



Independent Rates Oversight Committee (IROC)

June 15, 2015  
MINUTES

1. **Roll call**

Vice Chair Hess sat in for Chairman Justus in his absence. He called to order the regular meeting of the IROC at 9:33 a.m. Monica Foster conducted roll and a quorum was declared. Attendance is reflected below:

Members:	Present	Absent
Jeff Justus, Chair		x
Gordon Hess, Vice Chair	x	
Craig Chapman	x	
Christopher Dull	x	
Jack Kubota	x	
Tiffany Mittal		x
Jim Peugh	x	
Irene Stallard-Rodriguez		x
Gail Welch	x	
Ex-Officio Members:		
Ed Spriggs, Metro JPA	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 May 18, 2015**

Vice Chair Hess asked for a motion to approve the Draft Minutes of May 18, 2015.

Correction by Vice Chair Hess: Page 4, paragraph 4 – “Member Hess asked if we are supposed to get a recycled water COSS, will this change...” should read “Member Hess asked whether the recycled water COSS study will change...” to more accurately reflect what was asked.

Correction by Vice Chair Hess: Page 2, last paragraph – should reflect \$250M rather than \$250B.

**ACTION:** Member Peugh moved to approve with said changes. Member Welch seconded. Minutes passed 6 (in favor), 0 (oppose), 1 (abstained - Kubota).

4. **Chair updates** – *Vice Chair Hess*

- Expressed his gratitude and appreciation toward Irene Stallard-Rodriguez for her great leadership as Chairwoman her past term.
- Indicated that last meeting he noted that Metropolitan Water District spent \$100M on turf rebate programs and would increase this to \$250M. He added that they decided to spend \$400M now. This means approximately \$40M comes from San

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Diego rate payers. He encourages all San Diego rate payers to apply for these rebates so they can take advantage of this. It is anticipated that this can save approximately 80,000 ac/ft of water per year, or approximately 8,000 ac/ft of water for the San Diego portion if we use our proportional share. He hopes the Department will get the word out.

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

**Mandatory Water Restrictions**

- The Governor dropped the required cut back to 16%, and these regulations have been in effect since June 1. Outreach has been going on with the main message emphasizing on outdoor irrigation, and watering 2x per week, and 5 minutes per station.
- Changes to the Muni Code will go to the Committee on the Environment, which is changing the requirement in Level 2 (3x per week/7 min. per station to 2x per week/5 min. per station) and other clean-up work.
- Working closely with other departments such as Park & Recreation which is the largest water user. They have plans, to conserve which she described.
- Enforcement is a large effort; there are 17 individuals that respond to complaints and proactively look for violations at this time. We have partnered with Storm Water that can also provide enforcement. 5 Code Compliant Officers positions will be added for this effort. She noted that there is water theft going on, and this is being reported to the State Control Board, along with a report out on all activities done per month. This reporting requirement will continue into the future.
- There is a lot of interested in the rebate programs. Last year the Department teamed up with Storm Water. The money available for the rebate program was exhausted immediately, so moving forward there will be \$1.4M available and the team is working on ideas to stretch the dollars so it is not exhausted so quickly. She encourages all customers to take advantage of the Metropolitan Water District's \$350M turf rebate program as well.
- Water Waste Application is being updated so other agencies have access to it, and this has been a great tool for the Department to receive water waste complaints, which have almost doubled from recent months.
- AMI is very valuable to the customers so they can evaluate their use as well as compare their use with their neighbors. It also is very beneficial to the Department to monitor water use.
- Cost of Service Study proposals will be shared with IROC as soon as the Mayor's office approves.

Member Peugh asked in regard to chronic leaking pipes, if an indicator chemical is used to detect leaks in pipes. Stan Griffith, Assistant Director, indicated not at this time, but all options will be explored.

Member Welch asked for an update on the Clean Water Act at the State and Federal levels, and any political challenges. Director Razak indicated that staff has partnered to go through the administrative process with EPA to get the assurance needed. There was a meeting recently and will get together with our lobbyist to review the challenges. The

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Mayor meets with the EPA administrator periodically and discusses this at the highest levels. She added that the EPA is being helpful.

