

Independent Rates Oversight Committee (IROC)

September 16, 2013

MINUTES

1. **Roll call**

Chairwoman Welch's called to order the regular meeting of the IROC at 9:37 a.m. Monica Foster conducted roll call, and a quorum was declared. Attendance is reflected below:

Members:	Present	Absent
Gail Welch, Chair	X	
Don Billings, Vice Chair		X
Christopher Dull	X	
Andy Hollingworth	X	
Jeff Justus		X
Jack Kubota	X	
Jim Peugh	X	
Irene Stallard-Rodriguez	X	
Ex-Officio Members:		
Luis Natividad, Metro JPA	X	
Ken Williams, City 10	X	

City representatives present: Ann Sasaki, Interim Director; Tom Crane, Assistant Director; Tom Zeleny, Deputy City Attorney

2. **Non-Agenda public comment**

None.

3. **Approval of Draft Minutes of July 15, 2013**

Chairwoman Welch asked for a motion to approve the minutes of July 15, 2013.

ACTION: Member Peugh moved to approve as submitted, Member Hollingworth seconded. Motion passed 6 (in favor) - 0 (opposed).

4. **Chair updates** – *Chairwoman Welch*

- Update on IROC vacancies: proposal by former Mayor Filner to appoint 6 new members is no longer valid because they were never confirmed by City Council. There are 3 vacancies on IROC currently. The Interim Mayor does not have the authority to appoint members. Tom Zeleny, Deputy Attorney, added that City Council may make nominations and affirm, or IROC may wait until a new Mayor is in office.

Ex-officio member Natividad suggested IROC draft a letter to Council, expressing the urgency to fill the positions, and how they can step in. Mr. Zeleny indicated it is not on today's agenda; however it can be placed on the next agenda to send a letter to the Council President Pro Tem, Councilmember Lightner, indicating the need to fill 3 vacancies. Member Hollingworth commented theoretically, appointees help a Mayor govern. He suggests the appointments come from the next Mayor so he/she can align philosophically with the best candidates.

Mr. Zeleny suggested this be placed on the next agenda for discussion, and a vote whether or not to draft a letter.

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5. City Staff updates - Ann Sasaki, Interim Director

- September 10, 2013 a proclamation was presented at City Council for the milestone of the Metro Sewer System 50th Anniversary. On September 12, 2013, there was an event at the Cabrillo National Monument to celebrate the anniversary as well. Last, there will be an event for staff at the Plant in a couple of weeks.
- Went to City Council on September 10, 2013, for the 218 Notice for the water rate modification, which will be discussed on today's agenda. There is a hearing date set for November 21, 2013.
- Standard and Poor's upgraded the Department's Senior Sewer Revenue Bonds from an A+ rating, to a AA- rating based on good debt coverage and liquidity.

Stan Medina - Deputy Director, Water Construction/Maintenance Division:

- Fire hydrants knock overs: YTD - 65 opposed to 71 at the same time last year. He noted a new process has begun with the Auditor's recommendation. Water will be billed on actual water loss, based on the duration, diameter of the pipe, and the pressure of the area.
- Water main breaks: YTD - 63 opposed to 64 at the same time last year.
- No significant breaks reported.

Terrell Powell, Wastewater Collection Division:

- Sewer spills: YTD – 32 opposed to 31 at the same time last year.
- Released 20,901 gallons to the environment, opposed to 13,373 same time last year. One went to the receiving waters, but did not reach the ocean.
- Cleaned 1678 miles of pipe, which is up by 40 miles from last year.
- Response time to sewer related calls is at 18:08.

Stan Griffith, Assistant Director:

Mr. Griffith indicated that with the one spill that did reach the public waters, this compares to up to 35 ten years ago, and three years ago it was at 15. However, the goal is to have zero.

6. Mayor and Council Staff Comments

None.

