

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
December 7, 2016**

1. The meeting was called to order by President Thompson at 3:31 p.m.

2. ROLL CALL

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

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

3. PLEDGE OF ALLEGIANCE

4. INVOCATION

Mr. John Mendez, Mendez Strategy Group, read a prayer to commemorate the 75th Anniversary of the attack on Pearl Harbor.

5. OATH OF OFFICE CEREMONY

Former Assemblyman Brian Jones administered the oath of office to newly elected Director Hector Gastelum and re-elected Director Mark Robak. Mr. Isaiah Diamond administered the Oath of Office to Director Mitchell Thompson. The three directors were elected in the November 2016 elections to the District's Divisions 4, 5 and 2 seats respectively.

6. PRESENTATION OF RECOGNITION PLAQUE TO BOARD PRESIDENT

Treasurer Smith presented a recognition plaque on behalf of the Board of Directors and staff to Board President Thompson to thank him for his excellence in public service and outstanding leadership as president of the Otay Water District's board of Directors during the past year.

Director Thompson indicated that the work accomplished at the District is a team effort and the District has had a lot to celebrate over the last year and he hoped that the District will be able to say the same for 2017. He thanked everyone for their work and making it a great year.

7. RECESS FOR RECEPTION

The board recessed at 3:43 p.m. for a reception to congratulate Directors Gastelum, Robak and Thompson for their election to the Otay WD board of directors.

8. RECONVENE OTAY WATER DISTRICT BOARD MEETING

The board reconvened at 4:05 p.m.

9. ELECTION OF BOARD PRESIDENT

A motion was made by Director Croucher to elect Director Thompson as President, Director Smith as Vice President and Director Robak as Treasurer. The motion was not voted upon as it failed to receive a second.

Director Smith indicated that he believes that it is appropriate to rotate the presidency. He felt that when a new president is elected it provides a new energy and he indicated that he wished to make a motion to nominate Director Robak as President. The motion was seconded by Director Gastelum and carried with the following vote:

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

to elect Director Robak as President.

10. ELECTION OF VICE PRESIDENT

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

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

to elect Director Smith as Vice President.

11. ELECTION OF BOARD TREASURER

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

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

to elect Director Thompson as Treasurer.

12. APPROVAL OF AGENDA

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

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

to approve the agenda.

13. APPROVE THE MINUTES OF THE REGULAR BOARD MEETING OF OCTOBER 5, 2016

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

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

to approve the minutes of the regular board meeting of October 5, 2016.

14. 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.

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

The Otay Water District board meeting was recessed at 4:12 p.m. and a meeting of the Otay Service Corporation board was convened.

16. ROLL CALL

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

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

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

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

to elect Director Robak as President, Director Smith as Vice President and Director Thompson as Treasurer.

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

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

Ayes: Directors Croucher, Gastelum, 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.

19. ADJOURN OTAY SERVICE CORPORATION BOARD MEETING AND CONVENE THE OTAY WATER DISTRICT FINANCING AUTHORITY BOARD MEETING

President Robak adjourned the Otay Service Corporation board meeting at 4:14 p.m. and convened the Otay Water District Financing Authority board meeting.

20. ROLL CALL

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

21. RE-AFFIRM OFFICERS OF THE OTAY WATER DISTRICT FINANCING AUTHORITY

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

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

to elect Director Robak as President, Director Smith as Vice-President, General Manager Watton as Executive Director, Chief Financial Officer Joe Beachem as Treasurer/Auditor, and District Secretary Susan Cruz as Secretary.

22. ADJOURN OTAY DISTRICT FINANCING AUTHORITY BOARD MEETING AND CONVENE THE OTAY WATER DISTRICT BOARD MEETING

President Robak adjourned the Otay District Financing Authority board meeting at 4:15 p.m. and reconvened the Otay Water District board meeting.

CONSENT CALENDAR

23. 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, Gastelum, Robak, Smith and Thompson
Noes: None
Abstain: None
Absent: None

to approve the following consent calendar items:

- a) APPROVE CHANGE ORDER NO. 4 TO THE EXISTING CONTRACT WITH TRANSTAR PIPELINE, INC. IN THE AMOUNT OF \$50,760 FOR THE RANCHO SAN DIEGO BASIN SEWER REHABILITATION - PHASE 1 PROJECT
- b) ADOPT RESOLUTION NO. 4317, FIXING TERMS AND CONDITIONS FOR THE ANNEXATION OF CERTAIN REAL PROPERTIES OWNED BY LICIA A. BARNETT (APN: 517-112-09-00) INTO THE OTAY WATER DISTRICT IMPROVEMENT DISTRICT NO. 18
- c) ADOPT THE MITIGATED NEGATIVE DECLARATION FOR THE 870-2 PUMP STATION PROJECT
- d) APPROVE THE PURCHASE OF A PERMANENT UTILITY EASEMENT AT THE RANCHO SAN DIEGO VILLAGE SHOPPING CENTER FROM REGENCY CENTERS FOR THE CAMPO ROAD SEWER REPLACEMENT PROJECT IN AN AMOUNT NOT-TO-EXCEED \$125,000
- e) APPROVE THE ISSUANCE OF A PURCHASE ORDER TO VOLVO CONSTRUCTION EQUIPMENT IN THE AMOUNT NOT-TO-EXCEED

\$269,764 FOR THE PURCHASE OF TWO (2) REPLACEMENT PORTABLE EMERGENCY GENSETS

- f) APPROVE A TWO-YEAR FIXED AGREEMENT, PLUS THREE (3) ONE-YEAR OPTIONS, WITH T&T JANITORIAL, INC. FOR JANITORIAL SERVICES IN AN AMOUNT-NOT-TO-EXCEED \$286,800

ACTION ITEMS

24. ADMINISTRATION AND FINANCE

- a) APPROVE THE FIRST AMENDMENT TO THE JOINT POWERS AGENCY WATER CONSERVATION GARDEN OPERATION AGREEMENT, EXTENDING THE EXPIRATION DATE AN ADDITIONAL SIX MONTHS FROM DECEMBER 31, 2016 TO JUNE 30, 2017

Communications Officer Tenille Otero indicated that staff is requesting that the Board approve the first amendment to the Joint Powers Agency (JPA) Water Conservation Garden Operation Agreement (Operation Agreement), extending the expiration date an additional six (6) months from December 31, 2016 to June 30, 2017, which would allow sufficient time for the JPA to thoroughly review and evaluate the agreement and develop a new agreement that is strategically beneficial for JPA members who provide funding to operate the Water Conservation Garden (Garden). Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Mr. Otero's report.

There was discussion that the extension to the JPA Operation Agreement would not require additional funding by the members of the JPA. The JPA members provide funding on a fiscal year basis ending June 30 each year and the funding level will stay the same.

Director Croucher noted that there were concerns by the JPA members that they were providing 100% of the funding for the operation of the Garden. Today the JPA members' contribution is down to approximately 50% of the operational budget. He commended the JPA and the Garden staff for their work and efforts towards becoming self-sufficient. President Robak indicated that Otay Water District and Helix Water District funded jointly the vast majority of the construction of the Garden and efforts to continue the Garden protects our agencies' interest.

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

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

to approve staffs' recommendation.

25. BOARD

a) DISCUSSION OF THE 2016 AND 2017 BOARD MEETING CALENDARS

There were no changes to the meeting calendarS.

INFORMATIONAL ITEM

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

a) FIRST QUARTER OF FISCAL YEAR 2017 CAPITAL IMPROVEMENT PROGRAM UPDATE REPORT (MARTIN)

Engineering Manager Dan Martin provided an update on the District's first quarter of FY 2017 Capital Improvement Program. He indicated that the FY 2017 budget is divided into 89 projects totaling \$10.7 million. The overall expenditures through the first quarter is \$2 million which is approximately 19% of the FY 2017 budget. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Mr. Martin's report.

Director Croucher noted that Director Gastelum attended the Engineering, Operations and Water Resources Committee. Director Gastelum commended staff for accomplishing a very low change order rate of -0.6% on projects. In response to an inquiry from Director Robak, staff indicated that allowances are included within contracts for structural repairs that may be needed, etc., and a negative change order percentage indicates that the District is under that allowance.

REPORTS

27. GENERAL MANAGER'S REPORT

CWA Report

General Manager Watton indicated that CWA's board will be recommending him as CWA's representative on the State Colorado River Board to State Governor Brown. He indicated that it is hoped that Governor Brown will accept his (Mr. Watton's) application and appoint him to the board. He also noted that there will be committee appointment changes and a new director from the City of San Diego will be joining CWA's board, Mr. Jerry Butkiewicz.

Director Croucher indicated that CWA's board officers will be attending the Metropolitan Water District (MWD) board meeting next week and then attend the Colorado River Water Users Conference. They will travel to Sacramento in January to discuss issues related to the State Water Resources Control Board

and water restrictions and how they may impact the San Diego County region (water rates, etc.). CWA wishes to assure that the State considers the investments that San Diego County ratepayer have made into developing local water resources (desalination, storage, etc.) and that they consider developing their water use restrictions by region and not penalize those regions who have invested in diversifying and preparing for dry years. He noted that CWA board member, Ms. Christi Guerin, is the new chair of the Legislation and Public Outreach Committee which oversees the local legislative visits and he suggested that the Otay WD board members start meeting with its local legislators regarding the activities of the State Water Resources Control Board to assure that our local legislators are up dated on our region's issues. He welcomed Ms. Meena Westford who is in the audience today. He stated that she is a project manager for MWD and prior to working for MWD, she worked for CWA and prior to CWA, she worked for the Bureau of Reclamation.

President Robak indicated that in the past year he has been trying to reenergize the Conservation Action Committee (CAC) at CWA. The objective of the CAC was to partner with businesses on water conservation and issues. He stated that he was disappointed with what has occurred with the CAC and hoped to raise awareness at CWA to make it more effective. Director Croucher indicated that he shares President Robak's view on the CAC and he would share this concern with CWA and its officers.

General Manager's Report

General Manager Watton presented information from his report which included energy savings through thermostat efficiencies, the employee holiday event, the District's receipt of the Cityworks Exemplary User award, Information Technology staff being selected to present at the American Water Works Association conference, the meter change-out program, the possible adoption of new laboratory accreditation standards which will increase costs, a vulnerability assessment of the District by Department of Homeland Security, water conservation and water sales. General Manager Watton also reviewed the handouts that were provided to the members of the board on the dias.

In response to an inquiry from Director Smith, staff indicated that they had thought about including the AMR Program in the five year CIP plan and plan to include it in the upcoming budget cycle. A cost has not yet been finalized, but when it is presented to the board, staff will include past staff reports on the AMR Program with the report. It was indicated that the automated meters are failing a little earlier, but approximately when anticipated. Director Smith indicated he was inquiring as they had the same issue while he was at Helix Water District and it was quite a big concern. He stated that he does agree with the approach of staggering the installation of automated meters so their registers do fail at the same time.

Director Thompson noted that recycled water sales are 29% above budgeted sales and asked what was driving recycled sales. Staff indicated that the District

is seeing increased recycled sales to many customers including golf courses and homeowner's associations. It was noted that Southwestern College is not yet on recycled water, however, they are utilizing recycled water for construction and grading purposes.

In response to an inquiry from Director Smith on the Rosarito Desalination Project, staff indicated that it is not expected that the Presidential election will impact the Presidential Permit the District is seeking for the project. The President has authorized an individual to sign the permit and the District has been informed that this individual will continue in their position after the elections.

Staff indicated, in response to an inquiry from President Robak, that it is hard to predict when a pipe will break without digging it up which is not cost effective. Because the Hillsdale pipeline has had a couple breaks, it is clear that it is deteriorating. Staff has moved the pipeline up in priority for replacement and it is currently in the design phase which is approximately 90% complete. The project will go to bid and will be presented for the board's consideration around July 2017.

28. DIRECTORS' REPORTS/REQUESTS

Director Smith indicated that he attended the regular board and Engineering, Operations and Water Resources Committee meetings last month.

Director Thompson reported that he represented Otay Water District at the swearing ceremony for the Mayor of Rosarito Beach.

Director Gastelum indicated that he would like to be part of the special delegation that goes to Sacramento as they sometime make the judgement that "one size fits all" which doesn't always apply to each individual agency. He thanked General Manager Watton and staff for the orientation meetings to update him on the District's operations.

29. PRESIDENT'S REPORT

President Robak thanked the members of the board for electing him as President. He noted that he also served as President on the Padre Dam MWD and Water Conservation Garden boards and had chaired the Metro Commission. He stated that his belief is to make things as efficient as possible and to spend ratepayer money as if it were our own money. He noted that he was not saying that the District does not do that, but that that is his paradigm. He shared that his brother Steve was elected to the Lakeside WD and Helix WD had two new directors elected to their board in November. He indicated that he attended the San Diego Chamber of Commerce meeting with new Director Gastelum and Ms. Meena Westford and that Mayor Faulconer was also in attendance. He stated that he also attended the California Special Districts Association Quarterly Meeting where Mr. Mike Bardin, General Manager of Santa Fe Irrigation District, served as chair for two (2) years. He noted that the *Voice of San Diego*

published an article regarding artificial turf playing fields funded by taxpayer monies that were failing. One of the fields highlighted was Valhalla High School's. He indicated that he was curious if there were other fields in the District's service area and if they were done to the ratepayers' satisfaction. He also mentioned an article in a water desalination reuse magazine concerning a Rosarito Desalination Project. He stated that Director Thompson was quoted in the article. He indicated that he is mentioning this because he did not receive a copy of the article from the District and asked that all Directors be provided copies of articles/information regarding the District. He shared that he hiked San Miguel Mountain Thanksgiving morning and it was difficult to hike as you have to traverse many fences. He called the San Diego Wildlife Refuge manager and asked why they do not allow hikers and was informed that the area is a combination of public and private lands. The manager also indicated that she had contacted Otay Water District for access on the District's property for some of the trails and was not able to get access. He indicated that the District does have responsibilities to secure its facilities, however, we also need to do what we can to partner with the community and make things that are accessible accessible. He noted that the District has been doing a lot of promoting for the rain barrel rebates which he was happy to see. He asked that staff tell interested customers exactly where to go to get the rain barrels. He indicated that he attended the Metro Commission meeting and three of the Metro Commission board members did not run again; Mr. Brian Bilbray from Imperial Beach, Mr. Tony Ambrose from El Cajon and Mr. Steve Miesen from Chula Vista. He lastly shared a video he took at the City of Chula Vista's Starlight Parade on December 3 of the District's entry (a Christmas lighted vector truck). He stated that the parade was very well done and was well attended.

30. CLOSED SESSION

The board recessed to closed session at 5:18 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:

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

TITLE: GENERAL COUNSEL
- c) CONFERENCE WITH LABOR NEGOTIATORS [GOVERNMENT CODE §54957.6]

AGENCY DESIGNATED REPRESENTATIVES: BOARD AD HOC
COMMITTEE
MEMBERS

EMPLOYEE ORGANIZATION: OTAY WATER DISTRICT EMPLOYEES'
ASSOCIATION

AND

ALL REPRESENTED AND UNREPRESENTED PERSONNEL
INCLUDING MANAGEMENT AND CONFIDENTIAL EMPLOYEES

Director Croucher left at 6:05 p.m.

The board reconvened at 6:26 p.m. and General Counsel Dan Shinoff reported that the board met in closed session and the board took no reportable actions.

31. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 6:26 p.m.

President

ATTEST:

District Secretary

President's Report
December 7, 2016 Board Meeting

A) Meetings attended during the Month of November 2016:

1) Nov 9:

- a. Attended the Water Conservation Garden JPA Board Meeting.** Discussed revisions and the process for approval of the new Garden Operating Agreement.
- b. Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the November committee meetings.

2) Nov 15: Attended the District's Finance, Administration and Communications Committee. Reviewed, discussed, and made recommendation on items that will be presented at the December board meeting.

3) Nov 17: Attended the CSDA Quarterly Dinner. Alex Tardy, Warning Coordination Meteorologist for the National Weather Service in San Diego, presented on the "State of the Climate and Winter Outlook. Attendees: Directors Robak and Gastelum

4) Nov 30:

- a. Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the December 7 Board Meeting.
- b. Attended the Swearing-In Ceremony for the Mayor of Rosarito Beach.**