

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Regular Board Meeting
 April 8, 2015

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, April 8, 2015 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

President Juliussen called the meeting to order at 5:01 p.m.

2. Roll Call

DIRECTORS PRESENT: Juliussen, Omsted, Hanson, Sullivan and Kulchin
 DIRECTORS ABSENT: None.
 OTHERS PRESENT: General Manager Paul Bushee, General Counsel Tomer Gutman, Administrative Services Manager Chuck LeMay, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Trisha Hill, District Engineer Steve Deering with Dudek, CPA Richard Duffey, Field Services Technician Josh Flanders and Rob Weber with Infrastructure Engineering Corporation (IEC).

3. Pledge of Allegiance

President Juliussen led the pledge of allegiance.

4. General Public Comment Period

None.

5. Approval of Agenda

Upon a motion duly made by Director Sullivan, seconded by Director Hanson and unanimously carried, the Board of Directors approved the agenda by the following vote:

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

6. Presentations and Awards

A. Achievement of an Individual Performance Objective – Josh Flanders.

GM Bushee presented the awards. He introduced FST In Training Josh Flanders stating that he recently received his Collection System Maintenance Grade 2 certification from the California Water Environment Association. He also presented background information about Josh and noted that he is eligible for a \$500 incentive award for his accomplishment.

The Board members congratulated Josh for his efforts.

B. Achievement of an 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. 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 \$486.69.

The Board members congratulated LWD staff for their efforts.

C. California Society of Municipal Finance Officers (CSMFO) Award.

GM Bushee presented the item. He stated that the District received this award for its outstanding financial reporting associated with the District's Comprehensive Annual Financial Report (CAFR) for FY14. He noted that this is the sixth time, the District has received this award and he thanked CPA Duffey, ASM LeMay and AT McEniry for their efforts with the CAFR.

The Board of Directors congratulated staff for receiving this award.

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

March 9, 2015 Community Affairs Committee Meeting
March 11, 2015 Regular Board Meeting
March 24, 2015 Community Affairs Committee Meeting

8. Approval of Demands for March/April 2015

Payroll Checks numbered 17832-17871; General Checking – Checks numbered 46511-46644;

9. Operations Report (A copy was included in the original April 8, 2015 Agenda)

10. Finance Report (A copy was included in the original April 8, 2015 Agenda)

11. Disclosure of Reimbursements

This report discloses travel expense reimbursements for the month of March 2015. (A copy was included in the original April 8, 2015 Agenda)

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

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

EWA and COMMITTEE REPORTS

12. Encina Wastewater Authority (EWA) Reports

- A. EWA Board Report – Meeting was held on March 25, 2015.

Director Sullivan reported on EWA's March 25, 2015 Board meeting.

- B. An Encina Member Agencies Manager's (MAM) Meeting was held on April 7, 2015.

GM Bushee reported on Encina MAM's April 7, 2015 meeting.

13. Committee Reports

- A. Community Affairs Committee (CAC) meeting was held on March 24, 2015.

Director Sullivan reported that the CAC reviewed and commented on the draft text of the spring 2015 newsletter. She noted that the CAC directed staff to move forward with the production of the newsletter.

Director Hanson asked if the Board will review the newsletter before delivery to residents. GM Bushee explained the process of the newsletter production and confirmed that staff will send the final newsletter to the Board for review prior to delivery to residents.

- B. Engineering Committee (EC) meeting was held on April 7, 2015.

Director Kulchin reported that the EC reviewed the following agreements and updates:

- An agreement with Burtech Pipeline Inc. for construction services to complete the 2015 Gravity Pipeline Rehabilitation Project in an amount not to exceed \$669,946;
- Receive and file the Saxony Pump Station Rehabilitation Preliminary Design Report completed by IEC;
- An agreement with IEC for engineering design services for the Saxony Pump Station Rehabilitation Project in an amount not to exceed \$72,266;
- A two-year extension to the IEC contract for as needed engineering design services
- Update on the 2016 Repair Priority List;
- Update on the B1/B2 Force Mains Replacement Project; and
- Update on the Leucadia Pump Station Generator Replacement Project.

