

**CITY OF ANAHEIM
PUBLIC UTILITIES BOARD**

MINUTES

SEPTEMBER 25, 2019

The agenda having been posted on Friday, September 20, 2019, the Regular Meeting of the Public Utilities Board (Board) was called to order by Vice-Chairperson J. Seymour at 5:00 p.m. on Wednesday, September 25, 2019, in the 11th Floor Large Conference Room, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

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

Board Members Absent: Chairperson E. Medrano, R. Gaona, J. Showalter

City Staff Present: D. Lee, B. Beelner, G. Bowen, M. Moore, J. Lonneker, J. Lehman,
D. Albaugh, D. Ballin, L. Quiambao, M. Seifen, B. Fruchter, V. Castillo,
H. Nielsen

Guest(s) Present: None.

AGENDA ITEM

ACTION TAKEN

1. PUBLIC COMMENTS.

There being no public comments, Vice-Chairperson J. Seymour closed the public comments portion of the meeting.

2. APPROVAL OF THE MINUTES OF THE PUBLIC UTILITIES BOARD REGULAR MEETING OF AUGUST 28, 2019. *

V. Baroldi moved approval of the Minutes of the Public Utilities Board Regular Meeting of August 28, 2019. R. Bhalla seconded the motion.

MOTION CARRIED: 4-0.

ABSTAINED: 0.

ABSENT: 3 [E. Medrano, R. Gaona, J. Showalter].

3. RECOMMEND APPROVAL OF A PROFESSIONAL SERVICE AGREEMENT WITH SDI PRESENCE LLC TO PERFORM A WORK AND ASSET MANAGEMENT SYSTEM NEEDS ASSESSMENT, ASSIST WITH A SOLUTION PROCUREMENT, AND RELATED IMPLEMENTATION SUPPORT SERVICES IN AN AMOUNT NOT-TO-EXCEED \$485,300 WITH A TEN PERCENT (10%) CONTINGENCY FOR A THREE YEAR TERM AND AN OPTIONAL TWO YEAR EXTENSION. *

G. Bowen, Assistant General Manager – Power Supply, provided the Board with a brief explanation of Anaheim Public Utilities (APU) Department’s existing Work and Asset Management System status and request to approve a professional service agreement with SDI Presence LLC for a needs assessment, solution procurement, and implementation support. He then introduced B. Fruchter, Enterprise Information Technology Manager, to present an overview of the work order and asset management system project and requested consulting services.

B. Fruchter provided background on what a work and asset management system is, and he explained that APU’s current work and asset management system is 15 years old, near its end of life, and has limited capabilities compared to solutions in the marketplace today. B. Fruchter shared that APU is undertaking a project to replace this system with the aim to improve customer service levels and lower the overall cost of owning and operating assets.

B. Fruchter shared that a Request for Proposal (RFP) was issued to seek consulting services for a needs assessment, solution procurement, and implementation support. The process followed Council Policy 4.1 and the recommendation is to enter into an agreement with SDI Presence LLC to provide these services based on their considerable experience providing Information Technology (IT) and asset management consulting to municipalities and utilities. B. Fruchter provided an overview of the scope of services, project timeline, and costs.

The Board asked if the solution will be an off-the-shelf purchase and if the consultant will look at various vendors and their capabilities. B. Fruchter responded that APU plans to go with a commercial-off-the-shelf solution instead of a custom-built one. APU will issue an RFP with its requirements based on the needs assessment. The consultant will help evaluate vendor solutions

A. Abdulrahman moved approval for a professional service agreement with SDI Presence LLC for a Work and Asset Management Needs Assessment, Solution Procurement, and Implementation Support Services. R. Bhalla seconded the motion.

MOTION CARRIED: 4-0.

ABSTAINED: 0.

ABSENT: 3 [E. Medrano, R. Gaona, J. Showalter].

that meet APU requirements and a recommendation will be brought forward to the Board and Council at a later date. The Board asked if SDI will be allowed to propose a solution. B. Fruchter responded that they will not and that there is a provision in the consulting agreement that precludes SDI from bidding on the solution to avoid a conflict of interest.

The Board asked if the costs were \$485k plus 10% contingency per year. B. Fruchter responded that \$485k is for the term of the agreement, not each year. D. Lee pointed out the cost breakdown of each phase in Exhibit B of the agreement.

The Board asked if Oracle offers a solution that replaces the current solution. B. Fruchter and G. Graham responded that Oracle does offer version 2 of their solution, but it is a re-write and essentially like a new product that would require a considerable migration effort. APU will review all options for the best fit.

