

**MINUTES OF THE  
BOARD OF DIRECTORS MEETING OF THE  
OTAY WATER DISTRICT  
October 6, 2010**

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

2. ROLL CALL

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

Director Absent: None

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

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETING OF MAY 5, 2010

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

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

to approve the minutes of the regular meeting of May 5, 2010.

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

Ms. Traci Stuart, a resident of the City of Chula Vista, expressed her concern and objection to the development of the Rancho Del Rey Well Project. She stated that she felt that the vibrations from the project's drilling activity were not adequately anticipated by the firm that prepared the District's Mitigated Negative Declaration (MND) for the project. She stated that although District officials looked into and tried to mitigate the vibration issue, she felt it did not solve the issue. Ms. Stuart also indicated that she felt the location of the well project was inappropriate and was not confident that the MND presents or proves the mitigation of the impacts the project will have on its surroundings. She asked for a full Environmental Impact Study for the well project so there is a full understanding of the impacts and the public can adequately participate in the process. She requested that the board carefully reconsider the site.

CONSENT CALENDAR

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

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

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

to approve the following consent calendar items:

- a) APPROVE THE ADOPTION OF A MITIGATED NEGATIVE DECLARATION (MND) FOR THE SAN MIGUEL REGIONAL TRAINING FACILITY PROJECT
- b) APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH MWH FOR THE RALPH W. CHAPMAN WATER RECLAMATION FACILITY UPGRADE PROJECT
- c) APPROVE FUNDING FOR THE DISTRICT'S ASSET MANAGEMENT PROGRAM

## ACTION ITEMS

### 8. FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY

- a) APPROVE AN AGREEMENT WITH JESUS H. KURODA FOR THE INSTALLMENT PAYMENT OF CAPACITY FEES IN ACCORDANCE WITH BOARD OF DIRECTOR'S POLICY 7, CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT (CHARLES)

Public Services Manager David Charles indicated that Mr. Jesus Kuroda, who owns the property located at 8649 Avenida De La Fuente, had requested a quote for a ¾" water meter on July 13. The quote provided in July indicated a cost of \$13,279.

Mr. Kuroda inquired if the District would entertain an agreement for monthly installment payments for the meter purchase. Staff presented Mr. Kuroda a copy of the District's Policy 7, *Conditions for Installment or Deferred Payment to the District*, and informed him that the fees that would qualify, under the policy, for installment payments are the Otoy Capacity Fee and the New Water Supply Fee which represent \$8,521 of the \$13,279. Mr. Kuroda was also informed that, should the board approve the promissory note, all other fees and the administrative fee of \$500 for the establishment of the promissory note, would need to be paid to the District at the time of application.

Mr. Charles indicated that this item was also discussed by the District's Finance, Administration and Communications Committee and during the discussion it was noted that Policy 7 requires that such promissory notes be presented for board approval. The committee suggested that the policy be revised to authorize the General Manager to approve such agreements and report these agreements in the General Manager's monthly report to the board. Staff is presenting Resolution No. 4168 for the purpose of revising the language in Policy 7 as suggested by the committee. Staff recommends adoption of Resolution No. 4168 and that the board approve the proposed promissory note with Mr. Kuroda.

It was indicated that the committee also discussed the possibility of checking the promissory note signer's credit. General Counsel Yuri Calderon reviewed the suggestion and indicated that the current procedures adequately protect the District (as the meter itself is the collateral for the promissory note) and does not feel that changes to procedures are required.

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

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

Noes: None  
Abstain: None  
Absent: None

to approve staffs' recommendation.

- b) ADOPT ORDINANCE NO. 527 AMENDING SECTION 27.04, REQUIREMENTS AND LIMITATIONS FOR OBTAINING WATER SERVICE, USE OF SUBMETERS FOR RESALE OR DISTRIBUTION OF WATER, OF THE DISTRICT'S CODE OF ORDINANCES

Mr. Alan Pentico of San Diego and representative of the San Diego County Apartment Association indicated that he wished to thank and urge the District to adopt the proposed ordinance. He stated that the ordinance would help apartments within the District's service area save as much as 19% of its water use.

