

**LEUCADIA WASTEWATER DISTRICT**  
 Minutes of a Special Board Meeting  
 Tuesday, May 29, 2018

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Tuesday, May 29, 2018 at 9:00 a.m. at the District Administration Office at 1960 La Costa Avenue, Carlsbad, California.

**1. Call to Order**

President Sullivan called the meeting to order at 9:00 a.m.

**2. Roll Call**

DIRECTORS PRESENT: Sullivan, Kulchin, Juliussen, Omsted, and Hanson  
 DIRECTORS ABSENT: None  
 OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Administrative Services Manager Richard Duffey, Technical Services Manager Robin Morishita, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, Field Services Superintendent Jeff Stecker, District Engineer Dexter Wilson, and Field Services Supervisor Marvin Gonzalez

**3. Pledge of Allegiance**

President Sullivan led the pledge of allegiance.

**4. Public Comment**

No public comment was received.

**5. Approval of Agenda**

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

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

**6. Overview of Recommended Fiscal Year 2019 (FY19) Budget**

**A. Review and discuss the recommended FY19 Budget.**

GM Bushee stated this is the Board's sixth Budget workshop and that staff is seeking direction or comments during the meeting. He noted that staff will incorporate the Board's comments/direction at today's meeting and present the FY19 Budget for approval during the June Board meeting. He introduced ASM Duffey to provide the highlights of the FY19 Budget. ASM Duffey provided FY19 Budget highlights that included the following items:

- Principal Budget Objectives;
- Expense Summaries for each program;
- Revenue Projections for each program;

- The FY18 wastewater service charge will remain the same for FY19 at \$343.68 per EDU per year;
- Projected personnel budget, noting this will be discussed in closed session;
- Cost allocation by program; and
- Contributions from Reserves

He stated that overall revenues are projected to increase 1% from the FY18 Budget. He also stated that the proposed overall administrative expenses represent a 1% increase, operating expenses represent a 2% increase, capital expenditures represent a 17% increase, and personnel expenses represent a 6% increase from the FY18 Budget.

He provided a summary of the revenue projections stating that the total wastewater program revenues for FY19 are \$12.7 million with the largest category being sewer service charges at 77% or \$9.8 million, and recycled water program revenues are \$315K with recycled water sales at 94% or \$295K. He noted that the proposed FY19 budget does not include grant income for the recycled water plant since no grant income was projected for FY19.

ASM Duffey provided operating expense budget totals indicating that the total operating expenses for the wastewater program will increase 2%, the recycled water program will increase 18%, and total capital expenditures will increase 17% from the FY18 Budget.

ASM Duffey also reviewed the reserves noting that the wastewater program has a reserve decrease of \$1.4 million and the recycled water program has a reserve decrease of \$97K.

ASM Duffey then introduced ASsup Hill to present the administrative services budget.

ASsup Hill stated that the administrative expenses totaled approximately \$1.9 million with salaries/benefits accounting for \$1.2 million of that total while non-labor expenses totaled \$742K. ASsup Hill summarized the administrative expenses indicating that salaries/benefits are projected to increase 6% from FY18 and non-labor expenses will decrease 5%. She noted that the FY19 Budget includes election expenses of \$30K and a decrease of 23% or \$70K for professional services since there is no OPEB valuation, Financial Plan Update, or Open House for FY19. ASsup Hill then introduced FSS Stecker to present an overview of the operating expenses.

FSS Stecker stated that the operating expenses for LWD facilities are projected to be \$6.1 million with the Encina Treatment Plant expenses accounting for \$1.9 million of that total. He summarized the field services expenses indicating that Operating Supplies are projected to decrease 9% or \$14K due to a reduction in chemical costs and that Repairs and Maintenance will increase 2% or \$7K due to exterior painting of the District buildings. For the Batiquitos facilities, he noted that total operating expenses are projected to be \$426K which represents a 2% decrease over the FY18 Budget. For the Recycled Water Enterprise, FSS Stecker indicated that the proposed operating expenses are \$236K which is an increase of 18% over the FY18 Budget. He noted that Repairs and Maintenance will increase 148%, or \$33K, due to the painting of the water reclamation facility.

Vice President Kulchin asked if the Recycled Water Enterprise includes the Recycled Water Agreement with the La Costa Golf Course. FSS Stecker answered affirmatively.

Vice President Kulchin asked what happens if there is no recycled water agreement. GM Bushee stated the recycled water facility would be shut down and the expenses would decrease accordingly.

Vice President Kulchin asked when the current recycled water agreement expires. GM Bushee answered August 31.

FSS Stecker then introduced TSM Morishita to present the development and capital budgets.

TSM Morishita noted that the operating expenses for development are projected at \$119K and that development pays for development. TSM Morishita then presented the capital acquisition budgets for the wastewater program and the recycled water program. He added that capital acquisition items typically cost more than \$5,000 and have a life expectancy greater than one year and capital improvement items are for infrastructure and multi-year projects. He noted the proposed capital budget total is a little over \$7.5 million, with a proposed capital acquisition budget of \$525K and a capital improvement budget of \$7 million. He further explained that the majority of the capital acquisition budget will go towards the purchase of a new chase truck vehicle, which will also tow the mini-jetter, the replacement of sewer pump "Big Blue", and the purchase of a new golf cart. He also reviewed the additional capital acquisitions, such as, a new chopper pump and control panel and chemical metering pump.

TSM Morishita provided detailed information on the capital improvement budget by reviewing Leucadia multi-year capital improvement projects, Leucadia ongoing rehabilitation projects, and other major projects which have a projected cost of \$6.2 million. He stated that the capital budget also includes jointly owned facilities costs of \$453K, Encina capital improvement costs of \$3.6 million, and recycled water program costs of \$170K.

ASM Duffey then concluded the FY19 Proposed Budget Overview by presenting a graph showing wastewater operating budget trends compared to financial plan projections over the past 6 years. He also presented another graph showing monthly sewer rates for San Diego agencies as of May 2018. He noted that LWD is the second lowest after the City of Carlsbad.

Vice President Kulchin thanked staff for a fabulous job presenting the FY19 Proposed Budget Overview.

Director Omsted stated it was easy to understand.

No action was taken.

## **7. Closed Session**

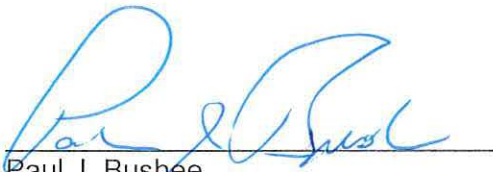
A. Meet with District representatives General Manager Bushee and Administrative Services Manager Duffey to discuss the FY19 Informal Input Process and provide direction regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6

General Counsel Brechtel stated that the Board will meet in closed session with District representatives General Manager Bushee and Administrative Services Manager Duffey to discuss the FY19 informal input process regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6.

The Board of Directors met in closed session and provided direction to the District's representatives. There was no other reportable action.

**8. Adjournment**

President Sullivan adjourned the meeting at 10:30 a.m.



Paul J. Bushee  
Secretary/General Manager (SEAL)



for

Elaine Sullivan, President