

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Special Board Meeting
 Tuesday, May 6, 2014

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Tuesday, May 6, 2014 at 9:00 a.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

President Kulchin called the meeting to order at 9:05 a.m.

2. Roll Call

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

DIRECTORS ABSENT: None.

OTHERS PRESENT: General Manager (GM) Paul J. Bushee, District Counsel Wayne Brechtel, Administrative Services Manager Chuck LeMay, Technical Services Manager Robin Morishita, Executive Assistant Trisha Hill, Superintendent Jeff Stecker, CPA Richard Duffey, and District Engineer Steve Deering.

3. 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 carried, the Board of Directors approved the agenda by the following vote:

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

6. Overview of Recommended Fiscal Year 2015 (FY 15) Budget

A. Review and discuss the recommended FY 15 Budget.

ASM LeMay presented this item, along with Superintendent Stecker, TSM Morishita and EA Hill. ASM LeMay provided an overview of the FY 15 budget 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 \$21.52 to \$23.67;
- Projected personnel budget, noting this will be discussed in closed session

He stated that the total wastewater enterprise operating expenses increased 3% from the FY 14

Budget and there was a 2% increase in the total recycled water enterprise from the FY 14 Budget. He also stated that the overall administrative expenses increased 4% and the personnel expenses increased 2% from the FY 14 Budget.

In addition, he provided recent budget trends over the last five years, indicating that the budget has been steady over these years. He then introduced EA Hill to provide detailed information on the administrative expenses.

EA Hill stated that the administrative expenses consists of labor and non-labor expenses and provided totals for each category, noting that labor expenses increased 3% and the non-labor expenses increased 4% from the FY 14 Budget. She stated the total administrative budget is \$1.7M, which is an overall 4% increase from the FY 14 Budget. She noted that the administrative expenses are allocated to the other programs as overhead and that they reflect in-direct labor costs and expenses.

EA Hill introduced Superintendent Stecker who provided detailed information on operating expenses for the wastewater and recycled water enterprises.

Superintendent Stecker noted that the operating expenses for LWD facilities totaled \$5.6 M with Encina Wastewater Authority expenses accounting for \$1.8M of that total. For the Batiquitos facilities, he noted that total operating expenses were \$354K which was a \$6,000 increase over the FY14 budget. For the Recycled Water Enterprise, Superintendent Stecker indicated that total operating expenses were \$187K which was an increase of \$3,200 over last year's budget.

Director Omsted asked if the administrative overhead costs noted in the operational expenses were the same as those indicated in the earlier Administrative Expenses slide. General Manager Bushee and Superintendent Stecker both indicated that the expenses are the same and that they were no additional costs.

Superintendent Stecker introduced TSM Morishita to present the Development and Capital budgets.

TSM Morishita first presented the Development budget indicating that development pays for development. He indicated that the FY15 Development budget totaled \$173K. He then presented the capital acquisition budgets for the wastewater enterprise and the recycled water enterprise stating that the total is \$292,000. He noted that capital acquisition items typically cost more than \$5,000 and have a life expectancy greater than one year. He also provided detailed information on the capital improvement budget by reviewing the major projects which have a total cost of \$7.3 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 Juliussen asked if the capacity fee will increase, along with the sewer service rate. GM Bushee stated the capacity fee was increased last year from \$3,732 to \$4,006. He indicated that staff was not recommending a capacity fee increase this year.

Director Hanson requested the number of estimated EDUs for FY 15. GM Bushee noted the estimated FY 15 EDU count.

The Board of Directors asked several questions relating to capacity fees, the EDU estimate and the estimated revenue from the new town center. GM Bushee answered their questions relating to the capacity fees and EDU estimates. District Engineer Deering, along with CPA Duffey answered their questions relating to the new town center's capacity fees and the development process relating to sewer.

Director Hanson thanked staff for their presentation, noting it was excellent.

President Kulchin asked for the revenue comparison between FY 14 and FY 15. GM Bushee and CPA Duffey provided the revenue amounts for each year. GM Bushee noted that even with the rate increase, the budget includes a \$3 million transfer from the reserves to cover capital expenditures.

President Kulchin also asked the Board if anyone had concerns regarding the rate increase. Director Sullivan stated that the Board agreed to the three years on, three years off rate increase cycle at the Financial Plan Update Special Board meeting last year.

Director Juliussen commented that he prefers that the notice indicate an increase in the dollar amount, instead of a percentage because the percentage seems high.

GM Bushee noted that he planned on presenting an overview of why the District is proposing a rate increase during the Public Hearing on June 11, 2014.

Director Juliussen noted that under the capital budget, there is an expense for Disaster Planning and he would like to discuss this at the Engineering Committee.

No action was taken.

7. Information Items

None.

8. Closed Session

A. Meet with District representatives General Manager Bushee and Administrative Services Manager LeMay to discuss the FY 2015 Informal Input Process and provide direction regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6

District Counsel Brechtel stated that the Board will meet in closed session with District representatives General Manager Bushee and Administrative Services Manager LeMay to discuss the FY 2015 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 staff and provided direction to the District's representatives. There was no other reportable action.

9. Adjournment

President Kulchin adjourned the meeting at 10:45 a.m.



Paul J. Bushee
Secretary/General Manager (SEAL)



David Kulchin, President