

Independent Rates Oversight Committee (IROC)  
Meeting of October 17, 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              |               |

Some of the City representatives present included David Dalager (Interim Assistant Director of the Business Support Branch) and Ray Palmucci (Deputy City Attorney).

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

3. **Approval of Draft Minutes from Meeting of September 19, 2022** – David Akin, Chair  
**ACTION:** Chair Akin called for a motion to approve the minutes. Motion by Member Hess. Second by Member Kubota. Motion passed with 7 in favor, 0 opposed, and 2 abstained.

4. **Chair Updates** – None.

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

6. **PUD Updates** – David Dalager, Interim Assistant Director of the Business Support Branch, Public Utilities

- Surraya Rashid has retired from the City after 20+ years of service. Keli Balo has been chosen to fill in as the Interim Deputy Director of EPM.
- Doug Campbell has been selected as the permanent Deputy Director for the Pure Water Division.
- Drew Kleis has been selected as the permanent Assistant Director of the Water Distribution Branch.
- The City Council has approved a water rate pass-through of up to 3%, effective January 1, 2023.
- The Hodges Dam height restriction will be 275 feet as of November 30, 2022.
- This will be Christopher Dull's final meeting as a member of IROC. PUD would like to thank him for his service.
- The Morena Pipe break has been repaired; the system pressure has been restored. The boil order is still in effect until testing is complete.

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7. **Presentation: PUD Audit Recommendations Follow-Up** – Danielle Knighten, Deputy City Auditor

- Outstanding Audit Recommendations for the Public Utilities Department
  - Summary of PUD's Outstanding Audit Recommendations (as of June 30, 2022)
    - Water Billing
      - Implemented – 8
      - Outstanding – 2
    - Call Center
      - Implemented – 2
      - Outstanding – 4
    - Smart Meters (AMI)
      - Implemented – 4
      - Outstanding – 9
    - IWCP Follow-up
      - Implemented – 5
      - Outstanding – 4
    - IWCP Part II
      - Implemented – 1
      - Will Not Implement – 1
      - Outstanding – 5
  - Water Billing (July 2018)
    - Audit found that several factors led to higher water bills in 2017 and that PUD's approach to communicating with customers exacerbated public discontent
      - Regularly assess billing control environment through metrics and performance indicators and report results publicly
        - Target Date – January 2023
      - Communicate with customers in advance of activated that are anticipated to impact their bill
        - Target Date – July 2023
  - Call Center (June 2019)
    - Audit found that PUD can improve the customer experience and internal operations by leveraging software, defining performance metrics, empowering customer service representatives, and enhancing training and internal communications.
      - Assess Call Center Data and system needs, develop plan to acquire SME, and determine data necessary for assessment of customer service goals
        - Target Date – January 2023
      - Develop policies and procedures for using call management system and develop training plan for staff
        - Target Date – January 2023
      - Develop key performance indicators and continually reassess based on Call Center capacity and goals; communicate expectations to staff
        - Target Date – January 2023
      - Review authorization levels for customer service representatives and determine which transactions do not require supervisor intervention
        - Target Date – January 2023

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- Smart Meters (AMI) (June 2019)
  - Audit found that inadequate planning and project management, staffing issues, and data control weakness led to major project delays and potential cost overruns.
    - Develop a project implantation plan
      - Target Date – July 2022
    - Execute Steering Committee should meet regularly
      - Target Date – August 2022
    - Develop a staffing management plan for meters
      - Target Date – August 2022
    - Develop a staffing management plan for endpoints
      - Target Date – August 2022
    - Provide timekeeping instructions to all employees working on project
      - Target Date – December 2022
    - Assign responsibility to continuously monitor time entries/labor charges and to coordinate corrective actions as needed
      - Target Date – August 2022
    - Work with IT to evaluate control environment for meter replacement
      - Target Date – December 2022
    - Work with IT to evaluate control environment for endpoint installation
      - Target Date – July 2022
    - Track exceptions resulting from meter replacements and perform trend and root cause data analyses
      - Target Date – December 2022
- IWCP Follow-up (July 2020)
  - Audit found that the issues OCA identified in 2013 remained largely unaddressed and that PUD's cost recovery practices remained out of compliance with City regulations and policies and possible state law.
    - Policies and procedures to track billable costs so that fee levels and cost recovery rates can be determined
      - Target Date – Unknown
    - Review and revise agreements with Participating Agencies to achieve appropriate cost recovery and to include mechanisms to adjust fees in the future
      - Target Date – August 2022
    - Move IWCP's budget from Muni Fund to Metro Fund
      - Target Date – July 2023
    - Review all PIMS setting and invoice calculating features to ensure automatic and timely invoicing
      - Target Date – January 2023
- IWCP Part II (March 2021)
  - Audit found that IWCP's methods for identifying industrial users likely left many businesses unpermitted; that IWCP generally keeps up with inspections and permits for certain businesses; and that IWCP should reassess its capacity for handling future workloads.
    - Update policies and procedures for identifying industrial users, including use of County business sites data
      - Target Date – N/A
    - Work with Economic Development to update the City's OpenCounter business portal to include IWCP permits
      - Target Date – July 2022

