

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
January 7, 2015**

1. The meeting was called to order by President Lopez at 3:35 p.m.

2. ROLL CALL

Directors Present: Croucher, Lopez, Robak and Thompson

Directors Absent: Smith (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

The pledge of allegiance was led by Boy Scout Michael Holder who attended the meeting to complete a merit badge requirement.

4. APPROVAL OF AGENDA

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

Ayes: Directors Croucher, Lopez, Robak and Thompson

Noes: None

Abstain: None

Absent: Director Smith

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR BOARD MEETINGS OF OCTOBER 1, 2014 AND SPECIAL MEETING OF DECEMBER 5, 2014

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

Ayes: Directors Croucher, Lopez, Robak and Thompson

Noes: None
Abstain: None
Absent: Director Smith

to approve the minutes of the regular board meeting of October 1, 2014 and special board meeting of December 5, 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.

CONSENT CALENDAR

7. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:

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

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

to approve the following consent calendar items:

- a) APPROVE THE PURCHASE OF A SCREENINGS COMPACTOR FROM ENVIRO-CARE FOR THE DISTRICT'S RALPH W. CHAPMAN WATER RECLAMATION FACILITY IN THE AMOUNT OF \$69,451.56
- b) APPROVE THE RE-CERTIFICATION OF THE FIVE-YEAR UPDATE OF THE OTAY WATER DISTRICT'S SEWER SYSTEM MANAGEMENT PLAN IN ACCORDANCE WITH THE STATEWIDE GENERAL WASTE DISCHARGE REQUIREMENTS FOR SANITARY SEWER SYSTEMS
- c) AWARD A CONSTRUCTION CONTRACT TO CORA CONSTRUCTORS, INC. FOR THE RALPH W. CHAPMAN WATER RECLAMATION FACILITY (RWCWRF) RETURN ACTIVATED SLUDGE (RAS) PUMPS REPLACEMENT PROJECT IN AN AMOUNT NOT-TO-EXCEED \$315,315.00
- d) AWARD A PROFESSIONAL ENGINEERING SERVICES CONTRACT TO R. F. YEAGER ENGINEERING, LLC FOR AS-NEEDED CORROSION

ENGINEERING AND RESERVOIR COATING INSPECTION SERVICES FOR CALENDAR YEARS 2015 AND 2016 (ENDING DECEMBER 31, 2016) IN AN AMOUNT NOT-TO-EXCEED \$175,000

- e) AWARD A CONSTRUCTION CONTRACT TO TC CONSTRUCTION CO., INC. FOR THE SR 11/125/905 CONNECTOR RAMPS BLOW OFF RELOCATION PROJECT
- f) IMPOSE A \$1,000 FINE FOR METER TAMPERING AT 1785 TRESEDER CIRCLE IN EL CAJON
- g) APPROVE A REIMBURSEMENT AGREEMENT BETWEEN THE SAN DIEGO ASSOCIATION OF GOVERNMENTS AND THE OTAY WATER DISTRICT FOR CONSTRUCTION COSTS ASSOCIATED WITH THE SOUTH BAY BUS RAPID TRANSIT PROJECT; INCREASE THE CIP BUDGET FOR P2539 BY \$525,000 (INCREASE THE OVERALL CIP BUDGET FROM \$375,000 TO \$900,000)
- h) ADOPT THE 2015 OTAY WATER DISTRICT LEGISLATIVE PROGRAM GUIDELINES
- i) ADOPT RESOLUTION NO. 4246 SUPPORTING THE PADRE DAM MUNICIPAL WATER DISTRICT'S ADVANCED WATER PURIFICATION DEMONSTRATION PROJECT

ACTION ITEMS

8. GENERAL MANAGER

- a) CONSIDER CASTING VOTES FOR A REGULAR DISTRICT MEMBER AND AN ALTERNATE DISTRICT MEMBER ON THE LOCAL AREA FORMATION COMMISSION'S (LAFCO) COMMISSION IN THE LAFCO SPECIAL DISTRICT'S ELECTIONS

After a short discussion, a motion was made by Director Croucher, seconded by Director Robak and carried with the following vote:

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

to approve the LAFCO nomination committee's recommendation to vote for Ms. Jo MacKenzie, Vista Irrigation District, as the Regular Member and Mr. Edmund Sprague, Olivenhain MWD, as the Alternate Member of LAFCO's commission.

9. BOARD

a) DISCUSSION OF THE 2015 BOARD MEETING CALENDAR

There were no changes to the board meeting calendar.

INFORMATIONAL ITEM

10. THE FOLLOWING ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEM:

a) FIRST QUARTER FISCAL YEAR 2015 CAPITAL IMPROVEMENT PROGRAM REPORT

Engineering Manager Dan Martin provided an update on the District's first quarter of FY 2015 Capital Improvement Program. He indicated that the FY 2015 budget is divided into 73 projects totaling \$10.6 million. The overall expenditures for the first quarter are \$1.3 million which is approximately 12% of the FY 2015 budget. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Mr. Martin's report.

Director Thompson inquired with regard to the list of Consultant Contracts in staffs' presentation, why the contract for Mr. Hector Mares was listed under *Design*. Chief of Engineering Posada indicated that Mr. Mares was the District's Bi-national Consultant and it was listed under *Design* because the project is currently in the design stage. He noted that the contract could fit under the *Planning* category as well.

President Lopez indicated that he would like a report on safety. The precautions the District takes for safety, such as shoring and things of that nature. He stated that he would like to provide the new Director an update in this area.

REPORTS

11. GENERAL MANAGER'S REPORT

General Manager Watton presented information from his report that included an update on the San Diego County Water Authority's planned treated water shutdown, new hires and promotions, emergency response training, Oak Grove Middle School turf removal project, MWD rebate program budget increase, and the Integrated Resource Plan.

Director Thompson inquired about the emergency red phones that were reported in the General Manager's report and how they were different from other District phones. General Manager Watton indicated that the red phones provide a direct

line to dial out, thus if the District's switch is down or there is a power outage during an emergency, staff is able to make calls. The phones are placed throughout the District. Director Thompson indicated that during a catastrophe, it was found with the loss of electrical power, the only communications that worked was satellite communications. He inquired if there was any reason for the District to have satellite communications capability. Staff indicated that it is one of the areas that the District is exploring in terms of what enhancements the District can make to assure operations continue in the event of an emergency. Staff is discussing power generators, mobile radios, satellite radios, food storage in various facilities throughout the District's service area, etc. It was found that during the fire storms, the most reliable method of communication was radio communications as the satellite radios also got overwhelmed. Thus, staff has selected radio as the basic line of communication within the District. The District is currently retraining staff on the appropriate protocols for radio communication. In response to a comment from Director Croucher, staff indicated that the District does participate in the Government Emergency Telecommunication Service (GETS). GETS provides government agencies priority access on telecom systems.

Staff confirmed in response to another inquiry from Director Thompson that the average yield to maturity of 0.6% noted in the financial reports is an annual return. Director Thompson also commended staff for the accuracy of their water purchases and meter sales projections.

General Manager Watton indicated with regard to the handouts for the board that were placed on the dias that the first handout indicates the County water agencies' residential gallons per capita per day usage. The District's residential gallons per capita per day is 67 which is the second lowest in the County behind the City of San Diego. He stated that he also provided a copy of CWA's *News & Notes* newsletter as he wished to highlight that CWA is recruiting for the Spring 2015 Citizens Academy. He indicated that if the Directors wished to nominate someone in the community to attend the academy to please share the community member's name with him. He also noted in the newsletter that there is a list of MWD Tours of the Colorado River Aqueduct System and the State Water Project. He stated, again, if there is someone in the community that members of the board feel would benefit from a tour of our region's water supply facilities, to please provide him their name.

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

Director Croucher indicated that there was a recent newspaper article regarding the North American Development Bank (NADB) providing a loan of \$22 million dollars to a South Korean firm (G.S. Inima Environment S.A.) for a Mexican Desalination Project in Ensenada. He stated that he wanted to assure that the District's Desalination Committee was following such news.

General Manager Watton indicated that the District had spoken with a senior employee of the NADB. NADB it is another piece that solidifies the public/private partnership and it is something that the Rosarito Desalination Project is considering. He stated that it is premature for the Rosarito Beach Desalination Project, but that it will be attractive to have that for the project. He indicated in response to an inquiry that the Ensenada project has always been a public/private partnership with G.S. Inima Environment S.A. The Mexican Federal Government contributed \$14 million to the project. There is also private funding along with the \$22 million NADB loan to fund the total project cost of \$48 million. He noted that Inima will own the plant.

Director Croucher shared with regard to CWA that they did not hold a December meeting. He indicated that he will be attending his first Legislation, Conservation and Outreach Committee (LCO Committee) meeting next Thursday, January 14. Director Croucher co-chairs the committee with Ms. Fern Steiner, City of San Diego, and Ms. Christy Guerin, Olivenhain MWD. He also shared that he just received information regarding the Turf Replacement Program and indicated that there are two programs:

1. Replacement with water tolerant plants at \$1.50/sq. foot. This fund has been fully expended and they will not be accepting additional applications. CWA's staff will be updating CWA's board on the success of the program and their plans to acquire new grant funding for the program.
2. Replace turf with artificial turf. This is new program that will be rolled out soon.

He asked staff to disseminate the information to the District's customers so they are aware of the program and have an opportunity to maximize their conservation efforts.

He also indicated that he is working with CWA's staff to assure they continue to provide the District information on the conservation programs that are available and who may be contacted regarding the programs.

12. DIRECTORS' REPORTS/REQUESTS

Director Robak indicated that record rain fell throughout the State, with the exception of San Diego. He stated that the State received 10 trillion gallons of rain water which is enough to cover the entire State of California with three and half (3½) inches of water. He indicated that while he is proud of the District's customers' gallons per capita per day water use, the District's use is up 2.4% and the County's use is up 1.3% from last year. He observed that the entire State experienced record heat and inquired why the District's and the County of San Diego's use went up, while the rest of the State's use went down. General Manager Watton indicated that it is not certain why the use it up and that it may be the weather patterns in the County versus the rest of the State. It was noted

that the per capita water use of 67 gallons per day is only for residential use. It does not include commercial, however, the District is significantly below its goal and is in good shape.

Director Robak also commented on the Fallbrook ID and Rainbow MWD merger. He indicated that it appears it is moving forward and that the staff of both agencies is supporting the merger.

Director Croucher indicated that he sits on the LAFCO Special Districts Advisory Committee and the merger was an item on the committee's agenda. The boards of both agencies attended the meeting and discussed the merger. He stated the largest issue with the merger is governance. The agencies are deadlocked on this issue and the Special Districts Advisory Committee suggested that they continue their discussions and work out a compromise. He indicated that by the end of the meeting, both agencies felt that they could work together on this issue.

Director Robak also indicated that he read that Coachella Valley WD is providing rebates to golf courses to remove their turf. He inquired if the County of San Diego is discussing providing a similar rebate. General Manager Watton indicated that this is a discussion of contention between the CWA and MWD. The golf courses utilizing potable water are receiving millions of dollars to remove their turf. It is questioned whether that is the real intent of the golf course turf replacement program. CWA does not agree with how the current program is working. The Coachella Valley WD program is more reasonable as it limits the amount of turf that is eligible for rebates to 8 acres.

Director Robak also shared that Bill Gates' Foundation is backing Janicki Bio Energy's pilot test of an Omniprocessor which operates off of steam and converts sewer sludge into potable water. He stated that there is a YouTube video of the processor and the technology looks promising. He also shared that MIT released a study in the last month that indicates that desalination is the option of last resort after conservation, recycling and treating recycled sewage. He stated that this not surprising because of the large cost of electricity to produce desalinated water.

Director Thompson thanked staff for a great 2014 and indicated that he is looking forward to 2015.

13. PRESIDENT'S REPORT

President Lopez reported on meetings he attended during the months of November and December 2014 (a list of meetings he attended is attached).

14. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 4:27 p.m.

President

ATTEST:

District Secretary

**President's Report
January 7, 2015 Board Meeting**

A) Meetings attended during the Month of November 2014:

- 1) **Nov 5: Attended the District's Regular Board Meeting.**
- 2) **Nov 12: Attended the Water Conservation Garden Board Meeting** (see attached agenda)
- 3) **Nov 18: Attended the San Diego Regional Chamber Legislative Event.** Event was to honor San Diego's elected officials and their staff. The special guest for the event was Mayor Faulconer.
- 4) **Nov 21: Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the December FA&C and EO&WR Committee meetings.

B) Meetings attended during the Month of December 2014:

- 1) **Dec 2: Attended the Scoping Meeting for the Otay Mesa Conveyance System (Desalination Pipeline Project).**
Attendees: Directors Croucher and Robak, General Manager Watton, and District staff.
- 2) **Dec 4: Attended a meeting of the Metro Commission** (see attached agenda)
- 3) **Dec 5: Attended the District's Special Board Meeting** where Directors Croucher and Smith were sworn in and the board elected officers.
- 4) **Dec 6: Participated in the City of Chula Vista's Starlight Parade.** Participants: Director Thompson, Communications Officer Buelna, Utility Worker II Marvin Woods and Utility Worker I DeAndre Savage
- 5) **Dec 8: Attended the District's Finance, Administration and Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the January board meeting.
- 6) **Dec 13: Attended the District's Employee Holiday Event**

C) Meetings attended during the Month of January 2015:

7) **Jan 3:**

- a. **Attended a meeting of the District's Ad Hoc Salt Creek Golf Course Committee.** Attendees: Director Thompson, General Manager Watton, Chief Financial Officer Beachem, Finance Mgr. Koeppen and General Counsel Shinoff

- b. **Board Agenda Briefing.** Met with Director Thompson, General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the January Board Meeting.