

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT AND
September 3, 2008**

1. The meeting was called to order by President Croucher at 3:32 p.m.
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL

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

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 Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

4. APPROVAL OF AGENDA

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

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
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

President Croucher noted that students from Valhalla High School were in attendance of the meeting. He asked a student to introduce their group and share why they are attending today's meeting. A student indicated that they are in attendance for a governance class requirement where they must provide a report on today's meeting.

Customer Service Manager Elaine Henderson shared that her daughter, Monique, won a second gold medal as a member of the 4 x 4 relay team in the 2008 Summer Olympics in Beijing, China. She indicated that it takes a lot of work and an entire team of people to accomplish something like this; the athlete's families, the sports medicine people and the physical therapists and sometimes,

a sports psychologist. She indicated that her family is very proud of her and she will bring the medal by the office for everyone to see.

6. APPROVAL OF MINUTES OF THE SPECIAL BOARD MEETING OF APRIL 28, 2008

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:	Director Breitfelder
Absent:	None

to approve the minutes of the special board meeting of April 28, 2008.

CONSENT CALENDAR

7. 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) AWARD OF A CONSTRUCTION CONTRACT FOR THE AGENCY INTERCONNECTIONS PROJECT TO JOSE PEREIRA ENGINEERING & MECHANICAL IN THE AMOUNT OF \$129,542
- b) REPORT ON BOARD OF DIRECTOR'S EXPENSES FOR THE 4TH QUARTER OF FISCAL YEAR 2008
- c) ANNUAL REVIEW OF INVESTMENT POLICY (POLICY NO. 27) AND DELEGATION OF AUTHORITY FOR ALL INVESTMENT RELATED ACTIVITIES TO THE CHIEF FINANCIAL OFFICER IN ACCORDANCE WITH GOVERNMENT CODE SECTION 53607
- d) CONSIDERATION TO CAST THE DISTRICT'S VOTE TO ELECT A REPRESENTATIVE TO THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS, REGION 6, SEAT C

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

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

to approve the following consent calendar items:

INFORMATIONAL ITEMS

8. THIS ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEM.
 - a) REVIEW THE 2008 RESIDENTIAL CUSTOMER OPINION AND AWARENESS, AND CALL CENTER CUSTOMER SERVICES SATISFACTION SURVEYS

Communications Officer Armando Buelna indicated that staff will present the results of the 2008 Residential Customer Opinion and Awareness Survey, the 2008 Call Center Survey and later, the 2008 Employee Survey. He indicated that all three surveys are objectives within the District's Strategic Plan. The surveys were prepared by Drs. Louis Rea and Richard Parker of Rea & Parker Research.

He indicated that the surveys are a snapshot of customers' attitudes and awareness and employees' attitudes. Both surveys were recently completed between May 16 and June 8, 2008. The General Survey specifically looked at all customers and included several subgroups of the District customers, specifically Otoy sewer customers and customers living in close proximity to the proposed recycled water service area. The remaining customers were selected at random from the District's 48,000 customer accounts.

He stated that the call center surveys were specifically captured phone numbers from customers who had contacted the call center within the past six months. He introduced Drs. Rea and Parker to present the results of the Customer Awareness and Call Center Surveys. Following this presentation they will present the results of the Employee Survey.

Dr. Parker indicated that he will present the results (PowerPoint Presentation) of the General Customer Satisfaction Survey and the Employee Survey. Dr. Rea will discuss the results of the Call Center Survey.

He indicated that Rea & Parker conducted the surveys in mid-May and early June. The Customer Satisfaction Survey indicates that customers demonstrated a very high level of overall satisfaction with the District. This has been the case since the first survey was performed in 2005 and still holds true now. The District is very appreciated by its customer base. There is a substantial level of confidence from the customer in the District's ability to provide enough water. However, this level confidence has decreased somewhat. This is due to reports of drought and ads promoting water conservation. He indicated that the rating of very confident or somewhat confident is 86%. This is a decline from the 90% plus that existed in prior years. Overall, this is a complete ratification of the value of water, the quality of service and work that is performed by the District.

He indicated that he will present a summary slide, then a few charts from the report that further elaborates on the summary slides. (See PowerPoint Presentation for details and charts.)

In 2008, 63% of customers rate the District as very good and excellent and over 90% indicate their overall satisfaction as good to excellent. The rating has been essentially the same since 2006. He indicated that a few customers rated their overall satisfaction as poor or very poor.

In terms of confidence and ability, there is a slight decrease in the confidence customers have in the District. In 2005 and 2006, 50% of customers were very confident. This rating is now down to a third (32%) of respondents with many moving into the “somewhat confidence” category. The number of customers in the “not very confident” category has grown from previous years (5% to 12%). This probably can be attributed to the messages going out regarding the drought and the need to conserve. This indicates that the messages are being heard that there is a problem growing with water.

He indicated that 75% of customers express a “good” or “great deal” of trust in the District to provide clean and safe water. Only 5% indicated “not much” or “no” trust at all. In 2005 and 2006, respondents were asked a slightly different question so the responses cannot be compared precisely. Respondents were asked about their confidence in the District to prevent contamination of the water supply. In 2006, 29% had “not much” or “no” confidence. In 2005, that percentage was 22%. In Rea and Parker’s best ability to compare the response, it is felt that this shows growth in the confidence and trust of the District.

Customers indicated that trash collection offered the best value in comparison to other utilities (trash collection is provided through the City of San Diego, not by Otay). The second most valuable utility named was water. When asked to indicate the top three utilities and rate which utility provided the most value, water was selected as the utility cited as best value.

He indicated that there is an increasing awareness or perception that water rates have increased during the past 12 months. The survey indicates that 61% of customers stated that higher rates have motivated them to conserve water. Sewer rates do not show the same trend of perceived increase.

The survey indicates that approximately three quarters of customers read the Newsletter that comes with the monthly bill. The proportion has remained the same since 2005. On the other hand, only 30% of customers read the Annual Consumer Confidence Report (CCR). This percentage declined from the past years where approximately 38% of customers responded that they read the CCR. However, the percentages of customers who have visited the Otay Water District website have increased from 19 to 21% in 2005 and 2006 to 27 % in 2008. Approximately 75% of the customers who have visited the website rate it as excellent or good.

When customers were surveyed concerning water conservation, almost 60% indicate a high interest in conservation. Awareness of conservation is increasing substantially. Approximately two-thirds of those surveyed with lawns indicated they would be inclined to consider incentives to reduce the size of their lawn. Twice as many respondents would install drought-tolerant landscape as would

replace their lawn in exchange for \$1 per square foot. In other words, offering \$1 per square foot to replace the lawn would only appeal to half the respondents as opposed to offering \$1 per square foot to replace plants. Also, residents are adjusting their automatic sprinklers more often than in past years with 70% adjusting the sprinklers once or more per year versus approximately 60% in prior years.

He explained that households have increased their level of interest in conserving water from 40% to 45% to almost 60% in recent years indicating there is a high interest in conservation.

When surveyed as to incentives to reduce the size of their lawn, 32% of respondents indicated that they would be inclined to reduce the size of their lawn for a lower bill. He noted a 2006 survey conducted for San Diego County Water Authority which indicated at that time, 27% of Water Authority said they would be inclined to reduce the size of their lawn for a lower bill. In comparison, only 26% of Otay customer said they would be inclined to reduce the size of their lawn though it would be easier to maintain a smaller lawn. For the Water Authority, 41% of respondents indicated they would reduce their lawn for easier maintenance. Overall, approximately 60% of respondents said they would reduce the size of their lawn if it would reduce their water bill and provide easier maintenance. He indicates there is a greater percentage or two-thirds who would reduce their lawn size if \$1 per square foot was offered. He explained that 23% of the respondents would reduce their lawn size if they were offered \$1 per square foot to replace some of their lawn with synthetic turf. Of that 23%, about half or 10% are those who did not answer "yes" to reducing their lawn for easier maintenance or a lower bill. This concludes that 32% of respondents would reduce the size of their lawn for a lower water bill, 26% would reduce it for easier maintenance and 10% of these people said they would not reduce the lawn size unless they were offered \$1 per square foot.

Forty-five percent of respondents indicated that \$1 per square foot incentive would cause them to replace existing plants with water-wise plants. This is double the 23% of respondents would indicated they would reduce their lawn size.

Two-thirds of customers recall seeing or hearing messages about water conservation and of those who have heard the message, 30% have adjusted their sprinklers length or frequency and 23% water only as necessary. Sixty percent recall messages about the 20-gallon challenge and over 80% are aware of reports of drought. The survey indicates that 66% of customers recall seeing or hearing messages about outdoor water conservation in 2008 compared to only 56% in 2006. The survey recently conducted for SDCWA, 59% recall the messages.

In terms of recalling messages about the 20-Gallon Challenge, 60% recall seeing those messages. In the survey for SDCWA, an open-ended question was asked of the people who recall seeing the messages, what they remembered. Only

16% remembered the 20-Gallon Challenge. Eighty-four percent of respondents said they were aware of reports of drought in San Diego County.

When respondents were asked questions about the Water Conservation Garden, nearly one-half of the customers have heard about or have visited the Cuyamaca College Water Conservation Garden. One-half of those who have visited the Water Conservation Garden have made changes to their landscape. The non-visitors indicate that they are too busy (41%), not interested (18%) or live too far away (16%).

Respondents who live in the northern portion of the District, which consisted of 50 respondents, were asked questions about recycled water. There remains a lack of knowledge regarding the composition of wastewater. Forty-three percent think that wastewater used in recycling is storm runoff and only 40% think it is sewer water. Respondents strongly support the use of recycled water in the North District, 70% strongly support and 20% somewhat support, for watering landscape along freeways/golf courses and watering residential yards. Combining the two, the people who do not know what recycled water is composed of are 96% in favor of its use and for the people who do know about recycled water 86% are in favor of its use. Support is less strong for the use of recycled water to replenish recreational lakes. Customers do not support the use of recycled water as an addition to the drinking water supply.

He reviewed the chart detailing the percentages of people in the North District who favor or oppose use of recycled water. He indicated that 100% of respondents are in favor of using recycled water for landscaping. When respondents were asked about using recycled water to replenish recreational lakes, 62% were strongly in favor, 18% were somewhat in favor with 14% opposed and 6% strongly opposed. Ninety-six percent of respondents were strongly or somewhat in favor of using recycled water for watering residential front lawns. When respondents were asked about adding recycled water to the supply of drinking water, only 40% were in favor with 54% being opposed.

