

SAN ELIJO JOINT POWERS AUTHORITY  
MINUTES OF THE REGULAR BOARD MEETING  
HELD ON JUNE 11, 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, June 11, 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:*

Tasha Boerner Horvath (*Arrived 8:33 a.m.*)  
David Zito  
Joe Mosca  
Peter Zahn

*Directors Absent:*

None

*Others Present:*

General Manager  
Director of Operations  
Director of Finance & Administration  
Associate Engineer  
Laboratory Analyst II  
Accounting Technician  
Administrative Assistant/Board Clerk

Michael Thornton  
Chris Trees  
Paul Kinkel  
Mike Konicke  
Susie Arredondo  
Carrie Cook  
Jennifer Basco

*SEJPA Counsel:*

Procopio, Cory, Hargreaves & Savitch

Adriana Ochoa  
Rachael Harrington

*City of Solana Beach:*

City Manager  
Director of Engineering/Public Works

Greg Wade  
Mohammad "Mo" Sammak

*City of Encinitas, Public Works Mgt. Analyst*

Bill Wilson

*City of Encinitas, Resident*

Bill Steiner

*Public Agency Retirement Services*

Rachael Sanders

3. PLEDGE OF ALLEGIANCE

Vice Chair Zito led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

The General Manager recognized Susie Arredondo, Laboratory Analyst II, for obtaining a Master's Degree in Environmental Management from Duke University. The Board congratulated Ms. Arredondo for this achievement and her service to the agency.

6. CONSENT CALENDAR

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

- |                    |  |
|--------------------|--|
| Agenda Item No. 7  | Approval of Minutes for the May 14, 2018 Meeting   |
| Agenda Item No. 9  | San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report                             |
| Agenda Item No. 10 | San Elijo Joint Powers Authority Recycled Water Program – Monthly Report                                 |
| Agenda Item No. 11 | San Elijo Joint Powers Authority and Encina Wastewater Authority Joint Supplies and Services Contracting |

Motion carried with the following vote of approval:

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

- |                   |  |
|-------------------|--|
| Agenda Item No. 8 | Approval for Payment of Warrants and Monthly Investment Report |
|-------------------|--|

Motion carried with the following vote of approval:

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

12. ITEMS REMOVED FROM CONSENT CALENDAR

None

13. ADOPTION OF THE SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2018-19 BUDGET, INVESTMENT POLICY, AND APPOINTMENT OF TREASURER

Paul F. Kinkel, Director of Finance and Administration, presented the Recommended Budget for FY 2018-19 to the Board for approval consideration. He noted that after it was originally presented at the April 2018 Board meeting, staff communicated with the Member Agencies and other government agencies that receive SEJPA services regarding the proposed budget. The SEJPA received no public comments or requests for budget changes. Therefore, at this time, the Recommended Fiscal Year 2018-19 Budget is ready for adoption.

Mr. Kinkel also stated that staff is not recommending any changes to the SEJPA's investment policy for Fiscal Year 2018-19, and that the 2018-19 SEJPA Investment Policy and Guidelines is ready for adoption.

The General Manager recommended to the Board the appointment of Paul F. Kinkel as SEJPA Treasurer for FY 2018-19.

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

1. Adopt Resolution No. 2018-05, Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2018-19; and
2. Adopt Resolution No. 2018-06, Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of Paul F. Kinkel as SEJPA Treasurer.

Motion carried with the following vote of approval:

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

14. PUBLIC AGENCIES POST-EMPLOYMENT BENEFITS TRUST PROGRAM TO PRE-FUND PENSION OBLIGATIONS AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATIONS

Paul Kinkel, Director of Finance and Administration, stated that the SEJPA pension participates in the CalPERS shared risk pool, which combines investments with other small California public employers to reduce individual risk and volatility. In 2013, with the implementation of PEPRA, a number of pension benefit changes went into effect in addition to the GASB requirements on how pension liabilities are disclosed in financial reporting. The previously unavailable CalPERS' Unfunded Actuarial Liability (UAL) amount is now provided to the shared risk pool employers. This allows agencies to

better understand their individual UAL and provides an opportunity to pay down the UAL by contributing more than the required minimum. Mr. Kinkel explained that the SEJPA began making supplemental UAL payments in FY 2014-15 to reduce this liability. The SEJPA is now exploring another option for making supplemental contributions through an IRS Section 115 Public Agency Post-Employment Benefits Trust (Trust). The Trust is an irrevocable, locally controlled, trust established for the purpose of funding retirement obligations. Mr. Kinkel introduced Rachael Sanders from Public Agency Retirement Services, who briefly explained the benefits and costs of creating and maintaining a Trust.

Mr. Kinkel stated that the intent of exploring the creation of a Trust is to provide the Board options for providing UAL pension payments. If the Board approves, staff will prepare the required documents to set up the Trust and present them at the next Board meeting for approval consideration.

Moved by Vice Chair Zito and seconded by Chair Boerner Horvath to:

1. Authorize up to \$200,000 of FY 2017-18 budget operating expense savings to be applied to the CalPERS Unfunded Actuarial Liability or initial funding of an IRS Section 115 Trust; and
2. Authorize the General Manager to prepare the required documents and resolutions for a Public Agency Post-Employment Benefits Trust.

Motion carried with the following vote of approval:

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

#### 15. CAPITAL IMPROVEMENT PROGRAM UPDATE

General Manager Thornton provided status updates on the various projects in SEJPA's Capital Improvement Program. Phase I of the CIP is currently in construction which includes the Land Outfall Replacement, Preliminary Treatment Upgrades, and Odor Control Improvements. The Phase I project budget was updated from \$14.2M to \$14.3M to reflect additional costs for the Land Outfall Replacement project due to unforeseen conditions. Phase II is currently in the design and permitting stage, and consists primarily of a bundle of individual projects referred to as the Building and Site Improvements Project, as well as IRWM recycled water pipelines, electrical upgrades to Motor Control Center No. 2, and improvements to the SCADA system. Phase III, the Solids Treatment Project, is currently in the pre-design phase. Phase IV consists of Resource Recovery and Reuse projects including water storage, process optimization, and energy efficiency projects. This phase is in early stages of evaluation and development. Mr. Thornton stated revenue from the sale of the 2017 Clean Water Bonds and grant funding, combined with current and future cash contributions for capital projects, is the primary basis for the Phase I-III projects.

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

16. CONSTRUCTION CONTRACT CHANGE ORDER – SAN ELIJO LAND OUTFALL REPLACEMENT PROJECT

General Manager Thornton stated that during the construction of the San Elijo Land Outfall project, the contractor encountered conditions that were different than depicted in the construction documents as well as performed additional work at the direction of the SEJPA. The new work that constitutes the construction change order is for (1) additional work associated with concrete encasing flexible couplings at the beach and treatment plant in order to strengthen major connection points, (2) purchasing and installing two 20-inch valves at the Escondido Regulator Vault to replace existing failed valves, (3) payment for premium time worked on weekends and beyond normal 8-hour work shifts, and (4) providing emergency welding to isolate a failed valve on the existing outfall to prevent spillage. Also, in coordination with the City of Encinitas Living Shoreline project, staff approved the relocation of a component of the new outfall that was found to be in conflict with the planned pedestrian path on the west side of Coast Highway. Mr. Thornton stated that these additional challenges prevented the Contractor from meeting the permit deadline of May 25, 2018. In response, staff coordinated with Coastal Commission, the City of Encinitas, and State Parks to obtain permit extensions to June 21, 2018. Funding for the proposed construction change order is available in the Ocean Outfall Capital Program.

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

1. Authorize the General Manager to execute a construction contract change order with Filanc for a total cost of \$126,787.

Motion carried with the following vote of approval:

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

17. PROFESSIONAL SERVICE AGREEMENT FOR ENGINEERING AND ENVIRONMENTAL SERVICES FOR DEVELOPING BIKE/PEDESTRIAN PATH

General Manager Thornton stated that the SEJPA and Caltrans have worked collaboratively to develop a conceptual bike/pedestrian path through the SEJPA water campus property. SEJPA and Caltrans have agreed in principle to the project design and for the SEJPA to lead the design, environmental clearance, and construction, with Caltrans providing cost reimbursement. A draft contribution agreement between Caltrans and SEJPA is in final preparation. Mr. Thornton informed the Board Members that SEJPA and Caltrans have agreed to the selection of Kimley-Horn and Associates for preparing the engineering and design and environmental permitting for the project. Adequate funding is available within the Building and Site Improvement capital program for Kimley-Horn and Associates to begin services. Upon execution of the contribution agreement, SEJPA will seek cost reimbursement from Caltrans.

Moved by Member Mosca and seconded by Vice Chair Zito to:

1. Authorize the General Manager to execute an Engineering/Environmental Services Contribution Agreement with Caltrans for developing Bike/Pedestrian Path; and
2. Authorize the General Manager to execute a professional service agreement with Kimley Horn and Associates for an amount not to exceed \$100,000.

Motion carried with the following vote of approval:

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

18. CONSIDERATION OF ALTERNATIVE DELIVERY FOR THE BUILDING AND SITE IMPROVEMENT PROGRAM

General Manager Thornton stated the SEJPA is developing architectural and engineering designs for building and site improvements at the SEWRF. Staff has evaluated construction delivery methods for moving this project forward, including traditional design-bid-build, fixed-price design build, progressive design build, and construction management at risk (CMAR). In addition, staff has evaluated project funding alternatives including pay-go, bond revenues, and lease-lease-back. From these evaluations, staff recommends moving the project forward under the CMAR project delivery methodology, and potentially using a lease-lease-back funding structure. Mr. Thornton stated that staff recommends retaining Kennedy/Jenks Consultants to assist the SEJPA in procuring the CMAR contactor through a two-step qualifications and proposal process. The financial impact of \$77,235 will fund the selection phase of the contractor for the CMAR team. Upon the completion of this step, the SEJPA will engage Kennedy/Jenks for a scope of work and fee for the remaining work. Funding for the agreement with Kennedy/Jenks is available in the Building and Site Improvement capital program.

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

1. Authorize the General Manager to proceed with developing the Building and Site Improvement Project under the Construction Manager at Risk (CMAR) delivery method; and
2. Authorize the General Manager to engage Kennedy/Jenks Consultants as the Owner's Representative and to execute a professional service agreement for an amount not to exceed \$77,235.

Motion carried with the following vote of approval:

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

19. GENERAL MANAGER'S REPORT

None

20. GENERAL COUNSEL'S REPORT

None

21. BOARD MEMBER COMMENTS

Board Member Mosca requested information about legislation regarding additional urban water ceilings on water users and how it affects the SEJPA.

22. CLOSED SESSION

The Board of Directors adjourned to closed session at 10:09 a.m., pursuant to Government Code Section 54957: Employee Performance Evaluation. Title: General Manager.

The Board of Directors came out of closed session at 10:23 a.m.

23. CONSIDERATION OF GENERAL MANAGER PERFORMANCE BONUS (COMPENSATION) PER CURRENT EMPLOYMENT AGREEMENT

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

1. Approve the General Manager's merit bonus of \$10,000 for Fiscal Year 2017-18.

Motion carried with the following vote of approval:

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

24. ADJOURNMENT

The meeting adjourned at 10:25 a.m. The next Board of Directors meeting will be held on August 20, 2018 at 8:30 a.m.

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager