

**LEUCADIA WASTEWATER DISTRICT**  
 Minutes of a Regular Board Meeting  
 April 13, 2016

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, April 13, 2016 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

**1. Call to Order**

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

**2. Roll Call**

DIRECTORS PRESENT: Omsted, Hanson, Sullivan, Kulchin, and Juliussen  
 DIRECTORS ABSENT: None  
 OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Administrative Services Manager Richard Duffey, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, FST Todd Amos, FSSpec Ian Riffel, Administrative Specialist Jennifer Gabelein, District Engineer Steve Deering, and Jennifer Farr of Davis, Farr, LLP

**3. Pledge of Allegiance**

President Omsted led the pledge of allegiance.

**4. General Public Comment Period**

None.

**18. Remove item No. 18 from Agenda - 2016 Gravity Pipeline Award of Contract**

GM Bushee explained that there was a bid protest to the 2016 Gravity Pipeline Award of Contract after the Engineering Committee Meeting was held on April 6, 2016. GM Bushee stated that LWD is following the bid protest procedure and that this item will be revisited at the May Board Meeting.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Director Kulchin, and unanimously carried, the Board of Directors removed item no. 18 from the agenda by the following vote:

Director	Vote
President Omsted	Aye
Vice President Hanson	Aye
Director Sullivan	Aye
Director Kulchin	Aye
Director Juliussen	Aye

**5. Approval of Agenda**

President Omsted asked the Board of Directors if there were any objections to the approval of the agenda, and seeing none, the Board approved the agenda by the following vote:

Director	Vote
President Omsted	Aye
Vice President Hanson	Aye
Director Sullivan	Aye
Director Kulchin	Aye
Director Juliussen	Aye

**6. Presentations and Awards**

A. Achievement of Organizational Objective – Cost Sharing of CSRMA Dividends.

GM Bushee presented the item. He stated that LWD’s incentive program authorizes a 50% cost sharing of the CSRMA dividend payment of \$25,729.00. He stated that this dividend reflects the District’s excellent safety record. He noted that all employees are eligible to receive a compensation award of \$677.08.

The Board members congratulated LWD staff for their efforts.

**CONSENT CALENDAR**

**7. Approval of Board and Committee Minutes**

Minutes of the following meetings:

- March 7, 2016 Community Affairs Committee Meeting
- March 9, 2016 Regular Board Meeting
- March 22, 2016 Investment and Finance Committee Meeting
- April 6, 2016 Engineering Committee Meeting

**8. Approval of Demands for March/April 2016**

Payroll Checks numbered 18469-18508; General Checking – Checks numbered 47992-48124.

**9. Operations Report** (A copy was included in the original April 13, 2016 Agenda)

**10. Finance Report** (A copy was included in the original April 13, 2016 Agenda)

**11. Disclosure of Reimbursements**

This report discloses travel expense reimbursements for the month of March 2016.

President Omsted asked the Board of Directors if there were any objections to the approval of the Consent Calendar, and seeing none, the Board approved the Consent Calendar by the following vote:

Director	Vote
President Omsted	Aye
Vice President Hanson	Aye
Director Sullivan	Aye
Director Kulchin	Aye
Director Juliussen	Aye

## EWA and COMMITTEE REPORTS

### 12. Encina Wastewater Authority (EWA) Reports

- A. EWA Board Report – Meeting was held on March 23, 2016.

Director Sullivan reported on EWA's March 23, 2016 Board meeting.

- B. An EWA Member Agency Manager's Meeting (MAM) was held on April 5, 2016.

GM Bushee reported on EWA MAM's April 5, 2016 meeting.

### 13. Committee Reports

- A. Investment & Finance Committee (IFC) meeting was held on March 22, 2016.

Director Hanson reported that the IFC and staff conducted auditor interviews with the following five firms:

- Vavrinek, Trine, Day & Co. LLP
- Vasquez & Company, LLP
- Rogers, Anderson, Malody & Scott, LLP
- Badawi & Associates
- Davis Farr, LLP

Staff and the IFC plan to present the recommended contract to the Board later in the agenda.

- B. Engineering Committee (EC) meeting was held on April 6, 2016.

Director Juliussen reported that the EC reviewed the following recommendations:

The EC reviewed an agreement with Nu Line Technologies Incorporated for construction services to complete the 2016 Gravity Pipeline Rehabilitation Project in an amount not to exceed \$240,000.

The EC reviewed Ordinance No. 133 establishing the District's capacity fee and amending the Equivalent Dwelling Unit Factors Capacity Fee Schedule. The EC concurred with staff to present this recommendation to the Board and it will be discussed later in the agenda.

The EC received the results of the network intrusion test performed by Progent Corporation and it will be reviewed later in the agenda.

The EC received a project update on the Saxony Pump Station Rehabilitation Project.

The EC received a presentation on the evaluation of solid material discovered during pipeline hydro-cleaning. The EC requested that the presentation be given to the Board of Directors and it will be reviewed later in the agenda.

## PUBLIC HEARING

14. A proposal to consider adopting a new wastewater capacity fee ordinance establishing the District's capacity fee and amending the equivalent dwelling unit factors capacity fee schedule.

President Omsted opened the public hearing for comments. There were no public comments. President Omsted closed the public hearing.

15. A proposal to consider increasing the amount that may be paid to Directors and Officers of the District from \$180 to \$190 per day of Service to the District.

President Omsted opened the public hearing for comments.

Director Sullivan asked if the District received any calls or emails in regards to this public hearing. GM Bushee stated that the District received no calls or emails.

There were no public comments. President Omsted closed the public hearing.

### **ACTION ITEMS**

16. **Authorize the General Manager to execute a contract with Davis Farr, LLP for Financial Auditing Services for Fiscal Year 2016 (FY16), FY17 and FY18 in an amount not to exceed \$66,300**

ASM Duffey presented the recommendation and provided background information on the Auditing Services Request for Proposal (RFP) procedure.

Director Juliussen asked about the cost of last year's audit services and how it compared to the received proposals. ASM Duffey described the range of proposal costs, noting that the Davis Farr, LLP proposal was in the middle of the range. Staff believes the amount was reasonable and the cost is \$100 more per fiscal year than the prior year audit.

Following discussion, upon a motion duly made by Vice President Hanson, seconded by Director Sullivan, and unanimously carried, the Board of authorized the General Manager to execute an agreement with Davis, Farr LLP for financial auditing services for FY16, FY17, and FY18 in an amount not to exceed \$66,300 (\$22,100 per year) by the following vote:

<b>Director</b>	<b>Vote</b>
<b>President Omsted</b>	Aye
<b>Vice President Hanson</b>	Aye
<b>Director Sullivan</b>	Aye
<b>Director Kulchin</b>	Aye
<b>Director Juliussen</b>	Aye

17. **Evaluation of Solid Material Discovered During Pipeline Hydro-cleaning**

FST III Amos presented the topic. He said that recently the Field Services staff has been finding solid chalk like material during hydro-cleaning of the gravity lines. FST III Amos passed around a sample of the substance. FST III Amos said that the substance was tested and he reviewed the test results. He added that SCAP (Southern California Alliance of POTWs) members were surveyed to see if other agencies have experienced this situation. FST III Amos indicated that the consensus is that the substance is pool plaster. He stated that Field Services staff is taking action to mitigate the problem. He noted that when pool permits are required, customers or contractors must get approval from the appropriate City and staff plans to work with Encinitas and Carlsbad to notify LWD when a permit is issued. Additional actions include customer outreach with the District's newsletter, and

website and Facebook posts. Field Services staff will also educate the customer or contractor about the issue. Field Services staff plans to CCTV lines after installation of a pool to confirm that no pool plaster has been discharged into the sewer system.

Vice President Hanson asked if the District has penalties for dumping into LWD's sewer. FST III Amos stated that LWD has not imposed penalties to date. GC Brechtel explained that there are various penalties the District could impose such as; a cease and desist notice that includes an assessment of all costs the District incurred so that the District could recover the costs, prosecution for a misdemeanor for violating LWD's sewer ordinance, and an administrative complaint process so violators could face fines from the court. GC Brechtel stated that the most effective way to handle illegal discharges into the sewer would be to identify the responsible party and in combination with the cease and desist notice, send the responsible party a bill for costs incurred by LWD.

President Omsted asked if the plaster is easy to knock out with hydro-cleaning. FST III Amos stated staff has been able to remove almost all of it with hydro-cleaning.

GM Bushee noted that LWD has not previously experienced problems with pool plaster and that more stringent storm water regulations may have led pool contractors to dispose of this material in the sewer. GM Bushee stated that in the near future LWD plans to establish a procedure to assess fines for illegal discharge violations.

The Board of Directors thanked FST III Amos for his presentation.

#### **19. Wastewater Capacity Fee Ordinance with an Updated Fee Schedule**

Adopt Ordinance No.133 Establishing the District's Capacity Fee and Amending the Equivalent Dwelling Unit (EDU) Factors Capacity Fee Schedule.

FSSpec Riffel presented the recommendation noting this item is a FY16 tactical goal. He noted that EDU factors are used to calculate capacity and sewer service fees for District customers.

FSSpec Riffel reviewed background information on LWD's EDU factors. He also presented the results of staff's evaluation and confirmed that LWD's EDU factors are appropriate and are established on a well-founded, logical and justifiable basis. He said that staff recommends that no changes be made to the existing District EDU factors.

FSSpec Riffel stated the proposed ordinance update represents a minor administrative change needed to clarify the descriptions for Limited Food Preparation Establishments and All Other Food Establishments.

Following discussion, upon a motion duly made by Vice President Hanson, seconded by Director Sullivan, and unanimously carried, the Board of Directors adopted Ordinance No.133 establishing the District's capacity fee and amending the equivalent dwelling unit factors capacity fee schedule by the following vote:

<b>Director</b>	<b>Vote</b>
<b>President Omsted</b>	Aye
<b>Vice President Hanson</b>	Aye
<b>Director Sullivan</b>	Aye
<b>Director Kulchin</b>	Aye
<b>Director Juliusen</b>	Aye

The Board of Directors thanked FSSpec Riffel for his presentation.

**20. Board of Directors Compensation Adjustment**

Adopt Ordinance No.134 increasing Compensation of Directors and Confirming meetings that Qualify for Director Compensation.

ASM Duffey presented this item stating last month the Board authorized staff to notice a public hearing for a proposed stipend increase from \$180 to \$190 per day of service. The public hearing notice was advertised in the San Diego Union Tribune as required by public code.

President Omsted requested a motion and a second prior to the Board's discussion of the Directors compensation adjustment. Director Kulchin motioned and Director Sullivan seconded the motion to adopt Ordinance No. 134.

Director Kulchin stated that the Directors have not had a stipend increase in a number of years and the District is well funded. He noted that a minor increase is appropriate.

Director Sullivan agreed with Director Kulchin and noted that the District did not receive any objections to the Board compensation adjustment.

Director Juliussen stated that he didn't feel an increase was necessary since the Board compensation is in line with other agencies. He also noted that he did not agree with the compensation increase since the Board receives health insurance coverage.

Following discussion, the Board of Directors adopted Ordinance No. 134 Increasing Compensation of Directors and Officers of the District from \$180 to \$190 per day of service to the District by the following vote:

<b>Director</b>	<b>Vote</b>
<b>President Omsted</b>	Aye
<b>Vice President Hanson</b>	Aye
<b>Director Sullivan</b>	Aye
<b>Director Kulchin</b>	Aye
<b>Director Juliussen</b>	Nay

**21. Adopt Resolution No. 2274 – Requesting the Local Agency Formation Commission (LAFCO) to take proceedings for the proposed Cohen Change of Organization.**

DE Deering presented the item stating that this emergency annexation includes one parcel totaling 0.258 acres with two family duplexes, sharing a septic tank system that is failing. He noted the private lateral for the residence will connect to LWD's system on Vulcan Avenue.

Following discussion, upon a motion duly made by Director Kulchin, seconded by Vice President Hanson, and unanimously carried, the Board of Directors adopted Resolution No. 2274 – Requesting LAFCO to take proceedings for the Cohen Change of Organization by the following vote:

Director	Vote
President Omsted	Aye
Vice President Hanson	Aye
Director Sullivan	Aye
Director Kulchin	Aye
Director Juliussen	Aye

**22. Local Agency formation Commission (LAFCO) 2015-2016 RUN-OFF Special Districts Election**

ASSup Hill presented the item stating that LAFCO is requesting votes for its run-off election for the alternate special district member position. She stated that a run-off election between the two top vote getters is necessary per the election rules because no candidate received a majority of the votes. ASSup Hill noted that the run-off election is between Judy Hanson and Dennis Sanford. Following discussion, upon a motion duly made by Director Kulchin, seconded by Director Juliussen, and unanimously carried, the Board of Directors voted for Judy Hanson for LAFCO alternate special district member position in the LAFCO Run-Off Election by the following votes:

Director	Vote
President Omsted	Aye
Vice President Hanson	Aye
Director Sullivan	Aye
Director Kulchin	Aye
Director Juliussen	Aye

**23. Call for Nominations to the CSDA Board of Directors Seat B.**

EA Baity presented the item stating that it was originally discussed at the March 2016 Board meeting. She stated that the Board had requested that this item be brought back to the April 2016 Board meeting and staff has no recommendation on this matter.

The Board of Directors did not nominate anyone and no action was taken.

**INFORMATION ITEMS**

**24. Results of the Network Intrusion Test**

TSM Morishita presented this item noting this item is a FY16 tactical goal. He reviewed the testing process and the actions DataNet, LWD's Information Technology Consultants, took to increase network security to prevent cyber attacks.

President Omsted asked if the pump station systems/SCADA were safe. TSM Morishita explained that SCADA has its own separate firewall and Progent was not able to penetrate the SCADA firewall.

**25. Project Status Updates and Other Informational Reports**

A. CSDA Legislative Days is scheduled for May 17-18, 2016 at the Sacramento Convention Center in Sacramento, CA

**26. Directors' Meetings and Conference Reports**

A. The 2016 WaterReuse Annual Conference was held March 13-15, 2016 at the Hyatt Vineyard Creek Hotel and Spa in Santa Rosa, CA

Vice President Hanson reported that it was an interesting conference with more networking than usual. She noted that some parts of Los Angeles have adopted policies that require recycled water to be used in making concrete.

President Omsted reported that the preliminary report on direct potable reuse comes out mid June with the final report in September. He also noted that conference attendance was high.

B. CASA/WaterReuse Joint Public Policy Forum was held April 6, 2016 at The Sutter Club in Sacramento, CA

Director Sullivan reported that this was the best organized CASA Joint Public Policy Forum she has attended. She stated this year CASA sent the issue statements to the attendees in advance of the Forum. She also reported that they were able to meet with Assemblyman Rocky Chavez.

**27. General Manager's Report**

GM Bushee reported on the following items:

- Encinitas Union School District tour for 5<sup>th</sup> and 6<sup>th</sup> grade students at the District Facilities has been rescheduled for Tuesday, April 19, 2016.
- CSRMA now has an anonymous fraud hotline called WETIP.com

**28. General Counsel's Report**

GC Brechtel reported on the following items:

- Recent victory for Eastern Municipal Water District against CA River Watch. The case against Eastern Municipal Water District was dismissed.


**29. Board of Directors' Comments**

Director Juliussen thanked staff and the Board for a good job and said he looks forward to the rest of the year.

**30. Adjournment**

President Omsted adjourned the meeting at 6:12 p.m.

  
Donald Omsted, President

  
Paul J. Bushee

Secretary/General Manager  
(SEAL)