

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  
NOVEMBER 3, 1999

1. The meeting was called to order by Vice President Price at 1:35 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, California.

DIRECTORS PRESENT: Directors Inocentes, Laudner, Price, Watton, Poveda (arrived at 1:50)

DIRECTORS ABSENT: None

STAFF PRESENT: General Manager Cardenas  
Attorney Harron  
Admin Dept Head Alvarez  
Finance Dept Head Chambers  
Operations Dept Head Mahanke  
Assistant District Secretary Smith  
Others as per attached list

2. General Manager Cardenas requested that Items 10 and 11 be pulled from the agenda. A motion was made by Director Inocentes, seconded by Director Watton, and unanimously carried, to approve the agenda as amended.

3. A motion was made by Director Laudner, seconded by Director Inocentes, and unanimously carried, to approve the Minutes of the Regular Meeting of October 19, 1999.

4. A motion was made by Director Watton, seconded by Director Laudner, to approve the Demands as listed. General Manager Cardenas stated that he would like to have the warrant to Terry Kreuiter in the amount of \$162.83 pulled from the demands and that he would be reimbursing the District for that amount. After the removal of the warrant to Robert T. Kreuiter in the amount of \$162.83, the motion for the demands unanimously carried.



1 Laudner, and unanimously carried, to adopt the following items on the consent  
2 calendar:

- 3
- 4 a) AUTHORIZATION FOR STAFF TO ISSUE A PURCHASE  
5 ORDER TO S.S. MECHANICAL IN THE AMOUNT OF  
6 \$164,021 FOR THE CONSTRUCTION AND INSTALLATION  
7 OF A CHLORINE VAPOR SCRUBBER INCLUDING A  
8 REDUNDANT CAUSTIC PUMP
- 9 b) AUTHORIZATION TO AWARD A CONSTRUCTION  
10 CONTRACT TO UNIVERSAL COATINGS FOR  
11 REROOFING THE REMODELED ADMINISTRATION AND  
12 THE WAREHOUSE/SHOPS BUILDINGS FOR AN AMOUNT  
13 NOT-TO-EXCEED \$71,400
- 14 c) AUTHORIZATION FOR GENERAL MANAGER TO  
15 EXECUTE A REIMBURSEMENT AGREEMENT WITH  
16 EASTLAKE COMPANY
- 17 d) AUTHORIZATION FOR STAFF TO ISSUE A PURCHASE  
18 ORDER TO SURVEYOR'S SERVICE COMPANY IN THE  
19 AMOUNT OF \$21,382.99 FOR THE PURCHASE OF A  
20 LEICA TCR 1101 TOTAL SURVEYING SYSTEM
- 21 9. Vice President Price presented

22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100  
101  
102  
103  
104  
105  
106  
107  
108  
109  
110  
111  
112  
113  
114  
115  
116  
117  
118  
119  
120  
121  
122  
123  
124  
125  
126  
127  
128  
129  
130  
131  
132  
133  
134  
135  
136  
137  
138  
139  
140  
141  
142  
143  
144  
145  
146  
147  
148  
149  
150  
151  
152  
153  
154  
155  
156  
157  
158  
159  
160  
161  
162  
163  
164  
165  
166  
167  
168  
169  
170  
171  
172  
173  
174  
175  
176  
177  
178  
179  
180  
181  
182  
183  
184  
185  
186  
187  
188  
189  
190  
191  
192  
193  
194  
195  
196  
197  
198  
199  
200  
201  
202  
203  
204  
205  
206  
207  
208  
209  
210  
211  
212  
213  
214  
215  
216  
217  
218  
219  
220  
221  
222  
223  
224  
225  
226  
227  
228  
229  
230  
231  
232  
233  
234  
235  
236  
237  
238  
239  
240  
241  
242  
243  
244  
245  
246  
247  
248  
249  
250  
251  
252  
253  
254  
255  
256  
257  
258  
259  
260  
261  
262  
263  
264  
265  
266  
267  
268  
269  
270  
271  
272  
273  
274  
275  
276  
277  
278  
279  
280  
281  
282  
283  
284  
285  
286  
287  
288  
289  
290  
291  
292  
293  
294  
295  
296  
297  
298  
299  
300  
301  
302  
303  
304  
305  
306  
307  
308  
309  
310  
311  
312  
313  
314  
315  
316  
317  
318  
319  
320  
321  
322  
323  
324  
325  
326  
327  
328  
329  
330  
331  
332  
333  
334  
335  
336  
337  
338  
339  
340  
341  
342  
343  
344  
345  
346  
347  
348  
349  
350  
351  
352  
353  
354  
355  
356  
357  
358  
359  
360  
361  
362  
363  
364  
365  
366  
367  
368  
369  
370  
371  
372  
373  
374  
375  
376  
377  
378  
379  
380  
381  
382  
383  
384  
385  
386  
387  
388  
389  
390  
391  
392  
393  
394  
395  
396  
397  
398  
399  
400  
401  
402  
403  
404  
405  
406  
407  
408  
409  
410  
411  
412  
413  
414  
415  
416  
417  
418  
419  
420  
421  
422  
423  
424  
425  
426  
427  
428  
429  
430  
431  
432  
433  
434  
435  
436  
437  
438  
439  
440  
441  
442  
443  
444  
445  
446  
447  
448  
449  
450  
451  
452  
453  
454  
455  
456  
457  
458  
459  
460  
461  
462  
463  
464  
465  
466  
467  
468  
469  
470  
471  
472  
473  
474  
475  
476  
477  
478  
479  
480  
481  
482  
483  
484  
485  
486  
487  
488  
489  
490  
491  
492  
493  
494  
495  
496  
497  
498  
499  
500

RESOLUTION NO. 3824

A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT CANCELING THE REGULAR BOARD OF DIRECTORS MEETING SET FOR DECEMBER 1, 1999, SCHEDULING A REGULAR BOARD MEETING FOR DECEMBER 8, 1999 AND CHANGING THE TIME OF THE MEETING HELD ON THE THIRD WEDNESDAY OF EACH MONTH TO 3:00 P.M.

Director Laudner stated it was his understanding the Board Meeting on the third Wednesday would be held at 3:00 only for the month of November. Director Inocentes stated that the motion had been to move the meeting on the third Wednesday through the end of the year. Attorney Harron stated that language could be added to the Resolution stating the time change would only be through December 31, 1999. General Manager Cardenas stated then if the Board wished

1 to make the time change permanent, another resolution could be brought to the  
2 Board for their approval. Vice President Price requested that the Resolution be  
3 amended to state the time change for the third Wednesday of each month would  
4 be through December 31, 1999.

6 A motion was made by Director Inocentes, seconded by Director Watton,  
7 with Director Laudner voting "No," to adopt Resolution No. 3824, as amended.

8  
9 10. General Manager Cardenas stated the request for implementation  
10 of Option No. 1 and preparation of a preliminary design report for the North  
11 District/La Presa System Facilities was an item that went to the Board's Engi-  
12 neering Committee. He said that Staff was asking to proceed with the preliminary  
13 design report and, based on that report, to come back to the Board for approval of  
14 the project. Mr. Cardenas stated that this project is basically a give and take on  
15 cost from the project previously considered, and would provide greater reliability,  
16 operation and flexibility. Director Inocentes asked about the right of way issue.  
17 General Manager Cardenas said the right-of-way issue will be addressed in the  
18 EIR. A motion was made by Director Inocentes, seconded by Director Laudner,  
19 and unanimously carried to direct the General Manager to proceed with  
20 implementation of Option No. 1 and prepare a preliminary design report.

21  
22  
23  
24 11. Director Poveda arrived at 1:50 p.m.

25 12. Mr. Rom Sarno stated that the District and the Employee Associa-  
26 tions had reached agreement on a successor Memorandum of Understanding and  
27 asked the Board if they wished to review all of the changes in the MOU. Director  
28 Price said that Mr. Sarno did not need to go through the specific changes and  
29 thought that the report presented in the Board Package was concise and easy to

1 understand. Director Watton stated he was interested in the performance  
2 incentive program (PIP) and how that would work. He was also interested in a  
3 semi-annual report on the ratings to get some idea on how it is working. General  
4 Manager Cardenas said that because of being several months late, there were  
5 some evaluations done that will not reflect how the new program works. Director  
6 Watton stated that as it moves forward he would like some feedback so that can  
7 see that the system is perceived as being fair and would like to know the  
8 satisfaction level and decide whether the plan should be expanded or contracted,  
9 as well as making certain the District is on track for success. General Manager  
10 Cardenas said Staff could report back to the Board at the end of the first quarter of  
11 the program. Director Watton said it is hard to know where there may be  
12 problems and he wanted to make sure that the whole group is working towards  
13 making it a successful way of handling salary increases or merit rewards.  
14  
15  
16

17 Direct Price stated she would like to hear what type of training is occurring  
18 for the supervisors and their comfort level following that training.  
19

20 Mr. Sarno briefly described some of the changes that are included in the  
21 new MOU. He stated due to the salary survey there are 82 employees who will get  
22 increases from 1.4% to 6%. Only approximately 12 employees are above the  
23 maximum of their classification. He said the merit market adjustment of 2.9%, is  
24 based upon whether the employee's performance on their review is a 3 or higher.  
25 If they have a 3, 4 or 5 on their rating the employees will receive the 2.9% merit  
26 market adjustment. Mr. Sarno said the merit side of the salaries increased due to  
27 the adjustments of the salaries in the salary survey and that these increases would  
28 come out of the total compensation package. All adjustments will be effective July  
29

1 1, 1999, retroactively. He said they are currently working with finance and, if the  
2 MOU is approved by the Board, checks would be issued to the employees by  
3 November 18<sup>th</sup>. Mr. Sarno requested the Board approve an additional \$92,712 to  
4 fund the package for the agreement, salary adjustments for the unrepresented  
5 employees and fund additional money which had been approved for merit  
6 increases this year.  
7

8  
9 General Manager Cardenas stated that Staff is interpreting that the merit  
10 market adjustment is based on a review that the employee had and that  
11 employees who were hired after July 1st would not qualify for the merit market  
12 adjustment because they wouldn't have a review. He said also that the people  
13 who left or were terminated prior to July 1st would also not qualify for the merit  
14 market adjustment either. Director Watton asked how many people had joined the  
15 District since July 1. Administrative Services Department Head Alvarez said four  
16 individuals. Director Watton asked if this was brought up during negotiations and  
17 if that would be a problem. Mr. Alvarez said it is his understanding that that has  
18 been the practice and that these type of provisions would apply only to those that  
19 are here on July 1. He said that it was an area that wasn't covered during  
20 negotiations. There were several representatives of the Employees Association in  
21 the audience. Director Watton asked the representatives if they had a problem  
22 with the explanation of who would be covered on the merit market adjustment and  
23 they said they did not.  
24  
25  
26

27  
28 A motion was made by Director Watton, seconded by Director Poveda,  
29 and unanimously carried to adopt the attached MOU for 7/1/99 through 6/30/01,  
approve all salary ranges and increases for represented and unrepresented

1 employees, approve the merit market adjustments and benefit adjustments for  
2 executive unrepresented which includes the General Counsel, General Manager  
3 and Department Heads, and approve an additional \$92,712 to the budget for  
4 funding the complete package.  
5

6 Director Price thanked all of the employee representatives, German  
7 Alvarez, Kelli Williamson and Rom Sarno for their work on the MOU. Mr. Tim  
8 Keeran, one of the representatives for the Employees Association, thanked  
9 management for their work.  
10

11 Mr. Alvarez stated this concludes most of the items that were being dis-  
12 cussed but that there were still several items open, including PERs medical,  
13 request for survivor's benefit and social security offset, which will all come out of  
14 the total compensation package. He stated Staff will be bringing the outstanding  
15 issues to the Personnel Committee and the Board for adoption and completion of  
16 the MOU.  
17

18  
19 13. President Poveda presented the request for authorization to  
20 increase the GIS capital budget (CIP #164) by \$1,200,000. General Manager  
21 Cardenas stated the GIS program has been going on for five years. At one time  
22 the Board approved \$2.6 million for the project and expenditures have been made  
23 in the amount of \$2,466,743. General Manager Cardenas stated that the slide on  
24 the screen showed the expenditures to date (copy attached). Staff was asking the  
25 Board to approve an additional \$1.2 million to the GIS program bringing the total  
26 budget to \$3,666,743.  
27  
28

29 General Manager Cardenas stated that after approval by the Board in  
1994, the Department Head directed Staff to change the scope of the project and

1 make it more multi-jurisdictional. He said the Board should have been told about  
2 the scope change when Staff requested approval of the \$700,000 in 1998 but they  
3 weren't. Mr. Cardenas said also that Staff applied a 2.3 multiplier which meant it  
4 was coming out of the capacity fees and that was incorrect, it should have come  
5 out of the General Fund. He said that Staff is in the process of trying to figure out  
6 which portion of the costs should be charged to capacity fees and which to the  
7 general fund and, when that is figured out, the general fund will refund the capacity  
8 fee fund. Director Price asked if the additional amount of \$1.2 million would be the  
9 maximum authorization needed to complete this project. General Manager  
10 Cardenas stated that was correct.

11  
12  
13  
14 Director Inocentes stated that he read the comparisons of Otay with other  
15 agencies, and that Sweetwater was able to do their GIS program for \$500,000.  
16 He asked what Otay is doing that costs an additional \$1.2 million. Director  
17 Inocentes asked if we couldn't scrap the whole project and do what Sweetwater is  
18 doing. General Manager Cardenas said Otay could do that but we would lose the  
19 value of what we have already spent. Director Inocentes asked if we are going to  
20 be getting something more than what Sweetwater has. Mr. Cardenas said in  
21 comparing the accuracy of the two GIS systems, ours will be more accurate and,  
22 when the change of scope happened, that was the direction it headed, toward  
23 more accuracy. GIS Manager, Keith Russell said that Sweetwater's system is a  
24 stand-alone system and has no connection to the enterprise information we are  
25 feeding into our system. He said Sweetwater's data comes from Los Angeles and  
26 they then spend time editing that data to represent what they have in the field. Mr.  
27 Russell stated that Sweetwater Authority called last week and they are very

1 interested in what we're doing with our GIS system. He said the biggest difference  
2 is the way we can use the system in the future. As soon as Sweetwater started  
3 doing analysis with their data they had to stop and start over again. Mr. Russell  
4 stated the District's goal is we will never have to start again. He said that our GIS  
5 program will be good for water modeling and emergency response and that San  
6 Diego and Los Angeles are having to start over again to get the accuracy they  
7 need and we will never have to rebuild our data again.  
8  
9

10 Director Price asked when the project would be completed? Mr. Russell  
11 said between 9 and 11 months. He stated that most of the time has been spent in  
12 analyzing the data to make sure it will fit. He continued by saying that the average  
13 length of time for a GIS program is 4-5 years. Staff has completed a great deal of  
14 design work and they will now be focusing on programming for use by the  
15 employees. General Manager Cardenas said that Director Watton had asked  
16 whether we could add additional peripherals to the system and the answer is that  
17 we can such as SCADA data, AutoCad, financial models and hydraulic modeling.  
18  
19

20 Director Watton said that he was very unhappy that the District is at this  
21 point. He had asked questions about having a system that was off the shelf and  
22 not custom designed. He asked if we were doing a lot of custom design. General  
23 Manager Cardenas said we were. Director Watton asked about the different  
24 levels of accuracy and said that the Board was told that there were some  
25 increases to get the District to different levels of accuracy but was left with the  
26 impression that the system would conclude for the budgeted amount and at the  
27 end the District would have a very integrated high-tech system. He asked how  
28 Staff was over budget by \$1,200,000.  
29

1 General Manager Cardenas said there were two components that con-  
2 tributed to Staff being over budget. The first component is the 2.3 multiplier. He  
3 said the District has capacity fees on developer projects and we charge 130% for  
4 our time for building overhead, salaries, etc.. He said this particular project  
5 belonged in the general fund which does not have the 2.3 multiplier. Director  
6 Watton asked how the general fund multiplier is different. General Manager  
7 Cardenas stated that one is based on the employee's base salary and benefits  
8 and the other is based only on base salary. Director Price asked if by charging it  
9 under the capacity fee it raised the bottom line. Finance Department Head  
10 Chambers stated in the estimate they did not use the multiplier of 60% for fringe  
11 and the 70% for overhead which led to the discrepancy in the amount budgeted  
12 and the amount that is needed. General Manager Cardenas stated a portion of  
13 the project should be coming out of capacity and the majority out of the general  
14 fund.  
15  
16  
17  
18

19 General Manager Cardenas stated the other issue of being over budget  
20 was due to the fact that when the \$700,000 was approved by the Board it was  
21 moved from a capital project to an annualized cost of over \$6,000,000. He said  
22 Staff thought they could go ahead and complete the project due to including it in an  
23 annualized budget.  
24

25 Director Price said that we have something that is almost good but it's  
26 unusable as is. She said she didn't wish to waste money but certainly didn't want  
27 to waste four years and the amount that has been spent. General Manager  
28 Cardenas said that there would be maintenance costs, salaries to maintain the  
29 system, but the \$1,200,000 would complete the project.

1 General Manager Cardenas asked Finance Department Head Chambers  
2 of the \$1,800,000 labor if the District would receive a credit because of the 2.3  
3 multiplier? Ms. Chambers said yes, that what has happened is the GIS system  
4 has been charged to capacity fees or expansion and we are going to recalculate  
5 some numbers and reimburse the expansion fund for that number and the general  
6 fund will be charged the expense. General Manager Cardenas asked if the total  
7 budget for GIS will decrease and Ms. Chambers said it would. Mr. Cardenas said  
8 that staff would bring that information back to the Board.  
9  
10

11 Director Watton said that he wasn't going to support increasing the GIS  
12 budget today. He said he supports the GIS project and is not disputing  
13 \$1,200,000 but doesn't feel he has enough information to make a judgment.  
14

15 Director Watton requested a better breakdown of how the labor was underesti-  
16 mated, where it is and where it's going. He feels this information needs to be in a  
17 Staff Report for the Board's edification and also for the record. He requested a  
18 written discussion of the scope, where it is now and how it has changed, as well as  
19 the corresponding numbers related to that change. Director Watton also  
20 requested Staff come back and report where the budget is going to end up after  
21 moving the numbers around and asked for forensics on the issues, why were those  
22 funds chose in the beginning and the circumstances to reallocate the funds. He  
23 said he needed better documentation.  
24  
25

26 President Poveda said he wanted to echo all of Director Watton's com-  
27 ments. He recalled serving on the Engineering Committee and approving the  
28 \$1,600,000 expenditure and then it was piecemealed to a higher amount. In the  
29 future he wants to see projects in its entirety, not in pieces.

