



## UTILITIES TASK FORCE REGULAR MEETING MINUTES

Thursday, February 16, 2012

- A. Roll Call. Chair Thomas Holden called the meeting to order at approximately 11:35 a.m.

Task Force Members Present.

Thomas Holden, Chair, Mayor, City of Oxnard  
Bryan MacDonald, Task Force Member; Councilman, City of Oxnard

Task Force Members Absent.

None

Others Present.

Grace Magistrale-Hoffman, Deputy City Manager, City of Oxnard  
Alan Holmberg, City Attorney, City of Oxnard  
Rob Roshanian, Interim Public Works Director, City of Oxnard  
Martin Erickson, Legislative Analyst, City of Oxnard  
Christina Aerenlund, Public Information Officer, City of Oxnard  
Jim Cameron, Chief Financial Officer, City of Oxnard  
Eden Alomeri, Assistant City Treasurer, City of Oxnard  
Lou Balderrama, City Engineer, City of Oxnard  
Anthony Emmert, Water Resources Manager, City of Oxnard  
Jeffrey Miller, Wastewater Maintenance Manager, City of Oxnard  
Thien Ng, Civil Engineer, City of Oxnard  
Eric Okada, Acting Environmental Resources Manager  
Grant Dunne, Management Analyst III, City of Oxnard  
Jeanine Hutton, Management Analyst II, City of Oxnard  
Barbara Wulf, Recycling Specialist, City of Oxnard  
Doris O'Connell, Saviers Road Design Team  
Nancy Pederson, Saviers Road Design Team  
Gretchen Wenner, Ventura County Star  
Steve Nash  
Kenton Shank, Coastal Green Vegetable Company  
Jeff Day, Frozsun Foods  
Gary Grayson, Boskovich Farms  
Larry Stein

- B. Approval of Minutes. The Task Force approved the minutes from the November 17, 2011 Utilities Task Force regular meeting.
- C. Public Comments. None.
- D. Managers Reports.
1. GREAT Program Recycled Water Projects Update.

- a. Advanced Water Purification Facility Construction Update. Anthony Emmert, Water Resources Manager, provided a status report on the construction of the Advanced Water Purification Facility. He reported that the construction is approximately 95% complete,

and that the contractor has completed functional testing of the treatment equipment. Mr. Emmert reported that the original project construction bid amount was \$52,572,000, and that \$2,463,585 in change orders had been approved, bringing the total construction cost to \$55,035,585, still within the original construction budget. He stated that the U.S. Bureau of Reclamation had approved a schedule extension to June 30, 2012. Mr. Emmert stated that design has commenced on the related Secondary Effluent and Reverse Osmosis Concentrate Blending and Sampling Facility, and that construction must be completed by December 2012.

- b. **Recycled Water Distribution Projects Update.** Mr. Emmert provided a status report on the construction of the Recycled Water Backbone and Ventura Road Projects. He reported that both projects are completed. Mr. Emmert stated that the original construction bid amount was \$13,193,225, and that minus \$518,826 in change orders had been approved, bringing the total construction cost to \$12,674,399. He stated that the City had also avoided an approximately \$800,000 fees expenditure to the City of Port Hueneme by rerouting the pipeline out of that city's roadways.
- c. **Recycled Water Retrofits Project Design Update.** Mr. Emmert provided a status report on the Recycled Water Retrofits Project. He stated that coordination with recycled water users was ongoing, including evaluating their usage and sites for potential retrofits, negotiating user agreements, and designing on-site retrofits. He stated that the first phase of retrofits should be completed by late 2012.
- d. **Recycled Water Rates and Agreements.** Mr. Emmert stated that the functional testing of the AWPF has provided actual operational data to allow staff to refine the cost of producing recycled water. He stated that in-City recycled water customers will receive a 15% discount on the quantity portion of their water bill when they convert from using potable water to recycled water. Mr. Emmert stated that good progress is also being made in negotiations with potential agricultural irrigation recycled water customers outside the City.

#### E. New Business

1. **Comprehensive Utilities Rate Model Update.** Rob Roshanian, Interim Public Works Director, and Mr. Emmert provided a status report on the update of the City's Comprehensive Utilities Rate Model, and proposed increases to the solid waste & recycling services rates, the wastewater services rates, and water service rates. Mr. Roshanian stated that the primary driver for the needed revenue increase for the Environmental Resources Division was to fund the fleet replacement program. He stated that the primary drivers for the needed revenue increase for the Water Resources Division Wastewater Section were to meet operating expenditures, meet debt service coverage requirements, and replace aging infrastructure at the Wastewater Treatment Plant and in the collection system. Mr. Roshanian stated that the primary drivers for the needed revenue increase for the Water Resources Division Water Section were to replace aging infrastructure in the distribution system and prepare for the additional debt service payments associated with the completion of the planned water supply projects. He stated that the proposed 5% overall revenue increase would result in an approximately 3.6% increase to the average single family residential customer in mid-2012 and an approximately 3.9% increase in early 2013.

