

LEUCADIA WASTEWATER DISTRICT
Minutes of an Investment & Finance Committee Meeting
February 1, 2017

A meeting of the Investment & Finance Committee (IFC) of the Leucadia Wastewater District (LWD) was held Wednesday, February 1, 2017 at 2:00 p.m. at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

Chairperson Hanson called the meeting to order at 2:00 p.m.

2. Roll Call

DIRECTORS PRESENT: Hanson and Omsted

DIRECTORS ABSENT: None.

OTHERS PRESENT: General Manager Paul Bushee, Administrative Services Manager Richard Duffey, Administrative Services Supervisor Trisha Hill, Executive Assistant Tianne Baity, and Accounting Technician Maggie McEniry

3. Public Comment

No public comment was received.

4. New Business

- A. Recommend that the Board of Directors Receive and File the Annual Review of Reserve Policy Review Report.

ASM Duffey presented the subject recommendation indicating the purpose of the policy and that it was last revised in February 2014. He noted 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 not recommending changes to the policy.

ASM Duffey also provided an overview of the reserve balances for fiscal year ending June 30, 2016.

Director Omsted asked what happens if the District exceeds the 20 year capital replacement costs in the Replacement Reserves. ASM Duffey answered his question stating that the District would have to reduce rates or refund the rate payers.

Following discussion, the IFC concurred with staff to recommend that the Board of Directors receive and file the Reserve Policy Annual Report.

5. Information Items

A. Comprehensive Financial Plan Tracking Update.

ASM Duffey explained the purpose of the Comprehensive Financial Plan and noted that the last one was completed in May of 2013. 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 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 provided an overview of the Comprehensive Financial Plan tracking update. Actual revenue and expenditure amount for the first 4 years and budget amounts for the 5th year of the Plan were plugged into the model and the results were compared to the projected revenues, expenditures, and reserve balances. 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

Chairperson Hanson asked why the actual operating expense were \$2.5 million less than the projected operating expenses for the five-year period. ASM Duffey answered stating that LWD's ownership component in the Encina treatment facilities decreased and that the increases in LWD facilities cost were lower than inflation.

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 provide an overview of 2017 monthly sewer service rates in San Diego County, noting that LWD is currently the 3rd lowest rate in the county.

The IFC was pleased with the report.

No action was taken.

6. Directors' Comments

None.

7. General Manager's Comments

None.

8. Adjournment

Chairperson Hanson adjourned the meeting at 9:48 a.m.



Paul J. Bushee
Secretary/General Manager
(Seal)