

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting

June 12, 2013

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, June 12, 2013 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, Omsted, and Hanson

DIRECTORS ABSENT: None.

OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Administrative Services Manager Chuck LeMay, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Trisha Hill, Field Services Technician I Mauricio Avalos, District Engineer Steve Deering with Dudek, CPA Richard Duffey with Brownell & Duffey, Jamie Fagnant with Infrastructure Engineering Corp., Brian Jewett with Black & Veatch, Craig Barry with Piperin and Jennifer Beales with TRG & Associates.

3. Pledge of Allegiance

4. General Public Comment Period

None.

5. Approval of Agenda

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

6. Presentations and Awards

A. Achievement of an Individual Award – Mauricio Avalos

GM Bushee introduced Field Services Technician II Mauricio Avalos stating that he recently received the CWEA Collection System Maintenance Grade II certification. He also presented background information about Mauricio and congratulated him for his efforts. He stated that Mauricio is eligible for a \$500 incentive as authorized under LWD's Incentive Program.

GM Bushee also noted that Mauricio was promoted to FS Technician II.

President Sullivan presented Mauricio with his certification and an incentive check for \$500 as authorized under LWD's Incentive Program.

The Board of Directors congratulated Mauricio for his efforts.

B. Achievement of an Organizational Award – CAPIO Award of Distinction

GM Bushee presented the item stating that the District recently received an award from the California Association of Public Information Officials (CAPIO). He stated that TRG & Associates submitted an application for two awards. They nominated our newsletter for one category and the Teacher Grant program in another category. LWD placed second in the “Dollar Stretcher” category for the Teacher Grant program for notable results achieved with minimal expenses. He stated that for this award staff is eligible for a \$200 incentive as authorized under LWD’s Incentive Program. He presented the CAPIO award to President Sullivan.

GM Bushee also noted that Director Kulchin provided him with two plaques from the Agua Hedionda Lagoon Foundation for sponsoring their World Water Day events during 2012 and 2013.

CONSENT CALENDAR

GM Bushee stated that President Sullivan called him prior to the meeting and asked a question relating to the demands. He stated the question and indicated the answer that was provided to President Sullivan.

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

May 8, 2013 Regular Board Meeting
May 9, 2013 Special Board Meeting
June 4, 2013 Community Affairs Committee Meeting
June 4, 2013 Engineering Committee Meeting

8. Approval of Demands for March/April 2013

Payroll Checks numbered 16718-16762; General Checking – Checks numbered 43868-44006

9. Operations Report (A copy was included in the original June 12, 2013 Agenda)

10. Finance Report (A copy was included in the original June 12, 2013 Agenda)

11. Establishing an Appropriations Limit of the LWD for FY 14 (A copy was included in the original June 12, 2013 Agenda)

12. LWD Board of Directors Revised Strategic Plan (A copy was included in the original June 12, 2013 Agenda)

President Sullivan noted that staff did an excellent job with revising the Board’s Strategic Plan.

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

EWA and COMMITTEE REPORTS

13. Encina Wastewater Authority (EWA) Reports

A. EWA Board Report – Meeting was held on May 22, 2013.

Director Juliussen reported on the May 22, 2013 EWA Board of Directors meeting.

B. Encina Member Agencies Manager's (MAM) Meeting was held on June 4, 2013.

GM Bushee reported on the June 4, 2013 MAM Meeting. He noted that the items discussed were amendments to the Encina Revised Basic Agreement (RBA), Poseidon desalination facility, new CalPERs requirements, EWA's budget and the Vista and Carlsbad West Influent spill update.

14. Committee Reports

A. Community Affairs Committee meeting was held on June 4, 2013.

Director Omsted reported that the CAC reviewed TRG & Associates Task Order No. 3 and the scope of work. He stated that it will be reviewed later in the agenda.

B. Engineering Committee meeting was held on June 4, 2013.

Director Juliussen reported that the EC reviewed an agreement with Piperin Inc. for construction services to complete the La Costa Pump Station Rehabilitation Project in an amount not to exceed \$242,000.

