

**CITY OF ANAHEIM
PUBLIC UTILITIES BOARD**

MINUTES

May 26, 2021

The agenda, including the Teleconference Notice, having been posted on Thursday, May 26, 2021, the Public Hearing / Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson E. Medrano at 5:00 p.m. on Wednesday, May 26, 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, N. Campos Kurtz, V. Baroldi, R. Gaona (via teleconference), R. Bhalla (via teleconference)

Board Members Absent: A. Abdulrahman

City Staff Present: D. Lee, P. Starr, A. Kott, M. Moore, J. Lonneker, B. Beelner, J. Lehman, D. Ballin, M. Seifen, A. Nguyen, B. Fruchter, C. Parker, P. Bogdanoff

Guest(s) Present: S. Faessel, Mayor Pro Tem; D. Polyzos, MWD (via teleconference); J. Bodnar, MWD (via teleconference)

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. RECOGNITION: ERNESTO MEDRANO FOR HIS SERVICE TO THE ANAHEIM COMMUNITY AS A MEMBER OF THE PUBLIC UTILITIES BOARD.

Chairperson E. Medrano was recognized for his service to the community and commitment to ensuring that Anaheim Public Utilities (APU) customers received quality service. Chairperson E. Medrano was presented with a plaque and proclamation in recognition of his years of service on the Anaheim Public Utilities Board.

3. APPROVAL OF THE MINUTES OF THE PUBLIC HEARING/PUBLIC UTILITIES BOARD REGULAR MEETING OF APRIL 28, 2021. *

Vice-Chairperson J. Seymour moved approval of the Minutes of the Public Hearing/Public Utilities Board Regular Meeting of April 28, 2021. N. Campos Kurtz seconded the motion. **MOTION VIA ROLL CALL VOTE CARRIED: 5-0. ABSTAINED: 0. ABSENT: 2 (A. Abdulrahman and R. Bhalla).**

4. PRESENTATION: UPDATE ON IMPORTED WATER SUPPLY.

M. Moore, Assistant General Manager – Water Services, along with Demetri Polyzos – Metropolitan Water District (MWD) and James Bodnar – MWD provided an update on the condition of imported water supplies. M. Moore indicated that although both the State Water Project and Colorado River Aqueduct are in drought conditions, Southern California has a significant amount of water in storage accounts. M. Moore mentioned that most of the water is in those accounts that cannot be accessed through the State Water Project due to location and environmental restrictions. Due to the restrictions, M. Moore indicated that MWD is planning to purchase additional water this year from Northern California.

The Board inquired about which entities are involved with marketing of wholesale water supplies, and staff responded that if agricultural land in Central California are fallowed, agricultural entities are able to sell water.

5. PUBLIC HEARING: ADOPTION OF THE CITY OF ANAHEIM'S 2020 URBAN WATER MANAGEMENT PLAN AND ITS WATER SHORTAGE CONTINGENCY PLAN AND 2015 URBAN WATER MANAGEMENT PLAN AMENDMENT. *

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

M. Moore provided a brief introduction and introduced P. Bogdanoff, Engineering Manager, to provide the Board with a presentation on the 2020 Urban Water Management Plan (2020 UWMP) and its Water Shortage Contingency Plan and 2015 Urban Water Management Plan Amendment (2015 UWMP Amendment). P. Bogdanoff provided a presentation on the content of the 2020 UWMP and 2015 UWMP Amendment and the purpose

Vice-Chairperson J. Seymour moved approval of the adoption of the City of Anaheim's 2020 UWMP and its Water Shortage Contingency Plan and the 2015 UWMP Amendment. N. Campos Kurtz seconded the motion. **MOTION VIA ROLL CALL VOTE CARRIED: 6-0. ABSTAINED: 0. ABSENT: 1 (A. Abdulrahman).**

and content of the Water Shortage Contingency Plan of the 2020 UWMP. P. Bogdanoff also discussed the findings of the 2020 UWMP which shows that (1) APU is projected to have sufficient water supplies to meet projected demands and (2) no water shortages were identified.

D. Lee, Public Utilities General Manager, mentioned that Notices of Public Hearing and public review period were conducted in accordance with applicable law and that the Affidavit of Publication of the Notice of Public Hearing was filed with the Secretary of the Board.

Chairperson E. Medrano noted that due to the COVID-19 pandemic, in-person and oral comments regarding the proposed 2020 UWMP and 2015 UWMP Amendment from the public were able to submit comments in-person or electronically. 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 no written or verbal comments were received.

6. RECOMMEND ADOPTION OF THE PUBLIC UTILITIES DEPARTMENT'S FISCAL YEAR 2021/2022 PROPOSED BUDGET. *

B. Beelner, Assistant General Manager – Finance and Energy Resources, gave a presentation on APU's proposed budget for Fiscal Year 2022 (FY2). B. Beelner indicated that there is no increase to operating expenses, and that the proposed capital budget would fund critical infrastructure replacements. B. Beelner noted that the proposed budget was fiscally prudent, and thanked APU staff for their work on the budget, explaining that the budget process requires months of scrutiny, analysis, and review before being presented to the Board for their consideration.