The Board asked if the estimated \$3 million cost of the solution was for time and material. D. Lee and B. Fruchter responded that this was estimated to be the solution cost with implementation.

The Board asked if SDI has worked in this field. B. Fruchter responded that SDI has experience doing IT and asset management consulting with 120 municipalities and utilities. He shared about one of the references staff contacted, City of Pasadena, who SDI developed an asset management strategic plan for. Pasadena had very positive feedback regarding SDI's services.

- 4. RECOMMEND APPROVAL OF THE WATER ENGINEERING GENERAL SERVICES AGREEMENTS FOR PROFESSIONAL ENGINEERING AND CONSULTING SERVICES WITH THE FOLLOWING PREQUALIFIED CONSULTANTS FOR A THREE-YEAR TERM WITH UP TO TWO ONE-YEAR EXTENSIONS: AECOM TECHNICAL SERVICES, INC.; AESCO, INC.; AKM CONSULTING ENGINEERS, INC.; CANNON CORPORATION; DRP ENGINEERING, INC.; DUDEK; GEOPENTECH, INC.; GHD, INC.; HUSHMAND ASSOCIATES, INC.; INFRASTRUCTURE ENGINEERING CORPORATION; KENNEDY/JENKS CONSULTANTS, INC.; LEE & RO, INC.; LEIGHTON CONSULTING, INC.; MICHAEL BAKER INTERNATIONAL, INC.; NEXT LEVEL SCADA (USA), INC.; NV5, INC.; PSOMAS; SA ASSOCIATES; TECHNICAL SYSTEMS, INC.; TETRA TECH, INC.; AND SUCH OTHER ENGINEERING CONSULTANTS AS MAY BE**

V. Baroldi moved approval of a general services agreement for Professional Engineering and Consulting Services for a Three-Year Period. R. Bhalla seconded the motion.
MOTION CARRIED: 4-0. ABSTAINED: 0. ABSENT: 3 [E. Medrano, R. Gaona, J. Showalter].

PREQUALIFIED IN A NOT TO EXCEED AMOUNT OF \$400,000 PER WORK ORDER PACKAGE WITH A 15% CONTINGENCY. *

M. Moore, Assistant General Manager – Water Services, indicated the Agreement is for on call professional consulting services. M. Moore noted that this Agreement allows APU to quickly issue small project awards to consultants that are licensed and experienced in providing utility water engineering services.

M. Moore explained that the agreement sets the terms and conditions for the on call services but it does not pre-award any work to any consultant. He stated that any work under the Agreement will be awarded pursuant to City Council Policy 4.1 which sets the requirements for the selection of consultants.

- 5. RECOMMEND APPROVAL OF A RESOLUTION AUTHORIZING THE PUBLIC UTILITIES GENERAL MANAGER OR DESIGNEE TO SUBMIT AN APPLICATION TO THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD FOR A WATER RECYCLING FACILITIES PLANNING GRANT (GRANT) OF UP TO \$150,000 TO FUND A FACILITY RETROFIT STUDY, AND, IF AWARDED, TO (A) ACCEPT THE GRANT; (B) PROVIDE THE ASSURANCES, CERTIFICATIONS AND COMMITMENTS REQUIRED FOR THE GRANT APPLICATION, INCLUDING EXECUTING AND CARRYING OUT A FINANCIAL ASSISTANCE AGREEMENT AND ANY AMENDMENTS THERETO; AND (C) AMEND THE CITY’S ANNUAL BUDGET IN THE APPLICABLE FISCAL YEAR ACCORDINGLY. ***

A. Abdulrahman moved approval of a resolution to submit an application to the California Board for a Water Recycling Facilities Planning Grant and accept such grant, if awarded. R. Bhalla seconded the motion. **MOTION CARRIED: 4-0. ABSTAINED: 0. ABSENT: 3 [E. Medrano, R. Gaona, J. Showalter].**

M. Moore indicated APU is pursuing a construction project to expand Anaheim’s recycled water. M. Moore noted that APU is qualified for a grant provided by the California State Water Resources Control Board. If awarded, he explained the grant would help fund a facilities retrofit study for recycled water uses in Anaheim that would help customers transition to recycled water for non-potable uses.

