



Needles, California Request for Board Action

CITY COUNCIL NPUA BOARD OF PUBLIC UTILITIES
 Adjourned Regular Special

Meeting Date: October 5, 2021

Title: Minutes of regular meeting held September 7, 2021; and minutes of special meeting held September 10, 2021

Background:

Fiscal Impact:

Environmental Impact:

Recommended Action: MOVE to approve the minutes of regular meeting held September 7, 2021; and minutes of special meeting held September 10, 2021

Submitted By: Cheryl Sallis

City Management Review: *Rick*

Date: 9/30/21

Approved:

Not Approved:

Tabled:

Other:

Agenda Item: 2.

BOARD OF PUBLIC UTILITIES

September 7, 2021

The adjourned regular meeting of the Board of Public Utilities held on the 7th day of September, 2021, was called to order at 4:00 p.m. with CHAIRMAN CAMPBELL presiding and the following COMMISSIONERS present:

COMMISSIONERS LeJEUNE, BROWN, MOFFITT, SCHNEIDER, McNEIL AND MARTINEZ

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

APPROVAL COMMISSIONER McNEIL MOVED, SECONDED BY COMMISSIONER
AGENDA LeJEUNE, to approve the agenda. Motion carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE,
BROWN, MOFFITT, SCHNEIDER, McNEIL AND MARTINEZ
NOES: NONE
ABSENT: NONE

CORSPNDN: None

PBLC APRN: None

CONSENT CHAIRMAN CAMPBELL pulled agenda items 2 and 3 to allow for public
CALNDR participation and COMMISSIONER SCHNEIDER pulled agenda item 8.

COMMISSIONER SCHNEIDER MOVED, SECONDED BY COMMISSIONER MARTINEZ, to pull agenda item 2 (5% cost-of-living increase in water and wastewater rates), item 3 (5% cost-of-living increase in electric rates; over-hydro rate of \$0.1285; and methodology to calculate the annual electric base rate and the power cost adjustment rate based on the rate calculation spreadsheets), and item 8 (WZI Inc. AB 32 Emission Verification Report 2020 Emissions); and approve consent calendar items 1, 4 through 7 and 9

1. Minutes of regular meeting held August 3, 2021
4. Accept the State Water Resources Control Board (SWRCB) Conditional Funding Approval for Well No. 16 (Drinking Water State Revolving Fund [DWSRF] Project No. 3610032-002C); and approve an increase in the Needles Public Utility Authority water revenue and expenses by an additional \$1,973,675 for fiscal year 2022
5. Authorize TKE Engineering, Inc. to draft the design builds for well no. 16 at a cost not to exceed \$92,500 to be reimbursed with State Water Resources Control Board grant funding
6. Authorize Southwest Groundwater to complete task 2.0 of the Scope of Work to Design, Construct, and Test One Public Supply Wells and Provide Hydrogeological Support to Engineers for the City of Needles, California dated March 19, 2021 for well drilling, construction, testing oversight of well no. 16 at a cost not to exceed \$83,190 to be reimbursed with State Water Resources Control Board grant funding
7. Approval of Western Area Power Administration Agreement No. 87-BCA-10098, Exhibit A-1, Revision No. 9, providing for Parker-Davis Project hydropower allocation

9. Authorize the city manager to execute the U.S. Department of Interior U.S. Geological Survey Joint Funding Agreement for Water Resource Investigation Agreement No. 19WSCA6001011110 Amendment No. 1 extending the term expiration date to October 31, 2022

Item 1 carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE, BROWN, SCHNEIDER AND MARTINEZ
NOES: NONE
ABSTAIN: COMMISSIONERS MOFFITT AND McNEIL
ABSENT: NONE

Items 4 through 7 and 9 carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE, BROWN, MOFFITT, SCHNEIDER, McNEIL AND MARTINEZ
NOES: NONE
ABSENT: NONE

COLA INCR Rainie Torrance, asst utility manager, gave a brief report on the actions/resolutions adopting the water and wastewater rates and the policy set for the cost-of-living (COLA) increase. She reviewed the backup documents on determining the 5% increase in water and wastewater.
WTR & WW

COMMISSIONER SCHNEIDER noted that costs have exceed the CPI but staff is recommending the CPI increase. He expressed concern with revenues not meeting expenses acknowledging that it's a bitter pill to swallow but this Board has a duty to keep the utilities solvent. He's leaning toward Option B in the agenda backup material (actual expenses plus 5% CPI increase). Asst Utility Manager Torrance responded that current policy states CPI or actual costs plus CPI whichever is lower so the recommended action is keeping with that policy at a 5% COLA. Discussion followed on the increase in inflation, rates not keeping up with inflation, and the cost and availability of materials and supplies.