Director Breitfelder indicated that he is surprised that the recycled use of grey water was not supported. He stated that grey water is relatively innocuous and the support for recycling and direct consumption would be quite high. Dr. Parker indicated that surveys confirm that people are not in favor of converting sewage to drinking water. Director Breitfelder explained that he was distinguishing between hard sewage and essentially dishwater. Dr. Parker asked if he is referring to storm runoff and why people are opposed to it. He explained that most people think it is contaminated and that it probably doesn't taste good and there might be impurities in the water. Another theory is that people might believe it gets commingled with sewer water.

Director Bonilla indicated that it is probably the "unknown" that people are concerned about. Dr. Parker noted that most of the District's customers still drink bottled water. When people are asked why they drink bottled water, the reply generally is it tastes better or they are concerned about impurities in municipal

water. Customers are probably thinking, I already do not drink tap water and now, municipal water is talking about making tap water less pure.

Director Bonilla indicated that he is surprised that people surveyed feel that their trash service is more important than gas and electric. Director Bonilla inquired how the question was asked of respondents. Dr. Parker indicated that it is the perceived "value" of the service, not necessarily the necessity of the service. He explained that the question emphasized the value of the service or how much money the customer is spending for the services received. He located the question and indicated that respondents were asked, "I'm going to mention six utilities that serve the needs of residents and businesses in the region. Considering only those utilities that you pay for, which would you say is the best value for the amount of money that you pay? Which ones are second? Which ones are third?" To clarify, he stated the question is which do they consider the best value for the amount of money that they pay. Since power is expensive, customers might feel that it is not a good value for their money.

Director Croucher indicated to the students in attendance that the County Water Authority and Otay Water District spends quite a bit of money on conservation efforts and spreading the word about conservation. He asked the students in the audience if they have heard about conservation from the 20-Gallon Challenge campaign or other sources. A student responded that they see and hear about the 20-Gallon Challenge on television and the radio and not at school. Director Croucher also inquired if they were aware of the efforts at Vahalla and Monte Vista High School with regard to the artificial turf program. A student responded that he is not personally aware of the conservation efforts at his school but he has heard about recycled water.

Director Robak commented that it is evident that people still drink bottled water. He believes marketing of bottled water has fueled the belief that municipal water taste bad or different. He explained to the students in the audience that the north service area of the Otay Water District, where some of them might live, has recycled water and he is pleased to see from the survey that customers are supportive of the recycled water program. He indicated that he is disappointed that the readership of the Consumer Confidence Report has decreased. Communications Officer Buelna indicated that the Consumer Confidence Report and the Newsletter were mailed to customers shortly after the survey so it might have been a timing issue. Respondents of the survey did not recall receiving the survey for the previous year and the 2008 report was mailed after the survey was conducted.

Overall, Director Robak indicated that he is pleased with the results of the survey. Dr. Parker indicated that none of the responses to the questions indicate that customer satisfaction has decreased. However, customer confidence is lower but he stated that this indicates that customers are just more aware. Everything else is remaining consistent over the year or is moving in a positive direction.

Director Lopez asked the students in the audience if they have heard of and/or visited the Water Conservation Garden. Two of approximately 25 students in attendance raised their hands. Dr. Parker stated that that is very good and that's more than the general population.

Dr. Rea indicated that is also very favorable results from the Call Center Customer Services Satisfaction Survey. He stated that there has been an increase in the overall satisfaction, which is already high, with regard to how customers feel about the call center. This is overall, very positive. He indicated that he will follow the same format as the previous survey listing some information then presenting charts and graphs with more detail and percentages that support the information.

First of all, 10% of all customers have called customer service within the past six months. This represents about half the rate of prior years which indicates that a smaller percentage of customers find it necessary to call the District. With regard to demographics, in the current customer service call center survey there is a higher proportion of Latinos and there are more newer customers and renters than in 2006. When the callers in 2008 are compared with the general customer base of 2008, the same differences are found from the general customer survey and the customers are younger and lower income. He noted that the specifics are found in the report.

He stated that overall satisfaction with regard to customer services is very high. There is an average of 1.6 calls to resolution as compared to 1.8 in 2006 indicating 72% of problems were resolved in one call as compared to 71% of calls resolved in 2006. He indicated that this is a statistically significant finding. Twenty-one percent required an average of 3.2 calls to resolve a problem compared to the 2006 findings wherein problems were resolved in 3.1 calls. Particularly important is that in 2006 13% of the calls were unresolved. In the current survey, only 7% of the calls were unresolved. He noted that the chart indicates that calls are "notably down" in 2008 as compared to the number of calls received by customer services in 2005 and 2006

He noted that the survey findings of overall satisfaction with the call center have been consistent over the last three years. These findings indicate that a greater percentage of the customers are finding customer service excellent.

He presented a chart showing that about 80 to 85% of customers are either very satisfied or somewhat satisfied with call center service features such as getting problems resolved, knowledge and expertise of service representative, courtesy of the service representative and ability to reach the representative. This is very similar to the previous years' survey. What is noteworthy is that a greater percentage of customers are moving into the "very satisfied" category from 55% in 2006 to 62% in 2008. He stated that this was found with other categories as well.

The survey asked customers to do a comparative ranking of Otay Water District Call Center Services against other monthly services. He indicated that Otay did

very well with 35%, or over one-third, indicating that it is the best among monthly services. This is an increase from the previous period. Another 28% surveyed think “highly” with regard to the District’s monthly services in relation to other similar services. On a scale of 1 to 5, when these categories were quantified with 5 as “best” and 1 as “first,” the Otay Water District is rated 3.97. This is an improvement over 2006 when the survey results were 3.63 for this same category. This indicates the call center service is moving in a positive direction and becoming more favorable among District customers.

The main purpose of calls to the call center is billing issues and questions about payments (51%), starting service (33%), or calls regarding repairs or suspected leaks (16%). Fifty percent of customers pay by check. However, there is a growing interest in paying on-line. Fourteen percent pay in person. Customers surveyed indicate a great deal of satisfaction (75% to 80%) with ease of understanding the bill and accuracy of bill and meter reading. This is an increase from 2006. More specifically, there is a decrease in calls for with regard to billing (from 66% to 51%) and at the same time, there are more calls for starting service (from 23% to 33%).

Customers payment method for water bills include sending a check by mail (50%), paying online (19%), automatic bank deduction (10%), paying in person at the Otay offices (10%), paying by credit card over the telephone (7%) or paying in person at a payment center (4%). The percentage of customers who prefer to pay on-line has increased from prior years. He indicated between 75% and 82% of customers are either very satisfied or somewhat satisfied with these individual feature and the ease and accuracy of the water bill. Overall satisfaction is similar from 2006 to 2008. However, more customers have moved into the “very satisfied” category over the previous period and this is a positive indication for customer service.

The survey indicates that there is a decline in the number of customers who read the message box from 52% in 2006 to 40% in 2008.

Customers indicate that they have more confidence in the accuracy of meter reading. The percentage increased from 38% in 2006 who were “very confident” to 48% in 2008.

Calls that required Field Service decreased from 26% in 2006 to 18% in 2008. Two-thirds of these were leak repairs or service start-up. Three-fourths or 75% of the callers rate the service as excellent or good. This is a substantial increase from 2006 with 64% of respondents rating overall field visit satisfaction as excellent. This is an increase from 28% in 2006. There were three individual features of field service: amount of time needed for service, time required to come to the property and the ultimate outcome. Each category showed increases in overall satisfaction. He noted that the survey indicates that the satisfaction in the amount of time needed for service increased from 57% in 2006 to 81% (60% very satisfied plus 21% somewhat satisfied) in 2008.

With regard to the website and IVR, the survey indicates 23% of customer service callers use the website. This is an increase from 20% in 2006. There is some increased dissatisfaction with the website. Twenty percent of the callers have used the IVR system. This is an increase of 4% from 2006. Eighty-two percent of those who used the website found it useful. Fifty-eight percent of those who used the website and had questions said their questions were resolved by the IVR System. This is an increase of 11% since 2006. Eighty-seven percent had no suggested improvements for the IVR system. He presented charts showing usage of the website and IVR System and indicated that satisfaction with the web service shows that 88% were either very satisfied or somewhat satisfied in 2006. This percentage decreased to 79% in 2008.

Twenty percent of customers surveyed said that they have used the IVR System. Of the 20% who did use the system, 82% said they found it useful. In 2006, 81% found it useful of the 16% who used it. What is most important about the IVR System is that in terms of its usefulness in resolving a question, the percentage or usefulness has increased from 47% to 58% over the last period. The reasons given from those who would like improvements in the system would like to be able to speak with a representative on the phone or pay their bill on the phone.

In conclusion, it is very clear that there is very considerable support for the efforts of the Otay Water District to address customer issues in a timely fashion, to resolve the problems to the customers' satisfaction, and that the high level of satisfaction is a continuation in a vast majority of cases of the improvement on the already high favorable ratings that was found in the 2006 Customer Service and Satisfaction Study.

Director Breitfelder indicated that Dr. Rea had noted during the presentation of the growth, sometimes very dramatic growth, in the rating of "excellent." He stated that it brought to mind a presentation from a similar professional in a little different context some years ago, that people tend to be positive and very polite and are not inclined to complain and thus, their response to a lot of questions will tend to be pretty good. This individual advised to always look at the "excellent" and "poor" categories as the real barometers. He asked Dr. Rea if he could put this in some perspective. Dr. Rea responded that, in general, respondents are often "positive" and he agrees. Given that, we are comparing among the positive responses, the increase in the excellent category is positive.

Director Bonilla indicated that he was interested in determining the age of the customers who responded to the survey. He commented that since there are more young families they would be more inclined to use the computer and this may also impact the responses to the accuracy of meter reading since the District has switched to AMR (Automated Meter Reading). Dr. Rea responded that the report does support that conclusion and it indicates that younger customers, 37% of those between the ages of 18 to 34 years use the website and only 7% of customers ages 65 years or older use the website.

Director Breitfelder indicated that he felt in many respects that the District was "maxed out" on customer satisfaction in the last survey. He indicated, however,

that there was growth in most areas of the survey. He inquired, in terms of future expectations, if the District would reach a “ceiling” at some point. Dr. Rea responded that there are always questions that can be asked to determine where improvement can occur. Questions might need to be restructured and we can move from a 5 point scale to a 10 point scale (rating of 1 to 10 versus 1 to 5). Director Breitfelder indicated that he would like to see in the next survey, a cross-tabulation that shows the change, if any, of internet use by older customers. He commented that there was discussion at the committee level about the dramatic changes in some of the ratings, for example the field visits going from 26 to 18 percent. He indicated that he did not see this as a negative impact on the survey results but he would like to know what some of these changes can be attributed to. Dr. Rea indicated that, for example, there was an increase in the percentage of those who required new service which may translate that there were more new customers than the last survey. Director Breitfelder further explained, as an example, the voice response system had a very high and growing level of satisfaction. He asked if the system is essentially the same as in the last survey or if some changes have been made to the system. Mr. Watton commented that some changes have been made to the system. One of the principles that the District wants to apply with the IVR system is to keep the selection tree to a minimum and allow the customer to default at anytime to a customer service representative. It is felt that the District is receiving a high level of satisfaction due to the design of the IVR system and, thus, is getting good utilization of the system and cost savings.

b) REVIEW OF EMPLOYEE SURVEY

Dr. Parker indicated that the results of the employee survey are very detailed because it breaks down the different employment categories such as Engineering, Operations, non-management staff, crew leaders, supervisors, etc. This assists the District in formulating policies to target specific groups for improvement and meeting the needs of employees. The goal today is to summarize and give an overview of the survey.

On May 29, 2008, an online survey was conducted for employees at Otay. The survey contained 107 questions. Forty-nine (49) questions were asked where the employee indicates either their agreement or disagreement regarding certain characteristics in whether or not they were part of the employment experience at Otay. Alongside those questions, employees were also asked the level of importance of those characteristics to the employee. Four questions were asked regarding general satisfaction and five demographic, work status, work situation type questions to use for the cross-tabulated analysis. An email notice regarding the survey was sent to the employees from the General Manager on May 27 and a follow-up email was sent by Rea & Parker Research on May 28. On May 29, 143 out of 161 employees participated in the survey. An additional week was granted to those on vacation or out of the office to participate. A total of 153 participated in the survey or 95% of staff.

Participants then broken down by the following categories:

- 70 percent male
- Median age is 44.5
- Median length of service is 6 years – one-half have served 6 or more years and one-half have served 6 or fewer years.
- 12 percent have been at Otay 20 or more years and 5 percent were in their first year
- By Department:
 - Operations – 38%
 - Finance – 24%
 - Administrative Services, General Manager’s office and Information Technology – 23%
 - Engineering – 15%
- Position type:
 - Non-management – 71%
 - Supervisor – Crew Leader – 15%
 - Management – Department Chief – 14%

Key findings overall reveal that Otay Water District employees consider the District an excellent organization and place to work. Employees think very highly of the resources and equipment with which they perform their jobs and are very pleased with the emphasis on safety. Supervisors and managers are well thought of and there is considerable teamwork within the departments. The benefit package is very much appreciated as are the new programs and planning processes instituted by the District. A pie chart was presented depicting the mean rating of overall satisfaction as 5.45. Over 50% of employees responded that they are highly satisfied (30%) and very satisfied (23%). Only 11% or 16 out of 153 employees were less than satisfied. In terms of recommending the District as a place of employment, another indication of satisfaction, 90% would recommend working at the District to others.

The 49 questions were divided into eight general categories. Each of the categories had a range of about four to nine questions. He indicated that “agreement” equals “satisfaction.” Every question was asked in the same manner; do you agree or disagree and to what extent do you agree or disagree? He indicated that the overall mean of 5.54 includes “feedback and employee evaluation” and “employee interaction.” These were the categories with the highest agreement and at the bottom were “morale” and “opportunities for professional growth.” He noted that the “bottom” still scores 5.25 on a scale of 1 to 7 with a mid-point of 4. Thus, each category is well above the mid-point or to the agreement/satisfaction side.

In terms of importance, importance is more strongly stressed than agreement. The overall average importance for all categories is 6.4 on a 7 scale, that is, everything that was asked was important and was more important than agreement. In terms of most important, “feedback” and “employee evaluation” was rated as highest in importance as it was in agreement. However, in this category, though morale was at the bottom of the “agreement” category, it is rated as more important or higher in the “importance” category.

He presented a chart indicating that “feedback” and “employee evaluation” has the strongest agreement (5.85 on a 1 to 7 scale) and highest importance (6.57 on

a 1 to 7 scale). The details of each category was reviewed (see attached copy of presentation).

In the category of Employee Interaction, employees agreed (5.84) that this category is important and were also in agreement that this category is of high importance (6.54).

In the category of "Workplace and Resources," employees are in agreement (5.75) that the District promotes safety in the workplace and a healthy lifestyle. On a scale of importance for this category, employees feel it is important (6.33) to have all resources and equipment necessary to do their job.

With regard to the responses to the questions regarding "Management and Supervision," the highest ratings address supervisor issues such as does the supervisor treat the employee with respect, supervisor emphasizes customer service and at the bottom of this category are questions about district management. He explained that this is explainable because the supervisors are more involved with the employees on a day-to-day basis whereas District management is not.

He indicated that supervisors received high ratings but managers are included in this category. He explained that some employees are managed by supervisors who are also managers. They found that manager supervisors received higher scores than supervisors who are just supervisors. He indicated that managers who are acting on a daily supervisory level are highly regarded.

In the category of Compensation and Benefits, the benefits are more highly regarded than compensation.

The Communications category explains that most employees are in agreement that the employees understand the work, goals and objectives of the District. The survey indicates that communications have improved over the past 12 months and more employees are participating in goal setting. He indicated that the Pipeline Newsletter is low on the "agreement" scale meaning it is not seen as important by the employees. He noted under the "importance" section of this category, employees who have worked at the District three to five years consider the Pipeline Newsletter more important than longer term employees.

In terms of Opportunities for Professional Growth, employees agreed that they have opportunities to be innovative but this category is not as important as other aspects such as work is rewarding, receive training needed to do the job, job provides opportunities to advance skills and the District provides training to advance. The majority of employees agreed that their work is rewarding. However, there is not enough training to advance.

With regard to morale he noted that employees view their own morale as good but morale in their department as low. It was also noted that job security is on the lower end of the "morale agreement," but it is very important. He indicated that this indicates that there are some issues with regard to job security.

Dr. Rae indicated that at the end of the survey, two open-ended questions were asked: What does the District do particularly well?, and; What can be improved at Otay Water District? He indicated that of the 153 employee who responded to the survey, 111 responded to the open-ended questions and 42 had no response. Benefits and compensation, new programs and good inter-department communications were rated as “good” or what employees consider works well. Inter-department communications and compensation and benefits were also at the top of the list when asked “What can be improved at Otay Water District?” He noted that these responses indicate that a group of employees think there is good inter-department communication and benefits, and a group that believes it can be improved. The survey revealed that the younger employees (25 to 35 years of age) indicate that compensation and benefits are good. Older employees, employees in the finance department and supervisors highly regarded inter-department communications.

The negatives, in terms of compensation, the Finance Department was not happy with their compensation and the Engineering Department scored low in inter-department communication. These open-ended questions reveal that different groups have different responses on the same issues of compensation and benefits and communications. These categories show up as “what is working well” and they also show up as “what can be improved.”

Director Breitfelder asked if Dr. Parker can determine which individuals responded to the questions as it would be good information to know if individuals from the departments are in agreement and if not, it points to the desire by employees for ongoing improvement. Dr. Parker explained that he does not know the individuals, but they can run a cross-tabulation by department or age. Finance was high in communications and low in compensation and Engineering was low in communication.

In conclusion, he reiterated that all of the categories were rated “high” with 90% of employees indicating that they would recommend Otay Water District as a great place to work. The survey reveals that employee satisfaction is very strong. However, improvements are possible to create even higher degree of satisfaction such as job security and optimism about employees’ future success with the District can be increased and inter-department communication and communication between management and employees can be addressed. These issues would have strong impact on overall satisfaction.

Director Bonilla indicated that the survey revealed that the employees are happier when they have more communication with their supervisor. He understands this as meaning that we need more interaction between the direct supervisors and the employees or the supervisor and management. Dr. Parker indicated that that is correct. The survey indicated that some increased communication between management and employees would be beneficial. Director Bonilla said there was a distinction. Dr. Parker indicated that there are five categories that talk about the supervisors and the left-hand side the chart indicates that they are more highly regarded than the two questions concerning

District Management. The questions about District Management are: The District management makes informed decisions? District management are effective leaders? The responses to the questions regarding District management are lower. When you understand that some of those same people are also supervisors, then it is more of a structural sort of thing. Employees perceive District management, maybe not as human as they perceive their supervisor. Thus, District management is more abstract to them so when they see these very same people as their supervisor, they say, they are great, they're actually better than their supervisors. But when they see them in this more removed, abstract role as District management, they're not relating as much to them. Director Bonilla asked how we can work on this and get a complete understanding. Dr. Parker indicated that this is more of an assumption because the same people are scoring high when they are face-to-face, person-to-person supervising.

Director Robak asked if this is the first employee survey that has been performed. General Manager Watton indicated that one other survey was done in 2004. This survey is more scientifically or statistically based. The other survey had a series of questions and open-ended questions and was more problem oriented. This survey is more of a baseline gathering of information. The consultants were asked to prepare a survey that can be repeated.

Director Robak indicated that he expected more open-ended questions. Dr. Parker indicated that the responses to the open-ended questions can be provided for review. He indicated that the problem with open-ended questions is the subjectivity involved. Director Robak asked if this survey was a standard survey used by other organizations or whether it was compiled by staff at the District. Dr. Parker responded that this survey consisted of both. Some of the questions were standard questions used in other surveys and some of the questions were tailored to fit the District.

General Manager Watton indicated that the survey is a good baseline of information that the District can build on. Although there are areas that score high, there is valuable information that can be utilized to improve other areas. A conscious decision was made to keep the responses confidential. The survey was conducted by email through Rea & Parker's computer system so all responses reside at the research center. From a management standpoint, this is a very useful instrument and something we plan to utilize. He indicated that the survey will be repeated in a few years.

