

**CITY OF ANAHEIM
PUBLIC UTILITIES BOARD**

MINUTES

March 27, 2024

The agenda having been posted on Wednesday, March 20, 2024, the Regular Meeting of the Public Utilities Board (Board) was called to order by Vice Chairperson A. Abdulrahman at 5:00 p.m. on Wednesday, March 27, 2024, in the Gordon Hoyt Conference Center, 2nd floor, Anaheim West Tower, 201 S. Anaheim Blvd., Anaheim, California.

Board Members Present: Vice-Chairperson A. Abdulrahman, M. Lee, T. Bilezikjian, T. Ibrahim, A. McMenamin

Board Members Absent: Chairperson J. Seymour, A. Pham

City Staff Present: D. Lee, B. Mendoza, J. Lonneker, B. Beelner, J. Lehman, C. Parker, M. Avelino-Walker, T. Chen, A. Lee, A. Flores, K. Meland, J. McGrath, J. Sanks, M. Seifen, I. Haggins, R. Pizarro, S. Noble, A. Nguyen

Guest(s) Present: Maritza Pizarro, Sofia Pizarro, Thuan Nguyen, Teaching Assistant, California State University, Fullerton

Recognition: C. Parker, Assistant General Manager – Water Services, recognized R. Pizarro, Water Utility Inspector, for performing above and beyond. R. Pizarro was traveling on Anaheim Boulevard on a rainy morning in February and saw that a vehicle had collided with a tree, pulled over and put safety devices in the road to alert traffic of the accident. R. Pizarro then stayed with the driver until Anaheim Fire and Rescue arrived to assist the driver.

AGENDA ITEM

ACTION TAKEN

1. PUBLIC COMMENTS.

There being no electronic or oral public comments, Vice Chairperson A. Abdulrahman closed the public comments portion of the meeting.

2. APPROVE THE MINUTES OF THE PUBLIC HEARINGS/REGULAR MEETING OF FEBRUARY 28, 2024. *

M. Lee moved the Approval of the Minutes of the Public Hearings/Regular Meeting of February 28, 2024.

T. Bilezikjian seconded the motion.

MOTION CARRIED: 5-0.

ABSTAINED: 0.

ABSENT: 2. [Chairperson J. Seymour and A. Pham]

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

J. Lehman, Assistant General Manager – Administration and Risk Services, introduced J. Sanks, Environmental Services and Safety Manager, to provide a presentation of the Anaheim Public Utilities (APU) Safety Program and a review of safety performance during 2023.

J. Sanks shared that APU received a safety award from the National Safety Council and American Public Power Association. J. Sanks described some of the safety hazards faced by APU workers and the public. J. Sanks shared the elements of a safety program, which includes training, inspections, incident review, and process improvements.

J. Sanks provided an overview of APU's injury rates during the last year and noted that injury rates had decreased since 2022 and were below industry averages. J. Sanks also pointed out that near miss and close call reports continued to increase, which were signs of an improving safety culture. J. Sanks described the two lost time injuries that occurred in 2023 and said that APU was implementing training focused on lifting and trip hazards in response to the injury causes.

J. Sanks described a previous incident where an APU backhoe struck a gas line, causing a fire and damage to the backhoe. J. Sanks described how the gas pipe was offset from its marked location and large cobbles in the ground made it difficult to expose the pipe. Although no injuries were reported, J. Sanks presented responses that were taken by APU after the incident, including improved pre-job safety meetings, refresher training, improved review and documentation of utility marks, and plans to obtain a second vacuum excavation truck.

J. Sanks then described APU's improving safety culture and explained training requirements for working in traffic. APU is planning to contract with a traffic control firm to assist with temporary traffic control in busy work areas.

The Board asked if cardiopulmonary resuscitation (CPR) training is offered to employees. J. Sanks responded that CPR training is provided to all field staff and is also offered to office staff on a voluntary basis. The Board asked for clarification regarding what the numeric safety metrics represent. J. Sanks responded that the number represents incident rates, which consider the number of incidents and total hours worked by employees, as a means to compare safety performance between workplaces with different numbers of employees.

4. APPROVE IN SUBSTANTIAL FORM AN AGREEMENT WITH CALIFORNIA STATE UNIVERSITY, FULLERTON AUXILIARY SERVICES CORPORATION FOR A COLLEGE INTERNSHIP PROGRAM. *

M. Avelino-Walker, General Services Officer, provided a presentation on APU's internship program with California State University, Fullerton (CSUF). M. Avelino-Walker summarized that the current agreement with CSUF is set to expire this month and has been successful in providing internship opportunities for 16 students, of which five have gained full time employment in the city, and two are currently part time interns. The new agreement's term is for up to five years and includes an increase from \$20 per hour to \$22 per hour.

At the conclusion of the presentation, M. Avelino-Walker invited A. Flores, Assistant Power Engineer, J. McGrath, Assistant Power Engineer, I. Haggins, Administrative Intern, and K. Meland, CSUF Intern, to share their experiences with the internship program.

The Board encouraged the interns to make a similar presentation to current CSUF students. A. Flores stated he has been invited to speak on a panel at CSUF.

5. APPROVE IN SUBSTANTIAL FORM FIVE INTERRELATED AGREEMENTS FOR THE CITY'S PARTICIPATION FOR UP TO 30 YEARS IN A PREPAY RENEWABLE ENERGY TRANSACTION FOR THE PURPOSE OF COST SAVINGS: A CLEAN ENERGY PURCHASE CONTRACT, TWO LIMITED ASSIGNMENTS OF EXISTING RENEWABLE POWER PURCHASE AGREEMENTS, A CUSTODIAL AGREEMENT, AND A LETTER AGREEMENT. *

B. Beelner, Assistant General Manager – Finance and Energy Resources, presented to the Board a proposal that would allow APU to potentially save approximately \$3.5 million per year on two renewable energy contracts that Anaheim currently has in its portfolio. APU has contracted for renewable power from two landfill gas plants in Orange County, one at the Olinda Alpha Landfill in Brea and one at the Frank R. Bowerman Landfill in Irvine. Collectively these two plants provide approximately 50 megawatts (MW) of power and cost approximately \$35 million per year. B. Beelner informed the Board that an Internal Revenue Service (IRS) approved financing strategy exists where APU can leverage its tax-exempt status through the Southern California Public Power Authority (SCPPA) to issue tax-exempt bonds to prepay the costs of the power associated with the plants. This prepayment will be invested so that APU can share in those

T. Bilezikjian moved the Approval of the Agreement with California State University, Fullerton Auxiliary Services Corporation for a College Internship Program.

A. McMenamin seconded the motion.

MOTION CARRIED: 5-0.

ABSTAINED: 0.

ABSENT: 2. [Chairperson J. Seymour and A. Pham]

T. Bilezikjian moved the Approval of the Agreements for the City's participation for up to 30 years in a prepay renewable energy transaction for the purpose of cost savings.

T. Ibrahim seconded the motion.

MOTION CARRIED: 5-0.

ABSTAINED: 0.

ABSENT: 2. [Chairperson J. Seymour and A. Pham]

investment earnings thereby reducing the overall costs of the renewable energy contracts by approximately \$3.5 million per year.

To take advantage of this strategy, APU would seek approval from City Council to assign the renewable energy contracts to SCPPA with a corresponding Clean Energy Purchase Contract (CEPC) that allows APU to purchase the renewable energy back at a discounted price while maintaining all original energy quantities and green energy attributes afforded by the current contracts.

B. Beelner discussed with the Board how this financing opportunity has been used by several other California utilities, including SCPPA members, saving their respective customers anywhere from 9.5% to 13% depending on specific market conditions. B. Beelner mentioned that if the savings afforded by the prepayment drops below 5% in the future, APU would have the option to exit the prepayment structure.

D. Lee, Public Utilities General Manager, mentioned that APU's Risk Management team has fully vetted this structure and that APU has many offramps to exit the structure to ensure no customer impact in the event of a bankruptcy or other unforeseen issue between the various counterparties.

The Board inquired about the green nature of the methane in the landfill gas. B. Beelner shared that the State of California considers the power to be from an eligible renewable source as landfill gas plants actually reduces the carbon footprint of landfills.

6. APPOINTMENT OF UP TO 3 MEMBERS TO THE STUDENT SCHOLARSHIP *AD HOC* SELECTION COMMITTEE. **

APU requested up to three Board Members to participate in an *ad hoc* Selection Committee for the 2024 Student Scholarship Program. The Committee will end in May 2024. Vice-Chairperson Abdulrahman appointed Board Members M. Lee, T. Bilezikjian, and T. Ibrahim.

7. UPDATE ON ELECTRIC SYSTEM ITEMS.

J. Lonneker, Assistant General Manager – Electric Services, shared with the Board an opportunity to attend the Institute of Electrical and Electronics Engineers (IEEE) Power & Energy Society (PES) Transmission and Distribution Conference and Exhibition at the Anaheim Convention Center from May 6-9th. There will be over 800 exhibitors displaying new technology, products, and real-world applications that are leading the

industry. J. Wei, Electric Systems Planning Manager, is participating on the committee to provide conference attendees from across the nation with tours of various APU substations. APU staff will follow up with an invitation to the Board to attend the floor exhibits.

8. UPDATE ON WATER SYSTEM ITEMS.

C. Parker briefed the Board on the current water supply conditions. The Orange County Groundwater Basin is in good shape and the rainfall to date is about average. Orange County Water District (OCWD) has successfully captured most of the stormwater in the local recharge basins. The State Water Project (SWP) has had average rain and snow conditions and is currently at 30% allocation. This will allow the Metropolitan Water District of Southern California (MWD) to store water with this condition. C. Parker also shared that if the Delta Conveyance Project, the tunnel going around the delta in northern California to mitigate environmental issues, had been constructed that the state could have conveyed an additional 700,000 acre-feet of water this year. This equates to about half of how much MWD uses each year. The Colorado River has had an average snow pack this year.

The Upper Basin and Lower Basin recently submitted different conservation proposals to the Bureau of Reclamation (Bureau). The Bureau will now evaluate the proposals and determine a compromise.

C. Parker shared that the Lenain Water Treatment Plant was recently shutdown for annual maintenance. All essential maintenance is ahead of schedule and field staff was able to test the backup electrical generator.

The Board asked how handling MWD's excess water is prioritized. C. Parker explained that MWD prioritizes the storage options. Storage will be prioritized to Diamond Valley Lake. The second priority is putting water into local groundwater basins. The remaining water could include water exchanges and SWP carryover to following years.

The Board asked the status of the Groundwater Treatment Plants. C. Parker shared that Boysen Park Well came online recently and the Katella Well will be coming online soon. The remaining well sites should be online by Summer 2024.

9. UPDATE ON FINANCE AND ENERGY RESOURCES ITEMS.

B. Beelner provided the Board with the Finance Dashboard for the Fiscal Year to Date through February 29, 2024. B. Beelner

pointed out the continuing softness in electric retail sales and how slow industrial sales have been a contributing factor. B. Beelner informed the Board that APU would research the reduction in industrial sales and report back with an analysis.

B. Beelner then discussed the Power Supply Dashboard for the Fiscal Year to Date through February 29, 2024. B. Beelner noted that continued lows in natural gas prices contributed to budget savings and identified the importance of the landfill gas contracts and how the landfills contributed over 60% of APU's renewable power in February 2024.

10. UPDATE ON ADMINISTRATION AND RISK SERVICES ITEMS.

J. Lehman briefed the Board on the Wholesale Energy Risk Management (ERM) Program's Quarterly Compliance report. J. Lehman highlighted that during this period a monthly planning document submission to the California Independent System Operator (CAISO) was late by two days, resulting in a penalty. Appropriate corrective actions have been taken, including staff training to ensure this does not occur again. J. Lehman shared that all transactions complied with the ERM program requirements.

J. Lehman briefed the Board on the Administration and Risk Services' Dashboard and mentioned that while currently over 200 bills were being tracked, many of these were new bills that replaced bills that failed to meet legislative deadlines. Many of these new bills are spot bills that do not have sufficient detail yet. J. Lehman stated that the Legislature returns from its Spring Recess on April 1, 2024, and that the legislative session will start in earnest and move quickly.

J. Lehman then highlighted the safety section of the Dashboard, noting that there had been no reportable injuries during the reporting period, and that training continues to be a key focus in helping to prevent accidents. APU is currently meeting its safety metrics.

11. ITEMS BY SECRETARY.

D. Lee shared agenda items planned for next month:

- Proposed Fiscal Year 2025 Budget Presentation
- Appointment of Members to the Bottled Water Art *ad hoc* Selection Committee
- Posting of 2024 Water Quality Report
- Professional Services Agreement for an Energy Trading and Risk Management System Software
- Energy Storage Agreement

D. Lee shared photos from recent community and student engagement initiatives. They included:

- APU made temporary repairs to streetlights that were affected due to copper wire theft; APU added streetlights in an alley nearby; Dusk to Dawn lights were distributed to the area residents
- APU staff attended a Community Resource Fair at Savanna High School which provided opportunities to test drive electric vehicles and provided paper shredding for residents, in which over two tons were shredded
- APU staff attended a community egg hunt at the YMCA Youth Park
- APU staff conducted water quality science experiments at the Tiger Wood's Learning Center with the Centralia Elementary School District who was hosting a Career Leadership Summit for 4-6th grade students

12. ITEMS BY BOARD MEMBERS.

There being no items by Board Members, Vice Chairperson A. Abdulrahman moved to the adjournment of the meeting.

13. ADJOURN: (NEXT REGULAR MEETING ON APRIL 24, 2024 AT 5:00PM)

T. Bilezikjian moved to adjourn the Regular Meeting in the Gordon Hoyt Conference Center at 6:24 p.m. to the Board's Regular Meeting date of April 24, 2024 at 5:00 p.m.

A. McMenamin seconded the motion.

MOTION CARRIED: 5-0.

ABSTAINED: 0.

ABSENT: 2. [Chairperson J. Seymour and A. Pham]

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.