



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

Thursday, April 6, 2017

1:30 PM

1. CALL TO ORDER AND ROLL CALL

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

Present 7 - Chair Daniel Galvin III, Vice Chair Megan Kaun, Board Member William Arnone Jr., Board Member Richard Dowd, Board Member Mary Watts, Board Member Christopher Grabill, and Board Member Lisa Badenfort

2. STATEMENTS OF ABSEPTION BY BOARD MEMBERS

Chairman Galvin will be abstaining from the vote on Item 6.1, Resolution No. 1134, due to a conflict of interest regarding a property interest. Board Member Arnone will be abstaining from the vote on Item 6.1, Resolution No. 1134, due to a conflict of interest regarding a property interest. Board Member Grabill will be abstaining from the vote on Item 6.1, Resolution No. 1134, due to a conflict of interest regarding a property interest.

3. MINUTES APPROVAL - NONE

4. PRESENTATION FOR OUTGOING BOARD MEMBERS

Chairman Galvin presented a plaque on behalf of the Board of Public Utilities to former Board Member Leonard Holt.

5. CONSENT ITEMS

5.1 RESOLUTION - CONTRACT AWARD FOR GRIT AND SCREENING DISPOSAL SERVICES

RECOMMENDATION: It is recommended by the Finance and Water Departments that the Board of Public Utilities, by resolution, approve a five (5) year contract for grit and screening disposal services to Total Waste Systems, Inc., Santa Rosa, CA in the amount not to exceed \$247,910. Funding for this expense is included in the Water Department fiscal year 2016-17 adopted budget. As a regular operating expenditure, these services will be included in subsequent years' budget proposals when presented to the City Council.

Attachments: [Staff Report](#)
[Resolution](#)
[Exhibit A](#)

A motion was made by Vice Chair Kaun, seconded by Board Member Arnone, Jr., to adopt:

Resolution No. 1139, entitled "Resolution Of The Board Of Public Utilities Contract Award For Grit And Screening Disposal Services"

The motion carried by the following vote:

Yes: 7 - Chair Galvin III, Vice Chair Kaun, Board Member Arnone Jr., Board Member Dowd, Board Member Watts, Board Member Grabill and Board Member Badenfort

6. REPORT ITEMS

6.1 REPORT - FY 2017/18 WATER AND LOCAL WASTEWATER FUNDS OPERATION, MAINTENANCE AND CAPITAL EXPENDITURE REQUESTS - RECOMMENDATION TO CITY COUNCIL

BACKGROUND: Santa Rosa Water manages the City of Santa Rosa's water and wastewater enterprise funds under the general policy authority and direction of the Board of Public Utilities (BPU) per the City Charter. The BPU annually recommends a proposed fiscal year water and wastewater budget to the City Council to be included in the annual City budget appropriation.

The water and wastewater funds are primarily financed by Santa Rosa ratepayer user fees and charges. Water rates approved by the Santa Rosa City Council, including a fixed charge increase of 5% and a wholesale water rate pass-through increase of approximately 2.2% (for a combined water rate increase of approximately 2.7% for most customers), this increase, combined with the use of current fund balances are considered sufficient to fund the prudent operation of the water system in Fiscal Year 2017/18. The authorized 3% wastewater rate increase combined with the use of current fund balances is considered sufficient to fund the prudent operation of the wastewater system and Santa Rosa's share of the Subregional system and maintain appropriate debt service ratios through Fiscal Year 2017/18.

RECOMMENDATION: It is recommended by Santa Rosa Water staff that the Board of Public Utilities, by resolution, recommend that the City Council approve the Fiscal Year 2017/18 Water Fund and Local

Wastewater Fund operation, maintenance and capital expenditure appropriation requests.

Attachments: [Staff Report](#)
 [Resolution with COI](#)
 [Resolution without COI](#)
 [PowerPoint Presentation \(Added 4/4/17\)](#)

Presenter: Linda Reed, Deputy Director of Utilities Administration

A motion was made by Board Member Watts, seconded by Board Member Badenfort, to adopt:

Resolution No. 1134, entitled "RESOLUTION OF THE BOARD OF PUBLIC UTILITIES RECOMMENDING THAT THE SANTA ROSA CITY COUNCIL APPROVE THE PROPOSED FISCAL YEAR 2017-18 SANTA ROSA WATER OPERATING, MAINTENANCE AND CAPITAL IMPROVEMENT BUDGETS FOR THE WATER FUND AND THE LOCAL WASTEWATER FUND"

The motion carried by the following vote:

Yes: 4 - Vice Chair Kaun, Board Member Dowd, Board Member Watts and Board Member Badenfort

Abstain: 3 - Chair Galvin III, Board Member Arnone Jr. and Board Member Grabill

A motion was made by Board Member Dowd, seconded by Board Member Arnone, Jr., to adopt:

Resolution No. 1135, entitled "RESOLUTION OF THE BOARD OF PUBLIC UTILITIES RECOMMENDING THAT THE SANTA ROSA CITY COUNCIL APPROVE THE PROPOSED FISCAL YEAR 2017-18 SANTA ROSA WATER OPERATING, MAINTENANCE AND CAPITAL IMPROVEMENT BUDGETS FOR THE WATER FUND AND THE LOCAL WASTEWATER FUND"

The motion carried by the following vote:

Yes: 7 - Chair Galvin III, Vice Chair Kaun, Board Member Arnone Jr., Board Member Dowd, Board Member Watts, Board Member Grabill and Board Member Badenfort

6.2 **REPORT - APPROVAL OF THE PRELIMINARY FY 2017/18
REGIONAL WATER REUSE SYSTEM OPERATING AND
MAINTENANCE, CAPITAL IMPROVEMENT, AND DEBT SERVICE
BUDGET AND ALLOCATION OF COSTS**

BACKGROUND: The Regional Water Reuse System, managed by the City of Santa Rosa per agreement, is a state-of-the-art wastewater treatment facility serving five member agencies (Santa Rosa, Rohnert Park, Sebastopol, Cotati, and the Sonoma County South Park Sanitation District, each hereinafter referred to as “User Agency” or collectively as “User Agencies”). The Laguna Treatment Plant is a tertiary-level treatment facility permitted for 21.34 million gallons per day (MGD) average dry weather flow.

