

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting
September 12, 2012

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, September 12, 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, Administrative Services Manager Chuck LeMay, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Trisha Hill, Engineer Steve Deering with Dudek, CPA Richard Duffey with Brownell & Duffey, Rob Weber of IEC, Inc. and Carlos Mendoza, a member of the public.

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.

6. Presentations and Awards

None.

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

August 15, 2012 Regular Board Meeting

August 20, 2012 Human Resources Committee Meeting

August 29, 2012 Community Affairs Committee Meeting

September 4, 2012 Engineering Committee Meeting

8. Approval of Demands for August 2012/September 2012

Payroll Checks numbered 16248-16303; General Checking – Checks numbered 42791-42915; voided check number 42619 was reissued.

9. Operations Report (A copy was included in the original September 12, 2012 Agenda)

10. Finance Report (A copy was included in the original September 12, 2012 Agenda)

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

EWA and COMMITTEE REPORTS

11. Encina Wastewater Authority (EWA) Reports

A. Encina Wastewater Authority Report – August 22, 2012.

Vice President Sullivan reported on EWA's August 22, 2012 Board meeting.

President Hanson requested a copy of EWA's Resolution 2012-11 Approving the GM's salary and terms and conditions. GM Bushee agreed to provide a copy to her.

B. EWA Member Agencies Manager's (MAM) Report – September 4, 2012.

GM Bushee reported on the MAM's September 4, 2012 meeting.

12. Committee Reports

A. Human Resources Committee (HRC) meeting was held on August 20, 2012.

Director Kulchin reported that the HRC reviewed the agreement with Confidence Consulting in detail. The committee chose not to recommend the agreement, but instead directed staff to place this topic on the September Board agenda for discussion. He noted that this item will be discussed later in the agenda.

B. Community Affairs Committee (CAC) meeting was held on August 29, 2012.

Vice President Sullivan reported that the CAC reviewed and commented on the fall 2012 newsletter layout. She noted that TRG will make the changes and will forward the revised newsletter to staff and the CAC for review. She stated that the newsletter is expected to be released in later September or early October.

C. Engineering Committee meeting was held on September 4, 2012.

Director Juliussen reported that the EC reviewed a sewer reimbursement agreement between LWD and developers, Tverdochs, Navazo & Solomon, and the Blantons. He stated that the EC concurred with staff to present this item to the Board.

The EC also reviewed an agreement with Farwest Corrosion Control Company for the construction of the Force Main Corrosion Protection Project in an amount not to exceed \$144,135 as the lowest responsive and responsible bidder. He stated that the EC concurred with staff to present this item to the Board.

The EC also reviewed the Preliminary Engineering Report for the Leucadia Pump Station Generator Replacement and Fuel Tank Evaluation completed by Infrastructure Engineering Corporation.

He stated that committee also reviewed an agreement with Infrastructure Engineering Corporation for engineering design services for the Leucadia Pump Station Generator Replacement Project in an amount not to exceed \$34,363.

He stated that all of the above mention items will be reviewed by the Board later in the agenda.

Director Juliussen also reported that the EC received status updates on the Batiquitos Pump Station Rehabilitation Project and the Occidental Line Repair Project.

President Hanson requested to move items no. 17 and 18 forward.

17. Leucadia Pump Station Generator Replacement and Fuel Tank Evaluation Preliminary Engineering Report

Receive and file the Preliminary Engineering Report for the Leucadia Pump Station Generator Replacement and Fuel Tank Evaluation Completed by Infrastructure Engineering Corporation.

TSM Morishita presented the item noting that it is a tactical goal in the FY 13 Tactics & Action Plan. He stated that the EC reviewed this item at their September 4th meeting and agreed with staff's recommendation. The committee also recommended a supplemental evaluation of the feasibility of using a tanker truck for the District bulk fuel storage.

He provided background information on the report indicating that the Asset Management Plan Implementation Phase I report included a recommendation from IEC that the Leucadia Pump Station emergency diesel generator be replaced. TSM Morishita introduced Mr. Rob Web of IEC to present the results of their evaluation for the installation of a new generator at the Leucadia Pump Station.

Mr. Weber presented an overview of the various configurations to install the new generator. He stated that Configuration no. 2, installation of an 800kW generator at the pump station site was selected as the preferred alternative. He provided a list of reasons why this was the preferred choice.

Mr. Weber also provided an overview of the onsite fuel storage evaluation. He stated that staff and IEC agreed that the District should not install fuel storage facilities at this time.

Following discussion, upon a motion duly made by Director Juliussen, seconded by Director Kulchin, and carried, the Board of Directors received and filed the Preliminary Engineering Report for the Leucadia Pump Station Generator Replacement and Fuel Tank Evaluation completed by Infrastructure Engineering Corporation.

