

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY
January 4, 2012
3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. ELECTION OF BOARD PRESIDENT

As per Chapter 2, Section 1.03.B, *Procedure for Election*, of the District's Code of Ordinances, the General Manager shall chair the proceedings for election of the President. The newly-elected President shall assume office immediately and shall chair the proceedings for the election of the Vice President and Treasurer.
4. ELECTION OF BOARD VICE PRESIDENT
5. ELECTION OF BOARD TREASURER
6. APPROVAL OF AGENDA
7. RECESS FOR A PRESENTATION TO OUTGOING BOARD PRESIDENT AND RECEPTION
8. RECONVENE OTAY WATER DISTRICT BOARD MEETING
9. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA
10. RECESS OTAY WATER DISTRICT BOARD MEETING
11. CONVENE OTAY SERVICE CORPORATION BOARD MEETING
12. ROLL CALL

13. ADOPT ORDINANCE NO. 100 OF THE OTAY SERVICE CORPORATION TO AMEND THE CORPORATION BYLAWS TO ADD AN OFFICER WITH THE TITLE OF EXECUTIVE DIRECTOR WHO SHALL BE IN CHARGE OF THE DAY-TO-DAY OPERATIONS OF THE CORPORATION
14. ELECTION OF OFFICERS
 - a) PRESIDENT
 - b) VICE-PRESIDENT
 - c) TREASURER
15. APPOINTMENT OF OFFICERS
 - a) EXECUTIVE DIRECTOR
 - b) CHIEF FINANCIAL OFFICER
 - c) SECRETARY
16. ADJOURN OTAY SERVICE CORPORATION BOARD MEETING
17. RECONVENE OTAY WATER DISTRICT BOARD MEETING
18. APPROVAL OF THE MINUTES OF THE REGULAR MEETINGS OF SEPTEMBER 7, 2011, OCTOBER 5, 2011, AND NOVEMBER 2, 2011; AND SPECIAL MEETING OF NOVEMBER 30, 2011
19. REDISTRICTING WORKSHOP I
 - a) RECEIVE REPORT REGARDING THE REDISTRICTING PROCESS AND LEGAL REQUIREMENTS, CONSIDER APPROVING THE RECOMMENDED CHANGES TO THE BOUNDARIES OF THE DISTRICT'S FIVE DIVISIONS (REDISTRICTING MAP), AND AUTHORIZE STAFF TO PROVIDE NOTICE TO THE PUBLIC OF THE DISTRICT'S INTENT TO CHANGE THE BOUNDARIES OF THE DIVISIONS OF THE DISTRICT AND TO HOLD A HEARING FOR PUBLIC COMMENT AT THE NEXT REGULAR BOARD MEETING PURSUANT TO GOVERNMENT CODE §74431 AND §74432

INFORMATIONAL ITEMS

20. THIS ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS:
 - a) UPDATE ON DIRECTOR'S EXPENSES FOR THE 1ST QUARTER OF FISCAL YEAR 2012
 - b) CAPITAL IMPROVEMENT PROGRAM STATUS REPORT FOR THE 1ST QUARTER OF FISCAL YEAR 2012

- c) INFORMATIONAL REPORT REGARDING THE DISTRICT'S CONSULTANT SELECTION PROCESS

CONSENT CALENDAR

- 21. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM
 - a) REJECT ALL CONSTRUCTION BIDS FOR THE 30-INCH POTABLE WATER PIPELINE IN HUNTE PARKWAY
 - b) TERMINATE CONTRACT WITH AS-NEEDED TRAFFIC CONSULTANT, INFRASTRUCTURE ENGINEERS
 - c) APPROVE A PROFESSIONAL SERVICES CONTRACT TO ARCADIS/MALCOM PIRNIE FOR VALUE ENGINEERING AND CONSTRUCTABILITY REVIEW FOR THE RANCHO DEL REY GROUNDWATER WELL AND OTAY INTERCONNECT PIPELINE PROJECTS IN AN AMOUNT NOT TO EXCEED \$153,628
 - d) APPROVE THE ISSUANCE OF A PURCHASE ORDER TO SAN DIEGO FREIGHTLINER IN THE AMOUNT OF \$107,216.36 FOR THE PURCHASE OF ONE (1) CLASS 7 DUMP TRUCK
 - e) APPROVE THE ISSUANCE OF A PURCHASE ORDER TO TUTTLE CLICK TRUCK CENTER IN THE AMOUNT OF \$104,216.20 FOR THE PURCHASE OF ONE (1) CLASS 4 SERVICE LINE TRUCK
 - f) ADOPT RESOLUTION NO. 4191 TO REVISE AND UPDATE BOARD OF DIRECTORS POLICY NO.s 48, ADA/FEHA DISABILITY POLICY, AND 50, ANTIFRAUD POLICY

ACTION ITEMS

22 BOARD

- a) DISCUSSION OF 2012 BOARD MEETING CALENDAR

REPORTS

23. GENERAL MANAGER'S REPORT

- a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

24 DIRECTORS' REPORTS/REQUESTS

25 PRESIDENT'S REPORT

RECESS TO CLOSED SESSION

26. CLOSED SESSION

- a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION [GOVERNMENT CODE §54956.9]
 - (l) SALT CREEK GOLF, LLC, UNITED STATES BANKRUPTCY COURT, CASE NO. 11-13898-LA11
- b) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION [GOVERNMENT CODE §54956.9(a)]
 - (l) MULTIPLE CASES RELATED TO THE FENTON BUSINESS CENTER AND FILED WITH THE SUPERIOR COURT OF THE COUNTY OF SAN DIEGO CONSOLIDATED UNDER CASE NO. 37-2007-00077024-CU-BC-SC

RETURN TO OPEN SESSION

27. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION

28. ADJOURNMENT

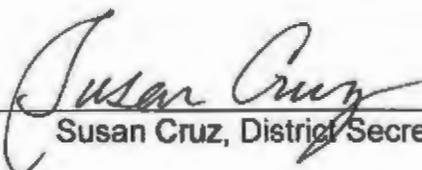
All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the District Secretary at 670-2280 at least 24 hours prior to the meeting.

Certification of Posting

I certify that on December 29, 2011, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 72 hours in advance of the regular meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on December 29, 2011.


Susan Cruz, District Secretary

AGENDA ITEM 13



TYPE MEETING:	Regular Board	MEETING DATE:	January 4, 2012
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY:			
SUBJECT:	Adopt Ordinance No. 100 Amending the Bylaws of the Corporation to Designate an additional Officer with the Title of Executive Director		

RECOMMENDATION:

That the Board adopt Ordinance No. 100 amending Section 5.01 and adding section 5.10 to the bylaws of the Corporation to designate an additional officer of the Corporation with the title of Executive Director who shall be in charge of the day-to-day operations of the Corporation.

COMMITTEE ACTION:

N/A

PURPOSE:

To present for the Board's consideration Ordinance No. 100 for adoption to amend Section 5.01 and add Section 5.10 to the bylaws of the Corporation to designate an additional officer of the Corporation with the title of Executive Director who shall be in charge of the day-to-day operations of the Corporation.

ANALYSIS:

Under the existing provisions of the Corporation's bylaws, the officer title of Executive Director was not designated. The adoption of Board of Directors Ordinance No. 100 would add the officer title of Executive Director to Article V, Officer, within the Corporation's bylaws. The Executive Director shall be the designated officer in charge of day-to-day operations of the Corporation, subject to the control of the Board of Directors. The Executive Director, in general, will perform all duties incident to facilitating the conduct of the

Corporation's operations and such specific duties as may, from time-to-time, be assigned to such office by the Board of Directors or President.

Staff recommends that the Board adopt the proposed amendments to the Corporation's bylaws enacting the Corporation officer of Executive Director through the adoption of Ordinance No. 100 (Attachment A).

FISCAL IMPACT: _____

None at this time.

LEGAL IMPACT: _____

None at this time.



General Manager

Attachment A: Ordinance No. 100, with the following attachment:

- Exhibit 1 - Section 2.10 of the Corporation Bylaws, Strike-thru

ORDINANCE NO. 180

AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE OTAY SERVICE CORPORATION
AMENDING SECTION 2.01 AND ADDING SECTION 2.10,
OF ARTICLE V, OFFICERS, OF THE CORPORATION'S BYLAWS

BE IT ORDAINED by the Board of Directors of the Otay Service Corporation that the language within Article V, Officers, Section 5.01, Number and Qualifications, be amended; and Section 5.10, Executive Director, be added; to the bylaws of the Corporation as per Exhibit 1 attached to this ordinance.

NOW, THEREFORE, BE IT RESOLVED that the amendments to Section 5.01 and addition of Section 5.10 to the Corporation Bylaws shall become effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Service Corporation at a regular meeting duly held this 4th day of January, 2012, by the following vote:

AYES;
NOES;
ABSENT;
ABSTAIN:

President

ATTEST:

District Secretary

BYLAWS
OF
OTAY SERVICE CORPORATION

ARTICLE I

NAME, ORGANIZATION AND PURPOSE,
PRINCIPAL OFFICE, SEAL

Section 1.01. Name. The name of this corporation is "Otay Service Corporation" (hereinafter referred to as the "Corporation").

Section 1.02. Organization, Purpose and Use of Funds. The activities of the Corporation shall be limited to the activities described in its Articles of Incorporation. No gains, profits or dividends shall be distributed to any member of the Board of Directors or officers of the Corporation, and no part of the net earnings, funds or assets of the Corporation shall inure to the benefit of any member of the Board of Directors, officer or individual or any other person, firm or corporation excepting only the United States of America, the State of California, or any municipal corporation or political subdivision thereof, or to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable or social welfare purposes and which has established its tax-exempt status under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986.

Section 1.03. Principal Office. The principal office of the Corporation for its transaction of business is located at 10595 Jamacha Boulevard, Spring Valley, California 91977.

Section 1.04. Change of Principal Office. The Board of Directors is hereby granted full power and authority to change the principal office of the Corporation from one location to another in and around Spring Valley, California. Any such change shall be noted by the Secretary in an appendix to these Bylaws, but no such appendix shall be considered an amendment of these Bylaws.

Section 1.05. Seal. The corporate seal of the Corporation shall set forth the name of the Corporation and shall have inscribed thereon the words "Incorporated June 21, 1993, California".

ARTICLE II

MEMBERSHIP

Section 2.01. The Corporation shall have no members. Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval of the Board of Directors. All rights which would otherwise vest in the members shall vest in the Board of Directors.

ARTICLE III

DIRECTORS

Section 3.01. Number. Subject to Section 3.03 of these Bylaws, the Corporation shall have five (5) trustees. Collectively, the Directors shall be known as the "Board of Directors."

Section 3.02. Qualifications. The Board of Directors of the Corporation shall be residents of the State of California. No person shall be eligible to serve as a member of the Board of Directors of the Corporation unless such person has been approved by resolution of the Board of Directors of the Otay Water District (the "District Board of Directors").

Section 3.03. Designation of Directors. The Corporation's Board of Directors shall always consist of the then current members of the District Board of Directors, and each current and future member of the District Board of Directors shall serve, during their tenure as a member of the District Board of Directors, as a director of the Board of Directors of the Corporation.

Section 3.04. Term of Office. All members of the Board of Directors shall hold office until the expiration of their term as a member of the District Board of Directors.

Section 3.05. Place of Directors' Meetings. Meetings of the Board of Directors shall be held at the office of the Corporation unless a different place is designated in the notice of such meeting.

Section 3.06. Regular Meetings. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the time and place of holding such meetings.

Section 3.07. Special Meetings. Special meetings of the Board of Directors may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California.

Section 3.08. Quorum and Manner of Action. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business by the Board of Directors, except that less than a quorum may adjourn from time to time. No action may be taken by the Board of Directors except upon the affirmative vote of a majority of the members of the Board of Directors.

Section 3.09. Notice; Conduct of Meeting. All meetings of the Board of Directors shall be called, noticed, held and conducted subject to the provisions of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, being Sections 54950-54962 thereof). The President or, in his or her absence, the Vice President, or, in the absence of the Vice President, a chair chosen by a majority of the directors present, shall preside at all meetings of the Board of Directors.

Section 3.10. Compensation of Directors. No member of the Board of Directors shall be entitled to receive any compensation for serving as a director or as an officer of the Corporation, except that any director or officer may be reimbursed for expenses duly incurred in the performance of duties as director or officer of the Corporation, upon approval of the Board of Directors.

ARTICLE IV

POWERS OF BOARD OF DIRECTORS

Section 4.01. General Powers of Board of Directors. All corporate powers shall be exercised by or under the authority of, and the business, property and affairs of the Corporation shall be controlled by, the Board of Directors. The Board of Directors may delegate the management of the activities of the Corporation to any person or persons, management company or committee, however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Directors.

Section 4.02. Indemnification. To the fullest extent permitted by law, the Board of Directors may authorize indemnification by the Corporation of any person who is or was a member of the Board of Directors, officer, employee or other agent of the Corporation, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a member of the Board of Directors, officer, employee or other agent of the Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Corporation, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 4.03. Incurring of Indebtedness. The Board of Directors, on behalf of the Corporation and in furtherance of its proper purposes, may incur such indebtedness, may issue bonds, notes, debentures and other evidences of indebtedness of the Corporation, may secure the same by mortgage, transfer in trust, pledge or other encumbrance of the whole or any part of the assets of the Corporation, may establish funds and make other provisions for the payment of such indebtedness and interest thereon, and may otherwise act or enter into other agreements in connection therewith, in each case as shall be deemed necessary or appropriate by the Board of Directors.

Section 4.04. Loans and Other Agreements. Subject to the provisions of the California Nonprofit Public Benefit Corporation Law, the Board of Directors, on behalf of the Corporation and in furtherance of its proper purposes, may make loans to, enter into leases or subleases with, or otherwise enter into agreements with, any person, and may take such collateral or other security with respect thereto and may otherwise act or enter into other agreements in connection therewith, in each case as shall be deemed necessary or appropriate by the Board of Directors.

ARTICLE V

OFFICERS

Section 5.01. Number and Qualifications. The officers of the Corporation shall be a President, a Vice President, a Secretary, ~~a~~ **an Executive Director and** a Chief Financial Officer and such subordinate officers, including one or more assistant secretaries and assistant financial officers, as the Board of Directors may appoint. Only members of the Board of Directors shall be qualified to hold the office of President or Vice President. ~~Neither~~ **None of the Secretary, the Executive Director** nor the Chief Financial Officer may serve concurrently as the President.

Section 5.02. Election, Term of Office. Except as provided in Section 5.01, each officer shall be appointed by the Board of Directors, or, in the case of the initial officers, designated by the incorporator, and shall hold office until his or her successor shall have been appointed and qualified, or until the death, resignation or removal of such officer.

Section 5.03. Resignations. Any officer may resign at any time by giving written notice to the President or to the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.04. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled in the manner prescribed in these Bylaws for regular appointment to such office.

Section 5.05. President. The President shall be the chief executive officer of the Corporation and shall have general supervision over the business of the Corporation, subject, however, to the control of the Board of Directors. The President shall preside at all meetings of the Board of Directors. The President may sign and execute, in the name of the Corporation, deeds, mortgages, leases, bonds, contracts and other instruments duly authorized by the Directors, and generally shall perform all duties incident to the office of President and such office by the Board of Directors. At each meeting of the Board of Directors, the President shall submit such recommendation and information as he or she may consider proper concerning the business, affairs and policies of the Corporation.

Section 5.06. Vice President. At the request of the President or in case of his or her absence or disability, the Vice President shall perform all duties of the President and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. In addition, the Vice President shall perform such other duties as may from time to time be assigned to that office by the Board of Directors or the President.

Section 5.07. Secretary. The Secretary shall:

(a) Certify and keep at the office of the Corporation, or at such other place as the Board of Directors may order, the original or a copy of these Bylaws, as amended or otherwise altered;

(b) Keep at the office of the Corporation, or at such other place as the Board of Directors may order, a book of minutes of all meetings of the directors, recording therein the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, and the proceedings thereat;

(c) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;

(d) Be custodian of the records and seal of the Corporation;

(e) Exhibit at all reasonable times to any director, upon application, these Bylaws and the minutes of the proceedings of the directors of the Corporation; and

(f) In general, perform all duties of the office of Secretary and such other duties as may from time to time be assigned to such office by the Board of Directors or the President.

Section 5.08. Chief Financial Officer. Subject to the provisions of the proceedings authorizing any debt or other obligation of the Corporation which may provide for a trustee to receive, have the custody of and disburse Corporation funds, the Chief Financial Officer shall receive and have charge of all funds of the Corporation and shall disburse such funds only as directed by the Board of Directors. The Chief Financial Officer shall, in general, perform all duties incident to the office of Chief Financial Officer and such other duties as may from time to time be assigned to such office by the Board of Directors or the President. The Chief Financial Officer shall have the additional title of "Treasurer."

Section 5.09. Subordinate Officers. Subordinate officers shall perform such duties as shall be prescribed from time to time by the Board of Directors or the President.

Section 5.10. Executive Director. The Executive Director shall be the officer in charge of day to day operations of the Corporation, subject, however, to the control of the Board of Directors. The Executive Director shall, in general, perform all duties incident to facilitating the conduct of the Corporation's operations and such specific duties as may from time to time be assigned to such office by the Board of Directors or the President.

ARTICLE VI

DISSOLUTION

Section 6.01. The Corporation shall not be voluntarily dissolved, except by approval of the Board of Directors. In the event of dissolution of the Corporation in any manner and for any cause, after the payment or adequate provision for the payment of all of its debts and liabilities, all of the remaining funds, assets and properties of the Corporation shall be paid or distributed as provided in the Corporation's Articles of Incorporation.

ARTICLE VII

GENERAL

Section 7.01. Fiscal Year. The fiscal year of the Corporation shall begin July 1 and end June 30 of each year, except the first fiscal year which shall run from the date of incorporation to June 30, 1993.

Section 7.02. Construction and Definitions. Unless otherwise provided herein or in the Articles of Incorporation, the general provisions, rules of construction and definitions contained in the General Provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws.

ARTICLE VIII

AMENDMENT OF BYLAWS AND ARTICLES OF INCORPORATION

Section 8.01. Amendment of Bylaws. Any of these Bylaws may be amended or repealed, and new Bylaws may be adopted, by the affirmative vote of a majority of the members of the Board of Directors.

Section 8.02. Amendment of Articles of Incorporation. The Articles of Incorporation of the Corporation may be amended by unanimous vote of the Board of Directors.

MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE OTAY WATER DISTRICT September 7, 2011

1. The meeting was called to order by President Bonilla at 3:32 p.m.

2. ROLL CALL

Directors Present: Bonilla, Croucher, Gonzalez, Lopez and Robak

Directors Absent: None

Staff Present: General Manager Mark Watton, Asst. General Manager of Administration and Finance German Alvarez, Asst. General Manager of Engineering and Water Operations Manny Magana, General Counsel Daniel Shinoff, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, District Secretary Susan Gruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

A moment of silence followed the Pledge of Allegiance to recognize the 10-year Anniversary of the 9/11 terrorist attack on the World Trade Center Twin Towers and the Pentagon in Washington and in memory of the victims of the attacks.

4. APPROVAL OF AGENDA

A motion was made by Director Croucher, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETING OF MAY 4, 2011 AND SPECIAL MEETING OF MAY 16, 2011

A motion was made by Director Lopez, seconded by Director Gonzalez and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, Lopez and Robak
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Noes: None
Abstain: None
Absent: None

to approve the minutes of the regular meeting of May 4, 2011 and special meeting of May 16, 2011.

6. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

No one wished to be heard.

CONSENT CALENDAR

7. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:

A motion was made by Director Croucher, seconded by Director Lopez and carried with the following vote:

Ayes: Directors Bonilla, Croucher, Gonzalez, Lopez and Robak
Noes: None
Abstain: None
Absent: None

to approve the following consent calendar items:

- a) APPROVE THE ISSUANCE OF A PURCHASE ORDER TO RDO EQUIPMENT COMPANY IN THE AMOUNT OF \$73,527.56 FOR THE PURCHASE OF ONE (1) REPLACEMENT TREATMENT PLANT PUMP ENGINE FOR THE RALPH W. CHAPMAN WATER RECYCLING FACILITY
- b) AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO AN AGREEMENT WITH COX BUSINESS IN THE AMOUNT OF \$108,000 TO COVER A THREE-YEAR AGREEMENT FOR INTERNET BACK-UP SERVICES

ACTION ITEMS

8. BOARD

- a) AUTHORIZE BOARD PRESIDENT, JAIME BONILLA, TO AUTHOR AND TRANSMIT A LETTER TO THE SAN DIEGO COUNTY TAXPAYERS ASSOCIATION CONCERNING THE DISSEMINATION OF INFORMATION REGARDING THE EMPLOYEE HEALTHCARE PROGRAM

A motion was made by Director Bonilla, seconded by Director Gonzalez and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, and Lopez
Noes:	None
Abstain:	Director Robak
Absent:	None

to authorize Board President, Jamie Bonilla, to author and transmit a letter to the San Diego County Taxpayers Association concerning the dissemination of information regarding the Employee Retiree Healthcare Program.

The floor was opened for members of the public to provide comments.

Mr. Chris Cate, Vice President of the San Diego County Taxpayers Association (SDCTA), addressed the Board and indicated that he is neither in favor nor in opposition to this agenda item. He discussed the SDCTA's assumptions and calculations of the actuarial study for the Otay Water District's Employee Retiree Healthcare Program in which he and Ms. Lani Lutar (SDCTA President) had presented at the District's Board meeting on August 10. He stated that he understands that Bartel & Associates has been engaged by the District to review the savings presented in the District's staff report and the numbers that SDCTA presented at the District's August 10 board meeting. He indicated that the savings calculation was one of the SDCTA's concerns and they would look forward to discussing the outcome of Bartel and Associates review. Mr. Cate also indicated, with regard to the San Diego Taxpayers Educational Foundation's (SDTEF) August 3, 2011 labor costs study and letter to the San Diego County Water Authority (CWA), that the study is a draft of CWA's labor costs between Fiscal Years 1999 to 2009 and indicated that as part of SDCTA's protocol process, the purpose of the letter and draft study is to provide CWA the opportunity to review and respond to SDTEF's findings prior to making it available to the public.

b) AUTHORIZE AN INFORMATIONAL ITEM TO THE RATEPAYERS

Director Bonilla recommended that the District provide its ratepayers information about the Employee Healthcare Program and requested General Counsel's advice for the appropriate course of action to distribute the information.

General Counsel Dan Shinoff stated that the District is allowed to provide information to its ratepayers as long as it complies with state law that indicates only informative and factual information be provided to customers and does not engage in any political activities.

A motion was made by Director Bonilla, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, and Lopez
Noes:	None

Abstain: Director Robak
Absent: None

to authorize an informational communication to the ratepayers.

c) DISCUSSION OF 2011 BOARD MEETING CALENDAR

Director Bonilla recommended that the Board and staff members consider the cancellation of the December 7, 2011 Board meeting as has been the practice in past years due to the holidays. He stated that discussion concerning the December board meeting will be presented at the next regular meeting.

No action was taken by the board on this item.

INFORMATIONAL ITEMS

9. ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS.

a) BOARD OF DIRECTORS EXPENSES FOR THE 4TH QUARTER OF FISCAL YEAR 2011

Mr. Sean Prendergast, Finance Supervisor for Payroll/Accounts Payables, provided each of the directors' expenses from April 1, 2011 thru June 30, 2011. He indicated that directors' expenses totaled \$5,195.34 for the fourth quarter of Fiscal Year 2011 and total expenditures for Fiscal Year 2011 was \$22,628.99.

He noted that the directors' expenses have declined more than 78% from 1999 to 2011 (from \$103,678 in 1999 to \$22,629 in 2011) and the average annual expense for the same time period was \$47,162.

b) CAPITAL IMPROVEMENT PROGRAM FOR THE 4TH QUARTER OF FISCAL YEAR 2011 UPDATE

Associate Civil Engineer Daniel Kay presented the fourth quarter CIP update in which he highlighted the status of CIP expenditures, significant issues and progress milestones on major projects.

He indicated that the Fiscal Year 2011 CIP consists of 82 projects totaling \$28.6 million and that the overall expenditures through the fourth quarter of Fiscal Year 2011 totaled approximately \$17.4 million, which is about 61% of the District's fiscal year budget.

Associate Civil Engineer Kay noted that the Board approved a \$250,000 increase to the 2011 CIP Budget to cover un-anticipated costs for the Ralph W. Chapman Water Reclamation Facility Upgrade Project (CIP R2096). This action slightly increased the total FY 2011 CIP budget to \$28.6 million.

He presented a slide depicting a map showing the District's major CIP projects, their status and their location within the District's service area. He stated, of the 22 projects depicted, twelve are in design, eight are in construction and two have been completed and are in service during the fiscal year. He reviewed the status of the District's flagship projects which included the 1296-1 and 2 Reservoirs Coating Project and the 657-1 and 2 Coating and Upgrades Project. He noted that the design phase for CIP P2466 Regional Training Facility has been completed and the project is currently in construction. He also noted that community outreach has commenced for the North District/South District Interconnect Project (CIP P2511).

Associate Civil Engineer Kay also presented slides that provided the status of the various consultant contracts for planning, design, public services, construction/inspection and environmental. He also presented slides providing a listing of all CIP projects planned in Fiscal Year 2011 and the status of each.

In response to a question from Director Robak, Mr. Kay stated that the 1296-1 and 2 Reservoirs Coating Project (CIP P2490 and P2492) is now complete and that both reservoirs are in service.

Director Croucher indicated that due to the current economic situation, staff continually reviews projects to determine if there are opportunities to increase savings and efficiencies for the District. He noted that although savings and efficiencies are important, he believes it is also important for staff to focus on the maintenance of District facilities to avoid the high costs of major repairs.

c) FISCAL YEAR 2011 YEAR-END STRATEGIC PLAN AND PERFORMANCE MEASURES UPDATE REPORT

Chief of Information Technology Geoff Stevens indicated that the District is starting the development of its fourth, three-year Strategic Plan, and is in its ninth year of a twelve-year cycle. Prior to presenting the results of the FY 2011 Strategic Plan, he provided a review of what the Strategic Planning process has accomplished over the last nine years and how this current three-year plan is built upon this. The 2012-2014 Strategic Plan is focused on business processes and how the District can improve those business processes (Optimize).

