

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
July 1, 2009**

1. The meeting was called to order by President Croucher at 3:30 p.m.

2. 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 Porrás, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

3. 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.

4. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF MARCH 4, 2009

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 minutes of the regular board meeting of March 4, 2009.

5. ACKNOWLEDGEMENT OF OTAY WATER DISTRICT STAFF FOR THEIR VOLUNTEER WORK

Assistant General Manager Manny Magana indicated that the District wished to recognize the eleven (11) district volunteers who worked as monitors throughout

the AWWA National Conference. He stated that they did a great job. He also indicated that the District sponsored a golf charity tournament for *Beads of Courage*. *Beads of Courage* is a unique program that provides assistance to children with cancer. He stated the tournament raised over \$18,000 and the funds will be utilized to open a new program in an Orange County Hospital. He recognized and thanked the District's eight staff members who attended the event early to set-up and stayed late to breakdown. He stated that they were true ambassadors for the Otay Water District (see attached presentation for photo of District volunteers for both events). President Croucher thanked and acknowledged Assistant General Manager Magana for his work in supporting the community.

6. 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

Mr. Thomas Gaipa of El Cajon indicated that he only lives on social security which will end in 2016. He stated that his family saves as much water as they can and has been utilizing grey water to irrigate his plants. He stated that our region must find a way to supplement the water supply and suggested that desalination plants be built. He indicated that increasing water rates is not the answer. He asked that the board take into consideration ratepayers such as him when raising rates and asked that the board consider building in an exception into the water rates for those on fixed incomes.

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:

Director Robak requested that agenda item 7c, APPROVE THE FINAL SEWER SYSTEM MANGEMENT PLAN (SSMP) TO MEET THE REQUIREMENTS OF THE STATE WATER RESOURCES CONTROL BOARD ORDER NO. 2006-0003, be pulled from the consent calendar for discussion.

President Croucher recused himself from voting on item 7f. He stated that he had discussed this item with counsel and was advised that he could vote on the item, however, he decided for the comfort of the San Miguel Consolidate Fire District, to recuse himself from voting on the item.

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 following consent calendar items:

- a) APPROVE THE PURCHASE OF A 400 KILOWATT GENERATOR FROM SLOAN ELECTRIC TO PROVIDE FULL EMERGENCY BACK-UP POWER TO THE DISTRICT HEADQUARTERS BUILDING FOR AN AMOUNT NOT-TO-EXCEED \$65,941
- b) ADOPT RESOLUTION NO. 4139, IDENTIFYING THE GENERAL MANAGER AS THE OFFICIAL AUTHORIZED TO COMMIT THE DISTRICT TO FINANCIAL AND LEGAL OBLIGATIONS ASSOCIATED WITH THE POTENTIAL RECEIPT OF FINANCIAL ASSISTANCE GRANT FUNDING FROM THE UNITED STATES DEPARTMENT OF INTERIOR, BUREAU OF RECLAMATION, FOR THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 WATER MARKETING AND EFFICIENCY GRANTS PROGRAM (CHALLENGE GRANT PROGRAM)
- d) APPROVE AN AGREEMENT FOR JANITORIAL SERVICES FOR THE DISTRICT'S ADMINISTRATIVE AND OPERATIONS FACILITIES WITH PROFESSIONAL MAINTENANCE SYSTEMS FOR AN AMOUNT NOT-TO-EXCEED \$32,100.84; AND, WITH AN OPTION FOR FOUR ANNUAL RENEWALS TO BE APPROVED AT THE GENERAL MANAGER'S DISCRETION
- e) REAFFIRM THAT THE PROPERTY, LISTED AS PARCEL NO. 7 ON THE STAFF REPORT PRESENTED TO THE BOARD ON JULY 2, 2003 AND DECLARED SURPLUS, INCLUDES BOTH APN 640-070-34 AND APN 640-142-08 AND IS SURPLUS TO THE DISTRICT'S NEEDS
- g) ADOPT RESOLUTION NO. 4138 TO ESTABLISH THE TAX RATE FOR IMPROVEMENT DISTRICT NO. 27 AT \$0.005 FOR FISCAL YEAR 2009-2010
- h) ADOPT RESOLUTION NO. 4142 TO CONTINUE WATER AND SEWER AVAILABILITY CHARGES TO BE COLLECTED THROUGH CUSTOMER PROPERTY TAXES FOR FISCAL YEAR 2009-2010
- i) ADOPT RESOLUTION NO. 4137 ALLOWING FOR THE REIMBURSEMENT OF CERTAIN EXPENDITURES FROM THE PROCEEDS OF THE DISTRICT'S DEBT OBLIGATIONS WHICH IS ANTICIPATED TO BE ISSUED DURING 2010
- j) AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE A CONTRACT NOT-TO-EXCEED \$81,000 WITH HARRELL & COMPANY ADVISORS, LLC TO SERVE AS THE FINANCIAL ADVISOR FOR A DEBT ISSUANCE OF APPROXIMATELY \$41 MILLION IN CERTIFICATES OF PARTICIPATION (COPS), AND THE POTENTIAL REFINANCING OF THE ID 27 GENERAL OBLIGATION BONDS OF APPROXIMATELY \$9 MILLION

k) REJECT JOEL O. ANINIPOK CLAIM

President Croucher presented item 7c and 7f for discussion:

c) APPROVE THE FINAL SEWER SYSTEM MANGEMENT PLAN (SSMP)
TO MEET THE REQUIREMENTS OF THE STATE WATER
RESOURCES CONTROL BOARD ORDER NO. 2006-0003

Associate Civil Engineer Bob Kennedy indicated that in 2006 the State Water Resources Control Board issued Order No. 3, the Statewide General Waste Discharge Requirements (WDRs) for sanitary sewer systems. In 2007 the San Diego Regional Water Quality Control Board for the San Diego Region issued another order titled, Waste Discharge Requirements for Sewage Collection Agencies in the San Diego Region. He indicated that both orders require that the District prepare and implement a Sewer System Management Plan (SSMP) in accordance with State and Regional requirements. He stated a copy of the SSMP must be available at the District's office or online and must be approved by its Board of Directors at a public hearing.

He indicated to initiate the SSMP process, staff had presented to the Board on November 7, 2007 the list of the required eleven sections that comprise the SSMP and a schedule to complete them. The approved the sections and schedule at the board meeting and staff certified them the following day. He indicated that the waste discharge requirements are the regulatory mechanisms that apply to all agencies that own or operate a sanitary sewer collections systems greater than one mile in length that collect and convey untreated or partially treated wastewater to a publicly owned treatment facility. He stated that the ultimate goal of this waste discharge requirement is to reduce the frequency and volume of sanitary sewer overflows by requiring that districts, sewer agencies, cities and other entities to properly operate, maintain, and manage their wastewater systems.

Associate Civil Engineer Kennedy indicated that the Engineering and Operations Departments worked closely on the preparation of this SSMP. The SSMP is basically a comprehensive plan that documents how all components regarding operation and maintenance are to be accomplished on a regular basis. This includes design and construction criteria for sewer facilities and response plans for emergency situations and a variety of critical functions that evaluate, monitor and audit the sewer system. He noted that there is no fiscal impact by the action to approve the SSMP.

It was indicated that this item was reviewed by the Engineering, Operations and Water Resources Committee. Director Breitfelder indicated that this is largely what District staff has been doing for many years now and it is being formally documented to meet the new regulatory requirements. He stated that the law is probably very beneficial for those districts that have not yet developed such plans. President Croucher indicated that the law provided the District an opportunity to clean up its paperwork and consolidate its documentation which will assist the District in becoming more efficient.

Director Robak inquired if the District has a previous SSMP that staff was just updating. General Manager Watton indicated that staff had projected that it would, at some point, be required and the District did have a plan entitled CMOM before the SSMP became a requirement. He stated that the District did have processes and procedures in place because sewer overflows are very expensive. The SSMP formalizes the documentation of these procedures which the District pretty much had in place.

Director Robak inquired what the next steps were. Associate Civil Engineer Kennedy indicated that the next step is the certification with the State Water Resources Control Board on August 2, 2009. It was indicated that the SSMP was developed internally by staff and included the CCTV element of sewer maintenance which is a continuing CIP project that must be done every year.

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

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

to approve staffs' recommendation.

- f) ADOPT RESOLUTION NO. 4140 APPROVING THE SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT'S PROPOSED FIRE PROTECTION AND EMERGENCY RESPONSE SERVICES ASSESSMENT AND AUTHORIZING THE GENERAL MANAGER TO VOTE "YES" AND SIGN THE OFFICIAL ASSESSMENT BALLOTS (FOUR BALLOTS) ON BEHALF OF THE DISTRICT

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

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

to approve staffs' recommendation.

ACTION ITEMS

8. BOARD

- a) DISCUSSION OF 2009 BOARD MEETING CALENDAR

There were no changes to the board calendar.

- b) ADOPT RESOLUTION NO. 4143 TO AMEND POLICY NO. 8, DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS, AND POLICY NO. 34, STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY

General Counsel Yuri Calderon indicated that this item is presented at the direction of by the board to review Policy 8 and provide an opinion. He indicated that a minor modification to the policy is proposed with regard to District sponsorships of community events for the purpose of outreach, providing community contact, and where there is an opportunity for both staff and the board to be present, that reimbursement would not be sought for spouse/guest seats when a table is sponsored. The process for reimbursement is complicated, cumbersome, and in the opinion of counsel, not necessary. Many such events are held in the evening and it is appropriate to have a spouse present. Director Bonilla indicated that he felt that it was important for the District to support community events and have representatives at such events. He stated that he felt that staff and directors were deterred from attending these events as it becomes a financial burden. He indicated that he felt it was beneficial to both the community and the District to participate in such events and is the reason he supports this minor change. Director Lopez indicated that he concurred. President Croucher noted that if individual seats are purchased, that reimbursement will be sought. This change will only affect those sponsorships that include a table. He indicated that he too concurred.

A motion was made by Director Bonilla, 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 Resolution No. 4143 approving the amendment to Board of Directors Policy No. 8.

INFORMATIONAL ITEMS

- 9. THESE ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS.

- a) CAPITAL IMPROVEMENT PROGRAM UPDATE REPORT FOR THE THIRD QUARTER OF FISCAL YEAR 2009 (RIPPERGER)

Engineering Manager Ron Ripperger presented the Fiscal Year 2009 Third Quarter CIP update in which he highlights the status of CIP expenditures, significant issues and progress milestones on major projects.

He noted that the Fiscal Year 2009 CIP consists of 66 projects totaling \$31.9 million. He indicated that the District's CIP is broken down into four categories:

• Capital Facility Projects	\$23,100,000
• Replacement/Renewal	\$ 6,000,000
• Capital Purchases	\$ 2,200,000
• Developer Reimbursements	<u>\$ 600,000</u>
TOTAL:	\$31,900,000

He stated that overall expenditures through the third quarter of Fiscal Year 2009 totaled approximately \$12.3 million, which is approximately 39% of the District's target expenditure for the full fiscal year. He stated that the current forecast for expenditures through June 30, 2009 is \$22.2 million which is 70% of the approved budget. He indicated that the decrease in the projected expenditures is due primarily to the delay of the District's 36-inch pipeline project which is underway at the moment. He noted that construction change orders are at a -.54%.

He presented a slide depicting a map showing the District's major CIP projects, their status and their location within the District's service area. He stated, of the nineteen projects in FY09, one is in the planning stage, three are in design, seven are in construction and eight have been completed and in use. He reviewed the status of the District's flagship projects which included the 850-4 Reservoir, 36-inch Pipeline from FCF No. 14, 1485-1 Pump Station Replacement, Material Storage Bins and Cover, and 450-1 Reservoir Disinfection Facility.

Engineering Manager Ripperger presented slides which provide the status of the various consultant contracts for planning, design, public services, construction/inspection and environmental. He also presented slides providing a listing of all CIP projects planned for Fiscal Year 2009 and the status of each.

Director Robak indicated with regard to the landscaping component for the 850-4 Reservoir, that it was discussed that staff was working with Conservation Manager William Granger to develop the landscaping for the site. He inquired if the plan had been finalized. Engineering Manager Ripperger indicated that staff did work with Conservation Manager Granger and came up with good ideas and changes to the plan which includes replacing the eucalyptus trees because of fire concerns. Staff is also utilizing the same ideas at the 1296-3 Reservoir project.

b) OVERVIEW OF THE SAN DIEGO COUNTY WATER AUTHORITY
WATER SMART TARGET PROGRAM (GRANGER)

Conservation Manager Granger indicated that the Water Smart Target Program was implemented in early 2007. He indicated that CWA looked at what the City of San Diego had developed and felt that the program could be taken county-wide. He stated that the program essentially takes aerial and remote sense

imagery and the imagery shows various colors that indicate what areas of the property is hard scape, turf grass and shrubbery. From the image, one can determine a water smart target/water budget. These images can be utilized to notify customers and make them aware of programs to assist them in tracking their water use. He stated that ultimately, the images would be available for mixed use accounts. At the moment, however, the District is focusing on large irrigation/landscape accounts.

He indicated that some of the benefits to the District is it is a great customer service tool. The District can look at customers' water use and compare it to a theoretical water budget and share some of the District's programs with customers to help them reduce their landscape water use. The program could also help the District comply with the BMP's if it chose to move forward with the program.

He presented a slide showing the information that would be available in the Water Smart Target Program system (see attached copy of presentation). He indicated that the water smart target varies based on your climatic zone. There are four to five different climatic zones within San Diego County. This District overlaps zones 3 and 4. Because of the zones, a property with the same sized landscape in Jamul may have a different Water Smart Target than a property in Chula Vista.

The images within the Water Smart Target program will be updated every two years, however, it should be updated periodically so current images are available. He stated that ultimately the images in the program would be accessible to property managers, landscape contractors, and other agencies by permission of the property owner.

Conservation Manager Granger indicated that along with this program, the District was provided two interns at no cost from CWA who have been working on Water Smart Target evaluations. He indicated that they are approximately a quarter of the way through the evaluations and the goal is to complete the assessment of all of the District's 1800 irrigation accounts by the end of 2009.

Director Robak inquired which customers the District has been working with on the Water Smart Target evaluations. Conservation Manager Granger indicated that the District has started with potable only and commercial customers (within the customer groups public and commercial). Eventually, the District will develop water targets for mixed used accounts, such as Cuyamaca and Southwestern Colleges.

Director Breitfelder inquired if this was a permanent program. Conservation Manager Granger indicated that the program is funded for one year by CWA. The oversight of the project has been contracted out to CRG whose contract has been extended another year or two. He stated that he believed that eventually CWA will take it over and maintain the program. However, at this time, there are still a lot of enhancements that need to be done.

Director Robak indicated that he felt the logo developed for the program was very good and would be excellent to use to showcase low water use landscapes and in advertising.

REPORTS

10. GENERAL MANAGER'S REPORT

GENERAL MANAGER'S REPORT:

General Manager Watton indicated that staff has had its first meeting with the contractor and project manager for the 36-inch Pipeline Project. Staff also met with the El Cajon Sheriff's Office to assure coordination of information to minimize disruption in the community.

He indicated that he attended the Water Conservation Summit and good information was shared and the summit was very worthwhile.

He noted that the District has been holding conservation classes at the Garden and they have been well attended though attendees must pay a fee for the classes. He stated that this is a good indicator of interest in landscape conservation when attendees are willing to pay to attend such classes.

He stated that the District again received awards for its FY 2008-2009 Operating and Capital Budget and Capital Comprehensive Annual Financial Report (CAFR) from the Government Finance Officers Association and the California Society of Municipal Finance Officers.

General Manager Watton indicated that the board was provided in their packet a copy of an article from the *Treasury and Risk Magazine* wherein the District and Union Bank were featured for the operation of the District's lock box and how quickly customer remittances are being deposited.

He noted that the Proposition 218 notices have all been mailed (approximately 63,000 notices). At this time, the District has received three responses to the notices. Staff will forward copies of the responses periodically as they are received.

He shared with regard to recycled water for the Otay Landfill, that it involved the District's recycled water pipeline project (from the City's South Bay Water Reclamation Plant) and the pump station and reservoir site located adjacent to the Landfill. A component of the project was to acquire easements from the Landfill and an agreement to allow the District to place spoil/exported dirt from the adjacent pump station and reservoir site to the Landfill. The District saved approximately \$600,000 on the project by not having to haul the dirt offsite to another location. This is a substantial savings and is a result of the good relationship the District has with the Otay Landfill. He indicated as part of the agreement, the District will provide a recycled meter and recycled backflow system to the Landfill at not cost (approximate cost of \$88,000). Once the meter

has been installed, the Landfill will start utilizing recycled water for dust control, compaction, etc.

He noted that staff attended the renaming reception for the Los Olivos Wastewater Treatment Plant to *Arturo Herrera Solis Treatment Plant* which was hosted by CESPT. Mr. Herrera, CILA Director, died in a plane crash a few months ago. Mr. Herrera was well respected by the water industry in Tijuana and they wished to recognize him by renaming the plant in his honor.

He stated that the graph on page 8 of his report will be provided each month. The graph shows the District's water purchases, budget and allocation from CWA. The allocations will go into effect on July 1. He stated that the District is still below its allocation and it is expected that we will continue to see the same trend line. We are ahead of the allocation at this time and District customers are still conserving.

SAN DIEGO COUNTY WATER AUTHORITY UPDATE:

President Croucher indicated that CWA's board has reviewed its General Manager and General Counsel and they received favorable reviews. Their contracts have been extended though there will not be a pay increase this year.

He stated the groundbreaking ceremony for the San Vicente Reservoir is scheduled on July 9, 2009. He noted that CWA was also continuing to pursue the Bay Delta issues and would continue to travel to Sacramento to keep the issue active and obtain funding. CWA is also continuing to discuss desalination possibilities, not only at Carlsbad, but Camp Pendleton and Mexico. He indicated that both he and General Manager Watton have advised the CWA General Manager, Maureen Stapleton, that Otay is continuing to work on the its desalination project and that it was going well.

CWA is also still focused on water conservation and they are asking each agency to provide a presentation to CWA's board on what they are doing to promote conservation.

He noted that Lake Hodges continues to be an issue between CWA, Olivenhain MWD, the City of San Diego and Santa Fe ID with regard to water quality and maintenance of the lake. The District is following the issue closely to assure that the District, as a member of CWA, does not take on any undue financial burdens from the issue that it should not have to.

11. DIRECTORS' REPORTS/REQUESTS

Director Breitfelder stated that he spoke with Mayor Cox, City of Chula Vista, and indicated to her that the District and the City had many areas of common interest and the District wished to work well with them at all levels. Mayor Cox was very appreciative and asked that the District continue to keep the water flowing.

Director Bonilla indicated that he and General Manager Watton met with Hernando Duran, CESPT, to explore acquiring water rights from Mexico. He stated the desalination project is moving quickly and is looking very positive. He asked that the board direct counsel to review the code to see if anything can be done with regard to rates for customers on fixed incomes. President Croucher indicated that the District has discussed the issue in the past and that there were legal issues associated with doing so. He indicated, however, that Padre Dam MWD had provided a presentation to CWA regarding their rates and had mentioned a lifeline rate. He indicated that the District might explore what their lifeline rate referenced. General Counsel Calderon indicated that he would review and see if there are any legal issues in providing a lifeline rate.

Director Lopez indicated that he attended the AWWA conference in San Diego and had an opportunity to meet a few of the contractors that work with the District. He also attended some of the workshops during the conference. He stated because he works at the convention center, his attendance was free. He also indicated that he has been very involved with the Water Conservation Garden. He attended a full day workshop last Monday to discuss the future and vision of the Garden and to develop a Strategic Plan. General Manager Watton indicated that the Strategic Plan should be completed in mid-August and will address the future funding requirements of the Garden and where the funding will come from.

Director Robak indicated that it was good to hear that there has been good discussion regarding the Garden. He stated that the Garden's mission has become more important due to the water issues. He also shared that he attended the AWWA conference as well. He commended staff for their presentation on the District's GIS System at the conference. He stated that he liked that AWWA was international in scope and that it was very interesting to get different perspectives on water issues. He indicated that the quality of their seminars was very good and he came away with a lot of information.

Director Bonilla indicated that he would like to see the District highlight events at the Garden by posting some of the Garden events in the lobby.

12. PRESIDENT'S REPORT

President Croucher presented General Manager Watton his Service Award for five years of service to the District and thanked him for his service.

RECESS TO CLOSED SESSION

e) CLOSED SESSION

General Counsel Calderon indicated that the board will be recessing to closed session at 4:41 p.m. to discuss the following matter:

a) CONFERENCE 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 CONSOLIDATED UNDER CASE NO. 37-2007-00077024-CU-BC-SC
- (II) CITY OF BANNING v. JAMES JONES CO., COUNTY OF LOS ANGELES, SUPERIOR COURT, CASE NO. BC 321513

RETURN TO OPEN SESSION

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

General Counsel Calderon stated that the board reconvened from closed session at 5:12 p.m. and that the board took no reportable actions in closed session.

13. ADJOURNMENT

With no further business to come before the Board, President Croucher adjourned the meeting at 5:12 p.m.

President

ATTEST:

District Secretary