

**MINUTES OF THE
BOARD OF DIRECTORS MEETING
OTAY WATER DISTRICT
December 7, 2004**

1. The meeting was called to order by President Lewis at 3:30 p.m.
2. ROLL CALL

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

Staff Present: General Manager Mark Watton, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Operations Manny Magana, General Counsel 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

Director Croucher suggested that item numbers 6a, *Adoption Of The Mitigated Negative Declaration For The Lower Otay Pump Station And Approve Construction Of The Project*, and 6b, *Approve The Purchase Of A Portable Trailer Mounted Engine, Pump, And Gear Drive Package System In The Amount Of \$365,000 From Hawthorne Power Systems And Associated Pipeline, Meter Valves, And Appurtenances For An Additional \$110,000*, be moved to the consent calendar as the Engineering and Water Operations Committee had reviewed the items thoroughly with a quorum of the board present. He stated that the committee was comfortable with the information presented by staff and the information provided in the board packet.

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

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

to approve and amend the agenda to move items 6a and 6b to the consent calendar.

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.

CONSENT CALENDAR

6. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:
 - a) ADOPTION OF THE MITIGATED NEGATIVE DECLARATION FOR THE LOWER OTAY PUMP STATION AND APPROVE CONSTRUCTION OF THE PROJECT
 - b) APPROVE THE PURCHASE OF A PORTABLE TRAILER MOUNTED ENGINE, PUMP, AND GEAR DRIVE PACKAGE SYSTEM IN THE AMOUNT OF \$365,000 FROM HAWTHORNE POWER SYSTEMS AND ASSOCIATED PIPELINE, METER VALVES, AND APPURTENANCES FOR AN ADDITIONAL \$110,000

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

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

to approve the consent calendar.

INFORMATION / ACTION ITEMS

7. ADMINISTRATION AND FINANCE
 - a) APPROVE A NEW CONTRACT WITH THE CENTRE FOR ORGANIZATION EFFECTIVENESS IN THE AMOUNT OF \$27,000 TO CONTINUE SERVICES RELATED TO THE WORK ENVIRONMENT REVIEW

General Manager Watton indicated that this item was reviewed by the Finance and Administration Committee. He stated that the presented contract is related to work the Centre for Organization Effectiveness (COE) has handled and will be working on in follow-up to the Work Environment Review. He noted the contract would also cover work related to the facilitation of two board workshops by the COE, one held on September 29, 2004, and one to be scheduled in February 2005. He indicated that the contract was within his signing authority, however, because it is follow-up to prior work on the Work Environment Review, he wished the board to have visibility

to the contract and the work it will cover. He stated that the total cost with the COE would be \$77,000 which includes the cost for the prior contract and this new contract.

Director Breitfelder indicated that because of the Brown Act and how board workshops have been organized in the past, there have not been frank discussions among the board members about its values and the kind of board they wish to become. He stated that at the end of the September 29, 2004 board workshop, he recalled that the board concurred that they had a way to go, but that they wished to move forward to get to where they would like to be. Director Breitfelder suggested that the board schedule a follow-up workshop prior to the seating of the new member. President Lewis suggested that this matter be discussed during the discussion of item 9b, *Discussion of 2005 Board Meeting Calendar*.

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

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

to approve staffs' recommendation to approve a new contract with the Centre for Organization Effectiveness in the amount of \$27,000.

8. GENERAL MANAGER

- a) ADOPT ORDINANCE NO. 505 OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT AMENDING THE APPENDIX OF SECTION 6 OF THE DISTRICT'S CONFLICT OF INTEREST CODE TO ADD THE TITLE OF COMMUNICATIONS OFFICER

General Manager Watton indicated that this item is to add the Communications Officer to the District's Conflict of Interest Code requiring the position to file a 700 Form (Conflict of Interest Form) with San Diego County. He stated that the position, by statute, should be included in the District's Conflict of Interest Code. He requested that the board adopt Ordinance No. 505 to amend the District's code accordingly.

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

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

to approve Ordinance No. 505 amending the appendix of Section 6 of the District's Conflict of Interest Code.

9. BOARD

a) PRESENTATION OF BOARD OF DIRECTORS EXPENSES

Mr. Sean Prendergast indicated that Board of Directors Policy 8 requires that staff present the Board of Directors expenses and per diems on a quarterly basis. He presented each members' expenses and per diems in detail for fiscal year 2004 and the first quarter of 2005 (see attached presentation). He noted that this information was also presented to the Finance and Administration Committee.

There was discussion if the board had approved within Policy 8 that per diem requests should also be turned in within 45 days of their incurrence. General Manager Watton indicated that he believes that the policy currently is "permissive" and that the policy indicates that board members "should" turn in request within 45 days. He indicated that if the board wished to tighten the language, the policy should indicate that the board "shall" turn in requests within 45 days. The board requested that Policy 8 be brought back in January for the board's discussion.

Director Bonilla asked about mileage reimbursements and what they covered. Mr. Prendergast indicated that mileage reimbursements are provided for directors' travel from their home to the District for meetings which are paid through payroll and is taxable. For those meetings that are away from the District (business meetings), directors are provided an expense reimbursement through accounts payable as a business expense at \$.375 per mile. Director Bonilla asked that the details of mileage reimbursements be provided for each board member when quarterly expense reports are presented.

b) DISCUSSION OF 2005 BOARD MEETING CALENDAR

General Manager Watton requested that the board consider moving the time of the January 2005 meeting to 4:30 p.m. to allow family and guests to attend the "Oath of Office Ceremony" for the seating of the newly elected board members. The board concurred.

