

**SWEETWATER AUTHORITY GOVERNING BOARD
MINUTES OF THE REGULAR MEETING**

November 26, 2008

The Governing Board of Sweetwater Authority held a regular meeting on Wednesday, November 26, 2008, at the Sweetwater Authority Administrative Office, 505 Garrett Avenue, Chula Vista, California. Chair Beauchamp called the meeting to order at 3:31 p.m.

- **ROLL CALL**

Directors Present: Alkire, Beauchamp, Doud, *Morrison, Pocklington, Thomas,

Directors Absent: Welsh

Others Present: None

General Manager Rogers, Operations Manager Smyth, Legal Counsel Cowett, Treasurer Farrow, and Board Secretary Schoonderwoerd. Staff members: Jack Adam, Pete Famolaro, Scott McClelland, Bill Olson, George Silva, and Dina Yorba. Also present: Lin Wurbs and Ed Valerio

- **PLEDGE OF ALLEGIANCE TO THE FLAG**

Director Doud conducted the pledge of allegiance to the flag.

- **OPPORTUNITY FOR PUBLIC COMMENT (Government Code Section (54954.3))**

Mr. Ed Valerio, resident of 1209 Positas Road, Chula Vista, and owner of 810 Second Avenue, Chula Vista, stated that this was his second address to the Sweetwater Authority Board regarding the requirement of land ownership to serve as a Board member of Sweetwater Authority. He said that he realized this was a South Bay Irrigation District requirement, but he believed it was important that the entire Board representing this community be aware that, in his opinion, this requirement should be eliminated. He believes it is an unconstitutional rule and he is surprised that South Bay Irrigation District is the only district in California that still has this requirement. He would still be surprised if there are other agencies with this requirement. He added that, for our community, he believes the requirement is absurd and he urges the Board to make that change. He added that one should not have to own property to run, to vote, or be a part of this Board. He thinks it is important that this Board take action immediately and make the change so that all residents and taxpayers are eligible to serve on this Board.

- **CHAIR'S PRESENTATION**

There was none.

ACTION CALENDAR ITEMS

1. **ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED IN THE AGENDA**

There were none.

2. APPROVAL OF MINUTES

Director Welsh made a motion, seconded by Director Thomas, that the Governing Board approve the minutes of the November 12, 2008 meeting. Director Thomas clarified that the Board had designated Director Doud as the voting delegate at the ACWA Conference, and she was named the alternate. **The motion carried.**

3. APPROVAL OF DEMANDS AND WARRANTS

Director Alkire made a motion, seconded by Director Pocklington, that the Governing Board approve Warrants 116379 through 116624 including all voided checks. **The motion carried.**

4. FINANCE AND PERSONNEL COMMITTEE (Meeting of November 17, 2008)

A. **Chair Welsh made a motion, seconded by Director Doud, that the Governing Board approve the 2009 membership renewal in the Association of California Water Agencies and the payment of dues in the amount of \$18,876.** General Manager Rogers explained that Director of Finance Farrow spoke to ACWA and learned that the Delta Sustainability Assessment charge was buried in their annual charge to all water agencies, but they decided to break it out separately to only those agencies that were affected by or in any way received water that came down from the Delta. Director Pocklington noted that the dues increased over \$1,000; however, rather than join another agency that would require more costs for lobbyists, ACWA is a necessary water agency representing the entire state, and he believes it needs our support, as well as that of CWA and MWD. **The motion carried.**

B. **Chair Welsh made a motion, seconded by Director Alkire, that the Governing Board approve the FY 2008-09 membership renewal in the South County Economic Development Council and the payment of dues in the amount of \$300.** A discussion ensued as to whether or not it is financially prudent to participate in this organization, as well as others, and what value the Authority derives from membership. Director Pocklington stated that the Board will have to become more and more critical of how funds are spent due to the current economic situation. Director Thomas stated that she believes this is a worthwhile organization with reasonable membership dues. **The motion carried.**

C. **Director Pocklington made a motion, seconded by Chair Welsh, that the Governing Board approve the proposed modification on the reverse side of the customer water bill identifying and clarifying the variable and fixed San Diego County Water Authority surcharge fees and minor additional clarification changes as suggested by the Board.** General Manager Rogers clarified that the proposed modification was based on a clarification requested by a customer in Director Pocklington's division, as well as an effort to better define and break down the fees for customers. Director Pocklington noted that anytime we make a change, in the billing especially, we will have comments and questions. He suggested that the explanation of charges on the back of the bill should appear in the same sequence as they appear on the front of the bill. He suggested that in the explanation of charges, each charge should be clearly identified as a Sweetwater Authority or San Diego

County Water Authority charge. Director Alkire suggested using the agencies' acronyms wherever possible to avoid repetition. General Manager Rogers suggested that the statement "All charges are Sweetwater Authority unless stated otherwise" could be added, and the Board agreed. Director Thomas added that she would like to see a way to let customers know that the charges help us maintain our infrastructure and that we have one of the most reliable water supplies around.

