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MINUTES OF THE
REGULAR BOARD OF DIRECTORS MEETING
OTAY WATER DISTRICT
DECEMBER 6, 2000

1. The meeting was called to order by President Price at 1:33 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, CA.

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

DIRECTORS ABSENT: None

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
Gov. & Comm. Relations Bartlett-May
District Secretary Smith
Others per attached list

2. Upon conclusion of the Pledge of Allegiance, President Price stated she would like to move public participation to immediately after the approval of the Agenda in case anyone wanted to speak regarding the method of selection of the Division 4 Director. A motion was made by Director Inocentes, seconded by Director Watton and unanimously carried to approve the Agenda.

3. Roberta Sistos said she was appearing on behalf of the ad hoc committee which consisted of one director, Tony Inocentes, and two Directors elect, Jaime Bonilla and Fred Cardenas. They are concerned about the contracts on the Agenda and that, as new Board Members, their hands may be tied as to how they would make decisions once in office. Ms. Sistos read into the record Resolution No. 1 of the Ad Hoc Committee (copy attached) objecting to adoption of contracts by the current Board.

1 4. President Price read the procedure for the Proposed Method of
2 Determination of the Winner for the Division 4 Director's Seat (copy attached).

3 General Manager Griego presented three coins, a San Diego 200th
4 Anniversary commemorative coin, a dollar coin and a quarter. He showed the
5 commemorative coin to both candidates stating the side with the conquistador
6 head would be heads and the side with the buildings would be tails. Both
7 candidates concurred with the use of the commemorative coin.
8

9 Each candidate selected a witness to verify the name drawing and coin
10 toss. Mr. Rodriquez selected Marco Romero and Mr. Lopez selected Tim Carr.
11

12 To select who would call the coin while in the air, Messrs. Rodriquez and
13 Lopez each placed their names on five cards, which were folded and inserted
14 into a basket. General Manager Griego selected a card and, after the name
15 was viewed by the President, General Manager and witnesses, President Price
16 announced that Mr. Lopez would call the coin in the air.
17

18 President Price tossed the coin into the air and Mr. Lopez called "tails."
19 The candidates, witnesses and Board Members viewed the coin prior to anyone
20 touching it and concurred that it was "tails."
21

22 A motion was made by Director Poveda, seconded by Director Laudner
23 and unanimously carried declaring Mr. Lopez Director of Division 4, as selected
24 by lot (coin toss) (copy of Declaration attached).

25 The Meeting recessed at 1:52 p.m. and reconvened at 2:15 p.m.

26 5. A motion was made by Director Laudner, seconded by Director
27 Poveda and carried, with Director Inocentes voting no, to approve the Minutes
28 of November 15, 2000.
29

1 ACCEPTANCES

2 HUNTE PARKWAY STA. 73+60 TO STA. 77+38 (WO 8374)
3 OTAY RANCH MASTER UTILITIES SPA 1 (WO 8723)
4 OTAY RANCH SPA 1, R 3 (WO 8780)
5 OTAY RANCH SPA 2 PHASE 1B NEIGHBORHOOD R-8
6 (WO 8888)
7 SUNBOW B – PHASE 1 A (WO 2384)

8 c) REJECTION OF ALL CONSTRUCTION BIDS FOR THE
9 520-3 RESERVOIR ROOF MEMBRANE INSTALLATION
10 PROJECT (CIP NO. W268)

11 e) AWARD OF CONSTRUCTION CONTRACT FOR THE
12 JAMACHA BOULEVARD PAVEMENT REPLACEMENT
13 PROJECT TO J.D. PAVING, INC. IN THE AMOUNT OF
14 \$63,839.07

15 f) APPROVAL OF AGREEMENT WITH COX PCS ASSETS,
16 LLC FOR A COMMUNICATIONS FACILITY AT THE
17 SINGING HILLS RESERVOIR

18 9. President Price presented Item 9b), approval of employment con-
19 tracts for Department Heads and General Counsel. General Manager Griego
20 stated he had prepared the Agreements, which had been reviewed by Best,
21 Best &Krieger. He stated Best, Best & Kreiger had recommended adding a line
22 in the “without cause” clause on page 2 stating the severance period to be 18
23 months, or the length of time remaining on the contract, whichever was less.

24 Copies of the Agreements including this language were distributed to the Board.
25 Mr. Griego said that it was up to the Board as to whether they wanted to include
26 this language and what their original intent had been. He stated the
27 agreements were a standard and typical type used by other agencies.

28 There was a discussion about how contracts have served the district by
29 eliminating a protracted negotiation upon exit of an employee and that the
District had never terminated anyone without some type of severance.

1 A motion was made by Director Watton to adopt the contracts, without
2 the new language added by Best, Best & Kreiger, amend the length of sever-
3 ance to 12 months and authorize the General Manager to make the corrections
4 and sign the contracts.

5 Director Inocentes asked if there was a representative from Best, Best &
6 Kreiger at the meeting. General Manager Griego stated that a representative
7 was not present.
8

9 There was a discussion regarding Directors' expenses and costs over the
10 last year. President Price stated there was a motion on the floor. Director Wat-
11 ton restated his motion saying it was to return to the originally submitted con-
12 tract, without the language suggested by Best, Best & Kreiger and amended for
13 a severance period of 12 months. Director Laudner said he felt the severance
14 period should be 18 months. Director Poveda stated he felt that 18 months was
15 industry standard for CEOs and for upper management positions 12 months was
16 standard. Director Price stated she supported 18 months severance. Director
17 Inocentes stated that without legal counsel to advise him, he was not willing to
18 take action because he didn't feel he had been properly advised.
19
20

21 A motion was made by Director Price that the contracts be adopted,
22 deleting the language added by Best, Best & Kreiger, for a period of 18 months.
23

24 A motion was made by Director Inocentes to table the item until the
25 Board meeting on December 20th.
26

27 A motion was made by Director Poveda, seconded by Director Watton
28 and carried, with Director Inocentes voting no, to adopt the contracts for the
29 Department Heads and General Counsel, without the language added by Best,
Best & Krieger, with a 15 month severance period.

1 10. President Price presented Item 9 d), award of contract for
2 preparation of a preliminary design report for the South Bay Recycled Pipeline
3 from Dairy Mart Road to Olympic Parkway. Director Laudner asked why the
4 Engineering Committee didn't review the item. Engineering Department Head
5 Peasley said, per District policy, if the contract is over \$75,000 the Board has
6 the option to have it go through the Engineering Committee and, if it is less than
7 \$75,000, Staff can make the recommendation.
8

9 A motion was made by Director Inocentes, seconded by Director Pov-
10 eda, and unanimously carried to award a contract for preparation of a pre-
11 liminary design report for the South Bay Recycled Pipeline from Dairy Mart
12 Road to Olympic Parkway to Berryman & Heniger in the amount of \$69,956.
13

14 11. President Price stated she had received a late request to speak
15 under Public Participation.
16

17 Yolanda Salcido, a homeowner in the District, made critical remarks
18 about Director Inocentes and the new Board Members.
19

20 12. Engineering Department Head Peasley said the District has 38
21 engines and that 14 are not permitted by APCD. These 14 engines are critical
22 to our system for reliability and flexibility to maintain service to our customers.
23 APCD has imposed new regulations hence Staff has no choice but to put
24 exhaust equipment on these engines. Ms. Peasley stated once quotes were
25 received, they would be brought to the Board for approval.
26

27 A motion was made by Director Watton, seconded by Director Laudner
28 and unanimously carried to establish a new Capital Improvement Program in
29 the amount of \$1,650,000 for fiscal year 2001 to fund equipment retrofits and
new engines to meet APCD requirements.

1 17. Director Watton said there was a rate subcommittee meeting last
2 Monday at CWA. He remains optimistic that there will be a rate program that is
3 beneficial to Otay. He explained that it comes down to not only water rates but
4 how Otay is treated as far as capital contributions.

5 Director Watton said on Tuesday at Met, their rate program will extend
6 for two more years instead of ending in December. He stated that Ron Gastel-
7 lum was trying to assure the CWA Board that, through the rate process, CWA
8 can contract around LADWP's preferential rights. In Mr. Walston's opinion, the
9 General Counsel at Met, it's clear that you can't unilaterally contract away Los
10 Angeles' preferential rights. If CWA were to contract with Met for anything more
11 than 312,000 acre feet, which currently CWA is using approximately 600,000
12 acre feet, Los Angeles could call on their preferential rights during a drought.
13 The water would be called away from CWA, even with a contract. To get
14 around this, the Met staff is proposing declaring a permanent water emergency
15 under Water Code §350, which deals with human health, safety and fire.
16 Director Watton doesn't feel it could survive a challenge.
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20 18. Director Poveda wished everyone a happy holiday and thanked
21 everyone for an interesting four years. He stated that Otay is an excellent Dis-
22 trict and thanked General Manager Griego, Attorney Harron, the Management
23 Team and Staff.
24

25 Director Laudner stated he went to the Olivenhain Dam groundbreaking.

26 Director Inocentes said he felt there was a hypocrisy regarding Directors'
27 travel. The Board approved travel at the last meeting after directing that certain
28 Board benefits and per diem be cut in the name of cutting waste, and his
29 request for travel was denied. He also stated that the contracts for the

1 Department Heads and General Counsel sends the wrong message to the
2 incoming Board Members.

3 Director Laudner said that he requested to attend the Colorado River
4 Water Users conference prior to the election and cancelled his trip after he
5 realized he had not been successful in his reelection.
6

7 President Price announced that David Charles and George Uden had
8 received an ACWA JPIA Safety Award and each given a check for \$50.

9 19. The Board adjourned into closed session at 3:25 p.m.

10 20. The Board reconvened at 4:05 p.m.

11 21. President Price reported that in the closed session item regarding
12 Atlas Homes v. Otay Water District, the Board unanimously directed the Gen-
13 eral Manager to sign the final subdivision map of Unit 7, proceed with the 850
14 project and approved the contract with RECON in an amount of \$15,830.65 for
15 planning and environmental services for the Open Space Vacation and MSCP
16 amendment process.
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19 Attorney Harron stated the closed session item regarding Marina Land-
20 scape v. Otay that the Board authorized Staff to offer \$75,000 in settlement.

21 The vote was 4-1, with Director Inocentes voting no.
22

23 President Price said on the personnel evaluation item, the Board didn't
24 take any action. Director Watton stated the Board instructed the President to
25 prepare some things that will be reported out at the next meeting.
26

27 22. It was reported by Attorney Harron that the Board adjourned and
28 went into Closed Session for the Special Meeting at 3:40 p.m. Attorney Harron
29 stated that on the real property action relating to the Use Area the Board took
action to approve the offer made by Mr. Caulder where the District and Auld

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Goff would split costs for three years, at which time, if there was still a dispute, it would be resolved by litigation. The vote was 4-1 with Director Inocentes voting no.

The Board adjourned the Special Meeting at 3:50.

23. The regular Board Meeting reconvened at 3:50 and continued in Closed Session until 4:05 p.m.

24. With no further business to come before the Board, the meeting was adjourned at 4:10 p.m.

President

ATTEST:

District Secretary