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

1. The meeting was called to order by President Price at 1:39 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, California.

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

DIRECTORS ABSENT: None

STAFF PRESENT: General Manager Griego
General Counsel 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. President Price welcomed Bob Griego to his new position of General Manager. General Manager Griego said during his brief time at the District he had met quite a few employees and the Board needs to be proud of the people working at the District, that Otay is a very solid organization.

President Price expressed her appreciation to General Counsel Harron for his work as the Acting General Manager.

3. After the Pledge of Allegiance, a motion was made by Director Inocentes, seconded by Director Watton and unanimously carried to approve the Agenda.

4. A motion was made by Director Poveda, seconded by Director Watton, and unanimously carried to approve the minutes of April 5, 2000.

1 Employee of the Quarter. He also stated that Ms. Flemish will be retiring in
2 September, 2000. Ms. Flemish thanked the employees for the honor and men-
3 tioned some of those she appreciated during her tenure at the District.

4 9. A motion was made by Director Inocentes, seconded by Director
5 Poveda and unanimously carried to adopt the following items on the Consent
6 Calendar:
7

- 8 a) CONTINUATION OF STAFF TRAVEL POLICY TO MAY 3, 2000
- 9 b) APPROVAL OF CONTRACT CHANGE ORDER WITH JSA
10 ENGINEERING, INC. FOR A NET DEDUCTION OF \$557,519.74
11 FOR THE DICTIONARY HILL PIPELINE IMPROVEMENT
12 PROJECT (CIP 072)
- 13 c) APPROVAL OF FINANCE COMMITTEE'S RECOMMENDATION
14 TO RETAIN LEAF & COLE, LLP AS THE DISTRICT'S
15 AUDITORS
- 16 d) REQUEST BOARD AUTHORIZATION TO PURCHASE AN OCE
17 9476 NETWORK DIGITAL PLOTTER/COPIER SYSTEM FROM
18 OCE ENGINEERING SYSTEMS, INC. IN AN AMOUNT NOT TO
19 EXCEED \$24,783.

20 President Price commended Finance Department Head Chambers and
21 her staff for the work on the selection of the auditors.

22 10. President Price presented the request for waiver of a fine for
23 unauthorized connection to the District water system. Mr. Jeff Turner of W. R.
24 Connelly , Inc. of Spring Valley stated he was protesting the \$1,000 fine for
25 unauthorized use of water. He stated the water meter for the subject property
26 was locked by Otay. He said they were informed the reason for the locking was
27 by customer request and their records didn't show that they had made that
28 request. Mr. Turner said the Staff Report indicated the reason the lock was in
29 place was due to the back-flow device not being in place and that was not

1 correct. He explained that they took approximately 200 gallons of water from
2 the hydrant because they didn't want to delay the work crews that were on site.

3 Water Use Specialist Johnson said she went out to the site and found
4 water being taken from the hydrant and a lock on the meter. She stated that
5 she called customer service at 8:00 a.m. and they stated they had notice on
6 February, 23, 1998, from the owner requesting a lock on the meter.
7

8 Mr. Turner stated they had been receiving monthly bills for the property.

9 General Counsel Harron said when the District installs a meter it is
10 always locked until an RP device is in. After inspection, the lock is removed.
11 No one called and asked for the meter to be unlocked and that they just took
12 the water which is why Staff is recommending the charge be imposed.
13

14 Director Poveda said in the past we haven't had the opportunity to meas-
15 ure the water that had been taken but according to this report they were filling a
16 300 gallon tank. He asked Ms. Johnson if it was full. Ms. Johnson said she
17 didn't know and Mr. Turner stated there was about 200 gallons in the tank.
18

19 Director Poveda stated there was some good faith on the part of Mr. Turner to
20 secure a meter, that there was a quantifiable amount of water used and maybe
21 the District could look at pricing that amount of water.
22

23 Director Price asked what would have been the danger of contaminated
24 water supply by this illegal connection. Operations Department Head Mahanke
25 said water trucks are required to have air gaps but without an air gap it could
26 draw back into the system if there was a main break.
27

28 Director Watton said he appreciated that there was a meter but he thinks
29 the original intent of the program was to stop people from hooking up to a
hydrant. He stated he was concerned about the fact that since the meter was

1 locked, for whatever reason, Mr. Turner decided to get the water by hooking up
2 to a fire hydrant. He stated he didn't know if the full \$1,000 fine should be lev-
3 ied but that this was a prime example of what the District is trying to stop.

4 Mr. Turner said he thought they had access to their meter, they didn't
5 and they had crews scheduled so they may have made a bad judgment call.

6 Director Inocentes said he wasn't sure \$1,000 was the right number but
7 he was concerned that no one tried to call the District when it was locked.
8

9 Mr. Turner said his reasoning was the amount of water they needed to
10 obtain was 200 gallons, approximately \$1 worth of water and the intent wasn't
11 to steal. Director Watton said the primary reason for the fine was to maintain
12 control of the system.
13

14 A motion was made by Director Watton to deny the request for waiver
15 and assess a \$500 fine.
16

17 Director Laudner said the \$1,000 fine is reasonable. He stated if the fine
18 was \$100 Mr. Turner wouldn't be requesting the waiver.

19 Director Inocentes seconded the motion made by Director Watton.

20 President Price stated that there was a motion and second to deny the
21 request for waiver and assess a \$500 fine for connection to the District water
22 system. The motion passed with Director Laudner voting no.
23

24 Director Laudner clarified that he voted no because he thinks the fine
25 should have been \$1,000.

26 11. Mr. Gunnar Schlain, Project Manager of Contracting Opportunities
27 Center, stated they were requesting continued sponsorship by the District in the
28 amount of \$4,200. He thanked the Board for their support in the past.
29

1 Mr. Schlain made a brief presentation showing the services they provide
2 to emerging businesses. He also presented information regarding the services
3 provided to the District through COC.

4 Director Inocentes asked if after the bid, COC followed-up by talking with
5 the companies whose bids were not successful. Mr. Schlain stated it was
6 something that would be done only if requested. He said the bids don't pass
7 through COC so they wouldn't be aware if the bidders were unsuccessful.

8 Director Inocentes said he felt this was an area where COC could be of great
9 assistance.
10

11
12 A motion was made by Director Poveda, seconded by Director Price and
13 unanimously carried, to authorize continued financial sponsorship of the Con-
14 tracting Opportunities Center in an amount of \$4,200.

15
16 12. President Price stated there had been a question regarding Direc-
17 tors' laptops. She stated Item 12 was brought forward as an informational item
18 only and there were four Directors that were issued a laptop computer.

19 Director Inocentes said the reason Director Watton didn't request a Dis-
20 trict laptop computer was because he had one provided by another agency.

21
22 13. President Price stated she had requested the review of Directors'
23 per diems and expenses submitted for payment. She stated that she was
24 requesting that each of the per diems and expense reports be shared on a
25 monthly basis. Director Watton the Board doesn't need to create more work
26 and that he is very satisfied with what the Board has done to date to curtail
27 expenses. Director Poveda concurred and said if ratepayers are concerned
28 they can request to see the copies.
29

1 President Price stated that by consensus the monthly per diems and
2 expense reports would not be included at each meeting but that the Board
3 would receive a quarterly expense report

4 14. President Price stated she had requested the item on the review
5 of Chapter 2, Section 1 of the Code of Ordinances regarding authorized number
6 of meetings per month and potential amendment requiring approval of per
7 diems and reimbursement of expenses. She suggested that this item be tabled
8 until the new travel policy had been instituted for a period of time.
9

10 A motion was made by Director Price, seconded by Director Poveda and
11 unanimously carried to table the item regarding review of Chapter 2, Section 1.
12

13 15. President Price stated the next item was the approval of the Direc-
14 tors' amended travel requests. Director Inocentes said he had several items on
15 the list which he didn't find out about it until after the Agenda went out.
16

17 Director Watton said that ACWA had become more counter to our inter-
18 est in their meetings and representations in Sacramento. He said there was a
19 split within the agency itself but he was troubled by the politicization of the new
20 President, Jim Blake. Imperial County and San Diego have been stripped of all
21 committee chairmanships and some committee memberships. He said that
22 ACWA is taking positions on things that are directly counter to what we are
23 doing in the County with the water market and some of the other positions, such
24 as Metropolitan. He stated their opposition to the the Kelly Bill regarding gov-
25 ernance on Metropolitan is a good example of what's happening. ACWA is
26 opposing it even though some of the member agencies are in support of it. He
27 said that this is a departure from ACWA's history. In the past when member
28 agencies had differing opinions on issues, ACWA stayed neutral.
29

1 Director Watton said he is not going to go to the ACWA conference.
2 ACWA derives a lot of its income from the conference and so he was advocat-
3 ing boycotting the conferences for a period of time.

4 Director Price said she appreciated Director Watton's comments and felt
5 that ACWA is beginning to see some discontentment because they are putting
6 together a formal survey to come out at the end of the year. She stated that it is
7 important for our concerns to be heard and not attending the conference may
8 not accomplish that.

10 Director Poveda said on a more pragmatic level and looking at the
11 expense reports he thinks the Directors are spending a lot on travel, and he is
12 prepared to move on Item 3 only on the Staff Report (copy attached).

14 A motion was made by Director Poveda, seconded by Director Watton
15 and carried, with Director Inocentes voting no, to approve only the attendance
16 at the golf course tour on April 29th.

18 General Manager Griego said he would support the Board's wishes and
19 would cancel his ACWA registration. General Counsel Harron said he would
20 cancel as well.

22 16. President Price said that she had requested the next item regard-
23 ing reaffirmation of the Board Officers. She stated she had been dismayed to
24 hear from reliable sources criticisms made in the public about some of the
25 Board Members. She said that not only does it impact the Directors, it seriously
26 impacts the District and its reputation.

28 The Board took no further action.

29 17. President Price said she asked to bring the Board Committees
and Organizations List (copy attached) to the Board since the new General

1 Manager had joined the District. She mentioned that the Interagency Commit-
2 tee had not met and wasn't sure of its purpose. She asked that the General
3 Manager review the validity of the committee. She stated that Mr. Laudner
4 needed to be added to the list as the representative to LAFCO.

5 Director Inocentes said he noticed that his position with NWRA Policy
6 Development Committee had been stricken because the District wasn't a mem-
7 ber. He stated in order to be on the Policy Committee he had received a nomi-
8 nation of his fellow Board Members, which was presented to ACWA, and he
9 was elected to that position by the ACWA Members and, as such, he repre-
10 sents ACWA. Director Watton stated the list shows only Otay's Board Com-
11 mittees and Organizations.

12
13
14 Director Inocentes requested that he be removed from ACWA-USA and
15 that the General Manager be the representative.

16
17 President Price stated that the Board Treasurer should serve on the
18 Finance Committee and asked Mr. Inocentes to step aside.

19 President Price said also because of the budgetary considerations she
20 was asking that Director Inocentes step aside and allow Director Laudner, as
21 Treasurer, to serve on the Insurance Ad Hoc Committee.

22
23 General Manager Griego asked if he felt the Interagency Committee was
24 not valid if it could be left off of the list. The Board concurred.

25 A motion was made by Director Poveda, seconded by Director Laudner
26 and carried, with Director Inocentes voting no, to approve the amended Board
27 Committees and Organizations list.

28
29 18. The Board took a brief recess at 2:42 p.m. and reconvened at
2:59 p.m.

1 19. President Price stated that since the Board had been looking at
2 some of the processes the Directors go through while a public servant, she had
3 requested a review of the Form 700s in a public manner. She stated there was
4 no action required on the item.

5 20. Director Inocentes said he had requested that the Drug Policy be
6 brought forward since the Board had recently been concerned about risk and
7 liabilities to the District. With this concern in mind, he said he felt it was neces-
8 sary to look at the drug policy and to include Directors. He said while the
9 Directors are at functions, they are employees and if they drink, the District is
10 open to risk. He said if the policy applied to the Directors, if a Director were to
11 break that policy, the District would not have to defend the party. He said he
12 knows most Directors drink responsibly but feels there is a potential for liability.

13 Director Price asked General Counsel Harron if the policy currently
14 applied to the Directors since the Directors are employees. General Counsel
15 Harron stated it would be very difficult to enforce the policy with Directors. He
16 stated the policy allows the Department Head, with reasonable suspicion, to
17 require an employee to take a drug test. With the Directors' supervisor being
18 the voters of their division, it would be difficult to apply the policy.

19 A motion was made by Director Watton, seconded by Director Poveda
20 and carried, to close discussion on the item.

21 21. Administrative Services Department Head Alvarez presented his
22 monthly report (Staff Report attached) and stated that Staff was continuing to
23 make progress in filling critical vacancies. He stated that they had also con-
24 ducted District-wide training on sexual harassment..

1 He reminded the Board that the Garden anniversary is scheduled for
2 May 4th and the Garden Spring Festival will be on May 20th.

3 22. Operations Department Head Mahanke presented his monthly
4 report (Staff Report attached) and said the chlorine scrubber had been installed
5 and operating at the Treatment Plant to handle any potential chlorine spills. He
6 stated that ACWA-USA was asking for volunteers for a load curtailment pro-
7 gram from June 15th through October 15th and that Staff was submitting a bid on
8 three meters for the Operations Building, Administration Building and La Presa
9 Pump Station. He said they are hoping to save approximately \$10,000 a month
10 and will find out if our bid was accepted May 1st.
11
12

13 23. Acting Engineering Department Head Peasley presented his
14 monthly report (Staff Report attached) and said he wanted to congratulate
15 David Charles and Terry Kreuiter for receiving a letter from the City of San
16 Diego recognizing our Public Services Engineering Department as one of the
17 outstanding departments in the County. He said the City would be studying the
18 District in order to emulate our practices.
19

20 Mr. Peasley said the City of San Diego had a pipeline failure down in the
21 South Bay. He said without the Board's foresight in approving the facilities that
22 allowed the District to hook the City to a temporary connection on Otay Mesa
23 and Heritage Road, the City wouldn't have been able to deliver the water they
24 did during the break.
25

26 Mr. Peasley stated that all of the work is essentially done on the Inter-
27 connection Project. He said they are testing now and the project should be
28 completed by June.
29

1 24. Finance Department Head Chambers presented the financial
2 report for the 8 months ended February 29th (Staff Report attached). She
3 stated that water consumption sales have exceeded budget by almost 12%.
4 She said the market portfolio at the end of February totals \$93,000,000 and the
5 balance has declined because of the Interconnect Project payment. The overall
6 yield is 5.66% and as investments mature, they are being reinvested into higher
7 yields of 6%.
8

9 Director Price said that Staff is looking once again at setting up a Board
10 Workshop on the budget, and with the District's finances being what they are, it
11 may be time to look at another rebate.
12

13 Ms. Chambers said some of the issues that will need to be addressed at
14 the workshop will be the energy charge, multiple dwelling units, various service
15 zones receiving betterment fees, and the rate stabilization fund. Director Ino-
16 centes asked that there be something on the reclamation rates as well.
17

18 Director Watton said that the workshop will be Monday, May 15th at 1:30.

19 25. General Counsel Harron presented his monthly report (Staff
20 Report attached) and stated that with the IDEC deal Staff had looked at the
21 possibility of putting the air cool water they use into our reclaimed system but
22 unfortunately the TDS is too high.
23

24 He stated a meeting had been set up for the Insurance Ad Hoc Commit-
25 tee for Wednesday, April 26th to review the three proposals from Swanson/
26 Potter Kemper, Burnham/Corregis and ACWA/JPIA.
27

28 26. General Manager Griego stated there were three construction
29 agreements executed in March, 2000 (Staff Report attached).

