

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

MINUTES OF THE
BOARD OF DIRECTORS REGULAR MEETING
OTAY WATER DISTRICT
OCTOBER 21, 1998

1. The meeting was called to order by Vice President Price at 1:31 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, California.

DIRECTORS PRESENT: Directors, Laudner, Price, Watton,
and Inocentes

DIRECTORS ABSENT: Director Poveda

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

2. A motion was made by Director Laudner, seconded by Director Inocentes , and unanimously carried, to approve the agenda.

3. A motion was made by Director Laudner, seconded by Director Watton, and unanimously carried, to adopt the Minutes of the Regular Meeting of October 7, 1998, and Special Meeting of October 12, 1998.

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

1 Department Head Stanton stated that typically what had been done was the entire
2 project for construction was put out for bid, which is Item 8(b). He said it was the
3 entire project and they were requesting to award to the lowest bidder, which is the
4 typical process that Staff has been following on pump stations and reservoirs.
5

6 Director Inocentes asked if this was the same procedure that had been followed
7 on Roll Reservoir and Engineering Department Head Stanton stated that it was a
8 little different because the Roll Reservoir was tied into the Central Area
9 Interconnection job and this was just a single reservoir in the Dictionary Hill area.
10

11 Director Inocentes stated he was confused because in the past they had
12 gone through the Engineering Committee. Engineering Department Head Stanton
13 stated that Item (b) is the general contractor bidding, an item that was
14 competitively bid, and that Item (c) with John Powell & Associates is for this firm to
15 provide engineering services during construction to answer any questions relative
16 to the plans for the reservoir. Mr. Stanton said traditionally they pay the design firm
17 to come back and answer any questions, review drawings and make sure the
18 project is in compliance with what they designed. Mr. Stanton stated that Item (d)
19 is a separate project that Staff had used John Powell on as somewhat of a
20 designer on the Rancho Jamul Reservoir but also assisting in training some of our
21 Staff in doing the drafting and design since there are not many projects being
22 designed in house. He also stated that there was additional scope of work to be
23 done hence the change order to increase the scope of the work they were doing.
24
25
26
27

28 A motion was made by Director Inocentes, seconded by Director Price,
29 and unanimously carried, to approve the following Consent Calendar items:

1 b) AWARD OF CONTRACT FOR CONSTRUCTION OF
2 BUENA VISTA PUMP STATION TO PACIFIC ALLIANCE
3 CONTRACTORS IN THE AMOUNT OF \$912,528.54

4 c) AUTHORIZATION FOR GENERAL MANAGER TO
5 EXECUTE AN AGREEMENT FOR PROFESSIONAL
6 ENGINEERING SERVICES WITH JOHN POWELL &
7 ASSOCIATES FOR CONSTRUCTION ENGINEERING
8 SERVICES FOR THE BUENA VISTA PUMP STATION
9 UPGRADE IN THE NOT-TO-EXCEED AMOUNT OF
10 \$69,569

11 c) AUTHORIZATION FOR GENERAL MANAGER TO
12 EXECUTE TASK ORDER CHANGE NO. 2 FOR \$30,226
13 TO JOHN POWELL & ASSOCIATES TO FINALIZE THE
14 RANCHO JAMUL RESERVOIR DESIGN

15 8. Director Laudner stated that he had several questions regarding
16 Item 8(f). He asked if Loma Del Sol was contributing anything to the project.
17 Engineering Department Head Stanton stated they were not. He said that
18 originally the developer was going to build the pipelines, including this pipeline,
19 and the plan was for the developer to oversize the pipelines and the District to
20 contribute \$170,000 for the oversizing of the pipelines. Mr. Stanton said the
21 developer went bankrupt and the District never paid for the oversizing that had
22 been completed. There is still a portion of the pipeline which needs to be finished
23 in order to complete the loop and Staff originally thought the unfinished portion
24 could be completed with the funds due the developer.

25 Director Laudner asked if the new owner wasn't responsible for the
26 completion of the pipeline. Attorney Harron stated that the developer's contract
27 with the District wasn't treated as an asset in by RTC so the successor-in-interest
28 never received an assignment of the agreement.
29

1 Director Laudner asked if there had been a cost/benefit analysis made on
2 the project and questioned whether it is necessary to spend the money to
3 complete the loop. Mr. Stanton stated that a cost/benefit analysis had not been
4 completed on the water system that Staff concluded either from a reliability, and
5 water quality standpoint the work needs to be done to assure water quality and
6 reliability. Mr. Stanton said the cost involved to do a special connection to serve
7 the area while another line is done doesn't trade off against the investment. Mr.
8 Lewinger stated this pipeline is not being constructed just to benefit Loma Del Sol.
9
10 Operations Department Head Mahanke stated that there was quite a bit of
11 demand in the area with the golf course and the large lots. He also said that the
12 line that is in the area has had numerous breaks.
13
14

15 Director Laudner stated he feels the developer should pay for some of it
16 because the demand for this is from the golf course. Mr. Stanton stated this is
17 paid for out of capacity fees and the developers pay all of the capacity fees.
18

19 Director Watton stated he was surprised that the District was just a few
20 months in the CIP budget and an item this large is coming before the Board. He
21 asked why this project shouldn't take the normal course through the budgeting
22 process to get identified and worked on. Bart Mumford, Manager, Project
23 Management and Design in the Engineering Department, stated Staff was trying
24 to work with the mitigation windows. He said in order to start construction in
25 August when the mitigation window opens again, the project design needs to be
26 completed and the present CIP budget for this project has been exhausted.
27

28 Director Watton asked if this project had been an oversight and Mr. Stanton
29 replied it had. General Manager Lewinger stated that Staff is not asking for the

1 CIP budget as a whole to increase but only the budget for this project to be
2 increased and it will be absorbed in the rest of the CIP. Director Watton asked if
3 the budget was so fluid Staff could take \$700,000 out of it. Mr. Stanton stated that
4 there was an item which was awarded today that was \$600,000 under Staff's
5 estimate.
6

7 Director Watton asked what Staff's sensitivity was to the CIP budget.
8
9 General Manager Lewinger mentioned that the capacity fees that the District
10 collects to build the CIP projects are based on a 30-year program and that Staff
11 presents an annual estimate of CIP expenditures. Director Watton stated that if
12 Staff adds a few million dollars each year to the budget, at the end of the 30-years
13 there may not be enough money to finish the projects. General Manager Lewinger
14 stated that the CIP is reviewed every year and the cost estimates are updated
15 every year. Director Watton stated that the CIP budget seems to be loose enough
16 where projects can be added and it can be recalculated every year. General
17
18 Manager Lewinger stated Staff does recalculate every year based on actual
19 expenditures. Director Watton stated that this was a symptom of a theme that he
20 had brought up before and he would bring this situation up during the next budget
21 cycle. Director Watton stated that he is very concerned that Staff is just looking at
22 cash flow and that once projects are added, in slower years the District will run out
23 of cash or be required to raise fees.
24

25
26 Engineering Department Head Stanton stated that this was a rare
27 anomalous situation. He stated that most of the projects balance within a few
28 percentage points but that this project was purely an oversight. He said that even
29 if it had been included in the budget it wouldn't have made a difference in the

1 capacity fees. Mr. Stanton mentioned that Staff has rarely added a project to the
2 CIP budget. Mostly projects have been removed.

3 Director Price asked Mr. Stanton to explain what he meant by the window
4 of opportunity for mitigation. Mr. Stanton stated that there is a window of time for
5 construction in August but prior to that time the design and environmental work
6 needs to be completed. He stated the ideal would be to have the contractor on
7 board in June or early July so that construction could be started in August.
8
9

10 Mr. Mumford stated the increase to the budget is actually \$565,000 and that
11 the amount Staff is requesting is \$735,000, not the \$720,000 listed in the Agenda.
12 He said the alternative would be to stop everything now and wait to the next budget
13 cycle and squeeze everything into the next window in the fall of 1999.
14

15 Director Price asked how critical the project is to the District. Operations
16 Department Head Mahanke stated the area can be serviced with what is currently
17 there but there is a reliability issue. He said during the main break that occurred
18 several months ago Staff had to back feed through a small 6" pressure station that
19 was very marginal. Systems Operations Superintendent Gunstinson stated that
20 there was a problem with fire flow for that area without the new service. General
21 Manager Lewinger stated Staff had identified a deficiency in the area, they had
22 identified a project which would correct the deficiency. The project should have
23 been properly budgeted in the budget cycle and it wasn't. He said the effect of
24 delaying it a year would be the deficiency will continue and it will have no impact on
25 rates this year or next year.
26
27
28

29 A motion was made by Director Inocentes, seconded by Director Laudner,
and carried, with Director Watton voting no, to authorize the General Manager to

1 increase the budget for CIP 136 to \$735,000 and execute Task Change Order No.
2 2 for \$13,850 to Daniel Boyle Engineering to finalize the design of the Loma Del
3 Sol pipelines project.

4
5 9. Vice President Price called a recess at 2:05 p.m.

6 10. President Poveda arrived at 2:20 and the Board went into Closed
7 Session to discuss real property transactions and pending litigation. The meeting
8 was reconvened at 2:55 p.m.

9
10 11. President Poveda stated that there were several Board Members
11 who cannot stay after 5:00 p.m. for the Employee Opinion Survey and asked that
12 Staff contact Jennifer Dreyer and Larry Marion to see if they might be available for
13 a special meeting within the next week.

14
15 12. Administrative Services Department Head Alvarez presented his
16 Department's monthly report. He stated that Staff had attended a High Tech and
17 Diversity Job Fair hosted by NAACP on September 24th. Mr. Alvarez stated that
18 Jan Tubiolo was a guest speaker at the Western Region American Planning
19 Association's annual conference in Las Vegas on September 28th and made a
20 presentation on Otay's commercial irrigation water ordinance. He said the Water
21 Conservation Staff will be attending Jamul's Primary And Intermediate School
22 Fesitval on October 31st. Mr. Alvarez mentioned there would be five benefit
23 sessions held on November 10th for dependents and employees to explain the
24 District's benefits. Director Price congratulated Ms. Tubiolo on her presentation.
25
26

27 13. Operations Department Head Mahanke presented his Department's
28 monthly report. Mr. Mahanke stated that Staff assisted Sweetwater Authority with
29 the disinfection of two tanks. He mentioned that the tanks were epoxy coated and

1 that they were starting to see a little nitrification activity. President Poveda asked
2 if it was happening because of the coating and Mr. Mahanke said that this is a
3 problem that has just started and they don't know yet if it is something in the
4 coating itself. Mr. Stanton stated that Sweetwater was experiencing it and asked if
5 Otay was also experiencing it. Mr. Mahanke stated that Staff had taken the 980-1
6 tank in the Use Area out of service, disinfected it and looked at the coating and it
7 was in good shape. He said that it could be a porosity issue.
8
9

10 Mr. Mahanke complimented Jim Gunstinson, Steve Kobler, Jason
11 Cavender and Tadeo Vasquez for their confined-space rescue presentation at the
12 Tri-State Conference held the end of September. He mentioned that Staff would
13 be making the presentation to the Board at a future Board Meeting.
14

15 Director Price asked if the training mentioned in Mr. Mahanke's report was
16 part of the on-going training with Larry Marion or if it was something new. Mr.
17 Mahanke stated that it was part of the on-going training with Mr. Marion that was
18 presented to all managers and supervisors in the District. Director Price
19 requested that Mr. Marion provide a final report on what his recommendations for
20 the District are and the training that has occurred.
21

22 14. Finance Department Head Chambers reported that Staff had
23 received 14 responses on the RFP for the investment manager and she was very
24 impressed with the way they were presented. She stated the fees would range in
25 the area of 10 basis points and she would make a full report to the Board in the
26 future. Ms. Chambers stated the Finance Committee would be meeting to go over
27 the RFPs in more detail and to schedule interviews for a Special Board Meeting.
28
29

1 Ms. Chambers stated the District had paid off the bond indebtedness for ID
2 18.

3 Ms. Chambers mentioned the automatic payment program would be
4 announced to the customers during November. She briefly explained how the
5 program grew from a small number of customers up to the 300 that took part in the
6 pilot. Director Inocentes asked what system the District was using for the
7 automatic payment program. Ms. Chambers stated it was the ACH Program that
8 most banks offer and explained how the program works.
9
10

