

LEUCADIA WASTEWATER DISTRICT
Minutes of a Regular Board Meeting and A Public Hearing
June 20, 2012

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, June 20, 2012 at 5:00 p.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 5:00 p.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, Field Services Superintendent Jeff Stecker, Executive Assistant Trisha Hill, District Engineer Steve Deering, District CPA Richard Duffey, FS Supervisor Marvin Gonzalez, FS Technicians Adam Robey, Mauricio Avalos, Gabriel Mendez, Ian Riffel and Rob Weber with IEC.

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.

GM Bushee noted a typo with the numbering in the agenda.

6. Presentations and Awards

A. FST Gabriel Mendez receives two professional achievement awards.

GM Bushee introduced FST In-Training Gabriel Mendez and stated that he recently received two professional certifications; the Water Distribution Grade I certification and the CWEA Collection System Maintenance II certification. He also presented background information about Gabriel and congratulated him for his efforts. He presented him with an incentive check for \$1000 as authorized under LWD's Incentive Program.

B. FST I Mauricio Avalos receives a professional achievement award.

GM Bushee introduced FST I Mauricio Avalos and stated that he recently received his Water Distribution Grade I certification. He also presented background information about Mauricio and congratulated him for his efforts. He presented him with an incentive check for \$500 as authorized under LWD's Incentive Program.

C. FST I Adam Robey receives a professional achievement award.

GM Bushee introduced FST I Adam Robey and stated that he recently received his Water Distribution Grade I certification. He also presented background information about Adam and congratulated him for his efforts. He presented him with an incentive check for \$500 as authorized under LWD's Incentive Program.

GM Bushee also acknowledged Field Services Supervisor Marvin Gonzalez and FS Technician II Ian Riffel for their support and assistance helping the Field Services Technicians with their tests. Vice President Sullivan also thanked them for being a mentor.

The Board of Directors congratulated them for their efforts.

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

May 8, 2012 Community Affairs Committee Meeting

May 9, 2012 Regular Board Meeting

May 23, 2012 Special Board Meeting

June 4, 2012 Investment & Finance Committee Meeting

June 11, 2012 Engineering Committee Meeting

9. Operations Report (A copy was included in the original June 20, 2012 Agenda)

10. Finance Report (A copy was included in the original June 20, 2012 Agenda)

11. Establishing an Appropriations Limit of the LWD for FY13.

Adopt Resolution No. 2223 – Establishing an Appropriations Limit of the Leucadia Wastewater District for the Fiscal Year 2013 (July 1, 2012 to June 30, 2013) Pursuant to Article XIII (B) of the California Constitution.

Director Juliussen pulled the Demands, item no. 8 for discussion.

Upon a motion duly made by Vice President Sullivan, seconded by Director Omsted, and carried, the Board of Directors approved all other items on the consent calendar, with the exception of item no. 8, the Demands pulled for discussion.

8. Approval of Demands for May 2012/June 2012

Payroll Checks numbered 16089-16164; General Checking – Checks numbered 42447-42597; Reissued numbers 42398; 42379; 42569

Director Juliussen had several questions relating to account payables. GM Bushee and staff answered his questions regarding the payments to vendors. GM Bushee also stated that staff will follow up with additional information regarding Director Juliussen's questions following the meeting.

Director Kulchin requested that Mr. Jeff Bills contract be reviewed by a committee prior to

renewing. GM Bushee agreed to do so.

Following discussion, Vice President Sullivan suggested that if a Board member has several questions relating to agenda items to please contact the General Manager prior to the meeting for additional information relating to their questions/concerns. Director Juliussen noted her suggestion and stated that he would contact the GM prior to the meeting.

Director Juliussen motioned to approve the Demands, Director Omsted seconded, and carried the Board of Directors approved item no. 8, the Demands.

EWA and COMMITTEE REPORTS

12. Encina Wastewater Authority (EWA) Reports

A. Encina Wastewater Authority Report – May 23, 2012.

Vice President Sullivan reported on EWA's May 23, 2012 Board meeting.

B. Member Agency Manager (MAM) Meeting – June 12, 2012.

GM Bushee noted that he was unable to attend, but followed up with GM Kevin Hardy of EWA regarding the meeting. GM Bushee reported on the MAM's June 12, 2012 meeting.

13. Committee Reports

A. Investment & Finance Committee (IFC) was held on June 4, 2012.

Director Omsted reported that the IFC met on June 4, 2012 and reviewed the agreement with Brownell & Duffey, CPAs for accounting and financial services in an amount not to exceed \$307,350. He noted that the IFC agreed with staff to forward the agreement to the Board of Directors for approval. It will be reviewed later in the agenda.

