

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO				CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)	
TO: CITY COUNCIL		FROM (ORIGINATING DEPARTMENT): Public Utilities		DATE: 4/2/2015	
SUBJECT: Public Utilities Operations Optimization Project - Informational Update					
PRIMARY CONTACT (NAME, PHONE): Rania Amen, (858) 654-4112, MS 901A			SECONDARY CONTACT (NAME, PHONE): Vien Hong, (858) 292-6473, MS 901A		
COMPLETE FOR ACCOUNTING PURPOSES					
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
COST SUMMARY (IF APPLICABLE): Informational Item Only					
ROUTING AND APPROVALS					
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	
Liaison Office		ORIG DEPT.	Helminski, John	04/07/2015	
		CFO			
		DEPUTY CHIEF	LoMedico, Stacey	04/29/2015	
		COO			
		CITY ATTORNEY	Palmucci, Ray	04/27/2015	
		COUNCIL PRESIDENTS OFFICE			
PREPARATION OF:	<input type="checkbox"/> RESOLUTIONS	<input type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)	
Informational Item Only					
STAFF RECOMMENDATIONS: This is an Information Item Only. No action is required by the Committee.					
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)					
COUNCIL DISTRICT(S):	Citywide				
COMMUNITY AREA(S):	Citywide				
ENVIRONMENTAL IMPACT:	This action is not a "project" and is therefore not subject to CEQA Guidelines Section 15060(c)(2).				

CITY CLERK INSTRUCTIONS:	
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**COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: 4/2/2015

ORIGINATING DEPARTMENT: Public Utilities

SUBJECT: Public Utilities Operations Optimization Project - Informational Update

COUNCIL DISTRICT(S): Citywide

CONTACT/PHONE NUMBER: Rania Amen/(858) 654-4112, MS 901A

DESCRIPTIVE SUMMARY OF ITEM:

This is an information only item to present an update to the Environment Committee on the Public Utilities Operations Optimization Project. The purpose of the project is for CH2M Hill and Public Utilities operations and maintenance staff to review water and wastewater operations and identify opportunities that will result in operational efficiencies and cost savings/revenue enhancements.

STAFF RECOMMENDATION:

This is an Information Item Only. No action is required by the Committee.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

In July 2013, the Department (PUD) presented the Agreement between City of San Diego and CH2M HILL Engineers, Inc. for the Operation Optimizations Consultant Services to the Environment Committee (formerly known as Natural Resources and Culture Committee) for approval to award the contract. Upon approval, the Committee requested that PUD return to provide a status update.

The City awarded CH2M the contract and issued the Notice-to-Proceed in August 2013. The contract totals a cost value of not to exceed \$5,150,000 for a duration of two and half years. The purpose of this project is for CH2M to work with PUD operations and maintenance staff to review water and wastewater operations and identify opportunities that will result in operational efficiencies and cost savings/revenue enhancements. The focus areas for improvement include energy utilization, water and wastewater treatment process, chemical usage, biosolids processing and disposal, distribution system efficiency and water quality, data utilization, and warehouse management. The CH2M team documents these potential opportunities, and determines, along with PUD staff, if the opportunities are feasible to implement and will ultimately reduce costs, improve efficiency and enhance sustainability.

To date, the six water and wastewater treatment plants and two systems along with the biosolids plant have been assessed and specifically focused on the optimization of three major expenditures within PUD - energy, chemicals and biosolids. Efficiency opportunities, along with projected cost savings, have been identified for these facilities and categorized by initial investment. Opportunities that do not result in potential savings have also been included to help ensure sustainable operations by eliminating risk, such as safety and reliability concerns, and maintaining levels of service. While the cost savings and investments for these facilities are only projections based on high level assumptions, this initial analysis provides validation to determine if the opportunity should be pursued. It is assumed the lower capital investment opportunities can be more quickly implemented; However, further study evaluation will be required to determine

the most viable and cost effective options to support the decision to move the opportunities forward for implementation.

In addition, the consultant will be further studying the identified opportunities to determine if there are any regulatory or other barriers to implement the opportunities. This further study will quantify the savings and return of investment for those opportunities with substantial capital investment is needed to implement. The water and wastewater operations and maintenance include laboratory business process review are currently underway. The project is anticipated to be completed by early next year.

CITY STRATEGIC PLAN GOALS(S)/OBJECTIVES:

Goal #3:

Create and sustain a resilient and economically prosperous City

Objective #5: Enhance San Diego's global standing

FISCAL CONSIDERATIONS: N/A

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTION: At the July 13, 2013, Environment Committee (formerly known as NR&C) meeting, the committee requested the Department to return to provide an updates at 50% into the project.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Metro Participating Agencies, Independent Rates Oversight Committee (IROC), Water and Sewer Rate Payers, Environmental Protection Agency, Regional Water Quality Control Board, and Department of Public Health.

Helminski, John

Originating Department

LoMedico, Stacey

Deputy Chief/Chief Operating Officer