

## LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting

December 13, 2017

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, December 13, 2017 at 5:00 p.m., at the District Administration Office at 1960 La Costa Avenue, 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, Juliussen, and Omsted

DIRECTORS ABSENT:

OTHERS PRESENT: General Manager Paul Bushee, General Counsel Tomer Gutman, Administrative Services Manager Richard Duffey, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, District Engineer Dexter Wilson, Steven Henderson of Dexter Wilson Engineering, Inc., Shannon Ayala of Davis, Farr LLP, and Neal Bloom of Rising Tide Partners

### 3. Pledge of Allegiance

President Hanson led the pledge of allegiance.

### 4. General Public Comment Period

None.

### 5. Approval of Agenda

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

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

### 6. Presentations and Awards

Achievement of Individual Award – Richard (Rick) Easton

GM Bushee stated that Field Services Technician Rick Easton was not able to attend the meeting due to illness. GM Bushee stated that he would acknowledge Rick's achievement at the January 2018 Board meeting.

## CONSENT CALENDAR

### 7. Approval of Board and Committee Minutes

Minutes of the following meetings:

November 7, 2017 Engineering Committee Meeting  
November 8, 2017 Regular Board Meeting  
November 16, 2017 Investment and Finance Committee Meeting  
December 5, 2017 Engineering Committee Meeting

### 8. Approval of Demands for November/December 2017

Payroll Checks numbered 19571 - 19640; General Checking – Checks numbered 50414 - 50517

### 9. Operations Report (A copy was included in the original December 13, 2017 Agenda)

### 10. Finance Report (A copy was included in the original December 13, 2017 Agenda)

### 11. Disclosure of Reimbursements

This report discloses travel expense reimbursements for the month of November 2017.

Upon a motion duly made by Director Juliussen, seconded by Vice President Sullivan, and unanimously carried, the Board of Directors approved the Consent Calendar by the following vote:

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

## EWA and COMMITTEE REPORTS

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

#### A. EWA Board Report – Meeting was held on November 15, 2017.

Vice President Sullivan reported on EWA's November 15, 2017 Board meeting.

#### B. An EWA Member Agency Manager's (MAM) Meeting was held on December 5, 2017.

GM Bushee reported on EWA's MAM December 5, 2017 meeting.

#### C. EWA Board Report – Meeting was held on December 13, 2017.

Vice President Sullivan reported on EWA's December 13, 2017 Board meeting.

### 13. Committee Reports

#### A. Investment and Finance Committee (IFC) Meeting was held on November 16, 2017.

Director Omsted reported the IFC reviewed the Fiscal Year 2017 Comprehensive Annual Financial Report.

The IFC concurred with staff to present this recommendation to the Board of Directors and it will be discussed later in the agenda.

B. Engineering Committee (EC) Meeting was held on December 5, 2017.

Director Juliussen reported the EC reviewed the Sanitary Sewer Management Plan (SSMP) Fiscal Year 2017 (FY17) Audit conducted by Dexter Wilson Engineering, Inc.

The EC concurred with staff to present this recommendation to the Board of Directors and it will be discussed later in the agenda.

Director Juliussen stated the EC also received an update on the Poinsettia Station Gravity Pipeline Project. This item was for informational purposes and no action was taken.

### **ACTION ITEMS**

**14. Fiscal Year 2017 (FY17) Comprehensive Annual Financial Report (CAFR).**

Receive and file the FY17 CAFR.

ASM Duffey provided background information on this item stating that it is a FY18 tactical goal. He provided a summary of the CAFR's Management's Discussion and Analysis (MD&A) highlighting and discussing the following areas:

- Financial Highlights;
- FY17 Revenues and Expenses;
- Key Financial Ratios;
- Net Position and Reserve Balances;
- Reserve Balances Compared to Cash and Investment Balances; and
- FY17 Budget to Actual Expenses

Director Juliussen asked what depreciation covers. ASM Duffey answered that it covers the writing off of the value of an item over the course of the item's estimated useful life.

Director Juliussen asked if the FY17 CAFR will be posted to the District website. ASM Duffey answered that after the Board receives and files the CAFR, it will be posted to the District website.

Director Kulchin asked if this is the third year of the District's sewer rate increase. ASM Duffey answered that the District FY17 CAFR covers the third year of the District's rate increase and that FY18 (current year) is the first year of no rate increase.

ASM Duffey introduced Shannon Ayala of Davis Farr, LLP to provide a summary of the auditor's reports and auditing process.

Ms. Ayala stated that the auditor's internal report indicated that the audit was a clean, unmodified opinion for the year ending FY17. She reviewed the Government Auditing Standard letter and the Required Auditor Communications letter. She noted that Government Auditing Standards Results found no material non-compliance. She also noted that Cash Disbursement Testing found adequate support, proper approvals, and adherence to the purchasing policy.

In conclusion, Ms. Ayala stated that staff was prepared for the audit, had no material audit adjustments, and no material weaknesses or significant deficiencies in internal controls.

The Board thanked Ms. Ayala for her presentation.

Following discussion, upon a motion duly made by Director Juliussen, seconded by Director Kulchin and unanimously carried, the Board of received and filed the FY17 CAFR by the following vote:

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

**15. Receive and file the Sewer System Management Plan (SSMP) Fiscal Year 2017 (FY17) Audit conducted by Dexter Wilson Engineering (DWE), Inc.**

FSSup Stecker presented this item and provided background information on the SSMP. He noted it is a FY18 tactical goal and it was reviewed by the Engineering Committee at its December 5<sup>th</sup> meeting. He introduced Mr. Steven Henderson of DWE to provide an overview of the audit and its results.

Mr. Henderson provided an overview of the FY17 SSMP Audit. He stated that the audit concluded that the District's activities, programs, and efforts meet or exceed the requirements of its SSMP. He noted that minor changes in the District's organization, practices, or regulations that occurred during the year were not significant enough to require a revision of the SSMP prior to June 2019, the required five year SSMP review cycle.

Following discussion, upon a motion duly made by Vice President Sullivan, seconded by Director Juliussen, and unanimously carried, the Board of Directors received and filed the SSMP FY17 Audit conducted by DWE, Inc. by the following vote:

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

**16. Adopt Resolution No. 2293 – Requesting the Local Agency Formation Commission (LAFCO) to take proceedings for the proposed McLean Change of Organization.**

DE Wilson presented the item stating that this annexation includes one parcel totaling 0.35 acres with one single family residence with a septic tank system that is failing. He noted the private lateral for the residence will connect to LWD's system on Sanford Street.

Following discussion, upon a motion duly made by Director Juliussen, seconded by Director Omsted, and unanimously carried, the Board of Directors adopted Resolution No. 2293 – Requesting LAFCO to take proceedings for the McLean Change of Organization by the following vote:

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

#### 17. Board of Directors Election of Officers

GM Bushee presented the item stating that LWD's Resolution No. 2118 establishes a policy that calls for the Board to elect a President and Vice President.

Upon a motion duly made by Director Omsted, seconded by Director Juliussen, and carried, the Board of Directors elected Vice President Sullivan as the Board President for Calendar Year 2018 by the following vote:

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

Upon a motion duly made by Director Omsted, seconded by Vice President Sullivan, and carried, the Board of Directors elected Director Kulchin as the Board Vice President for Calendar Year 2018 by the following vote:

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

### INFORMATION ITEMS

#### 18. Project Status Updates and Other Informational Reports

A. 2018 CASA Winter Conference is scheduled for January 24-26, 2018 at the Hilton Palm Springs.

EA Baity stated the date and location and that the travel reports for the upcoming conference have been provided to the Board members.

B. Thank You Letter from First Lego League TMLRBv2.1

EA Baity stated the District received a thank you letter from First Lego League TMLRBv2.1.

#### 19. Directors' Meetings and Conference Reports

President Hanson reported on a regular LAFCO meeting which she attended on December 4, 2018. She noted that Jo MacKenzie is the Chair for 2018.

## 20. General Manager's Report

GM Bushee reported on the following items:

- New LWD landscaping in the front parking lot;
- Update on the Notice of Violation from the San Diego Air Pollution Control District;
- LWD Annual Holiday Luncheon; and
- LWD Facility Tours

GM Bushee thanked President Hanson for a great year and wished everyone happy holidays.

## 21. General Counsel's Report

None.

## 22. Board of Directors' Comments

Directors Omsted, Juliussen, Kulchin, and Sullivan thanked President Hanson for a great year as Board President.

Director Juliussen thanked staff for a great year.

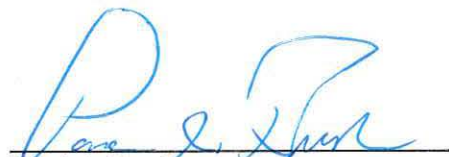
Director Kulchin thanked ASsup Hill and staff for an awesome open house event.

Vice President Sullivan wished everyone a Merry Christmas and safe holidays. She also thanked staff for an outstanding year.

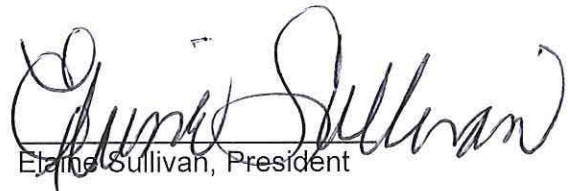
President Hanson thanked everyone for a great year and wished everyone a Merry Christmas.

## 23. Adjournment

President Hanson adjourned the meeting at approximately 5:52 p.m.



Paul J. Bushee  
Secretary/General Manager  
(SEAL)

  
Elaine Sullivan, President