



Independent Rates Oversight Committee (IROC)
November 16, 2015
DRAFT MINUTES

1. Roll Call

Chairman Justus called to order the full IROC meeting at 9:33 a.m. Monica Foster conducted roll and a quorum was declared. Attendance is reflected below:

Members:	Present	Absent
Jeff Justus, Chair	x	
Gordon Hess, Vice Chair	x	
Craig Chapman	x	
Christopher Dull	x	
Jack Kubota	x	
Tiffany Mittal		x
Jim Peugh	x	
Irene Stallard-Rodriguez		x
Gail Welch	x	
Ex-Officio Members:		
Ed Spriggs, Metro JPA	x	
Ken Williams, City 10	x	

City

representatives present at dais: Tom Crane, Assistant Public Utilities Director; Tom Zeleny, Deputy City Attorney

2. Non-Agenda Public Comment

None.

3. Approval of Minutes from Meeting of 10/19/2015

Chair Justus asked for a motion to approve the Draft Minutes of October 19, 2015.

Ex-Officio Member Williams noted a correction on page 8, Item 11, second bullet currently indicates "...\$143M..." and should read: "...there is interest due which is \$43M..."

Member Kubota noted a correction on page 8, Item 12b reads "Discussed with Ex-Officio member Ken Williams..." and should read: "Discussed with Donald Kelly, Executive Director of UCAN..."

ACTION: Member Peugh moved to approve with said corrections. Member Chapman seconded. Motion passed 7 (in favor) - 0 (oppose) - 0 (abstained).

4. Chair Updates – *Chairman Justus*

None.

5. City Staff Updates – *Tom Crane, Assistant Director, Strategic Programs Branch*

- Director Razak will not be present at IROC today.
- No staff updates at this time.

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6. **Mayor and Council Staff Comments**

None.

7. **Presentation: Public Utilities Human Resources Update**

This item was heard out of order, following Item 8.

Margaret Wyatt, Employee Services Program Manager, presented a brief overview of the Department's retirement eligibility, vacancy rate, and turnover.

Ms. Wyatt compared FY14-FY16 eligible to actual retirements for employees with 20 years of service and who are at least 55 years old. She indicated that the vacancy rate as of November is between 6-10%, which is on par with other Departments in the City, and listed various reasons for the vacancies.

She presented a graph showing four larger operating divisions and their vacancy rates. She pointed out that although Wastewater Treatment & Disposal (WWTd) was the highest at 11.68%, this Division has recently added positions which have not yet been filled. Total turnover metrics have not changed significantly in the past year and remain at approximately 8%.

Member Kubota asked what the process is in filling vacancies and what potential challenges there may be. Ms. Wyatt commented that it is difficult to fill some positions in WWTd for instance, where California certification requirements must be met for the different levels. Another challenge is that the salary levels are not as competitive as in other agencies.

Member Welch asked about costs for bringing back retirees provisionally, as well as what the Department is doing for succession planning to retain key staff, and to manage key department knowledge. Ms. Wyatt shared that although the Department has no control over adjusting salaries, at the City level, positions could be submitted to be studied for salary competitiveness. However, that process is currently on hold due to the limit on salary increases dictated by Proposition B. She also shared that internal promotions create cascading vacancies throughout the organization. The more technical/senior positions are difficult to fill as those incumbents retire, so bringing them in provisionally for a set amount of time is occasionally done.

Ms. Wyatt described some succession planning committees in place such as:

- The Employee Legacy Council (ELC): a group of employees that will study key positions to capture and share knowledge systematically in each Division.
- The Empowerment & Inclusion Committee (EIC): a group of employees that brainstorms ideas for recruiting younger generation employees and solutions for making the Department a highly desirable employer in the region.

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Ex-Officio Member Spriggs, noting that WWTD had a slightly higher vacancy percentage, asked if there were any budgetary savings as a result of the vacancies, and whether or not the savings stay in WWTD's budget. Ms. Wyatt indicated that each Division has a separate budget, but for any savings, they get captured at the Department level. She added that for the past 5 years, several salary adjustments have been requested in this Division which included benchmarks and reasons; however, there have been no approvals thus far. Ex-Officio Member Spriggs commented that perhaps the compensation associated with working conditions is part of the challenge of attracting people to these positions, which other jurisdictions have recognized and addressed by paying higher salaries. Bob Mulvey, Assistant Director of the Water Quality Branch, added that with Pure Water coming on board there is a strong need to integrate people into the workforce with water and wastewater experience. The historic salary freezes create a challenge in attracting the quality workforce that is needed. Ex-Officio Member Spriggs stated he empathizes with the Department. He recommends that a strategy to more comprehensively deal with this challenge by bringing the vacancy rate in line with the other Divisions would be beneficial. Member Kubota concurred.

Mr. Crane noted that there are several positive initiatives occurring right now to improve morale and increase retention, such as the leadership academies, ELC, and EIC. There are currently many good things going on in the Department that employees are involved in.

Member Peugh asked in regard to Pure Water positions, will some employees need to be certified in both Water and Wastewater. Mr. Mulvey indicated that this is being discussed currently and in the interim, new requirements and certifications are being developed for these positions. Member Peugh requested to see vacancy/turnover rates for other positions such as in the laboratories, engineering, and in management. He added that it would be valuable to perform a review of costs associated with overtime and other expenses versus the compensation challenges causing turnover and vacancies. Ms. Wyatt concurred and indicated that overtime has other indirect costs such as fatigued workers, injuries, etc.

Ex-Officio Member Williams pointed out that the overall turnover rate is quite low, and he suspects that turnover rates with private businesses and other public agencies would be much higher. Ex-Officio Member Spriggs commented that the rate shown is aggregate from the table shown, which suggests that the WWTD turnover rate is 3-4 times higher than the average. Mr. Mulvey indicated that the turnover rate is relatively low, but may increase in the future due to the challenge of recruiting with less benefits for new employees compared to more tenured employees.

Chair Justus asked if there are any other positions in the Department that are in the higher vacancy/turnover rate as WWTD or are all others in the lower category. Ms. Wyatt indicated that engineering is approximately 10.45% and the laboratories are at approximately 5.5%. She indicated she can include data of each of the separate Divisions in the next presentation.

8. **Presentation: Water Quality Laboratory Overview**

This item was heard out of order, following Item 6.

Doug Campbell, Senior Chemist of the Water Quality Laboratory located on the grounds of the Alvarado Water Treatment Plant, gave an overview of the steps the City of San Diego (City) takes to preserve public health and water quality for the drinking water system.

He indicated that the laboratory has two separate sections, biology and chemistry, but all resources, sampling and databases are shared, as well as State Environmental Laboratory Accreditation Program (ELAP) Certifications. Drinking water regulations are extremely complex and structured, and are governed by various regulators. Most of the regulatory required testing for source and finished drinking water is done by the City and saved for analyses for which highly specialized equipment is necessary. The vast majority of the drinking water is imported; however, there are nine drinking water reservoirs the City owns, which all are visited weekly to ensure water quality. He noted there are two production wells visited regularly as well.

He pointed out that unique to San Diego are problems created by the response to invasive Quagga Mussels. He explained the details of the implemented solution by MWD for controlling this species which consists of chlorination of raw water that is transported between reservoirs and in aqueducts. This creates disinfection byproducts (DBPs) at up to half of the regulatory limit. The lab works closely with the treatment plant and distribution system operations to closely monitor these disinfection byproducts and to research and implement methods for controlling DBP formation.

Mr. Campbell presented and described the Drinking Water Taste and Odor Wheel which indicates categories, descriptors, and reference standards that are continuously updated to ensure safe and pleasant drinking water. He noted two compounds (Methylisoborneol and Geosmin) that can affect the drinking water aesthetics, are bi-products of algae blooms, and are detectible by humans at 5-10 parts per trillion. He proudly added it is very rare to have this detected in our treated drinking water due to the sophisticated sampling program and treatment plant facility and process control improvements.

He reviewed treatment plant monitoring and indicated that ozone and biologically active filters have been added to Miramar and Alvarado over the past 10 years. He then described the City's large and complex distribution system which serves 1.3 million people and includes 2,200 miles of pipelines and 129 pressure zones. The lab provides rapid turnaround of key data including nitrite concentrations in impound reservoirs to assist with the City's Nitrification Control Plan.

