

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

1. The meeting was called to order by President Robak at 3:36 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, 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.

5. ASSOCIATION OF CALIFORNIA WATER AGENCIES PRESENTATION
(TIMOTHY QUINN, EXECUTIVE DIRECTOR)

Mr. Timothy Quinn, Executive Director of the Association of California Water Agencies (ACWA), provided a presentation on what his organization does, how they work, what their current priorities are and what they will be focused on in 2017. ACWA is a statewide organization with 36 board members from around the State of California and they work with the members to address water issues from a statewide perspective to improve water supply reliability. He stated the issues ACWA is focused on include developing a long-term conservation and drought policy, advancing water storage investments, advancing sound policy on water markets/water transfers, providing leadership on drinking water solutions for disadvantaged communities and ensuring Delta solutions are part of a comprehensive statewide plan. He lastly shared that ACWA is working on

Proposition 218 issues and working to give members more choice and flexibility for tiered pricing, lifeline rates and the ability to finance storm water.

It was discussed that the Otay WD's annual membership fee would be approximately \$25,000 and it is based on the agency's Operating and Maintenance budget with a 50% discount on the first year's membership. The state of California is divided into 10 regions and all members receive one vote. The membership breakdown is 60% urban and 40% agricultural which is also reflected on ACWA's board. It was noted that one of the advantages of being a member of ACWA is the agencies together, under ACWA, can have an influence on regulations.

6. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 7, 2016 AND SPECIAL MEETING OF JANUARY 12, 2017

A motion was made by Director Smith, 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 the minutes of the regular meeting of December 7, 2016 and Special Meeting of January 12, 2017.

7. 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.

CONSENT CALENDAR

8. 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 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) AUTHORIZATION TO ACQUIRE PERMANENT UTILITY AND TEMPORARY CONSTRUCTION EASEMENTS AT THE RANCHO SAN DIEGO TOWNE CENTER FROM VESTAR FOR THE CAMPO ROAD SEWER REPLACEMENT PROJECT IN AN AMOUNT NOT-TO-EXCEED \$190,000
- b) ADOPT RESOLUTION NO. 4323 AMENDING POLICY NO. 45, THE DEBT POLICY, OF THE DISTRICT'S CODE OF ORDINANCES
- c) ADOPT ORDINANCE NO. 560 AMENDING SECTION 27, REQUIREMENTS AND LIMITATIONS FOR OBTAINING WATER SERVICE, OF THE DISTRICT'S CODE OF ORDINANCES
- d) ADOPT THE 2017 OTAY WATER DISTRICT LEGISLATIVE PROGRAM GUIDELINES
- e) ADOPT RESOLUTION NO. 4327 OF THE OTAY WATER DISTRICT CONFIRMING GARY CROUCHER AND TIM SMITH AS THE DISTRICT'S REPRESENTATIVES TO THE SAN DIEGO COUNTY WATER AUTHORITY, EACH TO VOTE IN THE ABSENCE OF THE OTHER

ACTION ITEMS

9. FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY

- a) APPROVE AN ENGAGEMENT LETTER WITH THE AUDITING FIRM OF TEAMAN, RAMIREZ AND SMITH, INC., TO PROVIDE AUDIT SERVICES TO THE DISTRICT FOR THE FISCAL YEAR ENDING JUNE 30, 2017

Finance Manager Rita Bell indicated that staff is requesting that the board approve the engagement letter with the firm of Teaman, Ramirez & Smith, Inc. for auditing services for the fiscal year ending June 30, 2017. Please reference the Committee Action notes attached to staff's report (Attachment A) for the details of Ms. Bell's report.

A motion was made by Director Gastelum, 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.

- b) ADOPT RESOLUTION NO. 4325 TO APPROVE A ONE (1) YEAR EXTENSION TO THE CURRENT MEMORANDUM OF

UNDERSTANDING (MOU) BETWEEN THE OTAY WATER DISTRICT
AND THE OTAY WATER DISTRICT EMPLOYEES' ASSOCIATION, AND
APPROVE THE SAME PROVISIONS FOR MANAGEMENT,
CONFIDENTIAL AND EXECUTIVE EMPLOYEES (WILLIAMSON)

General Manager Watton indicated that this item was discussed in closed session (at a Special Board Meeting held on January 12, 2017). The Otay Water District Employees' Association ratified the offer from the board and Resolution No. 4325 is presented for the board's ratification to extend the current MOU for one (1) year.

It was discussed that the Ad Hoc Employee Negotiations Committee felt that this was a good resolution for both parties and would move the staff and board forward for another year. The staff will receive an increase of between 2% and 3% which is consistent with the inflation rate. It is felt that stability and protecting ratepayers' interest was important, while also recognizing the value of the District's staff.

A motion was made by Director Gastelum, 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 Resolution No. 4235 approving a one (1) year extension to the current MOU between the Otay Water District and the Otay Water District Employees' Association, and approve the same provisions for management, confidential and executive employees.

10. BOARD

a) DISCUSSION OF 2017 BOARD MEETING CALENDAR

Director Croucher noted that from February 28 to March 1, 2017 he may be in Sacramento and may be unable to attend the March 1 board meeting.

There were no changes to the board meeting calendar.

INFORMATIONAL ITEMS

11. THIS ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEM.

a) UPDATE ON THE PROGRESS OF THE CITY OF SAN DIEGO'S APPLICATION WITH THE CALIFORNIA DEPARTMENT OF WATER

RESOURCES FOR A SCIENTIFIC-BASED MODIFICATION TO THE BOUNDARIES OF THE SAN DIEGO FORMATION GROUNDWATER AQUIFER

Engineering Manager Bob Kennedy indicated that in September of 2014, Governor Brown signed into law the Sustainable Groundwater Management Act (SGMA) in response to persistent and drought driven severe overdraft and related ground subsidence issues in portions of the state, primarily the Central Valley of California. The Act set forth a process and timeline for the formation of Groundwater Sustainability Agencies (GSAs) to establish and implement Groundwater sustainability Plans (GSPs) and restore groundwater sustainability in basins classified by the DWR as being of “medium” to “high” priority. Please reference the Committee Action notes attached to staff’s report (Attachment A) for the details of Mr. Kennedy’s report.

Director Smith indicated that the Engineering, Operations and Water Resources Committee discussed this item at length and the committee wished to make sure that the City of San Diego is not taking water rights. He stated that it is clear that that is not what is happening. The discussion is on how to split the cost of the GSP between the involved agencies. It was noted that it is about a year before a decision needs to be made. This item will be brought back at a future board meeting.

REPORTS

12. GENERAL MANAGER’S REPORT

General Manager’s Report

General Manager Watton presented information from his report which included an update on the Vulnerability Assessment performed by the DHS, the Hillsdale Road sewer replacement project, the Rosarito desalination project, a contractor taking water from a hydrant without a meter in the Otay Mesa area, and water purchases.

Director Thompson commented regarding the water taken from the hydrant without a meter that because this was not the first time the contractor was caught stealing water, that he would like to see the District refer the theft to the District Attorney’s office. He also would like the District to make a complaint with the State Contractors License Board. He stated that he feels the District needs to take action against this contractor to change their actions. Director Thompson further suggested that the District explore technology that can sense when water is being stolen from a hydrant, similar to AMR technology, that is cost effective.

Director Croucher asked that the District educate the public on how to report hydrant water theft to the District.

The board had further comments and questions concerning a few items in the General Manager's report and staff responded to the questions and comments.

CWA Report

Director Smith indicated that CWA is preparing its budget and they discussed three items new to their budget which they will be focusing on: cyber security, energy management, and workforce development. He also shared that in their 15-month window view, sales and revenues are down 3% and 5% respectively. He lastly reported that CWA staff reviewed its biological mitigation bank at the board's request and they found that they have purchased too much of tier 2 Coastal Sage Scrub. They will be reaching out to the agencies to sell their excess to those who need it.

Director Croucher added that the largest issue discussed by CWA this past month was the drought. He indicated that most of the reservoirs in California, on average, are over 100% full and others are between 20% and 69% full. He noted that these percentages include snowpack as well. He stated that the County of San Diego is not in a state of emergency with regard to water supply, but County residents still need to use water wisely and conserve. However, drastic measures are not necessary as the County has invested in infrastructure (Desalination Plant, built/enlarged reservoirs for storage, etc.) to stabilize its supplies. He noted that CWA is not looking at the "California Water Fix" negatively. They feel that they need their questions answered before they can support the plan. He lastly announced that the Water Academy will be holding another session and asked if the District had anyone they wished to nominate, nominations are due on February 9.

Director Gastelum indicated that Communications Officer Tenille Otero had nominated him to attend the academy.

13. DIRECTORS' REPORTS/REQUESTS

Director Smith reported that he attended the following meetings in January: regular board meeting on January 4, special board meeting on January 12, the Engineering Operations and Water Resources Committee on January 17, the Desalination Project Committee on January 19, the Ad Hoc Employee Negotiations Committee on January 9, the Ad Hoc Optimization Committee on January 11, the City of San Diego Matters Committee on January 20, and the mediation in the City of San Diego matter on January 30.

Director Croucher reported that he met with President Robak and they discussed several issues and agreed at their meeting that professionalism is key to relations with members of the board and constituents. He stated that he feels that they, as a board, are much stronger now following his meeting with President Robak and the January 2017 board meeting discussion.

Director Smith indicated that he concurred with Director Croucher's statement.

14. PRESIDENT'S REPORT

President Robak noted he has a written report of the meetings he attended during the month of January 2017 (his report is attached). He noted that the meeting of the Ad Hoc Optimization Committee was productive and is a work in progress. He also commented with regard to his meeting with Director Croucher that the board is moving forward for the greater good of the District and its customers.

15. 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) 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 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

The board reconvened at 6:21 p.m. and General Counsel Shinoff reported 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 6:21 p.m.

President

ATTEST:

District Secretary

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

#	Date	Meeting	Purpose
1	4-Jan	OWD Regular Board Meeting	Monthly board meeting
2	5-Jan	Met with Director Gary Croucher	Discuss Board Dynamics
3	6-Jan	Met with Director Mitch Thompson	Discuss Board Dynamics
4	9-Jan	Ad Hoc Employee Negotiations Committee	Discussed Employee Negotiation matters.
5	11-Jan	Ad Hoc Optimization Committee	Reviewed District Business Operations
6	12-Jan	OWD Special Board Meeting	Discussed Closed Session Matters
7	13-Jan	Committee Agenda Briefing	Met with General Manager Watton to review items that will be presented at the January committee meetings.
8	17-Jan	Council of Water Utilities	Heard speaker on the Sustainable Groundwater Management Act (SGMA)
9	18-Jan	Finance, Administration and Communications Committee	Reviewed items that will be presented at the February board meeting.
10	19-Jan	Desalination Project Committee	Received an update on the Desalination Project and Otay Mesa Conveyance and Disinfection System Project.
11	24-Jan	East County Chamber of Commerce Land Use & Infrastructure Committee	Speaker from SDCWA on business regulation

12	25-Jan	Ad Hoc Salt Creek Golf Course Committee	Discussed terms for the purchase, sale and/or lease of the golf course property.
13	27-Jan	Board Agenda Briefing	Conference call with General Manager Watton and General Counsel Shinoff to review items that will be presented at the February Board meeting.