- 6. RECOMMEND APPROVAL OF RESOLUTIONS TO DECLARE THE OFFICIAL INTENT TO ALLOW THE ELECTRIC UTILITY FUND AND WATER UTILITY FUND TO INCUR DEBT; AND AFFIRM THAT THE ELECTRIC UTILITY FUND AND WATER UTILITY FUND MAY BE**

V. Baroldi moved approval of a resolution to allow the Electric Utility fund and Water Utility Fund to incur debt and affirm that the funds may be reimbursed for

REIMBURSED FOR CERTAIN EXPENDITURES FROM PROCEEDS OF THAT DEBT, IF ISSUED. *

B. Beelner, Assistant General Manager - Finance and Administration, described the proposed resolution seeking the approval for APU to reimburse itself for certain capital expenditures from future bond issuances. B. Beelner mentioned that this resolution would not grant authority for APU to incur debt, but solely the authority to reimburse itself for current capital expenditures from future bond issuances if those bonds were indeed issued. B. Beelner then mentioned that APU plans to seek the recommendation for approval for the issuance of both water and electric revenue bonds from the Board in December 2019 in order to partially fund its ongoing capital improvement plan.

certain expenditures. R. Bhalla seconded the motion.
MOTION CARRIED: 4-0.
ABSTAINED: 0.
ABSENT: 3 [E. Medrano, R. Gaona, J. Showalter].

7. DEPARTMENT ORDER 310 (EXTRA WORK/CHANGE ORDERS) ANNUAL REPORT.

The Department Order (DO) 310 report provides an annual review of change orders for construction contracts, consulting agreements, and for small-scale projects through prequalified firms. During the Fiscal Year, 50 design and construction projects were completed by APU (27 Electric, 23 Water), where outside consultants and contractors provided services. The net variance for all project expenditures was 3.3% below the contract award amount.

There were two projects that required City Council authorization for change orders: 1) Katella water main replacement required two change orders to address higher excavation and paving requirements, and to coordinate with an electric project by consolidating street repairs, and 2) Lincoln/Rio Vista Undergrounding required extensive iterations of design and related permit application documents for Caltrans to allow construction near the 57 freeway.

8. DISCUSSION ON PUBLIC UTILITIES STRATEGIC PLANNING PROCESS.

D. Lee provided an overview of the strategic priorities process initiated by the City Manager's Office. A review of accomplishments during the prior year, a Strengths, Weaknesses, Opportunities and Threats (SWOT) assessment, and identification of strategic priorities for APU were presented to the Board, who provided comments and feedback on the SWOT.

Comments by the Board included:

- The importance of staying ahead of maintenance needs to avoid major infrastructure problems experienced by other utilities;
- Changing the issue of attracting and retaining staff from a weakness to a threat;
- Continuing to move towards more cash funding for capital and not relying solely on debt;
- Improving the debt to asset ratio as an opportunity for greater financial strength; and,
- Compliance with environmental regulations as a strength of the agency.

The Board's comments will be incorporated into a document for further discussion with the City Manager's Office as part of the citywide strategic priorities process.

9. UPDATE ON ELECTRIC SYSTEM ISSUES.

J. Lonneker, Assistant General Manager – Electric Services, informed the Board of the upcoming Public Power Week event to be held on October 10, 2019 at Center Street Promenade and Lemon St. J. Lonneker indicated that APU is hosting 150, 4th and 6th grade students from Roosevelt and Maxwell elementary schools who will learn how electricity comes to their house, and about safety around power lines and will participate in a scavenger hunt. Then, the public is invited to join in between 12 noon and 3 p.m. where APU will have information booths and displays to learn about the many rebates and programs offered.

J. Lonneker updated the Board on the APU hosted wildfire camera training provided for APU Electric and Water Operations and Anaheim Fire and Rescue staff and MetroNet dispatchers who are authorized to control these cameras. UC San Diego personnel and the Southern California Edison (SCE) Fire Management Officer provided the training. A demonstration of the cameras will be presented at a future Board meeting.

A demonstration of the wildfire cameras will be presented at a future meeting.

10. UPDATE ON WATER SYSTEM ISSUES.

M. Moore reviewed the water supply dashboard with the Board. He indicated that the new water year will start in October and that water storage levels are near normal levels.

M. Moore made the Board aware of the upcoming Metropolitan Water District of Southern California inspection trip of the State Water Project, which is scheduled for October 25-26, and that interested Board members should contact P. Oviedo.

Lastly, M. Moore shared with the Board that water maintenance staff competed in the Orange County Water Association pipe tapping contest and shared a video of the pipe tapping team. He noted that APU's team consisted of Gildardo Sanchez, Gilbert Verduzco, Ernest Escobedo and Jeff Martinez. The team completed the pipe tap in less than two minutes.

11. UPDATE ON FINANCE ISSUES.

B. Beelner discussed the monthly dashboard with the Board. He said the year to date electric revenue through August 31, 2019 was 9.3% below budget (\$7.9M) due primarily to a temperate summer causing low retail demand coupled with lower than expected wholesale revenue driven by lower than expected wholesale prices. Costs for the fiscal year fell below budget by 4.8 % (\$3.3 M) also due to lower than expected demand, lower than expected wholesale power prices causing a negative net budget variance of \$4.6M.

