

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON NOVEMBER 14, 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, November 14, 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

Chair Blakespear called the meeting to order at 9:01 a.m.

2. ROLL CALL

Directors Present:

Catherine Blakespear
Ginger Marshall
Mark Muir
David Zito

Directors Absent:

None

Others Present:

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

Michael Thornton
Christopher Trees
Paul Kinkel
Carrie Cook
Jennifer Basco

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Traci Stender

City of Solana Beach:

City Manager

Greg Wade

3. PLEDGE OF ALLEGIANCE

Chair Blakespear led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

None

6. CONSENT CALENDAR

Moved by Board Member Muir and seconded by Vice Chair Marshall to approve the Consent Calendar.

Motion carried with unanimous vote of approval.

Agenda Item No. 7 Approval of Minutes for the October 10, 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

11. ITEMS REMOVED FROM CONSENT CALENDAR

None

12. FISCAL YEAR 2015-16 FINANCIAL AUDIT ACCEPTANCE

Paul Kinkel, Director of Finance and Administration presented the 2015-16 Fiscal Year 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, explained GASB 68 issues, reviewed the financials and statement of cash flows, and then answered Board Member questions.

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

1. Accept and file the Fiscal Year 2015-16 Audited Financial Statements for the San Elijo Joint Powers Authority; and
2. Accept and file the Fiscal Year 2015-16 SAS 114 Letter.

Motion carried with unanimous vote of approval.

13. SAN ELIJO JOINT POWERS AUTHORITY END OF YEAR REVIEW OF THE FISCAL YEAR 2015-16 OPERATING AND DEBT SERVICE EXPENSES

Paul Kinkel, Director of Finance and Administration provided a financial review for Fiscal Year 2015-16. Overall, the SEJPA was below budget by \$260,071 or 4.6% for all programs. Wastewater Treatment, Pump Stations, Ocean Outfall, and Storm Water programs were under budget by \$249,428 or 5.9%. The Reclaimed Water expenditures were \$10,643 or 0.8% under budget. SEJPA also proactively paid \$135,000 to the CalPERS unfunded actuarial liability (UAL). This action is estimated to save the agency approximately \$27,000 in interest expense using a 7.5% discount rate over a 5 year amortization period.

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

14. EXTENSION OF SURPLUS RECYCLED WATER AGREEMENT BETWEEN THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA), THE SAN DIEGUITO WATER DISTRICT (SDWD), AND THE ENCINITAS RANCH GOLF AUTHORITY (ERGA)

General Manager Thornton gave a brief background on the recycled water service to the Encinitas Ranch Golf Course. In 2011, the SEJPA, SDWD, and ERGA entered into an interruptible surplus recycled water service agreement. This allows the SEJPA to control the delivery of recycled water to the ERGA storage ponds, which provides more stable operations of the recycled water distribution system. The golf course has the ability to store large volumes of water onsite within their storage ponds and owns the pump station that provides water pressure to the golf course irrigation systems. This allows the golf course to use the stored water during periods of high demand thus reducing its demand impact to the overall recycled water system. Mr. Thornton stated that the agreement is due to expire on June 30, 2017, and all parties wish to extend service to June 30, 2024. The proposed agreement extension continues delivering a minimum of 200 acre feet of water to the golf course on an annual basis for each of the next 7 years, and provides for an annual cost increase of 4% per year. The agreement extension will provide \$2,044,316 of revenue to the SEJPA over 7 years.

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

1. Authorize the General Manager to execute the proposed Surplus Recycled Water Agreement.

Motion carried with unanimous vote of approval.

15. WASTEWATER SERVICE AGREEMENT EXTENSION WITH THE RANCHO SANTA FE COMMUNITY SERVICES DISTRICT

General Manager Thornton stated that the SEJPA has been providing wastewater treatment and disposal services to the Rancho Santa Fe Community Services District (Rancho CSD) for nearly 35 years. The current agreement between SEJPA and Rancho CSD expires in March 2020; and Rancho CSD desires to continue leasing wastewater and ocean outfall capacity from the SEJPA for an additional 20 years. Based on wastewater flow projections by the SEJPA's member agencies, it is feasible and beneficial to SEJPA to continue leasing wastewater and ocean outfall capacity to

Rancho CSD. Mr. Thornton stated that staff has prepared a new lease agreement that is modeled from the recently executed Del Mar Lease Agreement. The most significant change between the existing and proposed agreement is the elimination of the 33% supplement, which is consistent with other SEJPA wastewater and recycled water agreements, where only actual, definable costs incurred are included in the determination of the cost of service provided by the SEJPA. The proposed agreement provides an estimated \$5.0 million of revenue over the 20-year term for wastewater and disposal services.

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

1. Authorize the General Manager to execute the proposed agreement.

Motion carried with unanimous vote of approval.

At this point, the Board Chair skipped to and addressed Agenda Items 18, 19, and 20, before adjourning into Closed Session.

16. CLOSED SESSION

The Board of Directors adjourned to closed session at 10:11 a.m., pursuant to Government Code Section 54957, Public Employee Performance Evaluation: General Manager.

The Board of Directors came out of closed session at 10:25 a.m.

17. CONSIDERATION OF GENERAL MANAGER COMPENSATION PER CURRENT EMPLOYMENT AGREEMENT

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

1. Extend the term of the General Manager Employment Agreement through June 30, 2018; and
2. Effective July 1, 2017, increase the General Manager's salary from \$191,318 to \$198,000.

Motion carried with unanimous vote of approval.

18. GENERAL MANAGER'S REPORT

General Manager Thornton informed the Board of Directors that a ribbon cutting ceremony for the Village Park Project will be held on November 28, 2016 at Flora Vista Elementary School in Encinitas; and a ground breaking for the North Coast Corridor Program will be held on November 29, 2016 at the San Elijo Lagoon.

19. GENERAL COUNSEL'S REPORT

None

20. BOARD MEMBER COMMENTS

Board Member Zito inquired when the City of Del Mar is going to be connected; and Chair Blakespear asked about the status of the proposed Caltrans bike path and roundabout.

21. ADJOURNMENT

The meeting adjourned at 10:26 a.m. The next Board of Directors meeting will be held on December 12, 2016.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. Thornton", is written over a horizontal line.

Michael T. Thornton, P.E.
General Manager