



Independent Rates Oversight Committee (IROC)
Meeting of October 15, 2018

1. **Roll Call**

Chair Mittal called to order the full IROC meeting at 9:31 a.m. Yvonne Blantz conducted roll 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: Matt Vespi, Interim Director of Public Utilities; Tom Zeleny, Chief Deputy City Attorney; Thomas Crane, Management Program Manager; Cathleen Pieroni, Government Relations Water Policy Manager.

2. **Non-Agenda Public Comment**

None.

3. **Approval of Draft Minutes from Meeting of September 17, 2018**

ACTION: None.

Chair Mittal asked for a delay of the approval of these minutes due to revisions.

4. **Chair Updates** – Tiffany Mittal, Chair

- Chair Mittal and Vice Chair Justus met with the Interim Director Matt Vespi to discuss future agenda topics and the Water Meter Cover Replacement Audit that is being presented today.
- Sent out a Smartsheet link with potential agenda topics for future Subcommittees and full IROC, and will bring copies for the next meeting.

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

- Informed committee of Regional Water Supply Reliability Presentation that will be given today.

6. **City Staff Updates** – Matt Vespi, Interim Director

- Provided a brief background on his work with the City as well as his education and experience.
- Mentioned two audits that will be done on Call Center Operations and AMI.
- Pure Water is moving forward to have authorization for contracts over the next month.

7. **Presentation: City Auditor Report - Performance Audit of the PUD Water Meter Cover Replacement Program** – Andy Hanau, Principal Performance Auditor and Luis Briseno, Performance Auditor

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- Audit Objectives
 - Assess whether efficiency improvements can shorten box/lid service request completion time.
 - Assess whether the box/lid group has the staffing capacity to complete a service request in less time than its current goal of six months.
- Finding - A lack of management oversight and accountability; processing inefficiencies and limited staffing resources; and significantly delayed box/lid replacement.
- Causes
 - Productivity is extremely low
 - Inefficiencies in the service request process
 - Increased workload and insufficient staffing
- 11 recommendations were made intended to improve the following:
 - Management oversight, accountability, productivity and monitoring
 - Process efficiencies
 - Staffing capacity
- Member Osuna asked if the recommendations had been implemented and Mr. Hanau said there is a target date. Interim Director Vespi noted that the management response memo was attached to audit report.
- Member Akin inquired about meter box standardization. Mr. Hanau stated the Department had already started with standardization.
- Deputy Director Tom Howard stated that as of January 2018, using the Get It Done application, the Department has been using photographs to prioritize work orders. Mr. Howard stated that in August 2018 the Meter Shop Team was moved and they are reinforcing work and performance standards. All field crews have phones and are assisting by also taking photos. Ex-Officio Fong-Sakai suggested that additional information could be added to the Get It Done application and could maximize repairs.

8. **Management Responses to Audit** – *Matt Vespi, Interim Director*

- As outlined in the management response memo, the Department has agreed to all the recommendations and is taking appropriate action with personnel to establish and reinforce new performance standards, expectations, and daily requirements. The Department also implemented the use of available tools and is exploring ways to capture meter cover conditions in the field, including the use of photos. Additionally, we are using new software to help with our routing procedures both with the meter readers and the box/lid replacement crew, and exploring subcontracting help with the backlog.

9. **Presentation: Regional Water Supply Reliability** – *Cathy Pieroni, Government Relations Water Policy Manager and Lois Fong-Sakai, Ex-Officio, City 10 Representative*

- San Diego County Water Authority (SDCWA) Governance; 36 SDCWA Board Members representing 24 retail member water agencies; there is at least one per Member Agency, four Delegates serve on MWD Board of Directors, and the City of San Diego has 10 Delegates who are appointed by the Mayor and confirmed by the City Council.
- Weighted vote based on Total Finance Contributions, supermajority threshold of 55%, and City of San Diego currently has 39.81% of the weighted vote.
- Early Chronology of San Diego Water
 - 1901 - The City of San Diego Water Department formed
 - 1928 - The Metropolitan Water District of Southern California formed
 - 1931 - California Seven-Party agreement
 - 1948 - Water Authority formed and joined MWD.
- Regional water supply diversification strategy; Reduce impacts of Past 2 Droughts; and 174,000 AF of In-Region storage added.

- Timeline of recent major SDCWA events and decisions; Quantification Settlement Agreement (QSA); Anticipated SDCWA demands in 2004 and new supplies; Anticipated SDCWA demands vs. actual SDCWA demands; SDCWA's declining sales over time; Member Agency demands on the Water Authority; Regional reliability; and SDCWA Revenues & Capital Contributions.

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- Member Kubota inquired about the 46% local and 41% imported amounts on the pie chart mentioned in the presentation and Ms. Pieroni stated that by law all water agencies must produce an Urban Water Management Plan once every 5 years. The pie charts in the presentation are taken from previous efforts, and are based on the best estimate provided by the Member Agencies at the time and will be updated again in 2020.
- Chair Mittal asked if the meaning behind preferential rights could be explained. Ms. Pieroni stated preferential rights mean Member Agencies are given amounts according an algorithm and it is a percentage that we have rights to but are not necessarily obligated to purchase.

