



**Independent Rates Oversight Committee (IROC)
Meeting of September 17, 2018**

1. Roll Call

Chair Mittal called to order the full IROC meeting at 9:30 a.m. Yvonne Blantz conducted roll call and a quorum was declared. Attendance is reflected below:

Members:	Present	Absent
Tiffany Mittal, Chair	X	
Jeff Justus, Vice Chair	X	
Christopher Dull	X	
Gordon Hess	X	
Jack Kubota	X	
David Akin	X	
Luis Osuna		X
Jim Peugh	X	
Linh Quach	X	
Robert Weichelt	X	

Ex-Officio Members:

Jerry Jones, Metro JPA		X
Jim Peasley, Metro JPA Alt.		X
Lois Fong-Sakai, City 10	X	

City representatives present at dais: Tom Zeleny, Chief Deputy City Attorney; Cathleen Pieroni, Government Affairs Water Policy Manager.

2. Non-Agenda Public Comment

None.

3. Approval of Draft Minutes from Meeting of July 10, 2018

ACTION: Chair Mittal asked for a motion to approve. Motion by Member Akin to approve the Minutes of August 20, 2018 as submitted. Second by Member Weichelt. Motion passed 5 (in favor) – 0 (opposed) – 4 (abstain - Dull, Hess, Peugh, and Quach).

4. Chair Updates – Tiffany Mittal, Chair

- Chair Mittal discussed the audit released on the water meter cover replacement program that discusses issues in the Department.
- We have asked the Department of Finance to provide its Management Structure Controls Policy and Key Performance Indicators.
- We recommend the following:
 - Having IROC as another control mechanism for rate payers who have had issues over time and could not get through to the Department.
 - Creation of an Ad Hoc Committee for the annual report.
 - Creation of a task force to review the Governance and the Charter of IROC.

5. Mayor and Council Staff Comments – Cathy Pieroni, Government Affairs Water Policy Manager

- Handout: 2018 State and Federal Legislative Platform.
- The 2018 Legislative Platform defines the City of San Diego's Policy Guidelines and provides a means to advance and protect the City's interests on priority issues at the federal and state levels. The guiding Principles and Policy Priorities allow for flexibility so that Government Affairs, City officials and our legislative advocates can proactively act on and respond within the boundaries of the program without precluding the ability to address additional legislative, regulatory, administrative and budget issues that arise during the year.

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- Ex-Officio Fong-Sakai asked about the Governor signing the previous week, regarding the State “going green”, how it was going to affect rate payers.
- Ms. Pieroni stated that SB 100 increases the mandate on the State’s renewable portfolio standard from 50% to 60% by 2030. The State also has established a goal (unenforceable) for 100% clean electricity by 2045. Strategy 2 of the City’s Climate Action Plan is to achieve 100% renewable energy city-wide by 2035.

6. **City Staff Updates** – Johnny Perkins, Deputy Chief Operating Officer

This item was heard out of order, following item 1

- Deputy Chief Operating Officer, Johnnie Perkins, stated that the Billing System Audit report out needed to first go back through the Council Audit Committee before any additional presentations can be made.
- We invested in and implemented an infrastructure asset management system.
- Additional analysis was launched to determine if there are deficiencies in the Department including a thorough review of the management structure, internal controls, processes and protocols, employee oversight, and public accountability.
- We are implementing the use of available tools and exploring additional ways to capture meter cover conditions in the field and communicate those seamlessly to expedite repairs.
- We have just appointed Matt Vespi to serve as Interim Director.
- Frank Belock has been retained to assess deficiencies and develop operational improvements.
- Assistant Chief Operating Officer, Stacey LoMedico, has been redeployed to PUD to conduct a full analysis of water operations, identify further systemic issues, and assist in implementing the solutions requiring needed changes in operations.

7. **Presentation: Proposed Public Utilities Department Amendments** – Ian Clampett, Council Representative, City Council – District 6

- Abnormally high water bills; need for transparency and financial accountability.
- Council Policy 000-02 (City Budget Policy).
 - Five-Year Financial Outlook.
 - Expand this to PUD.
- The practice of estimating meters was largely unknown until the meter mishap.
- New requirement to issue a written notice upon estimation.
- Update PUD’s Key Performance Indicators.
- Request PUD staff and City Attorney’s Office work together to review the proposed amendment to Council Policy 000-02 and San Diego Municipal Code section 67.0222 before forwarding to the full City Council for consideration.
- Ex-Officio Fong-Sakai asked if the rewards and incentives program would be allowed. Mr. Clampett stated it would go through our labor process making sure not to violate any type of labor issues.
- Member Peugh commented that the customer complaints should be verified to make sure it would not be weighed against the Department because the results should reflect actual performance.
- Member Quach asked how many days are being recommended for customers to receive their notice to make sure they have the opportunity to review the notice. Mr. Clampett commented that they were not committed to a day count at this time.
- Member Akin commented that the date the meters are read to when the bill is generated is extremely short.
- Chair Mittal recommended that the written notice requirement be within the next bill itself whether it’s an additional page or on the bill itself due to the current challenges.

