

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Regular Board Meeting
 February 13, 2019

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, February 13, 2019 at 5:00 p.m., at the District Administration Office at 1960 La Costa Avenue, 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, Hanson, and Sullivan
 DIRECTORS ABSENT: Omsted
 OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, District Engineer Dexter Wilson, Field Services Specialist Ian Riffel, Field Services Supervisor Marvin Gonzalez, Jaime Fagnant from Infrastructure Engineering Corporation, Richard Babbe from PFM, Jennifer Smith from El Camino Creek Elementary School, Carrie Lancon from Capri Elementary School, June Honsberger from La Costa Canyon High School, and El Camino Creek Elementary students Keaton Heidt and Kellen O'Brien

3. Pledge of Allegiance

President Kulchin 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 Director Sullivan, and unanimously carried, the Board of Directors approved the agenda by the following vote:

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

6. Presentations and Awards

A. Teacher Grant Award

ASsup Hill provided background information on the Teacher Grant Program noting that in December 2018 the Board approved four teacher grants. She then introduced Ms. Honsberger of La Costa Canyon High School to provide a brief update on her school's project funded by

the District's teacher grant program. Ms. Honsberger provided an update on the drought tolerant garden project at La Costa Canyon High School.

ASsup Hill introduced Ms. Jennifer Smith of El Camino Creek Elementary School to provide a brief update on her school's project funded by the District's teacher grant program. Ms. Smith and her students, Keaton Heidt and Kellen O'Brien, provided an update on the hydroponics garden at El Camino Creek Elementary School.

ASsup Hill introduced Ms. Carrie Lancon of Capri Elementary School to provide a brief update on her school's project funded by the District's teacher grant program. Ms. Lancon provided an update on the Capri Wave – Plastic Free Under the Sea Project.

The Board thanked Ms. Honsberger, Ms. Smith, Ms. Lancon and the students for attending the meeting.

B. 10 Year Service Award – Ian Riffel

GM Bushee introduced Field Services Specialist Ian Riffel, stating that he recently passed his 10th year anniversary at the District. He provided background information about Ian and noted that under LWD's incentive program Ian is eligible for a \$200 incentive award.

The Board congratulated Ian for his efforts.

C. Associate Science Degree Wastewater Technology Education – Marvin Gonzalez

GM Bushee introduced Field Services Supervisor Marvin Gonzalez, stating that he recently received his Associate Degree from Palomar College in Wastewater Technology Education. He provided background information about Marvin and noted that under LWD's incentive program Marvin is eligible for a \$750 incentive award.

The Board congratulated Marvin for his efforts.

D. CWEA San Diego Section 2018 Award - Community Engagement & Outreach Best Use of Social Media Award

GM Bushee stated that the District received the 2018 Community Engagement & Outreach Best Use of Social Media Award from CWEA's San Diego Section. This award recognizes LWD's achievements in promoting awareness and understanding of water quality issues through social media campaigns. GM Bushee thanked ASsup Hill and Jared Criscuolo and Neal Bloom, of Rising Tide Partners, for their efforts in submitting the award. He noted that under LWD's incentive program, employees are eligible for a \$100 incentive.

The Board congratulated Trisha and staff for their efforts.

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

December 12, 2018 Regular Board Meeting

January 16, 2019 Community Affairs Committee Meeting

January 29, 2019 Investment and Finance Committee Meeting
February 5, 2019 Engineering Committee Meeting

8. Approval of Demands for January/February 2019

Payroll Checks numbered 21123-21165; General Checking – Checks numbered 52427-52542

9. Operations Report (A copy was included in the original February 13, 2019 Agenda)

10. Finance Report (A copy was included in the original February 13, 2019 Agenda)

11. Quarterly Treasurer's Report

This report discloses investments for the quarter ending December 31, 2018.

12. Disclosure of Reimbursements

This report discloses travel expense reimbursements for the month of January 2019.

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

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

EWA and COMMITTEE REPORTS

13. Encina Wastewater Authority (EWA) Reports

A. EWA Board Report – Meeting was held on January 23, 2019.

Director Sullivan reported on EWA's January 23, 2019 Board meeting.

B. EWA Member Agency Manager's (MAM) Meeting was held on February 5, 2019.

GM Bushee reported on EWA's MAM February 5, 2019 meeting.

14. Committee Reports

A. Community Affairs Committee (CAC) Meeting was held on January 16, 2019.

Director Sullivan reported that the CAC reviewed and commented on the draft text of the 2019 winter newsletter. The CAC directed staff to move forward with the final text and layout of the newsletter.

B. Investment and Finance Committee (IFC) Meeting was held on January 29, 2019.

Director Hanson reported that the IFC reviewed the following:

- Comprehensive Financial Plan Tracking Update;

- LWD Reserve Fund Policy; and
- CalPERS Update

The IFC concurred with staff to present these recommendations to the Board of Directors and they will be discussed later in the agenda.

C. Engineering Committee (EC) Meeting was held on February 5, 2019.

Vice President Juliussen reported that the EC reviewed a recommendation to authorize the General Manager to execute Amendment No. 5 to Task Order No. 29 with Infrastructure Engineering Corporation for additional design services for the Leucadia Pump Station Rehabilitation Project in an amount not to exceed \$47,986. Vice President Juliussen stated the EC concurred with staff to present this recommendation to the Board of Directors and it will be discussed later in the agenda.

Vice President Juliussen stated the EC received an update on "Keeping Our Eyes on Target." He stated that this was an information item and it will be discussed later in the agenda.

ACTION ITEMS

15. Keeping Our Eyes On Target - CCTV Inspection Update.

FSSup Gonzalez presented an update of Closed Circuit Television (CCTV) Inspections. He reviewed the procurement history of the District's CCTV vehicles. He then reviewed the pipe defect rating system developed by staff. FSSup Gonzalez showed the EC video inspection of a La Coruna Place gravity line segment. He stated that the inspection discovered a major offset joint. He said that the defect will be repaired with a spot repair of the offset and the insertion of a Cured-In-Place Pipe (CIPP) liner. FSSup Gonzalez stated that the discovery and immediate repair of the defect shows the effectiveness of the District's inspection and Repair Priority List programs in maintaining the District's infrastructure.

The Board thanked FSSup Gonzalez for his presentation and no action was taken.

16. Leucadia Pump Station Rehabilitation Project

Authorize the General Manager to execute Amendment No. 5 to Task Order No. 29 with Infrastructure Engineering Corporation for additional design services for the Leucadia Pump Station Rehabilitation Project in an amount not to exceed \$47,986.

TSM Morishita noted that this item was reviewed by the EC during their February 5th meeting and he provided background information on the item. TSM Morishita explained that staff selected to have an electric submersible pump installed in the Leucadia Pump Station Emergency Basin. He continued that the replacement mobile emergency bypass pump will consist of a smaller electric pump and a separate electric generator to power the pump.

TSM Morishita explained that staff has also continued to evaluate ways to reduce hydrogen sulfide (H₂S) to: ensure staff safety, to improve odor control and prevent internal corrosion of the force main. He said that staff has determined that super-oxygenation is the most cost effective method to reduce H₂S. TSM Morishita continued that Amendment No. 5 is the result of including the two concepts in project design.

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 Amendment No. 5 to Task Order No. 29 with Infrastructure Engineering Corporation for additional design services for the Leucadia Pump Station Rehabilitation Project in an amount not to exceed \$47,986 by the following vote:

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

17. California Asset Management Program (CAMP) Individual Portfolio Program Status

ASM Duffey 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 economic growth strengthened and the labor market remained strong with unemployment near a 49-year low during 2018. He also noted that after increasing for most of the year, interest rates fell at year end driven by market volatility and changing expectations. Mr. Babbe noted that for 2019 Fed action is less certain and market-based indicators show some uncertainty, however, LWD's portfolio is well diversified and the portfolio is liquid and of high quality

Vice President Juliussen asked if the national debt will have any impact on the market. Mr. Babbe answered affirmatively noting that the national debt could have significant impacts long term on the country and the state.

President Kulchin asked what determines which bonds are selected to be invested in. Mr. Babbe answered that before investing in particular bonds, the bond corporate situation is evaluated and closely monitored to see if the bond has a good price to the yield versus other corporate bonds.

The Board thanked Mr. Babbe for his report and no action was taken.

18. Comprehensive Financial Plan Tracking Update

ASM Duffey explained the purpose of the Comprehensive Financial. He stated that the District has a Comprehensive Financial Plan prepared about every 5 years, since conditions and assumptions change. He also noted that staff does an internal update of the Financial Plan on an annual basis to see how actual results are tracking with the original projections.

ASM Duffey stated the financial plan model looks out over 20 years. He noted that information from the FY 2018 Audit and the FY 2019 Budget was used to update revenues, expenses, and capital projections in the financial plan model. ASM Duffey then provided an overview on the following topics.

- Comparison of projected and updated reserve balances;
- Comparison of projected and actual revenues and expenditures; and
- Monthly Sewer Service Rate Comparison from May 2018

ASM Duffey concluded that the District's finances remain strong, while maintaining low rates, and the District is tracking well with the Comprehensive Financial Plan. ASM Duffey also stated that staff will continue to monitor the Financial Plan closely.

The Board was pleased with the report and no action was taken.

19. Recommend that the Board of Directors Adopt Resolution No. 2310 approving the revised Reserve Fund Policy and Receive and File the Annual Review of the LWD Reserve Fund Review Report.

ASM Duffey presented the subject recommendation indicating the purpose of the policy and that the policy calls for annual review of the level of reserve funds by the Board of Directors.

ASM Duffey noted that staff had reviewed the Reserve Policy and is recommending the policy include Encina Wastewater Authority Reserve as a restricted reserve to the existing Reserve Fund Policy and add a new Minimum Target level in the Replacement Reserve, along with some minor administrative changes. ASM Duffey also provided an overview of the reserve balances for fiscal year ending June 30, 2018.

Following discussion, upon a motion duly made by Director Hanson, seconded by Vice President Juliussen, and unanimously carried, the Board of Directors adopted Resolution No. 2310 – The Revised Reserve Fund Policy and received and filed the Annual Review of the LWD Reserve Fund Review Report by the following vote:

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

20. CalPERS Update

ASM Duffey presented background information on the item noting that at the March 2018 Board meeting staff presented an overview of recent changes to the CalPERS assumptions and the impact they will have on LWD's future employer contributions. At that time, the Board directed staff to follow-up with potential options to address this issue once CalPERS completed its fiscal year (FY) 2017 actuarial report, which was expected to be released in October 2018.

At the November 8, 2018 Board meeting, staff, after reviewing the latest CalPERS actuarial report, presented an update on the recent changes to the CalPERS assumptions and the impact they will have on LWD's future employer contributions. Several options were presented to address the Unfunded Accrued Liability (UAL). The Board directed staff to come back with a recommended option.

ASM Duffey stated that staff and the IFC recommend that the Board of Directors implement option no. 3, Additional Discretionary Payments (ADP) 10 Year Option.

Vice President Juliussen asked if option 3 is selected, is there a guarantee that CalPERS won't ask for more money later. ASM Duffey stated that CalPERS is taking gradual steps to address the UAL. He stated that going forward the discount rate will be reduced so the employees will have to pay more

and the amortization period will be lowered from 30 years to 20 years. GM Bushee noted that there are no guarantees.

