

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**AUGUST 28, 2019**

The agenda having been posted on Wednesday, August 21, 2019, the Public Hearings / Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson E. Medrano at 5:00 p.m. on Wednesday, August 28, 2019, in the 2<sup>nd</sup> Floor Gordon Hoyt Conference Room, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

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

**Board Members Absent:** J. Showalter

**City Staff Present:** D. Lee, A. Nguyen, G. Bowen, M. Moore, J. Lonneker, J. Lehman, A. Kott, L. Quiambao, P. Oviedo, M. Seifen, D. Algarne, Y. Saldivar, D. Ballin, V. Tran, J. Greaney, F. Almonte, H. Garcia, A. Del Rio, P. Rodriguez, R. Castellon, J. Batchman, P. Reed, S. Morton, R. Andrade

**Guest(s) Present:** Katherine Ellis, Southern California Public Power Authority; Helen Chun, Resident; Gerson Carrillo, Resident; Catalina Carrillo, Resident; William Mock, Resident; Liana Mock, Resident

**AGENDA ITEM**

**ACTION TAKEN**

**1. ELECTIONS FOR PUBLIC UTILITIES BOARD  
CHAIRPERSON AND VICE-CHAIRPERSON. \*\***

A. Kott, Assistant City Attorney, opened the floor for nominations for Chairperson. J. Seymour nominated E. Medrano, who accepted the nomination. By voice vote, the Board members unanimously voted to close the nominations. By voice vote, the Board members elected E. Medrano to the position of Chairperson of the Public Utilities Board.

By voice vote, the Board elected E. Medrano as Chairperson of the Public Utilities Board.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1 [J. Showalter].**

A. Kott then opened the floor for nominations for the Vice-Chairperson. A. Abdulrahman nominated J. Seymour who accepted the nomination. By voice vote, the Board members unanimously voted to close the nominations. By voice vote, the Board members elected J. Seymour to the position of Vice-Chairperson of the Public Utilities Board.

By voice vote, the Board elected J. Seymour as Vice-Chairperson of the Public Utilities Board.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1 [J. Showalter].**

**2. RECOGNITION OF STAFF FOR THEIR WORK ON IMPROVING ROADWAY SAFETY AND VISIBILITY THROUGH LED STREETLIGHTS.**

The Board welcomed V. Tran, J. Greaney, F. Almonte, H. Garcia, A. Del Rio, P. Rodriguez, R. Castellon, J. Batchman, P. Reed, S. Morton, and R. Andrade who were recognized for their work on improving roadway safety and visibility through led streetlights.

**3. PUBLIC COMMENTS.**

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

**4. APPROVAL OF THE MINUTES OF THE PUBLIC UTILITIES BOARD REGULAR MEETING OF JULY 24, 2019. \***

Vice-Chairperson J. Seymour moved approval of the Minutes of the Public Utilities Board Regular Meeting of July 24, 2019. A. Abdulrahman.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1 [J. Showalter].**

**5. PRESENTATION: UTILITIES SUCCESS INDICATORS, REPORTING PERIOD JANUARY 1, 2019 – JUNE 30, 2019.**

Y. Saldivar, Utilities Analyst, gave a presentation on the Utilities Success Indicators (USI) for the reporting period covering January 1, 2019 through June 30, 2019. She began with an overview of the report, explaining how the key performance indicators in the USI measure Anaheim Public Utilities Department (APU) performance across several operating areas.

Highlighting APU's electric reliability, Y. Saldivar noted that average restoration time and frequency of outages came in slightly above the goal, while average outage duration placed in the top quartile of publicly owned utilities nationwide. She noted that extended outages during certain events like a car hitting a pole could impact reporting results, but that APU continues to invest in its electric system for improved reliability.

Concerning street light repairs, Y. Saldivar reported that APU met its goal by completing 840 repairs within 2.5 business days on average. She noted that LED options have been installed on over 8,000 streetlights.

On water reliability, Y. Saldivar noted that 4.9 main breaks per 100 miles of distribution pipe were recorded for the reporting period. She explained that numerous variables might influence main

breaks, but that APU is focused on replacing older pipes that may be prone to failure. She mentioned that APU replaced over 18,000 feet of water mains last fiscal year to improve service reliability.

Regarding water system maintenance, Y. Saldivar described how APU met its valve maintenance goal but missed its hydrant goal by 1%. She stated that APU recently completed the second year of its three year maintenance cycle, and that APU is 95% on track to meet its goal.

On customer satisfaction, Y. Saldivar noted how service effectiveness, time to respond, and employee courtesy – as measured by Anaheim Anytime survey respondents – had exceeded APU’s goal. In reviewing customer service initiatives, Y. Saldivar described APU’s courtesy notification program, income-qualified discounts, and how several rule modifications resulted in over 7,000 new service connections and upgrades for electric and water service over the last five years.

The Board asked if the USI report was a requirement. D. Lee, Public Utilities General Manager, replied by describing how the USI is not a requirement, but serves as an effective health check on APU’s performance. The Board then asked why street light repairs averaged 2.5 business days while the last reporting period showed an average of 2.0 business days. J. Lonneker explained that in most cases, high-pressure sodium streetlights are now being replaced with LEDs during such a repair along with numerous replacement projects, requiring additional time for LED procurement and installation.

**6. PUBLIC HEARING: FORMATION OF UNDERGROUND DISTRICT NO. 67 (SYCAMORE) AND DETERMINE SUCH ACTION IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT PURSUANT TO SECTIONS 15302(D) AND 15303 OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. \***

Chairperson E. Medrano opened the public hearing and explained the public hearing procedures.

D. Lee indicated that the staff report and its attachment will serve as his report under Chapter 17.24 of the Anaheim Municipal Code (AMC) and asked J. Lonneker, Assistant General Manager - Electric Services, to introduce the presenter for the presentation. J. Lonneker provided a brief overview of the Underground Conversion Program, which included various projects throughout the city to improve electric reliability and visibility of roadways, and introduced V. Tran, Senior Electrical Engineer, to provide the Board with a presentation on the Sycamore district formation and discussed the project details.

A. Abdulrahman moved approval of the resolution for the formation of Underground District 67, V. Baroldi seconded the motion.

**MOTION CARRIED: 6-0.**

**ABSTAINED: 0.**

**ABSENT: 1 [J. Showalter].**

The Board inquired about the planned street improvements that will be taking place in coordination with the Sycamore undergrounding. V. Tran indicated that the Public Works Department planned street improvements would include a new storm drain system, curbs, gutters and handicap access ramps.

In regards to the district formation process, the Board asked whether the formation of the district should be conducted before or after City Council's approval. D. Lee indicated that the district formation process requires a public hearing prior to City Council's decision to approve or not approve the underground district. In order to ascertain whether district formation is warranted under the AMC, the public hearing allows staff to provide supporting information about the project and receive public input. This is then provided to City Council for their consideration.

For the notification process, the Board asked how residents and businesses are informed of the project. V. Tran indicated that APU has a detailed customer notification process for underground conversion projects, which includes District formation and public hearing notices, construction notification letters, roadway signs, outage notification letters, street paving flyer, and customer surveys.

The Board also inquired about how the estimated cost of the project was determined. D. Lee explained that the estimated project's cost is preliminary based on historic cost per linear foot or per mile, but will be refined as the project's design progresses. The final construction cost can vary depending on the availability of contractors and the condition of the construction market.

After the presentation, D. Lee stated that Notice of Public Hearing and the City Clerk's Office mailings were conducted in accordance with Chapter 17.24 and that the Affidavit of Publication of the Notice of Public Hearing concerning this District formation was filed with the Secretary of the Board.

There were no public speakers for this item; Chairperson E. Medrano asked D. Lee whether the Secretary of the Board received any correspondence concerning this public hearing. D. Lee informed the Board that out of 1,014 mailed notices to affected property owners, APU received four emails from Metropolitan Water District, Yorba Linda Water District, AT&T and Verizon, and one telephone call from a resident. Chairperson E. Medrano moved the written correspondence into the record and thereafter closed the public hearing.

**7. PUBLIC HEARING: FORMATION OF UNDERGROUND DISTRICT NO. 68 (EUCALYPTUS) AND DETERMINE SUCH ACTION IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT PURSUANT TO SECTIONS 15302(D) AND 15303 OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. \***

Chairperson E. Medrano opened the public hearing and explained the public hearing procedures.

D. Lee indicated that the staff report and its attachments will serve as his report under Chapter 17.24 of the AMC, and introduced V. Tran to present the Eucalyptus district formation and discussed the project details.

The Board inquired about the existing overhead service drops to each property and whether those service drops will be undergrounded as part of the project. V. Tran indicated that the existing service drops will be undergrounded, and will be coordinated with each affected property owner. In addition, D. Lee indicated that other utilities require the property owner to pay for undergrounding the service drop from the meter panel to the property line. However, in Anaheim, as a way to alleviate the inconvenience of the construction and for the ease of installation for the customer, APU undergrounds the service drops in conjunction with the construction activities.

After the presentation, D. Lee mentioned that Notice of Public Hearing and the City Clerk's Office mailings were conducted in accordance with Chapter 17.24 and that the Affidavit of Publication of the Notice of Public Hearing concerning this District formation was filed with the Secretary of the Board.

There were two public speakers for this item. Two members of the public inquired about the various construction aspect of the project such as trenching and excavation, outage notification, street paving and disruption to their driveways and landscapes. D. Lee indicated that engineering staff will notify and coordinate with each affected property owner prior to performing any work on-site.

Chairperson E. Medrano asked D. Lee whether the Secretary of the Board received any correspondence concerning this public hearing. D. Lee informed the Board that out of 113 mailed notices to affected property owners, APU received one email from AT&T regarding their participation in the project. Chairperson E. Medrano moved the written correspondence into the record and thereafter closed the public hearing.

Vice-Chairperson J. Seymour moved approval of the resolution for the formation of Underground District 68; V. Baroldi seconded the motion.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1 [J. Showalter].**

**8. RECOMMEND APPROVAL OF THE MASTER AGREEMENT FOR WATER CONSTRUCTION, MAINTENANCE, REPAIR, AND IMMEDIATE RESPONSE BETWEEN THE CITY OF ANAHEIM (CITY) AND THE FOLLOWING PRE-QUALIFIED CONTRACTORS: ARNAZ ENGINEERING CONTRACTORS, INC.; BIG BEN, INC.; BOUDREAU PIPELINE CORPORATION; FERREIRA CONSTRUCTION CO., INC.; GENERAL PUMP COMPANY, INC.; J. DE SIGIO CONSTRUCTION, INC.; LAYNE CHRISTENSEN COMPANY; MIKE PRLICH AND SONS, INC.; PAULUS ENGINEERING, INC.; RAMONA, INC.; T.E. ROBERTS, INC.; W.A. RASIC CONSTRUCTION COMPANY, INC.; AND SUCH OTHER CONTRACTORS PRE-QUALIFIED BY THE CITY IN THE FUTURE DURING THE THREE YEAR TERM OF THE MASTER AGREEMENT IN AN AMOUNT NOT-TO-EXCEED \$500,000 PER WORK ORDER PACKAGE PLUS CHANGE ORDER AUTHORIZATION IN AN AMOUNT NOT-TO-EXCEED 10% PER CHANGE ORDER OR \$100,000 IN TOTAL CHANGE ORDERS PER WORK ORDER PACKAGE; APPROVE AN INCENTIVE PAYMENT EQUAL TO 1% OF THE BID AMOUNT FOR CONTRACTORS THAT MEET A 25% LOCAL HIRE AND/OR VETERAN HIRING GOAL DURING THE COURSE OF A PROJECT; AND DETERMINE SUCH PROJECTS TO BE PERFORMED UNDER THE MASTER AGREEMENT SHALL BE CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO SECTIONS 15301, 15302, 15303, AND/OR 15304 OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. \***

