

**MINUTES OF THE
SPECIAL MEETING OF THE
BOARD OF DIRECTORS
OTAY WATER DISTRICT
December 11, 2017**

1. The meeting was called to order by President Robak at 12:12 p.m.

2. ROLL CALL

Directors Present: Gastelum, Robak, Smith and Thompson

Directors Absent: Croucher (assigned to fight fires)

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

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Smith, 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 approve the agenda.

5. 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. Bob (Basman) Bakayou of El Cajon indicated that he was constructing an accessory dwelling unit (ADU) on his property. He stated that based on the new fixture count on his property, it would require that he upgrade his property meter from ¾" to 1" at an approximate cost of \$20,000. He stated there were bills passed by the legislature addressing such fees.(SB 1069 and 229) and Senate Bill 229 indicated that the fees should be "proportionate to the burden of the proposed ADU

based on either size or number of plumbing fixtures. This fee or charge shall not exceed the reasonable cost of providing this service.” Mr. Bakayou indicated that the fee for a ¾” meter is \$14,000 and the cost to upgrade to a 1” meter is approximately \$20,000. He stated, in his opinion, the cost is not proportionate or reasonable. He felt that the burden that his ADU will be placing on the system is not nearly as much as a brand new house. In his discussion with Otay WD staff, the District indicated that the bill does not apply to special districts. Mr. Bakayou indicated the accessory bill, SB 229, passed a few months ago, states that Special Districts are now included in the law (SB 1069). He requested that the District review the new law and address his concerns.

It was discussed that the required meter size for a property is determined by fixture count and not by Equivalent Dwelling Unit (EDU). Director Smith explained that with flowing water there is not a straight line function for its demand on the system. When a meter increases in size from a ¾” to 1”, the flow rate jumps at a ratio of 1 to 2.5 and this is the reason for the cost jump. General Manager Watton indicated that staff will bring back a report on this issue to the board at a future meeting. It was requested that Mr. Bakayou be made aware when this item is brought back to the board.

WORKSHOP

6. DISCUSSION OF THE GENERAL MANAGER’S REVIEW PROCESS

President Robak introduced Mr. Harry Ehrlich of Project Resource Specialist who will be facilitating the board workshop. Mr. Ehrlich has been involved in the water industry for many years and has worked at Ramona WD, Olivenhain MWD and most recently for the Local Agency Formation Commission (LAFCO). He additionally worked as a consultant for the Special Districts Leadership Foundation and served on the California Special Districts Association (CSDA) Board as President where they developed the Leadership Academy training program. He is a current member of the Borrego Springs WD’s board.

Mr. Ehrlich indicated that the evaluation of the General Manager serves as a tool for the Board to communicate their expectations and for the General Manager to communicate his/her expectations. The evaluation also provides for the board to assess the District’s progress on goals/objectives, communicate what is going well/not well, determine goals for the next year, and decide on the General Manager’s contract extension/renewal. He stated that the evaluation document should focus on the following criteria:

- Relationship with the Board
- Management skills and abilities
- Knowledge of the community served
- Fiscal management
- Professional and personal attributes

- Effective leadership of staff
- The Board and GM should agree on the criteria of the evaluation
- Establish a policy and timeline for the process with start to finish dates

He stated that there is no perfect form, but the Board should agree in advance on the form and there should be a “no surprise” approach and the review should be objective (outcome based).

The board discussed the evaluation form and the process at length and agreed that the present form was acceptable. It was agreed that the General Manager’s review process would begin in June and the General Manager will provide a report specific to how he has met his objectives along with a self-appraisal utilizing the performance evaluation form. The President of the Board will determine the timeline for the evaluation process.

7. DISCUSSION OF BOARD OF DIRECTORS POLICY 8, DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS

It was discussed that in September 2004, the sitting board voted to reduce the Board of Directors per diem from \$145 to \$100 per meeting. Not long after the per diem was reduced to \$100, the board held a workshop to discuss per diems. No changes were made to the per diem rate at that meeting and no changes have been to date. The board discussed that they felt that the per diem rate was low in comparison to other water agencies and that they should consider increasing the rate. The board discussed possible alternatives to adjust the rate, but had legal concerns as the law states that per diems cannot be raised more than 5% annually.

The board discussed a per diem survey completed in August 2017 of water agencies in the Counties of San Diego, Orange and Riverside where agencies with similar budgets to Otay WD have a per diem rate of \$200 or above.

President Robak made a motion to raise the District’s board member per diem rate to \$200 per meeting with an annual cost-of-living escalator. Director Thompson seconded the motion.

There was discussion that it is felt that a higher per diem would encourage more participation and that the rate should be reflective of the size of the agency.

Director Thompson suggested an amendment to the motion. He stated that he did not wish to set a specific per diem amount and suggested taking the agencies in the presented survey and sorting them in order of the lowest to the highest per diem rate and calculating the 40th percentile based on the number of employees (example: 3000 employees at 40th percentile is 1200) and the District’s per diem rate would be set at whichever agency has the “1200 employee”. This rate would then be adjusted annually from this point forward.

Director Gastelum suggested taking the average and the median of the per diems in the survey and taking the amount in the middle of the two figures. He inquired of general counsel if the law would allow the board to vote on this per diem increase.

General Counsel Shinoff indicated that he is concerned about the 5% limit that the law refers to and would like to review the law and the fact that the District has not instituted any per diem rate increases since 2004. He indicated he did not wish to put the District in a compromised position.

Director Thompson indicated that he suggested the 40th percentile based on the number of employees as it takes into account the size of the agency. He stated he wished the public to know that the District's per diem rate is below average (there are more agencies with higher per diem rates than the District) and would like to send the message that the District board members do not want to be over compensated, just wanted to be reasonably compensated.

President Robak amended his motion to increase Director's per diem rate to \$180 (\$100 compounded 5% annually for 12 years) with an annual Cost-of-Living Adjustment (COLA) similar to the employee COLA increases (capped at 3%) subject to General Counsel's findings. Director Gastelum seconded the motion.

Director Smith suggested that the board wait until General Counsel reviews State law to determine what is legal and suggested an amendment to the motion to direct General Counsel to prepare a memo on allowable per diem increases.

Director Thompson indicated that he would like the Board to consider phasing in any increases.

President Robak rescinded his motion. The per diem discussion was referred back to staff and counsel to provide a memo regarding allowable per diem increases by law.

The board recessed at 2:13 p.m. and reconvened at 2:23 p.m.

8. DISCUSSION OF COLLABORATING WITH STAFF MORE CLOSELY ON THE UPDATE OF THE DISTRICT'S STRATEGIC PLAN

The board discussed the Strategic Plan and the importance and process of setting direction. It was indicated that developing a new Strategic Plan periodically allows the board and staff the opportunity to re-vitalize and renew its vision and goals. The board reviewed the District's mission, vision, values, and discussed the development of goals and performance measures to set direction and measure the success of the District in meeting its goals.

Director Thompson stepped out at 2:59 p.m. and returned at 3:01 p.m.

Each director shared items they wished added to the list of District goals:

- North/South Interconnect Pipeline as it will provide for a 10-day emergency supply for the District.
- Develop Employee mentor program to grow capabilities and skills; formalize this goal by including it in the District's policies.
- Continue to look at diversifying water supplies.
- Continue to keep water rates low and reliability high. Currently, the District's water rates is the third lowest among the water agencies in the County.
- Proactively monitor regulatory environment and possible impact to the District's operations.
- Successfully complete labor negotiations.
- Continue to work with Sweetwater Authority to explore the possibility of placing the output from the District's Ralph W. Chapman Water Recycling Facility (RWCWRF) into the Sweetwater Reservoir.
- Explore a possible "formalized" grant program where the District employs in-house personnel or consultants whose job is to find available grants and draft grant applications to take maximum advantage of grants.

The District's Chiefs shared their divisions' goals for the new three (3) to five (5) year strategic plan. Please reference the Strategic Plan draft provided for agenda item 7 in the board documents.

Director Thompson left at 4:29 p.m.

The board was appreciative of the openness of the discussion and felt that the District was headed in the right direction. They thanked Mr. Erlich for his work in facilitating today's workshop.

9. ADJOURNMENT

With no further business to come before the Board, President Robak adjourned the meeting at 4:31 p.m.

President

ATTEST:

District Secretary