

Independent Rates Oversight Committee (IROC)  
Meeting of April 18, 2022



1. **Roll Call**

Chair David Akin 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:

<b>Members:</b>	<b>Present</b>	<b>Absent</b>
David Akin, Chair	X	
Tiffany Mittal, Vice Chair		X
Christopher Dull	X	
Gordon Hess	X	
Jeff Justus		X
Jack Kubota	X	
Luis Osuna	X	
Jim Peugh	X	
Linh Quach	X	
<b><u>Ex-Officio Members:</u></b>		
Jerry Jones, Metro/JPA	X	
Jim Peasley, Metro/JPA Alt.		X

Some of the City representatives present included Lisa Celaya (Interim Executive Assistant Director of Public Utilities) and Ray Palmucci (Deputy City Attorney).

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

3. **Approval of Draft Minutes from Meeting of March 21, 2022** – *David Akin, Chair*

**ACTION:** Chair Akin asked for a motion to approve the minutes. Motion by Member Hess. Second by Member Peugh. Member Dull abstained. Motion passed with 6 in favor, zero opposed, and 1 abstained.

4. **Chair Updates** – *David Akin, Chair*

- Chair Akin is scheduled meet with the Mayor's staff later this week to discuss the possibility of PUD being allowed to share information with IROC earlier.

5. **Mayor and Council Staff Comments** – *Chida Warren-Darby, Director of Appointments*

- Director Warren-Darby will attend the meeting with Chair Akin on April 20, 2022.

6. **PUD Updates** – *Lisa Celaya, Interim Executive Assistant Director of Public Utilities*

- PUD is planning to make some urgent repairs to Lake Hodges Dam once the water level is reduced 18 feet to approximately 275 feet. The Dam is safe and stable.

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7. **Presentation: Sewer Bond Offering** – Adam Jones, Deputy Director, Public Utilities

- The City is seeking:
  - Sewer Revenue Bonds, Series 2022A (Tax-Exempt)
  - Finance additional Wastewater System capital improvement projects
  - Reimbursement of certain prior capital expenditures
  - New capital projects
- The Wastewater System CIP is established to address current and future system needs in a cost-effective manner
- 81% of CIP expenditures projected to be financed (bonds & loans)
- Fitch – ‘AA’ for issuance, ‘AA’ for existing debt, outlook stable
- S&P – ‘AA’ for issuance, ‘AA+’ for existing debt, outlook stable
- Member Hess asked about the Pure Water risk factors mentioned in the Preliminary Official Statement and if PUD is experiencing supply chain or inflation issues with contractors. Staff indicated Pure Water is in a fairly good position because many of contracts were awarded prior to the supply chain issues.

8. **Metro/JPA Report Out** – Jerry Jones, Ex-Officio Member, Metro/JPA Representative

- In addition to the recurring meeting items, Metro/JPA recently reviewed the PUD Five-Year Outlook, modified some bylaws, took a position to support the new water/wastewater cost-split for Pure Water Phase II, and received an update on Pure Water Phase I change orders.

9. **Proposed agenda Items for Upcoming IROC Meetings** – IROC Members

- Member Kubota suggested an update on Pure Water Phase II.
- Member Peugh requested an update related to the 90% Yield on Potable Reuse in other districts.
- Chair Akin recommended an update on the Pension Fund from SDCERS regarding the general health of the fund.
- Member Peugh asked for an update on PUD’s Long-Range Water Supply.
- Member Peugh recommended an update on the repairs at Lake Hodges Dam.
- Member Kubota asked for information on Demineralization Facilities and Recycled Water Systems.
- Member Kubota recommended adding an item on the recent industrial wastewater discharge violators.

10. **IROC Members’ Comments** – IROC Members

- Proposed agenda items carried over from the August 2020 minutes:
  - Call Center Update.
- Proposed agenda items carried over from the April 2021 minutes:
  - Once collections resume, Chair Akin would like to have a presentation on the Customer Support Division and Office of the City Treasurer collection process.
  - I&O Subcommittee – Member Kubota recommended adding an item on the “Valve Maintenance and Replacement Program in the Potable Water System (including fire hydrants)” to the agenda.
- Proposed agenda items carried over from the July 2021 minutes:
  - Once collections resume, Chair Akin and Member Kubota would like to combine the collection process presentation proposed in the April 2021 bullet above with an update on the status/timing on lifting water shutoff restrictions.

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- Proposed agenda items carried over from the August 2021 minutes:
  - Full IROC – An update from MEA and Local 127 about employee representation.
  - Finance Subcommittee – Once collections resume, a deep dive into the Office of the City Treasurer collections process.
  - O&C Subcommittee – Update on the Management/Field Academies.
- Proposed agenda items carried over from the March 2022 minutes:
  - Chair Akin asked for an update on the new Water Meter Services Division (including the meter shop and field crews).
  - Member Kubota requested an AMI update.
  - Chair Akin asked for an update on Non-Revenue Water.
  - Member Peugh requested an update on ways PUD is reducing methane discharge.
  - Members Hess and Peugh requested updates on the following COSS-related items:
    - COSS Rate Structures. –from Member Hess
    - The level of infrastructure replacement and staffing the COSS is based on for both water and wastewater. –from Member Peugh
    - Update on current System Condition Studies in preparation for the next COSS. –from Member Peugh
    - Update on the number of unfilled positions, hiring success, and PUD functions affected by unfilled positions; and an update on whether or not the COSS will provide resources to fill the unfilled positions. –from Member Peugh
    - Update on how these items are addressed in the COSS: Water sales; reservoir levels; budget status; Pure Water costs & progress; County Water Authority & MET rates; lawsuit updates; impact of changes with Fallbrook and Rainbow; and the Urban Water Management Plan. –from Member Hess
    - It would be helpful to understand why the last COSS was inadequate according to the judge and what the options are to address these deficiencies should the City lose its appeal of the decision. There must be other data requirements or options that could address the rates in a legal manner. –from Member Hess

**11. Meeting adjourned: 10:44 a.m.**

Minutes submitted by Wilson Kennedy