

Independent Rates Oversight Committee (IROC)

**December 17, 2012**

**MINUTES**

**1. Roll call**

Chairwoman Welch called to order the regular meeting of the IROC at 9:34 a.m. Monica Foster conducted roll call, and a quorum was declared. Attendance is reflected below:

<b>Members:</b>	<b>Present</b>	<b>Absent</b>
Gail Welch, Chair	X	
Don Billings, Vice Chair <i>(left at 12:06)</i>	X	
Christopher Dull	X	
Noam Glick	X	
Andy Hollingworth	X	
Jeff Justus	X	
Jack Kubota	X	
Jim Peugh	X	
Michael Ross		X
Irene Stallard-Rodriguez <i>(left at 12:06)</i>	X	
Todd Webster		X
<b>Ex-Officio Members:</b>		
Luis Natividad, Metro JPA	X	
Ken Williams, City 10		X

*City representatives present: Roger Bailey, Director of Public Utilities, Tom Crane, Assistant Director; and Tom Zeleny, Deputy City Attorney.*

**2. Non-Agenda public comment**

None.

**3. Approval of Draft Minutes of October 15, 2012**

Chairwoman Welch asked for any comments or changes to the minutes, as they were tabled from last meeting. Member Billings provided a paragraph to be inserted in Item 8 of the minutes, to replace paragraphs 10 and 11. The new paragraph would read, “Vice Chair Billings expressed disappointment that CWA elected to not send any senior staff to respond to IROC's questions about the proposed WPA. He noted deep concern that the project was being pushed through without adequate public review and input, and that San Diego ratepayers would be burdened for decades with costs that might be avoidable if less expensive and more effective alternatives were pursued instead of this expensive WPA. He asked for IROC's support to send an urgent letter expressing these concerns to the Mayor and City Council.”

**ACTION:** Chairwoman Welch asked for a motion to approve the minutes with Vice Chair Billings’ changes. Member Stallard-Rodriguez moved, and Member Hollingworth seconded. Motion passed 7 (in favor)-2 (abstained Glick, Dull)-0 (opposed).

**4. Approval of Draft Minutes of November 19, 2012**

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**ACTION:** Chairwoman Welch asked for a motion to approve the minutes as presented. Vice Chair Billings moved, Member Peugh seconded. Motion passed 7-2 (abstained Hollingworth, Stallard-Rodriguez)-0.

5. **Chair updates** – *Chairwoman Welch*

- Acknowledged the hard work and dedication of Ernie Linares and Monica Foster, assisting the IROC for the past calendar year.
- Reminded IROC members that Item 11, the FY2012 Draft Annual Report, is an action item, and the subcommittees and Ad-hoc Committee had worked very hard to get the draft report ready for today's meeting.

6. **City Staff updates** - *Roger Bailey, Director of Public Utilities*

- Liz Barat, Organizational Effectiveness Specialist II, came forward and introduced the most recent graduates from the Management Academy. This is one of the initiatives to continuously train employees to take the next steps in their careers. Ms. Barat recognized each the academy members, and gave a brief description of some of the academy's curriculum. She also gave a description of the Field Academy. She indicated that nearly 200 employees have completed the training programs.

Mr. Bailey noted it is very important to get feedback from the employees and how they have applied their knowledge from these training programs, and if the information is used throughout their work processes. He asked Mr. Gavares to continue to provide updates on this feedback.

Member Glick asked if there is anonymous feedback offered by participants in terms of what is effective and less effective. Ms. Barat stated yes, there are anonymous feedback forms at every class session. Afterwards, an analysis is performed and tracked. Member Kubota commented he attended the Field and Operations Academy, it was very impressive and he hopes to be invited to the Spring Management Academy.

*Mike Bedard, Out of Class Assignment (OCA) Deputy Director, Wastewater Collections*

- This fiscal year to date: 39 opposed to 32 same time last year. Seven spills occurred this past month. He noted the total release to the environment this year was 20,282 gallons opposed to 1.7 million gallons, mostly related to the **City wide** power outage. There was one public water spill last night, where approximately 1,000 gallons were released to the environment; however there were 10 last year. Member Peugh asked what the reason was for this spill, Mr. Bedard indicated it is under investigation however may be due to a tool left during the last cleaning frequency.

*Stan Medina, Deputy Director, Construction & Maintenance*

- Water main breaks: calendar year to date were 83 water main breaks, last year to date were 83. Member Hollingworth noted breaks in the Midway area were discussed in his Subcommittee meeting this morning. He asked if the Department is convinced the materials purchased for the water mains are sound. Mr. Medina stated yes, and he noted they are all tested at the manufacturers prior to being purchased.

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**7. Mayor and Council Staff Comments**

None were present. Mr. Bailey noted with the new administration, he will contact the offices and remind them of the IROC meetings. Member Hollingworth suggested IROC try to meet at their offices, as well as write letters and analysis aside from the IROC Annual Report. Chairwoman Welch indicated the correspondence must come from the full IROC, therefore if there are drafts; they may be routed through the subcommittees and presented to the full IROC before forwarded.

**8. Customer Care Update**

Michael Vogl, Deputy Director, Customer Support, presented the current status of the customer service program. He indicated that the new billing and customer information system is performing well overall. He further noted that the call center access and service levels are continuously improving, and the customer self-service options and payment channels are performing well.

Mr. Vogl then outlined the utility customer life cycle, pointing out that the division handles the call center, which includes all aspects of installation of service, new accounts, closing accounts, management of accounts, and other services.

Mr. Vogl noted several accomplishments since startup, even though there were some customer service issues due to training, staffing, as well as rate changes entered into the system. The average call wait time is currently 8 minutes, 15 seconds. There has been full retraining of the agents, and launched the new customer interaction coaching program. He noted the call center has maintained high customer satisfaction overall. He then reviewed the call volume of the center, nature of calls, and service levels by call type. He noted the majority of the calls are billing related, as well as opening/closing accounts. This is where efforts are being focused to reduce calls. He also shared they are adding 25+ walk-in payment locations, and adding credit card payment options. Last, Mr. Vogl indicated the recent post-call satisfaction survey showed 92% positive responses. He shared a list of customer care contact phone numbers and website address, and asked for questions.

Ex-officio Member Natividad indicated he would like to attend the next tour. He then asked when a message is left by customers for a call back, how long before the agent returns the call. Mr. Vogl stated by the next business day, which is indicated on the message.

Member Dull asked if there is a cost to add the mentioned 25 walk-in locations, Mr. Vogl indicated there will not be a cost to the City, however there will be a processing fee to the customer that will go to the processing locations.

Member Glick asked if the complaints have been analyzed to figure out a way to reduce the volume of calls, due to similar complaints. Mr. Vogl stated yes, although the majority of the complaints are due to customer's misunderstanding how they are being

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billed. There will be bill inserts this summer educating the customers on understanding the billing process.

Mr. Peugh asked if there is a cost difference between the different methods of paying.

Mr. Vogl stated that electronic payment has the lowest cost.

Vice Chairman Billings asked if any of the customer service representatives are bilingual.

Mr. Vogl indicated yes, there are Spanish options on the queue, and can be transferred to a Spanish speaking representative. He also asked what the goals are for answering calls.

Mr. Vogl indicated the goal was to answer 85% of calls within one minute. Typically we are handling 55% of calls per minute. He added after looking at other agencies, there did not seem to be a consistent benchmark; however, some agencies use the same goal but within 5 minutes. He indicated we are exceeding this goal. We would like to be able to reach the goal in 3 minutes.

Roger Bailey, Director, commented that he acknowledges that 8 minutes is a long time to wait on hold, and noted there are about a dozen hourly positions that need to be filled, which should help. Chairwoman Welch added that in the Annual Report, Item 11 is the recommendation to focus on this, and report updates to IROC.

Member Stallard-Rodriguez indicated with her experience when calling many times in September, the wait time was much longer and recommends all members call customer service as well to get the experience. She also asked if customers are getting their bills online, will the inserts be available on-line. Mr. Vogl said yes. She also pointed out she receives many helpful inserts, but had recently received one to raise money for the libraries, through Katz & Associates. She asked if this is common. Mr. Vogl stated there are a variety of inserts (2 can be added at a time) to market City services.

