

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
April 1, 2015**

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

2. ROLL CALL

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

Staff Present: General Manager Mark Watton, General Counsel Dan Shinoff, Asst. General Manager German Alvarez, Chief of Engineering Rod Posada, Chief Financial Officer Joe Beachem, Chief of Information Technology Geoff Stevens, Chief of Operations Pedro Porrás, Asst. Chief of Administration and Information Technology Adolfo Segura, Asst. Chief of Operations Jose Martinez, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

Director Robak introduced Boy Scouts Noah and his son Nathan, who are attending the District's board meeting to complete merit badges. He asked them to lead the District in the Pledge of Allegiance. Following the Pledge of Allegiance a moment of silence was observed to honor Mr. Paul Engstrand who passed away on March 20, 2015. Mr. Engstrand was instrumental in forming the Otay Water District and had also served as counsel to Otay WD, Helix WD, Sweetwater Authority and County Water Authority.

4. APPROVAL OF AGENDA

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

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE SPECIAL BOARD MEETING OF JANUARY 27, 2015 AND REGULAR BOARD MEETING OF FEBRUARY 4, 2015

Director Thompson indicated on page seven (7) of the minutes of the February 4, 2015 board meeting it indicates that the Water Conservation Garden "has been a good partner and are requesting a five (5) year contract renewal at the same rate

of \$500,000 per year.” He indicated that he wished to correct the statement and that it should read “\$100,000 per year” for five (5) years. District Secretary Susan Cruz indicated that she would make note of that change.

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

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

to approve the minutes of the special board meeting of January 27, 2015 and regular board meeting of February 4, 2015.

6. PRESENTATION FROM THE CHALDEAN AMERICAN CHAMBER OF COMMERCE (BEN KALASHO, PRESIDENT)

Mr. Ben Kalasho, President of the Chaldean American Chamber of Commerce, indicated that he wished to present on the status of the Chamber and its growth since its inception fourteen months ago. He stated that the Chamber has grown to 400 members and that 60% of their members are not Chaldean. He stated that many join as a way to reach the Chaldean community members. Mr. Kalasho indicated that there is approximately 78,000 Chaldeans living in San Diego. He indicated that the Chaldean American Chamber of Commerce operates like all other chambers. They host monthly themed mixers, sponsor an annual beauty pageant and golf tournament, sponsor community rallies, promote businesses and charities (i.e., toy drives during the holidays). He stated that the Chaldean American Chamber is also available to serve as a resource to the Otay WD and if the District needs help in educating the community to please use them. They have a full board and staff and wish to work as a partner with the District. He thanked the District for their membership and for providing him time to speak at today’s board meeting. President Lopez thanked Mr. Kalasho for his presentation.

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:

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

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

to approve the following consent calendar item:

- b) AWARD A PROFESSIONAL AS-NEEDED GEOTECHNICAL SERVICES CONTRACT TO NINYO AND MOORE GEOTECHNICAL AND ENVIRONMENTAL CONSULTANTS (NINYO & MOORE) IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR A PERIOD OF FOUR (4) YEARS (FY 2015 THROUGH FY 2018, ENDING JUNE 30, 2018)

President Lopez presented item 7a for discussion:

- a) AWARD A CONSTRUCTION CONTRACT TO ABHE AND SVOBODA, INC. (A & S) FOR THE 850-3 RESERVOIR INTERIOR COATING PROJECT IN AN AMOUNT NOT-TO-EXCEED \$366,720

Director Thompson commented that the interior coating consultant and the coating inspector had provided faulty work and the company that had provided the inspection services is no longer in business. He inquired if there are ways the District can mitigate the risk from this happening again. He suggested that maybe staff can perform more due diligence, such as, legal searches for any lawsuits that the recommended contractor may be involved with, etc. He also suggested that maybe this issue should be referred back to committee. He indicated that he did wish to commend staff for the due diligence they had performed in the recommendation associated with this proposed contract with A & S, Inc.

General Manager Watton indicated that the District does perform background and reference checks. Staff also performs searches on the internet to see if there is any additional information that can be found on the contractor.

Assistant General Counsel Richard Romero added that the contractors also must complete a questionnaire which requires them to disclose lawsuits over a certain number of years, OSHA violations, change in ownership, etc.

