

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities

Date of Meeting: February 17, 2006

Time of Meeting: 8:15 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 (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.

MINUTES

(1) The regular meeting minutes from the Board of Public Utilities meeting held on February 3, 2006 was approved as submitted.

Motion – Anderson. Second – Tavaglione.

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

Noes: None

Abstain: None

Absent: None

CITIZENS PARTICIPATION

No comments were made.

COMMITTEE REPORTS

PROPERTY COMMITTEE REPORT

The Board of Public Utilities accepted and filed the February 3, 2006, Property Committee minutes.

ELECTRIC COMMITTEE REPORT

The Board of Public Utilities accepted and filed the February 8, 2006, Electric Committee minutes.

WATER COMMITTEE REPORT

The Board of Public Utilities accepted and filed the February 10, 2006, Water Committee minutes.

CONSENT CALENDAR

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

Motion – Barnhart. Second – Tavaglione.

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

Noes: None

Abstain: Stockton (recused himself on Item 2)

Absent: None

ELECTRIC ITEMS

(2) 12 kV UNDERGROUND LINE EXTENSION
WORK ORDER 050024-07

The Board of Public Utilities approved the estimated capital expenditure of \$200,000 to install underground primary line extensions and services to 98 Single Family Residences (Tract 31415) located at Monroe and Indiana Avenues.

Funds are budgeted and available for this project in the Major Tract Distribution Account No. 6130000-470626.

(3) 12 kV UNDERGROUND LINE EXTENSION
WORK ORDER 060113-64

The Board of Public Utilities approved the estimated capital expenditure of \$150,000 to install underground primary line extensions to serve conversion work located at Monroe Avenue between Dos Casas Place and Hoffman Avenue.

Funds are budgeted and available for this project in the Distribution Line Extensions Account No. 6130000-470601.

WATER ITEMS

(4) WATER MAIN REPLACEMENT – LOGAN COURT
WORK ORDER 0603073

The Board of Public Utilities approved the estimated capital expenditure of \$84,000 for the construction of 355 feet of an eight-inch and 79 feet of a four-inch water main, two fire hydrants, and seven services along Logan Court from Rutland Avenue just northerly of Arlington Avenue. This new main will replace an existing eight-inch and four-inch steel water main, which have been experiencing constant leaking.

Work will be performed by City Forces – This project is part of the Public Utilities Board and City Council mandated replacement program.

(5) WATER MAIN REPLACEMENT – ELMWOOD AVENUE

WORK ORDER 0603859

The Board of Public Utilities approved the estimated capital expenditure of \$350,000 for the construction of 1,480 feet of eight-inch water main, four system connections, five fire hydrants, and 46 services along Elmwood Avenue from Palm to Brockton Avenues. This new main will replace an existing undersized four-inch steel water main, which has been experiencing constant leaking.

Work will be performed by City Forces – This project is part of the Public Utilities Board and City Council mandated replacement program.

(6) ADVISORY COMMISSION TO SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT BOARD OF DIRECTORS – DESIGNATION OF RIVERSIDE REPRESENTATIVES

The Board of Public Utilities designated Board Member Jim Anderson as Riverside's primary representative and Board Member David Barnhart as Riverside's alternate representative to the Advisory Commission established by the San Bernardino Valley Municipal Water District's Board of Directors.

(7) CITY OF RIVERSIDE MEMBERSHIP IN THE UPPER SANTA ANA WATER RESOURCES ASSOCIATION ("USAWRA")

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

1. Approve re-establishing Riverside's regular membership in the USAWRA by accepting the terms and conditions of membership as set forth in the USAWRA's Articles of Association, adopted on March 10, 2005; and
2. Authorize the Public Utilities General Manager to designate staff as primary and alternate members of the USAWRA Board of Directors.

OTHER ITEMS

DISCUSSION CALENDAR

(8) APPROVAL OF SOUTHERN CALIFORNIA EDISON (SCE) INTERIM AGREEMENT AND ADDITIONAL APPROPRIATION FOR THE NEW ENERGY POINT-OF-DELIVERY PROJECT

Deputy Director Steve Badgett reported that on January 31, 2006 RPU received an interim agreement from SCE that describes the responsibilities of SCE for development of the project. SCE will be responsible for obtaining the Certificate of Public Convenience and Necessity from the California Public Utilities Commission, as well as obtaining approval from the California Independent System Operator (CAISO) for the Project. In addition, SCE will design, procure and construct the 230 kV transmission lines and interconnection substation. SCE estimates that the initial phase of this work will cost \$2,550,000.

