

**LEUCADIA WASTEWATER DISTRICT**  
 Minutes of a Regular Board Meeting  
 July 13, 2022

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A regular meeting of the Board of Directors of the Leucadia Wastewater District was held Wednesday, July 13, 2022 at 5:00 p.m. via teleconference.

**1. Call to Order**

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

**2. Roll Call**

DIRECTORS PRESENT: Hanson, Brown, Roesink, and Omsted

DIRECTORS ABSENT: Sullivan

OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Director of Finance and Administration Ryan Green, Director of Technical Services Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, and District Engineer Dexter Wilson

**3. Pledge of Allegiance**

Director Omsted led the pledge of allegiance.

**4. Adopt Resolution No. 2375 - Authorizing Remote Teleconference Meetings Due to the Declared State Emergency Resulting From the COVID-19 Pandemic**

GM Bushee presented the item and provided background information on AB 361. Staff is recommending the Board adopt Resolution No. 2375 in order to hold its July 13<sup>th</sup> meeting virtually.

Upon a motion duly made by Director Omsted, seconded by Director Roesink, and unanimously carried, the Board of Directors adopted Resolution No. 2375 - Authorizing Remote Teleconference Meetings Due to the Declared State Emergency Resulting From the COVID-19 Pandemic by the following vote:

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

**5. General Public Comment Period**

None.

**6. Approval of Agenda**

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

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

7. **Presentations and Awards**  
None.

### CONSENT CALENDAR

8. **Approval of Board and Committee Minutes**

Minutes of the following meetings:

- June 8, 2022 Regular Board Meeting
- July 5, 2022 Investment and Finance Committee Meeting
- July 6, 2022 Engineering Committee Meeting

9. **Approval of Demands for June/July 2022**

Payroll Checks numbered 220615-1 to 220701-5; General Checking Checks numbered 57118-57199

10. **Operations Report** (A copy was included in the original July 13, 2022 Agenda)

11. **Finance Report** (A copy was included in the original July 13, 2022 Agenda)

12. **Disclosure of Reimbursements**

This report discloses travel expense reimbursements for the month of June 2022.

Upon a motion duly made by Director Brown, seconded by Director Roesink, and unanimously carried, the Board of Directors approved the Consent Calendar by the following vote:

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

### EWA and COMMITTEE REPORTS

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

A. A regular EWA Board Meeting was held on June 22, 2022.

Director Omsted reported on EWA's June 22, 2022 Board Meeting.

B. An Encina Member Agency Manager's (MAM) Meeting was held on July 5, 2022.

GM Bushee reported on EWA's July 5, 2022 MAM meeting.

## 14. Committee Reports

### A. Investment and Finance Committee (IFC) Meeting was held on July 5, 2022.

Director Brown reported that the IFC participated in the Financial Audit Entrance meeting with staff and Garden Duran from Rogers, Anderson, Malody & Scott, LLP. There was no action taken.

Director Brown also reported that the IFC reviewed the following recommendations:

- Resolution No. 2376 amending the LWD Procurement Policy; and
- Redelegate authority to manage LWD's investment program to the General Manager effective September 1, 2022 through August 31, 2023 and to adopt Resolution No. 2378 amending the LWD Investment Policy.

The IFC concurred with staff to present these recommendations to the Board of Directors and they will be discussed later in the agenda

### B. Engineering Committee (EC) Meeting was held on July 6, 2022.

Director Roesink reported that the EC reviewed the following recommendations:

- Authorize the General Manager to execute a sole source three-year base professional services agreement with Dexter Wilson Engineering, Incorporated for District Engineer Consulting Services in an amount not to exceed \$360,000 with an option for two additional years; and
- Authorize the General Manager to execute a sole source Engineering Services contract to update the District's Asset Management Plan with Dexter Wilson Engineering, Incorporated in an amount not to exceed \$127,146.

The EC also reviewed the following three recommendations regarding the Village Park No. 7 Replacement Project Award:

- Authorize the General Manager to execute a change order to the Contract to construct the Encinitas Estates Pump Station Replacement Project with Pacific Hydrotech Corporation for the construction of the Village Park No. 7 Pump Station Replacement Project in an amount not to exceed \$795,500;
- Waive the requirements of Section 8, Formal Procurements for Goods, Construction Services and Other Services (\$60,000.10 and over), of the Procurement Policy as allowed under Section 3.9; and
- Authorize an additional appropriation of \$275K for project construction to cover construction costs and a 10% contingency.

The EC concurred with staff to present these recommendations to the Board of Directors and they will be discussed later in the agenda.

Director Roesink reported that the EC also received an update on the Development Projects Summary. This item was for information purposes and there was no action taken.

## ACTION ITEMS

### 15. Revised Procurement Policy

Adopt Resolution No. 2376 approving LWD's revised Procurement Policy.

DFA Green presented the item and provided background information on the Procurement Policy noting it was most recently updated in 2021. He stated that staff has reviewed the policy and is recommending the following changes:

- Replacing the requirement to publish public notices inviting bids, proposals, or qualifications “in a newspaper of general circulation at least 10 days prior to the bid opening date” with a requirement to publish public notices inviting bids “in a relevant professional journal, publication, newspaper of general circulation and/or the District’s website at least once, ten (10) days prior to the bid opening date to attract a sufficient number of qualified firms.”
- Minor administrative changes such as formatting and grammar.

Upon a motion duly made by Director Brown, seconded by Director Omsted, and unanimously carried, the Board of Directors adopted Resolution No. 2376 approving LWD’s revised Procurement Policy by the following vote:

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

### 16. Update of LWD’s Investment Policy

Redelegate authority to manage LWD’s investment program to the General Manager effective September 1, 2022 through August 31, 2023, adopt Resolution No. 2378 amending LWD’s Investment Policy.

DFA Green presented the item and provided background information on the Investment Policy noting it was most recently updated in 2021. He noted that staff recently reviewed the Policy to determine if any amendments are warranted. DFA Green then reviewed the following changes to the Investment Policy:

- Section 8.2 “Permitted investments” – including registered treasury notes or bonds of any of the other 49 states outside of California (Other 49 States Debt). This type of investment is permissible under the California government code and would be an additional option to consider when diversifying the LWD’s investment portfolio. There are assets available for investment and it is common for other governmental organizations to invest in these asset classes. This type of investment would be limited to 5% of the portfolio.
- Section 8.2 “Permitted investments” – removing Repurchase Agreements as a permissible investment type. While these investments are allowable under the California government code and provide LWD with another option for diversification, the complexities and limitations are such that staff has no intention to invest in these types of assets.
- Minor administrative changes such as formatting and grammar.

EA Baily noted that there was a typo on the Resolution number and this Resolution number should be 2378 not 2375.

Following discussion, upon a motion duly made by Director Brown, seconded by Director Roesink, and unanimously carried, the Board of Directors re delegated authority to manage LWD's investment program to the General Manager effective September 1, 2022 through August 31, 2023, adopted Resolution No. 2378 amending LWD's Investment Policy, and received and filed the annual review of the Investment Policy by the following vote:

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

- 17. Dexter Wilson Engineering Incorporated Contract Extension for District Engineer Services**  
Authorize the General Manager to execute a sole source three-year base professional services agreement with Dexter Wilson Engineering, Incorporated for District Engineer Consulting Services in an amount not to exceed \$360,000 with an option for two additional years.

DTS Morishita presented the item. He explained that Dexter Wilson has been the District Engineer for five years and his staff at Dexter Wilson Engineering, Incorporated (DWEI) provides support to DE Wilson and District staff. He stated that to maintain continuity, staff requests authorization to execute a sole source professional services agreement with DWEI for a three year base period, from July 1, 2022 to June 30, 2025, at \$120K per year with an option to extend the agreement for two additional years.

DTS Morishita stated that DWEI has gained a unique working knowledge and technical expertise regarding District infrastructure and the operation and maintenance of the collection system. He stated that staff believes it is in the best interest of the District that DWEI continues as District Engineer. He stated that due to DWEI's unique and in depth knowledge and for continuity of service, the procurement of the District Engineer services satisfies the criteria for sole sourcing allowed under Section 11.1, Sole Source Procurement, of the District's Procurement Policy.

Following discussion, upon a motion duly made by Director Brown, seconded by Director Roesink, and unanimously carried, the Board of Directors authorized the General Manager to execute a sole source three-year base professional services agreement with Dexter Wilson Engineering, Incorporated for District Engineer Consulting Services in an amount not to exceed \$360,000 with an option for two additional years by the following vote:

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

**18. Update of the Asset Management Plan**

Authorize the General Manager to execute a sole source Engineering Services contract to update the District's Asset Management Plan with Dexter Wilson Engineering, Incorporated in an amount not to exceed \$127,146.

DTS Morishita presented this item and provided background information on the Asset Management Plan (AMP). DTS Morishita stated that staff believes it is prudent to update the District's AMP to document the general condition of District assets, recommend capital improvements and provide an estimated cost for the recommended future projects. He continued that, typically, the AMP is updated on a 5 year cycle and that the cost data is used in the update of the District's Financial Plan.

DTS Morishita said DWEL was asked to submit a proposal because 1) DWEL worked closely with staff to develop the initial AMP and all updates; 2) DWEL developed the predictive failure model used for assessing gravity lines and manholes; 3) DWEL has in depth knowledge of the District's operations from their work on developing and auditing the District's Sewer System Management Plan (SSMP); 4) it provides continuity in the AMP process; and 5) it is the most efficient way to update the AMP. He continued that those same reasons satisfy the criteria for sole sourcing the services to DWEL.

Following discussion, upon a motion duly made by Director Roesink, seconded by Director Omsted, and unanimously carried, the Board of Directors executed a sole source Engineering Services contract to update the District's Asset Management Plan with Dexter Wilson Engineering, Incorporated in an amount not to exceed \$127,146 by the following vote:

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

**19. Village Park No. 7 Replacement Project**

Recommendation 1: Authorize the General Manager to execute a change order to the Contract to construct the Encinitas Estates Pump Station Replacement Project with Pacific Hydrotech Corporation for the construction of the Village Park No. 7 Pump Station Replacement Project in an amount not to exceed \$795,500.

Recommendation 2: Waive the requirements of Section 8, Formal Procurements for Goods, Construction Services and Other Services (\$60,000.10 and over), of the Procurement Policy as allowed under Section 3.9.

Recommendation 3: Authorize an additional appropriation of \$275K for project construction to cover construction costs and a 10% contingency.

DTS Morishita presented this item and provided background information on the Village Park No. 7 (VP7) Pump Station and the recommendation to replace the pump station. He noted that Recommendation 2 had a typo and should state \$60,000.01 and over, not \$60,000.10.

DTS Morishita said that Pacific Hydrotech Corporation (PHC) is completing construction of the Encinitas Estates Pump Station (EEPS) Replacement Project. He continued that during EEPS, PHC

demonstrated exceptional skill and expertise constructing the complex submersible pump station in a confined area. He stated that the skill set to replace VP7 with E/One (civil, mechanical and electrical) is the same as demonstrated by PHC during construction of EEPS.

DTS Morishita explained why a Change Order was recommended as opposed to a new contract. He continued that the coincidental timing of the two pump station replacement projects, project similarities and a unique opportunity to reduce project costs without sacrificing quality of construction are contributing factors. He stated that this unconventional approach benefits both the District and PHC by reducing administrative / overhead burden and risk. DTS Morishita explained that due to the current construction market, continued supply chain issues and rate of inflation, staff believes this approach is in the best interest of the District.

DTS Morishita stated that PHC was asked to provide a quote for the Change Order. He said that PHC submitted a quote of \$795.5K and that staff determined this quote to be fair and reasonable. The engineer's estimate for the project was \$810K. He continued that issuing the change order will require a waiver of the Formal Procurement requirement in the Procurement Policy. DTS Morishita explained that the Board has the authority, at its sole discretion, to waive any part of the Procurement Policy.

Director Roesink thanked DTS Morishita for his presentation and work on the project.

Following discussion, upon a motion duly made by Director Brown, seconded by Director Roesink, and unanimously carried, the Board of Directors authorized the General Manager to execute a change order to the Contract to construct the Encinitas Estates Pump Station Replacement Project with Pacific Hydrotech Corporation for the construction of the Village Park No. 7 Pump Station Replacement Project in an amount not to exceed \$795,500; waived the requirements of Section 8, Formal Procurements for Goods, Construction Services and Other Services (\$60,000.01 and over), of the Procurement Policy as allowed under Section 3.9.; and authorized an additional appropriation of \$275K for project construction to cover construction costs and a 10% contingency by the following vote:

<b>Director</b>	<b>Vote</b>
<b>President Hanson</b>	Yes
<b>Vice President Sullivan</b>	Absent
<b>Director Brown</b>	Yes
<b>Director Roesink</b>	Yes
<b>Director Omsted</b>	Yes

## **20. Receive and file the Fiscal Year 2022 (FY22) Tactics and Action Plan Report**

GM Bushee presented the item stating that the District has accomplished over 114 goals. He provided the highlights of the Plan, which included the following:

- No sewer spills for 2.5 years;
- Hiring of Rogers, Anderson, Malody & Scott, LLP (RAMS) to provide financial auditing;
- Recruitment of three new employees;
- Staff Team Building;
- Live Virtual Tour;
- Teacher Grant Program;
- Leucadia Pump Station Project; and
- FY 21/22 Pipeline Replacement Projects

Vice President Sullivan entered the meeting at 5:46 p.m.

Following discussion, upon a motion duly made by Vice President Sullivan, seconded by Director Omsted, and unanimously carried, the Board of Directors received and filed the FY22 Tactics and Action Plan by the following vote:

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

Director Brown noted it was a great year with a great team. Director Roesink agreed with Director Brown.

Vice President Sullivan thanked Paul for his leadership.

## **21. Adopt the Fiscal Year 2023 (FY23) Tactics and Action Plan**

GM Bushee presented the item stating the Plan includes 78 tactical goals. He provided the highlights of the Plan, which included the following:

- Asset Management Plan Update;
- Financial Plan Update;
- Encinitas and VP7 Pump Station Projects; and
- Strategic Plan Update

Director Brown asked for clarification on the detachment of service areas. GM Bushee provided clarification.

Following discussion, upon a motion duly made by Director Omsted, seconded by Director Brown, and unanimously carried, the Board of Directors adopted the FY23 Tactics and Action Plan by the following vote:

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

## **INFORMATION ITEMS**

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

CASA Election of Officers Fiscal Year 2022/2023 and Approval of Dues Resolution for Calendar Year 2023.

EA Baity noted there are two business items that will be addressed during the CASA Annual



Conference in August. She provided information on the CASA Election of Directors and the approval of the Dues Resolution. She noted that this year President Hanson is the CASA voting member.

Following discussion, upon a motion duly made by Vice President Sullivan, seconded by Director Omsted, and unanimously carried, the Board of Directors approved the CASA Election of Officers Fiscal Year 2022/2023 and Approval of Dues Resolution for Calendar Year 2023 by the following vote:

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

**23. Directors' Meetings and Conference Reports**

None.

**24. General Manager's Report**

GM Bushee reported on the following:

- Employee Luncheon is scheduled for tomorrow at 12 noon

**25. General Counsel's Report**

GC Brechtel reported on the following:

- Assembly Bill 1944; and
- Assembly Bill 2449

**26. Board of Directors' Comments**

None.

**27. Closed Session**

Personnel matters as authorized by Government Code §54957 to review General Manager Performance.

The Board of Directors met in Closed Session. General Counsel Brechtel reported that the Board of Directors reviewed GM Bushee's performance. He stated that the Board agreed that the General Manager's performance was overall excellent.

The Board then reviewed the General Manager's compensation in open session.

Upon a motion duly made by Director Brown, seconded by Director Roesink, and carried, the Board of Directors approved a 4% salary increase from \$252,909.72 to \$263,026.11 by the following vote:

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

Upon a motion duly made by Director Brown, seconded by Vice President Sullivan, and carried, the Board of Directors approved a one time bonus of \$2,500 by the following vote:

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

**28. Adjournment**

President Hanson adjourned the meeting at approximately 6:50 p.m.



Paul J. Bushee  
Secretary/General Manager  
(SEAL)

  
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Judy Hanson, President