

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022



1. **Roll Call**

Chair Linh Quach 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
Linh Quach, Chair	X	
David Akin, Vice Chair	X	
Luis Osuna	X	
Jim Peugh	X	
Jack Kubota	X	
Jeff Justus	X	
Tiffany Mittal		X
Gordon Hess	X	

Ex-Officio Members:

Jerry Jones, Metro/JPA	X
------------------------	---

Some of the City representatives present included Juan Guerreiro (Director of Public Utilities) and Bonny Hsu (Deputy City Attorney).

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

3. **Approval of Draft Minutes from Meeting of October 17, 2022** – *Linh Quach, Chair*

ACTION: Chair Quach called for a motion to approve the minutes. Motion by Vice Chair Akin. Second by Member Justus. Motion passed with 7 in favor.

4. **Chair Updates** – *None.*

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

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

- The City has a new COO, Eric Dargan.
- PUD is currently recruiting for an additional Assistant Director position.

7. **Presentation: Water Quality Monitoring Overview** – *Peter Vroom, Deputy Director, Public Utilities*

- Environmental Monitoring & Technical Services (EMTS) Division
 - Ten sections with 213 employees
 - DD = Peter Vroom
 - ADD = Vacant
 - Program Managers = Rachel Davenport (Technical Services), Joy Newman (Industrial Wastewater Control Program)

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022

- Spans both drinking water and wastewater
 - Located in nine facilities scattered across San Diego
 - Contains all the City's Environmental Monitoring laboratories
- **Drinking Water Quality Labs**
 - Located at Alvarado Joint Laboratory
 - Drinking water quality staff are found in:
 - Water Quality Chemistry Services – Tiffany Blaszk, Senior Chemist
 - Microbiology – Jessica Matthews, Senior Biologist
 - Reservoir Biology – Dr. Sarah Brower, Senior Biologist
 - Pure Water Chemistry Services – Alejandra Molloy, Senior Chemist
 - ELAP Certified – FOA 101, 102, 103, 104, 105, 107, 108, 109, 129
 - 2021: 48, 402 samples collected, 214,925 results produced
- **Drinking Water Quality Regulations**
 - Governed by State Water Resources Control Board Division of Drinking Water (SWRCB DDW), EPA, and other regulators
 - Complex structuring of rules and regulations – EPA Rules, OEHHA, State Water Board vs. SDWA
 - Recreation Wells regulated by County Department of Environmental Health
- **Source Water Monitoring**
 - Reservoirs
 - 9 local reservoirs (~weekly)
 - Groundwater Basins
 - 3 production wells (quarterly)
 - 4 domestic wells (monthly)
 - 9 groundwater wells in San Pasqual Valley (biannually)
 - Watersheds
 - 26 tributaries that serve the City's Water Treatment Plants (~monthly)
 - Monitoring supports compliance with
 - Domestic Water Supply Permit, DDW Source Water Monitoring requirements
 - Pure Water NPDES Permit & Surface Water Augmentation regulations
 - Watershed Sanitary Survey – 5 year cycle
 - City of San Diego Cyanotoxins Monitoring Plan
 - CDFW Quagga Mussel Prevention, Response & Control Program
 - Long Tern 2 Enhances Surface Water Treatment Rule
 - San Pasqual Valley Groundwater Sustainability Plan
- **Treatment Plant Monitoring**
 - Daily sampling of treatment plants, influent and effluent
 - Surface Water Treatment Rule – Total Coliform/E. coli Density in raw and finished – daily
 - Miramar & Alvarado: Ozone, BAF – Bromate monitoring
 - Otay: Chlorine dioxide – Chlorite monitoring
 - Full Title 22 for Annual Water Quality Report – organics, metals, radiological, treatment techniques
 - Unregulated Contaminant Monitoring Rule (UCMR)
 - Treatment chemical bid Specification Testing
 - Tracer Studies

