

AGENDA
SAN ELIJO JOINT POWERS AUTHORITY
MONDAY FEBRUARY 13, 2017 AT 9:00 AM
SAN ELIJO WATER RECLAMATION FACILITY – CONFERENCE ROOM
2695 MANCHESTER AVENUE
CARDIFF BY THE SEA, CALIFORNIA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS (NON-ACTION ITEM)
5. PRESENTATION OF AWARDS
 - CWEA, San Diego Section – 2016 Plant of the Year Award, Medium
 - CWEA, San Diego Section – 2016 Administrative Support Person of the Year Award, Carrie Cook
6. * **CONSENT CALENDAR**
7. * APPROVAL OF MINUTES FOR THE JANUARY 9, 2017 MEETING
8. * APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS
9. * SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS – MONTHLY REPORT
10. * SAN ELIJO JOINT POWERS AUTHORITY RECYCLED WATER PROGRAM – MONTHLY REPORT
11. * RECOMMENDED DEBT MANAGEMENT POLICY
12. * PROPOSED FLEXIBLE EMPLOYEE CLASSIFICATION
13. * ITEMS REMOVED FROM CONSENT CALENDAR

Items on the Consent Calendar are routine matters and there will be no discussion unless an item is removed from the Consent Calendar. Items removed by a "Request to Speak" form from the public will be handled immediately following adoption of the Consent Calendar. Items removed by a Board Member will be handled as directed by the Board.

REGULAR AGENDA

14. **SAN ELIJO JOINT POWERS AUTHORITY MID-YEAR REVIEW OF THE FISCAL YEAR 2016-17 OPERATING BUDGET**

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

Staff Reference: Director of Finance and Administration

15. **PROPOSED BOND FINANCING TEAM**

1. Approve Hilltop Securities, Inc as Bond Underwriter;
2. Approve Procopio as Bond Counsel and Bond Disclosure Counsel; and
3. Discuss and take action as appropriate.

Staff Reference: General Manager

16. **REIMBURSEMENT RESOLUTION FROM THE ISSUANCE OF TAX-EXEMPT BONDS**

1. Adopt Resolution 2017-04; "Resolution of the Board of Directors of San Elijo Joint Powers Authority Declaring the Official Intent of San Elijo Joint Powers Authority to Reimburse Itself from the Proceeds of Debt for Capital Expenditures, Certain Preliminary Expenditures, and Costs of Issuance Temporarily Funded from Revenues or Other Sources"; and
2. Discuss and take action as appropriate.

Staff Reference: Director of Finance and Administration

17. **GENERAL MANAGER'S REPORT**

Informational report by the General Manager on items not requiring Board action.

18. **GENERAL COUNSEL'S REPORT**

Informational report by the General Counsel on items not requiring Board action.

19. **BOARD MEMBER COMMENTS**

This item is placed on the agenda to allow individual Board Members to briefly convey information to the Board or public, or to request staff to place a matter on a future agenda and/or report back on any matter. There is no discussion or action taken on comments by Board Members.

20. **CLOSED SESSION**

None

A closed session may be held at any time during this meeting of the San Elijo Joint Powers Authority for the purposes of discussing potential or pending litigation or other appropriate matters pursuant to the "Ralph M. Brown Act".

21. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Monday, March 13, 2017 at 9:00 a.m.

NOTICE:

The San Elijo Joint Powers Authority's open and public meetings meet the protections and prohibitions contained in Section 202 of the Americans With Disabilities Act of 1990 (42 U.S.C Section 12132), and the federal rules and regulations adopted in implementation thereof. Any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting of the SEJPA Board of Directors may request such modification or accommodation from Michael T. Thornton, General Manager, (760) 753-6203 ext. 72.

The agenda package and materials related to an agenda item submitted after the packet's distribution to the Board is available for public review in the lobby of the SEJPA Administrative Office during normal business hours. Agendas and minutes are available at www.sejpa.org. The SEJPA Board meetings are held on the second Monday of the month, except August.

AFFIDAVIT OF POSTING

I, Michael T. Thornton, Secretary of the San Elijo Joint Powers Authority, hereby certify that I posted, or have caused to be posted, a copy of the foregoing agenda in the following locations:

San Elijo Water Reclamation Facility, 2695 Manchester Avenue, Cardiff, California
City of Encinitas, 505 South Vulcan Avenue, Encinitas, California
City of Solana Beach, 635 South Highway 101, Solana Beach, California

The notice was posted at least 72 hours prior to the meeting, in accordance with Government Code Section 54954.2(a).

Date: February 8, 2017



Michael T. Thornton, P.E.
Secretary / General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON JANUARY 9, 2017
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Ginger Marshall, Chair

Tasha Boerner Horvath, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, January 9, 2017, 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 9:01 a.m.

2. ROLL CALL

Directors Present:

Ginger Marshall
Tasha Boerner Horvath
David Zito

Directors Absent:

None

Others Present:

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

Michael Thornton
Christopher Trees
Paul Kinkel
Mike Konicke
Jennifer Basco

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Adriana Ochoa

City of Solana Beach:

City Manager
Director of Engineering/Public Works

Greg Wade
Mohammad "Mo" Sammak

City of Encinitas:

Public Works Management Analyst

Bill Wilson

San Dieguito Water District:

General Manager

Bill O'Donnell

3. PLEDGE OF ALLEGIANCE

Vice Chair Marshall led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

None

6. CONSENT CALENDAR

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

Agenda Item No. 7 Approval of Minutes for the December 12, 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

Motion carried with unanimous vote of approval.

11. ITEMS REMOVED FROM CONSENT CALENDAR

None

12. ELECTION OF OFFICERS AND SCHEDULE OF BOARD MEETINGS

Paul Kinkel, Director of Finance & Administration, stated that in accordance with Article 3 of the San Elijo Joint Powers Authority (SEJPA) Restatement Agreement, the SEJPA Board is required to appoint a chairperson and vice chairperson and establish the time and place for its regular meeting by the second meeting of each calendar year.

Moved by Board Member Zito and seconded by Board Member Boerner Horvath to:

1. Appoint Ginger Marshall as Chairperson for the 2017 SEJPA Board of Directors.

Motion carried with the unanimous vote of approval.

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

2. Appoint Tasha Boerner Horvath as Vice Chair for the 2017 SEJPA Board of Directors.

Motion carried with the unanimous vote of approval.

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

3. Establish the SEJPA regular meeting schedule for 2017 as the second Monday of each month, with no planned meeting for August, with the meeting location as the San Elijo Water Reclamation Facility.

Motion carried with unanimous vote of approval.

13. CAPITAL PROGRAM FINANCING UPDATE

General Manager Thornton briefed the Board Members on the 2015 Facility Plan, which recommended 17 capital projects, totaling \$37.9 million. Of these projects, Staff selected 11 projects, totaling \$22.4 million, to be completed first. In addition, staff identified \$4.8 million in recycled water projects to be completed during this same time period. In July 2015, the Board authorized the General Manager to request proposals from underwriters to pursue municipal bond financing of approximately \$22.4 million for wastewater projects and \$4.8 million for recycled water projects.

The General Manager reported that in addition to municipal bond financing, Staff also investigated financing through the California State Revolving Fund (SRF). SRF staff informed SEJPA that it does not have adequate funds for all applications received, and that the recycled water loan has the greatest probability for funding. SEJPA is continuing its pursuit of the SRF recycled water loan, and is now seeking municipal bond financing for wastewater related projects. The General Manager stated that the SEJPA is pursuing a bond financing strategy that is consistent with the member agencies' current sewer rate schedule and that will not cause unplanned rate increases. The General Manager reported that the next step is to assemble a financial team for the Bond issuance, which will be presented at a future meeting for Board approval.

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

14. CLOSED SESSION

The Board of Directors adjourned to closed session at 9:30 a.m., per Government Code Section 54956.9(d)(2) – one potential case.

The Board of Directors came out of closed session at 9:55 a.m. with no reportable action.

15. RECYCLED WATER PIPELINE RELOCATION – CALTRANS UTILITY AGREEMENT NO. 11-UT-33677

General Manager Thornton stated that the SEJPA owns recycled water pipelines that are located within Caltrans right-of-way, and that require relocation due to construction improvements associated with the North Coast Corridor (NCC) Program. The NCC program is a 40-year multi-phase project designed to provide transportation, environmental, and coastal access improvement. Two sections of SEJPA recycled

water pipelines have been identified for relocation. The design of the first segment is approximately 1,010 linear feet, and the cost for relocating the pipeline is estimated at \$850,973. Mr. Thornton stated that Utility Agreement No. 11-UT-33677 provides the legal agreement between Caltrans and SEJPA for the completion of the relocation work associated with the first segment of pipeline. Caltrans and SEJPA are of different opinions regarding which party is responsible for the relocation costs. The Utility Agreement states that liability for cost of work is under dispute. Ultimately, the determination may require a court decision. The second segment of pipeline that requires relocation is currently in design. Upon completion of design, a second Utility Agreement will be prepared and presented at a future Board meeting for approval consideration.

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

1. Authorize the General Manager to execute the Caltrans Utility Agreement.

Motion carried with unanimous vote of approval.

16. GENERAL MANAGER'S REPORT

General Manager Thornton informed the Board of Directors that the SEJPA completed 2016 with no missed workdays due to injuries. Also, Mr. Thornton stated that construction is nearly complete on the connecting pipes that will send wastewater from Del Mar to the SEJPA through the Solana Beach sewer system. Testing of the system began last week.

