

OTAY WATER DISTRICT
FINANCE, ADMINISTRATION AND COMMUNICATIONS
COMMITTEE MEETING
and
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
BOARDROOM

THURSDAY
March 17, 2016
12:00 P.M.

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

AGENDA

1. ROLL CALL
2. 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

DISCUSSION ITEMS

3. APPROVE AN AMENDMENT TO SECTION 7.2.8, BOARD AUTHORIZED PURCHASES EXCEEDING THE GENERAL MANAGER'S AUTHORITY, OF THE DISTRICT'S PURCHASING MANUAL TO CODIFY CURRENT PRACTICES AND TO STREAMLINE THE PROCUREMENT OF ANNUAL SERVICE AND MAINTENANCE AGREEMENTS FOR BOARD ADOPTED TECHNOLOGIES, INFRASTRUCTURE AND SERVICES (PAYNE) [5 minutes]
4. APPROVE A NEW FIVE-YEAR SEWER BILLING SERVICES AGREEMENT WITH THE CITY OF CHULA VISTA WITH FIVE ADDITIONAL ONE-YEAR OPTIONAL TERMS (BELL) [5 minutes]
5. FISCAL YEAR (FY) 2016 MID-YEAR REPORT FOR THE DISTRICT'S FY2015-2018 STRATEGIC PLAN (SEGURA) [10 minutes]
6. ADJOURNMENT

BOARD MEMBERS ATTENDING:

Jose Lopez, Chair
Mitch Thompson

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.

The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are also available through the District Secretary by contacting her at (619) 670-2280.

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 March 11, 2016 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 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on March 11, 2016.

_____/s/ Susan Cruz, District Secretary_____

AGENDA ITEM 3



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	April 6, 2016
		PROJECT:	Various DIV. NO. ALL
SUBMITTED BY:	Kent Payne, Purchasing and Facilities Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Adolfo Segura, Chief, Administrative Services		
	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	AMEND THE DISTRICT'S PURCHASING MANUAL TO IDENTIFY ADDITIONAL GOODS AND SERVICES THAT THE GENERAL MANAGER OR HIS/HER DESIGNEE IS AUTHORIZED TO PURCHASE OVER AND ABOVE HIS/HER DELEGATED PURCHASING AUTHORITY		

GENERAL MANAGER'S RECOMMENDATION:

That the Board approve an amendment to the District's Purchasing Manual Section 7.2.8, "Board Authorized Purchases Exceeding the General Manager's Authority", as identified in "Attachment B" in order to codify current practices and to streamline the procurement of annual service and maintenance agreements for Board adopted technologies, infrastructure and services.

COMMITTEE ACTION:

See "Attachment A".

PURPOSE:

To request that the Board amend the District's Purchasing Manual as presented in "Attachment B" in order to codify current practices and to streamline the procurement of annual service and maintenance agreements for Board adopted technologies, infrastructure and services.

ANALYSIS:

The Board of Directors establishes the operational guidelines and procedures with respect to purchasing materials, equipment, and services necessary to conduct the District's business including items that the General Manager (GM) or his/her Designee is authorized to purchase and which exceed the GM's delegated purchasing authority. These procedures are defined and published in the District's Purchasing Manual.

As a normal course of business, the manual is reviewed periodically and changes are recommended that are intended to improve the operation of the District.

Board Authorized Purchases Exceeding the General Manager's Authority:

Sections 7.2.8 identifies a list of goods and services essential to the operation of the District and authorizes the GM to purchase these goods and services above the GM's purchasing authority. Currently these items include utilities, water, temporary labor, fuel, chemicals and gases.

Codify Current Practices

Sewage Transportation and Processing - The District budgets over one million dollars annually for the transportation and treatment of sewage by and to the County and City of San Diego. Given that there are currently no alternatives for procuring these services, staff recommends that "Sewage Transportation and Processing" be added to the list in Section 7.2.8, Subsection "a".

Board Adopted Technologies and Infrastructure

Water Meters - Water meters generate revenue for the business end of the District's services and are critical to the financial health of the District, as it meets its obligations to the community it serves. In 2005, the Board adopted Master Meter's proprietary automated meter reading technology along with its registers and meters smaller than three inches. While the cost of a single meter does not exceed the GM's authority, discounted bulk Master Meter and multiple large (3 inches and above) meter purchases can and do exceed the GM's authority. Staff, therefore, recommends that "Water Meters" be added to the list in Section 7.2.8, subsection "a".

Service and Maintenance Agreements - The Board has adopted various technologies and infrastructure including a Tyler ERP system, ESRI's GIS technologies, Cityworks asset management, and other enterprise systems and services all of which have limited, territorial, and/or

proprietary service and maintenance options. In that these expenditures are included in the annual Board approved budget, staff recommends that "Service and maintenance for Board adopted technologies and infrastructure" as identified in "Attachment B" be appended to the list in Section 7.2.8, subsection "a".

Board Adopted Employee Benefits

Medical Service Benefits - The District provides medical benefits to its employees. These benefits are generally defined and established through the negotiated collective bargaining agreement or by direction of the Board. In 2007, the District conducted an extensive review of several medical plans and through Board approval implemented employee medical through the pooled Special District Risk Management Authority (SDRMA), one of the largest health programs for Public Agencies. The plan at the time, was that by joining a pooled medical program, the District would be able to stabilize and contain the District's medical rates over the long run, and thereby maintain membership for an extensive period of time. The rates have been cost effective and have been compared to medical trend increases as well as the CalPERS Medical pooled plan and the rates have been managed very well by SDRMA administered in conjunction with the California State Association of Counties (CSAC), as identified in "Attachment B" be appended to the list in Section 7.2.8, subsection "a".

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

This action supports the District's goal to ensure financial health through formalized policies, prudent investing, and efficient operations.

LEGAL IMPACT:

None.

Attachments: Attachment A - Committee Action Report
Attachment B - Proposed Additions to Section 7.2.8



ATTACHMENT A

SUBJECT/PROJECT:	AMEND THE DISTRICT'S PURCHASING MANUAL TO IDENTIFY ADDITIONAL GOODS AND SERVICES THAT THE GENERAL MANAGER OR HIS/HER DESIGNEE IS AUTHORIZED TO PURCHASE OVER AND ABOVE HIS/HER DELEGATED PURCHASING AUTHORITY
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on March 17, 2016. The Committee supports presentation to the full Board for their consideration.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.



ATTACHMENT B

SUBJECT/PROJECT:	AMEND THE DISTRICT'S PURCHASING MANUAL TO IDENTIFY ADDITIONAL GOODS AND SERVICES THAT THE GENERAL MANAGER OR HIS/HER DESIGNEE IS AUTHORIZED TO PURCHASE OVER AND ABOVE HIS/HER DELEGATED PURCHASING AUTHORITY
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CURRENT LANGUAGE :

7.2.8 Board Authorized Purchases Exceeding the General Manager's Authority:

- a. The General Manager or his/her Designee is authorized to exceed his/her delegated purchasing authority and purchase the following goods and services without regard to limits on the amount of delegated authority under Section 2 of the Code of Ordinance:
 1. Gas and electric utility for the operation of the District
 2. Water
 3. Temporary labor services
 4. Chemicals and gasses for the treatment of potable and recycled water
 5. Fuel, gasoline and diesel

RECOMMENDED ADDITIONS :

7.2.8 Board Authorized Purchases Exceeding the General Manager's Authority:

- a. The General Manager or his/her Designee is authorized to exceed his/her delegated purchasing authority and purchase the following goods and services without regard to limits on the amount of delegated authority under Section 2 of the Code of Ordinance:
 1. Gas and electric utility for the operation of the District
 2. Water
 3. Temporary labor services
 4. Chemicals and gasses for the treatment of potable and recycled water
 5. Fuel, gasoline and diesel
 6. Sewage Transportation and Processing
 7. Water Meters
 8. Service and maintenance of the District's Board adopted sole source Enterprise Resource Planning (ERP) System, Tyler Eden
 9. Service and maintenance of the District's Board adopted sole source Geographic Information System, Environmental Systems Research Institute (ESRI)/GIS
 10. Medical Service Benefits provided by Special District Risk Management Authority (SDRMA).

AGENDA ITEM 4



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	April 6, 2016
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Rita Bell Finance Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	A New Five-year Sewer Billing Services Agreement with the City of Chula Vista with Five Additional One-year Optional Terms		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to enter into a new five-year sewer billing services agreement with the City of Chula Vista with five additional one-year optional terms.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To enter into a new sewer billing services agreement with the City of Chula Vista.

ANALYSIS:

Since May of 1981 the District has agreed to collect sewer service charges from all of its water customers who receive sewer service from the City of Chula Vista (City). Over time, several agreements between the City and the District have been in place for sewer billing services.

Beginning with the December of 1995 agreement, the City and the District added numerous obligations that emphasized cooperation and planning between the two agencies. The term of the agreement was 20 years. The City and District have chosen to let the old agreement expire on June 30, 2016, as many of the outstanding issues such as

growth and development have since been resolved. The proposed agreement, if approved by the Board, is for the only remaining ongoing issue which is sewer service billing.

The billing rate in the 1995 agreement was \$0.50 per bill. In November of 2004, the City and the District agreed, due to cost increases in providing this service that the billing rate would increase to \$1.03. The billing rate was further increased from \$1.03 to \$1.05 in November of 2015, reflecting the increase in the December 2014 San Diego Consumer Price Index (CPI).

The proposed agreement defines the sewer billing services to be provided with a term of five years with five additional one-year extensions. This agreement also proposes that the billing rate of \$1.05 be automatically increased or decreased each July 1st, based on changes in the prior December's San Diego CPI.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The annual revenue for sewer billing services will be approximately \$383,000.

STRATEGIC GOAL:

The District ensures its continued financial health through long-term financial planning.

LEGAL IMPACT:

None.

Attachments:

- Attachment A - Committee Action
- Attachment B - Chula Vista Sewer Billing Agreement
- Exhibit 1 - Sample Data



ATTACHMENT A

SUBJECT/PROJECT:	A New Five-year Sewer Billing Services Agreement with the City of Chula Vista with Five Additional One-year Optional Terms
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee recommend that the Board authorize the General Manager to enter into a new five-year sewer billing services agreement with the City of Chula Vista with five additional one-year optional terms.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

**AGREEMENT TO PROVIDE CUSTOMER WATER CONSUMPTION DATA AND
SEWER BILLING SERVICES**

This agreement (“Agreement”) is made and entered into as of _____, 2016 by and between Otay Water District, a Municipal Water District organized and existing pursuant to Water Code Section 71000 *et seq.*, (hereinafter referred to as “Otay”) and the City of Chula Vista, a municipal chartered corporation (“City”). Otay and the City are collectively referred to herein as the “Parties.”

WHEREAS, the City provides sewer collection services to property located within its jurisdictional boundaries; and

WHEREAS, the rates for the City’s sewer service fees are structured, in part, on the basis of a customer’s metered water use and certain assumptions regarding the volume of water returned to the sewer system; and

WHEREAS, Otay provides water service to properties located within Otay’s jurisdictional boundaries; and

WHEREAS, the City has requested that Otay provide water consumption data for all properties served by Otay within the jurisdictional boundaries of City and that Otay prepare the calculation of customers’ sewer service fees (based on a formula provided by the City) in order for the City to receive the sewer service fees for its sewer customers; and

WHEREAS, the City has requested that Otay provide billing and collection services for all properties served by Otay within the jurisdictional boundaries of City (“City Sewer Customers”) in order for the City to receive the sewer service fees for its sewer customers; and

NOW, THEREFORE, the Parties hereto agree as follows:

1. Services.

1.1. On an annual basis Otay will provide water consumption data for all properties served by Otay within the jurisdictional boundaries of the City (“Water Consumption Data File”) using the mutually agreed upon standard data file format. (A sample of the data file format is attached as Exhibit 1)

1.1.1. The Water Consumption Data File will contain data for the period November through April, and will calculate the lowest two consecutive months.

1.1.2. Otay will provide the Water Consumption Data File in an accurate manner and within one month of receipt of the last City Sewer Customer’s meter reading for the month of April, using reasonable, industry-standard methods and process.

1.2. On a monthly basis Otay will perform the services of billing and collection sewer fees for the City.

1.2.1. The City will provide to Otay, no later than June 1st of each year, the rates and formulas to be used by Otay to calculate the fees to be billed to City Sewer Customers.

1.2.2. Otay will calculate the fees to be charged to City Sewer Customers utilizing the fee rates and formulas provided by the City (“Sewer Fees”). Otay does not warranty the accuracy of the data or formulas provided by the City.

1.2.3. Otay will include Sewer Fees in City Sewer Customer’s water bills each month.

1.2.4. The City shall be responsible for notifying Otay of any new customers or changes to customer profiles, such as sewer strength for commercial customers. Every two months, Otay will remit to the City billed sewer fees with the payment being due the last Monday of the month subsequent to the two months of billing (ex. Sewer fees billed in July and August will be remitted by the last Monday in September).

1.3. The City agrees that the water consumption data provided by Otay and the Sewer Fees are confidential and may only be used for activities related to billing for sewer services or if required by statute or government regulation. The water consumption data and Sewer Fees provided by Otay must not be used for any other purposes.

1.4. Otay does not warranty the accuracy of the water consumption data or the calculation of the Sewer Fee based on the formula provided by the City.

2. Term.

The term of this Agreement shall be from the date first stated above, and will continue in effect until June 30, 2021. The Agreement may be extended by mutual agreement for five additional one-year terms with an amendment to the Agreement to be executed by June 30th of the preceding fiscal year.

3. Payment.

3.1 Otay shall deduct a per-account charge (“Service Fee”) from each remittance of collected Sewer Fees it makes to the City. The Service Fee will be based on the number of accounts for which Otay provides water consumption data and billing services to the City. The Service Fee represents Otay’s costs to provide water consumption data to the City and to perform billing and collection services for Sewer Fees for the City. The initial Service Fee shall be \$1.05 per account per month.

3.2 The Service Fee shall be adjusted from a starting figure of \$1.05 per account in December 2015 dollars, each year thereafter on July 1 of each year, in accordance with any increase or decrease in the San Diego Consumer Price Index. Any change shall be memorialized by Otay sending a letter to the City which will include an updated cost per account. Said letters shall be incorporated herein by reference and become part of this Agreement.

4. Uncollectible Accounts.

The City shall be solely responsible for risk of loss associated with uncollectible accounts, up to the total amount of Sewer Fees billed. Otay shall apply payments to water accounts first.

5. Termination.

Either party may terminate this Agreement with ninety (90) days written notice. In the event of termination of this Agreement, payment to Otay will be made for the above-referenced fees and costs for the current fiscal year to the date of termination. Notice of termination shall be provided in accordance with the provisions of Section 9 below.

6. Indemnification.

6.1 Each Party shall be responsible for the willful misconduct and negligent acts or omissions of its officers, directors, agents, employees, and subcontractors. Each Party shall indemnify, hold harmless, and defend the other from and against all claims, demands, and liabilities for bodily injury, property damage, or other damages caused by the willful or negligent act or omission of the indemnifying party or its officer, directors, agents, employees or subcontractors.

6.2 The City hereby indemnifies, holds harmless and defends Otay and Otay's officers, directors, agents, employees, and subcontractors from and against all claims, demands, and liabilities for bodily injury, property damage, or other damages arising out of the City's business decisions relating to, or use of, the water consumption data provided by Otay.

7. Integration.

This Agreement, including any and all exhibits to it, represent the entire understanding of both Parties as to those matters contained in it, and supersedes and cancels any prior oral or written understandings, promises or representations with respect to those matters covered in it. This Agreement may not be modified or altered except in writing signed by both Parties, except as provided for herein related to notice of increase of the Service Fee as provided for in Paragraph 3 above.

8. Laws, Venue, and Attorneys' Fees.

This Agreement shall be interpreted in accordance with the laws of the State of California. The Parties agree that if any dispute shall arise in relation to this Agreement, they will attempt to resolve such dispute informally, in good faith. If such good faith informal resolution does not resolve the issue, the Parties agree that the matter will be directed to the General Manager/City Manager of each Party for another good faith attempt at resolution. If that attempt does not resolve the issue, the Parties agree to mediation under the rules of the American Arbitration Association or any other neutral organization agreed upon before having recourse in a court of law. Any agreements resulting from mediation shall be documented in writing by all Parties. All mediation results shall be "non-binding" and inadmissible for any purpose in any legal proceeding, unless all Parties otherwise agree in writing. If mediation is not successful, and an action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of San Diego, State of California.

9. Notice.

Termination notice, proposed amendments to this Agreement, or any other notices required herein will be delivered by United States Post Office, certified mail, and addressed to:

Otay Water District
Kevin Koeppen
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978-2004
kevin.koeppen@otaywater.gov

City of Chula Vista
Roberto Yano
276 Fourth Avenue
Chula Vista, CA 91910
ryano@chulavistaca.gov

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by regular or electronic mail addressed to the designated representative.

10. Severability.

In the event any one of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision(s) shall be replaced by a mutually acceptable provision, which being valid, legal and enforceable, comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision.

11. Assignment.

In no event shall this Agreement be assigned by either Party without first obtaining the prior written consent of the other Party.

12. Waiver.

No covenant, term or condition of this Agreement shall be deemed to be waived by any party hereto unless such waiver is in writing and executed by the party making the waiver. No waiver of any breach of any of the terms, covenants, or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition contained herein.

13. Execution of Agreement.

This Agreement shall not be deemed to have been accepted and shall not be binding upon either Party until duly authorized officers of both parties have executed it. This Agreement, including any and all exhibits to it, represents the entire understanding of both Parties as to those matters contained in it, and supersedes and cancels any prior oral or written understandings, promises or representations with respect to those matters covered in it. This Agreement may not be modified or altered except in writing, signed by both Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement as of the date first written above.

Otay Water District

City of Chula Vista

Approved:

By: _____
Mark Watton, General Manager

By: _____
Mary Casillas-Salas, Mayor

Attest:

Susan Cruz, Board Secretary

Donna Norris, City Clerk

Approved as to form:

General Counsel
Otay Water District

Glen R. Googins, City Attorney
City of Chula Vista

ChulaVistaSewerMthSum
01/21/2016 15:12

Chula Vista Sewer Summary Report For Month Of 12/2015
Otay Water District

<u>Fee Code</u>	<u>Account s</u>	<u>Service Locations</u>	<u>Water Used</u>	<u>Sewer Charged</u>	<u>Base Charge</u>	<u>Service Units</u>	<u>Fixed Charge</u>
scmr10	194	194	4,167.00	16,851.69	14,898.11	278.00	1,953.58
scmr15	125	125	5,892.00	22,787.16	21,537.16	124.00	1,250.00
scmr20	119	119	12,966.00	47,077.63	43,279.15	114.00	3,798.48
scmr30	21	21	6,456.00	26,808.42	25,554.09	14.00	1,254.33
scmr40	49	49	32,277.00	131,128.95	128,202.18	38.00	2,926.77
scmr60	5	5	3,982.00	14,075.85	13,578.55	5.00	497.30
scmr75	14	14	165.00	668.53	583.13	14.00	85.40
scmr80	2	2	844.00	3,796.26	3,418.68	2.00	377.58
scvh10	9	9	210.00	1,844.65	1,754.02	8.00	90.63
scvh15	17	17	1,007.00	8,595.86	8,255.86	14.00	340.00
scvh20	18	17	2,601.00	21,664.14	21,089.58	14.00	574.56
scvh30	1	1	11.00	180.62	120.89	0.00	59.73
scvh75	3	3	50.00	430.29	411.99	2.00	18.30
scvl10	64	64	1,256.00	5,738.28	5,093.80	60.00	644.48
scvl15	64	64	3,401.00	14,398.21	13,118.21	57.00	1,280.00
scvl20	110	110	8,686.00	36,877.87	33,366.67	91.00	3,511.20
scvl30	7	7	1,931.00	8,468.79	8,050.68	6.00	418.11
scvl40	5	5	631.00	3,166.48	2,867.83	4.00	298.65
scvl60	1	1	8.00	461.02	361.53	1.00	99.49
scvl75	65	64	474.00	2,384.18	1,987.68	59.00	396.50
scvm10	14	14	311.00	1,831.75	1,690.77	11.00	140.98
scvm15	15	15	2,194.00	11,580.68	11,430.68	11.00	150.00
scvm20	13	13	2,221.00	11,867.18	11,452.22	7.00	414.96
scvm30	4	4	1,014.00	5,499.65	5,260.73	1.00	238.92
scvm75	7	7	71.00	430.71	388.01	4.00	42.70
scvr10	1	1	5.00	22.66	16.56	1.00	6.10
scvr75	143	143	1,092.00	3,825.49	2,953.19	38.00	872.30
swcv10	128	128	2,294.00	7,283.81	6,503.01	70.00	780.80
swcv15	1	1	7.00	32.37	26.27	0.00	6.10
swcv75	29,262	29,094	264,947.00	1,212,821.52	1,034,185.22	1,145.50	178,636.30
TOTALS	Accounts Billed	Service Locations	Water Used	Sewer Charged	Base Charged	Service Units	Fixed Svc Charge
	30,480	30,309	361,171.00	1,622,600.70	1,421,436.45	2,193.50	201,164.25



Agenda Item 5

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	April 6, 2016
		PROJECT:	DIV. NO.: ALL
SUBMITTED BY:	Adolfo Segura, Chief, Administrative Services		
APPROVED BY:	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	FY16 MID-YEAR REPORT FOR THE DISTRICT'S FY15-18 STRATEGIC PLAN		

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

COMMITTEE ACTION:

Please see "Attachment A".

PURPOSE:

To provide a mid-year status report on the District's Fiscal Year (FY) 15-18 Strategic Performance Plan for FY16.

ANALYSIS:

Summary

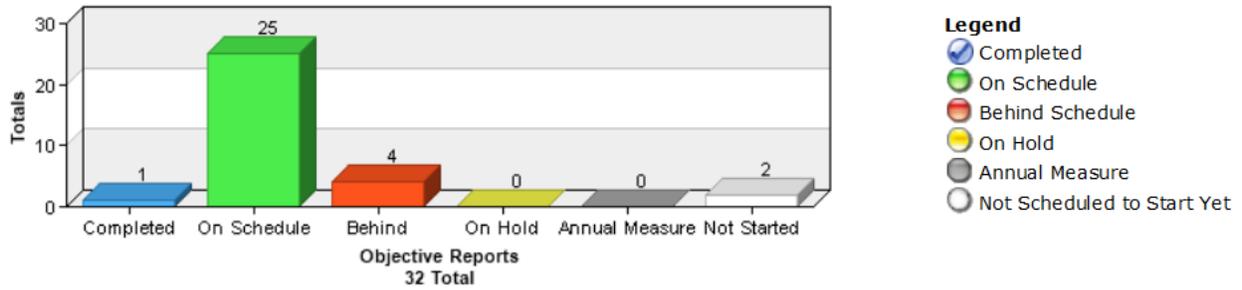
The current Otay Water District Strategic Plan is a four-year plan covering FY15 through the end of FY18. This report details the results from the first half of the second year of our four-year plan.

Strategic Plan Objectives - Target 90%

Strategic Plan objectives are designed to ensure the District is making the appropriate high-level changes necessary to guide the agency's efforts to meet new challenges and positively adapt to change.

Objective results for FY16 mid-year are slightly below target at 87%, with 26 of 30 items complete, ahead, or on schedule. Year-end results for FY15 were 94%. Two objectives are not scheduled to begin until FY17.

26/30 or 87% of Strategic Objectives Meet or Exceed Expectations



Following are objectives reported to be behind schedule. These projects have identified appropriate corrective actions for the final two quarters of FY16.

