

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting
February 11, 2009

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, February 11, 2009 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

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

2. Roll Call

DIRECTORS PRESENT: Kulchin, Juliussen, Hanson, Omsted, and Sullivan
DIRECTORS ABSENT: None
OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Field Services Manager Leo Schempp, Administrative Services Manager Chuck LeMay, Executive Assistant Trisha Hill, Richard Duffey with Brownell and Duffey, and District Engineer Steve Deering and Ms. Marilyn Jones with The Epler Company, Sara Katz and Jennifer Dill with KATZ and Associates

3. Pledge of Allegiance

4. Approval of Agenda

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

5. Public Comment

There was no public comment. GM Bushee introduced the guests at the meeting.

6. Presentations and Awards

None.

7. Consent Calendar

A. Minutes for the following meetings:

January 14, 2009 Regular Board meeting
February 2, 2009 Engineering Committee meeting
February 3, 2009 Community Affairs Committee meeting
February 4, 2009 Investment & Finance Committee meeting

B. Demands for January 2009/February 2009

Payroll Checks Numbered 14062 - 14104; General Checking – Checks numbered 37333 – 37421; General Managers Checks numbered 344; voided checks numbered 37309 and 37375.

C. Operations Report (A copy was included in the original February 11, 2009 Agenda)

- D. Finance Report (A copy was included in the original February 11, 2009 Agenda)
- E. Quarterly Treasurer's Investment Report (A copy was included in the original February 11, 2009 Agenda)

GM Bushee noted that at last month's Board meeting, the Board approved an additional reserve status sheet to the finance report. Staff has since revised the report to reflect the status of LWD's investments based on discussions with Director Omsted.

Following discussion and upon a motion duly made by Director Juliussen, seconded by Director Sullivan, and carried, the Board of Directors approved the consent calendar.

8. Encina Wastewater Authority (EWA) Reports

- A. Encina Wastewater Authority Report – January 28, 2009 Board meeting.

Vice President Juliussen reported on EWA's January 28, 2009 Board meeting.

- B. Member Agency Managers (MAM) Report – February 11, 2009 meeting.

GM Bushee reported on the February 11, 2009 MAM meeting.

9. Committee Reports

- A. Engineering Committee meeting was held February 2, 2009 - report by Vice President Juliussen.

Vice President Juliussen reported that the EC reviewed an agreement with the city of Carlsbad to transfer sewer service of 70 District parcels to enable the demolition of the Meadows Number 3 Pump Station. The EC concurred with staff to forward this recommendation to the Board of Directors for approval. This item will be reviewed by the Board of Directors later in tonight's agenda.

The EC also reviewed an agreement with Fischer Acoustics, Inc. to furnish and install acoustic panels in the Leucadia Pump Station Pump Room. Vice President Juliussen briefly discussed the benefits of the panels. The EC concurred with staff to forward this recommendation to the Board of Directors for approval. This item will be reviewed by the Board of Directors later in tonight's agenda.

Vice President Juliussen also stated that staff presented the Smoke Testing Program Results. Vice President Juliussen noted that he attended one day of smoke testing. The smoke testing found only minor discrepancies and LWD's sewer system in the area that was tested appears to be relatively free of inflow and infiltration.

In addition, the EC received a PowerPoint presentation on the status of the Site Improvement Project and a status report on the Batiquitos Gravity Sewer Construction Project.

Vice President Juliussen also noted that the EC met on February 9, 2009 to review

and discuss the audio visual system and equipment for the Site Improvement Project. This item will be reviewed by the Board of Directors later in tonight's agenda.

B. Community Affairs Committee meeting was held February 3, 2009 – report by Director Sullivan

Director Sullivan stated that the CAC reviewed the KATZ & Associates two-year extension agreement for Public Information Services. One CAC member opposed the recommendation preferring to advertise a request for proposal (RFP) for the services. The second CAC member concurred with staff's recommendation; therefore, the CAC directed staff to forward the recommendation to the Board of Directors for consideration.

The CAC also reviewed the Task Order No. 4 to the KATZ & Associates agreement; the outcome of the discussion was conditional on the prior item.

In addition, the CAC reviewed and discussed the fall 2009 story ideas and schedule. The cover story of the newsletter will focus on LWD's 50th Year as a Special District.

The CAC also reviewed and commented on the Collection System Fact Sheet. The CAC directed staff to finalize the fact sheet after incorporating CAC's comments. The CAC also reviewed and provided their comments on the three cover fold options for the newsletter. The CAC directed KATZ to prepare new cover layouts based on the committee's discussion.

Lastly, the CAC received a verbal report update on the proposed Teacher Grant Program from staff. The CAC urged staff to develop the program as soon as possible and announce the program to all District schools. Director Sullivan stated that staff has since developed the program and it will be reviewed by the Board of Directors later in tonight's meeting.

