

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
April 2, 2008**

1. The meeting was called to order by President Croucher at 3:32 p.m.
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL

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

Staff Present: General Manager Mark Watton, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Water Operations Manny Magana, General Counsel Yuri Calderon, 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.

4. APPROVAL OF AGENDA

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

Ayes:	Directors Bonilla, Breitfelder, Croucher, 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.

6. APPROVAL OF MINUTES OF THE REGULAR BOARD MEETING OF DECEMBER 5, 2007

Director Breitfelder indicated with regard to the discussion on item 7g, APPROVE THE WATER SUPPLY ASSESSMENT REPORT FOR THE JUDD COMPANY OTAY CROSSINGS COMMERCE PARK AS REQUIRED BY SENATE BILL 610,

he indicated that he had made a statement that he felt that clear public benefit should be taken into account when voting on the SB 610's and SB 210's, and he wished the comment reflected in the minutes.

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

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

to approve the minutes of the regular board meeting of December 5, 2007.

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 Breitfelder, seconded by Director Lopez and carried with the following vote:

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

to approve the following consent calendar items:

- a) ADOPT ORDINANCE NO. 515 AMENDING CODE OF ORDINANCE SECTION 2, MANAGEMENT OF THE DISTRICT AND 4, PURCHASES AND PAYMENTS; AND ADOPT RESOLUTION NO. 4122 AMENDING CODE OF ORDINANCE POLICY NO. 7, CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT, AND POLICY 15, USE OF DISTRICT CREDIT CARDS, PETTY CASH, AND EXPENDITURES INVOLVING DISTRICT CREDIT
- b) APPROVE AGREEMENT WITH CUYAMACA COLLEGE FOR THE INSTALLATION OF A SECOND WATER METER AND NEGOTIATE A PAYMENT PLAN FOR PAST UN-METERED WATER USE
- c) ADOPT POSITIONS ON AB 983 AND PROPOSITIONS 98 AND 99
- d) APPROVE VEHICLE PURCHASES

- e) AWARD A CONSTRUCTION CONTRACT FOR THE PL-12 INCH UPSIZE AND REPLACEMENT PIPELINE PROJECTS TO ARRIETA CONSTRUCTION, INC. IN THE AMOUNT OF \$1,688,021.50
- f) AWARD A CONSTRUCTION CONTRACT TO NEWEST CONSTRUCTION COMPANY, INC. IN THE AMOUNT OF \$267,900 FOR THE CONSTRUCTION OF THE CALAVO SEWER LIFT STATION
- g) APPROVE CHANGE ORDER NO. 2 TO THE EXISTING CONTRACT WITH INFRASTRUCTURE ENGINEERING CORPORATION FOR THE DESIGN OF THE 36-INCH PIPELINE, SAN DIEGO COUNTY WATER AUTHORITY OTAY FCF NO. 14 TO THE REGULATORY SITE PROJECT IN AN AMOUNT NOT TO EXCEED \$53,318
- h) APPROVE CHANGE ORDER NO. 1 TO THE EXISTING CONTRACT WITH ORTIZ CORPORATION FOR THE CONSTRUCTION OF THE OLIVE VISTA DRIVE UTILITY RELOCATION PROJECT IN THE AMOUNT NOT TO EXCEED \$65,845

ACTION ITEMS

8. INFORMATION TECHNOLOGY

- a) REVIEW OF PROPOSED STRATEGIC PLAN FOR FISCAL YEARS 2009-2011

President Croucher indicated that he would like the board to have the opportunity to review and have continued input to the plan during the month and a special board meeting be scheduled for a workshop on the Strategic Plan itself.

