

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities
Date of Meeting: February 15, 2008
Time of Meeting: 8:30 a.m. (Began @ 8:35 am)
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: Joe Tavaglione (Chair) Dave Barnhart (Vice Chair)
Mary Curtin Ken Sutter
Bernie Titus Ian Davidson
Jim Anderson

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

Assistant City Manager Michael Beck was in attendance.

MINUTES

1. Approval of the regular meeting minutes from the Board of Public Utilities meeting held on January 18, 2008.

Motion – Curtin. Second – Barnhart.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

2. Approval of the “special” meeting minutes from the Board of Public Utilities meeting held on January 25, 2008.

Board Member Bernie Titus requested revision of the “Special” Board of Public Utilities meeting minutes from January 25, 2008 to read that Mary Curtin did not second the motion because she was absent on that meeting.

The minutes from the “Special” Board of Public Utilities meeting on January 25, 2008 were approved as revised.

Motion – Barnhart. Second – Sutter.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

CITIZENS PARTICIPATION

None.

COMMITTEE REPORTS

3. ELECTRIC COMMITTEE REPORT

The Board of Public Utilities accepted and filed the January 16, 2008 and the February 13, 2008 Electric Committee Minutes.

4. WATER COMMITTEE REPORT

The Board of Public Utilities accepted and filed the January 18, 2008 Water Committee Minutes.

5. FINANCE/MARKETING COMMITTEE REPORT

The Board of Public Utilities accepted and filed the January 24, 2008 Finance/Marketing Committee Minutes.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar with the exceptions of Item 11, **APPROVAL FOR PURCHASE ORDER TO MAINTAIN CONTINUITY OF ELECTRIC LINE CLEARANCE TREE TRIMMING SERVICES**, Item 12, **CONSULTING SERVICES FOR HYDRAULIC MODEL UPDATE AND EXPANSION**, Item 15, **FREEMAN SUBSTATION EXPANSION - PUBLIC UTILITIES REAL PROPERTY CHANGE IN SURPLUS STATUS OF CERTAIN RIVERSIDE WATER COMPANY CANAL PARCELS**, and Item 16, **INTEREST RATE PAID ON CUSTOMER DEPOSITS**, which were moved to the Discussion Calendar:

Motion – Curtin. Second – Sutter.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

ELECTRIC ITEMS

6. UTILITY OPERATIONS CENTER UNINTERRUPTIBLE POWER SUPPLY REPLACEMENT - WORK ORDER NO. 0707782

The Board of Public Utilities:

1. Approved the estimated capital expenditure of \$371,000 to replace the uninterruptible power supply located at the Utility Operations Center; and
2. Awarded the purchase order for uninterruptible power supply equipment, Specification No. SUB705, to the lowest responsive bidder, Ramtek Power Quality Solutions of Irvine, California, in the amount of \$104,680.

7. SWITCHGEAR AND JUNCTION REPLACEMENT – INDIANA AVENUE AT FILLMORE STREET - WORK ORDER NO. 080004-13

The Board of Public Utilities approved the estimated capital expenditure of \$70,000 to replace and repair existing damaged equipment along Indiana Avenue on the corner of Fillmore Street.

8. SUBSTATION POWER TRANSFORMER LOAD TAP CHANGER IMPROVEMENTS - WORK ORDER NO. 0808378

The Board of Public Utilities approved the estimated capital expenditure of \$147,000 for load tap changer improvements for power transformers located at La Colina, Riverside and Freeman substations.

9. ELECTRIC TRANSMISSION LINE INFRARED INSPECTION - WORK ORDER NO. 0809042

The Board of Public Utilities approved the estimated expenditure of \$72,000 to conduct a detailed infrared inspection of the electric transmission system.

10. APPROVAL OF CHANGE ORDER NO. 5 TO THE AGREEMENT TO ENGINEER, PROCURE AND CONSTRUCT THE RIVERSIDE ENERGY RESOURCE CENTER WITH THE INDUSTRIAL COMPANY – CONTRACT COMPLETION

The Board of Public Utilities approved Change Order No. 5 in the amount of \$201,152.08 to the EPC Agreement with The Industrial Company and accepts the project as complete.

11. MOVED TO DISCUSSION

WATER ITEMS

12. MOVED TO DISCUSSION

13. GLENWOOD DRIVE SYSTEM PRESSURE IMPROVEMENT PROJECT – WORK ORDER NO. 0806444

The Board of Public Utilities approved the estimated capital expenditure of \$85,000 for Work Order No. 0806444 for the construction of system improvements to be performed by City of Riverside forces.