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022

- Distribution System Monitoring
 - Serves a population of over 1.3 million, 403 square miles
 - Water Quality Compliant / Inquiry Program
 - 3280 miles of pipeline
 - New Main Validation Program
 - 31 Distribution Reservoirs / Standpipes
 - Nitrification monitoring, Impound Restart Procedures
 - 51 pump stations
 - 130 Pressure Zones
 - Daily distribution systems monitoring
 - Water sold to secondary systems
 - EPA Rules and Regulatory Monitoring
 - Total Coliform Rule: 85 sites per week required; in 2021 collected 6,846 samples (132/week)
 - Stage 2 Disinfection ByProduct Rule (DBP): 16 sites required monthly; LRAA reported to DDW
 - Total Trihalomethanes (THMs)
 - HaloAcetic Acids (HAA5)
 - Other Disinfection Byproduct Monitoring
 - Bromate and Chlorite sampled daily – quarterly averages reported
 - Fluoride – monitored daily, 28 revolving sites
 - Corrosivity Monitoring – Desal influenced areas
 - Regulatory and Process Control Monitoring
 - Nitrification Action Plan –reservoirs sampled weekly for nitrite, ammonia, nitrate, chlorine, HPC
 - Water Quality Indicators –pH, free and total chlorine, temperature
 - 2021 –7559 samples, average = 2.00 mg/L total chlorine
 - Lead and Copper Rule –triennial sampling of customer homes to assess corrosivity of drinking water. Last study conducted summer of 2020.
 - Water Source Investigations
 - Customer Complaint Sampling
 - drinkingwaterquality@sandiego.gov
 - (619) 668-3232
- EPA Lead and Cooper Rule
 - Lead and Copper Rule Monitoring since 1992
 - 50 homes sampled triennially (reduced monitoring)
 - Tier 1 –Homes built from 1982 –1988 (Copper plumbing with lead solder)
 - Will require 100 homes semi-annually when PURE water plant goes online
 - Samples stagnate >6 hours / overnight, is maximum exposure
 - Lead and copper come from private plumbing systems / fixtures
 - Revised Lead and Copper Rule (Compliance by 2024)
 - New home tiering structure prioritizing lead service lines (LSLs)
 - “Unknown” service lines regarded as LSLs
 - Requires lead testing of all schools and childcare-facilities on 5-year cycle
- Pure Water Program
 - Demonstration Plant laboratory support since 2013
 - Preparation for full laboratory support of Pure Water Program
 - Includes CECs –pharmaceuticals, personal care products, flame retardants, etc.
 - NPDES Permit monitoring and reporting
 - Reservoir hydrodynamic modeling and tracer studies to demonstrate compliance with Surface Water Augmentation regulations

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022

- Ocean Monitoring Program
 - 1963 OMP Began in PL Region
 - 1963 Discharge Began (PLWTP)
 - 19991 OMP Expanded
 - 1993 Outfall Extended
 - 1995 OMP Began in SD Region
 - 1999 Discharge Began (SBIWTP)
 - 2002 Discharge Began (SBWRP)
- Ocean Monitoring Stations
 - Compliance
 - 19 Shoreline (5,886 analyses)
 - 83%
 - 15 Nearshore (14,175 analyses)
 - 95%
 - 69 Offshore (2,640 analyses)
 - 96%
 - Non-Compliance
 - 19 Shoreline (5,886 analyses)
 - 17%
 - 15 Nearshore (14,175 analyses)
 - 5%
 - 69 Offshore (2,640 analyses)
 - 4%
 - Transborder pollution is significant, but region wide water quality is in compliance and unimpacted by treated wastewater
- Questions
 - Member Peugh asked if testing is done on water that comes in.
 - Deputy Director Vroom responded that some source water testing is done.
 - Member Peugh asked if surveillance and testing is down on watershed.
 - Deputy Director Vroom responded that EMTS does a 5-year sanitary survey and reservoir sampling section tests watershed.
 - Member Peugh asked if PUD has permission to sample in Mexican Waters.
 - Deputy Director Vroom responded that staff has special cards that allow for scientific sampling in Mexican waters.
 - Member Kubota asked if monitoring is done inside the San Diego Bay.
 - Deputy Director Vroom said not regularly. Specialized studies have been done related to the Southern California Bight Project.
 - Member Kubota asked for an update on the reimbursement from the State for lead and water testing in schools.
 - Deputy Director Vroom stated that the department lost the lawsuit.
 - Member Peugh asked if there is a noticeable difference in fish/kelp productivity around wastewater outfall.
 - Deputy Director Vroom stated that there are no impacts of wastewater discharge on marine environment and that the Point Loma Treatment Plant operates at an advance primary.
 - Chair Linh asked about the tentative timeline for the revision on the lead and copper rule.
 - Deputy Director Vroom stated that the revision came out in December 2021, and they are supposed to be in compliance by October 2024.

