



Setting Standards of Excellence in Public Service

**MINUTES
BUDGET WORKSHOP DAY 1
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Wednesday, May 1, 2019 – 4 p.m.
7811 University Avenue, La Mesa, CA 91942-0427**

1. President McMillan called the special board meeting to order at 4:07 p.m. The roll call showed a quorum of the board present: Directors McMillan, Gracyk, Verbeke, Scalzitti and Hedberg.

Staff present: Lugo, Bryant, Olney, Miller, Tomasulo, Pope, Janzen, Berens, Lyford, Malkin, Garuba, Kading, Haley, Curtis, Andrews, Herrera, Lunde, Annett, Pearce, Ross, Schipper, Masterson and Solano. General Counsel Elizabeth W. Hull was also present.

Others present: Customer Larry Nichols.

2. Director Hedberg 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: Gracyk

4. President McMillan 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. President McMillan reported attending SDG&E's Energy Showcase on April 30, 2019, at the San Diego Convention Center. President McMillan credited Vice President Gracyk and staff for an award presented to the district for energy leadership. President

McMillan reported attending the Harry Griffen Regional Park Joint Powers Authority meeting on April 30, 2019, suggesting all future letters go to all joint powers authority board members and successfully requested an additional JPA meeting to discuss contribution levels. President McMillan reported attending the P3 Water Summit on April 23-24, 2019, at the Grand Hyatt Hotel regarding joint partnerships for public and private agencies and the potential for a venture at Lake Jennings.

6. President McMillan and Vice President Gracyk provided written reports. In addition, Vice President Gracyk reported attending SDG&E's Energy Showcase on April 30, 2019, at the San Diego Convention Center and the Harry Griffen Regional Park Joint Powers Authority meeting on April 30, 2019, with President McMillan. Vice President Gracyk requested Harry Griffen Park be discussed during a future Committee of the Board meeting. Director Verbeke reported participating in the Association of California Water Agencies Region 10 event planning meeting on April 22, 2019; the ACWA strategic planning meeting April 30, 2019 and reported raising \$650 selling cookies at the Water Conservation Garden event on April 27, 2019. Director Scalzitti provided the San Diego County Water Authority meeting update, covering the Treasurer's report, capacity fees and purchase agreements. Discussion ensued regarding the East County Advanced Water Purification project. Director Hedberg reported attending the SDG&E's Energy Showcase and read portions of a press release regarding the event.

CONSENT AGENDA

7. The motion to approve the consent agenda carried unanimously. There were no public comments.

Motion: Scalzitti
Second: Hedberg

- a) Memorandum dated May 1, 2019, from the Secretary of the Board Sandra L. Janzen submitting expense and per diem claims was approved.
- b) The board approved the following set of minutes:
 - i. April 17, 2019, regular board meeting
 - ii. April 18, 2019, special board meeting
 - iii. April 24, 2019, Committee of the Board meeting
- c) The following operating account checks submitted for ratification were approved:
 - i. List dated April 17, 2019
 - ii. List dated April 24, 2019

- d) The board approved the following attendance consideration:
 - i. P3- The Public-Private Partnership Water Summit
April 23-24, 2019
Grand Hyatt Hotel, San Diego

DISCUSSION

- 8. The board received the staff presentation of the draft budget schedules and provided direction regarding the development of the fiscal year 2019-20 operating and capital budgets. General Manager Carlos V. Lugo and Director of Administrative Services Jennifer C. Bryant reported the fiscal year 2019-20 draft budget includes a 1.4 percent increase with a decrease in water purchases and bond service and an increase in CalPERS/benefits, capital and labor. The board was provided with PowerPoint presentations detailing the budget programs for water quality, system operations and Lake Jennings; operations; engineering and administrative services. President McMillan opened public comments. Customer Larry Nichols requested the board examine the capacity fees and water sales estimates.

Discussion ensued during all PowerPoint presentations. General Manager Carlos V. Lugo thanked Finance Manager Amy L. Pope for her expertise and diligence in meeting with all department heads to finalize the draft budget.

The following board requests were made: for staff to provide income detail for enterprise schedules; add a footnote to the Association of California Water Agencies stating membership is required to remain a member of the Joint Powers Insurance Authority; add \$1,000 to the budget for a rebate program in support of leak detection technology; explore the possibility of a GIS intern in the next six months; provide a breakdown of CalPERS classic and new employees and provide the board with an opportunity to meet the district's interns.

Items for discussion at a future committee or Committee of the Board meeting: Harry Griffen Regional Park contributions, the appropriate use on water funds for non-water use and updates regarding transient cleanup efforts.

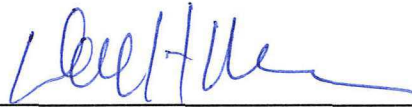
President McMillan adjourned the meeting at 6:52 p.m. for a dinner break and reconvened the meeting at 7:08 p.m.

The board agreed to wait until May 2, 2019, to review the draft capital improvement program for fiscal year 2019-20.

9. General Manager Carlos V. Lugo had nothing additional to report. There were no public comments.
10. General Counsel Elizabeth W. Hull had nothing additional to report. There were no public comments.

ADJOURNMENT

11. President McMillan adjourned the meeting at 8:11 p.m. reporting that the capital improvement program will be reviewed during the May 2, 2019, 4 p.m. special board meeting.



Daniel H. McMillan, President

ATTEST:



Sandra L. Janzen, Secretary of the Board