

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting
September 9, 2009

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, September 9, 2009 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

President Kulchin called the meeting to order at 5:00 p.m.

2. Roll Call

DIRECTORS PRESENT: Kulchin, Juliussen, Hanson, Sullivan, and Omsted
DIRECTORS ABSENT: None.
OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Field Services Manager Leo Schempp, Administrative Services Manager Chuck LeMay, Project Manager Robin Morishita, Executive Assistant Trisha Hill, Richard Duffey with Brownell and Duffey, Steve Deering with Dudek, Larry Liebel and Chris Willemin with Sequoia Solar, Dave Padilla with Infrastructure Engineering Corporation (IEC), Rob Astephen and Greg Byars with TC Construction, Pete Santar and Joe McRoskey with Underground Technologies.

3. Pledge of Allegiance

4. Approval of Agenda

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

5. Public Comment

There was no public comment.

6. Presentations and Awards

A. Achievement of Individual Objectives

GM Bushee stated the District has two awards to present. The first award is presented to Ian Riffel for receiving his Grade TI Water Treatment certification. GM Bushee also noted that this is Ian's third certification and he also recently completed his studies for a bachelor degree. Ian is eligible for an incentive award of \$500 under LWD's Incentive Program.

GM Bushee stated the second award recognizes Field Services Technician III James Hoyett for his 20 Years of Service to the District. GM Bushee also provided brief background information on James. James is eligible for an incentive award of \$400 under LWD's Incentive Program.

President Kulchin and GM Bushee presented the awards to Ian and James. The Board of Directors congratulated them both for their efforts.

7. Consent Calendar

GM Bushee stated that he spoke with Director Omsted prior to the meeting regarding an error on the August 10, 2009 Board minutes. Staff has revised the Board minutes and provided them to you as handout 7A.

Upon a motion duly made by Director Sullivan, seconded by Vice President Juliussen, and carried, the Board of Directors approved the amended August 10, 2009 Board minutes.

- A. Minutes for the following meetings:
 - August 10, 2009 Regular Board Meeting
 - September 2, 2009 Community Affairs Committee Meeting
 - September 2, 2009 Investment & Finance Committee Meeting
 - September 3, 2009 Engineering Committee Meeting
- B. Demands for August/September 2009
 - Payroll Checks Numbered 14423 – 14466; General Checking – Checks numbered 38201 – 38339; Manager's checks numbered 348-349
- C. Operations Report. (A copy was included in the original September 9, 2009 Agenda)
- D. Finance Report. (A copy was included in the original September 9, 2009 Agenda)
- E. Quarterly Treasurer's Investment Report (A copy was enclosed in the original September 9, 2009 Agenda)

Upon a motion duly made by Director Sullivan, 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 – August 26, 2009 Board meeting.

Vice President Juliussen and Director Sullivan reported on EWA's August 26, 2009 Board meeting.

9. Committee Reports

- A. Community Affairs Committee meeting was held on September 2, 2009.

Director Sullivan reported that the CAC reviewed and commented on the details for the Open House Event, the invitation's text, revised cost estimates for the rental equipment, and speaking topics for each Board member. In addition, KATZ and staff provided updates on vendor and politician attendance.

Director Sullivan also stated that the CAC reviewed the meeting room policy and directed staff to forward a strikeout version of the policy to the Board of Directors. This will be reviewed later on in tonight's agenda. In addition, the CAC reviewed the production schedule for the winter 2010 newsletter and scheduled the next CAC meeting for September 28, 2009.

GM Bushee noted that Director Omsted requested that staff provide a hand out of the Board of Director's speaker's topics. GM Bushee stated that KATZ drafted topics for each Board member to speak about at the Open House event. GM Bushee requested the Board of Directors review their topic and if they have any changes to please contact staff. GM Bushee also noted that staff will help prepare the speeches for the Board members.

B. Investment & Finance Committee (IFC) meeting was held on September 2, 2009.

Director Hanson reported that the IFC conducted its annual Review of the LWD Investment Policy and concurred to forward this item to the Board of Directors for its review.

In addition, staff provided the IFC with a status report on Proposition 1A.

