

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**MAY 22, 2019**

The agenda having been posted on Thursday, May 16, 2019, the Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson E. Medrano at 5:00 p.m. on Wednesday, May 22, 2019, in the 11<sup>th</sup> Floor Large Conference Room, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

**Board Members Present:** Chairperson E. Medrano, Vice-Chairperson J. Seymour, R. Bhalla, A. Abdulrahman, V. Baroldi

**Board Members Absent:** R. Gaona, J. Showalter

**City Staff Present:** D. Lee, L. Quiambao, M. Moore, B. Beelner, A. Kott, G. Bowen, J. Lehman, J. Lonneker, D. Albaugh, J. Sanks, M. Seifen, P. Oviedo, A. Markis, B. Zimmerman, C. Thompson, A. Nguyen, A. Lozano

**Guest(s) Present:** Maria Navarat, WaterSmart Landscape Awardee; Kalaya Navarat, Resident; Pawee Mahinthiphalehan, Resident; Mark Dickinson, Anaheim Beautiful; Martin Cazarez, WaterSmart Landscape Awardee; Sandra Jones, WaterSmart Landscape Awardee

**AGENDA ITEM**

**ACTION TAKEN**

**1. RECOGNITION: WATERSMART LANDSCAPE AWARD PROGRAM WINNERS.**

A. Markis, Resource Program Specialist III, introduced the WaterSmart Landscape Award winners for 2019, which included Martin Cazarez, StoreQuest; Sandra Jones, Resident; and Maria Navarat, Resident. Each winner was recognized by the Board and presented with a plaque commemorating the transformation of their outdoor spaces with drought tolerant landscaping that saves water and beautifies their neighborhoods.

**2. PUBLIC COMMENTS.**

There being no public comments, Chairperson E. Medrano closed the public comments portion of the meeting.

**3. APPROVAL OF THE MINUTES OF THE PUBLIC UTILITIES BOARD REGULAR MEETING OF APRIL 24, 2019. \***

A. Abdulrahman moved approval of the Minutes of the Public Utilities Board Regular Meeting of April 24, 2019. V. Baroldi seconded the motion.  
**MOTION CARRIED: 4-0.**  
**ABSTAINED: 0.**  
**ABSENT: 3 [R. Bhalla, R. Gaona, J. Showalter].**

**4. APPROVAL TO SET A PUBLIC HEARING DATE OF JUNE 26, 2019 FOR THE 2019 PUBLIC HEALTH GOALS REPORT.**

J. Seymour moved approval to set a Public Hearing date of June 26, 2019 for the 2019 Public Health Goals Report. A. Abdulrahman seconded the motion.  
**MOTION CARRIED: 4-0.**  
**ABSTAINED: 0.**  
**ABSENT: 3 [R. Bhalla, R. Gaona, J. Showalter].**

J. Lehman, Chief Risk Officer, shared that last month the Board was presented with Anaheim's Annual Water Quality Report that confirmed that the water served by the Public Utilities Department (Department) met all State and Federal Drinking Water Standards, and she was requesting approval to set a public hearing for the June meeting regarding the 2019 Public Health Goals Report.

As way of background, J. Lehman indicated that every three years since 1998 California water utilities servicing more than 10,000 customers are required to compare their water quality to the State's Public Health Goals and the Federal Government's Maximum Contaminant Level Goals and hold a public hearing to allow for comments on the results. J. Lehman noted that Public Health Goals are set at the level at which there is essentially no health risk to the most sensitive populations and they are not enforceable limits, but water agencies must report on these results, as described.

J. Lehman made the Board aware that the Department met 81 of the 87 Public Health Goals. The Public Health Goals that were not met, with two exceptions, were all from naturally occurring elements. The exceptions were Trichloroethylene (TCE) and Bromate. J. Lehman clarified that TCE is a commonly used degreasing agent which was detected in one well at very low levels and Bromate is a by-product of ozone disinfection of water that has naturally occurring Bromine.

J. Lehman then requested the Board's approval to set the public hearing to receive public comments on the 2019 Public Health Goals report for June 26, 2019. She indicated that a hearing notice would be published in the newspaper the week of June 13<sup>th</sup> and the 2019 Public Health Goals Report would be posted on the Department's website.

**5. PRESENTATION: CAP AND TRADE GREENHOUSE GAS REDUCTION PROGRAM OVERVIEW AND COMPLIANCE UPDATE.**

C. Thompson, Principal Integrated Resources Planner, provided the Board with an Overview of the State's Cap and Trade Program, how the Department participates and its compliance with the Program. C. Thompson explained what activities the Department has, and continues to undertake, toward achieving reductions in greenhouse gas emissions associated with the electricity it supplies to customers. C. Thompson affirmed that the Department is fully compliant with the Program for the second compliance period, which covers the years 2015-2017.

**6. RECOMMEND ADOPTION OF THE PUBLIC UTILITIES DEPARTMENT'S FISCAL YEAR 2019/20 PROPOSED BUDGET. \***

B. Beelner, Assistant General Manager – Finance and Administration, requested the Board's approval to recommend to the City Council the Department's Fiscal year 2019/20 (FY 2020) \$601.6 million budget proposal. The Department's proposed FY 2020 budget is a \$14.8 Million (2.5%) increase over the prior Fiscal Year budget. This increase is primarily due to a \$6.1 Million increase in power supply costs coupled with a \$6.4 Million proposed increase in debt service costs. The Department forecasts that power supply costs will increase as it moves away from fossil fuel based resources and incorporates more renewable power supplies into its portfolio of generation resources. The Department also forecasts an increase in its debt service costs as it forecasts the issuance of \$90 Million in new bonds to partially fund its capital investment needs

The Board discussed the budget and the Department's long and short run capital needs to maintain reliability. The Board asked questions regarding additional investments, and staff responded that there could be additional water quality regulatory requirements that require capital projects, and building financial flexibility is vital to address future needs.

**7. APPROVAL OF DEPARTMENT ORDERS 105 (PROCESSING OF PUBLIC UTILITIES BOARD AND CITY COUNCIL AGENDA ITEMS), 115 (CASH AND FINANCIAL RESERVE POLICY), AND 512 (NEW) (ENVIRONMENTAL REPORTING).**

D. Albaugh, Enterprise Administrative Services Manager, provided the Board with an introduction to Department Orders (DOs) 105, 115 and 512 and discussed how DOs are consistent with the City's Administrative Regulations. DOs are distinguished

A. Abdulrahman moved to recommend adoption of the Public Utilities Department's Fiscal Year 2019/20 Proposed Budget. V. Baroldi seconded the motion.

**MOTION CARRIED: 4-0.**

**ABSTAINED: 0.**

**ABSENT: 3 [R. Bhalla, R. Gaona, J. Showalter].**

J. Seymour moved approval of Department Orders 105, 115, and 512. V. Baroldi seconded the motion.

**MOTION CARRIED: 4-0.**

**ABSTAINED: 0.**

**ABSENT: 3 [R. Bhalla, R. Gaona, J. Showalter].**

from Rates, Rules, and Regulations in that they provide additional specificity to Department employees.

D. Albaugh provided an overview of the three DOs: DO 105 – Processing of City Council and Public Utilities Board Agenda Items, which details the Department’s policies and procedures for submitting items for policy body consideration, and was revised to be consistent with the City Clerk’s revised policies; Department Order 115 – Cash and Financial Reserve Policy, which establishes the Department’s policy regarding financial reserves to meet the needs of the Department to manage financial and operational risks, and was revised to incorporate a Water Capital Reserve Fund; and DO 512 – Environmental Review, which is a newly proposed DO establishing environmental review procedures for Department staff to follow prior to approving a capital project to ensure environmental regulatory compliance.