***NOTE: Director Morrison entered the meeting at 3:51 p.m.**

Director Welsh added that this knowledge would help those who question the readiness-to-serve charge compared to the actual water charge. General Manager Rogers suggested that messages to that effect could be put on the bill or added as an insert. He added that staff will incorporate the changes as suggested by the Board's discussion. Chair Beauchamp noted that future tiered or water conservation fees will also change the look of the bill and to be prepared for that. **The motion carried.**

5. OPERATIONS COMMITTEE (Meeting of November 19, 2008)

A. **Director Doud made a motion, seconded by Director Welsh, that the Governing Board approve participation in the San Diego County's Regional Communication System for emergency or disaster conditions, and authorize the Board Chair to execute the agreement between Sweetwater Authority and the County of San Diego. The motion carried.**

B. **Director Doud made a motion, seconded by Director Thomas, that the Governing Board award a contract in the amount of \$659,099 to CCL Contracting, Inc., 1938 Don Lee Place, Escondido, CA 92029, to perform three main replacements as part of the 2008-09 Metallic Main Replacement Program.** General Manager Rogers stated that any subsequent main replacement projects will be at the discretion of Management depending upon the performance of CCL Contracting in the first project and upon drought conditions impacting the budget. Chair Beauchamp asked if this could be delayed until the new Board was impaneled. Mr. Rogers requested that the three projects already budgeted for be approved at this time. Director Pocklington recommended moving forward and taking a closer look at future main replacements with Management's involvement. Director Thomas assured the Board that this was carefully considered by the Operations Committee, that it was already preauthorized in the budget, and that this was a very good bid. **The motion carried.**

C. Closed Session

In accordance with Government Code Section 54956.8, the Committee met in closed session to discuss with the Director of Engineering matters concerning the acquisition of real property regarding Assessor Parcel Number 584-200-26-00. There was no reportable action.

6. NEW BUSINESS

There was none.

7. REPORT OF THE SOUTH BAY IRRIGATION DISTRICT REPRESENTATIVE AND THE CITY

OF NATIONAL CITY REPRESENTATIVE TO THE SAN DIEGO COUNTY WATER AUTHORITY

Director Pocklington reported that there will be no meeting this month.

8. APPROVAL OF DIRECTORS' ATTENDANCE AT MEETINGS AND FUTURE AGENDA ITEMS

There were none.

9. REPORTS BY DIRECTORS ON EVENTS ATTENDED

Director Thomas reported on the Water Education Foundation Climate Change Summit on November 13-14, which was cosponsored by the League of Cities and the California Department of Water Resources. They did a great job of bringing everyone up-to-date. She will make related documents from the summit available to the Board and staff for review through the secretary, including a revision and update on the California drought. She reported that Lester Snow made an announcement concerning the efforts of the Governor and Senator Feinstein to make money available to projects that have done their homework and are in place. She will provide a list of related resources and websites to the Board at a later time. Although this summit was aimed at the state and national level, she concluded that key changes have to be local.

Director Thomas attended the Bonita Business & Professional Association Meeting on November 18th. She reported that the Sweetwater Valley Civic Association's website, www.sweetwatervalleyca.org, is now in place. Dr. Tanaka is the new president. A presentation was given from EDCO on the recycling program. She noted that 35 percent of construction debris and demolition waste is going into a landfill at this point.

Director Thomas attended the Council of Water Utilities Meeting on November 18th and reported that the presentation titled "Your Hose is Not a Broom," by Rob Davis, staff writer for *voiceofsandiego.org*, was very good. She appreciated his insight as a journalist and said that he was creating a good tool of mechanisms, especially for the millennium generation and people going to the internet. Directors Doud, Morrison, and Beauchamp agreed that Mr. Davis gave a very interesting presentation.

Directors Doud, Thomas, and Beauchamp attended the National Water Resources Association Annual Conference on November 19-21. Director Doud reported that it was a good conference. U.S. Bureau of Reclamation Commissioner Bob Johnson gave a farewell speech and a brief report on what has happened over the years and what is going to happen. Although there will not be much money around, there may be a little more Title XVI grant money out there to apply for. Director Thomas thought the panel was excellent. There were about 1,000 people in attendance from all over. CWA and our region were well represented as were many other agencies. Larry Dozier of the Central Arizona Water Conservancy District offered some superb insights. She attended the Municipal and Irrigation Caucus meetings with state-by-state reports and comments. She learned about the extreme differences between the agricultural business and the small farmer. She is a big supporter of

the small farmers and would like to see us join in the Irrigation Caucus. She presented staff with the Municipal Caucus renewal form and the offer of a \$100 discount for early renewal. Chair Beauchamp was impressed with the Colorado River panel. Predictions for the Colorado River are very grim.

