

OTAY WATER DISTRICT  
FINANCE, ADMINISTRATION AND COMMUNICATIONS  
COMMITTEE MEETING  
and  
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD  
SPRING VALLEY, CALIFORNIA  
BOARDROOM

**TUESDAY**  
**July 21, 2015**  
**11:00 A.M.**

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

**AGENDA**

1. ROLL CALL
2. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

**DISCUSSION ITEMS**

3. ADOPT RESOLUTION NO. 4294 DESIGNATING A CHANGE OF AUTHORIZED SIGNATORIES FOR THE DISTRICT'S OPERATING AND PAYROLL ACCOUNTS WITH UNION BANK, N.A. (KOEPPEN) [5 minutes]
4. APPROVE THE ISSUANCE OF A PURCHASE ORDER TO HAAKER EQUIPMENT COMPANY IN THE AMOUNT OF \$402,830.28 FOR THE PURCHASE OF ONE (1) NEW MODEL 2115P-16 VACTOR TRUCK (MARTINEZ) [5 minutes]
5. APPROVE THE ISSUANCE OF A PURCHASE ORDER TO TRACE3 IN THE AMOUNT OF \$174,725.29 FOR NEW NETWORK EQUIPMENT AND SOFTWARE TO REPLACE THE EXISTING SERVER ENVIRONMENT (KERR) [5 minutes]
6. DROUGHT AND WATER CONSERVATION UPDATE (CAREY) [5 minutes]
7. ADJOURNMENT

**BOARD MEMBERS ATTENDING:**

Mitch Thompson, Chair  
Jose Lopez



# AGENDA ITEM 3



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	August 13, 2015
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY:	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Adopt Resolution No. 4294 Designating a Change of Authorized Signatories for the District's Operating and Payroll Accounts with Union Bank, N.A.		

### **GENERAL MANAGER'S RECOMMENDATION:**

That the Board adopt Resolution No. 4294 designating a change of authorized signatories for the District's operating and payroll accounts with Union Bank, N.A.

### **COMMITTEE ACTION:**

See Attachment A.

### **PURPOSE:**

To make a change to the authorized signatories on the District's operating and payroll accounts adding Kevin Koeppen, Finance Manager, as an authorized signatory.

### **ANALYSIS:**

On a periodic basis the District reviews its operating process and procedures. The purpose of these reviews is to ensure the District identifies potential weaknesses and implements improvements where necessary. Recently, finance staff reviewed procedures for ensuring the District is able to meet its financial obligations to vendors and

staff in the event of a disaster. The District maintains manual check stock that, in a disaster situation, can be used to make payments if the Accounts Payable system is not accessible.

These manual checks require two signatures and are maintained in a locked cabinet, which only select personnel have access to. The District's current authorized signatories are:

Mark Watton - General Manager  
German Alvarez - Assistant General Manager  
Joseph R. Beachem - Chief Financial Officer

Staff has identified that, in the event of a disaster, there is a risk that staff may be unable to obtain two signatures required for issuing manual checks. Therefore, staff is recommending that the Finance Manager, Kevin Koeppen, be added as a backup signatory to the Union Bank operating and payroll accounts.

**FISCAL IMPACT:**             Joseph R. Beachem, Chief Financial Officer

None.

**STRATEGIC GOAL:**

Demonstrate financial health through formalized policies, prudent investing, and efficient operations.

**LEGAL IMPACT:**

None.

Attachments:

- A) Committee Action
- B) Resolution No. 4294



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	Adopt Resolution No. 4294 Designating a Change of Authorized Signatories for the District's Operating and Payroll Accounts with Union Bank, N.A.
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### COMMITTEE ACTION:

That Finance, Administration, and Communications Committee recommend that the Board adopt Resolution No. 4294 designating a change of authorized signatories for the District's operating and payroll accounts with Union Bank, N.A.

### NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

RESOLUTION NO. 4294

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE OTAY WATER DISTRICT DESIGNATING A CHANGE OF  
AUTHORIZED SIGNATORIES FOR THE DISTRICT'S OPERATING AND  
PAYROLL ACCOUNTS WITH UNION BANK, N.A.

WHEREAS, Otay Water District ("District") currently has bank accounts with Union Bank, N.A. for the District's operating and payroll accounts; and

WHEREAS, the Board of Directors of the District desires to designate a change of authorized signatories on said accounts; and

WHEREAS, the additional signatory will provide for four signatories in the event of a disaster.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Otay Water District as follows:

That Kevin Koeppen, Finance Manager, be added as an authorized designated signatory for each of the said accounts.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting, held this 13th day of August, 2015.

Ayes:  
Noes:  
Abstain:  
Absent:

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President

Attest:

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District Secretary

# AGENDA ITEM 4



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	August 13, 2015
SUBMITTED BY:	Jose Martinez, Assistant Chief of Water Operations	PROJECT:	DIV. NO. All
APPROVED BY:	<input checked="" type="checkbox"/> Pedro Porras, Chief Water Operations <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Approval to Purchase Vector Truck		

### **GENERAL MANAGER'S RECOMMENDATION:**

That the Board authorize the General Manager to issue a purchase order to Haaker Equipment Company in the amount of \$402,830.28 for the purchase of one (1) new Model 2115P-16 Vector truck.

### **COMMITTEE ACTION:** \_\_\_\_\_

See Attachment "A".

### **PURPOSE:**

To obtain Board authorization to purchase a potable Vector truck to replace the District's old Vector truck.

### **ANALYSIS:**

Currently, the District's essential equipment to support facility repairs includes two (2) potable Vector trucks. Unit 144 is a 2003 Vector Jet Rodder truck with 168,851 miles. Due to the nature of the vehicle's work, the useful in-service life of this machine is normally 7-10 years and 100,000 miles. Funding for this Vector truck has been included in FY 2016 Capitol Purchase Budget, Project P2282 vehicle replacement.

The new Vactor truck as shown in Attachment "B," will continue to be used in the removal and clean-up of heavily saturated soil when performing maintenance on the water distribution system including repair and replacement of service laterals, water mains, buried valves, etc. The vehicle's 15 cubic yard debris body allows the Vactor to stay on site for extended periods during large emergency breaks or performing multiple service leak repairs without the need to make additional trips to empty the excavation spoils thereby expediting the repairs. The vehicle is also used for potholing to locate various utility types and depths with a minimal surface street disturbance.

Based on system operation evaluations of work flow by the Utility Maintenance supervision and management, it is recommended that one (1) new Vactor truck Model 2115P-16 be purchased and the older Vactor Unit 144 be declared surplus with an estimated salvage value of \$35,000.

In accordance with District policy, bids were solicited for the replacement Vactor truck. Three (3) bids were received. Prices received include all applicable fees such as taxes and delivery and are shown as follows:

Dealer	Vehicle Bid	Bid Price
Haaker Equipment Company	Vactor Truck Model 2115P-16	\$402,830.28
Owen Equipment	Vactor Truck Model 2115P-16	\$407,962.00
Neverest Equipment Company	Vactor Truck Model 2115P-16	\$409,536.00

**FISCAL IMPACT:**             Joe Beachem, Chief Financial Officer

The FY16 budget for this vehicle is \$405,000.00 in the Vehicle Replacement CIP P2282 with an anticipated lead time of 300 days for delivery.

The Finance Department has determined that 100% of the funds are available in the replacement fund.

**STRATEGIC GOAL:**

Operate the system to meet demand twenty-four hours a day, seven days a week.

**LEGAL IMPACT:** \_\_\_\_\_

None.

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**General Manager**

Attachment "A" Committee Action

Attachment "B" Vector Truck



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	Approval to Purchase Vactor Truck
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### **COMMITTEE ACTION:**

The Finance Administration and Communications Committee reviewed this item at a meeting held on July 21, 2015 and the following statements were made:

### **NOTE:**

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

## ATTACHMENT B

Model 2115P-16 Vector truck



# Agenda Item 5



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	August 13, 2015
		PROJECT:	DIV. NO.: ALL
SUBMITTED BY:	Michael Kerr, Information Technology Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Adolfo Segura, Assistant Chief, Admin/IT Services		
	<input checked="" type="checkbox"/> Geoff Stevens, Chief Information Officer		
	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	REPLACEMENT OF DATA CENTER SERVER EQUIPMENT AND UPGRADE		

### **GENERAL MANAGER'S RECOMMENDATION:**

That the Board approve the issuance of a purchase order to Trace3 in the amount of \$174,725.29 for new network equipment and software to replace the existing server environment.

### **COMMITTEE ACTION:**

Please see "Attachment A".

### **PURPOSE:**

To authorize the purchase of equipment and services necessary to support Information Technology's daily operations and services, and to enhance District systems to meet emerging business needs as identified in the District's Strategic Plan.

### **ANALYSIS:**

The District's business system environment is comprised of a collection of essential computing servers that manage all day-to-day access of electronic data, applications, and storage resources. The electronic business resources utilized by District staff include Eden Financial

System, Geographic Information System (GIS), Voice/Phone System, Data Recovery, SharePoint Portal and Content Management, Computerized Maintenance Management System/Work Order, Asset Management, and Data Retention System.

The current server environment is over seven (7) years old and lacks functionalities and features that would make the system more efficient and limits our ability to leverage existing District technologies. Maintenance costs have also doubled as a result of the existing equipment reaching its end of useful life. Continuing with the direction to further consolidate and improve the District's computing needs, coupled with its end-of-life status, approximately six months ago staff commenced extensive research into a right-fit/cost-effective business server replacement system. Staff recognized the need for a centrally managed server system to optimize performance, day-to-day operation, and reduce overall maintenance and support costs. In assessing the District's needs, staff identified the Cisco Unified Communication Server (UCS) system to replace the existing end-of-life Hewlett Packet (HP) server environment. The proposed server infrastructure replacement will provide required performance, redundancies, and future scalability, while decreasing physical footprint in the District's data center. This in turn will reduce power and cooling requirements, therefore reducing the cost of ownership. Lastly, the UCS server system will be operated by in-house IT staff.

Staff solicited and received three (3) qualified quotes from Nexus Inc. for \$190,643.06, Trace3 for \$174,725.29, and Pinnacle for \$171,620.64.

<b>Vendor</b>	<b>Item</b>	<b>Product Specification/Description</b>	<b>Total Price</b>
Nexus	Cisco UCS 5100 (5108) Server	UCS 5108 Chassis & Blade Servers, 16GB DDR4-2133-MHz RDIMM/PC4-17000/dual rank/x4/1.2v	\$190,643.06
Trace3	Cisco UCS 5100 (5108) Server	UCS 5108 Chassis & Blade Servers, 16GB DDR4-2133-MHz RDIMM/PC4-17000/dual rank/x4/1.2v	\$174,725.29
Pinnacle	Cisco UCS 5100 (5108) Server	UCS 5108 Chassis & Blade Servers, 16GB DDR4-2133-MHz RDIMM/PC4-17000/dual rank/x4/1.2v	\$171,620.64

Staff conducted a decision analysis of competing vendors and developed a list of specifications based on District's technology needs (see Attachment B).

The selection panel consisted of the Information Technology Manager, Network Engineer, and the Assistant Chief of Administrative and Information Technology Services. Based on the scoring criteria

(Attachment B), the panel selected Trace3 as the overall best fit and value for the District's UCS server system replacement.

**FISCAL IMPACT:**             Joe Beachem, Chief Financial Officer

The approved capital budget is \$175,000.00 for FY16 for CIP P2469 Information Technology Network and Hardware. This expenditure of \$174,725.29 will leave a remaining balance of \$274.71 in this CIP. After this expenditure this CIP will be closed. The Project Manager anticipates, based on financial analysis, that the budget will be sufficient to support this project. Finance has determined that 60% of the funding is available from the Expansion Fund and 40% from the Replacement Fund.

**STRATEGIC GOAL:**

These items are in support of the District's required services and Strategic Plan, which specifically improve the overall operating cost.

**LEGAL IMPACT:**

None.

Attachments:

- Attachment A - Committee Action Report
- Attachment B - Selection Panel Analysis



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	REPLACEMENT OF DATA CENTER SERVER EQUIPMENT AND UPGRADE
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### **COMMITTEE ACTION:**

The Finance, Administration and Communications Committee met on July 21, 2015 to review this item. The Committee supports presentation to the full Board for their consideration.

### **NOTE:**

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.

## SELECTION PANEL ANALYSIS FOR BLADE SERVER SYSTEM

		Experience of Proposed Staff	Approach to the Project	Capability to Perform	Cost/Pricing	Relevant Experience	Sub-Total	TOTAL
<b>MAXIMUM POINTS</b>		<b>10</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>6</b>		
<b>PINNACLE</b>	Assistant Chief, Admin/IT Ops	7	9	7	9	8	41	<b>129</b>
	IT Manager	8	9	7	9	10	44	
	Network Engineer	9	9	9	8	9	44	
<b>NEXUS</b>	Assistant Chief, Admin/IT Ops	8	9	7	7	8	39	<b>126</b>
	IT Manager	8	10	9	7	8	42	
	Network Engineer	9	10	10	7	9	45	
<b>TRACE3</b>	Assistant Chief, Admin/IT Ops	8	9	7	9	8	41	<b>133</b>
	IT Manager	8	10	9	9	10	46	
	Network Engineer	9	10	10	8	9	46	

# AGENDA ITEM 6



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	August 13, 2015
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Andrea Carey, Customer Service Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Drought and Water Conservation Update		

### **GENERAL MANAGER'S RECOMMENDATION:**

This is an informational item only.

### **COMMITTEE ACTION:**

N/A

### **PURPOSE:**

To comply with the State Water Board's emergency conservation regulations and the state's mandatory conservation of potable urban water use.

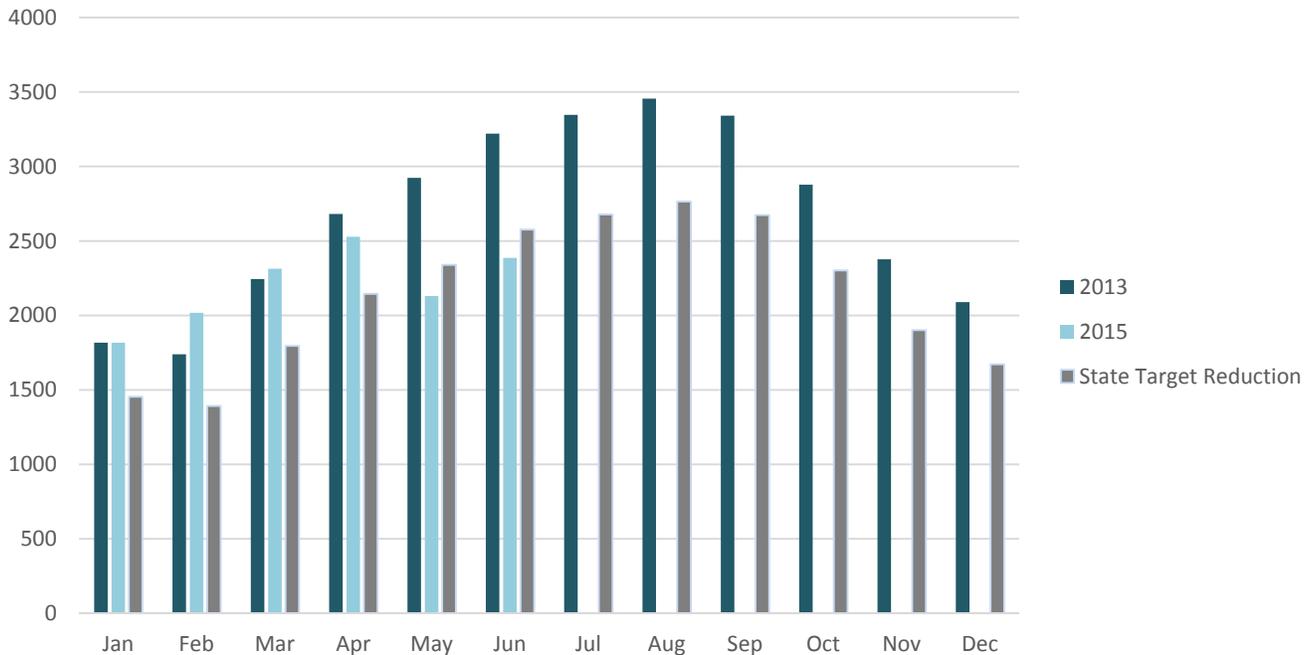
### **ANALYSIS:**

In response to four consecutive years of dry weather in the State of California, the State Water Board adopted emergency regulations on May 5, 2015 mandating all urban water suppliers cut potable water use by 8 to 36 percent, depending on their residential gallons-per-capita-per-day average from July-September 2013. Otay Water District's reduction target is 20%.

### **Monthly Usage Comparison**

The chart below shows total monthly potable purchases for 2013 and 2015 year-to-date and the target reduction goal of 20% of each month.

## 20% Reduction Target



The District came in with lower consumption than its reduction target in both May and June. May's usage was 27.1% less than May 2013 and June's usage was 25.9% less than June 2013.

### Conservation Efforts

In response to the state mandate, staff took action with a variety of conservation outreach methods including:

1. Phone calls and emails to all District customers notifying them of the state's mandate.
2. Letters to the District's top 10% of residential users.
3. Letters to all potable commercial irrigation customers.
4. Conservation message on the outside of the bill envelopes.
5. Bill inserts communicating drought updates and conservation messaging.
6. Online target usage tracker.
7. Leak alarm notifications.
8. Water waste tracking.
9. Outreach events at the Water Conservation Garden.
10. Discussions with numerous homeowners and commercial customers on watering restrictions and rebate programs.
11. Hired a CWA intern to assist in meeting the Governor's directive.

## Neighboring Agencies

In a survey of the District's neighboring agencies that include Sweetwater Authority, Helix Water District, and Padre Dam Municipal Water District, the following update has been obtained.

Sweetwater Authority saved 24% in May and 25.6% in June compared to 2013 consumption. Sweetwater sent out a Prop 218 notice to its customers of a public hearing on August 31, 2015. The notice lists a proposed rate increase to both the commodity charge as well as the fixed readiness-to-serve charge, effective September 1, 2015. A typical customer using 22 units will see an increase of \$7.42 bimonthly. In addition, Sweetwater is proposing to adopt drought rates for levels 2 through 4. At this time, they are not imposing the drought rates on their customers.

Helix Water District saved 29.2% in May and 25% in June compared to 2013 consumption. Helix implemented water use restrictions and penalties beginning May 25, 2015. The penalties are \$100 for the first violation, \$200 for a second violation within one year, and \$500 for each additional violation within one year. In addition, if domestic water use exceeds 31 units in a two-month billing period, a 10% penalty would be applied. The following chart is included as an example of how the penalty charge would be imposed.

Customer Using	Penalty Charge	Total Bill Before Penalty	Total Bill With Penalty	Penalty as % of Total Bill
31 units	\$0.55	\$164.77	\$165.32	0.3%
50 units	\$11.02	\$269.46	\$280.48	3.9%
75 units	\$24.80	\$407.21	\$432.01	5.7%
100 units	\$38.57	\$544.96	\$583.53	6.6%
150 units	\$66.12	\$820.46	\$886.58	7.5%

Padre Dam Municipal Water District saved 36.6% in May and 28% in June. To date, Padre has not imposed drought rates or penalties. Their July 15, 2015 staff report on a drought update states that they have a two-pronged approach of aggressive public communication and outreach as well as increased restrictions and enforcement.

## Future Actions

Staff will be closely monitoring the rate of conservation and will be reacting, as needed, to ensure customers remain mindful of the drought situation. Staff will continue to participate in outreach events and publicize the drought through the District's website, social media sites, and bill inserts.

Staff has been working on a Water Waste Mobile App. This new app will allow customers to report water waste, get information on water

restrictions, rebates, and even link directly to the District's mobile web pay site.

Staff is currently working with Otay's bill print provider on modifying the bill print to include usage target data for customers. This new bill print format is expected to be completed in September.

**FISCAL IMPACT:**             Joe Beachem, Chief Financial Officer

None.

**STRATEGIC GOAL:**

Actively manage water supply and demand.

**LEGAL IMPACT:**

None.

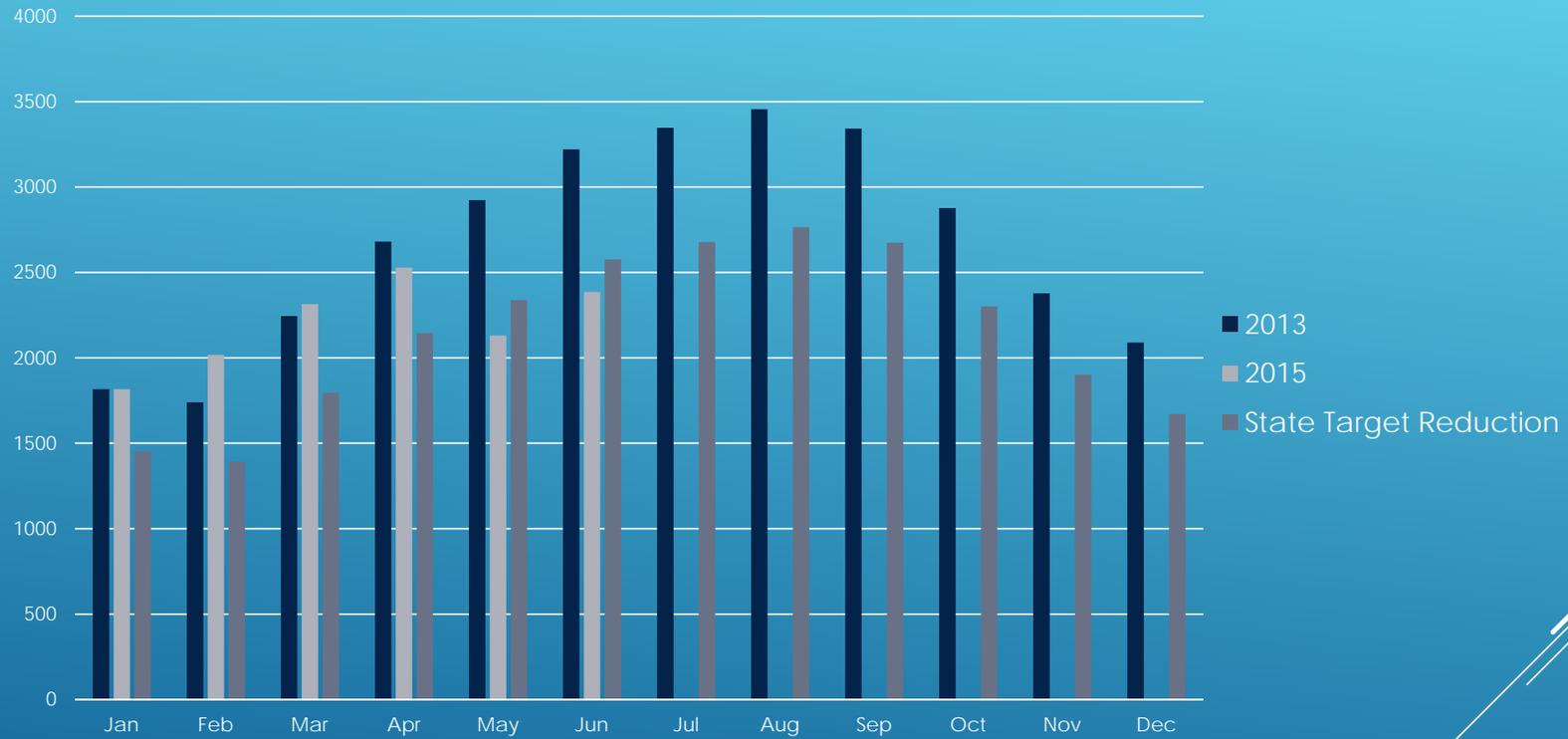
**Attachments:**

- A) Committee Action
- B) Presentation

# WATER CONSERVATION UPDATE

Otay Water District  
Board Meeting  
August 13, 2015

## 20% REDUCTION TARGET



- ▶ Phone calls and emails to all District customers.
- ▶ Letters to the District's top residential customers.
- ▶ Letters to all commercial irrigation customers.
- ▶ Conservation messaging on the outside of the bill envelope.
- ▶ Bill inserts communicating drought updates on conservation messages.
- ▶ Online target usage tracker.
- ▶ Leak alarm notifications.
- ▶ Water waste tracking.
- ▶ Outreach events.
- ▶ Hired CWA intern to assist with drought efforts.

## WATER CONSERVATION EFFORTS

## **Sweetwater Authority**

- 24% savings in May and 25.6% savings in June
- Prop 218 hearing end of August
- Rate increases September 1<sup>st</sup>

## **Helix**

- 29.2% savings in May and 25% in June
- Penalty rates

## **Padre Dam**

- 36.6% savings in May and 28% in June
- No drought rates or penalties

# NEIGHBORING AGENCIES

- ▶ Monitor conservation closely
- ▶ Bill print changes
- ▶ Water Waste App

## FUTURE ACTIONS



QUESTIONS?