17. GENERAL COUNSEL'S REPORT

None

18. BOARD MEMBER COMMENTS

None

19. ADJOURNMENT

The meeting adjourned at 10:00 a.m. The next Board of Directors meeting will be held on February 13, 2017.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****17-02****For the Months of December 2016 and January 2017**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
33839	AT&T	Utilities - Telephone	DSL - 11/20/16 - 12/19/16	106.07
33840	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	277.44
33841	Barracuda Networks, Inc	Utilities - Internet	Network back-up	50.00
33842	Chevron & Texaco Business Card	Fuel	Fuel - December	655.96
33843	Complete Office	Supplies - Office	Office supplies	164.68
33844	CA Sanitation Risk Mgmt Auth.	Insurance - Liability	Liability - 12/31/16 - 12/31/17	30,468.27
33845	DC Frost Associates, Inc	Repair Parts Expense	Transport tube and gasket	4,918.77
33846	EDCO Waste & Recycling Service	Utilities - Trash	December	237.22
33847	City of Encinitas	Service - IT Support	Admin network - January	2,625.00
33848	Global Capacity	Utilities - Internet	T-1 service - February	296.03
33849	Michael Henke	Repair Parts Expense	Level controller	164.98
33850	Home Depot Credit Services	Supplies - Shop & Field	Shop supplies	658.56
33851	Jennifer Basco	Subsistence - Travel	Mileage	30.19
33852	The Lawton Group	Services - Intern Program	Week worked - 12/19/16 - 12/23/16	1,000.50
33853	Olivenhain Municipal Water District	Rent	Pipeline repayment - December	2,263.50
33854	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 12/17/16 - 12/30/16	11,457.70
33855	Preferred Benefit Insurance	Dental/Vision	Vision - January	285.20
33856	ReadyRefresh	Supplies - Lab	Supplies and distilled water	268.40
33857	Roesling Nakamura Terada Architects	Services - Professional	Building pre-design	5,730.50
33858	Santa Fe Irrigation District	Utilities - Water	Recycled water	292.97
33859	The San Diego Union-Tribune	Subscriptions	Annual newspaper subscription	654.92
33860	Board of Equalization	Accrued Sales Tax Payable	4th Qtr Sales Tax Return	953.00
33861	Television 101	Services - Professional	Photography and video services	300.00
33862	Test America	Services - Laboratory	Water sample testing	100.50
33863	Michael Thornton	CSRMA Wellness Program	Health and wellness	60.00
33864	Unifirst Corporation	Services - Uniforms	Uniform service	426.46
33865	Union Bank of CA	Bank Service Charges	Services for the period 12/01/16 - 11/30/17	2,013.00
33866	UPS	Postage/Shipping	Mailing parts	109.20
33867	Underground Service Alert/SC	Services - Alarm	Dig alert - December	93.00
33868	USA Bluebook	Repair Parts Expense	pH conductivity sensor, eyewear, and pump	1,245.05
33869	Vantagepoint Transfer Agents	EE Deduction Benefits	457 - ICMA	6,758.42
33870	Vantagepoint Transfer Agents	ICMA Retirement	401a - ICMA	2,924.71
33871	Aflac	EE Deduction Benefits	Aflac - January	680.92
33872	Applied Best Practices, LLC	Services - Professional	Bond disclosure compliance	150.00
33873	Susana Arredondo	Seminars/Education	Tuition reimbursement	1,915.28
33874	AT&T	Utilities - Telephone	Phone service -12/13/16 - 01/12/17	369.46
33875	AT&T	Utilities - Telephone	Alarm service - January	402.97
33876	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	1,297.23
33877	BankCard Center	Various	Repair parts, dues, advertising, and licenses	8,183.70
33878	Bay City Electric Works	Services - Maintenance	Annual maintenance on generators	916.59
33879	Black & Veatch	Services - Engineering	Headworks design	8,087.50
33880	Brenntag Pacific, Inc.	Supplies - Chemicals	Sodium Hydroxide	2,243.70
33881	Coast Waste Management, Inc.	Services - Grit & Screenings	Service charge - 12/01/16 - 12/31/16	177.39
33882	Complete Office	Supplies - Office	Office supplies	176.61
33883	Carrie Cook	CSRMA Wellness Program	Health and wellness	54.94
33884	Corodata	Rent	Record storage - December	81.99
33885	CWEA Membership	Dues & Memberships	Memberships	270.00
33886	Dudek & Associates	Services - Engineering	Headworks, SWAP Project, Turbo Blower	52,326.55
33887	Encina Wastewater Authority	Service - EWA Support	Resource sharing safety and HR	1,550.82
33888	Gierlich Mitchell, Inc.	Repair Parts Expense	Secondary clarifier polychem parts	3,920.24
33889	Grainger, Inc.	Repair Parts Expense	Sleeve coupling insert	38.53
33890	Troemner, LLC	Services - Maintenance	Weight calibration	121.48
33891	Hilts Consulting Group, Inc.	Services - Engineering	FEB inspection and maintenance	585.00
33892	Hoch Consulting, APC	Services - Engineering	As-needed engineering services	1,485.00
33893	Kemira Water Solutions, Inc.	Supplies - Chemicals	Ferric Chloride	3,842.63
33894	Kennedy/Jenks Consultants	Services - Engineering	Land, Ocean, Outfall - Final Design	25,923.42
33895	The Lawton Group	Services - Temp	Weeks worked - 12/26/16 - 01/06/17	1,614.62

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****17-02****For the Months of December 2016 and January 2017**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
33896	Marine Taxonomic Services, Ltd.	Services - Contractors	Offshore water sampling	384.00
33897	McMaster-Carr Supply Co.	Repair Parts Expense	Fuses, bulbs, plumbing, valves, pvc pipe	1,463.78
33898	MetLife - Group Benefits	Dental/Vision	Dental - February	1,642.28
33899	MGM Plastics Inc.	Repair Parts Expense	Clear acrylic for odor scrubbers	486.00
33900	Napa Auto Parts	Vehicle Maintenance	Battery and air filter	112.58
33901	Nobel Systems	Service - IT Support	GIS annual subscription; GeoViewer Mobile	10,400.00
33902	Pacific Green Landscape	Services - Landscape	January	2,975.00
33903	P.E.R.S.	Medical Insurance - PERS	Health - February	18,978.70
33904	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 12/31/16 - 01/13/17	11,441.20
33905	Polydyne Inc.	Supplies - Chemicals	Clarifloc	11,399.95
33906	Ponton Industries, Inc.	Repair Parts Expense	FEB level controller	2,264.91
33907	Procopio Cory Hargreaves	Services - Legal	General - December	5,799.75
33908	Roofing Specialists	Services - Maintenance	Roof repair	1,340.00
33909	Rusty Wallis, Inc.	Services - Maintenance	Water softener, carbon exchange, and salt bags	118.00
33910	Sage Designs, Inc.	Licenses	Alarm notification software	595.00
33911	Santa Fe Irrigation District	Utilities - Water	Recycled water	215.65
33912	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment	297.00
33913	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 12/05/16 - 01/05/17	45,260.52
33914	San Dieguito Water District	Utilities - Water	Recycled water	12,497.85
33915	Smart & Final	Supplies - Office	Kitchen supplies	206.65
33916	Southwest Membrane Operation	Dues & Memberships	Membership	300.00
33917	Stoney-Miller Consultants, Inc.	Services - Engineering	Preliminary geotechnical investigation	1,588.80
33918	Sun Life Financial	Life Insurance/Disability	Life and disability insurance - February	1,417.93
33919	Thatcher Company of California	Supplies - Chemicals	Aluminum sulfate	3,090.01
33920	Michael Thornton	Subsistence - Travel/Rm & Bd	Coastal Commission hearing	619.70
33921	Technology Integration Group	Services - Maintenance	Copier	87.63
33922	Christopher A. Trees	Subsistence - Travel	Mileage and meeting expense	79.98
33923	Trussell Technologies, Inc.	Services - Engineering	Process engineering and evaluation	1,212.00
33924	Unifirst Corporation	Services - Uniforms	Uniform service	425.59
33925	San Diego Union-Tribune	Advertising	Architectural engineering sevice	143.00
33926	UPS	Postage/Shipping	Shipping	14.92
33927	Underground Service Alert/SC	Services - Alarm	Dig alert - November	88.50
33928	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA 457	6,770.65
33929	Vantagepoint Transfer Agents	ICMA Retirement	ICMA 401a	2,923.42
33930	Verizon Wireless	Utilities - Telephone	12/11/16 - 01/10/17	246.78
33931	Verizon Wireless	Utilities - Telephone	Cell phone service - 12/08/16 - 01/07/17	1,508.00
33932	WateReuse	Seminars/Education	Conference - NSDWRC	5,500.00
33933	Wonderware West	Licenses	1st license renewal	7,311.00
	San Elijo Payroll Account	Payroll	Payroll - 01/06/17	81,797.85
	San Elijo Payroll Account	Payroll	Payroll - 01/20/17	61,495.46
				<u>\$ 498,506.81</u>

SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

**For the Months of December 2016 and January 2017
As of January 30, 2017**

PAYMENT OF WARRANTS \$ 498,506.81
Reference Number 17-02

I hereby certify that the demands listed and covered by warrants are correct and just to the best of my knowledge, and that the money is available in the proper funds to pay these demands. The cash flows of the SEJPA, including the Member Agency commitment in their operating budgets to support the operations of the SEJPA, are expected to be adequate to meet the SEJPA's obligations over the next six months. I also certify that the SEJPA's investment portfolio complies with the SEJPA's investment policy.



Paul F. Kinkel
Director of Finance & Administration

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION
As of January 30, 2017

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND <i>(DECEMBER 2016 YIELD 0.719%)</i>	
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 6,872,652.82
CALIFORNIA BANK AND TRUST <i>(DECEMBER 2016 YIELD 0.01%)</i>	
REGULAR CHECKING	\$ 71,830.60
PAYROLL CHECKING	\$ 5,000.00
 TOTAL RESOURCES	 \$ 7,579,483.42

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

February 13, 2017

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS –
MONTHLY REPORT

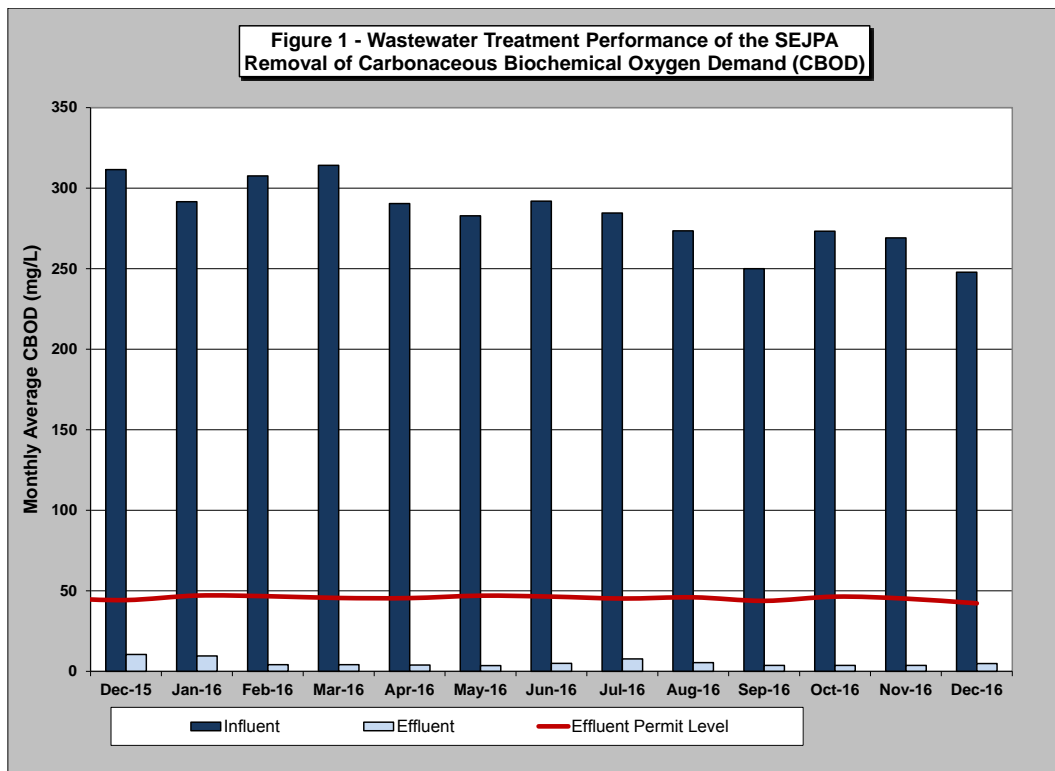
RECOMMENDATION

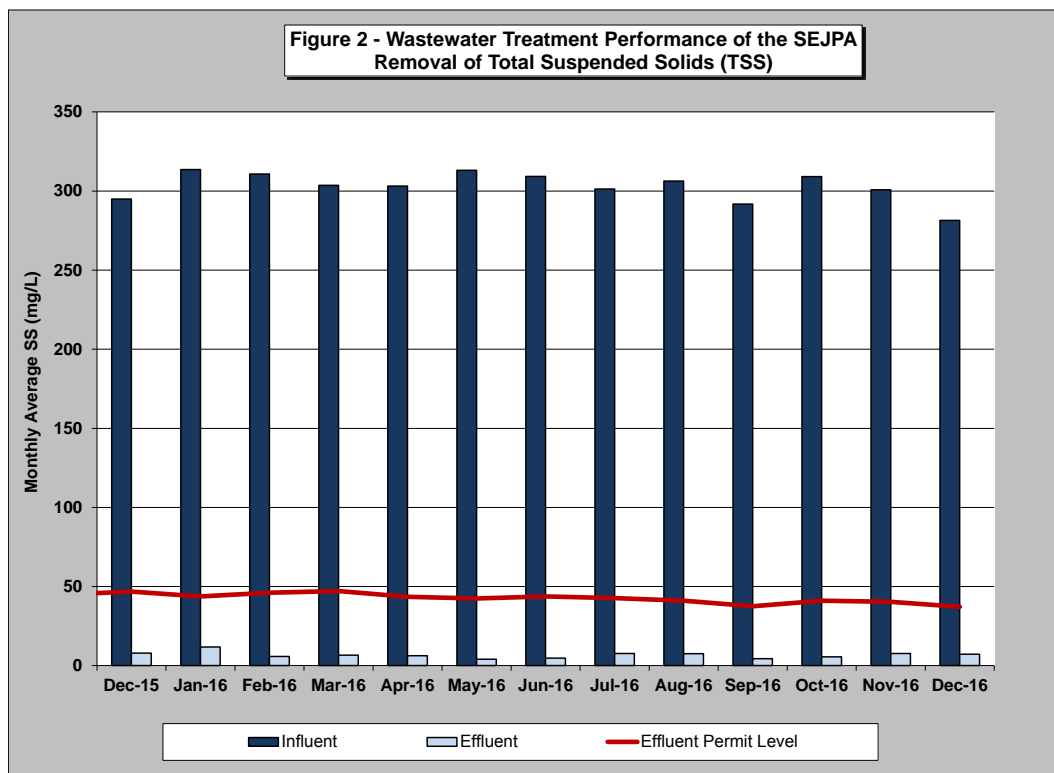
No action required. This memorandum is submitted for information only.

DISCUSSION

Monthly Treatment Plant Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all NPDES ocean effluent limitation requirements for the month of December 2016. The primary indicators of treatment performance include the removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). The SEJPA is required to remove a minimum of 85 percent of the CBOD and TSS from the wastewater. For the month of December, treatment levels for CBOD and TSS were 98.0 and 97.5 percent removal, respectively, (as shown in Figure 1 and Figure 2).





Member Agency Flows

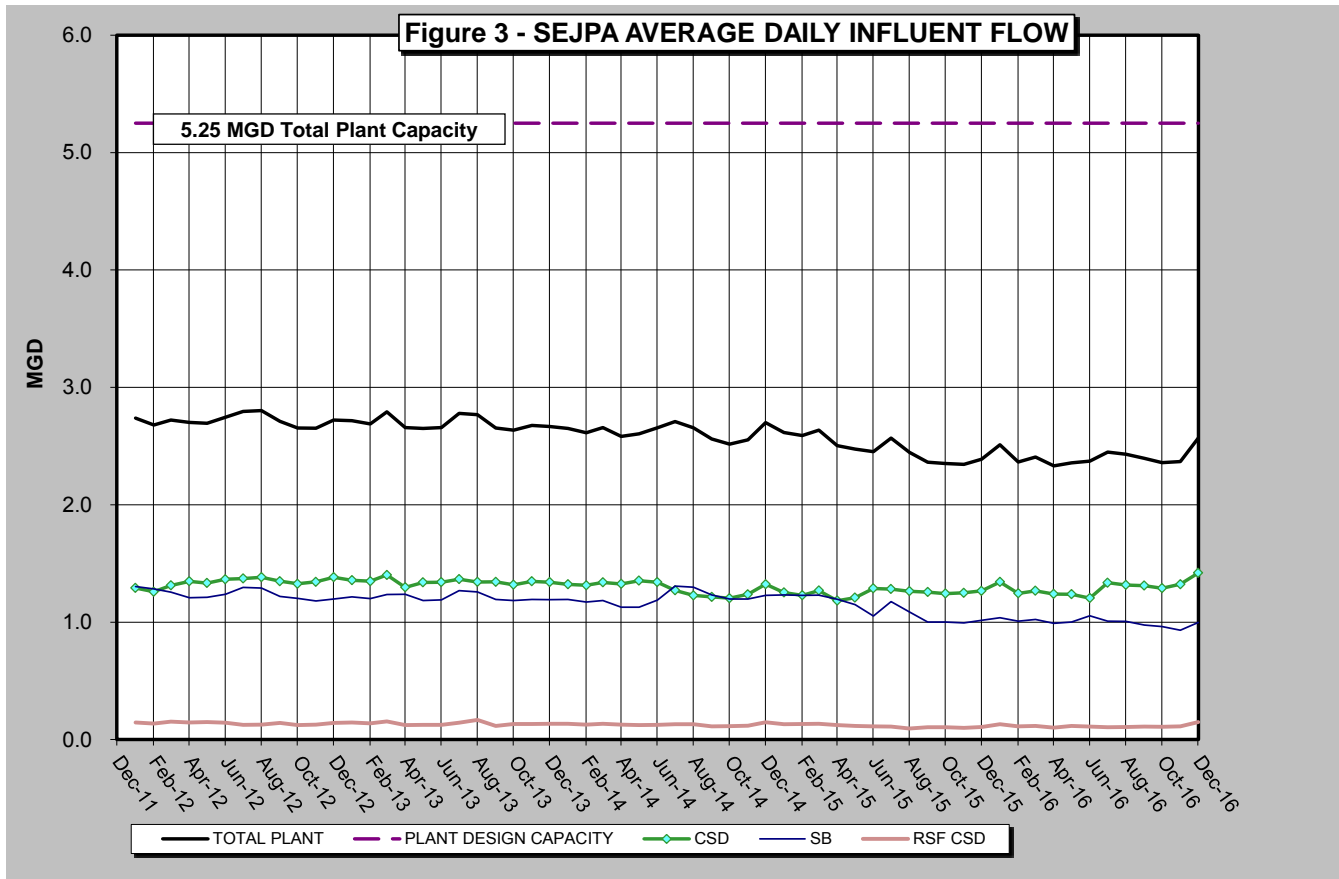
Presented below are the influent and effluent flows for the month of December. Average daily influent flows were recorded for each Member Agency. Total effluent flow was calculated for the San Elijo Water Reclamation Facility.

	December	
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.419	1.179
City of Solana Beach	0.998	0.829
Rancho Santa Fe SID	0.150	0.125
Total San Elijo WRF Flow	2.567	2.133

* Effluent is calculated by subtracting the recycled water production from the influent wastewater.

Table 1 (next page) presents the historical average, maximum, and unit influent and effluent flow rates per month for each of the Member Agencies during the past 5 years. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each of the Member Agencies during this same time period.

Figure 3 (below) presents the 5-year historical average daily flows per month for each Member Agency. This is to provide a historical overview of the average treated flow by each agency. Also shown in Figure 3 is the total wastewater treatment capacity of the plant, 5.25 mgd, of which each Member Agency has the right to 2.5 mgd, and Rancho Santa Fe Community Service District leases 0.25 mgd.



City of Escondido Flows

The average and peak flow rate from the City of Escondido Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below. The following average flow rate and peak flow rate is reported by the City of Escondido for the month of December 2016.

	Flow (mgd)
Escondido (Average flow rate)	10.3
Escondido (Peak flow rate)	17.9

Connected Equivalent Dwelling Units

The City of Solana Beach updated the connected EDUs number that is reported to the SEJPA in July 2016. The City of Encinitas and Rancho Santa Fe CSD report their connected EDUs every month. The number of EDUs connected for each of the Member Agencies is as follows:

	Connected (EDU)
Cardiff Sanitary Division	8,406
Rancho Santa Fe SID	549
City of Solana Beach	7,683
San Diego (to Solana Beach)	337
Total EDUs to System	16,975

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

February 13, 2017

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO RECYCLED WATER PROGRAM – MONTHLY REPORT

RECOMMENDATION

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

DISCUSSION

Recycled Water Production

For the month of December 2016, recycled water demand was 32.15 acre-feet (AF), which was met using 32.15 AF of recycled water and 0.00 AF of supplementation with potable water. The distribution system was designed to use potable water during peak demand days. Nearly 4-inches of rain recorded at the treatment plant in December contributed to reduced irrigation demand.

