

**DRAFT MINUTES OF THE REGULAR MEETING
CITY OF ALAMEDA PUBLIC UTILITIES BOARD**

June 12, 2023

1. ROLL CALL

President Serventi called the meeting to order at 5:00 p.m. On roll call, the following commissioners were present: President Serventi, Commissioner McKenna, Commissioner Giuntini, Commissioner Hunter, and City Manager Ott.

2. ORAL COMMUNICATIONS – NON-AGENDA (Public Comment)

None.

3. SPECIAL PRESENTATION

None.

4. CONSENT CALENDAR

A1.Minutes of the May 9, 2023, Special Meeting of the City of Alameda Public Utilities Board

A2.Minutes of the May 15, 2023, Regular Meeting of the City of Alameda Public Utilities Board

B. Listing of Bills Paid – May 2023

C. Financial Report – April 2023

D. Treasurer’s Report for the Month Ending April 30, 2023

E. Adopt a Resolution Approving an Investment Policy for Fiscal Year 2024 and Delegate Investment Authority per the Investment Policy to the General Manager of Alameda Municipal Power, or the General Manager’s Designee

F. Adopt a Resolution Approving a Budget Policy for Alameda Municipal Power with an Effective Date of July 1, 2024

G. By Motion, Authorize the General Manager to Enter into a Professional Services Agreement with Maze & Associates for Audit Services for Fiscal Years 2023 and 2024 in the Amounts of \$44,740 and \$46,977, Respectively, Plus a 5 Percent Contingency of \$4,546, for a Total of \$96,303, for an Initial Two-Year Term with an Option for Three Additional One-Year Extensions Through the Fiscal Year Ending June 30, 2027, for a Total Five-Year Expenditure Not to Exceed \$259,578

- H. By Motion, Authorize the General Manager to Extend a Professional Services Agreement with US Bank in the Amount of \$2,000 Per Month for an Additional Term of Seven Years to Renew Banking Services Through June 30, 2030, for a Total Cost of \$168,000
- I. By Motion, Authorize the General Manager to Issue Purchase Orders for the Fiscal Year 2024 Information Technology Annual Licensing and Maintenance for Harris Cayenta and Microsoft Office 365 for a Total Not-to-Exceed Amount of \$134,194.62
- J. By Motion, Authorize the General Manager to Enter a Three-Year Agreement with ePlus Technology for the Purchase and Installation Services of an Enterprise Backup, Recovery, and Security Solution for a Total Cost Not-To-Exceed \$110,151
- K. By Motion, Authorize the General Manager to Purchase One Cable Truck in an Amount Not to Exceed \$260,000 from Altec Industries, Inc.
- L. By Resolution, Recommend that the City Council Adopt a Memorandum of Understanding (MOU) Between the City of Alameda and the International Brotherhood Of Electrical Workers (IBEW), Local 1245 for the Period Commencing July 1, 2022, and Ending June 30, 2025
- M. By Resolution, Commend Commissioner Laura Giuntini for Her Eight-Year Tenure and Distinguished Service to the Public Utilities Board

Commissioner Giuntini pulled Item 4L. President Serventi pulled Item 4M.

Following a motion from Commissioner McKenna and a second from Commissioner Giuntini, the Board unanimously approved the balance of the consent calendar.

Human Resources Director Jessica Romeo gave a presentation for Item 4L.

Commissioner Giuntini asked if the reason extended work week overtime was mentioned separately is that it would be in addition to regular overtime. Ms. Romeo confirmed it was. In circumstances where a staff member works 14 consecutive days, any hours worked after that 14 days would previously have been paid as regular time, but will now, under this new agreement, be paid as overtime, which is time and a half.

Commissioner Giuntini asked if the grievance process had been changed or if it was noted for clarification of the established process. Ms. Romeo responded that it was for clarification, to ensure alignment with the City Charter, which specifies the City Manager as the last step in all employee terminations, and similar actions. The steps in the established grievance process were also condensed.

General Manager Procos added that under the previous grievance process, it would escalate to Step Five Arbitration and then the City Manager would make their decision.

That has been revised so that the City Manager is inserted earlier in the process, which potentially can help to avoid arbitration. The person filing the grievance will now have the option of going to the City Manager or to arbitration.

President Serventi noted that the report listed the salary schedules for all classifications for July of last year, October of last year, July of this year, but not for July of next year, though the agreement runs through 2025. Ms. Romeo said that the salary schedules are only shown up to the current year, rather than projected forward. The salary schedule for fiscal year (FY) 2025 will be published in June of next year. This is common practice for all bargaining units because of the way the City's system works. It does not project out well without causing issues.

President Serventi asked why the side letter for *Skelly* officer selection had been mentioned in the report, but was not included. Ms. Romeo explained that the side letter was not presented because it does not have any economic value. President Serventi noted that a different side letter with respect to overtime was included. Ms. Romeo said that the side letter for overtime had economic value and therefore was included. President Serventi asked why the Board, which is charged with the overall management of AMP, could not see the *Skelly* side letter, and why it was not part of the contract. Ms. Romeo said that, generally, Human Resources does not bring side letters to Boards and Commissions, or even to City Council if those side letters are not within their purview. The *Skelly* side letter is between the City Manager and IBEW.

City Manager Ott asked if the side letter is a public record. Ms. Romeo said it was and would be published. President Serventi thought it should have been included. The Board is concerned about the management of the whole organization and part of what the Board needs to understand from a management perspective is how everything fits together in the big picture.

Ms. Romeo said that the Board could choose to approve the contract with the stipulation that it does recommend the side letter. President Serventi pointed out that he cannot say whether or not he recommends the side letter without having read it. City Manager Ott noted that as the side letter is a public record, it could be provided. Ms. Romeo agreed with that, but noted that the side letter is separate from the Board's recommendation of the item to City Council. City Manager Ott asked if the practice has been not to include the side letters in the past. Ms. Romeo confirmed that was the case. President Serventi asked why the side letter was noted in the report if it is not part of the contract approval. Ms. Romeo explained that it was included as a way to note that it had been discussed during negotiations. President Serventi said he thinks that if it was going to be noted, it should have been included, because it gets to the heart of what the appointed members of the Board understand. When the Board had an issue with the Electric Utility Professionals of Alameda (EUPA) contract language in November, the Board made comments to that effect, but they were not communicated clearly to the City Council, as councilmembers later told him.

City Manager Ott said that the *Skelly* side letter could be provided to the Board members and that in the future, when a staff report references documents, those documents could be included with the report.

President Serventi pointed out the mention of the classification of a Street Maintenance Technician within the contract, though AMP does not have any Street Maintenance Technicians. Ms. Romeo explained that if there were no changes made to that section of the MOU, then it is held over language. President Serventi asked if that language could be cleaned up as it is no longer accurate. Ms. Romeo agreed that it would be good to clean up outdated language, but the section of the MOU mentioning the classification was not opened in negotiations and therefore was not discussed. City Manager Ott asked if that is typical to negotiations and Ms. Romeo confirmed that it is.

General Manager Procos said he understood President Serventi's point. There was mutual interest from IBEW, Human Resources, and AMP in opening certain parts of the contract, and, in the interest of moving the process forward, as it is a year late, other parts of the contract were not modified. Hopefully, at some future date, the language from the sections that were not opened this time can be updated.

President Serventi closed his comments by asking if the meeting noted in the report regarding catastrophic leave and state disability insurance had taken place between IBEW and the City. Ms. Romeo said that it had.

Commissioner McKenna asked what impact the contract could have on rates. General Manager Procos said that AMP estimates it to be somewhere in the 1–1.5 percent range for FY 24. The previously approved 7 percent rate increase and the proposed budget for FY 24 both factored in that percent range. The total over 36 months is \$2.2 million with roughly half a million in FY 23 because of the retroactive compensation. The bulk of that cost will then flow through to FY 24 and FY 25, though it is hard to get an exact handle on the percentages for upcoming fiscal years. Commissioner Hunter asked if the 1.5 percent increase includes retroactive compensation. General Manager Procos said that the retroactive compensation was budgeted as part of the 5 percent rate increase in FY 23 assuming a certain outcome for this contract, although the contract wasn't finalized in FY 23.

Assistant General Manager Orbeta added that as the contract will not be approved until July, all retroactive compensation will go on the FY 24 budget, not FY 23. City Manager Ott asked if the proposed FY 24 budget being recommended for approval at this meeting includes sufficient dollars to cover the IBEW contract, including the retroactive compensation that may get billed next year. Mr. Orbeta said the short answer is yes, but that he would discuss it more during the budget presentation.

Commissioner Hunter clarified that what the Board's questions were getting at is whether the approved rate increases for FY 24 would be able to absorb the cost of the IBEW contract or additional rate increases would be needed. Mr. Orbeta said there will not be additional rate increases. The worst-case scenario is an additional draw on reserves.

Commissioner McKenna asked if, looking ahead, AMP would be pulling from reserves or increasing rates in order to cover the next two years of the contract. Mr. Orbeta said it is not that simple. AMP budgets for full employment of all positions, but because not all of those positions will necessarily be filled, considering factors like retirements and other vacancies, the total dollar amount may be impacted.

