

**LEUCADIA WASTEWATER DISTRICT**

Minutes of a Regular Board Meeting

December 12, 2012

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, December 12, 2012 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

**1. Call to Order**

President Hanson called the meeting to order at 5:00 p.m.

GM Bushee stated that all Board members are present with the exception of Vice President Sullivan and staff is expecting her attendance. Vice President Sullivan entered the meeting at 5:05 PM.

**2. Roll Call**

DIRECTORS PRESENT: Hanson, Sullivan, Kulchin, Juliussen and Omsted

DIRECTORS ABSENT: None.

OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Administrative Services Manager Chuck LeMay, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Trisha Hill, District Engineer Steve Deering with Dudek, CPA Richard Duffey with Brownell & Duffey, Harvey Schroeder with White Nelson Diehl Evans, LLP, Natalie Frascchetti with Dexter Wilson Engineering, Scott King with Charles King Co., and Rob Weber with IEC.

**3. Board of Directors Oath of Office**

General Counsel Brechtel administered the Oath of Office to Directors Hanson, Juliussen and Omsted.

**4. General Public Comment Period**

There was no public comment.

**5. Approval of Agenda**

Upon a motion duly made by Director Juliussen, seconded by Vice President Sullivan, and carried, the Board of Directors approved the agenda.

**6. Presentations and Awards**

None.

**CONSENT CALENDAR****7. Approval of Board and Committee Minutes**

Minutes of the following meetings:

November 14, 2012 Regular Board Meeting

December 3, 2012 Investment & Finance Committee Meeting

November 4, 2012 Engineering Committee Meeting

**8. Approval of Demands for November 2012/December 2012**

Payroll Checks numbered 16403-16452; General Checking – Checks numbered 43169-43281; voided check numbered 46582 was reissued.

**9. Operations Report** (A copy was included in the original December 12, 2012 Agenda)

**10. Finance Report** (A copy was included in the original December 12, 2012 Agenda)

GM Bushee stated that Director Omsted commented on an administrative error in the November Board meeting minutes. GM Bushee stated that staff will make the correction to the final minutes.

Upon a motion duly made by Vice President Sullivan, seconded by Director Juliussen, and carried, the Board of Directors approved the consent calendar.

## **EWA and COMMITTEE REPORTS**

**11. Encina Wastewater Authority (EWA) Reports**

GM Bushee noted that staff provided a handout that includes a summary of the EWA Board meeting that was held that morning.

A. EWA Board Report – December 12, 2012.

Vice President Sullivan reported on EWA's December 12, 2012 Board meeting.

**12. Committee Reports**

A. Investment & Finance Committee (IFC) meeting was held on December 3, 2012.

Director Omsted reported that the IFC reviewed the FY 12 Comprehensive Annual Financial Report (CAFR) and it will be reviewed by the Board later in the agenda.

He also reported that the IFC reviewed staff's recommendation to adopt Resolution No. 2230, Establishing an Administrative Services agreement with Nationwide Retirement Solutions, Inc. to perform non-discretionary recordkeeping and administrative services for its Nationwide 457 Deferred Compensation Plan. He noted that this will also be reviewed later in the agenda.

B. Engineering Committee (EC) meeting was held on December 4, 2012.

Director Juliussen reported that the EC reviewed an agreement with Charles King Co. for the construction of the Lanikai Trunk Sewer Lining Project in an amount not to exceed \$190,750 as the lowest responsive and responsible bidder.

He also reported that the EC reviewed a purchase agreement with Cortech Engineering for the pre-purchase of two new Smith & Loveless pumps as part of the La Costa Pump Station Project in an amount not to exceed \$65,653.

He noted that the EC agreed with staff to present both items to the Board for approval and they will be reviewed later in the agenda.

In addition, he stated that the EC received status updates on the Batiquitos Pump Station Rehabilitation Project, the Force Main Corrosion Protection Project and the performance of the new CCTV Truck. Director Juliussen stated that the performance of the new CCTV truck will be presented to the Board at a future date.

### **ACTION ITEMS**

- 13. Authorize the General Manager to execute an agreement with Charles King Company, Inc. for the construction of the Lanikai Trunk Sewer Lining Project in an amount not to exceed \$190,750 as the only responsive and responsible bidder.**

PM Morishita presented this item, noting that the EC reviewed it at their December 4, 2012 meeting. He also indicated that it is a tactical goal in the FY 13 Tactics & Action Plan.

PM Morishita provided background information on the repair alternatives for the Lanikai Trunk Sewer Lining project, along with details on the coordination of this project and city of Carlsbad's Occidental Line repair project. He indicated that the city of Carlsbad elected not to use the B1 Force Main; therefore, staff advertised for bids for this project as a separate project. He provided a summary of the bid process, indicating that the only bid received was from Charles King, Inc.

PM Morishita stated that their bid was higher than the engineer's estimate; however, due to the specialized nature of the work and the fact that this repair cost was less than other alternatives, staff believes their bid was fair and reasonable. He also noted that IEC reviewed the bid and they recommended that staff award the contract to Charles King, Inc.

Following discussion, and upon a motion duly made by Vice President Sullivan, seconded by Director Omsted and carried, the Board of Directors authorized the General Manager to execute an agreement with Charles King Company, Inc. for the construction of the Lanikai Trunk Sewer Lining Project in an amount not to exceed \$190,750.

- 14. Receive and file the Sanitary Sewer Management Plan (SSMP) Fiscal Year 2012 Audit conducted by Dexter Wilson Engineering, Inc.**

Superintendent Stecker presented the item and introduced Mrs. Fraschetti with Dexter Wilson Engineering to provide an overview of the SSMP FY 12 Audit.

Mrs. Fraschetti provided an overview of the SSMP FY 12 Audit. She stated that the District's activities, programs and efforts meet or exceed the requirements of the SSMP and that changes in District organization, practices or regulations were not significant enough to require a revision to the SSMP prior to June 2014.

President Hanson asked if the District requires an audit each year. GM Bushee stated that the District is not required to conduct an audit each year; however, the audit keeps the District on track and it is beneficial for the District to conduct an annual audit.

Mrs. Fraschetti thanked Jeff, Marvin and their staff for assisting her with the audit process.

Upon a motion duly made by Director Juliussen, seconded by Vice President Sullivan, and

carried, the Board of Directors received and filed the Sanitary Sewer Management Plan (SSMP) Fiscal Year 2012 Audit conducted by Dexter Wilson Engineering, Inc.

**15. Receive and file the Fiscal Year 2012 Comprehensive Annual Financial Report (CAFR).**

CPA Duffey presented this item stating that the IFC reviewed it in detail at its Dec. 3<sup>rd</sup> meeting. He provided a brief overview of the sections included in the audit, noting that he will provide the highlights of the audit's Management's Discussion and Analysis (MD&A). He presented the MD&A's highlights indicating that the LWD is in a strong financial position based on key financial ratios. In addition, he also presented statistical information provided in the audit.

CPA Duffey introduced Mr. Harvey Schroeder to provide the highlights of the financial statements. Mr. Schroeder provided a summary of the financial statements, which included the auditor's report, statement of net assets, long-term liabilities, statement of revenues and cash flows. Mr. Schroeder noted that the auditor's internal report stated that the audit was a clean unqualified opinion for the year ending FY 2012 and no management letter was issued.

Following discussion and upon a motion duly made by Director Juliussen, seconded by Vice President Sullivan, and carried, the Board of Directors received and filed the FY 2012 CAFR.

**16. Authorize the General Manager to execute a purchase agreement with Cortech Engineering for the pre-purchase of two new Smith & Loveless pumps as part of the La Costa Pump Station Project in an amount not to exceed \$65,653.**

PM Morishita presented this item stating that the EC reviewed this item at its December 4, 2012 meeting. He also indicated that this item is a tactical goal in the FY 13 Tactics & Action Plan. He provided background information on the project noting that the project is currently in design. He stated that it includes replacement of two wastewater pumps and associated motors that have an estimated delivery time of 16 weeks.

He stated that the EC and staff believe it's prudent to pre-order the pumps prior to bidding the contract to minimize the delays during the project. He noted that Smith & Loveless originally designed and manufactured the pump station; therefore there is little risk that the pumps will be incompatible.

Following discussion, upon a motion duly made by Vice President Sullivan, seconded by Director Omsted, and carried, the Board of Directors authorized the General Manager to execute a purchase agreement with Cortech Engineering for the pre-purchase of two new Smith & Loveless pumps as part of the La Costa Pump Station Project in an amount not to exceed \$65,653.

**17. Authorize the General Manager to execute a purchase order to the City of Encinitas for raising District manholes in conjunction with the City's annual street overlay project in an amount not to exceed \$28,000.**

PM Morishita presented this item stating that as part of the city of Encinitas' street overlay project, the District manholes are required to be raised to the new grade. He stated that the city of Encinitas bid the project and contracted with the lowest bidder, PAL General Engineering, Inc. He indicated that by raising the manholes to grade in conjunction with the street overlay project, the District saves money due to reduced mobilization and administrative costs. He also noted that

Field Services staff inspects the manhole work once completed.

Following discussion, upon a motion duly made by Vice President Sullivan, seconded by Director Omsted, and carried, the Board of Directors authorized the General Manager to execute a purchase order to the City of Encinitas for raising District manholes in conjunction with the City's annual street overlay project in an amount not to exceed \$28,000.

**18. Adopt Resolution No. 2230 – Establishing an Administrative Services Agreement with Nationwide Retirement Solutions, Inc. to perform non-discretionary recordkeeping and administrative services for its Nationwide 457 Deferred Compensation Plan.**

ASM LeMay presented this item starting with background information on the District's 457 Deferred Compensation Plan. He noted that this resolution does not change or increase any employee benefits. He also provided a summary of the notification that the District received from Nationwide Retirement Solutions, Inc.

He provided two options noting that staff and the IFC recommended an administrative services agreement with Nationwide Retirement Solutions, Inc. to administer the current plan.

Following discussion, and upon a motion duly made by Director Juliussen, seconded by Director Kulchin, and carried, the Board of Directors adopted Resolution No. 2230 – Establishing an Administrative Services agreement with Nationwide Retirement Solution, Inc. to perform non-discretionary recordkeeping and administrative services for its Nationwide 457 Deferred Compensation Plan by the following vote:

AYES: Directors Hanson, Sullivan, Kulchin, Juliussen, and Omsted  
NOES: None  
ABSENT: None  
ABSTAIN: None

**19. Board of Directors Elections of Officers.**

President Hanson announced the item and asked for a motion on the floor.

Upon a motion duly made by Director Omsted, seconded by Director Juliussen, and carried, the Board of Directors elected Vice President Sullivan as the Board President for calendar year 2013.

Upon a motion duly made by Director Juliussen, seconded by Vice President Sullivan, and carried, the Board of Directors elected Director Kulchin as the Board Vice President for calendar year 2013.

**20. Board of Directors Strategic Planning Session.**

GM Bushee presented the item stating that staff would like to schedule the Board of Directors Strategic Planning Session. He stated that Jeff Bills of Confidence Consulting is available to facilitate the meeting, if the Board agrees to use his services.

Director Kulchin and Vice President Sullivan indicated that February 20, 2013 was a good day to schedule the session. GM Bushee noted that staff can schedule the session from 9AM to 2PM.

Director Kulchin asked what topics will be on the agenda. He suggested that the Board provide input. GM Bushee indicated that last year Mr. Bills interviewed the Board members and added Board members' suggested items to agenda. GM Bushee also stated that staff will draft a list of potential topics and include it on the January 2013 Board meeting agenda for discussion and input. GM Bushee stated that staff will follow up to schedule the interviews.

## **INFORMATION ITEMS**

### **21. Project Status Updates and Other Informational Reports**

#### **A. Recycled Water Program Status Report.**

GM Bushee provided an update on the Recycled Water Program. He provided a summary on the negotiations between the District and La Costa Resort & Spa for recycled water, noting that staff sent a proposal letter to the resort.

He also provided an update on the recycled water rebates. He stated that staff confirmed that city of Carlsbad received recycled water rebates from MWD and the San Diego County Water Authority for recycled water that was produced from the Gafner plant. He stated staff is planning on sending the city of Carlsbad a letter requesting that those rebates be refunded to the District.

Vice President Sullivan and Director Juliussen asked several questions relating to the unpaid rebates from the city of Carlsbad. GM Bushee and General Counsel Brechtel answered their questions based on historical documents, the recycled water agreement, and past practices between the District and the city of Carlsbad.

GM Bushee also provided an update on the North San Diego County Regional Recycled Water Project. He stated that State Prop. 84 authorized funding for two grants: 1) \$2 million for planning costs; and 2) approximately \$3.4 million for construction costs. He noted that 25% of the funds need to be match for each grant. LWD's portion is \$90,000 for the planning costs and approximately \$250,000 for construction costs.

GM Bushee stated that the Water Authority is responsible for administering the contract in order to pass the funding through to the participating agencies. The Water Authority will execute an agreement with Olivenhain Municipal Water District (OMWD) to administer this program; therefore, LWD will be required to contract with OMWD. He noted that this contract may be on the January Board agenda. He also stated that RMC submitted a proposal to conduct the EIR and feasibility study and the cost to the District would be approximately \$50,000 for these services; however, these costs are reimbursable from the Prop. 84 Planning Cost funding.

#### **B. 2012 Special District Mailed-Ballot Election Preliminary Results.**

President Hanson announced the item.

#### **C. 2013 CWEA San Diego Section Annual Installation Banquet is scheduled for January 26, 2013 located at the Handlery Hotel in Mission Valley.**

GM Bushee asked the Board to RSVP with EA Hill. He also added that the District submitted

award applications.

Directors Omsted and Julissen indicated that they will attend the event.

## 22. Directors' Meetings and Conference Reports

None.

## 23. General Manager's Report

General Manager Bushee reported on the following items:

- Reminder that the Holiday event is scheduled for tomorrow.
- CASA Conference is scheduled in January. He asked the Board members to RSVP with EA Hill if they would like attend the CSRMA session.

## 24. General Counsel's Report

None.

## 25. Board of Director's Comments

Director Omsted thanked President Hanson for being the Board President. Director Julissen also thanked President Hanson.

Vice President Sullivan wished everyone a healthful and happy holiday. She also stated she is unable attend the January EWA Board meeting and she requested a representative to attend in her place. GM Bushee agreed to do so.


She also stated that she accepted a CSDA Board of Directors request to be the Vice Chair of the Education Committee. She stated that the committee's first meeting is scheduled for the last day of the CASA conference from 9AM – 4PM in Sacramento, CA; therefore, she will be leaving the CASA conference early to attend the meeting.

## 26. Adjournment

President Hanson adjourned the meeting at 6:19 p.m.



Elaine Sullivan, President



Paul J. Bushee  
Secretary/General Manager  
(SEAL)