

LEUCADIA WASTEWATER DISTRICT
Minutes of a Regular Board Meeting
June 11, 2008

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, June 11, 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, District Engineer Steve Deering, Bob Quaid with Willdan Financial, Andrew Oven with Dexter Wilson Engineering, Linda Amico and Carinne Amico

3. Pledge of Allegiance

4. Approval of Agenda

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

5. Public Comment

There was no public comment.

6. Presentations and Awards

A. Award of the LWD Scholarship to Carinne Amico.

GM Bushee provided a brief biography of Carinne Amico and rewarded her as the 2008 LWD Scholarship winner.

The Board of Directors congratulated Ms. Amico and approved the award of a \$1,000 scholarship.

7. Consent Calendar

A. Minutes for the following meetings:
May 14, 2008 Regular Board meeting
May 12, 2008 Human Resources Committee meeting
June 2, 2008 Engineering Committee meeting

B. Demands for May 2008/June 2008

Payroll Checks Numbered 13644 - 13686; General Checking – Checks numbered 36267 – 36382.

- C. Operations Report (A copy was attached to the original June 11, 2008 Agenda)
- D. Finance Report (A copy was attached to the original June 11, 2008 Agenda)
- E. Adopt Resolution No. 2192 Establishing an Appropriations Limit of the Leucadia Wastewater District (LWD) for the Fiscal Year 2009 (July 1, 2008 – June 30, 2009) Pursuant to Article XIII (B) of the California Constitution.

Following discussion and upon a motion duly made by Director Hanson, seconded by Director Omsted, and carried, the Board of Directors approved the consent calendar.

8. Encina Wastewater Authority (EWA) Reports

- A. Encina Wastewater Authority Report – May 28, 2008 Board meeting.

Director Juliussen reported on EWA's May 28, 2008 Board meeting.

- B. Member Agency Managers (MAM) Report – June 11, 2008 meeting.

GM Bushee reported on MAM's June 11, 2008 meeting.

9. Committee Reports

- A. Engineering Committee meeting was held on June 2, 2008 – report by Director Juliussen.

Director Juliussen stated the EC reviewed the Asset Management Master Plan. The EC recommended and concurred with staff to present the Asset Plan for adoption to the Board of Directors. This item will be reviewed by the Board later in tonight's agenda.

The EC also reviewed the Professional Service Agreement with Dudek & Associates for Engineering Consulting Services. The EC concurred with staff to recommend that the Board of Directors authorize the General Manager to execute a two year contract with Dudek in an amount not to exceed \$240,000. The item will be reviewed by the Board of Directors at tonight's meeting.

In addition, the EC reviewed the status of the Site Improvement Project. The status included a summary of the project's change orders to date.

10. Old Business

- A. Adopt the LWD Financial Plan Update.

GM Bushee presented the subject recommendation. GM Bushee stated that on April 22, 2008, the Board held a Special Board meeting to review various options for meeting LWD's future financial obligations. After the Board reviewed the various models, the Board directed staff to proceed with finalizing the 2008 Financial Plan

Update incorporating Financial Scenario 2 and the proposed changes to the capacity fee. The Financial Plan Update has since been finalized and the highlights of the Plan are: 1) increasing the current wastewater service rate 10% per year over the next 3 years beginning in FY 09; 2) modify the capacity fee allocation to 100% buy-in for new connections an increase the capacity fee to \$3,732 per edu; 3) continue "pay as you go" approach for funding capital projects; and 4) increase the operating reserve balance form 27% to 36.4% to meet the District's day to day operating expenses.

Following discussion, and upon a motion duly made by Director Juliussen, seconded by Director Kulchin, then carried, the Board of Directors adopted the 2008 Financial Plan Update, and authorized staff to proceed with the implementation of the 2008 Financial Plan's recommendations.

11. Public Hearing

A. President Sullivan opened the public hearing to consider the following:

- A Proposal to consider increasing the amount that may be paid to Directors and Officers of the District for Service to the District.
- A Proposal to consider collecting the District's Wastewater Service Charge for Fiscal Year 2009 on the San Diego County Tax Roll; and
- A Proposal to consider adopting a revised wastewater capacity fee.

ASM LeMay stated that on May 23, 2008 staff advertised the announcement of the public hearing in the local newspaper and at the District. The District did not receive any public comments.

No public input was received at the public hearing. President Sullivan closed the public hearing.

12. New Business

A. Adopt Ordinance No. 120 Increasing Compensation of Directors and Confirming meetings that Quality for Director Compensation.

ASM LeMay presented the subject recommendation. Last month, the Board directed staff to prepare, notice, and schedule a public hearing for the purpose of considering an increase in Board of Director's compensation. The proposed Ordinance provides for a 10% adjustment that increases compensation for a day's service to LWD from \$150 to \$165. The Board of Directors last approved a compensation increase on May 10, 2006. The California Water Code Section 20202 provides for a 5% adjustment per calendar year following the operative date of the last adjustment. Since an adjustment occurred in 2006, the Board is eligible for an adjustment not to exceed 10%.

At the last Board meeting, the Board requested information on whether the Board can have an automatic 5% increase in compensation per calendar. Counsel Brechtel stated that he looked into this, and found that the Board cannot have an automatic increase. Like in the past, staff would have to ask to Board on whether they would like

to include a Board increase in compensation on the agenda and the item will be placed on the next Board agenda for the Board to vote.

Following discussion, Ordinance No. 120 was passed and adopted by the following vote:

AYES: Directors Sullivan, Kulchin, Juliussen, and Omsted
NOES: Hanson
ABSENT: None
ABSTAIN: None

B. Adopt Resolution No. 2193 Adopting and Approving the Report for the Collecting of Wastewater Service Charges on the County Tax Roll for the Fiscal Year July 1, 2008 – June 30, 2009.

ASM LeMay presented the subject recommendation. ASM LeMay stated that the District has been collecting the wastewater service charge on the San Diego County Tax Roll since 1979. Staff is proposing to continue this practice for FY 09. The Board of Directors conducted a public hearing on this item, and no public comment was received. Staff prepared a written report available to the public that includes a description of each parcel of real property and the amount of the wastewater service fee for each parcel for FY 09.

If after the public hearing on July 9th, the Board of Directors does not approve the increase, the wastewater service fee billed for each parcel of real property shall be based on the existing wastewater service fee of \$16.17.

Following discussion, Resolution No. 2193 was passed and adopted by the following vote:

AYES: Directors Sullivan, Kulchin, Hanson, Juliussen, and Omsted
NOES: None
ABSENT: None
ABSTAIN: None

C. Adopt Ordinance No. 121 Increasing the Wastewater Capacity Fee from \$3,286 per EDU to \$3,732 per EDU.

ASM LeMay presented the subject recommendation. ASM LeMay stated that the current wastewater capacity fee is \$3,286 per EDU, and the Financial Plan Update recommends increasing the capacity fee to \$3,732 per EDU. LWD's capacity fee is paid by new applicants for the privilege of connecting to the District's wastewater collection system.

Director Juliussen suggested that the Capacity Fee Schedule (Exhibit A) be amended by removing the line item "Guest House unit without kitchen". Staff agreed to amend the Capacity Fee Schedule.

Following discussion, Ordinance No. 121 was passed and adopted as amended by the following vote:

AYES: Directors Sullivan, Kulchin, Hanson, Juliussen, and Omsted
NOES: None
ABSENT: None
ABSTAIN: None

D. Adopt Resolution No. 2191 Approving the Recommended Encina Wastewater Authority (EWA) Fiscal Year 2009 (FY 09) Operating and Capital Budgets.

ASM LeMay presented the subject recommendation. ASM LeMay stated that the Encina Revised Basic Agreement and Revised Establishment require that the governing body of each Encina member agency take action on the proposed annual budget. This year operating and capital budget are the following:

- FY 09 Operating Budget - \$14,043,674
- FY 09 Capital Budget - \$3,157,113

LWD's share of the proposed FY 09 operating and capital budgets is \$2,102,662 and \$577,882 respectively.

President Sullivan served on this year's EWA Policy and Finance committee and participated in the detailed EWA budget deliberation process. President Sullivan stated that the committee was pleased with EWA's budget.

Following discussion, Resolution No. 2191 was passed and adopted by the following vote:

AYES: Directors Sullivan, Kulchin, Hanson, Juliussen, and Omsted
NOES: None
ABSENT: None
ABSTAIN: None

E. Adopt the LWD Fiscal Year 2009 (FY09) Budget.

ASM LeMay presented FY 09 Budget for adoption.

Following discussion, and upon a motion duly made by Director Hanson, seconded by Director Juliussen, then carried, the Board of Directors adopted the LWD FY 09 Budget.

F. Adopt the LWD Asset Management Master Plan.

Project Manager Morishita presented the subject recommendation. PM Morishita stated that this item was reviewed by the Engineering Committee at its June 2, 2008 meeting and the Committee concurred with staff to bring this recommendation forward to the Board of Directors for consideration. The development of the Asset Management

Master Plan was included as a goal in the LWD's Fiscal Year 2008 (FY 08) Tactical Plan.

PM Morishita introduced Andrew Oven with Dexter Wilson Engineering to present a PowerPoint presentation of the plan. Mr. Oven presented an overview of the Asset Plan.

Following discussion, and upon a motion duly made by Director Juliussen, seconded by Director Omsted, then carried, the Board of Directors adopted the LWD Asset Management Master Plan.

- G. Authorize the General Manager to execute a two-year professional services agreement with Dudek for Engineering Consulting Services in an amount not to exceed \$240,000.

ASM LeMay presented the subject recommendation. ASM LeMay stated that the EC reviewed the agreement at its June 2, 2008 meeting, and concurred with staff to bring this recommendation forward to the Board of Directors for consideration. Dudek current agreement began on July 1, 2006, expires on June 30, 2008. Dudek has provided LWD's District Engineering services since 1996 and staff is very satisfied with Dudek's services.

President Sullivan inquired about any changes to the agreement. GM Bushee stated that this agreement is a new agreement and there were two minor changes to the agreement. There is an increase of \$40,000 for Dudek's services, and engineer Chris Trees was included in the agreement. In the past, Mr. Trees has occasionally filled in for Steve Deering when he is out of the office.

Following discussion, and upon a motion duly made by Vice President Kulchin, seconded by Director Hanson, then carried, the Board of Directors authorized the General Manager to execute a two-year professional services agreement with Dudek for Engineering Consulting Services in an amount not to exceed \$240,000.

- H. Authorize the General Manager to execute a two-year professional services agreement with Brownell & Duffey, CPA's for Accounting and Financial Services in an amount not to exceed \$188,020.

ASM LeMay presented the subject recommendation. ASM LeMay stated that Mr. Duffey's contract will expire on June 30, 2008. GM Bushee noted that Mr. Duffey's services to District have been excellent.

Following discussion, and upon a motion duly made by Director Hanson, seconded by Director Juliussen, then carried, the Board of Directors authorized the General Manager to execute a two-year professional services agreement with Brownell & Duffey, CPA's for Accounting and Financial Services in an amount not to exceed \$188,020.

13. Information Items

GM Bushee reviewed the following information items.

- A. The Annual Employee Luncheon is scheduled for July 10, 2008 at noon located at Stagecoach Park in Carlsbad.
- B. Letter to Senator Mark Wyland regarding opposing AB 2986 (Leno) relating to a proposed wastewater grading system.

14. Directors' Meetings

None.

15. Comments, Questions or Requests by Directors

None.

16. General Manager's Report

The following items were reported:


- Staff received clarification on the requirements for the District of Distinction Award, and the Board and executive staff must only complete the Governance course out of the four modules. Staff compiled the required documents and applied for the recognition this past week.
- GM Bushee reminded the Board members of the CASA conference in August in Monterey, CA.

17. General Counsel's Report

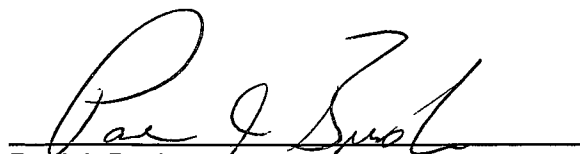
General Counsel reported that the CASA committee is working on a member agency survey regarding their private laterals policies.

18. Adjournment

President Sullivan adjourned the meeting at 6:25 p.m.



Elaine Sullivan, President



Paul J. Bushee
Secretary/General Manager
(SEAL)