

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting

February 12, 2014

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, February 12, 2014 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, Omsted, Hanson and Sullivan

DIRECTORS ABSENT: None.

OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, 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 with Brownell & Duffey, Field Services Technicians Gabe Mendez, Ian Riffel, and Rick Easton, William (Bill) Canepa, President of Wave Crest Oceanfront, LLC Resorts, Jeff Bills with Confidence Consulting, Jamie Fagnant with Infrastructure Engineering Corporation (IEC).

3. Pledge of Allegiance

President Kulchin led the pledge of allegiance.

4. General Public Comment Period

President Kulchin stated that a member of public, Mr. Bill Canepa is here for public comment on agenda item no 15. He asked Mr. Canepa if he would prefer to provide his comment during agenda item no. 15. Mr. Canepa agreed.

5. Approval of Agenda

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

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

6. Presentations and Awards**A. Achievement of Individual Objectives.**

GM Bushee introduced FST III Ian Riffel stating that he recently received his Collections System Maintenance Grade IV certification from the California Water Environment Association. He also presented background information about Ian noting that he was eligible

for a \$500 incentive award. President Kulchin presented Ian's award and congratulated him for his efforts.

GM Bushee also introduced FST In-Training Rick Easton stating that he recently received his Collections System Maintenance Grade I certification from the California Water Environment Association. He also presented background information about Rick and noted that he is eligible for a \$500 incentive award for his accomplishment. President Kulchin presented Rick's award and congratulated him for his efforts.

GM Bushee stated that Todd Amos was unable to attend tonight's meeting; however, he recently received his water treatment operator Grade T1 certification from the State of California Public Health Department. He also presented background information about Todd and congratulated him for his efforts. He noted that Todd is eligible for a \$500 incentive award for his accomplishment.

The Board of Directors congratulated Ian, Rick and Todd for their efforts.

B. Achievement of an Organizational Objective.

GM Bushee stated that LWD was presented with two awards at the CWEA San Diego 2014 Awards & Installation Banquet. He stated the first award received was the Safety Award in the small category. He thanked ASM LeMay for completing the safety award application, noting LWD's excellent safety record and the Board's support for our program. He also indicated that under LWD's Incentive Program, employees are eligible for a \$100 incentive for receiving the Safety award.

He stated that the second award was presented to Field Services Technician I Gabe Mendez, who received the Collection System Person of the Year award for the San Diego Region. He provided a brief summary of Gabe's accomplishments and presented Gabe with the award.

He congratulated the Board, staff and Gabe for these awards. He noted that the awards will move to the State competition.

The Board of Directors congratulated Gabe and staff for their efforts. Director Sullivan stated that she was on the committee that reviewed the applications for LWD Employee of the Year and that the committee was really impressed with Gabe's accomplishments and the positive information presented in application from his coworkers.

C. CSRMA Workers' Compensation Excellence Award.

GM Bushee stated that Director Hanson is on the CSRMA Board and that in January 2013, the CSRMA Board recognized the District for achieving the Workers' Compensation Excellence award. He noted that for FY 2013, the District did not have any workers' compensations claims.

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

January 8, 2014 Regular Board Meeting
February 3, 2014 Investment & Finance Committee Meeting
February 5, 2014 Engineering Committee Meeting

8. Approval of Demands for January 2014/February 2014

Payroll Checks numbered 17099-17162; General Checking – Checks numbered 44846-44960

9. Operations Report (A copy was included in the original February 12, 2014 Agenda)

10. Finance Report (A copy was included in the original February 12, 2014 Agenda)

11. Quarterly Treasurer's Investment Report (A copy was included in the original February 12, 2014 Agenda)

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

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

EWA and COMMITTEE REPORTS

12. Encina Wastewater Authority (EWA) Reports

A. EWA Board Report – Meeting was held on January 22, 2014.

Director Sullivan reported on EWA's December January 22, 2014 Board meeting.

B. Encina Member Agency Manager's Meeting was held on February 4, 2014.

GM Bushee reported on the Member Agency Managers (MAM) Meeting.

13. Committee Reports

A. Investment & Finance Committee meeting was held on February 3, 2014.

Director Hanson reported that the IFC conducted its annual review of LWD's Reserve Policy. She stated that the IFC agreed with staff's proposed administrative changes to the policy and that the policy will be reviewed later on in the agenda.