ACTION ITEMS

14. Gravity Pipeline Rehabilitation Project – Construction Services Agreement

Authorize the General Manager to execute an Agreement with Burtech Pipeline, Inc. for construction services to complete the 2015 Gravity Pipeline Rehabilitation Project in an amount not to exceed \$669,946.

TSM Morishita presented the item noting that it was reviewed by the EC at their April 7th meeting and it is a tactical goal under the Technology and Infrastructure Strategy in the FY 15 Tactics and Action Plan. He added that staff is requesting that the Board authorize an additional appropriation to the FY 15 budget in the amount of \$300,000 to cover the full cost of project's construction.

TSM Morishita provided background information on the project, along with the results of the District's request for bids. He added that the bids were reviewed by IEC and that they are

recommending Burtech Pipeline as the lowest responsive and responsible bidder. He added that there were two minor issues with Burtech's bid and he explained those minor issues requesting that they be waived. He noted that all of the received bids were higher than the engineer's estimate of \$548,000. He also noted the reasons why the bids were higher.

Following discussion, upon a motion duly made by Director Kulchin, seconded by Director Sullivan, and unanimously carried, the Board of Directors authorized the GM to execute an agreement with Burtech Pipeline, Inc. for construction services to complete the 2015 Gravity Pipeline Rehabilitation Project in an amount not to exceed \$669,946 and authorize an additional appropriation to the FY 15 budget in the amount of \$300,000 to cover the full cost of project construction by the following vote:

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

15. Engineering Design Contract Extension

Authorize the General Manager to execute a two-year extension to the Infrastructure Engineering Corporation (IEC) contract for as needed engineering design services.

TSM Morishita presented the item noting that it was reviewed by the EC at their April 7th meeting. He stated that IEC's contract is a three-year contract with an option to extend for two additional years. He noted that it had expired in March 2015. He added that staff believes it's in the District's best interest to extend their agreement based on their performance and commitment to the District and to allow for continuity of services.

President Juliussen noted that IEC has been providing excellent services for the District.

Following discussion, upon a motion duly made by Vice President Omsted, seconded by Director Kulchin, and unanimously carried, the Board of Directors authorized the General Manager to execute a two-year extension to the IEC contract for as needed engineering design services by the following vote:

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

16. Saxony Pump Station Preliminary Design Report

Receive and file the Saxony Pump Station Rehabilitation Preliminary Design Report (PDR) completed by Infrastructure Engineering Corporation (IEC).

TSM Morishita presented the item noting that it was reviewed by the EC at their April 7th meeting and it is a tactical goal under the Technology and Infrastructure Strategy in the FY 15 Tactics and Action Plan. He provided background information on the project and the results of IEC's Saxony

Pump Station Rehabilitation PDR and their scope of work. He added that the project will include bypassing and will be scheduled outside of the bird nesting season to minimize environmental concerns.

GM Bushee noted that this project is the result of the implementation of the District's Asset Management Plan.

Following discussion, upon a motion duly made by Director Hanson, seconded by Vice President Omsted, and unanimously carried, the Board of Directors received and filed the Saxony Pump Station Rehabilitation PDR completed by IEC by the following vote:

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

17. Saxony Pump Station Engineering Design Services

Authorize the General Manager to execute an agreement with Infrastructure Engineering Corporation (IEC) for engineering design services for the Saxony Pump Station Rehabilitation Project in an amount not to exceed \$72,266.

TSM Morishita stated that this item is a follow-up to agenda item no. 16 adding that the EC also reviewed this item on April 7th. He noted that IEC submitted their proposal for engineering design services and it includes services to support project design. He noted that their fee is 12.5% of the estimated construction cost which staff believes is fair and reasonable.

President Juliussen noted that normal engineering design cost is approximately 15% of the construction cost. In addition, President Juliussen indicated that during the EC meeting he had questioned IEC about the proposal and that he was satisfied with their response.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Director Hanson, and unanimously carried, the Board of Directors authorized the General Manager to execute an agreement with IEC for engineering design services for the Saxony Pump Station Rehabilitation Project in an amount not to exceed \$72,266 by the following vote:

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

18. Mission Statement Review

Review LWD's Mission Statement.