He provided the year-end FY 2011 Strategic Plan results which indicated that the District's objectives and performance measures are meeting the set targets with:

- Thirty (30) or thirty-two (32) objectives completed, ahead of schedule or on target (or 94%); the target was 90%
- Thirty-six (36) of forty-four (44) performance measures completed, ahead of schedule or on target (or 82%); the target was 75%

Director Jose Lopez stated that he is impressed with the District's Strategic Plan and how much it has evolved in the last nine years and commended staff for their instrumental role in executing the Plan.

Director Gonzalez commended staff for their dedicated efforts to carry out the vision of the District and stated that customers/ratepayers can refer to the Strategic Plan to get an idea of the District's future direction.

In response to a question from Director Robak, General Manager Watton stated that the District has participated in the American Water Work Association's (AWWA) Self-assessment and Peer Review Program and accomplished the majority of its objectives. He stated that the District no longer participates in the program, but indicated that the District does participate in other similar programs.

d) **INFORMATIONAL REPORT REGARDING THE UPGRADED BILLING SYSTEM AND THE NEW BILL PRINT FORMAT**

Customer Service Manager Andrea Carey indicated that this item is a follow-up to the presentation that was provided to the Board at its regular meeting in January 2011. At that time, the Board suggested an additional enhancements to the District's billing format. Those enhancements have been incorporated and are as follows:

- The usage history was expanded from thirteen (13) months to twenty-four (24) months
- A standard water conservation message was added to direct customers to the District's Water Conservation Garden's website which provides information on how to reduce water usage
- A contact number for City of Chula Vista's sewer customers

REPORTS

10. GENERAL MANAGER'S REPORT

GENERAL MANAGER'S REPORT

General Manager Watton reported that he spoke with San Diego County Taxpayer Association's (SDCTA) president, Lani Lutar, to discuss the District's Employee Retiree Healthcare Program's actuarial study. He indicated that he expressed to Ms. Lutar his concerns and issues with SDCTA's continued misrepresentation of the study with the use of only one (1) of the employee groups in their calculations to manufacture large percentages of increases while ignoring the fact that the District's study was intended to show the healthcare program with all District employees participating. He stated, in a few weeks, he planned to meet with Ms. Lutar to review the actuarial study with her in hopes that it will provide SDCTA a better understanding of the report. He noted that the San Diego County Water Authority (CWA) is experiencing similar activities with the Taxpayers Education Foundation who is commencing a study of CWA's labor costs where they had apparently misused and miscalculated information provided by CWA.

General Manager Watton highlighted information from his report that included an update on water conservation programs, Municipal Information Systems Association

of California (MISAC), and the FY 2011 Financial Audit which he indicated will be delayed for about 1 month as the auditors attempt to complete all necessary work to complete the audit. It is expected that the financial report will be presented to the Board at the November 2, 2011 regular meeting. He also provided an update on the Rancho del Rey Groundwater Well Development and indicated that the project remains on schedule and will be completed in the third quarter of Fiscal Year 2013. An update on the North District/South District Interconnect Project was also provided.

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

Director Croucher provided additional information concerning CWA's issues with the San Diego County Taxpayer Association. He indicated that, of the 209 data points in the Taxpayers Education Foundation's study of labor costs for CWA, nearly 81% of the study was incorrect.

11. DIRECTORS' REPORTS/REQUESTS

Director Croucher thanked District staff for their support and donations to the San Diego Blood Bank and also commended staff who participated in the Beads of Courage's Annual Golf Tournament Charity event that helps children with cancer and other serious illnesses.

Director Robak reported that the Metro Commission had recently met to discuss the City of San Diego's Recycled Water System Study and stated that the City seems to be apprehensive towards the idea of investing in the system. He commended District staff for their instrumental role of providing the City valuable input for the Recycled Water System Study. He stated that where this issue goes is not certain at this point. He reported that he attended the City of Chula Vista's Centennial Celebration in recognition of the City's 100th birthday and indicated that he learned more about Otay Water District's establishment in 1956 and its history. He noted that he purchased the "1911 to 2011 Chula Vista Centennial" book for the District to share with its employees and customers.

Director Lopez reported that he attended the District's Annual Picnic and enjoyed his time with staff. He also reported that while attending community events, he had the opportunity to respond to questions from the public regarding the District's Employee Retiree Healthcare Program. As a result, he believes that the public has gained a better understanding of the program and may be more supportive of it.

Director Gonzalez indicated that he will be attending a Special District and Local Government Institute Finance Seminar Series that will be held September 8-10, 2011 in Monterey, California.

12. PRESIDENT'S REPORT

Director Bonilla reported on meetings he attended during the month of August 2011 and indicated that on August 17 he attended an agenda briefing meeting to discuss

items to be presented at the September board meeting. He stated that on August 19 he attended a meeting of the Ad Hoc Legal Matters Committee to discuss various legal matters. He met with General Manager Watton on August 21 to discuss District issues and the possibility of focus groups. On August 23 he met with community leaders to receive their feedback with regard to the District. He met with General Counsel Dan Shinoff on September 1 to discuss legal matters.

Director Bonilla expressed his concerns about the San Diego County Taxpayer Association's (SDCTA) and the Union Tribune's misrepresentation of the District's actuarial study for the Employee Retiree Healthcare Program. He noted that due to the misrepresentation of the program, he has received approximately 100 emails from irate individuals and that several of them threatened the lives of his and other board members' families.

Director Bonilla felt that SDCTA should have indicated that they made a mistake in their calculations related to the District's actuarial study for the Employee Retiree Healthcare Program. Instead, he believes SDCTA is backing off from their previous comments made at the District's August Board meeting. He stated that the majority of the Board made its decision to support the District's healthcare program based on accurate information. He indicated that he felt that it was the right thing to do as it benefits both the employees and the ratepayers (reduces District expenses). He stated that the SDCTA actions and comments with regard to the Employee Retiree Healthcare Program were unprofessional and dishonest. He stated that he plans to respond to the comments made by SDCTA.

RECESS TO CLOSED SESSION

13. The board recessed to closed session at 4:55 p.m. to discuss the following matters:

- a) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
[GOVERNMENT CODE §54956.9(a)]
 - (i) MULTIPLE CASES RELATED TO THE FENTON BUSINESS CENTER AND FILED WITH THE SUPERIOR COURT OF THE COUNTY OF SAN DIEGO CONSOLIDATED UNDER CASE NO. 37-2007-00077024-CU-BC-SC
- b) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
[GOVERNMENT CODE §54956.9]
 - (i) SALT CREEK GOLF, LLC, UNITED STATES BANKRUPTCY COURT, CASE NO. 1113898-LA11

2 CASES

RETURN TO OPEN SESSION

14. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ADDITIONAL ACTIONS ON ANY ITEMS POSTED IN CLOSED SESSION

The board reconvened at 5:28 p.m. and General Counsel Shinoff indicated that the Board took no reportable actions in closed session.

15. ADJOURNMENT

With no further business to come before the Board, President Bonilla adjourned the meeting at 5:28 p.m.

President

ATTEST:

District Secretary

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
October 5, 2011**

1. The meeting was called to order by President Bonilla at 3:35 p.m.

2. ROLL CALL

Directors Present: Bonilla, Gonzalez, Lopez and Robak

Directors Absent: Croucher (assigned to the Julian fire)

Staff Present: General Manager Mark Watton, Asst. General Manager of Administration and Finance German Alvarez, Asst. General Manager of Engineering and Water Operations Manny Magana, General Counsel Daniel Shinoff, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Gonzalez, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Croucher

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETING OF JUNE 1, 2011 AND SPECIAL MEETING OF MAY 9, 2011

A motion was made by Director Lopez, seconded by Director Gonzalez and carried with the following vote:

Ayes:	Directors Bonilla, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Croucher

to approve the minutes of the regular meetings of June 1, 2011 and special meeting of May 9, 2011.

6. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

Mr. Jon Gardner of La Jolla indicated that he had read some articles in the paper and, because of these articles, he wished to attend today's meeting to speak in support of the District's board. He stated that he is part of an engineering group which is focused on promoting the need to conserve water, primarily in Southern California. He had a chance to meet with some members of the District's board and he was very impressed with their professionalism and experience. He stated that water issues have been getting more complicated and addressing these issues will require experience. He stated that his group was very impressed with the District and decided that they wished to start their project working with the Otay Water District.

CONSENT ITEMS

7. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:

A motion was made by Director Lopez to approve the consent calendar. President Bonilla indicated that he would second Director Lopez' motion if would amend his motion to pull item 6d, ADOPT RESOLUTION NO. 4190 TO REVISE AND UPDATE THE FOLLOWING DISTRICT BOARD POLICIES: 1) USE OF DISTRICT VEHICLES AND CAR ALLOWANCE (POLICY NO. 14); 2) STAFF TRAVEL AND BUSINESS RELATED EXPENSES (POLICY NO. 34); and 3) POLICY AGAINST DISCRIMINATION AND HARASSMENT AND COMPLAINT PROCEDURE (POLICY NO. 47). Director Lopez accepted the amendment and the motion carried with the following vote:

Ayes:	Directors Bonilla, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Croucher

to approve the following consent calendar items:

- a) APPROVE ADJUSTING THE WHEELING RATE FOR THE DELIVERY OF TREATY WATERS TO THE CITY OF TIJUANA TO \$65.39 PER ACRE-FOOT FOR THE CALENDAR YEAR 2012.
- b) AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO AN AGREEMENT WITH ABLEFORCE, INC. IN THE AMOUNT OF

\$161,500 TO COVER THE COST OF 1900 HOURS OF PROGRAMMING SERVICES THROUGH JUNE 30, 2012

- c) AUTHORIZE THE GENERAL MANAGER TO ENTER INTO AN AGREEMENT WITH HARTFORD, WHICH MAY BE EXTENDED UP TO THREE YEARS, TO PROVIDE SHORT TERM AND LONG TERM DISABILITY (STD/LTD) INSURANCE BASED ON THE RATE OF \$0.043 PER \$100 OF MONTHLY PAYROLL FOR STD AND \$0.51 FOR LTD FROM JANUARY 1, 2012 THROUGH/UP TO DECEMBER 2014
- e) CONSIDER CASTING VOTES FOR AN ALTERNATE SPECIAL DISTRICT MEMBER ON LAFCO'S COMMISSION AND EIGHT (8) SPECIAL DISTRICTS ADVISORY COMMITTEE MEMBERS IN THE LAFCO SPECIAL DISTRICTS 2011 ELECTION
- f) APPROVE A CONSTRUCTION CONTRACT WITH 3-D ENTERPRISES, INC. IN AN AMOUNT NOT-TO-EXCEED \$53,500 FOR HVAC IMPROVEMENTS AT THE 803-1 AND 850-2 PUMP STATIONS
- g) APPROVE AN AS-NEEDED ENGINEERING DESIGN SERVICES CONTRACT WITH ATKINS IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR FISCAL YEARS 2012 AND 2013
- h) APPROVE AN AS-NEEDED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES CONTRACT WITH VALLEY CONSTRUCTION MANAGEMENT IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR FISCAL YEARS 2012 AND 2013
- i) APPROVE AN AS-NEEDED TRAFFIC ENGINEERING SERVICES CONTRACT WITH INFRASTRUCTURE ENGINEERS IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR FISCAL YEARS 2012 AND 2013

President Bonilla presented Item 6d for discussion. He indicated that the District received a public records request asking that Board Policy No. 14, Use of District Vehicles and Car Allowance, be agendaized for discussion by the board. The request was not for the same reason that staff has placed the policy on the agenda for discussion, but for another reason. The Board Secretary, Susan Cruz, was directed to contact the requestor to advise him that the policy would be agendaized for discussion at today's meeting and, if he wished, he may address the board on his concerns with the policy. President Bonilla stated that the District is receiving requests under the California Public Records Act that are more of questions rather than requests for documents as is the intent of the Act. He stated that the District is willing to provide information requested as long as it is channeled and requested properly. He indicated, however, if the requestor's intent is to use the system to distract or to send staff in a different direction than their normal work and responsibilities, that it is not acceptable. He asked General Manager Watton to explain the California Public Records Act.

General Manager Watton indicated that a request was received with regard to District officials and employees who have car allowances and assigned vehicles. The record responsive to the inquiry was sent to the requestor. The District then received a follow-up request from the requestor asking why the General Manager was not listed on the document. General Manager Watton indicated that he wished to clarify that the follow-up request is not a request under the California Public Records Act, as it is a question, as opposed to a request for documents. He stated that the District is happy to answer the question, however, he wished to clarify that the California Public Records Act is a request for documents and not a request to answer questions. He wanted to make it clear so there is no confusion. The reason the General Manager was not listed on the document produced is that he does not have a car allowance or an assigned vehicle. It was discussed that the District is answering this inquiry in public as it was felt that the response to the original request was pretty clear, however, it had generated another question. The District knows who submitted the request, but is not certain who the actual requestor is and if they would like additional information. The District is required to be open and is asking whoever is behind the requests to be open and forthright with their interest in the District. No one wished to address the board on this item.

Director Lopez indicated that this item was discussed at the District's Finance, Administration and Communications Committee on September 19, 2011 and the discussion has been documented in Attachment A to staffs' report. He stated that the committee supports staff recommendation.

A motion was made by Director Lopez, seconded by President Bonilla and carried with the following vote:

Ayes:	Directors Bonilla, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Croucher

to approve the following consent calendar item:

- d) ADOPT RESOLUTION NO. 4190 TO REVISE AND UPDATE THE FOLLOWING DISTRICT BOARD POLICIES:
- USE OF DISTRICT VEHICLES AND CAR ALLOWANCE (POLICY NO. 14)
 - STAFF TRAVEL AND BUSINESS RELATED EXPENSES (POLICY NO. 34)
 - POLICY AGAINST DISCRIMINATION AND HARASSMENT AND COMPLAINT PROCEDURE (POLICY NO. 47)

ACTION ITEMS

8. ENGINEERING AND WATER OPERATIONS

- a) APPROVE THE WATER SUPPLY ASSESSMENT REPORT DATED JULY 2011 FOR THE PIO PICO ENERGY CENTER PROJECT AS REQUIRED BY SENATE BILL 610

Senior Civil Engineer Bob Kennedy indicated that since the first of the year, the board has approved four (4) Water Supply Assessment Reports. He stated that he was presenting for the board's approval, the Water Supply Assessment Report for the Pio Pico Energy Center Project (PPEC). Senior Civil Engineer Kennedy indicated that the primary intent of Senate Bill 610 and 221 (SB 610 and 221) is to improve the link between water supply availability and land use decisions. SB 610 requires the water purveyor to prepare a Water Supply Assessment Report (WSAR) for inclusion in the agency CEQA documentation. He noted that SB 221 does not apply to this project as it is an industrial development.

He indicated that PPEC Project is a 300 Megawatt natural gas fired power generating facility that is expected to run up to 4,000 hours per year. It is located in East Otay Mesa on the southeast corner of Alta Road and Calzada de la Fuente. Construction is expected to start in February 2013 and is estimated that the plant would go online in May 2014. The facility will be designed to utilize recycled water for cooling. Since recycled water is currently not available, the PPEC Project will rely on potable water for cooling. The projected demand is 369 acre feet a year (AFY) and the onsite domestic and sprinkler use will bring the total interim potable water demand for the project to 372 AFY. Once recycled water is available to the site, it is expected to utilize 379 AFY of recycled water and less than 2 AFY of potable water for onsite domestic use.

The WSAR for the PPEC Project states that the regional and local water supply agencies acknowledge the challenges in the water supply and recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs. He stated that the report also documents the actions necessary to develop the supplies for a 20-year planning horizon and presented the various local water supply projects that were included in the WSAR (please see attached copy of presentation). He also presented a slide which provides data from the District's 2010 Urban Water Management Plan. It projects the District's demand for a single dry year and multiple dry years and is based on meeting SBX7-7's conservation goal of a 10% per capita water use reduction by 2015 (please see attached copy of presentation).

Senior Civil Engineer Kennedy indicated that the WSA for the PPEC Project demonstrates and documents that sufficient water supplies are planned for and are intended to be available over the next 20 years.

Director Lopez indicated that the Engineering, Operations and Water Resources Committee was concerned with the project's initial use of potable water. It was discussed that there is an existing recycled water main right along the street near the front of the project, however, there is a gap between this recycled water main and the existing recycled water mains that have actual recycled water flowing

through them of about 2.8 miles. The committee discussed, and felt, that there is sufficient water to move forward with the project.

It was indicated in response to an inquiry from Director Robak that the District is currently not receiving all the recycled water that it requires from the City of San Diego and has been working with the City on the price and supply of recycled water. It is expected that recycled water would be utilized by the plant in approximately two years. This is the reason the WSA is based on providing potable water to the project initially with the prospect of providing recycled water once it is available.

A motion was made by Director Robak, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Croucher

to approve staffs' recommendation.

9. BOARD

a) DISCUSSION OF 2011 BOARD MEETING CALENDAR

President Bonilla indicated that the last meeting of the Board in 2011 will be held on November 2, 2011. He stated that there would be no meeting in December 2011.

b) DISCUSSION OF RETIREE HEALTHCARE BENEFITS

General Manager Watton indicated that this item has been agendized to respond to comments made by the public and Taxpayers Association regarding the recently adopted Retiree Healthcare Benefits and to questions concerning who did the actual work that identified the savings that the District would realize with the implementation of the program. He explained that the Actuary had performed the work that identified the cost of the healthcare benefits. The District's Chief Financial Officer had prepared the calculations of the savings the District would realize with employees paying their share of pension costs. He stated that Mr. Ron Dahlgren, an Administrator of Grossmont Hospital, had attended the District's August board meeting. Mr. Dahlgren had suggested at that meeting that the District engage another actuary, Milliman, Inc., to review the Actuary Report prepared by Bartel & Associates. General Manager Watton indicated that this practice of a "peer review" is fairly common among actuarial companies and the District decided to act on the suggestion and retained Milliman to perform a peer review of Bartel & Associates work. He stated that this agenda item is intended to respond to questions that have been asked regarding the program and entertain any additional questions that the public may have. It was noted that both the Taxpayers Association and Mr. Dahlgren have received copies of the actuary report and all other information requested.

Chief Financial Officer Joe Beachem introduced Mr. John Bartel, Bartel Associates, who has been very involved in the calculation of the cost of the employee healthcare benefits enhancement. He stated that the purpose of today's presentation is to:

- Substantiate the current actuarial report
- Validate that the enhancement of the retiree healthcare benefits is fully funded by increased employee contributions
- Highlight the proper use of an actuarial report

He stated that the employee groups had proposed to pay a greater share of their PERS retirement cost, via payroll deduction, in return for an enhancement to their retiree healthcare benefits. Bartel Associates was hired to calculate the added cost of the retiree medical benefit. The payroll deductions were then set at an amount greater than the added cost of the retiree healthcare benefits. The proposal was approved by the District's Board based on an understanding that customers would not be negatively impacted by the proposed healthcare benefits.

Chief Financial Officer Beachem indicated that the Taxpayers Association questioned the legitimacy of the Actuarial Study prepared by Bartel Associates and a member of the public, who attended the District's meeting with the Taxpayers Association, recommended that the District engage Milliman, Inc. to perform a "peer review" of the Actuarial Report prepared by Bartel Associates. The District hired Milliman and in their findings, they stated that Bartel Associates had used reasonable methods and assumptions in their report, substantiating the Actuarial Report prepared by Bartel Associates. He read an excerpt from the Milliman report:

"Since the plan participates in California Employees' Retirement Benefit Trust Fund, many of the assumptions and methods must conform with CalPERS OPEB assumption model. Based on our review of the reports, the valuation does conform with this requirement. Where CalPERS OPEB assumption model allows for some latitudes, the assumptions described in their report seem reasonable and conform with GASB 45 requirements and Actuarial Standards and Practices."

Chief Financial Officer Beachem indicated that the Taxpayers Association also questioned the legitimacy of the net savings as calculated by District staff which challenges the District's assertion that the customers will not be financially impacted. The District engaged Bartel Associates to recalculate the net savings using actuarial methods and the results of their findings validates that the enhancement to the retiree healthcare benefits is fully funded by employee contributions. He indicated that the annual net savings beginning in 2013, as calculated by Bartel Associates, is \$140,000 and projected to increase over time.

He also explained the proper use of an Actuarial Study. He stated that the Taxpayers Association pulled a subset of the employees (Tier III only) in their calculation. The Actuarial Study covers all three categories of employees (Tiers I, II

and III). He stated by only utilizing a subset of the employees in their calculation, the Taxpayers Association misrepresented the Board's action in its entirety. Based on the results of the Actuary Report "peer review" and validation of staff's calculation of savings to the District, the criticisms by the Taxpayers Association are without merit.

Director Robak inquired if the District involved the Taxpayers Association in the "peer review" to see if their questions had been answered. General Manager Watton indicated that staff had advised the Taxpayers Association of the District's plan to move forward with the "peer review" and it was agreed that the District would share with them the findings of the review. They were also invited to participate in today's meeting. It was noted that the agreement with the Taxpayers Association was that a second opinion would be garnered on the Actuary Report and the District's calculation of the savings that will be realized by the District. Both have been accomplished.

President Bonilla asked Mr. Bartel his opinion of the Taxpayers Associations calculation. Mr. Bartel indicated that the Taxpayers Association took a component of their Actuary Report and did some calculations to come up with results that gave the impression that it was consistent with their point of view. He stated that he felt what they did was not appropriate and was an improper use of his firms Actuary Report.

It was noted that the District would be forwarding a letter to the Taxpayers Association Board with the findings of the Peer Review the calculation of savings to the District.

INFORMATIONAL ITEMS

10. ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS.

a) REVIEW OF THE DISTRICT'S REGIONAL POWER OUTAGE REPORT

Chief of Operations Pedro Porras indicated that he was very pleased to share with the board that the District's operations did very well during the power outage on September 8, 2011. He stated that, though the power was out for approximately 10 hours, the District was able to continue to meet its mission to provide safe/quality water to the District's customers and there was no interruption in service during the outage. He stated that, however, there is always room for improvement. Staff performed a post power outage review and identified areas that the District could further enhance to improve services during an emergency. He introduced Operations Manager Gary Stalker who would provide a review of the District's operations and actions taken during the outage and the enhancements that staff had identified to improve services during emergencies.

Operations Manager Stalker stated that during the outage the District was never in danger of losing pressure in its systems. All generators at District pump station

facilities started up and ran as they should. He indicated that staff is confident that it could have continued to meet the District's mission for a more extended outage.

He noted that the District did have two pump stations on portable generators as these pump stations cannot be permanently hooked to the existing generators due to Air Pollution Control District regulations. District electricians had connected the portable generators to the two pump station and they ran just as they should. He noted that the District does have two generators included in the fiscal year budget and staff is presently requesting quotes for the purchase of both generators.

Operations Manager Stalker indicated that the primary issue that the District faced was that most of the SCADA system radio communications had gone down about 30 minutes after the outage. These radios were initially put into service with small UPS battery back-up to handle localized short-term power outages with the plan to install more robust battery back-up when security improvements were implemented. This did not cause a large issue as two water system operators visited reservoir sites and checked their levels and manually started pumps as needed. He noted that once the reservoir is at its peak level, the pumps will automatically shut-off.

He stated the longer term plan is to assure that the SCADA system is powered by the back-up generators at pump station with back-up generators. Remote reservoir sites will also be augmented with at least three (3) days of back-up battery power. Staff will also be exploring partnering with the cellular phone vendors who have cell equipment at District facilities to utilize their generators to power the District's radio systems.

He stated that the District's Headquarters and Emergency Operations Center generators started and ran as they should and the District's major computer systems were not impacted by the power outage. The District did lose Verizon cellular service for approximately an hour, but staff was able to communicate using the mobile and handheld radios. He stated that the power outage was a very good test for the District's communications systems and it verified that the back-up systems worked very well and where enhancements could be made.

He also noted that the Treatment Plant generator started properly, however, it overheated as it became overloaded. After staff shutdown all non-critical load on the generator, it started up and continued running throughout the outage period. He further shared that the replacement generator for the Treatment Plant had already been purchased and would be installed during the low recycled water demand months.

Staff also suggested additional improvements that they would be evaluating to improve efficiency during a similar emergency. He reviewed each item (see attached copy of staffs' report) and indicated that, overall, the power outage provided a very good test of the District's emergency systems and the outcome was very good for the District. There was no interruption of service to District customers and all customers received full water service at normal pressure.

It was discussed that the District has enough fuel to run back-up generators for approximately eight (8) days with normal water usage. It was noted that, during a power outage, usage would likely be lower as customers cannot utilize their dishwashers or washing machines. President Bonilla indicated that he is proud of staff and how operations are run. He stated that he would like staff to continue to look ahead and be prepared should an emergency or outage occur for a longer period. Directors Gonzalez, Lopez and Robak echoed President Bonilla's commendations to staff for their forethought in being prepared for any emergency. Director Robak added that he discussed with General Manager Watton how all agencies are interconnected (i.e., Metropolitan Water District [MWD], San Diego County Water Authority [CWA], etc.) and we rely on each other to be prepared during emergencies. He inquired if staff has addressed the reliability of our suppliers. Operations Manager Stalker indicated that staff has considered this and all treatment plants who deliver water to the District have emergency back-up power to be able to continue to treat water. The whole system is also gravity delivered. In this situation, water supply was never an issue. However, during a major earthquake, supply would be a major concern to assure that we continue to receive water deliveries to serve our customers. It was noted that this is the reason that MWD and CWA (enlarging the San Vicente Reservoir) have developed projects that expand storage for emergencies.

b) INFORMATIONAL REPORT REGARDING CUSTOMER NOTICES OF THE APPROVED WATER AND SEWER RATE INCREASES EFFECTIVE JANUARY 1, 2012

Customer Service Manager Alice Mendez-Schomer indicated that, attached to staffs' report, are the rate increase notices that will be mailed to District customers regarding the increase in sewer and water rates which will be effective with any water use starting January 1, 2012 and thereafter. The board had approved a draft version of the notices when they approved the Fiscal Year 2012 budget last May 2011. Attached to staffs' report are the final notices that will be mailed to customers beginning in November 2011. She stated the majority of the District's customers will receive the notices via bill inserts and a small portion will be directly mailed the notices.

It was noted that the District has always mailed notices to its customers. It is not only a legal requirement, but the District believes that its customers should be notified of how the rate increases will impact them. She noted that a majority of the District's customers are residential customers.

She stated the District's water rate increase this year is 7.7% and noted that the rate from the District's supplier, CWA, will increase by almost 10%. The District, due to a variety of cost cutting measures, has been able to hold its rate increase down and will only pass thru a portion of the increase (7.7%) to its customers. She stated that, similarly, the District's sewer rate increase from its supplier, City of San Diego, is 9.5% and the District will be passing thru a portion of that rate increase, 7.5%, to its customers. Customer Service Manager Mendez-Schomer indicated the board may recall that staff presented in August 2009, a five-year plan which

projected the District's rate increases. Both these rate increases fall well within the limits presented at that time.

Director Robak inquired what context the District is referring to the County of San Diego in a statement within the District's rate increase notices to its sewer customers, "while the County of San Diego decreased its rates for service, this positive action was offset by a 9.4% increase from the City of San Diego for wastewater disposal." General Manager Watton indicated that the District has agreements with the County of San Diego to transport sewage through some of their facilities to the Metro Commission system. They have consolidated some of their districts which allowed them to reduce their rate.

Director Gonzalez indicated that the District has been exploring ways that it can reduce the impact of wholesale rate increases to its customers and, one such way, is developing independent water resources, such as, the desalination and the Rancho del Rey Well Project. Such projects would help reduce the District's reliance on its wholesale providers and impacts from their increases.

REPORTS

11. GENERAL MANAGER'S REPORT

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton indicated that there was nothing new to report with regard to CWA.

GENERAL MANAGER'S REPORT

General Manager Watton highlighted information from his report that included an update on Benefits Open Enrollment, RFP for banking services, the North/South Interconnect Project, USBR Title XVI funding, meter sales, and the ending of the District's agreement with the County of San Diego for power from their micro turbines at the District's Treatment Plant (see attached copy of the General Manager's Report).

12. DIRECTORS' REPORTS/REQUESTS

Director Lopez indicated that is has been a busy month. He has been involved in meetings with the community regarding the North/South District Interconnect Project. He also shared that there will be some changes in the leadership at the Water Conservation Garden due to a retirement. He noted that the Garden Board now meets on a quarterly basis. He also thanked Director Gonzalez for filling in for him in a meeting with County of San Diego Supervisor Greg Cox.

Director Gonzalez indicated that he attended the Special District Institute conference in early September. He stated that it was the last of the three training seminars and he had earned his certificate from their program. He also shared that

he attended a couple San Diego Hispanic Chamber of Commerce events and a National City Chamber event to hear about their projects and initiatives. He also attended meetings with elected officials to provide them an update on Otay matters.

13. PRESIDENT'S REPORT

President Bonilla thanked the District Directors for their work on District committees. He indicated that much of the work is done at the committee level and he wished to thank them for their time serving on the committees. He reported on meetings he attended in September 2011 and indicated that on September 9 he met with The Star News editor, Mr. Carlos Davalos to update him on the retiree health benefits issue and other Otay matters. He stated that it was a very productive meeting and Mr. Davalos was very supportive of the District's projects. He noted that he met with the City of El Cajon Mayor, Mark Lewis, and they discussed various District issues. He stated that Mayor Lewis was also very supportive of the District. On September 15 he met with Councilmember Patricia Aguilar and updated her on the retiree benefits matter and reviewed the calculations with her. She indicated that understood the position the board had taken. He stated that on September 22 he met with former Otay Director, Larry Breitfelder, and updated him on the Rosarito Desalination Project and the retiree benefits matter. He met with Mr. Enrique Morones, Puentes Latinos, on September 30, and they discussed focus group meetings. He also met with General Manager Watton, Chief Financial Officer Beachem and General Counsel Dan Shinoff to discuss items that will be presented at the October board meeting. Following the October board agenda briefing, he attended the Ad Hoc Legal Matters Committee. The committee discussed various District legal matters, pending and potential litigation matters.

RECESSED TO CLOSED SESSION

The Board recessed to a Closed Session at 5:12 p.m.

14. CLOSED SESSION

a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
[GOVERNMENT CODE §54956.9]

(i) SALT CREEK GOLF, LLC, UNITED STATES BANKRUPTCY
COURT, CASE NO. 11-13898-LA11

2 CASES

RETURN TO OPEN SESSION

15. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION

The Board returned to open session at 5:55 p.m. General Counsel Dan Shinoff indicated that no reportable actions were taken in closed session.

18. ADJOURNMENT

With no further business to come before the Board, President Bonilla adjourned the meeting at 5:55 p.m.

President

ATTEST:

District Secretary

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
November 2, 2011**

1. The meeting was called to order by President Bonilla at 3:30 p.m.

2. ROLL CALL

Directors Present: Bonilla, Gonzalez, Lopez and Robak

Directors Absent: Croucher (Assigned to monitor fire at the US Border)

Staff Present: General Manager Mark Watton, Asst. General Manager of Administration and Finance German Alvarez, Asst. General Manager of Engineering and Water Operations Manny Magana, Attorney Jeff Morris, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Gonzalez, seconded by Director Lopez and carried with the following vote:

Ayes: Directors Bonilla, Gonzalez, Lopez and Robak
Noes: None
Abstain: None
Absent: Director Croucher

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETINGS OF JULY 15, 2011 AND AUGUST 10, 2011

A motion was made by Director Lopez, seconded by Director Robak and carried with the following vote:

Ayes: Directors Bonilla, Gonzalez, Lopez and Robak
Noes: None
Abstain: None
Absent: Director Croucher

to approve the minutes of the regular meetings of July 15, 2011 and August 10, 2011.

6. PRESENTATION OF *EXCELLENCE IN INFORMATION TECHNOLOGY* AWARD FROM THE MUNICIPAL INFORMATION SYSTEMS ASSOCIATION OF CALIFORNIA

Mr. Bill Jenkins, Information Technology (IT) Operations Manager, indicated that the District's IT Department received the *Excellence in Information Technology Award* from the Municipal Information Systems Association of California (MISAC). He stated that MISAC established the award program in 1999 to recognize public agencies for their exemplary IT practices and is an award from the District's peers. He explained in order to be considered for this award, the District was required to submit an "audit" that includes information on the District's budget, strategic planning, purchasing, operation staffing, customer satisfaction, internet security, GIS, etc. These requirements are to ensure that agencies are meeting the standards for local and municipal governance in the state of California. He noted that there were twenty-one (21) agencies who received the award this year. The awardees included sixteen (16) cities and five (5) special districts.

General Manager Mark Watton announced that Mr. Jenkins would be retiring December 28, 2011 after approximately ten (10) years of service to the District.

7. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

Mr. Herb Abell of Jamul addressed the Board concerning his request for the District to refund a construction deposit he posted for the George Barber Improvement Plans Project, TPM 20012 (APN 597170-34). Mr. Abel provided a background of the matter and submitted documentation to the Board and asked that the Board consider his request for a refund.

President Bonilla indicated that Mr. Abell's request would be considered by the Board during the closed session portion of the meeting.

CONSENT CALENDAR

8. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:

A motion was made by Director Lopez, seconded by Director Gonzalez and carried with the following vote:

Ayes:	Directors Bonilla, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None

Absent: Director Croucher

to approve the following consent calendar items:

- a) AUTHORIZE THE CREATION OF A NEW CIP PROJECT IN THE AMOUNT OF \$210,000 AND APPROVE A CONSTRUCTION CONTRACT WITH SKYLINE SERVICES, INC. IN AN AMOUNT NOT-TO-EXCEED \$109,195 FOR THE RECYCLED FORCE MAIN ACCESS ROAD REPAIRS
- b) APPROVE A PROFESSIONAL ENVIRONMENTAL SERVICES CONTRACT TO MERKEL & ASSOCIATES FOR THE MAINTENANCE AND MONITORING OF THE SAN MIGUEL HABITAT MANAGEMENT AREA AND CIP-ASSOCIATED MITIGATION PROJECTS FOR CALENDAR YEARS 2012, 2013, AND 2014 IN AN AMOUNT NOT-TO-EXCEED \$359,079.56
- c) AWARD A CONSTRUCTION CONTRACT TO TC CONSTRUCTION, INC. FOR THE LA PRESA SYSTEM IMPROVEMENTS PROJECT IN AN AMOUNT NOT-TO-EXCEED \$978,995 AND APPROVE AN INCREASE TO THE FISCAL YEAR 2012 BUDGET FOR P2370 FROM \$960,000 TO \$1,210,000

ACTION ITEMS

9. FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY

- a) APPROVE THE DISTRICT'S AUDITED FINANCIAL STATEMENTS, INCLUDING THE INDEPENDENT AUDITORS' UNQUALIFIED OPINION, FOR FISCAL YEAR ENDED JUNE 30, 2011

General Manager Watton indicated that the Finance, Administration and Communications Committee reviewed this item in detail at a meeting held on October 19, 2011. Chief Financial Officer Joe Beachem introduced Mr. Nitin Patel of Diehl Evans & Company, LLP (DEC), and indicated that, following his presentation, Mr. Patel would present the results of the District's audit of Fiscal Year Ended June 30, 2011.

Chief Financial Officer Beachem stated that DEC's audit of Fiscal Year Ended June 30, 2011 resulted in an "unqualified opinion." This is the highest level of "opinion" which is commonly known as a "clean opinion." He stated that DEC found no material errors.

He presented some highlights from the audit which included:

- a) Total assets decreased \$6 million. This is partially due to staff completing an extensive review of assets and identifying some assets that have been fully depreciated, but were never removed from the books. Also, as the economy has slowed, the District has been reducing its CIP which no

- longer requires the District to have as much cash on hand to cover CIP expenditures.
- Total liabilities decreased \$4.2 million as the District has paid down debt by \$2.7 million and accounts payable has decreased by \$2.3 million.
- Operating Expenses and Revenues have increased due to the higher cost of water from the District's wholesalers and increased rates respectively.
- Non-Operating Revenues and Capital Contributions are similar to last year.

Chief Financial Officer Joe Beachem indicated that one of the areas the auditor reviews is internal controls. It was discussed that the District has not had a management letter for a number of years, but this year the auditors issued a management letter to the audit committee. In their letter they identified two (2) issues with regard to internal controls:

- Journal entry process: Sr. Accountants have the ability to create and post entries, though they are not authorized to do both. Over a two-year period (approximately 5000 entries), two occasions were identified where a Sr. Accountant created an entry and posted it. In both cases, the Sr. Accountant had found an error that another employee had made and reversed the error and posted the correction. The auditors indicated that the District's process was fine, if the District had a way to identify that the process is being followed.

Staff has implemented a new process which was reviewed with the auditors and they have agreed that the new verification process is sound.

- Bank reconciliation process: Customer bill payments were double posted to the District's general ledger in error. One way in which this can happen is when a customer, while making an online bill payment, hits the payment button twice. This generates two payment postings. When this occurs, the credit card company will notify the District of a possible duplicate payment and the District, if the payment is identified as a double payment, will advise the credit card company to process only one payment. However, the double payment is automatically forwarded to the general ledger and both payments are posted, one correctly and one in error. There were no monies lost, but this does create an accounting error. The auditors indicate that the District's controls should catch this double posting.

An improvement to the monthly reconciliation process was implemented to capture any credit card errors, such as these double entries.

In addition to the management letter, the auditors recommended adjustments with regard to accounting transactions. DEC identified four transactions requiring adjustments.

- Related to the above bank reconciliation process where double payments were received from on-line bill payments which then created a double general ledger entry, these double entries were corrected.
- Adjustments were made related to when and how Capital Projects are booked as fixed assets or expense. Based on discussions with the District's Engineering Department, staff identifies how and when a Capital Project is closed out to an asset or possibly an expense. As a result of further discussions with the auditors, a number of Capital Projects were closed out earlier than they otherwise would have been. Some to fixed assets, and some, because it was determined that they would not directly contribute to a future facility, were closed to expense. An additional entry was required to adjust capitalized interest. This adjustment was necessary because the value of Capital Projects remaining in work-in-process had changed.
- The final adjustment was related to reimbursements received from Caltrans. The facilities were booked at the net value and they should have been booked at gross value.

President Bonilla inquired about DEC's reasoning to book at gross values. Chief Financial Officer Beachem stated that once projects are completed, they become an asset to the District. He indicated that assets are normally booked at full gross values, not net values. He noted that staff has corrected this issue.

- Staff indicated that an entry was found related to the estimate of capital costs from the Spring Valley Sanitation District. As this item was found late in the audit process, and it was considered immaterial to the financial statements as a whole, an adjustment was not made.

Mr. Nitin Patel of Diehl Evans & Company, LLP (DEC) presented the results of their audit of the District's Fiscal Year Ended June 30, 2011. Mr. Patel noted that their firm had just merged with another CPA firm and their firm's new name is White Nelson Diehl Evans, LLP. He stated that his firm has issued:

- Their opinion on the District's Financial Statements
- Report on Internal Controls, Financial Reporting and Compliance in Accordance with Government Auditing Standards
 - This report indicates the two recommendations to improve internal controls
- Report on Communications with those in Charge of Governance
 - It specifically reports the general ledger adjustments their firm recommended as a result of their audit.

He stated that DEC compared the District's 2010 and 2011 Financial Statements and that their responsibility as auditor is to express their opinion on the District's Financial Statements. DEC stated that they have issued an unqualified opinion and indicated that the District's Financial Statements represent fairly the financial

position of the Otay Water District in accordance with generally accepted accounting standards. DEC stated that they did not encounter any difficulties in performing the audit.

In response to a question from Director Robak, Mr. Patel indicated that DEC has been the District's auditor for the past three (3) years. The focus for this year was risk assessment and they also looked at the District's Capital assets in more detail.

President Bonilla inquired how much of the water in the District's pipelines is tracked/identified as an asset. Chief Financial Officer Joe Beachem stated that the District has been booking the water in both the tanks and pipes as an asset.

A motion was made by Director Robak, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Croucher

to approve the District's audited financial statements, including the independent Auditors' unqualified opinion, for fiscal year ended June 30, 2011.

b) **DISCUSSION OF 2012 BOARD MEETING CALENDAR**

Director Bonilla note that a Special Board Meeting would be scheduled at the end of the month to consider the retention of the District's current legal firm of Stutz Artiano Shinoff & Holtz, A.P.C.

Following the Board's review of the 2012 board meeting calendar, a motion was made by Director Gonzalez, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Croucher

to approve the 2012 board meeting calendar.

INFORMATIONAL ITEMS

10. **ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS.**

a) **REVIEW OF THE FY 2012-2014 STRATEGIC PLAN'S FOCUS ON WATER PLANNING AND SUPPLY**

General Manager Mark Watton indicated that the Finance, Administration and Communications Committee reviewed this item at a meeting held on October 19, 2011 and indicated that this item is in response to an inquiry by Director Croucher with regard to how the District is handling its core business of water planning and supply.

Chief Information Officer Geoff Stevens presented a subset of the District's Strategic Plan where planning and supply were the focus. He stated that the District identified its *Key Challenge*, "From a water supply perspective, this means determining the optimum mix of water supply, treatment, and delivery solutions for our customers." He stated that this is a key focus and reflects the issue of buying, storing and building infrastructure for water.

He reviewed four (4) strategies specifically devoted to the core issue of, "Actively manage water supply and demand."

- Prepare and implement a Waste Water Management Plan.
- Implement the recommendations within the Integrated Water Resources Plan (IRP) to acquire alternative and/or additional potable and recycled water supplies and enhance resource reliability.
- Continue working with the City of Chula Vista for the possible development of an MBR Plant and for a potential agreement with the City for recycled water supplies from the MBR Plant.
- Closely monitor the District's potable water demand to ensure the District will remain on target to achieve its 2015 gpcd target as identified in the 2010 Urban Water Management Plan.

Chief Information Officer Stevens noted that these strategies drive the District's outlook of where it is going with water resources and the infrastructure that will be required to provide services. All are essentially, determined largely by the Water Resources Master Plan (WRMP), the District's primary planning tool for water resources. It was also noted that the District prepares an Urban Water Management Plan (UWMP) that assesses growth projections and is a factor that impacts the WRMP.

Director Robak inquired about the status of the proposed MBR Treatment Plant project in Chula Vista. Chief Engineer Rod Posada stated that the City of Chula Vista is the lead agency for the project and indicated that a Preliminary Feasibility Study was recently completed. Mr. Posada stated that the City of Chula Vista has requested a review period of the study until June 30, 2012, to consider the pros and cons of the MBR Treatment Plant project, before a final decision is made on whether or not to move forward with the project.

Director Robak inquired about the District's 2015 gpcd target identified in the 2010 Urban Water Management Plan (UWMP). Water Conservation Manager William

Granger stated that he believes the 2010 UWMP's target for 2015 is 160 gpcd and noted that the Plan also reports that the District is currently at 135 gpcd.

REPORTS

11. GENERAL MANAGER'S REPORT

GENERAL MANAGER'S REPORT

General Manager Mark Watton highlighted information from his report that included an update on the District's Healthiest Companies Program, paperless billing, re-evaluation of staff duties, CWA local water supply, the AWWA Fall Conference, and the 30-Inch, 980 Zone, Hunte Parkway – Proctor Valley/Use Area.

He indicated that at the AWWA Fall Conference, which was held October 17-20, Alice Mendez-Schomer, Frank Anderson and Rita Bell provided presentations.

He noted that the County of San Diego is in the process of disconnecting microturbines located at the District's Ralph W. Chapman Water Recycling Facility and they will be removed by the end of the month.

General Manager Watton stated that, as a result of a newspaper article related to the District's consultant selection process, Engineering staff conducted an informal survey of twelve local agencies to determine if they conduct background checks. Attached to the General Manager's Report is the results of that survey.

It was announced that Director Gary Croucher was re-elected to the San Diego LAFCO Special District Advisory Committee.

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton provided a brief summary of several handouts that were given to the Board. They were as follows: *San Diego County Water Authority (CWA) News Release – Water Authority Corrects Mistakes in San Vicente Pipeline New Report*; *CWA Letter to the San Diego Union-Tribune, dated November 1, 2011 concerning a news article "Tunnel Costs Rose by \$298 Million Over Time"*; *SignOn San Diego's news article, "Wave of state actions could hike water rates"*; *Carlsbad Seawater Desalination Project Status Report*; *Senator Dianne Feinstein's letter to CWA supporting the Carlsbad Desalination Project, dated October 5, 2011*; *CWA's response letter to Senator Feinstein, dated October 20, 2011*; *SANDAG's 2050 Regional Growth Forecast*; *News article "Massive California farm-to-city water deal snared in litigation"*; and *News article "Sycuan's Annexation Plan would Triple the Size of its Reservation"*.

12. DIRECTORS' REPORTS/REQUESTS

Director Gonzalez reported that on October 3 he met with Supervisor Greg Cox to discuss the District's North/South Interconnection System project. On October 5 he

attended a Regular Board meeting, and on October 19 he attended a Finance, Administration and Communication Committee meeting.

Director Lopez reported that on October 11, he and Armando Buelna, Public Information Officer, attended the City of Chula Vista's CLEAN Business Recognition event to accept an award on behalf of the District. He stated that he was pleased that the District was recognized for energy and water conservation, pollution prevention, and solid waste reduction, and being environmentally friendly. He noted that the Water Conservation Garden (WCG) Authority did not meet in October and indicated that the Authority will have a Garden and Home Festival on November 5. He noted that Marty Eberhardt, President of the WCG, will be retiring and that the WCG Authority plans to present a Proclamation to Ms. Eberhardt for her retirement. Director Lopez indicated that the Proclamation was signed by the six member agencies of the WCG Authority and he had signed on behalf of the Otay Water District. On October 19 he attended an Engineering, Operations and Water Resources Committee meeting.

Director Robak reported that on October 16 he marched in the Jamul Festival Parade, and on October 26 he participated in the East County Economic Development Council Bus Tour and was asked to provide a speech at the Water Conservation Garden, which was one of several site visits included in the bus tour.

13. PRESIDENT'S REPORT

Director Bonilla reported on meetings he attended during the month of October 2011 and indicated that on October 6 he attended an Ad Hoc Redistricting Committee meeting to discuss the redistricting of the District's divisional boundaries. He indicated that several redistricting alternatives will be presented to the Board in January or February 2012 for consideration. He stated that on October 18 he attended a Committee Agenda Briefing meeting to discuss items to be presented at the October committee meetings. He indicated that on October 26 he met with General Manager Watton and Daniel Munoz of La Prensa to update him on Otay matters. It was a positive meeting and he was comfortable with the position the District's board has taken on various issues and had offered to do an Op/Ed. On the same day (October 26) he met with community leaders to discuss focus group issues. On October 28 he met General Manager Watton and General Counsel Dan Shinoff for an Agenda Briefing Meeting to discuss items to be presented at the November board meeting. On October 31 he met with the Union-Tribune Editorial Board to update the Editorial Board on Otay matters such as the Desalination Project and the Employee Retiree Healthcare Benefit Program. He stated that they were very gracious and he believes it was a very positive meeting. On that same day (October 31), he attended an Ad Hoc Legal Matters Committee to discuss legal matters regarding Salt Creek Golf Course.

RECESS TO CLOSED SESSION

14. The board recessed to closed session at 4:44 p.m. to discuss the following matters:

a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
[GOVERNMENT CODE §54956.9(a)]

(i) SALT CREEK GOLF, LLC, UNITED STATES BANKRUPTCY
COURT, CASE NO. 11-13898-LA11

b) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
[GOVERNMENT CODE §54956.9]

(i) ABELL MATTER

2 CASES

RETURN TO OPEN SESSION

15. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ADDITIONAL ACTIONS ON ANY ITEMS POSTED IN CLOSED SESSION

The board reconvened at 5:22 p.m. and Attorney Jeff Morris indicated that the Board took no reportable actions in closed session and that General Counsel will respond to Mr. Abell directly.

16. ADJOURNMENT

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

President

ATTEST

District Secretary

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS
OTAY WATER DISTRICT
November 30, 2011**

1. The meeting was called to order by President Bonilla at 3:29 p.m.

2. ROLL CALL

Directors Present: Bonilla, Gonzalez, Croucher, Lopez and Robak

Director Absent: None

Staff Present: General Manager Mark Watton, Assistant General Manager of Administration and Finance German Alvarez, Assistant General Manager of Engineering and Water Operations Manny Magana, General Counsel Daniel Shinoff, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Croucher, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the agenda.

5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

No one wished to be heard.

ACTION ITEMS

6. REJECT BARNES CLAIM

Chief of Administration Rom Sarno indicated that this item is to address a claim filed by Mr. and Mrs. Dennis Barnes in the amount of \$13,143.81. The claim is requesting reimbursement for damages caused by a leak onto his property. Chief of Administration Sarno stated that staff had responded to Mr. Barnes' call on July 15, 2011 regarding a leak running onto his property. Staff conducted an extensive leak survey and had identified a small leak across the street from a "blow-off." This leak was repaired and subsequently removed and abandoned because it was no longer required. Staff had determined that the amount of the leak from the "blow-off" was very minimal and was not the cause of the Barnes' problems. Following the removal of the "blow-off," Mr. Barnes' property continued to have a leak. Staff contacted Mr. Barnes on Monday, November 28, 2011, to follow-up and he indicated that he no longer had a leak. He stated that he had done some considerable construction on his property and, as of Monday, he no longer had any leaks. As Mr. Barnes' no longer had a leak, staff did not attribute the leak to District infrastructure. Staff is recommending that the Board reject Mr. and Mrs. Barnes' claim. By rejecting the claim, it would start the statute of limitations to file a lawsuit. The claim will then be referred to the District's insurance carrier, Special District Risk Management Authority, should Mr. & Mrs. Barnes choose to follow-up on the rejection of their claim.

It was discussed that if the District were found to be liable, the District's insurance would cover the cost of the claim. However, the amount of this claim would likely be part of the District's deduction, dependent on its claims experience. Chief of Administration Sarno indicated that based on staffs' evaluation, staff is confident that the water was not from the District's side of the system.

General Counsel Shinoff stated that under the California Torte Claims Act, the filing of a claim is the precursor to filing a lawsuit. Claimants need to follow a procedure and must first file a claim. Also, by the District acting on the claim, it shortens the timeframe in which the claimant may pursue remedies to six (6) months. If the District does not respond to the claim within 45 days, the claimant would have up to two (2) years to pursue action on their claim.

A motion was made by Director Croucher, seconded by Director Robak and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to reject Mr. and Mrs. Barnes' claim.

7. APPROVE AN AGREEMENT WITH THE LAW FIRM OF STUTZ, ARTIANO, SHINOFF AND HOLTZ, A PROFESSIONAL CORPORATION, FOR A TERM OF TWO (2) YEARS THROUGH DECEMBER 31, 2013, TO PROVIDE GENERAL COUNSEL SERVICES TO THE DISTRICT

President Bonilla stated, at the District's November 2, 2011 board meeting, he had proposed a special board meeting to address legal counsel services as he did not wish to start the new year without a contract for legal services. He stated that Stutz, Artiano, Shinoff and Holtz (SASH) have agreed to reduce their rates and have locked the rate for the next two years. He noted that the agreement can be terminated by either party at any time.