Behind Schedule	
1.1.1.1	CAREY, A Enhance Communications with Customers
3.1.1.26	MARTIN, D Evaluate Efficiencies for Delivering Capital Assets
3.1.1.8	KENNEDY, Address Dependency on Imported Water Through Proper Planning R
3.1.2.32	VACLAVEK, Streamline Input of Operations Data J

Performance Measures - Target 75%

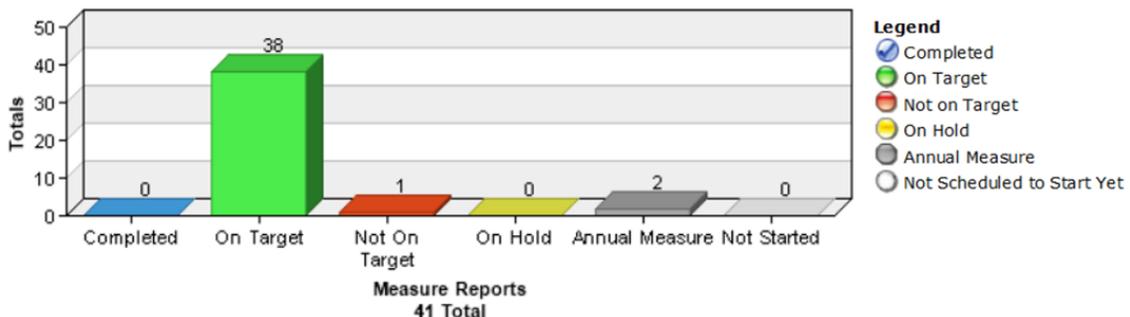
Performance measures are designed to track the District’s day-to-day performance. These items measure the effectiveness and efficiency of daily operations. The goal for performance measures is to achieve an overall result of at least 75% “on target”. FY16 year-to-date results remain above target with 41 of 42 (98%) items achieving the desired level or better.

Two items, Debt Ratio and Reserve Levels, are measured at year’s end. Most of the performance measures are unchanged from FY15. However, three new measures have been added that staff will begin reporting in FY17. We will strive to keep many measures the same in order to establish long term trends on important measures.

New measures in FY17 include:

- 3.2.308 Accounts Per FTE
- 3.2.309 Percent of Customers Paying Bills Electronically
- 1.4.108 Injury Incident Rate

40 of 41 YTD Performance Measures (98%) Are On or Above Target



Item Not On Target

The performance measure not on target is Overtime Expenses, with year-to-date expenses exceeding budget at \$67,433 versus \$49,200, due to a number of large water breaks, including Hillsdale. Although over budget for the quarter, we are still below our yearly total overtime budget of \$94,100.

AWWA (formerly QualServe) Benchmarking Perspective

Although AWWA has begun to use "time" as an indicator for calculating benchmarks and metrics, the District will continue to use "cost" for its operational benchmarks. Staff will evaluate the "time" perspective as an option for future reporting.

Committee Reports - Slideshow (Attachment B)

The Strategic Plan results are presented to both the Finance and Administration Committee and the Engineering and Operations Committee with a specific focus on the most relevant information for each Committee.

Strategic Plan is Available on the District's Website and via VPN

All of the Strategic Plan results and associated details are provided via the District's public facing website and through secure remote or VPN access.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

Informational item only; no fiscal impact.

STRATEGIC GOAL:

Strategic Plan and Performance Measure reporting is a critical element in providing performance reporting to the Board and staff.

LEGAL IMPACT:

None.

ATTACHMENTS:

- Attachment A - Committee Action Report
- Attachment B - FY16 Mid-year Results Presentation



ATTACHMENT A

SUBJECT/PROJECT:	FY16 MID-YEAR REPORT FOR THE DISTRICT'S FY15-18 STRATEGIC PLAN
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on March 17, 2016. The Engineering and Operations reviewed this item on March 15, 2016. The Committees support the presentation to the full Board for their consideration.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.



STRATEGIC PLAN

FY16 Mid-Year Report



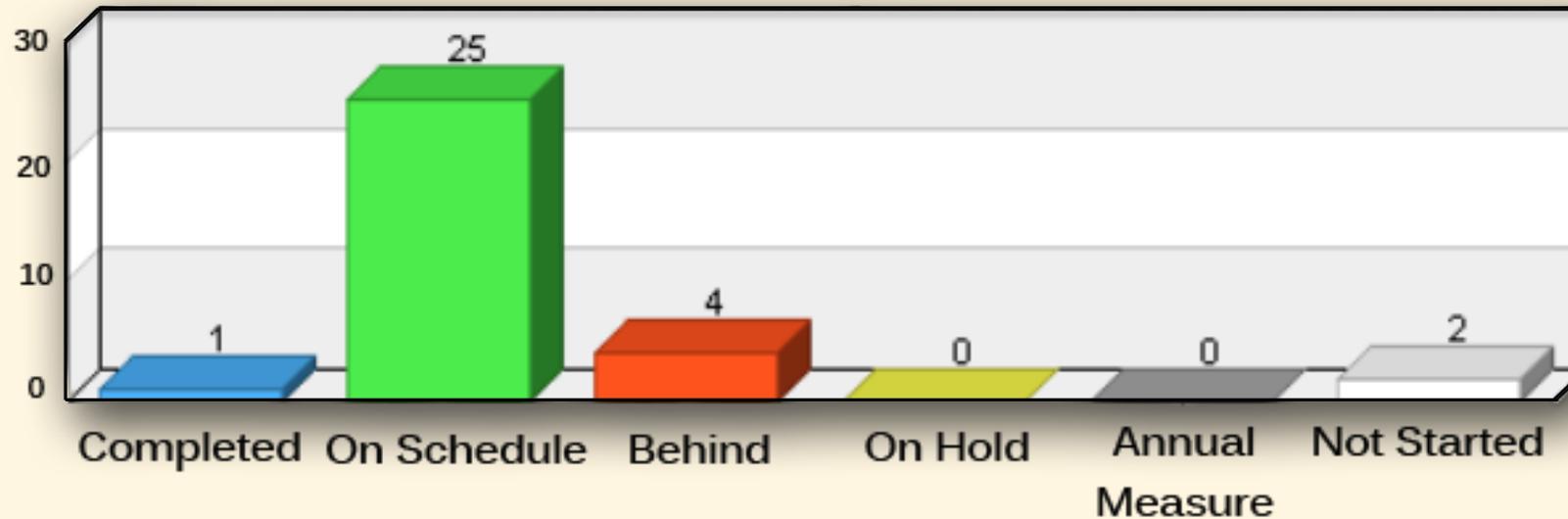
Introduction

Major components of the strategic plan are the District's strategic objectives which guide the agency's efforts to meet and positively adapt to change. The District has 32 objectives. Each objective is broken down by the balanced scorecard, strategy, and goal required to meet the specific challenge.

The District also tracks 41 measures, 2 of these measures are reported annually. Most of these measures are derived from QualServe and AWWA Benchmarks.



87% of Objectives are Completed or On Schedule



Objective Reports
32 Total

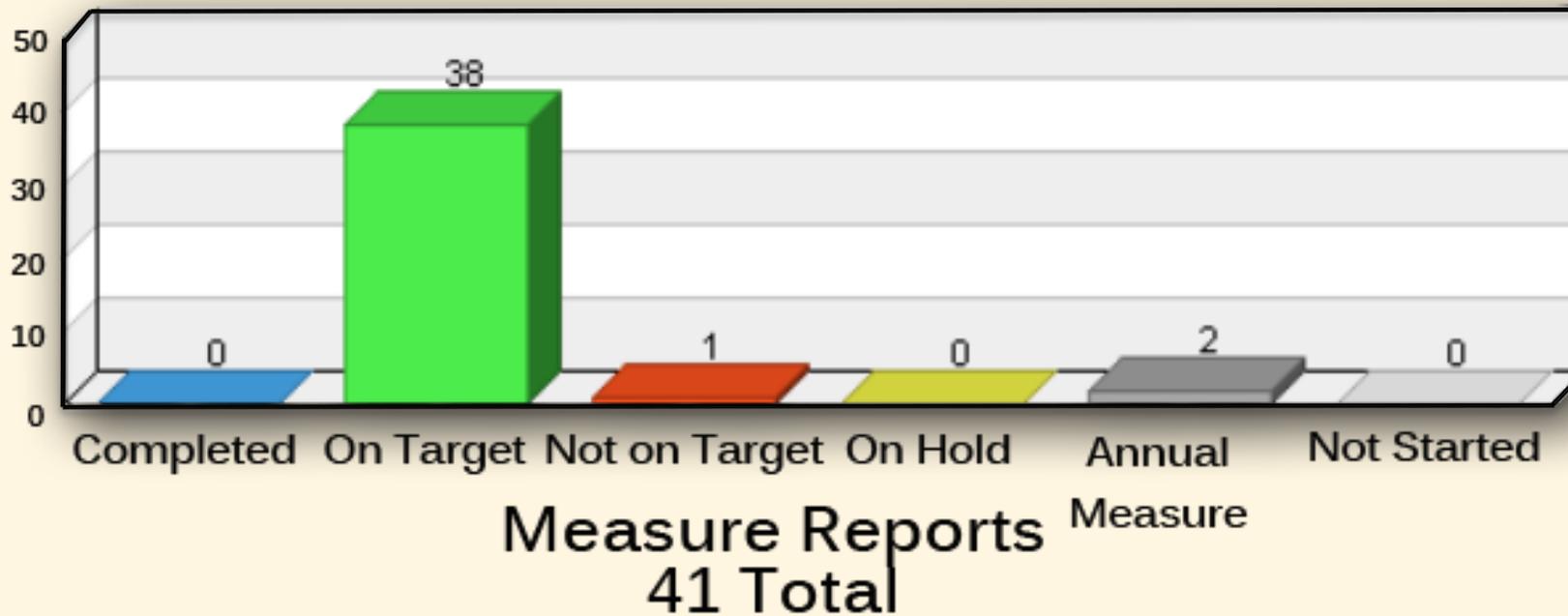


Objectives Behind Schedule

1. 1.1.1.1 - Enhance Communications with Customer
2. 3.1.1.8 - Address Dependency on Imported Water Through Proper Planning
3. 3.1.1.26 - Evaluate Efficiencies for Delivering Capital Assets
4. 3.1.2.32 - Streamline Input of Operations Data



97% of Performance Measures met Targets





New Measures in FY17

1. Injury Incident Rate
2. Accounts Per FTE
3. Percent of Customers Paying Bills Electronically

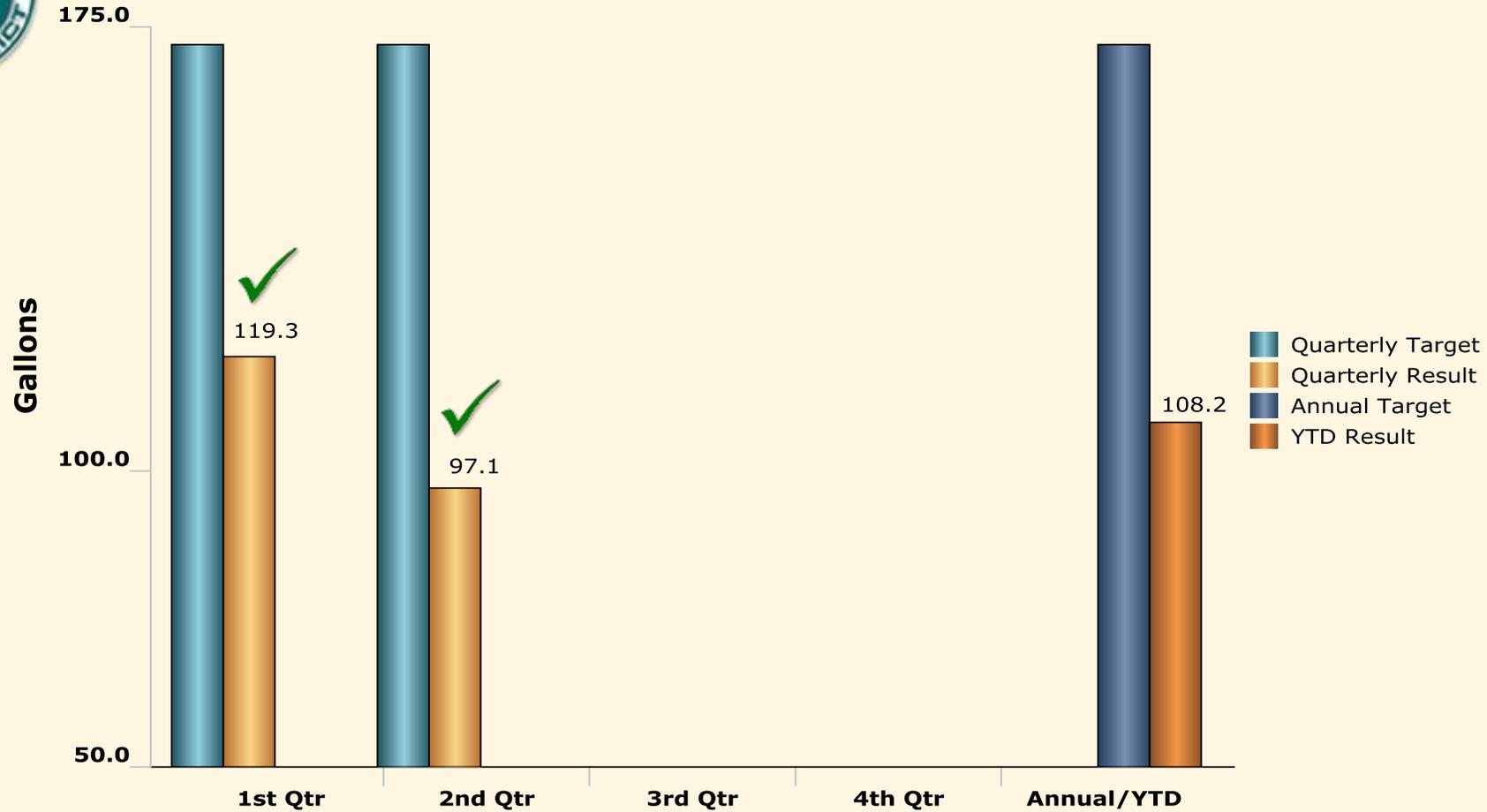


Measures Behind Schedule

3.2.303 - Overtime Cost



1.3.104 - Gallons Per Capita Per Day



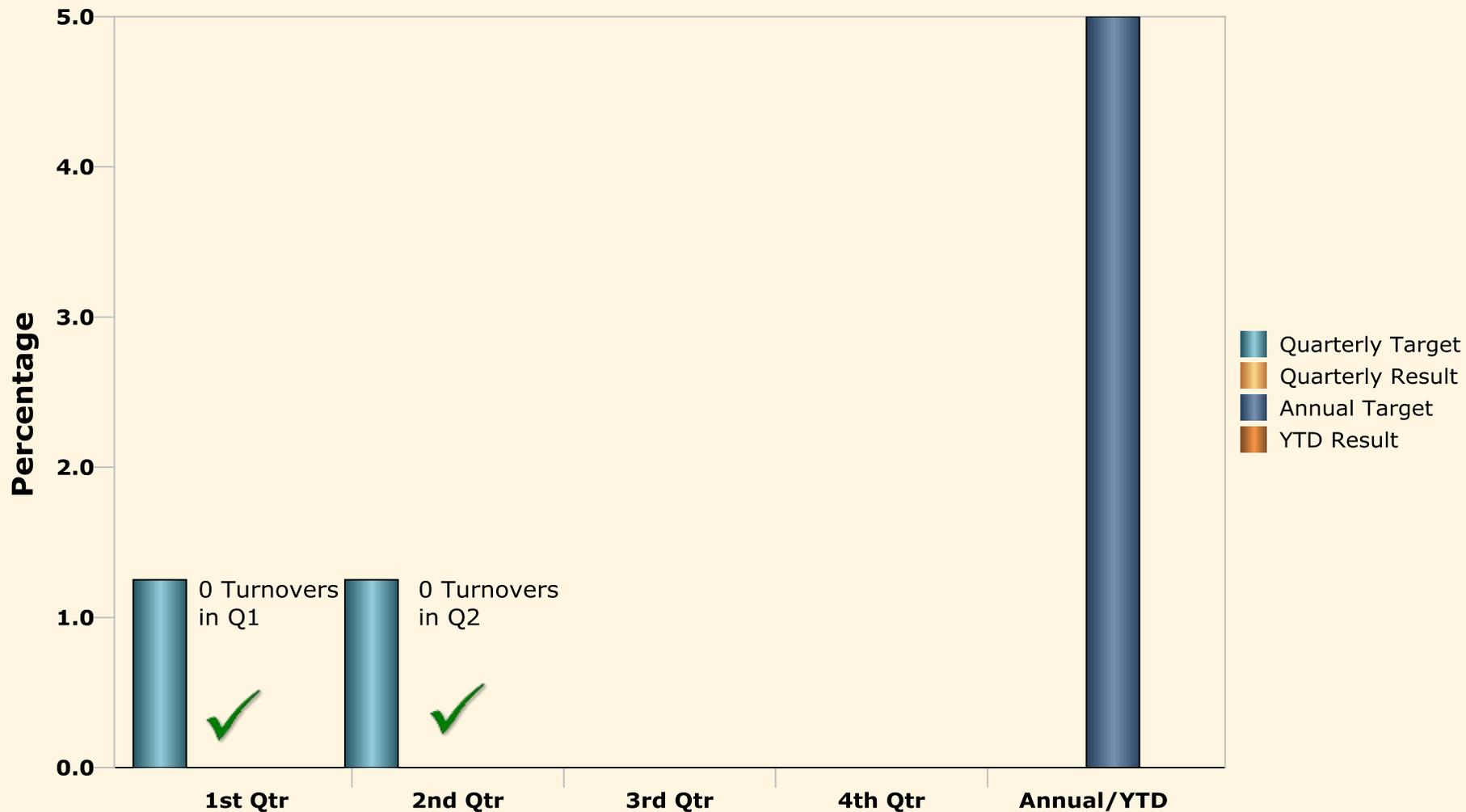
Measure 1.3.104, Gallons Per Capita Per Day, aims to be below 172 Gallons Per Day. Target comes from California Urban Water Council (CUWCC) and the State Water Resources Control Board (SWRCB).

(Qtr Measurement Method: Total potable water purchased/ Population (from SANDAG)/ # of days through the end of that quarter

YTD Measurement Method: Total annual potable water purchased/ Annual population (from SANDAG)/ # of days through the end of that quarter



1.4.105 - Employee Turnover Rate



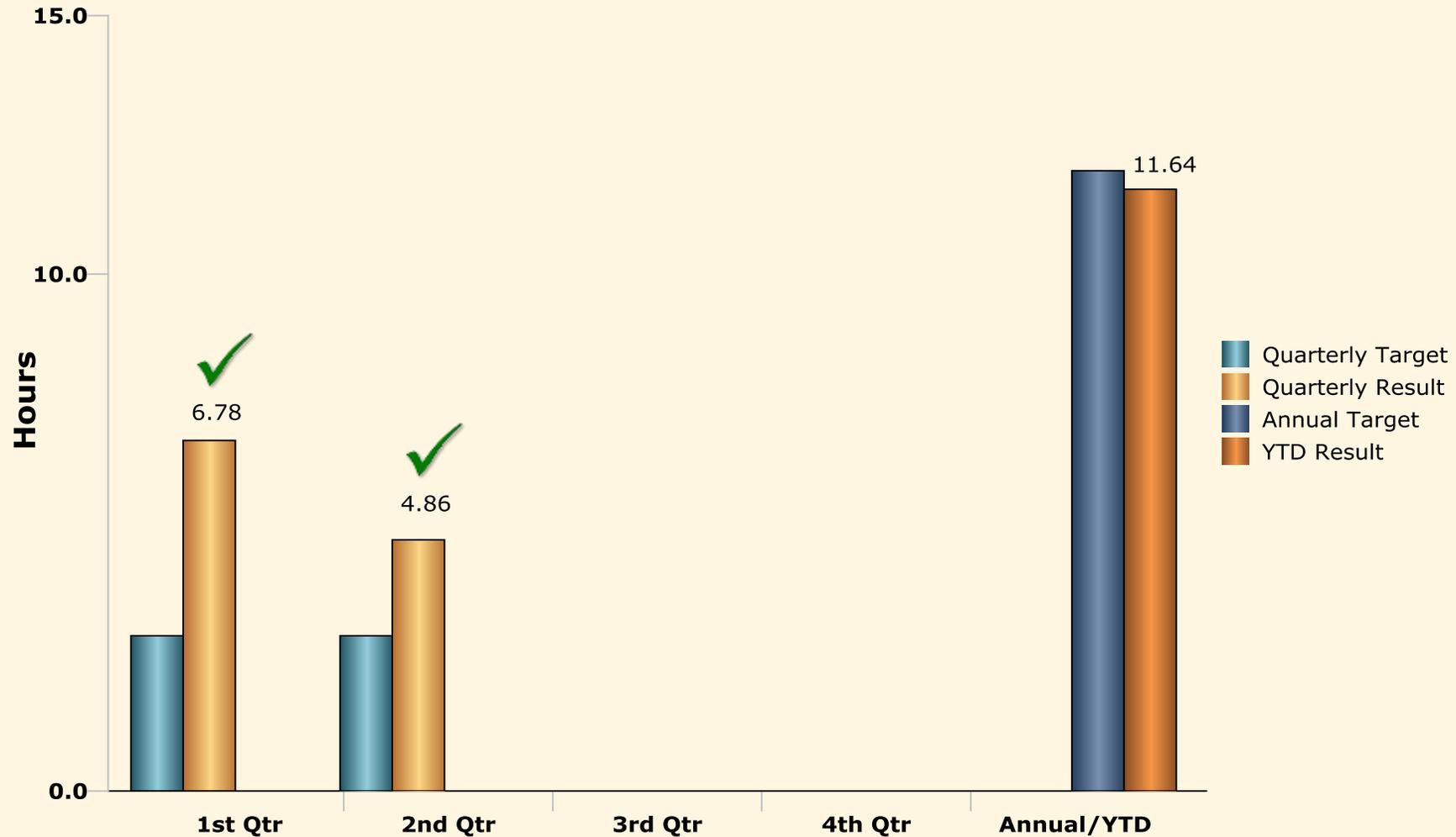
Measure 1.4.105, Employee Turnover Rate, aims to have less than a 5% turnover in a single year.