He also stated that the IFC participated in the 2012 Financial Audit Entrance meeting with staff and CPAs David Forman and Harvey Schroeder from White Nelson Diehl Evans, LLP.

B. Engineering Committee (EC) was held on June 11, 2012.

Director Juliussen reported that the EC met on June 11, 2012. He stated that the EC reviewed an agreement with Infrastructure Engineering Corporation (IEC) for engineering design services for the La Costa Pump Station Rehabilitation Project and noted that the EC agreed with staff to recommend that the Board authorize the GM to execute the agreement with IEC. He stated that this item will be reviewed later in the agenda.

Director Juliussen also reported that the EC reviewed a professional services agreement with Dudek for Engineering Consulting Services. The EC agreed with staff to recommend that the Board authorize the GM to execute the agreement with Dudek. He stated that this item will be review later in the agenda.

In addition, Director Juliussen reported that the committee received results of an evaluation that considered the procurement of a hydro-cleaning (jetter) trailer and an easement crawler.

The EC also received a status update on the Leucadia Pump Station Replacement Project.

OLD BUSINESS

14. Adopt the Fiscal Year 2013 (FY 13) Budget.

GM Bushee presented this item stating that the FY 13 Budget has been reviewed by the subcommittees and the full Board during the May Board meeting. He noted the Operating and Capital budget amounts, recommending that the Board approve the FY 13 Budget.

Director Omsted noted the increased costs for chemicals for odor control at the Batiquitos Pump Station. Director Omsted also stated that Director Juliussen notified staff about the odor issue at the pump station.

FS Superintendent Stecker provided a brief report concerning the need to purchase additional biocide. He indicated the additional biocide would allow LWD to increase the dosage and resolve the odor issue near the Batiquitos Pump Station.

The Board of Directors thanked Director Juliussen for notifying staff regarding the odor problem at the beach near the pump station. In addition, the Board thanked staff for resolving the odor issue.

Director Omsted motioned to adopt the FY 13 Budget, seconded by Vice President Sullivan, and carried, the Board of Directors adopted the FY 13 Budget.

PUBLIC HEARING

15. Public Hearing to Consider the following:

A proposal to consider collecting the District's Wastewater Service Charge for Fiscal Year 2013 on the San Diego County Tax Roll.

President Hanson opened the public hearing for comments. There was no public at the meeting. President Hanson closed the public hearing.

ACTION ITEMS

16. Collection of the Wastewater Service Charges on the County Tax Roll for FY 13.

Adopt Resolution No. 2221 Adopting and Approving the Report for the Collection of Wastewater Service Charges on the County Tax Roll for the Fiscal Year July 1, 2012 – June 30, 2013.

Upon a motion duly made by Director Kulchin, seconded by Director Juliussen, and carried, the Board of Directors approved Resolution No. 2221 by the following vote:

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

17. Approving the Recommended Encina Wastewater Authority FY 13 Budget

Adopt Resolution No. 2222 Approving the Recommended Encina Wastewater Authority (EWA) Fiscal Year 2013 (FY 13) Operating and Capital Budgets.

Upon a motion duly made by Director Omsted, seconded by Vice Presiden Sullivan, and carried, the Board of Directors approved Resolution No. 2222 by the following vote:

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

18. Engineering Design Services Agreement with Infrastructure Engineering Corporation (IEC) for the La Costa Pump Station Rehabilitation Project.

Authorize the General Manager to execute an agreement with IEC for engineering design services for the La Costa Pump Station Rehabilitation Project in an amount not to exceed \$46,866.

TSM Morishita presented this item. He stated that the EC reviewed this item at their June 11, 2012 meeting. He noted that this project is included in the FY 12 Tactics and Action Plan.

TSM Morishita also stated that this project is included in the Asset Management Plan Implementation Assistance Phase I Report. He provided a brief summary of the tasks that will be completed during the rehabilitation of the pump station. He indicated that IEC had submitted a proposal for the design phase which is the next step in the project. He noted that their proposal is fair and reasonable and the combined FY 12 and FY13 Budgets have sufficient funds for the project design.

Following discussion, upon a motion duly made by Director Kulchin, seconded by Vice President Sullivan, and carried the Board authorized the General Manager to execute an agreement with IEC for engineering design services for the La Costa Pump Station Rehabilitation Project in an amount not to exceed \$46,866.

