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MINUTES OF THE
BOARD OF DIRECTORS REGULAR MEETING
OTAY WATER DISTRICT
January 20, 1999

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, Laudner, Price, Poveda and Watton

DIRECTORS ABSENT: Director Inocentes (arrived at 2:17 pm)

STAFF PRESENT: General Manager Lewinger
Admin Services Dept Head Alvarez
Engineering Dept Head Stanton
Finance Dept Head Chambers
Operations Dept Head Mahanke
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 Poveda, 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 January 6, 1999.

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

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

3 6. Director Poveda pulled Items 7a and 7d from the consent calendar.
4
5 General Manager Lewinger pulled Item 7g.

6 A motion was made by Director Laudner, seconded by Director
7 Watton, and unanimously carried, to adopt the remaining items on the
8 Consent Calendar:
9

10 b) AUTHORIZATION FOR GENERAL MANAGER TO
11 EXECUTE A CONTRACT WITH ROBERT BEIN, WILLIAM
12 FROST & ASSOCIATES FOR AN ENGINEERING DESIGN
13 REPORT FOR THE LOWER OTAY FILTRATION PLANT
14 PUMP STATION AT A NOT-TO-EXCEED AMOUNT OF
15 \$122,211

16 c) ORDINANCE NO. 474

17 AN ORDINANCE OF THE BOARD OF DIRECTORS OF
18 THE OTAY WATER DISTRICT AMENDING SECTION 25.01,
19 PERTAINING TO SERVICE AREA, SECTION 25.03D.5,
20 PERTAINING TO TEMPORARY WATER SERVICE, AND
21 SECTION 31.04, PERTAINING TO PAYMENT OF
22 CAPACITY AND ANNEXATION FEES FOR TEMPORARY
23 METERS, OF THE CODE OF ORDINANCES

24 e) STATUS REPORT ON DUNCAN V. OTAY

25 7. Director Poveda stated he pulled the item regarding the computer
26 equipment purchase because he needed more information explaining why these
27 computers are so expensive.

28 Mr. Lane Hignight of the GIS staff explained that these computers are more
29 expensive because they will be used for GIS stations and they require more RAM
which doubles the price. The hard drive is larger also.

1 A motion was made by Director Poveda, seconded by Director Laudner,
2 and unanimously carried, to authorize the General Manager to approve purchase
3 orders to Dell Computer Corporation in the amount of \$23,355.89, Technology
4 Integration Group in the amount of \$12,572.27, and to Silicon Graphics Inc. in the
5 amount of \$10,477.61 for the purchase of computers for the Engineering and
6 Planning Department.
7

8 8. Director Poveda stated he pulled the item regarding the ACWA
9 JPIA executive committee to inquire if Director Price would be interested in being
10 nominated.
11

12 Director Price stated she would speak with President Buckner and let the
13 Board know if she wishes to be nominated.
14

15 9. General Manager Lewinger stated Staff had requested the Board
16 increase the annual design and engineering service consultant contracts in
17 November, 1998. At that time the Board approved the increase for the first year
18 and requested a review of the engineering workload projections before
19 considering an increase for the second year.
20

21 Mr. Bart Mumford, Project Management/Design Manager, stated the
22 Board's direction has been to use temporary and consultant services for short-
23 term needs and to hire regular staff when the work is long term. With the current
24 increase in development, the interconnect project and the South Bay Treatment
25 Plant project, the District has 80 active task orders under 14 contracts for annual
26 consultants. He stated there would be an increase in the need for project specific
27 and annual consultants for the next several years.
28
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1 Engineering Department Head Stanton stated Staff would be soliciting
2 proposals for another two year contract. In response to Director Price's question,
3 he stated almost all other agencies are using these types of consultants to
4 accomplish their workloads and he feels they are still cost-effective.
5

6 A motion was made by Director Poveda, seconded by Director Watton,
7 and unanimously carried, to increase the annual consultant contract limits for
8 Design and Engineering Services in the second year of the two year contract from
9 \$250,000 to \$300,000.
10

11 10. Mr. Mike Coleman, District Environmental Specialist, stated the
12 Board approved the Mitigated Negative Declaration for the District's Habitat
13 Conservation Plan/Subarea Plan under the Natural Community Conservation Plan
14 in April, 1998. It was reported at that meeting that the final plan and Implementing
15 Agreement would be brought back for final consideration. He then updated the
16 Board on the status of the District's Subarea Plan and Legal Implementing
17 Agreement under the Multiple Species Conservation Program. He stated Otay is
18 the first special district to get a subarea plan on line. The adoption of the Subarea
19 Plan and the Implementing Agreement will provide the District with an incidental
20 take permit by the US Fish and Wildlife Service and bring the District's Habitat
21 Management Area (Use Area) into the Multiple Species Conservation Program
22 preserve system. This will provide mitigation for the biological impacts of District
23 projects including in the 1995 Water Resources Master Plan and the 1998 Capital
24 Improvements Program. The total acreage being committed is 230.31 acres.
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29 Director Inocentes arrived at 2:17 p.m.

1 The Subarea Plan and the Implementing Agreement benefit the District by
2 giving the District certainty for mitigation of future project impacts, giving the
3 District long-term predictability (50 year) of mitigation requirements, providing
4 increased responsibility to the District for mitigating impacts to covered species
5 because the District will take the lead in mitigating impacts thereby eliminating the
6 need to apply for individual permits through the resource agencies, preserving the
7 District's land use authority autonomy, preserving the District's operation and
8 maintenance needs provided the District complies with the Subarea Plan
9 parameters and guidelines, and includes a provision for temporary impacts of
10 facilities such as pipelines where no mitigation is required if certain guidelines are
11 followed in the Subarea Plan.
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15 The District has several obligations under the Implementing Agreement,
16 some of which already exist under the master Section 7 permit. These include
17 allowing resource agencies to participate in management decisions of District-
18 owned mitigation land, avoiding and minimizing impacts to sensitive resources
19 consistent with MSCP guidelines for Otay projects wherein Otay acts as the lead
20 agency, performing biological surveys of CIP projects and complying with
21 guidelines to reduce impacts to sensitive biological resources as future projects
22 are designed and constructed, implementing construction procedures to avoid and
23 reduce habitat and species impacts, minimizing impacts during routine
24 maintenance and operational activities and following guidelines established in the
25 Subarea Plan to minimize impacts during emergency operations, and managing
26 and maintaining the Habitat Management Area Mitigation Bank as outlined in the
27 Subarea Plan.
28
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1 Charge and the Metropolitan Water District's Readiness-to-Serve Charge. The
2 Operating Budget adopted on June 17, 1998 anticipated excess revenue of
3 \$157,100. The total impact of these increases will be \$495,700.
4

5 The District's plan for Fiscal 1999 was to have no water rate increase for
6 July 1, 1998, rebate approximately \$1.5 million, develop a five-year forecast and
7 use the rate stabilization fund to support a uniform rate increase over the next five
8 years.
9

10 Staff is recommending that the District pass through the increases in water
11 costs effective with the first billing in February. The proposal is to pass through the
12 Infrastructure Access Charge in the same manner as it is imposed, as a fixed
13 monthly fee. The District will include this fee as a separate line item on the water
14 bill. Staff is also recommending a \$.02 rate increase per unit (except for the first
15 five units). This will increase the average customer's bill by \$1.20 a month or a
16 3.8% increase. The shortfall will be taken from the rate stabilization fund.
17
18

19 Director Price inquired how additional revenues, such as the golf course,
20 will impact the necessity of increasing water rates and charges.

21 General Manager Lewinger stated the Board has not set any policy on what
22 they want to do with additional revenue produced by the golf course. He stated the
23 golf course could produce between \$50,000 and \$2 million depending on how
24 quickly the investors are paid back and how many rounds of golf are played.
25

26 Director Inocentes asked Director Watton what the County Water Authority
27 has done to look at streamlining some of their operational costs. He has been
28 concerned over the last few years about their purchasing procedure.
29

1 Director Watton stated in general, the budget has been pretty static except
2 for additional projects the Board has had Staff work on. The CWA has increased
3 its stature in the Bay-Delta, been more involved in Metropolitan issues and the
4 Colorado River issue, which has caused costs to increase. Other than these
5 items, the budget has remained fairly static other than the increased workload for
6 pipelines and other facilities. The infrastructure access charge was to get the cost
7 more on a fixed basis and one of the ways that could be done was by meter. A
8 few years ago that was the feature of Metropolitan's RTS, to move more of those
9 infrastructure charges onto a fixed charge where some of the agencies that could
10 roll on and off would be captured. The program was a good one in its concept but
11 it developed into something else through negotiations so it's hard to trace it back
12 because it went through so many iterations. He thinks when that is revisited they
13 will try to maintain the concept of getting more fixed revenue on those big
14 infrastructure costs.

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19 Director Inocentes asked Director Watton what the CWA Board has
20 attempted to achieve with their outreach policy.

21 Director Watton stated he would have to get that information from the
22 person in charge of that .

23
24 Director Inocentes stated he has received complaints from small business
25 and minority firms in town that there were a lot of local firms and minorities
26 overlooked by CWA and they don't feel they are getting their part of the action.

27
28 Director Watton stated that would have to be taken on an individual basis
29 because he would need more specifics about the complaint to be able to address
that. He feels the CWA has a pretty good program and his opinion is that the

1 contracts have to be broken down into smaller units with realistic insurance and
2 bid requirements. He stated he is aware that the CWA works through the
3 Contracting Opportunities Center.
4

5 Director Inocentes stated maybe the District should invite James Smith
6 from CWA to make a presentation to the Board to show what he is doing with the
7 outreach program.

8 Director Watton stated he felt there were things that could be done at Otay.
9 He doesn't feel the District is really accomplishing all it set out to do for outreach.
10 He suggested maybe both programs could be looked at and the best of both used
11 together.
12

13 Director Inocentes inquired about the wording in the Ordinance that
14 provides that rates, charges and fees may be increased up to five percent per
15 year to pass through increases in costs imposed by CWA and/or MWD.
16

17 General Manager Lewinger stated that wording was used to avoid having
18 to go through the notification process if the Board chooses to increase rates or
19 charges again. He stated the model used for this year is based on having no
20 funds remaining in the rate stabilization fund at the end of the five year period and
21 having no excess revenue that could be added to the rate stabilization fund.
22

23 Director Watton stated he felt it was a good idea to take a smaller
24 percentage increase this year since there is usually always a surplus from the
25 budget that is added to the rate stabilization fund. Next year the Board will most
26 likely be looking at something less than the 2.4% predicted in this model.
27

28 Director Price inquired how the line item for the IAC will read on the bill.
29

1 Finance Department Head Chambers stated she had several alternatives
2 or the Board could choose one of their own.

3 It was concluded that the line item on the bill would read "SD County Water
4 Authority Infrastructure Access."

5
6 President Poveda closed the public hearing at 3:49 p.m.

7 Director Price stated she feels the District is a very efficient organization
8 and the Board must do the right thing to keep water coming to its customers. If
9 there were any other way to accommodate these increases without raising rates,
10 she would do it, but that is not the case here. She stated this is a non-
11 discretionary call for action on this Board's part.
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14 Director Inocentes stated he felt this was premature with the unknown
15 variables such as the access charge. He stated he would like to hold off until it is
16 known if there will be excess revenues.

17 A motion was made by Director Watton, seconded by Director Poveda,
18 and carried, with Director Inocentes voting No, to adopt Ordinance No. 475.
19

20 Director Price quoted from Martin Luther King, Jr. "The ultimate measure of
21 a leader is not where he stands in moments of comfort and convenience, but
22 where he stands at times of challenge and controversy." She stated she felt the
23 Board should reflect on those words.
24

25 13. President Poveda made the following changes to the District
26 Committees. The ACWA-USA Commissioner will now be Director Inocentes with
27 General Manager Lewinger as the Alternate Commissioner. The Building
28 Committee would be made an ad hoc committee. The Chula Vista Interagency
29 representatives will be Directors Price and Inocentes with Director Poveda as the

1 alternate. The Sweetwater Authority Committee will be Directors Price and
2 Poveda with Director Inocentes as alternate. The Binational Regional Water
3 Commission will consist of Directors Watton and Inocentes with Director Poveda
4 as the alternate.
5

6 14. Administrative Services Department Head Alvarez presented his
7 Department's monthly report. He reported the new IS Manager would begin work
8 February 1, 1999 and comes to us with 20 years experience.
9

