

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
March 7, 2018**

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

2. ROLL CALL

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

Staff Present: General Manager Mark Watton, General Counsel Daniel Shinoff, Chief of Engineering Rod Posada, Chief Financial Officer Joe Beachem, Chief of Administration Adolfo Segura, 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 Thompson, and 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 approve the agenda as amended above.

5. APPROVE THE MINUTES OF THE SPECIAL BOARD MEETING ON
DECEMBER 11, 2017

A motion was made by Director Robak, and 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 special board meeting of December 11, 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

No 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 Thompson, 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 approve the following consent calendar items:

- a) APPROVE AN AGREEMENT WITH ADP, LLC, FOR SOFTWARE SERVICES RELATED TO PAYROLL AND PERSONNEL MANAGEMENT IN THE AMOUNT OF \$18,675 FOR IMPLEMENTATION COSTS AND AN ANNUAL SERVICE FEE OF \$58,009
- b) APPROVE A PAYMENT IN THE AMOUNT OF \$129,248 TO SAN DIEGO GAS & ELECTRIC FOR NEW ELECTRIC SERVICE FOR THE 870-2 PUMP STATION REPLACEMENT PROJECT
- c) APPROVE AN INCREASE TO THE CIP S2045 BUDGET IN THE AMOUNT OF \$60,000 AND AWARD A CONSTRUCTION CONTRACT TO BURTECH PIPELINE INCORPORATED FOR THE FUERTE DRIVE SEWER RELOCATION PROJECT IN AN AMOUNT NOT-TO-EXCEED \$193,690
- d) REJECT ALL BIDS FOR THE CONSTRUCTION OF THE STEELE BRIDGE SEWAGE PUMP STATION WET WELL IMPROVEMENTS PROJECT (R2118)
- e) REJECT ALL BIDS FOR CONSTRUCTION OF THE 520 RESERVOIRS CHEMICAL FEED IMPROVEMENTS PROJECT (P2557)

ACTION ITEMS

8. GENERAL MANAGER

- a) APPROVE DONATION TO ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) FOR WATER EDUCATION (OTERO)

Communications Officer Tenille Otero indicated that staff is requesting that the board approve a contribution of \$10,000 to the Association of California Water Agencies (ACWA) for an educational campaign related to the tax on drinking water (SB 623, Monning). She reviewed information in the staff report (attached as agenda item 7a). She noted that since finalizing the staff report, ACWA has completed additional work. They have reviewed four proposals from Sacramento firms and selected Runyon Saltzman, Inc. to work on a strategic plan and a campaign to assist ACWA and its member agencies to educate stakeholders and ratepayers about the proposed tax on drinking water. She indicated that the \$10,000 contribution is not included in the District's FY 2018 budget and will be covered through areas in the budget that are anticipated to not be fully expended by fiscal year end.

General Manager Watton added that the District's neighboring agencies are all considering contributing and some have already contributed. He noted that most are being requested to contribute at the same level as the District, \$10,000.

In response to an inquiry from Director Croucher, staff indicated that the District's membership fee for this fiscal year was approximately \$24,000. Director Croucher indicated that the purpose of the campaign is to educate the public on the proposed water tax with the goal of defeating the bill and the implementation of a tax on water, and thus, saving the ratepayers money. It was discussed that it was not clear if the contribution would be legal and it has been confirmed in the last couple days that the District's contribution would be legal as it is for the purpose of educating the public.

Director Robak indicated that he has just returned from ACWA's legislative conference held in Washington, D.C. and he was disappointed in the conference and wished to separate that disappointment from this endeavor.

A motion was made by Director Thompson, and 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 contribution of \$10,000 to ACWA for an educational campaign related to the tax on drinking water (SB 623).

9. BOARD

a) DISCUSSION OF 2017 BOARD MEETING CALENDAR

Director Thompson indicated that he will not be able to attend the July 2018 board meeting. There were no changes to the board meeting calendar.

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) PRESENT RESULTS OF THE CURRENT SEWER COST OF SERVICE STUDY PREPARED BY HDR ENGINEERING, INC.

Assistant Chief of Finance Kevin Koeppen provided the board an update on the current sewer cost of service study prepared by the District's consultant, Mr. Tom Gould of HDR Engineering, Inc. Please reference the Committee Action notes (Attachment A) attached to the staff report for the details of Messrs. Koeppen and Gould's reports.

Director Thompson noted that it was discussed in the District's Finance & Administration Committee that there are two items which will impact sewer rates:

1. Metro Commission rates are increasing
2. Debt will be issued for sewer system enhancements

Staff will analyze the impact and smooth sewer rate increases as much as possible.

General Manager Watton explained why the Metro Commission rates are increasing. He stated the City of San Diego must either have a waiver or a permit for their Point Loma Treatment Plant for their "Pure Water Program" or for a "Secondary Upgrade". He indicated that both are tremendously expensive. Thus, the cost is increasing to treat the sewage and comply with Federal and State mandates. The City is currently pursuing the Pure Water Program alternative and the District is working with the City to assure that the cost apportionment for the Metro Commission members is in compliance with Proposition 218. Director Thompson noted that the City of Chula Vista Interagency Water Task Force discussed the same issue at their last meeting with the interest in protecting its ratepayers as well.

b) SECOND QUARTER OF FISCAL YEAR 2018 CAPITAL IMPROVEMENT PROGRAM REPORT

Engineering Manager Dan Martin provided an update on the 2nd quarter of the District's Capital Improvement Program (CIP). Please reference the Committee Action notes (Attachment A) attached to the staff report for the details of Mr. Martin's report.

In response to an inquiry from Director Robak, Mr. Martin indicated that the construction he observed on Campo Road was the District's Campo Road Sewer Replacement Project. The large rig near the east bound State Route 94 is boring 20 feet deep and 150 feet across the road for the installation of new sewer lines.

Mr. Martin indicated that he did not believe that the 850-2 reservoir was damaged during the fire. He stated that the District did have some facilities damaged in the fire and that the District did receive insurance monies for the damages.

President Smith indicated that the Engineering, Operations and Water Resources Committee had discussed advancing some CIP projects to allow the District to meet its target percentage for CIP budget expenditures at fiscal year-end.

c) FISCAL YEAR 2018 MID-YEAR STRATEGIC PLAN UPDATE

Chief of Administrative Services Adolfo Segura presented the Strategic Plan mid-year report. Please reference the Committee Action notes (Attachment A) attached to the staff report for the details of Mr. Segura's report.

Director Croucher suggested that once the new Strategic Plan has been finalized that the metrics not be changed during the three (3) to five (5) year period of the plan. This would allow the District to track the progress of the goals year-to-year.

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 mutual aid agreement with CWA member agencies, the Vista Vereda and Hidden Mesa Water pipeline replacement project, trails at the Habitat Management Area, enrollment in SDG&E's EcoChoice Program, the treatment plant permit violation, and potable and recycled water purchases. He also noted that there are several handouts on the dias for each member of the board. He highlighted information from two of the handouts: 1) an article wherein Consolidated Water provides an update on the Rosarito Desalination Project, and 2) an article on the proposed Bay Delta Tunnels. The board had comments

and questions concerning a few items in the General Manager's report and the handouts. Staff responded to the questions and comments.

12. SAN DIEGO COUNTY WATER AUTHORITY UPDATE

Director Croucher reported that the recent storms have brought snow and it has been decided to wait until after the storms have passed to measure the snowpack. He stated that CWA has scheduled additional MWD outreach meetings to work to reach common grounds in both day-to-day operations and the lawsuit. He shared that Ms. Yen Tu, the longest serving City of San Diego representative, has retired from CWA's board. He noted that there is a chance she may return to her seat if she can resolve some conflict issues.

Director Croucher also indicated that CWA has moved the General Counsel's review, which will now be performed at the same time as the General Manager's review. He shared with regard to the proposed twin tunnels project in the Bay Delta, a group of California cities have filed a lawsuit asserting that there were meetings held on several occasions behind closed doors which violated the Brown Act. He noted that he attended, along with Director Robak, the ACWA Annual Washington D.C. Conference.

President Smith additionally reported that CWA reviewed the lawsuit with MWD in detail with the members of their board. They presented how much each member agency would receive from the lawsuit related to the water stewardship rate. He indicated that Otay WD would receive \$3.1 million for the years 2011 to 2014. The lawsuit is in the appeal process and it is not certain when the monies would be received. The monies awarded by the lawsuit is earning 10% interest while it is in the appeal process and the interest would drop to 7% once the appellate court remands it back to the district court. He also shared that CWA presented a legislative update recently and their projections for water use. They felt that the water use projections were too high as their water sales and revenues were down 8%. He stated that CWA indicated that the lower revenue is not a problem as their cost is 12% lower because they are buying less expensive water.

13. DIRECTORS' REPORTS/REQUESTS

Director Thompson reported that he will be attending the San Diego Regional Chamber of Commerce Binational Trip to Mexico City in April.

Director Gastelum reported that he participated in the MWD Hoover Dam/ Colorado River Aqueduct and State Water Project tours. He also indicated that he attended the CSDA Special District Leadership Academy. He stated that his attendance earns credits that reduce the cost of the District's liability insurance premiums.

Director Robak indicated that he attended the ACWA Annual Washington D.C. Conference. He indicated that he had communicated to the President of ACWA that he was disappointed that he and Director Croucher were not made aware of the changes in the legislator meeting schedule and, thus, were not able to attend any of the meetings with the legislators. ACWA's president apologized and explained that the schedule had changed due to Reverend Billy Graham lying in honor in the Capitol Rotunda. Director Robak noted that Director Croucher and he were able to visit the Capitol Rotunda to pay their respect to Reverend Graham. He also shared that he attended MWD's State Water Project/Bay Delta tour which included a visit to the Orville Dam and that he was happy that the District is live streaming its board meetings as it is something he has wanted to do for some time.

14. PRESIDENT'S REPORT

President Smith reported on the meetings he attended during the month of February 2018 (his report is attached). He noted that he attended, on Director Robak's and Croucher's behalf, the Metro Commission meeting scheduled on March 1 as both Directors Robak and Croucher were attending the ACWA Annual Washington D.C. Conference. It was discussed at the Commission meeting that the design phase of the City of San Diego's Pure Water Project is almost complete and the City will start issuing contracts for the construction of the project worth \$1.1 to 1.2 billion. He noted the construction management firm for the project has already been hired, CH2M Hill, for \$45 million. He also reported that he will become the main representative to the Metro Commission and Director Robak will become the alternate representative. He lastly shared that the quarterly meetings for each of the Directors to meet with General Manager Watton have been scheduled and Directors have attended their first quarterly meetings with the General Manager.

15. CLOSED SESSION

The board recessed to closed session at 5:28 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

16. ADOPT RESOLUTION NO. 4343 TO APPROVE A ONE (1) YEAR EXTENSION
(JULY 1, 2018 THORUGH JUNE 30, 2019) TO THE CURRENT
MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE OTAY WATER
DISTRICT AND THE OTAY WATER DISTRICT EMPLOYEE'S ASSOCIATION,
TO INCLUDE A COST-OF-LIVING ADJUSTMENT UNDER THE SAME TERMS
AS REFERENCED IN THE MOU FOR YEARS 2015 THROUGH 2017 FOR
REPRESENTED EMPLOYEES, AND APPROVE THE SAME PROVISIONS
FOR MANAGEMENT, CONFIDENTIAL AND EXECUTIVE EMPLOYEES

The board reconvened from closed session at 5:55 p.m. General Counsel
Shinoff presented Resolution No. 4343 for the board's adoption.

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

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

to adopt Resolution No. 4343 to approve a one (1) year extension (July 1, 2018 through June 30, 2019) to the current Memorandum of Understanding (MOU) between the Otay Water District and the Otay Water District Employee's Association, to include a cost-of-living adjustment under the same terms as referenced in the MOU for years 2015 through 2017 for represented employees, and approve the same provisions for management, confidential and executive employees.

17. REPORT ON ANY OTHER ACTIONS TAKEN IN CLOSED SESSION

General Counsel Shinoff indicated that the board took no reportable actions in closed session.

18. ADJOURNMENT

With no further business to come before the Board, President Smith adjourned the meeting at 5:57 p.m.

President

ATTEST:

District Secretary

**President's Report
 Tim Smith
 March 7, 2018
 Board Meeting**

#	Date	Meeting	Purpose
1	2-Feb	Board Agenda Briefing	Met with General Manager Watton and General Counsel Shinoff to review items that will be presented at the February Board Meeting.
2	7-Feb	OWD Regular Board Meeting	Monthly board meeting
3	14-Feb	Quarterly Meeting with OWD GM	Met with GM to receive an update on projects or items impacting Division 1
4	15-Feb	Committee Agenda Briefing with General Manager Watton	Met with General Manager Watton to review items that will be presented at the February committee meetings.
5	16-Feb	Chula Vista Chamber of Commerce 91st Annual Installation Event	Represented the District at the community event.
6	20-Feb	Engineering Operations and Water Resources Committee Meeting	Reviewed items that will be presented at the March board meeting.
7	21-Feb	East County Caucus	Discussed Otay's key issues with East County water agencies and CWA.