



Setting Standards of Excellence in Public Service

**MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Wednesday, March 11, 2020 – 5 p.m.
7811 University Avenue, La Mesa, CA 91942-0427**

1. President Gracyk called the special board meeting to order at 5:01 p.m. The roll call showed a quorum of the board present: Directors Gracyk, Verbeke, Scalzitti, Hedberg and McMillan.

Staff present: Lugo, Bryant, Tomasulo, Olney, Malkin, Janzen, Lundy, Pope, Annett and Curtis. General Counsel Lutfi Kharuf was also present.

Others present: Customer William Best, the Water Conservation Garden Executive Director Jennifer Pillsbury, IB Consulting Principal Managing Partners Habib Isaac and Andrea Boehling and CV Strategies Director of Client Services Janet Zimmerman were present.

2. President 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. There were no public comments. The motion to approve the agenda carried unanimously.

Motion: Verbeke
Second: Scalzitti

4. President Gracyk provided opportunity for members of the public to address the board on any item under the subject matter jurisdiction of the district. Customer William Best requested the board reduce the district's late fee and provided handouts as examples of fees charged by other agencies. President Gracyk let Mr. Best know that he can schedule a meeting with General Manager Carlos V. Lugo and/or Director of Administrative Services Jennifer C. Bryant.

ADJOURN TO CLOSED SESSION

5. President Gracyk adjourned open session at 5:10 p.m. to conduct a closed session

conference with legal counsel regarding litigation that was pending at the time of the agenda posting. Prior to the room being cleared, District Counsel Lutfi Kharuf announced the board would be discussing *Kessner, et al. v. City of Santa Clara, et al.* Case Number 20CV364054.

CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL-PENDING LITIGATION

Significant exposure to litigation pursuant to 54956.9(d)(1)

Number of potential cases: 1

ADJOURN CLOSED SESSION

6. President Gracyk adjourned closed session and reconvened open session at 5:34 p.m. District Counsel Lutfi Kharuf reported the board authorized the law firm of Best Best & Krieger to defend the district in the multi-agency case regarding fire flow costs and agriculture rates. Mr. Kharuf also announced the case name and number again as *Kessner, et al. v. City of Santa Clara, et al.* Case Number 20CV364054.

CONSENT AGENDA

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

Motion: Scalzitti
Second: Verbeke

- a) Memorandum dated March 11, 2020, from Secretary of the Board Sandra L. Janzen submitting expense and per diem claims was approved.
- b) The board approved the following sets of minutes:
- i. February 19, 2020, special closed session meeting
 - ii. February 19, 2020, regular board meeting
 - iii. February 26, 2020, Committee of the Board meeting
- c) The following operating account checks submitted for ratification were approved:
- i. Checks dated February 21, 2020
 - ii. Checks dated February 28, 2020
 - iii. Checks dated March 6, 2020

- d) The board adopted the following resolutions:
 - i. Resolution 20-09 Authorizing the Execution of the Corrective Partial Quitclaim of an Easement Over a Portion of Assessor’s Parcel Number 470-492-29, in the City of La Mesa, County of San Diego, State of California
 - ii. Resolution 20-10 Authorizing the Execution of the Quitclaim of Two Easements Over Portions of Assessor’s Parcel Number 464-600-15, in the City of La Mesa, County of San Diego, State of California

- e) The board approved the following attendance consideration:
 - i. Special Districts Summit West
Exploring the Next Decade of Technology and Behavior Changes and How Special Districts are Laying the Foundation for 2030, Today
June 10, 2020
Disney Paradise Pier Hotel, Anaheim

PRESENTATION

- 8. The board received a PowerPoint presentation by Water Conservation Garden Executive Director Jennifer Pillsbury. Ms. Pillsbury provided the board and staff with tomato plants, a newsletter, plant information and an event flier. President Gracyk thanked Ms. Pillsbury for her presentation and opened board comments. Director Scalzitti requested attendance data be emailed to the board and suggested that the WCG consider hosting webinars. President Gracyk suggested google analytics once the website is updated and Vice President Verbeke suggested the WCG add a marketing professional to staff. No board action was taken. There were no public comments.

ACTION ITEM

- 9. The board received an update regarding the district’s 2020 Cost of Service study and rate model. The board agreed through general consensus that the drivers influencing rate changes include increasing the fixed cost recovery to reduce variable revenue recovery; tier 2 rates starting at 13 units versus 15 units with the changing customer usage characteristics impacting the single family residence tier as the Cost of Service study appropriately reapportions costs. Director McMillan stated his sensitivity to allocating costs to the fixed charge.

Director of Administrative Services Jennifer C. Bryant introduced IB Consulting Principal Managing Partners Habib Isaac and Andrea Boehling. The consultants provided a PowerPoint presentation and answered all questions regarding the impact of key revenue assumptions, reserve targets and the timing of budget approval to determine

fiscal year 2020-21 revenue requirements. The board directed IB Consulting to model fixed versus variable scenarios for cost recovery at 29/71 percent, 26/74 percent and in the range of 30 to 35 for the fixed percentage. The board was provided with a summary of the next steps: staff will be provided with a finalized rate model, fixed versus variable rate scenarios will be included in the model and the Five-Year Projection Workshop will take place on May 13, 2020, based on the various reserve assumptions and fixed/variable scenarios. There were no public comments.

President Gracyk adjourned the meeting at 7:32 p.m. for a break. President Gracyk reconvened the meeting at 7:41 p.m.

Senior Public Affairs Representative Michelle M. Curtis and CV Strategies Director of Client Services Janet Zimmerman wrapped up the cost of service process with a PowerPoint presentation summarizing the Proposition 218 public outreach and answered all questions. Director Scalzitti voiced his desire to conduct the Proposition 218 public hearing with the vote taking place at a secondary meeting. The board reviewed the community outreach plan with meetings for public input prior to the hearing. President Gracyk stated his desire for outreach in Spanish. Director Hedberg expressed a desire for board input regarding the customer notice and the desire for a flexible schedule. The board was provided with talking points included in the 2020 Message Deck.

DISCUSSION

10. President Gracyk had nothing additional to report.

Secretary of the Board Sandra L. Janzen provided in the board package information that Customer Service Representative Marlene Young received a customer compliment for providing the exact location of a customer's water meter with a map, location description, photograph and meter identification number.

11. President Gracyk, Vice President Verbeke, Directors Scalzitti, Hedberg and McMillan provided written reports. In addition, Vice President Verbeke reported that she attended the March 9, 2020 Association of California Water Agencies Region 10 meeting and the March 10, 2020 Water Conservation Garden Events Committee meeting. Director Scalzitti provided a summary of the February 27, 2020 San Diego County Water Authority Board of Directors meeting. Director Hedberg reported that Metropolitan Water District of Southern California General Manager Jeffrey Kightlinger announced he will retire at the end of the year and that Escondido City Councilmember John Mason lost his battle with cancer. Director McMillan reported attending the March 3, 2020 San Diego East County Chamber of Commerce, Government Infrastructure and Land Use Committee meeting and the March 5, 2020 Helix Water District Parks, Land, Lakes and Garden Committee meeting. There were no public comments.

12. General Manager Carlos V. Lugo detailed the upcoming agenda items for the meetings scheduled on March 11, 18 and 25, April 1, 8, 9 and 15, 2020. He reported that the district's executive team is working through multiple scenarios regarding the Coronavirus. Safety emails with links to the Centers for Disease Control and Prevention website have been sent to staff. Handwashing instructions have been provided in all restrooms and Mr. Lugo will keep the board posted on all related developments. President Gracyk requested the board be provided with information regarding the plans other water agencies are implementing to protect themselves from the Coronavirus. There were no public comments.
13. General Counsel Lutfi Kharuf provided a summary of San Diego County Water Authority and Metropolitan Water District of Southern California's litigation with the SDCWA dropping several claims in good faith without prejudice and MWDSC providing grants for several large regional projects. There were no public comments.

ADJOURNMENT

14. President Gracyk adjourned the meeting at 8:26 p.m.



Mark Gracyk, President

ATTEST:



Sandra L. Janzen, Secretary of the Board