

Meeting Report for November 21, 2011

by Denny Schneider

Valley VOTE Board members, community leaders, and concerned citizens convened on November 21, 2011 at Galpin Ford to hear from our featured speaker, DWP Chief Ron Nichols.



Ron Nichols

After 10 months on the job Mr. Nichols has much to be proud of and much more to accomplish. He has taken over at a time when there are significant issues with both water and electrical power availability and reliability. He has made several changes to improve the overall cost structure and is working with the unions to improve conditions. He notes that rate increases are inevitable, driven primarily by new regulation mandates. The current regulatory environment imposed by state and federal requirements has the Utility Industry leaders using a "new term" to describe their operations. They refer to their companies as "**Regulatory Compliance Enforcers.**"

Mr. Nichols first mentioned some water related specifics:

- 1] A new requirement to cover all reservoirs. Recently asked for extension for buried cover on Elysian reservoir. ·
- 2] Expanded demands on water treatment plants to meet higher water quality standards.
- 3] Increased costs for water from Metropolitan Water District.
- 4] Lawsuit rulings mandating LA mitigation of dust impacts on the Owens Lake area has cost over a billion dollars over the last nine years. Fed EPA and CA Air
- 5] Resources Board continue to push for more gravel cover. EPA and CARB consider all particles at 10 microns as a dust issue. The CA Safe Drinking Water Act requirements are enforced by Dept. Pub Health
- Our old water pipes, many 100+ years old, are breaking 3-4 breaks per day. The failure rate is expected to worsen because we have 7200 miles of aging pipes and only enough money to fund replacing 18-25 miles per year.

He went on to discuss the difficulties of our aging power infrastructure:

- Ocean Cooling of gas fired plants need replacement: Harbor, Scattergood, Seal Beach all have "once thru cooling" (releasing warm water into the ocean) instead of newer systems. State water resources wants all systems changed by 2020 at a \$2.2 Billion cost. We are negotiating

water resources wants all systems changed by 2020 at a price... We proposed 2035 and agreed on 2029. 1 of 9 units each year.
· AB32 Cap and Trade impacts us highly—calls for major reduction of carbon emissions. SB1368 wants us out of out of coal plant electrical generation—Navajo Plant out in 2019 and the rest of our coal powered plants by 2027; Emission controls increasing costs are skyrocketing. Long term improvements require investments. Mr. Nichols went on to tell us the LADWP goals for changing to “clean” electrical generation which will drive costs up as well. Goal is 33% of renewables by 2020. We are at 20% today.

Solar Power Requirements

· Wants local solar. 2 state law requirements SB1 (2006) rebates on the costs of top solar (lower rebates are in force) and SB32 which calls for LADWP to pay for solar production generated at a specific price. Participants get rebates on installation or guarantees for production; not both.
· Aged infrastructure 40-70 year life; 2005/6 worst time causing outages. Reliability improving. Spending \$800M per year in replacements.

Answers to question from the audience

- 1] When asked about alternative power generation and nuclear power Mr. Nichols doesn't have current plans for increases at Palo Verde beyond the recent 40 year extension. Transmission lines are currently limiting, but we need to look at all options for the future.
- 2] Mr. Nichols indicated that there are not enough productive locations for wind turbines.
- 3] The next LADWP bills will contain Power Content Label (percentage of power from varied sources). This data typically lags about 6 months.
- 4] Mr. Nichols wants a 5%/yr power rate adjustments plus 1% more toward infrastructure. He originally assumed a Nov 1 start date for the ratepayer advocate. He has no authority over the selection; the City Council is responsible for this.
- 5] He will wait for a ratepayer advocate (RPA) review before expecting a rate increase. He expects action on a RPA by January. LADWP has budgeted money for a Rate Payer Advocate.
- 6] Asked why there is an 8% cash transfer to the LA City general fund on power, Mr. Nichols pointed to the City Charter provision that there will be a transfer in lieu of property taxes or franchise fee. This transfer is 3-4% in some cities to double digit in others. The Council can set percentage but he expects great political resistance beyond the 8%.
- 7] Asked about support for businesses' prices on utilities to be more friendly he answered TBD, we'll never be able to compete with the Northwest on the cost of electricity. They have the Columbia River providing low cost power.
- 8] Mr. Nichols didn't dodge the question on why LADWP wages are higher either. In some cases its not the same jobs i.e. high voltage training, in others the unions are very effective in pushing wages. LADWP gets bargaining instructions from the City Council and Mayor.
- 9] He noted that 1500 City workers have transferred to DWP in last 3 years but 500-600 leave LADWP per year, Civil service bidding process followed.

We would like to thank Mr. Nichols again for his very informative visit and his responses to all the questions that the Valley VOTE members asked.

Valley VOTE Committee Reports
Water sub meters - Vic Viereck

Vic Viereck, Exec Board Member spoke about having water sub-meters in apartment buildings as a way to reduce water usage. Conservation of water has become a major concern in the State of California. But there are a couple major impediments to achieving significant additional conservation.

The U.S. (EPA) has estimated that installing water sub-meters in multifamily units reduces water consumption by an average of 28%. With roughly 45% of California's population living in multifamily housing, meeting the state's goal of saving 20% of water usage by 2020 demands a state policy that ensures an adequate supply of water sub-meters.

Current law requires duplicative and time consuming inspection processes. California is the only state that requires such meters to be tested twice. Due to the archaic, outdated equipment used for the county testing, those test results are unreliable. As a result, the largest manufacturer of sub-meters in the country has stopped shipping sub-meters to California. Water sub-meters shipped for use in public buildings are not required to go through the arcane duplicative-testing process.

But there is a potential solution. SB 744 (Wyland) would end the redundant testing at the county level.

The City of Los Angeles has an additional, very effective impediment to making use of water sub-meters, called the RSO. It penalizes investing in improvements.

While the State of California needs to pass SB 744, water conservation in the City of Los Angeles desperately needs investments to be motivated (not punished).

LAWA Report - Denny Schneider

Denny Schneider, Exec Bd member, talked about aviation topics in the region. LAWA informed the City Council Trade, Commerce, and Transportation Committee that the promised Runway Status Lights will not be installed by the end of the year as previously promised. Runway status lights are like stop lights at the intersections of runways and taxiways to warn aircraft of a dangerous situation. They are an important part of the runway safety actions at LAX.

Mayor Villaraigosa saw the importance of RSL and told the FAA that LAWA would pay for a pilot program that was installed almost three years ago. The worst incursion in the past three years was a near miss collision at an intersection where RSL had NOT been installed. LAWA knew of the FAA funding issue for completion of the RSL since May but neglected to tell anyone. I guess this isn't their priority.

Regionalization is going in the wrong direction. LAX has increased its market share to over 75% of all flights. ONT airport in particular has lost flights to LAX. This month an airline from Mexico was told that Customs would not support the landings at ONT and that they should go to LAX! I doubt this would have happened if ONT was controlled locally. LAWA appears to be pushing flights to LAX in preference to ONT.

Los Angeles Residential Helicopter Noise Relief Act of 2011, H.R.2677, was introduced by Rep Berman, Howard L. [CA-28] on 7/28/2011 and is cosponsored by Rep Schiff, Adam B. [CA-29], Rep Sherman, Brad [CA-27], and Rep Waxman, Henry A. [CA-30]. The LA County Board of Supervisors voted to support this bill last week. It is currently in the House subcommittee on Aviation. No date is scheduled for a Congressional vote yet.

Transportation - Bart Reed

Bart Reed, Executive Director of the Transit Coalition, talked about the benefits of a regional train system. His most important topic was a call for development of an "over the hill" train in a tunnel below the 405 freeway from the Valley south into Westwood and beyond. He has presented this 405 Rail project concept to several Neighborhood Councils to explain that it would be possible to get to Westwood in 10 minutes! Partial funding for this is included in Measure R. Bart explained that to implement a train in this corridor it is impractical to be either at grade or above grade. Only a tunnel operation is practical due to the extreme change of grade in such a short distance. over the Sepulveda pass.

Bart told us that the new Metrolink CEO believes in railroad safety and acts quickly! He gave one example of how rapidly the Metrolink team reviewed potential fixes for a Valley intersection

where an accident occurred and then quickly moved to implement those fixes. He noted that Metrolink recently added quiet cars (for reading and study) and an express train from Palmdale to downtown Los Angeles in response to observed needs.

The Transit Coalition is now working to avoid the loss of the Westwood Flyaway. LAX wants to close it because it was losing money. Bart suggested ways to resolve the issues and make money. Community efforts got UCLA to make parking available daily (instead of weekends only). LAWA saw a revenue shortfall and doubled fares while cutting service frequency in half without advance notice. He continues his work with LAWA staff to show that while they only lost 20% ridership after doubling the fees, there is a net increase in revenue. He has numerous marketing ideas to be implemented but LAWA is very slow to respond. He revealed that LAWA doesn't accept cash payments for Flyaways or accept popular credit cards such as Discover. He has been trying to get them to accept changes to what he calls marginal marketing. He has been working on a Metrolink promo to add an option to purchase a Flyaway ticket with train ticket purchases starting in January! He fears that LAWA will act too slowly and miss dates of opportunity. He noted that LAWA was complaining that the Van Nuys Flyaway parking was losing money. Instead of applying several small increases to reduce potential shock, they have done nothing.

The next regular monthly meeting of Valley VOTE will be on Monday, January 16 , 2012 at Galpin Ford.

Happy Holidays !!

Valley VOTE Mission Statement

Valley VOTE, a diverse coalition of San Fernando Valley residents, businesspeople, educators, community activists, and organizations, is committed to exploring and fostering the implementation of programs that empower the people of the San Fernando Valley and the City of Los Angeles, to improve local governance, education and public participation on policy matters.

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