a project to convert overhead electric lines to underground along Victoria Avenue, from Washington Street to Maude Street, with a portion of funds provided by the Victoria Avenue Historic Restoration Project and the remainder from Public Utilities.

Motion – Elliott. Second – Curtin.

Ayes: Anderson, Curtin, Barnhart, Stockton, Sutter, Elliott, and Titus.

Noes: None

Abstain: None.

Absent: Tavaglione (absence due to business)
Hubbard (absence due to family sick)

15. SECOND AMENDED AND RESTATED STRATEGIC ENERGY AGREEMENT BETWEEN UNIVERSITY OF CALIFORNIA RIVERSIDE AND THE CITY OF RIVERSIDE

Assistant Director Rogers provided a brief overview of the critical components of the UCR agreement. In reaction to Board Member Stockton's question concerning the process of developing a contract rate, the Board was informed that the UCR agreement is cost based and the UCR rate was based on a blend of coal and nuclear power resources to arrive at the per kwh charge. Following discussion, the Board of Public Utilities recommended to the City Council approval of the Second Amended and Restated Strategic Energy Agreement between the City of Riverside and the University of California Riverside to provide electric services as stipulated in the Agreement.

Motion – Barnhart. Second – Sutter.

Ayes: Anderson, Curtin, Barnhart, Stockton, Sutter, Elliott, and Titus.

Noes: None

Abstain: None.

Absent: Tavaglione (absence due to business)
Hubbard (absence due to family sick)

General Manager Dave Wright removed himself from the Board at this time while Item #16 was discussed due to conflict of interest.

16. PROPERTY ACQUISITION EXPENDITURE FOR EMTMAN RESERVOIR NO. 2 SITE

Following discussion, the Board of Public Utilities:

- a. Approved the capital expenditure of \$500,000 for the acquisition of 3.76 acres adjacent to the existing Emtman Reservoir; and
- b. Recommended that the City Council authorize the acquisition of 3.76 acres adjacent to the existing Emtman Reservoir.

Motion – Barnhart. Second – Sutter

Ayes: Anderson, Curtin, Barnhart, Stockton, Sutter, Elliott, and Titus.

Noes: None

Abstain: None.

Absent: Tavaglione (absence due to business)
Hubbard (absence due to family sick)

General Manager Dave Wright returned to the Board meeting at this time.

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

No items were noted.

DIRECTOR'S REPORT

18. AQMD Rule 1309.1 – UPDATE
General Manager Wright reported that a public hearing was taking place today (February 2, 2007) regarding the AQMD Rule 1309.1 and that another hearing would take place on March 2, 2007 at the AQMD Executive Board meeting. Mr. Wright also stated that a "Special" Finance/Marketing Committee meeting would be scheduled for Friday, February 9, 2007 to discuss the Rule in more detail.
19. Implementation Program for Rebates Report
General Manager Wright reported that refrigerators and air conditioners would be the focus this year for rebates.
20. State and Federal Legislative Update
21. Monthly Update of Goals
22. Monthly Power Supply Report - December 2006
23. Financial Statements – November 2006
24. City Council Agenda - January 23, 2007 and January 30, 2007
25. Upcoming Meetings
26. Systematic Reporting on Conferences/Seminars

The Board took a ten-minute recess and resumed the meeting at 9:40 a.m.

WORKSHOPS

27. FISCAL YEAR 2006/07 MID-YEAR REVIEW – ADDITIONAL APPROPRIATION

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

1. Approve an increase of \$11.5 million to various revenue accounts; and
2. Approve additional appropriations to accounts listed in the attachment from the Electric Fund balance of:
 - a. \$10.7 million for capital construction projects (funded primarily with bond proceeds);
 - b. \$4.0 million for power supply;
 - c. \$1.3 million for other non-personnel accounts; and

Motion – Curtin. Second – Elliott.

Ayes: Anderson, Curtin, Barnhart, Stockton, Sutter, Elliott, and Titus.

Noes: None

Abstain: None.

Absent: Tavaglione (absence due to business)
Hubbard (absence due to family sick)

Board Member Curtin left the meeting at this time.

28. 2007/08 PROPOSED BUDGET

Following discussion, the Board of Public Utilities approved and recommended City Council approval of the proposed Fiscal Year 2007/08 Budget:

1. Proposed \$501.9 M Electric Net Operating Budget;
2. Proposed \$90.2M Water Net Operating Budget;
3. Proposed \$299.0M Electric Revenues Budget; and
4. Proposed \$52.1M Water Revenues Budget.

Motion – Barnhart. Second – Stockton.

Ayes: Anderson, Barnhart, Stockton, Sutter, Elliott, and Titus.

Noes: None

Abstain: None.

Absent: Tavaglione (absence due to business)
Hubbard (absence due to family sick)
Curtin (left the meeting early)

UPCOMING MEETING

Board Chairman Jim Anderson adjourned the meeting at 10:52 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, February 16, 2007**, at **8:15 a.m.** in the Public Utilities Boardroom located at 3901 Orange Street in Riverside, California.

By: _____
David H. Wright, Secretary
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: February 16, 2007