7a. Proposed Water Rate Adjustment

Lee Ann Jones-Santos, Deputy Director, gave a brief update on the Cost of Service Study. She noted that on September 10, 2013, the Use of Funds Review from Macias & Gini, as well as the Water Cost of Service Study (COSS), which requested that Council provide authorization to mail the 218 Notices that included base and commodity change adjustments, 4-tiers for single family residential customers, and private fire adjustments, went forward to City Council. Also requested was to set the public hearing date to November 21 at 10:00 a.m., and to accept the COSS report that only included Water. Last, she noted that since the last update to IROC, the Wastewater and Water reports were decoupled.

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She asked if IROC could vote in support of the proposed Water Rate Adjustment so this can be stated at the public hearing in November. This is requested due to the multiple meetings and workshops held, however it was never officially noted.

Member Hollingworth commented the Wastewater and Water should be considered in tandem rather than decoupled, and would like to see the Wastewater report as well as the Water report. Ms. Jones-Santos indicated that the action taken forward to Council this month, was for them to accept the COSS report which only included the data from the Water fund. She stated that the original Wastewater report recommended no proposed changes in the rate at the time. The Industrial Waste component and allocation needed to be evaluated; therefore it was decided to be decoupled. She added they are two separate enterprise funds with separate rate payers and rates, as well as expenditures that are kept separate. There is no requirement to merge the two.

Member Hollingworth indicated he would like to see the Wastewater COSS, which he has reviewed in Draft form. Ms. Jones-Santos added the goal is to bring the Wastewater COSS report back to IROC, Natural Resources & Culture Committee, and the City Council before the end of the first quarter of 2014. It is actively being worked on.

Ms. Jones-Santos asked for support of the proposed Water Rate Adjustment of 7.25% increase in 2014, effective January 1, and a 7.5% increase January 1, 2015. They are to recover the cost of water purchased from SDCWA, and in the 2015 rate increase, there is a .5% that cannot be tied back to the increase cost of water. There is a not-to exceed 2.25% estimate for the 2015 calendar year increase based on an anticipated pass through from SDCWA. If the rate increase for calendar year 2015 is less than 2.25% then that is what would be passed on.

ACTION: Chairwoman Welch motioned to support the Cost of Service Study presentation and recommendations made at several IROC meetings and workshops, and that have subsequently gone forward to City Council for their approval. Member Kubota seconded the motion. Motion passed 5-1 (Stallard-Rodriguez)

Discussion: Member Peugh expressed his disappointment of the pipeline replacement not accelerating as quickly as he would like. Ms. Jones-Santos indicated that this rate proposal is not proposing any decrease to the CIP program or pipe replacement. She added that part of the goal of the COSS for the Water fund is to accelerate the pipelines to 23 miles for FY14 and 28 for FY15, as ramping up to replace more pipelines in the future. Tom Crane, Assistant Director, commented there is only so much you can ramp up in an engineering program of this size. These numbers are what was agreed to in Engineering and Capital Projects, and will eventually ramp up to 40 miles.

Member Hollingworth commented that he has reviewed the Water assumptions and projections and find them reasonable and would support this motion. Member Stallard-Rodriguez indicated although she is comfortable with the COSS, she is uncomfortable with the rate increases, with possible the Indirect Potable Reuse project. Ms. Jones-Santos commented that part of what was presented to City Council was that the proposals for FY14 would actually assist single-family residents with the new tiered structure.

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Many in the first tier will see a reduction in their overall rate and in addition, the base fee will go down.

7b. Black & Veatch Contract Amendment

Ms. Jones-Santos provided a brief update of the Black & Veatch Contract Amendment; noting that materials were not available as it is still routing the internal City process.

She gave a brief background, indicated that when the original Contract was awarded to Black & Veatch it was for the 2014 Cost of Service Study (COSS) for Water and Wastewater. Amendment No.1 added \$146,350.00 for a total contract value of \$383,280.00 for both Water and Wastewater. She noted Amendment No.1 included additional tasks and additional outreach. She added there have been at numerous presentations to City Council, IROC, and other stakeholders and this will continue.