Director Morrison reported on the National City Chamber of Commerce Meeting on November 20th and stated that there was a panel of speakers from various types of lending institutions that discussed the current problems in the lending market.

Director Doud reported on the CSDA San Diego Chapter Quarterly Meeting on November 20th, where he introduced Supervisor Greg Cox. Chris Frahm was scheduled to be the other speaker, but she sent Steve Peace in her place. Mr. Peace gave some grim information on the budget, and the figures he saw for the balance in the state's treasury in February 2009 show that we are in worse shape than expected. He believes the deficit will go up to \$35 billion next year. Director Pocklington added that Supervisor Cox talked about putting a freeze on hiring. They believe they have enough reserves to get through this year, but next year they may have to lay off people. The California retirement system is also in debt.

Chair Beauchamp attended the Poseidon Resources appreciation reception on November 21st, which was well attended. Peter MacLaggan led the activities. A lot of north county politicians were there, representatives from Bilbray's office, and a couple of north county Assembly people as well. He is not happy with the north county attitude, and the lines being drawn to keep north county separate. Appreciation was given to Bud Lewis for his leadership in getting the project moving forward.

10. REPORT OF TREASURER

Ms. Farrow gave the budget report for the month of October 2008, representing four months into the current fiscal year. Water revenue is \$121,000 (0.9 percent) under budget. Operating expenses are \$558,000 (5.1 percent) under budget. She noted that this points to how well staff is following the budget and watching the expenditures. She commended staff for their cooperative efforts to control the budget. In response to Chair Beauchamp's question about what is being done to prevent the erosion of capital in investments, Ms. Farrow stated that she is guided by the Government Code of the State of California which prohibits any securities investment. Therefore, the investment instruments that the Authority invests in are government agencies, and there is no degradation of investment principal.

11. MANAGEMENT REPORT

A. Report of Operations Manager Smyth: Mr. Smyth reported that rainfall in the past day totaled just under one inch, which is still less than average, but welcome nonetheless. Sweetwater Reservoir is down to 22 percent full, and Loveland Reservoir is at 37 percent full. He reported that staff has been working on the agreement with CWA to take imported water into Sweetwater Reservoir. It is being reviewed with legal counsel and, hopefully, will be finalized next week. As of today, 1,400 acre-feet of water has been placed into Sweetwater Reservoir. The agreement covers up to 11,000 acre-feet, but it is unknown whether that

much will be available this fiscal year. Director of Engineering Adam attended the annual winter weather workshop hosted by the Department of Water Resources, with predictions from various scientists. The Colorado River Board representative indicated that the past ten years has been the worst drought on the Colorado River in recorded history. Of the 23 different models run on atmospheric conditions, 22 forecasted a dry southern California.

B. Report of General Manager Rogers: Mr. Rogers reported on the Natural Communities Conservation Plan. He reminded the Board that the wildlife agencies want us to sign a 75-year agreement setting most of our watershed into a conservatorship with new criteria for wildlife management. Staff and legal counsel recently held a productive meeting with wildlife agency members, Padre Dam MWD and Helix Water District. The idea of a break-in, or honeymoon period of four to six years enabling any of the agencies to pull out of the agreement was received positively at the meeting. Legal Counsel Cowett added that the trick is what to do in the interim period. Best Best & Krieger legal counsel and Authority staff have been articulating a plan for this interim period, and he believes the wildlife agencies now understand our unique situation. Updating the Board on the City of Chula Vista's request to acquire the Authority's Administration building, Mr. Rogers said that the City is no longer in a financial position to pursue this acquisition at this time. Mountain West Properties has expressed interest in meeting with staff about property it owns across the street on "H" Street, and he will report on that as it develops.

12. DIRECTORS' COMMENTS

Director Thomas commented that the South County Community Services Agency gave a presentation at the Crossroads meeting. She was approached to check out the landscape near the home used as a refuge for people who are in personal crisis. She provided them with Sweetwater Authority's phone number, and she asked if we could direct them to resources within our agency as well as CWA. It also occurred to her that the Water Conservation Garden might use it as a demonstration area, and the industries that help sponsor the Garden might consider donating the landscaping to get it started. Director Thomas also commented that she heard the Chula Vista Nature Center might be closed due to the City of Chula Vista budget crisis, and she does not want that to happen. The Center is used for educational purposes, and she believes it is one place worth considering providing support to just as we do the Water Conservation Garden. There are so few places in our area for people to study nature. She would like a discussion to come to the Board on ways in which we could assist their efforts.

Director Alkire stated that it has been a real pleasure serving on this Board for the last five years. He especially appreciated the great reputation that Sweetwater Authority has and the way staff, management, and the Board worked together. He believes we have accomplished something and will continue to. He looks forward to reading good things about what is going on at Sweetwater Authority. He thanked everyone.

Director Welsh read from the minutes of the meeting at which she first welcomed Director Alkire to the Board. She hopes that he stays involved with Sweetwater Authority because the Authority needs him and this is a great loss. She also read from the minutes of

the March 8, 1995 meeting when Director Doud was welcomed. She thanked them both for being part of Sweetwater.

Director Doud stated that, ironically, he had a news article dated March 8, 1995, and he distributed copies to the Board. He said that he was sworn into office February 28, 1995 and within one week he had Sweetwater and Loveland Reservoirs full of water. He quipped that he also got it to rain last night. He added "I can hardly believe it has been 13 years and nine months since I took my oath of office as a director of South Bay Irrigation District and Sweetwater Authority. The intervening years have been full and sometimes difficult. Busy as they were and great as have been some of the burdens, I am grateful for the friends I have made here and in the water community. As for staff, no one could have had a more loyal and hardworking one. You are all a grand group of professional folks and to each of you I owe my affection, gratitude, and respect. God bless you and carry on."

Director Pocklington clarified that the next meeting would be December 10th with the discussion on the drought ordinance. He expressed concern that the two new Board members would be up-to-speed on the issue. Mr. Rogers noted that the drought ordinance is on the December 1st Finance and Personnel Committee agenda and will be on the December 10th Board agenda. Director Pocklington added that the City of San Diego's rate increase is 8.4 percent. In a discussion with Jim Barrett, he learned that the vote was 5 to 3 in favor. Mr. Barrett said that 8.4 percent was only the pass-through. He stated that San Diego has had a lot of problems with water pipes because they have never been able to, on a yearly basis, use some of that money for repair and replacement. About ten years ago, they had a \$900 million bond issue for that. Director Pocklington then stated that he will miss both Directors Doud and Alkire, they have been great Board members, and great to work with. He appreciated all they have done, and he wished everyone a blessed Thanksgiving.

Chair Beauchamp commented that he, the Operations and General Managers, and legal counsel met with the two incoming directors. He asked Legal Counsel Cowett to address the concern regarding the use of the Board van. Mr. Cowett stated that one of the exceptions to the prohibition on Board members getting together outside a meeting is for social and conference events, which is no problem. The concept of traveling together in a van is something that he has become concerned about, so he is looking into this. Director Welsh noted that the idea was driven by conservation of fuel, but if perception is an issue, there can be a case for changing it. Chair Beauchamp said that the comment made was that we are putting a quorum in the van, and if there is a calamity on the road, there is an issue with that. He wanted the Board to consider the concerns of legal counsel and management. At the last meeting he commented about participation in activities, but he wanted to review one issue. He wanted to know if the material that comes back is organized in a library so they can review it and get the benefit from it. Another concern he had was that for some of the meetings you can pay a large fee for the publications from that meeting in lieu of attending. There is no networking, but you get the publication, and there are no hotel and travel costs. He would like the publications available in an organized system. Director Welsh expressed frustration that this was being addressed during directors' comments, and nobody can respond to it. She asked that this be put on a future agenda so that there can be adequate participation in the discussion. Director Thomas pointed out that this item was on an agenda

a few months ago and she regretted that the Chair did not bring this up when the matters were discussed at that time. She is concerned because she also would like the opportunity to respond. Chair Beauchamp asked if we have a quagga mussel PowerPoint, as he was approached by a group concerned about getting a presentation. Chair Beauchamp then stated that our participation in the Water Conservation Garden is a fundamental aspect, and if the future Board wants to change that, it could be a serious blow to that organization. He is concerned about the Nature Center as well.

NOTE: Director Morrison left the meeting at 5:05 p.m.

13. CLOSED SESSION

At 5:05 p.m., in compliance with Government Code Section 54956.8, the Board recessed to convene in closed session to discuss with the Director of Engineering matters concerning the acquisition of real property regarding Assessor Parcel Number 584-200-26-00. All persons left the room with the exception of the Governing Board (with Director Morrison absent), the Management Team, Legal Counsel, the Board Secretary, and the Director of Engineering. There were no minutes taken, and the session was not tape-recorded.

At 5:15 p.m., Chair Beauchamp declared the meeting to be in open session. No reportable action was taken by the Governing Board.

14. ADJOURNMENT

With no further business before the Board, Chair Beauchamp adjourned the meeting at 5:15 p.m.

R. Mitchel Beauchamp, Chair

Attest:

Rita Schoonderwoerd, Board Secretary