Chief Information Officer Geoff Stevens indicated that the effort began in September 2007 in developing the Strategic Plan for Fiscal Years 2009 to 2011. He stated that staff held a workshop in which they reviewed the existing plan and the results achieved in the FY 2006-2008 plan. Mr. Doug Spiers of Westin Engineering was retained to assist the District to develop the FY 2009-2011 plan. Mr. Spiers conducted approximately 50 one-on-one interviews that included the board members, union representatives, managers and supervisors, the senior team and line staff. He stated that the senior team then discussed during three workshops the direction of the FY 2009-2011 Strategic Plan and additional input was obtained from all members of staff. From those discussions, staff developed the initial plan. He stated the senior team held approximately six to seven workshops to shape the proposed plan.

He stated that the proposed plan would encompass a three-year period starting in July 2008 to June 2011. He stated the plan consists of nine key strategies, 30 goals, and 107 specific objectives. He indicated that the plan covers three year

of labor which is approximately 500 full-time equivalent employees and a combined CIP and operating budget of \$300 million. He stated that resources required for Fiscal Year 2009 of the Strategic Plan will be included in the Fiscal Year 2009 budget.

He reviewed the District's mission, General Manager's vision statement, the District's *Statement of Values* and *Key Challenges* as stated in the Strategic Plan (see attached copy). He stated that the theme of the Fiscal Year 2009-2011 plan is to take advantage of the investments already made into systems and finding better ways to save money, cut costs, increase efficiency, and continue to take advantage of the way technology can help us improve a process, not just once, but many times over many years. He stated that process improvements are the heart of the plan as this is where staff believes where the District will get the most savings and increased efficiency.

He reviewed the planning process in which the District is currently in the Strategic Plan development process and if the plan is approved by the board, the District would move into the implementation plan, execution and development of the performance measures. He stated that staff meets on a quarterly basis to evaluate performance and discuss any corrective action that needs to be implemented. He stated that the meetings/workshops then lead to a new plan; it is a circular process.

He stated that the *Balance Scorecard* is the framework of the Strategic Plan and provides a good external perspective on how the District is doing in comparison to the industry. He reviewed the District's key strategies identified in the plan (see attached copy of presentation, slide 11 and forward) and how the plan works; the strategies cascade into the goals, and the goals cascade into the objectives. He stated that it is the objectives that staff accomplishes and measures for success.

Chief Information Officer explained how the plan worked and stated that staff starts with the balanced scorecard area which is the strategies; strategies determine goals, goals determine objectives, objectives determine project plans, and from project plans, reporting and measurements are evaluated. He reviewed a Strategy within the Customer Service area of the plan and its progression to a project plan:

- Maximize Our Customer's Satisfaction (Strategy)
 - Expand the District's water conservation programs to maximize district-wide water conservation (Goal)
 - ❖ Continue a regional approach and evaluate conservation programs to maximize water conservation. (Objective)
 - ✓ Project Plan Description: Further promote both commercial landscape and indoor surveys as

well as residential water surveys to the District's top users.

Staff/Resources: Identifies the staff resources required to accomplish the objective.

Measurement: Monitoring the number of offered and completed surveys for both commercial and residential customers.

Steps: Steps involved in accomplishing the objective.

He indicated that staff is requesting the board's approval of the proposed Strategic Plan for Fiscal Years 2009-2011. Staff's next steps are to finalize the project plans and milestones, finalize performance measures, and set detailed improvement targets. He stated that the presented plan will allow the District to achieve its vision, "A District that is at the forefront in innovations to provide water services at affordable rates, with a reputation for outstanding customer service."

He stated that staff hopes to receive the board's feedback and comments on the plan in the next month. The comments and suggested changes will be presented at the scheduled board workshop.

General Manager Watton indicated that staff has received comments from Director Robak which will be incorporated into the proposed Strategic Plan.

President Croucher indicated that he hoped to schedule a workshop in the next couple of weeks if possible. He asked District Secretary Cruz if she could work with the board members to schedule a date for the workshop. District Secretary Cruz indicated that she would poll the members for an available date.