Other services include monitoring of the Recycled Water Distribution System with special studies of the Otay Tracer, Lakeside Wells, Mission Valley Wells, and San Pasqual wells/watersheds. Efficiencies are created through re-organization of staff, and in-sourcing with other agencies on a cost reimbursement basis.

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Finally, he listed a number of reports that are generated to help the customers, assist with process control, maintain good water quality, and State required reporting. Recently, support of the Pure Water Program has ramped up, including extended testing with ozone and biologically active filters with very positive results. EMTS and the Water Quality Laboratory are preparing to provide full laboratory support of the Pure Water Program.

Ex-Officio Member Spriggs asked how the findings are characterized from the Pure Water test project, and what challenges there may be in monitoring water quality from the recycled water reuse program. Mr. Campbell indicated that the water produced is extremely pure. Tests show that it should reduce hardness and alkalinity in the water once it is online. Challenges that go with potable reuse systems would be pharmaceuticals, personal care products, and other similar items. He added that they have been in discussions with other agencies and are now in the process of acquiring instrumentation and developing methods to look at baseline pharmaceutical levels for comparison purposes.

Ex-Officio Member Williams asked if the State requires this testing once Pure Water goes online. Mr. Campbell stated it is anticipated.

Member Welch inquired about the ozone testing. Mr. Campbell indicated the tests revealed there have been remarkable results from adding ozone and biological activated carbon (BAC) to water quality and operations, including reduced maintenance on membrane and reverse osmosis filters, and in the quality of both the water produced and the water that is returned to the sewer system.

Member Peugh asked if the treated Desalination water will be tested by the City. Some work is done for the County Water Authority (CWA) which tests the raw untreated water going throughout the region, but currently there are no plans for any specific treated water testing related to the Desalination Program.

Ex-Officio Member Spriggs asked for a description of quality control/safeguards on the work of the Department staff, and if there are oversight boards or entities that verify the accuracy and efficacy of work performed. Mr. Campbell indicated there is an Environmental Laboratory Accreditation Program (ELAP) Certification that all laboratories reporting data to the State are required to possess. Laboratories must have a very sophisticated quality assurance program including methods, checks, blind samples, data collection, etc. Additionally, there are annual requirements, annual reviews of operating procedures, rigorous training programs, and more.

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9. **Discussion: Draft Letter to the Mayor Regarding Committee Vacancies**

Chair Justus referred to a previous letter that had been written to the Mayor for vacancies, to assist in drafting a new letter for positions that need to be filled. He reviewed the current vacancies and noted that there are two vacancies in addition to Members Stallard-Rodriguez, Dull, Welch, and Peugh who have volunteered to continue their roles until replacements are appointed by City Council. Members provided brief comments and agreed to the verbiage for the letter, which Chair Justus will send on behalf of the Committee.

ACTION: Member Peugh made a motion to have Chair Justus submit the letter with changes to the draft letter to reflect six positions are requested to be filled as indicated. Member Hess seconded. Motion passed 7-0-0

10. **Discussion: FY15 IROC Annual Report Preparation**

Chair Justus indicated the Draft Report has been reviewed and edited according to the changes suggested by various discussions in the subcommittees as well as the Ad Hoc meetings. He suggested the document be finished and conditionally approved as a Draft. Then he would like to have staff review it and provide comments, so it can be finalized and officially approved in the next IROC meeting prior to being presented to City Council (via the Environment Committee). He asked for comments.

Ex-Officio Member Williams commented that he has concerns about verbiage in the Finance portion, Item 1, Cost of Service Studies Recommendation. He indicated that the language in the recommendation is not clear and suggests that IROC is doing something different than what was voted on. Members Welch and Kubota concurred. Vice Chair Hess added that he will work on revising this portion to read more generic, making sure to capture that different rate structures should always be looked because they may work and satisfy needs.

Member Peugh commented in regard to Page 21, Staff Experience; the recommendation should clarify the specific retention problem areas that need to be addressed. Ex-Officio Member Spriggs added there is a similarity to the Outreach & Communications Section, Page 24, regarding the emphasis of a large number of people who are eligible to retire, which contributes to high vacancy rates in two other divisions.

Chair Justus asked that all comments from IROC members and City staff be provided by mid-December.