M. Moore, Assistant General Manager – Water Services, described the master agreement process and how bids are solicited. He indicated that the contractors have performed work for utilities including APU in the past. The Board asked how often the list of contractors is updated; staff indicated the list is updated every three years. M. Moore also noted that this contract includes an incentive of 1% of the award amount for local residents employed or veterans employed by the contractors.

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

J. Lonneker informed the Board of an extended power outage that occurred August 21 due to extensive damage of equipment caused by metallic balloons near Haster St. and Katella Ave. Most customers experienced a momentary outage; however, approximately 140 customers both residential and commercial experienced a power outage lasting approximately 12 hours. Utility staff was present at the site to offer necessary provisions

Vice-Chairperson J. Seymour moved approval of the Master Agreement for Water Construction, Maintenance, Repair, and Immediate Response with various pre-qualified contractors; R. Bhalla seconded the motion. **MOTION CARRIED: 6-0. ABSTAINED: 0. ABSENT: 1 [J. Showalter].**

during that time. The circuit was fully restored by the next morning.

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

M. Moore provided an update on the water supply dashboard. M. Moore indicated that the local groundwater basin is back to normal levels. He mentioned that currently Orange County Water District (OCWD) is not recharging imported water into the groundwater basin and Anaheim Lake remains dry. This is a result of anticipated lower groundwater pumping due to forthcoming regulatory changes related to PFAS. The anticipated lower response levels will greatly affect groundwater pumping in north Orange County. APU is anticipating changing our water supply from 75% groundwater to 75% imported water. This will have an effect on water operations and water rates that will be discussed in the future.

Lastly, M. Moore made the Board aware of a Water Policy dinner that will be held in Costa Mesa on September 5 and a Metropolitan Water District Inspection Tour that will be held on October 26-27 if any member of the Board is interested in attending.

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

A. Nguyen, Acting Assistant General Manager – Finance & Administration, reviewed the monthly financial dashboard – covering budget-to-actual operating results for July 2019 – with the Board. He noted that the early part of summer had been much cooler than anticipated, with electric revenue below the forecast by almost 10%. A. Nguyen also described how softer demand and low energy prices resulted in electric operating expenditures under budget by approximately 10%, with an overall net budget variance of -\$0.4 million for the Electric Utility. A. Nguyen commented that cool temperatures also affected water revenue and expenditures. He described how water revenue was under the forecast by approximately 10%, and water operating expenditures were under budget by almost 9%, resulting in a net budget variance of -\$0.2 million for the Water Utility.

A. Nguyen also shared with the Board how staff has been monitoring long-term interest rates closely. He noted that many events had played a role in lowering such rates to historic lows, and that issuing a bond in the current environment would result in favorable rates. He indicated that staff is preparing to take advantage of market conditions, and would update the Board accordingly as the process develops.

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

G. Bowen provided the Board an update on APU's Power Supply Portfolio for July. He indicated that APU's electrical load had been lower than forecast due to the mild weather in July and winter snow run-off. This culminated in APU being able to take advantage of the lower prices and purchase approximately twenty percent of its energy needs from the energy market.

G. Bowen then discussed APU's Customer Assistance Programs in Wildfire Threat Zone with the Board. He indicated that APU has several different programs available to assist customers in wildfire threat zones. He informed the Board that customers could receive trees that are more fire resistant for their surrounding landscape at no cost, a home safety visit by the Fire Department, and receive a new smoke alarm. G. Bowen informed the Board that under APU's attic insulation program, customers can receive rebates on fire resistant attic insulation as well as fire resistant vents to help block fire embers from entering the home.

G. Bowen mentioned APU's involvement with pop-up events at apartment complexes in Anaheim. He indicated that APU has hosted three events since July and that the events were just another way of reaching out to customers to help answer questions about their utility bills and also sign customers up for other programs to help save them money on their bills, such as the Green Power Program for income qualified customers.

Lastly, G. Bowen informed the Board that with the assistance of Board members E. Medrano, R. Bhalla, and R. Gaona in evaluating the Sustainable Schools entries, that Baden Powell Elementary and Katella High School were the two top sustainable schools and will be presented with the award of 30 Energy Star laptops each in the upcoming months.

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

J. Lehman, Chief Risk Officer, provided a brief update to the Board. J. Lehman shared that earlier in the day APU had held its annual emergency response planning exercise. She indicated that all divisions participated in the exercise as it provides a chance to increase familiarity with the tools needed to manage an incident successfully. J. Lehman noted that this year's exercise focused around a significant earthquake event and how APU would respond if this building was not habitable, how it would procure needed resources and reviewed the computer systems and tools used during an emergency event. J. Lehman thanked Board member Vice-Chairperson J. Seymour for attending the exercise, as well as for taking a tour of the Lewis Substation that serves as a backup operations center and the Edwards Utilities Complex.



J. Lehman then reported that overall, to date, this has been a good legislative year – an alternative to the water tax was passed, the major wildfire bill had minimal impacts, the centralized energy procurement bill was successfully amended to exclude publically owned utilities, and a major California Independent System Operator (CAISO) bulk energy storage mandate was averted. J. Lehman added that however, there was still three weeks left in the legislative session, and that bills have to be passed by the Legislature by September 13 and that the Governor has until October 13 to sign or veto the bills that make it to his desk. She mentioned that the PUB Legislative Working Group is planning on meeting in September, where they would discuss any concerning legislation that may emerge in the next few weeks.

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

D. Lee discussed APU will be hosting Western High School students for a mentoring program. D. Lee then mentioned staff attended a neighborhood meeting at the Sunkist Garden Mobile home park to provide Dusk to Dawn lights.

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

- Safety Presentation
- Master Consulting Agreement – Water Engineering
- Work Asset Management System
- Intent to Reimburse from future bond proceeds
- Strategic planning discussion that is part of an effort organized by the City Manager’s Office across all departments

D. Lee welcomed and introduced K. Ellis from Southern California Public Power Authority (SCPPA). She provides project management on resourced procured through SCPPA on behalf of its members.

D. Lee requested that the meeting be closed in the memory of Irv Pickler former City of Anaheim Councilmember and Chuck Peltzer former Boardmember.

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

R. Gaona reported that the Veterans of Foreign Wars Post 3173 wanted to thank the Board for the assistance in obtaining brighter lighting.

J. Seymour indicated he enjoyed the emergency preparedness meeting; he was impressed with the knowledge and commitment from staff.

**16. ADJOURNMENT: (NEXT REGULAR MEETING ON SEPTEMBER 25, 2019, AT 5:00 P.M., IN THE 11<sup>TH</sup> FLOOR LARGE CONFERENCE ROOM, ANAHEIM WEST TOWER, 201 S. ANAHEIM BOULEVARD, ANAHEIM, CALIFORNIA).**

E. Medrano called for a minute of silence, followed by a call for a motion to adjourn in memory of Irv Pickler and Chuck Peltzer.

Vice-Chairperson J. Seymour moved to adjourn the Public Hearings / Regular Meeting in Memory of Irv Pickler and Chuck Peltzer at 7:15 p.m., to the Board's Regular Meeting date of September 25, 2019 at 5:00 p.m. V. Baroldi seconded the motion.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1 [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.