

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**January 24, 2024**

The agenda having been posted on Thursday, January 18, 2024, the Regular Meeting of the Public Utilities Board (Board) was called to order by Chairperson J. Seymour at 4:59 p.m. on Wednesday, January 24, 2024, 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 A. Abdulrahman, M. Lee, A. Pham, T. Bilezikjian, A. McMenamain, T. Ibrahim

**Board Members Absent:** None

**City Staff Present:** D. Lee, A. Kott, P. Starr, J. Lonneker, B. Beelner, J. Lehman, C. Parker, M. Avelino-Walker, T. Castaneda, A. Lee, T. Chen, B. Mendoza, J. Reyes, M. Brownrigg, M. Seifen, A. Nguyen, Y. Ceniceros

**Guest(s) Present:** Mayor Pro Tem, N. Campos Kurtz, District 4; Council Member S. Faessel, District 5; Dr. Vidal Valdez, Principal, Anaheim Elementary School District; Belinda Gordillo, Communications Coordinator, Anaheim Elementary School District; Savannah L., Student, Ponderosa Elementary School; Samuel Luis, Anaheim Resident; Mariana Ruiz, Anaheim Resident

**Recognition:** D. Lee, Public Utilities General Manager, recognized A. Kott, Assistant City Attorney, who is retiring in February after 24 years with the City of Anaheim (City). Council Member S. Faessel shared his gratitude for A. Kott's work during her time with the City. The Board wished A. Kott well in retirement.

**AGENDA ITEM**

**ACTION TAKEN**

**1. RECOGNITION: THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD) WATER POSTER CONTEST WINNER.**

C. Parker, Assistant General Manager – Water Services, recognized Savannah L., a student at Ponderosa Elementary School, for her water-wise artwork that was selected by the Metropolitan Water District of Southern California (MWD). The artwork is included in the MWD 2024 Student Art Calendar for the month of January. Mayor Pro Tem N. Campos Kurtz and Council Member S. Faessel, MWD Director, congratulated Savannah L. for her artwork.

**2. PUBLIC COMMENTS.**

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

**3. APPROVE THE MINUTES OF THE REGULAR MEETING OF DECEMBER 20, 2023. \***

M. Lee moved the Approval of the Minutes of the Regular Meeting of December 20, 2023. A. McMenamain seconded the motion.  
**MOTION CARRIED: 7-0.**  
**ABSTAINED: 0.**  
**ABSENT: 0.**

**4. PRESENTATION: PREPARING FOR TRANSPORTATION ELECTRIFICATION.**

D. Lee briefed the Board on Anaheim Public Utilities' (APU) plan to prepare for transportation electrification. APU developed a task force that meets periodically to discuss various initiatives. Three key drivers moving this initiative forward are environmental policies, market investments, and consumer and commercial adoption. APU's Electric Vehicle (EV) Task Force is monitoring the industry and implementing customer programs, grid enhancements, and regulatory compliance.

When preparing for electrification, APU staff considers grid enhancements, which includes substation rehabilitation and expansions, new circuits and line extensions, equipment upgrades, as well as physical and cyber security improvements. APU is transitioning its fleet and currently has 31 EVs; electric bucket trucks and vans are on order.

Funding sources to prepare for electrification include State emissions credits from the Low Carbon Fuel Standard (LCFS) program for the majority of customer programs, APU electric funds to pay for system upgrades, public benefit funds to be utilized as LCFS funds are reduced over time, and grants.

The Board inquired about the impact electrification will have on the electric system. D. Lee shared that parts of the City will have larger load centers due to public charging depots, fleets, or other high usage, and they will require more capacity in those areas. Overall, the City will have offsetting load from energy conservation, solar, and building code efficiencies.

The Board inquired where the LCFS funds come from; staff responded that emissions credits are procured by entities, such as refineries, and provided to clean fuel providers such as electric utilities.

**5. APPROVE A MONITORING AND MAINTENANCE AGREEMENT WITH BORREGO ENERGY, LLC FOR SOLAR PHOTOVOLTAIC (PV) SYSTEMS OPERATED BY ANAHEIM PUBLIC UTILITIES, IN AN ANNUAL AMOUNT OF \$125,000 PER YEAR WITH ROLLOVERS OF UNSPENT FUNDS TO SUBSEQUENT YEARS AND AN ANNUAL CONSUMER PRICE INDEX ESCALATOR, FOR A TERM OF FIVE YEARS WITH UP TO FIVE ONE-YEAR, OPTIONAL EXTENSIONS. \***

B. Beelner, Assistant General Manager – Finance and Energy Resources, explained the Monitoring and Maintenance Agreement (Agreement) between the City and Borrego Energy, LLC (Borrego) to provide monitoring and maintenance of ten locally owned solar photovoltaic (PV) systems in Anaheim, totaling four (4) Megawatts (MW), including the Anaheim Convention Center.

In 2023, APU staff issued a Request for Proposals (RFP) for a vendor to monitor, operate, and maintain these solar PV systems. APU only received one proposal. The timeframe was extended to allow for other bidders; however, no other bids were received as other vendors were too busy with other projects.

B. Beelner explained that the proposal was evaluated and met the RFP requirements, and staff is therefore recommending an Agreement with Borrego for a five-year term with five one-year optional extensions. Borrego’s annual base cost of \$73,000 is for the annual maintenance, monitoring, and washing of panels. The contract allows up to \$125,000 per year with funds rolling over to cover unexpected repairs that arise.

The Board inquired how long Borrego has been in business. M. Brownrigg, Product Development Specialist, responded that it was about thirty years. The Board inquired if Borrego’s costs are reasonable and what others are paying. M. Brownrigg responded that a recent National Renewable Energy Laboratory (NREL) report states costs for monitoring and maintaining solar energy systems range from \$18-\$28 per kilowatt (kW) of solar installed. The proposed costs for this Agreement are currently at \$18.5 per kW.

M. Brownrigg shared that due to the project’s size and scope, there are economies of scale keeping pricing on the lower end of the NREL range. The Board further inquired if Borrego is currently performing work in a satisfactory manner; staff responded that there are no performance issues with Borrego.

T. Bilezikjian moved the Approval of the Agreement for Monitoring and Maintenance with Borrego Energy, LLC. A.

Abdulrahman seconded the motion.

**MOTION CARRIED: 7-0.**

**ABSTAINED: 0.**

**ABSENT: 0.**

**6. APPROVE AN AGREEMENT REGARDING THE ASSIGNMENT OF EXTRAORDINARY SUPPLY FROM THE SANTA ANA RIVER CONSERVATION AND CONJUNCTION USE PROGRAM FOR A TERM OF 61 YEARS AMONG THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, MUNICIPAL WATER DISTRICT OF ORANGE COUNTY, ORANGE COUNTY WATER DISTRICT, THE CITY OF ANAHEIM, THE CITY OF FULLERTON, AND THE CITY OF SANTA ANA. \***

C. Parker explained the Agreement regarding the Assignment of Extraordinary Supply (Agreement) that will allow surplus water during wet years to be stored in the Orange County Groundwater Basin. The water will be considered Extraordinary Water, which means that a credit will be given to receive additional imported water during droughts from MWD to Anaheim.

The parties to the agreement are MWD, Orange County Water District (OCWD) through the Municipal Water District of Orange County (MWD OC), and the cities of Anaheim, Fullerton, and Santa Ana. The Agreement will also benefit other producers (other water agencies pumping groundwater) in the Orange County Groundwater Basin.

The Board inquired if there are any downsides to the Agreement. C. Parker shared that there are no downsides as the Agreement provides additional resiliency during droughts. The Board also inquired about the term of the Agreement. C. Parker stated that the term is 61 years.

**7. APPROVE A CONSULTING SERVICES AGREEMENT WITH NEWGEN STRATEGIES AND SOLUTIONS, LLC FOR ELECTRIC UTILITY COST OF SERVICE STUDIES AND RELATED CONSULTING SERVICES FOR A FOUR-YEAR TERM WITH TWO OPTIONAL ONE-YEAR EXTENSIONS IN AN ANNUAL NOT-TO-EXCEED AMOUNT OF \$60,000. \***

B. Beelner provided a brief overview of the cost-of-service study process, describing an industry process where applicable costs are assigned to a function and ultimately allocated based on causation principles. APU staff issued a RFP, received three proposals, and rated NewGen Strategies and Solutions, LLC the highest based on several criteria, including cost, expertise, and experience. B. Beelner shared how the recommended vendor had performed similar studies for many electric utilities throughout California.

The Board inquired how frequently a cost-of-service study is needed and how a completed study is utilized. B. Beelner described how California law specifies a cost-of-service study every ten years, but the requirement is more applicable for water utilities. APU typically

M. Lee moved the Approval of the Agreement Regarding the Assignment of Extraordinary Supply from the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) for a term of 61 years. A. Abdulrahman seconded the motion.

**MOTION CARRIED: 7-0.**

**ABSTAINED: 0.**

**ABSENT: 0.**

T. Ibrahim moved the Approval of the Agreement with NewGen Strategies and Solutions, LLC. A. McMenamin seconded the motion.

**MOTION CARRIED: 7-0.**

**ABSTAINED: 0.**

**ABSENT: 0.**

performs an electric cost-of-service study every two years, largely to validate the integrity of its rate structure and to possess an independent assessment if Anaheim's rates were challenged in a court of law. The Board inquired about the RFP process, and B. Beelner confirmed that there were three proposals submitted and evaluated.

**8. QUARTERLY STATUS REPORT FOR PRE-QUALIFIED PROFESSIONAL SERVICES, CONSTRUCTION, AND SPOT BID ELECTRIC MATERIAL PURCHASES (OCTOBER – DECEMBER 2023).**

J. Lonneker, Assistant General Manager – Electric Services, explained to the Board that there is a need to increase the number of firms participating in the bidding process for Design-Build Master Agreements (DBMA) to foster more competition amongst firms for the electrical design and construction of projects up to \$3 million. APU will be working with the Public Works Department to advertise and seek additional firms to be added to the prequalified list for DBMA projects. J. Lonneker shared that the Quarterly Reports reflect the first half of the fiscal year; additionally, revenue and expenditures are on track to meet the approved budget.

C. Parker shared that the on-call agreements have been very useful to efficiently complete work for Water Services. The General Services Agreements have had some single proposals submitted for certain projects. At least three firms reviewed the RFP on Planet Bids for each project. Staff will be doing additional outreach in the future to solicit more proposals.

The Water Capital Improvement Program is proceeding on schedule to complete all planned projects for the fiscal year. The Groundwater Treatment Program recently commissioned the Energy Field site.

The Board inquired when the other plants will come online. C. Parker responded that the Boysen Park site will probably be commissioned next month, with the remaining sites coming online later in 2024.

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

J. Lonneker discussed the APU Capital Improvements Dashboard with the Board through the second quarter of Fiscal Year 2024. The dashboard shows a more detailed update on the progress of priority capital improvements such as undergrounding, direct-buried cable replacement, and transformer and streetlight replacements.

J. Lonneker shared with the Board that APU has completed the deployment of automated electric metering infrastructure and will provide an overview at the next Board meeting in February.

J. Lonneker updated the Board on the completion of various streetlight installations and repairs, including new light fixtures installed on existing wood poles along the water channel near La Palma Avenue and Citron Street and streetlight repairs on Katella Avenue near Interstate 5 Freeway and along Miraloma Avenue near the State Route 57 overpass. J. Lonneker shared that several freeway overpass lights and streetlights, owned by Caltrans, are not operational across the City. The Public Works Department will coordinate with Caltrans for these repairs. Also, streetlight wires at Sunkist Street/Lincoln Avenue have been vandalized again, and APU will re-design the routing of the power and install new conduits and cable with tamper resistant hardware.

J. Lonneker indicated to the Board that APU submitted a concept paper for consideration by the Department of Energy (DOE) to apply for a Grid Resilience and Innovative Partnerships (GRIP) grant to modernize the electrical infrastructure and underground the power lines along Ball Road from Brookhurst Street to the west City limit.

J. Lonneker explained that this is the second concept paper submitted for consideration of this grant. APU submitted the first paper in 2023 for GRIP grant funding for undergrounding along East Street, which was not approved by the DOE. However, DOE encouraged APU to resubmit in future funding rounds for consideration.

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

C. Parker shared that the groundwater basin is in good condition. The State Water Project is still at 10% allocation. Currently, rainfall is slightly below average to date. C. Parker shared that the Colorado River negotiations are continuing. The goal is to reduce water use on the river to a level the river can reliably provide.

MWD currently has 3.4-million-acre feet in storage, enough for three years of supply for their region. MWD is also working on their Climate Adaption Master Plan (Plan), a plan determining how to adapt to Climate Change. The Plan is looking for new sources of water to make up for the projected shortage due to warming temperatures.

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

B. Beelner discussed the monthly Electric Finance Dashboard and Power Supply Dashboard with the Board for Year-To-Date Fiscal Year 2023/24 through December 2023. B. Beelner discussed that both electric revenue and costs continue to remain below budget for

the Fiscal Year to date, 4.8% (\$11.0M) and 17.2% (\$37.8M) respectively.

B. Beelner shared with the Board that the revenue variance is due to both lower energy available to sell on the wholesale market and reduced retail sales due to the mild summer. B. Beelner then discussed the below budget costs and how they were driven primarily by reduced fuel costs due to lower natural gas prices and the continued lack of available fuel for purchase to fuel the Intermountain Power Project (IPP).

B. Beelner discussed the Water Finance Dashboard and shared that water revenue through December 2023 is below budget by 4.4% (\$2.4 million), and that costs also were below budget by 6.1% (\$2.7 million) causing a net positive budget variance of \$300,000.

B. Beelner then discussed the Power Supply Dashboard and specifically pointed out the lower-than-expected natural gas prices, especially when compared to the same period in the prior fiscal year. These lower natural gas prices led to lower-than-expected wholesale energy prices, which APU relied on to replace energy not delivered by IPP.

B. Beelner moved on to inform the board that APU and the other participants of IPP came to an agreement to ensure continued fuel deliveries to the power plant. This new contract will cost APU approximately \$7 million more than the previous budget. However, B. Beelner did point out to the Board that due to the budget savings so far in Fiscal Year 2024, he foresaw no impact to the budget.

B. Beelner reminded the Board about the rate hearing scheduled for February and updated the Board on the proposed water bond issuance, sharing that the period for banks to make proposals closed. The matter should come to the Board for its consideration in mid to late spring.

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

J. Lehman, Assistant General Manager – Administration and Risk Services, invited the Board’s attention to the Administration and Risk Services Dashboard. J. Lehman shared that the Legislative Working Group met prior to the Board meeting and discussed how the second year of this two-year legislative session was starting off. J. Lehman discussed that APU is currently tracking approximately 160 bills and that February 16<sup>th</sup> is the last day for legislators to introduce new bills outside of the gut-and-amend process.

J. Lehman shared that since the last update twenty-one bills have died, and nine new bills had been introduced – six of which

concerned Artificial Intelligence, which will initially be tracked as they have the potential for broad applications.

J. Lehman then discussed the safety metrics and highlighted that, for the reporting period, there were two reportable injuries. One was a twisted knee, which occurred when an employee stepped out of a truck, and the other was a twisted ankle from tripping over a highway bot dot, yellow raised marker. APU continues to train and emphasize safety in all our processes.

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

D. Lee shared that the public hearings will begin at 5:30 pm to allow time for residents to attend; however, the meeting will begin at the normal time of 5 pm; the agenda items planned for next month include:

- Electric and Water Public Hearings to Consider Modifications to the Electric & Water *Rates, Rules and Regulations*;
- WorkAbility I Program Recognition;
- Community & Sustainability Programs Update Presentation;
- Additional agreements are anticipated and still in development regarding an energy trading system and an internship program.

D. Lee shared other updates:

- J.D. Powers evaluation of the top-ranked midsize electric utilities in the West Region of the United States, in which APU was ranked second;
- A tour of the Groundwater Treatment system that is under construction off of Santa Cruz Street near Orangewood Avenue and Interstate 5 Freeway was provided;
- Staff attended a toy distribution to a multi-family area off of Sumac;
- Staff attended the Downtown Holiday Brunch on Christmas Eve;
- M. Avelino-Walker, General Services Officer, discussed student engagement opportunities and Anaheim Union High School District's Teacher Externship Program.

Lastly, D. Lee requested that the Board meeting be closed in memory of Ken Heffernan, a former APU Electrical Utility Inspector from 2001 to 2021.

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

Board Member A. McMenamain discussed concerns about water being used by a contractor that he witnessed; staff welcomed any reporting of situations for further investigation.



Board Member T. Bilezikjian thanked the APU's leadership team and congratulated A. Kott on her retirement.

Board Member M. Lee wished A. Kott well in retirement, and thanked staff for their assistance on various matters.

Board Member A. Abdulrahman congratulated A. Kott on her retirement, noting it was a pleasure to work with her.

Chairperson J. Seymour wished A. Kott all the best.

A. Kott thanked the Board and shared that it has been a pleasure working with a dedicated group that is committed to providing support to Anaheim's customers.

**15. ADJOURNMENT: (NEXT PUBLIC HEARINGS/REGULAR MEETING ON FEBRUARY 28, 2024, AT 5:00 P.M.)**

Chairperson J. Seymour asked for a moment of silence in memory of Ken Heffernan.

T. Bilezikjian moved to adjourn the Regular Meeting in the Gordon Hoyt Conference Center at 6:59 p.m. to the Board's Public Hearings/Regular Meeting date of February 28, 2024, at 5:00 p.m. A. Pham seconded the motion.

**MOTION CARRIED: 7-0.**

**ABSTAINED: 0.**

**ABSENT: 0.**

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.