

1
2
3
4
5
6

MINUTES OF THE
BOARD OF DIRECTORS REGULAR MEETING
OTAY WATER DISTRICT

August 18, 1999

7
8
9
10

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

11
12

DIRECTORS PRESENT: Directors, Price, Laudner, Inocentes, Watton and Poveda (arrived at 1:39 p.m.)

13

DIRECTORS ABSENT: None

14
15
16
17
18
19

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

20
21
22

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

23
24
25
26
27

3. A motion was made by Director Inocentes, seconded by Director Laudner, and unanimously carried, to approve the Minutes of the Special Meetings of July 23, 1999 and July 26, 1999 and the Minutes of the Regular Meeting of August 4, 1999.

28
29

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

1 5. Vice President Price 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. Vice President Price inquired if anyone would like to pull any of the
4 Consent Calendar items.
5

6 Attorney Harron stated Pacific Bay Properties has requested Item 7b be
7 held over to the September 15, 1999 meeting.

8 Director Inocentes requested Item 7f be pulled.

9 A motion was made by Director Inocentes, seconded by Director Laudner,
10 and unanimously carried, to adopt the following items on the Consent Calendar:
11

12 a) AUTHORIZATION FOR THE GENERAL MANAGER TO EXECUTE
13 A REIMBURSEMENT AGREEMENT WITH MCMILLIN OTAY
14 RANCH, LLC FOR CONSTRUCTION OF CAPITAL
15 IMPROVEMENT PROGRAM PROJECTS IN OTAY RANCH SPA 1

16 c) APPROVAL OF DISPOSAL OF 6.6 PLUS ACRES OF EXCESS
17 DISTRICT PROPERTY ADJACENT TO THE 30 MG EASTLAKE
18 GREENS RESERVOIR AND AUTHORIZING THE GENERAL
19 MANAGER TO ACCEPT EASTLAKE DEVELOPMENT
20 COMPANY'S OFFER TO PURCHASE THE LAND AT \$250,000
21 PER ACRE AND BEGIN GRADING PRIOR TO CLOSE OF
22 ESCROW

23 d) AUTHORIZATION FOR THE GENERAL MANAGER TO ENTER
24 INTO AN AGREEMENT WITH THE METROPOLITAN WATER
25 DISTRICT TO PARTICIPATE IN THEIR LOCAL RESOURCES
26 PROGRAM

27 e) APPROVAL OF 1004-2 RESERVOIR AS BEING IN
28 CONFORMANCE WITH THE MASTER ENVIRONMENTAL
29 IMPACT REPORT

30 7. Director Price inquired how the District enforces Policy 31 regarding
31 the District's encouragement of disadvantaged business enterprise firms.

32 Engineering Department Head Stanton stated the District includes this re-
33 quirement in its contracts but it does not monitor the program. He stated the Dis-

1 trict could request that the contractor submit a report listing the firms hired and
2 what efforts they made toward achieving the Policy's objectives.

3 Director Inocentes suggested the District ask what they are doing instead
4 of making them file a report and Mr. Stanton could report periodically to the Board.
5

6 Mr. Stanton stated he would have Mary Saxton do that follow up.

7 8. Director Poveda arrived at 1:39 p.m. and assumed the chair.

8 9. Director Inocentes stated he pulled Item 7f because he
9 wanted to know if the \$1640 per month included the hardware for the
10 Bloomberg service and, if there was an extra cost for hardware, why not
11 use the District's?
12

13 Finance Department Head Chambers stated it did include the hard-
14 ware but there was no cost difference with hardware or without. She is re-
15 questing the 14" panel. She added that the service includes training.
16

17 A motion was made by Director Inocentes, seconded by Director
18 Price, and unanimously carried, to approve a one-year lease agreement for
19 the Bloomberg Service.
20

21 10. Terry Kreuter, Engineering Technical Support Manager,
22 stated the Otay Ranch Company has requested that the District execute a
23 three-party agreement for certain water facilities to be included in a new
24 assessment district being formed by the City of Chula Vista. These as-
25 sessment districts are used to issue bonding which compensates the de-
26 veloper for the cost of building the facilities. The bond debt is then paid by
27 the homeowners on their tax bills. There are 2649 dwelling units which
28 would equate to approximately \$645 per home. Mr. Kreuter explained that
29

1 there are two ways developers build water facilities in the District. The first
2 method is when the developer builds the distribution system needed for the
3 development and gives it to the District upon completion. The second
4 method is when capital improvement project pipelines that serve multiple
5 projects are built and the developer is reimbursed from District capacity
6 fees. He stated there are three options if municipal bonding is used. The
7 first is to use the District's reimbursement to pay down the bonds. The
8 second is to contribute the reimbursement to the City to reduce the amount
9 of bonding issued. The third is to contribute the reimbursement to the de-
10 veloper and have the City pay the developer less. He stated Staff recom-
11 mends reimbursement agreements and that bonds not be used to fund
12 these types of improvements.
13
14
15

16 Director Laudner stated he recalled these types of bonds were used
17 in the 80s.

18 Mr. Kreuiter stated they had been used in the Eastlake Greens pro-
19 ject.
20

21 Director Inocentes inquired if bonds are not sold, would the home-
22 owner pay up front.
23

24 Attorney Harron stated the developer would pay for the facilities
25 which they could add to the price of the home but the home price is driven
26 by the market and the developer will sell the home for whatever the market
27 will bear.
28
29

1 Director Price stated she lives in a Mello-Roos District and she
2 knows the homeowners see this as another extra tax or line item on their tax
3 bills so she would not support bonding.
4

5 Mr. Warren Diven, an attorney with Brown, Diven, Hessel & Brewer,
6 representing the City of Chula Vista, stated the assessment district has
7 been formed, but for the developer to be reimbursed for the water facilities,
8 it is necessary for the City to enter into an agreement with Otay. He stated
9 the City Council is in favor of this concept but is not trying to influence the
10 the City Council is in favor of this concept but is not trying to influence the
11 Otay Board. The total bond issue will be \$13.2 million.

12 Director Inocentes stated the staff report indicated that the last time
13 an assessment district was used, the homeowners were unhappy with the
14 District. He inquired what indication there was on the tax bill that Otay was
15 involved.
16

17 Engineering Department Head Stanton stated he was not at the Dis-
18 trict at the time nor was his staff but it was his impression that there was an
19 uproar in Chula Vista about this issue and that some of that got back to the
20 Board. He was just reporting that hearsay without any factual information
21 directly from staff. He stated he had spoken to Chula Vista City staff and
22 they were ambivalent about whether the Board decided to approve this or
23 not.
24

25 Director Inocentes stated he was concerned with putting hearsay in
26 staff reports. He has decisions to make and he doesn't want to make them
27 based on hearsay. He asked that staff make sure what they put in staff re-
28 ports are factual.
29

1 Mr. Stanton stated the hearsay was from the Board's conversation
2 from one month ago.

3 Director Watton stated that occurred when one developer used this
4 method and another right across the street did not. As a result one home-
5 owner was paying a larger tax bill than the other and they had paid the
6 same for the homes.
7

8 A motion was made by Director Laudner, seconded by Director
9 Poveda, and unanimously carried, to direct staff to create reimbursement
10 agreements that pay the District's contribution to the appropriate party to
11 avoid issuing bonds to build water facilities.
12

13
14 11. Director Poveda introduced Fred Cardenas, the new General Man-
15 ager and gave a brief description of Mr. Cardenas' background. The Directors
16 welcomed Mr. Cardenas to the District.

