

LEUCADIA WASTEWATER DISTRICT

Minutes of a Special Board Meeting

May 23, 2012

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, May 23, 2012 at 10:00 a.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

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

2. Roll Call

DIRECTORS PRESENT:

Hanson, Sullivan, Kulchin, Omsted and Juliussen

DIRECTORS ABSENT:

None.

OTHERS PRESENT:

General Manager Paul Bushee, District Counsel Wayne Brechtel, Technical Services Manager Robin Morishita, Administrative Services Manager Chuck LeMay, Field Services Superintendent Jeff Stecker, Executive Assistant Trisha Hill, District Engineer Steve Deering, and District CPA Richard Duffey

3. Pledge of Allegiance

4. General Public Comment Period.

None.

5. Approval of Agenda

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

ACTION ITEMS

6. Status of LWD's Recycled Water Program

GM Bushee presented the subject item by providing a detailed status report on the North County Recycled Water Program and LWD's Recycled Water Program.

Information on the North San Diego County Regional Water Recycling Project (North County Project) included:

- History and development of the North County Project;
- Role of RMC Water & Environment to identify the potential sources and uses of recycled water;
- Update on The Furman Group's efforts to obtain federal Title XVI funding;
- Results of the federal Title XVI funding, noting it is on hold until after the 2012 Presidential election;
- Results of the California's Prop 84 funding, noting that the project obtained a \$2 million planning grant that requires a 25% match from the participating agencies; and
- Upcoming tasks to continue the project which include completion of a programmatic EIR for the state funding, feasibility study for the federal funding, Public Information Fact Sheet,

and attendance at the upcoming Washington D.C. conference in June 2012.

GM Bushee provided an overview of the following information on LWD's Recycled Water Program:

- History and contract terms of the Recycled Water Contract with the City of Carlsbad;
- Results of LWD and the city of Carlsbad negotiation efforts for the recycled water agreement, noting that the Carlsbad's council approved the 12 month notice to terminate the recycled water agreement with LWD;
- Potential recycled water agreement with Olivenhain MWD; and
- Cost analysis of LWD recycled water program, noting alternative if LWD renegotiates with Carlsbad and/or Olivenhain MWD.

GM Bushee stated that based on staff's cost analysis of the recycled water program, the Board has the following options:

- 1) Continue to negotiate with Carlsbad and Olivenhain for the best rate that is cost effective for the District;
- 2) If negotiations are unsuccessful with Carlsbad, temporary shutdown the Gafner Plant; or
- 3) If negotiations are unsuccessful with Carlsbad continue operating the Gaftner Plant by subsidizing the operation costs with the wastewater enterprise fund and increase the sewer services charges.

Following discussion, the Board of Directors directed staff not to subsidize recycled water expenses from the wastewater reserves and to continue negotiating with Carlsbad for a new recycled water agreement.

INFORMATION ITEMS

7. Project Status Updates and Other Informational Reports

None.

8. General Manager's Report

The following items were reported:

- President Hanson's letter to the editor was published in the North County Times on May 23, 2012.

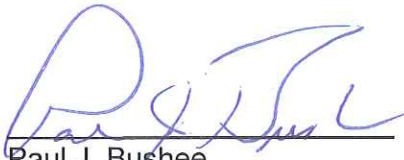
9. Board of Director's Comments

Vice President Sullivan stated that she appreciates the information provided at today's meeting and staff's efforts with LWD's recycled water program.

Director Omsted stated that he was disappointed that the North County Times took two weeks to print President Hanson's letter to the editor.

10. Adjournment

President Hanson adjourned the meeting at 11:12 a.m.

A handwritten signature in blue ink, appearing to read "Paul J. Bushee", written over a horizontal line.

Paul J. Bushee
Secretary/General Manager
(SEAL)

A handwritten signature in blue ink, appearing to read "Judy Hanson", written over a horizontal line.

Judy Hanson, President