

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
June 3, 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 President Lopez 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 APRIL 1, 2015

A motion was made by Director Croucher, 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 minutes of the special board meeting of April 1, 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

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, Smith and Thompson
- Noes: None
- Abstain: None
- Absent: None

to approve the following consent calendar item:

- a) APPROVE AN AGREEMENT WITH KIRK PAVING IN AN AMOUNT NOT-TO-EXCEED \$200,000 FOR AS-NEEDED ASPHALT PAVING SERVICES FROM JULY 1, 2015 THROUGH JUNE 30, 2016
- b) AWARD A CONTRACT TO WATCHLIGHT CORPORATION FOR THE ENTERPRISE PHYSICAL SECURITY AND ACCESS CONTROL, EQUIPMENT MAINTENANCE, AND AS-NEEDED SERVICES IN AN AMOUNT NOT-TO-EXCEED \$500,000 FOR FISCAL YEARS 2016 AND 2017 (\$250,000 PER FISCAL YEAR) WITH A CONTRACTUAL END DATE OF JUNE 30, 2017

ACTION ITEMS

8. FINANCE, ADMINISTRATION AND COMMUNICATIONS

- a) ADOPT RESOLUTION NO. 4290 TO APPROVE THE FISCAL YEAR 2015-2016 OPERATING AND CAPITAL BUDGET; APPROVE FUND TRANSFERS FOR POTABLE, RECYCLED, AND SEWER; APPROVE WATER AND SEWER RATE CHANGES ON ALL BILLINGS THAT BEGIN IN CALENDAR YEAR 2016 (THIS MAY INCLUDE SOME SERVICES PROVIDED IN DECEMBER 2015); ADOPT THE SALARY SCHEDULE; AND ADOPT ORDINANCE NO. 550 AMENDING THE CODE OF ORDINANCES SECTION 25, CONDITIONS FOR WATER SERVICE, SECTION 53, CONDITIONS FOR SEWER SERVICE, AND APPENDIX A WITH THE PROPOSED WATER AND SEWER RATE CHANGES; AND DIRECT STAFF TO SEND RATE INCREASE NOTICES

Chief Financial Officer Joe Beachem indicated that at the May 19th Budget Workshop, staff presented the details of the budget for FY 2016. Mr. Beachem stated that the discussion at the workshop revolved around a proposed rate increases of 5.4% or 5.8% for water. Staff prepared a 5.8% budget increase option, which is on the dias for the board members to review. He presented how various levels of Water Conservation (0% to 20% water conservation) would impact the budget and the required rate increases (3.9% to 12%) to keep the Debt Coverage Ratio at target (150%).

Mr. Beachem also reviewed staffs' proposed changes to Sections 25, Conditions for Water Service, and 53, Conditions for Sewer Service, of the District's Code of Ordinances. Staff proposes adding Section 25.03.B which adds CWA's Supply Reliability Charge and modifying Sections 53.02 and 53.03 by removing references to ID4 and ID14. These IDs will be consolidated into ID18 effective July 1, 2015. Also, modify Section 53.08.B.3 to include "1,000" which was missing in the description section.

Mr. Beachem indicated that staff is recommending that the board:

- Adopt Resolution No. 4290 to approve:
 - FY 2016 Operating Budget of \$89.1M (this reflects the 5.4% increase option. The budget would be \$89.2M if the board chooses the 5.8% rate increase option).
 - FY 2016-2021 CIP Budget of 11.1M
 - Listing of Job Classifications and Salary Schedule
- Adopt Ordinance No. 550 to implement rate increases effective January 1, 2016. This includes an update of Appendix A to reflect a water rate increase of 5.4% and a sewer rate increase of \$1.30 in the residential system fee.
- Approve fund transfers
- Direct staff to mail out rate increase notices

Director Thompson requested that staff highlight the differences between implementing a 5.4% versus a 5.8% rate increase.

Chief Financial Officer Joe Beachem indicated that staff researched several areas that were sensitive when comparing the differences between a 5.4% and 5.8% rate increase. One area that staff compared was the debt coverage ratio (DCR) where the target is 150%, which is as follows:

FY 2016 5.4%= 123% DCR and 5.8% = 124% DCR
(because the District is only collecting 6 months of the increase in the 1st year)

FY 2017 5.4%= 140% DCR and 5.8%= 144% DCR

(because the District is collecting a full year of the rate increase)

FY 2018 5.4%= 150% and 5.8%= 158%
(collecting a full year of the rate increase)

Chief Financial Officer Joe Beachem also indicated that staff looked into conservation and how much conservation the District could withstand with a rate increase of 5.4% versus 5.8%. Staff determined that the District could withstand 17.2% conservation if a rate increase of 5.4% were implemented. The District could withstand an additional .5% water savings (17.7% conservation) if a rate increase of 5.8% was implemented.

Mr. Beachem also discussed the impact to the District's reserves. He indicated that reserves increase annually and in the first year the difference in reserves would be approximately \$100,000 and \$448,000 in the second year if a 5.4% rate increase was implemented versus a 5.8% rate increase. In the third year, the District would drop below its reserve target, but would not drop as significantly if a 5.8% rate increase were implemented. Instead of dropping \$3.6 million with a rate increase of 5.4%, the District would drop \$2.8M below its reserve target. He stated the District would recover more quickly with a 5.8% increase.

He indicated that staff also looked at the impact of the increase (5.4% versus 5.8%) on future rate increases. He stated that instead of a projected 5.4% increase in the next three years, the District could drop its rate increase to 5.1% in the second and third year if everything held constant.

Director Smith inquired how much reserves the District is using annually. Chief Financial Officer Beachem indicated that he would need to reference the budget book, but the District would be approximately \$3.5 million off target in the third year with a 5.4% rate increase and about \$2.8 million off target with a 5.8% rate increase. He noted that in both cases, however, the District would still be above the minimum reserve requirements and would still be in compliance with its policy.

In response to another question from Director Smith, Mr. Beachem stated that the District has multiple reserve targets because the District has several reserve funds. The Construction Reserve target is 50% of next year's construction costs because time is needed to issue debt. The target for the Operating Reserve is 3 months of operating expenses, and the target on the Replacement Reserve is 3-4% of overall asset value. It was indicated that the District is below the target in its third, fourth and fifth year, but never below its minimum. In its sixth year, the District recovers and its reserves will be back on target.

Director Thompson commented that the District should consider the 5.8% rate increase because of the financial risk that would be caused by possible high conservation levels.

Director Croucher agreed with Director Thompson in considering a 5.8% rate increase. He indicated that a CWA board member once joked that CWA was so successful in holding rates back at MWD that CWA was rewarded with a couple years of double-digit rate increases as we did not implement increases at MWD when they were needed and it thus, "it came back and bit us."

Director Robak stated that the District should consider the 5.4% rate increase. He believes the customers would like quality water delivered at the lowest possible cost available.

Director Robak inquired about staff's comment regarding a new Salary Schedule. Chief Financial Officer Joe Beachem clarified that the Salary Schedule is not new and is presented to the board annually with the budget, but it is new today as it was not presented at the May 19th workshop. CalPERS requires that the Salary Schedule be presented as part of their new reform laws.

In response to another inquiry from Director Robak regarding the County of San Diego's sewer service cost being 30% lower than the District, General Manager Watton stated that various sewer districts were consolidated under the County of San Diego along with the different reserves and that may be one of the reasons for the 30% spread. He indicated that the District has talked to the County of San Diego to share services, but they are not interested at this time. Mr. Watton believes that if the District increased the number of its sewer customers by 4,000, it would allow the District to spread its base costs over a larger customer base and the District's sewer cost would be closer to the County's. General Manager Watton also shared that the District has never cut its maintenance or replacement reserves, and has never foregone any maintenance. The District has a well-maintained system to avoid any spills.

In response to a question from Director Smith, General Manager Watton indicated that the salary increase is based on the San Diego Consumer Price Index (CPI). The CPI is 1.8% and the Memorandum of Understanding (MOU) with the District's employees has a 2% minimum increase. A 2% adjustment will be implemented on July 1, 2015.

President Lopez indicated that he feels more comfortable with a cushion in the budget with so many unknowns. He stated that there have been other District's that were not as prudent. He stated that he feels that it would be in the District's best interest to vote for the 5.8% increase.

Director Robak inquired what the difference would be between a rate increase of 5.4% versus 5.8%. Director Thompson indicated that a handout provided to the board members indicated that the FY2016 Operating Budget would increase to \$89.23 million from \$89.1 million, and the FY2016 CIP Budget would be unchanged.

A motion was made by Director Smith, 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 a 5.8% increase and all staffs' recommendations.

Director Smith inquired if other Districts have used price, such as increasing rates 15%, in order to drive conservation. General Manager Watton stated that he has not seen that with other Districts because of Proposition 218 requirements.

General Manager Watton indicated that should conservation be higher than 17%, the District would incorporate the impact of the conservation in the next fiscal year's budget.

b) **ADOPT ORDINANCE NO. 551 WHICH DECLARES A STATE DROUGHT EMERGENCY AND CALLS FOR MANDATORY CONSERVATION MEASURES TO ACHIEVE MANDATED CONSERVATION TARGETS**

Customer Service Manager Andre Carey indicated that staff is requesting that the Board adopt Ordinance No. 551 declaring a state drought emergency and calling for mandatory conservation measures to achieve mandated conservation targets and implementing Section 40, State Drought Response, of the District's Code of Ordinances (Code). Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Ms. Carey's report.

General Manager Watton discussed that the existing drought response program is based on a water shortage declaration (Section 39, Water Shortage Response Program, of the District's Code); however, the State Governor's executive order is not a water shortage declaration, it is a conservation declaration. He indicated that staff is requesting the implementation of Section 40, State Drought Response, to address State mandates and orders. Section 40 can also be amended as the Governor mandates are updated.

In response to a question from Director Smith, General Manager Watton stated that Otay WD would be the first agency to adopt an ordinance that would address the State mandates and orders for conservation. Staff feels that Section 40 is more conducive to the District's situation. The District's attorney, Richard Romero, indicated that the City of Del Rio is looking into adopting a similar ordinance and General Manager Watton indicated that Yuima is looking into a similar ordinance as well.

Director Gary Croucher stepped off the dais at 4:13 p.m.

In response to another question from Director Smith, staff indicated that Section 40.02.b indicates that if there were any inconsistencies between the restrictions

and mandates of the Emergency Regulation, the more stringent requirement shall apply. For example, the County Water Authority (CWA) has decided to go to a 2-day watering schedule. This is more stringent than the District's Level 2 Water Shortage Response which orders a 3-day watering schedule. The District, therefore, has decided to be match CWA's requirement.

Director Croucher returned to the dais at 4:15 p.m.

Legal Counsel Richard Romero indicated that Section 40.02.b allows the District to comply with the more stringent limitations of the State or other agencies.

Director Thompson commented that the District's jurisdiction has the most developable area in the county and he believes that there is a need to adopt Section 40 to clarify water shortage versus conservation for future developments.

In response to several questions from Director Robak, General Manager Watton indicated that the District's Code of Ordinances indicates that a Level III Drought Model "may" include a moratorium. Previously, the Code of Ordinance stated that a Level III "shall" include a moratorium but this was changed last year. It was also indicated by Mr. Watton that none of the agencies have imposed a moratorium at this time.

A motion was made by Director Croucher, 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 staffs' recommendation.

9. BOARD

a) DISCUSSION OF THE 2015 BOARD MEETING CALENDAR

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

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

to move the July 1, 2015 regular board meeting to June 24, 2015.

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

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

a) THIRD QUARTER OF FISCAL YEAR 2015 CAPITAL IMPROVEMENT PROGRAM REPORT

Engineering Manager Dan Martin provided an update on the District's third 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 through the third quarter are \$5.6 million which is approximately 53% of the FY 2015 budget. Mr. Martin stated that the District is on track to expend approximately 80% for this year's CIP budget. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Mr. Martin's report.

In response to a question from President Lopez, General Manager Watton stated that the work on the Rancho Del Rey Project is complete and the project is now on hold.

Director Robak inquired about using the District's tanks for advertisement to generate revenues. Legal Counsel Dan Shinoff stated that the District would create an issue where the District would become an open forum. The District cannot be selective on advertisements once it is opened up. He stated that if the District wished to not allow negative/controversial advertisements, it would not be insulated from litigation.

Director Gary Croucher stepped off the dais at 5:35 p.m.

Director Thompson stated that he liked Director Robak's suggestion to use the tanks for advertising and would be open to bringing back that idea for discussion in the future. He believes that ratepayers have the right to have reasonable revenues come in to offset the cost of providing water.

b) REPORT ON THE IMPLEMENTATION OF VARIOUS CONSERVATION EFFORTS TO COMPLY WITH THE STATE WATER RESOURCES CONTROL BOARD'S EMERGENCY CONSERVATION REGULATIONS FOR POTABLE URBAN WATER USE

Customer Service Manager Andrea Carey reported that the State Board voted on May 5th to implement statewide mandatory conservation targets for all urban water suppliers. The District's conservation target has been set at 20% of the 2013 use levels. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Ms. Carey's report.

Ms. Carey presented the Water Waste Report application on the District's website. She explained the process for completing the Water Waste Report and indicated that the reporting is confidential.

In response to a question from Director Smith, Ms. Carey indicated that since September 1st, the District has had approximately 15 reports. In the past 6 months, the District has received approximately 50 water waste reports. She indicated that Helix Water District receives about 100 waste water reports in a week.

Director Croucher left the dais at 4:42 p.m.

Ms. Carey presented the District's State Water Conservation Mandate Water Savings Target Calculator and indicated that it is not yet available on the District's website. This application provides customers their 2013 usage and their target for 2015. It also provides customers their 2014 usage and their 2015 usage to date.

Director Thompson inquired if it was possible to send the calculator to customers via email. Communications Officer Armando Buelna stated that the District intends to do so. It will also be accessible through the District's website on the Drought page; and it will be mentioned on Face Book, Twitter, and social media.

Mr. Buelna indicated that on the dais are public outreach materials that staff developed to inform customers of the 20% water use reduction goal. The objective is to inform the customers of the mandates that are in place.

Director Croucher returned to the dais at 4:47 p.m.

Communications Officer Buelna also shared that when customers go to the District's website, the first thing they will see is the Drought information. He indicated that an email regarding the mandates was sent to approximately 30,000 customers from May 27-29. For customers who did not have an email, an auto-dial (approximately 16,000) campaign was performed from May 25-27 and then on May 30-31. The District is phasing in messages in batches of a few 1,000 to avoid the customer service staff receiving thousands of calls at one time. District staff will continue to use all resources to inform customers of the mandates to achieve the District's targets. It was indicated that messages to customers will be adjusted (increased/decreased) over time based on how much conservation the District is achieving.

In response to a question from Director Croucher, Legal Counsel Shinoff stated that he would research the confidentiality of the personal information of those who report water waste under the California Public Records Act statute.

In response to another question from Director Croucher, Customer Service Manager Carey indicated that she will discuss with the District's IT staff if there is a way to allow an individual who submits a Water Waste Report to attach a picture of where the water waste was observed. Ms. Carey also indicated that she would look into the development of a possible App for mobile phones at Director Croucher's suggestion.

Director Thompson inquired if an email address is required for an individual to submit a Waste Water Report. Ms. Carey stated the only requirement is that a phone number be provided so staff could contact individuals if District staff is unable to locate the site.

Legal Counsel indicated that individuals submitting a Waste Water Report would have their name, phone number and address protected. Should there be a public records request on who submitted a report, their information would be redacted. It was also indicated by Ms. Carey that the District does not ask for names at all.

Director Robak commented that Director Croucher had mentioned an App for cell phones. He stated that he would like to see the App include an email with a link to the District's webpage. He also commented that the outreach materials presented today were pretty solid. He stated, with regard to the material that discusses eliminating unused turf, that he feels that the message should really say "eliminate turf" and indicate why it should be eliminated. Director Robak feels that the District needs to send a strong message to customers to get rid of their lawns.

In response to Director Robak's comments regarding eliminating lawns, Communications Officer Buelna indicated that he understands that there are customers who want to keep their lawns as they have children, pets, etc. Mr. Buelna noted that if customers want to keep their lawns, there are other ways they can conserve water and meet their goals. Mr. Buelna indicated that messages will be tailored, as needed, to obtain more or less conservation from customers.

Director Robak indicated that there are signs available stating that brown is the new green, which he believes customers who have brown lawns could display on their yards. Communications Officer Buelna indicated that the District does have these signs and that Otay WD logo labels are being printed to place on these signs before they are distributed to customers. The signs indicate, "When in Drought."

Director Thompson complimented Communications Officer Buelna and staff for their work on the District's Drought Outreach Program. He stated that he agrees with Director Robak that the District should encourage customers to monitor their irrigation system as it is one of the largest ways in which customers can reduce their water use.

Director Smith also complimented staff on their work and stated that their efforts are a great start and a good approach. He indicated that the District will have to wait to see how effective the Outreach Program is with customers. He commented on the message on the door hangers, "Water waste is a violation and could result in the disconnection of services and fines," and indicated that he felt that the message was harsh and that maybe the District could consider softening the message. General Manager Watton stated that based on the District's history, customers are more responsive to a *disconnect* message and are not too concerned with fines. The goal is to get their attention and provide them some leeway before disconnecting their service.

Customer Service Manager Carey indicated that the District has received approximately 300 phone calls in response to the robo-calls and emails that were sent out to all customers. She also indicated that the vast majority of callers are low water users. She stated that a letter will be sent to the District's top 10% users and commercial irrigation customers as it is believed that these are the customers who could provide the needed water savings.

General Manager Mark Watton indicated that outreach materials and robo-calls are in the process of being translated in Spanish.

Ms. Carey stated that staff is making changes to customer bills to include customers' 2013 use, which should help them meet their 20% savings target in 2015.

Director Croucher indicated that he would like to see in the District's outreach program, if there is some funds available, a pilot program to educate a group of customers and providing them a *Water Conservation Care Package*. The care package could be as simple as a bucket (shower bucket), sign to be placed on toilets to encourage water savings, a car wash towel, information in reprogramming their irrigation system, etc. The District can then track their savings to see if it made a difference. Those customers that save more than 25%, maybe the District can reward them by spraying their brown lawn green and placing a sign on their lawn indicating that they saved more than 25%.

Customer Service Manager Carey noted that CWA has added showing customers how to reprogram their irrigation timers as part of the residential audit. General Manager Watton also indicated that the District does plan on utilizing CWA's Intern Program as a resource.

In response to a question from Director Smith, General Manager Watton stated that the District participates in several contests/scholarship programs that involve children learning about water conservation. The programs include the Water Conservation Garden's Poster Contest, CSDA's College Scholarship Program, and the Water Conservation Garden Landscape Contest.

REPORTS

11. GENERAL MANAGER'S REPORT

General Manager Watton presented information from his report that included an update on Safety and Security and noted that the board just approved Agenda Item 6b, AWARD A CONTRACT TO WATCHLIGHT CORPORATION FOR THE ENTERPRISE PHYSICAL SECURITY AND ACCESS CONTROL, EQUIPMENT MAINTENANCE, AND AS-NEEDED SERVICES IN AN AMOUNT NOT-TO-EXCEED \$500,000 FOR FISCAL YEARS 2016 AND 2017 (\$250,000 PER FISCAL YEAR) WITH A CONTRACTUAL END DATE OF JUNE 30, 2017), which will allow the District to enhance its alarm systems' configuration and components. Mr. Watton also shared updates on the new Mobile Payment Platform, Metro TAC where the District will receive a refund of a little over \$500,000 from the city of San Diego, and an update on Southwestern College's plans to tie into the District's recycled water system.

Director Smith inquired if the artifacts found at the site of the 927 Zone Force Main Assessment and Repair project were found during the design phase. General Manager Watton stated that they were not. The District had to stop work on the project to allow for some biological assessments of bird nesting within the area. While the assessments were being done, staff was surveying the future work areas of the project and noticed rock chips that could be cultural resources. The District decided to take a cautious path and had the findings analyzed. Staff is now meeting with local tribes, as is the protocol, and it is anticipated that the project will be delayed for a year.

In response to a question from Director Croucher, Finance Manager Rita Bell stated that the budget for potable and recycled water is pretty much set for the year and is based on historical trends. The actual purchase of potable and recycled water varies and is provided monthly.

Director Croucher indicated that the County Water Authority (CWA) plans to go to Sacramento to try and get the legislators to recognize the San Diego region's efforts in developing local water supplies for times of drought. He stated that the State Water Resources Control Board (SWRCB) arbitrarily used water consumption for FY 2013 as the base year against which to measure conservation. However, this does not recognize those agencies who used the 2020 water guidelines to develop local water resources and their customers for taking action to conserve water. He indicated that the Otay Water District needs to relay the message that since 2006, the District has already decreased its water consumption by 30%. The SWRCB's conservation mandates penalize the San Diego region and its customers as it mandates the same level of conservation throughout the State rather than taking into consideration that some regions are already doing their part and, thus, should be asked to conserve a smaller percentage of water. Director Croucher then discussed the Carlsbad Desalination Project and indicated that it is still on target and is expected to go into operation in November 2015, which is ahead of schedule and under budget. He stated with regard to CWA's litigation with MWD, that the results of the second phase of the trial is anticipated in June. He also shared that CWA hosted a

legislative roundtable, which President Lopez, Director Thompson, and General Manager Mark Watton attended. He lastly shared that CWA will move forward with its budget process in June.

12. DIRECTORS' REPORTS/REQUESTS

Director Robak reported that mayors from various cities, including Mayors Kevin Faulconer from the city of San Diego and Mary Salas from the city of Chula Vista, attended the Water Conservation Garden (WCG) event. He stated that there was a great turnout at the event and that he felt that there was nothing more important than the mission of the garden at this time. He indicated that the WCG is a good resource for the public as it helps them to decide on options once they remove their lawns.

Director Thompson thanked staff for following up on Southwestern College's plan to tie into the District's recycled water system. He indicated that it would be great to have another recycled water customer. He also inquired about the three (3) properties the District had placed on the market and if the District was happy with the sales value. General Manager Watton indicated the District sold the properties for market value or higher and was satisfied with the sales value. Director Thompson also inquired on an update from staff on discussions with Sweetwater Authority regarding Indirect Potable Reuse opportunities. General Manager Watton stated that staff is evaluating if there are any fatal flaws in the potential project. District staff has not identified any flaws at this time and the District has not yet heard Sweetwater Authority's findings. Staff will contact Sweetwater Authority in approximately two (2) weeks for further discussions on the potential project. Director Thompson shared that he attended CWA's Legislative Roundtable event and thanked Director Croucher and General Manager Watton for the invite. He stated that there was a lot of good discussion on water issues at the Roundtable.

Director Smith shared that one of his thoughts is for the District to lead by example and to share with our customers how much water the District has conserved in its own operations. Staff stated that they will work on Director Smith's request.

13. PRESIDENT'S REPORT

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

14. CLOSED SESSION

The board recessed to closed session at 5:45 p.m. to discuss the following matters:

- a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION INITIATION OF LITIGATION PURSUANT TO PARAGRAPH (4) OF SUBDIVISION (D) OF GOVERNMENT CODE §54956.9

ONE CASE

- b) CONFERENCE WITH REAL PROPERTY NEGOTIATORS [GOVERNMENT CODE §54956.8]

PROPERTY: SALT CREEK GOLF COURSE
525 HUNTE PARKWAY
CHULA VISTA, CA 91914

AGENCY NEGOTIATOR: MARK WATTON , GENERAL MANAGER

NEGOTIATING PARTIES: BILL McWETHY, PACIFIC HOSPITALITY GROUP

UNDER NEGOTIATIONS: LEASE AGREEMENT; PRICE AND TERMS OF PAYMENT

The board reconvened at 7:30 p.m. and General Counsel Dan Shinoff reported that the board met in closed session and took no reportable actions in closed session.

15. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 7:30 p.m.

President

ATTEST:

District Secretary

President's Report
June 3, 2015 Board Meeting

A) Meetings attended during the Month of May 2015:

- 1) **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.
- 2) **May 6: Attended the District's Regular Board Meeting**
- 3) **May 7: Attended a meeting of the Metro Commission** (see attached minutes)
- 4) **May 15: Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the June committee meetings.
- 5) **May 19:**
 - a. **Attended AWWA's Desalination Workshop.** Attendees: Director Robak, General Manager Watton and Chief of Engineering Rod Posada
 - b. **Attended the District's Special Board Meeting** for a workshop on the FY 2016 Budget.
- 6) **May 20: Attended the District's Finance, Administration and Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the June board meeting.
- 7) **May 22: Attended a meeting of the District's Ad Hoc Salt Creek Golf Course Committee.** Attendees: Director Thompson, General Manager Watton and Mr. Bill McWethy
- 8) **May 27: Attended a meeting of the Metro Commission Finance Committee**
- 9) **May 29:**
 - a. **Attended CWA's Legislative Roundtable with Senator Marty Block and Assemblymember Brian Jones.** Attendees: Director Thompson and General Manager Watton

b. **Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the June 3 Board Meeting.