The Board asked whether capital funds expended for the groundwater treatment project (to treat PFAS) would be returned to APU. D. Lee confirmed that such capital expenses were eligible for reimbursement, and clarified that City Council had recently awarded the first phase of the project, and that the budget would be encumbered and carried over into next year's amended budget.

The Board also asked whether the increase in capital expenditures would help flatten APU's proposed operating expenses. D. Lee indicated that utility labor is included in the total amount proposed for capital, which helps offset the amount of labor budgeted on the operating side. D. Lee also mentioned that capital investments, such as the transformer replacement program, should reduce future maintenance and repair expenses, which helps minimize operating expenditures.

N. Campos Kurtz moved approval of the adoption of the Public Utilities Department's Fiscal Year 2021/22 proposed budget. Vice-Chairperson J. Seymour seconded the motion.

MOTION VIA ROLL CALL VOTE CARRIED:

6-0.

ABSTAINED: 0.

ABSENT: 1 (A. Abdulrahman).

7. APPROVAL OF (A) AMENDMENT NO. 4 TO THE GENERAL AGREEMENT WITH EMETER CORPORATION FOR THE UPGRADE TO THE METER DATA MANAGEMENT SYSTEM (MDMS) IN AN AMOUNT NOT-TO-EXCEED \$500,000 FOR THE UPGRADE AND AN ANNUAL AMOUNT NOT-TO-EXCEED \$60,000 FOR AS-NEEDED PROFESSIONAL SERVICES; AND (B) AMENDMENT NO. 1 TO THE SOFTWARE LICENSE AND SERVICES AGREEMENT WITH EMETER CORPORATION TO UPDATE TERMS OF THE MDMS SOFTWARE LICENSES AND PROVIDE FOR SUPPORT AND MAINTENANCE IN AN ANNUAL AMOUNT NOT-TO-EXCEED \$128,556 WITH AN ANNUAL ESCALATOR NOT-TO-EXCEED 3% AND AN OPTION TO PURCHASE ADDITIONAL SOFTWARE LICENSES AND MAINTENANCE IN AN ANNUAL AMOUNT NOT-TO-EXCEED \$100,000. *

B. Beelner provided the Board with an overview of the customer meter data flow process. B. Beelner explained that customer electric consumption data is transmitted from automated meters at customer premises to the head-end system at Anaheim West Tower, aggregated and processed in the Meter Data Management System (MDMS), and then provided to the Customer Information System for billing. B. Beelner noted that the City's version of the MDMS software has become outdated as is the platform it runs on and that APU must upgrade the system to remain current and reduce the risk of bill interruption to its customers.

B. Beelner explained the agreement amendments with eMeter Corporation will provide services to upgrade the system, additional professional services as needed, update the license terms from 14,000 to 200,000 meters, reduce the annual maintenance fee increase from 5% to 3%, and updates to other terms.

The Board inquired about the plan for installing electric and water meters. D. Lee responded that the deployment of automated meters has been underway for some time. Commercial electric meters were initially rolled out followed by residential electric. D. Lee explained that APU has deployed upward of 50,000 electric meters out of approximately 120,000. Water meter deployments are not as far along and will piggyback on electric meter communications. D. Lee anticipates 4-6 years to complete the electric meter deployments.

8. UPDATE ON ELECTRIC SYSTEM ITEMS.

J. Lonneker, Assistant General Manager – Electric Services, shared pictures of a fire along the railroad tracks adjacent to an electrical substation that occurred on May 1, 2021. J. Lonneker indicated that the dense amount of smoke migrated toward the substation

N. Campos Kurtz moved approval of Amendment No. 4 to the General Agreement with eMeter Corporation for the upgrade to the Meter Data Management Systems; and Amendment No. 1 to the Software License and Services Agreement with eMeter Corporation. Vice-Chairperson J. Seymour seconded the motion.

MOTION VIA ROLL CALL VOTE CARRIED: 5-0.

ABSTAINED: 0.

ABSENT: 2 (A.

Abdulrahman and R. Gaona).

which was captured on the security cameras and alerted the system operator who proceeded to call in a crew for observation. J. Lonneker noted that Anaheim Fire and Rescue was quick to respond to extinguish the source of the fire which was a pile of railroad ties stored alongside the tracks and that no incident occurred at the substation.

9. UPDATE ON WATER SYSTEM ITEMS.

M. Moore provided a water supply update and reviewed the dashboard. M. Moore indicated that California is in drought conditions and the State Water Project allocation is only at 5% this year. He mentioned the storage levels are still healthy in the Orange County Basin and Metropolitan Water District storage accounts. However, M. Moore noted that the statewide drought may cause local water agencies to start implementing portions of the drought contingency plans.

M. Moore then discussed the annual WaterSmart Landscape award program. M. Moore indicated that APU customers both residential and commercial submitted photos of their drought-tolerant landscaping. M. Moore presented pictures of the winners for each category.

M. Moore provided the Board with an update on the status of the Groundwater Treatment Project, and indicated that staff held a construction kickoff meeting for Phase A of the project.