ASM LeMay presented the item stating that it is a follow up from the Board's Strategic Planning

workshop. He added that at the Board's request, staff included sample Mission Statements from other agencies and it is included in the agenda.

Vice President Omsted stated that he agrees with Director Sullivan indicating that the word "waste" should be removed from LWD's Vision and Mission statements. Director Sullivan concurred with Director Omsted, adding that the District should lead the way and initiate the idea that all water is the same. She also provided an example using the terminology "water resource" instead of "wastewater" because we are treating water and not "wasting" water.

Vice President Omsted recommended changing the Vision statement to read "To be a recognized leader in water reclamation and environmental protection."

Director Kulchin stated that he appreciates Director Sullivan's idea of changing the word "wastewater" in the vision statement, however he added that the current vision statement serves its purpose of what we do and that he is satisfied with the current statement. President Juliussen agreed that the current vision statement serves its purpose.

GM Bushee noted that CASA is in the process of rebranding its organization and that this idea is consistent with where the industry is going. He stated that the cost of changing the District's vision and mission statements would be minimal.

Following discussion, upon a motion duly made by Vice President Omsted to change the vision statement to "To be a recognized leader in water reclamation and environmental protection.", seconded by Director Sullivan, the motion did not pass by the following vote:

Director	Vote
President Juliussen	No
Vice President Omsted	Aye
Director Hanson	No
Director Sullivan	Aye
Director Kulchin	No

The Board of Directors then reviewed the District's mission statement. Vice President Omsted recommended that the word "wastewater" be changed to "water" in the mission statement.

Following discussion, upon a motion duly made by Vice President Omsted to change the mission statement "To serve the public by collecting, transporting, recycling and treating *water* in a safe, reliable, efficient, cost effective and environmentally responsible manner, while providing excellent service to our customers", seconded by Director Sullivan, the motion did not pass by the following vote:

Director	Vote
President Juliussen	No
Vice President Omsted	Aye
Director Hanson	No
Director Sullivan	Aye
Director Kulchin	No

19. Proposed 2016 Staffing Reorganizational Changes

Approve a staffing reorganization that will establish an Administrative Supervisor classification and would increase full-time personnel (FTE's) from 18 to 19 employees effective January 2016.

GM Bushee presented the item noting that Vice President Omsted requested staff provide the Board with a handout of the current and proposed organizational charts. He explained the revisions and also provided background information on the District's Succession Plan Policy indicating that the policy addresses changes in staff leadership positions and encourages the recruitment of internal candidates when the necessary skill base is available in-house. He also noted that this item is a follow up to the Board's direction following the closed session at the March Board meeting.

GM Bushee stated that the proposed reorganization includes the addition of an Administrative Supervisor position that would bring the total number of LWD employees from 18 to 19 positions. The reorganization would also involve the appointment of Mr. Richard Duffey to the Administrative Services Manager position upon Mr. Chuck LeMay's retirement in January 2016, thereby eliminating LWD's accounting services with Brownell & Duffey, effective at that time. GM Bushee added that LWD has not added a position to the organization since 2003. GM Bushee concluded that the recommendation is consistent with LWD's Succession Plan Policy and that he believes it is in the best long-term interest of LWD.

Director Kulchin asked several questions relating to the duties associated with the new position. GM Bushee stated that the position will supervise the Administrative Specialist I/II position. He explained that staff planned to conduct an internal recruitment process for the Administrative Supervisor in late summer/early fall timeframe and that the position would report directly to the Administrative Services Manager, which would continue to have broad oversight over the District's administrative programs.

GM Bushee added that the Brownell & Duffey contract will expire in June 2015 and staff will recommend to the Board at an upcoming meeting to extend his contract until the reorganization takes effect in January 2016. He noted that based on the results of the internal recruitment; there could be potential shifts in staff positions. He then explained that Administrative Supervisor duties would include day to day administrative support in finance, human resources, public outreach, administration, and risk management duties. He stated that the proposed reorganization would keep a strong knowledge base in-house and, from a succession planning standpoint, will allow the opportunity to develop existing staff into future leaders of the District.

Director Kulchin asked the Board if they thought it would be micromanaging the General Manager if the Board second guessed this recommendation. Director Sullivan asked for clarification of whether the Board is being asked to approve the position or approve who would fill the position. GM Bushee responded that the recommendation is that the Board approve the organizational change to add one position and that it would be staff's discretion on who will fill the position.

Director Kulchin asked why create a Supervisor position. GM Bushee replied that the overarching goal of the Administrative Supervisor position comes from a succession planning standpoint and it would allow District management to actively train the person selected to become one of the District's future leaders. Director Kulchin asked if there would be additional costs associated with the proposed reorganization. GM Bushee replied there is an estimated costs savings of approximately \$40,000 during the first full year of the implementation and that over a period of several years the expense would be a wash. Director Hanson requested the new position's job description. GM Bushee noted that it was included in the agenda.

Director Kulchin suggested that a new position can be created without classifying them as a Supervisor and then evaluate their work to see if they have leadership potential. He added that he has no objection to adding a position to the organization, however adding a Supervisor position

would be classification inflation. He noted that hiring a Supervisor to only supervise one person bothers him.

Director Sullivan noted that she does not have an issue with the new Supervisor position, and she motioned to approve the recommendation, seconded by Vice President Omsted.

President Juliussen stated that he does not believe it is the Board's role to micromanage the General Manager and that his only concern was that the District would be spending more money in the future. GM Bushee noted there will be an approximate \$40,000 savings the first full year of implementation and that over a period of several years the expenses would eventually be a wash.

Director Kulchin noted that he agrees with hiring CPA Duffey as a full time staff member; however he does feel the Board has a choice on the vote. Director Kulchin added that he does not agree with the General Manager's approach on the Supervisor position and if he chooses to take this approach then the Board can address it during his performance review. Director Hanson indicated that it bothers her too, but she did not believe the Board has control over it. President Juliussen asked if there was any more discussion on the item, noting there was a motion and a second for the recommendation, and he called for a vote.

Upon a motion duly made by Director Sullivan, seconded by Vice President Omsted and carried, the Board of Directors approved a staffing reorganization that will establish an Administrative Supervisor classification that would increase full-time personnel (FTE's) from 18 to 19 employees effective January 2016 by the following vote:

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

INFORMATION ITEMS

20. Project Status Updates and Other Informational Reports

None.

21. Directors' Meetings and Conference Reports

- A. The 2015 Watereuse Annual Conference was held at the Millennium Biltmore Hotel in Los Angeles, CA.

Director Hanson reported that the sessions were very interesting. Based on the sessions, she believed that California is so far behind water resource management than other states like Texas.

Vice President Omsted indicated that the water regulators must approve agencies innovative ideas on managing water issues before moving forward with their ideas or projects.

22. General Manager's Report

GM Bushee reported on the following items:

- Director Kulchin requested that he update the Board on the construction work that is taking

place on El Camino Real noting that it is the city of Carlsbad's project. The City is installing a recycled water pipeline that will serve only its customers in the area and that the pipeline will serve the Omni Resort and Spa south golf course.

- FSSupint. Stecker, TSM Morishita, and FSSup. Gonzalez will be presenting the District's Asset Management Program and explaining the FSTs involvement in the program at the next SCAP Collections Committee meeting on April 20th in Orange County.

23. General Counsel's Report

None.

24. Board of Directors' Comments

Director Hanson thanked the Board for changing the Budget workshop meeting.

Vice President Omsted asked if LWD's website included information about the work on La Costa Avenue. He noted that it caused a traffic jam.

President Juliussen requested that the next Engineering Committee agenda include an agenda item to address security issues at the District.

25. Adjournment

President Juliussen adjourned the meeting at 6:18 p.m.



Allan Juliussen, President



Paul J. Bushee
Secretary/General Manager
(SEAL)