



Setting Standards of Excellence in Public Service

MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Wednesday, May 16, 2018 – 5 p.m.
7811 University Avenue, La Mesa, CA 91942-0427

1. President Hedberg called the regular board meeting to order at 5:04 p.m. The roll call showed a quorum of the board present: Directors Hedberg, McMillan and Scalzitti. Directors Verbeke and Gracyk were absent. Director Verbeke arrived at 5:16 p.m.

Staff present: Lugo, Bryant, Olney, Tomasulo, Miller, Janzen, Kleber, Garuba, Schipper, Lundy, Dillman, Malkin, Ross, Doubrava, Masterson and Annett. General Counsel Elizabeth W. Hull was also present.

Others present: Customers Gordon Place, John L. Wood and Larry Nichols.

2. President Hedberg led the Pledge of Allegiance. No invocation was provided.
3. General Manager Carlos V. Lugo reported there were no additions or deletions to the agenda. The motion to approve the agenda carried 3:0.

Motion: Scalzitti
Second: McMillan
Ayes: Hedberg, McMillan, Scalzitti
Absent: Verbeke, Gracyk

4. President Hedberg provided opportunity for members of the public to address the board on any item under the subject matter jurisdiction of the district. There were no requests to be heard.
5. The consent agenda was approved 3:0.

Motion: Scalzitti
Second: McMillan
Ayes: Hedberg, McMillan, Scalzitti
Absent: Verbeke, Gracyk

- a) Memorandum dated May 16, 2018, from the board secretary submitting expense and per diem claims was approved.

- b) The board approved the following sets of minutes:
 - i. May 1, 2018, Special Board Meeting
 - ii. May 2, 2018, Special Board Meeting

- c) The following operating account checks submitted for ratification were approved:
 - i. List dated May 1, 2018
 - ii. List dated May 8, 2018

- d) Resolutions
The board adopted the following resolutions:
 - i. Resolution 18-19 authorizing the quitclaim of an easement in the city of Lemon Grove, county of San Diego, state of California, assessor parcel numbers 576-372-08 and 576-372-12

 - ii. Resolution 18-20 authorizing the quitclaim of an easement in the city of La Mesa, county of San Diego, state of California, assessor parcel numbers 486-772-01 and 486-772-18

 - iii. Resolution 18-21 authorizing the quitclaim of an easement in the city of San Diego, county of San Diego, state of California, assessor parcel numbers 463-302-04 and 463-302-05 and city of San Diego public right of way

 - iv. Resolution 18-22 authorizing the quitclaim of an easement in the city of Lemon Grove, county of San Diego, state of California, assessor parcel number 479-240-08

 - v. Resolution 18-24 supporting the American Public Works Association by proclaiming the week of May 20-26, 2018, as National Public Works Week

ACTION ITEMS

- 6. The board adopted Resolution 18-23 declaring construction complete and authorized filing a notice of completion for Fletcher Hills 2 Pump Station replacement project, Work Order 4214. There were no public comments. The motion carried 4:0.

Director Verbeke arrived at 5:16 p.m.

Motion: Scalzitti
Second: Verbeke
Ayes: Hedberg, McMillan, Scalzitti, Verbeke
Absent: Gracyk

Engineering Manager Timothy J. Ross provided a PowerPoint presentation and answered all questions. General Manager Carlos V. Lugo encouraged the board to attend an open house for the residents in the immediate area of the pump station on June 26 at 5 p.m.

7. The board authorized General Manager Carlos V. Lugo to execute a second amendment to the existing contract with Prizm Janitorial Services Inc. extending janitorial services for an additional two-year period effective July 1, 2018 amending the term to June 30, 2020. There were no public comments. The motion carried 4:0.

Motion: McMillan
Second: Verbeke
Ayes: Hedberg, McMillan, Scalzitti, Verbeke
Absent: Gracyk

Facilities Manager Joseph J. Garuba and General Manager Carlos V. Lugo answered all questions.

REPORTS

8. Finance Manager Joy M. Kleber, Senior Accountant Robert A. Masterson and Director of Water Quality/System Operations Brian M. Olney detailed the following reports for the month of April 2018:
 - a) Treasurer
 - b) Budget Summary
 - c) Rainfall, Use and Storage
 - d) System Demand
 - e) Monthly Demand
 - f) Conservation Status
 - g) State Water Resources Control Board

There were no public comments.

DISCUSSION

9. The board reviewed the five-year projection scenarios and provided the following guidance to staff for updating the fiscal year 2018-19 water rates:

- The board requested a special board meeting at 3 p.m. on Friday, May 25, 2018 to discuss additional water rate scenarios.
- The board requested a scenario that does not include paying \$750,000 in the upcoming budget to CalPERS, cuts operations by \$1 million and applies \$2.5 million of budgeted revenues in excess of budgeted expenditures from fiscal year 2017-18 to the rate stabilization fund to potentially provide a scenario with no rate increase.
- The board requested an additional scenario that does not include paying \$750,000 in the upcoming budget to CalPERS and applies \$1.25 million of budgeted revenues in excess of budgeted expenditures from fiscal year 2017-18 to the rate stabilization fund.

General Manager Carlos V. Lugo stated on behalf of Director Gracyk that he is okay with applying \$975,000 from land sales funds to the capital budget.

Director of Administrative Services Jennifer C. Bryant provided a PowerPoint presentation and answered all questions with the assistance of General Manager Carlos V. Lugo.

Public comments were received from Customer Gordon Place and Customer Larry Nichols. Mr. Place requested an explanation of paid time off and paid time off cash out. General Manager Carlos V. Lugo agreed to meet with Mr. Place individually to explain the differences of the two line items. Mr. Place also requested and received an explanation of the scenarios.

Customer Nichols stated the district received \$10 million from the sale of land and is disappointed these funds are not being used to keep rates down. Mr. Nichols suggested the land sale funds be used to pay down the unfunded pension liability to potentially eliminate a rate increase. He also suggested savings be found in the operations budget; employees pay the additional premium for health care over the cost to provide Kaiser Permanente insurance; employees contribute to their dental and vision care and that the district get away from a rate stabilization fund stating it is not of benefit to the ratepayers.

10. President Hedberg reported attending the Association of California Water Agencies conference and learned that health care costs are not going up as expected; she also attended the session regarding homeless encampments and requested discussion of this topic at a future board meeting. President Hedberg also encouraged the board to attend the May 19, 2018, Water Conservation Garden Customer Appreciation Day to see the two new exhibits.

Board Secretary Sandra L. Janzen reported that the district received emails from Mrs. Keeya Wang-Jones and the Fernando Vega household complimenting Water Conservation Technician Vincent R. Dambrose III and Valve Maintenance Technicians Geoffrey M. Menta and Charles G. Marshburn for their excellent customer service in providing a home water audit and expedient leak repair.

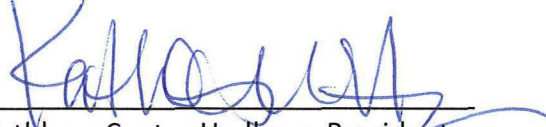
11. Directors Hedberg, McMillan, Verbeke and Gracyk provided written reports. In addition, Vice President McMillan, Director Scalzitti and Director Verbeke reported attending the following Association of California Water Agencies conference presentations from Governor Brown, the homeless encampment session, Advanced Metering Infrastructure, the Jones Rule, the energy and cannabis meetings and the subcommittee meeting to select a new executive director.

President Hedberg also reported the San Diego County Water Authority will conduct a press conference (location to be determined) at 10:30 a.m. on May 23, 2018, regarding the agency's position on the state water tax.

12. General Manager Carlos V. Lugo detailed upcoming agenda items for the meetings scheduled on May 22, 23, 25, 30 and June 6 and 18, 2018. General Manager Lugo also reported that the PowerPoint presentations from the San Diego County Water Authority Member Agencies Managers' meeting were provided to the board. There were no public comments.
13. General Counsel Elizabeth W. Hull detailed Assembly Bill 2065 regarding surplus land and reported she will provide the board with an email regarding the changes. There were no questions or comments.

ADJOURNMENT

14. President Hedberg adjourned the meeting at 7:52 p.m.


Kathleen Coates Hedberg, President

ATTEST:


Sandra L. Janzen, Secretary of the Board