

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting

October 13, 2010

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, October 13, 2010 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

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

2. Roll Call

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

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Administrative Services Manager Chuck LeMay, Project Manager Robin Morishita, Executive Assistant Trisha Hill, District Engineer Steve Deering, CPA Richard Duffey, Alex McClymont of L.H. Woods & Sons, Tom Lewis of TVRI, Kevin Hardy of Encina Wastewater Authority, and Richard Tverdoch, LWD Customer

3. Pledge of Allegiance

4. Approval of Agenda

Upon a motion duly made, seconded, and carried, the Board of Directors approved the agenda.

5. Public Comment

GM Bushee stated that staff received two speaker slips from guests Mr. Kevin Hardy, General Manager of Encina Wastewater Authority and Mr. Richard Tverdoch, a LWD customer. President Juliussen introduced Mr. Kevin Hardy and noted that Mr. Tverdoch will address the Board under agenda item 11A regarding the Tverdoch/Navazo/Blanton Reimbursement Agreement.

Mr. Kevin Hardy thanked the staff and Board of Directors for LWD's support during the recent sewage spill at EWA. GM Hardy noted that EWA received notification today that the EWPF permit will not be affected. Mr. Hardy summarized how quickly and well LWD and other agencies assisted EWA with the spill response. Mr. Hardy recognized and thanked individuals from the LWD field services division.

The Board of Directors thanked Mr. Kevin Hardy.

6. Presentations and Awards

A. Achievement of an Individual Award.

President Juliussen introduced Mr. Charles LeMay. He presented ASM LeMay with his certificate and award for achieving five years of service at LWD. He noted that under

the District's individual incentive program, he is eligible for a \$100 incentive check.

The Board of Directors and staff congratulated Chuck for his efforts.

B. Achievement of an Organizational Award.

GM Bushee stated that the District recently received the CSRMA Dividend from the workers compensation insurance program. He discussed the benefits of being a CSRMA member and noted that the dividend reflects a good workers compensation record. The District's Incentive Program authorizes a 50% cost sharing of the funds. The award per employee is \$197.72.

7. Consent Calendar

- A. Minutes for the following meetings:
September 8, 2010 Regular Board meeting
September 7, 2010 Community Affairs Committee meeting
- B. Demands for September/October 2010
Payroll Checks Numbered 15094 – 15154; General Checking – Checks numbered 39933 – 40058; Reissued Check Numbered 39951.
- C. Operations Report. (A copy was included in the original October 13, 2010 Agenda)
- D. Finance Report. (A copy was included in the original October 13, 2010 Agenda)

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

8. Encina Wastewater Authority (EWA) Reports

- A. Encina Wastewater Authority Report – September 30, 2010 Board meeting.

Director Sullivan reported on EWA's September 30, 2010 Board meeting.

- B. Member Agency Manager's Meeting (MAM) Report – September 23, 2010 meeting.

GM Bushee reported on MAM's September 23, 2010 meeting. GM Bushee noted that the MAM changed its standard meeting dates to the Thursday, before the EWA Board meetings.

President Juliussen stated that EWA has been holding coordination meetings on the recent spill and that he has been attending those meetings.

9. Committee Reports

- A. Engineering Committee meeting was held on October 12, 2010.

Director Kulchin reported that the EC reviewed staff's recommendation to approve an agreement with L.H. Woods and Sons Inc. for the construction of the Batiquitos Force Main Repair Project and agreed with staff to present this item to the Board for approval. The EC also reviewed an agreement with Richard Stinson for construction

management services during construction of the Batiquitos Force Main Repair Project and agreed with staff to present this item to the Board for approval.

The EC also reviewed staff's recommendation to approve an agreement with Tierra Verde Resources, Inc. for landscape maintenance services of the District's site. The EC agreed with staff to present this item to the Board for approval at tonight's meeting.

In addition, the EC discussed a request from Tverdoch/Navazo/Blanton (Developer) to ask the Board of Directors to modify the terms of the District's Standard Reimbursement Agreement prior. The EC agreed with staff to present this item to the Board of Directors for discussion and appropriate action. This will be reviewed at tonight's meeting.