Ex-officio Member Spriggs commended the Department for the comprehensive in nature of all of the drought undertakings. He commented he supports the leadership of San Diego addressing the rental unit water metering issue. He added perhaps there is a grant to obtain to do a pilot program of new technologies in this.

Cost of Service Update – Lee Ann Jones-Santos, Assistant Director

- Finalizing recommendations and hope to present to Mayoral staff in the next two weeks. Once complete will come to IROC to provide an update and review the process used previously. The draft schedule is being worked on currently, and Recommendations to share with IROC will include Potable Water and Recycled Water Pricing.
- Next steps: Mayoral approval for the recommendations; share the data related to Potable Water and Recycled Water with IROC and the Metro JPA; take Action forward to the Committee on the Environment; then to City Council for the Prop. 218 Notice to ratepayers, and then the second Council meeting (Public Hearing) for the proposed rate increase. These dates are still being determined.

Budget Update – Seth Gates, Budget Program Manager

- May Revision to the FY 2016 Proposed Budget was approved by City Council on June 8, 2015
- Mr. Gates provided a breakdown of the revisions for the Sewer side:
  - Planned 30-month expansion and installation of the full Advanced Metering Infrastructure (AMI) system;
  - Approximately 1.5 positions and \$5.9M for AMI in FY16;
  - Pure Water Program - advancing timelines including 3 new work packages for FY16 and for the sewer fund added 3 positions and \$5.9M for this program;
  - Trench repair reimbursement: \$1.5M – Service Level Agreement with Storm Water for trench repair and restoration as part of the Mayor’s initiative;
  - Advanced Water Purification Facility Demonstration Project continuation - approximately \$.5M;
  - Drought Mandate enforcement – 1 position;
  - Assistant Deputy Director to look over the City’s pump stations based on the Water Resources Control Board requirements, a Senior Wastewater Operator was reduced to provide for this;
  - Other minor adjustments.
- Mr. Gates provided a breakdown of the revisions for the Water side:
  - Reduced water purchases of approximately \$20.6M which is reflecting the mandated 16% reduction;
  - AMI – approximately 24.5 positions / \$8.8M;

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- Pure Water Program – 3 positions in the Water Utility and \$5.9M in expenditures;
- Trench repair reimbursement;
- Drought response – 11 Water System Tech III's and approximately \$1.5M in expenditures to increase response time to water leaks to reduce water loss;
- Additional turf replacement and drought outreach – approximately \$1.8M;
- Drought Mandate positions – 8 FTEs to enforce restrictions, provide water surveys, and other tasks;
- Advanced Water Purification Facility Demonstration Project - \$500K
- Other minor adjustments.

Ex-officio Member Spriggs asked what the net increase over the original proposed budget is for Water and Wastewater. Mr. Gates indicated that based on the reduction in water purchases combined with all of the initiatives; there is actually a net reduction in expenditures.

Vice Chair Hess asked if the Water purchases are going down, and the expenses are going up, is there a net figure that would include the loss of income? Ms. Jones-Santos indicated that the Budget was not updated for change in revenue at this time, but will be rolled out as part of the COSS.

Vice Chair Hess asked what the approach is for the 16% cutback. Director Razak indicated the approach is to keep track of the City's water use on a monthly basis. Additionally, the COSS may include the ability to trigger the allocations for different customer classes as well as penalty pricing for those using above and beyond their allocation would take place.

**6. Mayor and Council Staff Comments**

None.

**7. Customer Support/Call Center Update**

Michael Vogl, Customer Service gave an update of the status of the call center. He indicated call wait times continue to improve and customer satisfaction is high at 91% positive responses to post-call surveys; *Mint Bills* was launched so customers can receive/pay their bills anytime anywhere as well; recruitment/hiring/staffing is stable; and billing and collections policies have been updated.

He provided and reviewed call volume/service level graphs for week ending May 31, 2015. This included inbound call volume for English, Spanish, Emergency water repairs, and average speed of answer. He then reviewed a graph showing the number of seconds to answer, which he noted about 3% of the calls were answered immediately with no delay, and about 45% were answered under 1.5 minutes, which is a great improvement.