(Qtr Measurement Method: # of voluntary resignations(not including retirements)/ Average # of employees)

(YTD Measurement Method: YTD # of voluntary resignations(not including retirements)/ Average # of employees)



1.4.106 - Training Hours Per Employee

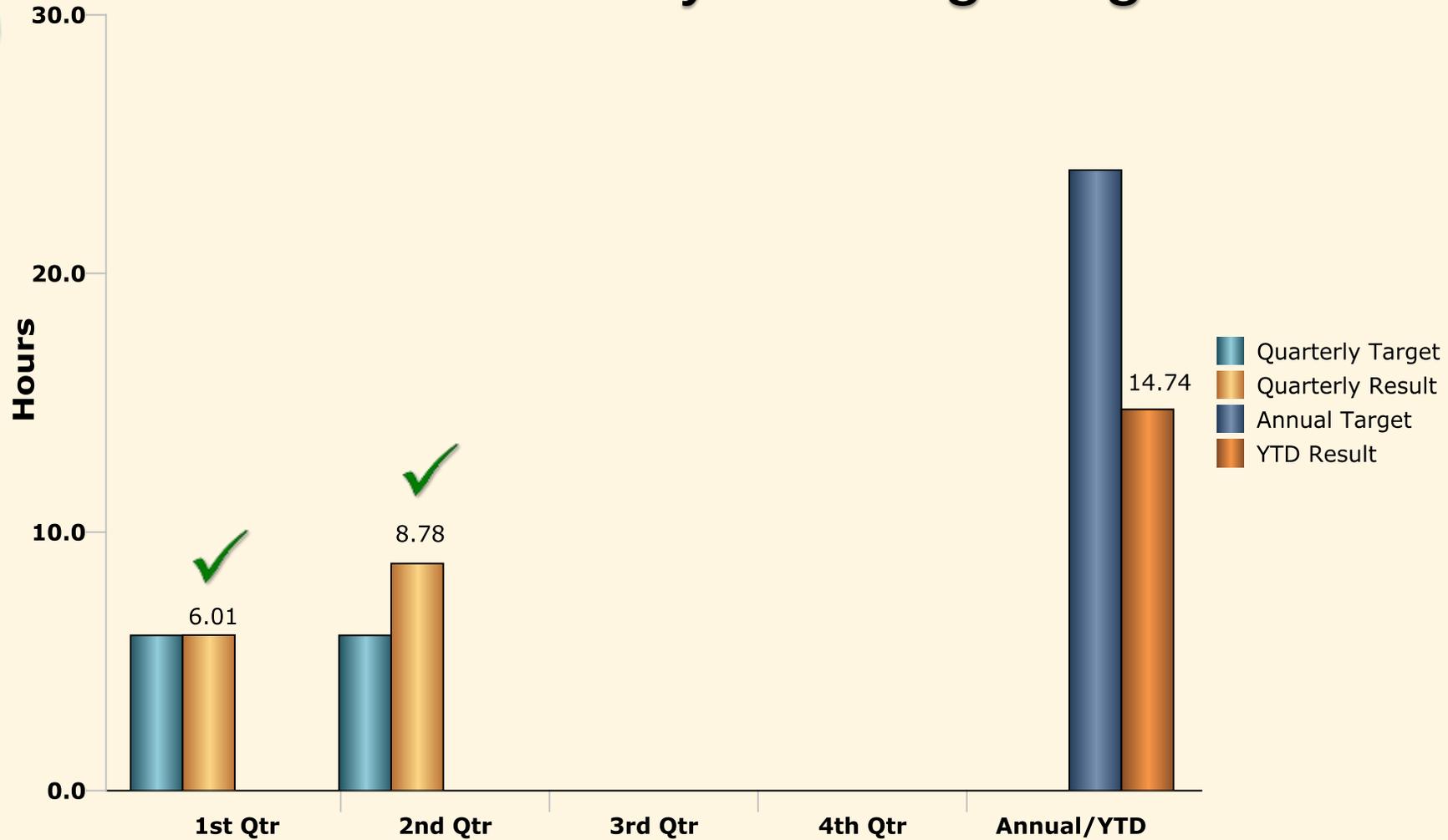


Measure 1.4.106, Training Hours per Employee, aims to have 12 hours or more of general formal training per employee in a single year (excludes safety training).

(Qtr Measurement Method: Total qualified training hours for all employees/Average # of FTEs
YTD Measurement Method: YTD Total qualified training hours for all employees/Average # of FTEs)



1.4.107 - Safety Training Program

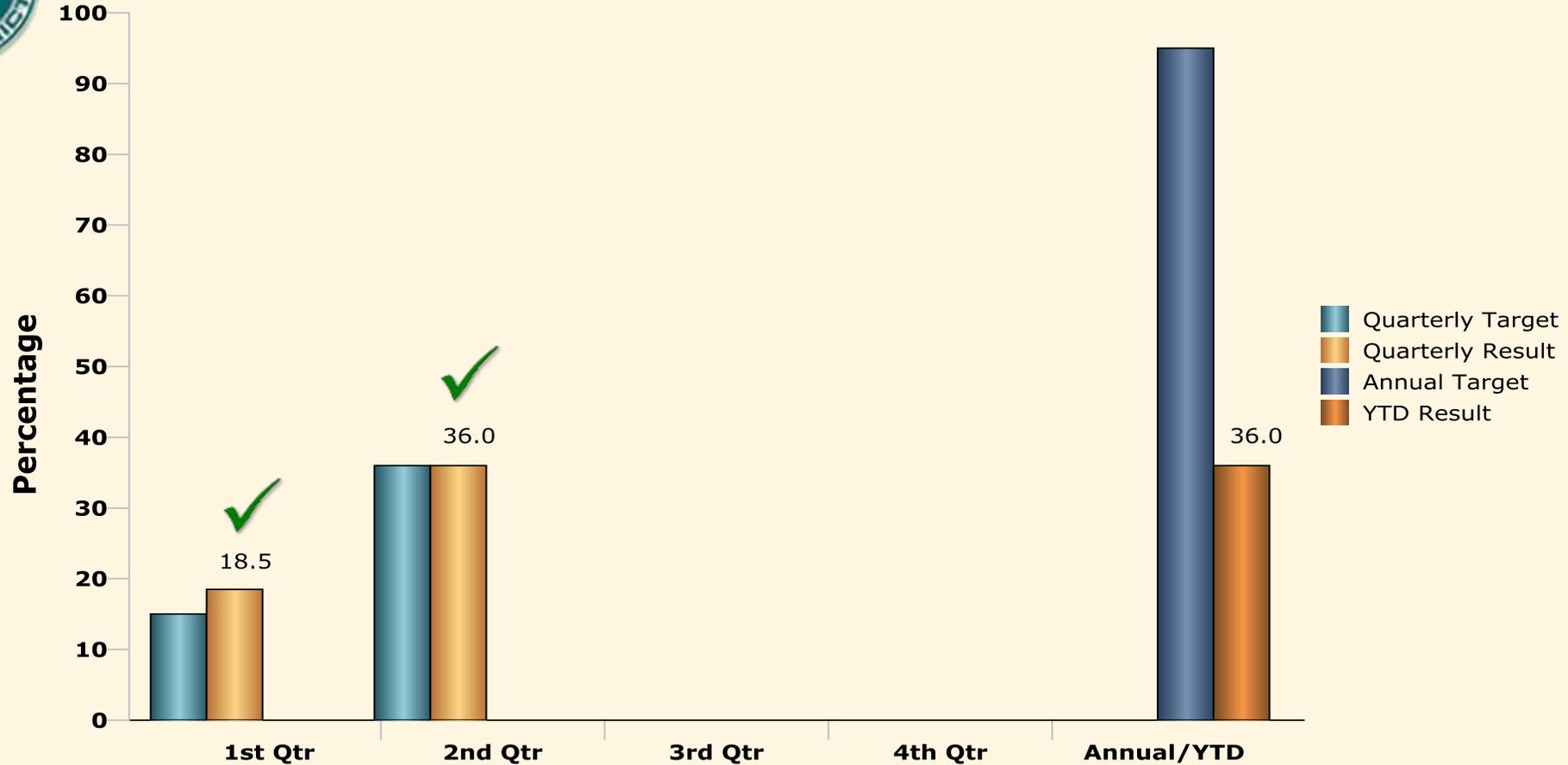


Measure 1.4.107, Safety Training Program, aims to have 24 hours or more of safety training per employee in a single year.

(Qtr Measurement Method: # of safety training hours for the quarter/# of field employees
YTD Measurement Method: YTD Total qualified safety training hours for field employees/Average # of field employees)



2.2.200 - CIP Project Expenditure vs. Budget

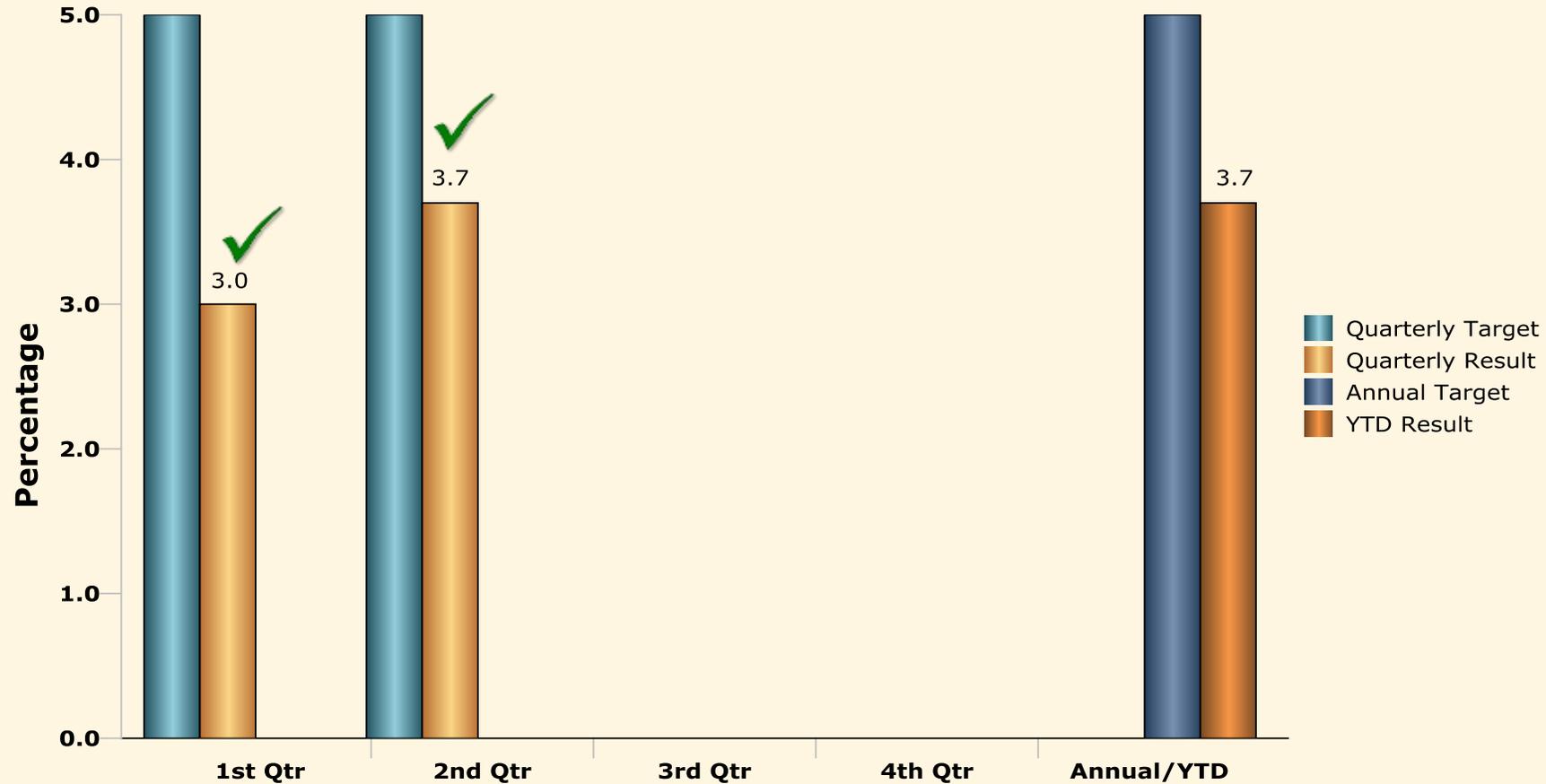


Measure 2.2.200, CIP Project Expenditure vs. Budget, aims to be 95% of budget but is not to exceed 100%. Being significantly below target also gives the measure a “not on target” status.

(Qtr Measurement Method: Actual quarterly expenditures/ Annual budget
YTD Measurement Method: YTD expenditures/ Annual budget)



2.2.201 - Construction Change Order Incidence (w/o allowances)



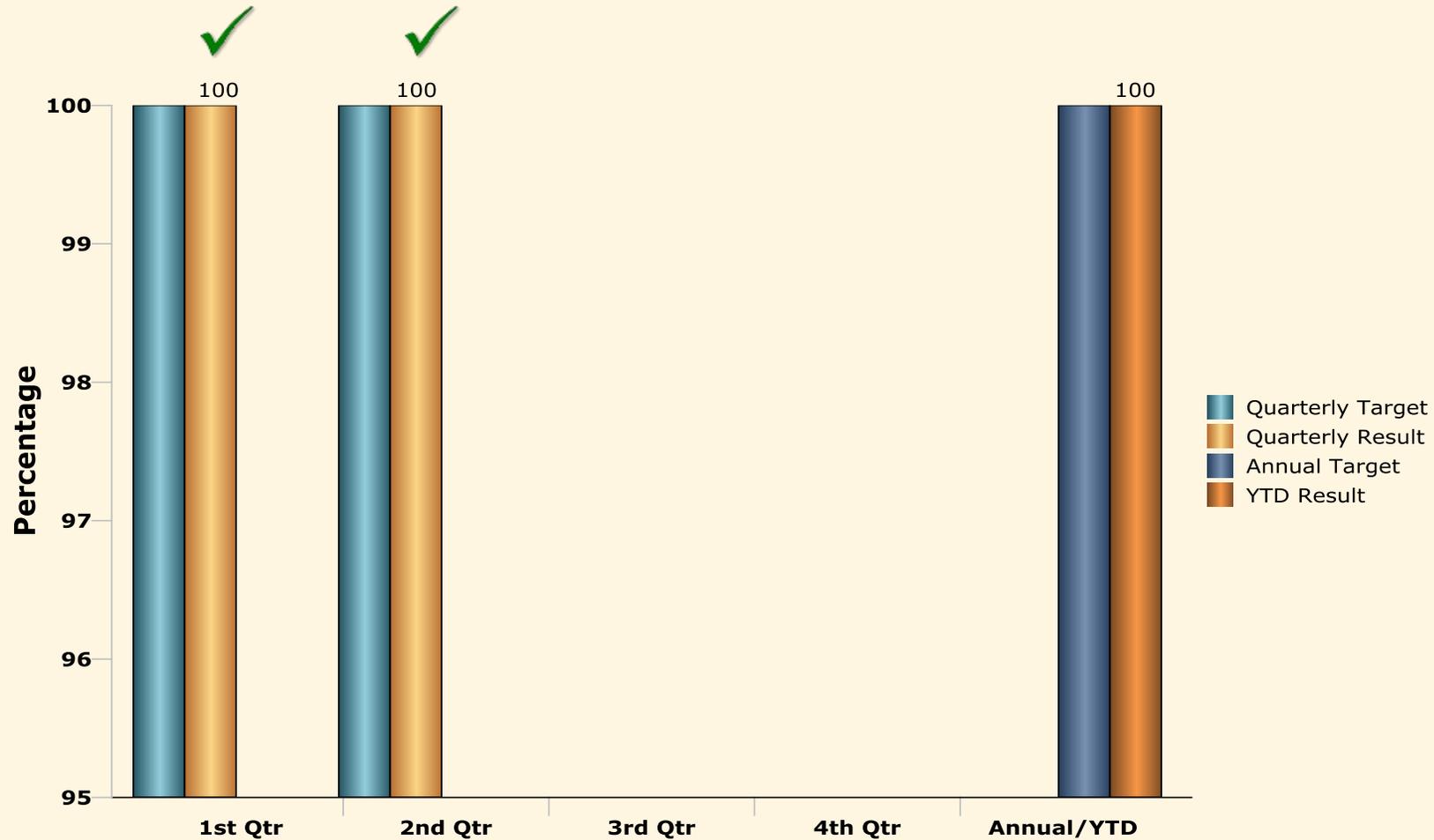
Measure 2.2.201, Construction Change Order Incidence, aims to be no more than 5% in one year.

(Qtr Measurement Method: Total cost of Change Orders (not including allowances)/ Total original construction contract amount (not including allowances))

YTD Measurement Method: YTD total cost of Change Orders (not including allowances)/ YTD total original construction contract amount (not including allowances))



2.3.202 - Mark Out Accuracy



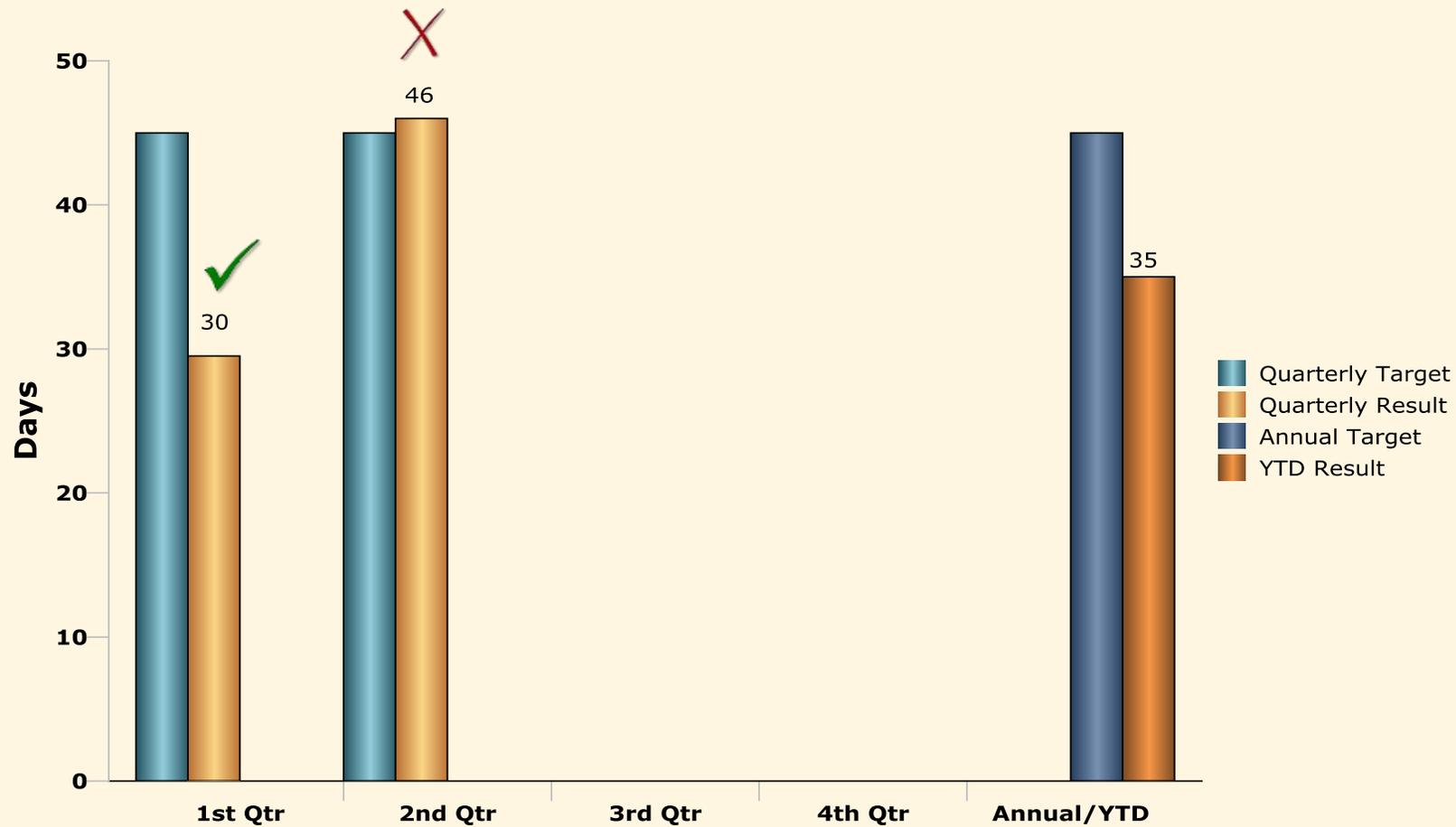
Measure 2.3.202, Mark Out Accuracy, aims to have no less than 100% mark out accuracy every quarter in a single year.

(Qtr Measurement Method: # of mark-outs performed without an at-fault hit, which is damage to a District facility that results from a missing or erroneous mark-out/Total # of mark-outs performed)

YTD Measurement Method: YTD # of mark-outs performed without an at-fault hit, which is damage to a District facility that results from a missing or erroneous mark-out/YTD total # of mark-outs)



2.3.203 - Project Closeout Time

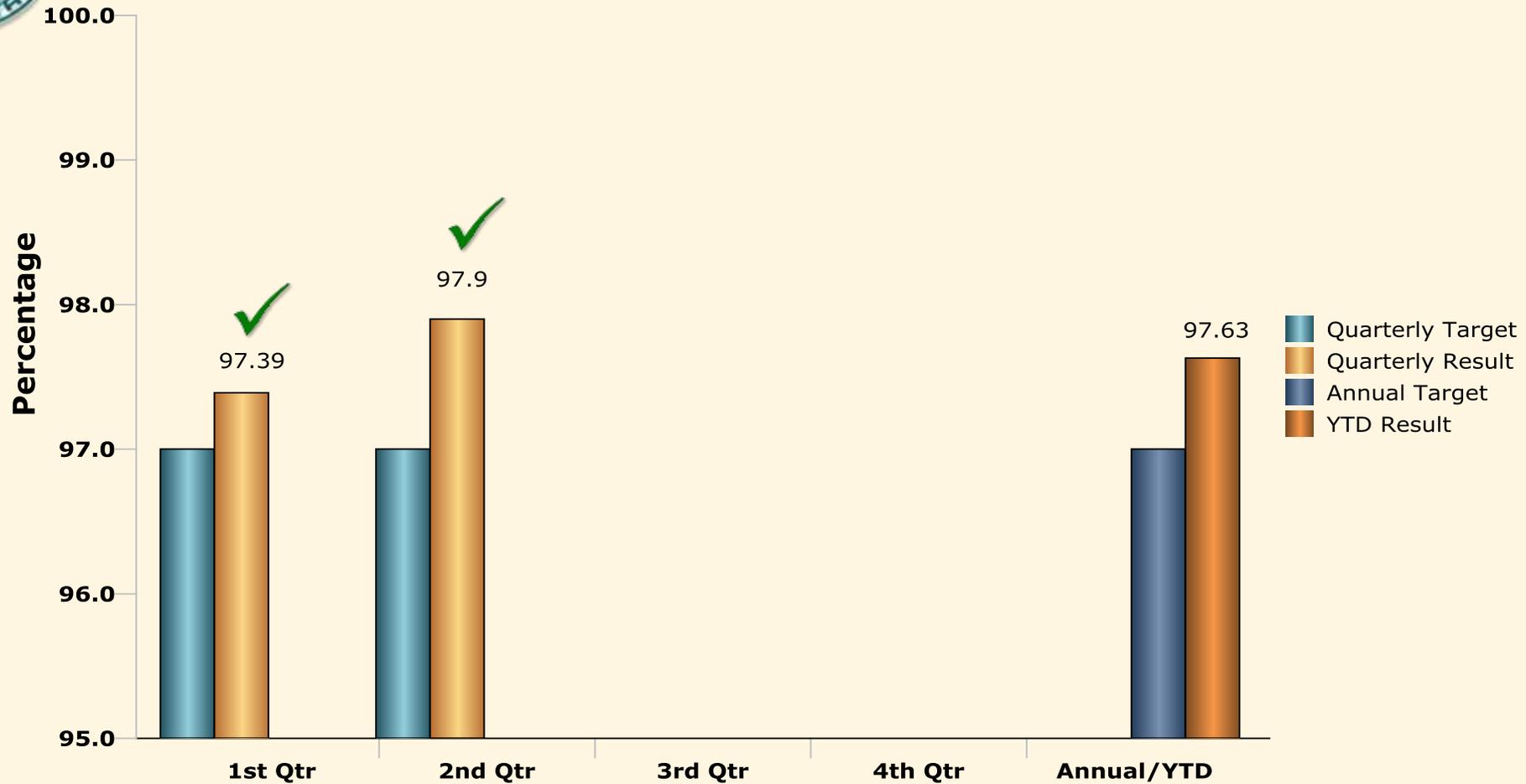


Measure 2.3.203, Project Closeout Time, aims to have an average closeout time of no more than 45 days each quarter in a single year.

(Qtr Measurement Method: # of days between NOSC and NOC for all construction projects within the quarter/# of construction projects within the quarter
YTD Measurement Method: YTD # of days between NOSC and NOC for all construction projects within the quarter/YTD # of construction projects within the quarter)



3.1.300 - Answer Rate

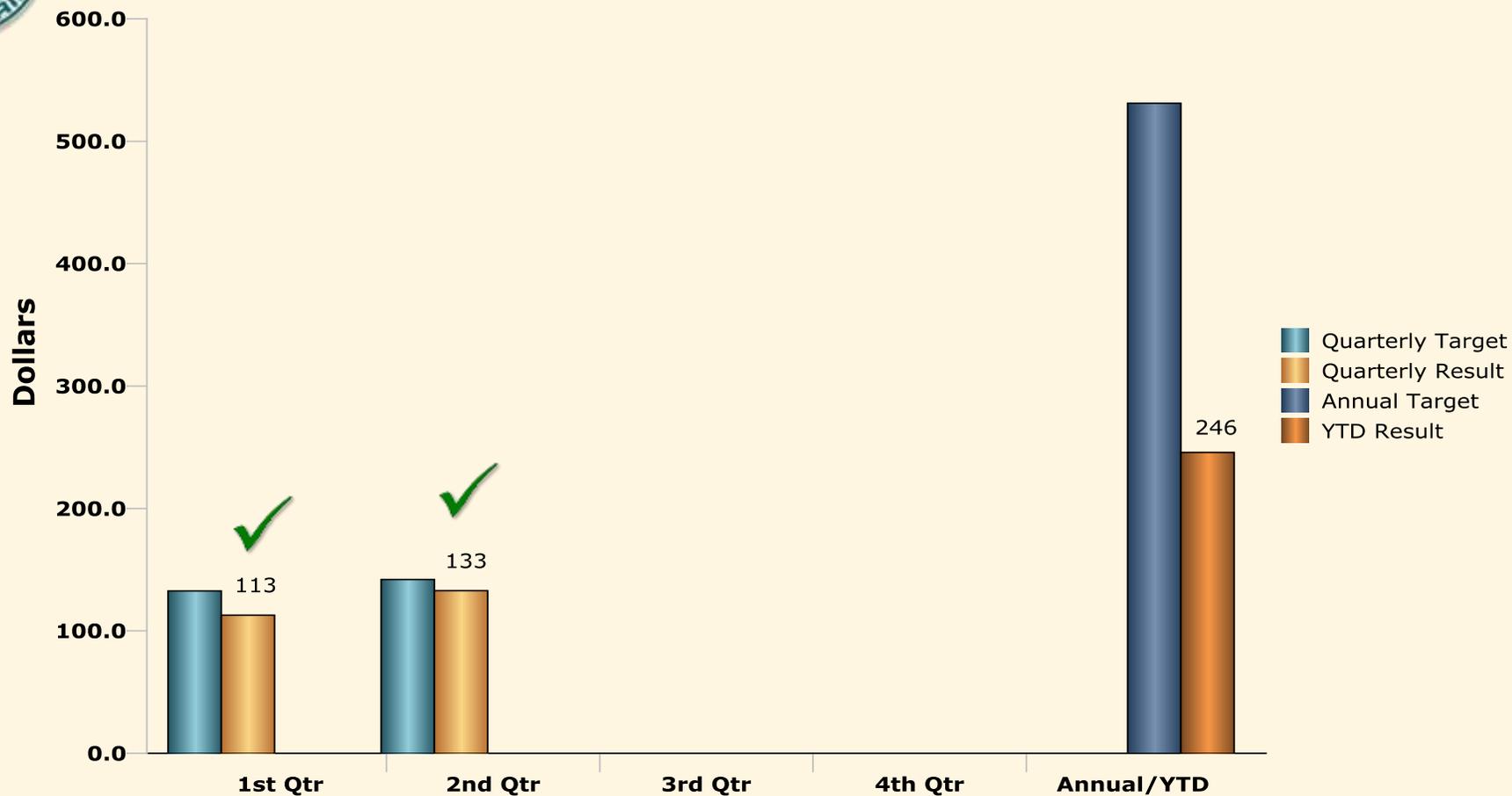


Measure 3.1.300, Answer Rate, aims to have an average answer rate no less than 97% each quarter in a single year.

(Qtr Measurement Method: # of all calls answered/ # of all calls received during a quarter
YTD Measurement Method: YTD # of all calls answered/ YTD # of all calls received)



3.2.301 - O&M Cost Per Account

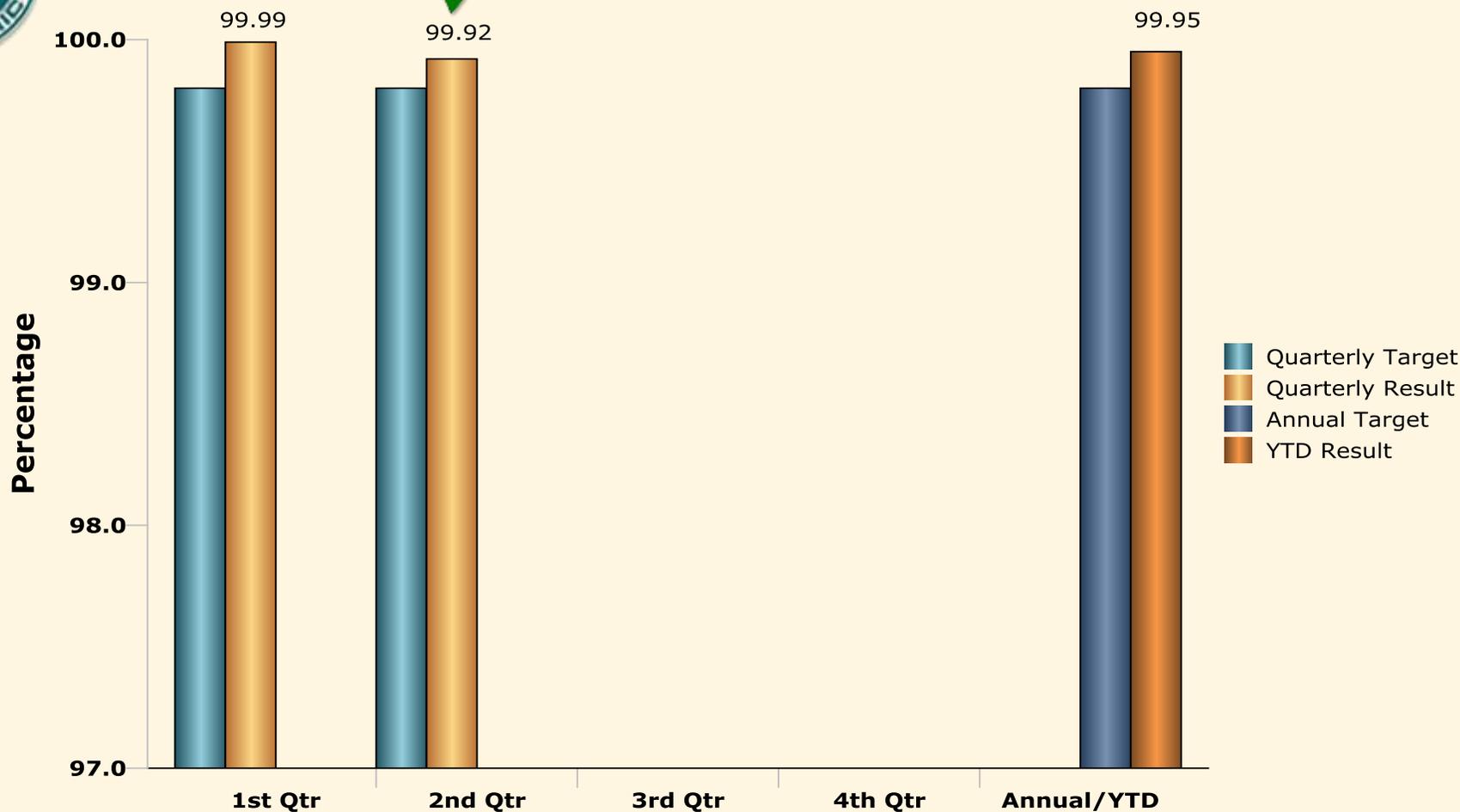


Measure 3.2.301, O&M Cost Per Account, aims to keep O&M cost per account less than \$531.12 in a single year.
Target is based on Operating Budget.

(Qtr Measurement Method: Total operations O&M costs/ # of accounts.
YTD Measurement Method: YTD total operations O&M costs/# of accounts)



3.2.302 - Billing Accuracy



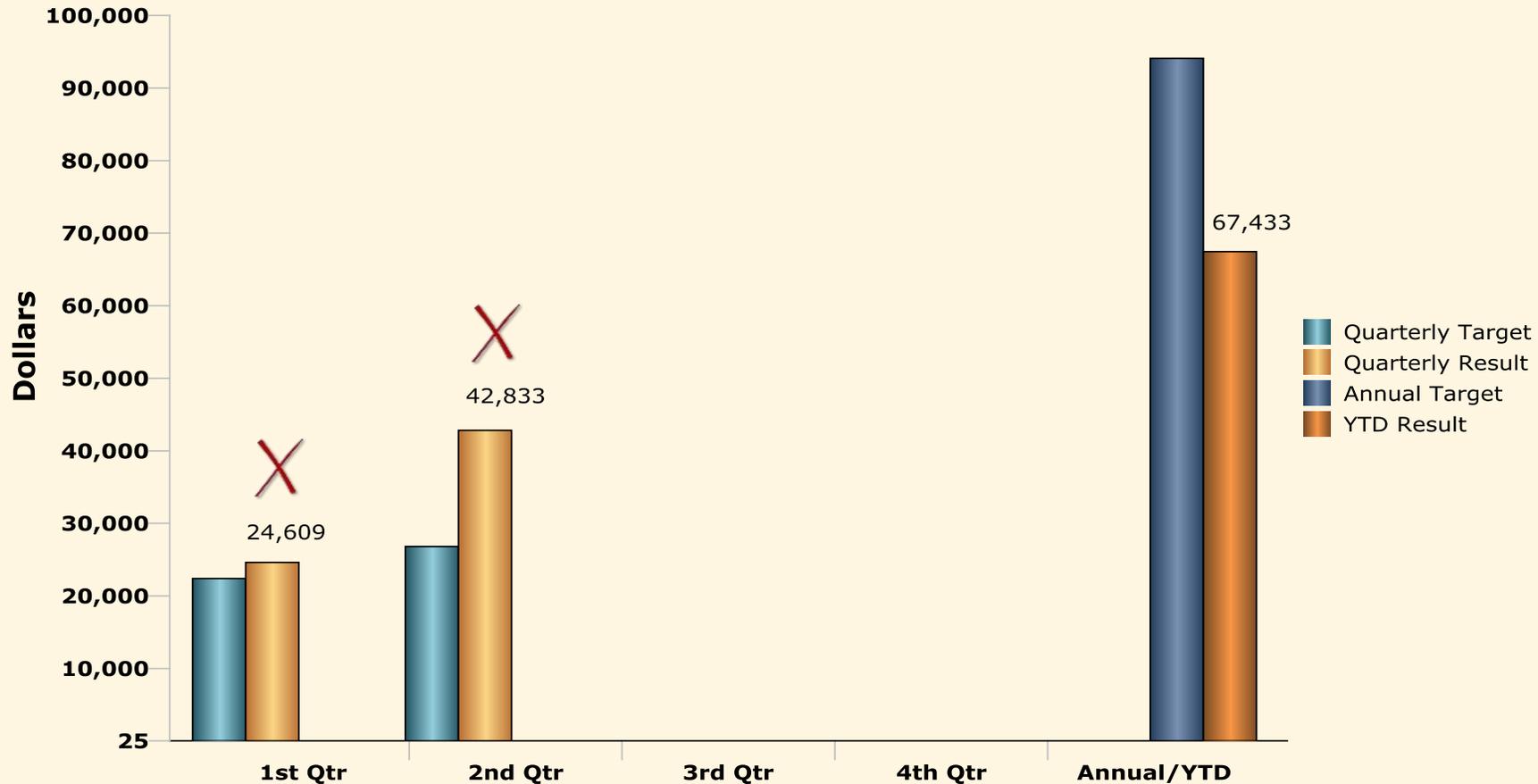
Measure 3.2.302, Billing Accuracy, aims to have no less than 99.8% billing accuracy per quarter in a single year.

(Qtr Measurement Method: # of correct bills during the reporting period/# of total bills during the reporting period

YTD Measurement Method: YTD # of correct bills during the reporting period/YTD # of total bills during the reporting period)



3.2.303 - Overtime Cost

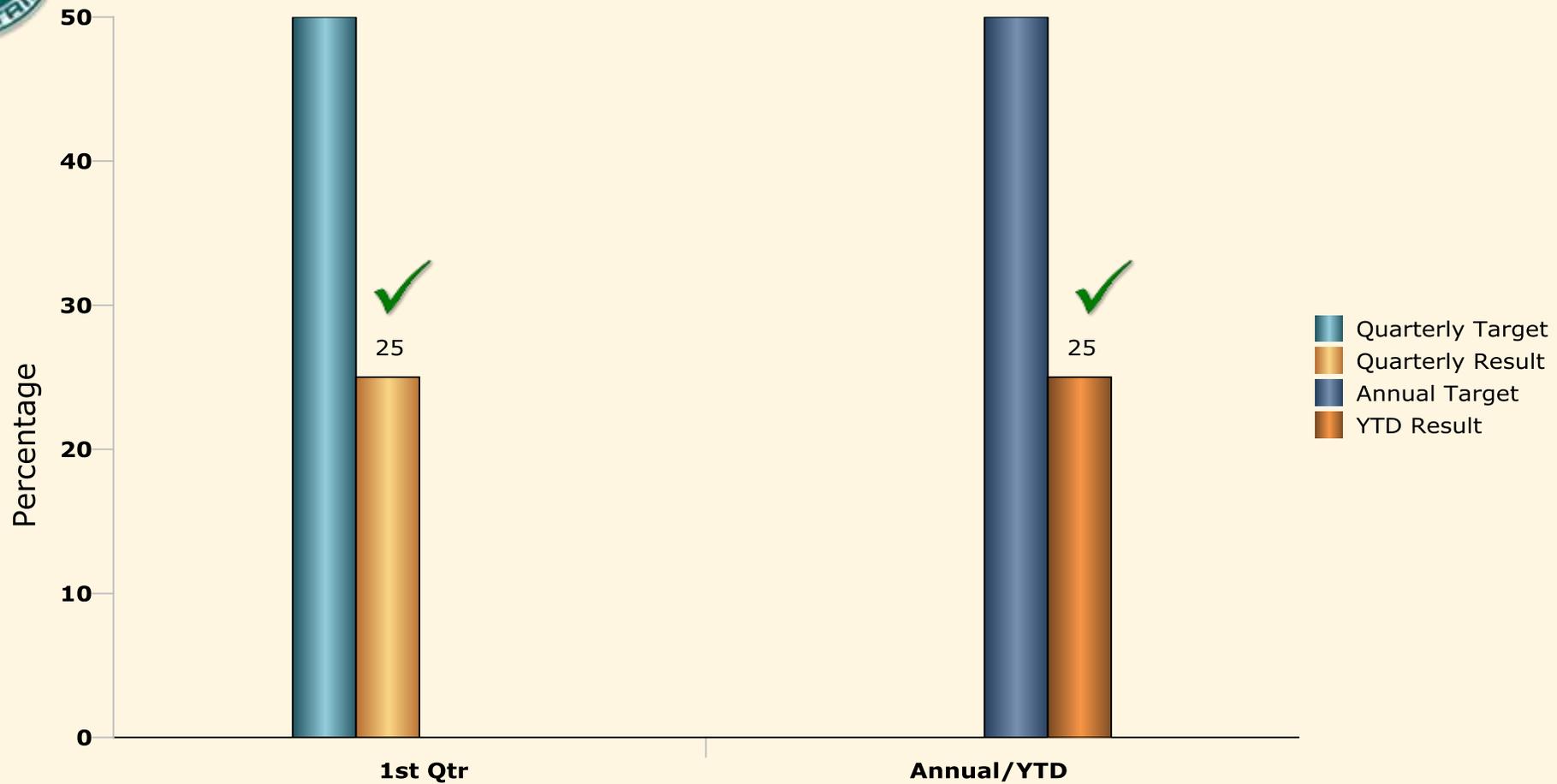


Measure 3.2.303, Overtime Cost, aims to keep overtime less than \$94,100 by the end of the fiscal year.
Target is based on Operating Budget.

(Qtr Measurement Method: Actual overtime costs
YTD Measurement Method: YTD Actual overtime costs (including comp time)



3.2.304 - Sewer Rate Ranking

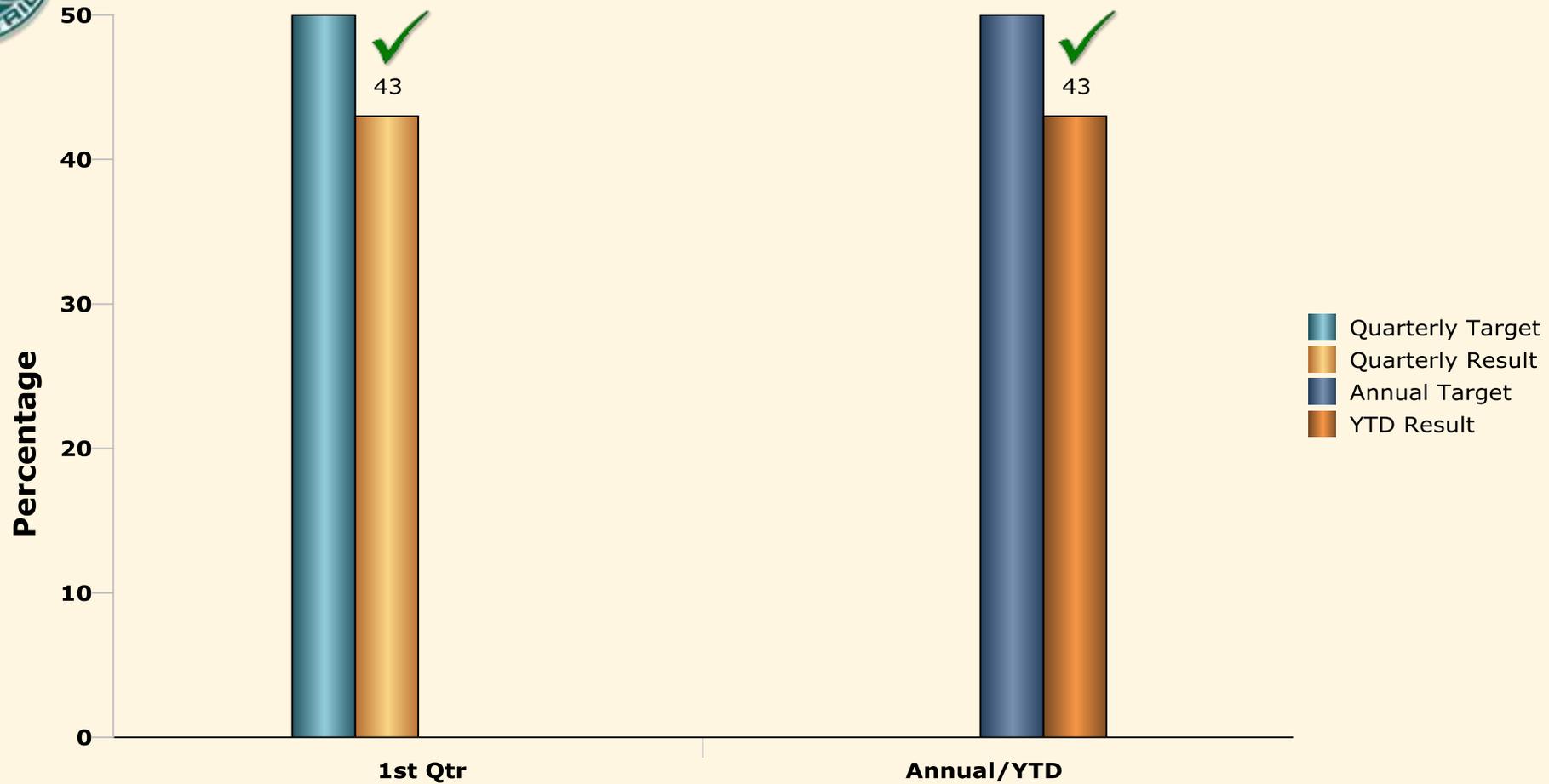


Measure 3.2.304, Sewer Rate Ranking, is reported annually in the first quarter and represents the results for the given fiscal year. The District's goal is to be below the midpoint (bottom 50%) for the 28 sewer service providers in San Diego.

(Qtr Measurement Method: Otay ranking for the average bill for sewer/ # of agencies
YTD Measurement Method: Quarter result is YTD result. One result represents the entire FY)



3.2.305 - Water Rate Ranking

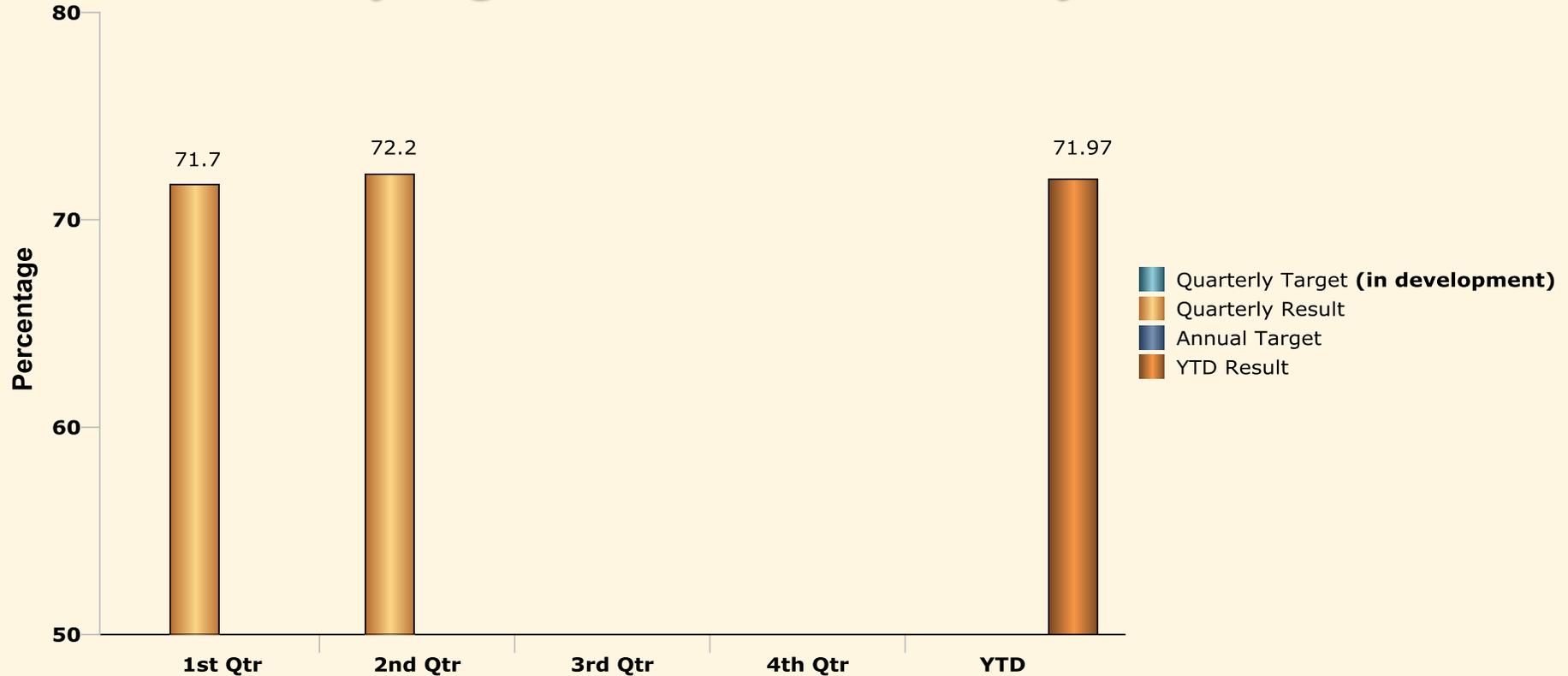


Measure 3.2.305, Water Rate Ranking, is reported annually in the first quarter and represents the results for the given fiscal year. The District’s goal is to be below the midpoint (bottom 50%) for the 23 member agencies in San Diego.

(Qtr Measurement Method: Otay ranking among CWA member agencies for average
YTD Measurement Method: Quarter result is YTD result. One result represents the entire FY)



3.2.309 - Percent of Customers Paying Bills Electronically



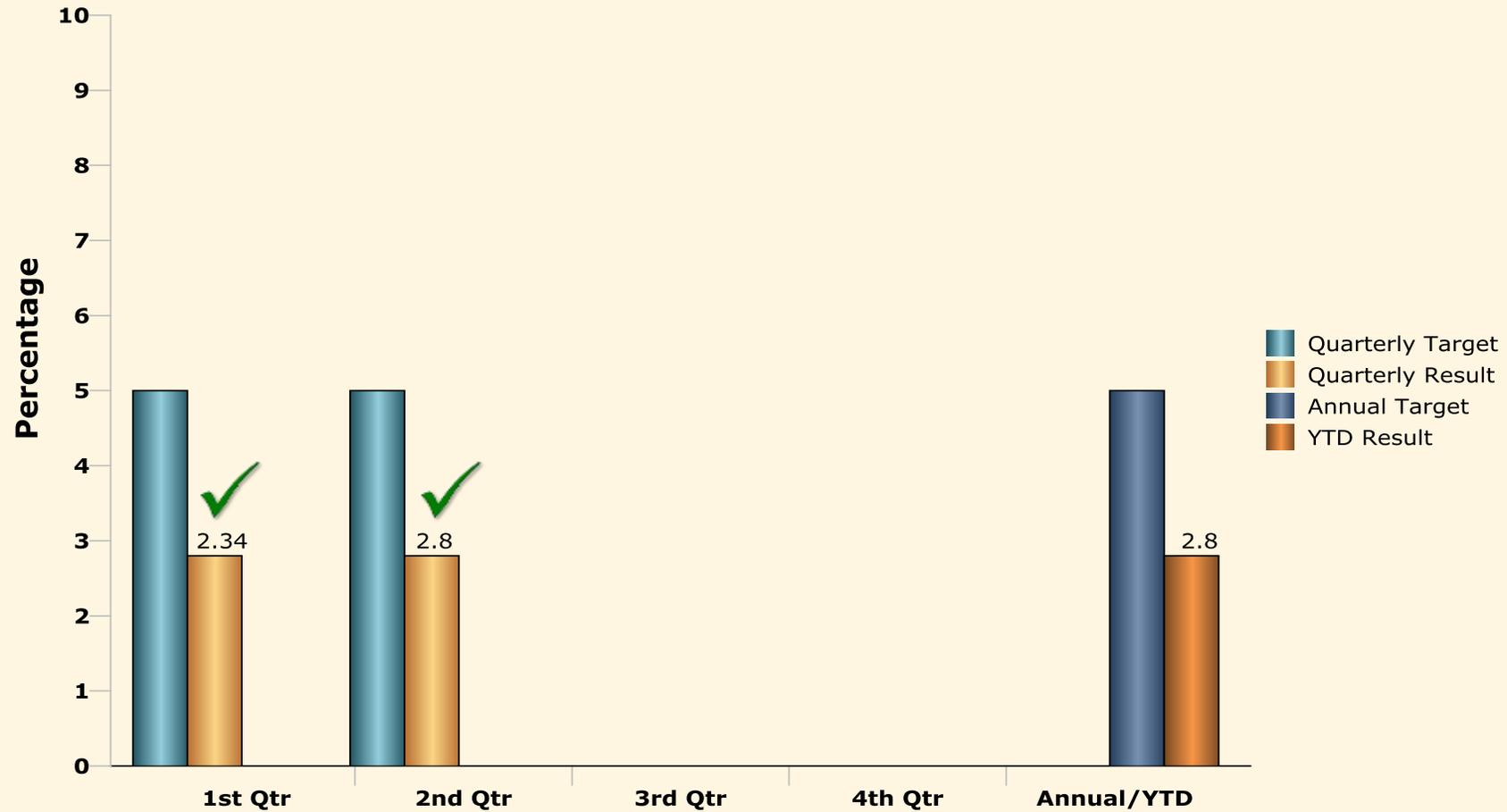
Measure 3.2.309, Percent of Customers Paying Bills Electronically, aims to be above all set targets.

***Note: No set targets in FY16. We will establish a baseline in FY16 and recommend appropriate targets for FY17-18 Strategic Plan.**

(Qtr Measurement Method: # of customers paying bills electronically/ total # of customers
YTD Measurement Method: YTD # of customers paying bills electronically/ total # of customers)



3.3.308 - Distribution System Loss



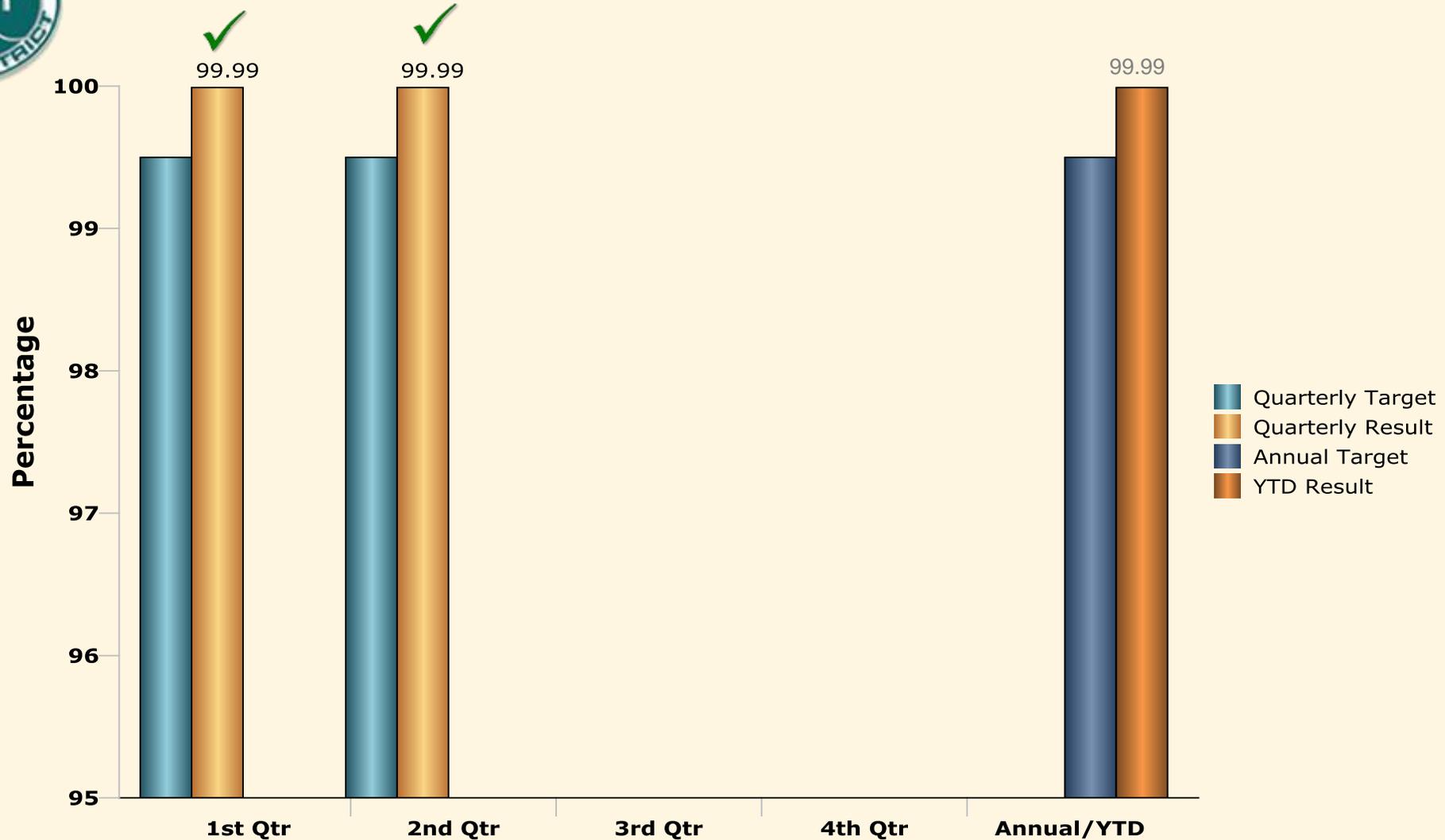
Measure 3.3.308, Distribution System Loss, aims to ensure less than 5% of unaccounted water in a single year.

***Note: The calculation is a year-to-date calculation, so Qtr Result = YTD Result.**

(Qtr and YTD Measurement Method: $100 \frac{[\text{volume purchased}(\text{from CWA}) - (\text{volume sold}(\text{to Customers}) + \text{volume used}(\text{District Usage})]}{\text{volume purchased}(\text{from CWA})}]$)



4.3.401 - Enterprise System Availability

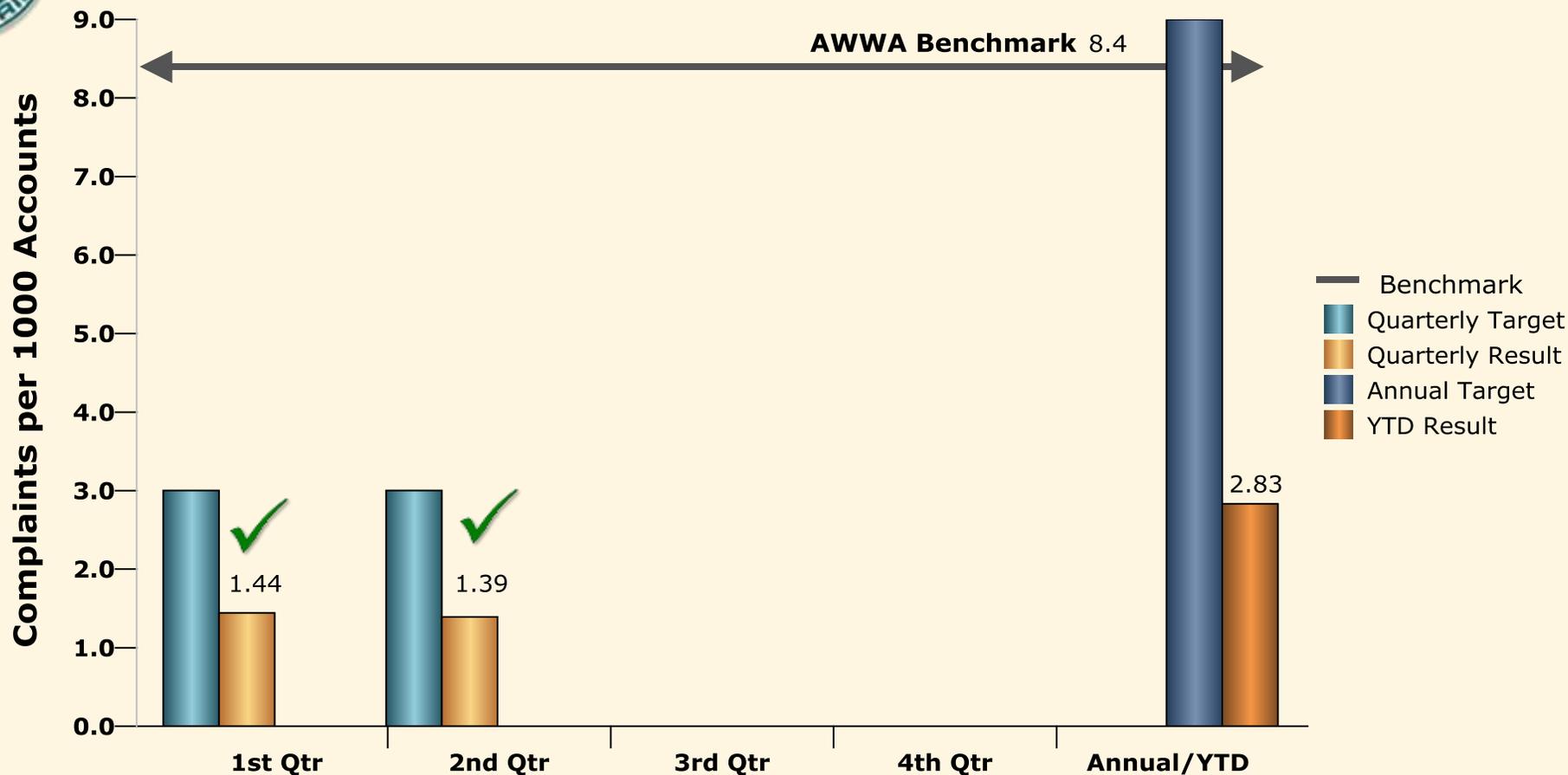


Measure 4.3.401, Enterprise System Availability, aims to have no less than 99.5% availability per quarter in a single year.

(Qtr and YTD Measurement Method: 99.5% = 3.60 hours of downtime per month/ 1.83 days of downtime in a year)



5.1.501 - Technical Quality Complaint (AWWA)



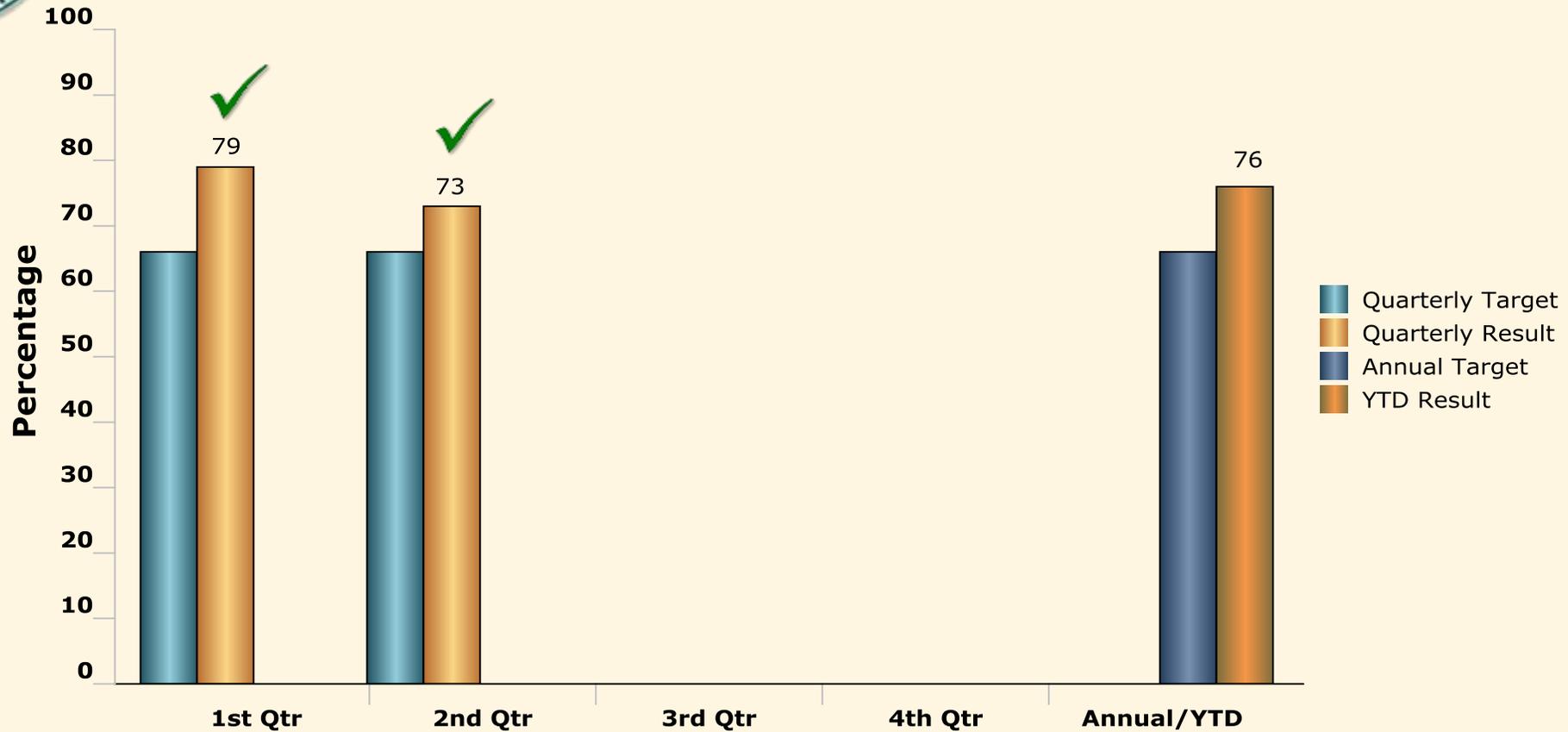
Measure 5.1.501, Technical Quality Complaint, aims to have no more than 9 complaints per 1000 customer accounts in a single year.

(Qtr Measurement Method: $(1000 \times \# \text{ of technical quality complaints per quarter}) / \# \text{ of active customer accounts per reporting period.}$

YTD Measurement Method: $(1000 \times \# \text{ of technical quality complaints per year}) / \# \text{ of connections.}$)

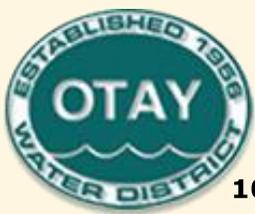


5.2.502 - Planned Potable Water Maintenance Ratio in \$

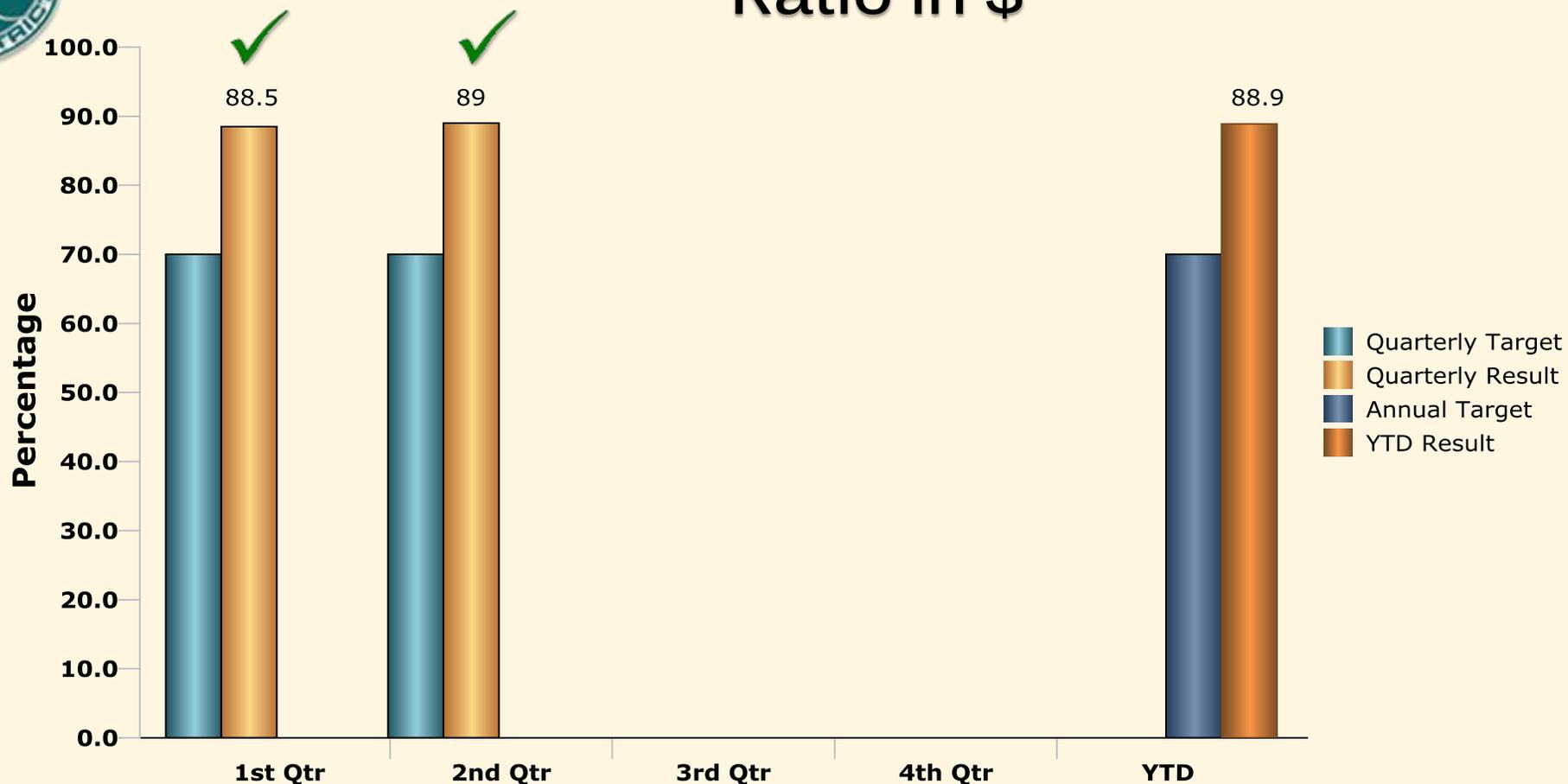


Measure 5.2.502, Planned Potable Water Maintenance Ratio in \$, aims to have no less than 66% of all labor dollars spent on preventative maintenance per quarter in a single year.

(Qtr Measurement Method: Total planned maintenance cost/ Total maintenance cost
YTD Measurement Method: YTD planned maintenance cost/ YTD total maintenance cost)



5.2.503 - Planned Recycled Water Maintenance Ratio in \$

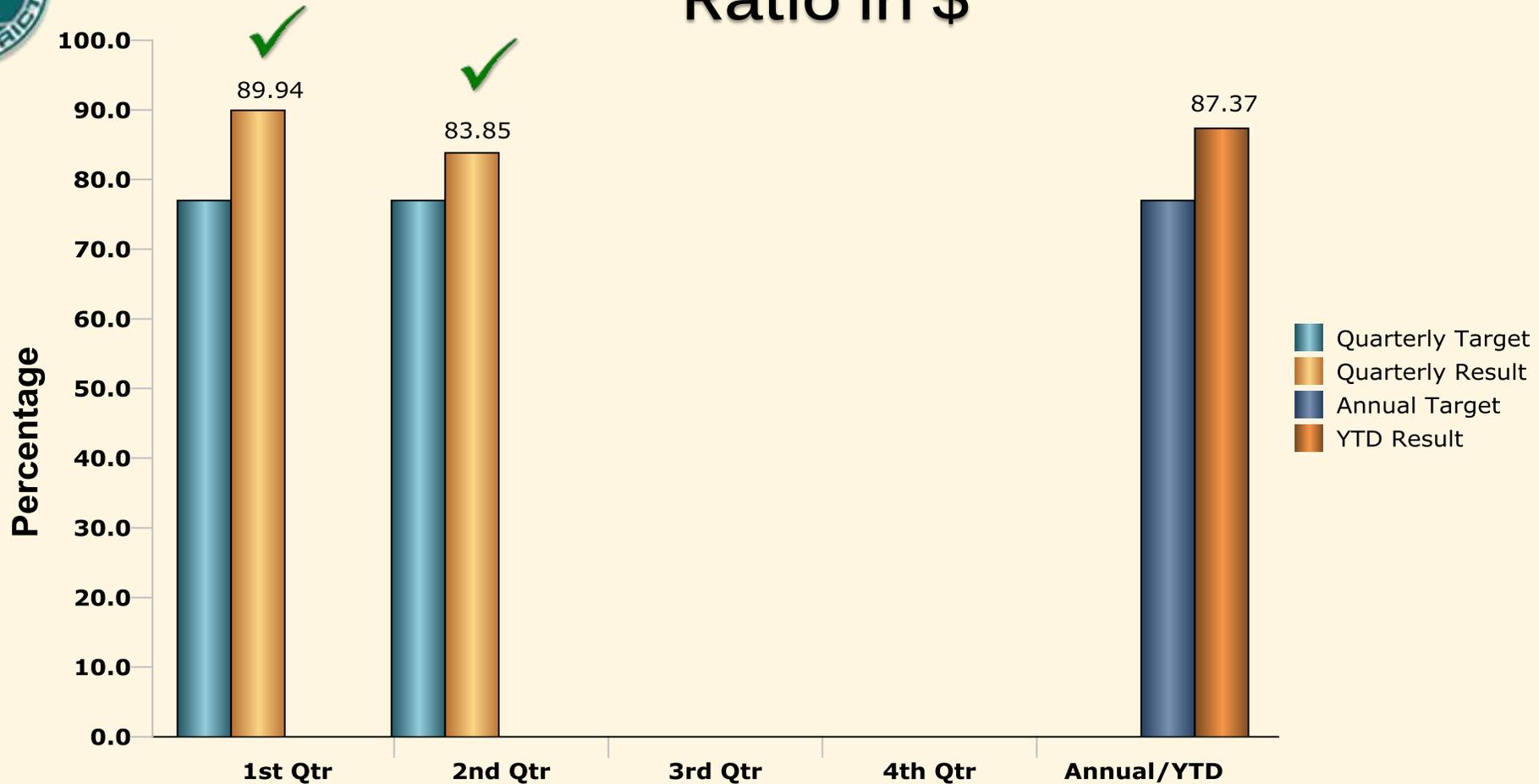


Measure 5.2.503, Planned Recycled Water Maintenance Ratio in \$, aims to have no less than 70% of all labor dollars spent on preventative maintenance per quarter in a single year.

(Qtr Measurement Method: Total planned maintenance cost/ Total maintenance cost)



5.2.504 - Planned Wastewater Maintenance Ratio in \$

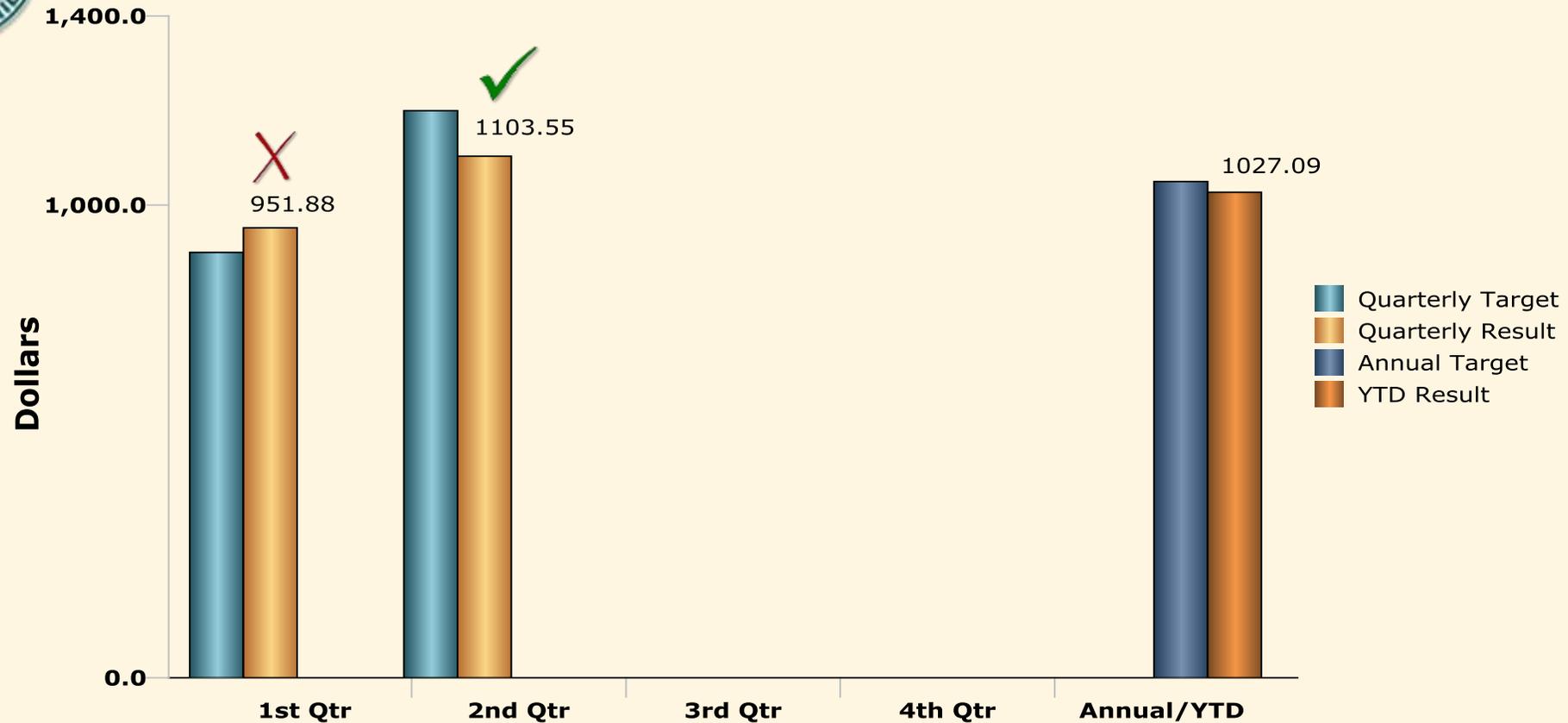


Measure 5.2.504, Planned Wastewater Maintenance Ratio in \$, aims to have no less than 77% of all labor dollars spent on preventative maintenance per quarter in a single year.

(Qtr Measurement Method: Total planned maintenance cost / Total maintenance cost
YTD Measurement Method: YTD planned maintenance cost / YTD total maintenance cost)



5.2.505 - Direct Cost of Treatment per MGD

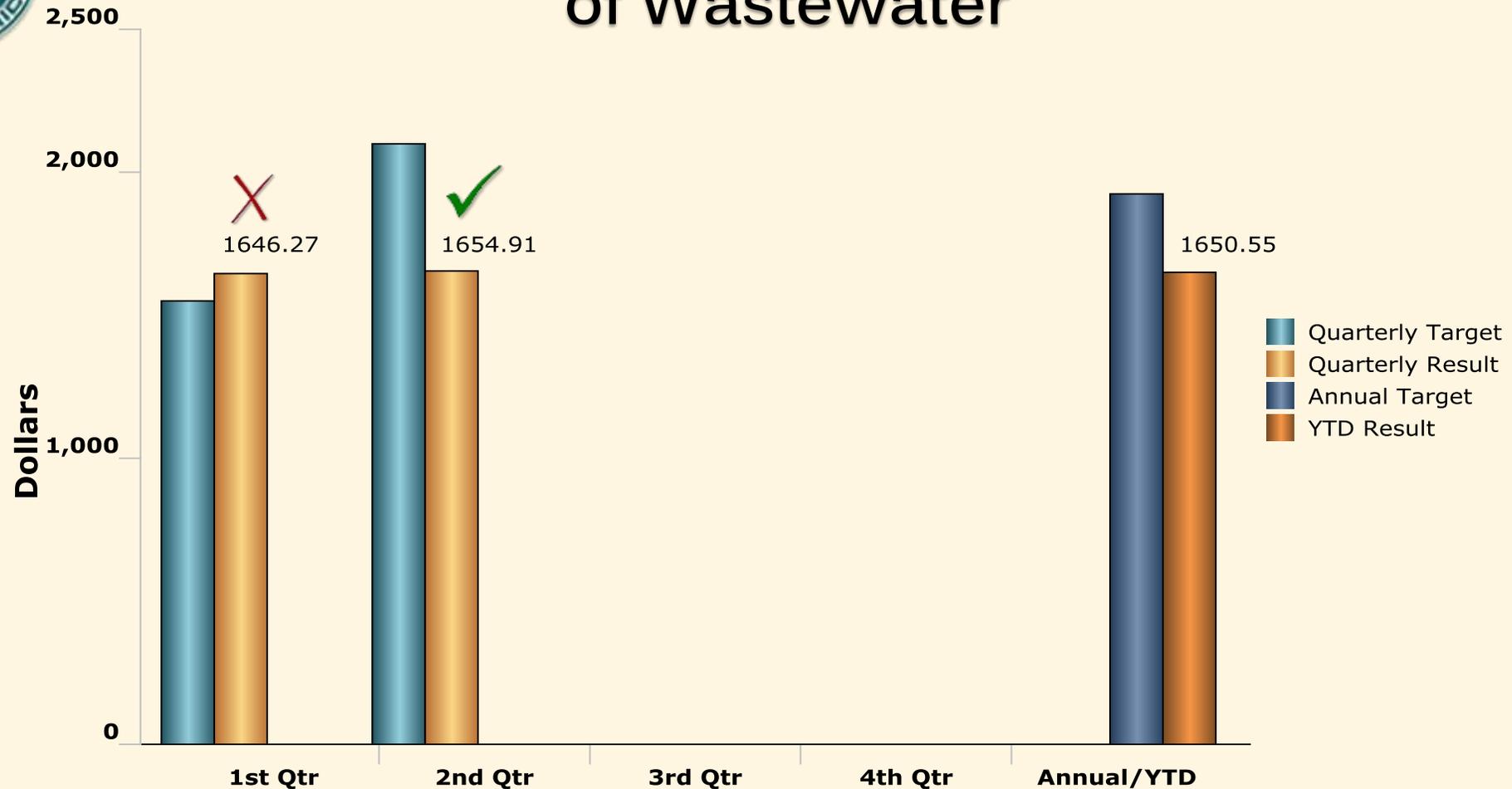


Measure 5.2.505, Direct Cost of Treatment per MGD, aims to have no more than \$1050 per MG spent on wastewater treatment in a single year. Targets each quarter will vary based on high and low demand times.

(Qtr Measurement Method: Total O&M costs directly attributable to sewer treatment / Total volume in MG for one quarter
Total O&M Costs = (power cost)+(staff cost without overhead)+(chemical cost)+(equipment cost) / Million Gallons Processed)



5.2.506 - O&M Cost per MG Processed of Wastewater



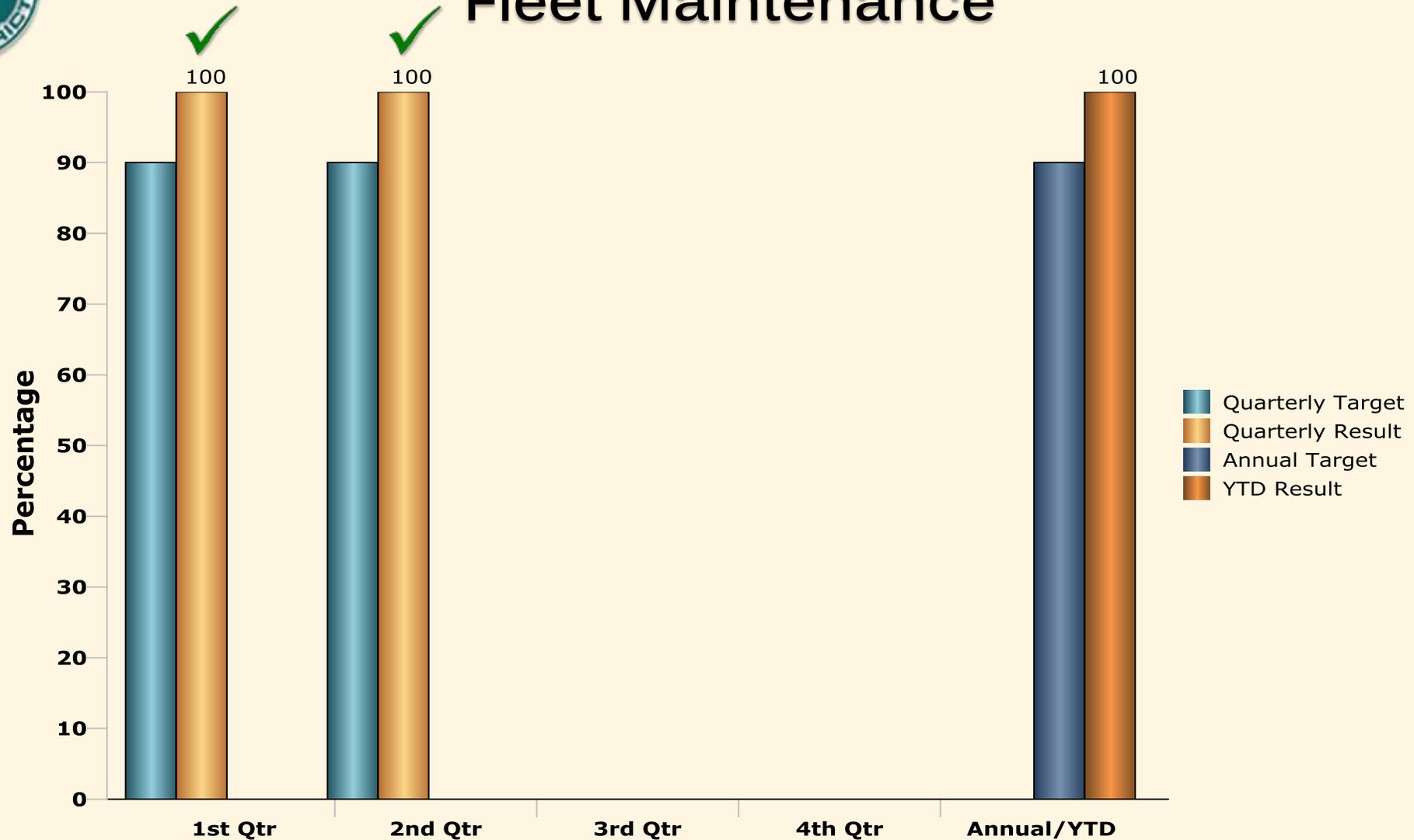
Measure 5.2.506, O & M Cost per MGP of Wastewater, aims to have no more than \$1925 per MG spent on O&M for wastewater treatment in a single year. Targets each quarter will vary based on high and low demand times.

(Qtr Measurement Method: Total O&M cost / MGP)

FYTD O&M Cost = (power cost)+(staff cost)+(chemical cost)+(equipment cost) / FYTD MGP)



5.3.507 - Percent of PMs Completed – Fleet Maintenance

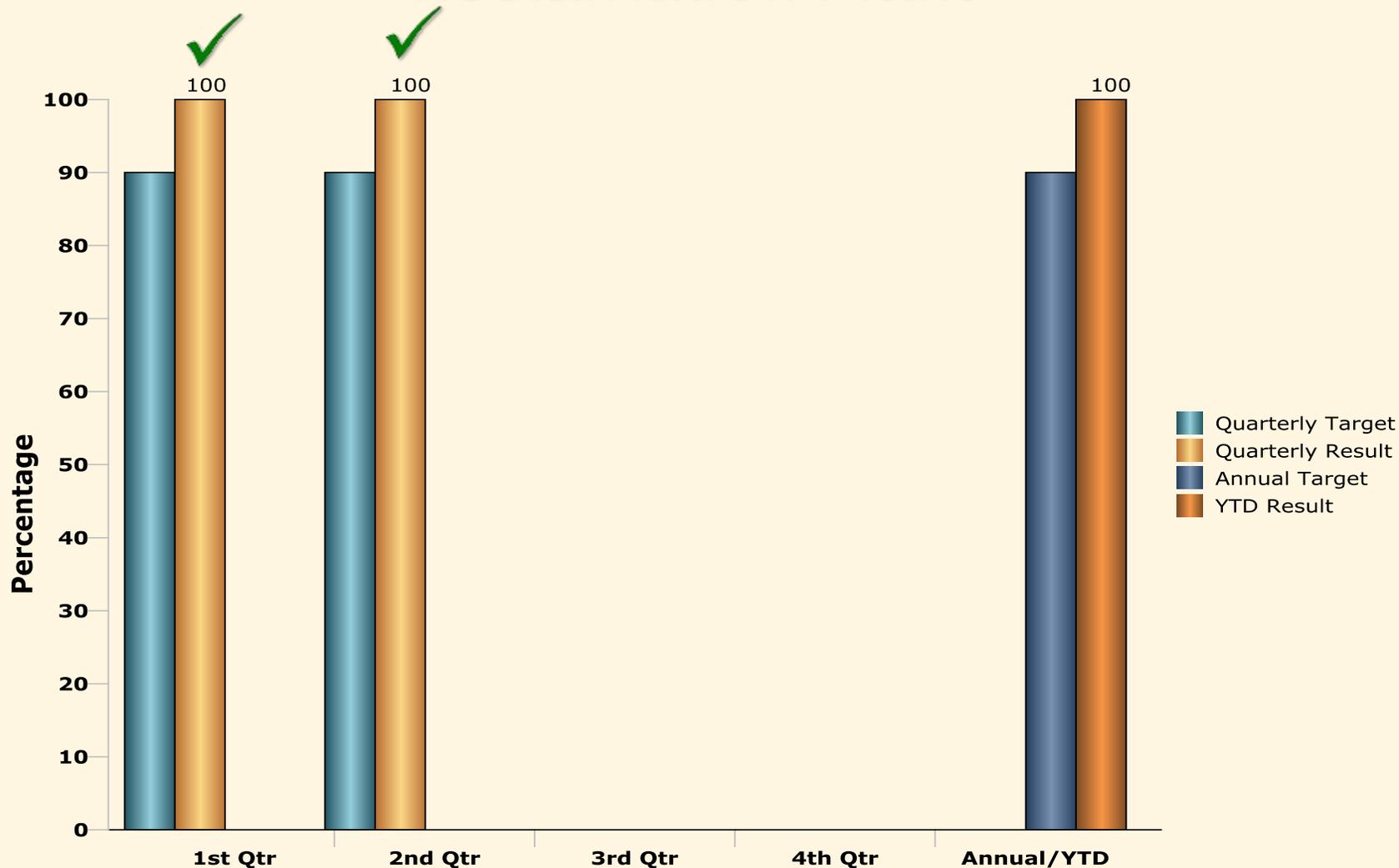


Measure 5.3.507, % PMs Completed – Fleet Maintenance, aims to have no less than 90% of the scheduled PMs completed per quarter in a single year.

(Qtr and YTD Measurement Method: # of PM's completed for the quarter/ # of PM's scheduled to be completed for the quarter)



5.3.508 - Percent of PMs Completed – Reclamation Plant

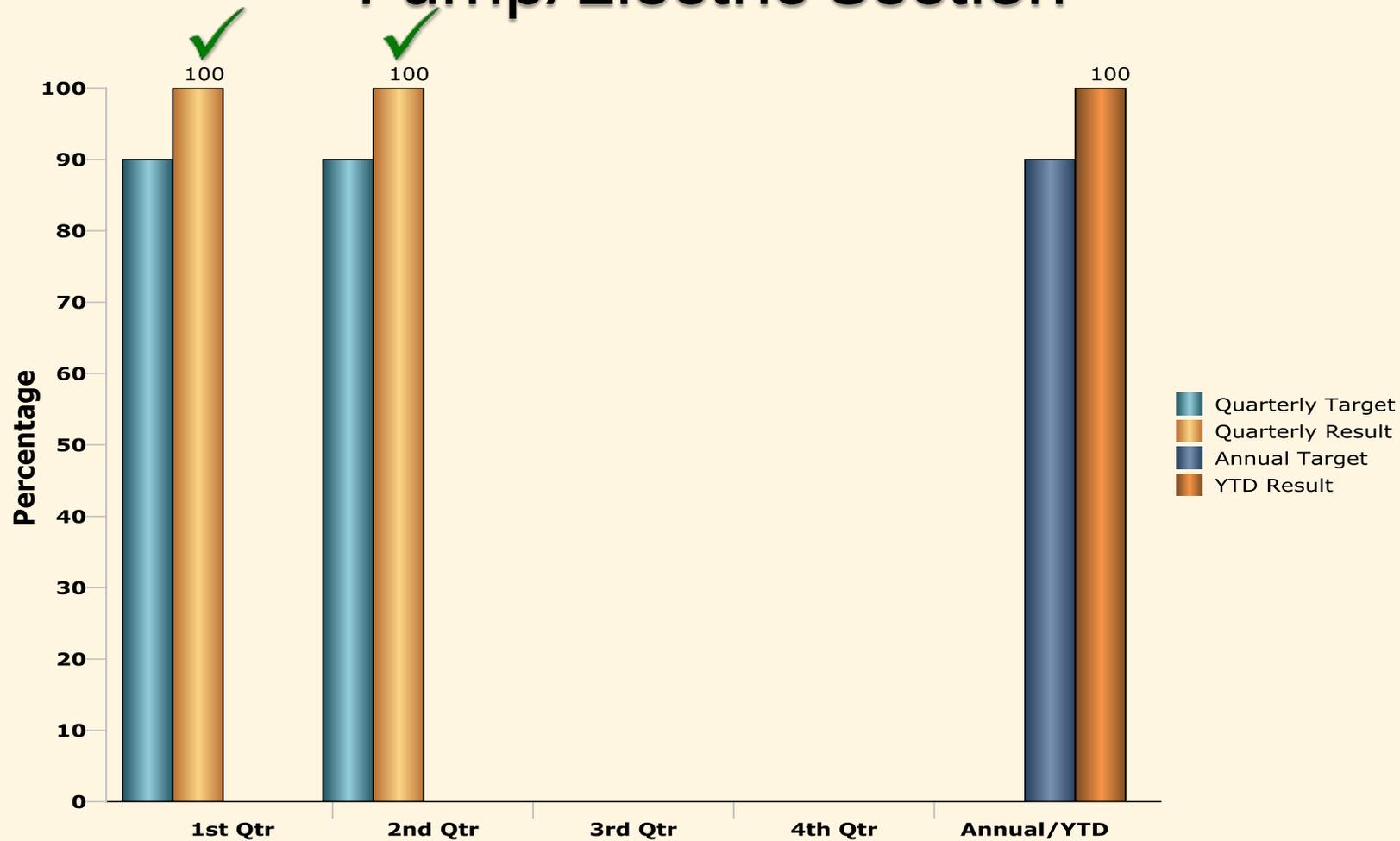


Measure 5.3.508, % PMs Completed – Reclamation Plant, aims to have no less than 90% of the scheduled PMs completed per quarter in a single year.

(Qtr and YTD Measurement Method: # of PM's completed for the quarter/ # of PM's scheduled to be completed for the quarter)



5.3.509 - Percent of PMs Completed – Pump/Electric Section



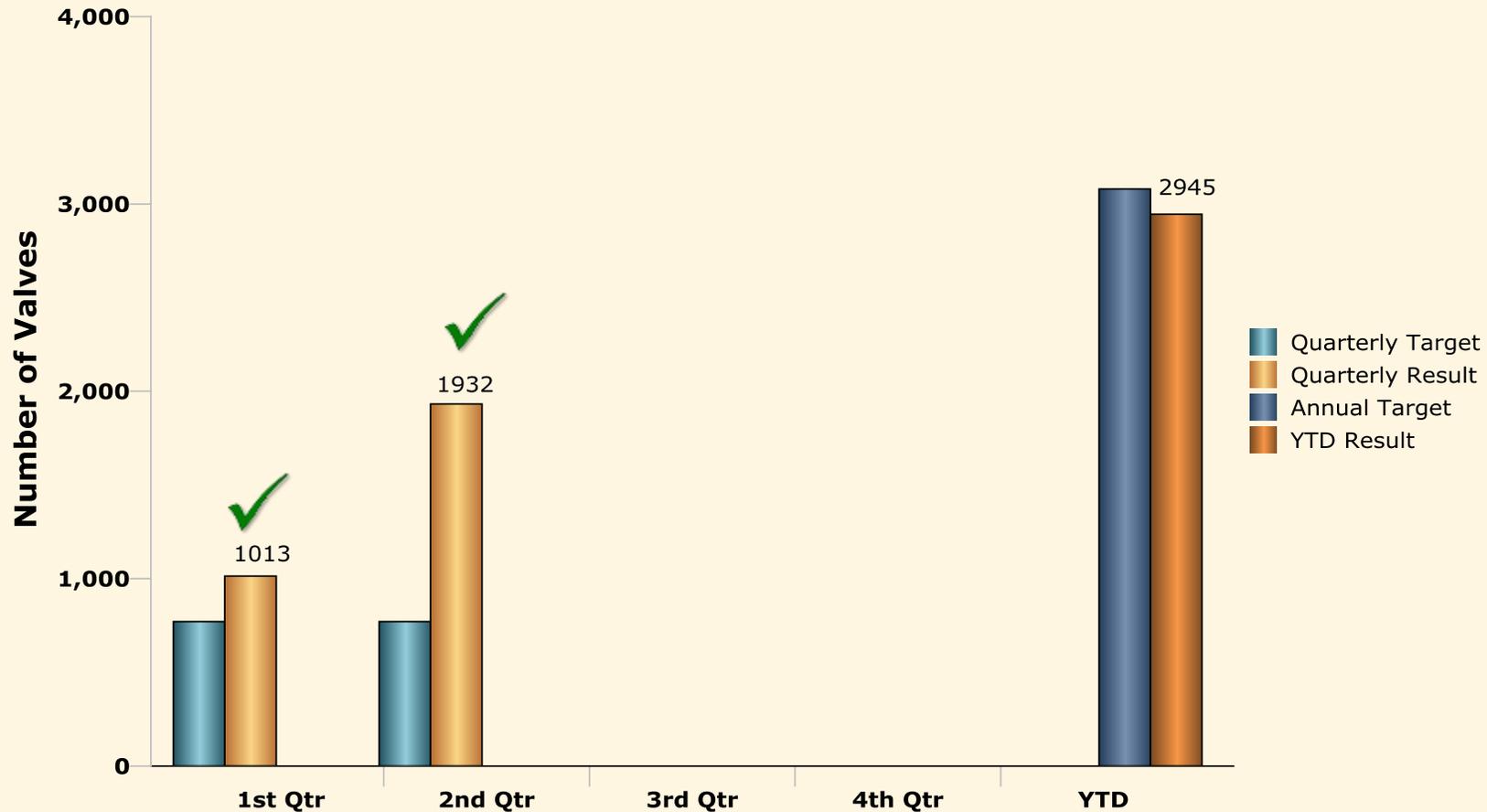
Measure 5.3.509, % PMs Completed - Pump/Electric Section, aims to have no less than 90% of the scheduled PMs completed per quarter in a single year.

PMs include altitude and relief valves testing, pump motor oil changes, pump efficiency testing, and vibration testing for pumps and motors.

(Qtr and YTD Measurement Method: # of PM's completed for the quarter / # of PM's scheduled to be completed for the quarter)



5.3.511 - System Valve Exercising Program

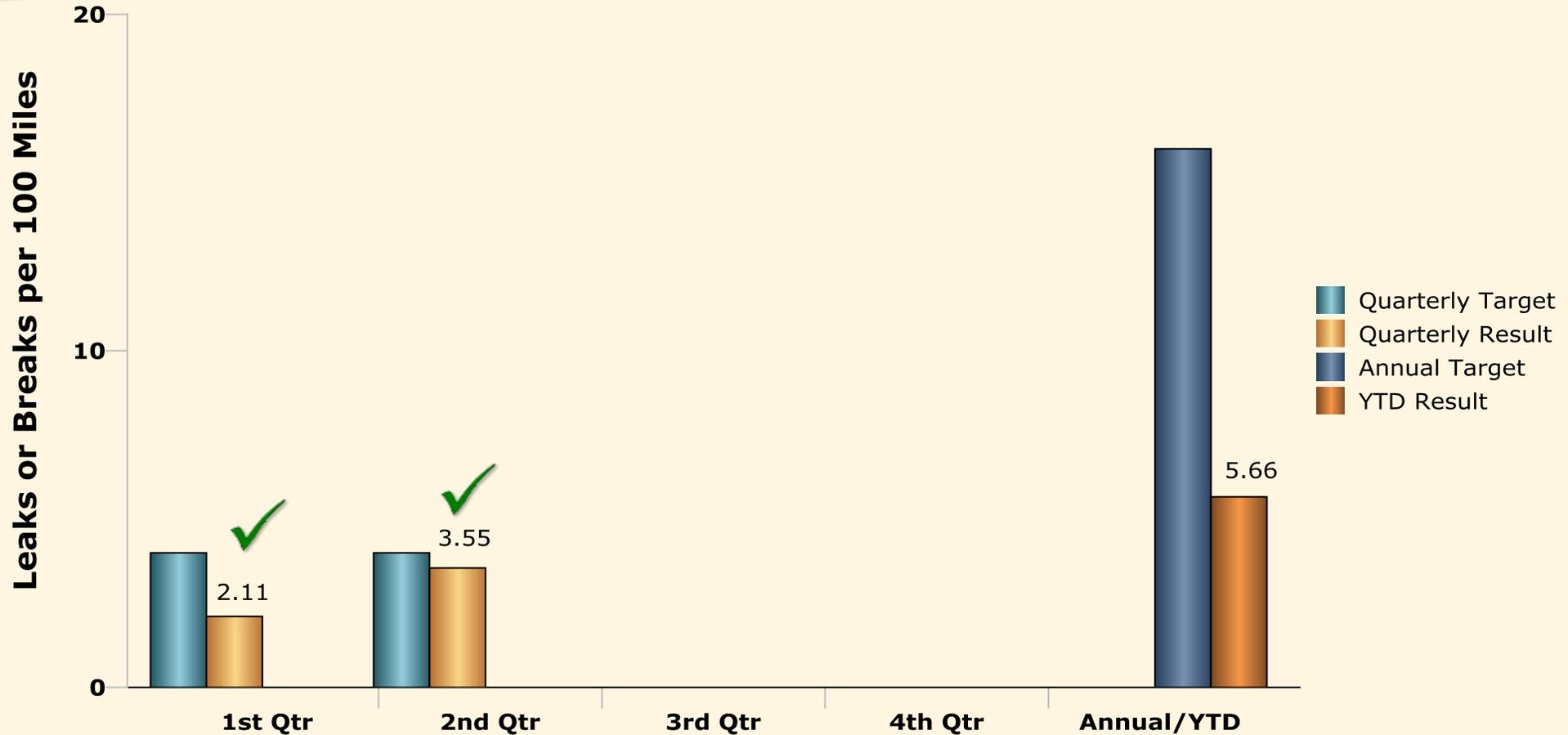


Measure 5.3.511, System Valve Exercising Program, aims to have 770 valves per quarter or 3,080 valves exercised by end of fiscal year.

(Qtr Measurement Method: Actual number of valves exercised per quarter
YTD Measurement Method: Cumulative number of valves exercised YTD)



5.3.512 - Potable Water Distribution System Integrity

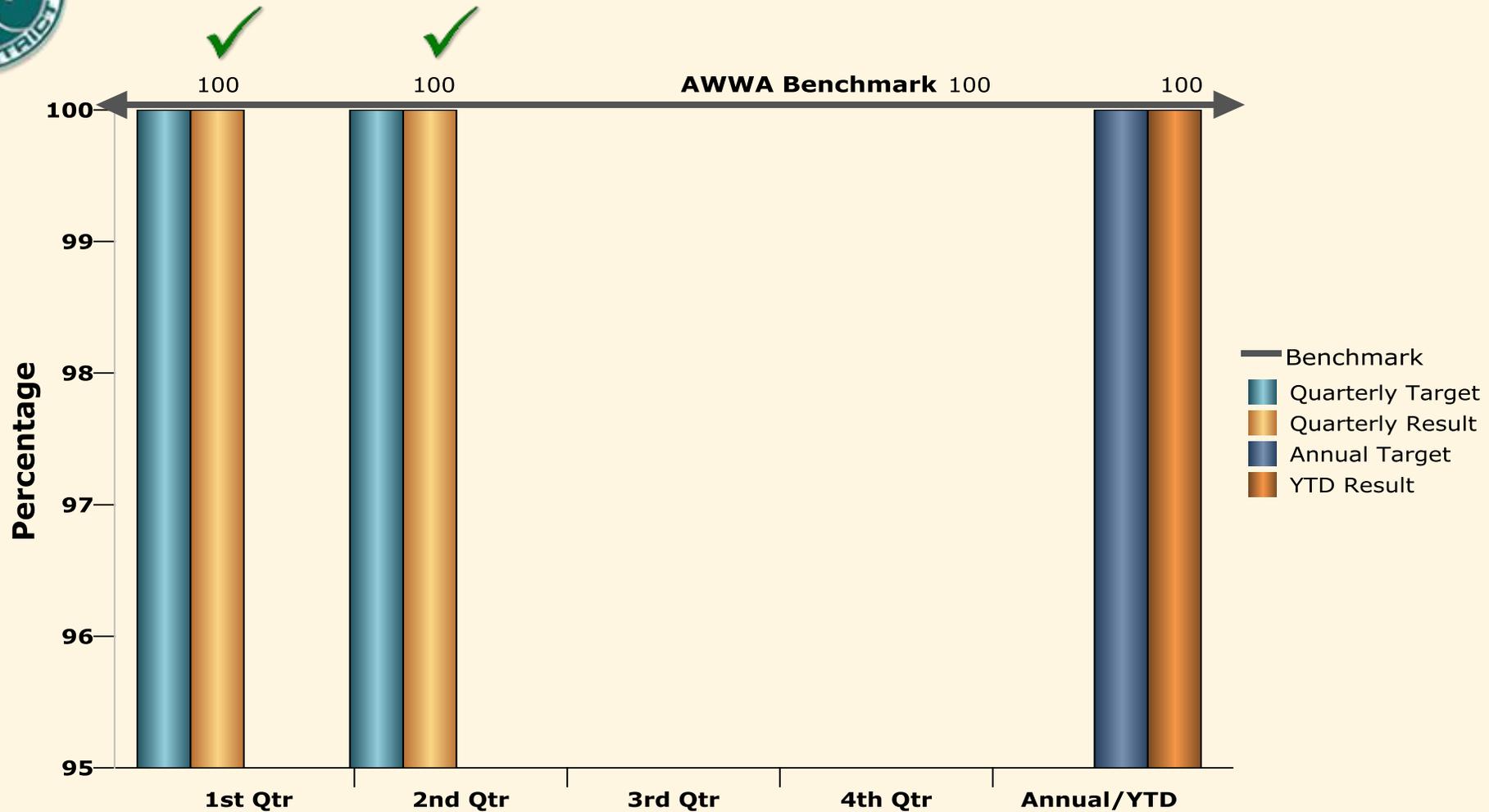


Measure 5.3.512, Potable Water Distribution System Integrity, aims to have no more than 16 leaks and breaks per 100 miles of distribution piping in a single year.

(Qtr Measurement Method: $[100 (\text{annual total number of leaks} + \text{annual total number of breaks})] / \text{total miles of distribution piping}$. Annual total distribution system integrity rate equal to 16)

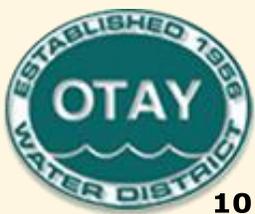


5.3.514 - Potable Water Compliance Rate (AWWA)

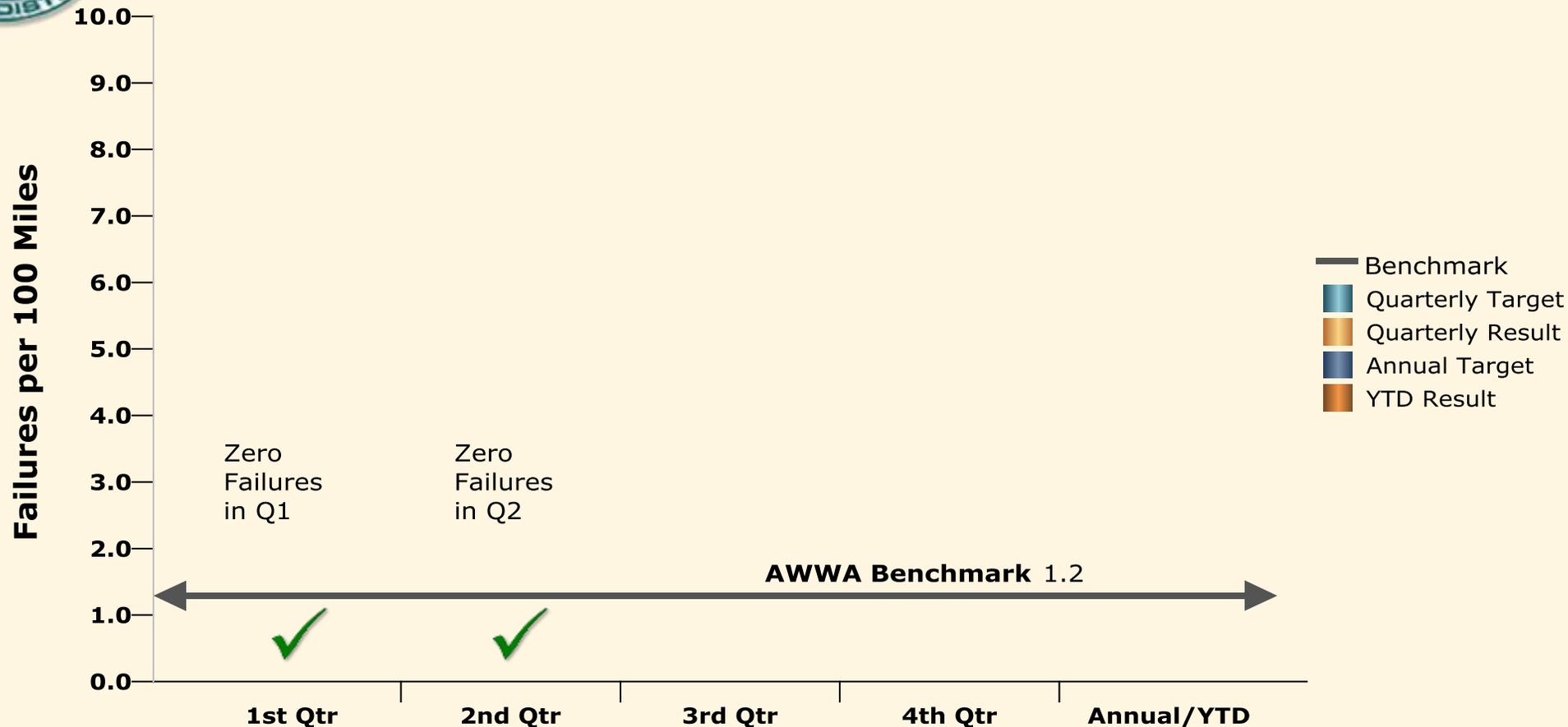


Measure 5.3.514, Potable Water Compliance Rate, aims to be no less than 100% every quarter in order to ensure the District meets all of the health related drinking water standards everyday for a single year.

(Qtr and YTD Measurement Method: $(100 \times \# \text{ of days the primary health regulations are met}) / \# \text{ of days in the quarter}$)



5.3.515 - Collection System Integrity (AWWA)

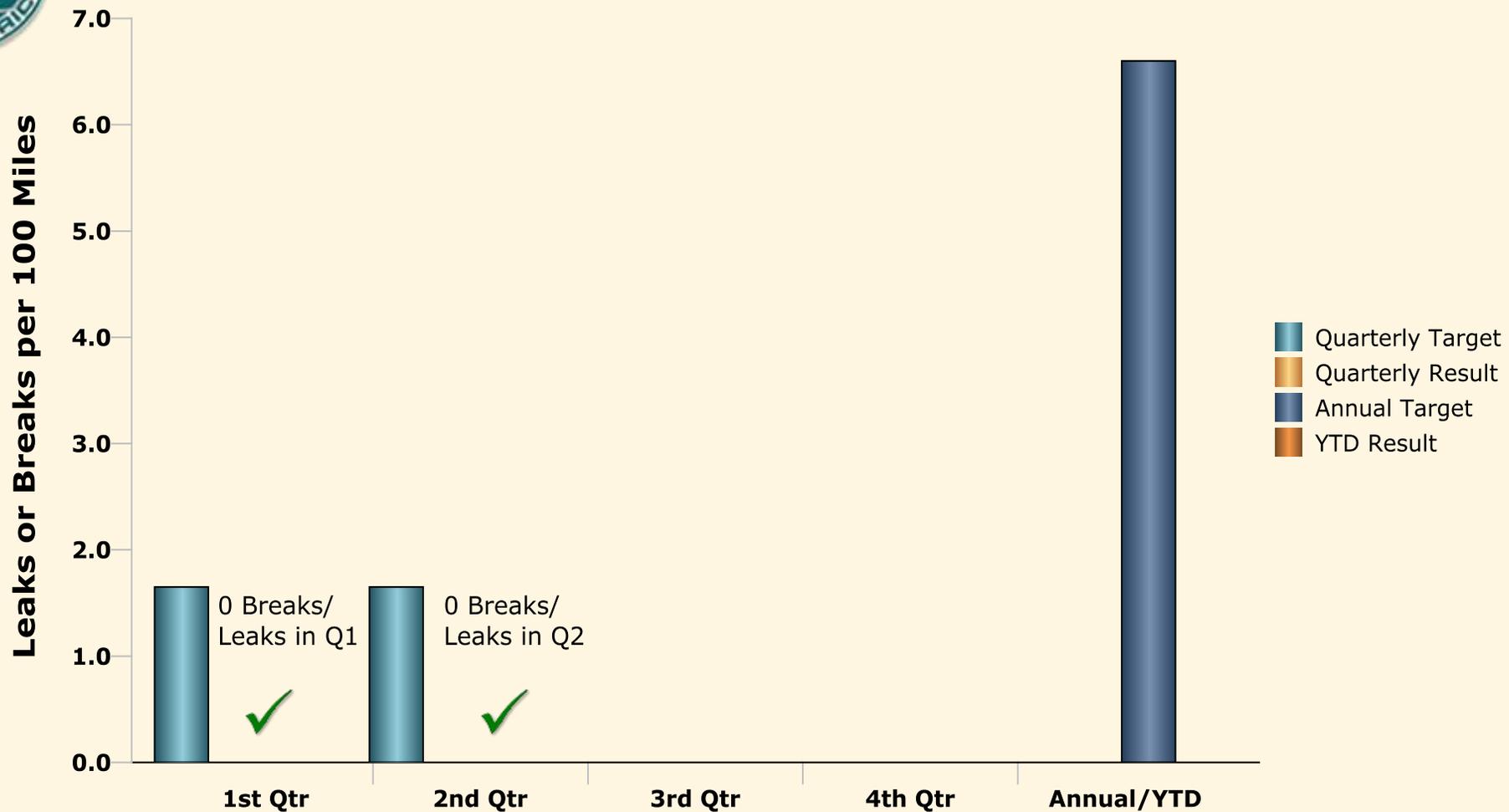


Measure 5.3.515, Collection System Integrity, aims to have no more than 3.5 wastewater collection system failures per 100 miles of collection system pipeline in a single year.

(Qtr and YTD Measurement Method: $(100 \times \text{total \# of collection system failures during the year}) / \text{total miles of collection system piping}$)



5.3.517 - Recycled Water System Integrity

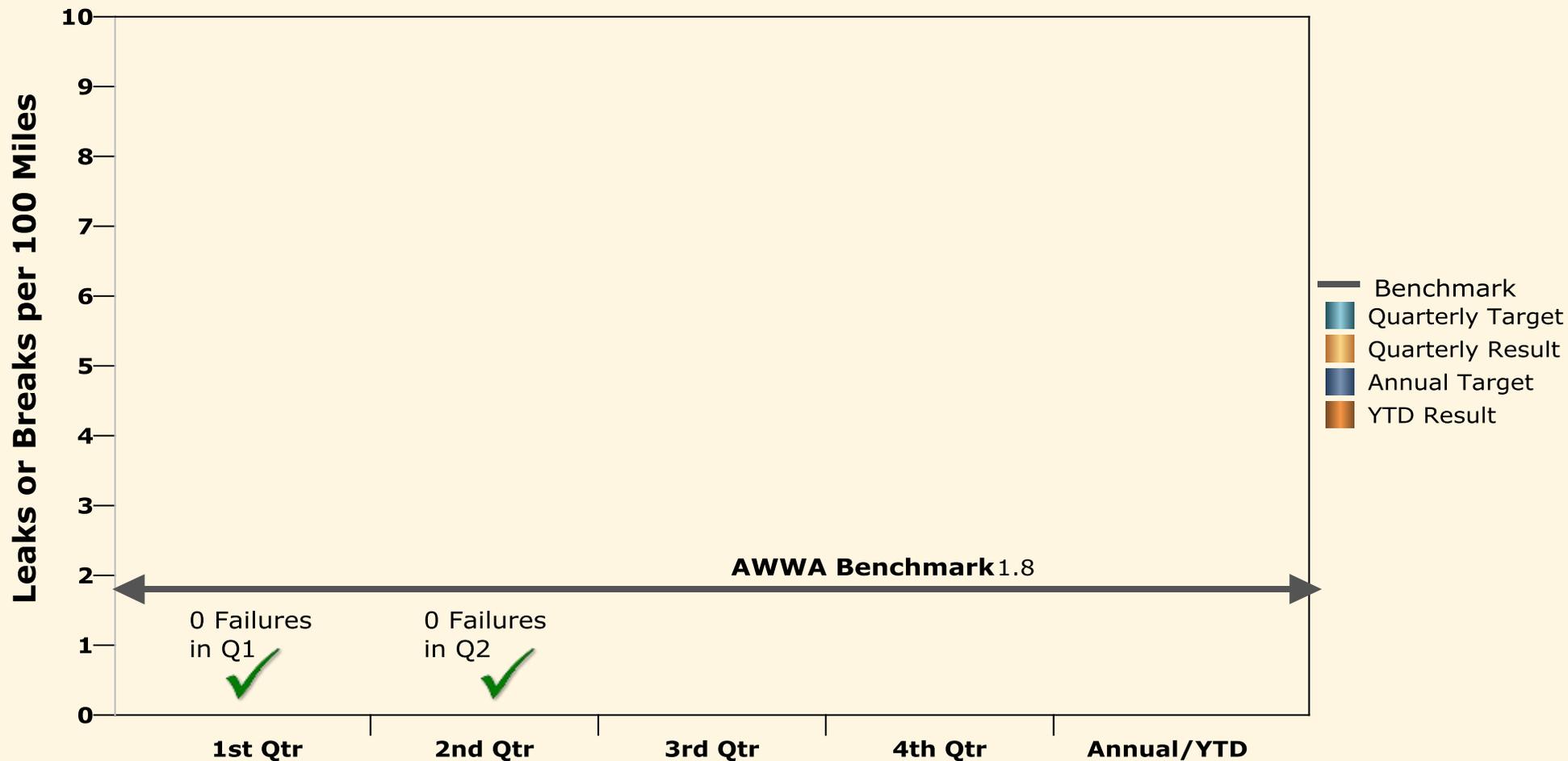


Measure 5.3.517, Recycled Water System Integrity, aims to have no more than 6.6 leaks or breaks per 100 miles of recycled distribution system in a single year.

