

**CITY OF ANAHEIM
PUBLIC UTILITIES BOARD**

MINUTES

March 24, 2021

The agenda, including the Teleconference Notice, having been posted on Thursday, March 18, 2021, the Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson E. Medrano at 5:00 p.m. on Wednesday, March 24, 2021, in the Gordon Hoyt Conference Center, 2nd floor, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

Board Members Present: Chairperson E. Medrano, Vice-Chairperson J. Seymour, A. Abdulrahman, J. Showalter, N. Campos Kurtz, R. Gaona, V. Baroldi (via teleconference)

Board Members Absent: R. Bhalla

City Staff Present: D. Lee, P. Starr, A. Kott, M. Moore, J. Lonneker, B. Beelner, J. Lehman M. Seifen, J. Wei, A. Nguyen, C. Parker, J. Sanks, L. Estrada (via teleconference), A. Markis (via teleconference)

Guest(s) Present: None.

AGENDA ITEM

ACTION TAKEN

1. PUBLIC COMMENTS.

There being no oral public comments and no submitted public comments pursuant to the Teleconference Notice, Chairperson E. Medrano closed the public comments portion of the meeting.

2. APPROVAL OF THE MINUTES OF THE PUBLIC HEARING/PUBLIC UTILITIES BOARD REGULAR MEETING OF FEBRUARY 24, 2021. *

Vice-Chairperson J. Seymour moved approval of the Minutes of the Public Hearing / Public Utilities Board Regular Meeting of February 24, 2021. R. Gaona seconded the motion.
**MOTION VIA ROLL CALL VOTE CARRIED: 6-0.
ABSTAINED: 0.
ABSENT: 1 [R. Bhalla].**

3. PRESENTATION: UTILITIES SUCCESS INDICATORS, REPORTING PERIOD JULY 1 – DECEMBER 31, 2020.

A. Nguyen, Utilities Budget Administrator, presented an update on the Utilities Success Indicators (USI) for the reporting period July 1, 2020 through December 31, 2020. A. Nguyen noted that Anaheim Public Utilities Department’s (APU) call wait time trended higher during the reporting period, mainly because of customers requesting assistance with their bill during the pandemic. A. Nguyen described how these calls take longer to address and mentioned that APU customer service representatives have assisted customers through discussing payment plan options and offering payment assistance for those who are eligible.

In discussing water reliability, A. Nguyen noted that a number of main breaks during the report period were caused by pipe stress, due to nearby contractor work. The Board inquired about the number of main breaks that occurred and whether the upward trend would continue or decline. M. Moore, Assistant General Manager – Water Services, indicated that APU will focus on more main replacements in the coming months and those capital improvements should reduce the risk of main breaks in the future.

A. Nguyen also discussed the Water Utility’s credit rating and debt service coverage, indicating that Fitch had downgraded the credit rating in December from AAA to AA+, and how the debt service coverage was projected to slip to 1.4 for the current fiscal year (versus a target of 2.0). He described how elevated water supply costs were impacting these financial metrics, but explained that groundwater restoration will improve water financial metrics.

The Board inquired about the Water Utility’s lower debt service coverage. Staff explained that the ratio suggests how much is available after expenses to cover the Water Utility’s debt service costs for a specific year, and with higher operating costs due to emerging regulations, there have been financial impacts.

A. Nguyen then noted that APU met the state’s 33% renewable portfolio standards (RPS) by the 2020 requirement. He indicated that the renewable solar project known as Desert Harvest II, which is located in Riverside County, recently went online in December.

4. DETERMINATION THAT THE DESIGN-BUILD PROPOSAL SUBMITTED BY CDM CONSTRUCTORS INC. (CDM) IS THE MOST ADVANTAGEOUS TO THE CITY OF ANAHEIM FOR COMPLETION OF THE GROUNDWATER TREATMENT IMPROVEMENTS AT LA PALMA, LINDA VISTA, BOYSEN PARK, AND ENERGY FIELD SITES (PROJECT); APPROVAL OF AN AGREEMENT WITH CDM TO PROVIDE DESIGN-BUILD PROJECT SERVICES IN AN AMOUNT OF \$56,894,500; APPROVAL OF AN

V. Baroldi moved approval of the Design-Build agreement with CDM Constructors Inc.; the agreement with MWH Constructors, Inc. for construction management services for all phases of the Groundwater Treatment

