

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**February 23, 2022**

The agenda having been posted on Friday, February 18, 2022, the Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson J. Seymour at 5:00 p.m. on Wednesday, February 23, 2022, in the Gordon Hoyt Conference Center, 2nd floor, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

**Board Members Present:** Chairperson J. Seymour, Vice-Chairperson V. Baroldi, A. Abdulrahman, R. Bhalla, N. Campos Kurtz, M. Lee, A. Pham

**Board Members Absent:** None.

**City Staff Present:** D. Lee, P. Starr, B. Beelner, J. Lonneker, A. Kott, J. Lehman, C. Parker, M. Avelino-Walker, J. Sanks

**Guest(s) Present:** None.

**AGENDA ITEM**

**ACTION TAKEN**

**1. OATH OF OFFICE: NEW PUBLIC UTILITIES BOARD MEMBER, ANH PHAM (DISTRICT 2).**

A. Kott, Assistant City Attorney, administered the Oath of Office to the new member of the Board.

**2. PUBLIC COMMENTS.**

There being no electronic or oral public comments, Chairperson J. Seymour closed the public comments portion of the meeting.

**3. APPROVAL OF THE MINUTES OF THE PUBLIC UTILITIES BOARD REGULAR MEETING OF JANUARY 26, 2022. \***

N. Campos Kurtz moved the approval of the Minutes of the Public Utilities Board Regular Meeting of January 26, 2022. V. Baroldi seconded the motion.

**MOTION CARRIED: 6-0-1.**

**ABSTAINED: 1 [A. Pham].**

**ABSENT: 0**

**4. PRESENTATION: PROTECTING EMPLOYEES AND THE PUBLIC, ANNUAL SAFETY PERFORMANCE UPDATE.**

J. Sanks, Environmental Services and Safety Manager, provided a presentation and gave an overview of the Anaheim Public Utilities Department (APU) safety program that described workplace hazards, training, audits and inspections, incident review, and APU's COVID-19 response. He described methods for customer safety, including a description of traffic control and APU's contractor safety reviews. J. Sanks noted that a recent safety survey showed employees desired additional updates related to COVID-19.

J. Sanks described training methods used by staff and how proactive reporting of near misses and safety suggestions are encouraged. He added that an upcoming area of focus will be on training for engineers and infrequent field site visitors. He then described APU's safety performance for last year, highlighting an overall drop in the disabling injury rate and other safety metrics, and noting an increase in reported near misses. J. Sanks indicated that sprains and strains were the most common injuries in 2021, and they would focus on preventing these through additional field sites, task-specific ergonomic training, and conducting job hazard assessments.

The Board asked how many disabling injuries were related to COVID-19. J. Sanks answered that two out of five were related to COVID-19 and described that even minor cases of COVID-19 could be counted as a disabling injury, due to the required quarantine periods. The Board asked whether staff were required to wear flame-resistant clothing, and J. Sanks replied describing which staff are required to wear this extra protection.

**5. BY RESOLUTIONS, AUTHORIZE THE ISSUANCE OF NOT-TO-EXCEED \$212,000,000 AGGREGATE PRINCIPAL AMOUNT OF ANAHEIM HOUSING AND PUBLIC IMPROVEMENTS AUTHORITY (AHPIA) REVENUE BONDS, SERIES 2022-A, SERIES 2022-B (TAXABLE), AND SERIES 2022-C (WATER SYSTEM); AND NOT-TO-EXCEED \$495,000,000 AGGREGATE PRINCIPAL AMOUNT OF AHPIA REVENUE BONDS, SERIES 2022 A, SERIES 2022 B, SERIES 2022-C (TAXABLE), AND SERIES 2022 D (ELECTRIC SYSTEM). \***

B. Beelner, Assistant General Manager – Finance and Energy Resources, presented a verbal report which requested the Board to recommend, by Resolutions, to City Council that the City of Anaheim issue two separate types of fixed rate bonds. The first being a not-to-exceed \$520 million fixed rate Electric Revenue Bond for three purposes: first, to fund \$50 million for the construction of necessary electric distribution system investments; second, to fund \$75 million to finance a proposed 50 MW Battery Energy Storage System; and third to refund \$395 million in older

V. Baroldi moved to authorize the issuance of not-to-exceed \$212,000,000 aggregate principal amount of AHPIA Revenue Bonds, Series 2022-A, Series 2022-B (Taxable), and Series 2022-C (Water System); and not-to-exceed \$520,000,000 aggregate principal amount of AHPIA Revenue Bonds, Series 2022 A, Series 2022 B, Series 2022-C (Taxable), and Series 2022 D (Electric Systems). A. Abdulrahman seconded the motion.

