



Independent Rates Oversight Committee (IROC)
February 17, 2015
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1. Roll call

Chairwoman Stallard-Rodriguez called to order the regular meeting of the IROC at 9:37 a.m. Monica Foster conducted roll and a quorum was declared. Attendance is reflected below:

Members:	Present	Absent
Irene Stallard-Rodriguez, Chair	x	
Don Billings, Vice Chair	x	
Craig Chapman	x	
Christopher Dull	x	
Gordon Hess		x
Jeff Justus (10:15a.m.)	x	
Jack Kubota	x	
Tiffany Mittal	x	
Jim Peugh	x	
Gail Welch		x
Ex-Officio Members:		
Ed Spriggs, Metro JPA – Interim Alternate	x	
Ken Williams, City 10	x	

City representatives present at dais: Halla Razak, PUD Director, Tom Crane, PUD Assistant Director; Tom Zeleny, Deputy City Attorney

2. Non-Agenda public comment

None.

3. Approval of Draft Minutes of January 20, 2015

Chairwoman Stallard-Rodriguez asked for a motion to approve the Draft Minutes of January 20, 2015. Monica Foster, IROC Administrative Support, noted two minor edits to the draft minutes. On the third paragraph, end of last sentence: add: "...for Pure Water"; and, the middle of the fifth paragraph: "In addition, *and* updates..." change the word "and" to "any".

ACTION: Upon motion to approve the Draft Minutes of January 20, 2015 as revised, by Vice Chair Billings and seconded by Member Kubota, motion passed: 6 (in favor) - 0 (opposed) – 1 (abstain –Dull).

4. Chair updates– Chairwoman Stallard-Rodriguez

- Welcomed Ed Spriggs as the committee’s Ex-officio, representing Metro JPA. He commented that he is honored to be part of the IROC. He indicated he has legal background, has done work in international development with US Aid in the foreign service for many years, the last 14 years was the COO of Finance of Student Affairs at UCSD managing large budgets, staffing and capital projects until retirement in June, 2014. He devotes full time work as a City Councilman in Imperial Beach for his second term. He looks forward to working with IROC.

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- Noted that she has signed certificates to the Department staff members that were recognized at the last meeting for the tours given last month. David Bryant will disperse them.

5. **City Staff updates** – *Halla Razak, Director*

- Drought continues with the dry, hot weather.
- Water use in San Diego for December was lower by 25% as compared to same time last year. However, water use in January was 4% higher than same time last year, mainly from the dry weather. The State will continue to compare water use to the January 2013 for the benchmark.
- Metropolitan Water District will continue discussions on allocations in April, to be in effect in July, 2015. She noted the billing system and programs are being updated to accommodate the expected changes.
- A lot of activity on the San Vicente Pump Storage Project presented to IROC recently. Successful discussions with the San Diego County Water Authority continue regarding partnering, structure, and strategizing to move forward.
- Fiscal sustainability work is underway, and the results are very good. She will present to IROC next meeting.

6. **Mayor and Council Staff comments**

None.

7. **City 10 – County Water Authority update** – *Ken Williams*

- Discussed an article from Los Angeles on the importance of water and earthquake preparedness and potential in San Diego. He noted that 80-90% of our water travels through the Los Angeles area, and in the event of a large earthquake knocking out these pipelines, San Diego would be devastated. Pure Water Program will help in this event, with a portion of the water supply. He then gave a review of the history of the droughts in the early 90's, and past allocations that caused great concerns economically. He then talked about the diversification of water availability over the years, as well as earthquake preparedness, plans, large infrastructure projects, and the Emergency Storage Project (ESP). This ESP has costs \$1.5 billion, and we are now in the process of paying bonds against this project.

Vice Chair Billings commented that to the extent that San Diego continues to be reliant on the Colorado aqueduct and other sources on the faultline that those investments made upstream are reducing risk to a level that is considered acceptable. Director Razak explained her take, and concluded that all considered in general, the process has worked quite well to give us the right value for the insurance we are hoping to get.

Ex-officio Member Spriggs commented that the Metro JPA has worked very closely with the City of San Diego on the Pure Water. He has realized that the insurance policy aspects of the justification for Pure Water are very real in regard to the earthquake risk and the supply running through Los Angeles. He believes that in public relations, it should be considered to add this as an insert in the bullet

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points around why we are doing Pure Water and the supply of water being 80-90% dependent on flowing through the Los Angeles area. Chairwoman Stallard-Rodriguez concurred. He added that he would like to know how the City is preparing for earthquake protection with respect to the development of the future water systems, including Pure Water in our communities.

