



Independent Rates Oversight Committee (IROC)
March 21, 2016
MINUTES

1. Roll Call

Chairman Justus called to order the full IROC meeting at 9:35 a.m. Monica Foster conducted roll and a quorum was declared. Attendance is reflected below:

<u>Members:</u>	<u>Present</u>	<u>Absent</u>
Jeff Justus, Chair	X	
Gordon Hess, Vice Chair	X	
Christopher Dull	X	
Jack Kubota	X	
Tiffany Mittal	X	
Jim Peugh	X	
Irene Stallard-Rodriguez		X
Gail Welch	X	

Ex-Officio Members:

Jerry Jones, Metro JPA	X
Ken Williams, City 10	X

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

2. Non-Agenda Public Comment

None.

3. Approval of Minutes from Meeting of January 19, 2016

Chair Justus asked for a motion to approve the Draft Minutes of January 19, 2016.

ACTION: Member Peugh moved to approve as submitted. Member Welch seconded the motion. Motion passed 6 (in favor), 0 (oppose), 1 (abstained: Dull).

4. Chair Updates – Chairman Justus

- Full IROC will not meet in April, and will continue to meet once every-other month and as needed.

5. City Staff Updates – Halla Razak, Director

- The State Water Resources Control Board has recognized the drought proof supplies the region has generated. They have changed the previous 16% reduction requirement to 8%. Since then, the City has exceeded the requirements and are still cumulatively less than the State requirement. No changes will take place at this time, and messaging will continue.
- Throughout the state, there has been some successful snowfall and rain even though temperatures have been up. The State will await measurements in April before next steps are communicated. Discussions continue in order to figure what the permanent water restrictions will be.
- Pure Water Program: The pipeline design contract will be issued soon. The 10% design is near completion and moving forward to obtaining contracts for the actual treatment processes for advanced treatment – discussions continue with the State for regulations. A full status update including partnership with

Independent Rates Oversight Committee (IROC)

March 21, 2016

MINUTES

USD, and the outreach material developed by students from the San Diego Unified Journalism Program will be shared with IROC in the next meeting. Chairman Justus commended the effort, and asked if a timeline of milestones and projections for the phases in the next presentation. Director Razak indicated this is being put together.

Chairman Justus asked for information related to the design of the pipeline and what is currently contracted, as well as any preclusion of competing for phases of the project. Director Razak indicated it is for the full design of the pipeline. Tom Zeleny, Deputy City Attorney explained the competition and award process, and preclusions for competing.

- Sewer debt refinancing savings of the Enterprise fund is over \$70M, which was a tremendous amount of effort from the Finance staff. A comprehensive debt refinancing package is in process for the Water side. Seth Gates, Deputy Director, commented that the predicted savings for the Water side over the life of the bonds is approximately \$98M at this time.

6. **Mayor and Council Staff Comments**

None.

7. **Presentation: I AM San Diego (SAP EAM Implementation)** – Erin Noel, Infrastructure Asset Management Program Manager and Susan Bowman, Asset Management Program Manager

A detailed description of the project, and progress since the last IROC update was presented. The 4 departments participating in the first phase include IT, Public Utilities, Public Works, and Transportation and Storm Water. The Agreement with Deloitte had unanimous support from the City Council's Infrastructure Committee for professional systems integrator consultant services, and will go to full Council for approval in early April, 2016.

The goal of I AM (Infrastructure Asset Management) San Diego Project is the development of a City-wide software solution improving the way the City manages infrastructure assets and maximizes the lifetime of infrastructure. I AM San Diego will replace 32 applications City-wide including major systems that are obsolete. A description of the state-of-the-art technology to support this effort was presented, noting the vast improvement of prioritizing, planning, delivery of needed maintenance in capital projects, and the automation and mobile capabilities transforming work management.

Also described in detail was the SAP Visual Enterprise (VE) 3D visualization tool that improves the way the City workforce communicates, collaborates, and makes asset management decisions. As modules are developed, these will be shared with IROC along the way. Accomplishments, milestones, maintenance, and the budget process were shared.

