



Independent Rates Oversight Committee (IROC)
Meeting of October 19, 2020

1. **Roll Call**

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

Members:	Present	Absent
Tiffany Mittal, Chair	X	
Robert Weichelt, Vice Chair	X	
David Akin	X	
Christopher Dull	X	
Gordon Hess	X	
Jeff Justus	X	
Jack Kubota	X	
Luis Osuna	X	
Jim Peugh	X	
Linh Quach	X	
Ex-Officio Members:		
Jerry Jones, Metro JPA	X	
Jim Peasley, Metro JPA Alt.		X
Tony Heinrichs, City 10		X

City representatives present: Shauna Lorange (Director of Public Utilities), Lisa Celaya (Assistant Director), Tom Rosales (Interim Assistant Director), and Bonny Hsu (Deputy City Attorney).

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

3. **Approval of Draft Minutes from Meeting of August 17, 2020**

ACTION: None. Chair Mittal asked for a delay of the approval of the minutes due to revisions.

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

- We are looking forward to seeing the COSS presentation and different rate structures available.

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

6. **PUD Updates** – *Shauna Lorange, Director of Public Utilities*

- Two (2) project bids were received for Pure Water
 - Water Treatment Plant
 - Morena Northern Alignment Pipeline
- Working on our draft Urban Water Management Plan
- CWA is working on evaluating the Regional Conveyance System
- Fixed and variable costs
- Proposition 218, rate increases, COSS, and new City Council members
- Chair Mittal expressed the importance of IROC’s involvement in rate structure discussions.
- Chair Mittal recommended having Finance Subcommittee meetings before the COSS is released.
- Member Peugh asked if staff analyzing sewage for COVID-19 is resulting in an increase of sick leave. Director Lorange responded no and credited the use of PPE for protecting staff from getting sick.

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7. **Discussion: Introduction of IROC's IBA Representative** – *Angela Colton, Fiscal & Policy Analyst*
- The 2019 RFP process resulted in the selection of Stantec
 - Stantec is under contract with the IBA
 - Stantec will attend various meetings with Ms. Colton, make some presentations, and issue a report
 - Member Hess recommended PUD sharing the COSS information with the IBA/Stantec to begin their review process.
 - Chair Mittal recommended creating an Ad Hoc Committee for COSS discussions.
8. **Presentation: COSS – Forecasts & Expenditure Assumptions** – *Lisa Celaya, Assistant Director*
- Review and discuss key expenditure assumptions
 - Water – Water sales, operations, CIP, and Financial metrics
 - Wastewater – Operations, CIP, and Financial metrics
 - Sets the foundation for the revenue requirement
 - Discussion on proposed rates, impacts on ratepayers, and alternatives
 - Public Hearing on proposed rates in spring 2021
 - Chair Mittal asked if CWA is including the impacts of Pure Water in their projections and Ms. Celaya confirmed CWA includes Pure Water in their forecasting.
 - Ms. Celaya informed IROC that the original \$614M WIFIA Loan at 3.36% was refinanced to 1.29% resulting in cost avoidance of approximately \$300M over the life of the loan (35 years).
 - Member Hess stated this was his first time seeing a report like this. He expressed how good and useful it is, and complimented Ms. Celaya for getting it done.
9. **Presentation: IWCP Audit Update** – *Andy Hanau, Interim Assistant City Auditor*
- Finding 1 – Cost Recovery Practices Remain Out of Compliance with City Policies and Possibly State Law
 - Finding 1 Recommendations
 - 1. Track all billable costs so that fees (cost recovery rates) can be determined.
 - 2. Review fees annually and conduct detailed fee studies not less than every three years; present fee proposals to the City Council.
 - 3. Conduct a fee study to determine fee levels for full cost recovery; ensure fee calculation methodology meets applicable legal requirements.
 - 4. Revise agreements with outside agencies to include fees that achieve cost recovery and mechanisms to adjust fees in response to changes in the cost of service.
 - 5. Develop a proposal to update program fees within the City that achieve cost recovery and include mechanisms to adjust fees in response to changes in the cost of service.
 - 6. Move IWCP from the Muni Fund to the Metro Fund.
 - PUD Has Made Some Progress Towards Implementation
 - Finding 2 – Billing Lapses Have Reoccurred Due to Overly Complex and Inefficient Processes and a Breakdown in Oversight
 - Finding 2 Recommendations
 - 7. Seek recovery of all unbilled costs related to IWCP activities.
 - 8. Establish a centralized billing process and standardized billing policies and procedures across all IWCP activities.
 - 9. Review all PIMS settings to ensure invoices are generated accurately and in a timely manner.
 - PUD Agreed to Implement All 9 Recommendations
 - Chair Mittal asked if these rate changes are built into the COSS and Director Lorange confirmed they are built in as we move forward.
 - Chair Mittal requested a list of outstanding audits with a list of recommendations that have not been completed.
10. **Presentation: Summary of April 10, 2020 City of San Diego Sanitary Sewer Overflow Incident** – *Tom Rosales, Interim Assistant Director*
- South Metro Interceptor
 - South Siphon Transition Structure
 - Cross Section of Sweetwater River Siphons
 - Calculating the Sanitary Sewer Overflow Volume
 - Wastewater Level at Sweetwater Structure
 - Remedial Measures Implemented