10 15. Operations Department Head Mahanke presented his Department's
11 monthly report. Mr. Mahanke stated District crews helped Helix Water District
12 when they had a main break near their office. He reported that Operations
13 installed 182 meters last month and the projection is that 2000 meters will be
14 installed this year. He also reported that a photoelectric beam has been installed
15 on the gate at the entrance to the employee parking lot.
16

17 16. Engineering Department Head Stanton presented his monthly
18 Engineering and Planning Department Report and the monthly status report for
19 CIP projects. He reported that there are 121 developer projects under
20 construction in the District compared to 83 a year ago.
21

22 17. Finance Department Head Chambers presented the monthly
23 finance report. She reported that payments by credit cards are increasing and that
24 most people use them to avoid paying a late penalty.
25

26 18. Attorney Harron presented the monthly General Counsel report. He
27 reported that the Duncan case was decided in the District's favor and a draft order
28 is being prepared. He also reported that the Rancho del Rey well site agreement
29 has been executed. He pointed out that a case regarding the Brown Act has

1 confirmed the right of an elected board to go into closed session to discuss the
2 "appointment, employment, evaluation of performance, discipline or dismissal of a
3 public employee" without the employee's consent.
4

5 19. Public Affairs Administrator Cassens reported there is a meeting
6 tonight of the Valle de Oro Planning Group on the study conducted in the Hillsdale
7 water system that identified the need for a future reservoir. Next Thursday there
8 will be a meeting on the Interconnect project tunneling at the EastLake Greens
9 Recreation Center.
10

11 Director Poveda requested information on Montgomery-Watson's outreach
12 program for the Interconnect project. He stated he was bothered about awarding a
13 contract to a firm from L.A. but was told Montgomery-Watson had an excellent
14 outreach program. He would like information on the kind of active outreach that
15 has been done, how much money has been spent, etc.
16

17 Engineering Department Head Stanton stated Montgomery-Watson would
18 be making a presentation to the Board in the near future.
19

20 General Manager Lewinger inquired if the Board would like to be provided
21 with fax machines. He stated when material is sent to the District that is time
22 sensitive, it would be convenient if the Directors had fax machines so trips to each
23 Director's home by an operator could be eliminated. The Directors agreed to the
24 purchase of five fax machines that will work off their existing phone lines. Mr.
25 Lewinger stated the District is also getting a new laptop that will be kept in
26 Administrative Services that can be checked out by any Director if they would like
27 to review the CWA Board packet or similar uses. He inquired if the Board
28
29

1 members would want individual laptop pcs that he should consider in next year's
2 budget.

3 Director Price stated she knows the Helix Directors have laptops.

4
5 Director Watton stated he feels that would fit the overall program of having
6 board packages on the web site and doing more electronically. He stated CWA
7 went to board packages on CD ROM and eliminated a big mailing.

8
9 General Manager Lewinger stated he would consider this in the budget for
10 next year.

11 He also reported that the subject of Division boundaries will be on the
12 February 17 agenda.

13
14 He stated he was pleased to report that the agreement with the City of San
15 Diego is complete and will save the District \$50 million to \$100 million in capital
16 costs and \$100,000 to \$500,000 in operating costs. He thanked all those involved
17 in this project.

18
19 The Board requested that Staff come back to the Board with a
20 recommendation for a reward for those employees who were involved in the
21 successful completion of the agreement.

22
23 20. Director Watton reported on the Metropolitan Water District's
24 governance workshop. He reported that on January 29 there will be a water forum
25 with San Diego's State Legislators. Afterward there will be a fund raiser for
26 Assemblymember Mike Machado.

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28 21. Director Inocentes reported he attended the Metropolitan Water
29 District meeting last week and the Chula Vista Chamber of Commerce Installation
Dinner.

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Director Price reported on her attendance at the CWEA dinner, the Water Works dinner, and the Chula Vista Chamber of Commerce Installation dinner. She stated Directors from South Bay Irrigation District would like a tour of Otay's Interconnect Project.

Director Poveda reported he attended the Chula Vista Chamber of Commerce Installation dinner, the Water Works dinner, the CWA strategic plan workshop, the CWEA dinner and he met with CWA Chairman Joe Parker.

22. With no further business to come before the Board, the meeting was adjourned at 5:20 p.m.

President

ATTEST:

District Secretary