AGREEMENT WITH MWH CONSTRUCTORS, INC. TO PROVIDE CONSTRUCTION MANAGEMENT SERVICES FOR ALL PHASES OF THE GROUNDWATER TREATMENT PROGRAM IN AN AMOUNT NOT TO EXCEED \$9,730,800 WITH A FIFTEEN PERCENT (15%) CONTINGENCY FOR EXTRA SERVICES; APPROVAL OF THE EXECUTION OF ANY LAKE AND STREAMBED ALTERATION AGREEMENTS AND ANY RELATED PERMITS, CERTIFICATIONS, AND DOCUMENTS WITH THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE, STATE WATER RESOURCES CONTROL BOARD, OR OTHER GOVERNMENT AGENCIES FOR THE PROJECT; ADOPTION OF A MITIGATED NEGATIVE DECLARATION AND MITIGATION MONITORING PLAN (NO. 2020-001) FOR THE PROJECT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA); AND AMENDMENT OF ANAHEIM PUBLIC UTILITIES' FISCAL YEAR 2020/21 WATER CAPITAL IMPROVEMENT PROGRAM BUDGET BY \$66,625,300. *

Program; and the execution of Lake and Streambed Alteration agreements with the appropriate government agencies as well as approval of a Mitigated Negative Declaration and Mitigation Monitoring Plan for the Project. A. Abdulrahman seconded the motion.

MOTION VIA ROLL CALL VOTE CARRIED: 5-0.

ABSTAINED: 0.

RECUSAL: 1

[Chairperson E. Medrano]

ABSENT: 1 [R. Bhalla].

Chairperson E. Medrano announced that he would not participate in the discussion or vote on this item and would be leaving the room because of a potential conflict due to his employment with the Los Angeles/Orange Counties Building and Construction Trades council, which represents local unions and district councils some of which may become involved in this construction project. He asked staff to come get him once this item was done so he could rejoin the meeting. Vice-Chairperson J. Seymour conducted the meeting in his absence.

C. Parker, Water Engineering Manager, briefed the Board on per- and polyfluoroalkyl substances (PFAS) that are synthetic chemicals that have been found in groundwater supplies causing the shut down of wells in Anaheim. As a result, more higher cost imported water is used than groundwater. C. Parker discussed the three-prong strategy to mitigate PFAS – customer safety, cost recovery, and restoring the groundwater supply.

C. Parker discussed the four sites where treatment will be installed for Phase A. He talked about the Design-Build entity selection process for Phase A and the Construction Management consultant selection process for the program for all three phases.

The Board inquired regarding the security and safety at the project sites. C. Parker and M. Moore explained that the sites will be secured with fencing and security cameras. The Board asked about the noise impacts, and C. Parker explained that the system will meet the noise limits of the City. The Board then asked about the design-build process. C. Parker indicated that the first step was to issue a request for qualifications (RFQ). The top three qualified Design-Build Entities (DBEs) were selected to proceed to the

request for proposals (RFP) stage, where a detailed technical (partial design and approach) and price proposal were submitted. Lastly the Board asked why there was not a reservoir at each well site. C. Parker discussed that reservoirs are only needed when numerous wells are pumped to one centralized site and that single well sites can pump directly into the distribution system.

5. PRESENTATION: ELECTRIC SYSTEM RELIABILITY UPDATE.

Chairperson E. Medrano rejoined the PUB meeting.

J. Wei, Electric Systems Planning Manager, gave a presentation on APU's 2019 Electric Reliability Report, which included the 2019 reliability metrics that are standardized throughout the industry. J. Wei reported on APU's reliability statistics which compared favorably to local investor-owned and public owned utilities.

J. Wei made the Board aware of the top six most common causes of power outages, which include direct buried underground cable, mylar balloons, overhead equipment, subsurface equipment, vehicle contact, and animal contact. J. Wei then discussed ongoing reliability initiatives to address these most common outage causes and improving outage restoration time.

6. APPROVAL OF THE FOLLOWING TWO AGREEMENTS WITH ELECTRIC GAS INDUSTRIES ASSOCIATION (EGIA) FOR FIVE-YEAR TERMS WITH TWO OPTIONAL ONE-YEAR EXTENSIONS AND A TEN PERCENT (10%) CONTINGENCY FOR EXTRA SERVICES: (A) A REBATE AND CUSTOMER PROGRAMS SOLUTION AGREEMENT FOR A CUSTOMER REBATE PROCESSING AND PROGRAMS MANAGEMENT SOFTWARE SOLUTION IN AN AMOUNT NOT TO EXCEED \$60,000 FOR IMPLEMENTATION, \$168,000 FOR FIRST YEAR SERVICES, AND \$98,550 ANNUALLY THEREAFTER; AND (B) A REBATE PROCESSING SERVICES AGREEMENT FOR CUSTOMER REBATE PROCESSING SERVICES IN AN ANNUAL AMOUNT NOT TO EXCEED \$125,000. *

D. Lee, Public Utilities General Manager, described the purpose and use of the Rebate Processing Software System. Staff currently uses spreadsheets to manage customer engagement in efficiency rebates. The request is to contract with a firm to provide a more advanced software solution to manage customer rebates, and for services to assist customers through the rebate process.