Mr. Emmert reported that staff and consultants are proposing the following to fine-tune equity issues that have come to light: 1) create a separate wastewater rate category for single family larger lots (7,000 square feet or larger), with 426 customers in the new category, and utilize a lower return flow factor; 2) allowing customers to request a wastewater rate credit when filling swimming pools, a rare condition, as the Code already prohibits pool draining and filling; and 3) executing the final rate step increase for regional wastewater partners to cover the full amount of associated treatment costs, and modifying the regional partners' agreements to cover the full amount of associated conveyance costs; 4) adjusting industrial category biochemical oxygen demand (BOD) factor slightly downward, suspended solids (SS) factor

lightly downward, and quantity factory slightly upward. He stated that staff is continuing to work with industrial wastewater customers to maximize the effectiveness of their pretreatment, minimize monthly rate spikes from effluent quality changes, and minimize their overall costs.

Mr. Emmert presented comparisons of the existing and proposed rates for typical single family residential customers to existing rates for neighboring jurisdictions, and provided an updated schedule for rates implementation.

Bert Perello stated that rates should include funding for needed capital improvements, such as the 45-inch water transmission line that was relocated as part of the U.S. 101-Rice Avenue Interchange Project. Mr. Emmert responded that evaluation of and repairs to the Oxnard Conduit are included in the Capital Improvement Plan.

Larry Stein recommended establishing sinking funds for all utilities assets, especially for large assets.

Steve Nash stated that it is vital to properly fund maintenance and replacement of critical infrastructure, and that the City's utilities rates should be adequate to fund these.

Kenton Shank, Coastal Green Vegetables Company, stated that his company had made significant investment in on-site pretreatment infrastructure, had greatly reduced BOD and SS levels discharged to the wastewater system, and that he did not feel that wastewater rates properly reflected that investment and effort. Mr. Emmert responded that the reduced BOD and SS levels discharged to the system should directly translate to reduced wastewater charges. Mayor Holden and Councilman MacDonald directed staff to continue to work with industrial wastewater customers to explore ways to keep costs down.

Larry Stein asked whether the "Ojai" referred to in the rates comparisons charts was for Golden State Water or Casitas Municipal Water District. Mr. Emmert responded that the water purveyor serving the City of Ojai is Golden State Water Company.

Mayor Holden requested that staff prepare a coordinated projection of pipeline work and street repaving work for future consideration. Lou Balderrama, Design and Construction Services Manager, stated that staff has this information and will bring it back to the Utilities Task Force in the near future.

Councilman MacDonald asked if savings could be achieved for the utilities enterprises by refinancing existing bonds. James Cameron, Chief Financial Officer, stated that staff is reviewing options to refinance existing bonds, and can bring this back to the Utilities Task Force in the near future.

Mayor Holden stated that the City needs to plan for the future in all of its utilities enterprises, investing in projects and programs that will reduce the City's carbon and water footprint, and will reduce the risk of future rate spikes for its customers.

The Task Force authorized staff to bring the proposal to the City Council.

2. **Urban Water Management Plan Update.** Mr. Emmert provided a status report on the update of the City's Urban Water Management Plan. He stated that this plan is complimentary to the City's General Plan, is updated at least every five years, and analyzes planned demands, water conservation measures, and water supplies, including associated risks, quality, and the potential impacts of climate change and drought. He reported on the status of the City's Water Conservation Program performance, Fox Canyon Groundwater Management Agency efforts to manage regional groundwater basins, and strategies the City is employing to reduce risk. He reported that staff has met with regulatory agencies and stakeholders, and is currently reviewing draft chapters of the plan. He said that staff plans to bring the Plan to the City Council in the near future.

Steve Nash stated that standby power at the Advanced Water Purification Facility is necessary, and asked if it is addressed in the Urban Water Management Plan.

Larry Stein stated that the City entered into an agreement with United Water Conservation District regarding the former CalMat property that was to result in additional groundwater for the City. He asked if staff could provide an update on implementation of this agreement.

Bert Perello stated that Steve Howard, with the California State Water Resources Control Board, recently addressed the Fox Canyon Groundwater Management Agency regarding groundwater overdraft of some of the aquifers in its jurisdiction. He asked if the Urban Water Management Plan includes discussion of overdrafted groundwater basins.

F. Old Business. None

G. Adjournment. Chair Holden adjourned the meeting at approximately 12:46 p.m.