

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Special Board Meeting
 Tuesday, May 24, 2016

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Tuesday, May 24, 2016 at 10:00 a.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

President Omsted called the meeting to order at 10:00 a.m.

2. Roll Call

DIRECTORS PRESENT: Omsted, Hanson, Sullivan, Kulchin, Juliussen

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, Superintendent Jeff Stecker, and District Engineer Steve Deering.

3. Pledge of Allegiance

President Omsted led the pledge of allegiance.

4. Public Comment

No public comment was received.

5. Approval of Agenda

President Omsted asked the Board of Directors if there were any objections to the approval of the agenda, and seeing none, the Board approved the agenda by the following vote:

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

6. Overview of Recommended Fiscal Year 2017 (FY17) Budget

A. Review and discuss the recommended FY17 Budget.

GM Bushee stated that this is the Board's fourth Budget workshop and that no action is required. He noted that staff is seeking direction or comments during the meeting. Staff will incorporate the Board's comments/direction at today's meeting and present the FY17 Budget for approval during the June Board meeting. He introduced ASM Duffey to provide the highlights of the FY17 Budget. ASM Duffey provided FY17 Budget highlights that included the following items:

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

- A proposed increase in the FY17 wastewater service charge from \$312.44 per EDU per year to \$343.68 per EDU per year;
- Projected personnel budget, noting this will be discussed in closed session;
- Cost allocation by program

He stated that overall revenues are projected to increase 11% from the FY16 Budget. He also stated that the proposed administrative expenses represent a 3% increase, the overall operating expenses represent a 2% increase, the capital expenditures represent a 16% decrease, and the personnel expenses represent a 4% increase from the FY16 Budget.

He provided a summary of the revenue projections stating that the total wastewater program revenues for FY17 are \$12.2 million with the largest category being sewer service charges at 80% or \$9.8 million and recycled water program revenues are \$281K with recycled water sales at 96% or \$269K.

ASM Duffey provided recent operating expense budget trends over the last five years, indicating that the budgeted expenses have been relatively flat over this period with a slight increase. He noted that the FY17 Budget is projecting \$6.3 million in wastewater operating expenses while the 2013 update for the FY17 Financial Plan projected \$6.6 million in wastewater operating expenses. ASM Duffey then introduced ASsup Hill to present the administrative services budget.

ASsup Hill stated that the administrative expenses totaled approximately \$1.7 million with salaries/benefits accounting for \$1.0 million of that total while non-labor expenses totaled \$713K. ASsup Hill summarized the administrative expenses indicating that salaries/benefits are projected to increase 6% from FY16 due to the addition of one fulltime employee and non-labor expenses will decrease 1% due to the deletion of accounting services under professional services partially offset by the addition of election expenses of \$30K. ASsup Hill then introduced Superintendent Stecker to provide an overview of the operating expenses.

Superintendent Stecker stated that the operating expenses for LWD facilities are projected to be \$5.8 million with Encina Treatment Plant expenses accounting for \$1.9 million of that total. He summarized the field services expenses indicating they are projected to increase 2% from FY16 partially due to increases in computer service expenses and the ADS flow monitoring expenses. For the Batiquitos facilities, he noted that total operating expenses are projected to be \$437K which represents a 10% increase over the FY16 Budget. He noted that an increase in the number of annual odor control carbon change outs and pump maintenance costs are the primary drivers for the increase. He also noted that utilities at Batiquitos are projected to decrease 13% due to a reduced electrical rate structure negotiated through SDGE. For the Recycled Water Enterprise, Superintendent Stecker indicated that the proposed operating expenses are \$202K which is a decrease of 1% over the FY16 budget. Superintendent Stecker then introduced TSM Morishita to present the development and capital budgets.

TSM Morishita explained that development pays for development and noted that the operating expenses for development are projected at \$136K. TSM Morishita then presented the capital acquisition budgets for the wastewater program and the recycled water program. He noted the proposed capital acquisition budget is \$500,800. He added that capital acquisition items typically cost more than \$5,000 and have a life expectancy greater than one year. He further explained that the majority of the capital acquisition budget will go towards the purchase of a new CCTV van and a portable bypass pump. He also talked about the additional capital acquisitions, such as, sewer maintenance equipment, office equipment and pump station equipment.

TSM Morishita provided detailed information on the capital improvement budget by reviewing the major projects which have a projected cost of \$5.7 million. He stated that the capital budget also

includes LWD's share of Encina Treatment Plant capital improvement costs, the recycled water program costs, and the jointly owned Batiquitos facilities.

Director Sullivan asked if the purchase price of the new CCTV van includes the CCTV equipment located inside the van. TSM Morishita explained that the purchase price of the CCTV van does include computers, TV, and other video equipment. He noted that an additional amount is budgeted for repair and maintenance of the CCTV equipment for LWD's second CCTV vehicle.

Director Juliussen asked if LAFCO annexation fees are reimbursable. ASM Duffey answered his question stating that all the LAFCO annexation fees are reimbursable and paid for by the developer.

President Omsted asked for clarification on the amount of money that will be taken out of the reserve fund. ASM Duffey explained that there will be a net decrease of about \$300K from the reserve fund.

Director Kulchin asked why capital expenses will decrease 16%. ASM Duffey explained that fewer capital projects are projected for FY17 and that capital expenditures are cyclical. Director Kulchin also asked ASsup Hill for clarification on the definition of Board Support. ASsup Hill explained that Board Support is the total expenses for the Board including compensation, conference expenses, and benefits.

Director Sullivan stated she was pleased with the new graphics and the presentation of the recommended FY17 budget.

No action was taken.

7. Information Items

None.

8. Closed Session

A. Meet with District representatives General Manager Bushee and Administrative Services Manager Duffey to discuss the FY17 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 FY17 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.

9. Adjournment

President Omsted adjourned the meeting at 11:17 a.m.



Paul J. Bushee
Secretary/General Manager (SEAL)



Donald Omsted, President