Dr. Parker thanked the Board for allowing his firm to conduct the survey. He commented that the results contained very "rich" data.

President Croucher indicated that Agenda Items 7c and 7d are included in the Board packet as informational items and will not be discussed in detail unless the Board request additional information or explanation.

c) 2008 FISCAL YEAR-END STRATEGIC PLAN AND PERFORMANCE MEASURES UPDATE REPORT

d) FISCAL YEAR END 2007-2008 CAPITAL IMPROVEMENT PROGRAM REPORT

There was no request from members of the board for a report.

ACTION ITEMS

8 GENERAL MANAGER

a) ADOPT ORDINANCE NO. 518 AMENDING SECTION 6, CONFLICT OF INTEREST CODE, OF THE DISTRICT'S CODE OF ORDINANCES

General Counsel Yuri Calderon indicated that staff is presenting Ordinance No. 518 to amend Section 6, Conflict of Interest Code, of the District's Code of Ordinances. He indicated that a review of the Conflict of Interest Code is required bi-annually to verify that it is in compliance with the law. Staff is proposing two minor adjustments. The first amendment is to tie this Code of Ordinance to the statute with regard to the amount that creates a prohibitive conflict (gifts in excess of \$390). By tying the amount to the statute, the District's Code will not require an amendment each time the amount increases due to cost of living adjustments. Director Breitfelder asked counsel to confirm the amount that does not have to be reported. General Counsel Calderon indicated that if the amount received is \$50 or less, it is not required that it be reported on the Form 700. If the amount received is accumulatively over \$50, then it must be reported. Once the maximum of \$390 is reached, it creates a prohibitive conflict and the entity that contributed the "gift" can no longer do business with the District.

General Counsel Calderon indicated that the other minor adjustment to the Conflict of Interest Code is to update the titles of the positions that are required to report or file a Form 700. He indicated that there have been some changes in position titles and the amendment would reflect the new titles in the code. He indicated that there were no other changes.

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

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

to adopt Ordinance No. 518 amending Section 6 of the District's Code of Ordinances.

9. BOARD

a) DISCUSSION OF 2008 BOARD MEETING CALENDAR

President Croucher indicated that he will be out-of-town on October 1, 2008 which is the date for the regularly-scheduled Board meeting. There was discussion regarding items to be discussed at the October Board meeting and Chief Financial Officer Joe Beachem indicated that staff would be presenting proposed methods for implementing the rate increase and the Proposition 218 Notices for board approval. It was discussed that the Board meeting will be held on October 8, 2008.

REPORTS

10. GENERAL MANAGER'S REPORT

a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton indicated that the Board approved the award of a services contract to Lee & Ro for the completion of the design of the 36" pipeline. IEC has filed a claim on this project that will be presented to the Board at the October Board meeting. Lee & Ro is proceeding with the project and will provide timelines on construction and design. Construction will be somewhat delayed but the District should still be in the timeline of completing construction without incurring penalties from the County Water Authority.

Approximately 40 District employees in customer service related positions participated with over 300 other local water agency employees in a joint training. The training was with regard to dealing with customers in drought conditions. He indicated that he also had a meeting today at the County Water Authority with other General Managers and finance directors concerning drought rates.

He indicated in the budget and in a discussion with the board, staff talked about school education and promoting the water conservation garden. He noted that there are schools that have scheduled tours of the Garden and it seems to be working well.

He highlighted some of the topics that will be presented to the Finance, Administration and Communications Committee in September and the full Board at the October Board meeting which include the rate study, tiered rates, energy zones, government rate, and fixed revenues. He indicated that these items will be discussed in depth in October which will require the Board to set some policies.

The Board approved a project to provide road improvement and air/vac replacement at the Ralph W. Chapman Wastewater Recycling Facility. He indicated that the project involves repairing an old access road on the side of a mountain so staff can replace some existing pipelines. He stated that this project is very environmentally sensitive and requires a "Take Permit" for the California coastal gnatcatcher and the quino checkerspot butterfly. He indicated that he wished to note that though these projects may look very routine, when

environment issues are involved and staff has to navigate the intricacies of the permits, it can get very complicated.

The City of San Diego has rejected the San Diego 17 Agreement. He indicated that he has had some communication with the Mayor's Chief of Staff and President Croucher has written a letter requesting a meeting with the Mayor. The meeting is expected to occur in September. He indicated that staff is not in agreement with the analysis by the City that the project would cost the city money. He indicated that staff is attempting to meet on a policy level to ask that they re-evaluate the agreement.

He stated that water delivery to Mexico is expected to resume for the months of September and October. He noted that the District is delivering Mexico water to Mexico and that the District is being reimbursed for the cost of the wheeling service.

Mr. Watton indicated that Board members at the County Water Authority had a debate on the continuation of the wheeling agreement with Mexico. After a interesting debate, the CWA board voted to establish the wheeling rate and CWA will continue to serve water to Mexico with a contract extension.

President Croucher indicated that Congressman Duncan Hunter's brother, Dr. Hunter, discussed with CWA the safety issues along the All American Canal. He indicated that the issue will be addressed through the Agency General Manager Committee.

Discussions at CWA also centered on finding additional water transfers and what can be done with conservation, drought, rate structures and rate increases. He stated that he and General Manager Watton will be serving on the CWA committee to review the state and federal lobbyist and make recommendation on who they will retain for the next year.