B. Engineering Committee meeting was held on February 4, 2014.

Vice President Juliussen reported that the EC reviewed the following items and they will be reviewed later on in the agenda:

- B2 Force Main Replacement Project Preliminary Design Report consisting of the B2

Force Main Replacement Project Technical Memorandums Nos. 1 and 2 completed by IEC;

- An agreement with Wave Crest Oceanfront, LLC, owners of Hilton Resort & Spa, to contribute \$220,000 towards the realignment of Batiquitos Force Mains B1, B2 and B3 into north bond Carlsbad Blvd. as part of Batiquitos (B2) Force Main Replacement Project;
- Amendment No. 1 to Task Order No. 18 with Infrastructure Engineering Corporation (IEC) for environmental review services for the Batiquitos (B2) Force Main Replacement Project in an amount not to exceed \$35,434.

He also reported that the EC received updates on the following projects:

- Recycled Water Effluent Line Isolation Valve Installation Project,
- La Costa Pump Station Rehabilitation Project,
- Leucadia Pump Station Generator Project,
- Gravity Line Rehabilitation Project, and
- L1 and B3 Corrosion Non-Destructive Testing project.

ACTION ITEMS

President Kulchin moved agenda item nos. 15 and 16 for discussion.

15. Agreement with Wave Crest Oceanfront, LLC Pertaining to the Batiquitos (B2) Force Main Replacement Project.

Authorize the General Manager to execute a Funding Contribution Agreement with Wave Crest Hotels and Resort, owners of Hilton Carlsbad Oceanfront Resort & Spa, to contribute the sum of \$220,000 towards the realignment of Batiquitos Force Mains B1, B2 and B3 into north bound Carlsbad Boulevard (Highway 101) as part of the Batiquitos (B2) Force Main Replacement Project.

GM Bushee presented the item providing background information on the B2 Force Main failure in February 2013. Based on this failure, the Board authorized staff to contract with IEC to begin design work for the replacement of the B2 Force Main. He stated that, based on their design work, this project may have an impact to Hilton Resort & Spa. He also stated that staff met with Hilton representatives to discuss the project, adding that Hilton had concerns that the project would have negative impacts to their business.

Therefore, staff had several follow-up meetings with Hilton to come to an agreement that would meet both Hilton's concerns and LWD's long term needs. GM Bushee provided the key provisions of the funding agreement and the benefits of the project.

He noted that there are additional costs to LWD in order to replace all three lines in the Hilton area instead of only the B2 force main; however, the contribution of \$220,000 from Hilton will assist with some of the additional costs.

He also stated that the city of Carlsbad has been involved with the project and they have agreed to provide an exemption for a Coastal Development Permit. In addition, this project would have to follow CEQA regulations that require a mitigated negative declaration.

At this time, Mr. Canepa provided his public comments on the item. He provided a summary of

impacts that the project would have on Hilton if the B2 line was not realigned and replaced on Hilton's property. He added that Hilton's contribution of \$220,000 would assist the District with some of the extra costs associated with moving all three force mains away from Hilton's property. In addition, he expressed his gratitude with the Board and staff for working with Hilton to resolve their concerns.

Director Omsted asked if one lane would be open during the project. GM Bushee stated that those issues would be decided in the final design of the project, noting that during the project one lane should be open during construction.

Director Hanson asked for the additional costs for realigning and replacing all lines instead of only the B2 force main. GM Bushee stating that it would be an additional \$800,000 to \$1 million. Director Hanson asked how long will the new lines last. GM Bushee stated that the PVC lines are estimated to last longer than ductile pipes, noting the minimal lifecycle of PVC pipeline is approximately 75 years.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Director Omsted, and unanimously carried, the Board of Directors authorized the General Manager to execute a Funding Contribution Agreement with Wave Crest Hotels and Resort, owners of Hilton Carlsbad Oceanfront Resort & Spa for participating in the funding of \$220,000 towards the realignment of three sewer force mains (Batiquitos Force Mains B1, B2, and B3) into north bound Carlsbad Boulevard (Highway 101) as part of the Batiquitos (B2) Force Main Replacement Project by the following vote:

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

16. Employee Opinion Survey Results.

GM Bushee presented the item stating background information on the employee opinion surveys. He noted the value of these surveys and indicated that this is the District's fourth survey. He added that these surveys benefit the District by obtaining valuable information from employees. He added that Mr. Bills presented the results to the employees earlier today. He introduced Mr. Jeff Bills with Confidence Consultants to present the employee opinion survey results.

Mr. Bill provided an overview of the survey results noting that LWD had the highest overall score compared to other similar agencies, such as non-profits, JPAs and private community based agencies. He stated that the survey was completed in December 2013. He also provided information about how the survey was conducted along with examples of the questions that were asked, noting that he is looking for trends in the survey. He also provided specific scores based on the questions that were answered and how they compared with the previous year's scores and other agency's scores. In addition, he explained the factors that can affect these scores and challenges that the District may face to maintain the high scores.

Director Juliussen confirmed that the survey results were based on all the employees and were

not separated into categories, such as, field staff versus administrative staff. Mr. Bills stated that the results were based on all the employees and the results were not categorized.

Director Juliussen stated that he would like to see the results categorized into the field services staff scores versus administrative staff scores. President Kulchin concurred with the request noting that the results may be different. Mr. Bills agreed to provide GM Bushee with the categorized results of the scores.

Director Omsted asked if Mr. Bills can compare the categorized results with other agencies as well. Mr. Bills stated that he will review his surveys to find out if he can get comparable results.

President Kulchin and Vice President Juliussen also requested a copy of the questions that were asked by Mr. Bills.

Director Sullivan stated that she was surprised that some of the results were down compared with previous years. Mr. Bills noted the percentage change in scores was very low.

President Kulchin requested the training schedule for managers and/or supervisors.

The Board of Directors thanked Mr. Bills for his report.

14. B2 Force Main Replacement Project Preliminary Design Report.

Receive and file the B2 Force Main Replacement Project Preliminary Design Report consisting of B2 Force Main Replacement Project Technical Memorandums No. 1 and No. 2 completed by Infrastructure Engineering Corporation (IEC).

TSM Morishita presented the item stating that it was reviewed by the EC on February 5th. He added that this item will also authorize staff to proceed with IEC's recommended Alternative 9 in the Hilton area, to realign B1, B2, and B3 into Highway 101 as part of the B2 Force Main Replacement Project.

TSM Morishita also provided background information on the project and the purpose of the technical memorandums adding that staff requested IEC to focus on the Ponto Village Area and the Hilton Resort & Spa area. He then identified IEC's evaluation results that were in technical memo no. 1 along with their preferred method of replacing B2. He added that the District notified Hilton of the proposed project and at that time Hilton had concerns with the project. This was the reason for technical memo no. 2 and IEC's recommendations.

Director Juliussen thanked IEC and Ms. Fagnant, in particular, for their research and the various alternatives for this project.

Following discussion, upon a motion duly made by Vice President Juliussen, seconded by Director Hanson, and unanimously carried, the Board of Directors received and filed the B2 Force Main Replacement Project Preliminary Design Report consisting of B2 Force Main Replacement Project Technical Memorandums No. 1 and No. 2 completed by IEC; and authorize staff to proceed with Alternative 9 in the Hilton area, to realign B1, B2, and B3 into Highway 101 by the following vote:

Director	Vote
President Kulchin	Aye
Vice President Juliussen	Aye

Director Omsted	Aye
Director Hanson	Aye
Director Sullivan	Aye

17. Batiquitos (B2) Force Main Replacement Project Environmental Review Services.

Authorize the General Manager to execute Amendment No. 1 to Task Order No. 18 with Infrastructure Engineering Corporation for environmental review services for the Batiquitos (B2) Force Main Replacement Project in an amount not to exceed \$35,434.

TSM Morishita presented the item stating it was reviewed by the EC on February 5th. He stated that the B2 Force Main Replacement Project will require an Environmental Study to meet the CEQA requirements. He provided the reasons an Environmental Study was needed and the potential requirement of a Mitigated Negative Declaration (MND). He then presented IEC's scope of work for task order no. 18 noting that staff believes IEC's proposal is fair and reasonable. He indicated that sufficient funds are included in the FY 14 budget.

Following discussion, upon a motion duly made by Vice President Juliussen, seconded by Director Sullivan, and unanimously carried, the Board of Directors authorized the General Manager to execute Amendment No. 1 to Task Order No. 18 with Infrastructure Engineering Corporation for environmental review services for the Batiquitos (B2) Force Main Replacement Project in an amount not to exceed \$35,434 by the following vote:

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

18. Annual Review of the LWD's Reserve Policy.

Adopt Resolution No. 2242 approving the revised Reserve Fund Policy and receive and file the Annual Reserve Fund Report.

CPA Duffey presented the subject recommendation stating that the Board of Directors approved the Reserve Policy in 2005, and that it was last updated in 2011. He stated the purpose of the policy and its requirement for the Board to review the policy annually. He added that staff and the IFC have reviewed the policy and indicated that the IFC concurred with the administrative changes recommended by staff.

He also provided an overview of the reserve activity.

Director Juliussen confirmed that the interest in the Emergency Reserve Fund was moved to the Capital Replacement Reserve and that the Board has the authority to change the Emergency Reserve Fund amount. CPA Duffey confirmed that with Board's approval the Emergency Reserve Fund can be changed and that the interest in this account is transferred out to keep the Fund balance at the amount listed in the policy.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Vice President Juliussen, and unanimously carried, the Board of Directors adopted Resolution No. 2242

approving the revised Reserve Fund Policy and received and filed the Annual Reserve Fund Report by the following vote:

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

19. Adopt Resolution No. 2243 – Requesting the Local Agency Formation Commission (LAFCO) to take proceedings for the proposed Griffy Change of Organization.

District Engineer Deering presented the item stating that the annexation includes one parcel totaling .41 acres that is currently on a failing septic tank. He noted the location of the property and stated that the property owners will have to first connect to their neighbor's private lateral through their backyard and then connect to the public sewer system.

Following discussion, upon a motion duly made by Director Omsted, seconded by Director Sullivan, and unanimously carried, the Board of Directors adopted Resolution No. 2243 – Requesting LAFCO to take proceedings for the Griffy Change of Organization by the following vote:

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

INFORMATION ITEMS

20. Project Status Updates and Other Informational Reports

- A. The CSDA San Diego Chapter Quarterly Dinner Meeting is scheduled for Thursday, February 27, 2014 at 6:00 PM located at The Butcher Shop in Kearny Mesa.

GM Bushee announced the scheduled CSDA Quarterly dinner meeting, noting that he will carpool to the dinner and he will leave from the District's office at 5:30PM.

21. Directors' Meetings and Conference Reports

- A. The CASA Conference was held at the Renaissance Esmeralda Resort & Spa in Indian Wells, CA on January 15-17, 2014.

Director Juliussen noted that it was an excellent conference.

Director Hanson stated that the round table sessions were better and that the topics were good.

Director Omsted reported on the round table session about indirect potable water, noting it was interesting.

President Kulchin reported that he attended the CSRMA session and it was excellent.

B. The CSDA Education Committee & Membership Committee meetings were held in Sacramento, CA on January 17, 2014.

Director Sullivan reported on both committee meetings noting that they were the first ones of the year. She provided a brief summary of the topics that were discussed at the meetings.

C. The CSDA Board of Directors Meeting was held in Sacramento, CA on January 24, 2014.

Director Sullivan also provided a brief summary of the topics that were discussed at the CSDA Board of Directors Meeting. President Kulchin thanked Director Sullivan for participating on these committees and the CSDA Board.

D. The CWEA Awards Installation Banquet was held in San Diego, CA on January 25, 2014.

GM Bushee noted that several Board members attended and that the awards that LWD and staff received were acknowledged earlier in the agenda.

22. General Manager's Report

General Manager Bushee reported on the following items:

- The North County Recycled Water Group continues to meet at the District and he provided an update on their project, noting that the group was approved for State Prop. 84 funding.
- Staff meet with the city of Carlsbad to discuss the possibility of connecting to their system to provide additional recycled water;
- Staff met with EWA staff to discuss the Phase V cost reconciliation to determine the LWD's share of cost for the Phase V project.

23. General Counsel's Report

General Counsel Brechtel reported that Counsel Yin Ho attended the CASA's Attorneys meeting. He reported on a new law that is effective this year stating that during the bid process sub-contractors must provide their contractor license number. He stated that LWD already follows this practice.

24. Board of Director's Comments

Director Sullivan stated that she attended an EWA committee meeting yesterday noting that during the meeting a name change for EWA was discussed. She added that we are trying to change the perception about recycled water and wastewater. She requested that an agenda item be added to the March Board Agenda to discuss changing LWD's name.

Director Omsted asked if the photo on the computer's screen saver was a new photo. GM Bushee confirmed that it was a new photo taken by photographer Rob Keith. He added that the new photos will be posted on the new website and staff will show the photos at an upcoming committee meeting.

Director Juliussen noted that the drought will increase the need for recycled water and help motivate residents to use it more.

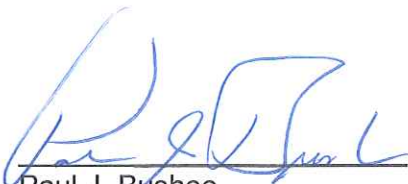
President Kulchin stated that last Friday, Carlsbad Rotary attended a lunch-and- learn meeting to learn about the services that LWD provides its customers. He noted that GM Bushee presented the information about LWD, adding that he did a terrific job. He added that there may be other groups that would like to hear the presentation. He also stated that staff did an excellent job with negotiations with the Hilton for the Batiquitos B2 Force Main project.

25. Adjournment

President Kulchin adjourned the meeting at 6:31 p.m.



David Kulchin, President



Paul J. Bushee
Secretary/General Manager
(SEAL)