8. **Presentation: Value of Water Campaign** – Brent Eidson, Program Manager of External Affairs and Luis Generoso, Water Resources Manager

A background of the long-term campaign was provided, which stems from feedback received during last fall's water rate efforts through outreach, with the Council

Independent Rates Oversight Committee (IROC)

March 21, 2016

MINUTES

Members and public, to develop a more global outreach campaign. This will help the public become more understanding and aware of the water and wastewater services provided, as well as the interconnectivity and value of the two. This is the early stage of the development of the program.

The goal, process and influential factors were described, as well as the current perspectives of partners such as elected, customers, stakeholders, etc., recognizing that meaningful, relevant, and shared messaging is valuable. Next steps include meetings, review of refined concepts and examples of execution, and selecting the final concept. Chair Hess commented that not only developing local supply to save money is a benefit, but keeping the money in your own community has a multiplier effect which is extremely beneficial as well.

9. **FY 2017 IROC Work Plan** – *Chairman Justus*

To finalize and approve the Work Plan, he asked each Subcommittee Chair to point out edits or comments to their sections, after recent discussions during their respective subcommittee meetings. A previous draft was provided for reference.

Subcommittee members provided and discussed section changes and eliminated items for finalization. After discussion, Chair Justus asked Wilson Kennedy to make any non-substantive format changes for the final submission.

ACTION: Chair Justus asked for a motion to accept the Work Plan with the said changes. Member Peugh moved to accept. Member Dull seconded the motion. Motion passed 7-0-0.

10. **City 10 – County Water Authority Update** – *Ex-Officio Member Williams*

- Allocation was raised to 45% comparing to 20% last year, and only 5% in 2014. This is an indication that the State is comfortable with the snowfall and amount of water in the reservoirs.
- Metropolitan rates are being looked at, there is no change on how the rates are being developed. The transparency is still not very high. The appeal process is still about 2 years out with another appeal to the Supreme Court.

11. **Subcommittee Reports**

a. **Finance** – *Gordon Hess, Chair*

- Discussed the Department budget, and what types of things the subcommittee would like to see in the future. This includes some formatting, and a breakdown on the water supply as well as separating it out from other line items in the budget. Also discussed was the schedule of the budget presentations to City Council.
- Presentation on the Bond refinancing, the City is moving to refinance bonds at lower interest rates which will bring significant savings.
- Discussed the status of the H2O SD Program which is starting out and looking forward to the development to assist those in need.

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

- Discussed the Work Plan in order to finalize today
- Discussed the substandard street repairs in relation to water pipe replacement. Learned that the Water Department tasks and pays the

Independent Rates Oversight Committee (IROC)

March 21, 2016

MINUTES

Streets Division to repair the streets after replacement, so the work is not performed by the Water crews as assumed.

- Would like to hear about the pressure regulation system and any appropriate subjects for future audits.
- Asbestos Cement (AC) Condition Assessment Report was completed last month, and learned that the AC Pipe replacement is not like the cast iron replacement. Therefore, Public Utilities will not be burdened with the same high costs.

c. Outreach and Communications – Jack Kubota, Chair

- Presentation of the City's Branding which is fascinating and includes different logos, formats, and messaging.
- He and Member Peugh attended a great presentation by Black & Veatch which included the development of water rates in an uncertain climate. He urges members to review the materials that can be forwarded.

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

None. No meeting was held.

13. Proposed Agenda Items for Next/Future IROC Meeting – Wilson Kennedy, IROC Coordinator

- Presentation: Pure Water
- Presentation: Draft Environmental Impact Report
- Presentation: Flavor Rating Assessment
- Update on Quarterly Main Breaks & Sanitary Sewer Spills
- Presentation: H2O SD (Help to Others) San Diego Program
- IROC Officers elections

14. IROC Members' Comments

None.

Meeting adjourned at 11:55 p.m. A voluntary tour of the COMC Facility followed the meeting.

Minutes submitted by: Monica Foster