11 Finance Department Head Chambers presented the monthly finance
12 reports. She stated the total revenue was \$6,200,000, total expenses were
13 \$5,500,000 with excess revenue of \$700,000 for the first two months of the fiscal
14 year. She reviewed the portfolio summary as of August 31st, stated the District's
15 return was approximately 5.87% and that rates were seriously dropping.
16

17 15. Engineering Department Head Stanton presented his monthly
18 Engineering and Planning Department Report and the monthly status report for
19 CIP projects. He stated the District recently received its first grant for just under
20 \$500,000 from the U.S. Bureau of Reclamation for recycled water systems and
21 that it was an ongoing program which the District would receive additional money
22 from in the future. Mr. Stanton reported meter sales continue to be above
23 projection, last year's sales were 266 meters and this year to date Staff has sold
24 462. He stated that Staff had submitted two programs to the Local Resources
25 Program that MWD finances.
26
27
28

29 Director Poveda mentioned the tank rupture that had occurred at
Westminster and stated he had concerns regarding the same type of accident

1 happening in the District. He asked Staff to report to the Board about the status of
2 the 20 MG tank at Regulatory. Director Watton requested that there also be an
3 analysis of the danger. General Manager Lewinger stated Staff would report on
4 the repair and give the Board some information on how the Westminster tank
5 differs from the Regulatory tank.
6

7 16. Attorney Harron presented the monthly General Counsel report. Mr.
8 Harron stated that Pacific Bay Properties had sent the check for \$170,000 and the
9 easement has been relinquished by the District. He said that Staff met with the
10 principals of Sunbow and gave an estimate of how much Staff felt the easement
11 Sunbow wants relinquished was worth and that Sunbow brought up an easement
12 they dedicated to Otay without cost and are asking for a credit for that easement.
13
14

15 Mr. Harron stated that Nextel received their CUP for Telegraph Canyon
16 Road and their lease will be going into effect.
17

18 17. Public Affairs Administrator Cassens stated a news release had
19 been produced for the automated payment system and the next Communique will
20 include news about the automatic payment service.
21

22 18. General Manager Lewinger stated he wanted to schedule a meeting
23 to discuss what impact the CWA and MWD rate increases will have on the District.
24 He said the CWA infrastructure access charge goes into effect in January and the
25 District will see it on their bill from CWA in February. In order to give the Board the
26 ability to add a charge for the infrastructure access charge and have it take effect
27 in February, notice for the discussion and hearing at the January 20, 1999, Board
28 Meeting would need to go out with the November bills as part of the Communique.
29 The Board concurred. He said at the January 20th meeting they would also be

1 discussing the Board policy on the rate stabilization fund, which will have a direct
2 impact on whether or not there will be an addition to the bill for the infrastructure
3 access charge. Mr. Lewinger stated that if the Board chooses not to add the
4 charge, the District will be absorbing \$420,000 a year.
5

6 Mr. Lewinger reported on his AWWA training in Denver, Colorado for the
7 Qualserve Program Peer Review.
8

9 Mr. Lewinger reminded the Board of the Audubon Site Visit on Thursday,
10 October 29th at the Use Area. He stated that the project is still on schedule.

11 19. Director Watton reported that the East Side Reservoir overrun
12 received a lot of attention at MWD. He said Senator Hayden attended the MWD
13 Board Meeting and criticized them for the overrun, lack of detail and the lack of
14 accountability of Staff to Board and concluded by alluding that maybe the
15 information was suppressed because MWD didn't want it to be a feature of the
16 discussions in Sacramento over the last year.
17
18

19 Director Watton stated that San Diego was the swing vote in the election of
20 Phil Pace from Central Basin being elected Chair of MWD. He feels that a new
21 era of collaborative efforts has been entered into between San Diego, Central
22 Basin and West Basin in Los Angeles. He said one of the things on the agenda is
23 the appointment of the General Manager for Met and the agreement in principle
24 that they are looking for a hands-on business manager.
25

26 20. Director Price reported on her attendance at the ACWA briefing on
27 Cal Fed in Burbank and the Water Conservation Garden Authority Meeting.
28

29 Director Laudner stated he had attended P&M and LAFCO.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

21. With no further business to come before the Board, the meeting was
adjourned at 4:21 p.m.

President

ATTEST:

District Secretary