1 27. Director Watton stated that Met had published their new Strategic
2 Plan which unfortunately was the same. He said that the Board may hear that
3 the Met is going to make some big changes and take a new direction on their
4 policies but they haven't. While Met thinks they are kidding people, there are
5 people in Sacramento who realize there are no changes occurring so there is
6 still pressure on the Met.
7

8 Director Watton said at the CWA Board Workshop they discussed the
9 Emergency Storage Project. He stated that there are people that want to mis-
10 understand and mischaracterize the City of San Diego's position and Larry
11 Gardner had set forth the City's position clearly in a letter that was sent to CWA.
12 The City feels they have bargained for a certain percentage of the ESP and
13 they're willing to commit to that project and not roll on and off the system. He
14 stated that the City has committed to pay 38% of the project whether they are
15 going to take water or not and for Otay, whose share is 7%, that is a big issue
16 economically. He stated that this also insures the success of the Project.
17
18

19 Director Watton said there was a lot of debate regarding rates and eve-
20 ryone is starting to realize that people aren't going to get everything they want,
21 the Economic Study Group is not going to cherry pick the rate structure and get
22 what they want. He stated the rate study structure/Emergency Storage Project
23 is going in a way that is beneficial to Otay and CWA member agencies.
24

25 Director Watton continued saying that he had received good advice from
26 Staff and their representation at the CWA meetings. He said that he was mak-
27 ing the assumption that Staff was looking ahead at the "what ifs" of the future.
28 He also told the Board if they had any reservations about the way things were
29

1 heading at CWA, they needed to let him know because it was getting to the
2 point where he would soon be bringing a contract to the Board for approval.

3 28. Director Laudner said he went to a workshop of the Metro Com-
4 mission. He stated they are trying to cement the group together to get more
5 clout with the City.

6
7 Director Price congratulated General Manager Griego for being
8 appointed by Governor Davis to serve on the State Mining and Geology Board.
9 She stated that she attended the Interagency Meeting, thanked Mr. Peasley for
10 his presentation there, and stated she had attended the Council of Water Utili-
11 ties where Ben Clay spoke.

12
13 Director Inocentes said he had attended, at his own cost, the Met
14 committee meetings but couldn't attend the Board Meeting. He said he will
15 continue to attend the meetings because he feels it is important for representing
16 his constituents. He said he had also attended CWA and Interagency.

17
18 Director Inocentes prepared an opinion on the financing of Auld Goff
19 which he distributed to each Director. He stated in 30 days the loan amount
20 had risen from \$600,000 to \$687,000, a 15% increase. He said with his
21 background in finance, credit and collections he feels the loan is very high risk.
22 He continued saying that he feels the investments that Department Head
23 Chambers makes for the District is a better use of the District's funds.

24
25 Director Inocentes said he wanted to insure Auld Goff's creditworthiness
26 as well as receive some personal guarantees if the loan occurred and felt it was
27 too risky to earn only 1-1/4% on the loan.

28
29 Director Inocentes said he had brought forth an issue that protects the
District as far as liability and that the Directors need to set an example for the

1 employees and the public. He stated that with his removal from the Finance
2 and Insurance Committees he felt his track record on finance, insurance, credit
3 and collections made him qualified to serve on those committees.

4 Director Laudner said he had been on the Insurance and Finance
5 Committees the first time he was on the Board. Director Inocentes said he
6 wasn't questioning Director Laudner's qualifications.
7

8 29. The Board adjourned into closed session at 3:55 p.m. Director
9 Inocentes excused himself from the closed session.

10 30. With no further business to come before the Board, the meeting
11 was adjourned at 4:20 p.m.
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15 _____
President

16 ATTEST:

17 _____
18 District Secretary
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