

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Regular Board Meeting
 February 8, 2017

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, February 8, 2017 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., 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

DIRECTORS ABSENT: Omsted

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, District Engineer Steve Deering, FST I Ryan Rodriguez, FST II Rick Easton, Richard Babbe of PFM, Jeremy King of PFM, Michael Steinlicht of Encina Wastewater Authority, Scott McClelland of Encina Wastewater Authority, Ken Weinberg Consultant to Encina Wastewater Authority, Scott Goldman of RMC, and Nathan Chase of RMC.

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	Absent

6. Presentations and Awards

A. Achievement of Individual Award – Ryan Rodriguez

GM Bushee introduced Field Services Technician I Ryan Rodriguez stating that Ryan recently received his Water Treatment Operator Grade T2 certification from the State Water Resources Control Board. He stated that this is his fourth award since his employment and he presented background information about Ryan. He noted that Ryan is eligible for a \$500 incentive award under the District's incentive program.

President Hanson presented Ryan with his certificate and the Board of Directors congratulated Ryan for his efforts.

B. CWEA San Diego Section 2016 Awards - Community Engagement & Outreach Project of the Year and Collection System Person of the Year.

GM Bushee stated that the District recently received two awards. The first award was presented to Field Services Technician II Rick Easton from CWEA's San Diego Section as their 2016 Collection System Person of the Year. He provided a brief summary of Rick's accomplishments and President Hanson presented Rick with the award.

The Board of Directors congratulated Rick for his efforts.

GM Bushee stated that the District also received the Community Engagement & Outreach Award from CWEA's San Diego Section. This award recognizes Leucadia Wastewater District's outreach platform to blend social media, the website, and mapping tools to help share updates with the community in a timely manner. GM Bushee thanked ASSup Hill and Jared Criscuolo of Rising Tide Partners for their efforts in submitting for the award. He noted that under LWD's Incentive Program, employees are eligible for a \$100 incentive for the Community Engagement & Outreach Award.

ASSup Hill presented President Hanson the award and the Board of Directors congratulated staff for their efforts.

The Board of Directors also viewed LWD's District video titled "No Wipes Down the Pipes."

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

January 11, 2017 Regular Board Meeting

January 12, 2017 Community Affairs Committee Meeting

February 1, 2017 Investment & Finance Committee Meeting Engineering Committee Meeting

February 2, 2017 Engineering Committee Meeting

8. Approval of Demands for January/February 2017

Payroll Checks numbered 19028-19065; General Checking – Checks numbered 49208-49347

9. Operations Report (A copy was included in the original February 8, 2017 Agenda)

10. Finance Report (A copy was included in the original February 8, 2017 Agenda)

11. Quarterly Treasurer's Report

This report discloses investments for the quarter ending December 31, 2016.

12. Disclosure of Reimbursements

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

Upon a motion duly made by Director Juliussen, seconded by Director Kulchin, 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	Absent

EWA and COMMITTEE REPORTS

13. Encina Wastewater Authority (EWA) Reports

- A. EWA Board Report – Meeting held on January 25, 2017.

Director Sullivan reported on EWA's January 25, 2017 Board meeting.

- B. EWA Member Agency Manager's (MAM) - Meeting held on February 7, 2017.

GM Bushee reported on MAM's February 7, 2017 meeting.

14. Committee Reports

- A. Community Affairs Committee (CAC) Meeting was held on January 12, 2017.

Vice President Sullivan reported that the CAC and staff reviewed and commented on the draft layout of the 2017 Winter newsletter.

The CAC directed staff to move forward with the production of the newsletter and forward the final to the Board for their review prior to printing.

The CAC also received an update on the District Facebook page and reviewed a draft video of an overview of the District. These items were for informational purposes and no action was taken.

- B. Investment and Finance (IFC) Meeting was held on February 1, 2017.

President Hanson reported that staff presented the Annual Review of LWD's Reserve Policy and is not recommending any changes. The IFC concurred with staff to recommend that the Board of Directors to receive and file the annual review of the reserve policy. The IFC also received an update on the Comprehensive Financial Plan Tracking.

These items will be reviewed by the Board of Directors later in the agenda.