Figure 1 (attached) provides monthly supply demands for recycled water since September 2000. Figure 2 (attached) provides a graphical view of annual recycled water demand spanning sixteen fiscal years. Figure 3 (attached) shows the monthly recycled water demand for each October since the program began operating.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Figure 1 - MONTHLY RECYCLED WATER DEMAND

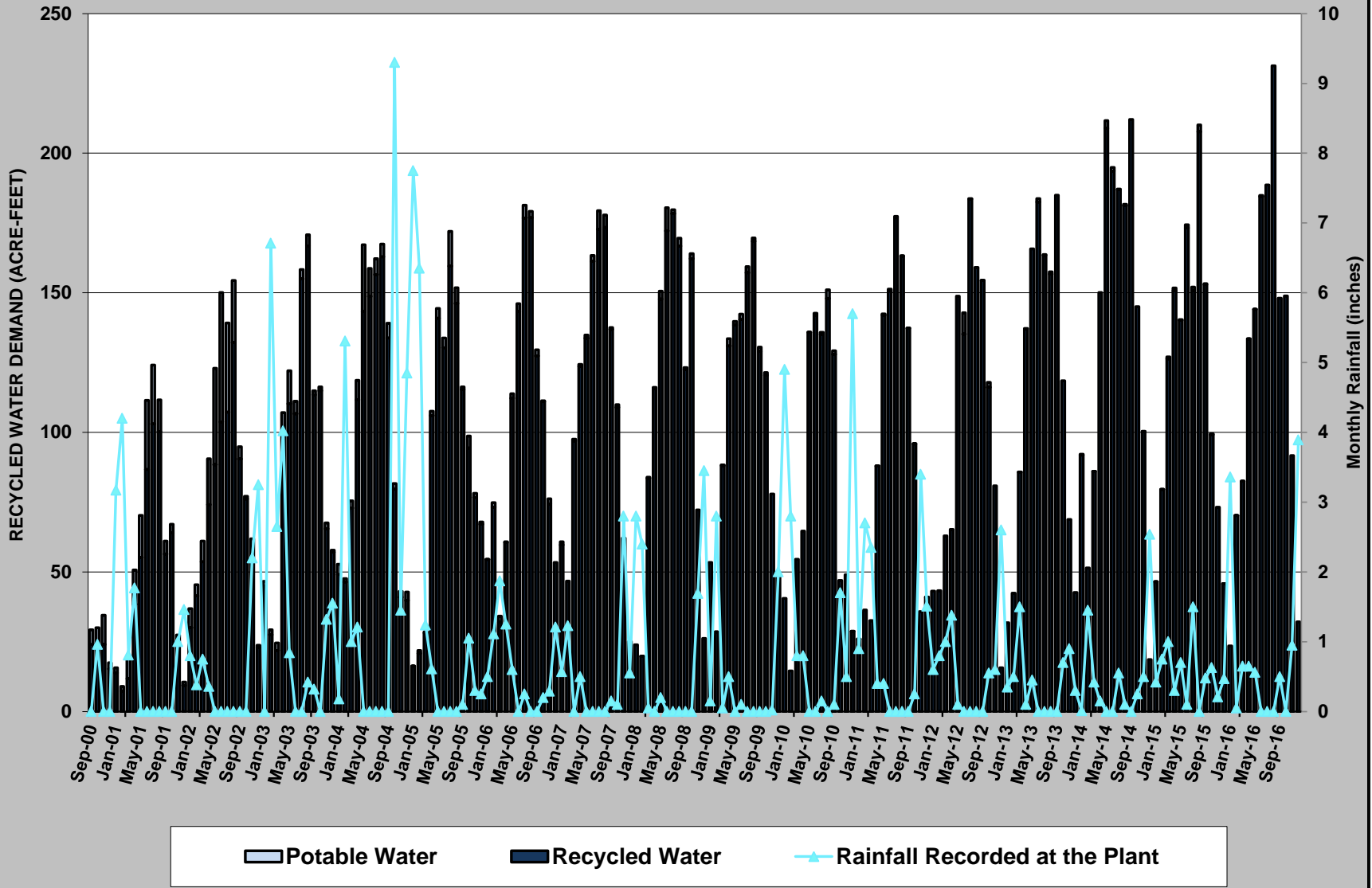


Figure 2 - RECYCLED WATER DEMAND by FISCAL YEAR

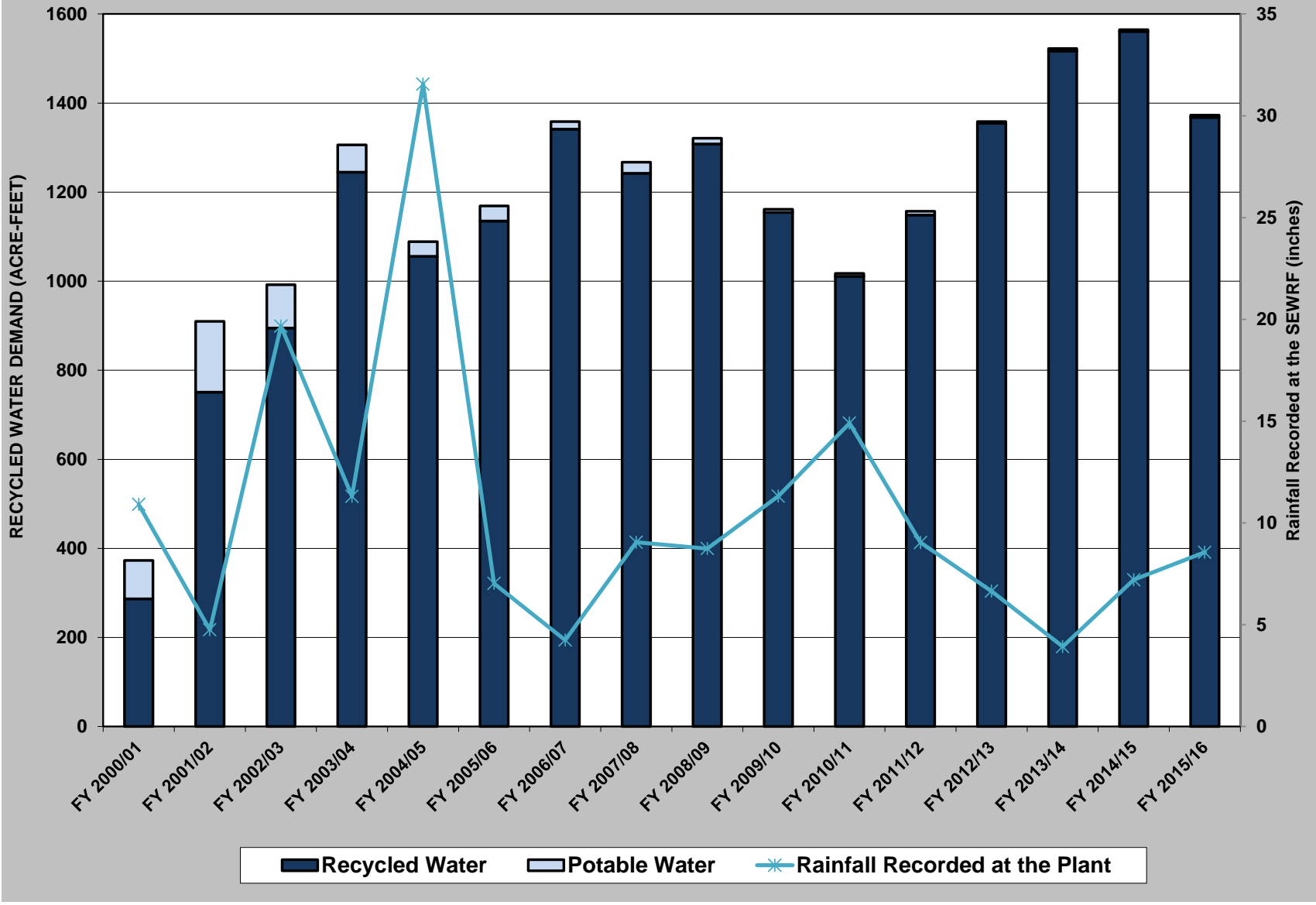
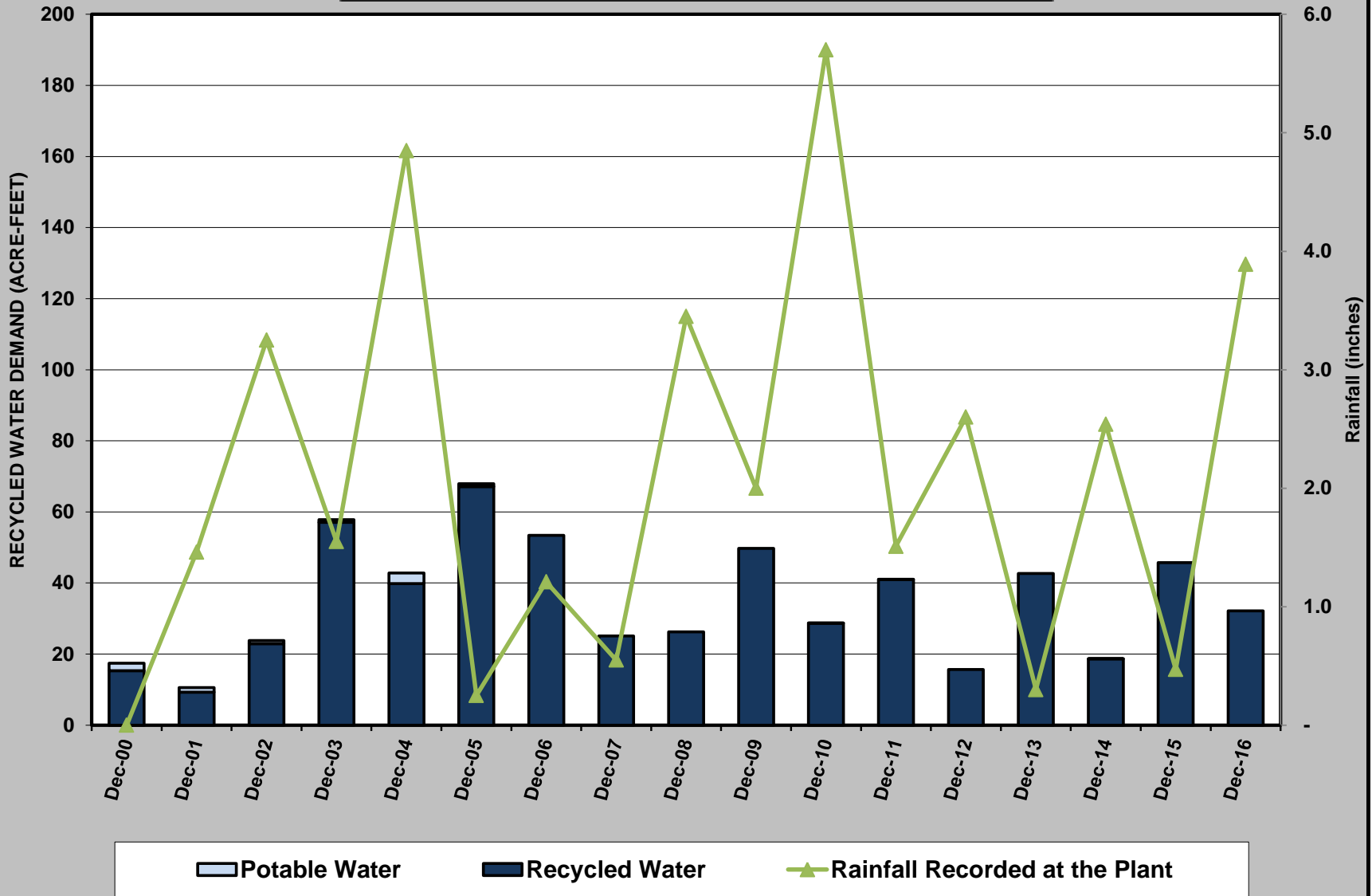


Figure 3 - DECEMBER RECYCLED WATER DEMAND



SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

February 13, 2017

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: RECOMMENDED DEBT MANAGEMENT POLICY

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution 2017-03; "Resolution Approving the San Elijo Joint Powers Authority Debt Management Policy"; and
2. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) is a Joint Powers Authority created under California Government Code Section 6502. The SEJPA provides wastewater treatment, recycled water production and delivery, and other water quality services. The agency has two member agencies (Cities of Encinitas and Solana Beach), as well as serves other governmental agencies including the cities of Del Mar and Escondido, San Dieguito Water District, Santa Fe Irrigation District, Olivenhain Municipal Water District, and the Rancho Santa Fe Community Service Districts. The SEJPA owns and operates a municipal wastewater treatment plant and recycled water facility located in Cardiff by the Sea, California, and is the managing authority of the San Elijo Ocean Outfall, which it co-owns with the City of Escondido.

As an owner and operator of public infrastructure, the SEJPA utilizes bond financing and state loans as means to build capital projects. In 2016, California Senate Bill, SB 1029 was enacted to, among other things, require issuers of bonds after January 1, 2017, to have adopted a local debt policy that reflects local, state and federal laws and regulations. Requirements of this bill include filing a report no later than 30 days prior to the sale of the proposed debt that includes certification that the issuer of debt has adopted a local debt policy and that the contemplated debt issuance is consistent with those local debt policies.

DISCUSSION

Establishing a local debt management policy is intended to ensure that the debt is issued and managed prudently. This practice is supported by the California Debt and Investment Advisory

Commission (CDIAC) and the Government Finance Officers Association. The purpose of the policy is to improve decision making, provide guidelines for the debt structure, and demonstrate a commitment to long-term capital and financial planning. SB 1029 requires the following in a local debt management policy:

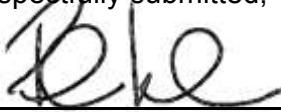
1. Purpose for which the debt proceeds may be used;
2. Types of debt that may be issued;
3. Relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable;
4. Policy goals related to the issuer's planning goals and objectives; and
5. Internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

Proposed Resolution 2017-03 and San Elijo Joint Powers Authority Debt Management Policy are attached for the Board's consideration (Attachment 1).

It is therefore recommended that the Board of Directors:

1. Adopt Resolution 2017-03; "Resolution Approving the San Elijo Joint Powers Authority Debt Management Policy"; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Paul F. Kinkel
Director of Finance and Administration

Attachment 1: Resolution No. 2017-03; "Resolution Adopting the San Elijo Joint Powers Authority Debt Management Policy"

ATTACHMENT 1

RESOLUTION NO. 2017-03

**RESOLUTION APPROVING THE SAN ELIJO JOINT POWERS AUTHORITY
DEBT MANAGEMENT POLICY**

WHEREAS, the San Elijo Joint Powers Authority (SEJPA) General Manager has submitted for the consideration of the SEJPA Board of Directors, the proposed SEJPA Debt Management Policy;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY HEREBY RESOLVES AS FOLLOWS:

1. The SEJPA Director of Finance and Administration/Treasurer has prepared a Debt Policy, attached hereto as Exhibit A, and incorporated herein by reference as if set forth in full. In order to comply with prudent financial management practices and to meet the requirements of California State Senate Bill 1029 (Chapter 307, enacted September 12, 2016).
2. The policy is intended to provide guidelines for the prudent issuance of debt.
3. The goal is to enhance the economic condition and ensure consistency with the planning goals and objectives and capital improvement program or budget, while protecting both current and future taxpayers, ratepayers and constituents of the SEJPA.
4. The Board of Directors of the San Elijo Joint Powers Authority does hereby approve the Debt Management Policy attached hereto as Exhibit A.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the San Elijo Joint Powers Authority, California, held on this 13th day of February 2017 by the following vote:

AYES: Boardmembers:

NOES: Boardmembers:

ABSENT: Boardmembers:

ABSTAIN: Boardmembers:

Ginger Marshall, Chairperson
SEJPA Board of Directors

ATTEST:

Michael T. Thornton, P.E.
Secretary of the Board

EXHIBIT A

SAN ELIJO JOINT POWERS AUTHORITY DEBT MANAGEMENT POLICY

This Debt Management Policy (the "Debt Policy") of the San Elijo Joint Powers Authority (the "SEJPA") was approved by the SEJPA's Board of Directors on February 13, 2017. The Debt Policy may be amended by the SEJPA's Board of Directors as it deems appropriate from time to time in the prudent management of the debt of the SEJPA.

The Debt Policy has been developed to provide guidance in the issuance and management of debt by the SEJPA and is intended to comply with Government Code Section 8855(i), effective on January 1, 2017.

1. Purpose

This Debt Policy shall govern all debt undertaken by the SEJPA. The SEJPA hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the SEJPA's sound financial position.
- Ensure the SEJPA has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the SEJPA's credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the SEJPA.
- Ensure that the SEJPA's debt is consistent with the SEJPA's planning goals and objectives and capital improvement program or budget, as applicable.

2. Policies

A. Purposes For Which Debt May Be Issued

- (i) Long-Term Debt. Long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and/or operated by the SEJPA.
 - (a) Long-term debt financings are appropriate when the following conditions exist:
 - When the project to be financed is necessary to provide basic services.
 - When the project to be financed will provide benefit to constituents over multiple years.
 - When total debt does not constitute an unreasonable burden to the SEJPA and its ratepayers or taxpayers.

- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
- (b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.
- (c) The SEJPA may use long-term debt financings subject to the following conditions:
- The project to be financed has been or will be approved by the SEJPA's Board of Directors.
 - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%, unless specific conditions exist that would mitigate the extension of time to repay the debt and it would not cause the SEJPA to violate any covenants to maintain the tax-exempt status of such debt, if applicable.
 - The SEJPA estimates that sufficient income or revenues will be available to service the debt through its maturity.
 - The SEJPA determines that the issuance of the debt will comply with the applicable requirements of local, state and federal law.
- (ii) Short-term debt. Short-term borrowing may be issued to provide financing for operational cash flow in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived assets or capital projects such as lease-purchase financing for equipment.
- (iii) Financings on Behalf of Other Entities. The SEJPA may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of SEJPA. In such cases, the SEJPA shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

In order to maximize the financial options available to benefit the public, it is the policy of the SEJPA to allow for the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

- Revenue Bonds: Revenue Bonds are limited-liability obligations tied to a specific enterprise or special fund revenue stream where the projects financed clearly benefit or relate to the enterprise or are otherwise permissible uses of the special revenue. An example of projects that would be financed by a Revenue Bond would be water or wastewater improvements, which would be paid back with money raised from rates and

charges from water and/or wastewater users. Generally, no voter approval is required to issue this type of obligation, but in some cases the SEJPA must comply with proposition 218 regarding rate adjustments.

- Lease Revenue Bonds: Issuance of Lease Revenue Bonds is a commonly used form of debt that allows the SEJPA to finance projects where the debt service is secured via a lease agreement and where the payments are budgeted in the annual budget appropriations. Lease Revenue Bonds do not constitute indebtedness under any constitutional debt limit and do not require voter approval.
- Special Assessment/Special District Debt: The SEJPA will consider duly filed petitions and other requests from interested parties for the use of debt financing secured by property based assessments or special taxes in order to provide for necessary infrastructure for new development or in connection with any duly authorized annexation or other process that extends the SEJPA's service area, but only under strict guidelines adopted by SEJPA Board of Directors, which may include, without limitation, minimum value-to-lien ratios and maximum tax burdens. Examples of this type of debt are Assessment Districts (AD) and Community Facilities Districts (CFD, more commonly known as Mello-Roos Districts). In order to protect bondholders as well as the SEJPA's reputation and credit rating, the SEJPA will also comply with all State guidelines regarding the issuance and administration of special tax or special assessment debt. Under no circumstances shall any special tax or special assessment be determined or changed with reference to the value of the property subject to any tax or assessment.
- Bond Anticipation Notes: Bond Anticipation Notes are short-term debt obligations that are issued to generate funds for upcoming projects or to delay a bond issue with the expectation that the Bond Anticipation Notes will be payable from the proceeds from the sale of the bonds or from grant proceeds. Bond Anticipation Notes may be issued to preserve the SEJPA's long-term financing options in the interest of its ratepayers and taxpayers and to manage the SEJPA's capital project financing needs during periods of instability in the financial markets.
- Clean Water State Revolving Funds (SRF): The SRF loan program was established by the federal Clean Water Act to finance the protection and improvement of water quality. The SEJPA may apply to the State for the financing of portions of its capital project needs. SRF loans may be considered for smaller financings of capital projects due to their relatively low transaction cost.
- Private Placements, Equipment Leases and Bank Loans: Private Placements, Equipment Leases and bank loans are non-public, negotiated transactions with commercial banks, commercial equipment leasing companies and institutional or accredited investors. Private Placements, Equipment Leases and bank loans may be considered for smaller financings of capital projects due to their relatively low transaction cost.

The SEJPA may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued at fixed interest rates unless the SEJPA makes a specific determination that a variable interest rate issue will benefit the SEJPA. Debt other than Private Placements, Equipment Leases and bank loans shall be issued at negotiated or competitive sale, as determined to be beneficial by the SEJPA under the facts and circumstances of each transaction.

C. Relationship of Debt to, and Integration With Capital Improvement Program and Budget

The SEJPA intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the SEJPA's capital budget and the capital improvement plan.

The SEJPA shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The SEJPA shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear, unless a specific revenue source has been identified for this purpose.

The SEJPA shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the SEJPA's public purposes.

The SEJPA shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to Planning Goals and Objectives

The SEJPA is committed to financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The SEJPA intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the SEJPA's annual operating budget.

It is a policy goal of the SEJPA to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings and the lowest practical borrowing costs.

The SEJPA will comply with applicable local, state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the SEJPA to realize, whenever possible, and subject to any overriding non-financial policy considerations, a minimum net present value debt service savings equal to or greater than 3% of the refunded principal amount, and the present value debt service savings is equal to or greater than 100% of any escrow fund negative arbitrage.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the SEJPA shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The SEJPA will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the SEJPA's investment policies as they relate to the investment of bond proceeds.

The SEJPA shall be attentive in using bond proceeds in accordance with the stated purpose at the time that such debt was issued. Whenever practical, proceeds of debt will be held by a third-party corporate bank trustee, and the SEJPA will submit written requisitions for such proceeds. The SEJPA will submit a requisition only after obtaining the signature of the SEJPA's General Manager or the Director of Finance and Administration/Treasurer.

In those cases where it is not practical for the proceeds of debt to be held by a third-party corporate bank trustee, the Director of Finance and Administration/Treasurer shall retain the records of all expenditures of the proceeds through the final payment date for the debt and for any additional period required under applicable federal tax regulations.

Without limitation on the foregoing, the SEJPA shall adopt and administer detailed federal tax compliance policies, conforming to then-current federal tax laws and regulations, and specific to each transaction in which interest payments made by the SEJPA are excluded from gross income for federal income tax purposes. Said adoption shall be evidenced by the SEJPA's adoption of one or more resolutions authorizing and approving the transaction and the documents to be executed and delivered by the SEJPA in the transaction.

F. Waivers of Debt Policy

- There will be circumstances from time to time when strict adherence to a provision of this Debt Policy is not possible or not in the best interest of the SEJPA.
- If the SEJPA's Staff has determined that a waiver of one or more provisions of this Debt Policy should be considered. Staff will prepare an analysis for the SEJPA's Board of Directors describing the rationale and the impact of the waiver on the proposed debt issuance.
- Provisions of this Debt Policy may be waived by the approval of the SEJPA's Board of Directors.
- The failure of a debt financing to comply with one or more provisions of this Debt Policy shall in no way affect the validity of any debt issued by the SEJPA in accordance with applicable laws.

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

February 13, 2017

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: PROPOSED FLEXIBLE EMPLOYEE CLASSIFICATION

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the proposed flexible employee classification; and
2. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) is a sanitation agency with the core functions of providing the following services:

- wastewater treatment
- water recycling treatment and distribution
- pump station operation and maintenance
- laboratory services

The agency employs a non-unionized workforce of 22 employees. Position classifications include state-certified wastewater treatment operators, laboratory analysts, and water distribution operators, as well as licensed engineers, industrial systems mechanics, one licensed electrician/certified instrumentation programmer, one licensed accountant, and administrative personnel.

DISCUSSION

Developing and retaining a skilled and competent workforce is critical to accomplishing the SEJPA’s mission successfully. As the SEJPA’s employee base is relatively small, the General Manager actively seeks opportunities for employee development and cross-training, while creating a stimulating work environment to maximize employee satisfaction and retention. Concurrently, the General Manager seeks staffing flexibility between departments to optimize workflow and organizational success.

The General Manager is seeking approval for entry level position flexibility. The intent is to allow staff crossover between the operator, mechanical, laboratory, and systems integration positions. The desired outcome is to allow for staffing flexibility, cross-training, and career path development. In addition, some state certifications can only be obtained through work experience, which this proposal will provide. Pay schedules for these entry-level classifications are approximately equal, thus this proposal does not create pay imbalances nor unintended labor cost increases.

The proposed flex-positions include the following classifications:

Laboratory Analyst I	salary range \$4,169 to \$5,693
Mechanic I	salary range \$4,212 to \$5,750
Operator-in-Training	salary range \$3,905 to \$5,332
Operator I	salary range \$4,212 to \$5,750
System Integration Tech I	salary range \$4,212 to \$5,750

Management will consider the needs of the organization when evaluating employee requests to laterally transfer into another department. In addition, the employee's pay must be at least at the minimum pay level of the position being requested.

FISCAL IMPACT

The proposed employee flexible classification system is cost neutral and is consistent with the FY 2016-17 Budget. There are no fiscal impacts identified with the recommended action.

It is therefore recommended that the Board of Directors:

1. Approve the proposed flexible employee classification; and
2. Discuss and take action as appropriate.

Respectfully submitted,

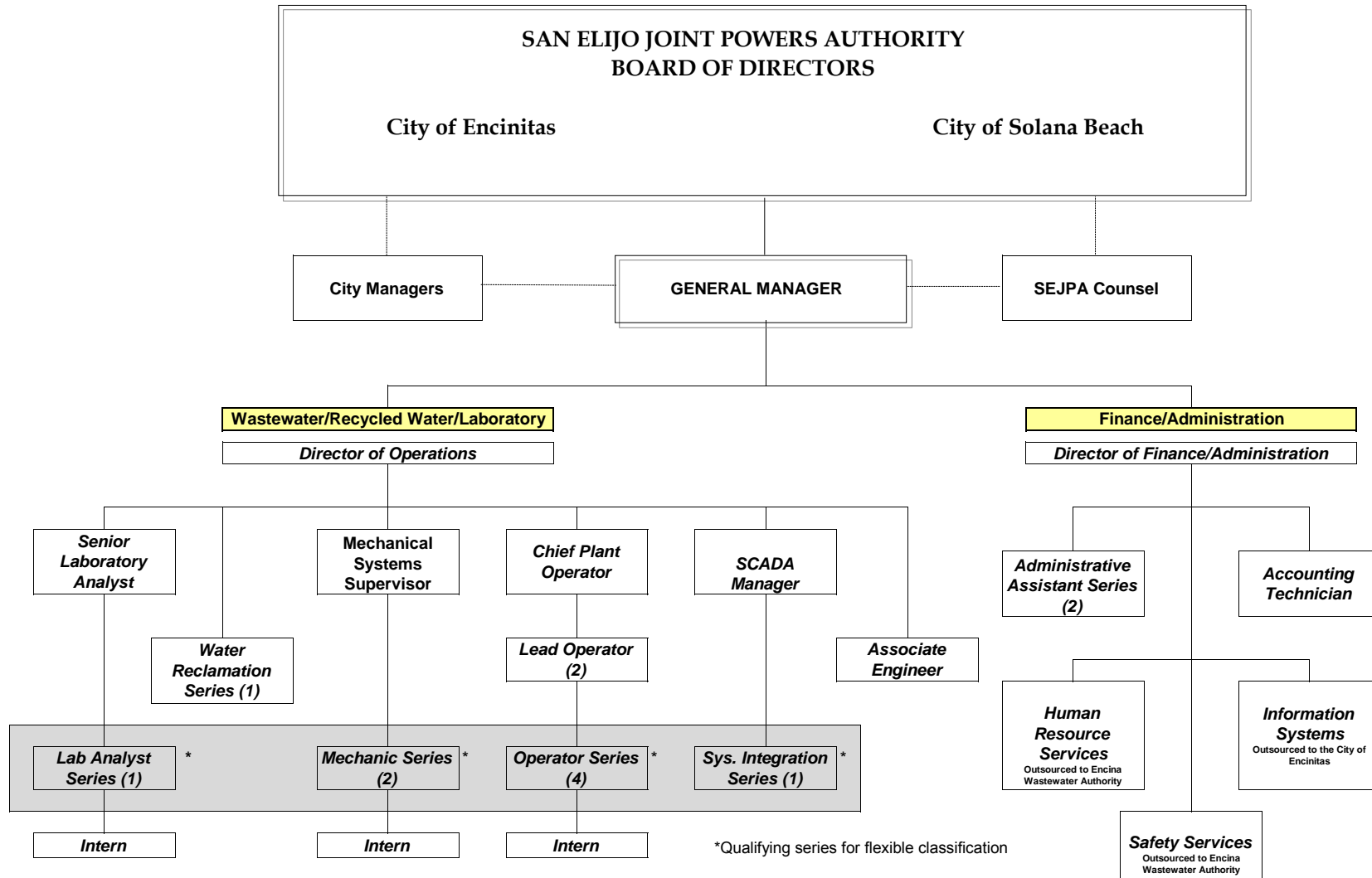


Michael T. Thornton, P.E.
General Manager

Attachment 1: Organizational Chart

ATTACHMENT 1

Organizational Chart



SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

February 13, 2017

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY MID-YEAR REVIEW OF THE
FISCAL YEAR 2016-17 OPERATING BUDGET

RECOMMENDATION

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

BACKGROUND

The SEJPA provides wastewater treatment and disposal, water recycling, and technical support to local clean-water programs. In providing these services, the SEJPA seeks to accomplish its mission in an environmentally, socially, and fiscally responsible manner. Each of the programs below is funded by the customer base that is served, and cost allocations are generally applied based on actual flows treated or level of effort provided. Operational funding collected but not spent is returned to the contributing agencies. The total operating budget for this Fiscal Year (FY 2016-17) is \$6,029,313.

Programs budgeted by the SEJPA include:

- Wastewater Treatment
- Laboratory Services
- Ocean Outfall
- Cardiff Pump Stations
- Solana Beach Pump Stations
- City of Solana Beach Services
- Encinitas Pump Stations
- Encinitas Storm Water
- Solana Beach Storm Water
- Del Mar Pump Stations
- Recycled Water

DISCUSSION

The following information is an estimate of expenses for FY 2016-17, which ends June 30, 2017. SEJPA's management developed the mid-year fiscal review based on actual costs incurred through the first 6 months of the fiscal year, cost trends, and anticipated future costs.

Estimates provided in this report are based on current information. Final results may differ due to emergencies, unplanned repairs, or unforeseen events.

Below are tables by program and expense category showing the forecast, budget, variance to budget, and percentage of budget spent.

Expense by Program

Program	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Wastewater Treatment	2,636,950	2,711,166	(74,215)	97.3%
Laboratory	461,048	468,658	(7,610)	98.4%
Ocean Outfall	523,441	542,096	(18,655)	96.6%
Cardiff Sanitary Division	213,339	238,545	(25,206)	89.4%
Encinitas Sanitary Division	142,876	146,544	(3,669)	97.5%
City of Encinitas	27,452	30,236	(2,784)	90.8%
City of Solana Beach	288,726	307,098	(18,373)	94.0%
City of Solana Beach Services	7,712	9,245	(1,533)	83.4%
City of Del Mar	4,617	77,277	(72,660)	6.0%
Programs before Recycled Water	4,306,161	4,530,866	(224,705)	95.0%
Recycled Water	1,390,409	1,498,447	(108,039)	92.8%
Total All SEJPA Programs	5,696,570	6,029,313	(332,743)	94.5%

Expense by Category

Expense Category	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	2,859,520	2,955,207	(95,687)	96.8%
Supplies & Services	2,763,754	2,883,406	(119,652)	95.9%
Capital Outlay	50,497	51,500	(1,003)	98.1%
Contingency	22,798	139,200	(116,402)	16.4%
Total All SEJPA Programs	5,696,570	6,029,313	(332,743)	94.5%

Supplies and Services are under budget as a result of lower than expected utilities, contracted services, miscellaneous, disposal services, and insurance. The miscellaneous expense category includes advertising, bank service charges, dues, subscriptions, rental and lease expense, administrative and office supplies, laboratory and safety supplies, training, and travel related expenses. The table below is a summary of the Supplies and Services.