Lastly, M. Moore shared pictures of the 16 winners of the Water Poster Contest and noted that the recognition ceremony was held at the Honda Center with the Anaheim Ducks.

10. UPDATE ON FINANCE & ENERGY RESOURCES ITEMS.

B. Beelner discussed the monthly finance dashboard with the Board. B. Beelner indicated that the year to date electric revenue through April, 2021 was 1.1% below budget (\$3.7M) due primarily to decreased commercial and industrial demand and electric costs for the fiscal year fell below budget by 7.7% (\$24.0M) causing a net positive budget variance of \$20.3M. B. Beelner then mentioned that year to date water revenue was 3.7% (\$3.0M) below budget due to weaker than anticipated commercial and industrial demand as a result of continued business restrictions related to the COVID-19 pandemic and costs were below budget as well by 4.7% (\$3.0M) causing no net budget variance.

B. Beelner then discussed the monthly Power Supply Dashboard. B. Beelner mentioned that due to extended outages at both the Magnolia Power Project (MPP) and Intermountain Power Project (IPP), APU purchased more wholesale power than originally anticipated; however, due to the typically low April wholesale

power prices these outages did not cause any undue pressure on the budget. B. Beelner made the Board aware that both MPP and IPP both have returned to full operation.

B. Beelner also indicated to the Board that Standard and Poor's downgraded the City's General Fund rating to A- with a negative outlook. B. Beelner mentioned that this downgrade should not impact either the electric or water utilities' credit ratings.

11. UPDATE ON ADMINISTRATION & RISK SERVICES ITEMS.

J. Lehman, Interim Assistant General Manager – Administration and Risk Services, discussed the Internal Compliance Plan memorandum and shared that all programs were in compliance, and there were no violations during this period.

J. Lehman then shared an update on legislative activities, including that both the State Assembly and Senate had voted to limit bills for each legislator to a maximum of 12, which significantly minimizes the number of bills that will be passed by the State this year. J. Lehman then highlighted four of the legislative bills that APU has been following.

J. Lehman went over the safety metrics and shared that APU was meeting its targets and the statistics were very similar to last year with the exception of COVID-19 related illnesses and a shoulder injury that resulted in restricted work duties. J. Lehman indicated that these metrics help APU monitor the safety program and proactively identify areas that may require further attention.

J. Lehman closed by highlighting the efforts underway to improve customer service including initiating a campaign to increase awareness of services that are currently offered on line or over the phone, such as bill payments and the ability to check account balances. J. Lehman discussed a new incentive for customers to sign up for outage notifications so they can be notified of the latest information regarding an outage in their area. J. Lehman explained that over the next few months as the State opens up, it is expected that customers are likely to have questions regarding their accounts and APU would like to ensure they are aware of the self-service options so they can quickly and efficiently obtain information about their account

12. ITEM(S) BY SECRETARY.

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

- Election for Chairperson and Vice-Chairperson and the Underground Conversion Subcommittee

- Summer Readiness Presentation
- Physical Security Presentation
- Update on Five-Year Underground Program
- Electric Master Agreements

D. Lee then shared that there were three winners of the APU high school scholarship program and thanked Board members V. Baroldi, N. Campos Kurtz, and R. Gaona for their participation in selecting the recipients.

D. Lee shared photos of Mayor Pro Tem S. Faessel and the family of former APU Superintendent, George Elkers. The family donated test equipment to APU.

D. Lee made the Board aware of the passing of John Machiaverna, a community leader and previous Board Chairperson. D. Lee requested the meeting be adjourned in John Machiaverna's memory.

13. ITEM(S) BY BOARD MEMBERS.

V. Baroldi indicated it was great to participate in the interviews for the high school scholarship recipients.

N. Campos Kurtz thanked APU staff for allowing her to participate in the selection and interview process of the scholarship recipients. She then thanked Chairperson E. Medrano for his service on the Board.

Vice-Chairperson J. Seymour thanked Chairperson E. Medrano for his service on the Board and wished him well.

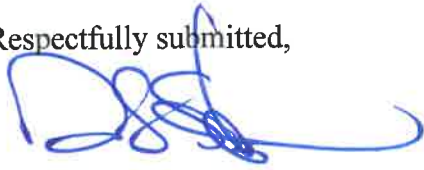
Chairperson E. Medrano thanked the Board and APU staff and indicated that he intends to visit.

14. ADJOURNMENT: (NEXT REGULAR MEETING ON JUNE 23, 2021 AT 5:00 P.M. PLEASE BE ADVISED THAT SOME OF THE BOARD MEMBERS MAY PARTICIPATE IN THIS MEETING REMOTELY.)

Chairperson E. Medrano called for a moment of silence, followed by a call for a motion to adjourn the meeting in Memory of John Machiaverna.

Vice-Chairperson J. Seymour moved to adjourn the Public Hearing/Regular Meeting in Memory of John Machiaverna at 6:41 p.m., to the Board's Regular Meeting date of June 23, 2021 at 5:00 p.m. N. Campos Kurtz seconded the motion. **MOTION VIA ROLL CALL VOTE CARRIED: 5-0. ABSTAINED: 0. ABSENT: 2 (A. Abdulrahman and R. Gaona).**

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.