8. Public Utilities Review

Director Razak presented a detailed overview of the Departments past, present, and future, as well as commitments and recent recognition. She gave background of “America’s Finest City”, which the Department’s services drive, and impact our health, economy and the environment. She noted that today, 80-90% of the City’s water supply is imported.

She then gave snapshots of the rich history of water and wastewater practices in the region, starting back from the mid 1800’s, noting there was no proper wastewater treatment practice prior to 1943 when treatment operation begun on East Harbor Drive and quickly overwhelmed by population growth which led to the Pt. Loma Treatment Plant and others followed. Today, we are one of the largest most complex systems in the world.

Director Razak presented an animated video the Department’s Brand Commitment showcasing the highlights of the four commitments, Quality, Value, Reliability, and Customer Service. She gave details and amazing facts related to these commitments. She then listed 16 impressive leading industry awards recognizing the facility operations and public education programs. She listed the numerous agency recognitions, and then highlighted the United States Water Alliance award to be received for overall organizational excellence where she will represent the Mayor and the City in Washington, D.C. in April. Last, she indicated that the excellent employees that make up this Department are ready and poised to take on any challenge.

Member Kubota recommended reminding the public as often as possible that fire protection, especially through fire hydrants, is an important role that the Department provides, and this could be added to the presentation perhaps. Director Razak concurred.

Vice Chair Billings added that during the presentation, a great slide was shown of San Diego’s bill relative to others and he indicated that it was a very important piece and recommends making it more prominent so viewers can see it more clearly.

9. Transfer of Funds to CIP S-11059, Otay Concrete Work

Iraj Asgharzadeh, Senior Civil Engineer with Public Works, indicted that the request is for IROC to review and support the transfer of funds from Otay Water Treatment Plant Upgrade & Expansion and Scripps Ranch Pump Station to the Otay Water Treatment Plant Concrete Project, in order to replace the concrete coating of the existing Flocculation and Sedimentation Basins, to help prevent concrete corrosion, and ensure continual operation of the treatment plant. He indicated this project was part of major upgrades and expansion that goes back to 1991.

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Mr. Asgharzadeh indicated that due to failure of coating performed on this portion of the project, all work has to be redone. He added that due to rejected work performed by Sub-contractor, they are behind schedule. The Department will go to Council to ask for a \$720,000 transfer of funds to move forward with this portion of the project. The Construction/Project Management team will continue with a dispute resolution to possibly gain some of the costs back.

He added that the second action today, is the request to support separating this portion of the project as a standalone project in order to complete and close the books on the previous Upgrade and Expansion projects that have been completed.

ACTION: Chairwoman Stallard-Rodriguez asked for a motion of support. Member Kubota moved to support staff recommendations of the transfer of funds as well as the separation of the project as a standalone project. Member Chapman seconded. Motion passed 7-1-1 (abstain: Dull).

10. Climate Action Plan

Seth Litchney, Senior Planning, Planning Department provided an update on the City's Climate Action Plan (CAP) that was released recently, and plans to adopt the plan by the end of this year. He noted that the State adopted an executive order in 2005 setting a 2050 State-wide greenhouse reduction level, 80% below 1990 levels, and the City wants to become a leader in green technology, renewable energy, and green jobs.

He indicated this CAP will provide a path for addressing green house emissions in the City of San Diego. The CAP has many benefits to both the environment and the economy such as creating new jobs, improves health, quality of life, and increases local energy and use of existing resources throughout the City.

Mr. Litchney reviewed how the CAP implements the General Plan, and also listed and described the four primary purposes of the CAP which are to provide a roadmap to achieve Green House Gas (GHG) reductions; needs to conform to California laws and regulations; implements the 2008 General Plan; and needs to provide CEQA tiering for new development's GHG emissions.

He indicated that findings show that the majority of San Diego's GHG emissions in 2010 were from transportation sector, with general utilities making up the rest. He then listed the projected GHG emission levels and reduction targets as well as strategies and actions for energy, water efficiencies, clean and renewable energy, and promotion of alternative modes of transportation. Last, Mr. Litchney discussed the goals and actions for zero waste and climate resiliency.

