



**Board of Public Utilities  
Regular Meeting Minutes - Draft**

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Thursday, February 18, 2021

1:30 PM

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**1. CALL TO ORDER AND ROLL CALL**

Chair Galvin called the meeting to order at approximately 1:30 p.m.

**Present** 5 - Chair Daniel Galvin III, Vice Chair William Arnone Jr., Board Member Lisa Badenfort, Board Member Mark Walsh, and Board Member Glen Wright

**Absent** 2 - Board Member Christopher Grabill, and Board Member Mary Watts

**2. STATEMENTS OF ABSTENTION BY BOARD MEMBERS - NONE.**

**3. PRESENTATION FOR OUTGOING BOARD MEMBER**

Chair Galvin read remarks and thanked Matt Mullan for his service on the Board of Public Utilities. Board Members and the Director added their comments and gratitude.

**4. BOARD REORGANIZATION, ANNOUNCEMENT OF CHAIR AND ELECTION OF VICE CHAIR**

Chair Galvin announced that Mayor Rogers has reappointed him as Chair of the Board of Public Utilities.

Chair Galvin asked for a motion for election of the Vice Chair. Board Member Wright nominated Vice Chair Arnone and it was seconded by Board Member Badenfort. Vice Chair Arnone was re-elected with five "Yes" and two "Absent."

**5. STUDY SESSION - NONE.**

**6. MINUTES APPROVAL**

6.1 February 4, 2021 - Regular Meeting Minutes

The minutes for February 4, 2021 were received and accepted as submitted.

**7. STAFF BRIEFINGS**

**7.1 REVIEW OF THE TRUCKED WASTE PROGRAM - LAGUNA TREATMENT PLANT**

The City's Trucked Waste Program at the Laguna Treatment Plant has expanded over the last ten years and staff will provide an update on the program. The Board may discuss this item and give direction to staff.

Presenter: Renae Gundy, Environmental Compliance Inspector III

**7.2 ENVIRONMENTAL SERVICES DIVISION UPDATE**

The Environmental Services Division includes the Laguna Treatment Plant Permitting, Laguna Environmental Lab, Environmental Compliance, and the Storm Water and Creeks team. The presentation will focus on recent projects and upcoming initiatives. The Board may discuss this item and give direction to staff.

Presenter: Sean McNeil, Deputy Director - Environmental Services

**7.3 WATER AND RECYCLED WATER SUPPLY UPDATE**

Staff will update the Board on water and recycled water supply issues. The Board may discuss this item and give direction to staff.

Presenters: Peter Martin, Deputy Director - Water Resources and Emma Walton, Deputy Director - Water Reuse Operations

**8. CONSENT ITEMS**

**8.1 MOTION - EXTENSION OF EXCLUSIVE NEGOTIATION AGREEMENT WITH RENEWABLE SONOMA**

**RECOMMENDATION:** It is recommended by the Water Department and the City Attorney's Office that the Board, by motion, approve a third extension, through December 31, 2021, of the Exclusive Negotiation Agreement with Renewable Sonoma to continue City staff negotiations with Renewable Sonoma regarding potential lease of City property to locate and operate an organics processing facility.

**A motion was made by Vice Chair Arnone, Jr., seconded by Board Member Badenfort, to approve a third extension, through December 31, 2021, of the Exclusive Negotiation Agreement with Renewable Sonoma to continue City staff negotiations with Renewable Sonoma regarding potential lease of City property to locate and operate an organics processing facility. The motion**

**carried by the following vote:**

**Yes:** 5 - Chair Galvin III, Vice Chair Arnone Jr., Board Member Badenfort, Board Member Walsh and Board Member Wright

**Absent:** 2 - Board Member Grabill and Board Member Watts

## **9. REPORT ITEMS**

### **9.1 REPORT - 2021 WATER AND WASTEWATER COST OF SERVICE STUDY AND PROPOSED FY21/22 THROUGH FY24/25 RATE SCHEDULE, AND PROPOSED UPDATE TO WATER SHORTAGE RATE STRUCTURE**

**BACKGROUND:** In 2018, Santa Rosa Water (SRW) hired The Reed Group, Inc (TRGI) to develop a ten-year long-range financial plan, followed by a thorough cost of service analysis and recommendation of a new water and wastewater rate schedule. TRGI found SRW's financial health is such that at the end of the current fee schedule, set to conclude on June 30, 2021, only moderate annual water and wastewater rate increases would be required. Proposed increases between 2-4% each year for water fixed and usage charges and 2% each year for wastewater fixed and usage charges are proposed to help ensure that SRW continues to meet all service and financial obligations.

In July 2021, SRW amended the TRGI contract to have TRGI analyze and update the Water Shortage Rate structure, which is part of the City's Water Shortage Contingency Plan (Shortage Plan). An update to the Shortage Plan is required by State Law and must be submitted to the State by July 1, 2021. To assist SRW with managing water supply and potential financial deficits during declared stages of drought or emergency, an update to the Water Shortage Charges and Excess Use Penalties are also being proposed.

**RECOMMENDATION:** It is recommended by the Board of Public Utilities Budget Subcommittee and Santa Rosa Water that the Board of Public Utilities, by three resolutions, recommend that, after compliance with applicable law and conduct of a public hearing pursuant to Proposition 218 on or about May 25, 2021, the City Council 1) enact increased charges and rates for water services; 2) enact increased charges and rates for waste water services; 3) adopt a change to the Water Shortage Rate Structure.

