



Setting Standards of Excellence in Public Service

**MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, June 21, 2017 – 6 p.m.
7811 University Avenue, La Mesa, CA 91942-0427**

1. President Scalzitti called the regular board meeting to order at 6:05 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, Bryant, Annett, Lunde, Herrera, Rosenboom, Solano, Garuba and Fox. General Counsel Elizabeth W. Hull was also present.

Others present: Customers John L. Wood, Larry Nichols and Gordon Place. Customers and/or supporters of the Water Conservation Garden: Lynn Nelson, Valerie Romero, Derek Frahmann, Paula Block, Vince McGrath, Kay McGrath, Whitney Duenez, Rick Duenez, Bob Friedgen, Kathryn Clayton, James Pyle, Graham Mitchell, Randy Dyer, Chuck Muse, Lynda Muse, Harold Bailey, Mary Jane Bailey, Jan Tubiolo, Pam Meisner, Ed Woodruff, Rosalie Dosik and the Water Conservation Garden Executive Director Elyssa Robertson.

2. Vice President Hedberg 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: Verbeke
Second: Hedberg

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. Mr. Larry Nichols suggested the district establish several small customer advisory committees to meet with one board member for one hour per month on specific topics. Mr. Nichols suggested customers from each division be selected by the board member of each division to serve on the proposed committees.

5. The consent agenda was approved unanimously with a correction to expense claim item b - paying the \$25 expenditure and removing the per diem payment of \$200. Director Verbeke also requested the attendance consideration policy come to the board for approval as an addition to Section 9 of the policies and procedures manual.

Motion: Verbeke

Second: Gracyk

- a) Memorandum dated June 21, 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 June 7, 2017 and the special board meeting of June 13, 2017.
- c) The following operating account checks submitted for ratification were approved:
 - i. List dated June 6, 2017
 - ii. List dated June 13, 2017
- d) Resolution:
 - i. The board adopted Resolution 17-35 declaring construction complete and authorized filing a notice of completion for Jamacha Village, Work Order 4618.
- e) The board approved the following attendance considerations:
 - i. San Diego Regional Water Quality Control Board
Open Mic - Listening Session
June 10, 2017, 10 a.m. - 3 p.m.
Cesar E. Chavez Campus - Barrio Logan, San Diego
 - ii. Pure Water San Diego
City of San Diego Public Utilities Department
June 20, 2017, 6:30 p.m.
Cadman Elementary School Auditorium, San Diego
 - iii. International Water Association
Water Reclamation and Reuse Conference
July 23-27, 2017
Convention and Entertainment Center, Long Beach

- f) The board received the reports for the month of May 2017:
 - i. Treasurer's report
 - ii. Budget Summary
 - iii. Rainfall, Use and Storage report
 - iv. System Demand report
 - v. Monthly Demand report
 - vi. Conservation Status report
 - vii. State Water Resources Control Board report

ACTION ITEMS

- 6. The board waived policies 2.7-4(A), 4.2-1 and 4.2-4(A)(5) of the district's policies and procedures manual concerning a private fire hydrant system for the Mercedes-Benz dealership project in El Cajon. The motion carried unanimously.

Motion: Scalzitti
Second: Hedberg

Director of Engineering James A. Tomasulo provided a PowerPoint presentation. There were no public comments. All questions were answered by General Manager Carlos V. Lugo and Mr. Tomasulo.

- 7. The board approved the second amendment to the Water Conservation Garden Operation Agreement as a member of the Joint Powers Authority which is comprised of the San Diego County Water Authority, Otay Water District, Sweetwater Authority, Helix Water District and the city of San Diego; the agreement includes annual dues for the district in the amount of \$96,450 for fiscal year 2017-18. The motion carried unanimously.

Motion: Hedberg
Second: McMillan

The Water Conservation Garden Executive Director Elyssa Robertson provided a PowerPoint presentation and answered all questions. President Scalzitti recognized Customer Gordon Place. Mr. Place spoke against spending \$96,450 for the Water Conservation Garden, stating customers have implemented conservation efforts. The board discussed and clarified the second amendment.

- 8. The board discussed options whether to: 1) continue participation in the Water Conservation Garden Joint Powers Authority agreement; 2) withdraw from said agreement; or 3) provide a letter identifying specific conditions for continued

participation. Director McMillan made a motion to withdraw from the Water Conservation Garden Joint Powers Agreement providing the required notification by the end of fiscal year 2016-17. Vice President Hedberg seconded the motion and requested Director McMillan amend his motion to also consider rescinding the withdrawal from the agreement in January 2018, following an update from the Water Conservation Garden. The motion failed 2:3.

Motion: McMillan
Second: Hedberg
Ayes: Scalzitti and McMillan
Noes: Hedberg, Verbeke, Gracyk

Director Verbeke made a motion to provide a letter identifying specific conditions for continued participation in the Water Conservation Garden Joint Powers Authority and to conduct a special workshop within 45 days to determine the board's specific requests to include in the letter to the Water Conservation Garden JPA. The motion carried 4:1.

Motion: Verbeke
Second: Hedberg
Ayes: Hedberg, McMillan, Verbeke and Gracyk
Noes: Scalzitti

The Water Conservation Garden Executive Director Elyssa Robertson provided a PowerPoint presentation and answered all questions.

President Scalzitti opened public comments. Ed Woodruff, Harold Bailey, Bob Friedgen, Jan Tubiolo, Pam Meisner, Rosalie Dosik and the Water Conservation Garden Executive Director Elyssa Robertson spoke in support of the Water Conservation Garden. Customer Gordon Place suggested funds need to move from water conservation to water storage efforts.

President Scalzitti adjourned the meeting at 8:20 p.m. for a break.
President Scalzitti reconvened the meeting at 8:27 p.m.

9. The board authorized General Manager Carlos V. Lugo to execute a license and services agreement with Tyler Technologies in the amount of \$996,000 and appropriated funds in the amount of \$1,626,000 from schedule 84, item 2 of the fiscal year 2016-17 capital budget, Work Order 4771 for the HP Replacement Project - Phase 2; and authorized the general manager to execute a three-year enterprise geographic information systems software license agreement with Esri. The motion carried unanimously.

Motion: McMillan
Second: Hedberg

Enterprise Applications Manager Quince S. Lunde provided a PowerPoint presentation and answered all questions. There were no public comments.

10. The board adopted Resolution 17-33 amending Resolution 16-17 establishing job classifications and monthly rates of pay. The motion carried 4:1.

Motion: Verbeke
Second: Scalzitti
Ayes: Scalzitti, Hedberg, Verbeke and Gracyk
Noes: McMillan

Human Resources Manager Sue S. Fox provided a PowerPoint presentation. President Scalzitti opened board comments. Customer Gordon Place suggested the board meet with members of the community to discuss salary increases based on merit stating his research shows the salaries of water agencies are high. Mr. Place also questioned CalPERS involvement in salary reporting and General Manager Carlos V. Lugo stated he would answer Mr. Place's questions during a meeting scheduled with him on June 22, 2017. Director Gracyk clarified that multi-year memorandum of understandings with employee groups are common and that the cost of the 2 percent cost of living adjustment to the ratepayers will be \$254,000.

11. The board authorized staff to call for bids for pipeline project Fuerte Drive and Alzada Drive, Work Order 4918; set Thursday, July 20, 2017 at 10 a.m. as the date and time of the bid opening; determined the project is exempt under the California Environmental Quality Act and approved the project. The motion carried unanimously.

Motion: McMillan
Second: Gracyk

Director of Engineering James A. Tomasulo provided a PowerPoint presentation. There were no public comments.

12. The board adopted Resolution 17-36 declaring construction complete and authorized filing a notice of completion for the treatment plant bridge and door recoat project, Work Order 4845. The motion carried unanimously.

Motion: McMillan
Second: Verbeke

Director of Engineering James A. Tomasulo prepared a PowerPoint presentation. The board stated the presentation was not necessary. There were no public comments.

DISCUSSION

13. President Scalzitti reported that he and General Manager Carlos V. Lugo are developing the Customer Advisory Committee structure for approval by the board at a future date at the request of Director McMillan. Director Verbeke stated approval for a customer committee. The board agreed to add Directors' Comments to all Committee of the Board agendas. President Scalzitti suggested moving the regular board meeting time to 5 p.m. due to the length of the regular board meetings.

Board Secretary Sandra L. Janzen reported the district received a customer compliment regarding Valve Maintenance Technician III Geoffrey M. Menta and Valve Maintenance Technician II Michael T. Pepin.

14. Directors Scalzitti, Hedberg, McMillan, Verbeke and Gracyk provided written reports. President Scalzitti and Vice President Hedberg reported the San Diego County Water Authority Board of Directors is expected to approve their budget with the lowest rate increase in years on June 22, 2017. Vice President Hedberg also announced San Diego Gas and Electric will conduct a meeting on June 29, 2017 at 10 a.m. Director McMillan reported attending the East County Economic Development Council meeting June 21, 2017 and reviewed the city of El Cajon's finances. Director Gracyk reported attending the State Water Resources Control Board meeting on June 10, 2017, where he received a Citizens' guidebook.
15. General Manager Carlos V. Lugo detailed upcoming agenda items for the June 28, 2017 Committee of the Board meeting and the board agreed to cancel the July 5, 2017 regular board meeting and schedule a special board meeting on July 12, 2017 at 6 p.m. The board directed the board secretary to reschedule the July 12, 2017 4 p.m. Engineering and Operations Committee meeting and to move the general manager's performance appraisal to a 5 p.m. closed session meeting once President Scalzitti is available. General Manager Lugo stated staff and legal counsel are evaluating the legal findings surrounding the San Diego County Water Authority and Metropolitan Water District of Southern California litigation.
16. General Counsel Elizabeth W. Hull outlined potential next steps SDCWA or MWD may take with timelines and provided written reports regarding Proposition 218 challenges and non-property owners' rights to sue cities and counties for wasteful spending.

ADJOURNMENT

17. President Scalzitti adjourned the meeting at 9:46 p.m.



Joel A. Scalzitti, President

ATTEST:



Sandra L. Janzen, Board Secretary