General Manager Watton noted that CWA and IID have not been involved in the safety aspect of the Canal discussion. After Dr. Hunter made his presentation, he felt that the issue is something CWA needs to address. He indicated he is not certain where the issue will go with the board, but he would be advocating that CWA do some method of rescue or safety equipment on the canal. He stated that if there are no ladders, ropes or some type of safety equipment, there is 100% mortality if a person falls/jumps into the canal. He stated that with the help of Congressman Hunter and work with Homeland Security, monies from the Texas area will be utilized to fence in a portion of the canal near the Mexico border.

11. DIRECTORS' REPORTS/REQUESTS

Director Robak indicated that the California Attorney General Jerry Brown had filed a lawsuit against the artificial turf manufacturers. The suit indicates that the manufacturers have violated Proposition 65 which requires that they label the

contents of their product. He indicated the Product Safety Commission had ruled on the safety of artificial turf and he was disappointed in the lawsuit being filed.

Director Lopez indicated that he and his family had a good time at the Otay employee picnic and he felt it was well attended. He inquired with regard to the Strategic Plan and Performance Measures, how Chief of Technology Geoff Steven's presentation went with the Point Loma Nazarene University. Chief of Technology Stevens indicated that the District was invited by the professor of a former District intern, Mr. John Atienza, who is in the Masters program at the University. Mr. Atienza's professor asked Mr. Stevens to provide a presentation on Strategic Planning to his class. Mr. Stevens indicated that it had gone well and the students learned how a Strategic Plan can become a dynamic part of a business.

Director Breitfelder indicated that he attended the Council of Water Utilities meetings the last couple months and they have been focused on agricultural issues. He indicated at their last meeting a presentation was provided on the Salton Sea area and the agricultural problems they are having in the area due to toxic dust. They also had a speaker from SANDAG who seemed to feel that water availability was not a big factor in their planning. He indicated with regard to the Water Agencies Association, a presentation was made from another agricultural expert who indicated that avocado farming was becoming uneconomic in our region due to the water issues. The presenter discussed the possibility of transitioning to wineries and that the county was not well set up to encourage the transition. He also shared that the CSDA Quarterly Meeting focused on LAFCO. He indicated that a proposed new layer of bureaucracy over water planning is being discussed at LAFCO which is becoming a very hot issue. He indicated that he would like hear more about this issue from staff over time.

12. PRESIDENT'S REPORT

President Croucher indicated that the CSDA San Diego Chapter for which Director Breitfelder is the treasurer and he is the 1st Vice President received the State CSDA Chapter of the Year Award.

RECESS TO CLOSED SESSION

14. CLOSED SESSION

The board recessed into closed session at 5:56 p.m. to discuss the following matters:

- a) COFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION
[GOVERNMENT CODE §54956.9(a)]
 - (I) MULTIPLE CASES RELATED TO THE FENTON BUSINESS CENTER AND FILED WITH THE SUPERIOR COURT OF THE COUNTY OF SAN DIEGO RECENTLY CONSOLIDATED UNDER CASE NO. 37-2007-00077024-CU-BC-CTL; AND TWO NON-

CONSOLIDATED CASES, NOS. 37-2008-83163-CU-PO-CTL AND
37-2008-00086689-CU-PO-CTL

(II) AMERICAN PROTECTION INSURANCE V. OTAY WATER
DISTRICT, DISTRICT COURT SOUTHERN DISTRICT OF
CALIFORNIA, #08-CV-0662-JM-POR

a) PUBLIC EMPLOYEE PERFORMANC EVALUATION [GOVERNMENT
CODE §54957.6

TITLE: GENERAL MANAGER

RETURN TO OPEN SESSION

15. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD
MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION

The board reconvened at 5:56 p.m. General Counsel Yuri Calderon indicated
that the board would be returning to closed session but would be taking an action
before returning to closed session.

Director Bonilla indicated in recognition of General Manager Watton's
accomplishments and as a token of the board's continued commitment to his
leadership he would like to make a motion to provide General Manger Watton a
1% increase on his base salary and an employer contribution to his 457 Plan in
the amount of 1% of his new base salary. The motion was seconded by Director
Breitfelder and carried with the following vote:

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

Director Bonilla indicated that the amount is small, but given the economic
circumstances we currently face as a District he believes it is appropriate.

RECESS TO CLOSED SESSION

16. CLOSED SESSION

The board recessed to closed session at 5:57 p.m. to take up the remaining
items on pending litigation.

Director Bonilla left at 5:57 p.m.

RETURN TO OPEN SESSION

17. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD
MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION

The board reconvened at 6:34 p.m. General Counsel Yuri Calderon indicated that the board took one action in closed session to authorize General Counsel to settle the American Protection Insurance v. Otay Water District matter under specific terms discussed in closed session and brought back to the board.

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

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

to authorize General Counsel to .settle the American Protection Insurance v. Otay Water District matter under specific terms discussed in closed session and brought back to the board.

General Counsel Calderon indicated that no other reportable actions were taken in closed session.

18. ADJOURNMENT

With no further business to come before the Board, President Croucher adjourned the meeting at 6:35 p.m.

President

ATTEST:

District Secretary