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022

8. **Presentation: Canyon Sewer Cleaning and Long-Term Sewer Maintenance Program Update** – Keli Balo, Interim Deputy Director, Public Utilities

- Review Canyon Sewer Program Objectives
 - Current Operations and Maintenance Support
 - Access Plan Inventory
- Access Planning and Implementation
 - Redirection of Flow Studies
- Site Restoration
- Mitigation Program
- Canyon Sewer Program Objectives
 - Program EIR, Master City Site Development Permit, and Master City Coastal Development Permit approved in 2004 streamline subsequent Program approvals:
 - Facilities inspection and cleaning of sewer infrastructure
 - Implement environmentally sensitive means for canyon sewer cleaning activities
 - Enables long-term maintenance of canyon sewer infrastructure
 - Evaluate options to redirect sewage flows out of canyons and into streets where feasible
- Operations & Maintenance Support
 - The Environmental Compliance and Watershed Protection Section of PUD works closely with operational divisions to implement the goals and objectives of the Canyon Sewer program. Support includes:
 - Daily coordination
 - Annual Environmental Training
 - Field support
 - Permitting
 - Monitoring and Reporting
 - Access Path Planning
 - 24/7 Emergency Response
- Access Path Inventory
 - PUD Environmental Compliance staff maintain and update an inventory of existing access to sewers in canyons using GIS
 - 165 miles of pedestrian and vehicular paths have been mapped for 136 canyon areas
 - Staff work with operation divisions and Parks and Recreation to note access path conditions, identify areas of concern, and plan for long term access needs
- Long Term Access Planning and Implementation
 - Redirection of Flow (ROF) Studies Completed FY 22
 - Highway 163 Corridor
 - Adams Improvements 1
 - Golden Hill Improvements – South Juniper
 - Golden Hill Improvements – Huckleberry
- Long Term Access Projects
 - Implementation
 - Bounty and Waring – Navajo Canyon – Completed September 2021
 - San Clemente Canyon (West) – Completed September 2022
 - Design/Permitting
 - North, Central, and South Tecolote Canyon – Fall 2023 (Tecolote Canyon Trunk Sewer Replacement CIP)
 - Norfolk Canyon – Fall 2025 (Kensington Improv 1 CIP, 30% Design)

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022

- Planning
 - East Tecolote Phase II
 - San Clemente (Middle/East)
 - Buchanan/University Heights (University Heights Improv 1 CIP)
 - Rancho Mission
 - Woodman
 - Hopkins
 - Bounty and Waring – Navajo (southern entrance)
- Long Term Sewer Access
 - Bounty and Waring (Navajo) Canyon
- Revegetation/Restoration Projects
 - Canyon Sewer Program master permit request revegetation/restoration of access paths and impacted areas
 - FY 22:
 - Five (5) ongoing projects
 - One (1) new project initiated
 - Five (5) projects issued notice of completion (NOC)
- Mitigation Projects
 - Mitigation is required for significant biological impacts resulting from the Program
 - PUD implements program level habitat mitigation projects where current or future impacts occur
 - Acquiring mitigation through a standard mitigation bank can be costly. Public Utilities designs, implements, and constructs mitigation projects economically
- Mitigation Sites
 - PUD manages over 80 acres of wetland and upland mitigation in support of the Canyon Sewer Program
 - Tecolote Canyon
 - Los Peñasquitos North
 - Lake Murray
 - San Diego River
 - Rancho Mission
 - El Rancho Peñasquitos
 - Otay Mesa
 - San Clemente
 - Rose Canyon
 - Central Tecolote
 - Canyon View
- Stadium Wetland Mitigation Site
 - Currently in Year 5 (final year) of maintenance and monitoring period
 - Expecting sign-off early 2023
 - Provides an additional 54 acres of wetland mitigation credits that can be used for any City of San Diego project
- Future Mitigation Planning
 - Regular coordination with other City departments on potential mitigation opportunities:
 - HomeFed Otay River Mitigation Bank
 - Planning for future implantation of sites like Stadium
 - Cloverdale Mitigation Site – could potentially provide 145 acres of wetland mitigation credits

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022

- What's Ahead?
 - Continue implantation of long-term access improvements, working with Engineering and Capital Projects to identify bundling opportunities for projects
 - Complete studies needed to address erosional issues within canyons
 - Participate in discussions regarding canyon stabilization with organizations such as Canyonlands and the City's Open Space Canyon Advisory Committee (OSCAC)
- Questions?
 - Member Peugh asked if there are any functions to minimize methane production.
 - Director Guerrero stated that methane is captured at the Metro Biosolids Center and Point Loma Wastewater Treatment Plant (PLWTP). The captured methane is reused to create energy for powering PLWTP and is exported.