ACTION: Chair Mittal asked for a motion to approve concepts, subject to working out some language issues. Member Hess moved to approve, Member Weichelt seconded. Motion passed 9-0-0.

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8. **Presentation: FY 2018 Capital Improvements Program (CIP) Year End Report** – *Surraya Rashid, Deputy Director (PUD) and Mark Nassar, Deputy Director (Public Works)*
- 5-year Capital Improvement Program (FY16-20).
 - Sewer pipeline replacement program FY 18 accomplishments; Construction contracts awarded = 22 miles and pipelines replaced/in service = 40 miles.
 - Water pipeline replacement program FY 18 accomplishments; Construction contracts awarded = 33 miles and pipelines replaced/ in service = 12 miles.
 - FY19 Key Performance Indicators
 - Water – pipeline program award goal of 35 miles, pipeline expenditure goal of \$117M, and facilities expenditure goal of \$50M.
 - Sewer – pipeline program in service goal of 40 miles, pipeline expenditure goal of \$63M, and facilities expenditure goal of \$18M.
9. **UCAN (Utility Consumers' Action Network) Customers not Receiving Their Bills** – *Jane Krikorian*
- Information taken from memo dated April 12, 2016.
 - UCAN receives phone calls from San Diego residents seeking assistance with many utility-related issues.
 - Over the last few years, UCAN has noticed a pattern with some of the customer issues related to PUD's billing practices.
10. **City 10 – County Water Authority (CWA) Update** – *Lois Fong-Sakai, Ex-Officio, City 10 Representative*
- In the last month, no activity has been taken in Sacramento's Legislature on SB 844/SB 845, also known as the Water Tax. As proposed, if passed, it would have created a "voluntary" water tax on all water bills. Water agencies would have been required to collect the fees and submit them to Sacramento. Rate payers would be automatically required to pay the fees, but would have the option to "opt out" by regularly informing their water providers.
 - The SDCWA's Board has adopted a resolution to support the Final Mitigated Negative Declaration for the San Luis Rey Habitat Management Area Habitat Restoration Project. The area is approximately 46-acres, and is located approximately 1/2 miles west of Interstate 15 and south of Highway 76, where the Second San Diego Aqueduct crosses the San Luis Rey River. The Project intends to create approximately 4-acres of US EPA/Army Corps of Engineers (federally) defined wetlands of cottonwood willow riparian forest, and other riparian and upland woodlands to provide mitigation for future CIP and O&M impacts.
11. **Subcommittee Reports**
- **Finance** – *David Akin, Subcommittee Chair*
 - Independent Rates Consultant
 - Pure Water Finance Update
 - Water Sales Update
 - **Infrastructure & Operations** – *Jim Peugh, Subcommittee Chair*
 - Water Main Break Updates
 - Emerging Technologies
 - **Outreach & Communications** – *Linh Quach, Subcommittee Chair*
 - Pure Water Working Group Meetings
12. **Metro/JPA – Report Out** – *Jerry Jones, Metro JPA, Ex-Officio Alternate*

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- None.

13. **Proposed Agenda Items for Upcoming IROC Meetings** – *Beth Murray, IROC Coordinator and Tiffany Mittal, Chair*

- Capital Improvements Program year-end accomplishments.
- Pure Water update with a review of the construction packages.
- Recommend that each subcommittee do a “deep dive” into Pure Water.
- Forming of Ad Hoc Committee for the annual report.

14. **IROC Members’ Comments** – IROC Members

- Member Kubota asked about the lawsuit related to the allocation of the cost of AMI between Water and Sewer funds. Mr. Zeleny indicated the allegation claims that wastewater customers were paying more into the program than they should have and that it was a violation of Proposition 218.

15. **Meeting adjourned:** 12:07 p.m.

Minutes submitted by: Yvonne Blantz