**MOTION CARRIED: 7-0.  
ABSTAINED: 0.  
ABSENT: 0.**

more expensive debt to potentially save electric customers \$68.2 million in future interest payments. The second bond issuance request is for the City to issue not-to-exceed \$212 million in Water Revenue Bonds for two purposes: first, to fund \$50 million for the construction of necessary water system improvements; and second, to refinance up to \$162 million in older more expensive debt.

B. Beelner discussed how bonds ensure that each generation of customer pays their equitable share of their respect use of an asset, and prevents rate spikes when large capital assets are constructed. In order to remain financially flexible, APU plans to cash fund its routine water capital needs for the rest of the current decade, and currently forecasts to issue one more new electric bond in FY 2025. This will allow APU to become more nimble to better handle the changing nature of the utility industry.

B. Beelner discussed APU's historical, current, and projected debt to asset ratio and how APU has consistently worked and plans to continue to work to bring that ratio down. The Board questioned APU's debt to ratio in relation to state averages and compared to other publicly owned utilities, and at what level would investors or rating agencies become concerned. B. Beelner shared with the Board that APU's debt to asset ratio is about average, and a ratio of approximately 60% would cause concern.

B. Beelner then discussed how APU continually shortens its electric debt portfolio in order to prepare for future uncertainty and uses five year par calls as opposed to the industry standard 10 year par calls to pay off debt faster. The Board discussed APU's five year par call strategy and the benefits of that strategy during the current rising interest rate environment versus the more conservative ten year par call standard. B. Beelner mentioned that he feels that over the long run this strategy has served APU well, and that continuing with this strategy is still the best plan for APU's customers. The Board also discussed the importance of the long-term plan to reduce APU's reliance on debt.

## **6. UPDATE ON ELECTRIC SYSTEM ITEMS.**

J. Lonneker, Assistant General Manager - Electric Services, shared with the Board information about a recent power outage resulting from an industrial complex fire in West Anaheim on Knollwood Circle. APU crews disconnected power at the request of Anaheim Fire and Rescue (AF&R) and later secured electrical facilities in front of the building during demolition at the request of the Public Works Department. Electrical equipment damaged from the fire will be replaced when the site is accessible.

J. Lonneker indicated to the Board that aging cable at the Anaheim Convention Center (ACC) has been replaced. APU assisted ACC staff with obtaining a design and installation contractor and with project management.

## **7. UPDATE ON WATER SYSTEM ITEMS.**

C. Parker, Water Engineering Manager, provided an update on water supply. The Orange County Groundwater Basin was in good condition and that Anaheim is positioned well for the drought. He also mentioned that Metropolitan Water District of Southern California (MWD) is using some water from its storage; however, it still has a substantial amount in storage for an extended drought. He stated that rainfall is slightly below average for the year and that Anaheim may have to move to Water Shortage Contingency, Stage 2 if the drought worsens.

C. Parker briefed the Board on the rehabilitation of Well 48 at Dad Miller Golf Course. It went offline due to motor issues last fall, but the pump and motor have been fully rehabilitated.

C. Parker shared with the Board that he and M. Moore, Assistant General Manager – Water Supply, met with Joaquin Esquivel, the Chair of the State Water Resources Control Board, and discussed potential Per- and Polyfluoroalkyl Substances (PFAS) funding for the Groundwater Treatment Program.

C. Parker added that MWD has proposed rate increases of 8% for each of the next two years, 16% in total. APU staff will be engaging with MWD staff to ensure the rates are justified.

## **8. UPDATE ON FINANCE & ENERGY RESOURCES ITEMS.**

B. Beelner discussed the monthly finance dashboard with the Board - the year to date electric revenue through January, 2022 was 0.7% above budget (\$1.9M). Electric costs for the fiscal year to date fell below budget by 7.8% (\$17.5M) causing a net positive budget variance of \$15.6M. B. Beelner then mentioned that year to date water revenue was 3.3% (\$2.0M) below budget. However, water operating costs fell below budget by 9.9% (\$4.9M) causing a net positive budget variance of \$2.9M.

B. Beelner presented the Power Supply dashboard and discussed the continued wholesale revenue under-performance due to the ongoing fuel supply issues at the Intermountain Power Plant (IPP). The Board discussed the increase in purchased power from the wholesale market and B. Beelner mentioned that the increase was directly caused by the IPP fuel supply constraints.

## **9. UPDATE ON ADMINISTRATION & RISK SERVICES ITEMS.**

J. Lehman, Interim Assistant General Manager - Administration and Risk Services, shared with the Board that an alert had been received about the potential for Russian-linked cyber and disinformation

activity and indicated that one of the benefits of these alerts is that it provides an opportunity to check in on resources and increase the awareness of these activities that, in reality, can happen at any time.

J. Lehman invited the Board's attention to the Internal Compliance Plan in their packet and shared that there was a violation related to water sampling that will result in customer notifications; however, there were no fines and the other programs were in compliance.

J. Lehman then provided the final dashboard update on the State's customer arrearage assistance programs. She reported that the funding for the applicable electric and water services customer arrearages had been received and updated the Board on the status of the safety program.

## 10. ITEMS BY SECRETARY.

D. Lee, Public Utilities General Manager, shared with the Board the items scheduled for the following Board meeting. Proposed agenda items include:

- Bi-Annual Utilities Success Indicators report
- Cap and Trade Compliance Update
- Electric Vehicle (EV) Charging Infrastructure Technical Consulting Services
- Election of one Member of the Underground Conversion Subcommittee

D. Lee mentioned that APU held a community pop-up event. This event occurred because a customer was having vandalism/graffiti issues at the alley behind Lullaby Lane. APU has installed LED lighting in the cul-de-sac and in the alley. This event highlighted the Dusk-to-Dawn program where two high efficiency motion sensor lights were distributed per household.

D. Lee mentioned that the Board identified recipients of the 2022 Sustainable Schools Awards. The winners were Price Elementary, Anaheim Elementary School District, and Schweitzer Elementary, Magnolia Elementary School District. Chrome books will be purchased for the schools' accomplishments.

D. Lee shared the next award program that APU will be sponsoring is the Sustainable Small Business Award. The awards are to recognize small business owners who have taken steps toward efficiency improvements and would like to expand on their sustainable use of energy and water, given their struggles during the pandemic. The top three finalists are Cortina's Italian Restaurant, El Gaucho Market, and Shining Star Montessori. Board members N. Campos Kurtz, M. Lee, and A. Pham volunteered to be on the Sustainable Small Business *ad hoc* Committee to visit these businesses and ask about their sustainability programs. The top

winner chosen will receive efficiency measures up to \$10,000 and second and third place winners will receive measures up to \$5,000.

D. Lee shared with the Board upcoming events.

- March 2, 2022 – District 6 Town Hall meeting
- March 2, 2022 – Dusk-to-Dawn event near Boysen Park
- March 3, 2022 – Safety Walk at Balsam Avenue

#### 11. ITEMS BY BOARD MEMBERS.

M. Lee commented that he appreciated the presentation on Finance which had good analogies that related to how homeowners can actually manage money and plan for the future.

#### 12. ADJOURNMENT: (NEXT REGULAR MEETING ON MARCH 23, 2022 AT 5:00 P.M.)

M. Lee moved to adjourn the Regular Meeting in Gordon Hoyt Conference Center at 6:18 p.m. to the Board's Regular Meeting date of March 23, 2022 at 5:00 p.m. N. Campos Kurtz seconded the motion.  
**MOTION CARRIED: 7-0.**  
**ABSTAINED: 0.**  
**ABSENT: 0.**

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.