Ms. Jones-Santos requested support for an Amendment which will be taken to NR&C on September 25, 2013 for the 2016 COSS and also additional services. As IROC is aware, the COSS was for 2014-15, and now the next phase will be looking at 2016 which will include the impact of the Indirect Potable Reuse (IPR), renewal of the Waiver at Pt. Loma, and the impact on the rates from the San Diego County Water Authority's (CWA) commitment to desalination (Desal). She added the requested Amendment for the next COSS review is for \$559,430.00 with a total contract value of \$942,710.00. She commented that most likely there will be an additional Amendment in the next year or two, for the additional outreach after this process.

Chairwoman Welch asked if IROC was active in participating with the COSS the CWA is heading. Ex-Officio member Williams indicated the responsibility of the COSS is with the CWA. He indicated it is his intent to keep IROC informed as to where things stand, but it has not started as of yet. He added that he encourages IROC to attend the public meetings.

Member Hollingworth asked Ms. Jones-Santos if Black & Veatch will be actively involved in monitoring the development of the costs and allocations of the desalination. Ms. Jones-Santos indicated she believes they will review it and its impact to the City, however will not proactively work with CWA. Staff does have sufficient expertise, and it can be contentious due to having agencies that purchase treated water, and agencies that purchase untreated water and how those costs are allocated to the agencies will be very important and can have a significant impact financially.

ACTION: Chairwoman Welch asked for a motion for the requested approval of this contract Amendment to Black & Veatch for \$559,430.00 to update and validate the next COSS for 2016 and 2017, which will include adding the impacts for IPR, renewal of the Pt. Loma Waiver, and the impact of the Desalinization.

Member Hollingworth moved to approve, Member Stallard-Rodriguez seconded. Motion passed 5-1 (Peugh).

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Member Peugh commented that he does not have sufficient information, due to the lack of advance materials to review in advance of the meeting. He will not support today. Ms. Jones-Santos apologized, however she wanted to request support prior to the NR&C meeting and there was a timing issue.

8. Industrial Wastewater Control Program (IWCP) Audit Update

Matthew Helm from the Office of the City Auditor, and Andy Hanau, Project lead, gave an update of the IWCP Audit which identified billing lapses, internal control weaknesses, and outdated permit fee structures that do not achieve cost recovery. The Performance Audit of the Industrial Wastewater Control Program Audit Report was provided as well as a detailed presentation.

Mr. Helm gave a brief overview indicating the Audit was issued in August, 2013, and recently heard at Audit Committee, presented to the Finance Subcommittee, and will present at Metro TAC and NR&C next week, and eventually full City Council. He indicated the objective was to assess the extent to which IWCP's permit and inspection fees and billing processes meet legal requirements, achieve appropriate cost recovery, and ensure timely collection. He added the program was federally approved in 1982, and the current budget and staffing structure is approximately \$4.9 million.

Mr. Helm gave a background of the IWCP Operations which focuses on minimizing toxic discharges to the sewerage system. In addition to regulating industrial waste dischargers within the City of San Diego, IWCP regulates industrial users outside the City via inter-jurisdictional agreements with participating agencies in the County areas. He noted that the inspectors enforce, and well as educate industries about the importance of the permit and the City's program. He indicated the City does a great job with this.

Mr. Helm then pointed out the key Program facts, giving examples and permit fee ranges. He indicated that City regulations and policies, as well as documents approving IWCP fees, state that permit fees should recover IWCP costs for inspection, monitoring, and sampling for cost recovery.

Mr. Hanau discussed the two findings on this Audit. The first being that IWCP fees are outdated and do not achieve adequate cost recovery. The second being that the Public Utilities Department has not billed many regulated agencies and businesses for recoverable IWCP costs, for at least a 5-year period. He gave examples how costs have changed over time. He then reviewed a table showing the IWCP revenues and estimated unrecovered billable costs for fiscal years 2010-2012, and noted that in the last three years, permit fees only recovered about 15 percent of the program's billable costs. Costs unrecovered by permit fees totaled \$8.3 million over that time.

