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MINUTES OF THE
BOARD OF DIRECTORS REGULAR MEETING
OTAY WATER DISTRICT
JUNE 7, 2000

1. The meeting was called to order by President Price at 1:30 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
Eng. Department Mgr. Ripperger
Government Affairs Admin. Bartlett-May
District Secretary Smith
Others as per attached list

2. Upon conclusion of the Pledge of Allegiance, a motion was made by Director Watton, seconded by Director Laudner and unanimously carried to approve the Agenda.

3. A motion was made by Director Poveda, seconded by Director Watton and unanimously carried to approve the Minutes of May 15, 2000.

Director Inocentes requested that page 4, lines 15, 16, 17, and 18 of the May 17, 2000 Minutes be amended. He stated he had specific areas where he felt the developer had defaulted and he wanted it reflected in the minutes.

A motion was made by Director Poveda, seconded by Director Watton and carried, with Director Inocentes voting no, to approve the Minutes of May 17, 2000, as presented.

1 4. A motion was made by Director Watton, seconded by Director
2 Laudner and unanimously carried to approve 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.

5 Mr. Jon Parungao, a member of Otay Water Ratepayers' Alliance and
6 candidate for 79th State Assembly District, stated he had requested information
7 regarding the District's reserves and had not yet received it. Also that the Rate-
8 payers Alliance was opposed to lending the golf course \$687,000.

9 6. Director Laudner asked to pull Item 7(f) from the Consent Calen-
10 dar: Director Price stated she wished to pull Item 7(d).

11 A motion was made by Director Inocentes, seconded by Director Poveda
12 and unanimously carried, to approve the following items on the Consent
13 Calendar.
14

- 15
- 16 a) DENIAL OF CLAIM FROM MESA CONSTRUCTION
 - 17 b) APPROVAL OF AGREEMENT WITH VERIZON WIRELESS DBA
18 AIRTOUCH CELLULAR COMMUNICATIONS FOR A
19 COMMUNICATIONS FACILITY AT THE SINGING HILLS
20 RESERVOIR SITE
 - 21 c) APPROVAL OF ISSUING PURCHASE ORDER TO MILLER
22 PAVING CORPORATION IN THE AMOUNT OF \$16,829 TO
23 REPLACE DAMAGED PAVEMENT AT EAST H STREET AND
24 EASTLAKE DRIVE IN CHULA VISTA
 - 25 e) APPROVAL OF MERIT MARKET ADJUSTMENT OF 3.5% FOR
26 ELIGIBLE REPRESENTED EMPLOYEES (PURSUANT TO
27 MEMORANDA OF UNDERSTANDING) AND UNREPRESENTED
28 EMPLOYEES AND ADOPT THE NEW SALARY RANGES FOR
29 THE DISTRICT TO IMPLEMENT THE MERIT MARKET
 ADJUSTMENT EFFECTIVE JULY 1, 2000
 - g) AUTHORIZATION TO ISSUE BLANKET PURCHASE ORDERS
 REGARDING REPAIR AND INSTALLATION OF DISTRICT
 FACILITIES

1 h) APPROVAL OF AGREEMENTS TERMINATING PRIOR
2 AGREEMENTS PROVIDING FOR EXEMPTION OF LAND FROM
3 WATER STANDBY CHARGES (FISH AND WILDLIFE SERVICE)

4 7. Director Price stated she had requested Item 7(d) be pulled and
5 asked if the furniture was for existing employees or tied to the request for addi-
6 tional employees. Purchasing and Materials Manager Dobrawa stated he
7 understood it was for current needs.

8 A motion was made by Director Poveda, seconded by Director Watton
9 and unanimously carried to approve the request to purchase office furniture
10 from Haworth Furniture and Contract Interiors in an amount of \$35,533.35.

11 8. President Price presented Item 7(f). Director Laudner said
12 according to the Staff Report, the District was consistent with half of the agen-
13 cies surveyed and he didn't see a need to increase the limit.

14 After discussion, a motion was made by Director Inocentes, seconded by
15 Director Poveda and carried, with Director Laudner voting no, to increase the
16 General Manager's contract signing authority limit to \$25,000 and authorize
17 Staff to modify the purchasing guidelines.

18 9. Finance Department Head Chambers said that Staff was present-
19 ing a balanced budget which included the reduction of energy and multiple
20 dwelling unit fees and a \$1,000,000 rebate from the Rate Stabilization Fund.

21 Engineering Department Manager Ripperger made a presentation on the
22 Capital Improvement Program Budget (Staff Report and presentation slides
23 attached). He said Staff's goals for the budget included: no increase in capac-
24 ity fees; no increase in water and sewer rates; budget increases not to exceed
25 customer growth; and a declining ratio of employees per 1,000 customers.
26
27
28
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1 Mr. Ripperger gave a summary of the budget assumptions and the pro-
2 jected expenditures by major system categories in an amount of \$116,000,000.
3 He stated the full five-year CIP budget is \$140,000,000.

4 He showed a slide illustrating a 6% growth of customer accounts and
5 stated the District will have 36,000 accounts in fiscal year 2001.
6

7 Mr. Ripperger stated the funding categories for the projects over the next
8 five years will be expansion, reclamation, betterment and renewal and
9 explained when some of the individual projects will be started.

10 There is a \$65,000,000 balance for CIP and with the projects planned, by
11 2010 the District will need to sell bonds prior to depleting the reserve account.
12

13 Principal Accountant, Kris White, summarized the Operating Budget.
14 The proposed budget for fiscal year 2001 is \$33,400,000. This is a \$2,400,000
15 increase from fiscal year 2000 which is primarily attributed to growth. She
16 stated the District is experiencing a six to seven percent growth rate this year
17 and that Staff is projecting a six percent increase for the next few years. A six
18 percent growth rate equates to about 2,100 additional customers bringing the
19 total customer accounts to approximately 38,000 by June, 2001.
20

21 Ms. White said there is no water rate increase proposed for 2001 and
22 summarized the different components of the operating revenue.
23

24 Customer demographics have changed very little, 91% of our customers
25 are residential and they use 53% of the water sold.
26

27 Ms. White stated that water purchases are becoming a larger percentage
28 of our budget. In 1980 water purchases were 22% of the budget; in 1990, it
29 was 33% of the budget. In fiscal year 2001, water purchases are expected to
be 49% of the entire operating budget. Both MWD and CWA have capital pro-

1 grams in place for reliable service so we can expect to see the cost of water
2 increase and require a larger share of each revenue dollar.

3 Ms. White concluded stating the operating budget for 2001 listed
4 \$156,800 of excess revenue for contingencies.

5 There was a lengthy discussion regarding sewer rates, the sewer rate
6 stabilization fund and the need to revisit the issue regarding the land purchase
7 for the Use Area. Directors Inocentes and Price questioned whether the Chula
8 Vista customers have been subsidizing the District's sewer customers.
9

10 Director Laudner said he had no problem with the CIP budget but would
11 not support the operating budget. He didn't feel the budget should be increased
12 by seven percent. Director Inocentes said he planned on voting against the
13 operating budget because the sewer rate issue had not been resolved.
14

15 Director Poveda said the residents of Chula Vista receive benefits from
16 the reclamation program. The District is doing more with less and can only hold
17 the line for so long.
18

19 General Manager Griego stated he was impressed with the level of scru-
20 tiny the Staff put themselves through in preparing the budget.
21

22 Director Watton stated that there may need to be some reallocation of
23 costs between reclamation and sewer but feels there hasn't been any subsidies.
24 He reviewed the different components of the seven percent budget increase
25 and stated he would support the budget with the request that the General Man-
26 ager find ways to possibly not use all of the new personnel positions budgeted
27 for and a way to decrease some of the administrative cost areas.
28
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1 PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
2 ONLY WITH RESPECT TO MEMBERS OF A SPECIFIC
3 EMPLOYEE ORGANIZATION AND FIXING THE EMPLOYER'S
4 CONTRIBUTION FOR EMPLOYEES AND THE EMPLOYER'S
5 CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS
6 (EMPLOYEES' ASSOCIATION)

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RESOLUTION NO. 3860

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OTAY WATER DISTRICT ELECTING TO BE SUBJECT TO
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
ONLY WITH RESPECT TO MEMBERS OF A SPECIFIC
EMPLOYEE ORGANIZATION AND FIXING THE EMPLOYER'S
CONTRIBUTION FOR EMPLOYEES AND THE EMPLOYER'S
CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS
(ADMINISTRATIVE EMPLOYEES' ASSOCIATION)

RESOLUTION NO. 3861

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OTAY WATER DISTRICT ELECTING TO BE SUBJECT TO
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
ONLY WITH RESPECT TO MEMBERS OF A SPECIFIC
EMPLOYEE ORGANIZATION AND FIXING THE EMPLOYER'S
CONTRIBUTION FOR EMPLOYEES AND THE EMPLOYER'S
CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS
(SUPERVISORS AND MANAGERS' ASSOCIATION)

RESOLUTION NO. 3862

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OTAY WATER DISTRICT ELECTING TO BE SUBJECT TO
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
ONLY WITH RESPECT TO MEMBERS OF A SPECIFIC
EMPLOYEE ORGANIZATION AND FIXING THE EMPLOYER'S
CONTRIBUTION FOR EMPLOYEES AND THE EMPLOYER'S
CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS
(UNREPRESENTED EMPLOYEES)

RESOLUTION NO. 3863

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OTAY WATER DISTRICT ELECTING TO BE SUBJECT TO
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
ONLY WITH RESPECT TO MEMBERS OF A SPECIFIC
EMPLOYEE ORGANIZATION AND FIXING THE EMPLOYER'S
CONTRIBUTION FOR EMPLOYEES AND THE EMPLOYER'S

CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS
(BOARD OF DIRECTORS)

1
2 (2) Approve revising the self-insured Dental Plan Summary Plan Description
3
4 for the dependent definition to be consistent with the PERS Medical Health Plan
5 dependent definition and to add coverage for sealants for dependent children
6 ages 5 through 14 effective January 1, 2001.

7 14. President Price presented the election of LAFCO Special Districts
8 Regular District Member, possible Alternate District Member and eight Advisory
9 Committee Members.
10

11 A motion was made by Director Laudner, seconded by Director Watton
12 and unanimously carried to vote for Bud Pocklington as the LAFCO Regular
13 District Member.
14

15 A motion was made by Director Laudner, seconded by Director Poveda
16 and unanimously carried to vote for Andrew Menshek as the possible Alternate
17 LAFCO Special District Member.
18

19 A motion was made by Director Price, seconded by Director Laudner and
20 unanimously carried to vote for the seven incumbents and Kathleen Sterling for
21 the LAFCO Special Districts Advisory Committee.

22 15. President Price presented the call for nominations for Board of
23 Directors of the California Special Districts Association. No one wished to seek
24 nomination.
25

26 16. President Price stated she had placed the item regarding Direc-
27 tors' water statements on the Agenda. Since the Board has been attempting to
28 make public all information regarding the Directors she felt this was something
29 that should be brought forward.

1 A discussion followed regarding legality, public confidence and height-
2 ened scrutiny of the agency.

3 A motion was made by Director Poveda, seconded by Director Watton
4 and carried, with Director Inocentes abstaining, to bring back the Directors'
5 water records to the next Board Meeting.
6

7 17. President Price presented Directors' Travel Requests. Director
8 Price withdrew her two travel requests.

9 A motion was made by Director Poveda, seconded by Director Inocentes
10 and unanimously carried to approve Director Inocentes attending the Twin Oaks
11 Reservoir Facility dedication on June 10th.
12

13 President Price suggested that the Directors' Travel Policy be brought
14 back for discussion regarding adding agency functions within the County to the
15 pre-approved travel list.
16

17 18. President Price stated that Agenda Item 16 was a moot point.

18 19. Government Affairs Administrator Bartlett-May updated the Board
19 on two bills, SB 1793 and SB 2139. She also briefly discussed the Little Hoover
20 Commission and their report on Special Districts.
21

22 20. General Manager Griego mentioned the article in the Union
23 Tribune on May 6th regarding Chula Vista Council Member Moot's concerns on
24 whether the District is being operated appropriately. Mr. Moot feels the City
25 Council, because of the agreement with Otay, has a fiduciary responsibility to
26 look at the District and report their findings.
27

28 General Manager Griego stated he felt getting the facts out to the public
29 in an objective manner would benefit the District as well as anyone with con-
cerns. He proposed to Dave Rowlands, the Chula Vista City Manager, a five-

1 member oversight committee composed of two Council Members, two Otay
2 Water District Directors and one Community-at-Large Member. The committee
3 would select the third-party entity that would do the review. He proposed also
4 that the results be presented in a public presentation and press release. This
5 item will be brought back to the next Board Meeting.
6

7 21. Director Watton said there would be a CWA Special Board Meet-
8 ing on Thursday June 8th regarding the Emergency Storage Project. Also due
9 to the number of new directors at CWA, the second portion of the historical per-
10 spective of Metropolitan would also be discussed. Maureen Stapleton and the
11 CWA Staff had done an exemplary job in preparing the historical presentation.
12

13 Director Price asked about the Appellate Court decision regarding MWD.

14 Director Watton stated that the Appellate Court reversed the Trial Court's
15 decision on wheeling. It will now go back to the Trial Court for further determi-
16 nation. He feels that the CWA and other parties to the suit will take the case to
17 the California Supreme Court. He also believes that the California legislature
18 may address the wheeling issue.
19

20 Director Price said she represented Otay at the San Diego Dialogue held
21 at Heritage of the Americas Museum.
22

23 The Board adjourned into closed session at 3:45 p.m.

24 18. With no further business to come before the Board, the meeting
25 was adjourned at 4:05 p.m.
26
27

28 _____
President

29 ATTEST:

District Secretary