

**HELIX WATER DISTRICT**  
*Setting standards of excellence in public service*

**MINUTES**  
**SPECIAL MEETING OF THE BOARD OF DIRECTORS**  
**Tuesday, May 31, 2016 – 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 a quorum of the board present: Directors Verbeke, Muse, Hedberg, Linden and Scalzitti.

Staff present: Lugo, Stoia, Tomasulo, Umphres, Hayman, Bryant, Janzen, Masterson, Emery, Olney, Ross, Lyford, Berens, Haley, Schuff, Lunde, Herrera, Schipper, Palechek, Uhrhammer, Fox, Miller, Lawler, Doubrava, Curtis, Garuba, Kading and Annett. District Counsel Elizabeth W. Hull was also present.

Others present: Customer Dan McMillan was present.

2. The agenda was approved unanimously.

Motion: Hedberg  
Second: Scalzitti

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 board reviewed and unanimously approved the preliminary fiscal year 2016-17 budget in the amount of \$88,402,900 with the addition of \$1,000 to Schedule 450.

Motion: Muse  
Second: Linden

General Manager Carlos V. Lugo introduced the preliminary fiscal year 2016-17 budget stating the budget reflects a continuing commitment to operational excellence and efficiency; takes into account an unprecedented fifth year of drought and state mandated water restrictions; targets and emergency orders; and reflects a significant investment in regional water reliability such as the Carlsbad Desalination Plant and the San Vicente Dam raise. Mr. Lugo stated the budget also reflects continued efforts to minimize water rate increases and supports the district's strategic plan.

Director of Administrative Services Lisa L. Stoia reported the 1.6 percent increase to the operating and administration budget is driven by state regulations. Fees are expected to account for \$280,000 of the \$548,400 increase. In accordance with board direction, water purchases are estimated to increase \$3,921,700 in the

hopes that customers will relax the current conservation level of 21 percent to 15 percent. Capital improvements will increase \$1,255,200 to remain consistent with the 10 year capital improvement plan. Water purchases account for 43 percent of the budget. Water billing revenues are within the ceilings set in the five year water service fees officially noticed to customers last year.

Director Scalzitti verified the position count decreased to 149 from last year's count of 150 and 2010's count of 155.

Each schedule of the budget was detailed for the board of directors. President Verbeke verified that Item 22 of Schedule 64 was budgeted to replace short segments of pipe. Director of Engineering James A. Tomasulo confirmed district staff would replace 10 to 50 foot segments of pipe.

Director Scalzitti requested details regarding the vehicles to be replaced in Schedule 76 including vehicle years and mileage. Director Scalzitti also asked for clarification regarding \$1.2 million in reserves for the treatment plant. General Manager Lugo stated this is part of the master plan for replacement of expensive equipment in the future. Director Hedberg requested additional information regarding maintenance reserves for all three facilities. Director Scalzitti asked if the district accounted for the increased cost to treat water for Padre Dam Municipal Water District and Otay Water District. Director of Water Quality and System Operations Mark D. Umphres reported this amount is based on a contractual formula that is verified annually in September. Director Scalzitti also verified the charge of \$105.70 per acre-foot for treated water includes the additional state fees. Director Hedberg asked various clarifying questions regarding Schedules 113, 115 and 121 that were all answered by staff. Schedule 136 proposes 15 rental kayaks. Director Scalzitti stated these vessels will incur limited maintenance. Director Hedberg verified competitive pricing for fish purchases.

President Verbeke adjourned the meeting for a brief break at 10:38 a.m.  
President Verbeke reconvened the meeting at 10:45 a.m.

Director Hedberg and President Verbeke verified the decrease in fluoride costs, due to the reduced target levels mandated by the state since research indicates customers are receiving additional fluoride from other beverages.

During a presentation by the operations department, Vice President Muse confirmed increased emergency storage of pipe in El Monte would not interfere with the trail system. Director Linden requested a report regarding the cost to the district associated with leaks on private property. Director Hedberg requested additional information regarding Schedule 226 and the cost to the district for the city of La Mesa's project on University Avenue. President Verbeke stated the San Diego County Water Authority has plans to replace pipe in the upcoming fiscal year. Director Scalzitti suggested staff create a maintenance budget for Lake Jennings. General Manager Lugo reported funds for projects such as the paving

at Lake Jennings are budgeted within the capital improvement schedule. Director Hedberg asked for further details regarding Schedule 500 and the age of the 15-year-old equipment to be replaced under Schedule 234. Safety/Risk Administrator Susen Doubrava detailed the equipment for purchase from Schedule 236. Director Linden confirmed that the fixed cameras and other equipment has decreased in price over the years.

The administrative services department presented the last of the schedules. Assistant Director of Administrative Services Jennifer C. Bryant stated during the presentation of Schedule 1 that water billings reflect customer conservation of 15 percent, water sales of 28,445 acre-feet at 7 percent more than fiscal year 2015-16 per board direction. Vice President Muse confirmed Schedule 445 included approval of changes to the salary resolution proposed for the regular board meeting of June 1, 2016 and asked for details regarding election expenditures. The board agreed to add a \$1,000 non-voting membership to Schedule 450 for CalDesal at the request of Vice President Muse. Vice President Muse also verified the savings incurred by Vice President Muse's Association of California Water Agencies bi-annual conference expenditures being covered by the AWCA Joint Powers Insurance Authority. Director Hedberg verified that \$50,000 of matching funds for turf removal was removed from Schedule 462 based on the actions of Metropolitan Water District's elimination of the turf removal program. Director Hedberg verified that expenditures will still be applied to Schedule 465 of the current fiscal year budget. Vice President Muse stated the JPIA rates will be released on June 29, 2016.

President Verbeke adjourned the meeting at 12:02 p.m.

ATTEST:

  
Sandra L. Janzen, Board Secretary

  
DeAna R. Verbeke, President