

**MINUTES OF THE  
SPECIAL BOARD OF DIRECTORS MEETING OF THE  
OTAY WATER DISTRICT  
April 28, 2008**

1. The meeting was called to order by President Croucher at 12:00 p.m.
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL

Directors Present: Bonilla, Croucher, Lopez and Robak

Directors Absent: Breitfelder

Staff Present: General Manager Mark Watton, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Water Operations Manny Magana, General Counsel Yuri Calderon, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administrative Services Rom Sarno, Communications Officer Armando Buelna, District Secretary Susan Cruz and others per attached list.

4. APPROVAL OF AGENDA

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

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

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.

The board recessed for lunch at 12:08 p.m. and reconvened at 12:35 p.m.

6. APPROVE THE PROPOSED FISCAL YEARS 2009-2011 STRATEGIC PLAN (STEVENS)

Chief of Information Technology Geoff Stevens indicated that staff has gone through a major effort to recraft the FY 2009-2011 Strategic Plan and focus on the Mission and Vision strategies of the plan. Upon approval of this plan, staff will move into the implementation process which is cycled through once every three years. Staff utilizes the Balanced Scorecard which provides an external prospective and allows staff to view the plan from a financial, business process, learning and growth and customer service perspective. It also helps, in that, staff will not become too departmentally focused.

He reviewed the District's Mission Statement:

To provide the best quality of water and wastewater service to the customers of the Otay Water District, in a professional, effective and efficient manner.

The District's Vision Statement is:

A District that is at the forefront in innovations to provide water services at affordable rates, with a reputation for outstanding customer service.

He also reviewed the District's Statement of Values:

As Otay Water District employees we dedicate ourselves to:

**CUSTOMERS:** We take pride that our commitment to customer-centered service is our highest priority.

**EXCELLENCE:** We strive to provide the highest quality and value in all that we do.

**INTEGRITY:** We commit ourselves to doing the right thing. Ethical behavior, trustworthiness and accountability are the District's foundation.

**TEAMWORK:** We promote mutual trust by sharing information, knowledge and ideas to reach our common goals.

**EMPLOYEES:** We see each individual as unique and important. We value diversity and open communication to promote fairness, dignity and respect.

The District's Key Challenge. He indicated that this statement is different from the FY 2006-2008 Strategic Plan. The most substantial difference is that there are more aggressive actions in the 2006-2008 plan. There was a lot of emphasis on infrastructure particularly in the Information Technology department. Staff became more accustomed to using the Strategic Plan in driving the business. Now, we're leveraging off what we did in 06-08 and putting the Strategic Plan process firmly in place and the infrastructure in place. He highlighted that

meeting the challenges in this plan required persistence, dedication to continuous improvement and the innovative use of technologies and resources. He indicated that many tools have been put in place and these tools will be used for continuous improvement and will provide savings and economies of scale as the investments for these tools have already been made.

The key strategies that are being employed in the Customer Service area are:

- Maximize Customers' Satisfaction
- Educate Customers on Important Water Related Matters
- Help Shape the Water Industry's Direction

Under the "Financial" area, the goals are to:

- Develop a Long-Term Financial Planning Program
- Optimize All Revenue Streams

The goals for Business Process strategies are to:

- Implement Industry Best Practices for Utility Development
- Optimize the District's Operating Efficiency
- Improve Financial Analysis and Reporting

Under "Learning and Growth," at the strategy level, staff will be focusing on:

- Results-oriented Workforce

He indicated that the presentation today will review the strategies. This will cover a three-year period which consists of labor for three years for a staff of 170 employees. It covers a \$300 million budget and the resources to accomplish this plan are explicitly included in the 2009 budget and the assumption is that they will be incorporated into the FY 2010-2011 budget.

It is a balanced approach which means that there are lists of action items that will be accomplished over the next three years and they are divided as follows:

<u>Area</u>	<u>Objectives</u>
Customer	24
Financial	15
Business Process	48
Learning & Growth	17

He indicated that the emphasis is on Business Process improvement. By making the changes in Business Processes or by combining two operations into one, 10% of the overall Business Processes will be reduced thus reducing staffing. This will assist staff in finding ways to save the District time and money and allow staff to maintain direction in implementing the Strategic Plan.