Mr. Hanau discussed the second audit finding, which was that IWCP failed to bill many regulated industries for at least a five year period between fiscal years 2008 and 2012. The billing lapses were found to result from a lack of internal controls and reconciliation of accounts to ensure proper billing. He showed a table outlining unbilled IWCP permitting and monitoring fees for fiscal years 2008-2012. The total unbilled for the 5-year period was approximately \$850,000 (35% of fees that should have been billed under

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the fee schedule). He added that during the course of the audit, Public Utilities sent out the bills for fiscal years 2008 and 2009. The department is still working on billing for fiscal years 2010 through 2012..

Mr. Hanau indicated in total there were eight (8) recommendations, and management agreed to all and now in the process of implementation.

Ex-officio Member Natividad asked that since the fees have not been updated since 1984, were there any audits performed since? Mr. Hanau indicated that it has not been audited by their office, and they do not have any other information.

Ms. Jones-Santos commented for clarification on the findings. She indicated that in regard to Finding 1, unrecovered revenue of \$8.3M, all revenue has been collected in accordance with the current fees and rates. She indicated that the Department feels there is a benefit to all rate payers for the robust Industrial Waste Program. Next, Black and Veatch can review the current fees and rate structure.

She clarified that in regard to Finding 2, in terms of the invoice processing, it was discovered that the Industrial Waste users had not been billed. Invoices were issues for 2008 and 2009, and since have collected the revenue from those invoices. Currently, the invoices for 2010 through 2012 are being worked on, with a goal of issuing by October 31, 2013.

Last, she noted that this presentation was given at the Finance Subcommittee and looking at fees through a strategic initiative, and additional information will be brought forward to IROC. Mr. Helm added that all information and implementations will be followed-up on, and verified and reported.

Member Peugh asked for information related to inter-jurisdiction billing, Steve Meyer, Deputy Director of Environmental Monitoring & Technical Services Division, gave a brief description on the billing process.

9. CIP FY2013 Annual Report:

Darren Greenhalgh, Public Works Department, presented. Also in attendance were Angela Colton, Public Works, and Tung Phung, of the Public Utilities Department. Mr. Greenhalgh provided the end of the year report (FY2013) for Capital Improvement Projects (CIP).

He referred to detailed handouts, and reviewed the project highlights for Water and Wastewater programs, showing the planned vs. actual expenditures (unaudited). Next, he indicated an improvement recently implemented is the requirement to have a project charter for each project that is assigned from the Department for implementation by the Public Works Department. The schedule, scope and budget are documented in the Project Charter as an agreement between the two departments to help manage expectations. He added to date, the two departments have entered into approximately 15 project charters.

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Mr. Greenhalgh added the Public Works Department's effort to improve effectiveness over the last several years can be seen in the Department's overhead rates, which have declined every year since 2009, and since FY2010 have fallen, by over 14%.

He then concluded with describing the detailed, organized change order log, as well as the Water and Wastewater project schedule of forecast vs. actual.

Member Hollingworth thanked the team for the newly revised report which will enable IROC to monitor the CIP program. He asked in the CIP process improvement, it was stated that if changes in the baseline are required as a result of unforeseen circumstances or events, these changes are mutually agreed to by the client department and Public Works and document a project charter agreement. He asked if the baseline schedule be changed in this document. Mr. Greenhalgh said no, this document has set schedules, and there is a column added for charter amendments so this can be viewed. The schedules will remain fixed.

Member Hollingworth then asked about the Wet Weather Storage Facility Project S-00314, he asked why the cost was revised from originally \$112M to \$5M. Interim Director Ann Sasaki indicated that this project was originally designed as a storage tank of 7 million gallons adjacent to Pump Station 2. We are now looking at live stream discharge from the North City Water Reclamation Plant and if the permits are obtained for that discharge during emergency events, this concrete tank will not need to be built.