Supplies and Services by Type of Expense

<i>Supplies and Services</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Over/(Under)
Utilities	911,237	977,152	(65,915)	93.3%
Miscellaneous	173,969	194,355	(20,386)	89.5%
Contracted services	828,434	843,497	(15,063)	98.2%
Disposal services	212,528	225,920	(13,392)	94.1%
Insurance	59,200	65,900	(6,700)	89.8%
Repair parts expense	176,572	177,937	(1,365)	99.2%
Permit/purveyor fees	86,945	87,725	(780)	99.1%
Supplies	314,869	310,920	3,948	101.3%
Total All SEJPA Programs	2,763,754	2,883,406	(119,652)	95.9%

Overall for Supplies and Services, all SEJPA programs are anticipated to be under budget by \$119,652. All sub-categories within Supplies and Services are under budget with the exception of Supplies, which is estimated to be 1.3% over. Utilities are anticipated to provide the greatest savings of \$65,915. Contracted Services is projected to be under budget by \$15,063.

Expenses by Program

Wastewater Treatment

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	1,284,438	1,284,048	389	100.0%
Supplies & Services	1,324,262	1,332,267	(8,005)	99.4%
Capital Outlay	28,250	28,250	0	100.0%
Contingency	-	66,600	(66,600)	0.0%
Total JPA Wastewater Treatment	2,636,950	2,711,166	(74,215)	97.3%

This program is the cost center for operations and maintenance activities for wastewater treatment at the San Elijo Water Reclamation Facility. Activities include secondary wastewater treatment for the cities of Encinitas, Solana Beach, and Del Mar as well as the Rancho Santa Fe Community Services Districts, with the effluent being recycled or disposed to the ocean. Wastewater biosolids are treated and dewatered, then hauled by contractor to Arizona for beneficial reuse through land application.

Wastewater Treatment is expected to be under budget by \$74,215. Supplies and Services are projected to be under budget by \$8,005. Contingency funding of \$66,600 is not expected to be used at this time.

Laboratory Services

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	399,158	399,361	(203)	99.9%
Supplies & Services	56,090	59,297	(3,207)	94.6%
Capital Outlay	5,800	5,800	-	100.0%
Contingency	-	4,200	(4,200)	0.0%
Total JPA Laboratory	461,048	468,658	(7,610)	98.4%

The laboratory located at the San Elijo Water Reclamation Facility provides analytical laboratory services for the SEJPA's wastewater and recycled water programs as well as to other entities through contract agreements. For the Fiscal Year 2016-17, contract agreements include the Fairbanks Ranch Community Services District, the Rancho Santa Fe Community Services District, the Santa Fe Valley Community Services District, and the Whispering Palms Community Services District. Additional as needed lab services are provided to the San Elijo Lagoon Conservancy.

Laboratory Services is expected to be under budget by \$7,610 or 1.6%. All expense categories are tracking at or below budget.

Ocean Outfall

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	281,781	281,967	(186)	99.9%
Supplies & Services	230,282	231,430	(1,148)	99.5%
Capital Outlay	11,379	12,500	(1,121)	91.0%
Contingency	-	16,200	(16,200)	0.0%
Total JPA Ocean Outfall	523,441	542,096	(18,655)	96.6%

This program provides a cost center for all operation and maintenance services related to the ocean outfall system. These activities include effluent pump station operations and maintenance, ocean monitoring, sampling and testing, and annual outfall inspection. As the outfall capacity is shared through an agreement with the City of Escondido, all operations and maintenance costs are shared on the basis of actual usage (measured by discharged flows).

Ocean Outfall is expected to be under budget by \$18,655 or 3.4%. All expense categories are tracking at or below budget.

Cardiff Sanitary Division

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	141,208	149,129	(7,921)	94.7%
Supplies & Services	72,131	74,516	(2,384)	96.8%
Capital Outlay	-	-	-	
Contingency	-	14,900	(14,900)	0.0%
Total Cardiff Sanitary Division	213,339	238,545	(25,206)	89.4%

Pump station maintenance and operation services are provided to the City of Encinitas, Cardiff Sanitary Division (CSD). These facilities include the Cardiff, Coast Highway, and Olivenhain pump stations. The actual costs incurred are borne solely by the CSD.

Expenses are projected to be below budget by \$25,206 primarily due to lower than anticipated Personnel costs and unused Contingency. Overall, the Cardiff Sanitary Division Program is forecast to complete the year at 10.6% below budget.

Encinitas Sanitary Division

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	61,781	64,456	(2,675)	95.9%
Supplies & Services	67,394	68,389	(994)	98.5%
Capital Outlay	-	-	-	
Contingency	13,700	13,700	-	100.0%
Total Encinitas Sanitary Division	142,876	146,544	(3,669)	97.5%

The SEJPA provides pump station maintenance and operation services to the City of Encinitas, Encinitas Sanitary Division (ESD) for the Moonlight Beach pump station. The actual costs incurred are borne solely by the ESD.

The program is forecast to be under budget by \$3,669 primarily due to the Personnel expense. Contingency paid \$11,444 for the rebuild of an existing pump and pump motor, which was completed in August 2016. The remaining Contingency is expected to provide spare part replacement.

City of Encinitas

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	19,933	21,880	(1,947)	91.1%
Supplies & Services	7,518	8,356	(838)	90.0%
Capital Outlay	-	-	-	
Contingency	-	-	-	
Total City of Encinitas	27,452	30,236	(2,784)	90.8%

Under this program, the SEJPA provides maintenance and operation services to the City of Encinitas. These services include the Urban Runoff Treatment Facility, the Phoebe Stormwater Pump Station, and the Storm Drain Sediment Drying and Disposal program. The actual costs incurred are borne solely by the City of Encinitas. This program is expected to be under budget by \$2,784 or 9.2%.

City of Solana Beach

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	161,388	167,816	(6,428)	96.2%
Supplies & Services	118,239	119,582	(1,343)	98.9%
Capital Outlay	-	-	-	
Contingency	9,098	19,700	(10,602)	46.2%
Total City of Solana Beach	288,726	307,098	(18,373)	94.0%

This program provides pump station maintenance and operation services to the City of Solana Beach. These facilities include the Eden Gardens, Solana Beach, San Elijo Hills, and Fletcher Cove pump stations, as well as the Storm Drain Sediment Drying and Disposal Program. The City of Solana Beach pays for the actual costs incurred.

This program is forecast to complete the year at 6.0% below budget. Personnel expense is expected to be under budget by \$6,428. Contingency provided budget for the \$9,098 expense required to rebuild a pump at the Eden Gardens Pump Station.

City of Solana Beach Services

This program provides for emergency power generator maintenance services located at the City of Solana Beach City Hall and the Lomas Santa Fe Fire Station. Costs incurred are paid for by the City of Solana Beach.

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	4,620	5,356	(736)	86.3%
Supplies & Services	3,091	3,889	(797)	79.5%
Capital Outlay	-	-	-	
Contingency	-	-	-	
Total City of Solana Beach Services	7,712	9,245	(1,533)	83.4%

The current outlook is that this program will be below budget by 16.6% or \$1,533.

City of Del Mar

The City of Del Mar, in conjunction with sending wastewater flow to the SEJPA, requested that the SEJPA provide maintenance services for the Del Mar 21st Street Pump Station. This program will allow the SEJPA to manage the flow from Del Mar that will be conveyed through Solana Beach's pump stations and to the SEJPA for treatment. Actual costs incurred will be paid for by the City of Del Mar.

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	2,276	60,365	(58,089)	3.8%
Supplies & Services	2,342	13,013	(10,671)	18.0%
Contingency	-	3,900	(3,900)	0.0%
Total City of Del Mar	4,617	77,277	(72,660)	6.0%

The City of Del Mar 21st Street Pump Station program start-up was delayed until January 2017. Currently, Del Mar is still managing the station until the transition of conveying wastewater to the SEJPA is complete. The program is expected to complete the year under budget by \$72,660 or 94%. As a result of the delay, expenses incurred by the SEJPA are substantially less than budgeted.

Total Expenses By Category Before Recycled Water

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	2,356,584	2,434,379	(77,795)	96.8%
Supplies & Services	1,881,350	1,910,737	(29,387)	98.5%
Capital Outlay	45,429	46,550	(1,121)	97.6%
Contingency	22,798	139,200	(116,402)	16.4%
Total Expense Excluding Recycled	4,306,161	4,530,866	(224,705)	95.0%

Operational expenses funded by the member agencies and other government organizations are expected to be under budget by \$224,705 or 5.0%.

Recycled Water

The SEJPA recycled water program delivers between 1,400 and 1,600 acre-feet per year of recycled water to its water purveyor partners. The SEJPA wholesales recycled water to San Dieguito Water District, Santa Fe Irrigation District, Olivenhain Municipal Water District, and the City of Del Mar, as well as direct sales to the Encinitas Ranch Golf Authority. End customers that use the recycled water include the Encinitas Ranch Golf Course, Lomas Santa Fe Executive and Country Club Golf Courses, Encinitas Community Park, Ecke YMCA, Del Mar Fairgrounds, Village Park, local schools, parks, businesses, and street/freeway landscape.

Below is table of the Recycled Water revenues.

<i>Recycled Water Customer</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Over/(Under)
Sante Fe Irrigation District	711,886	707,344	4,543	100.6%
San Dieguito Water District	529,568	589,453	(59,886)	89.8%
City of Del Mar	181,057	179,643	1,414	100.8%
Encinitas Ranch Golf Association	248,874	248,874	-	100.0%
Olivenhain Municipal Water District	176,675	217,536	(40,862)	81.2%
Total Customer Revenue	1,848,059	1,942,850	(94,791)	95.1%
MWD and CWA Incentives	646,710	678,150	(31,440)	95.4%
State Grants	327,385	200,000	127,385	163.7%
Total Recycled Water Revenue	2,822,155	2,821,000	1,154	100.0%

The MWD and CWA (Metropolitan Water District and San Diego County Water Authority respectively) revenues are incentive funding for recycled water. State Grants are from the Integrated Regional Water Management (IRWM) Round 1 and 2.

As a result of increased rainfall, the overall demand for recycled water is lower than anticipated. In addition, the Village Park recycled water project construction was delayed in the Olivenhain Municipal Water District service area. The current outlook for the Recycled Water program is approximately 70 acre feet less than budget. However, the total revenue for this program will be at budget due to higher than planned state grants received.

Below is a table of Recycled Water Expenses.

<i>Expense Category</i>	Forecast FY 2016-17	Budget FY 2016-17	Over/(Under) Budget	% Budget Spent
Personnel	502,937	520,828	(17,892)	96.6%
Supplies & Services	882,404	972,669	(90,265)	90.7%
Capital Outlay	5,068	4,950	118	102.4%
Contingency	-	-	-	
Total Operating Expense	1,390,409	1,498,447	(108,039)	92.8%
Debt Service	997,828	997,828	-	100.0%
Total Expense	2,388,237	2,496,275	(108,039)	95.7%

The operating expenses are expected to be under budget by \$108,039 or 7.2% as a result of lower utilities and engineering services. This program is expected to be 4.3% under budget including debt service.

The anticipated net revenue over expense of \$433,918 will increase the Recycled Water Fund Reserves to fund capital, future repair, and replacement needs.

Summary

Total expenses for the agency are expected to be \$332,743 or 5.5% under budget. These estimates for fiscal year end June 30, 2017 are based on costs incurred for the first 6 months of the year and estimates to the end of the year. Future events may occur that change the final expenses.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'P. Kinkel', written over a horizontal line.

Paul Kinkel
Director of Finance and Administration

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

February 13, 2017

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: PROPOSED BOND FINANCING TEAM

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve Hilltop Securities Inc as Bond Underwriter;
2. Approve Procopio as Bond Counsel and Bond Disclosure Counsel; and
3. Discuss and take action as appropriate.

BACKGROUND

At the January 2017 Board meeting, Staff presented a Capital Program Financing Update listing infrastructure projects totaling \$22.4 million and outlined a municipal bond financing strategy. To issue municipal bonds, the San Elijo Joint Powers Authority (SEJPA) will need to assemble a financing team that will include a bond underwriter, bond counsel, and bond disclosure counsel.

DISCUSSION

Staff has interviewed two underwriting firms (Brandis Tallman LLC and Hilltop Securities Inc), which both exhibit the qualifications and ability to successfully underwrite the proposed bond issuance. After interviewing both firms and discussing their approach to underwriting the issuance, Staff recommends Hilltop Securities as the firm that provided the best combination of ability to purchase and hold bonds during volatile market periods, geographical location, and value based approach for structuring the bond issuance.

In addition to selecting an underwriting firm, the SEJPA will need to select bond counsel and disclosure counsel. Bond counsel renders an opinion on the validity of the bond offering, the security for the offering, and whether and to what extent interest on the bonds is exempt from income and other taxation. Disclosure counsel provides advice on the SEJPA's disclosure obligations and prepares the preliminary official statement (POS) for the bond offering. Often, bond counsel and disclosure counsel can be the same law firm.

It is Staff's recommendation to have SEJPA's legal counsel (Procopio) to serve as bond counsel and disclosure counsel. Procopio was selected based on their knowledge of the agency, longstanding relationship of trust and support, and qualifications of proposed attorney team for this effort. Procopio provided an hourly rate proposal not-to-exceed of \$120,000 all-inclusive for bundled transactional services including issuer's counsel, bond counsel, and disclosure counsel. It should be noted that no fee will be billed by Procopio if the bond transaction is abandoned, and the fee will be payable solely from the bond proceeds and no other source.

It is therefore recommended that the Board of Directors:

1. Approve Hilltop Securities Inc as Bond Underwriter;
2. Approve Procopio as Bond Counsel and Bond Disclosure Counsel; and
3. Discuss and take action as appropriate.

Respectfully submitted,

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

Michael T. Thornton
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

February 13, 2017

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: REIMBURSEMENT RESOLUTION FROM THE ISSUANCE OF TAX-EXEMPT BONDS

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution 2017-04; "Resolution of the Board of Directors of San Elijo Joint Powers Authority Declaring the Official Intent of San Elijo Joint Powers Authority to Reimburse Itself from the Proceeds of Debt for Capital Expenditures, Certain Preliminary Expenditures, and Costs of Issuance Temporarily Funded from Revenues or Other Sources"; and
2. Discuss and take action as appropriate.

BACKGROUND

In 2015, the San Elijo Joint Powers Authority (SEJPA) completed a detailed facility inspection and evaluation (conducted by Carollo Engineers). The result of this effort was the 2015 Facility Plan for the San Elijo Water Reclamation Facility. This document was accepted and filed by the SEJPA Board at the April 2015 Board meeting, and provides the basis for planning and budgeting for future capital projects.

The 2015 Facility Plan recommended 17 capital projects, totaling \$37.9 million (2014 dollars). Staff reviewed the project priority list and selected 11 of these wastewater projects (totaling \$22.4 million) to be completed first, over a four-year period. In addition, staff identified approximately \$4.8 million in recycled water projects to be completed during this same period.

At the January 2017 Board meeting, Staff presented a Capital Program Financing Update listing the wastewater projects totaling \$22.4 million and a plan to seek municipal bond financing. Prior to receiving bond funding, the SEJPA may incur costs for the planning, permitting, and design of these projects. For costs to be reimbursed from bond proceeds, and to maintain tax exempt status, the SEJPA must declare its intent to use debt proceeds received after the capital expenditures are made for reimbursement.

DISCUSSION

The SEJPA's legal counsel has prepared the attached resolution, which complies with applicable requirements of the Internal Revenue Code and would allow the SEJPA to reimburse itself for such costs advanced Wastewater project costs from the proceeds of the bonds. The adoption of this resolution does not obligate the SEJPA to advance funds toward the projects nor does it obligate the SEJPA to issue debt. The adoption of this resolution preserves the option for the SEJPA's Board of Directors to decide at a subsequent date whether or not it would be in the best interests of the SEJPA to allocate a portion of infrastructure (capital) bond proceeds toward the reimbursement of allowable expenses that the SEJPA may incur as part of these projects.

Proposed Resolution 2017-04, "Resolution of the Board of Directors of San Elijo Joint Powers Authority Declaring the Official Intent of San Elijo Joint Powers Authority to Reimburse Itself from the Proceeds of Debt for Capital Expenditures, Certain Preliminary Expenditures and Costs of Issuance Temporarily Funded from Revenues or Other Sources" is attached for the Board's consideration (Attachment 1).

It is therefore recommended that the Board of Directors:

1. Adopt Resolution 2017-04; "Resolution of the Board of Directors of San Elijo Joint Powers Authority Declaring the Official Intent of San Elijo Joint Powers Authority to Reimburse Itself from the Proceeds of Debt for Capital Expenditures, Certain Preliminary Expenditures and Costs of Issuance Temporarily Funded from Revenues or Other Sources"; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Paul F. Kinkel
Director of Finance and Administration

Attachment 1: Resolution 2017-04; "Resolution of the Board of Directors of San Elijo Joint Powers Authority Declaring the Official Intent of San Elijo Joint Powers Authority to Reimburse Itself from the Proceeds of Debt for Capital Expenditures, Certain Preliminary Expenditures and Costs of Issuance Temporarily Funded from Revenues or Other Sources"

ATTACHMENT 1

RESOLUTION NO. 2017-04
RESOLUTION OF THE BOARD OF DIRECTORS
OF SAN ELIJO JOINT POWERS AUTHORITY
DECLARING THE OFFICIAL INTENT OF
SAN ELIJO JOINT POWERS AUTHORITY
TO REIMBURSE ITSELF FROM THE PROCEEDS OF DEBT
FOR CAPITAL EXPENDITURES, CERTAIN PRELIMINARY
EXPENDITURES, AND COSTS OF ISSUANCE TEMPORARILY
FUNDED FROM REVENUES OR OTHER SOURCES

WHEREAS, San Elijo Joint Powers Authority (the "Authority"), a joint exercise of powers authority organized and existing under the laws of the State of California, intends to provide for the acquisition, design, construction, improvement, renovation, equipping and/or furnishing of capital improvements and related facilities and infrastructure located or functionally related to facilities at the San Elijo Water Campus (the "Campus"), initially comprising the reconfiguration and addition of certain priority facilities improvements (including, without limitation, an operations and administration building to meet applicable safety and design requirements, replacement of land outfall and treatment system upgrades (collectively, the "Project"); and

WHEREAS, the Authority has paid, beginning no earlier than December 15, 2016 (the "Inception Date"), and will pay, on and after the date hereof, certain expenditures (the "Expenditures") in connection with the Project; and

WHEREAS, the Authority has determined that those moneys previously advanced no earlier than the Inception Date, and to be advanced on and after the date of the adoption of this Resolution to pay the Expenditures are available only for a temporary period, and it is necessary to reimburse the Authority for the Expenditures from the proceeds of one or more issues of tax-exempt bonds (the "Bonds"); and

WHEREAS, the Authority intends that this Resolution be determined to be a declaration of official intent under Treasury Regulations § 1.150-2 to reimburse the Authority with a portion of the proceeds of such Bonds for certain expenditures in accordance with the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Authority is not making this declaration of intent to reimburse as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for the Project, and does not have a pattern of failure to reimburse actual original expenditures covered by prior declarations of intent to reimburse, if any;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of San Elijo Joint Powers Authority, as follows:

Section 1. Declaration of Official Intent. The Authority hereby declares its intent:

- (a) that the issuance of the Bonds for the Project by the Authority be in an aggregate principal amount reasonably expected not to exceed \$22,500,000;
- (b) that the Authority be reimbursed from the proceeds of the Bonds for the Expenditures with respect to the Project made on and after the Inception Date,

and the Authority reasonably expects on the date of the adoption of this Resolution that it will reimburse the Expenditures with the proceeds of the Bonds;

- (c) that this Resolution be determined to be a declaration of official intent under Treasury Regulations § 1.150-2 promulgated under the Code; and
- (d) that the Authority will make or cause to be made a written allocation that evidences the Authority's use of proceeds of the Bonds to reimburse an Expenditure no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid.

Section 2. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of San Elijo Joint Powers Authority, at a regular meeting thereof held February 13, 2017, by the following vote,

AYES:
NOES:
ABSENT:
ABSTAIN:

Ginger Marshall
Board Chair

ATTEST:

Michael T. Thornton
Board Secretary