

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
January 4, 2017**

1. The meeting was called to order by President Robak at 3:30 p.m.

2. ROLL CALL

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

Staff Present: General Manager Mark Watton, General Counsel Daniel Shinoff, Attorney Jeanne Blumenfeld, Asst. General Manager German Alvarez, Chief of Engineering Rod Posada, Chief Financial Officer Joe Beachem, Chief of Administration Adolfo Segura, Chief of Operations Pedro Porrás, 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 Thompson to approve the agenda and to delete items 13a, ADOPT RESOLUTION NO. 4325 OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT CONSENTING TO AND APPROVING THE APPOINTMENT OF MARK ROBAK AS A REPRESENTATIVE TO THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY (FIRST SEAT), and 13b, ADOPT RESOLUTION NO. 4326 OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT CONSENTING TO AND APPROVING THE APPOINTMENT OF TIM SMITH AS A REPRESENTATIVE TO THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY (SECOND SEAT), from the agenda. The motion was seconded by Director Croucher.

There was discussion on why Director Thompson wished to delete items 13a and 13b from the agenda. The motion failed with the following vote:

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

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

Ayes: Directors Croucher, Gastelum, Robak and Smith
Noes: Director Thompson

Abstain: None
Absent: None

to approve the agenda as is.

5. ADOPT RESOLUTION NO. 4319 COMMENDING MR. JOSE LOPEZ FOR HIS SIXTEEN YEARS OF DEDICATED SERVICE TO THE OTAY WATER DISTRICT AS DIRECTOR OF DIVISION FOUR

President Robak read Resolution No. 4319 into the record. President Robak then presented the recognition award to former Director Lopez recognizing him for his sixteen (16) years of leadership and dedicated service to the District, the community and all of San Diego County.

Former Director Lopez indicated that it was an honor to serve his constituents for sixteen (16) years. He stated that his whole life has been dedicated to serving the public in different capacities from high school, college, his profession as a firefighter and through serving on the Otay Water District (Otay WD) board. He stated that he has never regretted it. He commented that he has just returned from a 47-day trip around Asia and he learned a lot from that experience. In the cities he visited, he saw the pride that people took in their cities. Their cities were thriving and were exceptionally clean. He indicated that he is mentioning this because he has experienced that same pride at the District. He thanked staff for their work and all their efforts. He thank District Secretary Susan Cruz for the many years of service and for all the work she has done. He congratulated Director Robak on his election as President and indicated that from his experience as a Director at Otay WD, there will be little controversies every now and then, but the District will get through it. He indicated that if the members of the board really consider what they do and keep the interest of the public in mind, things will work out.

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

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

to approve Resolution No. 4319 commending Mr. Jose Lopez for his sixteen (16) years of dedicated service to the Otay Water District as Director of Division Four.

Director Smith indicated that the one thing he will take away from his two (2) years of working with Director Lopez is how much he cared about the employees and his understanding of employees and how much of an impact they have on the running of the organization. The supervisors seem to get the credit for the success of the organization, but it is really the line staff that is doing all the hard

work. He stated that this goes all the way down the line and he really hopes that this viewpoint continues.

Director Thompson indicated that he has served with Director Lopez for five (5) years and he viewed that time as one of the great treats in his time as a public servant. He stated that Director Lopez' integrity, care and dedication to the public good is very commendable. He indicated that he has a great respect for him as a public official and a man and thanked him for the time that he has served with him.

Director Croucher indicated that Director Lopez will be missed. His stated his dedication to the water industry, employees and citizens through the years is commendable and his advice to stay focused on the customers and the public needs is key. He felt, in the past, when the District fell on hard times it was because they looked at individuals as opposed to the public good. He indicated that if we look at the public first, then we would be headed in a good direction.

Director Gastelum thanked Director Lopez for his years of service to the District and the community. He stated that when he received the congratulatory call from Director Lopez following the elections, he realized what a true gentleman he was.

President Robak indicated that in the twelve years that he served on the board with Director Lopez, his character has certainly been good. He stated he is definitely a thoughtful person and his objective and leadership was towards serving the customers of the District. He thanked Director Lopez for his sixteen (16) years of service to the District.

General Manager Watton also thanked him for his sixteen (16) years of service and indicated that, on a personal note, getting to know him personally and being considered as friends beyond service to the District, is something he cherishes. He stated he looks forward to keeping in touch beyond Otay and to continue the friendship. He congratulated him on his sixteen (16) years of service.

General Counsel Shinoff stated that Director Lopez is a gentleman, scholar and a unique human being who has the ability to connect with all persons. He indicated that it was an honor and privilege to know him and that Director Lopez has contributed greatly to his perspective of what it is to be a good person.

6. RECESS FOR RECEPTION

The board recessed at 3:55 p.m. for a reception to recognize the retirement of Director Lopez.

7. RECONVENE OTAY WATER DISTRICT BOARD MEETING

The reconvened at 4:18 p.m.

8. 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.

9. APPROVE THE MINUTES OF THE REGULAR BOARD MEETING OF NOVEMBER 2, 2016

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

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

to approve the minutes of the regular board meeting of November 2, 2016.

PUBLIC HEARING

10. PUBLIC HEARING TO CERTIFY THE FINAL PROGRAM ENVIRONMENTAL IMPACT REPORT (PEIR) FOR THE DISTRICT'S 2015 WATER FACILITIES MASTER PLAN (WFMP)

THE BOARD WILL BE HOLDING A PUBLIC HEARING TO CONSIDER CERTIFYING THE FINAL PEIR FOR THE DISTRICT'S 2015 WFMP. THE BOARD INVITES THE PUBLIC TO PROVIDE COMMENTS ON THE REPORT.

- a) CERTIFY THAT THE FINAL PEIR FOR THE DISTRICT'S 2015 WATER FACILITIES MASTER PLAN (WFMP) UPDATE HAS BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, THE CURRENT STATE GUIDELINES AND THE DISTRICT'S LOCAL GUIDELINES, AND THAT IT REFLECTS THE INDEPENDENT JUDGMENT OF THE DISTRICT; FIND THAT THE POTENTIALLY SIGNIFICANT EFFECTS OF THE DISTRICT'S 2015 WFMP UPDATE WILL BE AVOIDED THROUGH THE ADOPTION OF MITIGATION MEASURES, AS SHOWN IN THE PEIR, AND THE MITIGATION, MONITORING AND REPORTING PROGRAM FOR THE PEIR; AND APPROVE THE 2015 WFMP AS THE FINAL DOCUMENT

Environmental Compliance Specialist Lisa Coburn-Boyd asked that the Board certify the Final Program Environmental Impact Report (PEIR) for the District's 2015 Water Facilities Master Plan (WFMP) Project has been completed in compliance with the California Environmental Quality Act, the current State Guidelines and the District's local Guidelines and that it reflects the independent judgement of the District. Additionally, staff is requesting approval of the Mitigation Monitoring and Reporting Program and the findings for the project.

She stated, lastly, staff is requesting that the Board approve the 2015 WFMP as the final document. Please reference the committee Action notes attached to staff's report (Attachment A) for the details of Ms. Coburn-Boyd's report.

Director Smith indicated that this is a substantial document which sets the tone for the types of Capital Improvement Projects (CIP) that will be coming up for the District. It prioritizes the projects by year and provides the required environmental documentation associated with the projects.

Director Robak indicated that he noted that one of the comment letters was from the Metropolitan Water District (MWD) and inquired if they normally comment on the District's PEIRs. Ms. Coburn-Boyd indicated that they usually comment on the District's Water Facilities Master Plan (WFMP), but not usually on individual projects. She stated they were concerned about annexations and would like to see the District do a more robust environmental review, but the comment was not relevant to the WFMP.

The public hearing was opened at 4:31 p.m. No one wished to be heard. The public hearing was closed at 4:31 p.m.

A motion was made by Director Thompson, and 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.

CONSENT CALENDAR

11. 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. 5 TO THE EXISTING CONTRACT WITH TRANSTAR PIPELINE, INC. IN THE AMOUNT OF \$61,592.34

FOR THE RANCHO SAN DIEGO BASIN SEWER REHABILITATION -
PHASE 1 PROJECT

- b) ADOPT RESOLUTION NO. 4318, FIXING TERMS AND CONDITIONS FOR THE ANNEXATION OF CERTAIN REAL PROPERTIES OWNED BY R-12 B, LLC Co. (APN 644-310-53-00), OTAY RANCH II SUN 12, LLC CO. (APN 644-310-54-00), AND R-12 A, LLC CO. (APN 644-310-55-00) INTO THE OTAY WATER DISTRICT IMPROVEMENT DISTRICTS 22 AND 27
- c) AWARD A PROFESSIONAL AS-NEEDED COATING INSPECTION SERVICES CONTRACT TO CSI SERVICES, INC. IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR A PERIOD OF THREE (3) FISCAL YEARS (FY 2017 THROUGH FY 2019), ENDING JUNE 30, 2019
- d) ADOPT RESOLUTION NO. 4324 TO UPDATE BOARD POLICY #47, POLICY AGAINST DISCRIMINATION, HARASSMENT, RETALIATION AND COMPLAINT PROCEDURE, AND BOARD POLICY #48, ADA/FEHA DISABILITY POLICY

ACTION ITEMS

12. FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY

- a) APPROVE THE SUBMITTAL OF THE FINANCIAL SECURITY PACKAGE TO THE STATE WATER RESOURCES CONTROL BOARD (SWRCB), CALIFORNIA'S CLEAN WATER STATE REVOLVING FUND PROGRAM, FOR THE PURPOSE OF APPLYING FOR \$7,750,000 IN DEBT FINANCING OF THE CAMPO ROAD SEWER REPLACEMENT PROJECT; AND ADOPT RESOLUTION NO. 4320 TO FINANCE THE COST OF CONSTRUCTING AND RECONSTRUCTING CERTAIN PUBLIC FACILITIES AND IMPROVEMENTS; RESOLUTION NO. 4321 TO FILE AN APPLICATION FOR A FINANCING AGREEMENT FROM THE SWRCB; AND RESOLUTION NO. 4322 TO PLEDGE SEWER OPERATING REVENUES AND/OR REPLACEMENT RESERVES FOR THE CAMPO ROAD SEWER MAIN REPLACEMENT PROJECT

Finance Manager Rita Bell indicated that staff is requesting that the Board authorize the submittal of the financial security package to the State Water Resources Control Board's (SWRCB) Clean Water State Revolving Fund Program (CWSRF). The application is requesting \$7,750,000 in debt financing for the Campo Road Sewer Replacement Project. The State requires that the Board adopt the three resolutions attached to the Staff Report which will be filed with the application. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Ms. Bell's report.

Staff indicated, in response to an inquiry from Director Croucher, that the District is working with the community and is keeping them informed that the District has

reached out to SDG&E and other agencies to coordinate infrastructure work to reduce impact to the community.

It was discussed that if the District receives preliminary acceptance of its application, then there is a very good chance that it will receive final acceptance of its application. It was noted that even if the District's application is accepted, it may not receive the full amount that has been applied for. Staff hopes to receive notification by May, June or July and indicated that if the District was not successful in acquiring funding through the SWRCB program, then the District would have to look at alternative funding, such as issuing Certificates of Participation (COPs). This would be more costly and the interest rate would be higher.

A motion was made by Director Smith, 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 approve staffs' recommendation.

- b) APPROVE THE CREATION OF AN AUTOMATED METER READING CHANGE OUT CAPITAL IMPROVEMENT PROGRAM PROJECT IN THE AMOUNT OF \$1,150,000 FOR THE CURRENT FISCAL YEAR

Customer Service Manager Andrea Carey indicated that staff is requesting that the board authorize the creation of an Automated Meter Reading (AMR) change out Capital Improvement Program (CIP) project in the amount of \$1,150,000 for the current fiscal year. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Ms. Carey's report.

Ms. Carey brought a sample of the automated meter to show to the board. She indicated in response to an inquiry from Director Smith that the labor cost was not included at this time as staff has not yet completed the bid for the labor cost portion and would be bringing that back for the board's consideration at a future meeting. It was indicated that staff would like to get the appropriation for the CIP because of the lead time required for the purchase of the meters. The cost of the Allegro Meter transponder is approximately \$140 (with tax) and there is an additional cost for the meter itself. Staff could not recall the cost of the at the moment but could provide the information following the meeting.

Director Smith thanked staff for bringing this item to the board within a month of the board's inquiry. He also noted that Helix WD did a pilot project to determine how many customers would actually go online and look at their water use. It was found that only 1% of the customers who had access to that data actually went

online to look. SDG&E found that 3% of their customers checked their electrical use online.

Ms. Carey stated that the District did some polling of the District's customers and also analyzed the "drive-by" read versus the "AMI signal" technology and found that the "drive-by" read was still more economical.

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

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

to approve staffs' recommendation.

13. BOARD

- a) ADOPT RESOLUTION NO. 4325 OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT CONSENTING TO AND APPROVING THE APPOINTMENT OF MARK ROBAK AS A REPRESENTATIVE TO THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY (FIRST SEAT) and ADOPT RESOLUTION NO. 4326 OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT CONSENTING TO AND APPROVING THE APPOINTMENT OF TIM SMITH AS A REPRESENTATIVE TO THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY (SECOND SEAT)

A motion was made by Director Croucher that the District replace one Director on the San Diego County Water Authority's (CWA) Board of Directors and that Director Croucher remain on the CWA board as a board officer. The motion was seconded by Director Thompson.

There was discussion that by maintaining Director Croucher on CWA's board the Otay WD would maintain the benefits of a board officer position on CWA's board. It was felt that this would be in the best interest of the District and its ratepayers. It was indicated that CWA has a very large board and that there is a very complicated process on how the representatives on CWA's board are moved into the officer roles (North Representative, South Representative, City of San Diego Representative and Non-City of San Diego Representative) which is described in their Administrative Code. It was indicated that Director Croucher has the time on CWA's board, committee assignments, is a more tenured board member and the right circumstances came together for him to be appointed as an officer. It was noted that in four (4) years, the Otay WD will have a chair on CWA's board and that in CWA's history they have never had a chair from the same agency twice.

There was further discussion that it was not felt that replacing one or more board members on CWA's board would necessarily hurt the District and that rotating representation on CWA's board would provide all Directors an opportunity to serve on their board.

Ms. Kathleen Hedberg, a resident of La Mesa, indicated she wished to express her support for agenda items 13a and 13b. She indicated that she has known President Robak for over 10 years and felt he would be a great asset to CWA's board. Ms. Hedberg also stated that she has known Director Smith for nearly 20 years. He is knowledgeable in the water industry and she felt that the District had two (2) fine potential candidates to represent the Otay WD on CWA's Board of Directors.

The motion failed with the following vote:

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

Director Smith made a motion to approve items 13a and 13b, President Robak seconded the motion.

There was more discussion that board members from other member agencies were commenting that changing representatives was not in the best interest of the Otay WD and its customers. There was expressed interest by the members of the District's board (Otay WD board) in working together in the best interest of its customers and the agency.

The board recessed at 5:55 p.m. and reconvened at 6:04 p.m.

President Robak made a motion to amend Director Smith's motion and appoint Director Smith to replace General Manager Watton and maintain Director Croucher's appointment to CWA's board. Director Thompson seconded the motion. The motion passed unanimously with the following vote:

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

b) DISCUSSION OF THE 2017 BOARD MEETING CALENDAR

Director Thompson noted that he may not be able to attend the May 3, 2017 board meeting. There were no changes to the board meeting calendar.

REPORTS

14. GENERAL MANAGER'S REPORT

General Manager's Report

General Manager Watton reviewed handouts that were provided on the dias for each member of the board (see attached). He also presented information from his report which included an update on the Certificate of Insurance Tracking and Verification Service, the vulnerability assessment, the water loss audit, the capacity fee study, the Rosarito Beach Desalination Project, lead testing at grade levels K-12 schools, and water sales and purchases. He also noted the articles on the Rosarito Beach Desalination Project which are also attached to his report.

CWA Report

Director Croucher indicated that the CWA board officers traveled to Los Angeles to attend the Metropolitan Water District (MWD) board meeting. He shared a couple of examples of how CWA representatives on MWD's board are being treated due to the lawsuit between the agencies. He stated at the MWD board meeting they discussed the findings of an audit of the Artificial Turf Program and an article published by the *Los Angeles Times* that was critical of the program. CWA representative on MWD's board, Ms. Elsa Saxod, requested if MWD staff could forward such articles to the board representatives and MWD refused to do so citing that it would be a copyright issue to do so. MWD is also planning to seek a \$175 million variable loan where the interest rate could go as high as 12%. Mr. Keith Lewinger, also CWA's representative on MWD's board, inquired why the rate on the loan was so high when rates are currently very low and asked for the details of the loan. MWD staff responded that this is the way they have done such loans for 20 years and this was the way they were going to handle the loan. The MWD board voted to approve the \$175 million loan, as recommended by MWD's staff, without receiving copies of the loan documents. The loan documents are not available to the board members until after the board has voted. Director Croucher also presented a video shown at the 2016 Colorado River Water Users Conference title, "The Colorado River Story: Addressing Continuing Challenges with Collaboration." It reviewed the history of the Colorado River as source of water and how the States are working together to maintain the river and its future.

15. DIRECTORS' REPORTS/REQUESTS

Director Smith reported that he attended, along with his regular committee and board meetings, a meeting of the District's Ad Hoc San Diego Matters Committee and the employee holiday dinner.

Director Gastelum thanked General Manager Watton and staff for the tour of the District's facilities. He stated that he takes pride in learning about the District and commended staff for the good work they are accomplishing at the District.

Director Thompson requested a tour of the District's proposed alignment of the pipeline that will deliver desalinated water from the Rosarito Desalination Project. General Manager Watton noted that the alignment in Mexico is changing, but staff will provide a tour.

16. PRESIDENT'S REPORT

President Robak noted he has a written report of the meetings he attended during the month of December 2016 (his report is attached) and also shared that he attended many swearing-in ceremonies following the elections, including his brother's ceremony, who was elected to the Lakeside Water District board. He also reviewed some of the things he would like to see occur during his presidency including a board retreat, meetings of the Ad Hoc Optimization Committee, conclusion of Employee Negotiations, an annual meeting with other agencies, the District rejoining ACWA as a member, and to tighten spending.

17. CLOSED SESSION

The board recessed to closed session at 6:42 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

The board reconvened at 8:03 p.m. and General Counsel Shinoff reported that the board met in closed session and took no reportable actions.

18. ADJOURNMENT

With no further business to come before the Board, President Robak adjourned the meeting at 8:03 p.m.

President

ATTEST:

District Secretary

**President's Report
Mark Robak
January 4, 2017
Board Meeting**

#	Date	Meeting	Purpose
1	7-Dec	OWD Regular Board Meeting	Monthly board meeting
2	8-Dec	San Diego County Water Authority	Observe meeting process
3	9-Dec	Committee Agenda Briefing	Go over agendas for FA&CC and E&O committee meetings.
4	10-Dec	District Employee Holiday Dinner	Annual employee dinner
5	13-Dec	District Finance, Administration and Communications Committee	Met with General Manager Watton to review items that will be presented at the December committee meetings.
6	13-Dec	El Cajon City Council	Swearing in of Councilmembers
7	13-Dec	La Mesa City Council	Swearing in of Councilmembers
8	14-Dec	Board Agenda Briefing	Discuss agenda for January 4th Board meeting
9	14-Dec	San Diego County Water Authority	Community open house for Lake Murray to Sweetwater Reservoir Pipeline 3 Relining Project
10	14-Dec	Santee City Council	Swearing-In of new Mayor and Councilmember