

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Special Board Meeting
 Thursday, May 11, 2023

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Thursday, May 11, 2023 at 10:00 a.m., at the District Administration Office at 1960 La Costa Avenue, Carlsbad, California.

1. Call to Order

President Sullivan called the meeting to order at 10:00 a.m.

2. Roll Call

DIRECTORS PRESENT: Sullivan, Saldana, Omsted
 DIRECTORS ABSENT: Hanson, Roesink
 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, Field Services Superintendent Marvin Gonzalez, District Engineer Dexter Wilson, Field Services Supervisors Mauricio Avalos and Gabe Mendez, Field Services Specialist Ian Riffel, Accounting Technician Kelly Gil

3. Pledge of Allegiance

Director 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 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	Absent
Director Saldana	Yes
Director Omsted	Yes
Director Hanson	Absent

6. Overview of Recommended Fiscal Year 2024 (FY24) Budget

A. Review and discuss the recommended FY24 Budget.

GM Bushee introduced the item and thanked staff for their work on the Budget. He then introduced DFA Green to provide the highlights of the FY24 Budget. FY24 Budget highlights included the following items:

- Principal Budget Objectives;
- Summary of Revenue Increases;
- Budget Organization; and
- Summary of Operating Expenses

DFA Green stated that there is an operating increase of 8%.

DFA Green then introduced ASsup Hill to present the administrative services budget.

ADS Hill stated that the projected administrative expenses total approximately \$2.3 million including non-labor expenses of \$868K. ADS Hill summarized the administrative expenses indicating that total administrative expenses will decrease \$92K and non-labor expenses will decrease \$111K. She noted that the FY24 Budget does not include a Financial Plan update, salary and benefit survey expense, or an election expense. She stated that the insurance expense will increase \$12K.

ASsup Hill then introduced FSSup Avalos to present an overview of the operating expenses for the LWD Facilities.

FSSup Avalos stated that the operating expenses for the LWD facilities are projected to be \$8.2 million and non-labor expenses will increase \$94K. He summarized the non-labor expenses indicating that Repairs and Maintenance will increase \$39K, Fuel will increase \$10K, and Electricity will increase \$45K. FSSup Avalos stated that Encina Treatment Plant expenses account for \$2.9 million of the \$8.2 million total. He summarized Encina expenses indicating that Chemicals will increase \$999K, Energy will increase \$965K, Bio-solids hauling will increase \$387K, and Personnel will increase \$634K.

FSSup Avalos then introduced FSSup Mendez to present an overview of the operating expenses for the Batiquitos Facilities.

FSSup Mendez noted that total operating expenses for the Batiquitos Facilities are projected to be \$526K which represents a 1% increase over the FY23 Budget. He summarized the non-labor expenses indicating that they will increase \$13K. He stated that Repairs and Maintenance will increase \$9K. FSSup Mendez stated that at the time the draft budget was put together there was no increase in Utilities, however, staff will have to reassess the Utilities budget since LWD was automatically switched from San Diego Gas & Electric (SDG&E) to the San Diego Community Power Program which has recently had a spike in electrical costs. DFA Green noted that the FY24 Budget will include an increase of \$25K for Utilities at the Batiquitos Facilities to cover these increases.

Director Saldana asked what drives the Batiquitos Joint Facilities and the 80/20 split between LWD and the City of Encinitas. DFA Green explained that it was derived by agreement and is based on relative flows.

FSSup Mendez then introduced FSS Gonzalez to present an overview of the Recycled Water Enterprise.

For the Recycled Water Enterprise, FSS Gonzalez indicated that the proposed operating expenses are \$314K which is an increase of 9% over the FY23 Budget. He noted that Operating Supplies will increase 20%, or \$9K, Professional Services will increase 38%, or \$8K, Permits will increase 12%, or \$6K, and Repairs and Maintenance will remain flat.

FSS Gonzalez then introduced FSSpec Riffel to present the development budget.

FSSpec Riffel noted that the total operating expenses for development are projected at \$81K and that development pays for development. He noted that this is a decrease of 10%, or \$9K, from the FY23 Budget.

FSSpec Riffel then presented the capital budgets.

FSSpec Riffel 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 \$9.1 million, with a proposed capital acquisition budget of \$1.3 million and a capital improvement budget of \$7.8 million.

FSSpec Riffel 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 \$7.8 million. He noted the key components include: the FY 2024 Gravity Pipeline Rehabilitation project (\$790K), the Rancho Verde Pump Station Rehabilitation Project (\$667K), and the LPS (L1) Force Main Condition Assessment (\$300K). He stated that the capital budget also includes the Batiquitos jointly owned facilities costs of \$1.06 million, Encina capital improvement costs of \$4.04 million, and Recycled Water Program costs of \$57K.

FSSpec Riffel then introduced FSS Gonzalez to present the capital acquisitions.

FSS Gonzalez stated the proposed capital acquisitions for the Leucadia Facilities total \$1.128M. He stated the main drivers at the Leucadia Facilities are Vehicle Acquisitions at \$798K and Office Equipment at \$146K. He also noted that capital acquisitions for the Batiquitos Pump station is \$116K and Recycled Water is \$89K.

Director Saldana asked if anything is in the budget for the sale or auction of replaced LWD vehicles. DFA Green answered that the sale or auction of replaced vehicles is hard to forecast and is not included in the budget. However, if replaced LWD vehicles are sold or auctioned it is considered additional revenue for the District.

Director Roesink entered the meeting at 11:19 a.m.

DFA Green then concluded the FY24 Proposed Budget Overview by presenting Reserve Contributions and noting that \$1.2 million is projected to be pulled from the Reserves to help fund the Wastewater program. He said stated that the Recycled Water Program will add \$234K to the Reserves. DFA Green also reviewed changes which have occurred since the draft budget was completed. He noted that the following changes will be included in the final budget:

- Electricity will be increased by \$25K for Batiquitos Facilities;
- CalPERS UAL early pay will decrease by \$18K;
- An A/V system upgrade is proposed at \$100K but will likely increase based on recent quotes; and
- CIP projects will be increased by \$100K for a San Marcos Creek Crossing study

Director Saldana thanked staff for their presentations. Vice President Roesink thanked staff for a clear and concise budget.

7. Closed Session

- A. Meet with District representatives General Manager Bushee and Director of Finance and Administration Green to discuss the FY24 Informal Input Process and provide direction regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6

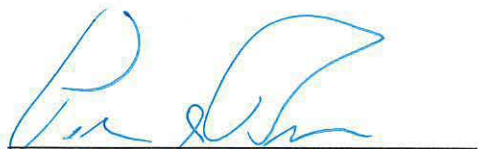
General Counsel Brechtel stated that the Board will meet in closed session with District representatives General Manager Bushee and Director of Finance and Administration Green to

discuss the FY24 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 Sullivan adjourned the meeting at 12:13 p.m.



Paul J. Bushee
Secretary/General Manager (SEAL)


Elaine Sullivan, President