



Setting Standards of Excellence in Public Service

**MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, July 19, 2017 – 6 p.m.
7811 University Avenue, La Mesa, CA 91942-0427**

1. President Scalzitti called the regular board meeting to order at 6 p.m. The roll call showed a quorum of the board present: Directors Scalzitti, Hedberg, McMillan, Verbeke and Gracyk.

Staff present: Lugo, Ross, Stoia, Olney, Janzen, Schipper, Annett, Bryant, Lundy, and Garuba. General Counsel Elizabeth W. Hull was also present.

Others present: Customers John L. Wood, Thom Rosenberger, Joan Embery-Pillsbury, Duane Pillsbury, Robin Rierdan and San Diego Union-Tribune Reporter Karen Pearlman were also present.

2. Vice President Hedberg 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 motion carried unanimously.

Motion: Verbeke
Second: Hedberg

4. President Scalzitti provided opportunity for members of the public to address the board on any item under the subject matter jurisdiction of the district. There were no requests to be heard.

5. The consent agenda was approved unanimously.

Motion: Hedberg
Second: Verbeke

- a) Memorandum dated July 19, 2017, from the board secretary submitting expense and per diem claims was approved.

b) The board approved the minutes of the Ad Hoc Committee meeting of July 7, 2017; the Engineering and Operations Committee meeting of July 10, 2017; the special closed session meeting of July 12, 2017; and the special board meeting of July 12, 2017.

c) The following operating account checks submitted for ratification were approved:

i. List dated July 11, 2017

Vice President Hedberg clarified that electronic checks to vendor 10467 Greenbrier Lawn and Tree Expert Company were projects identified, initiated and approved by staff. General Manager Carlos V. Lugo stated that due to rain there were significant erosion control issues to address. Vice President Hedberg also clarified that the Best Best and Krieger charges related to litigation surrounding the golf course should be complete. Director McMillan highlighted that \$236,192 was paid to the San Diego County Water Authority.

d) The board approved the following attendance consideration:

i. National Water Resources Association
2017 Western Water Seminar/Future of Water Infrastructure
August 8-10, 2017
El Dorado Hotel and Spa
Santa Fe, New Mexico
(Attendance consideration for non-designated board member)

Director Verbeke asked the board if a second director's attendance at the NWRA seminar was warranted given the added expenditure of travel to New Mexico. Director Verbeke clarified that she is the appointed district designee and struggled with the expenditure to the ratepayers. Director McMillan shared with the board that he is interested in attending.

e) The board rejected the request for leave to present the late claim by Mr. Darrel Williams.

ACTION ITEMS

6. The board adopted Resolution 17-39 declaring construction complete and authorized filing a notice of completion for the pipeline project Broadway, Dennis Lane, Golden Avenue, Lemon Grove Avenue and Mount Vernon Street, Work Order 3510. The motion carried unanimously.

Motion: Gracyk
Second: Scalzitti

Engineering Manager Milica K. Schipper provided a PowerPoint presentation. There were no public comments. Director Gracyk complimented staff for their collaborative efforts with the city to ensure the asphalt was completed on Broadway.

7. The board authorized staff to call for bids and set Tuesday, August 22, 2017 at 10 a.m. as the date and time of the bid opening for the steel pipeline replacement project Valencia Street and Bancroft Drive, Work Order 4159; determined the project is exempt under the California Environmental Quality Act; and approved the project. The motion carried unanimously.

Motion: Verbeke
Second: Hedberg

Engineering Manager Milica K. Schipper provided a PowerPoint presentation. There were no public comments. Director Gracyk clarified the project was exempt from CEQA due to the small scope, already existing pipelines and streets. Director McMillan verified that the project had been redesigned to replace the pipeline in place and therefore creating a safer environment than first proposed. President Scalzitti pointed out the already existing road patches from San Diego Gas and Electric on Valencia Street.

8. The board adopted Resolution 17-43 awarding construction of the pipeline replacement project at Dennstedt, Murray, El Monte, W. Main, alleys, Grape, Renette and easement, Work Order 3615.2, to the lowest responsive, responsible bidder, Schilling Paradise Corporation of El Cajon, California, in the amount of \$1,330,091; and appropriated funds in the amount of \$1,673,000 from schedule 64, item 2, of fiscal year 2017-18 capital budget for construction of the project. The motion carried unanimously.

Motion: Hedberg
Second: Gracyk

Engineering Manager Timothy J. Ross provided a PowerPoint presentation. There were no public comments.

9. The board adopted Resolution 17-44 awarding construction of the South Rim Tank rehabilitation project, Work Order 4464, to the lowest responsible bidder submitting a responsive bid, Paso Robles Tank Inc. of Paso Robles, California, in the amount of \$1,773,890; and appropriated funds in the amount of \$2,213,000 from schedule 64, item 12, of the fiscal year 2017-18 capital budget for construction of the project. The motion carried unanimously.

Motion: Hedberg
Second: Verbeke

Engineering Manager Timothy J. Ross provided a PowerPoint presentation. There were no public comments. Mr. Ross and General Manager Carlos V. Lugo answered all questions from President Scalzitti, Vice President Hedberg and Director McMillan.

10. The board authorized General Manager Carlos V. Lugo to execute a lease agreement with Embery-Pillsbury Enterprises, LLC over portions of assessor parcel number 392-050-47, gradually increasing rent to market value (25 percent increase the first year; then 15 percent annually for four years; followed by 3 percent annually thereafter). The motion also included a five-year lease with one five-year option. The motion carried unanimously.

Motion: Verbeke
Second: Hedberg

Senior Right of Way Agent/Environmental Analyst Debra S. Lundy provided a PowerPoint presentation. President Scalzitti recognized Joan Embery-Pillsbury and Duane Pillsbury. Both speakers stated the community benefits of providing safe equestrian areas; their appreciation for the facility; and described the miles of voluntary trash picked up on a regular basis. Director McMillan suggested the board consider selling the land and clarified that the lease is not considered a gift of funds due to the benefits the lease provides the district through weed abatement, trash pickup and monitoring of the land.

Vice President Hedberg recused herself from the meeting at 7:18 p.m., prior to item 11, due to a conflict of interest: spouse works for San Diego Gas and Electric.

11. The board adopted Resolution 17-45 authorizing the easement grant deeds over district property in the cities of El Cajon and La Mesa, county of San Diego, state of California, assessor parcel numbers 482-320-16 and 470-381-18 for the purpose of district participation in San Diego Gas and Electric's Power Your Drive Program. The motion carried 4:0.

Motion: McMillan
Second: Gracyk
Ayes: Scalzitti, McMillan, Verbeke, Gracyk
Absent: Hedberg

Facilities Manager Joseph J. Garuba provided a PowerPoint presentation. There were no public comments. Vice President Hedberg returned to the meeting at 7:31 p.m.

12. The board authorized General Manager Carlos V. Lugo to execute a two-year contract for as-needed landscape services, including weed abatement and tree management, with Greenbrier Lawn and Tree Expert Company. The motion carried unanimously.

Motion: McMillan

Second: Hedberg

Facilities Manager Joseph J. Garuba provided a PowerPoint presentation. There were no public comments. Director Gracyk requested an addendum to the contract to include the arborist's certification and further requested a pre-emergent for weed control be discussed in detail at a future date. Vice President Hedberg clarified the bid process and varying hours for the 35 sites detailed in the contract.

REPORTS

13. The board received the following reports for the month of June 2017 and the quarterly reports:
 - a) Quarterly Deferred Compensation report
 - b) Treasurer's report
 - c) Budget Summary
 - d) Quarterly Lake Jennings Financial report
 - e) Rainfall, Use and Storage report
 - f) System Demand report
 - g) Monthly Demand report
 - h) Conservation Status report
 - i) State Water Resources Control Board report
 - j) Quarterly Capital Improvement Program report

The reports were discussed in detail. There were no public comments.

INFORMATION

14. The board received the District Transparency Certificate of Excellence from the Special District Leadership Foundation in recognition of the district's outstanding efforts to promote transparency and good governance.

DISCUSSION

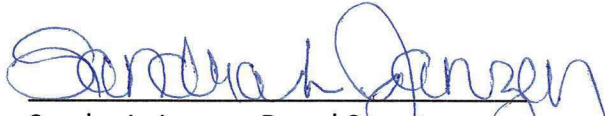
15. President Scalzitti reported the San Diego County Water Authority Board of Directors meeting will be held on July 27, 2017.
16. Directors Hedberg, McMillan and Gracyk provided written reports. Vice President Hedberg reported attendance at a small luncheon with San Diego County Water Authority Executive Director Maureen Stapleton regarding the future direction of SDCWA and that while Director Hedberg is vacationing, Director Scalzitti will vote for her through proxy. Director McMillan reported the Ad Hoc Committee completed their meetings and offered the employees an opportunity to waive insurance coverage for a stipend. Director McMillan stated the employees are not interested at this time but suggested the general manager look further into health savings accounts. Director McMillan also suggested the directors sponsor quarterly pizza nights in their divisions from 6 p.m. to 8 p.m. to hear from their constituents. Director Gracyk complimented the treatment plant staff on their safety record.
17. General Manager Carlos V. Lugo detailed upcoming agenda items for the July 26, 2017 Committee of the Board meeting; the August 2, 2017 regular board meeting; the August 9, 2017, 3 p.m. Water Quality and Resources Committee meeting; the August 16, 2017 regular board meeting; and the August 23, 2017 Committee of the Board meeting. Mr. Lugo reported he will be on vacation through July 28, 2017 and Director of Administrative Services Lisa L. Stoia will serve as acting general manager. Mr. Lugo also stated that the board of directors' draft Water Conservation Garden letter would be distributed to the district's board of directors on July 20, 2017 for approval.
18. General Counsel Elizabeth W. Hull provided a written update regarding the water conservation bill package currently in the Legislature. Ms. Hull also provided an update on the litigation between Metropolitan Water District and SDCWA and stated her performance evaluation had been sent via email. Director McMillan stated he would like to evaluate the board secretary as well.

ADJOURNMENT

19. President Scalzitti adjourned the meeting at 8:45 p.m.


Joel A. Scalzitti, President

ATTEST:



Sandra L. Janzen, Board Secretary