**8. DISCUSSION: QUARTERLY STATUS REPORTS ON CAPITAL IMPROVEMENT PROJECTS, MASTER AGREEMENTS, GENERAL SERVICES AGREEMENTS, AND SPOT BID AWARDS.**

M. Moore provided an overview of a new dashboard format for the capital improvement program update. Previously, the report provided a map and list of projects with very basic financial information. Staff has created a dashboard with enhanced analytics to dive deeper into how projects are progressing during the fiscal year.

The Board asked about utilizing more granular expenditure data by district. Staff commented that because electric and water facilities are not equally distributed between districts, showing the distribution by project activity by program area would be more informative and recommended trying the format for several iterations. Should the Board seek to change the format in the future, staff will incorporate such changes.

**9. UPDATE ON ELECTRIC SYSTEM ISSUES.**

J. Lonneker, Assistant General Manager – Electric Services, shared with the Board the Department’s participation in the annual Lineman Rodeo held in Los Angeles on May 3, 2019. J. Lonneker indicated that the Los Angeles Department of Water and Power (LADWP) along with the International Brotherhood of Electrical Workers (IBEW) Local 18 hosted the Rodeo. The events included pole-top rescue, insulator/wire replacement, cross-arm replacement, and speed pole climbing. The team included linemen Dave Aguon, Mel Woodson, and Don Otrambo.

J. Lonneker made the Board aware of several outages resulting from the lighting storm passing through the area on May 22,

2019. There were approximately six weather related outages, affecting a small number of customers. Operators, troubleshooters, and field crews worked to mitigate impacts to customers during the storm.

## **10. UPDATE ON WATER SYSTEM ISSUES.**

M. Moore, Assistant General Manager – Water Services, provided the Water Supply dashboard indicating that there were positive improvements in water storage throughout the Department’s portfolio. M. Moore then mentioned that recent local precipitation and snowfall in northern California would continue to increase the water storage levels throughout the state.

M. Moore discussed a recent article that was in local newspapers regarding the status of the Prado Dam. M. Moore indicated that the Dam was built to protect Orange County from flooding from the Santa Ana River, and that the spillway was found to have some deficiencies. M. Moore shared the U.S. Army Corps of Engineers is investigating the recent spillway failure of the Oroville Dam and is looking into funding and expediting plans to improve the Prado Dam spillway.

M. Moore shared that the Metropolitan Water District (MWD) provided a limited opportunity for multi-family housing customers to participate in a program to receive free toilets. The Department assisted customers through notification of the opportunity, and customers responded with the most applications out of any MWD agency.

Lastly, M. Moore made the Board aware of a water quality memo and notification that will be issued in early June. The memo will be similar to the information provided at the March PUB meeting presentation on Anaheim’s water quality initiatives, and comply with statutory requirements on water quality notification for Perfluorooctanoic Acid (PFOA) and Perfluorooctane Sulfonate (PFOS), as well as steps taken to protect water quality in Anaheim.

## **11. UPDATE ON FINANCE ISSUES.**

B. Beelner, Assistant General Manager – Finance and Administration, discussed the monthly dashboard with the Board. He indicated that the year to date electric revenue through April 30, 2019 was 8.8% higher than budget (\$31.2M) with costs also coming in above budget by 4.0% (\$13.2 M) causing a year to date net positive budget variance of \$18.0M. Higher natural gas prices and more frequent dispatching of the Department’s resources during shoulder periods when solar power is not available drove the electric budget variance. B. Beelner then mentioned that year to date water revenue was 4.8% (\$3.3M) below budget due to weaker than anticipated customer demand as a result of the

increase in rain, costs were below budget as well by 13.3% (\$8.1M) causing a positive net \$54.8M budget variance.

