

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
August 7, 2013**

1. The meeting was called to order by President Lopez at 3:46 p.m.

2. ROLL CALL

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

Directors Absent: None

Staff Present: General Manager Mark Watton, General Counsel Dan Shinoff, Asst. GM German Alvarez, Chief of Engineering Rod Posada, Chief of Information Technology Geoff Stevens, Chief of Administration Rom Sarno, Chief of Water Operations Pedro Porrás and District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETING OF JULY 3, 2013

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

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

to approve the minutes of the regular meeting of July 3, 2013.

6. APPROVE THE MINUTES OF THE SPECIAL MEETING OF JUNE 13, 2013

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

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

to approve the minutes of the special meeting of June 13, 2013.

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

No one wished to be heard.

CONSENT CALENDAR

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

Director Robak pulled item 6f, APPROVE A ONE-YEAR FIXED WITH FOUR OPTION YEAR RENEWALS (FIVE-YEAR TERM) AGREEMENT WITH PAYMENTUS TO PROVIDE PHONE PAYMENT SERVICES IN AN AMOUNT NOT-TO-EXCEED \$250,000 (\$50,000 ANNUALLY), for discussion. Director Thompson pulled item 6c, APPROVE A PROFESSIONAL COATING INSPECTION SERVICES CONTRACT WITH HARPER & ASSOCIATES ENGINEERING, INC. IN AN AMOUNT NOT-TO-EXCEED \$75,160 FOR A PERIOD OF ONE (1) YEAR (AUGUST 2013 THROUGH JULY 2014), for discussion.

Upon a motion by Director Croucher, seconded by Director Robak and carried with the following vote:

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

to approve the following consent calendar items:

- a) APPROVE CHANGE ORDER NO. 3 TO THE EXISTING CONTRACT WITH LAYFIELD ENVIRONMENTAL SYSTEMS CORPORATION FOR A CREDIT IN THE AMOUNT OF <\$39,618.43> FOR THE 624-1 RESERVOIR FLOATING COVER REPLACEMENT PROJECT

- b) AWARD A PROFESSIONAL CONTRACT FOR AS-NEEDED PLAN REVIEW, INSPECTION, AND PROJECT MANAGEMENT SERVICES TO AEGIS ENGINEERING MANAGEMENT, INC. FOR DEVELOPER POTABLE AND RECYCLED WATER PROJECTS IN AN AMOUNT NOT-TO-EXCEED \$350,000 FOR A PERIOD OF TWO (2) FISCAL YEARS (FYs 2014 AND 2015)
- d) APPROVE TWO (2) AGREEMENTS WITH BMB TOWER HOLDINGS, LLC, AN OKLAHOMA LIMITED LIABILITY COMPANY, FOR THE INSTALLATION OF A COMMUNICATIONS FACILITIES AT THE 485-1 AND 458-1 RESERVOIR SITES
- e) DECLARE THE IDENTIFIED VEHICLES AND EQUIPMENT AS SURPLUS TO THE DISTRICT'S NEEDS

President Lopez presented item 6c for discussion:

- c) APPROVE A PROFESSIONAL COATING INSPECTION SERVICES CONTRACT WITH HARPER & ASSOCIATES ENGINEERING, INC. IN AN AMOUNT NOT-TO-EXCEED \$75,160 FOR A PERIOD OF ONE (1) YEAR (AUGUST 2013 THROUGH JULY 2014)

Director Thompson inquired with regard to the proposal rankings, how the rates are scored (how staff translates pricing into point scoring) and the rationale for "pricing" to represent 15% of the score. Assistant Civil Engineer Kevin Cameron stated that 15% is utilized for all consultant proposals. He indicated this consultant will monitor the coating contractor as he applies the coating to the reservoirs. The rates presented are the consultants' hourly rates and it was determined that it will take approximately four (4) months to complete the coating for the first tank and approximately three (3) months for the second tank. It is expected that the consultant would be at the job sites approximately 760 hours.

In response to another inquiry from Director Thompson, Mr. Cameron indicated that if the consultant takes longer than the number of hours indicated in the contract, per the contract, the consultant would pay for the additional inspection hours. Staff noted that there have been times when the consultant has completed a job faster than estimated, but generally, staff can quantify from past projects the number of hours required to coat reservoirs. It was discussed that the inspection consultant would not need to be onsite when the coating contractor is blasting the old reservoir coating, he would only need to be onsite to inspect upon the completion of the blasting.

Director Croucher indicated that six (6) or more years ago, the District only looked at the consultants' qualifications when soliciting for service contracts. Through board/committee action and staffs' support, the pricing was included as part of the rating. Approximately three (3) years later the ranking system was readjusted to where pricing became a little more important. Qualifications are

still the key element as the District wants to assure the consultant is qualified to provide the services, but pricing is given some consideration now.

Director Thompson indicated that he felt that something worth looking into, in terms of the criteria, is where consultants' pricing comes in. If the consultant charges less than the maximum, then he feels some evaluation of this is worth noting in the rankings. He stated that he did not really have the knowledge and wanted to inquire so he could have more understanding.

General Manager Watton noted that because every job is a little different, it is difficult to do an across the board analysis. He stated in the case of recoating tanks, the District is not entirely sure what will be found in the field. A project may require more inspection services over a longer period of time depending on what is found. Staff manages the contracts through documentation, thus, consultants do not "low ball" their bids as they know that they will not be able to make up the difference through change orders as work on District's projects is well-documented.

Upon a motion by Director Thompson, seconded by Director Lopez and carried with the following vote:

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

to approve staffs' recommendation.

President Lopez presented item 6f for discussion:

- f) APPROVE A ONE-YEAR FIXED WITH FOUR OPTION YEAR RENEWALS (FIVE-YEAR TERM) AGREEMENT WITH PAYMENTUS TO PROVIDE PHONE PAYMENT SERVICES IN AN AMOUNT NOT-TO- EXCEED \$250,000 (\$50,000 ANNUALLY)

Director Robak indicated that he was made aware of a bill payment service, "PayNearMe," that had allowed another agency's customer to pay his/her water bill at a 7-11 convenience store. He noted that, through a conversation with General Manager Watton, he understands that Otay customers can pay their bills at Walmart, Kmart and the Postal Annex. He inquired how the District advises customers of these payment options. Customer Service Manager Andrea Carey indicated that the information is located under the customer service area of the District's website. Customer Service is currently working with Communications Officer Armando Buena to see if the District could make this information even more visible on the website. The information was also provided in the Customer *Pipeline Newsletter* and in bill inserts. Director Robak suggested that the District add a link on the main page indicating, "bill pay options," which then links to a list showing the different bill pay options.

In response to another inquiry from Director Robak, Ms. Carey indicated that the customers do pay a surcharge when paying their bills at Walmart, Kmart or the Postal Annex. The cost varies by location. Walmart charges a flat fee of \$0.85 per payment; the Postal Annex charges \$1.00 per payment and if the customer wishes to “rush” the payment (payment is forwarded within 24 hours), they pay a little more. She also indicated that Walmart allows customers to pay by debit card. The other locations only accept cash.

It was discussed that if the District wished to provide customers the ability to pay their bill at 7-11, 7-11 requires that the District include the 7-11 logo on its website. The District is concerned with including the 7-11 logo on its website and is currently reviewing this option.

Ms. Carey indicated that 5% of the District’s customers walk into the District’s office to pay their bill, 5% pay by phone, 30% pay by forwarding a check in the mail, 35% pay via the District’s website (auto payment) and 25% pay through payments forwarded from their bank accounts. The most cost effective payment is payments forwarded from a customer’s bank account. The District pays a small fee for this type transaction. The next most cost effective is auto payment which is about \$.30 per payment. The District has doubled the number of customers utilizing auto pay from 4000 in 2010 to 8000 today. The District has seen a steady increase and expects it to continue to increase over time.

Staff has discussed providing customers’ incentives to move to the two most cost effective options to pay their bill as it would reduce the District’s cost to process bill payments. One incentive discussed is to provide customers a discount on their bill. However, staff still needs to research this possibility and look at the administrative cost for doing so. Staff is not aware of what other Districts have done, but staff could survey other agencies to find out.

Upon a motion by Director Robak, seconded by Director Thompson and carried with the following vote:

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

to approve staffs’ recommendation.

ACTION ITEMS

9. ENGINEERING AND WATER OPERATIONS

- a) APPROVE RECOMMENDATIONS IN THE PUBLIC HEALTH GOAL REPORT (PHG) THAT NO FURTHER ACTIONS ARE NECESSARY TO

REDUCE THE LEVELS OF THE SEVEN CONSTITUENTS LISTED IN THE REPORT TO LEVELS AT OR BELOW THE PHG's

Water Systems Manager Gary Stalker presented the findings of the District's Public Health Goal Report. He indicated that staff is requesting that the board approve the recommendations in the PHG Report and support that no further action is necessary to reduce the levels of the seven constituents listed in the report to levels at or below the PHGs. The primary health standard is that the District must ensure that the water is safe to drink. The secondary standard regulates the compounds that account for color, clarity and taste of the water. The third category is the goals. The USEPA sets the goals for the whole Country and the California EPA can set additional Public Health Goals specifically for the state of California. The District met all state of California, Department of Public Health and USEPA drinking water standards. He noted that previously, only agencies that treated water were required to produce this report. It is now required that all water agencies complete the report. Please reference the Committee Action notes (Attachment A) attached to staff's report for further details of Mr. Stalker's report.

Director Croucher indicated that the Engineering, Operations and Water Resources Committee inquired how the District compared with its surrounding agencies. It was discussed that the water that the District receives from MWD, CWA, etc. is already treated and that the surrounding agencies receive the same water. He indicated that the District could spend a lot of money to enhance water treatment, however, it could still be possible that the District would not see a change in the testing levels. Thus, the District could spend a lot of money, but see no difference.

Director Robak inquired with regard to pharmaceuticals how the thresholds are determined. Mr. Stalker indicated that the same studies are utilized to determine contaminate levels for pharmaceuticals which are usually a one in one million risk factor. One person in a million would be affected by the contaminate level. The PHG extracts the number down to where the risk fraction is zero in a million. It is a theoretical extrapolation based on health data.

General Manager Watton indicated that when the District had the cross connect issue in Chula Vista, staff had the water tested by a lab for every element that could be potentially detected. He stated that the test for potable water showed "non-detect" for all elements. When the recycled water was tested, the tests detected Personal Care Products (PCPs) and pharmaceuticals to low levels. He noted that when this water is further treated to the potable level, Indirect Potable Reuse (IPR), no PCP's/pharmaceuticals were detected. He stated there is a real sensitivity, particularly with hormone (estrogen, testosterone, etc.) compounds for the receiving waters, such as rivers and what it does to fish and other water life, as there is for treated water. He stated he feels that there are people who do not support IPR or DPR water, so they create discussion around PCP's/pharmaceuticals in the water to scare the public. He indicated, however, if

we look at the results of the water tests, it shows that there is no real issue as the levels are so minute that the tests cannot even detect the compounds.

Director Croucher indicated that the Colorado River itself receives treated discharge water from various cities, including Las Vegas, along the river. He commented, at what point is the River water considered “reclaimed water.” He noted that the city of Las Vegas also receives credit for discharging treated water back into the River.

Director Thompson indicated that when public health issues related to water are discussed, he sees two basic issues: 1) the ingesting of the water; and 2) bodily contact with water (such as, through bathing). He asked if the public’s concern is mainly about bodily contact with the water. General Manager Watton indicated no, it is mainly about the water that is ingested.

Upon a motion by Director Croucher, seconded by Director Robak and carried with the following vote:

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

to approve staffs’ recommendation.

10. BOARD

a) DISCUSSION OF 2013 BOARD MEETING CALENDAR

There were no changes to the board meeting calendar.

REPORTS

11. GENERAL MANAGER’S REPORT

General Manager Watton shared that on the dias, at each board members’ seat, is a copy of a letter forwarded to Assemblymember Anthony Rendon, Chair of the Assembly Water, Parks & Wildlife Committee. He stated that the District provided Assemblymember Rendon comments on the Assembly Water, Parks & Wildlife Committee’s proposed principles for “Developing a Water Bond” which is attached to the correspondence forwarded to the Assemblymember. He indicated that the District is essentially advocating for a “real” state water bond. In the past, the proposed water bond included several billion dollars for water related issues along with many billions for other projects that are not necessarily related to water projects. The District, along with others, is advocating that the proposed water bond be focused on funding projects related to actual water projects.

General Manager Watton also shared from his report an update on the Jamul water main break, Water Conservation Garden, upcoming employee events, ESRI International Users Conference, fiscal year-end answer rate, the financial audit, water sales, an update on the Avocado Louisa Sewer Replacement Project, and the 12" potable water pipeline project at East Orange. Mr. Watton also introduced new employee, Mr. Oscar Ramirez, the District's new Safety and Security Specialist. He also noted that the District's two pipeline projects with CalTrans are coming to a successful close very soon.

In response to a question from Director Robak, General Manager Watton stated that he believes that the Principles for the Proposed Water Bond were drafted by the staff of the Assembly Water, Parks & Wildlife Committee.

