



Setting Standards of Excellence in Public Service

**MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, April 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, Stoia, Tomasulo, Miller, Olney, Janzen, Lundy, Garuba, Salois, Lawler, Masterson, Curtis, Bryant, Annett, Doubrava, Lunde, Fox, Uhrhammer and Ross. General Counsel Elizabeth W. Hull was also present.

Others present: Customers John L. Wood and Chuck Muse; and Association of California Water Agencies Joint Powers Insurance Authority Chief Executive Officer Andy Sells and W.D. "Bill" Knutson, Executive Committee Member from Yuima Municipal Water District.

2. Director 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: Hedberg
Second: Verbeke

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 was no one to be heard.
5. The consent agenda was approved unanimously.

Motion: Verbeke
Second: Hedberg

- a) Memorandum dated April 19, 2017, from the board secretary submitting expense and per diem claims was approved.
- b) The board approved the minutes of the regular board meeting of March 15, 2017, the Committee of the Board meeting of March 22, 2017, the special board meeting of April 1, 2017 and the Ad Hoc Committee meeting of April 5, 2017.
- c) The following operating account checks submitted for ratification were approved:
 - i. List dated March 14, 2017
 - ii. List dated March 21, 2017
 - iii. List dated March 28, 2017
 - iv. List dated April 4, 2017
 - v. List dated April 11, 2017
- d) The board adopted the following resolutions:
 - i. Resolution 17-23 supporting the American Public Works Association by proclaiming the week of May 21-27, 2017 as National Public Works Week.
 - ii. Resolution 17-24 authorizing the quitclaim of one aligned easement in the county of San Diego, state of California, assessor parcel numbers 492-271-03, 04, 05 and 06.
 - iii. Resolution 17-25 authorizing the quitclaim of one aligned easement in the county of San Diego, state of California, assessor parcel numbers 499-130-22.
- e) The board approved the following attendance considerations:
 - i. United States Section of the International Boundary and Water Commission Citizens Forum
March 2, 2017 at 6:30 p.m.
Tijuana Estuary Meeting Room, Imperial Beach
 - ii. Lemon Grove School District Regular Meeting of the Governing Board
March 14, 2017 at 6 p.m.
Lemon Grove Library, Community Room, Lemon Grove
 - iii. Briefing Regarding Partial Sale of Surplus Property on High Street
March 27, 2017 at 3:30 p.m.
Helix Water District Third Floor Conference Room, La Mesa

- iv. California Water Laws and Regulations
Best Best and Krieger Seminar
April 25, 2017 at 8 a.m.
Courtyard Mission Valley Hotel Circle, San Diego
 - v. Water Rate Model Review
April 10, 2017 at 10 a.m.
Helix Water District Third Floor Conference Room, La Mesa
 - vi. Harry Griffen Park Steering Committee Preparation
April 13, 2017 at 5 p.m.
Harry Griffen Park, La Mesa
- f) Reject Claims
- i. The board rejected the amended claim filed by Lynette Mann.
 - ii. The board rejected the amended claim filed by Brooklynn Mann.

Director Verbeke and President Scalzitti discussed the need for a policy to set guidelines regarding requests for attendance considerations. Director Gracyk stated he was only requesting mileage for the United States Section of the International Boundary and Water Commission Citizens Forum on March 2, 2017. Director McMillan suggested Best Best and Krieger waive their fee for the California Water Laws and Regulations Seminar and suggested the board be provided a per diem for meeting with staff. President Scalzitti stated attendance consideration guidelines would be discussed at a future Committee of the Board meeting.

PRESENTATION

- 6. The board received a presentation by Association of California Water Agencies Joint Powers Insurance Authority Chief Executive Officer Andy Sells and W.D. “Bill” Knutson, Executive Committee Member from Yuima Municipal Water District and a refund check for \$45,601. Mr. Sells commended the staff for their attention to safety, hosting of regional training sessions, participation in additional online safety classes and their impact on agencies throughout the state. Mr. Sells and Mr. Knutson took photos with the board of directors. There were no public comments.

ACTION ITEMS

- 7. The board adopted Resolution 17-21 establishing three standing committees to meet on the second Wednesday of each month on a rotating basis at the following times:

engineering and operations 4 p.m.; finance and administration 9 a.m.; water quality and resources 3 p.m., effective July 12, 2017. The motion carried unanimously.

Motion: Hedberg
Second: McMillan

Board Secretary Sandra L. Janzen provided a slide and General Manager Carlos V. Lugo clarified the initial meetings with each committee will outline future meeting topics. Director McMillan suggested that he and Director Gracyk be considered for a customer advisory committee. There were no public comments.

8. The board appropriated funds in the amount of \$65,000 from schedule 64, item 24 of the fiscal year 2016-17 budget to replace the main circuit breaker at the R.M. Levy Water Treatment Plant. The motion carried unanimously.

Motion: Verbeke
Second: McMillan

There were no public comments. Director Gracyk requested that staff provide updates to the board regarding replacement of the main circuit breaker and the shutdown.

9. The board adopted Resolution 17-26 awarding the Aqueduct 2 pipeline repairs project, Work Order 4915, to the lowest responsive, responsible bidder, L.H. Woods & Sons Inc. of Vista, California, in the amount of \$567,256.20; and appropriated funds in the amount of \$690,000 from schedule 64, item 25, of the fiscal year 2016-17 capital budget for construction of the project. The motion carried unanimously.

Motion: Scalzitti
Second: Verbeke

There were no public comments. Engineering Manager Timothy J. Ross provided a PowerPoint presentation and answered all board questions.

10. The board provided direction to staff regarding the draft budget guidelines and principles for developing the fiscal year 2017-18 preliminary budget. General Manager Carlos V. Lugo and Assistant Director of Administrative Services Jennifer C. Bryant provided a PowerPoint presentation. Director of Administrative Services Lisa L. Stoia also answered board questions. The board provided the following guidance to staff for preparation of the fiscal year 2017-18 budget:

- Utilization of the capacity reserve in fiscal year 2017-18
- Refill the rate stabilization fund in fiscal year 2019-20, or potentially earlier, with one-

time funds

- Update the district’s strategic plan in 2018 (estimated cost \$8,000)
- Present the following five year projection scenarios:
 - Baseline (based on the preliminary fiscal year 2017-18 budget)
 - Scenario 1 (5 percent rate reduction from 2017-18 rate ceiling)
 - Scenario 2 (zero rate increase for fiscal year 2017-18 with only the San Diego County Water Authority pass-through impacting fiscal year 2017-18 customer bills)
 - Scenario 3 (zero rate increase for fiscal year 2017-18 with no SDCWA pass-through)

The board also reviewed and supported the budget calendar and next steps as proposed by staff. Director McMillan confirmed a compensation study will be included in the baseline budget and that an opportunity to trim more from the budget during the five year projection workshop on May 17, 2017 would be available. Director Gracyk agreed that Scenario 2 would require public outreach and education. Vice President Hedberg verified that the board would receive options for Scenario 2 in addition to pulling funds from reserves.

Director McMillan requested staff check with Valley Center Municipal Water District General Manager Gary Arant regarding comments made in reference to cost of service studies during the April 18, 2017, Council of Water Utilities meeting. Director Gracyk confirmed the cost of service study is updated every five years. Director McMillan requested operating costs remain level and that all increases are tracked. Board members made the following request for additional information or discussion during the May budget workshops:

- Review of the fleet policy
- Details regarding improving water supply reliability through Carlsbad desalination plant and the East County Advanced Water Purification program
- If one-time funds are received from the El Capitan settlement or the SDCWA and Metropolitan Water District lawsuit prior to the May meetings, the board would like to discuss options.
- If one-time funds are not available during the budget process, the board would like a future workshop to discuss options for these funds.

There were no public comments.

REPORTS

11. The board received the reports for the month of March 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

Director of Water Quality/System Operations Brian M. Olney and Director Gracyk provided the quarterly Lake Jennings Financial report. Discussion ensued. Director McMillan requested the board push staff to further develop the campground.

INFORMATION

12. The board received the 2016 Public Communications Achievement Award Honorable Mention issued to the Helix Water District by the American Water Works Association. Vice President Hedberg requested staff pursue the Best in Blue award through the Association of California Water Agencies.
13. The board received the certificate of achievement for excellence in financial reporting for Helix Water District's comprehensive annual financial report submitted for the fiscal year ended June 30, 2016. Senior Accountant Robert A. Masterson handed the award to the board for their review.

DISCUSSION

14. President Scalzitti reviewed the district letterhead with the board and stated the design was fine as prepared by staff and would not include board members' degrees.

President Scalzitti requested Board Secretary Sandra L. Janzen thank Senior Human Resources Analyst Anne D. Solano; Administrative Assistant II Rita A. Mooney, Valve Maintenance Technician III Geoffrey M. Menta, Valve Maintenance Technician II Michael T. Pepin and Customer Service Representative II Tracy L. Powell on behalf of the board for the excellent professional service they provided to the district's customers.

15. Directors Scalzitti, Hedberg, McMillan, Verbeke and Gracyk provided written reports. Director Gracyk reported attendance at the city of Lemon Grove City Council meeting on April 18, 2017. He stated there is a sensitivity to rate increases due to economic pressures. Director Verbeke reminded the board that ACWA Regional 10 will provide a session during the May conference with Chief Executive Officer/General Manager Allen Carlisle serving as a panelist; ACWA Regional 9 will participate in Region 10 tours; the

Water Conservation Garden will host a panel of water experts on May 18, 2017, and the Spring Garden Festival is scheduled for April 29, 2017, followed by Agency Day on May 21, 2017. Director McMillan stated he will be attending the April 20, 2017 meeting at the Water Conservation Garden and plans to discuss Helix Water District's contributions. Vice President Hedberg provided a Prezi presentation regarding her attendance at the Association of California Water Agencies Washington, D.C. conference February 28 – March 2, 2017.

A San Diego County Water Authority report was not provided.

16. General Manager Carlos V. Lugo detailed upcoming agenda items for the April 26, 2017 Committee of the Board meeting; May 3-4 preliminary budget workshops; May 17 regular board meeting; May 24 Committee of the Board meeting; June 7 regular board meeting and June 13 special board meeting. He also emailed the PowerPoint presentations from the San Diego County Water Authority Member Agencies Managers Meeting on April 18, 2017 and shared that staff would be volunteering on Saturday, April 22, 2017, for Earth Day in the city of Lemon Grove.
17. General Counsel Elizabeth W. Hull stated Best Best and Krieger is monitoring several bills before the legislature. Ms. Hull and General Manager Carlos V. Lugo also explained how trailer bills work at the request of Vice President Hedberg.

ADJOURNMENT

18. President Scalzitti adjourned the meeting at 8:41 p.m.



Joel A. Scalzitti, President

ATTEST:



Sandra L. Janzen, Board Secretary