

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Regular Board Meeting
 February 11, 2015

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, February 11, 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 5:00 p.m.

2. Roll Call

DIRECTORS PRESENT: Juliussen, Omsted, Hanson, Sullivan and Kulchin

DIRECTORS ABSENT: None.

OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Administrative Services Manager Chuck LeMay, Technical Services Manager Robin Morishita, Executive Assistant Trisha Hill, Field Services Supervisor Marvin Gonzalez, Field Service Technician II Steve Krason, Field Services Technicians In-Training Josh Flanders and Ryan Rodriguez, District Engineer Steve Deering with Dudek, CPA Richard Duffey and Harvey Schroeder with White Nelson Diehl Evans.

3. Pledge of Allegiance

President Juliussen led the pledge of allegiance.

4. General Public Comment Period

GM Bushee stated there is no public comment; however, he introduced LWD's two new Field Services Technicians In-Training employees, Josh Flanders and Ryan Rodriguez. He also provided background information on each employee.

The Board of Directors welcomed Josh and Ryan to the District.

5. Approval of Agenda

Upon a motion duly made by Director Kulchin, seconded by Director Sullivan 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 Organization Objective – CWEA San Diego Section 2014 Engineering Achievement Award.

GM Bushee stated that the District recently received three awards. The first award was presented to Field Services Technician II Steve Krason from CWEA's San Diego section as

their 2014 Mechanical Technican of the Year. He provided a brief summary of Steve's accomplishments and presented Steve with the award.

GM Bushee stated that the District also received the Engineering Achievement Award from CWEA's San Diego Section. He thanked Infrastructure Engineering Corporation (IEC) for completing and submitting the award application to CWEA. He added that the award recognizes the innovative trenchless technology used during the Recycled Water Pipeline Repair project.

The Board of Directors congratulated Steve and staff for their efforts.

B. California Sanitation Risk Management Authority (CSRMA) Workers' Compensation Excellence Award.

GM Bushee stated that the third award was received from CSRMA recognizing the District for achieving the Workers' Compensation Excellence award. He noted that for FY 2014, the District did not have any workers' compensation claims.

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

January 14, 2015 Regular Board Meeting

February 4, 2015 Investment & Finance Committee Meeting

8. Approval of Demands for January/February 2015

Payroll Checks numbered 17733-17772; General Checking – Checks numbered 46290-46406;

9. Operations Report (A copy was included in the original February 11, 2015 Agenda)

10. Finance Report (A copy was included in the original February 11, 2015 Agenda)

11. Quarterly Treasurer's Investment Report

This report discloses investments for the quarter ending December 31, 2014.

12. Disclosure of Reimbursements

This report discloses travel expense reimbursements for the month of January 2015. (A copy was included in the original February 11, 2015 Agenda)

Upon a motion duly made by Director Sullivan, seconded by Director Hanson, 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

13. Encina Wastewater Authority (EWA) Reports

- A. EWA Board Report – Meeting was held on January 28, 2015.

Director Sullivan reported on EWA's January 28, 2015 Board meeting.

- B. An Encina Member Agencies Manager's (MAM) Meeting was held on February 3, 2015.

GM Bushee reported on Encina MAM's February 3, 2015 meeting.

14. Committee Reports

- A. Investment & Finance Committee (IFC) meeting was held on February 4, 2015.

Director Hanson reported that the IFC conducted its annual review of LWD's Reserve Policy. She noted that staff is not recommending revisions to the policy.

She also stated that the committee received an update on the new GASB Statement No. 68, along with new auditing standards.

In addition, the committee reviewed a one-year contract amendment to White Nelson Diehl Evans, LLP contract for auditing services in an amount not to exceed \$22,000.

The IFC agreed with staff's recommendations and these items will be discussed later in the agenda.

- B. Engineering Committee meeting was held on February 10, 2015.

Director Kulchin reported that the EC reviewed the following informational reports:

- A pump station electrical rate evaluation report from Hoch Consulting;
- An update on LWD's disaster preparedness planning efforts from Titan Engineering & Consulting;
- An update on the B1/B2 Force Mains Replacement Project; and
- An update on the Leucadia Pump Station Generator Replacement.

ACTION ITEMS

15. Governmental Accounting Standards Board Update (GASB Statement No. 68)

CPA Duffey presented the item indicating the purpose of GASB and how their accounting standards affect the District's financial reporting. He provided a summary of the new GASB Standards Statement No. 68 indicating that it will be effective in Fiscal Year 2015 and requires public agencies to include pension liabilities in their financial report. It also requires public agencies to complete an actuarial valuation of their pension liabilities every two years. He noted that CalPERS will provide the actuarial valuation at a cost.

Director Sullivan asked how the new accounting standard would affect the District or anyone specifically if the pension expense will be recognized over the service life of an employee - not total life expectancy.

CPA Duffey answered her question indicating that the cost is now front loaded and the expenses are incurred over a shorter term. He noted that the new pension standards will not affect the District's cash flow indicating that it will only show in the financial audit as a disclosure of liabilities.

There was no action taken.

16. Contract Amendment No. 2 to White Nelson Diehl Evans LLP for Financial Auditing Services.

Authorize the General Manager to execute a one-year contract amendment with White Nelson Diehl Evans LLP for Financial Auditing Services for Fiscal Year 2015 (FY15) in an amount not to exceed \$22,000.

ASM LeMay presented the item stating background information on White Nelson Diehl Evans' contract. He noted that the IFC reviewed this item at their February 4th meeting. He stated that due to the new GASB 68 requirement, new audit standards, and the transition of the District's financial software, staff believes it is in the District's best interest to execute a one-year extension.

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 a one-year contract amendment with White Nelson Diehl Evans, LLP for Financial Auditing Services for FY 15 in an amount not to exceed \$22,000.

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

17. Annual Review of LWD Reserve Fund Policy

Receive and file the Annual Reserve Policy Review Report.

CPA Duffey presented the subject recommendation indicating the purpose of the policy and that it was last revised in February 2014. He noted that the policy calls for an annual review by the Board of Directors. He noted that staff has reviewed the policy and is not recommending any changes to it.

CPA Duffey also provided an overview of the District's reserve balances for fiscal year ending June 30, 2014.

Director Kulchin asked what the total reserve balance is and can the funds be transferred from one reserve to another. CPA Duffey answered his questions.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Vice President Omsted, and unanimously carried, the Board of Directors received and filed the Reserve Policy Annual Report by the following vote:

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

18. West Influent Pipeline Agreement

Adopt Resolution No. 2257 – Approving an Agreement for the Ownership, Operation, and Maintenance of the West Influent Pipeline.

General Counsel Brechtel presented the item noting the description of the West Influent Pipeline and the purpose of the maintenance agreement. He also provided a brief summary of the agreement.

President Juliussen thanked General Counsel Brechtel for completing this agreement.

Upon a motion duly made by Director Hanson, seconded by Director Sullivan, and unanimously carried, the Board of Directors adopted Resolution No. 2257 – Approving an Agreement for the Ownership, Operation, and Maintenance of the West Influent Pipeline.

19. Board of Directors Agenda Preparation Policy

Adopt Resolution No. 2258 – Board of Directors Agenda Preparation Policy.

ASM LeMay presented the item stating that last month, the Board directed staff to prepare an Agenda Preparation Policy. ASM LeMay provided a brief summary of the policy.

Vice President Omsted asked staff to clarify the President’s authority on revising an agenda. GM Bushee stated that the policy was drafted to provide flexibility. Vice President Omsted indicated that the policy is not specific on whether the Board President can remove agenda items from the agenda.

GC Brechtel suggested the following revised language to the policy:

“Based on the Board President’s review, the Board agenda may be modified if the General Manager and the President mutually agree to modifications. If they do not agree, the agenda will remain unchanged as proposed by the General Manager. If there is a disagreement, the General Manager will report the issue to the Board at its next meeting.”

Following discussion, upon a motion duly made by Vice President Omsted, seconded by Director Kulchin and carried, the Board of Directors adopted Resolution No. 2258 – Board of Directors Agenda Preparation Policy with revised language provided by GC to the policy by the following vote:

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

20. CASA Board of Directors Call for Candidates

GM Bushee presented the item indicating that CASA recently underwent a reorganization. As part of their new bylaws and procedures, CASA notified the District that they are seeking candidates for their Board of Directors.

He stated that since he is on the Board of Directors, no other District staff member or Board member can be nominated from the District under their new bylaws. He added that this item was presented to the Board as a follow up to CASA's request.

Director Sullivan thanked GM Bushee for participating on CASA's Board of Directors.

There was no action taken.

INFORMATION ITEMS

21. Project Status Updates and Other Informational Reports

- A. The WaterReuse 2015 Annual Conference is scheduled for March 15-17, 2015 at the Millennium Biltmore Hotel in Los Angeles.

EA Hill announced the conference date and stated that the Board members have been registered to attend the conference.

Director Sullivan confirmed the dates for the Watereuse Desalination conference in May. EA Hill stated that she will email the Directors the list of conferences and their dates.

22. Directors' Meetings and Conference Reports

- A. The CASA 2015 Winter Conference was held on January 20-23, 2015 at the Hilton Palm Springs.

Director Kulchin stated that sessions were informative and that he enjoyed the sessions. Director Sullivan noted that she enjoyed the conference, the speakers and was pleased with its location.

Director Hanson reported on CSRMA's pre-conference session that she attended. She noted that she was not aware the District had conducted a cyber-vulnerability test. TSM Morishita stated that the District was reimbursed by CSRMA for the cost of the test.

Director Omsted reported on the round-table session that he attended. He stated that based on the session, he had asked GM Bushee to look into changing the Field Services uniforms and to compile a list of pre-approved plumbers to provide to the customers. GM Bushee noted that he is still reviewing these requests, noting the District's past procedures on recommending plumbers.

23. General Manager's Report

GM Bushee reported on the following items:

- The Batiquitos Lagoon Foundation held its annual Planning Session at the District office last Friday and that he and TSM Morishita provided a presentation to the group about the District's facilities and services.

- He and TSM Morishita will also provide a presentation to SCAP tomorrow morning regarding the District's recent citizen's lawsuit experience.
- The Board's Strategic Planning session is scheduled for next Wednesday, February 18th. Plan for the session to end at 4PM. He noted that the meeting may end earlier.
- The CSDA Quarterly dinner meeting is scheduled for Thursday, February 19th and he will carpool to the meeting at 5:30PM.

24. General Counsel's Report

GC Brechtel reported on new laws that may affect the District. He provided a brief summary on the following assembly bill and new laws:

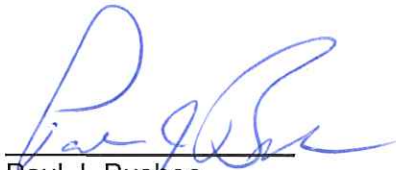
- Assembly Bill No. 2747 – New procedure for notifying residents to terminate utility services;
- New employee training requirement regarding Bullying is effective January 2015. A new section to the No Harassment training has been added to address Bullying; and
- New Conflict of Interest rules relating to decisions regarding real property.

25. Board of Directors' Comments

President Juliussen thanked TSM Morishita, District Engineer Deering, Field Services Superintendent Stecker and Field Services Supervisor Gonzalez for their efforts during the Engineering Committee meetings.

26. Adjournment

President Juliussen adjourned the meeting at 6:19 p.m.



Paul J. Bushee
Secretary/General Manager
(SEAL)



Allan Juliussen, President