17
18 12. Acting Administrative Services Department Head Dobrawa pre-
19 sented the Department's monthly report. He pointed out that the format had been
20 changed to make it more user friendly and supportive to the Board. He stated the
21 school education program is now reaching 7844 students and was responsible for
22 224 tours and presentations so far this year. He reminded the Directors about the
23 Outreach program to be held this Friday at the Conservation Garden.
24

25 Director Price inquired why there were two positions that had close dates in
26 March that were still not filled.

27 Rom Sarno, Principal Human Resources Manager, stated there were is-
28 sues relating to qualifications that delayed filling the positions and a few people
29

1 were offered the job but turned them down. He stated HR is trying to do a better
2 job working with the departments.

3 13. Operations Department Head Mahanke presented his Department's
4 monthly report. He pointed out the increased water use, the aid provided to Padre
5 Dam by our crew, and the commencement of the annual EPA lead and copper
6 survey.
7

8 14. Engineering Department Head Stanton presented his monthly Engi-
9 neering and Planning Department Report and the monthly status report for CIP
10 projects. He reported that the Board had approved the purchase of up to 330
11 acres of land adjacent to the Use Area north of Proctor Valley Road at \$7500 to
12 \$9500 per acre and had ended up purchasing 160 acres for \$5,000 per acre.
13
14 This property had been appraised at \$7500 per acre.
15

16 15. Finance Department Head Chambers presented the monthly finan-
17 cial report. She stated the excess revenue as of June 30, 1999 is \$452,885 which
18 will be added to the rate stabilization fund.
19

20 16. Attorney Harron presented his monthly report. He reported that Staff
21 has agreed to provide a "will-serve letter" for Hidden Valley Estates that will spec-
22 ify that sewer service will be through a gravity sewer.
23

24 Director Laudner inquired who would pay for the error made in the design
25 of the Pacific Bay Homes pipeline that resulted in an incorrect elevation.

26 Mr. Stanton stated that the design consulting firm is responsible.

27 17. General Manager Cardenas reported that he has attended some
28 meetings where he has met other general managers and he will be setting up a
29 meeting with Maureen Stapleton. He will be attending the Little Hoover Commis-

1 sion meeting in Sacramento where they will be discussing special districts and he
2 issued an invitation to the Board members to attend also. He stated he felt the
3 District had a great group of employees and he was looking forward to working
4 with them.
5

6 Public Affairs Administrator Cassens reported that he had received 235
7 responses to the question regarding the Y2K issue from the last Communique. He
8 stated the feedback indicated a majority of respondents are a little concerned
9 about the Y2K problem but are very confident about the preparedness efforts of
10 the local utilities. It was also indicated that 49% have done very little to prepare
11 themselves for any Y2K related problems.
12

13
14 18. Director Inocentes reported on his attendance at an environmental
15 regulations meeting that was basically regarding federal law and that there will be
16 another meeting in March of 2000 dealing more with state law. He also attended
17 the Metropolitan Water District Committee meetings, specifically the Planning and
18 Water Resources Committee.
19

20 He stated he had read the article regarding Senator Peace's comments
21 that San Diego would be willing to leave Metropolitan even if it meant higher water
22 rates. He stated he does not agree with that and does not know anyone who
23 would.
24

25 Director Price stated the AWWA conference will be held in San Diego in
26 October and she suggested the District feature the Water Conservation Garden.
27 She also reported on her attendance at the NWRA conference and the value re-
28 ceived from being able to speak to people from other areas of the country regard-
29 ing their water issues.

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

Director Laudner stated he had also read the article about Senator Peace and he feels the Senator is going over the edge.

Director Poveda stated he is not in favor of picking a fight with Metropolitan. He is in favor of finding groundwater supplies and diversifying resources.

Director Watton stated he thinks Senator Peace is very frustrated with Metropolitan and that is what is driving his recent actions. He stated there was discussion at the CWA meeting regarding rate setting. This included everything from the status quo to complete unbundling. The Metropolitan meeting focused on financial integrity and lost sales.

19. The Board went into Closed Session at 2:25 p.m. to discuss labor negotiations. The meeting was reconvened at 3:30 p.m.

20. With no further business to come before the Board, the meeting was adjourned at 3:31 p.m.

President

ATTEST:

District Secretary