9. BOARD

a) DISCUSSION OF 2008 BOARD MEETING CALENDAR

General Manager Watton indicated that District Secretary Cruz has also been working with the members of the board to reschedule the June board meeting to June 10, 2008 and a follow-up meeting, should it be required, for further discussion of the FY 2009 budget on June 23. District Secretary Cruz will confirm the dates.

INFORMATIONAL ITEMS

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

a) INFORMATIONAL REPORT ON THE PROJECTED OPERATING REVENUES AND EXPENSES THROUGH JUNE 30, 2008

Accounting Manager Rita Bell indicated that she would be presented on the projected revenues and expenses for Fiscal Year 2008. She indicated that staff had recognized that because of the slowdown in growth, higher than anticipated legal fees and rainfall, that the District would be headed toward a budget deficit of \$1.8 million. He stated that staff recognized this challenge early in the fiscal ear and had been working to manage District expenses and shift programs and workloads. She stated that the net impact to the budget is approximately \$1 million. She stated that it is still a shortfall, however, it could have been worse had staff not managed the deficit. She reviewed the areas impacting the budget which included:

Reduce Water Purchases and Sales	<\$ 519,000>
Revenue Shortfall	<\$1,694,200>
Operating Savings	< <u>\$1,145,600</u> >
Net Budget Impact	<\$1,067,600>

She reviewed in detail the figures that make up each of the above totals and where savings were accomplished within each department (see attached copy of presentation).

Director Bonilla inquired what was budgeted in Fiscal Year 2008 for legal fees. Accounting Manager Rita Bell indicated that staff had budgeted \$1.2 million and it is currently over budget by \$400,700 due to a settlement reached in a litigated matter.

Director Breitfelder asked what made up the Administrative savings within Administration. Accounting Manager Bell indicated that such expenses include travel, training, outside services, etc. He further inquired where staff had targeted and was successful in producing significant savings. Accounting Manager Bell indicated that within the Administration Department, which includes Human Resources, Purchasing, Conservation and Safety, the largest savings were within Human Resources. She stated that staff would no longer be performing a reclassification study as it was felt that it was no longer needed. There were also savings in recruitment and training. She indicated within Conservation, the Monte Vista Artificial Turf Grass Project was delayed, so there is net savings of \$20,000 in that area.

General Counsel Calderon inquired if the legal figures include the monies reimbursed for legal fees from the insurance company. Accounting Manager Bell

indicated that it does not as it is not anticipated that the reimbursements would be recovered in this fiscal year. She stated that it may be recovered in the next fiscal year. Director Bonilla asked why it is not accrued. Accounting Manager Bell indicated that staff may accrue it, however, they wished to be very conservative as it may not be recovered by the close of the fiscal year. Chief Financial Officer Beachem indicated that this number will change by the close of the year as settlements, receivables and accounts payables are closed at the end of the fiscal year.

General Counsel Calderon indicated that the maximum the District could recover on legal fees is approximately 75% because of the fee splitting agreement with the district's insurance company. He indicated that salary expense is not recoverable. He noted that excluding litigation and settlement costs, that this is the second year in a row that legal fees have dropped. General Manager Watton indicated that staff would like to get a better confidence in the amount to be reimbursed before including it in the books.

Accounting Manager Bell indicated that staff has taken a conservative approach in projecting the shortfall. She stated that staff will continue to try to balance shortfall in revenues and reduction of expenses where it can to bring the District in-line with the budget. It was requested that staff commit to the savings that they have pledged to stay in line with the projected shortfall.

