

**LEUCADIA WASTEWATER DISTRICT****Minutes of a Regular Board Meeting**

January 8, 2020

A regular meeting of the Board of Directors of the Leucadia Wastewater District was held Wednesday, January 8, 2020 at 5:00 p.m., at the District Administration Office at 1960 La Costa Avenue, 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:

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 Dexter Wilson, and Jaime Fagnant with Infrastructure Engineering Corporation

**3. Pledge of Allegiance**

Director Kulchin led the pledge of allegiance.

**4. General Public Comment Period**

None.

**5. Approval of Agenda**

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

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

**6. Presentations and Awards**

None.

**CONSENT CALENDAR****7. Approval of Board and Committee Minutes**

Minutes of the following meetings:

December 10, 2019 Human Resources Committee Meeting

December 11, 2019 Regular Board Meeting

**8. Approval of Demands for December 2019/January 2020**

Payroll Checks numbered 21754-21795; General Checking Checks numbered 53613-53719

**9. Operations Report** (A copy was included in the original January 8, 2020 Agenda)

**10. Finance Report** (A copy was included in the original January 8, 2020 Agenda)

**11. Disclosure of Reimbursements**

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

**12. Status Update on the Fiscal Year 2020 (FY20) LWD Tactics and Action Plan**

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

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

**EWA and COMMITTEE REPORTS**

**13. Encina Wastewater Authority (EWA) Reports**

A. EWA Board Report – Meeting held on December 11, 2019.

Director Sullivan reported on EWA's December 11, 2019 Board meeting.

**14. Committee Reports**

A. Human Resources Committee (HRC) Meeting was held on December 10, 2019.

Director Hanson reported that the HRC reviewed the following item:

- Annual Review of the Board-General Manager/Staff Relations Policy

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

B. Engineering Committee (EC) Meeting was held on January 7, 2020.

Director Kulchin reported that the EC reviewed the following recommendations:

- Authorize the General Manager to execute Amendment No. 7 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 \$117,690; and
- Authorize the General Manager to execute Amendment No. 2 to Task Order No. 38 with Infrastructure Engineering Corporation for final design services for the Encinitas Estates Pump Station Replacement Project in an amount not to exceed \$73,880.

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

The EC also received an update on the Batiquitos (B3) Discharge Section Replacement Project. This item was for information purposes and there was no action taken.

C. Investment and Finance Committee (IFC) Meeting was held on January 7, 2020.

Director Hanson reported that the IFC reviewed the following item:

- Comprehensive Financial Plan Tracking Update

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

### **ACTION ITEMS**

**15. Leucadia Pump Station Rehabilitation Project Design Services**

Authorize the General Manager to execute Amendment No. 7 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 \$117,690.

TSM Morishita presented the item noting it was reviewed by the Engineering Committee at its January 7<sup>th</sup> meeting and it is a Fiscal Year 2020 tactical goal. He provided background information on the item and discussed various design amendments of the Leucadia Pump Station from May 2018 to present.

TSM Morishita reviewed the changing design elements of the project and the additional design services needed by Infrastructure Engineering Corporation (IEC). He noted IEC's proposed fee for the scope of the amendment is \$117,690 which includes services to support project design, such as electrical and structural engineering subconsultant design services. The current engineer's opinion of probable construction cost is \$3,464,000. The total project design cost with this amendment is \$500,436 or 14% of the estimated construction cost.

Following discussion, upon a motion duly made by Director Kulchin, seconded by Vice President Omsted and unanimously carried, the Board of Directors authorized the General Manager to execute Amendment No. 7 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 \$117,690 by the following vote:

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

**16. Encinitas Estates Pump Station Replacement Project Design Services**

Authorize the General Manager to execute Amendment No. 2 to Task Order No. 38 with Infrastructure Engineering Corporation for final design services for the Encinitas Estates Pump Station Replacement Project in an amount not to exceed \$73,880.

TSM Morishita presented the item noting it was reviewed by the Engineering Committee at its January 7<sup>th</sup> meeting and it is a Fiscal Year 2020 tactical goal. He provided background information on the item noting that the 2014 Pump Station Assessment Report estimated the cost of construction to replace the pump station was \$842,000 and the estimated cost for pump station rehabilitation was \$592,000. Based on those cost figures, the cost difference between replacement and rehabilitation was \$250,000.

