



COUNCILMEMBER DAVID ALVAREZ

**City of San Diego
Eighth District**

MEMORANDUM

DATE: January 5, 2012

TO: Council President Tony Young

FROM: Councilmember David Alvarez, Chair, Natural Resources and Culture Committee

SUBJECT: 2011 Natural Resources and Culture Committee Year in Review

The Natural Resources and Culture (NR&C) Committee considered and discussed myriad topics over the course of 2011. Such topics ranged from water conservation and water delivery infrastructure to a proposed change to SDG&E's rate design proposal. Below is a brief description of some significant items discussed by the NR&C Committee in 2011:

Smart Water Systems for the 21st Century Pilot Project

A major responsibility of the Committee is to oversee the city's public utilities departments (such as water and wastewater services). One area the Committee took a particular interest in is how efficiently the city delivers water to its customers. Something we discovered was that approximately 9% of the water the city purchases is lost in our delivery system due to water leakage. In order to address this problem, we asked that some leaders in the water management industry (IBM, BRADY) address the Committee about the possibility of a pilot program to test new technology that may enable the City to better track and predict water leaks in our city system. At the November 9, 2011, NR&C meeting, the Committee supported initiating this pilot program- at no cost to the City- and by next Spring we should see the results of whether this is a system that could work to help us save water- and help the taxpayers save money. The Committee is looking forward to the results of the pilot program.

Resolution of Support for County Water Authority Litigation against the Metropolitan Water District

The City depends on the San Diego County Water Authority (CWA) for about 90% of its water supply. In turn, CWA relies on the Metropolitan Water District of Southern California (MWD) for most of its water supply through both the purchase of water from MWD and the wheeling of water through MWD facilities that is transferred from the Imperial Irrigation District and the All American & Coachella Canal Lining Project. A primary driver behind increasing water rates in San Diego is MWD's approval of water rate increases totaling 75% since 2006.

CWA is suing MWD to protect San Diego County ratepayers from water rate overcharges that will impact the region's economy and affect statewide water reliability. CWA believes that MWD set rates that overstate the cost of transporting water while undercharging for supply costs. If left unchallenged, these overcharges will cost CWA ratepayers \$31 million in 2011 and as much as \$230 million annually by 2021, while providing cost savings to each of the 25 other member agencies of MWD. CWA allegations include assertions that MWD member agencies held secret meetings to agree on rates and other policies that overcharged San Diego County ratepayers by millions of dollars, while keeping rates low for their own agencies. Additionally, CWA contends that MWD is unconstitutionally denying San Diego County ratepayers access to funds for local supply development projects and conservation programs in retaliation for the CWA's lawsuit and that MWD is under calculating the CWA's preferential right to water, which could affect the San Diego region's future water supply reliability. Payments to MWD for water and transportation comprise 55% of the wholesale cost of water. CWA is disputing \$1.3 - \$2.1 billion in the lawsuit (for over 45 years). The case, which was originally filed on June 11, 2010, has been designated as complex and is assigned to San Francisco County Superior Court Judge Richard Kramer.

On October 19, 2011, NR&C approved resolution in support of CWA litigation, which was later unanimously supported by the City Council on November 7, 2011.

Comprehensive Policy for a Sustainable Water Supply (Council Policy 400-15)

Councilmember Lightner brought forward a series of changes to Council Policy aimed at the creation of a sustainable water supply for the city. Council Policy 400-15 replaces existing Council Policies related to water supply, water conservation and water reclamation. Council Policy 400-15 is a new set of guiding principles for the City Council to make decisions related to water in the City. After discussing the proposed changes at two committee meetings, the NR&C Committee unanimously supported the changes and requested City Council approval. On November, 15, 2011, the City Council unanimously supported the proposed changes. In 2012, the Committee will form a task force to develop an implementation plan for Council Policy 400-15.

Reducing the amount of Expanded Polystyrene and Bottled Water used in various city departments

The NR&C Committee requested a report from the Mayor's office regarding the ability of the City to reduce the amount of expanded polystyrene and bottled water purchased with City funds. There are various negative environmental aspects to the use of expanded polystyrene, as it cannot be recycled when it is soiled with food/dirt and is difficult to recycle even when clean. It

is also a major environmental contaminant, as it easily migrates to storm drains and local waterways. Purchasing bottled water for facilities that have access to clean and safe drinking water is an inefficient use of tax payer dollars and encourages the use of single use plastic bottles. The Committee discussed the matter on May 18, 2011, and the Mayor's office committed to changing the existing administrative code to prohibit the purchase of expanded polystyrene and bottled water using City funds, with some limited exceptions.

72-Hour Water Leak Repair

In an effort to continue to encourage water conservation by San Diegans, the Committee initiated an amendment to the municipal code to require all water customers be required to stop or repair water leaks within 72 hours of discovery. The Committee unanimously approved the municipal code changes and on September 27, 2011, the City Council unanimously approved the revised municipal code section. It is the Committee's belief that this change will not only result in increased water conservation, but will also save customers money on their water bill.

Implementation of Customer Care Solutions (CCS) Water Billing System

In response to many constituents contacting the City Council offices regarding the level of customer service provided by the City's new water billing system (CCS) over the last few months, I scheduled hearing on the matter at the November 9, 2011, NR&C Committee meeting.

The Public Utilities Department (PUD) outlined the problems it has had in converting to the new system, including increased call center queue wait and call duration times, billing errors, and customers' decreased access to service representatives. A number of citizens submitted public testimony regarding their concerns with the new system and PUD staff was present to hear them. The PUD expressed their commitment to addressing the unexpected problems with the conversion to the new system and indicated that they were in the process of hiring temporary staff to handle the resulting increased call volume. The PUD has also assigned a staff member to act as a liaison to assist City Council offices receiving requests for assistance with the issues mentioned above. The Committee will continue to monitor and address this issue in 2012.

San Diego Gas and Electric (SDG&E) Rate Restructuring Design Proposal

The Committee held a hearing on SDG&E's proposal to alter its rate design. The meeting was well attended by various stakeholders, who voiced their opinion regarding the proposal. The Committee was concerned about the impact of the design proposal on customers and moved to request a closed session briefing on the City's protest to the application of SDG&E's authority to update marginal costs, cost application, and electric rate design, including what the implications might be for how this rate design would impact the PACE Program. The City Council was briefed on the matter in closed session on Tuesday, December 6, 2011. The Committee will continue to monitor the progress SDG&E's rate restructuring design proposal in 2012.

Continued Monitoring of Water Purification Demonstration Project (IPR)

The purpose of the City's Water Purification Demonstration Project is to examine the use of advanced water purification technology on high quality recycled wastewater. If successful, this method of water treatment would give the City an alternative option to purchasing expensive imported water.

The Public Utilities Department (PUD) has engaged in a high level of public outreach. They have conducted over 100 tours of the Advanced Water Purification Facility for over 1,000 people. They have actively reached out to local schools and students, as well as to numerous community groups. As of October 2011, more than 82 million gallons of purified water have been produced at the facility and added to the recycled water delivery system.

The Committee was supportive of PUD's outreach efforts in 2011 and will continue to monitor the overall program in 2012.

I am proud of the work done by the NR&C Committee in 2011 and am looking forward to continuing to serve as the chair in the upcoming year.

CC: Honorable City Councilmembers
Honorable Mayor Jerry Sanders
Andrea Tevlin, Independent Budget Analyst
Tom Zeleny, Deputy City Attorney

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