C. Investment & Finance Committee meeting was held January 7, 2009 – report by Director Hanson

Director Hanson stated that the IFC reviewed the Revised Reserve Policy and directed staff to forward to the Board of Directors for adoption.

The IFC also reviewed LWD GASB Actuarial Valuation Report recommendation and directed staff to forward to the Board of Directors for consideration.

Both items will be discussed by the Board of Directors later in tonight's agenda.

10. Old Business

None.

11. New Business

- A. Receive and file the LWD Actuarial Valuation as of July 1, 2008; and Authorize the General Manager to pre-fund GASB actuarial accrued liabilities through the California Employees' Retiree Benefit Trust (CERBT) in an amount of \$181,509 to the Fiscal Year 2009 budget to prefund the actuarial accrued liability.

ASM LeMay presented the subject recommendation. ASM LeMay briefly discussed LWD requirements for GASB statements No's 43 and 45, which required agencies to accrue and expense liabilities associated with other post-employment benefits (OPEB). To meet these requirements, LWD contracted with the Epler Co to perform an actuarial valuation of its retiree health program. ASM LeMay introduced Marilyn Jones with The Epler Company to present the results of the report.

Ms. Jones provided a detailed presentation of the actuarial valuation report.

ASM LeMay concluded by presenting three funding options for the Board's consideration. The options included:

1. No prefunding of the actuarial accrued liability;
2. Funding the actuarial accrued liability on an annual basis via an approved trust; and,
3. Prefunding the entire actuarial accrued liability via an approved trust.

ASM LeMay stated that the IFC reviewed this item in detail at its January 7, 2009 meeting and at the IFC meeting on February 3, 2009. The committee directed staff to forward a recommendation for option 3 to the Board of Directors for their approval.

Following discussion, upon a motion duly made by Director Sullivan and seconded by Vice President Juliussen, the Board of Directors unanimously received and filed the LWD Actuarial Valuation as of July 1, 2008; authorized the General Manager to pre-fund GASB actuarial accrued liabilities through the California Employees' Retiree Benefit Trust (CERBT) in an amount of \$181,509; and approved an additional appropriation of \$181,509 to the Fiscal Year 2009 budget to prefund the actuarial accrued liability.

- B. Authorize the General Manager to execute a two-year extension to the KATZ & Associates Professional Services Agreement for as needed public information.

ASM LeMay presented the subject recommendation. ASM LeMay stated that the CAC reviewed this item at its February 2, 2009 meeting. The CAC members vote was split on recommending to the Board of Directors to execute a two-year extension to the KATZ Professional agreement.

Vice President Juliussen recommended to staff that future contract extensions or renewals be presented to the Board for approval at least three months prior to the contract's expiration date so there is enough time to initiate an RFP prior to the contract deadline. Vice President Juliussen also stated that he has not heard any negative comments about KATZ work; therefore, he recommends approving the two-

year extension to KATZ Professional Service agreement.

Director Omsted stated that he prefers that staff advertise a Request for Proposals because he believes the product is not satisfactory, and he would prefer contracting with a smaller and local public outreach agency that is familiar with local politics. Also, Director Omsted stated that staff has rewritten some of the KATZ work to better describe the District's services. In addition, he would like to see what other companies have to offer the District.

GM Bushee responded to Director Juliussen's concern regarding when the Board is notified on upcoming expired contracts. GM Bushee stated that staff typically oversees contracts, analyzes the performance of the company and/or consultant, and makes the appropriate recommendations to the Board of Directors. GM Bushee concluded that staff can notify the Board three months prior to the deadline of contracts.

Director Sullivan stated that she has worked with KATZ for many years, and is satisfied with KATZ performance.

Following discussion, and upon a motion duly made by Director Sullivan, seconded by Director Juliussen, carried by President Kulchin, and opposed by Directors Omsted and Hanson, the Board of Directors authorized the General Manager to execute a two-year extension to the KATZ & Associates Professional Services Agreement for as needed public information services.

- C. Authorize the General Manager to execute Task Order No. 4 to the KATZ & Associates Public Information Services Agreement in an amount not to exceed \$49,980.

ASM LeMay reviewed the recommendation. Following discussion and upon a motion duly made by Director Sullivan and seconded by Director Omsted, the Board of Directors unanimously voted to authorize the General Manager to execute Task Order No. 4 to the KATZ & Associates Public Information Services Agreement in an amount not to exceed \$49,980.

- D. Authorize the General Manager to execute an Agreement to transfer sewer service of 70 District served parcels to the City of Carlsbad to enable the demolition of the Meadows Number 3 Pump Station.

Upon a motion duly made by Vice President Juliussen, and seconded by Director Hanson, the Board of Directors unanimously voted to authorize the General Manager to execute an Agreement to transfer sewer service of 70 District served parcels to the City of Carlsbad to enable the demolition of the Meadows Number 3 Pump Station.

- E. Authorize the General Manager to execute an Agreement with Fischer Acoustics, Inc. to furnish and install acoustic panels in the Leucadia Pump Station Pump Room in an amount not to exceed \$37,521 as a sole source contractor.

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- F. Authorize the General Manager to execute a contract with AVI-SPL for the purchase and installation of an audio visual system and equipment for the Site Improvement Project at a cost of \$91,913.63.

Upon a motion duly made by Director Sullivan, and seconded by Director Omsted, the Board of Directors unanimously voted to authorize the General Manager to execute a contract with AVI-SPL for the purchase and installation of an audio visual system and equipment for the Site Improvement Project at a cost of \$91,913.63.

- G. Annual Review of LWD Reserve Policy.

CPA Duffey presented the subject recommendation. CPA Duffey stated that the IFC reviewed this item in detail at their February 4, 2009 meeting. CPA Duffey provided a brief overview of the revisions to the Reserve Policy.

Following discussion, upon a motion duly made by Vice President Juliussen and seconded by Director Omsted, the Board of Directors unanimously adopted the revised Reserve Policy.

- H. Review and discuss the draft LWD Teacher Grant Program.

ASM LeMay presented the subject recommendation. ASM LeMay stated that in the past the District has awarded high school scholarships to students that reside in LWD's service area. Each year the participation level has decreased, and as a result, staff and the Community Affairs Committee discussed the possibility of developing a Teacher Grant Program in lieu of the Scholarship Program. ASM LeMay stated that staff recently contacted representative of several local area schools to determine their interest level in program and majority of responses responded in favor of the program.

During the recent Community Affairs Committee (CAC) meeting, GM Bushee provided a status report on the program and, following discussion, the CAC directed staff to proceed with the program during this current school year. Therefore; staff developed the attached Teacher Grant program for the Board's review.

GM Bushee noted that based on discussions with the CAC, staff will notify the schools in the District's service about the program, and send the program to Coastal Community Foundation for posting on their website.

Following discussion, upon a motion duly made by Director Sullivan and seconded by Vice President Juliussen, the Board of Directors unanimously adopted the Teacher Grant Program.

I. Call for Nominations to the Local Agency Formation Commission.

GM Bushee presented the subject recommendation. GM Bushee stated that the District received notification from LAFCO that nominations are being solicited for one regular LAFCO district member and one alternate LAFCO member. The District received a letter from the Santa Fe Irrigation District (SFID) requesting that the Board of Directors nominate SFID Director John Ingalls for the LAFCO Regular District member position. In addition, staff provided a handout for two additional requests that were received after the delivery of agenda for support of Jo MacKenzie with Vista Irrigation District and Martin Marugg of Alpine Fire Protection District for the Alternate LAFCO position.

Following discussion, the Board of Directors came to a consensus to move this agenda item to the agenda for the Special Board meeting on Friday, February 20, 2009 for further action.

12. Information Items

- A. North County Times editorial "Most natural thing to do: Recycle water".

13. Directors' Meetings

- A. CASA Annual 2009 Conference was held at the Hyatt Grand Champions in Indian Wells, CA from January 21-24, 2009.

All Board members attended the conference stated above. President Kulchin stated it was a good conference and Director Omsted stated he attended a session that discussed Assembly Bill 32 (AB 32). Director Omsted also discussed the use of energy that is used to transport water.

14. Comments, Questions or Requests by Directors

None.

15. General Manager's Report

The following items were reported:

- ❖ Staff provided a handout for the final sewer system fact sheet
- ❖ Staff purchased photos of the Batiquitos Lagoon by Sharon Anthony for public outreach items
- ❖ GM Bushee thanked EWA and ASM LeMay for hosting and coordinating the Verbal Judo training that was conducted on February 10, 2009
- ❖ The agendas for the Special Board meetings on February 19 & 20, 2009 will be delivered shortly.

16. General Counsel's Report

General Counsel Brechtel reported he attended the CSRMA Workshop at the CASA conference and found it very informative.

17. Closed Session

Conference with District Legal Counsel to discuss anticipated litigation pursuant to California Government Code Sec. 54956.9(b)(3)(A) and (C): Kerr claim and enforcement

action.

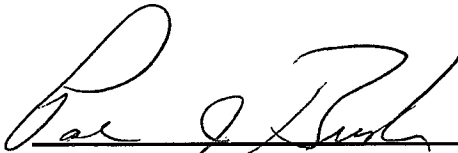
General Counsel Brechtel reported there is no need for the agenda item no. 17, Closed Session, because no litigation is anticipated and the Kerr claim has been resolved. LWD staff has confirmed that the property that was illegally connected is vacant and the owner has no objections to disconnecting the sewer line. Therefore, the Board did not meet in Closed Session.

18. Adjournment

President Sullivan adjourned the meeting at 6:27 p.m.



David Kulchin, President



Paul J. Bush
Secretary/General Manager
(SEAL)