10. Presentation: Pure Water Implementation Update – Amy Dorman, Program Manager

- Phase 1 – North City Projects, schedule update, and project cost.
- Estimated funding opportunities and Metro JPA Disposal Agreement.
- SDG&E relocation, other Pure Water action and activities.
- OCIP features: owner purchases insurance, includes integrated owner and contractor safety program, and centrally managed and processed claims structure.
- EIR – Progress on Council Directives.
- Member Kubota asked if the expansion of the North City Water Reclamation Plant refers to the area to the north of Eastgate Mall. Ms. Dorman stated that Eastgate Mall is the road that splits the two treatment facilities and the reclamation plant is south of Eastgate Mall and the new purification facility is to the north. Member Kubota inquired if there were improvements being made on the existing plant on the south side of Eastgate Mall and Ms. Dorman stated that there are upgrades being done to existing equipment as well as expansion of the reclamation plant. Ms. Dorman stated that the north side of the Eastgate Mall was a separate contract.
- Chair Mittal stated Pure Water costs for Phase 1 and non-Pure Water CIP uninflated is \$1.62 billion and wanted to know the original estimate. Ms. Dorman stated in 2016, based on the 10% design, the estimate was \$1.2 billion which did not account for bundling, OCIP, or other items listed and some of the increases to the scope of the individual projects. Chair Mittal also wanted to know the original estimate for the Pure Water budget and was told the original budget for the entire program was \$3 billion.
- Member Peugh stated that in the City Council hearing the City promised a lot of people considerations to get their local needs met and if any of those have become a problem to which Ms. Dorman said that they had been able to accept many of the recommended considerations.
- Member Hess asked if updated projected O&M and power costs could be presented to the committee in the future. Ms. Dorman agreed.

11. Creation of Ad Hoc Committees to Draft FY 2018 IROC Annual Report – Chair Mittal

ACTION: To create an Ad Hoc Committee for the purpose of drafting the IROC Annual Report. Member Kubota moved, Member Akin seconded. Motion passed unanimously 8-0-0.

ACTION: Confirm the members of the Ad Hoc Committees this will include Tiffany Mittal, Gordon Hess, Linh Quach, and Jim Peugh. Alternate Jeff Justus for Tiffany Mittal and Gordon Hess only. Member Akin moved, Member Weichelt seconded. Motion passed unanimously 8-0-0.

12. Infrastructure & Operations Subcommittee Member Change – Tom Zeleny, Chief Deputy City Attorney

ACTION: Mr. Zeleny asked for nominations for membership to the Infrastructure & Operations Subcommittee. Chair Mittal made a motion to add Robert Weichelt. Member Akin moved, Member Hess seconded. Motion passed 8-0-0.

13. City 10 – County Water Authority (CWA) Update – Lois Fong-Sakai, Ex-Officio, City 10 Representative

- During the September San Diego County Water Authority Board meeting, the Board authorized the General Manager to award three professional service contracts for a pipeline condition assessment of the First Aqueduct. It consists of two pipelines with the first being completed in 1947 and second in 1952. They consist of:

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- Reinforcement concrete pipe (46 miles with steel cylinder and 12 miles without)
- Welded steel pipe (coal tar lined – 2.75 miles)
- Historically, the pipelines have had problems with inconsistent lining surfaces and internal corrosion. The reinforcement concrete pipe has been limited to visual inspections only. The new work will include removing the existing lining and corrosion as well as improving accessibility with construction portals. The Water Authority goal is to assess the first 27 miles in the next 4 years and to complete all remaining miles over 9 years.
- In other news, the Water Authority is closing down work on the potential seawater desalination plant at Camp Pendleton due to permitting hurdles and decreased likelihood that the plant will be needed in the coming decades. Staff has moved to withdraw job permit applications, however, feasibility and technical studies that have already been performed will allow a Camp Pendleton desalination project to remain a backup option if conditions warrant another assessment in the future.
- Mr. Mark Muir has completed his 2-year term as Chairman of the Board of Directors of the San Diego County Water Authority. He will remain a representative of the San Dieguito Water District on the Board. The incoming Chairman of the Board is Mr. Jim Madaffer, a member of the City of San Diego's City-10 delegation.

14. Subcommittee Reports

- **Finance** – *David Akin, Subcommittee Chair*
 - Finance Update
 - FY 2018 Year-End Budget Monitoring
 - Draft FY 2018 IROC Annual Report
- **Infrastructure & Operations** – *Jim Peugh, Subcommittee Chair*
 - None
- **Outreach & Communications** – *Linh Quach, Subcommittee Chair*
 - Status of “Water: Getting More Local” Campaign
 - Draft FY 2018 IROC Annual Report

15. Metro/JPA – Report Out – *Jim Peasley, Metro JPA, Ex-Officio Alternate*
None.

16. Proposed Agenda Items for Upcoming IROC Meetings – *Wilson Kennedy, IROC Coordinator and Tiffany Mittal, Chair*

- Update on the PUD Water Billing Operations Audit recommendations.
- Possible subcommittee changes for Finance and for Outreach & Communications.
- I AM San Diego Lessons Learned.
- Presentation from Environmental Lab on the water quality process.
- Industrial Waste presentation on work they have done.

17. IROC Members' Comments – IROC Members
None.

18. Meeting adjourned: 12:03 p.m.

Minutes submitted by: Yvonne Blantz