

Independent Rates Oversight Committee - IROC  
March 10, 2008

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**Roll Call**

Chairperson Billings had Monica Musaraca call the roll at 10:03, and a quorum was declared. Attendance is reflected below:

<b>Member</b>	<b>Present</b>	<b>Absent</b>	<b>Alt.</b>
Donald Billings, Chair <i>arrived at 10:02</i>	X		
Larry Clemens	X		
Linda Cocking		X	
Jack Kubota	X		
John Nelson		X	
Barry Newman	X		
Jim Peugh	X		
Charles Richardson	X		
Irene Stallard-Rodriguez	X		
Todd Webster		X	
Gail Welch	X		

**Ex-Officios**

Scott Tulloch	X		
Yen Tu		X	

**1. Non-Agenda Public Comment**

There was no non-agenda public comment.

**2. Approval of Minutes from January 14, 2008**

Chairperson Billings called for a motion to approve the minutes. Mr. Newman moved and Mr. Richardson seconded, with Committee Members Cocking, Nelson and Webster absent, the minutes were unanimously approved. Amended Bylaws are attached herein.

**3. Chair Updates**

Chairperson Billings started by thanking MWW for an excellent tour on the 22<sup>nd</sup> of February. Chairperson Billings requests that Subcommittee members contact the Subcommittee Chair directly, when there is an anticipated absence. This will allow the Chair of the subcommittee to establish the quorum in a timely fashion.

Chairperson Billings mentioned his attendance at his first Metro Wastewater/JPA meeting on March 7 was very informative, but had nothing of substance to report at this time.

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4. **Staff Updates**

➤ Water Department

Alex Ruiz, Assistant Director, announced that MWD will be considering a rate increase at their Committee meeting today as well as at the general Board meeting of March 11. It has been recommended approximately a 9.8% increase which will be passed along to the Agencies, including the County Water Authority (CWA). This increase will include a water supply surcharge for the acquisition of additional water supplies. It is not certain what the impact will be to our retail customers, it is dependant upon CWA's election. The election is anticipated to take place before the June IROC meeting, updated information will be presented. Effective date of the rate increase will be January 1, 2009. Prop. 218 notice should most likely be generated in the July/Aug timeframe, and a public hearing set sometime in early October.

Mr. Ruiz updated the Committee on water supply which continues to be a challenge, thus customers are encouraged to conserve water. Lastly, Mr. Ruiz said the City is in receipt of an offer from the County's First 5 Commission which has oversight of monies received from tobacco tax. This letter of intent was received earlier this month, and we are now required by state law to introduce fluoride into the treatment process. Alex will provide IROC an update as the launching of this program progresses. Mr. Newman noted that he believes there should be a recommendation to City Council to require building codes to require double plumbing, which is more cost effective. Mr. Ruiz said this is being implemented where it is available, and will continue. With regard to the conservation element, Mr. Ruiz stated that they are working with the County Water Authority to modify the current drought response plan.

5. **Indirect Potable Water Reuse (IPWR) – Funding Discussion**

Marsi Steirer, Deputy Director, Water Department, gave a brief presentation on IPWR. Ms. Steirer went over the project background which they were tasked with October 29, 2007. This included the execution of a 1-yr demonstration project to begin July 1, 2008, conduct a current flow and detention study at San Vicente Reservoir, perform an independent energy & economic analysis for all water supply options in the Long-Range Water Resources Plan and conduct community education and outreach. Ms. Steirer shared the proposed timing for the demonstration project tasks and larger milestones. She stated there is a consultant on board who is assisting with preparation of the regulatory work plan, part of their agreement is to provide preliminary information to use for the procurement for a consultant that will do the design procurement and installation of the advanced treatment demonstration project at the North City Water Reclamation Plant. The reservoir detention study could happen simultaneously to the installation and operation of the demonstration plant. The community

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outreach is an ongoing activity. It is envisioned that if things go smoothly, sometime in 2011 there would be enough necessary information and regulatory approvals to move forward with the larger scope project.

Mr. Ruiz clarified that this particular item on the Agenda is simply an update. The funding discussion will come later when this program is planned in the budget submittal, in which time, this will be discussed with IROC.

**6. Automated Meter Reading – Water Department**

Mike Bresnahan, Deputy Director, Water/Customer Support Division, introduced Delia Dee, Project Manager, who gave a brief presentation on the Automated Meter Reading (AMR)/Meter Replacement project. The Program Manager's presentation summarized an AMR report sent earlier to IROC for review. Ms. Dee stated that as the Division finalizes negotiations with vendor(s), details regarding the proposed technology may not be provided to protect the confidentiality of the City's RFP process (as requested by the Purchasing and Contracting Department).