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- Track results of identification methods and report them to oversight bodies
  - Target Date – N/A
- Establish target service levels for inspections and permit issuance
  - Target Date – N/A
- Monitor and report performance in achieving target service levels
  - Target Date – N/A
- Conduct staffing analysis and request additional positions if necessary or adjust target service levels
  - Target Date – N/A
- Conclusion
  - 24 recommendations are outstanding
  - OCA will continue monitoring progress
- Questions
  - Chair Akins asked about Call Center recommendation No. 5 (*Review authorization levels for customer service representatives and determine which transactions do not require supervisor intervention*).
    - Deputy Director Keach stated it has been implemented and they are waiting for the Auditor's Office to come watch the process.
    - Deputy Director Keach stated that Call Center recommendations No. 1 – 3 are pending the updated phone system.
  - Member Hess asked about IWCP Follow-up recommendation No. 6 (*Move IWCP's budget from Muni Fund to Metro Fund*).
    - Program Manager Manley stated that he can verify and get back to IROC.
  - Member Kubota asked about PUD having the most open items.
    - Deputy City Auditor Knighten stated that per a December report issued in 2021, PUD had the most recommendations. A report issued for period ending June 30, 2022 shows that there were 24 open recommendations, 2 reported as implemented.
  - Member Peugh asked about the status of continued improvement of Boxes and Lids.
    - Deputy City Auditor Knighten stated that the Auditor's Office has not revisited this since the previous recommendations have been implemented. Performance Auditor Briseno confirmed that this is the understanding.
  - Member Peugh asked about the status of continued improvement of Water Distribution Valve Maintenance.
    - Program Manager Manley stated that updates on both topics are planned for upcoming meetings.
  - Chair Akin asked if there is an established AMI Executive Steering Committee and who is on it.
    - Performance Auditor Briseno stated that it currently on is on hold.

8. **Presentation: Public Health Goals Report** – Daniel Daft, Water Production Superintendent, PUD

- Background
  - California Health and Safety Code requires utilities to prepare a Public Health Group (PHG) report every 3 years
  - Report must be presented at public hearing and include:
    - Public health risk for any contaminants detected above the PHG
    - Best Available Technology (BAT) assessment for removing contaminants
    - Estimate of costs to lower concentrations below PHGs

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- What are Safe Drinking Water Standards?
  - Safe Drinking Water Standards
    - Maximum Contaminant Levels (MCLs) are adopted as regulations
    - Health protective drinking water standards to be met by public water systems
    - Required to be set by regulators at a level as close to its PHG as is technologically and economically feasible
- What are Public Health Goals?
  - Public Health Goals (PHG) an MCL Goals (MCLG)
    - NOT regulatory standards
    - NOT enforceable
    - Aspirational goals that may exceed safe drinking water standards
    - Concentration of drinking water contaminants that pose no significant health risk if consumed for a lifetime
    - Do not consider treatment technologies, analytical capabilities, or costs
    - PHGs established for 95 constituents by California OEHHA
    - MCLGs are set for 81 constituents by the U.S. EPA
- Public Health Goals Monitoring Results (2019–2021)
  - Total Coliform – Meets Standards
  - Bromate – Meets Standards
  - Chlorite – Meets Standards
  - Gross Alpha Particles – Meets Standards
  - Gross Beta Particles – Meets Standards
  - Uranium – Meets Standards
- Best Available Technologies considerations
- Conclusion
  - The City’s drinking water meets all federal & state enforceable drinking water standards
  - No further action is recommended at this time
  - The City continues to monitor and treat its water to ensure its constant safety
- Questions
  - Member Peugh asked if Pure Water’s reverse osmosis will reduce the results.
    - Deputy Director Campbell responded that it is anticipated that Pure Water will have an effect on some contaminants and that there will be a general reduction on hardness and TDS.
  - Vice Chair Mittal asked if the testing for City results comes from a specific area.
    - Water Production Superintendent Daft responded that most of the testing comes from the influent and effluent of the drinking water treatment plants and that there are 177 dedicated sample locations within the City’s distribution system.
  - Member Peugh asked if any of these constituents are increased in the distribution process.
    - Water Production Superintendent Daft responded that none increase in value.
  - Member Quach asked for clarification on if Pure Water would that be direct potable reuse.
    - Deputy Director Campbell stated that it would be indirect because water coming into the lake would have 60 days residence time.

