

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting

January 19, 2011

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, January 19, 2011 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

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

2. Roll Call

DIRECTORS PRESENT: Omsted, Hanson, Sullivan, and Kulchin

DIRECTORS ABSENT: Juliussen

General Counsel stated that Director Juliussen is participating as a member of the public, because the agenda did not post that he was teleconferencing at tonight's meeting.

OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Technical Services Manager Project Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Trisha Hill, Field Services Supervisor Marvin Gonzalez, Leo Schempp, Harvey Schroeder with Diehl, Evans, & Co., Administrative Specialist Tianne Baity, Field Services Technician II Steve Krason, Field Services Technician II Craig Farrell, District Engineer Steve Deering, CPA Richard Duffey, Nancy Avila with Encina Wastewater Authority, Scott Goldman with RMC Engineering

3. Pledge of Allegiance

4. Approval of Agenda

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

5. Public Comment

None.

6. Presentations and Awards

A. Achievement of Individual Awards.

President Omsted introduced FST II Steve Krason. He provided background information about Steve indicating that last month he passed his 10th anniversary at the District. Director Omsted presented Steve with a certificate and a \$200 award for his service at LWD.

President Omsted also introduced FST II Craig Farrell. He provided background information about Craig indicating that this month Craig passed his 10th anniversary at the District. He presented Craig with a certificate and a \$200 award for his service at

LWD.

President Omsted introduced AS Tianne Baity. He stated that this month she passed her 5th anniversary at the District. He presented Tianne with a certificate and a \$100 award for her service at the District.

The Board members congratulated Steve, Craig, and Tianne for their service at the District.

B. Adopt Resolution No. 2212 – In Appreciation of Leo F. Schempp For His Outstanding Service and Commitment to the Leucadia Wastewater District.

President Omsted presented Resolution No. 2212 – In Appreciation of Leo F. Schempp for his outstanding service and commitment to the Leucadia Wastewater District.

Upon a motion made by Vice President Hanson, seconded by Director Kulchin, and carried the Board of Directors adopted Resolution No. 2212 – In Appreciation of Leo F. Schempp for his outstanding service and commitment to the Leucadia Wastewater District by the following votes:

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

Leo thanked the Board and staff for their support during his 13 years of employment at the District.

7. Consent Calendar

- A. Minutes for the following meetings:
 - December 8, 2010 Regular Board meeting
 - December 16, 2010 Investment & Finance Committee meeting
 - January 10, 2011 Engineering Committee meeting
 - January 11, 2011 Community Affairs Committee meeting
- B. Demands for December 2010/January 2011
Payroll Checks Numbered 15216 – 15263; General Checking – Checks numbered 40261 – 40373.
- C. Operations Report. (A copy was included in the original January 19, 2011 Agenda)
- D. Finance Report. (A copy was included in the original January 19, 2011 Agenda)
- E. Disclosure of Reimbursements Report for July through December 2010. (A copy was included in the original January 19, 2011 Agenda)

Upon a motion made by Director Sullivan, seconded by Director Kulchin, and carried, the Board of Directors approved the consent calendar.

8. Encina Wastewater Authority (EWA) Reports

A. Encina Wastewater Authority Report – December 15, 2010 Board meeting.

Director Sullivan reported on EWA's December 15, 2010 Board meeting.

9. Committee Reports

A. Investment & Finance Committee meeting was held on December 16, 2010.

Vice President Hanson reported that the IFC reviewed the FY 10 Comprehensive Annual Financial Report (CAFR) and that IFC suggested several typographical corrections to the CAFR. She stated that this item will be reviewed at tonight's meeting for the Board's approval.

B. Engineering Committee meeting was held on January 10, 2011.

Director Kulchin reported that the EC reviewed a contract with SAK Construction, LLC for the purchase and installation of 2500 feet of cured-in-place-pipe (CIPP) to repair nine sewer line segments located in Levante Street in Carlsbad and Piraeus Street in Encinitas. Director Kulchin noted that the EC agreed with staff's recommendation to present this item to the Board at tonight's meeting.

In addition, Director Kulchin reported that the EC received an update on the Carlsbad Hilton Project and the Occidental Line Project.

C. Community Affairs Committee meeting was held on January 11, 2011.

Director Sullivan reported that the CAC reviewed and commented on the winter 2011 newsletter layout. She stated that the CAC directed KATZ and staff to make additional changes. She noted that staff forwarded the layout to the Board members for comments and suggestions.

In addition, Director Sullivan reported that the CAC reviewed the public information proposals. She stated that the CAC and staff agreed to interview the top two agencies, TRG & Associates and Rauch Communications and will forward their recommendation to the Board of Directors at the March Board meeting.

10. Old Business

None.

11. New Business

A. North San Diego Regional Water Recycling Technical Report.

GM Bushee noted that staff has provided status updates for the past several months on the North San Diego Regional Water Recycling Project. He noted the project includes a technical report. He introduced Scott Goldman of RMC to present an overview of the technical report.

Mr. Goldman summarized key aspects of the report, which included the following information:

- The project goals and a list of participating agencies in the project;

- The scope of the planning study that included which local areas were reviewed, and the timeframe for the study;
- Recycled water demand summary of non-potable use from the eleven agencies totaled 32,000 AFY;
- Various long-term and short-term options for the project; and
- The Project's schedule

Mr. Goldman noted that the final report will be completed in February. GM Bushee stated that Olivenhain Municipal Water District has contracted with RMC for the development of the report with financial participation from the 11 member agencies.

Vice President Hanson requested a copy of the final report when it's completed.

- B. Authorize the General Manager to execute a contract with SAK Construction, LLC for the purchase and installation of 2500 feet of cured-in-place-pipe (CIPP) to repair nine (9) sewer line segments, located in Levante Street in Carlsbad and Piraeus Street in Encinitas in an amount not exceed \$83,089.

PM Morishita presented this item stating that the EC reviewed SAK Construction's contract at its January 10th meeting. PM Morishita noted that this project is listed as a goal in the FY 11 Tactical Action Plan.

PM Morishita provided a summary of the project and reviewed the companies that submitted bids. He indicated that the lowest responsive bidder was SAK Construction. PM Morishita noted that SAK Construction is headquartered in Missouri, but the company has local employees and it has the necessary workers compensation insurance for the project. PM Morishita also indicated that the bid was reviewed by IEC.

Upon a motion made by Vice President Hanson, seconded by Director Kulchin, and carried, the Board of Directors authorized the General Manager to execute a contract with SAK Construction, LLC for the purchase and installation of 2500 feet of cured-in-place-pipe (CIPP) to repair nine (9) sewer line segments, located in Levante Street in Carlsbad and Piraeus Street in Encinitas in an amount not exceed \$83,089.

- C. Receive and file the Fiscal Year 2010 (FY 10) Comprehensive Annual Financial Report (CAFR).

GM Bushee stated that CPA Duffey will provide the Board will an overview of the Management Discussion and Analysis (MD&A). GM Bushee acknowledged Richard Duffey, ASM LeMay, and AT McEniry for their hard work on the audit.

CPA Duffey presented a PowerPoint overview of the MD&A. He stated that the MD&A provides management's perspective of the District's financial activity for the year. CPA Duffey provided the highlights of the MD&A stating that the audit illustrated that LWD is in a strong financial position.

CPA Duffey introduced Mr. Harvey Schroeder to provide the highlights of the full CAFR, 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 2010. Mr. Schroeder noted that the auditors also reviewed LWD's internal controls and that they provided suggestions to LWD staff on how to strengthen the segregation of duties between staff members.

President Omsted noted that the CAFR was well written and easy to understand.

Following discussion and upon a motion duly made by Director Sullivan, seconded by Vice President Omsted, and carried, the Board of Directors received and filed the FY 2010 CAFR.

D. Call for Nominations to the CSDA Board of Directors Region 6, Seat B.

President Omsted asked the Board members if they would like to nominate a person for the CSDA Board of Directors Region 6, Seat B. The Board of Directors agreed not to nominate a person for the open seat.

E. Board of Directors 2011 Committee Assignments.

President Omsted expressed his opinion on changing members within the Board committee assignments. He stated that change within the committees would be valuable to the District and the Board of Directors. President Omsted offered to switch his committee assignments with another Board member. Following the review of the list of committee assignments, no action was taken and the assignments remain unchanged.

F. CASA Washington D.C. Conference is scheduled for March 14-16, 2011 in Washington D.C. at the Hotel Monaco.

The Board of Directors discussed the option of sending a Board member to the CASA Washington D.C. conference. Following discussion, the Board agreed not to send a representative to the conference.

12. Information Items

A. The Hilton Project Status Update.

District Engineer Deering presented a status report on the Carlsbad Hilton Project. DE Deering also provided an update on the assessment that is reviewing the condition of the Batiquitos Force Main.

B. The Coast News Article "Wastewater plant gets good green grades".

GM Bushee noted that this article highlight EWA's energy program and Director Juliussen was quoted in this article.

C. CSDA News Article "State Budget Proposal Impacts Property Taxes".

GM Bushee stated that this information was covered at the CASA conference, but thought this was good information to share with the Board.

13. Directors' Meetings

- A. CASA Mid-Year Conference was held at the Desert Springs JW Marriott in Palm Desert, CA from January 12-14, 2011.

Director Kulchin stated that the program was well done. He complemented the morning and afternoon speakers. Director Sullivan also complemented the outside speakers that spoke at the conference. She stated that it's good to receive another perspective from non-CASA member representatives.

President Omsted reported the he and Director Juliussen attended a session regarding resource mining that discussed phosphorus, nitrogen, methane, and FOG.

14. Comments, Questions or Requests by Directors

Director Juliussen thanked the Board for letting him attend via teleconference. Director Sullivan confirmed the date of the CWEA Awards & Installation dinner and asked if there was a carpool available.

EA Hill confirmed which Board members will be attending the event and GM Bushee noted he will carpool to the dinner.

15. General Manager's Report

The following items were reported:

- GM Bushee was elected as the Vice President of the CSRMA Executive Board.
- AT Maggie McEniry completed the W-2s and they were placed at each Director's desk.
- Reminded the Board that comments for the 2011 winter newsletter were due today and the newsletter will be finalized shortly.
- Acknowledge EA Hill for writing Leo Schempp's resolution of appreciation.
- EA Hill noted a correction on the list of upcoming conferences and that an updated version will be placed in your agenda binder next month.

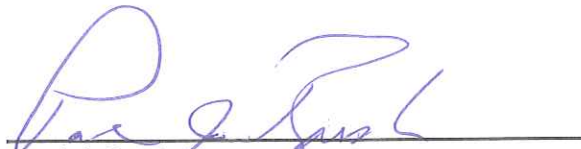
16. General Counsel's Report

Counsel Brechtel reported that he attended the attorney's committee meeting at the CASA conference. He provided a summary of recent legislation relating to public agencies.

17. Adjournment

President Omsted adjourned the meeting at 6:34 p.m.


Don Omsted, President


Paul J. Bushee
Secretary/General Manager
(SEAL)