

BOARD OF PUBLIC UTILITIES

February 17, 2015

The regular meeting of the Board of Public Utilities held on the 17th day of February, 2015, was called to order at 4:00 p.m. with CHAIRMAN POCOCK presiding and the following COMMISSIONERS present:

COMMISSIONERS SULLIVAN, SHAVER, SCHNEIDER AND CAMPBELL

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

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

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,  
SHAVER, SCHNEIDER AND CAMPBELL

NOES: NONE

ABSENT: COMMISSIONER MOFFITT

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

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,  
SHAVER, SCHNEIDER AND CAMPBELL

NOES: NONE

ABSENT: COMMISSIONER MOFFITT

APR MINS: COMMISSIONER SCHNEIDER MOVED, SECONDED BY COMMISSIONER  
SHAVER, to approve the minutes of the regular meeting held January 20, 2015.  
Jan 20, '15 Motion carried by the following vote:

AYES: CHAIRMAN POCOCK, COMMISSIONERS SULLIVAN,  
SHAVER, SCHNEIDER AND CAMPBELL

NOES: NONE

ABSENT: COMMISSIONER MOFFITT

CORSPNDN: None

PBLC APRN: None

UNF BUSNS: Sylvia Miledi, finance director, referred to footnote #6 that has been added on  
page 14 regarding the asset replacement funds that are on the city side of water,  
REV PRELM wastewater and electric.

AUDIT END

JUNE 30' 14 City Manager Daniels spoke on the unique role the auditors have and if the Board  
would like to recommend that they take a different approach when they come

back next year, it will be a snapshot of how it looked in 2015, however, he cautioned against instructing the auditors on what to do. He believes the footnote addresses the concerns raised by the Board at the last meeting.

COMMISSIONER SULLIVAN believes that we need to move forward with the 2014 audit and the footnote is a step in the right direction but we need to look at how we manage this going forward. COMMISSIONER SCHNEIDER questioned why the asset replacement funds are transfer to the city side to which Finance Director Miledi explained that is where the funds come to pay the bills for capital projects. Discussion followed on the asset replacement funds in the three utilities, how those funds are managed, and options to consider for future handling of the asset replacement funds.

COMMISSIONER CAMPBELL MOVED, SECONDED BY COMMISSIONER SHAVER, to receive and file the audit report for the fiscal year ending June 30, 2014. Motion carried by the following vote:

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

NEW BUSN: None

REPORTS: City Manager Daniels acknowledged the monthly reports from EUSI, LLC, wastewater operator, for the months of December 2014 and January 2015 which were included in the packet. A brief discussion was held on the status of the new processing unit.  
EUSI, RPT  
DEC & JAN

PENDING CHAIRMAN POCOCK's acknowledgement only of the pending Board requests.

MGR RPT City Manager Daniels reported on: 1) wastewater test results before and after treatment plant showed an anomaly which was determined to be an error at the plant. A well that was out of operation was being used and that issue has been resolved and the matter considered closed by the California Water Quality Control Board (CWQCB); 2) CWQCB has issued draft waste discharge requirements and those are under review by city staff to determine the differences between the old and new. A public hearing on the new discharge requirements will be on March 11; 3) mid-year budget revisions are nearly complete. Revenues are down but the net financial position is improved. The Board will be provided a calendar for adoption of the 2015-2016 fiscal year budget once finalized. As part of the budget process, we will be separating operations from capital so non-recurring projects will not be included in operations, and it will also include a set of financing policies to guide the departments; 4) the ad-hoc rate study committee has been meeting and are paying special attention to the golf course. City Manager Daniels received a request today from the committee asking for information on leasing out the golf course well if we should lease out the course; 5) proposal to extend power lines in three different directions outside the city. A

tower company will pay the full costs of the project with a possible payback if anyone else hooks onto the line. Staff will bring this work to the Board with costs. COMMISSIONER CAMPBELL questioned how the work will be accomplished to which City Manger Daniels responded we could do it with our own crews, we could contract it out for time and materials, or we could increase the electric workforce. Options will be brought back at a later date; 6) work is being done on an Inland Port whereby freight coming into California could be off-loaded from truck to rail and vice-versa and then moved on into Los Angeles. It could also be a stop for transfer of freight that is not being moved into California due to non-CARB (California Air Resource Board) compliant trucks. COMMISSIONER CAMPBELL suggested that a natural gas compressor station be included so truck could fill with new technology; 7) Needles Marina is proposing to dredge their marina and staff is working with them to see about setting up a pipe to move the silt to First Beach (right behind the golf course clubhouse); 8) received letters of response from the Bureau of Reclamation on our water conservation projects and one did not meet their objectives (recycled water) but on the turf removal application, they've asked for more specific plans; 9) household hazardous waste removal will be held March 7 at the public works yards; 10) Vice Mayor Jeff Williams will be attending the renewal energy summit in Imperial County as an NPUA Member. Electric will fund the cost of the trip.

BRD RQSTS: COMMISSIONER CAMPBELL spoke on the green energy conference that was discussed at the city council meeting. The issue is that we cannot transport  
GR ENERGY electricity into Southern California from the Parker-Meade line as it's overbooked so if any projects are viable, we need to find a way to get the electrons into El Dorado substation. Some options that might be considered include building our own line, partnering with others, etc, but this has to be in place in order to get green energy. The utility has to be the middleman for someone else to run the power but we will not buy green energy at this time as it's too expense. This is something to think about for the future of Needles. Discussion followed on providing power to outlying areas and use of the city's right-of-ways.

MNTNC COMMISSIONER SCHNEIDER commented that a couple months ago, the water department was behind in preventive maintenance and asked if that is being caught up. City Manager Daniels responded very slowly and there will be a position in next year's budget.

WTR TNKS COMMISSIONER SCHNEIDER noted that work has started on one of the two water tanks on Clary Drive. Asst City Manager Brownlee reported on the second of the four tanks being rehabilitated over a four year maintenance project.

WW CLASS COMMISSIONER SCHNEIDER also commented on California reclassifying our wastewater treatment plant last year that required a higher grade operation and asked if there were any issues with that higher grade. Kris Hendricks, EUSI, explained that EUSI worked with city staff on a request for reclassification and received a response that it is what it is as California is taking a very hard line with every agency. Our plant is currently classified as a grade IV which is being met with the current operations.

KLINEFLTR COMMISSIONER SCHNEIDER inquired about a power line to Klinefelter asking if the city owns the property and water rights to which City Manager Daniels responded yes. COMMISSIONER SCHNEIDER asked if the water rights were included in our present perfected rights to which Asst City Manager Brownlee responded no. COMMISSIONER SCHNEIDER asked if the beef jerky company set up out there is paying rent on the city property they are using at Klinefelter. City Manager Daniels agreed to check.

THANKS COMMISSIONER SULLIVAN thanked City Manager Daniels, Asst City Manager Brownlee, and Finance Director Miledi for helping him to understand the financials and for sorting through his requests for information. He encouraged all Board Members to ask any questions they may have.

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

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

CHAIRMAN POCOCK declared the regular meeting of the Board of Public Utilities held on the 17th day of February, 2015, adjourned at 4:43 p.m.

ATTEST: \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary