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MINUTES OF THE
REGULAR BOARD OF DIRECTORS MEETING
OTAY WATER DISTRICT
NOVEMBER 1, 2000

1. The meeting was called to order by President Price at 1:34 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, CA.

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

DIRECTORS ABSENT: Director Watton (arrived at 1:50 p.m.)

STAFF PRESENT: General Manager Griego
General Counsel Harron
Operations Department Head Mahanke
Admin. Services Department Head Alvarez
Finance Department Head Chambers
Engineering Department Head Peasley
District Secretary Smith
Others per attached list (3 public members)

2. Upon conclusion of the Pledge of Allegiance, President Price stated there was an amended Staff Report regarding Directors' travel. A motion was made by Director Poveda, seconded by Director Inocentes and carried, with Director Laudner voting no, to approve the Agenda.

3. A motion was made by Director Poveda, seconded by Director Laudner and unanimously carried to approve the Minutes of Special Meeting of October 2, 2000, Regular Meeting of October 4, 2000, and Special Meeting of October 11, 2000. There was discussion whether there should be minutes for a meeting not held on October 18, 2000. General Counsel Harron stated the minutes showed that the meeting was not held due to a lack of quorum. A motion was made by Director Poveda, seconded by Director Price and failed, with Director Laudner abstaining and Director Inocentes voting no.

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

3 5. President Price asked if anyone in the audience wished to be
4 heard on an item not on today's Agenda.

5 Duane Betty of Atlas Homes asked to speak to the Board regarding an
6 item on the Agenda in closed session. Mr. Betty provided the Board with a let-
7 ter and a chronology of events regarding the issue. He stated Atlas Homes
8 wished to expeditiously resolve the issue and asked the Board to make a
9 determination as soon as possible. President Price stated the Board will take
10 the documents into consideration during their deliberation in closed session.
11

12 6. General Manager Griego presented the Thomas R. Buhl
13 Employee of the Quarter Award to Christine Craven. Upon presentation of the
14 award, he summarized her experience at the District and reiterated some of the
15 comments made about Chris by her fellow employees. Ms. Craven said it was
16 an honor to receive the award from her peers.
17

18 7. A motion was made by Director Poveda, seconded by Director
19 Laudner and unanimously carried to adopt the following service resolutions:
20

21 a) RESOLUTION NO. 3881
22

23 A RESOLUTION OF THE BOARD OF DIRECTORS
24 OF OTAY WATER DISTRICT EXPRESSING
25 APPRECIATION TO RONALD H. RIPPERGER FOR
26 TEN YEARS OF SERVICE TO THE DISTRICT

27 b) RESOLUTION NO. 3882
28

29 A RESOLUTION OF THE BOARD OF DIRECTORS
 OF OTAY WATER DISTRICT EXPRESSING
 APPRECIATION TO RICHARD ACUÑA FOR
 TWENTY YEARS OF SERVICE TO THE DISTRICT

1 c) RESOLUTION NO. 3883

2 A RESOLUTION OF THE BOARD OF DIRECTORS
3 OF OTAY WATER DISTRICT EXPRESSING
4 APPRECIATION TO TIMOTHY R. KEERAN FOR
5 TWENTY YEARS OF SERVICE TO THE DISTRICT

6 d) RESOLUTION NO. 3884

7 A RESOLUTION OF THE BOARD OF DIRECTORS
8 OF OTAY WATER DISTRICT EXPRESSING
9 APPRECIATION TO DEBORAH L. HORTON FOR
10 TEN YEARS OF SERVICE TO THE DISTRICT

11 Engineering Department Head Peasley presented Resolution No. 3881
12 to Mr. Ripperger, gave a brief history of his experience with the District and
13 thanked him for his service.

14 Operations Department Head Mahanke presented Resolution No. 3882
15 to Mr. Acuña. He summarized some of the projects Mr. Acuña had worked on
16 during his tenure and thanked him for his years of service.

17 Operations Department Head Mahanke presented Resolution No. 3883
18 to Mr. Keeran. He reviewed Mr. Keeran's employment history and thanked him
19 for his years of service with the District.

20 Finance Department Head Chambers presented Resolution No. 3884 to
21 Ms. Horton. She briefly summarized Ms. Horton's experience and expertise
22 and thanked her for her service.

23
24 8. President Price presented the Consent Calendar. After discus-
25 sion the Board asked that item 9(b), Directors' Expenses, be brought back to a
26 future Agenda to include expenses for three entire months. A motion was made
27 by Director Watton, seconded by Director Poveda and unanimously carried to
28 approve the following item on the Consent Calendar:
29

1 a) REVIEW OF CONSTRUCTION AGREEMENTS AND ACCEP-
2 TANCES FOR SEPTEMBER 2000

3 CONSTRUCTION AGREEMENTS

4 EAST PALOMAR STREET, SUNBOW TO PASEO RANCHERO
(WO 9018)

5 OTAY RANCH VILLAGE 1, PHASE 7, R-48 (WO 9223)

6 OTAY RANCH VILLAGE 1, WEST NEIGHBORHOOD R-53
(WO 9185)

7 OTAY RANCH VILLAGE 1, WEST NEIGHBORHOOD R-52A AND
B (WO 9184)

8 OTAY RANCH VILLAGE 1, WEST NEIGHBORHOOD R-51A
(WO 9183)

9 ACCEPTANCES

10 OTAY RANCH, EAST PALOMAR STREET (WO 8805)

11 IMPROVEMENT PLANS FOR EAST PALOMAR STREET, STA. 48
(WO 8840)

12 9. Mr. Richard Blackman requested that the Board waive the District
13 and San Diego County Water Authority annexation fees into ID 3 for his prop-
14 erty. In 1977 he signed an outside user's agreement and began paying double
15 the water rate. After paying double the rate for 23 years he felt he had more
16 than paid for the fees due. Mr. Blackman explained that he could not receive
17 service from Helix Water District due to being unable to obtain an easement
18 across his neighbors' properties to obtain access to the Helix lines.
19

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21 There was discussion by the Board about how many other customers are
22 classified as outside users and Customer Service Supervisor Henderson stated
23 possibly four or five. There was also discussion regarding the Board not having
24 the power to waive the fee that the County Water Authority collects. General
25 Counsel Harron stated the Board did not have the authority. Also discussed
26 was how double the water rate being paid made it reasonable to waive Otay's
27 capacity fee of \$2,900 as a measure of equity.
28
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1 A motion was made by Director Watton, seconded by Director Poveda
2 and unanimously carried to waive the Otay Water District's capacity fee and
3 collect all other fees for processing as well as collect the San Diego County
4 Water Authority fee.

5 10. IT Manager Geoff Stevens made a brief presentation regarding
6 Staff's request to hire Wise Consulting Services for consulting and project man-
7 agement services for selecting the replacement software for utility billing and
8 additional customer information system to be implemented in fiscal year 2002.
9 Mr. Stevens also requested that the Board approve increasing CIP W363 by
10 \$15,000 to \$65,000 for the cost of the contract as well as travel expenses for
11 vendor site visits for team members.
12

13
14 There was discussion whether Staff would be looking for something
15 customized or "off the shelf," whether the proposed consultants sold software
16 packages and also the proposed consultant's experience. Mr. Stevens stated
17 that staff was looking for something off the shelf, that Wise was not aligned with
18 any specific product since they specialized only in acquisition and strategic
19 planning and that they had done similar acquisitions of customer billing systems
20 for 12 different agencies and had completed over 80 acquisitions of municipal
21 software over the past 10 years. There was also discussion by the Board
22 requesting that Staff include the City of Chula Vista in the planning stage since
23 the District is responsible for their sewer billing.
24
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26 A motion was made by Director Inocentes, seconded by Director Poveda
27 and unanimously carried to approve awarding a contract in the amount of
28 \$60,075 to Wise Consulting Services for consulting and project management
29

1 services for selection of replacement software for the utility billing and additional
2 customer information system and to increase CIP W363 by \$15,000 to \$65,000.

3 11. General Manager Griego stated that the Board had asked that the
4 District's ACWA Membership be discussed. Governmental Affairs Administrator
5 Donna Bartlett-May presented a brief analysis (Staff Report attached) of the
6 benefits the District receives from their ACWA Membership. There was discus-
7 sion regarding whether the Board would be participating in ACWA events,
8 including participation by Directors Inocentes and Price in the Federal Affairs
9 and State Legislative Committees and the importance of those committees.
10 Director Watton stated that as long as Otay is with JPIA, which membership in
11 ACWA is required to participate in JPIA, the District is receiving value for its
12 membership.
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15 12. President Price presented the Director's travel request, as
16 amended (Staff Report attached). The request failed for lack of a motion.
17

18 13. President Price stated that Director Watton hadn't arrived during
19 approval of the minutes. She asked for reconsideration of the minutes of Octo-
20 ber 18, 2000. There was discussion whether minutes were required for a
21 meeting that was not held due to lack of a quorum. Attorney Harron stated that
22 the record could reflect a Notice of Adjournment of the Regular Board Meeting
23 on October 18, 2000.
24

25 14. The Board took a brief recess at 2:37 p.m. and reconvened at
26 2:58 p.m.
27

28 15. Administrative Services Department Head Alvarez stated the
29 Ultra-Low Flow Toilet Program was off to a good start and the school education
program was very active with 19 presentations and three tours involving over

1 800 students. He stated the Water Conservation Garden at Cuyamaca College
2 had over 2,500 visitors during the summer.

3 16. Operations Department Head Mahanke stated the District sold
4 over 3,000 acre feet and almost 1.9 mgd of reclaimed water. He gave a brief
5 update on energy contracts stating the District was looking at three energy ser-
6 vice providers; Enron through ACWA, the District received quotes from Strate-
7 gic Energy and New Energy met with CWA regarding selling 25 megawatts to
8 CWA member agencies.
9

10 17. General Manager Griego announced that Jim Peasley had
11 accepted the position of Chief Engineer. He thanked Bart Mumford for his hard
12 work while Mr. Peasley was out due to his injury and stated that Mr. Mumford
13 would be leaving the District to accept a position in Utah.
14

15 Engineering Manager Mumford stated that the Engineering Department
16 was on track with CIP spending.
17

18 18. General Counsel Harron presented his monthly report (Staff
19 Report attached) and stated that Staff had met with the City of San Diego re the
20 draft master interconnection agreement which both sides have conceptually
21 agreed to. He stated a benefit that will be proposed in the agreement would be
22 that each entity be the other's redundant system since each agency is building
23 a system. By doing this, it could provide quite a savings to the District's cus-
24 tomers. Mr. Harron also mentioned the Monterey Agreement case which
25 focuses on the State Water Project.
26
27

28 19. Finance Department Head Chambers presented her monthly
29 report (Staff Report attached). The District sold 4% more water than anticipated
during the first quarter, but higher energy costs offset the excess revenue.

1 20. General Manager Griego stated that the Symposium on October
2 30th was well attended and he had received a number of complimentary calls.
3 He thanked the Board for allowing him to host the Symposium and stated that
4 he hoped to have a Symposium each year.

5 21. Mr. Griego stated Finance Department Head Chambers and
6 Principal Accountant White would give a brief presentation regarding the possi-
7 ble changes to CWA rates. He complimented both Ms. Chamber and Ms.
8 White for their work on CWA's models and their work with other agencies in
9 helping them understand the unbundling process.

10 Principal Accountant White stated for the past two years CWA has been
11 involved with an extensive rate study. She gave a brief presentation on how the
12 possible impacts could affect the District (presentation slides attached). Some
13 of the issues that Ms. White discussed included CWA cost centers and
14 allocation methodology, storage and customer service, and terminology. She
15 showed examples of the changes the District could anticipate depending on
16 how the rates were allocated with point-to-point and net share models being
17 higher. The point-to point allocation could increase costs to the District by
18 \$84,000,000 to \$135,000,000 during the next 20 years. At the October 12th
19 CWA Special Board Meeting, their Board voted to focus on the transportation
20 methodology using the net share model which would impact the District by
21 \$60,000,000 to \$90,000,000.

22 Ms. White stated that she and Finance Department Head Chambers had
23 met with Helix, Sweetwater Authority and Padre, who are all adversely
24 impacted by the net share model. From these meetings, and assistance from
25 Director Watton, at the last CWA meeting a request for additional time was
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1 made for review of data and policy issues and to address concerns on the rate
2 complexity and implementation issues. As a result, a special subcommittee
3 was appointed to review the issues and return with recommendations for a
4 process to achieve the Board's policies. Director Watton is a member of the
5 newly-appointed committee with several members from North County and the
6 City of San Diego.
7

8 Director Watton stated when the shareholder models with capital were
9 examined Otay's numbers dropped to \$19, but using an extremely complicated
10 engineering solution with net share, the rate could go up to \$198. This plan is
11 strictly an engineering calculation with no credit for paid in capital. During the
12 CWA meeting it was realized that the City's costs could change by 2%
13 depending upon how they shifted flow from one of their 10 CWA meters.
14

15 Director Price thanked Ms. White for the presentation and Director
16 Watton commended Ms. Chambers and Ms. White on their quick response to
17 the CWA information and all of their work regarding the model.
18

19 General Manager Griego stated at the General Manager's meeting there
20 were questions raised regarding the foundation for the model. He said that our
21 good relationship with the other agencies assisted in the present model being
22 put on hold and thanked Director Watton for his assistance and working rela-
23 tionship with the other districts, City of San Diego and CWA.
24

25 22. Director Watton stated he had hosted a Colorado River Trip and
26 that several staff members were able to attend with the other invitees.
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28 Director Poveda thanked Engineering Manager Mumford for his service
29 to the District and wished him the best.

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Director Laudner also thanked Mr. Mumford and stated he had attended Metro and Congress approved \$80,000,000 for an international wastewater treatment plant.

Director Price thanked General Manager Griego for the excellent job on the Symposium and also thanked Donna Bartlett-May, Nancy Smith and Connie Sanders for their work on the Symposium.

23. The Board adjourned into closed session at 3:44 p.m.

24. With no further business to come before the Board, the meeting was adjourned at 4:20 p.m.

President

ATTEST:

Assistant District Secretary