

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Special Board Meeting
 Thursday, May 14, 2020

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Thursday, May 14, 2020 at 9:00 a.m. via teleconference.

1. Call to Order

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

2. Roll Call

DIRECTORS PRESENT: Juliussen, Omsted, Hanson, Sullivan, and Kulchin
 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, Field Services Supervisor Marvin Gonzalez, and Field Services Specialist Ian Riffel

3. Pledge of Allegiance

Director Kulchin led the pledge of allegiance.

4. Public Comment

No public comment was received.

5. Approval of Agenda

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

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

6. Overview of Recommended Fiscal Year 2021 (FY21) Budget

A. Review and discuss the recommended FY21 Budget.

GM Bushee stated 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 FY21 Budget for approval during the June Board meeting. He introduced ASM Duffey to provide the highlights of the FY21 Budget. ASM Duffey provided FY21 Budget highlights that included the following items:

- Principal Budget Objectives;
- Cost allocation by program;
- Summary of Revenue Increases;
- Summary of Operating Expenses with PERS UAL ADPs; and
- Summary of Capital Expenditures

He stated that overall revenues included a 10% increase for sewer rates but noted that this will be changed in the final FY21 Budget since the Board voted against increasing sewer rates at the May Board meeting. He noted that the FY21 Budget will now reflect a decrease in revenues of 1% or 171K since the FY21 sewer rate will remain the same as FY20 and interest income is expected to be lower. He also stated that the operating expenses with PERS UAL ADPs represent a 5.5% from the FY20 Budget. He also noted that capital expenditures represent a 15% decrease from the FY20 Budget.

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

ASsup Hill stated that the overall administrative expenses totaled approximately \$2.1 million including non-labor expenses of \$813K. ASsup Hill summarized the administrative expenses indicating that total administrative expenses will increase 10% and non-labor expenses will increase 16%. She noted that key Budget drivers include election expenses of \$37K, \$17K for network support and software renewals, and \$31K for insurance expenses. ASsup Hill stated that those costs will be partially offset by a reduction of \$7K in OPEB valuation costs.

President Juliussen asked if the word "safe" could be added before the words "competitive workforce". ASM Duffey answered that he would make the change.

Director Kulchin asked why the Directors Expenses increased considering there is minimal travel due to the COVID-19 pandemic. GM Bushee stated that Directors Expenses were projected prior to the onset of the cancellation of many of the conferences slated for the current fiscal year. He noted that the Directors Expenses for FY21 assume business as usual and that the COVID emergency will subside. If conferences are cancelled then expenses will not be incurred.

Director Kulchin asked if election expenses are required. ASsup Hill answered affirmatively noting that election expenses are charged by the County Registrar's office and the exact cost is not known until the election is over. She noted that three Board member seats are up for election in FY21.

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 \$7.5 million with the Encina Treatment Plant expenses accounting for \$2.6 million of that total. He summarized the field services expenses indicating that Office Expenses/Computer Services are projected to increase 8% or \$7K, Operating Supplies/Chemicals are projected to increase 4% or \$7K, and Repairs and Maintenance including the scaffolding and crane services will increase 13% or \$44K. For the Batiquitos facilities, he noted that total operating expenses are projected to be \$449K which represents a 1% increase over the FY20 Budget. For the Recycled Water Enterprise, FSS Stecker indicated that the proposed operating expenses are \$284K which is an increase of 16% over the FY20 Budget. He noted that Professional Services will increase 120%, or \$15K, and that Permits will increase 6%, or \$3K.

FSS Stecker then introduced FSSpec Riffel to present the development budget.

FSSpec Riffel noted that the total operating expenses for development are projected at \$102K and that development pays for development. He noted that this is an increase of 1%, or \$1K, from the FY20 Budget. He also noted that Professional Services are projected to increase 1% or \$500.

FSSspec then introduced TSM Morishita to present the capital budgets.

TSM Morishita 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 whereas capital improvement projects are for infrastructure improvements that overlap multiple years. He noted the proposed capital budget total is a little over \$8.2 million, with a proposed capital acquisition budget of \$739K and a capital improvement budget of \$7.5 million. He further explained that the majority of the capital acquisition budget will go towards the purchase of a pump station truck, a new CCTV truck, replacement of the gate operators, sewer maintenance equipment, a refurbished network server, website development, and pump station equipment such as replacement of the Vapex system.

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 \$7.5 million. He noted that the Leucadia Pump Station Rehabilitation Project had additional costs of \$1.7 million for FY21 and he reviewed the major components of the project. He stated that the capital budget also includes jointly owned facilities costs of \$273K, Encina capital improvement costs of \$3.5 million, and recycled water program costs of \$31K.

Vice President Omsted asked for clarification on the B1 Force Main - North Section Replacement cost. TSM Morishita explained that no money was allocated in FY21 for this project since money that was allocated in the previous year should pay for this multi-year capital project.

Director Kulchin asked if Encina capital improvement costs were the same as last year or if this is new money being appropriated. GM Bushee stated the Encina costs include new money allocated to finish old projects or start new ones.

Director Kulchin asked if the recycled water issue with the City of Carlsbad has been resolved. GM Bushee stated not necessarily since the City could still appeal LAFCO's decision.

ASM Duffey then concluded the FY21 Proposed Budget Overview by presenting contributions from reserves with a 10% sewer rate increase and then without the 10% sewer rate increase. He also presented another graph showing monthly sewer rates for San Diego agencies as of January 2020. He noted the FY20 wastewater service charge will remain the same for FY21 at \$343.68 per EDU per year and that LWD is the lowest in the County of San Diego.

President Juliussen stated that he would like to see an update to the disaster plan for protecting the Batiquitos Lagoon. GM Bushee stated that the Capital Budget includes an update to the Hazard Mitigation Plan for FY21.

Director Kulchin asked if the District is looking for a higher rate of return on investments. ASM Duffey stated that the District is confined by the Investment Policy and State law. He noted that the District did venture into purchasing CDs and municipal bonds recently.

Director Kulchin asked if the District has an investment advisor. ASM Duffey stated the District uses PFM and MBS, Inc.

Director Kulchin asked if the COVID-19 Emergency Grant Funding is included in the Budget. GM Bushee stated it is not reflected in the Budget since the District has not applied for or received any emergency funding.

The Board thanked staff for their presentations and no action was taken.

7. Closed Session

- A. Meet with District representatives General Manager Bushee and Administrative Services Manager Duffey to discuss the FY21 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 FY21 informal input process regarding salaries, salary schedules and employee benefits, as authorized under Government Code Section 54957.6.

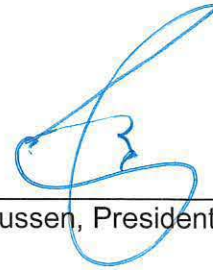
The Board of Directors met in closed session and provided direction to the District's representatives. There was no other reportable action.

8. Adjournment

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



Paul J. Bushee
Secretary/General Manager (SEAL)



Allan Juliussen, President