There was discussion of scheduling the follow-up board workshop facilitated by the COE prior to January, however, because of the short time available to schedule such a workshop and from input received from the facilitators, COE and Doug Spiers (Westin Engineering) that it may be best to schedule the workshop when they are ready and have identified the appropriate topics to discuss in the workshop. It was discussed that the workshop be scheduled sometime in late January or February 2005.

REPORTS

10. GENERAL MANAGER'S REPORT

General Manager Watton indicated that the first item on his report provides an update on the recycled water pipeline and he would be happy to answer any questions the board may have. There were no questions. He shared that the District would be hosting a workshop with the developers on December 15, 2004 to discuss the increase in the capacity fees. President Lewis indicated that he felt that the Directors should attend the meeting and that it would be a stipend meeting.

General Manager Watton indicated that the negotiations with the City of San Diego on the Lower Otay Treatment Plant has slowed until the mayor's race has been determined. Negotiations will be renewed in January and he felt the City would be more receptive to making a deal on the potable supply by that time. He shared that the District would be hosting a Groundbreaking Ceremony for the 980-2 Pump Station on December 16, 2004 at 9:00 a.m. He stated that this was an important project for Otay and the District has invited individuals from adjoining districts to commemorate this important event. Lastly, General Manager Watton noted in his report an update on the District's scheduled deliveries to Mexico (see attached).

General Manager Watton indicated that the CWA meeting is upcoming and their agenda was fairly light for this month. He indicated that he wished to note that Mr. Manny Magana had attending the CWA General Manager's Agency meeting and they had discussed annexations. He stated that the District has a large annexation pending for the resort properties next to Otay Lake. He indicated that there has been discussions among the north agencies (Fallbrook, Valley Center and one other agency) and it is not certain if the issue is the annexation or other politics at CWA. He stated that he wished to make the board aware should they hear something about this issue.

He noted that he and Director Croucher have been meeting with the incoming Chair at CWA, Mr. Jim Bond, and other CWA Directors to discuss Otay issues and give to give the issues visibility at CWA.

Director Croucher indicated that they also have met with the informal leaders at CWA, as well, to help make them aware of how certain CWA issues affect Otay and develop support when it is needed.

President Lewis asked the status of the desalination project.

General Manager Watton indicated that he sits on the negotiating committee and he believes that CWA, Carlsbad and Poseiden are working more closely together and the project was still moving forward.

Director Lopez asked if the CWA QSA Committee was now meeting once a month. General Manager Watton indicated that the committee has been meeting quarterly and they have been dealing more with the technical aspects of the region and transfer issues. He stated that he would like to see the committee move towards more in developing the relationship with Imperial Valley and the IID board. He stated that they would be meeting with the IID board next week and he believes that

the meeting would be an important start to rebuilding CWA's relationship with the IID board.

President Lewis indicated that he would like to encourage the board to keep the current representation at CWA as longevity on the board helps the representatives get appointed to important CWA committees.

11. DIRECTORS' REPORTS/REQUESTS

Director Breifelder indicated that he has observed in the Engineering and Water Operations Committee that it was clear that staff has stepped back to try to identify weak spots in the District's operations and have come up with creative solutions to improve the District. He stated he wished to convey that he appreciates staff's hard work in trying to communicate the "big picture" to the committee and that the committee was understanding the issues. He also commended staff for helping build better relations with the City of Chula Vista by attending an event honoring the City's newest council member. He also encouraged members of the board to actively participate in the Water Conservation Garden as felt it was a worthwhile endeavor and it may help promote the garden. He also indicated that he had an opportunity to attend an ESG meeting (meeting of the northern agencies), similar to attending a city ten meeting. He stated that he felt that the ongoing communications was important. He also encouraged staff to put together the public legal report for the board and members of the public on a regular basis.

Director Croucher indicated that the District was providing \$150,000 annually to the Water Conservation Garden and approximately \$90,000 for the employee time. He stated that the District was now only providing approximately \$60,000 annually in support to the Water Conservation Garden with minimal staff time. He stated that he felt that the District has met the board's direction for the Water Conservation Garden. He stated that he is very excited for the future of the garden and where it may go. He also indicated that the County Board of Supervisors took action to allow the Steele Canyon Golf Course to move forward with utilizing well water for irrigation purposes. He asked for an update sat some future time on how this would affect the District financially and if the District had any options to continue to have that Improvement District continue to pay for the infrastructure that the District constructed to support the golf course. Lastly, he shared that he had responded as a firefighter to a car accident on Jamacha and Chase on Thanksgiving evening where a District employee sustained minor injuries. He stated that he wished to commend staff for the training and safety programs that the District has in place, as it is because of the program that the employee only sustained minor injuries. He commended the operations staff who are out in the trenches on a daily basis and on the holidays as well. He indicated that their work does not go unnoticed.

Director Lopez concurred with Director Croucher and commended staff for their safety program. He stated that the District wants their employees to go home safely and that they continue the preventive safety measures they were taught in training. He also shared that the District has been making efforts to talk with our local newspapers to continue to share positive communications with the public.

12. It was noted by General Counsel Yuri Calderon that the board would recess to a reception to honor President Paul Lewis upon his retirement from the Otay Water District Board of Directors at 4:19 p.m. and immediately following the reception would recess to closed session to discuss the matter noted below.

RECESS TO CLOSED SESSION

13. The Board recessed to closed session at 5:03 p.m. to discuss the items below:

- c) CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION
[GOVERNMENT CODE §54956.9(a)]

One case:related to the pipe failure located at San Miguel Commerce Community on Folex Way, Spring Valley.

RETURN TO OPEN SESSION

14. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION

The Board reconvened at 5:39 p.m. General Counsel Yuri Calderon indicated that the board took no reportable actions in closed session.

15. ADJOURNMENT

With no further business to come before the Board, President Lewis adjourned the meeting in at 5:39 p.m.

President

ATTEST:

District Secretary