Member Hollingworth commented it appears in the spreadsheet with a few projects, the Department is forecasting schedule slippage. He asked for clarification. Mr. Greenhalgh indicated that individual projects slip, and some are accelerated. In the COSS, it is projected a 85% achievement of the schedules, as perfect execution cannot usually be achieved 100% of the time. He added that the goal on an annual basis for the Public Utilities Department is to achieve between the range of 85% - 95% if the cost of service goal

Chairwoman Welch asked if the revised project cost reflects the cost as of the new COSS what is reflective of what is able to be accomplished. Mr. Greenhalgh indicated as of last December, the information was current. He added that as time goes on, project scopes change, change orders may be identified, etc. The revised budget is changed as needed so there is an accurate reflection of cost.

Member Peugh commented that the money graph indicates what the big picture is in cost, asked if there is a way to show an overview of performance. Mr. Greenhalgh stated that the City participates in a state-wide benchmarking group, and this topic has come up often, and it is difficult. He added that a histogram could possibly be developed and we can have further discussion in the Infrastructure & Operations Subcommittee.

10. Water Policy Implementation Task Force Report Discussion (to agree on group recommendations for the Task Force/NR&C)

Public speaker Mr. Jordon Marks, Government Affairs Director, representing the Greater San Diego Association of Realtors commented in regard to Recommendation C9,

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“Retrofit at Resale”. He indicated he is looking for partnership, as well as moving forward with a better recommendation that may assist IROC in achieving its’ goals. He commented on a few concerns:

First, appropriate language should be changed from “Retrofit at Resale” to “Replacement at Permit”, to be in compliance with other City ordinances. He added with AB-715 in accomplishing the goal of 1.28 high efficiency toilets, there is already a State Bill guiding this to begin after the 1st of this year, and there could be some redundancy of the effort of the Task Force.

Second concern is that a number of citizens have already gone through a retrofitting process to the 1.6 gallons, and this would be an erroneous cost to these citizens. He indicated they suggest a type of “grandfathering” should take effect for those citizens in the database at this time.

Third is how the State has handled this issue (in phases) versus how the Association of Realtors believes that the Committee recommendation may be implemented, which is immediate.

Forth, consider having the City reinstate the cancelled rebate program. He added that addresses the Sierra Club vs. the City of San Diego case which the judge required a rebate program to be matched with the retrofitting.

Mr. Marks commented that his association has reached out to other associations, as well as has been contacted by other colleagues, and he has been asked to express partnership on this issue, and to have an opportunity to work with the Outreach & Communications Subcommittee. He indicated that they believe it would be very beneficial to bring the industry to work together on this to carry out and succeed in this goal.

He added that their suggestion is that the language for the recommendation may be changed to designating it not at retrofit at the point of sale, but at replacement at retrofit. He asked the language be something pursuant to State Law SB-407 and recommend the retrofitting of homes with water efficient fixtures at the time of permitting and continue the rest of the language as suggested.

Public speaker Ms. Molly Kirkland, Director of Public Affairs, representing the San Diego County Apartment Association commented. She gave a brief background of their association, and indicated she concurs with Mr. Marks especially in regard to the State Law. She added they have began and are ramping up their education efforts to let owners know what they need to do going forward, and will remain a resource, and are happy to partner with the City as well.

Chairwoman Welch reiterated that this item was heard in July and that IROC provided the minutes and individual comments to Mr. Lowe for the Task Force as feedback after hearing his presentation. She introduced Mr. Cary Lowe, Chair of the Water Policy Implementation Task Force.

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Mr. Lowe thanked the IROC for their comments, and indicated the Task Force has reviewed them. He clarified that the memo included today is from himself only, and not reviewed or commented on by other members of the Task Force, since they have not met in the mean time. He believes that based on the year-long meetings, it is reflective of the Task Force's views overall.

He asked for the consideration of endorsing their recommendations in their entirety, but understands that IROC's concerns are somewhat different than the concerns the Task Force had. He believes IROC has more concern with rate payer issues, for example, more that the Task Force focused on, although this was a consideration in the deliberations and recommendations.

Mr. Lowe asked Deputy City Attorney, Tom Zeleny, for clarification of the "Retrofit at Resale". He indicated it is his understanding the code currently does require broad retrofitting at the time of resale. Mr. Zeleny stated that under SB-407, that State Law is actually stricter than what is in the Municipal Code because it requires the retrofit of all toilets over a certain gallons per flush, regardless. The Ordinance only requires the retrofit on resale and when you are permitting. In SB-407 there is a provision that states if you already have a local ordinance in place, you do not have to comply with SB-407.

