

Independent Rates Oversight Committee (IROC)
Meeting of July 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:

Members:	Present	Absent
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	

Ex-Officio Members:

Jerry Jones, Metro/JPA	X
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Some of the City representatives present included Juan Guerreiro (Director of Public Utilities) and Ray Palmucci (Deputy City Attorney).

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

3. **Approval of Draft Minutes from Meeting of June 20, 2022** – David Akin, Chair

ACTION: Chair Akin called for a motion to approve the minutes. Motion by Member Peugh. Second by Member Hess. Motion passed with 7 in favor, 0 opposed, and 2 abstained.

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

- Chair Akin, Member Kubota and Member Peugh had a meeting with the Mayor's staff to discuss the timing of PUD sharing information with IROC. Chair Akin will arrange a follow up meeting.

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

6. **PUD Updates** – Juan Guerreiro, Director of Public Utilities

- Lake Hodges Dam repairs are underway.
- A pause on the drawing of water from Lake Murray Reservoir, due to the presence of MIB, resulted in a water level increase.
- Council approved the public hearing for the pass through of CWA to purchase water.
- Recruitment of the Water Delivery Branch Assistant Director position is ongoing.
- Recruitment of a new COO is ongoing.

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7. **Presentation: Pure Water Update** – Andrea Demich, Assistant Deputy Director, Public Utilities Department

- Pure Water Program Background
 - Goal
 - Provide Safe, secure, and sustainable local drinking water supply – approximately 1/2 of projected 2035 demand
 - Reduce treated discharges from City's Point Loma WTP
 - Water Purification Demonstration Project
 - Demonstrated technical, cost, public acceptance feasibility
 - Unanimously accepted by City Council, 2013
 - State Water Board's Adoption of Surface Water Augmentation Regulation: March 2018
 - Regional Board Adoption of Miramar NPDES Permit for Phase 1: May 2020
 - City of San Diego's Largest & Most Complex CIP
 - Executed in Two Phases
 - Phase 1 (North City), deliver 30 mgd in 2025
 - Phase 2 (Central Area), deliver 53 mgd in 2035
- Pure Water Phase 1, Progress & Status
 - Scope and Alignment
 - 8 of 10 contracts awarded
 - Total combined value of all construction contract awards: \$1,010,282,000
 - Council authorized award amount: \$1,212,229,485
 - Construction Progress
 - North City Pure Water Facility and Pump Station:
 - Project started: April 2021
 - Contractor: Shimmick
 - Contract Award: \$356,681,930
 - Morena Northern Pipeline and Tunnels:
 - Project started: June 2021
 - Contractor: OHL
 - Contract Award: \$95,243,645
 - Morena Pump Station:
 - Project started: June 2021
 - Contractor: Flatiron
 - Contract Award: \$110,386,350
 - North City Pure Water Pipeline:
 - Project started: June 2021
 - Contractor: W.A. Rasic
 - Contract Award: \$123,456,027
 - North City Water Reclamation Plant (NCWRP) Expansion:
 - Project started: August 2021
 - Contractor: Kiewit
 - Contract Award: \$255,138,000
 - Metropolitan Biosolids Center (MBC) Improvements:
 - Project started: September 2021
 - Contractor: PCL
 - Contract Award: \$40,089,690

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- Construction Progress (continued)
 - Flow Equalization Basin:
 - Project started: December 2021
 - Contractor: Kiewit:
 - Contract Award: \$11,886,000
 - Morena Southern & Middle Alignments:
 - Award in Process
 - Miramar Reservoir Pump Station:
 - Award in Process
- Construction Challenges
 - Typical construction impact to the Right of Way
 - COVID Pandemic
 - War in Ukraine
 - Utility conflicts/relocations
- Safety and Quality Assurance
 - City's construction management team (City staff and consultant staff)
 - Owner Controlled Insurance Program
 - In the last year, there have been workers compensation claims and general liability claims (>300,000 hrs worked)
- Project Labor Agreement
 - Requirement of State Funding
 - Agreement between San Diego Building and Construction Trades Council, the signatory craft unions, and contractors
 - City resident hiring goal (35% of the total construction craft hours)
 - Target Worker Goal (10% of the total construction craft hours worked)
- Construction Outreach
 - Community presentations
 - Pure Water website
 - Doorhanger distribution within 500 feet of construction
 - E-blasts, Nextdoor
 - Individual business outreach
 - Three phone lines
 - Project signs
- Project Outreach
 - Relaunch of Speaker's Bureau
 - Presentations on request – virtual or in-person
 - Event booths
 - Construction site tours
- Regulatory Update
 - Industrial Waste Control – Local Limits
 - Originally established for upstream protection of Point Loma
 - Will be updated to be additionally protective of Pure Water Phase 1 Facilities
 - Point Loma Permit
 - Revisions to Pure Water Implementation Dates
 - Application to renew submitted March 28, 2022
 - Ocean Pollution Reduction Act II (OPRA II)