- C. Engineering Committee (EC) Meeting was held on February 2, 2017.

Director Juliussen reported that the EC received updates on the following information items:

- Tactical Goal - Evaluate the Need for a Confined Space Entry Equipment Trailer
- Tactical Goal - Evaluate the Need to Replace District Dump Truck with a Multi - Purpose Truck to Tow the ACME (Big Blue) Emergency Pump
- Impact of the January Storms on the District's Collection System
- Display of the New CCTV Inspection Van

These items were for informational purposes and no action was taken.

ACTION ITEMS

15. Encina Water Reuse Feasibility Study

GM Bushee presented background information on the item noting that it was brought before EWA Board of Directors and the Member Agency Managers in December 2016. He stated that at the request of Director Juliussen, EWA General Manager Michael Steinlicht and Scott Goldman of RMC Water & Environmental will present an overview of the Encina Water Reuse Feasibility Study.

Mr. Goldman presented an overview of the Encina Water Reuse Feasibility Study noting that the study's purpose is to evaluate the feasibility of indirect potable reuse as well as direct potable reuse on the Encina South Parcel. Mr. Goldman provided an outline of the study which focused on the following areas:

- Review Study Objectives;
- Project Feasibility Requirements;
- Project Portfolio Options;
- Screening Criteria and Option Ranking; and
- Review Project Schedule and next steps.

Mr. Goldman reviewed the top three options for indirect and direct potable reuse noting that the number one option is the San Dieguito Reservoir and the number two option is the San Diego County Water Authority's raw aqueduct. He indicated that the next step in the process is to conduct stakeholder meetings and present a draft Feasibility Study to the EWA Board in the spring of 2017.

Director Kulchin asked if the main impediment to progress in water reuse is government regulations, technical complexity, or political or a combination of all three. Mr. Goldman answered his question stating that he didn't believe any of those were impeding progress.

President Hanson asked if the San Dieguito Reservoir in the top three options was the little reservoir. Mr. Goldman answered affirmatively.

President Hanson noted that Olivenhain Municipal Water District is conducting a ground water study and asked how far along they are. Mr. Goldman stated that Olivenhain has conducted studies on the San Elijo basin and it does not appear to be a viable option at the moment. However, the San Dieguito basin could possibly be an option if the brine can be removed.

Director Juliussen stated that he would like to see another desalination plant added to the EWA Master Plan. Mr. Goldman noted that the current desalination plant was designed to be expandable.

The Board of Directors thanked Mr. Goldman and EWA staff for their report.

This item was informational and no action was taken.

16. California Asset Management Program (CAMP) Individual Portfolio Program Status Report

GM Bushee presented the item introducing Mr. Richard Babbe with PFM to provide a status report on LWD's CAMP Individual Portfolio.

Mr. Babbe presented an overview of the economy, market trends and status of the Portfolio. He indicated that during 2016 the economy was growing moderately with a growth rate of 1.9% overall.

He noted that interest rates were very volatile during the year and rose significantly towards the end of 2016. He stated that interest rates are expected to trend up through 2017.

Mr. Babbe also provided a brief summary of the portfolio indicating that small modifications have been made. He stated that the portfolio is well diversified due to the addition of more corporate securities. He also noted that the portfolio has good credit quality and good liquidity but he anticipates moving some liquidity out as interest rates rise.

Director Juliussen asked if interest rates will stay low if President Trump decides on major infrastructure improvements. Mr. Babbe answered his question stating that interest rates are anticipated to increase but there is still uncertainty in the market.

The Board thanked Mr. Babbe for his report.

This item was informational and no action was taken.

17. Annual Review of LWD Reserve Fund Policy

ASM Duffey presented the item and reviewed the purpose of the policy. The policy calls for an annual review of the reserve funding levels by the Board of Directors. He noted that staff has reviewed the policy and has no recommended changes.

ASM Duffey reviewed the District's reserve balances for fiscal year ending June 30, 2016.

Director Kulchin asked ASM Duffey if there were any areas of concern. ASM Duffey answered LWD's finances remain strong but there is always the unknown and the potential for unexpected capital projects or disasters.

Director Kulchin also asked if there are enough reserves for major replacements or repairs. GM Bushee answered affirmatively.

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

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

18. Comprehensive Financial Plan Tracking

ASM Duffey presented the item noting that the IFC reviewed it during their February 1st meeting. He noted that the District has a Comprehensive Financial Plan prepared about every 5 years, since conditions and assumptions change. He also noted that staff performs an internal update of the Plan annually to determine how actual results are tracking with the original projections.

ASM Duffey provided an overview of how LWD is tracking with its Financial Plan. The overview included the following topics.

- Comparison of projected and updated reserve balances;
- Comparison of projected and actual revenues and expenditures for the first five years of the Plan; and
- Future financial challenges

Director Kulchin asked why the District projected that it would lose 75% of property tax revenue allocation in 2015. ASM Duffey responded that the State can change or eliminate LWD's property tax revenue allocation and that LWD wanted to plan conservatively in case this happens.

ASM Duffey concluded that the District's finances remain strong, while maintaining low rates, and the District is tracking well with its Financial Plan.

ASM Duffey also provide an overview of 2017 monthly sewer service rates in San Diego County, stating that Jennifer Gabelein compiled that data for the graph. ASM Duffey noted that LWD is currently the 3rd lowest rate in the county.

Director Juliussen asked where the property tax revenue allocation comes from. GM Bushee stated the District gets a portion of the 1% ad valorem tax from LWD's customers which the State distributes out to local governments.

This item was informational and no action was taken.

19. Discuss Draft Agenda for Board of Directors Strategic Planning Session

GM Bushee presented this item stating that the Board members discussed potential topics for the upcoming Strategic Planning Workshop during their interviews with Ms. Michele Tamayo. He stated that Ms. Tamayo has developed a draft agenda for the Strategic Planning Workshop based on those interviews. He stated that this item is presented to discuss any changes or additions to the Strategic Planning Workshop agenda.

The Board of Directors had no additional items or changes to the draft Strategic Planning Workshop agenda as presented. No action was taken.

20. CASA Board of Directors Call for Candidates

GM Bushee stated that CASA has recently notified LWD that it is seeking candidates for its Board of Directors.

GM Bushee stated that he serves as the CASA Board's Vice President and is eligible to be the Board President next year. He noted he is interested in continuing to serve, however, since he is up for election this year the Board could opt to nominate someone else from LWD. He added that this item was presented to the Board as a follow up to CASA's request.

The Board did not opt to nominate anyone else. There was no action taken.

INFORMATION ITEMS

21. Project Status Updates and Other Informational Reports

- A. CSDA Quarterly Dinner is scheduled for Thursday, February 16, 2017 at The Butcher Shop Steakhouse in Kearny Mesa.

- GM Bushee stated he will not be able to attend, however, ASM Duffey will be attending. A carpool will leave the District office at 5:30 p.m. and ASM Duffey will send a reminder next week.

22. Directors' Meetings and Conference Reports

A. The CASA Winter Conference was held on January 18 - 20, 2017 at the Hilton in Palm Springs, CA.

President Hanson stated it was a very good conference with good presentations.

Vice President Sullivan stated it was engaging and had good sessions and speakers. She noted that she has seen an improvement in the CASA Conferences.

23. General Manager's Report

GM Bushee reported on the following items:

- Authorization of an emergency repair for pump #3 at the Leucadia Pump Station for \$27K; and
- District virtual tour video

24. General Counsel's Report

General Counsel Brechtel reported on the following item:

- California Supreme Court decision on whether emails and texts sent from personal devices are public record

25. Board of Directors' Comments


Vice President Sullivan stated she loved the "No Wipes Down the Pipes" video and thanked ASsup Hill for her work on the video.

Director Juliussen stated he was pleased with the District's new CCTV truck during the inspection of the van at the EC meeting on February 2, 2017.

Director Kulchin stated he was very impressed with the presentations by FST II Rick Easton and FST III Todd Amos at the EC meeting. He noted the full Board will review these presentations at the March Board Meeting.

26. Adjournment

President Hanson adjourned the meeting at approximately 6:34 p.m.



Paul J. Bushee
Secretary/General Manager
(SEAL)


Judy Hanson, President