



Setting Standards of Excellence in Public Service

MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Friday, May 25, 2018 - 3 p.m.
7811 University Avenue, La Mesa, CA 91942-0427

1. President Hedberg called the regular board meeting to order at 3:01 p.m. The roll call showed a quorum of the board present: Directors Hedberg, McMillan, Scalzitti, Verbeke and Gracyk.

Staff present: Lugo, Bryant, Olney, Tomasulo, Miller, Janzen, Kleber, Malkin, Ross, Lyford, Solano, Curtis, Masterson and S. Sample. General Counsel Elizabeth W. Hull was also present.

Others present: Customer Larry Nichols.

2. Director Scalzitti 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 motion to approve the agenda carried unanimously.

Motion: Verbeke
Second: Scalzitti

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.

DISCUSSION

5. The board reviewed the five-year projection scenarios requested by the Helix Water District Board of Directors at the May 16, 2018 board meeting and approved staff's recommendation of scenario 6 for guidance to update the fiscal year 2018-19 water rates. The motion carried 3:2.

Motion: Scalzitti
Second: Verbeke

Ayes: Hedberg, Scalzitti, Verbeke
Noes: McMillan, Gracyk

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

Vice President McMillan confirmed \$100,000 for Lake Jennings improvements were included in the budget to determine the best design for dock upgrades and potential venue development of a cove at the lake. Vice President McMillan stated the master plan for the recreational areas is available upon request for review by the board. Vice President McMillan also confirmed the contractual amount required for the Harry Griffen Park joint powers agreement was included in the budget.

Director Gracyk requested and received an explanation regarding why \$750,000 was not included in the scenarios to pay down the CalPERS unfunded liability. General Manager Lugo reported the board would review options for prepayment at a later date based on the proposed model Vice President McMillan prepared for the board.

Scenario 6 incorporates scenario 2, which was discussed during the May 16, 2018 special board meeting with the following additions in support of the board's guidance:

- Local water supply from rainfall gradually reduces to zero by fiscal year 2022-23;
- the forecasted \$2.5 million of budgeted revenues in excess of budgeted expenditures for fiscal year 2017-18 are used to offset rate increases in fiscal year 2018-19;
- increase water sales by 3 percent to 28,500 acre-feet versus the fiscal year 2017-18 budget of 27,700 acre-feet;
- use \$975,000 from El Monte Reserves to partially fund the cast-iron pipeline replacement program for fiscal year 2018-19; and
- refill the rate stabilization fund in fiscal year 2018-19 only to 4 percent versus the 5 percent minimum set by the district's reserve guidelines and revisit the reserve during the 2019-20 fiscal year budget process.

Discussed ensued regarding all of the proposed scenarios with scenario 6 providing a 3.5 percent bimonthly increase for the average single family residential customer or an increase of \$5.33 for an average bimonthly bill of \$156.52. Ms. Bryant reported the preliminary budget would be distributed on June 1, 2018, with water rates to be approved during the August 1, 2018 regular board meeting.

Public comments were received from Customer Larry Nichols. Mr. Nichols stated his preference for assuming 30,000 acre-feet in water sales, objected to the rate stabilization fund and referred to the El Monte land sale funds. Staff addressed all items.

ADJOURNMENT

6. President Hedberg adjourned the meeting at 4:42 p.m.



Kathleen Coates Hedberg, President

ATTEST:



Sandra L. Janzen, Secretary of the Board