

**CITY OF ANAHEIM  
PUBLIC UTILITIES BOARD**

**MINUTES**

**July 24, 2024**

The agenda having been posted on Thursday, July 18, 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, July 24, 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, T. Bilezikjian

**Board Members Absent:** A. McMenamin, T. Ibrahim

**City Staff Present:** D. Lee, P. Starr, B. Beelner, C. Parker, J. Lonneker, J. Lehman, M. Avelino-Walker, P. Bogdanoff, T. Castaneda, H. Nielsen, S. Whitlock, M. Roberts, M. Seifen, J. Fano, T. Chen

**Guest(s) Present:** P. Javier, Savanna High School; Y. Saavedra, Katella High School; V. Rodriguez Cano, Loara High School; D. Pham, Loara High School

**AGENDA ITEM**

**ACTION TAKEN**

**1. RECOGNITION: 2024 STUDENT SCHOLARSHIP RECIPIENTS.**

M. Avelino-Walker, General Services Officer, introduced S. Whitlock, Resource Programs Specialist, to provide an overview of the selection process of the High School Scholarship Recipients. S. Whitlock thanked the Board Members on the *ad hoc* Scholarship Selection Committee for their contributions during the selection process.

S. Whitlock shared that the evaluation process identified the top scholarship finalists, who were then interviewed by the selection Committee and added that the scholarship opportunity includes a paid internship through the partnership with Workforce Development and Hope Builders, which allows the scholarship recipients to obtain firsthand experience in the workplace.

S. Whitlock introduced P. Javier, Savanna High School; Y. Saavedra, Katella High School; V. Rodriguez Cano, Loara High School; and D. Pham, Loara High School, as the 2024 Recipients of the High School Student Scholarships. The students then gave a brief presentation about their internship experience.

The Board recognized and congratulated the 2024 High School Student Scholarship recipients.

**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 JUNE 26, 2024. \***

M. Lee moved the Approval of the Minutes of the Regular Meeting of June 26, 2024. T. Bilezikjian seconded the motion.

**MOTION CARRIED: 4-0.  
ABSTAINED: 1.**

**[Chairperson J. Seymour]**

**ABSENT: 2.**

**[A. McMenamin and  
T. Ibrahim]**

**4. PRESENTATION: GROUND WATER TREATMENT PROGRAM UPDATE.**

P. Bogdanoff, Water Engineering Manager, provided a presentation on Anaheim Public Utilities' (APU) Groundwater Treatment Program. P. Bogdanoff gave a brief overview of the history and regulation of per- and polyfluoroalkyl substances (PFAS) compounds in California and shared APU's actions related to PFAS compounds in the local groundwater basin, including APU's Phase A and B Groundwater Treatment Projects.

P. Bogdanoff also provided an overview of the United States Environmental Protection Agency's (EPA) recently promulgated Primary Regulation for PFAS in drinking water and impacts to the City of Anaheim (City). An overview of APU's ongoing efforts and its Phase C Groundwater Treatment Project in response to the EPA's regulations were shared with the Board.

The Board asked if there is land available for purchase next to one of the well sites that has limited space. Staff explained there are various options being evaluated, including relocation, but no determination has been made at this time. The Board inquired about the cost of maintenance, and staff explained that PFAS adds approximately \$150 per acre-foot to the cost of groundwater supplies; however, 50% of the costs are reimbursed through OCWD. The Board asked if the regional Groundwater Replenishment System has evidence of PFAS, and staff replied that due to the extensive filtration process, no evidence of PFAS has been detected.

The Board asked what the lifespan of a well is, and staff replied that a well can last 50-70 years. The Board inquired if PFAS is completely removed, and staff responded that the treatment system can remove down to the non-detect level, but that there are still traces at extremely

low levels beyond what current instrumentation can measure. The Board inquired what the pumping percentage was prior to treatment, and staff explained that prior to taking wells offline, the pumping percentage was 77%, and got down to as low as 25%.

