

AGENDA
REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
LEUCADIA WASTEWATER DISTRICT
 Wednesday, February 10, 2010 – 5:00 p.m.
 1960 La Costa Avenue, Carlsbad, CA 92009

*NOTE: ITEMS ON THE AGENDA MAY BE TAKEN OUT OF SEQUENTIAL ORDER
 AS THEIR PRIORITY IS DETERMINED BY THE BOARD OF DIRECTORS*

1. Call to Order

2. Roll Call

3. Pledge of Allegiance

4. Approval of Agenda

In the case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. Also, items that arise after posting of the Agenda may be added, per Government Code Section 54954.2, by a 2/3 or unanimous vote of the Board.

5. Public Comment

Anyone wishing to address the Board or bring an agenda item forward may do so.

6. Presentations and Awards

A. Achievement of an Individual Award. (Pages 1-2)

B. Achievement of an Organizational Objective. (Pages 3-5)

7. Consent Calendar

Any member of the Board, staff or public may request that items from the Consent Calendar be removed for discussion. Items so removed shall be acted upon separately following approval of remaining items on the Consent Calendar.

A. Minutes of the following meetings:

January 20, 2010 Regular Board Meeting (Pages 6-13)

February 2, 2010 Engineering Committee Meeting (Pages 14-15)

February 3, 2010 Investment & Finance Committee Meeting (Pages 16-17)

B. Demands for January – February. (Pages 18-36)

C. Operations Report. (Pages 37-40)

D. Finance Report. (Pages 41-47)

E. Receive and file the Quarterly Treasurer's Investment Report. (Pages 48-49, Enclosure 7E)

F. Authorize the General Manager to execute a two-year extension to the Pickering Insurance Services Professional Services Agreement for as needed benefit brokerage services. (Pages 50-51)

8. Encina Wastewater Authority Reports

Reports by Directors and staff concerning the Encina Wastewater Authority.

A. Encina Wastewater Authority Reports.

9. Committee Reports

- A. Engineering Committee meeting was held on February 2, 2010 – report by Director Kulchin. (Page 53)
- B. Investment & Finance Committee Meeting was held on February 3, 2010 – report by Director Hanson. (Page 54)

10. Old Business

None.

11. New Business

- A. Execute a contract with Diehl, Evans & Company, LLP for Financial Auditing Services for a period of three years with an option for two additional years. The initial three year term will be in an amount not to exceed \$56,250. (Pages 55-59)
- B. Authorize the General Manager to execute Task Order No. 5 to the KATZ & Associates Public Information Services Agreement in an amount not to exceed \$46,830. (Pages 60-62)
- C. Authorize the General Manager to execute Change Order Number 2 as the final change order to the agreement with Khavari Construction, Incorporated for construction of the Baliquitos Gravity Sewer Construction Project in an amount not to exceed \$75,703 and take final acceptance of the project. (Pages 63-64)
- D. Receive and file the annual review of LWD's Reserve Fund Policy. (Pages 65-70)

12. Informational Items

- A. January 2010 Storm Report. (Page 71)
- B. CSDA Quarterly Dinner Meeting is scheduled for February 18, 2010 at the Courtyard Marriott in Rancho Bernardo from 6:00 p.m. – 9:00 p.m. (Pages 72-73)
- C. Thank you card from Ms. Suzanne Wilson. (Page 74)
- D. Thank you card from Ms. Mim Michelove. (Page 75)
- E. KATZ Connection Newsletter article "A Golden Celebration for Leucadia Wastewater District. (Page 76)

13. Directors' Meetings

None.

14. Comments, Questions, or Requests by Directors

This item is placed on the agenda to allow individual Board members to briefly convey information to the Board or public, or to request staff to place a matter on a future agenda and/or report back on any matter. There is no discussion or action taken on comments by Board members.

15. General Manager's Report

Informational report by the General Manager on items not requiring Board action.

16. General Counsel's Report

Information report by the General Counsel on items not requiring Board action.

17. Closed Session

- A. Meet with General Manager Bushee and Administrative Services Manager LeMay to provide direction regarding compensation and classification of employees as authorized under Government Code Section 54957.6.

18. Adjournment

Note: Any writings or documents provided to a majority of the members of Leucadia Wastewater District regarding any item on this Agenda will be made available for public inspection in the Administration Office located at 1960 La Costa Avenue, Carlsbad, CA 92009 during normal business hours.

AFFADAVIT OF POSTING

I, Paul J. Bushee, Secretary of the Leucadia Wastewater District, hereby certify that I posted a copy of the foregoing agenda in the lobby of the District office at 1960 La Costa Avenue, Carlsbad, California at least 72 hours prior to the meeting, in accordance with Govt. Code Section 54954.2(a).

Date: February 4, 2010



Paul J. Bushee, Secretary/General Manager

MEMORANDUM

DATE: February 4, 2010
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: Presentations and Awards – Achievement of an Individual Objective

It is my pleasure to announce that a Leucadia Wastewater District (LWD) staff member has recently met an individual performance objective under LWD's Incentive Program. The achievement is as follows:

State of California Department of Public Health Water Treatment Operator Grade T1 Certification – James Hoyett

James Hoyett recently received his Grade T1 Water Treatment certification from the State of California. Working for LWD since July 15, 1989, this certification reflects James desire to excel through continued professional development. As a result of this certification, James is eligible for an Individual Incentive Award of \$500.

Please join me in congratulating James for his outstanding accomplishment.

PJB

*State of California
Department of Public Health*

IN ACCORDANCE WITH DIVISION 104, PART 1, CHAPTER 4, ARTICLE 3
OF THE HEALTH AND SAFETY CODE

James D. Hoyett

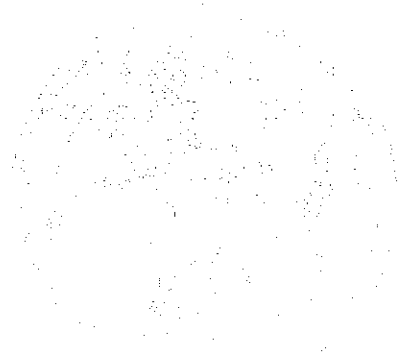
IS AUTHORIZED TO OPERATE OR SUPERVISE THE OPERATION OF A WATER TREATMENT FACILITY
FOR PRODUCTION OF WATER FOR DOMESTIC USE AND IS HEREBY GRANTED THIS CERTIFICATE FOR

Water Treatment Operator
Grade T1

Operator Number: 31444

Issued

January 2010



James H. [Signature]
STATE OF CALIFORNIA, DEPARTMENT OF PUBLIC HEALTH

MEMORANDUM

DATE: February 4, 2010
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: Presentation and Awards - Cost Sharing of CSRMA Retrospective Refunds or Dividends

I am pleased to report that the Leucadia Wastewater District (LWD) recently achieved an organizational objective under the District's Incentive Program.

Cost Sharing of CSRMA Retrospective Refunds or Dividends

At its January 2010 meeting, the CSRMA Board of Directors approved the distribution of dividend payments from the pooled liability insurance program to LWD in the amount of \$22,424.00 (see attached letter). The dividend reflects LWD's excellent risk management record and an ongoing commitment to safety. The Organizational Performance Objectives authorize a 50% cost sharing of the dividend amount with employees. Consequently, each employee is eligible for an incentive compensation award of \$622.89. Table 1, below, summarizes the allocation of the CSRMA dividend and calculation of this incentive compensation award.

Table 1

Dividend Amount	\$22,424.00
50% of Net Dividend (amount eligible for incentive compensation)	\$11,212.00
Incentive Compensation Award Per Employee (18 positions)	\$622.89

Please join me in congratulating LWD for its excellent safety awareness program.

PJB

Attachment



California Sanitation Risk Management Authority



c/o ALLIANT INSURANCE SERVICES, INC.

100 Pine Street, 11th Floor, San Francisco, CA 94111-5101

Tel: 415.403.1400

Insurance License No.: CC36861

Fax: 415.402.0773

OFFICERS:

Robert Reid, *President*

408.378.2407

Russ Baggerly, *Vice President*

805.646.5548

PAST PRESIDENTS:

Randy Musgraves

2001-2003

Kevin Hardy

2003-2006

February 1, 2010

Mr. Paul Bushee

General Manager

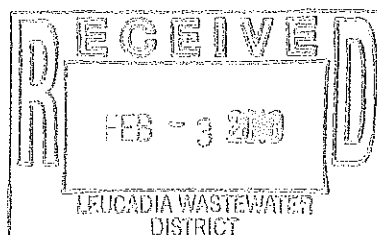
Leucadia Wastewater District

1960 La Costa Avenue

Carlsbad, CA 92009

Pooled Liability Program

Seventeenth Dividend Declaration



Dear Paul:

On January 15, 2010, in accordance with the Board adopted Policy and Procedure, the Board of Directors declared a dividend for the seventeenth year in succession. Dividends declared reflect favorable results from Program Years 1986/87 -- 2003/04. Enclosed is Leucadia Wastewater District's dividend share in the amount of \$22,424.

All agencies share in dividends through the formula adopted by the Board of Directors. Dividends are in addition to the Retrospective Rating Program which limits returns to 25% of a member's original deposit. Any remaining unencumbered funds up to 25% of the amount in any one year are shared among the membership as dividends.

This year, total amount of the dividend declared is \$1,277,803. This remarkable result is reflective of a continued effort in *effective risk management* by member agencies, as well as through the hard work of the CSRMA claims management staff, Program Committee, and the Executive Board.

We expect to declare dividends again next year, the calculation of which will incorporate all prior program years including 2004/05. Overall, the Pooled Liability Program has returned over \$15 million in dividends since its inception, giving a clear indication that the program continues to remain fiscally healthy and is meeting the needs of the membership.

Thank you for your continued participation.

Sincerely yours,

Robert Reid

President

CALIFORNIA SANITATION
RISK MANAGEMENT AUTHORITY
C/O ALLIANT INSURANCE SERVICES, INC.
100 PINE STREET 11TH FLOOR
SAN FRANCISCO, CA, 94111

UNION BANK OF CALIFORNIA
GOVERNMENT SERVICES #291
SAN FRANCISCO, CA 94104
16-49-1220

1/26/2010

PAY TO THE ORDER OF Leucadia Wastewater District

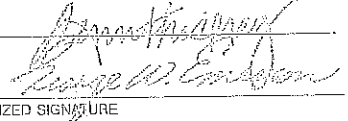
\$ **22,424.00

Twenty-Two Thousand Four Hundred Twenty-Four and 00/100*****

DOLLARS

Leucadia Wastewater District
1960 La Costa Avenue
Carlsbad, CA 92009

VOID SIX MONTHS FROM DATE DRAWN


AUTHORIZED SIGNATURE

MEMO

PLP Dividend 12/31/09

⑈007390⑈ ⑆122000496⑆ 7020015599⑈

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY C/O ALLIANT INSURANCE SERVICES, INC.

7390

Leucadia Wastewater District

1/26/2010

PLP Dividend 12/31/09

22,424.00

General Checking - U PLP Dividend 12/31/09

22,424.00

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY C/O ALLIANT INSURANCE SERVICES, INC.

7390

Leucadia Wastewater District

1/26/2010

PLP Dividend 12/31/09

22,424.00

General Checking - U PLP Dividend 12/31/09

22,424.00

LEUCADIA WASTEWATER DISTRICT
Minutes of a Regular Board Meeting
January 20, 2010

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, January 20, 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, Kulchin, and Sullivan
DIRECTORS ABSENT:	None.
OTHERS PRESENT:	General Manager Paul Bushee, District Counsel Wayne Brechtel, Administrative Services Manager Chuck LeMay, Field Services Manager Leo Schempp, Project Manager Robin Morishita, Executive Assistant Trisha Hill, Field Services Supervisor Jeff Stecker, Field Services Technician III Craig Farrell, Richard Duffey with Brownell and Duffey, Steve Deering with Dudek, Ms. Susan Moise, Ms. Mary Clark, and Ms. Jennifer Carter with La Costa Meadows Elementary School, and Mr. George Litzinger with Dudek.

3. Pledge of Allegiance

4. Approval of Agenda

General Counsel Brechtel requested that a Closed Session agenda item be added to the agenda. General Counsel Brechtel stated that LWD was named in a case regarding a water damage claim on Marca Street. This item came to the District's attention after the agenda was posted.

Upon a motion duly made by Vice President Omsted seconded by Director Hanson, and carried, the Board of Directors approved to add the Closed Session item regarding the Marca claim.

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

5. Public Comment

GM Bushee stated there is no public comment, but he introduced several guests that attended the meeting.

6. Presentations and Awards

A. Recognition of LWD's Teacher Grant Recipients.

GM Bushee stated that last month the Board awarded three \$1,000 grants to teachers in our District. He recognized Ms. Moise and Ms. Clark and ask them to come forward

to be presented with a check from the Board of Directors. Board President Juliussen congratulated the teachers and thanked them for their submissions. The Board of Directors also congratulated Ms. Moise and Ms. Clark.

B. Achievement of an Individual Award.

GM Bushee stated that Craig Farrell recently received his Collection System Maintenance Grade III certification from the California Water Environment Association.

President Juliussen awarded Craig with his certificate and a check. President Juliussen also provided background information about Craig and congratulated him for his efforts. The Board of Directors also congratulated Craig for his efforts.

C. Director Omsted receives the SDLF Award.

GM Bushee stated that Vice President Omsted recently received his SDLF Certification Award for completing his governance courses. He was recognized at the CASA Conference last week. GM Bushee also noted that all LWD Board of Directors have their SDLF Certificates. GM Bushee and the Board congratulated Don for his efforts.

D. Achievement of an Organizational Objective.

GM Bushee stated that LWD was awarded the CSRMA Loss Control Program of the Year Award at the CSRMA Board of Directors meeting during the CASA Conference. This award reflects the District's outstanding safety program, risk management program, and the policies and procedures that LWD has in place. GM Bushee thanked ASM LeMay for putting together the application. The CSRMA award qualifies for a \$300 compensation award to each employee under LWD's Incentive Program.

The Board of Directors congratulated staff for winning the CSRMA Loss Control Program of Year Award.

7. Consent Calendar

A. Minutes for the following meetings:

December 9, 2009 Regular Board Meeting

January 6, 2010 Investment & Finance Committee Meeting

January 7, 2010 Engineering Committee Meeting

B. Demands for December 2009/January 2010

Payroll Checks Numbered 14622 -- 14685; General Checking -- Checks numbered 38753 -- 38916

C. Operations Report. (A copy was included in the original January 20, 2010 Agenda)

D. Finance Report. (A copy was included in the original January 20, 2010 Agenda)

Upon a motion duly 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 16, 2009 Board meeting.

Director Sullivan reported on EWA's December 16, 2009 Board meeting.

B. Member Agency Managers (MAM) Report – January 7, 2010 meeting.

GM Bushee reported on the MAM's January 7, 2010 meeting. GM Bushee noted that the meeting took place at LWD's new facilities.

9. Committee Reports

A. Investment & Finance Committee (IFC) meeting was held on January 6, 2010.

Director Hanson reported that the IFC reviewed the FY 2009 Comprehensive Annual Financial Report (CAFR). This item will be reviewed by the Board later in tonight's meeting.

B. Engineering Committee (EC) meeting was held on January 7, 2010.

Director Kulchin reported that the EC reviewed the agreement with Dexter Wilson Engineering to conduct a Groundwater Feasibility Study in an amount of \$45,960. The Committee also reviewed Resolution No. 2206 for LAFCO to take proceedings for the Meadows No. 3 Pump Station detachment. These items will be reviewed later in the agenda.

In addition, DE Deering reported on the shifting of the Water Recycling Facilities chemical feed building. He will also provide the Board with a report on this issue.

The Committee also met in closed session to discuss anticipated litigation. The Board will discuss this issue in tonight's closed session.

10. Old Business

None.

11. New Business

A. Authorize the General Manager to execute an Agreement with Dexter Wilson Engineering to conduct a Groundwater Feasibility Study within the District's service area in an amount not to exceed \$45,960.

PM Morishita presented the subject recommendation stating that the EC reviewed this item at the January 7, 2010 EC meeting.

PM Morishita provided background information and reasons for conducting the Groundwater Feasibility Study. He also provided a summary of the RFP scope of work. PM Morishita stated that during October 2009, staff and Dudek developed the Request for Proposals (RFP), advertised, and distributed 23 RFPs. He stated that four

proposals were submitted and reviewed by himself, Mike Metts, Steve Deering, and Paul Bushee. PM Morishita stated that based on the reviews, the team selected Dexter Wilson Engineering (DWE) based on the distribution of man hours for this study. He also noted that DWE had the lowest price.

Director Hanson questioned if other local water agencies or the city of Carlsbad can contribute to the cost of the groundwater study. PM Morishita stated that Olivenhain Water District has expressed some interest; however, staff believes it is better to start the study rather than wait to include other agencies since the study is based on taking ground water from LWD's site and within LWD's service area.

Following discussion and upon a motion duly made by Director Kulchin, seconded by Director Hanson, and carried, the Board of Directors authorized the General Manager to execute an agreement with Dexter Wilson Engineering to conduct a Groundwater Feasibility Study within the District's service area in an amount not to exceed \$45,960.

B. Receive and file the Fiscal Year 2009 (FY 09) Comprehensive Annual Financial Report (CAFR).

GM Bushee stated that a representative from Charles Fedak & Co. was unable to attend tonight's meeting; therefore Mr. Duffey will present the FY 09 CAFR.

Mr. Duffey presented a PowerPoint overview of the auditor's Management Discussion and Analysis (MD&A), noting that the MD&A is an analysis of the basic financial statements. Mr. Duffey stated that the audit illustrated that LWD is in a strong financial position. Mr. Duffey also provided 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. Duffey noted that the auditor's internal report stated that the audit did not identify any deficiencies in LWD's internal control based on the limited tests during the audit.

GM Bushee thanked Richard Duffey, ASM LeMay, and AT McEniry for their hard work on the audit. President Juliussen thanked the IFC for their detailed review of the CAFR.

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 2009 CAFR.

President Juliussen requested that the Closed Session item be moved forward for discussion. The closed session items were moved forward for discussion.

17. Closed Session

A. Conference with Legal Counsel to discuss anticipated litigation pursuant to California Government Code Section 54956.9 (b)(1): Jaynes Corporation of CA Contract Dispute.

General Counsel Brechtel stated that the Board met in closed session and authorized

GM Bushee to execute change orders nos. 61.1, 62.1, 63, 64, 65, and 66 for a total amount of \$207,973.00. In addition, the Board authorized GM Bushee to take final acceptance of the project.

- B. Conference with Legal Counsel to discuss anticipated litigation pursuant to California Government Code Section 54956.9 (a) regarding the Rubin's claim.

No reportable action was taken.

11. New Business

- C. Adopt Resolution No. 2206 Requesting LAFCO to Take Proceedings for the Meadows Number 3 Pump Station Detachment.

DE Deering presented the recommended subject stating that the District has been working with city of Carlsbad to decommission the Meadows 3 pump station. As a result of the pump station decommission the flow will be diverted to the city of Carlsbad's gravity pipeline. DE Deering stated that the District and the city of Carlsbad executed an agreement on October 20, 2009 stating that the city of Carlsbad will assume permanent wastewater service to 32.52 acres, including 70 properties.

DE Deering stated that to initiate this process, LWD must adopt a Resolution requesting action by LAFCO. The Resolution No. 2206 requests LAFCO to proceed with the detachment and to adjust the LWD Sphere of Influence.

Following discussion, Resolution No. 2206 was passed and adopted by the following vote:

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

- D. CASA Washington D.C. Conference is scheduled for March 8-10, 2010 in Washington D.C. at the Hotel Monaco.

GM Bushee stated that in the past years, staff has included this as an agenda item for transparency purposes. President Juliussen stated that he would like to go, but at this time is unable to go. President Juliussen encouraged Board members to let staff know by next week if anyone would like to attend.

Directors Sullivan, Juliussen, and Omsted indicated they would like to go to the Watereuse Conference from March 7-9, 2010. No Directors expressed interest in attending the CASA Washington D.C. Conference.

- E. Board of Directors 2010 Board Meeting Dates.

ASM LeMay presented the recommendation stating that in November of 2009, the Board adopted Resolution No. 2205 fixing Board meeting dates and times. ASM LeMay stated he provided a list of suggested 2010 Board meeting dates. He noted

the Board meetings that had a potential conflict with any of the 2010 conferences and changed the meeting date to the third Wednesday of the month.

GM Bushee noted that since no Board members will be attending the CASA Washington D.C. Conference, the Board could meet at its regularly scheduled meeting on March 10, 2010.

Following discussion and upon a motion duly made by Director Kulchin, seconded by Vice President Omsted, and carried, the Board of Directors scheduled the 2010 Board meeting dates as amended to reflect that the March Board meeting to remain on the second Wednesday of the month at 5:00 p.m.

Approved 2010 Board Meeting Dates:

January 20, 2010	July 14, 2010
February 10, 2010	August 11, 2010
March 10, 2010	September 8, 2010
April 14, 2010	October 13, 2010
May 19, 2010 (CSDA Legislative Days)	November 10, 2010
June 9, 2010	December 8, 2010

F. Board of Directors 2010 Committee Assignments.

President Juliussen asked the Board members if they had any comments on the committee assignments.

Vice President Omsted suggested that Board members should shift committee assignments. President Juliussen stated he has no problem shifting the assignment, but indicated that the reason certain Board members participate on a committee is due to their expertise in the field.

General Counsel Brechtel stated that changing the committee positions would be subject to Fair Political Practice Commission regulations and he would have to research how the Board could vote to change their committee positions.

President Juliussen questioned if the President can change the committee assignments at anytime. General Counsel Brechtel confirmed that the President can change the committee assignment at anytime.

Director Kulchin questioned if it is a Brown Act violation for non-committee Board members to attend a committee meeting. General Counsel confirmed that a Board member can attend a committee meeting as long as she/he does not participate.

Following discussion, no committee assignments were changed.

12. **Information Items**

A. Chemical Feed System Relocation.

DE Deering provided a status report on the Chemical Feed System Relocation. DE

Deering stated that over the last six months the west portion of the Chemical Feed Building has been settling causing it to shift. As a result of the shifting, the chemical tank is leaking. DE Deering stated that he has looked into a few options to correct the problem. He suggested that a new storage tank be purchased and that the tank and associated air compressor equipment be relocated closer to the AWT.

- B. Coast News article "City goes green with new water district building".

No report was given.

- C. Thank you card from Ms. Susan Moise and Ms. Mary Clark.

No report was given.

- D. Watereuse Annual Conference is scheduled for March 7-9, 2010 at the Paradise Point Resort & Spa in San Diego.

GM Bushee noted that if the Board members would like to attend this conference or any of the conference special events, please RVSP with EA Hill.

- E. Encinitas First newspaper article "Wastewater District celebrates 50 years with new offices."

No report was given.

- F. CWEA Annual Awards Banquet – January 30, 2010 at the Catamaran Resort in San Diego.

President Juliussen stated he plans on attending this event. GM Bushee stated he will carpool and leave the District at 6:00 p.m. Director Sullivan confirmed she will also attend this event.

13. Directors' Meetings

- A. CASA Mid-Year Conference was held at the Desert Springs JW Marriott in Palm Desert, CA January 13 – 15, 2010.

Director Sullivan stated that Kevin Hardy did a good job of representing EWA as the chair of the committee and it was a good conference. Director Omsted stated he and President Juliussen enjoyed learning about the fuel cells.

Director Kulchin thanked EA Hill for forwarding the evaluation survey.

14. Comments, Questions or Requests by Directors

None.

15. General Manager's Report

The following items were reported:

- ASM LeMay requested that Directors meet at 4:30 pm on February 10, 2010, before the Board meeting for a ribbon cutting photo opportunity provided by the Encinitas Chamber of Commerce.
- GM Bushee noted that the District's system held up very well during the recent storms.
- The Batiquitos pump station did have some electrical issues and he commended Keon Nelson, Jeff Stecker, Ian Riffle, and Steve Krason for manually running the pump station afterhours.
- During the field services routine maintenance, field staff located and released a blockage in the sewer main caused by a resin lining that was protruding from a lateral line.
- The CSDA Teacher Grant applications are due at the end of this month.

16. General Counsel's Report

None.

17. Adjournment

President Kulchin adjourned the meeting at 6:45 p.m.

Allan Juliussen, President

Paul J. Bushee
Secretary/General Manager
(SEAL)

LEUCADIA WASTEWATER DISTRICT
 Minutes of an Engineering Committee Meeting
 February 2, 2010

A meeting of the Engineering Committee (EC) of Leucadia Wastewater District (LWD) was held Tuesday, February 2, 2010 at 8:30 a.m., at the LWD Administration Office located at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

Chairperson Juliussen called the meeting to order at 8:30 a.m.

2. Roll Call

DIRECTORS PRESENT: Juliussen and Kulchin
 DIRECTORS ABSENT: None
 OTHERS PRESENT: General Manager Paul Bushee, Field Services Manager Leo Schempp, Project Manager Robin Morishita, District Engineer Steve Deering, Richard Stinson of Stinson Construction Management and Rob Weber of Infrastructure Engineering Corp.

3. Public Comment

No public comment was received.

4. Old Business

None.

5. New Business

- A. Authorize the General Manager to execute Change Order No. 2 as the final change order to the agreement with Khavari Construction, Inc. for construction of the Batiquitos Gravity Sewer Construction Project in an amount not to exceed \$75,703; and take final acceptance of the project.

PM Morishita presented the recommendation. He noted that the physical project was completed in April 2009 and that staff has been negotiating the final change order since that time.

The EC discussed the recommendation. President Juliussen had several questions regarding the need for certain components of the change order that were answered by staff. Director Juliussen suggested that staff clarify the description of the change order items to better reflect the need for the change order. PM Morishita agreed to do so. Following discussion, the EC concurred with staff to forward this recommendation to the Board of Directors for consideration at its February 10, 2010 meeting.

6. Information Items

A. Satellite Pump Stations, Force Mains and Gravity Sewer Replacement Project Status Report

PM Morishita provided a PowerPoint presentation of the project status. The EC discussed the project. Director Kulchin asked when the project was scheduled to be completed. Mr. Richard Stinson, the project's construction manager, replied that the project is currently on schedule and is expected to be completed in October 2010.

7. Director's Comments

Director Juliussen asked if staff has reviewed the expansion plans for Interstate 5 in the Leucadia area. Director Juliussen added that he was concerned that the expansion of the freeway could impact several of LWD's pipelines in its vicinity. DE Deering replied that staff reviewed preliminary plans some time ago. FSM Schempp added that staff will monitor this issue.

9. General Manager's Comments

GM Bushee introduced FSM Schempp to provide an overview of the January 2010 storm events using the web based ADS flow metering system. FSM Schempp described the ADS metering system noting that there were 7 meters in the LWD system that were designed to capture flow from LWD's major basins. FSM Schempp reviewed and compared the flow metering graphics during a heavy storm week in January 2010 to dry flow data from September 2009. FSM Schempp noted that LWD did see some inflow during the recent events, however, LWD's collection system performed well and there was no perceived infiltration/inflow problem. Staff plans to follow-up with some additional smoke testing in the old Leucadia section of the service area.

The EC discussed the flow metering system and the storm data. Director Kulchin requested that staff present this information to the Board of Directors at its February 10th meeting. FSM Schempp agreed to do so.

10. Adjournment

Chairperson Juliussen adjourned the meeting at approximately 9:40 a.m.

Paul J. Bushee,
Secretary/Manager
(Seal)

LEUCADIA WASTEWATER DISTRICT
Minutes of an Investment & Finance Committee Meeting
February 3, 2010

A meeting of the Investment & Finance Committee (IFC) of the Leucadia Wastewater District (LWD) was held Wednesday, February 3, 2010 at 12:00 p.m. at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

Chairperson Hanson called the meeting to order at 12:05 p.m.

2. Roll Call

DIRECTORS PRESENT: Hanson and Omsted

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, Administrative Services Manager Chuck LeMay, Executive Assistant Trisha Hill, Accounting Technician Maggie McEniry, CPA Richard Duffey with Brownell and Duffey and CPA Harvey Schroeder of Diehl, Evans & Company

3. Public Comment

No public comment was received.

4. Old Business

None.

5. New Business

- A. Execute a contract with Diehl, Evans & Company, LLP for Financial Auditing Services for a period of three years with an option for two additional years. The initial three year term will be in an amount not to exceed \$56,250.

ASM LeMay presented the recommendation stating that it was LWD's practice to periodically change auditors to bring a fresh perspective to the financial auditing process. LeMay explained that since our current auditors (Charles Z. Fedak & Company) had been with the District for the past 5 years, staff advertised a RFP for auditing services in November 2009. The District received 12 proposals. Following review of the proposals, 4 firms were selected for interviews. Of these firms, Diehl, Evans & Company was selected as the successful firm.

Following discussion and the introduction of Harvey Schroeder, the IFC concurred with staff to recommend that the Board of Directors execute a contract with Diehl, Evans & Company, LLP.

B. Annual Review of LWD Reserve Policy.

ASM LeMay presented the subject recommendation stating that the Reserve Policy requires an annual review. He indicated that this review also provides an opportunity to go over LWD's reserve balances and to recommend policy changes if required. LeMay stated that staff had reviewed the Reserve Policy and had no recommended changes.

ASM LeMay provided an overview of the reserve activity.

Following discussion, the IFC concurred with staff to recommend that the Board of Directors receive and file the Reserve Policy Review Report.

6. Information Items

None.

7. Directors' Comments

None.

8. General Manager's Comments


None.

9. Adjournment

Chairperson Hanson adjourned the meeting at 12:38 p.m.

Paul J. Bushee
Secretary/General Manager
(Seal)

MEMORANDUM

DATE: February 4, 2010
 TO: Board of Directors
 FROM: Paul J. Bushee, General Manager 
 SUBJECT: Approval of January/February Demands

RECOMMENDATION:

Staff requests that the Board of Directors:

1. Approve checks and electronic payments totaling \$ 302,335.48
2. Discuss and take other action as appropriate.

DISCUSSION:

Attached are check registers describing all payments made by LWD for the months January 12, 2010 – February 4, 2010.

Operating expenses totaled \$130,387.01 while Capital Improvement Program expenses totaled \$82,294.05

Payroll for employees and the Board totaled \$ 39,654.42.

Attached please find a year to date Employee and Board Payroll Report from January 2009 to February 2010 for your review. The report includes a monthly breakdown of employee and Board payroll expenses for the prior 12 months.

Attachment 1	Summary of Demands by Account, January/February 2010
Attachment 2	Payroll Check Register dated January 13, 2010
Attachment 3	Payroll Check Register dated January 20, 2010
Attachment 4	Accounts Payable Register dated January 21, 2010
Attachment 5	Mgrs Check Register dated January 21, 2010
Attachment 6	Payroll Check Register dated January 27, 2010
Attachment 7	Accounts Payable Check Register dated February 1, 2010
Attachment 8	Board Payroll Check Register dated February 3, 2010
Attachment 9	Year to Date Employee and Board Payroll Report

DEMANDS SUMMARY

February 10, 2010

1. Demands

<u>Category</u>	<u>Check #'s</u>	<u>Amount</u>	<u>Total</u>
Payroll Checks -1/13/2010	14686 - 14703	\$38,692.19	
Payroll Check - 1/20/2010	14704 - 14722 Incentive	\$5,443.19	
Payroll Checks- 1/27/2010	14723 - 14740	\$40,266.16	
Board Payroll Checks- 2/4/2010	14741 - 14745	<u>\$5,252.88</u>	
	Total	\$89,654.42	
General Checking -1/21/2010	38917 - 38964	\$106,861.39	
General Checking -2/1/2010	38965 - 39006	<u>\$105,449.67</u>	
	Total	\$212,311.06	
<u>MIGRS Account</u>	355	<u>\$370.00</u>	
	Grand Total	\$302,335.48	\$302,335.48

LEUCADIA WASTEWATER DISTRICT
EMPLOYEE PAYROLL CHECK REPORT

Payroll Date: January 13, 2010

<u>Check Nos.</u>	<u>Date</u>	<u>Amount</u>
14686 - 14703	1/13/2010	\$38,692.19

LEUCADIA WASTEWATER DISTRICT
EMPLOYEE PAYROLL CHECK REPORT

Payroll Date: January 20, 2010
INCENTIVE

<u>Check Nos.</u>	<u>Date</u>	<u>Amount</u>
14704 - 14722	1/20/2010	\$5,443.19

Run date: 01/20/2010 @ 16:27
 Bus date: 01/21/2010

Leucadia Waste Water District
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UNION BANK GENERAL

Check-Run	Seq#	Date	Vendor / Name / Obligat'n Description	Net amount	INVOICE NUMBER
38917- 2433	1	1/21/2010	10167 ACACIA GASOLINE & CAR WASH		
	1		40186 OPEN PO-VEHICLE GAS/FUELS	84.55	2232
	1		40200 OPEN PO-VEHICLE GAS/FUELS	42.52	2235
38917- 2433	1	1/21/2010	Logged *** Total ***	127.07	
38918- 2433	2	1/21/2010	10221 ADS LLC		
	2		40235 METER MAINT-DEC	3,994.06	12493.22-1209
38918- 2433	2	1/21/2010	Logged *** Total ***	3,994.06	
38919- 2433	3	1/21/2010	10570 ANTIMITE TERMITE & PEST CONTRO		
	3		40211 MONTHLY PEST SERVICE-JAN	53.00	468062
38919- 2433	3	1/21/2010	Logged *** Total ***	53.00	
38920- 2433	4	1/21/2010	11060 BARRETT ENGINEERED PUMP		
	4		40190 HYDROMATIC PUMP	864.56	069428
38920- 2433	4	1/21/2010	Logged *** Total ***	864.56	
38921- 2433	5	1/21/2010	11627 RICK BROWN		
	5		40197 LATERAL REIMBURSEMENT	1,487.50	BROWN
38921- 2433	5	1/21/2010	Logged *** Total ***	1,487.50	
38922- 2433	6	1/21/2010	11877 KENNETH BUTTS		
	6		40236 REIMBURSE KB-BOOTS	64.16	BOOTS-JAN
38922- 2433	6	1/21/2010	Logged *** Total ***	64.16	
38923- 2433	7	1/21/2010	12112 JEFF BILLS		
	7		40237 CONSULTING FEES-DEC	2,000.00	CC-DEC09
38923- 2433	7	1/21/2010	Logged *** Total ***	2,000.00	
38924- 2433	8	1/21/2010	12360 CITY OF CARLSBAD		
	8		40209 WATER @ VACTOR	116.05	8538889-1/2010
	8		40210 WATER @ VACTOR 2	152.90	530880-2010
38924- 2433	8	1/21/2010	Logged *** Total ***	268.95	
38925- 2433	9	1/21/2010	12510 COAST WASTE		
	9		40184 RENT STORAGE CONTAINER	153.13	4557810274
38925- 2433	9	1/21/2010	Logged *** Total ***	153.13	
38926- 2433	10	1/21/2010	12514 CONEXIS		
	10		40208 SEC 125-FLEX PLAN-DEC	125.00	1209-OR5179
38926- 2433	10	1/21/2010	Logged *** Total ***	125.00	
38927- 2433	11	1/21/2010	12585 COUNTY OF SAN DIEGO		
	11		40192 HAZARDOUS MATERIAL PERMIT @LPS	687.00	HK07-105038
38927- 2433	11	1/21/2010	Logged *** Total ***	687.00	
38928- 2433	12	1/21/2010	12631 COR-0-VAN		
	12		40181 OPEN PO-STORAGE	58.53	RS1353606
38928- 2433	12	1/21/2010	Logged *** Total ***	58.53	
38929- 2433	13	1/21/2010	13071 DATCO		
	13		40183 OPEN PO-SERVICE FEES AND TESTS	300.30	66346

UNION BANK GENERAL

Check-Run	Seq#	Date	Vendor / Name / Obligat'n Description	Net amount	INVOICE NUMBER
38929- 2433	13	1/21/2010	Logged	*** Total ***	300.30
38930- 2433	14	1/21/2010	13328 DIEGO & SON PRINTING, INC.		
	14		40193 PRINTING WINTER 2010 NEWSLETTE	3,040.42	35789
38930- 2433	14	1/21/2010	Logged	*** Total ***	3,040.42
38931- 2433	15	1/21/2010	13834 DWYER INSTRUMENTS, INC		
	15		40238 PARTS	228.89	02952203
38931- 2433	15	1/21/2010	Logged	*** Total ***	228.89
38932- 2433	16	1/21/2010	14410 EL CAMINO REAL SHELL ENCINITAS		
	16		40187 OPEN PO-VEHICLE FUELS/GAS	246.61	8241
	16		40199 OPEN PO-VEHICLE FUELS/GAS	776.02	8246
38932- 2433	16	1/21/2010	Logged	*** Total ***	1,022.63
38933- 2433	17	1/21/2010	14423 ELECTRICAL SALES, INC.		
	17		40189 POWERWARE FE3850 UPS VAC	1,997.78	4085545
38933- 2433	17	1/21/2010	Logged	*** Total ***	1,997.78
38934- 2433	18	1/21/2010	17010 HAAKER EQUIPMENT CO		
	18		40195 OPEN PO-REPAIRS TO VACTOR	33.71	C71678
38934- 2433	18	1/21/2010	Logged	*** Total ***	33.71
38935- 2433	19	1/21/2010	17058 JUDY HANSON		
	19		40232 REIMBURSE JH FOR CONFERENCE	853.40	JH-JAN2010
38935- 2433	19	1/21/2010	Logged	*** Total ***	853.40
38936- 2433	20	1/21/2010	17255 HIGH DESERT SPECIALISTS		
	20		40234 BACKFLOW SERVICE @VP7	45.00	HD-JAN
38936- 2433	20	1/21/2010	Logged	*** Total ***	45.00
38937- 2433	21	1/21/2010	17532 EASYHOST COMPANY		
	21		40240 DOMAIN HOSTING-JAN-APRIL	65.85	734813
38937- 2433	21	1/21/2010	Logged	*** Total ***	65.85
38938- 2433	22	1/21/2010	18150 ICMA RETIREMENT-303979		
	22		40205 DEFERRED COMP-ICMA	2,686.09	ICMA-1/13/2010
38938- 2433	22	1/21/2010	Logged	*** Total ***	2,686.09
38939- 2433	23	1/21/2010	18576 INTERSTATE BATTERIES OF SAN DI		
	23		40196 BATTERIES	523.69	770008102
38939- 2433	23	1/21/2010	Logged	*** Total ***	523.69
38940- 2433	24	1/21/2010	19050 JANI-KING OF CALIF., INC SAN D		
	24		40215 CLEANING SERVICES-JAN	1,733.00	SD01100455
38940- 2433	24	1/21/2010	Logged	*** Total ***	1,733.00
38941- 2433	25	1/21/2010	21102 CASH		
	25		40228 PETTY CASH-JAN	357.90	PETTY-1/14/2010
38941- 2433	25	1/21/2010	Logged	*** Total ***	357.90
38942- 2433	26	1/21/2010	21510 CHUCK LEMAY		

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Leucadia Waste Water District
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UNION BANK GENERAL

Check-Run	Seq#	Date	Vendor / Name / Obligat'n Description	Net amount	INVOICE NUMBER
38942- 2433	26	1/21/2010	40233 REIMBURSE CLM FOR CONFERENCE Logged *** Total ***	119.73 119.73	CLM-JAN2010
38943- 2433	27	1/21/2010	23068 NATIONWIDE RETIREMENT SOLUTION		
38943- 2433	27	1/21/2010	40212 DEFERRED COMP-NATIONWIDE Logged *** Total ***	1,113.34 1,113.34	NATION-1/13/10
38944- 2433	28	1/21/2010	23570 NORTH COUNTY TIMES		
38944- 2433	28	1/21/2010	40239 AD-PUBLIC INFO Logged *** Total ***	142.00 142.00	243158
38945- 2433	29	1/21/2010	23572 NORTH COUNTY EQUIPMENT INC		
38945- 2433	29	1/21/2010	40230 SERVICE CHAIN SAW Logged *** Total ***	15.00 15.00	22281
38946- 2433	30	1/21/2010	24224 OFFICE DEPOT, INC.		
38946- 2433	30	1/21/2010	40182 OPEN PO-OFFICE SUPPLIES 40201 OPEN PO-OFFICE SUPPLIES 40203 OPEN PO-OFFICE SUPPLIES Logged *** Total ***	4.57 30.18 105.39 140.14	503369572001 502499679002 503369479001
38947- 2433	31	1/21/2010	24528 DONALD OMSTED		
38947- 2433	31	1/21/2010	40231 REIMBURSE DO FOR CONFERENCE Logged *** Total ***	105.00 105.00	DO-JAN2010
38948- 2433	32	1/21/2010	25032 PALOMAR WATER		
38948- 2433	32	1/21/2010	40216 WATER @ OFFICE Logged *** Total ***	163.24 163.24	155334
38949- 2433	33	1/21/2010	25260 PERS RETIREMENT		
38949- 2433	33	1/21/2010	40226 BOARD RETIREMENT 12-31-2009 40227 EMPLOYEE RETIREMENT 1-2010-3 Logged *** Total ***	84.99 13,503.34 13,588.33	12-2009-0 1-2010-3
38950- 2433	34	1/21/2010	25265 PEP BOYS		
38950- 2433	34	1/21/2010	40229 SUPPLIES Logged *** Total ***	83.69 83.69	07010027504
38951- 2433	35	1/21/2010	26804 QUALITY CHEVROLET		
38951- 2433	35	1/21/2010	40180 OPEN PO-VEHICLE TRUCK REPAIRS 40202 OPEN PO-VEHICLE TRUCK REPAIRS Logged *** Total ***	1,308.94 105.58 1,414.52	CTCS388582 CTCS388674
38952- 2433	36	1/21/2010	27478 R. J. SAFETY SUPPLY CO., INC.		
38952- 2433	36	1/21/2010	40188 OPEN PO-MISC SAFETY EQUIPMENT Logged *** Total ***	259.91 259.91	27105400
38953- 2433	37	1/21/2010	27516 ROBERT & JANE ROGERS		
38953- 2433	37	1/21/2010	40198 LATERAL REIMBURSEMENT Logged *** Total ***	1,687.50 1,687.50	ROGERS
38954- 2433	38	1/21/2010	27910 PROFORMA PRINT & PROMOTIONS		

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Leucadia Waste Water District
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UNION BANK GENERAL

Check-Run	Seq#	Date	Vendor / Name / Obligat'n Description	Net amount	INVOICE NUMBER
	38		40194 REORDER OF PAYROLL CHECKS	387.47	0282016265
38954- 2433	38	1/21/2010	Logged *** Total ***	387.47	
38955- 2433	39	1/21/2010	28020 SAN DIEGO GAS AND ELECTRIC		
	39		40219 ELECTRIC @ LC PS	1,005.00	01031273-1/2010
	39		40220 ELECTRIC @ RANCHO VERDE	156.15	01380248-1/2010
	39		40221 GAS @ OFFICE	402.69	01178368-1/2010
	39		40222 ELECTRIC @ VP7	82.22	00747631-1/2010
	39		40223 ELECTRIC @ MEADOWS 3	186.90	01169672-1/2010
	39		40224 ELECTRIC @ SAXONY PS	809.21	01683816-1/2010
	39		40225 ELECTRIC @ VP5	296.05	00747336-1/2
38955- 2433	39	1/21/2010	Logged *** Total ***	2,938.22	
38956- 2433	40	1/21/2010	28070 SAN DIEGUITO WATER DISTRICT		
	40		40214 WATER @ BPS	57.75	31527-1/2010
38956- 2433	40	1/21/2010	Logged *** Total ***	57.75	
38957- 2433	41	1/21/2010	28324 SHELL OIL COMPANY		
	41		40185 OPEN PO-VEHICLE FUEL/GAS	205.45	065023442001
38957- 2433	41	1/21/2010	Logged *** Total ***	205.45	
38958- 2433	42	1/21/2010	28818 SUSAN WILSON		
	42		40191 LATERAL REIMBURSEMENT	939.10	WILSON
38958- 2433	42	1/21/2010	Logged *** Total ***	939.10	
38959- 2433	43	1/21/2010	29112 TC CONSTRUCTION		
	43		40179 SATELLITE PUMP STATION REPLACE	64,876.00	#2
	43		40204 10% RETENTION	-6,487.60	#2-
38959- 2433	43	1/21/2010	Logged *** Total ***	58,388.40	
38960- 2433	44	1/21/2010	30560 UNITED PARCEL		
	44		40218 SHIPPING	15.08	000025YY37020
38960- 2433	44	1/21/2010	Logged *** Total ***	15.08	
38961- 2433	45	1/21/2010	30580 UNITED WAY		
	45		40213 EMPLOYEE CONTRIBUTIONS	5.00	UNITED-1/13/10
38961- 2433	45	1/21/2010	Logged *** Total ***	5.00	
38962- 2433	46	1/21/2010	31232 VERIZON WIRELESS		
	46		40217 CELL PHONE CHARGES	677.46	0831977432
38962- 2433	46	1/21/2010	Logged *** Total ***	677.46	
38963- 2433	47	1/21/2010	32500 WORDEN WILLIAMS, APC		
	47		40206 LEGAL FEES-DEC-SITE	700.00	28029
	47		40207 LEGAL FEES-DEC	890.00	28028
38963- 2433	47	1/21/2010	Logged *** Total ***	1,590.00	
38964- 2433	48	1/21/2010	33227 XEROX CORPORATION		
	48		40178 SERVICE/MAINT CONTRACT	53.44	045291688
38964- 2433	48	1/21/2010	Logged *** Total ***	53.44	

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Leucadia Waste Water District
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UNION BANK GENERAL

Check-Run	Seq#	Date	Vendor / Name / Obligat'n Description	Net amount	INVOICE NUMBER
				.00	
** Total check discount **				.00	
** Total check amount **				106,861.39	
** Total void discount **				.00	
** Total void amount **				.00	

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Bus date: 02/03/2010

Leucadia Waste Water District
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UNION BANK-MRGS

Check-Run	Seq#	Date	Vendor / Obligat'n	Name / Description	Net amount	INVOICE NUMBER
355- 2435	0	1/21/2010	16580	GOVERNMENT FINANCE OFFICER ASS		
	0		40302	GFOA APPLICATION	370.00	
355- 2435	0	1/21/2010	Logged	*** Total ***	370.00	
					.00	
** Total check discount **					.00	
** Total check amount **					370.00	
** Total void discount **					.00	
** Total void amount **					.00	

LEUCADIA WASTEWATER DISTRICT
EMPLOYEE PAYROLL CHECK REPORT

Payroll Date: January 27, 2010

<u>Check Nos.</u>	<u>Date</u>	<u>Amount</u>
14723 - 14740	1/27/2010	\$40,266.16

UNION BANK GENERAL

Check-Run	Seq#	Date	Vendor / Name / Obligat'n Description	Net amount	INVOICE NUMBER
38965- 2434	1	2/01/2010	10100 NAPA AUTO		
	1		40299 SUPPLIES	54.84	919374
38965- 2434	1	2/01/2010	Logged	*** Total ***	54.84
38966- 2434	2	2/01/2010	10122 ACTION MAIL		
	2		40253 WINTER NEWSLETTER	1,272.76	22849
38966- 2434	2	2/01/2010	Logged	*** Total ***	1,272.76
38967- 2434	3	2/01/2010	10167 ACACIA GASOLINE & CAR WASH		
	3		40247 OPEN PO-VEHICLE GAS/FUELS	36.29	2240
38967- 2434	3	2/01/2010	Logged	*** Total ***	36.29
38968- 2434	4	2/01/2010	11314 BERGELECTRIC CORP		
	4		40245 OPEN PO-MISC ELECTRICAL WORK	268.51	11792.7TM-21
38968- 2434	4	2/01/2010	Logged	*** Total ***	268.51
38969- 2434	5	2/01/2010	12814 CUES, INC		
	5		40244 OPEN PO-REPAIRS TO CCTV	356.26	319897
38969- 2434	5	2/01/2010	Logged	*** Total ***	356.26
38970- 2434	6	2/01/2010	13072 DATA NET		
	6		40275 IS MAINT AND SUPPORT	460.00	9735557
38970- 2434	6	2/01/2010	Logged	*** Total ***	460.00
38971- 2434	7	2/01/2010	13822 DUDEK & ASSOCIATES		
	7		40284 GE/3252/759/CABO GRILL	385.00	20094773
	7		40285 GE/3252/505/HARWOOD	388.85	20094563
	7		40286 GE/3252/546/L.C. FAIRWAYS	226.60	20094564
	7		40287 GE/3252/735/TVERDOCH	1,993.75	20094583
	7		40288 GE/3252/667/V. OF LC 420	220.00	20094565
	7		40289 GE/3252/697/LC. GREENS	1,075.00	20094566
	7		40290 GE/3251/GRADING PLANS	550.00	20094562
	7		40291 GE/3252/791/TARGET	110.00	20094568
38971- 2434	7	2/01/2010	Logged	*** Total ***	4,949.20
38972- 2434	8	2/01/2010	14410 EL CAMINO REAL SHELL ENCINITAS		
	8		40246 OPEN PO-VEHICLE FUELS/GAS	646.18	8254
38972- 2434	8	2/01/2010	Logged	*** Total ***	646.18
38973- 2434	9	2/01/2010	14423 ELECTRICAL SALES, INC.		
	9		40282 CLASS FUSES @ DIANA PS	88.18	4086589
38973- 2434	9	2/01/2010	Logged	*** Total ***	88.18
38974- 2434	10	2/01/2010	14530 ENCINA WASTEWATER AUTHORITY		
	10		40298 OTRLY LABS FEES-OCT-DEC	2,886.60	607
38974- 2434	10	2/01/2010	Logged	*** Total ***	2,886.60
38975- 2434	11	2/01/2010	16806 THE GUARDIAN		
	11		40260 DENTAL/DISABILITY INS-FEB	3,248.90	GUARD-1/21/2010
38975- 2434	11	2/01/2010	Logged	*** Total ***	3,248.90
38976- 2434	12	2/01/2010	17010 HAAKER EQUIPMENT CO		

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Leucadia Waste Water District
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UNION BANK GENERAL

Check-Run	Seq#	Date	Vendor / Name / Obligat'n Description	Net amount	INVOICE NUMBER
	12		40250 OPEN PO-REPAIRS TO VACTOR	177.92	C71735
	12		40258 CREDIT	-24.71	C71782
38976- 2434	12	2/01/2010	Logged *** Total ***	153.21	
38977- 2434	13	2/01/2010	17027 HABITAT RESTORATION SCIENCES,		
	13		40252 NGVI LANDSCAPING SERVICES \$330	330.00	1666
38977- 2434	13	2/01/2010	Logged *** Total ***	330.00	
38978- 2434	14	2/01/2010	17060 HARTFORD LIFE & ACCIDENT INS.		
	14		40280 LIFE INS-FEB	364.74	4711028-3
38978- 2434	14	2/01/2010	Logged *** Total ***	364.74	
38979- 2434	15	2/01/2010	18150 ICMA RETIREMENT-303979		
	15		40261 DEFERRED COMP-ICMA	2,689.14	ICMA-1/27/2010
38979- 2434	15	2/01/2010	Logged *** Total ***	2,689.14	
38980- 2434	16	2/01/2010	18212 INFRASTRUCTURE ENGINEERING COR		
	16		40254 GIS SUPPORT-MONTHLY SUPPORT	585.00	4903
	16		40255 PRELIMINARY DESIGN REPORT @BPS	9,557.00	4924
	16		40256 ASSET MANAGEMENT PLAN IMPLEMEN	2,040.00	4923
	16		40259 CONTRACT-FORCE MAIN	11,723.65	4922
38980- 2434	16	2/01/2010	Logged *** Total ***	23,905.65	
38981- 2434	17	2/01/2010	19775 ALLAN JULIUSSEN		
	17		40293 REIMBURSE AJ FOR CONFERENCE	950.56	AJ-1/15/2010
38981- 2434	17	2/01/2010	Logged *** Total ***	950.56	
38982- 2434	18	2/01/2010	20079 KATZ & ASSOCIATES		
	18		40296 PUBLIC INFORMATION-DEC	2,936.25	405950
38982- 2434	18	2/01/2010	Logged *** Total ***	2,936.25	
38983- 2434	19	2/01/2010	20842 DAVID KULCHIN		
	19		40294 REIMBURSE D.K. FOR CONFERENCE	642.65	DK-1/15/2010
38983- 2434	19	2/01/2010	Logged *** Total ***	642.65	
38984- 2434	20	2/01/2010	21021 LAFCO		
	20		40301 LAFCO FEES FOR MEADOWS 3	5,830.00	LAFCO-#325
38984- 2434	20	2/01/2010	Logged *** Total ***	5,830.00	
38985- 2434	21	2/01/2010	23012 NAKED CAFE		
	21		40300 REFUND DEVELOPER #790	11.15	NAKED CAFE
38985- 2434	21	2/01/2010	Logged *** Total ***	11.15	
38986- 2434	22	2/01/2010	23068 NATIONWIDE RETIREMENT SOLUTION		
	22		40264 DEFERRED COMP-NATIONWIDE	1,113.34	NATION-1/27/10
38986- 2434	22	2/01/2010	Logged *** Total ***	1,113.34	
38987- 2434	23	2/01/2010	24224 OFFICE DEPOT, INC.		
	23		40251 OPEN PO-OFFICE SUPPLIES	182.52	504292428001
38987- 2434	23	2/01/2010	Logged *** Total ***	182.52	
38988- 2434	24	2/01/2010	25010 AT&T		

