



Setting Standards of Excellence in Public Service

**MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Wednesday, February 3, 2021 – 1 p.m.
7811 University Avenue, La Mesa, CA 91942-0427
Virtual Meeting**

1. President Scalzitti called the special board meeting to order at 1:03 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.

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

Staff present: Lugo, Tomasulo, Olney, Bryant, Miller, Ross, Janzen, Pope, Aytes, Schipper, Garuba, Schuff, Lunde, Herrera, Doubrava, Curtis, Uhrhammer, Dambrose, Solano, Andrews, Berens, Kading, Lyford, Malkin and MacMaster. General Counsel Elizabeth W. Hull of Best Best & Krieger was also present.

Others present: San Diego Union-Tribune Reporter Karen Pearlman was 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. There were no public comments. The motion to approve the agenda carried unanimously by roll call vote.

Motion: Verbeke
Second: Hedberg

4. President Scalzitti 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 carried unanimously by roll call vote. There were no public comments.

Motion: McMillan

Second: Hedberg

- a) Memorandum dated February 3, 2021, 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. January 13, 2021, Engineering and Operations Committee meeting
 - ii. January 15, 2021, Special Finance and Administration Committee meeting
 - iii. January 20, 2021, special board meeting
 - iv. January 20, 2021, second special board meeting
- c) The operating account checks submitted for ratification were approved:
 - i. Checks dated January 22, 2021
 - ii. Checks dated January 29, 2021

Director McMillan confirmed that a check was not issued to the City of El Cajon for Harry Griffen Park reporting he would like to discuss the joint powers authority agreement prior to sending payment.

ACTION ITEMS

6. The board adopted Resolution 21-07 awarding construction of the Tunnel Hill facilities rehabilitation project CIP19013, to the lowest responsible bidder submitting a responsive bid, Paso Robles Tank Inc., in the amount of \$2,891,000; and appropriated funds in the amount of \$3,606,000 from the fiscal year 2020-21 capital budget. There were no public comments. The motion carried unanimously by roll call vote.

Motion: Verbeke

Second: Hedberg

Director of Engineering James A. Tomasulo provided a PowerPoint presentation and answered all questions regarding the two bids, increased pricing, the engineer's estimate and options to reduce the scope of the project if needed. Director McMillan reported that the Engineering and Operations Committee recommends approval of the project.

7. The board adopted Resolution 21-08 declaring construction complete and authorized

filing a notice of completion for the Flume Road slope repair project RMB20096. There were no public comments. The motion carried unanimously by roll call vote.

Motion: Gracyk
Second: Hedberg

Assistant Director of Engineering Timothy J. Ross provided a PowerPoint presentation. Vice President Hedberg and Director Gracyk confirmed with General Manager Carlos V. Lugo that the project would be discussed with district counsel during a future closed session.

BUDGET WORKSHOP

8. The board received the staff presentation of the draft fiscal year 2021-22 operating and capital budget schedules.

General Manager Carlos V. Lugo made opening comments regarding the 12th month of the pandemic and the impact this has had on customers and the district while highlighting the board's recognition of this by postponing a rate increase. Mr. Lugo reported the draft budget adds only one new program, the East County Advanced Water Purification plan; aligns the rate hearing with the fiscal year budget and incorporates the 10-year capital improvement plan and the district's strategic plan. Mr. Lugo reported staff is seeking a multi-year approach for sustainability with a focus on controlling costs while balancing the needs of the district.

Director of Administrative Services Jennifer C. Bryant provided a PowerPoint introduction and overview for the workshop reporting the largest factors for the budget and rate-setting process is the increased cost of water and the limited local water supply. Ms. Bryant reported the five-year projections will be presented on February 17, 2021 and will reflect use of \$4 million from the district's rate stabilization reserve fund; a \$2 million reduction to the PayGo capital budget and removal of the previously included \$750,000 CalPERS prepayments. President Scalzitti confirmed that salaries and benefits would not continue to increase by \$1.6 million each year. Ms. Bryant reported the current increase is a combination of the cost-of-living adjustment, memorandum of understanding agreement with the employees, merit increases expected to be earned by newer staff and the filling of vacant positions. Discussion ensued regarding the benefits and disadvantages of delaying the budget process.

Director of Engineering James A. Tomasulo provided a PowerPoint presentation covering the proposed capital budget and answered all questions regarding the proposed \$2 million reduction in projects for rate mitigation. Mr. Tomasulo detailed the PayGo funding, money to be carried forward and construction timelines. President Scalzitti requested staff keep the board informed regarding cast-iron pipeline replacement progress in order to celebrate completion milestones as they occur. Director of

Engineering James A. Tomasulo detailed the opportunity of reducing the scope on the Tunnel Hill 1A Tank project as well as the option to come back to the board with a midyear budget adjustment. Director Gracyk confirmed the district does not own property rights within the Bradley Avenue pipeline relocation project and therefore will not be reimbursed by the county.

Enterprise Applications Manager Quince S. Lunde and Enterprise Architecture Manager Michael A. Herrera detailed the six server, software and infrastructure upgrades included in the budget. Director of Water Quality/System Operations Brian M. Olney detailed four treatment plant improvements and Director of Operations Kevin D. Miller presented eight equipment and vehicle items. Discussion ensued. Director Gracyk requested the equipment and vehicles be pulled from the budget in concern for ratepayers during the pandemic. Mr. Tomasulo reported a risk-based approach was used to evaluate the equipment needed to continue critical services for customers and which vehicles could wait until future years for replacement. General Manager Carlos V. Lugo shared the importance of efficiency when serving both internal and external customers.

Facilities improvements and Lake Jennings projects were detailed. In addition, Mr. Tomasulo detailed the 10-year capital improvement reallocation of projects and resources to balance the budget. There were no public comments.

President Scalzitti recessed the meeting for a break at 3:45 p.m. and reconvened the meeting at 4 p.m.

Director of Water Quality/System Operations Brian M. Olney provided a PowerPoint presentation covering the proposed budget schedules and answered all questions regarding the lack of local runoff, expected increase in San Diego County Water Authority purchase volume and a higher wholesale rate accounting for 94 percent of the increase to the water quality/system operations budget schedules. Advanced Water Purification was moved to its own budget program for enhanced tracking. Mr. Olney praised the treatment plant staff for their level of expertise and technical abilities saving the district millions of dollars. Director McMillan noted that the budget for Lake Jennings is tight and suggested expansion would increase cash flow. There were no public comments.

Director of Operations Kevin D. Miller provided a PowerPoint presentation. There were no board or public comments. Director of Engineering James A. Tomasulo provided the engineering budget schedules PowerPoint presentation. Mr. Tomasulo praised the work of the engineering managers. There were no board or public comments.

Director of Administrative Services Jennifer C. Bryant provided a PowerPoint presentation of the administrative services budget noting the employees have contributed over \$1 million to their retirements. Board discussion ensued as to when customers may experience a late fee for non-payment of bills and the proposed legislation regarding extensions of non-shutoff policies. There were no public comments.

Human Resources Manager Anne D. Solano provided a PowerPoint presentation and answered all questions regarding the use of a portion of the Association of California Water Agencies Joint Powers Authority refund check for the costs associated with employee programs and activities. President Scalzitti and Director McMillan requested this item be reviewed by the board at a future meeting. Director Gracyk also requested the board receive an update regarding the district internship program following the pandemic. There were no public comments.

General Manager Carlos V. Lugo concluded the budget workshop confirming that the budget would be brought to the board for approval during the March 17, 2021 meeting.

DISCUSSION

9. President Scalzitti opened discussion regarding moving the regular board meeting time from 5 p.m. back to 2 p.m. with increased availability for customer participation via Zoom. President Scalzitti reported the earlier time could decrease staff's long hours during the pandemic, would increase the board's family time and could foster better board discussions at an early hour. Director McMillan reported he is available for 2 p.m. meetings and enjoys board discussion at the beginning of each agenda. Director Verbeke stated she is flexible to meet anytime and prefers board discussion at the end of each meeting. Vice President Hedberg reported that she is available to meet at 2 p.m. and prefers the president's report at the end of each meeting but asked if 2 p.m. works from Director Gracyk. Director Gracyk stated he is opposed to moving the 5 p.m. meeting time to 2 p.m. in an effort to better meet the needs of the public. He also stated that if staff has concerns regarding the time of the meetings they should discuss them with General Manager Carlos V. Lugo. President Scalzitti thanked the board for the discussion and reported he will bring a plan to a future board meeting as an agenda item.
10. President Scalzitti, Director McMillan and Director Verbeke provided written reports. Director McMillan thanked Vice President Hedberg for having him complete her term at the San Diego County Water Authority and reported he is not in support of board members holding long terms. Director McMillan provided brief comments regarding the January 28, 2021 SDCWA board meeting. President Scalzitti reported the SDCWA will be granted attorney fees for past litigation and is interested to see the accounting for this reimbursement in the budget. Vice President Hedberg shared that the 2021 Women in Water Symposium "Flow with the Change" will provide prerecorded and live virtual sessions on March 4, 11 and 18, 2021. Vice President Hedberg also reported delivering 50 books donated by Sunbelt Publishing to the Cuyamaca College.

Directors Gracyk and Verbeke reported attending the February 1, 2021 special Council of Water Utilities meeting. Director Verbeke also reported attending the Association of California Water Agencies board meeting and workshop to review the strategic plan on January 28 and 29, 2021. Director Verbeke reported the ACWA Region 10 Board of

Directors will meet on February 22, 2021, and is currently accepting applications for board members. There were no public comments.

11. General Manager Carlos V. Lugo detailed the upcoming agenda items for the board meetings scheduled on February 10 and 17, 2021. Mr. Lugo also reported there is a special Finance and Administration Committee meeting at 10 a.m. on February 9, 2021 and mentioned that the February 10, 2021, Water Quality and Resources Committee meeting will be moved to a new date and time. Mr. Lugo reported documents for his upcoming performance appraisal will be distributed to the board in the next few days. There were no public comments.
12. General Counsel Elizabeth W. Hull had nothing further to report. There were no public comments.

ADJOURNMENT

13. President Scalzitti thanked everyone for their participation and adjourned the special board meeting at 5:52 p.m.



Joel A. Scalzitti, President

ATTEST:



Sandra L. Janzen, Secretary of the Board