Mr. Vogl reviewed accomplishments and efforts that are underway including returning all customer call messages the same day, completion of WAVE training which is a system to

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track water waste complaints, launched Mint Bills, implemented billing/collections policy changes, replaced the phone systems, and implementing Image Cash Letter in July. Member Welch asked what the driver is for the reduced times. Mr. Vogl indicated that increases in the number of filled positions, is the key.

Ex-officio Member Spriggs indicated he had seen this presentation at the subcommittee level and the progress is very commendable. He commented that the challenge remains on call times, and pointed out that the calls that are waiting longer than 90 seconds can be significantly longer. He added that with the trained staff on board and the new phone system, etc. this can be a great help. Mr. Vogl concurred but added that it is consistently getting better with fine tuning of staffing and scheduling to target the peak call periods.

Member Peugh asked if the emergency repair number is the same or different. Mr. Vogl indicated that there is a designated number for emergency repairs. All agents are now trained to handle both types of calls to give better coverage. He noted that the emergency repair calls have priority. Member Peugh asked if next time the bar chart can show the longest wait time. Mr. Vogl concurred.

Member Chapman asked if the new Mint Bill app that has launched on the City's website, is it available on the android, iPhone, as well as Windows. Mr. Vogl stated yes and that ACH payment is free and the convenience fee for credit card payment is just \$1.99.

8. **Should IROC and its Subcommittees Go Dark in August**

This item was tabled to the next scheduled full IROC meeting.

9. **Subcommittee Reports**

a. **Finance** – *Gordon Hess, Chair*

None. No meeting was held.

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

- Discussed the COSS, presentation by Lee Ann Jones-Santos. Concerns with how the 16% reduction would be addressed, and learned it will be planned in and looked at with a conservative point of view, which he agreed with. Concerns if the replacement rate would suffer due to other financial pressures, however this will not happen.
- Discussed the cost allocation sub-group, had a presentation on drought measures.
- Discussed the Annual Report.
- Received an email related to the Condition Assessment Contract, and the Master Plan will be completed in the June timeframe.

c. **Outreach and Communications** – *Jack Kubota, Chair*

- Presentation from the new Communications Department
- Presentation on the drought response

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- Pure Water update

10. **Metro/JPA Report Out** – *Ed Spriggs*

Had a robust meeting at the Pt. Loma Wastewater Treatment Plant which included a planning session, new member brief, and tour.

- Approved the FY2011-2012 audits of Exhibit E, schedule for allocating billing to Metro and within Metro.
- Recommended approval of the San Diego Metro Sewer Budget which was prior to the post May amendments.
- Recommended approval of the buildings issues reconciliation regarding Padre Dam and North City balance corrections of 2007-2012 which is a satisfactory resolution.
- Recommended approval of the South Bay Recycled Water revenues distribution to the Participating Agencies (PA) covering the period 2009-2014 of those revenues.
- Approved the 2016 Metro Wastewater JPA Budget which includes the cost allocations amongst the PAs.
- Board Member update including the history of the JPA as an entity, accomplishments, and historical high lights – by Greg Humora.
- Strategic Planning Session. Four Goals for Metro JPA are: 1) Oversight of Metro System management and operations; 2) Oversight of the City of San Diego's water reuse planning, inclusive of Pure Water; 3) Developing key partnerships; 4) Develop customer relationships.

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

- Overview of the Qualcomm Stadium property owned by the district. Tom Zeleny, Deputy City Attorney indicated there is a Legal Opinion on this matter available on the City's website, and he will make this available to IROC.
- Should IROC and its subcommittees go dark in August?
- Discussion on the timetable for the preparation of the IROC Annual Report.

12. **IROC Members' Comments**

Tom Zeleny, Deputy City Attorney, introduced Pete DeLara, Deputy City Attorney, who handles the legal, contractual and transactional work regarding the replacement of the water and sewer pipelines in the City, working closely with Public Utilities and Public Works.

Meeting adjourned at 11:10 a.m.

Minutes submitted by:           Monica Foster