C. Engineering Committee (EC) meeting was held on September 3, 2009.

Vice President Juliussen reported that the EC reviewed several agreements that will be considered by the Board of Director's at tonight's meeting. Director Juliussen stated he would like to discuss these items as they are presented to the Board of Directors for approval.

10. Old Business

None.

11. New Business

President Kulchin stated that all items previously reviewed by the Engineering Committee will be moved forward for consideration.

B. Authorize the General Manager to execute an Agreement with Sequoia Solar for the design and installation of Photovoltaic Panels at LWD's Headquarters Site in an amount not to exceed \$539,703 with an estimated net cost after performance based incentives of \$329,487.

GM Bushee presented the subject recommendation. GM Bushee stated that staff advertised for proposals for design and installation of solar panels. GM Bushee stated that staff received two proposals and they were reviewed by Michael Metts of Dudek, PM Morishita, and him. GM Bushee also stated that they interviewed each firm, and based on the proposals and interviews the team selected Sequoia Solar as the recommended firm based on their experience, knowledge of LWD's project, and their overall value of services.

GM Bushee discussed the key components of Sequoia's proposal and the pricing of the solar panels. He noted the estimated net cost is \$329,487, which is based on the estimated California Solar Initiative Rebate of \$210,216 over a five a year period. The actual rebate amount will vary based on the actual electrical output of the system.

Following discussion, and upon a motion duly made by Director Sullivan, seconded by Vice President Juliussen, and carried, the Board of Directors authorized the General Manager to execute an Agreement with Sequoia Solar for the design and installation of Photovoltaic Panels at LWD's Headquarters Site in an amount not to exceed \$539,703 with an estimated net cost after performance based incentives of \$329,487.

- A. Authorize the General Manager to execute an Agreement with TC Construction Company, Inc. for the construction of the Satellite Pump Stations, Force Mains and Gravity Sewer Replacement Project in an amount not to exceed \$2,562,583.

PM Morishita presented the subject recommendation stating that the Engineering Committee reviewed this item at its September 3, 2009 meeting.

PM Morishita reported that the District's 50 year expenditure plan estimated that the life expectancy for a pump station force main is 30 years and six of the District's satellite pump stations have associated force mains that have been in service for more than 30 years. PM Morishita noted that a portion of this project has already been completed to accommodate the Encinitas Boulevard overlay project. He also indicated that the Meadows Number 3 Pump Station was removed from this project due to its planned decommission as part of a transfer of sewer service to the city of Carlsbad.

The project design was completed by Infrastructure Engineering Corporation (IEC) in June 2007 and the project's coastal development permit was approved in August 2009 by the city of Encinitas. The project was bid on July 21, 2009 and five bids were received. PM Morishita provided the results of the bid and stated all bids were reviewed by IEC. Following IEC's review, they recommended that TC Construction be awarded the contract as the lowest responsive and responsible bidder.

Following discussion, and upon a motion duly made by Director Hanson, seconded by Director Sullivan, and carried, the Board of Directors authorized the General Manager to execute an Agreement with TC Construction Company, Inc. for the construction of the Satellite Pump Stations, Force Mains and Gravity Sewer Replacement Project in an amount not to exceed \$2,562,583.

- G. Authorize the General Manager to execute an Agreement with Richard Stinson Construction Management and Rockwell Construction Services, Inc. for construction management and inspection services during the construction of the Satellite Pump Stations, Force Mains and Gravity Sewer Replacement Project in amounts not to exceed \$200,000 and \$54,875, respectively.

PM Morishita presented the subject recommendation stating this item awards two separate contracts. PM Morishita stated that the Engineering Committee reviewed this item at its September 3, 2009 meeting.

PM Morishita stated that the Satellite Pump Station project requires construction management support to oversee the construction of the project. He stated that Mr. Stinson has reviewed the requirements for the contract and provided a proposal to provide CM services in amount not to exceed \$200,000. PM Morishita stated that

based on Mr. Stinson's past performance, staff believes this fee is fair and reasonable.

PM Morishita also stated that the second recommended contract is with Rockwell Construction Services for the electrical, instrumentation and controls construction management and inspection services during the project. PM Morishita stated that Mr. Swanson submitted a proposal for an estimated 439 hours at \$125 per hour for a total contract amount of \$54,875. Based on his past performance and technical experience, staff believes this fee is fair and reasonable.