The Committee was informed that the Satellite Pump Stations, Force Mains, and Gravity Sewer Replacement Project is complete and the Notice of Completion was filed on September 30th.

B. Investment & Finance Committee meeting was held on October 12, 2010.

Director Hanson reported that the IFC reviewed staff's recommendation to appropriate \$118,538.55 to the FY 2011 budget to pay-off the State Water Reclamation Loan. This amount represents those funds that were paid to close-out the water reclamation loan but were not included in the 2011 budget. The IFC agreed to recommend that the Board appropriate \$118,538.55 to the FY 2011 budget.

This item will be reviewed by the Board later in tonight's agenda.

The IFC considered a request by staff to appropriate \$30,000 to the FY 2011 budget for the North San Diego County Regional Water Recycling Project. This agenda item was forwarded to the Board of Directors with no recommendation pending additional information from staff. Director Hanson reported that the IFC requested more information on the planning study that will be completed by RMC Engineering and expenses related to a proposed lobbying contract.

This item will be reviewed by the Board later in tonight's agenda.

10. Old Business

None.

11. New Business

President Juliussen invited Mr. Tverdoch to address the Board of Directors on this agenda item.

A. Report on the Tverdoch/Navazo/Blanton Reimbursement Agreement.

Mr. Tverdoch provided background information on his project stating that he and his neighbors funded and built a sewer main extension to service his home and his neighbor's homes. He indicated that the current reimbursement agreement doesn't

provide ample opportunity for he and his neighbors (Navazo and Blanton) to recoup funds from future residents that would like to connect to the sewer because the term of agreement is only for ten years. He provided a summary of FSM Schempp's response to his request indicating that LWD cannot change the term of the agreement to twenty years, but can modify it so the developer can ask for an extension in the ninth year of the agreement. Mr. Tverdoch indicated that he and his neighbors do not agree with staff rational for not extending the agreement to twenty years.

Director Kulchin requested that Counsel Brechtel provide background information on the reimbursement agreement. Counsel Brechtel discussed the reasons for the length of the ten year agreement and discussed the process to properly administer reimbursement agreements. Counsel Brechtel also stated that the standard agreement is ten years.

Mr. Tverdoch provided additional information for his request to have the agreement extended for twenty years indicating that the agreement protects the District, if staff is unable to locate the current resident in order to reimburse them for future connections.

GM Bushee stated that staff understands why the developer would want a twenty year term agreement, and he indicated that staff is not saying it's impossible to have one. However, he indicated that a twenty year term would put all of the burden on staff to locate the current homeowner in order to reimburse them. He indicated that the culture at the District is to do our due diligence to reimburse the homeowners for the sewer. This particular agreement further complicates the matter because the developer involves three separate entities with varying reimbursement percentages. He further stated that the district's policy is that development pays for development and there is a business aspect of being a developer. He said that staff is being reasonable with the developer by giving them the option to extend the agreement in its ninth year. In addition, the agreement also allows for the developer to contact LWD and update their contact information if needed, in order to assist LWD to properly administer the agreement.

The Board of Directors discussed the term of the agreement. The Board asked Mr. Tverdoch questions relating to his concern with the option to extend the term of the agreement in the ninth year.

Following discussion, upon a motion duly made by Director Hanson, seconded by Vice President Omsted, and carried, the Board of Directors authorized staff to revise the agreement to include the ten year term in the agreement with the option for the developers to request an extension during the ninth year.

- B. Authorize the General Manager to execute an Agreement with LH Woods & Sons Incorporated for the construction of the Batiquitos Force Main Repair Project in an amount not to exceed \$1,094,444 as the lowest responsive and responsible bidder.

PM Morishita presented this item, stating that EC reviewed this item at its meeting on Oct. 12th. PM Morishita indicated that this project is a result of a break in the B2 force main north of Batiquitos pump station in May 2010. He noted the Board

authorized staff to contract with IEC for the design of the project in July. PM Morishita stated that the project went to bid in September and he noted the bids results with LH Woods & Sons being the lowest bid in the amount of \$1,094,444.00. PM noted that LH Woods & Sons bid was reviewed by IEC and based on their review they recommend LH Woods & Sons as the lowest, responsive bidder.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Vice President Omsted, and carried, the Board of Directors authorize the General Manager to execute an agreement with LH Woods & Sons, Incorporated for the construction of the Batiquitos Force Main Repair Project in an amount not to exceed \$1,094,444.00.

- C. Authorize the General Manager to execute a Landscape Maintenance Contract for the District's headquarters site with Tierra Verde Resources, Incorporated (TVR) at the cost not to exceed \$26,280 over an initial three year contract period.

PM Morishita presented this item, stating that a landscape and irrigation system contract was required following the Site Improvement Project warranty period. He indicated that, following an RFP, staff recently received four bids with TVR being the lowest bid at \$26,280 over a three year contract period. PM Morishita stated that he completed a reference check and all responses were positive. He also noted that TVR is a local Encinitas company.

Following discussion, upon a motion duly made by Director Kulchin, seconded by Director Sullivan, and carried, the Board of Directors authorized the General Manager to execute a landscape maintenance contract with Tierra Verde Resources, Inc., at a cost not to exceed \$26,280 over an initial three year contract period.

- D. Authorize the General Manager to execute an Agreement with Richard Stinson Construction Management for construction management services for the construction of the Batiquitos Force Main Repair Project in an amount not to exceed \$50,000.

PM Morishita presented this item, noting that this contract is for the construction management services for the Batiquitos Force Main Repair Project. He stated that Mr. Stinson's work is based on a time and material basis and staff believes his contract is fair and reasonable. PM Morishita further provided examples on how Mr. Stinson provides excellent construction management services for the District.

Following discussion, upon a motion duly made by Director Kulchin, seconded by Director Sullivan, and carried, the Board of Directors authorized the General Manager to execute an agreement with Richard Stinson Construction Management for construction management services for the construction of the Batiquitos Force Main Repair Project in an amount not to exceed \$50,000.

- E. Appropriate funds to the Fiscal Year 2011 budget in an amount of \$118,538.55 to pay off the State Water Reclamation Loan.

CPA Duffey presented this item, stating that last month the Board authorized staff to pay-off the State Water Reclamation Loan. Mr. Duffey indicated that the FY 2011

budget only included \$57,939 toward the total pay-off amount of \$176,477.55. Staff is recommending that the remaining portion of \$118,538.55 be appropriated to the FY 2011 budget. Mr. Duffey noted that the funds will be transferred from the water recycling reserve.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Director Hanson, and carried, the Board of Directors appropriated funds to the FY 2011 budget in an amount of \$118,538.55 to pay-off the State Water Reclamation Loan.

- F. Appropriate funds to the Fiscal Year 2011 water recycling project budget in an amount of \$30,000 to fund planning and lobbying work for the North County Water Recycling Project.

GM Bushee presented this item, stating that the IFC reviewed this item yesterday, but he was unable to attend the meeting due to a meeting conflict with a EWA spill coordination meeting. GM Bushee indicated that ASM LeMay and CPA Duffey held the meeting and IFC requested additional information before approving staff recommendation.

GM Bushee provided a summary of the recommendation and addressed the IFC's concerns regarding RMC's and the lobbyist's scope of work. He also discussed the District's previous recycling project that was funded by a grant and explained how the lobbyist helped the District receive funds for the project. GM Bushee indicated that the District joined the North County Water Recycling Group because the District strategic plan encourages the expansion of LWD's recycled water program. GM Bushee stated that staff reviewed issues related to the RMC contract and the direction of the North County Group at the Special Board of Directors meeting in June 2010.

Director Kulchin asked if the other agencies agreed to the contract with RMC and the lobbyist. GM Bushee confirmed that other agencies have agreed to the contract and explained that RMC is working with all the agencies to draft a plan that will include the building of infrastructure that will allow recycled water to be more readily available to all of the recycling group's member agencies.

GM Bushee indicated that staff will provide regular updates regarding the group's activities. Vice President Omsted voiced his concern that the Board is not reviewing the lobbyist contract prior to staff's execution of the agreement. GM Bushee noted that if the Board desired not to enter into the lobbying contract, he would not execute the agreement when available. If LWD did not participate, it would be unlikely that future grant funding would be received. The Board discussed this issue and directed GM Bushee to move forward with the lobby agreement and project.

GM Bushee indicated that the RMC contract has already been executed because it was within his signature authority.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Vice President Omsted, and carried, the Board of Directors appropriated funds to the Fiscal Year 2011 water recycling project budget in an amount of \$30,000 to fund

planning and lobbying work for the North County Water Recycling Project.

G. Discuss the Lateral TV Inspection Reimbursement.

ASM presented this, stating that the CAC reviewed this item at its September 7th meeting and recommended that staff forward it to the Board of Directors for discussion. ASM LeMay noted that LWD does not maintain private laterals. The District however offers a Lateral Grant program that assists homeowners with the costs of repairing or replacing their laterals.

ASM LeMay stated that staff and the CAC discussed the pros and cons of adding a lateral T.V. inspection reimbursement program for homeowners; however, there was not a strong consensus that this program is in the best interest for the District.

President Juliussen asked what is the average cost of a T.V. inspection. GM Bushee noted that the average cost of a T.V. lateral inspection ranges from \$150 to \$300 depending on the variables of the lateral.

Director Sullivan stated that the CAC is in favor of helping District rate payers with their inspections. However, because of the complexities of a T.V. lateral reimbursement program, the CAC felt it may not be in the best interest of the District. Direct Sullivan suggested an educational program may be helpful. Vice President Omsted indicated that reimbursing a homeowner after a lateral spill is not being proactive and he would like to see a proactive program in place and reward a homeowner for being proactive.

President Juliussen explained that by assisting a homeowner with the cost to repair/replace their lateral, the District is also benefiting from the program.

Following discussion, the Board of Directors directed staff to not draft the Lateral Grant program to include T.V. inspections.

12. Information Items

- A. Water, Environment & Technology Article – “Fog lifts wastewater treatment plant odors”.

Director Hanson stated this was a nice article. GM Bushee also noted that Field Services Technician Steve Krason is the person photographed in the article.

13. Directors’ Meetings

- A. CSDA Conference was held at the Newport Beach Marriott in Newport Beach, CA on September 20-23, 2010.

Director Sullivan stated that the CSDA conference is positive and one of the best conferences that presents the Board with governance, policy making and leadership workshops. Vice President Omsted stated that he attended the sexual harassment training and noted that although it is not required, he believes that the Board members should attend. Vice President Omsted also noted that the Board of Directors binder needs an updated conference sheet.

- B. WEFTEC Conference was held at the New Orleans Morial Convention Center in New Orleans on October 3 – 6, 2010.

President Juliussen stated it was a great conference with thousands of people around the world. He noted that he attended technical sessions and was amazed with the new technology.

14. Comments, Questions or Requests by Directors

Director Sullivan attended the Policy & Finance Committee meeting at Encina Wastewater Authority. She noted that EWA praised LWD for their efforts during and after the spill.

President Juliussen praised EWA staff for their efforts and response to their recent spill.

Director Hanson reported that she will attend a LAFCO meeting this Friday.

15. General Manager's Report

The following items were reported:

- An RFP for Public Outreach services was advertised this week and the proposals are due in December;
- The GM was notified that he is now the chair of CASA's Manager's Committee;
- An overview of the EWA spill

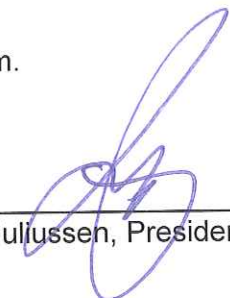
16. General Counsel's Report

General Counsel Brechtel reported that the Governor signed the budget. He also indicated that the Governor vetoed a bill that would potentially provide financial assistance to homeowners with septic systems problems.

17. Adjournment

President Juliussen adjourned the meeting at 7:02 p.m.



Paul J. Bushee
Secretary/General Manager
(SEAL)

Allan Juliussen, President