Run date: 01/27/2010 @ 15:55
 Bus date: 02/01/2010

Leucadia Waste Water District
 Check - Complete Detail

OCCKHST.L10 Page 3

UNION BANK GENERAL

Check-Run	Seq#	Date	Vendor / Obligat'n	Name / Description	Net amount	INVOICE NUMBER
	24		40267	ODOR CONTROL	29.63	4364009-JAN2010
	24		40268	PHONE SERVICE @ OFFICE-ALRM/EL	119.33	6333461-538
38988- 2434	24	2/01/2010	Logged	*** Total ***	148.96	
38989- 2434	25	2/01/2010	25011	PACIFIC PIPELINE SUPPLY		
	25		40248	VALVES AND GASKETS FOR AWT	2,359.88	136911
38989- 2434	25	2/01/2010	Logged	*** Total ***	2,359.88	
38990- 2434	26	2/01/2010	25018	MES VISION		
	26		40278	VISION INS-FEB	356.39	100082183001
38990- 2434	26	2/01/2010	Logged	*** Total ***	356.39	
38991- 2434	27	2/01/2010	25072	RICK PATECELL		
	27		40243	OPEN PO-SCADA SUPPORT	781.32	1775
38991- 2434	27	2/01/2010	Logged	*** Total ***	781.32	
38992- 2434	28	2/01/2010	25261	PUBLIC EMPLOYEES HEALTH		
	28		40276	EMPLOYEES HEALTH INS-FEB	18,256.38	H2010021231000
	28		40277	BRD HEALTH INS-FEB	2,046.96	H2010027247000
38992- 2434	28	2/01/2010	Logged	*** Total ***	20,303.34	
38993- 2434	29	2/01/2010	25635	THE PRINTERY		
	29		40297	BUSINESS CARDS-F.REYNAGA	217.01	56646
38993- 2434	29	2/01/2010	Logged	*** Total ***	217.01	
38994- 2434	30	2/01/2010	25680	PRUDENTIAL OVERALL SUPPLY		
	30		40281	LAUNDRY SERVICE-JAN	919.67	35925-00-1/2010
38994- 2434	30	2/01/2010	Logged	*** Total ***	919.67	
38995- 2434	31	2/01/2010	27012	RANCHO SANTA FE SECURITY SYSTE		
	31		40270	SECURITY SYSTEM	258.00	407611
38995- 2434	31	2/01/2010	Logged	*** Total ***	258.00	
38996- 2434	32	2/01/2010	28020	SAN DIEGO GAS AND ELECTRIC		
	32		40265	ELECTRIC @ LPS	11,564.73	01874070-1/2010
	32		40271	ELECTRIC @ BPS	10,822.27	01857178-1/2010
	32		40272	ELECTRIC @ AVOCADO PS	117.81	00505010-1/2010
	32		40273	ELECTRIC @ DIANA PS	302.21	01444495-1/2010
	32		40274	ELECTRIC @ E.ESTATES	452.46	01444485-1/2010
38996- 2434	32	2/01/2010	Logged	*** Total ***	23,259.48	
38997- 2434	33	2/01/2010	28128	SOUTHERN CALIFORNIA SOIL & TES		
	33		40249	CONTRACT-GEOTECH SERVICES @ SP	1,015.00	353116
38997- 2434	33	2/01/2010	Logged	*** Total ***	1,015.00	
38998- 2434	34	2/01/2010	28720	STATE WATER RESOURCES CONTROL		
	34		40257	ANNUAL FEE FOR STORM WATER PER	1,008.00	SW-0015172
38998- 2434	34	2/01/2010	Logged	*** Total ***	1,008.00	
38999- 2434	35	2/01/2010	28844	ELAINE SULLIVAN		
	35		40292	REIMBURSE E.S. FOR CONFERENCE	180.30	E.S.-1/15/2010
38999- 2434	35	2/01/2010	Logged	*** Total ***	180.30	

Run date: 01/27/2010 @ 15:55
 Bus date: 02/01/2010

Leucadia Waste Water District
 Check - Complete Detail

OCCKHST.L10 Page 4

UNION BANK GENERAL

Check-Run	Seq#	Date	Vendor / Name / Obligat'n Description	Net amount	INVOICE NUMBER
39000- 2434	36	2/01/2010	29225 TELEPACIFIC COMMUNICATIONS		
	36		40279 PHONE SYSTEM-JAN	1,003.57	17886058-0
39000- 2434	36	2/01/2010	Logged *** Total ***	1,003.57	
39001- 2434	37	2/01/2010	29332 THOMSON/WEST		
	37		40295 SUBSCRIPTION-CA CODE	58.74	819898958
39001- 2434	37	2/01/2010	Logged *** Total ***	58.74	
39002- 2434	38	2/01/2010	29630 TRI COMMUNITY ANSWERING SERVIC		
	38		40266 ANSWERING SERVICE-JAN	90.00	TRI-1/20/2010
39002- 2434	38	2/01/2010	Logged *** Total ***	90.00	
39003- 2434	39	2/01/2010	29730 T.S. INDUSTRIAL SUPPLY		
	39		40283 MARKING PAINT	45.77	1027738
39003- 2434	39	2/01/2010	Logged *** Total ***	45.77	
39004- 2434	40	2/01/2010	30560 UNITED PARCEL		
	40		40269 SHIPPING	13.91	000025YY37030
39004- 2434	40	2/01/2010	Logged *** Total ***	13.91	
39005- 2434	41	2/01/2010	30580 UNITED WAY		
	41		40263 EMPLOYEE CONTRIBUTIONS	5.00	UNITED-JAN27
39005- 2434	41	2/01/2010	Logged *** Total ***	5.00	
39006- 2434	42	2/01/2010	31050 VALLECITOS WATER DISTRICT		
	42		40262 WATER @ MEADOWS 3	48.40	10810500-JAN10
39006- 2434	42	2/01/2010	Logged *** Total ***	48.40	
				.00	
** Total check discount **				.00	
** Total check amount **				105,449.67	
** Total void discount **				.00	
** Total void amount **				.00	

LEUCADIA WASTEWATER DISTRICT
BOARD PAYROLL CHECK REPORT

Payroll Date: February 3, 2010

<u>Check No.</u>	<u>Date</u>	<u>Amount</u>
14741 - 14745	2/3/2010	\$5,252.88

LEUCADIA WASTEWATER DISTRICT
YEAR TO DATE EMPLOYEE AND BOARD PAYROLL AMOUNTS

<u>JANUARY</u>		2009	
1/5/2009	Board		\$1,320.93
1/14/2009	Employee		\$36,240.23
1/28/2009	Employee		<u>\$36,351.40</u>
	TOTAL		\$73,912.56
<u>FEBRUARY</u>			
2/4/2009	Board		\$4,030.91
2/11/2009	Employee		\$37,873.81
2/25/2009	Employee		<u>\$36,940.35</u>
	TOTAL		\$78,845.07
<u>MARCH</u>			
3/2/2009	Board		\$5,384.80
3/4/2009	Employee	Incentive	\$26,786.81
3/11/2009	Employee		\$37,676.16
3/25/2009	Employee		<u>\$37,117.66</u>
	TOTAL		\$106,965.43
<u>APRIL</u>			
4/2/2009	Board		\$4,427.88
4/8/2009	Employee		\$37,246.81
4/22/2009	Employee		<u>\$36,491.63</u>
	TOTAL		\$78,166.32
<u>MAY</u>			
5/6/2009	Employee		\$37,755.16
5/7/2009	Board		\$4,124.08
5/14/2009	Employee	Incentive	\$5,005.09
5/20/2009	Employee		<u>\$37,875.93</u>
	TOTAL		\$84,760.26
<u>JUNE</u>			
6/3/2009	Employee		\$36,609.10
6/4/2009	Board		\$6,060.65
6/17/2009	Employee		<u>\$37,840.87</u>
	TOTAL		\$80,510.62

**LEUCADIA WASTEWATER DISTRICT
YEAR TO DATE EMPLOYEE AND BOARD PAYROLL AMOUNTS**

JULY

7/1/2009	Employee		\$38,217.68
7/2/2009	Board		\$3,139.03
7/15/2009	Employee		\$38,048.12
7/29/2009	Employee		<u>\$38,710.44</u>
	TOTAL		\$118,115.27

AUGUST

8/3/2009	Board		\$1,016.70
8/5/2009	Employee	Incentive	\$900.00
8/12/2009	Employee		\$40,092.50
8/26/2009	Employee		<u>39819.24</u>
	TOTAL		\$81,828.44

SEPTEMBER

9/2/2009	Board		\$4,217.15
9/9/2009	Employee		\$39,965.85
9/23/2009	Employee		<u>\$39,467.56</u>
	TOTAL		\$83,650.56

OCTOBER

10/1/2009	Board		\$6,271.51
10/7/2009	Employee		\$40,513.09
10/21/2009	Employee		<u>\$40,342.73</u>
	TOTAL		\$87,127.33

NOVEMBER

11/4/2009	Employee		\$40,124.71
11/5/2009	Board		\$2,795.74
11/18/2009	Employee		<u>\$42,332.97</u>
	TOTAL		\$85,253.42

DECEMBER

12/1/2009	Employee	Sick Buyback	\$12,470.82
12/2/2009	Employee		\$40,360.61
12/3/2009	Board		\$4,117.31
12/9/2009	Employee	Incentive	\$3,413.09
12/10/2009	Employee	Incentive	\$908.88
12/16/2009	Employee		\$40,600.94
12/30/2009	Employee		<u>\$38,940.10</u>
	TOTAL		\$140,811.75

LEUCADIA WASTEWATER DISTRICT
YEAR TO DATE EMPLOYEE AND BOARD PAYROLL AMOUNTS

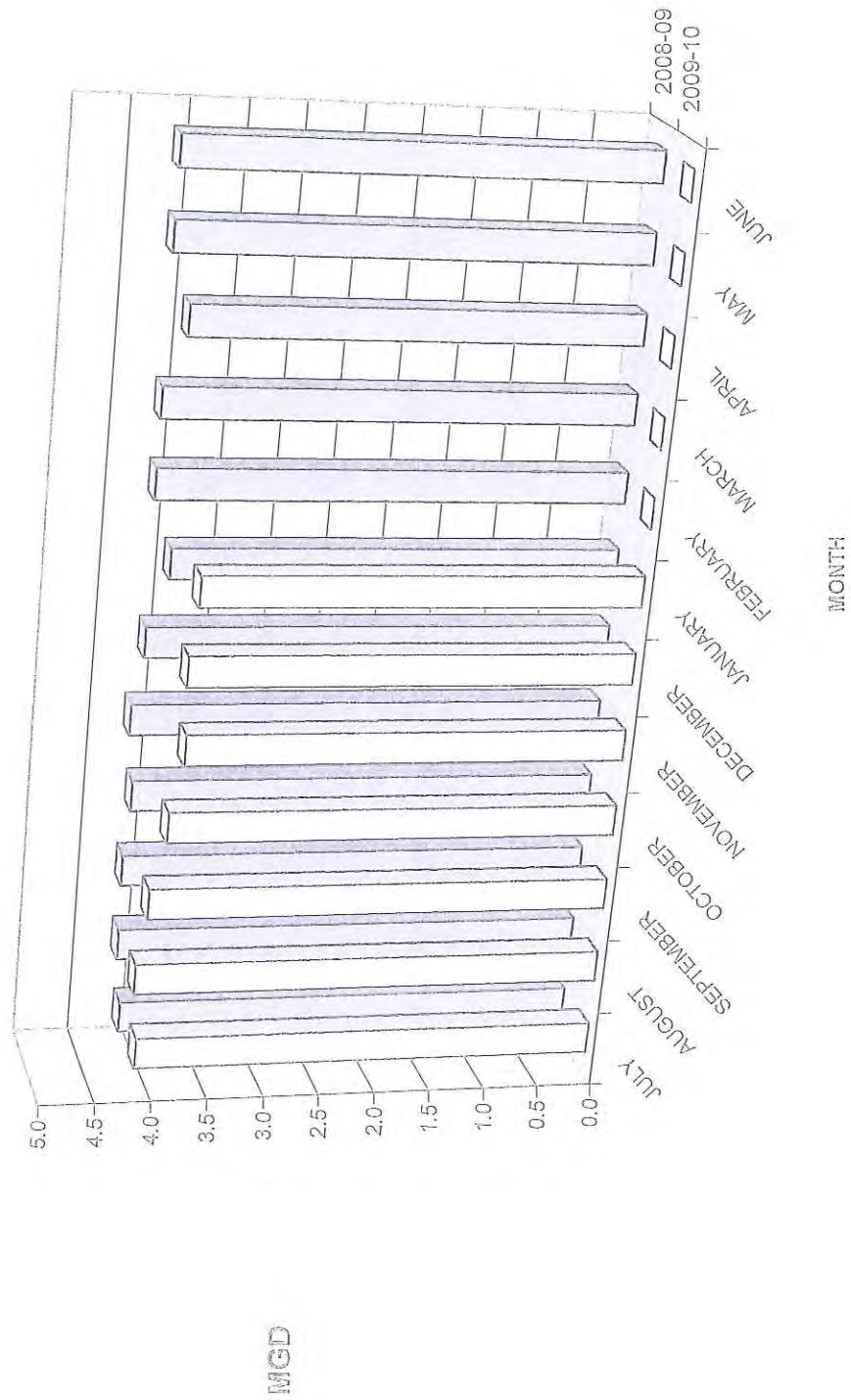
<u>JANUARY</u>	2010		
1/5/2010	Board		\$1,072.54
1/13/2010	Employee		\$38,692.19
1/20/2010	Employee	Incentive	\$5,443.19
1/27/2010	Employee		<u>\$40,266.16</u>
	TOTAL		\$85,474.08
 <u>FEBRUARY</u>			
2/3/2010	Board		\$5,252.88

LEUCADIA WASTEWATER DISTRICT
OPERATIONS REPORT
FISCAL YEAR 2009-2010

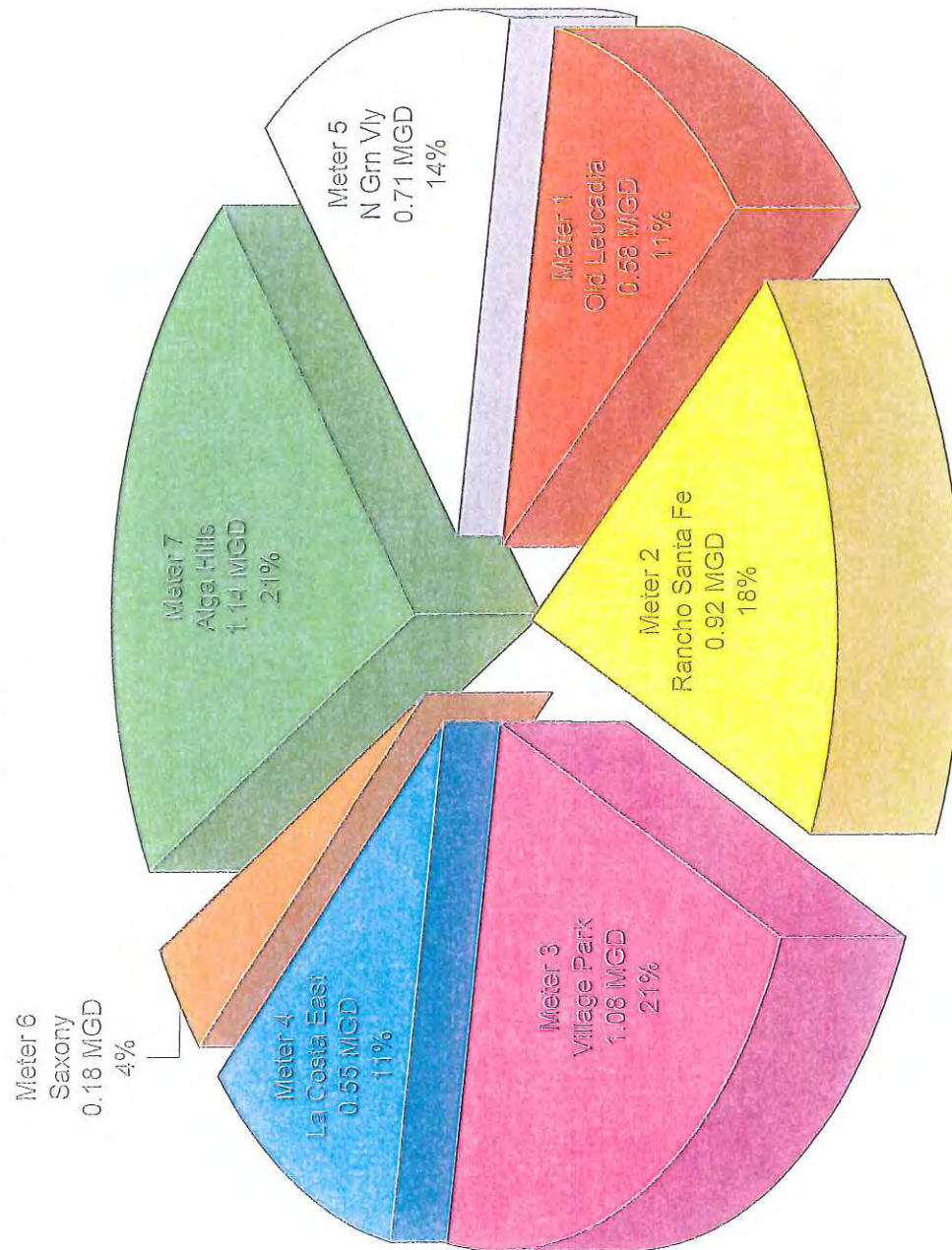
CURRENT MONTH - January 2010							FY 2008-2009
Period	Total Rain Inches	Total Flow MG	Total EDU's 27,606	LWD ADF (MGD)	CPD/EDU	RECLAIMED ADF (ac-ft/mo)	ADF (MGD)
JULY	0	127.78	4	4.12	149	36.86	
YTD		127.78	27,610				
AUGUST	0	129.45	10	4.18	151	37.07	4.20
YTD		257.23	27,620				
SEPTEMBER	0	123.25	3	4.11	149	36.10	4.21
YTD		380.48	27,623				
OCTOBER	0.16	123.62	0	3.99	144	32.14	4.17
YTD		504.10	27,623				
NOVEMBER	0.16	116.70	19	3.89	141	16.00	4.23
YTD		620.80	27,642				
DECEMBER	2.13	121.61	22	3.92	142	0.00	4.15
YTD		742.41	27,664				
JANUARY	4.5	119.97	2	3.87	140	0.00	3.98
YTD		862.38	27,666				4.16
FEBRUARY							4.16
YTD							
MARCH							4.05
YTD							
APRIL							4.03
YTD							
MAY							4.12
YTD							
JUNE							
YTD							
Annual Total	6.95	862.38	60			158.17	
Mo Average	0.99	123.20	9	4.01	145	31.63	4.13

operations report

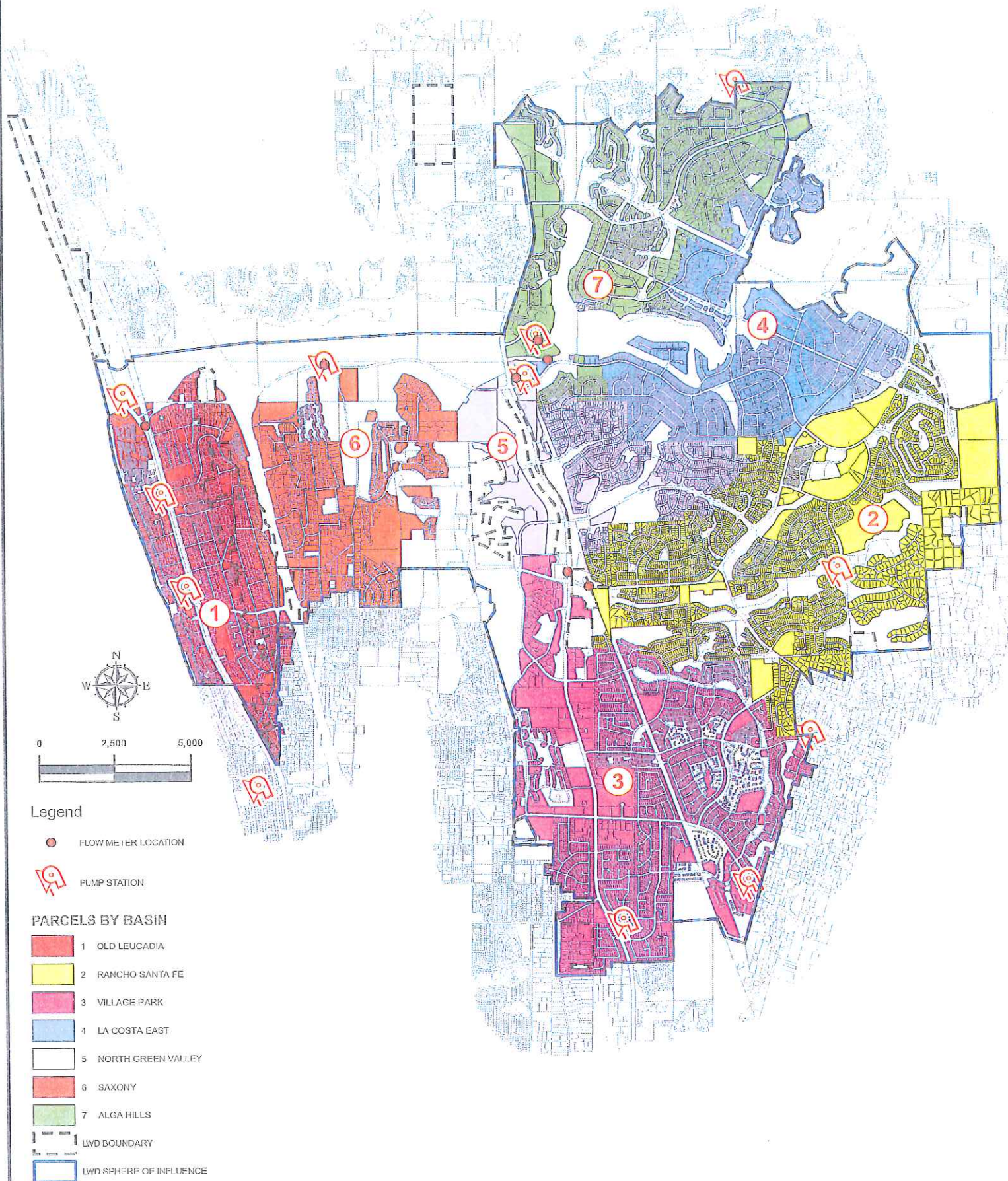
LEUCADIA WASTEWATER DISTRICT
FLOW COMPARISON FY 09 to FY10



LWD Flows by Sub-Basin
January 2010
Total LWD Flow = 5.11 MGD



LEUCADIA WASTEWATER DISTRICT



LEUCADIA WASTEWATER DISTRICT
SCHEDULE OF ASSETS, LIABILITIES, AND NET ASSETS
As of January 31, 2010

ASSETS	
Cash	\$ 231,205.40
Investments and Investment Pools	39,244,221.32
Bond Investments Held by Agents	3,694,182.35
Accounts Receivable	271,034.75
Funds Held with Encina Wastewater Authority	906,849.00
Prepaid Expenses	46,784.17
Capital Assets	119,387,713.13
Less Accumulated Depreciation	(37,174,243.90)
Debt Issuance Costs, Net of Amortization	213,649.71
TOTAL ASSETS	\$ 126,821,395.93
LIABILITIES	
Accounts Payable and Accrued Expenses	857,305.85
Developer Deposits	122,267.65
Bond & Interest Debt	3,571,034.92
TOTAL LIABILITIES	\$ 4,550,608.42
NET ASSETS	
Net Investment in Capital Assets	80,465,519.02
Restricted Reserves	4,599,834.64
Unrestricted Operating Reserve	2,130,675.46
Unrestricted Non-Operating Reserves (Designated)	30,540,425.05
Unrestricted Emergency Reserve	7,500,000.00
Capital Contributions	-
YTD Revenue over (under) Expenditures	(2,965,666.66)
TOTAL NET ASSETS	\$ 122,270,787.51

Preliminary: subject to future review, reconciliation, accruals, and audit.

LEUCADIA WASTEWATER DISTRICT

BUDGET PERFORMANCE REPORT

YTD Revenue and Expenditures Through 1/31/2010 with Annual Budget

OPERATING REVENUES AND EXPENSES					
DESCRIPTION	A/C No.	YTD ACTUAL AMOUNT	ANNUAL BUDGET	REMAINING BALANCE	% USED
OPERATING REVENUES AND TRANSFERS					
OPERATING REVENUES					
SEWER SERVICE	3110	\$ 3,323,155.81	\$ 6,472,017.00	3,148,861.19	51.35%
RECLAIMED WATER SALES	3150	153,903.67	360,210.00	206,306.33	42.73%
OTHER OPERATING INCOME		19,102.73	204,401.00	185,298.27	9.35%
TOTAL OPERATING REVENUE		\$ 3,496,162.21	\$ 7,036,628.00	\$ 3,540,465.79	49.69%
OPERATING EXPENSES					
WAGES AND BENEFITS	4100 & 4200	\$ 1,194,955.66	\$ 2,129,411.00	\$ 934,455.34	56.12%
BOARD EXPENSES AND ELECTION	4300 & 4400	64,073.02	133,791.00	69,717.98	47.89%
DEPRECIATION EXPENSE	4510	1,584,000.00	-	(1,584,000.00)	n/a
REPLACEMENT EXPENSE	4515	-	985,491.00	985,491.00	n/a
FUELS	4600	19,621.17	64,000.00	44,378.83	30.66%
INSURANCE	4700	187,371.34	118,000.00	(69,371.34)	158.79%
MEMBERSHIP & DUES	4800	21,027.48	23,350.00	2,322.52	90.05%
OFFICE EXPENSE	4900	51,052.10	110,600.00	59,547.90	46.16%
OPERATING SUPPLIES	5000	67,946.02	175,500.00	107,553.98	38.72%
PROFESSIONAL SERVICES	5200	178,880.08	497,300.00	318,419.92	35.97%
PRINTING & PUBLISHING	5300	20,774.64	33,000.00	12,225.36	62.95%
RENTS & LEASES	5400	10,490.13	19,300.00	8,809.87	54.35%
REPAIR & MAINTENANCE	5500	107,294.43	275,500.00	168,205.57	38.95%
MONITORING & PERMITTING	5600	27,243.47	48,600.00	21,356.53	56.06%
TRAINING & DEVELOPMENT	5700	27,304.18	41,400.00	14,095.82	65.95%
UTILITIES	5900	209,329.40	454,400.00	245,070.60	46.07%
LAFCO OPERATIONS	6100	6,147.00	6,200.00	53.00	99.15%
ENCINA	6200	474,618.96	1,887,120.00	1,412,501.04	25.15%
TOTAL OPERATING EXPENSES		\$ 4,252,129.08	\$ 7,002,963.00	\$ 2,750,833.92	60.72%

NON-OPERATING REVENUES AND EXPENSES					
DESCRIPTION	A/C No.	YTD ACTUAL AMOUNT	ANNUAL BUDGET	REMAINING BALANCE	% USED
NON OPERATING REVENUES					
CAPACITY CHARGES	3130	\$ 143,308.80	\$ 279,900.00	\$136,591.20	51.20%
PROPERTY TAXES	3220	611,736.20	300,000.00	(311,736.20)	203.91%
INTEREST INCOME	3250	301,249.28	960,000.00	658,750.72	31.38%
OTHER NON OPERATING INCOME		106,634.10	651,004.00	544,369.90	16.38%
TOTAL NON OPERATING REVENUES		\$ 1,162,928.38	\$ 2,190,904.00	\$1,027,975.62	53.08%
DEBT SERVICE					
INTEREST EXPENSE AND FEES	6500	\$ 94,430.55	\$ 165,974.00	71,543.45	56.89%
PRINCIPAL PAYMENTS	6500	531,208.78	531,209.00	0.22	100.00%
TOTAL DEBT SERVICE		\$ 625,639.33	\$ 697,183.00	\$ 71,543.67	89.74%

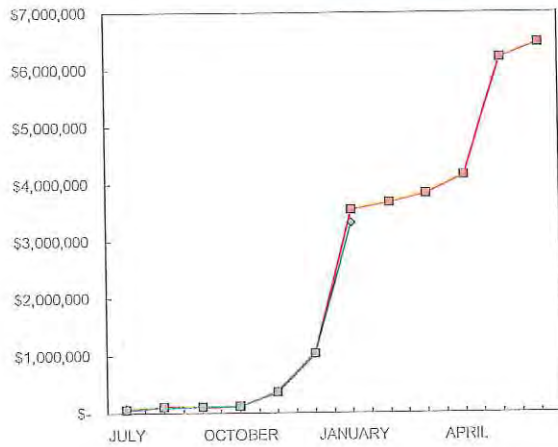
Preliminary: subject to future review, reconciliation, accruals, and audit.

Leucadia Wastewater District

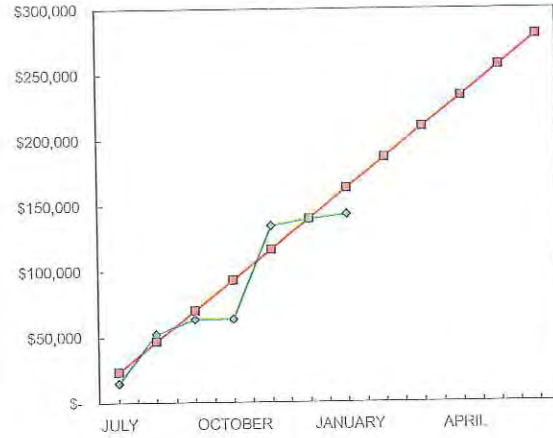
Revenue FY 2010

YTD through January 31, 2010

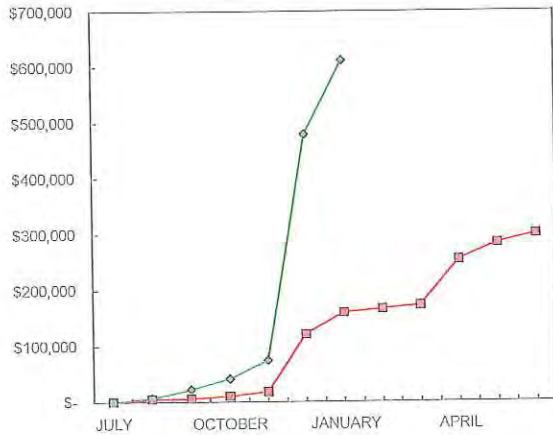
Sewer Service Fees



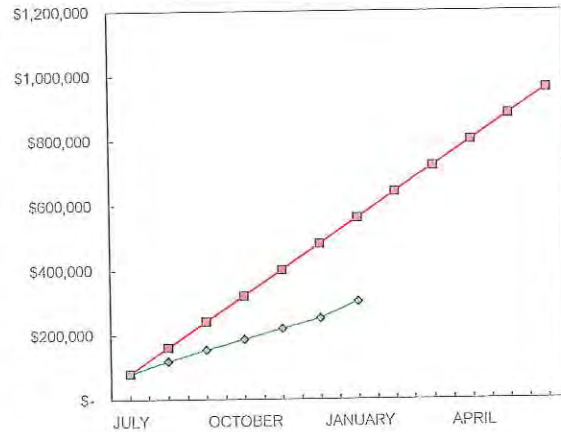
Capacity Charges



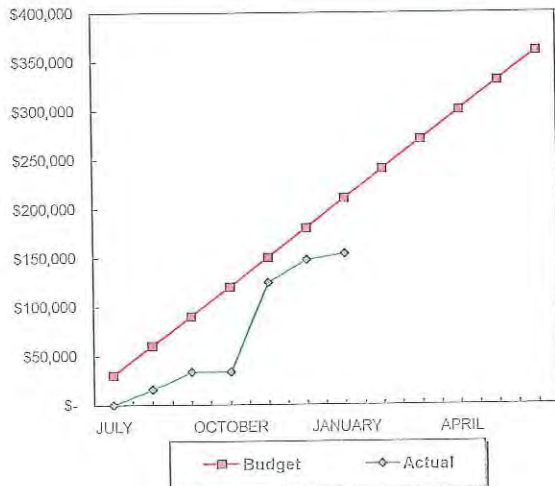
Property Taxes



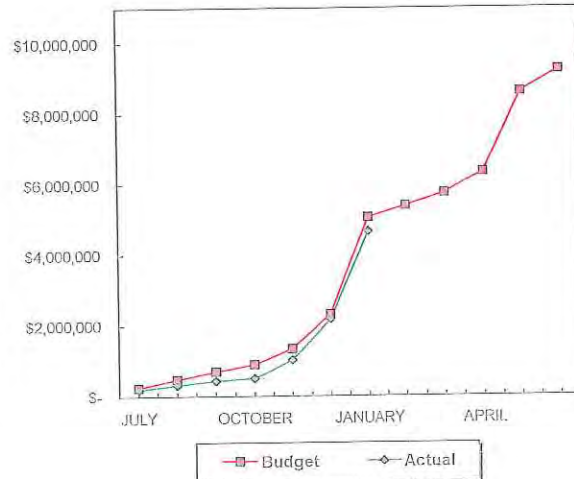
Investment Income



Recycled Wastewater



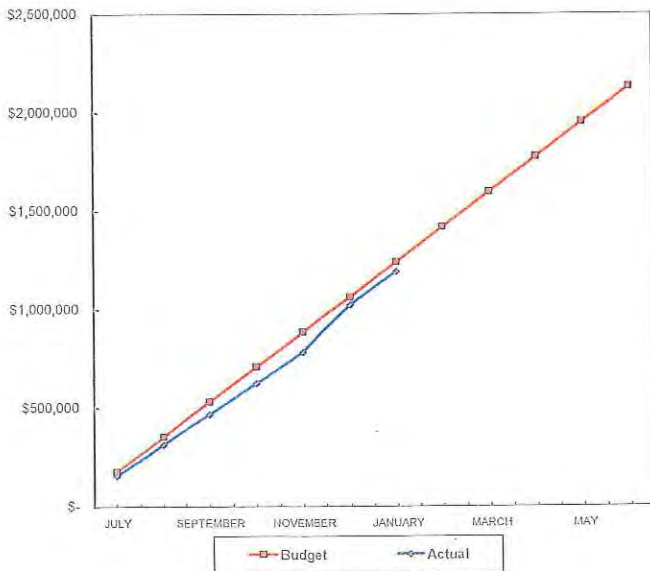
Total Revenue



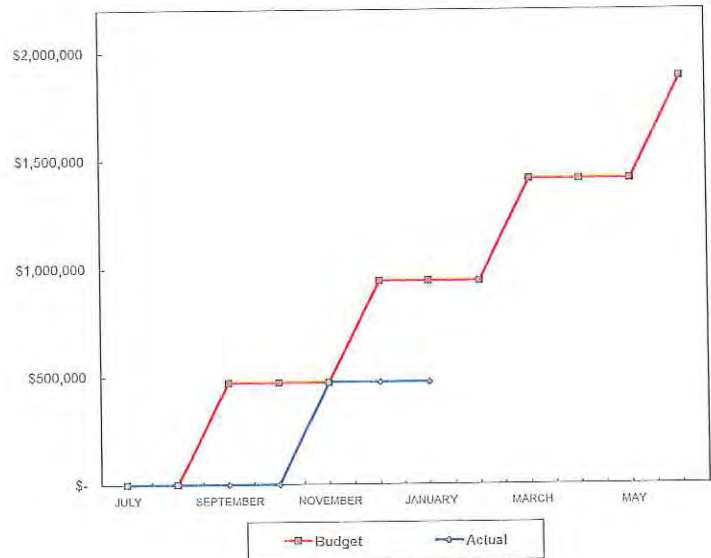
* Preliminary: subject to future review, reconciliation, accruals, and audit

Leucadia Wastewater District Operating Expenses FY 2010 YTD through January 31, 2010

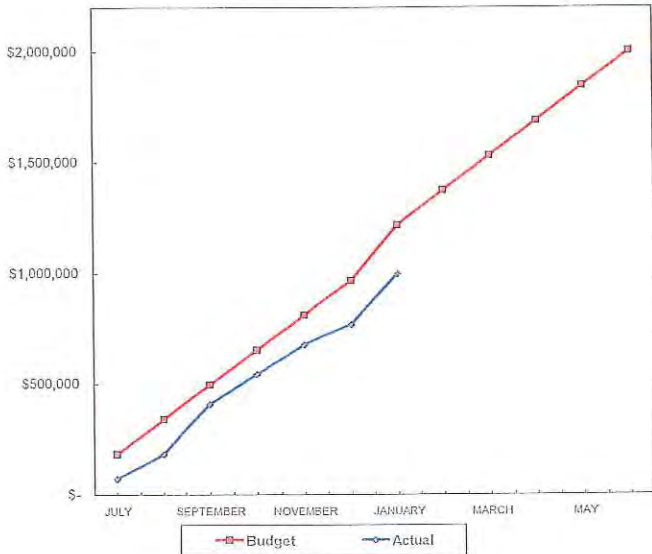
Salaries and Benefits



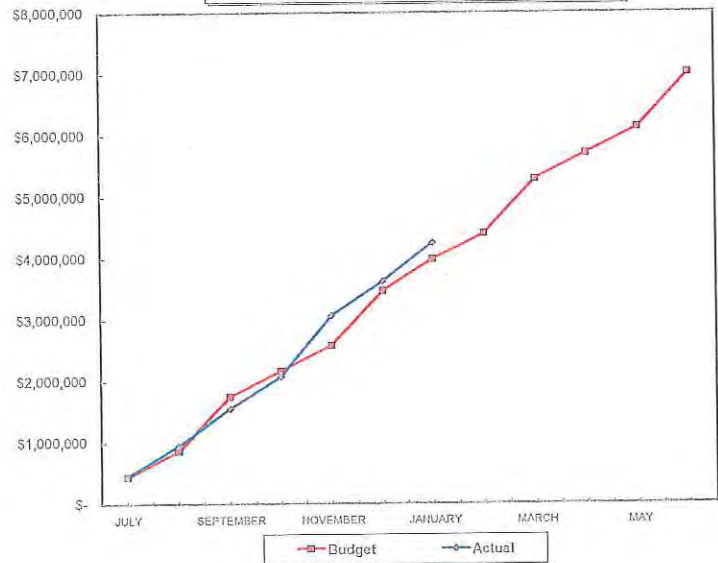
Encina M&O



Other LWD Operating Expenses -
 Excluding Depreciation & Replacement



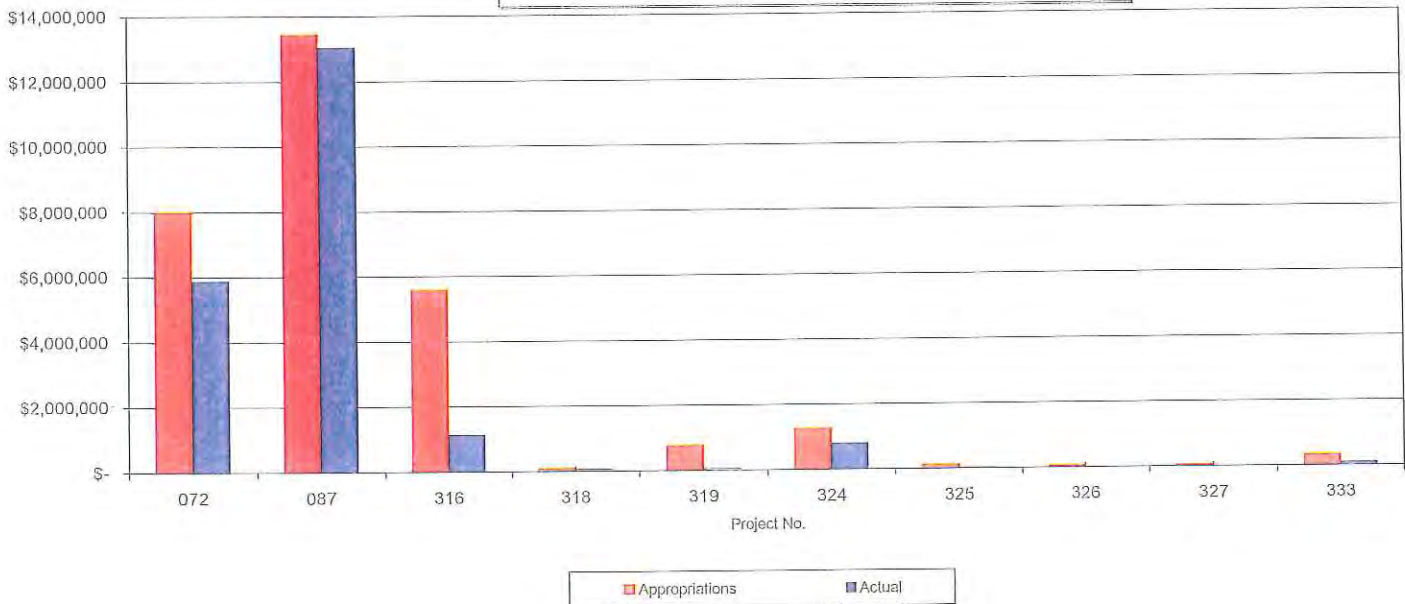
Total LWD Operating Expense -
 Including Depreciation & Replacement



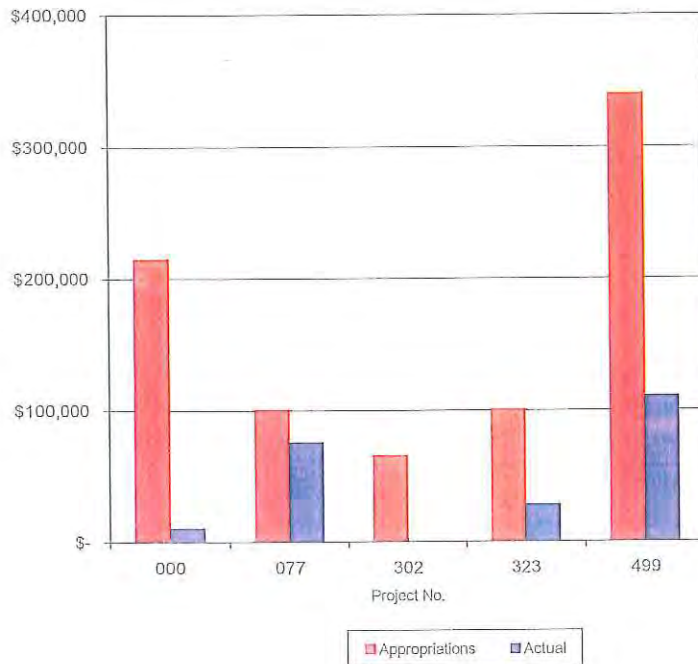
* Preliminary: subject to future review, reconciliation, accruals, and audit

Leucadia Wastewater District
Capital Expenditures
As of January 31, 2010

Multi Year Capital Expenditures by Project FY2003-FY2010



Single Year Capital Expenditures by Project FY 2010



Project Legend

Multi-Year Capital

Description	No.
Encina Wastewater Authority	072
Site Improvement Program	087
Satellite PS Force mains	316
Asset Mgmt Plan Implementation	318
101 Trunk Sewer	319
Bat PS Influent Line	324
Meadow 3 PS Decommissioning	325
Batiquitos PS Rehabilitation	326
Groundwater Feasibility Study	327
Force Main Corrosion Study	333

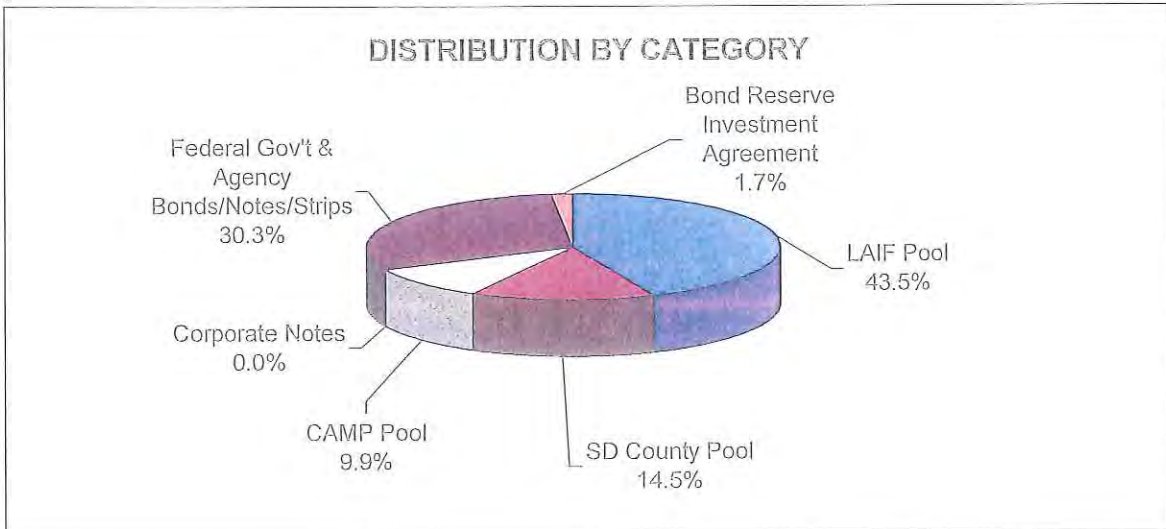
Single Year Capital

Description	No.
Equipment	000
Misc Pipeline Rehabilitation	077
Professional Services	302
Lateral Replace/Backflow Prevtr	323
LWD General Labor	499

* Preliminary: subject to future review, reconciliation, accruals, and audit

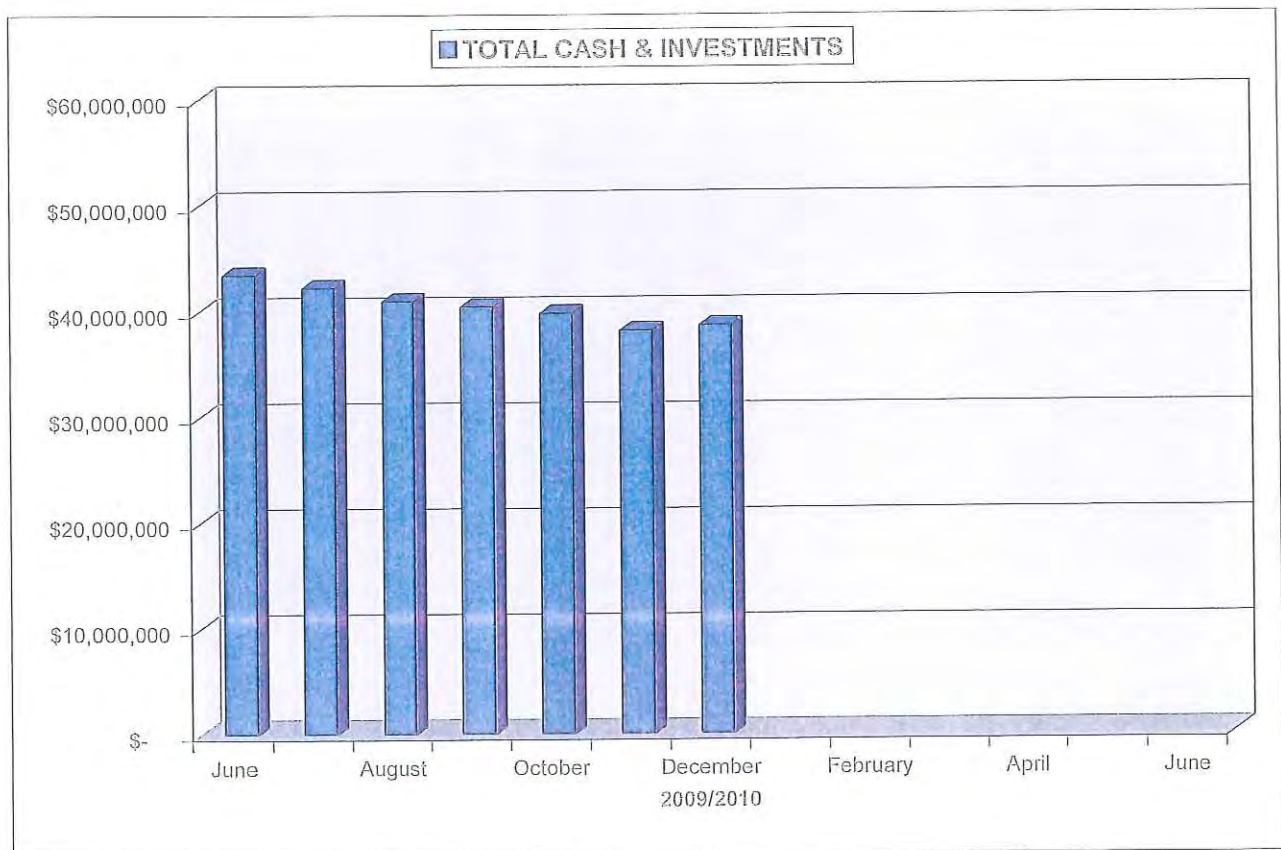
LEUCADIA WASTEWATER DISTRICT
Monthly Investment Summary
As of December 31, 2009

Cash & Investments	Principal (Original Cost)		December Interest	Average Rate
	Nov 30, 2009	Dec 31, 2009		
LAIF Pool	16,303,057	16,803,057	7,849	0.569%
SD County Pool	5,610,936	5,610,936	4,825	1.032%
CAMP Pool	3,841,187	3,841,427	827	0.250%
CAMP Portfolio				
Corporate Notes	-	-	-	-
Federal Agency Bonds/Notes	8,672,841	8,672,841	15,250	2.110%
Federal Agency Discount Notes	-	-	-	-
GNMA mortgage pools	20,327	20,188	155	9.180%
US Treasury Bonds/Notes	1,977,383	1,977,383	2,620	1.590%
Total Camp Portfolio	10,670,551	10,670,413	18,025	2.080%
Bond Funds				
BNY fiscal agent bond reserve a/c	652,884	652,884	2,916	5.360%
US Bank, custodian a/c: Fed Agency Strips	1,047,033	1,047,033	12,029	13.786%
Total Bond Funds	1,699,917	1,699,917	14,945	10.550%
Totals	\$ 38,125,648	\$ 38,625,750	\$ 46,471	1.453%




LEUCADIA WASTEWATER DISTRICT
Monthly Investment Summary
As of December 31, 2009
(Continued)

TOTAL CASH & INVESTMENTS		
Month 2009/2010	Amount	Average Rate
June	\$ 43,473,521	2.09%
July	\$ 42,232,119	1.62%
August	\$ 40,941,898	1.53%
September	\$ 40,400,905	1.44%
October	\$ 39,789,852	1.43%
November	\$ 38,125,648	1.45%
December	\$ 38,625,750	1.45%
January		0.00%
February		0.00%
March		0.00%
April		0.00%
May		0.00%
June		0.00%



MEMORANDUM

Ref: 10-2385

DATE: February 4, 2010
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: LWD QUARTERLY TREASURER'S INVESTMENT REPORT

RECOMMENDATION:

Staff requests that the Board of Directors:

1. Receive and file LWD's Quarterly Treasurer's Investment Report

DISCUSSION:

In accordance with California Government Code Section #53646 LWD is encouraged to render the Quarterly Treasurer's Investment Report to the Board of Directors for its consideration. For your convenience, staff has developed a one page summary of LWD's investments for the quarter ending December 31, 2008 (see attached). A copy of the full Quarterly Treasurer's Investment Reports has been enclosed for your review.

Attachment
Enclosure

rd:PB

LEUCADIA WASTEWATER DISTRICT
QUARTERLY INVESTMENT REPORT SUMMARY
December 31, 2009

SUMMARY OF INVESTMENTS AT DECEMBER 31, 2009

ASSETS	AMORTIZED COST 12/31/2009	% OF TOTAL
LAIF - STATE INVESTMENT POOL	\$ 16,803,057.40	41.3%
SAN DIEGO COUNTY INVESTMENT POOL	5,610,936.27	13.8%
CAMP - JPA INVESTMENT POOL	3,841,426.59	9.4%
CAMP PORTFOLIO - BANK OF NEW YORK.		
Federal Agency Bond Notes	8,636,436.30	21.2%
Federal Agency - GNMA Pools	20,178.29	0.0%
US Treasury Bonds/Notes	1,982,390.29	4.87%
	10,639,004.88	
BANK OF NEW YORK - BOND RESERVE FUNDS		
Collateralized Investment Agreement	652,883.75	1.6%
	652,883.75	
US BANK - CUSTODIAL ACCOUNTS		
Resolution Funding Corp Strips - Cost	1,047,033.48	
Interest Earned - Amortized Discount*	2,108,121.75	
	3,155,155.23	7.8%
TOTAL INVESTMENTS	\$ 40,702,464.12	100.0%

(1) Representation of interest that is accruing as these federal agency coupons approach maturity

INTEREST FOR THE QUARTER ENDED 12/31/2009

MONTH	EARNED	AVERAGE RETURN
October	\$ 47,567.00	1.43%
November	47,622.00	1.45%
December	47,171.00	1.45%
TOTALS	\$ 142,360.00	

MEMORANDUM

DATE: February 4, 2010
 TO: Board of Directors
 FROM: Paul J. Bushee, General Manager 
 SUBJECT: Pickering Insurance Services Contract Extension for Benefit Brokerage Services

RECOMMENDATION:

Staff recommends that the Board of Directors:

1. Authorize the General Manager to execute a two-year extension to the Pickering Insurance Services Professional Services Agreement for as needed benefit brokerage services.
2. Discuss and provide direction as appropriate.

DISCUSSION:

During February 2007, LWD entered into a Professional Services Agreement with Pickering Insurance Services (Pickering) for Benefit Brokerage Services. The initial contract period was for 3 years with an option to extend for 2 additional years. These terms were selected for efficiency and to allow for continuity of service beyond the initial term should it be warranted by Pickering's performance.

The initial three-year period of the Pickering agreement expired on February 1, 2010. Based on their performance and commitment to LWD, staff is recommending that the option for a two-year contract extension be executed. Staff's recommendation is based on the following:

- achieving rate reduction in life insurance rates by transitioning from Assurant to Hartford;
- achieving long-term disability (LTD) and short-term disability (STD) rate reductions by combining this coverage with our Guardian dental coverage;
- acquiring affordable enhanced vision coverage with Medical Eye Services (MES);
- acquiring multi-year rate guarantees for several lines of insurance; and
- providing invaluable assistance to employees with insurance issues.

Overall, Pickering's performance has been excellent. Our employees know that they can contact them and receive excellent service and advice. They are recognized as a valuable asset to our District.

Staff recommends that the Board of Directors review the proposed Amendment No. 1 (attached) and authorize the General Manager to execute a two-year extension to the Pickering Insurance Services Professional Services Agreement for as needed benefit brokerage services.

cal:PJB

Attachment

**AMENDMENT NO. 1
TO THE AGREEMENT BETWEEN
THE LEUCADIA WASTEWATER DISTRICT
AND PICKERING INSURANCE SERVICES, INC.
FOR BENEFIT BROKERAGE SERVICES**

This Amendment No. 1 to the AGREEMENT is made and entered into this 10th day of February, 2010 by and between the Leucadia Wastewater District, hereinafter referred to as DISTRICT, and Pickering Insurance Services, Inc. hereinafter referred to as CONSULTANT.

WHEREAS, the DISTRICT and CONSULTANT entered into a three (3) year AGREEMENT for public information services on February 1, 2007; and

WHEREAS, said AGREEMENT expired on February 1, 2010; and

WHEREAS, DISTRICT has determined it would be most efficient to amend the AGREEMENT to extend the period of services from February 1, 2010 to January 31, 2012, or a period of two (2) years.

NOW THEREFORE, in consideration of their mutual promises, obligations, and covenants hereinafter contained, DISTRICT and CONSULTANT agree to amend the AGREEMENT as follows:

ARTICLE 1. TERM OF CONTRACT

Article 1: TERM OF CONTRACT, Section 1.01 shall be amended to read as follows:

1.01 The term of this contract shall be extended for a two year period commencing on February 1, 2010 and ending on January 31, 2012, or until terminated as provided under Article 7.

All other terms and conditions of the AGREEMENT shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto caused this AGREEMENT to be executed the day and year first above written.

PICKERING INSURANCE SERVICES, INC.

LEUCADIA WASTEWATER DISTRICT

By: _____
Randy G. Pickering

By: _____
Paul J. Bushee, General Manager

Encina Wastewater Authority Report
Regular Board Meeting
January 27, 2010

EWA Board of Directors - President Juliussen and Director Sullivan reporting

EWA Board Meeting Action Items

1. Receiving Water Monitoring Program – Intensive Monitoring Analysis

The Board of Directors received and filed information in the Receiving Water Monitoring Program – Intensive Monitoring Analysis Report.

2. Major Plant Rehabilitation Consultant Services

The Board of Directors approved a professional services agreement with Dudek for Major Plant Rehabilitation Consultant Services.

Executive Session Item

3. Conference with legal counsel as authorized by Government Code §54956.9(b) – one case Jaynes Corporation of California v. Encina Wastewater Authority.

No reportable action.

Engineering Committee Meeting Report

Presented by Director Kulchin

Meeting held February 2, 2010

1. The Committee reviewed the recommendation to execute a final change order to the agreement with Khavari Construction, Inc. for construction of the Batiquitos Gravity Sewer Construction Project in an amount not to exceed \$75,703 and take final acceptance of the project. The Committee agreed with staff to present this item to the Board of Directors for approval.

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

2. The Committee received a PowerPoint presentation on the status of the Satellite Pump Station, Force Mains, and Gravity Sewer Replacement Project.

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

3. FSM Schempp provided an overview of the January 2010 storm events using the web based ADS flow metering system.

FSM Schempp will provide an overview on this issue later in tonight's agenda.

Investment & Finance Meeting Report

Presented by Director Hanson

Meeting held February 3, 2010

1. The Committee reviewed the contract with Diehl, Evan & Company, LLC for Financial Auditing Services for a period of three years with an option for two additional years in an amount not to exceed \$56,250. The Committee agreed with staff to present this item to the Board of Directors for approval.

This item will be reviewed by the Board of Directors later in the agenda.

2. The Committee conducted its Annual Review of the LWD Reserve Policy. The Committee agreed with staff to present this item to the Board of Directors to receive and file.

This item will be reviewed by the Board of Directors later in the agenda.

MEMORANDUM

DATE: February 4, 2010
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: Award of Contract to Diehl, Evans & Company, LLP for Financial Auditing Services

RECOMMENDATION:

Staff and the Investment and Finance Committee (IFC) recommend that the Board of Directors:

1. Authorize the General Manager to execute a contract with Diehl, Evans & Company, LLP for Financial Auditing Services for Fiscal Year 2010 (FY 10), FY 11 and FY 12 in an amount not to exceed \$56,250.

DISCUSSION:

The IFC considered this item at their February 3, 2010 meeting. The IFC concurred with staff's recommendation that this item be forwarded to the Board of Directors for consideration.

The Leucadia Wastewater District (LWD) has used Charles Z. Fedak & Company (Fedak) to conduct its year end independent financial audit for the past 5 years. Although their services have been adequate, it is prudent to periodically change auditors to bring a fresh perspective to the financial auditing process. In order to procure a new auditing firm, staff sent a Request for Proposals (RFP) to 19 CPA firms in November 2009. Twelve proposals were received by the December 30th deadline.

A team consisting of LWD's General Manager, Administrative Services Manager, Independent CPA and Accounting Technician reviewed the proposals. Based on the review, the following four firms were short-listed and invited for interviews.

- Leaf & Cole
- Diehl, Evans & Company, LLC
- Mayer Hoffman McCann P.C.
- Moss, Levy & Hartzheim, LLP

Interviews were held on January 21, 2010. Based on the overall quality of the proposals and the interview, Diehl, Evans & Company (Diehl-Evans) was selected as the apparent successful firm. Attached please find the proposed scope of work for your review. The proposed agreement is a three year contract in an amount not to exceed \$56,250.

Diehl-Evans, located in Carlsbad, has proposed an experienced audit team. They served as the District's auditor for six years from 1999-2004 and have clients that include Otay Water District, Olivenhain Municipal Water District, Padre Dam Municipal Water District and Borrego Water District.

The term of the proposed agreement is for 3 years with an option for 2 additional years. Diehl-Evans's fee will be broken down as follows:

<u>Fiscal Year Ending</u>	<u>Total Audit Fees</u>
June 30, 2010	\$ 18,000
June 30, 2011	18,750
June 30, 2012	<u>19,500</u>
Total Three Year Contract Price	<u>\$ 56,250</u>

Should LWD exercise the two year option on the agreement, the scope and fee would be negotiated at that time. Staff plans to appropriate funds each year as part of the budget process to cover the auditing fees for that year. The FY 10 Budget contains sufficient funds to cover the interim audit work for year end FY 10.

cal:PJB

Attachment

ATTACHMENT A

SCOPE OF WORK

4. SCOPE OF THE AUDIT:

The audits are to be performed in accordance with Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants, and in accordance with "Minimum Audit Requirements and Reporting Guidelines for California Special Districts" as required by the State Controller's office.

The auditor shall issue a report on the District's internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with Government Auditing Standards.

The audit firm shall also issue a separate management letter that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are not reported under the above report because they are not considered significant deficiencies.

The auditor will be required to make an immediate (via overnight letter) written report of all irregularities and illegal acts, of which they become aware, to the Board President, General Manager, and Finance Committee.

The District desires a Comprehensive Annual Financial Report (CAFR) to be prepared by the independent auditor. The District will be planning to submit the CAFR to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting Program. (The District will prepare the letter of transmittal and the Management's Discussion and Analysis.)

The District desires the auditor to express an opinion on the fair presentation of its basic financial statements and notes to the financial statements, as well as the following supplemental schedules:

- a. Combining Schedule of Changes in Net Assets
- b. Combining Schedule of Operating Revenue and Expenses
- c. Schedule of Use of Capacity Charges

Certain limited procedures should be applied to management's discussion and analysis and budgetary comparison information, but an expression of an opinion is not required. The auditor is not required to express an opinion on the introductory and statistical sections

The auditing firm shall complete the audit and the Independent Auditor's Report should be submitted no later than December 1st of each year. In this regard, the District shall provide a year-end adjusted trial balance for each fund with supporting schedules no later than September 30 of each year. Records for appropriate testing will be made available immediately after June 30 of each year.

The auditing firm shall prepare and provide thirty (30) copies of the auditor's report, financial statements with the same level of note disclosure as prior years, and supporting schedules, and management letters, if any. The auditing firm should mention possible changes in the format or content to District's financial statements that they consider necessary to ensure the Districts

financial statements remain in conformity with all applicable professional standards. The partner in charge of the audit shall be available to attend at least two (2) meetings at which the audit report will be discussed.


If it is determined that the District is not exempt, the auditor will perform additional audit steps in accordance with the Single Audit Act. The District believes that a single audit will not be required in fiscal year 2009-10. However, the auditor will be familiar with the Single Audit Act, and will review the District's receipts of federal financial assistance to determine the District's status with respect to the Single Audit Act's guidelines and requirements. A Single Audit, if required, is not part of this audit proposal and would require a separate engagement.

The firm shall make available its working papers and respond to all reasonable inquiries of successor auditors and others to review working papers of the District, upon the District's written consent. The auditing firm will retain all working papers, at the firm's expense, for a minimum of five (5) years, or longer, if required by Generally Accepted Auditing Standards.

ATTACHMENT B**AUDIT FEES**

<u>Fiscal Year Ending</u>	<u>Total Audit Fees</u>
June 30, 2010	\$ 18,000
June 30, 2011	\$ 18,750
June 30, 2012	\$ 19,500
Total Three Year Contract Price	<u>\$ 56,250</u>

MEMORANDUM

DATE: February 4, 2010
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: Public Information Services Task Order No. 5

RECOMMENDATION:

Staff requests that the Board of Directors:

1. Authorize the General Manager to execute Task Order No. 5 to the KATZ & Associates Public Information Services Agreement in an amount not to exceed \$46,830.
2. Discuss and take action, as appropriate.

DISCUSSION:

On February 8, 2006, the Board of Directors authorized the General Manager to enter a three year agreement with Katz & Associates for as needed public information services. At that time, the Board also authorized the General Manager to execute Task Order No. 1 in an amount not to exceed \$79,840. Task Order No. 2 was approved by the Board for the period July 2007 - June 2008 followed by Task Order No. 3 for the period July 2008 - February 2009. Last year, the Board of Directors extended KATZ & Associates agreement for an additional two year period and approved Task Order No. 4 for the period February 8, 2009 - February 7, 2010.

Staff has negotiated the scope of work for Task Order No. 5 (attached) with KATZ & Associates for the period from February 8, 2010 - February 7, 2011. It includes services that are most important to LWD's public information program. Specific tasks are:

- project management services
- drafting and designing of two newsletters;
- maintaining and updating LWD's website;
- drafting and managing one fact sheet
- developing project outreach and construction relations media.

As can be seen, these services are part of LWD's ongoing outreach efforts. Staff believes they are important for keeping LWD's public information efforts current, as well as enhancing LWD's ability to provide timely information to the media and the public. The total proposed fee for Task Order No. 5 is \$46,830. A portion of these funds are available in the FY 2010 budget; additional appropriations will be included in the FY 2011 budget to cover the proposed Task Order expenses.

cal:PJB

Attachment

**TASK ORDER NO. 5
TO THE AGREEMENT BETWEEN
THE LEUCADIA WASTEWATER DISTRICT
AND KATZ & ASSOCIATES
FOR PROVIDING PUBLIC INFORMATION SERVICES**

Ref: 10-2359

This Task Order No. 5 to the AGREEMENT is made and entered into this 10th day of February, 2010 by and between the LEUCADIA WASTEWATER DISTRICT, hereinafter referred to as DISTRICT, and KATZ & ASSOCIATES, hereinafter referred to as CONSULTANT.

WHEREAS, the DISTRICT and CONSULTANT entered into an AGREEMENT on February 8, 2006 for Public Information Services; and

WHEREAS, the DISTRICT and CONSULTANT extended the basic agreement (Amendment No. 1) for a two-year period on February 11, 2009; and

WHEREAS, the DISTRICT has determined it would be most efficient to amend the AGREEMENT to allow CONSULTANT to provide specific public information services critical to the DISTRICT.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the DISTRICT and CONSULTANT agree to amend the AGREEMENT as follows:

ARTICLE 2: SERVICES TO BE PERFORMED BY CONSULTANT

The Scope of Work for the period February 8, 2010 to February 7, 2011 shall include the services described in Attachment A.

ARTICLE 4: COMPENSATION

Compensation for all work performed under Task Order No. 5 shall be calculated on a time and material basis. Compensation for the services described in Attachment A shall not exceed Forty-Six Thousand Eight Hundred Thirty dollars (\$46,830.00). This amount shall not be exceeded unless there is a change in the scope of work and/or additional authorization by the DISTRICT, in writing and agreed to by both parties.

All other provisions of the AGREEMENT shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto caused this Task Order to be executed the day and year first written above.

KATZ & ASSOCIATES

LEUCADIA WASTEWATER DISTRICT

By: _____
Sara M. Katz
President

By: _____
Paul J. Bushee
General Manager

ATTACHMENT A

SCOPE OF WORK FOR PUBLIC INFORMATION SERVICES

February 8, 2010 - February 7, 2011

DESCRIPTION OF SERVICES

The services included within this scope of work consist of the design and construction of certain public information elements critical to Leucadia Wastewater District. The services included are those specifically required by the District.

I. SCOPE OF SERVICES

Based on our experience with similar public information projects, the following scope of services describes the tasks anticipated for this phase of LWD's Public information Program.

TASK A – PROJECT MANAGEMENT

1. Meet with LWD staff/Community Affairs Committee.
2. Conduct regular internal team meetings.

TASK B - NEWSLETTERS

1. Draft and manage the design, printing and mailing of two newsletters.
2. Meet with Community Affairs Committee up to four times.

TASK C – MAINTAIN AND UPDATE WEBSITE

1. Suggest and draft new website content as needed for construction and general District updates.

TASK D – FACT SHEETS

1. Draft and manage design and printing of one fact sheet.

TASK E – PROJECT OUTREACH/CONSTRUCTION RELATIONS

1. Draft, print and distribute up to one construction notices.
2. Draft and submit one industry award
3. Coordinate and prepare for one community outreach event.
4. Draft and distribute up to two news releases
5. Research opportunities to promote speaker bureau presentations

II. FEES AND CONDITIONS

The Services described in Section I. above, will be provided on an hourly rate basis in accordance with the agreement as amended with a not to exceed upper limit of \$46,830.00.

MEMORANDUM

Date: February 4, 2010
To: Board of Directors
From: Paul J. Bushee, General Manager 
Subject: Final Change Order to the Contract with Khavari Construction, Inc. for Construction of the Batiquitos Gravity Sewer Construction Project

RECOMMENDATION:

Staff and the Engineering Committee requests that the Board of Directors:

1. Authorize the General Manager to execute Change Order Number 2 as the final change order to the agreement with Khavari Construction, Incorporated for construction of the Batiquitos Gravity Sewer Construction Project in an amount not to exceed \$75,703.
2. Take final acceptance of the project.
3. Discuss and take other action, as appropriate.

DISCUSSION:

This item was reviewed by the Engineering Committee at its February 2, 2010 meeting. The Committee concurred with staff to bring this recommendation forward for consideration at today's meeting.

In November 2008, the Board of Directors awarded a contract to Khavari Construction, Incorporated (Khavari) for construction of the District's Batiquitos Gravity Sewer Construction Project. The project to replace the Batiquitos gravity influent line was identified in the District's 1999 Wastewater Master Plan, which has been superseded by the Asset Management Master Plan, to meet build out system capacity. Construction on the project commenced on December 1, 2008 with a scheduled completion date of March 10, 2009. The project was substantially completed on April 3, 2009.

Upon completion of the construction, the District and Khavari entered into negotiations to settle on the final project cost. Khavari initially claimed a total change order amount of \$191,532.62. Change Order No.1 was issued during construction for the amount of \$21,297.64. This left \$170,234.98 to be negotiated for the final change order to close the project. After lengthy negotiations, a settlement of \$75,702.36 was reached for Change Order No. 2 as follows:

Item No.	Description	Cost
EW-3	Relocate Vapex Machine	\$7,555.00
EW-4	Relocate Section of Secondary Effluent Force Main Line	\$15,885.00

EW-5	Add an Additional 2 Inches of Asphalt Paving as Required by the City of Encinitas	\$29,241.00
EW-6	Deduct Class 2 Base per City of Encinitas Requirements	(\$7,623.00)
Item No.	Description	Cost
EW-7	Remove Steel Casing on 8 Inch Lateral from State Beach Facilities	\$3,276.00
EW-8	Delete Manhole Rehabilitation	(\$11,785.00)
EW-9	Stand By Charges to Account for Time, Labor and Materials to Handle an Unforeseen Underground Obstacle, Abandoned Shoring from a Previous Project, Uncovered during Excavation in the Pump Station, 6 Days	\$16,200.00
EW-10	Delete Work for Pipe Installation and Manhole Tie-ins	(\$2,295.00)
EW-11	Remove Buried Asphalt Roadbed, Including Trucking and Disposal Fees	\$20,968.00
	Contractor Overhead, Profit and Bonds	\$4,280.36
	Total	\$75,702.36

Approval of this change order will bring the total change order amount for the contract to \$97,000. This will result in a final project cost of \$595,060, which is 10.5% less than the \$665,000 estimated construction cost. Therefore, it is recommended that the Board authorize the General Manager to execute Change Order No. 2 and to take final acceptance of the Batiquitos Gravity Sewer Construction Project.

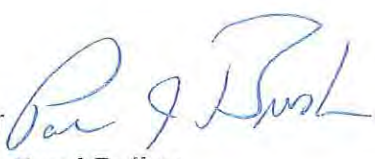
FISCAL IMPACT:

There is sufficient funding in the Batiquitos Gravity Sewer Construction Project account to cover the additional cost of this Change Order.

rym:PJB

MEMORANDUM

Ref: 10-2367

DATE: February 4, 2010
 TO: Board of Directors
 FROM: Paul J. Bushee, General Manager 
 SUBJECT: Annual Review of LWD Reserve Fund Policy

RECOMMENDATION:

1. Discuss and take other action, as appropriate.

DISCUSSION:

The Investment and Finance Committee discussed this item at their February 3, 2010 meeting. There were no recommended changes or additions to the Reserve Fund Policy.

In February 2005, the Board of Directors (Board) adopted Leucadia Wastewater District's (LWD) Reserve Fund Policy which established a means for the District to ensure that sufficient funds are available for current operating, capital and debt service needs. The policy was revised in February 2009 following completion of the District's Asset Management Master Plan and Financial Plan Update.

The Reserve Fund Policy establishes two distinct reserves at LWD: 1) Restricted Reserves and 2) Unrestricted Reserves. The policy also establishes various designations within each type of reserve and calls for an annual review of the reserve balances. This report constitutes that review.

Last month, the Board received the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009 that included the following reserve balances:

Restricted Reserves:

<u>Reserve Designation</u>	<u>Reserve Balance</u>
Capital Improvement Reserve	\$3,946,951
Debt Service Reserve	652,884
Total	<u>\$4,599,835</u>

Unrestricted Reserves:

<u>Reserve Designation</u>	<u>Reserve Balance</u>
Operations Reserve	\$ 2,130,676
Debt Service Custodial Reserve	3,780,970
Replacement Reserve	23,697,523
Water Recycling Reserve	3,061,931
Emergency Reserve	7,500,000
Total	<u>\$40,171,100</u>

Staff will provide an overview of the reserve activity during the committee meeting. Staff is *not* recommending any changes to the existing Reserve Fund Policy. A copy of the Policy is attached for the Board's review.

PJB
 Attachment

**LEUCADIA WASTEWATER DISTRICT
RESERVE FUND POLICY**

Ref: 09-1878

A. POLICY STATEMENT:

One key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital and debt service cost needs. An additional critical element of fiscal responsibility is to anticipate and prepare for future funding requirements as well as for unforeseen disasters and other unforeseen events. The Leucadia Wastewater District (LWD) will at all times strive to have sufficient funding available to meet its operating, capital, and debt service cost obligations. Reserve funds will be accumulated and maintained in a manner, which allows LWD to fund costs consistent with LWD's Long Range Wastewater Capital Plan and Long Range Financial Plan while avoiding significant rate fluctuations due to changes in cash flow requirements. LWD will also maintain an emergency reserve position that may be utilized to fund unexpected disasters or unanticipated major failures. The Board of Directors will annually review the level of reserve funds maintained.

B. DEFINITIONS:

There are two types of reserve funds:

Restricted Reserves: Restrictions on their use are imposed by an outside source such as creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Reserves: Have no externally imposed use restriction. The use of Unrestricted Reserve funds is at the discretion of the Board of Directors. There are two categories of Unrestricted Reserves -Designated and Undesignated. At LWD, all Unrestricted Reserves are Designated Reserves.

Designated Reserves: Set-aside for a specific purpose, which is, determined by the Board of Directors. Designated Reserves can be either restricted or unrestricted. The Board of Directors also has the authority to redirect the use of these reserve funds as needs of LWD change.

C. LEUCADIA WASTEWATER DISTRICT RESERVES:

LWD maintains the following reserve funds:

1.0 RESTRICTED RESERVES:

a) Capital Improvement Reserve:

The purpose of the Capital Improvement Reserve is to finance future capital facilities that are expansion /growth related. These capital improvements are identified in LWD's Asset Management Master Plan and Comprehensive Financial Plan Update . These reserve funds are accumulated in an orderly manner in conformance with State law and drawn down in a manner consistent with LWD's Comprehensive Financial Plan Update.

b) Debt Service Reserve:

The Debt Service Reserve is governed by legal bond covenants. Bond covenants require that the Debt Service Reserve be maintained at a level sufficient to fund maximum annual debt service payments, The Debt Service Reserve funds are held by

the bond trustee during the term of the bonds and are to be used in the event that LWD is unable to meet its required semi-annual debt service obligation.

2.0 UNRESTRICTED DESIGNATED RESERVES:

a) Operating Reserve:

Since the majority of operating revenues are received periodically over the fiscal year and operating expenses are incurred uniformly over the fiscal year, an operating reserve is necessary to fund those costs attributable to daily operations. To meet daily operational needs LWD has established an Operating Reserve balance at 36.4% of annual operating expenses.

b) Replacement Reserve:

The Replacement Reserve provides funds for capital replacement and refurbishment of existing facilities. These capital improvements are also identified in LWD's Asset Management Master Plan and Comprehensive Financial Plan Update. These reserve funds are accumulated in an orderly manner and drawn down in a manner consistent with the District's Capital Improvement Program. To avoid abrupt sewer service rate changes, this reserve may be used to stabilize rates. The Replacement Reserve shall not exceed the 20-year capital replacement costs as identified in the Comprehensive Financial Plan Update.

LWD's capacity fee represents a system buy-in that takes into account the value of existing capacity pre-built by current users that will benefit future users, and is a source of funding for the Replacement Reserve.

c) Debt Service Custodian Reserve:

LWD has executed a custodian agreement with a bank for the deposit of securities. All principal payments and interest earnings from the securities are designated for installment payments due on the 1997A Wastewater Revenue Refunding Bonds. Instructions on the use of these funds are revocable at any time by LWD.

d) Water Recycling Reserve:

The Water Recycling Reserve will fund capital improvements and replacement of water recycling facilities. This reserve will also be used to fund operating expenses in the Water Recycling Fund whenever there is a shortfall of recycled wastewater sales revenue to operating expenses. These capital improvements are identified in the Long Range Wastewater Capital Plan and the Long Range Financial Plan. The Replacement Reserve shall not exceed the 20-year capital replacement costs as identified in the Long Range Financial Plan.

e) Emergency Reserve:

The Emergency Reserve provides funds for emergency response for potential repair or replacement of capital facilities due to damage from a natural disaster or unanticipated major failure in a period when capital improvements funds have otherwise been purposely spent down to preset limits on planned projects. The Emergency Reserve is at the discretion of the Board of Directors and is maintained at a level of \$7,500,000, which is based on the recommendation by LWD staff and the District Engineer (Exhibit A).

D. SOURCES AND USE OF FUNDS:

RESERVE	SOURCE OF FUNDS	USE OF FUNDS	NOTES
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RESTRICTED RESERVES

Capital Improvement	Interest earned on reserve	Growth related capital expenditures	Funds previously accumulated from capacity fees. Now, capacity fees reflect 100% buy-in to the system and are transferred to the Replacement Reserve
Debt Service	Originally funded by bond proceeds and interest earned on reserve	Debt service if District unable to pay	As per bond covenants. Interest transferred to Debt Service Custodian Reserve

UNRESTRICTED DESIGNATED RESERVES

Operating	Operating income and interest earned on reserve	Wastewater Operating expenses	Reserve balance maintained at 36.4% of budgeted operating expenses. Excess (deficit) funds transferred to/from Replacement Reserve
Replacement	Property taxes and other non-operating income, 100% of Capacity Fees, Excess operating revenues, and Interest earned on reserve	Replacement related capital expenditures and rate stabilization	Limited to 20-year capital replacement costs as identified in the Comprehensive Financial Plan Update
Debt Service Custodian	Originally funded by board action. Interest earned on reserve	Debt service of 1997A Phase IV bonds	Tied to 1997A Phase IV bond debt service, which will be paid off in FY 2015. Revocable. Excess funds transferred to Replacement Reserve
Water Recycling	Recycled Water sales and interest earned on reserve	Recycled Water capital improvement and replacement as well as operating expenses	Limited to 20-year capital replacement costs as identified in the Comprehensive Financial Plan Update .
Emergency	Originally funded by board action. Interest earned on reserve	Emergency repair or replacement expenditures	Reserve balance maintained at \$7,500,000 level. Excess funds transferred to Replacement Reserve

EXHIBIT A

Leucadia Wastewater District Discussion of Emergency Reserve Fund

Maintenance of an Emergency Reserve Fund (ERF) would provide the benefit of providing funds for emergency response for repair or replacement of capital facilities potentially necessary due to natural disaster damage or unanticipated major failure in a period when capital improvement funds have otherwise been purposely spent down to preset limits on planned projects. Separately, Capital Reserve Funds will be accumulated in a planned manner through financing, setting aside a portion of sewer service fees, or a combination of both methods, as determined by Board policy.

The amount to be recommended for maintenance in the ERF has been evaluated and discussed by Leucadia Wastewater District (LWD) staff and the District Engineer. The following table lists some pros and cons for three potential levels of ERF.

ERF Alternatives	Pros	Cons
Alternative 1: LWD maintain small ERF of \$1.0 million	<ol style="list-style-type: none">1) Reduces initial reliance on borrowing.2) Would extend period of reduced rate increases.	<ol style="list-style-type: none">1) Not enough reserve to respond to many reasonably possible emergency events.2) Increased risk at point of ERF exhaustion that emergencies could not be responded to timely.3) Reduced District liquidity and lesser financing qualifications.4) Increased long term reliance on borrowing.
Alternative 2: LWD maintain a Moderate ERF of \$7.5 million	<ol style="list-style-type: none">1) Sufficient funds to adequately replace or repair two major District facilities on an emergency basis.2) Sufficient funds to replace or repair about six or seven concurrent intermediate size facility problems at any given time.3) Unlikely to deplete ERF in a time period that would not allow establishment of additional financing, if necessary.4) Provides opportunity for investment of modest amount of about 1.5 years worth	<ol style="list-style-type: none">1) Ties up \$7.5 million of funds that could be used to offset or defer rate increases.2) May be considered as ability to pay discretionary fines in the potential event of a major wastewater spill.3) Over time, it may be determined that the \$7.5 million amount should be decreased or increased depending on facility performance and risk tolerance.

	<p>of sewer service fee collections.</p> <p>5) Provides ability to fund one to two years of typical CIP schedule projects, while additional funding is being established.</p> <p>6) Increases liquidity of District that would be considered positively by financial markets when considering other financing issues.</p>	
Alternative 3: LWD maintain a Large ERF of \$15 million	1) Very little risk that any emergency situation would result that funds were not available for immediate response.	1) Maintenance of large reserves is considered by some watch dog entities as a negative attribute.

Based on an analysis of the above three ERF funding alternatives above, LWD staff and the District Engineer recommend that LWD adopt Alternative 2 – LWD Maintain a Moderate ERF of \$7.5 million.

MEMORANDUM

Date: February 4, 2010
To: Board of Directors
From: Paul J. Bushee, General Manager
Subject: January 2010 Storm Report



RECOMMENDATION:

1. This item is presented for information purposes.

DISCUSSION:

At the February 2, 2010 Engineering Committee meeting, Field Services Manager Leo Schempp presented the January storm report. During his presentation, Mr. Schempp utilized LWD's web-based ADS Flow Metering system to demonstrate the recent storm impacts on LWD's collection system. The Committee requested that Mr. Schempp provide a similar review to the Board of Directors at its February 10th meeting.

As such, Mr. Schempp will present the report at the upcoming meeting. This item is presented for information purposes and no action is required.

PJB

January 26, 2010

To: CSDA – San Diego Chapter Member Agencies
From: Larry Jackman, San Diego Chapter President
Subject: CSDA San Diego Chapter Quarterly Dinner Meeting
Event Date: **Thursday – February 18, 2010**
Time: **6:00 pm to 9:00 pm** – Dinner served at 7:00 pm
Location: **Courtyard by Marriott – Rancho Bernardo (NEW LOCATION)**
11611 Bernardo Plaza Court, San Diego, CA 92128

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Featured speaker will be Supervisor Bill Horn representing the 5th Supervisorial District. Supervisor Horn will speak on the County's relationship with Special Districts as well as current and future issues facing the County. In addition to Supervisor Horn representing the North County region since his election to the Board of Supervisors in 1995, Bill Horn is an accomplished businessman and avocado rancher. There will also be a legislative update on the latest happenings in Sacramento, a brief presentation about filing annual 700 Forms, and an announcement of this year's CSDA Educational Grant recipients.

Dinner Menu Selections – \$39 per person (\$45 non-member)

Chicken Florentine, Sautéed with Lemon Citrus and Fresh Pesto, served with Mashed Potatoes

Grilled Salmon with Olive Oil and Mediterranean Spices served with Rice Pilaf

Portobello Mushroom stuffed with Sautéed Vegetables, served with Plain Pasta with Marinara Sauce

Registration deadline is, Thursday, February 11, 2010

Once again, we look forward to all member agencies attending this special event. If you have any questions or need further information, please call Larry Jackman at (619) 944-2482 or Nancy Roos at (619) 670-0500 or email! Larry@Jackman.cc

For agencies and associates who are not yet members of CSDA San Diego Chapter or need to renew your membership, there is a membership registration form at the end of this announcement.

Cancellation/Refund Policy: CSDA is obligated by contract to pay for the number of attendees registered by the Friday prior to the event, hence the Thursday deadline. Cancellations made after the deadline are not refundable. Agencies and individuals are responsible for paying any reservation that is made and not cancelled prior to the deadline. Agencies may substitute individuals attending.

Notice of Change of Venue for the Thursday February 18, 2010 CSDA Quarterly Dinner Meeting

In an effort to more equitably share travel time and distance amongst our member agencies, the February CSDA quarterly dinner meeting will be held at the **Courtyard by Marriott, Rancho Bernardo**, 11611 Bernardo Plaza Court, San Diego (Rancho Bernardo), CA 92128

From the North or South:

Take Interstate 15 to the Rancho Bernardo Road exit. Proceed east from the freeway to the first signal. Turn right onto Bernardo Center Drive. Go one block and turn right onto Bernardo Plaza Court. Follow the road as it sweeps to the left. The hotel is at the end of the road on the left.





*With THANKS for your assistance —
Suzanne Wilson*



TIANNE,

IT WAS SUCH A PLEASURE TO MEET
YOU TODAY. I ENJOYED TALKING WITH YOU
ABOUT MANY OF OUR PROJECTS AT
FLORA VISTA ELEMENTARY SCHOOL IN ENCINITAS.
THANK YOU FOR TAKING THE TIME TO
SPEAK WITH ME, TO INFORM ME ABOUT
YOUR GRANT AND FOR DONATING THE
PENCIL CASES TO OUR STUDENT
GREEN TEAM. I LOOK FORWARD TO
STAYING IN TOUCH WITH YOU.

Mimi Michelove

FLORA VISTA ELEMENTARY SCHOOL.

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Caltrans Teaches Teens to "Respect the Rails"

According to the Federal Railroad Administration, California currently has the highest number of highway-rail grade crossing and pedestrian-related accidents in the nation. In the fall, the California Department of Transportation/Amtrak California launched its first rail safety public awareness campaign, "Respect the Rails," to inform California residents about the dangers associated with railroad crossings. The campaign targets teens and young adults who are statistically proven to take more risks and become easily distracted behind the wheel or as pedestrians.

The "Respect the Rails" campaign kicked off with a statewide tour of high schools in cities with high rates of railroad-related accidents. Katz & Associates



assisted Caltrans/Amtrak California by securing the participation of 30 high schools for the tour, staffing the outreach events and managing media efforts to ensure each event was a success. Each event on the six-week tour included a dramatization of a collision allowing students to get an authentic glimpse of what can happen when a driver crosses the railroad tracks in front of an oncoming train. Other potential dangers, including pedestrian distractions and overall rail safety, were highlighted and educational materials were distributed.

The overall theme of the "Respect the Rails" campaign is to remind teens to always pay attention when crossing railroad tracks – an important message heard and seen loud and clear by many high school



students across California because of these educational events.

For more information please contact Lori Prosio, lprosio@katzandassociates.com

A Golden Celebration for Leucadia Wastewater District

In November, Leucadia Wastewater District rolled out the red carpet for an all-day celebration of two major milestones: the completion of a brand-new facility and 50 years of excellent service. LWD provides wastewater collection and recycled water service to several communities of San Diego and for nearly four years, the Katz & Associates team has worked with LWD to provide community outreach services.



LWD board members (l-r) Donald Omsted, Elaine Sullivan, President David Kulchin, Director Judy Hanson, Vice President Allan Juliussen and General Manager Paul Bushee officially open the doors to the new facility.

In the afternoon, LWD opened its doors to its customers and neighbors at a community open house. Nearly 200 people attended the event, celebrating the completion of construction and learning more about how LWD takes care of their wastewater. LWD staff provided narrated tours of the new building and environmental exhibits provided learning opportunities for kids and adults.

General Manager Paul Bushee said, "Everyone from our board members and staff, to our customers celebrated Leucadia Wastewater District's golden anniversary and the opening of the new facility with great pride that day." As Leucadia Wastewater District celebrates these significant milestones, it also remains a leader in environmental protection.

For more information please contact Jennifer Dill, jdill@katzandassociates.com.

For this two-part celebration, Katz & Associates planned and prepared each aspect of the event to make it a memorable one. To highlight LWD's milestones through the years, the team created photo-collage display boards with pictures of past employees and past events. Katz & Associates also developed a special anniversary logo featured on all event materials. The Katz & Associates and LWD team secured numerous sponsors who provided refreshments and giveaways for the occasion.

More than 100 guests, including many local officials, attended the dedication for the new headquarters building in the morning. The dedication concluded with a ribbon-cutting ceremony featuring LWD's board members and the general manager to officially open the doors to the facility. Following the ceremony, guests took tours of the new building and were impressed by its "green" features, including solar panels on the roof, recycled glass in the floors and drought-tolerant plants.

