

Independent Rates Oversight Committee (IROC)  
Meeting of April 15, 2019



1. **Roll Call**

Chair Tiffany Mittal called the full IROC meeting to order at 9:32 a.m. Erika Mc Neill conducted roll and a quorum was declared. Attendance is reflected below:

<b>Members:</b>	<b>Present</b>	<b>Absent</b>
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; and Tom Zeleny, Chief Deputy City Attorney.

2. **Non-Agenda Public Comment** – None.

3. **Approval of Draft Minutes from Meeting of March 18, 2019**

**ACTION:** Chair Mittal asked for a motion to approve the minutes. Motion by Member Peugh to approve. Second by Member Akin. Motion passed unanimously 9-0.

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

Chair Mittal and Vice Chair Justus are presenting the FY 2018 Annual Report and FY 2020 Work Plan to the Environment Committee on April 18, 2019.

5. **Mayor and Council Staff Comments** – None.

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

- Proposed Budget updates will be covered in Item 8.
- Mayor will release the Proposed Budget on Thursday, April 18, 2019.
- The Proposed Budget will be presented to City Council this afternoon, but IROC will receive the information this morning.

Member Kubota inquired about the status of the recruitment of a new Director. Interim Director, Matt Vespi stated interviews have been conducted and an offer has been made to the candidate. PUD is awaiting the response and will share it with IROC and the public within a few weeks.

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7. **Presentation: Enterprise Asset Management Implementation and Enhancement (formerly I AM San Diego)** – Susan Bowman, Program Manager

Ms. Bowman gave an overview of the Enterprise Asset Management (EAM). EAM is formerly known as Infrastructure Asset Management (I AM) San Diego, which created a comprehensive Systems, Applications & Products (SAP) System to transform the way the City plans, prioritizes and delivers maintenance and capital improvement projects. She described the vast benefits it offers the City, our leaders, and our crews. Replacing the outdated and inefficient systems, addressing aging infrastructure, tracking, managing and access to real time information on all aspects of the work and workforce. The Departments currently using EAM are Information & Technology, PUD, Transportations & Storm Water, and Public Works. She pointed out some of the system capabilities and implementation statistics:

- Automated real-time work management
- Mobile, map-based capabilities being used out in the field
- Proactive, condition-based maintenance, and capital asset planning
- Accurate, detailed reporting driving investment decisions
- 1100+ PUD employees
- 500+ users with mobile devices in the field
  - Work order details
  - Photos and reference documents
  - Maps
- 1400+ Employee Training Instances
- Labor cost tracking, asset maintenance history, materials warehousing, and procurement integration
- Asset Management Planning (AMP) Capital Planning

Member Kubota commented on the vast array of large equipment tracked and maintained by PUD. He asked if the new EAM helped track usage and financial cost of equipment. Ms. Bowman replied it does for the larger vehicles. For instance, with the use of the mobile devices for the crews, they can assign a vehicle and track the amount of time they used the vehicle. They are required to assign that truck to the work order as they are working on it and PUD does track that information. Smaller tools are not part of the EAM System. Member Kubota asked for the total cost of the project. Ms. Bowman stated it was approximately \$54M.

Member Quach asked about the estimated annual cost for maintaining EAM. Ms. Bowman stated these costs are incorporated into the general support that PUD provides to the Department of IT. PUD pays licensing based on the number of users. She did not have the exact figures, but offered to obtain that information from FIT. The FIT Division will support the overall ERP support budget for all users which includes the HR and financial systems. PUD budgets about \$400K a year for needed enhancements.

Member Peugh asked if software is running in the background that uses the data to determine when assets should be replaced or if that was done manually. Ms. Bowman responded yes, that is one of the greatest benefits of having gone with a global system like SAP. It is connected to the systems the City has been using for our financials and HR. There is a whole field of reliability engineering.

Member Peugh inquired if these enhancements implement some of the Auditor's recommendations. Ms. Bowman replied it does. Since the implementation of EAM over a year ago, PUD was already addressing a significant number of the Auditor's recommendations.

Ex-Officio Jerry Jones questioned how well the software provider worked with other entities that are providing third-party services. Ms. Bowman responded SAP is very aggressive when working with third-party organizations because they recognize it helps improve the adoption of their system. SAP is driven to ensure they are on the cutting edge to optimize, consolidate, and converge all data into a usable fashion so that businesses can be run effectively.

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Chair Mittal stated one thing that was mentioned regarding photos and work orders at a prior meeting is that they were using a different application to take photos in the field. She wanted to know if that was part of SAP or a different system. She inquired if meter lids and meter boxes were incorporated in this overhaul of the meter entry, and wanted to confirm if that was all part of the same SAP System or a third-party application to capture those photos. Ms. Bowman answered the photos are taken with the phone or a tablet and uploaded into the work order. There are also photos that are taken by the public when they are using the Get It Done application. The Meter Readers are not part of EAM because they are not part of the regular maintenance. They are reading meters, so they use their phones to send those photos over to get added to notifications. There are a number of different intakes for photos, but they all arrive inside SAP on the equipment record or on the notification.

**8. Presentation: Proposed Annual Budget** – Matt Vespi, Interim Director, Lisa Celaya, Interim Assistant Director and Charles Modica, Deputy Director

Interim Director Vespi provided an overview of the comprehensive review of the Proposed Budget, a summary of organizational changes, and information such as receiving approval to move forward with construction projects for Pure Water Phase 1. He also gave a detailed review of revenues, operating budget and expenditures, overall increases, construction support, FTEs, and CIP.

**Timeline and Next Steps**

- April 11<sup>th</sup>–Mayor Released FY 2020 Proposed Budget
- April 15<sup>th</sup>– PUD Presents Proposed Budget to IROC
- May 1<sup>st</sup>– City Council begins Budget Hearings
- May 2<sup>nd</sup>– PUD Budget Hearings (CIP in the morning and Operating in the afternoon)

Member Dull asked how many, out of approximately 1,700 positions are currently vacant. Ms. Celaya indicated PUD is currently trending at 9% or 10%. Member Dull expressed concerns about the approximately 200 vacant FTEs. He stated that is a significant percentage PUD must hire. Mr. Vespi indicated the plan is for this to be a multi-year phased approach to getting the Department where it needs to be as far as resources needed.

Chair Mittal asked if the positions being filled are positions with specialties that require hiring from within the Department. She inquired if the vacancies from that hiring process are positions that can be filled by individuals without specialty skills. Mr. Vespi stated the majority of the Water Systems Tech positions for example, are positions where folks promote through the ranks. PUD fills those positions at the Laborer level. Those positions will be filled by current City employees, then they will be back filled at the Laborer level below those positions or underfilling.

Ex-Officio Jones stated, he understands that Long Range Planning (LRP) is being moved under different Divisions. He inquired how that will be coordinated between the different Divisions and questioned why LRP was eliminated. Mr. Vespi responded LRP is being moved to other Divisions within the Department. The functions that LRP provides are currently provided in other places in the Department. Mr. Vespi stated the idea is to take the services/functions being provided in LRP and better align them with where those similar work duties are being completed elsewhere in the Department. The goal here is to eliminate silos.

Chair Mittal questioned the \$30M shortfall on revenues to expenses. Mr. Modica responded in any given year revenues are derived by rates received. The Department also carries a fund balance. Dollars that have not been spent are available for future years. In terms of our unallocated fund balance, there is approximately \$300M. That equates to \$160M on the Water side and \$140M on the Wastewater side, so this \$30M deficit impacts that fund balance. PUD does have cash on hand to make that up.

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9. **City-10 County Water Authority Update** – None
10. **Subcommittee Report** – David Akin, IROC Member
- Finance
    - Monthly Financial Updates
    - Water Sales & Purchases
    - Customer Impacts of Pure Water
    - Proposed Annual Budget
11. **Metro/JPA – Report Out** – Jerry Jones, Metro JPA Representative
- There is a divergence of interest with Metro JPA, Padre Dam, and the East County Purification Projects about residuals.
    - Discussions are taking place with Padre Dam, Metro JPA, and the City.
    - Gregory Moser was appointed as Special Council to resolve a conflict of interest.
  - Amended and Restated Agreement
    - Out of 12 Agencies, 10 have approved the Amended and Restated Agreement.
    - Metro JPA has signed copies from Mayor Faulconer.
    - The County should approve the agreement in May.
    - Padre Dam will not approve the agreement until the residuals conflict has been resolved.
  - Metro JPA met with Otay and Coronado to discuss recycled water
    - Otay Water District already recycles.
    - Coronado would like to implement a recycling program to prevent golf courses from browning during water shortages.
12. **Proposed Agenda Items for Upcoming IROC Meetings** – Wilson Kennedy, Supervising Management Analyst and Tiffany Mittal, Chair
- Chair Mittal is meeting with the Department to go over the agenda/timeline strategy.
  - Meeting will be held Tuesday, April 30, 2019 from 10:30 to 11:30 with the Department.
  - Amended and Restated Disposal Agreement with Metro JPA.
  - Storyboard presentation on Pure Water.
  - Select Officers for next year in May for full IROC and Subcommittees.
  - Select new Subcommittee Members in May.
  - Long term water supply plan.
13. **IROC Members' Comments** – IROC Members
- Pending action items discussed during this meeting:
    - From item 7 – PUD will provide IROC with the maintenance costs associated with the EAM implementation.
    - From item 7 – PUD will provide IROC with an org chart that includes names.
    - From item 8 – PUD will provide IROC with a diagram showing where the LRP responsibilities are going (this request was fulfilled on April 17<sup>th</sup>).
    - From item 8 – PUD will provide IROC with the annual required fund balances.
    - From item 10 – PUD will provide IROC with Subcommittee meeting handouts that were not previously provided electronically.
14. **Meeting adjourned:** 11:34 a.m.

Minutes submitted by: Erika McNeill