Following discussion and a motion duly made by Vice President Juliussen, seconded by Director Hanson, and unanimously carried, the Board of Directors selected option 3, Additional Discretionary Payments (ADP) 10 Year Option, to make additional pension payments to CalPERS to address the District's CalPERS Unfunded Accrued Liability, by the following vote:

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

21. Rate Increase for General Counsel Services

GC Brechtel presented background information on the item stating that this item is a request to increase the general counsel rate from \$234 per hour to \$270 per hour. He noted that this is a 15 percent increase and the increase falls in the mid-range of the general counsel rate survey which was included as part of this agenda item. GC Brechtel stated that the last general counsel rate increase was in April 2014.

Following a motion duly made by Director Sullivan, seconded by Director Hanson, and unanimously carried, the Board of Directors approved a General Counsel rate increase from \$234 per hour to \$270 per hour, by the following vote:

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

The Board thanked GC Brechtel for his services.

22. Draft Agenda Strategic Planning Session

GM Bushee presented the item stating Ms. Michele Tamayo developed a draft agenda for the Strategic Planning Workshop based on the board member 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 agenda as presented. No action was taken.

GM Bushee noted that the Strategic Planning Workshop will start with an 8:00 a.m. breakfast and the session will begin at 8:30 a.m. on Thursday, February 21, 2019.

INFORMATION ITEMS

23. Project Status Updates and Other Informational Reports

- A. CSDA Quarterly Dinner is scheduled for Wednesday, February 20, 2019 at The Butcher Shop Steakhouse in Kearny Mesa, CA.

EA Baity stated the date and time of the CSDA Quarterly Dinner Meeting noting that the dinner was moved to Wednesday due to a scheduling conflict with the venue. She stated a carpool will be leaving from the District office at 5:30 p.m. and an email reminder will be sent.

- B. 2019 CWEA Annual Conference is scheduled for April 9 – April 12, 2019 at the Palm Springs Convention Center in Palm Springs, CA.

EA Baity announced the date and the time of the 2019 CWEA Annual Conference.

- C. CSDA 2018 Video Contest Winner News Article from the San Diego Union Tribune.

GM Bushee stated that the San Diego Union Tribune had an article on the 2018 CSDA Video Contest Winner, and local La Costa Canyon High School student, Heath Dunbar.

- D. Thank you letter from Encinitas Union High School District.

GM Bushee stated that LWD received a thank you letter from Encinitas Union High School District for the Teacher Grant Award funds.

24. Directors' Meetings and Conference Reports

- A. The CASA Winter Conference was held on January 23-25, 2019 at the Renaissance Indian Wells in Indian Wells, CA.

Directors Hanson and Sullivan stated they enjoyed the session on generation gaps and the conference was well done.

25. General Manager's Report

GM Bushee reported on the following item:

- Conference call with Keene Simmonds, Executive Director of LAFCO, regarding LWD and the sale of recycled water to Omni La Costa Resort & Spa

26. General Counsel's Report

GC Brechtel reported on the following item:

- 2019 CASA Winter Conference round table discussions on the CA Voting Rights Act

27. Board of Directors' Comments

None.

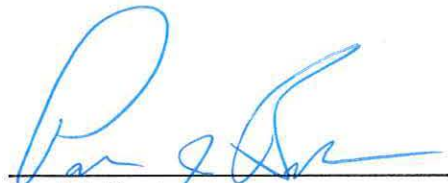
28. Closed Session

Conference with Legal Counsel to discuss exposure to litigation pursuant to California Government Code Sec. 54956.9(d)(2) – Violation of California Voting Rights Act. (Verbal)

The Board directed staff to settle the claim for attorney fees in the California Voting Rights Action matter in the amount of \$30,000. There was no other reportable action.

29. Adjournment

President Kulchin adjourned the meeting at approximately 6:40 p.m.



Paul J. Bushee
Secretary/General Manager
(SEAL)



David Kulchin, President