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MINUTES OF THE
BOARD OF DIRECTORS REGULAR MEETING
OTAY WATER DISTRICT
March 15, 2000

1. The meeting was called to order by President Price at 1:32 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, California.

DIRECTORS PRESENT: Directors Price, Inocentes, Laudner, Watton and Poveda

DIRECTORS ABSENT: None

STAFF PRESENT: Acting General Manager Harron
Operations Department Head Mahanke
Admin Services Department Head Alvarez
Finance Department Head Chambers
Government Affairs Admin. Bartlett-May
District Secretary Smith
Others as per attached list

2. Upon conclusion of the Pledge of Allegiance, Director Price said after the posting of the Agenda, the District had received a letter from Sweetwater Authority requesting a letter in support of their grant application to CalFed by Monday, March 20th. A motion was made by Director Inocentes, seconded by Director Watton and unanimously carried, to add Sweetwater's request as an emergency item to the Agenda.

3. A motion was made by Director Laudner, seconded by Director Inocentes and unanimously carried, to adopt the Minutes of the Special Meeting of February 28, 2000 and the Regular Meeting of March 1, 2000.

1 4. A motion was made by Director Poveda, seconded by Director Wat-
2 ton, and unanimously carried, to approve the demands as listed.

3 5. President Price inquired if anyone in the audience desired to ad-
4 dress the Board on any item not on the Agenda. No one wished to be heard.
5

6 6. Director Inocentes requested that Item 7d be pulled from the Con-
7 sent Calendar and held until after the presentation of the 5-year District Technol-
8 ogy Plan.
9

10 A motion was made by Director Poveda, seconded by Director Watton and
11 unanimously carried, to adopt the remaining items on the Consent Calendar be
12 approved.
13

- 14 a) REQUEST FOR ACTING GENERAL MANAGER TO REJECT ALL
15 BIDS FOR THE PROPOSED AS-NEEDED ANNUAL
16 CONTRACTOR SERVICES CONTRACT
- 17 b) REQUEST TO AWARD A CONSTRUCTION CONTRACT FOR
18 THE LOMA DEL SOL 16" WATER MAIN PROJECT TO T. C.
19 CONSTRUCTION COMPANY, INC., IN AN AMOUNT NOT TO
20 EXCEED \$434,125
- 21 c) REQUEST TO SUSPEND FURTHER WORK ON THE
22 DEVELOPMENT OF THE RANCHO DEL REY WELL PROJECT
- 23 e) METRO COMMISSION/AFFORD UPDATE
- 24 f) REQUEST TO APPROVE CHANGE IN POSITION FROM
25 CONTRACT TO FULL-TIME REGULAR EMPLOYEE STATUS FOR
26 XERISCAPE FACILITY ADMINISTRATOR
- 27 g) APPROVAL OF REVISION TO THE HARASSMENT POLICY AND
28 COMPLAINT PROCEDURE

29 7. Mary Ann Dickinson, Executive Director of the California Urban Wa-
ter Conservation Council, made a presentation regarding the 1998 revisions to the
Best Management Practices (Staff Report attached).

1 8. Mr. Kent Olsen, President of California Transportation Ventures,
2 made a presentation on SR 125. He stated that California Transportation Ven-
3 tures entered into a franchise with the State of California to design, build and op-
4 erate 125. Mr. Olsen presented a map showing the alignment of the freeway
5 which goes from the Otay Border crossing at 905 to State Route 54 with a toll por-
6 tion from San Miguel Road to 905.
7

8 Mr. Olsen noted that there would be substantial landscaping along the new
9 Route 125 and that they would be required to use reclaimed water for irrigation of
10 the landscape.
11

12 President Price thanked Mr. Olsen for his presentation and encouraged
13 staff to discuss with Mr. Olsen the reclaimed water that would be needed for their
14 landscape project.
15

16 9. President Price stated the next item was appointment of Robert
17 Griego as the new General Manager. A motion was made by Director Poveda,
18 seconded by Director Inocentes and carried, with Director Laudner voting no.
19

20 10. Geoff Stevens, the District's Manager of Technology, made a pres-
21 entation of the 5-year technology plan (Staff Report attached). Mr. Stevens said
22 they wanted to present to the Board a high level three to five year information tech-
23 nology plan for the District. He stated the Board was not being asked to approve
24 any expenditures at this point but that Staff wanted to ascertain if the plan is con-
25 sistent with the Board's vision.
26

27 Mr. Stevens said the industry trends are changing and that the water indus-
28 try needs to put the customer at the center of business because they will be requir-
29

1 ing more with regard to account accessibility and technology available to them in
2 the future.

3 Mr. Stevens said that Staff is recommending that the District move in the
4 direction of high quality and keeping costs as low as possible by making incre-
5 mental changes that will insure flexibility.

7 He summarized the nine areas of evaluation and presented a chart depict-
8 ing the low and high priority areas for future needs. He stated that the HP system
9 was purchased in 1978 and has been upgraded five times and will not have fac-
10 tory support in three years. Mr. Stevens said Staff was also concerned with the
11 business system, billing and accounts receivable. He stated there is no vendor
12 support for billing and it is positioned to only run on the HP 3000.

15 Mr. Stevens stated that while the business applications were adequate to
16 meet past needs, they are not adequate to meet the needs of the new competitive
17 environment and the district needs to replace the major business system. He
18 stated that to upgrade the Human Resources system to SQL 7.0 will cost ap-
19 proximately \$20,000.

21 Director Price thanked Mr. Stevens for his report. Director Watton stated
22 that Mr. Stevens brought a comprehensive view of what Staff would like the District
23 to have. He stated he would like to see finer detail and a better timeline and
24 spending plan. He said that the numbers were a little high but asked that Staff
25 keep moving concerning providing that information. He continued saying that
26 possibly the District could put this off for a while for budgetary constraints but that
27 the District would be kidding itself and have additional hidden expenses with trying
28 to band-aid the current system.
29

1 Director Watton stated he was interested in what Mr. Stevens mentioned as
2 far as the District using a service provider as opposed to owning the equipment.
3 He said that the District should also look at a payroll service to maintain the data-
4 base due to all of the tax law changes.
5

6 Mr. Stevens said the problem with a payroll service is the complexity of
7 some of our payroll actions, such as upgrades and shifting classes. Director Wat-
8 ton stated that maybe we need to simplify our payroll system. Mr. Stevens said the
9 hidden agenda in the report, to achieve efficiency of technology, is to examine the
10 business processes and to change them to take advantage of software. He said
11 Staff wanted to avoid a lot of customizations.
12

13
14 Director Inocentes said the information technology is the future heart of the
15 organization. He stated that Mr. Stevens said the upgrade for the Human Re-
16 sources system would tie us over for five years. Director Inocentes said he didn't
17 want to upgrade something that is a quick fix and then throw it away because it
18 doesn't fit into the future IT plan. Mr. Stevens stated that would not be the case.
19

20 Director Price said she supported what she had heard and felt that Staff
21 needed to move ahead with the plan. Director Inocentes said that it really wasn't a
22 five-year plan because it needed more detail and asked when Staff would provide
23 a full plan. Mr. Stevens said Staff could bring back a report in six months detailing
24 a request for replacing one of two systems. Director Price asked if the Board
25 could see an update of the report on an annual basis, with numbers, for the next
26 two to three years. Mr. Stevens said he would like to come back every year and
27 give an update and forecast of expenditures. He said with knowing what direction
28 the Board wanted he could come back with a detailed analysis.
29

1 A motion was made by Director Inocentes, seconded by Director Watton
2 and unanimously carried, to approve the request for a purchase order with Infinium,
3 Inc. in an amount of \$23,500 to upgrade the Human Resources and Payroll Sys-
4 tems.
5

6 11. President Price called for a recess at 3:13 p.m. and the meeting
7 was reconvened at 3:30 p.m.
8

9 12. Acting General Manager Harron stated that Mr. Strode wanted to
10 make a request for financial assistance for the golf course. He stated that the Dis-
11 trict had billed for \$300,000 for entitlements, that \$200,000 had been received and
12 a bill for the outstanding amount had been sent last week. Mr. Harron said the only
13 two outstanding items were the sewer capacity fee and the request for financial
14 assistance. He continued saying that Mr. Strode feels that since the District re-
15 ceived the sewer capacity for free, he shouldn't have to pay for it. Mr. Harron
16 stated that Staff is supportive of the financial support to the golf course but that it
17 would need to be brought to a future meeting to insure that the District's interests
18 are protected.
19
20

21 Mr. John Nauman, the attorney for Auld Goff Course, said the financial as-
22 sistance is not general assistance but is directly tied to the irrigation system that is
23 being installed at the request of the District. He stated that Mr. Cardenas had in-
24 dicated that the Board might be receptive to financial assistance on the irrigation
25 system.
26

27 Director Price asked what the difference was regarding the change in the
28 irrigation system.
29

1 Mr. Armstrong of Reno Contracting said the original irrigation system de-
2 signed planned on using a pump that pumped directly out of the 20" line. As the
3 project progressed, they discovered that it creates problems eventually for both
4 Otay and the golf course. He stated that Pond 3 would now need to be lined and
5 they would pump from that pond. He said they have an additional 3,800 lineal feet
6 of primary power to run to the pump as well as installing a larger pump and wet
7 well so that they now have a fully-pressurized irrigation system versus a partial
8 gravity-fed system that they were originally planning. He said also that they were
9 having to put a separate irrigation system in between the fairways and the greens
10 due to water quality and the need for additional fertilizer and acid to the soil. He
11 stated that with these differences it added approximately \$600,000.
12
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14

15 Director Inocentes said his understanding was that there was \$300,000 in
16 reimbursements that has been exceeded by about \$110,000.
17

18 Acting General Manager Harron stated the District took the risk in the lease
19 that the entitlements would cost more than \$300,000 and they have.
20

21 Director Inocentes said the District has already put out an extra \$110,000
22 and that they are now asking for \$600,000. He stated that since it would be used
23 for the irrigation system it was basically a construction loan.
24

25 Director Inocentes asked if there was a reason why they were requesting
26 the money from the District and not seeking conventional construction financing.
27

28 Mr. Nauman said they were requesting this because Mr. Cardenas had
29 suggested this was the way they should go.

Director Inocentes asked when they had the conversation with Mr.
Cardenas.

1 Mr. Strode said it was in January at a meeting where they discussed the
2 problems with pumping directly out of the 20" main. He stated that it would cause
3 too much pressure fluctuation with the golf course tied in directly which would ad-
4 versely affect the District's customers. Mr. Strode said that when they said there
5 was a financial problem, Mr. Cardenas asked what if the District loaned the money
6 and Mr. Strode responded as long as it's not at 20%. Mr. Strode continued saying
7 that Mr. Cardenas said the District borrows at five, five and one-quarter and could
8 charge Auld Goff one and a quarter over that and that it would be done with an in-
9 creased premium in the water rate. Mr. Strode said they hadn't asked for the loan,
10 that Mr. Cardenas suggested it.
11

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13
14 Director Inocentes asked if that was the first meeting with Mr. Cardenas
15 when they discussed the irrigation system and Mr. Strode said it was the second
16 or third. He stated they had two meetings in December and a third meeting was in
17 January. Acting Department Head Peasley said there was one meeting that Mr.
18 Armstrong and Mr. Strode had with Mr. Cardenas in the Engineering Conference
19 Room and no one else attended.
20

21 Director Inocentes asked if he had ever met with Mr. Cardenas at the Old
22 Town Café in Old Town. Mr. Strode said they had lunch there. Director Inocentes
23 asked if Director Watton attended and Mr. Strode said Mr. Watton did attend.
24

25 Director Inocentes asked Mr. Strode if he had ever had lunch with any other
26 Director and Mr. Strode said he had lunch with Director Laudner.
27

28 Director Laudner said Mr. Strode took him on a tour of the course with a
29 couple of staff members and they went to lunch.

1 Director Price said she wanted to hear from the Board concerning its posi-
2 tion on the possibility of putting forth the loan which appears to benefit not only the
3 developer but the District's customers as well.
4

5 Director Watton asked Mr. Harron if Auld Goff was on schedule with its
6 payments and Mr. Harron said everything had been paid with the exception of
7 \$100,000 of the entitlements. A statement for those entitlements had been sent
8 last Friday.
9

10 Director Watton said that the District had done similar things in the past
11 with other developers and feels that the District would be in a good position to col-
12 lect on the money. He said he thought it would be a good idea in order to get a
13 first-class facility.
14

15 Director Inocentes asked about the risk of fluctuations on the system down
16 line to the people in EastLake.
17

18 Principal Inspector Kreuiter said with the irrigation system planned, they'll
19 be filling the pond in the daytime and the customers down stream are required to
20 irrigate at night so that negates possible pressure fluctuation.
21

22 Director Price asked if the Board wished to consider making the loan. Di-
23 rectors Laudner and Poveda stated yes.
24

25 Director Inocentes said he hadn't heard from Mr. Strobe as to whether he
26 had gone out and tried to borrow from other sources and felt that question should
27 be answered before the District considered any type of loan. He said he didn't
28 think Otay was in the banking business. Mr. Strobe said he has a loan from Cali-
29 fornia Trust Bank for 6 million and they will not make a loan larger than 50% for this
project.

1 Director Inocentes said he sees this as a construction loan. He stated the
2 money belongs to the ratepayers and before the District loans this money he would
3 prefer to see it as a rebate to ratepayers.
4

5 Director Price said one of the Directors mentioned giving credit in the past.

6 Acting General Manager Harron said the District gave credit with Triad, the
7 storage in Central Area. He said there was a deferral agreement with EastLake
8 and they paid 8-1/2%. He mentioned that the District also did a deferral agree-
9 ment with Taco Express, a business out on Jamacha, and believes there have
10 been some others as well. Director Laudner said the District loaned quite a bit of
11 money to developers with large capacity fees, because this benefits the District.
12

13 Director Inocentes said this wouldn't stop the job and would prefer Mr. Strode bor-
14 row the money.
15

16 A motion was made by Director Watton, seconded by Director Laudner to
17 direct Staff to work with Auld Goff and come back with a proposed agreement.
18

19 Director Inocentes asked as far as the vote on this agreement, how would that af-
20 fect the Directors that live in the vicinity of the sphere of influence. Mr. Harron said
21 it would need to be within 300 feet before they couldn't vote on the agreement and
22 within 1,500 feet if the impact on them would be different than the public in general.
23

24 The motion carried with Director Inocentes voting no.

25 13. President Price said the next item was regarding travel reimburse-
26 ment which was discussed several meetings ago.

27 Director Watton said he had received a new expense form that showed a
28 line item for the computer loan. He said he didn't feel it should be showing the
29 \$815 in the total column and asked if the form could be refined. Director Poveda

1 said that he felt the computer loans need to be shown in a different manner be-
2 cause it's a formal loan program that employees take part in and not the same as
3 someone not repaying the District for expenses incurred. Director Inocentes said
4 it is showing an indebtedness to the District, which is an interest-free loan. Direc-
5 tor Poveda said the reporting is pretty misleading and he would like it if it were re-
6 ported in a different manner. He requested that the report presented to the Board
7 be classified a draft and a final for the record come back for the Board's review.
8
9

10 Director Price said the thrust of the issue is to come up with a draft policy
11 statement regarding travel authorization and expenditures for Directors and they
12 could extend the scope of the policy to include staff. She stated that the Board
13 needed to brainstorm to discuss what expenditures are appropriate.
14

15 Director Watton said the schedule comparing the different travel policies
16 showed that Otay could tighten up on its policy. He also stated that Otay shouldn't
17 be involved in prepayment for family members. Directors Price and Poveda con-
18 curred. Director Watton said he would also like to go with a per diem for meals,
19 maybe similar to Sweetwater. Administrative Services Department Head Alvarez
20 said one option could be to set a per diem per day. Director Watton stated that
21 with ACWA conferences meals are included and a meal per diem shouldn't be al-
22 lowed.
23
24

25 Director Inocentes asked if someone wanted a Director to go to lunch with
26 them what would happen. Director Poveda said the per diem would apply when
27 you are forced to travel out of the County, that he had a problem with receiving a
28 meal per diem inside the County. Director Poveda continued stating the reason
29 why the Directors are looking at this policy is some of the Director's expenses are

1 out of control and that he would support a policy that any travel out of the County
2 needs to come before the Board for approval.

3 President Price asked if the Directors wished the policy state that any travel
4 outside of the County be approved in advance. Directors Watton, Price and Pov-
5 eda concurred. Director Laudner said in the past, the Board did require prior ap-
6 proval.
7

8 Director Laudner stated that it would be difficult to set a per diem on meals
9 because depending on the location, charges could vary a great deal. Director
10 Watton said the CWA Directors to Met have determined that they won't submit for
11 reimbursements in an amount greater than \$25. He stated he would like to go to a
12 system where Staff didn't need to worry about the receipts and allow a reasonable
13 amount.
14

15 Director Price stated that from the policies presented she sees a range of
16 \$36 to \$80 per day and feels that \$45 a day for out of town travel would be rea-
17 sonable. She said after the Policy was in effect for a while, it may be necessary to
18 amend it but she would like to see it start with a breakdown of \$8 for breakfast,
19 \$12 for lunch and \$25 for dinner.
20

21 Director Price also stated that she believes out of County travel needs to be
22 pre-approved by the Board with reasonable travel-related expenses, meal per
23 diem, reasonable mileage expenses or ground transportation and telephone re-
24 imbursement of \$10 per day for one personal call home.
25

26 Director Watton said if you're traveling across country, only the cost of
27 coach travel would be reimbursed.
28
29

1 Administrative Services Department Head Alvarez asked if the Board had
2 considered partial days and what would be allowed for the meal per diem. Direc-
3 tor Price stated that if you're traveling in the afternoon, you shouldn't receive a
4 breakfast per diem. Director Watton said it wasn't so that someone wouldn't be
5 able to eat lunch if they arrived at 12:30, but to provide a guideline for the Board
6 and Staff.
7

8 President Price stated that she had asked District Secretary Smith to pro-
9 vide a list of regularly-attended meetings (list attached). She stated that some
10 policies list pre-approved meetings and asked if the Board wished to have the list
11 attached as pre-approved meetings. The Board concurred.
12

13 Governmental Affairs Administrator Bartlett-May stated that one of the prob-
14 lems faced by Staff in the past is that a Director would want to sign up a week be-
15 fore a conference starts and there would not be a Board Meeting in that time to
16 approve attendance. Director Price stated there weren't any conferences that had
17 that short of a registration period and that the Directors would need to do some
18 planning.
19

20 President Price asked for a draft policy at the next meeting to become ef-
21 fective that day if approved by the Board. She also asked that at every future
22 meeting there be an item on the agenda for travel authorization.
23

24 Director Inocentes stated that if the Board was going to have pre-approved
25 meetings that it should include Metropolitan Water. Director Poveda said that Met
26 would need to be pre-approved for a Director other than the representative. Direc-
27 tor Inocentes said that Met is one of the major organizations the District belongs to
28
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1 and if a Director wishes, they should be able to go. Director Poveda stated that
2 since it is out of the County, it needs to be pre-approved.

