

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON JUNE 21, 2022
AT THE SAN ELIJO WATER CAMPUS

Kellie Hinze, Chair

David Zito, Vice Chair

A meeting of the Board of Directors of San Elijo Joint Powers Authority (SEJPA) was held Tuesday, June 21, 2022, at 8:30 a.m., at the San Elijo Water Campus

1. CALL TO ORDER

Chair Hinze called the meeting to order at 8:30 a.m.

2. ROLL CALL

Directors Present:

Kellie Hinze
Kristi Becker
David Zito

Directors Absent:

Catherine Blakespear

Others Present:

General Manager
Director of Operations
Director of Finance and Administration
Administrative Coordinator
Laboratory Manager

Michael Thornton
Chris Trees
Amy Chang
Vanessa Hackney
Susie Arredondo

SEJPA Counsel:

Procopio

Adriana Ochoa

City of Encinitas:

Deputy City Manager
Senior Engineer

Jennifer Campbell
Christina Olsen

City of Solana Beach:

Director of Engineering/Public Works

Mohammad "Mo" Sammak

3. PLEDGE OF ALLEGIANCE

General Manager, Michael Thornton, led the Pledge of Allegiance.

4. ORAL COMMUNICATION/PUBLIC COMMENT PERIOD

None.

5. AWARDS AND RECOGNITION

Laboratory Proficiency Certificate of Excellence

6. CONSENT CALENDAR

Moved by Vice Chair Zito and seconded by Board Member Becker to approve the Consent Calendar.

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| Agenda Item No. 7 | Approval of Minutes for the May 17, 2022 Meeting |
| Agenda Item No. 8 | Approval for Payment of Warrants and Monthly Investment Report |
| Agenda Item No. 9 | Wastewater Treatment Report |
| Agenda Item No. 10 | Recycled Water Report |
| Agenda Item No. 11 | Reportable Meetings |
| Agenda Item No. 12 | San Elijo Joint Powers Authority Contract for Procurement of Calcium Nitrate |
| Agenda Item No. 13 | San Elijo Joint Powers Authority Contract for Procurement of Ferric Chloride |

Motion carried with the following vote of approval:

AYES: Hinze, Zito, Becker
NOES: None
ABSENT: Blakespear
ABSTAIN: None

15. ADOPTION OF THE SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2022-23 BUDGET, INVESTMENT POLICY, AND APPOINTMENT OF TREASURER

Director of Finance and Administration, Amy Chang, stated that in May 2021, Staff informed the Board of Directors that SEJPA has not received any proposed changes or public comments regarding the FY 2022-23 budget. However, there are four reportable changes to the recommended budget from staff. These changes are as follows:

- \$37,000 increase to the Cardiff Pump Station Program to reflect the transfer of electric utility payment for the Olivenhain Pump Station from the City of Encinitas to SEJPA.
- Move \$22,500 from Recycled Water Program expense budget (pipeline rent) to debt service for Santa Fe Irrigation District Pipeline Loan payment.
- Add \$20,000 to the Recycled Water Program chemical expense budget to reflect cost increase for the purchase of Sodium Hypochlorite.
- Add a Recycled Water Supervisor position to the Classification and Salary Schedule to create a position series.

The FY 2022-23 Budget is anticipated to be adequate to fulfill the mission of SEJPA. This budget consists of \$8,911,445 operating costs, \$3,180,000 capital projects, and \$1,587,716 debt service for a total budget of \$13,679,161.

Director Chang also stated that staff is not recommending any changes to SEJPA's investment policy for FY 2022-23, and that the FY 2022-23 Investment Policy and Guidelines are ready for adoption. The General Manager recommended the appointment of Amy Chang, Director of Finance and Administration, as SEJPA Treasurer for FY 2022-23.

Moved by Vice Chair Zito and seconded by Chair Hinze to:

1. Adopt Resolution No. 2022-04, Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2022-23;
2. Adopt Resolution No. 2022-05, Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of Amy Chang as SEJPA Treasurer.

Motion carried with the following vote of approval:

AYES: Hinze, Zito, Becker
NOES None
ABSENT: Blakespear
ABSTAIN: None

16. ADOPTION OF NEW LABOR AGREEMENT

General Manager Thornton stated that SEJPA and its employees are currently operating under a 3-year labor agreement that expires June 30, 2022.

staff is seeking to extend the current labor agreement by up to four years with the following adjustments:

- Cost of Living Adjustment (COLA) to all labor positions (excluding the General Manager)
 - July 1, 2022 – 3%
 - July 1, 2023 – 3%
 - July 1, 2024 – 3%
 - July 1, 2025 – 3% (Optional year employees can decline with majority vote, 50% plus one)
- Safety Boots/Shoes – Adjust to \$225/year from \$200/year
- Prescription Safety Glasses – Adjust to \$335/year from \$300/year
- Stand-by Pay for Afterhours Response – Adjust to 2.00 hours/day from 1.25 hours/day
- Health and Wellness – Adjust to \$120/year from \$60/year
- Work from Home – Up to 2 days/week
- Electric Vehicle Charging – No fee for employees at designated chargers

The employees voted to accept the proposed labor agreement. The labor agreement is being presented to the Board of Directors for consideration of approval through the adoption of Resolution No. 2022-06. In addition, the General Manager has prepared the

FY 2022-23 Classification and Salary Schedule in accordance with the labor agreement for the Board of Directors consideration.

Moved by Vice Chair Zito and seconded by Board Member Becker to:

1. Adopt Resolution No. 2022-06, Resolution Adopting the San Elijo Joint Powers Authority Salary and Benefits for Fiscal Years 2022-23, 2023-24, 2024-25 and 2025-26;
2. Approve the FY 2022-23 Classification and Salary Schedule.

Motion carried with the following vote of approval:

AYES: Hinze, Zito, Becker
NOES: None
ABSENT: Blakespear
ABSTAIN: None

17. ASSIGNMENT OF OWNERSHIP RIGHTS AND ACCESS AGREEMENTS FOR THE WANKET RESERVIOR TANK

General Manager Thornton stated that in 1974, San Dieguito and Olivenhain entered into an agreement to construct the J.C. Wanket Reservoir (the "Reservoir"), providing for joint use of the potable water storage reservoir.

Pursuant to the Reservoir Agreement, San Dieguito is entitled to one-third of the capacity in the Reservoir, which the district has never used due to a decline in potable water consumption by its customers over the years. Similarly, Olivenhain stopped using the Reservoir in 2008 due to a declining need for treated potable water storage.

SEJPA desires to rehabilitate the Reservoir to store recycled water and connect it to its nearby recycled water distribution system benefiting customers of both Olivenhain and San Dieguito. SEJPA has experienced a steady increase in recycled water demand which this Reservoir will help serve and it will also improve the operating pressure of the recycled water system in the adjacent area. The Reservoir would more than double the storage capacity of the existing recycled water system and the location of the Reservoir is advantageous for interconnecting to other recycled water districts allowing for expanded service and regional storage and distribution.

Staff and attorneys for San Dieguito, Olivenhain, and SEJPA have reviewed the proposed agreements and support the assignment of San Dieguito's ownership of the Reservoir to SEJPA.

With the assignment of San Dieguito's ownership, SEJPA agrees to assume all rights, obligations, and liabilities of San Dieguito with respect to the Reservoir based on the terms and conditions in the proposed agreement.

The proposed ownership assignment and license access agreement with the San Dieguito is for the total value of \$136,796.40, which is the amount owed by San Dieguito to SEJPA for annual minimum recycled water purchases for fiscal year 2019-20. All such amounts owed by San Dieguito will be considered fully paid and no longer due.

Moved by Chair Hinze and seconded by Vice Chair Zito to:

1. Authorize the General Manager to enter into an agreement with the San Dieguito Water District (SDWD) and the Olivenhain Municipal Water District (OMWD) for assignment of ownership rights and access agreements related to the Wanket Reservoir.

Motion carried with the following vote of approval:

AYES: Hinze, Zito, Becker
NOES None
ABSENT: Blakespear
ABSTAIN: None

18. APPROVE SECOND AMENDMENT – WASTEWATER MAINTENANCE FACILITY LEASE WITH CITY OF ENCINITAS

General Manager Thornton stated that Encinitas leases a small site at the Water Campus for their sanitary sewer and wastewater collection facility maintenance services to Cardiff Sanitation District and the Encinitas Sanitary District.

The original lease agreement was entered into on April 11, 1991. The lease expires in 2022 and the City has expressed interest in amending the lease for a second 30-year term, with options by both parties to terminate early. To date, Encinitas has been a beneficial tenant, as they provide assistance with sewer system cleaning at the Water Campus with the specialized equipment that they store onsite.

Encinitas and SEJPA seek to Amend the Agreement to extend the lease terms for an additional thirty years, term ending April 30, 2052. Encinitas will pay SEJPA annually for all operating, maintenance, and capital expenses necessary and associated with the maintenance facilities, modular office, and onsite operational activities. Encinitas will continue to provide quarterly debris removal and related services for the cleaning and operation of the SEJPA Water Campus.

The proposed second amendment to the 1992 Wastewater Maintenance Facility Lease is designed to be cost neutral to the SEJPA.

Moved by Vice Chair Zito and seconded by Chair Hinze to:

1. Authorize the General Manager execute the Second Amendment to the 1991 Wastewater Maintenance Facility Lease with the City of Encinitas.

Motion carried with the following vote of approval:

AYES: Hinze, Zito, Becker
NOES None
ABSENT: Blakespear
ABSTAIN: None

19. CONSIDERATION OF LEASING LABORATORY SPACE AT THE SAN ELIJO WATER CAMPUS FOR WATER RESEARCH AND EDUCATION

SEJPA has received two unsolicited proposals for leasing laboratory, and potentially office space, at the San Elijo Water Campus. Both proposals are for conducting water related

research/education to address issues of interest for the water/wastewater industry, as well as for the betterment of public health and the environment. The San Elijo Water Campus has space available for conducting research/education and staff supports having research conducted at the campus that advances the agency's mission and vision.

Staff has reviewed the proposals and concluded that both appear to meet the goals of the SEJPA either through:

Proposal A contributing to the science that supports potable reuse.

Proposal B reducing water pollution related to non-biodegradable plastics.

Both firms propose to fund their research, reimburse SEJPA for any needed tenant improvements, and provide a monthly lease payment.

Based on the information provided, staff recommends pursuing the development of a lease agreement with Proposal A as the research has greater alignment with SEJPA's interest in potable reuse and is requesting a smaller footprint in the laboratory. The research will also benefit other public agencies and the state of California, and could lead to other research, education, and grant opportunities being developed at the Water Campus.

The anticipated revenue generated is expected to be on the order of \$15,000 to \$25,000 annually, depending on agreed upon leased space and terms. More information will be provided if this concept develops further, and a lease agreement would be presented at a future meeting for the Board's approval consideration.

No action required.

20. GENERAL MANAGER'S REPORT

General Manager Thornton stated that the Caltrans Regional Bike Path ribbon cutting was held on June 4, 2022 and our agency participated in the event hosting parking, information booths, and facility tours.

General Manager Thornton also gave an update on SEJPA's grant pursuits. SEJPA participated on two multi-agency grant applications for Proposition 1, Integrated Regional Water Management. The first grant pursuit was with Encina Wastewater Authority for Potable Reuse study, however this grant application was not selected. The second application was with the North San Diego Regional Recycled Water Coalition, which was awarded a total of \$3.7 million, of which roughly \$250,000 will be awarded directly to SEJPA for our Wanket Tank Connection Project

21. GENERAL COUNSEL'S REPORT

None.

22. BOARD MEMBER COMMENTS

None.

23. CLOSED SESSION

A closed session was held per Government Code Section 54957 (b), Public Employee Employment, Title: General Manager

24. DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE GENERAL MANAGER MERIT BONUS

Moved by Vice Chair Zito and seconded by Board Member Becker to award the General Manager his full \$10,000 bonus per the General Manager's employment agreement.

Motion carried with the following vote of approval:

AYES:	Hinze, Zito, Becker
NOES	None
ABSENT:	Blakespear
ABSTAIN:	None

25. ADJOURNMENT

The meeting adjourned at 9:29 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, July 19, 2022 at 8:30 a.m.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager