



Setting Standards of Excellence in Public Service

MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, April 1, 2020 – 5 p.m.
7811 University Avenue, La Mesa, CA 91942-0427

1. President Gracyk called the regular board meeting to order at 5:07 p.m. and turned the meeting over to Board Secretary Sandra L. Janzen to verify all board members, staff and members of the public could hear one another and that everyone could identify the board members by voice recognition or video image through the conferencing software.

The roll call showed a quorum of the board present via electronic conferencing software. Directors Gracyk, Verbeke, Hedberg, Scalzitti and McMillan were present.

Staff present: Lugo, Miller, Bryant, Tomasulo, Olney, Janzen, Pope, Malkin, Curtis and Garuba. General Counsel Elizabeth W. Hull was also present.

Others present: San Diego Union-Tribune Reporter Karen Pearlman and Business Customer Mark Robak.

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, adding that Director Scalzitti requested Item 7 be considered by the board as an action item. District Counsel Elizabeth W. Hull verified no official action was needed to change the agenda topic heading from a discussion to an action item. There were no public comments. The motion to approve the agenda with Item 7 moving from the discussion heading to an action item heading carried unanimously by roll call vote.

Motion: McMillan
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. There were no public comments.

CONSENT AGENDA

5. The motion to approve the consent agenda items a) through d) carried unanimously by roll call vote. There were no public comments.

Motion: Verbeke

Second: Scalzitti

a) Memorandum dated April 1, 2020, from the 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. March 18, 2020, regular board meeting
- ii. March 25, 2020, Committee of the Board meeting

c) The operating account checks submitted for ratification were approved:

- i. Checks dated March 19, 2020
- ii. Checks dated March 20, 2020
- iii. Checks dated March 27, 2020

d) The board adopted Resolution 20-12 authorizing Designation of Applicant’s Agent for Non-State Agencies, to be filed with the California Governor’s Office of Emergency Services for the purpose of obtaining certain federal and/or state financial assistance, if necessary.

Item e) was removed from the consent agenda for discussion at the request of Director McMillan reporting his sensitivity to having three separate entities represented by the same legal firm. District Counsel Elizabeth W. Hull reported that a conflict waiver was signed in April of 2016 by both Helix Water District and Padre Dam Municipal Water District consenting to Best Best & Krieger’s legal representation of both parties in negotiations relating to the East County Advanced Water Purification program. Ms. Hull reported a new waiver is required in response to the East County Advanced Water Purification Joint Powers Authority request for BB&K to provide interim general counsel on various matters including negotiations related to the AWP program. Ms. Hull detailed the rules of professional conduct, scope of representation and disclosures. Discussion ensued. Directors Gracyk, Verbeke, Scalzitti and Hedberg asked clarifying questions and reported satisfaction with the professional services provided by Best Best & Krieger. Director McMillan reiterated that outside representation would be wise given the potential for litigation and stressed that new counsel could be brought up to speed on the program in a timely manner. There were no public comments. The motion to

authorize General Manager Carlos V. Lugo to sign a waiver authorizing Best Best & Krieger to represent both Helix Water District and East County Advanced Water Purification Joint Powers Authority carried 4:1 by roll call vote.

Motion: Gracyk
Second: Verbeke
Ayes: Gracyk, Verbeke, Scalzitti, Hedberg
Noes: McMillian

ACTION ITEMS

6. The board adopted Resolution 20-16 waiving the 48-month contract term limit set forth in Section 3.1-6(A)(4)(b) of the policies and procedures manual, and authorized the General Manager Carlos V. Lugo to execute a third amendment to the existing contract with Prizm Janitorial Services Inc. that will extend custodial services for an additional one-year period effective July 1, 2020, bringing the total contract term to 60 months. There were no public comments. The motion carried unanimously by roll call vote.

Motion: Hedberg
Second: Scalzitti

General Manager Carlos V. Lugo and Director of Operations Kevin D. Miller answered all questions regarding the terms of the new contract, quality of work and scope.

7. The board discussed the fiscal year 2020-21 budget and rate-setting calendar and directed staff to evaluate the budgetary and rate impacts that would result from a potential delay of the Proposition 218 process in light of the economic impacts of the ongoing COVID-19 pandemic. There were no public comments. The motion to freeze 2020 water rates and suspend the Proposition 218 process until January of 2021 carried unanimously by roll call vote.

Motion: Scalzitti
Second: Hedberg

General Manager Carlos V. Lugo and Director of Administrative Services Jennifer C. Bryant introduced the item. President Gracyk opened board discussion. Director Scalzitti stated the motion was made in response to direct communication he has received from constituents. Director Scalzitti's initial motion included the freezing of rates, cancellation of the cost of service study and cancellation of a contract with CV Strategies. Discussion ensued regarding consultant contracts for the cost of service study and additional public relations support. Through general consensus, the board determined the as-needed contract for public relations support did not need to be modified and the cost of service

study should continue. District Counsel reminded the board that contract revisions were not on the agenda. Director Scalzitti amended his motion to freeze 2020 water rates and suspend the Proposition 218 process until January 2021. Additional discussion ensued. Staff was directed to bring financial information to the April 15, 2020 regular board meeting to evaluate the effects of delaying the rate setting process on the budget. Director McMillan stated the financial impacts for evaluation in the cost of service rate model would be the customers' inability to pay their water bills with any long-term effects of COVID-19. Director McMillan also reported the district has substantial reserves, the ability to finance and also shared his gratitude to the board and staff for conducting the regular board meeting and taking this important action for the district's customers.

8. President Gracyk reported attending the Association of California Water Agencies Communicating During a Crisis Webinar on March 30, 2020 and thanked the board, General Manager Carlos V. Lugo and the executive team for their extra efforts during the pandemic.

Secretary of the Board Sandra L. Janzen reported the district received a complimentary email from Customer David Coincon thanking the district for keeping the water safe to drink.

9. President Gracyk, Vice President Verbeke and Directors Scalzitti and McMillan provided written reports. Director Scalzitti reported the San Diego County Water Authority conducted a video conference passing an emergency resolution due to COVID-19, discussed debt management strategies, shutoff legislation, approved a notice of completion and held a closed session to hire an attorney for a potential lawsuit impacting water agencies throughout the state. Director Hedberg reported that 39 board members and staff attended the video conference for the SDCWA Board of Directors meeting. Director Hedberg also reported attending the ACWA webinar President Gracyk referred to. Director Hedberg shared that the webinar suggested promoting rebates, kids events and utilizing all social media avenues to communicate.

Director McMillan reported the district is leading the way by freezing water rate increases in 2020 and suggested staff evaluate low interest rates. There were no public comments.

10. General Manager Carlos V. Lugo detailed the upcoming agenda items for the meetings scheduled on April 8, 9 and 15, 2020 with a potential closed session in mid-April. He reminded the board that the meetings are expected to be held via video conference. General Manager Carlos V. Lugo reported the COVID-19 Response Team is meeting weekly to work through policy issues and communication has been well received by the employees. Mr. Lugo reported 30 to 40 percent of the employees are working remotely

on rotating shifts; customer service calls remain the same; there are no problems getting supplies, but the COVID-10 Response Team is making plans for the next 30 days. General Manager Carlos V. Lugo reported he is proud of the employees, the organization and the board.

President Gracyk asked that Mr. Lugo communicate on behalf of the board, appreciation to staff for their outstanding efforts during this time. All board members expressed their thanks to Mr. Lugo and wished him and his family health. There were no public comments.

11. General Counsel Elizabeth W. Hull reported she is working closely with staff and monitoring all legislative changes. Ms. Hull reported that Governor Newsom was given executive powers through April 15, 2020 and clarified that the district does not need to declare a state of emergency as this has been taken care of by the cities and counties the district serves. President Gracyk recognized caller Mark Robak. Mr. Robak stated his office is within the district's service area and he was listening to the meeting due to the unprecedented times.

ADJOURNMENT

12. President Gracyk adjourned the meeting at 7:33 p.m.



Mark Gracyk, President

ATTEST:



Sandra L. Janzen, Secretary of the Board