General Manager Procos said that the FY 23 impact was estimated to be about \$400,000, so even with the spill over to FY 24, AMP should be able to absorb the cost. There are other cost impacts as well, like the Geothermal item on the regular agenda, and some additional things that may happen related to next fiscal year. He did not envision a scenario where there would be a need to increase rates, but if something arises, like last December, it would be an increase on the draw from reserves.

City Manager Ott added that as the planned retroactive compensation costs did not happen in this fiscal year, that means the reserves will be higher because those dollars were not spent in FY 23, and so can be spent in FY 24.

General Manager Procos addressed Board involvement in the negotiation process. Previously, the Board held closed session meetings throughout the process which allowed for conversation around a lot of the details in the contract prior to the item coming before the Board as a recommendation to Council. This process has been changed since the last round of IBEW contract negotiations. Commissioner Giuntini said that as Board member, she felt much more informed with that process than with the current one. She felt like she was educated and able to add her endorsement. She understood the impacts of the agreement terms. She is much less comfortable with this new process. President Serventi echoed this, emphasizing the importance of having the opportunity to ask questions and give input.

Commissioner McKenna added that, as a newer Board member who was not around for the previous process, the current system is not good. The item should not have been on the Consent Calendar at a minimum, because it puts HR on the spot of having the item pulled and giving a presentation. This contract has a material impact on rates, which is a big reason that the Board exists, to speak for all of the other customers who cannot or do not attend the meetings. The Board needs a way to ask questions. Going forward, she would like to see a process put in place that works better for everybody.

City Manager Ott said that if, legally, the Board can no longer hold closed sessions to discuss contract negotiations, she, General Manager Procos, and the City Attorney's Office could look into other ways to keep the Board informed. There are ways that individual councilmembers can be briefed on items without violating the Brown Act, so perhaps a similar system could be adopted for the Board.

President Serventi noted that, more than getting briefed on the matter, being able to have discussion prior to the item coming to the Board is important. As the contract has already been approved by the union and accepted by HR, the Board has little choice but to

recommend the item to Council, because it could cause further issues and delay with the contract negotiations if the Board does not to recommend the item.

City Manager Ott said that because the IBEW contract is a personnel issue and not a budget issue, the matter is a little more complex and there may not be a way to have the same kind of discussion process as was in place before. Special Counsel Lonnie Eldridge noted that the Brown Act has evolved on closed sessions in particular, and that case law has tightened the parameters of what topics can be taken to closed session. There may be another way to include Board discussion outside of closed sessions and that can be explored going forward. For the current contract, the Board could submit its comments to the City Council as part of its decision. City Manager Ott added that the issue with the previous process was which body had authority over personnel decisions, and the ability to hold a closed session based on that reason. To Mr. Eldridge's point about the Board providing comments to Council, City Manager Ott suggested attaching the minutes from this meeting to the City Council staff report, so that the Board's comments and concerns can be taken into consideration.

With a motion from Commissioner McKenna and a second from Commissioner Giuntini, the Board unanimously approved Item 4L.

President Serventi read out the resolution for Item 4M and Commissioner Giuntini was given a presentation copy of the resolution.

With a motion from President Serventi and a second from Commissioner McKenna, the Board unanimously approved Item 4M.

5. AGENDA ITEMS

A. By Resolution, Establish the Fiscal Year 2024 Budget, Including Delegating Authority for Implementing and Managing the Budget to the General Manager of Alameda Municipal Power or Designee. Or, In the Event That the Public Utilities Board Elects to Postpone Adopting the Fiscal Year 2024 Budget, Adopt an Emergency Spending Authorization

Following a presentation by Assistant General Manager Robert Orbeta, Commissioner Giuntini asked for details on the increase to customer bill assistance. Mr. Orbeta explained that, in looking at the actuals for the year, the demand for assistance is trending higher, which is why the total was increased to meet that trend in demand.

Commissioner Giuntini asked about the status of AMP's recovery from the COVID-19 impacts on customer bill pay. Mr. Orbeta said that AMP has returned to business as usual as far as delinquencies and shutoffs. That is one of the reasons for the increase to customer bill assistance.

Commissioner Giuntini asked why postage was increased in spite of paperless options.

Mr. Orbeta said that AMP is required to do mailings. The cost of postage has gone up, contributing to the need to increase that in the budget bill processing category.

