



Setting Standards of Excellence in Public Service

**MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
BUDGET WORKSHOP
Wednesday, April 29, 2020 – 1 p.m.
Video/Teleconference**

OPEN MEETING

1. President Gracyk called the special board meeting/budget workshop to order at 1:07 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 via electronic conferencing software.

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

Staff present: Lugo, Bryant, Miller, Olney, Tomasulo, Solano, Janzen, Pope, Doubrava, Ross, Herrera, Schipper, Malkin, Lundy, Dillman, Chambers, Lyford, Dambrose, Uhrhammer, Garuba, Andrews, Curtis and Berens. General Counsel Elizabeth W. Hull was also present.

Others present: Several unidentified customers joined the meeting via phone.

2. Vice President Verbeke 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. There were no public comments. The motion to approve the agenda carried unanimously by roll call vote.

Motion: Hedberg
Second: Verbeke

PUBLIC COMMENTS

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.

DISCUSSION

5. The board received seven staff presentations regarding the draft budget schedules for the development of the fiscal year 2020-21 operating and capital budgets. There were no public comments.

General Manager Carlos V. Lugo introduced the draft budget schedules reporting the budget development was based on the board's solid policies, good management and consideration for customers experiencing the effects of the COVID-19 pandemic. Director of Administrative Services Jennifer C. Bryant continued the introduction and overview of the draft budget with a PowerPoint presentation and outlined that on May 29, 2020, the budget documents will be distributed to the board; on June 3, 2020, the board will receive a presentation of fiscal year 2020-21 budget for approval; and on August 26, 2020 the final budget document will be distributed to the board. President Gracyk opened board comments.

Director of Water Quality/System Operations Brian M. Olney provided a PowerPoint presentation reviewing budget schedules 110, 120, 140, 160 and 180. Director McMillan clarified that more chemicals are needed to treat the local water supply with approximately one third of this impact recovered through operations. Directors McMillan and Scalzitti requested the Lake Jennings meter fees and water usage be discussed at a future Parks, Land, Lakes and Garden Committee meeting in terms of future investments to cover these costs.

Director Hedberg confirmed with General Manager Carlos V. Lugo that the draft schedules assume regular campground occupancy for fiscal year 2020-21 budget purposes. Mr. Olney reported that staff is reviewing the county's plan for the reopening of beaches and parks and developing an internal plan with COVID-19 restrictions.

Vice President Verbeke complimented staff for the detailed presentation, shared she is thankful for the local water supply and reported she is looking forward to campground improvements.

Director of Operations Kevin D. Miller provided a PowerPoint presentation reviewing budget schedules 210, 230, 250 and 270. President Gracyk opened board comments

verifying that the fuel forecast is based on 30 to 40 years of consumption data. Discussion ensued regarding emergency pipe repair and meter/lateral maintenance. Directors Scalzitti and McMillan suggested the Engineering and Operations Committee look at the future plans for vintage AC pipe replacement. Discussion ensued regarding an experience modifier of .86 for workers' compensation insurance. The board thanked Mr. Kevin D. Miller for his presentation.

President Gracyk adjourned the meeting for a recess at 3:12 p.m. and reconvened the meeting at 3:28 p.m. with a quorum of the board.

Director of Engineering James A. Tomasulo provided a PowerPoint presentation reviewing budget schedules 310, 330 and 360. President Gracyk opened board comments. Director Hedberg verified adjustments from previous years and distribution of the operating and capital budgets. President Gracyk thanked Mr. Tomasulo for his presentation.

Director of Administrative Services Jennifer C. Bryant provided a PowerPoint presentation reviewing budget schedules 410, 420, 440, 450, 470, and 480. President Gracyk opened board comments. Discussion ensued regarding schedule 410 with a request to increase the Urban Water Institute membership to a sustaining member and to add the San Diego Taxpayer Association. President Gracyk, Director Hedberg and Director McMillan agreed to bring board memberships to a regular board meeting for further discussion. Directors Scalzitti and McMillan confirmed there are no requests for the district to provide billing services for other agencies.

Director Hedberg confirmed program 4205 – Public Affairs will save money due to reduced consulting services and with bus tour funds being utilized for virtual education and outreach. President Gracyk detailed that the Golden Shovel Standard membership sets best practices, standards and requirements for excavation. Vice President Verbeke thanked Ms. Bryant for the presentation and complimented the entire administrative services staff for the work they accomplish. Vice President Verbeke reported she looks forward to a board discussion regarding the Lake Jennings capital reserve. The board agreed to bring this reserve back to a board meeting for discussion. Director McMillan appreciated that expenditures are being held in line to freeze water rates while also maintaining reserves. President Gracyk thanked Ms. Bryant and her entire team for their work to keep costs down.

Human Resources Manager Anne D. Solano provided a PowerPoint presentation reviewing budget schedule 450 including the human resources, employee relations, employee development and other post-employment benefits. Director McMillan recognized that the board requested \$25,000 from the workers' compensation insurance

savings be utilized for employee events in the current fiscal year. Human Resources Manager Anne D. Solano reported \$12,600 was spent on the district picnic with plans for an additional event which has been delayed due to the COVID-19 pandemic. General Manager Carlos V. Lugo reported staff has received safety awards, suggestion awards and safety equipment. President Gracyk thanked Ms. Solano for her team's work.

Director of Engineering James A. Tomasulo, Director of Water Quality/System Operations Brian M. Olney and Director of Operations Kevin D. Miller provided a PowerPoint presentation regarding the capital improvement program for fiscal year 2020-21. The draft budget summary included \$15,998,000 for engineering and construction, treatment plant projects, equipment and vehicles, facilities improvements and other capital projects. Mr. Tomasulo recognized Engineering Manager Milica Schipper for her work developing the capital improvement program budget. President Gracyk opened board comments clarifying the Lake Jennings boat dock is expected to be installed soon; that the treatment plant HVAC system will be completed in this fiscal year, with \$100,000 carrying into the new fiscal budget due to the timing of final payment.

Director Scalzitti confirmed that several contractors were doing a good job; suggested the new trucks include Wi-Fi to conduct virtual meetings as the district conducts business in different ways; and requested with President Gracyk that the truck-mounted hydro excavator be discussed at the committee level prior to requesting appropriation from the full board to discuss a plan for refurbishing the equipment in approximately 15 years. Director Hedberg verified that the truck-mounted hydro excavator provides enough power to vacuum dirt, water, rocks and sediment down to the pipeline; multiple sites for dumping the materials have been identified; and there are opportunities to share services regionally. President Gracyk pointed out that the surplus vehicles will be sold.

Vice President Verbeke congratulated the treatment plant staff for their varied skill and thanked staff for the savings they provide the district by applying their talents to the 13 treatment plant improvement projects.

All board members thanked the executive team and Ms. Solano for the presentations. The executive team also thanked the board for their commitment to review the budget and set sound policies and to staff for their work. District Counsel Elizabeth W. Hull reported the presentations were impressive and transparent.

General Manager Carlos V. Lugo reported the district has a great message for customers as the board and staff recognize the challenges customers are experiencing through the COVID-19 pandemic. Mr. Lugo thanked all that were involved in the draft budget process.

There were no public comments.

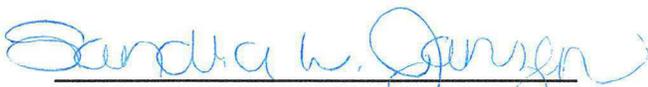
ADJOURNMENT

6. President Gracyk adjourned the meeting at 5:24 p.m.



Mark Gracyk, President

ATTEST:



Sandra L. Janzen, Secretary of the Board