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MINUTES OF THE
BOARD OF DIRECTORS REGULAR MEETING
OTAY WATER DISTRICT
January 19, 2000

1. The meeting was called to order by President Price at 1:37 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, CA.

DIRECTORS PRESENT: Directors Price, Laudner, Poveda and Inocentes

DIRECTORS ABSENT: Director Watton

STAFF PRESENT: General Manager Cardenas
Attorney Harron
Operations Dept Head Mahanke
Admin Services Dept Head Alvarez
Finance Department Head Chambers
Assistant District Secretary Smith
Others as per attached list

2. After the Pledge of Allegiance, President Price asked that Item 15, District Committee Appointments, be pulled from the Agenda and brought to the next meeting since Director Watton was absent. Director Poveda stated that General Manager Cardenas had wanted to pull Item 14, the bilingual pilot program, and he asked that it remain on the Agenda. Director Laudner said he thought it should be pulled. A motion was made by Director Poveda, seconded by Director Inocentes, and carried with Director Laudner voting no, to approve the agenda as amended.

3. A motion was made by Director Inocentes, seconded by Director Poveda, and unanimously carried, to adopt the Minutes of the Regular Meeting of January 5, 2000.

4. Finance Department Head Chambers stated that at times there are reasons why checks have to be released prior to a Board Meeting such as payroll and employee reimbursements. A motion was made by Director

1 Laudner, seconded by Director Inocentes, and unanimously carried, to approve
2 the Demands as listed.

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

5 6. President Price presented

7 RESOLUTION NO. 3839

8 A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY
9 WATER DISTRICT EXPRESSING APPRECIATION TO JASON
10 D. CAVENDER FOR TEN YEARS OF SERVICE TO THE
11 DISTRICT

12 A motion was made by Director Poveda, seconded by Director
13 Inocentes, and unanimously carried, to adopt Resolution No. 3839.

14 7. President Price presented

15 RESOLUTION NO. 3838

16 A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY
17 WATER DISTRICT EXPRESSING APPRECIATION TO DENNIS
18 S. COOPER FOR TWENTY-FIVE YEARS OF SERVICE TO THE
19 DISTRICT

20 A motion was made by Director Laudner, seconded by Director Poveda,
21 and unanimously carried, to adopt Resolution No. 3838.

22 8. A motion was made by Director Poveda, and seconded by
23 Director Inocentes, and unanimously carried, that the following items on the
24 consent calendar be approved.

- 25 a) DECLARATION OF SURPLUS MATERIALS
26 b) DENIAL OF CLAIM OF MARINA LANDSCAPE, INC.
27 c) AMENDMENT TO OPERATING BUDGET FOR FISCAL YEAR
28 1999-2000
29 d) REIMBURSEMENT AGREEMENT WITH OTAY PROJECT, L.P.,
FOR CAPITAL IMPROVEMENT PROGRAM PROJECTS IN

1 CONJUNCTION WITH THE OTAY RANCH SPA 1, VILLAGES 1
2 AND 5 DEVELOPMENT (WO 8342)

- 3 e) APPROVAL OF INITIAL STUDY AND MASTER
4 ENVIRONMENTAL IMPACT REPORT FOR 850-3 AND 850-4
5 RESERVOIRS (CIP 2191 AND 169)
- 6 f) REQUEST FOR AUTHORIZATION FOR GENERAL MANAGER
7 TO EXECUTE 1) A MEMORANDUM OF UNDERSTANDING
8 BETWEEN THE DISTRICT AND THE STATE OF CALIFORNIA,
9 DEPARTMENT OF FISH AND GAME; 2) ACCEPTANCE OF THE
10 STATE'S GRANT OF A NEW 20-FOOT PERMANENT PIPELINE
11 EASEMENT AND A TEMPORARY 40-FOOT WIDE
12 TEMPORARY CONSTRUCTION EASEMENT; 3) ACCEPTANCE
13 OF THE STATE'S GRANT OF A NEW 25-FOOT WIDE ACCESS
14 EASEMENT TO THE RESERVOIR SITE; AND 4) QUITCLAIM
15 DEED FOR A PORTION OF THE DISTRICT'S EXISTING 60-
16 FOOT WIDE ACCESS EASEMENT TO THE 20-3 RESERVOIR

- 17 g) RESOLUTION NO. 3840

18 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
19 OTAY WATER DISTRICT COMMENDING LILLIAN M. CHILDS
20 FOR HER YEARS OF SERVICE TO HELIX WATER DISTRICT
21 AND THE SAN DIEGO COUNTY WATER COMMUNITY

- 22 h) RESOLUTION NO. 3841

23 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
24 OTAY WATER DISTRICT COMMENDING RICHARD A.
25 REYNOLDS FOR HIS YEARS OF SERVICE TO SWEETWATER
26 AUTHORITY AND THE SAN DIEGO COUNTY WATER
27 COMMUNITY

- 28 i) CONTINUANCE OF ANNEXATION PROCEEDINGS FOR
29 SINGING HILLS ANNEXATION TO FEBRUARY 2, 2000

- 9) President Price presented

RESOLUTION NO. 3834

A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY
WATER DISTRICT FIXING TERMS AND CONDITIONS FOR
THE ANNEXATION TO OTAY WATER DISTRICT
IMPROVEMENT DISTRICT IMPROVEMENT DISTRICT NO. 22
OF THOSE LANDS DESCRIBED AS "EASTLAKE BUSINESS
CENTER II, PARCEL 1 ANNEXATION" AND ANNEXING SAID
PROPERTY TO OTAY WATER DISTRICT IMPROVEMENT
DISTRICT NO. 22 (WO 0210-20.224/DIV. 1)

1 and opened the public hearing at 1:45 p.m. No one wished to address
2 the Board on this resolution and the public hearing was closed.

3
4 A motion was made by Director Inocentes, seconded by Director
5 Laudner, and unanimously carried, to adopt Resolution No. 3839.

6 10. President Price presented

7
8 ORDINANCE NO. 481

9 AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE
10 OTAY WATER DISTRICT AMENDING THE CODE OF
11 ORDINANCES SECTION 25.03.E.6 PERTAINING TO THE
12 WATER RATES, CHARGES AND FEES OF NON-
13 AGRICULTURAL IRRIGATION WATER SERVICE

14 General Manager Cardenas said Section 25 of the District Code of
15 Ordinances has been in force for over seven years and the penalty conditions
16 which are included in the Ordinance are due to the severe drought in effect at
17 that time. He said that now we are no longer in a drought condition, Staff was
18 requesting the ordinance be amended. General Manager Cardenas stated the
19 Ordinance does address the issue that during drought conditions the penalties
20 would be reinstated.

21 Water Conservation Coordinator Tubiolo said the Ordinance has been in
22 use applying penalties of allocation overuse and Staff felt it should be updated
23 to reflect exclusion of penalties during non-drought periods for potable,
24 reclaimed and non-potable irrigation water. Staff feels that the ordinance has
25 helped during times of drought and the amendment of the Ordinance will
26 simplify and help our customers.

27
28 President Price said the Finance Committee met regarding this issue and
29 its recommendation was to bring the amendment forward to the full Board.

1 Director Poveda said he understands the issue in non-drought years
2 there not being a need for penalties, but he wanted to have a full Board
3 discussion on philosophically what we are doing in terms of conservation by
4 amending the Ordinance. He said he doesn't want our penalties so that people
5 see them as severe and restrictive but on the other hand what are we doing to
6 promote conservation. He stated that the District constructed a \$3.5 million
7 conservation garden to promote conservation and feels we need to continue to
8 encourage and motivate our customers to conserve water and he is not sure
9 with removing the penalties what the District can put in place of the penalties to
10 encourage water conservation.
11
12

13 General Manager Cardenas said the Ordinance change addresses the
14 penalties but the bulk of the Ordinance is the educational portion and we do
15 have a ceiling on the use of water. He said if a customer goes over, although
16 they will not be assessed a penalty, it will still be in the Water Conservation
17 Coordinator's purvey to go out and educate the customers. Mr. Cardenas
18 stated he would like the educational portion strengthened. He said the other
19 issue is that the bulk of the water that the District sells is to residential
20 customers rather than commercial and this particular penalty assesses only
21 commercial customers. In order for the District to really conserve it would be
22 more beneficial for the District to educate the residential customers but Staff will
23 continue to educate the commercial customers.
24
25

26 Director Inocentes said this District has been a leader in the educational
27 programs and water conservation. He sees the need for penalties during a
28 drought but thinks the District is doing a good job on water conservation.
29

1 Director Laudner said he partially agreed with Director Poveda but feels
2 with some of the commercial meters they pay no attention to when they run,
3 how long they run and water runs down the street. He said these are generally
4 slopes that are taken care of by the county and thinks they should be penalized.
5 He agrees that a $\frac{3}{4}$ meter when it's not during a drought period shouldn't be
6 penalized.
7

8 Director Poveda asked if this Ordinance concerns only irrigation meters.
9 General Manager Cardenas said he was correct. Director Poveda asked if prior
10 to the Ordinance being adopted if water use was out of control.
11

12 Charlie Cassens said the Ordinance worked very well and was very
13 effective. He said Staff, with the assistance of a task force consisting of the City
14 of Chula Vista landscape people, green industry officials and the County of San
15 Diego, wrote the Ordinance and they did a pilot study of 140 accounts, one-half
16 of which were already irrigating within the parameters that were set. He said
17 some people were irrigating in excess of 200" per year and the Ordinance was
18 very effective in bringing those gross irrigators into line. He said in the first year
19 the District saved approximately 1,000 acre feet in prior water waste.
20

21 Ms. Tubiolo said that Staff still does education for the commercial
22 landscape management program and audits on request or recommendation by
23 Staff.
24

25 General Manager Cardenas said that when you look at some of the
26 accounts, you have one person who manages 17 pieces of property and at one
27 location they have too much land and not enough water and another where you
28 have too much water and not enough land and in the amendment there is a
29 banking program where you can apply from one property to another.

1 Director Inocentes said he would like to adopt the Ordinance today and
2 revisit it in 9-12 months and if there is substantial water waste the Board can
3 reinstate the penalties.

4 President Price said she is pleased about the banking terms that would
5 change in the Ordinance allowing the transfer from one property to another.
6 She said she didn't think that adoption of this Ordinance would send out a
7 message that it is okay to waste water and feels that education through the
8 garden, school programs and audits are not going to stop.

9
10 Director Poveda said he is ready to suspend the Ordinance for 12
11 months with the caveat that the Board look at it again at that time.

12
13 Director Laudner asked if this Ordinance wasn't part of our commitment
14 with CWA for a 10-day supply. Mr. Peasley said one of the elements in how
15 much emergency storage we need is water conservation and the District would
16 shut off the irrigators and contractors if need be or ask them to have a 50%
17 reduction during the period of an outage.

18
19 A motion was made by Director Inocentes, seconded by Director
20 Poveda, and unanimously carried, to adopt Ordinance No. 481 with the
21 direction to Staff to bring it back to the Board for review within 12 months.
22

23 11. Finance Department Head Chambers said due to the disaster in
24 Orange County, it is now required by law that the Board review in open session
25 the investment policy and her performance as the District's investment advisor.
26 She reviewed the District portfolio, the Government Code limitations and the
27 District objectives which are safety and yield. She also discussed strategy and
28 showed the District portfolio as of 12/31/99. She said the percentage levels in
29 the portfolio were well below the percentages required by the investment policy

1 and that agencies were limited to 50% and corporates was limited to 15%. She
2 stated because of no risk, the government code allows 100% investment in
3 treasury bills and notes and that low risk means low yield. Ms. Chambers
4 stated that corporates are more risky, so the government code allows 30%
5 investment and the District's policy allows 15%.

7 Ms. Chambers presented a chart which showed the District's liquidity and
8 said during the first quarter a number of securities matured because of the cash
9 flow needs for the Interconnect project. She stated that as that project is
10 completed and other CIP projects are reviewed, she will review the liquidity line.

12 Ms. Chambers stated in the Board Report was a chart from Bloomberg
13 showing there had been an increase in the interest rate in the last year of 200
14 basis points. She said the t-bills and short term rates look very good and the
15 corporates, a new field the District has gotten into this last year, are above 7%.

17 Ms. Chambers stated the portfolio is about \$97,000,000 and the
18 distribution shows we are in our limits. She stated she expects to hold the
19 investments until maturity and currently the District has an overall yield of 5.7%.
20 She mentioned that if the market stays as it is, as they mature, she will be able
21 to invest in higher yields of 6% or 7%. Due to the large size of our portfolio we
22 would see an increase of 20 basis points which is \$200,000.

24 Finance Department Head Chambers stated she doesn't have any
25 recommendations for changes to the investment policy.

27 President Price thanked Finance Department Head Chambers and said
28 this presentation was reviewed by the Finance Committee and they
29 recommended that no changes be made.

1 A motion was made by Director Inocentes, seconded by Director
2 Poveda, and unanimously carried, to approve the District's current investment
3 policy and delegate the Department Head of Finance to invest the District's
4 funds for calendar year 2000.

5 12. General Manager Cardenas said a bid that went out only had one
6 bidder that came in at \$430,000, which was \$168,790 higher than the
7 engineer's estimate. He stated with the bid being so high Staff has decided that
8 we could do the project in-house.
9

10 Department Head Mahanke said this is a simple project for Operations,
11 and they are confident that it can be done below the engineer's estimate. He
12 said the project was basically some vaults, ejection points on the pipelines and
13 work inside an existing pump building installing ammonia tanks.
14

15 Director Inocentes asked if Staff had reviewed the bid to see why it was
16 so high.
17

18 Engineering Manager Peasley said Staff reviewed the bid and the
19 majority of the difference in the bid was in the purchase of the equipment.
20

21 Director Inocentes asked if the prices the District had were still good, and Mr.
22 Peasley said they were.

23 Operations Head Mahanke said another reason we would like to proceed
24 with it is we need the project to be completed to help water quality in the North
25 District. President Price asked about the time line. Don Henderson said they
26 are finalizing the price of the vaults in six to eight weeks and it is not a real
27 labor-intensive project, the plumbing inside the building will be the most labor
28 intensive and that will be handled by Steve Kobler.
29

1 Director Laudner said he has no doubt they have the capability to
2 perform the job quicker and cheaper.

3 President Price said that she supports Staff's recommendation and
4 asked that in the event the price for the project goes over \$265,000 it be
5 brought back to the Board. General Manager Cardenas stated that in the event
6 the price goes above the budgeted amount of \$265,000, it would be brought
7 back to the Board for their approval.
8

9 A motion was made by Director Poveda, seconded by Director
10 Inocentes, and unanimously carried, to direct the General Manager to reject the
11 construction bid received from Ahrens Corporation and authorize Staff to
12 construct the facility with District forces.
13

14 13. General Manager Cardenas said at the last Board Meeting there
15 had been a request for an update on the Golf Course. Engineering Manager
16 Peasley said construction activity began in October of 1999, mass grading is
17 nearing completion and the portions that are completed they are doing fine
18 grading, contouring and shaping. He stated that Reno construction is
19 contractor of the Project and showed several slides of the grading being done
20 on the site.
21
22

23 Director Poveda asked about realignment of some of the ponds in the
24 Use Area. Mr. Peasley said they reconfigured Pond 5 to look more like a
25 natural lake, Pond 3 will remain essentially as is and Pond 2 is out of service
26 outside the golf course area.
27

28 Mr. Peasley presented a slide showing mass grading for the new
29 reservoir. The 16 MG Reservoir will be bid in phases for pipe, plumbing and
liner and will be brought to the Board in March for award.

1 General Manager Cardenas said that Mr. Strode's company had been
2 cited by Regional Water Quality Control Board due to silt. Mr. Cardenas said
3 that we would be taking a position with the Regional Board and Staff feels they
4 are being unreasonable in certain cases. He said they don't want any silt
5 moved beyond the boundary of the property and we have complied with all their
6 issues and will take a firm stance.
7

8 General Manager Cardenas asked in the event the golf project is
9 delayed would it delay the reservoir. Mr. Peasley said our reservoir is part of
10 the grading and it is not totally independent and it could be affected.
11

12 President Price thanked Mr. Peasley for his presentation.

13 14. President Price called for a recess at 2:45 p.m. The meeting was
14 reconvened at 3:02 p.m.

15 15. General Manager Cardenas said the pilot bilingual program had
16 been brought to the Board before. He said that Staff has conducted additional
17 analysis and identified a need from the operations and customer service areas
18 and recommends an additional \$.20 per hour for the employees that are part of
19 the program.
20

21 Director Laudner said the report explains pretty well what the situation is,
22 and he spoke with the General Managers at Helix, Padre Dam and Sweetwater,
23 and those districts do not have a problem. He said the General Manager of
24 Sweetwater said they require bilingual skills in their job descriptions but don't
25 pay a premium.
26

27
28 Director Poveda said at the last meeting he was not in attendance and in
29 looking over both reports he is not clear why Director Laudner says it's not
needed, whether it's the bilingual positions or the premium pay. He said the

1 District is as a public agency that likes to tout that we are customer service
2 oriented which means going above and beyond and providing premium service
3 to our customers. Director Poveda said that all the cities, school districts,
4 Vallecitos Water District and the County provide premium pay for bilingualism
5 and he supports the program and feels its long overdue. He said this program
6 will allow us to assess what positions need bilingual skills.
7

8 Director Inocentes said his position is well known but that he doesn't feel
9 that \$.20 is enough and would like to see the premium pay be \$.30 an hour.
10

11 Director Price says she strongly supports the need for bilingual
12 employees and found it surprising to learn that neighboring districts haven't
13 found that need. She said she also didn't think \$.20 per hour is enough. She
14 said she expected, if this program is approved, that it will be implemented and
15 refined and Staff should see how the agencies listed in the Staff Report run
16 their programs.
17

18 A motion was made by Director Inocentes, seconded by Director
19 Poveda, and carried, with Director Laudner voting no, to implement the six-
20 month pilot program for two positions to receive bilingual premium pay of \$.30
21 per hour.
22

23 16. Operations Department Head Mahanke presented his monthly
24 report and stated that December had been a record month with the sale of
25 2,000 acre feet of water and 177 meters installed. He stated there were no
26 problems with Y2K on January 1st and that the system ran well with no
27 problems.
28

29 Mr. Mahanke stated the crews had been very busy with two main breaks,
one on Jamacha-Blvd. West of Kempton on Saturday and one Tuesday on

1 EastLake Parkway and H Street. He reported that the EastLake break
2 happened because of the saddles rusting out. He also stated that Staff has an
3 on-going program of replacing the saddles and the CIP to replace these
4 services has been exceeded and Staff will be coming to the Board for more
5 money to continue that program.
6