She then asked if Indirect Potable Reuse (IPR) has been included as an insert. Mr. Bailey indicated this is being looked in to. He also added adding inserts is a very common practice with the water/wastewater municipalities, to couple different things to raise awareness for other activities/services in the agency. Brent Eidson, External Affairs, indicated the inserts are managed in his department on behalf of the other departments, and they are scheduled up to a year in advance.

Ex –officio Natividad commented he does not care for putting inserts in the bills that are sponsored by other companies. Mr. Eidson indicated it is a common practice, as it is the library that would benefit. There is no cost to the City to include these inserts, as we do not print the inserts, they are provided. Postage covers 1 oz. and this is within the weight limit.

**9. FY2012 Strategic Plan Annual Report: Summary of FY12 Strategic Initiative**

**Results**

John Gavares, Strategic Support Services Section Manager, provided a brief update on the status of the FY12 Strategic Initiatives. He noted this is year two of a 5-year strategic

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plan. He presented the FY12 Strategic Plan Annual Report (Report), and a summary of achievements monitoring progress of the 33 initiatives.

John oriented the IROC members to the Annual Report and noted that Table II is a short and concise description of each initiative and provides much detail. He indicated Table III goes a bit deeper with the initiative achievement narratives, and the last portion of the Report shows the plan of actions by quarter specifically. John summarized the results, stating that 14 were completed in full, 18 are in progress, and 1 is not anticipated to be completed. John provided a summary of the four Strategic Goals, and he reviewed some of the initiatives and their status, and then opened up the floor to questions.

Chairwoman Welch indicated as IROC moves forward toward the Annual Work Plan, which is in the Revised Charter to submit to the Natural Resources & Culture Committee (NR&C), we can reference this document to sync with IROC's priorities which will be very helpful.

Member Hollingworth suggested each subcommittee be assigned a portion of this Report to monitor and review the products. Chairwoman Welch concurred, and welcomes Mr. Gavares' expertise in assisting with the process and strategy of the Ad-hoc meetings.

Member Peugh indicated in relation to Initiative 6 (Conduct a security and seismic vulnerability study for utility facilities), he would like to understand the vulnerabilities, which is important to the Infrastructure and Operations Subcommittee. Guann Hwang commented they have selected a consultant already, and are in the process of award. An update will be forthcoming.

Member Peugh asked about incentive programs for ideas from employees that save the City money. Mr. Gavares indicated that the City has Administrative Regulations (AR) which authorizes recognition and rewards to employees, and also which authorize monetary incentives to employees who submit ideas from employees that save the City money. He noted that the AR which authorizes these incentives is dormant now and the City is not able to use it. Member Peugh stated he would like to find a way for IROC to support the City being prompt in developing an incentive program, and perhaps the Outreach and Communications Subcommittee can look into this.

Tom Crane, Assistant Director, indicated that Mr. Bailey met with the Mayor recently and reported back that the Department Directors were asked to offer ideas for employee recognition and incentives. Mr. Gavares noted the Department does have the Suggestions to Achieve Results (S.T.A.R.) program for employees to offer suggestions as well.

John mentioned that there are 4 Strategic Planning workshops scheduled for the spring to develop FY14 Strategic Initiatives, and we again hope to have IROC representatives participate in the process. He stated that he will send the dates and an invitation to participate to Chairwoman Welch.

**10. Emergency Back-up Generators Project Update**

Guann Hwang, Deputy Director of Engineering and Program Management, and Tom Alspaugh, Senior Energy Engineer, provided an update on the Emergency Back-up Generators project. The last presentation for approval was given to IROC in April 2012. Mr. Hwang indicated this is the permanent installation phase (Phase 2) of the Project.

Mr. Alspaugh provided a detailed presentation outlining the background and status of the Project. Seven portable generators were purchased for 5 facilities, and are already delivered. Also, during this Phase 2 process, to handle the necessary loads at the Environmental Monitoring & Technical Services Lab, the 200kW generator will be replaced by a 500kW generator.

Mr. Alspaugh then described the permanent installation design/build process. There will be automatic transfer switches to respond to electrical outage within minutes, as well as diesel fuel storage tanks with the capacity to run the units for up to 3 days. He noted that the five of the seven 2MW generators will remain as portable units and will be able to be relocated on short notice.