14. REHABILITATION OF COOLEY H AND GAGE 92-2 WELLS – REJECTION OF BID NO. 6578

The Board of Public Utilities rejected all bids for the Rehabilitation of Cooley H and Gage 92-2 Wells, Bid No. 6578.

OTHER ITEMS

15. MOVED TO DISCUSSION

16. MOVED TO DISCUSSION

DISCUSSION CALENDAR

11. APPROVAL FOR PURCHASE ORDER TO MAINTAIN CONTINUITY OF ELECTRIC LINE CLEARANCE TREE TRIMMING SERVICES

Board Member Sutter requested this item be placed on the discussion calendar to discuss the manner in which the previous vendor trimmed trees to clear lines rather than also maintaining the form and shape of the trees.

Following discussion, the Board of Public Utilities:

1. Approved the expenditure in the not-to-exceed amount of \$250,000 for emergency Line Clearance Tree Trimming services; and
2. Awarded a purchase order for Line Clearance Tree Trimming Services to Asplundh Tree Expert Co., of Willow Grove Pennsylvania, in the amount of \$150,000.

Motion – Barnhart. Second – Sutter.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

12. CONSULTING SERVICES FOR HYDRAULIC MODEL UPDATE AND EXPANSION

Board Member Sutter requested this item be placed on the discussion calendar to obtain more details on the hydraulic model's capabilities.

Following discussion, the Board of Public Utilities approved an agreement with MWH Americas, Inc., for consulting services for the updating of the water hydraulic model, in an amount not-to-exceed \$100,000.

Motion – Sutter. Second – Curtin.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

15. FREEMAN SUBSTATION EXPANSION - PUBLIC UTILITIES REAL PROPERTY CHANGE IN SURPLUS STATUS OF CERTAIN RIVERSIDE WATER COMPANY CANAL PARCELS

Assistant General Manager/Resources Gary Nolff requested this item be placed on the discussion calendar because he wanted to clarify that the last paragraph of the background section should read "...staff has determined suitable compensation for the transfer of these two parcels from the **Water Fund** to the **Electric Fund** to be \$12,000." (Not Electric Fund to the Water Fund)

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

1. Rescind its previous surplus determination regarding two parcels bearing Assessor Parcel Numbers 233-180-012 and 233-180-013; and
2. Approve the transfer of said parcels from the Water Fund to the Electric Fund.

Motion – Anderson. Second – Sutter.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

16. INTEREST RATE PAID ON CUSTOMER DEPOSITS

Board Member Titus requested this item be placed on the discussion calendar to discuss the recommendation as she felt the interest rate was too high and should go to the Finance Committee for further discussion and research.

Following discussion, the Board of Public Utilities agreed to take this report to Finance Committee to discuss lowering the current 2 percent annual interest rate applied to customer deposits.

Motion – Barnhart. Second – Davidson.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

17. OVERHEAD TO UNDERGROUND CONVERSION FOR RIVERSIDE RENAISSANCE COLUMBIA AVENUE GRADE SEPARATION PROJECT– WORK ORDER NO. 080015-04

Following discussion, the Board of Public Utilities approved the estimated capital expenditure of \$754,000 to convert existing overhead electrical facilities to underground along Columbia Avenue.

Motion – Curtin. Second – Titus.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

18. APPROVAL OF SECOND AMENDMENT TO GROUND LEASE AGREEMENT BETWEEN THE TORO COMPANY AND THE CITY OF RIVERSIDE

Following discussion, the Board of Public Utilities approved and recommended that the City Council approve the Second Amendment to Ground Lease Agreement between The Toro Company (Toro) and the City of Riverside (City).

Motion – Titus. Second – Curtin.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

19. APPROVAL TO PURCHASE ONE GAS COMPRESSOR PACKAGE AND TWO GENERATOR STEP UP TRANSFORMERS FOR THE RIVERSIDE ENERGY RESOURCE CENTER UNITS 3 AND 4

Following discussion, the Board of Public Utilities:

1. Approved the purchase of one Gas Compressor Package from UE Compression in the amount of \$1,094,500, plus sales tax; and
2. Approved the purchase of two 42/56/70 transformers from Delta Star, Inc in the amount of \$2,000,775, plus sales tax.

