



Setting Standards of Excellence in Public Service

**MINUTES
BUDGET WORKSHOP (DAY 2)
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Thursday, May 4, 2017 – 5 p.m.
7811 University Avenue, La Mesa, CA 91942-0427**

1. President Scalzitti called the special board meeting to order at 5 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, Lunde, Garuba, Lawler, Masterson, Fox, Bryant, Annett, Doubrava, Herrera, Haley, Schipper, Emery, Solano, Andrews and Ross.

Others present: Customers John L. Wood, Gordon Place, Thom Rosenberger, Radu Alexandru and Tom Brady.

2. Director Verbeke provided 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: Scalzitti

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. Customer John L. Wood provided a report from the April 18, 2017, Lemon Grove City Council meeting.
5. The board received PowerPoint presentations by General Manager Carlos V. Lugo (introductory comments); Director of Administrative Services Lisa L. Stoia (introductory comments and draft budget schedules 490, 492 and 500); Assistant Director of Administrative Services Jennifer C. Bryant (draft budget schedules 004, 462, 463, 475, 480, 482, 483 and 485); Customer Service Manager Brian D. Lawler (draft budget schedules 420 and 427); Board Secretary Sandra L. Janzen (draft budget schedules 445, 447 and 450); Human Resources Manager Susan S. Fox (draft budget schedules 460, 465,

468, 470 and 473); Enterprise Architecture Manager Michael A. Herrera and Enterprise Applications Manager Quince S. Lunde (draft budget schedule 488); Director of Engineering James A. Tomasulo (draft budget schedules 64, 76 and 84) and provided direction regarding the development of the fiscal year 2017-18 operating and capital budgets.

The board provided the following direction to staff:

- a) Director McMillan requested staff check with the district's auditor regarding other collections in Schedule 004; preferring the Association of California Water Agencies Joint Power Insurance Authority refund check be returned to the insurance general ledger.
- b) Director Gracyk requested regular updates to the matrix regarding the number of customers paying their water bills by check be provided at the quarterly finance and administration committee meetings.
- c) The board directed staff to add the California Special Districts Association to Schedule 450 for \$6,500 and increase board expenditures to allow for CSDA conference attendance.
- d) The board directed staff to no longer budget for the Chaldean American Chamber of Commerce or the La Mesa Chamber of Commerce. No decision was made surrounding discussion regarding CalDesal.
- e) Director Gracyk requested the independent compensation study be discussed at a Committee of the Board meeting.
- f) Director McMillan indicated that water use efficiency materials and rebates are unnecessary at this time – board consensus was not reached.
- g) Director McMillan directed staff to compare the ACWA/JPIA with other insurance agencies.
- h) The board requested further discussion of Schedule 473 regarding retirement and CalPERS contributions at a Committee of the Board meeting.
- i) Director Gracyk requested Schedule 475 Paid Time Off, Holiday and Other Paid Leave be discussed during an Finance and Administration Committee meeting with the recommendation of setting limits on days of paid jury duty service.

- j) The board requested Schedule 485 Public Affairs remain in the fiscal year 2017-18 budget but be discussed further at the Finance and Administration Committee meeting before discussion at a regular board meeting. Directors Gracyk and McMillan requested spending be cut in this area. The following suggestions were made: cut labor, cut school transportation to the treatment plant tours, lower scholarships amounts and utilize unpaid college interns.
- k) The board requested staff add \$50,000 to Schedule 500 Building Maintenance Reserve for Lake Jennings and directed staff to find other areas to cut to fund this addition to the budget.
- l) Director Gracyk requested information regarding the cost of living and merit increases be sent to the board of directors prior to the next board meeting.
- m) Director McMillan requested the board of directors remain flexible regarding the \$750,000 payment to reduce the CalPERS unfunded liability.

President Scalzitti opened public comments and recognized Customer Gordon Place. Mr. Place encouraged the board of directors to offer the employees Kaiser Permanente insurance benefits, with an option to pay the difference to receive a more expensive insurance plan. Mr. Place also commented that the step increases, based on merit, are set at a rapid promotion process.

President Scalzitti adjourned the meeting at 7:55 p.m. for a dinner break.

President Scalzitti reconvened the meeting at 8:14 p.m.

ADJOURNMENT

- 6. President Scalzitti adjourned the meeting at 9:08 p.m.



Joel A. Scalzitti, President

ATTEST:



Sandra L. Janzen, Board Secretary