Director Croucher indicated that he has been very impressed and happy with Dan Shinoff, Jeff Morris and Richard Romero's work. He stated that he is also extremely pleased that they were willing to work with the District and had reduced their firm's rate. He indicated that he fully supported the approval of their agreement and that it has been a very good partnership for the District.

Director Lopez indicated that he had nothing but positive comments to share with regard to SASH. He stated that Attorney Romero is very responsive to issues of concern to the District and he has been very pleased with the services they have provided.

Director Robak stated that he was pleased with the reduction in SASH's fees and that he echoed his fellow board members sentiments. He stated that their firm has done a good job and he very much appreciated the work they have done for the District.

A motion was made by Director Croucher, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve staffs' recommendation.

INFORMATIONAL ITEMS

8. UPDATE ON DESALINATION PROJECT (WATTON)

General Manager Watton indicated that he had handed out copies of Consolidated Water's Security and Exchange Commission's (SEC) filings from November 9 and 10 of this year. He stated that the handout provides a good outline of the status of the project. He stated that NS Agua and Consolidated Water both have 50% interest in the desalination project and the two organizations have formed NSC Agua together.

NSC Agua has made significant progress on the project. The land for the desalination plant is under option with NSC Agua and is ready for purchase. It is adjacent to a power plant and is one of the only parcels available for this type of use. NSC Agua is also nearing completion of agreements with the Comisión Federal de Electricidad (CFE - electrical utility) for easements on their power plant site and for the use of the cooling water.

Otay Water District has done some studies for possible pipeline alignments and the required permits have been identified. The District's board had approved the engagement of an engineering firm to design the pipeline alignment and produce an Environmental Impact Report and statement to the Federal Government which is the precursor for the permitting process. The District has also prepared preliminary water quality requirement analyses and has forwarded the information to NSC Agua. The analysis indicates the quality of water the District will require to blend into its current supply. To date, the District has spent approximately \$900,000 on the various consultants, engineering studies, etc.

NSC Agua is at the point where it requires the partners to provide funding for the development of the plant itself. There is an issue of who will make this investment which will also determine who will have controlling share of NSC Agua. This will be a major investment and is the issue the partners are working through at the moment (as noted in the 10-Q SEC filing). General Manager Watton indicated that he felt the next 30 to 60 days will determine how the project will progress.

General Manager Watton indicated that desalinated water, as a water resource, is too important to Mexico and the United States. Who the investors ultimately are may change, but the project is too important as a water resource not to move forward.

He noted, at the moment, he has asked staff to hold further studies and engineering expenditures until NSC Agua works out its internal issues. The District does have a couple consultants continuing to monitor the United States and Mexico water discussions. The District must still keep abreast of the activities related to the Colorado River and United States and Mexico Federal Governments.

He noted that the Poseidon Desalination Plant Project and other plants that are being considered in the Orange County and Los Angeles areas are very complicated and difficult projects to bring to fruition. Poseidon has been working to complete their plant in Carlsbad for eleven (11) years now. He stated that once the Rosarito Project is back on track, he wanted to remind the board that it is still a very complex and difficult project, but his belief is it will move forward.

In response to an inquiry from Director Robak, General Manager Watton indicated that the District is not certain of the actual investment amounts that the partners of NSC Agua have invested, but the relationship is an equal partnership among the investors at this time. The NSC Agua partners are working out investment issues. Their issue is not related to Otay Water District or the project itself. A desalination pilot plant is

ready to be installed, but until the partners resolve their investment issues, the project will remain at a standstill.

It was noted that the Poseiden Project had experienced similar issues and in some ways, worse issues than NSC Agua. Poseiden was financed by Venture Capital firms and two of the firms have sold their interest/left the project. It was noted that the Rosarito project is unique in that the project will serve two nations. Water will be crossing an international border.

RECESS TO CLOSED SESSION

9. CLOSED SESSION

The board recessed to closed session at 4:00 p.m. to discuss the following matter:

- a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
[GOVERNMENT CODE §54956.9]
 - (i) SALT CREEK GOLF, LLC, UNITED STATES BANKRUPTCY COURT,
CASE NO. 11-13898-LA11

RETURN TO OPEN SESSION

10. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION

The board reconvened from closed session at 4:23 p.m. General Counsel Daniel Shinoff indicated that the board had met in closed session and no reportable actions were taken.

11. ADJOURNMENT

With no further business to come before the Board, President Bonilla adjourned the meeting at 4:23 p.m.

President

ATTEST:

District Secretary



MEMORANDUM

DATE: December 22, 2011
TO: Board of Directors through the Ad Hoc Redistricting Committee
FROM: Steve Castaneda, PRM
REGARDING: 2011 Otay Water District Redistricting Project: Division Map Options

Overview:

Federal and state law require that states, municipalities and political subdivisions redraw voting district/division lines at least once every ten years coinciding with the release of the Federal decennial census. April 1, 2010 was the official census day for the twenty-third count of the U.S. population and in March, 2011, the results of the 2010 count were provided to state and local governments to begin the redistricting process to ensure that voting districts reflect population changes and comply with voting rights statutes. The Otay Water District last adjusted its divisional lines in 2001 following the completion of the 2000 U.S. Census.

PRM was contracted to assist the Otay Water District in redrawing its divisional boundaries to comply with state and federal mandates. As a result of the District's population growth between 2000 and 2010, significant imbalances among divisions occurred requiring changes in the divisional lines to adhere to the Voting Rights Act's most important and unambiguous standard - balanced population voting districts. We have completed a four month process working with staff, legal counsel and a board subcommittee to conduct an analysis of the current division boundaries related to new population numbers, review legal requirements and provide a series of proposed options for the subcommittee and ultimately the Board's review.

Background:

On January 4th at the regular Board of Directors meeting, PRM will present two mapping options for the district's review and final selection. Once the final map has been approved, PRM will prepare the documents and files for submission to the county Registrar of Voters to be included in the regular District election in November of 2012. Each option has been developed to adhere to state and federal requirements and meet the standards established by legal precedent that have been used to interpret the Voting Rights Act and its affect.

This memorandum provides information on the following:

- The Voting Rights Act and its standards
- The redistricting process
- Changes in district population: 2000-2010
- Mapping options statistics

The Voting Rights Act and its Standards

Basic Law: Equal representation is the key objective in redrawing district lines under the federal and California constitutions. Decennial redistricting has become the norm because the new census reveals shifts in populations among districts. Uneven growth in a political subdivision will create population imbalances among internal local voting districts. In 1964, the Supreme Court held that the equality of population is the standard for judging redistricting plans. In *Reynolds vs. Sims*, 377 U.S. 533, 579, the Court opined that the “overriding objective must be substantial equality of populations among the various districts.” In 1968, the Court extended the equal population standard to local governments (*Avery vs. Midland County*, 390 U.S. 474, 484-85).

The Equal Protection clause requires that there be substantial equality between voting districts, but not exact equality. Since the 1960’s case law has established statistical measures of equality and guidelines on what deviation from the exact equal number is permissible. Prior to 2000, local redistricting plans that had a deviation of under 10 percent were believed to be valid, but more recent cases have established a more strict standard. Today, controlling case law generally recognizes that redistricting plans that have a deviation of +5% to -5% are within the definition of “substantially equal”

Beyond and in addition to the population equality standard, controlling case law has established a number of “traditional redistricting criteria.” The racially neutral criteria must be balanced with a consideration of racial fairness and compliance with the Voting Rights Act. Courts have recognized the following as traditional criteria to be observed when preparing a redistricting plan:

- District compactness
- Contiguity
- Avoiding splits of political subdivisions and precincts
- Preserving communities of interest
- Preserving basic shapes of existing districts
- Protecting incumbents and avoiding pairing of incumbents
- Political fairness or competitiveness
- Voter convenience and effective administration of elections

In addition to adhering to the traditionally accepted criteria, PRM developed each map using whole census blocks when possible. Census blocks are the smallest unit of population measurement used by the Census. Any unit or count smaller than a census block must be estimated. During the development of the initial population analysis, it was determined that the district’s outer boundary split multiple census blocks. PRM developed a methodology to estimate partial block populations using parcel maps and County Assessor records. Once defined, PRM presented the methodology and its outcomes to District staff and the Subcommittee for approval.

The Redistricting Process

In order to develop the most accurate, interactive and open process possible, PRM developed a two-step process that involved in-house technical and legal staff and a Board sub-committee to review and approve methodology, practice and outcomes. The result was a methodology approved by staff and a series of mapping options that were considered by the subcommittee. On June 14th, the Sub-committee met and selected two options for Board review. At the Board of Directors meeting of August 10th, PRM will present the two options forwarded by the Sub-committee which will include corresponding population and demographic data for direction and/or final approval.

Changes in district population: 2000-2010

During the 2000's the Otay Water District experienced some of the most rapid growth in the state and perhaps the country. The 2000 Census pegged the District's total population at 170,899. According to the 2010 Census the District had grown by 21% or 37,047 to 207,946 residents. As with the District, each division grew as well, some more than others. By far the largest population change occurred in Division 1, which has grown to over 74,000 residents, while Division 3 population was reduced by nearly 5,000. A primary responsibility of the redistricting process was to balance population levels among all 5 divisions.

Otay Water District Population Change

Division	2000 Population	2010 Population	% Change
Division 1	33,354	74,711	+123%
Division 2	35,676	39,515	-10%
Division 3	33,509	28,153	-15%
Division 4	32,817	34,307	+4%
Division 5	35,543	31,240	-12%
Total DWO Population	170,899	207,946*	+21%

* Difference due to census block estimate rounding.

Based on the 2010 population figures provided by the U.S. Census, the Otay Water District now has a population of 207,946 residents and any redistricting plan must balance populations within each division to an average of 41,590. While each division population level need not be exact, they must be substantially equal. Each option to be presented observes a maximum population deviation of +/- 5% of the mean and therefore adheres to the controlling legal standard.

Mapping Options Statistics (see attached maps & population/demographic chart)

In analyzing growth patterns within the District, it is clear that the majority of population growth over the last 10 years occurred in the city of Chula Vista. Chula Vista's expanding residential communities within the Otay Water District's service area necessitates that divisions become more compact. This growth pattern allows each of the options to preserve communities of interest in each division. For example, the Eastlake community is located entirely in Division 1, Spring Valley in Division 3 and Jamul in Division 5. The District's service area within Chula Vista's city limits are distributed among Divisions 1, 2 and 4.

The major difference in options is the placement of the Otay Mesa area. Since the parcels are largely commercial and industrially zoned, population has little impact on division boundaries due to the balanced population requirement. A case can be made for each option with respect to maintaining the mesa in Division 2 or a slightly more compact configuration that places the area in Division 1.

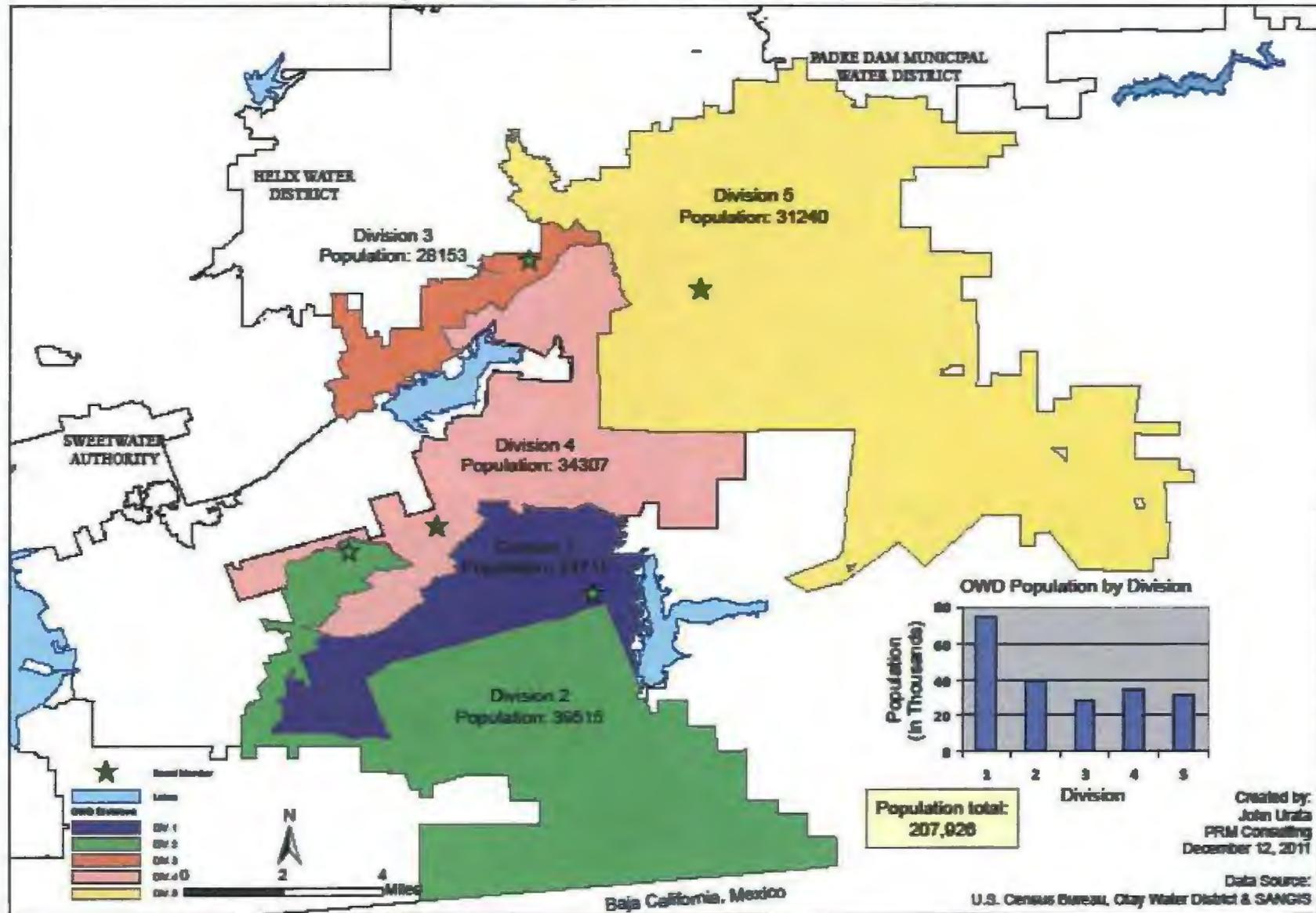
Overall, each option considers and observes redistricting standards and guidelines and the choice of either option is at the Board's discretion. More specific map and statistical data are included in the attachments.

2011 Redistricting Project

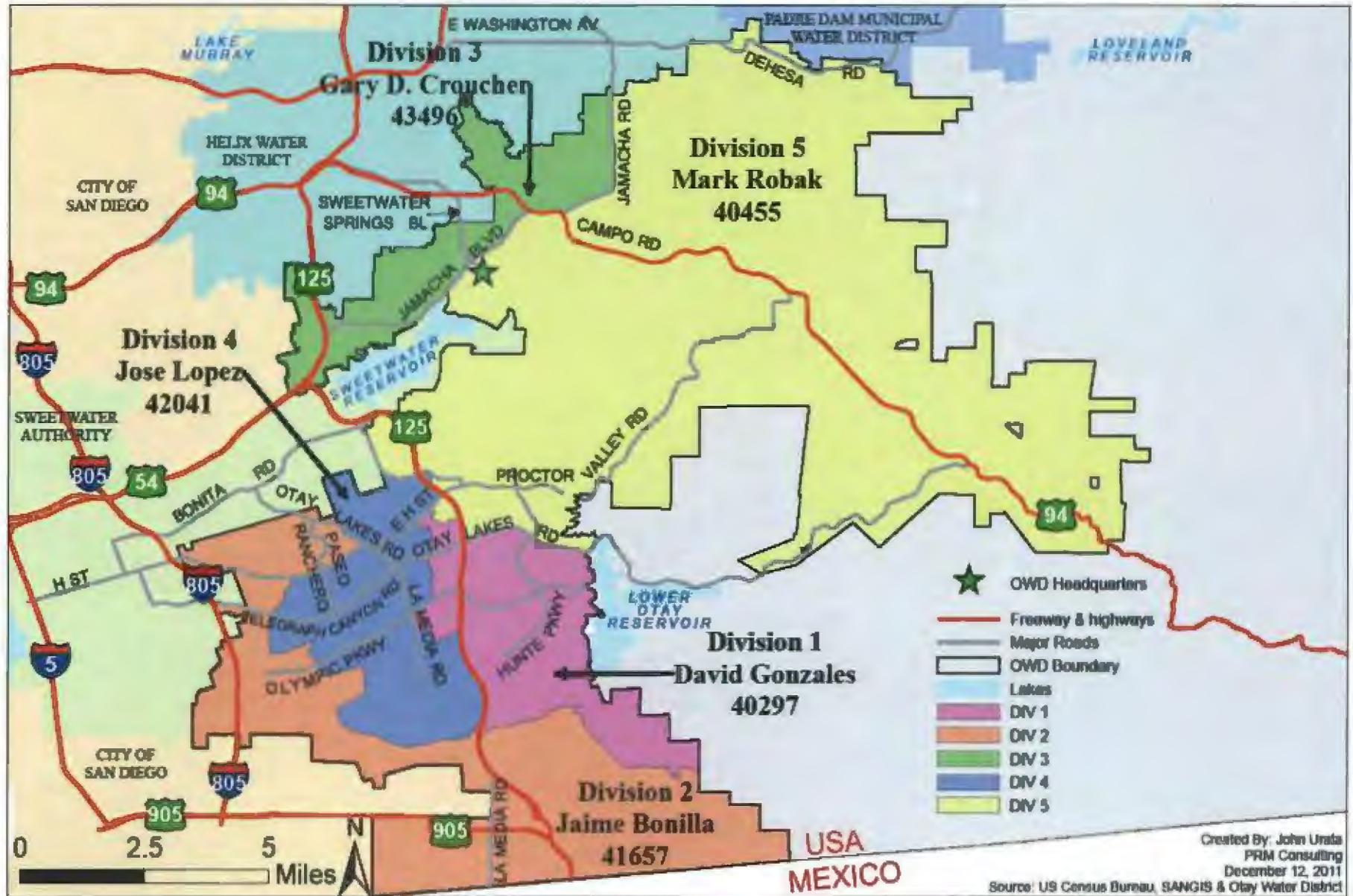
Otay Water District
Board of Directors Meeting
January 04, 2012



Otay Water District 2010 Population by 2000 Division Boundaries



Otay Water District 2010 Option 1



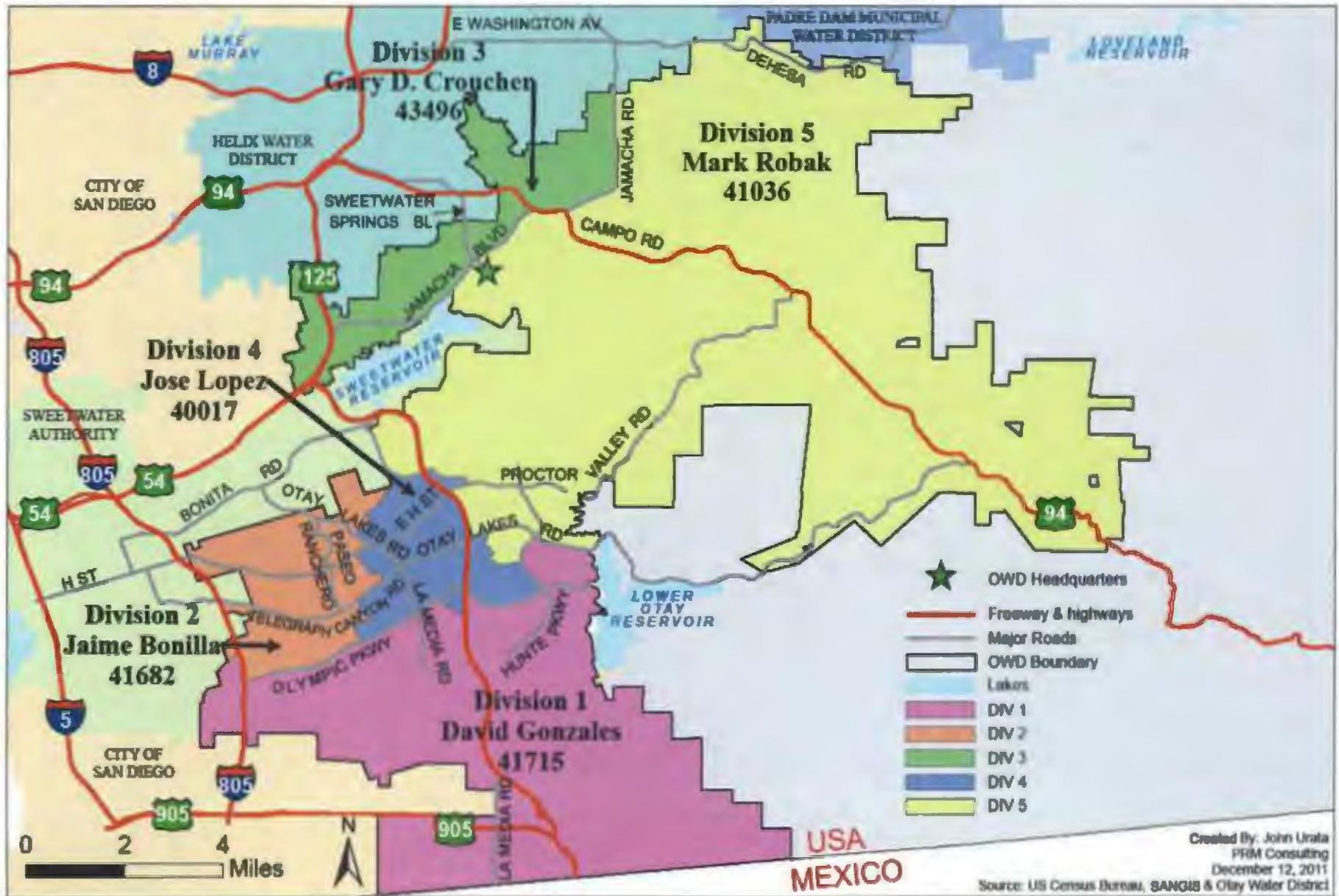
Created By: John Urata
 PRM Consulting
 December 12, 2011
 Source: US Census Bureau, SANGIS & Otay Water District

Mapping Option 1 Statistics

Option 1	Hispanic or Latino	%	White	%	African American	%	American Indian & Alaskan Native	Asian	%	Native Hawaiian & Pacific Islander	Other races	Ethnicity not Identified
Div 1	18,237	45%	8,317	21%	2,663	7%	86	9,335	23%	170	59	1,430
Div 2	23,598	57%	8,245	20%	2,741	7%	121	5,538	13%	190	200	1,024
Div 3	14,604	34%	18,740	43%	4,219	10%	141	3,692	8%	266	85	1,749
Div 4	18,668	44%	9,454	22%	2,080	5%	75	9,970	24%	204	91	1,499
Div 5	12,747	32%	20,116	50%	1,496	4%	108	4,447	11%	120	60	1,361
Total	87,855		64,872		13,198		531	32,982		951	495	7,063

	Dev	
Div 1 total	40,297	3.1%
Div 2 total	41,657	0.2%
Div 3 total	43,496	4.6%
Div 4 total	42,041	1.1%
Div 5 total	40,455	2.7%
District Total	207,946	
	Div Pop Mean	41,589

Otay Water District 2010 Option 2

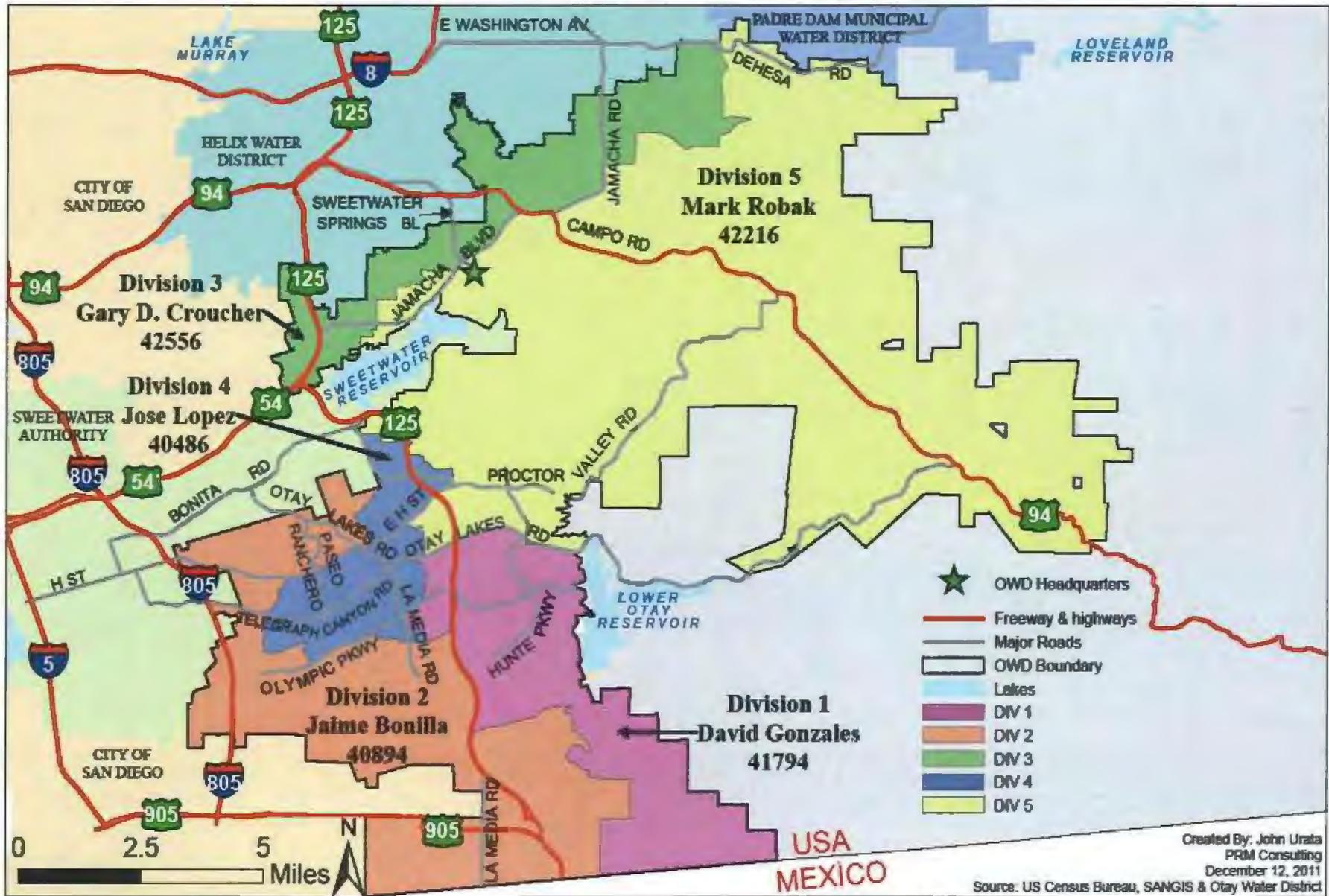


Mapping Option 2 Statistics

Option 2	Hispanic or Latino	%	White	%	African American	%	American Indian & Alaskan Native	%	Asian	%	Native Hawaiian & Pacific Islander	Other races	Ethnicity not Identified	%
Div 1	21,532	52%	8,044	19%	3,506	8%	126	0%	6,921	17%	192	215	1,180	3%
Div 2	20,501	49%	8,765	21%	1,646	4%	86	0%	9,147	22%	184	62	1,291	3%
Div 3	14,604	34%	18,740	43%	4,219	10%	141	0%	3,692	8%	266	85	1,749	4%
Div 4	18,535	46%	8,910	22%	2,276	6%	75	0%	8,486	21%	205	69	1,461	4%
Div 5	12,683	31%	20,413	50%	1,552	4%	103	0%	4,735	12%	104	64	1,382	3%
Total	87,855		64,872		13,198		531		32,981		951	495	7,063	

	Dev	
Div 1 total	41,715	0.3%
Div 2 total	41,682	0.2%
Div 3 total	43,496	4.6%
Div 4 total	40,017	3.8%
Div 5 total	41,036	1.3%
District Total	207,946	
	Div Pop Mean	41,589

Otay Water District 2010 Option 3



Created By: John Urata
PRM Consulting
December 12, 2011

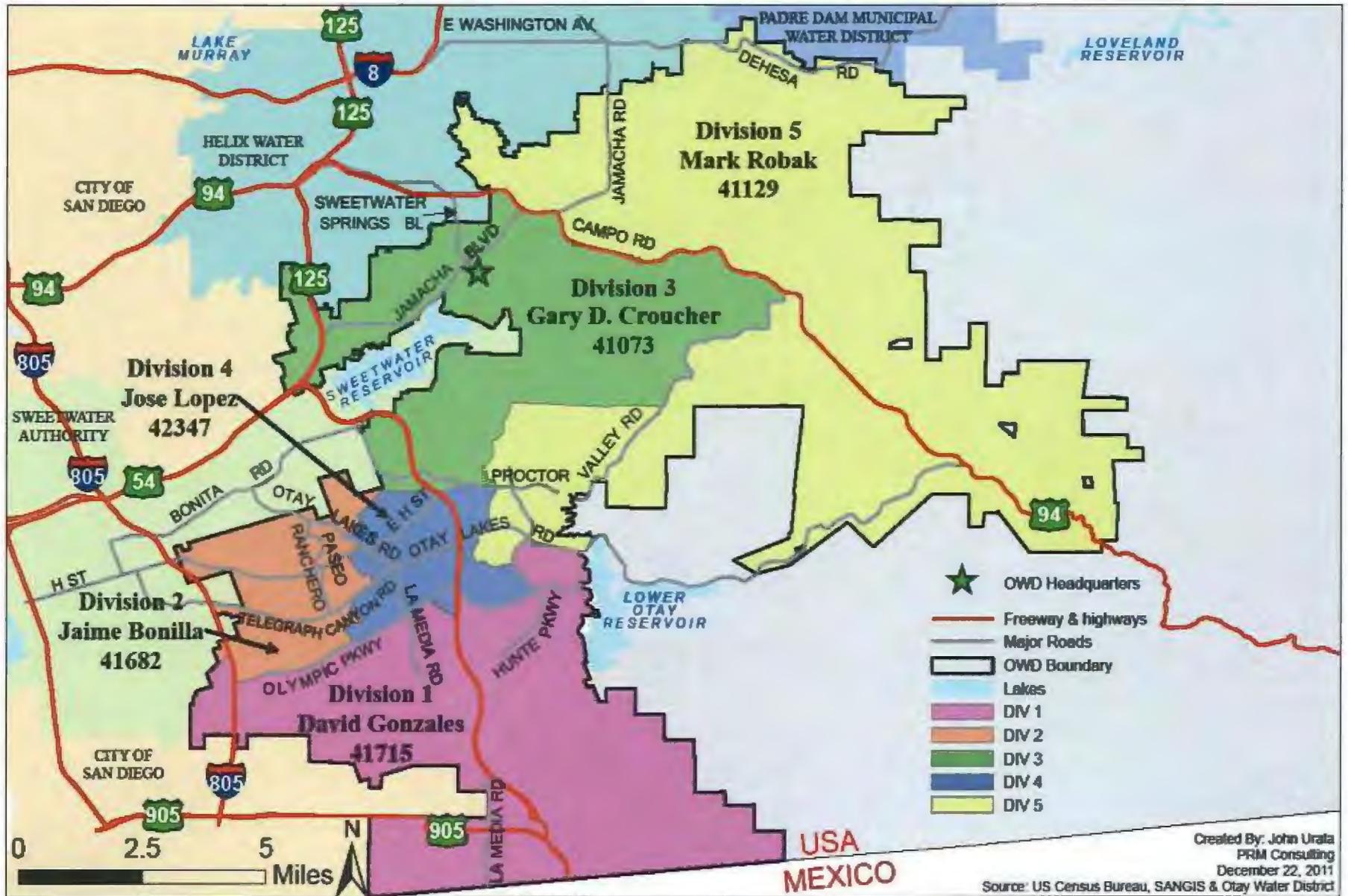
Source: US Census Bureau, SANGIS & Otay Water District.

Mapping Option 3 Statistics

Option 3	Hispanic or Latino	%	White	%	African American	%	American Indian & Alaskan Native	Asian	%	Native Hawaiian & Pacific Islander	Other races	Ethnicity not Identified
Div 1	18,178	43%	9,067	22%	3,853	9%	127	8,835	21%	161	222	1,351
Div 2	23,391	57%	7,887	19%	1,512	4%	82	6,594	16%	203	37	1,188
Div 3	12,524	29%	21,199	50%	3,631	9%	132	3,133	7%	232	85	1,620
Div 4	18,199	45%	8,931	22%	2,087	5%	76	9,476	23%	202	89	1,426
Div 5	15,562	37%	17,788	42%	2,116	5%	114	4,944	12%	152	62	1,478
Total	87,854		64,872		13,198		531	32,981		950	495	7,063

		Dev		
Div 1 total	41,794	0.5%		
Div 2 total	40,894	1.7%	Div Pop Mean	41,589
Div 3 total	42,556	2.3%		
Div 4 total	40,486	2.7%		
Div 5 total	42,216	1.5%		
District Total	207,946			

Otay Water District 2010 Option 4

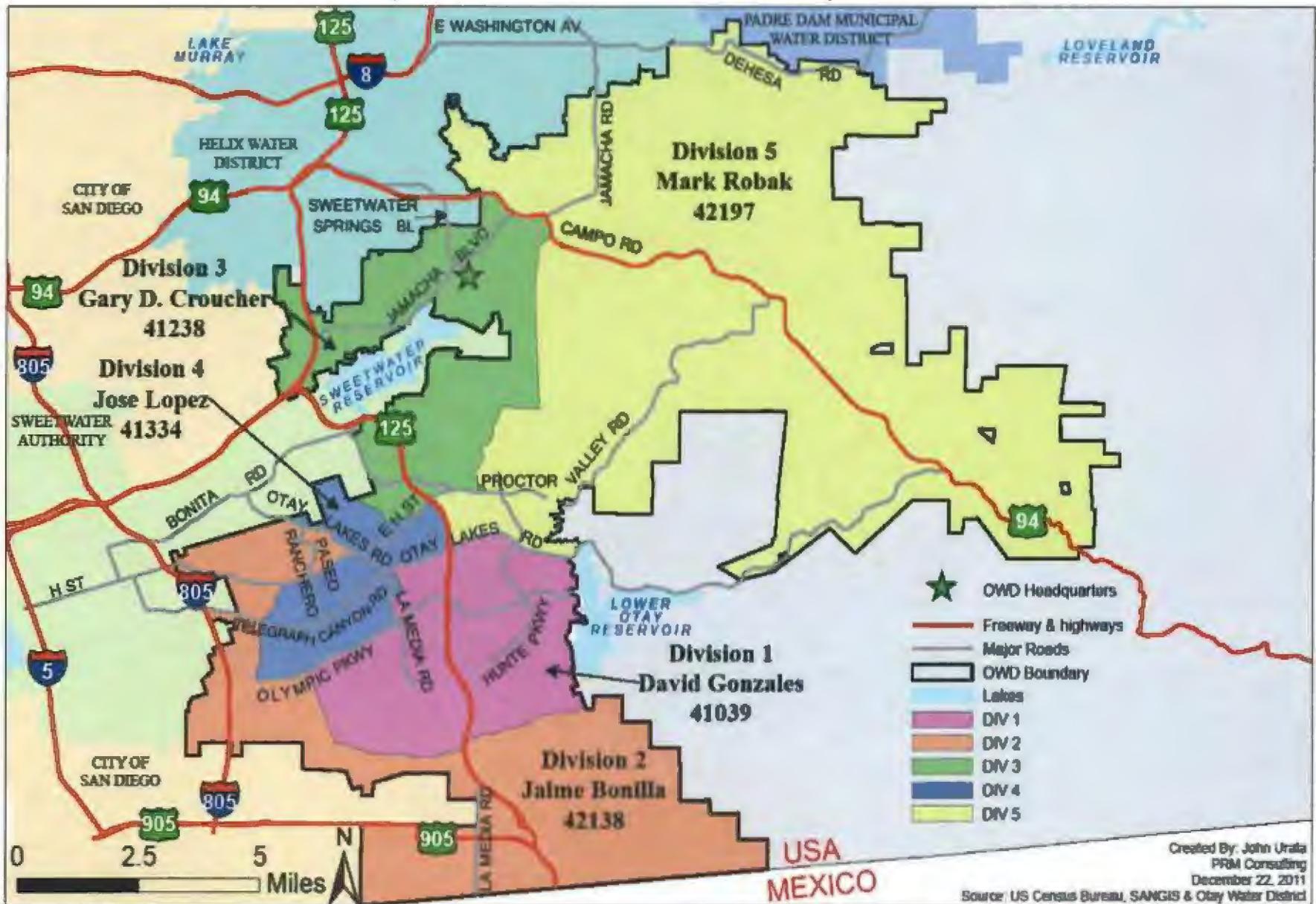


Mapping Option 4 Statistics

Option 4	Hispanic or Latino	%	White	%	African American	%	American Indian & Alaskan Native	Asian	%	Native Hawaiian & Pacific Islander	Other races	Ethnicity not Identified
Div 1	21,532	52%	8,044	19%	3,506	8%	126	6,921	17%	192	215	1,180
Div 2	20,501	49%	8,765	21%	1,646	4%	86	9,147	22%	184	62	1,291
Div 3	16,300	40%	13,775	34%	4,124	10%	122	4,760	12%	281	78	1,656
Div 4	19,839	47%	9,449	22%	2,419	6%	65	8,763	21%	214	76	1,522
Div 5	9,683	24%	24,835	60%	1,503	32%	132	3,390	8%	80	64	1,414
Total	87,855		64,868		13,198		531	32,981		951	495	7,063

	Dev		
Div 1 total	41,715	0.3%	
Div 2 total	41,682	0.2%	Div Pop Mean
Div 3 total	41,073	1.2%	41,589
Div 4 total	42,347	1.8%	
Div 5 total	41,129	1.1%	
District Total	207,946		

Otay Water District 2010 Option 5



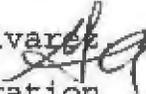
Mapping Option 5 Statistics

Option 5	Hispanic or Latino	%	White	%	African American	%	American Indian & Alaskan Native	Asian	%	Native Hawaiian & Pacific Islander	Other races	Ethnicity not Identified
Div 1	17,872	44%	7,959	19%	2,317	6%	90	10,892	27%	197	55	1,657
Div 2	23,898	57%	8,669	21%	3,264	8%	127	4,815	11%	198	212	955
Div 3	16,608	40%	13,359	32%	4,191	10%	121	4,919	12%	293	76	1,671
Div 4	19,250	47%	9,408	23%	1,877	5%	67	9,128	22%	175	83	1,346
Div 5	10,226	24%	25,477	60%	1,550	4%	126	3,228	8%	87	69	1,434
Total	87,855		64,868		13,198		531	32,981		951	495	7,063

	Dev		
Div 1 total	41,039	1.3%	
Div 2 total	42,138	1.3%	Div Pop Mean
Div 3 total	41,238	0.8%	41,589
Div 4 total	41,334	0.6%	
Div 5 total	42,197	1.5%	
District Total	207,946		



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 4, 2012
SUBMITTED BY:	Sean Prendergast,  Payroll/AP Supervisor	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez  , Assistant General Manager, Finance and Administration		
SUBJECT:	Director's Expenses for the 1st Quarter of Fiscal Year 2012		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item only.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To inform the Board of the Director's expenses for the 1st quarter of Fiscal Year 2012.

ANALYSIS:

The Director's expense information is being presented in order to comply with State law. (See Attachment B for Summary and C-H for Details.)

FISCAL IMPACT: 

None.

STRATEGIC GOAL:

Prudently manage District funds.

LEGAL IMPACT: _____

Compliance with State law.



General Manager

Attachments:

- A) Committee Action Form
- B) Director's Expenses and per Diems
- C-H) Director's Expenses Detail



ATTACHMENT A

SUBJECT/PROJECT:	Director's Expenses for the 1st Quarter of Fiscal Year 2012
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COMMITTEE ACTION:

This item was presented to the Finance, Administration and Communications Committee at a meeting held on November 16, 2011. The expenses for each director from July 1, 2011 thru September 30, 2011 was presented. It was indicated that directors' expenses totaled \$3,800.37 for the first quarter of Fiscal Year 2012. It was projected that directors expenses for Fiscal Year 2012 would total approximately \$15,200 based on the first three months of actual expenses. The committee received staffs' report and recommended presentation to the full board as an informational item.

**BOARD OF DIRECTORS'
EXPENSES AND PER-DIEMS**

**FINANCE, ADMINISTRATION, AND
COMMUNICATIONS COMMITTEE MEETING
NOVEMBER 16, 2011**

Policy 8 requires that staff present the Expenses and Per-Diems for the Board of Directors on a Quarterly basis:

- Fiscal Year 2012, 1st Quarter.
- The expenses are shown in detail by Board member, month and expense type.
- This presentation is in alphabetical order.
- This information was presented to the Finance, Administration, and Communications Committee on November 16, 2011.

Board of Directors' Expenses and Per-Diems
Fiscal Year 2012 Quarter 1 (Jul 2011- Sep 2011)

Director Bonilla	\$0.00
Director Croucher	\$300.00
Director Gonzalez	\$1,580.00
Director Lopez	\$1,560.95
Director Robak	\$359.42
Total	\$3,800.37

Director Bonilla

Fiscal Year 2012 Quarter 1

	Jul 2011	Aug 2011	Sep 2011
Business Meetings	0.00	0.00	0.00
Director's Fees	0.00	0.00	0.00
Mileage Business	0.00	0.00	0.00
Mileage Commuting	0.00	0.00	0.00
Seminars and Travel	0.00	00.00	0.00
Monthly Totals	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Quarterly Total			<u>\$0.00</u>

Fiscal Year-to-Date 2011 (Jul 2011-Jun2012)	\$0.00
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Director Bonilla does not request per diem reimbursements

Meetings Attended			
Meetings Paid			

Director Croucher

Fiscal Year 2012 Quarter 1

	Jul 2011	Aug 2011	Sep 2011
Business Meetings	0.00	0.00	0.00
Director's Fees	300.00	0.00	0.00
Mileage Business	0.00	0.00	0.00
Seminars	0.00	0.00	0.00
Travel	0.00	0.00	0.00
Monthly Totals	<u>300.00</u>	<u>0.00</u>	<u>0.00</u>
Quarterly Total			<u>\$300.00</u>

Fiscal Year-to-Date 2011 (Jul 2011-Jun 2012)	\$300.00
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**Director Croucher serves on all
District Committees (6)**

Meetings Attended	5		
Meetings Paid	3		

Director Gonzalez

Fiscal Year 2012 Quarter 1

	Jul 2011	Aug 2011	Sep 2011
Business Meetings	0.00	0.00	0.00
Director's Fees	200.00	0.00	600.00
Mileage Business	0.00	0.00	0.00
Seminars	0.00	780.00	0.00
Travel	0.00	0.00	0.00
Monthly Totals	<u>200.00</u>	<u>780.00</u>	<u>600.00</u>
Quarterly Total			<u>\$1,580.00</u>

Fiscal Year-to-Date 2011 (Jul 2011-Jun2012)	\$1,580.00
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Meetings Attended	2		7
Meetings Paid	2		6

Director Lopez

Fiscal Year 2012 Quarter 1

	Jul 2011	Aug 2011	Sep 2011
Business Meetings	0.00	0.00	0.00
Director's Fees	400.00	300.00	700.00
Mileage Business	22.20	0.00	13.32
Mileage Commuting	33.30	33.30	58.83
Seminars and Travel	0.00	0.00	0.00
Monthly Totals	<u>455.50</u>	<u>333.30</u>	<u>772.15</u>
Quarterly Total			<u>\$1,560.95</u>

Fiscal Year-to-Date 2011 (Jul 2011-Jun 2012)	\$1,560.95
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Meetings Attended	5	4	11
Meetings Paid	4	3	7

Director Robak

Fiscal Year 2012 Quarter 1

	Jul 2011	Aug 2011	Sep 2011
Business Meetings	0.00	0.00	0.00
Director's Fees	100.00	0.00	200.00
Mileage Business	3.33	0.00	16.65
Mileage Commuting	2.22	0.00	2.22
Seminars and Travel	0.00	35.00	0.00
Monthly Totals	<u>105.55</u>	<u>35.00</u>	<u>218.87</u>
Quarterly Total			<u>\$359.42</u>

Fiscal Year-to-Date 2011 (Jul 2011-Jun2012)	\$359.42
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Meetings Attended	1		3
Meetings Paid	1		2

Board of Directors' Expenses and Per Diems
Fiscal Year 2012 to Date (Jul 2011- Sep 2012)

Director Bonilla	\$0.00
Director Croucher	\$300.00
Director Gonzalez	\$1,580.00
Director Lopez	\$1,560.95
Director Robak	\$359.42
Total	\$3,800.37

Board of Directors' Expenses and Per Diems
Fiscal Year 2012 **Projected** (Jul 2011-Jun 2012)

Director Bonilla	\$00.00
Director Croucher	\$1,200.00
Director Gonzalez	\$6,320.00
Director Lopez	\$6,243.00
Director Robak	\$1,437.00
Total	\$15,200.00

Based on three months of actuals

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2011 THROUGH SEPTEMBER 30, 2011**

DIRECTOR'S NAME: BONILLA, JAIME

ATTACHMENT D

Account Name	Date	Descriptions	SECTION D Amount
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**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2011 THROUGH SEPTEMBER 30, 2011**

DIRECTOR'S NAME: CROUCHER, GARY

ATTACHMENT E

Account Name	Date	Descriptions	SECTION E Amount
Director's Fee	7/5/2011	AD HOC COMMITTEE MEETING - HEALTH BENEFITS NEGOTIATIONS	\$ 100.00
	7/15/2011	REGULAR BOARD OF DIRECTORS MEETING	100.00
	7/19/2011	FINANCE COMMITTEE MEETING	100.00
Grand Total			\$ 300.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2011 THROUGH SEPTEMBER 30, 2011**

DIRECTOR'S NAME: GONZALEZ, DAVID

ATTACHMENT F

Account Name	Date	Descriptions	SECTION F Amount
Director's Fee	7/15/2011	REGULAR BOARD OF DIRECTORS MEETING	\$ 100.00
	7/19/2011	FINANCE COMMITTEE MEETING	100.00
	9/7/2011	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/8/2011	SPECIAL DISTRICT INSTITUTE	100.00
	9/9/2011	SPECIAL DISTRICT INSTITUTE	100.00
	9/10/2011	SPECIAL DISTRICT INSTITUTE	100.00
	9/19/2011	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	9/29/2011	METRO COMMISSION BRIEFING MEETING	100.00
Director's Fee Total			<hr/> 800.00
Registration Fee	9/10/2011	REGISTRATION FEE - SPECIAL DISTRICT AND LOCAL GOVERNMENT INSTITUTE SEPTEMBER 8-10, 2011	<hr/> 780.00
Grand Total			<hr/> \$ 1,580.00 <hr/>

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2011 THROUGH SEPTEMBER 30, 2011**

DIRECTOR'S NAME: LOPEZ, JOSE

ATTACHMENT G

Account Name	Date	Descriptions	SECTION G Amount
Mileage - Business	7/31/2011	MEETING - JULY 11, 2011	\$ 22.20
	9/30/2011	MEETING - SEPTEMBER 9 & 15, 2011	13.32
Mileage - Business Total			<hr/> 35.52
Mileage - Commuting	7/31/2011	MEETING - JULY 5, 12, & 15, 2011	33.30
	8/31/2011	MEETING - AUGUST 4, 10, & 18, 2011	33.30
	9/30/2011	MEETING - SEPTEMBER 7, 14, 19, 28, & 29,	58.83
Mileage - Commuting Total			<hr/> 125.43
Director's Fee	7/5/2011	AD HOC COMMITTEE MEETING - HEALTH BENEFITS NEGOTIATIONS	100.00
	7/11/2011	DESAL PLANT WITH ROSARITO MAYOR	100.00
	7/12/2011	ENGINEERING AND OPERATIONS COMMITTEE MEETING	100.00
	7/15/2011	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/4/2011	AD HOC COMMITTEE MEETING - HEALTH BENEFITS NEGOTIATIONS	100.00
	8/10/2011	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/18/2011	ENGINEERING AND OPERATIONS COMMITTEE MEETING	100.00
	9/7/2011	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/9/2011	MEETING WITH STAR NEWS EDITOR CARLOS DAVALOS	100.00
	9/14/2011	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	9/15/2011	MEETING WITH CHULA VISTA COUNCIL WOMAN PAT AGUILAR	100.00
	9/19/2011	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	9/28/2011	ENGINEERING AND OPERATIONS COMMITTEE MEETING	100.00
	9/29/2011	METRO COMMISSION BRIEFING MEETING	100.00
Director's Fee Total			<hr/> 1,400.00
Grand Total			<hr/> \$ 1,560.95 <hr/>

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2011 THROUGH SEPTEMBER 30, 2011**

DIRECTOR'S NAME: ROBAK, MARK

ATTACHMENT H

Account Name	Date	Descriptions	SECTION H Amount
Mileage - Business	7/15/2011	MEETING - JULY 15, 2011	\$ 3.33
	9/7/2011	MEETING - SEPTEMBER 2, & 7, 2011	16.65
Mileage - Business Total			<hr/> 19.98
Mileage - Commuting	7/15/2011	MEETING - JULY 15, 2011	2.22
	9/4/2011	MEETING - SEPTEMBER 4, 2011	2.22
Mileage - Commuting Total			<hr/> 4.44
Director's Fee	7/15/2011	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/2/2011	MEETING CHULA VISTA CHAMBER OF COMMERCE	100.00
	9/7/2011	REGULAR BOARD OF DIRECTORS MEETING	100.00
Director's Fee Total			<hr/> 300.00
Registration Fee	8/19/2011	REGISTRATION FEE - SAN DIEGO EAST CO. CHAMBER WORKSHOP	35.00
Grand Total			<hr/> \$ 359.42 <hr/>

A3000-131000-401-028101

200.00



OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: David Gonzalez

Period Covered:

Employee Number: 1796

From: 7/1/11 To: 7/31/11

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	7/15		BEG BOARD MEETING		
✓ 2.	7/19		FINANCE COMMITTEE MEETING		
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13.				0*	
14.					
15.					
16.					
17.					
18.					

Per Diem

Total Meeting Per Diem: 2
(\$100 per meeting)

Total Mileage Claimed: 0 miles



(Director's Signature)

GM Receipt: 

Date: 9/15/2011

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ 5

W
10
10.7.11
10/15/11



**OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM**

Pay To: David Gonzalez

Period Covered:

Employee Number: 1796

From: 9/1/11 To: 9/30/11

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	9/7/11 ✓	OWD	Board Meeting		
✓ 2.	9/8/11 ✓	Special District Institute	Finance Conference/Seminars		
✓ 3.	9/9/11 ✓	Special District Institute	Finance Conference/Seminars		
✓ 4.	9/10/11 ✓	Special District Institute	Finance Conference/Seminars		
✓ 5.	9/19/11 ✓	OWD	Finance Administration & Communications Committee		
6.	9/23/11	Hispanic Chamber	Hispanic Chamber Event		
✓ 7.	9/29/11 ✓	OWD	Metro Commission Briefing Meeting with Staff		
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17.					