## **12. UPDATE ON POWER SUPPLY ISSUES.**

G. Bowen, Assistant General Manager – Power Supply, provided the Board with an update on the Department’s Power Supply portfolio. G. Bowen shared with the Board that gas prices had moderated over the last month and that snowpack run-off was now beginning to impact energy prices throughout the State. He indicated that energy prices in some hours of the day were negative meaning that the State’s electric grid operator, the California Independent System Operator, was actually paying generators not to produce energy and was paying load serving entities like the Department to consume more energy. G. Bowen mentioned that this would likely continue well into the summer months as a result of the unusually higher rainfall and snowpack observed in California and the western states earlier in the year.

## **13. UPDATE ON ENTERPRISE RISK AND COMPLIANCE.**

J. Lehman shared that Environmental Services staff has been assisting Anaheim Fire and Rescue (AFR) with their brush clearing activities at Deer Canyon Park Preserve. She noted that it’s a very sensitive time as it is bird nesting season as well as a key time for vegetation clearing related to fire management. These sensitive areas must be surveyed within 72 hours of removing brush to ensure no protected birds are disturbed. J. Lehman indicated that joint efforts significantly helped to expedite the project and protect the local habitat.

J. Lehman then reported that there has been some promising movement on a several key bills including the proposed water tax – the Senate has amended the bill to fund the underperforming water systems program through the State's general fund which is of significance in that it would avoid a new tax that would increase water rates. She explained that Department staff and industry organizations have collaborated to advocate against the water tax for the past five years, and that the solution being pursued helps address other underperforming agencies without subsidizing them through Anaheim and other water ratepayers.

## **14. ITEM(S) BY SECRETARY.**

D. Lee shared with the Board the items scheduled for the following Board meeting include:

- Five Year Undergrounding Plan
- Public Hearing for the 2019 Public Health Goals Report
- Summer Load Assessment

D. Lee shared that the Department is working to enhance wildfire protection. In addition to the recent approval of wildfire cameras, the Department is partnering with Anaheim Fire & Rescue to cross-promote home safety inspections with utility surveys, create an attic insulation rebate that includes vents that reduce embers from getting into attics. Staff will provide a presentation to the Board at a future meeting on these initiatives.

D. Lee thanked members of the Board who participated in the evaluation and interviews of the high school scholarship applicants. Two students were selected as first and second place winners, and they will be invited to attend the next Board meeting.

D. Lee also shared that the City hosted its second annual Big Give event on May 11, where employees and family members participated in volunteering projects throughout Anaheim. He showed photos of Department staff who helped to lead a pallet wall art project at the Temporary Homeless Shelter in conjunction with the Salvation Army, as well as a school community garden at Paul Revere Elementary.

**15. ITEM(S) BY BOARD MEMBERS.**

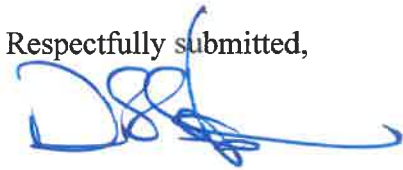
There were no comments.

**16. ADJOURNMENT: (NEXT REGULAR MEETING ON JUNE 26, 2019, AT 5:00 P.M., IN THE 11TH FLOOR LARGE CONFERENCE ROOM, ANAHEIM WEST TOWER, 201 S. ANAHEIM BOULEVARD, ANAHEIM, CALIFORNIA).**

J. Seymour moved approval to adjourn the Regular Meeting at 6:50 p.m., to the Board's Regular Meeting date of June 26, 2019 at 5:00 p.m. V. Baroldi seconded the motion.

**MOTION CARRIED: 5-0.  
ABSTAINED: 0.  
ABSENT: 2 [R. Gaona and J. Showalter].**

Respectfully submitted,



Dukku Lee  
Public Utilities General Manager

- \* Indicates item(s) that will be forwarded to City Council for action upon recommendation by the Board.
- \*\* Indicates item(s) that will be forwarded to City Clerk and City Council for informational purposes.