



**Independent Rates Oversight Committee (IROC)
Meeting of February 19, 2019**

1. Roll Call

Chair Tiffany Mittal called the full IROC meeting to order at 9:36 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
Tony Heinrichs, City-10	X	

City representatives present at dais: Matt Vespi, Interim Director of Public Utilities; Tom Zeleny, Chief Deputy City Attorney.

2. Non-Agenda Public Comment

None.

3. Approval of Draft Minutes from Meeting of January 22, 2019

ACTION: Chair Mittal asked for a motion to approve the minutes. Motion by Member Akin to approve. Second by Member Hess. Motion passed unanimously 7-0.

4. Chair Updates - Tiffany Mittal, Chair

Chair Mittal spoke on behalf of IROC in support of the process to provide more transparency into the budget process. She thought PUD did a great presentation and that the Budget Committee was happy IROC was providing feedback into the whole process.

5. Mayor and Council Staff Comments - Staff

None.

6. City Staff Updates - Matt Vespi, Interim Director

Three (3) contracts approved by City Council; We presented our Five-Year Financial Outlook; We will be presenting at the March Budget Committee; In March, we will also present IROC with an update on the status of the audit recommendations for both recent audits.

Tiffany questioned the action plan for boxes and lids. Interim Director, Vespi agreed to provide a future update regarding the action plan.

7. Presentation: Update on Water Main Breaks & Sanitary Sewer Overflows - Tom Howard, Deputy Director and Mike Rosenberg, Deputy Director

- Water Main Break Report Totals by Year: CY 2014 - 75, CY 2015 - 64, CY 2016 - 86, CY 2017 - 80, and CY 2018 - 61
- 61 Water Main Breaks by Material Type for CY 2018: Asbestos Cement-47, Cast Iron - 9, Ductile Iron - 1, and PVC - 4

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Member Kubota inquired if the main breaks were due to corrosion or malfunctioning. Deputy Director Howard explained that PVC pipes are non-corrosive and some of the PVC breaks were caused by improper installation. The cast iron breaks were all corrosion related failures.

Chair Mittal questioned the percentage of asbestos pipes remaining in the ground and if there was a correlation between the amount of rainfall in comparison to the number of main breaks. Deputy Director Howard informed Chair Mittal that the Department was awarding 35 miles a year of AC as well as cast iron pipes 16" and larger that should be completely out of the system by 2023-2024. He clarified that main breaks often happen when the temperature is cold, the ground gets cold and contracts.

- Sanitary Sewer Overflows (SSOs) CY 2017 vs CY 2018
 - SSO increase from CY 2017 to CY 2018=15
 - % of SSO increase from CY 2017 to CY 2018=43%
 - CY 2018 SSO per 100 miles (3,020 total miles) =1.66
- In CY 2015 Sewer Back-ups (SSBs) started to be included in the total
- SSO Statistics by Calendar Year through 2019
 - Total Number of SSO % decreased from CY 2000=-82.2%
 - SSO Volume decreased from CY 2000=-153,900 gallons
 - Total Number of SSO to Public Waters % decrease from CY 2000=-80%
 - SSO to Public Waters Volume decrease from CY 2000=-116,100 gallons
- SSOs CY 2018 vs CY 2019
 - SSO increase from CY 2018 to CY 2019=4
 - % Of SSO increase from CY 2018 to CY 2019=100%
 - CY 2019 SSO per 100 miles (3,020 total miles) =0.26
- Total SSOs CY 2000 through January 2019 – 86.3% Reduction

Deputy Director Rosenberg indicated the 86.3% reduction in SSOs is due to an aggressive program implemented to attack sewer overflows using new equipment, new technology, SOPs were written for field staff, staff received trained on the new SOPs, and the use of new software that assist with scheduling pipe replacement.

Member Hess questioned the increase in SSOs for 2018 and inquired if there were changes in business practices. Deputy Director Rosenberg explained there were various reasons for the increase including weather, vacancies, and other data that is under review. Since there was less rainfall, the roots became more aggressive and penetrated clay pipes looking for a source of water.

8. Discussion: Five-Year Financial Outlook – Charles Modica, Deputy Director

- Water side projecting total systems revenue to grow from around \$636M in FY 2020 up to \$813M in 2024 due to some increase in water demand and varied preliminary rate increases.
- On the Water side, those are rate increases of 6.9% to 5.8% in FY 2021-2024 that include the CWA pass through. The Department's portion of those rate increases is 4%.
- Operating expenditures are expected to grow from around \$640M up to \$748M due to increases in operations for the Pure Water Program.
- On the Capital side of the Water program, we are anticipating under \$1.7B in capital expenses over the next 5 years; \$800M of that is for the Pure Water Program.
- On the Wastewater side, revenues are expected to grow from \$390M up to \$464M over the Outlook period due to varied preliminary rate increases of 3% in 2021, 5% in 2022 & 2023, and 5.5% in 2024.
 - It is very important to note these are preliminary both on the Wastewater side and the Water side. They are subject to more vetting and will be developed with more detail and more explicitly in the COSS.
- Expenditures are expected to grow on the Wastewater side from under \$410M up to \$428M. Most of the expenditures that are increasing are associated with the new operational support that will be necessary for the Pure Water Program.
- On the Capital side, there is approximately \$1.3B in capital expenditures over the next 5 years with approximately \$580M for the Pure Water Program.

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Member Hess asked if discussions about the Outlook would be ongoing every year. Deputy Director Modica confirmed it would be done on an annual basis going forward.

Member Hess asked if the Pure Water numbers are the latest numbers. Deputy Director Modica confirmed they were the latest projections.

Member Akin questioned if AMI would be completed in house or contracted out to a contractor. Assistant Director Rania Amen stated PUD obtained Council approval for the ITRON contract and indicated PUD would provide IROC with a deployment plan.

9. **Presentation: Laboratory Processes to Ensure Water Quality** – *Doug Campbell, Senior Chemist*
- Drinking Water Quality Regulations
 - Governed by State Water Resources Control Board Division of Drinking Water, EPA, and other regulators
 - Complex structuring of rules and regulations–EAP Rules, Office of Environmental Health Hazard Assessment, State Water Board vs EPA Safe Drinking Water Act
 - Recreation Wells regulated by County Department of Environmental Health
 - Monitoring
 - Water Monitoring; Treatment Plant Monitoring; Distribution System Monitoring; EAP Rules and Regulatory Monitoring; and Regulatory and Process Control Monitoring
 - Additional Programs
 - Lead in Schools Program–229 SDUSD schools in 3 months; 262 schools total
 - 5 sites at 4 schools above 15 ppb Action Level; is <1% of sites sampled
 - Samples stagnate >6 hours/overnight, is maximum exposure
 - Lead comes from private plumbing systems/fixtures
 - Pure Water Program
 - Demonstration Plant laboratory support since 2013
 - Preparation for full laboratory support of Pure Water Program
 - Includes Compounds of Emerginc Concern – pharmaceuticals, personal care products, flame retardants, etc.

Chair Mittal inquired if there any kind of additional certifications the Water Quality Team would need to access these types of pharmaceuticals or unfamiliar compounds in the water. In addition, Chair Mittal wanted to know if the City looks to other counties or regions such as Orange County. Mr. Campbell informed IROC that the E-Lab Program is a program which accredits the lab to report data to the State and they have a list of methods they certify for. When the Pure Water Support Lab started, the City benchmarked against Orange County.

Member Kubota asked if the City filed a claim to the State for reimbursement to us for lead testing. Mr. Campbell confirmed a claim has been filed for reimbursement.

Member Hess questioned if the lab was having trouble finding qualified people to fill positions. Mr. Campbell stated we usually find qualified people, but the problem is retaining qualified people.

Chair Mittal requested the current vacancy level within the lab. Deputy Director Vroom indicated that out of the 200 positions there are 15 vacancies (7%).

10. **Discussion: Adopt FY 2020 IROC Work Plan** – *Tiffany Mittal, Chair*
ACTION: Motion by Member Akin and seconded by Member Peugh to approve the 2020 IROC Workplan. Motion passed unanimously 7–0.
11. **City-10 County Water Authority Update** – *Tony Heinrichs, City-10 Representative*
None.

12. **Subcommittee Report**

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- Finance
 - Update on Water Sales & Purchases
 - Adopt FY 2020 Work Plan

13. **Metro/JPA – Report Out** – Jerry Jones, Metro JPA Representative
None.

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

- Water Billing Operations Improvement Project Updates
- Water Meter Cover Replacement Program Update
- Membership Changes to Infrastructure & Operations and Outreach & Communications
- Amended and Restated Disposal Agreement with Metro JPA
- Storyboard Presentation on Pure Water including community concerns
- Five-Year Strategic Plan

Chair Mittal inquired about the status of the AMI Audit. Interim Director Vespi stated the audit is still ongoing and the report is expected to be released in April 2019. He will provide updates in the future.

15. **IROC Members' Comments** – IROC Members

- Pending action items discussed during this meeting:
 - From item 8 – PUD will provide IROC with local/regional PAYGO percentages.
 - From item 8 – PUD will provide IROC with an AMI Deployment Plan.
 - From item 12 – PUD will provide IROC with a FY 2020 Work Plan Calendar.
 - From item 14 – PUD will distribute Subcommittee handouts to all IROC Members.

16. **Meeting adjourned:** 11:17 a.m.

Minutes submitted by: Erika McNeill