Director Smith indicated that the coating contractor is still in business and the Engineering, Operations and Water Resources Committee had discussions with legal counsel possible options regarding the coating defect.

Director Croucher indicated, for clarification, that there are two (2) separate issues; 1) performance of the previous contractor, and 2) the presented contract for new coating contractor. The first issue will be a matter for closed session

discussions and it is proposed that the presented contract be approved to move forward with the new coating. General Manager indicated that that was correct.

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

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

to approve staffs' recommendation.

ACTION ITEMS

9. ENGINEERING AND WATER OPERATIONS

- a) APPROVE THE UPDATED WATER SUPPLY ASSESSMENT AND VERIFICATION REPORT DATED FEBRUARY 2015 FOR THE OTAY RANCH PLANNING AREA 12 FREEWAY COMMERCIAL PROJECT AS REQUIRED BY SENATE BILLS 610 AND 221 (COBURN-BOYD)

Environmental Compliance Specialist Lisa Coburn-Boyd indicated that the City of Chula Vista submitted a request to the District for an updated Water Supply Assessment and Verification Report (WSA&V Report) because of changes in the land use for this project. She indicated that WSA&V Reports are required under SB 610 and 221. The primary intent is to improve the link between water supply availability and land use decisions. She stated that these bills require that the water purveyor, Otay WD, prepare the WSA&V Report to be included in the project California Environmental Quality Act (CEQA) documentation. The Board's ratification of the WSA&V Report is required for submittal of the report to the City of Chula Vista. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Ms. Coburn-Boyd's report.

Director Robak indicated that today the Governor of the State of California has implemented a 25% mandatory water use reduction. He inquired if the mandatory water use reduction will impact the WSA&V Report and staff's recommendation. Ms. Coburn-Boyd indicated that it does not as the project's water use demands were already included in the 2010 Urban Water Management Plan and has been included in the District's Water Resources Management Plan. She stated that the increase in use has also been accounted for in CWA's Accelerated Forecasted Growth.

It was discussed that the Governor's action is a short term, year-by-year, response to drought. If the drought continues for another two or three years, then it may have impact, but at this point the District is fine with the current water availability as per the WSA&V Report.

Director Thompson observed that the District's demand is 45,000 AF for 2015, but the District has only used approximately 38,000 AF in 2014. He inquired why there is a difference. General Manager Watton indicated that the 2010 Urban Water Management Plan (UWMP) was overstated by quite a bit, however, the Water Facilities Master Plan shows a reduced demand which will be reflected in the new updated UWMP.

Director Smith indicated that the District's Engineering, Water Resources and Communications Committee reviewed this item in detail and it was discussed that the 2010 UWMP demand is projected with no economic downturn. He indicated that staff has been working on a water plan update, which is different than the 2015 UWMP which has not yet been set. He explained that there will be a balance between the current projections, which will occur when staff coordinates projections with CWA and other agencies, that will then be reflected in the 2015 UWMP.

In response to an inquiry from Director Smith, staff indicated that the Governor does not issue the water supply Level 1, 2, 3, etc., alerts. Those alerts are issued at a regional level (MWD, CWA and Otay WD). He indicated that what needs to be analyzed at this time is what impact the 25% water use cutback has on the MWD and what MWD will do with allocations. CWA is suggesting that MWD implement 20% allocations to preserve their (MWD's) water storage. A 20% allocation to CWA from MWD would translate to approximately a 10% allocation to Otay WD from CWA. A 10% allocation will keep the District at a Level 2 supply alert.

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

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

to approve staffs' recommendation.

10. BOARD

a) DISCUSSION OF THE 2015 BOARD MEETING CALENDAR

Director Croucher indicated that he will be in Sacramento on May 4 and 5, 2015 attending CWA's Legislative Trip. The ACWA Conference will begin on May 6, the day of the District's board meeting, and he may stay in Sacramento to attend the conference since he will already be in Sacramento. He will advise if he plans on attending the ACWA Conference.

There were no changes to the board meeting calendar.

REPORTS

11. GENERAL MANAGER'S REPORT

General Manager Watton presented information from his report that included an update on the technology security audit, customer mobile application, liability insurance market review, ID consolidation, and potable water purchases. He reviewed handouts provided on the dias for each Director which included powerpoint presentations from CWA regarding an update on their outreach related to the drought and drought conditions and the State Water Resources Control Board's proposed additional emergency regulations, a handout for the community that provides information on how to create a budget for landscape retrofits, and the California Governor's Executive Order B-29-15 mandating 25% potable water conservation.

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton indicated that labor negotiations is underway at CWA. He stated with regard to CWA's lawsuit with MWD, that it is currently in the *Damage* phase of the trial. The trial is expected to end in approximately 10 days and CWA should have the judge's decision in May. He stated that the lawsuit will likely then go into the appeals phase. He indicated that the judge had ruled last year that MWD is illegally charging CWA and it is anticipated that the calculation under Preferential Rights will provide San Diego an additional 80,000 AF of water supply from MWD.

Director Croucher added that the Carlsbad Desalination Plant is ahead of schedule and under budget. It is estimated that the plant will go into service in January 2016. He also stated that he attended, along with CWA's General Manager, Asst. General Manager and Board Chairman, the CSDA's Legislative Days on March 15 and 16 in Sacramento.

12. DIRECTORS' REPORTS/REQUESTS

Director Robak reported that he attended a water conservation forum with General Manager Watton several weeks ago at SDG&E's Energy Innovation Center. He indicated that their building has been *Double-Platinum* certified. It is very energy efficient and its efficiency level is quite remarkable. He also indicated that the State of California is in the middle of an incredibly bad drought and the Governor's action today is maybe what was needed to get people motivated to conserve. He stated that the drought puts more importance in the Water Conservation Garden. He stated that they have made great strides and, though he is a non-voting member, he has been attending their board meetings.

Director Croucher indicated that they are looking to work closely with the San Diego County Chamber of Commerce to assure that we are addressing water issues with the community and businesses.

Director Thompson reported that he attended the WaterReuse Conference from March 15 to 18. He stated that much of the discussions was very technical and difficult to understand concerning regulations for water reuse. He stated that he did get a lot out of the conference in terms of understanding each of the cities' water situation.

Director Smith indicated that he attended the District's Engineering, Operations and Water Resources Committee on March 12 and CSDA Governance Foundation Training on March 24. He stated that it was good to see elected officials getting trained. He observed that we generally have seasoned politicians that don't have any training at all. He indicated that it is nice to see that Otay WD has their board members attend training. He also shared that he read the *blogger* interview of General Manager Watton and he felt one of the key points mentioned in the interview is conservation. He stated that the point General Manager Watton made regarding conservation, that it is the right thing to do, is very important. He indicated that it is the same principle as recycling aluminum cans. You do it because it is the right thing to do. He stated that preserving our resources for future generations is an important message to our young population.

13. PRESIDENT'S REPORT

President Lopez reported on meetings he attended during the month of March 2015 (a list of meetings he attended is attached).

14. CLOSED SESSION

The board recessed to closed session at 4:58 p.m. to discuss the following matter:

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

PATRICIA MOSS v. OTAY WATER DISTRICT, et. al.; CASE NO. 37-2014-00005818-CU-OE-CTL

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

RAND ENGINEERING INCORPORATED v. AMERICAN PRIDE GENERAL ENGINEERING, INC. et al.; CASE NO. 37-2014-00039316-CU-OR-CTL

The board reconvened at 5:35 p.m. and General Counsel, Mr. Dan Shinoff, reported that the board met in closed session and has authorized the execution of a settlement agreement in the Rand Engineering Inc. versus American Pride General Engineering, Inc. matter with no payment provided by the District. He stated that the board took no other reportable actions in closed session.

15. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 5:36 p.m.

President

ATTEST:

District Secretary

President's Report
April 1, 2015 Board Meeting

A) Meetings attended during the Month of *March* 2015:

- 1) **March 4: Attended the District's Regular Board Meeting.**
- 2) **March 5: Attended a meeting of the Metro Commission** (see attached minutes)
- 3) **March 12:**
 - a. **Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the March committee meetings.
 - b. **Attended the District's Engineering, Operations and Water Resources Committee on behalf of Director Croucher.** Reviewed, discussed, and made recommendation on items that will be presented at the April board meeting.
- 4) **March 15-17: Attended the WaterReuse Annual Conference.** Also attended by Director Thompson.