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

Director Croucher indicated with regard to the Carlsbad Desalination Project, that CWA is looking to adjust the alignment for the pipeline from the Carlsbad Plant to CWA's system. This will cause an increase in cost of approximately \$6 million. The original pipeline alignment was to construct the pipe on the side of a bridge. After looking at the various options, it was found that the proposed new alignment would cost more than \$6 million, so it was decided to go back to the original plan of mounting the water pipes to the side of the bridge.

He also indicated with regard to the water conservation programs that MWD is setting aside more funds than they have been able to spend in the past years. MWD's staff, however, is not recommending reducing future conservation budgets, instead they are moving forward to research how they can spend more money on conservation. One of the concerns in MWD continuing to fund the conservation programs is that quite a bit of the funds comes from San Diego for these programs and San Diego only gets a portion of these funds back. San Diego County has also met its conservation goals and has even surpassed the 2020 requirements. He stated that MWD indicates that other Counties are not experiencing the same success as San Diego County and they wish to continue the programs and they don't seem to feel that San Diego County should have any input in the funding of the conservation programs. The San Diego representatives will continue to assure that the San Diego County concerns are being communicated.

12. DIRECTORS' REPORTS/REQUESTS

Director Robak indicated that he had an opportunity to speak with Mr. Bill Rose, Director of Engineering at CWA, at a community event and who also happens to be one of his constituents. He stated that they had a very interesting discussion regarding the Carlsbad Desalination Project pipeline alignment. He also shared that he had golfed at the Salt Creek Golf Course and, as this was the first time he has golfed at Salt Creek, he did not have a basis for comparison on how well it is being maintained. He stated that their customers commented that the course

was in much better shape. He also noted that the Golf Course was working on renovating their pro shop and bar area.

Director Thompson indicated he had been out-of-town and thanked Director Gonzalez for attending, on his behalf, the City of Chula Vista Redevelopment Oversight Board meeting held July 8, 2013.

Director Gonzalez reported that he attended the City of Chula Vista Redevelopment Oversight Board and they had discussed a couple properties that the oversight board will be placing on the open market for sale.

13. **PRESIDENT'S REPORT**

President Lopez requested a briefing on the Special meeting of the Metro Commission that Director Gonzalez had attended on his behalf. He reported on meetings he had attended during the month of July 2013 (a list of meetings he attended is attached).

He also stated with regard to a Metro Commission meeting he attended on August 1, 2013 that the board will be hearing more about the waiver for the Point Loma Wastewater Treatment Plant (PLWTP) and their Regional Water Reuse Plan. He stated that a presentation will be provided the board soon requesting support, through the adoption of a resolution, of the development of a long range Regional Water Reuse Plan and Secondary Equivalency for the PLWTP.

RECESS TO CLOSED SESSION

14. **CLOSED SESSION**

The board recessed to closed session at 5:42 p.m. to discuss the following matter:

- b. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION [GOVERNMENT CODE §54956.9]**

1 CASE

RETURN TO OPEN SESSION

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

The board reconvened at 6:37 p.m. and General Counsel Dan Shinoff indicated that the board rejected a claim unanimously in closed session. The board also provided Counsel direction on a complaint filed with the Sacramento Superior Court against many agencies throughout the state of California, including Otay WD. The board directed Counsel to prepare a response to the complaint and file it in a timely fashion.

16. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 6:39 p.m.

President

ATTEST:

District Secretary

President's Report
August 7, 2013 Board Meeting

A) Meetings attended during the Month of July 2013:

- 1) **July 3: Attended the District's Regular Board Meeting**
- 2) **July 11:**
 - a. **Met with the District's Auditor, David Foreman,** to review the audit process.
 - b. **Met with General Manager Watton** who provided an update on Otay matters.
- 3) **July 19: Committee Agenda Briefing.** Met with Director Gonzalez and General Manager Watton to review items that will be presented at the July Committee meetings and reviewed issues being discussed by the Metro Commission.
- 4) **July 23: Attended the District's Finance, Administration and Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the July Committee Meetings.

B) Meetings attended during the Month of August 2013:

- 1) **August 1:**
 - a. **Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the August Board Meeting.
 - b. **Attended a meeting of the Metro Commission:**
 - i. The Commission took action on a Joint Resolution supporting development of a long range Regional Water Reuse Plan and Secondary Equivalency for the Pt. Loma Wastewater Treatment Plant (see attached copy of agenda).