

**MINUTES OF THE  
SPECIAL MEETING OF THE  
BOARD OF DIRECTORS  
OTAY WATER DISTRICT  
May 24, 2017**

1. The meeting was called to order by President Robak at 3:05 p.m.

2. ROLL CALL

Directors Present: Gastelum, Robak, Smith and Thompson

Directors Absent: Croucher (due to a personal commitment)

Staff Present: General Manager Mark Watton, Attorney Jeanne Blumenfeld, Asst. GM German Alvarez, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration and Information Technology Adolfo Segura, 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 Smith, seconded by Director Gastelum 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

No one wished to be heard.

WORKSHOP

6. ADOPT RESOLUTION NO. 4336 TO APPROVE THE FY 2017-2018 OPERATING AND CAPITAL BUDGET; APPROVE FUND TRANSFERS FOR POTABLE, RECYCLED, AND SEWER; ADOPT THE SALARY SCHEDULE; APPROVE THE SEWER RATES; ADOPT ORDINANCE NO. 564 AMENDING THE CODE OF ORDINANCES APPENDIX A WITH THE PROPOSED SEWER RATE CHANGES EFFECTIVE JANUARY 1, 2018; DIRECT STAFF TO DRAFT AND MAIL SEWER RATE INCREASE NOTICES TO SEWER CUSTOMERS; AND DIRECT STAFF TO DRAFT AND MAIL PROPOSITION 218 NOTICES FOR POTABLE AND RECYCLED WATER CUSTOMERS

Chief Financial Officer Beachem reviewed the objectives of the workshop which included:

- Review of the FY 2017 - 2018 Strategic Plan
- Presentation of a \$98.2 million Operating Budget and \$20 million CIP Budget for approval
- Request approval of the annual fund transfers
- Request adoption of the Salary Schedule
- Request approval of average rate increases of 7.5% for sewer rate increase effective January 1, 2018
- Adopt Ordinance 564 amending Appendix A with the proposed sewer rate changes to be effective January 1, 2018
- Direct staff to draft and mail sewer rate increase notices
- Direct staff to draft and mail the Proposition 218 notices for recommended water rate structure changes

Mr. Gary London of the London Group provided an overview of the economic outlook for San Diego County for 2017 and beyond. He provided projections for population growth, the unemployment rate, job growth and for residential construction through 2023. He noted that Otay WD's growth continues to outpace the County with 13.8% estimated growth from 2010 to 2017 versus 8.2% for the County. He noted that developers are building mainly multi-family units (92% of new construction in 2016 was multi-family) and in 2017-2018 he projects that 70% of residential construction will be multi-family developments. He stated that this translates into smaller households and lots, which will reduce water use.

Presentations were provided by each of the Department Chiefs reviewing their department budgets for FY 2018 which included the Capital Improvement Project (CIP) budget for FY 2018 and the CIP plan for the next six (6) years and the details of the operating budget. During the presentations there were questions asked by members of the board and responses were provided by staff.

Director Thompson requested that a binder with a hardcopy of the budget workshop documents be provided to board members for future budget workshops. He stated because of the amount of information, it would be easier to review.

Staff requested that the board:

- Adopt Resolution No. 4336 to approve the FY 2017-2018 Operating and Capital Budget
- Approve fund transfers for potable, recycled, and sewer
- Approve the sewer rate changes and adopt Ordinance No. 564 to amend Appendix A with the proposed 7.5% sewer rate increase on all billings that begin in calendaring year 2018
- Adopt the Salary Schedule pursuant to CA Code of Regulations 570.5 (CalPERS enforced)
- Provide direction to draft and mail sewer rate increase notices
- Provide direction to draft and mail Proposition 218 hearing notices for recommended water rate structure changes

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

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

To approve staffs' recommendations.

## 7. CLOSED SESSION

The board recessed to closed session at 5:36 p.m. to discuss the following matter:

- a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:

1 CASE

The board reconvened at 6:30 p.m. and Attorney Blumenfeld reported that the board met in closed session and a motion was made by Director Smith, seconded by Director Thompson to initiate litigation against the City of San Diego. The motion carried with the following vote:

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

## 8. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 6:30 p.m.

---

President

ATTEST:

---

District Secretary