



*Setting Standards of Excellence in Public Service*

**MINUTES  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
Wednesday, June 6, 2018 – 4 p.m.  
7811 University Avenue, La Mesa, CA 91942-0427**

1. President Hedberg called the special board meeting to order at 4:03 p.m. The roll call showed a quorum of the board present: Directors Hedberg, McMillan, Scalzitti, Verbeke and Gracyk.

Staff present: Lugo, Tomasulo, Miller, Bryant, Olney, Janzen, Kleber, Schipper, Lyford, Malkin, Fox, Pearce, Uhrhammer, Masterson, Garuba, Ross and Annett. General Counsel Elizabeth W. Hull was also present.

Others present: Customers Gordon Place, Tom Brady and San Diego Union-Tribune Reporter Karen Pearlman were present.

2. Director Gracyk 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 unanimously.

Motion: Verbeke  
Second: 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 public comments.
5. The consent agenda was approved unanimously.

Motion: Verbeke  
Second: Scalzitti

- a) Memorandum dated June 6, 2018, from the board secretary submitting expense and per diem claims was approved.
- b) The board approved the following sets of minutes:

- i. May 16, 2018, Special Board Meeting
  - ii. May 22, 2018, Water Quality and Resources Special Committee Meeting
  - iii. May 23, 2018, Special Committee of the Board Meeting
  - iv. May 25, 2018, Special Board Meeting
  - v. May 30, 2018, Special Board Meeting
- c) The following operating account checks submitted for ratification were approved:
- i. List dated May 15, 2018
  - ii. List dated May 22, 2018
  - iii. List dated May 29, 2018
- d) Resolution  
The board adopted the following resolution:
- i. Resolution 18-18 declaring construction complete and authorized filing a notice of completion for Grossmont Hospital Phase 2, Work Order 4051

Director Gracyk verified that notices of completion for private projects are regularly approved through the consent agenda.

### **ACTION ITEMS**

6. The board adopted Resolution 18-25 awarding a two-year contract for as-needed asphaltic concrete and concrete repair services to the lowest responsible bidder, ABC Construction Company Inc. of San Diego, California, in an amount not-to-exceed \$1,865,900. There were no public comments. The motion carried unanimously.

Motion: Verbeke  
Second: Scalzitti

Field Operations Manager Oliver K. Malkin answered numerous questions with the assistance of General Manager Carlos V. Lugo. Mr. Lugo reported that financial details of the current contract would be emailed to the board in response to President Hedberg's request.

7. The board adopted Resolution 18-26 awarding construction of pipeline project easement between Showplace Drive and Rogers Road, Work Order 5086, to the lowest responsible bidder submitting a responsive bid, S.C. Valley Engineering Inc. of El Cajon, California, in the amount of \$349,420 and appropriated funds in the amount of \$490,000 from schedule 64, item 9, of the fiscal year 2018-19 capital budget for construction of the project. There were no public comments. The motion carried unanimously.

Motion: Scalzitti  
Second: Verbeke

Engineering Manager Milica K. Schipper provided a PowerPoint presentation and answered all questions with the assistance of General Manager Carlos V. Lugo.

8. The board adopted the fiscal year 2018-19 preliminary operating budget in the amount of \$78,480,100 and the preliminary capital budget in the amount of \$11,093,000. The motion carried unanimously.

Motion: Verbeke  
Second: Scalzitti

General Manager Carlos V. Lugo introduced the item with a brief overview of the six meetings focused on the preliminary budget. Director of Administrative Services Jennifer C. Bryant provided a PowerPoint presentation and answered all questions with the assistance of Mr. Lugo. The final preliminary budget adjustments were outlined:

- A net effect reduction of \$700,000 from the removal of the CalPERS prepayment
- A decrease of nearly \$352,000 due to the San Diego County Water Authority's fixed charges
- A \$60,000 decrease in the initial estimate for Anthem Blue Cross PPO and HMO premiums
- A \$9,300 decrease in the estimated engineering labor costs
- The addition of \$50,000 to fund two, part-time interns
- The addition of \$2,500 to fund membership in Cleantech San Diego at the request of Director Gracyk

Discussion ensued. President Hedberg verified the next steps would involve entering the preliminary budget in the new financial software, closing the accounting books for the month of June, placing the financials in the five-year rate projection model and approving the new rates on August 1, 2018.

President Hedberg recognized Customer Gordon Place. Mr. Place recognized that staff and the board are working together for the benefit of ratepayers but requested the board look at health care benefits and paid time off. Mr. Lugo reported he and Mr. Place will review these items together.

Vice President McMillan verified that the board was approving the preliminary budget but not rates with action item 8.

**DISCUSSION**

9. President Hedberg reported attending the San Diego County Water Authority press conference on May 23, 2018, regarding the proposed water tax and encouraged all customers to contact their legislators. President Hedberg also reported attending the Water Conservation Garden Customer Appreciation Day and congratulated the volunteer staff for their outstanding participation. Director Verbeke reported the other agencies would be encouraged to participate at a higher level next year.
10. Directors Hedberg, McMillan, Scalzitti, Verbeke and Gracyk provided written reports. In addition, Vice President McMillan reported attending a meeting by Best Best and Krieger regarding pensions and plans to increase investment earnings. Director Scalzitti reported SDCWA is working on taking a stance regarding the proposed water tax. Director Verbeke reported two consultants for the compensation study will be interviewed on July 2, 2018 by the selection committee and a full report will be provided to the board; she reported the Water Conservation Garden Governance Committee will meet June 7, 2018 at noon and that she will attend the Association of California Water Agencies selection committee meeting and the Region 10 event planning meeting. Director Gracyk reported attending the Harry Griffen Park Regional meeting in May providing the contribution matrix proposed by the board, but that the city of El Cajon did not appear receptive. Director Gracyk suggested a more political approach might be necessary.
11. General Manager Carlos V. Lugo detailed upcoming agenda items for the meetings scheduled on June 18, June 20, June 27, July 11, July 18 and July 25, 2018. Mr. Lugo reported there would not be a meeting on July 4, 2018 due to the holiday and Director Scalzitti verified he would serve as the alternate at the July 11, 2018 Engineering and Operations Committee meeting. Mr., Lugo continued to detail additional meetings and a shutdown scheduled for Tuesday, June 19 at Bancroft and Highway 94. The board requested the customer notification be provided to the full board. Discussion ensued. There were no public comments.
12. General Counsel Elizabeth W. Hull reported she is available to answer any additional questions the board may have following the May 30, 2018 special board meeting regarding the various structures of joint powers authorities. There were no questions or comments.

**ADJOURNMENT**

13. President Hedberg adjourned the meeting at 5:29 p.m.



Kathleen Coates Hedberg, President

**ATTEST:**



Sandra L. Janzen, Secretary of the Board