

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Special Board Meeting
 Thursday, April 6, 2023

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Thursday, April 6, 2023 at 10:00 a.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

President Sullivan called the meeting to order at 10:04 a.m.

2. Roll Call

DIRECTORS PRESENT: Sullivan, Roesink, Saldana, Omsted, Hanson

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Director of Finance and Administration Ryan Green, Director of Technical Services Robin Morishita, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, Superintendent Marvin Gonzalez, Accounting Technician Kelly Gil, District Engineer Dexter Wilson, and Andrea Boehling of IB Consultants

3. Pledge of Allegiance

President Sullivan led the pledge of allegiance.

4. General Public Comment Period

No public comment was received.

5. Approval of Agenda

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

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

6. Financial Plan Update

Review and discuss various financial models that the Leucadia Wastewater District (LWD) could use to meet its future financial obligations.

GM Bushee presented the item stating the purpose of the meeting and providing background on the financial planning process. He then introduced Ms. Andrea Boehling of IB Consultants to provide an overview of the 2023 Financial Plan Update.

Ms. Boehling presented an overview of the 2023 Financial Plan Update. She also provided information on the inflationary assumptions, key inputs/assumptions, and revenue assumptions used

in the three wastewater Financial Plan models. She noted that the wastewater reserves would be depleted by FY 2028 without adjustments.

The Board asked various questions regarding inflation and capital costs. Staff answered their questions.

Ms. Boehling provided a recent sewer rate survey that indicated that the current regional average sewer rate is approximately \$65.37/month. She noted that the District's FY 2024 sewer rate is well below this rate at \$38.12/month

Ms. Boehling presented the three scenarios that could be used to meet future financial obligations for the District.

Scenario 1 - Full EWA Capital Improvement Program 20 Year (CIP)

FY 25 – 29: 25%, 20%, 8%, 0%, 6%

FY 30 – 35: 6%, 6%, 0%, 6%, 6%, 6%.

Scenario 2 - Full EWA 20 Year CIP with Financing

FY 25 – 29: 20%, 20%, 8%, 0%, 6%

FY 30 – 35: 6%, 6%, 0%, 6%, 6%, 6%.

Scenario 3 - EWA 10 Year Average CIP Spend for the District

FY 25 – 29: 10%, 8%, 8%, 0%, 6%

FY 30 – 35: 6%, 6%, 0%, 6%, 6%, 6%.

She stated that Scenario 1 contains the District's current pay as you go approach for CIP. She noted Scenario 1 is based on three years on and one year off with the first increase beginning in FY 2025 and assumes the full 20 Year EWA CIP of approximately \$790 million.

Scenario 2 is also based on three years on and one year off. However, Scenario 2 utilizes debt financing to cover the EWA portion of the District's CIP.

Lastly, Scenario 3 is also based on three years on and one year off. However, Scenario 3 utilizes the District's 10 year average actual spend on EWA's CIP.

DFA Green then reviewed EWA's 20 Year CIP Forecast. DFA Green noted that there will be an increase in the EWA budget from \$677M for FY 2023 to \$789M for FY 2024. He also noted that EWA's 20 Year CIP Forecast reflects a 1.11 billion increase over the next 20 years.

Following discussion GM Bushee stated staff's suggestion is to go with Scenario 3, however, he stated it is at the Board's discretion. He noted that there is also a hybrid scenario which uses the EWA 5 Year Average Spend. Director Saldana stated he that he thinks the hybrid scenario would be the best option.

DFA Green then reviewed the Hybrid Scenario and provided details on the revenue adjustments for this Scenario:

Hybrid Scenario – EWA 5 Year Average Spend

FY 25 – 29: 13%, 12%, 10%, 0%, 6%

FY 30 – 35: 6%, 6%, 0%, 6%, 6%, 6%

Vice President Roesink stated he agreed with Director Saldana that the Hybrid Scenario was the best option. Directors Sullivan, Hanson, and Omsted concurred. Following discussion, the Board

directed staff to use the Hybrid Scenario – EWA 5 Year Average Spend to finalize the 2023 Financial Plan Update which calls for 13%, 12%, 10%, 0%, 6% rate increases for FY 25 – FY 29 and 6%, 6%, 0%, 6%, 6%, 6% for FY 30 - FY 35.

Ms. Boehling also reviewed the Recycled Water Financials and noted that recycled water financials continue to cover ongoing operational costs. She noted that capital needs will be underfunded since the reserves are insufficient to fund planned capital by FY 2030.

Ms. Boehling then reviewed the District's capacity fees and noted that they were last increased in 2018. She stated that an increase of 23%, or \$1,151, is recommended. She provided details on the buy-in method and noted that this proposed buy-in approach would increase the capacity fees from \$5,089 to \$6,240 per equivalent dwelling unit (EDU). Ms. Boehling also reviewed a capacity fee comparison survey of other agencies in San Diego County noting that the current average capacity fee is around \$7,000. She noted that this is still well above LWD's proposed capacity fee of \$6,240.

Following discussion, the Board directed staff to prepare and notice for a public hearing at the June Board Meeting to increase the capacity fees from \$5,089 to \$6,240 per EDU.

7. Information Items

None.

8. Adjournment

President Sullivan adjourned the meeting at 12:00 p.m.



Elaine Sullivan, President



Paul J. Bushee
Secretary/General Manager (SEAL)