B. Beelner then mentioned that year to date water revenue was 6.0% (\$1.0M) below budget due to weaker than anticipated customer demand as a result of the temperate summer; he also said costs were below budget as well by 5.7% (0.8M) causing a positive net \$0.2M budget variance.

B. Beelner then discussed the sluggish economy and the continued concern of an economic downturn in 2020. B. Beelner and the Board discussed potential impacts in the event of a recession, and how APU has handled such economic slowdowns in the past.

12. UPDATE ON POWER SUPPLY ISSUES.

G. Bowen provided an update on APU's power supply portfolio noting that wholesale energy prices continue to be lower than anticipated due to the lower temperatures throughout the State. The lower temperatures have also resulted in lower wholesale sales and lower electrical loads in Anaheim.

G. Bowen also informed the Board that an assessment to determine options for future operations of the Kraemer Power Plant is ongoing and nearing completion and that staff will provide a recommendation on options at the upcoming November meeting.

Lastly, G. Bowen showed the Board pictures of new lighting installed at the Veteran of Foreign Wars facility carpark area on 805 E. Sycamore Street to help provide increased lighting in the area. G. Bowen also indicated that over 30 lights were installed inside the facility as well through APU's Small Business Direct Install Program at no cost.

13. UPDATE ON ENTERPRISE RISK AND COMPLIANCE.

J. Lehman, Chief Risk Officer, provided several updates to the Board. The first was on the Wholesale Energy Risk Management (ERM) Program's Quarterly Compliance report. She indicated that despite credit downgrades of the investor-owned utilities related to potential wildfire liabilities, APU's portfolio was strong. There were no violations of the ERM during this period, and all transactions were within the Authorized Transaction Limits.

She then shared that the PUB Legislative Working Group met prior to the Board meeting to review the first year of this two-year legislative session, which ends on October 13, the last day the Governor has to either approve or veto a bill. J. Lehman reported that this has been a generally positive legislative year, in which many of the more concerning bills either did not proceed or became 2-year bills, and a solution was finally passed in place of a water tax to assist those water systems that are struggling to provide clean water to their customers. She reported that in the regulatory area, every six years APU's compliance with the North American Reliability Corporation (NERC) reliability standards is required to be audited and that the audit is comprehensive and includes operational procedures and maintenance records. The last audit was conducted in 2016. In October, the audit schedule will be released for 2020.

Lastly, she shared that Environmental Services staff participates in public outreach events, and in June, staff attended the Walnut Canyon open house and fielded a number of questions, including those regarding a more natural way to deal with rodents. APU staff sent owl box blueprints to those who requested them, and then this month received photos from a gentleman who built and installed an owl box in his backyard, the photo was shared with the Board.

14. ITEM(S) BY SECRETARY.

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

- Water reliability presentation
- Emergency response plan
- Sustainability education center design services

D. Lee discussed a tour of the water recycling plant that was given to the state delegation of the Chief Minister of Tamil Nadu, India. Due to the lack of water experienced in Tamil Nadu, the group was very interested in how Orange County and Anaheim utilizes recycled water. Future collaboration is anticipated for knowledge sharing and additional tours.

Lastly, D. Lee discussed that the Boards and Commissions attendance policy was introduced by the City Clerk based on feedback from City Council. D. Lee informed the Board that the City Clerk will be providing additional details based on the approval of an ordinance.

15. ITEM(S) BY BOARD MEMBERS.

R. Bhalla thanked staff for giving a tour to the Chief Minister of Tamil Nadu, India.

J. Seymour inquired about the canisters that are on top of light poles in Anaheim. Staff indicated that wireless providers are starting to attach wireless antennas to street lights in preparation for 5G deployment as previously presented to the Board.

A presentation on wireless antennas will be scheduled for a future meeting date.

16. ADJOURNMENT: (NEXT REGULAR MEETING ON OCTOBER 23, 2019, AT 5:00 P.M., IN THE 11TH FLOOR LARGE CONFERENCE ROOM, ANAHEIM WEST TOWER, 201 S. ANAHEIM BOULEVARD, ANAHEIM, CALIFORNIA).

A. Abdulrahman moved to adjourn the Regular Meeting at 7:00 p.m., to the Board's Regular Meeting date of October 23, 2019 at 5:00 p.m. R. Bhalla seconded the motion.

MOTION CARRIED: 4-0.

ABSTAINED: 0.

ABSENT: 3 [E. Medrano, R. Gaona, 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.