

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
OLIVENHAIN MUNICIPAL WATER DISTRICT

MAY 26, 2010

A regular meeting of the Board of Directors of the Olivenhain Municipal Water District was held on Wednesday, May 26, 2010 at the District office, 1966 Olivenhain Road, Encinitas, California.

President Sprague called the meeting to order at 8:00 A.M. Following the Pledge of Allegiance, the Assistant Secretary called the roll. Directors present were Krauss, Sprague, Topolovac, and Varty. Director Muir was absent.

President Sprague declared a quorum present and ordered the meeting to proceed. In attendance were Kimberly Thorner, General Manager; Wes Peltzer, General Counsel; Tom Kennedy, Operations Manager; George Briest, Engineering Manager; Rainy Selamat, Finance Manager; Tom Wood, Human Resources Manager; and Naomi Sabino, Executive Secretary.

Also in attendance were District customers Dr. Donald Wilson and Hal Mortensen; Consulting Engineer Don MacFarlane – AECOM; District employees Joseph Randall - Management Analyst Supervisor, Sonja Holtman – Department Assistant, Mike Perez – Operations Supervisor, Leslie Naritelli – Records/Contracts Coordinator, Erik Harp – Instrument Control Technician II, Nancy Morrison – Customer Service Representative II, Lorrie Smith – Accountant I, Cathleen Hudson – Accountant I, Ryan Works – Park Ranger I, Shawnn Schaub – Park Ranger I, Jeff Anderson – Park Supervisor, Jennifer Joslin – Human Resources Analyst, Karen Mortensen – Accounting Supervisor, and John Onkka – Recycled Water Programs Supervisor.

5. ADOPTION OF AGENDA

General Manager Thorner stated that there would be a change to agenda item No. 17. Director Topolovac moved to adopt the agenda with the noted change, seconded by Director Varty and carried with Director Muir absent.

6. PERSONAL APPEARANCES AND PUBLIC COMMENTS

District employees were present for agenda item number 7.

7. PRESENTATION OF AWARDS AND HONORABLE MENTIONS

- * Leslie Naritelli – 25 Year Service Anniversary
- * Cathleen Hudson – 10 Year Service Anniversary
- * Erik Harp – 10 Year Service Anniversary
- * Ryan Works – 5 Year Service Anniversary

* Shawnn Schaub – 5 Year Service Anniversary

President Sprague introduced each of the employees who were warmly congratulated by all members of the Board and Staff.

8. CONSIDER APPROVAL OF THE MINUTES OF THE MAY 12, 2010 REGULAR BOARD OF DIRECTORS MEETING

Director Krauss requested that the Minutes be amended to reflect that he did not attend the Finance Committee Meeting on May 3 and that he did attend the “Meet the Electeds” Luncheon on May 7.

Director Krauss moved to approve the Minutes of the May 12, 2010 Board of Directors meeting pending the requested revisions, seconded by Director Varty and carried with Director Muir absent.

9. CONSENT CALENDAR

C-a CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT’S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF; AND MONTHLY INVESTMENT REPORT

C-b CONSIDER ADOPTION OF A MOTION APPROVING OF THE DISTRICT’S “UNAUDITED” STATEMENT OF NET ASSETS, STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS, CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS BUDGET SUMMARY WITH NOTES EXPLAINING SIGNIFICANT VARIANCES, AND CONSTRUCTION IN PROGRESS REPORT

C-c CONSIDER AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH AECOM FOR PROVISION OF ENVIRONMENTAL ENGINEERING SERVICES FOR THE UNIT AA PIPELINE PROJECT IN THE AMOUNT OF \$98,600 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT

C-d CONSIDER ACCEPTANCE OF THE 7808 CAMINO SIN PUENTE PROJECT INTO THE DISTRICT’S SYSTEM AND ORDER THAT A NOTICE OF COMPLETION BE FILED

C-e CONSIDER ACCEPTANCE OF THE MORGAN RUN PROJECT INTO THE DISTRICT’S SYSTEM AND ORDER THAT A NOTICE OF COMPLETION BE FILED

C-f CONSIDER ACCEPTANCE OF THE DISTRICT HEADQUARTERS IRRIGATION AND LANDSCAPING PROJECT (AZTEC LANDSCAPING) INTO THE DISTRICT’S SYSTEM AND ORDER THAT A NOTICE OF COMPLETION BE FILED

NOTE: Director Muir entered
the meeting at 8:20 A.M.