19. Professional Services Agreement with Brownell & Duffey, CPA's for Financial and Accounting Services.

Authorize the General Manager to execute a three-year professional services agreement with Brownell & Duffey, CPA's, for accounting and financial services in an amount not to exceed \$307,350.

GM Bushee presented this item. He stated that the IFC reviewed this item at their June 4, 2012 meeting. He noted that this item is included as one of the tactical goals in the tactics and action plan.

He stated that during Mr. Duffey's tenure at the District, he has provided excellent service to the District. He noted that he has made several analyses that have financially benefited the District.

Director Juliussen suggested that staff should present contracts a few months prior to the expiration date. GM Bushee provided an explanation on why this contract was brought to the

Board one month prior to the expiration date, indicating that if staff was not satisfied with the services of consultant then staff would arrange a transition period and proceed with a request for proposals. President Hanson also noted that the contract has a 30 days' notice to end the contract if needed.

Upon a motion duly made by Director Omsted, seconded by Director Juliussen, and carried, the Board of Directors authorized the General Manager to execute a three-year professional services agreement with Brownell & Duffey, CPA's, for accounting and financial services in an amount not to exceed \$307,350.

20. Professional Services Agreement with Dudek for Engineering Consulting Services.

Authorize the General Manager to execute a three-year professional services agreement with Dudek for Engineering Consulting Services in an amount not to exceed \$360,000.

TSM Morishita presented this item. He stated that the EC reviewed the agreement at the June 11, 2012 meeting. This item is also included as a tactical goal in the tactics and action plan. He stated that Dudek has provided Engineering Consulting Services for the District for the past sixteen years and that they have a unique knowledge of the technical components of the District's collection system. He stated that Dudek has agreed to hold their existing hourly rate for a three year period. At the end of the initial term, staff will have the option to extend the agreement at a negotiated rate.

Upon a motion duly made by Director Kulchin, seconded by Vice President Sullivan, and carried, the Board of Directors authorized the General Manager to execute a three-year professional services agreement with Dudek for Engineering Consulting Services in an amount not to exceed \$360,000 with an option for an additional two years.

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

Authorize the General Manager to execute Task Order No. 2 to the TRG & Associates Public Information Services Agreement in an amount not to exceed \$48,835.

GM Bushee noted that EA Hill provided a hand out before the meeting that includes their rate schedule associated with each public outreach task item. EA Hill presented this item noting that the CAC reviewed this item at their May 8th meeting. She stated that the Board entered an agreement with TRG during March 2011 to provide information services and that this item is for approval of task order no. 2 for the period of July 1, 2012 to June 30, 2013 for the amount not to exceed \$48,835.

Director Kulchin had several questions relating to the tasks associated with the task order, questioning the need of some of the tasks. He suggested that the CAC look closely at the proposed tasks and consider having them completed in-house by staff.

GM Bushee stated that the District is not staffed with in house public outreach staff members. He also stated that last year the District spent approximately \$90,000 in public outreach costs. He noted those costs were higher than usual because of the Open House. He added that in the prior years, the budget for public outreach services has been approximately \$60,000.

Director Omsted stated that as a CAC member, he will keep Directors Kulchin's comments in mind relating to approving future costs associated with tasked items D through G.

Following discussion, upon a motion duly made by Director Juliussen, seconded by Vice President Sullivan, and carried, the Board of Directors authorized the General Manager to execute Task Order No. 2 to the TRG & Associates Public Information Services agreement in an amount not to exceed \$48,835.

22. Requesting LAFCO to Take Proceedings for the Cope Change of Organization.

Adopt Resolution No. 2224 Requesting LAFCO to Take Proceeding for the Cope Change of Organization.

DE Deering presented this item. He provided a description of the location of the parcels, indicating that the parcels are within the District' sphere of influence. He also stated that the property includes a single family home with a detached garage and two accessory buildings.

Upon a motion duly made by Director Juliussen, seconded by Vice President Sullivan, and carried the Board of Directors adopted Resolution No. 2224 by the following votes:

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

23. Carryover of Appropriation for the Procurement of a Closed Circuit Television Truck.

Authorize the carryover of a \$234,000 appropriation in capital acquisition funds from the FY 12 Budget to FY 13 Budget for the procurement of the Closed Circuit Television Truck.

FS Superintendent Stecker presented this item. He stated that at the March Board meeting, the Board approved a \$234,000 mid-year appropriation for the purchase of a new Closed Circuit Television Truck. He added that because the truck is being custom built to LWD's specifications, it will not be delivered by the end of FY 12. He stated that staff is requesting that the Board carryover the \$234,000 appropriation to the FY 13 Budget.

Upon a motion duly made by Director Juliussen, seconded by Director Omsted, and carried the Board of Directors authorized the carryover of a \$234,000 appropriation in capital acquisition funds from the FY12 Budget to the FY 13 Budget for the procurement of the Closed Circuit Television Truck.

INFORMATION ITEMS

24. Project Status Updates and Other Informational Reports

A. Batiquitos Pump Station Emergency Response Plan Presentation.

FS Superintendent Stecker provided an overview of the Batiquitos Pump Station Emergency Response Plan. GM Bushee noted this is a tactical goal in the tactics and action plan.

B. CSDA Response to Orange County Grand Jury Report on Special Districts.

GM Bushee presented this item. He provided a brief summary of CSDA's response to the Orange County Grand Jury Report on Special Districts.

C. Thank you letter from the Superintendent of Encinitas Union School District.

GM Bushee noted the received thank you letter.

D. LWD 2012 Employee Luncheon is scheduled for Thursday, July 12, 2012.

GM Bushee announced the event, asking Directors to RSVP to EA Hill. All Directors stated that they will attend.

E. Notice of termination of the recycled water sales agreement between LWD and the Carlsbad Municipal Water District.

GM Bushee stated that the District received the notice of termination of the recycled water sales agreement from the City of Carlsbad. Director Juliussen asked if the District can directly sell recycled water to the La Costa Resort & Spa. GM Bushee stated that the city has the authority and permit to sell water, noting that staff can look into his request.

F. LWD Press Release "Teachers are awarded grants" printed in the Coast News.

GM Bushee noted that the press release was printed in the Coast News.

G. Carlsbad Chamber of Commerce State of the City Luncheon is scheduled for Friday, August 24, 2012 from 11AM to 1:30 PM at the Sheraton Carlsbad Resort & Spa.

GM Bushee announced the event, asking Directors to RSVP to EA Hill. Vice President Sullivan indicated she will attend.

H. North County Times article "EFFINGER: Special districts bear scrutiny."

GM Bushee stated that Vice President Sullivan notified him of the article regarding Special Districts.

Director Kulchin stated that there was an article in the North County Times today regarding the cost of water and a response to the article from GM Gary Arant of the Valley Center MWD. He provided copies of the article and response as a hand out.

25. Directors' Meetings and Conference Reports

A. The 2012 CSDA Legislative Days Conference was held at the Sheraton Grand in Sacramento, CA on May 16-17, 2012.

Vice President Sullivan reported on meetings with the legislative representatives. Director Kulchin reported that LWD was the only wastewater agency represented at the conference. Director Omsted reported that there were discussions about getting rid of the redevelopment

agencies, and that Special Districts are next on the list to go away.

- B. CSDA Quarterly Dinner meeting was held at the Courtyard by Marriott in San Diego on May 17, 2012.

Vice President Sullivan reported on the teacher's grant presentations delivered during the CSDA meeting.

- C. The 16th Annual Watareuse & Desalination Research Conference was held at the Mission Bay Hyatt in San Diego on June 4-5, 2012.

Director Juliuseen reported that he attended and that more people are aware of watareuse and the need for recycled water.

Vice President Sullivan reported that the use of technology is moving at such a fast pace that it will allow more options on ways to recycle water in the near future. She also noted a recent survey that was conducted regarding how much consumers are willing to pay for water.

26. General Manager's Report

The following items were reported:

- He will be out of the office from June 25 to July 6 and ASM LeMay will be the acting GM.
- He reported that Bobby Larson is the new Executive Director at CASA.
- EA reported that three Board members are due for AB 1234 Ethics training in August. She provided them with options to take the training.

Vice President Sullivan stated that she will attend the CASA conference in August.

27. General Counsel's Report

General Council Brechtel reported that CA Forward has another initiative that qualified for the ballot. He noted that it is called the Budget Structural Initiative and that he will follow this initiative.

He also provided additional information on the Orange County Grand Jury Report.

28. Board of Director's Comments

Director Omsted reported on a newspaper article relating to the Carlsbad Desalination project and the costs associated with the project.

Director Kulchin thanked the Board members for being analytical during tonight's meeting.

Director Sullivan suggested that staff provide additional information on demands that were beyond normal expenditures, if the financial system will allow it.

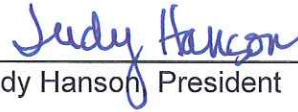
Director Kulchin suggested that Board members call the GM prior to the meeting if they have a question relating to the agenda.

29. Adjournment

President Hanson adjourned the meeting at 6:42 p.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