

**CITY OF LONG BEACH
WATER COMMISSION
MINUTES**

**THURSDAY, JUNE 10, 2021
VIA TELECONFERENCE, 9:00 AM**

Frank Martinez, President
Arthur Levine, Vice President

Christopher J. Garner, General Manager



Robert Shannon, Secretary
Gloria Cordero, Commissioner
Naomi Rainey, Commissioner

Richard Anthony, Deputy City Attorney

REGULAR MEETING - 9:00 A.M.

FINISHED AGENDA & DRAFT MINUTES

The Water Commission minutes are prepared and ordered to correspond to the Water Commission agenda. Agenda items can be taken out of order during the meeting.

The agenda items were considered in the order presented.

CALL TO ORDER

The Board of Water Commission regular meeting was called to order by President Martinez at 9:16 A.M. (meeting start delayed due to technical difficulties). This regular meeting was held via teleconference pursuant to Executive Order N-29-20 issued by Governor Gavin Newsom.

At this point in the meeting President Martinez asked Deputy City Attorney Anthony if he should announce postponement of the two closed sessions.

Deputy City Attorney Anthony advised this announcement should take place after roll call.

ROLL CALL

Executive Assistant, Sandra Fox took the roll call and confirmed a quorum.

Also present: Christopher J. Garner, General Manager; B. Anatole Falagan, Assistant General Manager; Tai Tseng, Assistant General Manager - Operations; Sandra Fox, Executive Assistant to the Board.

At this point in the meeting President Martinez announced that the two closed sessions

scheduled to take place after today's meeting had been postponed to June 24, 2021. Deputy City Attorney Athony made comments regarding these postponements.

Commissioners Gloria Cordero, Robert Shannon and Frank Martinez

Present:

Commissioners Naomi Rainey and Art Levine

Excused:

PUBLIC COMMENT

1. [21-108WA](#) Receive public comments for June 10, 2021 Board meeting.

President Martinez opened the public comment period and asked if any written public comments had been received. Ms. Fox advised no written public comments had been received for the June 10, 2021 Board meeting. President Martinez then inquired if there was anyone from the public on the line who would like to speak. Hearing none he closed the public comment period.

2. [21-109WA](#) Recommendation to review Water Department Proposed Budget for Fiscal Year 2021-2022.

BUREAU: Business - Finance

President Martinez announced agenda item 2. - Recommendation to review Water Department Proposed Budget for Fiscal Year 2021-2022. Mr. Walker provided a staff report and reviewed a presentation with the Board.

Mr. Walker noted the following topics would be reviewed during this last budget workshop:

- Review of discretionary reductions
- Revisit sewer and water projections
- Review rate scenarios and recommendations
- FY 22 rate comparisons with comparable cities

He reviewed proposed FY 22 discretionary reductions for Sewer and Water.

He advised the Board staff would be asking for their input regarding Board reduction decisions on the following items: CSULB Advertising; Movie Theater Advertising; Outdoor Advertising; Board Travel and Sponsorships.

Review of FY 22 Sewer Fund Projected Ending Reserves.

Review of Structural Deficit Rate Options.

Structural Deficit Sewer Rate Option Scenarios were then reviewed.

Sewer rate scenario effects on a customer typical monthly bill were reviewed.

At this point in the meeting Commissioner Shannon inquired if it would be an appropriate time for the Board to comment on the Board reductions that staff had requested.

President Martinez advised that was up to the Board's discretion.

Commissioner Shannon requested that Board decisions regarding travel and sponsorships be discussed at this point in the meeting.

Commissioner Shannon suggested that the Board not engage in Board travel or sponsorships for FY22, with the understanding that if things improve these budget items could be adjusted at a later date.

Commissioner Cordero advised she tended to agree with Commissioner Shannon's comments. She noted that during these difficult times, and with the possibility of raising rates, it would not look good to the customers for the board to be considering board travel. She advised that if a special conference or event came up that the President should attend the Board could make these type of individual decisions.

President Martinez noted that during this continued drought period that valuable information can be obtained from other agencies and peer groups at conferences and workshops regarding how they are addressing these conditions. He agreed that the optics might not look good, but advised \$10,000 was not a lot of money. He advised that for the most part any conferences the Board might attend would be in California not out of state.

Commissioner Shannon commented on the fact that three board members

(Martinez, Shannon and Cordero) would be making budget decisions for the whole board due to the absences of Levine and Rainey.

A this point in the meeting Commissioner Shannon requested discussion regarding the three sewer rate scenarios (slide 9 from the presentation), and provided his decisions on these items. The three Commissioners in attendance agreed to eliminate scenario 1 - 6% sewer rate increase from further discussion.

He provided his reasoning in going with scenario 3 - a 10% sewer rate increase. Both President Martinez and Commissioner Codero agreed with this decision.

Commissioner Shannon advised that the emphasis in discussions with the public should be about the dollar amount of the rate increase rather than the percentage.

Mr. Garner commented on the favorable water and sewer utility rates compared to similar cities.

President Martinez inquired if staff had modeled a 9% sewer rate increase.

Mr. Walker responded.

President Martinez noted that a single digit increase is not as harsh as a double digit increase.

He requested input from Commissioner Shannon and Commissioner Cordero regarding a 9% sewer rate increase.

There was general discussion regarding how much revenue is generated with a 1% increase in sewer rates and water rates.

President Martnez advised he likes the 9% increase and asked Mr. Walker to provide guesstimated details on how this rate increase would affect reserves. He advised that during these difficult economic times a single digit increase is more palatable.

Mr. Walker responded.

Commissioner Cordero commented on the structural deficits that are

pending dependent on future rate increases.

Commissioner Shannon advised he felt it would be important to hold off on a decision until Commissioner Levine and Commissioner Rainey could weigh in on these rate decisions.

President Martinez noted that the timing for these decisions was important in order to meet the deadlines needed to finalize the budget for the potential June 24, 2021 budget adoption date.

Mr. Walker commented on the budget adoption schedule.

President Martinez requested that the balance of the budget presentation be reviewed and then a decision could be made to possibly schedule a meeting for next week to just discuss this budget component.

Mr. Walker continued review of budget presentation slides for Water Fund - 15, 16 and 17. He reviewed slides 18 - 20 (water rate increase scenarios for a 4%; 6% or 8% increase).

President Martinez called for Commissioner comments regarding these scenarios.

Commissioner Cordero commented.

Commissioner Shannon asked if staff was prepared to make a recommendation on the most fiscally responsible scenario.

Mr. Walker responded. He outlined the reasons that staff was recommending a 10% increase on the sewer rates, and an 8% increase for water rates.

President Martinez made comments regarding the rate scenarios.

Commissioner Shannon advised he feels the Board should follow staff's recommendation.

It was decided that staff would return to the next meeting by dropping scenario #1 for sewer (6%). Staff was asked to bring back information on a potential 9% sewer rate increase along with the 10% increase for discussion.

Mr. Walker reviewed presentation slides regarding comparing Long Beach Water sewer and water rates with comparable cities in California.

There was discussion regarding the reasoning behind raising rates, especially investment in groundwater infrastructure to help the city become less dependent on imported water.

President Martinez advised he could support the 10% increase as long as the reasoning included the investment in groundwater infrastructure.

Commissioner Shannon advised he agreed with President Martinez's comments.

President Martinez made additional comments regarding the benefit of groundwater infrastructure.

Commissioner Cordero advised she agreed with these comments.

Mr. Walker requested a more definitive decision by the Board regarding Board travel.

Each of the Commissioners (Martinez; Shannon and Cordero) made additional comments regarding Board travel. Commissioner Shannon advised he wanted to eliminate the \$10,00 Board travel budget component. President Martinez advised he would recommend reducing the Board travel to \$5,000. Commissioner Cordero advised she was open to approving Board travel but might put restrictions on travel - such as any that required the Board to travel by air. There was general discussion on whether agencies were returning to in-person conferences. There was also discussion that MWD Director Cordero might attend conferences and bring back the information the Commission. She advised her expenses would be paid by MWD.

Commissioner Shannon advised that the Board always has the ability to adjust their budget decisions, and add travel component back in the budget if situations changed. He advised that by eliminating Board travel and sponsorships in this budget will send a message to the ratepayers.

President Martinez advised he agreed to eliminate Board travel in the budget at this time.

Mr. Walker commented on the Board travel and sponsorship budget

components. Mr. Walker also inquired about finalization of the budget and rate resolutions for presentation to the Board on June 24, 2021.

Mr. Falagan commented.

Mr. Anthony explained how a change to a resolution could take place on the floor at the budget adoption meeting. He noted in the past staff has presentated two different resolutions for rates covering the different rate scenarios.

Commissioner Cordero requested that the President reach out to the two absent Commissioners explaining the process that had been agreed uponv at today's meeting, so that if they had any questions before the June 24, 2021 meeting staff could address these issues.

President Martinez advised he would not be able to do that due to the Brown Act, but asked Mr. Garner to reach out to them as an information item. Mr. Anthony advised this would be allowed.

Mr. Walker made concluding remarks.

Mr. Garner made comments regarding the scheduled Prop. 218 hearing on August 26, 2021.

President Martinez called for any public comment. Hearing none he moved on in the agenda.

PRESIDENT'S REPORT

President Martinez reported that he, Mr. Garner and Kaylee would be involved in a water briefing for all City Council support staff today at 1:00 P.M.

Mr. Garner advised this briefing would not include any discussions regarding the budget or rates.

GENERAL MANAGER'S REPORT

Mr. Garner updated the Board regarding recent CAL OSHA decisions regarding face masks and social distancing.

He advised the City would be bringing all employees (who had been working from home) back to work on June 21, 2021.

Mr. Garner reported to the Board that very good meetings between Gas and Water management employees had been taking place encouraging that the staff members work more closely together. He noted that small work groups had been created (such as accounting staff, engineering staff, etc) to facilitate these discussions. He advised these discussions were taking place based on the current charter language, and that no discussions were taking place regarding the potential merger.

3. [21-110WA](#) Recommendation to approve April 23, 2021 minutes for the Communications Workshop.

President Martinez called for a motion to approve the April 23, 2021 Communications workshop meeting minutes.

Commissioner Cordero made the motion, and Commissioner Shannon seconded the motion.

A roll call vote was taken. The motion carried with a - 3 - Yes 2 - excused (Levine and Rainey) vote.

A motion was made by Commissioner Cordero, seconded by Secretary Shannon, to approve recommendation. The motion carried by the following vote:

Yes: 3 - Gloria Cordero, Robert Shannon and Frank Martinez

Excused: 2 - Naomi Rainey and Art Levine

4. [21-111WA](#) Recommendation to adopt the Long Beach Water Department 2020 Urban Water Management Plan.

Bureau: Water Resources

President Martinez introduced agenda item 4. Ms. Rhee provided the staff report.

President Martinez complimented Ms. Rhee and staff in compiling this report. He asked who the consultant was that assisted staff. Ms. Rhee advised there was no consultant; that Long Beach Water staff had

compiled the plan.

Mr. Garner complimented staff as well.

President Martinez called for any public comment. Hearing none he called for a motion.

Commissioner Shannon made the motion for approval, and Commissioner Cordero seconded the motion.

A roll call vote was taken - the motion carried with a a 3 - Yes, 2 excused (Levine and Rainey) vote.

5. [21-112WA](#)

Recommendation to receive June 8, 2021 Metropolitan Water District Board meeting report.

Director Cordero provided a report on the June 8, 2021 MWD Board meeting. She reported that the MWD Board had chosen their new General Manager, Adel Hacekhalil. He will start work on July 5, 2021.

She advised the MWD Board is now focused on bringing the Board back together in support of the new General Manager after a tough vote. She reported the Board had received over seventy pieces of correspondence in support of him reporting on his effectiveness, leadership style and integrity.

She reported that the Shaw Group continues to do their work regarding the diversity and harassment complaints. She noted this has now turned into an investigation, and reported the Board has approved additional monies for this group to continue their work. She advised 217 interviews have been conducted and a survey has been distributed to all MWD employees regarding these complaints. She advised the results of the investigation will be provided to the Board at a special meeting on July 27, 2021 at the end of their Executive committee.

She reported on the housing issues effecting the MWD employees working in the remote desert areas and addressing their concerns.

She advised they have not yet been told when their Board will be allowed to hold meetings in person.

President Martinez made comments regarding the new MWD General Manager.

Director Cordero responded.

Commissioner Shannon commented on the remote desert housing conditions.

Director Cordero responded.

Mr. Falagan commented regarding this topic.

President Martinez called for any additional Commission comments or questions.

Hearing none he moved on in the agenda.

6. [21-113WA](#) Receive Water Supply Update.

Bureau: Water Resources

President Martinez introduced agenda item 6. Mr. Wang & Ms. Weatherly provided staff reports and reviewed a presentation with the Board.

The update covered the following topics: 1) Current hydrologic conditions; 2) Groundwater supply; 3) Imported water supply; and 4) Public messaging.

President Martinez inquired about the current water restrictions for Long Beach Water department customers.

Mr. Wang responded.

President Martinez commented on the Governor's drought declaration for the entire state of California. He asked if there were any local agencies who had taken action to call for, or increase water restrictions.

Mr. Garner responded.

President Martinez requested that Mr. Wang make a presentation at the

next meeting regarding past water restrictions and where the department currently stands on this topic. He also asked staff to look into the possibility of moving to stage 2 in the water restrictions in light of the current drought conditions.

Mr. Wang responded.

President Martinez called for any other Commission comments or questions.

Commissioner Shannon asked Ms. Weatherly what talking points are being prepared to respond to the ratepayers questions or comments regarding the pending rate increases.

Mr. Garner spoke about a video that is being developed that will visually show the customer where the department is investing money and the result of this spending.

Commissioner Shannon advised he would like to see that video when it becomes available.

Mr. Garner advised the video would be shared with the Board.

Ms. Weatherly advised there would be a series of videos educating the public regarding infrastructure investment for groundwater and capital improvement projects. She noted she is awaiting the completion date for these videos.

Commissioner Shannon inquired about bill inserts.

Ms. Weatherly responded.

Mr. Garner commented on the utility bill inserts.

Commissioner Shannon advised he feels the department needs to aggressively work to get the message out regarding rates leading up the Prop 218 hearing.

He also commented on the importance of the messaging to the customer where their utility bill money is being spent.

Commissioner Cordero advised you can never overdo customer

messaging. She asked where the videos would be shown.

Ms. Weatherly responded.

Commissioner Cordero commented on the past use of movie theater messaging.

Ms Weatherly responded.

Commissioner Cordero commented on bill inserts and separate mailing costs.

Ms. Weatherly responded.

President Martinez called for an other Commission questions or comments.

Hearing none he moved on in the agenda.

CONSIDER STANDING COMMITTEE REFERRALS

President Martinez called for any standing committee referrals.

Hearing none he moved on to new business.

NEW BUSINESS

President Martinez called for any new business.

He called for a motion to excuse Commissioner Levine and Commissioner Rainey from the June 10, 2021 Board meeting.

Commissioner Shannon made a motion to excuse Commissioner Levine and Commissioner Rainey from the June 10, 2021 Board meeting. Commissioner Cordero seconded the motion.

President Martinez called for any public comment. Hearing none he called for a roll call vote.

A roll call vote was taken. The motion carried with a 3 - yes; 2 absent (Levine, Rainey) vote.

President Martinez called for any other new business.

Commissioner Shannon advised he would like to be in the Board room for the June 24, 2021 meeting.

Ms. Fox advised she would make this arrangement.

President Martinez inquired if the June 24, 2021 meeting could be held in person.

Mr. Garner and Mr. Anthony responded.

There was general discussion regarding the upcoming in-person meetings being held by the City Council.

Commissioner Shannon asked why the Water Commission could not meet on the same in-person meeting schedule as the council.

Mr. Garner responded.

ADJOURNMENT

President Martinez adjourned the Board meeting at 11:00 A.M. to the June 24, 2021 teleconference Board meeting.

NOTE:

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