It is expected that the cost for the CAISO-controlled portion (230 kV lines and most

of the interconnection substation) will be recovered by SCE through its transmission revenue requirement ("TRR"). However, the CAISO must first approve the project and opine as to whether these facilities are network transmission facilities, and thus appropriately included with SCE's TRR filing. Preliminary discussions with the CAISO support this conclusion. Ultimately the Federal Energy Regulatory Commission (FERC) must approve the inclusion and recovery of these costs through SCE's TRR filing. If the FERC does not approve recovery of these costs in SCE's TRR, RPU likely would not be reimbursed for these expenditures. RPU and SCE will also enter into an Interconnection Agreement for transmission service. Until all of these approvals and agreements are complete, SCE is requesting RPU to fund SCE costs. It is anticipated that a formal presentation of the project will be made to the CAISO and an Interconnection Agreement will be drafted during the 2nd quarter of 2006.

General Manager Dave Wright indicated that a quarterly report regarding project status and the potential timeframe for reimbursement will be brought back to the Board in 90 days (first meeting in June 2006) and quarterly updates thereafter.

After discussion and comments and the reassurance that the Board would receive a quarterly update beginning June 2006, the Board of Public Utilities:

1. Approved an increase in Work Order 642975 from \$1,000,000 to \$3,550,000;
2. Approved and recommended to the City Council the appropriation of \$3,350,000 from the Electric Fund Balance to the new 230 kV Station Account No. 6130000-470685; and
3. Approved and recommended to the City Council to authorize the Public Utilities General Manager, or his designee, to execute the interim agreement with Southern California Edison (SCE).

Motion – Stockton. Second – Tavaglione.

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

Noes: None

Abstain: None

Absent: None

PROPERTY ACQUISITION AND ENDORSEMENT OF A FAST-TRACK DESIGN-BUILD APPROACH FOR THE CONSTRUCTION OF A REPLACEMENT RESERVOIR

Principal Water Engineer Dave Ferguson showed photographs of the leaks at Whitegates Reservoir #1 which was discovered January 2006. He stated approximately 200,000 gallons of water was lost daily. The 2005 Comprehensive Water Master Plan identified the replacement of the Whitegates No.1 and Whitegates No. 2 reservoirs with new larger reservoirs as a high priority project.

Staff is recommending that a fast-track design-build approach be undertaken with the goal of having the first 2.5 MG of a 5.0 MG reservoir and the associated new booster pumping station in service by the summer of 2007, and also requested authorization for Public Utilities General Manager Wright to issue a Request for Proposal (RFP) for a fast-track design-built contract. Concerns regarding necessary land acquisitions were discussed as well as aesthetic issues concerning the new reservoir site location.

The Board of Public Utilities:

1. Authorized the expenditure, already approved as an emergency by the Public Utilities General Manager and the City Manager, of up to \$120,000 to Goss Construction Co., Inc., for repairs to the Whitegates No. 1 Reservoir and recommended that the City Council approve such expenditure and emergency work by Goss Construction; and
2. Approved the expenditure of up to \$1,500,000 and recommended that the City Council authorize the acquisition of the adjacent 1.0 acre property to the north of the existing reservoir for a replacement reservoir; and
3. Authorized the Public Utilities General Manager to issue a Request for Proposal (RFP) for a fast-track design-build contract for the phased construction of a new 5.0 MG buried concrete reservoir and booster pumping station to replace the Whitegates No. 1 Reservoir and Booster Station.

Motion – Anderson. Second–Tavaglione.

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

Noes: None

Abstain: None

Absent: None

APPROPRIATIONS

Finance Rates Manager Kerr explained to the Board that the finance section prepares a detailed review of the first six months of operating activity and projects the next six months operating results to determine the potential need for mid-year adjustments to the approved operating budget. With the exception of power supply, it is anticipated that the operating budget is sufficient for the remainder of the fiscal year. Finance Rates Manager Kerr gave the Board a brief overview of how we procure power for the benefit of our new Board members, and explained that additional budget appropriation is off-set by an identical increase to budgeted Revenue.

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

1. Approve a mid-year supplemental appropriation of \$3 million to the Electric Fund's Power Supply Expenditure Account No. 6120100-422914; and
2. Approve an offsetting \$3 million increase to the Electric Fund's Wholesale Sales Revenue Account No. 0000510-344519.

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

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

Noes: None

Abstain: None

Absent: None

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

None.

DIRECTOR'S REPORT

- (A) Open and Closed Work Orders – January 2006
- (B) Monthly Benchmark Report Cards – January 2006
- (C) Water Highlights – January 2006
- (D) Financial Statements – December 2005
- (E) Rolling Calendar Outlining Future Utility Projects as of February 10, 2006
- (F) City Council Agenda – February 7, 2006 and February 14, 2006

SYSTEMATIC REPORTING ON CONFERENCES / SEMINARS / BOARD MEETINGS

UPCOMING MEETING

RECOGNITION:

(12) RECOGNITION OF BOARD MEMBER CONRAD NEWBERRY, JR., P.E.

General Manager Wright presented Board Member Conrad with various memorable gifts. Conrad Newberry served as a Boar Member for nine years

Chairman Peter Hubbard adjourned the meeting at 9:25 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, March 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: March 17, 2006