(Qtr and YTD Measurement Method: $(100 \times \text{\# of leaks or breaks}) / \text{\# of miles of distribution system}$)



5.3.518 - Sewer Overflow Rate (AWWA)

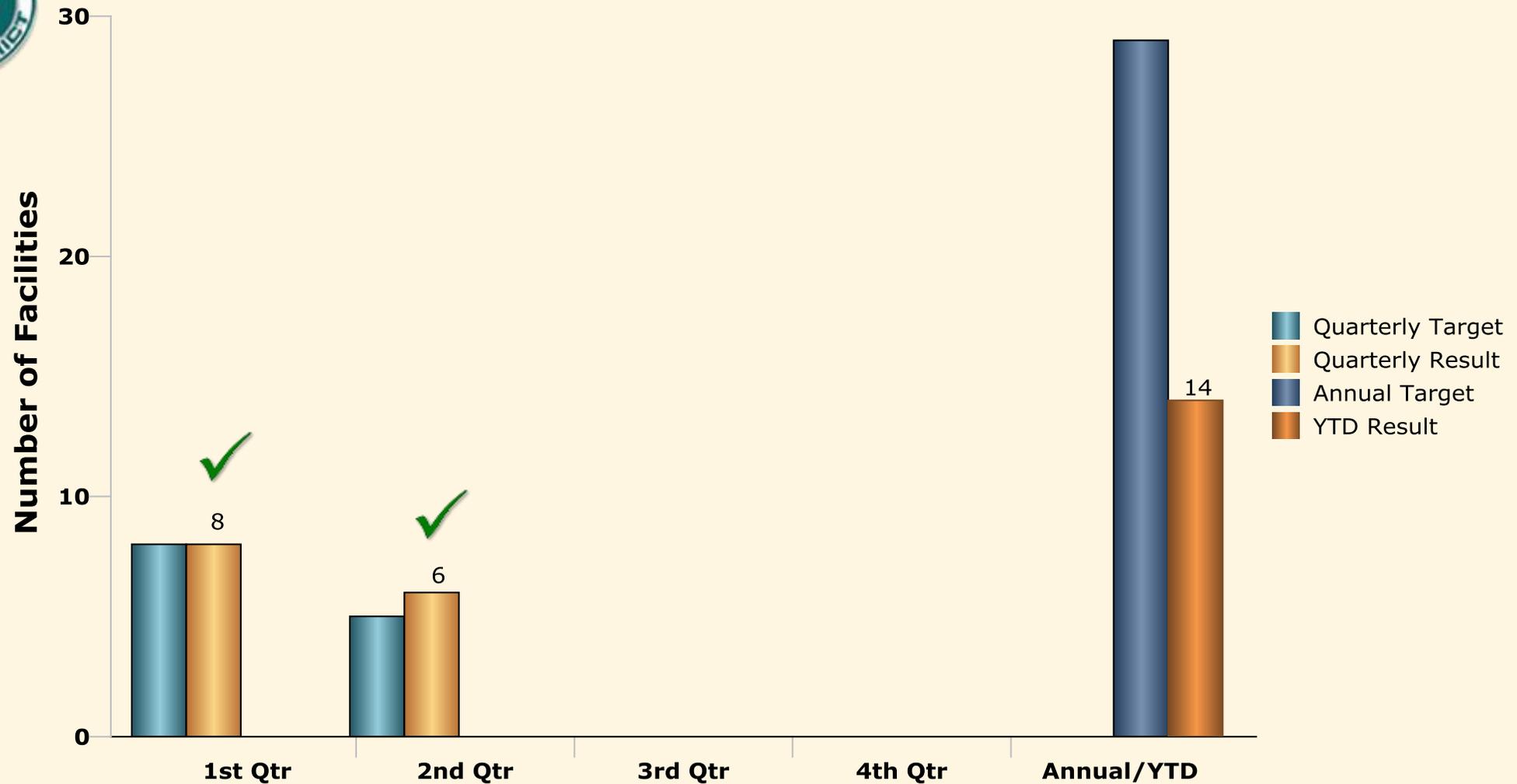


Measure 5.3.518, Sewer Overflow Rate, aims to have no overflows.

(Qtr and YTD Measurement Method: $(100 \times \text{total \# of sewer overflows during the reporting period}) / \text{total miles of pipe in the sewage collection system}$)



5.3.519 - Emergency Facility Power Testing

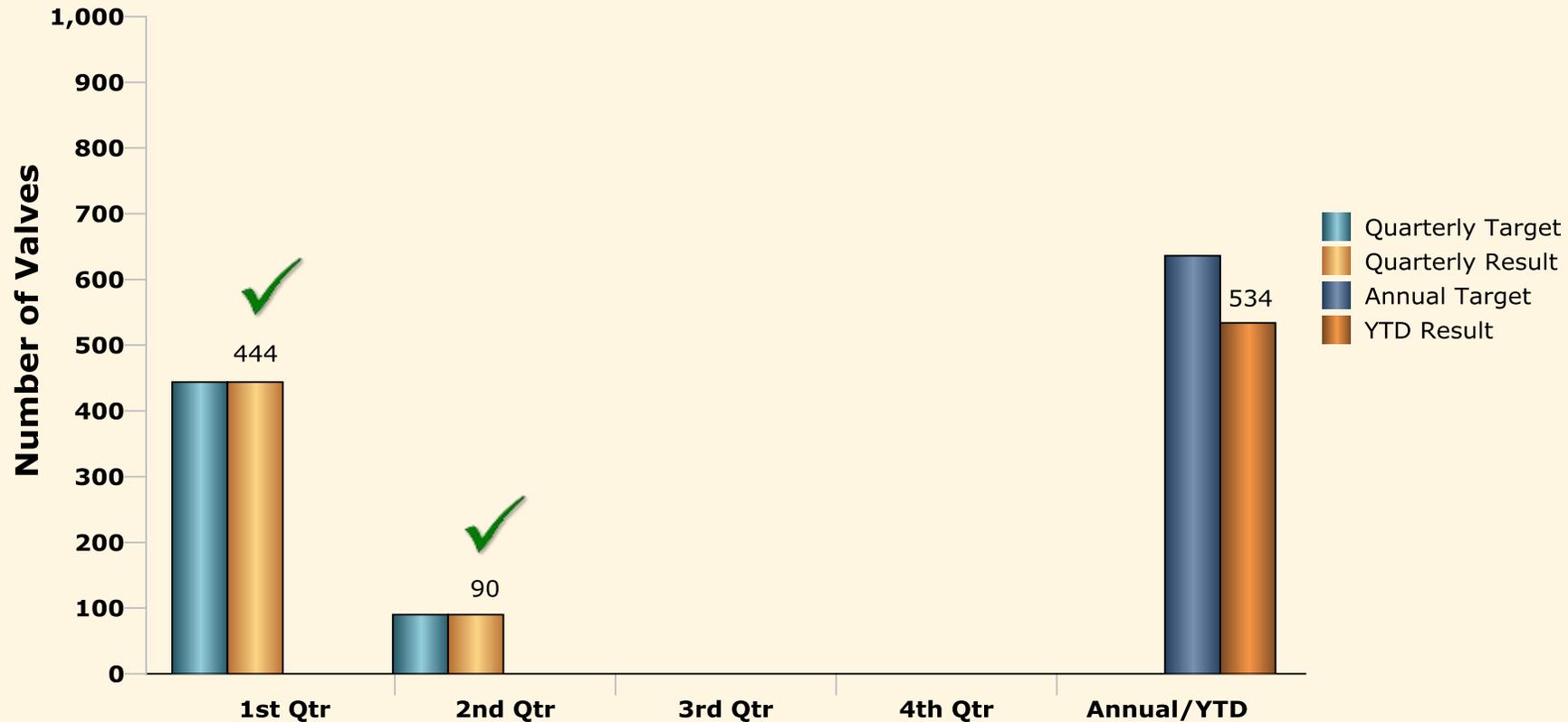


Measure 5.3.519, Emergency Facility Power Testing, aims to have to all District facilities tested per year. The District currently has 29 powered ready facilities.

(Qtr Measurement Method: Cumulative # of facilities tested)



5.3.525 - Critical Valve Exercising Program

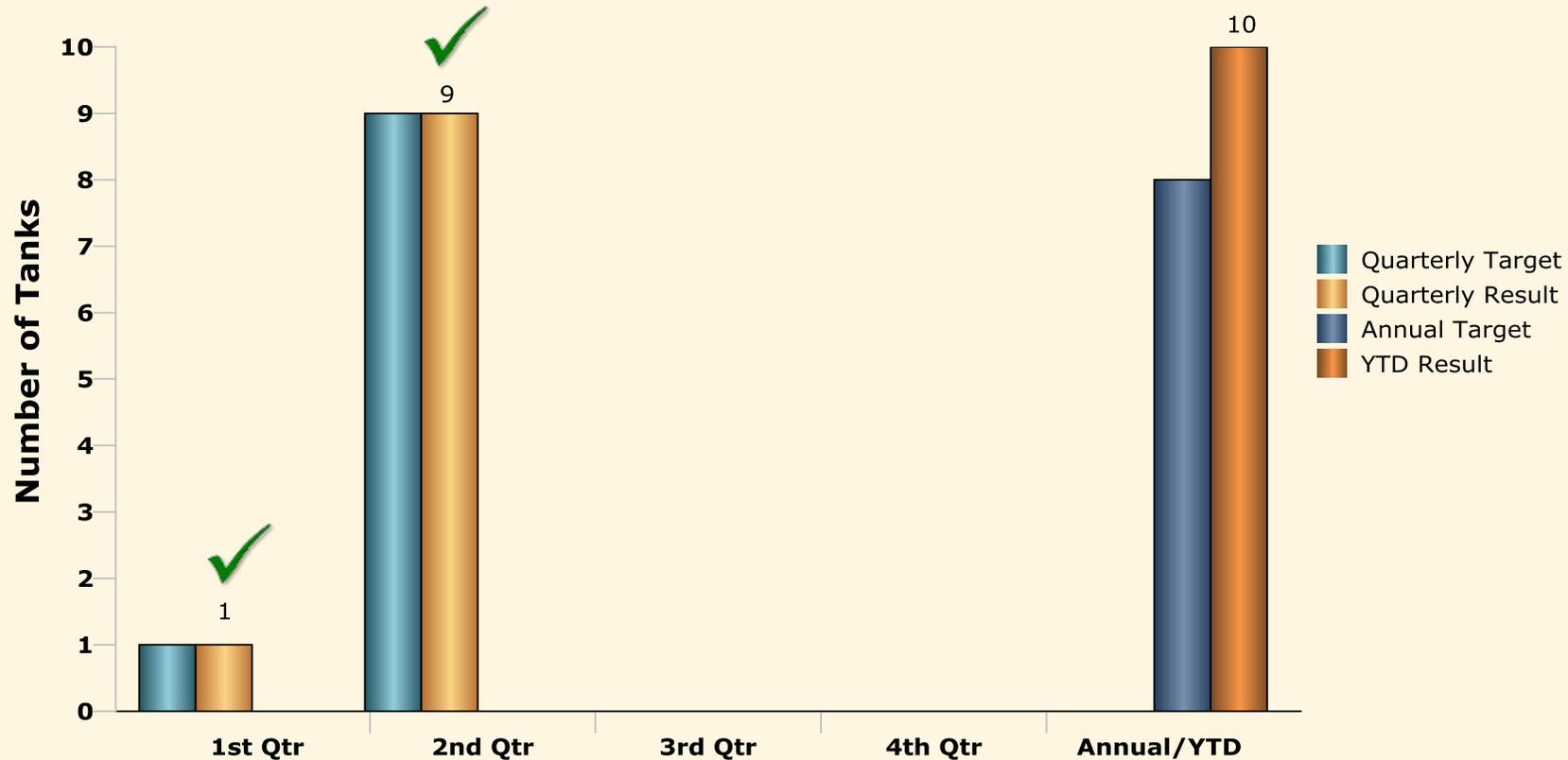


Measure 5.3.525, Critical Valve Exercising Program, aims to have no less than 636 identified critical valves exercised by end of fiscal year.

(Qtr Measurement Method: Actual number of valves exercised per quarter
YTD Measurement Method: YTD number of valves exercised)



5.4.521 - Tank Inspection and Cleaning



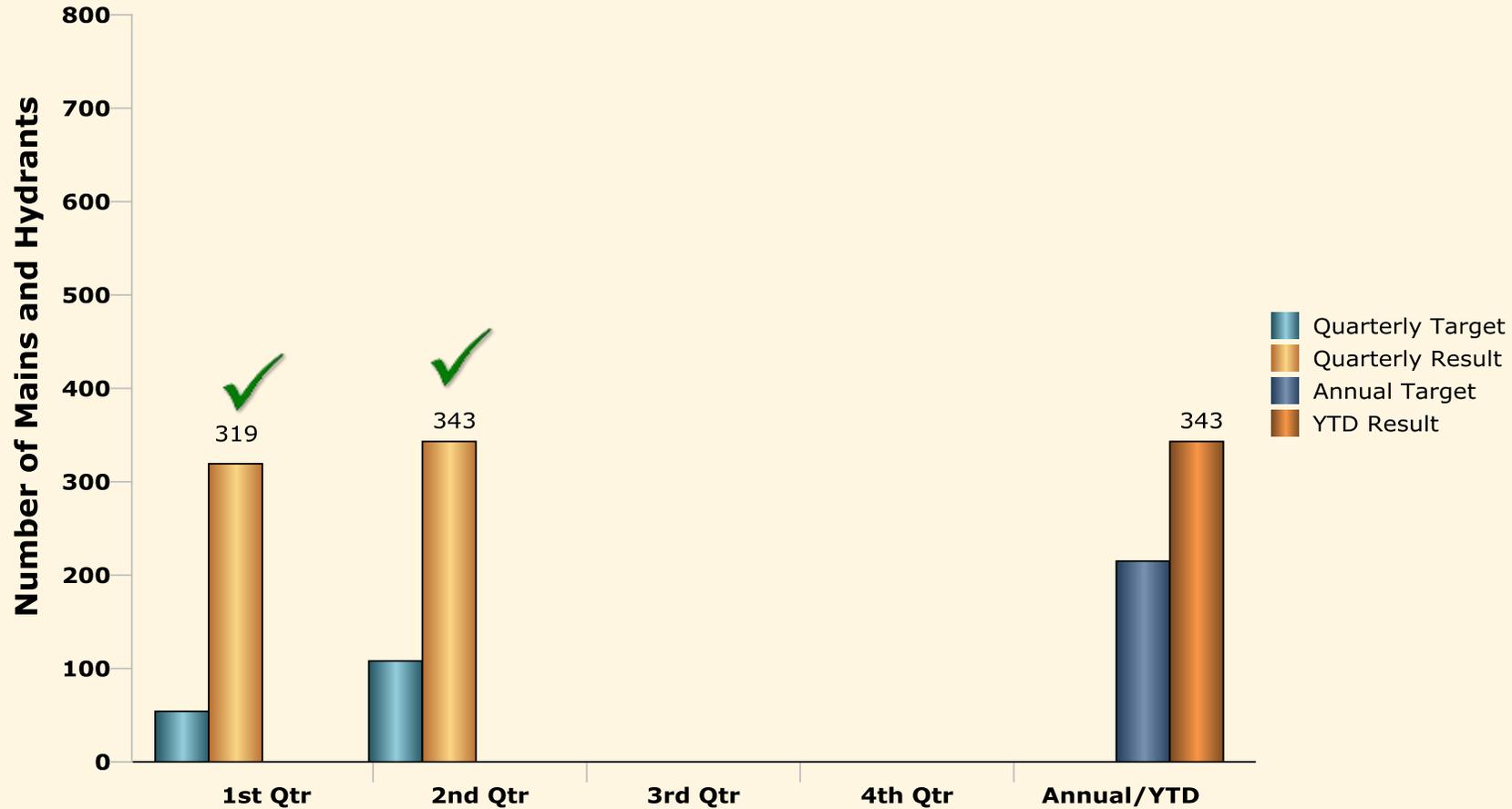
Measure 5.3.521, Tank Inspection and Cleaning, aims to have 8 tanks or more inspected and cleaned per year. The District currently has 40 potable water tanks/reservoirs.

Tank inspection and cleaning will primarily take place during low demand months, from November - May.

(Qtr and YTD Measurement Method: # of tanks cleaned and inspected annually)



5.4.522 - Main Flushing and Fire Hydrant Maintenance

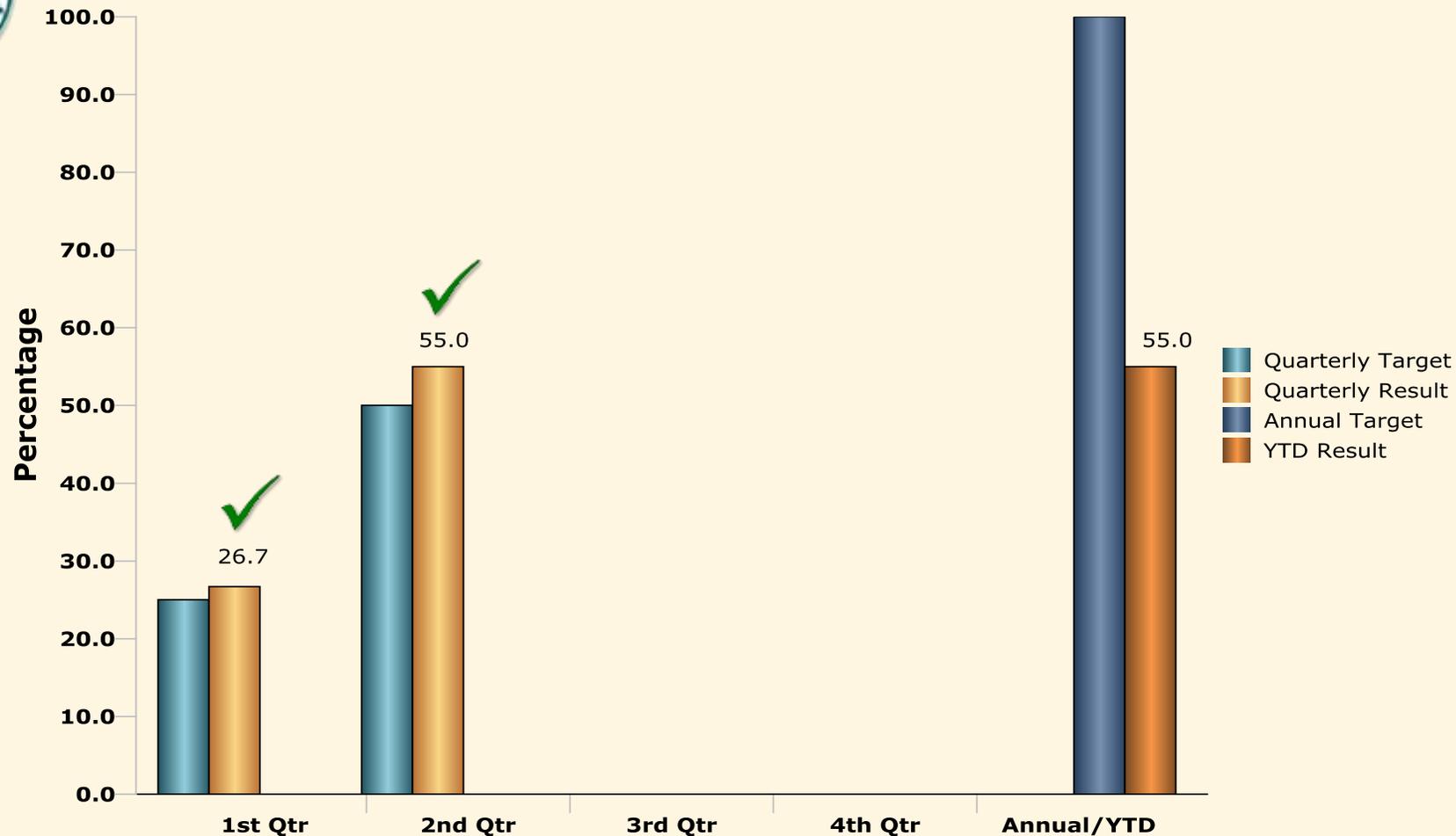


Measure 5.4.522, Main Flushing and Fire Hydrant Maintenance, aims to have 215 or more mains flushed and fire hydrants maintained in a single year. The target of 215 is comprised of 165 hydrants maintained and 50 mains flushed per quarter.

(Qtr Measurement Method: Cumulative number of mains flushed plus hydrants maintained
YTD Measurement Method: # of mains flushed and fire hydrants maintained per year.)



5.4.523 - Annual Recycled Water Site Inspections

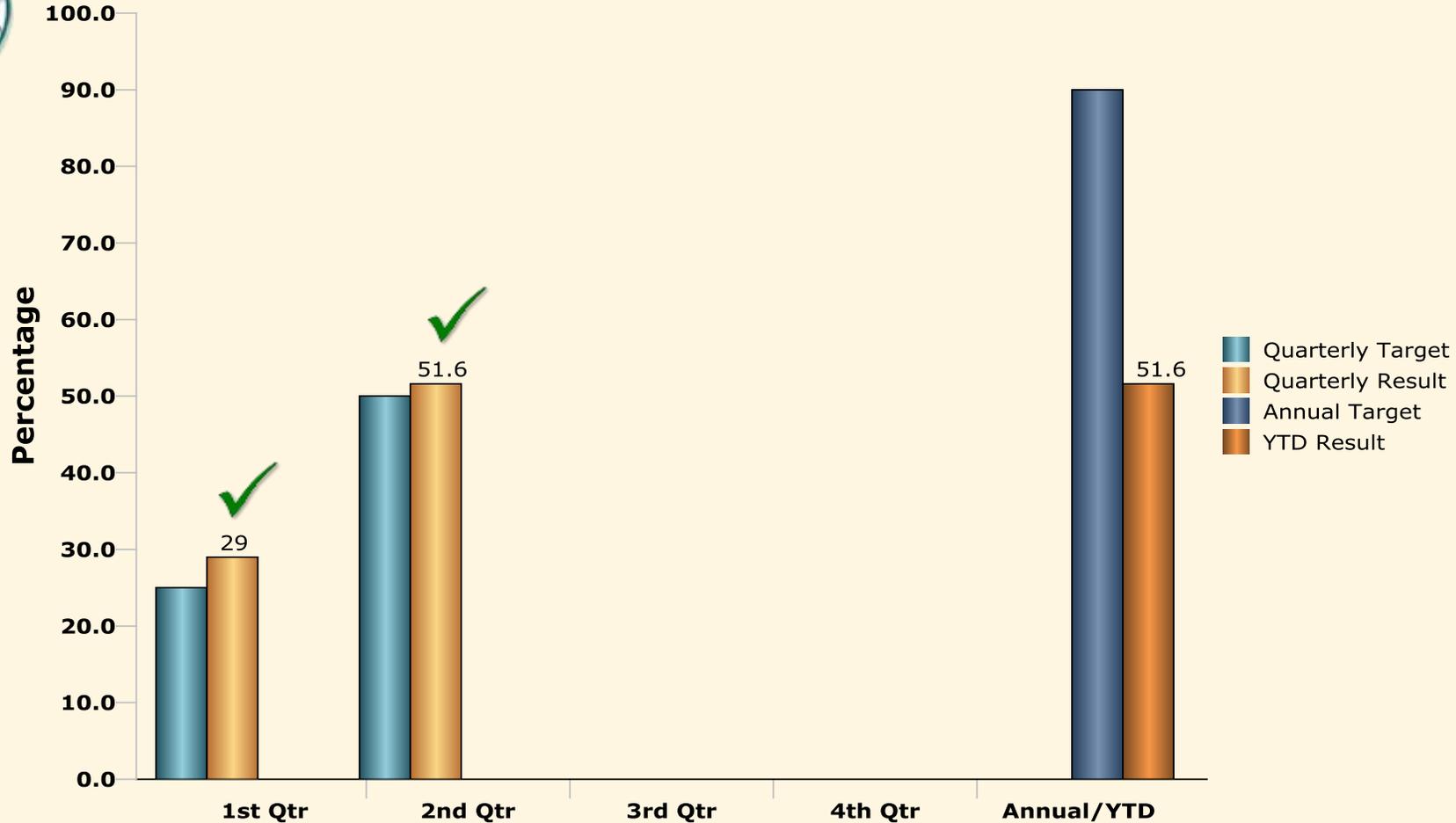


Measure 5.4.523, Annual Recycled Water Site Inspections, aims to have 100% of recycled sites inspected per year. There are 112 recycled water use sites due for inspection in FY16.

(Qtr Measurement Method: Cumulative percentage of recycled sites inspected per quarter
YTD Measurement Method: Percentage of recycled sites inspected per year of those required by DEH)



5.4.524 - Recycled Water Shutdown Testing



Measure 5.4.524, Recycled Water Shutdown Testing, aims to have no less than 90% of recycled site shutdown tests performed per year compared to those scheduled. There are 31 recycled water use sites due for shutdown in FY16.

(Qtr Measurement Method: Cumulative % of recycled site shutdown tests performed per year

YTD Measurement Method: % of shutdown tests performed per year compared to those scheduled)