

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Special Board Meeting
 Tuesday, May 7, 2019

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Tuesday, May 7, 2019 at 12:00 p.m. at the District Administration Office at 1960 La Costa Avenue, Carlsbad, California.

1. Call to Order

President Kulchin called the meeting to order at 12:00 p.m.

2. Roll Call

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

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

President 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 Hanson, seconded by Director Omsted, and unanimously carried, the Board of Directors approved the agenda by the following vote:

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

GM Bushee stated President Kulchin requested that item No. 7 - Closed Session be moved to the front of the agenda. GM Bushee asked GC Brechtel if there would be an issue moving this item. GC Brechtel stated there is no issue with presenting item No. 7 - Closed Session before the overview of the Fiscal Year 2020 (FY20) Budget.

7. Closed Session

A. Meet with District representatives General Manager Bushee and Administrative Services Manager Duffey to discuss the FY20 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 FY20 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.

6. Overview of Recommended Fiscal Year 2020 (FY20) Budget

A. Review and discuss the recommended FY20 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 FY20 Budget for approval during the June Board meeting. He introduced ASM Duffey to provide the highlights of the FY20 Budget. ASM Duffey provided FY20 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;
- Summary of Operating Expenses without PERS UAL ADPs; and
- Summary of Capital Expenditures

He stated that overall revenues are projected to increase 3% from the FY19 Budget. He also stated that the operating expenses with PERS UAL ADPs represent a 14% increase and that the operating expenses without PERS UAL ADPs represent a 3% increase. He also noted that capital expenditures represent a 29% increase from the FY19 Budget.

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

ASsup Hill stated that the administrative expenses totaled approximately \$2.0 million while non-labor expenses totaled \$698K. ASsup Hill summarized the administrative expenses indicating that total administrative expenses will increase 4% and non-labor expenses will decrease 6%. She noted that the FY20 Budget does not include election expenses of \$30K since there is no election in FY20. She also noted a decrease of \$18K for network support and software renewals and a decrease of \$12K in bank fees. ASsup Hill stated the cost of the OPEB Valuation for FY20 is \$7K. 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 \$7.1 million with the Encina Treatment Plant expenses accounting for \$2.6 million of that total. He summarized the field services expenses indicating that Operating Supplies are projected to increase 6% or \$9K. For the Batiquitos facilities, he noted that total operating expenses are projected to be \$443K which represents a 4% increase over the FY19 Budget. For the Recycled Water Enterprise, FSS Stecker indicated that the proposed operating expenses are \$246K which is an increase of 4% over the FY19 Budget. He noted that Repairs and Maintenance will increase 4%, or \$2K, and that Permits will increase 10%, or \$3K.

Vice President Juliussen asked if the District still has emergency portable radios. FSS Stecker answered that the District has an emergency response radio. FSSup Gonzalez stated that the field services staff also has smart phones that have a push-to-talk function.

President Kulchin asked if there was a budget for solar panels. FSS Stecker answered that no money was budgeted for FY20 for additional solar panels but the District currently has solar at the District office and at the Batiquitos Pump Station.

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

FSSpec Riffel noted that the total operating expenses for development are projected at \$101K and that development pays for development. He noted that this is a decrease of 16%, or \$18K, from the FY19 Budget. He also noted that Professional Services are projected to decrease 18% or \$20K, since no major developments are anticipated.

FSSspec then introduced TSM Morishita to present the capital budgets.

TSM Morishita then 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 and capital improvement items are for infrastructure and multi-year projects. He noted the proposed capital budget total is a little over \$9.8 million, with a proposed capital acquisition budget of \$1.2 million and a capital improvement budget of \$8.6 million. He further explained that the majority of the capital acquisition budget will go towards the purchase of a new vector truck, a new ¾ ton on-call pickup truck, a new mark out ½ ton pickup truck, replacement of "Big Blue" pump and replacement of 2 portable generators. He also reviewed the additional capital acquisitions, such as, headquarters building HVAC rehab and security cameras, and pump station equipment, such as, pump deragger controllers and a rebuilt muffin monster.

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 \$8.6 million. He stated that the capital budget also includes jointly owned facilities costs of \$342K, Encina capital improvement costs of \$3.6 million, and recycled water program costs of \$30K.

President Kulchin excused himself from the meeting at 1:29 p.m. because he had to tend to another matter.

ASM Duffey then concluded the FY20 Proposed Budget Overview by presenting contributions from reserves. He also presented another graph showing monthly sewer rates for San Diego agencies as of April 2019. He noted the FY19 wastewater service charge will remain the same for FY20 at \$343.68 per EDU per year and that LWD is the second lowest in the County of San Diego.

DE Wilson stated that most of the agencies on the monthly sewer rate graph send their wastewater to Metro for advance primary treatment. He noted that the Leucadia Wastewater District provides secondary treatment and is more efficient than many of the agencies on the graph while costing ratepayers less.

Director Sullivan stated everyone did a great job and it was easy to understand.

No action was taken.

8. Adjournment

Vice President Juliussen adjourned the meeting at 1:53 p.m.



Paul J. Bushee
Secretary/General Manager (SEAL)


David Kulchin, President