

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
May 6, 2015**

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

2. ROLL CALL

Directors Present: Croucher, Lopez, Robak, Smith and Thompson

Staff Present: General Manager Mark Watton, General Counsel Dan Shinoff, Asst. General Manager German Alvarez, Chief of Engineering Rod Posada, Chief Financial Officer Joe Beachem, Chief of Information Technology Geoff Stevens, Chief of Operations Pedro Porrás, 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

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

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE SPECIAL BOARD MEETING OF MARCH 4, 2015

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

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

to approve the minutes of the special board meeting of March 4, 2015.

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

Ms. Connie Beck addressed the board to discuss her concerns with the District's decision to enforce a 20% water use reduction in response to the State Governor's Executive Order due to the drought conditions. She stated that living materials, such as vegetation, are needed in canyons in order to prevent fires. She stated that she would hate to see the water conservation order influence people to removing vegetation as they are needed to help prevent fires.

Mr. Frank Ohrmond addressed the board and indicated that he is representing Waterwise Botanicals, which is the largest cactus and succulent grower in the country. He indicated that the company wishes to expand its business to the Chula Vista, California area and they have been working with the District's Public Services' Manager, Dan Martin, with options and ideas for the 30-acre parcel that is owned by the District. Mr. Ohrmond indicated that the land could be a potential wholesale nursery for water-wise plants that would hopefully be a benefit for both the District and community. It would provide homeowners a source for water-wise plants.

Director Croucher reported that he had travelled to Sacramento to attend a State Water Resources Control Board (SWRCB) meeting to voice the San Diego County Water Authority's (CWA) concerns regarding the State Governor's Executive Order on conservation. He stated that the Otay WD was fortunate to have received a mandatory conservation level of 20%; whereas other districts and counties received a conservation level of up to 36%. He shared that CWA representatives have also met with State Senators and Assemblymember Joel Anderson to explain that the San Diego Region customers are already taking the initiative to conserve water and should not be penalized. He stated that CWA shared some of their efforts to secure drought resistant supplies such as building the Carlsbad Desalination Plant and establishing other water resources to become independent of the Bay Delta and the Colorado River water sources. Other efforts include the San Vicente dam raise and the new Olivenhain storage reservoir. He also noted that since 2001, San Diego's population has increased 700,000, but the County's water use has dropped 33% overall. Director Croucher stated that CWA will continue to voice its concerns to the region's state elected officials concerning the mandatory water-reduction order and he encouraged Otay WD customers to continue providing their input and concerns about the water-reduction order and stated that the District's board is listening to their comments.

PUBLIC HEARING CALENDAR

7. PUBLIC HEARING ON IMPROVEMENT DISTRICT CONSOLIDATIONS

THE BOARD HELD A PUBLIC HEARING TO CONSIDER THE PROPOSED EXCLUSION OF PARCELS WITHIN WATER IMPROVEMENT DISTRICTS (IDs)

1, 2, 3, 5, 7, 9, 10 AND 20 AND SEWER IDs 4 AND 14 AND ANNEXING THE EXCLUDED PARCELS IN WATER IDs 1, 2, 3, 5, 7, 9, 10 AND 20 INTO ID 22; AND EXCLUDED PARCELS IN SEWER IDs 4 AND 14 INTO ID 18. THE BOARD INVITED THE PUBLIC TO PROVIDE COMMENTS ON THE PROPOSED EXCLUSIONS AND ANNEXATIONS

- a) ADOPT RESOLUTION NOS. 4268, 4269, 4270, 4271, 4272, 4273, 4274, 4275, 4276, 4277 THAT ARE NECESSARY TO COMPLETE THE PROCESS FOR THE EXCLUSION OF PARCELS WITHIN WATER IMPROVEMENT DISTRICTS (IDs) 1, 2, 3, 5, 7, 9, 10 AND 20 AND SEWER IDs 4 AND 14; AND ADOPT RESOLUTION NOS. 4278, 4279, 4780, 4271, 4282, 4283, 4284, 4285, 4286, AND 4287 THAT ARE NECESSARY TO COMPLETE THE PROCESS FOR THE ANNEXATION OF THE EXCLUDED PARCELS IN WATER IDs 1, 2, 3, 5, 7, 9, 10 AND 20 INTO ID 22; AND SEWER IDs 4 AND 14 INTO ID 18

Finance Manager Rita Bell indicated that this is the final step of the two-step process to consolidate Improvement Districts (IDs) that involves detaching parcels from their current IDs and annexing them into new IDs. She indicated that the proposed consolidation will create a new fee and therefore a Proposition 218 hearing is necessary. She clarified that the “new” fee will be the same as the old fee that is currently in place. She noted that availability fees for sixty-two (62) parcels in ID 1, and six (6) parcels within ID 5, will be affected as these parcels are larger than 1 acre. Ms. Bell stated that the purpose of consolidating the IDs was to simplify and streamline the accounting process and that the original purpose of the IDs was for financing purposes and to issue debt at a more affordable rate. Since the passage of Proposition 13 in 1978, the District can no longer use that funding mechanism and therefore these IDs are obsolete. Also, there is no longer any debt associated with the IDs.

President Lopez opened the public hearing at 3:49 p.m. to receive the public’s comments on the consolidation of the Improvement Districts. As there were no members of the public wishing to speak on the ID Consolidations, he closed the public hearing at 3:50 p.m.

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

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

to approve staff’s recommendations.

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:

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

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

to approve the following consent calendar items:

- d) AWARD A PROFESSIONAL AS-NEEDED TRAFFIC ENGINEERING SERVICES CONTRACT TO RICK ENGINEERING COMPANY IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR A PERIOD OF THREE (3) FISCAL YEARS, FY 2016 THROUGH FY 2018 (ENDING JUNE 30, 2018)
- e) RECEIVE THE DISTRICT'S INVESTMENT POLICY, BOARD OF DIRECTORS POLICY NO. 27, FOR REVIEW AND RE-DELEGATE AUTHORITY FOR ALL INVESTMENT RELATED ACTIVITIES TO THE CHIEF FINANCIAL OFFICER IN ACCORDANCE WITH GOVERNMENT CODE SECTION 53607
- f) APPROVE INFORMATION TECHNOLOGY RELATED SERVICE CONTRACTS FOR FISCAL YEAR 2016 THAT INCLUDES ONE (1) YEAR SERVICE AGREEMENTS WITH AT&T IN THE AMOUNT OF \$125,000 FOR LOCAL AND LONG-DISTANCE TELEPHONE AND INTERNET SERVICE; VERIZON WIRELESS IN THE AMOUNT OF \$85,000 FOR CELLULAR PHONE, WIRELESS MODEM SERVICE AND EQUIPMENT; TYLER TECHNOLOGIES IN THE AMOUNT OF \$127,000 FOR ERP/FINANCIAL SOFTWARE MAINTENANCE COSTS AND ANNUAL TECHNICAL SUPPORT; AND AZTECA CITYWORKS IN THE AMOUNT OF \$90,000 FOR SOFTWARE AND MAINTENANCE FOR THE DISTRICT'S ASSET AND WORK MANAGEMENT SYSTEM. IN ADDITION, APPROVE A THREE (3) YEAR SERVICE AGREEMENT WITH COMPUCOM, INC. IN THE AMOUNT OF \$180,000 (\$60,000 ANNUALLY) FOR MICROSOFT SOFTWARE LICENSES, UPAGRADES AND MAINTENANCE SERVICES
- g) ADOPT RESOLUTION NO. 4288 DECLARING THE THIRD WEEK OF APRIL AS CALIFORNIA NATIVE PLANT WEEK IN THE OTAY WATER DISTRICT

At the request of Mr. Jose Barreiro, property owner of 2878 Gate Eleven Place in Chula Vista, President Lopez presented item 7a for discussion:

- a) UPHOLD STAFF'S RECOMMENDATION TO IMPOSE A \$1,000 FINE FOR METER TAMPERING AT 2878 GATE ELEVEN PLACE IN CHULA VISTA

Customer Service Representative Eugenio Andreu, Jr. was present to translate for Mr. Barreiro. In response to Mr. Barreiro's inquiry, the members of the board indicated that they read his letter to the District which was dated April 9, 2015. Mr. Barreiro shared that he was not aware of the situation and felt that he was being accused of something that he did not do.

Customer Service Manager Andrea Carey indicated that staff is recommending that a fine, in the amount of \$1,000, be imposed for meter tampering at 2878 Gate Eleven Place in Chula Vista, CA. She stated that in 2013, the District updated its meter reading software to Master Links that enabled the District to detect meter tampering through alerts provided by the new software. She indicated that around the time the meter reading software was updated in 2013, the District began receiving tamper alerts from the above address. Ms. Cary stated that the residence was visited six (6) times since 2013, but nothing was found during the visits. On March 14, 2015, the District's on-call Water Systems Operator responded to another tamper alert at 2878 Gate Eleven Place and found a magnet attached to the water meter. It was noted that attaching a magnet to the District's water meter is a violation of the District's Code of Ordinances as discussed on Page 2 of the staff report. Please reference the Committee Action notes attached to staff's report (Attachment A) for additional details of Ms. Carey's report.

In response to a question by General Manager Watton, Customer Service Manager Andrea Carey indicated that Mr. Berreiro's home is located in a gated community and it requires an access code to enter his development.

President Lopez inquired about the number of times District staff went to the residence to check for meter tampering. Ms. Carey indicated that staff responded to six (6) meter tampering alerts within a two-year period.

In response to a question by Director Smith, Ms. Carey stated that District staff responded to another tamper alert on March 14, 2015. The staff member had entered through an open gate on the property, inspected the meter and discovered a magnet on it.

General Manager Watton commented that meters which have been exposed to a magnet are replaced because the meter's internal parts get magnetized and causes the meter to inaccurately register water use. The meter on Mr. Berreiro's property has been replaced and the cost of the new meter (\$285.43) has been added to his account. Mr. Berreiro must also pay for the administrative costs to investigate the tamper alerts at his property (\$381.78), the back billing of estimated water loss from April 2013 through February 2015 (\$2,221.70), and a fine of \$1,000 for tampering with the meter.

Director Robak inquired if Mr. Barreiro knew how the magnet got on his property's meter. Mr. Barreiro stated that he did not know how it got on the meter.

To clarify a comment made by Director Thompson, General Manager Mark Watton indicated that there were five (5) meter tampering alerts, but when the meter was inspected, a magnet was not found. He indicated that the sixth alert came in on a Saturday and that is when a Water Operator immediately went to the property and discovered a magnet on the meter.

Customer Service Manager Carey indicated, with regard to the calculation of the water loss, that the District utilized Mr. Barreiro's average water consumption for the highest and lowest water use on the property over a five year period (2008 – 2012) [see page 2 of staff's report for the calculation of the estimated water loss].

Director Thompson commented that it would make more sense to take the average water consumption with the new meter as he believes that it would be more accurate. He felt that taking the average high and low water consumption from the old meter that had been tampered with would only provide inaccurate information.

President Lopez indicated that the board needs to take into consideration all the evidence that staff has provided, such as, photos of the magnet on the meter and the history of the property's meter tampering alerts. He indicated that he considered tampering to be a very serious violation and the only reason the District detected the tampering is it is one of the few agencies that has the software to detect tampering.

In response to a question from Director Smith, President Lopez confirmed that the District has had two other incidences of customers tampering with their meter and the District has been consistent with imposing penalties/fines.

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

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

to approve staffs' recommendation.

At the request of Director Mitch Thompson, President Lopez presented item 7b for discussion:

- b) ADOPT RESOLUTION NO. 4289, FIXING TERMS AND CONDITIONS FOR THE ANNEXATION OF CERTAIN REAL PROPERTIES OWNED BY SBBT LCRE V, LLC, APNs: 644-060-25,2026,2027-00; 645-030-20-00;

644-070-21-00; 646-010-07-00; 644-080-20, 21-00; AND 644-090-03-00
INTO THE OTAY WATER DISTRICT IMPROVEMENT DISTRICT NOS.
22 AND 27

Director Thompson indicated that he wanted to address some of the public and media comments/concerns about adequate water supply for new developments though the District has very sound and detailed studies of water availability. He indicated that he thought it would be worthwhile to have some public dialogue on the issue of water availability and some of the City of Chula Vista's ordinances for new development as he wanted to make the public aware that water is not the reason that the City of Chula Vista cannot be built out.

General Manager Mark Watton stated that the District, the San Diego County Water Authority and the Metropolitan Water District develop an Urban Water Management Plan for water supply master planning. There are also various reports developed by the District and its suppliers which document water supply availability. He stated that the region has a pretty well thought out system, even with the drought and felt that the region has addressed the issues from the stand point of water availability. He indicated that the City of Chula Vista is the agency that develops the conservation regulatory structure for development and asked Chief of Engineering Rod Posada to discuss what the City of Chula Vista is doing to increase the efficiency of new growth.

Chief of Engineering Rod Posada indicated that the City of Chula Vista has several ordinances requiring new developments to follow the California Green Building Standards. This standard regulates residential indoor/outdoor water use through 7 components: plumbing fixtures, weather based irrigation systems, site development, gravel for water percolation and retention, construction waste reduction, pollution control, and incorporation of new building materials. There is also an energy component of the California Green Building Standards. Further, developers are obligated to follow the City of Chula Vista's landscape water conservation ordinance which requires irrigation plans for landscaping areas, use for recycled water where available, drought tolerant plant selection, turf regulations, and water efficient irrigation systems. Chief of Engineering Rod Posada noted that the standards and ordinances are very stringent in terms of conserving water and energy.

Director Thompson indicated that he had come across an email that suggested the public attend the District's and the City of Chula Vista's meetings to encourage curtailing new development. He felt that the District should respond to their concerns of adequate water supply and this is the reason why he asked staff to provide information about the District's and the City of Chula Vista's efforts to ensure the availability of water supply to its customers.

General Manager Watton suggested that the District will draft an educational memo explaining the standards and regulations that are enforced upon new developments to ensure water conservation plans are being utilized.

Director Robak commented that the District has done its share of planning to ensure water is available to its customers. He believes that more water will be available in the future as the District's customers are continuing to enhance their efforts to conserve water. He is confident in the District's planning efforts and stated that staff must continue to double-check its water supply planning on a regular basis to ensure the availability of water for now and in the future.

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

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

to approve staffs' recommendation.

At the request of Director Robak, President Lopez presented item 7c for discussion:

- c) AWARD A PROFESSIONAL AS-NEEDED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES CONTRACT TO ALYSON CONSULTING IN AN AMOUNT NOT-TO-EXCEED \$350,000 FOR A PERIOD OF TWO (2) FISCAL YEARS, FY 2016 AND FY 2017 (ENDING JUNE 30, 2017)

In response to a question from Director Robak, Engineering Manager Dan Martin acknowledged that Alyson Consulting employs former employees from RBF. Director Robak commented that the District has had a lot of experience with these employees and the District has been very happy with their construction management and inspection services. He stated that Alyson Consulting rated really high in the proposal rankings and asked if the District has any protocols for changing out consultants similar to audit services.

General Manager Mark Watton stated that the District sends a Request for Proposal out to the consultant community and receives a good amount of response. He indicated that historically, the District focuses on who will be performing the requested construction management and inspection services. Mr. Watton stated Alyson Consultant happened to have the personnel who have the work experience that the District is seeking. He stated the District has a pretty open process and the District does not pre-ordain who gets contracts. He noted that the District has passed on awarding contracts to Alyson Consulting in the past.

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

Ayes: Directors Croucher, Lopez, Robak, Smith and Thompson

Noes: None
Abstain: None
Absent: None

to approve staffs' recommendation.

ACTION ITEMS

9. ENGINEERING AND WATER OPERATIONS

- a) APPROVE AMENDMENT NO. 3 TO THE EXISTING CONTRACT WITH AECOM TECHNICAL SERVICES, INC. (AECOM) FOR THE DESIGN OF THE OTAY MESA DESALINATION CONVEYANCE AND DISINFECTION SYSTEM PROJECT; INCREASING THE CONTRACT BY \$96,506, RESULTING IN A HIGHER CONTRACT AMOUNT NOT-TO-EXCEED \$3,778,438

Chief of Engineering Rod Posada provided an update on the Rosarito Desalination and the Otay Mesa Conveyance and Disinfection System Projects. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Mr. Posada's report.

Mr. Posada reported that in November 2014, the State of Baja California (B.C.) approached NSC Agua (NSCA) with a proposal to purchase the entire production of their desalination plant. He indicated that the State appointed Dr. Rod Smith, who is the president of Baja Norte Water Resources, to negotiate on behalf of B.C. with parties in the United States who have interest in purchasing water from the Rosarito Desalination Plant. District staff has met with Dr. Smith and representatives from other States on Colorado River matters.

Additionally, Mr. Posada indicated that B.C. passed a legislation allowing Public-Private Partnerships (PPP). The law allows for direct negotiations between B.C. and NSCA and on March 27, 2015, in the spirit of the law, NSCA submitted a package offering the entire production of the Rosarito Desalination Plant to B.C. and is currently waiting for a response. It is expected that the State's response would be received by the end of May 2015.

Mr. Posada also indicated that CILA and Conagua (the water agencies in Mexico) have not yet decided if they will support a public or private project. He stated that it seems that CILA and Conagua would be more inclined to support the private project as they would not need to spend the monies to build a desalination plant. In light of these issues, Mr. Posada stated that staff is proposing that the District continue with the environmental documentation and the presidential permit process until all the negotiations between NSCA and B.C. become more definite. Staff believes the negotiation will take up to a year to finalize and anticipates that the environmental documents and Presidential Permit process will conclude by the spring of 2016. Mr. Posada shared that NSCA continues with the evaluation of water quality testing for the State of

California regulators and has been performing the testing for the past eight (8) months. He indicated that District Staff received a letter from the Department of Drinking Water on their requirements in order to transmit the water from Mexico to the United States.

Director Smith inquired about Mexico's monetization of the water they deliver to Mexico from the Rosarito Desalination Plant in lieu of taking their portion of the water that they are entitled to from the Colorado River. He asked if it is the Colorado River water that they are monetizing.

General Manager Mark Watton indicated that Mexico would leave some of their water in Lake Mead which would make it available for purchase by the states of California, Nevada and Arizona. He also indicated that Mexico has the opportunity to implement water conservation in the Mexicali Valley, which would provide for additional monetized water. Mr. Watton stated that Baja California has researched all of these opportunities and is the reason they are interested in purchasing the entire production of the Rosarito Desalination Plant.

Director Smith inquired if the Otay Water District could directly obtain a portion of the desalination plant's production as production is higher than what Mexico could use. General Manager Watton indicated that was correct. Director Smith commented that it is important for the board members to understand that even though there is this element of monetizing the water and other variables, the Desalination Plant would be able to produce water that can be sold to the District.

Chief of Engineering Rod Posada further explained that the District has the option to obtain water directly from the Rosarito Desalination Plant or to receive indirect deliveries from the Colorado River.

Director Smith inquired if water availability to the District could decline due to future population growth in Tijuana. General Manager Watton indicated that he does not believe that would occur as there has been some long range planning studies done by CESPT on Mexico's side, similar to the United States planning documents and District is aware of Mexico's needs at buildout. He stated that he feels that the District is on solid ground and, if needed, the plant could be expanded to meet water supply needs.

In response to an inquiry from Director Robak, Chief of Engineering Posada indicated that the interest by Baja California in November 2014 to purchase the entire production of the Rosarito Desalination Plant is a new approach. The original intent was for the District to negotiate directly with NSCA, wherein, NSCA would have two to three customers (Otay WD and Cities of Rosarito and Tijuana). In August 2014, the legislation of the State of Baja California passed a new law that allowed Public Private Partnerships. The law was modeled after their Federal Law and allows Baja California to negotiate directly with NSCA to purchase the entire production of their desalination plant.

Director Thompson inquired if the new legislation precludes NSCA from contracting directly with the Otay WD to purchase water. General Manager Watton stated that the District has not come to that conclusion. He explained that to move the water to the United States, there would have to be some findings to privatize the water, whether by the State or NSCA. General Manager Watton stated that the District will continue with its plan to negotiate the purchase of desalinated water whether it is through NSCA or Baja California.

Director Robak inquired about the amount of water that the District plans to purchase. Chief of Engineering Posada indicated that the District plans to purchase approximately 16 MGD.

Director Robak inquired about Tijuana's plan to purchase water. It was indicated that Tijuana is requesting to purchase approximately 47 to 55 MGD (half the plant's production), this amount includes water for all their customers, including Rosarito. General Manager Watton indicated that the plant may initially produce 70 MGD, of which 47 MGD would go to Tijuana and approximately 15 MGD to the Otay Water District. It is expected the plant will ultimately produce up to 100 MGD in 10 to 15 years.

Director Robak inquired if the San Diego County Water Authority (CWA) had plans to purchase water from the plant. General Manager Watton stated that CWA had considered purchasing water from the plant, however, after looking at the cost to build the infrastructure, which exceeded \$200 million, CWA is no longer pursuing purchasing water from the Rosarito Desalination Plant. He indicated, from a practical standpoint, Otay WD is the only direct delivery candidate.

In response to a question from Director Robak, Director Thompson indicated that in spite of the Amendment No. 3 to the contract with AECOM, there is nothing that is really fundamentally changing in terms of the demand on Mexico's side and the Otay WD's system capability. The dynamics and feasibility are there, and spending the extra money is worthwhile as determined by District staff.

With no further discussion on the Rosarito Desalination Project, Environmental Specialist Lisa Coburn-Boyd presented the third amendment to the existing contract with AECOM Technical Services, Inc. She stated that staff is recommending that the Board approve the third amendment to AECOM's contract for the design of the Otay Mesa Desalination Conveyance and Disinfection System Project, increasing the contract by \$96,506, which will result in a new contract amount with AECOM of \$3,778,438. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Ms. Coburn-Boyd's report.

Director Smith inquired with regard to water that is delivered across the border that is not compliant (does not meet water quality requirements), where would this water go? Environmental Specialist Lisa Coburn-Boyd indicated that the water would be discharged under a permit that the District has with the Regional

Quality Water Control Board which allows for the discharge of potable water into the O'Neal Canyon.

In response to a question from Director Robak, Ms. Coburn-Boyd indicated that, currently, the District is only funding the environmental process and the Presidential Permit.

In response to another inquiry from Director Robak, Communications Officer Armando Buelna stated that the \$30,000 has been spent developing outreach plans and materials for the support of the project. The District has placed the development of these materials on hold while the State of Baja California decides on whether they will support a public or private project.

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

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

to approve staff's recommendation.

10. BOARD

a) DISCUSSION OF THE 2015 BOARD MEETING CALENDAR

President Lopez noted that there will be a Budget Workshop/Special Board Meeting on May 19, 2015, at 3:00 p.m.

Director Thompson indicated that he will not be able to attend the August 5, 2015 regular board meeting as he will be out-of-town on that day.

There were no changes to the board meeting calendar.

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

11. REPORT ON THE STATE OF THE DISTRICT'S EMERGENCY PREPAREDNESS, SAFETY AND HEALTH, AND SECURITY

Safety and Security Specialist Oscar Ramirez presented an update on the District's Emergency Preparedness, Safety and Security Programs. Mr. Ramirez noted that the board had authorized the establishment of a District Emergency Preparedness Program. The mission of the program is the protection of life and the rapid restoration of services after an emergency. Please reference the

Committee Action notes attached to staff's report (Attachment A) for the details of Mr. Ramirez's report.

In response to an inquiry from Director Smith, General Manager Mark Watton stated that the District does pay a maintenance fee for data storage on the "Cloud." The District previously had staff maintaining servers for data storage. After comparing the costs to use the "Cloud" versus maintaining its own server, the District determined that utilizing the "Cloud" was more cost efficient.

REPORTS

12. GENERAL MANAGER'S REPORT

General Manager Watton provided an update on the State Water Resources Control Board's (SWRCB) actions related to California's emergency drought situation. Mr. Watton indicated that the SWRCB heard a lot of testimony and he felt that San Diego County Water Authority (SDCWA) Chairman, Mark Weston, had done a good job in providing testimony on behalf of the San Diego region. General Manager Watton indicated that on May 5, 2015, the SWRCB adopted emergency conservation regulations that implements statewide mandatory conservation targets for all urban water suppliers. The SWRCB is mandating that the Otay WD residential customers reduce their water consumption by 20%. He indicated that he anticipates that the SWRCB's regulations will be approved in mid-May and implemented on June 1, 2015.

Mr. Watton shared handouts from SDCWA (Water Authority Responds to State Water Board's Adopted Water-Use Regulations and the Water Authority Awaits Ruling in Trial Challenging MWD). He indicated with regard to CWA's litigation with MWD, that the second phase of the trial recently ended and it is anticipated that the judge's decision will be received in June. He stated that the first phase of the trial ended in a ruling that determined the rates charged by MWD in fiscal years 2011 to 2014 were illegal; the second part of the trial involves the determination of the amount of damages and the calculation of CWA's preferential rights. If the courts rule in favor of CWA, CWA would receive an additional 80,000 AF of preferential rights to MWD water. General Manager Watton anticipates a ruling on the second phase in mid to late 2016.

Mr. Watton also presented information from his report that included an update on the Bay Delta Conservation Plan (BDCP), Indirect Potable Reuse (IPR) Opportunities with Sweetwater Authority, and the Commercial Sites Turf Removal Program. He noted that MWD will be spending approximately \$100 million on the Commercial Sites Turf Removal Program and they are moving to spend over \$200 million. It is expected that by the end of next year's budget, they will have spent up to \$400 million on the program. He stated that CWA will be opposing this program as it is felt that there are other projects which would provide for the acquisition of additional water supplies that are more worthwhile which the \$400 million could be used to fund. He also shared from his GM Report information on the Tyler Users Conference and the completion of the third

annual proactive leak detection survey that is part of the District's Leak Detection and Repair Program. The survey showed that the District is one of the agencies with a very low leak rate at approximately 3.6%.

13. DIRECTORS' REPORTS/REQUESTS

Director Croucher shared that one of the common threads that was heard while meeting with the legislators in Sacramento was that they rarely received information and updates on the needs of San Diego. CWA representatives will be traveling to Sacramento more often to meet with the legislators and provide updates.

Director Robak reported that he participated in the Metropolitan Water District's (MWD) Colorado River and Hoover Dam Tour. He also toured the aqueduct system that provides water to southern California.

Director Thompson reported that he and Director Smith participated in a tour of the District's construction projects and stated that he appreciated staff's time to host the tour.

Director Smith thanked staff for the tour of the District's construction projects on April 30, 2015. He then inquired about the District's plan to prepare for the mandatory water reduction.

General Manager Watton indicated that the board had previously taken action to declare a Water Shortage Response Level 2 – Supply Alert Condition on August 6, 2014. He indicated that the District does not believe it is necessary to go beyond that level. The board received administrative plans from staff at the Special Board meeting held April 25, 2015. Staff plans to execute those plans to comply with the SWRCB's emergency conservation regulations and the State's mandatory conservation for urban potable water use. Mr. Watton stated that the District may want to establish a new ordinance to reflect the State's mandates as the District's current ordinance is based on water supply constraints/shortage. The new ordinance would respond more to the State's mandates as opposed to making the mandates fit under the District's existing ordinances as we do not really have a supply constraint.

President Lopez commented that staff will know more by the May 19, 2015 Budget Workshop and staff may want to incorporate recommendations into the budget that responds to the State's mandatory conservation regulations.

In response to a question from Director Thompson, General Manager Watton stated that a monthly report will be provided, both to the members of the board and the State, indicating where the District stands in comparison to the State's conservation mandates.

14. PRESIDENT'S REPORT

President Lopez reported on meetings he attended during the month of April 2015 (a list of meetings he attended is attached).

15. CLOSED SESSION

The board recessed to closed session at 5:50 p.m. to discuss the following matters:

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

3 CASES

- b) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
[GOVERNMENT CODE §54956.9]

PATRICIA MOSS v. OTAY WATER DISTRICT, et. al.; CASE NO. 37-2014-00005818-CU-OE-CTL

The board reconvened at 6:29 p.m. and General Counsel Dan Shinoff reported that the board met in closed session and took action to reject Mr. Tom Moalemi's claim and the FP Stores, Inc.'s claim. He stated that the board took no other reportable actions in closed session.

16. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 6:30 p.m.

President

ATTEST:

District Secretary

**President's Report
May 6, 2015 Board Meeting**

A) Meetings attended during the Month of April 2015:

- 1) **April 1:**
 - a. **Attended a meeting of the District's Ad Hoc Salt Creek Golf Course Committee.** Attendees: Director Thompson, General Manager Watton, Asst. GM German Alvarez, Chief Financial Officer Joe Beachem and Asst. Gen. Counsel Richard Romero
 - b. **Attended the District's Regular Board Meeting.**
- 2) **April 2: Attended a meeting of the Metro Commission** (see attached minutes)
- 3) **April 3: Attended a meeting to discuss CWA matters.** Attendees: Director Croucher, General Manager Watton and CWA Board Member, Mark Muir)
- 4) **April 8: Attended the District's Desalination Project Committee.** Received an update on the Rosarito Desalination Project and reviewed/discussed and made recommendation on an item that will be presented at the May board meeting.
- 5) **April 10: Attended Padre Dam MWD's Grand Opening of their Advanced Water Purification Demonstration Project.** Attendees: Directors Robak and Thompson, and General Manager Watton.
- 6) **April 13: Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the April committee meetings.
- 7) **April 14: Attended the District's Finance, Administration and Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the May board meeting.
- 8) **April 21: Attended the District's Engineering, Operations and Water Resources Committee on behalf of Director Croucher.** Reviewed, discussed, and made recommendation on items that will be presented at the May board meeting.
- 9) **April 29:**
 - a. **Attended a meeting of the Metro Commission's Finance Committee** (see attached agenda)
 - b. **Attended the District's Special Board Meeting** to discuss the drought and the California State Governor's drought mandates.
- 10) **May 1: Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the May 6 Board Meeting.