7 President Price stated she went out to the site of the main break on East
8 H Street and was very impressed by the professionalism of our crew and on
9 behalf of the Board wanted to thank the employees for doing such a fine job on
10 these breaks. She stated the employees involved on both breaks were Rick
11 Acuna, Alan Bierry, Tom Bohnsack, Don Bolles, Bill Cooper, Mark Davis, Gus
12 Gracia, Kenny James, Tim Keeran, Jerry Munoz, Ed Sanchez and Chad
13 Thompson. Mr. Mahanke said also that Don Henderson and Jim Gunstinson
14 and the System Operators respond and get the system shut down so the crews
15 can do their jobs.
16
17

18 17. Engineering Manager Peasley said there is a pump-back system
19 at the Reservoir being built at the Golf Course and RWQCB is requiring that no
20 recycled water be allowed to leave our south boundary at Salt Creek. As a
21 result of the Golf Course construction we need to reconstruct the pump-back
22 system and Staff plans to bring a request at the next meeting asking for
23 authorization to purchase a \$50,000 pump. The General Manager said Staff is
24 continuing to work on the live stream discharge permit and once we secure that
25 it will eliminate the pump-back system.
26
27

28 Mr. Peasley said that Staff had completed an audit of the Interconnect
29 Project with the help of Finance Department Head Chambers and her staff and
the numbers will be presented at the next meeting. He stated that the

1 Telegraph Canyon Road project went out to bid and that with it being a
2 \$4,000,000 project Staff expects quite a bit of interest. This project will connect
3 106 current recycled water meters and is a good enhancement to our system
4 operations.

5 Director Inocentes asked that a report on the Interconnect EBE be
6 brought to the next meeting.
7

8 18. Finance Department Head Chambers stated the District had a
9 total revenue of \$15,600,000 and expenses of \$14,300,000 with excess
10 revenue of \$1,300,000. She stated that the Finance Committee met yesterday
11 and reviewed this report and the annual budget and she asked the Committee
12 for direction on making changes to improve the report and those suggestions
13 will be implemented on the next report.
14

15 19. General Counsel Harron stated that Staff had gone down to
16 inspect the Telegraph Canyon Channel regarding the City of Chula Vista's claim
17 and he said there is a question of whether any of our water reached the site.
18 He said due to the distance, dryness of the vegetation and the fact that when
19 Staff inspected the channel there was a steady flow in the channel, he feels if
20 there is any liability, it will be very minor. He said this information has been
21 forwarded to our insurance company and they will be meeting with the City of
22 Chula Vista.
23
24

25 20. General Manager Cardenas stated that Staff is continuing their
26 discussions with the City of San Diego over recycled water and Attorney Harron
27 is now working on an agreement to bring to the Board. He stated he had
28 discussed with Director Watton the CWA rate structure issue and he had
29

1 presented those ideas at the CWA General Manager's Meeting and they were
2 well received.

3 21. Director Inocentes reported he had attended the Met meeting
4 several weeks ago and the Communications Committee had made a
5 recommendation to change the name of Eastside Reservoir to Diamond Valley
6 Lakes. He said he had been asked at Met to chair the San Diego County effort
7 for Proposition 13. He asked that at the next meeting Staff bring something
8 back on Proposition 13 so the District can take a position on it. He also
9 attended the Chula Vista Chamber of Commerce Installation Dinner on behalf
10 of Director Price.
11
12

13 President Price asked the Board about their availability for a Special
14 Meeting on January 31, 2000 at 4:00 p.m. to discuss redistricting and a possible
15 policy relating to when redistricting would occur. General Manager Cardenas
16 stated that Staff is prepared to bring forward information regarding census,
17 precincts and new growth and have it available for the Board to discuss. After
18 discussion the Board concurred there would be a Special Meeting to discuss
19 redistricting on January 31st at 4:00 p.m.
20

21 22. With no further business to come before the Board, the meeting
22 was adjourned at 4:00 p.m.
23
24

25 _____
26 President

27 ATTEST:

28 _____
29 Assistant District Secretary