

**MINUTES OF THE  
BOARD OF DIRECTORS MEETING OF THE  
OTAY WATER DISTRICT  
October 7, 2015**

1. The meeting was called to order by President Lopez at 3:37 p.m.

2. ROLL CALL

Directors Present: Lopez, Croucher, 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

4. APPROVAL OF AGENDA

A motion was made by Director Smith, and 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 agenda.

5. APPROVE THE MINUTES OF THE SPECIAL BOARD MEETING OF JUNE 24, 2015

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 June 24, 2015.

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

No one wished to be heard.

7. RECESS OTAY WATER DISTRICT BOARD MEETING AND CONVENE A MEETING OF THE OTAY SERVICE CORPORATION BOARD MEETING

President Lopez recessed the Otay Water District board meeting at 3:37 p.m. and convened a meeting of the Otay Service Corporation board.

8. ROLL CALL

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

9. ELECTION OF OFFICERS: PRESIDENT, VICE-PRESIDENT AND TREASURER

A motion was made by Director Croucher, 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 elect Director Lopez as President, Director Thompson as Vice President, and Director Robak as Treasurer.

10. APPOINTMENT OF OFFICERS: EXECUTIVE DIRECTOR, CHIEF FINANCIAL OFFICER AND SECRETARY

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 appoint General Manager Watton as Executive Director, Joe Beachem as Chief Financial Officer and District Secretary Susan Cruz as Secretary.

11. ADJOURN OTAY SERVICE CORPORATION BOARD MEETING AND RECONVENE OTAY WATER DISTRICT BOARD MEETING

President Lopez adjourned the Otay Service Corporation board meeting at 3:40 p.m. and reconvened the Otay Water District board meeting.

## CONSENT CALENDAR

12. 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 items 13a, APPROVE A FINE OF \$1,000 FOR METER TAMPERING AT 10305 ELMDALE DRIVE IN SPRING VALLEY, and 13b, APPROVE THE ISSUANCE OF A PURCHASE ORDER TO COX COMMUNICATIONS IN THE AMOUNT OF \$630,000 FOR FIVE (5) YEARS FOR TELECOMMUNICATION, FACILITY CONNECTIVITY, AND INTERNET SERVICES, for discussion.

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 items and with regard to item "h" that the board directs staff to prepare a resolution for the purchase of the two (2) parcels from CalTrans for the General Manager's signature:

- c) APPROVE AN AS-NEEDED COATING INSPECTION SERVICES CONTRACT TO CORRPRO COMPANIES, INC., AN AEGION COMPANY, IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR A PERIOD OF THREE (3) FISCAL YEARS (FY 2016 THROUGH FY 2018), ENDING JUNE 30, 2018
- d) APPROVE A CONSTRUCTION CONTRACT TO ADVANCED INDUSTRIAL SERVICES, INC. FOR THE 711-1 & 711-2 RESERVOIR INTERIOR/EXTERIOR COATINGS & UPGRADES PROJECT IN AN AMOUNT NOT-TO-EXCEED \$1,195,695
- e) APPROVE A FIRST AMENDMENT TO CALTRANS UTILITY AGREEMENT NUMBERS 33592 AND 33622 FOR THE SR-11 UTILITY RELOCATIONS PROJECT IN THE AMOUNTS OF \$439,088 AND \$69,118, RESPECTIVELY
- f) APPROVE A SECOND AMENDMENT TO CAROLLO ENGINEERS, INC. PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR DESIGN AND CONSTRUCTION SUPPORT OF THE 870-2 PUMP STATION PROJECT IN AN AMOUNT NOT-TO-EXCEED \$106,500

- g) APPROVE CHANGE ORDERS NO. 4 IN THE AMOUNT OF \$28,071, NO. 5 IN THE AMOUNT OF \$46, 204.33, AND NO. 6 IN THE AMOUNT OF \$11,413.89 TO THE CONTRACT WITH OLYMPUS AND ASSOCIATES, INC. FOR THE 944-1, 944-2, AND 458-2 RESERVOIR INTERIOR/EXTERIOR COATINGS AND UPGRADES PROJECT
- h) APPROVE THE PURCHASE OF TWO (2) CALTRANS LAND PARCELS (DIRECTOR'S DEED NUMBERS DD 32161-01-01 AND DD 32164-01-01) FOR THE NORTH-SOUTH INTERCONNECTION SYSTEM (OTAY INTERCONNECT) PROJECT IN THE AMOUNTS OF \$195,000 AND \$175,000, RESPECTIVELY

President Lopez presented item 13a for discussion:

- a) APPROVE A FINE OF \$1,000 FOR METER TAMPERING AT 10305 ELMDALE DRIVE IN SPRING VALLEY

Customer Service Manager Andrea Carey requested that the board uphold staffs' recommendation to impose a \$1,000 fine for meter tampering at 10305 Elmdale Drive in Spring Valley. She indicated that on June 30, 2015, the meter at this address was locked for non-payment. During a routine visit on July 10 to check the locked meter, staff discovered water was still passing through the locked meter. Staff, at that time, removed the meter and, as part of the process of removing the meter, staff locked the curb stop and installed a locking device within the curb stop to prevent an illegal connection. On July 30, the afterhours Operations staff member was called out to the property as water was spraying out of the property's meter box. The staff member discovered that the curb stop was missing and a copper pipe had been installed between the house valve and the District's valve. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Ms. Carey's report.

Mr. Frederick McClenny, owner of the property, attended the meeting to appeal the fine imposed for metering tampering at his property. He stated that he was out-of-town and was not aware of any tampering at his property and when he returned he was being fined for no reason. He presented the curb stop with the lock still intact. He stated that he found it in the bushes on his property. He stated that he did not tamper with the system at his property.

President Lopez indicated that a similar incident occurred in the past at this property and it is felt that the District has all the evidence supporting the fine for this incident and is comfortable moving forward with the fine. General Manager Watton indicated that the most damaging evidence is the attempt to install a jumper pipe to hook directly to the District's system. He further stated that this attempt to install a jumper pipe had been done in the past at this property.

Director Thompson indicated that when the District looks at all the circumstantial evidence, the only party that would benefit from the installation of a jumper pipe

is the customer. He stated that based on the evidence, he felt comfortable moving forward with staffs' recommendation.

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.

President Lopez presented 13b for discussion:

- b) APPROVE THE ISSUANCE OF A PURCHASE ORDER TO COX COMMUNICATIONS IN THE AMOUNT OF \$630,000 FOR FIVE (5) YEARS FOR TELECOMMUNICATION, FACILITY CONNECTIVITY, AND INTERNET SERVICES

Director Robak indicated that there was discussion at the committee that the District currently has wireless services with speeds from 20 to 30 megabytes per second (MB/s). The new services from Cox Communications would provide for hard wired services with a speed of approximately 1.5 MB/s. He indicated that this is a distinct downgrade in services. Staff had explained that the proposed service would provide for reliability of service and would be adequate for the District's needs. He asked staff to explain why this significantly slower service would be adequate for the District's needs. Assistant Chief of Administration and Information Technology Adolfo Segura indicated that the 1.5 MB/s is adequate for the District's needs. He stated that the issue they face with the wireless transmission system that the District currently utilizes is it is limited and does not cover the District's full service area. Another issue is the growing wireless traffic within the District's service area, such as, radar from planes and the border patrol, cellular, etc. The District's frequency is an unlicensed frequency (it is public) and it would require three (3) to six (6) months to acquire a private frequency which would be an additional cost.

He stated that is recommend that such communications systems be replaced every seven (7) years. The District's system is going into its sixth (6<sup>th</sup>) year this January. The replacement cost for a wireless system is approximately \$450,000 to \$500,000 with a 10% recurring cost for maintenance. Further, the system would need to be reengineered and this cost would be in addition to the \$450,000 to \$500,000 to replace the existing system. Comparing this cost with reliability and the ability to manage physical circuits from the District, it makes sense for the District to move to hard wired services. It was noted that for reliability, there is nothing superior to a physical connection. The proposed services is adequate for the District needs now and for the foreseeable future.

In response to an inquiry from Director Smith, it was indicated that the firetide radios useful life is five (5) to seven (7) years depending on the outdoor environment. It is expected that the radios will be utilized for another two (2) years before they are retired. It is anticipated that in that time the radios will no longer be supported as the new generation of radios are scheduled to be released in March 2016. Director Smith commented that CWA is also installing, along with their new infrastructure, fiber optic lines in preparation to moving to a hard wired system at some point in the future as the hard wire serve is a more reliable service.

A motion was made by Director Robak, 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 staffs' recommendation.

Director Thompson indicated that he wished to make a comment with regard to agenda item 13a. He indicated that the total penalty and charges to the customer is a large amount of money and he was concerned with the customer's ability to restore water services. He inquired if the District would work with the customer to develop a payment plan. Staff indicated that staff would be doing so and that there is a provision in the District's code that allows for a payment schedule.

Director Thompson also indicated with regard to agenda item 13h, that he had a discussion with General Manager Watton regarding the purchase of this parcel of land. He stated that it is quite sizeable and it is hoped that there would be a residual portion that could possibly be sold. General Manager Watton indicated that staff is working to design the facilities on the land that would provide for a residual parcel that could be sold.

## ACTION ITEMS

### 13. BOARD

- a) CONSIDER NOMINATING DIRECTOR MARK ROBAK TO THE LOCAL AGENCY FORMATION COMMISSION'S (LAFCO) BOARD/COMMISSION AS AN ALTERNATE MEMBER AND DIRECTOR GARY CROUCHER TO LAFCO'S SPECIAL DISTRICT'S ADVISORY COMMITTEE

Director Thompson made a motion, 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 nominate Director Robak to LAFCO's Board/Commission as an Alternate Member and Director Croucher to LAFCO's Special District's Advisory Committee.

b) DISCUSSION OF THE 2015 BOARD MEETING CALENDAR

Director Croucher indicated that he would be out-of-town and would be unable to attend the December 2, 2015 board meeting. General Manager Watton indicated that in the past, the board has canceled the December meeting. Staff is prepared should the board wish to cancel the December meeting this year as well.

There were no changes to the meeting calendar.

INFORMATIONAL ITEM

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

a) ANNUAL DIRECTOR'S EXPENSE REPORT FOR FISCAL YEAR 2015

The board noted and filed staffs' report.

b) FISCAL YEAR 2015 YEAR-END STRATEGIC PLAN REPORT

Information Technology Chief Geoff Stevens presented the Fiscal Year 2015 year-end strategic plan report. Please reference attachment A to staffs' report for details of Mr. Steven's presentation.

In response to an inquiry from Director Croucher regarding the valve exercising program, Chief of Operations Pedro Porras indicated that the District plans to exercise non-critical valves (19,450 valves) within a seven (7) year cycle. That is, all non-critical valves would be exercised once every seven (7) years. All critical valves (700 to 800 valves) would be exercised once every year. It was discussed that the District may establish a separate measurement and target for non-critical valves.

Director Croucher commended staff for their work on the strategic plan and for their openness to feedback and discussion. He stated that the District's strategic plan provides for transparency to the public of the work the District is doing.

Director Smith indicated that he felt the Strategic Plan and the information provided through the Strategic Plan measures is very important. He stated that it is good to see that the measures show that the District is consistent with the industry. He shared that an article in an American Water Works Association (AWWA) magazine was promoting leak detection programs because of the drought and noted that the District already has implemented a leak detection program through its Strategic Plan. He further stated other programs that are just being discussed in the industry, which the District has already implemented, is a recycled water program and strategies to respond to higher energy costs. He commented that looking ahead and planning for the future is what good operating agencies are doing and he is pleased to see the District accomplishing this. He stated that if you don't have a goal, you can't achieve it. Thus, setting goals for the agency or oneself is very important and the District is doing that.

Information Technology Chief Stevens indicated that the Strategic Plan has certainly served as the District's core document to accomplishing new goals as the industry changes. He stated that the Strategic Plan, as a business process, is working quite well for the District.

Directors Robak, Thompson and Lopez thanked staff for their dedication to the Strategic Plan program. They indicated that they very much appreciate staffs work as the Strategic Plan as it is what defines this District.

General Manager Watton indicated that Information Technology Chief Stevens has developed a solid foundation for the Strategic Plan Program that will continue beyond his tenure. He has unquestionably developed an architecture for our Strategic Plan that serves the District well.

## REPORTS

### 15. GENERAL MANAGER'S REPORT

General Manager Watton reviewed handouts that were placed on the dias for members of the board. He stated the first handout is a letter coordinated by the Association of California Water Agencies (ACWA) that is signed by the general managers of various agencies, including the San Diego County Water Authority's (CWA) general manager. The correspondence discusses the Governor's ongoing drought executive order and his desire to continue some type of regulatory structure beyond his executive order which expires in February 2016. The agencies are indicating their concerns with the Regulatory Board's mandates that they will continue to prohibit the use of the local water supplies developed by each of the agencies. The second handout is a presentation regarding the Colorado River Hydrology; the status of the river's water supply outlook. There is also a copy of a presentation concerning the results of the Drought Response Outreach Program. It is being suggested that the campaign be slowed down as San Diego County has received an excellent response from the public to conserve. The last handout is a letter from the California Legislature to the Governor requesting a Special Session to discuss the ongoing drought

conditions and inquires about the next steps when the executive order expires in February 2016. It also discusses the \$700 million in water funding that would be provided to some California regions that have been most impacted by the drought. The concern is that this funding has not been allocated or spent and the Legislature is inquiring why it has not been allocated.

Mr. Watton also presented information from his report. He announced that the District's Employee Recognition luncheon is scheduled next Wednesday, October 14, and the Employee Holiday Dinner has scheduled on, Saturday, December 5. He shared updates on the District's target for water conservation and that the District has had a cumulative savings of 27% since June 1, the Fiscal Year 2015 Audited Financials, the status of conservation outreach, the Rosarito Desalination Project, and water purchases.

Director Thompson inquired if staff could agendaize, fairly soon, a discussion on the budget and projections based on the conservation that the District's customers have been able to achieve. General Manager Watton indicated that the District's staff is working on projections now and will have an item placed on the agenda for discussion at a future board meeting.

#### CWA Report

Director Croucher indicated that CWA is moving forward with evaluating Camp Pendleton as a possible site for another desalination project. He announced that CWA will be hosting a Legislative Roundtable with Speaker of the Assembly, Toni Atkins, on October 16. He stated that he, along with CWA's general manager and members of their board, have just returned from a trip to Washington DC, held from September 27 to 30. During their trip, they met with several legislative representatives, including Congressman Duncan Hunter, to discuss grants, propositions that the water agencies rely on, and the importance of working together, not only in Southern California, but the State of California and the western region of the United States. He stated that CWA is also working on a study for the San Vicente Reservoir concerning the pump storage and the possibility of producing energy. He lastly shared that he will be attending a tour of the Colorado River which includes the Hoover Dam, Diamond Valley, etc. The tours are sponsored and fully funded by MWD. He stated that information will be shared with members of the board should they have interest in participating in these tours and that they are very educational and worthwhile.

#### 16. DIRECTORS' REPORTS/REQUESTS

Director Robak thanked the members of the board for supporting his nomination for the Alternate Member on LAFCO's Commission. He stated that he felt LAFCO is supposed to be promoting and facilitating consolidations for efficient government. He commented that he was unhappy that the proposed merger between Rainbow MWD and Fallbrook PUD was turned down and that he had taken a very public stance and took to task the commission members who voted against the consolidation. He stated that it doesn't seem that the decision will be

appealed. He shared that this is what encouraged him to run for the alternate seat on LAFCO's commission. He indicated that CSDA will host a Candidate Forum in November for those seeking election to LAFCO. He thanked the District for supporting the YMCA Branding event and noted that on October 17, the District is sponsoring the Water Conservation Garden Enchanted Garden Event. He stated that this a very good event and the event supports the Water Conservation Garden. He shared that he has received some feedback from a constituent in his division regarding the main break on Hillsdale Road and he lastly asked the Board to consider scheduling a Board Workshop in lieu of the December board meeting.

Director Thompson reported that he has been working with the General Manager Watton and President Lopez on the City of San Diego Recycled Water Rate issue. He also shared that he attended CSDA's Annual Conference. He stated that the sessions were worthwhile and there were many different topics covered, including the Brown Act, defensible water and sewer rates, etc. He stated that there was a lot of good information for board members and that he would recommend that his colleagues attend the conference next year.

Director Croucher announced that CSDA's Special Districts Leadership Academy Conference is scheduled from January 24 to 26, 2016.

Director Smith indicated, in addition to the committee meeting, he attended the Reynolds Desalination Facility Expansion Groundbreaking Ceremony. He stated that it was interesting to see how they have expanded the plant. He noted that the project has received 75% of its funding from the State and the Federal Government and the cost of water from the project is half the cost of imported water.

#### 17. PRESIDENT'S REPORT

President Lopez reported on meetings he attended during the month of September 2015 (a list of meetings he attended is attached). He thanked Director Robak for filling in on two committees.

He noted that he is disbanding the Ad Hoc Salt Creek Golf Course Committee and will be revising it to review the Salt Creek Golf Course Development. He stated that he would appoint Director Thompson and himself to the committee.

#### 18. CLOSED SESSION

The board recessed to closed session at 5:10 p.m. to discuss the following matter:

- a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:

1 CASE

The board reconvened at 6:50 p.m. and General Counsel Dan Shinoff reported that the board met in closed session and the board took no reportable actions.

19. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 6:50 p.m.

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President

ATTEST:

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District Secretary

**President's Report  
October 7, 2015 Board Meeting**

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

**1) September 2:**

a. **Met with San Diego County Supervisor Jacob.** Discussed the City of San Diego Recycled Water Rate Study. Attendees: General Manager Watton and Finance Manager Bell

b. **OWD Regular Board Meeting**

**2) September 3: Attended a meeting of the Metro Commission**  
(see attached agenda)

**3) September 8:**

a. **Met with City of San Diego Councilmember Sherman.** Discussed the City of San Diego Recycled Water Rate Study. Attendees: General Manager Watton and Finance Manager Bell

b. **Met with City of San Diego Councilmember Zapf.** Discussed the City of San Diego Recycled Water Rate Study. Attendees: General Manager Watton and Finance Manager Bell

c. **Met with City of San Diego Councilmember Cate.** Discussed the City of San Diego Recycled Water Rate Study. Attendees: General Manager Watton, Finance Manager Bell and Jason Paguio, City of Chula Vista

d. **Met with City of San Diego Councilmember Gloria's Staff.** Discussed the City of San Diego Recycled Water Rate Study. Attendees: General Manager Watton, Finance Manager Bell and Susana Villegas, District Consultant

**4) September 15:**

a. **Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the September committee meetings.

b. **Attended the City of San Diego Council Meeting** to hear the Council's discussion on Potable, Fire and Recycled

Water Rate Adjustments, Cost of Service Study and speak during the Proposition 218 Notice Hearing.

- 5) **September 26: Attended the East County YMCA Branding Event.** Attendees: Directors Croucher and Robak, and General Manager Watton
- 6) **September 28: Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the October 7 Board Meeting.
- 7) **September 29: Attended the Reynolds Desalination Facility Expansion Groundbreaking.** Attendees: Directors Robak and Smith, and General Manager Watton