

HELIX WATER DISTRICT

Setting standards of excellence in public service

MINUTES

REGULAR MEETING OF THE BOARD OF DIRECTORS

Wednesday, April 15, 2015 – 2 p.m.

7811 University Avenue, La Mesa, CA 91942-0427

1. President Verbeke called the meeting to order at 2 p.m. The roll call showed Directors Verbeke, Muse, Linden, Scalzitti and Hedberg present.

Staff present: Lugo, Stoia, Hayman, Tomasulo, Umphres, Janzen, Bryant, Olney, Ross, Masterson, Curtis, Lawler, Schipper, Dillman, Geitz, Salois and Annett. General Counsel Elizabeth Hull was also present.

At 3 p.m. the boardroom was filled with Helix Water District employees, retirees and the family of Lorri S. Annett in honor of her 15 year service award.

Others present: Customer Gordon Place, Lakeside's River Park Conservancy Executive Director Robin Rierdan, Dr. Lillian Childs and Robert D. Friedgen.

2. Vice President Muse gave the invocation and led the Pledge of Allegiance.
3. General Manager Carlos V. Lugo reported there were no additions or deletions to the agenda. The agenda was approved unanimously.

Motion:	Hedberg
Second:	Linden
Vote:	5 ayes

4. President Verbeke provided opportunity for members of the public to address the board on any item under the subject matter jurisdiction of the district. President Verbeke recognized Customer Gordon Place. Mr. Place objected to the order of items heard by the board of directors on March 18, 2015, and approval of the Memorandum of Understanding with Helix Water District Middle Management Employees' Association and approval of the Memorandum of Understanding with Helix Water District Employees' Association. Mr. Place stated the MOUs did not take the ratepayers into consideration.

President Verbeke thanked Mr. Place for his comments and stated she would accommodate the public's desires to have agenda items moved when possible. General Manager Carlos V. Lugo thanked Mr. Place for meeting with him to discuss his concerns.

5. The consent agenda was approved unanimously.

Motion:	Muse
Second:	Linden
Vote:	5 ayes

- a) The following operating account checks submitted for ratification were approved:
- i. list dated March 31, 2015
 - ii. list dated April 7, 2015
- b) Memorandum dated April 15, 2015, from the board secretary submitting expense and per diem claims was approved.
- c) The following minutes were approved:
- i. regular board meeting of April 1, 2015
 - ii. Lake Jennings Committee/special board meeting of April 8, 2015
- d) The board adopted the following resolution:
- i. 15-33 supporting the American Public Works Association by proclaiming National Public Works Week as May 17-23, 2015.
6. The board received a presentation of the draft guidelines and principles for developing the fiscal year 2015-16 preliminary budget and provided staff with comments to incorporate in the preparation of the preliminary budget.

Director Hedberg requested the board consider a new water supply fee. This led to discussion regarding a regional approach as currently under consideration at the San Diego County Water Authority.

Director of Administrative Services Lisa Stoa requested clarification that the board agreed to apply the balance of the district's capacity fee reserve (\$991,718) in fiscal year 2015-16 to fund the maintenance of district infrastructure and the renewal and replacement of current capital assets. General consensus was provided.

Director Hedberg voiced concern regarding the cost of service study and the potential revenue decrease. Ms. Stoa explained the numbers will be brought to the board at the May 13, 2015, Five Year Projection Workshop.

Director Scalzitti requested the establishment of a maintenance reserve fund for Lake Jennings and potentially the campground. Director Hedberg agreed. Both President Verbeke and Vice President Muse expressed it was too soon to establish such a fund as the board is waiting for a recommendation from the Lake

Jennings Committee. Director Scalzitti directed staff to add this item to the April 22, 2015, Committee of the Board agenda.

Vice President Muse suggested staff research a pension obligation bond at a low interest rate to pay the CalPERS unfunded liability. Director Hedberg agreed.

During review of the Lake Jennings campground discussion, Mr. Lugo reminded the board that staff may request additional funding dependent on future decisions of the board.

Director Hedberg confirmed the district's website will look different and is being done in-house.

Director Hedberg requested an update regarding the El Capitan lawsuit. Both General Manager Lugo and Legal Counsel Elizabeth Hull stated environmental and county studies are underway.

President Verbeke recognized Customer Gordon Place. Mr. Place asked that any state conservation rebates be easy to use; asked that motels control the use of showers; requested the district publicize the new website once it is complete; keep the budget to a minimum; and reconsider the decision to pay down the unfunded CalPERS liability – suggesting the board wait and continue this after the drought.

Director Linden stated The Water Conservation Garden is key to public outreach and customer education during the drought.

7. The board approved the Helix Water District Capital Improvement Program Master Plan, dated April 2015. The motion passed unanimously.

Motion:	Linden
Second:	Hedberg
Vote:	5 ayes

8. The board rejected all bids submitted for construction of the riveted steel pipeline replacement project Valencia Street and Bancroft Drive, Work Order 4159, authorized staff to rebid the project upon completion of redesign and appropriate additional funds in the amount to \$20,000 from schedule 64, item 13, of the fiscal year 2014-15 budget to complete the redesign and project bidding of Work Order 4159. The motion passed unanimously.

Motion:	Scalzitti
Second:	Linden
Vote:	5 ayes

9. The board appropriated \$30,000 from schedule 64, item 6, of the 2014-15 budget for the design of South Rim Tank rehabilitation project, Work Order 4464. The motion passed unanimously.

Motion: Scalzitti
Second: Hedberg
Vote: 5 ayes

10. The board adopted Resolution 15-34 declaring construction complete and authorized filing a notice of completion for the Nat L. Eggert Operations Center stucco resurfacing project, Work Order 4389. The motion passed unanimously.

Motion: Muse
Second: Linden
Vote: 5 ayes

11. The board requested staff provide a “willing seller” letter to the Lakeside’s River Park Conservancy pertaining to certain El Monte Valley properties for the purpose of obtaining grant funding for the possible purchase of the properties. The motion passed unanimously.

Motion: Linden
Second: Muse
Vote: 5 ayes

Ms. Hull explained the draft letter included in the board package does not require the district to sell the land to the Lakeside’s River Park Conservancy, but allows the conservancy to pursue grant funding. President Verbeke recognized Lakeside’s River Park Conservancy Executive Director Robin Rierdan. Ms. Rierdan detailed the purpose of the letter request. Director Hedberg asked Ms. Rierdan several questions regarding the current lease holders. General Manager Lugo also addressed Director Hedberg’s questions.

12. The board authorized President Verbeke to execute the third amendment to the employment agreement between Helix Water District and Carlos V. Lugo in the amount of (base pay) \$209,000 and an additional two percent cost of living allowance increase effective February 1, 2015. The motion passed unanimously.

Motion: Linden
Second: Muse
Vote: 5 ayes

13. The board authorized President Verbeke to execute the third amendment to the agreement for legal services between Helix Water District and Best Best & Krieger LLP, in the amount of (fixed monthly retainer) \$9,585; special matters involving pending litigation will be billed at the hourly rate of \$261 for partner of or counsel attorneys, \$239 for senior associates, \$210 for junior associates and \$109 for

paralegals. Reimbursements for long-distance telephone, copying, mileage and travel shall also be reimbursed by the district. The motion passed unanimously.

Motion:	Linden
Second:	Muse
Vote:	5 ayes

President Verbeke adjourned the meeting at 3 p.m. to prepare for the service award.

President Verbeke reconvened the meeting at 3:05 p.m.

14. Assistant Board Secretary Lorri S. Annett received a service award for 15 years of service with the district. She was joined by her family, retirees and co-workers. Board Secretary Sandra L. Janzen introduced Ms. Annett; General Manager Carlos V. Lugo provided background information; Ms. Annett introduced her family and friends, thanked her co-workers and the board of directors. Vice President Muse presented the award.

President Verbeke adjourned the meeting at 3:23 p.m. for photographs.

President Verbeke reconvened the meeting at 3:34 p.m.

15. The board recognized Natalee Castillo of Granite Hills High School as the recipient of the \$1,000 Dr. Lillian Childs Scholarship and Angela Chen of Monte Vista High School as the recipient of the \$1,000 Robert D. Friedgen Scholarship. Both Dr. Childs and Mr. Friedgen wished the recipients well.

REPORTS:

16. The board received the following reports for the month of March 2015 and the quarterly reports:
 - a) Claims report
 - b) Quarterly Deferred Compensation report
 - c) Treasurer's report
 - d) Budget summary
 - e) Quarterly Workers' Compensation report
 - f) Quarterly Lake Jennings Financial report
 - g) Rainfall, Use and Storage report
 - h) System Demand report
 - i) Conservation Status report
 - j) Monthly Demand report
 - k) Quarterly Capital Improvement Program report

INFORMATION:

- A. The board received an informational PowerPoint presentation regarding the water conservation draft regulations issued by the State Water Resources Control Board on April 7, 2015. Water Conservation Specialist Michelle Curtis stated a drought executive order was issued on April 1, 2015, providing a 31 point order mandating statewide water reductions including conservation of 25 percent; new regulations; construction and rebates. The State Water Resources Control Board's proposed framework was issued April 7, 2015. SWRCB's framework covers compliance, enforcement tools, proposes additional reporting requirements and is expected to be adopted by May 6, 2015. On April 14, 2015, Metropolitan Water District voted to approve water allocations for southern California, with the San Diego region receiving 15 percent less water in fiscal year 2015-16 starting July 1, 2015. San Diego County Water Authority's Board of Directors will meet to consider establishing water delivery reductions to its member agencies and taking additional drought response actions.

Helix Water District responded to SWRCB regarding the proposed framework on April 13, 2015, and notified city managers within the district of changes that could impact them if adopted. The district's response is dependent on SWRCB and SDCWA's board actions, to be finalized in May. The district's drought response plan calls for customers to reduce their non-essential water use. Increased efforts will be needed for public outreach, communications, enforcement and resources.

Director Hedberg suggested the state expedite the pure water regulations and requested the district use college interns to help with the reporting requirements. Director Linden asked how the water meters could be utilized in the enforcement efforts. Vice President Muse stated the water suppliers will be required to develop water conserving rate structures and pricing mechanisms, yet this is challenging with litigation in San Juan Capistrano and Proposition 218 compliance. Director Hedberg requested a drought update on Friday, April 17, 2015.

DISCUSSION:

- A. President Verbeke stated the Butterfly Festival at The Water Conservation Garden is on Saturday, May 9, 2015, from 9 a.m. to 3 p.m. and the Spring Garden Festival will be held on Saturday, April 25, 2015, from 9 a.m. to 3 p.m. The Water Conservation Garden Joint Powers Authority approved "Scenario C" funding at the April 14, 2015 meeting proposing Helix Water District provide financial support of \$97,622 for two years.
- i. The following Helix Water District employees received compliments regarding their professionalism: Senior Chemist Cindy Ziernicki; Valve Maintenance Technician III: Manual Barron, Miguel Moreno, Brandon Perry, Sean Tracy and Utility Crew Member I Ty Horan.
- B. Vice President Muse and Director Linden provided written reports. Director Hedberg stated she spoke at a Rotary Club meeting on April 14, 2015, regarding

drought and Lake Jennings activities. Director Scalzitti reported attendance at the Lake Jennings Committee meeting and the grand opening of the Advanced Water Purification Demonstration Plant. Vice President Muse also attended the Orange County Municipal Water District board meeting and noted three closed session items involving litigation with Metropolitan Water District.

- C. General Manager Lugo provided information from the San Diego County Water Authority Member Agency Managers' meeting. Mr. Lugo stated he would forward via email, PowerPoint presentations regarding drought management and preparing for potential fiscal year 2016 water supply allocations.
- D. General Counsel Elizabeth Hull did not provide an additional report in the interest of time.
- E. Board Secretary Sandra L. Janzen reviewed future agenda items and encouraged all directors to attend the Committee of the Board meeting April 22, 2015, for discussion of the Lake Jennings condition assessment, a proposed marketing plan, summary of committee progress to date and to evaluate the desire to develop a Lake Jennings maintenance fund.

President Verbeke adjourned the meeting at 5:11 p.m.

ATTEST:

Sandra L. Janzen, Board Secretary

DeAna R. Verbeke, President

