

HELIX WATER DISTRICT

Setting standards of excellence in public service

MINUTES

REGULAR MEETING OF THE BOARD OF DIRECTORS

Wednesday, August 3, 2016 – 2 p.m.

7811 University Avenue, La Mesa, CA 91942-0427

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

Staff present: Lugo, Stoia, Tomasulo, Umphres, Hayman, Janzen, Bryant, Lyford, Ross, Miller, Dillman, Garuba, Pearce, Masterson, Curtis, Snyder, Andrews, Schipper, Emery, Uhrhammer and Annett. General Counsel Elizabeth W. Hull, Kelly Salt and Mary Beth Coburn were also present.

Others present: Customers Rick Bucklew, John L. Wood, Larry Nichols, Gordon Place, Dan McMillan, Mark Gracyk, Eric Sturtz and Tom Brady were present. Reporter Karen Pearlman San Diego Union-Tribune was also present.

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: Linden
Second: Scalzitti

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. Customer Rick Bucklew stated a contractor hired by the district broke a sewer line resulting in damage to his business. Mr. Bucklew stated the contractor, the contractor's insurance company and bonding agency were challenging to work with and that he does not have the time or capability to resolve this financial matter. Mr. Bucklew stated he had worked with Board Secretary Sandra Janzen and Director of Operations Tristan Hayman but prefers a check for \$9,000. Mr. Bucklew stated the district could seek reimbursed for the \$9,000 from the contractor. President Verbeke thanked Mr. Bucklew for his positive compliments regarding staff.

5. The consent agenda was approved unanimously

Motion: Linden
Second: Scalzitti

- a) Memorandum dated August 3, 2016, from the board secretary submitting expense and per diem claims was approved
- b) The board approved the minutes of the regular board meeting of July 20, 2016.
- c) The following operating account checks submitted for ratification were approved:

- i. List dated July 19, 2016
- ii. List dated July 26, 2016

- d) Resolution:

The board adopted Resolution 16-33 opposing Proposition 53.

- e) The board approved the following attendance considerations:

Association of California Water Agencies
Communications Committee
July 18, 2016 at 11 a.m
Conference Call to Coordinate Media Outreach Activities

Save Our Water
Summer 2016 Public Education Campaign
July 21, 2016 from 1 to 2 p.m.
Webinar

ACTION ITEMS

6. The board continued the request to declare vehicles surplus to the needs of the district; authorize disposal of said vehicles and appropriate funds in the amount of \$436,000 from schedule 76, items 1-6, of the fiscal year 2016-17 budget for the purchase of replacements. The motion to continue the item to August 17, 2016, passed unanimously. Director Scalzitti requested clarification regarding estimated and actual mileage for each vehicle.

Motion: Hedberg
Second: Scalzitti

7. The board authorized General Manager Carlos V. Lugo to execute a professional services agreement between Helix Water District and Black and Veatch Corporation in the amount not to exceed \$205,282 for resident engineer and inspection services for the construction of the Fletcher Hills 2 pump station replacement project, Work Order 4214. The motion passed unanimously.

Motion: Linden
Second: Scalzitti

8. The board adopted Resolution 16-34 adjusting the schedule of rates for the fiscal year 2016-17 water service fees and amending Section 2.12-2(B) of the district's policies and procedures manual. The motion carried 3:2.

Motion: Linden
Second: Muse
Ayes: Verbeke, Muse, Linden
Noes: Hedberg, Scalzitti

Scenario 2 was selected by the board of directors based on customer conservation of 20 percent, lowering the Proposition 218 approved rate increase of 11.6 percent for the average domestic customer to 10.1 percent, effective November 1, 2016. Director of Administrative Services Lisa L. Stoia and Assistant Director of Administrative Services Jennifer C. Bryant provided a PowerPoint presentation. Legal Counsel Kelly Salt was also available to answer questions. Discussion ensued. Director Scalzitti asked for clarification regarding the budget for capital improvement projects. General Manager Carlos V. Lugo reported the capital budget was reduced by an additional \$1.5 million from the amount already approved by the board. Mr. Lugo stated capital improvement expenditure costs continue to increase 3 to 4 percent per year. Director Linden stated the district cannot continue to delay important maintenance projects and encouraged staff to research the possibility of bonds. Director Hedberg asked for additional information regarding the treatment plant reserve and was invited to meet with Ms. Bryant and Senior Accountant Robert A. Masterson to review the year end process for said funds.

President Verbeke opened public comments recognizing Customer Tom Brady. Mr. Brady suggested the board reduce employee medical benefits. He requested more information and also suggested the board evaluate the management of district expenditures. Customer Gordon Place suggested Kaiser health care for all employees with an option for employees to select different plans if they pay the difference in premiums. Mr. Place suggested memorandum of understanding agreements between the district and employees be negotiated and raises be based on performance. Customer Larry Nichols suggested the board consider Scenario 1 based on customer conservation of 15 percent and agreed with Mr. Brady and Mr. Place's comments. Mr. Nichols suggested additional operational

cuts, researching bond financing and paying down the unfunded CalPERS liability. He also asked if staff would be laid off due to the capital improvement project reductions

Director Hedberg apologized to her constituents for holding the board meeting at 2 p.m. She read an email from Customer Don Wood and agreed that bonds would take advantage of low interest rates.

DISCUSSION

9. President Verbeke thanked staff and the board of directors for attending the Helix Water District Customer Appreciation Day at the Water Conservation Garden on July 31, 2016. President Verbeke also reported the San Diego County Water Authority received a presentation regarding the Quantification Settlement Agreement for the Colorado River and suggested a similar presentation at a future Committee of the Board meeting.
 - a) President Verbeke recognized the excellent customer services provided by Assistant Director of Administrative Services Jennifer C. Bryant, Customer Service Manager Brian D. Lawler, Senior Public Affairs Representative Michael J. Uhrhammer, Valve Maintenance Technicians Geoffrey M. Menta and Michael T. Pepin, Customer Service Specialist Alicia D. Macias and Meter Services Field Representative Michael R. Sloan.
10. Vice President Muse and Director Linden provided written reports.
11. General Manager Carlos V. Lugo detailed future board agenda items for the August 17, August 24, September 7 and September 21, 2016 meetings. Mr. Lugo reported Director of Operations Tristan D. Hayman announced he will be retiring in December along with Director of Water Quality/System Operations Mark D. Umphres. The early announcements will assist in a successful transition. Mr. Lugo also reported the executive team met with key staff at the city of Lemon Grove and plan to meet with new staff members at the city of La Mesa. Lemon Grove employees spoke highly of Helix Water District staff.
12. General Counsel Elizabeth W. Hull had nothing additional to report.

President Verbeke adjourned to closed session at 3:45 p.m.

CLOSED SESSION

- A. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9(a)
Number of Cases: 1

*Kaveh Engineering & Construction, Inc. vs. Helix Water District
Case Number 37-2016-00007973-CU-BC-CTL*

B. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION

Pursuant to Government Code Section 54956.9(a)

Number of Cases: 1

*United States of America et al. vs. J-M Manufacturing Company, Inc.
Case Number 5:06-CV-000550GW*

ADJOURNMENT

President Verbeke reconvened open session and adjourned the meeting at 4:16 p.m.
There was no reportable action.

ATTEST:



Sandra L. Janzen, Board Secretary



DeAna R. Verbeke, President