The Strategic Plan is a “drill down” plan. An example of how the plan works is:

Balanced Scorecard Area  
Strategy  
Goal  
Objective  
Project Plan (Action Items)  
Reporting and Measurement

He explained that there is a book with detailed project plans for all the items that are presented as objectives. There are 107 items which equates to 107 project plans. There is detail behind every objective including dates, who will perform the task, and how it will be measured. Over the next month, the senior team will review these items in detail. It will then be signed off by each Chief and the Assistant General Managers. This will be available for viewing on the Otay Internet.

Each department Chief will be presenting details and the importance of the Strategic Plan for their department.

Chief of Administrative Services Rom Sarno indicated that the purpose of the Strategic Plan is to convey to the Board and ratepayers how this plan will benefit Otay. It will address issues such as enhancing water conservation, optimizing disaster preparedness and retaining a dedicated workforce from the Administrative Services Department prospective.

He indicated that the Administrative Services Department plans to reach its water conservation goals for the Strategic Plan by:

- Promoting and encouraging the adoption of conservation practices for new construction. This will be accomplished by partnering with the City of Chula Vista and developers to encourage adopting water conservation practices such as requiring water savings in the home by installing dual flush toilets, high efficiency washers and drought tolerate landscaping, and the use of smart controllers.
- Promoting commercial and residential water surveys to highest water users. These surveys will identify for the District and homeowners how they can best irrigate and maintain outside landscaping.
- Updating policies and procedures for the District’s Drought Management Plan will help customers and District staff to focus on saving water during times of drought.

The next goal will be to optimize the District’s disaster preparedness plan by implementing recommendations from the 2007 fire assessment and by updating the District’s Security Assessment and implementing recommendations. He indicated that in an effort to stay ahead of unforeseen disasters, every effort will

be made to prepare staff to react effectively with little or no notice to disasters impacting the District and our neighboring agencies. Reviewing the security system will ensure that the District's assets are protected and will provide appropriate defenses against intrusions and quick responses by staff and law enforcement.

The goal of retaining a dedicated workforce will be attained by reviewing the findings of an employee survey which will be administered in this fiscal year. In addition, staff will review and update the District's classification plan which describes job requirements, class series and salaries, staff can compare Otay's job classifications with other agencies.

Another element required in retaining a dedicated workforce is identifying core elements of Succession Planning. This will enable staff to identify a best practices model to ensure the District is well positioned to meet the personnel needs for the short and long term. Critical positions within the District will be identified to establish recruitment training and retention plan to ensure that District operations are staffed by qualified employees.

The annual review process will be updated and expanded to include career goals, strategic plan objectives and performance measures. These measures are a critical aspect to make sure that the Strategic Plan is successful. The goals, objectives and performance measures will be included and emphasized with each employee and the ability they have on the District's ability to meet customers' needs and to focus on improved efficiency and teamwork.

Director Bonilla inquired if staff established recruitment programs such as scholarships, training and other incentives that can be offered in a difficult time if there is no money available for salary increases. Mr. Sarno responded that the District has a tuition reimbursement program in the amount of \$3,000 per year. Training and seminars are also offered to employees.

Communications Officer Armando Buelna indicated that the Customer Survey Program is key in maximizing customer satisfaction. The survey assists staff by providing a scientifically reliable, repeatable input from customers from year to year. It helps staff gauge customer awareness of programs and services that are available. It allows staff to better tailor programs and services to meet the changing expectations of customers. It also assists staff in developing meaningful metrics for gauging changes in customer service. The survey is flexible which allows staff to change the questions to address changing issues in the environment that affect the District as a business.

There was discussion regarding how the information for programs and services is disseminated to the customers. In the survey, questions are asked to specifically obtain such information such as do they read the Otay Newsletters and over the years, staff has been able to track customer responses and feedback. This information can be used to inquire as to what kind of information the customer would like to see in the Newsletter. Director Bonilla inquired if a survey has been

posted on the Otay website to gauge customer satisfaction. General Manager Watton indicated that there has been discussion regarding posting surveys on the website. He stated that staff will follow-up.

Chief of Engineering Rod Posada indicated that the Engineering Department has five strategies that staff feels are the most important goals that need to be addressed. They are:

1. Explore the expansion of the use of recycled water District-wide.
2. Prioritize and implement construction of new infrastructure.
3. Develop and implement an Asset Management Program Plan.
4. Maximize regional cost-sharing opportunities.
5. Enhance construction inspection on construction projects.

He indicated that staff has already begun preparing a study evaluating the feasibility of using recycled water in the Northern most section of the District. Staff is also identifying additional areas in the District that may be viable candidates for recycled water. Another aspect of this expansion will be to examine the cost effectiveness of constructing new facilities. Staff is analyzing and pursuing potential opportunities for converting potable water facilities to recycled water facilities. These opportunities reside mostly in the Otay Mesa area where potable water pipes were installed for many years before recycled water lines were available. The advantage of using recycled water is that it will reduce the use of imported potable water.

The second strategy to prioritize and implement construction of new infrastructure includes updating the Water Resources Master Plan (WRMP) along with the Environmental Impact Report. Staff will be identifying new infrastructure that will need to be developed within the next five years and as far into the future as 30 years. Meeting current and future demand requirements by designing and constructing new facilities such as pipelines, reservoirs, and pump stations is not necessarily a strategy but is more of a day-to-day function of the District. A big part of this goal is to complete the design and construction of the interconnection of the 36-inch connection link. The reservoirs, which are a part of this particular project, are near completion. The next step will be the 36-inch pipeline. Staff anticipates most of the construction of this pipeline to be complete within fiscal year 2008-2009. Another link that is very important in the recycled water project will connect the Central area to the Otay Mesa area of the District.

He stated that another strategic area that staff considers important is to increase the number of interconnections with other agencies because it provides reliability in case of an emergency. The District currently has about 22 interconnections.

This year, Staff began the Asset Management Plan. This plan provides a programmatic approach to rehabilitation and replacement of the District's infrastructure. Through this program, staff will be able to identify a financial plan that will be brought back to the Board and will show how much money will be needed to implement the rehabilitation and replacement program. The goal is to

reduce overall costs of replacement and at the same time enhance the preventive maintenance programs for existing facilities.

Concerning regional cost-sharing opportunities, he indicated that staff has a program in place for the integration of resources between different agencies. The goal is to reduce the per unit cost of activities performed by the agencies.

In order to maximize regional cost-sharing opportunities, staff's goal is to streamline processes of purchase and acquisition as well as promote "teamwork" between agencies.

He indicated that since the incident of the recycled water misconnection, staff has enhanced checks and balances during the plan check process, inspections, and project acceptances. Staff is also looking for opportunities to integrate business processes into IMS and for streamlining work processes. Staff is also improving quality control to ensure final quality of the product is the best and accountability and responsibility of all team members is improving.

Director Bonilla asked Mr. Posada to elaborate on the how staff will analyze and pursue potential opportunities for converting potable water facilities to recycled water facilities. Mr. Posada indicated that there are some facilities, especially in the Otay Mesa area, that were built without installing the infrastructure for the recycled water system. The irrigation waterlines used in that area are potable water pipes. He indicated that potable water is not cost effective to use for irrigation purposes, thus, when the connection is made to the Otay Mesa facilities, staff will evaluate the system to see if it will be cost effective to retrofit those waterlines to recycled water.

General Manager Watton explained that because of the way the Otay Mesa area developed over the years from farming to industrial, a designated recycled water system was not installed. Assistant General Manager Manny Magana indicated that a better utilization of the backbone system will include the use of the irrigation system by Caltrans and staff will need to work with Caltrans to coordinate those efforts. There was discussion as to infrastructure that is already in place that is not being utilized. Staff indicated that at some point in the development history of the recycled water system, developers were required to install purple pipes in anticipation of recycled water use in the area. The challenge will be to link or convert some of the potable pipes to recycled where needed.

Chief of Finance Joe Beachem indicated that he will address the Finance/Customer Service Department's objectives as follows:

- ✓ Develop a long-term financial plan.
- ✓ Financial threat assessments.
- ✓ Simplify the rate structure.
- ✓ Implement a complaint tracking and reporting system.
- ✓ Evaluate the effectiveness of the bill presentation.

He indicated that developing a long-term financial plan will make the short-term financial planning stronger. Staff will be able to identify financial difficulties in a timely fashion which will increase the options to address challenges. This will assist with a smoother rate increase which will avoid any spike in rates. He indicated that by linking to the renewal and replacement plan, staff will be able to identify facilities that need to be replaced, when they will need to be replaced, and how much it will cost. He indicated that the District currently has a six-year rate model, but if there are substantial replacement projects beyond the six year budget, this will assist staff in putting together a financial strategy.

The financial threat assessment identifies risk factors. By identifying factors such as growth, water availability and inflation, staff is better prepared to provide solutions. Through the process of defining threats to the District's financial strength, staff can demonstrate financial discipline and foresight to the bond markets and hold down the cost of debt. He indicated this management tool also assists staff in maintaining a forward thinking perspective on the challenges ahead.

He indicated by simplifying the rate structure, customers can better understand the District's rate structure which will save staff time and costs in explaining the to customers their water bill. He indicated that the District has one of the most complicated rate structures for water in San Diego County and it is, at times, difficult to explain to customers how their bill works. It costs the District time, effort and training in explaining this to customers. By reducing the complexity of the rate structure, the overall costs to the customer will be reduced.

He also indicated that by simplifying the rate structure, the pending complications from conservation and drought stage rates will become less daunting for our customers. By reducing overall complexity, the District will come to a more postage stamp approach and conform more with the industry standard for rates.

The formal call and complaint tracking and reporting system will provide staff with information that was previously unavailable. Currently, information is documented when there are concerns or complaints from customers. However, a more formal call and complaint tracking system will catalog, code and provide statistical analysis which will then be summarized. This information will assist staff in improving service to the customer.

The last item under the Finance / Customer Service Department is to evaluate and improve the effectiveness of the bill presentation. The goal is to improve the clarity and readability of the water and sewer bills. Staff will help build a cooperative and team approach to customers, especially customers who are billed for sewer by the City of Chula Vista.

There was discussion to include information in the strategic plan that addresses the review of the rate structure. Mr. Beachem indicated that there is not an objective that addresses rates in the strategic plan because the strategic plan

focuses on changing how we do things. He indicated that the strategic plan reviews annexation fees and capacity fees whereas rate structures are addressed in the Asset Management Plan. In the annual budgeting process there is a chart that is presented showing the District's rates in comparison to other water agencies. To clarify, staff will include a rate requirement analysis within this strategic plan. This information will better project what the rate requirements will be in the future.

Chief Information Officer Geoff Stevens presented the five key areas for the Information Technology Department. They are:

- ✓ Advance integration between applications to improve efficiency
- ✓ Extend wireless networks to field applications to improve efficiency
- ✓ Optimize tracking of capital projects
- ✓ Explore efficiencies of managing voice with data center tools and technologies (VOIP)
- ✓ Deliver advanced and targeted reporting systems to end users (SharePoint)

He indicated that by integrating GIS, GPS and work order information, we can reduce drive time and increase productivity of crews. Also, by providing detailed asset information and history to a work order, we can provide very useful and detailed information to the field staff. Another goal in this area is to streamline the capture of financial information whereby we can get better unit costs.

He indicated that wireless networks are becoming very important. The District wants to be able to pilot the headquarters to treatment plant (proof of concept). Currently, we have a T1 in place that cost the District \$600 per month. Staff wants to be able to find ways to reduce that cost by providing point-to-point wireless communications. Wireless networks would also provide faster information to staff when they are working in remote field sites. Also, by extending the network for high speed wireless data transfer, staff would have the capability to download an entire work order or CAD drawing to an operator in the field. Staff will also examine ways to consolidate the licenses for data, laptop and GPS in order to save the District money.

By improving the capital tracking application, project managers will be better able to track project costs and spending data. This will also provide better integration of contract management.

Voiceover IP means that the technology that carries phone messages is converging with the technology that carries data. This means that the same tools can be used to manage both phones and computers. This will avoid future PBX upgrades because a PBX will no longer be needed. Voiceover IP will also improve productivity by providing unified messaging and the capability to attach documents to voice messages or participate in virtual meetings using shared data and videoconferencing. It will provide flexibility during a disaster allowing staff to setup a fully functioning office anywhere in minimal time.

SharePoint is a MicroSoft tool that makes it easier for each employee to search databases and allows quick and easy access to information. By optimizing management reporting through deployment of SharePoint, accurate performance and reporting data can be distributed to staff. This will reduce the complexity of the INET and allow greater support to the employees.

There was discussion regarding televising the board meetings and/or making them available on the Otay website by live-streaming. Mr. Stevens indicated that the technology to save and record board meetings requires a media server which is a \$15,000 investment including the software. The actual mechanics of recording and arranging it into an accessible format can be a very complicated process.

Chief of Operations Pedro Porras indicated that the goals in the Strategic Plan for the Operations Department are as follows:

- Develop and implement Treatment Plant Enhancements
- Implement comprehensive meter testing, calibration and replacement program
- Optimize functionality, business continuity, bandwidth and use of SCADA
- Implement our new “Fleet Management Program” and track vehicle use through IMS and GPS

He indicated that the Treatment Plant recently received an upgrade to the District’s discharge permit. To develop and implement enhancements to the Treatment Plant, staff plans to improve and document operations of treatment processes through best management practices. Another goal is to enhance monitoring and control of treatment process remotely via SCADA. Ways will be developed to reduce overtime costs to reduce staff call-outs. Staff’s goal is to also reduce electrical costs by optimizing air blower operations and reduce chemical costs by automated and remote control of chlorine dosing.

Through the implementation of a comprehensive meter testing calibration and replacement program, staff will be able to identify meter inaccuracies through testing, repair and replacement of meters that are reading inaccurate. This will increase revenues through increased meter accuracy. Staff will also look at ways to document and account for water loss.

Staff is also working on ways to optimize functionality, business continuity, bandwidth and use of SCADA to improve the reliability of SCADA communications. Operations staff will work more closely with IT to enhance ways to provide support for security monitoring via remote cameras. By enhancing SCADA to provide data, the phone lines can be eliminated which will lower costs. Also, by having more information, both in the type of information in SCADA and the frequency of data collection, Staff can perform their job more efficiently.

He indicated that a new “Fleet Management Program” is being implemented. This program will track vehicles that are at or near the end of their manufacturers warranty period. Closer monitoring of these vehicles will help lower maintenance costs and allow for a higher trade-in value of the vehicles. The program will allow for reduced manpower for fleet maintenance. The program will also utilize the IMS which is connected to the fuel system. This tracking will provide the garage maintenance staff with information for tracking vehicle mileage and scheduling routine maintenance which will reduce costly repairs. Another goal of the program is to reduce vehicle mileage by utilizing GPS when dispatching operators to the field to address customer concerns.

There was discussion regarding the use of wireless technology and how Otay can benefit from this technology in pinpointing water breaks, reading of meters, scheduling shut-offs at the meter and troubleshooting. Chief of Information Technology Stevens indicated that in the Strategic Plan, there is an objective that is tied to the evaluation of extending the capabilities of wireless to perform meter reading. It is planned for and budgeted to begin to provide those high speed links between distances up to a mile and a half. At some of the sites, such as the water tanks, manual turning of the valves is required so it would not be possible to use wireless technology for those types of task. However, video surveillance will be used to monitor activity at water tanks and remote locations. It will be some time before the District will be able to utilize this technology but it is in our future.

There was discussion as to how the Strategic Plan will tie into the Customer Survey. Mr. Stevens indicated that the Customer Survey will be performed to gather scientific data regarding customer concerns. This will also establish a customer feedback process so that as we get real time complaints from customers, and those complaints are tracked, the information will then be combined to determine specific problems and give staff day-to-day feedback. The phone tracking will help provide this information. Also, the scientific survey will determine how our customers feel overall about the service they are receiving from Otay. For example, we can determine that 91 percent of our customers are satisfied with our service or 82 percent are happy with our website. The survey takes away the “guessing.”

Finally, if the Board approves this plan, there are concrete objectives in place that can be achieved. There are 107 specific objectives in the plan. By achieving those objectives, we will achieve our vision.

General Manager Watton commented that the Strategic Plan is evolving to the point where the performance measures are being linked to the employee review and the pay-for-performance program. He commended Geoff Stevens for overseeing the Strategic Plan and keeping staff on track with following through with the goals and objectives of the plan.

Director Lopez commended General Manager Watton for supporting and encouraging staff throughout the evolving phases of the Strategic Plan. This

support has given staff the incentive to push forward with the plan and see it through to fruition.

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

Ayes:	Director Croucher, Bonilla, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Breitfelder

to adopt the Strategic Plan for Fiscal Year 2009 – 2011.

In conclusion, this Strategic Plan will allow Staff to achieve our vision:

A District that is at the forefront in innovations to provide water services at affordable rates, with a reputation for outstanding customer service.

The next steps will require that the Board adopt the fiscal year 2009 budget. The Senior Team will then finalize project plans and performance measures and the plan will take effect July 1, 2008.

7. ADJOURNMENT

With no further business to come before the Board, President Croucher adjourned the meeting at 1:55 p.m.

---

President

ATTEST:

---

District Secretary