

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Regular Board Meeting
 July 14, 2021

A regular meeting of the Board of Directors of the Leucadia Wastewater District was held Wednesday, July 14, 2021 at 5:00 p.m. via teleconference.

1. Call to Order

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

2. Roll Call

DIRECTORS PRESENT: Omsted, Hanson, Sullivan, Brown, and Roesink

DIRECTORS ABSENT:

OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Administrative Services Manager Richard Duffey, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Administrative Services Supervisor Trisha Hill, Executive Assistant Tianne Baity, Field Services Specialist Ian Riffel, District Engineer Dexter Wilson, and District resident Volker Hoehne

3. Pledge of Allegiance

President Omsted led the pledge of allegiance.

4. General Public Comment Period

Mr. Volker Hoehne, a District resident, asked for clarification of the monthly average rate of return in the Monthly Investment Summary located in the Finance Report. ASM Duffey and GM Bushee provided clarification. Mr. Hoehne also asked for clarification on the Demands Summary and recent payments made to Rising Tide Partners (RTP) for their public outreach services. GM Bushee provided clarification on the payments and summarized the services provided by RTP. GC Brechtel also noted that there is a compliance component to RTP's public outreach services contract since they notify customers of rules and regulations to avoid sewer spills and repair laterals.

5. Approval of Agenda

Upon a motion duly made by Director Sullivan, seconded by Vice President Hanson, 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
Director Roesink	Yes

6. Presentations and Awards

None.

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

- June 9, 2021 Regular Board Meeting
- June 15, 2021 Investment and Finance Committee Meeting
- July 7, 2021 Investment and Finance Committee Meeting
- July 7, 2021 Engineering Committee Meeting

8. Approval of Demands for June/July 2021

Payroll Checks numbered 22750-22793; General Checking Checks numbered 55667-55797

9. Operations Report (A copy was included in the original July 14, 2021 Agenda)

10. Finance Report (A copy was included in the original July 14, 2021 Agenda)

11. Disclosure of Reimbursements

This report discloses travel expense reimbursements for the month of June 2021.

Upon a motion duly made by Director Brown, seconded by Vice President Hanson, and unanimously carried, the Board of Directors approved the Consent Calendar by the following vote:

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

EWA and COMMITTEE REPORTS

12. Encina Wastewater Authority (EWA) Reports

A. A regular EWA Board Meeting was held on June 23, 2021.

Director Sullivan reported on EWA's June 23, 2021 Board Meeting.

B. An Encina Member Agency Manager's (MAM) Meeting was held on July 6, 2021.

GM Bushee reported on EWA's July 6, 2021 MAM meeting.

13. Committee Reports

A. Investment and Finance Committee Meeting was held on June 15, 2021.

Director Sullivan reported that the IFC participated in the Financial Audit Entrance meeting with staff and CPA Shannon Ayala, from Davis Farr, LLP. Director Sullivan stated that Davis Farr has begun their preliminary audit review. The IFC reviewed the auditor's responsibilities, the timing of the audit, and upcoming changes to the audit process. The final phase of the audit will begin September 2021.

There was no action taken.

B. Investment and Finance Committee Meeting was held on July 7, 2021.

Director Sullivan reported that the IFC reviewed staff's recommendation to update the District's Investment Policy. The IFC concurred with staff to present this recommendation to the Board of Directors and it will be discussed later in the agenda.

C. Engineering Committee (EC) Meeting was held on July 7, 2021.

Director Brown reported that the EC reviewed staff's recommendation to update the District's Capacity Fee ordinance. The EC concurred with staff to present this recommendation to the Board of Directors and it will be discussed later in the agenda.

Director Brown also reported that the EC also received updates on Development Projects, the Leucadia Pump Station Rehabilitation Project, and the FY21 Cured-In-Place Pipe Lining Project.

These items were for information purposes and no action was taken.

14. A proposal to consider Adopting an Update to the Leucadia Wastewater District Capacity Fee Ordinance

President Omsted opened the public hearing for comments. No public comments were provided. President Omsted closed the public hearing.

ACTION ITEMS

15. Update to the Leucadia Wastewater District's Capacity Fee Ordinance

Adopt Ordinance No. 143 - An Ordinance of the Board of Directors of the Leucadia Wastewater District (District) Establishing the District's Capacity Fee and Amending the EDU Factors Capacity Fee Schedule.

FSSpc Riffel presented the item and provided background information noting it is a tactical goal. FSSpc Riffel stated that recently the California Department of Housing and Community Development (HCD) has issued guidance clarifying how fees are assessed for larger ADUs. He continued that HCD guidance states that the capacity fee for an ADU shall be proportionate to the size of the primary residence.

FSSpc Riffel explained that staff and GC Brechtel do not believe that a fee proportionate to the size of the primary residence would be fair or proportional to the burden on the District's system. He continued that the District's current practice of using square footage is in compliance with the law.

FSSpc Riffel also noted that GC Brechtel believes that the HCD guidance misstates the law in regards to capacity charges for ADUs. Under existing California Code ADUs can be charged capacity fees either by the number of fixtures or the square footage of the ADU. He stated that there is no reference to square footage based on the primary residence.

FSSpc Riffel explained that there is merit to having the capacity fee for an ADU be less than that of a single-family residence. He noted that staff is recommending that the capacity fee assessment for ADU's of 1,001 square feet or more be reduced from 1 EDU to 0.75 EDU. FSSpc Riffel noted that the fiscal impact of Ordinance No. 143 would be a reduction of approximately \$2,200 per year in sewer service revenues.

Director Sullivan thanked FSSpc Riffel for his presentation.

Upon a motion duly made by Director Brown, seconded by Vice President Hanson, and unanimously carried, the Board of Directors adopted Ordinance 143 – An Ordinance of the Board of Directors of the Leucadia Wastewater District (District) Establishing the District’s Capacity Fee and Amending the EDU Factors Capacity Fee Schedule by the following vote:

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

16. Annual Review of LWD’s Investment Policy

Redelegate authority to manage LWD’s investment program to the General Manager effective September 1, 2021 through August 31, 2022, adopt Resolution No. 2351 amending LWD’s Investment Policy, and receive and file the annual review of the policy.

ASM Duffey presented the item and noted that the Investment Policy calls for an annual review and additionally requires the that the Board annually delegate authority to manage the Investment Program to the General Manager. ASM Duffey stated that staff recently reviewed the Policy to determine if any amendments are warranted.

ASM Duffey then reviewed the recommended changes to the Investment Policy under Section 10.0 “Safekeeping and Custody” and Section 11.0 “Diversification”. ASM Duffey noted that as a result, staff is recommending the following changes to the investment policy:

- Removing the delivery-versus-payment transaction restriction.
- Increasing the Medium-Term Corporate Notes maximum percentage from 20% to 25%.
- Clarifying some sections of the policy.
- Make some minor administrative changes such as formatting, numbering, and grammar.

Director Brown asked what areas would have a decrease if the percentage of corporate notes increases. ASM Duffey stated there would be a reduction in the Pools. He added that the LAIF, CAMP, and SD County Pools currently have more money than what the District needs for liquidity.

Following discussion, upon a motion duly made by Director Brown, seconded by Vice President Hanson, and unanimously carried, the Board of Directors redelegated authority to manage LWD’s investment program to the General Manager effective September 1, 2021 through August 31, 2022, adopted Resolution No. 2351 amending LWD’s Investment Policy, and received and filed the annual review of the Investment Policy by the following vote:

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

17. Receive and file the Fiscal Year 2021 (FY21) Tactics and Action Plan Report

GM Bushee presented the item stating that the District has accomplished over 109 goals. He provided the highlights of the Plan, which included the following:

- No sewer spills;
- Hiring of Clifton Larson Allen to provide financial support;
- Recruitment of two new Directors;
- Leucadia Pump Station Project; and
- FY 20/21 Gravity Line Projects

Director Brown stated that one of the biggest accomplishments was being able to execute the Plan during the COVID pandemic. He stated that he would like to see an update to the COVID-19 Response Plan moving forward. GM Bushee stated that this can be added to the FY22 Tactics and Action Plan. GM Bushee noted that the COVID-19 Response Plan was created with the help of ASsup Hill and the Safety Committee. Director Brown thanked ASsup Hill and the Safety Committee for their work on the COVID-19 Response Plan.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Director Roesink, and unanimously carried, the Board of Directors received and filed the FY21 Tactics and Action Plan by the following vote:

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

18. Adopt the Fiscal Year 2022 (FY22) Tactics and Action Plan

GM Bushee presented the item stating the Plan includes 78 tactical goals. He provided the highlights of the Plan, which included the following:

- Employee Team Building;
- Additional Smoke Testing;
- Completion of the Encinitas and VP7 Pump Station Projects

Following discussion, upon a motion duly made by Vice President Hanson, seconded by Director Sullivan, and unanimously carried, the Board of Directors adopted the FY22 Tactics and Action Plan by the following vote:

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

19. In Person Board Meetings

GM Bushee presented the item and provided background information on the item. GM Bushee noted that on June 11, 2021 Governor Newsome issued Executive Order N-08-21 which specified that the ability to hold virtual meetings in accordance with the Brown Act will expire on September 30, 2021. He then noted the following options regarding Board and Committee meetings:

1. Return to in-person meetings beginning in August.
2. Continue virtual meetings until October.
3. Utilize a hybrid where the Board and Staff would meet in person and the public would be required to telephone in until October.

Following discussion, the Board of Directors reached consensus to return to in person Board and Committee Meetings beginning in September.

President Omsted asked if the Committee Meetings could remain virtual. GM Bushee replied that the Committee Meetings also fall under the Brown Act and therefore the ability to hold virtual Committee Meetings will also expire on September 30th. GC Brechtel confirmed this statement.

Director Brown made a motion for Committee Meetings to remain virtual through September while Board Meetings revert to in person meetings in September. Director Sullivan seconded the motion. The Board of Directors then voted as follows:

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

The motion passed and there was no other action taken.

20. Board of Directors Committee Assignments

Receive and File Committee Assignments.

President Omsted stated that now that the vacant Director position has been filled by Director Roesink, he would like to make changes to the temporary Committee assignments made at the May Board meeting. President Omsted then assigned Director Roesink to the Engineering Committee and Community Affairs Committee and Directors Sullivan and Brown reverted back to their normal Committees assigned in January 2021.

Director Sullivan asked if anyone would like to trade with her and take her place on the Investment and Finance Committee. Director Brown agreed to trade committees with her so she would be on the Human Resources Committee and he would be on the Investment and Finance Committee. Director Sullivan thanked Director Brown.

There was no other action taken.

INFORMATION ITEMS

21. Project Status Updates and Other Informational Reports

None.

22. Directors' Meetings and Conference Reports

The 2021 CWEA Annual Virtual Conference was held June 7 - 10, 2021.

President Omsted stated he enjoyed the sessions on potable reuse water systems.

23. General Manager's Report

GM Bushee reported on the following:

- Acknowledgement of FSS Stecker for his work on the OMWD Mutual Aid Agreement;
- The Board Strategic Planning Workshop will be held in person on August 4th; and
- He will be out of the office on vacation July 15th – 27th and TSM Morishita would be the acting GM

24. General Counsel's Report

GC Brechtel reported on the following:

- AB 361: Public Agencies and Remote Meetings

25. Board of Directors' Comments

Director Roesink thanked the Board for his appointment.

Director Brown congratulated Director Roesink on completing his first board meeting as a Director.

Director Brown stated he would like an informational report at the September Board Meeting on how the drought may or may not be affecting the District. GM Bushee stated that staff would do this.

Directors Sullivan and Hanson welcomed Director Roesink.

26. Closed Session

Personnel matters as authorized by Government Code §54957 to review General Manager Performance.

The Board of Directors met in closed session. General Counsel Brechtel reported that the Board of Directors reviewed GM Bushee's performance. He stated that the Board agreed that the General Manager's performance was overall excellent.

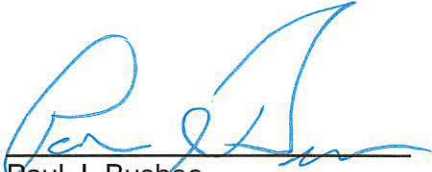
The Board then reviewed the General Manager's compensation in open session.

Upon a motion duly made by Director Sullivan, seconded by Director Brown, and carried, the Board of Directors approved a 3% salary increase from \$245,543.42 to \$252,909.72 plus a one time bonus of \$5,000 by the following vote:

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

27. Adjournment

President Omsted adjourned the meeting at approximately 6:53 p.m.



Paul J. Bushee
Secretary/General Manager
(SEAL)


Donald F. Omsted
Donald F. Omsted, President