

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON JUNE 13, 2016
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Catherine Blakespear, Chair

Ginger Marshall, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, June 13, 2016, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

Vice Chair Marshall called the meeting to order at 9:00 a.m.

2. ROLL CALL

Directors Present:

Ginger Marshall
Mark Muir
David Zito

Directors Absent:

Catherine Blakespear

Others Present:

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

Michael Thornton
Christopher Trees
Paul Kinkel
Casey Larsen
Michael Konicke
Jennifer Basco

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Tracie E. Stender
Terri Gibbs

City of Solana Beach:

City Manager
Director of Engineering/Public Works

Greg Wade
Mohammad "Mo" Sammak

City of Encinitas:

Director of Engineering and Public Works
Public Works Management Analyst

Glenn Pruum
Bill Wilson

Encina Wastewater Authority

General Manager
Administrative Services Manager

Michael F. Steinlicht
Leeann Warchol

3. PLEDGE OF ALLEGIANCE

Vice Chair Marshall led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

The General Manager informed the Board of Directors that Casey Larsen was selected as the 2015 Electrical/Instrumentation Person of the Year Award by the California Water Environment Association.

6. CONSENT CALENDAR

Moved by Board Member Muir and seconded by Board Member Zito to approve the Consent Calendar.

Motion carried with unanimous vote of approval.

Agenda Item No. 7	Approval of Minutes for the May 9, 2016 meeting
Agenda Item No. 8	Approval for Payment of Warrants and Monthly Investment Report
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	Request for Consent to Joint Legal Representation
Agenda Item No. 12	Professional Services Contract for Encinitas Ranch Recycled Water Expansion Project

13. ITEMS REMOVED FROM CONSENT CALENDAR

None

14. ADOPTION OF THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA) FISCAL YEAR 2016-17 BUDGET, INVESTMENT POLICY, AND APPOINTMENT OF TREASURER

General Manager Thornton reported that the Recommended Budget for FY 2016-17 was presented publicly to both Member Agencies and other government agencies that receive services by the SEJPA. There were no comments or requested changes to the proposed budget.

Mr. Thornton also stated that Staff is not recommending any changes to the SEJPA's investment policy and recommended that the appointment of Paul F. Kinkel as SEJPA Treasurer be continued for FY 2016-17.

Moved by Board Member Muir and seconded by Board Member Zito to:

1. Adopt Resolution No. 2016-08, Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2016-17; and
2. Adopt Resolution No. 2016-09, 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: Marshall, Muir, and Zito
NOES: None
ABSENT: Blakespear
ABSTAIN: None

15. CALPERS UNFUNDED ACTUARIAL LIABILITY

Paul Kinkel, Director of Finance and Administration stated that the SEJPA participates in CalPERS' Miscellaneous Risk Pool for its defined benefit retirement program. The SEJPA employee pension fund was 74% funded as of June 30, 2013. In May 2015, the Board of Directors authorized the SEJPA to apply positive budget variance to the Unfunded Actuarial Liability (UAL) for FY 2014-15 which was \$125,000. Based on the most recent CalPERS actuarial (June 2014), the SEJPA employee pension is now 79% funded, an improvement of 5%.

Mr. Kinkel next informed the Board of Directors that the SEJPA anticipates completing FY 2015-16 under budget. To promote fiscal responsibility, Staff recommends further reducing the unfunded liability through the use of unspent budgeted operational funds. This will both reduce the unfunded liability and help avoid future interest cost. The current forecast for positive budget variance is estimated to be in excess of \$100,000. By prepaying an estimated \$100,000, the SEJPA will avoid approximately \$24,000 in future interest payments.

Moved by Board Member Muir and seconded by Board Member Zito to:

1. Authorize the General Manager to apply positive FY 2015-16 Budget variances to the CalPERS Unfunded Actuarial Liability.

Motion carried with the following vote of approval:

AYES: Marshall, Muir, and Zito
NOES: None
ABSENT: Blakespear
ABSTAIN: None

16. GRAND JURY REPORT – NORTH SAN DIEGO WATER REUSE COALITION

General Manager Thornton stated that the San Diego County Grand Jury is tasked with investigating the operations of governmental programs of the County, cities, and special districts therein. Mr. Thornton informed the Board Members that he and Kim Thorner, General Manager of Olivenhain Municipal Water District, were called to testify in front of the Grand Jury on behalf of the North San Diego Water Reuse Coalition (NSDWRC). Subsequently, on May 31, 2016, the Grand Jury made public a report reviewing the NSDWRC and its efforts to expand water reuse in North County. NSDWRC efforts were characterized by the Grand Jury as a “green project” and were lauded as an “exemplary model” of local government collaboration to maximize efficiencies in providing local, drought-proof water supplies. Of note, the Grand Jury Report issued a commendation to the NSDWRC for its “voluntary, collaborative and innovative approach to enhancing the reliability and diversity of water supply.”

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

17. SAN ELIJO JOINT POWERS AUTHORITY (SEJPA) AND ENCINA WASTEWATER AUTHORITY (EWA) JOINT SUPPLIES AND SERVICES CONTRACTING

General Manager Thornton stated over the last several years, EWA and SEJPA have partnered to identify opportunities to share resources, collaborate on mutual aid, and create efficiencies to reduce costs and improve service. Recently, EWA and SEJPA have been examining opportunities to reduce costs through bulk purchasing of supplies and services. Chris Trees, Director of Operations, informed the Board Members that Staff identified two chemicals (Sodium Hypochlorite and Ferric Chloride) that are common to the operation of both agencies and that are purchased in large quantities. Staff also identified Ocean Monitoring and Water Quality services as a contract that could produce cost savings through economies of scale in conducting the work. As a result of cooperative purchasing, the SEJPA is anticipated to save approximately \$20,132 for FY 2016-17, with the potential for similar savings in FY 2017-18.

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

1. Authorize the General Manager to utilize the agreement between EWA and Olin Corporation for the procurement of Sodium Hypochlorite;

2. Authorize the General Manager to enter into an agreement with Kemira Water Solutions, Inc. for the procurement of Ferric Chloride; and
3. Authorize the General Manager to enter into an agreement with EWA for the procurement of Ocean Monitoring-Water Quality Services.

Motion carried with the following vote of approval:

AYES: Marshall, Muir, and Zito
NOES: None
ABSENT: Blakespear
ABSTAIN: None

18. ENCINA WASTEWATER AUTHORITY (EWA) – SAN ELIJO JOINT POWERS AUTHORITY (SEJPA) INTEGRATION PROPOSAL

General Manager Thornton stated that to date EWA and SEJPA have successfully initiated cost reduction activities and currently share human resource services, emergency response assistance, and employee leasing between the agencies. At this point, Staff is positioned to explore additional opportunities to streamline administration, lower operating costs, leverage existing infrastructure, and increase operational capabilities to generate additional revenue for the member agencies. At the Board's request, Staff researched the feasibility of EWA-SEJPA Integration and drafted a proposal outlining the process. Mr. Thornton informed the Board Members that the executive leadership teams of both agencies propose an Integration Plan that provides key actions and corresponding benefits. The plan is organized into three phases that identify clear objectives and provides adequate timelines to achieve measurable success while managing risk.

There is no substantive financial impact associated with the recommendation for a Special Board meeting to consider implementing the Integration Proposal. The financial goal of Phase I is a net saving of \$400,000 during the 18-month implementation period.

Moved by Board Member Muir and seconded by Board Member Zito to:

1. Receive and file the EWA-SEJPA Integration Proposal;
2. Authorize the General Manager to schedule a Special Board meeting with EWA to discuss and consider approval of the Integration Proposal; and

Motion carried with the following vote of approval:

AYES: Marshall, Muir, and Zito
NOES: None
ABSENT: Blakespear
ABSTAIN: None

19. CONSIDERATION OF APPROVAL OF RESOLUTION 2016-10, ENTITLED "RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY ADOPTING SALARY AND BENEFITS FOR FISCAL YEARS 2016-17, 2017-18, AND 2018-19"

General Manager Thornton stated that the SEJPA employees are currently operating under a 4-year labor agreement, which is scheduled to expire on June 30, 2016. Through an informal labor negotiation process, the General Manager engaged staff in preparing a new multi-year labor agreement. The employees voted to accept the proposed labor agreement on May 4, 2016. The agreement was presented to the Board of Directors for comments and direction at the May 9, 2016 Board meeting in closed session. The labor agreement is for a term of three years (fiscal years 2016-17, 2017-18, and 2018-19).

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

1. Adopt Resolution No. 2016-10, Resolution Adopting the San Elijo Joint Powers Authority Salary and Benefits for Fiscal Years 2016-17, 2017-18, and 2018-19.

Motion carried with the following vote of approval:

AYES: Marshall, Muir, and Zito
NOES: None
ABSENT: Blakespear
ABSTAIN: None

20. GENERAL MANAGER'S REPORT

General Manager Thornton informed the Board Members that the North San Diego Water Reuse Coalition Project has been nominated for an award for fiscal responsibility. Mr. Thornton will provide more information regarding the nomination at a future Board meeting.

21. GENERAL COUNSEL'S REPORT

None

22. BOARD MEMBER COMMENTS

None

23. CLOSED SESSION

The Board of Directors adjourned to closed session at 10:11 a.m.

Pursuant to Government Code Section 54956.9(d)(2): Potential Litigation with Caltrans; Agency Negotiator: Michael T. Thornton, General Manager.

Pursuant to Government Code Section 54957: Employee Performance Evaluation. Title: General Manager.

The Board of Directors came out of closed session at 10:22 a.m.

Moved by Board Member Muir and seconded by Board Member Zito to:

1. Approve the General Manager's merit bonus of \$5,000 for Fiscal Year 2015-16.

Motion carried with the following vote of approval:

AYES: Marshall, Muir, and Zito
NOES: None
ABSENT: Blakespear
ABSTAIN: None

There was no reportable action for closed session item pursuant to Government Code Section 54956.9(d)(2): Potential Litigation with Caltrans; Agency Negotiator: Michael T. Thornton, General Manager.

24. ADJOURNMENT

The meeting adjourned at 10:24 a.m. The next Board of Directors meeting will be held on July 11, 2016.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager