

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS
STRATEGIC PLAN WORKSHOP
OTAY WATER DISTRICT
March 20, 2004**

1. The meeting was called to order by President Lewis at 9:24 a.m.

2. ROLL CALL

Directors Present: Breitfelder, Bonilla, Croucher, Lewis and Lopez

Staff Present: General Manager Robert Griego, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Operations Manny Magana, General Counsels Bonifacio Garcia and Yuri Calderon, Chief Information Officer Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Mehdi Arbabian, Chief of Water Operations Pedro Porras, Chief Development Services Rod Posada, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Croucher, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Breitfelder, Bonilla, Croucher, Lewis and Lopez
Noes:	None
Abstain:	None
Absent:	None

to approve the agenda.

5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

No one wished to be heard.

INFORMATION / ACTION ITEMS

6. DISCUSSION OF 2004 BOARD MEETING CALENDAR

A motion was made by Director Bonilla, seconded by Director Breitfelder and carried with the following vote:

Ayes: Directors Breitfelder, Bonilla, Croucher, Lewis and Lopez
Noes: None
Abstain: None
Absent: None

to move the regular board meeting scheduled on April 7, 2004 to Tuesday, April 15, 2004.

There was also discussion that the April 21, 2004 meeting date, reserved for Special Meetings / Committee Meetings, may need to be rescheduled. It was requested that the 2004 Board Meeting Calendar be brought back to the April 13, 2004 board meeting for further discussion.

WORKSHOP

7. STATE OF THE DISTRICT

General Manager Griego indicated that the District's leadership team would be presenting the proposed Fiscal Year 2005 Strategic Plan and Fiscal Year 2004 performance measures identified by staff to track the success of the District in achieving its goals. He stated that he would like to take this opportunity to share with the Board the current state of the District; where we are, where we are going in the next year and in the years ahead. He reviewed the past year and its successes which included the recycled water agreement signed with the City of San Diego, the Five-Year Memorandum of Understanding signed with the OWD Employee Association in July 2003, and District's success in the Rodriguez litigation and the dismissed charges brought by a group of former employees, the implementation of the automated permitting system and the new billing system, installation of more than 5,000 AMR meters, etc. General Manager Griego also noted the completion of the LAFCO Municipal Service Review which reaffirmed that the District provides efficient services and that its potable water and sewer infrastructure were adequate to meet existing and future needs.

General Manager Griego also indicated the challenges that the District would face in the future which included the increase in the cost of resources such as energy and water from MWD and CWA, the likelihood that the District would need to increase its rates as well, the increasingly stringent environmental regulations and water quality standards, and the continuing challenge to promote and encourage the District's customers to conserve water. He stated that he felt the District was strong and was confident of the future because of the Board's support in providing the tools and resources for staff to effectively address the challenges of the future. He thanked staff and the board and indicated that he was proud to work for a Board and agency with such dynamic vision.

8. STRATEGIC PLAN UPDATE

a) FISCAL YEAR 2004 RESULTS AND PERFORMANCE MEASURES

Mr. Geoff Stevens reviewed the process the District followed in developing the District's Strategic Plan and performance measures which included a series of meetings with the management team and staff. He presented the District's mission statement, "To provide safe, reliable water and wastewater services to our community with innovation, in a cost efficient, water wise and environmentally responsible manner" and indicated the key challenges that the District would face, "Unprecedented growth and the need for infrastructure development and services in an environment of increased consumer concerns, escalating costs, regulatory uncertainty and competition for resources. He noted that the strategic plan addressed these challenges and indicated that this was the first report staff has presented to the board with regard to the District's progress through its performance measures.

He stated the performance measures were initially developed in 2003 through a series of team workshops. He indicated that of the 78 priority objectives identified for fiscal year 2004, 18% have been completed, 76% were ahead or on schedule, 4% were behind schedule and 3% were on hold. He noted some of the District's accomplishments which included, Construction Change Orders were 1% of the total CIP and with a staff target of 5%. The CIP target expenditure was 75% of the total fiscal year budget and the actual expenditures were 85%. The District targeted the potable water bills at \$39.11/month and the actual is \$36.23/month. He also noted performance measures requiring improvement which included lower than targeted customer call answer rate which was due to a higher than normal turn-over in the customer service department. He stated that this would be remedied by filling open positions within the department. He also stated that expenditures are higher than budgeted, due to legal expenses.

He stated the next step was to gather year-end data and to review the current measures and possibly modify them for fiscal year 2005. He stated that staff would continue to set more accurate and challenging targets as data history was developed.

There was a question concerning the criteria utilized to set the targets. Mr. Stevens indicated that they were based on industry standards. He indicated that Malcolm Pirnie assisted the District in setting the targets and identifying appropriate performance measures. He stated that after a couple years of data, the District would be able to see how well the targets were set and how relevant they were to the District.

It was asked how the District would manage the measures and targets and how they would be adjusted? Mr. Stevens indicated that the District would be moving to its new infrastructure management system. He stated that the system would track the actual numbers and that the measures would be based on industry standards.

The board recessed at 10:20 a.m. and reconvened at 10:24 a.m.

b) DEPARTMENT STRATEGIC PLAN PRESENTATIONS FOR FISCAL YEAR 2005

i. Engineering and Planning

Mr. Mehdi Arbabian indicated his department's mission statement, "Satisfy current and future needs for potable, recycled, and wastewater services, ensuring customer satisfaction through quality, cost-effectiveness, and sound engineering practices." He noted some of his departments accomplishments which included:

- Finalized a 20-year recycled water agreement with the City of San Diego for 6 MGD
- Simplified the CIP scheduling and budget process to achieve 85 percent of our targeted expenditures for backbone facilities
- Negotiated an agreement with the CWA for an additional 8 MGD of potable water
- Actively pursued recycled project grants - obtained over \$2.7 million from the Bureau of Reclamation which covered 25% of the project costs, and \$100,000 from EPA for a vulnerability assessment
- Completed hydraulic modeling and developed a schematic hydraulic profile for the entire District

He also noted the Engineering Department's new objectives identified for fiscal year 2005:

- PLANNING
 - Evaluate and obtain from City of San Diego potable water supply at Lower Otay Treatment Plant
 - CIP project expenditures greater than 75%
 - Target recycled program/freeway and greenbelt areas
 - Obtain from Helix (through CWA) additional 8 MGD of potable water
 - Obtain Sweetwater Perdue WTP Capacity Rights
 - Continue the Tia Juana Valley County Water District Groundwater Project
 - Update Recycled Master Plan in Otay Mesa
- DESIGN
 - Complete project designs within no more than 20% of planned duration
 - Perform in-house design for 50% of the total backbone CIPs
 - Improve design documents so that design-related construction change orders will be less than 5%
 - Improve in-house design delivery 130 MHs or less for each design sheet.
- SCADA

- Documentation and Plan Development
- Develop Strategic Plan and integrate with District's Strategic Plan
- Evaluate existing system (strength and weaknesses) and opportunities for improvements

ii. Development Services

Mr. Rod Posada noted his department's mission statement, "To attain excellence in customer service with the developer community, while building the District's backbone facilities in an environmentally friendly and cost-efficient manner." He indicated that his department was created during the current fiscal year and the critical need was to meet the demands of growth. He stated that the goals and objectives he will be presenting are new to the Strategic Plan. He shared several of his department's accomplishments for fiscal year 2004:

- Constructed over \$14 Million of the District's infrastructure with less than 1% in Change Orders. Represented cost avoidance of over \$1 million dollars
- QA/QC of over 200,000 linear feet of pipe
- Implemented Permit Portion of OIS
- Sold over 2,500 Meters for \$13 Million
- Cadastral Mapped 3,500 Parcels

He also noted the goals for his department for fiscal year 2005:

- Optimize construction efficiencies
- Public Services Division to excel in customer service
- Enhance the Environmental Programs to be more comprehensive and pro-active
- Continue to improve efficiencies in the Survey Division

He noted the fiscal year 2005 objectives for each division in accomplishing the above goals:

- Construction Division
 - Maintain construction claims to less than 5% of project amount
 - Maintain change order to less than 5% of project amount
 - Complete project construction within 120% of allocated time
 - Reduce time of project close-out process
- Public Services Division
 - Plan checking response
 - Issuance of "Will Serve" letters

- Improve reimbursement agreement program process and documents
- Environmental
 - Enhance the environmental program to be a more proactive umbrella plan that responds to environmental monitoring and compliance
- Survey Division
 - Updating of the cadastral portion of the GIS
 - Mark-Out accuracy of at least 99.75%

iii. Water Operations

Mr. Pedro Porrás indicated that his department's mission statement was, "To provide all operations and maintenance services in the highest possible professional, efficient, safe and cost effective manner to all internal and external customers, and to strive to continually improve the level of services the Department provides." He stated that the Water Operations core duties are to provide adequate water services and to preserve the public health. He noted that the most pressing challenges his group faces is to continue to accommodate the unprecedented growth of the district and to continue to meet existing and upcoming regulations. He shared his department's accomplishments for fiscal year 2004 which included:

- Implemented department reorganization
- Delivered flows to Mexico flawlessly in ranges from 4 cfs to 20 cfs without impacting services
- Withstood the first 10-day SDCWA shutdown without affecting service

Mr. Porrás also shared his department's fiscal year 2005 objectives which included:

- Meet new regulatory certification requirements
- Review all current job descriptions and duties in the Operations Department and insure accuracy
- Document existing and develop new maintenance procedures, as necessary
- Integrate the Operations' work processes with OIS

iv. Administrative Services

Mr. Rom Sarno indicated that his department included safety and security, purchasing, water conservation and human resources. He stated that he has asked Ms. Kelli Williamson to provide the report for the human resources division's strategic plan with regard to employment and recruitment.

Mr. Sarno presented his department's mission statement, "To provide support to all District operations by providing critical expertise, resources and support in the areas of Board and General Manager support, general administration, human resources, procurement, promotion of water conservation and safety and risk management." He also shared several of their accomplishments:

- Signed a five-year labor agreement
- Implemented the CalCard Program
- Saved Approximately 1,000 AF of water through the Water Conservation Programs
- Established Employee Recognition Program
- Completed the Vulnerability Study and Implemented Security Upgrades
- Saved \$155,000 in Insurance Coverage

Mr. Sarno indicated that their objectives for fiscal year 2005 include:

- SAFETY AND SECURITY
 - Evaluate the current security system to determine upgrades and integration with the OIS
- PURCHASING
 - Evaluate Purchasing policies and procedures to determine changes affected by the implementation of OIS
- WATER CONSERVATION
 - Evaluate the feasibility of establishing an incentive for artificial turf for school playing fields
 - Evaluate the feasibility of installing residential irrigation sub-meters
 - Evaluate the feasibility of incentives for new construction, including ET controllers, High Efficiency Toilets, and water-efficient landscape

v. Human Resources

Ms. Kelli Williamson presented her division's mission statement, "To provide exemplary services to the Board employees, applicants, and other stakeholders. We are dedicated to recruiting and retaining a competitively compensated, well-trained, diverse workforce, motivated to provide the highest quality service." She indicated that the District's strategy to "Optimize District Effectiveness," was changed to "Employee Relations" within the strategic plan. She stated the strategy is to, "Maintain a professional workplace and culture through comprehensive employee relations, employee development and recognition, ensuring efficient and safe work practices, and organizational development." She indicated the goals staff has set under this strategy for fiscal year 2005:

- Recruit and Retain High Caliber Employees
- Enhance Employee Communications
- Facilitate Employee Development and Recognition
- Maintain Efficient Work Practices, Legal Compliance, and Continuous Improvement of HR Systems and Processes

The objectives for fiscal year 2005 are:

- Maintain effective Labor Relations including facilitating Labor/Management Committee Communications
- Determine needs for District-Wide training program
- Strengthen employee development through effective employee recognition program, efforts and events
- Ensure consistent and standard application of District policies, procedures, and practices

vi. Finance

Mr. Joe Beachem indicated that his departments mission is, “To provide direction, resources, support and leadership in the areas of financing, accounting, investment, budgeting, and customer service to ensure fiscal accountability, sound investing, financial security, and quality customer service.” He indicated the finance department’s fiscal year 2004 accomplishments which included:

- Establish a debt policy
- Restructure Cash Accounts
- Establish procedures to guide investment decisions
- Implement best alternative methods to in-house remittance processing

Mr. Beachem indicated that staff had also completed a rate study and had recently presented the financing plan to the Finance and Administration Committee. He stated the committee had provided staff good direction. He also shared his departments fiscal year 2005 goal and objectives:

- Goal:
 - Sound Financing of Infrastructure
- Objectives:
 - Prepare and submit the 2006 Budget for a California Municipal Treasurer’s Association budget award
 - Prepare a Comprehensive Annual Financial Report for 2005 and plan for winning their award in 2006
 - Obtain a District Credit Rating

He stated that the main challenge for the Finance Department is the rapid growth and the management of the funds to build new infrastruc-

ture. He stated that the District would be issuing a lot of debt in the next five years to build the new infrastructure. He also shared that staff would also work on preparing a Comprehensive Annual Financial Report (CAFR) for 2005 and hope to win their 2006 award. He stated that a CAFR was similar to a college dissertation, requiring supporting information, etc. He noted, with regard to the department's last objective, that the District's credit rating would determine the rate at which the District could borrow funds.

vii. Information Technology

Mr. Geoff Stevens presented the Information Technology's mission statement, "Provide the right information and technology, at the right time, at an affordable cost." He noted accomplishments for fiscal year 2004 which included:

- OIS Phase 1 Billing and Permitting Systems Installed and Operational
- LAFCO Completed
- FY 03 – 05 Strategic Plan Implemented
- Performance Measures Implemented
- IT Network Upgraded and Made Secure

He indicated the new fiscal year 2005 objectives for Information Technology:

- Complete the installation of OIS Phase 2:
 - Finance
 - Human Resources/Payroll
 - Infrastructure Management
 - Records Management
- Analyze the technical, financial, and maintenance issues regarding upgrading mobile and field communications
- Determine the required resources and processes to keep data accurate and timely to effectively utilize OIS
- Evolve the strategic plan / performance measures / budget / to be more specific at the department / program level

viii. Community and Government Relations

Mr. Armando Buelna indicated that the Community and Government Relations mission statement is, "To effectively communicate clear and accurate information on the Otay Water District's goals, services and challenges to stakeholders in a timely, cost-effective manner, to enhance communications and promote awareness of water issues, thus building confidence and enhancing the overall image of the organization." He noted some of the accomplishments of the government and public relations program for fiscal year 2004 which included:

- Increased Community Outreach
- Expanded Distribution of Newsletters, Guest Articles, Editorials
- Sponsorships
- Continued Improvement in District Publications
- Increased Direct Communication

Mr. Buelna indicated the fiscal year 2005 objectives are:

- Implement expanded Government and Community Relations Program and Evaluate for Effectiveness
- Promote the Otay Water District Speaker's Bureau
- Conduct Customer Satisfaction Survey
- Continue to support the Board, General Manager and Staff to Achieve the District's Mission

A question was asked with regard to the customer satisfaction survey, if the board would have an opportunity to provide input on the survey. Mr. Buelna indicated that an RFP was sent out and the District received four proposals. He indicated that one proposal was disqualified as it was incomplete. Staff will be meeting this coming Monday to review and select a proposal. General Manager Griego indicated that staff could bring the customer satisfaction survey to the Finance and Administration Committee for review.

It was suggested that Item Number 11 on the agenda, Presentation on Brown Act, be presented next prior to breaking for lunch. The board recessed at 11:05 a.m. and reconvened at 11:18 a.m.

9. PRESENTATION ON BROWN ACT

General Counsel Yuri Calderon provided a presentation on the Brown Act. His presentation covered the basic Brown Act rules such as, all meetings of a legislative body of a local agency shall be open and public, and that all persons shall be permitted to attend to what constitutes a serial meeting (see presentation).

There was discussion as to what would not be considered a meeting of the legislative body which would not require public noticing. It was noted that attendance of conferences and social functions, as long as District business was not discussed, would not require public noticing. General Counsel Calderon also indicated that all meetings of the legislative body must be within the boundaries of the District unless the body is meeting with other agencies or will be inspecting property. There was also discussion that items which appear on an agenda could be moved for discussion earlier or later in the meeting, however, items which were not agendaized could not be added at the meeting.

There was also discussion concerning standing committees. It was noted that standing committee meetings must be noticed and if there are issues that must be addressed by two standing committees, then a special meeting should be held so

the issue could be addressed. It was noted that committees could not take action on behalf of the board and that actions must be taken by the full board.

A question was raised with regard to how information might be shared without it being interpreted as a serial meeting. General Counsel Calderon indicated that information could be shared as long as it was not discussed. He stated that three directors, whether together or not, should not have discussions on a topic. It was also discussed that the General Manager and Counsel could not act as intermediary's and advise other board members how a member stands on an issue.

There was also a question with regard to how items were placed on the agenda for board meetings. General Counsel Calderon indicated that it is dependent on the policy of the agency. Otay's policy, per its Code of Ordinances, is that the General Manager or President of the Board could place items for discussion on the agenda. Members of the Board would speak with either individual if they wished an item agendaized.

10. LUNCH (noon)

The Board recessed for lunch at 11:55 a.m. and reconvened at 12:46 p.m.

11. MARSTON AND MARSTON, INC. REPORT

Ms. Myrna Marston reviewed their accomplishments in fiscal years 2003 and 2004 and what they are planning for the remainder of fiscal year 2004. She noted their 2003 goals which included:

- Establish OWD as a leader in water issues
- Emphasize OWD's high quality service
- Highlight OWD's commitment to technological advances
- Provide strategic media and public affairs counsel

She stated that their strategy was to be aggressive with community relations, proactive with media relations and create and seek out new opportunities. She noted some of their accomplishments for the year which included:

- Breakfast Briefing for Community Opinion Leaders
- Press Conference and Appreciation Luncheon in Celebration of the Recycled Water Agreement with the City of San Diego
- CWA Goodwill Tour of the District
- Completed Media Training of Directors and Sr. Management

She stated that their firm also assisted the District with strategic communications such as:

- Drafted Memos from President Lopez regarding law suit successes
- Made suggestions on LAFCO responses

- Assisted in response to City of Chula Vista in the district's determination that it could service Otay Ranch
- Gave recommendations regarding how to handle negative op/eds and letters to the editor

Ms. Marston also noted that her firm had written and submitted, on behalf of the District, bi-monthly Chamber of Commerce newsletter articles. She presented various publications they had produced (which included advertisements), the *Pipeline* newsletter for the District's customers, a OWD informational pamphlet, a *Waterwise* brochure and various fact sheets. She noted that their communications focused on promoting the water conservation message with the public.

She stated for the remainder of 2004 their focus on community outreach would include:

- The establishment of a Ambassador Program to increase OWD's presence at local events
- Work closely with town councils & community planning groups in Eastern Chula Vista, Southern El Cajon, Jamul, La Mesa, Bonita and Otay Mesa
- Expanding the District's participation in various local events such as Bonitafest, El Cajon Grand Prix, Magnolia Festival of the Arts, etc.
- Establishing a Customer Appreciation Month

She also noted some ongoing outreach work they would be continuing such as the customer *Pipeline* newsletter, E-newsletter and the customer opinion survey. There was a suggestion that the survey be presented to the Finance and Administration Committee for review.

Ms. Marston also noted some media opportunities such as hosting a ground breaking for the installation of the OWD pipe system to receive reclaimed water from the South Bay Water Reclamation Plant, sunset View Park Grand Opening, Waterwise Landscape Contest Winners, Cash for Plants Winner, etc. Ms. Marston indicated that working on District issues has been a challenge and has also been very satisfying. She stated that she feels that her organization and the OWD work well as a team and very much appreciate their association with OWD.

There was a suggestion that the District work with Marston & Marston with regard to communications with the community concerning the 30" Recycled Water Pipeline Project (Dairy Mart Road Pipeline Project).

There was discussion with regard to Marston & Marston's work with reference to legislative outreach. Ms. Marston indicated that their firm, mainly Mr. Jeff Marston, would assist with working with local city and state elected official. She stated that Mr. Marston has set up meetings with Senator Ducheny and Assemblymembers Horton, Vargas and Le Seur to discuss the CWA voting issue during the time that General Manager Griego, President Lewis and Mr. Mark Watton will be attending the ACWA conference in Sacramento. She stated that Mr. Marston would mainly

be tasked with assisting the District with the CWA voting issue and providing a positive presence in Sacramento with our local elected officials. She stated that having a presence in Sacramento would allow our elected officials to know more about OWD and thus, help move things in a direction that would be favorable to the District. She stated this was something other Districts were currently doing and that legislators need to know that OWD is stable and is moving forward in a positive manner.

12. BOARD DISCUSSION REGARDING FISCAL YEAR 2005 STRATEGIC PLAN

Director Bonilla indicated that he felt that everything staff presented today was very positive and he believed that the District was moving forward. He stated that he did have a concern about the financial health of the District. He indicated that he did not feel that the District should spend funds on working with elected officials and what the District really needed was assistance or someone with a better relationship with the press. He stated that the District should be watching its budget more closely and needed to continue to enhance efficiency. He also stated that the District needs to look at the legal bills from Burke, Williams and Sorrensen, LLP and possibly restructure their retainer agreement. He stated the District's focus should be on resolving issues with the press and working on improving our finances.

Director Breitfelder indicated that he felt that the legislative contact was the job of the Directors and possibly they (the Directors) need to do more in this area. He stated that he believes that they all agree with Director Bonilla that legal expenses are at an unacceptable level and improved employee relations must be top priorities. He added that the employee relations portion of the strategic plan should be more results oriented, the retention objective in particular being far too lax.

Director Croucher indicated that the District could look to Mr. Armando Buelna to take on more of the community outreach responsibilities and legislative contact. He stated that he felt that there was a need to meet with legislators more often to update them on OWD issues. He also stated that he agreed that legal fees were an issue and that he was glad to see an employee relations strategy in the fiscal year 2005 Strategic Plan. Director Croucher also stated that he felt that the District could work more with other agencies in partnership, such as, sharing our GIS information with Padre Dam MWD, Helix WD and Sweetwater Authority. He indicated that he does appreciate everything staff has done and sees that we are developing more into a team. He stated that he felt that the District is at a point where we are focused in the same direction.

Director Lopez indicated that he agreed that the District should look to Mr. Buelna to take on more of the community outreach responsibilities and legislative contact. He asked President Lewis to request that staff reevaluate the Marston and Marston contract. He also indicated that he had reservations with regard to the District's legislative contract and also felt that the District should carefully evaluate its legal actions.

President Lewis indicated the benefits of having lobbying efforts. He stated that he did agree with Director Bonilla that the District should keep an eye on its costs,

however, he felt that an advocate for the District in Sacramento could provide the District exposure and possibly success in getting grants from the state which could assist with costs. He indicated that success in this area would be well worthwhile as the cost for an advocate is not exorbitant. President Lewis also indicated that the District could possibly get Helix WD, Padre Dam MWD and Sweetwater Authority to share in the cost for a Legislative Advocate as success with an advocate would benefit all our Districts.

There was also discussion of how the District could improve upon human relations. It was noted that the District has implemented an Employee Labor Committee and, at the recommendation of the Board, would engage a consultant to implement a Work Environment Survey. It was stated that the cost would be approximately \$40,000.

There was discussion concerning the legal fees and the current status of the District's insurance. The Board asked that Legal Counsel resolve the issues with the insurance carriers.

President Lewis asked all who were in attendance of the Strategic Plan workshop if they felt that these type workshops were worthwhile. Attendees indicated that they felt such workshops were certainly worthwhile and was a good way of relating how the District was doing and where it planned to go. It was indicated that the employees appreciate the Board's support and enjoy being a part of the team.

13. ADJOURNMENT

With no further business to come before the Board, President Lewis adjourned the meeting in at 2:45 p.m.

President

ATTEST:

District Secretary