Director Bonilla indicated that we are officially in a recession and he felt that the board has taken good measures in being fiscally responsible and now we must be very aware that there will be impact to the District's budget. He stated that one of the biggest concerns the board has is assuring the stability of the District to assure employee jobs are stable, particularly in the next twelve to eighteen months. He indicated that the board is very interested in receiving copies of the budget spreadsheets and possibly providing some ideas. Accounting Manager Bell indicated that the recession is certainly being addressed in the next Fiscal Year's budget and the figures have definitely been scaled back to reflect the economy slowdown.

b) REPORT ON METER SALES SLOWDOWN AND OTHER 2009 BUDGETARY CHALLENGES

Chief Financial Officer Beachem indicated that staff will be presenting how the slowdown in the economy has affected meter sales and how slowing sales will affect the District's finances. He stated that staff had previously presented at the October 9, 2007 board workshop its first view of the projected impact to the District's budget. He indicated that staff had assumed the District would sell approximately 50% of projected meter sales in FY 2008. In response, staff recommended reducing expenditures to 75% of the budgeted CIP, then the impact to rates would be an increase of 1% and later reversed, netting 0%. He stated with the deepening recession, the Engineering Department put together

another projection for meter sales and, based on information from the developers, projected that sales would be lower than the original 50% projection in the first few years of the Rate Model and in later years picking back-up. The Engineering Department also updated the CIP expenditures and even with shifting costs the reduced meter sales has had a larger impact. He indicated that the required rate increases would reverse itself when growth returns, which is projected in years four and five of the Rate Model. The projected rate increases due to the further reduced meter sales has been revised to 1.5% in the first year of the rate model, an increase of 1.8% in the second year, and then followed by three years of decreases. He indicated that this projection is being viewed from last year's rate model with an update to the projected meter sales and CIP expenditures, to isolate the impact of meter sales.

He stated that staff also highlighted some challenges that will impact the Fiscal Year 2009 budget in their report. He noted that MWD's rate increase for Fiscal Year 2009 will be approximately 14.3%. This is dramatically higher than anticipated. This will translate into a 10-12% increase from CWA. Staff had projected CWA's rate increase to be approximately 5-6% over the six years of the Rate Model. Which will increase the District's projected increase by 2.5 to 3.5%.

Director Breitfelder inquired what staff had originally anticipated as MWD rate increase. General Manager Watton indicated approximately 6-7%.

Chief Financial Officer Beachem indicated that since the time he drafted the staff report, he attended a meeting at CWA and they have updated their rate increase projection from 10-12% to 12.4-15.9% for FY09. He stated that would translate to a District rate increase of 3-5%.

He indicated that staff also reviewed reserves that are over target. He stated that the District could draw on these reserves without any negative impact to the District's credit rating. He stated this is important as the District will be issuing debt in the next few years. It was noted that the District would draw on these reserves with a schedule to build in later years to repay the reserves.

Chief Financial Officer Beachem indicated that currently about 10% of the District's revenues goes to fund betterment projects and some to fund expansion and replacement projects. He stated instead of utilizing those revenues, the District could utilize debt to fund such CIP's and keep operating revenues in the operating funds. He stated staff is exploring the pros and cons of utilizing debt. Staff wishes to protect the District's credit rating of AA-. He noted that a presentation was presented at CWA which showed the interest differential between an "AA" and "A" rating which is .5%. He stated that this is significant when you are looking at a \$40 million debt issuance.

Director Bonilla indicated that any time that the District can utilize debt for development at a good interest rate, it is more advantageous than utilizing the District's reserves. He stated that by doing so, it also helps the District's credit rating.

Chief Financial Officer Beachem indicated that the District had a budget surplus of \$3.6 million last fiscal year and it is expected that the District would have a deficit of \$1 million this fiscal year. He indicated that historically, staff budgeted very conservatively and has always had a surplus at the end of the fiscal year. He stated that staff is now budgeting very tightly and it is expected that the District will be either a little over or a little under depending on the weather and the economy. He stated that the District does have the 2007 surplus which will help the District address such issues.

He noted that with the labor contract and the Other Post Employee Benefits (OPEB) costs, staff expects to see labor costs going up with an offset from reductions due to the District not filling some positions. He stated that the District does have very good employee benefits and expects to see some of these costs going up. He indicated that it is hoped that by funding the OPEB through a PERS Trust, it will bring the cost down.