Following discussion, and upon a motion duly made by Director Sullivan, seconded by Director Omsted, and carried, the Board of Directors authorized the General Manager to execute an agreement with Richard Stinson Construction Management and Rockwell Construction Services, Inc. for construction management and inspection services during the construction of the Satellite Pump Stations, Force Mains and Gravity Sewer Replacement Project in an amounts not to exceed \$200,000 and \$54,875, respectively.

- H. Authorize the General Manager to execute an Agreement with Infrastructure Engineering Corporation for engineering support services during the construction of the Satellite Pump Station, Force Mains and Gravity Sewer Replacement Project in an amount not to exceed \$84,580.

PM Morishita presented the subject recommendation stating that the Engineering Committee reviewed this item at its September 3, 2009 meeting.

PM Morishita indicated that the pump station was designed by IEC, and staff believes it would be in the District's best interest to retain their services during the construction phase. PM Morishita provided an overview of the services that IEC will provide noting that this contract will be paid on a time and material basis.

Following discussion and upon a motion duly made by Vice President Juliussen, seconded by Director Hanson, and carried, the Board of Directors authorized the General Manager to execute an Agreement with Infrastructure Engineering Corporation for engineering support services during the construction of the Satellite Pump Station, Force Mains and Gravity Sewer Replacement Project in an amount not to exceed \$84,580.

- A. Underground Technologies (Plastic Manhole) Presentation.

FSM Schempp introduced Mr. McRoskey with Underground Technologies to present an overview of plastic manhole technologies.

Mr. McRoskey presented a video of the installation of a plastic manhole. Following the video, Mr. McRoskey and FSM Schempp answered questions from the Board regarding the plastic manhole technology. FSM Schempp also presented a PowerPoint presentation showing LWD's installation of a plastic manhole on Burgundy Road.

This item was for information only, no action was taken.

- I. Authorize the General Manager to execute an Agreement with SanCon Engineering, Inc. for the purchase and installation of 815 ft of SanCon Cast-in-place-pipe (CIPP) to repair four (4) severely cracked 8-inch gravity sewer line segments, located in Mountain Vista Drive, Encinitas, CA in an amount not to exceed \$39,120.

FSM Schempp presented the recommendation subject. He stated IEC has been reviewing closed-circuit television (CCTV) video of older pipelines and is recommending that a clay pipeline with severe cracks be repaired. FSM Schempp noted that trenchless pipeline liner technology is the best alternative for repairing cracks. Sancon Engineering has used this technology to repair LWD pipelines in the past and has a unique knowledge of LWD. Based on Sancon experience with LWD staff is recommending that this purchase be on a sole source basis.

Therefore, following discussion and upon a motion duly made by Vice President Juliussen, seconded by Director Hanson, and carried, the Board of Directors authorize the General Manager to execute an agreement with SanCon Engineering, Inc. for the purchase and installation of 815 ft of SanCon Cast-in-place-pipe (CIPP) to repair four (4) severely cracked 8-inch gravity sewer line segments, located in Mountain Vista Drive, Encinitas, CA in an amount not to exceed \$39,120.

- C. Adopt Resolution No. 2203 – Supporting Assembly Constitutional Amendment 8 (ACA 8).

EA Hill presented the recommended subject. EA Hill provided a brief overview of ACA 8.

Following discussion, Resolution No. 2203 was passed and adopted by the following vote:

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

- D. Receive and file the Annual Review of the LWD Investment Policy.

ASM LeMay presented this recommendation indicating that the IFC reviewed this item at its September 2, 2009 meeting and the committee recommended forwarding this item for the Board's discussion.

ASM LeMay provided an overview of LWD's Investment Policy's guidelines and the various types of investment vehicles LWD can use. ASM LeMay stated that the policy requires the Board of Directors to delegate authority to manage the investment program.

Director Hanson requested that the Board of Directors further review the policy for changes. She requested additional clarification on the investment procedures. GM

Bushee stated that staff will send Director Hanson a copy of the investment procedures and is available to answer any questions the Board may have on the policy and/or procedures.

Following discussion and upon a motion duly made by Director Omsted, seconded by Director Sullivan, and carried, the Board of Directors re-delegated authority to manage LWD's investment program to the General Manager effective September 1, 2009 through August 31, 2010.

E. Adopt the Meeting Room Use Policy.

ASM LeMay presented the recommendation. He stated that at the August 2009 Board meeting, the Board directed staff to work with the CAC to develop a policy that establishes guidelines for the use of LWD facilities. ASM LeMay stated that the CAC reviewed the draft policy at its September 2, 2009 meeting, and concurred with staff to forward a strikeout version to the Board of Directors for approval.

ASM LeMay presented an overview of the guidelines in the policy. Director Omsted requested further examples of the types of exceptions that may be authorized by the General Manager. ASM LeMay stated that an example of an exception would be the General Manager approving LWD facilities to be used after normal work hours as a voting poll.

President Kulchin asked why the policy was changed to reflect that only those organizations directly associated with LWD are allowed to use these facilities. Director Omsted stated that the CAC believed activities that take place at these facilities should be directly related to LWD. Director Omsted added that the CAC also discussed potential liability of hosting outside meetings and the potential need to charge fees for evening events that do not directly pertain to LWD. GM Bushee described how meetings that may occur after working hours may impact the District.

Director Sullivan recommended that staff revise the policy to include that the District facilities be allowed for use as a polling site during elections. GM Bushee concurred to do so.

Following discussion, and upon a motion duly made by Director Juliussen, seconded by Director Sullivan with the recommended revision, and carried by Directors Hanson and Juliussen and opposed by President Kulchin, the Board of Directors adopted the Meeting Room Use Policy as amended.

J. Discuss conflict between LWD Board Meeting date and Veterans Day Holiday on November 11, 2009.

EA Hill stated that the November 11, 2009 Board of Directors meeting is scheduled on Veterans Day when the District office will be closed. Staff is recommending that the Board of Directors reschedule the November Board meeting.

Following discussion, the Board of Directors rescheduled the November 11, 2009 Board of Directors meeting to Monday, November 9, 2009 at 5:00 p.m.

12. Information Items

A. Proposition 1A Update.

CPA Duffey provided a brief history and update on Proposition 1A (Prop 1A). CPA Duffey stated that the Governor recently suspended Proposition 1A. He described how these will reduce LWD's property tax revenue. CPA Duffey stated that the Prop 1A suspension will reduce LWD's property tax revenue by 8% or approximately \$100,000. CPA Duffey discussed two options: 1) do nothing and allow the 8% property tax shift subject to repayment by the state in three years; or 2) join a loan securitization JPA to issue bonds to offset the lose of property tax income.

CPA Duffey noted Staff believes that the 8% deficit is not substantial enough to join the loan securitization JPA and recommends the "do nothing" option subject to repayment by the state.

B. Site Improvement Project Update – August 2009.

PM Morishita reviewed the status of the Site Improvement Project (SIP) and presented a PowerPoint Presentation of the SIP. To date, change orders have totaled approximately \$436,218.32 which represents 4.75% of the original contract amount.

C. Thank you email to Frank Reynaga from LWD customer Mr. Ed Miller

GM Bushee noted that the lateral program has been doing well. Residents of the District have been thankful for the program.

13. Directors' Meetings

A. CASA Annual Conference was held at the Mission Bay Hilton Hotel in San Diego, CA from August 12 – 15, 2009.

Directors Kulchin, Juliussen, Sullivan, and Hanson reported they attended the CASA Conference and attended various sessions regarding water and wastewater issues.

14. Comments, Questions or Requests by Directors

None.

15. General Manager's Report

The following items were reported:

- GM Bushee reported that the open enrollment for your health plan is from September 14, 2009 through October 6, 2009. If any member would like to switch from a HMO plan to a PPO plan or vice versa, please contact ASM LeMay or EA Hill.
- GM Bushee stated that staff has had meetings with Olivenhain MWD and the city of Carlsbad regarding recycled water.
- GM Bushee also stated that the Flu Shots are scheduled for September 30, 2009 from 3:30 p.m. – 4:00 p.m. and please RSVP with EA Hill.

16. General Counsel's Report

None.

17. Adjournment

President Kulchin adjourned the meeting at 7:09 p.m.



David Kulchin, President



Paul J. Bushee
Secretary/General Manager
(SEAL)