

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Special Board Meeting
 Monday, May 10, 2021

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Monday, May 10, 2021 at 1:00 p.m. via teleconference.

1. Call to Order

President Omsted called the meeting to order at 1:00 p.m.

2. Roll Call

DIRECTORS PRESENT: Omsted, Hanson, Sullivan, and Brown
 DIRECTORS ABSENT: None
 OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Administrative Services Manager Richard Duffey, Technical Services Manager Robin Morishita, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, Field Services Superintendent Jeff Stecker, District Engineer Dexter Wilson, Field Services Supervisor Marvin Gonzalez, and Field Services Specialist Ian Riffel

3. Pledge of Allegiance

President Omsted led the pledge of allegiance.

4. Public Comment

No public comment was received.

5. Approval of Agenda

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

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

6. Overview of Recommended Fiscal Year 2022 (FY22) Budget

A. Review and discuss the recommended FY22 Budget.

GM Bushee introduced the item and thanked staff for their work on the Budget. He then introduced ASM Duffey to provide the highlights of the FY22 Budget. FY22 Budget highlights included the following items:

- Principal Budget Objectives;
- Cost allocation by program;
- Summary of Revenue Increases;
- Summary of Operating Expenses; and
- Summary of Capital Expenditures

ASM Duffey stated that there is a projected net increase in overall revenues, for a total of \$852K, contingent upon an approved sewer rate increase beginning in FY22.

ASM Duffey then introduced ASsup Hill to present the administrative services budget.

ASsup Hill stated that the projected administrative expenses total approximately \$2.3 million including non-labor expenses of \$955K. ASsup Hill summarized the administrative expenses indicating that total administrative expenses will increase 7% and non-labor expenses will increase 18%. She noted that key Budget drivers include a one-time Board redistricting expense of \$30K, an insurance expense increase of \$30K, and a new professional accounting expense of \$130K.

Director Sullivan asked why there is an election district remapping expense. ASsup Hill explained that after a U.S. Census is completed it is required that the District go through the redistricting process.

Director Brown asked if the insurance increases are the norm right now. ASsup Hill answered affirmatively. GM Bushee explained that the CSRMA pooled liability insurance and the property insurance are the main drivers for the insurance increase. Director Brown asked if cyber security is included with the CSRMA insurance. GM Bushee stated it is included with the liability insurance but that the district also purchases ancillary cyber security insurance.

ASM Duffey then introduced FSS Stecker to present an overview of the operating expenses.

FSS Stecker stated that the operating expenses for LWD facilities are projected to be \$7.8 million with the Encina Treatment Plant expenses accounting for \$2.7 million of that total. He summarized the field services expenses indicating that Office Expenses/Computer Services are projected to increase 2% or \$2K, Operating Supplies/Chemicals are projected to decrease 36% or \$58K, Repairs and Maintenance will increase 2% or \$8K, District engineering will increase 20% or \$15K, and Utilities will increase 6% or \$13K. For the Batiquitos facilities, he noted that total operating expenses are projected to be \$459K which represents a 2% increase over the FY21 Budget. For the Recycled Water Enterprise, FSS Stecker indicated that the proposed operating expenses are \$328K which is an increase of 15% over the FY21 Budget. He noted that Repairs and Maintenance will increase 24% or \$14K, Professional Services will increase 35%, or \$10K, and that Permits will increase 6%, or \$2K.

Director Brown asked if the FY21 Batiquitos Joint Facilities Rents & Leases projected amount was for a pump rental. FSS Stecker answered affirmatively noting it was for the rental of a bypass pump.

Director Brown asked for clarification on the Batiquitos Joint Facilities expenses with the City of Encinitas. GM Bushee provided background information on the agreement between the District and the City of Encinitas and the ownership breakdown of the joint facility.

ASM Duffey then introduced FSSpec Riffel to present the development budget.

FSSpec Riffel noted that the total operating expenses for development are projected at \$89K and that development pays for development. He noted that this is a decrease of 13%, or \$13K, from the FY21 Budget. He also noted that Professional Services are projected to decrease 11% or \$10K.

President Omsted asked if the District has a procedure for adding a detached accessory dwelling unit (ADU). FSSpec Riffel answered affirmatively noting that the process begins at the city which the customer resides in.

Director Brown asked if every accessory dwelling unit (ADU) is an equivalent dwelling unit (EDU). GC Brechtel answered stating that not every ADU is a full EDU since ADUs are assessed on square footage.

Director Brown asked for clarification on the estimated EDU's for FY22 versus the estimated EDU's for FY21. ASM Duffey provided clarification.

ASM Duffey then introduced TSM Morishita to present the capital budgets.

TSM Morishita presented the capital acquisition budgets for the wastewater program and the recycled water program. He added that capital acquisition items typically cost more than \$5,000 and have a life expectancy greater than one year whereas capital improvement projects are for infrastructure improvements that overlap multiple years. He noted the proposed capital budget total is a little over \$6.1 million, with a proposed capital acquisition budget of \$475K and a capital improvement budget of \$5.7 million. He further explained that the majority of the capital acquisition budget will go towards the purchase of a 1-ton truck with a crane, rehabilitation of the HVAC system in the District headquarters building, replacement of CCTV equipment, the purchase of an emergency by-pass pump, the replacement of various pump station equipment items, the reclaimed water supply pump replacement and other critical sewer maintenance equipment.

TSM Morishita provided detailed information on the capital improvement budget by reviewing Leucadia's multi-year capital improvement projects, Leucadia's ongoing rehabilitation projects, and other major projects which have a projected cost of \$5.7 million. He noted the key components include: the Village Park 7 Pump Station Rehabilitation project (\$415K), and the 2022 Gravity Pipeline Rehabilitation project (\$400K). He stated that the capital budget also includes jointly owned facilities costs of \$555K and Encina capital improvement costs of \$3.5 million.

Director Brown asked if the increase in radio communications is for two-way radios. TSM Morishita answered that the increase is for the SCADA system. GM Bushee added that the field services team uses cell phones for person to person communication.

Vice President Hanson asked for the location of Village Park 7. FSS Stecker provided the cross streets.

Director Brown asked if there are concerns for the market prices of building materials. TSM Morishita stated that increased costs can be of concern especially now since there are supply chain issues caused by the pandemic.

Director Brown asked for clarification on the Poinsettia Station Gravity Pipeline Project and the agreement with SANDAG. TSM Morishita provided clarification.

ASM Duffey then concluded the FY22 Proposed Budget Overview by presenting Reserve Contributions and noting that \$812K is projected to be pulled from the Reserves to help fund the Wastewater program. He said stated that the Recycled Water Program will add \$9K to the Reserves. He also presented a graph showing monthly sewer rates for San Diego agencies as of January 2021. As of January 2021, the District has the lowest rate. He noted that the County average is \$53.06 per month and that even with the planned sewer rate increase, LWD will remain one of the lowest sewer rates in the County of San Diego.

Director Brown asked what is the current wastewater rate for the City of Carlsbad. GM Bushee stated it is just over \$29 per month and they just had an increase this past January and will have more anticipated increases over the next 2-5 years.

The Board thanked staff for their presentations and no action was taken.

7. Closed Session

- A. Meet with District representatives General Manager Bushee and Administrative Services Manager Duffey to discuss the FY22 Informal Input Process and provide direction regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6

General Counsel Brechtel stated that the Board will meet in closed session with District representatives General Manager Bushee and Administrative Services Manager Duffey to discuss the FY22 informal input process regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6.

The Board of Directors met in closed session and provided direction to the District's representatives. There was no other reportable action.

8. Adjournment

President Omsted adjourned the meeting at 2:45 p.m.



Paul J. Bushee
Secretary/General Manager (SEAL)



Donald F. Omsted, President