General Manager Watton indicated that staff has a good grasp of what the increases will be from MWD and CWA and it would be helpful if the District continues the philosophy of passing through the rate increase from our wholesale providers to customers. Chief Financial Officer Beachem further noted that the District's Financial Advisor indicated that it would be alarming to the rating agencies if the increases from the District's wholesalers were not passed through to the customers. He stated that staff will be keeping this in mind as the Fiscal Year 2009 budget is developed. Director Bonilla indicated that the District's financial health is of utmost importance and if wholesaler rate increase must be passed through, they should be passed through.

Director Bonilla also inquired how the District was doing with its Account Receivables. General Manager Watton indicated that the District does have higher write-offs and in the past twelve months, \$235,998 was written off. This represents approximately .02% of total sales. He indicated that in previous years, the annual write-off was approximately \$45,000.

Director Breitfelder commended staff for keeping the board apprised of the budget situation. He indicated that he wished to recognize Accounting Manager Bell and her staff for their accurate estimate of how the slowdown this fiscal year would impact revenues. He indicated that the evidence of this good work is how many other governmental entities are having much more difficulty at this point than the District. He stated that her staff has put the District in a very good position to deal with the situation. He thanked them for their work. He indicated that he was also in agreement with Director Bonilla regarding supporting passing

through the District's wholesaler rate increases. He stated that he felt it was important to keep an open mind and be fiscally responsible. He noted that when double digit rate increases are being approached, the District should, in a responsible way, look at how the increases can be smoothed out over a limited number of years.

Chief Financial Officer Beachem indicated that MWD and CWA's projected rate increases in the "out" years do drop back down. He indicated that it is not certain they will drop, however, at least it is somewhat reassuring that they are not looking at 13% increases for the next five years. General Manager Watton indicated that there are reasons for the increases with the change in the water supply situation, i.e., the Bay Delta issue, etc.

c) UPDATE ON THE SAN DIEGO COUNTY WATER AUTHORITY'S TIJUANA RIVER VALLEY WETLANDS MITIGATION PROJECT

Environmental Compliance Specialist Lisa Coburn-Boyd indicated that she was available to answer any questions the board might have on staffs' report. General Manager Watton indicated that this report is to provide the board some background of the activities occurring in the Tijuana River Valley.

Director Breitfelder indicated that he felt it was good that the District had access to the Tijuana River Valley wetland credits and inquired how likely it would be that we would need to rely on these credits and what would be a more likely scenario. Environmental Compliance Specialist Coburn-Boyd indicated that the District will likely need wetland credits sometime in the future, but she was not certain that these particular credits would be available to the District when they are needed. She stated that a better opportunity to the District is the District's venture to join the Joint Water Agencies' NCCP. She indicated that staff is starting that effort this month. She stated that the Joint Water Agencies NCCP does have credits and the District will probably be trading coastal sage scrub credits for wetlands credits. She also noted that the District would more likely need to pay CWA for their wetlands credits in the Tijuana River Valley to have access to their credits.

REPORTS

11. GENERAL MANAGER'S REPORT

a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton indicated that he had provided a handout regarding the snowpack survey. He noted that snowpack was 97% of normal statewide. He indicated that the central and northern areas of California, where Southern California receives its water, is 89% and 105% of normal respectively. He indicated that the belief is that we will receive normal water content from

snowpack this season. He also indicated that included in the handouts is a presentation on short-term water transfers and how the transfers are working. He indicated that he had approved, on behalf of CWA as an officer, payment on an option of \$1 million for 30,000 AF of water. He indicated that this option is important as, the cost of having no option at all is even higher than \$1 million. He indicated that the presentation will give the idea of where those options are and where the water would come from. He stated that CWA is keeping close track of the options and it is one of the mechanisms used this year to assure water supplies for this year. He indicated that MWD is also trying to get transfers from any source. He noted that it is mainly rice farm water that the agencies are purchasing. He noted that these options are affecting rice prices which have gone from \$360/metric ton to over \$700/metric ton because of the worldwide fear that rice supplies are dwindling. He indicated that the CWA pays \$600/AF to the farmers, but the farmers could get \$1200 if they grew the rice, so they do not wish to sell their water, but would rather grow the rice.

He noted that in the handouts there is also a presentation on CWA's Drought Management Communications Plan for an Advertising-Marketing Plan implementation. He indicated that the plan includes radio and television ads on the *20 Gallon Challenge*. The ads will be requesting that citizens conserve water. He stated that the ads are more lighthearted and catchy than the traditional ads of the past. He indicated that CWA has dedicated \$1.6 million to the communications plan and it is hoped that this creative process will provide results in water savings.

Director Breitfelder indicated that the 20 Gallon Challenge and other efforts have not been as successful as hoped in the past year. He inquired what has been the discussion surrounding this lack of success. General Manager Watton indicated that part of the issue is how the challenge has been publicized, it has been a low key effort. He indicated that the water sales have come down, however, he believed that it is more likely due to the wetter weather. He indicated that they are looking at how the agencies can get more aggressive with the conservation message to push action. He stated such ads are still under development.

Director Robak inquired if any of the print material in the ad campaign emphasized artificial turf replacement. General Manager Watton indicated that there will be a campaign on that program and the District is already getting interest. He stated that the messages do not specifically promote the artificial turf program, but is more of a general message to conserve. Director Robak indicated that the ads are asking that citizens conserve, however, he felt what they should do is indicate what they need to do to conserve.

President Croucher commented that he had asked that they include in the program what should be done when conditions change (i.e., we receive rainfall, issues change with the Delta smelt, etc.) and assure that the money is not

completely spent in this Fiscal Year which would leave no money available for next year to continue the program. He would also like CWA staff to develop a way to measure if the program is effective or not. He indicated that he had reservations about putting the entire \$1.7 million budget into the ad campaigns and felt that some should be placed in the various conservation programs such as the artificial turf program, conservation garden, etc. He stated that staff felt strongly that the television, radio and billboard ads are where we will benefit most. He indicated that we will monitor to see how well the ads do.

b) GENERAL MANAGER'S REPORT

General Manager Watton indicated with regard to the FCF #14 project, staff is still working with the City of El Cajon on their concerns with traffic impacts at the intersection of Washington Avenue and Jamacha Road. He stated that staff has initiated a Task Force that includes Otay, City of El Cajon and a consultant to work on this issue.

He indicated that the District and the City of Chula Vista submitted a letter to the Department of Water Resources regarding using the city power to enforce the Model Landscape Ordinance. He stated that the District is one of the few water districts that has a joint letter with the city that they serve. He indicated that he felt it will carry more weight and it was a great effort on staff's part to get the city's assistance.

He indicated that the District has an advanced GIS application and staff is now focused on how it can best be utilized to be more efficient.

He noted that PBS&J submitted a technical memo for the North District Recycled Water Concept Study for staff review. He indicated that staff is anticipating results of the study sometime at the end of June.

He indicated that the District has received most of the \$4 million Proposition 50 Grant monies. Approximately \$150,000 remains to be received.

General Manager Watton also indicated that staff is serving water to the City of Tijuana and it is expected that they will continue to receive water from the District's connection through the end of the summer.

He indicated that the microturbines at the treatment plant are up and running and a Dedication Ceremony has been scheduled on April 10, 2008. He noted that Supervisor Dianne Jacob is scheduled to attend.

President Croucher indicated he wished to add with regard to the CWA report that the situation on the Bay Delta has not changed and he noted that, though we have had some rain, the rainfall in San Diego is still below average.