Per Items

OTAY WATER DISTRICT
RECEIVED
2011 OCT 22 AM 3:36

Total Meeting Per Diem: \$600.00
(\$100 per meeting)

Total Mileage Claimed: 0 miles

[Signature]
(Director's Signature)

10-2-11

GM Receipt: *[Signature]*

Date: 10/19/2011

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____



AB000 1B1000 2101 521301 11 1111

DIRECTOR GONZALEZ REGISTRATION FEE

SPECIAL DISTRICT AND LOCAL GOVERNMENT INSTITUTE FOR FINANCE
REGISTRATION CONFIRMATION FINANCE SEMINAR
SEPTEMBER 8-9, 2011 - HYATT REGENCY MONTEREY HOTEL & SPA SEMINAR.

Mr. David Gonzalez Jr.
Director
Otay Water District
2554 Sweetwater Springs Blvd
Spring Valley, CA 91978-7299

Date: 8-10-2011

Thank you for registering for the Special District Finance Seminar and/or Workshop(s) scheduled for September 8-10, 2011. Please be sure that we have your name, title and company listed correctly since this information will be printed on your badge and conference materials. If you plan to stay at the Hyatt Regency Monterey, Monterey, CA, at the special rate of \$159 single/double, please be sure to contact the Hotel directly at 888-421-1442 and reference the Special District Institute for special group rate. If they are unable to accommodate you, please call the Special District and Local Government Institute for other hotel information.

Registered For:	Amount
Seminar + Half Day Workshop Employee Compensation - \$770:	\$770.00
Certificate Fee - \$35:	\$35.00
Early Registration Discount - \$25:	-\$25.00
Total Amount Paid:	\$780.00
Thank you for your payment.	

Our cancellation and refund policy is as follows:

- Fee of \$50.00 if cancellations received in writing on or before August 17, 2011.
- No refund and/or credit for a future event will be granted if cancellation is received in writing on or after August 17, 2011; full payment is required.
- Substitutions may be made at any time.

If you have any questions, please call Deborah Schramm at 619-231-1744.



AB 000 1B4000. 2101. 52 91 01 400.00
 AB000 1B4000-2101. 521102 EXHIBIT B
 33.30

OTAY WATER DISTRICT
 BOARD OF DIRECTORS
 PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 7/1/11 To: 7/31/11

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	7/5/11	OWD	Ad Hoc Unrepresented Benefits Meeting	20	
✓ 2.	7/11/11	OWD	Desal Plant w/ Mayor of Rosarito		40
✓ 3.	7/12/11	OWD	Eng & Ops Committee Meeting	20	
4.	7/13/11	OWD	Employee's Recognition Luncheon (No Charge)		
✓ 5.	7/15/11	OWD	Otay Regular Board Meeting	20	
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18.				60 * *	

Per items

release

0.555 =
33.30 *

Total Meeting Per Diem: \$400.00
 (\$100 per meeting)

Total Mileage Claimed: 100

[Signature]
 (Director's Signature)

GM Receipt: *[Signature]*

Date: 8/31/2011

4/5

11 AUG 25 PM 4:38 OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

[Handwritten notes]
 8.26.11



AB 000-134000-2101-528101

rcv'd 10/12/11
EXHIBIT B

300.00

OTAY WATER DISTRICT
BOARD OF DIRECTORS

PER-DIEM AND MILEAGE CLAIM FORM

AB 000-134000-2101-521102

3330

Pay To: Jose Lopez

Period Covered:

Employee Number: 7910

From: 08/01/11 To: 08/31/11

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE FROM OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1. ✓	08/04	OWD	Ad Hoc Committee - Health Benefits Represented	20	
✓ 2. ✓	08/10	OWD	Regular Board Meeting	20	
3.	08/13	OWD	Employee Picnic (NO CHARGE)		
✓ 4. ✓	08/18	OWD	Operations & Engineering Committee	20	
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7.				0.*	
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11.				0.*	
12.				0.*	
13.				20.00+	
14.				20.00+	
15.				20.00+	
16.				60.00*	
17.				60.00x	
18.				0.5550=	
				33.30=	

Per Diem

Mileage

Total Meeting Per Diem: \$300
(\$100 per meeting)

Total Mileage Claimed: 60

Jose R. Lopez
(Director's Signature)

GM Receipt: M. Witt

Date: 10/12/2011

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

11 OCT 20 PM 4:17

10-21-11



AB 000 - 104000 - 2101
AB 000 - 104000 - 2101 521102

rec'd 10/12/11
5883 EXHIBIT B

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Jose Lopez

Period Covered:

Employee Number: 7910

From: 09/01/11 To: 09/30/11

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	09/07	OWD	Regular Board meeting	20	
✓ 2.	09/09	Star News	Editor <u>Carlos Davalos</u>		12
✓ 3.	09/14	OWD	William Granger/Water Conservation Garden	26	
✓ 4.	09/15	OWD	CV Councilwomen Pat Aguilar		12
✓ 5.	09/19	OWD	Administration & Finance Committee	20	
6.	09/22	Dem Club	Health Benefit presentation (No Charge)		
7.	09/23	Hispanic	Chamber of Commerce Luncheon (No Charge)		
8.	09/24	YMCA	East County Fundraising (No Charge)		
✓ 9.	09/28	OWD	Operations & Engineering Committee	20	
✓ 10.	09/29	OWD	Metro Commission briefing meeting	20	
11.	09/15	SOC	CV Chamber - Dr. Hirshman SDSU	(no charge)	
12.					
13.					
14.					
15.					
16.					
17.					
18.					

0.* 7.* 100.00= 700.00* 0.* 20.00+ 20.00+ 26.00+ 20.00+ 20.00+ 106.00* 106.00x 0.5550= 58.83*

Perkins
Mileage

Total Meeting Per Diem: \$700
(\$100 per meeting)

Total Mileage Claimed: 130 miles

Jose A. Lopez
(Director's Signature)

GM Receipt: [Signature]

Date: 10/12/2011

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

17
11 OCT 20 11

2/10
10-21-11

eastcountychamber.org
Thursday, June 18, 2011 1:32 PM
Susan Cruz
San Diego East County Chamber of Commerce: Politics in Paradise

Check # 1009276

Event Registration Submission Confirmation
Politics in Paradise

Your Event Registration request has been received.
[Add to Outlook](#)

Order Confirmation:
Order Number: e.895.598.2778
Order Amount: \$35.00
Event Name: Politics in Paradise
Registrant: Mark Robak (Otay Water District)
Payment Type: Credit Card

Important: This charge will appear as Chamber Fee on your Credit Card statement.

REGISTRATION FEE FOR ROBAK,
SAN DIEGO EAST CO CHAMBER
WORKSHOP "POLITICS IN PARADISE"
1B5600, 000000, 2101, 521461, 11,1111

Purchase Summary			
Fee Name	Description	Quantity	Total Amt
Politics in Paradise	Mark Robak	1	35.00
			Total: 35.00 PAID

Politics in Paradise

Each summer your Chamber assembles a bipartisan panel of San Diego's elected representation from the Federal, State and County levels to update you on their priorities, interact and mingle with guests, as well as handle questions directly from you during the important legislative panel discussion. This informative and powerful evening provides San Diego residents incredible access to some of our region's most powerful political players, while set in a lush outdoor setting on a warm Summer evening. This year's event has an expanded panel and exciting new entertainment!

The Chamber is Pleased to Announce the Following Confirmed Speakers:

- Congressman Bob Filner (D-CA-51st)**
- Congressman Duncan D. Hunter (R-CA-52nd)**
- Senator Joel Anderson (R-CA-36th)**
- Senator Juan Vargas (D-CA-40th)**
- Assemblyman Brian Jones (R-CA-77th)**
- San Diego County District Attorney Bonnie Dumanis**

Date: August 19, 2011
Time: 06:00 PM - 09:00 PM
Location: The beautiful Water Conservation Garden at Cuyamaca College will again host the event.

The Garden
12122 Cuyamaca College Drive West
El Cajon, CA 92019

Contact: Jarryd Davis 619-440-6161
Email: jarrydd@eastcountychamber.org

Date/Time Details: Friday August 19th, 2011
6 to 9pm

Fees/Admission: \$35 Early Bird Price **BEFORE** August 5th
\$45 Price **AFTER** August 5th

Admission includes heavy hors d'oeuvres and hosted beer and wine

[Click Here for More Information](#)
[Add to Outlook](#)



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 4, 2012
	Daniel Kay <i>DK</i> Associate Civil Engineer	PROJECT:	Various DIV. NO. ALL
SUBMITTED BY:	Ron Ripperger <i>RR</i> Engineering Manager		
APPROVED BY: (Chief)	Rod Posada <i>R. Posada</i> Chief, Engineering		
APPROVED BY: (Asst GM)	Manny Magaña <i>M. Magaña</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Informational Item - First Quarter Fiscal Year 2012 Capital Improvement Program Report		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) accepts the First Quarter Fiscal Year 2012 Capital Improvement Program (CIP) Report for review and receives a summary via PowerPoint presentation.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

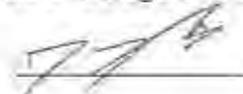
To update the Board about the status of all CIP project expenditures and to highlight significant issues, progress, and milestones on major projects.

ANALYSIS:

To keep up with growth and to meet our ratepayers' expectations to adequately deliver safe, reliable, cost-effective, and quality water,

each year the District Staff prepares a six-year CIP Plan that identifies the District infrastructure needs. The CIP is comprised of four categories consisting of backbone capital facilities, replacement/renewal projects, developer's reimbursement projects, and capital purchases.

The First Quarter Fiscal Year 2012 update is intended to provide a detailed analysis of progress in completing these projects within the allotted time and budget. Expenditures through the First Quarter totaled approximately \$2.81 million. Approximately 12% of the Fiscal Year 2012 expenditure budget was spent.

FISCAL IMPACT: _____


None.

STRATEGIC GOAL:

The Capital Improvement Program supports the District's Mission statement, "To provide customers with the best quality water, wastewater, and recycled water service in a professional, effective, and efficient manner" and the District's Vision, "A District that is innovative in providing water services at affordable rates, with a reputation for outstanding customer service."

LEGAL IMPACT: _____

None.



General Manager

E:\CIP\CIP Quarterly Reports\2011\Q1\Staff Report\RP 01-04-11, WATER DIVISION, FISCAL QUARTER 1 FY 2012 CIP Report, (08-00-00) 1000
DK/RR/RP:jf

- Attachments: Attachment A - Committee Action
Attachment B - Fiscal Year 2012 1st Quarter Report Presentation



ATTACHMENT A

SUBJECT/PROJECT:	Informational Item – First Quarter Fiscal Year 2012 Capital Improvement Program Report
Various	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on November 28, 2011 and the following comments were made:

- Staff presented a newly formatted PowerPoint presentation of the Quarterly CIP Budget Update and indicated that the overall expenditures through the first quarter of FY 2012 totaled approximately \$2.8 million, which is about 12% of the District's fiscal year budget.
- Staff indicated that the District's FY 2012 CIP budget consists of 74 projects that total \$22.6 million and is divided into four categories:
 - o Capital Facilities= \$10.6 million
 - o Replacement/Renewal= \$9.1 million
 - o Capital Purchases= \$2.0 million
 - o Developer Reimbursement= \$0.9 million
- The PowerPoint presentation included the following:
 - o Total Life-to-Date Expenditures
 - o CIP Budget Forecast vs. Expenditures
 - o Major CIP Projects
 - o CIP Projects in Construction
 - o Construction Contract Status thru September 30, 2011 of projects, contract amount with allowances, net change orders, percent of project completion, and estimated completion date
 - o Consultant Contract Status of contract amounts, approve payments to date, change orders, dates when contracts were signed and the end date of contracts
 - o Expenditures thru September 30, 2011
- Staff indicated that the CIP budget forecast included in the PowerPoint presentation may change each Fiscal Year depending on the construction schedule for projects. Staff noted that

the majority of the CIP projects are currently in the design phase.

- In response to a question from the Committee about the upgrade of the Ralph W. Chapman Water Reclamation Facility (RWCWRF), staff stated that the aeration and blower systems for the RWCWRF were operating inefficiently. Staff indicated that the system had small holes and was leaking air, therefore staff determined that new aeration/blower systems and electrical instrumentation were needed.

Following the discussion, the Committee supported staff's recommendation and presentation to the full board as an informational item.

The above signatures attest that the attached document has been reviewed and to the best of their ability the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information, being grammatically correct and free of formatting and typographical errors, accurately presenting calculated values and numerical references; and being internally consistent, legible and uniform in its presentation style.

FISCAL YEAR 2012 1st QUARTER REPORT
(Expenditures through 3/30/2011)
(\$ in Thousands)

ATTACHMENT B

CIP No.	Description	Project Manager	FISCAL YEAR TO-DATE 03/30/11				LIFE-TO-DATE				Comments
			FY 2012 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	
CAPITAL FACILITY PROJECTS											
P2009	PL -36-Inch, SDCWA Day PCT No. 14 to Regulatory Site	Risperger	30	0	30	0%	26,300	20,168	812	97%	Project complete
P2063	PS -870-2 Pump Station Replacement (28,000 GPM)	Risperger	-	-	-	-	12,581	581	12,000	8%	On hold, per CIP P2451 delay
P2257	36-inch Main Pumps and Air/Vacuum Ventilation Installations	Vasquez	-	-	-	-	438	224	201	54%	No expenses for Q1 Mayor should approve a \$200 overall budget increase and award of construction contract on Nov 2. FY 12 budget should be increased to 4% PER finalized and 90% design drawings underway. Spending adjusted based on limited notice to proceed
P2370	La Pasa System Improvements	Marmorek	800	39	761	5%	990	90	900	10%	FY 12 budget should be increased to 4%
P2404	Rancho Del Rey Groundwater Well Development	Marmorek	280	217	63	77%	8,200	7,840	3,610	42%	PER finalized and 90% design drawings underway. Spending adjusted based on limited notice to proceed
P2451	Obay Mesa Desalination Conveyance and Distribution System	Kennedy	2,900	18	2,882	1%	50,000	907	29,133	2%	locked
P2466	Regional Training Facility	Colum-Boyd	20	12	8	60%	212	204	8	97%	Budget should be sufficient for the work this FY. Spending estimated to be \$20K for FY 12 for monitoring water quality
P2467	San Diego Formation Groundwater Feasibility Study	Kennedy	400	1	399	0%	1,400	781	1,029	62%	Budget will be spent this fiscal year
P2473	PS - 2114 Pump Station Improvement	Cameron	300	281	19	94%	500	346	152	70%	Project complete. Fees to provide 50% reimbursement
P2488	Del Rio Road Hole and Clay Interconnection	Kay	150	28	122	19%	300	328	(28)	109%	Project complete. HHS to provide 50% reimbursement
P2489	Gillette Drive Hole and Clay Interconnection	Kay	150	15	135	10%	300	218	(82)	73%	Project complete. HHS to provide 50% reimbursement
P2497	Solar Power Feasibility Study	Hennerty	25	1	24	4%	200	48	204	24%	Study complete but recommends waiting for better economic conditions
P2502	803-1 Pump Station Modifications	Marmorek	400	35	365	9%	375	39	478	11%	in LM contract. ACUS delivery scheduled week of 10/01/11. Motor rewinding underway. 2nd set as of 10/01/11. HVAC preconstruction meeting scheduled 11/03/11
P2503	850-3 Pump Station Modifications	Marmorek	120	24	96	20%	478	102	377	21%	See P2502
P2511	North District - South District Interconnection System	Marmorek	1,000	129	871	13%	37,500	1,027	36,283	3%	Alternatives analysis revisions underway
P2514	PL - 30-Inch, 980 Zone - Hurts Parkway - Proctor Valley/Alta Area	Risperger	100	59	41	59%	1,500	88	1,441	6%	Project on hold for bid for construction
P2517	Chase Avenue Hole and Clay Interconnection	Kay	100	4	96	4%	400	4	396	1%	Project in design
P2048	RecPL - Obay Mesa Distribution Pipelines and Conveyance	Kay	100	3	97	3%	2,200	291	1,909	13%	Project in design
P2056	RecPL - 16-Inch, 880 Zone, Arroyo Road - Obay Mesa/Alta	Kennedy	50	27	23	54%	1,500	1,316	2,184	88%	Project on hold
P2077	RecPL - 34-Inch, 880 Zone, Alta Road - Alta/Gate/Highway	Kay	100	47	53	47%	4,000	1,760	2,731	44%	Design complete
P2087	RecPL - 34-Inch, 927 Zone, Wueste Road - Olympic/Obay WTP	Cameron	100	17	83	17%	7,000	862	6,118	12%	Project is on hold
R2091	RecPS - 927-T Pump Station Upgrade (10,000 GPM) and System Enhancements	Kay	1,500	251	1,249	17%	9,000	701	3,249	19%	Project in construction. Waitout project is currently under construction and inspection on site is occurring, however, one specific project is complete and final walk-thru is scheduled for second quarter of FY 2012.
R2094	Portable Irrigation Meters to Recycled Water Conversions	Charles	700	32	668	5%	3,100	1,426	1,674	46%	
Total Capital Facility Projects			10,795	1,613	9,182		168,948	34,660	104,288		
REPLACEMENT/RENEWAL PROJECTS											
P2366	APCD Engine Replacements and Retrols	Rahders	200	-	200	0%	9,308	1,065	1,523	11%	No expenses in Q1
P2382	Safety and Security Improvements	Munoz	400	33	367	8%	3,357	1,211	1,884	45%	Project spending on track
P2416	SR-125 Utility Relocations	Hennerty	40	48	-8	120%	900	652	41	73%	Legal Counsel is conferring from ORC
P2440	1-805 Utility Relocations	Marmorek	30	2	28	7%	1,600	1,574	26	98%	Waiting for completion of City sewer lines
P2453	SR-11 Utility Relocations	Kay	80	8	72	10%	150	9	140	6%	CallTrans driver
P2458	AMR Manual Meter Replacement	Keenan	1,400	242	1,158	17%	10,000	3,874	4,424	39%	On schedule and on budget for Q1
P2477	Res - 524-1 Reservoir Cover Replacement	Marmorek	200	3	197	2%	600	82	418	14%	PDR in progress
P2484	Large Water Meter Replacement Program	Keenan	220	-	220	0%	600	29	596	29%	Project has not started
P2485	SCADA Communication System and Software Replacement	Blaker	100	8	92	8%	1,000	66	936	7%	100% of this year's budget will be spent
P2486	Asset Management Plan Condition Assessment and Data Acquisition	Stevens	400	46	354	12%	1,500	66	584	4%	Project spending on track
P2491	850-3 Reservoir Exterior Coating	Cameron	200	3	197	2%	800	5	295	4%	Construction to begin in February 2012
P2493	624-2 Reservoir Interior Coating	Cameron	90	-	90	0%	600	1	699	0%	Schedule for next fiscal year
P2494	Multiple Spaces Conservation Plan	Colum-Boyd	30	8	22	27%	300	79	397	26%	This project is on hold, budget will probably be spent towards the end of the fiscal year
P2495	San Miguel Habitat Management/Wigglon Area	Colum-Boyd	350	49	301	14%	1,575	600	1,375	45%	On-going project with monthly expenditures
P2496	Obay Lakes Road Utility Relocations	Kay	25	2	23	8%	200	187	85	9%	Phase 1 improvements complete
P2504	Regulatory Site Access Road and Pipeline Relocation	Cameron	100	36	64	36%	300	46	254	15%	Project is in the planning stage
P2505	657-1 Reservoir Interior/Exterior Coating	Cameron	25	-	25	0%	300	-	-	0%	Work is completed
P2506	657-3 Reservoir Interior/Exterior Coating	Cameron	25	189	(164)	756%	300	270	30	90%	Project is completed
P2507	East Palomar Street Utility Relocation	Cameron	350	1	349	0%	600	36	741	1%	Project in design
P2508	Pipeline Cathodic Protection Replacement Program	Kay	50	-	50	0%	1,100	1	109	1%	in progress
P2518	803-3 Reservoir Interior/Exterior Coating	Cameron	-	-	-	-	400	-	400	0%	Scheduled for next fiscal year
P2519	803-2 Reservoir Interior/Exterior Coating	Cameron	-	-	-	-	400	-	400	0%	Scheduled for next fiscal year
P2536	RWCWRF - Upgrades and Modifications	Kay	2,000	187	1,813	9%	4,300	1,283	1,857	29%	Project in construction
S2012	SVSD Outfall and RSD Replacement and LM Rehabilitation	Hennerty	140	-	140	0%	2,200	111	1,540	5%	Money to be spent in Q4
S2019	Avocado Boulevard 8-inch Sewer Main Improvements	Cameron	1,400	36	1,364	3%	1,500	128	1,352	8%	Construction to begin in January 2012
S2020	Calavo Drive 8-inch Sewer Main Replacement	Cameron	200	8	192	4%	2,000	41	489	2%	Construction to begin in January 2012
S2022	Hooden Mesa Drive 8-inch Sewer Main Rehabilitation	Cameron	80	7	73	9%	1,000	88	118	9%	Construction to begin in January 2012
S2023	Calavo Drive Sewer Main Utility Relocation	Cameron	50	-	50	0%	500	42	50	8%	County street project
S2024	Campe Road Sewer Main Replacement	Cameron	50	-	50	0%	1,200	2	3,348	0%	Project is on hold

FISCAL YEAR 2012 1st QUARTER REPORT

(Expenditures through 3/31/2011)

(\$ in Thousands)

CIP No.	Description	Project Manager	FISCAL YEAR-TO-DATE, 03/31/11				LIFE-TO-DATE				Comments
			FY 2011 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	
Total Replacement/Renewal Projects			Total	\$ 9,163	\$ 307	\$ 8,856	46,725	18,155	38,819		
CAPITAL PURCHASE PROJECTS											
P2282	Vehicle Capex Purchases	Parsons	395	-	395	0%	5,348	2,327	2,819	47%	No expenses in Q1
P2285	Office Equipment and Furniture Capex Purchases	Univest	50	-	50	0%	571	471	100	82%	There are no planned awards for this fiscal year.
P2286	Field Equipment Capital Purchases	Parsons	278	17	261	6%	1,863	818	733	39%	Expenditures on track
P2443	Information Technology Mobile Services	Jenkins	230	6	244	2%	1,852	1,102	350	67%	Project spending on track
P2451	Records Management System Upgrade	Sevens	100	17	83	17%	505	260	238	52%	Project spending on track
P2459	Information Technology Network and Hardware	Jenkins	460	32	408	11%	2,173	1,205	967	55%	Project spending on track
P2470	Application Systems Development and Integration	Sevens	430	104	326	24%	2,448	1,301	1,147	53%	Project spending on track
Total Capital Purchase Projects			Total	1,873	196	1,777	14,364	7,802	6,962		
DEVELOPER REIMBURSEMENT PROJECTS											
P2104	PL - 12-inch, 711 Zone, La Media Road - Birch/Rock Mountain	Charles	-	-	-	0%	833	-	833	0%	No expenses for Q1
P2107	PL - 12-inch, 711 Zone, Rock Mountain Road - La Mesa/BR 125	Charles	-	-	-	0%	732	-	732	0%	No expenses for Q1
P2325	Brdy	Charles	1	-	1	0%	56	-	56	0%	No expenses for Q1
P2400	PL - 12-inch, S24 Zone, La Media Road - Village 7A/Key Valley	Charles	-	-	-	0%	544	-	444	0%	No expenses for Q1
P2425	PL - 12-inch, S24 Zone, Heritage Road - Olympic/Key Valley	Charles	-	-	-	0%	525	-	525	0%	No expenses for Q1
P2513	East Orange Avenue Bridge Crossing	Conover	8	33	(27)	660%	750	33	718	4%	Construction to begin in February 2012
P2515	870-1 Reservoir Flaming	Marriott	25	-	25	0%	330	-	300	0%	Budget to be spent on PDR
P2516	PL - 12-inch, S40 Zone, Jamacha Road - Kirby/Conge	Marriott	-	-	-	0%	450	-	450	0%	Work set for next fiscal year
P2520	Motorola Mobile Radio Upgrade	Wyleton	50	-	50	0%	100	-	100	0%	No expenses for Q1
P2521	Large Meter Vault Upgrade Program	Herrin	200	5	195	3%	800	5	800	1%	Project spending on track
R2028	RecPL - 8-inch, 680 Zone, Heritage Road - Santa Victoria/Key Valley	Charles	-	-	-	0%	500	-	500	0%	No expenses for Q1
R2042	RecPL - 8-inch, S27 Zone, Rock Mountain Road - BR 125/BR 125	Charles	-	-	-	0%	140	-	140	0%	No expenses for Q1
R2047	RecPL - 12-inch, 680 Zone, La Media Road - Birch/Rock Mountain	Charles	-	-	-	0%	480	-	480	0%	No expenses for Q1
R2052	RecPL - 24-inch, 680 Zone, Olympic Parkway - Village Streamside	Charles	1	-	1	0%	1,147	-	1,147	0%	No expenses for Q1
R2055	RecPL - 20-inch, 680 Zone, Heritage Road - Village Olympic	Charles	1	-	1	0%	400	-	400	0%	No expenses for Q1
R2054	RecPL - 20-inch, 680 Zone, Village 2 - Heritage & Media	Charles	1	-	1	0%	971	-	970	0%	No expenses for Q1
R2055	RecPL - 20-inch, 680 Zone, La Media - Ram/Olympic	Charles	1	-	1	0%	600	-	600	0%	No expenses for Q1
R2099	Recycled System Air and Vacuum Valve Repair	Holly	234	43	193	18%	700	43	658	6%	Work is progressing as scheduled
S2026	Challenge Boulevard 8-inch Sewer Main Replacement	Cimarron	25	10	15	40%	350	10	240	4%	Construction to begin in January 2012
S2027	Rancho San Diego Pump Station Rehabilitation	Parvody	100	-	100	0%	2,800	-	2,800	0%	County of San Diego driven project
S2028	Explorer Way 8-inch Sewer Main Replacement	Marriott	20	4	16	20%	125	4	121	3%	PDR in progress
S2029	Chase Avenue 8-inch Sewer Main Replacement	Marriott	20	5	15	25%	125	5	120	4%	PDR in progress
S2030	Avocado Boulevard 8-inch Sewer Main Replacement	Marriott	50	1	49	2%	325	1	324	0%	PDR in progress
S2031	Julianna Street 8-inch Sewer Main Replacement	Marriott	20	-	20	0%	150	-	150	0%	PDR in progress
S2032	Puebla Drive 8-inch Sewer Main Replacement	Marriott	20	-	20	0%	125	-	125	0%	PDR in progress
S2033	Sewer System Various Locations Rehabilitation	Marriott	100	-	100	0%	600	-	600	0%	PDR in progress
S2034	Vista Grande and Paseo Grande 8-inch Sewer Main Replacement	Marriott	25	-	25	0%	250	-	250	0%	PDR in progress
Total Developer Reimbursement Projects			Total	890	96	800	15,732	100	11,832		
GRAND TOTAL				\$ 22,832	\$ 2,869	\$ 19,963	\$ 216,767	\$ 80,737	\$ 168,036		

Otay Water District Capital Improvement Program

Fiscal Year 2012
1st Quarter Update
(through September 30, 2012)



657-1 & 657-2 Reservoirs



Background

The approved CIP Budget for Fiscal Year 2012 consists of 74 projects that total \$22.6 million. These projects are broken down into four categories.

