

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Special Board Meeting
 Tuesday, May 9, 2022

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Tuesday, May 9, 2022 at 1:00 p.m. via teleconference.

1. Call to Order

President Hanson called the meeting to order at 1:00 p.m.

2. Roll Call

DIRECTORS PRESENT: Hanson, Sullivan, Brown, Roesink, Omsted
 DIRECTORS ABSENT: None
 OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Director of Finance and Administration Ryan Green, Director of Technical Services Robin Morishita, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, Field Services Superintendent Jeff Stecker, District Engineer Dexter Wilson, Field Services Supervisor Marvin Gonzalez, and Field Services Specialist Ian Riffel

3. Pledge of Allegiance

Director Brown led the pledge of allegiance.

4. Public Comment

No public comment was received.

5. Approval of Agenda

Upon a motion duly made by Vice President Sullivan, seconded by Director Omsted, and unanimously carried, the Board of Directors approved the agenda by the following vote:

Director	Vote
President Hanson	Yes
Vice President Sullivan	Yes
Director Brown	Yes
Director Roesink	Yes
Director Omsted	Yes

6. Overview of Recommended Fiscal Year 2023 (FY23) Budget

A. Review and discuss the recommended FY23 Budget.

GM Bushee introduced the item and thanked staff for their work on the Budget. He then introduced DFA Green to provide the highlights of the FY23 Budget. FY23 Budget highlights included the following items:

- Principal Budget Objectives;
- Summary of Revenue Increases;
- Budget Organization; and
- Summary of Operating Expenses

DFA Green stated that there is a projected net increase in overall revenues of 8%, for a total of a \$1.086 million.

DFA Green then introduced ASsup Hill to present the administrative services budget.

ASsup Hill stated that the projected administrative expenses total approximately \$2.4 million including non-labor expenses of \$978K. ASsup Hill summarized the administrative expenses indicating that total administrative expenses will increase \$73K and non-labor expenses will increase \$23K. She noted that key Budget drivers include a Financial Plan update expense of \$50K, salary and benefit survey expense of \$30K, an insurance expense increase of \$46K, and an election expense of \$60K.

Director Brown asked where the Financial Plan expense is located in the Budget. ASsup Hill answered it is located within Accounting Services.

ASsup Hill then introduced FSS Stecker to present an overview of the operating expenses.

FSS Stecker stated that the operating expenses for LWD facilities are projected to be \$7.5 million with the Encina Treatment Plant expenses accounting for \$2.3 million of that total. He summarized the field services expenses indicating that Repairs and Maintenance will decrease \$24K, Fuel will increase \$6K, Permits will increase \$4K, Electricity will increase \$5K, and GIS Cloud License/Firewall will increase \$7K. For the Batiquitos facilities, he noted that total operating expenses are projected to be \$523K which represents a 14% increase over the FY22 Budget. For the Recycled Water Enterprise, FSS Stecker indicated that the proposed operating expenses are \$288K which is a decrease of 12% over the FY22 Budget. He noted that Professional Services will decrease 41%, or \$15K and Repairs and Maintenance will decrease 56% or \$40K.

Director Brown asked if the firewall for the Batiquitos Pump Station is located at that pump station. FSS Stecker answered affirmatively. Director Brown also asked if the District pump stations are on the green community energy plan with SDG&E. GM Bushee answered affirmatively.

Director Roesink asked if there has been a reduction in recycled water usage for the South Golf Course at the Omni Resort. FSS Stecker answered no and that due to the recent dry winter, LWD is producing 800-900K gallons of recycled water per day to keep up with demand from the golf course.

FSS Stecker then introduced FSSpec Riffel to present the development budget.

FSSpec Riffel noted that the total operating expenses for development are projected at \$90K and that development pays for development. He noted that this is a decrease of 1%, or \$1K, from the FY22 Budget.

Director Omsted asked if the District covers the cost of development and then is reimbursed by the project owner or developer. FSSpec Riffel answered that the District collects a deposit before the plan check is started.

FSSpec Riffel then introduced DTS Morishita to present the capital budgets.

DTS Morishita presented the capital acquisition budgets for the wastewater program and the recycled water program. He added that capital acquisition items typically cost more than \$5,000 and have a life expectancy greater than one year whereas capital improvement projects are for infrastructure improvements that overlap multiple years. He noted the proposed capital budget total is a little over \$7.6 million, with a proposed capital acquisition budget of \$576K and a capital improvement budget of \$7 million. He further explained that the majority of the capital acquisition budget will go towards retrofitting the CCTV truck with EnviroSight equipment, replacing carpet on the 1st floor of the District headquarters building, the purchase of a spare side stream pump for

the ECO2 system, the purchase of a spare conditioning pump for the Batiquitos Pump Station, a SCADA and Sharepoint Upgrade, and the replacement of other critical sewer maintenance equipment.

Vice President Sullivan asked what is the square footage of the area being recarpeted. GM Bushee answered 7K square feet. FSSpec Riffel noted that the recarpeting cost also involves moving all the office furniture.

Director Brown asked if there are software costs associated with the office equipment upgrades to SCADA and Sharepoint. GM Bushee answered that software costs are capitalized with the purchase but the upgrades and support fall under the Administrative Budget. Director Brown asked what SCADA system the District uses. FSS Stecker answered WIN-911 and Wonderware.

DTS Morishita provided detailed information on the capital improvement budget by reviewing Leucadia's multi-year capital improvement projects, Leucadia's ongoing rehabilitation projects, and other major projects which have a projected cost of \$7.1 million. He noted the key components include: the asset Management Plan Update (\$150K), Village Park 7 Pump Station Replacement project (\$502K), the FY 2023 Gravity Pipeline Rehabilitation project (\$682K), and the Rancho Verde Pump Station Rehabilitation Project (\$419K). He stated that the capital budget also includes jointly owned facilities costs of \$35K and Encina capital improvement costs of \$4.1 million.

Director Omsted asked if grinder pumps can be used in every pump station. DTS Morishita answered only in E1 pump stations.

Director Brown asked where the 2023 Gravity Pipeline Rehabilitation Project is located. DTS Morishita responded it is located on various lines throughout the District.

DFA Green then concluded the FY23 Proposed Budget Overview by presenting Reserve Contributions and noting that \$800K is projected to be pulled from the Reserves to help fund the Wastewater program. He said stated that the Recycled Water Program will add \$146K to the Reserves.

Vice President Sullivan asked if the District still has the lowest wastewater rate in the County. DFA Green answered affirmatively.

Director Brown suggested removing the photo of the server room from the Budget. GM Bushee stated staff would make this change.

The Board thanked staff for their presentations and no action was taken.

7. Closed Session

- A. Meet with District representatives General Manager Bushee and Director of Finance and Administration Green to discuss the FY23 Informal Input Process and provide direction regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6

General Counsel Brechtel stated that the Board will meet in closed session with District representatives General Manager Bushee and Director of Finance and Administration Green to discuss the FY23 informal input process regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6.

The Board of Directors met in closed session and provided direction to the District's representatives. There was no other reportable action.

8. Adjournment

President Hanson adjourned the meeting at 2:47 p.m.



Paul J. Bushee
Secretary/General Manager (SEAL)



Judy Hanson, President