



Setting Standards of Excellence in Public Service

MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, August 16, 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, Tomasulo, Stoia, Miller, Janzen, Annett, Bryant, Masterson, and Garuba. General Counsel Elizabeth W. Hull was also present.

Others present: Customers John L. Wood, Gordon Place, Larry Nichols and San Diego Union-Tribune Reporter Karen Pearlman were present. Padre Dam Municipal Water District Director Augie Scalzitti was also present.

2. Director Gracyk 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 motion carried unanimously.

Motion: Verbeke

Second: Gracyk

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. President Scalzitti recognized Customer John L. Wood. Mr. Wood reported Helix Water District's traffic control vendor was performing excellent work at a cost savings to the district. Customer Gordon Place requested the next notification of a rate increase include examples for a higher than average water user. Mr. Place also stated board members should limit the number of attendance considerations and only send one board member to a meeting or conference and encourage the attendee to report back to the full board in the interest of saving the rate payers money.
5. The consent agenda was approved unanimously.

Motion: McMillan
Second: Gracyk

- a) Memorandum dated August 16, 2017, from the board secretary submitting expense and per diem claims was approved.
- b) The board approved the minutes of the special board meeting/closed session of August 2, 2017; the regular board meeting of August 2, 2017; and the Water Quality and Resources Standing Committee meeting of August 9, 2017.
- c) The following operating account checks submitted for ratification were approved:
 - i. List dated August 1, 2017
 - ii. List dated August 8, 2017
- d) The board approved the following attendance considerations:
 - i. The Metropolitan Water District of Southern California Committee and Board Meetings
September 11, 2017 approximate time 9 a.m. - 3 p.m.
September 12, 2017 approximate time 9 a.m. - 1 p.m.
MET Boardroom, Los Angeles, California
- e) The board received the reports for the month of July 2017:
 - i. Rainfall, Use and Storage report
 - ii. System Demand report
 - iii. Monthly Demand report
 - iv. Conservation Status report
 - v. State Water Resources Control Board report
- f) The board rejected the following claims of water damage:
 - i. Cameron Rains
 - ii. Bernice Parker

Director McMillan reported the Rainfall, Use and Storage report was interesting as rainfall was slightly below average.

ACTION ITEMS

6. The board authorized staff to call for bids and set Thursday, September 7, 2017 at 10 a.m. as the date and time of the bid opening for the replacement of the administration office parking deck coating system project, Work Order 4987; determined the project is exempt under the California Environmental Quality Act; and approved the project. The motion carried unanimously.

Motion: Hedberg
Second: Verbeke

Facilities Manager Joseph J. Garuba provided a PowerPoint presentation. There were no public comments. Director Gracyk requested details regarding the location of the drop box for payments and clarified that the contract included rain delay extensions and liquidated damages. Vice President Hedberg requested additional details regarding the destruction testing. Director Verbeke thanked staff for the product testing and looks forward to a completed project.

7. The board adopted Resolution 17-42 awarding construction of pipeline realignment/replacement project at Fuerte Drive and Alzada Drive, Work Order 4918, to the lowest responsible bidder submitting a responsive bid, El Cajon Grading & Engineering Co. Inc., from Lakeside, California, in the amount of \$799,810; and appropriated funds in the amount of \$967,000 from schedule 64, item 11, of the fiscal year 2017-18 capital budget for construction of the project. The motion carried unanimously.

Motion: Verbeke
Second: Hedberg

Director of Engineering James A. Tomasulo provided a PowerPoint presentation. There were no public comments. Director Gracyk requested additional details regarding the reimbursement from the county based on actual costs. Vice President Hedberg requested staff look into public outreach. Mr. Tomasulo detailed the signage and customer notifications, while General Manager Carlos V. Lugo reminded the board this is a county project and that outreach will communicate this to the public. Vice President Hedberg received details regarding the project's timeline.

INFORMATION

8. The board received the district's revenue bond Fitch credit rating affirmation as AA+ with a stable outlook. Senior Accountant Robert A. Masterson provided a PowerPoint presentation noting Fitch found the district mature with a stable service area; strong

debt service coverage with very low debt; a history of annual service rate increases and flexible capital improvement plan – not requiring additional borrowing. Director McMillan addressed the expectation of adequate liquidity levels which could pressure the rating if there was a decrease in the cash balances, reporting this could be addressed through borrowing funds. Director McMillan also referenced that the national average is used by Fitch to calculate water affordability.

9. The board discussed the structure and selection procedure of a Customer Advisory committee and provided staff with direction to begin the process of establishing the committee. The board directed staff to bring this item back to the September 6, 2017, regular board meeting for further discussion and formalization. The board agreed on the following:

- one customer will be selected from each division with two at-large committee members for a total of seven members
- applicants must receive district water and includes residents, business owners and tenants
- the board will review all applications and make the committee selections
- the board will task the committee with topics well in advanced of any need for a board decision
- the committee will be provided the opportunity to brief the board regarding findings during the less formal Committee of the Board workshop setting and will also be provided the opportunity to collaborate with the board in this setting
- staff will support the Customer Advisory committee; agendas will be posted, minutes taken
- District Counsel Elizabeth Hull explained the provisions of the Brown Act apply to the Customer Advisory committee and that she will determine if Form 700s will be required of the committee members prior to advertising the positions
- the committee will meet a minimum of once per quarter; but as needed depending on task/topic
- General Manager Lugo reported he will bring a format back to the September 6, 2017, board meeting with an application and selection timeframe for board approval
- the newspaper, social media and website will be used to inform the public of this volunteer opportunity to serve the district

President Scalzitti recognized Customer Gordon Place. Mr. Place clarified that committee members would have staff support and interaction with board members through a joint meeting/committee workshop.

DISCUSSION

9. President Scalzitti reported attending the Council of Water Utilities meeting on August 15, 2017, at 7:15 a.m. and the August 9, 2017 Water Quality and Resources Committee

meeting at 3 p.m. Director McMillan stated the proposed new signage at Lake Jennings should include the district's name.

10. Directors Scalzitti, Hedberg, McMillan, Verbeke and Gracyk provided written reports. Directors McMillan and Verbeke also provided written San Diego County Water Authority reports for July 27, 2017.

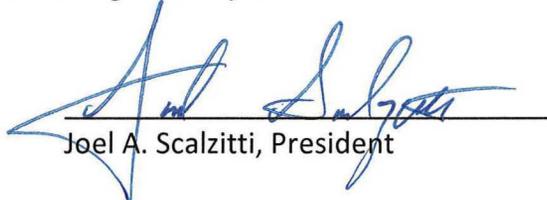
Vice President Hedberg reported that she and Director Gracyk attended the State Water Resources Control Board's public meeting on August 14, 2017, in San Diego and heard from a large group requesting the state not allow water agencies to shut water off for nonpayment. Vice President Hedberg requested the board review the district's letter in response to Assembly Bill 401 regarding a low-income water rate assistance program, at the next Committee of the Board meeting.

Director McMillan provided an oral report regarding the National Water Resources Association's Western Water Seminar he attended in Santé Fe, New Mexico August 8-10, 2017. Director Mcmillan also reported attending the Council of Water Utilities meeting mentioned by President Scalzitti and the East County Economic Development Council meeting August 16, 2017, in El Cajon. Director Gracyk reported attending local meetings August 1, 3, 7, 11 and 14, 2017.

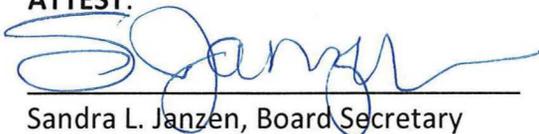
11. General Manager Carlos V. Lugo detailed upcoming agenda items for the August 23, 2017 Committee of the Board meeting; the September 6, 2017 regular board meeting; the September 13, 2017 Finance and Administration Committee meeting; the September 20, 2017 regular board meeting and the September 27, 2017 Committee of the Board meeting. General Manager Lugo also referred the Sand Diego County Water Authority PowerPoints distributed to the board and discussed regional water quality issues.
12. General Counsel Elizabeth W. Hull had nothing further to report.

ADJOURNMENT

13. President Scalzitti adjourned the meeting at 8:03 p.m.


Joel A. Scalzitti, President

ATTEST:


Sandra L. Janzen, Board Secretary