11. **Discussion: IROC Recess in December?**

Chair Justus asked for a motion to recess IROC and its Subcommittees in the month of December.

ACTION: Member Chapman moved to approve going dark in December, Member Dull seconded. Motion passed 7-0-0

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12. **City 10 – County Water Authority Update** – *Ken Williams, City 10*

- High probability of having an El Nino. CWA saw a presentation measuring conditions and comparing the strongest El Nino on record in 1977, and the current conditions are tracking right along with this.
- Water Restrictions: Last January, the Governor issued the proclamation and put in the hands of the State Water Resources Control Board, the authority of generating a 25% water reduction. This authority was scheduled to expire in February 2016. Recently, the Governor amended the proclamation extending the authority of this Board through October 31, 2016, unless the drought is finished by January 31, 2016. He added that many have expressed concerns that the Board is taking a rather ambitious and aggressive view of what should be done within the State of California to handle potential droughts.

13. **Subcommittee Reports**

a. **Finance** – *Gordon Hess, Chair*

- Discussed the process for the independent rates audit in 2017 and 2019. Will further discuss this and other items for next year's Work-Plan.

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

- Presentation on the El Monte Raw Water Pipeline from San Vicente to Alvarado which is in need of \$11M in repairs that would extend the life significantly.
- Discussed the Water Master Plan, 5-year plan looking into longer term plans which is good.
- Discussed the 2015 IROC Annual Report.

c. **Outreach and Communications** – *Jack Kubota, Chair*

- Brent Eidson presented 3rd quarter metrics for tours, community events and speaking presentations. He also provided a copy of the November AWWA Journal which had an article on our partnership with USD for youth outreach.
- Presentation by Brent Eidson on the internal Branding initiative program, which is a great program that employees are embracing.

14. **Metro/JPA Report Out** – *Ed Spriggs, Metro JPA*

- Update on the Pt. Loma Permit renewal process. Letter received from the Western Regional Administrator of EPA to Mayor Faulconer expressing good feelings toward Pure Water San Diego, as well as a sense of assurance of the 5-year incremental permitting process most likely being successful going forward. Member Kubota asked to have the letter distributed to IROC.

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15. **Proposed Agenda Items for Next/Future IROC Meetings**

Wilson Kennedy, IROC Coordinator, listed carry-over items as well as items that were on both the full IROC and subcommittee agendas. He noted that in an effort to be more efficient, some items only need to be heard once rather than at both meetings. The IROC Members agreed.

- FY15 Year End Financial Report
- Presentation on I Am San Diego (SAP EAM Implementation)
- Pure Water update
- Update on the Pure Water Public Opinion Survey
- AMI update
- Water Shut-Off Process
- Human Resources update: Leadership Development Program, Strategic Initiatives, and the Wellness Program
- Adoption of the 2015 IROC Annual Report
- Presentation on a San Diego water taste test performed by the Lab

Member Peugh suggested the next Human Resources presentation include all specialties or departments that have a high turnover rate, if possible.

16. **IROC Members' Comments**

Member Peugh commented that Civil Engineering and Political Science students could benefit from attending IROC subcommittee and full IROC meetings.

17. **Meeting Adjourned with a voluntary tour of the COMC Facility (Wastewater Treatment & Disposal Division).**

Cyrus Moaveni, Senior Electrical Engineer, discussed how the Clean Water Operation Management Network (COMC) is a focal point of the monitoring and control system used for monitoring the wastewater treatment and major pumping station facilities. He added that the Distributed Control System (DCS) was furnished and installed by Emerson (Westinghouse) in approximately 1997 and has been in operation since that time. The City's major water reclamation plants each have their own control rooms where operators can monitor and stay informed of anomalies. He noted that COMC (aka COMNET) is manned 24/7 and can operate, monitor and control all of the facilities. He then briefly described the pump station functions.

Member Peugh asked how communications are performed. Mr. Moaveni indicated it is done on the City owned fiber optics network, with a one-second update time and very sophisticated DCS. He indicated some outlying pump stations use wireless technology and that there is no web based communications for security reasons.

Due to time constraints, it was determined that the tour would be rescheduled.

Meeting Adjourned at 12:05 p.m.

Minutes submitted by: Monica Foster