Presenters: Kimberly Zunino, Deputy Director - Administration, Bob Reed, The Reed Group, Inc. and Mark Hildebrand, Hildebrand Consulting

**A motion was made by Board Member Wright, seconded by Board Member Walsh, to approve Item 9.1 - RESOLUTION NO. 1246 ENTITLED "RESOLUTION OF THE BOARD OF PUBLIC UTILITIES RECOMMENDING THAT AFTER COMPLIANCE WITH APPLICABLE LAW AND CONDUCT OF PUBLIC HEARING PURSUANT TO PROPOSITION 218 ON OR ABOUT MAY 25, 2021 THE COUNCIL OF THE CITY OF SANTA ROSA ENACT INCREASED CHARGES AND RATES FOR WATER SERVICES." The motion carried by the following vote:**

**Yes:** 5 - Chair Galvin III, Vice Chair Arnone Jr., Board Member Badenfort, Board Member Walsh and Board Member Wright

**Absent:** 2 - Board Member Grabill and Board Member Watts

**A second motion was made by Vice Chair Arnone, seconded by Board Member Walsh, to approve Item 9.1 - RESOLUTION NO. 1247 ENTITLED "RESOLUTION OF THE BOARD OF PUBLIC UTILITIES RECOMMENDING THAT AFTER COMPLIANCE WITH APPLICABLE LAW AND CONDUCT OF PUBLIC HEARING PURSUANT TO PROPOSITION 218 ON OR ABOUT MAY 25, 2021 THE COUNCIL OF THE CITY OF SANTA ROSA ENACT INCREASED CHARGES AND RATES FOR WASTEWATER SERVICES." The motion carried by the following vote:**

**Yes:** 5 - Chair Galvin III, Vice Chair Arnone Jr., Board Member Badenfort, Board Member Walsh and Board Member Wright

**Absent:** 2 - Board Member Grabill and Board Member Watts

**A third motion was made by Vice Chair Arnone, seconded by Board Member Walsh, to approve Item 9.1 - RESOLUTION NO. 1248 ENTITLED "RESOLUTION OF THE BOARD OF PUBLIC UTILITIES RECOMMENDING THAT AFTER COMPLIANCE WITH APPLICABLE LAW AND CONDUCT OF PUBLIC HEARING PURSUANT TO PROPOSITION 218 ON OR ABOUT MAY 25, 2021 THE COUNCIL OF THE CITY OF SANTA ROSA ADOPT UPDATED WATER SHORTAGE CHARGES AND EXCESS USE PENALTIES TO BE ENACTED IN THE CASE OF A WATER SHORTAGE EMERGENCY." The motion carried by the following vote:**

**Yes:** 5 - Chair Galvin III, Vice Chair Arnone Jr., Board Member Badenfort, Board Member Walsh and Board Member Wright

**Absent:** 2 - Board Member Grabill and Board Member Watts

## **10. PUBLIC COMMENTS ON NON-AGENDA MATTERS - NONE.**

**11. REFERRALS - NONE.**

**12. WRITTEN COMMUNICATION (AND POSSIBLE BOARD DISCUSSION) - NONE.**

**13. SUBCOMMITTEE REPORTS**

Chair Galvin announced his appointments to the Board subcommittees.

City Council/BPU Liaison Subcommittee - Dan Galvin, Bill Arnone, Lisa Badenfort

Water Conservation Subcommittee - Mary Watts (chair), Chris Grabill, Mark Walsh

Contract Review Subcommittee - Dan Galvin (chair), Lisa Badenfort, Mark Walsh

Budget Review Subcommittee - Mary Watts (chair), Mark Walsh, Glen Wright

Compost Facility Negotiating Committee - Lisa Badenfort

Groundwater Management Ad Hoc Committee - Chris Grabill, Glen Wright

Recycled Water Ad Hoc Committee - Dan Galvin, Lisa Badenfort

**14. BOARD MEMBER REPORTS - NONE.**

**15. DIRECTORS REPORTS**

Jennifer Burke, Director, provided an update on the City Council Goal Setting session that began on February 17. She informed the Board that the annual budget process is underway and staff are entering budget information. Director Burke also reported the FY21/22 Sonoma Water Transmission Budget and Rates will be presented at the March 4 BPU meeting for recommendation to the City Council.

**16. ANNOUNCEMENT OF CLOSED SESSION ITEM(S) AND ADJOURNMENT TO CLOSED SESSION**

At 3:09 p.m., Legal Counsel Maddow announced the Closed Session item.

**16.1 CONFERENCE WITH REAL PROPERTY NEGOTIATOR**

(Government Code Section 54956.8)

Property: 601 Piezzi Road, APN 130-230-064

Agency Negotiators: Stephanie Valkovic, Associate Real Property  
Negotiator and Jill Scott, Real Property Negotiator

Negotiating Parties: County of Sonoma

Under Negotiations: Price and terms of payment.

Meeting went into Recess

Meeting Reconvened

**17. ADJOURN TO OPEN SESSION AND ANNOUNCEMENT OF CLOSED SESSION  
ACTION, IF ANY**

At 3:35 p.m., Legal Counsel Maddow stated there were no  
reportable items from the Closed Session.

**18. ADJOURNMENT OF MEETING**

Chair Galvin adjourned the meeting at 3:36 p.m. The next regular  
meeting of the Board of Public Utilities is scheduled for February  
18, 2021.