

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**JULY 27, 2022**

The agenda having been posted on Thursday, July 21, 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, July 27, 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, N. Campos Kurtz, M. Lee, A. Pham

**Board Members Absent:** R. Bhalla

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

**Guest(s) Present:** Council Member G. Ma'ae

**AGENDA ITEM**

**ACTION TAKEN**

**1. PUBLIC COMMENTS.**

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

**2. APPROVAL OF THE MINUTES OF THE PUBLIC UTILITIES BOARD MEETING OF JUNE 22, 2022. \***

N. Campos Kurtz moved the approval of the Minutes of the Public Utilities Board Regular Meeting of June 22, 2022. Vice-Chairperson V. Baroldi seconded the motion.

**MOTION CARRIED: 6-0.**

**ABSTAINED: 0.**

**ABSENT: 1. [R. Bhalla].**

**3. PRESENTATION: PFAS (PER- AND POLY-FLUOROALYKL SUBSTANCES) UPDATE.**

C. Parker, Water Engineering Manager, presented an update on Per- and Poly-Fluoroalkyl Substances (PFAS) regulations, the Groundwater Treatment Project, and cost recovery. C. Parker

briefed the Board on the family of PFAS chemicals, and indicated that there will be a notice sent to the Anaheim City Council later this fall about a new constituent, Perfluorohexane Sulfonate (PFHxS), identified per the State Division of Drinking Water Regulations. Anaheim Public Utilities (APU) does not have to install treatment due to the detected levels of PFHxS, only notify the City Council that it is in the water supply. Staff will monitor emerging regulations to ensure APU remains in compliance.

C. Parker also briefed the Board on the status of the Groundwater Treatment Project. Phase A is under construction at most sites and the design phase is almost complete for Phase B. C. Parker described that the Project is experiencing global supply chain impacts, like many other projects in the nation; however, staff is doing everything possible to mitigate those issues. Phase A is on track to deliver the treated water by Spring 2023, and Phase B by Summer 2023.

C. Parker updated the Board on the cost recovery efforts, indicating that most capital costs are being reimbursed by the Orange County Water District (OCWD), which significantly reduces APU's cost burden. A. Kott briefly described the ongoing litigation efforts regarding chemical companies. Grant funding is also being sought to address remaining capital and related costs. The goal is to recover imported water costs, capital costs, and ongoing operational costs in order to limit rate impacts to customers.

The Board asked if this treatment project would be able to treat other chemicals, such as pharmaceuticals or other types of PFAS. C. Parker shared with the Board that while ion exchange is designed to be flexible and address a number of PFAS constituents, special treatment will have to be evaluated for other water quality issues to address future regulations. C. Parker indicated that other wells will most likely require PFAS treatment when future regulations are released. Staff is currently evaluating how to install treatment at those sites. The treatment system will treat to non-detect levels, basically what testing can be measured to today. C. Parker indicated that the treatment facilities test the well water quarterly because water quality does not change significantly over time.

The Board asked if the resin is regenerated or disposed of, and how the disposal takes place. C. Parker answered that it is not regenerated, it is disposed of at authorized facilities. At a later date there will be a determination as to which disposal method is to be utilized. The Board asked if the litigation was being performed by each agency or jointly. A. Kott, Assistant City Attorney, indicated the litigation is jointly being handled with the other affected agencies.

**4. APPROVAL OF A COLLECTION SERVICES AGREEMENT WITH RAY KLEIN, INC., DBA PROFESSIONAL CREDIT SERVICES TO PROVIDE COLLECTION SERVICES RELATED TO UNCOLLECTABLE UTILITY CLOSING BILLS FOR AN INITIAL TERM OF FIVE (5) YEARS AND UP TO FOUR (4) ONE-YEAR EXTENSIONS IN A NOT-TO-EXCEED AMOUNT OF \$241,675 FOR THE INITIAL TERM AND \$48,335 PER YEAR FOR EACH OF THE ONE-YEAR EXTENSIONS. \***

A. Abdulrahman moved the approval of the Collection Services Agreement with Professional Credit Services. Vice-Chairperson V. Baroldi seconded the motion. **MOTION CARRIED: 6-0. ABSTAINED: 0. ABSENT: 1. [R. Bhalla].**

J. Lehman, Assistant General Manager - Administration & Risk Services, asked the Board to recommend that the City Council approve a Collection Services Agreement with Ray Klein, Inc., DBA Professional Credit Service (PCS) for utility collection services.

J. Lehman explained that PCS has been assisting APU in the recovery of unpaid balances since 2016. J. Lehman shared that the evaluation process followed Council Policy 4.1, and indicated that APU took special care to ensure that the vendor selected understood APU's requirement to treat all customers with dignity and respect during all recovery efforts. PCS has representatives that speak a number of different languages, and who are fully trained for compliance with collection laws and regulations.

The Board inquired about the payment terms, and staff confirmed that the amount covers the five-year term, with one-year optional extensions thereafter.

**5. APPROVAL OF AN AGREEMENT FOR UNDERGROUND UTILITY LOCATING SERVICES (LOCATING SERVICES) WITH KANA SUBSTRUCTURE ENGINEERING, INC. FOR AN INITIAL TERM OF ONE YEAR AND UP TO FIVE ONE-YEAR EXTENSIONS IN THE AMOUNT OF \$762,450 FOR THE INITIAL TERM WITH CONSUMER PRICE INDEX (CPI) ADJUSTMENTS FOR EACH ONE-YEAR EXTENSION, PLUS AN ADDITIONAL 15% FOR AS-NEEDED EXTRA SERVICES; AND DETERMINE THAT THE LOCATING SERVICES ARE CATEGORICALLY EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT SECTIONS 15061(B)(3) AND 15301(B) OF TITLE 14 OF THE CALIFORNIA CODE OF REGULATIONS. \***

F. Barvarz, Electric Transmission and Distribution Manager, requested that the Board recommend that the City Council approve the Agreement for Underground Utility Locating Services. F.

Barvarz explained the need to mark the pavement where APU's 1,500 miles of underground water, high voltage electric, and fiber optic lines are located, to protect them if construction is scheduled in their vicinity. F. Barvarz then covered the standardized colors used to mark different lines, the need to call 811, or contact DigAlert.org 2-14 days before excavations begin, and shared details about the Agreement.

The Board asked about the Request for Proposal (RFP) evaluation process, the prospective bidder outreach, and how the locating process works. Staff addressed the questions and explained that certain firms tend to work with private utilities and were not inclined to bid on municipal RFPs, which is likely why there were only several bids received. The Board also inquired why there is a need for a 15% extra work authority, and staff explained that pricing was based on an estimated number of location requests, and the 15% provides flexibility to accommodate fluctuations in the number of requests. The Board requested that APU provide information regarding the DigAlert on APU's website.

Staff will add information for DigAlert on the website.

M. Lee moved the approval of the Agreement for Underground Utility Locating Services with Kana Substructure Engineering, Inc. N. Campos Kurtz seconded the motion.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1. [R. Bhalla].**

- 6. RECOMMEND APPROVAL OF AN ENVIRONMENTAL SERVICES CONSULTING AGREEMENT (AGREEMENT) FOR AS-NEEDED ENVIRONMENTAL SERVICES IN A NOT-TO-EXCEED AMOUNT OF \$500,000 PER CONSULTANT, WITH AUTHORIZATION FOR UP TO 15% IN EXTRA WORK, FOR THE ENTIRE FIVE-YEAR TERM OF THE AGREEMENT AND UP TO TWO ONE-YEAR EXTENSIONS, AS NEEDED, TO COMPLETE ONGOING PROJECTS; AUTHORIZE THE PUBLIC UTILITIES GENERAL MANAGER, OR DESIGNEE, TO EXECUTE THE AGREEMENT SEPARATELY WITH THE FOLLOWING PREQUALIFIED CONSULTANTS AND SUCH OTHER ENVIRONMENTAL SERVICES CONSULTANTS AS MAY BE PREQUALIFIED DURING THE TERM OF THE AGREEMENT: ATLAS TECHNICAL CONSULTANTS LLC; EFI GLOBAL, INC.; LEIGHTON CONSULTING, INC.; PSOMAS; STANTEC CONSULTING SERVICES, INC.; VANDERMOST CONSULTING SERVICES, INC. \***

A. Pham moved the approval of the six Environmental Services Consulting Agreements. M. Lee seconded the motion.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1. [R. Bhalla].**

J. Lehman, Assistant General Manager - Administration & Risk Services, requested that the Board recommend that the City Council approve the Environmental Services Consulting Agreement (Agreement) with six vendors. The background information provided by J. Lehman indicated that the Agreements will allow APU to provide a wide range of environmental services and will help to ensure that technical expertise and support are available quickly in response to critical projects or events. J. Lehman

indicated that these resources are necessary to help APU comply with numerous federal and state environmental laws, regulations, and permits.

- 7. APPROVAL OF THE SECOND AMENDMENT TO THE INFORMATION SYSTEM AGREEMENT (SECOND AMENDMENT), WHICH IS IN SUBSTANTIALLY FINAL FORM, WITH SYSTEMS & SOFTWARE, INC. FOR THE UPGRADE OF THE CUSTOMER INFORMATION SYSTEM (CIS), WHICH INCLUDES POST-IMPLEMENTATION SERVICES AND UPDATES TO SOFTWARE LICENSES AND OTHER AGREEMENT TERMS, IN AN AMOUNT NOT-TO-EXCEED \$1,114,000 PLUS A 15% CONTINGENCY FOR EXTRA WORK; SUPPORT AND MAINTENANCE FEES IN AN ANNUAL AMOUNT NOT-TO-EXCEED \$311,000 WITH AN ANNUAL ESCALATOR NOT-TO-EXCEED 3%; AND AUTHORIZE THE PUBLIC UTILITIES GENERAL MANAGER OR DESIGNEE TO EXECUTE ORDER FORMS, WORK ORDERS, AND RELATED DOCUMENTS FOR SOFTWARE LICENSES, SUBSCRIPTIONS, MAINTENANCE, AND SERVICES FOR CIS IMPROVEMENTS AN AMOUNT NOT-TO-EXCEED \$200,000. \***

A. Abdulrahman moved the approval of the Second Amendment to the Information System Agreement with S&S. N. Campos Kurtz seconded the motion.

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

**ABSENT: 1. [R. Bhalla].**

B. Beelner, Assistant General Manager - Finance & Energy Resources, presented to the Board an overview of the Customer Information System (CIS), the history of its implementation, the need to upgrade it, and information about the proposed agreement second amendment with S&S. B. Beelner explained that the CIS is a mission critical system used to store customer information, perform field work orders, process electric and water meter data, produce over 1 million bills per year totaling over \$500 million for electric, water, sanitation, and paramedic subscription services, accept customer payments, and provide customer service. The system was purchased in 2012 and went live in 2014. The hardware and some of the software is nearing the end of its useful life and requires both software and hardware upgrades. The proposed upgrade will improve reliability, implement new features that will improve operational efficiencies and ability to process advanced rates, improve system performance, improve customer web portal experience, and provide customers better tools to manage their usage. B. Beelner showed samples of existing and new customer web portal screens to illustrate the modern look and capability of the new customer portal.

The Board asked about data migration for the upgrade. B. Beelner responded that it will not require a full data conversion because it is an upgrade to the same software, albeit a new version. As such, the data migration risk will be relatively low. The Board asked if it was

a custom solution. B. Beeler responded that it is commercial off-the-shelf software. The Board asked how the customer web portal will be promoted. D. Lee, Public Utilities General Manager, responded that bill inserts are typically the primary method but other channels like social media can be used. There was discussion about a mobile app. Staff explained that the new customer web portal is browser-based and mobile-friendly. The City of Anaheim (City) has other apps, so adding a new one is something that would need to be carefully considered. The Board inquired about the costs. D. Lee and B. Beelner explained that the system includes more than just a customer web portal. There is a backend system that is complex, integrated with other systems, and includes many features including real-time credit checks, customer address validation to reduce returned mail, ability for customers to notate events on their usage charts, and other features. The backend effort is about seventy-five percent of the cost of the upgrade. The Board asked if the data in the new portal would be in real-time. B. Beelner responded that those customers with Advanced Meter Infrastructure (AMI) meters would be near real-time but not those with manual meters. Council Member G. Ma'ae asked how many customers are on AMI meters. D. Lee responded that there are around 75,000 of 120,000 AMI meters. Other than a small pilot, Water AMI meters have not been implemented. There are challenges with water AMI meters such as power and access, but it is a future initiative.

**8. QUARTERLY STATUS REPORTS ON CAPITAL IMPROVEMENT PROJECTS, MASTER AGREEMENTS, GENERAL SERVICES AGREEMENTS, AND SPOT BID AWARDS.**

M. Moore, Assistant General Manager – Water Services, provided an update on the Master Construction Agreements and CIP dashboard for Water Services for the period ending June 2022. The CIP dashboard shows over 95% of the Water Capital Improvement Program was encumbered or completed in fiscal year 2021/22. This is the most that Water Services has completed and reflects good cooperation between APU and the Public Works Contract Administrative team.

J. Lonneker, Assistant General Manager – Electric Services, provided an update on Electric capital projects. She explained that due to supply chain issues, there have been issues with sourcing equipment for projects and as a result, additional procurements of materials were made to try meet project needs.

**9. UPDATE ON ELECTRIC SYSTEM ITEMS.**

J. Lonneker shared with the Board that due to the relatively mild ambient temperatures and low wind speeds, power outages during

the month of July were contained to small areas with relatively short durations.

Additionally, J. Lonneker explained to the Board that engineering design to improve reliability along Harbor Boulevard, south of Katella Avenue, is underway and staff is currently obtaining the necessary easements. Long duration power outages to businesses in this area over the past years became a priority for upgrades to the electric system to improve reliability.

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

M. Moore provided an overview of the Water Supply dashboard. Water levels in the Colorado River continue to decline. Drought conditions will likely worsen next year as they enter additional short levels. Anaheim is currently at level 2 in its Water Shortage Contingency Plan, which limits outdoor irrigation to 3 days per week. APU has been actively sharing information about the watering restrictions to customers in their bills, outreach events, advertising in magazines and newspapers, and social media.

Water levels in the Walnut Canyon Reservoir in east Anaheim will continue to decline through the summer. APU purchases less imported water during the summer months and more in the winter months when water supply costs are less expensive. The reservoir will start to fill again in October.

The Board was notified of two upcoming events. The OC Water Summit, which will be held in Anaheim on September 18, and a Colorado River Aqueduct tour, which will be held on November 18-20.

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

B. Beelner discussed the monthly Finance dashboard with the Board. The year to date electric revenue through June, 2022 was 0.2% above budget (\$1.0M). Electric costs for the fiscal year to date fell below budget by 5.2% (\$19.8M) causing a net positive budget variance of \$20.8M. B. Beelner then mentioned that year to date water revenue was 1.5% (\$1.5M) above budget. However, water operating costs fell below budget by 8.0% (\$6.7M) causing a net positive budget variance of \$8.2M.

B. Beelner presented the Power Supply dashboard and discussed the higher than typical amount of wholesale energy purchases. These purchases were due to a reduction in conventional and renewable power, as natural gas prices have spiked recently, making Canyon Power Plant not economical to run as compared to the cheaper

wholesale market. B. Beelner then discussed the recent fire at Hoover Dam and its de minimis impact to APU.

The Board asked B. Beelner about the status of the Battery Energy Storage project. B. Beelner responded that proposals are due from contractors in September with the expectation that construction will occur in 2023 and operation will begin in 2024.

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

J. Lehman provided the Board an update on the Wholesale Energy Risk Management (ERM) Program's Quarterly Compliance report for the third quarter of FY 22. J. Lehman indicated that during this period there were no violations of the Wholesale ERM Program, and that all transactions were within the ERM requirements.

J. Lehman then provided an update on the Administration and Risk Services Dashboard where she highlighted three bills of interest and then reviewed the safety metrics for the month.

## **13. ITEMS BY SECRETARY.**

D. Lee, Public Utilities General Manager, mentioned that he will not be in attendance at the Board's next Regular Meeting on August 24, 2022, but that B. Beelner would serve as the Acting General Manager at the meeting.

D. Lee provided an update on the budget that was approved by City Council last month. APU's budget was approved with no exceptions taken. D. Lee thanked the Board for their review and City Council for their approval.

D. Lee shared the new water bottle label designs with the Board. The 2022 winners of the Water Bottle Label Art Contest were recognized by City Council.

D. Lee shared agenda items planned for next month:

- Approval of Department Orders (DO):
  - DO 105 – Processing City Council and Public Utilities Board Agenda Items
  - New DO – Procedure for Public Notification of Construction Projects
- Utility Success Indicators
- APU Response to Customer Arrearages Presentation
- Summer Internship Program Presentation



D. Lee shared photos of the 4<sup>th</sup> of July Event at Peralta Park. This event allows the community to see a different side of APU and gives employees a chance to engage with customers through bucket truck rides.

D. Lee updated the Board on APU's participation at the flashlight walk that took place at the multi-family residences near Euclid and La Palma. Council Member Moreno requested that several City Departments attend and provide information on different programs offered to residents. D. Lee shared photographs and added that APU is working on improving the lighting in this area.

#### **14. ITEMS BY BOARD MEMBERS**

A. Pham thanked M. Moore for taking him on a tour of APU water safety construction sites. A. Pham also thanked Water staff for their efforts to troubleshoot a water bill concern with his Homeowners Association and added that the Water meter technicians were very helpful.

M. Lee stated that he has heard over several meetings about the success of design-build for project delivery. M. Lee then discussed the community's concern regarding the need for more water and power instead of new housing. Due to the housing element requiring 17,000 units over the next 10 years, he asked how the City is balancing the need for housing with the resources the City has. D. Lee responded that water and power usage in the City is flat and, in some cases, declining due to conservation. There have been long-term benefits from conservation, such as turf and appliance replacement, and new developments are utilizing the latest building codes to increase efficiency. D. Lee confirmed that there have been no large spikes in water and electricity usage, even with electric vehicles and new developments, and the overall usage has been trending downward. M. Lee thanked APU for their overall response time to customer inquiries and for educating the public on utility markings.

N. Campos Kurtz thanked M. Moore for arranging tours of APU water safety construction sites; she has a better understanding of the importance of keeping APU employees safe and appreciated Water Inspection Supervisor, S. Noble, in emphasizing the importance of safety to his team and for taking safety seriously on water projects.

A. Abdulrahman asked about the status of the resident who contested his bill. A. Kott, Assistant City Attorney, responded that since the resident has filed a claim with the City, she can only confirm that APU is involved and working with the customer.

V. Baroldi thanked staff for providing information regarding electric vehicle rebates.

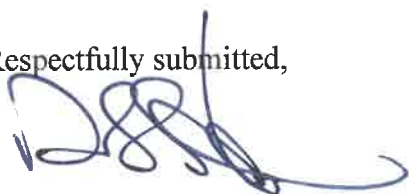
Council Member G. Ma'ae thanked M. Moore for providing a tour of the Groundwater Treatment Plant construction sites and added that she enjoyed seeing City employees at Center Greens Park on Employee Appreciation Day. While speaking with those in different Departments, she noted the sense of pride City employees have.

**15. ADJOURNMENT: (NEXT REGULAR MEETING ON AUGUST 24, 2022 AT 5:00 P.M.)**

M. Lee moved to adjourn the Regular Meeting in the Gordon Hoyt Conference Center at 6:35 p.m. to the Board's Regular Meeting date of August 24, 2022 at 5:00 p.m. A. Pham seconded the motion.

**MOTION 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.