The Regional Water Reuse Operations and Maintenance (O&M) Fund budget request is \$34,717,521, up \$2.8 million or 8.7%, the Regional Water Reuse cash-funded Capital Improvement Program (CIP) continues to increase at \$1 million per year, as per agreement of the User Agencies, making this year’s budget request \$4,080,000, and the Regional Water Reuse debt service is \$22,643,932.

The operating Agreement requires that the City annually prepare a Preliminary Budget and Allocation of Costs for the Regional Water Reuse System and notify the User Agencies of these costs by May 1st of each year. The Agreement further requires that the proposed budget and allocation of costs be reviewed by the Regional Water Reuse Technical Advisory Committee (TAC), the Board of Public Utilities (BPU) and the Council of the City of Santa Rosa prior to noticing the partners of operating and debt service costs due. The Council will be asked to approve the preliminary budget for the purpose of notifying the User Agencies on April 18, 2017, and will review the proposed budget in greater detail with the city-wide budget study session on May 16, 2017.

RECOMMENDATION: It is recommended by Santa Rosa Water Staff and the Technical Advisory Committee (TAC) that the Board of Public Utilities, by resolution, recommend that the City Council approve the Preliminary fiscal year 2017/18 Regional Water Reuse System Operating and Maintenance, Capital Improvement, and Debt

Service Budget and Allocation of Costs for the purpose of notifying the participating Regional Water Reuse User Agencies of their allocation of such costs.

Attachments: [Staff Report](#)
 [Resolution](#)
 [PowerPoint Presentation \(Added 4/4/17\)](#)

Presenter: Linda Reed, Deputy Director of Utilities Administration

A motion was made by Vice Chair Kaun, seconded by Board Member Watts, to adopt:

Resolution No. 1136 entitled "RESOLUTION OF THE BOARD OF PUBLIC UTILITIES RECOMMENDING THAT THE SANTA ROSA CITY COUNCIL APPROVE THE PRELIMINARY FISCAL YEAR 2017/18 REGIONAL WATER REUSE SYSTEM OPERATING, CAPITAL AND DEBT SERVICE BUDGET AND THE PROPOSED OPERATIONS AND DEBT SERVICE ALLOCATION OF COSTS"

The motion carried by the following vote:

Yes: 7 - Chair Galvin III, Vice Chair Kaun, Board Member Arnone Jr., Board Member Dowd, Board Member Watts, Board Member Grabill and Board Member Badenfort

6.3 REPORT - WATER SUPPLY UPDATE

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

Attachments: [PowerPoint Presentation \(Added 4/4/17\)](#)

Presenter: Jennifer Burke, Deputy Director of Water and Engineering Resources

7. PUBLIC COMMENTS ON NON-AGENDA MATTERS

None.

8. REFERRALS

None.

9. SUBCOMMITTEE REPORTS

Vice Chair Kaun reported that there would be an Ad Hoc Landscape Specifications Subcommittee meeting on April 18th.

Chairman Galvin announced that the Contract Review Subcommittee would be meeting on April 24th. Chairman Galvin also announced that he had set the Subcommittee assignments for the current term.

Board Member Dowd reported that the Budget Review Subcommittee recommended a few years ago that each Board Member should meet with their City Council member to discuss the budget recommendations prior to the City Council's approval.

10. BOARD MEMBER REPORTS

None.

11. DIRECTORS REPORTS

Bennett Horenstein, Director of Santa Rosa Water, reported that staff provided an informational and educational demonstration to the Regional Water Quality Control Board staff about the department's industry leading practices. The regulatory staff was suggested that the City could become a training resource to region.

Director Horenstein also announced that the department would be putting the Farmers Lane Wells into production this month to augment the water supply from the Sonoma County Water Agency during the warmer weather months. The groundwater receives treatment and removes iron, manganese and sulfites. A few major projects were done to replace the anthracite coal in the treatment plant, and work on valves and pumps to prepare for the seasonal use.

Director Horenstein then reported Asset Management continues to assess the vendors for the new asset management system.

He reported that the department had three excursions within the month of March in the disinfection system. The first was a short 15 minute period of under-disinfection occurred when a redundant UV bank channel suffered a failure. This resulted in 89000 gallons of under-disinfected effluent from the channel. Staff took immediate action and have repaired part of the instrumentation that did not work correctly. The second and third excursions were part of the air permits. Digester gas was inadvertently released into the atmosphere for 5 hours due to maintenance activities. The triggering of a flare to alert staff did not occur. During a monthly reporting compliance emissions testing we exceeded the nitrogen oxide limit on one of the engines. The exceedance was reported to the regulators in compliance with the requirements. Director Horenstein noted that staff will report back any actions taken by the regulators. Director Horenstein stated that he has spoken with Deputy Director Miller about reporting to the Board on a routine basis regarding the regulatory context of where the department is, exceedances and trends, and how those align with capital projects in the future.

12. ADJOURNMENT OF MEETING

At 2:09 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, April 20, 2017 at approximately 1:30 p.m. in the Council Chamber, City Hall, 100 Santa Rosa Avenue, Santa Rosa.

/s/

Daniel J. Galvin III, Chairman

/s/

Sara Roberts, Recording Secretary