EGIA is being recommended based on an RFP. EGIA currently provides similar services for water efficiency rebates on behalf of the Metropolitan Water District of Southern California (MWD),

R. Gaona moved approval of two agreements with Electric Gas Industries Association for five-year terms with two optional one-year extensions for a Customer Rebate Processing and Programs Management Software Solution. N. Campos Kurtz seconded the motion.

MOTION VIA ROLL CALL VOTE CARRIED: 6-0.

ABSTAINED: 0.

ABSENT: 1 [R. Bhalla].

offered competitive pricing, and demonstrated they have the qualifications and expertise to perform the requested services.

The Board inquired about the software and if it's a hosted service. Staff explained that the system is hosted and the RFP included cyber security requirements to address securing customer data. The Board commented that this item helps prepare for the future.

7. PRESENTATION: SAFETY SERVICES – PROTECTING EMPLOYEES AND THE PUBLIC.

J. Sanks, Environmental Services and Safety Manager, provided a presentation and gave an overview of the APU's safety program that includes training, conducting inspections, interpreting regulations, reviewing incidents, and coordinating with City safety staff. J. Sanks then discussed safety incidents that occurred in 2020, with an emphasis on sprains and strains and COVID-19.

He described the protective measures APU put in place in response to COVID-19, such as face masks, physically distancing staff, conducting daily self-assessments, COVID-19 testing, contact tracing, quarantines of employees, and implementing a robust teleworking program. J. Sanks noted that the use of virtual meetings and trainings has been implanted to limit COVID-19 exposure as well as evaluation works sites. J. Sanks indicated that APU employees have been volunteering at the Anaheim Convention Center and Disneyland vaccination sites.

He noted that overall injury rates have declined since the 1980s, but there was an increase last year due to COVID-19 cases. J. Sanks went over safety performance compared to last year, and noted that staff has done well reporting near misses and close calls. J. Sanks reviewed the responses of an employee safety perception survey, and gave plans to improve outreach and training in response to the survey.

The Board asked if utility workers were considered essential and if that helped to obtain access to vaccines sooner? Staff explained that utility workers are working through the City to gain access to vaccinations, following state guidelines.

8. APPROVAL OF DEPARTMENT ORDER 514 - ACCIDENT PREVENTION MANUAL AND SAFETY PROGRAMS AND DEPARTMENT ORDER 515 - STOP WORK POLICY AND CONTRACTOR SAFETY.

J. Sanks gave a presentation on two Department Orders (DOs). DO 514 establishes processes to review and update APU's Accident Prevention Manual (APM). The APM document summarizes the safety requirements for field and office staff. The DO also establishes that APM training will be conducted.

Vice-Chairperson J. Seymour moved approval of Department Order 514 - Accident Prevention Manual and Safety Programs and Department Order 515 - Stop Work Policy and Contractor Safety. N. Campos Kurtz seconded the motion.

J. Sanks indicated that DO 515 creates a formal process allowing APU staff to stop work if they see an unsafe condition. The DO is meant to ensure that employees feel empowered to take action to ensure safety. The Board inquired about contractor safety and J. Sanks noted that the DO applies to projects conducted by APU staff and contractors, and also allows staff to intervene if they observe unsafe work practices conducted by 3rd parties.

**MOTION VIA ROLL
CALL VOTE CARRIED:
6-0.
ABSTAINED: 0.
ABSENT: 1 [R. Bhalla].**

9. UPDATE ON ELECTRIC SYSTEM ITEMS.

J. Lonneker, Assistant General Manager – Electric Services, provided the Board with an update on a recent power outage that occurred on March 18, 2021 caused by a metallic balloon coming in contact with high voltage electric lines. J. Lonneker explained to the Board the outage momentarily impacted approximately 1,700 customers and, after isolating the damage, approximately 500 customers remained without power for close to 7 hours before repairs were completed and power restored.

J. Lonneker provided the Board with updates on the APU Street Light Improvements Program and shared before and after photos of recently completed projects. J. Lonneker explained that street lighting upgrades and replacement projects are prioritized based on safety reasons that have been identified by Code Enforcement and that APU partners with Community Services to track and address these requests. Over the past five years, approximately 400 requests have been received and that number has been reduced to about 25 pending requests to date.