COMMISSIONER BROWN agreed that Option B should be reconsidered to which Asst Utility Manager Torrance pointed out that Option A reflects what is in the budget with all costs factored in. Further discussion on projected versus actual budget numbers.

CHAIRMAN CAMPBELL referenced the EES rate study previously done and the number projected that was needed for wastewater was \$2.2 million, however, the Board, at that time, decided to work with \$1.9 million so this COLA will increase revenues to a little over \$1.9 million.

COMMISSIONER SCHNEIDER spoke on the aging infrastructure, the unknown/unseen under the streets, and the need to take responsibility for the utility systems. He is not comfortable with applying 5% because it is the lowest when the city is

going to state and other agencies for funding. He favored Option B on both water and wastewater.

COMMISSIONER BROWN suggested considering approval of what needs to be done now and revisit the rates on a future agenda for another possible adjustment in less than a year.

COMMISSIONER SCHNEIDER MOVED, SECONDED BY COMMISSIONER BROWN, to approve Option B** for water and wastewater cost-of-living (COLA) increases effective as of October 1, 2021; and to revisit water and wastewater rates at the first meeting in February 2022. Motion carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE, BROWN, MOFFITT, SCHNEIDER, McNEIL AND MARTINEZ
NOES: NONE
ABSENT: NONE

(**Secretary's Note: Option B is the last twelve months actual expenses plus the CPI as provided for in City Council Resolution No.s 2020-66 and 2020-67. This action was rescinded at a special Board meeting held September 10, 2021.)

COLA INCR
ELECTRIC

Asst Utility Manager Torrance explained the 5% COLA increase in electric which was used for the 10 year projections. She spoke on the recent power purchase costs and the substantial increase in the last two months (July and August). The over-hydro remains unchanged and equitable, the power cost adjustment (PCA) adjusted to \$0.1279, and she recommended adopting the rates effective October 1 and continue during the winter months to help offset the months of July and August.

Keith Jones addressed the Board and staff with numerous questions regarding the city's energy purchasing power, long term purchases, how it's done and for how much. A response was provided to Mr. Jones on each of his questions.

COMMISSIONER SCHNEIDER noted that the over-hydro rate was \$0.1279 effective August 1, 2021 and the new rate proposed is \$0.1285 so a slight increase but there is a lower CA energy efficiency program charge to help balance out.

COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER MARTINEZ, to approve a 5% cost-of-living (COLA) increase in electric rates as of October 1, 2021; approve an over-hydro rate of \$0.1285 effective October 1, 2021; and approve the methodology to calculate the annual electric base rate and the power cost adjustment rate based on the rate calculation spreadsheets.

After a brief discussion, COMMISSIONER MOFFITT AMENDED his motion to include a COLA review at the first meeting in February, 2022. COMMISSIONER MARTINEZ SO AMENDED her second. Motion and amendment carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE,
 BROWN, MOFFITT, SCHNEIDER, McNEIL AND MARTINEZ
 NOES: NONE
 ABSENT: NONE

Rates as of September 1 and October 1, 2021 as applicable:

	<u>current</u>	<u>effective Oct 1, 2021</u>
Basic Service Charge	\$30.85	\$32.39
Winter Hydro (Oct – Feb)	\$0.0645 (395 kwh)	\$0.0660 - 390 kwh allotment
Summer Hydro (Mar – Sept)	\$0.0603 (740 kwh)	\$0.0619 - 730 kwh allotment
Over-hydro	**\$0.0860	**\$0.1285
CA Energy Efficiency Program	\$0.0032	\$0.0030
Utility Users Tax (UUT)	2.5% on all of the above	2.5% on all of the above

**current rates were \$0.1279 effective August 1, 2021. The rates calculated above incorporate the recently adopted PCA formulas, CPI and inflation increase and provide adequate revenues to support the FY 22 budget and adjustments in power purchase expenditures.

City Manager Daniels noted that the city is receiving funding of \$1.9 million for a new well and \$5.8 million for additional water infrastructure projects.