9. **Discussion: 5-Year Plan** – Adam Jones, Deputy Director, Public Utilities

- Overview
 - Five-Year Financial Outlook
 - Identifies the system-wide revenue need for each utility
 - First step in cost of service process
 - Public Utilities charges rates to provide services to our customers
 - Rates designed so that those who cause the cost, pay the cost
 - Rates
 - Sewer not to exceed amounts approved through FY 2025
 - Water Cost of Service for FY 2024 and FY 2025 released
 - Beginning public outreach with BGE next month
- Water Sales
- Baseline
 - Increases in Chemical Supplies costs
 - Fringe, Salary Adjustments and Energy
- Critical Expenditures for Upcoming/New Programs
- Critical Strategic Adds – Water
 - Pure Water
 - Phase 1-Maintenance and operating cost for new facility
 - Phase 2-Project and program management
 - Dam Repairs and Replacement Team
 - Focusing on both short-term repairs and long-term replacement
 - Safety and Resilience
 - Valves and system pressure improvements, distributed control systems, minor construction contract execution
 - Regulatory Compliance
 - Microplastics, Replacement of ocean monitoring vessel
- Cost of Purchased Water
 - 2021 CWA Long Range Financing Plan
 - CWA's "Annual All-in" ranges from 2.6%-11.3%
 - City's impact differs
 - Outlook utilizes mid-point of high/low scenario
 - Potential Risk – CWA rate structure review
- Capital – Water

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022

- Financial Metric and Rate Smoothing
 - System Rate Setting is a balancing act
 - Reserves, debt and rates
 - Multiple year viewpoint to ensure smooth predictable rates
- Rate Projections – Water
 - Historical and Projected Water Rate Increases
- Critical Strategic Adds – Wastewater
 - Pure Water
 - Phase 1-Maintenance and operating cost for new facility
 - Phase 2- Project and program management
 - Safety and Resilience
 - Pump station condition assessment, Pump Station 1 and 2 repairs, back-up power studies, distribution control systems, minor construction and contact execution resources
 - Regulatory Compliance
 - Microplastics, Replacement of ocean monitoring vessel
- Capital – Wastewater
- Rate Projections – Wastewater
- Conclusion and Next Steps
 - Wastewater
 - 4% rate increase starting January 1, 2023
 - Public communication has begun
 - FY 2024 increase proposal (4% authority) to be considered in Mayor's Proposed Budget
 - Water
 - Revenue Requirement accounts for drought and local water assumptions
 - Cost of service Presentation in December to BGE
 - IBA Review expected early in CY 2023
 - Questions
 - Member Kubota asked if AMI was included.
 - Deputy Director Jones stated that it was included in the miscellaneous category.
 - Member Hess asked if the Cost of Service Study will be available soon.
 - Deputy Director Jones stated that it is currently available on the City's website.
 - Member Hess asked for a status update on the rates lawsuit and appeal.
 - Deputy Director Jones stated that the expectation is that a decision will be known by next winter.
 - Member Hess asked if the State Revolving Fund Loans are included in 80% of the 80/20 split over debt financing and cash financing.
 - Deputy Director Jones confirmed that they are included.

10. Discussion: Discuss and Adopt the FY21 IROC Annual Report and Recommendations – Linh Quach, Chair

- Motion by Vice Chair Akin to have a Full IROC meeting in December to discuss final reports. Second by Member Peugh. Motion passed with 5 in favor, 0 opposed, and 2 abstained.

11. Discussion: Discuss and Adopt the FY22 IROC Annual Report and Recommendations (due to PUD by 12/31/2022 and to the Mayor/Council by 01/31/23) – Linh Quach, Chair

- Tabled until the next full IROC meeting.

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022

12. **Metro/JPA Report Out** – None.

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:
 - 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 have a combined presentation on the Customer Support Division/Office of the City Treasurer collection process and the status/timing of the lifting of 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 03/20/2023*).
 - Member Peugh requested an update on ways PUD is reducing methane discharge (*tentatively scheduled for 02/21/2023*).
 - 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 effected 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:

Independent Rates Oversight Committee (IROC)
Meeting of November 21, 2022

- Member Kubota would like to know how the Brine Line Project will affect rate payers.
- Proposed agenda items carried over from the July 2022 minutes:
 - Member Peugh requested an update on Wastewater Pipeline Cleaning (*tentatively scheduled for 02/13/2023* as part of the Collection System Maintenance Program Update).
- Proposed agenda items carried over from the September 2022 minutes:
 - Vice Chair Mittal requested a COSS progress update.

15. Meeting adjourned: 11:31 a.m.

Minutes submitted by Megan O'Brien