Last, he reviewed the Phase I total project costs which were budgeted and approved at City Council, and the Phase II costs for permanent installation of 8 generators, and construction management additional funds requested are to be authorized by Council Action. The Council approval of funds and contract award are expected in March 2013, the Notice to Proceed with construction in April 2013, and the complete installation of 8 generators by December 2013.

Vice Chair Billings asked what the life expectancy is on the equipment. Mr. Alspaugh stated diesel generators can last up to 40-50 years, with major overhauls approximately every 10 years. They are emergency use only, so they can last for a very long time. They are tested/exercised each month or so, unloaded. It is only healthy to run on its load once every 5 years or so. Vice Chair Billings asked how the reserve fuel is handled. Mr. Alspaugh indicated the fuel would be filtered annually.

Member Peugh expressed his concern with testing loaded every 5 years, he indicated with his experience and knowledge, they should be tested more frequently. Mr. Alspaugh indicated there have been standard operating procedures developed with the electricians, and will be followed. Mr. Tom Crane indicated a commitment will be made to follow industry standard recommendations.

Member Hollingworth asked why this project is using DRES funds, instead of funded from the contingency. Lee Ann Jones-Santos, Deputy Director of Finance and Information and Technology, indicated this was a Department/Citywide decision at the time to utilize the DRES proceeds, and it is possible additional increases could be added to the DRES fund as FY10-11 are closed out. He suggested to redirect the program level contingency or from other built up surplus, rather than from the DRES proceeds. Ms. Jones-Santos indicated the DRES proceeds for the generators has already been to Council, also forthcoming to the Finance Subcommittee and full IROC is the CIP

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Funding Strategy for use of remaining monies, DRES proceeds, grant proceeds, etc. going forward. Ms. Jones-Santos indicated that the Finance Subcommittee's perspective is understood, it would be beneficial to evaluate that during the Cost of Service Study and the Assumptions that will be brought forward.

She added because there was previous approval to use DRES proceeds for both Phase 1 and Phase 2 in April 2012, the Department wanted to provide this update from a Department/Citywide perspective before continuing to Council for the next phase.

Member Glick asked what the timeline would be in relocating the generators to another location, in an emergency situation. Mr. Alspaugh indicated there is not a final design at this time, however, there will have to be an electrician to assist, a way to lower them, tractor them, etc. and this may take several hours. Mr. Hwang indicated an emergency response plan may be developed for these generators in the upcoming Vulnerability Study. Member Glick added tires and air pressure tend to dissipate and recommends this is kept in mind for preparation of the plan, as well as include preventive maintenance checks on tires and wheel stability as well. Mr. Hwang concurred.

**11. Adoption of the FY2012 Draft IROC Annual Report**

Chairwoman Welch asked for comments and suggestions for finalizing the Report:

*Member Stallard-Rodriguez:* Page 31, second section, line 3, she indicated after review there has not been a comprehensive outreach effort. She would like that to strike the word "comprehensive" from that line.

*Member Peugh:* pointed out highlighted editorials in pages 10-26, asking if this information has been provided. Member Hollingworth indicated it is non-substantive, and he has provided the cross-references to Monica Foster for incorporation to the final Report.

*Member Glick:* Suggested to defining the acronyms to make it easier for the average person to follow. One suggestion would be providing a glossary of terms.

*Member Dull:* Page 34, redundant titles need to be removed from top of page.

*Member Dull:* Page 34, second paragraph, line 4, mentions "found evidence..." he is uncertain if this "found" evidence has been discussed and confirmed. Chairwoman Welch suggested "observed" evidence" may be a better term. Members concurred.

*Ex-officio Member Natividad:* Attachment C, he suggested adding the Ex-officio members next time.

*Member Hollingworth:* Pages 25-28: Included observations should be listed in a Key Observations sections under the FY2012 Topics of Discussion. Chairwoman Welch indicated she will summarize the 4 Observations, and create a new section which will follow "IROC's Key Recommendations. Members concurred.