Mr. Zeleny cautioned that if the Municipal Code is amended, the City may lose the "grandfathering" clause, which would mean that all City residences would have to retrofit on a larger scale. He added that there is not a final opinion as of yet, however, if the existing standards of the Ordinance are relaxed, that is more likely to trigger State Law than if the Municipal Code is amended, making it stricter.

Mr. Lowe asked for IROC's comments. He added, for example, that there is not a problem if the Committee would like to see the City Council pay particular attention to the financial implications to any of their recommendations, which would make sense. He then briefly reviewed his memo points, noting that they were asked to give their best policy judgment without over focusing on political or financial constraints, leaving those kinds of concerns more to the Council and perhaps other bodies such as IROC.

Member Dull asked Mr. Zeleny if the "grandfathering" issue is still being looked in to. Mr. Zeleny stated yes, and may not even have a definitive answer other than to say there is some risk involved. Certainly making the restrictions tighter is consistent with the direction State Law is going, in his opinion. Mr. Lowe hypothesized that a qualifier that IROC may attach to their recommendation is: to be conscience of this issue in making any changes to the code.

Last, Mr. Lowe requested that IROC take an action to endorse the Report of the Task Force, with any qualifiers IROC feels are appropriate.

IROC members then discussed in detail, their concerns as well as provided information by Mr. Lowe on behalf of the Task Force. Mr. Chris Robbins offered clarification of the toilet retrofitting, and Brent Eidson offered information about the drought restriction. Member Dull suggested in order for this effort to be successful, City staff should work

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with the San Diego County Water Authority staff, or policy makers work with policy makers so it is done on a region-wide basis, not only a City effort.

Member Hollingworth indicated that he would not support this recommendation in the ominous format it is in.

Member Peugh indicated he is greatly appreciative of the recommendations made, and that they are well thought out.

Mr. Lowe added that the Report will be considered on September 25, 2013 at the City Council Natural Resources & Culture Committee at 2:00 p.m. Members discussed the recommendations, and came to a consensus.

ACTION 1: Member Peugh moved to accept the Task Force recommendations as is, attaching the IROC's comments provided in the July 26, 2013 letter to Mr. Cary Lowe. There was no second. Motion failed.

ACTION 2: Member Dull moved to express a general agreement with the work of the Task Force and their recommendations, but ask the Council to consider while looking at adopting those recommendations, these other factors listed below; as well as attaching IROC's varying discussions and comments as expressed in the July 26, 2013 letter to Mr. Lowe, though some of the individual discussions may be contradictory to others:

1. Cost: The overall financial implications of the recommendations in the Task Force Report are not identified and need to be considered.

2. Toilet Retrofits at Resale: The City Attorney's Office is currently analyzing whether changes to the City's Municipal Code regarding toilet retrofits could cause the City to lose the benefit of the "grandfather clause" in SB 417. Without the benefit of the grandfather clause, SB 407 would require all City businesses and residents to replace non-compliant toilets whether or not the property is sold or remodeled.

Additionally, the IROC Finance Subcommittee will be discussing concerns raised by the Greater San Diego Association of Realtors and San Diego County Apartment Association over the potential impact of the Task Force's recommended changes to the City's toilet retrofit ordinance.

3. Permanent Voluntary Drought Standard: IROC believes this decision should continue to be made on a region-wide basis so that it avoids confusion for water customers. The City should ensure its conservation efforts do not place it at a disadvantage if future County Water Authority drought restrictions use recent historical water purchases by member agencies as the baseline for water allocations.

Member Peugh seconded the motion. Motion passed 5-1 (Hollingworth).

