

**MINUTES OF THE  
BOARD OF DIRECTORS MEETING OF THE  
OTAY WATER DISTRICT  
October 1, 2014**

1. The meeting was called to order by President Lopez at 3:38 p.m.

2. ROLL CALL

Directors Present: Croucher, Gonzalez (arrived at 3:48 p.m.), Lopez and Thompson

Directors Absent: Robak (out-of-town)

Staff Present: General Manager Mark Watton, General Counsel Daniel Shinoff, Asst. GM German Alvarez, Chief of Engineering Rod Posada, Chief Financial Officer Joe Beachem, Chief of Information Technology Geoff Stevens, Chief of Operations Pedro Porras, Asst. Chief of Administration and Information Technology Adolfo Segura, Asst. Chief of Operations Jose Martinez, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

President Lopez indicated that he would like to move item 7a, ADOPT RESOLUTION NO. 4243 SUPPORTING THE CITY OF SAN DIEGO'S NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM PERMIT AS PART OF A LONG-RANGE REGIONAL WATER REUSE PLAN WITH THE GOAL OF REALIZING A SECONDARY EQUIVALENT POINT LOMA WASTEWATER TREATMENT, to be presented prior to the consent calendar.

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

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR BOARD MEETINGS OF JULY 2, 2014

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

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

to approve the minutes of the regular board meetings of July 2, 2014.

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

No one wished to be heard.

ACTION ITEMS

7. ADMINISTRATION, FINANCE AND INFORMATION TECHNOLOGY

- a) ADOPT RESOLUTION NO. 4243 SUPPORTING THE CITY OF SAN DIEGO'S NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM PERMIT AS PART OF A LONG-RANGE REGIONAL WATER REUSE PLAN WITH THE GOAL OF REALIZING A SECONDARY EQUIVALENT POINT LOMA WASTEWATER TREATMENT

Mr. Scott Tulloch of Atkins Global and a consultant to the Metro Wastewater Joint Powers Authority (Metro JPA), indicated that the Metro JPA is requesting the support of each of its members for the permit application that will be brought before the San Diego City Council later in the month. The City staff will be making a recommendation on the Point Loma Wastewater Treatment Plant (PLWTP) and would like the Metro JPA to support those recommendations.

He provided some background information on the Metro JPA and indicated that the twelve (12) member agencies (Metro JPA; see attached presentation for list of members) make up 35% of the flow and cost of the SD Metro Wastewater system with Otay WD being one of the member agencies. He presented a slide showing the San Diego Metro Sewer System which consists of the PLWTP (240 MGD), North City Water Reclamation Plant (30MGD), South Bay Water Reclamation Plant (15 MGD), Metro Biosolids Center, Point Loma Ocean Outfall, South Bay Ocean Outfall and the Metro Wastewater Pump Stations/Pipelines.

He indicated that the PLWTP is the backbone of the sewer system and is a chemically enhanced advanced primary treatment plant. The plant has a 4.5 mile long ocean outfall line (310 feet in depth) that provides superior dispersion with a high degree of dilution. He stated the plant has been in operation for a long time and there has been extensive ocean monitoring and no negative

impacts have been identified to marine organisms surrounding the outfall. The plant operates with a modified 301(h) permit or waiver from secondary standards that has been renewed every five (5) years. The current permit expires on July 31, 2015.

Mr. Tulloch indicated that the PLWTP is the last major advanced primary treatment plant in the U.S. The plant has received a great deal of scrutiny because it is not a secondary treatment plant and it has been legally challenged in the past by the environmental community. There is political pressure and the regulatory agencies are also not supportive of the plant staying at the advanced primary treatment level. He stated that it is difficult for the City to plan for its ratepayers and infrastructure when it is unclear if the plant will receive a renewal of its permit.

He stated though the PLWTP has been able to demonstrate that it does not impact the environment, there is still pressure to spend \$2.1 billion to convert the plant to a secondary treatment plant. He indicated that the City of San Diego is proposing a solution that makes more sense economically for the region. The PLWTP is a 240 MGD plant and it is proposed that 100 MGD be diverted to potable reuse plants, which would bring down the treatment at the PLWTP to 140 MGD. By reducing the amount of wastewater treated at the plant, the mass emissions (solids that are sent to the ocean) would be the same as if the City spent the \$2.1 billion to convert the plant to secondary treatment. This region will also get an additional source of water; 83 MGD of Indirect Potable Reuse (IPR).

In 2012 the City of San Diego prepared a Recycled Water Study and the study proposed that the City look at a 20-year program to build 83 MGD of IPR. He noted that the proposal spoke of IPR as opposed to Direct Potable Reuse (DPR) as the State was not advanced enough for DPR at the time the study was written. He stated that though the study discussed IPR it does not preclude the City from switching over to DPR when the program is actually executed. If the City produces IPR, the intent is to place the water into the San Vicente and Otay Water reservoirs. He indicated that this would significantly reduce planned wastewater flows to the PLWTP and would be the basis for identifying the PLWTP as secondary equivalent. He explained that this combination is what the City is calling "Pure Water San Diego."

He stated in order to protect the region's ratepayers, this concept of "Pure Water San Diego" must be codified in the *Clean Water Act*. The City is proposing that the *Ocean Pollution Reduction Act* (OPRA) be amended with this concept and title it OPRA II. By amending the Act, it would allow the City to go forward in the future as an Advanced Primary Treatment Plant and it would not need to request a modified permit when the permit is renewed. The City would be able to submit a normal permit application every five (5) years.

The proposed enforceable provisions under the modified permit are:

- The PLWTP would remain an Advanced Primary Treatment Plant
- The TSS would be capped at 12,000 metric tons/year starting December 31, 2015 (currently it is capped at 13,500 metric tons/year). The plant currently releases into the ocean about 6,500 metric tons/year.
- Prepare Pure Water environmental documents
- Complete the design for at least the first 15 MGD of potable reuse

The goal of the Pure Water Program is to build three (3) plants and by the end of 20 years (December 31, 2035), the region would have 83 MGD of potable reuse water supply through diverting flow from the PLWTP. As the City builds facilities, the agreement is to reduce the mass emissions cap. As flow is diverted from the PLWTP, the cap will decrease until the TSS cap is at 9,942 metric tons/year, which is secondary equivalency. Mr. Tulloch indicated that these are just goals and there is no financial commitment. The City is just communicating their plan to the EPA and Congress, so that when the legislation is brought forward next year they are aware of what the goals are of the Pure Water Program.

The Metro Commission is meeting on October 16 to consider a resolution supporting the Point Loma permit application. He noted that the Otay WD's staff has been assisting in moving this project forward for the last year and half and the last item is to get the Federal legislation approved.

Director Croucher inquired with the failure of the "Toilet to Tap" project some years ago, what protests/criticisms the city is hearing with regard to potable reuse. Mr. Tulloch indicated that the city of San Diego has been working to educate the public. He indicated that this is a well-developed technology and it is utilized all over the world. It has a lot of safeguards and today, public acceptance of potable reuse is 75%.

General Manager Watton indicated that Otay WD's customer surveys show that same level of support from its customers. There are cities that are already doing potable reuse and, now that it is already being done, it is easier to introduce to the public now.

Director Thompson inquired if there was a concept yet determined on how the costs would be allocated. Mr. Tulloch indicated that the JPA members have been working on a number of alternative ways of looking at how costs can be allocated. He indicated that if there are any new primary, secondary facilities that needs to be built, it would be associated with wastewater cost. Anything beyond tertiary, the cost would be associated with water. On the water side, you are looking at an alternative to buying water or producing your own water.

Director Croucher indicated that the cost sharing should be worked out ahead of time. He stated that a lesson can be learned from the South Bay Water Reclamation Plant issues. He commented that working out an equitable agreement ahead of time is key to the success of the Pure Water Program. Director Croucher indicated that he was appreciative that Mr. Tulloch is still

involved in the water industry as he brings a lot of knowledge, expertise and historical value to this project.

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

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

to approve staffs' recommendation.

### CONSENT CALENDAR

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 Thompson pulled item 6e, APPROVE AMENDMENT NO. 2 TO THE EXISTING CONTRACT WITH AECOM TECHNICAL SERVICES, INC. FOR THE DESIGN OF THE OTAY MESA DESALINATION CONVEYANCE AND DISINFECTION SYSTEM PROJECT DECREASING THE CONTRACT BY \$364,774 RESULTING IN A LOWER CONTRACT AMOUNT WITH AECOM OF AN AMOUNT NOT-TO-EXCEED \$3,681,932, for discussion.

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

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

to the following consent calendar items:

- a) APPROVE AMENDMENTS TO THE DISTRICT'S PURCHASING MANUAL SECTION 12, DISPOSAL OF SURPLUS PROPERTY, IN ORDER TO STREAMLINE AND EXPEDITE THE DISPOSAL PROCESS, PROVIDE CLARITY TO INTENT, AND TO ALIGN DISPOSAL PROCEDURES WITH DISTRICT POLICY
- b) APPROVE A CONSTRUCTION CONTRACT WITH OLYMPUS & ASSOCIATES, INC. FOR THE 944-1, 944-2 & 458-2 RESERVOIR INTERIOR/EXTERIOR COATINGS AND UPGRADES PROJECT IN AN AMOUNT NOT-TO-EXCEED \$1,206,008

- c) APPROVE A CONSTRUCTION CONTRACT WITH RAP ENGINEERING, INC. FOR THE 870-1 RESERVOIR ACCESS ROAD PAVING PROJECT IN AN AMOUNT NOT-TO-EXCEED \$207,362.02
- d) APPROVE UTILITY AGREEMENT NO. 33622 WITH CALTRANS FOR ROUTES 11/125/905 CONNECTOR RAMPS BLOW OFF RELOCATION PROJECT

President Lopez presented item 6e for discussion:

- e) APPROVE AMENDMENT NO. 2 TO THE EXISTING CONTRACT WITH AECOM TECHNICAL SERVICES, INC. FOR THE DESIGN OF THE OTAY MESA DESALINATION CONVEYANCE AND DISINFECTION SYSTEM PROJECT DECREASING THE CONTRACT BY \$364,774 RESULTING IN A LOWER CONTRACT AMOUNT WITH AECOM OF AN AMOUNT NOT-TO-EXCEED \$3,681,932

Director Thompson indicated that he understands that staff is amending the scope of work for the EIR and removing the construction services portion of the contract. He stated that the decrease in the contract of \$364,774 is for construction services and inquired if this was part of the original budget. He also inquired with regard to the State Department's requirement to comply with the regulations of the Council for Environmental Quality, which states that there can't be any suggestion of financial interest in the construction of the project by the firm that is completing the project's environmental work, if the District has had both services under one contract in the past and if this is advisable. Environmental Compliance Specialist Coburn-Boyd indicated that the decrease in the contract cost (\$364,774) is specifically for design services for the construction of the project. Ms. Coburn-Boyd indicated that the State Department is very strict with their conflict of interest requirements and the State Department Attorney's opinion was that it would be most efficient for the District to remove the services so there would be no question at all of conflict. If the District did not remove the services, the Attorney for the State Department indicated that she would need to consult with the Attorney for the Council of Environmental Quality which would delay the District's EIR and EIS. Because of this, staff is recommending that the District amend AECOM's contract as suggested by the State Department's Attorney. Director Thompson indicated that he was supportive of staffs' recommendation and just felt it was worth noting the State Department's opinion on the possible conflict with AECOM performing the EIR/EIS and the design services. Ms. Coburn-Boyd indicated that the District does have agreements where a separate consultant is performing the environmental work and contracts where it includes both the design contract and environmental work. She stated it depends if the design consultant has the environmental expertise. It was discussed that there has not been an instance, locally, of an EIR/EIS being challenged because the contractor was also performing the design work, but it could have occurred in another part of the Country.

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

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

to approve staffs' recommendation.

## ACTION ITEMS

### 9. ADMINISTRATION, FINANCE AND INFORMATION TECHNOLOGY

- b) APPROVE A PROFESSIONAL SERVICES CONTRACT WITH PIPELINE INSPECTION & CONDITION ANALYSIS CORPORATION FOR INSPECTION AND CONDITION ASSESSMENT OF THE RALPH W. CHAPMAN WATER RECYCLING FACILITY 14-INCH FORCE MAIN IN AN AMOUNT NOT-TO-EXCEED \$302,092

Senior Civil Engineer Jeff Marchioro indicated that staff is requesting the board's authorization to execute an agreement with Pipeline Inspection & Condition Analysis Corporation (PICA) for the inspection and condition assessment of the Ralph W. Chapman Water Recycling Facility (RWCWRF) 14-inch Force Main in an amount not-to-exceed \$302,092. The District owns and operates the 14-inch Force Main, which is approximately three (3) miles long, and the main has been in service for 34 years. This is about half its 75 year life expectancy.

He stated that staff would like to gain a better understanding of the condition of the main and its actual remaining life expectancy for a few reasons:

- District staff had recently repaired two (2) leaks, on an emergency basis, in the upper portions of the steel force main. It was found that the backfill was improperly placed causing corrosion on the outside which worked its way to the inside of the pipe. On either side of the repair, the pipe appeared to be in good shape.
- Approximately 5 years ago, the District replaced all air-vac and in-line valves and the replaced valves were found to be severely corroded.
- The consequence of failure is high. The entire force main traverses an environmental preserve which drains to the Sweetwater Reservoir.

Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of Mr. Marchioro's report.

Director Gonzalez noted that the Engineering, Operations and Water Resources Committee reviewed this item and it was discussed that the large price difference

between the companies is due to technology that only PICA could provide. PICA was the only respondent that could provide an assessment of the remaining life of the pipe based on the remaining wall thickness of the steel pipe. Director Croucher noted that this is an area where the District must be extremely cautious with the environment as it is a riparian area and the area drains into the Sweetwater Reservoir. He stated that moving forward with the inspection is an absolute must for the District.

General Manager Watton indicated that the water business is changing and technology is vastly improving. In the past, the remaining thickness of a pipe could not be determined and so it was more cost effective to just replace the entire pipeline. With new technology, the remaining thickness of the pipe can be determined throughout the full length of the pipe which then helps identify where repairs need to be made. The life expectancy of a pipe is generally 75 years, but now it can possibly last another 75 years with this new technology. This is also true with the sewer pipelines and the new CCTV technology. With CCTV technology, dips and sags in the sewer pipe can be determined which identifies which areas of the pipe need repairs. This provides savings as it avoids the replacement of the entire pipeline.

In response to an inquiry from Director Thompson, staff indicated that PICA's SeeSnake technology is superior to the SmartBall technology as it can detect the thickness of the pipe every 1/4 inch of the line. It can also pinpoint defects within an hour accuracy and within two (2) inches along the length of the pipe.

It was discussed that due to the high chlorine content of recycled water, there is concern that the life expectancy of the force main pipeline may be shortened. Staff has noticed corrosion at some air-vac sites and the pipeline is getting old, so staff wishes to inspect the line to assure there are no weak/corroded points needing repair/replacement. The thickness of the metal of the pipeline will indicate whether it requires repairs.

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

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

to approve staffs' recommendation.

## 10. BOARD

### a) DISCUSSION OF THE 2014 BOARD MEETING CALENDAR

There were no changes to the board meeting calendar.

## INFORMATIONAL ITEM

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

- a) ANNUAL DIRECTOR'S EXPENSE REPORT FOR FISCAL YEAR 2014

Director Thompson commented that he had done some research on the web and found that the Otay WD's board expenses are 40% of the cost of other agencies of comparable size. Director Croucher also noted that in 2001 the Otay WD's board expenses was over \$100,000 and that cost has been reduced by nearly 75%.

- b) FISCAL YEAR-END 2014 STRATEGIC PERFORMANCE PLAN REPORT

Chief of Information Technology Geoff Stevens indicated that this item was reviewed in detail with the committees and that he would be presenting a quick review of the 2014 year-end performance. Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of Mr. Steven's report.

Director Croucher indicated that the committee had suggested that staff not change the deliverables too much so that when they are measured from year-to-year, they are true measures from the baseline to date. He stated that if measures require changing in order to get the information we need, that it is fine, but not to change measures just to change them.

## REPORTS

12. GENERAL MANAGER'S REPORT

General Manager Watton presented information from his report that included information on small, minority and disadvantaged business outreach; the employee recognition luncheon; implementation of the new MOU; August water use; and the Rosarito Beach Desalination Project. He indicated that the rate increase notices (approximately 55,000) have all been mailed to customers. The District has received about six (6) calls to date regarding the notices. All the callers, with the exception of one, inquired how much the increase would be for them and the one caller complained about the amount of the sewer increase.

General Manager Watton indicated that there are handouts for the board on the dias. The handouts are from the County Water Authority (CWA) and they provide an update on water supply and drought management, the Carlsbad Desalination Project, and CWA's preliminary 2015 water supply outlook. He noted on page four (4) of the 2015 water supply handout, slide number seven (7),

shows scenarios if MWD implemented allocations. Should MWD implement allocations next year, he explained that there is no need for a city to tell MWD that they are invoking their preferential rights as MWD will fulfill any water requests that are within a particular city's preferential rights. San Diego's consumption is currently under its preferential rights (San Diego has cut its water use by 30%) and if MWD implements allocations, the CWA may choose to buy more water from MWD as the allocations are based on past water use.

He noted that he had an opportunity to visit the Carlsbad Desalination Project and that it was very impressive. He stated the contractor is doing a great job and the project is ahead of schedule at 65% completion. The plant is expected to go online in the fourth quarter of 2015. The original schedule was in the first quarter of 2016.

In response to an inquiry from Director Croucher, General Manager Watton confirmed that the sewer complaint was from a District customer and was not a sewer customer of the City of Chula Vista. He noted that if the District does receive a call from a City of Chula Vista customer, the District directs those calls to the City.

#### SAN DIEGO COUNTY WATER AUTHORITY UPDATE

Director Croucher indicated a key issue occurring at the CWA impacting Otay WD is the slate of officers. He stated Mark Weston was elected Chair, Mark Muir was elected Vice-Chair and Jim Madaffer was elected Secretary. The slate of officers is positive for the District as our agencies have similar interests. General Manager Watton added that the District has been working to oppose CWA's current proposed fiscal sustainability study on rate structures and it is felt under the new slate of officers, the District will get a more open look at the fiscal sustainability study/rate structures. This will be very positive for the District.

Director Croucher stated he represented CWA and Otay WD before the Legislative Advocates in Sacramento. CWA will be presenting next month a recommendation of which advocates they would like to use. The Carlsbad Desalination Project is ahead of schedule which is good news for the region as the drought continues. The region has been putting a lot of effort in conservation as well and CWA wishes to assure that the conservation message is hitting all groups in our region; all ethnicity, children to the elderly, etc.

He indicated that the Water Conservation Garden will be holding their Fund Raising Gala on October 18 and asked that the District support the event and encourage others to support the event. In response to an inquiry from Director Thompson, Director Croucher indicated that though there is more participation in the rebate programs, it is not expected that the funding for the programs will run out. The focus is to encourage conservation and they will continue to fund the programs. He indicated that he had two flyers which lists all the commercial and

residential rebate programs and that he would provide District Secretary Susan Cruz copies that can be shared with the board.

He also shared that the water bond is getting positive support throughout the State. In San Diego it's getting about 50% support from the voters and 60% to 70% throughout the State.

He noted that Mr. Vincent Mudd stepped down from the CWA board and Ms. Yen Tu has been appointed to his seat on MWD's board. CWA's representatives to MWD are now Ms. Fern Steiner, Mr. Mike Hogan and Mr. Keith Lewinger.

13. DIRECTORS' REPORTS/REQUESTS

Director Croucher shared that he attended the YMCA Branding Event and it was very well attended.

Direct Thompson inquired about the potable water sales and purchases presented in the financials of the General Manager's Report; why they did not track more closely. He stated that the financials show that the District is \$146,458 ahead of the budget on sales (revenue) and \$400,100 more expensive on purchases (expense). Chief Financial Officer Beachem indicated that the District bills throughout the month for water that is used by customers for the last 30 days, so there is a timing issue with the accrual of water sales. He indicated that he had asked staff to review the report and see if there is a way to report the numbers so they track more closely.

14. PRESIDENT'S REPORT

President Lopez reported on meetings he attended during the month of October 2014 (a list of meetings he attended is attached).

15. CLOSED SESSION

The board recessed to closed session at 5:15 p.m. to discuss the following matter:

- a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION [GOVERNMENT CODE §54956.9]

1 CASE

16. RETURN TO OPEN SESSION

The board reconvened from closed session at 5:30 p.m. and General Counsel Dan Shinoff indicated that the board met in closed session and took no reportable actions.

17. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 5:30 p.m.

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President

ATTEST:

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District Secretary

**President's Report**  
**October 1, 2014 Board Meeting**

**A) Meetings attended during the Month of September 2014:**

- 1) **September 3: Attended the District's Regular Board Meeting.**
- 2) **September 10: Committee Agenda Briefing.** Met with General Manager Watton and Asst. General Manager Alvarez to review items that will be presented at the September committee meetings.
- 3) **September 11: Attended a meeting of the Metro Commission**  
(see attached agenda)
- 4) **September 16: Attended the District's Finance, Administration and Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the October board meeting.
- 5) **September 18: Attended the South County Economic Development Council's 10<sup>th</sup> Annual Elected Officials Reception.** Attendees: Directors Gonzalez and Thompson and Communication Officer Buelna.
- 6) **September 24: Attended the District's Employee Recognition Luncheon.**
- 7) **September 26: Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the October Board Meeting.