AB 32 2020 EMISSIONS REPORT

COMMISSIONER SCHNEIDER explained that he pulled the AB32 emission verification report 2020 in case some of the new Board Members or those in the audience had questions. These are state regulations imposed for no reason but part of the cap-and-trade caused by the legislature.

COMMISSIONER SCHNEIDER MOVED, SECONDED BY COMMISSIONER LeJEUNE, to accept the WZI Inc. AB 32 Emission Verification Report 2020 Emissions. Motion carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS LeJEUNE,
 BROWN, MOFFITT, SCHNEIDER, McNEIL AND MARTINEZ
 NOES: NONE
 ABSENT: NONE

REG ITEMS: None

REPORTS: CHAIRMAN CAMPBELL acknowledged the following reports: 1) Parker-Davis Agreement No. 87-BCA-10098 hydropower allotment update; 2) Alternative Energy Ad Hoc Committee update; 3) EUSI, LLC operational support services relating to the wastewater treatment facility and collection system July 2021; 4) Monthly activity report May 2021; 5) Needles present perfected rights (PPR) July 2021

COMMISSIONER BROWN provided a verbal report on the Alternative Energy Ad Hoc Committee including a visit made to Tribal solar project in Arizona, looked at gas generators, and reached out to a company in Phoenix with used equipment and waiting for prices. Also looking at: 1) energy vault company in

Switzerland and waiting on additional information; 2) Kern River powerhouses and gravity feed to produce power. Looking at options to pump out of private wells and put back into the Colorado River; 3) use of existing infrastructure to generate power at lower cost than solar; 4) pumping out of river to holding tank and sending back down to a spinning wheel to the river; and 5) in-pipe water generators but they are not large producers. COMMISSIONER BROWN asked what the Board's idea is on the amount of power to generate as an alternate source. CHAIRMAN CAMPBELL felt the amount of power would have to do with a conversation with Western Area Power Administration and what they would be comfortable with. He expressed concern on becoming a generator as opposed to a consumer. CHAIRMAN CAMPBELL encouraged the Ad Hoc Committee to look at the cannabis grow houses and a public-private partnership with rooftop solar.

MGR'S RPT: None

BRD RQSTS: COMMISSIONER LeJEUNE asked to look at resurrecting a program for point-of-use hot water heaters (tankless water heater). Consider running a pilot program and giving incentives when constructing a new home. This would reduce the amount of water down the drain and save water helping the drought issue. Asked Asst Utility Manager Torrance if she had any data or information on a program such as this.

COMMISSIONER BROWN requested the Board revisit a tiered system, commercial versus residential, in relation to the electric rate policy.

CHAIRMAN CAMPBELL declared the adjourned regular meeting of the Board of Public Utilities held on the 7th day of September, 2021, adjourned at 5:21 p.m.

ATTEST: _____
Chairman

Secretary

BOARD OF PUBLIC UTILITIES

September 10, 2021

The special meeting of the Board of Public Utilities held on the 10th day of September, 2021, was called to order at 11:00 a.m. with CHAIRMAN CAMPBELL (IN CHAMBERS) presiding and the following COMMISSIONERS present:

TELEPHONICALLY: COMMISSIONERS BROWN, MOFFITT AND McNEIL

Also Present in chambers and telephonically: SECRETARY SALLIS, CITY MANAGER DANIELS AND OTHER KEY STAFF

PBLC APRN: None

RESCIND COMMISSIONER MOFFITT MOVED, SECONDED BY COMMISSIONER
ACTION RE McNEIL, to rescind the action taken at the adjourned regular meeting of the
WTR & WW Board of Public Utilities held on September 7, 2021 using Option B for water and
RATES; & wastewater rates effective October 1, 2021 as it exceeds the maximum allowable
APPV COLA increase pursuant to City Council Resolution No.s 2020-66 and 2020-67; and
approve a 5% cost-of-living (COLA) increase in water and wastewater rates as of
October 1, 2021 and to revisit water and wastewater rates at the first meeting in
February 2022. Motion carried by the following roll call vote:

AYES: CHAIRMAN CAMPBELL, COMMISSIONERS BROWN,
MOFFITT AND McNEIL
NOES: NONE
ABSENT: COMMISSIONERS LeJEUNE, SCHNEIDER AND MARTINEZ

CHAIRMAN CAMPBELL declared the special meeting of the Board of Public Utilities held on the 10th day of September, 2021, adjourned at 11:04 a.m.

ATTEST: _____
Chairman

Secretary