

INDUSTRY PUBLIC UTILITIES COMMISSION CITY OF INDUSTRY

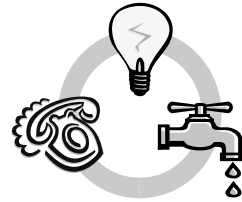
SPECIAL MEETING AGENDA

JUNE 9, 2016 9:00 A.M.*

(Following the conclusion of the City Council Meeting)



President Mark D. Radecki
Commissioner Abraham N. Cruz
Commissioner Roy Haber, III
Commissioner Cory C. Moss
Commissioner Newell W. Ruggles



Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California

Addressing the Commission:

- ▶ **Agenda Items:** Members of the public may address the Commission on any matter listed on the Agenda. Anyone wishing to speak to the Commission is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed form should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the Commission.
- ▶ **Public Comments (Agenda Items Only):** During public comments, if you wish to address the Commission during this Special Meeting, under Government Code Section 54954.3(a), you may only address the Commission concerning any item that has been described in the notice for the Special Meeting.

Americans with Disabilities Act:

- ▶ In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.

Agendas and other writings:

- ▶ In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.

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1. Call to Order
 2. Flag Salute
 3. Roll Call
 4. Public Comments

5. **BOARD MATTERS**

- 5.1 Presentation of the Industry Public Utilities Commission's FY 2016-17 Proposed Operating Budget

Consideration of Resolution No. IPUC 2016-02 – A RESOLUTION OF THE INDUSTRY PUBLIC UTILITIES COMMISSION (“IPUC”) OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING AND ADOPTING THE FY 2016-17 PROPOSED IPUC BUDGET

RECOMMENDED ACTION: Adopt Resolution No. IPUC 2016-02.

6. Adjournment. Next regular meeting: Thursday, June 16, 2016 at 9:00 a.m.

INDUSTRY PUBLIC UTILITIES COMMISSION

ITEM NO. 5.1



INDUSTRY PUBLIC UTILITIES COMMISSION


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Mark D. Radecki, President
Roy M. Haber, III, Commissioner
Abraham N. Cruz, Commissioner
Cory C. Moss, Commissioner
Newell W. Ruggles, Commissioner

Paul J. Philips, Public Utilities Director
James M. Casso, General Counsel
Phyllis Tucker, Treasurer
Cecelia Dunlap, Assistant Secretary

STAFF REPORT

TO: Honorable President and Commissioners

FROM: Paul J. Philips, City Manager 

STAFF: Susan Paragas, City Controller 

DATE: June 9, 2016

SUBJECT: Consideration to Approve and Adopt the Industry Public Utility Commission's ("IPUC") FY 2016-17 Proposed Budget

Background:

On April 4, 2016, the Financial Services Department introduced the new FY 2016-17 (FY 17) Budget Process to all Citywide staff. The FY 17 Budget Process entailed: a new "Zero-Based Budget" budget policy, which aligns actual costs to its true City operations; completion of formal budget forms; and undertaking a collaborative, Citywide approach in which all departments were responsible for submitting their budget requests. Other affiliated City entities also participated and submitted their budget requests to the City.

In May 2016, final budgetary reviews were completed by Finance, the Director of Development Services & Administration, and the City Manager in order to present the FY 2016-17 (FY 17) Proposed Budget for consideration to adopt for all City entities, including the Industry Public Utility Commission's ("IPUC"), on June 8th and June 9, 2016.

Overview of FY 2017 Proposed City Operating Budget

The FY 2016-17 Proposed Budget is a balanced budget and reflects the City's commitment to: our residents, fiscal and administrative reform efforts, continued fiscal stability, improving quality of life through support of surrounding communities, and improving fiscal

transparency. The FY 17 Proposed Citywide Budget (All Funds) totals \$259.7 million, with a \$40.3 million budget in its General Fund. Proposed Revenues total \$226.5 million in all its City funds, and \$50.1 million in its General Fund.

An overview of the major city budgets are listed below.

Chart 1 – Figures in Millions				
	FY 13/14 Actuals	FY 14/15 Actuals	FY 15/16 Adopted	FY 16/17 Proposed
General Fund	\$35.7	\$45.5	\$34.3	\$40.3
CIP Program	6.9	6.8	37.0	33.4
Debt Services	90.0	119.9	81.2	174.6
Other Funds	5.6	6.3	11.7	11.4
Totals	\$138.2	\$178.5	\$164.2	\$259.7

In FY 17, the General Fund budget will increase by \$6.1 million (17.7%) to \$40.3 million. The City’s operating budget is fully supported by on-going revenues. The City utilizes its reserves to supports its CIP Program, in which \$33.4 million will be allocated to CIPs. The City’s reserves also supports other City funds that have operating deficits.

