

**LEUCADIA WASTEWATER DISTRICT**  
 Minutes of a Special Board Meeting  
 Wednesday, May 27, 2015

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, May 27, 2015 at 10:00 a.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

**1. Call to Order**

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

**2. Roll Call**

DIRECTORS PRESENT: Juliussen, Omsted, Hanson, and Kulchin  
 DIRECTORS ABSENT: Sullivan (Director Sullivan arrived at approximately 10:15AM)  
 OTHERS PRESENT: General Manager (GM) Paul J. Bushee, General Counsel Tomer Gutman, Administrative Services Manager Chuck LeMay, Technical Services Manager Robin Morishita, Executive Assistant Trisha Hill, Superintendent Jeff Stecker, Supervisor Marvin Gonzalez, Field Services Specialist Ian Riffel, CPA Richard Duffey, and District Engineer Steve Deering.

**3. Pledge of Allegiance**

President Juliussen led the pledge of allegiance.

**4. Public Comment**

No public comment was received.

**5. Approval of Agenda**

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

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

Director Sullivan arrived during the discussion of agenda item no. 6.

**6. Overview of Recommended Fiscal Year 2016 (FY 16) Budget**

A. Review and discuss the recommended FY 16 Budget.

GM Bushee stated that this is the Board's third 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 FY 16 Budget for approval during the June Board meeting. He introduced ASM LeMay to provide the highlights of the FY 16 budget. ASM LeMay provided FY 16 budget highlights that included the following items:

- Principal Budget Objectives;

- Expense Summaries for each enterprise;
- Revenue Projections for each enterprise;
- A proposed increase in the FY 15 wastewater service charge from \$23.67 to \$26.04;
- Projected personnel budget, noting this will be discussed in closed session;
- Cost allocation by each enterprise

He noted that the Board approved an increase in the sewer service charge for three consecutive years based on the District's Financial Plan Update and this will be the second year for the rate increase. He stated that the District's sewer service charge remains one of the lowest in San Diego County.

He stated that the proposed wastewater enterprise operating expenses increased 3% from the FY 15 Budget and there is proposed 13% increase in the Batiquitos wastewater enterprise from the FY 15 Budget. He also stated that the proposed administrative expenses represent a 2% decrease and the personnel expenses are proposed to increase 5% from the FY 15 Budget.

He provided a summary of the revenue projections stating that the total revenue for FY 16 is \$15.9 million and presented a breakdown from each enterprise.

President Juliussen asked staff to explain the reason that the reserves are named "reserves", indicating that it seems that the District is drawing funds from the reserves because there are not enough funds in the operating account to cover all the expenses.

GM Bushee explained the term "reserves" and the types of designated reserves. He stated that it is anticipated funds that will be transferred from the capital replacement reserves to fund the capital replacement projects because LWD's total revenues are projected to be insufficient to cover both operating and capital expenses.

President Juliussen requested that the term "reserves" be more specific indicating that if there is a transfer from a specific reserve account to cover capital replacement projects then the term should be changed to "capital replacement reserves". GM Bushee noted that staff will make the change.

Vice President Omsted asked why the recycled water revenues are projected to be less than FY 15. GM Bushee responded that the District is projected to deliver less recycled water than in FY 15.

ASM LeMay provided recent operating budget trends over the last five years, indicating that the budgets have been relatively flat over this period. He further discussed the personnel and the administrative services budgets noting that the Board will meet in closed session to discuss the personnel budget in detail. ASM LeMay then introduced Superintendent Stecker to provide an overview of the operating expenses.

Superintendent Stecker stated that the operating expenses for LWD facilities totaled \$5.7 million with Encina Wastewater Authority expenses accounting for \$1.9M of that total. He summarized the field services expenses indicating they are projected to increase 3% from FY 15 due to increases in repair & maintenance and utility costs. For the Batiquitos facilities, he noted that total operating expenses were \$398K which represents a \$44,000 increase over the FY15 budget noting that the utility costs are the primary driver for the increase. For the Recycled Water Enterprise, Superintendent Stecker indicated that the proposed operating expenses are \$203K which is an increase of \$17K over the FY 15 budget due to cost increases in labor, permits and operations supplies. He also explained the development budget noting that development pays for development. Superintendent Stecker then introduced TSM Morishita to present the capital budgets.

TSM Morishita presented the capital acquisition budgets for the wastewater enterprise and the recycled water enterprise stating that the proposed budget is \$540,700. He noted 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 vector truck. He also explained the other expenses included in the budget, such as, sewer maintenance equipment for the CCTV, 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 \$6.8 million. He stated that the capital budget also includes EWA capital improvement costs, the recycled water costs, and the jointly owned Batiquitos facilities.

Vice President Omsted asked if LWD data is stored at another facility. TSM Morishita stated that the files are stored and backed up on an external hard drive that is located at DataNet's off-site storage facility. He noted that this option cost less than storing files on the Cloud.

Director Kulchin asked if the District is receiving more revenue than expenses. CPA Duffey answered his question explaining that the District is operating at a loss of approximately \$2 million due to planned capital improvement projects. GM Bushee explained that some years the District operates at a loss while other years the District will have enough funds to cover all expenses and transfer additional funds to the reserves.

No action was taken.

## 7. Information Items

Vice President Omsted commented on an article from the Scientific American relating to mining gold and platinum from waste.

## 8. Closed Session

A. Meet with District representatives General Manager Bushee and Administrative Services Manager LeMay to discuss the FY 16 Informal Input Process and provide direction regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6

General Counsel Gutman stated that the Board will meet in closed session with District representatives General Manager Bushee and Administrative Services Manager LeMay to discuss the FY 16 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.

Director Juliussen requested to add an item to the Engineering Committee agenda to discuss the purchase of the new vector.

## 9. Adjournment

President Juliussen adjourned the meeting at 11:22 a.m.

  
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Paul J. Bushee  
Secretary/General Manager (SEAL)

  
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Allan Juliussen, President