Ms. Dee indicated that Fixed Network AMR technology involves the application of radio frequency transmissions of metering information via permanently located telecommunications structures, including meter data transmitters, data collectors, and antennas to transfer information from the meter to the office computer. Ms. Dee spoke in general about the Department's recommendation to implement a Fixed Network AMR System throughout Phase I and require all new development to be automated with AMR. The Department expects significant improvements in customer service and metering operations as AMR, the Meter Replacement Program of choice, is implemented. Ms. Dee stated that overall, AMR technology allows for multiple benefits, such as more timely and accurate billing, storage of historical and consumption data in pre-determined time intervals, identification of water-use patterns, and unauthorized use and leak detection. She stated that AMR will also optimize staffing by eliminating the need to access unsafe areas and reduce and reallocate positions to better meet the needs of the Department's customers. In addition Ms. Dee stated that as the technology evolves, the Department has identified additional benefits, such as providing customers the ability to monitor their individual water consumption via web access with the goals of associating cost with water-use activities and conserving water.

She concluded with the next steps in this process after IROC review which include, finalizing vendor negotiations and issuing a tentative Notice of Award before proceeding with NR&C and City Council approval. Pending the conclusion of vendor negotiations, the Department projects pre-deployment for May-June 2008, deployment of first meters in ground for July 2008, and public

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outreach, resolving HR impacts, and addressing changes in business processes and policy issues to occur throughout implementation.

Mr. Richardson's expressed concerns regarding the economic cost versus benefit of implementing Phase 1 of the AMR Program among the Water Department's rate payers. He wanted it noted that the AMR Program, as presented to IROC on March 10<sup>th</sup> did not contain any information on the possibly of increased revenues for the Water Department as a result of the AMR Program and that the expected operational cost reductions for the Department, as a result of implementing the AMR Program would probably be more than offset by the interest costs of the borrowings associated with funding Phase 1 of the AMR Program. He added that since the Department's presentation also indicated that it would be cost prohibited to roll out that program to all of its 270,000+ ratepayer customers, Phase 1, as presented appeared to represent a system and service enhancement for those 27,000 customers expected to receive an AMR meter in Phase 1, while the other 243,000 meter customers would ultimately be paying for the vast majority of the cost of Phase 1 through their water rate assessments. Mr. Richardson went on to state that he viewed the AMR Program as something that the Water Department should be considering, however, until the Water Department can demonstrate to IROC that the people who will receive the benefit of such a system and service enhancement will also bear their fair share of the cost of such a Program, the AMR Program, as currently presented, doesn't represent a Program that IROC should endorse at this time. Chairperson Billings then suggested that future minutes fully reflect discussions at a more detailed level. The minutes were approved in April, as amended.

**7. MWWD Strategic Business Plan**

John Gavares, Organizational Effectiveness Specialist III, gave a brief presentation on the MWWD Strategic Business Plan. Mr. Gavares went over the benefits of the strategic planning process such as providing a framework for management and the organization to examine their challenges and make decisions. Getting offsite once a year gives them the opportunity to think strategically and systemically about what is on the horizon and revisit their mission, vision and goals. This process also results in the development of new strategic initiatives for making continuous progress in organizational effectiveness and operational excellence. This plan is a conduit for workforce engagement and stakeholder involvement and communication.

Mr. Gavares mentioned that the Strategic Plan Support Team (SPST), a group of employees who assist in environmentally scanning and conducting a SWOT analysis, identify strengths, weaknesses, opportunities and threats, and the development of a "Projected Operating Environment" for the coming Fiscal Year. He also went over the Roles and Phases of the plan, which are Planning &

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Readiness Development (2/26/08 - 3/11/08); Workforce & Stakeholder Input (3/11/08 - 4/15/08); Development of Objectives, Initiatives, and Performance Measures (4/16/08 - 5/14/08); SBP Finalized and Approved (5/15/08 - 6/12/08); and Follow-up Stakeholder Communication (6/13/08 – 9/1/08). Mr. Gavares briefed the committee on the SPST, MWWD Management Team, Metro Commission and IROC's projected involvement of the Strategic Business Plan.

Barry Newman suggested John Gavares periodically brief the Subcommittee Chairs on the contents of upcoming meetings or issues so they can address with the IROC Committee. Mr. Gavares agreed.

**8. Amendment to the Bylaws regarding quorum at Subcommittee meetings**

Mr. Newman moved to amend the Bylaws regarding quorum at Subcommittee meetings, Mr. Richardson seconded. With members Cocking, Nelson and Webster absent, it was unanimous to amend the Bylaws as presented.

**9. Amendment to the Bylaws regarding excusing absences of members**

Mr. Newman moved to amend the Bylaws excusing absences of members, Mr. Richardson seconded. With members Cocking, Nelson and Webster absent, it was unanimous to amend the Bylaws as presented.

**10. Committee Updates**

Due to time constraints, this item was tabled to the next IROC meeting of April 14, 2008.

*a. Finance*

*b. Environmental & Technical*

*c. Public Outreach, Education & Customer Service*

**11. Proposed Agenda Items for next IROC meeting of 4/14/08**

Due to time constraints, this item was not heard.

**12. IROC Members Comments**

Due to time constraints, this item was not heard.

**Adjournment of IROC**

At 12:02 Chairperson Billings called for a motion to adjourn, Mr. Newman moved and Mr. Kubota seconded, unanimously the meeting was adjourned.

**Next Meeting:** April 14, 2008, 10:00 a.m. – 12:00 noon.

**Location:** Metropolitan Wastewater Department, Auditorium, 9192 Topaz Way, San Diego, CA 92123 – (858)292-6300