12. DIRECTORS' REPORTS/REQUESTS

Director Robak indicated that an article with regard to the Water Conservation Garden was published in the Technical Journal for Water Conservation Professionals. He indicated that it was good publicity for the garden and shows the things being accomplished by the garden. He thanked staff for their work on the new *Pipeline* and indicated that he felt that it looked very good.

He indicated that he had attended the WaterReuse Conference last week. He stated that Chief of Engineering Posada did a good job in presenting on what had occurred at the Fenton Business Center. He stated that he felt it was well received and everyone in the audience learned something from the presentation. He noted that there was also a discussion at the conference on educating school children on the sewer system. He indicated that he has discussed with General Manager Watton the possibility of a program for the sewer system that could include, if it is possible, a tour of the District's reclamation plant. He also shared that Irvine Ranch had presented on their work on Toyota's headquarters in Irvine, a 600,000 square foot facility on forty acres, which is the largest private gold certified building. He indicated that the facility was "gold certified" as they were able to accomplish a 94% reduction in potable water demand. He lastly shared that he had the opportunity to tour the Orange County Ground Water Replenishment Facility which went into service in January. He indicated that it is a \$500 million project which received \$100 million in grants and was quite impressive. He indicated that the facility injects recycled water into the groundwater basin and the water is tracked through the basin to see how long the injected water takes to go through the basin.

Director Lopez inquired if the AMR program was still intact and whether it was being impacted by the budget. General Manager Watton indicated that it is still intact and the District is continuing to do retrofits. He noted that the District has changed its focus a little and is retrofitting more of the larger meters to assure that the registers are reading more accurately.

Director Breitfelder indicated that he had attended the SDRMA Seminar on Safety/Claims Education and he felt the seminar was very good. He indicated that what was key for him is that this was the first time he had an opportunity to get a sense of SDRMA as an organization. He stated that they are obviously very efficient, however, equally important, they seem to have their heart in the right place in terms of doing the right thing for both the employer and employee. He stated that they had conveyed this through some of the examples they presented and their demeanor. He stated that in terms of the ACWA Legislative Symposium that he had attended, they had featured incoming senate leaders Steinberg and Coghill. They had discussed that they very much wished to work together on water issues and how things were too partisan. They indicated they did not wish to have band aids and must work to a more holistic approach. He indicated that he also attended the canal tour and was disappointed to learn that

it was not economically beneficial in covering of the canal. He indicated that at the Council of Water Utilities meeting they discussed the Colorado River. In the short term, it is good news on weather for the Colorado River, however, in the long term it is still quite uncertain. He noted the Conservation Action Committee discussed the State Ordinance. He indicated that he felt the State Ordinance was very good in that it requires the use of recycled water where it is available. He indicated, though, they are concerned that it does not provide exclusion for recycled water users from the very stringent prohibitions on water use. General Manager Watton noted that the issue was being worked on and the letter with the City of Chula Vista has been forwarded to the Department of Water Resources. He also indicated that he wished to commend Joey Jacoby, City of San Diego, for putting a spot light on exempting recycled water users on some of the more stringent requirements of the Model Ordinance. He also commended Toby Roy for being the institutional memory and not letting the decision to be dropped. General Manager Watton also noted that Water Conservation Manager William Granger is also working very hard on the Model Ordinance. Director Breitfelder indicated the that he lastly wished to mention that he felt the State Ordinance was too reliant on audits which would be very expensive and counter productive. General Manager Watton indicated that the push was to change the level of when the audits would be done so a much smaller group would be audited than originally proposed.

13. PRESIDENT'S REPORT

President Croucher wished to make the board aware that Ruben H. Fleet Museum in Balboa Park was presenting on IMAX, *The Colorado River at Risk*, which discusses some very significant conservation efforts. He stated that it was discussed at CWA that it would be very worthwhile to see.

14. ADJOURNMENT

With no further business to come before the Board, President Croucher adjourned the meeting at 4:55 p.m.

President

ATTEST:

District Secretary