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9. **Discussion: Update on Status of FY22 IROC Annual Report and Recommendations (due to PUD by 12/31/22 and to the Mayor/Council by 01/31/22)** – David Akin, IROC Chair

- Chair Akin reminded the subcommittee chairs to submit their drafts.

10. **Discussion: Selection of New IROC Chair and Vice Chair** – Ray Palmucci, Deputy City Attorney

**ACTION:** Chair Akin nominated Member Quach as the new Chair. Member Hess moved to close nominations. Seconded by Member Kubota. Motion passed; 8 in favor, 0 opposed, 1 abstained.

**ACTION:** Member Hess nominated Chair Akin as Vice Chair. Seconded by Member Quach. Motion passed; 8 in favor, 0 opposed, 1 abstained.

11. **Discussion: Selection of New Subcommittee Chairs & Members** – Ray Palmucci, Deputy City Attorney

**ACTION:** Chair Akin nominated Member Quach for Outreach & Communications (O&C) Subcommittee Chair. Seconded by Member Kubota. Motion passed; 8 in favor, 0 opposed, 1 abstained. Subcommittee Chair Quach, Member Akin, and Member Kubota will make up the O&C Subcommittee.

**ACTION:** Member Kubota nominated Member Peugh for Infrastructure & Operations (I&O) Subcommittee Chair. Seconded by Chair Akin. Motion passed; 8 in favor, 0 opposed, 1 abstained. Subcommittee Chair Peugh, Member Hess, Member Jones, Member Kubota, and Member Osuna will make up the I&O Subcommittee.

**ACTION:** Vice Chair Mittal nominated Chair Akin for Finance Subcommittee Chair. Seconded by Member Quach. Motion passed; 8 in favor, 0 opposed, 1 abstained. Subcommittee Chair Akin, Member Mittal, Member Hess, and Member Justus will make up the Finance Subcommittee.

**ACTION:** Member Peugh moved that all three (3) subcommittee assignments be adopted. Seconded by Member Kubota. Motion passed; 9 in favor, 0 opposed.

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

- Changes were made to the JPA Agreement stating that the legal representation had to also be legal council for one of the members.
- Procopio is General and Pure Water council.
- In their meeting they heard –
  - A year-end report from the Finance Committee
  - A report from San Diego on Sewer Management Risk and System Optimization
  - A review from PUD on the emergency change order concerning the increase in chemical cost
  - An update on the Point Loma Access Road
  - A report on the South Bay spill
  - A report on the Capital Program Master Plan Overview and Status
  - A 4<sup>th</sup> quarter Capital Improvement Program and Funding and Pure Water update
  - An Ad Hoc Committee report on the revised billing system.

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13. Proposed agenda Items for Upcoming IROC Meetings – None.

14. 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.
- Proposed agenda items carried over from the March 2022 minutes:
  - Chair Akin would like an update on the Water Meter Services Division. This should include an update on AMI, the meter shop, and field crews (*tentatively scheduled for 03/20/23*).
  - 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:
  - Member Kubota asked for information on Demineralization Facilities and Recycled Water Systems.
- Proposed agenda items carried over from the May 2022 minutes:
  - When costs are known, Member Peugh would like 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 would like to know how the Brine Line Project will affect rate payers.

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- Proposed agenda items carried over from the July 2022 minutes:
  - 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 11/21/22*).
- Proposed agenda items carried over from the September 2022 minutes:
  - Vice Chair Mittal requested a COSS progress update.
- Chair Akin, Member Kubota, Member Hess and Member Quach thanked Christopher Dull for his years of service with IROC.

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

Minutes submitted by Megan O'Brien