

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
November 1, 2017**

1. The meeting was called to order by President Robak at 3:33 p.m.

2. ROLL CALL

Directors Present: Gastelum, Robak, Smith and Thompson

Directors Absent: Croucher (pre-scheduled vacation)

Staff Present: General Manager Mark Watton, Attorney Jeanne Blumenfeld, Chief of Engineering Rod Posada, Chief Financial Officer Joe Beachem, Chief of Administration Adolfo Segura, Chief of Operations Pedro Porras, Asst. Chief of Operations Jose Martinez, Assistant Chief of Finance Kevin Koeppen, 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 Thompson and carried with the following vote:

Ayes: Directors Gastelum, Robak, Smith and Thompson

Noes: None

Abstain: None

Absent: Directors Croucher

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR BOARD MEETING ON AUGUST 2, 2017

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

Ayes: Directors Gastelum, Robak and Thompson

Noes: None

Abstain: Director Smith

Absent: Directors Croucher

to approve the minutes of the regular board meetings of August 2, 2017.

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

Mr. Matthew Bagdasar, an Executive Intern for Senator Joel Anderson's Office, wished to share that the Senator is holding his last (Senator Anderson terms out in November) Legislative Open House on Tuesday, December 12, from 6:00 p.m. to 8:00 p.m. at the Toyota of El Cajon dealership. He wished to meet with his constituents to hear any issues they may have.

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 Smith, seconded by Director Thompson and carried with the following vote:

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

to approve the following consent calendar items:

- a) APPROVE A TWO-YEAR AGREEMENT WITH SUNLIFE TO PROVIDE LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT, AND VOLUNTARY LIFE INSURANCE COVERAGE FROM JANUARY 1, 2018 THROUGH DECEMBER 31, 2019
- b) ADOPT RESOLUTION NO. 4340, AMENDING POLICY NO. 21 FOR THE SELECTION OF PROFESSIONAL CONSULTANTS OF THE DISTRICT'S CODE OF ORDINANCES, TO ALLOW THE PROJECT MANAGER TO PARTICIPATE AS A PANEL MEMBER DURING THE SELECTION PROCESS AND TO MODIFY THE METHOD OF SELECTION OF PROFESSIONAL CONSULTANTS FOR MINOR ENGINEERING PROJECTS WITH FEES UP TO \$50,000
- c) APPROVE THE CREATION OF A CAPITAL IMPROVEMENT PROGRAM PROJECT (CIP P2625) FOR THE DESIGN AND CONSTRUCTION OF A 12-INCH, 978 ZONE PIPELINE IN HIDDEN MESA ROAD IN THE AMOUNT OF \$1.5 MILLION OF WHICH \$90,000 IS IN THE CURRENT FISCAL YEAR CIP BUDGET

ACTION ITEMS

8. FINANCE AND ADMINISTRATION

- a) APPROVE THE AUDITED FINANCIAL STATEMENTS, INCLUDING THE INDEPENDENT AUDITORS' UNQUALIFIED OPINION, FOR FISCAL YEAR ENDED JUNE 30, 2017

Senior Accountant Marissa Dychitan indicated that staff is recommending that the Board approve the District's audited financial statements, including the Independent Auditors' unqualified opinion for the fiscal year (FY) ended June 30, 2017. She stated that Teaman, Ramirez & Smith, Inc. performed the audit and found that, in all material respects, the financial statements correctly represent the financial position of the District. Please reference the Committee Action notes (Attachment A) attached to the staff report for further details of Ms. Dychitan's and the Auditor's (Mr. Rich Teaman's) report.

The board asked questions regarding the CalPers pension liability, GASB 92 changes and calculating the OPEB (Other Post Employee Benefits) liability. Staff and Mr. Teaman responded to the board's inquiries.

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

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

to approve the Audited Financial Statements, including the Independent Auditors' unqualified opinion, for fiscal year ended June 30, 2017.

9. BOARD

- a) ADOPT RESOLUTION NO. 4341 OF THE OTAY WATER DISTRICT BOARD OF DIRECTORS SUPPORTING MUNICIPAL WATER SYSTEMS THROUGH THE ELIMINATION OF THE PURCHASE AND USE OF BOTTLED WATER EXCEPT IN TIMES OF EMERGENCY WHEN MUNICIPAL WATER IS NOT AVAILABLE

President Robak indicated as Director Croucher is on prescheduled vacation and he would like to defer this item to a future meeting to allow Director Croucher to participate in the discussion.

He stated that a request to speak on this item has been received and asked the speaker if she still wished to speak on this item.

Ms. Kathleen Hedberg, a customer residing in La Mesa and a member of the Helix WD board, indicated that she applauded the District for presenting Resolution No. 4341. She stated that she appreciated the bottled water companies for providing bottled water as it provided a healthier alternative for

portable drinks. She stated, however, with the invention of water refill stations, which are now being installed in public places around the County, water agencies should be encouraging people to take their drinking containers and refill them instead of purchasing bottled water. She stated that she feels that the Otay WD's interest in installing a water bottle filling station is a great step forward and she will be bringing a similar resolution to the Helix WD board once Otay WD has adopted their resolution. She feels filling stations are a step in the right direction and supports the Otay WD's resolution.

She also shared that she is mentoring a student at Valhalla High School who is working on her Girl Scout Leadership Award (similar to the Boy Scout's Eagle Scout Award) and her goal is to install a water bottle filling station at Valhalla High School.

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

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

to defer this item to the next board meeting.

b) DISCUSSION OF 2017 BOARD MEETING CALENDAR

President Robak indicated that he would like to schedule a board retreat workshop in December and has reached out to a consultant to facilitate at the meeting. He asked District Secretary Cruz to schedule a special meeting sometime in December.

INFORMATIONAL ITEM

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

a) REVIEW OF THE ACTUARIAL REPORT AND NET COST OF THE ENHANCEMENT OF THE RETIREE HEALTHCARE BENEFITS

Accounting Manager Rita Bell indicated that this an informational report on the net cost of the OPEB enhancement. She stated the District is required to perform an actuarial report every two (2) years to determine the cost of the OPEB Plan. She indicated that the actuarial study was performed by Marilyn Jones of Nyhart and the valuation presented today covers fiscal years 2018 and 2019 (as of June 30, 2107). The prior study was performed as of June 30, 2015. Please reference the Committee Action notes (Attachment A) attached to the staff report for further details of Mss. Bell's and Jones' report.

In response to an inquiry from Director Smith, it was indicated that the District's employees are paying 7% of their salary into PERS in exchange for the retiree medical benefit. This payment is applied to the OPEB fund. It was noted that employees must work up to 15 to 20 years at the District to earn the benefit and, thus, not all employees will earn the benefit though they are contributing to it.

Director Thompson indicated that he would like to refer to committee a review of the impact of the policy on the retirement age of employees. He stated that he felt it may encourage highly competent employees to decide to retire earlier than is in the public's best interest and he would like a review of the policy at either the Ad Hoc Employee Negotiations Committee or one of the Board's long term committees.

REPORTS

The board waived presentation of the following reports:

11. GENERAL MANAGER'S REPORT

General Manager Watton presented information from his report which included an update on the upcoming employee holiday dinner, the San Miguel Fire Protection District inspection, the 870-2 pump station replacement project, lead testing for K-12 schools, Mexico's request for a water transfer in February 2018, and potable and recycled water sales.

12. CWA REPORT

Director Smith indicated that CWA's Engineering and Operations Committee has approved the Mission Trails Flow Regulatory Structure which will save CWA \$23 million. He noted in the Water Planning Committee it was indicated that CWA staff is working with the regulatory agencies as mercury from the air is being absorbed by the water in open reservoirs. The mercury can bio accumulate from little fish to large fish (larger fish eating smaller fish) and if the large fish are above the maximum contaminant level and are consumed by humans, they could get mercury poisoning or possibly cancer. There is discussion occurring on how to address this issue and it is recognized that it is a very difficult problem to address as the mercury is not entering reservoirs through run-off water, but through the air. It was indicated that, potentially, fishing could be limited in all reservoirs. He lastly shared that the "Water Fix/Twin Tunnels" proposal has been approved by the MWD board. He noted that CWA has four (4) representatives on MWD's board and two (2) of the representatives voted "no" mainly because they wished to change the motion. The remaining two (2) CWA representatives abstained from the vote because they did not feel they had enough information to make a decision on the proposal. He noted that CWA's representatives are not advised by CWA on how they should vote. The representatives are free to vote however they wish on the issues presented at MWD's board meetings.

13. DIRECTORS' REPORTS/REQUESTS

Director Smith reported that he attended the District's regular board meeting, the Engineering, Operations and Water Resources Committee meeting, and met with the General Manager to review objectives for next year.

14. PRESIDENT'S REPORT

President Robak reported on the meetings he attended during the month of October 2017 (his report is attached). He shared that this morning he attended the WaterReuse San Diego Chapter Meeting which was hosted at the Otay Water District. He stated that General Manager Watton presented at the meeting and the meeting was followed by a tour of the District's Ralph W. Chapman Water Recycling Facility. He also presented a video titled, "The Story of Bottled Water," with Annie Leonard.

15. CLOSED SESSION

The board recessed to closed session at 4:24 p.m. to discuss the following matters:

- a) CONFERENCE WITH LABOR NEGOTIATORS [GOVERNMENT CODE §54957.6]

AGENCY DESIGNATED REPRESENTATIVES: MARK ROBAK AND TIM SMITH

EMPLOYEE ORGANIZATION: OTAY WATER DISTRICT EMPLOYEES' ASSOCIATION

AND

ALL REPRESENTED AND UNREPRESENTED PERSONNEL INCLUDING MANAGEMENT AND CONFIDENTIAL EMPLOYEES

- b) CONFERENCE WITH REAL PROPERTY NEGOTIATORS [GOVERNMENT CODE §54956.8]

PROPERTY: SALT CREEK GOLF COURSE
525 HUNTE PARKWAY
CHULA VISTA, CA 91914

AGENCY NEGOTIATOR: MARK WATTON, GENERAL MANAGER

NEGOTIATING PARTIES: BILL McWETHY, PACIFIC HOSPITALITY GROUP

UNDER NEGOTIATIONS: INSTRUCT NEGOTIATOR CONCERNING PRICE, TERMS OF PAYMENT, OR BOTH, FOR THE PURCHASE, SALE AND/OR LEASE OF THE PROPERTY.

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

OTAY WATER DISTRICT v. CITY OF SAN DIEGO; CASE NO. 37-2017-00019348-CU-WM-CTL

The board reconvened from closed session at 6:50 p.m. Attorney Jeanne Blumenfeld indicated that the board met in closed session and took no reportable actions.

16. ADJOURNMENT

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

President

ATTEST:

District Secretary

**President's Report
Mark Robak
November 1, 2017
Board Meeting**

#	Date	Meeting	Purpose
1	4-Oct	OWD Regular Board Meeting	Monthly board meeting
2	5-Oct	Metro JPA Meeting	Monthly commission meeting
3	12-Oct	OWD Employee Recognition Luncheon	Event recognizing OWD employees' achievements
4	13-Oct	Committee Agenda Briefing	Met with General Manager Watton to review items that will be presented at the October committee meetings.
5	15-Oct	JamulFest	Annual community event and parade
6	16-Oct	Water Conservation Garden	Governance meeting
7	17-Oct	Finance, Administration and Communications Committee	Reviewed items that will be presented at the November board meeting.
8	18-Oct	SD Committee Water for People 10th Annual Meeting	Represent District at the Event
9	20-Oct	Presentation to Hillsdale Middle School 6th grade class	Talked about District and sources of water
10	27-Oct	Board Agenda Briefing	Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the November Board Meeting.