

BOARD OF PUBLIC UTILITIES

August 5, 2014

The regular meeting of the Board of Public Utilities held on the 5th day of August, 2014, was called to order at 4:00 p.m. with CHAIRMAN POCOCK presiding and the following COMMISSIONERS present:

COMMISSIONERS SULLIVAN, SHAVER AND SHAW

Also Present: SECRETARY SALLIS, CITY MANAGER DANIELS, ASST CITY MANAGER BROWNLEE AND OTHER KEY STAFF

EX ABSNC COMMISSIONER SULLIVAN MOVED, SECONDED BY COMMISSIONER
MOFFITT SHAW, to grant an excused absence to COMMISSIONER MOFFITT. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
SHAVER AND SHAW
NOES: NONE
ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

APPROVAL COMMISSIONER SULLIVAN MOVED, SECONDED BY COMMISSIONER
AGENDA SHAW, to approve the agenda. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
SHAVER AND SHAW
NOES: NONE
ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

APR MINS: COMMISSIONER SHAW MOVED, SECONDED BY COMMISSIONER
SULLIVAN, to approve the minutes of the regular meeting held June 3, 2014; the
June 3, '14 minutes of the regular meeting held June 17, 2014; and the minutes of the regular
June 17, '14 meeting held July 1, 2014. Motion carried by the following vote:
July 1, '14

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
SHAVER AND SHAW
NOES: NONE
ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

CORSPNDN: None

PBLC APRN: None

UNF BUSNS: A brief discussion was held on the appointment of Board Member(s) to an Ad-
Hoc Committee to work with staff and the consulting firm performing the cost of
APPT OF AD service studies and rate analysis for electric, water and wastewater utilities and
HOC COMM how many Member(s) should be appointed. CHAIRMAN POCOCK favored

RE COST OF three Board Members which would help in assuring that someone from the Board
SVC STDIES would always be in attendance.
& RATE
ANLYSIS

CHAIRMAN POCOCK MOVED, SECONDED BY COMMISSIONER SHAVER, to appoint CHAIRMAN POCOCK AND COMMISSIONERS SCHNEIDER AND SULLIVAN to an Ad-Hoc Committee to work with staff and the consulting firm performing the cost of service studies and rate analysis for electric, water and wastewater utilities. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
SHAVER AND SHAW

NOES: NONE

ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

COLLAPSD City Manager Daniels explained that previously before the Board was the
SWR PIPE preliminary findings on the issues with the collapsing sewer line under the Inter-
UNDR I-40 state 40 roadbed that was put in in the 1970's and connects the sewer to the north
-- COMMCE side of town. Since the line goes under I-40, a letter was sent to CalTrans and
ENG STUDY their response was that the problem is the city's. We need to get an engineer to
FOR ALT assist with possible solutions to bring back to the Board for consideration. If the
ROUTE Board approves, he will put out a request for proposals (RFP) with scope of work
which will come back to the Board when responses are received. COMMISSIONER SULLIVAN noted that when the RFP was put out for the rate studies, there was a gentleman from Phoenix that had a tremendous amount of wastewater experience.

COMMISSIONER SULLIVAN MOVED, SECONDED BY COMMISSIONER SHAW, to authorize the city manager to commence engineering studies on an alternative route for the wastewater currently flowing through a collapsing sewer pipe under the Interstate 40 roadbed in the area of Market, California Avenue, and 'P' Street. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
SHAVER AND SHAW

NOES: NONE

ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

NEW FINCL City Manager Daniels explained that the Board appointed a subcommittee of
SYSTEM COMMISSIONERS SULLIVAN AND MOFFITT to look at the financial management system. They talked with a number of vendors and held a number of meetings. A couple Board meetings ago, the subcommittee recommended to change out the system as the current system is no longer under maintenance. The subcommittee also reported an approximate \$1,500 per month savings with a new system. City Manager Daniels recommended moving ahead with a request for proposals (RFP) but look to make the shift (from the old system to new) after the first of the year.

COMMISSIONER SULLIVAN inquired as to if any thought had been given as to a cloud or server based system. City Manager Daniels responded he would ask for both versions in the RFP and during the interview process, we could work through that detail.

COMMISSIONER SHAW wanted to clarify that if this is approved, staff would not actually make the purchase but just issue an RFP. City Manager Daniels confirmed that as correct.

COMMISSIONER SHAW MOVED, SECONDED BY COMMISSIONER SHAVER, to move ahead with a request for proposals for a new financial system for the City of Needles/Needles Public Utility Authority. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
SHAVER AND SHAW
NOES: NONE
ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

NEW BUSN: Asst City Manager Brownlee explained that we do not have renewable energy so have no need to store it.

RESOL NO
8-5-14BPU
DECLINE
TO SET
ENG STRG
PROC TRGT

COMMISSIONER SHAVER MOVED, SECONDED BY COMMISSIONER SHAW, to waive the reading and adopt Resolution No. 8-5-14 BPU respectfully declining to set energy storage procurement targets as per Assembly Bill 2514. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SHAVER
AND SHAW
NOES: COMMISSIONER SULLIVAN
ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

SANITATN
REVENUES

Sylvia Miledi, finance director, explained that there has been discussion about the 505 fund sanitation revenues going through the Needles Public Utility Authority (NPUA) depository account. She referred to agenda item 7d) and the pooled cash fund chart included in the packet and explained how the revenues are collected and paid to the 505 fund. These funds never go into the 501 (NPUA) fund but are collected and paid over to the 505 fund as per the depository agreement.

CHAIRMAN POCOCK asked how there could not be a due to/due from when the amount transferred each month is based on the budget numbers and not what's actually collected. COMMISSIONER SULLIVAN responded that there is a due to/due from but it is not related to the utilities. Discussion followed on the booking of the sanitation revenues; that booking being done on what's billed, not collected; and the impact on the NPUA account.

CHAIRMAN POCOCK expressed concern that the sanitation is outside the NPUA and the NPUA audit so as the managing body, this Board has a department under its umbrella but does not see any reconciliation of revenues coming in and going out. City Manager Daniels acknowledged that a reconciliation is done by the city auditors and agreed that staff could provide the Board with the city audit for sanitation. After research, City Manager Daniels is convinced that the sanitation funds are not being comingled with the utilities.

COMMISSIONER SULLIVAN agreed that it would be good business practice that quarterly or annually the Board see a reconciliation of the sanitation revenues so that we could track the NPUA account. Finance Director Miledi agreed to provide a quarterly reporting to the Board. COMMISSIONER SULLIVAN requested that the report include the actual collections for sanitation for the quarter in addition to the revenues.

URG ORD
NO 562-AC
IMPL REGS
RE WATER
CONSRVTN

Asst City Manager Brownlee explained that California Code of Regulations, Title 23, Article 22-5, Section 863 lays out the water conservation program and Section 864 prescribes allowable uses of potable water. Section 865 curtails usage which the city is already doing by curtailing water at the golf course by 28%. There will be a public outreach and education program on conservation.

COMMISSIONER SULLIVAN pointed out that landscape watering is proposed to go down to two days per week and asked if there were other options to reduce usage. He has concerns with two days per week as lawns and other landscaping will not survive during the hot summer months. The city has already done a significant reduction at the golf course so maybe we don't need to go to the two days per week to allow residents to keep a lawn. Asst City Manager Brownlee explained that if the city is already complying at the golf course, we do not have to require residents to reduce their landscape watering. City Manager Daniels commented that the city has also reduced water usage at the parks so there is reduction in the overall consumption.

Discussion followed on the language of the ordinance which limits landscape watering to no more than two days per week and possibly removing section 1 (limiting outdoor irrigation of ornamental landscapes or turf) since the city is meeting the required mandates for conservation and enforcing sections 2-4.

COMMISSIONER SULLIVAN MOVED, SECONDED BY CHAIRMAN POCOCK, to pass the urgency ordinance (No. 562-AC) with the exception of Section 1 which shall be amended to read: "SECTION 1. Outdoor irrigation of ornamental landscapes or turf with potable water by the persons served by the City of Needles is hereby limited to properties ending in odd numbers can water on odd days and properties ending in even numbers can water on even days of the month."

City Manager Daniels suggested that Section 1 might read: the City is hereby ordered to reduce its water consumption level to the 2013 level and in the event it fails to do so, the other measure will be implemented (limit outdoor irrigation).

Terry Campbell, councilman, suggested that the amendment to Section 1 refer to odd and even street addresses, not properties.

AMND MOT COMMISSIONER SULLIVAN AMENDED his motion to pass the urgency ordinance with Section 1 amended to read: "SECTION 1. Outdoor irrigation of ornamental landscapes or turf with potable water by the persons served by the City of Needles is hereby limited to street addresses ending in odd numbers can water on odd days and street addresses ending in even numbers can water on even days of the month." CHAIRMAN POCOCK SO AMENDED his second.

COMMISSIONER SHAW requested that, should this pass today, the Board be provided the final form of the ordinance before submittal to the city council as there has been previous misinterpretation of the Board's intent. City Manager Daniels agreed that the changes would be made and sent out to the Board Members before going on the council agenda.

Motion and amendment carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
SHAVER AND SHAW

NOES: NONE

ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

NPUA CAP City Manager Daniels explained that he's trying to introduce an evolving program
IMPR PLAN and reviewed the information provided in the packet. He will be focusing on the
2014-15 NPUA to start but will do the same for the city as well. He requested appointment of a Board Member to sit on a committee with the mayor and/or a council member, planning commissioner, and parks & recreation commissioner to look at scheduling of capital needs.

COMMISSIONER SULLIVAN felt this ties into the rate study as the cost ties into rates being charged to include capital.

COMMISSIONER SULLIVAN MOVED, SECONDED BY COMMISSIONER SHAW, to volunteer to serve on the capital improvement plan (CIP) committee (Sullivan). Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
SHAVER AND SHAW

NOES: NONE

ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

PCA FOR Finance Director Miledi explained that the report included in the Board packet
QUARTER does not reflect the 2¢ charge that was implemented as of July 2014. Approxi-
ENDING mately \$95,000 has been received from that additional 2¢.
6/30/14

Discussion was held on the power cost adjustment (PCA) for the quarter ending June 30, 2014 with CHAIRMAN POCOCK outlining how the power purchase costs are determined.

No action was taken on this matter.

REPORTS: CHAIRMAN POCOCK explained that he asked for the report on the refund of the utility users tax (UUT) for the period April through September 2013, and the winter to summer rate error for the period March through September 2013 for total customer adjustments of \$198,718. This report will now finalize this matter. The Board asked that the credits be issued and CHAIRMAN POCOCK felt that the minutes should reflect the refunds are done and finished.

REFND OF
UUT AND
WNTR TO
SUMMER
RATE ERR

1.5 MG WTR Jerry Porter, water dept manager, reported that the cost to purchase the 1.5 mg water storage tank, approved at the May 6, 2014 meeting, was \$130,000. There is an issue with the trucking company who will not respond with any information so he would like to go with another company which will increase the cost to \$15,300 but total cost is still under what was approved.

STORAGE
TANK

ELECT Jack Lindley, electric line foreman, explained that 5-7% of the commercial meters have been changed out. The projection was to increase revenues by \$10,000 by the end of the fiscal year and that has already been met. There were some issues with communications between the field personnel and office staff which caused inaccurate billings but that has been resolved with better paperwork.

METER
CHG OUT

Foreman Lindley continued that the meter change out program has been put on hold due to the recent storm damage. He's moved the meter test bench to deliver the end of September and this project is on hold until then.

CHAIRMAN POCOCK questioned if during the rate study would it be appropriate to charge a different rate for three phase meters. Foreman Lindley responded that in residential areas, three phase meters are very costly to both the customer and utility. Commercial three phase is offset with demand charge and higher usage/higher rate. He agrees with the flat rate for all customers.

CHAIRMAN POCOCK asked if residential meter replacement will not include demand charge to which Foreman Lindley responded no, there will not be a demand on residential.

COMMISSIONER SULLIVAN asked if this Board should address the three phase meters in residential areas to try and prevent/eliminate them. Foreman Lindley noted that the three phase meters are being phased out now and what they are doing is working.

COMMISSIONER SHAW commented that all electric employees are being trained on the test bench and asked if that will cost the utility an additional \$140,000 per year as previously approved. Foreman Lindley responded that all

linemen will be trained on the test bench, they have always done meters, and will continue as part of their job duties. Discussion followed on the previous action taken by the Board to use asset replacement funds to do the meter change out program at a one time cost of \$140,000 through the current fiscal year.

**STORM
DAMAGE**

At the request of City Manager Daniels, Foreman Lindley gave a report on the storm damage encountered on August 12, 2014, the electric poles that were taken down during the storm, the locations, and work being done to replace those poles.

COMMISSIONER SULLIVAN questioned how this unexpected expense will be paid for. Foreman Lindley explained that if it's not completely covered by insurance reimbursement, the cost should come out of electric asset replacement.

**MTG RE
FIN MTRS**

City Manager Daniels explained that he wanted to inform the rest of the Board that he had a productive meeting with COMMISSIONER SULLIVAN and wanted to share the information. COMMISSIONER SULLIVAN encouraged anyone with questions to find out the answers. He thanked staff for the time in helping him to understand.

**ACTVTY &
FINCL RPTS**

Secretary Sallis acknowledged the monthly activity report and monthly financial report for May 2014 which was included in the Board packet and for June 2014 which was provided at this meeting.

**EUSI LLC
OPERTNL
SUPPORT
JULY 2014**

City Manager Daniels shared the EUSI, LLC operations support services report for July 2014 so that the Board is aware of what the contract operator is doing for what they are being paid. This will help the Board get a better feel for of the activities.

CHAIRMAN POCOCK inquired as to when the EUSI contract will expire. Asst City Manager Brownlee explained the current agreement expires in December but since we did not give the required notice in June it will automatically renew for an additional two years. He did reach out for an alternative that would have trained our employees in two years but it would have cost twice as much. Asst City Manager Brownlee is comfortable with the services of EUSI.

City Manager Daniels explained that he would like to schedule at a convenient date a workshop on water, where we get it, water quality, what we do to protect our water source, etc.

BRD ROSTS: None

ADJOURN: COMMISSIONER SHAW MOVED, SECONDED BY COMMISSIONER SULLIVAN, to adjourn. Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,
SHAVER AND SHAW
NOES: NONE
ABSENT: COMMISSIONERS MOFFITT AND SCHNEIDER

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CHAIRMAN POCOCK declared the regular meeting of the Board of Public Utilities held on the 5th day of August, 2014, adjourned at 5:42 p.m.

ATTEST: _____
Chairman Secretary