**5. APPROVAL OF INFORMATION SYSTEM AGREEMENTS RELATED TO THE WORK AND ASSET MANAGEMENT SYSTEM UPGRADE, INCLUDING (1) A CLOUD SERVICES AGREEMENT WITH ORACLE AMERICA, INC. FOR SUBSCRIPTION AND SUPPORT SERVICES FOR WORK AND ASSET CLOUD SERVICE (WACS) AND ORACLE FIELD SERVICE (OFS) FOR A 10-YEAR TERM, AT AN ANNUAL AVERAGE OF \$475,000 FOR FIVE YEARS, SUBJECT TO AN ANNUAL INCREASE UP TO 4% FOR THE SUBSEQUENT FIVE YEARS, AND A 5% CONTINGENCY; (2) A PROFESSIONAL SERVICES AGREEMENT WITH RCC GLOBAL, LLC FOR WACS AND OFS IMPLEMENTATION SERVICES FOR A THREE-YEAR TERM WITH AN OPTION TO EXTEND ONE TIME FOR TWO YEARS, AT AN ANNUAL AVERAGE OF \$1,690,600 FOR THE ENTIRE TERM (INCLUDING ANY EXTENSION), AND A 15% CONTINGENCY; AND (3) THE FIRST AMENDMENT TO THE AGREEMENT WITH SDI PRESENCE, LLC TO EXTEND THE TERM FOR THREE YEARS WITH THE OPTION TO FURTHER EXTEND ONE TIME FOR TWO YEARS, FOR AS-NEEDED PROGRAM MANAGEMENT AND TECHNICAL SUPPORT SERVICES FOR THE WACS AND OFS UPGRADE PROJECT, AT AN AVERAGE AMOUNT OF \$400,000 ANNUALLY FOR THE TERM (INCLUDING ANY EXTENSION) AS EXTENDED BY THIS FIRST AMENDMENT, AND A 10% CONTINGENCY; AUTHORIZE THE PUBLIC UTILITIES GENERAL MANAGER TO EXECUTE EACH AGREEMENT, ORDERING DOCUMENTS, AND RELATED DOCUMENTS, AND TO TAKE THE ACTIONS NECESSARY OR ADVISABLE TO IMPLEMENT AND ADMINISTER THE AGREEMENTS, INCLUDING ANY EXTENSIONS; AND AUTHORIZE DE MINIMIS CHANGES THAT DO NOT SUBSTANTIALLY CHANGE THE TERMS AND CONDITIONS OF THE AGREEMENTS, AS DETERMINED BY THE CITY ATTORNEY’S OFFICE. \***

A. Abdulrahman moved the Approval of the Asset Management System Upgrade with Oracle, RCC Global, LLC and SDI Presence, LLC. T. Bilezikjian seconded the motion.  
**MOTION CARRIED: 5-0.  
ABSTAINED: 0.  
ABSENT: 2.  
[A. McMenamin and T. Ibrahim]**

H. Nielsen, Enterprise Information Technology Manager, briefed the Board on the proposed Work and Asset Management Upgrade Project to a Work and Asset Cloud System. H. Nielsen provided an overview of the current system, and the benefits with replacing this mission critical system and described how APU uses the system to procure equipment, build and maintain assets, track costs, and prepare financial and regulatory reports.

The current system is a legacy system that has become out of date and does not meet APU's current needs in the complex utility industry.

H. Nielsen indicated that the Work and Asset Cloud System upgrade is a cloud-based solution utilizing modern technology and is configurable to support new functionality as business needs evolve. The system provides mobile capabilities to view assets and update work orders in the field, which APU currently does not have. The cloud-based solution provides improved security features, service continuity and disaster recovery.

The Board asked if the cloud-based platform is protected from ransomware attacks. H. Nielsen informed the Board that the cloud-based infrastructure supported by Oracle prevents ransomware attacks. Oracle supports Fortune-500 companies and constantly provides monitoring services. Oracle is secure with extensive capabilities of site security, badging and cameras. Oracle provides constant and evolving monitoring of suspicious activities.

H. Nielsen mentioned that three agreements are being proposed. The first is a Cloud Service Agreement with Oracle for a 10-year term to host the new solutions and provide subscriptions to allow access to APU staff at a cost of \$475,000 annually for the first five years. A 5% contingency is included for future changes requiring hosting and subscription services.

H. Nielsen mentioned that for the second proposed agreement, APU issued an Request for Proposals (RFP) for a primary system integrator in December 2023 and RCC Global, LLC was selected from the proposals received based on Council Policy 4.1 criteria. The agreement is for a three-year term with an option to extend one time for two (2) years for an average of \$1,690,600 per year. A 15% contingency is included for unanticipated needs requiring additional professional services. As the primary system implementor, they would be responsible for the implementation, configuration, data conversions, and other related tasks required for the upgrade.

The third agreement is an extension of the current professional services agreement with SDI for a three-year term with an option to extend it one time for two (2) years for an average of \$400,000 per year, and a 10% contingency. The City Council approved the original agreement in 2019, and they will assist with program management and provide technical expertise.

The Board asked if the Oracle solution would require backups.

H. Nielsen informed the Board that backup, redundancy and failover to other systems are included in the hosting and subscription costs. The Board asked if there will be any workstation or physical hardware required since they would be 20 years old. H. Nielsen explained that the server hardware would not be required since this is a cloud solution. For

desktop hardware, the city has a lease cycle, so computers are updated every few years.

The Board inquired about the CrowdStrike Outage. H. Nielsen confirmed that CrowdStrike is a security partner with Microsoft. The outage was due to a CrowdStrike update and not an external attack. The City will apply any updates to test environments before applying them to the working production environment to ensure there are no issues.

The Board asked about relational databases and querying capabilities. H. Nielsen indicated that queries can be done through technical support service requests. The Board asked if field staff has remote devices to access the cloud-based system. H. Nielsen indicated that field staff have ruggedized laptop computers to support remote work.

The Board asked about system continuity. H. Nielsen informed the Board that Oracle has service level agreements with system up times based on contracts in place. The only issue will be if you do not have internet access since it is cloud-based.

H. Nielsen introduced M. Roberts, Business Information Systems Administrator, as the project manager and J. Fano, Business Information Analyst, as a technical resource assisting with the configuration and implementation of this project.

**6. QUARTERLY STATUS REPORT FOR PRE-QUALIFIED PROFESSIONAL SERVICES, CONSTRUCTION, AND SPOT BID ELECTRIC MATERIAL PURCHASES FOR THE QUARTER ENDING ON JUNE 30, 2024.**

J. Lonneker, Assistant General Manager – Electric Services, informed the Board that the last quarter had two instances where a Design-Build Master Agreement (DBMA) was awarded with a single bidder. J. Lonneker shared that APU and the Public Works Department are working to qualify additional Design-Build firms to increase the number of bids on these mid-size capital projects up to \$3 million to foster competition and provide competitive pricing. The additional firms are being reviewed for their qualifications and staff expects new firms to be added by the second quarter of this fiscal year. J. Lonneker added that capital expenditures to date are in line with the budget. She explained that although the percentage of budget spent for cable replacement is low for this time period, APU has entered into the construction phase for these multi-year projects which will increase the expenditure rate.

C. Parker, Assistant General Manager – Water Services, stated that water did not utilize the design-build master construction agreement last fiscal year. The groundwater treatment program used most of the funding in the capital improvement program. APU decided to upgrade the wells at the same time as the treatment for PFAS and Orange

County Water District only provided reimbursement for the treatment facilities. To ensure well sites will be operational for a long period after treatment was completed, rehabilitation work was included in the project. Next fiscal year the pipeline replacement program will continue. The water capital improvement program was completed as planned last fiscal year.

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

J. Lonneker informed the Board of a recent tour of the construction site for the Cerritos Avenue and Nutwood Street underground conversion project with Council Member Leon. Crews were trenching and installing conduit along Ball Road in front of Magnolia High School. Council Member Leon appreciated the planning that goes into the project such as doing the work in front of schools during summertime and minimizing traffic impact by covering the trenches before rush hour or shifting to nightwork.

J. Lonneker updated the Board on the transformer replacement projects including work on Priscilla Avenue and Virginia Street. This was a planned eight-hour outage on a warm day, and Council Member Faessel and Board Member M. Lee arranged provisions for a cool center at a nearby library and treats for the crews.

J. Lonneker shared photos of the Fourth 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. J. Lonneker shared that it was a good opportunity for the crews to use the new all electric bucket trucks to learn how best to operate and maximize battery usage and the different control features. After eight hours of continuous use, APU crews reverted to the diesel truck to finish out the day of rides, as the battery was getting low.

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

C. Parker presented an update on the water supply condition, stating that the rain season was about average this year. The Orange County Groundwater Basin (Basin) is in good shape. The Basin is working on a Resilience Plan, which will include evaluation of new recharge possibilities, improving water quality, and other areas to improve the resilience of the Basin. The State Water Project (SWP) is in good condition as well. The allocation this year is 40%, so that means that Metropolitan Water District of Southern California (MWD) can put water in storage. The Delta Conveyance Project, which will move water around the delta to mitigate environmental effects and bring water to the state during wet periods so it can be stored for future use, will be coming for a vote at MWD to proceed with the design this fall. The Colorado River Basin (CRB) has not degraded this last year and negotiations continue with the seven states to solve the structural demand deficit on the system. C. Parker shared that APU will present to the Board on the new Water Use Efficiency Standards that were

recently completed by the State Water Resources Control Board, which will mandate permanent lower water use by water districts.

C. Parker shared that staff completed the valve turning metric year, which includes turning over 8,100 valves. The valve turning program is needed to ensure isolation of the system for emergencies and planned work to lesson impact to customers. It also assists with flushing the system periodically to improve water quality to the customers.

The Board asked why the storage in the SWP system has been reduced by 21% from last year. C. Parker explained that last year was a wet year and this year is an average year, so storage will reduce with those circumstances. However, the storage in the system is still above the 30-year average, so storage is in good condition. The Board inquired if evaporation plays into the reduction of the SWP storage. C. Parker stated yes, but it is only 2-3% of evaporation for reservoirs in the state.

The Board asked if we think the negotiations will be successful on the CRB. C. Parker shared that he does not think they will complete the negotiations by the goal, which is end of the calendar year, but believes the overall negotiations will be successful.

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

B. Beelner, Assistant General Manager – Finance and Energy Resources, discussed the monthly Finance Dashboard with the Board through June 2024. B. Beelner mentioned that year to date electric revenue was 4% (\$11.8M) below budget due primarily to lower than projected retail demand. B. Beelner shared that the drop in revenue was more than offset by operating costs, which ended the year under budget by 20.0% (\$84.8M). The lower than expected operating expenditures were due to two main factors; APU spent \$53.9 million less on power supply costs than budgeted due to lower coal, transmission, and natural gas prices, and lower retail demand, secondly APU spent \$30 million less than budgeted on supplies and equipment with \$27 million of that variance expected to be carried over to fiscal year 2025. B. Beelner then mentioned that the year-to-date water revenue was 4.6% below budget (\$4.6M) due to the drop in water consumption by APU's customers as a result of milder temperatures and wetter than normal weather. Water costs for the fiscal year were below budget by 9.4% (\$8.0M) net positive budget variance \$3.4M.

B. Beelner then informed the Board that the City Council approved the water and electric revenue bonds that the Board recommended to the Council at its May meeting. B. Beelner plans to price the water bonds on July 31<sup>st</sup> and will price the Electric Bonds on August 6<sup>th</sup> and will update the Board at the next meeting.

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

J. Lehman, Assistant General Manager, Administration and Risk Services, provided the Board with an update on the global CrowdStrike outage that occurred Friday, July 21, 2024, which impacted a multitude of businesses including airlines, mass transit, hospitals and some financial institutions. Two of the customer-facing systems were briefly impacted by the outage. J. Lehman provided an overview of the actions taken during the outage including messages that were placed on social media to keep customers informed on the status of the systems. Overall, the impacts of the global CrowdStrike outage were mitigated.

J. Lehman provided an update on the Administration and Risk Services Dashboard and shared that the legislature has been on recess since July 3<sup>rd</sup> and would not return until August 5<sup>th</sup>, and that the key issues discussed last month were the same for July:

- SB 308 – Carbon Dioxide Removal Targets: this bill is being opposed by APU;
- SB 1255 – Water Rate Assistance Program: this bill is being opposed 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 a back strain injury during the reporting period. APU continued to meet its safety metrics, and training and job site inspections were conducted regularly to help raise attention to safety matters and to ensure proper techniques were employed when working.

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

D. Lee shared agenda items for next month:

- Alternative procurement strategy to address ongoing supply chain issues;
- Transmission analytics service agreement; and,
- Power supply agreements for separate wind and solar.

D. Lee shared the following updates:

- Community meetings and safety walks were provided in collaboration with the Anaheim Police Department and Anaheim Planning and Building's Code Enforcement Division, to identify safety issues and address lighting concerns;
- Dusk to Dawn Lighting program assisted a storage facility who was experiencing security issues;
- The second annual Bright Girls program where the students participated in STEM activities, which included assembling solar car kits, and a tour of Lenain Water Treatment facility;



- Anaheim Union High School District held a ceremony to recognize summer interns. M. Avelino-Walker was invited to speak at the event and highlighted different programs that APU provides to support students; and,
- Commercial electric vehicles (EV) are starting to proliferate within the City. Examples include a FedEx electric van and an Amazon electric van. D. Lee expressed the need to ensure the grid is prepared for commercial EVs as they come online.

**12. ITEMS BY BOARD MEMBERS.**

T. Bilezikjian thanked APU for all the support and care that is provided to the residents.

A. Pham thanked staff for providing community events and supporting the residents and businesses in the City.

M. Lee thanked staff for providing student engagement opportunities.

J. Seymour thanked the Board for the strong discussions during his absence.

**13. ADJOURN: (NEXT REGULAR MEETING ON AUGUST 28, 2024, AT 5:00 P.M.)**

M. Lee moved to Adjourn the Regular Meeting in the Gordon Hoyt Conference Center at 6:55 p.m. to the Board’s Regular Meeting date of August 28, 2024, at 5:00 p.m. A. Abdulrahman seconded the motion.  
**MOTION CARRIED: 5-0.**  
**ABSTAINED: 0.**  
**ABSENT: 2.**  
**[A. McMenamin and T. Ibrahim]**

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.