

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**August 28, 2024**

The agenda having been posted on Thursday, August 22, 2024, the Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson John Seymour at 5:00 p.m. on Wednesday, August 28, 2024, in the Gordon Hoyt Conference Center, 2<sup>nd</sup> floor, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

**Board Members Present:** Chairperson John Seymour, Vice-Chairperson A. Abdulrahman, M. Lee, A. Pham, A. McMenamin, T. Ibrahim

**Board Members Absent:** T. Bilezikjian

**City Staff Present:** D. Lee, P. Starr, B. Beelner, C. Parker, J. Lonneker, J. Lehman, M. Avelino-Walker, A. Lee, T. Chen, M. Seifen, A. Nguyen, E. Krause, S. He, J. Wei, B. Fruchter, C. Pereyra, G. Galvan

**Guest(s) Present:** M. Hernandez, C. Hernandez

**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. APPROVE THE MINUTES OF THE REGULAR MEETING OF JULY 24, 2024. \***

M. Lee moved the Approval of the Minutes of the Regular Meeting of July 24, 2024.

A. McMenamin seconded the motion.

**MOTION CARRIED: 6-0.**

**ABSTAINED: 0.**

**ABSENT: 1.**

**[T. Bilezikjian]**

**3. RECOMMEND INTRODUCTION OF AN ORDINANCE AMENDING CHAPTER 1.04.310 AND ADDING CHAPTER 1.04.312 OF THE ANAHEIM MUNICIPAL CODE AUTHORIZING THE PUBLIC UTILITIES GENERAL MANAGER TO CONTRACT OR PROCURE EQUIPMENT, MATERIALS, SUPPLIES, AND SUPPORT SERVICES USED FOR EMERGENCY REPAIRS, OPERATING, MAINTAINING, AND CONSTRUCTING ELECTRIC AND WATER UTILITY**

A. Abdulrahman moved the Introduction and Adoption of the Ordinance Amending Chapter 1.04.310 and Adding Chapter 1.04.312 of the Anaheim Municipal Code and Approval of the Agreement with

**INFRASTRUCTURE, UP TO \$3,000,000 PER PROCUREMENT AWARD; AND APPROVE AN AGREEMENT WITH PROCUREABILITY, INC. FOR STRATEGIC SOURCING AND PROCUREMENT SERVICES FOR A FIVE-YEAR TERM AND TWO (2) OPTIONAL TWO-YEAR EXTENSIONS, IN AN AVERAGE ANNUAL NOT-TO-EXCEED AMOUNT OF \$1,503,704, PLUS 15% FOR AS-NEEDED EXTRA SERVICES. \***

ProcureAbility, Inc. A. Pham seconded the motion.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1.**  
**[T. Bilezikjian]**

A. Nguyen, Utilities Financial Planning Manager, provided an overview of the recommended actions, describing how the global supply chain challenges have increased lead times, resulting in price volatility and difficulty securing equipment purchases, and how APU is at a disadvantage when competing with larger utilities for equipment in short supply. A. Nguyen briefed the Board on three main strategies that included consolidating equipment purchases with other municipal utilities to increase buying power; sourcing equipment and materials globally due to insufficient domestic production; and contracting with an experienced procurement services firm with a global network of suppliers.

Explaining how to implement these strategies, A. Nguyen proposed limited, delegated purchasing authority so that purchases up to \$3 million could be expedited and orders placed to secure equipment. This requested authority is not unlike wholesale power purchases through the spot market, where speed of decision-making is necessary to supply power when needed.

A. Nguyen also described the process of engaging with a qualified procurement services firm, indicating that after a two-stage solicitation process, staff ranked ProcureAbility with the highest evaluation score, reflecting the firm's experience with both investor-owned and publicly owned utilities, and their ability to source globally and consolidate purchases.

The Board inquired whether sole source purchases were included as part of the Anaheim Public Utilities' (APU) proposed delegated purchasing authority. A. Nguyen clarified that it was not and that any sole source purchases would still require City Council approval. The Board asked how staff formulated the transaction limit. D. Lee, Public Utilities General Manager, explained that the transaction limit mirrored the APU's design-bid authority and also represented an amount needed to purchase a sufficient quantity of critical equipment.

- 4. APPROVE A LICENSE AND SERVICES AGREEMENT WITH INORIA INC., WHICH IS IN SUBSTANTIALLY FINAL FORM, THE FINAL FORM OF WHICH SHALL BE CONCLUSIVELY EVIDENCED BY THE EXECUTION AND DELIVERY THEREOF, FOR A FIVE (5) YEAR AND FOUR (4) MONTH TERM FOR CONTACT CENTER SOLUTION LICENSE SUBSCRIPTIONS, TELEPHONE CARRIER, AND SUPPORT**

M. Lee moved the Approval, in substantial form, of the License and Services Agreement with Inoria Inc. and the Approval, in substantial form, of the Implementation Services

**SERVICES IN AMOUNTS NOT TO EXCEED AN ANNUAL AVERAGE OF \$260,000, AN ANNUAL CONTINGENCY OF 20%, AN ANNUAL ALLOWANCE NOT TO EXCEED \$75,000 FOR AS-NEEDED PROFESSIONAL SERVICES, ALLOWING UNUSED ANNUAL ALLOWANCE TO CARRY OVER TO THE FOLLOWING YEAR; AND UP TO FIVE (5) ONE-YEAR EXTENSIONS, AS LONG AS COSTS DO NOT EXCEED 5% OVER THE PRIOR YEAR'S COSTS, AND APPROVE AN IMPLEMENTATION SERVICES AGREEMENT WITH CARAHSOFT CORPORATION TO UPGRADE THE CUSTOMER SERVICE CONTACT CENTER SOLUTION AT NO COST. \***

Agreement with Carahsoft Corporation. T. Ibrahim seconded the motion.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1.**  
**[T. Bilezikjian]**

J. Lehman, Assistant General Manager – Administration & Risk Services, briefed the Board on the agreements for services needed to upgrade and maintain the Customer Service telephone and contact center management system, which includes Interactive Voice Response system (IVR). The current system, provided by Genesys Cloud Services, Inc., was near its end of life and would soon no longer be supported. J. Lehman explained the need for the system for communications with customers.

The Board inquired if APU ran into any challenges working with a company that is not located in the United States. J. Lehman shared that staff confirmed that they are approved to work in California and meet all of the licensing requirements. The Board asked if the software has accessibility services. B. Fruchter, Enterprise Information Technology Manager, said he will look into the services provided and get back to the Board. The Board inquired what the systems specifically include. J. Lehman shared that it includes the telephones, IVR, as well as tools that allow for staff scheduling based on past call volumes, and other features.

Staff will review accessibility features and inform the Board.

**5. APPROVE A SOFTWARE SERVICES AGREEMENT WITH POWER MARKET CONSULTING, INC., WHICH IS IN SUBSTANTIALLY FINAL FORM, THE FINAL FORM OF WHICH SHALL BE CONCLUSIVELY EVIDENCED BY THE EXECUTION AND DELIVERY THEREOF, FOR HIGH VOLTAGE TRANSMISSION ANALYTICS SOFTWARE AND RELATED SERVICES WITH AN INITIAL TERM OF FIVE (5) YEARS AND FIVE (5) ONE-YEAR EXTENSION OPTIONS, FOR A NOT-TO-EXCEED AMOUNT OF \$26,000 FOR IMPLEMENTATION SERVICES, AN AVERAGE ANNUAL SUBSCRIPTION COST OF \$135,000 PER YEAR FOR THE INITIAL TERM, PLUS A 10% CONTINGENCY DURING THE TERM, AND ALLOWING SUBSCRIPTION FEE AND CONSULTANT RATE INCREASES OF UP TO 14.83% FOR THE FIRST EXTENSION, AND 5% DURING ANY SUBSEQUENT EXTENSION. \***

A. Abdulrahman moved the Approval, in substantial form, of the Software Services Agreement with Power Market Consulting, Inc. A. McMenamin seconded the motion.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1.**  
**[T. Bilezikjian]**

B. Beelner, Assistant General Manager – Finance and Energy Resources, briefed the board on the Software Services Agreement with Power Market Consulting, Inc. (PMCI), to provide High Voltage Transmission Analytics Software and related services at an average annual subscription cost of \$135,000 per year.

APU staff issued a Request for Proposals (RFP) for transmission analytics software and related consulting services for Congestion Revenue Rights (CRRs) due to the highly specialized software, PMCI was the only proposal received by APU.

B. Beelner explained that the software allows APU to select the optimal transmission paths to offset transmission congestion costs, reducing overall costs to supply power to Anaheim. The proposal was evaluated and met the RFP requirements and APU is recommending an agreement with PMCI for a five-year term with five one-year optional extensions.

The Board inquired how much the \$135,000 software saves APU.

E. Krause, Integrated Resources Manager, responded that the software allows APU to offset approximately \$4 million in congestion cost annually. E. Krause elaborated that without such software, it would be difficult and time-consuming work utilizing spreadsheets and limited data, resulting in much lower offsets.

- 6. APPROVE AN AGREEMENT WITH DOBLE ENGINEERING COMPANY TO LEASE POWER FACTOR TEST SET EQUIPMENT AND PERFORM DISSOLVED-GAS-ANALYSIS LABORATORY TESTING SERVICES TOGETHER WITH A SUBSCRIPTION FOR ASSOCIATED DATA MANAGEMENT SOFTWARE, FOR AN INITIAL TERM OF FIVE (5) YEARS WITH FIVE (5) ONE-YEAR OPTIONAL RENEWALS, AT AN AVERAGE NOT-TO-EXCEED COST OF \$60,588 PER YEAR FOR THE INITIAL TERM AND AN AVERAGE NOT-TO-EXCEED COST OF \$71,412 PER OPTIONAL RENEWAL YEAR, WITH A 15% CONTINGENCY FOR AS-NEEDED EXTRA SERVICES. \***

A. Pham moved the Approval of an Agreement with Doble Engineering Company.

A. Abdulrahman seconded the motion.

**MOTION CARRIED: 6-0.**

**ABSTAINED: 0.**

**ABSENT: 1.**

**[T. Bilezikjian]**

J. Lonneker, Assistant General Manager – Electric Services, informed the Board of the need to conduct periodic maintenance testing on the high voltage equipment insulation system to determine its rate of deterioration. Industry standards for testing the insulation is called a Power Factor Test (PF) and Dissolved Gas Analysis (DGA). These tests indicate the level of moisture within the equipment and if elevated gas levels exist which can breakdown the integrity of the insulating oil.

The agreement for testing services with Doble Engineering Company (Agreement) includes leasing the testing equipment including annual calibration and maintenance, coupled with software that contains an extensive library of data and algorithms to identify trending anomalies present in the insulation along with temperature variation and status of

cooling equipment. This data is accessed through a cloud-based portal for APU substation crews to access and plan maintenance. J. Lonneker explained that the terms and conditions of the Agreement for the first five years includes a fixed cost component for initial set up, the cost of the leased equipment and engineering support for calibration and software analysis plus a lab testing component which includes a menu of varying tests specific to the type of equipment and therefore established a not-to-exceed annual cost of \$60,588 for the initial term plus a 15% contingency. J. Lonneker added that after the first five years, there is an option to renew the contract annually up to an additional five years.

The Board asked how many pieces of equipment this includes. Staff responded that there is one that is rotated between substations, which is sufficient for the scope of services requested.

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

J. Lonneker updated the Board on recurring outages on Country Club Lane due to underground direct buried cable failures. There is an ongoing replacement project, which is under construction. Due to multiple outages, generators were put in place until the completion of the cable replacement work in approximately two weeks.

J. Lonneker shared with the Board a video of substation maintenance work performed by APU crews known as Hot Washing which prevents electrical arcing due to dust buildup. J. Lonneker explained that water from APU's Canyon Power Plant, which is purified from the Orange County Water District's (OCWD) groundwater replenishment system, is used for this purpose.

The Board inquired about an outage that occurred the prior week. J. Lonneker explained that it was caused by Mylar balloons.

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

C. Parker, Assistant General Manager – Water Services, stated that the Orange County Groundwater Basin is in good shape and that OCWD is currently preparing the recharge basins for the next storm season. The State Water Project (SWP) is in good condition. There was a fire near Lake Oroville, but no there was no damage to the lake facilities. The Metropolitan Water District of Southern California's (MWD) share of the SWP will have a 400-thousand-acre feet (TAF) carryover to next year, which means this water can be put into SWP storage for future use. There is not much change on the Colorado River Basin – the seven states are still negotiating a deal to use less water. MWD will be putting about 300 TAF into their own storage this year, which means overall storage may increase to 3.7-million-acre feet (MAF), which is a little less than three years of water use for MWD. MWD also started to look at revising their rate structure due to less demand. Member agencies, such as APU, have been asked to participate in these discussions.

C. Parker announced that he and J. Hester, Water Engineering Manager, have been asked to present at a Per- and polyfluoroalkyl substances (PFAS) American Water Works Association (AWWA) Conference in Chicago in December. This presentation will provide other agencies information before they start their groundwater treatment programs.

Lastly, C. Parker reported that Water Operations assisted Anaheim Fire and Rescue (AFR) in fighting the fire that occurred near Ball Road and State College Boulevard. AFR requested more water pressure, so Water Operations turned on an MWD turnout to provide the necessary water pressure to fight the fire. The Board asked if Water Operations has had to turn on an MWD turnout before to fight a fire. C. Parker stated that he was not aware of a prior incident.

## **9. UPDATE ON FINANCE AND ENERGY RESOURCES ITEMS.**

B. Beelner discussed the monthly Finance Dashboard with the Board through July 2024. B. Beelner mentioned that year to date electric operating expenditures were 37.9% (\$16.6 M) was 4.9% (\$17.7M) below budget primarily due to lower fuel and power supply costs. B. Beelner informed the Board that natural gas prices have been seasonally low for the summer causing APU to run the Canyon Power Plant more than normal at lower cost. Additionally, wholesale power costs have also been lower than normal for the summer allowing for APU to purchase wholesale power at lower-than-expected costs.

The Board inquired on the status of the Canyon Unit 1 repairs.

B. Beelner responded that bids have been received from the RFP issued and the winning bidder may be able to complete the work sooner than anticipated, but there is no guarantee of that happening. The Board then asked about the status of the Roadhouse Energy Storage Project and B. Beelner responded that groundbreaking will occur in approximately a month and is planned to be online by 2027 to replace the capacity lost with APU's exit from Intermountain Power Project.

B. Beelner then discussed the recent bond financing with the Board and stated that the electric bond re-financing reduced future interest costs by approximately \$18 million with the majority of those savings occurring between the years of 2040-2045, D. Lee reminded the Board that APU anticipated savings of approximately \$7 million, so this re-financing exceeded expectations.

## **10. UPDATE ON ADMINISTRATION AND RISK SERVICES ITEMS.**

J. Lehman provided the Board with an update on the Internal Compliance Plan. J. Lehman provided information on the settlement with the South Coast Air Quality Management District (SCAQMD) regarding four violations at the Canyon Power Plant in 2022 and 2023. Three of the violations were related to minor incidents that occurred during operations and maintenance, and the fourth was related to running the power plant during a grid emergency in 2022 at the request

of the Governor's office. J. Lehman shared that when the operational violations were first reported that the plant operators were retrained, and that there have not been any similar occurrences. The total settlement amount was \$4,836.

J. Lehman provided an update on the Administration and Risk Services Dashboard and shared upcoming key dates in the remaining weeks of the legislative session, and discussed the following active bills:

- AB 1820, AB 3012, SB 1210 – Housing Development Fee Estimates: these bills are being watched by APU;
- AB 2561 – Local Public Employees: Vacant Positions: this bill is being watched by APU; and
- AB 1834 – Energy Market Design Clean-Up: this bill is being supported by APU.

J. Lehman then reviewed the safety metrics and shared that there had been two minor injuries during the reporting period. APU continued to meet its safety metrics, and training helps raise attention to safety matters.

## **11. ITEMS BY SECRETARY.**

D. Lee shared agenda items for next month:

- Public Hearing and Approval of Underground District Formation;
- Ordinance regarding the removal of Overhead Telecommunication Facilities on Underground Projects;
- FY 2024 Utilities Success Indicators; and,
- Water Quality Testing Agreement.

D. Lee shared the following updates:

- Board Members will receive an invitation from the City Clerk's office for a Boards and Commissions appreciation dinner, which is scheduled for October 15<sup>th</sup>;
- APU attended National Night Out that was hosted by the Anaheim Police Department;
- APU added streetlights to existing utility poles and installed new streetlights to replace aging ones; APU hosted a lighting distribution event where Dusk to Dawn lights were distributed to area residents;
- A community meeting was held at the request of residents at a new development on Euclid and Lincoln; APU, Police, Code Enforcement and Housing participated to talk about ways in assisting with their concerns with lighting, homelessness, and safety;
- The City hosted one of its Sister Cities – Mito, Japan where Junior High students came to participate and stayed with a number of residents in Anaheim and toured the electric control room;

- APU staff attended Back-to-School events to support local students;
- Sustainability Education Center – grading activities have started and the construction will take about a year; and,
- Boysen Park – as part of the groundwater treatment program, Water Services staff collaborated with the Parks Division to make improvements to the existing well site and screen the new treatment vessels.

Lastly, D. Lee requested that the Board meeting be closed in memory of Kathie Hornick, a 24-year APU employee who worked in the Electric Services Division as a Senior Office Specialist.

**12. ITEMS BY BOARD MEMBERS.**

A. Pham thanked APU for participating in community events; there was a huge turnout for the back-to-school event and appreciates APU’s support of students and residents.

M. Lee recognized J. Lonneker for reaching out to him with regards to a power outage; he appreciated the communication.

A. Abdulrahman thanked J. Lonneker for her updating the community and keeping the Board updated on power outages.

J. Seymour inquired who was responsible for the median landscaping on Santa Ana Canyon Road; J. Lonneker responded that the Public Works Department was responsible for the landscaping and APU provided support by running electric service to irrigation controllers.

**13. ADJOURN: (NEXT PUBLIC HEARINGS/REGULAR MEETING ON SEPTEMBER 25, 2024, AT 5:00 P.M.)**

A. Abdulrahman moved to Adjourn the Regular Meeting in the Gordon Hoyt Conference Center at 6:18 p.m. to the Board’s Public Hearings/Regular Meeting date of September 25, 2024, at 5:00 p.m. T. Ibrahim seconded the motion.  
**MOTION CARRIED: 6-0.**  
**ABSTAINED: 0.**  
**ABSENT: 1.**  
**[T. Bilezikjian]**

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 the City Clerk and City Council for informational purposes.