



Independent Rates Oversight Committee (IROC)
May 16, 2016
DRAFT M I N U T E S

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	

<u>Ex-Officio Members:</u>	<u>Present</u>	<u>Absent</u>
Jerry Jones, Metro JPA	X	
Ken Williams, City 10	X	

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

2. Non-Agenda Public Comment
None.

3. Approval of Minutes from Meeting of March 21, 2016

Chair Justus asked for a motion to approve the Draft Minutes of March 21, 2016.

Member Hess recommended changes to Item 5:

First bullet, first sentence “State Control Board...” should read “State Water Resources Control Board.”

Third sentence should be read differently for clarification: “...the City has exceeded the requirements *and are still cumulatively less*” could read “...and are still cumulatively less than the State requirement.”

Fourth bullet, first sentence “Sewer financing savings...” should read “Sewer debt refinancing savings...” And second sentence “A comprehensive package is in process...” should read “A comprehensive debt refinancing package is in process...”

ACTION: Member Welch moved to approve with said corrections, Member Peugh seconded. Motion passed 7 (in favor), 0 (oppose), 1 (abstained: Stallard-Rodriguez)

4. Chair Updates – Chairman Justus

- The IROC Annual Report and Annual Work Plan were presented to City Council last month by Member Hess and himself, with other IROC members in the audience for support. It was very well received, and it was stressed to City

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Council that many IROC members are completing a year beyond their terms. Council indicated they are actively looking to fill the slots as soon as possible.

- The Department was commended on the Water Reuse Report that was recently completed. Pure Water was named the Water Reuse Project of the Year with the Water Reliability Coalition. The recognition came from the 2016 Global Water Summit, this was a world-wide recognition.

5. **City Staff Updates** – *Halla Razak, Director*

- Announced the appointment of Rania Amen, as the Assistant Director of the Water Quality Branch. Her expertise and knowledge she brings is a great benefit for the Department in her new role.
- The State Water Resources Control Board has lowered the City's reduction requirement from 16% to 8%, starting on March 1. Through great effort, the City is well above this limit, in fact double the requirement of the 8%.
- The State Water Resources Control Board released draft ideas of how they want to proceed with regard to state-wide hydrology. The State is now discussing the proposal of allowing each region to certify their own water supply availability, which makes sense. They would require both retail and wholesale agencies to certify they have enough supplies to carry them through 3 years of drought. There will be more discussions on this matter. The City has recommended that the current water restriction remain with restaurants and hotels to not offer water, nor laundry service of towels and bedding unless requested by the customer. This continues to be a great reminder to residents and tourists, how important it is to be mindful of our resources.
- The Department presented the 2017 Budget to City Council. Questions were answered regarding the progress of Pure Water, water sales, future plans, and more. They received it well and the budget is anticipated to be adopted in late June.
- The refinancing of the water bonds and the new issuance will be presented this evening at Council, this has been a huge effort and she thanked Lee Ann Jones-Santos, Seth Gates and their team for their dedication.
- North City Water Reclamation Plant had a recent upset with the micro-organisms that treat the sewage. The production of recycled water was curtailed for approximately a week. Potable water was provided to the affected customers. The situation has been completely resolved, and is being investigated. Communication continues to educate customers on what and what not to put into the system.

6. **Mayor and Council Staff Comments**

None.

7. **Presentation: Pure Water Update** – *John Helminski, Assistant Director of Potable Reuse*
He provided an overview of Phase I -North City, discussed project schedule and talked about all of the elements the Department has been working on. Activities currently in progress include the wrap up of the North City Advanced Water Purification Facility preliminary design. The preliminary design (30% design) reports are under review and will be final in October 2016. The preferred alternative remains to be Miramar. He gave an update on the current design contracts moving forward: Miramar Pump Station & Pipeline – Notice to Proceed issued in April 2016; Morena Pump Station and Pipeline – going to City Council in October with Notice to Proceed anticipated in

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November 2016; North City Water Reclamation Plant Expansion - going to City Council in October with Notice to Proceed anticipated in November 2016; and North City Advanced Water Purification Facility - to be advertised in November 2016 with anticipated City Council approval mid-year 2017.

The Department is working on offsetting energy needs for the North City Plant expansion and Advanced Water Treatment Plant, and developing an RFQ/RFP to solicit Cogeneration/Biosolids handling services. The proposed RFQ/RFP would be structured as a Design/Build, Finance, Own, and Maintain Services Contract. The DBFOM option creates an opportunity for a Public Private Partnership. He then discussed the Draft Program Environmental Impact Report which was released for public comment in February 2016 and is anticipated to be certified by City Council in October 2016. The Pure Water Program plans to release the Notice of Preparation for the Project Specific Environmental Impact Report for North City Phase I in July/August 2016.

Review of Phase I prequalification activities such as Membrane Filtration and Reverse Osmosis are also underway. He noted critical timelines associated with agencies and permitting agency regulations, and reviewed the process for developing the Title 22 Engineering Report to permit Miramar as a drinking water source. Staff has been meeting with the Division of Drinking Water (DDW) on a monthly basis, as well as quarterly meetings with the Regional Water Quality Control Board. The goal of these meetings is to issue the Title 22 Engineering Report to DDW during the first quarter of 2017.

Director Razak added that Cogeneration/Biosolids Expansion is an exciting opportunity and by using a 3rd party private entity to develop the project will provide cost savings to the rate payers compared to purchasing power from SDG&E. We are looking for more opportunities to minimize the costs to JPA and Ratepayers. The scope of the project will maximize use of available Landfill Gas along with digester gas generated at the Metro Biosolids Center. She added that Dave Schlesinger is working closely with Mr. Helminski on this effort. The project also aligns well with the City of San Diego's Climate Action Plan.

8. **Presentation: San Diego Water Quality** – *Peter Vroom, Deputy Director of Environmental Monitoring & Technical Services*

Mr. Vroom reviewed the history behind the Lead and Copper Rule (LCR), and discussed results of the City's lead and copper monitoring efforts from 1992-2014. Lead and copper concentrations in samples from our drinking water distribution system have consistently been below Federal action levels, thereby allowing the City to operate on a reduced LCR sampling schedule of 50 homes every three years. As specified in the LCR, single-family homes tested must be built between 1982-1986 (Tier 1 homes), and cover the entire distribution system in San Diego.

Mr. Vroom described the benefits of San Diego's naturally occurring "hard water," which forms a protective scale on the inside of pipes and prevents drinking water from coming into contact with piping material. In contrast, water produced by the newly opened Poseidon Desalination Plant is ultra clean, and does not contain the carbonates that form protective scale inside of pipes. In fact, the lack of minerals in desalinated water has the potential to cause the water to be corrosive to drinking

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water pipes. To prevent corrosion from occurring, Poseidon has criteria they must meet to adjust the water making it non-corrosive before it leaves their facility.

To insure that water produced by Poseidon is not corrosive to the City's drinking water distribution system, Mr. Vroom described how the Langelier Saturation Index (LSI) is being used to determine whether water produced by Poseidon that is entering the City's drinking water distribution system is corrosive or scaling. On-going studies at four monitoring locations show that there are no issues with corrosivity in our drinking water distribution system. Subsequent to the City's proactive testing of desalinated water, the California State Water Resources Control Board (SWRCB) requested a special lead and copper study be conducted to better understand the impacts of desalinated water to water distributions systems. The City was required to submit a monitoring plan to the SWRCB by April 15 that outlined two rounds of special monitoring to be completed by June 1 and September 30, 2016. The Department has reached out to 105 Tier-1 residents encouraging them to participate in the special monitoring. It is very unlikely there will be any issues with unsafe lead and copper content.

9. **Presentation: 2015 Urban Water Management Plan (UWMP)** – *Lan Wiborg, Deputy Director of Long Range Planning & Water Resources; George Adrian, Principal Water Resources Specialist; and Seevani Bista, Associate Civil Engineer*
Ms. Wiborg provided background of the UWMP, noting that the UWMP provides a 25-year estimate of water supplies and demands, information on future supply development, and is required for State grant funding.

Mr. Adrian provided a briefing on how the 2015 UWMP was prepared, based on calculated water demands which is affected by things like weather, climate, pricing effects, conservation, etc. Once demands are projected, existing and future water supplies are then studied. He noted that in addition, one of the requirements of the UWMP is to comply with the Water Conservation Act of 2009.

Since adoption of the 2010 UWMP, the City continues to be proactive by investigating water supply options and developing a long term water supply approach that will meet water needs for the next 25 years. By adopting the 2015 UWMP, the City will fulfill the DWR requirements and remain eligible for State grant funding, and ensures the adequate supplies to meet future demands.

Director Razak added this is a critical document for the City because based on this is the opportunity to move forward with possible new supply projects. Having reasonable assumptions today (to estimate the long-term water demand forecast) can avoid costly decisions.

Member Mittal asked how the Department has done over a historical time period with the assumptions. Director Razak indicated this information can be provided. Mr. Adrian added although underlying assumptions considered for the historic long-term water demand forecast have not changed much, it has been revised to incorporate new demographic and economic projections and to make it unique to the City of San Diego water use characteristics.

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10. **Presentation: Update on Quarterly Water Main Breaks and Sanitary Sewer Spills** – Isam Hireish, Deputy Director of Water Construction & Maintenance; and Agnes Generoso, Deputy Director of Wastewater Collection

Mr. Hireish provided the quarterly update for Water Construction & Maintenance:

- January 1 – March 31: 34 main breaks compared to 17 same period last year. The majority of breaks continue to be asbestos cement.
- 3 million gallons of water lost first quarter last year – compared to the amount of water produced, this computes to approximately .1%, this quarter has not been calculated yet.

Ms. Generoso provided the quarterly update for Wastewater Collection:

- FY 2015 sewer spills including sanitary sewer spill back-ups: 35; excluding sanitary sewer spill back-ups: 29 sewer spills
- January 1 – March 31: 17 sewer spills compared to 10 same period last year.
- Total volume released to the environment last year: approximately 4000 gallons compared to 6.6 million gallons this quarter. The majority being the major main break in Tecolote Canyon in January, which followed a major storm with dangerous situations and flooding which severely eroded the creek bank, leaving the broken pipe submerged and challenging to detect.

11. **Selection of New IROC Chair and Vice Chair**

Tom Zeleny, Deputy City Attorney described the rules of being Chair/Vice Chair, and facilitated the selections and the results are:

Nominations for IROC Chairperson:

Member Stallard-Rodriguez nominated Vice Chair Hess. Vice Chair Hess accepted the nomination.

Member Dull nominated Chair Justus. Chair Justus declined.

ACTION: Motion by Member Dull, seconded by Member Mittal for Vice Chair Hess to be the new IROC Chairperson passed 8-0.

Nomination for IROC Vice Chair

Chair Hess nominated Member Stallard-Rodriguez. Member Stallard-Rodriguez accepted.

ACTION: Motion by Chair Hess, seconded by Member Kubota for Member Stallard-Rodriguez to be the new IROC Vice Chairperson passed 8-0.

12. **Selection of Subcommittee Chairs and Members**

Nominations for Infrastructure & Operations Subcommittee Chairperson:

Vice Chair Stallard-Rodriguez nominated Member Peugh. Member Peugh accepted.

ACTION: Motion by Vice Chair Stallard-Rodriguez, seconded by Member Justus for Member Peugh to remain as the Infrastructure & Operations Subcommittee Chair passed 8-0.

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Nominations for Infrastructure & Operations Subcommittee Members:

ACTION: Motion by Member Dull to retain the current members (Peugh, Justus, Welch, and Kubota); however, less Member Kubota, and adding Vice Chair Stallard-Rodriguez. Member Kubota seconded.

ACTION (Amended): Motion amended by Member Peugh to include Member Kubota into the composition of the nomination by Member Dull, and seconded by Member Kubota for Members Peugh, Justus, Welch, Kubota, and Stallard-Rodriguez to be subcommittee members passed 8-0.

The actions below were heard out of order, and followed the conclusion of the nominations for the Finance Subcommittee.

ACTION: Motion by Member Dull for the reconsideration of the membership of the subcommittee. Motion Passed 8-0.

ACTION: New motion by Member Dull to replace Member Justus with Ex-Officio Member Jones, seconded by Member Welch. Motion passed 8-0.

Nominations for Outreach & Communications Subcommittee Chairperson:

Vice Chair Stallard-Rodriguez nominated Ex-Officio Member Williams. Ex-officio Member Williams declined.

Member Dull nominated Ex-Officio Member Jones, seconded by Member Stallard-Rodriguez.

ACTION: Motion for Ex-Officio Member Jones to be the new Outreach & Communications Subcommittee Chair passed 8-0.

Nominations for Outreach & Communications Subcommittee Members:

Member Kubota volunteered himself.
Member Dull volunteered himself.

ACTION: Motion by Member Peugh, seconded by Member Justus for Members Jones, Kubota, and Dull to be the new subcommittee members. Motion passed 8-0.

Nominations for Finance Subcommittee Chairperson:

Member Peugh nominated Member Justus, seconded by Dull. Member Justus accepted.
Member Hess nominated Member Mittal, seconded by Chair Justus. Member Hess declined.
Member Mittal nominated Chair Hess, seconded Member Stallard-Rodriguez.
Member Mittal declined.

ACTION: Motion for Member Justus to be the new Chair of the Finance Subcommittee passed 8-0.

Nominations for Finance Subcommittee Members:

ACTION: Motion by Member Mittal, seconded by Chair Hess to retain the current members (Hess, Williams, and Mittal). Motion passed 8-0.

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13. **City 10 – County Water Authority Update** – *Ex-Officio Member Williams*
- Water Supply in California is quite favorable with El Nino. Water has been released in Lakes Shasta, Oroville, and Folsom.
 - State Water Project Allocation of water has been raised to 60% (relatively high) compared to last year of 20%, and 5% in 2014.
 - Metropolitan Water District Board voted to increase rates. Average rate increase is over 4%, however there are various components. The biggest concern for San Diego is the rate for transporting water (Imperial Irrigation District Water) which was raised to the 7-8% range. He also reminded everyone that there have been 4 lawsuits regarding the legality of the rates filed thus far. The lawsuits cover a period of 8 years.
14. **Subcommittee Reports**
- a. **Finance** – *Gordon Hess, Chair*
Members had previously provided City staff a list of areas of interest to explore and get more detail in relation to the budget. Staff provided a comprehensive presentation that was appreciated. Additional questions were presented and they were discussed during this meeting, centered around the Capital Projects Program budgeting. The Draft Official Statement will be proved to assist in understanding the budget process and scheduling.
- b. **Infrastructure and Operations** – *Jim Peugh, Chair*
- Received a quarterly update on the Capital Improvement Projects, are on schedule for 35 miles of water pipe and 45 miles of wastewater pipe replacement for thus far, as planned.
 - Discussed the expenditure variance by asset type which is interesting.
 - Discussed the comparison of what the Cost of Service Study is anticipated for each project and costs associated.
 - An area of interest for the next meeting is to discuss a less detailed report, and how the Finance and the Infrastructure & Operations Subcommittees topics may overlap.
 - Discussed the pressure regulation system. After a condition assessment, a risk based maintenance plan is underway. This is a very complicated system, due to the many pressure zones.
 - Received a presentation on Pure Water, and the research that is planned ahead.
- c. **Outreach and Communications** – *Jack Kubota, Chair*
- Received a presentation on the water use restrictions and conservation, now that the drought has been lifted. Overall the conservation program is going full force, recently renewed the contract with the City Works outreach and they will continue to provide the professional services to the Department.
15. **Metro/JPA Report-Out** – *Ex-Officio Jones*
- Received a presentation on the Wastewater Agreement.
 - Many new members are on the Committee, so there were updates given to help bring them up to speed.
 - Pure Water was discussed and will continue to be discussed in future meetings.

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16. **Proposed Agenda Items for Next/Future IROC Meeting**

- Help to Others San Diego (H2O SD) Program
- Discussion of the level of detail/information that is provided in the Capital Improvement Program quarterly reporting.

17. **IROC Members' Comments**

Members Kubota and Peugh commented that it would be nice to know how the Department is reaching out to local breweries, or industries that would benefit from using the output of the Pure Water plant.

Meeting adjourned at 12:20 p.m.

Minutes submitted by: Monica Foster