



Independent Rates Oversight Committee (IROC)
September 19, 2016
DRAFT M I N U T E S

1. Roll Call

Chairman Hess 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>
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	
Ken Williams, City 10	X	

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

2. Non-Agenda Public Comment

None.

3. Approval of Minutes from Meeting of July 25, 2016

ACTION: Chair Hess asked for a motion to approve the draft Minutes of July 25, 2016. Member Peugh moved, Member Justus seconded. Motion passed 9 (in favor), 0 (oppose), 0 (abstain)

4. Chair Updates – Gordon Hess, Chair

- He attended all three subcommittees and was impressed by the depth of discussion, and indicated he would like to follow the subcommittees closer.
- Recognized Gail Welch for her dedicated service over the past 8 ½ years. She is one of the original members, was Chair of IROC for 2 terms, as well as served on subcommittees. Her leadership and knowledge throughout the years was truly appreciated. He presented her with a plaque and a certificate of appreciation. Member Kubota shared some kind words with Ms. Welch as well. She thanked the members, the City staff, noting that not only serving the community, but the knowledge, inspiration, and diverse backgrounds of the members and staff was very rewarding.
- Introduced the newest members: Linh Quach, commercial and industrial representative; Fred Kosmo, law professional representative; David Akin, single-family residential representative; and Luis Osuna, general representative.

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

- The Public Utilities Department was awarded Utility of the Future Award from the WEFTEC national organization. This is mostly due to the dedication and ongoing work with sustainability, energy, Pure Water, and other commitments, and this was a great honor.
- Recently issued a memo to the Mayor and Council that about 11,000 meters are now on Smart Meters. This was the initial pilot initiated for the Advanced Metering Infrastructure technology. Customers now have access to their online water use data. The actual infrastructure is in place, and is moving forward to replace the remaining meters. The target of completion is 2.5 to 3 years.
- The San Vicente Pump Storage Project is a partnership between the Department and the San Diego County Water Authority (CWA). Last week's CWA Board meeting discussed the status of the analysis the Department has embarked on with them on this project. The decision made and full concurrence with the Department is that outreach efforts will begin to some of the possible developers to partner with, on doing a pump storage project.
- Cathy Pieroni is in Sacramento currently, and very involved with discussions with the State on the restrictions and future plans for reducing water use. The State is looking at new regulations, such as per capita per day, and using new technologies. By the end of the year, there should be a framework moving forward on long-term water use. The Department will continue to be heavily engaged.
- The State issued Draft Direct Potable Reuse Regulations, and the Department has been very engaged, making sure the language is supportive of Pure Water. The regulations are supportive of the Pure Water. The regulations for the Indirect Potable Reuse should be out by the end of September.

6. **Mayor and Council Staff Comments**

None.

7. **Presentation: FY 2016 Capital Improvements Program (CIP) Year End Report** – *Rania Amen, Assistant Director, Systems Management & Operations and Richard Leja, Deputy Director, Public Works*

Director Razak commented she was tasked by IROC about 3 years ago, to revamp the CIP process. With her dedication and the expertise of Rania Amen, Richard Leja, and other staff members, she is thrilled about the report and the amazing success Public Works has achieved in being able to exceed the goals.

Ms. Amen noted that the CIP program plays a significant role to ensure the reliability of the system. The Department is responsible to maintain and operate one of the most complex systems in the region and this platform is crucial. She provided an overview of the very structured and dynamic CIP system that consists of the Water, Recycled Water, and Wastewater Systems. She noted that the main platform of the Program is the Condition Assessment, which she presented to the Infrastructure & Operations Subcommittee last week. Currently, there are 9 different active contracts that will assess every aspect of the system. She described the FY2016 achievements, project highlights, and mentioned several awards received this past year.

Mr. Leja reviewed the newly illustrated project delivery of the program. He announced that the goal for Water replacement and upgrade mileage was exceeded by over 50% with hard work in both departments. The future goal is to achieve 175 overall mileage by 2020. For

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expenditures ending June 30, the goals have been exceeded by 11%. He reviewed the Sewer data indicating that the mileage goal was achieved and remains steady. The 5-year outlook goal is 225 miles by 2020. For the expenditures, he was proud to announce the goal was exceeded as well.

He described some of the top trends such as: paving moratorium continues to be a challenge; developed new criteria for bundling water and sewer main replacement; completed the new water and sewer pipelines master plan; and environmental permitting/mitigation bank – approaching these from a City-wide value will allow better environmental value, and the ability of streamlining for delivering the Program.

Ms. Amen added they have agreed to provide a detailed progress update of the Program on a quarterly basis to the Infrastructure & Operations Subcommittee and end of the year update to full IROC.

Ms. Mittal asked what determines the Key Performance Indicators with Water geared toward awarded miles and Wastewater geared toward the installed miles. Tom Zeleny, Chief Deputy City Attorney indicated there is a compliance order with the State to award a certain number of cast iron water mains where EPA consent decree mandated us to replace a number of sewer mains. They are tracked differently because separate regulatory agencies have different orders.

8. **Discussion: Water Policy Implementation Task Force Recommendations** – *Luis Generoso, Water Resources Manager*

Mr. Generoso gave an update on how the Department has implemented the recommendations from the Water Policy Implementation Task Force. He was excited to note that 17 of the 23 recommendations have been completed as a department. He reviewed the 6 recommendations that are on-going, which are: Recommendation No. WR2, Groundwater Basins; No. WR9, Water Purification Project; No. IT3, Assisting New Technologies; No. IT4, Optimization Study; No. IT11, Water Meter Retrofitting; and No. C1a, Permanent Voluntary Drought Standard.

Chair Hess inquired about the idea of utilizing floating solar collectors on reservoirs. Director Razak indicated there are discussions of a pilot program. Many of the reservoirs are remote, however the Alvarado Treatment Plant and Lake Miramar are ideal locations.

9. **Presentation: FY 2017 Strategic Plan** – *Beth Murray, Program Manager, Department Management*

Ms. Murray introduced Bennett Lewis, Organization Effectiveness Supervisor – Strategic Support Services, who presented the new 5-year plan which was developed last fall in preparation for the current fiscal year through the next 5 years.

Since Public Utilities had already achieved the previous vision to be an industry leader in the delivery of water, wastewater, and recycled water services, a new vision was developed – to be a “world class water utility for a world class city” as well as the updated mission to emphasize services that protect the health of our communities and the environment. In turn, the strategic goals have been updated and they emphasize environmental stewardship, sustainable water supply, organization excellence, community engagement, and prudent investment and management.

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He referred to a distributed in-depth table and reviewed the 19 Strategic Initiatives adopted to achieve the strategic goals. Also included were an associated water EUM attribute for each of the Strategic Initiatives. He noted that each initiative has an executive sponsor, coordinator, and implementation plan with key deliverables and specific target dates, all with quarterly status updates.

10. **Presentation: Sustainable Groundwater Management Act** – *Lan Wiborg, Deputy Director, Long Range Planning & Water Resources and George Adrian, Program Manager*
Ms. Wiborg described the Sustainable Groundwater Management Act (SGMA), noting it includes 3 Senate bills, 1168; 1319; and 1739 and was enacted in 2014. The Act creates a framework for managing groundwater in a sustainable manner, ensuring the use of the resources for all of California going forward. Groundwater is best managed at the local level, therefore empowering locals to form agencies to achieve sustainability within a 20 year timeline.

Mr. Adrian described how the effort is progressing at this time. He reviewed the two basins that fall under the medium priority categorization, which are San Pasqual and San Diego River Valley basins. He discussed the Department of Water Resources (DWR) deadlines that must be followed. Benefits to the City of San Diego is to establish and confirm with DWR the City's role as a local groundwater agency, ensuring access to SGMA powers, preserve water rights and maintain sustainability of basins, and provide access to grant funding and other opportunities that may be limited to Groundwater Sustainability Agencies (GSAs). He reviewed the GSA deadlines.

He described the details of the two basins, and indicated the next steps are to reach Council approval prior to November 3 to authorize the GSA formation, and complete the formation by June 2017 in order to start work on the Groundwater Sustainability Plans (GSPs) for both basins. Most of the GSPs will require a computer model to help evaluate the withdrawals, and we are a step ahead due to the prior work performed.

Member Kubota asked if Sweetwater and/or Otay are possibilities. Mr. Adrian indicated that they are not under the same restrictions for timing with DWR, and are not listed as medium priority basins. However, the City is working with Sweetwater Authority, with the partnership to develop the groundwater, and in creating a GSA.

Mr. Peugh asked if there will be any State funds to work on basins that are less than medium or high priority. Mr. Adrian indicated there may be, but he is not certain. Mr. Peugh also asked if there would be any opposition. Mr. Adrian indicated yes, there are groups that may be in opposition, but education should help ease their concerns.

11. **Discussion: Draft FY 2016 IROC Annual Report** – *Gordon Hess, Chair*
Subcommittee Chairs have diligently been coordinating their comments, summaries and recommendations for the Annual Report. Next step will be to consolidate the comments, and have the subcommittees give a final review and ultimately come to full IROC for approval. He asked all members the get comments in to the Subcommittee Chairs or himself as soon as possible.

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12. **Discussion: Selection of New IROC Vice Chair** – *Tom Zeleny, Chief Deputy City Attorney*
Mr. Zeleny indicated all members are eligible except Ex-Officio members. He asked for nominations.

ACTION: Member Justus nominated Member Mittal. Chair Hess seconded. Motion passed 9-0-0.

13. **Discussion: Selection of Subcommittee Members** – *Tom Zeleny, Chief Deputy City Attorney*
Mr. Zeleny indicated this item is to give the opportunity for adding members to any of the 3 subcommittees if it is desired, as it is not mandatory. He noted there may not be more than 5 voting IROC members to avoid a quorum of the IROC. He asked for nominations.

ACTIONS:

Infrastructure & Operations Subcommittee: Chair Hess nominated Member Quach, and Member Justus seconded. Member Osuna volunteered himself and Member Akin seconded. Motions passed 9-0-0

Finance Subcommittee: Member Kosmo volunteered himself, and Member Akin seconded. Member Akin volunteered himself, and Member Kosmo seconded. Motions passed 9-0-0

Outreach & Communications Subcommittee: Member Akin volunteered himself, and Member Kosmo seconded. Motion passed 9-0-0

14. **City 10 – County Water Authority Update** – *Ex-Officio Williams*
- Colorado River Hydrology presentation given at last meeting, about the continued concern of the level of Lake Meade. It is at its lowest level since Hoover Dam was built, and a good portion of southern California’s water comes from this source. If the level gets too low, the Federal Government imposes shortages on those agencies that take water from Lake Meade. Discussions will continue about voluntary actions of some agencies.
 - He, along with Director Razak and Tom Zeleny, provided a description, mainly to the newest IROC members, of the ongoing Metropolitan Water District lawsuit that IROC has been updated on for some time.
15. **Subcommittee Reports**
- a. **Finance** – *Jeff Justus, Chair*
- Received a financial update from Seth Gates, Deputy Director of Finance & Information Technology. Discussed the working group and a consultant hired to review the rate structures. Looking forward to understanding the consultant’s scope of work in the near future.
 - Discussed the letter of credit borrowing, to allow an 18-24 month duration for CIP funding before secured with bonding. This should be going to Council later in the year, beginning a line of credit in January. Cash on hand will still need to be in reserves.
 - Discussed the Annual Report.

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b. Infrastructure and Operations – Jim Peugh, Chair

- Received a presentation on the logistics of how the work crews work with a an extremely busy schedule, and continue to handle it amazingly well.
- Discussed the Condition Assessment update, and learned about the El Monte raw water pipeline. He can provide more information for those interested.
- Discussed the effluent from breweries having methane energy potential and how this could be used in the future.
- Discussed the Annual Report.
- Asked to hear more about the Department’s water shed protection improvement efforts, in future meeting.

c. Outreach and Communications – Jerry Jones, Chair

- Discussed the AMI program.
- Discussed the Annual Report.
- Received an update from the Human Resources section, and learned that the Department’s vacancy rate is at 6.8% which is down. Also heard about various committees and training opportunities.
- Discussed Pure Water update.

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

- Approved the 10th modification the Southern California Coastal Water Research Project which is \$1.8M over four years for ocean monitoring covering the area from the border to the Santa Barbara county line. Member agencies for this are City of San Diego, City of Los Angeles, Orange County Sanitation District, and the Los Angeles County Sanitation District.
- Accepted Exhibit E

17. Proposed Agenda Items for Upcoming IROC Meetings

- Pure Water status
- Energy Project
- Pump Storage Project
- Background on organization structure
- Draft Annual Report and creation of Ad Hoc
- Water main breaks/Sewer spills update
- Watershed protection measures

18. IROC Members’ Comments

None.

19. Meeting adjourned at 12:10 p.m.

Minutes submitted by: Monica Foster