

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting

May 19, 2010

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, May 19, 2010 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

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

2. Roll Call

DIRECTORS PRESENT: Juliussen, Hanson, Kulchin, Omsted and Sullivan
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 Hill, Field Services Supervisor Jeff Stecker, Field Services Technician II Ken Butts, District Engineer Steve Deering of Dudek, and CPA Richard Duffey

3. Pledge of Allegiance

4. Approval of Agenda

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

5. Public Comment

None.

6. Presentations and Awards

A. Achievement of an Individual Objective.

President Juliussen stated that Ken Butts passed his 20th year anniversary of employment at LWD and is eligible for an incentive award of \$400. President Juliussen also provided background information about Ken and then presented Ken with an award certificate and a check.

7. Consent Calendar

A. Minutes for the following meetings:

April 14, 2010 Regular Board Meeting

April 20, 2010 Human Resources Committee Meeting

May 10, 2010 Engineering Committee Meeting

B. Demands for April/May 2010

Payroll Checks Numbered 14884 – 14924; General Checking – Checks numbered 39282 – 39451; voided check numbered 39334 – reissued check number 39435.

C. Operations Report. (A copy was included in the original May 19, 2010 Agenda)

- D. Finance Report. (A copy was included in the original May 19, 2010 Agenda)

Upon a motion duly made by Vice President Omsted, seconded by Director Sullivan, and carried, the Board of Directors approved the consent calendar.

8. Encina Wastewater Authority (EWA) Reports

- A. Encina Wastewater Authority Report – April 28, 2010 Board Meeting.

Director Sullivan reported on EWA's April 28, 2010 Board Meeting.

GM Bushee reported on the MAM's May 12, 2010 meeting.

9. Committee Reports

- A. Engineering Committee (EC) meeting was held on May 10, 2010.

Director Kulchin reported that the EC reviewed the Force Main External Corrosion Control Evaluation Report completed by RFYeager Engineering and agreed with staff to bring this item to the Board of Directors to receive and file the report.

Director Kulchin also reported that the EC reviewed the Final FY 2011 Capital Budgets. Director Kulchin noted that the EC had concern regarding the drought tolerant garden budget and requested to bring this item to the Board of Directors for discussion. This will be reviewed by the Board later in tonight's meeting.

FSM Schempp provided a summary of the Batiquitos Force Main (B2) Break and wastewater spill that occurred on May 3, 2010. In addition, PM Morishita provided an update on the Satellite Pump Stations, Force Mains, and Gravity Sewer Replacement Project.

- B. Human Resources Committee (HRC) meeting was held on April 20, 2010.

Director Hanson stated that the HRC met in closed session to discuss the FY 2010 Informal Input Process regarding employee compensation. This item will be discussed in closed session at tonight's meeting.

10. Old Business

None.

11. New Business

- A. Receive and file the Force Main External Corrosion Control Evaluation Report completed by Dexter Wilson Engineering and RFYeager Engineering (RFY).

PM Morishita presented the subject recommendation. PM Morishita stated that the EC reviewed this item at its May 10th meeting and agreed with staff to present to the Board of Directors for approval. PM Morishita discussed the purpose of the report, provided background information on the report, and indicated that the report was part of the FY 09 Tactical Plan. PM Morishita stated that Dexter Wilson Engineering oversaw the evaluation. He introduced Mr. Wilson, who provided an overview of the

RFY evaluation and recommendations of the report. Following Mr. Wilson's presentation, he answered the Board of Directors questions in regards to lining the sewer force mains as an alternative to adding cathodic protection. Mr. Wilson explained that RFY was able to learn more about the B2 force main after the sewer spill and lining the B2 would be an immediate solution to repair the force main. Mr. Wilson noted that the evaluation was completed prior to the spill; therefore some of the information included in the report is dated due to the additional information received, after viewing the level of corrosion on the force main in the area of the leak.

GM Bushee noted that staff is currently reviewing solutions to repair and/or replace a portion of the B2 Force Main and FSM Schempp will provide more detail when he presents information on the sewer spill.

President Juliussen requested that staff add an agenda item to the next EC agenda in regards to finding the best solution for repairing the force mains. GM Bushee agreed to do so.

GM Bushee recommended that the informational item on the status report on the B2 Force Main Repair be moved forward for discussion, since the discussion relates to the B2 Force Main.

President Juliussen moved item 12A. Status Report on the B2 Force Main Repair forward for discussion.

12. Informational Items (Moved Forward)

A. Status Report on the B2 Force Main Repair.

FSM Schempp presented a PowerPoint that included the following information on the May 3rd sewage spill:

- * The chronology of events that occurred on May 3rd
- * A GIS picture that showed the location of the spill
- * Costs to contain the sewage by the pump trucks
- * Photos of portions of the corroded Force Main

FSM Schempp noted that the cause of the spill was external corrosion due to the exposed metal pipe to the saltwater environment of the lagoon. Following the presentation, FSM Schempp answered the Board's questions relating to the cause of spill.

GM Bushee noted that RFY found parts of asphalt underneath the force main that tore through the plastic cover and exposed the pipe to the salt environment that accelerated the Force Main's external corrosion. He noted that the cost to clean up the spill and repair the broken force main was approximately \$44,000.

In addition, he noted that corrosion experts visually inspected the broken section of the force main that was removed and brought to LWD's Headquarters site. Based on the level of external and internal corrosion, the corrosion experts and District Engineer recommend lining approximately 3,400 feet of both force mains B2 and B3 in the

Batiquitos Lagoon area as soon as possible. The cost of this repair is estimated at \$800,000.

11. New Business (continued)

A. Receive and file the Force Main External Corrosion Control Evaluation Report completed by Dexter Wilson Engineering and RFYeager Engineering.

President Juliussen moved back to item 11A for the Board of Directors to receive and file the Force Main External Corrosion Control Evaluation Report completed by Dexter Wilson Engineering and RFYeager Engineering.

The Board of Directors unanimously voted to receive and file the Force Main External Corrosion Control Evaluation Report completed by RFYeager Engineering.

B. Discussion Concerning the Construction of a Drought Tolerant Conservation Garden.

PM Morishita presented the subject recommendation stating that during the discussion of the FY 2011 Budget at the EC meeting, staff included funds for the Drought Tolerant Conservation Garden located behind the block wall in the Northwest corner of the District's site. He noted that the garden site is potentially the future location of a pump station. The EC had concern with the cost of the garden and questioned whether the garden would be a prudent expenditure of LWD funds during this economic recession. At the EC's request, staff agreed to place this issue before the Board of Directors for discussion.

Director Sullivan stated that the timing for Drought Tolerant conservation garden is not right due to the economy.

Director Kulchin agreed with Director Sullivan stating that the expenditure would be excessive, especially considering that the garden would be located behind a wall where no one will see it. He noted there are other options that do not cost \$50,000.

Vice President Omsted stated that this is a good economic time to build a drought tolerant garden because LWD will be supplying work and stimulating the economy by spending the money, but he agreed with Director Kulchin that the location of garden was not ideal for spending a large amount of money.

GM Bushee noted that some funds will be included in the budget for gravel to be placed instead of a garden.

Following discussion, the Board directed staff to not pursue the garden at this time.

C. Overview of the Recommended Fiscal Year 2011 (FY 11) Budget.

ASM LeMay presented the subject recommendation. ASM LeMay presented a PowerPoint overview of the FY 11 Operating and Capital Budgets. Included in the presentation were the following:

- Main objectives of the FY 11 Budget
- FY 11 Budget revenue projections included a wastewater service increase from

- \$234.74 per year to \$258.21 per year
- Cost Allocation by Each Enterprise
 - Projected Wastewater, Batiquitos Pump Station, and Recycled Water Expenses
 - Projected Administrative Services and Development Expenses
 - Projected Capital Program Expenses

The Board discussed the FY 11 Budget. Following discussion, ASM LeMay stated that the FY 11 Budget will be presented for approval at the June 2010 meeting.

D. Update report on the Safe, Clean, and Reliable Drinking Water Supply Act of 2010 (Water Supply Act).

GM Bushee reviewed the subject item. GM Bushee stated that staff presented information about the Water Supply Act at the April 2010 Board meeting and this item was a follow up to the Board of Director's request for additional information. GM Bushee stated that he spoke with a representative from CASA and it is not taking a position on this legislation. He also reported that he spoke with GM Thorner of Olivenhain Municipal Water District (OMWD) and it has opted not to take a position on the Water Supply Act.

President Juliussen stated that he believes the District should take a neutral or no stand position on this legislation. Vice President Omsted agreed with President Juliussen; in addition, Vice President Omsted suggested removing the article in the newsletter that discussed the water act. Following discussion, the Board of Directors opted not to take a position on the Water Supply Act.

12. Information Items

B. Site Improvement Project – Settlement of Potential Claim with Jaynes Corporation.

GM Bushee stated that LWD and Jaynes Corporation have resolved a potential claim and LWD has agreed to pay \$37,500 to settle the dispute. GM Bushee added that the settlement amount was within the Board of Director's authorization of \$40,000.

13. Directors' Meetings

A. CWEA Annual Conference was held at the Sacramento Convention Center on April 20-23, 2010.

Directors Omsted and Sullivan stated that they attended the CWEA Conference. Director Sullivan reported that staff represented the District well, and she would like to see more staff members attend this conference.

Vice President Omsted reported on a session that he attended which discussed Malibu's Urban Runoff Project.

B. CASA Spring Conference was held at the Newport Beach Marriott on April 28-30, 2010.

Vice President Omsted reported on the sessions that he attended.

- C. CSDA Legislative Days Conference was held at the Sheraton Grand Hotel in Sacramento, CA on May 11-12, 2010.

Director Sullivan reported that she attended the conference and met with Senator Wyland's representatives to discuss special district issues.

14. Comments, Questions or Requests by Directors

None.

15. General Manager's Report

The following items were reported:

- Handouts at tonight's meeting included Bob Topolvac flyer requesting support for his election to the CSDA Board of Directors Region 6 Seat and a copy of the "Coast News" article about LWD's recent force main spill.
- GM Bushee will be leaving the District at 5:45 p.m. tomorrow evening to attend the CSDA Quarterly dinner meeting for those Board members that would like to carpool
- The scheduling of a Special Board meeting to review the Recycled Water Program

The Board members scheduled a Special Board meeting for Thursday, June 17, 2010 at 9:00 a.m.

16. General Counsel's Report

None.

17. Closed Session

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

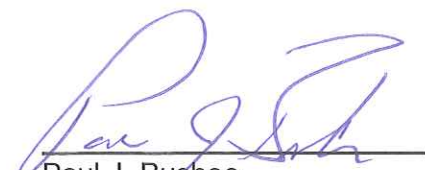
General Counsel Brechtel reported that the Board of Directors met in closed session and provided direction to the General Manager and the Administrative Services Manager. No other action was taken.

18. Adjournment

President Juliussen adjourned the meeting at 7:22 p.m.



Allan Juliussen, President



Paul J. Bushee
Secretary/General Manager
(SEAL)