- | | |
|----------------------------|----------------|
| 1. Capital Facilities | \$10.6 million |
| 2. Replacement/Renewal | \$ 9.1 million |
| 3. Capital Purchases | \$ 2.0 million |
| 4. Developer Reimbursement | \$ 0.9 million |

Overall expenditures through the first quarter Fiscal Year 2012 totaled \$2.8 million which is 12% of our fiscal year budget.



Fiscal Year 2012 1st Quarter Update

(\$1,000)

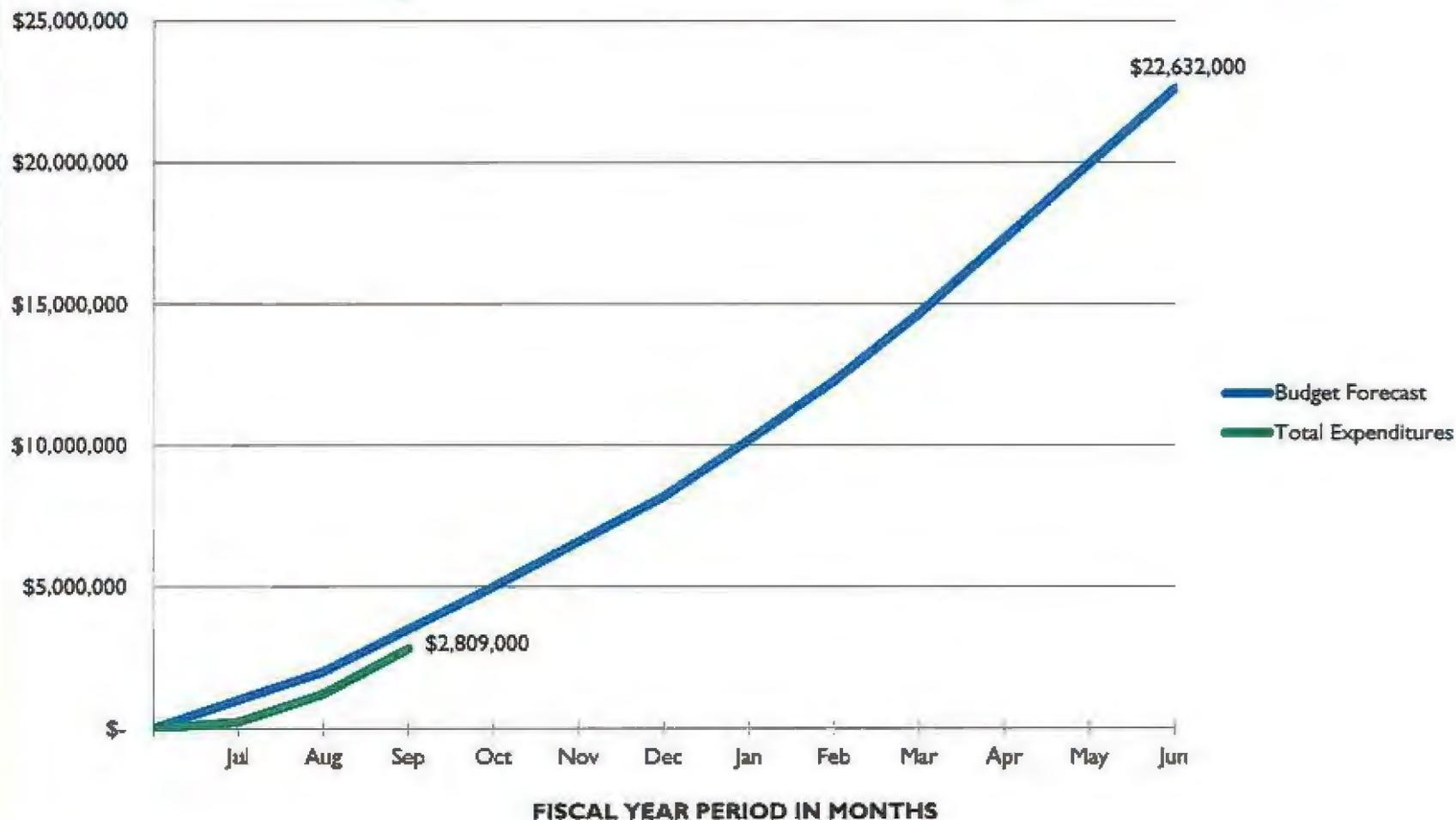
CIP CAT	Description	FY 2012 Budget	FY 2012 Expenditures	% FY 2012 Budget Spent	Total Life-to- Date Budget	Total Life-to-Date Expenditures	% Life-to- Date Budget Spent
1	Capital Facilities	\$10,595	\$1,613	15%	\$138,948	\$34,650	25%
2	Replacement/ Renewal	\$9,165	\$901	10%	\$46,723	\$18,185	39%
3	Capital Purchases	\$1,973	\$196	10%	\$14,364	\$7,802	54%
4	Developer Reimbursement	\$899	\$99	11%	\$15,732	\$100	1%
	Total:	\$22,632	\$2,809	12%	\$215,767	\$60,737	28%



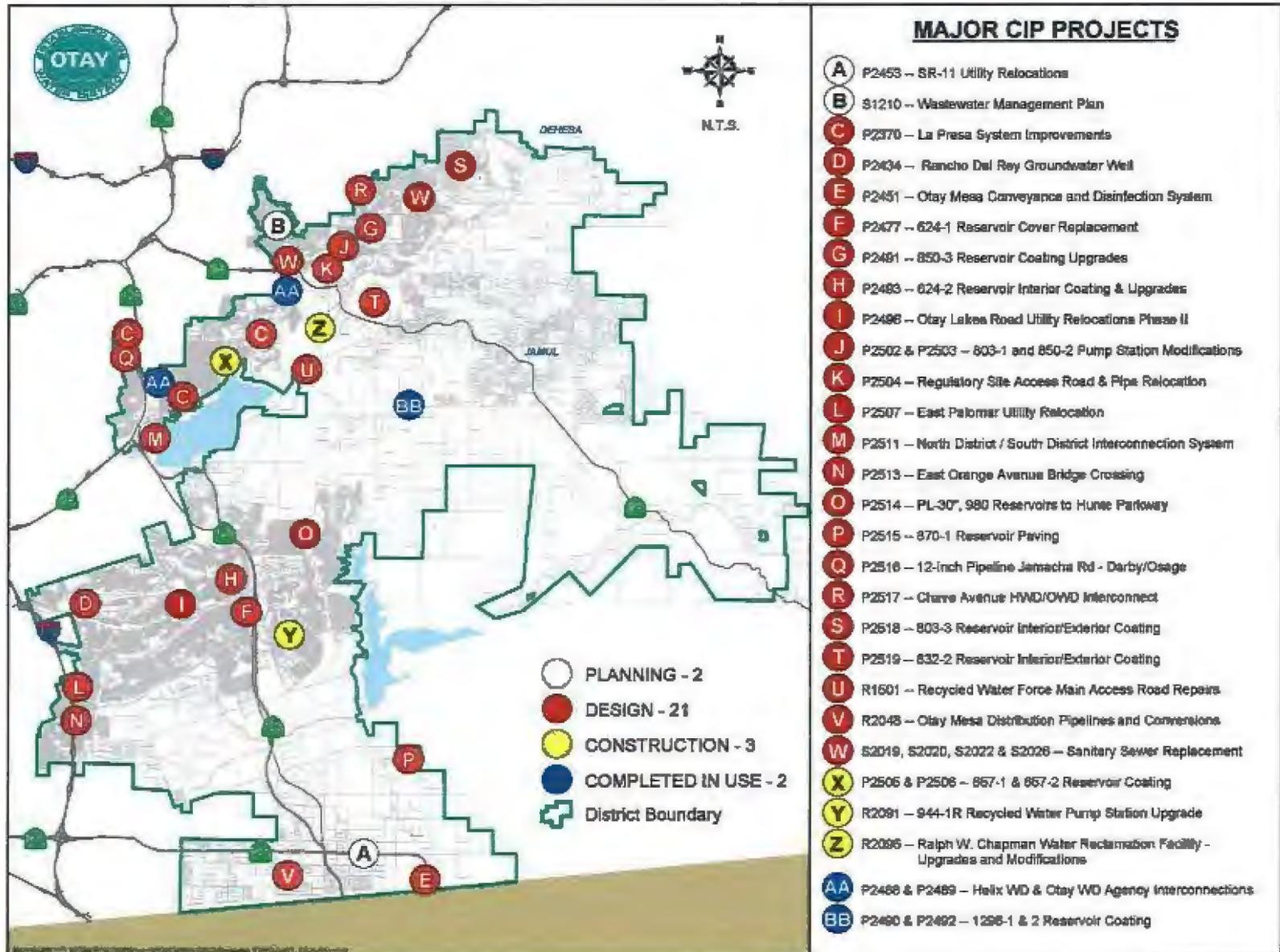
Fiscal Year 2012

1st Quarter

CIP Budget Forecast vs. Expenditures



District Map of Major CIP Projects



CIP Projects in Construction

- 657-1 & 657-2 Reservoir Coating & Upgrades
- Interior/Exterior Coating
- Structural Upgrades
- \$750K Budget



Above: Liquid Level Indicator
Left: 657-2 Reservoir - Complete

CIP Projects in Construction

- RWCRWF Upgrades
- New Aeration System, Blower System, and Electrical Instrumentation
- \$4.95M Budget



Above: New Trench for Aeration Piping to New Air Scour Facility

Left: Exposing Existing Aeration Piping

Construction Contract Status

CIP NO.	PROJECT TITLE	CONTRACTOR	BASE BID AMOUNT	CONTRACT AMOUNT W/ ALLOWANCES	NET CHANGE ORDERS**		CURRENT CONTRACT AMOUNT	TOTAL EARNED TO DATE	% CHANGE ORDERS W/ ALLOWANCE CREDIT**	% COMPLETE	EST. COMP. DATE
					PROJECT TOTAL	%					
P2605/P2606	657-1 & 657-2 Reservoir Coating & Upgrades	Blastco Inc.	\$582,500	\$632,500	\$5,627	1.0%	\$607,912	\$607,912	-3.9%	100.0%	Oct 2011
P2488/P2489	Del Rio Road & Gillispie Drive Emergency Interconnections	LH Woods	\$339,000	\$379,000	\$9,699	2.9%	\$368,105	\$368,105	-2.9%	100.0%	Complete Aug 2011
R2091	944-1R Recycled Pump Station Upgrade & System Enhancements	Sepulveda	\$1,009,423	\$1,162,423	\$0	0.0%	\$1,009,423	\$172,071	-6.4%	16.7%	May 2012
R2096	RWCWRF Upgrades	Newest	\$3,349,000	\$3,499,000	\$0	0.0%	\$3,349,000	\$150,748	-4.3%	4.5%	May 2012
		TOTALS:	\$5,369,923	\$5,672,923	\$15,326	0.3%	\$5,424,439	\$1,298,836	-4.4%		

**NET CHANGE ORDERS DO NOT INCLUDE ALLOWANCE ITEM CREDITS. IT'S A TRUE CHANGE ORDER PERCENTAGE FOR THE PROJECT.

**THIS CHANGE ORDER RATE INCLUDES THE CREDIT FOR UNUSED ALLOWANCES.



Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
PLANNING										
ARCADIS U.S., INC.	Varies	WASTEWATER MANAGEMENT PLAN	\$ 349,979.36	\$ -	\$ 349,979.36	\$ -	0.0%	0.0%	8/3/2011	6/30/2013
SALVADOR LOPEZ-CORDOVA	P2451	DESALINATION PROJECT	\$ 45,000.00	\$ -	\$ 45,000.00	\$ 4,172.80	0.0%	9.3%	9/10/2010	8/31/2012
TRAN CONSULTING ENGINEERS	S1201	SANITARY SEWER CCTV INSPECTION AND CONDITION ASSESSMENT	\$ 560,025.00	\$ -	\$ 560,025.00	\$ 518,810.81	0.0%	92.6%	1/20/2010	6/30/2013
DESIGN										
AECOM	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM	\$ 3,910,297.00	\$ -	\$ 3,910,297.00	\$ 33,215.00	0.0%	0.8%	1/3/2011	6/30/2016
CPM PARTNERS	Varies	AS-NEEDED SCHEDULING SERVICES	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 143,257.50	0.0%	81.9%	5/18/2010	6/30/2012
DARNELL & ASSOCIATES ENGINEERING PARTNERS INC. THE	Varies	AS-NEEDED TRAFFIC ENGINEERING SERVICES FOR FY2010 AND FY2011	\$ 175,000.00	\$ 24,330.00	\$ 199,330.00	\$ 170,397.50	13.9%	85.5%	1/20/2010	6/30/2012
INC. THE	Varies	AS-NEEDED ELECTRICAL DESIGN SERVICES	\$ 100,000.00	\$ -	\$ 100,000.00	\$ 80,540.00	0.0%	80.5%	10/7/2009	6/30/2012
HDR	R2091	TEMPORARY LABOR SERVICES	\$ 5,000.00	\$ -	\$ 5,000.00	\$ -		0.0%	9/1/2011	6/30/2012
HVAC ENGINEERING INC	P2502, P2503	HVAC SERVICES FOR 850-2 PS & 803-1 PS	\$ 19,421.00	\$ -	\$ 19,421.00	\$ 16,426.00	0.0%	84.8%	9/17/2010	12/31/2011
LEE & RO INC	Varies	AS-NEEDED ENGINEERING DESIGN SERVICES	\$ 175,000.00	\$ 13,754.00	\$ 188,754.00	\$ 62,996.94	7.9%	33.4%	6/30/2010	6/30/2012
LEE & RO INC	P2511	NORTH DISTRICT/SOUTH DISTRICT INTERCONNECTION	\$ 2,769,119.00	\$ -	\$ 2,769,119.00	\$ 713,565.74	0.0%	25.8%	11/4/2010	12/31/2015
MICHAEL D KEAGY REAL ESTATE	S2019, S2020, S2022	APPRAISAL SERVICES	\$ 17,000.00	\$ -	\$ 17,000.00	\$ 12,000.00	0.0%	70.6%	1/4/2011	12/31/2011
MICHAEL D KEAGY REAL ESTATE	P2504	APPRAISAL SERVICES	\$ 4,500.00	\$ -	\$ 4,500.00	\$ -	0.0%	0.0%	9/22/2011	12/31/2011
MTGL INC.	Varies	AS-NEEDED GEOTECHNICAL CONSULTING SERVICES	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 29,240.00	0.0%	16.7%	6/23/2010	6/30/2012



Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
DESIGN										
MWH AMERICAS INC.	R2096, R2095, S2018	RWCWRF UPGRADE PROJECT	\$ 458,813.00	\$ 122,048.00	\$ 580,861.00	\$ 541,404.74	26.6%	93.2%	10/14/2009	6/30/2013
NARASIMHAN CONSULTING	Varies	HYDRAULIC MODELING SERVICES	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 27,778.50	0.0%	15.9%	5/2/2011	6/30/2013
NAUGHTON APPRAISALS	P2514	APPRAISAL SERVICES	\$ 9,000.00	\$ -	\$ 9,000.00	\$ 4,000.00	0.0%	44.4%	7/19/2011	12/31/2011
REPROHAUS	R2058, R2077, R2087	AS-NEEDED REPROGRAPHIC SERVICES	\$ 20,000.00	\$ -	\$ 20,000.00	\$ 7,426.33	0.0%	37.1%	2/16/2010	12/31/2011
TETRA TECH, INC.	P2434	RANCHO DEL REY WELL - PHASE 2	\$ 724,493.50	\$ -	\$ 724,493.50	\$ 174,005.90	0.0%	24.0%	4/21/2011	12/31/2014
V & A CONSULTING	Varies	PROFESSIONAL CORROSION SERVICES	\$ 392,729.00	\$ -	\$ 392,729.00	\$ 18,205.00	0.0%	4.6%	6/23/2011	6/30/2013
CONSTRUCTION SERVICES										
ALTA LAND SURVEYING, INC.	Varies	ALTA LAND SURVEYING	\$ 45,000.00	\$ -	\$ 45,000.00	\$ 18,836.25	0.0%	41.9%	6/1/2011	8/31/2011 COMPLETE
ALTA LAND SURVEYING, INC.	Varies	SURVEYING SERVICES FY12-FY13	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 12,420.00	0.0%	7.1%	8/15/2011	6/30/2013
RBF CONSULTING	R2058, R2077, R2087	CONSTRUCTION MANAGEMENT SERVICES FOR THE OTAY MESA RECYCLED WATER SUPPLY LINK	\$ 708,560.00	\$ -	\$ 708,560.00	\$ 12,730.00	0.0%	1.8%	3/24/2010	12/31/2011
SAIC ENERGY, ENVIRONMENT & INFRASTRUCTURES, LLC	R2096	CONSTRUCTION MANAGEMENT AS-NEEDED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES	\$ 359,013.32	\$ -	\$ 359,013.32	\$ -	0.0%	0.0%	8/15/2011	6/30/2012
VALLEY CONSTRUCTION MANAGEMENT	Varies	AS-NEEDED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 113,280.00	0.0%	64.7%	3/17/2010	6/30/2012



Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
ENVIRONMENTAL										
A.D. HINSHAW	Varies	CONSULTING SERVICES FOR JWA'S CEQA	\$ 24,629.29	\$ -	\$ 24,629.29	\$ 6,350.91	0.0%	24.6%	3/25/2010	6/30/2012
ICF INTERNATIONAL (aka JONES & STOKES ASSOCIATES)	P1253	SAN MIGUEL HABITAT MANAGEMENT AREA	\$ 987,807.00	\$ -	\$ 987,807.00	\$ 882,125.19	0.0%	87.3%	2/3/2009	12/31/2011
ICF INTERNATIONAL (aka JONES & STOKES ASSOCIATES)	Varies	AS-NEEDED ENVIRONMENTAL CONSULTING SERVICES	\$ 375,000.00	\$ -	\$ 375,000.00	\$ 103,893.36	0.0%	27.7%	9/9/2010	6/30/2013
DR. MARY ANNE HAWKE	P2494	SCIENCE ADVISOR REVIEW	\$ 4,380.00	\$ -	\$ 4,380.00	\$ 5,000.00	0.0%	69.0%	9/9/2010	NO END DATE
RECON	P2494	PREPARATION OF THE SUBAREA PLAN	\$ 270,883.00	\$ -	\$ 270,883.00	\$ 190,221.88	0.0%	70.2%	3/28/2008	6/30/2015
TECHNOLOGY ASSOCIATES	P2494	CONSULTING SERVICES FOR JWA'S NCCP	\$ 34,920.20	\$ 41,829.20	\$ 76,749.40	\$ 42,422.49	120.8%	55.5%	4/5/2010	6/30/2013
THE RICK ALEXANDAR COMPANY (TRAC)	P2494	CONSULTING SERVICES FOR JWA'S NCCP	\$ 20,201.75	\$ -	\$ 20,201.75	\$ 12,990.62	0.0%	64.3%	3/17/2010	6/30/2013
WATER RESOURCES										
CITY OF CHULA VISTA	R2093	WASTEWATER RECLAMATION FACILITY STUDY	\$ 150,000.00	\$ -	\$ 150,000.00	\$ 109,302.19	0.0%	72.9%	9/24/2009	12/31/2012
MICHAEL R. WELCH	P2481	ENGINEERING PLANNING SVCS.	\$ 40,000.00	\$ -	\$ 40,000.00	\$ 27,930.00	0.0%	67.4%	3/25/2008	6/30/2013
PUBLIC SERVICES										
AEGIS ENGINEERING MANAGEMENT	Varies	RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS	\$ 300,000.00	\$ -	\$ 300,000.00	\$ 210,879.66	0.0%	70.1%	1/20/2010	6/30/2012
AEGIS ENGINEERING MANAGEMENT	Varies	RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS	\$ 300,000.00	\$ -	\$ 300,000.00	\$ 63,757.39	0.0%	21.2%	11/24/2010	6/30/2013
TOTALS:			\$ 11,892,400.27	\$ 201,807.20	\$ 12,094,207.47	\$ 4,343,891.29	1.5%			



THANK YOU

QUESTIONS?





STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 4, 2012		
SUBMITTED BY:	Daniel Kay <i>OK</i> Associate Civil Engineer	PROJECT/ SUBPROJECT:	N/A	DIV. NO.	N/A
	Ron Ripperger <i>mr</i> Engineering Manager				
	Stephen Dobra <i>sd</i> Purchasing and Facilities Manager				
APPROVED BY: (Chief)	Rod Posada <i>m magaña for R Posada</i> Chief, Engineering				
APPROVED BY: (Asst. GM):	Manny Magaña <i>m magaña</i> Assistant General Manager, Engineering and Operations				
SUBJECT:	Informational Item regarding the District's Consultant Selection Process				

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To update the Otay Water District (District) Board of Directors (Board) on the District's updated consultant selection process.

ANALYSIS:

Background:

Due to a recent newspaper article regarding the District's process used in selecting Infrastructure Engineers as the new As-Needed Traffic Engineering consultant for Fiscal Years 2012

and 2013, Staff has reviewed the selection processes used for retaining Professional Consulting and General Consulting services and has determined that additional steps be added to the current guideline to review the standing of recommended consultants and consulting firms.

Professional Consulting Services:

The District's official policy for the selection of Professional Consultants is described in Policy 21 (Exhibit A). Examples of professional services, as defined in California Government Code (sections 4525-4529), that consultants regularly provide to the District include engineering design, construction management, environmental, geotechnical, electrical engineering, and other incidental services such as traffic engineering, etc. that professional consultants and those in their employ may logically or justifiably perform. In addition to Policy 21, the Engineering Department uses a guideline, Engineering Guideline GI.17 (Exhibit B), for the step-by-step process to select a professional services consultant.

Specifically, staff is adding a step, item number twenty-two (22), to the guideline to include an internet search such as Google to check for additional information about the firm. This new step in the process will provide another measure of assurance that the recommended consultant meets all the selection criteria in order to receive a contract from the District. In addition, the District will include language in future Request for Proposals (RFPs) whereby consultants who have changed their company name in the last five years need to provide the reason(s) for doing so.

Staff contacted multiple local agencies in San Diego County to determine what their policies and procedures are for hiring professional consultants. Staff found that similar agencies do not conduct additional background checks beyond reference checks except for Padre Dam Municipal Water District, which does personal "Google" checks. Prior to the article, the District's standard practice for determining a consultant's viability to perform the contracted scope of work was to check three to five references provided by the consultant. Based on Staff's research (Exhibit C), it is clear that the District's policies and procedures are consistent with industry standards.

General Consulting:

General Consulting is defined as any consulting service not identified as a "Professional Consulting Service" (as defined in California's Government Code, Sections 4525-4529). Typical examples of General Consulting Services used by the District include financial, actuarial, public relations, safety, labor negotiation and relations, and other similar expert services provided by an individual or consulting firm.

As provided for in the District's Purchasing Manual, the General Manager has established guidelines for the selection of general consultants. The guidelines will be amended to include background and reference checks consistent with those used for the selection of individuals and firms providing Professional Consulting Services.

Public Works (Construction):

The District's process for soliciting bids for the construction or improvement and repair of facilities and roads is defined within California Public Contract Code (sections 20640-20645). Award of Public Works Contracts must be made to the "lowest responsible bidder" (ref: Public Contract Code section 20642). California Public Contract Code (section 1103) defines "responsible bidder" as "...a bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the public works contract."

To this end, Staff will continue to check the references provided in the contractor's bid as well as the references provided for their project manager. In addition, District staff will also perform an internet search to check for any articles or references as well as requesting the contractor's safety record from the Occupational Safety and Health Administration (OSHA).

FISCAL IMPACT:

None.

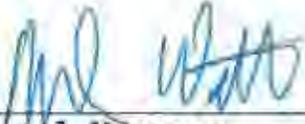
STRATEGIC GOAL:

This supports the District's Mission statement, "To provide customers with the best quality water, wastewater, and recycled water service in a professional, effective, and efficient manner" and the District's Vision, "A District that is

innovative in providing water services at affordable rates, with a reputation for outstanding customer service."

LEGAL IMPACT: _____

None.