He also reported that the EC reviewed a change order to the Lanikai Trunk Sewer Lining Contract with Charles King Company for additional work associated with the B2 Force Main Emergency Repair in the amount of \$121,998.

In addition, he reported that the EC reviewed a three year professional services agreement with ADS Corporation for equipment maintenance and analysis of data from seven (7) permanently installed flow meters in an amount not to exceed \$42,840 per year for a total of \$128,520 over a three year period.

He stated that the EC concurred with staff's recommendation on these items and they will be presented later in the agenda.

He also stated that the EC received an update on the Batiquitos Pump Station Rehabilitation project.

OLD BUSINESS

15. Adopt the Fiscal Year 2014 (FY 14) Budget.

ASM LeMay presented the item stating that the Board reviewed the FY 14 Budget in detail during the Board workshop on May 9, 2013. He noted that there is a zero percent (0%) increase for the wastewater facilities budget and a two percent (2%) increase in the personnel budget. He also

stated that the Board authorized a three percent (3%) salary range adjustment and that the employee's CalPERS contribution would increase from three percent (3%) to five percent (5%).

In addition, he stated that the Board suggested a minor text change and staff made the revision.

Following discussion, upon a motion duly made by Director Juliussen, seconded by Director Omsted, and carried, the Board of Directors adopted the FY 14 Budget.

PUBLIC HEARING

16. Public Hearing to consider the following:

- A. A proposal to consider collecting the District's Wastewater Service Charge for Fiscal Year 2014 on the San Diego County Tax Roll; and
- B. A proposal to adopt an ordinance establishing the District's wastewater capacity fee at \$4,006 per equivalent dwelling unit (EDU) for the privilege of connecting to the District's system.

President Sullivan opened the public hearing for comments on items A and B.

ASM LeMay stated a the notice announcing the public hearing was posted at the District office beginning on May 28, 2013 and it was published in the San Diego Union Tribune on May 29, 2013. He noted that to date, staff has not received public comment on either item.

No public comments were provided. President Sullivan closed the public hearing.

ACTION ITEMS

17. Award of the District's La Costa Pump Station Rehabilitation Construction Project.

Authorize the General Manager to execute an agreement with Piperin Corporation for construction services to complete the La Costa Pump Station Rehabilitation Project in an amount not to exceed \$242,000.

TSM Morishita presented the item stating that it was reviewed by the EC on June 4th. He noted that this project is a goal in the FY 13 Tactical Plan. TSM Morishita also noted that this project was recommended by IEC during the implementation of the District's 2008 Asset Management Master Plan.

TSM Morishita provided a summary of the bidding processing and results of bids. He stated that IEC reviewed the bids and recommended that the contract be awarded to Piperin Corporation as the lowest responsive and responsible bidder. TSM Morishita noted that the District received a letter from NEWest disputing Piperin's pump station experience. He noted that IEC further reviewed their concerns and after IEC's evaluation, they confirmed that Piperin met the requirements.

Director Juliussen stated that the EC reviewed NEWest's concerns in detail during the EC meeting and the EC agreed with IEC's recommendation.

Following discussion, and upon a motion duly made by Vice President Kulchin, seconded by Director Hanson and carried, the Board of Directors authorized the General Manager to execute an agreement with Piperin Corporation for construction services to complete the La Costa Pump

Station Rehabilitation Project in an amount not to exceed \$242,000.

18. Adoption of the 2013 Financial Plan Update.

Adopt the Leucadia Wastewater District's 2013 Financial Plan Update and authorize staff to implement the 2013 Financial Plan Update's recommendations.

ASM LeMay presented the item stating that the District's 2013 Financial Plan Update was reviewed by the Board at a Special Board meeting on March 21, 2013. He provided a brief summary of the plan, noting the various financial scenarios proposed for funding the District's wastewater enterprise. He stated that during the meeting the Board directed staff to proceed with scenario 2 (pay as you go option) for funding the wastewater enterprise. ASM LeMay also presented the highlights of the Financial Plan that was included the executive summary.

ASM LeMay thanked Mr. Jewett for assisting the District with the Financial Plan Update. He also stated that if the Board has further questions on the Financial Plan, Mr. Jewett was available to respond.

Director Hanson asked Mr. Jewett if other agencies are following the same three on and three off rate increase plan. Mr. Jewett stated that while other agencies have financial plan that look out 20 years, he has not worked with others agencies that formally follow this type of scenario. However, he added that agencies typically raise their rates sporadically depending on their financial needs. He also noted that following the three years on and three years off plan will help the District with the planning for the Proposition 218 requirements.

Director Omsted noted that the graph in the Financial Plan indicated that the reserve balances will drop significantly starting in Fiscal Year 2021. He asked whether the District should raise the rate earlier and keep them stable. Mr. Jewett explained that this option was considered, however if the District were to increase its rates earlier, the reserve balances would increase at a high level based on the factors considered in the Plan. He noted that having high reserve balances would be a public perception concern.

Following discussion, upon a motion duly made by Director Omsted, seconded by Director Hanson, and carried, the Board of Directors adopted the LWD 2013 Financial Plan Update and authorized staff to implement the 2013 Financial Plan Update's recommendations.

19. Professional Services Agreement with TRG & Associates for Public Information Services.

Authorize the General Manager to execute Task Order No. 3 to the TRG & Associates Public Information Services Agreement in an amount not to exceed \$50,000.

ASM LeMay presented the item stating that during March 2011, the District contracted with TRG for public information services. He stated that staff has been pleased with TRG's services. In addition, he noted that the task order was reviewed by the CAC on June 4th.

He provided a brief summary of the public outreach services that are included in Task Order No. 3.

Director Hanson asked about an item included in the task order relating to the Speakers Bureau. ASM LeMay stated that TRG helps coordinate speaker opportunities. GM Bushee also provided an update on a speaker's bureau opportunity with the Surfrider's Foundation.

Vice President Kulchin asked how TRG invoices the District for their services. GM Bushee stated that TRG invoices on a time and material basis. Vice President Kulchin suggested that staff use discretion when requesting services by TRG.

President Sullivan noted that TRG has made the review of their work easy and less committee meetings have been scheduled because they have been doing good job.

Following discussion, and upon a motion duly made by Director Omsted, seconded by Director Kulchin and carried by Director Juliussen, with Director Hanson opposing; the Board of Directors authorized the General Manager to execute Task Order No. 3 to the TRG & Associates Public Information Services Agreement in an amount not to exceed \$50,000.

20. ADS Corporation Agreement for Flow Monitoring, Data Analysis and Presentation, and Maintenance for Seven (7) District Flow Meters.

Authorize the General Manager to execute a three year professional services agreement with ADS Corporation for equipment maintenance and analysis of data from seven (7) permanently installed flow meters in an amount not to exceed \$42,840 per year for a total of \$128,520.

TSM Morishita presented the item stating that it was reviewed by the EC on June 4th. He stated that the original contract was executed in October 2007 for the installation of seven flow meters. He also stated the purpose, the need and location of these meters. He indicated that, during 2010, staff negotiated a three year contract renewal at a reduced cost of \$5,090 per year. He added that ADS offered to maintain the current cost for another three year renewal period. He noted that the District's Procurement Policy allows the District to retain a consultant for continuing services for subsequent phases of work, if it's in the District's best interest.

Director Juliussen noted that the EC reviewed this contract and he is impressed that ADS has offered to maintain the reduced rate that was offered with their previous contract.

Director Omsted asked how the meters monitor the condition of the pipes. TSM Morishita provided examples of how the meters collect specific data that allows staff to determine whether there is an issue at a pipe location.

Following discussion, and upon a motion duly made by Director Juliussen, seconded by Director Omsted and carried, the Board of Directors authorized the General Manager to execute a three year professional services agreement with ADS Corporation for equipment maintenance and analysis of data from seven (7) permanently installed flow meters in an amount not to exceed \$42,840 per year for a total of \$128,520.

21. Lanikai Trunk Sewer Lining Project Change Order for the B2 Force Main Repair.

Authorize the General Manager to execute a change order to the Lanikai Trunk Sewer Lining contract with Charles King Company for additional services for the B2 Force Main Emergency Repair in the amount of \$121,998; and authorize an additional appropriation of \$121,998 to the Lanikai Line Repair Project in the Fiscal Year 2013 Budget to cover the cost of the B2 Force Main Emergency Repair.

TSM Morishita presented the item stating that it was reviewed by the EC on June 4th. TSM Morishita provided background information, noting that a bypass using the B2 Force Main was required during the Lanikai Trunk Sewer Lining project. During the bypass, the B2 Force Main failed resulting in a spill. He stated that the contractor, Charles King was present during the spill and was able to perform the emergency repairs to the B2 Force Main. He stated that the FY 13

budget did not include funding for the emergency repair work and staff is requesting that the Board approve the cost and appropriation of \$121,998 for this project.

President Sullivan noted that she trusts the EC's recommendations after reviewing the capital projects and contracts.

Following discussion, and upon a motion duly made by Director Juliussen, seconded by Director Omsted and carried, the Board of Directors authorized the General Manager to execute a change order to the Lanikai Trunk Sewer Lining contract with Charles King Company for additional services for the B2 Force Main Emergency Repair in the amount of \$121,998; and authorize an additional appropriation of \$121,998 to the Lanikai Line Repair Project in the Fiscal Year 2013 Budget to cover the cost of the B2 Force Main Emergency Repair.

22. Collection of Wastewater Service Charges on the County Tax Roll for FY 14.

Adopt Resolution No. 2234 Adopting and Approving the Report for the Collection of Wastewater Service Charges on the County Tax Roll for the Fiscal Year July 1, 2013 – June 30, 2014.

ASM LeMay presented the item stating that the District has been collecting sewer service charges on the County Tax Roll since 1979 and would like to continue this practice. He also stated that Board is approving the report that was prepared and filed with the County. He noted that the sewer service charge remains at the annual cost of \$258.22.

Upon a motion duly made by Director Hanson, seconded by Director Juliussen and carried the Board of Directors adopted Resolution No. 2234 Adopting and Approving the report for the Collection of Wastewater Service Charges on the County Tax Roll for the Fiscal Year July 1, 2013 – June 30, 2014 by the following vote:

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

23. Adjusting the District's Wastewater Capacity Fee to \$4,006 per equivalent dwelling unit (EDU).

Adopt Ordinance No. 129 Adjusting the District's wastewater capacity fee from \$3,732 per EDU to \$4,006 per EDU.

ASM LeMay presented the item stating that the increase of the capacity fee was recommended in the 2013 Financial Plan Update. He noted that this item was included in the public hearing and no comments were received. He also noted that the increase is 7% and would take effect immediately.

Vice President Kulchin asked how many sewer connections occurred this past year and how many do we anticipate in FY 2014. ASM LeMay provided the District's current number of connections and the number that staff anticipates next year.

Upon a motion duly made by Director Omsted, seconded by Director Hanson and carried the Board of Directors adopted Ordinance No. 129 Adjusting the District's wastewater capacity fee from \$3,732 per EDU to \$4,006 per EDU by the following vote:

AYES: Directors: Sullivan, Kulchin, Hanson, Juliussen, and Omsted

NOES: None
ABSENT: None
ABSTAIN: None

24. Approving the Recommended Encina Wastewater Authority FY 14 Budget

Adopt Resolution No. 2235 Approving the Recommended Encina Wastewater Authority (EWA) Fiscal Year 2014 (FY 14) Operating and Capital Budgets.

ASM LeMay presented this item stating that the EWA Budget was approved by their Board and the Joint Advisory Committee. He stated that the operating budget for FY 14 is approximately \$13.9 million and the capital budget is approximately \$10.5 million. He noted that LWD's share is \$1.7 million each for the operating and the capital budgets respectively.

Upon a motion duly made by Director Juliussen, seconded by Director Omsted and carried the Board of Directors adopted Resolution No. 2235 Approving the Recommended Encina Wastewater Authority (EWA) Fiscal Year 2014 (FY 2014) Operating and Capital Budgets by the following vote:

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

25. Approval of an interim agreement with La Costa Resort & Spa for the Sale of Recycled Water.

GM Bushee presented the item stating that this agreement is a month to month agreement with La Costa Resort & Spa to provide recycled water to the South Golf course at a rate of \$950 per acre-foot. He noted that this is the same offer that was provided to the city of Carlsbad to renew the contract with them. He provided brief background on the negotiation process between the city of Carlsbad and La Costa Resort & Spa. He indicated that this price will cover the District's operating, overhead, and half of the replacement costs to produce and deliver the recycled water to the golf course.

GM Bushee noted that the District received new information from the city of Carlsbad this morning regarding the expired contract with them. He introduced Counsel Brechtel to the further explain the information that was received today.

General Counsel Brechtel stated that staff is recommending that the Board authorize the General Manager to execute the interim recycled water agreement with La Costa Resort & Spa and also authorize the General Manager to provide a 30 day termination notice of the agreement at an appropriate time.

General Counsel Brechtel stated that during the negotiations with La Costa Resort & Spa, the District was also negotiating with the city of Carlsbad. The District was able to come to an agreement with La Costa in order to keep the facilities running, because the recycled water agreement with the city of Carlsbad expired on June 7, 2013. He stated that during the city of Carlsbad's Board meeting last night, the agenda included a closed session item to discuss the recycled water negotiations with the LWD. He indicated that council members may have authorized their staff to accept the District's recycled water agreement under certain conditions. He noted that these conditions will be discussed later in closed session regarding the recycled water

rebates. He stated that the District needs this interim agreement until the negotiation with the city of Carlsbad is final. He noted that the date of this contract is retroactive to June 7, 2013.

Director Kulchin asked why it is taking so long to come to an agreement with the city of Carlsbad. General Counsel Brechtel indicated that the issue of the rebates may have extended the negotiations and staff would like to resolve both issues. General Counsel Brechtel indicated that he doesn't know the exact reason, why it took La Costa a long time to sign the recycled water agreement with the District.

Following discussion, upon a motion duly made by Director Omsted, seconded by Director Juliussen and carried the Board of Directors authorized the General Manager to execute an Agreement for sale of recycled water to LC TRS Inc. (La Costa Resort & Spa) on a month-to-month basis at a cost of \$950 per acre-foot; and authorize the General Manager to provide La Costa Resort & Spa with a 30-day termination of the agreement at an appropriate time.

26. Reimbursement of Expenses for Scripps Circle of Life 100 Luncheon

Authorize reimbursement of expenses for attendance at the Scripps Circle of Life Luncheon Honoring Ann and David Kulchin.

EA Hill presented the item stating that the Board members and the General Manager received invitations to attend the Scripps Circle of Life Luncheon honoring Director Kulchin and his wife Ann Kulchin. She stated the District's Travel and Reimbursement Policy includes a list of pre-approved meetings, training and conferences. She indicated that this event is not a pre-approved event listed in the policy and that this event requires Board approval if Board members would like for the District to reimburse them for the cost of the event, which is \$95 per attendee.

Director Hanson stated that she is not in favor of the District funding the cost of the ticket for the event. She stated that she would pay for a ticket and not ask the District for a reimbursement. Director Omsted agreed. Vice President Kulchin stated that he is not asking for the District to pay for the cost of tickets.

The Board reached consensus not to have the District reimburse expenses associated with this event.

INFORMATION ITEMS

27. Project Status Updates and Other Informational Reports

A. LWD 2013 Employee Luncheon is scheduled for Thursday, July 11, 2013.

GM Bushee announced the date, time and location of the employee luncheon.

B. Carlsbad Chamber of Commerce State of the City Luncheon is scheduled for Friday, August 23, 2013 from 11 AM to 1:30PM at the Sheraton Carlsbad Resort & Spa.

GM Bushee announced the event noting that the luncheon conflicts the CASA Conference in August. President Sullivan indicated that she may attend the event.

28. Directors' Meetings and Conference Reports

A. The 2013 CSDA Legislative Days Conference was held at the Sheraton Grand in Sacramento, CA on May 14-15, 2013.

All Board members attended the CASA Conference. Each Director reported on the sessions that they attended. Director Omsted learned the value of meeting with state legislatures. Director Kulchin noted that this conference is valuable and that the speakers and assembly members were interesting. Director Hanson agreed with Director Kulchin.

President Sullivan stated she learned from our state representatives that some are new and don't know all the issues and would like to hear from the attendees. Director Hanson stated that she believes the District would benefit more, if Board members would schedule local meetings with the representatives to discuss issues relating to the District. Director Hanson indicated that the roundtable discussion needs improvement.

B. CSDA Quarterly Dinner meeting was held at the Courtyard by Marriott in San Diego on May 16, 2013.

All Board members attended the meeting. Director Omsted stated that he was impressed with the presentations and the student's projects. He noted that he was glad to see how the funds were spent.

29. General Manager's Report

General Manager Bushee reported on the following items:

- La Costa Resort & Spa is in the process of being purchased by OMNI Hotel;
- The District participated in the Encinitas Environment Day Event on Sunday and the event went well.
- Staff participated in an IRS Compliance check conference call today. He provided a brief summary of call indicating that it went well. The IRS will send the District a closing letter noting a few minor issues, and indicated that there was no need for a full audit.
- During the May North County Recycled Water Group meeting, Dave Smith, Executive Director of WateReuse provided an update on Senate Bill 918 (SB 918). He indicated that this bill requires the California Department of Public Health to promulgate regulations pertaining to the direct potable reuse (DPR) of wastewater. To assist with this effort, WateReuse is planning to fund the necessary research on DPR and is requesting funding from the North County Group. The North County Group agreed to fund this effort at a cost of \$10K per member. GM Bushee indicated that this amount is within his signature authority and that he plans to authorize this funding. He indicated that the District will be donating \$10K because the District may benefit from this study. Director Hanson stated that she agreed with the funding for this effort.

30. General Counsel's Report

None.

31. Board of Director's Comments

Director Omsted asked staff for more detailed information on the WateReuse Direct Potable Conference during November. He also commented on the possibility of EWA moving to DPR in the future and asked if there is a possibility that the District could receive this water. GM Bushee stated that there have been preliminary discussions relating to EWA producing DPR water in the future.

GM Bushee also noted that sometime during July or August 2013, Dave Smith of WateReuse will be presenting a seminar designed for elected officials to provide information on DPR. He noted

that it will be held at Vallecitos Water District.

President Sullivan stated that Mike Metts and Lisa Cannon-Rodman, representatives of the Agua Hedionda Foundation, attended the Board meeting late and she would like to acknowledge the awards that the District received from the Foundation. She thanked them for attending the meeting.

32. Closed Session.


A. Conference with District Legal Counsel to discuss anticipated litigation pursuant to California Government Code Section 54956.9(b)(3)(A) and (C): Potential action regarding recycled water rebates.

General Counsel Brechtel stated that the Board will meet in closed session per government code section 54956.9(b)(3)(A) and (C): potential action regarding recycled water rebates.


Following closed session, he reported that the Board of Directors met in closed session and directed the General Manager and General Counsel Brechtel to resolve the potential settlement. No other action was taken.

33. Adjournment

President Sullivan adjourned the meeting at 6:38 p.m.



Elaine Sullivan, President



Paul J. Bushee
Secretary/General Manager
(SEAL)