

HELIX WATER DISTRICT

Setting standards of excellence in public service

MINUTES

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Tuesday, June 2, 2015 – 9 a.m.

7811 University Avenue, La Mesa, CA 91942-0427

1. President Verbeke called the meeting to order at 9 a.m. The roll call showed Directors Verbeke, Muse, Linden and Scalzitti present. Director Hedberg was absent.

Staff present: Lugo, Stoia, Hayman, Tomasulo, Umphres, Bryant, Janzen, Olney, Ross, Lawler, Schipper, Sullivan, Fox, Lyford, Hererra, Lunde, Miller, Masterson, Haley, Doubrava and Annett.

Others present: Customer Gordon Place.

2. The agenda was approved 4:0.

Motion: Linden
Second: Scalzitti

Vote: Ayes: Verbeke, Muse, Linden, Scalzitti Absent: Hedberg

3. President Verbeke provided opportunity for members of the public to address the board on any item under the subject matter jurisdiction of the district. There was no one to be heard.

4. The preliminary budget was reviewed and the final fiscal year 2015-16 budget was approved 4:0.

Motion: Muse
Second: Linden

Vote: Ayes: Verbeke, Muse, Linden, Scalzitti Absent: Hedberg

General Manager Carlos V. Lugo provided a brief outline regarding the meeting structure and discussed the significant challenges the district has faced regarding state mandated drought restrictions.

Director of Administrative Services Lisa L. Stoia thanked the staff for their collaborative efforts over the past six months to present a balanced budget. Ms. Stoia stated the district is meeting the significant impact of the drought while keeping customers in mind; maintaining operations and keeping expenditures as flat as possible. She touched on water rates to be discussed in detail this summer. The budget assumes a preliminary water rate increase of 4.3 percent for the district and a 4.7 percent San Diego County Water Authority pass through for a total impact of 9 percent or \$12.87 per billing period for the average domestic

class customer due to the drought and drop in water purchases. Employees will continue to pay 28 percent of retirement costs saving the district nearly \$1 million annually. An additional \$750,000 contribution will be made to the CalPERS unfunded liability.

To present a balanced budget and reduce a water rate increase, \$4.3 million in capital projects will be delayed and \$1 million from the El Capitan settlement will be used to offset the 20 percent state mandated drop in demand.

Ms. Stoia reviewed position changes and proposed restructuring to also be reviewed at the June 3, 2015, regular board meeting.

Department presentations were made by the executive team and their staff.

Director of Engineering James A. Tomasulo led the review of the capital improvement program and engineering schedules.

Director Linden stated the cast-iron replacement project has resulted in a reduction of leaks. Director Scalzitti was assured that Lake Jennings would remain full. Director Linden commented that staff had done a fantastic job adjusting the budget to address implications from the drought. General Manager Carlos V. Lugo stated the district is conserving, as we have asked customers to do.

Director of Water Quality/System Operations Mark D. Umphres led the review of the water quality and system operations schedules.

Director Linden asked the outcome if Padre Dam Municipal Water District, Otay Water District and Lakeside Water District do not reduce their purchases by 20 percent as assumed. System Operations Manager Brian M. Olney explained the assumptions are conservative and if the purchasing agencies do not reduce by 20 percent, the district will receive additional revenue. Director Scalzitti confirmed that the increased cost for water purchases include the cost of desalination.

President Verbeke asked if staff had considered different vendors to reduce the charges to the district when campers make reservations using a credit card. Staff explained these fees are reviewed and on trend with other vendors.

Director Linden left the meeting at 10:15 a.m.

Vice President Muse pointed out a discrepancy in the budget binder and the PowerPoint slide presentation for Schedule 122. Water Treatment Plant Manager Larry W. Lyford stated he would double check his notes.

President Verbeke adjourned the meeting for a brief break at 10:23 a.m.

President Verbeke reconvened the meeting at 10:31 a.m.

Director of Operations Tristan Hayman led the review of the field maintenance and distribution schedules. Director Scalzitti asked for clarification regarding the painting of fire hydrants. Mr. Hayman stated the cost to contract is approximately \$55 per hydrant. At General Manager Carlos V. Lugo's request, Mr. Hayman explained that pipeline inspections are done by video when the infrastructure does not support a blow-off valve with a minimum interior diameter of 33 inches.

Director of Administrative Services Lisa L. Stoia led the review of the administrative services schedules. Director Scalzitti expressed appreciation for use of the contest photos in the administrative services PowerPoint presentation and asked that a Lake Jennings maintenance fund be added to a future budget to be discussed at a later date.

President Verbeke recognized customer Gordon Place. Mr. Place congratulated staff on a great job putting the budget together and keeping expenditures relatively flat. Mr. Place suggested the \$750,000 pay down of the unfunded CalPERS liability be removed from the budget or dropped back to \$500,000 in consideration of the drought and to keep reserves at a higher level. He also suggested the Kaiser healthcare plan be offered by the district with more expensive plans paid for by employees.

Director Linden returned to the meeting at 11:18 a.m.

Director Linden asked questions regarding workers' compensation rates and bank fees. Ms. Stoia and Safety/Risk Administrator Susen Doubrava provided clarification.

President Verbeke adjourned the meeting at 11:26 a.m.

ATTEST:

Sandra L. Janzen, Board Secretary

DeAna R. Verbeke, President

