

HELIX WATER DISTRICT
Setting standards of excellence in public service

MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, October 21, 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, Hedberg, Linden and Scalzitti present.

Staff present: Lugo, Tomasulo, Stoia, Umphres, Hayman, Bryant, Janzen, Olney, Curtis, Salois, Emery, Uhrhammer, Anub, Sullivan, Schipper, Lawler, Ross, Masterson, Lyford and Annett. General Counsel Elizabeth W. Hull was also present.

At 3 p.m. the boardroom was filled with Helix Water District employees, retirees, along with the family and friends of Marlene Joy in honor of her 20 year service award.

Others present: Customers Susan Creveling, John Wood, Susan Nichols, Larry Nichols, Phil White, Gene Caspentes, Judith Walter and Tom Brady.

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:	Muse
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 of the Grossmont–Mt. Helix Improvement Association Susan Nichols stated a violation of the board's policies and procedures guidelines for conduct occurred during the October 7, 2015 public hearing and requested the chair place this item on the next regular board meeting agenda to censure a board member. Mr. Larry Nichols objected to the length of the presentations prior to opening the public hearing on October 7, 2015. He expressed that staff should have asked the attendees in chairs to offer their seats to the elderly and stated the air conditioning went out. Mr. Nichols also objected to a newspaper quotation made by President Verbeke.
5. The consent agenda was approved unanimously with the exception of the October 7, 2015 minutes. Director Hedberg requested two statements be added

to the October 7, 2015 minutes. Board Secretary Sandra L. Janzen stated she would refer back to the audio and bring the revised minutes back at the next regular board meeting.

Motion: Linden
Second: Muse
Vote: 5 ayes

- a) The following operating account checks submitted for ratification were approved:
 - i. list dated September 15, 2015
 - ii. list dated September 22, 2015
 - iii. list dated September 29, 2015
 - iv. list dated October 6, 2015
 - v. list dated October 13, 2015
 - b) Memorandum dated October 21, 2015, from the board secretary submitting expense and per diem claims was approved.
 - c) The minutes of the regular board meeting of September 16, 2015, were approved.
 - d) The board adopted the following resolutions:
 - i. 15-66 declaring construction complete and authorize filing a notice of completion for the 48-inch pipeline lowering project at Floyd Smith Drive, Work Order 2302
 - ii. 15-68 declaring construction complete and authorize filing a notice of completion for Greenfield Estates project, Work Order 2186
 - e) The board adopted the following attendance consideration:
 - i. Richard A. Reynolds Groundbreaking Ceremony
Groundwater Desalination Facility Expansion
September 29, 2015 at 10 a.m.
Chula Vista, CA 91910
6. The board authorized a first amendment agreement regarding ownership, construction, operation and maintenance of Grossmont/Fletcher Hills Combined Water Storage Tank between Helix Water District and Padre Dam Municipal Water District. The motion passed unanimously.

Motion: Linden
Second: Scalzitti
Vote: 5 ayes

7. The board transferred \$90,000 from schedule 500 (operations center building maintenance reserve fund) to schedule 64, item 25, of the fiscal year 2015-16 capital budget; and appropriated funds in the amount of \$90,000 from schedule 64, item 25 of the fiscal year 2015-16 capital budget to fund the replacement of the existing cooling tower at the district's operations center. The motion passed unanimously.

Motion: Hedberg
Second: Scalzitti
Vote: 5 ayes

Director Hedberg asked if the cost of the project included the permit, labor and crane rental. Facilities Supervisor Doug L. Emery said yes and added the project will use the same footprint and will be completed by district staff. General Manager Carlos V. Lugo stated the transfer of funds was requested because this is a capital project.

8. The board adopted Resolution 15-69 awarding the emergency interconnection upgrades project, Work Order 4407, to the lowest responsive and responsible bidder, Arrieta Construction Inc. of El Cajon, California, in the amount of \$440,990 and appropriated funds in the amount of \$509,000 from schedule 64, item 15 of the fiscal year 2015-16 capital budget for construction of the project. The motion passed unanimously.

Motion: Scalzitti
Second: Linden
Vote: 5 ayes

Director Scalzitti verified that legal counsel had reviewed the bid documents. Director of Engineering James A. Tomasulo stated yes and added that Dick Miller, Inc. took no exception to district staff finding the mathematical error which placed the contractor as the second lowest bidder. General Manager Lugo stated the importance of emergency interconnections as Padre Dam Municipal Water District has experienced three recent breaks in their upper region and Helix Water District is working to assist them.

9. The board adopted Resolution 15-70 amending Helix Water District's Conflict of Interest Code pursuant to the Political Reform Act of 1974. The motion passed unanimously.

Motion: Muse
Second: Hedberg
Vote: 5 ayes

President Verbeke adjourned the meeting at 2:54 p.m. to prepare for the service award presentation. President Verbeke reconvened the meeting at 3 p.m.

10. Customer Service Representative II Marlene Joy received a service award for 20 years of service with the district. She was joined by retirees, co-workers, family and friends. Facilities Supervisor Doug L. Emery introduced Ms. Joy; General Manager Carlos V. Lugo provided background information; and Director Linden presented a framed certificate. Ms. Joy thanked the board and her co-workers for their support.

President Verbeke adjourned the meeting at 3:14 p.m. for service award photographs. President Verbeke reconvened the meeting at 3:26 p.m.

REPORTS:

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

Director of Administrative Services Lisa L. Stoia highlighted the \$4 million reduction in revenue due to the successful customer conservation efforts of 28 percent as reported in the budget summary. Water purchases were reported down by \$800,000. General Manager Lugo requested all executive team directors review the operations budgets, evaluate employee vacancies and continue to closely monitor the district's finances. Director Hedberg mentioned that capacity fee activities increased.

Director Scalzitti reviewed the quarterly Lake Jennings financial report. Vice President Muse stated he was impressed with the overall totals and looks forward to future Lake Jennings reports. Director Scalzitti reported that he, General Manager Lugo and Director of Water Quality/System Operations Mark D. Umphres met in Supervisor Dianne Jacob's office with county officials to discuss the county's assistance with outreach. Director Linden asked if anyone from the county had prior experience with the campground when it was run by the county. Director Scalzitti stated he believed the answer was yes.

INFORMATION:

- A. The board received the fiscal year 2014-15 audited annual financial statements, the independent auditor's report for the fiscal year ended June 30, 2015 (with comparative information for 2014) and the Audit Committee's report. Mr. Phil White, partner of the district's audit firm, Vavrinek, Trine, Day & Co., LLP reported a clean opinion of the highest level and stated there were no difficulties in working with district staff. Mr. White highlighted Note 9 of the financial statement describing the district's retirement plan and the related deferred outflows/inflows of resources and the net pension liability required by the district's implementation of Governmental Accounting Standard Board 68 and GASB 71. Audit Committee Chair Kathleen Hedberg reported that she and Director Linden met with the auditor and no journal entries were made; mentioned the change in reporting, commended staff and stated the district will continue to work with this auditor next year. General Manager Lugo added the change in reporting is a new requirement for all agencies. Assistant Director of Administrative Services/Finance Manager Jennifer C. Bryant clarified that the unfunded liability is not new, but the method of how it is reported is new.

- B. The board received the annual strategic work plan. Director Scalzitti and Director Hedberg suggested the work plan be placed on a future Committee of the Board meeting agenda. Director Hedberg noted the customer survey was pushed out to December of 2016. General Manager Lugo stated this was moved due to the software conversion, drought and launch of the new website. General Manager Lugo also reported survey options will be discussed with the board of directors once resources are available to work on this strategic plan objective.

- C. The board received an update on the district's drought action plan for September 2015. Director Scalzitti reported his personal water consumption was down 59 percent. Director Linden thanked Water Conservation Specialist Michelle M Curtis and Senior Public Affairs Representative Michael J. Uhrhammer for the community presentations they have provided. Director Hedberg requested and was provided attendance details regarding the California-Friendly Landscape workshops.

DISCUSSION:

- A. President Verbeke reported that a compliment had been received regarding the excellent customer service provided by Customer Service Representative Marlene Joy, Inspector William O. Gaston and Water Conservation Representative Christopher W. Timmer. President Verbeke also stated certificates of recognition and a proclamation in honor of the 50th anniversary celebration of the R.M. Levy Water Treatment Plant had been received.

- B. Director Linden provided a written report. Director Scalzitti and Director Hedberg stated they attended the Council of Water Utilities meeting on October 20, 2015 regarding cyber security and suggested new employee orientations. Director of

Administrative Services Lisa L. Stoia and General Manager Lugo stated the item would be placed on a future agenda under the proper format to protect the district's security while briefing the board.

- C. General Manager Carlos V. Lugo reported that the new district website is up and running. He stated the site is dynamic and will continue to be upgraded. President Muse requested ease in locating the board packages. General Manager Lugo and President Verbeke stated the district will be working with the San Diego County Water Authority regarding state mandates surrounding the drought and will be pushing back and seeking credit for what the region has already done. Director Hedberg agreed with this objective.
- D. General Counsel Elizabeth W. Hull reported there are several water related bills in the works. Assembly Bill 1 will no longer allow homeowner associations to fine residents for allowing their lawns to turn brown. The Association of California Water Agencies is watching and concerned with the proposed measure to change Proposition 218 adding storm water and lifeline exceptions.
- E. Board Secretary Sandra L. Janzen reported representatives of Padre Dam Municipal Water District will provide an update regarding the status of the East County Regional Water Reuse program at the Committee of the Board meeting at 3 p.m. on October 28, 2015.

President Verbeke adjourned the meeting at 3:38 p.m.

ATTEST:

Sandra L. Janzen, Board Secretary

DeAna R. Verbeke, President