18. Leucadia Pump Station Generator Replacement Project – Design Services

Authorize the General Manager to execute an agreement with Infrastructure Engineering Corporation for engineering design services for the Leucadia Pump Station Generator Replacement Project in an amount not to exceed \$34,363.

TSM Morishita presented this item indicating that it is a follow-up to the previous item. He stated that this item is also a goal included in the FY 13 Tactics and Action Plan. He

provided a summary of the scope of services included with the agreement noting that staff believes IEC's proposal is fair and reasonable.

Following discussion, upon a motion duly made by Director Omsted, seconded by Director Kulchin, and carried, the Board of Directors authorized the General Manager to execute an agreement with Infrastructure Engineering Corporation for engineering design services for the Leucadia Pump Station Generator Replacement Project in an amount not to exceed \$34,363.

PUBLIC HEARING

13. A Public Hearing to consider the following:

- Adopt Ordinance No. 125 Approving a Reimbursement Agreement Between LWD and Richard & Denise Tverdoch, Luis Navazo & Janette Solomon, and Andy & Catherine Blanton.

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

ACTION ITEMS

14. Adopt Ordinance No. 125 - Approving a Reimbursement Agreement Between LWD and Richard & Denise Tverdoch, Luis Navazo & Janette Soloman, and Andy & Catherine Blanton.

DE Deering presented the item. He provided a summary of the reimbursement agreement. He also presented background information on the agreement indicating that the developers requested a reimbursement agreement in 2010, but Mr. Tverdoch challenged the 10-year term of the agreement requesting a longer term. His request for a longer term was denied by the Board. The developers recently agreed to the 10-year term and signed the agreement and staff is requesting approval of the agreement.

Upon a motion duly made by Director Juliussen, seconded by Vice President Sullivan, and carried, the Board of Directors approved Ordinance No. 125 by the following vote:

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

15. Annual Review of the Investment Policy.

Receive and file the Annual Review of LWD's Investment Policy Report and re-delegate authority to manage LWD's investment program to the General Manager effective September 1, 2012 through August 31, 2013.

ASM LeMay presented this item stating that the policy was last revised in 2010 and that the policy calls for an annual review by the Board of Directors. ASM LeMay indicated that staff recently reviewed the policy and there are no recommended changes.

Following discussion, upon a motion duly made by Director Omsted, seconded by Director Juliussen, and carried, the Board of Directors received and filed the Annual Review of the LWD's Investment Policy.

Upon a motion duly made by Vice President Sullivan, seconded by Director Omsted, and carried, the Board of Directors re-delegated authority to manage LWD's investment program to the General Manager effective September 1, 2012 through August 31, 2013.

16. Award of the District's Force Main Corrosion Protection Project Construction Contract.

Authorize the General Manager to execute an agreement with Farwest Corrosion Control Company for the construction of the Force Main Corrosion Protection Project in an amount not to exceed \$144,135 as the lowest responsive and responsible bidder.

TSM Morishita presented this item stating that the EC reviewed it at their September 4th meeting. He added that it is a goal included in the FY 13 Tactics and Action Plan. TSM Morishita presented background information on the Force Main Corrosion Study indicating the need for corrosion protection on the District's force main. He provided a summary of bid process and the results of the bids. He stated that Farwest was the lowest, responsible bidder in the amount of \$144,135; however, he noted that staff is asking the Board to waive a minor irregularity during the bid process. He explained the irregularity stating that IEC reviewed the bids and recommended that Farwest be awarded the contract.

Director Juliussen stated that the EC reviewed this item and agreed with staff's recommendation, including waiving the minor irregularity.

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 an agreement with Farwest Corrosion Control Company for the construction of the Force Main Corrosion Protection Project in an amount not to exceed \$144,135 as the lowest responsive and responsible bidder; and to waive a minor irregularity, not acknowledging receipt of bid Addendum Number 1, in the bid received from Farwest Corrosion Control Company.

19. 2012 LAFCO Special Districts Election for one position as LAFCO's Regular Commission member and eight positions on the Special Districts Advisory Committee.

President Hanson presented the item. She stated that she was a member on LAFCO's Nominating Committee and recommends that the Board of Directors vote for the persons listed in the Nominating Committee Recommendation report.

Upon a motion made by Director Omsted, seconded by Vice President Sullivan, and carried, the Board of Directors voted for the following members to LAFCO's Regular Special District seat and LAFCO's Special Districts Advisory Committee seats respectively:

Regular LAFCO Special District Member

- Bud Pocklington of South Bay Irrigation District

Special Districts Advisory Committee Member

- Dennis Shepard of North County Cemetery District
- James Archer of Alpine Fire Protection District
- Douglas Humphrey of Resource Conservation District Greater San Diego County
- Gary Arant of Valley Center Municipal Water District
- Augie Scalzitti of Padre Dam Municipal Water District
- Margarete Morgan of Vista Fire Protection District
- Tom Bumgardner of Valley Center Parks and Recreation District
- Teresa Thomas of South Bay Irrigation District

20. Discussion of Management Support Services with Confidence Consulting.

GM Bushee presented this item stating that the Board requested to review the Confidence Consulting agreement at the June Board meeting. He also provided a summary of the Human Resources Committee meeting on August 20th, noting that the HRC had not reached consensus on a recommendation to the Board.

GM Bushee provided staff's perspective on Jeff Bill's services indicating that staff has been very pleased with his services and that Mr. Bills played an important role with the District's many successes. He also provided a summary of services that Mr. Bills has provided the District since 2007.

Director Kulchin asked what services will be included in FY 13. GM Bushee responded that employee training will be scheduled, along with a Board Strategic Planning session. GM Bushee also added that Mr. Bills will provide management support for personnel issues. GM Bushee also indicated that the Board has the option to use another facilitator for their planning session, if desired.

Director Kulchin indicated that he believes Mr. Bills is a specialist in his profession and doesn't want to lose his services. He suggested that the District should pay for his services as tasks are completed, instead of on a retainer basis and this could lower the annual cost of the services. GM Bushee explained that staff could renegotiate the terms of the contract, however, staff has already negotiated with Mr. Bills and the current fee is one of the lowest of all his clients. Mr. Bills' retainer contracts range between \$5,000 and \$11,000 per month and often do not include the full range of services he provides LWD.

President Hanson stated that the contract amount is too much based on the services that he will be providing. She stated that she believes training is important, but staff has been using his services for quite some time and staff should be well trained by now. She noted that the District should be able to get the same services at a reduced cost.

Director Juliussen agreed with President Hanson adding that he will not vote for the Confidence Consulting contract.

Director Omsted stated that Mr. Bills services have been excellent. He stated that the district should have a third party view and Mr. Bills services provides important feedback to the Board. He noted that the District should either keep his services or have someone similar for the benefit of the district.

Vice President Sullivan stated that she agrees with Director Omsted, noting it's important to have the third party perspective. She also stated that training is an ongoing necessity

and what the District has received is a very good value of services from Mr. Bills. She noted that his contract is a small percentage of the budget. She stated that she is in favor of approving the contract and would like the District to continue using his services.

Following discussion, upon a motion duly made by Vice President Sullivan, seconded by Director Omsted, and carried by Director Kulchin, with President Hanson and Director Juliussen voting no, the Board authorized the General Manager to execute the Confidence Consulting contract under the existing scope and compensation terms of \$3,000 per month plus expenses.

INFORMATION ITEMS

21. Project Status Updates and Other Informational Reports

A. CSDA Update on the Pension and Workers' Compensation Reform.

ASM LeMay provided an overview of the Pension Reform Bill stating that AB 340 was signed this morning by Governor Brown. He noted that majority of revisions apply to new members to the pension system.

General Counsel Brechtel provided a brief list of other items included in the Pension reform. He also stated that the workers' compensation reform was passed by the assembly and senate. He indicated that the revisions to the law are supposed to help reduce the cost for agencies. He provided the highlights of these changes in the bill.

22. Directors' Meetings and Conference Reports

None.

23. General Manager's Report

GM Bushee acknowledged TSM Morishita for reviewing and providing comments on the State Water Resources Control Board's proposed revisions to the statewide waste discharge requirements monitoring record keeping program. He stated that TSM Morishita attended the SWRCB meeting to provide comments on the proposed changes.

GM Bushee also asked that the Board of Directors submit their AB 1234 Training certificates to EA Hill, so she can submit them to the county.

In addition, GM Bushee asked the Board members if they prefer that staff make reservations for the holiday dinner or to schedule an Employee Recognition Committee meeting to discuss the location of the venue. Director Omsted suggested that the ERC look into the venue location for the holiday party. GM Bushee agreed that staff will contact the ERC members to schedule a meeting.

ASM LeMay noted that PERS has notified that District of its open enrollment period. He asked that if the Board members would like to change health benefit plans to contact him.

24. General Counsel's Report

General Counsel Brechtel stated that a few months ago the Board approved the Board Staff Relations policy and after approval of the policy the FPPC revised the regulations relating to Committee appointments. He stated that staff will add the Board/Staff Relations Policy to the October agenda for the Board to review the proposed changes.

25. Board of Director's Comments

Director Omsted noted that the city of San Diego is also purchasing generators.

26. Adjournment

President Hanson adjourned the meeting at 6:29 p.m.



Paul J. Bushee
Secretary/General Manager
(SEAL)



Judy Hanson, President