IPUC FY 17 Proposed Budget

The Industry Public Utility Commission’s (“IPUC”) is the City’s governing authority that operates the City’s Electric Utility operations, City’s potable water system known as the City of Industry Waterworks System (“CIWS”), and the City’s recycled water program. The CIWS is operated by the La Puente Valley Water County District (“LPVWCD”) and the City purchases reclaimed water from the Sanitation Districts of Los Angeles County and contracts with Rowland Water District for management of its reclaimed water distribution system. The City’s electric utility purchases power on the open market for distribution to customers.

Below is a summary of the IPUC’s FY 17 Proposed Budget.

Proposed Budget By Division	FY 16/17 Revenues	FY 16/17 Expenditures
	A	B
161 – City Electric	\$5,241,500	\$304,000
560 – IPUC - Recycled Water	1,019,100	858,200
561 – IPUC - Potable Water	1,917,200	1,877,726
Totals:	\$8,177,800	\$3,039,926

For the FY 17 Budget, staff worked with both, the Rowland Water District and LPVWCD, to submit their budget requests. In FY 17, the IPUC Budget will total \$8.2 million in expenditures and \$3.0 million in total combined revenues. All three (3) funds have healthy reserve levels and are self-sufficient. Included in the FY 17 Proposed Budget, LPWCD will

continue to upgrade the City's waterworks' infrastructure. In addition, LPWCD and the City will be working together in FY 17 to expand the recycled water system to the Civic Financial Center.

Recommendation

Staff is recommending the IPUC Board to adopt the attached resolution approving the Industry Public Utility Commission's FY 17 Proposed Budget. In addition, the FY 17 IPUC Budget will be a part of the City's FY 2016-17 Proposed Operating Budget for the City Council to ratify on June 9, 2016.

Exhibits:

- A. Resolution
- B. IPUC Budget Section

PJP/SP:sa

RESOLUTION NO. IPUC 2016-02

A RESOLUTION OF THE INDUSTRY PUBLIC UTILITIES COMMISSION (“IPUC”) OF THE CITY OF INDUSTRY, CALIFORNIA, APPROVING AND ADOPTING THE FY 2016-17 PROPOSED IPUC BUDGET

WHEREAS, on April 4, 2016, the Financial Services Department introduced the new FY 2016-17 (FY 17) Budget Process to all Citywide staff; and

WHEREAS, the FY 17 Budget Process was a collaborative, Citywide approach in which all departments and affiliated City entities were responsible for submitting their budget requests; and

WHEREAS, the appropriate department and agencies for the Industry Public Utilities Commission (“IPUC”) submitted their budget request to the City; and

WHEREAS, Finance, Director of Development Services & Administration, and the City Manager reviewed each budget request with respect to the City’s total budget and Citywide fiscal condition; and

WHEREAS, the IPUC’s FY 2016-17 Proposed Budget is hereby incorporated into the City’s FY 2016-17 Proposed Operating Budget.

NOW, THEREFORE, THE INDUSTRY PUBLIC UTILITIES COMMISSION OF THE CITY OF INDUSTRY, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The IPUC Revenue Budget of \$8,177,800 and Expenditure Budget of \$3,039,926 for the fiscal year 2016-2017 is hereby approved and adopted.

Section 2. Contingent upon City Council approval, the IPUC’s Budget for the fiscal year 2016-2017 is hereby approved and incorporated into the City’s FY 2016-17 Proposed Operating Budget.

Section 3. The Secretary shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED by the Industry Public Utilities Commission at a special meeting held on June 9, 2016, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

Resolution No. IPUC 2016-02
June 9, 2016
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Mark D. Radecki, President

ATTEST:

Cecelia Dunlap, Assistant Secretary

Industry Public Utility Commission

Overview of Department

The Industry Public Utility Commission (IPUC) is the City's governing authority that operates the City's Electric Utility operations, City's potable water system known as the City of Industry Waterworks System (CIWS), and the City's recycled water program. The CIWS is operated by the La Puente Valley Water County District and the City purchases reclaimed water from the Sanitation Districts of Los Angeles County and contracts with Rowland Water District for management of its reclaimed water distribution system. The City's electric utility purchases power on the open market for distribution to customers.

FY 2015-16 Accomplishments

1. Initiated review of electric utility operations.
2. Investigated opportunities to develop regional stormwater capture and treatment projects.

Work Plan for FY 2016-17

1. Expand recycled water system to Civic Center property in partnership with La Puente Valley County Water District.
2. Procure a firm to analyze opportunities with the City's electric utility.
3. Establish partnerships with the Sanitation Districts of Los Angeles County to take advantage of recently enacted stormwater legislation.
4. Explore opportunities to develop alternative energy sources.

IPUC Personnel Summary

The City of Industry contracts its utility services to other utility companies and providers.