General Manager

F:\WORKING\As Handed Services\Consultant Selection Process\Staff Report Info Item For 11-02-11\NO 11-02-11 Staff Report Info Consultant Selection, (DK-RR\91.docx)

DK/RR:jE

Attachments: Attachment A - Committee Action
Exhibit A - Policy 21
Exhibit B - Engineering Guideline G1.17
Exhibit C - Other Agency Consultant Selection



ATTACHMENT A

SUBJECT/PROJECT: Various	Informational Item regarding the District's Consultant Selection Process
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on November 28, 2011 and the following comments were made:

- o Staff provided an informational item to the Committee of the District's updated consultant selection process.
- o Staff indicated that in response to a recent newspaper article regarding the District's selection of Infrastructure Engineers for As-Needed Traffic Engineering services, staff determined that an additional step be added to the District's selection process when hiring consulting firms.
- o Staff noted that District Policy 21 is the official policy for the selection of Professional Services Consultants, and that Engineering staff also uses a guideline for the selection process. Copies of the policy and guideline are included in the staff report as Exhibits A and B, respectively. Staff stated that the guideline was updated to add a step in the selection process to include an internet search (i.e. Google) for additional information about consulting firms.
- o It was indicated that staff contacted various local agencies to inquire if they performed background checks and found that the District is consistent with industry standards. The result of that research is provided as Exhibit C of the staff report.
- o Staff also indicated that for General Consulting services such as financial, actuarial, public relations, safety, labor negotiations and relations, the guideline will also be updated to include background and reference checks consistent with the Professional Services Consultants selection process.

- o Staff stated that for public work construction contracts, the District will continue to check the references provided by the contractor and perform an internet search to check for any articles or references and also request the Contractor to submit their safety record from OSHA.
- o Staff noted that the purpose of the updated consultant selection process is to ensure that website information of selected consultants is provided to the Board. Staff indicated that some agencies only query and provide information about the consultants they contract with and do not provide website information.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as an informational item.

EXHIBIT A

EXHIBIT A

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
POLICY FOR SELECTION OF PROFESSIONAL CONSULTANTS	21	8/1/90	3/13/06

I. PURPOSE

The purpose of this policy is to establish procedures governing the selection of professional consultants in the performance of District work.

II. SCOPE

This policy is applicable to all District departments and offices directly responsible to the General Manager.

III. POLICY

For the purpose of this policy, "professional consultants" means any "Firm" qualified and authorized to provide "architectural, landscape architectural, engineering, environmental, and land surveying services" or "construction project management" or "environmental services," as each of those terms or services is defined in the California Government Code, commencing with Section §4525, as hereinafter amended or renumbered (the "Professional Services Provisions").

This Policy provides a method and procedure pursuant to which professional consultants in engineering, architectural, landscape architectural, environmental, land surveying and construction management, including plan checking, inspection, and projects requiring a special expertise, may be retained from the private sector to augment the District's professional capabilities or for the performance of specialized services not available to the District from the existing District work force.

Services provided to the District by professional consultants may cover a wide range of professional activity including but not limited to studies, special reports, design and related activities on such projects as pipelines, pump stations, reservoirs, planning studies and other expert testimony capabilities.

Pursuant to the Professional Services Provisions, and particularly the provisions of the California Government Code Section §4526, the Otay Water District may adopt procedures that assure that professional services are engaged on the basis of demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices. Furthermore, maximum participation of small business firms, as defined in Government Code Section 14837, and disadvantaged business enterprises (DBEs) shall be encouraged. Government Code Section 14837 defines "small business" as a business in which the principal office is located in California and the officers of such business are domiciled in

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BOARD OF DIRECTORS POLICY**

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California, which is independently owned and operated and which is not dominant in its field of operation.

IV. METHOD OF SELECTION OF PROFESSIONAL CONSULTANTS

A. Major Projects - Anticipated Fee Greater than \$200,000

1. The District will advertise in at least one local newspaper of general circulation, on the District's webpage, and through CWA's Small Contractor Outreach and Opportunities Programs, and any other medium deemed appropriate by the project manager, before a Request for Proposal (RFP) is issued. Interested parties will be required to submit a Letter of Interest and a Statement of Qualifications within the time frame specified in the publication. The "Statement of Qualifications" shall be a written document, shall contain background information on the firm that is current as of the date of submission of the statement and must highlight the work, expertise and experience that qualify the firm to undertake the work required by the District, as such work is described in the publication.
2. All parties who submit Letters of Interest and a Statement of Qualifications, and are deemed qualified as a result of the Statement of Qualifications process, will receive a copy of the RFP. Proposals will only be accepted from those firms that submitted the Letter of Interest and the Statement of Qualifications within the time-frame specified in the publication. The form of the proposal will be prescribed by the District. If a firm has submitted a Statement of Qualifications within a calendar year and the qualifications remain correct and accurate, then only a letter of interest will suffice.
3. The General Manager and the appropriate department head(s) shall approve the selection criteria and the associated weighing factor to be used in evaluating the proposals accepted by the District in accordance with Paragraph 2, above. The General Manager, or his/her designee, shall appoint a review panel of no fewer than five qualified staff to review and evaluate the proposals, and to rank the firms in the order from most qualified to least qualified. The panel will interview only those firms which in the panel's opinion appear to have the most desirable qualifications. If in the opinion of the panel none of the firms are qualified, all proposals may be rejected. In the event of an

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unusual project which poses special problems beyond the scope previously encountered by staff personnel, the review panel may be augmented by an unbiased, qualified member of the profession being considered, so long as he/she has not and will not submit a proposal.

4. If a firm is rejected on the basis of its proposal, and is not asked to appear for an interview, the firm may appeal the decision by submitting a protest to the General Manager or his/her designee. A copy of the proposal shall be submitted with the protest. The protest shall be filed within five business days of the rejection notification. The protest shall provide a compelling reason why the firm believes the original proposal contained all relevant experience or other requested information. If the General Manager, or his/her designee, concurs with the appellant, the firm shall be added to the interview list.
 5. Immediately upon conclusion of oral interviews, the review panel's oral scores will be combined with the written proposals scores and shall designate the order of preference of the candidates.
 6. The department head designated by the General Manager, or his/her designee, shall commence negotiations of an agreement with the first choice of the review panel for the extent of service to be rendered and the compensation. If agreement is not reached within a reasonable time, the department head shall terminate the negotiations with the first choice and shall open negotiations with the second choice of the review panel and so on until a firm is retained or the list of selected firms is exhausted. Professional societies and organizations have published schedules of fees for professional services which may be used as a guide following adjustment to reflect the actual scope of work expected of the firm selected.
- B. Intermediate Projects - Fees of \$50,000 to \$200,000
1. The process for selecting consultants for intermediate projects shall be the same as prescribed in Sections IV-A and V of this policy, with the exception of formal interviews of the highest ranked consultants which are not required, and subject to other applicable exceptions described below.
- C. Minor-Intermediate Projects - Fees of \$5,000 to \$50,000

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1. The process for selecting consultants for minor-intermediate projects shall be the same as prescribed in Sections IV-B and V of this policy, with the exception of advertisement in a paper of major circulation, and subject to other applicable exceptions described below.

D. Minor Projects - Fees Less than \$5,000

1. The process for selecting consultants for minor projects shall be in accordance with the Purchasing Manual as adopted by the Board.

V. PROCEDURAL REQUIREMENTS FOR SELECTION OF CONSULTANTS FOR MAJOR, INTERMEDIATE AND MINOR-INTERMEDIATE PROJECTS

1. The appropriate department head receives proposals from all interested parties; which are defined as consultants that have submitted a Letter of Interest and a Statement of Qualifications as defined in Section IV-A-1.
2. The evaluating panel shall consider the qualifications and demonstrated experience of the prospective consultants as well as the fee proposed by each firm to provide the services as requested in the RFP. The panel will determine which firm offers the best value for the work required. Such determination will be made with due consideration to all factors including the qualifications, approach to the scope of work, and experience of the consultant, relative to the project as measured in the score matrix. The weight assigned to each factor under consideration will be reflected in the score matrix included in the RFP.
3. A review panel is appointed in accordance with this policy. Review panel member names are not made available to consultants prior to a call for interview.
4. The first choice of the review panel is called for negotiation. If an agreement cannot be negotiated, the first choice will be dismissed from further consideration on that particular project. Following the dismissal of the first choice, negotiations will commence with the second.
5. A successful negotiation shall result in presentation by the department head to the General Manager, or his/her designee, of a professional agreement signed by the selected firm. The agreement may provide for differing methods of compensation based upon the type of work to be performed. "Per diem" or "hourly" compensation is the general rule when specific scope

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of work is yet to be determined. This type of compensation should carry a stated maximum amount which will not be exceeded except by prior District approval. Fixed-fee or cost-plus-fixed-fee compensation is commonly used after scope of work has been explicitly identified. Compensation is paid as services are performed rather than in advance.

6. All contracts in excess of the amount authorized by the Board to the General Manager, or his/her designee, in accordance with Section 2.01 of the District's Code of Ordinances, shall be submitted to the Board for consideration.
7. All agreements for professional services shall provide for the management phase of the resulting contract. A single project manager shall be designated by the consultant and a liaison manager shall be designated by the District for purposes of contract administration.
8. Late responses or untimely responses by prospective candidates should not be considered for further action. The ability to respond to a publication or an invitation for consideration in a timely and responsive manner is essential to a future satisfactory contract relationship.
9. All proposed contracts shall be reviewed by the District's Legal Counsel and approved as to form prior to presentation to the General Manager or his/her designee.
10. The department head shall insure that other departments which have a proper interest in the work under consideration are kept informed as to the progress of the work and that user decisions and desires are constructively considered within the constraints of financial and practical limitations.

EXHIBIT B

EXHIBIT B

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Consultant Selection	Rev. 1	Rev. Date: 10/25/2011
	Origination Date 9/10/2010	Approved By RR
	Originated By GPS	

PURPOSE:

To establish guidelines for selection of professional consultants in accordance with Policy 21 that ensure selections are made consistently and fairly. These guidelines are intended to be managed and implemented by the Project Manager (PM).

SCOPE:

These guidelines pertain to selection of consultants for projects with an expected value of at least \$5,000. Smaller projects are to be handled in accordance with the Purchasing Manual.

PROCESS:

1. Develop a Request for Proposal (RFP). Require that the written proposals be submitted in two parts: 1) the main proposal and 2) the cost proposal (either separately bound or in a sealed envelope).
2. Advertise the RFP. Describe in the advertisement the general scope of the project and request a Letter of Interest (LOI) and a current Statement of Qualifications (SOQ). State a due date for the LOI's and SOQ's in the advertisement. Advertise the RFP for a minimum of 21 days before proposals are due.
 - a. For projects with an expected value greater than \$50,000, advertise the project in a newspaper of general circulation and on the District website.
 - b. For projects with an expected value between \$5,000 and \$50,000, the advertisement need only be on the District website.

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- c. Send the advertisement directly to firms that have previously expressed interest in the project or are known to be viable candidates to conduct the work.
3. Receive and keep a log of LOI's and SOQ's received from consultants.
 4. Publish the RFP to qualified consultants only, determined at the discretion of the Project Manager. Generally, a consultant should be considered qualified if they can demonstrate having done any work of the general nature requested in the RFP. The degree of qualification will be assessed in the subsequent proposal review stage.
 5. Notify and acknowledge the efforts of unqualified consultants.
 6. Hold a non-mandatory Pre-Proposal meeting to describe the scope of the project, proposal requirements, and the proposal evaluation method.
 7. Prepare Pre-Proposal meeting minutes and distribute to attendees. Consultants who submitted a LOI, but did not attend the non-mandatory pre-proposal meeting, should also receive meeting minutes. Reiterate to consultants the last day that questions will be received.
 8. Receive questions and distribute answers to all consultants on the LOI list. If questions cause major changes to be made to the RFP, issue a "Final" RFP.
 9. Receive proposals on the specified due date. Return late proposals unopened to the consultant.
 10. Select a Review Panel consisting of at least five (5) qualified individuals:

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- a. The Review Panel should include at least one (1) person from Operations.
 - b. The PM may not be part of the official Review Panel, because he/she is the only person that will see the cost proposals.
 - c. Individuals from other agencies may be part of the Review Panel, if the project scope warrants it.
11. Meet with Review Panel to distribute proposal evaluation packets and describe the project scope and evaluation criteria. Include the following in the evaluation packet:
 - a. The consultant's main proposal.
 - b. Main proposal evaluation spreadsheet (see Attachment A).
 - c. Copy of the RFP.
 - d. Evaluation rating method and criteria (see Attachment B).
 12. Allow a one to two week evaluation period for the written proposals.
 - a. Each Review Panel member will rate the main proposals in three categories, without knowledge of the cost proposals:
 - i. Qualifications and experience of Firm and Project Team (30 points).
 - ii. Understanding of the Scope, Responsiveness to RFP, Schedule, & Resources (25 points).
 - iii. Soundness and Viability of Proposed Project Approach (30 points).

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b. The PM will rate:

i. Each consultant's commitment to disadvantaged business enterprises (DBE) as defined by the District's Policy 31. This category is evaluated on a yes or no basis and not given a point value.

ii. Each consultant's cost proposal in accordance with the type of service being provided (15 points):

1. Project Specific Services. Scores are assigned based on the consultant's total proposed fee. The consultant with the lowest fee gets a score of 15 points. The consultant with the highest fee gets a score of 1 point. The scores for the remaining consultants are determined proportionally in the range using the following formula (see Attachment C):

$$\text{Score } X - 1 = 14(\text{high fee} - \text{fee } X) / (\text{high fee} - \text{low fee})$$

2. As-Needed Services. The scoring is based on the rates submitted by all consultants. The consultant is required to fill out a billing rate table provided in the RFP. The rates are added and the consultant with the lowest composite rate gets a score of 15 points. The consultant with the highest composite rate gets a score of 1 point. The scores for the remaining consultants are determined proportionally in the range using the formula above and in Attachment C.

c. The total possible score for the written proposal is 100 points.

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13. Receive evaluation spreadsheets for the main proposal from Review Panel members on the predetermined due date. As necessary, the Project Manager may meet with individual Review Panel members to clarify scoring, particularly if scores seem out of step with the general consensus.
14. Prepare the "Summary of Proposal Rankings" spreadsheet (see Attachment D) by adding the average of the main proposal scores to the average of the cost proposal scores to get the average written proposal scores. The average in each case should be rounded to the nearest whole number before adding them together. See SPECIAL PROVISION.

FOR PROJECTS WITH A VALUE LESS THAN \$200,000, SKIP TO STEP 21.

15. Invite the most qualified firms to make oral presentations and participate in an interview. Generally, this should be at least the top three (3) and no more than the top five (5) consultants.
 - a. Provide consultants 7 to 10 days notice of the interview date and format (see Step 16, below). The order of presentations should be selected randomly.
 - b. Notify remaining consultants that they were unsuccessful in reaching the interview stage of the selection process.
16. Meet with Review Panel to distribute interview evaluation packets, including:
 - a. Interview evaluation spreadsheet (see Attachment E)
 - b. Evaluation rating method and criteria (see Attachment F).
 - c. The Review Panel will not be provided a copy of the "Summary of Proposal Rankings" or any information about the cost proposal.

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17. Conduct the interview. The interview format is discretionary, but should generally:
 - a. Be no more than an hour long.
 - b. Include a consultant presentation (20 - 30 minutes).
 - c. Include a question and answer period (20 - 30 minutes).
 - d. A few standard questions should be provided to the Review Panel to address key topics of interest. However, additional customized questions for each consultant should be developed by the Review Panel based on issues raised or requiring clarification from their written proposal or presentation.
 - e. The PM will participate in the interview to manage the process and may ask questions, but will not provide scores.

18. Each Review Panel member will rate the interviews in four (4) categories. The maximum possible score for the interview is fifty (50) points:
 - a. Additional creativity, insight to issues (15 points).
 - b. Strength of project manager (15 points).
 - c. Presentation, communication skills (10 points).
 - d. Quality of response to questions (10 points).

19. Receive evaluation spreadsheets for the interview from Review Panel members at the end of the interview process. As necessary, the Project Manager may meet with individual

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Review Panel members to clarify scoring, particularly if scores seem out of step with the general consensus.

20. Complete the "Summary of Proposal Rankings" spreadsheet (see Attachment G) by entering the oral evaluations from the Review Panel, averaging the oral evaluation results, and adding those averages (rounded to the nearest whole number) to the average written proposal scores. See SPECIAL PROVISION.
21. Check references of consultant with the highest average score.
22. Research the consultant's business name on the internet using search engines, such as Google, Yahoo, etc., to verify that the business is in good standing.
23. If references are acceptable, notify consultant of preliminary selection.
24. Meet with selected consultant to negotiate final scope of work, fee, and other terms, as appropriate.
25. If unable to come to terms with highest ranked consultant, repeat steps 21, 22 and 23 with second ranked consultant.
26. Once a successful negotiation has been completed, notify remaining consultants of the decision.
27. Prepare Staff Report to recommend consultant to the Board for approval.

SPECIAL PROVISION - Tiebreaking Procedure

If the final scores (Step 14 for projects less than \$200,000 and Step 20 for projects greater than \$200,000) indicate that two or

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more consultants are tied (exactly the same score), then a tiebreaking procedure will be implemented.

1. For projects less than \$200,000, the interview procedure described in Steps 15 through 18, above, will be used for the tied consultants.
2. For projects greater than \$200,000, where an interview has already been conducted, a second interview will be conducted for the tied firms. The interview will be conducted by a new panel of 3 members, which may include the PM. It will be question and answer format only and a formal scoring system will not be used. The winner will be chosen by a consensus of the panel.

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Attachment A

INDIVIDUAL PROPOSAL RANKINGS

< PROJECT NAME >

	Qualifications of Team	Responsiveness, Project Understanding	Technical and Management Approach
SCORE	30	25	30
Firm 1			
Firm 2			
Firm 3			
Firm 4			
Firm 5			

REVIEWER'S NAME: _____

REVIEWER'S SIGNATURE: _____

DATE: _____

Attachment B

Written Proposal Evaluation Criteria

Evaluation Criteria	Scoring			
	Max	Low	Ave	High
<u>Qualifications of Team</u> <ol style="list-style-type: none"> 1. Does the firm regularly provide the services requested in the RFP? 2. Does the proposed team have the qualifications and experience to execute the scope of work? 3. Does the proposed team include a strong project manager? 4. Does the proposed team cover all of the necessary disciplines? 	30	0 -10	11-20	21 -30
<u>Responsiveness, Project Understanding</u> <ol style="list-style-type: none"> 1. Does the proposal demonstrate an understanding of the project? 2. Is the proposal responsive to the requirements of the RFP? 3. Is the proposal presented clearly, legibly, professionally? 4. Is the proposed schedule to complete the work reasonable (not necessarily the shortest)? 	25	0 -8	9 - 17	18 - 25
<u>Technical and Management Approach</u> <ol style="list-style-type: none"> 1. Does the proposal present insightful, creative, viable ideas? 2. Does the proposal demonstrate that the consultant is knowledgeable about the topic of the project? 3. Does the proposal offer a sound technical plan for executing the work? 4. Does the proposal offer a management approach that would be compatible with the needs and interests of the District? 	30	0 - 10	11 - 20	21 - 30

Attachment C

Formula for Scoring Consultant Fees

(based on maximum score of 15 points)

$$\frac{(\text{Highest Fee} - \text{Fee X})}{(\text{Highest Fee} - \text{Lowest Fee})} = \frac{(\text{Score X} - \text{Lowest Score})}{(\text{Highest Score} - \text{Lowest Score})}$$

$$\frac{(\text{Highest Fee} - \text{Fee X})}{(\text{Highest Fee} - \text{Lowest Fee})} = \frac{(\text{Score X} - 1)}{15-1}$$

$$\text{Score X} = 1 + \frac{14 * (\text{Highest Fee} - \text{Fee X})}{(\text{Highest Fee} - \text{Lowest Fee})}$$

Example

Firm	Fee	Calculated	Rounded
1	\$5,000	15.00	15
2	\$7,800	9.77	10
3	\$12,500	1.00	1

$$\text{Score Firm 2} = 1 + 14 * (12,500 - 7,800) / (12,500 - 5,000) = 1 + 14 * (4,700/7,500) = 9.77$$

Attachment D

SUMMARY OF PROPOSAL RANKINGS

[CIP No. and Project Title]

		WRITTEN							REFERENCES
		Qualifications of Team	Responsiveness, Project Understanding	Technical and Management Approach	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL - WRITTEN	Proposed Rates*	Consultant's Commitment to DEE	
MAXIMUM POINTS		30	30	30	90	90	10	100	Poor/Good/Excellent
Firm 1	Reviewer 1								
	Reviewer 2								
	Reviewer 3								
	Reviewer 4								
	Reviewer 5								
Firm 2	Reviewer 1								
	Reviewer 2								
	Reviewer 3								
	Reviewer 4								
	Reviewer 5								
Firm 3	Reviewer 1								
	Reviewer 2								
	Reviewer 3								
	Reviewer 4								
	Reviewer 5								
Firm 4	Reviewer 1								
	Reviewer 2								
	Reviewer 3								
	Reviewer 4								
	Reviewer 5								
Firm 5	Reviewer 1								
	Reviewer 2								
	Reviewer 3								
	Reviewer 4								
	Reviewer 5								

Review Panel does not see or consider rates when scoring other categories. Rates are scored by the FM, who is not on Review Panel.

Consultant	Proposed Rates	Position	Score
		lowest	0/100
			0/100
			0/100
			0/100
		highest	0/100

Attachment E

INDIVIDUAL PROPOSAL RANKINGS

< PROJECT NAME >

	Additional Creativity, Insight to Issues	Strength of Project Manager	Presentation, Communication Skills	Quality of Responses to Questions
SCORE	15	15	10	10
Firm 1				
Firm 2				
Firm 3				
Firm 4				
Firm 5				

REVIEWER'S NAME: _____

REVIEWER'S SIGNATURE: _____

DATE: _____

Attachment F

Oral Interview Evaluation Criteria

Evaluation Criteria	Scoring			
	Max	Low	Ave	High
<u>Additional Creativity and Insight</u> <ol style="list-style-type: none"> 1. Did the consultant present new information that enhances their proposal? 2. Did the consultant present information that showed they have thought about the project and how to effectively implement it? 3. Did the consultant draw from their experience to illustrate a proposed approach? 	15	0 - 6	7 -11	12 - 15
<u>Strength of Project Manager</u> <ol style="list-style-type: none"> 1. Did the PM have a prominent role in the presentation and interview? 2. Did the PM control the process effectively? 3. Did the PM demonstrate skills that give confidence in his/her ability to succeed in that role? 	15	0 - 6	7 -11	12 - 15
<u>Presentation and Communication Skills</u> <ol style="list-style-type: none"> 1. Was the presentation organized well and delivered smoothly? 2. Did the consultant use their time effectively? 3. Did the presenters make eye contact and establish a rapport with the Review Panel? 	10	0 - 4	5 - 7	8 -10
<u>Responses to Questions</u> <ol style="list-style-type: none"> 1. Were the questions answered completely and articulately? 2. Were the responses thoughtful and insightful? 3. Did the responses provide a better feel for how the consultant will use their experience to the benefit of the project? 	10	0 - 4	5 - 7	8 -10

Attachment G

SUMMARY OF PROPOSAL RANKINGS

[CIP No. and Project Title]

		WRITTEN							ORAL					TOTAL SCORE	REFERENCES		
		Characteristics of Team	Responsiveness, Project Understanding	Technical and Management Approach	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL - WRITTEN	Proposed Rates	Comments Conveyed to DBE	AVERAGE TOTAL WRITTEN	Additional Creativity and Insight	Strength of Project Manager	Presentation, Communication Skills	Quality of Response to Questions			INDIVIDUAL TOTAL - ORAL	AVERAGE TOTAL ORAL
MAXIMUM POINTS		20	25	20	85	85	25	Y/N	100	15	10	10	10	80	80	180	Pool/Good Excellent
Firm 1	Reviewer 1																
	Reviewer 2																
	Reviewer 3																
	Reviewer 4																
	Reviewer 5																
Firm 2	Reviewer 1																
	Reviewer 2																
	Reviewer 3																
	Reviewer 4																
	Reviewer 5																
Firm 3	Reviewer 1																
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	Reviewer 3																
	Reviewer 4																
	Reviewer 5																
Firm 4	Reviewer 1																
	Reviewer 2																
	Reviewer 3																
	Reviewer 4																
	Reviewer 5																
Firm 5	Reviewer 1																
	Reviewer 2																
	Reviewer 3																
	Reviewer 4																
	Reviewer 5																

Review Panel does not see or consider rates when scoring other categories. Rates are scored by the PM, who is not on Review Panel.

RATES SCORING CHART

Consistent	Proposed Rates	Position	Score
		lowest	100%
			90%
			80%
			70%
		highest	60%

EXHIBIT C

EXHIBIT C

OTHER AGENCY CONSULTANT SELECTION			
AGENCY	CONTACT	BACKGROUND CHECKS?	POLICY
Vallecitos Water District	Rob Scholl 760-744-0460 x230	No	Checks the Consultant provided references only.
Padre Dam	Michael Hindle 619-258-4632	Yes (limited)	Checks the Consultant provided references only. They do Google searches for Principals and Project Managers.
Sweetwater Authority	Hector Martinez 619-409-6751	No	Checks the Consultant provided references only, but have not done work recently with Contractors or Consultants that they don't already know.
Helix Water District	Aneld Anub 619-667-6273	No	Only sends proposals to firms they have pre-approved.
City of Chula Vista	Kirk Ammerman 619-691-5115	No	Checks the Consultant provided references only, but due to the Tribune's article, Legal Counsel is reviewing the process.
Oliverhain Municipal Water District	George Brist 760-632-4640	No	Checks the Consultant provided references only. No extensive background check. Only send proposals to firms that the Project Manager knows.
Lakeside Water District	Brett Sanders 619-443-3805	No	Checks references provided by the consultants
Santa Fe Improvement District	Karen Falk 858-414-9978	No	Check three references. No additional background check.
City of La Mesa	Eric Roark 619-667-1118	No	Checks the Consultant provided references only.
Ramona Water District	Phillip Dauben 760-788-2260	No	Checks the Consultant provided references only. No background checks.
San Diego County Water Authority	Mike Kinny 858-522-6800	No	References checked by one individual. No extensive background check. Don't hire people they don't know.
City of Santee	Steven Miller 619-258-4100 x176	No	Checks three references provided by the consultants. No additional background checks.

10/18/11