1 Director Price said in past practice the reports showed the hard costs for  
2 the program but didn't include the labor. Mr. Russell said the District's labor didn't  
3 seem to show up, if the Board looked at the hard costs, the project was in budget  
4 but when internal labor costs were included that is when the discrepancy arose.  
5

6 Director Watton said he is not making a judgment on the project today, that  
7 Staff needs to organize the salient points in a memo and once he receives that he  
8 can have a better line of questions. General Manager Cardenas stated that Staff  
9 would return with the information requested by the Board.  
10

11 Director Inocentes stated that it would be good to take a closer look at what  
12 is going on and make sure the Board knows what the plan for the future is. He  
13 asked how long before Staff could get the information back to the Board.  
14

15 Information Systems Manager Stevens said by the next Board Meeting.

16 Director Price stated that Otay will soon be the second largest district in  
17 San Diego County and with that number of customers to be served, we need the  
18 GIS program. She requested additional information, the true history and the  
19 bottom line on what it will take to complete the GIS project.  
20

21 14. The Board recessed at 2:55 p.m. and reconvened at 3:10 p.m.

22 15. Mitch Young presented the monthly report for the month of October  
23 on the Interconnect Project. He said that there is approximately 8,000 to 9,000  
24 feet of trench open. The accomplishments in October included the continuing of  
25 the North EastLake Tunnel and completion of the Otay River crossing. He said  
26 they began restoration of C pipeline and D pipeline and construction continued in  
27 Alta Road. E pipeline construction and F valve vault construction commenced, G  
28 pipeline and vault construction continued and H pipeline contract documents were  
29

1 advertised which is a 1,300 foot section on the lower Otay filtration plant property.  
2 He stated that this is the last pipeline to be done and can only be done after the  
3 interconnect pipeline at 30 mg and Alta is completed. Action items for November  
4 include Eastlake tunneling to continue; south aqueduct tunnel and Otay river  
5 crossing contract will be closed out. C pipeline restoration contract will be closed  
6 out, field work for the D, E and G pipelines and D, F and G valve vaults will  
7 continue. Bid package A, B, C, E, and F appurtenances contracts will commence  
8 and F pipeline contract will commence. Mr. Young stated that the contract change  
9 orders to date are actually 1.6%.

12 Mr. Young also updated the Board on the EBE outreach status. He stated  
13 the EBE contracts to date are at \$2,600,000, roughly 18% of the total contracts let  
14 to date. The schedule shows that we will finish construction on or before the 2<sup>nd</sup> of  
15 February and the project will be closed by March 30, 2000.

17 Director Price thanked Mr. Vita and Mr. Young for setting up the tour with  
18 Helix and some of the contracting agencies we've been using. It was very well  
19 done. Director Inocentes thanked Staff also.

21 16. Finance Department Head Chambers presented the monthly finan-  
22 cial reports. She stated there were excess revenues at this time of \$1,200,000  
23 due to increased water sales, and she expects an increase in sales in October as  
24 well. She stated the market portfolio is slightly less than \$100,000,000 with  
25 interest rates improving.

27 Director Price asked about the cost of temporary services raising so much.  
28 Finance Department Head Chambers said that some of the costs were due to an  
29 HR Analyst out on pregnancy leave. Administrative Services Department Head

1 Alvarez said the District uses temporary people for absences and with unknown  
2 absences, it has increased amounts spent. He said normally, the savings from  
3 labor would offset the temporary labor costs. Director Price thinks that it deserves  
4 some attention and has concern about our use of temporary help.  
5

6 General Manager Cardenas stated he had nothing to report.

7 Director Watton stated he had nothing to report regarding Metropolitan  
8 Water District or County Water Authority.  
9

10 Director Price stated she attended AWWA and was very pleased to see  
11 Staff attending.

12 Director Laudner stated he went to the demineralization dedication at  
13 Sweetwater and thinks it could be part of the solution of the water we need in  
14 Southern California.  
15

16 Director Poveda apologized for missing the last Board Meeting. He said  
17 the Onion and Orchids Award was very well attended. He also attended the  
18 AWWA conference and found it very interesting.  
19

20 17. The Board did not go into Closed Session.

21 18. With no further business to come before the Board, the meeting was  
22 adjourned at 3:35 p.m.  
23

24  
25 \_\_\_\_\_  
26 President

27 ATTEST:

28  
29 \_\_\_\_\_  
District Secretary