



Independent Rates Oversight Committee (IROC)
December 19, 2016
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1. Roll Call

Chairman Hess called to order the full IROC meeting at 9:37 a.m. Monica Foster conducted roll and a quorum was declared. Attendance is reflected below:

<u>Members:</u>	<u>Present</u>	<u>Absent</u>
Gordon Hess, Chair	X	
David Akin	X	
Christopher Dull	X	
Jeff Justus	X	
Fred Kosmo	X	
Jack Kubota	X	
Tiffany Mittal	X	
Luis Osuna	X	
Jim Peugh	X	
Linh Quach	X	
 <u>Ex-Officio Members:</u>		
Jerry Jones, Metro JPA	X	
Vacant, City 10		

City representatives present at dais: Halla Razak, Director; Tom Crane, Public Utilities; and Christine Leone, Deputy City Attorney

2. Non-Agenda Public Comment

None.

3. Approval of Minutes from Meeting of October 17, 2016

ACTION: Chair Hess asked for a motion to approve the minutes of October 17, 2016. Member Peugh moved to approve as submitted, Member Akin seconded. Motion passed 8 (in favor), 0 (oppose), 2 (abstain – Justus and Kubota)

4. Chair Updates – Gordon Hess, Chair

- Recently attended the Pure Water San Diego Open House which had a great public turn-out. He enjoyed it tremendously and urges members to take advantage of attending these. He thanked the staff for a job well done.
- At a recent community celebration, he had the opportunity to invite a new City Council member and a Council representative to attend IROC meetings, they seemed very interested. He hopes to get Council members and representatives to attend more frequently.
- Thanked the IROC Annual Report Ad-Hoc members, as well as Wilson Kennedy and Monica Foster for the hard work put forth to complete the FY 2016 Annual Report.

5. City Staff Updates – Halla Razak, Director

- The Public Utilities Department (Department) has been working diligently, along with the San Diego County Water Authority with a variety of a water agencies on the Urban Water Use Efficiency Regulations the State has recommended, to make sure our interests are represented well, and the new regulations do not cause a negative impact. She described the States recommendations, and noted the concern is for the

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future, lowering the cap on water use per customer per day (currently set for 55 gallons), can impact wastewater operations causing flow disturbances – resulting in utilizing other sources of water, negating conservation efforts. The Department will continue discussions and updates to IROC will continue.

- Many accomplishments this past year such as how much customers have saved, outreach and education to the community, the remarkable execution of the CIP Program, and the successful Pure Water San Diego Open House to name a few. The crowning achievement was the hearing at the Regional Board for the Pt. Loma Waiver application. No negative feedback was received which was outstanding. The Chairman of the Regional Board called the Department the “Jewel” that needs to be emulated throughout the state. The Board was impressed, we anticipate the decision hearing will go well and will be headed to the Coastal Commission in the May timeframe. IROC is invited to attend to show support.
- As a result of the recent elections, Myrtle Cole is the new Council President, and Councilmember Alvarez will continue his role as the Chairman of the Environment Committee.

6. **Mayor and Council Staff Comments**

None.

7. **Presentation: Orientation Briefing, Department Briefing, and Q&A** – *Halla Razak, Director*

An overview of the Department was given to provide a sense of the operations, complexity, and rich water history dating back to the early 1800’s. Through technology and necessity, it has been expanded and meets today’s needs. She described our water system as one of the largest, most complex systems in the world, detailing the complexity of the current water, recycled water, and wastewater systems.

A video was shared showcasing the quality, value, reliability, and customer service the Department provides the community. She described each of these pillars of our Brand which staff embraces in order to operate with the best service possible. She noted several of the Department’s successes such as:

- Recruitment and retention of staff with succession planning and numerous training opportunities;
- Operational excellence, including environmental protection with a state of the art laboratory;
- Water quality requirements for State and Federal have always been met, and delivered at the best possible price;
- Largest green energy generator in the SDG&E service area, 24.4 megawatts generated along with private partners, and looking to add an additional 14 megawatts in the future;
- Amazing amount of community outreach and education while teaming up with other agencies, and conducting tours of the facilities;
- Development of Waste No Water app to assist in further savings, which is available on the Department’s website and shared on social media avenues;
- Outstanding credit ratings on Water and Wastewater, with strong reserve and impressive debt policies for both funds and prudent use of optimal financing;
- Outstanding results in reducing wastewater spills, one comparison is 365 spills in 2000, and only 35 in 2016;
- Infrastructure investments made, and excellent emergency operations;

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- Call center improvements with substantial reduction in response time, and receiving great feedback on customer surveys; and
- Recognition for several Utility-wide award-winning projects and programs.

She reviewed the Department organization consisting of 4 Branches (Distribution & Collections; System Management & Operations; Pure Water & Quality Assurance; and Business Support) inclusive of 10 Divisions.

Member Kosmo asked for information regarding the recycled water use at this time, as well as possible environmental concerns in the Pt. Loma area. Director Razak indicated through studies, it has been determined Pure Water San Diego is a more cost effective route. Therefore, expansion of the recycled water (purple pipe system) has been pivoted to develop Pure Water San Diego, using the capacity to develop it further into purified water. In regard to environmental impacts, the recently submitted Waiver application details very carefully, the numerous studies and detailed monitoring done which is proven to be one of the best in the world.

Member Osuna asked if the quality of water can possibly change through the delivery system, such as aging infrastructure. Director Razak indicated there is an entire division dedicated to testing and monitoring the water, which is done at a variety of locations during the process, at not only the Plants before it is released, but several areas along the way, including random testing adjacent to residential points.

8. **Presentation: Advanced Metering Infrastructure (AMI) Update** – David Bryant, Program Manager, Customer Support

Provided an update on the AMI beginning with an overview of the completed initial implementation phase. This included the deployment and installment of approximately 11K meters typically with higher users, doing final testing, staff training, a significant amount of outreach and education, and the release of billing and customer access.

He reviewed the Smart Meters benefits to customers such as online access to hourly usage data, ability to set usage goals and automatic notifications/alerts via email or cell phone for unusual usage for example, making it easier to conserve water, and manage bills. Some City and ratepayer benefits include streamlining collection of meter information, reduced number of estimates and field visits, and also helps promptly solve usage and billing questions.

He described the initial go-live communications, and found zero feedback from customers on defects or issues inside the application. Next steps include a City-wide deployment including the installation of about 270K endpoints on the remaining meters, and the replacement of approximately 170K meters with AMI ready meters. The Department is seeking grants and loan opportunities at this time. Mr. Bryant then displayed the City's Customer Care website to review the portal and demonstrate the user-friendly sign-up and customizable set up options.

Member Mittal commended the Department on moving in this direction, and she believes it will make a tremendous effect on the customers. She agrees with the bi-monthly billing due to the challenge it creates to move to monthly, creating a hardship on the customer especially. She added another valuable asset of this system will be allowing the customer to understand their water use. She indicated she would be interested in sitting in on the RFP

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process, as she is familiar with ITRON and the metering infrastructure costs process. She added there has been acceleration and innovation in this market, and will be a great benefit to the customers.

Member Kubota suggested adding the schedule and the financial summary as this process continues.

9. **Discussion: Adopt FY 2016 IROC Annual Report** – *Gordon Hess, Chair*

He indicated there are 12 Recommendations, 6 of which are Key Recommendations and listed in the Report. The Draft has been prepared over the past several months and sent to key City staff for review and comment. Many of the comments the Ad-hoc felt were appropriate were incorporated, and were much appreciated. There were no comments.

ACTION: Chair Hess asked for a motion to approve the presented FY 2016 IROC Annual Report. Member Akin moved to approve, Member Justus seconded. Motion passed unanimously 10-0-0.