Director Topolovac requested that Consent Calendar items C-c and C-f be pulled for discussion. President Sprague moved to approve the Consent Calendar with the exception of items C-c and C-f, seconded by Director Krauss and carried.

C-c CONSIDER AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH AECOM FOR PROVISION OF ENVIRONMENTAL ENGINEERING SERVICES FOR THE UNIT AA PIPELINE PROJECT IN THE AMOUNT OF \$98,600 AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT

Director Topolovac wished to state for the record that the District spends a substantial amount of money on Environmental Impact Reports (EIRs). Director Muir agreed but added that he was not aware of any alternatives. General Counsel Peltzer replied that pursuing a Mitigated Negative Declaration helps to reduce costs related to obtaining EIRs; however, that alternative was not a viable option for the Unit AA Pipeline project.

Director Topolovac moved to approve Consent Calendar item C-c, seconded by Director Krauss and carried.

C-f CONSIDER ACCEPTANCE OF THE DISTRICT HEADQUARTERS IRRIGATION AND LANDSCAPING PROJECT (AZTEC LANDSCAPING) INTO THE DISTRICT'S SYSTEM AND ORDER THAT A NOTICE OF COMPLETION BE FILED

Director Topolovac noted that Aztec Landscaping's initial contract amount was very low whereas a number of additional costs were added over time. He inquired how much of the additional costs were due to District requests versus Aztec Landscaping requests. Engineering Manager Briest replied that 100% of the additional costs were due to District requests.

President Sprague moved to approve Consent Calendar item C-f, seconded by Director Varty and carried.

10. CONSIDER WORKFORCE EFFICIENCIES IN METER MAINTENANCE

General Manager Thorner introduced Operations Supervisor, Mike Perez, who utilized a PowerPoint presentation to provide the Board with an update on workforce efficiencies being pursued in meter and systems maintenance.

The Board congratulated Operations Supervisor Perez on an outstanding presentation, commending him, his team, and Staff as a whole for its exemplary efforts in doing more with less while never compromising on the District's superior quality and customer service standards.

11. CONSIDER ANNUAL UPDATE OF THE DISTRICT'S FIVE YEAR STAFFING ANALYSIS

Human Resources Manager Wood reviewed this information utilizing a PowerPoint presentation.

Director Muir asked if there is any interest in sharing employees with other agencies. General Manager Thorner stated that no agencies have the resources and all are looking at staying lean; however, the North County Recycled Water project envisions the use of shared employees in the future. Operations Manager Kennedy added that the District recently loaned some of its in-house expertise to Carlsbad Municipal Water District (CMWD) in order to train a group of CMWD operations employees.

Director Muir asked Staff to keep an eye on technology and not to let infrastructure suffer. He further requested that the slide related to pensions which was included in the Staffing Analysis be removed from future versions of the Analysis.

Director Muir moved to approve Staff recommendation as presented, seconded by Director Krauss and carried.

12. CONSIDER THE REVISED METROPOLITAN WATER DISTRICT SEAWATER DESALINATION GRANT PROGRAM AGREEMENT

General Manager Thorner explained that many edits had been made by Metropolitan Water District (MWD) to the May 2010 version of MWDs Seawater Desalination Grant Program Agreement since the agreement was last approved by the District's Board. OMWD Board approval of this revised agreement, along with a revised Exhibit A, was being requested.

Director Muir moved to reaffirm approval of the MWD agreement, seconded by Director Krauss and carried.

13. CONSIDER INFORMATIONAL ITEM REGARDING THE DISTRICT'S 2010 GENERAL LIABILITY, PROPERTY, AND AUTOMOBILE INSURANCE POLICY QUOTES

General Manager Thorner thanked Management Analyst Supervisor Randall for doing the insurance legwork and preparing the PowerPoint presentation to the Board. The presentation highlighted the pros and cons of the policies being offered by different insurance carriers.

General Counsel Peltzer suggested it would be good to confirm that the insurance carriers provide civil rights claims coverage. He stated that this was the second most important coverage the District can obtain, with the most important being inverse condemnation coverage.

The Board was in agreement that insurance carrier Grundy provided the best value for the cost, and Staff was directed to negotiate an agreement with Grundy.

Director Muir requested that a similar analysis be done on health insurance with other carriers versus the District's current health provider, ACWA. Human Resources Manager Wood will present this analysis to the Board in the autumn of 2010.

General Manager Thorner and Finance Manager Selamat stated that Items 14 and 15 could be considered together.

14. CONSIDER ADOPTION OF A RESOLUTION ORDERING THE MAKING OF AMENDED REASSESSMENTS UNDER PART 10 OF DIVISION 10 OF THE STREETS AND HIGHWAYS CODE AND DIRECTING ACTIONS WITH RESPECT THERETO
15. CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT PRELIMINARILY APPROVING AMENDED REASSESSMENTS, ORDERING A PUBLIC HEARING, AND DIRECTING ACTIONS WITH RESPECT THERETO (JUNE 23, 2010 AT 8:30 A.M.)

Director Topolovac moved to approve Resolution No. 2010-12 and Resolution No. 2010-13, seconded by President Sprague and carried.

16. CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT PRELIMINARILY APPROVING THE ADDITION OF DIRECTLY BILLED REASSESSMENTS, ORDERING A PUBLIC HEARING, AND DIRECTING ACTIONS WITH RESPECT THERETO (JUNE 23, 2010 AT 8:30 A.M.)

Finance Manager Selamat stated that this Resolution will affect approximately 9 property owners. President Sprague moved to approve Resolution No. 2010-14, seconded by Director Muir and carried.

17. CONSIDER AWARD OF A CONTRACT TO ERRECA'S INC. FOR CONSTRUCTION OF THE HARMONY GROVE – VIA AMBIENTE PIPELINE RELOCATION PROJECT IN THE AMOUNT OF \$858,930, APPROPRIATE \$900,000 FOR CONSTRUCTION, CM, INSPECTION, AND CONTINGENCIES, AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT

General Manager Thorner stated that Engineering Manager Briest would summarize a change to this board item.

Engineering Manager Briest reported that several bids had been received for construction of the Harmony Grove – Via Ambiente Pipeline Relocation project. He stated that the low bidder was Erreca's Inc.; however, Erreca's subsequently requested to be relieved from the contract due to a \$100,000 clerical error in the bid they had submitted. Based on this change, Engineering Manager Briest requested that the Board approve Staff's recommendation to award the contract to the second lowest bidder, Burtech Pipeline, Inc., rather than awarding

it to the low bidder, Erreca's Inc.

Director Muir moved to grant the requested relief from the low bidder, Erreca's Inc., and award the contract for construction of the Harmony Grove – Via Ambiente Pipeline Relocation project in the amount of \$858,930 to the second lowest bidder, Burtech Pipeline, Inc., as well as to appropriate \$900,000 for construction, CM, inspection, and contingencies, and authorize the General Manager to sign on behalf of the District, seconded by Director Varty and carried.

18. CONSIDER STAFF PRESENTATION ON DISTRICT ENERGY CONSERVATION EFFORTS

Operations Manager Kennedy utilized a PowerPoint presentation to review this information per the Board's request at the March 10, 2010 Board Meeting. The presentation summarized wide-ranging efforts being undertaken by the District in the area of energy conservation.

19. INFORMATIONAL REPORTS

A. President's Report

President Sprague reported that, while speaking with a number of people from the City of Carlsbad, Engineering Manager Briest was complimented for working very hard and doing an outstanding job despite being "spread very thin." President Sprague also stated that he will be absent at the June 23, 2010 Board Meeting.

B. General Manager's Report

General Manager Thorner reported that meetings are underway with Vallecitos Water District regarding the potential to sell them excess water treatment. She further stated that discussions are underway with the San Diego County Water Authority (SDCWA) regarding the current contract to sell water. General Manager Thorner added that she and Finance Manager Selamat are working with developers of 4S Ranch on the bond these developers have on the recycled water system. She stated that an item will likely be brought before the Board regarding the 4S bond in June or July. She also reported that July 12, 2010 is the earliest the County of San Diego will make election paperwork available to the Directors who are running for re-election, and that the opportunity to submit re-election paperwork would officially end on August 6, 2010 at 5:00 P.M.

C. Consulting Engineer's Report

Consulting Engineer MacFarlane reported that Dan Smith was regrettably laid off from AECOM. Consultant MacFarlane stated he will continue to attend District Board Meetings, replacing Consultant Smith as the District's Consulting Engineer. He additionally reported that AECOM now has an on-call contract with the SDCWA to do structural evaluations on SDCWA's

Pipeline 3.

D. General Counsel's Report

General Counsel Peltzer reported that the bidder who was awarded the contract on the Campania Avenue project asked to be relieved of the contract because it had underestimated the costs of the project. Based on its request, the District will target that bidder's performance bond if they do not commence construction on the project.

E. San Diego County Water Authority Report

Director Muir stated that comments had already been shared earlier in the meeting.

F. Metropolitan Water District Report

General Manager Thorner stated there was nothing to report.

G. IRWMP Committee Report

General Manager Thorner reported that the Prop 50 desal grant the District had obtained may be transferred to Vallecitos Water District.

H. Twelve Month Calendar / Other Meetings/Reports

Director Topolovac inquired why the upcoming Conservation Committee Meeting was not listed on the Twelve Month Calendar. Management Analyst Supervisor Randall explained that they were removed following discussions regarding the Brown Act; however, General Manager Thorner stated they will be re-added to the Calendar since it is not a formal public document but is rather used to track events for the Board.

San Diego North Economic Development Council Board Meeting (May 13)

Director Muir previously reported that Project Labor Agreements were discussed during this meeting. He noted that 85% of employees in San Diego are not represented by unions.

Council of Water Utilities (COWU) Breakfast Meeting (May 18)

Directors Krauss, Muir, and Varty attended and reported that Best Best & Krieger gave a presentation on SB 7 and a number of other bills.

**San Diego County Taxpayers Association Golden Watchdog & Golden Fleece Awards
Dinner (May 20)**

Directors Varty, Muir, and Topolovac attended with General Manager Thorner. The District finished in the top 3 and was recognized for outstanding transparency and fiscal responsibility.

I. Legislative Report

The legislative report was included in the Board Packet. Director Krauss inquired about AB 1987 which takes away the Board's jurisdictional authority to select their own benefits and would prohibit retirees from returning as independent contractors within 6 months of separation. While Directors Krauss and Varty would vote for a "watch" stance on AB 1987, Directors Muir, Topolovac, and Sprague voted to oppose the bill.

J. LAFCO Advisory Committee

General Manager Thorner provided a very brief report.

20. CORRESPONDENCE

All correspondence was provided to the Board in advance of the meeting.

21. AUTHORIZATION TO ATTEND UPCOMING MEETINGS /CONFERENCES / SEMINARS

There were no meetings requiring authorization to attend.

22. FUTURE AGENDA ITEMS

There were no future agenda items to consider.

23. CONSIDER PUBLIC COMMENT

There were no public comments to consider.

24. CLOSED SESSION

There were no Closed Session items to discuss.

OPEN SESSION

25. ADJOURNMENT

President Sprague adjourned the meeting at 11:10 A.M.

Edmund K. Sprague, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Jacob J. Krauss, Secretary
Board of Directors
Olivenhain Municipal Water District