TSM Morishita stated that replacing the Encinitas Estates Pump Station has several advantages over rehabilitation and he reviewed the advantages. He noted that Infrastructure Engineering Corporation's (IEC) proposed fee for design services is \$73,880 which includes services to support project design, such as electrical engineering subconsultant services. When combined with the \$68,871 previously authorized fees, the total design fee is \$142,751.

Vice President Omsted asked how many pump stations do not use submersible pumps. TSM Morishita answered Village Park 7 (VP7) and La Costa Pump station do not use submersible pumps.

Director Hanson asked what is the life expectancy of the rehab project. GM Bushee answered noting that it depends on the project component but pumps normally last 20 years and electrical components 10 years.

Director Kulchin asked TSM Morishita to clarify the total design fee costs. TSM Morishita provided a breakdown of the costs.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Vice President Omsted and unanimously carried, the Board of Directors authorized the General Manager to execute Amendment No. 2 to Task Order No. 38 with Infrastructure Engineering Corporation for final design services for the Encinitas Estates Pump Station Replacement Project in an amount not to exceed \$73,880 by the following vote:

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

## **17. Comprehensive Financial Plan Tracking Update**

ASM Duffey presented the item noting it was reviewed by the Investment and Finance Committee at its January 7<sup>th</sup> meeting. ASM Duffey explained the purpose of the Comprehensive Financial Plan. He stated that the District updates the Financial Plan about every 5 years, since conditions and assumptions change. He noted that the most recent update was completed in 2018 by Rafetelis and 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 and FY 2019 Audit and the FY 2020 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 actual revenues and expenditures;
- Comparison of projected and updated reserve balances;
- Sewer Rate Increase Timing Options; and
- Monthly Sewer Service Rate Comparison

Director Kulchin asked when the next rate increase will be. ASM Duffey answered that, based on the 2018 Financial Plan, the next increase is scheduled for July 2020.

Director Sullivan asked if there was any advantage in deferring the rate increase to July 2021. ASM Duffey answered that there isn't necessarily any advantage but staff is presenting it as an option. He said the District will need the money eventually but the rate increase could be deferred and the District would remain financially sound.

Director Kulchin stated that the District should stay on track with the 3-year on 3-year off plan since the rate payers are accustomed to this plan. He added that the District should not defer the rate increase.

Vice President Omsted agreed with Director Kulchin and stated he would like to see the reserve balances stay above the target line.

GM Bushee stated this item is for Board discussion and that staff has no recommended preference on this matter. He noted that staff is seeking direction from the Board and that at the January 7<sup>th</sup> Investment and Finance Committee meeting, committee members were split on whether the District should defer or move forward.

President Juliussen stated he would like to defer the rate increase to July 2021. He said that it would show the rate payers that the District only raises rates when absolutely necessary.

Director Sullivan stated that she agrees with President Juliussen but she also sees how rate payers might be used to the 3-year on 3-year off plan.

Following discussion, the Board received and filed the Comprehensive Financial Plan Tracking update and voted to move forward with the planned rate increase for FY 2021 and proceed with the Proposition 218 Notice by the following vote:

Director	Vote
<b>President Juliussen</b>	No
<b>Vice President Omsted</b>	Yes
<b>Director Hanson</b>	No
<b>Director Sullivan</b>	Yes
<b>Director Kulchin</b>	Yes

#### **18. Adopt Resolution No. 2324 – Adopting the Revised LWD Board-General Manager/Staff Relations Policy.**

ASM Duffey presented the item noting it is a Fiscal Year 2020 tactical goal. He provided background information on the policy noting that the policy was reviewed by the Human Resources Committee at its December 10<sup>th</sup> meeting. He stated that staff made the following revisions to the policy:

- Section III Board to Staff: Clarify which staff members the Board may contact;
- Section VI Board to Other Agencies: Add language to this section indicating that a Board member will not offer testimony/comments about District business at a formal meeting of another official body without approval from the Board; and
- Minor grammatical revisions were made throughout the policy.

Following discussion, upon a motion duly made by Vice President Omsted, seconded by President Juliussen and unanimously carried, the Board of Directors adopted Resolution No. 2324 – The Revised LWD Board-General Manager/Staff Relations Policy by the following vote:

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

#### **19. Call for Nominations to the San Diego Local Agency Formation Commission (LAFCO) Regular Member Election**

EA Baity presented the item stating that LAFCO is requesting nominations for one regular special district member to serve on San Diego LAFCO. She stated the four-year term commences May 4, 2020 and the incumbent, Jo MacKenzie, is expected to seek a new term. EA Baity indicated that the deadline to receive nominations is February 7, 2020 at 5:00 p.m.

Following discussion, the Board of Directors chose not to submit a nomination.

#### **20. 2020 Board of Directors Committee Assignments**

President Juliussen asked the Board members if they were satisfied with their committee assignments. There were no requests to change committee assignments and the committee assignments remained the same.

### **INFORMATION ITEMS**

#### **21. Project Status Updates and Other Informational Reports**

##### **A. La Costa Pump Station Force Main Issue.**

TSM Morishita gave a presentation on the La Costa Pump Station force main Issue which occurred on December 27<sup>th</sup>.

TSM Morishita provided background information on the issue. He noted the location of the La Costa Pump Station (LCPS) force main in relation to the adjacent Gelson's grocery store. TSM Morishita stated that the operation of LCPS was causing a leak in the Gelson's warehouse area. He explained that a valve was exercised at LCPS under the assumption that LCPS had two force mains. The valve that was exercised could not be resealed and resulted in the force main being pressurized whenever the pumps came on. TSM Morishita stated that according to the 2002 plans for construction of Albertson's, the Gelson's predecessor, the section of force main and manhole under Gelson's were to be removed during construction. However, the line was not disconnected and removed. This is what caused the wastewater to infiltrate the Gelson's warehouse area after the LCPS valve would not fully close.

TSM Morishita noted that emergency repairs were made at LCPS to isolate the force main at the pump station. He stated that the contractor used a line stop valve, two mechanical plugs and concrete to isolate the force main prevent a future incident and the approximate construction cost is \$70,000.

Director Sullivan asked who is responsible for the cost. GM Bushee stated that the District is responsible for the work that was completed by the contractor at LCPS. He stated that since the Gelson's predecessor did not remove or disconnect the line under Gelson's, any costs incurred by Gelson's should be their responsibility.

The Board thanked TSM Morishita for his presentation.

**B. 2020 CASA Winter Conference is scheduled for January 21-23, 2020 at the Renaissance Indian Wells in Indian Wells, CA.**

EA Baity stated the time and date of the 2020 CASA Winter Conference.

**C. 2020 CWEA San Diego Section Awards Banquet is scheduled for January 25, 2020 from 4pm-9pm at the La Jolla Shores Hotel in La Jolla, CA.**

EA Baity stated the time and date of the 2020 CWEA San Diego Section Awards Banquet.

Director Sullivan asked if there would be a carpool to the Awards Banquet. GM Bushee answered that there would be a carpool from the District office and that an email reminder would be sent.

**D. 2020 WaterReuse CA Annual Conference is scheduled for March 15-17, 2020 at the Hyatt Regency San Francisco in San Francisco, CA.**

EA Baity stated the time and date of the 2020 WaterReuse CA Annual Conference.

**22. Directors' Meetings and Conference Reports**

None.

**23. General Manager's Report**

GM Bushee reported on the following items:

- LAFCO Executive Officer's Final Determination for LWD's Authority to Provide Recycled Water

**24. General Counsel's Report**

None.

**25. Board of Directors' Comments**

Director Sullivan wished everyone a happy New Year and said she is looking forward to another great year.

President Juliussen thanked staff, GC Brechtel, and Director Kulchin for their work with LAFCO on the recycled water issue with the City of Carlsbad.

**26. Adjournment**

President Juliussen adjourned the meeting at approximately 6:23 p.m.

A handwritten signature in blue ink, appearing to read 'Paul J. Bushee', written over a horizontal line.

Paul J. Bushee  
Secretary/General Manager  
(SEAL)

A handwritten signature in blue ink, appearing to read 'Allan Juliussen', written over a horizontal line.

Allan Juliussen, President

Allan