General Counsel Calderon indicated that he reviewed the District's Ordinance with regard to submetering, Section 27.04, which allows apartments, mobile home parks, etc. to submeter tenants water use where the District provides a master meter. In older complexes, where there are no submeters, the owner utilizes Ratio Utility Billing (RUBs). RUBs parcels out the complex' water use to the number of units in the complex. This is permitted by State statute as long as profit is not being made on the water furnished by the District. He stated that the District's code is not clear as to whether RUBs is permitted. To make it clear, revisions are being presented for the board's adoption to Section 27.04 to permit landowners to utilize RUBs to the extent that it is permitted by law.

Director Robak indicated that the District's Finance, Administration and Communications Committee reviewed this item and supported staffs' recommendation and felt that it was also in the best interest of the District as it promotes conservation. He stated the presented ordinance is also in line with what other agencies are doing throughout the County.

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

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

to approve staffs' recommendation.

9. BOARD

a) DISCUSSION OF 2010 BOARD MEETING CALENDAR

President Bonilla indicated that he met with General Manager Watton and suggested that the December board meeting be canceled, as in past years, as December tends to be a very busy month. He stated that if there are issues that are important to be acted upon before the end of the year, if staff could bring them forward to the November meeting. Director Croucher indicated that he concurred and noted that it takes a lot of time and work to put together a board meeting. He stated that, as the next presentation will show, it has been a phenomenal year for the District and he felt staff deserves some time with their family during the holidays. Directors Gonzalez, Lopez and Robak also concurred.

INFORMATIONAL ITEMS

10. REVIEW OF THE RESULTS OF THE 2010 EMPLOYEE SURVEY  
(WILLIAMSON)

Human Resources Manager Kelli Williamson indicated that staff was pleased to present the findings of the employee satisfaction survey for 2010. She stated in 2008, the District worked with Rea & Parker Research to develop an employee survey that could be used every other year. The survey baseline data was gathered in 2008 and Rea & Parker Research will be presenting a comparison of the results. She stated that the results indicate that Otay employees are very satisfied. She introduced Doctors Rea & Parker who will present the results of the survey.

Doctors Richard Parker and Louis Rea reviewed the findings of the survey and indicated that the study shows that the satisfaction level of the District's employees was very high. They presented the key findings of the survey in detail (reference Attachment A of staffs' report of notes from committee discussion) and it was stated that the findings indicate that the District was fulfilling its responsibility as an employer to an outstanding degree.

President Bonilla indicated with regard to communications that some years ago many staff members did not understand some of the decisions made by the board and inquired if this recent survey indicates that staff not only understands the decisions made by the board, but also supports the decisions. Dr. Parker indicated that he felt, yes, there is significant improvement. However, there is more that could be done. He indicated there is a high correlation between the management team providing effective leadership and staff feeling that they are providing effective leadership, thus, the more staff felt that management was making good decisions, the more satisfied employees will be. He stated the District's continued emphasis in this area, because it is so important, will produce even greater results.

Director Gonzalez indicated that he felt the District has a great atmosphere to work in and it's been a pleasure working with the General Manager and staff. Director Croucher thanked Doctors Rea and Parker for their work on the survey. He stated that their firm has an excellent reputation and because of this fact the findings have a greater impact on him. He was pleased that the findings of the survey validate the efforts of the District. Director Lopez concurred and also thanked them for their work. Director Robak inquired about the reason for utilizing a 1 to 7 scale versus a 1 to 5, or 1 to 10 scale. Dr. Parker indicated that the 1 to 7 scale provides more information as the selection of a 5 or 6 indicates more than a 4 response on a scale of 1 to 5. A 10 point scale does not provide for a neutral point (no mid-point) and it can be more burdensome for respondents to answer 107 questions with a 10 point scale.

At the request of President Bonilla, General Counsel Calderon read into the record a list of awards the District has received over the last several years (see attached copy of list). President Bonilla indicated that this is a team effort and that the awards coincide with General Manager Watton's tenure. General Manager Watton thanked the District's employees for their efforts.

11. REPORT ON THE FISCAL YEAR-END 2010 STRATEGIC PLAN AND PERFORMANCE MEASURES (STEVENS)

Chief of Information Technology Geoff Stevens presented the year-end FY 2010 Strategic Plan results (reference Attachment A of staffs' report of notes from committee discussion). He stated from both perspectives, internal and external, the District is meeting its target for both objectives and performance goals. He noted that every three years the District develops a Strategic Plan and staff will start work on developing the next three years plan for FY 2012-2014. He stated that the themes of efficiency, effectiveness and leveraging off of existing investments will likely be the major themes. He stated that he felt that the Strategic Plan process has become embedded in the District's culture and employees refer back to the District's Strategic Plan, not only to see their individual goals/objectives, but the District's overall plans and goals.

REPORTS

8. GENERAL MANAGER'S REPORT

General Manager Watton noted that a copy of a map was provided to members of the board on the dias and indicated that it presents a table that shows the ranking of several Districts with regard to new residential and industrial developments planned through 2050. He stated that Otay WD was ranked number one in the County, immediately above the City of San Diego, for the number of developable acres for industrial projects and ranked number two, behind the City of San Diego, for developable residential acres. He noted that there is quite a difference in acreage between Otay and the City of San Diego,

and the other listed agencies with regard to developable acres. He stated that this really puts into perspective how important it is for the District to develop alternative water supply sources (conservation, wells, recycled, etc.). He also shared a copy of the District's latest residential water rate survey comparison of the local San Diego County agencies. He stated that Otay is the sixth lowest water cost agency in the County. A copy of the rate increase notices for all customer types was also provided to each director. He stated the notices will be included in customers' November bills. He asked the Directors to please provide any feedback that they might have within the next week.

General Manager Watton then presented his report which included an announcement that the District has received the 2010 Irrigation Association's National Water & Energy Conservation Award, an update on the Asset Management Program, the new electronic billing service, the status of Mexico Water Deliveries, an update on the Rancho Del Rey Groundwater Development Project and the status of water purchases from CWA (see attached copy of the General Manager's report for details).

#### 9. DIRECTORS' REPORTS/REQUESTS

Director Robak inquired, with regard to the Strategic Plan measurements, when would results be considered a "green" category (meeting target); is it a percentile measurement. Chief of Information Technology Stevens indicated that in order to meet the goal for objectives, 90% of the objectives must be *on schedule, ahead or completed* and performance measures must be *75% on schedule, ahead or completed*. He stated if a categories gets too small (ie., eight objectives), if one of the eight is behind schedule, then the overall category would score below target at 87.5%. At this point, the measurement then becomes less meaningful. Chief of Information Technology Stevens indicated in response to an additional inquiry from Director Robak that staff will be moving forward with the AWWA Peer Review Process and is now discussing the areas that should be included in the review process. Director Robak thanked staff for adding, at the Committee's recommendation, the information on what customers can do to conserve water in the rate increase notices to customers. He lastly shared that he has been taking a waste water treatment class at Cuyamaca College and has been learning many of the operational functions. He stated that he has been enjoying what he is learning from the class.

Director Lopez thanked Director Gonzalez for attending the District's Engineering, Operations and Water Resources Committee on his behalf.

Director Croucher indicated that the Water Conservation Garden is moving forward with the transition of the management of the Garden to the *Friends of the Garden*. He stated that they are very enthusiastic in their new role and over the next couple of years, the District should see a reduction in its contribution to the Garden fund.

10. PRESIDENT'S REPORT

President Bonilla reported on meetings he attended during the month of September 2010 and indicated that on September 1 he met with General Manager Watton to discuss items to be reviewed during the September committee meetings. He stated that on September 15 the District held a Special Board Meeting/Board Retreat Workshop and on September 16 he attended the District's Finance, Administration, and Communications Committee. He attended the Hispanic Chamber of Commerce Iluminada Event on September 18 and indicated that it was a very nice event. He lastly shared that on September 27 he met with General Manager Watton and General Counsel Calderon to discuss the October Board agenda.

11. ADJOURNMENT

With no further business to come before the Board, President Bonilla adjourned the meeting at 4:50 p.m.

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President

ATTEST:

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District Secretary