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- Planned Mitigation Measures
- Member Peugh asked if there will be a penalty for this and Mr. Rosales confirmed there will likely be a penalty coming from the Regional Board.
- Member Peugh expressed concern about the spill point being near the national wildlife refuge that could possibly be impacted by extreme rain events in the future.

11. Discussion: Selection of New IROC Chair & Vice Chair – *Bonny Hsu, Deputy City Attorney*

ACTION: Motion by Chair Mittal to nominate Member Akin as the new Chair. Second by Member Hess. Motion passed 9-0 with Member Akin abstaining.

ACTION: Motion by Member Hess to nominate Chair Mittal as the new Vice Chair. Second by Member Peugh. Motion passed 9-0 with Chair Mittal abstaining.

The new Chair and Vice Chair are David Akin and Tiffany Mittal, respectively.

12. Discussion: Selection of Subcommittee Chairs & Members – *Bonny Hsu, Deputy City Attorney*

Nominations for Outreach & Communications (O&C) Subcommittee Chair and Members:

ACTION: Motion by Vice Chair Mittal to retain the current members of the O&C Subcommittee. Second by Member Quach. Motion passed 10-0.

Action: Motion by Vice Chair Mittal for Member Quach to continue as the O&C Subcommittee Chair. Second by Member Dull. Motion passed 10-0. The members will continue to be Linh Quach (Chair), Christopher Dull, and Jack Kubota.

Nominations for Infrastructure & Operations (I&O) Subcommittee Chair and Members:

ACTION: Motion by Vice Chair Mittal to retain the current members of the I&O Subcommittee. Second by Chair Akin. Motion passed 10-0.

Action: Motion by Member Osuna for Member Peugh to continue as the I&O Subcommittee Chair. Second by Chair Akin. Motion passed 9-0 with Member Peugh abstaining. The members will continue to be Jim Peugh (Chair), Gordon Hess, Jerry Jones, Jack Kubota, and Luis Osuna.

Nominations for Finance Subcommittee Chair and Members:

ACTION: Motion by Vice Chair Mittal to retain the current members of the Finance Subcommittee and add Member Jones. Second by Member Justus. Motion passed 10-0.

Action: Motion by Vice Chair Mittal to nominate Member Hess as the Finance Subcommittee Chair. Second by Chair Akin. Motion passed 9-0 with Member Hess abstaining. The members will be Gordon Hess (Chair), David Akin, Jeff Justice, Tiffany Mittal, Robert Weichelt, and Jerry Jones.

13. City 10 - County Water Authority – None.

14. Metro/JPA – Report Out – *Jerry Jones, Metro/JPA Representative*

- Pure Water contracts came in lower than expected
- Only two (2) agencies were left to sign the amended and restated wastewater agreement
 - The County of San Diego passed their approval last month
 - Padre Dam is close to signing an agreement on residuals with the City of San Diego
- We are happy to see Pure Water moving ahead

15. Proposed Agenda Items for Upcoming IROC Meetings – *IROC Members*

- Lake Hodges Condition Assessment Update
- COSS – Rate Structures
- Update on Outstanding Performance Audits (with a dashboard tracking the status of each audit)
- Members expressed interest in having the subcommittee meetings to help address the Work Plan items

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16. IROC Members' Comments – *IROC Members*

- Chair Akin thanked Vice Chair Mittal for doing a fantastic job in her role as IROC Chair for the past two (2) years.
- Member Dull asked about the possibility of use the “voting button” feature in the future and Mr. Kennedy offered to research if that technology is acceptable (Brown Act compliant).

17. Meeting adjourned: 12:37 p.m.

- [Click here](#) to view the meeting online.

Minutes submitted by: Wilson Kennedy