

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT and OTAY SERVICE CORPORATION
March 6, 2013**

1. The meeting was called to order by President Lopez at 3:44 p.m.

2. ROLL CALL

Directors Present: Lopez, Thompson, Croucher, and Robak (arrived at 3:47 p.m.)

Directors Absent: Gonzalez (out-of-town on business)

Staff Present: General Manager Mark Watton, General Counsel Dan Shinoff, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Information Technology Geoff Stevens, Chief of Administration Rom Sarno, Chief of Water Operations Pedro Porras and 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 Thompson and carried with the following vote:

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR BOARD MEETING OF FEBRUARY 6, 2013

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

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

to approve the minutes of the regular meeting of February 6, 2013.

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. Chris Brown from SDG&E presented a rebate check to the District in the amount of \$1,260.00 as a result of participating in the SDG&E Energy Efficiency Rebate Program in FY 2012. Mr. Brown commended Mr. Don Anderson, Pump Electrical Supervisor, for following through with all the rebate program's requirements.

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 Thompson pulled Item 6d, APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH SEPULVEDA CONSTRUCTION FOR THE 30-INCH POTABLE WATER PIPELINE IN HUNTE PARKWAY PROJECT IN AN AMOUNT NOT-TO-EXCEED \$109,223.44, AND INCREASE THE CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET IN THE AMOUNT OF \$135,000, and Item 6e, APPROVE THE WATER SUPPLY ASSESSMENT REPORTS DATED JANUARY 2013 FOR THE OTAY TECH CENTRE PROJECT AND THE OTAY PLAZA PROJECT, for discussion.

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

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

to approve the remaining consent calendar items:

- a) ADOPT ORDINANCE NO. 537 AMENDING SECTION 25.03 B, MONTHLY FIXED METROPOLITAN WATER DISTRICT AND COUNTY WATER AUTHORITY CHARGES AND 25.03 C, MONTHLY FIXED SYSTEM CHARGES; SECTION 28.01 B, BASIS FOR DETERMINATION OF CONNECTION FEES AND CHARGES; AND SECTION 38.03, SERVICES FOR RESIDENTIAL FIRE PROTECTION OF THE DISTRICT'S CODE OF ORDINANCES
- b) ADOPT THE 2013 OTAY WATER DISTRICT LEGISLATIVE PROGRAM GUIDELINES
- c) APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH LAYFIELD ENVIRONMENTAL SYSTEMS CORPORATION FOR THE 624-1 RESERVOIR PROJECT IN AN AMOUNT NOT-TO-EXCEED

\$183,026, AND INCREASE THE CAPITAL IMPROVEMENT PROGRAM (CIP) P2477 BUDGET IN THE AMOUNT OF \$200,000

President Lopez presented Item 6d for discussion:

- d) APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH SEPULVEDA CONSTRUCTION FOR THE 30-INCH POTABLE WATER PIPELINE IN HUNTE PARKWAY PROJECT IN AN AMOUNT NOT-TO-EXCEED \$109,223.44, AND INCREASE THE CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET IN THE AMOUNT OF \$135,000

Director Thompson commented that he understands why it is necessary to replace the liner/material on the reservoir, but inquired why the project needed an additional 124 days for completion. Engineering Manager Dan Martin indicated that Director Thompson's question is more with regard to item 6c, APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH LAYFIELD ENVIRONMENTAL SYSTEMS CORPORATION FOR THE 624-1 RESERVOIR PROJECT IN AN AMOUNT NOT-TO-EXCEED \$183,026, AND INCREASE THE CAPITAL IMPROVEMENT PROGRAM (CIP) P2477 BUDGET IN THE AMOUNT OF \$200,000, rather than 6d. Mr. Martin indicated that the extended 124 days is related to the 30-Inch Potable Water Pipeline Project on Hunte Parkway. He stated that the extended time to complete the project was due to a variety of items related to multiple utility conflicts that were discovered during construction which required a redesign of the water main.

Director Thompson clarified that he had meant to pull item 6c and not 6d and further commented with regard to the warranty on the liner/material, that it is no longer in effect because the company went out of business. He indicated that there are many District projects that have fairly long warranties (20 years or more) and stated that in the future he would like staff to include in their report information the probable longevity of the proposed company. He stated that warranties are only good as long as the companies are in business. He would like to see staff include a review of the financial status of proposed companies and, if possible, a guarantee of their longevity/warranty.

General Manager Watton suggested that staff could put together a report addressing this area. The District currently has vendor warrantees, contractors' performance/materials bonds, surety/warranties, etc. Staff will review the information with the board and the board can direct staff as to what they wish included with regard to the support of vendor/contractor warrantees in staffs' reports.

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

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

to approve staffs' recommendation with regard to item 6d, APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH SEPULVEDA CONSTRUCTION FOR THE 30-INCH POTABLE WATER PIPELINE IN HUNTE PARKWAY PROJECT IN AN AMOUNT NOT-TO-EXCEED \$109,223.44, AND INCREASE THE CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET IN THE AMOUNT OF \$135,000.

President Lopez presented Item 6e for discussion:

- d) APPROVE THE WATER SUPPLY ASSESSMENT REPORTS DATED JANUARY 2013 FOR THE OTAY TECH CENTRE PROJECT AND THE OTAY PLAZA PROJECT

Director Thompson thanked staff for a great summary of the Water Supply Assessment Reports (WSAs) and stated that the Reports were very informative. Senior Civil Engineer Bob Kennedy stated in response to a question from Director Thompson, that Table 5 on pages 25 of the WSA Reports provides an overall regional water supply and demand for CWA and member agencies. Mr. Kennedy also stated that the Otay Water District's water supply and demand information is included in staff's PowerPoint presentation (page 7), both staff reports, WSA Reports (pages 41), and the District's 2010 Urban Management Water Plan (UWMP). Mr. Kennedy explained the process of the District's projected supply and demand and indicated that the projection results are provided to CWA to include in its UWMP. He indicated that the District's projects are planned on a regional level and CWA has plans to have water available.

In response to a question from Director Robak, Mr. Kennedy stated that in the next year or so the District plans to look at land use, review customers' current water use, adjust the variables accordingly and update the District's UWMP. He stated that the District will also look at building density levels (i.e. individual parcels, large properties, businesses, etc.).

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

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

to approve staffs' recommendation.

ACTION ITEMS

8. FINANCE

- a) AUTHORIZE THE GENERAL MANAGER TO CONTRACT FOR BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES FOR THE

REFINANCING OF THE 2004 CERTIFICATES OF PARTICIPATION (COPS)

Finance Manager Kevin Koeppen indicated that staff is recommending that the board approve contracts for both Bond Counsel and Disclosure Counsel Services in an amount not-to-exceed \$65,000. He stated that the refinancing process is sensitive to market conditions (interest rates), and by authorizing the General Manager to contract the services it will allow the District to act quickly on the refinancing and mitigate exposure to potential interest rate shifts. Mr. Koeppen indicated that this action will allow the District to achieve the proposed anticipated savings. Please reference the Committee Action notes (Attachment A) attached to staffs' report for additional details of his presentation.

Mr. Koeppen stated that the District has engaged Financial Advisor Suzanne Harrell from Harrell Company and Advisors, LLC, to help assist with the District's refinancing options. He indicated that Ms. Harrell has over 21 years of experience with capital financing and financial analysis and has acted as financial advisor for California public agencies. It was noted that she has conducted the competitive sale of the District's 2004 and 2007 Certificates of Participation (COPS) and has negotiated interest rates with the underwriter for the District's 2010 bonds. Mr. Koeppen introduced Ms. Suzanne Harrell to the board.

Financial Advisor Suzanne Harrell thanked the District for selecting her firm to assist in the refinance of the District's 2004 COPS. In response to a question regarding a private placement sale versus a competitive sale, Ms. Harrell stated that she believes (with her experience with private placement sales) the District would not benefit from a private placement sale because of its high AA rating. However, she noted that she would research all of the District's financing options before presenting her recommendation.

In response to a question from Director Thompson, Ms. Harrell stated that the basis points between an AA rating versus an A rating is between 30-50 points and can result in a significant amount of savings. She said that she has spoken with a few companies about private placements for the District, but the companies have indicated that they would not be interested because private placements are not very competitive for agencies that have an AA rating.

In response to a question from Director Robak, Chief Financial Officer Joe Beachem stated that due to the time sensitivity of the interest rate fluctuations, staff submitted their report early in order to meet the deadline for the Finance, Administration and Communications (FA&C) Committee meeting for approval to move the agenda item forward for board consideration at the March 6, 2013 Board meeting. He stated that the timing did not allow staff to include in their report a summary of the results of the review of the five (5) firms who submitted Request for Proposals. Mr. Beachem noted that to allow the District to act quickly on the best available interest rate, staff submitted their staff report early to request that the Board authorize the General Manager to contract for both Bond Counsel and Disclosure Counsel Services in the event the selected firms

exceeded the General Manager's \$50,000 authorization limit. It was noted that after the FA&C Committee meeting, the District received three proposals with a cost range from \$52,000 to \$62,000.

General Manager Mark Watton commented that the Financial Advisor Services request was within the range of the General Manager's authorization of \$50,000 and indicated that Ms. Suzanne Harrell had submitted the most responsive proposal.

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

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

to approve staffs' recommendation.

9. BOARD

a) DISCUSSION OF 2013 BOARD MEETING CALENDAR

Director Croucher indicated that he may be out of town on April 3, 2013.

In response to a question from President Lopez, District Secretary Susan Cruz stated that Director Gonzalez is expected to attend the April 3, 2013 Regular Board meeting.

INFORMATIONAL ITEMS

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

a) INFORMATIONAL UPDATE ON THE SECOND QUARTER FISCAL YEAR 2013 CAPITAL IMPROVEMENT PROGRAM REPORT

Engineering Manager Dan Martin provided a report on the Second Quarter Fiscal Year 2013 Capital Improvement Program. Please reference the Committee Action notes (Attachment A) attached to staff's report for the details of his report.

In response to questions from Director Thompson with regard to the Hunte Parkway 30-Inch Potable Water Pipeline Project, Mr. Martin stated that the District decided to install a 30-Inch pipeline in that area for two reasons; 1) to relieve the high and low pressure issues in that area of the system; and 2) to handle water delivery should the District decide to abandon the 20-Inch pipeline. He also responded that the Total Life-to-Date Expenditures include checks that

have already been written and are reported within 30-days of when work is completed. It was noted that projects are on schedule.

Director Robak inquired if there were any long term concerns for maintaining the 624-1 Reservoir. General Manager Mark Watton indicated, no, as long as the District complies with the Health Department's regulations for inspection.

This was an informational agenda item and no action was taken by the board.

b) REPORT ON DIRECTORS' 2ND QUARTER EXPENSES FOR FISCAL YEAR 2013

The board waived presentation and recommended that the report be received and filed.

c) INFORMATIONAL REPORT ON THE ROSARITO DESALINATION FACILITY COMMUNICATIONS PLAN

Communications Officer Armando Buelna presented some of the communications materials that have been developed for the Rosarito Beach Desalination Project. He noted that the purpose of the materials is to increase awareness and foster community and stakeholder support, and promote the announcement of the future purchase of desalinated water from the proposed Desalination Project. Please reference the Committee Action notes (Attachment A) attached to staffs' report for details of his presentation. It was noted that all items will be translated into Spanish.

Mr. Buelna indicated that later in March, District staff will meet with City of Chula Vista Mayor Cox and Council members, as well as Assembly Woman Shirley Weber (who represents a large section of the District's service area) to provide an update on the Desalination Project.

In response to a question from Director Robak, Mr. Buelna stated that portions of the Desalination Project update have been presented to Congressmen, local elected officials and community groups and that the Press Releases and Op Ed materials will be released at the appropriate time. Mr. Buelna stated the tentative timeframe of the Rosarito Desalination Facility Communications Plan depends on the progress of the Desalination Project. With regard to the Fact Sheet, he indicated that it includes messages that have been focus group tested and have also been tested with the District's customers in terms of effectiveness. It was indicated that another focus group will be convened to gain feedback on current information.

President Lopez stated that he felt it was important to share this information with the Board and indicated that he may call on his fellow colleagues to be present at some meetings and events to share information about the Rosarito Desalination Project and to answer any questions that the public may have. President Lopez feels that it is important for all board members to be present for the tour of the Rosarito Desalination Plant and the Ground Breaking Event.

Director Thompson thanked staff for presenting the organized information and stated that it will help him share consistent information about the Desalination Project when speaking to the public.

This was an informational agenda item and no action was taken by the board.

REPORTS

11. GENERAL MANAGER'S REPORT

General Manager Mark Watton introduced Grossmont High School student, Ms. Courtney Thomas, who is fulfilling a government class requirement to attend a public community meeting. She was invited by her stepfather, Assistant Civil Engineer Kevin Cameron, to attend the board meeting.

General Manager Watton announced that Engineering Manager Ron Ripperger plans to retire on March 8, 2013, and indicated that a retirement reception for Mr. Ripperger will be held on March 7, 2013, at 2:30 p.m.

Mr. Ron Ripperger indicated that he has been with the District for 22 years and 5 months. He thanked General Manager Mark Watton and stated that he has had an interesting adventure and has seen a lot of changes with the District. He stated that there are a number of good staff members working for the District and is confident that they will carry on with the District's mission. Mr. Ripperger stated that he appreciated the support from board members and especially enjoyed his time with them at committee meetings.

Director Croucher stated that Mr. Ripperger will be missed. He indicated that he is proud to have worked and be associated with him and congratulated him on his retirement.

General Manager Watton reported that the District received a distinguished budget presentation award and introduced Chief Financial Officer Joe Beachem to provide additional information about the award.

Chief Financial Officer Beachem indicated that for the eighth consecutive year, the District has been awarded the California Society of Municipal Finance Officers (CSMFO) Excellence Award for the FY 2013 Operating and Capital Budgets. He noted that this was a notable achievement for the Finance Department/District as the District also received two special recognitions along with the award which is very rare. He stated that the District's budget serves as a policy document and also a great communications tool. Mr. Beachem thanked Finance Manager Rita Bell, the lead for the preparation of the budget, and her staff for their assistance and efforts to developing and assembling the budget. It was indicated that a Press Release sharing the District's budget accomplishments is anticipated to be released shortly.

Finance Manager Rita Bell commented that the District's budget accomplishments is the product of team effort and begins with the board members, management team, supervisors, and a great Strategic Plan. Ms. Bell indicated that there are many dynamics to the development of the budget and praised and thanked each of her staff who assisted with that task: Wales Benham, Diane Ander, Marissa Dychitan, Grace Clemente, and Susan Atkins.

President Lopez thanked staff and stated that the CSMFO Excellence Award is indicative of great job performance by District staff members.

Director Croucher commented that he remembers one of the first events he had attended with President Lopez about twelve years ago was a CSDA event where the District received a finance award. It was an honor then and it is an honor now to be part of such a great organization.

Director Thompson commented that there is a misperception of this agency by some members of the public and stated that the CSMFO Excellence Award speaks to the fact that the District is well managed. He suggested that the District should put effort into sharing with the public its accomplishments and that it is a well-run organization.

Director Robak congratulated staff and thanked them for their efforts.

In addition to receiving the CSMFO Excellence Award, General Manager Mark Watton stated that the District received the 2013 Tyler Public Sector Excellence Award and thanked the Information Technology staff for their efforts. He indicated that Tyler Technologies supports the District's software programs and stated that the District applied for the award and received it in February 2013. Mr. Watton indicated that there were approximately 50 applicants who applied and stated that the award criterion was based on the organization that had best achieved a high level of excellence in the use of public sector enterprise systems. He noted that it is an honor for the District to be recognized by its peers and introduced Mr. Geoff Stevens to provide additional information.

Chief of Information Technology Geoff recognizes how well an agency uses its financial systems. He indicated that Tyler Technologies recognized the District as being one of the most aggressive users of financial system as the District takes the lead in synchronizing its Strategic Plan, budget and reports.

General Manager Mark Watton presented additional information from his report which included the acquisition by Sea World of Knott's Soak City, the Water Industry Skills Panel with Cuyamaca Community College, and the USBR Title XVI Funding.

Director Croucher updated the board on CWA matters and indicated that CWA's board members have received their committee assignments and are developing their goals and objectives which are anticipated to be released sometime in March 2013. He also shared that Vice Chairman Madaffer would like to be more involved (from a CWA level) in terms of legislative matters, reviewing projects,

and presenting legislation. He provided an update of the CWA Cost of Service Survey Review and indicated that it will finally launch in three phases: 1) review of current service, 2) sustainability, and 3) review of desalination. It was noted that Farmers Bureau has asked CWA to review Governor Brown's proposal, as well as other options for water resources.

12. DIRECTORS' REPORTS/REQUESTS

Director Robak shared that Mr. Del Lauder, a former board member of the Otay WD from 1996 to 2000, passed away on January 23, 2013. In memory of Mr. Lauder, Director Robak read his obituary into the record.

Director Croucher stated that Mr. Lauder will be missed and requested that the meeting be closed in his honor.

13. PRESIDENT'S REPORT

President Lopez reported on meetings he attended during the month of February 2013 (a list of meetings he attended is attached). He indicated, with regard to the Metro Commission, that City of Chula Vista Mayor Cheryl Cox has been elected as the new Chair of the Commission. President Lopez indicated that he plans to attend a Metro Commission meeting on March 7, 2013, where Mayor Cox plans to approve his appointment to the Commission's Finance Committee.

14. ADJOURNMENT

Per Director Croucher's request, a moment of silence was held in honor of former board member Mr. Del Laudner.

With no further business to come before the Board, President Lopez adjourned the meeting at 5:28 p.m.

President

ATTEST:

District Secretary

President's Report
March 6, 2013 Board Meeting

A) Meetings attended during the Month of February 2013:

- 1) **February 6: Attended the District's Regular Board Meeting**
- 2) **February 13: Attended Vice Chairman Cox' State of the County Address.**
- 3) **February 15:**
 - a) **Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the February Committee Meetings.
 - b) **Attended the Chula Vista Chamber's Annual Installation Dinner.** Attendees: Directors Robak and Thompson, General Manager Watton, Communications Officer Buelna, District Secretary Cruz and Sr. Exec. Confidential Secretary Cayetano.
- 4) **February 20: Attended the District's Finance, Administration & Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the March Board Meeting.
- 5) **February 21:**
 - a. **Filled in for Director Gonzalez at the District's Engineering, Operations and Water Resources Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the March Board Meeting.
 - b. **Attended CSDA Quarterly Dinner Meeting.** Jeff McDonald, Watchdog Reporter for the Union-Tribune, presented on what sparks an investigation and tips on how to deal with the media during an investigation. Attendees: Director Robak, General Manager Watton, Communications Officer Buelna, District Secretary Cruz and Sr. Exec. Confidential Secretary Cayetano.
- 6) **February 25: Attended the District's Desalination Committee.** Reviewed the Communications Plan for the Rosarito Desalination Project.

B) Meetings attended during the Month of March 2013:

1) **March 1:**

- a) **Attended the City of Chula Vista Mayor's First Friday Breakfast Meeting.** Mayor Cox provided an update on the proposed University to be located in East Chula Vista. Attendees: Director Robak, General Manager Watton and Communications Officer Buelna.
- b) **Met with Congresswoman Susan Davis.** Updated her on Otay matters which included the Rosarito Desalination Project. Attendees: General Manager Watton and Communications Officer Buelna.
- c) **Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the March Board Meeting.

DELBERT and MARY LOU LAUDNER

Obituary



LAUDNER, DELBERT and MARY LOU Mary Lois (Wilson) Laudner of El Cajon, CA, died November 24, 2012. She was born September 20, 1924 in Charles City, Iowa. Mary achieved a Bachelors and Masters Degree from San Diego State College. In 1944 Mary was a Meteorologist with the National Weather Service and was an English and Journalism teacher at El Capitan H.S. in the 1960's. Married July 7, 1943 to Delbert Dale "Scratch" Laudner of El Cajon, CA, who died January 23, 2013. Delbert was born on March 6, 1924 in Greene, Iowa. He worked as a machinist at Oliver Farm and Equipment Company prior to joining the [Army](#) in February 1943. Delbert served in the Army Air Corp during [World War II](#) and flew 36 combat missions as a tail gunner over the Balkans and Germany. After being shot down in a B-17, he spent 10 months as a prisoner of war in Poland and Hungary, until his release at the war's end. Delbert was honorably discharged from his service November 14, 1945 with the rank of Staff Sergeant. He earned a Bachelor's degree in Civil Engineering at San Diego State College and worked on Dam Projects in Tanzania, Nigeria and Puerto Rico in the 1960's and 70's. He worked as an inspector for the County of San Diego and as an independent contractor. Delbert retired from the Otay water district as the operations manager, and then served two elected terms on the Otay Water District Board. Delbert is survived by three sisters and one brother. Delbert's Memorial Services will be held at 10:00 am, Saturday, February 16, 2013, at Conrad's Lemon Grove Mortuary, 7387 Broadway, Lemon Grove, CA 91945.

Guest Book

8 entries | 2 photos

"Peace be with them and God bless"

- Diane and Chris Massee

The Guest Book is expired.

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