



Independent Rates Oversight Committee (IROC)
Special Meeting of November 6, 2017
MINUTES

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:

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

City representatives present at dais: Vic Bianes, Interim Director of Public Utilities; Tom Crane, Public Utilities; and Tom Zeleny, Chief Deputy City Attorney

2. Non-Agenda Public Comment

None.

3. Approval of Minutes from Meeting of September 18, 2017

ACTION: None.

Chair Hess deferred this item to the next full IROC meeting to allow for elaboration on IROC member comments made during Item 8 – Presentation: Alternative Water Rate Structure.

4. Chair Updates – Gordon Hess, Chair

- Member Kozmo recently resigned, as he was appointed to the San Diego Ethics Commission. He expressed appreciation of his valuable input to IROC, and wishes him well.
- Welcomed Vic Bianes, Interim Public Utilities (PUD) Director, and noted he met with him and discussed IROC topics for the coming years. He feels it would be beneficial to have regular meetings with him, along with Vice Chair Mittal.

5. Mayor and Council Staff Comments

None.

6. City Staff Updates – Vic Bianes, Interim Director

- Hepatitis A continues to be a major priority for the City; the Department will continue to support this effort.
- Aimee Faucett was appointed as the new Chief of Staff for the Mayor’s office. She will be implementing changes, more focus will be placed on setting priorities. [Member Peugh asked about a priority of infrastructure; Interim Director Bianes indicated this important along with all of the needs of the City and perhaps a staff member from the Mayor’s office can give an update of the planned priorities at a future date.

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- Coordination, alongside the Joint Powers Authority (JPA), of Pure Water San Diego is moving nicely.
- PUD was recently asked to attend the Grand Jury for an interview on November 20 - most likely focusing on recent water main breaks.
- Kicking off “The Year of the Supervisor”, looking at opportunities to give supervisors necessary tools to succeed. This will be an on-going program implemented throughout the year.

Finance Update – *Lee Ann Jones-Santos, Assistant Director*

- Took forward a request to Council to fund the Pure Water Program under State Revolving Fund loans (SRF). Received approval to apply for Wastewater and Water funding. Also during this Council meeting, it was noted authorization would be brought forward for Water Infrastructure Finance and Innovation (WIFIA) for Wastewater and Water.
- Provided an update to the Metro JPA members on interactions on cost allocation.
- Invited to Sacramento for the Water Storage Investment Program (WSIP) on December 13th to present on the Pure Water San Diego Program. This grant program was applied to, to offset the cost of the program.

7. **Presentation: FY 2017 Capital Improvements Program (CIP) Year End Report** – *Surraya Rashid, Deputy Director of Engineering & Program Management and Nevien Antoun, Senior Civil Engineer, Public Works Department*

Ms. Rashid provided the year end summary of the 2nd year of the 5-year Strategic CIP program. She gave a brief overview of the Water, Wastewater, and Recycled Water System. She commented the great partnership between the PUD and Public Works ensures a successful Water/Wastewater program.

Ms. Antoun described project accomplishments, and project highlights with APWA recognition awards. She gave an update on the Water and Wastewater Replacement Program and reviewed the major program goals and projected expenditures for FY 2016-FY 2020, showing actual program performance and how it closely aligns. Future outlook is the city-wide effort of the Infrastructure Asset Management (IAM) San Diego planning tool.

8. **Discussion: Help to Others San Diego (H2O SD) Program Update** – *Wilson Kennedy, Supervising Management Analyst*

Mr. Kennedy gave a brief overview of the trailblazing H2O SD Program. The City is the first agency in the entire county to have a customer assistance program. It was approved unanimously by City Council in March of 2016. With its success, this program has sparked several other agencies to emulate and/or inquire about it. He presented a recent live KUSI news channel segment which he and Halla Razak described the program details and what it takes to qualify. He indicated the updated tax-deductible donations went from \$161K (from the launch date of June 30, 2017) to currently just over \$165K. As of November 2nd, 211 households have been helped by this program. He indicated there are several ideas to generate the donations, one being a 5K +1 mile run where the proceeds will go toward this fund. Updated bills will soon go out, for an opportunity to donate by rounding-up and signing up for recurring donations. He then concluded with a commercial made for the H2O SD Program that is aired during halftime at the San Diego Gulls' games.

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9. Presentation: Stormwater Capture & Reuse Update – Lan Wiborg, Deputy Director of Long Range Planning & Water Resources

Ms. Wiborg presented updates and reviewed the benefits of stormwater capture and use, rainfall versus runoff, as well as the challenges. Ongoing dialogue and collaboration continue, as well as many regional efforts to help with the development of stormwater capture opportunities.

She provided examples of the benefits and constraints of reservoirs, and noted PUD has successfully worked with Transportation and Storm Water (TSW) for decades on dry weather diversion and continue to explore diversion of dry weather runoff. She mentioned Mr. Adrian and his team have lead a great effort studying groundwater recharge, the study should be complete in the spring of 2018. She then shared positive excerpts from a final draft White Paper from the Chamber of Commerce in regard to stormwater capture. In conclusion, the City is engaging in these stormwater capture in earnest at the City and regional levels with a very methodical and prudent approach to ensure the financial aspects are fully evaluated.

Ex-Officio Member Fong-Sakai commented there may be challenges due to the City's systems being separated. She added one concern is the investment versus the value, for the amount of rainfall San Diego receives. Ms. Wiborg indicated that doing an excellent job on the feasibility study is key. Member Peugh commented he feels it is important to satisfy the goal of improving the habitat, and look carefully into not degrading the few remaining natural waterways in the region. Ms. Wiborg took note of these comments and will bring to the discussions.

Member Dull suggested looking in to the City of Fresno who has similar situation but further in to their projects; Ms. Wiborg will relay this information to the consultant. Ex-Officio Member Jones voiced his concerns with the cons of capturing a lot of the water which may take away from the benefit to the natural environment; however with studies and economics it may be feasible. Chair Hess commented it can be expensive, but there are different ways of doing things and it can be cost effective. This is a new paradigm in terms of the cost of doing things, and other cities are moving forward with this concept.

10. Discussion/Possible Action: FY 2017 IROC Annual Report Preparation/Recommendations – IROC Members

Member Dull recused himself from this item due to a potential conflict of interest of his company. Chair Hess indicated the Ad-hoc committee has worked diligently in completing this. It was decided a broader approach would be taken to downsize the Report to capture the substantial issues, and avoid redundancy with the Recommendations. He noted a minor change from last draft, and then reviewed each of the Recommendations, commenting on the development of each Recommendation.

Tom Zeleny, Chief Deputy City Attorney advised IROC that due to Member Dull recusing himself from this item, a quorum must be reestablished in order to take a vote to approve the Annual Report. A motion must be made, a second, and an affirmative vote that due to the necessity of this body in order to timely meet its statutory obligations to submit the Annual Report within the timeframe mandated by Ordinance, IROC must waive (*Rule of Necessity*) any conflict of interest that his firm could have with regard to the contents of the Report. Member Dull returned to the meeting.

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ACTION: Member Akin made a motion that due to the necessity of this body in order to timely meet its statutory obligations to submit the Annual Report within the timeframe mandated by Ordinance, IROC will waive (*Rule of Necessity*) any conflict of interest that Member Dull's firm could have with regard to the contents of the report. Member Kubota seconded the action. Motion passed 5 (in favor)-0 (oppose)-1 (abstain – Dull).

Lee Ann Jones-Santos, Assistant Director, offered her comments, suggestions, and follow-ups to each of the Recommendations and Finance Subcommittee section of the draft report, and will be provided to Chair Hess in writing as soon as possible to incorporate any changes to the current draft. All members concurred.

ACTION: Vice Chair Mittal made a motion to approve the Recommendations, however to accept the pending comments from City staff, and delegate to the Annual Report Ad-hoc Committee, the ability to finalize the report. Member Akin seconded. Motion passed 5-0-1 (Dull).

11. **City 10 – County Water Authority Update** – *Lois Fong-Sakai, City 10 Representative, Ex-Officio*
- California Supreme Court declined to hear the San Diego County Water Authority (CWA) versus Metropolitan Water District (MWD) case regarding rate litigation, so the decision of the Court of Appeal's September ruling will stand.
 - CWA hosted a tour for Imperial Valley representatives, including Carlsbad Desal Plant, Padre Dam Advanced Water Purification Demo Facility, and the San Vicente Dam. She attended with others and this will allow the sharing of information and building relationships with Imperial Valley representatives.
 - CWA has not taken a position on the California Water Fix due to not having exact costs presented. At this point, MWD Board voted to support, and 12 Contractors support or generally support but still \$9.5B that is still not yet committed. Some discussions include future options.
 - Metro JPA has encouraged CWA to participate in workshops and member agency technical workgroups, and more regarding potential concerns of the build-up of mercury in fish tissue, so the Metro JPA can be part of the dialogue. Sacramento is considering a Statewide Mercury Control Program for Reservoirs. This is not about drinking water quality, but an effort to protect humans and wildlife that consume fish.
12. **Subcommittee Reports**
- a. **Finance** – *Gordon Hess, IROC Chair for Jeff Justus, Subcommittee Chair*
 - The City put in an application for some Grant funding through Proposition 1 and made it through the first round of decisions. An interview is scheduled for December.
 - Discussed the Annual Report, and the Financial update.
 - b. **Infrastructure and Operations** – *Jim Peugh, Subcommittee Chair*
 - None.
 - c. **Outreach & Communications** – *David Akin, Subcommittee Chair*
 - None.

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13. **Metro/JPA Report-Out** – *Jerry Jones, Metro JPA Representative, Ex-Officio*
- Received an update on Pure Water on the financial end.
 - Discussed Pt. Loma Permit and most on the Board have accepted moving from 15 to 30 mgd. An Ad-hoc technical advisory committee has been formed to work with Pure Water and City staff, making great positive progress. Some ideas have been accepted by City staff, and being explored. Worked very diligently on the financial end, and getting close to cost-sharing – so far encouraging.
 - JPA has budgeted money for a water consultant, which is an asset for the JPA and San Diego.
 - He created an Ad-hoc committee that can meet as-needed up to twice a month, exciting ideas coming.
 - Had a report on legislative efforts from a staff member of the Council Offices, which was exiting.
14. **Proposed Agenda Items for Upcoming IROC Meetings**– *Gordon Hess, Chair and Wilson Kennedy, IROC Coordinator*
- Asked each Subcommittee meeting to come up with at least one (1) performance audit recommendation for all January meetings.
 - Update on Open Space Canyon Access
 - Update on Quarterly Water Main Breaks and Sanitary Sewer Overflows
 - Potential update on Ocean Water’s Monitoring
15. **IROC Members’ Comments**
- Ex-officio Member Fong-Sakai asked for the IROC calendar for CY 2018.
 - Member Peugh noted Stanford has studied the public’s attitudes toward Indirect Potable Reuse (IPR), and suggests having the information looked at in comparison to San Diego’s research.
 - Member Akin commented he attended the Lake Oroville and the Delta and found it very informative and exciting. He encourages those to attend next time around.
16. **Meeting adjourned: 12:00 Noon**

Minutes submitted by: Monica Foster, Administrative Aide II