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- Pure Water Phase 2, Progress and Status
 - Delivers the next 53 of 83 million gallons of pure water
 - Reservoir Options – Lake Murray or San Vicente
 - Operational flexibility
 - Constructability
 - Other-agency coordination
 - Regulatory framework
 - Decision in Fall 2022
 - Demonstration Testing – Small Scale Facility
 - Design near completion
 - Construction advertisement: Mid 2022
 - Program Management Consultant Procurement
 - Request for Proposals: Mid 2022
 - Selection: Late 2022
 - Questions
 - Vice Chair Mittal asked about capacity at Lake Murray vs. capacity at San Vicente.
 - Assistant Deputy Director Demich stated that 53 million gallons a day capacity fits in Lake Murray as a direct potable reuse project.
 - Member Peugh asked if MBC covers Phase 1 and Phase 2
 - Assistant Deputy Director Demich stated that MBC covers Phase 1 only.
 - Member Peugh asked if the quality of ocean discharge from Pure Water is going to be better than the quality before Pure Water.
 - Assistant Deputy Director Demich stated that the EPA requires better quality in order to claim secondary equivalency.
 - Member Peugh asked about the Padre Dam Pump Station.
 - Assistant Director Dorman stated that Pure Water supports East County's project and is working with them to finalize their project.
 - Member Hess asked about extra materials and labor costs.
 - Assistant Director Dorman stated that it is being monitored, but that contracts are not renegotiated at this time.
 - Member Hess asked about updated unit costs.
 - Assistant Director Dorman stated that with the construction contracts being awarded, the process to calculate those costs can be started soon.
 - Vice Chair Mittal asked if the risk of non-performance is being monitored and if there is a difference in oversight.
 - Assistant Deputy Director Demich stated that the contract time is being monitored.
 - Assistant Director Dorman clarified that PUD stills owns and maintains oversight over the delivery of Pure Water. Strategic Capital Projects was created to provide specialized support with design and construction delivery.
 - Member Peugh asked where the Pure Water demonstration site will be.
 - Assistant Deputy Director Demich stated that it will be at the Point Loma Wastewater Treatment Plant.
 - Member Peugh asked about the percentage of Pure Water recovery.
 - Assistant Director Dorman stated that Phase 1 design was based on an 85% recovery rate and research efforts have started to increase that to as much as 95%.

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- Questions (continued)
 - Member Kubota asked if outreach was being pushed by Pure Water or the contractors.
 - Assistant Deputy Director Demich responded that Pure Water and City staff were leading outreach.
 - Member Kubota asked how the need for night labor has contributed to increase in cost.
 - Assistant Deputy Director Demich stated that the labor was bid to account for night labor.

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

- Metro has announced Marvin Heinze as Vice Chair and Karen Jassoy was appointed to the Padre Dam Finance Committee.
- They have contracted with Procopio for General Council.

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

- Vice Chair Mittal requested a COSS Update on Litigation Related to Tiered Water Rates.
- Member Peugh requested an update on Wastewater Pipeline Cleaning (*tentatively scheduled for 02/13/23 as part of the Collection System Maintenance Program Update*).
- Member Kubota requested a Water Quality Monitoring Overview, including impacts on water flowing in from across the border (*tentatively scheduled for 11/21/2022*).

10. **IROC Members' Comments** – *IROC Members*

- 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 (*tentatively scheduled for 01/17/2023*).
- 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.
- Proposed agenda items carried over from the August 2021 minutes:
 - Finance Subcommittee – Once collections resume, a deep dive into the Office of the City Treasurer collections process.
 - O&C Subcommittee – Once in-person training resumes, an update on the Management/Field Academies.

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- Proposed agenda items carried over from the March 2022 minutes:
 - Once the position is filled, Chair Akin would like an update from the new Deputy Director of the Water Meter Services Division. This should include an update on AMI, the meter shop, and field crews.
 - Member Peugh requested an update on ways PUD is reducing methane discharge (*tentatively scheduled for 02/21/23*).
 - 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 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
- Proposed agenda items carried over from the April 2022 minutes:
 - Chair Akin recommended an update on the Pension Fund from SDCERS regarding the general health of the fund. This item will be scheduled after the ongoing Proposition B negotiations are complete (*tentatively scheduled for 09/19/22*).
 - Member Kubota asked for information on Demineralization Facilities and Recycled Water Systems.
- Proposed agenda items carried over from the May 2022 minutes:
 - Member Peugh asked for a Lake Hodges Dam funding update.
- Proposed agenda items carried over from the June 2022 minutes:
 - Member Peugh would like an update on the Canyon Sewer Task Force (*tentatively scheduled for 11/21/22* as part of the Canyon Sewer Cleaning and Long-Term Maintenance Program Update).
 - Member Kubota asks for a presentation on how the Brine Line Project will affect the San Diego rate payers (*tentatively scheduled for 11/14/22*).

11. Meeting adjourned: 11:15 a.m.

Minutes submitted by Megan O'Brien