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MINUTES OF THE
BOARD OF DIRECTORS REGULAR MEETING
OTAY WATER DISTRICT

March 3, 1999

1. The meeting was called to order by President Poveda at 1:34 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, California.

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

DIRECTORS ABSENT: None

STAFF PRESENT: General Manager Lewinger
Operations Dept Head Mahanke
Admin Services Dept Head Alvarez
Engineering Dept Head Stanton
Finance Department Head Chambers
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 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 February 17, 1999.

4. A motion was made by Director Laudner, seconded by Director Watton, 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 Laudner pulled Items 7d and 7e from the Consent
4 Calendar.
5

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

10 a) RESOLUTION NO. 3790

11 A RESOLUTION OF THE BOARD OF DIRECTORS
12 OF THE OTAY WATER DISTRICT EXPRESSING
13 APPRECIATION TO JIM CLEMENTS FOR TEN
14 YEARS OF SERVICE TO THE DISTRICT

15 b) RESOLUTION NO. 3791

16 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
17 OTAY WATER DISTRICT AUTHORIZING ITS GENERAL
18 COUNSEL TO ACT ON BEHALF OF THE BOARD WITH
19 REGARD TO THE CONVEYANCE OF A PARCEL OF
20 PROPERTY IN RANCHO DEL REY

21 c) INFORMATIONAL REPORT ON POTABLE WATER
22 TELEMETRY (SCADA) SYSTEM

23 7. Director Laudner stated he pulled the item regarding the use
24 of annual contracts because he felt the staff report did not compare apples
25 to apples and he stands by his consultant's report regarding what other
26 agencies do with annual contracts. He stated he is concerned about a
27 \$250,000 contract that is only half done being increased another 20%. He
28 stated he was also concerned because he gave his consultant's report to
29 Staff to make copies for the Board and the Board did not get them.

1 Director Poveda stated it appears there are two issues, the use of
2 annual consultant contracts and the increase in the amount of the contract.
3 He stated he would like to see copies of Director Laudner's report.
4

5 Director Inocentes stated this is the first time he has seen this
6 information and he would like to request this item be held over to the next
7 meeting.
8

9 Director Price stated she would not be at the next meeting.

10 A motion was made by Director Price, seconded by Director
11 Inocentes and unanimously carried, to hold this item over to the first
12 meeting in April.
13

14 8. Director Laudner stated he pulled Item 7e because he
15 wanted to know who would be paying for the pipelines necessary to get
16 reclaimed water to the East Mesa Detention Facility.
17

18 General Manager Lewinger stated the pipelines to the facility are in
19 the District's CIP which is paid for by capacity fees.

20 Director Laudner stated he felt the staff report was half complete and
21 he inquired how much it would cost to build these pipelines.
22

23 General Manager Lewinger stated that was not included in the staff
24 report because it only dealt with the request to allow the Sheriff's
25 Department to enter into an agreement for the costs of the internal
26 plumbing.
27

28 Director Price inquired what sort of precedent would be set if
29 something happens to the internal plumbing.

1 Attorney Harron stated this is just a financial agreement. The
2 developer is responsible for installing the internal plumbing.

3 Director Watton stated he feels the District is forcing this on the
4 Sheriff's Department and he does not support this any longer. He stated
5 with all the other reclaimed water projects, this is probably not a good
6 expenditure of time and money considering the relatively small amount of
7 water involved and all the potential perceived problems that could occur
8 with the plumbing in a prison environment.

9 Director Price inquired if they would be using reclaimed water for
10 outside irrigation.

11 General Manager Lewinger stated they agreed to the irrigation use.
12 He stated he understands the Board's concern but he has been pushing
13 this because it is an acceptable practice (flushing toilets and urinals with
14 reclaimed water) and no one is having any problem that he is aware of in
15 the areas where this is being done. He stated the Board has a policy that
16 requires the use of reclaimed water where and when appropriate as
17 described in Title 22. He added that it is being recommended that the
18 South Bay Reclamation Plant be built to a capacity of 15 MGD. If US
19 Generating's plant comes to fruition and the South Bay Reclamation Plant
20 was only built to 7 MGD, the District would want to take it all.

21 Director Poveda stated there are a lot of "ifs" but the District wants
22 to use reclaimed water whenever it can so he sees this as an incentive.
23 The Board has allowed customers to enter into payment arrangements
24 before so he has no problem with that.

1 Director Inocentes stated he is still concerned about claims. He
2 inquired if the District could have them sign something that would relieve
3 the District of any liability.
4

5 Attorney Harron stated Title 22 sets the standards for use of
6 reclaimed water and as long as the District is meeting the standards there
7 would be no claim of negligence that liability could be based on. The
8 construction of the system would be the responsibility of their contractors.
9

10 Director Inocentes stated it is his understanding that action today
11 would not be final.

12 General Manager Lewinger stated Staff would have to bring back an
13 agreement to the Board to provide reclaimed water at a certain price and
14 include the provision for loaning the \$230,000.
15

16 Director Laudner stated reclaimed capacity fees will not be paid
17 because they already have potable water.
18

19 General Manager Lewinger stated when a reclaimed water meter is
20 purchased, the same capacity fees are paid as for a potable meter. The
21 Board's policy is that all the costs for reclaimed and potable facilities are
22 paid through the capacity fees. The reclaimed water line to the prison is
23 part of the Interconnect Project.
24

25 A motion was made by Director Poveda, seconded by Director
26 Inocentes, and carried, with Directors Watton and Laudner voting no, to
27 authorize negotiation with the Sheriff's Department whereby Otay would
28 front the money for the installation of a reclaimed system in the East Mesa
29

1 A motion was made by Director Inocentes, seconded by Director Laudner,
2 and unanimously carried, to authorize staff to issue a purchase order/contract to
3 Haaker Equipment Co. in the amount of \$178,927.42 for the purchase of a Vactor
4 combination sewer cleaner.
5

6 11. Attorney Harron stated the District's insurance package expires May
7 31, 1999. In previous years the District had brokers compete against each other
8 and ACWA/JPIA. This served the District well reducing insurance premiums.
9 After Jim Swanson won this competition three years in a row, the competition
10 started to drop out. Last year the District had Jim Swanson act as its "broker of
11 record" and go out to the insurance market and obtain the best deal. It was
12 concluded that the District should only go out to bid every two or three years. Staff
13 is recommending that this year the District continue to have Swanson act as its
14 broker of record and go out to the general market and that a bid be obtained from
15 ACWA/JPIA as well.
16
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19 Director Price inquired if the insurance coverage is sufficient.

20 Attorney Harron stated he would only be concerned about the general
21 liability and that could be covered by increasing the umbrella insurance.
22

23 Director Watton asked Attorney Harron to find out what the cost would be
24 for \$20 million in umbrella coverage.

25 Director Price suggested Staff find out what the industry standard is and
26 what JPIA recommends.
27

28 General Manager Lewinger stated since different agencies have different
29 facilities they would have different coverages.

1 A motion was made by Director Price, seconded by Director Watton, and
2 unanimously carried, to authorize Jim Swanson to act as the District's broker of
3 record to obtain bids from the general market for insurance coverage and also
4 obtain a bid from ACWA/JPIA.
5

6 12. Mitch Young, Project Manager, updated the Board on the progress
7 on the Central Area and Otay Mesa Inter-Connection Project. He stated the total
8 contract to date is \$18,432,000 which is under the engineer's estimate by \$4.2
9 million. He stated an EBE workshop is planned for March 25 at 11:00 am. The
10 bid packages are being advertised in minority publications and Staff is looking
11 into ways to divide the project into smaller bid packages. The District is partnering
12 with the Contracting Opportunities Center and continuing to add EBE agencies to
13 the database. Staff is also continuing to award the smaller contracts under
14 \$25,000 through negotiated procurement with EBE firms. To date the total of the
15 EBE contracts is \$2.2 million or 12% of what has been awarded through this
16 month.
17
18
19

20 Director Laudner stated he would like to visit the site during the boring
21 operation.
22

23 Mr. Young stated any Director who would like to visit the site can contact
24 him and he will accommodate them. He stated he would let the Board know when
25 the tunneling machine begins work.
26

27 Director Price stated there were members of Sweetwater Authority's Board
28 who were interested in a tour of this project and she suggested Staff contact
29 Sweetwater Authority again about such a tour.

1 Director Inocentes stated he wanted to know how Rickey Lasiter's group,
2 the Minority Contractors Consultant Group is doing the outreach and if Staff has
3 researched some of the past projects done by this firm and what their performance
4 has been.
5

6 Mr. Glenn Vita of Montgomery Watson stated when his firm was given
7 direction on the outreach goal, he called Mr. Lasiter and entered into a not-to-
8 exceed \$5,000 contract to stir up more business among the EBEs.
9

10 Director Inocentes stated Mr. Lasiter's company had to be pulled of a
11 project for the Navy and he doubts if the BCA, the LBIA and others will be involved
12 if Mr. Lasiter is on the job.
13

14 Mr. Vita stated he was looking for someone to promote the pipeline and
15 tunneling work and Highland recommended Mr. Lasiter.

16 Director Inocentes stated he had spoken to the LBIA and they indicated
17 they were waiting to be contacted by someone about the project
18

19 Mr. Vita stated Keith McDonald is still in charge so he would have to ask
20 him if the LBIA had been contacted.

21 Director Inocentes stated he would really like to see some investigation
22 done on the Lasiter group and the Navy contract.
23

24 Mr. Vita stated they had tried to hold a joint workshop with the BCA and the
25 LBIA but the groups said they could not make it.

