

Independent Rates Oversight Committee (IROC)
Meeting of May 20, 2019



1. **Roll Call**

Chair Tiffany Mittal called the full IROC meeting to order at 9:33 a.m. Erika Mc Neill 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	
<u>Ex-Officio Members:</u>		
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 April 15, 2019**

ACTION: Chair Mittal asked for a motion to approve the minutes. Motion by Member Weichelt to approve pending one minor edit. Second by Member Hess. Motion passed unanimously 6-0.

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

On April 30, 2019, IROC met with the Department to put together a schedule for some of the major items that come up each year. This was done to give the Department a realistic timeframe to prepare for the IROC and Subcommittee meetings. Full IROC is aligning with the Subcommittees to conduct deeper dives in the subcommittee level and the higher-level items at the full IROC. After everything has been solidified, it will be brought to full IROC to make sure everyone agrees on the schedule.

The City of San Diego completed the May Revise. Chair Mittal and Member Hess met with Barbara Bry to discuss some of IROC's recommendations and the Annual Report. Chair Mittal and Member Hess also met with the Mayor's Office to discuss the Annual Report.

IROC is trying to stay active by reaching out to the community leaders, making sure they are aware of what IROC is seeing, and making sure IROC is a resource for them.

Member Kubota shared that he attended the Environmental Committee Meeting. He expressed that Chair Mittal and Vice Chair Justus did an excellent job on their presentation to the Committee.

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

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

- New Director will be announced soon
- The Audit Report of the Customer Support Call Center will be made public in June
- PUD presented at Budget Review Committee and the presentation was well received
- The three main items in the May Revise included corrections to the proposed budget, positions related to reorganizing the Customer Support Division, and reorganizing IT
- MEA has made a request to City Council to add positions for corrosion engineers. That is likely to be a Council request as part of the budget process going forward. Final approval of the budget by City Council will occur in early June.

Member Peugh questioned if the addition of corrosion engineers is because of a physical issue in the system or is it a labor policy. Mr. Vespi stated it is not a physical issue in the system.

7. **Presentation: Amended and Restated Disposal Agreement with Metro JPA** – *John Helminski, Assistant Director and Dexter Wilson from Wilson Engineering/Consultant for Metro JPA*

Mr. Dexter Wilson acknowledged Jerry Jones as being very active in the new agreement. He recommended that it be done from the perspective of the wastewater customers. Mr. Jones has continually pushed to have the agreement approved by all the member agencies in the Metro JPA.

Purpose of the Pure Water Program from a Wastewater Perspective

- Allow continued issuance of waivers
- Off-load of flow solids

Purpose of Changes

- Integrate Pure Water Program into Agreement
- Provide fair split of facility cost between water and wastewater
- Provide maximum cap on financial exposure to wastewater customers from Pure Water Program
- Provide sharing of future water revenues

Integrate Pure Water Program

- Allow billing of capital expenses (bonds) by capacity right not flow and strength
- Provide recognition of Padre Dam project as part of 83 MGD Program
- Provide examples of procedure and future cost splits

Provide Fair Split of Facility Cost Between Water and Wastewater

- Wastewater to pay for primary and secondary facilities needed for ocean disposal
- Water to pay for secondary facilities needed for secondary treatment beyond ocean disposal secondary requirements
- Water to pay general cost based on capital split which is currently at ~61% water/~39% sewer
- Outside of Agreement, protocols to be developed for O&M splits

Provide Maximum Financial Exposure to Wastewater Customers from Pure Water

- Establish a \$1.8 billion ceiling for wastewater customers for Pure Water and Point Loma upgrade
- Revenue stream commodity charge from water to wastewater will compensate wastewater

Provide Sharing of Future Water Revenues

- Equivalency point cost for Pure Water (water) and imported water established
- Cost share to be based initially on capital investment of water and wastewater

Member Akin asked how the 61% and 39% split between water and sewer was determined. Mr. Wilson stated that is the current estimate of the cost identified. There are three categories of cost. There are water cost, wastewater cost, and cost that can be attributed to water or wastewater. The split between the water and wastewater cost is now estimated to be 61% water 39% sewer. We take that and split the general cost.

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Member Jones mentioned it was a long process. There were discussions between the City of San Diego staff and Metro JPA staff. It was very complicated. Mr. Helminski stated these are based on estimates for actual construction as well, so when the bids come in, the breakdown between water and wastewater could shift slightly.

Chair Mittal questioned how this should be communicated to customers and what is the benefit to them. Mr. Wilson responded the purpose of this agreement is to establish equity between what Water pays and what Wastewater pays. In simplest terms, this is splitting that cost most equitably.

Mr. Jones reiterated that one of his biggest things is to improve the failsafe, discharge, and connection to the outfall. He inquired if Mr. Helminski thought the City and Metro should look at the system and look at the potential for those residuals not only from outside of San Diego area but from within. He referenced a 3,500-home construction project that will be having some effect. He wanted to know if that would increase the need for a failsafe. In addition, he inquired if at some point the cost benefit will rise for that failsafe and the ocean discharge. Mr. Helminski confirmed there would be a need for a failsafe. He believes that at some point in the future we are likely to have some type of brine line that runs north/south and another one that runs east/west to help pick up projects like this. The project in Mission Valley, the Civita Project, is contemplating recycling reclaimed water which they are using for irrigation yet they are putting all their solids and residuals back into the system as well. The City will see more of this decentralized approach as developers try to come in and increase density in certain areas. They will have the choice of upsizing the sewer system to accommodate that or they will be able to do the onsite treatment, so they are only sending a small portion of their wastewater to the City of San Diego.

Member Peugh asked if this is the way developers are building pocket treatment plants. Mr. Helminski responded it seems that way. That is why we think we need to get in front of it and do this Local Limit Study as to what people can and cannot put back into our system. There is a ton of industry out there. They are all doing something different. The City needs to understand what is happening in the industry and put some limits on it.

8. **Presentation: Story Board on Pure Water** – John Helminski, Assistant Director
Pure Water will produce 1/3 of your water locally with a 2035 completion date.

Morena Pump Station and Pipelines

- Conveys wastewater to North City Water Reclamation Plant (WRP)
- Supports Phase 1 purified water and recycled water production
- Trenchless construction will be used to avoid:
 - Environmentally sensitive areas
 - Freeways crossings
- Construction Starts 2019/2020
- Four Construction Packages

North City WRP Expansion

- Treats wastewater to recycled water standards
- Expansion nearly doubles the amount of recycled water produce to meet the needs of:
 - Pure Water Facility
 - Recycled Water System
- Three construction packages

North City Pure Water Facility & Pump Station

- Treats water to produce 30 MGD of purified water
- Includes a proven 5-step advanced water purification treatment process
- Construction Start: 2019
- Two construction packages

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North City Pure Water Pipeline & Dichlorination Facility

- Pure Water to Miramar Reservoir via Pump Station Pipeline
- Construction Start: 2019
- One construction package

Sub-Aqueous Pipeline & Pump Station Improvements

- The purified water is released via under water pipeline in the reservoir
- Will blend with imported and local water supplies
- One construction package

Metro Biosolids Center Improvements

- Center will be upgraded to handle increased biosolids
- Construction Start: 2019
- One construction package

Member Peugh asked if bio-gas flares are for backup. Mr. Helminski confirmed they were for backup in the event an engine goes down. He also indicated it is an improvement to that existing flare. That is something that was requested by the EPCD as a part of our project.

Member Jones inquired this presentation would be presented to Metro JPA Board. Mr. Helminski replied yes. This can be part of the regular Pure Water Update. Mr. Jones requested that water and wastewater items be defined. He requested Mr. Helminski to point out the ones with the split since the biosolids plant will not necessarily have a split.

9. **Presentation: Department Restructure of Information Technology and Customer Support Division** – Charles Modica, Deputy Director, Craig Boyd, Deputy Director, and Matt Vespi, Interim Director
Director Vespi started the presentation by stating that have been going through a systematic department-wide review. The Mayor put out a memo appointing Frank Belock, Stacy LoMedico, and myself to review PUD Operations. That resulted in the reorganization of the Department that was announced in February 2019. The changes were implemented in April 2019. While that was going on, PUD also conducted reviews of the Customer Support Division and our Information Technology Section which is currently in the Finance & IT Division.

May Revise – Department Reorganization

- Systematic Department-wide reviews
- February reorganization captured in FY 2020 Proposed Budget
- Reviews of Customer Support Division recently completed
- Overall goal for Department: Customer-Focused, mission driven utility

Customer Support Division

- Unifying the Customer Support Division
- Enhancing Customer Service by meeting needs of customers on the first call
- Data Management/Analytical Team
 - Proactive Customer Assistance
- Water Conservation being moved to Customer Support
 - Must go through Meet and Confer with MEA

Organization Chart

- Creates 3 teams that will be led by an Unclassified Program Manager
 - Customer Service Team
 - Key Customer Advocacy Team
 - Workforce and Resource Development

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The May Revise-IT Division

- Includes support for an enhanced IT Division
 - 3.0 Program Manager positions added and 1.0 Program Coordinator added
 - IT functions currently spread throughout the Department will be consolidated into one Division
 - This change will elevate the IT function in PUD, provide clear support for each Division's business needs, and allow knowledgeable and technical staff to drive IT projects and improvements
- New organizational chart provided

Member Akin question how PUD determined the reorganized structure. Mr. Boyd responded that we brought in three individuals from other parts of the City to do a review of the structure of the Division. They interviewed staff and looked at best practices.

Mr. Vespi communicated that the three individuals PUD had come in were an employee from Citywide HR that has a customer service background, an employee from the Performance & Analytics Department that has some background in call centers and customer service, and our Economic Development Director. They were embedded in Customer Support for 6-8 weeks. They interviewed employees on the floor, trying to understand processes, listening to calls. That was the process behind the Customer Support Division Review.

Member Akin stated that he learned in his three years as a Customer Advocate for Customer Support, one of the biggest frustrations was the Representatives and Supervisors not having the authority or empowerment to resolve simple requests such as a two-day extension. As a result, he would have to speak directly with the Deputy Director for approval. He acknowledged some of this has changed. He expressed it is extremely important that the first Representative the customer speaks to on the phone must have the training, the authority and the power to resolve the problem. He hopes this is a part of the new program. Mr. Boyd replied yes, it is.

10. Presentation: Lake Hodges Dam Update – Isam Hireish, Deputy Director and Rosalva Morales, Principal Water Resources Specialist

History of Facts

- Hodges Built in 1918
- One of the Oldest City Dams in California

State Regulations

- California Division of Safety Dams (DSOD)
- Increased DSOD regulation due to Oroville Dam incident

Condition Assessment Effort

- Consultant GEI Inc.
- Contract Amount: \$5 Million for 5 years (Feb 2016-Feb 2021)
- Goal: Perform a comprehensive condition assessment of the City's raw water dams to comply with the DSOD requirements

Areas of Concern for Hodges Dam

- Seismic Stability
- Deterioration of Concrete
- Spillways Repairs
- Foundation Erosion
- Seepage

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Current Operations

- Typical Operation level between elevation 292-295
- At this level operational activities will not be impacted

Actions Taken

- Letter submitted to DSOD in May
- In 2019, the City and SDCWA collaborated and initiated a transfer of 4,500 acre ft. of water from Hodges Reservoir to Olivenhain Reservoir which was delivered to City Water Treatment Plants

Actions Taken

- Public Outreach
- An email to Community leaders and stakeholders was sent including the DSOD letter and FAQ

Operational Impacts

- Storage Availability
- Local Water Capture

Actions Ahead

- Complete the operations plan by August 2019
- A concrete repair and leakage monitoring plan will be developed and submitted to DSOD for review and approval
- Comprehensive condition assessment efforts to continue

Member Kubota asked if there was a question of ownership with the shared reservoir capacity with San Dieguito. He questioned how the cost for O&M was allocated for this facility. Mr. Hireish confirmed we share ownership. Member Kubota also inquired if there were provisions of dam safety and if they do annual inspections. Mr. Hireish stated there is annual inspection requested by the DSOD for repairs that are needed.

Member Peugh wanted to know more about seepage issues and if they are mainly between the soil and the dam. He inquired about the seepage recovery system. Mr. Hireish stated we have a seepage system that measures what the seepage is from the dam. That is one of the issues that we are having because that seepage is way downstream of the dam and it is not only collecting from the dam, but from the hills around the area. That is why we do not have accurate information about the seepage. All dams seep. This is a 100-year-old dam so there is an expectation that there would be seepage from old deteriorated infrastructure. Member Peugh questioned if seepage was recovered and pumped back into the reservoir. Mr. Hireish confirmed it is. Some of it goes into San Dieguito Water shed. We do not have a pumping mechanism to pump it back into the lake. In addition, that would require environmental clearance. Member Peugh inquired if there any indication that the seepage is damaging the dam. Mr. Hireish replied the seepage does not seem to be that much. It seems to be at the expected limits from a system like this. That is part of the conditions assessment that GEI is currently conducting. They are going to come up with some sort of plan for the long-term improvements that will be needed for that dam in addition to all other dams. As Rosalva mentioned, we are hiring a consultant to evaluate the condition of all our reservoirs.

11. **Discussion: Selection of New IROC Chair and Vice Chair** – *Tom Zeleny, Chief Deputy City Attorney*
ACTION: Motion by Member Akin for Chair Mittal to remain as Chair. Seconded by Member Weichelt. Motion passed unanimously 6-0.

ACTION: Motion by Member Hess to nominate Member Weichelt as the new Vice Chair. Seconded by Member Akin. Motion passed unanimously 6-0.

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12. **Discussion: Selection of New Subcommittee Chairs and Members** – Tom Zeleny, Chief Deputy City Attorney

ACTION: Chair Mittal asked for a motion to postpone the new Subcommittee Chairs nominations. Motion by Member Weichelt to approve. Second by Member Peugh with a condition that the current Chairs remain Chair until replacements are named and the Members remain also. Motion passed unanimously 6-0.

13. **City-10 County Water Authority Update** – None.

14. **Subcommittee Report** – David Akin, IROC Member and Jim Peugh, IROC Member

Finance

- Discussion: Monthly Financial Updates
- Discussion: Water Sales & Purchases
- Presentation: May Budget Revisions for FY 2020 Proposed Budget

Infrastructure & Operations

- Presentation: FY19 Capital Improvement Program (CIP) 3rd Quarterly Update
- Presentation: Groundwater Sustainability Updates
- Discussion: Group Job 968 Update
- Presentation: Significant Water Main Break Updates

15. **Metro/JPA – Report Out**

Metro JPA formed an ad hoc committee to update the Strategic Plan. Metro approved budgets and renewed contract for consultants including Mr. Dexter Wilson. A new contract was approved for Mr. Greg Moser as a special outside council for all things involving Pure Water.

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

Mr. Kennedy announced future tours to:

- Miramar Water Treatment Plant (July 2019)
- El Capitan (Fall/Winter 2019)
- EMTS Ocean Monitoring (Spring/Summer 2020)

❖ **Subcommittee Meetings will be on recess in July**

Future Agenda Items and Deliverables:

- Selection of the new Subcommittee Chairs and Members
- Review of Assumptions
- Long Term Water Supply Plan
- Report on Lake Hodges Condition Assessment
- Study of the Industrial Waste Control Program Assessment
- PUD to provide IROC with a “Flow Chart” from Customer Support
- PUD to provide IROC with an organizational chart with names identifying the positions

17. **IROC Members’ Comments** – None.

18. **Meeting adjourned:** 12:21 p.m.

Minutes submitted by: Erika McNeill