

## LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting

May 14, 2008

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A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, May 14, 2008 at 5:00 p.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 5:00 p.m.

**2. Roll Call**

DIRECTORS PRESENT: Sullivan, Kulchin, Juliussen, Hanson, and Omsted

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Administrative Services Manager Chuck LeMay, Field Services Manager Leo Schempp, Project Manager Robin Morishita, Executive Assistant Trisha Miranda, Richard Duffey with Brownell and Duffey, and District Engineer Steve Deering

**3. Pledge of Allegiance**

**4. Approval of Agenda**

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

**5. Public Comment**

There was no public comment.

GM Bushee introduced Mr. Michael Ramirez as LWD's new Utility Worker. The Board of Directors welcomed Mr. Ramirez to LWD.

**6. Presentations and Awards**

A. Award of the California Society of Municipal Finance Officers (CSMFO).

GM Bushee stated that last month, LWD received a certificate of award from CSMFO recognizing the District's efforts in meeting professional standards and criteria in reporting and preparation of the annual financial statements. GM Bushee recognized CPA Richard Duffey, and staff members ASM LeMay and AT McEniry for their efforts in applying for the award.

The Board of Directors congratulated staff for their achievement.

**7. Consent Calendar**

- A. Minutes for the following meetings:  
April 9, 2008 Regular Board meeting  
April 22, 2008 Special Board meeting

April 29, 2008 Human Resources Committee meeting  
May 5, 2008 Engineering Committee meeting

- B. Demands for April 2008/May 2008  
Payroll Checks Numbered 13581 - 13643; General Checking – Checks numbered 36136 – 36266.
- C. Operations Report (A copy was attached to the original May 14, 2008 Agenda)
- D. Finance Report (A copy was attached to the original May 14, 2008 Agenda)
- E. Quarterly Treasurer's Report (A copy was enclosed with the original May 14, 2008 Agenda)

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

**8. Encina Wastewater Authority (EWA) Reports**

- A. Encina Wastewater Authority Report – April 23, 2008 Board meeting.

Director Juliussen and President Sullivan reported on EWA's April 23, 2008 Board meeting.

**9. Committee Reports**

- A. Human Resources Committee meeting was held on April 29, 2008 – report by Director Hanson.

Director Hanson stated that the HR Committee met in closed session to discuss employee compensation issues, and the Board will meet in closed session later in tonight's agenda to discuss issues related to employee compensation.

- B. Engineering Committee meeting was held on April 7, 2008 – report by Director Juliussen.

Director Juliussen stated the EC received a status report on the Asset Management Master Plan. The EC discussed the concepts of the Asset Plan and there was no recommended action. The Asset Plan will be presented to Board for adoption at the June 2008 Board meeting.

The EC also reviewed the Fiscal Year 2009 (FY 09) Capital Budget. Director Juliussen stated that staff had made some adjustments based on updated figures and that overall there was a reduction of approximately \$76,000 from the preliminary budget that the EC reviewed on April 7<sup>th</sup>. The EC concurred with staff to present the capital budget to the Board of Directors at tonight's meeting.

In addition, the EC reviewed the status of the Site Improvement Project. The committee discussed the project and requested that staff present a PowerPoint overview to the Board of Directors at tonight's meeting.

- C. Human Resources Committee meeting was held on May 12, 2008 – report by Director Hanson.

Director Hanson noted that the HR Committee met to continue its discussion of employee compensation issues. The Board will meet in closed session later in tonight's agenda to discuss issues related to employee compensation.

## 10. Old Business

None.

## 11. New Business

- A. Authorize staff to prepare, notice, and schedule a public hearing for July 9, 2008 to consider increasing LWD's sewer service charge for the next 3 fiscal years.

ASM LeMay presented the subject recommendation. ASM LeMay stated that during 2003, the Board adopted Ordinance No. 108 setting the District's sewer service charge at \$194 per EDU per year. The sewer service fee has remain unchanged since that time as LWD has systematically reduced its reserves in accordance with the 2004 Financial Plan Update

On April 22, 2008, the Board of Directors held a special meeting to review the District's draft 2008 Financial Plan Update. The Board reviewed 4 options for LWD to meet its future financial obligations including three "pay as you go" scenarios and one "bond" scenario. As a result, the Board directed staff to finalize the 2008 Financial Plan Update using the "pay as you go" scenario that included a 10% sewer service charge increase in each of Fiscal Years 2009, 2010, and 2011.

ASM LeMay stated that in order to have a rate increase take effect for Fiscal Year 2009 (FY 09), staff would need to notice the rate increase in May as per the requirements of Proposition 218. Therefore, staff's recommendation is to authorize staff to notice a public hearing for July 9, 2008 to consider the proposed rate increases.

The Board discussed the recommendation. The Board requested a copy of the notice to be distributed for the proposed rate increase. GM Bushee replied a copy of the notice will be distributed before the meeting's end and EA Miranda subsequently distributed the notice to all the Board members.

Following discussion, and upon a motion duly made by Director Juliussen, seconded by Director Kulchin, then carried, the Board of Directors authorized staff to prepare, notice, and schedule a public hearing for July 9, 2008 to consider increasing LWD's sewer service charge for the next 3 fiscal years.

- B. Overview of the Proposed Fiscal Year 2009 (FY09) Budget.

ASM LeMay stated that he will be presenting a PowerPoint presentation overview of the FY 09 LWD Operating and Capital Budgets. Including in the presentation will be the following:

- FY 09 Budget revenue projections included a wastewater service increase from \$194 per year to \$213.40 per year.
- Projected Wastewater, Batiqitos Pump Station, and Recycled Water Expenses
- Projected Administrative Services and Development Expenses
- Projected Capital Project Expenses

Throughout the presentation, staff answered the Board questions relating to the FY 09 Budget.

Following discussion, the Board of Directors directed staff to prepare the Final FY 09 LWD Budget for consideration at the June 11, 2008 Board meeting.

C. Board of Directors Compensation Adjustment.

ASM LeMay stated during May 2006 the Board of Directors adopted Ordinance No. 113 that adjusted the Board compensation from \$130 to \$150 per meeting. The California water code §20202 allows the Board of Directors to receive a 5% adjustment per calendar year following the operative date of the last adjustment. ASM LeMay stated that this item was placed on the agenda for the Board's consideration and to provide direction to staff on whether staff needs to notice a public hearing for the next Board meeting. Staff has no recommendation on this matter.

Following discussion, and upon a motion duly made by Director Kulchin, seconded by Director Juliussen, then carried by Directors Omsted and Sullivan, and opposed by Director Hanson, the majority of the Board of Directors agreed to a 10% meeting stipend increase for FY 2009.

The Board also inquired whether it was possible to have its stipend automatically increase by 5% for each year as allowed by law. General Counsel Brechtel noted that he would assess whether it is legal to have an automatic 5% increase each year, and that the Board may have to vote each year for a compensation increase.

D. Call for Nominations to the Local Agency Formation Commission (LAFCO) and the Special Districts Advisory Committee.

GM Bushee stated that the District received notification from LAFCO stating that LAFCO is receiving nominations to fill the one Special District Board position on LAFCO and eight positions on LAFCO's Special Districts Advisory Committee.

Following discussion, the Board of Directors decided not to nominate anyone for the open LAFCO positions, since Director Hanson is an incumbent on the Special District Advisory Committee and her term expires October 21, 2011.

## 12. Information Items

GM Bushee reviewed the following information items.

- A. Encina Wastewater Authority New Administration & Operations Building Dedication Ceremony is scheduled for May 28, 2008 at 10:30 a.m. at 6200 Avendia Encinas, Carlsbad.

President Sullivan noted that the Environmental Awards Breakfast will be that morning at 7:30 a.m. GM Bushee stated for those who are interested in attending please RSVP with EA Trisha Miranda.

- B. Update on the Site Improvement Project.

PM Morishita presented a PowerPoint presentation of the Site Improvement Project's construction progress to date. PM Morishita stated that the project construction is on schedule.

## 13. Directors' Meetings

- A. CWEA Annual Conference was held at the Hyatt Regency in Sacramento, CA on April 13 – 16 – report by Director Juliussen.

Director Juliussen stated that he attended the CWEA Annual conference. Director Juliussen stated it was a good conference and he was able to attend vendors' booths and review new technology for wastewater agencies.

- B. CASA Spring Conference was held at the Squaw Creek Resort on April 23 - 26, 2008 – report by Directors Sullivan, Hanson, and Omsted.

President Sullivan stated she, Director Hanson and Director Omsted attended the conference. President Sullivan stated she attended an excellent presentation by Kevin Hardy of the Encina Wastewater Authority. President Sullivan stated that at the conference, other Board members suggested that staff members should provide the Board of Directors with an update on purchases that the Board had previously approved. The updates will inform the Board on whether the product meets the District needs. This will provide the Board with information on how to make better decisions in the future.

- C. WaterReuse Annual Conference was held at the Westin Tabor Center in Denver, CO on May 4 – 6, 2008 – report by Director Omsted.

Director Omsted stated he attended the WaterReuse Annual Conference. Director Omsted stated he learned that Denver cannot use all the recycled water by law, because a percentage of the recycled water needs to be put back into the river. In addition, Director Omsted learned information regarding the quality of recycled water that remains inside the pipes for several days.

- D. CSDA Legislative Day was held at the Sheraton Grand Sacramento Hotel in Sacramento, CA on May 12, 2008 – report by Directors Juliussen and Sullivan.

President Sullivan and Director Juliussen attended the CSDA Legislative Day Conference. Director Juliussen stated that legislatures are proposing proposition 1A which will help fund the parole realignment by taxing water and wastewater agencies. Director Juliussen noted that CSDA is recommending that Special District members vote no on proposition 98 and yes on proposition 99. President Sullivan and Director Juliussen met with local legislatures or their assistants.

#### **14. Comments, Questions or Requests by Directors**

Director Kulchin thanked FSM Leo Schempp for attending a local elementary school in La Costa and presenting them with information on the District.

Director Juliussen thanked staff for the get well card and thanked Director Hanson for visiting him at the hospital.

#### **15. General Manager's Report**

The following items were reported:

- Two news articles relating to a wastewater service rate increase in Encinitas and the state of wastewater infrastructure in the United States were included as handouts at the meeting. GM Bushee noted that he had a telephone interview with Ms. Ruth Webster of the North County Times relating to the Encinitas article.
- On Friday, staff noticed that a cable was stolen from one of LWD's portable generator and staff notified the police.
- The CSDA Quarterly Dinner is tomorrow night and the carpool will be leaving LWD at 5:30 p.m.
- The District will be participating in the Carlsbad Public Works Day event on Wednesday, May 21, 2008.
- The Employee BBQ is scheduled for Thursday, July 10, 2008 at noon located at Stagecoach Park in Carlsbad.

#### **16. General Counsel's Report**

General Counsel reported he participated on a conference call with the CASA committee. The committee discussed potential regulations for private laterals; such as, the need of a legislation that would include the inspection of private laterals prior to the close of escrow.

President Sullivan called for a ten minute break before meeting in closed session.

#### **17. Closed Session**


- A. To meet with General Manager Bushee and ASM LeMay to discuss labor negotiation, as authorized under Government Code 54957.6

The Board of Directors met with GM Bushee and ASM LeMay to discuss labor negotiation.

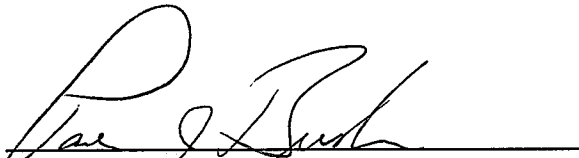
Following discussion, the Board of Directors reported that they had approved the following: 1) establish LWD salary ranges at 10% above the industry average, 2) establish salary range spreads of 25%; 3) a 3% general adjustment to those employees who's salaries would not be increased as part of range adjustments; and 4) maintain staff's benefits at the same level. The Board of Directors will approve funding for these as part of the overall FY 09 Budget approval process in June 2008.

**18. Adjournment**

President Sullivan adjourned the meeting at 7:50 p.m.



Elaine Sullivan, President



Paul J. Bushee  
Secretary/General Manager  
(SEAL)