3 President Price said that she feels if any money is owed to the District that
4 isn't reimbursed, it should be deducted from the Director's pay the following month.
5

6 Directors Poveda and Laudner concurred. Acting General Manager Harron
7 said there was a difficulty regarding withholding from the Director's per diem be-
8 cause it is considered a garnishment. Director Watton asked about the reimburs-
9 able expenses and Mr. Harron said that could be done. Director Poveda stated
10 that if the Board is talking about policing itself maybe it should be if there is an out-
11 standing balance to the District that the Director doesn't travel until that debt is
12 paid.
13

14
15 Director Laudner said he felt any outstanding debts should be repaid within
16 30 days. Director Price concurred and said if monies were not repaid in 30 days
17 it would be deducted from the next month's expenses. Director Watton concurred.
18

19 Director Watton stated that he felt the District should require proof of insur-
20 ance and a valid driver's license on file before any mileage reimbursement for Di-
21 rectors. Director Price asked if all employees were required to show a valid
22 driver's license and proof of insurance. Mr. Alvarez stated employees are asked
23 for proof of driver's license. Director Watton suggested that the District make that
24 a requirement for all Board Members and Staff.
25

26 Director Price asked that a draft policy be faxed to the Board for their re-
27 view.
28

29 14. Acting General Manager Harron said the District had received a re-
quest for support of Sweetwater's request for a grant from CalFed. He stated they

1 are asking for grant money for their monitoring wells on their demineralization pro-
2 gram. A motion was made by Director Poveda, seconded by Director Watton and
3 unanimously carried, to authorize the Acting General Manager sending a letter of
4 support for Sweetwater's CalFed grant request.
5

6 15. Administrative Services Department Head Alvarez submitted the
7 monthly staff report. He stated since January the District had appointed nine new
8 employees. He also stated that the computer loan program continued to be popu-
9 lar with \$10,400 of loans being made since January. He said that sexual harass-
10 ment training has been scheduled for April 11th.
11

12 16. Operations Department Head Mahanke submitted his monthly re-
13 port. Mr. Mahanke stated that the cost of assisting Helix with their pipeline break
14 was \$6,000 and they have been billed. He said that amount doesn't include the
15 cost of the pipe because Helix will order a new 36' pipe and have it delivered to
16 the District.
17

18 17. Acting Engineering Department Head Peasley presented the
19 monthly Engineering Report. He stated they had a preconstruction meeting for the
20 Telegraph Canyon Road project and that the City of Chula Vista had assured them
21 they will do everything to keep the project on schedule.
22

23 18. Finance Department Head Chambers stated the Finance Commit-
24 tee met on February 29th and selected five auditing firms. She said a date of April
25 3rd had been set for the interviews and have received four out of five confirmations.
26 She said this will be presented to the Board in April. She presented the financial
27 reports for the seven months of Fiscal Year 2000 (copy attached).
28
29

1 21. Acting General Manager Harron stated that Pacific Bay Homes had
2 filed a lawsuit and served the District. He said that nothing had happened with the
3 Telegraph Canyon Road contract protest.
4

5 20. Director Watton said that the County Water Authority had a work-
6 shop on the Emergency Storage Project and essentially re-voted on the project.
7 He stated the ESP still has to be financed and even though it was voted to move
8 forward he believes there is an opportunity for Otay to take a little more of the wa-
9 ter and use it for off-peak deliveries for seasonal storage. He also stated that Val-
10 ley Center has indicated they want to give up some of their emergency storage
11

12 Director Watton said that the MWD group of managers had put forward a
13 proposal that was pretty much accepted. He stated that CWA has a range of op-
14 tions on how they want to proceed from a contract model to litigation. He said they
15 are still working for the contract model as it relates to the strategic plan and MWD
16 is on a modified or repackaged status quo.
17

18 Director Watton stated he talked at the workshop with Greg Quist and Keith
19 Lewinger of the Economic Study Group and they still want to unbundle only trans-
20 portation. He said the City of San Diego, Helix and Padre want to unbundle it all.
21 He continued saying that clearly the majority of the CWA is looking at a complete
22 unbundling and that doesn't bode real well for the ESG. He said everyone that re-
23 ceives the agricultural rate is assuming it won't change but when you recalculate
24 the rates, everything is recalculated
25

26 21. Director Inocentes stated he went to two committee meetings at
27 MWD and that Met is going to increase the rates by \$11. Director Watton com-
28 mented that they are doing this in a year that they are awash in cash.
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22. The Board adjourned to closed session at 5:10 p.m.

23. With no further business to come before the Board, the meeting was
adjourned at 5:40 p.m.

President

ATTEST:

District Secretary