

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
HELD ON DECEMBER 10, 2018
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Tasha Boerner Horvath, Chair

David Zito, Vice Chair

A regular meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, December 10, 2018, at 8:30 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

David Zito
Joe Mosca
Peter Zahn

Directors Absent:

None

Others Present:

General Manager
Director of Finance & Administration
Director of Operations
Administrative Assistant/Board Clerk

Michael Thornton
Paul Kinkel
Chris Trees
Jennifer Basco

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser

City of Encinitas:

Public Works Management Analyst

Bill Wilson

City of Solana Beach:

City Manager
Director of Engineering/Public Works

Greg Wade
Mohammad "Mo" Sammak

The Pun Group, LLC

Kenneth H. Pun, CPA, CGMA

3. PLEDGE OF ALLEGIANCE

Vice Chair Zito led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. AWARDS AND RECOGNITION

General Manager Michael Thornton congratulated Michael J. Bardin, General Manager of Santa Fe Irrigation District on his retirement and thanked him for his work with SEJPA. Mr. Thornton also recognized Board Members Peter Zahn and Tasha Boerner Horvath for their service to SEJPA.

6. CONSENT CALENDAR

Moved by Board Member Mosca and seconded by Board Member Zahn to approve the Consent Calendar.

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| Agenda Item No. 7 | Approval of Minutes for the October 8, 2018 Meeting |
| Agenda Item No. 8A | Approval for Payment of Warrants and Monthly Investment Report (19-11) |
| Agenda Item No. 8B | Approval for Payment of Warrants and Monthly Investment Report (19-12) |
| Agenda Item No. 9A | San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report (September) |
| Agenda Item No. 9B | San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report (October) |
| Agenda Item No. 10A | San Elijo Joint Powers Authority Recycled Water Program – Monthly Report (September) |
| Agenda Item No. 10B | San Elijo Joint Powers Authority Recycled Water Program – Monthly Report (October) |
| Agenda Item No. 11 | Authorization for Intensive Monitoring Agreement |
| Agenda Item No. 12 | Purchase of Reverse Osmosis Membranes |

Motion carried with the following vote of approval:

AYES: Zito, Mosca, Zahn
NOES: None
ABSENT: None
ABSTAIN: None

13. ITEMS REMOVED FROM CONSENT CALENDAR

None

14. FISCAL YEAR 2017-18 FINANCIAL AUDIT ACCEPTANCE

Paul Kinkel, Director of Finance and Administration presented the Fiscal Year 2017-18 Audit to the Board of Directors. Mr. Kinkel introduced Ken Pun from The Pun Group to give an overview of the audit findings. Mr. Pun provided his firm's opinion that the financial statements are presented fairly, in all material aspects, and are prepared in accordance with generally accepted accounting principles (GAAP) and the Government Accounting Standards Board (GASB). In addition, Mr. Pun stated that the financial statement disclosures are neutral, consistent, and clear, there were no difficulties or disagreements with staff or management, and there were no corrected or uncorrected misstatements. Mr. Pun briefly outlined his audit approach to the Board of Directors, reviewed the financials and statement of cash flows, and then answered Board Member questions.

Moved by Board Member Mosca and seconded by Board Member Zahn to:

1. Accept and file the Fiscal Year 2017-18 Audited Financial Statements for the San Elijo Joint Powers Authority; and
2. Accept and file the Fiscal Year 2017-18 SAS 114 Letter.

Motion carried with the following vote of approval:

AYES: Zito, Mosca, Zahn
NOES: None
ABSENT: None
ABSTAIN: None

15. SAN ELIJO JOINT POWERS AUTHORITY END OF YEAR REVIEW OF THE FISCAL YEAR 2017-18 OPERATING AND DEBT SERVICE EXPENSES

Paul Kinkel, Director of Finance and Administration provided a financial review for Fiscal Year 2017-18. Overall, the SEJPA was below budget by \$250,479 or 4.1% for all programs. Wastewater Treatment, Pump Stations, Ocean Outfall, and other service programs were under budget by \$194,016 or 4.2%. The Recycled Water expenditures were \$56,463 or 3.8% under budget. SEJPA accrued \$50,000 for the PARS Section 115 Trust for the exclusive use to fund the CalPERS retirement plan unfunded actuarial liability or pension expense.

No action required. This memorandum was submitted for information only.

16. BUILDING & SITE IMPROVEMENT PROJECT – APPROVAL OF PROFESSIONAL SERVICE AND CALTRANS CONSTRUCTION CONTRIBUTION AGREEMENTS

The General Manager gave a brief background on the Building and Site Improvement Project. In June 2018, the SEJPA Board of Directors authorized staff to pursue the development of the Project using the delivery method of Construction Management at Risk (CMAR) coupled with a financial structure of a lease-purchase agreement. Staff advertised the project in August 2018 and pre-qualified three firms based on construction expertise, qualifications, and experience with similar projects. Staff then

advertised a request for proposal from the pre-qualified firms, and two of the three qualified firms proposed. The proposal submitted by PCL Construction, Inc. was selected based on their proposed approach, project team, and overall value. The development of the project is anticipated to be completed in two stages: Stage 1 "Design Services" and Stage 2 "Construction Services". Kennedy/Jenks was retained by SEJPA to serve as the owner's advisor for project development. Staff is requesting Kennedy/Jenks to serve as the owner's advisor for Stage 1. Stage 1 of Lease-Purchase Agreement with PCL Construction, Inc. is for an amount of \$138,972. Kennedy/Jenks fee for Stage 1 owner's advisor support is \$69,900. Staff and Caltrans reached agreement for construction cost contribution for funding by Caltrans of up to \$4.2 million. The 2017 Revenue Bond Fund balance is available for this project.

Moved by Board Member Zahn and seconded by Board Member Mosca to:

1. Authorize the General Manager to execute a professional service agreement with PCL Construction, Inc. for an amount not to exceed \$138,972;
2. Authorize the General Manager to amend professional service agreement with Kennedy/Jenks Consultants as the Owner's Representative for an amount not to exceed \$69,900; and
3. Approve Caltrans Construction Contribution Agreement for \$4.2 million for Bike/Pedestrian Trail.

Motion carried with the following vote of approval:

AYES:	Zito, Mosca, Zahn
NOES	None
ABSENT:	None
ABSTAIN:	None

17. GENERAL MANAGER'S REPORT

The General Manager informed the Board of Directors the staff intends to apply for grant funding through the Proposition 1 – Round 1 IRWM grant program for storm water and potable reuse projects.

18. GENERAL COUNSEL'S REPORT

None

19. BOARD MEMBER COMMENTS

Board Member Zahn thanked the Board Members and staff for their service to the community.

20. CLOSED SESSION

The Board of Directors adjourned to closed session at 9:35 a.m., pursuant to the following Government Code Sections:

- CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION. Significant exposure to litigation pursuant to Gov. Code section 54956.9(d)(2): 1 matter;
- CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION. Initiation of litigation pursuant to Gov. Code section 54956.9(d)(4): 1 matter; and

The Board of Directors came out of closed session at 9:45 a.m., with no reportable action.

21. ADJOURNMENT

The meeting adjourned at 9:46 a.m. The next Board of Directors meeting will be held on Monday, January 14, 2019 at 8:30 a.m.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager