

MINUTES OF THE
BOARD OF DIRECTORS REGULAR MEETING
OTAY WATER DISTRICT
MARCH 18, 1998

1. The meeting was called to order by President Poveda at 1:30 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, . California.

DIRECTORS PRESENT: Directors Poveda, Laudner, and Price

DIRECTORS ABSENT: Director Watton (arrived 1:36 p.m.)
Director Inocentes (arrived 1:59 p.m.)

STAFF PRESENT: General Manager Lewinger
Operations Dept Head Mahanke
Finance Dept Head Chambers
Engineering Dept Head Stanton
Admin Dept Head Alvarez
Attorney Harron
District Secretary Bartlett-May
Public Affairs Administrator Cassens
Others as per attached list

2. After the Pledge of Allegiance, a motion was made by Director Price, seconded by Director Laudner, and unanimously carried, to approve the agenda.

3. A motion was made by Director Price, seconded by Director Poveda, and unanimously carried, to approve the Minutes of the Special Meeting of February 25, 1998, the Regular Meeting of March 4, 1998, and the Special Meeting of March 5, 1998.

4. After discussion, a motion was made by Director Laudner, seconded by Director Price, and unanimously carried, to approve the Demands as listed.

5. President Poveda inquired if anyone in the audience desired to address the Board on any item not on the agenda. No one wished to be heard.

6. President Poveda presented

RESOLUTION NO. 3724

A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT EXPRESSING APPRECIATION TO PEDRO J. PORRAS FOR TEN YEARS OF SERVICE TO THE DISTRICT

A motion was made by Director Laudner, seconded by Director Price, and unanimously carried, to adopt Resolution No. 3724.

Engineering Department Head Stanton presented the Resolution to Mr. Porras. He stated that Mr. Porras is a Civil Engineer at the District and holds a Masters Degree in Engineering along with a Professional Engineer's license in the State of California. Mr. Stanton thanked Mr. Porras for his years of service at the District.

7. Director Watton arrived at 1:36 p.m.

8. President Poveda pulled Item 8g from the Consent Calendar because he had requests from speakers to address the item.

A motion was made by Director Watton, seconded by Director Price, and unanimously carried, to adopt the following items on the Consent Calendar:

a) RESOLUTION NO. 3725

A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT ACCEPTING WORK COMPLETED UNDER AN AGREEMENT WITH EASTLAKE DEVELOPMENT COMPANY, A CALIFORNIA GENERAL PARTNERSHIP, FOR CONSTRUCTION OF WATER FACILITIES FOR "EASTLAKE GREENS GOLF CLUBHOUSE" (WO 2381 – ID 22 AND 27 – DIV 1)

RESOLUTION NO. 3726

A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT ACCEPTING WORK COMPLETED UNDER AN AGREEMENT WITH C.V. HOMES – 2 LLC, A CALIFORNIA LIMITED PARTNERSHIP, FOR CONSTRUCTION OF WATER FACILITIES FOR "EASTLAKE GREENS UNIT 22" (WO 8435 – ID 22 AND 27 – DIV 1)

RESOLUTION NO. 3727

A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT ACCEPTING WORK COMPLETED BY J. F. TEJEDA, CO. FOR THE PAVEMENT REPLACEMENT AT THE ID 7 CHLORINE BUILDING (WO 536.1 – CIP 210 – DIV 1)

b) RESOLUTION NO. 3728

A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT FIXING TERMS AND CONDITIONS FOR THE ANNEXATION TO OTAY WATER DISTRICT AND IMPROVEMENT DISTRICT NO. 22 AND IMPROVEMENT DISTRICT NO. 27 OF THOSE LANDS DESCRIBED AS "OTAY RANCH SPA 1, PHASE 1 (APN 642-060-11 AND 642-080-01 (PORTION))" AND ANNEXING SAID PROPERTY TO IMPROVEMENT DISTRICT NO. 22 AND IMPROVEMENT DISTRICT NO. 27 (WO 8724/DIV 1)

c) ACCEPTANCE OF BID FROM PROFESSIONAL DATA EXCHANGE FOR AN AMOUNT NOT TO EXCEED \$50,287 FOR THE PURCHASE OF A REMITTANCE PROCESSOR

d) APPROVAL OF THE REGIONAL WASTEWATER DISPOSAL AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE PARTICIPATING AGENCIES IN THE METROPOLITAN SEWAGE SYSTEM

e) AUTHORIZATION FOR GENERAL MANAGER TO EXECUTE THE AGREEMENT FOR THE ESTABLISHMENT OF A FUNDING PROGRAM FOR THE 711 RESERVOIR AND TRANSMISSION MAINS FOR THE OTAY RANCH SPA ONE DEVELOPMENT (MCMILLIIN – D.A. AMERICA OTAY RANCH, LLC)

f) AUTHORIZATION FOR GENERAL MANAGER TO EXECUTE THE AGREEMENT FOR THE ESTABLISHMENT OF A FUNDING PROGRAM FOR THE 711 RESERVOIR AND TRANSMISSION MAINS FOR THE OTAY RANCH SPA ONE DEVELOPMENT (OTAY PROJECT, LLC)

h) AUTHORIZATION TO ISSUE PURCHASE ORDER TO SOURCE CONSULTING IN THE AMOUNT OF \$104,000 TO COVER 2080 HOURS OF PROFESSIONAL PROGRAMMING SERVICES

i) AUTHORIZATION FOR STAFF TO ENTER INTO A ONE-YEAR CONTRACT WITH DIAMOND CONTRACT SERVICES INC. FOR \$2,790 PER MONTH WITH AN OPTION OF TWO ADDITIONAL ONE-YEAR CONTRACTS FOR CUSTODIAL SERVICES

j) REPEAL OF POLICY 30 REGARDING DISCLOSURE OF CUSTOMER RECORDS

9. President Poveda presented

ORDINANCE NO. 465

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT AMENDING SECTION 27.06 OF THE CODE OF ORDINANCES PERTAINING TO SUBMETERING

Attorney Harron stated the District has an ordinance prohibiting mobile home parks, apartments, condominium complexes, industrial complexes and land used for agricultural purposes from submetering and charging more for the water resold than the amount the District charges. This meant there could be no extra charge for the installation, maintenance, billing or administrative costs associated with the individual submeters. Submetering is encouraged by the District because it promotes water conservation. There is new State law requiring an owner to charge each user at the same rate as if the user were receiving water from the District. The owner is required to state on the bill the opening date, closing date and the date the meter was read. The District's water rates must be posted in a conspicuous place by the owner. State law, however, does not prohibit a charge for the installation, maintenance, billing or administrative costs associated with submetering. There are companies which provide this service and they obviously expect to be compensated which our current ordinance prohibits. Staff is proposing the ordinance be revised to provide for these services.

Ms. Wenda Alvarez of WSA Marketing, stated she is a consultant to California Submetering. She endorses the new ordinance because it encourages everyone to

conserve since they pay an individual bill rather than share a common bill. Posting the District's rates lets the customers know they are not paying any more for the water.

Mr. Tom Rogers, President of California Sub-Meters, stated he supports the ordinance because it promotes water conservation and encourages individuals to install low-flow fixtures. His company provides the software for the billing to the individual units.

A motion was made by Director Watton, seconded by Director Poveda, and unanimously carried, to adopt Ordinance No. 465.

10. Attorney Harron stated Staff issued a Request for Proposals for workers' compensation insurance coverage because the District had never tested the market in this area. There was a short turn around period and Staff only had a few bids when the Staff Report was mailed last Friday. He stated it appears from the bids received to date, Staff would recommend the District stay with the ACWA JPIA workers' compensation insurance because of the level of service provided. Some of the bids were lower but JPIA's service is like having another Staff member. The management of risk is very important and the District needs to have its employees' issues addressed immediately. He recommended this item be continued to the next meeting to allow time for other bids and to obtain JPIA's premium quote. April 1 is the deadline to notify JPIA but the information could be phoned or faxed to them that day.

Director Price inquired if Staff had looked into using JPIA for other insurance.

Mr. Harron stated this had not been done because the District had agreed to stay with its current broker for one more year.

General Manager Lewinger inquired if the Board would give Staff the latitude to place a value of \$20,000 on the services provided by JPIA so that if any of the bidders do not quote a premium at least \$20,000 less than JPIA, Staff will stay with JPIA.

A motion was made by Director Price, seconded by Director Laudner, and unanimously carried, to authorize the General Manager to continue JPIA workers' compensation coverage unless a bid is received for at least \$20,000 less, in which case, this item will be placed on the April 1 agenda for further consideration.

11. Director Inocentes arrived at 1:59 p.m.

12. Mr. Bart Mumford, District Project Manager stated, at the February 18, 1998 Board meeting, Staff had presented the concept of an "as-needed" construction contractor to perform minor construction work for the District. The Board requested Staff return with alternative contracting methods that could be structured to allow more small and emerging companies to perform this type of work and to increase the flexibility to respond to workload needs and changes. There are three methods that can be used to obtain the goal. The first is to follow the public bid process for every job under \$75,000. This requires 10 to 20 hours of Staff time for each bid and takes approximately eight weeks to bid and award. All contractors, large and small, would be eligible. The second method would be to use the public bid process for selection of a contractor to provide services for one year on projects under \$75,000. Assuming six contracts under \$75,000, this process saves 60 to 120 manhours of Staff time and approximately 48 weeks of processing time. It allows rapid response to small projects and allows the contractor to gain experience with the District. The third method is to negotiate directly for contracts under \$25,000 which saves Staff time and shortens

response time. It targets small and emerging contractors (those who do less than \$1 million a year in construction and have a Class A license) and provides opportunities for new contractors to gain experience with Otay. The process would include soliciting interest by advertising and using the Contracting Opportunities Center. Contractors would be prequalified for contracts under \$25,000. Small and emerging contractors would be targeted. Staff would randomly select and train five contractors, obtain cost proposals on a rotating basis and use a contractor for two years, then readvertise. He recommended the District combine methods 2 and 3 and increase the General Manager's authorization to award negotiated construction contracts from \$10,000 to \$25,000. He also recommended the General Manager be authorized to execute a two year "as-needed" construction contract with Cass Construction for \$300,000 per year with a not-to-exceed amount of \$75,000 per project.

Director Price stated she would prefer to see one year contracts with a renewal clause.

Director Inocentes inquired why \$1 million was used to define small and emerging businesses.

Mr. Stanton stated he heard that was an appropriate amount.

Director Inocentes stated it should be higher for this type of work.

Director Watton stated the Small Business Administration uses \$2.5 million.

Director Inocentes asked why only contractors with A licenses will be considered.

Mr. Stanton stated there could be some work that could be performed by a contractor with a C or B license.

Director Inocentes stated he would like to see one year contracts with a report at the end of the year on how the program is working.

Mr. Stanton stated two years was chosen to give the contractors enough time to gain experience with the District.

Director Watton stated he would agreed to modifying the recommendation to using the appropriate license for the work, and one year contracts with renewal options after a report is made to the Board.

Mr. Stanton stated the District could have more than five contractors to spread the work between A, B and C license holders.

Director Inocentes suggested Staff utilize the Contracting Opportunities Center as much as possible.

Mr. Stanton stated the COC had put together several workshops to help contractors learn about how Otay does business. He stated Staff would bring back a report on the District's efforts with COC and how they have helped.

Director Inocentes suggested Staff bring this issue back to the Engineering Committee.

Director Poveda suggested Staff modify the procedure and bring it back to the full Board.

A motion was made by Director Price, seconded by Director Watton, and carried, with Director Laudner voting no, to increase the General Manager's authorization to award negotiated construction contracts from \$10,000 to \$25,000, direct Staff to research increasing the threshold for small business from \$1 million to whatever is appropriate, use random selection, and authorize the General Manager to execute a

contract with Cass Construction for amounts not-to-exceed \$300,000 per year, each individual task order limit, including change orders, not-to-exceed \$75,000 and include a one-year renewal clause with a report back to the Board at the end of the year.

13. Engineer Larry Rega reported that the County is designing improvements to widen the road in the vicinity of the intersection of Jamacha Boulevard and Campo Road. Part of the design is to provide storm drain improvements across, and under, the traveled and improved roadway. The inlet for the basin improvements is immediately west of the District's access road to the Regulatory Reservoir site. The County has an immediate need to acquire the easement because construction is already in progress and this easement was overlooked during their rights-of-way acquisition process. Staff is currently reviewing a draft of the easement agreement and will final the language if approved by your Board. The main conditions are that the District gets paid fair market value, Otay retains its prior rights, and if the County is required to move their facilities by the District, it is at the County's expense. He requested the Board give the General Manager authorization to negotiate the terms for the execution of the easement.

A motion was made by Director Inocentes, seconded by Director Poveda, and unanimously carried, to authorize the General Manager to negotiate and execute an easement as requested by the County of San Diego.

14. Administrative Services Department Head Alvarez presented the monthly department report. He stated the confined space rescue training has been completed.

15. Operations Department Head Mahanke presented the monthly Operations report. He distributed information regarding the District's disinfection-dechlorination

trailer that was built by District employees. This was exhibited at the Tri-State Seminar where it generated a lot of interest.

16. Engineering Department Head Stanton presented the monthly engineering and planning reports and the monthly status report for projects listed by CIP numbers. He stated he will be bringing the agreement with the City of San Diego for purchase of treated water and storage capacity in Lower Otay Reservoir to the next Board meeting for discussion.

17. Attorney Harron presented the monthly General Counsel report. He reported that the Jarvis group is aggressively challenging Las Virgenes Water District's block rate under Proposition 218. He stated the Water Conservation Garden Authority members will be amending the Joint Powers Agreement to allow them to use the more generous bidding provisions that Helix has as an irrigation district rather than the municipal water district provisions. This will allow contractors to volunteer their services. This item will be on the next Board meeting agenda.

Director Inocentes inquired about the problems the District is experiencing with Kay Construction on Otay Mesa Road.

Mr. Harron stated they have not been shoring their trenching and the District inspector should not be going into the trench. He stated the District has threatened to terminate the contract and report them to OSHA if they do not comply.

Mr. Stanton stated the contractor has agreed to comply but the inspector has been instructed to notify the safety director and OSHA if they don't.

18. General Manager Lewinger reported he will be making a presentation to the San Diego Chapter of the ASCE regarding the District's CIP projects. He also

stated that the presentation regarding the Water Conservation Garden Internet presence will be given at a future Board meeting.

19. Director Watton reported that the County Water Authority continues to discuss the financing of the Emergency Storage Project. He also attended the Colorado River Board meeting.

20. Director Inocentes reported on his attendance at the Helix Water District Open House and the P&M Breakfast. He stated he plans to attend the Met reception for the new speaker tomorrow.

Director Price reported on her attendance at the Helix Open House. She will be attending a Legislative Committee meeting next week.

Director Laudner stated he had also attended the Helix Open House and the P&M Breakfast.

Director Poveda stated he also attended the Helix Open House. He requested an update on the District's web site at a future Board meeting.

21. The Board recessed at 3:26 p.m. The meeting was reconvened in Closed Session at 3:35 p.m. to discuss the sale of real property.

22. With no further business to come before the Board, the meeting was adjourned at 3:50 p.m.

President

ATTEST:

District Secretary