

**MINUTES OF THE  
BOARD OF DIRECTORS MEETING OF THE  
OTAY WATER DISTRICT  
April 4, 2012**

1. The meeting was called to order by President Lopez at 3:34 p.m.

2. ROLL CALL

Directors Present: Lopez, Gonzalez, Croucher and Robak

Staff Present: General Manager Mark Watton, Asst. General Manager German Alvarez, General Counsel Daniel Shinoff, 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.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETING OF MARCH 7, 2012 AND SPECIAL MEETING OF MARCH 14, 2012

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

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

to approve the minutes of the regular meeting of March 7, 2012 and the special meeting of March 14, 2012.

6. RECESS FOR A RECEPTION FOR DEPARTING BOARD MEMBER JAIME BONILLA

The Otay Water District board meeting was recessed at 3:35 p.m. for a reception for departing board member Jaime Bonilla.

The meeting was reconvened at 4:18 p.m.

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

No one wished to be heard.

CONSENT ITEMS

8. 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 Mark Robak requested that Items 17b be pulled for discussion.

Upon a motion by Director Croucher, seconded by Director Gonzalez and carried with the following vote:

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

to approve the following remaining consent calendar item:

- a) DECLARE VEHICLES AND EQUIPMENT SURPLUS TO THE DISTRICT'S NEEDS

President Lopez presented Item 7b for discussion.

- b) APPROVE THE FUNDING FOR THE PURCHASE AND INSTALLATION OF A CONFINED SPACE TRAINING PROP AT THE HEARTLAND REGIONAL FIRE AND PUBLIC SAFETY TRAINING FACILITY LOCATED ON THE DISTRICT'S REGULATORY SITE IN THE AMOUNT OF \$80,000

Director Robak inquired on an update on the development of the regulatory site for a joint training facility. It was discussed that the facility is being developed in two (2) phases. Environmental Compliance Specialist Lisa Coburn-Boyd indicated that

Phase I entails the grading of the site, the construction of walls, which include the Trench Rescue Prop and the Bridge Overpass Prop, all utilities (water, sewer and electrical), and an underground SDG&E Vault Prop (donated by SDG&E). Phase II consists of the construction of all classroom and office facilities, a Multi-Story Training Tower, a Reserve Apparatus Building which will hold a fire truck and equipment, etc. It was discussed that the property is being leased to San Miguel Consolidated Fire Protection District and that Otay is not involved in constructing or operating the Training Facility. Otay would have access to the classrooms and meeting rooms and would utilize the facility for trench rescue and confined space training. It was also shared that Phase I is fully funded and that they are currently working on the funding for Phase II.

General Manager Watton indicated that the District has met its needs for water facilities on the property and felt that a shared Training Facility was an excellent use of the land.

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

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

to approve staffs' recommendation.

## ACTION ITEMS

### 9. ENGINEERING AND WATER OPERATIONS

- a) APPROVE A REIMBURSEMENT AGREEMENT WITH INTERNATIONAL INDUSTRIAL PARK, INC., A CALIFORNIA CORPORATION, FOR THE CONSTRUCTION OF A 24-INCH RECYCLED WATER PIPELINE ON ALTA ROAD, NORTH OF LONE STAR ROAD, FOR A PORTION OF THE CAPITAL IMPROVEMENT PROGRAM PROJECT, RecPL-24-INCH 860 ZONE, ALTA ROAD/AIRWAY ROAD (R2077), IN THE AMOUNT OF \$930,962.16 (KENNEDY)

Senior Civil Engineer Bob Kennedy indicated that staff is requesting that the board approve a reimbursement agreement with International Industrial Park, Inc. for the construction of a 24-inch recycled water pipeline for a portion of CIP R2077. He noted that the project is located in Otay Mesa on Alta Road between Lone Star Road and Calzada de la Fuente. The project will consist of the widening of the west side of Alta Road. As part of the improvements, the developer has agreed to install 1500 lineal feet of 24-inch steel recycled water pipe. The District will reimburse the Developer for the cost of the pipeline installation.

He stated, in compliance with Policy 26, District Administration of Reimbursement Agreements, the Developer received five (5) responsive bids for the construction of the pipeline (reference page 2 of the attached copy of staffs' report for the list of firms) and copies of the bids were submitted to the District. Staff evaluated and certified that the bids were in compliance with Policy 26. Basile Construction was selected as the lowest responsive bidder. Staff verified with the Contractors State License Board that Basile Construction held a current license and also checked with the Federal Excluded Parties List System which is now recommended by the recent programs specific audit for United States Bureau of Reclamation funded projects.

He noted that Policy 26 provides for reimbursement of soft costs (5% of the construction cost). This works well for PVC pipeline projects, however, steel pipeline projects require special design features and inspection elements that are not typical of PVC pipeline projects. For example the District had provided a developer with cathodic design for their use during the design phase of a pipeline project and the District will also be providing welding inspection services during construction. For this reason, the District has agreed to use actual costs rather than the typical 5% noted in Policy 26 and will reimburse the Developer progress payments on a monthly basis. Exhibit A-2 within the agreement (attached to staffs' report) identifies the total reimbursement as \$930,962.16. This is the maximum reimbursement amount for this project and includes the \$29,470 of soft costs to be reimbursed to the developer. The soft costs are approximately 3% of the total project cost. Sr. Civil Engineer Kennedy indicated that the Federal Government will be reimbursing a portion of the project's costs and that *Davis-Bacon* compliance is not required for Title XVI agreements.

In response to an inquiry from Director Robak, Senior Civil Engineer Kennedy indicated that the District will pay the developer (Industrial Park, Inc.), then the developer will pay Basile Construction for their services. With regard to the bid, the Developer handled the bidding process, but the District had input on the specifications for the steel pipe and the tape wrapping on the pipe. The Developer was also provided a copy of Policy 26 to follow for the bidding process. They are aware that they need to comply with WAS Standards, etc.

Director Croucher indicated that the District's Engineering, Operations and Water Resources Committee reviewed this item and discussed that the reimbursement agreement is in alignment with other reimbursement projects in the past. The committee was comfortable to move forward and supported staffs' recommendation.

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

Ayes:	Directors Lopez, Gonzalez, Croucher and Robak
Noes:	None
Abstain:	None

Absent: None

to approve staffs' recommendation.

10. BOARD

a) DISCUSSION ON APPOINTMENT TO VACANCY ON THE BOARD OF DIRECTORS, DIVISION 2

General Counsel Daniel Shinoff indicated that there is a very specific protocol that must be followed upon a board member's resignation. The San Diego County Registrar of Voters must be notified of the vacancy within 15 days of the resignation. It was discussed that the effective date of the resignation is March 27, 2012. The board has two options in filling the seat: 1) appoint an individual; or 2) through a special election. General Counsel Shinoff indicated that he recommended that the seat be filled through the appointment process as a special election is very costly. He also noted that the seat is up for elections in November 2012, the appointee can run for election in November if he/she is interested.

There was discussion regarding the appointment process which included a 15-day posting period and an interview process with the board of directors. It was indicated that should the District receive many applications, then an Ad Hoc Committee would be appointed to screen the applications and make recommendation of candidates to be interviewed by the full Board of Directors at a special meeting of the board. It was noted that the appointment must be made within 60 days of the vacancy, May 25, 2012.

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

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

to utilize the same format of the *Application* utilized during the last vacancy in 2010 and, dependent upon the number of applications, the President of the Board will determine if an Ad Hoc Committee should be appointed to screen the applications.

b) DISCUSSION OF 2012 BOARD MEETING CALENDAR

There were no changes to the board meeting calendar.

REPORTS

11. GENERAL MANAGER'S REPORT

## SAN DIEGO COUNTY WATER AUTHORITY (CWA) UPDATE

General Manager Watton indicated that a copy of correspondence addressed to Mr. John Foley, Chairman, Metropolitan Water District (MWD), has been provided the board. The letter recommends that MET cap their water rate increase at 3%. He noted that CWA has posted to its website a fact list on MWD. The website's objective is to address claims that are being made by MET and other agencies by providing factual information. For instance, MET is claiming that CWA did not pay annexation fees to join MET which is not true.

He also shared that CWA has issued public records requests to a number of the MET member agencies. Some agencies have turned over 10,000 documents and some released 100 documents. The City of Beverly Hills released approximately 6,000 and the City of Los Angeles released 300 documents. He stated that in the emails released by the City of Beverly Hills, they referenced that the City of Los Angeles received the same documents. The City of Los Angeles is claiming they've released all responsive documents, so CWA sued the City of Los Angeles to compel the City to comply with the law. It is hoped that the suit will also compel Western MWD and Eastern MWD to comply with the Public Records Act as they have yet to respond to the request for records. He stated that this will be a long battle and will not be easy.

It was noted that CWA is currently in negotiations with employees for a two-year contract and it was also shared that General Manager Watton and Director Croucher will attend a meeting to discuss the Poseidon Desalination Project. CWA will be agendizing a closed session discussion regarding the possible option to purchase the plant and some of the pipelines involved in the project.

President Lopez commended Director Croucher and General Manager Watton for their work as the District's CWA representatives. He stated that he has heard positive comments from some individuals at CWA.

## GENERAL MANAGER'S REPORT

General Manager Watton highlighted information from his report that included an update on school garden tours, upcoming events, such as the San Diego County Garden Friendly Plant Fair to be held at the H Street Home Depot, the outsourcing the hosting/maintenance of email, water sales, the Salt Creek Golf Course, the Ralph Chapman Reclamation Plant, meter sales and water purchases. He noted that Information Technology Chief Geoff Stevens was not in attendance at today's meeting as he is presenting a paper on the District's structured asset management program at the CA-NV AWWA Spring Conference in Santa Clara.

## 12. DIRECTORS' REPORTS/REQUESTS

Director Robak indicated that Director Bonilla's resignation has definitely ended an era at the District. He stated that he and Director Bonilla had their differences, but he does wish him well in his future endeavors. He also inquired if a response was received to CWA's correspondence to MWD Chairman Foley. General Manager Watton indicated that a response was not received, but CWA's delegates would be speaking at the MWD committee meeting next Monday and board meeting on Tuesday. Director Robak further inquired if anyone has asked Chairman Foley to resign due to his "conflict of interest." General Manager Watton indicated that there are agencies in Orange County that are discussing that, but no one has asked for his resignation.

Director Gonzalez indicated that he had attended District meetings which included the March 7 Board of Directors meeting, the Finance, Administration and Communications Committee meeting on March 19, and the Special Board Meetings held on March 19 and on March 14 where he received AB1234 Ethics and Form 700 training. He stated that the training was very helpful.

### 13. PRESIDENT'S REPORT

President Lopez thanked General Counsel and his staff for providing the Ethics and the Form 700 training. He reported on meetings he attended in March 2012 and indicated that on March 6 he attending a meeting at CWA for a briefing meeting on MWD's hearing on rates. On March 12 he traveled to Los Angeles to attend and participate in MWD's rate hearing. He stated that he attended the District's Special Board Meeting on March 14 where members of the District were provided AB1234 Ethics and Form 700 training. On March 19 he attended the District's Finance, Administration and Communications Committee and a Special Meeting of the Board of Directors where the development of the water sales forecast was discussed. He stated that he met with Director Bonilla and General Manager Watton on March 23 to discuss Director Bonilla's resignation from the District and on March 29 he met with General Manager Watton and General Counsel Shinoff to discuss the April board meeting agenda. He also shared that he attended the Water Conservation Garden Board meeting on March 14 where they were provided a presentation by the new Garden Executive Director, Mr. John Bolthouse, with regard to his plans for the Garden in his first 90 days, six (6) months and twelve (12) months as Executive Director.

President Lopez indicated that he would be reviewing the committee appointments and speaking with directors about filling the committee seats that are open due to Director Bonilla's resignation.

### 14. ADJOURNMENT

Director Croucher announced that former Helix Water District board member, Mr. Warren Buckner, had passed away at the age of 92. He stated that he was very instrumental in many of the water issues throughout our region and in the Water

Conservation Garden. A succulent garden within the Water Conservation Garden, funded by his son, is dedicated to Mr. Buckner. Director Croucher indicated that he felt it was appropriate for the District to adjourn its meeting in memory of Mr. Buckner.

With no further business to come before the Board, President Lopez adjourned the meeting at 5:17 p.m.

---

President

ATTEST:

---

District Secretary