Next steps are to release the Draft Appendices, prepare an environmental document, go to City Council to adopt the process, and monitor annually to stay on track for the 2035 goals. He indicated the Draft CAP can be downloaded on the City's Planning Department's website and questions and comments can be taken at CAP@sandiego.gov.

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Chairwoman Stallard-Rodriguez asked if the City's parks and golf courses are using recycled water currently. Director Razak indicated that many do, we do not have the infrastructure at every location to send recycled water.

Vice Chair Billings asked what the cost is, what the financing plan is, and what the fiscal penalties/rewards are for meeting or not meeting the goals. He also asked what the interim goals are and how does this relate to the other surrounding cities. Last, he asked what sort of ideas there are behind other modes of transportation with less pollution, or ways to work without commuting. He added that many cities have invested in broadband networks to provide telecommuting.

Mr. Litchney indicated that for future growth, the idea is to include more dense communities around transit stops, also the State and Federal actions being taken for the technology side, are setting low carbon fuel standards, encouragement of electric car use, etc. which can help meet the CAP goals. He indicated that the fiscal analysis is not spelled out at this time. Evaluation along the way will help control meeting the goals as projected, at the proper time frame. At this time the City is taking the approach to provide an action of what the City of San Diego can do to help reach overall goals. The costs will be decided as the ordinances come forward.

Ex-officio Member Williams asked for clarification of the zero waste. Mr. Litchney indicated that the goal is to divert 75% of waste going to the landfills, and reach 90% diversion by 2035. He added recycling will be a large part of this, and more information is available the CAP.

Member Peugh asked if each Department will have its own goals. Mr. Litchney concurred, and added that part of the CAP was created with Environmental Services Department, so there will be collaboration and coordination for the City to reduce its own emissions from its municipal operations.

Member Peugh asked if there is any type of adaptive management built in to the document. Mr. Litchney stated not at this time, and reminded him that this is still in a Draft format, and welcomes all of the comments and ideas. Member Peugh commented that the reduction targets graph in the presentation should be revised as well, to reflect realistic baseline levels of emissions. Mr. Litchney concurred and indicated that recalculations are being made.

Ex-officio Williams asked for clarification on the City having to reduce GHG by 80% moving from 1990-2050. Mr. Litchney indicated the emissions in 2050 will be 80% lower than what was recorded in 1990, this was an Executive Order.

11. Enterprise Asset Management

Susan Bowman, Program Manager, and Jane Arnold, Project Manager, presented and update of the SAP Enterprise Asset Management (EAM) project, the City-wide unified system that integrates data and business processes to support the management of assets, which enhances investment and resource decision-making. Ms. Bowman noted that the Project's new Director at the City-wide level, is Erin Noel.

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She described the many uses, benefits, and value of the project, adding that this will include CIP planning and processing. She then reviewed a graph displaying the integrated solution of joining in many existing City functions such as inventory management, maintenance resource optimization, cost tracking, performance analysis and reporting, asset inventory, document management, and more.

Ms. Bowman described the success that will be gained by making use of lessons learned from past projects, building a high performing committed team, incorporation of a measured systematic project methodology relevant to the City based upon industry best practices, engaging industry expertise early on, participation of asset owning departments during business blueprint workshops, and ensuring the project timeline allows for sufficient testing and user adoption.

She indicated the EAM will be governed by a committee that will have both influence over key project decisions, as well as play the role as advocate of this project. Membership will consist of City leadership and department Directors who are considered major stakeholders, and whose influence and support are critical to the Project's success. Also identified to participate is a City-wide Advisory Committee consisting of Deputy Directors from all affected business areas considered in scope.

Ms. Arnold described the Project's inclusive 3-year cost estimate of \$39.7 to be shared with five participating departments that are replacing their computerized maintenance management systems. She added this does include the representation of personnel across the many departments. She shared the recent and upcoming activities, and described the RFP development.

Ms. Arnold then described the details of the Project timeline beginning with the pre-work (current), going through Phases I-V of the SAP EAM Project implementation estimated duration.

Ex-officio Member Spriggs commented that these are very challenging and complex projects and he is very familiar. He indicated that because of the complexities and the unknown of what is involved, he asked if there is a way to approach this to contain the inevitable actions by contractors. He urges the consultation with other agencies that have gone through this, and what the best practices have been to keep on track the way it has been envisioned. Ms. Bowman indicated the comments and observations are welcome and recognized. The Request for Information (RFI) was a tool used to ask questions of the industry with regard to their expertise and vision of doing a project this complex in nature. This information received will be reviewed and evaluated by the governance committee to minimize risks.

Member Dull commented that if the Public Utilities Department is paying for approximately 70% of the cost, he is in hopes that the Department will get that much of the service out of the system. Tom Crane, Assistant Director, indicated that the Department should.

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Member Peugh asked what the life expectancy of a program like this lasts. Ms. Bowman indicated it is an international system and will continue to have upgrades, and the City will have a road map for upgrading and continuing with new technologies and features of the system. He also asked for clarification of the go-live process. Ms. Arnold indicated there would be successful testing, integration testing, end to end business testing, user community engaged fully, user acceptance and direct contact, etc. and there should be no surprises at that phase. There will also be a “mock cutover”.

12. Discussion: FY16 IROC Work-plan

Chairwoman Stallard-Rodriguez indicated that all subcommittees have taken time to review their portions of the Work-plan. She clarified few changes that need to be made to the Draft.

I. Finance

- Item 1a: Following “Review and monitor ongoing...” add “Water and...”
- Item 1d: New item. Lee Ann Jones-Santos to provide wording to cover multi-family use.
- Item 4: Delete.
- Item 5 becomes Item 4, with the change to a. “Review FY201~~5~~4-201~~6~~5 ...”.

II. Infrastructure & Operations

This item will be reviewed more thoroughly in the next Subcommittee meeting and will provide final changes at the March 16 full IROC meeting.

III. Outreach & Communications

This item will be reviewed more thoroughly in the next Subcommittee meeting and will provide final changes at the March 16 full IROC meeting.

13. Subcommittee Reports

a. Finance – Gordon Hess, Chair

- Discussed Wastewater advance refunding at Budget Committee
- Update on the Urban Water Management Plan Request for Proposal
- Discussed the Public Utilities Current Year Monitoring Mid-year Report
- Worked on the Subcommittee’s portion of the Work-plan

b. Infrastructure and Operations – Jim Peugh, Chair

- Discussed the CIP Reporting and new tools the City will be looking at and the results to show over time
- Worked on minor changes to the Subcommittee’s portion of the Work-plan

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

- Worked on minor changes to the Subcommittee’s portion of the Work-plan

14. Metro/JPA Report Out – Ed Spriggs

- Jim Peasley is now the Chairperson of the Metro JPA.

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15. **Proposed Agenda Items for next/future IROC meeting**

- Approval of the FY16 Work-plan.

16. **IROC Members' Comments**

Member Peugh commented that he read report that indicated that residential consumption has been increasing over the past four years. He asked how the Department feels about the numbers listed in the Equinox Report, and if there is a strategy to get residential use to actual decline. Chairwoman Stallard-Rodriguez added that she heard the County reached its' goals but the City came in at #2. Director Razak indicated that the Equinox Report looked from 2010-2014, when the economy was down and people were cutting back on many things. Hot weather also plays a role. There has been a rebound, and the City has done everything possible as far as outreach and has also changed the tier pricing to encourage conservation, etc. There is also educational material, and many forms of outreach for conservation efforts. Member Billings suggested drought rates.

She added that there have been discussions with the Navy, and the Navy is expanding and expecting another ship to come to San Diego with many more people which is a challenge for water use. She expects there will be water allocations in April from MET if we do not get a large amount of rainfall.

Member Billings indicated that marginal changes do not seem to make long-term impacts to the consumer. Ex-officio Member Spriggs concurred.

Ex-officio Member Spriggs commented that he is very impressed with the members on the IROC Committee, and the quality of the questions and knowledge, and looks forward to working with IROC.

Member Kubota commended City staff. He added that Director Razak will not only go to Washington, D.C. to accept the aforementioned award, but will also be a featured speaker at a 1-day ASCE Infrastructure Symposium the first week of March, a featured speaker at a State-wide Water Environment Federation in San Diego the first week of April.

Meeting adjourned at 12:07 p.m.

Minutes submitted by: Monica Foster