

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
October 3, 2007**

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

2. ROLL CALL

Directors Present: Bonilla, Breitfelder, Croucher, Lopez and Robak

Directors Absent: None

Staff Present: General Manager Mark Watton, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Operations Manny Magana, General Counsel Yuri Calderon, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, Finance Manager Rita Bell, Finance Manager, Jim Cudlip, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Breitfelder, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the agenda.

5. APPROVAL OF MINUTES

Board Secretary Cruz indicated that Director Breitfelder's comments in the minutes of July 10, 2007, page 13, second paragraph from the bottom, should be amended as follows: the word "conscience" should be "conscious" and the last sentence indicates the City of "Chula Vista" and it should read the City of "San Diego."

Director Breitfelder also noted that in the August 1, 2007 minutes on page 6, third paragraph, during discussions of SB 610 that he wished to clarify, as he did not want any elected official to have the basis for asserting the convenient misconception that SB 610 assures abundant water supplies in periods of long-term water shortage. He indicated that adequate water supplies will be provided for health and safety and most lifestyle needs, but in extreme circumstances, there is a possibility of inconvenience as per the District's contingency plan. He indicated that he did not want legislators, sometime in the future, to assert to the District that they were under the impression that the 610 assures normal water supplies even during times of long-term drought.

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

Ayes:	Directors Breitfelder, Bonilla, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the minutes of the regular board meetings of July 10, 2007 and August 1, 2007.

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 one 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 Breitfelder, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Breitfelder, Bonilla, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the following consent calendar items and pulling agenda Item 6(a), APPROVE CHANGE ORDER NO. 2 TO THE EXISTING AGREEMENT WITH PACIFIC HYDROTECH CORPORATION FOR CONSTRUCTION OF THE 640-1

AND 640-2 RESERVOIRS PROJECT REDUCING THE AGREEMENT AMOUNT BY \$122,112, for discussion:

- b) ADOPT RESOLUTION NO. 4112 TO REVISE THE POLICY AGAINST DISCRIMINATION, HARASSMENT AND COMPLAINT PROCEDURE, BOARD OF DIRECTORS POLICY 47
- c) APPROVE THE RECRUITMENT OF A TEMPORARY STAFF MEMBER TO PROVIDE BOARD SECRETARY SUPPORT SERVICES TO THE WATER CONSERVATION GARDEN FROM NOVEMBER 2007 TO FEBRUARY 2008 AT A COST NOT TO EXCEED \$1800
- d) ADOPT RESOLUTION NO. 4113 TO AMEND BOARD OF DIRECTORS POLICY 8, DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS
- e) RATIFICATION OF SETTLEMENT AGREEMENT AND GENERAL RELEASE BY AND BETWEEN THOMAS J. HARRON, OTAY WATER DISTRICT, JAIME BONILLA AND ANTONIO INOCENTES (CASE NO. GIC 773848)

The following Item 6(a) was pulled from the consent calendar for discussion:

- a) APPROVE CHANGE ORDER NO. 2 TO THE EXISTING AGREEMENT WITH PACIFIC HYDROTECH CORPORATION FOR CONSTRUCTION OF THE 640-1 AND 640-2 RESERVOIRS PROJECT REDUCING THE AGREEMENT AMOUNT BY \$122,112

Director Robak inquired as to the need for changes to the agreement. Staff indicated that there were items in the original agreement that were not completely clear to staff that lead to this change. He asked if staff has reviewed all other documents to affirm that there will be no other changes. Chief of Engineering Rod Posada indicated that on projects, especially one of this magnitude, not all the details are completely clear. When issues are identified, staff discusses the issues with the design engineer, construction manager and contractor to determine a solution. He stated that any changes are presented to the board for approval.

Director Robak asked about the timeline of the pipelines related to the project. Chief of Engineering Posada indicated that the 36" pipeline is in the process of design. Construction should begin in July of 2008.

Director Robak also suggested that, because of the size of this project, he felt that possibly a tour could be scheduled for board members to see the project site.

President Croucher noted that this item was also reviewed by the Engineering and Water Operations Committee and the committee supported staffs' recommendation and moving the item forward to the full board.

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

Ayes:	Directors Breitfelder, Bonilla, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve Change Order No. 2 to the existing agreement with Pacific Hydrotech Corporation for construction of the 640-1 and 640-2 Reservoirs project reducing the agreement amount by \$122,112.

INFORMATION / ACTION ITEMS

8. PUBLIC HEARING ON RATE INCREASES

President Croucher opened a public hearing at 3:38 p.m. to receive the public's comments regarding the proposed rate increases to be implemented in calendar year 2008.

- a) APPROVE THE IMPLEMENTATION OF THE RATE INCREASES AS PROPOSED FOR THE FISCAL YEAR 2007-2008 OPERATING AND CAPITAL BUDGET; AND ADOPT ORDINANCE NO. 513 AMENDING SECTION 25, RATES AND CONDITIONS FOR WATER SERVICES; AND SECTION 53, FEES, RATES, CHARGES AND CONDITIONS FOR SEWER SERVICE OF THE DISTRICT'S CODE OF ORDINANCES

Chief Financial Officer Joe Beachem indicated that staffs' report includes copies of letters of protest received from the public regarding the proposed rate increase. He stated that Prop 218 requires that the District mail notices to all its customers to make them aware of the hearing and the proposed rate increases. The District mailed 61,361 notices and twenty-one (21) letters of protest was received. This public hearing is open to the public to receive their comments and, following the hearing and consideration the public's comments, the Board may proceed with an action.

District customer Clemetine Whelan indicated that she was not opposed to the rate increase. She stated that she felt that residents must conserve water and feels that the District should be more proactive and mandate stricter conservation measures. She stated that the District should also place ads on the radio and television telling/demonstrating how residents can conserve water.

No other member of the public wished to be heard.

President Croucher closed the public hearing at 3:44 p.m.

Director Robak indicated that one of the letters received by the District in opposition to the rate increase addressed the sewer rate structure. The letter stated that the proposed increase would translate into a 59% increase. Director Robak inquired if that was a factual statement. Chief Financial Officer Beachem indicated that the sewer increase would be phased in over a three-year period for the high water users. He stated that the District has gone from a flat rate to a conservation-based rate for residential customers as conservation is a serious concern. He indicated that he did not believe that it was an accurate statement, but he would look at the individual account to verify the accuracy of the 59% increase indicated in the letter.

Finance Manager Rita Bell noted that because of the caps that were implemented, the most a customer would be charged during the first year is 22 units of consumption. The phase in was implemented so impacted ratepayers would not receive a big increase when the program is initiated.

Chief Financial Officer Beachem indicated that it is possible over the three-year period that the rate could increase to \$52.00.

General Manager Watton indicated that there is cap set at approximately \$52.00. He indicated that it is possible that over the three years, if this ratepayer takes no action to conserve water, their sewer rate could increase to \$52.00.

Director Robak indicated and explained to the attendees in the audience that water conservation is a very high priority for the District, not only for the sewer customers, but for water customers as well. He stated the District does all it can to encourage conservation. He noted that the Water Conservation Garden located on the campus of Cuyamaca College is a very good place to visit to learn water conserving practices in the landscape.

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

Ayes:	Directors Breitfelder, Bonilla, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the implementation of the rate increases for FY 2007-2008.

9. FINANCE AND ADMINISTRATION SERVICES

a) ADOPT RESOLUTION NO. 4109 TO IMPLEMENT THE PROPOSED ANTI-FRAUD POLICY AS BOARD OF DIRECTORS POLICY NO. 50

Finance Manager, Jim Cudlip, indicated that the American Institute of Certified Public Accountants (AICPA) is the policy setting group for audit standards. Last year, the AICPA implemented an audit standard on internal control deficiencies. The standard became effective for any financial period ending after December 15, 2006 and specifically states that if entities, such as Otay, have any deficiencies in their anti-fraud programs and controls, it is considered a significant deficiency in internal control. He stated at the end of each audit year, the District receives a management letter that identifies any significant audit deficiencies the District may have. He stated that staff discussed with the auditors well in advanced of the audit, any practices that the District needed to implement. One of the recommendations was to implement an official Anti-Fraud Policy that includes staff training.

The Anti-Fraud Policy defines fraud, the actions that constitute fraud, outlines management and employee responsibilities and states that individuals must act in good faith. If a staff member reports suspected fraud, the policy specifies that there will be no retaliation and it would be kept confidential. The policy also outlines how fraud will be investigated in general terms, how it will be recorded and it does not preclude actions against waste and abuse. It is an anti-fraud policy, but it also emphasizes the fact that staff will do everything possible to minimize waste and abuse.

The completed actions taken to date include all-hands training, both at the management and employee level. The policy will also be included as part of the new hire orientation. He requested that the Board adopt Resolution No. 4109 to implement the proposed Anti-Fraud Policy as Board of Directors Policy 50.

It was indicated that this item was reviewed by the Finance, Administration and Communications Committee and the committee felt that it is clear that such a policy was needed and that the presented policy was very thorough. The committee also discussed the fact that it is heard many times in the media that people have overstated their credentials and inquired if the policy addressed this issue and staff noted that such screenings are handled separately though the Human Resources hiring process. It was indicated that as this was a new policy to be implemented, the committee requested that it be presented as an action item. The committee was comfortable with the policy and supported staffs' recommendation.

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

Ayes:	Directors Breitfelder, Bonilla, Croucher, Lopez and Robak
Noes:	None

Abstain: None
Absent: None

to adopt Resolution 4109 implementing the Anti-Fraud Policy No. 50.

10. BOARD INFORMATION / ACTION ITEMS

a) AD HOC FENTON BUSINESS CENTER COMMITTEE UPDATE REPORT

Director Bonilla indicated that this is the District's most urgent matter at the moment and for the benefit of those in attendance of the meeting he asked General Manager Watton to provide an update. General Manager Watton reviewed issues facing the Fenton Business Center. He indicated that Directors Bonilla and Breitfelder are members of the Ad Hoc Committee formed to review the issues surrounding the misconnection with regard to the technical and tenant issues.

Other participants of the committee are Sarah Katz of Katz & Associates, Myrna Marston of Marston & Marston, Richard Carlson who is a water specialist retained to address issues of water supply and contaminants, and Mike McGuire of Malcolm Pirnie.

The main purpose of the meeting was to address the issues of the misconnection and regaining the trust of District customers. Claims received to date were also discussed at the meeting.

The committee discussed retaining additional experts such as a medical doctor or an infectious disease expert. A meeting will be held in the future with the tenants and/or their representatives.

There was discussion at the committee with some of the experts and they indicated what future testing could be performed. Some of the tenants have requested further testing for pharmaceuticals or other components in the water. Those test results are being reviewed by Montgomery Watson, the District's lab consultant. The results are being reviewed and put into a format that most of us can understand. For the tenants who have retained experts in that area, the results will be made available in their original format.

A status report of the potable system was presented at the committee meeting. The water was certified as potable and some additional tests have been performed since the Ad Hoc Committee meeting. Those tests indicate that it is a potable system. One additional round of testing is anticipated on October 10 with the Health Department. If those tests indicate that the water is potable and there are no detected issues, then the building will be released and the testing will cease.

Otay staff is working with San Diego Risk Management Association (SDRMA) to process claims in an expeditious manner. The Ad Hoc Committee discussed how to further communicate with customers and reviewed Otay's response to the California Department of Public Health (a copy of the response is attached to the Ad Hoc Committee staff report).

All tenants at the business park have been contacted with regard to a meeting to be schedule on October 11, wherein the subject matter experts would be in attendance (water expert and infectious disease expert) to address questions. A number of tenants indicated their interest in attending the meeting. There is a number of tenants that have retained legal counsel and the lawyers (four lawyers) have agreed to meet with the subject experts and discuss the findings.

Director Bonilla indicated that the Board wants to express that they are very concerned for the tenants and the families and clients affected by this situation. He indicated that it is very important that this issue be resolved and any information the District receives will be passed along to the tenants. He indicated that to date, the tests results indicate that there is not a lot to be concerned about. However, he would like to review the final results himself. He indicated that the District would follow-up on this issue to the complete satisfaction of everyone.

General Manager Watton indicated that the test results will be disseminated to the tenants and translated for the tenants. He indicated that the District has chosen experts who have a high level of integrity who will report the results of the tests accurately.

He also indicated that testing of all meters in the surrounding area has been completed, residential as well as commercial, for further incidents. No other misconnections were found. He indicated that hospitals, schools and parks were checked first followed by businesses. Residential meters were tested next (this is the majority of meters) and, because there is no residential recycled irrigation, staff felt there was little chance for misconnection. The residential meter testing took an additional week to check and no misconnections were found.

Director Breitfelder indicated that he felt staff did a very good job in trying to respond to a situation that has never happened before. He indicated that the Ad Hoc Committee is working on a fail-safe system so a similar situation does not occur again. A protocol will be established to ensure there will be preventive measures in the future and the committee's goal is to keep the Board informed.

General Manager Watton indicated that staffs' report indicates a number of items that have been put into place to safeguard against future misconnections. He stated that staff believes that the new protocols are reasonable and will not delay

business. He stated that staff has also engaged the City of Chula Vista and a final water test may be a more prominent feature on the certificate of occupancy.

Director Breitfelder indicated that he is pleased with staffs' recommendations in the staff report.

President Croucher indicated that the Board and staff have taken this matter very seriously and has reached out to the local and national WateReuse Associations to assure that this situation never occurs again, not only within Otoy, but other agencies as well. He indicated that our agencies can learn from one another's experiences and develop improvements.

Assistant General Manager German Alvarez indicated that copies of the Ad Hoc Fenton Business Center Committee staff report was now available for those in the audience who wish a copy. Copies were distributed.

Director Robak indicated that he wished it to be clear to those in the audience that staff and the Board are doing everything possible to make this situation "right." He indicated that the Board wants an open line of communication with the tenants.

Director Croucher indicated that it is preferred that communications with the tenants and others involved in this situation be provided in writing. This provides for tracking of the inquiries to assure that they receive a response.

Mr. Joe Padilla, a tenant at the Fenton Business Center (PC Joes), indicated that as a group, they did not agree with the Board and feel the situation was not handled well and there was a breakdown in communication. He indicated that the tenants were supposed to be invited to the Ad Hoc Committee meeting, however, the meeting was cancelled one hour prior to the time of the meeting. He stated that some of the tenants arrived to attend the meeting but there was no one except Mr. Armando Buelna, Communications Officer for the District, there to meet with them. He indicated that Mr. Buelna promised to provide some information requested by the tenants but the information was never provided.

Director Bonilla indicated that the meeting was cancelled because the experts had not been retained at that time. He indicated that there will be a meeting scheduled in the future and the committee will address the tenants' comments.

Director Lopez asked that General Manager Watton please keep the Board apprised of this situation and he would also like to keep the community involved with regard to information available.

b) DISCUSSION OF 2007 BOARD MEETING CALENDAR

There were no changes to the Board meeting calendar. It was noted that the District will be closed for Veteran's Day on November 12, 2007.

REPORTS

11. GENERAL MANAGER'S REPORT

General Manager Watton indicated that a Board Workshop has been scheduled on October 9, 2007. He stated that the agenda items scheduled for discussion at the workshop are listed in his report and noted that "Board Governance" will be added to the list. He stated that the plan was to have a discussion on Sacramento and Metropolitan Water District matters and water supply, discussion of district penalty fees, drought management, water solutions and the Bay Delta update and financial impact of growth and water cut-backs.

He indicated that on January 16, 2003, the District executed an agreement with Southwest Engineering Inc. (SEI) for the construction of a reservoir pipeline modification. There was a dispute regarding claims submitted by SEI for change orders totaling \$610,685. General Counsel Yuri Calderon represented the District in binding arbitration and received the Arbitrator's award a few days ago wherein it was determined that Otay will pay SEI \$1,201.75. He commended staff for their excellent record keeping in construction and inspection which he felt kept the award low.

He noted that all District employees have received letters regarding the implementation of the employment agreements that the Board approved. He indicated that the implementation has received good response.

He also indicated that Otay participates in the Paths to Partnership Outreach Forum each year. It is an annual event sponsored by the County Water Authority and the event gives small and large businesses an opportunity to network and have access to representatives from a variety of public agencies.

Staff is beginning to hold workshops to develop the Strategic Plan for Fiscal Years 2009 through 2011. A major theme will be improvement of our business practices and utilization of the investments we have made in technology.

The District's GIS system is receiving a lot of recognition. Staff hosted a tour for Rainbow Water District. He stated that the District is active with the software provider and the user's group and has a great reputation within that group on how the District is applying its GIS system.

Finance Manager Rita Bell informed the Board of the 2008 budget books that staff has recently completed. The books have been submitted to GFOA and CSMFO for awards. The District also applied for an award for a newly developed public communications document, Budget-At-A-Glance. She indicated that staff

pulled from the budget book the most important aspects of the District's finances that ratepayers should understand about the District. She stated that staff also submitted an application for an Innovation Award with CSMFO for the calculator tool which was implemented on the District's website for residential customers to calculate how the proposed water and sewer rate increases would affect their water and sewer bills.

General Manager Watton indicated that meter sales have slowed. Staff had anticipated that 85 meters would be sold during the month of August, but only 42 meters were sold. Staff is reviewing the slowdown to determine if it is a trend that will continue through the remainder of the quarter. If so, a correction to the budget will be made if required. Director Bonilla requested that meter sales be reported back to the Board. General Manager Watton indicated that staff does report within his GM report meter sales each month and that the slow down and the effects of conservation will also be discussed at the workshop scheduled on October 9, 2007. Staff will also present how it plans to handle the slowdown.

Engineering Manager Jim Peasley indicated that the District has been informed by the United States Department of Interior, Bureau of Reclamation, that the District will receive an additional \$700,000 toward its Title XVI Grant Agreement. The District is owed approximately another \$9,000,000 in grant money from the United States Department of Interior, Bureau of Reclamation. To date, the District has received approximately \$1,300,000.

He lastly shared that there was a 2% decrease in potable water purchases which is consistent with the District's purchase of recycled water from the City of San Diego's South Bay Water Reclamation Plant. The purchase of recycled water offsets the potable supplement to the recycled water system.

a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

President Croucher indicated that August is the second highest month in the history of MWD for water sales. He stated that though requests are being made for cut-backs and water conservation, the water usage is still very high.

San Diego City Attorney, Mike Aguirre, attempted to help with water conservation efforts by promoting the 20 gallon-a-month challenge. However, President Croucher indicated that it is the 20 gallon-a-day challenge, not a month. CWA has added information to its website to clarify this and also a tool where customers can calculate their water savings potential.

He indicated that the Bay Delta matter and different water issues are continuing and he would have more information to share with the board at next month's meeting.

MWD indicates that in reviewing their extended forecast for 2009 and 2010 that their rate increase could be as high as 9 to 10 percent.

He indicated that Otay was one of five agencies in the county that participated in the Paths to Partnership Outreach Forum. Otay is also one of the most active agencies with SCOOP and the Community Opportunities Consortium program and they commended the District for its outreach to small businesses.

12. DIRECTORS' REPORTS/REQUESTS

Director Robak indicated that he attended the National WaterReuse conference in Tampa Bay, Florida. He indicated that he toured the desalination plant in Tampa and noted that, Poseidon, the company that is constructing the desalination plant in Carlsbad, is retrofitting the plant in Tampa Bay. He also took a tour of the water recycling plant in St. Petersburg, Florida. He stated that they have an extensive recycled water program in which recycled water (advanced secondary treatment) is utilized in both the front and backyards of single-family homes. He observed that they did not utilize purple pipes or signs indicating that recycled water was being used and that recycled water was also used from fire hydrants extensively.

He shared that while on the tour around St. Petersburg, he also observed a water truck traveling a main street with a water hose watering the median with recycled water. He indicated that the cost of recycled water for single-family homes was \$15 per month with unlimited use. He stated that the reason recycled water was so inexpensive is they are prohibited from discharging it into the Gulf of Mexico.

He indicated that he attended the artificial turf ground breaking ceremonies at two high schools within his division, Steele Canyon and Vahalla High School. He indicated that the District had donated monies towards the installation of the artificial turf at both schools. He noted that the cost to install the artificial turf at Steele Canyon High School was \$1.1 million and that Valhalla High School, not only placed it within their playing field, but also the running track around the field at a cost of approximately \$1.8 million. He stated that there will be tremendous water savings from the completion of the two artificial turf projects.

He indicated that he will be attending the Metro JPA meeting the following day and there would be a presentation on the "Streamline San Diego Report" that was prepared by the San Diego Institute for Policy Research which was published a few weeks ago. One of the issues they identified by looking at the private sector model is how they can streamline water and sewer in San Diego. They identified \$80 to \$200 million in potential savings. He indicated that, as a JPA member, the District should do whatever it can to advocate that as well.

He noted that the largest water and wastewater conference in the United States, WEFTECH, will be held in San Diego. He and Director Lopez are scheduled to

attend the conference on October 16 at the San Diego Convention Center. He stated that the conference provides an opportunity to view some of the new technology for water and wastewater.

He also noted that the Imperial Water District and others from Imperial Valley will be at the Water Conservation Garden on October 19 to discuss the re-engineering of some rate structures that are within the agreement with the Imperial Irrigation District. The District will host the meeting at the Garden to show what is being done in our region to conserve water.

He commended staff, especially Finance Manager Rita Bell and her staff, on their work in implementing the water and sewer calculator.

Director Lopez indicated that he also attended the WateReuse Conference in Tampa Bay, Florida. He expressed how impressed he was with public communication and public acceptance of reclaimed water in that region.

He commended Communications Officer Armando Buelna and Otay staff for their work at the Bonita Festival. He reiterated how important conservation is in our region and felt that Otay staff was doing a great job of spreading the word by attending these events.

Director Bonilla indicated that he met with San Diego City Attorney Mike Aguirre to discuss concerns with the drought and the county's water reserves. He stated that Mike Aguirre is very interested in water issues and if we can get him involved, he could possibly assist in getting the word out to the public of the seriousness of the water situation.

Director Breitfelder indicated that he attended the Council of Water Utilities meeting and the guest speaker was an expert on global warming. He stated that, however, the speaker misjudged his audience and spent most of his time selling the audience on the concept as opposed to addressing issues like severity and timeframe which are the concerns of water agencies.

He indicated that he also attended the Paths to Partnership event. He was impressed by the diversity and large number of attendees. In the breakout sessions at the event, he indicated there was discussion regarding the shortage of skilled labor and how stretched general consultants were becoming.

He indicated that many of the comments by the Conservation Action Committee and Model Ordinance Work Group were very constructive. He stated that the proposed ordinance is very aggressive and requires water efficiency for commercial properties, common areas and single-family residences which would be enforced through the CC&Rs in a planned community development. The Ordinance requires and rewards recycled water use under appropriate circumstances and the issue now is whether the committee's discussion

advances or regresses based on the public input at the upcoming Conservation Summit scheduled to be held at the University of San Diego on October 12. He hopes the water industry will be active participants at the summit.

He indicated that Padre Dam produced a brochure promoting water efficient landscaping. He commended the design of the brochure as it is designed in such a way that other water agencies can utilize the brochure.

13. PRESIDENT'S REPORT

President Croucher indicated that the State Governor, or one of his top officials, has been invited to speak at the next CSDA meeting. The topics scheduled for discussion are water issues and the California pension plan. The Board will be notified when the speaker is confirmed.

He indicated that one of the issues that will need to be considered in the near future, and is currently being discussed at CWA, is the annexations and SB 610 and SB 221 water availability reports. He stated that discussions are starting to intensify. He noted that the difference between cities and water agencies is cities can move forward regardless and water agencies can be denied the annexations. The CWA board discussed proposing that water agencies act regionally rather than individually as the issue is a regional issue. He stated that by regionally, it is meant both San Diego County and all members of MWD.

RECESS TO CLOSED SESSION

14. CLOSED SESSION

President Croucher indicated that Item 13(a)(i), HARRON v. OTAY WATER DISTRICT, has been pulled from the agenda as the Board no longer needs to discuss this item. The Board will only discuss Items 13(a)(ii) and 13(b).

The board recessed to closed session at 4:56 p.m. to discuss the following matters:

- a) CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION
[GOVERNMENT CODE §54956.9(a)]
 - (ii) SOUTHWEST ENGINEERING, INC. v. OTAY WATER DISTRICT
- b) ANTICIPATED LITIGATION (GOVERNMENT CODE §54956.9)

14 CASES RELATED TO THE FENTON BUSINESS CENTER

RETURN TO OPEN SESSION

15. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION

The board reconvened from closed session at 5:44 p.m. General Counsel, Yuri Calderon indicated that no reportable actions were taken in closed session.

16. ADJOURNMENT

With no further business to come before the Board, President Croucher adjourned the meeting at 5:44 p.m.

President

ATTEST:

District Secretary

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