Motion – Davidson. Second – Titus.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

20. APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH HRF III ENTERPRISES, INC., TO PROVIDE ASSISTANCE IN OVERALL PROJECT MANAGEMENT, CONTRACT OVERSITE, PROCUREMENT, ENGINEERING OVERSITE, CALIFORNIA ENERGY COMMISSION (CEC) OVERSITE AND REQUIREMENTS AND PROVIDE CONSTRUCTION MANAGEMENT FOR THE RIVERSIDE ENERGY RESOURCE CENTER (RERC) UNITS 3 AND 4 GENERATION PROJECT

Deputy City Attorney Susan Wilson stated that the recommendation and contract needed to be modified to include the following: **...in an amount not-to-exceed \$1,800,000.**

Following discussion and revision, the Board of Public Utilities approved the Professional Services Agreement with HRF III Enterprises, Inc., to provide assistance in the overall project management, contract over-site, engineering over-site, CEC over-site and requirements and provide construction management for the Riverside Energy Resource Center (RERC) Units 3 and 4 Generation Project, **in an amount not-to-exceed \$1,800,000.**

Motion – Anderson. Second – Curtin.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

21. VICTORIA BOOSTER STATION MODIFICATIONS – WORK ORDER NO. 0808340

Following discussion, the Board of Public Utilities approved the capital expenditure of \$450,000.00 to replace three of the four pumps at Victoria Booster Pumping Station, including installation of a new electric service, new switchgear, and associated work related to the modifications under Work Order No. 0808340.

Motion – Curtin. Second – Anderson.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

22. RECYCLED WATER PROGRAM – UPDATE AND CONCEPTUAL APPROVAL OF LONG RANGE PROGRAM DEVELOPMENT

Board Member Barnhart requested that the recommendation be revised to show a set time for the update to be brought back to the Board of Public Utilities.

Tom Evans, Board Member of Western Municipal Water District Board, spoke regarding Riverside Public Utilities' positive effort and willingness to help establish a recycled water program.

Following discussion, the Board of Public Utilities:

1. Approved and recommended that the City Council conceptually approve the long range development plan for the Riverside Recycled Water Program; and
2. **Directed staff to return in six months with further project description to be used for grant applications.**

Motion – Anderson. Second – Curtin.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, Titus, Davidson, and Anderson.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)

GENERAL MANAGER'S REPORT

23. State and Federal Legislative Update

23b. Seven Oaks Dam – State Water Resources Control Board Temporary Urgency Application for Diversion of Water – Update

24. Financial Statements - November 2007

25. Monthly Power Supply Report - December 2007
26. Monthly Update of Goals
27. Monthly Benchmark Report Cards – January 2008
28. Open and Closed Work Orders – January 2008
29. Water Highlights – January 2008
30. City Council Agenda - January 22, 2008, February 5, 2008, and February 12, 2008
31. Upcoming Meetings
32. Electric / Water Utility Acronyms
33. Systematic Reporting on Conferences/Seminars

RECOGNITION

34. RECOGNITION OF BOARD MEMBER JAMES ANDERSON

General Manager Dave Wright presented Board Member Anderson with various memorable gifts and thanked him for his dedication and willingness to serve on the Board of Public Utilities for 8 years.

The Board took a 15--minute recess and resumed the meeting at 10:15 a.m.

At this time the following Board Members left the meeting:

Jim Anderson
Ian Davidson

WORKSHOP

36. FIVE-YEAR CAPITAL IMPROVEMENT PROJECTS (CIP) REVIEW (FY 2008-2013)

Assistant General Managers Rogers, Milligan, Nolff and Deputy General Manager Badgett each reported on their division's budgets.

AND

35. MID-YEAR REVIEW OF PROPOSED FISCAL YEAR 2008-2009 OPERATING BUDGET

Assistant Chief Finance Officer Reiko Kerr provided a mid-year update of projected operating results for fiscal year 2007/08.

Following discussion, the Board of Public Utilities approved and recommended City Council approval of the Fiscal Year 2008/09:

1. Proposed \$368.5M Electric Operating Budget;
2. Proposed \$95.1M Water Operating Budget;
3. Proposed \$328.2M Electric Revenues Budget; and
4. Proposed \$64.8M Water Revenues Budget.

Motion – Barnhart. Second – Curtin.

Ayes: Tavaglione, Barnhart, Curtin, Sutter, and Titus.

Noes: None

Abstain: None.

Absent: Bob Stockton (absence due to vacation)
Robert Elliott (absence due to other)
Ian Davidson (left meeting early)
Jim Anderson (left meeting early – no longer Board member)

UPCOMING MEETING

Chair Joe Tavaglione adjourned the meeting at 10:55 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, March 7, 2008**, at **8:30** 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: March 7, 2008