26 Director Inocentes stated he understood that was because the workshop
27 was scheduled on the same day as the Mayor's address.
28
29

1 Director Watton stated if these types of problems are continuing he would
2 like to review Keith McDonald's contract. He had problems with that at the
3 beginning because Mr. McDonald was from Los Angeles.
4

5 Mr. Vita stated he told Mr. McDonald about the Board's concerns and Mr.
6 McDonald recommended using Pam Dowell of KARO Enterprises for the local
7 work.
8

9 Director Inocentes stated Mr. McDonald should be invited to address the
10 Board to give his perspective.

11 Director Inocentes stated he understood negotiations had occurred with
12 Larry Gardener of the City of San Diego and the BCA and LBIA for the City's
13 infrastructure project EBE outreach program. The BCA and LBIA were very
14 interested in that pipeline project.
15

16 Mr. Vita stated the BCA told him they were not interested in the Interconnect
17 pipeline project.
18

19 Director Inocentes stated he was concerned about the BCA and the LBIA
20 not wanting to work with Mr. Lasiter's group and the problem Mr. Lasiter had on the
21 Navy project.
22

23 Director Price inquired why some of the packages that were bid were so
24 far under the Engineer's estimate.

25 Mr. Young stated the contractors he spoke to said the District was using a
26 slower production rate than the contractors were anticipating.
27

28 Director Poveda requested Staff contact Keith McDonald about making a
29 presentation at the April 7 Board meeting.

1 13. President Poveda called a recess at 2:40 p.m. The meeting was
2 reconvened at 2:55 p.m.

3 14. General Manager Lewinger reported that the Classification and
4 Compensation Study is ongoing with meetings be held with Directors,
5 management and the employees.
6

7 He stated he will be meeting with Dave Rowlands of Chula Vista to discuss
8 a possible partnership to install fiberoptics at the same time pipelines are installed
9 in new developments.
10

11 He reported that a representative from Western Water will be making a
12 presentation at the next meeting regarding water marketing.
13

14 There will be a follow-up meeting with US Generating to discuss the use of
15 reclaimed water as a cooling source for a proposed power plant on the Otay
16 Mesa.

17 He reminded the Board of the Eastside Reservoir Tour on March 19.
18

19 15. Finance Department Head Chambers presented the monthly
20 financial report. She reported that the market value of the District's portfolio is
21 \$102 million. She answered Director Price's question from the last meeting
22 regarding the participation factor. This is produced by dividing the fair market
23 value by the amortized cost to show market value is greater than book value.
24

25 Director Watton inquired if a payment had been received from KURS
26 Radio.

27 General Manager Lewinger said no payment had been received.
28

29 Director Watton stated he hopes Staff is following the standard procedure
that they would for any other developer who has not paid.

1 Director Price inquired what that procedure would be.

2 General Manager Lewinger stated a letter would be sent stating that if they
3 do not get current on payments, the District will stop all work on their project.
4

5 Director Poveda inquired if that had been done.

6 Mr. Mike Coleman, the District's Environmental Coordinator stated he had
7 sent a letter requesting funds and indicating that work would stop if the funds were
8 not received. All work has been stopped except for attending the planning
9 commission meeting last week. He placed a call after the planning commission
10 approval to KURS representatives but received no response. He stated there is a
11 document that the District must sign when this is before the Chula Vista City
12 Council, and if payment has not been made, the District can tell KURS it will not be
13 signed until payment is made. KURS had offered to pay \$6,000 every 15 days
14 until the full \$24,000 is paid.
15
16

17 A motion was made by Director Price, seconded by Director Watton, and
18 unanimously carried, to add the KURS Radio discussion of non-payment to the
19 agenda as an emergency item.
20

21 Director Watton stated he feels this is a breach of the lease and that Staff
22 should do nothing for KURS until the money is paid.
23

24 General Manager Lewinger stated the Board could direct Staff not to sign
25 the document until they have paid the \$24,000 in full.

26 Director Price stated the District has shown good faith with this payment
27 plan and she is very disturbed that payment has not been made and no one is
28 returning the District's calls. She is inclined to ask for the full payment before the
29 document is signed.

1 Director Inocentes asked when the first payment was due.

2 Mr. Coleman stated the first payment would have been due the end of last
3 week. He stated KURS has paid \$30,000 to date into a deposit account but that
4 money has been expended and Staff is now spending District funds. He stated a
5 letter was sent four to six weeks ago asking for the \$32,000 but after a
6 conversation he had with Mr. Bonilla and the General Manager, the \$8,000 for the
7 lease analysis was removed. The letter gave them 10 to 15 days to pay the
8 \$24,000. He has sent faxes and e-mail as well.

9
10
11 Director Inocentes inquired if a letter was sent outlining the payment plan
12 arrangement.

13
14 Mr. Coleman stated only the initial letter and then telephone conversations
15 arranging the payment plan. He stated no specific date was mentioned, just "a
16 week" and he understood that to be last week.

17
18 Director Inocentes asked if they were going to bring the payment in or mail
19 it in.

20 Mr. Coleman stated they did not say, they have done both in the past.

21
22 Director Inocentes stated if the payment was due on Friday, it may have
23 been mailed Friday or Monday and it should have been here by today. He feels
24 Staff needs to get on them but he is not sure he is ready to make them bring in the
25 \$24,000 if a payment program arrangement has been made. He asked Attorney
26 Harron what the contract with KURS calls for.

27
28 Attorney Harron stated he does not think the contract addresses deposits,
29 this is a District practice that requires a deposit be made so the District can work
against it rather than bill after the fact.

1 Director Price stated she is surprised they are behind in their payments.
2 She thought this was a big buck operation and her concern is doubled when they
3 can't even make a payment according to the schedule. She stated she does not
4 want the District to be financing KURS.
5

6 Director Watton stated it sounds like the District is not following its own
7 practice and his experience with the City of Chula Vista is that if there is not money
8 in the account, no work gets done.
9

10 Director Price asked Attorney Harron if he had any suggestions.

11 Attorney Harron stated the District has several leverage points. One is the
12 document that needs the District's signature, and another is breach of the lease.
13 At this point, he would suggest writing a letter setting a deadline for payment and
14 spelling out what will happen if payment is not made.
15

16 Director Inocentes stated he would give them five days from today to make
17 the next payment. They are only three days in arrears now.
18

19 Director Price stated she wants to avoid having to come back to the Board
20 every two weeks if payments are not made.

21 Director Inocentes stated he has done collections for 25 years and he is
22 saying that if a payment was sent on Friday, it could be in the mail tomorrow.
23

24 Director Poveda stated with all due respect to Director Inocentes' years in
25 collections, the bottom line for him is that the payment was due Friday, and it
26 doesn't matter if the check is in the mail, he feels a lot of latitude has already been
27 given. If payment had been made as arranged, by the March 16 City Council
28 meeting, they would have paid \$12,000 so he would like to require them to pay
29 that amount by March 12. This would be a compromise from the \$24,00 full

1 payment and he feels this is business and the money needs to be in the bank, not
2 in the mail.

3
4
5 A motion was made by Director Poveda, seconded by Director Watton,
6 and unanimously carried, to have Attorney Harron write a letter to KURS Radio
7 stating that \$12,000 is due by March 12, outlining when the other payments are
8 due, and stating that if a payment is not made when due, the entire remaining
9 amount will become due and payable.
10

11 Attorney Harron stated the letter will go out tomorrow.

12 16. Director Watton reported that discussion at the County Water
13 Authority concerned the project labor agreement for the Eastside Reservoir.
14

15 He reminded the Board of the tour of the Eastside reservoir on March 19
16 and stated he would be attending a Senate Select meeting on March 17 in
17 Sacramento. He encouraged other Directors to attend the Senate meeting and
18 stated since he and Director Price are out of town that day, perhaps the meeting of
19 the 17th should be rescheduled.
20

21 A motion was made by Director Poveda, seconded by Director Price, and
22 unanimously carried, to reschedule the Board meeting of March 17th to March 24th,
23 1999.
24

25 17. Director Price thanked Director Watton for sponsoring the Colorado
26 River tour.

27 Director Laudner stated he went on the tour as well and thought it was
28 outstanding.
29

1 18. The Board went into closed session at 3:50 p.m. to discuss a real
2 property transaction and personnel matters. The meeting was reconvened in open
3 session at 5:24 p.m.
4

5 A motion was made by Director Poveda, seconded by Director Watton,
6 and unanimously carried, to accept the resignation of General Manager Lewinger
7 effective March 31, 1999.
8

9 Director Watton stated that the lump sum payment would be subject to
10 future negotiations.
11

12 A motion was made by Director Price, seconded by Director Inocentes,
13 and unanimously carried, to add the hiring of an executive search firm to this
14 agenda as an emergency item.
15

16 A motion was made by Director Inocentes, seconded by Director Watton,
17 and unanimously carried, to hire RJA Management Services, Inc. to search for a
18 general manager.
19

20 President Poveda stated in the interim, until a new general manager is
21 found, the Board decided that Attorney Harron shall act as General Manager after
22 March 31. He stated should Attorney Harron find that his workload requires help
23 from outside legal counsel, he should let the Board know.
24

25 19. With no further business to come before the Board, the meeting was
26 adjourned at 5:28 p.m.
27

President

ATTEST:

District Secretary