Position Title	FY 15/16 Adopted	FY 15/16 Amended	FY 16/17 Proposed
<u>City Full-Time Equivalent Employees</u>			
Commissioners	5.00	5.00	5.00
Total City FTEs:	5.00	5.00	5.00
<u>City Contractor Support Services</u>			
La Puente Valley Water District			
Rowland Water District			
Sanitation Districts of Los Angeles County			
Noble Solutions			
Shell Energy			
Inertie			
Applied Metering Technologies			
Southern California Edison (SCE)			
San Gabriel Valley Water Company			
International Line Builders			
Butsko Utility Design			

Recycled Water (Fund 560) - Summary of Expenditures & Account Detail

Object #	Account Description	2013 Actual Amount	2014 Actual Amount	2015 Actual Amount	2016 Adopted Budget	2017 Proposed Budget
5011	Board Salaries	\$14,495	\$14,740	\$15,969	\$15,200	\$16,000
5012	General Insurance and Bonding	17,889	15,340	14,854	15,300	15,300
5015	Payroll Taxes	1,109	1,127	1,221	1,200	1,400
5018	Office Supplies & Postage	-	-	125	-	800
5025	Miscellaneous	279	222	-	-	-
5110	Accounting Fees	453	491	674	600	600
5120.03	Professional Services - Accounting	10,995	8,910	8,498	13,100	10,000
5130	Planning, Survey and Design	9,339	(9,339)	2,461	2,300	9,000
5205	Construction Costs	-	(0)	-	-	-
5550	Repair and Maintenance Equipment	-	-	-	-	30,000
5730	Utilities	218,007	242,751	298,078	333,200	275,000
5740	Property Taxes and Assessments	6,301	6,337	6,368	9,800	7,000
5900	General Engineering	31,630	(27,225)	-	-	-
6200	Contract Labor - Professional and Technical Services	49,896	65,871	128,205	54,000	190,000
9060	Reclaimed Water System	<u>103,912</u>	<u>179,975</u>	<u>281,506</u>	<u>288,600</u>	<u>320,000</u>
TOTALS:		\$464,304	\$499,200	\$757,958	\$733,300	\$875,600

Potable Water (Fund 561) - Summary of Expenditures & Account Detail

Object #	Account Description	2013 Actual Amount	2014 Actual Amount	2015 Actual Amount	2016 Adopted Budget	2017 Proposed Budget
5001	Salaries	\$ -	\$ -	\$ 317,929	\$342,400	\$405,300
5012	General Insurance and Bonding	-	-	24,535	20,500	25,300
5015	Payroll Taxes	-	-	22,863	22,800	26,609
5017	Group Medical/Dental	-	-	120,547	113,800	137,550
5018	Office Supplies & Postage	-	-	24,022	30,400	22,500
5019	Retirement Program	-	-	38,095	38,000	46,667
5120.01	Professional Services	-	-	13,882	40,900	24,000
5120.02	Legal Services	-	-	-	510,600	-
5301	Purchase Water	-	-	323,163	135,000	367,100
5302	Purchase Power	-	-	120,759	-	126,700
5303	Assessments	-	-	73,418	78,500	75,100
5430	Transmission & Distribution - LA Puente Valley Water	-	-	52,559	85,000	75,400
5460	Other Expenses - Field Support	-	-	16,945	20,500	23,400
5470	Regulatory Compliance	-	-	39,235	39,300	36,800
5509	Billing Expense	-	-	16,980	15,600	15,000
5550	Repair and Maintenance Equipment	-	-	3,503	193,000	173,900
5620	Vehicle Expenses	-	-	28,049	30,400	18,800
5631	Life Insurance and Workers Compensation	-	-	4,355	12,300	6,600
5640	Advertising and Printing	-	-	3,267	25,600	24,500
5730	Utilities	-	-	14,284	15,300	-
5999	O and M Fees	-	-	175,000	178,900	182,500
8104	Service Line Replacements	-	-	-	25,000	25,000
8105	FH Laterals	-	-	-	5,000	9,000
8106	Valve Replacements	-	-	-	20,000	30,000
8510	Property Maintenance	-	-	2,031	-	-
9000	Capital Outlay	-	-	-	20,000	140,000
TOTALS:		\$ -	\$ -	\$1,435,421	\$2,018,800	\$2,017,700

Electric Utility (Fund 161) - Summary of Expenditures & Account Detail

Object #	Account Description	2013 Actual Amount	2014 Actual Amount	2015 Actual Amount	2016 Adopted Budget	2017 Proposed Budget
5013	Telephone	\$4,820	\$11,232	\$7,775	\$12,000	\$12,000
5021	Dues and Subscriptions	1,500	175	1,500	2,400	2,000
5025	Miscellaneous	96	-	-	-	-
5062	Building Maintenance	229	-	-	-	-
5065	Other Contracted Services	110,885	102,473	35,831	55,100	85,000
5120.01	Professional Services	101,715	157,643	103,723	159,500	135,000
5130	Planning, Survey and Design	262	-	-	-	-
5550	Repair and Maintenance Equipment	-	13,599	-	-	-
5695	Computer Supplies and Services	32,014	25,173	17,156	26,400	25,000
5730	Utilities	19,368	40,390	21,900	33,500	35,000
5900	General Engineering	68,910	27,644	4,972	7,700	10,000
TOTALS:		\$339,798	\$378,329	\$192,859	\$296,600	\$304,000