10. **City 10 – County Water Authority Update** – *Halla Razak, Director*

- Ken Williams is no longer part of the City 10 Committee. City 10 will assign a new representative. Meanwhile, Jerry Butkiewicz has replaced Mr. Williams as the newest City 10 member who brings a strong background to the board.
- The San Diego County Water Authority (SDCWA), as well as the City, is very engaged with the State Board in regard to permanent water use regulations. Updates will continue.
- The Desalination Plant in Carlsbad had its first anniversary. Water has been produced successfully since that time and definitely helped fill the San Vicente Reservoir, which gives adequate supply to carry through easily for the coming years.
- Discussions of the Salton Sea will continue.
- There are opportunities for IROC to learn more about water. The City 10 meetings are not public meetings, however if interested please let her know so she can supply the schedule and subjects at the coming meetings. Other options include attending the public SDCWA meetings which are held monthly; the Metropolitan Water District (MWD) board meetings in Los Angeles; or the free MWD tours that are offered such as the Colorado River facilities, and the Bay Delta which are very interesting and highly recommended. Chair Hess agreed.

11. **Subcommittee Reports**

a. **Finance** – *Jeff Justus, Subcommittee Chair*

- Briefing from Seth Gates, Deputy Director, indicated the FY2018 Budget is in development, with reviews in February and anticipated to be published in the April timeframe. IROC will see during the review process. The CIP budget is reviewed in tandem and will be modified as needed based on past budgets plus additions/deletions to set the new Budget for the next fiscal year. IROC will look at the Cost of Service Study as it is prepared next fiscal year.
- Discussed the July increase from the pass-through of rates from the SDCWA increase that went into effect in August, and spread over 11 months vs. 12 months due to a 30-day notice requirement.
- December 6 Commercial Paper Funding approved for the Department as a test, and could be adopted for the entire City's General Fund budget as well, utilizing a line of credit rather than getting a loan.

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b. Infrastructure and Operations – Jim Peugh, Subcommittee Chair

- Reviewed the CIP Quarterly Report covering July–Sept 2016, all goals were achieved by the end of the year.
- Learned about the Digester gas in Pt. Loma, received an informative email on the subject that is available upon request.

c. Outreach and Communications – Jerry Jones, Subcommittee Chair

- Presentation on the Wellness Program in the Department that looks to be a very comprehensive program bringing in outside resources which promotes health, wellness, and morale.

12. Metro/JPA Report-Out – Jerry Jones, Metro JPA Ex-Officio

- Report from Del Mar, currently in the process of building a new pipeline in their area, and beginning to divert flows from Pt. Loma north to the San Elijo system.
- Approved the contract for cleaning and hauling of the residuals of the digesters of Pt. Loma.
- Appointed 2 new members of the Integrated Regional Water Management Advisory Committee.
- Approved a letter of support for the Pt. Loma Permit.
- Attended the Regional Water Quality Control Board meeting, and will be at future meetings.

13. Proposed Agenda Items for Upcoming IROC Meetings

- History of the Pt. Waiver
- Water main breaks and sewer sanitary overflow report
- Discussion on the current Energy projects - Infrastructure & Operations Subcommittee

14. IROC Members' Comments

- Chair Hess noted that IROC meetings will recess in January.
- Member Kubota asked about the Federal legislation on the water program where California is to get \$500M, how much will come here. Director Razak indicated the vast majority would be assistance for farmers in the Central Valley; a portion of competitive money is for water recycling and purification which the Department will submit applications for.
- Member Peugh commented he would like the opportunity to participate in Department facility tours.
- Member Kosmo indicated he participated in a recent RFP for the Pure Water San Diego facility design team. It was very interesting to see the City process, and encourages new members to do as they are noticed. Chair Hess concurred.

15. Meeting adjourned at 11:40 a.m.

Minutes submitted by: Monica Foster