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*Member Kubota:* Page 18 (and similar on page 20), Recommendation, mention of levels of unrestricted cash and "...as this may indicate the sewer rates were set too high ...", his recollection of planned expenditures of the projects, this Department outsourced CIP programming into a new department as a result of reengineering. He commented in his opinion, the rates were caused by the schedule implementation getting slowed down due to it being a new department. Nonetheless, this Report should state facts rather than observations and/or opinions. He suggests a mention of the implementation being a factor in the rates being high. He indicated he will come up with language during this meeting and bring forward in Comments.

Member Peugh indicated the verbiage in the suggested paragraph had some conflict, and may need to be clarified. Chairwoman Welch indicated she will get Member Peugh's notes and take a look at this.

Mr. Zeleny noted in paragraph two, stating "EPA Consent Decree mandated the repair, replacement, and rehabilitation of 450 miles of ...", this may need to be rephrased, as the number may not be correct. Ms. Jones-Santos stated she will clarify and work with Mr. Zeleny. He will provide new language for this paragraph to Chairwoman Welch.

**ACTION:** Member Peugh moved to adopt the FY2012 IROC Annual Report with changes as mentioned. Motion passed 8-0-1 (*opposed: Billings*)

12. **Subcommittee Reports:**

a. **Finance – Andy Hollingworth**

- Discussed the County Water Authority purchase agreement related to the desalination project, and ensuring rate payers receive a fair cost allocation. He indicated they appreciate the complexity and are satisfied the Department is representing the interest of the rate payers in this negotiation.
- Discussed \$15M DRES transfer to the Rate Stabilization Reserve.
- Discussed the Midway area water pipe breaks. His possible concern was that if there may be manufacturer defects in materials.

b. **Infrastructure and Operations – Jim Peugh**

- Guann Hwang assisted in developing a CIP report that could be analyzed and understood in a reasonable amount of time.
- Reviewed a list of issues to treat for the year, and will work with the Department on how these will be presented.

c. **Outreach and Communications – Gail Welch for Irene Stallard-Rodriguez**

- Presentation on the Advanced Water Purification Demonstration Project on their metrics, and results of the public opinion survey on the "acceptance of drinking purified water". Some concern expressed by the subcommittee on the need to focus on outreach to community leaders, especially those who have not been approached on this. This will be followed up.
- Update from Brent Eidson on the External Affairs Program.



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13. **Metro/JPA Report out – Gail Welch/Luis Natividad**

Nothing to report, meeting was cancelled.

14. **Proposed Agenda items for next IROC meeting**

- Update on Long Range Water Resource Plan.
- Update on Strategic Planning for the next Pt. Loma Waiver.
- Meena Westford, Metropolitan Water District External Affairs would like to present an open dialog on rates and other issues.
- Results of the Water Valve Maintenance and the Chemical Usage Performance Audits of the Office of the City Auditor
- Arrange Ad-hoc meeting for the Workplan to be submitted to the Natural Resources & Culture Committee (NR&C) by May 1, 2013.
- Brief updates from City staff on how the County Water Authority will be allocating the costs of the desalinated water, as well as updates from the outcomes of their meetings.
- Update on what the Department has learned from the benchmark study for potential incentive programs. Mr. Crane will look into this, and get back to IROC.
- Request the assignment of the Department's Strategic Initiatives to various subcommittees. Chairwoman Welch indicated she has this information and will forward this to the members in advance of the next full IROC meeting.

18. **IROC Member's Comments**

Member Dull commented he was not at the October meeting, therefore was unaware of the added language from Member Billings to the October 15 Minutes, Item 8, related to the expression of his disappointment at the level of the guest speaker from the Water Authority presenting information on the Water Purchase Agreement. Member Dull indicated this is why he abstained. He stated IROC is responsible for oversight of the Public Utilities, not oversight of any exterior departments, or entities outside of the City. He indicated IROC should focus our energy on where we do have oversight, so we can look forward to more guest speakers. He urges IROC to remember we do not have authority over other entities.

Member Kubota commented in regard to his suggestions in Item 11 above, he has decided not to provide language to edit the Annual Report. Chairwoman Welch so noted.

Chairwoman Welch adjourned the meeting 12:20 p.m.

Minutes submitted by:           Monica Foster