

**MINUTES OF THE  
BOARD OF DIRECTORS MEETING OF THE  
OTAY WATER DISTRICT  
April 6, 2016**

1. The meeting was called to order by President Thompson at 3:31 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 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 Lopez, 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 BOARD MEETING OF FEBRUARY 3, 2016

Director Smith indicated that he wished to clarify the comments he made in his Director's report regarding an agency in western Texas who developed a plan to provide Direct Potable Reuse water to their customer from their wastewater treatment plant. He stated that he wished to note that the plant has been operational since April 2014.

A motion was made by Director Smith, seconded by Director Lopez 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 February 3, 2016 board meeting.

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.

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 Smith 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:

- a) ADOPT ORDINANCE NO. 553 TO AMEND SECTION 26, WATER RECYCLING PLAN AND IMPLEMENTING PROCEDURES; SECTION 27, REQUIREMENTS AND LIMITATIONS FOR OBTAINING WATER SERVICE; AND SECTION 31, TEMPORARY WATER SERVICE, OF THE DISTRICT'S CODE OF ORDINANCES; AND ADOPT RESOLUTION NO. 4298 TO AMEND POLICY NO. 10, REQUIREMENT OF APPROVAL FOR A SPAGHETTI LINE, OF THE DISTRICT'S CODE OF ORDINANCES
- b) APPROVE AN AMENDMENT TO SECTION 7.2.8, BOARD AUTHORIZED PURCHASES EXCEEDING THE GENERAL MANAGER'S AUTHORITY, OF THE DISTRICT'S PURCHASING MANUAL TO CODIFY CURRENT PRACTICES AND TO STREAMLINE THE PROCUREMENT OF ANNUAL SERVICE AND MAINTENANCE AGREEMENTS FOR BOARD ADOPTED TECHNOLOGIES, INFRASTRUCTURE AND SERVICES
- c) APPROVE A NEW FIVE-YEAR SEWER BILLING SERVICES AGREEMENT WITH THE CITY OF CHULA VISTA WITH FIVE ADDITIONAL ONE-YEAR OPTIONAL TERMS

ACTION ITEMS

8. BOARD

- a) CONSIDER CASTING THE DISTRICT'S VOTE IN THE LOCAL AGENCY FORMATION COMMISSION'S (LAFCO) 2015-2016 RUN-OFF ELECTION FOR AN ALTERNATE DISTRICT MEMBER ON LAFCO'S COMMISSION

A motion was made by Director Croucher, 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 cast the District's vote for Ms. Judy Hanson.

- b) DISCUSSION OF THE 2016 BOARD MEETING CALENDAR

There were no changes to the board meeting calendar.

INFORMATIONAL ITEM

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

- a) SECOND QUARTER OF FISCAL YEAR 2016 CAPITAL IMPROVEMENT PROGRAM UPDATE REPORT

Engineering Manager Dan Martin provided an update on the District's second quarter of FY 2016 Capital Improvement Program. He indicated that the FY 2016 budget is divided into 80 projects totaling \$11.8 million. The overall expenditures through the second quarter are \$4.3 million which is approximately 36% of the FY 2016 budget. Mr. Martin stated that the District is on target as of the second quarter for this year's CIP expenditures. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Mr. Martin's report.

Mr. Martin indicated in response to an inquiry from Director Thompson that the 15% increase in the cost for the interior and exterior coating project was for a number of structural repairs that had been identified during the removal of the reservoir coatings. He indicated that the board may recall that staff had presented to the board six (6) or seven (7) months ago a request for structural repairs and additional funding for the project. It was noted that it is difficult to

identify structural issues, especially in the roof, until the reservoir coating is removed.

Director Smith inquired with regard to the goal of expending 80 to 85% of the planned CIP if staff will be adding any projects to meet the goal. Engineering Manager Martin indicated that staff has recently added the sewer rehabilitation project with a cost of approximately \$20 million to get closer to the District's goal. The project is just getting started and is expected to be completed in August 2016. He stated staff did enact that strategy and estimates that the District will meet the goal of 80 to 85% this fiscal year.

Director Robak asked if staff could please provide more detail on the location of the projects reported on within the presentation. Mr. Martin indicated that staff would do so in future presentations. In response to another inquiry from Director Robak, Mr. Martin indicated that the revenue from cell site antennae's is approximately \$1.2 million. He noted that cell companies are being bought (ie. Cricket was purchased by AT&T, etc.) and thus, we are seeing compression in the market. Staff is in contact with all the major cellular companies to make them aware of where District facilities are located should they wish to utilize them for cell tower sites.

b) FISCAL YEAR (FY) 2016 MID-YEAR REPORT FOR THE DISTRICT'S  
FY2015-2018 STRATEGIC PLAN

Chief of Administration and Information Technology Adolfo Segura presented the mid-year update on the District's fiscal year 2015 to 2018 Strategic Plan. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Mr. Segura's report.

Director Robak inquired if the goal of 175 gallons per day (GPD) per Capita is a valid goal as the District's customers are already more than meeting this goal. General Manager Watton indicated that this goal is set by the State which requires that water use be reduced 20% by 2020. Director Croucher indicated that the District is utilizing an industry standard and the board as a whole has not requested that the District amend this goal. President Thompson suggested that the goal include the State's conservation mandate which requires the District's residential customers to reduce their use by 20% and now by 12% in comparison to their 2013 water use. He stated that he would also like to see the previous GPD per Capita for past years to allow the District to see the trend for per Capita use.

## REPORTS

### 10. GENERAL MANAGER'S REPORT

General Manager Watton presented information from his report. He reported on the District's purchase orders and Cal-Card quarterly rebates, safety and

security, regional training facility, water treatment nitrification issues, CWA's seven day treated water shutdown, and the status of the District's water conservation target and purchases.

He also indicated that he has provided handouts on the dias. The first is information from CWA on the water supply credits and the drought, and a CWA presentation regarding Metropolitan Water District's (MWD) proposed rates and charges.

In response to an inquiry from Director Smith, General Manager Watton indicated that staff has analyzed the need for an additional Construction Inspector and determined that there is an increase in the workload in this area of the District and that it is more cost effective to add a permanent position than to contract out the needed services. Assistant General Manager German Alvarez noted that this position is not a new fulltime equivalent position that has been added. The position was created from a vacancy, a Systems Operator position was vacated and deleted, as it was no longer required because of efficiencies created in the Operations Division. In response to another inquiry from Director Smith, Chief of Administration and Information Technology Segura indicated that the plan is for Homeland Security to visit the District this summer. Staff is not yet certain of the magnitude of their assessment, but they would be happy to report on the outcome of their visit.

General Manager Watton indicated, in response to an inquiry from Director Robak, that the State of Baja is planning to award the contract for the Desalination Plant in May. It was noted that the Governor of Baja's goal is to have the desalination plant well underway before his term ends in 2018. In response to another inquiry from Director Robak, General Manager Watton indicated that there may not be enough sewer volume to the Chapman Treatment plant to make the project cost effective. The study is expected to be completed by Atkins by the end of the fiscal year.

Director Thompson inquired how the District is receiving its information on the Rosarito Desalination Project. General Manager Watton stated that he has periodic meetings with the officials of the State of Baja and the Engineering staff have regular meetings with NSC Agua.

### CWA Report

Director Croucher noted that CWA is coordinating a trip to MWD's board meeting on April 12, 2016 where MWD will discuss and vote on their proposed rate increases. CWA is inviting interested Directors from the member agencies to participate during the public comment portion of the meeting to address MWD's rate increases. President Thompson indicated that he plans on attending MWD's board meeting and address the board on their proposed rates. Director Croucher noted that MWD still has not conformed with the findings in the CWA vs. MWD lawsuit concerning their rates. CWA was also awarded attorney fees in the suit.

He shared that Folsom and Shasta Reservoirs have opened their flood gates. They are not 100% full, but they are expecting more rain and they wish to control flooding.

Director Croucher stated that it is expected that the State Water Resources Control Board is expected to relax the drought restrictions. He indicated that the other thing they are beginning to study is conservation's effect on the environment. Because southern California residents are reducing outdoor watering, it is impacting trees and other plants in their community that depend on that water. Residents may think they are just watering their home landscapes, but that water is also relied upon by the trees and plants within their community.

#### 11. DIRECTORS' REPORTS/REQUESTS

Director Smith reported, besides the regular meetings he attends (board and committee meetings), he and President Thompson attended the City of Chula Vista Interagency Water Task Force meeting on March 7 to discuss Sweetwater Authority's interest in another Water Conservation Garden location within their service area and possible common water projects between our agencies (City of Chula Vista, Sweetwater Authority and Otay Water District) that may include recycled water.

Director Lopez reported that in addition to the regular meetings he attends (board and committee meetings), he attended the Water Reliability Coalition reception with Directors Thompson and Robak on March 31.

Director Robak indicated that he attended the Water Conservation Garden (WCG) board meeting and they discussed whether an entrance fee should be charged to visit the WCG. It was felt that an entrance fee should not be charged as the Board wished to encourage the community to visit the WCG. The Garden Board felt that conserved (saved) water is the lowest cost water and the WCG is a good resource for the community to learn how to save water in their landscapes. He noted that the cumulative water savings for each California water agency was released by the State Water Resources Control Board and Otay WD customers did well with 21.6% cumulative savings. He also shared that he attended the Water Reliability Coalition reception.

#### 12. PRESIDENT'S REPORT

President Thompson indicated with regard to the discussion at the WCG board meeting of possibly implementing an entrance fee that he felt that the WCG should instead suggest that visitors provide a voluntary fee. He felt visitors may more freely place donations in a voluntary box. He noted that there would be more discussion on this issue. He also shared that he felt the selection of the new WCG Executive Director was positive for the Garden and lastly noted that he has submitted a written report for the meetings he has attended during the month of March 2016. His report is attached.

13. CLOSED SESSION

The board recessed to closed session at 5:03 p.m. to discuss the following matters:

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

b) 1 CASE  
PUBLIC EMPLOYEE PERFORMANCE EVALUATION: PERIODIC AND  
CUSTOMARY REVIEW IN DUE COURSE [GOVERNMENT CODE  
§54957.6]

TITLE: GENERAL COUNSEL

The board reconvened at 6:17 p.m. and General Counsel Shinoff reported that the board met in closed session and took no reportable actions.

14. ADJOURNMENT

With no further business to come before the Board, President Thompson adjourned the meeting at 6:17 p.m.

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President

ATTEST:

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District Secretary

**President's Report**  
**April 6, 2016 Board Meeting**

**A) Meetings attended during the Month of March 2016:**

- 1) **March 2: OWD Regular Board Meeting**
- 2) **March 7: Attended a meeting of the Chula Vista Interagency Task Force.** Attendees: Director Smith and General Manager Watton
- 3) **March 14: Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the March committee meetings.
- 4) **March 17: Attended the District's Finance, Administration and Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the April board meeting.
- 5) **March 18: Attended a meeting of the Water Conservation Garden**
- 6) **March 23: OWD Special Board Meeting to discuss the Refinancing of the 2007 COPS.**
- 7) **March 31:**
  - a. **Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the April board meeting.
  - b. **Attended the Water Reliability Coalition's 3<sup>rd</sup> Annual Spring Reception.**