



BOARD OF DIRECTORS

SPECIAL MEETING

DATE: Wednesday, May 23, 2012

TIME: 10:00 a.m.

PLACE: Leucadia Wastewater District
1960 La Costa Avenue, Carlsbad, CA 92009

AGENDA

Items on the agenda may be taken out of sequential order as their priority is determined by the Board of Directors. In the case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. Also, items that arise after posting of the Agenda may be added, per Government Code Section 54954.2, by a 2/3 or unanimous vote of the Board.

Any writings or documents provided to a majority of the members of Leucadia Wastewater District regarding any item on this Agenda will be made available for public inspection in the Administration Office located at 1960 La Costa Avenue, Carlsbad, CA 92009 during normal business hours.

1. **Call to Order**
2. **Roll Call**
3. **Pledge of Allegiance**
4. **General Public Comment Period**
5. **Approval of Agenda**

ACTION ITEMS

6. **Status of LWD's Recycled Water Program**
Discuss and take action, as appropriate. (Pages 1-2)

INFORMATION ITEMS

7. **Project Status Updates and Other Informational Reports**
None.
8. **General Manager's Report**
9. **Board of Directors' Comments**
10. **Adjournment**

AFFIDAVIT OF POSTING

I, Paul J. Bushee, Secretary of the Leucadia Wastewater District, hereby certify that I posted a copy of the foregoing agenda in the lobby of the District office at 1960 La Costa Avenue, Carlsbad, California at least 72 hours prior to the meeting, in accordance with Govt. Code Section 54954.2(a).

Date: May 17, 2012



Paul J. Bushee, Secretary/General Manager

MEMORANDUM

Ref: 12-3305

DATE: May 17, 2012
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: Status of Leucadia Wastewater District's (LWD) Water Recycling Program

RECOMMENDATION:

1. This item is presented for information purposes.
2. Discuss and provide direction as appropriate

DISCUSSION:

Over the past couple of years, staff has been active with discussions pertaining to the future of the LWD's Water Recycling Program. The discussions have included two separate and related efforts: 1) the North San Diego County Regional Water Recycling Project (North County Project) and 2) negotiations for wholesale water recycling contracts with the City of Carlsbad and Olivenhain Municipal Water District. A brief background of these efforts is as follows:

North County Project:

The North County Project group formed in the spring of 2010 with the goal of obtaining state and federal funding for water recycling projects. The group commissioned RMC Water & Environment to develop a report that identified the potential sources and uses of recycled water for the North County agencies involved. This report essentially identified "the project" so that funding opportunities could be pursued. The group also retained the services of a lobbyist, the Furman Group, to begin the process of obtaining federal Title XVI funding through the U.S. Bureau of Reclamation.

As a result of these initial efforts, the North County Project obtained a \$2 million planning grant under California's Prop 84 funding mechanism. This grant requires a 25% match from the participating agencies, so the actual grant amount is \$1.5 million. To date, the North County Project has not been able to obtain federal Title XVI funding primarily because the funding is on hold. It is anticipated that the Title XVI funding will be available after the 2012 Presidential election.

Carlsbad & Olivenhain Contract Negotiations:

As you are aware, staff has been negotiating with Carlsbad for an extension of the existing Recycled Water Agreement since 2007. The existing agreement was executed in 1991 with a 20 year term that expired in March 2011. At that time, Carlsbad elected to extend the agreement on a month to month basis using the existing terms. The agreement calls for a "take or pay" quantity of 394 acre-feet per year at a price of 99% of Carlsbad's potable water rate. Over the course of the agreement, LWD has delivered approximately 250 acre-feet per year and currently receives \$1,281 per acre-foot.

Carlsbad staff recently notified LWD that they plan to terminate the existing agreement by providing the required 12 month notification. This issue may be before the Carlsbad City

Council as early as May 22, 2012. Carlsbad staff has expressed an interest to continue negotiating during the 12 month notification period and has provided some cost information for LWD staff to analyze.

In terms of Olivenhain, staff has been discussing a potential water recycling contract since 2009. Preliminary discussions with those agencies have shown that the wholesale price for recycled water will likely be in the \$800 to \$1,000 per acre-foot range and that infrastructure improvements will be needed in the 2105 timeframe. Olivenhain staff has indicated that they are also considering offers from Carlsbad and the San Elijo Joint Powers Authority.

These negotiations are somewhat complex due to the uncertainty of Carlsbad and the timing of Olivenhain's future improvements.

Staff plans to present an overview of ongoing discussions, as well as the cost impacts of the various alternatives at the upcoming meeting.

PJB