11. FY2013 Annual Report Discussion & Proposal for Ad Hoc FY2013 Annual Report Committee

Chairwoman Welch indicated she will work with the Ad-hoc Committee to agree on a Report timeframe, and would like to complete the task by the October/November timeframe. She proposed an Ad-Hoc FY13 Annual Report writing committee comprised of the Chairs of each subcommittee. In order not to create a quorum of any subcommittees, it was decided the members of the Ad-hoc Committee would be Chairwoman Welch, Finance Chair Hollingworth, and Infrastructure & Operations Chair Peugh.

ACTION: Member Peugh moved to form the Ad-hoc FY13 Annual Report writing committee comprised of Chairwoman Welch, Finance Chair Hollingworth, and Infrastructure & Operations Chair Peugh. Member Dull seconded the motion. Motion passed 6-0.

12. City 10 – County Water Authority Update – Ken Williams

Ex-Officio Member Williams briefly reviewed some key matters at the San Diego County Water Authority.

- Metropolitan lawsuit status: trial date is targeted for December, and expected to be a 1 week trial, and an appeal is expected in any event.
- Cost of Service Study: he will keep IROC posted as it relates to the Desalination project.
- Looking at another dry year in all areas, which is the 3rd year in a row. This will draw down more on storage. This could hinder partially filling the new San Vicente dam.
- County Water Authority Budget passed at the June meeting. It is a 2-year budget beginning July 1. There were two separate public workshops held. The budget resulted in a rate increase of 2.6% for untreated water, and 3.5% in treated water. Of this new budget, 92% of the spending is essentially in fixed costs.
- Recent ruling on the Quantified Settlement Agreement (QSA) Lawsuit, the judge validated the QSA Agreement put in place 10 years ago, which is related to the IID water, as well as the canal lining. This was a well received judgment, however it has been appealed and still continuing.
- Bay Delta Conservation Plan (BDCP), an effort to fix the Delta from a standpoint of the environment as well as be able to continue pumping water south. The CWA has had a series of educational meetings on the BDCP. He added recently 3 economists spoke on the Plan, with different points of view, as this is a very complex project. Some cost estimates are in the \$25 billion range, and it most likely will be the rate payers in southern California who will incur these costs. It is understood, but unclear, that this does not need a vote of the people, but by the State Water Project of which Metropolitan is a very strong member.

Member Hollingworth requested that once the Desalination Cost of Service Study is available, he would like a copy of the underlying financial model so he can view the assumptions. Ex-officio Member Williams indicated to the extent that it is public information, he would be glad to share.

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13. Subcommittee Reports

a. Finance – *Andy Hollingworth, Chair*

- Discussed the Industrial Waste Control Program (IWCP) audit update
- Reviewed a financial presentation on the Department’s end of FY13
- Discussed the possible debt coverage language and future bond amendments to allow rebates of excess cash levels

b. Infrastructure and Operations – *Jim Peugh, Chair*

- Reviewed the Quarterly CIP Report information
- Discussed the Subcommittee’s portion of the Annual Report
- Reviewed work objectives as part of the Annual Work Plan

c. Outreach and Communications – *Irene Stallard-Rodriguez, Chair*

- Update on the next phase of the Indirect Potable Reuse Project
- Discussed the Subcommittee’s portion of the Annual Report

14. Metro/PA – Report Out

None. Meeting was cancelled.

15. Proposed Agenda Items for next IROC meeting

- Annual Report
- Update on the resolution of public speaker Mr. Tweet’s concern that was shared at the last IROC meeting.
 - David Bryant, IROC Coordinator, commented that a message was left with David Akin of Customer Support; Mr. Akin indicated this issue is not with the Department, however it is still with Code Compliance and he is awaiting response.
- Would like a standing item, for updates and next steps to the Pt. Loma Waiver, to be added to future agendas. As things progress perhaps a presentation.
- FY14 Strategic Plan

16. IROC Members’ Comments

- Mr. Kubota commended David Bryant for the fine work coordinating IROC over the past few months.
- Mr. Kubota attended the Metro 50th Anniversary, as well as the Cabrillo Monument Ceremony last week, and it was an outstanding display.

Meeting adjourned at 12:32

Minutes submitted by: Monica Foster