

HELIX WATER DISTRICT

Setting standards of excellence in public service

MINUTES

REGULAR MEETING OF THE BOARD OF DIRECTORS

Wednesday, July 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, Hedberg, Linden and Scalzitti present.

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

Others present: Executive Director John Bolthouse of the Water Conservation Garden, Reporter Karen Pearlman San Diego Union-Tribune, Lake Cuyamaca Recreation and Park District General Manager Race Paddock, San Diego River Conservancy Administrative Services Manager Julia Richards and Executive Director Robin Rierdan and Customers Harry Allen, Larry Nichols, Wade Stone, Gordon Place, Debra Rubio, Joe and Cece May.

2. President Verbeke 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
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. Customer Gordon Place stated he had applied for a variance to allow watering three days per week and objected to the wording in the denial stating that a variance in his circumstance would create a special privilege.

5. The consent agenda was approved unanimously.

Motion: Linden
Second: Scalzitti
Vote: 5 ayes

- a) The following operating account checks submitted for ratification were approved:
 - i. list dated June 30, 2015
 - ii. list dated July 7, 2015
 - b) Memorandum dated July 15, 2015, from the board secretary submitting expense and per diem claims was approved.
 - c) The minutes of the regular board meeting of July 1, 2015 were approved:
6. The board received a presentation by Executive Director John Bolthouse of the Water Conservation Garden regarding the Helix Water District Ratepayer Day. No action was taken. Director Hedberg suggested a Helix Water District informational table be placed at the event with staff available to answer questions and provide buckets and shower timers. President Verbeke thanked Mr. Bolthouse for his work at the Garden. Director Linden thanked Mr. Bolthouse and President Verbeke for their dedication to the Garden.
7. The board adopted the amended list of surplus real property declaring three parcels of land as not necessary for the district's use and in excess of the district's foreseeable needs, and authorized the general manager to undertake all acts to effectuate the sale of the surplus property, including sending the notice of availability to appropriate entities including the San Diego River Conservancy pursuant to the first right of refusal. The motion passed unanimously.

Motion:	Muse
Second:	Linden
Vote:	5 ayes

Directors Hedberg, Linden and Scalzitti asked for clarification regarding the surplus process, sealed bids, appraisal and zoning. General Counsel Elizabeth Hull and General Manager Carlos V. Lugo answered all questions and explained that El Monte Nature Preserve paid for the appraisal of the properties and requested the district declare them surplus. Any offers will be brought to the board for consideration.

8. The board adopted Resolution 15-45 declaring construction complete and authorized filing a notice of completion for the fiscal year 2014-15 large valve replacement project, Work Order 4458. The motion passed unanimously.
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| Motion: | Hedberg |
| Second: | Scalzitti |
| Vote: | 5 ayes |
9. The board adopted Resolution 15-46 declaring construction complete and authorized filing a notice of completion for the fiscal year 2014-15 small valve replacement project, Work Order 4294. The motion passed unanimously.

Motion: Hedberg
Second: Linden
Vote: 5 ayes

Director Hedberg asked for clarification regarding the change order process. Director of Engineering James A. Tomasulo explained the process and stated district crews remain competitive with contractors in the replacement of small valves.

10. The board adopted Resolution 15-47 declaring construction complete and authorized filing a notice of completion for the Lake Jennings pavement improvements project, Work Order 4445. The motion passed unanimously.

Motion: Linden
Second: Scalzitti
Vote: 5 ayes

Director Linden asked if the pavement would be maintained. Engineering Manager Timothy J. Ross stated a satin seal is recommended every two years or a slurry seal every five years to be completed by an as-needed contractor.

11. The board adopted Resolution 15-48 awarding the boardroom audio visual improvements project, Work Order 4529, to the lowest responsive and responsible bidder, Audio Associates of San Diego, La Mesa, California, in the amount of \$151,709 and appropriated funds in the amount of \$176,000 from schedule 64, item 24, of the fiscal year 2015-16 budget for the construction of the project. The motion passed unanimously.

Motion: Scalzitti
Second: Linden
Vote: 5 ayes

Staff clarified for Director Hedberg that construction is anticipated to begin in September taking one month to complete. General Manager Carlos V. Lugo and Engineering Manager Timothy J. Ross also detailed the one-year construction warranty, ten year bonds and the commercial grade equipment warranties.

12. The board appropriated funds in the amount of \$75,000 from schedule 64, item 23, of the fiscal year 2015-16 capital budget for the purchase of materials and the installation of two 30' and one 40' antenna mast to support the final phase of the Ethernet radio project, Work Order 4442.1. The motion passed unanimously.

Motion: Linden
Second: Scalzitti
Vote: 5 ayes

Staff clarified for Director Hedberg the notification process for residents before work begins and that the antenna masts already exist in all but one location stating a few feet are being added for enhanced performance. Director Linden thanked staff for the value and savings this project provides the district.

13. The board appropriated funds in the amount of \$780,000 from schedule 64, item 14, of the fiscal year 2015-16 capital budget for district crews to replace a minimum of 100 valves in accordance with the district's capital improvement program master plan. The motion passed unanimously.

Motion:	Linden
Second:	Scalzitti
Vote:	5 ayes

Director of Operations Tristan D. Hayman clarified for Director Hedberg that the district has implemented hydrojetting for the flushing of large portions of pipe; water has been provided for customer landscapes and all options are being considered in response to the drought. General Manager Carlos V. Lugo stated outreach and signage regarding the reasons for flushing continue.

14. The board authorized the general manager to enter into a Professional Services Agreement, Amendment Number One with ThirdWave Corporation to support the HP replacement project. The motion passed unanimously.

Motion:	Muse
Second:	Linden
Vote:	5 ayes

President Verbeke thanked staff for their work on the HP replacement project.

15. The board did not adopt Resolution 15-49, the emergency drought action plan in response to the State Water Resources Control Board's emergency regulations for statewide urban water conservation, clarifying Resolution 15-38 adopted by the district on May 20, 2015.

Director Scalzitti made a motion not to adopt Resolution 15-49 and to eliminate the 10 percent penalty.

District Counsel Elizabeth Hull clarified that the meeting had not been noticed to remove the drought penalty from Resolution 15-38 and if that is the desire of the board they could bring said resolution back at the next regular board meeting. Ms. Hull also stated that Resolution 15-49 clarifies Resolution 15-38 with the passing of Senate Bill 88.

Director Scalzitti amended the original motion for the board not to adopt Resolution 15-49 and direct staff to bring Resolution 15-38 back at the next regular board meeting for discussion regarding the elimination of the 10 percent penalty. The motion passed unanimously.

Motion:	Scalzitti
Second:	Hedberg
Vote:	5 ayes

President Verbeke recognized Customer Gordon Place. Mr. Place objected to the meeting process and requested the board develop a reasonable plan with ratepayer input. He stated he had already reduced water use by 20 percent and asked the board to focus attention on the parks, schools and on multiunit housing.

Customer Larry Nichols objected to the word prohibit in the proposed resolution and stated that customers do not know when they are approaching the use of 30 units. He also referred to Senate Bill 88, CalPERS unfunded liability and Tier 1 water rates.

General Manager Carlos V. Lugo stated the district is in the first month of a nine month ordinance. He suggested the board evaluate the pricing signal in January once a trend has been established for evaluation. Ms. Hull stated the language of Resolution 15-49 is to add clarity for operations and the public with the passing of Senate Bill 88. Vice President Muse stated his objection to the verbiage. Directors Scalzitti and Hedberg agreed and stated there are too many regulations.

President Verbeke suggested the item be tabled to allow staff time to wordsmith the resolution and schedule a time to discuss the penalty.

Director Scalzitti called for the vote.

Director of Administrative Services Lisa L. Stoia clarified that the penalty will be assessed on July 29, 2015.

INFORMATION:

- A. The board received an update and PowerPoint presentation regarding the district's drought action plan for June 2015.
- B. The board received an informational report and PowerPoint presentation regarding the completion of the district standby power system improvements.

DISCUSSION:

- A. President Verbeke recognized Race H. Paddock of Lake Cuyamaca Recreation and Park District. Mr. Paddock stated he will attend a future board meeting to provide an update. Mr. Paddock stated water levels are down, water quality is poor, the restaurant has been remodeled and is now run by a concessionaire.
- B. President Verbeke provided a written report. Director Scalzitti provided an oral report regarding the Lake Jennings campground. He stated the financials are holding, new pavement and painting has been completed, the marketing plan is

moving forward with a logo and website, events are scheduled and social media contacts have increased. Director Linden asked how discussions with the county of San Diego are going. Director Scalzitti stated the door has been opened with more discussions to come.

- C. General Manager Carlos V. Lugo reported the link to the PowerPoint presentations from the San Diego County Water Authority General Managers' meeting were forwarded to the board of directors. He also thanked the board of directors for tackling tough topics such as rates and recognized staff for the large amount of work accomplished for the district.
- D. General Counsel Elizabeth Hull did not provide a report in the interest of time.
- E. Board Secretary Sandra L. Janzen reviewed future agenda items. The Committee of the Board will discuss the cost of service study, draft water rates and the draft Proposition 218 notice on July 29, 2015 at 3 p.m. The time of the August 5, 2015 regular board meeting has been changed from 2 p.m. to 5 p.m. for approval of the notice and cost of service study.

President Verbeke adjourned to closed session at 4:14 p.m.

CLOSED SESSION:

- A. **CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION**
Pursuant to Government Code §54956.9(a)
United States of America et al. vs. J-M Manufacturing Company, Inc.
Case No. 5:06-CV-00055-GW

President Verbeke adjourned the meeting at 4:45 p.m. There was no reportable action taken during closed session.

ATTEST:

Sandra L. Janzen, Board Secretary

DeAna R. Verbeke, President