As reserve spending only increased by \$10,000, Commissioner Hunter asked if the \$287,000 increase to purchase power would be coming from rates or reserves. Mr. Orbeta said the additional cost is netted with the savings of \$171,000 from the general fund transfer, and the remainder would be covered through rates. For purchase power, AMP earmarks Cap & Trade (C&T) and Renewable Energy Credit (REC) funds, so of the \$40 million in purchase power, \$2.5 to \$3 million comes from reserves of C&T and RECs, with the balance coming from rates. Commissioner Hunter asked what impact the \$129,000 increase would have on the rates that the Board approved. Mr. Orbeta said the additional amount would be absorbed. General Manager Procos confirmed that the increase to purchase power would not affect the 7 percent rate increase. It would mean a bigger draw from the balancing account.

On the topic of purchase power, President Serventi mentioned the \$1 million AMP would be getting back from the Northern California Power Agency (NCPA) from the emergency spending authorization approved in December 2022, and asked if that money would be going back into reserves. Mr. Orbeta said that it would be.

President Serventi asked if AMP had gotten an update from NCPA on the anticipated cost of purchase power with the hydroelectric facility running at full strength. Mr. Orbeta said that while NCPA has not communicated that cost yet, it did notify AMP that the transmission expense went down in this budget.

General Manager Procos said that when the emergency spending authorization came before the Board last December, it effectively increased purchase power budget by \$3 million. Now, there is unanticipated revenue coming through hydroelectric generation, at the same time issues are coming up at the geothermal facility. The net result is \$1.75 million over the original FY 23 budget and \$1.25 million below the adjusted budget from December.

Commissioner Hunter expressed her appreciation for the budget process, including individual Board member briefing, the in-depth Budget Workshop in April, and a separate meeting for approval of the finalized budget, highlighting any modifications. There was a lot of transparency throughout the process and she felt very informed.

Commissioner Giuntini added her final thanks to Mr. Orbeta and the Finance team. This was her eighth year going through the budget process with AMP and it has always been truthful and effective.

City Manager Ott wondered how AMP notifies customers of rate increases. Assistant General Manager Ferrara said that customers would be notified of rate increases through AMP's normal social media channels, website posting, press release, bill inserts like *The Flash*, and the NeoGov email delivery system.

With a motion from Commissioner Giuntini and a second from Commissioner Hunter, the Board unanimously approved the Fiscal Year 2024 budget.

- B. By Motion, Authorize Payment to Northern California Power Agency for the Geothermal Project Budget Augmentation Requests for Fiscal Year 2023 in an Amount Not-to-Exceed \$850,000

Following a presentation by Energy Resource Analyst Midson Hay, President Serventi asked to return to the Routine Operations & Maintenance slide, which included a photo of the NCPA geothermal facility covered with snow. Crews were snowbound at the facility for a couple of days. This resulted in additional expense to get the crews out to continue their work on the excess damage that had occurred to the facility. The NCPA Commission has asked the Power Generation group to reevaluate maintenance and maintenance inspection, to avoid strain or failure in the case of catastrophic events. The Executive Committee will be taking a hard look at how to improve the situation.

Commissioner Giuntini asked if there could have been a maintenance issue. President Serventi responded that it could be. Inspections had been done, but something could have been missed, or things were not being maintained properly. Mr. Hay added that in the example of the Unit 4 Cooling Tower Temporary Measures, NCPA staff had inspected the unit, but it was only after getting a second opinion from structural engineers that they decided to shut it down.

With a motion from Commissioner McKenna and a second from Commissioner Giuntini, the Board unanimously approved the item.

GENERAL MANAGER'S REPORT

General Manager Procos announced the promotions of four individuals related to AMP's recent reorganization. Two of those staff members who were promoted were present at the meeting: Chief Utility Technology Officer Steve Chiu and Assistant General Manager - Customer & Energy Resources Chris Ferrara. With those promotions finalized, AMP was able to complete that aspect of its Strategic Plan. General Manager Procos also introduced Benjamin Rings, who recently joined the Customer & Energy Resources division as an Energy Resource Analyst.

As President Serventi mentioned, NCPA will be returning \$1 million in excess funds from AMP's emergency spending authorization last December.

6. CITY COUNCIL COMMUNICATIONS

City Manager Ott announced that on Tuesday, June 20th, the City Council will be approving their budget.

Staff from the City's Planning, Building, & Transportation department have met with AMP staff to restart conversations for the Doolittle Solar farm. They are working on finding ways to move the project forward together.

7. BOARD COMMUNICATIONS

None.

8. ORAL COMMUNICATIONS – NON-AGENDA (Public Comment)

None.

9. ADJOURNMENT

President Serventi adjourned the meeting at 6:09 p.m.