10. UPDATE ON WATER SYSTEM ITEMS.

M. Moore, Assistant General Manager – Water Services, provided an overview of the Water Supply dashboard. He indicated that precipitation levels in the west are well below normal and it looks like another dry year, which could lead to drought conditions. Water storage levels in Lake Mead are lowering below a target level that will affect Arizona and Nevada water supplies. M. Moore indicated that if the water levels in Lake Mead continue to decrease, imported water supplies for APU might be affected.

M. Moore updated the Board on the school water bottle fill station rebate program. M. Moore noted that after the lead testing was completed at all Anaheim schools, APU implemented a new program to fund water bottle fill stations. M. Moore reported that over the past 3 years, 56 new water bottle fill stations have been installed at 38 different Anaheim schools.

11. UPDATE ON FINANCE & ENERGY RESOURCES ITEMS.

B. Beelner, Assistant General Manager – Finance & Energy Resources, made the Board aware that Fitch Ratings placed APU's water rating three notches on negative outlook. Fitch Ratings methodologies limit APU's water and electric ratings to three notches above the City's rating. B. Beelner mentioned the water rating suffered from downward pressure due to the weakened City credit rating. B. Beelner then shared with the Board a negative outlook typically requires the rating agency to either downgrade the water rating or remove the negative outlook within 90 days. The Board asked if any federal stimulus money has been made available. B. Beelner responded that customers that receive federal rental relief money are also eligible for utility relief money through the COVID-19 Relief Bill, and let the Board know that the City will receive \$107 million from the COVID-19 Relief Bill – half in Fiscal Year (FY) 2021 and the other half in FY 2022.

B. Beelner then discussed the monthly finance dashboard with the Board - the year to date electric revenue through February 2021 was 0.1% below budget (\$0.2M) due primarily to decreased commercial and industrial demand. Electric costs for the fiscal year fell below budget by 6.9% (\$17.3M) causing a net positive budget variance of \$17.1M. B. Beelner discussed the higher than projected natural gas and higher than projected wholesale sales in February due to spiking gas and wholesale energy prices caused by the winter storm events in Texas and the Midwest. B. Beelner then mentioned that year to date water revenue was 5.1% (\$3.4M) below budget due to weaker than anticipated commercial and industrial demand as a result of continued business restrictions related to the COVID-19 pandemic. Costs were below budget as well by 5.2% (\$2.7M) causing a negative \$0.7M budget variance.

B. Beelner then discussed the monthly Power Supply Dashboard. He mentioned that APU received more revenue from the sale of excess natural gas and energy on the wholesale market than originally budgeted as a result of excess power and natural gas available as well as higher than expected prices.

12. UPDATE ON ADMINISTRATION & RISK SERVICES ITEMS.

J. Lehman, Interim Assistant General Manager – Administration and Risk Services, provided a brief update to the Board. J. Lehman highlighted several legislative bills that APU is tracking, and shared that the Legislative Working Group had met prior to the Board meeting and reviewed key legislative bills of concern in detail, and had reviewed and approved the 2021-22 Legislative Guiding Principles. J. Lehman then went over key safety metrics for APU which are used to monitor the effectiveness of the safety program.

13. ITEM(S) BY SECRETARY.

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

- Budget Presentation
- Posting of Water Quality Report
- Update on Wildfire Mitigation Plan

D. Lee then shared photos of APU's customer service lobby located on the first floor of Anaheim West Tower and explained that services will continue to be offered at the first floor or online rather than making customers go up to multiple floors. D. Lee then discussed the new financial assistance program for small businesses that was requested by the City Council ad hoc committee.

D. Lee discussed the high school scholarship program and indicated that an email would be circulated asking for Board members that are interested in participating in the selection and interview panel to let P. Starr know.

14. ITEM(S) BY BOARD MEMBERS.

N. Campos Kurtz thanked APU for supporting the Holiday Lights contest. She indicated customers were happy to receive LED lights.

A. Abdulrahman thanked staff for keeping the community informed when power outages occur.

J. Seymour requested a future presentation on customer-owned solar and electric vehicles.

15. ADJOURNMENT: (NEXT REGULAR MEETING ON APRIL 28, 2021 AT 5:00 P.M. PLEASE BE ADVISED THAT SOME OF THE BOARD MEMBERS MAY PARTICIPATE IN THIS MEETING REMOTELY.)

Vice-Chairperson J. Seymour moved to adjourn the Regular Meeting at 6:58 p.m., to the Board's Regular Meeting date of April 28, 2021 at 5:00 p.m. R. Gaona seconded the motion.
MOTION VIA ROLL CALL VOTE CARRIED: 6-0.
ABSTAINED: 0.
ABSENT: 1 [R. Bhalla].

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.